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**BOARD OF COUNTY COMMISSIONERS
BOARD OF EQUALIZATION OF MORGAN COUNTY, COLORADO
Minutes of Special Meeting
July 23, 2015**

The Board of Morgan County Commissioners sitting as the Morgan County Board of Equalization (the "Board of Equalization") met on Thursday, July 23, 2015 at 8:30a.m. with Chairman Brian McCracken, Commissioner Laura Teague, Commissioner James Zwetzig and County Attorney Ashley Pollock in attendance. Chairman Brian McCracken called the meeting to order, and asked Morgan County Deputy Assessor Paul Vowell to lead the meeting in the Pledge of Allegiance to the Flag.

GENERAL BUSINESS

Chairman McCracken stated this matter comes before the Morgan County Board of County Commissioners sitting as the Morgan County Board of Equalization (the "Board of Equalization") regarding hearings for appeal of the Morgan County Assessor's valuation of property. Chairman McCracken indicated that the structure of the hearings today will follow the format allowing all property owners to have time to voice concerns related to property values. He asked to limit comments to no more than fifteen minutes. As the majority of the values in question are related to Agriculture Land, he stated the Board of Equalization will hear from property owners concerns with the agriculture land value before hearing concerns related to agricultural improvements and agricultural residences. He called the first matter on the agenda for hearing indicating the Board of Equalization to hear from property owners regarding Agriculture Land values.

AGRICULTURE LAND VALUE APPEALS

Anderson, Peter V and Karen V R011195

Peter V. Anderson, appeared before the Board, indicating his address as 20738 County Road N, Fort Morgan and asked to allow Mr. Gary Teague to act as his spokesperson in this matter and to be able defer his personal comments to later.

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

BG Land Company LLC R009547, R009549, R008562, R011286, R011332, R019961, R009087, R011622, R009548, R009289, R017405, R016051, R017352, R011621, R011627, R009083, R012064, R011670

Teague Enterprises LLC R009533, R016354, R015291, R016260, R008598, R008602, R019905, R010679, R015859, R015635, R015786, R015645, R019944, R018224, R017704, R017399, R017424, R008594, R009556, R009084, R009263, R009496, R009176, R009048, R009270, R009271, R019903, R010675, R018401, R008573, R010664, R009555, R009594, R008452, R009156, R010663, R010664

Teague, Gary & Laura R018890

Teague RanCH Company LLC R010986, R008642

Triple T Investments LLC R019367

At this time Commissioner Laura Teague recused herself from the proceedings due to a conflict of interest.

Mr. Gary Teague appeared before the Board, stating his name and address for the record as 15366 County Road O, Fort Morgan, and introduced his daughter Shelby Teague, with her address as the same. Mr. Teague indicate he would be acting as the spokesperson in the above matters and stated his daughter's presence at today's hearing will be beneficial to her in her future endeavors. He further thanked the Board for their time today and commended the Assessor's office and staff for their duties and responsibilities regarding this process.

Mr. Teague then asked the Board to reference the materials he provided and proceeded to summarize the Morgan County property tax history explaining that today's issue he will be discussing will pertain to agricultural property values. He then referenced the chart labeled as agriculture, with dates from 2000-2016; reviewing Morgan County's assessed value and the changes over this period of time. He explained how he calculated this data. He stated the property card he receives in the mail only indicates the past value and the current assessed value and it does not explain how these values are determined. He further expressed his knowledge in regards to how agricultural land is assessed as based on production of the land. He feels it is important to tax individuals based on income, and further summarized the information provided referencing net revenue. He explained the USDA data for net revenue on crops which was provided in the materials.

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Mr. Teague stated that he has conducted a great amount of research on how he should be taxed on the value of agricultural land, learning that it is based on capitalization of income of the landlord's share over a ten year period. He then summarized the next section of information as pages which he obtained from the State Tax Manual, explaining the State understands how complex this issue is and takes into consideration all the land values, and then defers the process to the local governments which allows for the local producers to be involved.

He further commented in regards to typical landlord expense which are necessary for crops to be grown, stating they must be on the State's approved list, and explained that harvesting costs are not included, due to the fact these are considered tenant costs. He further stated that crop insurance is not included, but those are costs in addition to this matter. He stated there is a great amount of data that the State researches in this process, in which the State provides data to the Assessor as to ten year costs, as they want to standardize across the State. Mr. Teague stated that anything the State does not dictate, they will allow the Assessor to use that additional data in his assessment.

Production areas were then reviewed, and Mr. Teague explained he is dealing with production area A and D today. He stated that values should be based on uniformity, making sure there is equality within taxation and he stated one of the challenges to discuss today, is Area A which is very large and how that impacts valuations. Area D has other impacts that also affect tax rates.

Mr. Teague stated after the Assessor prepares what production rates he will use, he then moves onto assess values based on crops in production. He mentioned the fact that corn and grain are the crops being used in the formula at a 60/40 ratio and indicated that Mr. Wooldridge would provide this information further in his presentation.

Mr. Teague further reported how data is utilized from the NRCS and USDA, with the County having at least three or four different types of soil and how production is impacted in regards to outcome numbers for valuation. He further summarized the information the assessor is required to use in his formula for taxation.

Land classes were then summarized, with Mr. Teague explaining the Assessor's Office has identified the types of land as being irrigated, grazed, etc and further explained the format of this data. This data then allows the Assessor to determine the landlord's expenses as well as income, explaining this is a complex system. He stated this data is not information the producer gets to see on an annual basis, they only receive a valuation card that only explains what the tax valuation is and cost of taxes. He stated that producers do have the responsibility to pay their fair share of taxes within the County, but also have the privilege to be able to produce and work within this industry as fairly and adequately as possible.

Mr. Teague further summarized the information that the USDA provides as the numbers that are researched locally, and when you apply a 13 percent capitalization to these numbers that is what dramatically increases the effect to the producer. He spoke about the water cost formula, explaining this formula includes all the data from installing a well, the costs for this well to operate, and those numbers are included. He explained the number and the data that is included in the provided information. He further explained the aberrations to the cost for pumping an acre of water, to deliver the water to the farm, and what is important is how to structure these area rates. He used the scenario of using the Bijou Area using different production areas, stating there could be enormous different taxable values given the different operational costs. He feels this is an issue if you are discussing equality and fairness.

Mr. Teague then summarized the information Mr. Wooldridge utilizes from the State data, and how he determines County average yield. He further stated these would be issues that a committee could be beneficial in assisting to help fine tune those production types. He indicated the County's average of production is 171 bushels of corn per acre further stating that some of the data should be reviewed as things change over time.

He then summarized expense page, SA2- explaining this is the expense data of the equation and the Assessor's office can utilize this data for the expense equation. He stated he took the Assessor's number, looked at the costs provided by the State, and summarized the expense data for corn and hay and then did the same thing for all the soil types he farms within the production areas in question. He explained the process the Assessor uses to get this data and how it is broken out and calculated to come up with the valuation of agricultural land.

Mr. Teague believes the valuations are being calculated a bit high on the top and too low on the bottom and explained his reasons he feels this way. He mentioned both fertilizer and seed reasoning, explaining that in standardizing fertilization and seeding across the County, you may find aberrations in this data by averaging the costs.

He detailed the fact that he is listed in the Bijou Area, Production Area A, and explained in this area he has higher water costs than other production areas, and when this data is averaged in within a production area, it creates a discrepancy in fairness and equity of values.

He summarized another area of concern as that of chemical costs, water averaging within the production area and explained once he started diving into these numbers, he found that the actual cost numbers given chemical numbers, on the insecticide part that the Assessor has allowed producers some benefit of the doubt, and at the same time on the herbicide costs, those were actually below what they have seen in their costs, but small differences make big differences when applying the capitalization rate and utilized the scenario of how this calculates to a higher taxable value. He again stated "little changes make big differences".

He further detailed water costs, explaining water systems are complex, for example Bijou is one of the areas that he currently farms in, and explained historically when one had a 160 acre farm, all 160 acres being flood irrigated, it was a 160 acre farm in production. With sprinkler systems today, this same 160 acre farm becomes only 130 acres in production which affects the tax rate formula. He then summarized the lateral ditches and summarized the data used in the formula, with stating they are not delivering the water to the farm, they are delivering the water to the

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lateral ditch and then it is delivered to the farm. He summarized the formula of \$4.23 per acre for any farm on that lateral ditch and explained the value calculated by utilizing the 13 percent capitalization rate; he is then taxed at \$32.52 per acre.

He summarized the data provided to the Board in their handouts explaining that the information is important in accurately reporting for the formulas used in calculating values and further summarized the differences he found in the numbers, explaining the cost on the chemical side and provided recommendations as to choices that could be put in place. He stated they need to adjust what the actual is and be sure they have done the best job possible in reflecting what those numbers are as he does not believe the Assessor's numbers reflect an accurate number of how many passes the producer has to make in applying the chemicals. He stated another option would be to apply a factor of how many times a producer has to cross their farms and when applying chemicals he would suggest using the calculation of 1.25 time and indicated how using this number would affect his tax rates.

In relation to water costs, he believes the way it is done; they take a survey with the different water companies and weighed the average and come up with an average cost. He believes that those weighted averages need to be changed and adjust the weighted averages by production areas to what they actually are or change production areas in general, or at the very minimal include the lateral fees. He stated he cannot see where the lateral fees have been included. He looked at the differences as to what that impact would be with the following three options:

Option one being to adjust to the actual weighted average bases in those two production areas that \$8.65 per acre of actual costs that have to be added to the formula. Option two being to go through and readjust production areas, with this being his recommendation in the long term. He stated he does not believe it is feasible to do it in the time frame the State allows between now and August. Mr. Teague stated that he feels that in time this does need to be done. Option three would be to split the difference, instead of taking the total costs represented, to take some number using middle ground data.

Mr. Teague stated that the calculations he is suggesting should be proposed using the 2013 data, and summarized the data provided to the Board. In his calculations, instead of an average of 30 percent increase in agricultural land, his efforts indicate a 14 percent average increase. He further explained that his preference would not to work through these situations using this type of setting as he would prefer to meet as a group of farmers and come up with the best plan to best suit the needs of the producers and the County.

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

Badger Creek Farm Inc
R016105, R010296, R008474, R010295

Badgerland LLC
R020033, R019803, R008530, R018564, R016725, R016724, R015863, R015761,
R010166,

Quail Ridge Dairy LLC
R010661

Commissioner Zwetzig asked the procedural question of that of the landowner being the one to present their testimony and then the assessor to provide his testimony, with the County Attorney explaining today's matter will be discussed by topic.

Mary Kraft, property owner, stated her name and address as being 15960 County Road 21, Fort Morgan. She stated in terms of her appeal they have submitted a letter and addressed the concerns regarding concrete data. In terms of Badger Creek and Badger Land, those would fall within the comments provided by Mr. Teague and would propose the board look at the 14 percent valuation increase rather than the proposed 30 percent.

Her reasoning is based on the information provided today by Mr. Teague and explained they have met numerous times with both Mr. Teague and Mr. Wooldridge.

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

Beauprez, Ralph & Donna J & Ralph L Jr
R013119, R015775, R013555, R013529

Beauprez, Ralph L Jr & Tammy M
R013434, R013435

Mr. Ralph Beauprez indicated he is here today to represent his parents in the above mentioned matter as well as his property as listed. He stated he would like to back up the data provided by Mr. Teague in regards to the water data. He further explained how the water data is calculated and the difference in how costs to deliver the water to the agricultural land is so different in the various areas. He summarized the difference in costs per acre he has experienced over the last couple of years which would verify the data Mr. Teague provided to the Board earlier. He further stated how he has calculated his data. The demand and hook up charge is the same no matter how many acres of land they are providing electric service to. Chairman McCracken asked to clarify if he is questioning the Assessor's formula in how they are coming up with their valuation, with Mr. Beauprez stating in his area the Assessor's data indicates a much lower amount than what his actual costs are in regards to water delivery.

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He further stated in herbicide, it is \$16.45, with his cost being \$51.00 for his area, explaining how they have to make numerous crosses over their land. He stated the herbicide number is incorrect feeling that number is from several years ago and the costs have increased over time. He spoke about the corn seed as being a bit short, the insecticide seemed to be appropriate.

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

Ginther, Bart R & Mary B
R004450, R004605, R004452, R004440, R004442

Bart Ginther, 25545 Highway 34, Fort Morgan, addressed the Board and thanked everyone involved for taking the time to listen to their concerns. Mr. Ginther stated that he has been asked several times to meet with the Assessor to discuss these costs and believed they could have fine tuned these numbers in a preliminary setting versus this agenda. He appreciated the efforts Mr. Teague has gone to in educating the producers in how the taxes are calculated. He further stated when he received his tax notice in the mail and given there is no explanation, in calculating the math, his increase appeared to be 40 percent over last year's value. This concerned him and he felt it necessary to bring it to the County's attention and file the appeal asking that the increase be more in the range of 14 percent.

Mr. Ginther then spoke about the chemical side of the formula, explaining he believes the herbicide costs of \$16.45 as too low. He explained costs have increased greatly since these numbers were put in place and feels it should be increased. He provided data as to how many times he feels it is necessary to apply herbicide and stated that even applying it one time, the \$16.45 cost is not practical given what costs are today.

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

Hoogland Legacy LLC
Hoogland, Bernard A
R008639, R009006, R010324, R010659, R010655, R010658, R010660, R018131

Hoogland, Bernard & Cheryl Living Trust
R010654, R018403, R019012, R010647, R009060

Gary Teague addressed the Board stating that he had received a call from Mr. Hoogland and he is not available to participate in today's hearing.

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

Kosman, Michael Trust & Kosman, Kerri Trust
R015853, R009195, R009369, R019455, R008543, R008546, R008576, R009163, R009164 and R009165

Kerri Kosman, 16204 County Road 15, Fort Morgan, addressed the Board, explained that any comments she had have been addressed by Mr. Teague and agreed that the additional tax costs should be no more than the 14 percent proposed.

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

Krening, Larry Jay and Judith Lynn
R008564, R018738, R015866, R008580, R019106, R016544, R008991, R009007 and R018056

Larry Krening, 14925 County Road 18, Fort Morgan, addressed the Board and thanked Mr. Teague for his presentation. He stated in reviewing those numbers he would be in agreement with the information. He further indicated that one of his farms indicates a 30 percent increase and another at 50 percent. He would like to see a committee be created to address these costs. He further discussed the seed costs and something that he would like to see be reflected in the formula being used. He also agreed with the herbicide costs as one pass not being effective and the increased costs he has incurred as a producer. He stated he believes Mr. Teague has done a great job in presenting the information and agreed with his data.

Commissioner Zwetzig asked about the information provided by Mr. Teague in regards to the production areas, and the three options provided as to which option he would be most interested in. Mr. Krening feels a committee would be a great idea to analyze the data and assist with the appropriate formula.

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

Yearous, Sandra L
008601, R008556

Duane Yearous, 15442 County Road 15, Fort Morgan, representing Sandra Yearous, he further stated their location is in Production area A, and feels that Mr. Teague's presentation is accurate and would concur with the comment

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that a 30 percent increase is not appropriate and agreed with the proposed 14 percent increase. Mr. Yearous stated that he would be in favor of Letter B of the three options that were provided for the re-evaluation process. He thanked the Board for their time in allowing them to present and feels it is a fair and equitable process.

Chairman McCracken then asked Morgan County Assessor, Bob Wooldridge to present his testimony in the above matters. Mr. Wooldridge proceeded to present to the Board information regarding the formulas and process he has utilized in the valuations of the above mentioned properties. He stated in his general opinion the agricultural formula does not work well explaining it was established in 1983 based on production areas. He stated he would agree with Mr. Teague's concerns and further stated that in using a landlord tenant relationship only explaining in the past they had a 13 member committee that was involved and that has changed over time. He stated that he believes the landlord-tenant relationship may be in error at this time and indicated the last time they reviewed this was in 1999. He stated the formula does not lend itself to every practice; it is only an average of all costs. He explained how commodity pricing changes create large impact in the ten year average data.

Mr. Wooldridge explained that in 2013 they had value changes, and stated the commodity pricing did have an effect finding the results amazing. He provided a handout to the Board for their review and stated he has created committees to review the data from the State and other entities in the past, and summarized the averages that Mr. Teague spoke about, and the fact the State did not provide data to the Assessor in 2008, due to the rule regarding maintaining confidentiality, with his reliance on producers. He agreed that the \$171 per bushel average is probably not accurate.

He further stated that today farmers are producing very well, and the distribution areas Mr. Teague spoke about is probably not a good way of calculating values, but the State will not make a change in how the production area formulas are utilized in his valuation process. He further summarized how he is required to apply soil classifications, lateral fees, and other data in how he calculates valuations.

He stated how the production areas and the several ditch companies are calculated as using averages, explaining there is an inherent problem with the formula but the way the State mandates how they are to calculate and value property, he has to massage within each classification. He would agree with Mr. Teague's data feeling there may be some ground that is too high but there are others that should be lowered. Mr. Wooldridge feels the commodity price is what is of concern, feeling the average the State uses for this area is not accurate.

Mr. Wooldridge summarized the information he provided to the Board explaining there is a summary that is required to be provided to the auditor. It explains the changes, what actually happened in each production area and he summarized in detail the "Morgan County Final", referencing the SA2, and additional data. He stated that he took 2013 and replaced the information with the new commodity figures, which in turn changed the data considerably. He stated the Department of Taxation is being inundated with concerns of increases in valuation. He further stated how he figured his calculations using corn, relying on three years ago to give him the ratio to reduce the production costs. He stated that he is not able to document all the data that is being discussed today given the rules he is required to follow. He stated that he is in agreement with Production A, feeling that this formula does not work for anyone in the State.

He stated in 2007 he changed the formula completely, stating when it comes to the water formula stating he must use the State's formula and has informed them that there is an error in their formula. He further commented about the water delivery and how the water is augmented, having to pump the water through sprinkler systems and the high costs of delivering the water to producers. He stated that he has proven this time and time again, through REA, having to calculate the well first to deliver water to a pond, in order for them to pump half the water, the cost is \$1,095 for electric costs, using REA as a primary electric cost, that demand rate is what hits the farmers the hardest. Overall, the State's formula to put the correct amount of water on the field for 130 acre sprinkler, 60 percent being corn and 40 percent being hay, they use \$86.32 and Mr. Wooldridge is using \$88.43. He believes the electric costs are not that far off. Mr. Wooldridge believes the water formula throughout the State needs to be revitalized. He is not allowed to make the changes he believes should be made.

He also believes the commodity pricing needs to be adjusted, but he cannot make changes to those areas. He outlined the procedures the State requires them to follow. He started with production areas, explaining he did that through a farm committee, stating he has spoken with farmers regarding this matter. Production A is carrying the most. He stated the information regarding commodity pricing is the same information provided by Mr. Teague.

The other information pertaining to irrigation of agriculture land, the State provided data and in 2009, they completely changed the format of the information provided, and all they get is the total of acres watered and the total production of crop of corn, there are no breakouts of data. He used the \$171 per bushel feeling that was at the advantage to the farmer. He does not believe he is being provided good information from NASS. He summarized the data provided to the Board explaining he does have an issue with the data provided to him regarding hay ground, stating that if he had not used the 60/40, our values would have increased even more.

Sprinkler production and flood irrigation data was reviewed, and he indicated the only way to back this data up is to complete surveys. He stated that herbicide costs are not utilized by the State; he added that in the past to help keep the costs down for valuation. He spoke about how the data is reviewed as being typical of what has occurred over a ten year period of time explaining why an overall average is utilized.

When it comes to sprinklers he applies 22 inches and it is different for hay. He stated that he has gone through the entire formula, feeling there is not too much of an issue with water costs, explaining how he took it to a higher level which is at an advantage to the farmer this time around.

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As to water rights, he approached the companies as to what their fees were, naming some of those who provided lateral fees. He stated that most laterals are controlled by the farmers using them as to clean up and maintenance. He further stated that the laterals are scattered, and not all areas will have the same amount. He stated that all the fees are averaged, and this is set forth by the State. He indicated that as to fertilizer costs, this was discussed last year and the figures come directly from those in this business.

He stated the biggest issue is if it wasn't for the commodity prices going up, it would have produced a negative figure, and this is something the auditor uses and they do check to see if we are compliant with our auditing procedures.

Mr. Wooldridge stated that flood irrigation is about 35 percent overall in the County, and explained that the costs Mr. Teague is complying is farm by farm for those present today and feels there is additional information across the County necessary to come up with the most appropriate data.

Mr. Wooldridge stated he does listen to these farmers as to what their costs are but the biggest question is the landlord tenant relationship. He stated he did send out numerous letters to the farmers with only two replies to discuss this matter. He stated he is not sure the production formula works very well any longer, and has had discussions with those necessary in how to revise the way this formula is in place. When he compares and looks at other counties, they have had huge increases, and Mr. Wooldridge feels he has built in those costs using one pass of herbicides, explaining that spraying of ditches, and other areas outside of their crops, is not a landlord tenant cost.

Mr. Wooldridge stated he is valuing at about \$6.00 more per acre and the insecticide is a bit lower using those who produce the insecticide as appropriate costs. In relation to commodity prices, he stated it also includes dry land ground. He stated he has had no one come in to appeal the dry land values, explaining they understand those costs and how the values are calculated. Mr. Wooldridge believes the formula works appropriately but the commodity prices are where the issue falls. He further spoke about breaking down Area A, but stated he does not believe that will make much of a difference. He summarized the data that the State provides to him and how that data as an average is not as accurate for this area, but explained he is required to follow what the auditors require. He stated there are a number of things that you could do to tear the formula apart and he has tweaked it over time as he could, and stated the Board can change the values if they choose to, and he "really doesn't care", but he cannot change the formula at this time. He stated each year he works with the formula there appears to be an inherited issue.

Mr. Wooldridge believes this matter will reach the State level stating he has heard from other counties that there are issues across the State and the State will be hearing these appeals. Mr. Wooldridge stated that Morgan County is one of the lowest in the State for increases and he would be making the recommendation there be no changes, explaining how he calculated the formula, being able to make it a 30 percent increase overall versus other counties who have over a 50 percent increase in values. He referenced a matter in 2006 that did hurt the State regarding water and gas production, and he applauded the farmers for how they are able to operate as they are.

Mr. Wooldridge stated he has recently passed the audit who reviews the information to be sure his office is applying and following the appropriate guidelines. He incurred a 93 percent given the variations he has used in the formula for our area. He stated they need to remain between a minimum of 90 to 95 percent. He stated he is known for having the highest water costs in the State, and has been accused by other Counties as "cheating" and is having to prove how he is calculating these costs.

Discussion by the Board followed with Commissioner Zwetzig asking how many of the 64 assessors in Colorado are having issues with the Ag formula. Mr. Wooldridge stated he will be hearing more over the next couple of weeks referencing a conversation he had with the State Property Tax Administrator and the calls they have been receiving. Commissioner Zwetzig stated that if the assessors do not feel the formula is correct, the landowners do not feel is correct, do we have any faith to have rural representation to make a change. Mr. Wooldridge stated he would not want to see this go to the legislation given they believe these farmers are "rich", given the commodity prices. He further stated that he does check with the other counties in the region and has found that the values are all fairly close. He stated he follows this formula, talks with the producers, and tries to keep a good feel of what is happening here in our County and how to fit it into this formula.

At this time, Chairman McCracken recessed for five minutes and stated the Board will reconvene at 10:25 a.m..

Chairman McCracken reconvened the meeting at 10:31 and asked those who would like to approach the Board with rebuttal to the items having been discussed thus far, to please provide their name and address.

Gary Teague again approached the Board, indicating his address as stated before, stating he had a question to better understand procedures and wanted to clarify a couple of things. He stated that in Weld County, he received a property card which indicated a 19.9 percent increase. They followed the same procedure as they did here, and a revision was made to 2.9 percent increase. Mr. Teague believes the State will review this formula but is concerned they will not be able to do that this year and wants to be sure the land values and representation is appropriate, he believes that the decision today is how are the values of these lands going to be calculated. He further agreed that the primary drive of these values is commodity pricing and asked Mr. Wooldridge if he believed if he sees increases in both crop production and other, will he see an increase in value. Mr. Wooldridge stated he believes this and understands the production value increase and commodity pricing increase does affect the values, but believes the commodity pricing is what the biggest issue is. Mr. Teague then questioned the soil classification production area, and understands the State requirements, but does he get to decide what those areas look like at the local level with Mr. Wooldridge stating no he does not get that option, explaining what the State concentrates on and how it is based in the formula. The formula produces an average and understands where Mr. Teague and the others come from based on their individual operations. He stated he will not make major changes to the formula unless he is able to obtain proven documentation to make this change from producers.

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Mr. Teague read aloud the information regarding production areas he took directly from the State's manual feeling after reviewing this information does allow the Assessor for how to look at the production areas in the County. He feels there are aberrations that have gone on and they need to be reviewed. Mr. Wooldridge stated that there were some significant changes that occurred in 2007, but when it comes to production areas, things drastically changed when ditch companies had to make changes when GASP was put in place. He attempted to send surveys to farmers in 2009 and he only received two replies back understanding they are not pleased with the State government but he can only work with the data he can prove.

Mr. Teague asked to change the confines, looking at area D, explaining the challenges of costs increasing naming Bijou in area D as well as other Bijou ground being in area A. Further discussion followed as to how Mr. Teague feels certain data is affecting valuations. Mr. Wooldridge summarized the water costs in 2004/2005/2006 and once 2007 hit, the costs came into play, explaining the ten year average being reviewed as to what is typical. Mr. Teague stated in looking at that formula he sees no lateral charges, with Mr. Wooldridge explaining not all producers have lateral charges. Discussion followed as to how the water costs could be adjusted given the lateral charges.

Discussion followed between Mr. Teague and Mr. Wooldridge as to how the difference in costs and how the averages are calculated and how it affects the values. Mr. Wooldridge mentioned area B, explaining he can understand Mr. Beauprez's concern and the reasons for those concerns. Mr. Teague further asked Mr. Wooldridge how he figured his data to come up with the land values. Mr. Wooldridge again stated this formula the way it was developed does not work for numerous counties in the State and believes Mr. Teague should discuss this matter with the State, not the Board of Equalization.

Commissioner Zwetzig asked that part of the procedure is to allow the Assessor and Petitioners to meet somewhere else to discuss options and see if there is any way to come to a resolution. County Attorney stated the hearing could be recessed and allows the Assessor and the petitioner to discuss the issues to either resolve the matter or to minimize the issues that are directed to the Board for their attention. Mr. Wooldridge asked the question can values be changed, with his stating absolutely, and the State Board can make that change, he then stated he cannot make a change to the formula, and it is a State issue to make a change to the data that is required for the formula. He explained the production does not fit the land classes any longer, and when dealing with a major shift in the economy, given the draught, it does not fit either.

Commissioner Zwetzig stated the Board has heard comment on some numbers as being high in one respect and lower in another respect, is there no changing in those numbers? Mr. Wooldridge stated there is not a way to make that change, with Mr. Wooldridge stating he cannot keep band aiding things until it is completely out of control. He mentioned the farm bill of 2007, things cannot be changed. Mr. Teague stated he is willing to concede on a number of items, but he would like to be able to look at a couple of the areas making sure that they are truly reflecting the appropriate costs. He summarized the data from 2013 and 2015; there are areas the Assessor is able to make changes, referencing the third page referring to fertilizer and chemicals. He mentioned the fact that herbicide was not included in 2013 and was placed in 2015. Mr. Teague further reviewed the 2004 assessment regarding a number change from \$41.00 to \$32.00 in regards to insecticide costs which does indicate the Assessor has changed numbers feeling there is something going on given there is a change in numbers. Mr. Teague would like to take a moment as individuals and review the numbers. He stated he is willing to resolve this at the State level, and further explained that he has met with the State and has been informed that this is a local issue and the State will provide guidance, but the resolution needs to come from the local level.

Mr. Teague stated he would like to see individuals come together to be able to resolve this matter and allow those individuals present today to "hash" this out and come up with a resolution. Commissioner Zwetzig asked what would be considered typical, with Mr. Teague stating he has the tax manual for the Board to review, and Commissioner Zwetzig stated he could list what is discretionary and then decide what will be further discussed. The County Attorney stated the Assessor and landowners could meet the specific issues that need to be analyzed and the Board could meet amongst themselves and discuss the additional information, which would then allow for additional information to be retrieved and discussed making a better determination.

Mr. Wooldridge reviewed the information stating he found an issue with the data that was cut and pasted into the document and stated he would like to take time to review his data further given he believes there may be an error.

Commissioner Zwetzig stated that at this time we do have landowners who can offer information as to those changes that could be made to the formula he utilized in the values being discussed today, with Mr. Wooldridge stating that he could use the State formula and it is incorrect and would make things much higher. Mr. Teague stated the change he is speaking about is approximately \$6.00 in costs which would create an overall change in value.

Discussion followed that it may be practical to hold a work session for further discussion to take place as to the formula and the costs being utilized. Commissioner Zwetzig asked the procedural question about the possibility of appointing an arbitrator to allow the Assessor and the landowner to discuss, with the County Attorney stating that is at the Board's discretion, and suggested that the Board identify what is needed from the Assessor and the landowner so they are able to do their further research as to holding a separate work session to discuss the matters that are brought to their attention for resolving this matter.

Mr. Wooldridge stated there are two issues, one being the water costs and the other would be the herbicide costs. The big question is should he apply or not apply herbicide costs, as before it had never been applied. The Board stated they understand that, and will allow that as it has already been applied. The Board would like to be sure the correct data needs to be reviewed as to what is being used in the formula being used by the Assessor. Mr. Teague stated the position he took on herbicide, he is not arguing what Mr. Wooldridge's costs are, crossing one time, and the farmers feel the time is 1.75, not one, and look at using 1.25 to settle the matter. Discussion followed as to

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which area is being discussed; with Mr. Wooldridge stating he wants to be sure this is applied to all producers across the County. Mr. Wooldridge asked if it would be appropriate to make a change to all by a certain percentage, with Commissioner Zwetzig stating that this process is to be a fair and equitable process across the board feeling it is a discretionary number across the board, not a percentage.

Mr. Teague stated wherever the formula is where you have standardized costs, explaining how it will throw the percentages way out of whack and the reason why it should be a percentage, not the actual numbers. Mr. Wooldridge stated that he will be using this one area and then applying it across the County. Mr. Teague summarized the data Mr. Wooldridge provided reflects a percentage of different standards. Mr. Wooldridge agreed that there are discrepancies in a two areas and is willing to discuss this further.

Discussion followed with Commissioner Zwetzig suggesting there be a moderator involved between the Assessor and the landowners with County Attorney, Ashley Pollack stating she believed this could be a local individual. Mr. Teague stated he believes this can be taken care of in one day. Commissioner Zwetzig made the motion to reconvene this matter on August 3, 2015 and allow discussions to be held in a separate work session and hearing to reconvene for discussion and decision on August 3, 2015 at 8:30 a.m.. Chairman McCracken seconded the motion and motion carried 2-0.

Discussion followed that if the matter is not resolved between the County Assessor and landowners there will need to be a moderator brought in to reach a resolution.

Chairman McCracken stated the Morgan County Board of County Commissioners sitting as the Morgan County Board of Equalization (the "Board of Equalization") will now hear matters regarding petitions for appeal of the decision of the Morgan County Assessor regarding the valuation of the property.

AGRICULTURAL IMPROVEMENTS AND RESIDENTIAL

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

BG Land Company LLC
R011286, R017405, R011627, R009083, R012064, R011670

BG Land Company LLC
Jensen Farms Inc,
M014873

Teague Enterprises LLC
R009496, R009176, R009048, R009270, R009271, R019903, R010675, R018401, R008573, R010664, R009555,
R009594, R008452, R009156, R010663, R010664

Teague Ranch Company LLC
R010986, R008642

Triple T Investments LLC
R019367, R008581

Mr. Teague approached the Board indicating that these property owners have received this information and has provided the necessary data to the Assessor who has informed them it is being worked on and being resolved. The County Attorney, Ashley Pollack stated the procedure here is whether or not these property owners have any testimony to present today.

Wooldridge spoke about the information he needs to resolve this matter and his staff have been working on this, but they need additional information.

County Attorney asked that these petitions be held over to August 3, 2015 as well to ensure that issues have been resolved and if not, these matters can be argued as necessary at that time.

Commissioner Zwetzig asked who this matter would apply to with Mr. Wooldridge indicating those individuals who have met with his staff and those matters that have been identified. He stated he has identified those issue and those will be resolved. It was asked which properties was a part of this appeal process.

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

Badger Creek Farm Inc
R016105, R010295

Badgerland LLC
R018564, R016724, R015761

Quail Ridge Dairy LLC
R010661

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Mary Kraft, stated they have handled the Quail Ridge matter and the other two items were addressed in the agriculture land matter. The Quail Ridge matter will be held over until August 3, 2015 as well.

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

Beauprez, Ralph & Donna J & Ralph L Jr
R013119, R013555, R013529

This matter will be held over until August 3, 2015 as well, property owner had left the hearing.

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

Beauprez, Ralph L Jr & Tammy M
R013434

This matter will be held over until August 3, 2015 as well, property owner had left the hearing.

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

Ginther, Bart R & Mary B
R004450, R004452

This matter will be held over until August 3, 2015 as well, property owner had left the hearing.

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

Hoogland Legacy LLC
Hoogland, Bernard A
R010324, R010655

Hoogland, Bernard & Cheryl Living Trust
R009060

This matter will be held over until August 3, 2015 as well, property owner had left the hearing.

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

Kosman, Michael Trust & Kosman, Kerri Trust
R015853, R009369, R019455, R009164

This matter will be held over until August 3, 2015 as well, property owner had left the hearing.

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

Krening, Larry Jay and Judith Lynn
R008564, R015866, R008580, R016544, R008991, R009007 and R018056

Larry Krening approached the Board, 14925 County Road 18, Fort Morgan, indicated he would like to have this matter held over as well until August 3, 2015 at 8:30 a.m.

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

White, Kenneth D
R007469

Chairman McCracken opened the meeting with Ms. Jackie Headley, Morgan County Deputy Assessor, providing information to all board members. Ms. Headley summarized the information as property location of 621 Colfax Avenue, Fort Morgan and the fact that he had contested his valuation. Ms. Headley explained that she used 14 sales within this area as comparison data and further explained that this homeowner's sale was within this time frame and she did use this sales transaction at \$250,000 explaining that she was able to adjust for time which did increase the values of this property. She then used two others for this time frame, one in April and one in June to make comparisons and this data reflected their valuation is supported at this time.

Commissioner Teague indicated she is now sitting back as the Board of Equalization to proceed with decision making.

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Commissioner Zwetzig moved to accept the Assessor's valuation and number for Schedule R007469, property owner Kenneth D. White, property address of 621 Colfax Street, Fort Morgan, CO. Commissioner Teague seconded the motion and motion carried 3-0.

Chairman McCracken called the next matter for hearing indicating the Board of Equalization to hear from property owners:

Yearous, Sandra L
008601, R008556

This matter will be held over until August 3, 2015 as well, property owner had left the hearing.

There being no further business, the meeting stands in recess until August 3, 2015 at 8:30 a.m. with meeting ending at 11:26 a.m.

Respectfully Submitted,
Susan L. Bailey
Clerk to the Board

(Minutes ratified August 4, 2015)

**THE BOARD OF COUNTY COMMISSIONERS
MORGAN COUNTY, COLORADO**

Brian McCracken, Chairman

Laura Teague, Commissioner

James Zwetzig, Commissioner

(SEAL)

ATTEST:

Susan L. Bailey, Clerk to the Board