



Board of Tax Appeals

Wednesday, September 18, 2024, 2:00 PM, Green Mountain Room,1st Floor, City Hall

1. Agenda

Subject	1.1. Motion to adopt agenda
Meeting	September 18, 2024 - Board of Tax Appeals Hearings - Wednesday, September 18, 2024, 2:00 PM, Green Mountain Room,1st Floor, City Hall
Category	1. Agenda
Department	Council and Board
Type	Action Procedural
Recommended Action	Motion to adopt agenda

2. August 7, 2024 Draft Minutes

Subject	2.1. August 7, 2024 Draft Minutes
Meeting	September 18, 2024 - Board of Tax Appeals Hearings - Wednesday, September 18, 2024, 2:00 PM, Green Mountain Room,1st Floor, City Hall
Category	2. August 7, 2024 Draft Minutes
Department	Council and Board
Type	Action Minutes Information

3. Hearings

Subject	3.1. Prelco, Inc., 11-17 Church Street, 044-4-010-000 (2:00 pm)
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Meeting September 18, 2024 - Board of Tax Appeals Hearings - Wednesday, September 18, 2024, 2:00 PM, Green Mountain Room,1st Floor, City Hall

Category 3. Hearings

Department Clerk/Treasurer's Office

Type Action
Procedural

Recommended Action open the hearing
close the hearing

Subject 3.2. Bigger Boat, LLC, 37-43 Church Street, 044-4-005-000 (2:30 pm)

Meeting September 18, 2024 - Board of Tax Appeals Hearings - Wednesday, September 18, 2024, 2:00 PM, Green Mountain Room,1st Floor, City Hall

Category 3. Hearings

Department Clerk/Treasurer's Office

Type Action

Recommended Action open the hearing
close the hearing

Subject 3.3. 100 BANK LLC, 100 Bank Street, 044-2-137-000 (3:00 pm)

Meeting September 18, 2024 - Board of Tax Appeals Hearings - Wednesday, September 18, 2024, 2:00 PM, Green Mountain Room,1st Floor, City Hall

Category 3. Hearings

Department Clerk/Treasurer's Office

Type Action
Procedural

Recommended Action open the hearing
close the hearing

4. Adjournment

Subject 4.1. Motion to adjourn

Meeting September 18, 2024 - Board of Tax Appeals Hearings - Wednesday, September 18, 2024, 2:00 PM, Green Mountain Room,1st Floor, City Hall

Category 4. Adjournment

Department Council and Board

Type Action
Procedural

Recommended Action Motion to adjourn



BURLINGTON BOARD OF TAX APPEALS
BUSHOR CONFERENCE ROOM 1ST FLOOR, CITY HALL **IN PERSON ONLY**
MINUTES OF MEETING
August 7, 2024

1. Agenda

1. Agenda

Subject	1.1. Motion to adopt agenda
Meeting	August 7, 2024 - Board of Tax Appeals Organizational Meeting - Wednesday, August 7, 2024, 1:00 PM, Bushor Conference Room 1st Floor, City Hall **IN PERSON ONLY**
Category	1. Agenda
Department	Council and Board
Type	Action Procedural
Recommended Action	Motion to adopt agenda
1.1. Motion to adopt agenda	
Start time: 1:05 pm	
Members present: Emily Eley, David Maher, Meg McGovern, Dot Cuomo, Alan Bjerke, Andrew Champagne and Sonja Fuller	
Others present: Erik Ramakrishnan (Assistant City Attorney); Joe Turner (City Assessor); Lori Olberg (Clerk)	
Motion to adopt the agenda made by Sonja Fuller, seconded by Andrew Champagne. Motion passed unanimously.	

2. Elections

2. Elections

Subject	2.1. Chair, Vice Chair and Clerk
Meeting	August 7, 2024 - Board of Tax Appeals Organizational Meeting - Wednesday, August 7, 2024, 1:00 PM, Bushor Conference Room 1st Floor, City Hall **IN PERSON ONLY**
Category	2. Elections
Department	Council and Board

Type Action

Recommended Action approve the Chair, Vice Chair and Clerk for the Board of Tax Appeals

2.1. Chair, Vice Chair and Clerk

Motion made by Meg McGovern to nominate Alan Bjerke as Chair. Motion passed unanimously.
Motion made by Andrew Champagne to nominate David Maher as Chair. Motion passed unanimously.
Motion made by Andrew Champagne to nominate Lori Olberg as Clerk. Motion passed unanimously.

3. Rules

3. Rules

Subject 3.1. Hearing Procedures

Meeting August 7, 2024 - Board of Tax Appeals Organizational Meeting - Wednesday, August 7, 2024, 1:00 PM, Bushor Conference Room 1st Floor, City Hall **IN PERSON ONLY**

Category 3. Rules

Department Council and Board

Type Information

3.1. Hearing Procedures

One change: City Assessor can attend site visits.
Motion made by Dot Cuomo, seconded by Sonja Fuller. Motion passed unanimously.

4. Approval of Forms

4. Approval of Forms

Subject 4.1. Educational Brochure, Notice of Hearing, Authority of Representation, Waiver of Site Visit and Official Notice of Decision

Meeting August 7, 2024 - Board of Tax Appeals Organizational Meeting - Wednesday, August 7, 2024, 1:00 PM, Bushor Conference Room 1st Floor, City Hall **IN PERSON ONLY**

Category 4. Approval of Forms

Department Council and Board

Type Action

Recommended Action approve forms

4.1. Educational Brochure, Notice of Hearing, Authority of Representation, Waiver of Site Visit and Official Notice of Decision

Motion made by David Maher, seconded by Meg McGovern.. Motion passed unanimously.

5. Approval of Subpoenas

5. Approval of Subpoenas

Subject 5.1. Approval of Subpoenas

Meeting August 7, 2024 - Board of Tax Appeals Organizational Meeting - Wednesday, August 7, 2024, 1:00 PM, Bushor Conference Room 1st Floor, City Hall **IN PERSON ONLY**

Category 5. Approval of Subpoenas

Department Council and Board

Type Action

Recommended Action approve subpoenas

5.1. Approval of Subpoenas

Motion made by Andrew Champagne, seconded by David Maher. Motion passed unanimously.

6. Establishment of Panel and Schedule

6. Establishment of Panel and Schedule

Subject 6.1. Establishment of Panel and Schedule

Meeting August 7, 2024 - Board of Tax Appeals Organizational Meeting - Wednesday, August 7, 2024, 1:00 PM, Bushor Conference Room 1st Floor, City Hall **IN PERSON ONLY**

Category 6. Establishment of Panel and Schedule

Department Council and Board

Type Action

Recommended Action establish panel and schedule

6.1. Establishment of Panel and Schedule

7. Conflicts

7. Conflicts

Subject 7.1. Main Street Family Housing Limited Partnership, 278 Main Street, Unit 2; 100 BANK LLC, 100 Bank Street; Prelco, Inc., 11-17 Church Street; Bigger Boat, LLC, 37-43 Church Street; William Fellows, 362-364 South Union Street

Meeting August 7, 2024 - Board of Tax Appeals Organizational Meeting - Wednesday, August 7, 2024, 1:00 PM, Bushor Conference Room 1st Floor, City Hall **IN PERSON ONLY**

Category 7. Conflicts

Department Council and Board

Type Information

7.1. Main Street Family Housing Limited Partnership, 278 Main Street, Unit 2; 100 BANK LLC, 100 Bank Street; Prelco, Inc., 11-17 Church Street; Bigger Boat, LLC, 37-43 Church Street; William Fellows, 362-364 South Union Street
No conflicts.

8. Other Business

8. Other Business

Subject	8.1. Verbal Comments
Meeting	August 7, 2024 - Board of Tax Appeals Organizational Meeting - Wednesday, August 7, 2024, 1:00 PM, Bushor Conference Room 1st Floor, City Hall **IN PERSON ONLY**
Category	8. Other Business
Department	Council and Board
Type	Information

8.1. Verbal Comments
None

9. Adjournment

9. Adjournment

Subject	9.1. Motion to adjourn
Meeting	August 7, 2024 - Board of Tax Appeals Organizational Meeting - Wednesday, August 7, 2024, 1:00 PM, Bushor Conference Room 1st Floor, City Hall **IN PERSON ONLY**
Category	9. Adjournment
Department	Council and Board
Type	Action Procedural

Recommended Action Motion to adjourn

9.1. Motion to adjourn
Motion made by David Maher, seconded by Dot Cuomo. Motion passed unanimously. The meeting was adjourned at 1:46 pm.

**CITY OF BURLINGTON, VERMONT
NOTICE OF BOARD OF TAX APPEALS HEARING**

Notice is hereby given that the Board of Tax Appeals of the City of Burlington will meet on **Wednesday, September 18, 2024, at 2:00 pm at Burlington City Hall, 149 Church St, Burlington Vermont**, to hear the grievance of:

Prelco, Inc., c/o Hans G, Huessy, Esq.

for the property located at:

11-17 Church Street, 044-4-010-000

who is aggrieved by the action of the Board of Assessors and filed a written grievance with the City Clerk/Treasurer.

* A brief statement of the grounds for appeal is required by law and is essential to efficiently deal with appeals received each year. **You must submit 5 copies of the statement and any documents or written evidence to be submitted to the Board at least fourteen (14) days before the hearing, or such documents may not be considered at the hearing.** If you submitted documents online with your appeal request, you do not need to resubmit them, but you will need to submit a statement of the grounds for your appeal. The Board may subpoena documents it deems material to the appeal; the failure to provide requested records in response to a subpoena shall result in the dismissal or deemed withdrawal of this appeal and no further appeal shall be available.

* A Hearing Panel of at least three board members will hear the appeal. Property owners will have up to 10 minutes to address the panel, explaining the reasons for the appeal and an opinion of the fair market value of the property. The City Assessor will also have up to 10 minutes. Please refer to the enclosed brochure for more details on the hearing.

* At the close of the hearing, the parties will decide whether or not a site visit will be held. A site visit is mandatory unless waived by the property owner(s), the Assessor, and the Panel. If the property owner(s) refuses to allow an inspection of the property, the appeal shall be dismissed and no further appeal shall be available.

* The Board of Tax Appeals will issue a written decision no later than December 31, 2024. You will receive a corrected tax bill once the Board makes a decision if there is any change. You should continue to make payments as billed until then.

* Please arrive early. Your hearing will be held in the Green Mountain Room, 1st Floor at City Hall. If you are unable to locate the hearing room, please consult the City Clerk's office.

Burlington Board of Tax Appeals
By:

Lori Olberg, Clerk
Burlington Board of Tax Appeals
802 865-7136
Date of mailing: 08/12/24

24 JUN 26 PM 2:44

Via Hand Delivery

June 26, 2024

City of Burlington
Office of the Clerk/Treasurer
Lori Olberg, Administrative Assistant
149 Church Street
Burlington, VT 05401

**Re: Notice of Appeal – Prelco, Inc., 11-17 Church Street,
Property ID# 044-4-010-000**

Dear Lori:

I represent Prelco, Inc., owner of the 11-17 Church Street property and they wish to appeal the denial of their grievance dated June 14, 2024. The above-referenced property was occupied by Black Diamond and previously by Eddie Bauer.

As I am sure you are aware, Black Diamond faced the same challenges of many Church Street Marketplace businesses: retail theft, shoplifting and crime, online competition, increased payroll costs, difficulty in hiring staff who cannot afford to live in the area and the lack of reliable public transportation, and the decline in attractiveness of Church Street as a shopping destination resulting in less street traffic. The result has been that Black diamond had to terminate its lease, which has left the property vacant.

The challenges facing downtown businesses have resulted in the closure of many other stores which are part of the Church Street Marketplace, including but not limited to the following: Slate, Body Shop, Monelle, Sox Market, Chop Shop, Burton, Walgreens, Perky Planet, Expressions and Jess Boutique. The vacant storefronts have resulted in significantly less vitality in the shopping district, and fewer customers visiting the remaining businesses. The dramatically increased vacancies have also depressed the rental rates for properties downtown. Further, the duration of vacancies has extended dramatically.

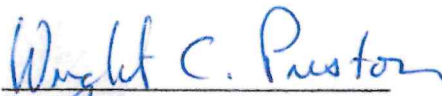
Further, the store is 5,535 sf of first floor retail space is too large for most tenants. My client has investigated divided the store into two separate spaces but the cost estimate is over \$500,000 because of the division of utilities and the code requirements.

Therefore, we are writing to request that the current assessment of the property of \$1,281,400.00 be significantly lowered. The current assessment does not reflect the fair market value of the property on April 1, 2024 and is assessed higher than comparable properties.

Sincerely,

/s/Hans G. Huessy

Hans G. Huessy, Esq.
hhuessy@mskvt.com


Property owner
President
Prelco, Inc.

**Burlington Board of Tax Appeals
149 Church Street
Burlington, VT 05401
(802)865-7136**

State of Vermont
Chittenden Country, SS

In re: Appeal of Prelco Inc.
(Name of Property Owner)
Hans G. Huessy, Esq.
(Representative)
044-4-010-000, 11-17 Church Street
(Parcel ID & Address)

SUBPOENA

Greetings: Hans Huessy representative for Prelco Inc., owner of 11-17 Church Street,
Burlington, VT
Parcel ID: 044-4-010-000

(Taxpayer Name, Address, and Parcel ID Number)

Pursuant to Section 92(b) of the City's Charter, you are hereby commanded to provide the Burlington Board of Tax Appeals the following records which are material to a determination of a property owner's appeal:

The current rent roll and IRS Schedule E or Form 8825 for the years 2021-2022, along with any professionally conducted property appraisals in last three years. Please provide comparable properties listed in appeal and fill out the attached income and expense form from the Burlington City Assessor's Office.

(Description of Records Being Requested)

Such records are to be delivered to the Clerk of the City of Burlington, City Hall, 149 Church Street, Burlington, VT 05401 by August 23th, 2024, and will be regarded as confidential and used only for the purpose of deciding the appeal. Failure to provide the requested records by the specified date will result in the Board deeming that the appeal is withdrawn or dismissed and no further appeal shall be available to taxpayer. Any request for an extension must be in writing; the BTA may grant an extension if good cause is shown.

Dated in Burlington, Vermont this 7th Day of August, 2024.

Burlington Board of Tax Appeals
By Its Attorney

/s/: Erik Ramakrishnan

Erik Ramakrishnan Esq.
Assistant City Attorney

Parcel ID # _____

Annual Operating Expenses (tax not included)

1. Building Insurance \$ _____

2. Trash Removal \$ _____

3. Grounds (lawn & snow) \$ _____

4. Utilities

a. Sewer & Water \$ _____

b. Electric, Oil & Gas \$ _____

5. Management \$ _____

(Includes advertising, accounting,
Legal & commissions if applicable)

6. City Inspection Fees \$ _____

7. Repairs & Maintenance \$ _____

(Repair expenses necessary to
keep the property operating)

8. Replacement & Reserves \$ _____

(replacement of short-lived items
such as roof covers, heating systems,
refrigerators, floor coverings, etc.)

OR

Replacement & Reserves Account \$ _____

(amount annually set aside)

9. Other Expense: \$ _____

(description)

Assessor Office Use Only	
1.	_____
2.	_____
3.	_____
4.	_____
5.	_____
6.	_____
7.	_____
8.	_____
9.	_____
TOTAL \$ _____	

Total Operating Expenses \$ _____

Comments: _____

Signature

Date

CITY OF BURLINGTON
OFFICE OF THE ASSESSOR
Joe Turner, City Assessor

Assessor's Report to the Board of Tax Appeals

Fiscal Year 2025

Property Valuation Appeal: 11-17 Church Street, Burlington Vermont
For Tax Year 2024, Fiscal Year 2025

Estimated Value for Tax Year 2024: **\$1,230,600**

Summary of Subject Facts

Property Location: The subject property is located at the northern end of Church Street in the City of Burlington's Central Business District. The property has the address of 11-17 Church Street and can be further identified is parcel number 044-4-010-000.

Owner: PRELCO INC.

Site Description: The property consists of 0.1542 acres of primarily flat topography

Improvement Description: The property is a one story office building classified as Commercial. The building consists of a total of 10,434 square feet with approximately 7,743 square feet of leasable space.

Transfer History: The current owner PRELCO INC. purchased the property over twenty years ago.

Purpose of the Value Analysis

The purpose of this value analysis is to develop an opinion of the Market Value for the real property for the ad valorem tax value. Vermont statute 32 V.S.A. § 4601 states "Taxes shall be uniformly assessed on the lists of the persons taxed unless otherwise provided by law". In order to create an equitable, uniform distribution of the tax burden, the market value of all properties are set at a specific effective date. This normalizes market conditions and all external factors that have an effect on value.

According to *A Handbook on Property Tax Assessment Appeals*, published by the Vermont Tax Department, "the (current) value must be equalized so that the listed-value-to-market-value of the appealed property corresponds to the listed-value-to-fair-market-value of comparable properties".

Currently, all property values in the City of Burlington are set as of April 1st, 2021, which is the date of the last city wide revaluation and what would be considered the “fair-market-value date of comparable properties”.

The Market Value that is analyzed in this report is the “fair-market-value of comparable properties” which carries an effective date of April 1st, 2021. There are two ways to achieve this retrospective fair market value of real property which would create a value consistent with comparable properties.

The first way is to use valuation information from the retrospective date of value. For this valuation analysis, we would use comparable sales or income and expense information from on or before April 1st, 2021. This method removes the use of any type of adjustment factor that would have been derived from market sales post the effective date of value, such as the Common Level of Appraisal (CLA) or the Level of Appraisal (LOA). This is the cleanest most direct way to create a retrospective value opinion that would correspond with the “fair-market-value of comparable properties”.

The second way is to develop a current value of the property and adjust it back to the retrospective value date, which would be considered the “fair-market-value of comparable properties”. This adjustment would be developed through a factor derived from arms-length property transfers that occurred after the retrospective value date. This is considered a market adjustment or a “time” adjustment. The use of a market factor adjustment is not the most direct way to create a retrospective value opinion due to assumptions associated with the factor. For instance, if a property was valued at \$100,000 on April 1st 2021 and then sold on April 1st 2022 for \$105,000, a factor of 0.95 could be used ($\$100,000 / \$105,000$). This would adjust a 2022 value back to 2021.

An assumption in the creation of this factor would be that the properties used to create the market factor adjustment are similar to the property in question. Another assumption would be that the properties used to create the market factor adjustment sold in the exact same condition as the previous value. The fact that there are built in assumptions associated with market factor adjustments creates potential flaws and inaccuracies in this method.

The purpose of this value analysis is to develop an opinion of value that is adjusted for the “fair-market-value of comparable properties”. This value analysis will be developing the opinion of value by using retrospective market data on or before April 1, 2021.

Site Analysis

Subject Aerial View



Size and Shape

The property is a rectangular shaped parcel containing 0.1542 acres or 6,720 square feet. There is not excess or surplus land located on the site.

Access

Access to the site is provided by Church Street. Overall, the property has good access with close proximity to a downtown garage.

Topography

The property site is flat in topography and at equal grade with the adjacent streets. The property is an interior lot with typical topography.

Neighborhood

The property is located on Church Street which is an active pedestrian outdoor marketplace. The property on Church Street are close to parking garages and have historically experienced high demand.

Subject Front View



Approaches to Value

The ***Cost Approach*** is based on the “Principle of Substitution” which states that no rational person would pay more for a property than the amount for which he can obtain, by purchase of a site and construction of improvements, without undue delay, a property of equal desirability and utility.

The subject property consists of a one story, retail building, which is in good condition.

Due to the limited number of similar land sales in the area and the difficulty in estimating the depreciation from various factors, the Cost Approach was not considered to be a reliable indicator of value and was not utilized in this valuation.

In my opinion, the omission of this approach does not affect the credibility of the value estimate contained herein since the Income Approach provides reliable indicators of value for the subject property.

The ***Sales Comparison Approach*** is based on the "Principle of Substitution" which indicates that an informed purchaser would pay no more for a property than the cost of acquiring an equally desirable substitute property with the same or similar utility. This approach is most applicable when an active market provides sufficient quantities of reliable data that can be verified from authoritative sources. Since there are not an adequate number of similar improved sales in the subject’s market area, the Sales Comparison Approach was not considered to be a reliable indicator of value in this instance. Therefore, the Sales Comparison Approach was not developed in this value opinion of the subject property.

The ***Income Approach*** is based on the principle of anticipation in which the purchaser is buying in anticipation of receiving any future benefits of property ownership. When analyzing income-producing properties, the physical characteristics may be less significant than the property's ability to generate income. This approach is most applicable when there is a sufficient amount of verifiable market activity. Sufficient market data was available for the Income Approach to provide a reliable indicator of value in this instance and therefore was developed in this value opinion.

Income Approach to Value

The Income Capitalization Approach is a valuation method based on the principal of anticipation. This technique assumes a relationship between potential future returns and the value of a property. The subject property consists of an eight story office buildings which contain 10,434 square feet and 7,743 square feet of Gross Leasable Area.

Typically, income and expense statements are received by the owner and are compared to the market. Minimal information was received by the owner. When information is not readily available from the owner, market data is used to develop the opinion of value.

Market rental information was used in the opinion of value based on typical retail rents. Reasonable vacancy and expenses were deducted which results in the net operating income for the subject property. The net operating income was then capitalized at an overall rate which was estimated by reference to an analysis of overall rates for other office properties located in the subject's market area.

Market Rental Rate Conclusion

The subject property is located in the Burlington Central Business District and would typically be leased on a triple net (NNN) basis. A NNN lease represents a full pass through of operating expenses to the tenant.

In December of 2020 transactions noted of similar retail properties in the Burlington CBD presented a range of \$25 to \$35 per square foot of lease-able area on a NNN basis. This could have the subject property potentially grossing between \$193,575 and \$271,005 annually based on the 7,743 square feet of leasable area.

Vacancy and Collection Loss

The vacancy rate is a percentage of available units in a rental property that are vacant or unoccupied at a particular time. This rate is removed from the potential gross income of the property to estimate the effective gross income before expenses are removed. In December of 2020 Burlington's Central Business District retail vacancies were reported at approximately 8% to 11%. These vacancies were on an upward trend and expected to increase throughout 2021. It would be reasonable to apply a 15% vacancy rate to the subject property.

Expenses

Retail leases in this area are typically structured on a triple net basis which means that they are passed through to the tenant. This leaves what is considered common area maintenance fee or CAM. As of December 2020 these fees typically range from \$3.40 to \$4.15 for retail properties in the Burlington CBD. This would show a range of approximately \$35,475 to \$43,300 in total expenses. These fees include real estate taxes which should be removed before application to the effective gross rents.

It is common practice in tax assessment to remove the actual property tax amount from the expenses when analyzing property value. Including the property tax in the annual expenses would create a circular argument. Instead of including property tax as an expense item, the effective tax rate is applied or “loaded” into the appropriate capitalization rate for a particular property type in a particular market area. This gives a property tax component influence on the final value, but it’s not used as an operating expense and it’s not used as an actual number, such as the prior year’s tax amount.

In 2021 the City of Burlington saw tax expenses of retail properties in a range from approximately \$2 to \$5.50 per square foot. Elements such as location as well as quality and condition of the improvements are factors in the tax expense per square foot. For this opinion of value \$2.10 will be deducted from the CAM expenses and the tax rate will be applied to the capitalization rate.

Reserve accounts are used for large-scale repairs and replacements, as well as unexpected expenses or emergencies. Reserve expenses for retail properties typically range from \$0.10 to \$0.25 per square foot. The higher end of the reserve account range will be used for this opinion of value. The calculation for reserve account is as follows: $10,434 \times \$0.25 = \$2,608$.

Income and Expense Summary

When analyzing the typical retail market rents and the estimated downward projection in retail demand, the subject property would produce rents on the lower side of the \$25 to \$35 range. For this value opinion a rate of \$25 will be applied which would include the full pass through of operating expenses to the tenant.

After the removal of real estate tax and adding replacement and reserves, the overall annual operating expense of the subject property is \$23,997.

The following is a summary of the Net Operating Expense (NOI) calculation:

Operating Income Summary		
Potential Gross Income		
7,743 sf x \$25	193,575	
Less Vacancy and Collection Loss		
15% of PGI	\$29,036	
Effective Gross Income		\$164,539
Expenses		
General Operation Expense	\$21,389	
Replacement Reserves	\$2,608	
Total Expenses		(\$23,997)
Net Operating Income		\$140,542

Capitalization

Capitalization is the process of converting the net income of a property into a value estimate. This is done through a capitalization rate which is derived from the market. The capitalization rate range in Chittenden County on all retail property ranges from approximately 6.2% to 11.5%. More specifically, office properties in the City of Burlington range from 6.9% to 10.6%. Some market conditions that affect capitalization rates are typical lease terms and property location. Given the downward projection in retail, an appropriate capitalization rate to apply to the subject would fall toward in the higher side of the range. For the purpose of this value opinion a rate of 9.3% will be used.

As stated above, due to the property taxes being removed from the operating expense, the tax rate for the valuation year should be applied to the market derived capitalization rate. The tax rate for tax year 2021 is 2.12%. This would lead to a total capitalization rate of 9.3% + 2.12% = 11.42%.

Conclusion

The following is the final opinion of value for the property located at 100 Bank Street, Burlington VT, as of April 1st, 2021

<u>Net Operating Income</u>	/	<u>Overall Rate (loaded)</u>	=	<u>Value</u>
\$140,542		11.42%		\$1,230,600

*All information used in this report was from on or before April 1st, 2021

* Some information used in this report was from *Allen, Brooks & Minor Report*, December 2020

044 Sheet 4 Lot 010 Unit# 000 Bldg#

044-4-010-000 Parcel ID Building Location

BURLINGTON, VT

Card: 1 of 1 Total Card 1,281,400 / 1,281,400
APPR 1,281,400 / 1,281,400
USE + IMP 1,281,400 / 1,281,400
USE LAND 1,281,400 / 1,281,400
ASSESSED 1,537,680 / 1,537,680

PROPERTY LOCATION

11-17 CHURCH ST
BURLINGTON, VT 05401

OWNERSHIP

PRELCO INC
2564 SNIPE IRELAND ROAD
RICHMOND, VT 05477-0000

Table with columns: Occ, C, Type, DID DISTRICT

PREVIOUS OWNER

PRELCO INC
CO WRIGHT PRESTON
2564 SNIPE ISLAND ROAD
RICHMOND, VT 05477-0000

NARRATIVE DESCRIPTION

This parcel contains 6720.00000 SF of land mainly classified as Commercial It has 1 building(s) first built in 1899 with a total of 7,743 square feet. There are 1commercial unit(s), 3 Half Baths.

OTHER ASSESSMENTS

Table with columns: Code, Desc, Amt, Comm Int Amt

PROPERTY FACTORS

Table with columns: Item, Code, Item, Code, %

LAND SECTION

Table with columns: LUC, LUC Desc, Ft, # Units, Depth, U. Type, L. Type, Ft, Base V., Unit Prc, Adj Prc, NBC, Ft, Mod, Inf 1, %, Inf 2, %, Inf 3, %, Appr, Alt LUC, %, Spec L.V., Juris, L. Ft, Assessed, Notes

IN PROCESS APPRAISAL SUMMARY

Table with columns: Use Code, Building Val, Yard Items, Land Size, Land Val, Total Val

PREVIOUS ASSESSMENTS

Table with columns: Tx Yr, Cat, Use, Bld Value, Yard Items, Land Size, Land Val, Total Appr, Assessed, Notes, Date

SALES INFORMATION

Table with columns: Grantor, Legal Ref, Type, Date, Sale Price, TSF, Verif., NAL, Notes

BUILDING PERMITS

Table with columns: Date, Number, Desc, Amount, Closed, Status, Fed. ID, Notes, Last Visit

ACTIVITIES

Table with columns: Date, Result, By

LEGAL DESCRIPTION

Table with columns: Lot Size, Total Land, Land Unit Type, SF

Property ID: 5309



Patriot PROPERTIES INC.

User Account 15309
GIS Coord 1 313724722476.0000000
GIS Coord 1

Insp Date 05/30/2024

Print Date / Time 9/13/2024 10:56 am

Last Date / Time 6/14/23 3:49 pm

BURLINGTON\jturner

USER DEFINED

RAD: 270
OLD PID: 167965
State District: 3-03
CAD: 500
SPAN: 114-035-15309
Accessory Dwl

PriorID1c 00
PriorID2c 00
PriorID3c 00
Assessor Map

Parcel ID 044-4-010-000

Exterior Information

Table with exterior details: Type (200 - RETAIL GEN), Stry Hght (1 - One Sty), Found (BS - BRICK/STONE), Frame (C - FireResistAV), P. Wall (SC - STUCCO), Roof Str (FL - FLAT), Roof Cvr (RM - RUBBER MEMB), Color, View, Shape, Bld Name.

General Information

Table with general details: Grade (VG - VERY GOOD), Year Blt (1899), Eff Yr, Alt LUC, Juris, Con Mod.

Interior Information

Table with interior details: Avg Ht / Fl (12.00), P. Int Wall (DW - DRYWALL), Sec Int Wall, Partition (T - TYPICAL), P. Floor (SL - SLATE), Sec Floor, Bmt Floors, Sub Floors, Bmt Garage, Electric (T - TYPICAL), Insulation (T - TYPICAL), Int Vs Ext, Heat Fuel (G - GAS), Heat (HA - HOT AIR), # Heat Sys, Heated % (AC % 100), Sol HW % (Ctrl Vac %), Com Wall % (Sprink % 100).

Special Features / Yard Items

Table for special features and yard items with columns: Code, Desc, A, Y/S, Qty, Size, Qual, Con, Year, Unit Prc, D/S, Depr %, LUC, Ft, NBC, Ft, Juris, Ft, Appr Val, Assessed.

Condo Information

Table with condo details: Location, Tot Units, Floor, % Own, Name.

Bath Features

Table with bath features: Full Bath, Add Full, 3/4 Bath, Add 3/4, 1/2 Bath, Add 1/2, Other Fix, each with Rtnng.

Other Features

Table with other features: Kitchens, Add Kit., Fireplaces, WS Flues, each with Rtnng.

Depreciation

Table with depreciation: Phys Con (VG, 20.1), Functional, Economic, Special, Override, Total (20.1%).

Comparable Sales

Table for comparable sales with columns: Rtnng, Parcel ID, Type, Sale Date, Price, Avg Rtnng, Ind Val.

Comments

post COVID effected valuation. New Tenant Black Diamond 100% occupied as of 4/1/2022.

Res Breakdown

Table with res breakdown: Floor, No. Unit, Rooms, Bdrms, Bld Total, Prcl Total.

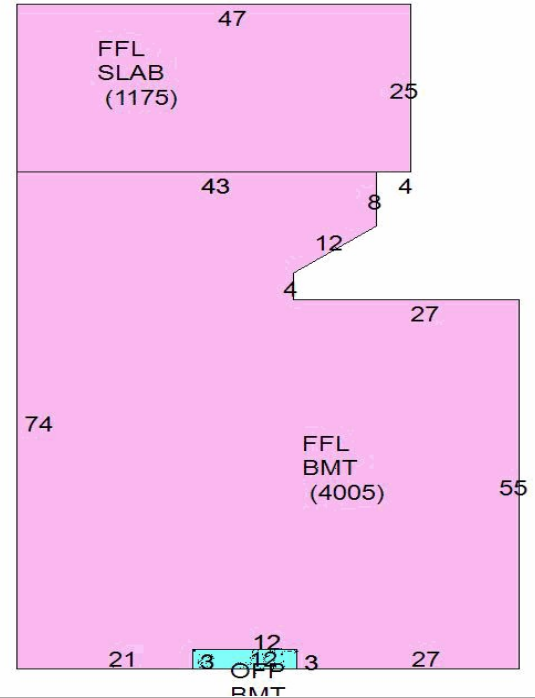
Calc Ladder

Table with calc ladder: Base Rate (59.10), Depr (237,777), Size Adj (1.00000), Depr'd Total (945,195), Con Adj (1.11545), Juris Ft (1.0000), Adj Prc (\$ 65.92), Spec. Features (\$ 0), Grade Ft (1.51000), Lump Sum, Other Feat (\$ 87,983), Final Total (\$ 945,200), NBH Mod (1.0000), Override Val, NBC Infl (1.6700), Assmnt Ft (1.2000), LUC Ft (1.0000), Assessed Val (\$ 1,134,240), Adj Tot (RCN) (1,182,972), Total \$/SF (\$ 146.48), Depr % (20.1%), Undepr \$/SF (99.53920).

Sub Areas

Table for sub areas with columns: Code, Desc, Net Area, Gross A., F. Area, Sz Adj A., Rate AV, Undepr Val, Building Totals, Parcel Totals.

Sketch



Mobile Home

Table for mobile home details: Make, Model, Serial, Year, Color.

Alt Areas

Table for alt areas with columns: S. Area, Alt Type, % Alt, Tenants, Qual, % U.

Image



**CITY OF BURLINGTON, VERMONT
NOTICE OF BOARD OF TAX APPEALS HEARING**

Notice is hereby given that the Board of Tax Appeals of the City of Burlington will meet on **Wednesday, September 18, 2024, at 2:30 pm at Burlington City Hall, 149 Church St, Burlington Vermont**, to hear the grievance of:

Bigger Boat, LLC, c/o Hans G, Huessy, Esq.

for the property located at:

37-43 Church Street, 044-4-005-000

who is aggrieved by the action of the Board of Assessors and filed a written grievance with the City Clerk/Treasurer.

* A brief statement of the grounds for appeal is required by law and is essential to efficiently deal with appeals received each year. **You must submit 5 copies of the statement and any documents or written evidence to be submitted to the Board at least fourteen (14) days before the hearing, or such documents may not be considered at the hearing.** If you submitted documents online with your appeal request, you do not need to resubmit them, but you will need to submit a statement of the grounds for your appeal. The Board may subpoena documents it deems material to the appeal; the failure to provide requested records in response to a subpoena shall result in the dismissal or deemed withdrawal of this appeal and no further appeal shall be available.

* A Hearing Panel of at least three board members will hear the appeal. Property owners will have up to 10 minutes to address the panel, explaining the reasons for the appeal and an opinion of the fair market value of the property. The City Assessor will also have up to 10 minutes. Please refer to the enclosed brochure for more details on the hearing.

* At the close of the hearing, the parties will decide whether or not a site visit will be held. A site visit is mandatory unless waived by the property owner(s), the Assessor, and the Panel. If the property owner(s) refuses to allow an inspection of the property, the appeal shall be dismissed and no further appeal shall be available.

* The Board of Tax Appeals will issue a written decision no later than December 31, 2024. You will receive a corrected tax bill once the Board makes a decision if there is any change. You should continue to make payments as billed until then.

* Please arrive early. Your hearing will be held in the Green Mountain Room, 1st Floor at City Hall. If you are unable to locate the hearing room, please consult the City Clerk's office.

Burlington Board of Tax Appeals
By:

Lori Olberg, Clerk
Burlington Board of Tax Appeals
802 865-7136
Date of mailing: 08/12/24

Via Hand Delivery

June 26, 2024

City of Burlington
Office of the Clerk/Treasurer
Lori Olberg, Administrative Assistant
149 Church Street
Burlington, VT 05401

**Re: Notice of Appeal – Bigger Boat, LLC, 37-43 Church Street,
Property ID# 044-4-005-000**

Dear Lori:

I represent Bigger Boat, LLC, owner of the 37-43 Church Street property, more commonly known as Outdoor Gear Exchange (OGE) and they wish to appeal the denial of their grievance dated June 14, 2024.

As I am sure you are aware, OGE is facing the same challenges of many Church Street Marketplace businesses: retail theft, shoplifting and crime, online competition, increased payroll costs, difficulty in hiring staff who cannot afford to live in the area and the lack of reliable public transportation, and the decline in attractiveness of Church Street as a shopping destination resulting in less street traffic. The result has been that OGE has had to close its basement area and limit its retail space to its first floor, limiting the volume and range of goods it can offer for sale.

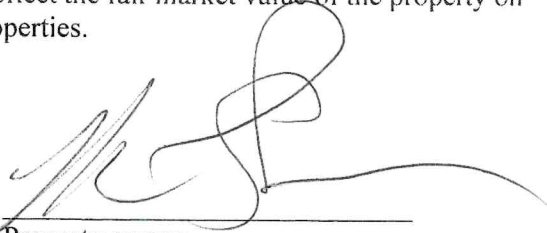
The challenges facing OGE and the other downtown businesses have resulted in the closure of many stores which are part of the Church Street Marketplace, including but not limited to the following: Black Diamond, Slate, Body Shop, Monelle, Sox Market, Chop Shop, Burton, Walgreens, Perky Planet, Expressions and Jess Boutique. The vacant storefronts have resulted in significantly less vitality in the shopping district, and fewer customers visiting the remaining businesses. The dramatically increased vacancies have also depressed the rental rates for properties downtown. Further, the duration of vacancies has extended dramatically.

Therefore, we are writing to request that the current assessment of the property of \$6,994,500.00 be significantly lowered. The current assessment does not reflect the fair market value of the property on April 1, 2024 and is assessed higher than comparable properties.

Sincerely,

/s/Hans G. Huessy

Hans G. Huessy, Esq.
hhuessy@mskvt.com



Property owner

20 JUN 26 04:11:02

**Burlington Board of Tax Appeals
149 Church Street
Burlington, VT 05401
(802)865-7136**

State of Vermont
Chittenden Country, SS

In re: Appeal of Bigger Boat LLC.
(Name of Property Owner)
Hans G. Huessy, Esq.
(Representative)
044-4-005-000, 37-43 Church Street
(Parcel ID & Address)

SUBPOENA

Greetings: Hans Huessy representative for Bigger Boat LLC., owner of 37-43 Church Street,
Burlington, VT
Parcel ID: 044-4-005-000

(Taxpayer Name, Address, and Parcel ID Number)

Pursuant to Section 92(b) of the City's Charter, you are hereby commanded to provide the Burlington Board of Tax Appeals the following records which are material to a determination of a property owner's appeal:

The current rent roll and IRS Schedule E or Form 8825 for the years 2021-2022, along with any professionally conducted property appraisals in last three years. Please provide comparable properties listed in appeal and fill out the attached income and expense form from the Burlington City Assessor's Office.

(Description of Records Being Requested)

Such records are to be delivered to the Clerk of the City of Burlington, City Hall, 149 Church Street, Burlington, VT 05401 by August 23, 2024, and will be regarded as confidential and used only for the purpose of deciding the appeal. Failure to provide the requested records by the specified date will result in the Board deeming that the appeal is withdrawn or dismissed and no further appeal shall be available to taxpayer. Any request for an extension must be in writing; the BTA may grant an extension if good cause is shown.

Dated in Burlington, Vermont this 7th day of August, 2024.

Burlington Board of Tax Appeals
By Its Attorney

/s/: Erik Ramakrishnan

Erik Ramakrishnan, Esq.
Assistant City Attorney

Parcel ID # _____

Annual Operating Expenses (tax not included)

1. Building Insurance \$ _____

2. Trash Removal \$ _____

3. Grounds (lawn & snow) \$ _____

4. Utilities

a. Sewer & Water \$ _____

b. Electric, Oil & Gas \$ _____

5. Management \$ _____

(Includes advertising, accounting,
Legal & commissions if applicable)

6. City Inspection Fees \$ _____

7. Repairs & Maintenance \$ _____

(Repair expenses necessary to
keep the property operating)

8. Replacement & Reserves \$ _____

(replacement of short-lived items
such as roof covers, heating systems,
refrigerators, floor coverings, etc.)

OR

Replacement & Reserves Account \$ _____

(amount annually set aside)

9. Other Expense: \$ _____

(description)

Assessor Office Use Only

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

TOTAL \$ _____

Total Operating Expenses \$ _____

Comments: _____

Signature

Date

CITY OF BURLINGTON
OFFICE OF THE ASSESSOR
Joe Turner, City Assessor

Assessor's Report to the Board of Tax Appeals

Fiscal Year 2025

Property Valuation Appeal: 37-43 Church Street, Burlington Vermont
For Tax Year 2024, Fiscal Year 2025

Estimated Value for Tax Year 2024: **\$5,455,000**

Summary of Subject Facts

Property Location: The subject property is located on the northern corner of Bank Street and Pine Street in the City of Burlington's Central Business District. The property has the address of 37-43 Street and can be further identified is parcel number 044-4-005-000.

Owner: Bigger Boat, LLC.

Site Description: The property consists of 0.5825 acres of primarily flat topography

Improvement Description: The property is one story retail building classified as Commercial. The building consists of a total of 48,081 square feet with 24,121 square feet on the first floor and 23,960 square feet of basement.

Transfer History: The current owner Bigger Boat LLC purchased the property on December 31, 2014 from Antonio B Pomerleau LLC for \$5,000,000.

Purpose of the Value Analysis

The purpose of this value analysis is to develop an opinion of the Market Value for the real property for the ad valorem tax value. Vermont statute 32 V.S.A. § 4601 states "Taxes shall be uniformly assessed on the lists of the persons taxed unless otherwise provided by law". In order to create an equitable, uniform distribution of the tax burden, the market value of all properties are set at a specific effective date. This normalizes market conditions and all external factors that have an effect on value.

According to *A Handbook on Property Tax Assessment Appeals*, published by the Vermont Tax Department, "the (current) value must be equalized so that the listed-value-to-market-value of the

appealed property corresponds to the listed-value-to-fair-market-value of comparable properties”. Currently, all property values in the City of Burlington are set as of April 1st, 2021, which is the date of the last city wide revaluation and what would be considered the “fair-market-value date of comparable properties”.

The Market Value that is analyzed in this report is the “fair-market-value of comparable properties” which carries an effective date of April 1st, 2021. There are two ways to achieve this retrospective fair market value of real property which would create a value consistent with comparable properties.

The first way is to use valuation information from the retrospective date of value. For this valuation analysis, we would use comparable sales or income and expense information from on or before April 1st, 2021. This method removes the use of any type of adjustment factor that would have been derived from market sales post the effective date of value, such as the Common Level of Appraisal (CLA) or the Level of Appraisal (LOA). This is the cleanest most direct way to create a retrospective value opinion that would correspond with the “fair-market-value of comparable properties”.

The second way is to develop a current value of the property and adjust it back to the retrospective value date, which would be considered the “fair-market-value of comparable properties”. This adjustment would be developed through a factor derived from arms-length property transfers that occurred after the retrospective value date. This is considered a market adjustment or a “time” adjustment. The use of a market factor adjustment is not the most direct way to create a retrospective value opinion due to assumptions associated with the factor. For instance, if a property was valued at \$100,000 on April 1st 2021 and then sold on April 1st 2022 for \$105,000, a factor of 0.95 could be used ($\$100,000 / \$105,000$). This would adjust a 2022 value back to 2021.

An assumption in the creation of this factor would be that the properties used to create the market factor adjustment are similar to the property in question. Another assumption would be that the properties used to create the market factor adjustment sold in the exact same condition as the previous value. The fact that there are built in assumptions associated with market factor adjustments creates potential flaws and inaccuracies in this method.

The purpose of this value analysis is to develop an opinion of value that is adjusted for the “fair-market-value of comparable properties”. This value analysis will be developing the opinion of value by using retrospective market data on or before April 1, 2021.

Final Conclusion of Value

The owner of the subject property provided two credible appraisals by certified Vermont appraisers. One appraisal was dated March 11, 2022 and the other was dated May 10, 2024. Due to the statutory requirement to “uniformly assess” all properties in association with “fair-market-value of comparable properties”, the appraisal dated March 11, 2022 was chosen. This was chosen as it represents a similar market condition as comparable properties set on the grand list. All properties on the grand list represent values associated with market conditions as of April 1, 2021.

044 Sheet 4 Lot 005 Unit# 000 Bldg#

044-4-005-000 Parcel ID Building Location 37-43 CHURCH ST

BURLINGTON, VT

Card: 1 of 1 Total Card 6,994,500 / 6,994,500
APPR 6,994,500 / 6,994,500
USE + IMP 6,994,500 / 6,994,500
USE LAND 6,994,500 / 6,994,500
ASSESSED 8,393,400 / 8,393,400

PROPERTY LOCATION

37-43 CHURCH ST
BURLINGTON, VT 05401

OWNERSHIP

BIGGER BOAT LLC
37 CHURCH ST
BURLINGTON, VT 05401-0000

PREVIOUS OWNER

ANTONIO B POMERLEAU LLC
69 COLLEGE STREET
P O BOX 6
BURLINGTON, VT 05402-0000

NARRATIVE DESCRIPTION

This parcel contains 25375.00000 SF of land mainly classified as Commercial It has 1 building(s) first built in 1956 with a total of 48,081 square feet. There are 1 commercial unit(s), 2 Half Baths.

OTHER ASSESSMENTS

Table with columns: Code, Desc, Amt, Comm Int Amt

PROPERTY FACTORS

Table with columns: Item, Code, Item, Code, %

LAND SECTION

Table with columns: LUC, LUC Desc, Ft, # Units, Depth, U. Type, L. Type, Ft, Base V., Unit Prc, Adj Prc, NBC, Ft, Mod, Inf 1, %, Inf 2, %, Inf 3, %, Appr, Alt LUC, %, Spec L.V., Juris, L. Ft, Assessed, Notes

IN PROCESS APPRAISAL SUMMARY

Table with columns: Use Code, Building Val, Yard Items, Land Size, Land Val, Total Val

PREVIOUS ASSESSMENTS

Table with columns: Tx Yr, Cat, Use, Bld Value, Yard Items, Land Size, Land Val, Total Appr, Assessed, Notes, Date

SALES INFORMATION

Table with columns: Grantor, Legal Ref, Type, Date, Sale Price, TSF, Verif., NAL, Notes

BUILDING PERMITS

Table with columns: Date, Number, Desc, Amount, Closed, Status, Fed. ID, Notes, Last Visit

LEGAL DESCRIPTION

Table with columns: Lot Size, Total Land, Land Unit Type, SF

Property ID: 5304



Patriot PROPERTIES INC.

Table with columns: User Account, Insp Date, Print Date / Time, Last Date / Time, USER DEFINED, Assessor Map

**CITY OF BURLINGTON, VERMONT
NOTICE OF BOARD OF TAX APPEALS HEARING**

Notice is hereby given that the Board of Tax Appeals of the City of Burlington will meet on **Wednesday, September 18, 2024, at 3:00 pm at Burlington City Hall, 149 Church St, Burlington Vermont**, to hear the grievance of:

100 BANK LLC

for the property located at:

100 Bank Street, 044-2-137-000

who is aggrieved by the action of the Board of Assessors and filed a written grievance with the City Clerk/Treasurer.

- * A brief statement of the grounds for appeal is required by law and is essential to efficiently deal with appeals received each year. **You must submit 5 copies of the statement and any documents or written evidence to be submitted to the Board at least fourteen (14) days before the hearing, or such documents may not be considered at the hearing.** If you submitted documents online with your appeal request, you do not need to resubmit them, but you will need to submit a statement of the grounds for your appeal. The Board may subpoena documents it deems material to the appeal; the failure to provide requested records in response to a subpoena shall result in the dismissal or deemed withdrawal of this appeal and no further appeal shall be available.
- * A Hearing Panel of at least three board members will hear the appeal. Property owners will have up to 10 minutes to address the panel, explaining the reasons for the appeal and an opinion of the fair market value of the property. The City Assessor will also have up to 10 minutes. Please refer to the enclosed brochure for more details on the hearing.
- * At the close of the hearing, the parties will decide whether or not a site visit will be held. A site visit is mandatory unless waived by the property owner(s), the Assessor, and the Panel. If the property owner(s) refuses to allow an inspection of the property, the appeal shall be dismissed and no further appeal shall be available.
- * The Board of Tax Appeals will issue a written decision no later than December 31, 2024. You will receive a corrected tax bill once the Board makes a decision if there is any change. You should continue to make payments as billed until then.
- * Please arrive early. Your hearing will be held in the Green Mountain Room, 1st Floor at City Hall. If you are unable to locate the hearing room, please consult the City Clerk's office.

Burlington Board of Tax Appeals
By:

Lori Olberg, Clerk
Burlington Board of Tax Appeals
802 865-7136
Date of mailing: 08/12/24

McGuire Sponsel
Attn: Kenneth J. Zdrok, Esq
2500 Cumberland Parkway, Suite 300
Atlanta, GA 30339
6/28/2024

RE: Appeal of Parcel 044-2-137-000, 100 Bank Street VIA HAND DELIVERY

City of Burlington
Office of the Clerk/Treasurer
Attn: Lori Olberg, Administrative Assistant
149 Church Street
Burlington, VT 05401

'24 JUL 1 PM 1:41

Ms. Olberg:

I am writing to appeal the attached decision by the Board of Assessors regarding the above-referenced property. The reason for this appeal is that the assessment grossly exceeds fair market value as required by Vermont law. Feel free to contact me regarding this matter at the address above, or through email at kzdrok@mcguiresponsel.com, or by phone at 678-779-4161. Also attached is a valuation using a pro forma income approach as of 4/1/2021 of the subject property, and an agent authorization from the owner. Thank you for your attention to this matter.

Very truly yours,


Kenneth J. Zdrok, Esq.

Attachments

CC: Office of the Assessor, Joe Turner



CITY OF BURLINGTON
Office of the City Assessor

149 Church Street, Ground Floor, Burlington VT 05401
P. (802) 865-7114 www.burlingtonvt.gov/assessor

OFFICIAL BOARD OF ASSESSOR PROPERTY APPEAL DECISION
FOR 2024/2025

100 BANK LLC
Kenneth Zdok
2500 Cumberland Parkway, #300
Atlanta, GA 30339

NOTICE DATE: JUNE 14th 2024 PARCEL ID: 044-2-137-000 LOCATION: 100 Bank Street
--

The new assessment will take effect for the fiscal year beginning July 1. Values are not adjusted for any applicable exemption.

If you are aggrieved by the City Assessors new valuation and would like to meet with the Board of Tax Appeals for a property appeal hearing, please note the following:

The property owner or approved representative must submit a letter of grievance to the Clerk's Office by: **Monday, July 1st by 4:30 PM**. Applications submitted to the Clerk's office should be submitted to Lori Olberg, Administrative Assistant. They can be delivered in person or mailed to:

Office of the Clerk/Treasurer
Attn: Lori Olberg
149 Church Street
Burlington, VT 05401

This letter should include reasons for the appeal of the property value, and it should be signed by the property owner. The letter should also include a mailing address, email address, and phone number.

The City Clerk's Office will contact you for scheduling a hearing date and to request any additional information that may be needed prior to the hearing.

Property appeal hearing dates are to be determined.

BOARD OF ASSESSORS
Joe Turner
Chair

Johnathan Chapple-Sokol
Member

Rob Gutman
Member



CITY of BURLINGTON
OFFICE OF THE ASSESSOR
149 Church Street Ground Flr. Burlington, VT 05401
Tel. (802) 865-7114 •• www.burlingtonvt.gov/assessor

Board of Assessor Opinion of Value

For fiscal year: 2025

Applicants Name: Kenneth Zdok for 100 BANK LLC

Property ID# and location: 100 Bank Street, 044-2-137-000

Applicant's Basis for the Opinion:

Applicant made numerous arguments concerning the challenges of leasing office space in the downtown area.

Preliminary Appraised value for FY 2025: **\$7,978,500**

Recommendation of the Board of Assessors:

Grant, deny or adjustment: **Denied**

Board of Assessors determined Appraised value: **\$7,978,500**

The current taxable value is based on market conditions as of April 1, 2021 which is the date of the last revaluation. Factors that affect current lease rates would be considered current market conditions and should not be considered.

CHAIR



MEMBER



MEMBER

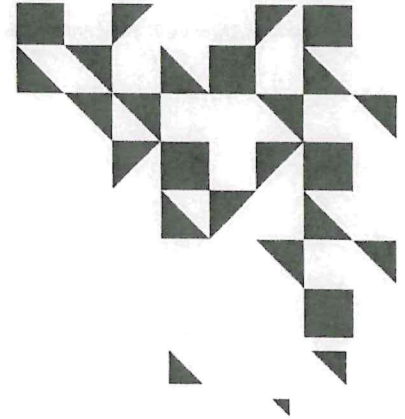


Owner Name: 100 BANK LLC
 Parcel ID: 044-2-137-000
 Property Address: 100 Bank Street

Property Appeal Package
 McGuire Sponsel LLC

Tax Year 2024

Pro Forma Income Approach		Actual 100 Bank Street Vacancy As of 4/1 for each year	
		2018	2019
Net leasable area in SF	72,071	2018	24.96%
Effective Rental Rate	\$22.89	2019	24.96%
		2020	25.30%
Gross Potential Income	\$1,650,000	2021	24.85%
Vacancy Collection Loss	25.00%	2022	29.65%
Other Income	\$275,000	2023	32.63%
Effective Gross Income	\$1,443,750	2024	32.62%
Replacement Reserves	\$175,000		
Operating Expenses	\$972,500		
Net Operating Income	\$296,250		
Cap Rate	7.50%	Management Fee 8% of EGI	\$115,500
Indicated Value	\$3,950,000	Utilities	\$220,000
		Site Upkeep	\$82,600
		Insurance	\$20,000
		Misc Admin	\$20,000
		R&M	\$124,400
		Build-Outs & Leasing Commissions	\$200,000
		Property Tax	\$190,000
REQUESTED VALUE	\$4,000,000	TOTAL OPERATING EXPENSES	\$972,500



February 12, 2024

David Schilling
Vice President of Asset Management
Redstone
PO Box 790
Burlington, VT 05402

Dear Mr. Schilling:

Re: Property Tax Services

Thank you for entrusting your real property tax appeal needs to McGuire Sponsel, LLC ("we" / "us"). This letter confirms the terms of our engagement and specifies the nature and extent of the services we will provide. If you have any questions regarding this letter please discuss this with us before signing.

Following your execution and return of this letter, we will undertake the services described below under "Scope of Services" for the fees described under "Cost of Services" and upon the other terms and conditions outlined below.

Scope of Services

This engagement is intended to allow McGuire Sponsel, LLC, to represent you, as agent, in all matters relating to the real property tax appeals process pertaining to the following property ("Property"):

Parcel Number	Property Address	City	State	Zip Code	Owner	Tax Year
044-2-137-000	100 Bank Street	Burlington	VT	5401	100 Bank LLC	2024

We will have the authority to engage in discussions with the governing tax agency, review documents pertaining to the Property and related tax assessments, and review, negotiate, and enter into settlement-related agreements with the governing tax agency on your behalf.

In order for us to efficiently represent you in these services, you agree to promptly execute and deliver any documents necessary to proceed with the appeals process, including, but not limited to, limited powers of attorney, letters of authorization, and/or other forms and documents that may be required by the applicable governing agency.

Additionally, depending on the requirements imposed by the applicable governing agency, it may be necessary for us to subcontract all or part of our services to a third party. You acknowledge and agree to

201 N. Illinois Street, Suite 1000 | Indianapolis, IN 46204 | 317.564.5000 | mcguiresponsel.com

any such subcontracting that we may determine is necessary in order to proceed with the services outlined herein.

Cost of Services

Our fees for the services outlined herein will be 25 Percent (%) of the net tax savings that is the result from the difference between the prior tax assessment on the Property and the adjusted tax assessment on the Property obtained as the result of our services, if any ("Percentage Fee"). You will also reimburse us for out-of-pocket-expenses incurred during the engagement. Out-of-pocket expenses will vary but may include, without limitation, filing fees, document request fees, and travel. We may be required to engage a third party to perform a property appraisal. In the event of this occurrence, we will get your permission prior to engaging third party. Costs associated with the appraisal will be reimbursed by you.

We will invoice you for the Percentage Fee follow the conclusion of our representation and for any out-of-pocket expenses upon the earlier of (i) a determination approving or disapproving the tax appeal, or (ii) a termination of this representation by either party. All amounts are due and payable upon presentation. A monthly service charge equal to the lesser of (i) 1.5 percent per month (18 percent annually) and (ii) the maximum rate permitted under applicable law will accrue on any invoice or portion thereof remaining unpaid for thirty (30) or more days after the invoice date.

Disclaimers

By executing below, you acknowledge that it is impossible to guaranty the outcome of any tax appeal, an adjustment to the applicable Property tax assessment or the amount of any such adjustment. To the maximum extent permitted by law, you agree that we shall not be responsible or liable, whether as a result of breach of warranty, negligence, or otherwise, for any special, exemplary, incidental, consequential, or punitive damages of any kind, however arising, including, but not limited to, damages for loss of time, inconvenience, lost profits or economic loss, and in no event shall our liability hereunder exceed an amount equal to the total fees paid by you for services under this letter.

In addition, you acknowledge that we are not in any manner rendering opinions about the accuracy or correctness of any tax assessments pertaining to the Property. As a result, we assume no responsibility for any past, current, or future real estate taxes owed by you. Furthermore, we are not engaged in the practice of law or in the business of providing legal opinions.

Additional Terms and Conditions

Our advice and services are only applicable to the specific facts and circumstances presented to us. As a result, our advice is solely for your benefit and may not be relied upon by any other persons without our prior written consent, which may be granted or withheld in our sole discretion.

We will begin work on the representation upon your execution of this letter. In the event you choose to terminate our engagement prior to the delivery date, we will immediately stop work and will promptly send an invoice for all out-of-pocket expenses incurred prior to such notification.

This representation, and the authority granted to us herein, shall continue from the date of the execution of this letter until the earlier of (i) the date upon which a determination is made by the applicable governing agency as to the outcome of the Property appeal, or (ii) the date upon which this representation is terminated, and received by the other party in writing, by you or by us.

If either party is required to retain the services of an attorney to enforce or otherwise litigate or defend any matter or claim arising out of this letter, then the prevailing party will be entitled to its reasonable attorneys' fees and costs from the other party.

This letter shall be governed by and construed according to the laws of the state of Indiana, without regard to conflict of law rules thereof. By signing below, you submit to the jurisdiction of the United States District Court of the Southern District of Indiana or a state court of Indiana in any action or proceeding arising out of or relating to this letter and hereby agree that all claims in respect of any such action or proceeding shall be heard and determined in such courts.

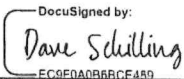
We look forward to working with you on this important project. Please indicate your approval to proceed on the terms and conditions set forth in this letter by signing below. We look forward to working with you and appreciate the opportunity to be of service.

Sincerely,

McGuire Sponsel, LLC

The undersigned has read the terms of this engagement letter and agrees with the terms of the engagement:

Redstone

Authorized Signature:  _____
Printed Name: Dave Schilling _____
Date: 2/16/2024 _____

CITY OF BURLINGTON
OFFICE OF THE ASSESSOR
Joe Turner, City Assessor

Assessor's Report to the Board of Tax Appeals

Fiscal Year 2025

Property Valuation Appeal: 100 Bank Street, Burlington Vermont
For Tax Year 2024, Fiscal Year 2025

Estimated Value for Tax Year 2024: **\$7,868,500**

Summary of Subject Facts

Property Location: The subject property is located on the northern corner of Bank Street and Pine Street in the City of Burlington's Central Business District. The property has the address of 100 Bank Street and can be further identified is parcel number 044-2-137-000.

Owner: 100 Bank LLC.

Site Description: The property consists of 0.2525 acres of primarily flat topography

Improvement Description: The property is an eight story office building classified as Commercial. The building consists of a total of 80,720 square feet with approximately 73,161 square feet of leasable space.

Transfer History: The current owner 100 Bank Street LLC purchased the property on December 22, 2017 from MP Vermont LLC for \$10,500,000 under what appears to be an arm's length transaction.

Purpose of the Value Analysis

The purpose of this value analysis is to develop an opinion of the Market Value for the real property for the ad valorem tax value. Vermont statute 32 V.S.A. § 4601 states "Taxes shall be uniformly assessed on the lists of the persons taxed unless otherwise provided by law". In order to create an equitable, uniform distribution of the tax burden, the market value of all properties are set at a specific effective date. This normalizes market conditions and all external factors that have an effect on value.

According to *A Handbook on Property Tax Assessment Appeals*, published by the Vermont Tax Department, "the (current) value must be equalized so that the listed-value-to-market-value of the

appealed property corresponds to the listed-value-to-fair-market-value of comparable properties”. Currently, all property values in the City of Burlington are set as of April 1st, 2021, which is the date of the last city wide revaluation and what would be considered the “fair-market-value date of comparable properties”.

The Market Value that is analyzed in this report is the “fair-market-value of comparable properties” which carries an effective date of April 1st, 2021. There are two ways to achieve this retrospective fair market value of real property which would create a value consistent with comparable properties.

The first way is to use valuation information from the retrospective date of value. For this valuation analysis, we would use comparable sales or income and expense information from on or before April 1st, 2021. This method removes the use of any type of adjustment factor that would have been derived from market sales post the effective date of value, such as the Common Level of Appraisal (CLA) or the Level of Appraisal (LOA). This is the cleanest most direct way to create a retrospective value opinion that would correspond with the “fair-market-value of comparable properties”.

The second way is to develop a current value of the property and adjust it back to the retrospective value date, which would be considered the “fair-market-value of comparable properties”. This adjustment would be developed through a factor derived from arms-length property transfers that occurred after the retrospective value date. This is considered a market adjustment or a “time” adjustment. The use of a market factor adjustment is not the most direct way to create a retrospective value opinion due to assumptions associated with the factor. For instance, if a property was valued at \$100,000 on April 1st 2021 and then sold on April 1st 2022 for \$105,000, a factor of 0.95 could be used ($\$100,000 / \$105,000$). This would adjust a 2022 value back to 2021.

An assumption in the creation of this factor would be that the properties used to create the market factor adjustment are similar to the property in question. Another assumption would be that the properties used to create the market factor adjustment sold in the exact same condition as the previous value. The fact that there are built in assumptions associated with market factor adjustments creates potential flaws and inaccuracies in this method.

The purpose of this value analysis is to develop an opinion of value that is adjusted for the “fair-market-value of comparable properties”. This value analysis will be developing the opinion of value by using retrospective market data on or before April 1, 2021.

Site Analysis

Subject Aerial View



Size and Shape

The property is a primarily rectangular shaped parcel containing 0.2525 acres or 11,002 square feet. There is not excess or surplus land located on the site.

Access

Access to the site is provided by both Bank Street and Pine Street. Overall, the property has good access with close proximity to a downtown garage.

Topography

The property site is flat in topography and at equal grade with the adjacent streets. The property is an interior lot with typical topography.

Subject Front View



Approaches to Value

The ***Cost Approach*** is based on the “Principle of Substitution” which states that no rational person would pay more for a property than the amount for which he can obtain, by purchase of a site and construction of improvements, without undue delay, a property of equal desirability and utility.

The subject property consists of an eight-story, office building, which was constructed in 1983 and is in average condition.

Due to the limited number of similar land sales in the area and the difficulty in estimating the depreciation from various factors, the Cost Approach was not considered to be a reliable indicator of value and was not utilized in this valuation.

In my opinion, the omission of this approach does not affect the credibility of the value estimate contained herein since the Income Approach provides reliable indicators of value for the subject property.

The ***Sales Comparison Approach*** is based on the "Principle of Substitution" which indicates that an informed purchaser would pay no more for a property than the cost of acquiring an equally desirable substitute property with the same or similar utility. This approach is most applicable when an active market provides sufficient quantities of reliable data that can be verified from authoritative sources. Since there are not an adequate number of similar improved sales in the subject’s market area, the Sales Comparison Approach was not considered to be a reliable indicator of value in this instance. Therefore, the Sales Comparison Approach was not developed in this value opinion of the subject property.

The ***Income Approach*** is based on the principle of anticipation in which the purchaser is buying in anticipation of receiving any future benefits of property ownership. When analyzing income-producing properties, the physical characteristics may be less significant than the property's ability to generate income. This approach is most applicable when there is a sufficient amount of verifiable market activity. Sufficient market data was available for the Income Approach to provide a reliable indicator of value in this instance and therefore was developed in this value opinion.

Income Approach to Value

The Income Capitalization Approach is a valuation method based on the principal of anticipation. This technique assumes a relationship between potential future returns and the value of a property. The subject property consists of an eight story office buildings which contain 80,720 square feet and 73,161 square feet of Gross Leasable Area.

The property owner provided income and expense data for the three years prior to April 1, 2021. These numbers were compared against typical market income and expense data. Reasonable vacancy and expenses were deducted which results in the net operating income for the subject property. The net operating income was then capitalized at an overall rate which was estimated by reference to an analysis of overall rates for other office properties located in the subject's market area.

Market Rental Rate Conclusion

The subject property is located in the Burlington Central Business District and leased on a triple net (NNN) basis. A NNN lease represents a full pass through of operating expenses to the tenant.

In December of 2020 transactions noted of similar office properties in the Burlington CBD presented a range of \$17.50 to \$25 per square foot of lease-able area on a NNN basis. This could have the subject property potentially grossing between \$1,280,300 and \$1,829,000.

Vacancy and Collection Loss

The vacancy rate is percentage of available units in a rental property that are vacant or unoccupied at a particular time. This rate is removed from the potential gross income of the property to estimate the effective gross income before expenses are removed. In December of 2020 Burlington's Central Business District office vacancies were at approximately 10%. Due to what the owner has expressed as higher than usual vacancies, a rate of 20% will be used for the opinion of value.

Expenses

Office leases in this area are typically structured on a triple net basis which means that they are passed through to the tenant. This leaves what is considered common area maintenance fee or CAM. As of December 2020 these fees typically range from \$6.50 to \$8.25 for office properties in the Burlington CBD. This would show a range of approximately \$475,000 to \$603,000 in total expenses.

The property owner provided a three year history of actual expenses. These expenses were analyzed and adjusted to what a typical buyer would consider annual operation expenses. After

adjustments, the reported expenses fell in line with what would be considered typical for the market.

It is common practice in tax assessment to remove the actual property tax amount from the expenses when analyzing property value. Including the property tax in the annual expenses would create a circular argument. Instead of including property tax as an expense item, the effective tax rate is applied or “loaded” into the appropriate capitalization rate for a particular property type in a particular market area. This gives a property tax component influence on the final value, but it’s not used as an operating expense and it’s not used as an actual number, such as the prior year’s tax amount.

Capital expenses are one-time expenditures of tangible or nontangible assets. These assets usually have a lifespan of more than one year and bring longer-term value to the business. These expenditures are typically reported by spreading the cost out over the economic life of the asset. In developing an opinion of value, these expenditures are accounted for in a reserve account. Reserve expenses for office properties typically range from \$0.15 to \$0.30 per square foot. For the purposes of this value opinion, reserve account expenses were used. The higher end of the reserve account range will be used due to information provided by the owner. The calculation for reserve account is as follows: $80,720 \times \$0.30 = \$24,216$.

Income and Expense Summary

When analyzing the information provided by the owner, and including estimated vacancy and collection loss, the subject property would produce rents on the higher side of the \$17.50 to \$25 range. For this value opinion a rate of \$24 will be applied which would include the full pass through of operating expenses to the tenant.

After analyzing the information provided by the owner and market data, the overall annual operating expense of the subject property is \$521,839. This is in line with the typical annual operating expense of office properties in the Burlington CBD.

The following is a summary of the Net Operating Expense (NOI) calculation:

Operating Income Summary		
Potential Gross Income		
73,161 sf x \$24	\$1,755,864	
Less Vacancy and Collection Loss		
20% of PGI	\$351,173	
Effective Gross Income		\$1,404,691
Expenses		
General Operation Expense	\$497,623	
Replacement Reserves	\$24,216	
Total Expenses		(\$521,839)
Net Operating Income		\$882,852

Capitalization

Capitalization is the process of converting the net income of a property into a value estimate. This is done through a capitalization rate which is derived from the market. The capitalization rate range in Chittenden County on all commercial property ranges from approximately 6.2% to 11.5%. More specifically, office properties in the City of Burlington range from 7% to 11.4%. Some market conditions that affect capitalization rates or typical lease terms and property location. An appropriate capitalization rate to apply to the subject would fall somewhere in the middle of the range. For the purpose of this value opinion a rate of 9.1% will be used.

As stated above, due to the property taxes being removed from the operating expense, the tax rate for the valuation year should be applied to the market derived capitalization rate. The tax rate for tax year 2021 is 2.12%. This would lead to a total capitalization rate of 9.1% + 2.12% = 11.22%.

Conclusion

The following is the final opinion of value for the property located at 100 Bank Street, Burlington VT, as of April 1st, 2021

Net Operating Income	/	Overall Rate (loaded)	=	Value
\$882,852		11.22%		\$7,868,500

*All information used in this report was from on or before April 1st, 2021

* Some information in this report was from *Allen, Brooks & Minor Report*, December 2020

044 Sheet 2 Lot 137 Unit# 000 Bldg#

044-2-137-000 Parcel ID Building Location 100 BANK ST

BURLINGTON, VT

Card: 1 of 1 Total Card 7,978,500 / 7,978,500
APPR 7,978,500 / 7,978,500
USE + IMP 7,978,500 / 7,978,500
USE LAND 7,978,500 / 7,978,500
ASSESSED 9,574,200 / 9,574,200

PROPERTY LOCATION

100 BANK ST
BURLINGTON, VT 05401

OWNERSHIP

100 BANK LLC
C/O REDSTONE
PO BOX 790
Burlington, VT 05402-0000
USA

Table with columns: Occ, C, Type, DID DISTRICT

PREVIOUS OWNER

100 BANK LLC
C/O REDSTONE
PO BOX 790
Burlington, VT 05402-0000
USA

NARRATIVE DESCRIPTION

This parcel contains 11003.00000 SF of land mainly classified as Commercial It has 1 building(s) first built in 1983 with a total of 68,680 square feet., 14 Half Baths.

OTHER ASSESSMENTS

Table with columns: Code, Desc, Amt, Comm Int Amt

PROPERTY FACTORS

Table with columns: Item, Code, Item, Code, %

LAND SECTION

Table with columns: LUC, LUC Desc, Ft, # Units, Depth, U. Type, L. Type, Ft, Base V., Unit Prc, Adj Prc, NBC, Ft, Mod, Inf 1, %, Inf 2, %, Inf 3, %, Appr, Alt LUC, %, Spec L.V., Juris, L. Ft, Assessed, Notes

IN PROCESS APPRAISAL SUMMARY

Table with columns: Use Code, Building Val, Yard Items, Land Size, Land Val, Total Val

PREVIOUS ASSESSMENTS

Table with columns: Tx Yr, Cat, Use, Bld Value, Yard Items, Land Size, Land Val, Total Appr, Assessed, Notes, Date

SALES INFORMATION

Table with columns: Grantor, Legal Ref, Type, Date, Sale Price, TSF, Verif., NAL, Notes

BUILDING PERMITS

Table with columns: Date, Number, Desc, Amount, Closed, Status, Fed. ID, Notes, Last Visit

ACTIVITIES

Table with columns: Date, Result, By

LEGAL DESCRIPTION

Table with columns: Lot Size, Total Land, Land Unit Type, SF



Patriot PROPERTIES INC.

User Account 14998
GIS Coord 1 313084721871.0000000
GIS Coord 1

Insp Date 04/26/2023

Print Date / Time 9/13/2024 10:58 am

Last Date / Time 6/14/23 3:49 pm

BURLINGTON\jturner

USER DEFINED

RAD: 270
OLD PID: 028464
State District: 3-03
CAD: 510
SPAN: 114-035-14998
Accessory Dwl

PriorID1c 00

PriorID2c 00

PriorID3c 00

Assessor Map

