BOARD OF CIVIL AUTHORITY
TAX ASSESSMENT APPEAL HEARING MINUTES
RANDOLPH TOWN HALL
CONFERENCE ROOM B
DECEMBER 9, 2015

Board Members Present: Joyce Mazzucco, George Phillips, Tom Schersten, Tom Harty, Martha Lawrence and Larry Richburg

Others Present: Ed Luce, Lister; Don Sweetser, Lister; Pat French, Town Assessor; Bruce Taylor, MAI, Certified General Real Estate Appraiser; Joe Woodin; Jeff Hebert; Linda Minsinger; Ashley Lincoln; Gus Meyer; Matthew Considine; and Roger Prescott, Attorney

The Board of Civil Authority tax assessment appeal hearing of Gifford Medical Center, Inc., for the property located at 215 Tom Wicker Lane, parcel # 108015-010, SPAN #507-159-14164, was called to order by Chair Pro Tem George Phillips at 6:02 p.m. This was a continuation of the hearing from December 1, 2015. The first order of business was to approve the agenda. Mr. Phillips asked for a motion. Martha Lawrence made a motion to approve the agenda. Tom Schersten seconded the motion. A voice vote was taken and the motion carried by majority vote.

The next order of business was to continue the tax assessment appeal hearing of Gifford Medical Center, Inc. Mr. Phillips reminded those present at the meeting that if they had previously taken the witness oath or affirmation that they were still under oath. He asked if there was anyone else present at the meeting who would be providing evidence or testimony who had not been previously sworn in. Town Clerk Joyce Mazzucco administered the following oath/affirmation to Gus Meyer: "Do you solemnly swear or affirm that the evidence you shall give relative to the cause now under consideration shall be the whole truth and nothing but the truth so help you God or under the pains and penalties of perjury?"

Before proceeding with the hearing Mr. Phillips recognized Mr. French. Mr. French asked for a clarification of what appraisals from Gifford have been entered into evidence. Mr. Phillips stated that only the preliminary appraisal (Exhibit D) had been entered into evidence. A copy of the final appraisal was sent to the Board members prior to the hearing, but that copy was missing pages. A complete copy of the final appraisal was received and distributed to the Board members at this hearing. There was a brief discussion about the appraisals, with the following individuals participating: Pat French, George Phillips, and Linda Minsinger. The final appraisal from Courtney Lees of Province Consulting Group, LLC, was entered into evidence and labeled as "Exhibit F".

Tom Schersten pointed out that at the end of the last meeting documents submitted by Mr. French were not entered into evidence because it was ruled the information was not relevant to determining value. Mr. Schersten said in fairness to both parties, the Board needs to be consistent in allowing evidence that is relevant to determining value. He pointed out that in Exhibit B there is one page that contains information which is not relevant to determining value. Mr. Phillips said

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he did notice the one page pitch for exemption at the last meeting, but did not raise the issue because no one raised any objection to the page or questioned its relevance. The documents presented by Mr. French were ruled irrelevant because they were potentially prejudicial. Mr. Phillips cautioned the Board members not to take into consideration any information they may have seen from those documents. Tom Schersten made a motion to remove page 7 of Exhibit B. Larry Richburg seconded the motion. Before voting on the motion, Tom Harty voiced his opinion that he thought the page in question is harmless. A voice vote was taken and the motion carried by majority vote. Page 7 of Exhibit B was removed from the evidence.

Mr. Phillips noted there was no real information in the record about the whole Morgan Orchard project and the proposed assisted living facilities. Mr. Prescott asked what relevance this information has in determining value as of April 1, 2015. Mr. Phillips pointed out that both the Taylor and Lees appraisals indicated the highest and best use of the property is as part of a larger project. Mr. Phillips referred to page 29 of the Lees appraisal. A discussion followed, with the following individuals participating in the discussion: George Phillips, Joe Woodin, Gus Meyer, Linda Minsinger, Jeff Hebert, Tom Harty, and Pat French. The nursing home is not contingent on the completion of the other parts of the project. The hope is the build the extended campus with assisted living, but there is no blind commitment to proceed with further expansion unless it is financially affordable. Gifford did receive Act 250 approval, but the permit has expired. The project began seven years ago and the finances are the driving force. Also discussed were: the mix of single and double rooms, extra capacity built in with the extended project in mind, the parent company-legal entity, integration of services, and occupancy rates.

Mr. Phillips asked Ms. Minsinger to contact Courtney Lees, MAI, via the Polycom, to answer questions about her appraisal. When Ms. Lees was connected, Mr. Phillips introduced himself and explained the process for the hearing. Town Clerk Joyce Mazzucco administered the following oath to Ms. Lees: "Do you solemnly swear or affirm that the evidence you shall give relative to the cause now under consideration shall be the whole truth and nothing but the truth so help you God or under the pains and penalties of perjury?" Mr. Prescott introduced Ms. Lees to the Board and asked her to describe her background. Ms. Lees has 30 years of experience as a real estate appraiser, devoting the last 20 years to the specialty of appraising health care and senior housing facilities. The following individuals participated in the discussion with Ms. Lees: George Phillips, Joe Woodin, Courtney Lees, Linda Minsinger, Roger Prescott, Gus Meyer, Pat French, and Tom Harty. Discussed were the following: the cost approach summary page and conclusion that the value for the subject property should be $2,700,000.00 (pages 62 and 63); the floor plan (page 25) and the square footage; site costs and soft costs; the functional and external obsolescence; loss of income calculation (page 61); different comparable properties by construction cost (Berkshire Place, MA); the sales comparison grid (page 57); cost per bed; the overall land value and the maintenance building on the subject property; gross income; industry standards; private pay facilities and Medicare certified facilities; functional depreciation; and fiduciary responsibility and mission to serve the community.

Tom Schersten left the meeting at 7:00 p.m.

Two additional items were entered into evidence. One was a grid using the income approach and capitalization using figures from Bruce Taylor's appraisal and adjusting the

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numbers into Courtney Lees's formula. This was labeled as "Exhibit G". The other document was a packet of Power Point slides reviewing the three different appraisal methods, a graph of actual financial losses for Menig, and a summary of the values arrived at by each method. This was labeled as "Exhibit H".

Mr. French clarified the number of acres attributed to the subject property. The deed refers to 31.10 acres and the tax map refers to 32.28 acres.

The next order of business was to appoint an Inspection Committee. Mr. Phillips indicated he would like to use the same people who volunteered at the last meeting. It was noted that Mr. Schersten had left the meeting early and would not be allowed to participate in the decision since he did not hear all the evidence. Mr. Phillips stated he thought it would not be an issue to have Mr. Schersten on the Inspection Committee since the Committee's role is to observe and report back to the Board what was seen at the subject property. The Inspection Committee will be George Phillips, Larry Richburg and Tom Schersten. Mr. Phillips will coordinate with the other members of the committee and with Gifford to schedule the inspection.

There was no further business. Larry Richburg made a motion to close the record. Tom Harty seconded the motion. A voice vote was taken and the motion carried by majority vote. The record was closed. Tom Harty made a motion to recess the hearing until Thursday, December 17, 2015 at 6:00 p.m. George Phillips seconded the motion. A voice vote was taken and the motion carried by majority vote. The Board will reconvene on Thursday, December 17, 2015 at 6:00 p.m. The hearing was recessed at 9:04 p.m.

Attest: _____

Joyce L. Mazzucco, Town Clerk

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