

PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

PAAB Docket No. 2018-094-00038C

Parcel No. 07213760928

Fort Dodge Realty, LLC,

Appellant,

vs.

Webster County Board of Review,

Appellee.

Introduction

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on September 9, 2019. Attorney Ryan Gibbs represented Fort Dodge Realty, LLC. Webster County Attorney Darren Driscoll represented the Board of Review.

Fort Dodge Realty, LLC 47.5% (FDR) owns commercial property located at 217 S 25th Street, Fort Dodge. The subject property's January 1, 2018 assessment was set at \$4,783,110, allocated as \$917,080 in land value and \$3,866,030 in improvement value. (Ex. A).

FDR petitioned the Board of Review claiming the subject property was assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2). The Board of Review denied the petition. FDR reasserted its claim to PAAB.

Findings of Fact

The subject property is a commercial shopping center. The improvements were built in 1965 and include 373,963 square feet of gross building area and 566,410 square feet of concrete and asphalt parking. The site is 24.313 acres. (Ex. A).

FDR submitted several documents related to its purchase of the subject property. (Exs. 1-5). FDR asserts it purchased the subject property in a normal arm's-length transaction and submitted a September 2017 purchase agreement that identifies a

conglomeration of business entities collectively as “the purchaser.” (Ex. 3). In an undated document, “the purchaser” assigned the agreement of sale to FDR. (Ex. 5). We note the assignors and assignees in this document are the same parties. The purchase agreement was subject to multiple amendments, but the sale closed and the property ownership transferred via warranty deed dated January 12, 2018. (Ex. 2, 4). Total consideration for the sale was \$2,500,000. (Ex. 1). In FDR’s opinion the sale price reflects the fair market value supporting its belief the property is over assessed.

FDR did not offer any witnesses.

James Kesterson, Chairman of the Webster County Board of Review, testified on its behalf. Kesterson has been a member of the Board of Review for twenty years and is also an Iowa Real Estate Broker and Certified General Appraiser.

Kesterson believes the subject’s sale occurred under duress. He explained it was listed by a national organization and never listed for sale in the local market area and there was no involvement with the City of Fort Dodge or Growth Alliance, which he believes would be typical entities that would be consulted when marketing a property like the subject. He believed there were potentially local buyers capable of purchasing the subject. Failing to make the City or Growth Alliance aware that the subject property was for sale would result in a fewer pool of potential purchasers. Kesterson acknowledged there is not a requirement for a seller to contact the City or the Growth Alliance organization but he asserts that buyers for properties like the subject would typically contact these entities to determine what is available in the marketplace.

Kesterson agreed that he did not know who the buyers were.¹ Despite this, in Kesterson’s opinion, it was unusual that no one in the local market was aware the subject property was for sale before it was purchased by FDR. He noted that the City and Growth Alliance were integral partners in bringing CJ Bio America, which has invested \$300 million in Fort Dodge, and Cargill that purchased a plant with an original cost of \$250 million and then invested at least another \$50 million.

¹ We note that on cross-examination, FDR’s counsel asked whether Kesterson was aware that the mall’s purchaser is an owner of over 100 regional malls. Even if true, no supporting testimony or documents relating to the buyers were offered into the record and we cannot treat that cross-examination question as a fact.

Additionally, Kesterson testified that based on a conversation he had with the Mayor of Fort Dodge, it was his belief the seller of the subject property was required to obtain lender approval and for this reason the January 2018 sale would reflect a short sale.² For these reasons, he does not believe the subject sale price reflects market value. Kesterson acknowledged he had no first-hand knowledge of the circumstances of the subject's sale. Kesterson testified at the time of the 2018 sale, the property had more tenants than it does now.

Lastly, Kesterson testified he was aware the subject property was again in a due-diligence phase of an offer to purchase, which is set to close sometime near the end of 2019. While he did not disclose the purported pending purchase price, he did testify to his belief that it is more than \$2,500,000.

Kesterson did not offer a January 1, 2018 opinion of value for the subject property.

The Board of Review submitted an appraisal completed by Ranney Ramsey, Nelsen Appraisal Associates, Inc, Urbandale. (Ex. B). Ramsey testified he spent much of his career as an institutional appraiser specializing in regional malls.

The following table summarizes Ramsey's approaches to value and their respective conclusions.

Appraiser	Sales Approach	Income Approach	Cost Approach	Final Opinion of Value
Ramsey	\$4,600,000	\$4,000,000	\$4,000,000	\$4,300,000

Ramsey testified that at the time it sold, the subject property was losing its three anchors but retained a sizeable inline mall tenancy and continues to produce income. It has continued to be a regional mall through the January 1, 2018 valuation date and for several years prior.

Ramsey testified the Assessor's Office had been given him emails regarding attempts to sell the mall, which is why he reported that it had been offered for sale at one point, for about \$7,000,000. (Ex. B, p. 42). He was aware the subject sold in

² A short sale is when the net proceeds from selling the property will fall short of the debts secured by liens against the property.

January 2018 for \$2,500,000 and explained he was presented with evidence from brokers involved with marketing of the subject property that its value was estimated between \$3,000,000 and \$3,500,000. Based on the information from the brokers and after researching and analyzing market data, in his opinion the January 2018 sale price was an outlier and below market. When questioned by the Board, Ramsey suggested that he believed the property was exposed to the regional mall market, but he questioned whether it was exposed to the local market. He testified that, in this price range, a local buyer might have been interested in purchasing the property; perhaps for an alternative use.

FDR was critical of Ramsey's description and reporting of the subject's prior listing and sales history. (Ex. B, p. 42). Ramsey acknowledged the subject's 2018 sale was reported as normal, but he testified this was based on how it was reported by the assessor's office and not his determination that it was a normal transaction. He later suggested he had never reviewed any closing documents or the purchase agreement for the subject's 2018 sale. FDR asserts the word "normal" is not found on the assessor's records regarding the 2018 sale. Ramsey testified that to the best of his recollection, that was what he found when he developed his report. Regardless, he explained that in his research he could not find enough evidence to support whether the 2018 sale was an arm's-length, normal transaction, or not. FDR also noted that Ramsey misreported the buyer and seller for the 2018 sale. It noted the seller was Crossroads Mall 1999, LLC. (Ex. 2).

Ex. B, p. 32 shows the location of tenants and vacancy in the Mall. It shows that roughly half of the inline retail area is vacant and available. Although not part of the subject parcel, former anchor Sears has closed, former anchor JC Penney was closed, and Ramsey stated the Younkers anchor store was operating at the time of valuation but closed at the time of inspection. (Ex. B, pp. 2, 32). Ramsey indicates there is not adequate demand for all existing space in the mall in the local market. (Ex. B, p. 23). His market analysis shows a decline in net operating income (NOI) from 2015 to 2017 and an increase in in-line vacancy over the same period. (Ex. B, p. 56). Ramsey rated the subject as a Class D mall. (Ex. B, p. 57).

Ramsey developed the cost, sales, and income approaches to value and testified all approaches merit some consideration.

Ramsey's Cost Approach

Ramsey developed an opinion of land value using six land sales. (Ex. B, p. 61). Four of the six sales are located in the Des Moines metro area. None are located in or near Fort Dodge. The land sales were between 7.00 and 17.88 acres with unadjusted total site sale prices between \$925,000 and \$6,629,920 per acre. After adjusting the sales for differences and considering two different methodologies, he arrived at range of value for the subject site, as if vacant, from \$1,058,944 to \$1,829,700. Ramsey reconciled to a value of \$1,500,000 for the site. (Ex. B, pp. 61-71).

Ramsey then estimated a replacement cost new (RCN) for the subject property of roughly \$34,500,000. (Ex. B, p. 73). He applied 81.5% physical depreciation and 12.6% total (functional and external) obsolescence. The depreciated cost of the building and site improvements were estimated at roughly \$2,500,000. After adding the value of the land Ramsey concluded a final opinion of value by the cost approach of \$4,000,000. (Ex. B, p. 73).

Ramsey's Sales Comparison Approach

Ramsey relied on seven sales for his sales comparison approach. (Ex. B, pp. 74-91). He acknowledged that several of the sales (3, 4, 5, and 7) were distressed sales but he believes they were in a similar economic condition as the subject property. In his opinion, a lender or a buyer would consider the subject property as a distressed property, therefore the sales are applicable. Ramsey acknowledged the use of similarly distressed sales would be indicative of a lower value because of the seller's motivations. His appraisal indicates that "[a] number of sales were conveyances from Banks or Lenders to investors." (Ex. B, p. 74). He testified he also included normal arm's-length, investor-to-investor sales in his analysis.

The following table is a summary of Ramsey's comparable sales. (Ex. B, p. 89).

Comparable	Sale Price	Sale Date	Building Area Sold (SF)	SP/SF	NOI	NOI/SF	Adjusted NOI/SF
Subject - Crossroads Mall			309,006		\$1,161,411	\$3.76 ³	
1 - Conestoga Mall	\$12,000,000	Jun-17	486,064	\$24.69	\$2,520,000	\$5.18	\$17.90
2 - Cross County Mall	\$5,050,000	Nov-17	997,703	\$5.06			
3 - University Mall	\$16,150,000	Jun-16	315,630	\$51.17	\$1,531,020	\$4.85	\$39.65
4 - Northfield Mall	\$9,600,000	Jul-16	582,000	\$16.49	\$1,920,000	\$3.30	\$18.79
5 - College Square Mall	\$13,125,000	Mar-15	336,000	\$39.06	\$1,670,813	\$4.97	\$29.53
6 - Mall of the Bluffs	\$8,500,000	Feb-13	602,037	\$14.12	\$2,125,000	\$3.53	\$15.03
7 - Southbridge Mall	\$1,500,000	Sep-16	285,421	\$5.26			

Ramsey analyzed the comparable sales based on the sales price per building area that was sold, which included inline mall area, as well as additional space such as anchor tenants or out-parcels. (Ex. B, p. 89).

Ramsey acknowledged he did not have the net operating income (NOI) for Sales 2 or 7, and therefore could not extract a capitalization rate. Based on this fact, coupled with the use of Sales, 3, 4, 5, and 7 as distressed sales, FDR questions whether his sales comparison approach is reliable. Ramsey's sales comparison analysis is not presented using typical appraisal methodology of adjusting each sale for differences in features such as size, age, or quality/condition. Instead, he analyzed and adjusted the sales based on two units of comparison – 1) NOI per SF of Sold Area and 2) Price/Sales Ratio.

NOI per SF of Sold Area

He calculated the NOI-per-square-foot of the subject and five of his seven comparables to develop a ratio between the subject and a particular comparable. For example, Comparable 1 has a NOI/SF of \$5.18; resulting in a ratio of 0.72 (3.76/5.18). This ratio is then applied to the comparables' SP/SF to arrive at the adjusted SP/SF. His report states, "The strength of this adjustment is that differences in age, design, quality and location are generally reflected by differences in rental rates, expected vacancy rates or operating expenses. This makes NOI/SF a good measure of the differences

³ The reported \$3.76 NOI is from Ramsey's income approach: NOI \$1,161,411 / Building Area 309,006 square feet (Ex. B, p. 107). The actual NOI as of 2017 was much lower at \$2.61 per square foot. (Ex. B, p. 93)

that influence buyer pricing.” (Ex. B, p. 87). This method resulted in indicated values for the subject ranging from \$15.03 PSF to \$18.79 PSF.

In this method, Ramsey used the subject’s estimated NOI, but the comparables’ actual NOI at the time of sale. FDR questioned Ramsey’s use of an estimated NOI, rather than the subject’s actual NOI. According to FDR, if the subject’s actual NOI were used, the comparables’ adjustments would be greater, resulting in a lower indication of value. FDR also noted that the NOI per square foot of sold area analysis completed by Ramsey was flawed because he included real estate taxes for the comparable properties but not the subject property. Therefore his ratio analysis is incorrect and his conclusions by the sales comparison approach are not reliable.

Ramsey disagreed with FDR’s interpretations of his analysis and believes that regardless of whatever flaws FDR believes exists, he took the very low end of the range which would offset any concerns believed to exist. In Ramsey’s opinion, it was appropriate to use an estimated NOI for the subject because that methodology accounts for the existing, but vacant, retail spaces in the Mall. He stated the comparables are used “as they are” to provide an indication of value as if stabilized.

Price/Sales Ratio

Ramsey also compared the ratio between the Sale Price per inline mall square footage to the average total sales per inline mall square footage. Ramsey provides an example: “Sale #1 sold for \$51.72/SF of Inline Mall area; at the time of sale, the average Inline Mall Retail Sales/SF were \$245/SF. The Price/Sales ratio is 0.21 [\$51.72/\$245.00].” (Ex. B, p. 89). Ramsey reported that “...better malls tend to sell for a higher ratio; less desirable malls command a lower ratio.” Ramsey did not report the subject’s ratio in his report. (Ex. B, p. 89).

He then adjusted each sale based on how each individual ratio compared to the subject’s ratio. It is unclear how he used these ratios to arrive at his adjusted sales prices, but it also does not appear he used his adjusted sale prices when concluding an indicated value by the sales comparison approach.

Ramsey ultimately arrived at indicated sale prices per square foot from \$15.03 to \$39.65 based on his NOI per SF of Sold Area method. He selected the low end

reconciling to \$15.00 per square foot, or \$4,600,000 rounded by the sales comparison approach. (Ex. B, p. 91).

FDR was also critical of Ramsey for not including the January 2018 sale of the subject property as a comparable in his analysis. However, as previously noted, Ramsey testified he did not believe the sale price was representative of its market value. However, we note that he did not report any analysis of the sale in his appraisal report.

Ramsey's Income Approach

At the outset of his income approach, Ramsey details the subject's basic financial ratios and ultimately concludes the "trends indicate a financially troubled mall with a low financial productivity." (Ex. B, p. 93). He also states that a sizable number of tenants are only paying percentage rents with no expense recoveries, Ramsey states this is another sign of a mall that is not doing well. (Ex. B, p. 97).

Ramsey estimated the market rents for the subject property, developed a NOI, and estimated a capitalization rate based on the mortgage equity/investor surveys, as well as market extraction.

Ramsey relied on the subject's actual rent rolls and also estimated market rents for the subject property. Using a rent to sales ratio methodology, he calculated in-line market rents to be 10% of the tenant's 2017 retail sales. If a tenant did not generate sales, Ramsey used the most recent lease data. He estimates \$5 per-square-foot market rent for the vacant anchor space based on adjusted comparable leases. (Ex. B, p. 98). When questioned, Ramsey indicated he believed the Kohl's comparables were probably built-to-suit leases. We note that none of the comparables are anchor stores to an enclosed mall.

In applying deductions for vacancy, Ramsey noted in-line store vacancy was captured through his use of 2017 retail sales and showed a vacancy of 11%. We note that in 2018 in-line store vacancy was 25%. (Ex. B, p. 95). Total anchor tenant vacancy went from 6.6% in 2016 to 55.3% in 2018. (Ex. B, p. 95). Ramsey applied a 22%

deduction for anchor store vacancy. (Ex. B, p. 107). Ramsey also applied collection loss deductions for in-line and anchor stores.

Ramsey concluded an NOI of \$1,161,411. (Ex. B, p. 107). FDR was critical of this estimated NOI because it departed from the mall's 2015 to 2017 NOI (inclusive of property taxes), which Ramsey reported ranged from \$783,486 to \$477,011 respectively. Ramsey again disagreed, noting the 2015 to 2017 NOI figures included vacant space, which he believed should be valued. He testified that, for assessment purposes, the property should be valued as-if stabilized. For the anchor space, Ramsey noted he applied minimal market rents and a 20% vacancy rate.

Ramsey concluded a capitalization rate, loaded for taxes, of 29.05%. He agreed that the subject's sales price of \$2,500,000 along with an NOI of \$1,161,411 would indicate a capitalization rate of approximately 47%.

His indicated value by the income approach was \$4,000,000. (Ex. B, p. 112).

Ramsey's appraisal indicates the income approach would normally be a primary method for valuing the subject property because it is an income-producing, investment opportunity. (Ex. B, p. 113). He also notes, however, that the sales comparison approach is preferred under Iowa law. Ultimately, Ramsey reconciled to a final value opinion between the income and sales approaches, at \$4,300,000.

Analysis & Conclusions of Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2017). PAAB is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case.

§ 441.37A(1)(b). PAAB considers only those grounds presented to or considered by the Board of Review, but determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount.

§§ 441.37A(1)(a-b). New or additional evidence may be introduced, and PAAB considers the record as a whole and all of the evidence regardless of who introduced it.

§ 441.37A(3)(a); *see also Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005).

Under Iowa law, there is no presumption that the assessed value is correct. § 441.37A(3)(a). Under section 441.21(3), the party contesting the assessment generally has the burden of proof. § 441.21(3)(b)(1). “The burden of proof is one of persuasion” based on all the evidence. *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 397 (Iowa 2009). The taxpayer may still prevail if it establishes its claims by a preponderance of the evidence. *Id.* at 396.

Here, FDR asserts the subject property is assessed for more than the value authorized by law, as provided under Iowa Code section 441.37(1)(a)(2). In an appeal alleging the property is assessed for more than the value authorized by law, the taxpayer must show: 1) the assessment is excessive and 2) the subject property’s correct value. *Soifer v. Floyd Cnty. Bd. of Review*, 759 N.W.2d 775, 780 (Iowa 2009) (citation omitted).

By implication, the Board of Review appears to agree the subject’s assessment is excessive. It did not contend that PAAB should affirm the assessment. Rather, it asked PAAB to adopt Ramey’s valuation, which is less than the current assessment. Therefore, we conclude our only remaining task is to determine the property’s correct value. *Compiano*, 771 N.W.2d at 397 (“[T]he court makes its independent determination of the value based on all the evidence.”).

In Iowa, property is assessed for taxation purposes following Iowa Code section 441.21. Iowa Code subsections 441.21(1)(a-b) require property subject to taxation to be assessed at its actual value, or fair market value. *Soifer*, 759 N.W.2d at 778.

“*Market value*” is defined as the fair and reasonable exchange in the year in which the property is listed and valued between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and each being familiar with all the facts relating to the particular property.

§ 441.21(1)(b).

In determining market value, “[s]ales prices of the property or comparable property in normal transactions reflecting market value, and the probable availability or unavailability of persons interested in purchasing the property, shall be taken into consideration in arriving at market value.” *Id.* Using the sales price of the property, or sales of comparable properties, is the preferred method of valuing real property in Iowa.

Id.; *Compiano*, 771 N.W.2d at 398; *Soifer*, 759 N.W.2d at 779 n. 2; *Heritage Cablevision v. Bd. of Review of Mason City*, 457 N.W.2d 594, 597 (Iowa 1990). “[A]bnormal transactions not reflecting market value shall not be taken into account, or shall be adjusted to eliminate the effect of factors which distort market value”

§ 441.21(1)(b). Abnormal transactions include, but are not limited to, foreclosure or other forced sales, contract sales, discounted purchase transactions, or purchases of adjoining land or other land to be operated as a unit. *Id.*

The first step in this process is determining if *comparable* sales exist. *Soifer*, 759 N.W.2d at 783. If PAAB is not persuaded as to the comparability of the properties, then it “cannot consider the sales prices of those” properties. *Id.* at 782 (citing *Bartlett & Co. Grain Co. v. Bd. of Review of Sioux City*, 253 N.W.2d 86, 88 (Iowa 1977)). “Whether other property is sufficiently similar and its sale sufficiently normal to be considered on the question of value is left to the sound discretion of the trial court.” *Id.* at 783 (citing *Bartlett & Co. Grain*, 253 N.W.2d at 94).

Similar does not mean identical and properties may be considered similar even if they possess various points of difference. *Id.* (other citations omitted). “Factors that bear on the competency of evidence of other sales include, with respect to the property, its ‘[s]ize, use, location and character,’ and, with respect to the sale, its nature and timing. *Id.* (other citations omitted). Sales prices must be adjusted “to account for differences between the comparable property and the assessed property to the extent any differences would distort the market value of the assessed property in the absence of such adjustments”. *Id.* (other citations omitted). “[A] difference in use does affect the persuasiveness of such evidence because ‘as differences increase the weight to be given to the sale price of the other property must of course be correspondingly reduced.’” *Soifer*, 759 N.W.2d at 785 (quoting *Bartlett & Co. Grain*, 253 N.W.2d at 93).

“A party cannot move to other-factors valuation unless a showing is made that the market value of the property cannot be readily established through market transactions.” *Wellmark, Inc. v. Polk Cnty. Bd. of Review*, 875 N.W.2d 667, 682 (Iowa 2016). Where PAAB is convinced comparable sales do not exist or cannot *readily* determine market value, then other factors may be used. § 441.21(1)(b); *Compiano*, 771

N.W.2d at 398 (citing *Soifer*, 759 N.W.2d at 782); *Carlton Co. v. Bd. of Review of City of Clinton*, 572 N.W.2d 146, 150 (Iowa 1997); § 441.21(2). If sales cannot readily establish market value, “then the assessor may determine the value of the property using the other uniform and recognized appraisal methods,” such as income and/or cost. § 441.21(2).

In support of its position, FDR submitted several documents related to its purchase of the subject property and asserts that its sale price alone is the best indication of its market value as of January 1, 2018. FDR did not submit any other indication of market value, such as an appraisal, other comparable properties, or an income analysis.

The Board of Review argues the 2018 sales price was not a normal, arm’s-length transaction that offers a reliable opinion of the subject’s market value. Additionally, the Board of Review offered an appraisal by Ranney Ramsey concluding a final opinion of value of \$4,300,000. This is ultimately a question of which evidence we find most reliable.

In *Riley v. Iowa City Bd. of Review*, the Iowa Supreme Court was faced with a similar quandary. 549 N.W.2d 289 (Iowa 1996). In that case, Riley purchased two apartments for the sum of \$1,640,000 on January 11, 1992. *Id.* Shortly thereafter, the Assessor revalued the properties at a combined total of \$1,834,530 for the 1992 assessment. *Id.* at 289-90. The properties were again revalued in 1993 at a total of \$2,062,260. *Id.* at 290.

Engaging in a *de novo* view of the 1992 assessment case, the Iowa Supreme Court noted a subject’s sales price, unless abnormal, must be considered in arriving at market value. *Id.* Although the Court said the sales price does not conclusively establish market value, the Court nonetheless modified the subject’s 1992 assessment to its sales price because it found the sales price to be the more persuasive evidence of value. *Id.* at 290-91. It did so even though the Board of Review also offered competing evidence of value, including two expert opinions, which supported the assessment. *Id.*

Notably, similar to the argument the Board of Review lodges here, the Board of Review argued in *Riley* that the apartment sale was not a normal sales transaction

because it was not listed with a real estate broker. *Id.* at 290. In fact, the record reflected Riley learned of their availability through a newspaper advertisement. *Id.* The Court stated the apartment manager (who also happened to be a real estate broker) assisted the owner in advertising the apartment's availability and it had been on the market for six months before it was purchased. *Id.* The Court found the apartment sale was a normal sales transaction. *Id.*

After consideration of the evidence and testimony, we find the subject's 2018 sales price is the most persuasive evidence of the subject property's market value as of January 1, 2018.

Despite the Board of Review's contention that the 2018 sale of the subject was not normal and arm's length, we remain unconvinced. Although it may not have been locally marketed, we do not find that fatal to concluding the sale was normal considering the nature of the property. And while Ramsey believed the sale price was below value indications he saw from the broker, that evidence was not offered into the record. Therefore, we are unable to give that opinion significant weight. There is also a lack of comparable property sales in the record which might otherwise support Ramsey's opinion that the sales price was below market. *McHose v. PAAB*, 2015 WL 4488252 (Iowa Ct. App. July 22, 2015) (Court of Appeals affirmed PAAB Order which found that sales of nearly identical condominium units demonstrated sale of subject property was not reflective of market value). Ultimately, the sale transaction involved unrelated parties and was marketed. There is sufficient indicia of normalcy that the sales price should be considered.

Aside from a failure to consider the subject's sales price, we have other concerns with Ramsey's appraisal that cause us to find it less persuasive. Ramsey's NOI determination is at the crux of his sales comparison and income approaches to value. Acknowledging the benefit of hindsight, we believe Ramsey's NOI is too high due to various factors including, but not limited to, his use of 2017 retail sales to extrapolate inline store rents, a lack of comparability of leases used to estimate anchor store rent, and underestimation of vacancy and collection loss. A lower NOI would have resulted in a lower opinion of value in both approaches.

Considering the foregoing and entirety of the record, we conclude the subject property's 2018 sale price is the best indication of its actual value as of January 1, 2018.

Order

PAAB HEREBY MODIFIES the Webster County Board of Review's action and orders the January 1, 2018 assessment be set at \$2,500,000.

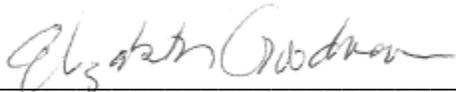
This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2017).

Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

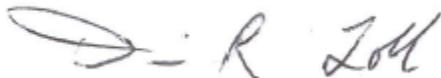
Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code section 441.37B and Chapter 17A (2018).



Karen Oberman, Board Member



Elizabeth Goodman, Board Member



Dennis Loll, Board Member

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