



CITY OF WAUWATOSA
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BOARD OF REVIEW
Tuesday, July 19, 2011 – 12:00 p.m.

PRESENT: Mr. Benz, Mr. Duffey, Mr. Rice

ALSO PRESENT: Mr. Kesner, City Attorney; Ms. Aldana, Asst. City Atty./Human Resources Dir.;
Mr. Miner, City Assessor; Mr. Lenski, Dep. City Assessor; Mr. Tuff, Appraiser
III

Mr. Benz in the Chair

The board reconvened at 1:04 p.m.

10001 Innovation Drive
Tax Key #379-9999-38

Land	\$959,400
Improvements	\$6,156,600
Total	\$7,116,000

Continuing from the last meeting, Ms. Aldana asked Mr. Miner what the price was per square foot for the building. Mr. Miner answered \$115 per square foot. Ms. Aldana asked about the price for the Research Park. Mr. Miner responded \$125 per square foot.

Ms. McGinnity noted that at the last meeting their last discussion was about the Markarian Hierarchy. She referred to Exhibit 20 saying that Mr. Tuff felt the manual was wrong and he had to use comparables. Mr. Miner explained that his office tries to follow the Markarian Hierarchy. Sales of comparable would be the preferred method to use at all levels, but ultimately they come back to tier #2.

Ms. McGinnity asked if Mr. Tuff was aware of amendments to state statute 73.03. The Department of Revenue has been delegated to publish the assessment manual and it is the Assessor's job to assess property using the manual. Mr. Miner emphasized that the manual also presents other tiers. Ms. Aldana noted that she had a chance to review various sections of the manual. Mr. Miner commented that Wisconsin court cases have also changed the manual over time.

Ms. McGinnity observed that both parties could go back and forth quoting paragraphs and taking up time, but the method used in the Assessor's Office is the Markarian Hierarchy. She noted that Mr. Miner had received a subpoena that required him to provide certain documents. Exhibit 21 is a summary of written marketing proposals that her client was asked to provide.

Mr. Tuff noted that rent should be about \$17 per square feet. Ms. McGinnity responded that her client has been looking for a lower assessment because of the rentals. They are close to the amount they want for rent with one of the renters, but still had to come down to \$16.20 per square foot. She noted that they are trying to maximize rental income. The board has asked for further appraisals.

Mr. Luterbach, owner of the property, commented that he was told that the appraisal would have been contingent upon market value. He gave an explanation of the appraisal. Ms. Aldana objected because the appraiser was not giving the explanation.

Ms. McGinnity asked Mr. Moegenberg what the building would be worth. Mr. Moegenberg responded that he relied on the income version. Ms. McGinnity continued questioning Mr. Moegenberg's methods of determining property values, including the comparables and the influence of the "Bundle of Rights". He noted that building was a fee simple estate.

List of Exhibits from the July 19, 2011 meeting

- #16 - 2011 Real Estate Assessment of 10001 Innovation Drive by Rhett Tuff , Assessor's Office
- #17- Wauwatosa Improved Sales per Pete Moegenberg
- #18- Stabilized Operating Statement per Pete Moegenberg
- #19- Property Owner's Board of Review Exhibits – part 1
- #20- Certified mail correspondence from the property owner's representative
- #21 - Property Owner's Board of Review Exhibits – part 2

Ms. McGinnity continued with questions regarding land values in the Research Park and how they compare with the subject property.

Mr. Moegenberg noted that he relied on other transactions that occurred on the same date as the purchase of the subject property. Ms. McGinnity asked about the comparable at 839 N. Jefferson and why it was included. Mr. Moegenberg answered that it was a related party transaction. Ms. McGinnity continued her line of questioning regarding the comparable properties.

Ms. McGinnity asked about Mr. Luterbach's efforts to market the property. Mr. Moegenberg responded that he used data from transactions in the Research Park.

Ms. McGinnity stressed that Mr. Miner and her client both received the same data yet they came to different conclusions. Mr. Moegenberg noted that the expense ratio is 42% based on 2010 expenses. Four properties have an expense ratio of 44%. He thought that the revenue was being overstated and the expenses were understated.

Ms. McGinnity observed that the Assessor used a lower cap rate. Mr. Moegenberg explained that a lower cap rate is associated with higher end properties. Lower end properties would have a higher cap rate. He noted that the building that GE Healthcare was appraised lower than it sold for. He believes there is no market support for a 7% cap rate.

Ms. McGinnity asked if Mr. Moegenberg had made notes when he spoke with Mr. Miner about the appeal of this property in Wauwatosa, especially with the lack of construction.

The board recessed at 3:23 p.m. and reconvened at 3:30 p.m. at which time one of the board members had to leave the meeting.

It was the consensus of the board to recess at 3:35 p.m. and reconvene at a later date.

The board recessed at 3:35 p.m.

Susan Van Hoven, Deputy City Clerk

svh