

May 10, 2002

The scheduled meeting of the Cleveland County Equalization Board was called to order this 10th day of May, 2002, in the west conference room of the County Office Building by Chairman Walter J. Morris. Roll was called by Dorinda Harvey, County Clerk/Secretary and those present were:

Walter J. Morris, Chairman
Pat Thompson, Vice-Chairman
Pat Ross, Member
Dorinda Harvey, Secretary

Others present were: Vickie Wilson, Denise Heavner, David Tinsley, Richard Montgomery, James P. Kelley, and Jerry Wisdom.

After the reading of the minutes of the meeting of April 25, 2002, and there being no additions or corrections, Pat Ross moved that the minutes be approved. Pat Thompson seconded the motion.

The vote was: Walter J. Morris, yes; Pat Thompson, yes; Pat Ross, yes.
Motion carried.

Chairman Morris called for old business, discussion, consideration, and/or action on the following Letter of Protest

Mr. Richard Montgomery at 3500 S. Telephone Rd. in Moore built a home at a cost of \$59.00 a square foot and the Assessor without being in the home is assessing it at \$74.00 and some change. He feels that the realistic figure is about \$65.00 a square foot for the house and improves, the rooms are large but the amenities are poor. He is concerned that he will be stuck with the levy for a number of years because he doesn't plan on moving. He knows that the money goes to the schools since he was on the Moore School Board for a while. He doesn't mind paying his fair share but the way things are going in Moore and in his area houses are being sold without any consideration to what the real values are for 1970 model houses because the interest rate is cheap. That is going to be reflected by the paperwork that the Assessor's Office gets because it shows the sale of these properties at \$70.00 to \$75.00 a foot for one thousand (1000) square foot homes. The Sheriff's sale listed today shows almost everything on it as appraised by the Sheriff's Department in the \$60.00 to \$65.00 range for 1970 model non-energy efficient homes of a thousand (1000) square feet. He realizes that the Board has laws it has to abide by, but at some point there has got to be a realization that these properties are being over taxed. He doesn't know what the answer is but that is why he is here today.

Chairman Morris stated that the law is pretty clear on what the Board's responsibilities are and the law says all like properties in a quadrant of the county has to be assessed at the same cost per square foot. The comparison of properties similar to Mr. Montgomery's, one is assessed at \$80.00 per square foot and one is assessed at \$76.44. The Assessor wants to assess Mr. Montgomery's at \$75.09 a square foot.

Mr. Montgomery stated that those are sales figures and if he were to sale his home today and get \$285,000.00 it would be recorded at this Courthouse, then the value of his house would be \$285,000.00 as to what the sales documents show. He hasn't sold his house and doesn't plan on it for a while, but it may be an avenue that he may need to take to reduce the tax burden.

Pat Thompson stated that the Board has to look at fair cash value, this is an Equalization Board, the Board equalizes property and it can't go solely by cost. The Board goes by fair cash value and if houses are selling at \$70.00 a square foot then to this Board by law that is fair cash value. If someone can build a house for \$50.00 than that is great but the fair cash value is what this Board has to look at and that has got to be \$70.00 if that is what they are selling for.

Walter Morris explained to Mr. Montgomery about the Equalization School he had attended and how property has to be assessed and that this Board has to make Mr. Montgomery equal to the like property around him. Chairman Morris stated to Mr. Montgomery that in one respect he created this own nightmare when he built that one home and sold it for \$299,900.00 and that equaled out to \$80.00 a square foot. Mr. Morris stated that where he lives the square footage is now running \$110.00 but Mr. Morris paid more than that for his home. Mr. Morris stated that the north part of the county is being assessed high but unfortunately it pretty tough to argue because under the law the Assessor is doing her job.

Pat Thompson stated that he went and look at the property (didn't inspect it just looked) to see if it was comparable to like properties and in Mr. Thompson's opinion it was, there was a question about the land situation, you can call it a plus or minus living next to pigs and cows or people Mr. Thompson would prefer pigs and cows. Those things to Mr. Thompson are a wash, Mr. Montgomery is being charged the same on his property as the smaller lots in there so the land part can be argued but he thinks that is a wash, but he thinks the house has been assessed comparable. Mr. Thompson moved, seconded by Pat Ross, that there be no change in the assessment of Richard & Betty Montgomery, 3500 S. Telephone Rd., Moore, OK 73160, for MC2 10 3W 35013, Part of NW/4 35-10-3W.

The vote was: Walter J. Morris, yes; Pat Thompson, yes; Pat Ross, yes.

Motion carried.

Mr. Montgomery asked what recourse he had from here and Pat Thompson explained that he could go to District Court and that he has ten (10) days from the date the Board adjourns which is the 31st of May. Mr. Montgomery asked if he would get a letter on this and he received an affirmative reply.

Chairman Morris called for Continental Resources, Inc., represented by Donna Henthorn, P. O. Box 1032, Enid, OK 73702 for 5-9N-2W, Heitz Saltwater Disposal, 1998, 1999, 2000, 2001. Chairman Morris stated that he asked for an opinion from Mike McDanel, Assistant District Attorney, as to the scenario when someone makes an asset purchase and reports the scenario and Mr. McDanel referred Mr. Morris to the law that says in Mr. McDanel opinion it fell under Title 68 O.S. §2846 and Mr. Morris stated that he did not fully agree but he respects it. Mr. Morris is quit troubled by this case for a couple of reason, one because of the facts that this case was brought before the Board under one pretence and now he is told it can't be treated as a four year case it's a two year case because it wasn't omitted it was undervalue in the opinion of the Assessor's Office. In Mr. Morris' opinion it wasn't undervalued, the company showed what they paid for it, showed what it was on the books for

at Oklahoma Tank and he saw nothing to the contrary presented by the Assessor's Office that says that the asset list was representing anything other than what was on their list. He didn't see a breakout of what was in the slug pit.

Denise Heavner, County Assessor, introduced Jerry Wisdom from VLS (Visual Leasing Services).

Mr. Wisdom stated that he could show the Board information on how it was rendered and everything else but he thinks one of the questions that Gary Mask (his partner) stated that the Board had asked if there was another saltwater disposal well within the County and there is. That property was valued as omitted property as well, because it was not turned in either. This well is under C & L Oil and Gas Corporation the Hawkins #2 which is in Section 9, Township 7 North, Range 1 West and that property was valued the same as this property was. Mr. Morris asked if the wells were alike as the one in question was being called a concrete unloading pit.

Mr. Wisdom stated that was what they put on their sheet but the well itself according to documents from the Corporation Commission on the Heitz #1 (Mr. Wisdom presented documents to the Board) stated this was the actual well bore itself that was not rendered and also on the documents was listed all of the equipment, assets, casing that's down hole, tubing, and pipe. The only thing that was rendered to the Assessor's Office was the surface equipment of the tanks and unload kits. According to the statute a detailed list of all assets should be given. In this case all of the assets were not given only the surface equipment. Mr. Wisdom had more documents and showed the Board how they rendered property in different counties. Mr. Wisdom understands the Board concern that they put it on the list of a purchased sales agreement and an allocation was done.

Mr. Morris stated that it was on the books of Oklahoma Tank Service for \$15,000.00.

Mr. Wisdom replied that it could have been a depreciated value as he thinks this well is a 1989 well and they would have depreciated it down to nothing. Mr. Wisdom also looks in the sales agreement for different thing and explained what he looks for to the Board and how he values them. The fact of the matter is according to Mr. Wisdom is that they didn't list the property as they did in other counties and he has the exact rendition of how they rendered it in other counties. Originally Mr. Wisdom pulled information from the UICC report and that is how he found the saltwater disposal well. A 901P was not filed with the Assessor's Office but what he didn't know was a 901 easy was included with Hammond Phillips. All of the other companies is Continental Resources as the owner and they still show this as Hammond/Phillips to the Assessor's Office yet on the Corporation Commission report they show as Continental Resources. So they didn't change the name either in the Assessor's Office to let her know that she is trying to tax a certain well. She had no idea what that well was or what the contents were based on the rendition. In all the other counties it was rendered as Continental Resources and in this County it was rendered at Hammond/Phillips so he submits to the Board that they only rendered the surface equipment of which was promptly taken off when a rendition was turned in and ironically it was the exact same value \$12,500.00 that was originally put on the equipment not even seeing the equipment prior to the well being plugged.

Mr. Morris asked if \$30,381.00 was the true value of the equipment that was recovered when the well was closed and Mr. Wisdom replied yes. If that was the true value of the equipment then how did Mr. Wisdom come out with a fair cash value of \$68,000.00 for 1998.

Mr. Wisdom stated that was salvage value and this value that he came out with was value in place and useful, value replacement cost new. This was actually what they were able to recover from down hole.

Mr. Morris asked if that was not true cash value and Mr. Wisdom stated it wasn't, because if they were buying a saltwater disposal well or anything else, a unit in place, a business to make money to draw income with it would be valued different. This is strictly salvage value because they represented to the Board that they got zero out of it and you can't get zero it's impossible.

Mr. Morris speaking as an individual stated that when you make asset purchases and you assign value to those purchases, on personal property we say that they are being put on basically because of undervaluing the asset. They assessed out the full \$1.9 million that was paid and assessed \$12,500.00 on this particular personal property to this particular asset and Mr. Morris doesn't see how it could be called undervalued.

Mr. Wisdom stated that the 1998 value needed to be change since the surface equipment of \$16,250.00 was taken off and Mr. Morris stated he couldn't because you could only go back two (2) years.

Denise Heavner stated that there is some confusion about that. Something was turned in and she asked Jerry Wisdom if they turned in everything in those back years?

Mr. Wisdom stated that they didn't.

Ms. Heavner continued saying that maybe she has to separate out what they did turn in and the part that was undervalued could only be two (2) years but the part that was omitted could be three (3) years.

Mr. Wisdom stated he does not think the equipment that was turned in was undervalued. Mr. Wisdom told the Board how he figured the value of the property and what should be omitted property and what should be undervalued property.

Mr. Morris asked how it could be omitted property when they submitted an asset sheet and they identified the well and identified what was on the books.

Mr. Wisdom stated a detailed list of all of the assets associated with the saltwater disposal well were not given, they only listed the surface assets and not the assets below ground. On the 901P it says to give a detailed list an itemized list of all of the assets. They didn't list the property down hole so the Assessor could if she had known the property then she could have made the distinction between the two. This is fairly new to Assessors since the Texaco case in 1993.

Mr. Morris thinks it's different from a typical case that the Assessor will face and one being that somebody puts in something them selves, verses somebody making an asset purchase. The Board had discussion as to what was fair cash value and Mr. Morris read that statute that he had referred to prior in the meeting.

Pat Thompson requested that the Assessor get an opinion from the District Attorney as to whether property is omitted or undervalued. Mr. Thompson also asked Mr. Wisdom to back out the surface equipment and give the Board the values.

Mr. Wisdom stated the value for omitted property in 1998 - \$52,303.00; 1999 - \$48,279.00; 2000 - \$44,256.00 and in 2001 - \$30,381.53.

More discussion took place as to fair cash value, assets and salvage.

Pat Thompson moved, seconded by Pat Ross, to table Continental Resources, Inc., represented by Donna Henthorn, P. O. Box 1032, Enid, OK 73702 for 5-9N-2W, Heitz

saltwater Disposal, 1998, 1999, 2000, and 2001 until the Board can get something in writing as to whether this is omitted or undervalued and whether it is two (2) years or three (3) years. The vote was: Walter J. Morris, no; Pat Thompson, yes; Pat Ross, yes.
Motion carried.

James P. Kelley stated that he represented Sunny Properties, L.L.C., 211 N. Robinson, Suite 800, Oklahoma City, OK 73102 for OCC2 10 3W 8037, Part of the NE/4, Section 8, Township 10, Range 3 West. Mr. Kelley wanted to make sure that everyone was talking about the same property and asked what was shown as the square footage for the land. David Tinsley, First Deputy County Assessor, stated that the Assessor's Office is showing 668,079.72 square feet for land and 80,303 square feet for improvements (which are outside measurements).

Mr. Kelley stated that he comes up with about 600,000 square feet for land and he does not disagree with the 80,303 square feet for improvements. The position his client takes is that two parcels have been sold which blocks any view from 104th and he showed the Board a map of his property. He continued by showing the Board all of the property on the map that had been sold. He pointed to a space (plot) on the map and stated that this space now becomes (instead of developable property or sellable property) property that they need as a view corridor to continue to have the shopping center available. They are willing to place a view corridor easement on this property if that is something this Board will consider in terms of value because it is not going to be developed because they have learned from other shopping centers that to fully load up the front (the most valuable part) hurts the business' to the rear. That is why they want to change this to a view corridor as opposed to a developable piece of property and that is his request and that the value be adjusted accordingly.

Denise Heavener asked Mr. Kelley if the only part of the value that is being questioned is the land?

Mr. Kelley stated he is questioning the land amount and the land value.

Mr. Morris asked Mr. Kelley if he agreed with the appraised value of the improvements and Mr. Kelley responded saying they do.

Mr. Morris again asked about the number of square feet and Mr. Tinsley stated 668,079.72 and Mr. Morris stated that was less than \$2.00 a square foot.

Mr. Tinsley said it was 15.337 acres.

Again Mr. Kelley went over what had been sold off and stated that in order to get east bound traffic the conclusion is that it is a mistake to develop this were it is completely out of view. If they impose of view corridor easement on it and in five (5) years they decide it was a mistake they would lift the view corridor easement and it would get assessed. Right now it is not being assessed as a view corridor.

Denise Heavner stated that it was only being assessed at \$1.50 a square foot now and Mr. Kelley stated they would like that reduced because in effect it is of no developable value and he wants to make sure of the right number of square feet. It is possible that they agree because they are not that far apart.

Mr. Kelley stated he calculated 609,000 square feet but that was calculated without a ruler.

Mr. Kelley continued saying it was assessed at \$1.50 a square foot and he just simply wants the \$1.50 equally applied to whatever he has. (The correct amount of square feet.)

Mr. Morris after he had finished some figuring stated to Mr. Kelley that his property is worth more than what it is on the Tax Rolls for.

David Tinsley stated he had called and left messages and never got concrete information. So he went to publication and pulled “Square Feet” (which is put out by the Record Journal) that listed leases, sales and things of that nature. What Mr. Tinsley pulled was what it showed for this piece of property, whether that is for P.R. approach or whatever Mr. Tinsley could not tell the Board. In the February 2002 publication it showed \$79.5 per square foot with a 9% vacancy. Mr. Tinsley stated that the people with the publication called to get this information and if they were given the wrong information Mr. Tinsley would not know, he would have to have that information from the owner to find that out. That is what Mr. Tinsley used to come up with the value by income. He looked at some properties that just sold, and he had just received the appraisal on them, which was done by Mr. Hoyt who is a top appraiser in the State. Mr. Tinsley stated the comparison ran from \$52.00 to \$55.00 a square foot and the subject property is assessed at \$46.25 per square foot and using the income from a publication that Mr. Tinsley had received the income would be at \$58.00 and that is basically how he came up with the amount as he had no other information.

Mr. Kelley asked if it would be possible to table this until the next meeting so he could get with his client and get some additional income information because he does not have those figures with him. Mr. Kelley asked about an appraisal based on an income evaluation or at least present the Board with those figures and see if he does in fact come up with the figure that the Assessor is stating and it may be that it will, but he doesn’t have it.

Mr. Morris stated that if Mr. Kelley’s client wants to do this, each year he will have to furnish updated numbers as the occupancy increases or decreases, but as an owner you can’t ask this year for an income stream appraisal and next year ask for a fair market value based on replacement cost.

Mr. Kelley asked what the position of the Board would be, would it be consist for a number of years or if you went to an income approach you would stick to an income approach.

Mr. Morris stated that the Assessor is willing to work with Mr. Kelley.

Mr. Kelley asked about the concept of the view corridor and Mr. Morris stated that shopping centers are not valued on view corridors.

Pat Thompson stated that it is this years taxes and to him if you want to do a view corridor you do it and then you come in and say that this is now a view corridor, it is not sellable property and that is why it can’t be taxed like that.

Mr. Kelley asked about the next meeting and the Board discussed the next meeting which will be May 15, 2002, at 8:00 A. M.

Pat Thompson moved, seconded by Pat Ross, to table Sunny Properties, L. L. C., represented by James P. Kelley, 211 N. Robinson, Suite 800, Oklahoma City, OK 73102 for OCC2 10 3W 8037, part of the NE/4, Section 8, Township 10, Range 3West.

The vote was: Walter J. Morris, yes; Pat Thompson, yes; Pat Ross, yes.

Motion carried.

There being not further business to come before the Board, Pat Thompson moved that the meeting be adjourned. Pat Ross seconded the motion.

The vote was: Walter J. Morris, yes; Pat Thompson, yes; Pat Ross, yes.

Motion carried.