

Cleveland County Board of Equalization Meeting

Minutes

JUNE 20, 2013

The meeting of the Cleveland County Equalization Board was called to order this 20th day of June 2013 at 9:00 a.m., in the conference room of the Cleveland County Office Building by Chairman Waldo Blanton. Tammy Belinson, County Clerk/Secretary, called roll and those present were:

Waldo Blanton, Chairman
Charles Thompson, Vice-Chairman
Pat Ross, Member
Tammy Belinson, Secretary

Others present were: Jim Robertson, Assistant District Attorney, County Assessor David Tinsley, Billijo Ragland, Mike Weddle, Britney Marshall, Eric Cavett, Pat Sloan, and Linda Atkins.

After the reading of the minutes of the Special Meeting of May 30, 2013, and there being no additions or corrections, Waldo Blanton moved that the minutes be approved. The motion was seconded by Pat Ross.

The vote was: Waldo Blanton, yes; Charles Thompson, yes; Pat Ross, yes.
Motion carried.

After the reading of the minutes of the Special Meeting of May 23, 2013, and there being no additions or corrections, Waldo Blanton moved that the minutes be approved. The motion was seconded by Pat Ross.

The vote was: Waldo Blanton, yes; Charles Thompson, yes; Pat Ross, yes.
Motion carried.

Chairman Waldo Blanton called for discussion regarding HSRE, OKC, 1515 Kingsridge Drive; Taxpayer Agent: Walter McFadden, Harding and Carbone, Inc., 3903 Bellaire Blvd, Houston, TX 77025.

Tammy Belinson, County Clerk, stated that they sent an email and she has provided the Board with the attachments that they emailed to her.

Chairman Blanton said that they will hear from the Assessor on this subject.

David Tinsley said that in 2011, HSRE LLC, OKC, paid \$25,500,000.00 for Village on the Park. The Assessor's office had it on for \$22,000,000.00 at that point. It was lowered to \$13,168,851.00. He said that they have their printout sheets that show the effective gross of \$2,252,642.00. Mr. Tinsley said that on the actual printout, the effective gross is \$4,805,427.00.

Mike Weddle presented the Board with a copy of the rent rolls.

David Tinsley said that Mike Weddle had a phone conversation with them and a comment was made that they throw parties for the residents.

Mike Weddle said that, on their income, they discount for functions that they have throughout the year.

Chairman Blanton asked, "Function for whom?"

Mike Weddle said, "Residents."

David Tinsley said, "I guess they throw a \$2,000,000.00 party."

Mike Weddle said, "I don't know, but that is what he said, that it is for functions throughout the year."

Charles Thompson asked, "Did we get an invitation?"

David Tinsley said, "No, apparently not." Further, he said, they say their effective gross income is \$4.8, and the Assessor's office calculated it to be approximately \$4.6, which comes to a value of \$13,000,000.00. Mr. Tinsley said that if one used the same calculations on \$4.8 it would be around \$16,000,000.00. He said that it is his recommendation that it stay at \$13,168,851.00.

Charles Thompson asked, "Is there a reason that they can't be here?"

David Tinsley said, "I would not speculate. I assume, in some cases, they have contracts with companies and it is a retainer fee."

Chairman Blanton said they have indicated that they weren't coming because the County Clerk got this through email.

Tammy Belinson said that the lady that contacted her is out of Houston, Texas.

Charles Thompson moved that the assessed value of \$13,168,851.00 remain the same.

The motion was seconded by Waldo Blanton.

The vote was: Waldo Blanton, yes; Charles Thompson, yes; Pat Ross, yes.

Motion carried.

Eric J. Cavett, representing Sandy Beaches Tanning Salon, Paul Rudnicki, Par Management LLC, P.O. Box 890420, OKC, appeared for Protested Property Address: 2627 Classen Blvd. Ste 128, Norman, OK 73071. Mr. Cavett thanked the Board for hearing him today. He said that a 901 was filed for Sandy Beaches for 2012 in the amount of \$68,874.00. The Assessor's office valued it at \$230,290.00. He said that they have a big dispute with the value the Assessor's office has placed on this property. In the informal decision, they stated, "leasehold improvements reported to the County per the building permit from the City of Norman were not included." He said that they first went to the City of Norman and pulled the building permit. The City of Norman values it at \$30,000.00. Mr. Cavett presented his exhibits to the Board. He said that if they were to take Sandy Beaches' 901 which is \$68,000.00 plus \$30,000.00 leasehold improvements, the total is \$98,000.00, which is far off from the \$230,000.00 value that the County Assessor's office has for value.

Mr. Cavett stated that the lease hold improvements are only partitions and finishes. He said that for this to be valued at \$170,000 for a wall on a 1500 sq. ft. suite that only has approximately ten tanning beds and a desk in the front, is quite a bit of difference. He said that is why the building permit only values it at \$30,000.00, because that is all it is worth. In his opinion, it is not worth a difference of \$160,000.00 to \$170,000.00. He submitted a packet with some pictures illustrating the small dimensions. He reaffirmed that it is only walls and nothing is exceptional about the property and added that there is no kitchen facilities. Referring to other comps, he said that there are other tanning salons valued at \$92,000.00. Sandy Beaches has other tanning salons, in Norman, valued at approximately \$74,000.00. He said that Slim Chickens, which is the neighboring suite, is valued at \$195,000.00. He said that is \$35,000.00 less than what the County is valuing this tanning salon and added that Slim Chickens is a much bigger place, with a lot

more equipment; big kitchen; big ovens, etc. In his estimation, Slim Chickens is valued correctly at \$195,000.00, but the County Assessor's office has placed an exorbitant value of \$230,000.00 on a tanning salon. He could not find a single tanning salon around that is valued at that rate. It is his contention the value should be \$98,000.00.

Chairman Blanton asked for the County Assessor to respond.

David Tinsley explained that when they do discover that there are leasehold improvements, they do call the City. The City told them that the permit was \$260,000.00.

Eric Cavett said that he had a copy of the permit in the amount of \$30,000.00 given to him by the City of Norman.

Chairman Blanton asked David Tinsley if he had seen the permit.

David Tinsley answered negatively. He said that Britney Marshall, Deputy County Assessor, will go downstairs to their office to get their copy.

Chairman Blanton said that the Board will take a short break.

Assistant District Attorney, Jim Robertson, informed the Board that Mr. Sloan has called to let them know that he is running late, but will be here soon to present for Item "C" on the agenda.

Shortly after Mr. Robertson's announcement, Mr. Pat Sloan entered the meeting.

Following the return of Britney Marshall's with information, Chairman Blanton said that the meeting will resume from its short break and asked the Assessor's office to comment on the status of the City Permit.

David Tinsley said that according to the comments made by the City of Norman, there were two permits that totaled the amount.

Chairman Blanton asked, "The amount that you had?"

David Tinsley answered affirmatively. He said, "That is all we have to go by. Whether that was the City knew what they were talking about or whether there is another one."

Charles Thompson asked, "Do you have any reason to doubt the forms that they have?"

David Tinsley answered negatively and said that the permit shows \$30,000.00, but is not sure it is the only permit.

Charles Thompson said that if it is that amount, then it will be that and added that he couldn't imagine it being the \$260,000.00 amount.

David Tinsley said that Oklahoma is a self-reporting State and they assume what they are being told is correct.

Charles Thompson asked Mr. Tinsley to state his recommendations.

David Tinsley said that he assumes that if Mr. Cavett went to the City of Norman and visited with them, he was given the correct information.

Eric Cavett said that he went to the City on Tuesday and spoke with Bob Christian who provided him with a copy of the permit. He said that Mr. Christian never indicated to him that there was more than the one permit. He said, "In our mind, that is it. There is only one."

Chairman Blanton said, “Well, if it was Bob, I think he should know what he is talking about.”

Charles Thompson moved that the information submitted by Eric Cavett be accepted and that the assessed value be lowered to \$98,874.00.

The motion was seconded by Chairman Blanton.

The vote was: Waldo Blanton, yes; Charles Thompson, yes; Pat Ross, yes.

Motion carried.

Assistant District Attorney, Jim Robertson, said that the Account Number, P015958 on the Formal Protest form should be corrected to read as follows: P0154958.

Pat Sloan appeared for Item “c”, Compass Manufacturing, LLC, Account Number: P0154958,

Legal Description: BPP, SD: OCC2; Taxpayer/Agent: Merit Advisors, LP,

PO Box 3301, Gainesville, TX 76241. He said, “My name is Pat Sloan, Merit Advisors and we represent Compass Manufacturing and have filed their Business Personal Property renditions since 2008. What I have protested, or asked for you to consider today, is waiving a penalty that was applied to the property. I have no problems with the Tax office, or the Assessor’s office. The fact that they, under Title 68 2830, applied the penalty, but I would like to explain how it came about and see if you might consider some extenuating circumstances. I’ve got some copies here for you to look at. This is a comparison of the original notice, amended or corrected notice and some other documents. Basically, we filed a rendition for Compass on March 15th, if you can see the next page; there is a copy of the mailing envelope. But the problem is, we filed the rendition without the inventory list. What happened was, we had gotten the fixed asset information in February and I went ahead and worked up the rendition.”

Charles Thompson asked Mr. Sloan to define his word usage of “rendition”.

Mr. Sloan said that it is the report on business personal property, the 901, and added that is how it is referred to in Texas.

He continued explaining, “So I worked it up in our system without the inventory, waiting on the inventory information requested from the client. Unfortunately, and the client took care of it and sent it by email to me on March 6th, in an excel form attachment with the inventory. Unfortunately, I overlooked it. We get a ton of emails that time of year and we are trying to get a ton of stuff in compliance, fix things. As it turns out, it was my mistake and I didn’t catch that I had gotten the email and we got up to the 15th and got a number of renditions that were still pending and had to be filed and this one got pulled and filed without the inventory. We didn’t catch this until we got the notice in May. By then it had a penalty on it and so we did some back checking and realized that we had not gotten the inventory applied.”

He advised Compass of the situation and advised them of the penalty incurred for not filing the inventory, because he had not realized that he had gotten the information. He said that the net assessed value is \$2.6 for 5/1/13 and the corrected 6/3/13 Notice would generate \$2.8 or almost \$200,000.00 for assessed value. He said that Compass wants this fixed and requests that the penalty be waived. He said that the rendition was filed in part. He said that he has no quarrel with the Assessor’s office and has no quarrel with the evaluation of the property. He is merely here today to explain the circumstances and added that the Statutes do not preclude the Board from waiving the penalty if the Board warrants that it is just cause to do so. He would hope that Compass would not have to pay for a \$40,000.00 mistake that he has made.

Charles Thompson said that he did not know if the Board has the authority to take that kind of action.

Assistant District Attorney Jim Robertson advised that it has been properly assessed and that it appears that everything was carried out properly.

David Tinsley said that they don't have a copy that they acquired it on May 28, which is why an arbitrary was made because no record was made to having anything on file.

Charles Thompson said that to his knowledge the Board has on no occasion been asked to waive a penalty.

David Tinsley said that by statute they can't give extensions.

Charles Thompson said that the Board would in essence be granting an extension.

David Tinsley said, "Statutorily, we can't, unless the legal counsel can come up with something different."

Assistant District Attorney Jim Robertson said that it will not take him long to go to his office to gather more information on this matter. After taking his leave, he momentarily returned with a Statute Book.

Chairman Blanton asked Mr. Robertson to report his findings.

Mr. Robertson said that he is looking at Title 68 Section 2863 which talks about the duties of the Board. It shall be the duty of the boards and they shall have the authority to:

1. Raise or lower appraisals to conform to the fair cash value of the property, as defined by law in response to a protest filed as prescribed by law;
2. Add omitted property;
3. Cancel assessments of property not taxable; and
4. Hear all grievances and protests filed with the board secretary as outlined in Section 2877 of this title.

He advised that the Board can raise or lower appraisals, but the Board is without authority to waive penalties placed by the County Assessor.

Chairman Blanton made the motion to leave the assessment as stated on paper and not to remove the penalty.

The motion was seconded by Pat Ross.

The vote was: Waldo Blanton, yes; Charles Thompson, yes; Pat Ross, yes.

Motion carried.

There was no new business to come before the Board.

No public comments were made.

There being no further business to come before the Board, Waldo Blanton moved that the meeting be adjourned.

The motion was seconded by Charles Thompson.

The vote was: Waldo Blanton, yes; Charles Thompson, yes; Pat Ross, yes.

Motion carried.

(Clerk's note: Agenda was posted on June 13, 2013 at 12:18 pm.)

