

# EQUALIZATION BOARD OF CLEVELAND COUNTY

## MINUTES

July 27, 2017

The scheduled special meeting of the Cleveland County Equalization Board was called to order this 27th day of July 2017 at 10:00 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  
Larry Heikkila, Vice-Chairman  
Charles Thompson, Vice-Chairman  
Tammy Belinson, Secretary

Others present were: Assistant District Attorney Heather Darby, Linda Atkins, Douglas Warr, Ben Hunley, Mary Anne Kennedy, Russell Chronister, Mike Weddle, Justin Baker, Michaela S. Breen, Lisa Ward, Brian Wint, Billijo Ragland, Jeff Taylor and Diana Dye.

After the reading of the minutes of the Special Meeting of July 14, 2017 and there being no additions or corrections, Waldo Blanton moved that the minutes be **approved**. Larry Heikkila seconded the motion.

The vote was: Waldo Blanton, yes; Larry Heikkila, yes; Charles Thompson, yes.  
Motion carried.

### A. Old Business:

1. Chairman Waldo Blanton called for **discussion and/or action** on the following Letters of Protest:  
**At this point**, Tammy Belinson, County Clerk, administered the completion of signed and notarized affidavits from the Cleveland County Board of Equalization, County Assessors and the taxpayer/agents:
  - a. Baker Energy Solutions, LLC, Justin Baker, Protested Property Address: 11500 S Meridian, Oklahoma City, OK 73173, Mailing Address: 11500 S Meridian, Oklahoma City, OK 73173, for #P0173123, OCC2: Aaron Jaqua, CPA, Tax Manager, 2402 Westport Drive, Norman, OK 73069.

Justin Baker said that the Assessor's Office did another review of the property and he agrees with the new value.

Douglas Warr, County Assessor, said they walked thru everything and recommends the value of \$300,000.00.

Upon the recommendation of the County Assessor's Office, Charles Thompson moved to lower the value to \$300,000.00. Waldo Blanton seconded the motion. The vote was: Waldo Blanton, yes; Larry Heikkila, yes; Charles Thompson, yes. Motion carried.

**B. Items of Business:**

1. Chairman Blanton called for **discussion and/or action** on the following Letters of Protest:

**At this point**, Tammy Belinson, County Clerk, administered the completion of signed and notarized affidavits from the Cleveland County Board of Equalization, County Assessors and the taxpayer/agents:

Jeff Taylor, Merit Advisors, represented the following Letters of Protests:

- a. Enerfin Gathering LLC, Agent: Merit Advisors, LLC, PO Box 330, Gainesville, TX 76241-0330, Protested Property Address: Pipeline – P0173148;
- b. Enerfin Gathering LLC, Agent: Merit Advisors, LLC, PO Box 330, Gainesville, TX 76241-0330, Protested Property Address: Pipeline – P0173149;
- c. Enerfin Gathering LLC, Agent: Merit Advisors, LLC, PO Box 330, Gainesville, TX 76241-0330, Protested Property Address: Pipeline – P0173150; and
- d. Enerfin Gathering LLC, Agent: Merit Advisors, LLC, PO Box 330, Gainesville, TX 76241-0330, Protested Property Address: Pipeline – P0173151.

Jeff Taylor said that this is some old pipe line that Enerfin purchased in 2015. They got a good deal on it. It was almost abandoned. They are not using it and it was originally used for low pressure gas lines. Mr. Taylor said they protested last year and is on as a lawsuit at this point. His recommendation on everything is to sustain the current value because they are working hand in hand with lawyers and Jerry Wisdom's office, TASC, to reach a settlement. He concluded by saying that whatever the Cleveland County decides to do is fine with him.

Ben Hunley, TASC, said, "I don't know if I can follow that up." He explained that his job is to work with the Oil & Gas Valuation for Cleveland County. He agrees with Jeff Taylor, they have come to an impasse and there was a law suit last year on the property and a pending law suit this year. He presented a short

summary of value for the entire county. He said that late last night, Jerry Wisdom, Manager of Oil & Gas Operations, came to a revised value and is recommending that the Board lower the value to **\$751,786.00** from \$1,120,928.00.

Douglas Warr said the Assessor's Office agrees with those numbers and is aware of the changes and recommended approval of those numbers.

Waldo Blanton moved, seconded by Larry Heikkila, to approve lowering the value to **\$751,786.00** for the combined account numbers as follows: **P0173148**, \$232,651.00; **P0173149**, \$58,558.00; **P0173150**, \$91,478.00; and **P0173151**, \$369,099.00.

The vote was: Waldo Blanton, yes; Larry Heikkila, yes; Charles Thompson, yes. Motion carried.

Michaella Breen, Agent, appeared for protest on the following:

**At this point**, Tammy Belinson, County Clerk, administered completion of signed and notarized affidavits for the following: Cleveland County Board of Equalization, County Assessors Office and the taxpayer/agents.

- e. EAT-1403, LLC, Agent: Ryan, LLC, Michaella S. Breen,  
Agent Address: 13155 Noel Road, Ste 100, Dallas, TX 75240, Protested  
Property Address: 900 E. Lindsey, Norman, OK, for R0172018.

Ms. Breen is representing a property called Millennium Addition, located off Lindsey Street consisting of 196 units and 198 beds for student housing. The property was built in 2015. She is requesting a value of \$25,127,000.00 for the improvements. The square footage is 580,000 a square foot on the Assessor's website and they have 253,000 leasable square feet on the rental. She asked if there is a mistake made on the software when they transferred everything over. Ms. Breen said that she informally requested a value of \$28,000,000.00. She did not have construction cost at the time of the appeal because the owner had not provided them in the past and added that she had a great relationship with Mike Weddle who told her they needed construction cost. In the packet she included construction cost of 20% soft cost to take off for the construction cost so their requested property value is \$25,000,000.00, because the Assessor specifically noted that he wanted cost information.

Russell Chronister, Deputy County Assessor, said they did get new software last year and the new software includes the garage in the square footage. He said that is not how they determined value. It is all separate, the living space and the garage and there are no comparable sells. There is a vacancy rate of 18% and rent rolls of 8.6 % vacancy. Building one was leasable in the fall 2015, the second part in 2016. He said according to their findings the property is on at a fair value. They requested an appraisal on the property and never received it. They took out a loan for \$35,000,000.00.

Michaela Breen said to get those percentages they gave away concessions to get the 8.6% vacancy. She said it is valued at \$120.00 square foot and the average is \$70.00 per square footage and stated that 253,000 is the leasable area to do income approach. She requests the value of \$25,000,000 on the improvements and \$28,000,000 overall.

Russell Chronister said it is valued at \$32,000,000.00.

Michaela Breen asked to include the construction cost for the 20% standard concession.

Charles Thompson moved, seconded by Larry Heikkila, to lower the evaluation to \$30,000,000.00 and that the Assessor's Office reviews this again next year.

Douglas Warr said that they will have better information next year.

The vote was: Waldo Blanton, yes; Larry Heikkila, yes; Charles Thompson, yes. Motion carried.

A telephone conference was had between the Cleveland County Board of Equalization and Donald M. Barnhill, Agent, for the Kohl's Department Stores located in the Moore and Norman areas for the following protests:

**At this point**, Tammy Belinson, County Clerk, administered completion of signed and notarized affidavits for the following: Cleveland County Board of Equalization and the County Assessor's Office. The affidavit of taxpayer/agent, Donald Barnhill was on file.

- f. Kohl's Department Stores, Agent: Donald M. Barnhill, Don Barnhill Associates, LLC, PO Box 383276, Birmingham, AL 35238; Protested Property Address: 2600 S Telephone Road, for R0102010; and
- g. KRG Norman University III LLC, c/o Kohl's Department Stores, Agent: Donald M. Barnhill, Don Barnhill Associates, LLC, PO Box 383276, Birmingham, AL 35238; Protested Property Address: 2110 24<sup>th</sup> Ave NW, Norman, OK 73069, for R0158649.

Donald M. Barnhill said, "What we have on the department store industry is the retail industry is really going through some difficult times right now. One of the things I've noticed is a decrease in their sales volume at the stores, the two stores in Cleveland County are not hit as bad as some of the other locations in Oklahoma, but they have experienced some decline in their sales. So what Kohl's is undertaking is to take a hard look at every one of the locations that we have and these two locations were valued, the Moore location is valued at about \$70.00 a square foot. We have had some appraisals done on the properties, not on these properties particularly some Kohl's across the country and those appraisals are coming out to the high \$40's to low \$50's per square foot as far as value per square foot. So what they have asked me to do is appeal the property and try to get some relief on the valuations. I know that in Oklahoma that is difficult because of the tax structure you have with value, with once you lower the value it is difficult to bring them back up and things turn around and start getting better.

But, all these guys that are in retail right now are getting hammered. I don't know if you are getting a lot of appeals from them from retailers, but they are in a real tough situation. So what we did is we looked at the value they based upon the performances of the source and looking at the Norman location, what we did to arrive at the opinion of value for the client is that we basically took a rental rate of \$4.50 per square foot times the 68,824 per square feet. We deducted 5% for vacancy and collection and loss for expenses and we capped that 9% to come out at the \$3,106,000.00 as the value. That is basically how we did it. If you look at the performance of the store, the store is really not performing well enough to really throw out a \$4.50 rent, but we went with that number and used a 9% cap rate to reflect the fact that the Norman store is not doing as well as some of the others. They have about eleven stores in Oklahoma and these two stores in Cleveland County rank about number six and number eight. So they are in the middle of that towards the bottom of the performance of the stores in Oklahoma but their values are still some of the highest. Cleveland County Assessor's Office has worked with us over the past few years and has really tried to help us out and our client is really pushing hard that these values need to come down. As far as the Moore location it actually does a little bit better on a per square foot basis than the Norman location and so what we did on it is we used what basically just slightly above \$4.50 rent. We used \$4.53 rent but we actually use an 8.5% cap rate on that and came up with a value of \$3,854,000.00 for that location. That is it in a nut shell as far as what we've done. You know we think the value is right now in the \$69.00 to \$72.00 per square foot range and the client thinks they should be at the \$40 to \$50 per square foot range."

Chairman Blanton asked to hear from the County Assessor's Office.

Mike Weddle, Deputy County Assessor, said he has a packet of information for the Board regarding the Kohl's Department Store in Moore with some comparable in the area. He said the Moore and Norman are two of the most active retail centers in Cleveland County and probably the State now. The store in Norman is located at University North Park and the store in Moore is located in the Riverwalk area. He pulled comparable in similar size in the area across the street on the service road on 19<sup>th</sup> Street because it is its own little market and similar size at \$72.00 per square foot. It is less than average for the area as far as valuation. Mike Weddle said it is fair as far as performance of the store. They are not valuing performance of the store, they are valuing the building. The Assessor's office is aware that retail is on the decline, but very few protests were received this year. However, they are not valuing the business; they are valuing the real estate and the location of where that real estate sits. He said that due those factors a reduction is not justified on these two properties.

Larry Heikkila asked in reference to the Moore location, "So you think it should stay at \$5,897,411.00?"

Mike Weddle said, "We think that is fair."

Mr. Weddle gave the Board some information on the store located in Norman with comparable of that and stated for equity sake that's where they feel it should be.

The Board discussed lowering the value to \$70.00 per square foot and asked if that would create an inequity in the area.

Mike Weddle said, “That is not going to create an inequity in the area.”

Charles Thompson said Cleveland County appreciates Kohl’s being in the county.

Mike Weddle said, “That’s why we are making sure everything is equal and fair.”

Charles Thompson moved to retain the value of \$70.00 per square foot at the Kohl’s Department Store location in Moore, OK, 2600 S. Telephone Road; and the Kohl’s Department Store located in Norman, 2110 24<sup>th</sup> AVE NW, have the value of \$70.00 per square foot.

Waldo Blanton seconded the motion.

The vote was: Waldo Blanton, yes; Larry Heikkila, yes; Charles Thompson, yes.

Motion carried.

Mike Weddle said that the Norman Kohl’s Department Store comes in at \$4,825,730.00.

Douglas Warr said, “We need to verify square footage on the Norman store and it is on at \$69.00 per square foot less than the \$70.00 per square foot, so we will leave as is.”

Larry Heikkila moved, seconded by Waldo Blanton, to **strike** from the agenda upon the request of Steven J. Martens via email to withdraw for the following:

- h. ILS 6, LLC, Taxpayer/Agent: Steven J. Martens, 435 S Broadway, Wichita, KS 67202; Protested Property Address: 3100 Medical Park Pl, Norman, Oklahoma 72072, for R0172964.

The vote was: Waldo Blanton, yes; Larry Heikkila, yes; Charles Thompson, yes.

Motion carried.

**At 11:06 AM**, Charles Thompson moved, seconded by Larry Heikkila, to **recess** the meeting to go into an Excise Board Meeting scheduled at 11:00 am.

The vote was: Waldo Blanton, yes; Larry Heikkila, yes; Charles Thompson, yes.

Motion carried.

**At 11:36 AM**, Waldo Blanton moved, seconded by Larry Heikkila, to **reconvene** the meeting.

The vote was: Waldo Blanton, yes; Larry Heikkila, yes; Charles Thompson, yes.

Motion carried.

A telephone conference call between the Cleveland County Board of Equalization and Travis Mauldin, Agent, was had for the following:

**Assistant District Attorney Heather Darby** said, “Mr. Mauldin, we didn’t receive an affidavit from you on any evidence you wish to present today; so,

statutorily the Board can't consider any documents you sent. However, they can consider anything you present today.”

**At this point**, Tammy Belinson, County Clerk, administered completion of signed and notarized affidavits for the following: Cleveland County Board of Equalization and the County Assessor's Office, as follows:

- i. NDR Windsor Apartments, LP, Taxpayer/Agent: Travis B. Mauldin, c/o Property Tax Services, Inc., 1183 Joyce Blvd., Suite 2, Fayetteville, AR 72703; Protested Property Address: 3700 W. Tecumseh Road, Norman, #R0170285.

Travis Mauldin said, “Well, since you can't look at the data; this complex was built with some weird financing through the government. Where they got a cheap loan and there is no subsidized housing or anything. I think since I am being taped I can tell you at least the testimony can be heard. The cost on the improvement I gave Mike (Weddle) there \$19,760,957.00 that was off the HUD Form that they had to submit prior to receiving the funds. The way this one works was if they had any over runs that is out of the owner's pockets. Other than the funds they were receiving from Federal Government and if they go under they get a bonus. So I have to assume they were right on the money. I wasn't told otherwise on the cost and I believe that Mike and them had the land at \$2.2 million. So if you added the total construction cost of \$19,760,857.00 plus the \$2,200,000.00 it would equal \$21,960,857.00. That would be the request of the taxpayer upon their cost. However, that is not fair value. In Oklahoma cash value as of January 1 is not cost value of January 1 and on this particular property the Assessor had that value of fair cash value of \$29,137,111.00. I, also, submitted income information which will show you their total rents since this was a partial year the value the request of the taxpayer at the informal hearing was to give to 74% vacant on the date of appraisal from Oklahoma. It is hard to do an income approach unless you stabilize the fact in the past the way we done things with the Assessor's office is I have turned in all this evidence and asked for a lease up. In other words a discount on the first years value because the guy is trying to lease up his apartments. So that is all I did on this years' what you see on that handout well you can't get the information to use 30% vacancy on actual income; 35% expense; 7% cap rate and build in the tax rate to that rate of 7% for an 8.45 overall. That evaluation comes in at \$16,802,100.00 so you have a high range when it comes to the income value and the cost because if you don't discount it you'll end up give me a minute... I am going tie it all up here. Yes, sir, as I stated for this particular tax year the client is requesting the lease up valuation based on the income approach of that \$16,802,100 if the Board was not to allow the lease up and just look up actual income would be based on their rents that were in place on January 1 of 5% collection laws 35% expense, \$200.00 reserve for placements \$250.00 reserve for placements for cap, improvements typical expense 7% cap rate plus tax rate out there 1.45 would give you \$22,743,710 that is why I was

telling you we have a very tight range on this valuation on its income and cost the cost was \$21.6 million; \$22.7 million income assessor has on over \$29.0 million. Again the over is requesting based on fact he is 74% occupied on the date of appraisal one year only lease up factor given to actual income of \$16,802,100 is the request of the tax payer. Thank you.”

Larry Heikkila said, “Thank you.”

Mike Weddle said, “Here are the packets on these the first one is the field card and the second you will find pictures of the property on Tuesday. We are at \$29.0 million right now. This is kind of unique property as far as apartment complexes go it is in a high visual area and a lot for land and I know that the form that Travis sent is \$19.0 million for construction cost that was the form was dated before they broke ground on the property. So, I don’t know if that’s something that people are contractually bound to that or if that’s I know it is on a government for and there is some kind of weird financing with this property if you look on the I included the mortgage filed with County Clerk and the mortgage was \$23.0 million one of the issues is we wanted the appraisal on the property.

Douglas Warr said, “We requested it and did not receive it. They had to have one to get it financed. That is one thing we would like to get to see if we can get a little closer on the value on new properties what we do as a rule is they are income producing property we put them on cost approach and then because theoretically there is not like Travis was saying there is not enough income to value based on income because not a full years’ worth so we used on cost approach that where we sit as of right now at \$29.0 million.”

Charles Thompson said, “Give them a chance to get the lease work up and appraisal and what have you...”

Douglas Warr said, “This County has never given like a one year break or anything like that. There is a statute that says...”

Travis Mauldin said, “That is not correct. Douglas, you ask Mike.”

Douglas Warr said, “I did.”

Travis Mauldin said, “There was another lady working on it before Mike.”

Douglas Warr said, “If she did that she broke the law. There is an actual statute that says that we cannot make any adjustments, any consideration or discounts with the property owner to try to get a business to stay in the county, so you won’t go away.”

Travis Mauldin said, “That is not why the discount is given. It is a valuation if you want a value on it based on the income that was why you are valuing at the highest possible level and its cost approach on the first year money on the property.”

Douglas Warr said, “There is a statute that we cannot make adjustments because it is a brand new business.”

Travis Mauldin said, “I am saying that it is not giving on those breaks or statutes it was the fair cash value of the property on January 1.”

Douglas Warr said, “No, that is not correct. We are supposed to put the fair cash value on the property as of January 1 of each year. We didn’t give you discount for new property because we are not allowed to do that. I see some restaurant go



into business, the first few months the restaurant is open their income is probably more we...”

Travis Mauldin said, “You are not valuing a business, you are valuing actual real estate. Income stream doesn’t have anything to do with the sticks and bricks.”

Douglas Warr said, “We do value the real estate of every property of the county.”

Charles Thompson said, “Douglas, what you are saying is that we can’t lower or do anything, move anything to \$22,743,000. We can’t do it next year. I am not saying do it for a year and then raise it and change. You have the authority to get the appraisals, that information you need to...”

Douglas Warr said, “We would like to see the appraisal requested on this property. When we don’t get one it is usually higher than the dollar amount we have it at; otherwise, they submit it. We haven’t been able to get any appraisals this year.”

Travis Mauldin said, “I did ask for the owner in an email, I asked the question can you send me an outline. I asked for an appraisal. I said the County thinks there should be an appraisal of the property since it has a mortgage and/or draw statements, you know if it was a normal construction deal. He said there was no finalized appraisal on the completed assets as the county suggests. The only appraisal we would have would be on the land prior to closing on construction loan. The appraisal is required by the Federal Government Program for financing on value of the land, there is not an appraisal required on completed assets. We don’t have an appraisal that came from the ownership, Tyler. There is no appraisal for this, like I said, its special financing. They got this construction loan through the Federal Government.”

Douglas Warr said, “I can’t see that. I am not saying you are incorrect, Travis. But, I can’t see the government loaning “x” amount of millions without having some type of documentation of appraisal done.”

Travis Mauldin said, “Like, I said, Douglas, you guys asked me for information. I asked this according to what they are saying. I am telling the Board on record that this is exactly what Tyler told me. There is no appraisal on the finished, whatever you call it, on the completed assets.”

Charles Thompson moved that based on the information heard today in determining value of revenue, to lower to \$22,743,710.00.

Larry Heikkila seconded the motion.

The vote was: Waldo Blanton, yes; Larry Heikkila, yes; Charles Thompson, yes. Motion carried.

County Clerk Tammy Belinson said she received an email the agent for Cactus Drilling that they are withdrawing from the protest hearing on the following:

- j. Cactus Drilling, Taxpayer/Agent: K.E. Andrews & Company, 1900 Dalrock Road, Rowlett, TX 75088; Protested Property Address: Various Business Personal Property, P0112336.

Waldo Blanton moved to **strike** this item from the agenda. Larry Heikkila seconded the motion.

The vote was: Waldo Blanton, yes; Larry Heikkila, yes; Charles Thompson, yes.  
Motion carried.

**C. No Board Members discussions regarding County Business.**

**D. No comments from the public were made at this time.**

**E. There being no further business to come before the Board, Charles Thompson moved that the meeting be adjourned at 11:38 am for the year since there is no more protest to hear. Waldo Blanton seconded the motion.**

The vote was: Waldo Blanton, yes; Larry Heikkila, yes; Charles Thompson, yes.  
Motion carried.

(Clerk's Note: Agenda was posted July 21, 2017 at 9:23:35 AM.)

**CLEVELAND COUNTY EQUALIZATION BOARD  
CLEVELAND COUNTY, OKLAHOMA**

*Waldo Blanton*

Waldo Blanton, Chairman

**ATTEST:**

*Tammy Belinson*

Tammy Belinson, County Clerk and Secretary to the Board

Minutes Prepared by:

*Syida Atkins*  
Deputy County Clerk

