



EQUALIZATION BOARD OF CLEVELAND COUNTY

MINUTES

THURSDAY, JULY 16, 2020

This Special meeting was held in accordance with 25 O.S §306 (C) (Signed and enacted March 18, 2020). The meeting took place in the Board of County Commissioners Meeting Room and through teleconference. The public observing social distancing dialed (346)248-7799, the meeting ID is 83483375229 or at 719849 for video. Public comment was made by calling ahead to (405)366-0200 to be added to the list.

<https://us02web.zoom.us/j/83483375229>

The scheduled **special** meeting of the Cleveland County Equalization Board was called to order this 16th day of July 2020 at 10:30 a.m., in the conference room of the Cleveland County Office Building by Chairman Larry Heikkila. Linda Atkins, Deputy County Clerk/Secretary, called roll and those present were:

Larry Heikkila, Chairman
Sid Porter, Vice-Chairman
Tammy Belinson, County Clerk

Rick Atkins, Member, was absent.

Others present were: Assistant District Attorney Carol Dillingham, Douglas Warr, John Roberts, Daniel Thatcher, Russell Chronister, Hernan Orellana (**by teleconference**), LA Quetta McGaha, Travis Mauldin (**by teleconference**), and Jannis Allen.

After the reading of the minutes of the **Special Meeting** of June 11, 2020, and there being no additions or corrections, **Sid Porter** moved that the minutes be **approved**. Larry Heikkila seconded the motion.

The vote was: Larry Heikkila, yes; Sid Porter, yes.
Motion carried.

A. Items of Business:

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

- a. Protest was heard as follows by Mr. Hernan E. Orellana, 2217 Oak Valley, Schertz, TX 78154,

Protested Property Address: 2733 SE 93rd Street, OKC, OK 73160
Account #: 128190

Email address: turtle@strider21.com

Contact was made by dialing the following number: 210-739-3259

Mr. Orellana said that he will be brief and will start with the first page. He said, "I did find an irregularity between the improvements square footage value. That data, which I think I put on the second page there, that is from your GIS data from your website and it is essentially the same thing that you guys did through the mass appraisal methods except I used the sample size that was essentially the entire with the streets that the house touches as opposed to just a handful; so just being a larger sample size should by mathematical definition be accurate, and not just an estimate. So from that you can see that on the second page there the cost per square feet of my house is \$80.78. The average is \$79.49 so the delta between those is a \$1.29 of the difference between the costs of per square feet. So if you do the math at that difference of a price that changes the value of my property per square foot and that decreases it by \$1,814.46. And again, that is not an estimate that is your actual full sample size of all the houses there, so that is the first item. The second one is the difference between my house and all of the others, all the others have fences, and mine does not. I did get a guy to come out here and give me an estimate of what it would cost to make it equal with everybody else's and the price that I put there with tax is \$5,675.60 and there is an estimate on following pages that's the actual estimate from that person and there are several items on the south that need to be repaired soon. The air conditioner is, that thing is a huge problem. I took pictures there that I got there yesterday actually and the unit is original from 2003 and it is well past its service life and I had an HVAC guy and said, I quote, 'it's on its last leg.' I have already made several repairs to it so at this point it is just; it's not even worth repairing anymore. I absolutely need to replace that thing. So there is an estimate that I have attached there as well. The first page has the costing as well. The carpet is the original one from the house and I took pictures on there and that needs to be replaced. It was just a cheap carpet, to begin with. It was a contractor's spec carpet so if you could imagine it just needs to be replaced. The estimate is there. The water heater, I can't even open it because there is metal corrosion that is occurring between the different metals on the spouts and everything. The valves are, you can't really open anything, so the corrosion is so bad if I were try to take out, and for example, the anode

rod on it, I would have to replace it on the spot because of the significant corrosion. And the water heater is warranted for five years and I did a screenshot of the warranty and it is sufficient to say that the water heater is almost twice its service life. So that needs to be replaced. The actual estimate from a contractor is included in my evidence as well. There is also some severe corrosion that is occurring on the exterior of the house with respect to wood paneling and such. Some of that stuff is falling out so it has to be replaced where it is corroded. It is just the normal wood that just gets damaged over time and it just starts corroding away. I put an estimate on that based on a guy that does this all of the time so he gave me an estimate for that and a new one that I just discovered was and I hadn't seen this one before was the garage door has some fatigue damage on it and I understand that all garage doors will eventually start getting metal fatigue. So I took pictures of them and I included them there and I also included them with replacement cost as well. So after you deduct all of these things and I am just going by that this is the standard for anything effecting property value or market value shall I say? If I had to sell this house I could fix all of these things. That decreases the total amount of the house and there are the figures on the first page."

Chairman Heikkila asked, "So you say it is \$111,431.27?"

Mr. Orellana said, "Correct."

Chairman Heikkila said, "I understand sir. How long has this house been occupied? All of this year is my guess to this question."

Mr. Orellana said, "Oh, yes, the entire year."

Chairman Heikkila asked, "And have you been able to collect rents for that house?"

Mr. Orellana said, "Uh, yes, sort of."

Chairman Heikkila said that he understands.

Mr. Orellana said that they are late and making payments is not an easy thing for them.

Chairman Heikkila said, "Understood, sir, all right, thank you very much for this complete set of details that you have here."

Russell Chronister, Chief Appraiser, came forward to present for the County Assessor. He said Billijo Ragland put together some comparable sales in the area and all the sales are close to the **Protested Property Address: 2733 SE 93rd Street, OKC, OK 73160, built in 2003, 1,404 square feet, appraised value, \$148,418.00, \$105.71 appraise square foot, and the comparable properties are as follows:**

Acct #	Address	Yr Built	Sale date	Sale Price	Square Feet	S.P/Sq.Ft
117086	2701 SE 96 th ST	2003	3/29/2019	\$150,000.00	1,450	\$103.45
65509	2817 SE 95 th ST	1998	11/22/2019	\$157,500.00	1,445	109.00
128177	2700 SE 91 st	2003	3/14/2020	\$150,000.00	1,435	104.53



Douglas Warr asked Mr. Orellana if someone came out to look at his house to re-measure the house.

Mr. Orellana said, “I don’t think that you needed to re-measure it.”

Warr and Orellana discussed that he only had one house and had not dealt with the Assessor’s office on other properties.

Mr. Warr said that he must be thinking of a different person.

Mr. Orellana said that he is a singular home owner, nothing fancy.

Russell Chronister said that the comparable sales in the neighborhood reflect that they are in the correct range.

Douglas Warr addressed the condition of Mr. Orellano’s house by saying that when someone buys a home and there are all types and conditions but typically to make a transaction go through one will have a property inspector go through to look at the house and if everything is in working order typically the sale will go through. His personal house is twenty years old with a hot water tank that is the same age as the house and the roof is approximately that old and listed much more items wrong with his house and said that there is a wish list to fix, but it still sold for a certain amount of money. The Assessor’s Office does not go in on every house throughout the county to assess what needs replacing, and stated that these types of things are still functioning in Mr. Orellana’s house. The property is rentable and nothing requires addressing today. Most of all it is still habitable. As any typical home, there are some things need repairing or one will have to deal with eventually, but the County Assessor does not do adjustments for those types of things. If there was a hole in the roof and water was pouring in, then that would be an issue.

Chairman Heikkila said, “So you are saying that you believe that the appraised value should stay at \$148,418.00?”

Douglas Warr said, “That is correct, sir.”

Mr. Orellana said, “Yeah, I vehemently disagree with that. Because the first thing is that the cost per square foot and I never understood why a smaller foot print is a higher price automatically. It should be a consistent cost per square foot and it doesn’t really matter if a lot is twice as large 1.5 times as large, you know there really shouldn’t be a volume discount per square footage. I don’t understand what the actual logic or math is behind what he said earlier about the increase in price per square foot. So I just took a sample size of the entire street, the streets that are there, so what I have given you there is not an estimate. It’s not comparable; it is all of the actual data, so there is a difference between actual and an estimate. So I do request that the square footage be calibrated if you will per the actual data that I have provided. And the other thing about the cost to remedy the items, those are things that have to be fixed and you gave the analogy to the

hole in the roof, ironically, I have a hole in the roof from a tornado that came a quarter of mile from the house. All of these items do effect the taxable value because it effects market value and I did look at the Oklahoma State Law and it does talk about things that effect market value and these do, because if I were to go buy a house these are the kind of things that I as a homebuyer would look at and I would reduce the price of that house that I paid for based on what I have to repair. The air conditioner for example the thing is dying, I have paid for so many repairs already. So the notion that these things shouldn't be considered is I don't believe to be correct, by the methods used to arrive at a taxable amount. These things have to be fixed; people are not going to buy as is. These things that have occurred in the area, I am pretty sure that if you go and interrogate each of the homeowners that they probably have everything in order to make a house look better. It's like when you buy a used car, you know, the price is not going to be what is on the NADA value or the, I forget what the other listing is, but they've got different ratings based on the condition of the car. Of course, that is just a starting point for when you go to negotiate on those things. So I am not going to get what the assessment value of \$148,418, I am not going to get anywhere close to that value based on all the things that are visibly wrong with the house."

Chairman Heikkila said, "Understood."

Douglas Warr said that typically the condition of the home does affect the sale of a house, but as appraisers they accept the fact that on older homes need updating, but currently the house is livable.

Mr. Orellana said, "A tent is a livable structure too. So, by that definition, the heat and air has gone out several times. And that's the problem with saying by that logic no one will ever be able to deduct heat and air because no one is going to allow the heat and air to be dead for more than a day or two, because people call and get these things fixed on Christmas Eve if they need too."

Douglas Warr said that some heat and air units are more feasible to continue to repair because of the quality as compared to the newer units.

Mr. Orellana said that is a false equivalency because the problem with the unit is it uses the old type of coolant and the entire system needs to be re-gutted. It is not compatible to the newer refrigerate; it's a different refrigerant and operates at a much higher pressure. None of it is useful; the entire thing has to be replaced.

Chairman Heikkila said, "Understood."

Mr. Orellana said, "Yeah, you can't get the old ones anymore they don't have EPA standards."

Chairman Heikkila asked what the taxes are.

Douglas Warr said that the only thing that they look at is value.

The County Assessor's Office puts a fair market value on a property and then the County Treasurer's Office does the rest, because they look at Ad Valorem. The School Districts look at their Estimate of Needs and look at Street Bond issues that were voted in. Then there is the millage rate, even

though the Assessor puts a value on a piece of property, it comes down to what the voters have passed and the Bond Issues. They cannot look at taxes for they have no clue what taxes will be on this property this year. The Equalization Board can address the value.

Chairman Heikkila thanked Mr. Orellana for bringing this information to the Board. At this point, Chairman Heikkila said that they agree with the Assessor's value.

Mr. Orellana said, "I disagree, so how do I protest this further? Because I don't believe; however you guys are interpreting the law, I am putting forth actual evidence of things that decrease a taxable amount and that impact market value. So that means that I do have to protest this further. It is inconsistent with, for example, in Texas, at my Mom's house; the State of Texas did consider all of the items. So, two States are doing two different things."

Chairman Heikkila introduced Assistant District Attorney Carol Dillingham.

Carol Dillingham said, "I am legal counsel for the Board, Mr. Orellana, you do have further right to appeal that. That would be in the District Court here in Cleveland County."

Mr. Orellana asked, "Okay, where do I find information about doing that?"

Carol Dillingham advised that he will need to consult legal counsel or check the Oklahoma Statutes.

County Clerk Tammy Belinson said, "The County Clerk's Office will be sending you a formal response of the Board's Decision and then you can take it from there."

Douglas Warr said, "On that response it will tell you the procedures to go forward if you want to go to the next step, sir. You will get something from the County Clerk who is the secretary to the Board of Equalization and it will give you information of the value put on it and, also, how you can go on to your next step to appeal it if you want to. You will get information to explain your questions."

Chairman Heikkila said, "Thank you, sir."

Sidney Porter made the motion to **retain** Current Fair Cash Value at \$148,418.00. Chairman Heikkila seconded the motion.

The vote was: Larry Heikkila, yes; Sidney Porter, yes.

Motion carried.

- b. This item moved to the end of the agenda due to failure to contact with **Mr. Greg L. Smith**, 9505 S Land Ave, Okla. City, OK 73159.

Protested Property Address: 9505 S Land Ave, OKC, OK 73159

Account #: 65794

Day time phone: 405-535-6728

- c. Protest presented on the following through Telephone Conference call by **Taxpayer/Agent:** Travis Mauldin, Property Tax Consultant, 1183 Joyce Boulevard, Suite 2 Fayetteville, AR 72703:

1. Account #: R0128537 - PVP Bluffton LLC, PVP Silver Lake LLC; and

Property Address: 3651 W. Robinson Street, Norman, OK

Travis Mauldin introduced himself to the Board and stated that this particular account is a Drug Store located at 3651 W. Robinson Street in Norman. It was built in 2003, 14,800 sq. ft. The property is under litigation for the past two years. For 2020, he is covering the appeal for this company and had nothing else to report. He said that the owner and County Assessor are still far apart on an agreement as to the assessed value on this property.

Chairman Heikkila asked if everything is the same as last year.

Mr. Mauldin said that nothing has changed.

Douglas Warr said that he gave the Board a copy of the property record card that's basically going to talk about some of the sales prices that this property has sold for over the years then a copy of a mortgage which shows that they have a \$6,000,000 Mortgage on the property. It is much the same as was presented last year when the Assessor addressed it then. He said it is a CVS and they agree on the square footage, the building is in great condition. There are no issues there with it and no permits were issued to have any work done to it last year. It is in a great location and got a great sale price.

Travis Mauldin said that he agrees with the great location but can't agree with the sale price.

Douglas Warr said that it is debatable then. He said on the property record card the Board can see where it is highlighted at the top and the current value is a little over \$3.7 million. He asked them to look at the center of the record card one can see all the way back to when it was built back in 2003 and it sold for \$5.2 million and in 2016 it sold for \$6.5 million and then in 2017 it sold for over \$8.0 million. Over time the property went up. It is not a distressed area and the market has remained strong. On the second piece of paper is a copy of the

Mortgage for \$6,000,000. In his opinion a Bank would not loan \$6,000,000 if they thought the property was only worth \$2,000,000. Mr. Warr requested that the Current Fair Cash Value be retained at \$3,734,688. He said, as Mr. Mauldin has said, this property is involved in litigation for prior years.

Carol Dillingham said that as she has mentioned before with cases that are involved in litigation, it is best to combine these to try to resolve these by going back to the original one. She said that as legal counsel, it is her recommendation to try to facilitate these to resolve these cases and asked that the Assessor's Current Fair Cash Value be retained.

Larry Heikkila moved, seconded by Sid Porter, to **retain** the value of \$3,734,688.

The vote was: Larry Heikkila, yes; Sid Porter, yes.

Motion carried.

2. **Travis Mauldin presented the following on Account #: R0170285 – NDR Windsor Apartments, LP**
Property Address: 3700 W. Tecumseh Road, Norman, OK

Mr. Mauldin said that these are known as the Anatole at Norman Apartments, located at 3700 W. Tecumseh Road, Norman, OK. The Apartments were built in 2016 and it is very good investment class and you have a total of 230 apartment units that they rent out. The Assessor's current value is \$21,731,368 and the unit of comparison on most apartments would be per unit and that's why you see on the cover page of my hand out there, \$94,484 per unit is the current appraised value by the County Assessor.

He did an income property analysis on this property and the valuation is \$20,156,007 or \$87,635 per unit. He asked the Board to look at the next page of the hand out to see where they submitted three years of their income expense statement and attached the rent roles for the property.

The page is summarized to save time and confusion. The performance of the property over the last three years has done well, but they did have a slow take off on the vacancy and collection. It has stabilized on the Performa at 15% and has done well on the miscellaneous income and the expenses have maintained and they used 35% for an expense ratio.

That does not include any real estate tax and there is a requirement from the lender for capital improvement. They don't include any capital improvement such as roof repairs, painting, on a major basis or the parking lot major, anything major expense, so \$250 per unit will go back for that reserve and they included that for an expense and used a 7 cap rate and then added to the affective rate for Norman and capitalized that and it stabilized it at a little over \$1.7 million and came up with a value of \$20,156,007. It was not valued on its worst year or its best year, he simply tried to hit it in the middle, because they have to look back while going forward and next year it will be a different story. The owner

agreed to present this to the Board and is asking for consideration of the analysis based on a 7 cap rate, plus the tax rate added to it for an overall rate of 8.45% to get a value of \$20,156,007. On the page showing 7.92 cap rates does not include the effected tax rate and because it is Norman, they backed off to a 7, because they think Norman beats the national rates. He concluded that his case is based on the income analysis.

Russell Chronister presented for the County Assessor's Office. He said that they started out with high vacancy; but by June 2016, they were doing fine. Effective gross income all increased throughout the year and on the left side it shows the income value which shows their actual income and actual miscellaneous income that comes to \$21,551,633, for 2019. He said it is a nicer apartment complex, one of the best in Norman right now. The Legacy Trail Apartments sold in February 27, 2020 for \$19,337,501 at \$92,969 per unit. Legacy Trail is of average quality and lower rent collected compared to Anatole.

Douglas Warr said that they try to look at multiple years and not go with the best year or worst year and requested that the Board retain value of \$21,731,368. He said that the recent sale is average quality and is located by the Neighborhood Walmart. The interior is not the quality as the subject property.

Sid Porter moved, seconded by Larry Heikkila, to retain the Current Fair Cash Value of \$21,731,368.

The vote was: Larry Heikkila, yes; Sid Porter, yes.

Motion carried.

Chairman Heikkila called for a return to Item "b."

- b. Mr. Smith did not answer his phone during the second attempt to contact him for the following: Greg L. Smith, 9505 S Land Ave, Okla. City, OK 73159. Protest information: Account #: 65794 - 405-535-6728.**

Chairman Heikkila said that two attempts were made to contact Mr. Smith during this meeting.

After a brief discussion, County Clerk Tammy Belinson and County Assessor Douglas Warr recommended that Mr. Smith be given another opportunity to appear at the next meeting.

Larry Heikkila moved, seconded by Sid Porter, to **table** this item until the next meeting, Thursday, July 23, 2020.

The vote was: Larry Heikkila, yes; Sid Porter, yes.

Motion carried.

B. No Board Members discussions regarding County Business at this time.

C. No Public Comment was made at this time.

D. There being no further business to come before the Board, Sid Porter moved, seconded by Larry Heikkila, to **adjourn** the meeting at 11:02 am.
The vote was: Larry Heikkila, yes; Sid Porter, yes.
Motion carried.

(Clerk's Note: Agenda was posted on July 13, 2020 @ 2:11 P.M.)

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



Larry Heikkila, Chairman

ATTEST:



Tammy Belinson, County Clerk and Secretary to the Board

Minutes Prepared by:


Deputy County Clerk