

BOARD OF EQUALIZATION

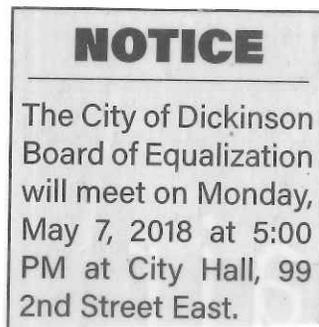
CITY OF DICKINSON, NORTH DAKOTA

MAY 7, 2018

Pursuant to due call and notice, with notice of publication in the Dickinson Press, the Board of Equalization met in compliance with North Dakota State Law. The meeting was held on May 7, 2018 commencing at 5:00pm, in City Hall located at 99 2ND Street East.

1. CALL TO ORDER

President Scott Decker called the meeting to order at 5pm and directed that a copy of the published notice be included as part of the minutes and tax roll completed.



ROLL CALL

Present: President Scott Decker, Commissioners, Jason Fridrich, Klayton Oltmanns, and Sarah Jennings-Trustem. Also present: City Assessor Joe Hirschfeld, City Deputy Administrator Linda Carlson, and Dickinson City Attorney Jan Murtha.

Absent: Carson Steiner and City Administrator Shawn Kessel

2. City Assessor Joe Hirschfeld reported the assessment roll has been completed.

President Decker asks if there is anyone from the public who would like to speak about their property they may do so after we have heard from the two scheduled property owners.

3. ASSESSOR'S REPORT:

City Attorney Murtha asked that City Assessor Hirschfeld state his qualifications for the Board and the public, then give his report. City Assessor Hirschfeld gave his qualifications and report to the Commission and the public. He talked about the trend in the market for residential and commercial properties. Microtel and Sierra Ridge were heard at the Supreme Court and a decision has not been made yet. Menards and Walmart decline and move forward to the Supreme Court. Carlos Royal has several properties in District court. Roers properties are in an appeal with a hearing not set at this time. Mr. Hirschfeld asked if there were any questions at this time about his report. No questions were asked.

4. Mr. Hirschfeld stated that there have not been any abatements this year.

5. President Decker is asking that if the public has a disagreement with their property they may speak about their property. Mr. Decker is asking that the public state their name, property, and that there is a limit of 20 minutes to speak about their properties. Mr. Hirschfeld would like to have the property owners speak first then he will give his report after that. Mr. Hirschfeld gave President Decker and the Commissioners reports on Carlos Royal and Shirley Dukart's properties.

6. Carlos Royal gave his qualifications in the Real Estate business. Mr. Royal is talking about his six properties; Silvergate Apartments, Century Apartments, Royal Manor, Eastmore Townhouses, Park Place, and 8th Avenue. Mr. Royal is going through his PowerPoint presentation. Mr. Royal asks that the Board go over and correct each individual property. Mr. Decker is asking if Mr. Hirschfeld can clarify the sales. Mr. Hirschfeld states that the five comparable sales that Mr. Royal is talking about are from the 2015 Abatement at the County hearing. Those sales are from the year 2014. Those five comparable sales are completely different data set than used for the 2017 property value. President Decker asked Mr. Royal why Park Place Apartments are in the red. Was there construction done, remodeling, or moving of tenants to another property? Mr. Royal stated "no can't rent it", with no explanation. Mr. Royal stated that his income has decreased overtime. Mr. Royal did get appraisals for all of the six properties.
 - A. EASTWOOD
 - B. 8TH AVENUE
Bought at the start of the boom and paid \$1 million dollars and the income dropped 94%.
 - C. Park Place
No operating net income last year lost \$11,000.
 - D. Royal Manor
The best generating income.
 - E. Silvergate
Best performing per unit building. It has two bedrooms, basement, and garages
 - F. Mr. Royal bought 61 units for \$15,000

Mr. Decker interrupts Mr. Royal saying that he has one more minute. Mr. Royal has gone over his allotted time. Mr. Decker asking if there are any questions for Mr. Royal. City Attorney Murtha is stating that if Mr. Royal has anything else that he would like to say this would be the time to do so. Mr. Royal then continues to talk. Mr. Hirschfeld is asking Mr. Royal if the market is up or down. Mr. Royal is stating that the market is down, but the demand is increasing. Mr. Oltmanns stated that this is not the only information from Mr. Royal that the Commission has received. Mr. Hirschfeld stated that the Assessing department does not use the income approach in the models, this is used to double check what the cost and market approach are. We use the income approach to check values. City Attorney Murtha asked Mr. Hirschfeld to explain the different approaches. Mr. Hirschfeld is stating that there are 194 apartments and the office received 63 statements he did not receive many income and expense forms over three years. Mr. Hirschfeld is giving his report on the apartments. Mr. Hirschfeld explains to the Commission why Mr. Royal and Mr. Hirschfeld's values do not agree. Mr. Fridrich is questioning many rental costs of low \$2700 to \$2950 in 2017. Mr. Fridrich does not believe that there have been apartments that are being rented out at these prices. Mr. Hirschfeld is stating that this is why it is difficult to rely on the income approach. Mr. Decker is wanting to move forward, but Mr. Hirschfeld has more of his report to give. Mr. Hirschfeld continues with his report. Mr. Hirschfeld is talking about the information that was given to his office by Mr. Royal that Century Apartments are at 18% vacancy and Century Apartments are at 22%. According to information that was given to Mr. Hirschfeld by another appraiser Royal Manor was renting at 8.4% vacancy and Century Apartments at 16%. That trend is then saying that vacancies are going down and occupancies are going up. Mr. Royal is not agreeing with where the numbers are needing to come from. Mr. Decker is asking if there are any questions. No questions were asked. The

Commission will go through each individual property to determine if an adjustment in value is needed or not. Mr. Fridrich is asking what Mr. Hirschfeld feels. Mr. Hirschfeld explains that you cannot just put a number in the model. The true and full value is from the Market. Mrs. Trustem asked on how the income approach is used to justify the values in different municipalities. Mr. Hirschfeld states that it is very rare. Mr. Decker is asking for a motion to stay with the assessed value, commission's adjustment, or what the property owner is suggesting. Mrs. Trustem is attempting to get a clarification of expenses and Mr. Royal is now talking about income. Mrs. Trustem is recognizing that it is difficult to work with the income approach due to lack of information. Mr. Fridrich is asking on how Vanguard did their appraisal of commercial properties. Mr. Hirschfeld is attempting to talk and is interrupted by Mr. Royal. Mr. Hirschfeld is stating that we are required to use 30 sales and we can go back 3 years if we do not have 30 sales in the last year. Mr. Royal continues to interrupt the Commission on the next item. Mr. Royal is arguing with Mr. Fridrich about state law. Mr. Royal is telling the Commission, the State, and the Assessing Department on how to do their jobs.

Mr. Decker again asks for a motion on the apartments. Mr. Oltmanns is asking about appraisals and values. Mr. Fridrich and Mr. Oltmanns are trying to have a discussion and Mr. Royal then interrupts again. Mrs. Murtha is attempting to get Mr. Royal to sit down and it did not work. Mrs. Trustem is clarifying that it is not a good idea to just come up with a number. The Commission is agreeing that the assessed values that were provided by the Assessing department are incorrect. Mr. Oltmanns thinks that the value should be closer to the appraised value. Mr. Hirschfeld is stating that if we break away from the models you are opening up the opportunity to all commercial property owners to come in and attempt to get a lower value.

Century Apartments

Mrs. Trustem is talking about the budget and the mills, because ultimately this will affect our taxes. Mr. Royal interrupts Mrs. Trustem and states that we don't have to look at the budget. Mr. Decker interrupts Mr. Royal and asks him to sit down. Mr. Oltmanns wants Mr. Hirschfeld and Mr. Royal to sit down together and see if they can come up with a solution on all of Mr. Royal's 6 properties in question.

Shirley Dukart

Property address at 649 Park Street. Mrs. Dukart's property was part of the reappraisal project throughout the City of Dickinson. Mrs. Dukart is contesting her True and Full value increase in one year of \$170,000. Mrs. Dukart goes over her real estate qualifications. Mrs. Dukart did come and visit Joe in the office to voice her opinion on her True and Full value. Mrs. Dukart did let Mr. Hirschfeld know that she will get her own appraisal. Mrs. Dukart gave the Assessing Department and the Commission a copy of her appraisal. Mrs. Dukart had an appraisal done by Nick Duchscher. That appraisal came in at \$415,000. Jeremy Farar, City Appraiser for the City of Dickinson and Mr. Hirschfeld reviewed Mrs. Dukart's appraisal and was able to adjust her property two different times. Mrs. Dukart was still not accepting. Mrs. Dukart's true and full value in 2017 was \$360,300 after the final adjustments that the Assessing office made for her, her true and full value was \$486,400. Mr. Hirschfeld introduced Jeremy Farar who was allowed to measure around and do a quick walk through of Mrs. Dukart's home. Mr. Farar explained how he adjusted her home. The Commission is struggling with the huge increase of Mrs. Dukart's home. Mr. Farar continues to explain the difference between grade, condition, and basement finish as those are the big factors of a properties true and full value. Mr. Hirschfeld also explains the history of the two story homes in Dickinson on how they were graded in the past. Mr. Decker asks if there are any questions for Mr. Hirschfeld or Mr. Farar. Mr. Oltmanns makes a motion to accept the appraised value from the independent appraiser of \$415,000

MOTION BY: Mr. Klayton Oltmanns SECOND BY: Jason Fridrich

DISPOSITION: Roll Call vote, Aye 4, Nay 0, Absent 1.

Motion declared duly passed.

Miles Bobb

Property address at 39 8th Street E. Mr. Bobb did come down to the office and did speak with Mr. Farar. Mr. Bobb will not allow the City Appraiser into his home until he gets all of the Commissioners property information. Mr. Decker gave permission to the Assessing office to give out their information due to it being accessible to the public. Mr. Bobb let the Commissioners know all the updates that he has done. Mr. Decker suggested to Mr. Bobb to let the City Appraiser into his home or get an independent appraisal, or go down and talk with Mr. Hirschfeld. Mr. Bobb said that he would go down to the office and visit with Mr. Hirschfeld.

Terry Clement

Mr. Clement owns apartments in Dickinson.

2150 1ST STREET W 12 Plex valued at \$1,272,000 has an appraisal

128 23rd AVENUE W 8 Plex valued at \$853,400 has an appraisal

1589 10th AVENUE W 18 Plex \$52,861/unit

1527 10TH AVENUE W 24 Plex \$48,379/unit Identical to Mr. Royal's property.

Mr. Clement has spoken with Mr. Hirschfeld about his properties. Mr. Clement did not hand anything into the Commission to review. Since Mr. Royal had appraisals and is asking for a lower value than the Assessing office has for the True and Full value, then Mr. Clement said he should get the same chance as Mr. Royal. Mr. Clement stated that he would go visit with Mr. Hirschfeld about his properties.

Jerod Euloff with Paramount Land Group

Purchased All Seasons Storage last fall. Did talk with Mr. Hirschfeld about the property's assessed true and full value. Mr. Euloff does have an appraisal and would like to sit down with Mr. Hirschfeld.

7. City Assessor Hirschfeld does not have any properties to add to the assessment list.
 - A. Mr. Decker makes a motion to conclude the work of the Assessing Office except for the properties that are in negotiation. Carlos Royal, Miles Bobb, Terry Clement, and Jerrod Euloff

MOTION BY: Jason Fridrich SECOND BY: Sarah Jennings-Trustem

DISPOSITION: Roll call vote 4, Aye 4, Nay 0, Absent 1.

Motion declared duly passed.

8. No motion needed due to the continuation of this meeting. Date and time to be determined at the next Commission meeting.
9. EXEMPTION APPLICATIONS:
 - A. To approve the Real Estate Property Tax Exemptions under NDCC 57-02.2-02 & 03 and 57-02-08 (35) (36).

MOTION BY: Sarah Jennings-Trustem SECONDED BY: Klayton Oltmanns
DISPOSITION: Roll call vote 4, Aye 4, Nay 0, Absent 1.
Motion declared duly passed.

10. Adjournment: Motion carried to adjourn meeting at 7:39pm

MOTION BY: Jason Fridrich SECONDED BY: Sarah Jennings-Trustem
DISPOSITION: Roll call vote 4, Aye 4, Nay 0, Absent 1.

Motion declared duly passed.

The Board of Equalization meeting will reconvene on Friday, May 25, 2018 @ 8:00 a.m. determined at the May 14th, 2018 City Commission meeting.

1. President Scott Decker called the continuation to order at 8:00 a.m.
Present were; President Scott Decker, Commissioners Jason Fridrich, Carson Steiner, Klayton Oltmanns, Also present: City Assessor Joe Hirschfeld, Deputy City Administrator Linda Carlson, and Dickinson City Attorney Jan Murtha.
Absent Sarah Jennings-Trustem and City Administrator Shawn Kessel
2. There were five properties to be discussed.
 - A. Miles Bobb 39 8th Street E
 - B. Jerod Euloff Paramount Land Group
 - C. Terry Clement 4 Properties
 - D. Carlos Royal 6 Properties

City Assessor Hirschfeld gave his report of ND State law that appraisers have to follow. Mr. Hirschfeld also explained the number of changes on parcels that were made by the Assessing office. Mr. Fridrich was questioning the number of parcels that the office had to correct and wondering if that concerns Mr. Hirschfeld. Mr. Hirschfeld stated no, we have 10,500 parcels to oversee. Mr. Hirschfeld explained that the revaluation process and the changes that were made were due to our Appraiser having to do a curb assessment, home owners came into our office, or called to set up an appointment so our office would have access to the residential property. Mr. Hirschfeld explains the different methods of valuation. Mr. Hirschfeld suggests that no changes occur. Mr. Fridrich asks Mr. Hirschfeld to explain the State Law of true and full value. Assessors have to watch the market and find the median. Mr. Fridrich also asked on how Vanguard comes up with their values for the reappraisal for the commercial values. Mr. Fridrich is concerned about equality.

3. President Decker states that the Board of Equalization shall proceed to equalize and correct the assessment roll (NDCC57-11-03) The Board may change the valuation and assessment of any real property upon the roll by increasing or diminishing the assessed valuation thereof as shall be reasonable and just to render taxation uniform (NDCC 57-11-03). Except that the valuation of any property returned by the Assessor shall not be increased more than twenty-five percent without first giving the owner or his agent notice of the intention of the Board to increase it (NDCC 57-11-03)
4. President Decker states that this is the time for property owners to speak about their properties.
 - A. Miles Bobb at 39 8th Street E
Mr. Bobb was not present during the meeting. Mr. Bobb did not contact the Assessing office for the documents that he was wanting. Mr. Bobb also did not make an appointment with the Assessing office. Mr. Decker is asking for a motion to accept the assessing office's value, change in value, or come up with a different value. Motion to deny the request change of value

MOTION BY: Carson Steiner SECONDED BY: Klayton Oltmanns

DISPOSITION: Roll call vote 4, Aye 4, Nay 0, Absent 1.

B. Jerrod Euloff

Mr. Euloff is part of Paramount Land Group. Mr. Euloff did provide appraisals. Mr. Euloff purchased All Season Storage last fall. Mr. Euloff was not present for the meeting. President Decker is asking for a motion to accept the assessing office's value, change in value, or come up with a different value. Motion to deny the request change of value.

MOTION BY: Jason Fridrich SECONDED BY: Klayton Oltmanns

DISPOSITION: Roll call vote 4, Aye 0, Nay 0, Absent 1.

C. Terry Clement

Mr. Clement has 4 properties. Mr. Clement was hoping for more of a decrease. The Board and Mr. Clement were asking about the differences in the properties and the similarities of the properties according to Mr. Royals Apartments. Mr. Hirschfeld explains the big difference of the appraisal is that the appraisal did not accurately portray the property. The appraisal was comparing Jewel Blue property to a 4 plex and a 12 plex this concerned Mr. Hirschfeld so that is why he could not consider this appraisal. Mr. Hirschfeld suggests to stay with the current Assessed Values.

- a. Temili, Inc 18 units 1589 10th Avenue W. President Decker is asking for a motion to accept the assessing office's value, change in value, or come up with a different value. Mr. Steiner makes a motion to change the value to \$825,700

MOTION BY: Carson Steiner SECONDED BY: Klayton Oltmanns

DISPOSITION: Roll call vote 4, Aye 4, Nay 0, Absent 1.

Motion declared duly passed.

- b. Abode Properties, Inc. 24 units 1527 10th Avenue W. President Decker is asking for a motion to accept the assessing office's value, change in value, or come up with a different value. Mr. Steiner makes a motion to accept the new value of \$1,081,300.

MOTION BY: Carson Steiner SECONDED BY: Klayton Oltmanns

DISPOSITION: Roll call vote 4, Aye 4, Nay 0, Absent 1.

Motion declared duly passed.

- c. Jewel Blue, LLC 12 units 2150 1st Street W

Mr. Steiner asked Mr. Clement about the square footage of Jewel Blue, how many bedrooms, and bathroom. Do the apartments have garages? Has 3 bedrooms 2 bathrooms and a detached garage. President Decker is asking for a motion to accept the assessing office's value, change in value, or come up with a different value. Mr. Oltmanns makes a motion to deny a change in value.

MOTION BY: Klayton Oltmanns SECONDED BY: Scott Decker

DISPOSITION: Roll call vote 4, Aye 4, Nay 0, Absent 1.

Motion declared duly passed.

Mr. Steiner would like to rescind the disposition on Jewel Blue, LLC. Mr. Steiner was still doing numbers. President Decker asked the City Attorney Jan Murtha if this is possible. Mr. Oltmanns would need to rescind his decision and then the Board would have to vote on rescinding. Mr. Oltmanns makes a motion to rescind the first disposition on Jewel Blue, LLC after seeking guidance from Commissioner Fridrich.

MOTION BY: Klayton Oltmanns SECONDED BY: Carson Steiner
DISPOSITION: Roll call vote 4, Aye 4, Nay 0, Absent 1.

Motion declared duly passed.

Jewel Blue, LLC was revisited and Mr. Steiner came up with a number for the True and Full value of \$1,152,000 which is \$96,000 per unit. President Decker is asking for a motion to accept the assessing office's value, change in value, or come up with a different value. Mr. Steiner makes a motion to come up with a different true and full value of \$1,152,000 which is \$96,000 per unit.

MOTION BY: Carson Steiner SECONDED BY: Jason Fridrich
DISPOSITION: Roll call vote 4, Aye 4, Nay 0, Absent 1.

Motion declared duly passed.

- d. TMJ Properties, LLC and Heth, LLC 8 units 128 23rd Avenue W. President Decker is asking for a motion to accept the assessing office's value, change in value, or come up with a different value. Mr. Steiner makes a motion to come up with a different true and full value of \$760,000 which is \$95,000 per unit.

MOTION BY: Carson Steiner SECONDED BY: Jason Fridrich
DISPOSITION: Roll call vote 4, Aye 4, Nay 0, Absent 1.

Motion declared duly passed.

- D. Dave Bauer representing Carlos Royal. Mr. Hirschfeld asking for no change to Mr. Royal's properties at this time. Mr. Hirschfeld stated that he did go with Mr. Bauer to visit Mr. Royal's properties and there was a change to the condition, which corrected the true and full value of Park Place and Royal Manor apartments. Mr. Fridrich was asking Mr. Hirschfeld why these apartments weren't inspected until now. Vanguard had already inspected these apartments for the 2015 revaluation.

- a. Park Place (12units) 338 1st Avenue E. President Decker is asking for a motion to accept the assessing office's value, change in value, or come up with a different value on Park Place. Mr. Steiner makes a motion to change to the corrected true and full value of \$431,400.

MOTION BY: Carson Steiner SECONDED BY: Klayton Oltmanns

DISPOSITION: Roll call vote 4, Aye 4, Nay 0, Absent 1.

- b. Eighth Avenue E (23 units) 127 8th Avenue E. President Decker is asking for a motion to accept the assessing office's value, change in value, or come up with a different value on Eighth Avenue E. Mr. Fridrich makes a motion to change to the corrected true and full value of \$794,800.

MOTION BY: Jason Fridrich SECONDED BY: Klayton Oltmanns

DISPOSITION: Roll call vote 4, Aye 4, Nay 0, Absent 1.

Motion declared duly passed.

- c. Eastwood (36 units) at 177 10th Avenue E. President Decker is asking for a motion to accept the assessing office's value, change in value, or come up with a different value on Eastwood Apartments. Mr. Fridrich makes a motion to deny a change in true and full value.

MOTION BY: Jason Fridrich SECONDED BY: Carson Steiner

DISPOSITION: Roll call vote 4, Aye 4, Nay 0, Absent 1.

Motion declared duly passed.

- d. Royal Manor (24 units) 1612 Prairie Avenue. The condition was corrected from below normal to normal. President Decker is asking for a motion to accept the assessing office's value, change in value, or come up with a different value on Royal Manor. Mr. Steiner makes a motion to change to the corrected true and full value of \$920,300.

MOTION BY: Carson Steiner SECONDED BY: Klayton Oltmanns

DISPOSITION: Roll call vote 4, Aye 4, Nay 0, Absent 1.

Motion declared duly passed.

- e. Silvergate Apartments (12 units) 343 9th Avenue E. President Decker is asking for a motion to accept the assessing office's value, change in value, or come up with a different value on Silvergate Apartments. Commissioner Steiner makes a motion to deny a change in true and full value.

MOTION BY: Carson Steiner SECONDED BY: Klayton Oltmanns

DISPOSITION: Roll call vote 4, Aye 4, Nay 0, Absent 1.

Motion declared duly passed.

- f. Century Apartments (120 units) 1156 21st Street W. President Decker is asking for a motion to accept the assessing office's value, change in value, or come up with a different value on Century Apartments. Mr. Fridrich makes a motion to change to the corrected true and full value of \$6,499,000.

MOTION BY: Jason Fridrich SECONDED BY: Carson Steiner

DISPOSITION: Roll call vote 4, Aye 4, Nay 0, Absent 1.

Motion declared duly passed.

President Decker asks for a motion to accept the assessment role and include the amendment of the tax roll. Meeting concluded at 9:16 a.m.

MOTION BY: Jason Fridrich SECONDED BY: Klayton Oltmanns

DISPOSITION: Roll call vote 4, Aye 4, Nay 0, Absent 1.

Motion declared duly passed.

OFFICIAL MINUTES PREPARED BY:

Heather Avers-Davis, Property Appraiser Tech

APPROVED BY:

Linda Carlson, City Deputy Administrator

Scott Decker, President

Board of City Commissioners

Date: _____

