

BOARD OF EQUALIZATION
CITY OF DICKINSON, NORTH DAKOTA
APRIL 15, 2021

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 April 15, 2021 commencing at 4:00 pm, in City Hall located at 99 2ND Street East.

1. CALL TO ORDER

President Scott Decker called the meeting to order and directed that a copy of the published notice be included as part of the minutes.

ROLL CALL

Present were: President Scott Decker, Commissioners Suzi Sobolik, Nikki Wolla, and John Odermann also present: City Administrator Brian Winningham, City Assessor Mr. Hirschfeld, Deputy City Administrator Linda Carlson, and Dickinson City Attorney Christine Wenko.

Absent: Jason Fridrich

2. City Assessor Mr. Hirschfeld reported the assessment roll has been completed.
3. City Assessor Mr. Hirschfeld talks about the 2021 valuation explaining the value amounts also stating commercial values are down slightly from 2020 and residential values up from 2020. Mr. Hirschfeld states there was a decrease in value to commercial properties due to sale of American Bank Center to the City of Dickinson and sale of the Halliburton Building to the school district. Those properties are now exempt. Mr. Hirschfeld also states New Construction permits of residential and commercial properties increased in 2021. City Assessor Mr. Hirschfeld states commercial and residential sales are within State mandated tolerance. Mr. Odermann asks Mr. Hirschfeld if 90% is in the range? Mr. Hirschfeld states that is correct.
4. TAX ABATEMENTS
Three tax abatements from November 1st were brought to this meeting due to time commitments and owners request to get us the data needed. The properties are for the Sierra Ridge Apartments, RFM-TREI Jefferson Apartments, and RFM-TREI Lincoln Apartments from the 2018 valuation.

Sierra Ridge Properties have a true and full value for 2018 of \$28,586,200. The Abatement request is \$20,000,000. The reference states the 2020 value was \$23,221,500 down significantly from the peak valuation in 2015 of \$45,000,000. The staff recommendation for Sierra Ridge is no change.

RFM-TREI Jefferson Apartments have a true and full value for 2018 of \$4,664,200 with an abatement request of \$1,750,000. The peak for this property was \$7,284,300 with the current value down significantly as well.

RFM-TREI Lincoln Apartments have a true and full value for 2018 of \$21,280,200 with the abatement request of \$14,585,000 this too is significantly reduced from its peak.

Mr. Michael Raum, Attorney from the office of Fredrickson & Bryon the representative for these properties phoned into the meeting. Mr. Raum states he had sent Mr. Hirschfeld additional information yesterday of a summary along with a memorandum. Mr. Hirschfeld states he did receive the information and it is included in the binder for the commissioners. Mr. Raum goes on to explain that they had put together a chart providing financial information and information using the income approach, stating that is how they come up with their value. Mr. Raum states the idea is to work through these together saying they stand by their numbers but are open to adjustments. Mr. Raum begins to talk about the gross income multiplier and gross capitalization rates noting they use a rate of 9.75% whereas; Mr. Hirschfeld uses a gross income multiplier of ten stating that is high and not sure where that comes from. Mr. Odermann asks what is considered a unit; is a single apartment considered a unit? Mr. Raum stated that is correct. Mr. Odermann goes on to say that he feels a lot of people would like to find an apartment here in Dickinson that would only cost \$881 per month or anything under \$1,000 per month. Mr. Odermann notes he is having a hard time with the numbers being that low for the rent per unit. Mr. Raum notes he provided the income statements to Mr. Hirschfeld and they are happy to plug in a different number if they feel the market rent was higher. Mr. Odermann asks Mr. Hirschfeld if he would have an explanation of why that number is what it is. Mr. Hirschfeld states he does not know; he just got this information yesterday and had not had a chance to look at it. Mr. Odermann states he was in the market for an apartment in the summer of 2019 and was looking at rent of \$1500. President Decker asks what the number would be if they plugged in \$1,000? Mr. Raum says if he plugs in \$1,000 and leaves every other number the same the indicated value goes to \$2.69 million which goes up by about \$500,000. Mr. Hirschfeld states this information is new to him; he hadn't had a chance to look at it until tonight. Mr. Hirschfeld brings up the information on a chart stating they argue GIM and cap rates noting the GIM came from our local market. Mr. Hirschfeld goes onto explain how the GIM for older properties is calculated at an 8 and explains the reasoning of maintenance and more expenses of older properties; so, having a GIM of 10

is not inaccurate. Mr. Hirschfeld then goes on about the valuation of the property, noting that if there is a valuation issue, it is that the property is undervalued. Mr. Hirschfeld states if he did the GIM at an 8 the income still supports what the true and full value is even at an 8. He states he doesn't support an 8 but he can drop that 20% and still be in line with the true and full value but, he can't support going any lower than that. Mr. Raum states that the Commission have their position and goes on stating he is not asking for the bottom end and that they calculating a 50/50 weight of what they think is reasonable. President Decker asks for Sierra Ridge, what the weighted request of 50/50 would be? Mr. Raum states for Sierra Ridge at 50/50 it would be \$19.14 million, so about \$20 million. Mr. Odermann asks Mr. Hirschfeld that would be a \$3,000,000 change from what you assessed? Mr. Hirschfeld states they are going back to 2018 and not this year, that it would be an \$8,000,000 difference. President Decker stated the request is \$20,000,000. Mrs. Sobolik asks is it common to get the two years delayed like this? Mr. Hirschfeld states century code allows them to go back two years from the current valuation year. The filing date is November 1st. Statute states we're supposed to hear it in the first sixty days but because of a multitude of reasons these three properties have been held back. Mr. Hirschfeld states at this time with all the additional information his recommendation is to remain with the values that we placed on the properties in 2018 and to make no changes. Mr. Odermann asks Mr. Hirschfeld to explain the true and full value and weighted splits. Mr. Hirschfeld explains the income data and process. Mr. Odermann states; looking at income numbers and they want us to lower their valuation per owner's request; however, income is creeping upwards and if they were to sell that building I doubt with the income they are receiving that they would sell it for what they want it valued at. President Decker agrees with Mr. Odermann's statement.

MOTION BY: John Odermann

SECONDED BY: Suzi Soboluk

To approve the City Assessor's recommendation of no change to valuation of \$28,586,200 for S&B Dickinson Apartments 1, LLC Sierra Ridge 1168-0200-0100

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

Motion declared duly passed

Next is the RFM-TREI Jefferson Apartments LLC 1140-0700-0100; the true and full value as listed by city staff is \$4,664,200 abated request is \$3,406,898.

MOTION BY: John Odermann

SECONDED BY: Nikki Wolla

Adjusted value by Board of Equalization to \$4,000,000 for RFM-TREI Jefferson Apartments LLC 1140-0700-0100

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

Motion declared duly passed

Last property is RFM-TREI Lincoln Apartments LLC 8021-0200-0200 city assessed value is \$21,280,200 abated request is \$14,746,162. Mr. Odermann explains his reasoning on these last two. The true and full value lags behind the income so he feels there is room for conversation in regards to valuation and adjustment to the assessed value.

MOTION BY: Suzi Sobolik

SECONDED BY: Nikki Wolla

Adjusted value by Board of Equalization to \$19,000,000 for RFM-TREI Lincoln Apartments LLC 8021-0200-0200

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

Motion declared duly passed

5. ASSESSMENT ROLL

President Decker moves onto assessment roll stating; the board may change 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 according to North Dakota Century Code 57-11-03. President Decker asks if there are any properties that the commission is aware of that needs to be equalized or corrected on the assessment roll. Mrs. Sobolik asks about the assessment roll. Mr. Hirschfeld explains that the assessment roll is the value that they put on the properties and put into the roll and the numbers you have are the true and full value which are the sum of all the values in the roll. President Decker asks if there is anyone in the audience or on the phone with any grievance to their valuation who wish to discuss their valuation? During this time while the board is waiting for anyone to call in about their value; Mr. Hirschfeld states that Sierra Ridge has a company they work with outside of whom we just had on the phone appealing their 2021 valuation. Mr. Hirschfeld states he does have authorization for Sierra Ridge so we should bring this one up since they did submit the information late Friday afternoon. Mr. Hirschfeld states other than pulling the income data for the prior abatements and not having much of a chance to look at this; it appears their income is going up and we didn't change our valuation. Mr. Hirschfeld stated he does not support any decrease to this property. President Decker asks beside this property if there is another one being appealed? Mr. Hirschfeld states there are two others that Sterling is representing, but at this time he did not receive a letter of authorization from those owners and doesn't know if they actually have authorization to appeal the 2021 values. Mr. Hirschfeld also notes the importance if they don't come before this board they are not eligible to be heard at the state. They would be eligible to go to the County but not the State. President Decker verifies that they don't have representation on the phone nor

here and that they just submitted to Mr. Hirschfeld a document. Mr. Odermann asks even though they don't have representation here tonight but them being on the docket allows them to appeal at the county and state level? Mr. Hirschfeld states that the state has found that to be adequate. President Decker states they will rule on Sierra Ridge noting they would like the value to be \$18,499,237 our assessor's office value is \$23,401,000.

MOTION BY: John Odermann

SECONDED BY: Nikki Wolla

To approve the City Assessor's recommendation of no change of the assessed value at \$23,401,000 of the Sierra Ridge S&B Dickinson Apartments 1, LLC 1168-0200-0100

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

Motion declared duly passed

President Decker mentions Custer Crossing. Mr. Hirschfeld asks if they want to continue or not as he does not have a letter of authorization from the owners granting this company the right to bring this before us. Mrs. Wenko verifies with Mr. Hirschfeld which entity the authorization form needs to be from? Mr. Hirschfeld states he needs authorization from ownership stating that The Sterling Group is representing them in this proceeding. Mrs. Wenko asks Mr. Hirschfeld if he communicated to the owner that he was needing this authorization? Mr. Hirschfeld states at 4:45 Friday afternoon he received this information from Sterling and stated he had told them that he needed this authorization. Mr. Hirschfeld stated Sterling responded back stating they would get that information back to him and has not received anything back since Friday afternoon. President Decker asks what are they asking for and what is their valuation? Mr. Hirschfeld stated this is all he has and notes that he thinks they were just giving this information to be put on the agenda to be heard before the City. President Decker states as a commission they need to determine if this is adequate representation noting, Mr. Hirschfeld's request has not been fulfilled if they said they would get him that documentation and it's been more than four days. Mrs. Wenko asks Mr. Hirschfeld if its customary policy to have this authorization signed by the owner in the event someone else is submitting? Mr. Hirschfeld states that has been our office policy for several years. Mrs. Wenko also asks that in the event that the board made the decision not to hear the request as submitted in this situation; does the applicant have an opportunity to appeal that board's decision? Mr. Hirschfeld states his beliefs are that the state board would hear that and make their own determination. President Decker asks if they can still go to the county even if they don't present here? Mr. Hirschfeld states that is correct. Mr. Odermann goes on to say that if there is no representation from either of these appeals then they could move onto the next order of business. Mrs. Wenko then asks Mr. Hirschfeld if the state board will need some kind of affirmative of denial of this request moving forward? Mr. Hirschfeld states if the state would contact us he would explain

what happened and if they would allow it or not. President Decker asks if there is any property owners that wish to add their property to the assessment roll to please come forward? President Decker states after the adjournment of the Board neither the governing body of the City nor the City Board of Equalization shall change or alter the assessed values that were presented here tonight. Neither shall the governing body or the Board of Equalization reduce or abate, or authorize the reduction, abatement or return, of any taxes levied upon such assessments for any cause except that the property assessed was not subject to taxation at the time the assessment was made according to North Dakota Century Code 57-11-06.

6. REAL ESTATE PROPERTY TAX EXEMPTIONS

President Decker asks if there is any question regarding the exemption forms. President Decker goes on to ask Mr. Hirschfeld if there are any changes? Mr. Hirschfeld states he does not have any changes.

MOTION BY: John Oderman

SECONDED BY: Suzi Sobolik

To approve the Real Estate Property Tax Exemption list

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

Motion declared duly passed

President Decker states to Mr. Hirschfeld's point, all the work they had done this evening, they need a motion to approve any adjustments they had made and to approve the roll.

MOTION BY: Suzi Sobolik

SECONDED BY: Nikki Wolla

To approve the adjustments and roll.

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

Motion declared duly passed

7. ADJOURNMENT

President Decker asks Mr. Hirschfeld if they had missed anything. Mr. Hirschfeld notes that they did not miss anything. President Decker asks if there are any further question for Mr. Hirschfeld or staff? President Decker states hearing no further questions he looks for a motion to adjourn.

MOTION BY: Suzi Sobolik

SECONDED BY: Nikki Wolla

Adjournment of the meeting having completed equalization at 5:13 P.M.

OFFICIAL MINUTES PREPARED BY:

Tracy Simnioniw, Property Appraiser Tech

Brian Winningham, City Administrator

Scott Decker, President

Board of City Commissioners

Date: _____