

EQUALIZATION BOARD
DELAWARE COUNTY
P.O. BOX 309
JAY, OK. 74346
918-253-4520

DOUG SMITH, CHAIRMAN
STEVE ODLE, MEMBER
CHARLES MARTS, MEMBER

Agenda was posted May 25, 2023 at 3:32 p.m. in the kiosk on the east courthouse lawn.

The Delaware County Equalization Board met in Regular Session on May 31, 2023 at 8:32 a.m. with the following members present: Doug Smith-Chairman, Steve Odle-Member, Charles Marts-Member and Barbara Barnes-County Clerk. Doug Smith called the meeting to order and the following business was transacted.

A motion was made by Odle and seconded by Marts to approve the minutes of Regular Meeting held on May 10, 2023. All voted aye. Motion carried.

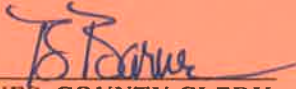
A motion was made by Odle and seconded by Marts to review receipt of any formal appeals received by the following: OZN Chanute 22-23/4 on the phone is Ryan Katz representative. He is currently at the hospital due to his wife in labor. He apologizes for the rush. So, as you probably know this property is Orizon Aerostructure. I have talked to Larena quite a bit about this. This property is part of a lease sale back. That transaction included two other properties. One here in the Kansas City area and one in the Chanute KS area. It was really a financing Orizon was the owner of the building the sold the building and leased it back. I don't believe that is the real issue here. The appropriate value shouldn't go back to the original value. 2.5 mil is not a reasonable value. But what I am requesting is possibly a reduction of value to about 6.4 million. That is based on what I sent you all. That is a cost approach of our sales. Basically, for this type of property. I also did include an income approach. These properties are just close to the Orizon building as a whole. That is basically what I prepared including how I came up with the vacancy. These can be very complicated transactions. I just included some language about that. from people who are familiar with these transactions. I don't think it addresses the appropriate market value. That is really all I have. I just wanted to kind of explain that transaction. Doug: basically, this is not a straight up sale. It includes several properties. Ryan: Orizon is a very good tenant to have. If Orizon would happen to leave they would have trouble finding someone to lease a big facility like that. Doug: Its kind of a complicated situation. Larena: can you stay online. Ryan: yeah sure. Larena: This actually did sale in Oct. of 2022 for 11, 260,010 dollars and they did sign an affidavit down there that was for the land and the building not personal property. We also sent out a sales questionnaire to the buyer. To determine if there was anything else included in the sale. That was nontaxable that we could deduct from that purchase price. We didn't get a reply on that. Ryan: I'm sorry Larena I am going to have to step out you guys are welcome to call me. Larena: He is just protesting the one account. But there are about 5 accounts involved. They all total their purchase price \$11,260,010. This is the only account that a notice was sent out. This is the first true lease back that I have had. When I read the accounting rules for a lease sale back you guys probably know more about it than I do. Through a sale lease back the property has to be sold as the fair market value. If it is not sold at fair market value it is considered a loan. And their accounting principles they have changed in the last couple of years. That is what I asked for I didn't get that. What he was originally asking from me is to reduce from 8 million to 3 million. And now he is saying the cost approach now he is saying 6 or 7 million. When I did cost approach, I came out at about 8 million. I also have documentation that Orizon applied for 5-year manufacturing they get help from the state to help their industry. They declared in their exemption paperwork that they made 8.8-million-dollar expansion a few years ago. So, I have documentation to back up

my possibilities as well. So, is that truly as sale lease back yes probably. Was the sale price above market value I don't know. They have not submitted any evidence to indicate that to me. I of course am audited by the state I have to go by the purchase price. There was a court case in 1951 was a hotel that it was determined that the sales price was equivalent to the fair market value. Steve: so, let me see if I understand Orizon owned it and sold it to this company who then leased it back to Orizon. So, what was the sale price on that. Larena: 11,260,010. There was a mortgage for \$17 million. But multiple properties involved. Steve: I am just looking at this number they presented here and if you divide the number which was sold originally. It's a beautiful building inside and outside. I haven't dissected the numbers like he has I divided the 11 million sales price to the square footage he had in his presentation which is 102,365 square feet. That comes up to 107 dollars a square foot. Which that doesn't seem like a lot. Even at 11 million that doesn't seem unreasonable to me. For a very nice commercial building. Doug: Steve is correct in his square footage it is low. Steve: and another thing I might add is to me that Orizon is a very desirable leaser. To me that increases the value. Doug: I don't think we need any more time I think we agree with our Assessor at this point. Larena: we can always make corrections if we have the square footage wrong. All voted aye. Motion carried. Next up is Todd Hull two properties Airport Hangars 22-23/5 and 22-23/6. He is currently in the Bahamas. He said he did not get anything from Frances in an email. Todd: I have two hangars there one is all steel the big one is all steel and the small one is wood frame one. The small one had a 40% increase and the big one had a 30% increase. To me I don't understand why the wood frame has a bigger increase than the steel one because steel prices went up. So, if that is the case the big one should be more so I think there is something wrong in the valuation process. I don't know of any hangars being sold recently so I don't know. I know my small one just has a small bathroom in it the other one has a bathroom, shower and little office in it nothing big. It shouldn't be a big increase there. I think I wrote down the hangars not many people want them. There is not a big increase that way. Basically, what it boils down to yes prices have went up but as I mentioned to the Assessor, I think 5% would be a fair increase. 30 and 40% are an economic burden. To me they are not commercial. I store airplanes in them. I don't mind an increase when I look at my house it is right at 3%, I think 5% is good. I just don't think 30 or 40 is fair. I thought something was wrong there. Doug: I tell you what our Assessor Larena is here will come forth and see what she has to say. Larena: I don't recall if we checked for the wood frame that's the one with the steeper roof is that correct. Todd: they are pretty much the same angle wise. Larena: so first of all, those hangars at the airport we reappraised all of them for 2023. We had that many cost tables about 2 years ago we thought they were extremely high. I didn't have a commercial appraiser at the time so we just kind of left them where they were at. The value has been the same for about the last 4 years. This year for 2023 my appraiser went through all of them. I think everyone out there got an increase some of them doubled. I don't think his doubled. We also sent out at the first of the year a personal property worksheet asking them to declare a value. And we are really close to the value he declared. He said that the smaller one was worth \$75,000 and the larger one \$110,000. Doug as you mentioned before asking if we had any sales out at the hangar the only one that I am aware of sold for \$120,000 it does have some living quarters in it but it is much older. We had a building permit from the city of Grove a gentleman built a brand-new hangar out there and it was \$300,000. Of course, there was increase in steel prices of about 270%. I really don't feel we are out of line in the value. I think they are about right instead of the value of \$50,000 and something else. I feel that that was just too low. He believes that the increase amount is unfair. I just don't have any control over that. All I can do is place it at the fair market value of January 1, 2023. I can't concern myself with what it appraised for last year. I can't go backwards. If I could I should of increased them slowly from 4 years ago. Steve: how long have you owned them Mr. Hull? Todd: 2 years. Larena: what did you pay for them. Todd: paid 80,000 and 105,000. Steve: isn't there a waiting list out there for hangars? Todd: for hangar space yep. Space for airplanes to go into but there is not going to be anymore hangars built. Todd: There is no land associated with this building. Larena: and that is why they are taxed as personal property instead of real property. Steve: I feel your pain on the large increase also I agree that we don't have a way to fairly decrease it and be fair to the other ones that are out there with the evidence I've heard I don't think I can make any adjustment. Doug: I sorry we are gonna go ahead a go with this assessment. So, can we have a vote. All voted aye. Motion carried.

A motion was made by Odle and seconded by Marts to close out the protest period for appeals on Delaware County property assessments for 2023. All voted aye. Motion carried.

A motion was made by Odle and seconded by Marts to open the floor to citizen's participation/public comments. No public present. All voted aye. Motion carried.

A motion was made by Odle and seconded by Marts to adjourn the meeting at 9:07 am.



BARBARA BARNES, COUNTY CLERK
(SEAL)



DOUG SMITH, CHAIRMAN



STEVE ODLE, MEMBER



CHARLES MARTS, MEMBER