

Board of Equalization and Review – May 26, 2020

The Graham County Board of Equalization and Review Board met Tuesday, May 26, 2020 at 5:00 p.m. in the Graham County Community building located at 196 Knight Street Robbinsville, NC and by teleconference due to the COVID-19 restrictions. Board present was Dale Wiggins, Lynn Cody, Connie Orr, Keith Eller, Jacob Nelms, Becky Garland and Juanita Colvard. Board absent was Bryan Farley. Also present was Tax Assessor Brandy Cook, Assistant Tax Assessor Nikki Stewart, Attorney JK Coward, Ron McCarthy, Attorney Charles Meeker, Brookfield representatives Peter Crossett, Paul Brenton and Mike Nicholson.

1. Chairman Wiggins called the meeting to order.
2. Chairman Wiggins stated that we are here to continue the conservation with Brookfield on their appeal.
3. Chairman Wiggins asks for a motion to approve the agenda. Commissioner Nelms made the motion to approve the agenda. Commissioner Orr seconded this motion. Vote unanimous.
4. Chairman Wiggins asks Charles Meeker to speak for Graham County. Chairman Wiggins stated that at the last meeting a decision was made to do some fact gathering and asks Mr. Meeker to continue. Mr. Meeker stated that since the last meeting they had requested further information and received some of it Thursday of last week and sent that information to the County Manager and will request more information. Mr. Meeker stated that the information did not include the fair value calculation and we do not have that information. Mr. Meeker stated that Brookfield increased their companywide assets in 2018 by 15%.
5. Chairman Wiggins ask Ron McCarthy to speak. Mr. McCarthy stated that it appears the more information that we are receiving we understated the value.
6. Chairman Wiggins asks Brookfield representatives to speak. Peter Crossett asks to address those points that were mentioned. Mr. Crossett that they have provided all of the information with the full details of the audited financials for the two years and showed exactly where the numbers came up and they match. Mr. Crossett stated that on the statement, that all four properties were combined and he is unclear on how the value can now be undervalued by the statement made by Mr. McCarthy. Mr. Crossett stated that they did have a decline in valuable assets from \$600M to \$552M. Mr. Crossett stated that using the annual report on all assets worldwide is not fair and we are only discussing Santeetlah and Cheoah, which does not have a specific value for them. Mr. Crossett stated that we overpaid according to our deed stamps because we should have only been charged real property, the numbers that they gave off included the transmission, and this will have to be excluded. Mr. Crossett stated that it shows an increase from one year to the next but they bought assets, which did not increase the value. Mr. Crossett stated that they also provided the EIA Data which is the cost approach and in review the federal government found an error in our power point presentation on capital cost in the region where these hydro's are located is really 1297 or roughly 1300 per kw for brand new facilities and Mr. McCarthy put our fair market value at 1300 per kw. Mr. Crossett stated that back when this began in the discussion we tried to compromise this to 1200 per kW, which is in the middle of the assets because we had one approach at 1100, and one approach at 1300 so we compromised at 1200. Paul Benton stated that his comments are to the Graham and Swain

County Assessors and their goal is in seeking the absolute bottom dollar but paying their fair share and felt that we had a disconnect and we needed to speak up because they did not come to this meeting lightly and they participated in the site visit sharing our plans with Mr. McCarthy but believe that the value given by Mr. McCarthy does not reflect our value.

7. Mr. Meeker stated that on the reporting that was given that was for all four facilities and the analysis of \$572M used was for all four facilities so Mr. McCarthy's analysis is correct. Mr. Meeker stated that on the financials in regards to cost depreciation is entailed and at the time of acquisition the worth was \$571M and seven years later the value is \$552M so that is not a lot of decrease in value which could reflect additions and not just depreciation . Mr. Meeker stated that fair value is market value and is not just to calculate but something used to put market values on assets and the calculations put on the facilities are not just for the ones in Graham County. Mr. Meeker stated that in 2018, the additions were small at \$212M compared with a \$3B fair market value and this does warrant a change in fair value.
8. Mr. Crossett stated that you cannot look at the company wide increases in value and assets because it just doesn't exist, you can have a change in the power market and this can cause an increase in the New England area or the California area and that is not the focus here, the focus is what is the value for the assets in Graham County and you cannot take just revenues. Mr. Crossett stated that it has to be revenues less expenses. Mr. Crossett stated that it is not their intention to be argumentative but to reach a fair value.
9. Mr. McCarthy stated that the comments that Brookfield made concerning his analysis that he treated the facility as new because of the price per kW, but when they purchased the property, they paid \$1.6M per kW so the price they paid is more than the value that he has on the property. Mr. McCarthy also asks if Brookfield wheels any of their power to Nantahala Power and Light Station in Macon County. Mr. Brenton stated that he was unsure of this question but he thought TVA was the only one because he did not recognize that name. Mr. McCarthy stated that there are transmission lines from Santeetlah to that facility in Macon County that cross several properties in Graham County and some of the property is owned by Brookfield. Mr. Brenton stated that he was not aware of any property leases or transmission easements. Mr. McCarthy stated that these are already in place and they are old lines but stated that he put all transmission lines in Tennessee but now maybe he should not have if Brookfield is supplying power to Macon County Station.
10. Chairman Wiggins stated that these lines were rebuilt at the same time that all the transmission lines were rebuilt. Chairman Wiggins stated that the board would not decide today and they needed to review all the information they received. Chairman Wiggins asks for questions. Mr. Crossett thanked the board for their time in listening to them.
11. Charles Meeker thanked the board as well as asks when the courthouse will be reopening. Manager Garland stated that the courthouse would be open June 1, 2020.
12. Chairman Wiggins stated that this meeting will be continued to June 16, 2020 at 4:30 p.m. All board agreed.

Signature page attached!

Signature page for Board of Equalization and Review May 26, 2020

Dale Wiggins, Member

Lynn Cody, Member

Jacob Nelms, Member

Keith Eller, Member

Connie Orr, Member

Becky Garland, Member

Juanita Colvard, Member

Bryan Farley, Member

Attest:

Brandy Cook, Tax Assessor

Kim Crisp, Clerk to the Board

Nikki Stewart, Assistant Tax Assessor