

----- Forwarded Message -----

From: Ray Lechner <ray.lechner@wilmette39.org>
To: Kathleen Myalls <kmyalls@wilmette39.org>
Sent: Wednesday, May 31, 2017 4:35 PM
Subject: Re: P-Tab Information

You opinions are duly noted.

Thanks,



Dr. Ray Lechner
Superintendent
Wilmette Public Schools District 39
www.wilmette39.org | 847.512.6030

On May 31, 2017, at 8:34 AM, Kathleen Myalls <kmyalls@wilmette39.org> wrote:

Hi Ray-

\$121,224 is a big number. Less so divided over 10 years, of course.

But, again, your "savings" assume that P-TAB would do nothing without your intervention. This is a premise you actually contradicted when you said P-TAB would (in your words) "split the difference" without the board's intervention (which I believe is a low estimate of what P-TAB would do, since these homeowners already lost once and especially now that PTAB has been allocated more resources). Even assuming you are correct, though, the savings almost disappear if you compare the actual results with HALF of the requested reduction which is where you say P-TAB would end up. Looking at those numbers and your assumptions, if P-TAB "split the difference" on \$215,624, the refund would have been cut to \$107,812. The district intervention - to the extent it mattered at all - cut the refund to \$75,966 at a cost of \$18,434 (not counting any employee resources). Subtract those numbers from \$107,812 and the actual savings were actually only \$13,432. \$1343.20 on average, per year, over the years on your chart. I hope you don't believe that "redistributing" this amount across other D39 homeowners is the cause for complaints about the 2nd-highest property tax bills in the country.

And I never said that "it is not the District's place to protect other taxpayers." The district should protect **all** taxpayers with respect to those responsibilities the board actually has (or should have). But going indiscriminately after anyone appealing their tax bill over a certain dollar amount is just wrong. What if their appeal is actually legitimate (as at least one in which the Board participated was)? Everyone should pay their fair share, but it's not the board's job to decide who is and who isn't. Those of us complaining about our property tax bills aren't pointing fingers at our neighbors who have been over-assessed. We are pointing fingers at the governmental bodies spending the money. Our fancy libraries were really expensive.

We already have people responsible for handling tax appeals. The school board is not one of them. School board resources are best spent on schools. I believe we should let the actual tax assessors decide who should pay what in property taxes, instead of assuming that the assessor is incompetent and our neighbors are dishonest.

Kathy
Sent from my iPhone

On May 30, 2017, at 3:07 PM, Ray Lechner < > wrote:

Regarding the calculations.... The total "net" savings was \$121,224...also on the chart. To me, anyway, that is a big number. These cases are generally resolved in batches...so the money really doesn't "average" over the years... it's often a one time expense. In fact the average on this chart isn't over years, rather the average is per case.

But, I understand that we can look at the same numbers, and have different take aways.

And I understand that your view is that PTABS shouldn't be the District's business. And, that it's not the District's place to protect other taxpayers. As an aside, I do get questions from taxpayers when their tax bills go up by a number greater than CPI... And, it is the re-distribution of the EAV that impacts individual taxes. Our overall tax assessment is one large number, and then Cook county "divvies" that up. So, as a District, we may get only a CPI increase, but then the local homeowners bills will vary.

Thanks,

<raysig_300.jpg>

On May 30, 2017, at 1:28 PM, Kathleen Myalls < > wrote:

Hi Ray,

I think we are saying the same thing, no? The net savings average (bottom right hand corner of your chart) is \$11,020. I didn't recalculate anything; I used your number.

What I did calculate was what the savings would be if the district did not intervene, using your statement at the board meeting as my basis. Your explanation was that P-TAB would probably split the difference. If they did, by my calculation the reduction would save the district ~\$9800. Intervening only nets you another \$1180/year.

I have to say that I oppose it even at the \$11,020 level because I don't like the idea of my school board and village ganging up on taxpayers who already have lost an appeal and are investing further to get the reduction they believe they are entitled to. I guess I don't share your view that our neighbors are trying to stiff the rest of us, or that P-TAB can't manage to do the job right on its own.

Kathy

From: Ray Lechner < >
To: Kathleen Myalls < >
Sent: Tuesday, May 30, 2017 12:46 PM
Subject: Re: P-Tab Information

Hello Kathleen,

I have reattached the chart, as the information you seek was in that document. Granted, the chart isn't very clear so I will help to explain.

First, we get only a few PTAB appeals per year. The chart below identifies that 11 cases were settled for tax years 2007-2015.

Second, across all eleven cases, District 39 had the possibility of refunding \$215,624 to tax payers. You will see that total in the third column. This refund would come directly out of our reserves and we would experience a financial reduction in funds.

The intervention had some impact, as the actual loss was \$75,966. The legal intervention saved D39 over \$139,000.

The total legal fees for all 11 cases, which saved over \$139,000, was \$18,434 (column 5).

On May 25, 2017, at 9:08 PM, Kathleen Myalls < > wrote:

Hi Ray. Thank you for responding. As a reminder, the question(s) that prompted your e-mail below were these:

How many is that, on average, per year? [meaning how many interventions in taxpayer appeals for taxpayers seeking over \$100,000 reduction in their assessment]

And what is the average legal fee for this intervention (not the total fee, but D39's portion)?

I actually expected that these numbers would be very accessible to you/the board. After all, these appeals pit the school board (and other governmental entities) against taxpayers in the district. I assumed that the board would have done this analysis at least once, and preferably on an ongoing basis. So I was a bit surprised at your response below, which apparently required the school district to spend money to answer the question, as it was prepared by legal counsel.

Of course, this begs another question: how much does the district spend annually in legal fees for everything else, besides the P-TAB appeals? I hope you can provide that without consulting counsel?

In any event, I waited to respond to this note until I heard your statement at the board meeting Monday night. I wanted to be sure I didn't misunderstand anything. I interpret your e-mail response below and your comments at the school board meeting as follows. Please correct any assumptions that are not accurate:

-you "save" an average of \$11k/year, meaning what you refund is \$11k less than the refund would be if the homeowner received the full reduction he was seeking, after expenses.

-this "savings" assumes that absent the intervention of the various governmental entities, the Appeals Board would grant the homeowner the full requested reduction. But, if P-TAB (absent intervention) would typically "split the difference" with the appealing homeowner (this was, as I understood it, part of the justification for intervention), this would have resulted in an average savings of \$9801 to the school board. So, the school board's intervention in these appeals actually nets it only about \$1,000/year if P-Tab would do as you suggested Monday night and give the homeowner 50% of the requested reduction.

-when the Appeals Board is deciding a case, the homeowner already lost his or her first pitch to reduce the valuation. The Board of Review is there to defend the appeal on behalf of the county, and the taxpayer already lost once, making your assumption that PTAB will just "split the difference" dubious, in my opinion..... it seems like that would happen at the Board of Review, where the School Board is not involved, as opposed to on appeal.

-the purpose of the participation of the various local governmental entities is a lack of trust that P-TAB would come to the right decision on its own

-the participation of the school board is based in part on an assumption that homeowners are "overshooting" in their reductions, in order to get P-Tab to split a bigger baby, so the school board assumes that some of its constituents are being dishonest in these appeals

-since the school board participates in EVERY appeal involving a reduction of over \$100,000, the school board (and other entities) participate even if/when the homeowner is absolutely correct in seeking the reduction (in other words, you shoot first and ask questions later on the \$100k+ appeals)

-the school board and other governmental entities do not participate at all in appeals involving \$99,999.99 or less, even if/when the homeowner is absolutely wrong in seeking the reduction.

- the school board and other entities only go after the higher-value appeals because there has been a determination by the board that the wealthier taxpayers are better able to manage the higher property taxes (otherwise, why draw a line? Property tax lawyers will work on contingency).

-the \$100,000 demarcation for appeals in which you all participate and those in which you do not participate has not changed over the last 11 years, including when home values decreased, and again when home values increased.

-finally, and most importantly, the School Board will get its money regardless. Other taxpayers will absorb the refund if one is made. So the district isn't really fighting for MORE money. It's fighting for a re-distribution of existing money among property taxpayers.

If I am correct in my assumptions above, the school district is gaining approximately \$1000 per year by being involved in something that likely creates incredible ill will. I am not sure that the taxpayers in Wilmette actually want the school board playing Robin Hood, and the lack of visibility about this policy suggests that the school board knows this. Otherwise, it wouldn't get buried in consent agendas, and the school board would tout its victories on behalf of all other taxpayers.

I want to go on record saying that I oppose this policy, and would like to see the school board revisit its participation. Parents in the district have enough to worry about without wondering why their school board is fighting them at P-TAB on an arbitrary basis based solely on the size of a requested reduction in value, as opposed to the likelihood that the requested reduction is excessive. And I certainly do not suggest that you pick and choose which ones to pursue. It's a bad policy that is not saving the district any appreciable money.

Kathy

From: Ray Lechner < >
To: Kathleen Myalls < >
Sent: Friday, May 19, 2017 9:58 AM
Subject: P-Tab Information

Hello.... Attached is the information you requested about P-Tabs...these are the ones that are settled. This was prepared by legal counsel, names were redacted. While there are a few cases pending, below are the ones that are settled.

Thanks,

----- Forwarded Message -----

From: Ray Lechner < >
To: Kathleen Myalls < >
Sent: Thursday, April 27, 2017 10:32 AM
Subject: Re: Property Taxpayer Appeals

Good morning Kathleen..... I have a summary email that I believe answers your questions. And yes, we do intervene on appeals, but only on requests that exceed \$100,000 in lower assessed values. And yes, there is a financial impact to D39 (details below). And yes, D39 joins with the other units of government in Wilmette. Below is some history on tax appeal intervention

from Tim Frenzer. While District 39 benefits the most from the interventions, I am grateful for the history Tim provided us. It summarized the issue quite well.

This appeal/intervention process was established, years ago. The threshold of requesting a lower assessed value of \$100,000, or more, triggered notice/intervention from units of government. At that time the majority of the appeals were businesses, and the effort was to prevent businesses from unfairly shifting their own tax burdens to homeowners.

More recently, we have homeowners appealing pretty significant reductions in their own home values. Tim cites a few examples below. It appears that Cook County doesn't have a meaningful review process. Without intervention, we have to return tax dollars for the year in question. Then, in subsequent years, the tax burden is shifted to all other tax payers in Wilmette.

In my view, the current process that we share with the other village units of government appears to be air in that:

1. We only intervene on appeals exceeding \$100,000
2. We don't "pick and chose" the cases with which we intervene
3. We are essentially representing all other Wilmette tax payers by helping preventing an unfair shifting of the tax burden.
4. We share the responsibility with all other units of government in Wilmette

I believe the process is fair.

Ray

Raymond Lechner, Ph.D.
Superintendent
Wilmette Public Schools
[847-512-6030](tel:847-512-6030)

Begin forwarded message:

From: "Frenzer, Tim" <_____
Subject: RE: Question
Date: April 26, 2017 at 2:58:47 PM CDT
To: Gail Buscemi <_____
>

Hi Gail;

The reason we participate when we receive notice of a Property Tax Appeal Board (PTAB) case is to protect the other taxpayers and the units of local government from the effects of unreasonable appeals.

A PTAB case has to be unusual for us to even receive notice. A property owner goes to PTAB after they have already lost in the Board of Review, or at least not received a reduction as big as they wanted, or else they would not

be in front of the PTAB at all. Additionally, there has to be at least \$100,000 of assessed valuation in dispute in the PTAB appeal for us to even get notice of the PTAB proceedings. Since assessed valuation is only a fraction of fair market value, for there to be \$100,000 of assessed value at issue means that the property in question is very high value to begin with.

The consequences of these large PTAB appeals can be very significant for both the taxing bodies and their other taxpayers. The PTAB appellants are seeking both refunds for taxes already paid in prior years, which means that the District and other units of government lose that money directly, and are also seeking to have other taxpayers carry that burden for them in future years. The property tax system is a zero sum equation – each entity that wins a PTAB appeal is shifting those all taxes onto the other taxpayers. So unless these very large PTAB appeals are evaluated for reasonableness, the other taxpayers in the District or the Village pay collectively higher taxes to make up the difference, and the reserves of each unit get hit for the refund amounts.

The problem in Cook County is that the County doesn't properly defend these claims, but routinely settles for about half of the request and rarely seeks an appraisal. That, in turn, is an incentive to have the PTAB appellants' attorneys seek unreasonably large reductions on the theory that the County will just settle. The County will not generally engage an appraiser or do enough investigation to make a reasonableness determination. They just settle and the local units of government pay the refunds and other taxpayers foot the bill thereafter.

Back in, I think, 1999 we were dealing with a very large request by Carson Pirie Scott for the Edens Plaza property when the taxing bodies decided to share one attorney to represent us all in these large PTAB cases in which we were receiving statutory notice. By combining and sharing costs, the various taxing bodies could more efficiently ensure that these cases had a fair and reasonable outcome. While the school districts (District 37, District 39, and District 203) have the largest stake in these cases due to their proportionate share of the total tax levy, both the Park District and the Village recognized that these cases can adversely affect them and we both began to participate in a combined defense. That was memorialized in a 2000 intergovernmental agreement.

When we receive notice of one of these large PTAB appeals, we can intervene inexpensively to give us a chance to evaluate the facts of the case and determine what a fair resolution might be. Sometimes the Village has records readily available, such as real estate transfer tax declarations or building permits, that directly address (and sometimes refute) the PTAB appellant's claim in whole or in part. The overwhelming majority of cases we intervene in settle for amounts that both sides can consider reasonable and based on actual data and evidence. The amounts saved in refunds typically covers our costs.

When PTAB was new, most of our original cases were primarily, but not exclusively, commercial property because it had to have an assessed value so large that there was more than \$100,000 in dispute for us to even receive notice. Over time, as PTAB became a more favored avenue for attorneys representing taxpayers, more properties that are residential have become part of the process, too. Again, these are primarily either multifamily lakefront condominiums or other very valuable individual properties. We have taken the position not to play favorites and to intervene in either type of PTAB appeal because the consequences to the taxing bodies and the other taxpayers are the same, regardless of property type.

Again, when we intervene, we are protecting our position and that of the other taxpayers and ensuring that whatever reduction occurs in these large cases is at least reasonable and supported by competent evidence. Most are settled on those terms for something less than the PTAB appellant was seeking.

It is my impression from being involved in this process from the beginning that some of the residential appeals are no more reasonable than the commercial ones. We had one where the appellant was claiming that the property had lost a third of its assessed value even while the property had a new \$100,000 kitchen remodel and was being featured in a house walk for its opulence. Some sell for higher values while the appeals are pending. A recent case involved a property purchased at \$3 million for a teardown, rebuilt for a declared value of an additional \$2.6 million, but the PTAB appellant asserted that it should have its assessed value reduced by \$200,000 – which if granted would cost all the taxing bodies over \$39,000 in immediate refunds and shift those taxes onto other residents' property in future tax years.

I imagine PTAB appellants probably wish that we were not participating in the cases because they know that we will

do a proper investigation and the amount of the reduction may be less than requested. But our intervention is necessary to protect the interests of all the other taxpayers and does not cost the PTAB appellant anything – except possibly a more reasonable outcome than they had wished for.

If we don't participate, no one else is meaningfully looking out for the interests of the other taxpayers.

Hope that helps.

Regards,

Tim

Timothy J. Frenzer
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On Apr 26, 2017, at 4:57 PM, Kathleen Myalls < > wrote:

Hi Ray-

I left the board meeting a little early last night, but got some feedback from another attendee about something I was told the school board is doing, and thought I'd get clarification from you because it doesn't sound right.

The way I heard it, the school board hires an attorney to object to District 39 homeowner tax appeals (in an effort to get the homeowner to have to pay more in taxes, presumably). I also was told that when questioned about it, you said that it didn't matter what the outcome was; the board would get the same money regardless, presumably by having the other D39 homeowners pay a larger amount to offset the appealing taxpayer's successful reduction in taxes. Several questions:

1. Is the district doing this? If the answer is no, then ignore the other questions, and Whew!.

But, if the answer is yes, I have the following additional questions:

2. Why? If the district will get the same amount regardless, aren't you just wasting the money for the lawyer(s)?
3. How do you pick in which appeals you will participate? I assume the district does not participate in all appeals. Is that a correct assumption? Does the board get involved, for

example, in other board members' appeals? Other elected officials' appeals? Are there any groups that you "always" or "never" appeal?

4. Does the school district board feel that the assessor's office will not make an accurate and fair determination of home value on its own?

5. Who on the board (including you) makes the decisions as to which appeals should be challenged by the school board? Who brings to the board to start with recommended appeals in which the board should participate? Beyond a decision that I hear may usually be part of a consent agenda, when are these discussions had? (I have not been to many board meetings. so maybe the answer on this last one is "in our meetings, kathy, you should come more often to avoid stupid questions like this!"). But I'm guessing it's in committee meetings. If so, which committee?

6. What process does the board use to insure that there is no personal reason that a board member (or anyone else) recommends a challenge to an appeal?

7. What is the success rate of the board's ability to prevent homeowners in the district from getting tax relief? Do these homeowners know that the school board that serves their children objected to their petitions? Or do you stay away from the appeals of current parents? (see question 3 above).

I may have more questions based on the answers to these, but I feel like this is a good start.

Thanks for your time, and if it would be easier to grab coffee to discuss (something you have offered in the past), happy to schedule that instead. Of course, if the answer is "Kathy, don't be absurd! Of course we don't do this!," then my apologies for wasting your time with this long note.

Kathy