

# Commissioner's Record No. 26

MADISON COUNTY, NEBRASKA

## BOARD OF EQUALIZATION

Madison, Nebraska

July 9, 2021

The Board of Equalization of Madison County, Nebraska met at 9:00 A.M.

Advance notice of meeting was published in the Saturday, July 3, 2021 edition of The Norfolk Daily News. A copy of said notice was mailed to each Board member. An affidavit of acknowledgment of receipt of notice of meeting as published was executed. Chairman Ron Schmidt called the meeting to order and notified the public of the location of the information regarding the Open Meeting Act posted in the meeting room.

Present: Commissioners Ron Schmidt, and Troy Uhlir, County Assessor Jeff Hackerott, County Treasurer Donna Primrose, and County Clerk Anne Pruss. Absent: Commissioner Eric Stinson.

Motion made by Uhlir and seconded by Schmidt to approve the agenda for the meeting. Roll call vote: Ayes, Schmidt, and Uhlir. Nays, none. Absent: Eric Stinson. Motion carried.

Hearings were conducted on property valuation protests as follows:

Protest #2021-33      Brian Rosno

FW Barnes Third Addition of W1/2 Lots 2 and 3

Chairman Schmidt opened a hearing at 9:06 A.M. No one appeared at the hearing to offer verbal testimony. Chairman Schmidt read the letter submitted with the protest form. County Assessor Jeff Hackerott stated that this home is located in the City of Madison and was built prior to 1905. The house is 1 ½ stories and the second level isn't a full floor. Mr. Rosno purchased the property in February of 2013 for \$79,000 and has not done any improvements in the 8 years of living at this property. Juan was able to review the interior and exterior of the home with Mr. Rosno and found that the house has 6 bedrooms and only one bathroom. Mr. Hackerott explained that the basement is more of a crawlspace and is not finished. This property does have an old commercial building that is used more for a garage but Mr. Rosno has plans to tear it down. Chairman Schmidt closed the hearing at 9:09 A.M. County Assessor Jeff Hackerott recommended that the valuation appears equitable with similar properties and is reflective of the market. Motion was made by Uhlir and seconded by Schmidt to make no change to the 2021 property valuation. Roll call vote: Ayes, Schmidt and Uhlir. Absent: Stinson. Nays, none. Motion carried.

Protest# 2021-34      Edwin Ferris

Durlands First Addition of Lot 1D and 5/12 Lot 11, Blk 3

Chairman Schmidt opened a hearing at 9:10 A.M. No one appeared at the hearing to offer verbal testimony. Chairman Schmidt read the letter submitted with the protest form. County Assessor Jeff Hackerott stated that according to the Mr. Ferris the house and one care garage had been

# Commissioner's Record No. 26

## MADISON COUNTY, NEBRASKA

demolished but as of the first week in June of this year the buildings were still standing. Mr. Ferris explained to Mr. Hackerott that the present garage on the property he planned to move to a different location but did not specify when he planned to do so. The house had been tagged by the City of Norfolk for condemnation according to the owner. The house has had windows missing for over a year so the condition on the interior is in poor shape. Chairman Schmidt closed the hearing at 9:11 A.M. County Assessor Jeff Hackerott recommended revising the valuation based upon a physical inspection of the property. Motion was made by Uhlir and seconded by Schmidt to set 2021 valuation at \$15,997. Roll call vote: Ayes, Schmidt and Uhlir. Absent: Stinson. Nays, none. Motion carried.

Protest# 2021-35      Timothy Miller  
                                 Edgewater Park Addition of Lot 8, Blk 9

Chairman Schmidt opened a hearing at 9:15 A.M. Tim Miller and Gary Farnik appeared at the hearing to offer verbal testimony. Mr. Miller reported that there is some depression occurring on the east side of the yard and is only about 6 feet from the house. If this continues it could threaten the foundation on the house and cause a major issue. This house has not had any updates since Mr. Miller has lived there. Mr. Miller explained that the linoleum in the dining room and kitchen needs to be replaced, the southeast corner room needs new flooring, the whole house needs new carpet, and the walls need new paint. The front door also does not seal correctly so there is a good draft that comes in. Mr. Farnik stated that this house was built in 2001 but Mr. Miller has only been living there since 2012. Mr. Miller is the second owner of this property and the previous tenants made damages to the home and left without a notice. Mr. Hackerott stated that Juan reviewed the property on July 6th with Mr. Miller. The house has one bathroom and is all original on the inside and does not have a basement. Juan found that there are some stains on the linoleum that will not come out and that there is rips in the carpet throughout the house. Chairman Schmidt closed the hearing at 9:20 A.M. County Assessor Jeff Hackerott recommended revising the valuation based upon a physical inspection of the property. Motion was made by Uhlir and seconded by Schmidt to set 2021 valuation at \$116,425. Roll call vote: Ayes, Schmidt and Uhlir. Absent: Stinson. Nays, none. Motion carried.

Protest# 2021-36      Randal Jensen  
                                 Queen City Place Addition of Lot 1, Blk 41

Chairman Schmidt opened a hearing at 9:31 A.M. Randal Jensen appeared at the hearing to offer verbal testimony. This is a bungalow style house that was built in 1945. Mr. Jensen stated that he has not made any updates to the home since they moved into the house in 2007. There is still some hail damage to the home from a hail storm years ago. The main bathroom is small and the toilet faces the door with the tank facing the tub so this is a very dysfunctional bathroom. Mr. Jensen explained that they purchased a new tub and installed it but didn't have funds to update the rest of the bathroom. The interior of the house is in need of updating to the current times as it's mainly from the 1960's and 1970's. Mr. Jensen reported that on the west side of the house the sidewalk is sliding into the house and that the deck needs to be replaced because it's becoming unsafe. Also, where the chimney meets the roof it is deteriorating and needs to be replaced. In the garage there is a constant leak when it rains therefore he has to keep a bucket there at all times. The car port connected to the garage also needs a new roof as it is leaking as well. Mr. Jensen explained that another issue with this property is that all the buildings are very close to the street. Mr. Jensen stated that he doesn't have the funds to make the updates and a lot of the years his house payment goes up because the taxes continue to increase. Chairman Schmidt closed the hearing at 9:40 A.M. County Assessor Jeff Hackerott recommended establishing a valuation based upon evidence presented at the protest hearing. Motion was made by Uhlir and seconded by Schmidt to set 2021 valuation at \$105,000. Roll call vote: Ayes, Schmidt and Uhlir. Absent: Stinson. Nays, none. Motion carried.

# Commissioner's Record No. 26

## MADISON COUNTY, NEBRASKA

---

Protest# 2021-37      Jose Perez

C.W. Braaschs Addition of Lot 5

Chairman Schmidt opened a hearing at 9:45 A.M. Jose Perez appeared at the hearing to offer verbal testimony. Mr. Perez purchased this property on June 4th for \$49,000. The house is a bungalow style home and is in need of many repairs. Mr. Perez explained that he will have to remodel the whole kitchen, bathroom, and floors but the biggest issue lies in the basement. The east wall in the basement needs to be repaired because it is starting to cave in. Mr. Perez stated that he would like to go on the outside of the foundation and do some waterproofing to prevent any future water damages. Once the home is in better living condition Mr. Perez plans to make this a rental property. Chairman Schmidt closed the hearing at 9:49 A.M. County Assessor Jeff Hackerott recommended consideration given to the recent purchase price of the property. Motion was made by Uhlir and seconded by Schmidt to set 2021 valuation at \$49,000. Roll call vote: Ayes, Schmidt and Uhlir. Absent: Stinson. Nays, none. Motion carried.

Protest# 2021-38      Bryan Dunlap

PT SW ¼ SE ¼ 33-21-4 Warehouse Lots PT Lots 10 & 11 & All Lots 12, 13, & 14

Chairman Schmidt opened a hearing at 9:57 A.M. Bryan Dunlap appeared at the hearing to offer verbal testimony. The original building was built in 1945 and an addition was added in 2012. This property is mainly a warehouse with a small office space. County Assessor Jeff Hackerott last reviewed the property in 2012 and hasn't been there since. Mr. Dunlap stated that the prior evaluation was \$76,189 and the current evaluation is at \$161,673. He explained that he did not disagree with the increase as he did believe that the property was previous undervalued. However, the values of other businesses in the City of Newman Grove that are similar to Mr. Dunlap's property are valued under the \$160,000 so he believes that the valuation amount should come down to about \$105,823. Mr. Hackerott explained that the GIS isn't currently work so he is unable to view the property until the software is up and working again. Chairman Schmidt closed the hearing at 10:04 A.M. County Assessor Jeff Hackerott recommended tabling the protest to conduct a physical inspection. Motion was made by Uhlir and seconded by Schmidt to table the property valuation Protest# 2021-38. Roll call vote: Ayes, Schmidt and Uhlir. Absent: Stinson. Nays, none. Motion carried.

Protest# 2021-39      Mark Johnson, Big J's Rental LLC

Mark Johnson's Addition of Lot 3, 9-24-1 Tract 0.85 AC

Protest# 2021-40      Mark Johnson, Big J's Rental LLC

Jim Hupp's Subdivision of Lot 2, 9-24-1 Tract 0.72 AC

Chairman Schmidt opened a hearing at 10:08 A.M. Mark Johnson appeared at the hearing to offer verbal testimony. Mr. Johnson explained that Protest# 2021-39 is a newer storage building that is 50 feet by 238 feet. He reported that the valuation is at \$364,669 and his actual building costs from when he built it last year was \$285,000 which includes the materials and labor. Mr. Johnson questioned why the value of the property was so much higher than his actual building costs. This newer building has 17 bays that are used for storage rentals. The rental cost for each bay is \$250 per month. Mr. Johnson stated that he purchased Protest #2021-40 in 2018. This building is 38 feet by 238 feet and also has 17 bays used for storage rentals. The rental cost for each bay is \$185 per month. Due to this building being smaller than the other storage building that he built Mr. Johnson feels that the value of this building should be lowered accordingly. He explained that this is a pole building and that he was able to pour his own concrete, dig footings, and stick frame his new building for cheaper than the pole building that he bought. Mr. Johnson initially wanted to build a pole building because it is a better structure but for budgeting purposes it was better to go a different route. Chairman Schmidt closed the hearing at 10:19 A.M. County Assessor Jeff Hackerott recommended tabling the protest to conduct a physical inspection. Motion was made by Uhlir and

# Commissioner's Record No. 26

## MADISON COUNTY, NEBRASKA

seconded by Schmidt to table the property valuation Protest# 2021-39 and #2021-40 Roll call vote: Ayes, Schmidt and Uhler. Absent: Stinson. Nays, none. Motion carried.

Protest# 2021-41 Savage and Browning for Zechmann Properties LLC  
The Meadows Second Addition of Lots 5, 6, 7, & 8, Blk 2

Chairman Schmidt opened a hearing at 10:36 A.M. Ray Browning appeared at the hearing to offer verbal testimony. Mr. Browning stated that the operating statements and cap rate information indicate a lower value on this property. He explained that they do have a couple medical offices that are located within these properties. Mr. Browning reported that they went to the investor survey for the first quarter of 2021 because it breaks down different types of properties by apartments, healthcare, industrial, restaurants, retail, and office space. Using the figurations from the investor survey Mr. Browning stated that this where he got the property value to be \$2,210,000 for Protest #2021-41. This property is listed for sale but there hasn't been any interests in someone purchasing the property. The total expense for the building was \$182,007 in 2020 and this did include the property taxes at \$52,630. Mr. Browning reported that the total net income with recovery for property taxes was \$137,209. Chairman Schmidt closed the hearing at 10:51 A.M. County Assessor Jeff Hackerott recommended tabling the protest to conduct a physical inspection. Motion was made by Uhler and seconded by Schmidt to table the property valuation of Protest #2021-41. Roll call vote: Ayes, Schmidt and Uhler. Absent: Stinson. Nays, none. Motion carried.

Protest# 2021-42 Savage and Browning for Wells Fargo Bank N.A.  
Sunset Plaza Subdivision of First Platting Lots 6A & 6B & PT Vac Market Lane, 1500 & 1700 Market LN

Chairman Schmidt opened a hearing at 10:52 A.M. Ray Browning appeared at the hearing to offer verbal testimony. Mr. Browning explained that this property is the whole Sunset Plaza Mall excluding Target in the City of Norfolk. This property did a foreclosure but Wells Fargo Bank now has it through a trust in lieu of foreclosure. Mr. Browning stated that the property is in receivership and that they have been marketing it. There had been someone interested in buying the property however they changed their mind. Mr. Browning reported that this property is 50% vacant right now and is considered a distressed property. He explained that it isn't unusual for a mall to be considered a distressed property because it's all based on how people shop. Amazon has made it easier for people to have the convenience of shopping in their own home and having the items delivered right to their door therefore shopping in stores has cut down. Mr. Browning addressed the effective income in 2021 is at \$1.3 million. In 2016 the income was \$2.6 million and it has progressively gotten less each year since then. The expenses have been pretty stable at the \$1 million mark so while the income has been higher their expenses have been able to stay the same. Mr. Browning explained that this is not the way you want the funds to go. He stated that they have the property valued at \$4 million and believe that it is actual worth less than this. Mr. Browning reported that they are requesting the value be at \$17.00 per square foot which is where they have come up with \$4 million value. Chairman Schmidt closed the hearing at 11:09 A.M. County Assessor Jeff Hackerott recommended tabling the protest to conduct a physical inspection. Motion was made by Uhler and seconded by Schmidt to table the property valuation of Protest #2021-42. Roll call vote: Ayes, Schmidt and Uhler. Absent: Stinson. Nays, none. Motion carried.

Protest# 2021-43 Savage and Browning for Norfolk Market Square Holdings  
Market Square Subdivision of Lots 1, 3, & 4

Chairman Schmidt opened the hearing at 11:10 A.M. Ray Browning appeared at the hearing to offer verbal testimony. This is the building that houses the business Mid City in the City of Norfolk. Mr. Browning stated that the current rent roll, operating statements, and cap rate support a lower

# Commissioner's Record No. 26

## MADISON COUNTY, NEBRASKA

value for this property. This building is 71,000 square feet and their current rent is \$3.01 per square foot. Mr. Browning explained that using a 3% vacancy factor and bringing in recovery income that would be the payment for commentary maintenance and taxes of \$20,953. The effective income is about \$230,000. Over the years this has been fairly consistent but in 2020 the recovery income fell short. To the property owner through miscellaneous income it went from \$47,000 to \$4,000. Due to the COVID-19 pandemic it has made it very difficult to get large items such as furniture and appliances into stores to be able to sell. The last four years the expenses have stayed the same at about \$70,000. Mr. Browning reported that the net income in 2019 was \$200,349 but it dropped 32% between 2019 and 2020 to \$150,645. He explained that he believes this dropped because of the loss of the sales because the tenant would have paid the property owner for a percentage of sales of merchandise. The value between 2019 and 2021 the value of the property had went from \$2 million to \$3,066,599. Mr. Browning stated that using the investor's survey this property actually values at \$1,860,000. Chairman Schmidt closed the hearing at 11:20 A.M. County Assessor Jeff Hackerott recommended tabling the protest to conduct a physical inspection. Motion was made by Uhlir and seconded by Schmidt to table the property valuation Protest #2021-43. Roll call vote: Ayes, Schmidt and Uhlir. Absent: Stinson. Nays, none. Motion carried.

Protest# 2021-44 Savage and Browning for Pasewalk Plaza LLC  
Pasewalk Plaza Addition of PT Lot 2

Protest# 2021-45 Savage and Browning for Pasewalk Plaza LLC  
Pasewalk Plaza Addition of PT Lot 2

Protest# 2021-46 Savage and Browning for Pasewalk Plaza LLC  
Pasewalk Plaza Addition of Lot 3

Chairman Schmidt opened the hearing at 11:22 A.M. Ray Browning appeared at the hearing to offer verbal testimony. Mr. Browning explained that the current rent roll, operating statements, and cap rate support a lower value. He reported that they are about \$240,000 in income and with a 9% cap rate it comes in at about \$2.6 million. This property also is about 50% vacant. Mr. Browning stated that the previous property value was more realistic than what it is being valued at now. He explained that he understands the purpose of the reset on commercial properties and bringing them up to the current market values. However, some of these businesses are struggling with sales and occupancy and the property owner questions if their value really did increase on the property. Chairman Schmidt closed the hearing at 11:24 A.M. County Assessor Jeff Hackerott recommended tabling the protest to conduct a physical inspection. Motion was made by Uhlir and seconded by Schmidt to table the property valuation of Protest #2021-44, #2021-45, and #2021-46. Roll call vote: Ayes, Schmidt and Uhlir. Absent: Stinson. Nays, none. Motion carried.

Protest# 2021-47 J.W. Chatam and Associates  
Norfolk Hy-Vee #2 – West

Protest# 2021-48 J.W. Chatam and Associates  
Norfolk Hy-Vee #1 – East

Chairman Schmidt opened a hearing at 11:35 A.M. Jerry Chatam was available via telephone to offer verbal testimony during the hearing. Both Hy-Vee buildings are personally owned and do not rent from anyone. Mr. Chatam explained that the value of the Hy-Vee East property in 2019 was \$4,439,000 which is about \$71 per square foot and now the value has raised to \$5,191,000 which is \$83.69 per square foot. He stated that there is no way that this property will appraise out at \$83.69 a square foot. Mr. Chatam reported that they had taken the property valuation protests for the Grand Island and Kearney Hy-Vee's taken to the Tax Equalization and Review Commission, TERC, and were given the proper value of those properties and these figures were not it. He stated that they will not agree to an amount that is higher than the 2019 value. Mr. Chatam explained that with

# Commissioner's Record No. 26

## MADISON COUNTY, NEBRASKA

---

Nebraska having a 2% effective tax rate that it is pretty low and great for a lot of people. However, the fact that the value had gone up almost \$800,000 he does not believe that this is correct. Mr. Chatam stated that if this protest valuation were to go to trial, they would get a value on this property of \$50 a square foot. This would then drop the total value amount down to \$3.5 million but Mr. Chatam stated that he would be fine with leaving the 2019 value at the \$4.4 million in order to settle the case. He explained that he did not think that the gross sales has anything to do with the value of the real estate. Mr. Chatam said that he doesn't know how any appraiser can base a value off sales because they don't have any comparable sales date to go off of. Hy-Vee West had a value of \$4.5 million in 2019 and then it went up to \$5.3 million which equaled to be about \$86 per square foot. Mr. Chatam stated that the state of Nebraska requires the value of the property is to be based on the fee simple estate. The fee simple means unencumbered by a lease so you're looking at the building's worth on today's market. Mr. Chatam explained that in order to find this value the assessor would need to find a similar 60,000 square feet building that was built in 1999 in a community that's similar to the City of Norfolk and see what the rent is for them. Mr. Chatam reported that TERC stated there is a similar building in Omaha to these Hy-Vee's that are valued at \$60 a square foot and he is concerned how the two Hy-Vee's in Norfolk could be valued at \$26 higher than Omaha. County Assessor Jeff Hackerott stated that he would like to review the TERC's decisions on the properties that Mr. Chatam explained in Grand Island, Kearney, and Omaha to get the best value on the Hy-Vee properties in Norfolk. Mr. Chatam stated that he will have someone in his office gather all the documents from TERC's decisions on those properties and have them sent to Mr. Hackerott. Mr. Chatam explained that \$50 a square foot value is a great deal for everyone and they do want to be a good corporate citizen and do their part. Hy-Vee wants to continue to contribute and help the community but they can't do so if there's \$800,000 increases in value. Chairman Schmidt closed the hearing at 11:52 A.M. County Assessor Jeff Hackerott recommended tabling the protest to conduct a physical inspection. Motion was made by Uhlir and seconded by Schmidt to table the property valuation Protest# 2021-47 and #2021-48. Roll call vote: Ayes, Schmidt and Uhlir. Absent: Stinson. Nays, none. Motion carried.

The Board of Equalization recessed at 11:57 A.M. to Thursday, July 15, 2021 at 9:00 A.M.

ATTEST:

Anne Pruss  
Madison County Clerk

Ronald Schmidt, Chairman  
County Board of Equalization