

Board of Assessment Review Meeting - GEORGETOWN, DELAWARE, June 4, 2025

A scheduled meeting of the Board of Assessment Committee was held on Wednesday, June 4, 2025 at 10:00 a.m., in Council Chambers, with the following present:

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| Chris Keeler | Director of Assessment |
| Daniel DeMott | Attorney |
| Eric Davis | Board Member |
| James O'Rourke | Board Member |
| Thomas Roth | Board Member |
| Karen Wahner | Board Member |
| Ashley Godwin | Board Member |
| Ryan Zuck | County Witness - Tyler Technologies |

**Call to
Order**

Mr. Roth called the meeting to order.

Mr. Keeler presented amendments to the agenda for the Board's consideration. Mr. Keeler removed Parcel 335-8.08-11.01 and Parcel 335-8.08-12.00 from the Consent Agenda.

**M25-202
Approve
Agenda**

A Motion was made by Ms. Wahner, seconded by Ms. Godwin, to approve the agenda as amended.

Motion Adopted: 5 Yeas

**Vote by Roll Call: Ms. Godwin, Yea; Ms. Wahner, Yea;
Mr. O'Rourke, Yea; Mr. Davis, Yea;
Mr. Roth, Yea**

**Public
Comments**

Mr. Mark Hurlock spoke advocating for appellant rights to due process.

**Consent
Agenda**

Mr. Keeler introduced the Consent agenda items.

Ms. Godwin questioned Consent Agenda item 334-12.00-127.00-K – Wal Mart Real Est Business Trust as also being listed as a Property Hearing and whether this item needs to be removed from the Property Hearings. Mr. Keeler clarified that 334-12.00-127.00-K – Wal Mart Real Est Business Trust would need to remain as a Property Hearing as it is to be discussed with the other relevant parcels.

**M25-203
Approve
Consent
Agenda**

A Motion was made by Ms. Wahner, seconded by Mr. Davis, to approve the following items under the Consent Agenda:

- 1. Parcel -133-20.00-317.00 – Robin Brunetto**
- 2. Parcel -134-11.00-301.00 – Jason Satterfield**

**M25-203
Approve
Consent
Agenda
(continued)**

3. Parcel -134-13.15-156.00 – Rick Evans
4. Parcel -134-16.00-1212.00 – Andrew Evans TTEE REV TR
5. Parcel -134-17.00-48.00-14001 – Charles & Janice Vincelette
6. Parcel -134-17.00-977.04-S220K – Siobhan & William Goodwin
7. Parcel -134-18.00-48.00 – Charles & Elaine Parsons
8. Parcel -135-10.00-57.00 – Karen Miller TTEE REV TR
9. Parcel -135-22.00-11.00 – Two Eagles LLC
10. Parcel -230-1.00-42.00 – William & Barbara Mullen
11. Parcel -230-17.00-200.00 – Mark Fisher
12. Parcel -234-23.00-251.01 – Susan Laume
13. Parcel -235-30.00-115.00 – Michael Zahorchak
14. Parcel -334-1.00-157.00 – Franklin Brown TTEE
15. Parcel -334-12.00-123.02-20B – James Ralph
16. Parcel -334-12.00-127.00-K – Wal Mart Real Est Business Trust
17. Parcel -334-12.00-1467.00 & 1468.00 – Schell Brothers LLC
18. Parcel -334-12.00-1471.00 & 1472.00 – Schell Brothers LLC
19. Parcel -334-12.00-1474.00 – Schell Brothers LLC
20. Parcel -334-12.00-1476.00 & 1477.00 – Schell Brothers LLC
21. Parcel -334-12.00-1482.00 thru 1483.00 – Schell Brothers LLC
22. Parcel -334-12.00-1544.00 – Schell Brothers LLC
23. Parcel -334-12.00-1547.00 thru 1549.00 – Schell Brothers LLC
24. Parcel -334-12.00-1554.00 & 1555.00 – Schell Brothers LLC
25. Parcel -334-12.00-1557.00 thru 1596.00 – Schell Brothers LLC
26. Parcel -334-12.00-1601.00 – Schell Brothers LLC
27. Parcel -334-12.00-1603.00 & 1604.00 – Schell Brothers LLC
28. Parcel -334-12.00-1606.00 thru 1629.00 – Schell Brothers LLC
29. Parcel -334-14.17-486.00 – Joseph & Beth Falk
30. Parcel -334-19.00-148.00 – Rehoboth Beach County Club Inc.
31. Parcel -334-19.00-497.00 – Michael Burton
32. Parcel -335-8.00-1121.00 – John Thomas Ezell III

**M25-203
Approve
Consent
Agenda
(continued)**

33. Parcel -430-5.00-64.02 – Jamie & Jill Yoder

34. Parcel -530-11.00-8.00 – John Rigby II

Motion Adopted: 5 Yeas

**Vote by Roll Call: Ms. Godwin, Yea; Ms. Wahner, Yea;
Mr. O'Rourke, Yea; Mr. Davis, Yea;
Mr. Roth, Yea**

Move to Dismiss **Mr. Roth introduced Move to Dismiss agenda items.**

**M25- 204
Approve
Move
Dismiss**

A Motion was made by Ms. Wahner, seconded by Ms. Godwin, to dismiss the following items under Move to Dismiss:

- 1. Parcel -132-1.19-11.00 – Claudia Shields**
- 2. Parcel -134-3.00-2.03-802 – Larry Brown**
- 3. Parcel - 134-12.00-335.00-7211 – John Gaffney**
- 4. Parcel -134-12.00-335.00-46728 – John Gaffney**
- 5. Parcel -134-12.00-335.00-51448 – John Gaffney**
- 6. Parcel - 134-16.00-1504.00 – Steve Donovan**
- 7. Parcel -134-17.00-56.03-402S – Gregory Heacock TTEE**
- 8. Parcel -134-17.00-56.03-604N - James L Kane Jr**
- 9. Parcel -230-6.17-10.00 – Steven Buckles**
- 10. Parcel -234-11.00-56.02 – Donald & Helen Dorman**
- 11. Parcel -234-16.00-509.00 – Donley Kuendel**
- 12. Parcel -234-24.00-38.00-PARKC – Sun Leisure Point Resort LLC**
- 13. Parcel -234-30.00-317.06-42 – Robert Packman**
- 14. Parcel -332-2.00-93.01 – Steven & Carolyn French**
- 15. Parcel -333-15.00-24.00 – Kansak Enterprises Limited Partnership**
- 16. Parcel -333-15.00-36.11 – Kansak Enterprises LP**
- 17. Parcel -334-8.17-30.00-508 – Simor Moskowitz**
- 18. Parcel -334-13.00-310.00-PARK – Sea Breeze LP**
- 19. Parcel -334-13.20-177.00 -4 – Howard & Ellen McCabe**
- 20. Parcel -334-20.17-24.00-3 – James & Karen Lucas**

**M25- 204
Approve
Move to
Dismiss
(continued)**

21. Parcel -432-5.00-5.04 – Beebe Properties LLC

Motion Adopted: 5 Yeas

**Vote by Roll Call: Ms. Godwin, Yea; Ms. Wahner, Yea;
Mr. O'Rourke, Yea; Mr. Davis, Yea;
Mr. Roth, Yea**

**Property
Hearing
Rehoboth
Mall LP**

Mr. Roth introduced Property Assessment Appeal Hearing Rehoboth Mall LP - 334-12.00-127.00, 127.00-A, 127.00-B, 127.00-E, 127.00-F, 127.00-H, 127.00-I, 127.00-J, and 127.00-K — 18935 Rehoboth Mall Boulevard, Rehoboth Beach, Delaware 19971.

Mr. Roth swore in Mr. Kevin DiGrazia, Mr. Keeler and Mr. Zuck.

Mr. DiGrazia requested that all parcels be included in the appeal discussion and asked that the income from the stipulation agreement for Walmart be excluded from discussion for valuation purposes. Mr. DiGrazia reviewed the net operating income for the remaining parcels and suggested a significantly lower overall valuation based on that figure. He noted that Parcel 127.00-E was vacant as of the date of finality and emphasized that no income should have been attributed to it. Mr. DiGrazia also identified several issues with the assessor's worksheet, including double-counting income from the Walmart parcel, overvaluation vacant interior mall space, and failure to account for necessary leasing costs. Mr. DiGrazia asserted that due to these valuation errors, the actual market value of the assessment, excluding Walmart, should be \$4,471,276.

Mr. Roth opened the floor to the Board for questions.

Ms. Wahner asked if another entity was missing from the parceled property, to which Mr. DiGrazia stated that the organization had already declared bankruptcy before the allotted time frame.

Mr. Roth questioned the square footage listed on the appellants' documentation. Mr. DiGrazia explained the document was excluding Walmart.

Mr. Keeler discussed that, based on the appellants' application and the referee hearing, the Assessment office did offer a stipulation agreement which brought the assessed value of the subject property to \$20,922,900, which the appellant did not accept. Mr. Keeler turned the floor over to County witness Mr. Ryan Zuck to explain the assessment process on the subject property.

Mr. Zuck explained that Rehoboth Mall operates under a 99-year ground lease with the Hood family, collecting rent from various tenants across eight sub parcels. He stated while Walmart's building value was stipulated, its ground rent remains part of the Mall's income, and that Rehoboth Mall receives approximately \$997,000 in ground rent from four tenants. Mr. Zuck stated after deducting expenses and adjusting for a capped rate, the land value was estimated at

**Property
Hearing
Rehoboth
Mall LP
(continued)**

\$11,300,000 and comparable land sales in the area supported this valuation. Mr. Zuck noted that all parcels are assessed based on income. Mr. Zuck stated that Mr. DiGrazia submitted revised values, however the total valuation of \$20,922,900 is appropriate and supported by income and market data.

Mr. DiGrazia asked Mr. Zuck if he has used the income approach prior to this assessment and whether future income with a cap rate is used for valuations. Mr. Zuck responded that he has used the income approach, however that the situation in which the Rehoboth Mall operates makes the approach unique to the standard valuation process.

Mr. DiGrazia argued that the income approach calculated by Tyler Technologies was duplicating rents resulting in an inflated assessment value.

Mr. Roth opened the floor to the Board for questions.

Mr. O'Rourke inquired that the stipulated value of \$20,922,900 included the \$11,300,000 land value. Mr. Keeler stated that was accurate.

Mr. O'Rourke questioned Mr. DeMott if there was a rule under the Delaware Code citing whether or not the County could assess commercial property using analysis on income and expenses. Mr. DeMott stated that would have to be reviewed in more detail before an answer could be provided on the matter.

Mr. Roth questioned Mr. Zuck if Tyler Technologies used the income approach as it stated on the appeal application form. Mr. Zuck stated that Tyler Technologies did follow all guidance on the income approach when analyzing the subject properties. Mr. Roth inquired about the process of analysis on vacant property to which Mr. Zuck stated that potential income has to be accounted for using an appropriate rate for calculations.

Mr. O'Rourke inquired about the vacant lots listed to which Mr. Zuck responded that the lots have since been sold and developed into an apartment complex. Mr. O'Rourke further questioned the methodology used in assessing an unfinished project compared to a completed one. Mr. Zuck explained that appropriate market adjustments are applied based on comparable properties within a specific area.

Mr. O'Rourke then asked if calculations are based on square footage, why are the parceled lots broken out into separate figures. Mr. Zuck clarified that the property has historically been leased in this manner and, for analytical purposes, must be evaluated by parcel.

Mr. O'Rourke also questioned why the Walmart building is assessed differently than the other parcels on the subject lot. Mr. Zuck explained that the standard regression model is used when assessing varying store types. Some are evaluated as retail rental spaces, while others, such as discount stores, have different interior finishes. These variations are accounted for in the final valuation based on current conditions rather than future potential.

**Property
Hearing
Rehoboth
Mall LP
(continued)**

Mr. Davis questioned if the comparable sales on land were zoned similar to the subject lot. Mr. Zuck did not know what the sales were zoned.

Ms. Godwin raised several questions regarding the classification and valuation of parcels, particularly in relation to the issue of potential double counting between land value, ground rent, and improvements. She noted that the parcels are separated into two categories based on how the rent is received. Using Walmart as an example, she observed that the company reached a separate agreement for ground rent, which is clearly documented under land valuation.

Ms. Godwin further questioned the ownership of the buildings on these parcels and whether the appellant's company retains ownership of the structures or is solely collecting ground rent. She emphasized the need to understand whether double counting may be occurring in cases where land and building values are being assessed separately, particularly when ground rent is involved, and ownership is unclear.

Mr. Zuck explained that the appellant represents the Rehoboth Mall, which is leasing the land from the Hood family under a ground lease agreement. He clarified that the Rehoboth Mall entity owns the mall structure itself, as well as the sub-parcels located within the mall's boundaries. Mr. Zuck noted that the Rehoboth Mall owns the land neighboring the mall and their respective buildings are owned independently.

Ms. Wahner requested information regarding the post office. Mr. Zuck explained that the post office is a tenant of the Rehoboth Mall and pays rent for its occupancy within the property.

Mr. DiGrazia rebutted by emphasizing that under the income approach to valuation, only the income, expenses, and a reasonable capitalization rate should be considered. He stated that this approach reflects what a willing buyer and seller would agree upon and that using the same rent to value both the land and the building results in double counting, which is not supported by standard valuation methodology.

Mr. DiGrazia noted that speculative income assumptions fail to account for real-world leasing costs, such as tenant improvements and broker fees, and highlighted the history of prolonged vacancies at the mall. He stated that as of the date of finality, the net operating income for the entire Rehoboth Mall property was approximately \$900,000, which would not support a \$30 million valuation.

Mr. DiGrazia concluded his rebuttal by stating that the use of residential land comparable sales in commercial valuation is irrelevant, citing differences in density, utility, and the requirement for non-income areas such as parking. He reiterated that the valuation must be based on actual income and investment assumptions.

In closing, Mr. DiGrazia requested that the Board revise the assessment in

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| Property Hearing Rehoboth Mall LP (continued) | accordance with applicable law and adopt a valuation of \$4,471,276 for the additional parcels. He further emphasized that no portion of the income from the Walmart parcel should be included in the valuation of the remaining parcels. |
| M25-205 Close Property Hearing Rehoboth Mall LP Record | A Motion was made by Ms. Wahner, seconded by Ms. Godwin to close the record on Property Hearing Rehoboth Mall LP - 334-12.00-127.00, 127.00-A, 127.00-B, 127.00-E, 127.00-F, 127.00-H, 127.00-I, 127.00-J, and 127.00-K — 18935 Rehoboth Mall Boulevard Rehoboth Beach, Delaware 19971. Motion Adopted: 5 Yeas Vote by Roll Call: Ms. Godwin, Yea; Ms. Wahner, Yea; Mr. O'Rourke, Yea; Mr. Davis, Yea; Mr. Roth, Yea |
| M25- 206 Deny Property Hearing Rehoboth Mall LP | A Motion was made by Mr. O'Rourke, seconded by Mr. Davis to deny Property Hearing Rehoboth Mall LP - 334-12.00-127.00, 127.00-A, 127.00-B, 127.00-E, 127.00-F, 127.00-H, 127.00-I, 127.00-J, and 127.00-K — 18935 Rehoboth Mall Boulevard Rehoboth Beach, Delaware 19971. Motion Adopted: 5 Yeas Vote by Roll Call: Ms. Godwin, Yea; Ms. Wahner, Yea; Mr. O'Rourke, Yea; Mr. Davis, Yea; Mr. Roth, Yea |
| M25-207 Adjourn | A Motion was made by Ms. Godwin seconded by Ms. Wahner to adjourn at 11:23 a.m. Motion Adopted: 5 Yeas Vote by Roll Call: Ms. Godwin, Yea; Ms. Wahner, Yea; Mr. O'Rourke, Yea; Mr. Davis, Yea; Mr. Roth, Yea |

Respectfully submitted,

**Casey Hall
Recording Secretary**

{An audio recording of this meeting is available on the County's website.}