

**NEBRASKA REAL PROPERTY APPRAISER BOARD
NRPAB OFFICE MEETING ROOM, FIRST FLOOR
NEBRASKA STATE OFFICE BUILDING
301 CENTENNIAL MALL SOUTH, LINCOLN, NE**

August 16, 2018 Meeting Minutes

A. OPENING

Chairperson Ben Hynek called to order the August 16, 2018 meeting of the Nebraska Real Property Appraiser Board at 9:00 a.m., in the Nebraska Real Property Appraiser Board meeting room located on the first floor of the Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska.

B. NOTICE OF MEETING

Chairperson Hynek announced the notice of the meeting was duly given, posted, published, and tendered in compliance with the Open Meetings Act, and all board members received notice simultaneously by email. Publication of official notice of the meeting appeared in the August 13, 2018 edition of the *Lincoln Journal Star*, a legal newspaper of general circulation in this state, as required by the Open Meetings Act. The agenda was kept current in the Nebraska Real Property Appraiser Board office and on the Board's website. Materials generally used by the Board for this meeting were available in the public folder for inspection by the public, and in accordance with the Open Meetings Act. A copy of the Open Meetings Act was available for the duration of the meeting. For the record, Board Members David Hartman of Omaha, Nebraska, Benjamin Hynek of Lincoln, Nebraska, Thomas Luhrs of Imperial, Nebraska, Christopher Mustoe of Omaha, Nebraska, and Gary McCormick of North Platte, Nebraska, were present. Also present were Director Tyler Kohtz, Business and Licensing Specialist Allison Nespor, and SOS Temporary Staff Assistant Sandra Blumanhourst, who are all headquartered in Lincoln, Nebraska.

ADOPTION OF THE AGENDA

Chairperson Hynek reminded those present for the meeting that the agenda cannot be altered 24 hours prior to the meeting except for emergency items according to the Open Meetings Act. Board Member Mustoe moved to adopt the agenda as printed. Board Member Hartman seconded the motion. With no further discussion, the motion carried with Mustoe, McCormick, Luhrs, Hartman, and Hynek voting aye.

The Nebraska Real Property Appraiser Board will meet in executive session for review of applicants and enforcement matters.

Board Member Mustoe moved that the Board go into executive session for the purpose of reviewing applicants for credentialing; applicants for appraisal management company registration; investigations; pending litigation, or litigation which is imminent as evidenced by communication of a claim or threat of litigation; and employee performance evaluation. A closed session is clearly necessary to prevent needless injury to the reputation of those involved. Chairperson Hynek asked for a second. Board Member McCormick seconded the motion. The time on the meeting clock was 9:02 a.m. The motion carried with Mustoe, McCormick, Luhrs, Hartman, and Hynek voting aye.

Kurt Hohenstein appeared before the Board at 9:15 a.m.

Board Member Mustoe moved to come out of executive session at 10:01 a.m. Board Member Luhrs, seconded the motion. The motion carried with Mustoe, McCormick, Luhrs, Hartman, and Hynek voting aye.

G. WELCOME AND CHAIR'S REMARKS

Chairperson Hynek had no comments.

H. BOARD MEETING MINUTES

1. APPROVAL OF JULY 19, 2018 MEETING MINUTES

Chairperson Hynek asked for any additions or corrections to the July 19, 2018 meeting minutes. With no further discussion, Chairperson Hynek called for a vote. Board Member Mustoe moved to adopt the July 19, 2018 meeting minutes as presented. Board Member McCormick seconded the motion. The motion carried with Mustoe, McCormick, and Hynek voting aye. Hartman and Luhrs abstained.

I. DIRECTOR'S REPORT

1. APPRAISER COUNT REPORT

Director Kohtz presented seven charts outlining the number of appraisers as of August 16, 2018, and asked for any questions or comments. There was no further discussion.

2. TEMPORARY CREDENTIAL REPORT

Director Kohtz presented three charts outlining the number of temporary credentials issued as of August 16, 2018. The Director then asked for any questions or comments. There was no further discussion.

3. SUPERVISORY APPRAISER COUNT REPORT

Director Kohtz presented two charts outlining the number of supervisory appraisers as of August 16, 2018, and asked for any questions or comments. There was no further discussion.

4. AMC COUNT REPORT

Director Kohtz presented two charts outlining the number of AMCs as of August 16, 2018, and asked for any questions or comments. There was no further discussion.

J. FINANCIAL REPORT AND CONSIDERATIONS – AUGUST 2018

1. APPROVAL OF JULY RECEIPTS AND EXPENDITURES

The receipts and expenditures for July were reviewed by the Director by line item with the Board in the Budget Status Report. Director Kohtz brought attention to the employee assistance program expense, and informed the Board that the \$37.08 expenditure is a state assessment for counseling services for employment issues, family issues, chemical dependency issues, or any other issue causing employees problems. Director Kohtz then brought attention to the data processing expense, and informed the Board that approximately \$14,000.00 of the \$17,047.39 expense is for work on the database project. The Director informed the Board that the education interface project is moving along, but will not be set up in time for renewal season. The next project in line is the enforcement interface.

As of the end of July, expenses amount to 8.95 percent of the budgeted expenditures for the fiscal year; 8.49 percent of the fiscal year has passed. Revenues are currently at 3.7 percent of the projected revenues for the fiscal year. The Director asked for any questions related to the Budget Status Report. There was no further discussion.

The Director then brought attention to the General Ledger for July, and informed the Board that he had no comments. The Director then asked if the Board had any questions pertaining to the General Ledger. There was no further discussion.

Director Kohtz then presented three graphs showing expenses, revenues, and cash balance. For the Real Property Appraiser Program, which includes both the appraiser fund and the AMC fund, a total of \$40,517.64 in expenditures and \$11,592.88 in revenues were reported.

Board Member Mustoe moved to accept and file the July 2018 financial reports for audit. Board Member McCormick seconded the motion. The motion carried with Mustoe, McCormick, Luhrs, Hartman, and Hynek voting aye.

2. 2019-2021 BIENNIAL BUDGET

Director Kohtz presented 2019-2021 Biennial Budget Request, along with a document named, "2019-2021 Biennial Budget Request Highlights" to the Board for consideration. The Director informed the Board that he was not going to go through each document individually, but wanted to bring attention to the specifics in the request. Director Kohtz then indicated that there have been no changes from what was discussed during the strategic planning meeting. The 2019-2021 Biennial Budget Request includes the following:

- The base appropriation for the Budget Request Issues is \$383,056.00. All changes below are in relation to the base appropriation.
- 2019-2021 Employee Salary Increase - An estimation of the cost of employee salary increases equivalent to 2% each for FY20 and FY21 as requested by Administrative Services results in an increase in FY20 of \$3,494.00, and an increase in FY21 of \$7,058.00.
- 2019 January 1 Salary Annualization - Includes the cost of annualizing the January 1, 2019 increase for affected employees as requested by Administrative Services. This issue also includes the cost of employee salary increase equivalent to 2% each for FY20 and FY21 for this amount. This issue results in an increase in FY20 of \$644.00, and an increase in FY21 of \$657.00.
- 2019-2021 Employee Health Insurance - An estimate of the cost to the agency for employee health insurance with an increase of 3.3% over the base for FY20 and a 5.2% increase over FY20 for FY21 as requested by Administrative Services. This issue results in an increase in FY20 of \$990.00, and an increase in FY21 of \$2,601.00.
- Administrative Services Assessment Changes - The Department of Administrative Services charges an assessment based on usage. The Board's request includes the necessary adjustments based on the changes to assessments for the 2019-21 biennial budget cycle, which results in a decrease of \$703.00 for both FY20 and FY21.

- Board Member Travel Costs Increase - Request funding in the amount of \$2,653.00 for board and lodging, and \$3,123.00 for personal vehicle mileage, for the increased lodging and mileage costs to the Board for the additional western Nebraska board member. This issue results in an increase of \$5,776.00 for both FY20 and FY21.
- CIO Applications and Development Support Increase – Request for funding to account for increased database maintenance costs. As the NRPAB Database has grown in complexity and use, the maintenance fees associated with fixing bugs, making changes to reflect law, rule, or policy changes, and operation enhancements has increased as well. This issue results in an increase of \$3,600.00 for both FY20 and FY21.
- Legal Related Expense Increase – Request for funding to absorb future hearing costs. On June 20-21, 2017, a disciplinary proceeding was brought by the Board against a Nebraska credentialed appraiser for the alleged violation of the Nebraska Real Property Appraiser Act. The costs for this administrative hearing totaled \$14,690.00, the previous administrative hearing cost the Board a total amount of \$4,630.00 in FY15. This issue results in an increase of \$5,000.00 for both FY20 and FY21.

The Director then summarized FY20, and informed the Board that the budget request for FY20 totals \$401,857.00; an increase of \$18,801.00 over the base. The projected expenditures for FY20 are \$361,671.00, and the projected revenues for FY20 are \$342,445.00. The Appraiser Fund balance is expected to be \$242,223.00 at the end of FY20, and the AMC Fund balance is expected to be \$254,895.00 at the end of FY20.

Finally, Director Kohtz summarized FY21, and declared to the Board that the budget request for FY21 totals \$407,045.00; an increase of \$23,989.00 over the base. The projected expenditures for FY21 are \$366,340.00, and the projected revenues for FY21 are \$375,693.00. The Appraiser Fund balance is expected to be \$259,662.00 at the end of FY21, and the AMC Fund balance is expected to be \$246,849.00 at the end of FY21.

Board Member Mustoe moved to approve the 2019-2021 Biennial Budget Request as presented. Board Member Luhrs seconded the motion. The motion carried with Mustoe, McCormick, Luhrs, Hartman, and Hynek voting aye.

3. PER DIEMS

Director Kohtz informed the Board that he had no per diem requests for this meeting. Chairperson Hynek asked if any board members had a request for the Board to consider. There was no further discussion.

K. GENERAL PUBLIC COMMENTS

L. CONSIDERATION OF EDUCATION-INSTRUCTOR REQUESTS

Board Member Mustoe moved to take the following actions for education activities and instructors as listed:

NEW CONTINUING EDUCATION ACTIVITIES AND INSTRUCTORS

McKissock, LLC

Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book) Course
(2182430.03) / 14 Hours – *Approved*

Dan Bradley – *Approved*

Understanding Limited Service Hotels –The Basics of Hotel Appraising
(2181428.03) / 7 Hours – *Approved*

Dale Shea – *Approved*

Wally Czekalski – *Denied*

Steve Vehmeier – *Denied*

Philicia Lloyd – *Denied*

Dan Bradley – *Denied*

Steve Maher – *Denied*

Larry McMillen – *Denied*

Charles Huntoon – *Denied*

Seconded by Board Member Luhrs. Chairperson Hynek called for the vote. The motion carried with Mustoe, McCormick, Luhrs, Hartman, and Hynek voting aye.

M. UNFINISHED BUSINESS: No discussion.

N. NEW BUSINESS

1. ADMINISTRATIVE SPECIALIST UPDATE

Director Kohtz presented a letter from the Department of Administrative Services concerning the Board's request to reclassify the Administrative Assistant II position to a Staff Assistant I position to the Board for review. The Director informed the Board that the request has been approved, and the opening can now be posted to the State jobs website. Director Kohtz also provided the updated position descriptions for the Business and Licensing Specialist and the Administrative Specialist to the Board for review. Chairperson Hynek thanked the Director for the update.

2. RENEWAL SEASON TEMPORARY EMPLOYEES

Director Kohtz presented a memo to the Board concerning temporary employees for the upcoming renewal season. The Director summarized the memo, and reminded the Board that during the past two years, the Board has utilized part-time interns as temporary employees to assist with processing applications for credentialing renewals. At the strategic planning meeting on June 22, 2018, the Board expressed their contentment with continuing this process, and the budget approved at the July 19, 2018 meeting includes funding in the amount of \$6,931.00 for two part-time interns at the Secretary I classification. Director Kohtz indicated that the primary benefit of utilizing two interns at twenty hours apiece is that it insulates the Board from major loss of productivity when there is turnover in the temporary position. Due to the restructuring of the agency responsibilities, the agency has employed an SOS Temporary Staff Assistant I since July 13, 2018. The Director asked the Board to consider keeping the Staff Assistant I on staff through mid-January of 2019 to replace the two part-time interns, and to assist with the training of the permanent Administrative Specialist when hired. Director Kohtz indicated that the current SOS employee would be able to transition to processing renewal applications with little additional training. The Director broke down the projected expenditures related to this request, and asked the Board to increase the SOS Temp Services expense account from the FY17 carryover funds by \$2,500.00 to keep the SOS Temporary Staff Assistant I on assignment through mid-January.

Board Member Luhrs moved to increase funding to the SOS Temp Services expense account by \$2,500.00 from the FY17 carryover funds as requested by the Director. Board Member Mustoe seconded the motion. The motion carried with Mustoe, McCormick, Luhrs, Hartman, and Hynek voting aye.

3. NRPAB OFFICE RELOCATION

Director Kohtz informed the Board that the agency will be moving to the space behind Scooters. The Director indicated that the first time that this location was offered, Buildings Division was not interested in compromising on some of the things that needed to be done for this space to work for the Board. Buildings Division also showed the Director additional locations that were not adequate for the Board's operations. Director Kohtz continued by saying that the next step was to send out a request for proposal for commercial space, but this was tricky with the timing related to the 2019-2021 Biennial Budget Request. The Director discussed the agency's needs once again with Buildings Division, and agreed that the Scooters location is the best fit for the agency if Buildings Division is able to make the necessary changes. As of now, all the agency's requirements are to be met by Buildings Division. Chairperson Hynek asked if the space is the same size. Director Kohtz responded that the current space is 1650 square feet, and the new space will be 1450 square feet. The Director informed the Board that Buildings Division is willing to work with the agency regarding the move date to ensure that adequate time is available to move as many files as needed from physical to digital to fit in the reduced space. Board members asked if there was a floor plan available for the new space. Director Kohtz indicated he had not received one yet, but that he would email the Board members the plan when received.

O. LEGISLATIVE REPORT AND BUSINESS

1. TITLE 298_5-1-2018 DRAFT

Director Kohtz presented the updated draft of Title 298 to the Board for consideration, and reminded the Board that the majority of changes were already made, and were reviewed by the Board at its meetings in July and August of 2017. After the Board's initial review, the Governor's Policy and Research Office held the draft for six months, which eventually made it not productive to proceed, considering that LB741 and LB17 were moving through the Legislature. The Director indicated that the majority of new changes included in this draft pertain to the statutory changes made through LB741 and LB17, or were discussed at the 2018 strategic planning meeting. Director Kohtz then informed the Board that he does not intend to go through this draft page by page, so asked the Board for any questions or comments. Board Member Mustoe asked if one has to have a degree in real estate to become an appraiser. Director Kohtz replied, "No, it is one of two options to meeting the qualifying education requirements. One may obtain a bachelor's degree from an AQB approved program in Real Estate, or take qualifying education courses." Board Member Mustoe asked for further clarification; specifically, he asked if an individual could become an appraiser with a degree and not complete any qualifying education. The Director confirmed that Board Member Musote's comment is correct, and added that if a degree program were not approved for all qualifying education, the individual would still need to meet those requirements through more traditional qualifying education courses. For example, the University of Nebraska Omaha's Real Estate and Land Use Economics program includes all qualifying education except for the fifteen-hour USPAP course. The Director went on to say that Chapter 6 in the Title 298 draft is amended to allow for a college or university to submit education activities to the Board for approval on an individual basis. This idea came about after a discussions with David Beberwyk at UNO, who would like for the students to be able to become Trainee Real Property Appraisers while still attending school if they are interested. His idea is that the school could help student obtain experience credit once they become Trainee Real Property Appraisers. The only obstacle for UNO would be the fifteen-hour USPAP course. Board Member Luhrs asked if UNO created the program on their own. Director Kohtz informed the Board that UNO worked with the AQB's degree review program for approval of the program; the majority of the content was already in place. The Director added, "This was actually a neat project that the Board and UNO collaborated on. There are only about ten to eleven of AQB approved college degree programs in the country. UNO is doing what it can to help grow the profession." Director Kohtz finished by stating that the Board is not in a hurry, so if more time is needed for review, it would be okay to hold the draft. There was no further discussion. Board Member Mustoe moved to approve the Title 298_5-1-2018 Draft for preliminary review by the Governor's Policy and Research Office and the Attorney General's Office. Board Member Luhrs seconded the motion. The motion carried with Mustoe, McCormick, Luhrs, Hartman, and Hynek voting aye.

Break from 10:42 a.m. to 10:50 a.m.

P. ADMINISTRATIVE BUSINESS

1. GUIDANCE DOCUMENTS: No discussion.

2. INTERNAL PROCEDURAL DOCUMENTS: No discussion.

3. APPRAISER FORMS AND PROCEDURES

a. Application for Trainee Real Property Appraiser Credential

Director Kohtz presented the Application for Trainee Real Property Appraiser Credential to the Board for consideration. The Director pointed the Board's attention to the highlighted language found in the "Disciplinary Questions" section found on page P.2, and the "Affidavit of Applicant" found on page P.8 of the application, and reminded the Board that the changes were made at the Board's request during the strategic planning meeting. Director Kohtz added that the Board discussed the idea of only requesting information from the applicant concerning his or her background if it would have an effect on the approval of the application. Chairperson Hynek expressed satisfaction with the new language. The Director asked if the Board would like to approve this application, then the reciprocal application, and education, experience, and examination applications could be brought to the Board for approval, or if the Board would prefer to approve the changes and have them be applied to all three applications. The Board expressed its intent to approve the current application, then have the approved changes applied to the other two applications. BLS Nespor informed the Board that these changes would not be applied to the renewal applications. Chairperson Hynek asked why this would be the case. Director Kohtz informed the Board that the renewal applications for this year are already approved and ready to go, so any changes would have to take place prior to renewals next year. Also, because of the random background check, there is a separate standard for renewal applications that must be worked through prior to making such changes. Board Member Mustoe moved to approve the highlighted language as shown in the Application for Trainee Real Property Appraiser Credential to be applied to this application, along with Application for Nebraska Real Property Appraiser Credential by Reciprocity and the Application for Nebraska Real Property Appraiser Credential. Board Member Luhrs seconded the motion. The motion carried with Mustoe, McCormick, Luhrs, Hartman, and Hynek voting aye.

4. AMC FORMS AND PROCEDURES

Director Kohtz presented the AMC LB17 Implementation Letter, the Application for Nebraska Appraisal Management Company Registration, the Application for Renewal of Nebraska AMC Registration, and the Federally Regulated AMC Nebraska Reporting Form to the Board for consideration. The Director informed the Board that no action is needed on the AMC LB17 Implementation Letter, but if the Board has any feedback before the letter is sent, now is a good time. Director Kohtz continued by saying that the Application for Nebraska Appraisal Management Company Registration and Application for Renewal of Nebraska AMC Registration are a modernization of existing forms to incorporate the LB17 requirements. The Federally Regulated AMC Nebraska Reporting Form is a new form required for the Board to meet its obligation of collecting information from federally regulated AMCs to be reported to the AMC Federal Registry. The Director brought attention to the \$350.00 application fee charged to federally regulated AMCs, and informed the Board that he and BLS Nespor reviewed the processing of this application and found that the time and resources were nearly identical to the processing of a new AMC application. BLS Nespor shifted attention to the Application for Renewal of Nebraska AMC Registration, and noted that the renewal fee on page P.25 of this application is incorrect. This application must be amended to show the correct fee of \$1500.00. Board Member Mustoe moved to approve the Application for Nebraska Appraisal Management Company Registration as presented, the Application for Renewal of Nebraska AMC Registration as amended to update the renewal fee from \$2,000.00 to \$1,500.00 on page 4, and the Federally Regulated AMC Nebraska Reporting Form as presented. Board Member Luhrs seconded the motion. The motion carried with Mustoe, McCormick, Luhrs, Hartman, and Hynek voting aye.

Q. OTHER BUSINESS

1. BOARD MEETINGS: No discussion.

2. CONFERENCES/EDUCATION

a. Fall AARO Conference; October 19-22, 2018

Director Kohtz asked for interest in attending the Fall AARO Conference. The Director indicated that he will be attending. There was no other interest. Board Member Mustoe made a motion to approve Director Kohtz for attendance at the Fall AARO Conference. Seconded by Hartman, and carried with Mustoe, McCormick, Hartman, Luhrs, and Hynek voting aye. It was noted that the dates for the Fall AARO Conference are October 19-22, 2018, not October 19-12, 2018 as shown on the agenda. Director Kohtz apologized for the error.

3. MEMOS FROM THE BOARD: No discussion.

4. QUARTERLY NEWSLETTER: No discussion.

5. APPRAISAL SUBCOMMITTEE

a. 2019 ASC Compliance Review – March 19-22, 2019

Director Kohtz informed the Board that the ASC requested March 19-22, 2019 for their next compliance review. Director Kohtz asked if any board members would have a conflict with these dates. After a brief discussion, the Board agreed that there would be no issues with the requested dates. Director Kohtz informed the Board that he will confirm the dates as ok with the ASC.

b. ASC Meeting; November 12, 2018 – Washington, D.C.

Director Kohtz informed the Board that the next ASC meeting will be held on November 12, 2018 in Washington, D.C. There was no further discussion.

6. THE APPRAISAL FOUNDATION: No discussion.

7. IN THE NEWS: No discussion

C. CONSIDERATION OF APPLICANTS FOR CREDENTIALING AS A NEBRASKA REAL PROPERTY APPRAISER

Board Member Mustoe moved to take the following actions for the applicants as listed:

CG18017R / Hold

CG18018R / Requirements for credentialing as a Certified General Real Property Appraiser approved as submitted. Authorize Director to issue credential upon completion of background check.

Board Member Luhrs seconded the motion. Motion carried with Mustoe, McCormick, Luhrs, Hartman, and Hynek voting aye.

D. REGISTRATION AS AN APPRAISAL MANAGEMENT COMPANY:

Board Member Mustoe moved to take the following action for the AMC applicant as listed:

NE2018003 / Approve

Board Member Luhrs seconded the motion. Motion carried with Mustoe, McCormick, Luhrs, and Hartman voting aye. Hynek abstained.

E. CONSIDERATION OF COMPLIANCE MATTERS

Board Member Mustoe moved to take the following enforcement actions:

18-05 / Dismiss without prejudice; send advisory letter.

18-01 / Ongoing

17-04 / Hold

Board Member Luhrs seconded the motion. Motion carried with Mustoe, McCormick, Luhrs, Hartman and Hynek voting aye.

F. CONSIDERATION OF OTHER EXECUTIVE SESSION ITEMS: No discussion.

R. ADJOURNMENT

Board Member Luhrs moved to adjourn the meeting. Board Member McCormick seconded the motion. Motion carried with Mustoe, McCormick, Luhrs, Hartman and Hynek voting aye. At 11:02 a.m., Chairperson Hynek adjourned the August 16, 2018 meeting of the Real Property Appraiser Board.

Respectfully submitted,

Tyler N. Kohtz
Director

These minutes were available for public inspection on August 21, 2018 in compliance with Nebraska Revised Statute § 84-1413 (5).