

1. **CURRENT ASSESSMENT.** The real property commonly known as the **NORTHBROOK SPORTS CLUB**, located at 160 Sports Club Drive, Hainesville, Illinois, Avon Township, Lake County, Illinois, has received notice from the AVON Township Assessor stating the subject property's 2023 assessed value being 1,245,882. Based upon the evidence presented in our petition, the current 2023 assessment is far excess of the subject's actual Fair Cash Value. Additionally, the assessed value does not correctly incorporate certain preferential assessments provided for in the Property Tax Code.

2. **SUMMARY OF EVIDENCE SUBMITTED:**

- A. One of the principal issues to be considered by the Board is the primary use of the subject property. Upon information and belief, the Township Assessor contends that the primary use of the subject property, which has an aggregate area of 704.5 acres, is a sports club (i.e. a commercial use). In fact, the Sports Club takes up only about 60 acres, or about 8.5% of the subject property's total land area. Further, when the activities conducted by the Sports Club conflict with the conflict with the farming activities which constitute the actual primary use of the subject property, the farming activities take precedence. These facts are attested to in the affidavit of Mr. Brett Seibert, the General Manager of the Sports Club. Mr. Seibert's Affidavit is attached hereto as **EXHIBIT 1**.
- B. **APPRAISAL.** Attached as **EXHIBIT 2** is a retrospective appraisal prepared by ValuPros, an MAI appraisal firm, indicating a Fair Market Value of \$2,150,000 for the subject property as of January 1, 2022. In our opinion, this is a well-documented and thorough analysis of the subject property and accurately sets forth the current value of the property, prior to any further adjustment for preferential assessments pursuant to the Property Tax Code or Illinois Department of Revenue (IDOR) farmland assessment rules.
- C. **LAND AND ENGINEERING/WATER RESOURCE STUDY.** Hey & Associates, Inc., a recognized civil engineering firm with a dual expertise in ecological engineering centered around resolving complex water resources and natural resource management challenges, has been retained by NSC over the years. Among other things, Hey has coordinated wetland delineation, permit approvals (Army Corp, local authorities, IRS), design/build specifications, flood plain and stormwater mitigation projects in order to enable the continued

contribution of the non-tillable acreage to the overarching farmland operation.

The Hey Report is attached as **EXHIBIT 3**.

On page 3 of its seminal, January 23, 2006, report to NSC, Hey reported that 478 acres of the subject were affected by wetlands, floodplain and/or hydric soils. The appraisers confirmed with Hey that the 2006 report remained valid as of January 1, 2022. The subject remains to this day, largely a marshland with 80% of the land mass unsuitable for development (see page 34 of Appraisal Report attached as **EXHIBIT 2**).

- D. The Northbrook Sports Club, Inc. (Grantor) has conveyed an Easement in Perpetuity and Deed Restrictions to the Big Sag Wetland Conservancy, Inc. (Grantee). The assessment was created for the purpose of establishing, opening, maintaining, preserving and modifying wetlands as defined under the Federal Clean Water Act and related State and local programs, statutes, codes and ordinances, and upland real property, and to sell credits or access to such wetlands and uplands and to coordinate the creation, maintenance, preservation and management of wetlands until the United States Army Corps of Engineers and the other federal and state agencies pursuant to the direction and guidelines described in the Intra Agency Coordination Agreement on Wetland Mitigation Banking dated January 1997.

Attached as **EXHIBIT 4** is a signed copy of the Grant of Easement, including the legal descriptions of the parcels and the Deed Restrictions now placed on the parcels. This instrument was executed on May 29, 2009. Also attached to this Exhibit is a copy of the Big Sag Land Plat showing the completed Phase I and Phase II which amounts to 104.27 acres. The total acreage for the Big Sag is 230 acres. The balance of the acreage which has not been deeded is designated as Wetlands.

E. The Illinois Department of Revenue assesses agricultural real estate based upon ***Agricultural Use Value*** and sets forth the rules, guidance and direction for assessing officials in its annual release of Publication 122. Submitted as **(EXHIBIT 5)** are Pro-Forma Property Record Cards (“PRCs”) for each of the thirteen (13) parcels, prepared by appraisers according to Publication 122. The PRCs were prepared utilizing the State preferred soil maps prepared by the USDA NRC soil maps to determine the soil type (including soil complexes) of the whole subject on a by-parcel basis. Once determined, the soil Productivity Index (“PI”), under an average farm management assumption as prescribed by Publication 122, was established for each parcel and the whole subject. After adjusting the various PIs for slope, erosion, and other debasements, as required by Section 10-125 of the Property Tax Code, the soil PI was determined and used by the appraisers to credibly solve the appraisal problem.

Broadening the appraisal scope to include classification of the subject according to Publication 122 was an important step in the process of understanding the subject's implied market value from a taxation standpoint for two reasons First, the broadened scope uncovered date-of-value land uses that are well-recognized in Publication 122. Yet these uses appear to not have informed the tax assessment in accordance with the actual farmland uses in spite of and arm's-length, market lease for the cropland and the permanent pasture, a recorded wetland conservation easement and market evidence going back to 2015-2016 documenting wetland mitigation credit sales to nearby developers.

Second, Publication 122 guidance was not followed. Pages 33 and 45 of the appraisal appended hereto as **EXHIBIT 2** point out the incorrect land use classifications which led to valuation errors. Most notably among these was the

assessing of 346.30 acres of the whole farm as “Commercial Vacant”. In fact, 217.08 of the 346.3 acres are part of P.I.N. 06-33-300-008, which contains 50 acres of Contributory Wasteland, some of which is below grade, upon which the clubhouse area improvements are situated, and which is also characterized by 202.93 acres of a 230-acre, total wetland footprint. (Page 43 contains a correctly- prepared PRC for P.I.N. 06-33-300-008. The total assessed value for the land on this parcel was computed to be 45,951.53).

3. **HISTORY OF SUBJECT PROPERTY.** The subject property is located on the south side of Route 120 in Hainesville. The Village of Hainesville is divided into a Northern Planning area and Southern Planning area with the Metra tracks and Route 120 serving as the dividing line. The dominant land use category for the Southern Planning area (subject property) is agricultural/recreational and is largely controlled by the Northbrook Sports Club which accounts for 60.89% of the total land area within the Southern Planning area.
- The subject property had been part of the Grayslake Gelatin Farm, which started in 1935. The Gelatin family had owned 1,706 acres surrounding the Village of Grayslake. It was primarily a pig and dairy farm, and they also grew corn, alfalfa, oats, and soybeans,
- The Northbrook Sports Club purchased approximately 600 acres in 1986 and began an interior land assemblage of the original farm. The thirteen (13) parcels, containing approximately 704.5 acres of varying size and shape, constitute one of the few remaining farms within Lake County’s Fox River Watershed. In spite of serving as a drainage basin for decades of surrounding development, it has remained productive economically and contributes to Hainesville’s land use plan, with just under 200 tillable acres rotated between corn and beans, active pastureland, and a low-impact target shooting operation that supports the farmland as a whole. The Big Sag Wetlands Conservancy is a footprint on the

subject that results in material land development limitations, but one that has played an essential role in contributing to the productivity of the farms.

4. **DECRPTION OF THE PROPERTY.** The subject property consists of 704.5-acre land tract containing thirteen (13) tax parcels. The entire site is zoned AG-Agricultural, which has been its primary use for at least eighty-seven (87) years. The subject has several challenges that dramatically affect its overall fair cash value.

- **Fair-to-Average Grade Farmland Soil PI.** The adjusted Soil Productivity Index (PI) assuming average farm management, ranges from 86 to 123, placing 80.86% of the subject in the IDOR-determined, “Average” productivity range and 11.69% in the “Fair” category. The weighted average PI for the thirteen (13) parcel subject is 102 (see USDA NRCS Adjusted Soil Productivity Index for all 13 parcels on page 35 of the Appraisal Report).
- **Fair-to-Poor Access.** Access to the subject has been considered fair to poor by the appraisers (see page 24 of the Appraisal Report). The subject property is mostly land-locked with access via a dirt/crushed asphalt road spur of Hainesville Road at Route 120 via assumed easements over adjacent properties to the north that have frontage along Route 120. The clay shooting area is accessed by the paved asphalt roadway known as Sports Club Drive, which extends from Allegheny Road westbound towards Campbell Airport and the subject. The nearest highway interchange is located 7.5 miles east of the subject at the interchange of Route 120 and Interstate 94. Historic attempts by the State of Illinois and others to extend Route 120 through the subject reportedly have abandoned, rendering the prospect of heightened arterial access in the foreseeable future moot.
- **80% Covered by FEMA 100-Year Flood Zone.** The Squaw Creek runs through the western area of the subject, and 80% of the farmland corridor to its East lies within

FEMA Flood Zone AE. The active floodway formed along the eastern banks of the Squaw Creek contributes to the productivity of the farmland mass by discharging base flood waters flowing downgradient from the developments surrounding to the subject property. As surrounding development has occurred, the flood waters at the NSC have increased, debasing the load-bearing capacity of the soil for most forms of development.

5. **ZONING.** The subject property is 100% zoned “Agricultural District- AG”, (see zoning map on page 24 of appraisal report). Accordingly, land use priorities center around the preservation of existing natural features, including water, trees, and other environmental resources as well as any adaptation for recreational uses subject to economic and physical feasibility.

When the appraisers met with Hainesville Mayor Daley, he emphasized that environmental features contribute to the character of the Village. He further indicated that disturbance of farm and/or wetland areas for development, of any type, would not be favored by the Village in the event of any request for a zoning change for the foreseeable future.

6. **MAI APPRAISAL REPORT.** In appraising the market value of farmland, three (3) generally accepted techniques are typically employed: the Cost Approach, the Income Approach and the Sales Comparison Approach.

- A. **COST APPROACH \$2,130,000 (See pages 55 to 60).** The subject property is unique in that the 704.5 acres have a mixture of Cropland (tillable acres), Permanent Pasture, Other Farmland, and Contributory Wasteland acreage. In its Bulletin 10 (Average Farm Management assumption) and Bulletin 11 (Optimum Farmland Management assumption), the quality of the soil (the PI) within the Cropland category is the basis upon which farmland value is

ultimately expressed since crop yield can be measured by open market commodity prices. In the appraisal, Cropland is broken down into four (4) classifications, A, B, C, and D. The best classified as being “A” land, while the least productive tillable land is classified as “D” land. Within the Cost Approach to Value, the subject and its comparable sales are organized according to farmland use type, the percentage of each use category margined against value ascribed to the A, B, C and D classifications, as applicable, in order to determine a value range for the comparable properties (and ultimately the subject) according to the quality of the soil and percentage that Cropland is of the whole. The appraisers have broken out the subject; s various land uses as follows:

<u>USE</u>	<u>ACREAGE</u>	<u>% OF TOTAL</u>
TILLABLE	194.4	27.59%
FARMLANDS/CLUBHOUSE	25.0	3.55%
PASTURELAND	14.26	2.02%
WETLANDS	169.16	24.01%
CONTRIBUTORY WASTELAND	301.68	42.83%
TOTALS	704.5	100%

Given that the combined usage of the subject property was only 27.59% tillable with a weighted average adjusted Productivity Index of 102 (i.e. Class “C”) land comparable sales in the Lake County were virtually non-existent. The appraisers selected six (6) comparable sales of farmland they considered similar to the subject located in McHenry County, which is approximately four

(4) miles west of the subject property. In their opinion, McHenry County also closely resembles the subject from an economic, social and cultural perspective when it comes to land use in particular.

On page 63, the six (6) comparable property sales are listed. All of the sales occurred in 2021. The values range from \$2,803 to \$6,080 per acre. The percentage of tillable acres ranged from 33% to 98% compared to the subject's 27.59%. Another key unit of comparison would be the lands Productivity Index (PI) of the comparables which ranged from 115 to 133. The subjects (PI) is 102, substantially below all of the comparable sales.

The adjusted price per acre developed by the appraisers is \$2,242 to \$3,731. The appraisers value estimate utilizing the Cost Approach was \$2,130,000 or \$3,023 per acre (see page 62 of Appraisal Report).

B. **INCOME CAPITALIZATION APPROACH (see page 61).** The Income Capitalization Approach to value is based on an estimated capitalization rate from comparable farms and applying that rate to the subject's projected net income. Taking into account that the subject has widely varying parcel sizes, field shape, wet land coverage ratio, and lack of load bearing capacity from development, lease rates and capitalization rates were not readily available. In addition, the subject is 80% undevelopable land with little to no income potential.

The Income Capitalization Approach was not considered applicable and was not developed, due to the lack of sufficient documentation required to substantiate a reasonable supported fair market value.

C. **SALES COMPARISON APPROACH (\$2,150,000/see pages 64 to 72 of Appraisal Report).** The sales prices that are judged to be most comparable tend to indicate a range in which the value indication for the subject property

will fall. Sales of this type of property were noted and analyzed. Due to the lack of comparable property sales in Lake County, as described in the appraisers Cost Approach, the appraisers determined that nearby McHenry County provided the best like-kind sales data. They selected the six (6) most similar sales based upon proximity to the subject property and property type, as well as acreage, field shape, flood zone, and access among other features.

On page 64 of the Appraisal Report, the appraisers show the six (6) farmland properties analyzed and the sale adjustments which were made. The adjusted values of the comparable properties range from \$2,242 to \$3,731 per acre. The average sale price was \$3,224 and the median sales price was \$3,346 per acre.

Percentage of land tillable and average PI were considered the most important factors of adjustment. The percentage of Cropland for the comparables, ranged from 33% to 98%. By contrast, the subject percentage of tillable land is 27.59%. The Average Productivity Index for the six (6) recent sales ranged from 115 to 136, compared to the subject's 102. It should also be noted that all of the comparable sales took place in calendar year 2021.

After accounting for all factors of adjustment, the appraisers estimated a final Market value for the subject at \$2,150,000, via the Sales Comparison Approach (see page 65 of Appraisal Report). A detailed analysis and review of each sale can be found on pages 67 to 72 of the Appraisal Report.

D. **RECONCILIATION AND FINAL OPINION OF VALUE (\$2,150,000/ see page 73 and 74 of Appraisal Report).** The appraisers gave the greatest weight to the Sales Comparison Approach in their final estimate of Fair Market Value. This approach is predicated on a willing buyer and a willing seller when the buyer is not compelled to buy and the seller is not compelled to sell. Page 11

of the appraisal shows the by-parcel allocation of the reconciled final opinion of value.

7. **ANALYSIS OF HONEYBEE HABITAT.** The scope of the appraisal was originally intended to focus on the contribution of the farmland to the health and sustainability of honeybees, and relatedly, on the contribution of honeybee habitation to farmland productivity and sustainability. It was presumed that an explanation of this interrelationship would have given context to the historical tax assessment practice of qualifying and/or disqualifying the subject for farmland tax preferences upon the basis of the number of beehives per acre. In the course of researching the issue, the appraisers discovered a flawed historical pattern of reasoning, either in its logical structure or in its premises, or both. Over time, it came to be that, in spite of physical possibility and legal permissibility and zoning limitations placed upon the subject by the land's poor load-bearing capacity, a Lake County landowner could place a honeybee hive on their property and the land would receive one of the farmland tax assessment preferences, assuming all land qualifications were met. Naturally, the abuse of the honeybee land pasteurization has become a challenge for assessing officials. This has contributed to a legacy of tax assessment practices wherein beehives per acre determine farmland use. Based on reports from the University of Illinois Department of Entomology, and conversations with beekeepers, the appraisers have concluded (See **EXHIBIT 2**) that assessing farmland with honeybee hives should be a straightforward process according to Publication 122. And, in fact, legacy assessment practices of placing a limited number of options that are mutually exclusive to one another or as being the only option that exists is simply not proper reasoning. By insisting that beehive landowners can qualify their land for the farmland tax preference if they meet a time-in-use and a hives-per-acre test without allowing for scientific fact that honeybees fly up to three miles to forage and pollenate, has no logical basis. The bee flight radius is a scientific fact, but it is denied

consideration in the tax assessment calculus. This creates a situation where the assessing officials present, theoretically, a false dilemma where rule A and rule B matter and set the qualification standard for farmland tax preference without consideration of existence of rule Placing hives-per-acre criteria for qualification fails to recognize the truth of the honeybee flight for sustenance and pollination. IDOR Publication 122 has not recognized the historic hives-per-acre rule. The findings from the honeybee research completed during the initial scope of the appraisal indicate that the subject's apiary is a vital component of the 704.5-acre subject with a storied contribution to the tax assessment history of the subject property. Apiary habitats on farmland qualified upon the basis of years in use and minimum acre test, meet the pastureland definition set forth in Publication 122. As **EXHIBIT A** points out, a hives-per-acre criteria for tax assessment is a logical fallacy which is contrary to the fact that honeybees fly up to three miles to work and eat, and the IDOR Publication 122 includes beekeeping as a bona fide pastureland activity.

8. **CONCLUSION.** Based on the underlying fair cash value of \$2,150,000, plus the additional adjustments due to application of the appropriate preferential assessments, we request an aggregate 2023 assessed value of **442,774**, calculated as follows:

2023 DESIRED ASSESSED VALUES

<u>P.I.N.</u>	<u>LAND A.V</u>	<u>IMPROVEMENT A.V</u>	<u>TOTAL A.V</u>
06-33-300-004	13,039	0	13,039
06-33-300-008	45,952	193,348	239,300
06-33-200-002	1,253	50,693	51,946
06-33-200-004	4,206	40,817	45,023
06-33-200-009	16,459	0	16,459
06-33-400-005	290	0	290
06-33-400-006	21,276	22,410	43,686
06-33-400-007	32	0	32
06-28-400-017	476	0	476
06-28-400-037	493	0	493
06-28-400-072	225	0	225
06-28-400-073	52	0	52
06-33-100-008	1,929	0	1,929
TOTALS	137,650	307,268	444,918

WHEREFORE, it is requested that for 2023 assessment year, the subject property's assessed value be reduced from the current 1,245,882 to an amount no greater than **444,918**.

Respectfully submitted,
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