

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

THURSDAY

9:00 A.M.

FEBRUARY 25, 2010

PRESENT:

James Covert, Chairman
John Krolick, Vice Chairman
Linda Woodland, Member*
James Brown, Member

Nancy Parent, Chief Deputy Clerk
Herb Kaplan, Deputy District Attorney

ABSENT:

Benjamin Green, Member

The Board of Equalization convened at 9:03 a.m. in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. Chairman Covert called the meeting to order, the Clerk called the roll and the Board conducted the following business:

SWEARING IN

There were no members of the Assessor's staff to be sworn in.

WITHDRAWN PETITIONS

No petitions were withdrawn.

CONSOLIDATION OF HEARINGS

The Board consolidated items as necessary when they each came up on the agenda.

10-0907E PARCEL NO. 220-021-06 – GINDER FAMILY TRUST – HEARING NO. 10-0565

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 4415 Sharps Road, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 8 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 10 pages.

On behalf of the Petitioner, Michael Ginder was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Joe Johnson, Appraiser, oriented the Board as to the location of the subject property.

Mr. Ginder noted there were three complaints listed on the appeal form but he wanted to focus the hearing on the issue of unequal taxable valuations for the subject property. He indicated his taxable values had grown disproportionately higher over the last two years than those of his immediate neighbors whose homes were larger, had higher building quality classifications, and had amenities far exceeding those of the subject. He reviewed the information provided in Exhibit A. He said he was told by the Assessor's Office there were computer errors in the appraisal methods used since 2008 on all high value residential properties with building quality classifications exceeding R065. He pointed out the subject had a quality class of R060. He stated the Assessor's staff calculated a reduction of more than \$46,000 in the subject's improvement values in January 2010, but the reduction was later dismissed. He pointed out the difference in valuation was largely based on the basement living areas being evaluated at the same quality class as the first floor living areas. He indicated his neighbors were evaluated differently and received a reduction. He requested fair and equal treatment.

Chairman Covert asked what reduction the Petitioner was requesting. Mr. Ginder replied a \$46,000 reduction would equalize his taxable value with those of his neighbors. Chairman Covert wondered if the Assessor's Office had been inside the subject property. Mr. Ginder indicated the subject had been inspected when it was built but not since then.

Josh Wilson, County Assessor, explained the Petitioner brought a computer error to the attention of the Assessor's Office. He stated the value was recalculated but NRS 361.310 did not provide the Assessor with a reason to reopen the roll and make the correction. He recommended a reduction of \$46,426 in the subject's taxable improvement value.

Mr. Ginder agreed with the recommendation.

With regard to Parcel No. 220-021-06, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Krolick, which motion duly carried with Members Green and Woodland absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$623,027, resulting in a total taxable value of

\$908,027 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**CONSOLIDATION AND DISCUSSION – PARCEL NOS. 011-522-01
AND 011-522-02 – THE PALLADIO LLC – HEARING NOS. 10-0614
AND 10-0615**

On behalf of the Petitioner and having been previously sworn, Michael Bosma was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Ginny Dillon, Appraiser, oriented the Board as to the location of the subject properties. She indicated the Assessor's Office was recommending a reduction in taxable values.

Mr. Bosma stated the Petitioner was not in agreement with the Assessor's recommendation. He noted the subject was an empty shell space on the second floor of the Palladio that was currently for sale or lease. Although the Palladio was primarily a residential condominium complex, he said the second floor was designed to be built out for retail or commercial uses and it was very difficult to lease the space. He pointed out the subjects were currently listed at \$70 per square foot (Hearing No. 10-0614) and \$125 per square foot (Hearing No. 10-0615). He explained a sales contract for the subject properties had been ready to close in November 2009 but the buyer was forced to withdraw after contracting cancer. Although the sales transaction was never completed, he indicated the contract price of \$83.58 per square foot or \$559,000 was the best comparable value for the two subject parcels. He referenced the broker's price opinion by NAI Alliance beginning on page 4 of Exhibit A, which indicated the sales comparison approach was difficult to apply and any improved sale would have to be adjusted downward because the units were in shell condition. Mr. Bosma reviewed the income capitalization approach in Exhibit A, which suggested rental rates for Class A downtown office space ranged from \$1.60 to \$1.90 per square foot on a gross lease basis or \$0.90 to \$1.25 per square foot on a triple net basis. He observed there was limited downtown parking available and the entrance to the subject properties was through a side door.

Chairman Covert asked what was located on the first floor of the building. Mr. Bosma stated the first floor was retail space that was currently occupied by a Subway sandwich shop and a bar. He noted the rest of the space was vacant and in shell condition.

Mr. Bosma indicated parking for the subjects was on the street. He said rental rates of about \$1.70 per square foot on a gross lease or \$1.00 per square foot on a triple net basis were anticipated by NAI Alliance. Using the income approach, he pointed out a triple net lease at \$1.00 per square foot and a capitalization rate of 8.75 percent produced a value that was equivalent to the contracted sales price. He suggested this was evidence that the sale that fell through had been an arm's length transaction. He acknowledged the current list price for the subjects was slightly higher than the previously contracted price because it would be negotiated down.

Chairman Covert questioned the combined price for both properties. Mr. Bosma replied \$83.00 per square foot was an average. He said Parcel No. 011-522-01 overlooked the Truckee River and was currently listed at a higher price. He indicated the total would be allocated as \$378,000 for Parcel No. 011-522-01 and \$180,000 for Parcel No. 011-522-02.

Cori Delgiudice, Senior Appraiser, stated the contract for sale of the subject properties was not previously provided to the Assessor's Office. She recommended the value of the subject properties be reduced based on the current listing prices.

Appraiser Dillon noted the arguments and comparables were the same for both parcels with the exception of the recommended values. She noted reductions had already been applied to the taxable improvement value of each parcel based on the lack of finish. She reviewed the comparable sales and range of values associated with the subject properties and provided on page 1 of Exhibit I. Based on the listing prices and current market conditions, she recommended the application of \$65,200 in obsolescence to reduce the taxable improvement value on Parcel No. 011-522-01 and \$77,888 in obsolescence on Parcel No. 011-522-02.

Chairman Covert asked what the listing price was for each property. Appraiser Dillon observed the list price was \$451,250 for Parcel No. 011-522-01 and \$215,460 for Parcel No. 011-522-02.

Mr. Bosma wondered if all of the Assessor's comparables were first floor properties. Appraiser Jana Spoor indicated they were. Chairman Covert asked if the comparables were fully occupied. Appraiser Spoor noted IS-6 was not currently occupied but was leased for use as a culinary school.

Mr. Bosma said the owner of the subject properties had found it was a different sales proposition to get potential tenants because of difficult access and the location on the second floor in a residential building. He stated the owner withdrew appeals for other parcels located on the first floor of the Palladio.

Chairman Covert suggested 90 percent of the list price might be fair. Member Krolick commented that a concession of 10 percent to get a buyer would probably be acceptable. He noted it used to be about 95 percent of the list price but was probably closer to 85 percent in the current market.

Please see 10-0908E and 10-0909E below for the details concerning the petitioner, exhibits and decision related to each of the properties in the consolidated hearing.

10-0908E **PARCEL NO. 011-522-01 – THE PALLADIO LLC –**
HEARING NO. 10-0614

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 50 North Sierra Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 41 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 16 pages.

On behalf of the Petitioner, Michael Bosma was present to offer testimony.

On behalf of the Assessor, testimony was provided by Appraisers Ginny Dillon and Jana Spoor, and Senior Appraiser Cori Delgiudice.

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – PARCEL NOS. 011-522-01 AND 011-522-02 – THE PALLADIO LLC – HEARING NOS. 10-0614 AND 10-0615 above.

With regard to Parcel No. 011-522-01, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Krolick, which motion duly carried Members Green and Woodland absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$386,725 (for obsolescence), resulting in a total taxable value of \$406,125 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0909E **PARCEL NO. 011-522-02 – THE PALLADIO LLC –**
HEARING NO. 10-0615

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 50 North Sierra Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 41 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 16 pages.

On behalf of the Petitioner, Michael Bosma was present to offer testimony.

On behalf of the Assessor, testimony was provided by Appraisers Ginny Dillon and Jana Spoor, and Senior Appraiser Cori Delgiudice.

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – PARCEL NOS. 011-522-01 AND 011-522-02 – THE PALLADIO LLC – HEARING NOS. 10-0614 AND 10-0615 above.

With regard to Parcel No. 011-522-02, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Krolick, which motion duly carried with Members Green and Woodland absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$180,814 (for obsolescence), resulting in a total taxable value of \$193,914 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0910E PARCEL NO. 041-051-48 – POLIKALAS, STEVEN T – HEARING NO. 10-0719

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 4245 Plateau Road, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 12 pages.

Exhibit B: Letter; Agreement for Mutual Restrictive Covenants and Easements and Road Maintenance Agreement, 17 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 11 pages.

On behalf of the Petitioner and having been previously sworn, Steven Polikalas was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Joe Johnson, Appraiser, oriented the Board as to the location of the subject property.

Mr. Polikalas noted the subject property was increasingly impacted by speed and traffic on Plateau Road, as well as by increased access to recreational activities via Woodchuck Road. He referred to the easements provided in Exhibit B, and stated there was a driveway easement that served as the only access for the large house located behind his property. He said traffic and headlights on the driveway could be seen from the main living area and bedrooms in his house. He pointed out the handwritten letter on page 1 of Exhibit B was from a visitor to his neighbor's house who smashed into his fence and offered to pay for the damage. He suggested the Assessor's evidence did not account for the same traffic impacts and easements, particularly with respect to the comparable on Aspenwood Court (IS-2). He noted there was a view easement and corridor that benefitted the property behind his house and limited his ability to make further improvements (page 4 of Exhibit B). He indicated a landscaped privacy screen was supposed to have been placed by his neighbor but that had not been done as required by the easement, which further restricted his view and encumbered his property. Chairman Covert asked if the Petitioner's fence was erected to give more privacy. Mr. Polikalas said the fence, which had been damaged a number of times, was put up for privacy and to demarcate the yard. He noted there was also brick damage on the other side of his driveway where there was a common maintenance area, although it was not caused by traffic through the easement.

Mr. Polikalas identified the property at 4125 Badger Circle as most comparable to the subject at a price of \$122 per square foot (Exhibit A). He pointed out the comparable had none of the traffic and easement issues associated with his property. Based on the comparable's price per square foot, he requested a total taxable value of \$393,536 for the subject property.

Appraiser Johnson reviewed comparable sales IS-1 through IS-4, ranging from \$174 to \$232 per square foot in sales price. As shown on page 1 of Exhibit I, the prices on IS-1 and IS-4 were time adjusted downward. He identified IS-1 as most comparable to the subject property. He indicated IS-2 had an access easement that was similar in influence to that of the subject. He noted the most weight was placed on IS-2 and IS-3 due to their more recent sales dates, although additional support was provided by IS-1 because it was on one acre and located on the same street as the subject. Based on the comparables sales, he stated taxable value did not exceed full cash value and the property was equalized with similarly situated properties in Washoe County.

Appraiser Johnson pointed out that the Petitioner's comparable property on Badger Circle had a house that was almost 2,000 square feet larger, ten years older, and inferior in quality class when compared with the subject. Chairman Covert observed the improvements would have additional depreciation and a reduction in quality class. Appraiser Johnson agreed.

Member Krolick asked if the property to the north of the subject received any adjustment for a similar access easement along its north side. Appraiser Johnson indicated there were 10 percent adjustments for easements on the subject property, the property behind it, and two other properties located to the north. Member Krolick wondered if any of the properties on the same road received traffic adjustments. To his knowledge, Appraiser Johnson said none of the properties on Plateau Road received any traffic adjustments because there was no data to support them.

Mr. Polikalas questioned whether the easement on IS-2 was for a single access point to the property that enjoyed the easement. Appraiser Johnson stated the easement was the only access point and ownership of the property extended to the middle of the street. Mr. Polikalas wondered about the view corridor issue. Chairman Covert noted there were no view adjustments on any of the properties, so any views were considered as part of the base lot value. Appraiser Johnson agreed that was correct. He said the Petitioner was impacted because of agreements that he had signed. Chairman Covert asked if there was some sort of a height easement on the subject property. Appraiser Johnson stated he had just received the information in Exhibit B but understood the restriction on the subject property was for the benefit of the property behind it. Chairman Covert wondered if things such as the size of the trees and the height of the chimneys were restricted. Mr. Polikalas indicated that was the case. Appraiser Johnson observed such restrictions were not uncommon. Chairman Covert stated the restrictions were not onerous.

Chairman Covert pointed out the Petitioner's requested value of \$393,536 minus the Assessor's land value would result in a \$244,436 improvement value, which was not appropriate for the area.

With regard to Parcel No. 041-051-48, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Krolick, which motion duly carried with Members Green and Woodland absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

**10-0911E PARCEL NOS. LISTED BELOW –
MONTAGE MARKETING CORPORATION –
HEARING NOS. 10-0024R09A THROUGH 10-0024R09M13
AND 10-0026R09**

A Petition for Review of Assessed Valuation was received protesting the 2009-10 taxable valuation on land and improvements located at 255 North Sierra Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Opinion of value, 36 pages.

Exhibit B: Sellout Analysis, 4 pages.

Exhibit C: Appraisal dated May 19, 2009, 119 pages.

Exhibit D: Appraisal dated July 1, 2009, 136 pages.

Exhibit E: Petitioner's Evidence (Appraisal dated July 1, 2009), 146 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 39 pages.

On behalf of the Petitioner, Cory Edge, Brian Brandstetter, and John Fisher were sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, John Thompson, Appraiser, oriented the Board as to the location of the subject properties.

Mr. Brandstetter described the subject property as a luxury condominium facility in downtown Reno that was in a distressed situation. He explained Corus Bank originally financed construction of the Montage condominium project. Corus took ownership of the property in December 2008 through a deed in lieu of foreclosure and federal regulators subsequently seized Corus Bank in September 2009. In October 2009 a portfolio of Corus assets was awarded to a winning bidder by the Federal Deposit Insurance Corporation (FDIC). Ownership of the subject property passed to TPG, a private equity firm, in partnership with Starwood Capital and the FDIC. Mr. Brandstetter indicated the assets were purchased for about \$0.60 on the dollar, although the market value could be closer to \$0.49 on the dollar because the purchase was subsidized by government guaranteed loans at close to 0 percent interest. He stated the current management intended to hold the property, continue to maintain it, and wait for the market to come back.

Chairman Covert observed the hearing was based on a reopen for the 2009-10 tax year. Mr. Brandstetter said it was his understanding there had been subdivision discounts applied during development but the discounts were removed when certificates of occupancy were issued. He noted the Petitioner was looking for some relief until the property could become "a productive jewel" in downtown Reno.

Cory Edge of Edge Realty indicated he had been with the Montage project since late 2005. He noted a total of 376 residential units and five commercial spaces were developed. He stated marketing efforts produced 140 signed purchase agreements prior to the certificates of occupancy being issued. The majority of the agreements were signed in 2006 when the original asking price was an average of about \$450 per square foot. He explained Corus Bank dropped the asking prices to an average of about \$299 per square foot right after it took over. He pointed out 29 of the original 140 sales contracts closed escrow but the rest were in litigation, trying to get their deposits back, or waiting to see

what would happen. He said four units were sold at the reduced price and Corus Bank lowered the price again to an average of about \$250 per square foot before the FDIC took over. Mr. Edge stated the FDIC halted all activity and no marketing was currently being done. He observed the current owners were well financed and planned to hold the property in the long term.

Chairman Covert asked if there were people living in the building. Mr. Edge observed about half of the 33 buyers were living in their units full time. Member Brown asked if there were any rentals. Mr. Edge stated all of the occupants were owners but it was not known whether or not the current owner would rent out some of the unsold units under residential leases.

Mr. Edge noted the project never received enough presales to apply for and receive financing approval from the Federal National Mortgage Association (FNMA), so buyers did not have any financing options. He stated the current owners were not offering financing. Mr. Brandstetter wondered if those who committed to contracts but did not close escrow had lost their deposit money. Based on the contract, Mr. Edge indicated the deposit was not refundable and there was no contingency for financing. He said a number of the contract holders were pursuing legal action and their cases had thus far been dismissed by the courts. He noted about \$2 to \$3 million in deposits were still being held, which was an average of \$30,000 per contract. Chairman Covert asked whether people had walked away from their deposits or were waiting for something else to happen. Mr. Edge observed some walked away, some settled for a 10 percent refund of the deposit, some were litigating, and some were waiting to see what might happen. With the threat of litigation in the background, Mr. Brandstetter pointed out the closed sales were not representative of a no-duress situation.

Chairman Covert commented that the building owner must be spending money to maintain the building if it was occupied. Mr. Edge said a budget of \$2.2 million had been projected to run the building at full occupancy, including such things as staff, elevators, and common area maintenance. He pointed out the Petitioner paid homeowners association dues at \$0.41 per square foot for all of the unsold units every month.

Mr. Fisher referenced the appraisal submitted in Exhibit E, which contained values as of July 1, 2009 and July 1, 2010. He explained there were three values provided on pages 3 and 4 for each valuation date: an aggregate retail value (price conclusion for each condominium unit mix times the number of outstanding units), a bulk discount value that utilized a sellout model, and an aggregate value for the property's commercial retail space. He noted sales were lacking between the two valuation dates and the last closed sale for the Montage took place in August 2009. He indicated the July 2009 values were based on a weighted average of the pricing that was reset by Corus when they took over the asset in January 2009. The pricing was reset again in September 2009 for the July 2010 values. He observed the pricing went down roughly 21 to 22 percent from January 2009 to September 2009. He noted the Montage property was appraised for Corus Bank in May 2009.

10:35 a.m. Member Woodland arrived at the meeting.

Mr. Fisher reviewed the sales comparables provided on pages 87 through 103 of Exhibit E. He stated the Palladio was probably the best comparable to the Montage, with sales averaging just over \$200 per square foot. He pointed out the charts provided for each comparable referenced sales data through 2008, followed by additional information about what was sold or listed in 2009. He presented sales data and market information for the Palladio, the Belvedere, the Residence at Riverwalk, the Village at Idlewild Park, and the Resort at Tanamera. He noted the Belvedere was in litigation and currently leasing rather than selling units. Sales had been halted due to litigation at the Residence at Riverwalk. The Village at Idlewild was taken over by a deed in lieu of foreclosure and subsequently sold to a local investor who planned to lease rather than sell the remainder of the units. The Resort at Tanamera was currently 100 percent leased with a clause that required tenants to vacate in 30 days if someone offered to buy a condominium. He indicated Tanamera was not actively marketing the units for sale.

Mr. Fisher referred to the chart on page 105 of Exhibit E, which showed all 33 units sold at the Montage, with the last one closing in August 2009. He remarked that there was currently no market left. He noted the project was heavily marketed in 2005 and 2006, and about half of the sales had been to second home buyers from outside the local area. He said he was informed by Mr. Edge of one resale that was originally purchased in May 2009 for \$445,900 and recently closed in February 2010 for \$200,000. He noted the unit was listed for sale in December 2009 at about \$399,000 and stayed on the market for about 60 days.

Chairman Covert asked if the appraisal information was related to the 2009-10 reopen hearing or to the upcoming hearing for 2010-11. Mr. Brandstetter said it was related to both. He stated the comparable sales were not a very good estimate of market value. He noted 29 of the Montage sales were presold units with some duress involved. He suggested it was necessary to establish where the trends were going.

Member Krolick wondered when the Petitioner became the owner of record for the subject property and what the acquisition costs were. Mr. Brandstetter explained the Starwood-TPG partnership took ownership in the fall of 2009 but the reopen was done in May and June 2009 when Corus Bank had been the owner. He stated Corus Bank owned the property through a subsidiary called the Montage Marketing Company and the Starwood-TPG partnership owned through a subsidiary called Montage Marketing LLC. He noted the same people were retained to manage the property when ownership changed.

Chairman Covert requested clarification from the Assessor. Josh Wilson, County Assessor, said he believed the owners did have the right to appeal the 2009-10 reopen value. He indicated the statutes gave petitioners until January 15, 2010 to file a reopen appeal for the 2009-10 tax year.

Chairman Covert wondered what the Petitioner was requesting. Mr. Brandstetter said the Petitioner was asking the Board to recognize market conditions and align taxable value with true cash value. He stated the Petitioner's request was a total value of \$40,350,000 on the remaining condominium units and \$2,250,000 on the commercial retail portion of the building for the 2009-10 tax year.

Member Krolick pointed out the current owners took title in the fall of 2009. He asked if it was correct to reason that the owners analyzed the absorption rate and cost of operations, and knew they were buying into a declining market that showed no signs of stabilization. Mr. Edge clarified the ownership was through Montage Marketing Corporation and had not changed, although Starwood-TPG became the largest stakeholder of the corporation when it purchased Corus assets. He noted Corus Bank had been forced to take the property back by deed in lieu of foreclosure. When the Corus assets were seized and bid out, all of the assets had to be purchased by the same entity. Starwood-TPG was required to pick up the whole portfolio to acquire the assets, regardless of what the market was doing in Reno or any other area.

Mr. Fisher returned to his review of the appraisal information in Exhibit E. Instead of going through each floor plan and coming up with a price, he indicated aggregate pricing was done using a weighted average for the units. He referenced statistics from the National Association of Realtors (NAR) and the Reno-Sparks Association of Realtors (RSAR), shown on page 107 of Exhibit E. The chart illustrated price reductions ranging from 43 to 77 percent when compared to the median prices for condominiums during the market peak in early 2007. Year-over-year reductions were also included. He explained the July 2010 valuation used data up to January 2010 and the July 2009 valuation used data up to July 2009. Comparisons were made to the original Montage pricing of approximately \$450 per square foot, the January 2009 pricing when Corus took over the property, and the September 2009 pricing after the assets were sold to Starwood-TPG. He noted the Reno-Sparks data showed a more dramatic decline than the national data. Given the dynamics up to the current time, coupled with no sales since August 2009 and the lack of buyer financing options, he said it was evident no condominium units were going to move until something drastic happened. He pointed out the Las Vegas market had been successful over the past year in putting 30 or 40 units up for auction at a time. He stated a 40 percent reduction from the September 2009 pricing was taken to get to the July 2010 aggregate retail market value of \$54,400,000, resulting in a rounded per unit price of \$158,000 or \$147 per square foot. He observed the 68 percent reduction from the subject's original pricing at \$500,000 per unit was also in line with the NAR and RSAR data.

Mr. Fisher indicated a similar approach was taken for the July 2009 value, beginning on page 115 of Exhibit E. He pointed out a 53 percent reduction was taken from the original list price of roughly \$500,000 per unit, resulting in an average price of \$234,000 per unit (30 percent off of the January 2009 list price). He noted second quarter 2009 data from NAR was used to update the values in the May 2009 appraisal. He stated an aggregate retail market value of \$54,400,000 was obtained for July 2009.

Mr. Fisher said a sellout model based on the aggregate retail valuation was presented on pages 110 through 119 of Exhibit E. The model allowed for expenses during the sellout pricing period, along with items such as developer profit, marketing, title work, and closing costs. A five-year absorption period was used, with the absorption rate tempered over the first year due to the lack of buyer financing options. Using the sellout model, he indicated the bulk discount value came to \$40,350,000 for July 2009 and \$24 million for July 2010.

Mr. Fisher presented valuation data for the vacant commercial retail portion of the subject property, beginning on page 102 of Exhibit E. He indicated 2009 listings for leased retail street space were provided, as well as some current listings for 2010. He noted a chart of retail sales and listings was included, although there had not been many sales. He concluded the aggregate price per square foot on a triple net basis was about \$1.75 as of July 2009 and \$1.25 as of July 2010. He stated a capitalization rate of 8.5 percent was used for the July 2009 valuation and 9 percent was applied to the July 2010 valuation. Allowance was made for some expenses, lease costs, and vacancies over a four-year period, with the reasoning that the retail space would not be occupied until the majority of the condominium units were absorbed. The resulting aggregate values for the retail space were \$2.25 million as of July 2009 and \$1.1 million as of July 2010.

10:59 a.m. Chairman Covert declared a brief recess.

11:10 a.m. The Board reconvened with Member Green absent.

Assessor Wilson indicated the Assessor's valuation date for the reopened 2009-10 tax year was July 1, 2008, although the Board had the authority to use data up to January 1, 2009. He suggested the discussion for the 2009-10 reopen hearing might be incorporated by reference into the Petitioner's upcoming hearing for the 2010-11 tax year. He stated it was technically possible to backdate the Petitioner's valuation by applying the 3 percent time adjustment already used by the Petitioner to project a future value. He commented that such an approach was likely to support the Assessor's valuation. He noted the Assessor's Office had been in contact with the owners of the subject property during the entire valuation process.

Assessor Wilson contrasted the values shown in Exhibit C with those provided in Exhibit E. He pointed out there was a \$20 million difference between the Petitioner's reconciled value with an effective date of May 19, 2009 (\$102.7 million on page 3 of Exhibit C) and the value with an effective date of July 1, 2009 (\$81.15 million on page 4 of Exhibit E). He said the Assessor's Office had not seen property values correct by 20 percent or greater over a six-week time period. He read the following disclaimer from page 4 of Exhibit C: "The previous value estimates are exclusive of the pending real estate tax reassessments currently being conducted by the Washoe County Tax Assessor." He observed there was no such disclaimer included in Exhibit E. Assessor Wilson stated both of the Petitioner's reconciled values were likely to substantiate the Assessor's 2009-10 value if they were time adjusted backwards. He emphasized the values were probably the only applicable portion of the Petitioner's appraisals for the

2009-10 reopen hearing because of the time frames involved. He said there was no question the market corrected significantly from July 1, 2008 to July 1, 2009, but he would not want to speculate as to the future values for July 1, 2010.

Appraiser Thompson stated the Montage project began in 2006 with the purchase of the Golden Phoenix by L3 Development LLC. The building was subdivided in four phases over three years and a certificate of occupancy was issued for all of the units in February 2009. Appraiser Thompson indicated that he and Senior Appraiser Gary Warren met with the Montage management on a regular basis throughout the project to develop a common understanding of the valuation process and valuation expectations. He referred to the detailed history of the project on pages 3 and 4 of Exhibit I. He briefly described the amenities and the 11 different floor plans in the condominium complex. When Corus Bank reduced list prices by 32 percent, Appraiser Thompson said they were advised that the property would be valued using those prices. He stated the Assessor's Office used the Petitioner's knowledge of value to determine the 2009-10 reopen values and then granted a 7 percent reduction based on an analysis of the first 24 sales during March, April and May of 2009. A 50 percent subdivision discount was also applied to the land values of all unsold units. Appraiser Thompson pointed out the Montage was valued in the same manner as any other subdivision located downtown. He reviewed the valuation process used by the Assessor, as outlined on page 5 of Exhibit I. He pointed out obsolescence was added to ensure the total taxable value was at least 10 percent below the list price or sales price for each unit. He indicated a complete set of listings for each unit was provided by Mr. Edge. He reviewed the valuation summary on page 6 of Exhibit I, which indicated a combined total taxable value of \$88,273,418 for the parcels appealed. He referenced the analysis of 24 sales on page 8 of Exhibit I, which resulted in the 7 percent reduction from the list price established by Corus Bank. He acknowledged three additional sales had taken place since July 1, 2009. Using a lien date of July 1, 2009, Appraiser Thompson stated the total taxable values were 18 to 25 percent below market on every unit in the complex. Based on the sales and adjusted listed prices, he indicated taxable value did not exceed full cash value and the property was equalized with similarly situated properties and improvements in Washoe County.

Chairman Covert requested clarification as to what taxable value the Assessor was referring to. Appraiser Thompson referred to page 6 of Exhibit I, which showed a combined taxable value of \$88,273,418 for the 352 parcels appealed under the 2009-10 reopened tax year.

Assessor Wilson said his office concluded condominiums were correcting in the market at approximately 3.5 percent per month. He indicated a time adjusted value of roughly \$70 million would result if the Petitioner's bulk discount value of \$40.5 million was backdated by 3.5 percent. Chairman Covert asked if the Assessor was comfortable with that value. Assessor Wilson stated he was uncomfortable with a \$20 million valuation difference in appraisals with effective dates that were six weeks apart. He emphasized he was comfortable with the Assessor's value on the subject property, which was based on the available data, interviews conducted with the banks, and analysis consistent with what any other subdivision condominium property in Washoe County

would receive. Appraiser Thompson observed the values provided by the Petitioner were used and then further reduced by the Assessor's Office.

Mr. Brandstetter read from paragraph 3 of NRS 361.357: "If the county board of equalization finds that the full cash value of the property on January 1 immediately preceding the fiscal year for which the taxes are levied is less than the taxable value computed for the property, the board shall correct the land value or fix a percentage of obsolescence to be deducted from the otherwise computed taxable value of the improvements, or both, to make the taxable value of the property correspond as closely as possible to its full cash value." He said the Petitioner proceeded under the assumption that the Board would rule on the value as of January 1, 2009 for the fiscal tax year beginning July 1, 2009. He pointed out the reopen took place in May or June 2009 and the Assessor's Office presented evidence from March and April of 2009 to support their value. He suggested any backward time adjustment would require no more than six months to take the July 1, 2009 number back to January 1, 2009. Herb Kaplan, Deputy District Attorney, indicated a petition brought under normal circumstances was based on the value as of January 1st. He said he was not sure what the reopen was based on for the subject property.

Assessor Wilson indicated the Assessor provided sales after July 1st to substantiate the January 1st value, but was not actually time adjusting the value. He noted the Assessor's date of valuation for establishing assessments was July 1st of the preceding year for which the owner received a tax bill. He agreed the Board could consider sales information after that date in the context of an appeal. He observed the statutory dates gave the taxpayer the benefit of the doubt in a normal market but were not helpful in a declining market. Using the Petitioner's \$61.9 million value shown on page 3 of Exhibit C, he calculated a value of \$78,350,000 based on a time adjustment of six months at 3.5 percent. He noted a similar calculation using the \$40.5 million value from Exhibit E produced a time adjusted value of \$51.2 million. He reiterated that the manner in which the Assessor's Office established its value was very consistent with the way in which other condominium properties were valued. He recognized the subject was a troubled property.

Mr. Brandstetter said the May 2009 appraisal in Exhibit C was submitted because it was what was available when the hearing was originally scheduled for February 11, 2009. He noted the appraisals were not released until very close to the hearing date because of the repossession and buyout of the subject property. He explained the report that was quoted as having a value of \$61.9 million had been a draft report and the final conclusion of value contained in the report's analysis was \$56.2 million. He indicated the cover sheets did not get corrected between the draft and final versions of the appraisal report. He emphasized the intent was to get to the truth and he hoped an error on his part in submitting the wrong document would not cloud the issue of the property's real value, either in May or in July of 2009. He calculated that four months of time adjustment using the \$56.2 million value from May 2009 resulted in a value somewhere in the neighborhood of \$64 million. He disagreed with the Assessor's reliance on the subject's list prices as the market value. He noted there was no activity after the list

prices were lowered by Corus Bank, so clearly the list prices were not the market prices. Although it could be argued that the Assessor's 10 percent discount from list prices was the market price, he said that felt arbitrary to him. Chairman Covert noted there appeared to be a lot of arbitrary in both presentations. Mr. Brandstetter acknowledged it was a difficult assignment because there were no hard sales to point to. He said he had been the designated agent on the Montage property since sometime in 2008 and he did not know where the assertion came from that Corus Bank somehow agreed to the Assessor's valuation. He emphasized that no one he worked for or represented at the ownership entity had agreed with the Assessor's value. Although members of the Corus staff provided list prices, he stated representatives had not provided any kind of value or agreed that the list prices were the fair and proper market value.

Chairman Covert asked why the value was not appealed in the previous year. Mr. Brandstetter replied that an appeal was filed but was withdrawn because the reopen was pending when the Board met in February 2009. He stated there had been some communication with the Assessor's Office that indicated they were going to revalue everything and remove discounts based on the certificates of occupancy.

Appraiser Thompson said the list prices were indeed the market value that was established by the owner of the property. He noted the owner's 32 percent reduction in list prices coincided with a 15 percent reduction in taxable land value that was granted by the Assessor. He pointed out the Assessor's Office gave another 10 percent reduction from the list price and then reduced the condominium units further after analysis of the initial sales. He emphasized the Assessor's taxable value was below the market based on all of the sales during and after the relevant time period.

Chairman Covert asked if the combined total taxable value of \$95,981,651 for the 2009-10 reopen hearing was correct. Appraiser Thompson explained the \$95 million figure shown on page 6 of Exhibit I was for all of the condominium units. He noted the Petitioner was only appealing the parcels they owned, which amounted to \$88,273,418 in combined total taxable value.

In response to the suggestion that 10 percent off the list price was arbitrary, Assessor Wilson indicated studies were done comparing list prices to sales prices and the Assessor's Office concluded that properties were selling for approximately 90 percent of list price during the time frame referenced. He said it was important to recognize there were very few sales during the time frame so the Assessor's Office had to rely heavily on listings. Chairman Covert said he had not noticed anything the Assessor's Office did that was arbitrary.

With respect to the difference between the Petitioner's May 2009 and July 2009 values, Mr. Fisher stated the May valuation did not have the benefit of data from one additional quarter. He referred to the chart on page 107 of Exhibit E, which used the NAR and RSAR data for median condominium sales prices to show differences in the price declines between May 2009 and July 2009. He pointed out the last quarter showed a very dramatic difference in price decline, from 44.8 to 72.3 percent when compared to

the peak sales period. As to the Assessor's comment about the bolded disclaimer paragraph on page 4 of Exhibit C, he explained the subject's tax expenses for the May 2009 valuation were based on the prior assessment year because the Assessor was still working on a revaluation of the property at the time. He believed the Assessor's new valuations were concluded a week or two after the May 2009 report was submitted to Corus Bank.

Appraiser Thompson indicated he discussed the Assessor's valuation strategy with Jim McKeivitt, a manager from L3 Development who was kept on by Corus Bank to manage the property while it was in transition. He noted he met with Mr. McKeivitt on a regular basis for about two years to discuss how property was valued in Washoe County and how discounts were applied. He stated the Assessor's Office had always applied discounts to the fullest extent possible. He said Mr. McKeivitt thanked him for sharing the information and told him to proceed.

Member Krolick observed that any adjustment at this point in time would put the subject properties out of equalization with other condominiums in the downtown area. He said there was enough evidence to show the units were valued lower after discounts were applied by the Assessor.

With regard to the parcels listed below, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Krolick, which motion carried with Member Woodland abstaining and Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2009-2010. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the properties is less than the taxable value computed for the assessment year.

10-0911E: MONTAGE MARKETING CORPORATION				
011-541-02	011-552-03	011-556-07	011-560-06	011-564-10
011-544-07	011-552-04	011-556-08	011-560-07	011-564-11
011-544-11	011-552-05	011-556-09	011-560-08	011-564-13
011-544-12	011-552-06	011-556-10	011-560-09	011-564-14
011-544-13	011-552-07	011-556-11	011-560-10	011-564-15
011-544-14	011-552-08	011-556-12	011-560-11	011-564-16
011-544-15	011-552-09	011-556-13	011-560-12	011-564-17
011-544-16	011-552-10	011-556-14	011-560-14	011-564-19
011-544-17	011-552-12	011-556-15	011-560-15	011-565-03
011-544-18	011-552-13	011-556-16	011-560-16	011-565-04
011-544-19	011-552-14	011-556-17	011-560-17	011-565-05
011-544-20	011-552-16	011-556-18	011-560-19	011-565-06
011-546-02	011-552-17	011-556-19	011-560-20	011-565-07
011-546-03	011-552-18	011-556-20	011-561-02	011-565-08
011-546-04	011-552-19	011-557-02	011-561-03	011-565-09

10-0911E: MONTAGE MARKETING CORPORATION				
011-546-05	011-552-20	011-557-03	011-561-04	011-565-10
011-546-06	011-553-02	011-557-05	011-561-05	011-565-11
011-546-07	011-553-03	011-557-06	011-561-06	011-565-12
011-546-08	011-553-04	011-557-07	011-561-07	011-565-13
011-546-09	011-553-05	011-557-08	011-561-08	011-565-14
011-546-10	011-553-06	011-557-09	011-561-09	011-565-15
011-546-11	011-553-07	011-557-10	011-561-10	011-565-16
011-546-12	011-553-08	011-557-11	011-561-11	011-590-01
011-546-13	011-553-09	011-557-13	011-561-12	011-590-02
011-546-14	011-553-10	011-557-14	011-561-14	011-590-03
011-546-15	011-553-11	011-557-15	011-561-15	011-590-04
011-546-16	011-553-12	011-557-16	011-561-16	011-590-06
011-546-17	011-553-13	011-557-17	011-561-17	011-590-07
011-546-18	011-553-14	011-557-18	011-561-19	011-590-09
011-546-19	011-553-15	011-557-19	011-561-20	011-590-10
011-546-20	011-553-16	011-557-20	011-562-02	011-590-11
011-546-21	011-553-17	011-558-02	011-562-03	011-590-13
011-546-22	011-554-02	011-558-03	011-562-04	011-591-03
011-546-23	011-554-03	011-558-04	011-562-05	011-591-04
011-550-01	011-554-04	011-558-06	011-562-06	011-591-05
011-550-02	011-554-05	011-558-07	011-562-07	011-591-06
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011-550-06	011-554-09	011-558-11	011-562-11	011-591-10
011-550-07	011-554-10	011-558-12	011-562-12	011-591-11
011-550-08	011-554-11	011-558-13	011-562-13	011-592-01
011-550-10	011-554-13	011-558-14	011-562-14	011-592-02
011-550-11	011-554-14	011-558-15	011-562-15	011-592-03
011-550-12	011-554-15	011-558-16	011-562-16	011-592-04
011-550-13	011-554-16	011-558-17	011-562-17	011-592-05
011-550-14	011-554-17	011-558-18	011-562-18	011-592-06
011-550-15	011-554-19	011-558-19	011-562-20	011-592-07
011-550-16	011-554-20	011-558-20	011-563-02	011-592-08
011-550-17	011-555-02	011-559-02	011-563-03	011-592-09
011-550-18	011-555-03	011-559-03	011-563-04	011-592-10
011-550-19	011-555-04	011-559-04	011-563-05	011-592-11
011-551-03	011-555-05	011-559-05	011-563-06	011-592-12
011-551-04	011-555-06	011-559-06	011-563-09	011-592-13
011-551-05	011-555-07	011-559-07	011-563-10	011-594-01

10-0911E: MONTAGE MARKETING CORPORATION				
011-551-06	011-555-08	011-559-08	011-563-11	011-594-02
011-551-07	011-555-09	011-559-09	011-563-12	011-594-03
011-551-08	011-555-10	011-559-10	011-563-13	011-594-04
011-551-09	011-555-11	011-559-11	011-563-14	011-594-05
011-551-10	011-555-13	011-559-13	011-563-16	011-594-06
011-551-11	011-555-14	011-559-14	011-563-17	011-594-07
011-551-12	011-555-15	011-559-15	011-563-19	011-594-08
011-551-13	011-555-16	011-559-16	011-563-20	011-594-09
011-551-14	011-555-18	011-559-17	011-564-02	011-594-10
011-551-15	011-555-19	011-559-19	011-564-03	011-594-11
011-551-16	011-556-02	011-559-20	011-564-04	011-594-12
011-551-17	011-556-03	011-560-02	011-564-06	011-594-13
011-551-18	011-556-04	011-560-03	011-564-07	011-594-14
011-551-19	011-556-05	011-560-04	011-564-08	011-594-15
011-551-20	011-556-06	011-560-05	011-564-09	011-594-16
011-552-02	011-561-13			

**10-0912E PARCEL NOS. LISTED BELOW –
MONTAGE MARKETING CORPORATION –
HEARING NOS. 10-0881A THROUGH 10-0881J13**

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 255 North Sierra Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Owner's opinion of value, 35 pages.

Exhibit B: Sellout Analysis, 4 pages.

Exhibit C: Appraisal dated May 19, 2009, 119 pages.

Exhibit D: Appraisal dated July 1, 2010, 136 pages.

Exhibit E: Petitioner's Evidence (Apraisal dated July 1, 2010), 146 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 39 pages.

Chairman Covert indicated much of the testimony provided for the subject property's reopened 2009-10 values also applied to the 2010-11 tax year. (Please see the discussion under Minute Item No. 10-0911E above for Hearing Nos. 10-0024R09A through 10-0024R09M13 and 10-0026R09.)

11:57 a.m. Chairman Covert declared a brief recess.

12:35 p.m. The Board reconvened with Member Green absent.

On behalf of the Petitioner and having been previously sworn, Cory Edge and Brian Brandstetter were present to offer testimony.

On behalf of the Assessor and having been previously sworn, John Thompson, Appraiser, oriented the Board as to the location of the subject property.

Mr. Brandstetter apologized for his earlier comment that the Assessor's values were arbitrary. He explained he meant to say he had not seen the evidence.

Mr. Brandstetter referred to the Petitioner's values shown in Exhibit E with an effective date of July 1, 2010. He requested the Board set a combined taxable value of \$24 million for the residential condominium units and a value of \$1.1 million for the commercial retail spaces. Chairman Covert clarified the Petitioner's opinion of value for the 2010-11 tax year was \$25.1 million. Mr. Brandstetter agreed.

Mr. Brandstetter pointed out there was one paired sale for a Montage unit. Chairman Covert asked about the seller's motivation. Mr. Edge recalled the seller had been anticipating a potential job loss, although he did not know whether or not she actually lost her job. He indicated the unit was first purchased in July 2009 for about \$440,000. The owner put it on the market in December 2009 for \$400,000, had subsequent price decreases, finally got a buyer at \$200,000, and closed escrow in February 2010. Chairman Covert wondered if the buyer paid cash. Mr. Edge confirmed it was a cash transaction. He said he knew the seller and believed she understood the market conditions.

Mr. Brandstetter called attention to pages 142 through 147 of Exhibit E, which contained a letter received by the Montage from Graham Properties in August 2009. He indicated the letter was an unsolicited offer to take over all of the remaining residential units and retail space at a price of \$30 million. Mr. Edge stated the offer was presented to Corus Bank but the bank was taken over in September 2009 so there was no response to or vetting of the offer.

Appraiser Thompson acknowledged the subject property was distressed due to the bankruptcy of its last two owners, the intervention of the Federal Deposit Insurance Corporation (FDIC), and the current market conditions. He stated the current absorption rate of 7.9 percent indicated the subject's asking prices might exceed the market for similar properties in downtown Reno. He reviewed the Assessor's valuation strategy and appraisal process as outlined on pages 2 through 5 of Exhibit I.

Appraiser Thompson described the multiple analyses performed to establish a range of per square foot values in the downtown Reno condominium market.

Measures were established for median sales price, median square footage and median cost per square foot. Competing condominium complexes included the Palladio, the Riverwalk, Arlington Towers, Park Towers, and 1200 Riverside. All sales were time adjusted downward by 3.5 percent per month. Comparisons were made between Montage sales alone (\$251 per square foot), all sales including the Montage (\$240 per square foot), and all sales excluding the Montage (\$208 per square foot). Based on the data, Appraiser Thompson concluded the Montage sales prices either exceeded market or were at the top of the range. He noted the lower end of the range was selected for valuation because of the subject property's current instability. A base value of \$200 per square foot for a one-bedroom one-bath condominium was used for appraisal and adjusted for various size models to achieve economies of scale. Appraiser Thompson said list prices were not used because the Montage had been unable to sell units at their list prices. He stated the land value was determined by allocating 25 percent of the median sales price and applying a 50 percent subdivision discount. Improvements were valued based on each unit's square foot percentage of depreciated replacement cost for the total finished area in the complex. Additional obsolescence was applied to bring the total taxable value down to each unit's base price per square foot (estimated market value). Appraiser Thompson referenced the list of comparable condominium sales shown on pages 6 through 8 of Exhibit I. He noted the majority of the sales were classified as "2D" or arm's length by the Assessor's Office. He said a few "2F" sales were included. These were indicative of a property being sold back into the market by a bank and represented the lower end in the range of values.

Appraiser Thompson pointed out the Assessor's valuation summary on page 9 of Exhibit I. He said the 2010-11 total taxable value for all of the combined Montage units had been reduced from \$95 million in 2009-10 to \$77 million in 2010-11. He indicated the combined total taxable value for the parcels that were appealed was approximately \$72 million. Based on the sales provided, he stated the total taxable value did not exceed full cash value and the subject property was equalized with similarly situated properties and improvements in Washoe County.

Chairman Covert observed there were view premiums on some of the Montage units, beginning on the 15th floor. He wondered what the occupants would be looking at. Appraiser Thompson indicated there were no views until the 15th floor but from that point upward the views were unobstructed in any given direction. He stated the units were all unique with different list prices and the views were reflected in the list prices. He agreed with Chairman Covert that units on the south side would be looking at Mt. Rose and units on the north side would be looking at Peavine. Chairman Covert asked how many floors there were. Appraiser Thompson replied there were 23 stories in the building (there was no 13th floor).

Mr. Brandstetter referred to the lists of 2009 comparable condominium sales shown on pages 140 and 141 of Exhibit E. He noted the median price was \$134.20 per square foot for all competing sales and \$175 per square foot if foreclosures were excluded. He contrasted the median sales prices to the Assessor's lower range of \$208 per square foot. He emphasized the comparable properties had financing available

whereas Montage units would be viewed as having some lesser market value because buyers had to have cash or obtain financing from somewhere outside the norm.

Chairman Covert asked if all of the comparable properties were high rises. Mr. Brandstetter indicated they were. Chairman Covert wondered if the comparables had view premiums. Appraiser Thompson said he did not know if there were view premiums. He stated the Arlington Towers was a 20-story building, the Riverwalk used to be the Comstock Hotel, and Park Towers was probably about 20 stories. He noted all of the comparable condominium complexes were located downtown.

Mr. Edge wondered if foreclosures were not considered arm's length transactions. Chairman Covert said foreclosures were evidence but not what he would consider prima facie evidence. He characterized them as arm's length transactions that were distressed. Mr. Edge pointed out the subject property and the Palladio had been foreclosures. He indicated the Montage units were listed at about \$300 per square foot when the bank owned the property, which showed that not all banks lowered prices just to get a property off their books. As a broker in the market, he pointed out about 80 percent of his comparables were short sales and foreclosures. Appraiser Thompson stated the Assessor's Office did not use foreclosures to calculate value, although sales coming out of foreclosure were used and were coded as "2F."

Member Krolick asked if there was any time adjustment or average weighting on the year built for the properties used as comparables by the Petitioner. He noted it was difficult to compare a property built in 1978 or 1966 with a brand new project. Appraiser Thompson indicated the sales prices reflected the current condition of each property.

Member Krolick observed the data supported the Assessor's values. He noted there were condominium units at 50 North Sierra (the Palladio) that sold for more than the Assessor's value of \$200 per square foot. Chairman Covert wondered if Member Krolick would attribute the considerably lower-priced resales at the Riverwalk to the age of the property. Member Krolick said it was not known if the sales were for remodeled units because there was no exact data. He commented the Riverwalk was an older project and its amenities were reflected in the purchase prices. Chairman Covert noted the Montage had swimming pools and fitness centers. He asked if 200 West Second Street (the Riverwalk) had such amenities. Mr. Edge said it was his understanding the complex at 200 West Second Street was involved in litigation and could accept cash buyers only because regular financing was not available. Although it was not involved in litigation, he pointed out the Montage was also limited to cash buyers only. Chairman Covert remarked that the Arlington Towers building was also considerably older than the Montage.

With regard to the parcels listed below, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Krolick, which motion duly carried with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-2011. It was found that the Petitioner failed to meet his/her burden to show

that the land and improvements are valued inequitably with other properties whose use is identical and whose location is comparable.

10-0912E: MONTAGE MARKETING CORPORATION				
011-544-07	011-552-03	011-556-07	011-560-06	011-564-09
011-544-11	011-552-04	011-556-08	011-560-07	011-564-10
011-544-12	011-552-05	011-556-09	011-560-08	011-564-11
011-544-13	011-552-06	011-556-10	011-560-09	011-564-13
011-544-14	011-552-07	011-556-11	011-560-10	011-564-14
011-544-15	011-552-08	011-556-12	011-560-11	011-564-15
011-544-16	011-552-09	011-556-13	011-560-12	011-564-16
011-544-17	011-552-10	011-556-14	011-560-14	011-564-17
011-544-18	011-552-12	011-556-15	011-560-15	011-564-19
011-544-19	011-552-13	011-556-16	011-560-16	011-565-03
011-544-20	011-552-14	011-556-17	011-560-17	011-565-04
011-544-21	011-552-16	011-556-18	011-560-19	011-565-05
011-546-02	011-552-17	011-556-19	011-560-20	011-565-06
011-546-03	011-552-18	011-556-20	011-561-02	011-565-07
011-546-04	011-552-19	011-557-02	011-561-03	011-565-08
011-546-05	011-552-20	011-557-03	011-561-04	011-565-09
011-546-06	011-553-02	011-557-05	011-561-05	011-565-10
011-546-07	011-553-03	011-557-06	011-561-06	011-565-11
011-546-08	011-553-04	011-557-07	011-561-07	011-565-12
011-546-09	011-553-05	011-557-08	011-561-08	011-565-13
011-546-10	011-553-06	011-557-09	011-561-09	011-565-14
011-546-11	011-553-07	011-557-10	011-561-10	011-565-15
011-546-12	011-553-08	011-557-11	011-561-11	011-565-16
011-546-13	011-553-09	011-557-13	011-561-12	011-590-01
011-546-14	011-553-10	011-557-14	011-561-14	011-590-02
011-546-15	011-553-11	011-557-15	011-561-15	011-590-03
011-546-16	011-553-12	011-557-16	011-561-16	011-590-04
011-546-17	011-553-13	011-557-17	011-561-17	011-590-06
011-546-18	011-553-14	011-557-18	011-561-19	011-590-07
011-546-19	011-553-15	011-557-19	011-561-20	011-590-09
011-546-20	011-553-16	011-557-20	011-562-02	011-590-10
011-546-21	011-553-17	011-558-02	011-562-03	011-590-11
011-546-22	011-554-02	011-558-03	011-562-04	011-590-13
011-546-23	011-554-03	011-558-04	011-562-05	011-591-03
011-550-01	011-554-04	011-558-06	011-562-06	011-591-04
011-550-02	011-554-05	011-558-07	011-562-07	011-591-05
011-550-03	011-554-06	011-558-08	011-562-08	011-591-06

10-0912E: MONTAGE MARKETING CORPORATION				
011-550-04	011-554-07	011-558-09	011-562-09	011-591-07
011-550-05	011-554-08	011-558-10	011-562-10	011-591-08
011-550-06	011-554-09	011-558-11	011-562-11	011-591-09
011-550-07	011-554-10	011-558-12	011-562-12	011-591-10
011-550-08	011-554-11	011-558-13	011-562-13	011-591-11
011-550-10	011-554-13	011-558-14	011-562-14	011-592-01
011-550-11	011-554-14	011-558-15	011-562-15	011-592-02
011-550-12	011-554-15	011-558-16	011-562-16	011-592-03
011-550-13	011-554-16	011-558-17	011-562-17	011-592-04
011-550-14	011-554-17	011-558-18	011-562-18	011-592-06
011-550-15	011-554-19	011-558-19	011-562-20	011-592-07
011-550-16	011-554-20	011-558-20	011-563-02	011-592-08
011-550-17	011-555-02	011-559-02	011-563-03	011-592-09
011-550-18	011-555-03	011-559-03	011-563-04	011-592-10
011-550-19	011-555-04	011-559-04	011-563-05	011-592-11
011-551-03	011-555-05	011-559-05	011-563-06	011-592-12
011-551-04	011-555-06	011-559-06	011-563-09	011-592-13
011-551-05	011-555-07	011-559-07	011-563-10	011-594-01
011-551-06	011-555-08	011-559-08	011-563-11	011-594-02
011-551-07	011-555-09	011-559-09	011-563-12	011-594-03
011-551-08	011-555-10	011-559-10	011-563-13	011-594-04
011-551-09	011-555-11	011-559-11	011-563-14	011-594-05
011-551-10	011-555-13	011-559-13	011-563-16	011-594-06
011-551-11	011-555-14	011-559-14	011-563-17	011-594-07
011-551-12	011-555-15	011-559-15	011-563-19	011-594-08
011-551-13	011-555-16	011-559-16	011-563-20	011-594-09
011-551-14	011-555-18	011-559-17	011-564-02	011-594-10
011-551-16	011-555-19	011-559-19	011-564-03	011-594-11
011-551-17	011-556-02	011-559-20	011-564-04	011-594-13
011-551-18	011-556-03	011-560-02	011-564-06	011-594-14
011-551-19	011-556-04	011-560-03	011-564-07	011-594-15
011-551-20	011-556-05	011-560-04	011-564-08	011-594-16
011-552-02	011-556-06	011-560-05		

11:57 a.m. Chairman Covert declared a brief recess.

12:35 p.m. The Board reconvened with Member Green still absent.

REQUEST FOR REOPENING OF HEARING

Agenda Subject: “Discussion and possible action to re-open and reconsider Hearing No. 10-0599, APN 508-094-12, Sierra Nevada Holding Company.”

County Assessor Josh Wilson explained Petitioner Gary Schmidt requested a continuance of his hearing during public comment on February 4, 2010 and the Assessor concurred with the request. Rescheduling of the hearing was inadvertently overlooked. The Board considered Hearing No. 10-0599 on February 8, 2010 and issued a decision. Assessor Wilson stated he had no objection to reopening the hearing.

On motion by Member Krolick, seconded by Member Brown, which motion duly carried with Member Green absent, Hearing No. 10-0599 for Parcel No. 508-094-12, Sierra Nevada Holding Company, was reopened.

**CONSOLIDATION AND DISCUSSION – SUN VALLEY
MOBILE HOME LOTS – HEARING NOS. 10-0599, 10-0060,
10-0260 AND 10-0789**

The following hearings were consolidated:

Parcel No.	Petitioner	Hearing No.
508-094-12	SIERRA NEVADA HOLDING COMPANY	10-0599
083-502-15	JOO, BARBARA	10-0060
085-740-54	RANGLES, HEATHER	10-0260
508-043-05	ELLIOTT, GARTH T & LINDA R	10-0789

On behalf of the Petitioners, Garth T. Elliott and Gary Schmidt were sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Mark Stafford, Senior Appraiser, oriented the Board as to the location of the subject property.

Mr. Schmidt requested a continuance of all four hearings until they could be heard before a five-member Board. He suggested the Petitioners were at a disadvantage. Chairman Covert noted there was a quorum, four members were present, and a majority of three votes was required to pass a motion. He denied the request.

County Assessor Josh Wilson said he understood the issues were related to land value. He suggested the Petitioners advise the Board how they wished to proceed.

Mr. Elliott explained the Petitioners were looking at the period from July 1 through December 31, 2009. He noted the Sun Valley area had seen economic devastation and cited the Governor’s comment (shown on page 11 of Exhibit A) that property values had decreased by 24.5 percent in the third quarter of 2009. He estimated

a decrease of about 30 percent in Sun Valley property values and said the Petitioners were asking the Board to apply the existing laws.

Chairman Covert asked if the Petitioners' issues were related to base lot value. Mr. Elliott replied there were issues with the Assessor's base lot value and with how abstractions of the land values were applied to the subject properties. Chairman Covert asked the Assessor's staff if it was appropriate to consolidate the four hearings. Appraiser Stafford said he believed the four hearings had been continued from February 8, 2010 in order to discuss the Sun Valley base lot values.

Mr. Schmidt identified two issues: (1) The base lot value for the Sun Valley mobile home lots; and (2) Placement of the store of value for participation in the Sun Valley General Improvement District (SVGID) in the land value rather than the improvement value. He noted there were a few thousand mobile home lots in Sun Valley that were all approximately one-third acre. He indicated the SVGID was a cooperative entity that provided sewer and water service. He stated the proper application of State law was to place the SVIGID participation fee in the improvement value rather than the land value, not unlike a building permit. He said the Assessor's base lot value of \$49,000 should first be reduced to about \$35,000, and then the SVGID participation fee should be abstracted out and placed on the improvements side of the taxable value.

Mr. Schmidt reviewed the data provided in Exhibit A, which was broken down into Sections A through G. He referenced the table of 14 comparable sales provided on page 1 of Exhibit A (section A). He observed only a few of the comparable properties were sold without any substantial improvements or personal property on the land such as a mobile home or trailer. Chairman Covert asked if the owner identified on the Petitioners' list was the seller or the buyer. Mr. Schmidt replied the buyers were listed for all except the last owner, which was shown as Statewide Bank. He indicated most of the Petitioners' comparables had been presented by the Assessor's Office during the Board's February 8, 2010 hearings for one or more of the subject properties. He noted the last two properties were new comparables for which supporting documentation was provided on pages 12 and 13 (section G). He stated the sales prices for all except the last comparable on Middlefork Drive had been verified by the Assessor. He referred to the listing price of \$47,000, as shown on page 13, and said he had several conversations with Statewide Bank and with real estate agents. He indicated the Middlefork property was in escrow in an arm's length transaction as of December 31, 2009 but the buyer had not been disclosed to him. He explained the sale had not closed because Statewide Bank was having trouble delivering the title to the property's mobile home. He stated the Petitioners had therefore not abstracted the value of the mobile home in their data. If the bank was willing to sell the property with a mobile home for \$47,000, Mr. Schmidt reasoned it would sell for less if the title to the mobile home could not be delivered. He pointed out there were substantial improvements such as a garage and overhead carport area on the Middlefork property. He suggested listings in a down market established the top end of what something might sell for.

Chairman Covert asked if the Petitioners' abstracted value represented land value. Mr. Schmidt said it was the depreciated value of the real property. He noted the garage and carport were included but the mobile home was discarded for the Middlefork property. He stated the Assessor determined the base lot value of \$49,000 using the most recent sales in June 2009, as illustrated by the five comparables in the first section of the chart on page 1 of Exhibit A. He agreed the Assessor's determination was fair at that point in time. He explained the Petitioners' second grouping of four comparables showed a median price of \$31,000 and an average price of \$37,000 in July 2009. For the Woods Drive property owned by Mr. Tolotti, he noted the Petitioners used abstraction to deduct the value of the improvements based on documentation from the Assessor's Office. He said it could be argued that the actual value of the improvements was greater than the depreciated value shown on the Assessor's books. When doing abstraction for the purpose of determining base lot value, Mr. Schmidt stated the Assessor and the Board were charged with using the actual market value rather than the statutorily depreciated value.

Member Woodland requested clarification of the address shown as 495 *E.th* Ave for Parcel No. 085-770-18 on page 1 of Exhibit A. Mr. Schmidt indicated the correct address was *4th* Avenue.

Mr. Schmidt noted most of the comparables that sold between August and December 2009 (last grouping on page 1 of Exhibit A) were sold with mobile homes on them. He indicated the mobile homes were typically sold "as is, where is" with no value, but the buyer did get a personal property title for the home. Although the sellers did not want to warranty the mobile homes, he said they had values ranging up to \$20,000 in the Assessor's records. He stated the mobile homes did have value and the vast majority of the time they stayed on the property and were occupied after a sale. He noted he and Mr. Elliott had been out to the property at 6075 Leon Drive, which had a mobile home that was currently occupied. He said it was not on a foundation but decking and awnings were attached to it. He indicated the Petitioners abstracted less than \$3,000 for the mobile home value based on the improvement value in the Assessor's records. Mr. Schmidt stated the graph on page 2 of Exhibit A (section A) was a pictorial representation of the Petitioners' abstracted land values based on the three sets of comparables, including five sales from June 2009, four from July 2009, and five from August through December 2009. He noted page 4 of Exhibit A (section B) showed a scatter graph of all of the comparables together, indicating a sharply declining pattern in sales prices from June through December 2009.

Mr. Schmidt indicated pages 5 through 8 of Exhibit A (section C) illustrated the base lot values for his parcel and Mr. Elliott's parcel from the 2000-01 tax year through the 2010-11 tax year. He pointed out the base lot values were basically the same throughout Sun Valley. He said the Petitioners believed all of the facts supported a base lot value of \$35,000. He suggested the real abnormality in the market occurred during the boom years from 2004 to about 2008, and values were just getting back to where they probably should have been anyway.

Mr. Schmidt stated he had made several public records requests for details as to the yard improvements for all of the comparable parcels and all of the other parcels brought before the Board in the Assessor's exhibits in any way, shape or form. He noted taxable values typically included some yard improvements, fencing, driveways, asphalt or other improvements. He indicated such improvements should be abstracted out to get the base lot value but the Petitioners could not do that because the Assessor's Office was unable to provide the detailed information. He acknowledged such improvements were relatively insignificant – probably somewhere between \$250 and \$1,500 minus depreciation. He said he understood the Assessor's Office was limited by time constraints.

Mr. Schmidt indicated page 9 of Exhibit A (section D) was the tariff schedule for the SVGID. He estimated a little less than \$18,000 as the cost of participation for water and sewer facilities.

Mr. Schmidt read from NAC 361.119(2) regarding the abstraction method, as shown on page 10 of Exhibit A (section E): "The use of sales of comparable improved properties pursuant to subsection 1 is subject to the provisions of NAC 361.118 and the following: (a) Sales of comparable improved properties must be adjusted to remove the full contributory value of all items attributable to the improvement of vacant land, including, without limitation, improvements, direct and indirect costs, soft costs, entrepreneurial profit, and personal property and other nonrealty components of value." He stated things like building permits were included in the improvement value as a soft cost, indirect cost or nonrealty component of value, and should be abstracted out or removed to get a base lot value. By definition or by application, he argued that the base lot value should not include \$18,000 in fees for water and sewer facilities participation. He suggested it was acceptable either to make the fees nontaxable or to put them back in on the improvements side of the taxable value.

Mr. Schmidt explained the majority of the Sun Valley mobile home parcels existed before the SVGID was created. Most of the parcels had been on domestic wells and septic systems that were valued as improvements before they were replaced by the SVGID services. He likened participation in the SVGID cooperative to the participation of a condominium in common area, and pointed out the Assessor would apply a percentage of common area to the improvement value of a condominium. He read the following description regarding SVGID participation from page 9 of Exhibit A (section D): "For the availability of sewer service, the District shall charge and the Customer shall pay a fee based upon factors including, but not limited to, the District's current investment in the sewer system, system development costs and the cost of capital." He noted there was similar language for water service. Mr. Schmidt emphasized the fees were clearly an investment in facilities and hard assets that the residents participated in. He indicated the base lot value should be reduced to about \$17,000 after the \$18,000 fee was deducted from a \$35,000 starting point.

Mr. Schmidt characterized the placement of participation fees in the base lot value as an innocent error but a bad application of the law by the Assessor's Office.

He said it was a complicated issue that was similar to issues clarified by the courts for Incline Village. He suggested all of the Incline Village litigation should be incorporated by edict and by reference.

Chairman Covert asked if property owners in the SVGID area were required to hook up if they had a functioning well and septic system. Mr. Schmidt noted all of the one-third acre mobile home parcels had been required to participate when the SVGID was initiated. He pointed out there were other types of parcels in Sun Valley that were still on well and septic systems, and had not paid participation fees. Chairman Covert wondered if well and/or septic systems were allowed on less than one-acre lots. Appraiser Stafford said he had supervised reappraisal of the Sun Valley area for the last two years. He indicated there were 4,921 one-third acre parcels in Sun Valley that could be developed with mobile or manufactured homes. He stated all of the mobile home parcels originally had septic tanks and one-third acre was the minimum lot size for a septic tank.

Chairman Covert wondered if permanent structures were allowed on the mobile home parcels. Appraiser Stafford said permanent structures were allowed and there were some scattered site built homes in the older area of Sun Valley.

Appraiser Stafford noted Sun Valley was a custom home neighborhood in that every property was different and unique. Of the 4,921 mobile home lots, he stated eight property valuation appeals were received and half of those were from owners who purchased the properties out of foreclosure. He said it was his belief the purchase price reflected each property's market value. Chairman Covert asked if the transactions were distressed sales. Appraiser Stafford indicated they were. He pointed out two appeals from Peter Tolotti were heard on February 8, 2010 for properties sold after repossession by the Department of Housing and Urban Development (HUD). He explained the Federal Housing Administration (FHA) and Veterans Administration (VA) offered loans to lenders that were backed by the federal government. Appraiser Stafford characterized such properties as the most distressed sales with the lowest selling prices. He noted Mr. Tolotti's testimony was that he had a tenant in one of the properties who would fix up the mobile home in exchange for rent and the other property was not habitable because of the repairs that were needed. He observed the VA was not a for-profit entity and just wanted to unload such properties. The property was not suitable as a single family residence and could not qualify for single family financing so the only market was to cash buyers looking for a good deal.

Appraiser Stafford said he had one example of a sale that would illustrate the difference between a distressed sale and a market transaction. However, he was unable to find the documentation. Mr. Schmidt indicated he would object if the Petitioners could not get a copy of the Assessor's documentation. Appraiser Stafford noted the property at 505 Carnes was discussed at a prior hearing. Mr. Schmidt objected to any discussion if documentation was not available. Chairman Covert said the Petitioners would have an opportunity to address the issue during their rebuttal. Appraiser Stafford recalled the Carnes property was sold for \$62,000 by the VA in the spring of

2009 and the property was resold for \$139,000 in the fall of 2009. He indicated the \$139,000 sale was reflective of the market value of the property in an arm's length transaction but the \$62,000 sale was under duress.

Appraiser Stafford stated the Sun Valley mobile home neighborhood could contain anything from a 1972 single wide to a 2009 triple wide. He indicated the abstraction method was used because allocation was not an appropriate method to develop the land values on a mass basis for such an area. The Assessor's Office determined the most common and prevalent lot in the neighborhood was a one-third acre parcel that had sewer and water service going to it. Appraiser Stafford read from NAC 361.107: "The 'abstraction method' means a method of estimating the value of land by subtracting from the sales prices of improved parcels the full contributory value of all items attributable to the value of the improvements, thus yielding estimates of the residual or remainder value of the land." He said the Assessor's Office set out to develop a fair, equitable and consistent method of subtracting the contributory value of improvements from the market prices.

Appraiser Stafford referenced the sales analysis provided on page 3 of Exhibit I for the twelve-month period from July 1, 2008 to June 30, 2009. He explained the first grouping of sales included back lot parcels that did not front the public paved roadway and were accessed either as a flag lot or through an easement. He indicated the second grouping of sales were not back lot parcels. He noted the intent of the Assessor's Office was to overestimate the contributory value of the improvements for abstraction. He stated the North American Dealer's Association (NADA) Guide was used to obtain mobile home values. He indicated the NADA Guide was "based on an abstraction of sales data deemed to be reliable from the open market." The data was obtained nationally, did not include repossession, foreclosure or auction sales, and produced an estimated value for an unfurnished structure within 300 miles that was to be delivered and installed on site.

Appraiser Stafford referred to the photograph on page 1 of Exhibit II as an example of the first comparable sale at 5525 Yukon Drive. Mr. Schmidt requested a copy and objected to the use of the photo on the overhead display. He stated there was a Board policy to provide eight copies of an exhibit before the hearing. Chairman Covert asked Mr. Stafford to continue.

For abstraction purposes, Appraiser Stafford said \$2,500 was added to the improvement value from the NADA guide to cover any incidentals or unknown or miscellaneous costs. He pointed out there were two types of utility hookup costs – the cost of improvements and the hookup fees. As shown on page 3 of Exhibit I, he noted a contributory value of \$8,313 was used by the Assessor's Office for the replacement cost new to extend utilities from the street to the mobile home.

Chairman Covert asked if the amount was an estimate of the actual costs. Appraiser Stafford clarified it represented the labor and materials cost to bring water, sewer, electricity or natural gas utilities from the street to the pad where the mobile home

was located. Chairman Covert observed costs could vary from parcel to parcel depending on how many feet the utilities had to be extended. Appraiser Stafford indicated the one-third acre parcels were pretty standard. He said the Assessor's Office determined the costs were \$10,000 to \$12,000 after speaking with some contractors during the previous year. He noted the contributory utility costs were undepreciated and did not vary by much. He pointed out there were 35-year-old utility extensions for some of the mobile homes that were not worth \$8,300, were greatly depreciated, and would most likely have to be replaced if the home was moved. He emphasized that the contributory value was overestimated by the Assessor.

Appraiser Stafford explained a median value of \$55,000 was initially obtained based on all of the sales in the analysis on page 3 of Exhibit I. Based on listings for properties that were advertised as land only, the median asking price exceeded the median sales price of the comparables sales. He indicated the Assessor's Office therefore used only the sales from June 2009 to develop the \$49,456 median base lot value. He noted the Assessor determined no difference in sales price between back lots and standard lots.

Appraiser Stafford displayed the four photos in Exhibit II to illustrate that the contributory value used by the Assessor in the abstraction method was greater than the actual value of the mobile home on each property. He indicated the appraisal staff visited each of the properties during the process of developing the abstracted values.

Appraiser Stafford referred to Mr. Schmidt's earlier testimony that the miscellaneous improvements on the mobile homes did not have much value, and to testimony during a prior hearing that the property at 5525 Yukon Drive had \$10,000 in outside improvements that were not accounted for in the Assessor's valuation. He pointed to the photograph on page 1 of Exhibit II and said it did not look like there were \$10,000 worth of outside improvements. He noted the appraisal record showed 2,000 square feet of asphalt on the property. He commented that asphalt paving constructed in 1982 would have turned to gravel after 30 years. He pointed out the owner of the land did not own the mobile home so there was no need to deduct for its contributory value. If anything, he stated the mobile home was a liability on the property. Chairman Covert asked if Yukon Drive was a rental property. Appraiser Stafford clarified the land was rented and the tenant owned the mobile home.

Appraiser Stafford indicated the fee for hooking up to the SVGID services was a valuable right to use services but was not an improvement on the land that would be depreciated. He stated virtually all of the lots in the neighborhood had paid the fee. Chairman Covert asked if the fee was paid only once. Appraiser Stafford replied that it was. Chairman Covert observed the fee became a part of the selling price for a property that had been sold a few times. Appraiser Stafford noted a parcel purchased in 1990 had the same value as a parcel purchased in 2009 so the SVGID fee was not a wasting or depreciating asset. He stated the value would go up if the SVGID were to raise the cost of their hookup fees. He described the fee as an appurtenance to the land that was necessary before any development could take place.

Member Woodland wondered if it would be difficult to put the water and sewer fees into the improvement value if many of the properties had mobile homes owned by someone who was renting the land. Chairman Covert observed the fee for a right to hookup was different from installation of the pipes. Appraiser Stafford agreed there was a hookup fee and there were separate hookup improvements for the physical labor and materials to extend utilities from the street to the mobile home. Member Woodland wondered if such improvements would stay with the land. Appraiser Stafford said the physical labor and materials were improvements to the land. He described the hookup fee paid to the SVGID as a right that was appurtenant to the parcel and went with the land but was not a depreciable wasting asset or improvement to the land. Chairman Covert wondered if the hookup fee was paid by the land owner. Appraiser Stafford said that it was. He observed it was distinct from a building permit that was part of the cost for constructing a building and was depreciated along with the improvement value.

Appraiser Stafford referenced the analysis of sales occurring after July 1, 2009 that was shown on page 4 of Exhibit I. He indicated the same median value of \$49,000 was obtained. He reiterated the contributory value of the improvements had been overestimated because the Assessor's Office did not believe VA and HUD sales were applicable.

Chairman Covert asked about the \$11,244 facilities charge referenced by the Petitioner. Appraiser Stafford stated that was part of the overall \$18,000 cost.

Member Woodland said she was on the SVGID Board of Trustees and wondered if she should recuse herself. Herb Kaplan, Deputy District Attorney, stated he did not think that would create a conflict.

Mr. Schmidt emphasized there were two distinct issues – the base land value and the issue of where to place the \$18,000 store of value. With respect to the base land values, he noted the Assessor's Office showed some pictures and made some statements about overestimating contributory value. He stated the Petitioners were using the improvement values the Assessor had on the books and, if those values were overestimated, some obsolescence should be applied so the property owners would pay less in taxes. He pointed out the Petitioners were not arguing about sales from June 2009 but were trying to go forward from that point. He suggested arguments about sales prior to June 2009 were irrelevant and the Assessor's Office had not addressed the Petitioners' comparables for July through December 2009. He noted the property at 5525 Yukon Drive that was discussed by the Assessor's Office had been rejected as a comparable because of its sale date. With respect to the property at 505 Carnes, Mr. Schmidt stated the Petitioners looked at it and set it aside because there was not enough information available to verify the first sale. He pointed out the home on the Carnes property was a prefabricated HUD qualified home and there were other more comparable sales available to abstract the land value. He pointed out the Petitioner's comparable on Leon Drive sold in October 2009 and was a real comparable sale at \$42,000. Although the Assessor subtracted only \$2,500 for the value of the personal property, he said there was a mobile

home with an attachment on the property and it would cost more than \$2,500 just to place another home there. He remarked that the mobile homes in Sun Valley had value to the people who resided in them.

Mr. Schmidt disagreed that \$8,313 was the cost for physical hookups on all 4,900 lots. He indicated he had never received information from the Assessor's Office to backup the \$8,313 amount and objected to any hearsay evidence from the Assessor about the value. He stated some lots had just water and sewer, some had underground power, most had natural gas, and some had cable television or phone lines underground. He noted the insulation from the meter to the mobile home was an improvement that would depreciate. He objected to the supposition that all of the old utility hookups were worn out and had no value. He noted they were being used and he had not seen backhoes replacing them. Mr. Schmidt likened the statutory depreciation of improvements to a 1.5 percent discount. He said it was not true that all of the one-third acre Sun Valley lots were the same. He indicated a substantial portion of them were flag lots. For example, he noted Petitioner Heather Randles' parcel was a lot situated behind two other lots. He estimated her hookup costs would be about triple those of a standard lot.

Mr. Schmidt stated the Petitioners' comparable properties did not include any that had gone back to the finance company or had been sold on the courthouse steps. He acknowledged some of the comparables were sold by institutions through real estate listings but suggested those were not true foreclosure sales. He indicated the most representative market sale in a down market was one that was in a bank's inventory and listed to a real estate agent. He pointed out there was no predetermined value under such conditions, but the listing was put out there, given reasonable advertising, and the bank took what the market would give them. He contrasted such a sale with a seller who listed property but would only sell it if an offer met certain expectations.

Mr. Schmidt reviewed Exhibits B and C, which contained information about two properties that the Petitioners rejected as comparables because they could not verify the nature of the sales. Based on the improvement values in the Assessor's record, he asserted the property in Exhibit B that sold in June 2009 would have had an abstracted land value of \$2,375 and the August 2009 sale in Exhibit C would have produced a negative abstracted land value.

Regarding the replacement of utilities, Mr. Elliott said he had lived in Sun Valley for 38 years and had never seen anyone trench up and replace utilities because they were worn out. He stated they were basically made of the same type of materials that were used in any other subdivision. In some cases, he suggested the materials were better because there was no clay pipe that was subject to root invasion.

Mr. Elliott disagreed with the Assessor's point about distressed sales in the Petitioners' analysis. For example, he pointed out the comparable that sold for \$71,587 on July 28, 2009 was a sale by the owner with no down payment received. He indicated the price had been artificially spiked upward and was an anomaly. Chairman Covert clarified that the financing terms were made attractive enough so the buyer would pay

more money. Mr. Elliott agreed and noted the sales price was above the range of the other comparable sales. Mr. Schmidt characterized the sale as similar to a lease option. He said the Petitioners used it because it was one of the Assessor's comparables but the Petitioners verified that it was not a good comparable because there was no money down and no loan qualification.

With respect to the sewer and water facilities participation fee, Mr. Schmidt read from page 9 of Exhibit A (section D): "All water fees set forth in this section shall be paid in full to the District prior to commencement of construction of improvements." He stated the fee was basically a building permit and a cost of construction, which would make it an improvement cost. He read once again from NAC 361.119: "Sales of comparable improved properties must be adjusted to remove the full contributory value of all items attributable to the improvement of vacant land..." As to the argument that the participation fee went with the land and could not be taken off the land, he pointed out a building permit could not be taken off the land either. He reasoned you could destroy a building but its permit did not go away. Chairman Covert noted if one had a building permit and built a house that burned to the ground, another building permit would be required to restore the house. Mr. Schmidt noted the building permit could not be moved to another piece of property and the participation fee could not be moved to another piece of property. He stated the physical hookups also went with the land once they were installed in the ground. He observed vegetation, trees and driveways all went with the land but were considered improved values to the land. Chairman Covert asked if the water was metered in Sun Valley. Mr. Schmidt replied that it was. He remarked that the generic term "going with the land" was not relevant but it was relevant to go with what the law said was an improvement value. He pointed out landscaping, driveways, asphalt, physical improvements and building permit fees were all defined by law as improvements. He stated the law allowed the replacement cost new of improvements to be depreciated or discounted by 1.5 percent for year. He noted there might be property owners that paid less than \$1,000 for their hookups a long time ago but they were taxed on the \$18,000 value. He said a lot that had not paid the participation fee would be worth \$18,000 less than one that had already paid the fee. He asserted that the law clearly provided for the fee to go on the improvement side of valuation.

Member Krolick asked if the Petitioners had any evidence that the way Washoe County was valuing the land was different from the way it was being valued in any other county in the State. Mr. Schmidt said there had been substantial evidence presented in that regard with respect to the Incline Village issues and to Douglas County. Member Krolick remarked that he was having a hard time making a relationship between the two cases. Mr. Schmidt indicated some of the law went to the issue of teardowns where the full contributory value to develop land had to be removed in order to get an abstracted value of the land alone. Member Krolick observed the Petitioners' argument was for base lot value. He stated the comparables in Exhibits B and C would produce a zero value for the land after everything was abstracted out and that was not true. Mr. Schmidt replied the State law was not under a market-based property tax system. He indicated there were cases all over Washoe County where the cost of replacement new for a house was greater than the market value of the house and land together. He stated

obsolescence was to be applied to the improvements when market value reached the negative or went to the extreme. He noted there was an oversupply of residential improvements in the State, in the nation, and certainly in Washoe County. He pointed out some of the newer prefabricated homes in Sun Valley cost \$150,000 to \$180,000. Because they were only a few years old, the discounted (depreciated) taxable value of the improvement was probably in the \$150,000 range. He suggested one could buy just about anything in Sun Valley for less than \$150,000 if there was a willing seller.

Chairman Covert asked what the Petitioners were specifically asking the Board to do on the four consolidated properties. Mr. Schmidt said the evidence clearly showed that \$35,000 was a reasonable base lot value, momentarily setting aside the issue of the sewer participation fees. He further suggested it would be unreasonable to set a base lot value that was higher than \$39,000. He stated the 4,900 affected residents in Sun Valley had every right to a proper application of the law and the facts. He suggested the values were likely to be less than \$35,000 in the subsequent tax year.

Chairman Covert asked if the \$8,313 illustrated on page 3 of Assessor's Exhibit I was the true cost of running utilities to a mobile home structure. Appraiser Stafford said it was the cost to run utilities to the pad site. Chairman Covert wondered if it would cost twice as much to run pipes to the pad on a flag lot. Appraiser Stafford said it would not be twice as much. He noted the inquiries made to local contractors by the Assessor's Office in August 2008 produced a range of \$8,500 to \$10,000, including flag lots and various types of utilities.

Chairman Covert asked about the process of converting a structure from real property to personal property. Appraiser Stafford explained that homes manufactured prior to July 1, 1976 did not have to qualify under HUD requirements and were referred to as mobile homes. He stated they were referred to as manufactured homes after July 1, 1976 because they met HUD requirements and had a HUD sticker on them. He indicated the buyer of a mobile or manufactured home was issued a personal property title on purchase. He noted any attachments to the personal property that were owned by the same owner (such as a shed) were assessed on the personal property roll. He described the process whereby the owner of personal property could apply for conversion to real property. Certain requirements had to be met such as removal of the tongue and running gear, permanent attachment of the home to the ground, and surrender of the title. The Nevada Division of Manufactured Housing would issue a real property notice to the Assessor once all the requirements were met and the Assessor would then place the improvements on the real property roll. Chairman Covert wondered if it was the application or permitting process that resulted in conversion. Appraiser Stafford replied it was surrender of the personal property title that resulted in issuance of a real property notice. He stated the home was not officially real property until the Assessor placed it on the real property roll. At that point, he said it was assessed just like a house, using the replacement value new minus 1.5 percent per year depreciation. He pointed out the depreciation was 5 percent per year for unsecured personal property.

Appraiser Stafford clarified that the Carnes property was not used to develop the Assessor's base lot value. He said he presented the property as an example of a distressed sale. He suggested it was the distressed sales that were generating the Petitioners' lower indications of value.

Member Woodland wondered if authorization for representation was in order. Chairman Covert observed one of the petitioners was present. Ms. Parent indicated there was an authorization form in Mr. Elliott's file and one of the subject properties was owned by Mr. Schmidt. She said no authorization was found in Barbara Joo's file. She located an unsigned and undated statement in Heather Randles' file that was marked into evidence on February 8, 2010. She noted the statement referred to land values and requested the property be consolidated with Mr. Schmidt on February 25, 2010. Mr. Kaplan indicated each of the Petitioners filed separate appeals, then came in and orally agreed that Mr. Schmidt would represent their interests in connection with the issue under discussion. He explained that NRS 361.362 applied to the filing of a petition and not necessarily to a representative appearing at hearing on behalf of an individual. He said he believed the intent was to stop an individual who did not own property from filing a petition in connection with someone else's property. He pointed out the Petitioners personally appeared at the February 8, 2010 hearing.

Member Brown clarified the Assessor's base lot value was \$49,000 but the Petitioner felt a value between \$35,000 and \$39,000 was justified. Chairman Covert agreed. Member Woodland asked if it was just for the four subject properties. Chairman Covert said the Board was only dealing with the four properties, although it would set a precedent whether the Board upheld the values or granted relief.

Member Brown made a motion to uphold the Assessor's taxable value for all four subject parcels. Chairman Covert seconded the motion for the sake of discussion.

Member Woodland said she was not sure what was being requested by the Petitioner. She wondered if the appeal was intended to make the four subject properties equal. Chairman Covert explained the Board would in effect reduce the total taxable value of the real property for each of the Petitioners if it voted to reduce the base lot value. He stated he heard Mr. Schmidt present an argument to reduce the land value and add the participation fees to the improvement value, but the Petitioners had only asked the Board to reduce the base lot value. Member Woodland said she was not in favor of reducing the base lot value and adding fees back to the improvements. Chairman Covert clarified that Member Brown's motion was to uphold the Assessor's base lot value.

Member Krolick said the land value still came out to about \$45,000 based on his attempt to calculate some time adjustment for the market. He stated he was not satisfied with the sales because they were not conclusive. Member Woodland noted there had been a lot of discussion about the sales after July 1, 2009 and it was up to the Board as to whether they used such sales or not. Chairman Covert observed the Board had used such sales in other hearings but was not required to do so.

On call for the question, the motion carried. Please see 10-0913E through 10-0916E below for the details concerning the petition, exhibits and decision related to each of the properties in the consolidated hearing.

10-0913E PARCEL NO. 508-094-12 – SIERRA NEVADA HOLDING COMPANY – HEARING NO. 10-0599

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land located at 5991 Amargosa Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner (February 8, 2010)

Exhibit A: Letter, 3 pages.

Petitioner (February 25, 2010)

Exhibit A: Supporting documentation (sections A through G), 13 pages.

Exhibit B: Comparable sales information, 1 page.

Exhibit C: Comparable sales information, 1 page.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 21 pages.

Exhibit II: Photographs, 4 pages.

On behalf of the Petitioners, Garth T. Elliott and Gary Schmidt were present to offer testimony.

On behalf of the Assessor and having been previously sworn, Senior Appraiser Mark Stafford and County Assessor Josh Wilson provided testimony.

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – SUN VALLEY MOBILE HOME LOTS – HEARING NOS. 10-0599, 10-0060, 10-0260 and 10-0789 above.

With regard to Parcel No. 508-094-12, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Chairman Covert, which motion duly carried with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land is valued higher than another property whose use is identical and whose location is comparable.

10-0914E PARCEL NO. 083-502-15 – JOO, BARBARA –
HEARING NO. 10-0060

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land located at 530 Stockade Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner (February 8, 2010)

Exhibit A: Assessment notice and supporting documentation, 5 pages.

Petitioner (February 25, 2010)

Exhibit A: Supporting documentation (sections A through G), 13 pages.

Exhibit B: Rejected comparable, 1 page.

Exhibit C: Rejected comparable, 1 page.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 30 pages.

Exhibit II: Photographs, 4 pages.

On behalf of the Petitioners, Garth T. Elliott and Gary Schmidt were present to offer testimony.

On behalf of the Assessor and having been previously sworn, Senior Appraiser Mark Stafford and County Assessor Josh Wilson provided testimony.

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – SUN VALLEY MOBILE HOME LOTS – HEARING NOS. 10-0599, 10-0060, 10-0260 and 10-0789 above.

With regard to Parcel No. 083-502-15, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Chairman Covert, which motion duly carried with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land is valued higher than another property whose use is identical and whose location is comparable.

10-0915E PARCEL NO. 085-740-54 – RANGLES, HEATHER –
HEARING NO. 10-0260

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land located at 5457 Sidehill Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner (February 8, 2010)

Exhibit A: Map, 1 page.

Exhibit B: Statement regarding base lot value, 1 page.

Petitioner (February 25, 2010)

Exhibit A: Supporting documentation (sections A through G), 13 pages.

Exhibit B: Rejected comparable, 1 page.

Exhibit C: Rejected comparable, 1 page.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 21 pages.

Exhibit II: Photographs, 4 pages.

On behalf of the Petitioners, Garth T. Elliott and Gary Schmidt were present to offer testimony.

On behalf of the Assessor and having been previously sworn, Senior Appraiser Mark Stafford and County Assessor Josh Wilson provided testimony.

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – SUN VALLEY MOBILE HOME LOTS – HEARING NOS. 10-0599, 10-0060, 10-0260 and 10-0789 above.

With regard to Parcel No. 085-740-54, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Chairman Covert, which motion duly carried with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0916E PARCEL NO. 508-043-05 – ELLIOTT, GARTH T & LINDA R –
HEARING NO. 10-0789

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land located at 6160 Rams Horn Road, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Supporting documentation (sections A through G), 13 pages.

Exhibit B: Rejected comparable, 1 page.

Exhibit C: Rejected comparable, 1 page.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 21 pages.

Exhibit II: Photographs, 4 pages.

On behalf of the Petitioners, Garth T. Elliott and Gary Schmidt were present to offer testimony.

On behalf of the Assessor and having been previously sworn, Senior Appraiser Mark Stafford and County Assessor Josh Wilson provided testimony.

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – SUN VALLEY MOBILE HOME LOTS – HEARING NOS. 10-0599, 10-0060, 10-0260 and 10-0789 above.

With regard to Parcel No. 508-043-05, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Chairman Covert, which motion duly carried with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

CONSOLIDATION AND DISCUSSION – PARCEL NOS. 232-531-09
AND 232-541-07 – NORYKO, MICHAEL W & NORA S –
HEARING NOS. 10-0274 AND 10-0275

On behalf of the Petitioner, Nora Noryko was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Ginny Dillon, Appraiser, oriented the Board as to the location of the subject property.

Ms. Noryko referenced the list of comparable sales provided in Exhibit A. She acknowledged the property at 2355 Eagle Bend Trail, which sold for \$32,000, was a foreclosure sale that the Board might throw out. She pointed out it was a superior lot with more square footage. Chairman Covert explained the Board did not throw out distressed sales but gave them less weight. Ms. Noryko reviewed comparable land sales at 1020 Whites Creek Lane (LS-4 on page 1 of Exhibit I) and 2450 Painted River Trail (Exhibit A). She noted the Whites Creek property was a larger lot and was located in the south suburban Arrowcreek area, which historically had higher sales prices than Somerset. She indicated the Painted River Trail property sold at \$81,375 for a larger lot with a panoramic view that was superior to the Petitioner's property at Fox Meadows Court (Hearing No. 10-0275). She stated the Petitioner's property at Northern Pines Court (Hearing No. 10-0274) had a good unobstructed view.

Ms. Noryko said the Fox Meadows property should be adjusted because sales prices had suffered considerably and the adjacent neighbor built a 5,000 square foot home that blocked much of the view. She stated the building envelope was limited. She said the Fox Meadows lot was put on the market two years ago at \$120,000 and was reduced to \$80,000, but there had been no interest whatsoever. She explained the lot was purchased for her son, who was subsequently unable to move into Somerset because of his wife's illness. She indicated comparable lots were listed anywhere from the low \$40,000's to as high as \$299,000, but there was no market activity.

Chairman Covert asked if the view had been lost on both subject properties. Ms. Noryko replied only the Fox Meadows view was affected. She stated no homes had been built around Northern Pines Court and she did not think anyone could build in a way that would obstruct the Petitioner's view. She said she was aware of another property on Northern Pines that sold for \$90,000 in 2008.

Chairman Covert observed there was no view adjustment on either of the subject properties. He pointed out the Board could not take away something that was not assessed in the first place. Ms. Noryko indicated buyers paid according to the views when purchasing from the developer. Based on the \$81,000 comparable at Painted River Trail, she stated the Fox Meadows lot was worth a lot less than its current valuation. Chairman Covert asked for the Petitioner's recommended value. Ms. Noryko said she had asked for \$80,000 on her petition but thought a land value between \$100,000 and \$105,000 was acceptable for the Fox Meadows property. She suggested approximately \$110,000 for the Northern Pines property. She based her opinion on elimination of the \$32,000 comparable at Eagle Bend Trail and what she had learned in watching other hearings.

Appraiser Dillon indicated the Assessor's comparables were the same for both subject properties. She reviewed comparable land sales ranging in price from \$150,000 to \$240,000, as shown on page 1 of Exhibit I. As of December 31, 2009, she noted there were 20 active listings for vacant land but only three lots were listed for less than \$100,000. She explained there was a range in taxable values from \$90,000 to \$135,000 for custom lots in Somerset based on view, location and size. She stated the

subjects' taxable values did not exceed full cash value and recommended the Assessor's values be upheld.

Chairman Covert asked if any of the Assessor's comparables had premiums assessed for their views. Appraiser Dillon said the comparables did not have view premiums as far as she knew. She noted there were no view premiums on custom lots in Somerset.

Ms. Noryko pointed out a view premium was paid when purchasing lots in Somerset and wondered why that was not taken into consideration. Appraiser Dillon said the Assessor's Office looked at paired sales but the data did not indicate any adjustment for views. Chairman Covert explained the Assessor determined a base lot value and then looked to see if there were upward or downward adjustments for a given lot. He noted there were no adjustments for the Northern Pines property and Fox Meadows Court was receiving a 10 percent downward adjustment for size.

Ms. Noryko observed the first two comparables used by the Assessor were from March 2009, which was a considerable time ago given the current market. She suggested more recent comparables should be used. Chairman Covert noted LS-1 was the most recent sale in Somerset, although the lot was a little bit inferior in size. Member Krolick stated it was also inferior in location and was located right on the main parkway. Ms. Noryko indicated she walked the comparable lots at Eagle Bend Trail and Painted River Trail. She noted Painted River Trail was larger than the lot at Fox Meadows Court. She asked the Board to consider the comparables because they did have an impact on the subject properties. Member Krolick observed Assessor's comparable LS-1 would still come up with a sales price of over \$140,000 if it were time adjusted by 3 percent per month.

Ms. Noryko suggested the Fox Meadows lot was inferior to Assessor's LS-1 in topography, views and location. She stated the view would make a big difference in resale for anyone buying a lot. Chairman Covert noted the Fox Meadows lot was strangely shaped. Ms. Noryko said she would probably have brought litigation against the developer regarding the Fox Meadows lot, but her daughter-in-law was diagnosed with brain cancer and the family spent most of its time at the University of San Francisco while the adjacent home was being built. She indicated the lot was purchased for her son and daughter-in-law. She asserted it was not accurately represented by the developer. She acknowledged there was a nice lot on Northern Pines but said she did not know if she would ever be able to sell the Fox Meadows property.

Chairman Covert asked if access to the subject was off of Fox Meadows Court. Ms. Noryko stated there would have to be a long narrow driveway to any building pad location and a long narrow home would have to be built.

Member Brown wondered how the Petitioner would compare LS-1 with the Northern Pines property. Ms. Noryko said it was a little larger but both were on level lots. She indicated a few scattered homes had been built but the area had never really

taken off. She suggested there was more value in the Petitioner's River Hill comparable because it was closer to where the construction was. She described the Northern Pines location as desolate. She pointed out Assessor's LS-2 had almost twice as much land area when compared to Fox Meadows and was also larger than the Northern Pines lot.

Chairman Covert observed LS-2 was a larger size parcel but had a taxable value of \$374 per square foot as compared to \$382 per square foot on the Fox Meadows subject property. Appraiser Dillon stated LS-2 was not in an area that she had appraised. Chief Appraiser Ron Sauer pointed out that the two parcels were in completely different areas and had different base lot values. He indicated the Assessor's valuation used site values rather than per square foot values for both parcels.

Chairman Covert commented that the data supported the Assessor's value on the Northern Pines Court property. He noted the Fox Meadows Court property had a strange lot and he was not sure that a 10 percent size adjustment was enough. Member Woodland wondered what the percentage adjustment would be if the land value were taken down to \$100,000 on the Fox Meadows property. Member Krolick pointed out Fox Meadows was 10,000 square feet smaller and assessed at \$10,000 less than Northern Pines. Chairman Covert asked if the Assessor's 10 percent adjustment for size also included shape. Appraiser Dillon replied the current adjustment was just for size, although it was possible to also adjust for shape. Chairman Covert observed the adjacent neighbor's house looked like it consumed the entire piece of property. He recommended an additional 10 percent downward adjustment for shape on the Fox Meadows parcel. Member Woodland agreed.

Please see 10-0917E through 10-0918E below for the details concerning the petition, exhibits and decision related to each of the properties in the consolidated hearing.

10-0917E PARCEL NO. 232-531-09 – NORYKO, MICHAEL W & NORA S – HEARING NO. 10-0274

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land located at 2529 Northern Pines Court, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Comparable Sales, 1 page.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 11 pages.

On behalf of the Petitioner, Nora Noryko was present to give testimony.

On behalf of the Assessor, Appraiser Ginny Dillon provided testimony.

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – PARCEL NOS. 232-531-09 AND 232-541-07 – NORYKO, MICHAEL W & NORA S – HEARING NOS. 10-0274 AND 10-0275 above.

With regard to Parcel No. 232-531-09, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0918E PARCEL NO. 232-541-07 – NORYKO, MICHAEL & NORA ETAL – HEARING NO. 10-0275

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land located at 8130 Fox Meadows Court, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Comparable Sales, 1 page.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 11 pages.

On behalf of the Petitioner, Nora Noryko was present to offer testimony.

On behalf of the Assessor, Appraiser Ginny Dillon provided testimony.

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – PARCEL NOS. 232-531-09 AND 232-541-07 – NORYKO, MICHAEL W & NORA S – HEARING NOS. 10-0274 AND 10-0275 above.

With regard to Parcel No. 232-541-07, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion carried on a 3-1 vote with Member Krolick voting "no" and Member Green absent, it was ordered that the taxable land value be reduced to \$108,000 (10 percent adjustment for shape detriment) and the taxable improvement value be upheld, resulting in a total taxable value of \$109,535 for

tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**CONSOLIDATION AND DISCUSSION – PARCEL NOS. 085-151-21
AND 085-770-18 – TOLOTTI, PETER/TOLOTTI, EMIL P JR –
HEARING NOS. 10-0389 AND 10-0391**

On behalf of the Petitioner and having been previously sworn, Peter Tolotti was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Josh Wilson, County Assessor, oriented the Board as to the location of the subject property.

Assessor Wilson explained the subject property's appeal was heard by the Board on February 8, 2010. He recalled that a decision was rendered but the land valuation portion was continued to allow Gary Schmidt to fully discuss the land valuation issues surrounding the mobile home lots in Sun Valley. Chairman Covert reviewed the decisions for the subject properties already entered into the record on February 8th. He wondered why the appeals were placed on the agenda again. Assessor Wilson said the merits of the case and valuation of the subject property were discussed on February 8th, but the appeal was continued because there was a common concern regarding the land valuation for the Sun Valley mobile home lots.

Chairman Covert asked the Petitioner if he had elected not to be represented by Mr. Schmidt. Mr. Tolotti said he thought there were a couple of issues and Mr. Schmidt had mentioned some kind of issue with notice or posting of the meeting. He stated it was his belief the taxable value was over-appraised. Chairman Covert noted the improvement value for Parcel No. 085-151-21 was already reduced by the Board. Mr. Tolotti indicated the land value on both parcels was way too high. Member Woodland pointed out the Board voted to uphold the land value on February 8, 2010.

Chairman Covert observed the taxable land value of \$44,100 for Parcel No. 085-770-18 was less than the Assessor's \$49,000 base lot value. Assessor Wilson stated there was a 10 percent downward flood zone adjustment on Parcel No. 085-770-18 but no adjustments on Parcel No. 085-151-21. He suggested it would be helpful to utilize the previous discussion concerning base lot values in Sun Valley. (See CONSOLIDATION AND DISCUSSION – SUN VALLEY MOBILE HOME LOTS – HEARING NOS. 10-0599, 10-0060, 10-0260 and 10-0789 above). He said any site specific detriments to the land that might cause either of the parcels to have a value lower than the typical base lot value established for the neighborhood could be discussed at the Petitioner's discretion. He indicated the Assessor's Office had nothing to add regarding the Sun Valley mobile home base lot valuation.

Chairman Covert asked the Petitioner if there was anything specific to the subject properties that would reduce their base lot value. Mr. Tolotti observed that Parcel No. 085-151-21 was located in a FEMA flood zone but the Assessor had not made any

allowance for that. Chairman Covert agreed there was such a notation in the Assessor's comments on page 1 of Exhibit I. Assessor Wilson recommended a downward adjustment of 10 percent in the taxable land value for Parcel No. 085-151-21, to be consistent with Parcel No. 085-770-18.

Mr. Tolotti asked if he understood correctly that he could address the base lot values but not the improvement values of the subject properties. Assessor Wilson said that was his understanding because the hearing had already been conducted. Chairman Covert agreed. He stated the Board was only dealing with land value and would not reopen the issue of the improvements. Assessor Wilson pointed out the Petitioner still had the opportunity to appeal to the State Board. He remarked that it was very atypical to have the same issues discussed by the County Board in the same year for the same parcel. Chairman Covert said he was not inclined to do that.

Mr. Tolotti indicated both subject properties were purchased at their fair cash value. He stated there were two annotations in NRS 361.025 that set out how the court felt appraisals should be done. He said he had seen no evidence that the subject properties were appraised as set forth by the court in the two decisions. Chairman Covert requested clarification. Mr. Tolotti referred to the Petitioner's declaration on page 1 of Exhibit C. He identified the cases as *Nellis Housing Corp v. State* and *State v. V&T Railroad*. Chairman Covert asked the Petitioner what he thought the Assessor had done incorrectly. Mr. Tolotti indicated the proper comparables were not used. He asserted the purchase prices of the two subject properties should have been used as their own comparables.

Herb Kaplan, Deputy District Attorney, expressed concern about having the hearing at all. He recalled the motion made on February 8, 2010 had been to continue the portion of the hearing regarding the issue presented by Mr. Schmidt and to specifically join in that presentation. He said the Board did not have the ability to reopen any issue and render a decision for a hearing that was already conducted. He explained such action would require a motion to reopen the hearing and no such action had been agendized. He stated he did not know why the Petitioner was not included with the others in the consolidated hearing concerning the Sun Valley mobile home lots, but the current hearing was limited to that sole issue.

Chairman Covert commented that the Board was severely limited but agreed a 10 percent downward adjustment was warranted for Parcel No. 085-151-21. Assessor Wilson showed a FEMA flood zone map on the overhead display. He stated it was possible the appraiser had not felt Parcel No. 085-151-21 was impacted to the same extent as Parcel No. 085-770-18, although it was in the flood zone.

Chairman Covert asked the Petitioner if he understood what was going on. Mr. Tolotti said he was not entirely clear. He stated he received one notice that the hearing would be on February 22, 2010 and then received a corrected notice saying it would be held February 25, 2010. Chairman Covert explained the same issues had been

combined to February 25th so the Board would not have to address them more than once. Mr. Tolotti acknowledged his recourse was to take the appeal before the State Board.

Member Woodland asked if the adjusted improvement values were correct as shown in the exhibits. Assessor Wilson replied the improvements had already been addressed and decided. Chairman Covert agreed the Board was only going to address the land values. Mr. Kaplan said he was looking at the decision letters that set out the motions made by the Board on February 8, 2010. He noted the motions included language to indicate that the land and improvements were valued correctly and taxable value did not exceed full cash value, so the issue was already determined. He reiterated the sole issue that was continued and agendized for February 25, 2010 was the issue presented by Mr. Schmidt. He stated he would not object to the Board making a flood adjustment on the land but did not think they had jurisdiction to do anything further.

Please see 10-0919E through 10-0920E below for the details concerning the petition, exhibits and decision related to each of the properties in the consolidated hearing.

10-0919E PARCEL NO. 085-151-21 – TOLOTTI, PETER –
HEARING NO. 10-0389

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land located at 5368 Woods Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: HUD-1 settlement statement, 1 page.

Exhibit B: Declaration and HUD-1 settlement statement, 2 pages.

Exhibit C: Declaration and appraisal report, 3 pages.

Exhibit D: Realtor's affidavit and sales data, 6 pages.

Exhibit E: Declaration and appraisal report, 3 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 30 pages.

On behalf of the Petitioner and having been previously sworn, Peter Tolotti was present to offer testimony.

On behalf of the Assessor and having been previously sworn, County Assessor Josh Wilson provided testimony.

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – PARCEL NOS. 085-151-21 AND 085-770-18 – TOLOTTI, PETER/TOLOTTI, EMIL P JR – HEARING NOS. 10-0389 AND 10-0391 above.

With regard to Parcel No. 085-151-21, pursuant to NRS 361.356, based on the evidence presented by the Assessor’s Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried with Member Green absent, it was ordered that the 2010-11 taxable land value be reduced to \$44,100 (10 percent reduction to adjust for a flood zone). With that adjustment, it was found that the land is valued correctly and the total taxable value does not exceed full cash value.

10-0920E PARCEL NO. 085-770-18 – TOLOTTI, EMIL P JR – HEARING NO. 10-0391

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land located at 495 East 4th Avenue, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: HUD-1 settlement statement, 1 page.

Exhibit B: Declaration and HUD-1 settlement statement, 2 pages.

Exhibit C: Declaration and appraisal report, 3 pages.

Exhibit D: Realtor’s affidavit and sales data, 6 pages.

Exhibit E: Declaration and appraisal report, 3 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject’s appraisal records, 29 pages.

On behalf of the Petitioner and having been previously sworn, Peter Tolotti was present to offer testimony.

On behalf of the Assessor and having been previously sworn, County Assessor Josh Wilson provided testimony.

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – PARCEL NOS. 085-151-21 AND 085-770-18 – TOLOTTI, PETER/TOLOTTI, EMIL P JR – HEARING NOS. 10-0389 AND 10-0391 above.

With regard to Parcel No. 085-770-18, pursuant to NRS 361.356, based on the evidence presented by the Assessor’s Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried with Member Green absent, it was ordered that the Assessor’s taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and

improvements are valued higher than another property whose use is identical and whose location is comparable.

010-0921E PARCEL NO. 008-381-04 – FARRIS LLC –
HEARING NO. 10-0197

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 1752 East 4th Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Tax Return, 1 page

Exhibit B: Supporting documentation, 4 pages.

Exhibit C: Photograph, 1 page.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 17 pages.

On behalf of the Petitioner and having been previously sworn, Max McCombs was present to offer testimony.

On behalf of the Assessor and having been previously sworn, John Thompson, Appraiser, oriented the Board as to the location of the subject property.

Mr. McCombs said Appraiser Thompson recommended obsolescence for the subject but he thought additional adjustments should be made. He referenced the revenue and expenses, commercial rental data and 2008 tax return information provided to the Assessor's Office and shown in Exhibit B. He indicated the property was more than 60 years old and located in a rapidly deteriorating corridor east of downtown Reno. He stated the banks would not loan for improvements and there was a 50 to 60 percent vacancy rate, which was consistent with surrounding properties in the neighborhood. He explained the subject was built as a motel in the 1940's and had been converted to apartment rentals. He noted there were high expenses, as evidenced by almost \$58,000 in utility payments during 2008 and almost \$50,000 in 2009. He indicated two people were on site to manage the property and were on call most of the time. Chairman Covert asked if the managers lived on the property. Mr. McCombs replied the managers received rent in exchange for being on call almost all of the time. He said the best comparable he found was a property on West 4th Street that sold for \$243,000 in September 2009. Based on the West 4th Street comparable, the income approach to value, and the condition of the neighborhood, he requested a \$250,000 to \$300,000 reduction in the subject's value.

Appraiser Thompson described the subject property as a low quality, apartment motel, located in a neighborhood that had been declining over the last two to

three decades. He said analysis of comparable motel sales and listings indicated a median value of \$23,032 per unit or \$64 per square foot. He acknowledged the location of the subject was inferior to all of the comparable improved sales and the Assessor's comparables LS-1 and LS-2 were not good indicators of the subject's land value but were the best land sales available. He noted the listing for vacant land on Elko Avenue, as shown on page 1 of Exhibit I, was very similar to the subject in location and zoning, and supported the base land value of the subject property. Appraiser Thompson reviewed an income approach to value for the subject property. Based on the financial information provided by the Petitioner, he used an expense ratio of 70 percent rather than the 40 percent that was typical for apartments. A 50 percent vacancy and collection loss was used rather than the typical market loss of 20 percent. A capitalization rate of 8 percent was used based on current market data for apartments. He indicated a value of \$464,000 or \$34.20 per square foot was obtained for the subject property based on the income approach. He recommended \$108,000 in obsolescence be applied to reduce the improvement value. With the adjustment, Appraiser Thompson stated the taxable value did not exceed full cash value and the property was equalized with similarly situated properties and improvements in Washoe County.

Chairman Covert said he did not think the 8 percent capitalization rate used for apartment buildings would apply to the subject property. He observed the Assessor's capitalization rate was based on a compilation of evidence. Appraiser Thompson referred to the analysis on page 17 of Exhibit I. Chairman Covert remarked that it was kind to say the subject neighborhood had been declining for the past three decades. He wondered if the capitalization rate should be adjusted due to the unusual condition and decline in the neighborhood, which was unlikely to come back unless a developer steamrolled everything and started over. Appraiser Thompson said he made adjustments based on the data he had.

Although the subject property was rented out, Mr. McCombs pointed out it did not have the same lure as other apartments. He said it was very hard to collect receivables because of the transient nature of the renters. Chairman Covert stated the Assessor's use of 70 percent operating expenses was quite fair. Mr. McCombs requested an adjusted capitalization rate to reflect the style of the property that was not within the normal range of most apartments.

Chairman Covert proposed a 9 percent capitalization rate, which would result in \$158,949 of obsolescence.

With regard to Parcel No. 008-381-04, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$122,100 (for obsolescence), resulting in a total taxable value of \$412,500 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

4:26 p.m. Chairman Covert declared a brief recess.

4:37 p.m. The Board reconvened with Member Green absent.

10-0922E **PARCEL NO. 038-691-10 – LUNDBOM LIVING TRUST – HEARING NO. 10-0121**

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 38 Waterbuck Way, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 14 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 15 pages.

On behalf of the Petitioner, no one was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Cori Delgiudice, Senior Appraiser, oriented the Board as to the location of the subject property. She recommended a \$27,635 reduction for the Petitioner's domestic well.

Chairman Covert reviewed the Petitioner's request and exhibits.

With regard to Parcel No. 038-691-10, pursuant to NRS 361,356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$562,321 (adjustment for well), resulting in a total taxable value of \$688,321 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0923E **PARCEL NO. 011-493-03 – TALAMINI, GREG H & MICHELE E – HEARING NO. 10-0288**

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 200 West 2nd Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 72 pages.

Exhibit B: Letter and additional supporting documentation, 94 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 9 pages.

On behalf of the Petitioner, no one was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Ginny Dillon, Appraiser, oriented the Board as to the location of the subject property. She stated the Assessor's Office would stand on the written presentation shown in Exhibit I.

Chairman Covert said the Petitioner submitted a lot of evidence but he did not see a recommended value. He noted the property was involved in some litigation. Appraiser Dillon indicated there was a homeowners' lawsuit pending against the developer for various types of construction defects. She stated the litigation had been ongoing since 2008. Chairman Covert wondered if the Assessor's valuation recognized the construction issues. Appraiser Dillon said the Assessor's value was based on sales that had taken place in the subject's condominium complex.

Member Brown asked if the Assessor's improved comparable IS-4 was the same model as the subject property. Appraiser Dillon stated it was the same model and had been a foreclosure sale.

With regard to Parcel No. 011-493-03, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0924E PARCEL NO. 085-702-05 – MEDINA, ABELARDO & ALBERTINA
– HEARING NO. 10-0297

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 240 West Gepford Parkway, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Comparable Sales, 2 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 30 pages.

On behalf of the Petitioner, no one was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Ken Johns, Appraiser, oriented the Board as to the location of the subject property. He said he would stand on the Assessor's written record and recommended the taxable values be upheld.

Chairman Covert wondered if the comparable sale shown on page 2 of Exhibit A was prima facie evidence. Member Krolick noted the comparable was originally listed for \$91,000 and sold for \$45,500 after 313 days on the market. Chairman Covert wondered if the property was similar to the subject. Member Woodland said it was difficult to know without good photographs. Member Krolick observed the comparable's lot size was 0.34 acres and the 1,620 square foot modular was built in 1991, which worked out to about \$40 per square foot.

With regard to Parcel No. 085-702-05, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0925E PARCEL NOS. LISTED BELOW – RIDGES DEVELOPMENT INC – HEARING NOS. 10-0497B THROUGH 10-0497K, 10-0497N, AND 10-0497P THROUGH 10-0497V

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land located at Hunters Peak Road, Stag Ridge Court and Hunter Falls Circle, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Assessor's recommendation, 4 pages.

On behalf of the Petitioner, no one was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Joe Johnson, Appraiser, oriented the Board as to the location of the subject properties. Based on an appraisal submitted by the Petitioner, he recommended reduced valuations according to the spreadsheet on page 2 of Exhibit I. Chairman Covert observed the parcels were to receive a 50 percent subdivision discount. Senior Appraiser Cori Delgiudice clarified most of the parcels were already receiving a 50 percent subdivision discount. She said the Assessor's recommendation was to reduce the base lot values and keep a 50 percent discount in place on all of the parcels.

With regard to the parcels listed below, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried with Member Green absent, it was ordered that the taxable land values be reduced according to the chart on page 2 of Exhibit I. With those adjustments, it was found that the lands are valued correctly and the total taxable values do not exceed full cash value.

Parcel No.	Hearing No.	New Taxable Land Value	New Total Taxable Value
041-661-02	10-0497B	137,500	137,500
041-661-03	10-0497C	112,500	112,500
041-661-04	10-0497D	112,500	112,500
041-661-05	10-0497E	137,500	137,500
041-661-07	10-0497G	112,500	112,500
041-661-08	10-0497H	87,500	87,500
041-661-09	10-0497I	100,000	100,000
041-661-10	10-0497J	100,000	100,000
041-661-11	10-0497K	75,000	75,000
041-662-01	10-0497N	112,500	112,500
041-662-03	10-0497P	100,000	100,000
041-662-04	10-0497Q	112,500	112,500
041-662-05	10-0497R	187,500	187,500
041-662-06	10-0497S	137,500	137,500
041-662-08	10-0497T	150,000	150,000
041-662-09	10-0497U	150,000	150,000
041-662-12	10-0497V	250,000	250,000

10-0926E PARCEL NO. 020-231-14 – VALLEY TECH INVESTMENT GROUP LLC – HEARING NO. 10-0558

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 3245 and 3255 Neil Road, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 14 pages.

On behalf of the Petitioner, no one was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Michael Bozman, Appraiser, oriented the Board as to the location of the subject property. He stated there were comparables to support the Assessor's valuation and he would stand on the Assessor's written presentation in Exhibit I.

With regard to Parcel No. 020-231-14, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0927E PARCEL NO. 076-272-03 – 14855 PYRAMID WAY LAND TRUST – HEARING NO. 10-0567

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 14855 Pyramid Way, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 9 pages.

Exhibit B: Letter and supporting documentation, 20 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 15 pages.

On behalf of the Petitioner, no one was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Ken Johns, Appraiser, oriented the Board as to the location of the subject property.

Chairman Covert asked the Assessor's Office to address the issues on the Petitioner's appeal form and exhibits. Appraiser Johns discussed the following in response to the issues listed by the Petitioner on page 2 of Exhibit B:

1. Topography: Appraiser Johns explained adjustments were not given to Palomino Valley properties if it was determined there was some land adjacent to the access road that was amenable to building. He said he used GIS software and found there were about 18 to 22 acres of the subject parcel adjacent to the Pyramid Highway, out of the flood plain, and on a fairly moderate slope that would be amenable to building. It was therefore believed that no topography adjustment was warranted.
2. Access: Appraiser Johns noted the Pyramid Highway provided the subject property with one of the best access points to its property line when compared to the rest of Palomino Valley. In researching the appeal, he said he discovered there were about 3,500 feet of paved driveway to the subject's door. With no dirt access whatsoever, he stated he did not know of another parcel in Palomino Valley with such excellent access.
3. Nuisance (rocks falling): Appraiser Johns observed that any mountain property anywhere in the world would be subject to the downward movement of material from upslope. To the best of his knowledge, he indicated there were no such adjustments on any property in Washoe County. He characterized it as more of a maintenance issue for which adjustments were not typically given. He stated adjustments were given to some properties with nuisances that were beyond the taxpayer's control such as noise, backing to a freeway or being located near a power substation.
4. Domestic Well: Appraiser Johns recommended a downward adjustment of \$6,032 to the subject property's taxable improvement value because of the domestic well issue.
5. Deck: Appraiser Johns stated the Petitioner's dispute about the deck was on a list of items to be verified after the 2010 equalization hearings were completed. He said the Assessor's Office could reopen the roll and adjust the value downward if a factual error had been made in the appraisal.

Member Brown questioned the need for a topography adjustment. Appraiser Johns reiterated that about 18 to 22 acres of the 80-acre parcel were on a fairly moderate slope and located along the primary access to the property. He said no property in Palomino Valley had been given a topography adjustment if there was a buildable area next to the main access road.

With regard to Parcel No. 076-272-03, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$348,520 (adjustment for well), resulting in a total taxable value of \$461,020 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0928E PARCEL NO. 011-527-07 – FERRARIS, JORGE C –
HEARING NO. 10-0683

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 50 North Sierra Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 5 pages.

On behalf of the Petitioner, no one was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Ginny Dillon, Appraiser, oriented the Board as to the location of the subject property. She indicated the Assessor's recommendation was to reduce the taxable improvement value by adding \$13,947 in additional obsolescence. She stated the recommendation was based on similar reductions already granted for condominium units in the Palladio complex.

With regard to Parcel No. 011-527-07, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$125,000 (for obsolescence), resulting in a total taxable value of \$160,000 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0929E PARCEL NO. 031-262-15 – SHIRLEY A MAZOLEWSKI TRUSTEE
– HEARING NO. 10-0765

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 822 20th Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Comparable Sales, 8 pages

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 16 pages.

On behalf of the Petitioner, no one was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Michael Bozman, Appraiser, oriented the Board as to the location of the subject property.

Chairman Covert asked if the subject was a commercial property. Appraiser Bozman indicated the subject was a duplex rental property. Chairman Covert noted the Petitioner provided some income information. He asked how the Assessor's Office valued the property. Appraiser Bozman stated the duplex was valued using the sales comparison approach. He noted some income information provided by the Petitioner was also considered.

With regard to Parcel No. 031-262-15, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Krolick, which motion duly carried with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0930E PARCEL NO. 009-612-35 – SHIRLEY A MAZOLEWSKI TRUSTEE
– HEARING NO. 10-0766

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 1574 Wheatgrass Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Residential listings, 5 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 8 pages.

On behalf of the Petitioner, no one was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Joe Johnson, Appraiser, oriented the Board as to the location of the subject property. He indicated the Assessor's Office would stand on the written presentation shown in Exhibit I, and recommended the taxable values be upheld.

Chairman Covert asked if the subject was a commercial property. Appraiser Johnson identified it as a single family residence. He said he reviewed some active real estate listings and sales provided by the Petitioner, all of which supported the Assessor's valuation.

With regard to Parcel No. 009-612-35, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0931E PARCEL NO. 081-031-16 – VALLEY TECH INVESTMENT GROUP LLC – HEARING NO. 10-0581

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 111 Mer Mac Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Property information, 3 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 16 pages.

On behalf of the Petitioner, no one was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Michael Bozman, Appraiser, oriented the Board as to the location of the subject property. He indicated the Assessor's Office would stand on its written presentation and recommended the values be upheld. He stated the comparable sales supported the Assessor's valuation.

With regard to Parcel No. 081-031-16, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0932E PARCEL NO. 014-251-57 – KABOUR, MICHAEL & KIRSTEN –
HEARING NO. 10-0968A

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 83 Continental Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Supporting documentation, 15 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 14 pages.

On behalf of the Petitioner, no one was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Gail Vice, Senior Appraiser, oriented the Board as to the location of the subject property. She explained the Assessor's recommendation was to apply \$182,437 in obsolescence to the improvement value in order to reduce the subject's total taxable value. Chairman Covert asked if the Petitioner was in agreement with the recommendation. Appraiser Vice said the Assessor's Office had been unable to get in touch with the Petitioner.

With regard to Parcel No. 014-251-57, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Krolick, which motion duly carried with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$158,700 (for obsolescence), resulting in a total taxable value of \$288,000 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**10-0933E PARCEL NO. 014-251-58 – KABOUR, MICHAEL & KIRSTEN –
HEARING NO. 10-0968B**

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 85 Continental Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Supporting documentation, 15 pages

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 12 pages.

On behalf of the Petitioner, no one was present to offer testimony.

On behalf of the Assessor and having been previously sworn, Gail Vice, Senior Appraiser, oriented the Board as to the location of the subject property. She indicated the Assessor's recommendation was to apply \$122,460 in obsolescence to the improvement value in order to reduce the total taxable value. She stated the Assessor's Office had not been able to reach the Petitioner to discuss the recommendation.

With regard to Parcel No. 014-251-58, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Krolick, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$218,400 (for obsolescence), resulting in a total taxable value of \$328,600 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

ROLL CHANGE REQUESTS

Agenda Subject: "INCREASES – for consideration of and action to approve or deny on RCR Numbers 818F09, 816F07, 816F08, 816F09, 844F08 and 844F09."

**10-0934E PARCEL NO. 003-891-01 – RICE, RANDALL C ETAL –
RCR NO. 818F09**

Senior Appraiser Gail Vice, having been previously sworn, stated Parcel No. 003-891-01 had been escaping taxation. She explained the residence was mistakenly placed on Parcel No. 003-891-03 and the Assessor's Roll Change Request was to add the residence to the correct parcel. She indicated a separate Roll Change Request had already been submitted to remove the residence from the incorrect parcel.

In regard to Parcel No. 003-891-01, on motion by Member Brown, seconded by Member Woodland, which motion duly carried with Member Green absent, it was ordered that the taxable improvement value and total taxable value be increased for the 2009-2010 tax year, as recommended on Assessor's Roll Change Request No. 818F09. With that adjustment it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**10-0935E PARCEL NO. 510-433-17 – BEVARD, ERIKA ETAL –
RCR NOS. 816F07, 816F08 & 816F09**

Senior Appraiser Gail Vice, having been previously sworn, stated the subject property had been escaping taxation. She explained a residence was completed in November 2006 but never placed on the tax roll. The Assessor's Roll Change Request was to correct the error for the 2007-08, 2008-09 and 2009-10 tax years.

In regard to Parcel No. 510-433-17, on motion by Member Woodland, seconded by Member Krolick, which motion duly carried with Member Green absent, it was ordered that the taxable improvement value and total taxable value be increased for the 2007-08, 2008-09, and 2009-10 tax years, as recommended on Assessor's Roll Change Request Nos. 816F07, 816F08 and 816F09. With those adjustments, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**10-0936E PARCEL NO. 011-380-30 – FREIGHT HOUSE DISTRICT LLC –
RCR NOS. 844F08 & 844F09**

Systems Support Analyst Ivy Diezel, having been previously sworn, stated the subject property had been escaping taxation. She explained the improvements on the parcel were inadvertently removed from the assessment roll when ownership transferred from the City of Reno to Freight House LLC. The Assessor's Roll Change Request was to correct the error for the 2008-09 and 2009-10 tax years.

Chairman Covert noted there was a letter from the appellant claiming hardship and requesting the missed assessments be waived. He stated he did not support the Board waiving the assessments.

In regard to Parcel No. 011-380-30, on motion by Member Woodland, seconded by Member Brown, which motion duly carried with Member Green absent, it was ordered that the taxable improvement value and total taxable value be increased for the 2008-09 and 2009-10 tax years, as recommended on Assessor's Roll Change Request Nos. 844F08 and 844F09. With those adjustments, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

BOARD MEMBER COMMENTS

There were no Board member comments.

PUBLIC COMMENT

There was no response to the call for public comment.

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5:27 p.m. There being no further hearings or business to come before the Board, on motion by Member Woodland, seconded by Member Krolick, Which motion duly carried, the meeting was adjourned.

JAMES COVERT, Chairperson
Washoe County Board of Equalization

ATTEST:

AMY HARVEY, County Clerk
and Clerk of the Washoe County
Board of Equalization

*Minutes prepared by
Lisa McNeill, Deputy Clerk*