BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

FRIDAY 9:00 A.M. SEPTEMBER 16, 2011

PRESENT:

James Covert, Chairman
John Krolick, Vice Chairman
Philip Horan, Member
Linda Woodland, Member

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

ABSENT:

James Brown, Member

The Board of Equalization convened at 9:09 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 Chief Deputy Clerk called the roll and the Board conducted the following business:

11-0764E PUBLIC COMMENTS

There was no response to the call for public comment.

11-0765E OATH OF OFFICE

Nancy Parent, Chief Deputy Clerk, administered the Oath of Office to Chairman James Covert (reappointed) and Member Philip Horan (newly appointed).

11-0766E HEARING ON REMAND

Agenda Subject: Consideration and possible action, pursuant to the August 19, 2011 Order of Remand issued by the State Board of Equalization, to review the record of all appeals heard by the County Board of Equalization for properties located in the same neighborhood as APN 050-303-09, and to determine the appropriate land value for each such parcel appealed. The purpose of this hearing is to develop an adequate record to allow the State Board of Equalization to consider the appeal in case no 11-147 before the State Board of Equalization, specifically to include the basis upon which the value of APN 050-303-15 was reduced.

The affected parcels in the subject neighborhood upon which appeals were timely filed include the following:

ASSESSOR'S PARCEL NO.	PETITIONER	HEARING NO.
050-303-09	CEGLIA, A WILLIAM	11-0218
050-303-15	CLARK, MICHAEL	11-0213
050-303-12	WOODARD, DWAYNE & LYNLEE	11-0252
050-303-08	MULLIN, BRUCE & RHONDA	11-0596

Chairman Covert stated the Board was convened to clear up the record on the matter regarding Hearing No. 11-0213, Michael Clark, which was heard before the Washoe County Board of Equalization (CBOE) on January 31, 2011.

Herb Kaplan, Deputy District Attorney, stated the Order of Remand was unclear as to what was to be done today by the CBOE. The State Board of Equalization (SBOE) referenced the authority to remand the appeal back to the CBOE. Mr. Kaplan stated Mr. Clark's assessed value was reduced by the COBE on January 31, 2011 and sometime later Mr. Ceglia appeared before the CBOE and raised the issue about Mr. Clark's property being reduced and presented similar evidence. The Board, nor the Assessor's Office, could remember at the time what the basis was for reducing Mr. Clark's assessed value. The Board found in Mr. Ceglia's case there was insufficient evidence to reduce his value. In the meantime there were two other property owners from this neighborhood that raised the same points that Mr. Clark did and those properties were not reduced. Mr. Ceglia was the only one who appealed to the SBOE. The SBOE had only the record from Mr. Ceglia's case and no records from Mr. Clark's case. He was aware that Mr. Clark's case was discussed at the SBOE, but since they did not have the record or any idea of why Mr. Clark's assessed value was reduced, they remanded Mr. Ceglia's case to the CBOE, based on NRS 361.360. He explained the statute allowed the SBOE to remand a case to the CBOE to provide an adequate record for the SBOE to take appropriate action. Based on the Order of Remand it appeared to him the SBOE wanted the CBOE to review the four parcels in the neighborhood to determine if the other three should be lowered or if the one property was reduced in error. He instructed the Board to make no motion on any individual property, but to review the record. If the Board found there was a basis to reduce Mr. Clark's assessed value as it was reduced, then that would be the record provided to the SBOE, along with incorporating Mr. Clark's record into Mr. Ceglia's record.

Nancy Parent, Chief Deputy Clerk, swore in Michael Clark and A. William Ceglia. Mr. Clark stated he was present in January and presented his case and the Board rendered a decision he was agreeable with; however, nine months later he received a letter to do his appeal over. He was not happy about that and did not understand why he was here. Chairman Covert stated the Board was required to do this. Mr. Clark stated he thought there was a court reporter present at his first hearing and he requested a copy of the transcript. He believed he made an argument that could be in place for his entire neighborhood and not just his property. He said since the hearing was to be reopened he believed the Woodards, the Mullins, and possibly all the 60 to 70 owners should be present to determine what the properties were worth in today's market. He said the market value was lower now than nine

months ago and there were four houses in the neighborhood finished in 2007 that had never been lived in. He said the land was worth nothing now and less than it was when the CBOE met in January.

Mr. Kaplan stated he understood Mr. Clark's frustration but the reality was the SBOE had a duty to equalize properties in the state and in neighborhoods, regardless of whether or not someone appealed their case to them. When the SBOE saw one property had been reduced in the same neighborhood that one was not reduced, they had an obligation to accomplish equalization. He was not saying the SBOE was directing to raise Mr. Clark's assessed value or to lower everyone else's, they were just saying the values should be equal unless there was some other basis that applied to Mr. Clark's property alone.

Mr. Clark stated none of the SBOE members were present during his CBOE hearing. He believed that because the CBOE reduced his value and did not want to reduce his neighbor's value, was no reason to indicate, allude or hint to the fact that something was not right with the decision made for his property. Mr. Kaplan stated he was not sure that was what the SBOE was saying. Mr. Clark said it appeared that way to him. Mr. Kaplan stated the situation was that Mr. Ceglia raised the issue that Mr. Clark's value was reduced and his wasn't and the SBOE did not have the audio recording or evidence from Mr. Clark's hearing to review and determine whether there was a similar basis to reduce Mr. Ceglia's property.

Mr. Ceglia wondered why the SBOE did not have the audio. He recalled during his hearing before the CBOE the Board admitted they did not know why they reduced Mr. Clark's property. He stated he presented the same case to the SBOE as he did to the CBOE and the SBOE did not know what to do with his case either.

Howard Stockton, Appraiser, stated he was present to answer any questions the Board had. He stated he reviewed the minutes of the hearings and he also listened to the audio recording of Mr. Clark's hearing.

Chairman Covert stated he read all the documents pertaining to the four records on the agenda. He surmised that the Board determined the $71,000 comparable sale was a bank sale and the Board did not consider that to be an arms-length's transaction. Mr. Kaplan stated the Board could listen to Mr. Clark's hearing from January 31, 2011.

Mr. Clark stated his concerns about the Board hearing his case over again. Chairman Covert clarified that the Board was not going to revote or rehear any appeal; the Board was just going to review the record and determine if in fact the information the Board had at the time was sufficient to make those decisions. Mr. Clark made a public records request for a copy of the audio file of his hearing from January 31, 2011.

9:29 a.m. Chairman Covert directed the Board take a recess to retrieve the audio recording of the hearings for Mr. Clark and Mr. Ceglia from the CBOE meetings of January 31, 2011 and February 24, 2011.

10:37 a.m. Chairman Covert called the meeting back to order with all members present. The Board listened to the audio recording of Mr. Clark's hearing from the CBOE meeting held January 31, 2011.

After listening to the audio recording from the hearing on January 31, 2011 for Michael Clark, Chairman Covert stated he felt the Board was very clear as to how they arrived at their decision.

Member Horan asked exactly what was needed to be returned to the SBOE. Mr. Kaplan stated he understood the SBOE had the audio recording of the meeting for Mr. Clark and could have done what this Board just did and listen to the hearing. He was not sure exactly what the SBOE wanted and it was unclear in the Remand Order. His opinion was that the CBOE needed to provide an adequate record to them to make a determination on Mr. Ceglia's appeal, which included the audio, unless there were other comments to be made indicating the Board made a mistake on Mr. Clark's property.

Member Horan commented that after listening to the recording, because he was not present at the first hearing, he felt the Board made a valid judgment based on the evidence presented for Mr. Clark's appeal. Whether there was an error on a later decision was not up for discussion. He believed the Board made a reasonable decision and that was what should be transmitted to the SBOE.

Ms. Parent informed the Board the audio recording was available for Mr. Ceglia's hearing. Mr. Kaplan thought it would be beneficial to hear the audio recording of Mr. Ceglia's hearing from February 24, 2011 to help the Board distinguish between the reasons for reduction and non-reduction of the two properties.

Member Horan still felt it needed to be determined exactly what the SBOE wanted this Board to do. He felt there were valid points and evidence given by Mr. Clark which prompted the Board to make their decision. Chairman Covert reminded the Board the SBOE was remanding Mr. Ceglia's hearing back to this Board for clarification, not Mr. Clark's. He reiterated he thought the decision for Mr. Clark's reduction was reasonable.

Member Krolick stated he looked at the comparable sales again and still felt there was no justification for the reduction to Mr. Clark's property. Mr. Kaplan said it seemed the SBOE was trying to figure out whether there was something in Mr. Clark's property that warranted a reduction that did not appear in Mr. Ceglia's property. He said the Board was presented with similar materials for both hearings. He felt the proceeding today was out of the ordinary, but thought hearing Mr. Ceglia's case would be beneficial.

Mr. Clark stated the SBOE did not know who he was because he did not appeal to them. He thought, had the SBOE listened to his hearing, they could have made a decision without remanding it back to the CBOE. He believed the $71,000 sale tainted the market and everyone was still using it as a bargaining unit. Chairman Covert inquired if it was still a bank-owned property. Mr. Clark replied it was sold at auction by the bank. He testified the property had been re-listed it and was still for sale nine months later.

Chairman Covert ordered the audio recording from the CBOE hearing date of February 24, 2011 regarding Mr. Ceglia's appeal to be played and heard by the Board.

After listening to the audio recording Chairman Cover stated it was obvious to him the Board made the decision on the Clark property based on the low bank sale and not on location. He said it also appeared the low bank sale was not considered in the Ceglia case.

Member Krolick stated after listening to Member Green's comments during the Ceglia hearing, he thought the Board missed weighing the last two comparables in the neighborhood appropriately and the decision to reduce the land value to $100,000 was off-base with true market conditions. Chairman Covert agreed. He believed the SBOE wanted clarification on the motion for the Ceglia property. If the Board made an error, he thought it was on the Clark property and not on the Ceglia property.

Member Horan said listening to both hearings was further testimony to the fact that based on the way valuation was handled in Nevada, it was not a science and the Board, in good faith, made judgments in both cases. He said it could be argued which was right and which was wrong, but the Board made a decision based on the evidence presented, which could be a problem in and of itself.

Mr. Kaplan noted Mr. Ceglia's taxable dollars per unit was $133 and the other comparables ranged from $110 to $156. In one case it appeared the Board gave more weight to the $71,000 sale than in the other. Chairman Covert inquired if the land comparables were the same. Mr. Kaplan replied the land comparables were the same and in Mr. Clark's hearing the recommendation was to reduce the taxable unit from $197 to $168, which still fell within the range, but the Board reduced the land value further. He assumed that decision was based on the same comparables. He said that clarification may give the SBOE a better basis to determine whether the Board made an error.

Appraiser Stockton stated the Assessor's Office had a recommendation to reduce the improvements on the Clark property and to uphold the land value at the original hearing. Chairman Covert said however the Board made a decision to reduce the land from $140,000 to $100,000 and also to reduce the improvements. He confirmed there was no recommendation to reduce the Ceglia property. Appraiser Stockton stated that was correct.

Chairman Covert indicated what would be sent to the SBOE was that the Assessor's Office properly recommended a reduction to the Clark property for the improvements to bring them within the comparable sale range and that the Ceglia property was already in the acceptable range. He further stated it was his opinion the Board erred in reducing the Clark property to $100,000 by giving the $71,000 sale too much weight. Member Krolick and Member Woodland agreed. Member Woodland stated she felt had the two properties been heard on the same date, the outcome would have been different.

Chairman Covert closed the hearing and there was no action taken on this item.

Mr. Kaplan stated he believed no motion was required and he believed the record had been supplemented to some extent and both audio recordings were incorporated into this hearing for the SBOE. Chief Deputy Clerk Parent said all the files would go to the SBOE that were included in Board's packet along with the minutes and audio recording.

11-0767E APPROVAL OF MINUTES

Nancy Parent, Chief Deputy Clerk, stated how the minutes had been handled in the past. She said in this situation all documentation and minutes needed to be turned in to the SBOE within 15 days. She suggested a draft copy of the minutes could be sent to the SBOE and after all the Board members had a chance to review the minutes and relay their approval to the Chairman, he could sign them and forward the signature page to the Clerk. Once that was received by the Clerk, a final copy of the minutes would be forwarded to the SBOE. Chairman Covert requested the Board members get their approval back to him as soon as possible.

11-0768E BOARD MEMBER COMMENTS

Member Horan asked the Assessor's Office to assist the Board by placing neighborhood appeals on the same agenda. Member Krolick stated this issue happened due to a rescheduling request by the appellant.

11-0769E PUBLIC COMMENTS

Mr. Clark stated after listening to the hearings he felt there were some compelling discussions by the Board and did not feel there was anything done wrong by the Board. He was convinced the $71,000 sale tainted the values in his neighborhood and thought everyone in the neighborhood was entitled to the benefit he received.

* * * * * * * * * *

11:55 p.m. There being no further hearings or business to come before the Board, on motion by Member Woodland, seconded by Member Horan, which motion duly carried with Member Brown absent, the meeting was adjourned.

JAMES COVERT, Chairman
Washoe County Board of Equalization

ATTEST:

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

Minutes prepared by
Jaime Dellera, Deputy Clerk