

**BOARD OF EQUALIZATION
WASHOE COUNTY, NEVADA**

THURSDAY

9:00 A.M.

FEBRUARY 20, 2014

PRESENT:

James Chairman Covert, Chairman
John Member Krolick, Vice Chairman

James Member Brown, Member
Philip Member Horan, Member
Gary Member Kizziah, Member

Nancy Parent, County Clerk
Peter Simeoni, Deputy District Attorney

The Board of Equalization convened at 9:00 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:

14-214E PUBLIC COMMENTS

There was no response to the call for public comment.

14-215E WITHDRAWN PETITIONS

No petitions scheduled on today's agenda were withdrawn.

14-216E CONSOLIDATION OF HEARINGS

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

**14-217E PARCEL NO. 021-890-06 – QUAIL POINT BUSINESS PARK LLC –
HEARING NO. 14-0178**

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 4579 Longley Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Financial information, 4 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 13 pages.

On behalf of the Petitioner, Roger Croteau withdrew Hearing No. 14-0178.

14-218E PARCEL NO. 025-470-20 – RP3 LLC (PLAZA VEGAS GROUP) – HEARING NO. 14-0179

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 5301 Louie Lane - Building F, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Financial information, 4 pages.

Exhibit B: Taxpayer's supplemental evidence, 6 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 18 pages.

On behalf of the Petitioner, Roger Croteau was sworn in by County Clerk Nancy Parent.

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

Mr. Croteau said Exhibit B contained the income approach worksheet, income statement, balance sheet, and rent rolls for the subject property. He stated the 25,000 square foot industrial-flex building was built in 1991, had no obsolescence on it, and had a taxable value of roughly \$51 per square foot. He said the Appellant was seeking a reduction in value of \$80,000 to \$90,000. He stated the warehouse side of the building was 83 percent rented and the small office was roughly 54 percent rented. He said the property was substantially mature, was rented to the extent it was available to rent, and the rent roll showed reasonable rental rates. He said the modified-gross rents gave rise to additional expenses, which were reflected in the operating numbers. He reviewed the income approach figures on the page marked 26 in Exhibit B. He stated the expenses were net of depreciation, interest expense, amortization, and things of that nature. He said he used the same cap rate as the County and plugged in the actual numbers, which arrived at a value of \$1,216,967. He stated the Appellant's intent was to rent the property at its highest and best use, and the current rents were the best they had been able to achieve. He said the Assessor's valuation was roughly \$1.3 million and the Appellant was requesting an adjustment to \$1,216,967. He stated given the nature and age

of the property and the fact that the property was very mature, it was felt the income approach was the more accurate approach to value.

Chairman Covert stated the Appellant used 27 percent for expenses, while the County used 5 percent. Mr. Croteau said the subject had modified-gross leases. He stated the page marked 27 in Exhibit B showed the actual income statement, which showed the expenses, and there were no expenses of an unusual nature.

Appraiser Gonzales read the comments regarding the comparable sales on page 2 and the income analysis on page 3 of Exhibit I. He advised he had not received the rent roll prior to today. He said the listing on the subject indicated it was a triple-net lease and, because of not having the rent roll, he used a triple-net lease for the income approach. He stated he focused on the warehouse space due to the office space receiving a higher rent, and it appeared the warehouse space was what was available for rent. He said based on the conclusion on page 1 of Exhibit I, the recommendation was to uphold the total taxable value.

In rebuttal, Mr. Croteau said the page marked 30 in Exhibit B contained the subject's actual rent roll. He stated some of the leases were in place in 2012 and some went until 2015. He said the pricing of the newer leases, such as for Pinnacle HVAC, was at \$.36 per square foot; the lease for Mike's Automotive expired in 2015 and was at \$.62; and the lease for Affordable Quality Carpet Cleaning was at \$.475, which meant there was a real blended rental rate. He said regarding the office space, Pinnacle HVAC used 1,288 square feet of office space and 2,492 square feet of warehouse, for a \$.714 blended rate. He said none of the rentals were for high amounts and were for less than what was projected in the income approach. He noted the expenses were actual rather than projected and were more realistic in terms of what the operating expenses were.

Chairman Covert asked if allowances were made to keep the current tenants. Mr. Croteau replied he did not know the answer to that question. He said he knew accommodations were made in 2010, 2011, and 2012 to keep the tenants. He stated that was accomplished by not entering into five-year leases, but by going year-to-year in hopes the rates would go up. He said the rates were as close to market as possible. He noted the leases without dates were the month-to-month tenants. He said the leases made in 2012 and 2013 should start to reflect some of the current market conditions.

Mr. Croteau said regarding the County's comparables, he considered the Virginia Street address to be a little superior. He stated it was built in 2002 and was substantially different than the subject, and Sugar Pine Court was built in 2005. He said the only building remotely close in age, built in 1996, was located at Prototype Drive. He stated that sale occurred in 2012 for \$63 per square foot, but it was a concrete tilt-up building and the subject building was more of masonry construction.

Chairman Covert brought the discussion back to the Board. Member Kizziah said he suspected the Assessor's analysis would have been different if they had

the actual income. He felt the income approach was the most appropriate approach to use for the subject. Chairman Covert and Member Krolick agreed.

Member Brown made a motion to uphold the Assessor's valuation for Parcel No. 025-470-20. There was no second to the motion.

With regard to Parcel No. 025-470-20, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Kizziah, seconded by Member Horan, which motion duly carried with Member Brown voting "no," it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$952,292, resulting in a total taxable value of \$1,216,967 for tax year 2014-15. The reduction was based on applying obsolescence as the result of using the actual income. 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.

14-219E PARCEL NO. 034-091-03 – 1320-1350 FREEPORT LLC –
HEARING NO. 14-0180

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 1320 Freeport Boulevard, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Financial information, 4 pages.

Exhibit B: Taxpayer's supplemental evidence, 6 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 26 pages.

On behalf of the Petitioner, Roger Croteau was previously sworn in by County Clerk Nancy Parent.

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

Mr. Croteau said the income, expenses, and rent roll were provided to the Assessor's Office. He reviewed the income analysis using the assumptions of the Assessor's Office on the page marked 20 in Exhibit B. He said the Assessor's cap rate was 8 percent on a 1990 industrial-flex building with \$629,682 in obsolescence applied to the improvements, which had also been on the improvements for the prior year. He felt the cap rate was not appropriate, because the application of such a significant amount of obsolescence in the past indicated the property was vintage and required updating. He

said using the disputed 8 percent cap rate, the property valuation should be \$1,394,663, while the County's valuation was \$1,897,041. He said because of the subject's occupancy rate, there would be no additional income or utilization, and substantial capital improvements would be required to achieve higher rents. He stated to say it was worth \$500,000 more than was shown by the Appellant's income approach was unreasonable. He said page 5 of Exhibit I showed the Assessor clearly had the subject's actual information, because they listed the three-year income averaging method for figuring out what the subject's leases were. He said 2013 showed the subject brought in \$109,573, which reflected the current market conditions and the changing demographics of the market. He said his statements could be verified by looking at the rent roll on the page marked 24 in Exhibit B, which reflected the new maturity dates of the leases and indicated there were no longer any long-term leases.

Mr. Croteau reiterated the \$1.3 million figure requested by the Appellant was a more appropriate value for the subject. He said if anyone bought the property, it would be purchased based on a particular cap rate, because a significant amount of capital improvements would be required to bring it up to the comparables used in the Assessor's analysis. He conceded some of the comparables were similar or even older than the subject, but the Assessor showed a higher valuation than he could explain. He said he did not know the percentage and quality of finish the 395 Freeport sale had, but it was alleged to be deficient and the finished area appeared to be slightly more than the subject. He stated the value should be driven by the income in this particular analysis, and he respectfully submitted his request on that basis.

Member Kizziah asked if the Appellant was disputing the accuracy of the Assessor's income numbers for 2011 and 2012. Mr. Croteau said the Assessor's Office was provided all of the subject property's income information every year. He agreed 2013 was accurate as well. Member Kizziah noted the gross income was highest in 2013, but more was spent for administration and direct expenses. Mr. Croteau said it was for expenses relative to the property. Member Kizziah said the administrative expenses were \$95,000 plus for 2013 compared to \$39,000 plus for last year, and he was trying to get clarification regarding the difference. Mr. Croteau said there had been an ongoing remodeling expense on a monthly basis to clean up suites for new tenants, which was also indicative in the rent rolls with all of the new leases. Member Kizziah said there was \$19,000 in January under "remodel," so the accountant decided they could expense the amount rather than capitalizing it. Mr. Croteau said he would assume that was the case, but he was not involved in that decision.

Appraiser Clement reviewed the Description/Location information on page 1, the comparable sale information on page 3, the income and expense analysis on page 4, the analysis of the three-year average of expenses on page 5, and the conclusion on page 1 of Exhibit I. He stated the recommendation was to uphold the Assessor's value.

Chairman Covert said the current year's income was used, which was what the Assessor used to make the determination, and he asked if the Appellant was being

unfairly penalized for that. Appraiser Clement said the Appellant had been unfairly rewarded over the last five or six years by the application of the income approach to value on a single year. Chairman Covert asked why. Appraiser Clement said the income approach to value was about how much money would be returned to an investor, so an investor would look at the performance of a property. He stated the subject had an increasing income stream and there was a good handle on what the normal operating expenses were. He said an investor would not look at the over-inflated expenses of 63 percent for 2013 and feel that was normal. Chairman Covert asked if three years of income and expenses were used for all commercial properties. Appraiser Clement said the reason he brought up the three or four years was, when the Appellant started appealing the property in 2008, there was only that one year of income and expenses, so there was a huge expense ratio. He stated now over the ensuing appeal years, data was collected and other comparable properties were looked at to see what a normal expense ratio would be. He said a 63 percent expense ratio would be typical for an office building with a full-service lease.

Member Kizziah asked if what Appraiser Clement was saying was that such a big expense should have been spread out over a longer period of time. Appraiser Clement replied the painting, flooring, commissions on the leases, and any of the capital improvements needed to be amortized over the life expectancy of the improvements or the lease terms, and not all taken in one year. He said 2012 was a more normal year for this type of property and was not an abnormality, which was why there was no appeal last year. He said it did not make any sense that in 2012 the building was worth \$2.2 million using the income approach to value, while in 2013 it was worth \$1.3 million with an increasing income stream. Chairman Covert said he was not saying \$1.3 million would be upheld but, if there had not been a dramatic change, there would have been an additional year of obsolescence. Appraiser Clement said that was why there was still obsolescence on the subject. He stated when he did his reappraisals, his duty was to make sure the property was not exceeding the market value. He said the information the Appellant submitted was reviewed every year to see what the average was and what was typical for industrial-flex buildings, and that data had not been available until people started appealing during the recession. He said now because of having income and expense statements and known rents, income and expense ratios could be developed.

Chairman Covert said regarding the 8 percent cap rate in the income approach, the rate in prior hearings had always been around 9 to 9.5 percent. He stated the cap rate came out to 8.8 percent when he looked at averaging. Appraiser Clement said he did the majority of the Sparks industrial properties, and this was his only flex-building appeal this year. He reviewed the cap rates on page 6 of Exhibit I. He said the recent sale with the 8.2 percent cap rate was older, but commanded a comparable rental rate, which made it a good cap rate comparable. He stated he did not put much weight on the comparable with the 10.5 percent cap rate, because it was 26 years older and was extremely inferior to the subject. He said its office finish was minimal and its quality was less than that of the subject. Chairman Covert asked how a major interior remodel was dealt with when the age of a building was looked at. Appraiser Clement said the remodel would have to include electrical work or would have to be a certain percentage of the

actual replacement cost new before that average would be weighted. He advised the cap rate came from looking at the sales of much older buildings. He said there would be a lot more capital improvements required for 25-year old buildings in the long term, and he would go with the lower cap rate as an investor. He said he would not expect to get an 8.5 or 9 percent cap rate when the market was telling him an older building, which would have more costs associated with it, would be in the 8.5 percent range.

Josh Wilson, Assessor, previously sworn, said he wanted to comment on the notion of picking on the Petitioner because he had been giving the Assessor's Office information. He stated as he sat in the back listening to the testimony, Appraiser Clement gave the Petitioner the benefit of the doubt by averaging the expenses at 47 percent, because the testimony indicated the actual market for this property type was closer to 40 percent. He said the Appraiser did not take a specific property's performance and apply a cap rate based solely on the income and expenses of that property. He stated it was based on what the market for that property was. He said the actuals should be looked at to see how the property was performing against the market rents and expenses, and to possibly adjust the cap rate up or down based on whether it was over or under performing. He stated he did not want the Board to feel anyone was being picked because they provided their actual expenses. He noted the actual expenses provided the Assessor's Office with a better understanding of a property's performance. Chairman Covert said he was suspicious of averages, and he liked to see what the theory behind them was. Mr. Wilson advised casinos were analyzed on a multi-year basis because certain activities, such as the bowling tournaments, could affect a given year. He agreed with Appraiser Clement that an investor would not look at a single year for any property type.

Member Horan said he did not believe that it was felt the Assessor was picking on the Appellant. Chairman Covert stated he did not believe that either. Appraiser Clement advised there was an analysis in the back of the Assessor's package that showed flex-buildings and what was typical for the market. He said that was also weighed into the analysis. Member Kizziah asked what the cap rate was in 2011 and 2012 on the subject property. Appraiser Clement guessed it was in the 8.5 to 9 percent range. Chairman Covert agreed that would be his guess as well.

In rebuttal, Mr. Croteau said the subject's building had not gotten better year-to-year, and the cap rate was higher last year. He stated if nothing else was done, changing the cap rate would put the property's valuation at \$1.77 million. He said fundamentally he was always told he was stuck with the leases he had regarding the income averaging theory. He stated the buildings that were performing, even though they could not get anybody in them anymore at those rates, were still stuck with using that performing income. He stated now he was being told that the income dropping could not be used, because what the property used to get had to be used. He said that income was then averaged out to dilute the waters and give the property a higher blended rate of income or the proposed income the property should have. He said they could not have it both ways, which was essentially what the Assessor's Office was arguing. He stated they averaged the income and then reduced the cap rate, which had the affect of raising the price. He said that was not the reality, because it was a 24-year old property with

recognized obsolescence. He stated the rental rates he had shown were current and represented the market conditions. He stated they were not the asked or advertized price, but were closed leases that were the result of a negotiated price between a willing lessor and a willing lessee.

Mr. Croteau said a reasonable argument had been made regarding the expenses, and the expenses on the page marked 21 in Exhibit B contained a \$35,000 remodeling expense. He stated there were a multitude of leases entered into in 2013, which was shown on the page marked 24 in Exhibit B, but there were also a lot of old leases. He said looking at the month and year of the leases showed many of the 13 leases were short-term, which were being used because the Appellant was trying to drive the rents up. He said if the expenses for repurposing the space had to be amortized over the term of a new lease, it could not be for much more than the lease's term. He stated it would not be difficult to spend \$3,000 per space if 10 spaces were touched up. Chairman Covert asked when a tenant changed, how would it be determined what would be a capital expense versus a regular expense. Mr. Croteau said if the walls were being taken out or the space was being rebuilt, those expenses would be capitalized. Chairman Covert said they were all wrapped up in the rent expense. Mr. Croteau said they were, but they were treated differently in terms of the accounting.

Mr. Croteau said a comment was made about the lease concessions, which were relatively minor at \$4,280 for the year. He stated he did not feel that was a great deal of money when considering the number of new leases and the amount of space in the building. He said the only other major expense was the lease commissions; and he understood the Assessor's argument that they should be amortized, but most of the 2013 leases were for 18 months. He stated they generally adhered to good accounting practices, and he could only assert they would have done what a CPA would have done.

Mr. Croteau said even if only the cap rate was adjusted, it would adjust the price. He believed that income averaging was not appropriate unless the property would get the benefit of the lower year-after-year in the future, and the income averaging had essentially driven the number higher. He stated Hearing No. 14-0179 was an industrial-flex building that the Assessor's Office had at a 9 percent cap. He said this might be a different cap for a different product, but it seemed to him they should be consistent. He stated the Appellant requested a reduction in 2008 and 2009, but the Board said to come back with some income statements showing the property was losing money. He said they replied nobody was moving in, but the Board indicated they did not want to hear that until the income was down and they could not be rented, which would have an effect on the marketplace. He stated that occurred, but now the property was realizing normalized rates. He said the approach by income averaging was to drag along those old leases with higher rates, while not recognizing what the rates were currently. He said if the building were sold today, a purchaser would not care what the leases were three years ago, because they were smart enough to know those leases would not be happening again. He stated the investor cared about what the leases were today and what they could be in the future. He said the rents would go back up because there would be some appreciation, but they might not go back to the numbers seen in 2005 and 2006.

Member Kizziah said a buyer would look at the property's income and would project its future income, but they would also look at the same market analysis that the Assessor's Office did; and the comparables were there. Mr. Croteau said there were two aspects of the comparables. He stated if he was going to try and pay for this building, he would look at the rent rolls, because that would be what he would be buying. He stated what was not known was whether the rent rolls for the other buildings were sold at a higher rate, had long-term leases, whether the leases were sold and were still in place, and whether the income analyses on those properties were generating a higher rent roll. Member Kizziah said if Mr. Croteau had the operating expenses for the last three years as a potential purchaser, he would know that too. Mr. Croteau replied absolutely, but he would also figure out that he would have to spend money on an ongoing basis to keep tenants in those spaces. He said the leases were no longer for five-year terms and there was less commitment in the arrangements. He stated if the income approach was looked at, the income had gone up somewhat in 2013, and the direct expenses had fluctuated because there were tenants who were moving out. He said a higher number of expenses were experienced in 2013 and why not give the Appellant the reduction this year and reevaluate it again next year.

Chairman Covert brought the discussion back to the Board. Chairman Covert said he adjusted three variables based on the discussion, but did not come up with anything very different from what the Assessor's Office had. Member Horan said if the cap rate on the income analysis was adjusted to 8.5 percent, it came out to almost exactly what was supported by the sales analysis. Chairman Covert stated he averaged the cap rates to 8.7 percent and then looked at cutting the remodel amount in half, but that did not do much. Member Kizziah felt a different approach would be required if the gross rents had been going down. He suspected some additional expense had been written off that could have been capitalized.

With regard to Parcel No. 034-091-03, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Krolick, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

14-220E PARCEL NO. 035-073-19 – SUN VALLEY QUAIL LLC –
HEARING NO. 14-0181

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 4873 Sun Valley Boulevard, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Financial information, 4 pages.

Assessor

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

Exhibit II: Taxable Value Change Stipulation, 1 page.

On behalf of the Petitioner, Roger Croteau was previously sworn in by County Clerk Nancy Parent. Mr. Croteau said he was placing on the record the signed stipulation agreed to by the Appellant with the Assessor's Office.

No one offered testimony on behalf of the Assessor.

With regard to Parcel No. 035-073-19, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Brown, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld and the taxable improvement value be reduced to \$200,768, resulting in a total taxable value of \$350,000 for tax year 2014-15. 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.

14-221E PARCEL NO. 040-920-34 – RUBISSOW, GEORGE J – HEARING NO. 14-0182

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 6580 S. McCarran Boulevard, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Financial information, 3 pages.

Exhibit B: Taxpayer's supplemental evidence, 6 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, Roger Croteau was previously sworn in by County Clerk Nancy Parent.

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

Mr. Croteau said last year's total value was \$166,917, but this year it was \$209,300. He stated the Appellant asserted that the value did not go up nearly \$40,000 in the last year. He stated based upon the income approach, the value was \$190,958, and the Appellant believed the value should be adjusted accordingly.

Appraiser Gonzales said the comparable sales of office condominiums were shown on page 2 of Exhibit I and ranged from \$105 to \$166 per square foot. He noted the three lowest sales were foreclosures and improved sale (IS)-1 was sold at auction. He stated the taxable value of the subject was \$100 per square foot, which was less than all of the comparables. He noted the Appellant and the Assessor's Office agreed on the income analysis shown on Page 3 of Exhibit I, except the Appellant indicated the net operating income (NOI) was \$18,141 as shown on page 2 (circled) of Exhibit B, while his analysis indicated the NOI was \$18,611. He said the difference was attributed to the cap rate, which the Appellant felt should be 9.5 percent, while the Assessor's Office put it at 8 percent as shown on page 8 of Exhibit I. He discussed the cap rates, which were all for office condominiums and were similar to the subject. He stated the data supported an 8 percent cap rate or less and a value of \$111 per square foot, while the subject was at \$100 per square foot.

Appraiser Gonzales stated the increase in value was due to the Assessor's Office carrying a high amount of obsolescence on the subject for multiple years due to the building being 100 percent vacant. He advised an office condominium this small was typically vacant or occupied. He stated this year there was a signed lease, so it was valued during the reappraisal based on the income the property was now receiving, but he did maintain some obsolescence on it to maintain the value at \$100 per square foot rather than going up to \$120 per square foot, which many of the office buildings in this area were at. He said the income and the comparable sales approaches supported the Assessor's current taxable value at \$100 per square foot and the recommendation was to uphold the Assessor's value.

In rebuttal, Mr. Croteau said the Appellant was told the lack of obsolescence was due to the improvements made to the subject property. He noted those capital expenditures were not put into the Appellant's calculation. Member Kizziah asked if the primary dispute was over the cap rate. Appraiser Gonzales replied that was his assumption. Member Kizziah noted all six of the Assessor's data points were more expensive properties, and he wondered if that would have an effect on what the cap rate should be. He said those sale prices were higher than the valuation on the subject. Appraiser Gonzales said the valuation was a depreciated value, because the structures were being depreciated. He stated he would not necessarily say those were more expensive properties, but was saying if this property went on the market with it being 100 percent leased, those were the minimum values it would go for; in fact, he would say it would be most similar to IS-2 at \$166 per square foot because it was 100 percent occupied with a five-year lease in place. Member Kizziah said since two sales were over \$1 million, would the cap rate be substantially different. Appraiser Gonzales said he did not believe so. He stated the subject was unique in its size, and he tried to maintain the smallest buildings in the analysis. He stated the one at \$1.3 million was a larger building,

which might not be so different than the comparable sales he used if it was broken down on a square foot basis. He said if the most weight was put on the last sale, which was located three doors down from the subject, and the first one was looked at, which was a similar type property even though it was larger, they were in the 7 percent range for the cap rate.

Chairman Covert brought the discussion back to the Board.

With regard to Parcel No. 040-920-34, 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 Horan, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

14-222E PARCEL NO. 200-600-05 – RBC NORTHWEST II LLC –
HEARING NO. 14-0183

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 6310 Mae Anne Avenue, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Financial information, 4 pages.

Exhibit B: Taxpayer's supplemental evidence, 6 pages.

Assessor

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

Exhibit II: Replacement Assessor's Hearing Evidence Packet, 16 pages.

On behalf of the Petitioner, Roger Croteau was previously sworn in by County Clerk Nancy Parent.

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

Mr. Croteau said \$402,922 was the current value on the subject and the prior value was \$349,690. He stated it was a 2005 condominium-type building and had obsolescence of \$229,620 on it. He stated it had a net operating income (NOI) of \$6,802 and was 18 percent rented, because much of the building was not finished.

Chairman Covert said the Assessor's Office requested the land value be upheld, and the Appellant was requesting what. Mr. Croteau replied the Appellant was

requesting last year's valuation of \$349,690. He stated the income approach showed a valuation of \$75,577, but he was obviously not making that argument. He said nothing changed relative to the subject property, which was substantially unfinished due to no demand. He stated the subject would have a higher value when it was completed, but currently it was what it was, which was recognized by the obsolescence applied to it. He said what was interesting was the land value was reduced from 2013-14 and the improvement value increased. He stated the income analysis and the rent rolls were provided. He said the Assessor's Office used a 9 percent cap, which if applied to the income approach did not fashion the correct number because it came to \$75,577, which obviously did not work. He requested last year's numbers be used instead.

Chairman Covert asked why the land was reduced. Appraiser Sutherland said it was reduced during the reappraisal due to the land sales. Member Kizziah noted the building was 9-years old and was still primarily unimproved. Mr. Croteau said they were condominium-type units and there had been no demand that warranted the capital expenditures required to finish the building. He stated they had not been able to find a tenant at a price that made sense. He said there was a suitable product at a much cheaper rate that was already built-out that was attracting the tenants, and it was still a factor of the economy.

Appraiser Sutherland read the comments regarding the comparable sales on page 2 of Exhibit II. She noted the obsolescence was removed due to a previous action, but there was a lack of finish adjustment on the building. She said the income and expense information had been very inconsistent, so conservative market data was used. She reviewed the income approach data and the conclusion on page 1 of Exhibit II. She said the recommendation was to uphold.

Member Krolick asked if there was any indication what the vacancy rate was for the three improved sales, because Double R looked to be a comparable situation. Appraiser Sutherland replied it was 100 percent owner-occupied, the sale on Longley was 50 percent owner-occupied and 50 percent leased, and the third was 50 percent leased by Nevada Housing Assistance and 50 percent owner-occupied.

In rebuttal, Mr. Croteau said the three comparables were represented as being 100 percent leased. He stated whoever would be looking at them would be looking at rentals and leases, which would probably generate a higher cap rate. He said he was not sure how the subject property could be valued at \$71 per square foot without any finish, when the cost of the finish would be substantial. He stated it would be more appropriate for the value to be a reduced number and for the obsolescence to be continued.

Chairman Covert asked if Mr. Croteau was suggesting the reason the property had not been rented was the rental rate was too high. Mr. Croteau said the property would have to rent for something higher than the current rents to build-out, market, and lease a space. He said he was not sure that was what he was saying, but what he was saying was there was no demand because the cost of finishing the space and any

tenant improvements would exceed what a lessee would be willing to pay. Chairman Covert said since there was no way of knowing what the tenant would require in the way of improvements, were averages being used regarding what the tenant improvement costs would be. Mr. Croteau stated to complete the property consistent with other properties in the area, it would cost at least \$50 or \$60 per square foot. Chairman Covert asked why it would require a higher rent. Mr. Croteau said rent was a factor in what the market would bear; however, when a space was built and tenant improvements were done, it generated a different number. He said the Appellant was willing to do tenant improvements, but no one had come along saying they would rent the space if certain things were done. He stated there had not been a situation where negotiations were entered into and had broken off for one reason or another. He said there were other products that were available and were a cheaper offering than what would be the cost of the Appellant finishing the space for a particular tenant. Member Kizziah asked if the property was actively on the market. Mr. Croteau replied it was because there was no benefit in leaving it vacant.

Chairman Covert brought the discussion back to the Board.

Member Krolick said he would support some sort of economic obsolescence, because the location was why the market conditions did not warrant an increase. Member Kizziah stated that was why we ended up with economic obsolescence, because the economic value was less than the cost to build it or in this case the cost of improving it. Chairman Covert asked what the suggestion was. Member Kizziah suggested going back to last year's taxable value.

With regard to Parcel No. 200-600-05, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Kizziah, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$192,340, resulting in a total taxable value of \$349,690 for tax year 2014-15. The reduction was based on obsolescence. 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.

14-223E PARCEL NO. 200-600-19 – 6300 MAE ANNE LLC –
HEARING NO. 14-0184

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 6300 Mae Anne Avenue, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Financial information, 4 pages.

Exhibit B: Taxpayer's supplemental evidence, 6 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, Roger Croteau was previously sworn in by County Clerk Nancy Parent.

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

Mr. Croteau stated the subject was an office condominium and had \$64,640 in obsolescence, but there was a lack of finish in a portion of the building that made it difficult to rent. He said it fell under the same argument he used during Hearing No. 14-0183. He stated the prior assessed value was \$751,428 and the current value was \$1,022,699, which was an increase of approximately \$280,000. He said it was 57 percent vacant. He discussed the income approach on the page marked 14 of Exhibit B, which arrived at a current valuation of \$716,300, while the Assessor's valuation was \$1,022,699. He said he provided an income statement and a rent roll. He said regarding the rent roll on the page marked 17 of Exhibit B, one lease expired at the end of this year and one expired near the end of 2016, so better rents were being enjoyed than were otherwise available in the marketplace. He noted the remainder of the space was vacant and one 1,493 square foot unit required finishing. He stated the other three units were available for rent, but the Appellant had been unable to rent them. He believed last year's value was more akin to what the true value should be because nothing had changed.

Mr. Croteau said improved sale (IS)-1 was a medical-office building, and there was a big difference between regular and medical office spaces, which meant they were not really comparable. He stated the subject was a neighborhood shopping center type property that was in reality a condominium type of arrangement. He said IS-2 was smaller, and he did not know what kind of lease was associated with the sale.

Mr. Croteau said the Assessor's vacancy rate was 25 percent, while the subject's vacancy was actually 57 percent with part of that space being unfinished. He said the Appellant's properties had never been at 10 percent for expenses, because they spent more money on landscaping and such, and generally did a gross-modified lease. He stated he was not aware of the Appellant ever doing a triple-net lease. He stated the expenses for the subject were closer to 40 percent and, if a 9 percent cap rate was applied, the property valuation came to \$716,300. He said the Assessor's income approach using hypothetical numbers was \$1,266,300. He stated there was no basis to go from last year's valuation to over \$1.2 million. He said he requested the valuation be based on the Appellant's income approach, for a value of \$716,300.

Appraiser Sutherland read the comments regarding the comparable sales on page 2 and reviewed the income approach on page 3 of Exhibit I. She advised market rents were used due to conflicting reports regarding the rents paid and the \$1.40 per

square foot rent was a conservative estimate that combined the actual rents supplied during interviews with the owners. She said the asking rents ranged from \$1 to \$1.75 per square foot, while the majority of the asking rents were \$1.50 per square foot. She stated the complex was experiencing a higher than market vacancy rate, which was at 16 to 17 percent, and a 25 percent vacancy rate was used. She said this property was advertised as a triple-net lease, which was verified with the owners. She read the conclusions on page 1 of Exhibit I, and said the recommendation was to uphold the Assessor's value.

Chairman Covert noticed the building value went up 76 percent from last year. Appraiser Sutherland said some obsolescence was removed because the building did have more tenants during the year. Chairman Covert observed 76 percent was still a big amount. Member Kizziah asked if the obsolescence was bigger since there were fewer tenants last year. Appraiser Sutherland said some obsolescence was removed because leases were put in place with a new tenant. She noted that tenant moved out over the course of the year and was no longer on the rent roll. She said the 40 percent in operating expenses did not make sense.

Member Brown asked if the anchor tenant was Peg's restaurant. Appraiser Sutherland replied the tenants were Peg's and Fine Vines. Mr. Croteau said the tenant who moved out occupied the 1,385 square foot space, and they were supposed to stay until April 2014. He said the other spaces were all vacant, so there was only one addition in terms of the vacancy. He stated the rents and the operating expense were listed on the rent roll and the operating expense was also included in the gross rent that was reported as rental income.

Member Kizziah said he was confused regarding the obsolescence. He asked if there were more tenants now than when the last analysis was done and obsolescence was applied. Mr. Croteau replied there should be less tenants. Appraiser Sutherland advised during the reappraisal there were more tenants and the obsolescence was removed. Chairman Covert asked when the reappraisal was done. Appraiser Sutherland stated June 30th was the ending date and inspections were done to make sure the tenants were there. Mr. Croteau said he was confused because when he looked at the leases, Fine Vine's and Peg's had been in place and the others were all vacant. He said the only other tenant that went into 2014 was the one space that was talked about that ended. He stated the first vacancy was August 31, 2011, the second was November 30, 2012, and the other space needed to be built-out. He said if obsolescence was gotten rid of in 2014, presumptively there were less tenants now than there were then. Member Kizziah asked if the tenant who had a lease until 2014, skipped in June 2013. Mr. Croteau said he could not give the exact date, but they had not been in the building this year at all. Mr. Kizziah said he was getting a nod yes from the Appraiser who was directly behind Mr. Croteau.

Chairman Covert brought the discussion back to the Board.

With regard to Parcel No. 200-600-19, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, 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 \$482,801, resulting in a total taxable value of \$751,426 for tax year 2014-15. The reduction was based on obsolescence. 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.

14-224E PARCEL NO. 049-724-04 – BERSCH TRUST, STEPHEN L. & PATRICIA H. – HEARING NO. 14-0089

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 4915 Gila Bend 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, 16 pages.

On behalf of the Petitioner, Stephen Bersch was sworn in by County Clerk Nancy Parent.

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

Chairman Covert asked what the big empty space was to the north of the subject. Mr. Bersch replied it was his neighbor's backyard.

Mr. Bersch stated his portion of Southwest Vista was supposed to be custom lots, which were a little larger than tract lots. He said Southwest Vista was sold to another developer, which he believed was Grandview, who then built tract homes across the street and to the north. He stated the Assessor recognized that fact and, on page 2 of Exhibit I where they showed the improved sales, the Assessor lumped them into the track development. He indicated he was not disputing the improvements, but only the land value. He said the subject's land was valued at \$97,585 and his neighbors on comparable sized lots had the same taxable value for the land. He stated on page 3 of Exhibit I, the first four land sales were in custom developments and were selling for more than the last comparable sale, which was just down the street. He said the Board could see there was a wide disparity with them. He stated the lots were no longer lots in a custom development,

but were lots in a tract development. He said the \$74,000 was the value their lots were worth, not \$97,585.

Appraiser Kinne read the recommendation/comments regarding the comparable sales on page 2 of Exhibit I and concluded the recommendation was to uphold the Assessor's total taxable value. He said when he was given the task to reappraise a neighborhood, he made the determination regarding what a typical lot was in the neighborhood and adjusted upward or downwards based on whether the lot was superior or inferior. He said the neighborhood was comprised of over 376 parcels of which five parcels were vacant. He stated there was one vacant land sale to use to reappraise this neighborhood, and he felt the one sale was not enough to determine a good base-lot value. He said he used the allocation approach to arrive at the \$67,300 base-lot value for this neighborhood. He stated the Appellant's land value was \$97,585, which included an upward 40 percent view adjustment and a 5 percent size adjustment. Member Kizziah said he thought the improved sale comparables were adjusted upward for their views. Appraiser Kinne replied IS-1 and IS-2 had a 60 percent upward adjustment for the view and their view was superior to the Appellant's view. Chairman Covert asked what the view was. Appraiser Kinne said the view was of the city, valley, and mountains.

Member Horan asked why comparable sale LS-5 was \$74,000. Appraiser Kinne said it had a 40 percent view adjustment like the subject. He noted it's total taxable value was \$97,585, while it sold in 2012 for \$74,000. He said the County had been experiencing some appreciation and, if a 2 percent time adjustment was applied to the sale, it would come to roughly \$91,760. Chairman Covert asked if LS-5 was an arms-length transaction. Appraiser Kinne replied it was, but it was an old sale. Member Kizziah said the Petitioner used the term custom lot and he understood the term custom house, but was there a custom lot. Appraiser Kinne said the term was new to him, and he was not sure he could answer that question.

Mr. Bersch indicated he had nothing else to add.

Chairman Covert brought the discussion back to the Board. Member Brown noted the value for LS-5 went up 30 percent in two years. Member Kizziah said there was an adjustment for the view. Chairman Covert said he did not know what the conditions of that sale were. He noted it was an arms-length transaction, but it could have been a distressed sale. He said he was concerned about putting the Appellant out of equalization with his neighbor with the same size lot and view.

Member Horan asked what the taxable value was on LS-5 and was it still vacant land. Appraiser Kinne said it was vacant land and the total taxable value was \$97,585, which was the same as the subject.

Member Kizziah asked if the taxable value for the land would be higher than \$97,585 for the superior view lots. Appraiser Kinne said 60 percent would be added to the base-lot value of \$67,300 for the view.

With regard to Parcel No. 049-724-04, 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 Horan, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

11:09 a.m. The Board recessed.

11:21 a.m. The Board reconvened with all members present.

14-225E **PARCEL NO. 013-462-14 – PLUMB LANE PLAZA ASSOCIATES – HEARING NO. 14-0094**

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 499 E. Plumb Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor.

With regard to Parcel No. 013-462-14, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Brown, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld and the taxable improvement value be reduced to \$947,221, resulting in a total taxable value of \$1,585,000 for tax year 2014-15. 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.

14-226E **PARCEL NO. 042-222-26 – LAKERIDGE POINTE ASSOCIATES – HEARING NO. 14-0095**

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 6135 Lakeside Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor.

With regard to Parcel No. 042-222-26, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Brown, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld and the taxable improvement value be reduced to \$2,461,278, resulting in a total taxable value of \$3,583,000 for tax year 2014-15. 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.

14-227E PARCEL NO. 025-372-07 – JC PENNEY PROPERTIES INC –
HEARING NO. 14-0275

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 5204 Meadowood Mall Circle, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Estimate of Full Cash Value Fiscal Year 2014-15, 2 pages.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor.

With regard to Parcel No. 025-372-07, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Brown, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld and the taxable improvement value be reduced to \$2,185,522, resulting in a total taxable value of

\$5,929,500 for tax year 2014-15. 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.

14-228E PARCEL NO. 510-482-08 – SPARKS RETAIL ASSOCIATES LLC – HEARING NO. 14-0279

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located on Galleria Parkway, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 1 page.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor.

With regard to Parcel No. 510-482-08, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Brown, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be reduced to \$2,143,674 and the taxable improvement value be upheld, resulting in a total taxable value of \$2,275,936 for tax year 2014-15. 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.

14-229E PARCEL NO. 085-151-53 – THOMAS, LEONARD & OLGA – HEARING NO. 14-0020

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 5362 Woods Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Photographs of the subject property, 3 pages.

Exhibit B: Supporting documentation, 2 pages.

Assessor

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

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Jana Spoor, Appraiser, oriented the Board as to the location of the subject property. Gail Vice, Senior Appraiser, said the Assessor's Office would stand on its written presentation.

Member Horan asked for an explanation regarding the Petitioner's comment on the Petition. Appraiser Spoor said after a review of the subject, a downward adjustment was made to the quality class. She said she e-mailed a stipulation to the Petitioner, which was denied. Chairman Covert asked if the Assessor's Office was standing on its recommendation to reduce the subject's improvement value. Appraiser Spoor replied that was correct.

Chairman Covert brought the discussion back to the Board.

With regard to Parcel No. 085-151-53, 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 Horan, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$15,049, resulting in a total taxable value of \$43,549 for tax year 2014-15. The reduction was based on a correction of the quality class. 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.

14-230E PARCEL NO. 006-041-04 – FIRST VALLEY HOLDINGS LLC – HEARING NO. 14-0082

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 835 Ruby Avenue, 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, 10 pages.

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Linda Lambert, Appraiser, oriented the Board as to the location of the subject property. She stated the Assessor's Office would stand on its written presentation.

Chairman Covert asked if the subject was raw land. Appraiser Lambert replied it was not. Chairman Covert read the Petitioner's comments regarding raw land values, and he asked if Appraiser Lambert had any idea what the question was. Appraiser Lambert said the Petitioner had not returned her phone calls. Member Horan asked why the land value went up from \$17,500 to \$24,500, and was that the 40 percent increase the Petitioner referred to. Appraiser Lambert believed it was. She said the allocation method shown on page 6 of Exhibit I was used. She stated there were 64 sales in the neighborhood and the land value came to \$24,500.

Chairman Covert brought the discussion back to the Board.

With regard to Parcel No. 006-041-04, 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 Horan, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

**14-231E PARCEL NO. 085-780-31 – FIRST VALLEY HOLDINGS LLC –
HEARING NO. 14-0084**

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 5670 Leon Drive, 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, 12 pages.

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Jana Spoor, Appraiser, oriented the Board as to the location of the subject property. She said the recommendation was to uphold as written in Exhibit I.

Chairman Covert asked about the Petitioner's comment on the Petition. Appraiser Spoor said she looked inside the metal shed during the reappraisal, and it had

concrete flooring and was strongly made even though it was old. She said the back of the building was used for storage and the front was empty. She noted the mezzanine had some storage for the tenants that were renting the two homes on the lot. She said the Petitioner was also appealing the neighboring parcels because she believed the market for land had not risen 50 percent. She said she verified all of the sales and the land was going for \$30,000. She noted the Petitioner filed every year on all of her parcels. Member Horan said that appeared to be a pretty dramatic increase in the land value, and he asked if the land values were going up that much in Sun Valley. Appraiser Spoor replied she had excellent data to support the land values going up. She said she had the six land sales, and she also did an abstraction in Sun Valley using mobile-home real property and abstracting out the home. She stated that resulted in a median value of \$37,000 for the land based on 22 sales of home in the three months prior to the lien date. She stated she also reviewed the sales after the lien date, and the unadjusted median sales price increased even more. Member Kizziah noted that the land sales (LS)1 through LS-4 were for one-third acre lots and the subject was nearly an acre, and he asked if the parcel could be divided. Appraiser Spoor said she valued the corner lot as a second use, and she believed it could not be subdivided. Member Kizziah said if it could not be subdivided, than there would be a very small incremental value to the supplemental land. Appraiser Spoor replied that was correct. She noted the corner lot was valued as multi-family use, because there were two units and two hookups on the lot. She said the zoning was for multi-family residences. She stated there were about 80 such lots in Sun Valley that had more than one use.

Chairman Covert brought the discussion back to the Board. Member Kizziah said the data supported the increase.

With regard to Parcel No. 085-780-31, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Brown, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

**14-232E PARCEL NOS. 085-390-50, 085-390-52, 085-390-53, 085-390-54,
085-390-55, 085-390-56, 085-390-57, 085-390-58, AND 085-390-59 –
FIRST VALLEY HOLDINGS LLC –
HEARING NOS. 14-0085A TO 14-0085I**

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 295 Grover Court, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner
None.

Assessor

Exhibit I: For Hearing No. 0085A, Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 11 pages.

Exhibit I: For Hearing No. 0085B, Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 11 pages.

Exhibit I: For Hearing No. 0085C, Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 11 pages.

Exhibit I: For Hearing No. 0085D, Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 11 pages.

Exhibit I: For Hearing No. 0085E, Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 11 pages.

Exhibit I: For Hearing No. 0085F, Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 11 pages.

Exhibit I: For Hearing No. 0085G, Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 16 pages.

Exhibit I: For Hearing No. 0085H, Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 11 pages.

Exhibit I: For Hearing No. 0085I, Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 11 pages.

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Jana Spoor, Appraiser, oriented the Board as to the location of the subject properties. She said they were all the same size, were located on the same street in the same block, and had the same evidence. She advised one parcel had a mobile-home, but the Petitioner was appealing the land value. She said the Assessor's Office would stand on its written recommendation to uphold.

Chairman Covert brought the discussion back to the Board. He said the Board was informed that the Sun Valley market had been appreciating.

With regard to Parcel Nos. 085-390-50, 085-390-52, 085-390-53, 085-390-54, 085-390-55, 085-390-56, 085-390-57, 085-390-58, and 085-390-59, 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 Horan, which motion

duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the properties are less than the taxable value computed for the properties in the current assessment year.

14-233E PARCEL NO. 031-111-19 – KG PK ENTERPRISES LLC –
HEARING NO. 14-0086

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 2325 Pauline Avenue, 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, 6 pages.

No one offered testimony on behalf of the Petitioner.

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

Chairman Covert asked if Appraiser Anacker could comment on the Petitioner's assertion that the land values had not increased. Appraiser Anacker said the land value was established using the allocation method. He stated the land value was adjusted according to the sale prices, which had gone up substantially in the area. He noted this area received a lot of depreciation because they were older homes built in the early 1960's, and the decrease in the improvement value was due to that depreciation.

Member Kizziah noted the allocation on the subject was 15 percent of the total sales. Appraiser Anacker confirmed 15 percent was being used for this year. He stated the sales were in the \$100,000 to \$150,000 range and the subject was valued at \$50,000.

Chairman Covert brought the discussion back to the Board.

With regard to Parcel No. 0311-111-19, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Brown, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

14-234E PARCEL NO. 522-261-07 – SIEVERT TRUST, GINNY I –
HEARING NO. 14-0088

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 7274 S. Florentine Drive, 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, 7 pages.

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Craig Anacker, Appraiser, oriented the Board as to the location of the subject property. He stated the recommendation was to uphold the Assessor's valuation.

Chairman Covert asked if Appraiser Anacker had any comments on the Petitioner's statement on the Petition. Appraiser Anacker said the land valuation was based on an allocation percentage, which he fully explained to the Petitioner last year, but her response was always focused on the taxes. He stated the increase in the improvement value was due to removing the economic obsolescence because of the market going up. He said the sales fell into the range of \$1.23 to \$1.40 per square foot and the subject's valuation was \$1.13 per square foot, so the subject did not require any further economic obsolescence. He stated the recommendation was to uphold the taxable value. Member Kizziah said the comparables appeared to be the same floor plan. Appraiser Anacker replied they were identical and all within 800 square feet of the subject.

Chairman Covert brought the discussion back to the Board.

With regard to Parcel No. 522-261-07, 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 Kizziah, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

14-235E PARCEL NO. 045-541-05 – WILKES FAMILY TRUST –
HEARING NO. 14-0193

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 5475 Tannerwood Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, supporting documentation, and photographs, 8 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 13 pages.

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Pete Kinne, Appraiser, oriented the Board as to the location of the subject property. He said the Assessor's Office would stand on its written record.

Member Horan asked if Appraiser Kinne could comment regarding the Petitioner's statement on the Petition. Chairman Covert clarified there was a statement about the loss of his water rights, which forced him to hook up to County's water system. Appraiser Kinne believed the Petitioner was referring to his not being able to deepen his well, which required him to hook up to the municipal water supply. He said he did not know if the statement saying the County stripped his water rights was true. Chairman Covert noted the Petitioner did not have anything else to say.

Chairman Covert brought the discussion back to the Board.

With regard to Parcel No. 045-541-05, 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, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

14-236E PARCEL NO. 508-094-12 – SIERRA NEVADA HOLDING CO –
HEARING NO. 14-0207

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 5991 Amargosa Drive, 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, 11 pages.

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Jana Spoor, Appraiser, oriented the Board as to the location of the subject property. She advised the Petitioner was not complaining about the subject's land or improvement values, but was talking about the water-hookup fee with the Sun Valley General Improvement District (SVGID) from the street to the parcel. She stated the Petitioner felt the SVGID hookup fee should be included as an improvement, and she noted the Petitioner had brought that issue up before. She said the recommendation was to uphold the Assessor's value.

Chairman Covert brought the discussion back to the Board.

With regard to Parcel No. 508-094-12, 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 Horan, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

14-237E PARCEL NO. 037-030-71 – LOWE'S HOME CENTERS LLC –
HEARING NO. 14-0112

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 1355 Scheels Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Assessor's Quick Info and Lowe's closed store analysis, 6 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 23 pages.

No one offered testimony on behalf of the Petitioner.

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 he would stand on the written submission.

Chairman Covert asked if there was any comment on the Petitioner's statement, "The recent market sales of similar type "big box" real estate indicates a much lower market value." Appraiser Bozman stated he was not familiar with the markets in Missouri or Kansas. Member Kizziah said the Appellant's comparables were national comparables. Appraiser Bozman said they were vacant buildings, which were probably comparable to the building on Oddie Boulevard if they were applicable to anything. Member Horan felt the Appellant did not provide anything.

Chairman Covert brought the discussion back to the Board.

With regard to Parcel No. 037-030-71, 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 Horan, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

14-238E PARCEL NO. 040-951-08 – LOWE'S HOME CENTERS LLC –
HEARING NO. 14-0113

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 5075 Kietzke Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Lease, Assessor's Quick Info and Lowe's closed store analysis, 20 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 25 pages.

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Michael Gonzales, Appraiser, oriented the Board as to the location of the subject property. He said the Assessor's Office would stand on its written presentation.

Chairman Covert brought the discussion back to the Board. Member Kizziah said the Appellant supplied no comparables or income information.

With regard to Parcel No. 040-951-08, 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 Horan, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

14-239E PARCEL NO. 085-453-29 – FIRST VALLEY HOLDINGS LLC –
HEARING NO. 14-0083

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 5774 Parker Place, 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, 12 pages.

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Jana Spoor, Appraiser, oriented the Board as to the location of the subject property. She noted this was the other parcel the Petitioner referred to during Hearing No. 14-0084. She stated the recommendation was to uphold as was indicated in her written presentation.

Chairman Covert said the Petitioner said the subject was being valued as if it had a trailer or a house on it, but it was only a shell of a garage that was actually more like a carport. Appraiser Spoor said page 2 of Exhibit I showed a picture. She stated the building had very rough electrical lines and it appeared to be used as a shop. She stated she accounted for the building's condition two appraisals ago when she adjusted it for having a low quality.

Chairman Covert brought the discussion back to the Board.

With regard to Parcel No. 085-453-29, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Krolick, which motion duly carried, it was ordered that the

Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

**14-240E PARCEL NO. 045-541-06 – WILKES FAMILY TRUST –
HEARING NO. 14-0194**

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 5485 Tannerwood Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, supporting documents, and photographs, 9 pages.

Assessor

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

No one offered testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Pete Kinne, Appraiser, oriented the Board as to the location of the subject property. He said the Assessor's Office would stand on its written record.

Chairman Covert said it appeared the Petitioner's argument was the same as he had in Hearing 14-0193. Appraiser Kinne said it was and noted the Petitioner owned the adjacent home.

Chairman Covert brought the discussion back to the Board.

With regard to Parcel No. 045-541-06, 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 Horan, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

**14-241E PARCEL NO. 083-011-15 – GIUDICI, KRISTI –
HEARING NO. 14-0087**

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 555 Highland Ranch Parkway, 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, 12 pages.

No one offered testimony on behalf of the Petitioner.

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

Chairman Covert asked if the Appellant was in agreement with the Assessor's recommendation. Appraiser Spoor said she did not notify the Appellant of the reduction. She said the recommendation was based on the sales shown on Page 2 of Exhibit I. Member Kizziah asked if this was an increase from last year. Appraiser Spoor advised it was a decrease.

Member Brown asked what the pullout of Granite Construction meant. Appraiser Spoor explained the parcel was zoned General Rural (GR) and Granite Construction had a Special Use Permit (SUP) to operate it as an aggregate pit, but the SUP expired last December and was not renewed. She stated the parcel was now being valued as large acreage instead of an aggregate pit. Member Kizziah asked if it was large acreage for residential use. Appraiser Spoor said the property could be subdivided into nine 40-acre lots. Member Kizziah asked if the market value was based on the ability to convert the acreage into nine parcels. Appraiser Spoor stated that was correct. Member Kizziah asked if there would be a large cost to fill in the aggregate pit. Appraiser Spoor replied she did not research that.

Chairman Covert brought the discussion back to the Board. Member Kizziah said he favored accepting the recommendation since the Petitioner did not supply any additional information.

With regard to Parcel No. 083-011-15, 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, it was ordered that the taxable land value be reduced to \$851,114, resulting in a total taxable value of \$851,114 for tax year 2014-15. The reduction was based on the Assessor's recommendation due to the pullout of Granite Construction. With that adjustment, it was found that the land is valued correctly and the total taxable value does not exceed full cash value.

14-242E BOARD MEMBER COMMENTS

There were no Board member comments.

14-243E PUBLIC COMMENT

There was no response to the call for public comment.

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12:07 p.m. There being no further hearings or business to come before the Board, on motion by Member Horan, seconded by Member Krolick, which motion duly carried, the meeting was adjourned.

JAMES COVERT, Chairman
Washoe County Board of Equalization

ATTEST:

NANCY PARENT, County Clerk
and Clerk of the Washoe County
Board of Equalization

*Minutes prepared by
Jan Frazzetta, Deputy Clerk*