

**BOARD OF EQUALIZATION
WASHOE COUNTY, NEVADA**

FRIDAY

9:00 A.M.

FEBRUARY 22, 2019

PRESENT:

Philip Horan, Chair
Eugenia Larmore, Vice Chair
James Ainsworth, Member
Barbara “Bobbi” Lazzarone, Member
James Richards, Member

Jan Galassini, Chief Deputy Clerk
Michael Large, 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. Chair Horan called the meeting to order, the Clerk called the roll and the Board conducted the following business:

19-093E PUBLIC COMMENT

There was no response to the call for public comment.

19-094E SWEARING IN

Jan Galassini, Chief Deputy Clerk, swore in the appraisal staff.

19-095E WITHDRAWN PETITIONS

No petitions were withdrawn from the scheduled agenda.

19-096E CONTINUANCES

There were no requests for continuances.

19-097E CONSOLIDATION OF HEARINGS

There were no hearings consolidated during this item.

**19-098E PARCEL NO. 141-010-37 – HARVEST AT DAMONTE RANCH I
LLC – HEARING NO. 19-0058**

A Petition for Review of Assessed Valuation was received protesting the 2019-20 taxable valuation on land and improvements located at 1851 Steamboat Parkway, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

On behalf of the Petitioner, no one was sworn in by Chief Deputy Clerk Jan Galassini.

On behalf of the Assessor, no one oriented the Board as to the location of the subject property.

With regard to Parcel No. 141-010-37 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Lazzarone, seconded by Member Ainsworth, 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 \$37,573,347, resulting in a total taxable value of \$41,743,347 for tax year 2019-20. 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.

19-099E PARCEL NO. 163-050-36 – LATITUDE 39 LLC –
HEARING NO. 19-0059

A Petition for Review of Assessed Valuation was received protesting the 2019-20 taxable valuation on land and improvements located at 9870 Double R Boulevard, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

On behalf of the Petitioner, no one was sworn in by Chief Deputy Clerk Jan Galassini.

On behalf of the Assessor, no one oriented the Board as to the location of the subject property.

With regard to Parcel No. 163-050-36 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Lazzarone, seconded by Member Ainsworth, 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 \$16,246,965, resulting in a total taxable value of \$18,466,965 for tax year 2019-20. 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.

**19-100E PARCEL NO. 038-230-07 – GAVEL LLC –
HEARING NO. 19-0061**

A Petition for Review of Assessed Valuation was received protesting the 2019-20 taxable valuation on land and improvements located at 335 Interstate 80 W, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

On behalf of the Petitioner, no one was sworn in by Chief Deputy Clerk Jan Galassini.

On behalf of the Assessor, no one oriented the Board as to the location of the subject property.

With regard to Parcel No. 038-230-07 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Lazzarone, seconded by Member Ainsworth, which motion duly carried, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be reduced to \$355,728, and the taxable improvement value be upheld resulting in a total taxable value of \$408,616 for tax year 2019-20. 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.

**19-101E PARCEL NO. 003-093-25 – DOUGLASS TRUST, PATRICK &
ANGELINE – HEARING NO. 19-0019**

A Petition for Review of Assessed Valuation was received protesting the 2019-20 taxable valuation on land and improvements located at 260 Parr Boulevard, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 2 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 22 pages.

Exhibit II: Assessor's sales comparables, 3 pages.

On behalf of the Petitioner, Patrick Douglas was sworn in by Chief Deputy Clerk Jan Galassini.

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

Mr. Douglas stated he was the owner of the Shamrock RV Park. He indicated his appeal pertained to the substantial increase in land value over the prior year. He stated comparables in the area consisted of a 3-acre parcel on North Virginia Street that sold in 2018 for approximately \$600,000, which was about \$5 per square foot. He explained the valuation on the usable land of his 6-acre parcel at \$5 per square foot would be approximately \$1,300,000. He thought his property should be valued lower than it was. He noted other comparable sales in the area ranged from \$0.63 to \$3.60 per square foot.

Mr. Douglas stated Appraiser Walters used comparable sales from mobile home parks and asserted they were not comparable to recreational vehicle (RV) parks. He explained leasing RV spaces was a transient culture as opposed to the fixed structure of a mobile home. He stated there were no long-term contracts and any new RV park had many rules to follow, such as requiring residents to move spaces every 28 days. He said his business was grandfathered in and did not currently have to comply with the 28-day rule. He mentioned a comparable RV park with 80 spaces in close proximity and with similar average space size sold for \$10,000 to \$15,000. He explained an RV space consisted of a minimum of 640 square feet. He said the Rivers Edge RV Park was worth a large amount of money for an RV park. He expressed concern about changes in the economy and said the economy was thriving at the moment, but he did not know what tomorrow would bring. He stated using the income approach differed from year to year. He mentioned the industry was taxed double because he had to pay room tax on each of his leased spaces. He had argued the taxes for years but could not get them overturned.

Chair Horan asked the petitioner what reduction in valuation he was requesting. Mr. Douglas stated an increase to \$5 per square foot was reasonable. He added the majority of the comparable sales were not appropriate.

Appraiser Walters stated comparable sales were listed on page 2 of Assessor's Exhibit II. He noted they included one mobile home park and the others were

RV parks. She reviewed the amenities of each comparable sale and stated bank sales did not make good comparable sales. She stated the Rivers Edge RV Park sold in December 2018 for \$8.5 million, which supported the value of \$15,000 per space. She indicated the Rivers Edge RV Park was the closest comparable property. She referred to page 3 of Assessor's Exhibit II, which listed land sales, and she indicated costs ranged from \$6.55 to \$9.79 per square foot. The subject parcel was \$4.96 per square foot and she said the comparable park next to his parcel, which the petitioner bought, was \$4.58 per square foot though it was a smaller lot. She stated comparable sale 2 was similar to the Shamrock RV Park. She mentioned the subject property was north of the University of Reno, Nevada and the comparable sale was near Galena High School.

Appraiser Walters reviewed the income and expenses previously provided by the petitioner and she calculated the value at a 6 percent capitalization rate with an income of \$560 per space. She stated the income approach was in line with the sales approach and supported the taxable value of \$2,308,256, or \$20,072 per space. She stated community RV parks were thriving across the nation as an alternative to affordable housing. Many people were using RV parks as a semi-permanent residency and she said Shamrock RV Park was quite full. She indicated the petitioner could provide his annual income to the Assessor's Office annually and adjustments could be made if warranted. She stated the subject property was below market value and it was the Assessor's recommendation to uphold the value.

Chair Horan said this was a significant increase from the prior year and asked if similar increases were present in the appraisal values of similarly categorized properties. Appraiser Walters confirmed similar increases were occurring and appraisal values had increased.

Member Ainsworth thought the Rivers Edge RV Park would be a much higher-class RV park due to the proximity of the river. He wondered whether land values were the only consideration in the total taxable value or whether view and proximity were measured and weighted. Appraiser Walters replied land values, improvements, amenities, and square footage of space were all considered.

Member Ainsworth thought a lakefront home in Lake Tahoe would have a higher value than a home in Reno due to the views and proximity to the lake. He opined a significantly higher value should be applied to a home in Lake Tahoe.

On behalf of the Assessor and having been previously sworn, Stacy Ettinger, Senior Appraiser, provided documents to the Clerk which were marked Exhibit II. He stated the land valuation procedure for these property types was an abstracted method. He explained the abstraction method was a recognized land valuation by the State of Nevada, and said an indication of land value was achieved by subtracting the improvement value from the improved sale of a property. He stated Assessor's Exhibit II was the supplemental information of sales. He said the abstraction method indicated higher land values than were being used. He explained the calculations of land values were very conservative. He noted the overall increases were significant so adjustments

had been made accordingly. He stated historically the land value on this subject property was maintained for a number of years. He said the petitioner was concerned about comparing RV parks and mobile home parks since RV parks were transient housing. He admitted RV parks were currently full and he turned people away daily due to a lack of vacancies. He said the income approach supported the vacancy rates. The expense ratio numbers were high according to the petitioner's income and expense information, and were appropriate at 50 percent due to utilities and related expenses the petitioner paid. He indicated the land value was over \$6,000,000, which was more than the \$2,300,000 taxable valuation.

Member Ainsworth asserted his question about the value of a piece of property in Somerset compared to a piece of property in Damonte Ranch was not answered. Appraiser Ettinger explained this type of property was valued differently than residential property because it was based on income; he thought Rivers Edge RV Park had a higher income, therefore it had a higher value. He indicated the view was not considered as an aspect of land value for these parcels.

Mr. Douglas said the concept of monthly leases was not true because the average stay was six months and some occupants stayed longer. He stated he had Tesla employees living there that did not stay long due to changes in contractors with each phase of construction. He said the income approach was not favorable to him. Though it was a good time to sell, he was not looking to do so. He said he had been at the same location for many years and had seen many market changes. He indicated the park was 30 years old and was built on top of clay. He said water lines would break and spaces would need to be dug up for repairs. He said the asphalt would need to be overlaid in a year or two, which would cost more than \$130,000. He asserted the profits from the business were reinvested in the park. Longer-term tenants could devalue the rating of an RV park and he did not expect the land values to stay up.

Chair Horan stated the value of the property had historically gone up and down and this was an up period.

Mr. Douglas thought a solid comparable sale was a little more than \$4 per square foot.

There was no response to the call for public comment.

Chair Horan closed the public hearing. He thought the Appraiser made a good case and brought up valid points.

With regard to Parcel No. 003-093-25, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Lazzarone, seconded by Member Larmore, 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 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.

19-102E PARCEL NO. 232-071-09 – THE MENYHARTH FAMILY TRUST – HEARING NO. 19-0086

A Petition for Review of Assessed Valuation was received protesting the 2019-20 taxable valuation on land and improvements located at 7867 Morgan Pointe Circle, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Home Inspection Report, 21 pages.

Exhibit B: Photos of damage to home, 6 pages

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 20 pages.

On behalf of the Petitioner, G. Paul Menyharth was sworn in by Chief Deputy Clerk Jan Galassini.

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. Menyharth expressed concern about the increase in value of the market in his area. He did not think the increase was justified. He stated he found something that should have been apparent to the Assessor but was not included in the valuation of his property. He explained 22 residents on Morgan Pointe Circle and Morgan Pointe Court filed a construction defect lawsuit in 2015; these defects went back to the original construction of the homes. He stated the defects in his case cost in excess of \$48,000, although spending that money did not fix all of the defective areas. He explained one problem was a compressor the same height as his walkway sitting next to his home. Washoe County Code stated the compressor must be placed on a separate foundation 3.5 inches above either the ground or the existing walkway, 18 inches from the house. He said the cost to install the compressor was \$3,000 but the cost to reinstall a unit correctly would cost closer to \$6,000.

Chair Horan asked about the lawsuit and wondered whether it involved only homes on Mr. Menyharth's street. Mr. Menyharth indicated there were 32 defendants in the lawsuit.

Mr. Menyharth referred to Petitioner's Exhibit A, which was a recent home inspection document. He said the home was purchased below market value and he opined he had been overtaxed every year since the purchase because of the defects. The defects came to the forefront in 2015 when the lawsuit was filed. He said he recently separated from the main group of the lawsuit and had his home reinspected. The inspection found the defects to be more severe than previously discovered. He stated the cost to replace the weatherproofing was \$200 per window and there were nine windows. He said because the windows had not been sealed properly for so long, there could be significant damage behind the weatherproofing.

Chair Horan asked Mr. Menyharth whether he was still part of the lawsuit. Mr. Menyharth stated he settled the lawsuit in 2018. The Clerk received a packet of six photos from the petitioner, which were marked as Petitioner's Exhibit B. Mr. Menyharth stated the money received from the lawsuit could not repair the defects. He noted the roof and driveway needed more than \$48,000 in repairs.

Appraiser Sutherland reviewed the comparable sales, which were model matches to the subject property and were all situated in the same general area of Somerset. She said sale number 1 might have had upgrades compared to the subject property. The subject land value of \$73,150 was supported by the allocation and sales ratio analysis presented on page 6 of Assessor's Exhibit I. The sales indicated a range of \$205 to \$260 per square foot, which supported the subject property cost of \$150 per square foot. She stated the land did not exceed full cash value and it was the recommendation of the Assessor to uphold the value. She said emails regarding the lawsuit were included in Assessor's Exhibit I. Per conversations with the petitioner, the lawsuit was settled in 2018, resulting in a settlement for the petitioner. The petitioner voiced his concern during conversations with the Assessor's Office (AO) about traffic on Somerset Parkway being a detriment. She said the pared sales study included in the packet indicated homes on the parkway did not sell for less than homes set back from the parkway.

Chair Horan asked about the upgrades mentioned for sale 1. Appraiser Sutherland stated the only differences were different cabinet colors and different flooring.

Mr. Menyharth stated 22 of the approximately 50 affected homes were part of the lawsuit.

Member Lazzarone asked whether all homes in the area had defects and whether his home was comparable to other homes with defects. Appraiser Sutherland stated the AO was only made aware of the lawsuit when the appeal was filed. The sales were current whether or not they were involved in the lawsuit. She had a list of resident names who were involved in the lawsuit but not their addresses.

Mr. Menyharth opined the AO should have been aware of the lawsuit. He indicated repairs to a property's roof, driveway, trim, and gutters were required before a sale occurred. He said a home across the street from the subject property sold but he stated it was not reflected in the Assessor's data. He indicated he was a licensed contractor and said the cost for repairs were very expensive.

Chair Horan asked whether the home that sold was included in the lawsuit for construction defects. Mr. Menyharth stated construction defects were determined by a licensed inspector, but that home was not part of the lawsuit. He said the realtor who sold the property would not disclose the amount of damage discovered, but noted it was rumored to be approximately \$48,000.

Chair Horan asked whether the home had work completed prior to the sale. Mr. Menyharth indicated work was done on the roof as was waterproofing. Another inspector came out but Mr. Menyharth thought the findings of the first inspection were hidden from that inspector. He said a rebate was given according to the realtor. He had been complaining his neighborhood was different than the rest of Somersett and he had addressed the road noise with the AO.

Member Ainsworth asked whether he had money from the settlement to make the repairs to the property. Mr. Menyharth stated he received \$4,600 from the lawsuit. He said there were 32 attorneys involved in the lawsuit. The primary contractor was represented by a firm out of Las Vegas. The amount of money spent on attorneys was twice as much as the settlement. He stated he did not know the total amount the attorneys' settled for but said at least 28 of the attorneys were local. He indicated he had a difficult time finding an attorney to represent him and stated his attorney received more money from the settlement than he did.

There was no response to the call for public comment.

Chair Horan said it was clear that the home across the street was valued higher than the subject property.

Member Ainsworth asked what motion he would use because three different Nevada Revised Statutes (NRS) were included in the petition. Deputy District Attorney Michael Large stated 361.357 was the correct NRS but the Board had the power to mention any of them in the motion.

Chair Horan understood a defective construction lawsuit was a tough situation, but he thought the Assessor's Office had the value correct.

With regard to Parcel No. 232-071-09, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Ainsworth, seconded by Member Richards, 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 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.

19-103E PARCEL NO. 046-080-50 – C5 INVESTMENTS LLC – HEARING NO. 19-0062

A Petition for Review of Assessed Valuation was received protesting the 2019-20 taxable valuation on land and improvements located at 275 US Highway 395 S., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Agent Authorization, 2 pages.

Exhibit B: Photos and property information, 14 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 38 pages.

Exhibit II: Cannabis Greenhouses and Quality Class, 2 pages.

On behalf of the Petitioner, Steven Polikalas and Mike Churchfield were previously sworn in by Chief Deputy Clerk Jan Galassini.

Member Larmore stated she had a previous business relationship with Mr. Polikalas but was no longer doing business with him. It would not impact her decision-making in this case.

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

On behalf of the petitioner, Mr. Polikalas provided an Authorized Agent form which was marked as Petitioner's Exhibit A; comparison data and photographs were marked as Petitioner's Exhibit B and distributed to the Board by the Chief Deputy Clerk.

Mr. Polikalas stated the property was a cannabis cultivation facility and dispensary. He said the basis of the appeal was largely placed upon the Assessor's valuation, which he opined was out of equalization with similar properties in the County. He claimed the documents provided indicated the retail component was listed as a 2.5 quality class. He said the dispensary was the last one to open operations in the County

and noted the location was inferior to the dispensaries used as comparable properties. He reviewed the comparable properties in Sun Valley and Reno and stated the locations were clearly superior to the subject property.

Chair Horan stated quality class and location were different in comparison.

Chair Horan asked whether quality class was the main appeal reason or if there was another issue. Mr. Polikalas said the existing comparable locations were superior to the subject property. Chair Horan stressed that location had nothing to do with the quality class. Mr. Polikalas agreed the comparison was different. He wanted Mr. Churchfield to speak about the build-outs because he investigated the properties and had experience in the medical marijuana industry. He did not agree with the comparison of other cultivation facilities and dispensaries in the County. He said the retail portion of the dispensary was 2,900 square feet and the cultivation portion was 21,600 square feet of industrial warehouse space; this created two different type of space located in the same building. He indicated quality class was one reason for the appeal but he wanted Mr. Churchfield to speak about the other issues.

Mr. Churchfield stated this was a unique dispensary and cultivation location in Washoe Valley. It was rated as a 2.5 quality class, which was higher than other cultivation operations. He was privy to the sale of the Kind Cultivation facility for \$2.1 million; that was a 50,000 square foot cultivation facility in Sparks where growing occurred 24 hours a day. He indicated this was the first sunlight greenhouse growing operation in the area and it was taxed at \$3.7 million. He said this operation was not equipped with lights or insulation and he referred to the page 5 of Petitioner's Exhibit B, which supported the lack of ability to grow in the building. He opined the operators did not have the needed experience to effectively grow. He mentioned the building was equipped with a hydronically-heated facility but it was not doing the job because of the basic metal-skinned building. He said the building was being rated as a state-of-the-art facility but lacked many items to support the rating. He said the yield was much lower than other cultivation facilities and they were fortunate to produce 400 pounds of cannabis annually. He mentioned Tahoe Hydro sold for \$90 million and it could produce 4,000 pounds of superior cannabis annually.

Mr. Churchfield said the owners spent money on the building with a unique approach of sunlight growth, but the location was not conducive to retail traffic and their products were inferior. He stated the Assessor's job was to value the property not based on the business value but based on real estate value. He referred to the Reef cultivation, production, and dispensary in Las Vegas which was 165,000 square feet located right off the strip. He noted it was a huge building and the Clark County Assessor had it valuated at \$7.2 million, which was twice the value of the subject property but was eight times larger; further it was the most advanced grow operation in the State of Nevada. He referred to page 2 of the exhibit and said the Reef operation was clearly not the same quality as the subject property. He opined the product of the Reef operation was

superior to the product of the subject cultivation facility. He said the owners owned many local businesses and had not appealed on any other properties.

Chair Horan asked about the history on the valuation of the property. Appraiser Johns stated it was built in 2018 and was vacant land prior to that.

Chair Horan asked about the initial quality class of 2.5. Appraiser Johns stated that was for the dispensary retail portion only.

Chair Horan asked about the size of the dispensary portion. Appraiser Johns stated the retail portion was 8,680 square feet and the cultivation portion was 21,006 square feet. He said the retail portion was rated as a quality class of 2.5 and the balance of the building was rated as a quality class of 3.5. He stated the 3.5 quality class for the cultivation compared to the Moana Nursery on Pyramid Way; the only difference was the hydronic floor at the subject property. During the day it was 51 degrees inside the cultivation facility and no plants would grow. He said neighbors complained of the smell and the building would have to be retrofitted with carbon filters to address those concerns. He stated other cultivation facilities were originally designed to include insulation and filtration systems. He said it was a very new type of business and it was challenging for the AO to determine values. He said Canna was the most comparable property and a dispensary and standalone grow facility could be purchased for \$5 million.

Chair Horan stated the representatives were making it hard on the Board by not providing documents in a timely manner.

Mr. Churchfield said they tried to work with the AO many times but were told they wanted the Personal Property Appraiser to look at the building.

Mr. Polikalas added the Appraiser relied on comparable properties that were out of state. He said he used only local comparable properties.

Chair Horan asked what reduction in value the petitioners were requesting. Mr. Churchfield stated they were requesting a reduction to \$2.5 million as a total valuation from \$3,749,263 for 2018-19 and \$3,787,749 for 2019-20.

Appraiser Johns noted he had not been in the facility since April 4 and the facility opened for business at the end of October. Because there was an appeal filed he thought an inspection was needed to ensure the AO records were accurate. He said he requested an inspection of the property on two separate occasions but received no response. He referred to Assessor's Exhibit I and read data and statistics about the subject property. He explained the first cultivation facility did not open in the County until 2015 and dispensaries did not open until later that year. Due to the newness of the industry, there were not many sales of cultivation facilities or industrial greenhouses in Washoe County. An out-of-area search for market data was conducted and the results were included in the comparable properties. He stated there was possibility the federal government could close down the marijuana industry, which would leave this facility

useless to any other business. He said the taxable value did not exceed full cash value and it was the Assessor's recommendation to uphold the current taxable value.

Chair Horan said it was very unlikely the federal government would shut down any type of marijuana facility at this point. Appraiser Johns agreed it was unlikely but it could still happen.

Appraiser Johns stated the cultivation facility was rated good to excellent. He provided a handout which was marked as Assessor's Exhibit II. He said he was not an expert on greenhouses although he had been in other greenhouses. He indicated the quality of the subject cultivation portion of the building was high and the quality class was rated at 3.5. He stressed the building quality was rated high but the capability of the building was lacking due to low production.

Mr. Polikalas thought the Assessor's valuation was driven in part by the "green rush" that people thought was happening. He stated the greenhouse portion might become a successful cultivation facility but it was not currently. He expressed concern about federal laws possibly changing and that the facility could be closed. He indicated the build-out in the retail portion of the facility was typical for all marijuana retailers due to mandated security obligations. He thought the facility was being valued at the highest rate and requested the Board find the value by equalizing the property with the comparable properties and reducing to the requested taxable value.

Mr. Churchfield said Kind at 1645 Crane Way was 53,000 square feet and completely built out for cultivation. He indicated the previous occupant purchased the building for \$2.1 million. Kind had a standalone dispensary downtown and said a standalone dispensary might have more value than one attached to a greenhouse. He mentioned the Reef facility in Las Vegas was rated a lower quality class though it featured better quality construction with insulation.

Mr. Polikalas said the owners were in an unusual situation due to being reliant on sunlight to grow and being challenged by the location.

Member Larmore asked about the construction budget for the facility. Mr. Churchfield indicated the construction loan was \$2 million. He said the owners were not able to secure a bank loan for the build-out, so the interest rate was higher.

Appraiser Johns thought the points were covered except that he was unaware of a completed cultivation facility sold in Washoe County. He mentioned 1645 Crane Way was sold as a storage warehouse. The tenant had been leasing the facility and had invested over \$1 million in tenant improvements before it was purchased for \$51 per square foot. The average selling price for the comparable properties was \$53 per square foot.

There was no response to the call for public comment.

Chair Horan said he recognized federal guidelines and said it was nearly impossible to get a loan for any business that dealt with cannabis because it was a cash business. He thought the industry was moving towards legalization but it would still be some time before that happened.

Member Ainsworth said it appeared the builder of the facility did a poor job figuring out how to run a business. He stated he toured a facility in Pahrump which looked nothing like this facility.

Mr. Polikalas stated the grower and builder experienced delays obtaining permits through the County. He said they might have to add lights which would be an additional expense.

Chair Horan closed the public hearing.

Chair Horan said this was a challenging appeal and thought there was significant speculation about what was happening with the subject property. He believed both sides provided enough information. He asked the Board if it would be willing to split the difference with the petitioner and review it again the following year when there was more information to base the value on.

Member Lazzarone and Member Richards agreed and said they would support that idea.

Chair Horan encouraged the AO to revisit the property.

With regard to Parcel No. 046-080-50, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Lazzarone, seconded by Member Ainsworth, which motion duly carried, it was ordered that the taxable improvement value be reduced by \$787,749 and the taxable land value be upheld, resulting in a total taxable value of \$3,000,000 for tax year 2019-20. 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.

**19-104E PARCEL NO. 046-080-50 – C5 INVESTMENTS LLC – HEARING
NO. 19-0062S18**

A Petition for Review of Assessed Valuation was received protesting the 2018-19 taxable valuation on land and improvements located at 275 US Highway 395 S, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Agent Authorization, 2 pages.

Exhibit B: Photos and property information, 14 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 38 pages.

Exhibit II: Cannabis Greenhouses and Quality Class, 2 pages.

On behalf of the Petitioner, Steven Polikalas and Mike Churchfield were previously sworn in by Chief Deputy Clerk Jan Galassini.

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

Discussion for Hearing No. 19-0062S18 took place with Hearing No. 19-0062. See Agenda Item 19-103E for discussion.

There was no response to the call for public comment.

With regard to Parcel No. 046-080-50, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Lazzarone, seconded by Member Larmore, which motion duly carried, it was ordered that the taxable improvement value be reduced by \$749,263 and the taxable land value be upheld, resulting in a total taxable value of \$3,000,000 for tax year 2018-19. 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.

19-105E PARCEL NO. 163-061-13 – SOUTH MEADOWS PROMENADE LLC – HEARING NO. 19-0057

A Petition for Review of Assessed Valuation was received protesting the 2019-20 taxable valuation on land and improvements located at 537 South Meadows Parkway, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Photos and property information, 12 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 55 pages.

Exhibit II: Marshall and Swift additional evidence, 11 pages.

On behalf of the Petitioner, Steven Polikalas and Mike Churchfield were previously sworn in by Chief Deputy Clerk Jan Galassini.

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

Appraiser Gonzales provided additional evidence which would be marked as Assessor's Exhibit II.

Mr. Polikalas stated this appeal was based on quality class. He indicated the petitioner was seeking a reduction of quality class to 1.5 to be equal with the TJ Maxx and Ross Dress for Less stores. He noted a stipulation was given the previous year, but since then other retail businesses had opened and were rated as a lower quality class than the subject property.

Appraiser Gonzales indicated the appeal was not based on the value of the property exceeding market value, it was specifically based on the quality class. He stated a stipulation was given in the 2018-19 tax year for the Sprouts Market and Marshalls to reduce the quality class from 2.5 to 2.0. He said the property was currently listed as a 2.0 quality class. He read from page Exhibit I and Exhibit II and reviewed the features, comparable sales, and range of values associated with the subject property. He said it was the Assessor's recommendation to uphold the quality rating of the subject property.

Chief Deputy Clerk Jan Galassini indicated the petitioner provided documents which were marked as Petitioner's Exhibit A.

Mr. Polikalas stated the stipulation from the previous year reduced the quality class, but he said the buildings were not completed at that time.

Mr. Churchfield stated this was a simple case and said he was a retail specialist who leased to businesses such as Marshalls on a regular basis. He said Marshalls required the same build-out for all its stores. He stated TJ Maxx was owned by the same company, Home Goods, and was the premier operator for the company because they targeted higher demographics than Marshalls. He referred to photos included in Petitioner's Exhibit A which indicated Marshalls had a different store build-out than TJ Maxx. He said the property owner thought the Firecreek Crossing TJ Maxx store exemplified a higher quality build-out than the Marshalls stores but was only rated as a quality class of 1.5. He encouraged the Board to review the photos and compare the differences. He requested equalization with the properties.

Appraiser Gonzales addressed the drop ceilings in the TJ Maxx store and agreed it was an additional cost for a build-out, but said it served as a detriment to the building. He noted it limited the use of tall displays, storage, and selling larger items. He asserted the appellant stated the entire store had drop ceilings, but he stated that was not the case. There was an area in the home furnishings section without a drop ceiling to accommodate tall rugs and a lamp display. He indicated the drop ceiling was not a benefit to this store.

Mr. Churchfield stated the drop ceiling was a grid but the tiles were removed to accommodate those items.

There was no response to the call of public comment.

Chair Horan said this was a matter of opinion and he wanted to support the Assessor.

With regard to Parcel No. 163-061-13, which petition was brought pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Ainsworth, seconded by Member Richards, which motion duly carried, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner has failed to meet his burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

19-106E PARCEL NO. 220-030-05 – COLEMAN, BRETT – HEARING NO. 19-0060

A Petition for Review of Assessed Valuation was received protesting the 2019-20 taxable valuation on land and improvements located at 70 Hawken 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, 11 pages.

On behalf of the Petitioner, Mike Churchfield was previously sworn in by Chief Deputy Clerk Jan Galassini.

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. Churchfield requested to continue this appeal but understood the timeframe would only allow the petitioner to appeal to the State.

There was no response to the call for public comment.

With regard to Parcel No. 220-030-05, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Lazzarone, seconded by Member Ainsworth, 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 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.

19-107E PARCEL NO. 038-230-15 – TARGET INVESTMENTS LLC –
HEARING NO. 19-0063

A Petition for Review of Assessed Valuation was received protesting the 2019-20 taxable valuation on land and improvements located at 345 Interstate 80 W., 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, 15 pages.

On behalf of the Petitioner, Steven Polikalas and Mike Churchfield were previously sworn in by Chief Deputy Clerk Jan Galassini.

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

Appraiser Kinne stated the Assessor's recommendation was to reduce to \$175,000.

There was no response to the call for public comment.

With regard to Parcel No. 038-230-15, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Lazzarone, seconded by Member Larmore, which motion duly carried, it was ordered that the taxable land value be reduced by \$25,000 resulting in a total taxable value of \$175,000 for tax year 2019-20. The reduction was based on Assessor's recommendation with the approval of the Petitioner. 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.

19-108E BOARD MEMBER COMMENTS

Member Larmore said she appreciated the photos from petitioners and appraisers because it was easier to understand and make a decision regarding appeals.

19-109E PUBLIC COMMENT

There was no response to the call for public comment.

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11:31 a.m. There being no further hearings or business to come before the Board, on motion by Member Ainsworth, seconded by Member Richards, which motion duly carried, the meeting was adjourned.

PHILIP HORAN, Chairman
Washoe County Board of Equalization

ATTEST:

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

*Minutes prepared by
Doni Gassaway, Deputy Clerk*