

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

MONDAY

9:00 A.M.

FEBRUARY 12, 2001

PRESENT:

James O'Brien, Chairman
Marcia McCormick, Vice Chairman
F. Ronald Fox, Member
David Nadel, Member
Jon Obester, Member

Amy Harvey, County Clerk
Nancy Parent, Chief Deputy County Clerk
Leslie Admirand, Deputy District Attorney
Steve Churchfield, Chief Appraiser

The Board convened in the Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. The meeting was called to order by Chairman O'Brien, the Clerk called the roll, and the Board conducted the following business:

WITHDRAWALS

The following Petition scheduled for today's 10:30 Block was withdrawn: Hearing No. 31, Fayette Corporation.

9:00 A.M. BLOCK

01-01E TAX ROLL CHANGES - DECREASES

Mark Stafford, Appraiser, duly sworn, responded to questions of the Board. Following discussion, on motion by Member McCormick, seconded by Member Nadel, which motion duly carried, it was ordered that Tax Roll Change Requests Nos. 49 through 82, resulting in decreases to the 2000/2001 Unsecured Roll and the 2001 Secured Roll, be approved for the reasons stated thereon.

01-02E TAX ROLL CHANGES – INCREASES

Following discussion, on motion by Member Fox, seconded by Member Obester, which motion duly carried, Chairman O'Brien ordered that, pursuant to NRS 361.345(2), the County Clerk issue Notices of tax roll increases to affected property owners setting February 26, 2001 at 9:00 a.m. as the date and time for the Board to act on Tax Roll Change Request Nos. 1 through 48.

01-03E **HEARING NO. 53 – WHIDETT-HAGAR LTD. LIABILITY CO.**
PARCEL NO. 011-043-03

A Petition for Review of Assessed Valuation received from Whidett-Hagar Ltd. Liability Co. protesting taxable valuation on land on property zoned CB and designated Commercial, located at 280 West 2nd Street, Reno, Washoe County, Nevada, was set for consideration at this time.

Mark Stafford, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I (pages 1 through 8), and oriented the Board as to the location of subject property. He advised the Assessor has recommended a reduction in the land value based on comparable sales, and the history of trying to sell the property in 1995. Appraiser Stafford responded to questions of the Board. He advised a 10% cap rate is customary on land leases. Use of the subject as a parking lot is not felt to be the highest and best use of the property, but is appropriate as an interim use for the near future. Member Fox stated he did not disagree with the Assessor's recommended valuation but disagrees with the 10% cap rate on vacant land with land leases.

Russell Charlebois, representing Petitioner, was sworn, and testified that they concur with the Assessor's recommendation. Mr. Charlebois responded to questions of the Board.

The Chairman closed the hearing.

Based on the FINDINGS that taxable value does exceed the full cash value as evidenced by the Assessor's comparable sales and offers made for the property, on motion by Member Nadel, seconded by Member McCormick, which motion duly carried, it was ordered that the taxable value of land on Parcel No. 011-043-03 be reduced from \$493,080 to \$369,810 and improvements remain the same at \$23,390, for a total taxable value of \$393,200 as recommended by the Assessor with concurrence of the Petitioner. The Board made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

01-04E **HEARING NOS. 20A&B – DAVID A. PINCOLINI, TR. ETAL**
PARCEL NOS. 011-211-05 and 011-211-03

A Petition for Review of Assessed Valuation received from David A. Pincolini, Tr. et al protesting taxable valuation on land on property zoned NC and designated Office Commercial, located at 505 South Arlington Avenue, Reno, Washoe County, Nevada, was set for consideration at this time.

Van Yates, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I (pages 1 through 18), and oriented the Board as to the location of subject properties. He advised the Assessor's Office and Petitioner are in agreement on a combined taxable value for both parcels of \$660,000. Hearing 20A is an older medical office building that has substantial functional obsolescence. There has been a reduction

in income for several years. Hearing 20B is a paved parking lot, which value is not being appealed. He reviewed comparable sales and the income approach and advised they support the recommended value. Appraiser Yates responded to questions of the Board.

David Pincolini, Petitioner, was sworn, submitted Rent Roll Information, Exhibit A, Property Listing Information, Exhibit B, Income and Expense Information, Exhibit C, and Annual Operating Data, Exhibit D and testified that they concur with the Assessor's recommendation. He responded to questions of the Board, advising the property is on the market at a listed sales price of \$695,000, and they would be willing to do some seller financing for the right buyer. An appraisal of the property came in at \$605,000 for both lots, which they feel is low, and they believe \$660,000 is a fair value for both parcels. He advised two offers have been received, which were not accepted. One offer was for \$630,000 and one was for \$660,000. The \$660,000 offer was not accepted because of financial concerns regarding the party making the offer, and they have not received an offer in the last 1.5 years. Mr. Pincolini responded to questions of the Board.

The Chairman closed the hearing.

Following discussion, based on the FINDINGS that obsolescence should be applied as evidenced by the Assessor's comparable sales and income approach and testimony presented by the Petitioner, on motion by Member Fox, seconded by Member McCormick, which motion duly carried, it was ordered that the taxable value of land on Parcel No. 011-211-05 (20A) remain at \$252,000 and improvements be reduced from \$496,469 to \$299,468 for a total taxable value of \$551,468; and that the taxable value of land on Parcel No. 011-211-03 (20B) remain at \$105,000 and improvements remain at \$3,532 for a total taxable value of \$108,532. The total combined taxable value of both parcels is \$660,000 as recommended by the Assessor with concurrence of the Petitioner. The Board made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

9:45 a.m. **The Board recessed.**

10:30 a.m. **The Board reconvened with all present.**

10:30 A.M. BLOCK

01-05E HEARING NO. 64 – GREENBRAE SHOPPING CENTER ETAL
PARCEL NO. 028-361-04

A Petition for Review of Assessed Valuation received from the Greenbrae Shopping Center et al protesting taxable valuation on improvements on property zoned C2 and designated General Commercial, located at 516 Greenbrae Drive, Reno, Washoe County, Nevada, was set for consideration at this time.

Chris Mumm, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I (pages 1 through 10), and oriented the Board as to the location of subject property. He advised that the Assessor is recommending a reduction in taxable value based on the high vacancy rate and functional obsolescence that will need to be corrected in order to rent out space. The Petitioner is in agreement with the recommendation. He noted this shopping center contains a closed movie theatre, which accounts for the high vacancy rate. He reviewed the income approach and comparable sales and stated they support the Assessor's recommended value. Appraiser Mumm responded to questions of the Board.

The Petitioner was not present and submitted Rent Roll, Exhibit A, and Income and Expense Information, Exhibit B.

The Chairman closed the hearing.

Following discussion, based on the FINDINGS that obsolescence should be applied as evidenced by the Assessor's income approach and comparable sales, on motion by Member Nadel, seconded by Member Fox, which motion duly carried, it was ordered that the taxable value of land on Parcel No. 028-361-04 remain the same at \$2,132,262 and improvements be reduced from \$3,094,036 to \$1,853,258 for a total taxable value of \$3,985,520 as recommended by the Assessor with concurrence of the Petitioner. The Board made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

**01-06E HEARING NO. 49 – WELLS FARGO/FIRST INTERSTATE BANK
OF NEVADA PARCEL NO. 039-051-03**

A Petition for Review of Assessed Valuation received from Wells Fargo/First Interstate Bank protesting taxable valuation on land and improvements on property zoned AC and designated Office Commercial, located at 5125 Mae Anne Avenue, Reno, Washoe County, Nevada, was set for consideration at this time.

Chris Mumm, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I (pages 1 through 8), and oriented the Board as to the location of subject property. He advised the Assessor is recommending a reduction and the Petitioner concurs with the recommendation. The recommended reduction is based on subtracting 6803 square feet of the parcel that is a McCarran Boulevard traffic lane and is not used by the property owner. He reviewed comparable sales and the income approach and advised they support the Assessor's taxable value. Appraiser Mumm responded to questions of the Board.

The Petitioner was not present and submitted Acceptance Letter, Exhibit A, and Agency Authorization, Exhibit B.

Discussion was held concerning the portion of land where the McCarran Boulevard traffic lane is located. Member Fox expressed concern about that portion of

the parcel still being shown on the Assessor's map as belonging to the subject. Mr. Mumm advised the property owner still owns that land but there is no value as it is a street right-of-way that accesses several properties. They indicated they have not received any kind of dedication from the City of Reno for this land. Member Fox stated he is bothered about valuing a parcel at a size other than shown on the official map. Even though it is clearly part of McCarran Boulevard, it is still shown as being owned by the bank. He does not understand why in ten years the transfer of ownership has not taken place, noting that one possible reason could be the bank wants to be paid for it.

Member O'Brien commented this is probably a mapping issue that needs to be cleaned up. He is satisfied the area is in the street right-of-way and has no value, but would request that the Assessor's office try to clear the map.

The Chairman closed the hearing.

Based on the FINDINGS that a reduction is appropriate based on the Assessor's evidence of the street right-of-way, excess land, the income approach, and comparable sales, on motion by Member Nadel, seconded by Member McCormick, which motion duly carried, with Members Fox and Obester voting "no," it was ordered that the taxable value of land on Parcel No. 039-051-03 be reduced from \$1,082,782 to \$895,472 and improvements be reduced from \$768,969 to \$687,089 for a total taxable value of \$1,582,561 as recommended by the Assessor with concurrence of the Petitioner. The Board made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

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Member McCormick advised that she would not be present for this afternoon's 1:30 block. She disclosed she has a conflict regarding Hearing No. 54, Harry Fry and would be recusing herself from that hearing, but would try to get back later this afternoon. Member Obester advised he would be late for the meeting of February 14.

11:15 a.m. **The Board recessed.**

1:30 p.m. **The Board reconvened with Member Obester arriving at 1:35 p.m. and Member McCormick absent.**

1:30 P.M. - BLOCK

01-07E HEARING NO. 30 – RONALD S. JOELSON
PARCEL NO. 130-203-06

A petition for Review of Assessed Valuation received from Ronald S. Joelson, protesting taxable valuation on land, zoned 049, and designated SFR, located at 1082 Mill Creek Road, Incline Village, Washoe County, Nevada, was set for consideration at this time.

Cori Delgiudice, Appraiser, duly sworn, submitted Assessor's Fact Sheet and Maps, Exhibit I, pages 1 through 7, and oriented the Board as to the location of subject property. She advised the taxable value was determined by using comparable sales in the same subdivision.

Ronald Joelson, petitioner, duly sworn, stated he is appealing the assessed value and tax rate increase on his parcel. Leslie Admirand, Deputy District Attorney, advised that this Board can only adjust the assessed value and not the tax rate.

Chairman O'Brien said areas are reassessed every five years and land values have gone up in the petitioner's area.

Ron Sauer, Appraiser, duly sworn, answered questions concerning quality class.

Member Fox requested that in the future, the Appraiser's office submit comments on the land sales i.e. tear downs, vacant, etc., especially in this area.

Mr. Joelson said he built his house in 1972, not 1974 as the Appraiser stated. Mr. Sauer said he would review any documentation that Mr. Joelson has that shows his house was built in 1972, and make the necessary corrections.

The Chairman closed the hearing.

Based on the FINDINGS that the land and improvements were correctly valued and that total taxable value does not exceed full cash value as evidenced by the Assessor's comparable sales, on motion by Member Nadel, seconded by Member Fox, which motion duly carried with Member Obester abstaining, it was ordered that the taxable value of land and improvements of \$339,290.00 on Parcel No. 130-203-06 be upheld.

01-08E HEARING NOS. 15A and 15B – NEVADA COMMERCIAL INVESTORS LLC – PARCEL NOS. 013-051-19 and 013-051-22

A petition for Review of Assessed Valuation received from Nevada Commercial Investors, LLC, protesting taxable valuation on land and improvements; Parcel No. 013-051-19 zoned MF-43, and designated Vacant, and Parcel No. 013-051-22 zoned MF-43, and designated Convalescent Hospital, located at 1300 Mill Street, Reno, Washoe County, Nevada, was set for consideration at this time.

Chris Mumm, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I, pages 1 through 10, and oriented the Board as to the location of subject property. He advised they are recommending a reduction based on the appraisal and the petitioner is in agreement with the recommendation.

Petitioner was not present and the Board reviewed Exhibit A, a letter dated December 22, 2000, and Exhibit B, an appraisal by Daniel Leck & Associates, as attached to each of the petitions.

The Chairman closed the hearing.

Based on the FINDINGS that fair market value has been exceeded as evidenced by the Appraisal, on motion by Member Nadel, seconded by Member Fox, which motion duly carried, it was ordered that the taxable value of land remain at \$865,092 and the taxable value of improvements be reduced from \$1,842,282.00 to \$211,220.00 for a total taxable value of \$1,076,312 on Parcel No. 013-051-22 as recommended by the Assessor with concurrence of the Petitioner. The Board made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

Based on the FINDINGS that the land was correctly valued and that total taxable value does not exceed full cash value as evidenced by the Assessor's comparable sales, on motion by Member Nadel, seconded by Member Fox, which motion duly carried, it was ordered, that the taxable value of land of \$23,688.00 on Parcel No. 013-051-19 be upheld.

01-09E HEARING NO. 16 – JOHN P. & JOANNE STEVENSON
PARCEL NO. 124-062-16

A petition for Review of Assessed Valuation received from John P. & Joanne Stevenson protesting taxable valuation on land and improvements, zoned 038, and designated SFR, located at 806 McCourry Boulevard, Incline Village, Washoe County, Nevada, was set for consideration at this time.

Cori Delgiudice, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I, pages 1 through 7, and oriented the Board as to the location of subject property. She said the properties the petitioners referred to in their letter are smaller than the petitioners home.

Petitioner was not present and the Board reviewed Exhibit A, a letter dated January 5, 2000, as attached to each of the petitions.

Based on the FINDINGS that the land and improvements were correctly valued and that total taxable value does not exceed full cash value as evidenced by the Assessor's comparable sales, on motion by Member Nadel, seconded by Member Obester, which motion duly carried, it was ordered that the taxable value of land and improvements of \$367,087.00 on Parcel No. 124-062-16 be upheld.

01-10E **HEARING NO. 1 – HUGH ROY MARSHALL**
PARCEL NO. 019-193-19

A petition for Review of Assessed Valuation received from Hugh Roy Marshall protesting taxable valuation on improvements, zoned MF-43, and designated 2 SFR, located at 2301 Lakeside Drive, Reno, Washoe County, Nevada, was set for consideration at this time.

Gail Vice, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I, pages 1 through 8, and oriented the Board as to the location of subject property. She said they are recommending a reduction for the value of improvements, based on the appraisal by Roger Parkinson in 1999, and the property owners are in agreement with the recommendation.

Member Fox asked how long the current owner has owned the property. Ms. Vice said since 1981, and noted there has been extensive remodeling of the existing residence since then.

Petitioner was not present and the Board reviewed Exhibit A, an appraisal, as attached to each of the petitions.

Based on the FINDINGS that fair market value has been exceeded as evidenced by the Assessor's comparable sales and petitioners appraisal, on motion by Member Nadel, seconded by Member Fox, which motion duly carried, it was ordered that the taxable value of land remain at \$300,000 and the taxable value of improvements be reduced from \$1,815,589 to \$1,267,816 for a total taxable value of \$1,567,816 on Parcel No. 019-193-19 as recommended by the Assessor with concurrence of the Petitioner. The Board made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

3:00 P.M. - BLOCK

01-11E **HEARING NO. 22B – SCOTT W. MILLS**
PARCEL NO. 049-693-13

A petition for Review of Assessed Valuation received from Scott W. Mills protesting taxable valuation on land, zoned MDS, and designated SFR, located at 3714 Calgary Drive, Reno, Washoe County, Nevada, was set for consideration at this time.

Rigo Lopez, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I, pages 1 through 4, and oriented the Board as to the location of subject property. He noted the appeal is for the 2000 tax role. Mr. Lopez said the square footage has been corrected and reduced to 2,984 and the quality class changed to 3.0. He explained the parcel needed to be made equal to other models in the same tract.

Petitioner was not present.

The Chairman closed the hearing.

Based on the FINDINGS that fair market value has been exceeded as evidenced by the Assessor's comparable sales, on motion by Member Fox, seconded by Member Nadel, which motion duly carried, it was ordered that the taxable value of land remain at \$47,000 and the taxable value of improvements be reduced from \$204,952.00 to \$175,021.00 for a total taxable value of \$222,021 on Parcel No. 049-693-13 as recommended by the Assessor with the concurrence of the Petitioner. The Board made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

01-12E HEARING NO. 54 – HARRY FRY – PARCEL NO. 039-411-08

A petition for Review of Assessed Valuation received from Harry Fry protesting taxable valuation on land, zoned SFR-6, and designated Vacant, a Lot on Sierra Highlands Drive, Reno, Washoe County, Nevada, was set for consideration at this time.

Rigo Lopez, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I, pages 1 through 4, and oriented the Board as to the location of subject property. He advised the subject parcel is an irregular shape and has no utilities on the parcel. Mr. Lopez said they are recommending a reduction based on adverse factors in the value of land and the petitioner is in agreement with the recommendation.

Petitioner was not present.

The Chairman closed the hearing.

Based on the FINDINGS that adverse factors should be considered as evidenced by the Assessor, on motion by Member Fox, seconded by Member Obester, which motion duly carried, it was ordered that the taxable value of land be reduced from \$45,000.00 to \$36,000 on Parcel 039-411-08 as recommended by the Assessor with concurrence of the Petitioner. The Board made the finding that the land would then be correctly valued and the total taxable value does not exceed full cash value.

**01-13E HEARING NO. 56 – DAVID DOW ET AL
(FORMER OWNER ESTATE OF ANN MCREYNOLDS)
PARCEL NO. 023-581-03**

A petition for Review of Assessed Valuation received from David Dow et al protesting taxable valuation on improvements, zoned SFR-15, and designated Single Family Residence, located at 2278 Pioneer Drive, Reno, Washoe County, Nevada, was set for consideration at this time.

Ivy Diezel, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I, pages 1 through 11, and oriented the Board as to the location of subject property. She advised that a number of homes use geothermal heat in this area. Ms. Diezel said they are recommending a reduction in the value of improvements and the petitioner is in agreement with that recommendation. Ms. Diezel said she conducted an interior/exterior inspection of the property, which revealed an outdated floor plan design and inferior quality finish material. She determined that a 3.5 quality class is more appropriate than the current 4.0. An inspection report provided by the owner indicated that there is water damage and dry rot and she recommends a further reduction of \$20,000 in the form of obsolescence.

Chairman O'Brien asked if the \$20,000 in obsolescence was in addition to the quality class change primarily because of the dry rot and water damage. Ms. Diezel said that was correct and advised that obsolescence is reviewed annually until it is corrected.

In response to Commissioner Obester's inquiry, Ms. Diezel said the property was an estate sale. He noted the property had been marketed through a real estate agent for quite some time.

Petitioner was not present and the Board reviewed Exhibit A, a letter, as attached to each of the petitions.

The Chairman closed the hearing.

Based on the FINDINGS that fair market value has been exceeded as evidenced by the Assessor's comparable sales and the inspection report, on motion by Member Nadel, seconded by Member Obester, which motion duly carried, it was ordered that the taxable value of land remain at \$85,000 and the taxable value of improvements be reduced from \$215,352.00 to \$176,815.00 for a total taxable value of \$261,815 on Parcel No. 023-581-03 as recommended by the Assessor with concurrence of the Petitioner. The Board made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

01-14E HEARING NO. 14 – GERALD W. SCATENA ET AL
PARCEL NO. 076-690-58

A petition for Review of Assessed Valuation received from Gerald W. Scatena et al protesting taxable valuation on land, zoned GR, and designated Vacant, located at Leilani Lane, Sparks, Washoe County, Nevada, was set for consideration at this time.

Keith Stege, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I, pages 1 through 3, and oriented the Board as to the location of subject property. He advised the topography is very steep and access is difficult to the property. Mr. Stege said the property is located in a rural area and would be difficult to build on.

Commissioner Obester said he is not comfortable with the amount of reduction. Chairman O'Brien said since Mr. Stege physically reviewed the property he is comfortable with the recommendation.

Petitioner was not present and the Board reviewed Exhibit A, a letter, as attached to each of the petitions.

The Chairman closed the hearing.

Based on the FINDINGS that fair market value has been exceeded as evidenced by the Assessor's comparable sales, on motion by Member Fox, seconded by Member Obester, which motion duly carried, it was ordered that the taxable value of land be reduced from \$57,750.00 to \$40,000.00 on Parcel No. 076-690-58 as recommended by the Assessor with concurrence of the Petitioner. The Board made the finding that the land would then be correctly valued and the total taxable value does not exceed full cash value.

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4:00 p.m. There being no further hearings or business to come before the Board, the Board recessed until February 14, 2001, at 9:00 a.m.

JAMES O'BRIEN, Chairman
Washoe County Board of Equalization

ATTEST: AMY HARVEY, County Clerk

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

WEDNESDAY

9:00 A.M

FEBRUARY 14, 2001

PRESENT:

James O'Brien, Chairman
Marcia McCormick, Vice Chairman
F. Ronald Fox, Member
David Nadel, Member
John Obester, Member (1:30 p.m.)

Amy Harvey, County Clerk
Leslie Admirand, Deputy District Attorney
Steve Churchfield, Chief Appraiser

The Board met pursuant to a recess taken on February 12, 2001, in the Auditorium of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. The meeting was called to order by Chairman O'Brien, the Clerk called the roll, and the Board conducted the following business:

WITHDRAWALS

The following petition, scheduled for hearing in the 9:00 a.m. block on today's agenda, was withdrawn by the Petitioner:

Sears, Roebuck and Company – APN 025-372-30

9:00 A.M. - BLOCK

01-15E **HEARING NO. 2 – STS**
PARCEL NO. 025-372-34

A petition for Review of Assessed Valuation received from STS protesting taxable valuation on land and improvements, zoned AC, and designated Office Commercial, located at 5050B Meadowood Mall Circle, Reno, Washoe County, Nevada, was set for consideration at this time.

Mark Stafford, Appraiser, duly sworn, submitted Assessor's Fact Sheet(s) and Maps, Exhibit I, pages 1 through 7, and oriented the Board as to the location of subject property. He stated the Assessor is recommending reducing both the land and improvement values to a total of \$304,597, and the Petitioner is in agreement with the proposed values. Mr. Stafford reviewed the history of the property. It was once a depository and vault as part of a bank; it was parceled off from the bank; and it was most recently operated as "The Vault," a business where individuals could rent large, high security,

vault units for storage of valuables. The building is very specialized with 14-inch thick concrete roof, very heavy masonry walls, bulletproof glass, and is partitioned into walk-in type vaults with heavy steel doors. Other problems with the property include insufficient parking area and deed restrictions on the use of the building. Mr. Stafford stated the Assessor is recommending reducing the improvement value to what would amount to the salvage value due to obsolescence and reducing the land value to \$9.00 per square foot based on comparable land sales.

Appraiser Stafford then responded to questions from Board members concerning what might be done with the property and the prior years' assessments. He also submitted a photograph of subject, Exhibit II, and explained that when Wells Fargo acquired this property, they determined it was surplus and sold it to the current owner for \$400,000, which included personal property and "good will."

Todd Sperber, Petitioner, was sworn, submitted Buyer's Final Closing Statement, Exhibit A (4 pages), and testified that the property is in a spectacular location, but not for this type of business. He further explained there were restrictions on the sale limiting the uses; that one is actually a deed restriction by Meadowood Mall prohibiting any retail operation; and the other is a condition of sale that the building cannot be used as a bank for 18 months. When he purchased subject, The Vault was leasing it from the bank, but soon vacated because they were losing money. He stated he would like to find a use for this property; he described several different ideas he has explored; but he has not yet found something that might work. He discussed tearing down the building and stated his fear is that that would probably cost more than he paid for the building. Mr. Sperber also discussed the problems that would be encountered in trying to put the building to some other type of use, such as the lack of parking, inability to remodel the interior, etc. Chairman O'Brien asked the Petitioner why he purchased this property. Mr. Sperber stated that he was bidding on other Wells Fargo properties, and Wells Fargo told him it was an "all or nothing" deal.

Appraiser Stafford then explained how he arrived at the recommended land value and reviewed sales of comparable properties substantiating his recommended land value.

The Chairman closed the hearing.

During deliberation, Board members agreed that the Assessor's taxable values were too high. Member McCormick agreed with the Appraiser's recommended reduced values, but the other Board members felt the recommended improvement value was too low.

Based on the FINDINGS that the Assessor's taxable value does exceed full cash value as evidenced by the Assessor and Petitioner, and that obsolescence should be applied to subject property, on motion by Member Fox, seconded by Member O'Brien, which motion duly carried with Member McCormick voting "no," it was ordered that the taxable value of land on Parcel No. 025-372-34 be reduced to \$294,597, as

recommended by the Assessor, and the taxable value of the improvements be reduced to \$105,403, for a total taxable value of \$400,000. The Board found that the land and improvements would then be correctly valued and that the new total taxable value does not exceed full cash value.

**01-16E HEARING NO. 8 – WILLIS E. POWELL, ET AL, TRUSTEE -
PARCEL NO. 032-263-23**

A petition for Review of Assessed Valuation received from Willis E. Powell, et al, Trustee, protesting taxable valuation on land, zoned IC, and designated General Commercial, located at 415 South Rock Boulevard, Sparks, Washoe County, Nevada, was set for consideration at this time.

Gary Warren, Appraiser, was sworn, submitted Assessor's Fact Sheet(s) and Maps, Exhibit I, pages 1 through 17, and oriented the Board as to the location of subject property, better known as Landrum's Restaurant.

The Petitioner was not present.

Appraiser Warren reviewed sales of comparable properties substantiating the Assessor's taxable values. He then reviewed the income approach method, which also indicated that the taxable value does not exceed fair market value.

The Chairman closed the hearing.

Based on the FINDINGS that taxable value does not exceed full cash value as evidenced by the Assessor's comparable sales, and that the land and improvements were valued correctly, on motion by Member Nadel, seconded by Member McCormick, which motion duly carried, it was ordered that the taxable value of land on Parcel No. 032-263-23 be upheld.

**01-17E HEARING NO. 19 – ANNY HINES, TRUSTEE
PARCEL NO. 027-251-12**

A petition for Review of Assessed Valuation received from Anny Hines, Trustee of the Anny Hines Revocable Trust, protesting taxable valuation on land and improvements, zoned C1, and designated General Commercial, located at 1550 Vance Way, Sparks, Washoe County, Nevada, was set for consideration at this time.

Keith Stege, Appraiser, duly sworn, submitted Assessor's Fact Sheet(s) and Maps, Exhibit I, pages 1 through 13, and oriented the Board as to the location of subject property.

The Petitioner was not present but had submitted a Letter, Exhibit A, a Newspaper Article, Exhibit B, and an Income/Expense Statement, Exhibit C, which were reviewed and discussed by the Board.

Appraiser Stege explained the subject is a convenience store located in a residential area traveled mostly by the people who live in the neighborhood. It was leased to 7-11 for many years; and, when 7-11 left, the City of Sparks did not approve a liquor license for the new operator because of objections from the neighborhood, which has made it difficult to lease the property. He advised that the Assessor is recommending a reduction in the improvement value based on sales of comparable properties and an analysis of the income. He stated he did discuss the recommended value with the Petitioner, and the Petitioner indicated to him that she was in agreement with the new valuation.

The Chairman closed the hearing.

Based on the FINDINGS that the taxable value does exceed fair market value as evidenced by the Assessor's comparable sales and income analysis, on motion by Member Nadel, seconded by Member McCormick, which motion duly carried, it was ordered that the taxable value of improvements on Parcel No. 027-251-12 be reduced to \$48,477, and that the taxable value of the land remain at \$75,000, for a total taxable value of \$123,477, as recommended by the Assessor and with the concurrence of the Petitioner. The Board found that the land and improvements would then be correctly valued and that the new total taxable value does not exceed full cash value.

10:30 A.M. BLOCK

01-18E HEARING NO. 33A & B – FLOYD E. SALTERN, TRUSTEE PARCELS NOS. 003-150-20 & 008-021-11

A petition for Review of Assessed Valuation received from Floyd E. Saltern, Trustee, protesting taxable valuation on:

33A - land, zoned MF14, and designated Apartment Complex, located at 1617 North Virginia Street, Reno, Washoe County, Nevada, and

33B – land, zoned MF14/SFR6, and designated Apartment Complex, located at 575 Sadlier Way, Reno, Washoe County, Nevada,

was set for consideration at this time.

Hearing 33A – APN 003-150-20 (The North Virginian)

Stacy Ettinger, Appraiser, was sworn, submitted Assessor's Fact Sheet(s) and Maps, Exhibit I, pages 1 through 14, and oriented the Board as to the location of subject property.

Appraiser Ettinger advised that these are shared kitchen units, which are studio apartments with one kitchen for each four bedrooms. He stated the Assessor re-

quested income/expense information since these are income properties, but it was not provided.

The Board decided to hear the two properties separately with 33A first.

Floyd Saltern, Petitioner, was sworn. The following Exhibits were submitted with the original petition:

“A” Letter, outlining owner’s opinion of value based on
“B” Comparable Sales listing and analysis (2 pages),
“C” Copy of November, 1999, letter to elected officials concerning flooding problems, the Herman Dam and the proposed Evans Creek Dam (3 pages), and
“D” Photographs (2) of vehicles in floodwaters.

Mr. Saltern submitted the following Exhibits at the hearing:

“E” Assessed values of similar property in Carson City,
“F” Photographs (5) of flooding at The North Virginian property,
“G” Map of floodplain and proposed Evans Creek Dam, and
“H” Approvals of the Special Use Permits for both properties.

Mr. Saltern reviewed the history and construction of subject properties and testified that he believes he is being assessed as if each unit was a conventional one-bedroom apartment rather than each four bedrooms and kitchen being considered as one unit. Mr. Saltern stated the Assessor has calculated a land value based on a per unit price, and he reviewed his list of comparable, multi-family, land sales explaining how he arrived at his opinion of value based on those sales. He pointed out that the average unit in the other properties is 906 square feet, whereas his units are 312 square feet; his are limited to single occupancy; and he does not believe these are equitable comparisons.

Mr. Saltern distributed an assessment notice for a similar property in Carson City and stated it is a complex with 208 bedrooms, has the exact same floor plans as his properties, and the land value equates to \$765.43 per bedroom, which is much lower than his properties.

Mr. Saltern then discussed the flooding problems he has experienced at The North Virginian (33A) and the potential for future flooding that will continue to be a problem unless and until the Evans Creek Dam project is built. He stated they suffered severe damage in the 1986 flood, as did the University, which was not covered by insurance. At that time, 48 tenants were displaced, and \$43,000 has been spent on flood insurance since 1986. The Evans Creek Dam proposal originated in 1987 because of the 1986 flood; it is supported by Washoe County, the City of Reno and the University, but because of local opposition, it has not yet been built; and he does not know if it will be built. Mr. Saltern responded to several questions from Board members providing more detailed information.

Appraiser Ettinger stated the Assessor does consider each unit as an individual unit and has valued the properties accordingly. He further stated no adjustment has been allowed for potential flooding because it appears market rents are being achieved and pointed out that subjects represent a density of 49 units per acre, which is extremely high.

Chairman O'Brien clarified that the units are rented separately, but each tenant does share a kitchen with three total strangers.

Appraiser Ettinger reviewed land sales comparable to subject substantiating that the Assessor's land value does not exceed full cash value. He stated he was able to obtain information on the amount of rent charged, and, based on that information, he did calculate an income approach to value, which he reviewed and which also supported the Assessor's values.

In rebuttal, the Petitioner emphasized the flooding potential and huge flood insurance expense that exist on The North Virginian property, which will continue to exist until a flood control facility is constructed. He also explained another expense they have is that they do provide occasional maid service for the shared kitchen areas to avoid the situation of one tenant having to clean up after another.

Chairman O'Brien asked if the tenants are mostly UNR students. Mike Saltern was sworn and testified that at The North Virginian they have approximately 20 percent students, 15 percent elderly, and the rest of the tenants are a cross-section.

The Chairman closed the hearing.

Member Fox stated this is an income-producing property and the Board is at a disadvantage without the income/expense information. He further stated that one of their charges is to ensure that the total value does not exceed full cash value, and he does not believe it does. Chairman O'Brien stated they can look at the land value only and try to determine if the land is valued correctly.

Member McCormick stated she does not see any evidence that it is not valued correctly. She further stated the assessed value of property in Carson City has no relationship to property values in Washoe County. Member Nadel stated the flooding problems and high cost of flood insurance might be offset by the fact that the property is highly rentable.

Board members deliberated at length discussing whether subject is more like an apartment complex with 4-bedroom units or more comparable to a long-term motel type rental and compared the different per foot and per unit values. Chairman O'Brien stated he believes the land value is high and some reduction is in order, but the other Board members disagreed.

On Hearing 33A, based on the FINDINGS that the total taxable value does not exceed the full cash value as evidenced by the Assessor's comparable sales and income analysis, and by the Petitioner, on motion by Member Nadel, seconded by Member McCormick, which motion duly carried with Member O'Brien voting "no," it was ordered that the taxable value of land on Parcel No. 003-150-20 be upheld.

Hearing 33B – APN 008-021-11 (The Villager)

Stacy Ettinger, Appraiser, duly sworn, submitted Assessor's Fact Sheet(s) and Maps, Exhibit I, pages 1 through 14, and oriented the Board as to the location of subject property. He explained the differences between subject and the property in the previous hearing is that this location is not as desirable and the rents are slightly lower, which is why the land value is lower. He further stated this is a larger complex with more units and responded to Board members' questions.

Mr. Saltern discussed the Wolf Run complex, a similar rental development located near The Villager, and asked the Appraiser if he had any information on the sales price for that property. Appraiser Ettinger stated that sale was not considered because it was residentially zoned property.

The Chairman closed the hearing.

Chairman O'Brien expressed his belief that subject's land value is what he feels should have been on the other property (The North Virginian).

Member Fox stated he was concerned about the per unit difference on the two properties. He noted that location is always a consideration, but \$4,500 versus \$6,000 per unit is a big difference on these two properties and he would like to see them a little closer to be in equalization.

A discussion ensued concerning equalizing these two properties. Some Board members felt \$4,500 per unit on the Villager was a correct value and that that would mean the hearing on The North Virginian should be re-opened. Member McCormick disagreed stating her belief that the \$4,500 unit value was low; that the value should probably be increased; and that the other property should not be reduced.

On Hearing 33B, based on the FINDINGS that the total taxable value does not exceed the full cash value as evidenced by the Assessor's comparable sales and income analysis, on motion by Member Fox, seconded by Member Nadel, which motion duly carried with Member McCormick voting "no," it was ordered that the taxable value of land on Parcel No. 008-021-11 be upheld.

On motion by Member Fox, seconded by Member Nadel, which motion duly carried with Member McCormick voting "no," Chairman O'Brien ordered that **Hearing 33A** (The North Virginian), Parcel No. 003-150-20, Floyd E. Saltern, Trustee, be re-opened.

Chairman O'Brien stated he believes the land value on The North Virginian is too high and should be based on the same per unit value as The Villager (\$4,500). Member Fox stated the two property values should be closer to be in equalization, but the value of property on North Virginia Street should be slightly higher than on Sadlier, simply because it is in a better location. He said he could support \$5,000 per unit rather than the \$6,000 per unit placed on the property by the Assessor. Chairman O'Brien stated he could agree with that. Member McCormick stated she absolutely could not support any reduction. Member Nadel stated he could support a reduction considering the flooding situation and the high cost of flood insurance the property owner has to pay.

On reconsideration of Hearing 33A, based on the FINDINGS that the land value on subject (The North Virginian) should be brought into equalization with the land value established by the Assessor and upheld by the Board on APN 008-021-11 (The Villager), on motion by Member Fox, seconded by Member Nadel, which motion duly carried with Member McCormick voting "no," it was ordered that the taxable value of land on Parcel No. 003-150-20 be reduced to \$640,000, based on a value of \$5,000 per unit. It was noted that the improvement value will remain at \$1,459,735, and the new total taxable value will be \$2,099,735. The Board made the finding that the land and improvements would then be valued correctly and that the new total taxable value does not exceed full cash value.

01-19E HEARING NO. 23A & B – VISTA POINT APARTMENTS, LTD.
PTSP - PARCEL NO. 003-130-41

A petition for Review of Assessed Valuation received from Vista Point Apartments, Ltd. Partnership protesting taxable valuation on land and improvements, zoned MF43, and designated Apartments, located at 250 Talus Way, Reno, Washoe County, Nevada, was set for consideration at this time.

Theresa Wilkins, Appraiser, was sworn, submitted Assessor's Fact Sheet(s) and Maps, Exhibit I, pages 1 through 13, and oriented the Board as to the location of subject property. She advised that Hearing 23A is an appeal of the value for the 2001 roll, and 23B is an appeal to reopen the 2000 roll for the construction value placed on subject last year. Appraiser Wilkins explained how the property was valued and reviewed sales of comparable properties which substantiated that the Assessor's taxable value does not exceed fair market value. She explained that subject property is newer and superior to most of the comparable sales; the average square footage per unit is larger; and the complex includes pool, clubhouse, fitness center, etc.

Appraiser Wilkins then reviewed the income approach to value she prepared using market rents for subject, stating she analyzed the income potential since the asking rents are restricted and are not market value because this is a Low Income Housing Tax Credit (LIHTC) project. She further said that even using the asking rents, the Assessor's taxable value is still below the actual value indicated by the income approach. Appraiser Wilkins stated she had several conversations with the owner's agent and requested additional information concerning income and expenses, construction costs, etc.

In response, she received a Fax (Petitioner's Exhibits B-E), but the information did not change her opinion of value.

The Petitioner was not present, but had submitted a Rents Schedule, Exhibit A, Direct Capitalization Scenarios, Exhibit B, Budget, Exhibit C, Declaration of Restrictive Covenants of LIHTC, Exhibit D, and a Summary of Comparable Projects, Exhibit E, which were reviewed and discussed by the Board.

Appraiser Wilkins stated the Petitioner's Comparable Projects are also low-income projects and the rents are not market. She also pointed out that the Petitioner receives \$396,000 in tax credits and it would be her opinion that those tax credits offset the lower rents. She then responded to Board members' questions concerning the differences between her income/expense figures and the Petitioner's scenarios.

Chairman O'Brien asked if the Board had to consider market rents in light of the fact that the subject does not get market, although it does get tax credits. Legal Counsel Leslie Admirand advised that, from the information she has received, the property does not qualify for the exemptions allowed under Nevada law. Appraiser Wilkins advised that she did call the Nevada Department of Housing and was told this project had applied for HOME funds, and their application was pending. Ms. Admirand stated the Board would need to look at subject based on the market.

The Chairman closed the hearing.

Based on the FINDINGS that the taxable value does not exceed full cash value as evidenced by the Assessor's comparable sales and income analysis, and the land and improvements are correctly valued, on motion by Member Fox, seconded by Member McCormick, which motion duly carried, it was ordered that the taxable value of land and improvements on Parcel No. 003-130-41 be upheld for both the 2000 and 2001 tax rolls.

01-20E HEARING NO. 55A & B – LONG LIOU & JIN FENG ZHENG
PARCEL NO. 019-303-32 & -33

A petition for Review of Assessed Valuation received from Long Liou and Jin Feng Zheng protesting taxable valuation on land and improvements, zoned MF43, and designated 5-9 units, located at 3036 Plumas Street, Reno, Washoe County, Nevada, was set for consideration at this time.

Theresa Wilkins, Appraiser, duly sworn, submitted Assessor's Fact Sheet(s) and Maps, Exhibit I, pages 1 through 8, and oriented the Board as to the location of subject property. She explained subject property is actually two parcels used as one economic unit with eight rentals; her physical inspection of subject revealed significant fire and water damage; the units are presently uninhabitable; and the owner does intend to demolish the improvements. Appraiser Wilkins advised the Assessor is recommending reducing the improvement values on both parcels down to \$5,000 each due to obsoles-

cence and retaining the land values. She stated she has discussed the recommended values with the Petitioner, and the Petitioner is in agreement with the new values.

The Petitioner was not present.

The Chairman closed the hearing.

Based on the FINDINGS that obsolescence should be applied to both parcels and in accordance with the Assessor's recommendation, on motion by Member Nadel, seconded by Member McCormick, which motion duly carried, it was ordered that:

1. The taxable value of improvements on Parcel No. 019-303-32 be reduced to \$5,000, and the taxable value of land remain at \$75,000 for a total taxable value of \$80,000.
2. The taxable value of improvements on Parcel No. 019-303-33 be reduced to \$5,000, and the taxable value of land remain at \$202,500, for a total taxable value of \$207,500.

The Board made the finding that the land and improvements would then be valued correctly and that the new total taxable value does not exceed full cash value.

12:50 p.m. The Board recessed.

1:30 p.m. The Board reconvened with all Board members present.

1:30 BLOCK

01-21E HEARING NO. 47 – GUY B. ZEWADSKI
PARCEL NO. 011-403-25

A Petition for Review of Assessed Valuation received from Guy B. Zewadski protesting taxable valuation on improvements and personal property on property zoned CB and designated Condominium, located at 100 N. Arlington, Reno, Washoe County, Nevada, was set for consideration at this time.

Coleen Welch, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I, pages 1 through 16, and oriented the Board as to the location of subject property. She reviewed comparables, advising they are the same model and square footage of the subject and support the Assessor's taxable value. Appraiser Welch responded to concerns stated by the owner on the Petition and noted the owner's opinion of value exceeds the Assessor's taxable value. She then responded to questions of the Board.

The Petitioner was not present.

The Chairman closed the hearing.

Based on the FINDINGS that fair market value has not been exceeded and the land and improvements were correctly valued and the total taxable value does not exceed the full cash value, as evidenced by the Assessor's comparable sales information, on motion by Member Nadel, seconded by Member McCormick, which motion duly carried, it was ordered that the total taxable value of land and improvements on Parcel No. 011-403-25 in the amount of \$51,859 be upheld.

01-22E HEARING NO. 48 – BURTON KELLER, TRUSTEE OF 1988
KELLER FAMILY TRUST - PARCEL NO. 037-320-07

A Petition for Review of Assessed Valuation received from Burton Keller, Trustee of the 1988 Keller Family Trust, protesting taxable valuation on land and improvements on property zoned A-2, located at 6800 East Prater Way, Reno, Washoe County, Nevada, was set for consideration at this time.

Gary Warren, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I, pages 1 through 23, and Aerial Photograph, Exhibit II, and oriented the Board as to the location of subject property.

Burton Keller, Petitioner, was sworn, submitted Rental Income Information, Exhibit A; Lease, Exhibit B; Property Listing Information, Exhibit C; and Court documents, Exhibit D. He testified that the property has been listed with a variety of real estate agents for over 30 years and has not sold. He reviewed the offers received over the last few years that were either not accepted or were withdrawn, the various inquiries concerning possible purchase of the property, and rental income. He advised some interested parties asked about environmental work and when he said that had not been done, no offers were received. Mr. Burton then discussed issues concerning the current 99-year lease, which has encumbered the property. Because of the lease, the property cannot be sold or leased and the situation has resulted in pending lawsuits. He advised that a legitimate offer of \$20,000/acre was recently made, which was subsequently withdrawn, and he believes this offer is an accurate indicator of value.

Appraiser Warren referred to the Assessor's aerial photograph and advised that for purposes of appraisal the parcel has been separated into two portions, being the 4.21-acre improved portion and the 12.29-acre vacant portion. He discussed comparable sales and the income approach, advising they support the Assessor's conclusion of value on the improved portion of the property of \$396,000. He advised the current A-2 zoning on the property is an obsolete zoning code. The property is within the City of Sparks sphere of influence and is designated for professional office use under the City's master plan. Appraiser Warren advised this is a complex property because of the different components. He said a value of \$58,000/acre land value was concluded for the improved area of the subject, which value is multiplied by 85% to reflect the irregular shape and access to this portion of the subject. The total value of land on the improved portion is \$207,000. Appraiser Warren responded to questions of the Board.

Appraiser Warren then discussed comparables for the 12.29-acre vacant portion of the subject. Upon inquiry of Member O'Brien, Appraiser Warren advised that the environmental problems alluded to by the owner refers to oil which is probably beneath the area of the automotive garage. Upon inquiry of Member O'Brien, Appraiser Warren reviewed issues relative to the 99-year ground lease. He advised payments were to be \$4,000/month with the provision that no rent was to be paid until the Certificate of Occupancy was issued for the tenant's retirement facility, which has not taken place. There is no rental income on the property at this time. The Assessor does not take the lease or pending litigation into account when valuing property. The property was appraised based on a fee simple interest, which in theory should equal the value of the leasehold interest.

In rebuttal, Mr. Keller said he does not agree with the Assessor's numbers. He has tried renting the houses higher but cannot get more money for them. All of the buildings are 70 years old, although one was last remodeled 50 years ago. The buildings are a detriment because they will have to be destroyed by anyone who purchases the property, as the zoning does not allow housing on the property. Upon inquiry of Member O'Brien, Mr. Keller discussed issues and the legal entanglements concerning the 99-year lease. He said until the tenant builds a rest home the income on the property is zero and the tenant can tie up the property indefinitely.

The Chairman closed the hearing.

Member Nadel said he sympathizes with the Petitioner's legal situation and other issues with the properties, but this is an evaluation of the property's taxable value.

Member Fox stated that, for tax purposes, the appraisal is done in fee simple interest. Properties could have all sorts of liens and legal problems, but that does not stop the property owner's obligation to pay their share of the taxes. His understanding is that legal entanglements should not be considered except those imposed by the government, such as zoning, land use, etc. He is sympathetic with all the entanglements a property owner can have and the hardship that creates, but the Board and the Assessor's office have to decide the fee simple interest value of the property.

Member O'Brien said that the fee simple value, assuming the rent was being paid for the ground lease, would be about \$50,000 annually and capitalized at 10% would place the value at \$500,000, which he believes would be an indicator of value. Member Fox agreed, assuming it was determined that \$50,000 per year represents economic rent. Member O'Brien said he believes the appraiser did a good job of valuing the improved portion of the property, but the vacant portion appears to have problems not related to the legal problems. This is a big parcel, does not have the best access, and he does not believe there is a demand for much office space in that area. The parcel has been vacant for a long time and he is not clear about the highest and best considerations.

Member McCormick said this property has been before the Board previously and she knows Mr. Keller has made efforts to market the property. She believes it has some problems and does not think the office market is strong in that area. She also thinks the surrounding area would have a negative impact for the subject to be a desirable location for offices.

Member Obester said this is the kind of property he would like to see preserved as open space and would support a reduction.

Member O'Brien stated that, in his opinion, it would be more appropriate to value the vacant portion closer to the residential land value of approximately \$50,000/acre; and that this value could apply to the entire parcel. Member Fox said he could support an approximate \$50,000/acre land value on the entire 16-acre parcel. He noted there is also a serious question of contamination on this property from the automotive garage. He stated his support for a reduction has nothing to do with the legal entanglements or sympathy for the owner, although he does have some sympathy for the owner.

Based on the FINDINGS that fair market value has been exceeded and adverse factors should be considered, as evidenced by the Petitioner, on motion by Member Fox, seconded by Member McCormick, which motion duly carried, it was ordered that the Assessor's appraisal be adjusted by reducing the land value on Parcel No. 037-320-07 from \$1,331,813 to \$825,000, based on \$50,000/acre, and improvements remain at \$84,175, for a total taxable value of \$909,175. The Board made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

3:00 P.M. BLOCK

01-23E HEARING NO. 27 – EILEEN GAY
PERSONAL PROPERTY I.D. NO. 2/182-447

A Petition for Review of Assessed Valuation received from Eileen Gay protesting taxable valuation on personal property was set for consideration at this time.

Thomas Sokol, Appraiser, duly sworn, submitted Assessor's Fact Sheet, Exhibit I. He advised that the taxpayer's business (WAHOO Productions) was moved from 119 Thoma Street to 2051 Canal Road in Storey County, and the personal property did not have situs within Washoe County on the July 1, 2000 lien date. The Assessor recommends that the taxable value of WAHOO Productions be reduced to zero.

Eileen Gay, Petitioner, was present and offered no testimony.

The Chairman closed the hearing.

Based on the FINDINGS that the personal property did not have situs within Washoe County on the July 1, 2000 lien date, as evidenced by the Assessor and the Petitioner, on motion by Member Nadel, seconded by Member Obester, which motion duly carried, it was ordered that the taxable value of personal property of Eileen Gay/WAHOO Productions, I.D. No. 2/182-447, be reduced from \$50,703 to \$ - 0 -.

01-24E HEARING NO. 28 – ATLANTIS CASINO RESORT/GOLDEN ROAD MOTOR INN, INC. – PERSONAL PROPERTY I.D. NO. 2/285-003

A Petition for Review of Assessed Valuation received from Atlantis Casino Resort/Golden Road Motor Inn, Inc. protesting taxable valuation on personal property located at 3800 S. Virginia Street, Reno, Washoe County, Nevada, was set for consideration at this time.

Thomas Sokol, Assistant Chief Deputy Assessor, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I; Letter to Petitioner dated 1/13/01, Exhibit II; and Excerpts of State Board of Equalization Minutes, Exhibit III. He oriented the Board as to the location of subject property.

Debra Robinson, General Counsel for Golden Road Motor Inn, Inc. dba Atlantis Casino Resort, was sworn, submitted Petitioner's statement dated 2/13/01 with 6 exhibits attached, Exhibit A. Ms. Robinson stated it has been brought to her attention that Board Member McCormick was previously involved in an adversary proceeding that involved the principals of the Atlantis when she was involved with a housing agency. Chairman O'Brien asked if the Petitioner would like Member McCormick to recuse herself from this hearing. Ms. Robinson said they would prefer that she do so.

Member McCormick advised that when she was involved with a fair housing agency, there was an issue involving John Farahi. Ms. Robinson said he is the general manager and majority owner in the hotel. Member McCormick said she was not aware of that and would recuse herself. She left the dais and sat in the audience during the hearing.

Ms. Robinson advised that on September 5, 2000, the Atlantis submitted a personal property declaration in the assessed amount of \$6,078,393, which was amended on October 18, 2000 to \$5,037,669. The reason for the change in the amended personal property declaration was a reclassification of certain items from personal property to real property and from real property to personal property, which was based on a segregation study prepared by Marshall and Stevens, Inc. She advised that sales tax was also removed from the reported costs on all items, which is consistent with law.

Appraiser Sokol advised that the taxable value of the personal property placed on the tax rolls for the 2000/01 fiscal year was \$17,366,837, which was the value specified by the Nevada State Board of Equalization last year. The State Board's decision was that the total value of the land, improvements and personal property would not be

higher or lower than \$122.5-million. The Atlantis subsequently submitted an amended declaration that removed the sales tax and contained some reclassifications. He agrees that the sales tax should be removed, but disagrees with the reclassified items such as cable television equipment, wiring, and telephone systems. He also agrees with the State Board that the total taxable value of the property must be set at \$122.5-million. If the personal property were to be reduced, there would need to be an equal increase in either the land or improvements to stay within the State Board's decision of value for 2000/01. He does not believe the Assessor's Office has the authority to arbitrarily change a decision rendered by the State Board.

Upon inquiry of Chairman O'Brien, Legal Counsel Admirand advised that her opinion is the County Board has the authority to determine the appropriate value for the personal property and can hear the petition.

Upon inquiry of Member Fox, Appraiser Sokol advised that he would place the taxable value of the personal property at \$14,392,480 based on the declaration submitted September 5, 2000 and deducting the sales tax from the reported items.

Mark Stafford, Appraiser involved with the real property portion of the subject, responded to questions concerning this Board's decision last year regarding the Atlantis Casino and the subsequent appeal of that decision by the Petitioner to the State Board. He referred to the State Board minutes concerning the subject setting forth the land, improvement, and personal property values to get to the \$122.5-million taxable value for the 2000 roll. He noted the State's amended motion stated that if the Assessor and Petitioner could not agree on the personal property for the Atlantis it was to be valued at \$25-million and the real estate was to be valued at \$97.5-million. Appraiser Sokol accepted the Atlantis declaration and the State Board fashioned numbers around it.

In rebuttal, Ms. Robinson said she believes this Board's obligation is to determine whether the assessed value of the personal property is correct. She does not believe it is this Board's obligation to try to balance the real property and the personal property and everything else. She urged the Board to look at what it believes is actual value of the personal property, and based on that decision the other things will fall off through the pending litigation.

Richard Cooley, Chief Financial Officer, Atlantis Casino Resort, reviewed issues concerning the amended declaration. He said the reclassified items included things such as ceiling tiles, lighting systems, emergency generation, power equipment, conduits within the walls, wire in the walls for telephone systems, television, movie systems, telephone systems within the rooms, etc. Errors were made on the original declaration filed in September and the asset segregation study was not complete at that time. After reviewing the asset segregation study, he determined that these items were real property.

Chairman O'Brien noted there is not much disagreement on the personal property, but the Assessor is recommending the \$17,366,837 set by the State based on the

Petitioner's original declaration be upheld in order to be in compliance with the State Board's decision.

Appraiser Sokol commented that the overall picture is the value of the entire property must be \$122.5-million as set by the State. The questions then would be (1) whether this Board has the authority to overturn a value placed on the property by the State Board of Equalization, (2) if so, must this Board also increase the land and improvements by the same amount, and (3) can this Board increase the land and improvements when no appeal has been filed.

Legal Counsel Admirand stated that it is her opinion the only issue before this Board is to determine whether the personal property is assessed correctly.

Ben Farahi, duly sworn, discussed issues concerning the value of the property. He advised that after going through the calculations for this year, their opinion of value of the real property is \$111-million. The difference was not that great so they did not appeal the Assessor's value. He noted for the past 30 years they have been paying personal property tax on sales tax and mistakes have happened on both sides.

* * * * *

Member Obester left the meeting.

The Chairman closed the hearing.

Chairman O'Brien stated that the personal property is something the Assessor and Petitioner can agree on and should be addressed at this time. The value of the property can be addressed at the next opportunity to do so.

Member Fox noted the Petitioner says the personal property value should be \$14,390,000 and the Assessor's value is \$14,392,480, so there is very little difference between the two numbers. He stated that Appraiser Sokol has been doing personal property calculations for many years and, although his number is slightly higher than the Petitioner's, he believes it represents an accurate figure based on his review of the declaration.

Based on the FINDINGS that the Assessor's taxable value and Petitioner's opinion of value are similar, and personal property is the only value being considered at this time, on motion by Member Fox, seconded by Member Nadel, which motion duly carried, it was ordered that the taxable value of personal property of the Atlantis Casino Resort/Golden Road Motor Inn, Inc., I. D. No. 2/285-003, be reduced from \$17,366,837 to \$14,392,480. The Board made the finding that the personal property is correctly valued and the total taxable value does not exceed full cash value.

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Member McCormick returned to the dais.

01-25E

HEARING NO. WORLDWIDE FLIGHT SERVICES
PERSONAL PROPERTY I.D. NO. 2/102-652

A Petition for Review of Assessed Valuation received from Worldwide Flight Services protesting taxable valuation on personal property located at 2001 East Plumb Lane, Reno, Washoe County, Nevada, was set for consideration at this time.

Thomas Sokol, Assistant Chief Deputy Assessor, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I, and E-Mail List, Exhibit II, and oriented the Board as to the location of subject property. He advised that the taxpayer claims the business location was closed and all equipment was re-located on June 30, 2000. The declaration was signed on July 29, 2000 and lists the costs of the personal property as of July 1, 2000. No documentation of business closure or removal of the equipment could be obtained from any of the principals to indicate the property was not at the business location on the lien date.

The Petitioner was not present.

The Chairman closed the hearing.

Based on the FINDINGS that the Declaration lists the personal property located at 2001 East Plumb Lane as of July 1, 2000, as evidenced by the Assessor, and no evidence has been submitted to show otherwise, on motion by Member Nadel, seconded by Member McCormick, which motion duly carried, it was ordered that the taxable value or personal property for Worldwide Flight Services, I. D. No. 2/102-652, in the amount of \$434,800 be upheld. The Board made the finding that the personal property is correctly valued and the total taxable value does not exceed full cash value.

01-26E

HEARING NO. 5 – LOOMIS ASSOCIATES/SUSAN K. BURTON
PERSONAL PROPERTY I.D. NO. 2/303-060

A Petition for Review of Assessed Valuation received from Loomis Associates/Susan K. Burton protesting taxable valuation on personal property located at 4203 Baker Lane, Reno, Washoe County, Nevada, was set for consideration at this time.

* * * * *

Member Nadel temporarily left the meeting.

Thomas Sokol, Assistant Chief Deputy Assessor, duly sworn, submitted Assessor's Fact Sheets, Exhibit I, and oriented the Board as to the location of subject property. He advised that the taxpayer has provided evidence that the personal property was inoperable and was discarded prior to the July 1, 2000 lien date. The Assessor's office recommends that the personal property be reduced to zero. He noted the business ceased operations in October, 2000.

The Petitioner was not present.

The Chairman closed the hearing.

Based on the FINDINGS that the personal property was inoperable and discarded prior to the July 1, 2000 lien date, as evidenced by the Assessor and the Petitioner, on motion by Member McCormick, seconded by Member Fox, which motion duly carried, it was ordered that the taxable value of personal property of Loomis Associates/Susan K. Burton, I. D. No. 2/303-060, be reduced from \$7,011 to \$ - 0 -.

01-27E HEARING NO. 6 – POTLACH, INC.
PERSONAL PROPERTY I.D. NO. 2/500-618

A Petition for Review of Assessed Valuation received from Potlatch, Inc. protesting taxable valuation on personal property located at 625 Greg Street, Sparks, Washoe County, Nevada, was set for consideration at this time.

Thomas Sokol, Assistant Chief Deputy Assessor, duly sworn, submitted Assessor’s Fact Sheets, Exhibit I, and oriented the Board as to the location of subject property. He advised the taxpayer indicated they made a factual error in completing their personal property declaration by incorrectly reporting the property acquisition year and cost, and the information provided with their appeal supports their claim. The Assessor recommends the taxable value be reduced from \$83,000 to \$5,809 based on a recalculation of the value using correct acquisition year and original cost in accordance with NAC 361.134.

The Petitioner was not present and submitted Letter dated 11/29/00 with Personal Property Declaration, Exhibit A, and Letter dated 8/29/00 with attachment, Exhibit B.

* * * * * * * * * *

Member Nadel returned to the meeting.

The Chairman closed the hearing.

Based on the FINDINGS that evidence has been presented by the Petitioner and Assessor to support the taxpayer's claim that errors were made on their Personal Property Declaration and a recalculation is appropriate, on motion by Member Fox, seconded by Member McCormick, which motion duly carried with Member Nadel abstaining, it was ordered that the taxable value of personal property of Potlatch, Inc., I.D. No. 2/500-618, be reduced from \$83,000 to \$5,809. The Board made the finding that the personal property would then be correctly valued and the total taxable value does not exceed full cash value.

01-28E

HEARING NO. 7 – AMERICAN STRUCTURAL COMPOSITES
PERSONAL PROPERTY I.D. NO. 2/117-444

A Petition for Review of Assessed Valuation received from American Structural Composites protesting taxable valuation on personal property located at 905 Southern Way, Suite 201, Sparks, Washoe County, Nevada, was set for consideration at this time.

Thomas Sokol, Assistant Chief Deputy Assessor, duly sworn, submitted Assessor's Fact Sheets, Exhibit I, and oriented the Board as to the location of subject property. He advised the taxpayer claimed the original Declaration filed was incorrectly completed and provided a "Fixed Asset Detail" listing to support their claim. Based on the information provided by the taxpayer and review by the Assessor, it is recommended the taxable value of the personal property be reduced from \$795,551 to \$660,811.

The Petitioner was not present and submitted a Fixed Assets Report, Exhibit A.

The Chairman closed the hearing.

Based on the FINDINGS that the Assessor and the Petitioner have provided evidence that the original Declaration was incorrectly completed and the taxable value should be reduced, on motion by Member Nadel, seconded by Member McCormick, which motion duly carried, it was ordered that the taxable value of personal property of American Structural Composites, I.D. No. 2/117-444, be reduced from \$795,551 to \$660,811. The Board made the finding that the personal property would then be correctly valued and the total taxable value does not exceed full cash value.

01-29E

HEARING NO. 9 – GDC CONSTRUCTION, INC.
PERSONAL PROPERTY I.D. NO. 2/461-286

A Petition for Review of Assessed Valuation received from GDC Construction, Inc. protesting taxable valuation on personal property located in Reno, Washoe County, Nevada, was set for consideration at this time.

Thomas Sokol, Assistant Chief Deputy Assessor, duly sworn, submitted Assessor's Fact Sheets, Exhibit I, and oriented the Board as to the location of subject property. He advised the taxpayer has been reporting a licensed vehicle on their personal property declaration since 1991 and has provided copies of the valid vehicle registration certificate from the Nevada Department of Motor Vehicles. Since the vehicle should not have been reported as personal property and this would result in double taxation, the Assessor recommends the taxable value be reduced from \$7,080 to \$711.

The Petitioner was not present and submitted DMV Vehicle Registration Certificates, Exhibit A.

The Chairman closed the hearing.

Based on the FINDINGS that the vehicle should not have been reported as personal property, as evidenced by the Petitioner and the Assessor, on motion by Member Nadel, seconded by Member McCormick, which motion duly carried, it was ordered that the taxable value of personal property of GDC Construction, Inc., I.D. No. 2/461-286, be reduced from \$7,080 to \$711. The Board made the finding that the personal property would then be correctly valued and the total taxable value does not exceed full cash value.

MINUTES

Following discussion, on motion by Member Fox, seconded by Member Nadel, which motion duly carried, with Member McCormick abstaining because she was not present at the meeting, it was ordered that the minutes of the Board of Equalization Orientation meeting of December 13, 2000 be approved.

PUBLIC COMMENT

Member Fox requested that the District Attorney provide wording to use on personal property motions because the wording they currently have does not address personal property. Member McCormick objected, stating the way it set up now, the Board does not even make a motion. She stated she believes the standard wording may technically meet the requirement of law, but does not think the Board is actually making an informed decision and stating its true opinion. Member O'Brien stated he believes standard language is important for consistency.

Legal Counsel Admirand stated this should not be debated under public comment. She has received the comments and will provide something for the Board. The members can choose whether or not to use the recommendation, as it is not mandatory. However, if the Board wishes to debate the issue further, it should be scheduled as an agenda item.

* * * * *

4:45 p.m.: There being no further hearings or business to come before the Board, the Board recessed until Thursday, February 22, 2001, at 9:00 a.m.

JAMES O'BRIEN, Chairman
Washoe County Board of Equalization

ATTEST: AMY HARVEY, County Clerk

*Minutes Prepared by:
Sharon Gotchy and Barbara Trow,
Deputy County Clerks*

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

THURSDAY

9:00 A.M.

FEBRUARY 22, 2001

PRESENT:

James O'Brien, Chairman
Marcia McCormick, Vice Chairman
F. Ronald Fox, Member
David Nadel, Member
John Obester, Member

Nancy Parent, Deputy Chief County Clerk
Leslie Admirand, Deputy District Attorney
Steve Churchfield, Chief Appraiser

The Board met pursuant to a recess taken on February 14, 2001, in the Auditorium of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. The meeting was called to order by Chairman O'Brien, the Clerk called the roll, and the Board conducted the following business:

WITHDRAWALS

The following Petition scheduled for today's 10:30 Block was withdrawn: Hearing No. 75, Credit Suisse Leasing/Home Depot.

9:00 A.M. - BLOCK

01-30E TAX ROLL CHANGE REQUESTS – DECREASES

Following discussion, on motion by Member Fox, seconded by Member Nadel, which motion duly carried, Chairman O'Brien ordered that roll change requests Nos. 83 through 133, resulting in decreases and placed on file with the Clerk, be approved for the reasons stated thereon.

01-31E HEARING NO. 18 – DOODLE INVESTMENTS LP
PARCEL NO. 011-173-07

A petition for Review of Assessed Valuation received from Doodle Investments LP, Dean Smith, protesting taxable valuation on land zoned PO, and designated Office Commercial, located at 131 Ryland, Reno, Washoe County, Nevada, was set for consideration at this time.

Mark Stafford, Appraiser, duly sworn, submitted Exhibit I, Assessor's Fact Sheet(s) and Maps, pages 1 through 9, and oriented the Board as to the location of subject

property. He advised the property was reappraised for the 2000 tax year and the Petitioner is appealing the 2001 value. He said the reason the valuation has gone up in the amount that it has is because the land was previously appraised as a Single Family Residence, and he appraised it as commercial, which is its current use. Mr. Stafford noted the current zoning requirement makes this a difficult space to lease for anything other than an office.

Dean Smith, Petitioner, was sworn, and the Board reviewed Exhibit A, Lease Agreements, as attached to each of the petitions. He testified that the property has been used as an office for the last ten years. The Center Street Mission currently leases the office for \$1000 per month and pays the utilities, while the property owner pays the taxes and insurance. Mr. Smith said the income approach needs to be considered when appraising this building.

The Chairman closed the hearing.

Based on the FINDINGS that the land and improvements were correctly valued and that total taxable value does not exceed full cash value as evidenced by the Assessor's comparable sales, on motion by Member Nadel, seconded by Member McCormick, which motion duly carried, it was ordered that the taxable value of land and improvements of \$89,294.00 on Parcel No. 011-173-07 be upheld.

01-32E HEARING NO. 24 – NEW DAWN CORP/MT. ROSE
DEVELOPMENT CO. – PARCEL NO. 048-112-05

A petition for Review of Assessed Valuation received from Mt. Rose Development Co. c/o Stephen C. Mollath, protesting taxable valuation on land and improvements on property zoned A-R, and designated Resort, located at 21333 State Route 723, Washoe County, Nevada, was set for consideration at this time.

Theresa Wilkins, Appraiser, duly sworn, submitted Exhibit I, Assessor's Fact Sheet(s) and Maps, pages 1 through 8, and oriented the Board as to the location of subject property. She stated the property was inspected in February 2001 and found that the building suffers from substandard construction, but she believes the building is appropriately classified. Ms. Wilkins advised this property was previously on the tax roll as a park, which is exempt from taxes and this is the first year taxes have to be paid on the property. She said the Petitioner's attorney, Stephen Mollath, has been in contact with her and agreed with the recommendation.

Petitioner was not present, and the Board reviewed Exhibit A, a letter dated January 12, 2001, and Exhibit B, a Summary Appraisal conducted by William Kimmel & Associates, as attached to each of the petitions.

The Chairman closed the hearing.

Following discussion, based on the FINDINGS that fair market has been exceeded as evidenced by the Assessor and Petitioner, on motion by Member Nadel, seconded by Member McCormick, which motion duly carried with Member Obester voting “no,” it was ordered that the taxable value of land be reduced from \$574,800.00 to \$344,880.00 and the taxable value of improvements be reduced from \$322,242.00 to \$192,123.00 for a total taxable value of \$537,003.00 on Parcel No. 048-112-05, as recommended by the Assessor with concurrence of the Petitioner. The Board made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

01-33E HEARING NO. 33 – GEORGE BARTA HIDE CO. ET AL
PARCEL NO. 012-231-26

A petition for Review of Assessed Valuation received from George Barta Hide Co., Leslie P. Barta et al, protesting taxable valuation on land and improvements on property zoned IC, and designated Commercial, located at 280 Greg Street, Reno, Washoe County, Nevada, was set for consideration at this time.

Ron Sauer, Appraiser, duly sworn, submitted Exhibit I, Assessor's Fact Sheet(s) and Maps, pages 1 through 59, and Exhibit II, Photographs, 8 pages, and oriented the Board as to the location of subject property.

Petitioner was present and submitted Exhibit A, a Letter dated 1/3/01, Exhibit B, a Letter to the Board of Equalization, pages 1 through 26, and Exhibit C, Contents of Evidence, pages 1 through 213, and Exhibit D, a Letter Authorizing Gordon Muir to Represent the Petitioner.

Leslie Admirand, Legal Counsel, advised Mr. Muir to limit the testimony and evidence presented today to the 2001/2002 secured roll, because that is the issue before the Board.

Gordon Muir, Attorney at Law, said the issue before the Board is whether or not Mr. Barta's property is being taxed fairly and justly in comparison to other comparable properties. He reviewed the construction costs and aesthetics of several comparable properties with the petitioner's property at 280 Greg Street. The closest comparable property is located at 4900 Mill Street, which has a 2.5 quality class. Mr. Muir said this property has been unfairly and unjustly taxed because the appraiser has incorrectly added the site improvements to the land and the quality class is not justified. He inquired if there were any other properties in the County where the site improvements were added to the value of the land.

Leslie Barta, Petitioner, stated that the building on 4900 Mill Street was built approximately one year before the building on 280 Greg Street. He said one of the documents submitted to the Board is a cost analysis sheet (filled out by Ribeiro Corporation) which shows how the cost was arrived at for the 4900 Mill Street property. Member Fox said there are all kinds of costs estimates and cost reporting and it depends on the

purpose of which costs you report and which costs you do not. He has quickly perused the document and noticed some costs included in Marshall Swift that are not listed on the document submitted by the Petitioner.

Mr. Muir said the same things have to be considered when comparables are being compared. Member Fox said when the improvement value is computed the appraiser follows Marshall Swift, not what is on the construction costs document. If the Petitioner wants to compare Ribeiro Corporation's numbers to Marshall & Swift numbers, the same basis has to be used and the same items included.

Mr. Barta said the Ribeiro Corporation built both buildings at 4900 Mill Street and 280 Greg Street, and they are both office and warehouse complexes. They were built for the exact same market with rents being almost identical. Member Fox said that is a very significant point.

Member Fox said he would like an explanation from the appraiser on why the comparables, shown on page 11 of the petitioner's documents, all have a 2.0 and 2.5 quality class except for Mr. Barta who has a 3.0. He said he would like to know why there is a classification differential, how the land value was arrived at, and where off-site and on-site improvements are added and accounted for in the appraisal.

Mr. Sauer reminded the Board that both the County and State Board of Equalizations reviewed the subject property, and at all four of those hearings the taxable value established by the Assessor's office was upheld. He noted the petitioner had filed for a judicial review in District Court for the 1999 tax year, which was denied although the ruling may be appealed to the Nevada Supreme Court; and that the 2000 petition is still pending in District Court. Mr. Sauer said the document submitted by the petitioner listing the construction costs for 4900 Mill Street building is not the document the Assessor's office sent out. The first time they saw that document was when the petitioner provided it with his exhibits at last year's equalization hearing. Mr. Sauer advised the construction cost document on page 14 of 59 of the Assessor's Fact Sheets was filled out by Mr. Ribeiro and includes a notation that says the off-site costs were exceptionally high due to the location of the gas/water main 1000 feet away. Additionally, the developer was required to install a left-hand turn lane from Greg going south. According to Marshall Evaluation Service Commercial Cost Estimator Section 1 page 4, off-site costs including roads, utilities, park fees, jurisdictional hook-ups, tap-ins, impact or entitlement fees and assessments are not included in the Marshall & Swift cost of the building, they are in the cost of the land. The Assessor's office does this consistently for land valuation purposes but sometimes they do not always have this information. He explained how each of the comparables was classed and why.

Chairman O'Brien asked if there was a breakdown of the site improvements totaling \$173,746.16. Mr. Sauer responded that there was not.

Member Fox asked if additional costs such as curbs, gutters, sidewalks, etc. are customarily added to the actual purchase price of the raw land, and if so, was that

procedure done consistently with the petitioner's property. Mr. Sauer responded yes, they do add the land and yes, it was done consistently with the petitioner's property.

Member Obester asked if Sale 1 and Sale 6 (the same property) on page 8 of 59 of the Assessor's Fact Sheets was an arms-length transaction. Mr. Sauer said everything indicates that it was. Chairman O'Brien said it is really not a good comparable because it has a different land use. Member Fox said that property was suitable for a convenience market and the petitioner's property is not, and he agrees that it is not a good comparable.

Mr. Muir said the Assessor needs to equalize all the properties in the area with the subject property and he does not believe 280 Greg Street should be a 3.0 quality class. Mr. Muir advised that the total cost for off-site improvements was \$34,000, and noted that no other property other than the petitioner's property received a 53 percent increase.

Member McCormick asked where the construction cost sheet concerning the 4900 Mill Street building came from. Mr. Barta said he got a blank sheet from Ernie McNeil at the Assessor's office and he asked the Ribeiro Corporation to fill it out. He provided it as an exhibit during his appeal to the Board of Equalization last year.

The Chairman closed the hearing.

Member Nadel said the information and testimony received today is a continuation of what they previously received and heard.

Member McCormick said she could support the recommendation by the Assessor's office because even if they eliminate the off-site improvements, she believes the land value is comparable.

Member Fox said the testimony is basically the same as last year. Member Fox said there are other flex buildings in the County that have not been reappraised yet, but when they are reappraised, who is to say they will not be classed at 3.0 or higher. He stated he is satisfied with the explanation from the Assessor's office regarding the 3.0 quality class.

Chairman O'Brien said with respect to the land value, he believes it is properly valued but does believe the quality class should be a 2.5. He stated that the subject property fits more with the 2.5 quality class of the other properties presented, which would result in a lower taxable value for the improvements. Chairman O'Brien said most of the comparables presented today by both the Assessor and Petitioner are less than 3.0 quality class; and that the Petitioner did provide some comparables that were 3.0 and those properties are superior to the subject property.

Member Nadel said he could support a change in quality class from 3.0 to 2.5, because there is a sufficient element of doubt between the two.

Following discussion, based on the FINDINGS that the land and improvements were correctly valued and that total taxable value does not exceed full cash value as evidenced by both the Assessor and Petitioner, on motion by Member Obester, seconded by Member McCormick, which motion duly carried with Member Nadel and Chairman O'Brien voting "no," it was ordered that the total taxable value of \$2,189,399.00 on Parcel No. 012-231-26 be upheld.

* * * * *
Member Obester left the meeting.
* * * * *

10:30 A.M. BLOCK

**01-34E HEARING NO. 17 – 505 MCCARRAN PARTNERS LLC – APPEAL
FILED BY: OTR C/O TARGET CORP. PROP. TAX DEPT
PARCEL NO. 033-152-05**

A petition for Review of Assessed Valuation received from OTR c/o Target Corp. Property Tax Department protesting taxable valuation on land and improvements on property zoned C2, and designated Discount Store, located at 589 Prater Way, Sparks, Washoe County, Nevada, was set for consideration at this time.

Chris Mumm, Appraiser, duly sworn, submitted Exhibit I, Assessor's Fact Sheet(s) and Maps, pages 1 through 11, and oriented the Board as to the location of subject property.

Gary Crump, Manager Real Estate Taxes, on behalf of Target Corp., was sworn, and submitted Exhibit A, Valuation Review Worksheet pages 1 through 9. He stated they agree with the cost calculation on the improvements, but they disagree with the dollar amount per square foot on the land value. He reviewed the comparables in the same area as the Target Store. Mr. Crump stated that Mr. Mumm informed him the amount the shopping center sold for was approximately \$16,250,000. They believe the land value for the Target site is around \$7 to \$8 per square foot, which correlates with the income approach. Mr. Crump said retail space comparables are typically higher than the anchor tenant land value, because of different land use. The Petitioner pays \$475,000 per year in contract rent, which is a triple net lease, which breaks down to about 38 cents per square foot. He agreed that if the rent was negotiated today it would be higher, and advised the property is leased through May 2000 and has 6, 5 year options.

Chairman O'Brien inquired what the difference was between the income approach submitted today and the one submitted previously. Mr. Crump said they are dealing with a new year and a different sales volume that was achieved and he believes the document submitted today is more appropriate.

Mr. Mumm said the subject property is 104,365 square feet at \$70.54 a square foot, which totals \$7,362,266. He reviewed the Assessor's comparables as well as

the income approach with the Board. The Petitioner believes the best indicator of the land sales is Albertson's, at \$9.50 per square foot, but this included parking lot improvements at about \$1.00 per foot, so they adjusted that down to \$8.25 per square foot in 1992. In April of 1998, the Eagle Hardware site on Oddie Boulevard, which is a 10-acre site very similar in size to the subject property, sold for \$8.25 per square foot.

Mr. Crump said supermarkets tend to rent at a rate higher than a discount store. It could be anywhere from 10 percent to 25 percent depending on how good the location is.

The Chairman closed the hearing.

Member McCormick disclosed that she is a shareholder in Target Corporation stock. Legal Counsel Admirand advised there is no problem with Member McCormick voting.

Member Fox said he does not have a problem with the land value, but maybe they should take a look at the income approach and see if the total taxable value exceeds the total market value. He said there are still vacant buildings in the shopping center where the Eagle Hardware store is located, so he does not believe that location is as good as the shopping center where Target is located.

Chairman O'Brien said he could accept the \$9.00 per foot on the land but he does have an issue with the income approach and the total value. He said the appraiser reviewed comparable stores and what they were renting for, and the property owner used the existing sales from the store.

Based on the FINDINGS that obsolescence should be applied as evidenced by the Assessor and Petitioner's comparable sales and income approach, on motion by Member Fox, seconded by Member McCormick, which motion duly carried, it was ordered that the taxable value of land remain at \$4,068,990, and the taxable value of improvements be reduced from \$3,293,276 to \$2,756,010 with a total taxable value of \$6,825,000 on Parcel No. 033-152-05. The Board made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

01-35E HEARING NO. 25A & 25B – CAMINO VIEJO INVESTMENTS
LCC – PARCEL NO. 086-380-08 AND 086-380-09

A petition for Review of Assessed Valuation received from Camino Viejo Investments, LLC protesting taxable valuation on land zoned SFR6/AC, and designated vacant and under developed, located at Sky Vista Parkway, Lemmon Valley, Washoe County, Nevada, was set for consideration at this time.

Josh Wilson, Appraiser, duly sworn, submitted Assessor's Fact Sheet(s) and Maps, Exhibit I, pages 1 through 14, for Parcels 086-380-08 and 09, and oriented the

Board as to the location of subject property. He said the Assessor's office will be making a recommendation for a reduction and the Petitioner is in agreement. The subject parcel consists of 69.33 acres with approximately 55.838 acres zoned SFR6-Residential and 13.492 acres zoned AC-Commercial. Sierra Pacific Power Company has advised they will not bring the property into the service territory without upgrading the Stead area water feed line at a cost of approximately \$12 million. The cost of upgrading the line is placed on the entity requesting the service, not Sierra Pacific Power Company. Mr. Wilson said in valuing the parcel's residential acres, the Assessor's office took into consideration the complex water problems, and found comparable sales with similar water problems. Mr. Wilson advised that with the subject's mixed zoning it was necessary to value the area zoned commercial separately from the residential.

In response to Member Fox's inquiry, Mr. Wilson noted the property owners initiated the split so they could sell Parcel No. 086-380-07 to Smith's Food and Drug Store. He advised that parcel, and only that parcel, would be able to receive water from another store's water infrastructure nearby.

Steve Buck, Petitioner, duly sworn, submitted Exhibit A, a letter from Sierra Pacific Power Company dated December 18, 2000. He stated he is in agreement with the Assessor's recommendation and advised the land has not been developed because there is no water available.

The Chairman closed the hearing.

Based on the FINDINGS that a reduction is appropriate based on the Assessor's evidence of water not being available at this time, on motion by Member McCormick, seconded by Member Fox, which motion duly carried with Member Nadel voting "no," it was ordered that the total taxable value be reduced from \$1,817,943.00 to \$811,064.00 with residential land valued at \$223,352.00 and commercial land valued at 587,712.00 on Parcel No. 086-380-08 as recommended by the Assessor with concurrence of the Petitioner. The Board made the finding that the land would then be correctly valued and the total taxable value does not exceed full cash value.

Based on the FINDINGS that a reduction is appropriate based on the Assessor's evidence of water availability, parceling the property and the comparables, on motion by Member McCormick, seconded by Member Fox, which motion duly carried with Member Nadel voting "no," it was ordered that the total taxable value be reduced from \$2,615,220.00 to \$973,750.00 with residential land valued at \$178,052.00 and commercial land valued at \$795,198.00 and the 12.572 acres of Sky Vista Parkway valued at \$500.00 on Parcel No. 086-380-09 as recommended by the Assessor with concurrence of the Petitioner. The Board made the finding that the land would then be correctly valued and the total taxable value does not exceed full cash value.

2:00 p.m. The Board recessed.

3:00 p.m. The Board reconvened with all members present, including Member Obester.

3:00 P.M. BLOCK

01-36E **HEARING NO. 21 – DENNIS & DARLENE CUNNINGHAM -
PARCEL NO. 079-400-02**

A petition for Review of Assessed Valuation received from Dennis and Darlene Cunningham protesting taxable valuation on land, zoned A-5, and designated vacant, located at 1240 Bullion Hill Road, Reno, Washoe County, Nevada, was set for consideration at this time.

Chuck Bailey, Appraiser, was sworn, submitted Assessor's Fact Sheet(s) and Maps, Exhibit I, pages 1 through 12, and oriented the Board as to the location of subject property, being a 169-acre parcel in Red Rock Estates.

Dennis and Darlene Cunningham, Petitioners, were sworn, submitted a Nevada Division of Forestry (NDF) Reforestation Bid, Exhibit A, and testified that when they purchased the property in 1990, a portion of it had been burned in 1974; that in 1992 they were the first in the area to do reforestation by planting new trees, shrubs, grasses, etc.; and that the 1999 fire completely destroyed all that work. They stated it will now cost over \$20,000 to redo it all again, and NDF has advised them that there will probably not be any federal funding available this year. Mr. Cunningham also discussed the cost of bringing power to the property and other adverse factors in building a home on the property. The Cunninghams responded to questions from the Board concerning the NDF stewardship program, the extent of the fire damage with the loss of several 200-year old junipers, and the steep topography. Pictures of subject property from the Assessor's file were submitted as Petitioner's Exhibit B, which were examined by Board members. Mr. Cunningham stated the property would be worth \$50,000 if it had not burned.

Appraiser Bailey explained how subject property was reappraised in 1997 and the factors that have been applied each year since then, noting there was no factor applied in 2000 because of the 1999 fire, and stated the area will be reappraised in 2002. He also reviewed sales of comparable properties, which indicated that the Assessor's taxable value does not exceed market value, and responded to questions.

In rebuttal, Mr. Cunningham emphasized the fire damage to his property and access problems.

The Chairman closed the hearing.

During Board deliberation, Members Obester and Nadel expressed that they believed an adjustment would be warranted due to the fire damage. Other Board

members stated the comparable sales indicate similar properties are reselling since the 1999 fire and the values do not appear to have diminished.

Based on the FINDINGS that the taxable value does not exceed fair market value as evidenced by the Assessor's comparable sales and that the land is valued correctly, on motion by Member McCormick, seconded by Member O'Brien, which motion duly carried with Members Obester and Nadel voting "no," it was ordered that the taxable value of land on Parcel No. 079-400-02 be upheld.

**01-37E HEARING NO. 65A - I - CIRCUS-CIRCUS - PARCELS NOS.
07-213-27, 07-215-31, 07-261-12, -21, -23, -28 & -29, 07-262-19 & -26**

A petition for Review of Assessed Valuation received from Circus-Circus Casinos, Inc., protesting taxable valuation on land and improvements, zoned HCD, and designated Hotel/Casino, located at 500 North Sierra Street, Reno, Washoe County, Nevada, was set for consideration at this time.

Mark Stafford, Appraiser, duly sworn, submitted Assessor's Fact Sheet(s) and Maps, Exhibit I, pages 1 through 17, and oriented the Board as to the location of subject property. Appraiser Stafford explained that the Assessor's total taxable value for the Circus-Circus parcels is \$177,385,968, which includes over \$12,000,000 in personal property. He stated subject properties underwent a major renovation in 1998; they added a new parking garage; and over \$80-million was spent remodeling and upgrading every square foot of the property. Appraiser Stafford then reviewed comparisons of subject to other casino properties as well as gaming revenue statistics noting that revenues for subject property have steadily increased the last three years. The financial statements were reviewed and a lengthy discussion ensued concerning the cap rate.

Member Fox asked about the personal property pointing out that the Board recently conducted a hearing on personal property at the Atlantis Hotel/Casino, a smaller property, yet the value placed on that personal property was more than the recommended value for the Circus-Circus. Appraiser Stafford explained that personal property is actually an accounting function rather than an appraisal function; that personal property values depend on the cost and age of each item; and that when the Petitioner submits their personal property declaration, it will be reviewed by the Personal Property Division. Appraiser Stafford further stated that, if the Board agrees with his recommendation to reduce some of the improvement values due to obsolescence, the property will be reviewed annually to be sure the obsolescence still applies.

Les Martin, Vice President Mandalay Resort Group, Petitioner, was sworn, and testified that they will accept the Assessor's recommended values. Income and Expense Statements, Exhibit A, had been submitted with the petition, and were reviewed and discussed by the Board.

The Chairman closed the hearing.

Member Obester stated \$17-million is a huge adjustment and he does not think the cap rate is clear from the Assessor’s comparable sales. Members O’Brien and McCormick expressed that the cap rate seems consistent with other hearings and prior years. Member Fox stated, while it is difficult to develop the cap rate since sales of casino properties are rarely clean sales, the 18 percent has been widely accepted for some time.

Member Obester argued that properties are to be appraised using the cost approach. Member Fox expressed a concern with setting the value of the personal property in this manner.

Based on the FINDINGS that obsolescence should be applied to certain improvements as recommended by the Assessor and agreed to by the Petitioner, on motion by Member Nadel, seconded by Member McCormick, which motion duly carried with Members Fox and Obester voting “no,” it was ordered that the total taxable value of land, improvements and personal property for Circus-Circus-Reno be set at \$160,000,000 as follows:

<u>Hearing</u>	<u>Parcel No.</u>	<u>Land Value</u>	<u>Imp. Value</u>	<u>TOTAL</u>
65A	007-213-27	\$3,830,220	\$ 112,989	\$ 3,943,209
65B	007-215-31	7,688,484	10,387,204*	18,075,688 (*Imp reduced \$5,000,000 due to obsolescence – Parking Garage)
65C	007-261-12	222,700	2,623,874	2,846,574
65D	007-261-21	1,012,500	11,020,273	12,032,773
65E	007-261-23	2,242,500	2,705,539	4,948,039
65F	007-261-28	5,847,100	35,869,904	41,717,004
65G	007-261-29	514,800	5,695,798	6,210,598
65H	007-262-19	993,750		993,750
65I	007-262-26	14,641,313	42,582,563	57,223,876 (Imp reduced \$12,385,968 due to obsolescence – Main Casino)

TOTAL REAL ESTATE	\$36,993,367	110,998,144	\$147,991,511
PLUS UNSECURED PERSONAL PROPERTY			<u>12,008,489</u>
TOTAL TAXABLE VALUE			\$160,000,00

The Board found that subject property would then be valued correctly and that the total taxable value does not exceed full cash value.

PUBLIC COMMENTS

There was no response to the call for public comments.

* * * * *

5:15 p.m. There being no further hearings or business to come before the Board, the Board recessed until February 26, 2001, at: 9:00 a.m.

JAMES O'BRIEN, Chairman
Washoe County Board of Equalization

ATTEST: **AMY HARVEY**, County Clerk

*Minutes Prepared By:
Jeraldine Magee and Sharon Gotchy
Deputy County Clerks*

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

MONDAY

9:00 A.M.

FEBRUARY 26, 2001

PRESENT:

James O'Brien, Chairman
Marcia McCormick, Vice Chairman
F. Ronald Fox, Member
David Nadel, Member
Jon Obester, Member

Nancy Parent, Chief Deputy County Clerk
Leslie Admirand, Deputy District Attorney
Steve Churchfield, Chief Appraiser

The Board met pursuant to a recess taken on February 22, 2001, in the Auditorium of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. The meeting was called to order by Chairman O'Brien, the Clerk called the roll, and the Board conducted the following business:

9:00 A.M. BLOCK

01-38E TAX ROLL CHANGE REQUESTS - INCREASES

9:00 a.m. This was the time set in a Notice of Public Hearing to act on increases of assessed valuation, pursuant to notification given to affected taxpayers by certified mailing, and providing an opportunity for anyone to appear concerning the increases.

Chairman O'Brien advised that a review of the roll change requests indicates the changes are based on either clerical or factual errors.

Chairman O'Brien opened the public hearing and called on anyone wishing to speak regarding the increases of assessed valuation on their properties.

Catherine Fronk, (RCR No. 7), duly sworn, questioned why her 40-year old house is being assessed at a higher level. The house has single-pane windows, no insulation, and a new sewer line is needed. Of all the houses in the neighborhood that are the same model as hers, she is the only property owner that received an increase notice.

Doug Dufva, Appraiser Analyst, Assessor's Office, duly sworn, advised that the Assessor's office discovered that the wrong method had been used on some bi-level homes. These increases are the result of applying the correct method so that all properties in this category would be costed by the same process.

Chief Appraiser Churchfield noted that the Assessor's office discovered the clerical errors when they were conducting quality control as part of switching over to a new computer software package. Mr. Churchfield then responded to questions of the Board.

In rebuttal, Ms. Fronk advised there are approximately 12 bi-levels on her block and asked why she was the only property owner in her neighborhood that received an increase notice. Mr. Dufva said this is most likely because her property was the only one in the neighborhood that was costed incorrectly. Only property owners that had an incorrect cost would have received the notice, but the method of costing for all those properties would be the same.

Member Fox commented that many of the roll change increases were for the same reason. He believes the Assessor has tried to fairly correct a mistake made in entering new information into their new computer system.

Robert Arneson, duly sworn, (RCR No. 10) said he tried to discuss this issue with the Assessor's office and they could not find his file. His home is a bi-level but his basement is not finished the same as the upstairs, and both levels should not be taxed the same. He responded to questions of the Board concerning the differences between the downstairs and upstairs of his home. He said the bathroom is the only finished room on the lower level, and there is indoor/outdoor carpeting laying on the concrete floor, glued paneling, and no insulation.

Chief Appraiser Churchfield advised that when the Assessor classifies a residence as a bi-level, consideration is given that the lower level is partially unfinished, and this is built into the basic cost factor. There could be small differences in the finish of the lower level of bi-level homes, but on a mass appraisal approach not every small distinction on a house is considered.

Mr. Arneson said that since the Assessor has clarified his home is being assessed as a bi-level he has no argument in that regard. However, he believes the taxes are too high for their area, explaining that apartments are across the street and Wal-Mart is behind them. Upon inquiry of Chairman O'Brien, Mr. Arneson advised he did not have an opinion of what his property is worth, but noted the home is over 40 years old and has the original single-pane windows, furnace and roof.

The Chairman closed the public hearing.

Member Obester stated these properties appear to fall into the same category as most of the other roll change increases and he supports the Assessor's recommendations. Member McCormick commented that it appears these particular properties are now being correctly valued and she can support the Assessor. Member Fox agreed. He said it is unfortunate the property owner's file could not be found, but it is now available, and he hopes the Assessor can reassure the taxpayers of how their property is being appraised. Chairman O'Brien stated it appears the changes are based on factual errors and the Assessor is being consistent in equalizing the values.

Based on the evidence presented by the Assessor's Office and comments made by the taxpayers that appeared today, on motion by Member Nadel, seconded by Member Obester, which motion duly carried, Chairman O'Brien ordered that Roll Change Requests Nos. 1 through 48 resulting in increases, which were placed on file with the Clerk, be approved for the reasons stated thereon. The Board made the finding that the land and

improvements would then be correctly valued and the total taxable value does not exceed full cash value.

01-39E HEARING NOS. 59A & B(R00) – DP OPERATING PARTNERSHIP LP (DERMODY INDUSTRIAL GROUP) - PARCEL NO. 160-010-44

A Petition for Review of Assessed Valuation received from DP Operating Partnership LP/Dermody Industrial Group protesting taxable valuation on improvements for 2001 (59A) and 2000 (59B R00) on property zoned PUD and designated Mega Warehouse, located at 1175 Trademark, Reno, Washoe County, Nevada, was set for consideration at this time.

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Member Nadel temporarily left the meeting.

Ron Sauer, Appraiser, duly sworn, submitted Assessor’s Fact Sheets and Maps for Hearing No. 59A, Exhibit I, pages 1 through 11, and for Hearing No. 59B, Exhibit II, pages 1 through 11, and oriented the Board as to the location of subject property. He advised the Assessor's office is recommending a reduction based on lowering the quality class, and the Petitioner is agreement with their recommendation. The recommended taxable value is the same for both tax years. The property is a 274,085 square-foot mega warehouse. Marshall & Swift defines mega warehouses as those in excess of 200,000 square feet and typically under a 5% build out. The mega warehouse is a relatively new occupancy code implemented by the Assessor's Office for the 2000 reappraisal. Because of the lack of familiarity with this occupancy code, it is felt the Assessor incorrectly estimated the quality class of the subject at 1.5 instead of 1.0. Appraiser Sauer advised their review of the income approach to value was the first indicator that the 1.5 quality class is too high; and that the current taxable value exceeds fair market value. He then reviewed the income approach and discussed comparables, advising there is not a lot of good comparable data for these types of buildings.

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Member Nadel returned to the meeting.

Mr. Sauer then responded to questions of the Board regarding determination of quality class, the triple net lease on the property, the new trend of mega warehouses, etc.

Upon request of Member McCormick, Appraiser Sauer provided a photograph of the subject for the Board's review.

Bruce Story, representing Petitioner, was sworn, and testified that mega warehouses are a new phenomenon and he does not think the Marshall & Swift evaluation process has quite caught up to the true value of these buildings. He advised they have gone through this same process in Storey County and in other parts of the country where they are building similar warehouses. These buildings have small improvements and are used for storing massive quantities. Many companies now want all of their product located in one space in a certain area rather than having smaller warehouses in various locations. Mr. Story responded to questions of the Board concerning the lease, occupancy, percentage of office space, lighting, actual costs, etc.

Member Obester said the comparables indicate the current taxable value is correct. Appraiser Sauer said the best available comparables were used, but they are not very comfortable with the data and believe the income approach is the best indicator of value for this type of property.

Chairman O'Brien agreed that the income approach is the appropriate way to value these properties. He then noted the income approach indicates a higher value than that recommended by the Assessor. Chief Appraiser Churchfield advised that a 1.5 quality class is too high and a 1.0 may be a little low, but quality class does not occur in smaller increments. Chairman O'Brien commented that the Board needs to feel comfortable with their determination of quality class as their decision will set a precedent for these types of properties for a long time. Member Fox said the Board and the Assessor's office should strive to have the correct value utilizing the right data, and he understands their argument that they had the wrong quality class because it results in a taxable value that exceeds full cash value. Further discussion was held concerning quality class issues and Chief Appraiser Churchfield responded to questions.

Mr. Story provided additional information concerning expenses, vacancies, etc.

The Chairman closed the hearing.

Member Obester stated he does not believe the current taxable value exceeds full cash value based on the comparables. He noted the build-out on the subject is 7% and exceeds the 5% criteria for mega warehouses.

Member Fox said he believes the income approach is the best indicator of value on these types of properties, and solid information to support the Assessor's recommendation has been presented based on that approach. He noted the Assessor pointed out he was not very comfortable with the comparable sales that were available, and is satisfied with the Assessor's explanation of why they feel the quality class should be lowered.

Chairman O'Brien stated the 9.5% cap rate is reasonable and within range. He is concerned that the right quality class is placed on the mega warehouses and is consistent with other like properties. He is okay with the 1.0 quality class.

Member McCormick noted the actual cost information provided by the Petitioner of \$6.4-million is somewhat indicative that the subject is not quite built-out, and she can support the Assessor's recommended value.

Based on the FINDINGS that fair market value has been exceeded and the appropriate quality class should be 1.0, as evidenced by the Assessor's income approach and testimony presented by the Petitioner, on motion by Member Fox, seconded by Member McCormick, which motion duly carried with Member Obester voting "no," and Member Nadel "abstaining," it was ordered that the taxable value of land on Parcel No. 160-010-44 for 2001 (Hearing No. 59A) and 2000 (Hearing No. 59B R00) remain at \$2,590,403 and improvements be reduced from \$7,667,817 to \$6,279,739 for a total taxable value of \$8,870,142, as recommended by the Assessor with concurrence of the Petitioner. The Board

made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

**01-40E HEARING NOS. 60A & B(R00)– DP OPERATING PARTNERSHIP
LP - PARCEL NO. 160-640-06**

A Petition for Review of Assessed Valuation received from DP Operating Partnership LP protesting taxable valuation on improvements for 2001 (60A) and 2000 (60B R00) on property zoned PUD and designated Mega Warehouse, located at 1170 Trademark, Reno, Washoe County, Nevada, was set for consideration at this time.

Ron Sauer, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps for Hearing No. 60A, Exhibit I, pages 1 through 11, and for Hearing No. 60B, Exhibit II, pages 1 through 11, and oriented the Board as to the location of subject property. He advised the approach to value concerning this mega warehouse is the same as in the previous hearing, and the Assessor is recommending a reduction based on changing the quality class from 1.5 to 1.0, which is supported by the income approach.

Bruce Story, representing Petitioner, duly sworn, testified that they are in agreement with the Assessor's recommendation. He advised that the subject is 100% leased and is a multi-tenant building; and that the rent is approximately \$.30/sq. ft. triple net with a five-year lease and a five-year option.

The Chairman closed the hearing.

Member O'Brien commented the arguments are basically the same as on the previous property and he believes the subject is appropriately valued.

Based on the FINDINGS that fair market value has been exceeded and the appropriate quality class should be 1.0, as evidenced by the Assessor's income approach and testimony presented by the Petitioner, on motion by Member Fox, seconded by Member McCormick, which motion duly carried with Member Obester voting "no," it was ordered that the taxable value of land on Parcel No. 160-640-06 for 2001 (Hearing No. 60A) and 2000 (Hearing No. 60B R00) remain at \$3,043,587 and improvements be reduced from \$9,100,474 to \$7,380,436 for a total taxable value of \$10,424,023, as recommended by the Assessor with concurrence of the Petitioner. The Board made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

**01-41E HEARING NOS. 61A & B(R00) – DP OPERATING PARTNERSHIP
LP (DERMODY INDUSTRIAL GROUP) - PARCEL NO. 160-640-07**

A Petition for Review of Assessed Valuation received from DP Operating Partnership LP/Dermody Industrial Group protesting taxable valuation on improvements for 2001 (61A) and 2000 (61B R00) on property zoned PUD and designated Mega Warehouse, located at 1190 Trademark, Reno, Washoe County, Nevada, was set for consideration at this time.

Member Nadel temporarily left the meeting.

Ron Sauer, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps for Hearing No. 61A, Exhibit I, pages 1 through 11, and Photograph, Exhibit II, and Assessor's Fact Sheets and Maps for Hearing No. 61B, Exhibit III, pages 1 through 11, and oriented the Board as to the location of subject property. He reviewed the income approach and advised that, as in the previous two hearings, this supports the Assessor's recommendation to reduce the quality class from 1.5 to 1.0.

Bruce Story, representing Petitioner, duly sworn, testified that the subject is currently vacant and they are in agreement with the Assessor's recommendation.

The Chairman closed the hearing.

Based on the FINDINGS that fair market value has been exceeded and the appropriate quality class should be 1.0, as evidenced by the Assessor's income approach and testimony presented by the Petitioner, on motion by Member Fox, seconded by Member McCormick, which motion duly carried with Member Obester "abstaining," it was ordered that the taxable value of land on Parcel No. 160-640-07 for the years 2001 (Hearing No. 61A) and 2000 (Hearing No. 61B R00) remain at \$3,582,810 and improvements be reduced from \$11,140,127 to \$9,146,689 for a total taxable value of \$12,729,499, as recommended by the Assessor with concurrence of the Petitioner. The Board made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

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Member Nadel returned to the meeting.

**01-42E HEARING NO. 73A & B(R00) – SCI DEVELOPMENT SERVICES,
INC. (PROLOGIS TRUST) - PARCEL NO. 140-010-09**

A Petition for Review of Assessed Valuation received from SCI Development Services, Inc./Prologis Trust protesting taxable valuation on land and improvements for 2001 (73A) and 2000 (73B R00) on property zoned OC and designated Mega Warehouse, located at 12660 Old Virginia Road, Reno, Washoe County, Nevada, was set for consideration at this time.

Stacy Ettinger, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps for Hearing No. 73A, pages 1 through 11, Exhibit I, for Hearing No. 73B, Exhibit II, pages 1 through 11, and Photograph, Exhibit III, and oriented the Board as to the location of subject property. He advised both hearings are for the same building and same values for the 2000 and 2001 Roll. The subject is referred to as the Barnes and Noble warehouse and is a 601,250 square foot, concrete tilt-up mega warehouse built in 2000. Appraiser Ettinger advised the Assessor is recommending a reduction in value based on lowering the quality class from 1.5 to 1.0, and the Petitioner is in agreement. He stated that when the Assessor initially evaluated the building, a 1.5 quality class was put on it using the new mega storage occupancy code, which they were not very familiar with at the time. The income approach and the actual costs supplied by the owner of the building indicated the subject was overclassified.

Upon inquiry of Member Obester, Mr. Ettinger advised that adjustments for the amount of finish can be made as an additive on the property record, but the 7% finish of the subject compared to the 5% criteria defined in Marshall & Swift is not significant enough to push it into the next occupancy code. Appraiser Ettinger reviewed information relative to the income approach and sales comparisons.

At the request of Member McCormick, Mr. Ettinger presented a photograph of the subject. She noted the subject has more doors, loading docks and windows than the buildings in the previous hearings. Appraiser Ettinger said the subject may be slightly higher in quality than the previous subjects but once the class jumps to the next category the Assessor is well over the full cash value of the property. He noted that some of the extras relative to walls, lighting, landscaping, etc., is picked up by the Assessor in the additive section.

Eric Roman, commercial appraiser with DeLoitte and Touche LLP, representing Petitioner, was sworn, submitted Authorization Letter, Exhibit A, and testified they are in agreement with the Assessor's recommendation. He said the subject is a spec building and Prologis owns other buildings in the area. The reason for so much glass on one side is to provide the opportunity to put doors on that side of the building and make the subject cross functional as a distribution facility, if that is needed in the future. There is not a large pool of buyers for a facility this large even though mega warehouse facilities are a trend for major distribution facilities in the country. Mr. Roman then responded to questions of the Board.

The Chairman closed the hearing.

Member Obester said there appears to be some inconsistencies between these appraisals. He noted this property is twice as large as some of the other properties but there is a higher dollar per square foot on it, which does not make sense to him. Chief Appraiser Churchfield stated the ceiling is considerably higher on the subject and there could be additives that impact value.

Member Fox said this is an income producing property and the income approach should be given the most weight. The income approach indicates the taxable value exceeds full cash value with a 1.5 quality class, and he can accept the recommendation of the Assessor's office.

Chairman O'Brien and Member McCormick agreed.

Based on the FINDINGS that fair market value has been exceeded and the appropriate quality class should be 1.0, as evidenced by the Assessor's income approach and testimony presented by the Petitioner, on motion by Member Fox, seconded by Member Nadel, which motion duly carried, it was ordered that the taxable value of land on Parcel No. 140-010-09 for the years 2001 (Hearing No. 73A) and 2000 (Hearing No. 73B R00) remain at \$4,831,382 and improvements be reduced from \$18,838,345 to \$15,307,412 for a total taxable value of \$20,138,794, as recommended by the Assessor with concurrence of the Petitioner. The Board made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

01-43E HEARING NO. 74 – VERLAS CORPORATION
(BT PROPERTY LLC) - PARCEL NO. 037-271-59

A Petition for Review of Assessed Valuation received from Verlas Corporation protesting taxable valuation on land and improvements on property zoned I and designated General Industrial, located at 355 Vista Boulevard, Reno, Washoe County, Nevada, was set for consideration at this time.

Gary Warren, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I, pages 1 through 11, and Photograph, Exhibit II, and oriented the Board as to the location of subject property.

The Petitioner was not present and submitted Authorization Statements, Exhibit A.

Appraiser Warren advised that during inspection of the property the Assessor discovered a physical error in their data and is recommending a slight reduction of \$119,130 to acknowledge that error. Chairman O'Brien noted the Petitioner indicated an opinion of value of \$7-million on his petition. Appraiser Warren advised that the information provided by the Petitioner did not lend support to their value. They did not withdraw the appeal because they want the opportunity to go to the State Board should they sell one of the buildings in the area that is currently listed, which sale they may wish to use as evidence to support their opinion of value. The recommended reduction in value concerns an automatic truck wash facility that has a 150-foot long tunnel. The Assessor's records indicated equipment ran the full length of the tunnel, but it only runs a portion of the tunnel's length. The truck wash is classified as an additive because of its small size and specialized function.

Appraiser Warren then described the buildings on the subject and advised that UPS is the primary tenant. He presented an aerial photograph of the property for the Board's review. He reviewed the income approach, cost approach and comparable sales and advised they support the Assessor's taxable value. Because of the building to land ratio they have estimated excess land of slightly over 11 acres. He then responded to questions of the Board.

The Chairman closed the hearing.

Member Fox said the Assessor attempted to correct the data input on the service garage and has made a good argument that taxable value does not exceed full cash value. Member McCormick noted the Petitioner has not offered information to support their opinion of value and she supports the Assessor's taxable value. Chairman O'Brien commented the Assessor has done a thorough appraisal of the property. He believes the property might be a little over valued but there is no proof of that. He is not convinced there is excess land, but is satisfied with the Assessor's appraisal.

Based on the FINDINGS that fair market value has not been exceeded but the factual error concerning the truck wash equipment should be corrected, as evidenced by the Assessor, on motion by Member Nadel, seconded by Member McCormick, which motion duly carried, it was ordered that the taxable value of land on Parcel No. 037-271-59 remain at \$2,986,152 and improvements be reduced from \$8,405,456 to \$8,286,326 for a total taxable value of \$11,272,478, as recommended by the Assessor. The Board made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

11:40 a.m. The Board recessed.

1:30 p.m. The Board reconvened with all members present.

1:30 P.M. - BLOCK

Chief Deputy County Clerk, Nancy Parent, advised that the following hearings have been withdrawn:

<u>Owner</u>	<u>APN</u>	<u>Hearing No.</u>
Donovan, Scott R.	076-401-28	26A, Pt. 2
Donovan, Scott R.	076-401-30	26C, Pt. 2
Donovan, Richard T. & Ruth H.	076-401-31	26D, Pt. 2
Donovan, Thomas J.	076-401-32	26E, Pt. 2
Donovan, Scott R.	076-401-27	26F
Donovan, Scott R.	076-401-33	26G
Donovan, Thomas J.	076-401-35	26H
Donovan, Thomas J.	076-401-36	26I
Donovan, Scott R.	076-401-26	26J
Kiley Ranch LLC	083-830-32	72C
Kiley Ranch LLC	083-830-17	72B
Kiley Ranch LLC	083-830-16	72A
Kiley Ranch LLC	510-042-03	72D

Kiley Ranch LLC	510-042-04	72E
Kiley Ranch LLC	510-090-07	72F

Scott R. Donovan, petitioner, duly sworn, stated the Petitioners would like to appeal the estimated values but recognize there is no legal authority for this Board to hear them, so they agree to withdraw them on that basis.

Ron Shane, Appraiser, duly sworn, stated the Petitioners initially started out with agricultural property, which tends to be a little different than other property. He said a property owner, by statute, can convert their property from agricultural use assessment to non-agricultural use assessment, which changes it from a bulletin value to a market value. He advised that the Petitioners can request the deferred taxes that would be due if the change to non-agricultural assessment were to occur. Mr. Shane said the informational values is what has been withdrawn, they did not change the assessed value of the property and the legal opinion was it would not be heard at this time. If a conversion had taken place it would then be heard.

01-44E HEARING NOS. 26A Pt. 1, 26B, 26C Pt. 1, 26D Pt. 1, & 26E Pt. 1
SCOTT R. DONOVAN – R.T. DONOVAN CO. INC. –
THOMAS J. DONOVAN – RICHARD & RUTH DONOVAN
PARCEL NOS. 076-401-28 thru 32

A petition for Review of Assessed Valuation received from Scott R. Donovan, Richard T. & Ruth H. Donovan and Thomas J. Donovan, protesting taxable valuation on land zoned A5 on Parcels 076-401-28 through 31, and zoned A5/A7 on Parcel 076-401-32, and designated Vacant on Parcel 076-401-29, and designated AG on Parcels 076-401-28, 30, 31 & 32, located at Pyramid Lake Highway, Washoe County, Nevada, was set for consideration at this time.

Ron Shane, Appraiser, duly sworn, submitted Exhibit I, Assessor's Fact Sheets and Maps, pages 1 through 7, and oriented the Board as to the location of subject property. He stated the parcels are combined because they are parts of existing legal parcels that were cut out through a record of survey. The record of survey created a 120.88 acre parcel with the majority being a sand/gravel pit. Mr. Shane advised there are certain conditions that have to be met for the property to remain under agricultural use assessment taxation. The property can be removed voluntarily by the property owner and increased to market value for taxation purposes, or it can be converted either by the owner or because of some action that has taken place. An inspection of the property showed that a sand/gravel pit took up a large area of the property. He stated that this use, which is higher than an agricultural use, by its presence converts the property to market value and along with that is the collection of the deferred taxes. The Assessor in that process goes back seven years to calculate taxable values. The property owner provided the Assessor a record of survey. Without a record of survey, any portion of a parcel which is converted to a higher use converts the entire legal parcel. However, if the owner submits a record of survey, then a portion of the legal parcel can be converted. Mr. Shane said, upon the submission of the record of survey of the 120.88 acres by the owner, only the 120.88 acres was converted as opposed to each legal parcel that is touched by the pit.

Scott R. Donovan, petitioner, duly sworn, advised that Richard T. & Ruth H. Donovan, not Scott R. Donovan as listed on the agenda, own Parcel No. 076-401-31. Petitioner's exhibits are as follows: **Exhibit A**) AG Land Deferred Tax Worksheet dated October 16, 2000; **Exhibit B**) a Letter to Steve Churchfield dated January 16, 2001; **Exhibit C**) a Letter from Ann Wilkinson dated February 22, 2001; **Exhibit D**) Legislative History of Selected Sections of NRS Chapter 361A (AG Deferred Lands); **Exhibit E**) a Complete Summary Appraisal of the Donovan Ranch Material Pit Area; and **Exhibit F**) Engineer's Report dated February 26, 2001, by MacKay & Soms.

Mr. Donovan said they were required last year, based on new Mine Safety and Health Administration Regulations, to fence off the gravel pit area. He said they fenced off the existing operation and the areas they are going to reclaim, as well as the areas they are going to mine in the future. He said they own a total of 550 acres; they grow alfalfa and run livestock throughout the extent of the property, as well as operating the sand/gravel pit. The County decided some years ago to implement a master plan called the Spanish Springs Specific Plan (SSSP), and his family was involved in that process. The SSSP calls for the Donovan property to remain General Rural (GR) until they go forward with a tentative subdivision map and, at that time, the future land use of low density suburban on this 120.88 acres will become effective. He reviewed NRS Chapter 361A concerning AG deferred land and the assessment of deferred taxes. He advised that when the Assessor adjusts backwards, they do not adjust for increases in value during the deferral period for things unique to that piece of property. He stated his understanding is that the County counted as a major component of the value of this property its potential development value for low-density suburban land uses. If the County takes that position, then when they go back seven years calculating the taxable value, they need to take that factor into account. Mr. Donovan stated he agrees with Ann Wilkinson's conclusions concerning deferred taxes on land use in her memo dated February 22, 2001.

Reese Perkins and Cindy Lund Fogel, Certified General Appraisers', Johnson~Perkins & Associates, Inc., were sworn in for testimony concerning the Summary Appraisal of the Donovan Ranch Material Pit Area.

Mr. Reese stated if the 120.88 acres were developed today, the cost for infrastructure would be over \$5 million. He reviewed the location of the sand/gravel pit, the value he believes the land to be, and the highest and best use of the property. He read a section from the SSSP concerning the Donovan Ranch. He noted that it may be many years before the mineral resources are extracted from this property or before the necessary infrastructure is extended to allow development of the site. The imposition of the SSSP, restrictions, assessments, measures, and requirements, whether regulatory or otherwise on the Donovan Ranch Property at the time of the SSSP approval, would impose significant additional property tax burdens at a time when the development benefits of the SP regulatory zones cannot be realized. To avoid undue hardship, the SSSP maintains the land use for the pre-existing operations and allows these uses to continue exempt from the SSSP requirements. The interim land use designation for the Donovan Ranch shall be GR until such date each parcel is approved for a higher use specified in the SSSP, and at that time the regulatory zone of the SSSP for the affected parcel shall become effective. He said, until the entire site is developed, the parcels not affected by such approvals shall conform to GR regulatory requirements for pre-existing non-conforming uses, particularly agricultural and

mining (aggregate facilities). Mr. Reese advised that if only the 120.88 acres were to be developed today, the cost to extend the necessary infrastructure for residential development would be approximately \$5,315,000. If that were spread out over the entire Donovan Ranch, some 550 acres, the cost would be \$9,763.00 per acre, but if that cost were to be born entirely by the 120.88 acres the cost would be approximately \$43,000 per acre. Mr. Reese estimated the highest and best use for the subject property at some point in the future would be low-density residential.

Member Fox asked if the purpose of the appraisal was not to estimate the market value of the property, but rather to estimate taxable value. Mr. Reese said yes and the appraisal takes into account all of the laws that apply to taxable values.

Ms. Lund advised the Board that LS-13 and LS-16 were re-sales, and gave the amounts for the first and second sales.

Mr. Reese said, based upon the review of available data and consideration given to the subject's location, availability of infrastructure, market conditions in the valley, and properties that are currently being developed that are much more accessible, he estimates full cash value to be \$2,250 per acre. The impact of increased development costs on raw land, whether it be in the form of extending infrastructure to properties, meeting the various impact fees and requirements being imposed on properties throughout Washoe County, has had a very dampening effect on the value of raw property. Mr. Reese stated with respect to the subject property, the cost to extend infrastructure will hold down the value until such time that infrastructure starts moving into the area. He went over his theory of existing use as it relates to the subject property in its current status under the SSSP.

Randy Walter, Civil Engineer, MacKay & Soms, duly sworn, reviewed the Engineer's Report with the Board. He said sewer capacity is necessary but will not be available for one to two years. The sewer requires several miles of 30-inch trunk sewer be constructed through the lower portion of the valley to get to the current lift-station that serves the property to the west of Pyramid Highway. The lift-station has reached its capacity constraint and cannot be allowed to further develop without this trunk sewer in place. If a developer bought the property today, they would be looking at a two-year delay because there is no sanitary sewer capacity available. In addition to the capacity issue, there is also the physical construction of the sewer facilities to serve the property. He said Spanish Springs has flooding problems and, based on the most current information, there probably will not be a regional detention facility; therefore, they would have individual requirements for individual properties. He reviewed the Preliminary Opinion of Probable Construction Costs included in the Engineer's Report for this property.

Mr. Shane reviewed the history of valuing property for deferred calculations.

Chairman O'Brien asked what would be the highest and best use based on the conversion. Mr. Shane responded that the long-term highest and best use is residential because the sand/gravel pit is just an interim use. What the property owners are doing with the sand/gravel pit is bringing that area down to grade to create this beautiful flat area that houses can then be built upon. He said he viewed the property from a buyer standpoint and what a buyer would pay for the property. Mr. Shane said because of the sand/gravel pit, there are more alternatives than just a residential development.

Member Obester asked when the property was converted. Mr. Shane responded that it was approximately October 2000. He said he has been in the Assessor's office for three years and had never inspected the subject property. Mr. Shane advised upon inspection of the subject property, he concluded that the portion in the sand/gravel operation did not fit the statute for agricultural use assessment and the Petitioner is in agreement with that determination.

Mr. Shane reviewed the taxable values for the 120.88 acres, by year, to calculate deferred taxes and advised those values are derived from similar taxable values. He said he spoke with one of the owners at the sand/gravel pit who said they had about a 5-year remaining supply and calculated that by Bureau of Land Management (BLM) royalty rate of .386 cents per ton. Mr. Shane then reviewed the Assessor's and Petitioner's comparables.

Member McCormick asked if the District Attorney's legal opinion affected Mr. Reese's appraisal. Mr. Reese responded that it did not change his calculations but it did change his assessment of those calculations. He was careful to verify that these are reasonable values and would have been placed on the property going forward had it been taxed at market value rather than in agricultural use assessment. The Petitioners also have a lot of other property that may be converted soon for which they asked for some information only values.

Member McCormick asked if the gravel pit use is consistent with GR zoning. Mr. Reese said it is by special use permit.

Member Fox inquired if Mr. Shane had discussed the procedure that he used in appraising the property with the District Attorney's office. Mr. Shane responded that prior to the opinion he did, and following that, the exchange revolved around does this change the Assessor's values. He felt it was not necessary to change the values given the dimension of the sand/gravel business.

Ann Wilkinson, Deputy District Attorney, duly sworn, stated she has not viewed any material that Mr. Shane submitted to the Board of Equalization. She said based on his request for a legal opinion regarding whether or not the taxable value should be based on current conditions carried back seven years or conditions that existed each year during that seven year period, they generally discussed procedures and process. She advised that when she prepared the opinion, she reviewed the legislative history and the legal statutes.

Member Fox asked Ms. Wilkinson if she believed that the Assessor's office had followed the law according to her opinion. Ms. Wilkinson stated that Mr. Shane represented that he had, but if he is asking her if Mr. Shane has, she cannot testify to that as she has not reviewed any of those documents. Her specific task in the request from the Assessor's office was to address what methodology should be applied and whether or not his document supports the application of that methodology. She stated Mr. Shane testified that he applied the correct methodology, and had compared the numbers going forward and backwards, and believed there is no basis for changing his numbers.

In response to Chairman O'Brien's inquiry, Mr. Shane said he believes there is a difference in the appropriateness of the comparables and how they are related to the subject property and it is a legitimate difference that two appraisers can have.

Chris Mumm, Appraiser, previously sworn, said he evaluated Rocky Ridge around 4 years ago and used the same methodology that Mr. Shane has used for the subject property. Mr. Mumm said he believes 38 cents per ton is a conservative number.

Mr. Reese said fundamentally there are two or three major issues that synthesize the differences in opinion, and in which he disagrees with the Assessor. He stated if the property is to be appraised medium density or low density residential subdivision potential, then there is no value to the aggregate pit. The Assessor cannot assess both uses and add them together and arrive at a value; that is fundamentally wrong. If \$8,000 per acre is correct, then it has to be deferred by at least five years and discounted at an appropriate rate to get to a present worth. Mr. Reese said the \$8,000 per acre implies that the property is immediately going to be developed, and that is not the case based on the testimony of Randy Walter, and the analysis of sales he has presented. If the property is going to be appraised as an aggregate operation, then the methodology proposed by Mr. Shane may not take into account the risk associated with an aggregate pit or the cost of remediation after the life of the mine. There has been testimony that the planning authorities in Washoe County recognized that this property presented some unique and difficult challenges. He said they wanted the property to be included in the SSSP, but at the same time, recognized that development had not reached the northern part of the valley and, due to extensive and expensive infrastructure required, it is very much off in the future. He reviewed the Assessor's comparables and explained why he does not agree with those comparisons.

Mr. Walter said, generally to develop in Washoe County versus the Northern Sparks Sphere of Influence (NSSOI) there are cost factors related to that. NSSOI has a built-in financing system where the costs of the backbone infrastructure components that he has previously talked about are shared among everyone, based on a building permit value and fee that is attached much like impact fees for roads are today. He said the fee was agreed to by all of the property owners and was a way of sharing the backbone infrastructure costs equally among everyone within the NSSOI. Mr. Walter advised that when a final map is filed in Washoe County, all sewer fees, water fees, etc., have to be paid and those fees are extremely high in comparison to the NSSOI fees.

Mr. Donovan said developers are currently not willing to purchase their property right now because there are too many unknowns. He noted that there needs to be other development to share the cost of infrastructure.

The Chairman closed the hearing.

Chairman O'Brien said there are two issues here. One is the valuation on what the property is worth, and the second is, has the Assessor used the appropriate methodology to back down for the last seven years. He said he believes Mr. Shane has used the appropriate methodology, using basically the same value for the last four years and then backing down based upon the factoring. Chairman O'Brien said he supports the five-year analysis by Mr. Shane for the sand and gravel business, but supports the low end of the valuation range that Mr. Perkins came up with, which is approximately \$2,000 per acre. He said he is comfortable with using the low end of the valuation range on a price per acre basis, given the uncertainty of any development is in the future.

Member McCormick stated there has been a lot of information submitted today that she has not had time to read or consider, and requested they continue this item to make their decision on Wednesday, February 28, 2001. She said the legal opinion was very unhelpful and finds it grammatically incorrect. Member McCormick said she would discount the potential for increase in density suggested by the appraiser.

Member Nadel agrees the opinion is unclear, but does not support the request for delay in making a decision. He is inclined to support the Assessor's recommendation.

Member Obester stated that the Engineer's Report is distressingly misleading because the \$5 million estimated for infrastructure was designed to look like it applied only to the 120.88 acres when, in fact, it applies to the entire 550 acres. He said the water issue is uncertain and based on that, he would support a reduction to \$5,000 to \$6,000 per acre.

Member Fox stated he had hoped the Engineer's Report would be more helpful. The conclusion of the report indicates the probable price the property would bring is \$100 per acre based on the cost to bring infrastructure to the area. He agrees with the low end of the comparables due to the high cost of infrastructure and could support \$5,000 per acre. He noted Ms. Wilkinson testified that she believes the Assessor has followed the appropriate methodology.

Chairman O'Brien said he does not see a problem with the District Attorney's opinion, he believes it is quite clear. It suggests going back to look at what the taxable value would have been in each of those seven preceding years. It is supposed to be looked at year for year, as opposed to what it would have been today, and applying that to the past seven years.

Based on the FINDINGS that fair market value has been exceeded as evidenced by the Petitioner, on motion by Member Fox, seconded by Chairman O'Brien, which motion duly carried, it was ordered that the taxable value of land be reduced as follows: from \$11,358 to \$5,500 per acre for the years 2000, 1999, 1998, & 1997; from \$7,497 to \$3,630 per acre for 1996; from \$5,680 to \$2,750 per acre for 1995 & 1994, on Parcel Nos. 076-401-28 through 32. The Board made the finding that the land would then be correctly valued and the total taxable value does not exceed full cash value.

01-45E HEARING NOS: 67A and 67C R00 – KILEY RANCH LLC
PARCEL NO. 516-020-02

A petition for Review of Assessed Valuation received from Kiley Ranch LLC, protesting taxable valuation on land on Parcel No. 516-020-02 zoned A-40, and designated Vacant, located at SW of Sparks Boulevard and Los Altos Parkway, Washoe County, Nevada, was set for consideration at this time.

Ron Shane, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I, pages 1 through 8, and oriented the Board as to the location of subject property. He explained the difference between removing property from agricultural use assessment and conversion. He stated there are conditions that can convert the property i.e., physical changes enabling a higher use, subdivision map, request for change in zoning by the

property owner, etc. Mr. Shane advised that removal from agricultural use can be appealed, and it is a challengeable decision.

Member Fox asked if removal from AG status is being disputed. Mr. Shane stated taxable value is the issue, not removal.

Randy Walter, Civil Engineer, MacKay & Somps, submitted Exhibit A, an Engineering Report, (29 pages). He stated that the Kileys are appealing the valuation applied to the property at the time it was removed from agricultural use. The parcel is being removed from agricultural use assessment by the Assessor's office because it is no longer fenced and will be incorporated into other development. When the property is converted to a higher use, the deferred taxes for the last seven years will become due and payable, and the value they determine here will be the value they use to calculate those deferred taxes. The Kileys want to be on record saying they believe this amount is not appropriate in this case. Full cash value means the most probable price that a property would bring in a competitive and open market under all conditions required for a fair sale. He advised there are two different land uses adopted within the plan; one is a detention pond or a park, and the other is intended to be a school. Steve Williams, Washoe County School District, informed him that the school district looks at \$2.00 per square foot, or \$87,000 per acre, which would be approximately \$700,000 for this property. There currently is no access to this property, no sanitary sewer, a significant amount of grading would need to take place on the site, and all of those costs relate to the ability to use this site for a school. He reviewed the comparables included in his Engineering Report, prepared by Reese Perkins, Certified General Appraiser, Johnson~Perkins & Associates, Inc. Mr. Walter stated there is an existing stockpile of unusable material that they would have to remove before it could be used for a school facility, and the price is questionable since infrastructure will have to be constructed before this property can be developed.

In response to Member McCormick's inquiry, Mr. Walter said that typically 8- to 10-acres is what the school district requires for an elementary school but, because this has an adjoining open space and park facility, 8 acres is adequate for the school site itself.

Mr. Shane reviewed the Assessor's comparables with the Board. He explained the comparables on South Florentine Drive and Jacento Avenue/Calle DeOro Parkway are adjacent to each other. He stated there are credits given to the owner relative to the detention pond and park area, and the value of those credits are \$5,000 per acre for the pond and \$7,000 per acre for the park. These are credits given to the owner, although the owner does not have to develop the pond or the park area. He was informed by Mr. Williams, that the school district may or may not use this site for a school because they are concerned about traffic on the Los Altos Parkway and the level of traffic that will eventually be there.

Mr. Walter explained that the Kileys have about a million credits but they can only be used in one fashion, and that is to pick up a building permit from whatever jurisdiction they are in. If the school district is responsible for building the road for the school, the price of the land will go down.

The Chairman closed the hearing.

Member Fox said it is unfortunate that there is not an appraisal of this property, and he is bothered by the school district not being under any obligation to purchase this property. He believes they should give this property some discount rate for a length of time, and suggested taking the value estimated for a school site and discount backwards.

Chairman O'Brien said he agrees with Member Fox's statement concerning a discount although he does believe there is a need for a school in the area, and if it does not go on this site, it will go on another site. Chairman O'Brien said the Engineer's Report indicates a maximum amount of \$700,000 that the school district would pay for the site. If the school built the Los Altos Parkway, that would cost approximately \$310,000 and that amount subtracted from \$700,000, leaves a balance close to the Assessor's recommendation.

Member Fox said Washoe County School District has not made the Kileys an offer, nor have they given a time frame for purchasing the property. The Board needs to estimate how long it will be before a school is built on that site. He stated they could go with the maximum price, the school would pay for the site of \$700,000, minus the cost to build the Los Altos Parkway \$310,000 for a total of \$390,000, and then reduce that amount by 8 percent for 5 years.

Member McCormick stated she could support a reduction based on Member Fox's explanation for the reduction.

Based on the FINDINGS that fair market value has been exceeded as evidenced by the Assessor and Petitioner, on motion by Member Fox, seconded by Member Nadel, which motion duly carried with Member Obester voting "no," it was ordered that the taxable value of land be reduced from \$344,500 to \$267,000 on Parcel No. 516-020-02. The Board made the finding that the land would then be correctly valued and the total taxable value does not exceed full cash value.

01-46E HEARING NOS. 67B and 67 D R00 – KILEY RANCH LLC
PARCEL NO. 516-020-16

A petition for Review of Assessed Valuation received from Kiley Ranch LLC, protesting taxable valuation on land on Parcel No. 516-020-16 zoned A-40, and designated Vacant, located at SW of Sparks Boulevard and Los Altos Parkway, Washoe County, Nevada, was set for consideration at this time.

Ron Shane, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I, pages 1 through 8, and oriented the Board as to the location of subject property.

Randy Walter, Civil Engineer, MacKay & Soms, using the same Engineer's Report provided in the previous hearing concerning Kiley Ranch LLC, stated a residual land value approach needs to be used for this property. He defined full cash value based on state law, and reviewed the comparables submitted by Reese Perkins, Certified General Appraiser, Johnson~Perkins & Associates, Inc., which were included in the Engineer's Report.

Leslie Admirand, Deputy District Attorney, advised Mr. Walter of the law in the State of Nevada concerning a non-licensed appraiser and cautioned him to be careful how

he represents himself. Mr. Walter said on several occasions today he has stated to the Board that he is an engineer.

L. David Kiley, duly sworn, stated that Mr. Walter was not acting as an appraiser in this matter, he was just reading the comparables submitted by Mr. Perkins, a licensed appraiser, which were included in the Engineer's Report.

Mr. Shane stated that a change in zoning is usually the last thing that occurs in the process of removing property from agricultural land use. He reviewed comparables to the Board.

The Chairman closed the hearing.

Based on the FINDINGS that the land was correctly valued and that total taxable value does not exceed full cash value as evidenced by the Assessor and Petitioner, on motion by Member Fox, seconded by Member Obester, which motion duly carried, it was ordered that the taxable value of land of \$1,107,000 on Parcel No. 516-020-16 be upheld.

* * * * *

On motion by Member Fox, seconded by Member Obester, which motion duly carried, Chairman O'Brien ordered that Hearing Nos. 68A, 69A, 69C R00, 69B, 69D R00, 70A, 70B R00 & 71 – Kiley Ranch LLC – Parcel Nos. 516-021-31, 083-021-31, 35, & 516-020-11 & 19, and the approval of minutes be continued to February 28, 2001, following the 9:00 a.m. Block.

* * * * *

There being no further hearings or business to come before the Board, the Board recessed until February 28, 2001, at 9:00 a.m.

JAMES O'BRIEN, Chairman
Washoe County Board of Equalization

ATTEST: AMY HARVEY, County Clerk

Minutes Prepared By:
Barbara Trow & Jeraldine Magee
Deputy County Clerks

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

WEDNESDAY

9:00 A.M

FEBRUARY 28, 2001

PRESENT:

James O'Brien, Chairman
Marcia McCormick, Vice Chairman
F. Ronald Fox, Member
David Nadel, Member
John Obester, Member

Amy Harvey, County Clerk (9:00 am)
Nancy Parent, Chief Deputy County Clerk (11:00 am)
Leslie Admirand, Deputy District Attorney
Steve Churchfield, Chief Appraiser

The Board met pursuant to a recess taken on February 26, 2001, in the Auditorium of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. The meeting was called to order by Chairman O'Brien, the Clerk called the roll, and the Board conducted the following business:

9:00 A.M. - BLOCK

01-47E TAX ROLL CHANGE REQUESTS - DECREASES

Following discussion, on motion by Member McCormick, seconded by Member Nadel, which motion duly carried, Chairman O'Brien ordered that roll change requests Nos. 134 through 136, resulting in decreases and placed on file with the Clerk, be approved for the reasons stated thereon.

01-48E HEARING NO. 66A - F – SUNDOWNER HOTEL & CASINO –
(GEORGE KARADANIS & MAX H. HOSEIT, ET AL)
PARCELS NOS. 007-283-07, -09, -10, -11, -17 & 007-284-13

A petition for Review of Assessed Valuation received from Max H. Hoseit, et al, and George Karadanis (Sundowner Hotel and Casino) protesting taxable valuation on land, improvements and personal property, zoned CB/HCD, and designated Hotel/Casino, located at 450 North Arlington Avenue, Reno, Washoe County, Nevada, was set for consideration at this time.

Mark Stafford, Appraiser, duly sworn, submitted Assessor's Fact Sheet(s) and Maps, Exhibit I, pages 1 through 14, and oriented the Board as to the location of subject property.

Michael D. Bosma, Certified Public Accountant, representing Petitioner, was sworn, submitted Financial Statements and Abstracts, Exhibit A, pages 1 through 21 and testified that he and the Assessor have worked together for many years; that they had developed a methodology for valuing struggling casinos, which was a cash flow model; and that it is his belief the Assessor is not using that methodology this year for subject property. He stated the crux of the issue is that the Assessor is using the percentages from the State Gaming Abstract for casinos with gaming revenue of \$12- to \$36-million when the Sundowner actually fits in the \$1- to \$12-million category. Mr. Bosma said they were in agreement last year and nothing significant has occurred in the cash flow to indicate the value should be increased. He further stated that, based on the revenue model, gross gaming revenue would be \$12,049,000, just slightly over the \$12,000,000.

In response to Chairman O'Brien, Mr. Bosma explained in detail how the Gaming Abstract is compiled and stated properties use the information to determine if there are any irregularities on their standard financial statements. Chairman O'Brien clarified that the Abstract would be industry-wide averages, rather than being specific to one property.

Mr. Bosma continued stating it is important to note the different economies of scale for a \$36-million revenue model versus a \$12-million revenue model and referred the Board to the actual cash flow for subject over the last 5 years compared to the abstract amounts, showing that actual revenue was less than that projected by the abstract. The revenue and expense figures were then discussed in detail and Board members asked Mr. Bosma several questions. Mr. Bosma pointed out that subject property has very high energy expenses, which they can not control.

Appraiser Stafford stated the Sundowner is reviewed annually because obsolescence has been applied in prior years. He discussed page 2 of his handout where his figures indicate that since 1997 the subject's EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) has increased 44 percent while its taxable value has decreased 59 percent, and stated that the financial statements are completely off from every other property he reviews and do not make sense to him. He, therefore, also looked at the market, at other struggling hotel/casinos, and the abstracts. Appraiser Stafford stated he also examined the characteristics of subject property, such as square footage of the gaming area, number of hotel rooms, gaming revenue, room revenue, and compared those to the other larger properties. He stated one problem is that their expenses are much higher than the average, which he can not explain. Appraiser Stafford stressed that the Sundowner did go over \$12,000,000 in revenue last year and there is evidence that their gross revenue has been increasing.

He then responded to Board members' questions stating the expenses are extraordinarily high when compared to other properties and they just do not fit. He reviewed his income approach to value, but stated he believes the income approach is suspect in this instance.

Appraiser Stafford stated subject property is located near the Silver Legacy, which is the prime gaming area now in downtown Reno; that the area has improved considerably as shown by the fact that another nearby casino, the Sands, has also been increasing in revenue; and that their competition, which would be other smaller properties located to the south, such as the Comstock, the Colonial and the Riverboat, have all closed. He then reviewed sales of comparable properties, explained how he arrived at a "per room" value, and stated the most comparable sales have a per room price of approximately \$24,000. Appraiser Stafford stated the total taxable value of the Sundowner equates to just under \$24,000 per room.

In rebuttal, Mr. Bosma stated that a larger operation will have more revenue; that having 593 rooms in a property this size results in certain unmanageable energy costs; and that economies of scale should be considered. He further stated the owners have done a remarkable job of keeping this property going. In response to Member Fox, Mr. Bosma stated the average number of rooms in the abstract is 385 compared to the Sundowner with 593; that it is true some of the casinos have no rooms; and that this demonstrates how these average numbers are all over the board. He further emphasized this abstract is as of June 30, 1999, and stated the 2000 abstract is not out yet. Mr. Bosma disputed several other statements made by the Assessor and answered questions from Board members concerning specific amounts on the financial statements.

The Chairman closed the hearing.

During Board deliberation, Member McCormick expressed her frustration in trying to correctly value casino properties when the only information they are able to review are the NG17's (State Gaming reports) which do not provide sufficient information. She stated she has not seen or heard anything that persuades her that the Assessor's numbers are incorrect. Member Obester agreed.

Member Fox stated the Appraiser has used different approaches on subject and his data supports the Assessor's values. He also stated when a value has been lowered due to obsolescence, the Assessor is obligated to raise values back up when business improves. Members Nadel and O'Brien agreed.

Based on the FINDINGS that taxable value does not exceed full cash value as evidenced by the Assessor in various methods, and that the property has been correctly valued, on motion by Member Nadel, seconded by Member Fox, which motion duly carried, it was ordered that the taxable value of land, improvements and personal property on Parcels Nos. 007-283-07, -09, -10, -11, -17 & 007-284-13 be upheld.

01-49E HEARING NO. 63A THRU J – FLAMINGO HILTON – FHR CORPORATION - PARCELS NOS. 011-032-08, -29, -30 & -31, 011-051-10, -11, -23 & -24, 011-370-26 & -41

A petition for Review of Assessed Valuation received from FHR Corporation dba The Flamingo Hilton (Reno Hilton Corporation) protesting taxable valuation

on land, improvements and personal property, zoned CB/HCD, and designated hotel/casino, located at 255 North Sierra Street and 241 North Virginia Street, Reno, Washoe County, Nevada, was set for consideration at this time.

Mark Stafford, Appraiser, duly sworn, submitted Assessor's Fact Sheet(s) and Maps, Exhibit I, pages 1 through 19 and pages 1-6, and oriented the Board as to the location of subject property. He stated that hearings A, B, C, D, I, and J concern the Flamingo Hilton (hotel and casino) properties on Sierra Street; and hearings E, F, G, and H concern the property on Virginia Street (casino only). Appraiser Stafford further stated the Assessor is recommending a reduction based on economic obsolescence on the Sierra Street properties (Hearings A, B, C, D, I and J) to a total of \$15,000,000 for land, improvements and personal property, due to declining revenues in the last six months, and the property owner is in agreement with the recommendation. He also explained that the Virginia Street parcels (Hearings E, F, G and H) have not experienced this decline, and he is recommending that those values be upheld.

Appraiser Stafford reviewed the financial statements demonstrating a significant downward trend for the Flamingo Hotel/Casino for both gross income and EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization). He stated that, based on this information and based on the projections of how adversely the ReTrak Project (lowering the railroad tracks) is going to impact this property, he came to the conclusion that subject should be reduced. It does appear at this time that the City is moving forward on ReTrak, although it is not definite yet, and that is something that a potential buyer would have to consider. He further advised that Sapphire Gaming offered to purchase both properties for \$20,000,000; the offer was accepted and the sale announced in December, 1999; and the sale was scheduled to close in June, 2000, but that did not happen.

Appraiser Stafford stated the Assessor's current value of subject property equates to \$33,000 per room, and the Board just agreed on a taxable value for the Sundowner based on \$24,000 per room. He said equalizing subject with the Sundowner on a per room value of \$26,000 would result in a value close to his recommended reduction. The Appraiser then responded to several questions from Board members and reviewed his recommended values for each parcel as shown on Page 9 of his Exhibit I.

Member Fox noted that Hearing A (APN 011-032-08) is not on Page 9 and asked what that property is. Appraiser Stafford stated it is a separate building on West Second Street that is used as their employment office; he did intend that it be included in the \$15,000,000; and he would suggest that the total current taxable value of \$435,859 for "A" be deducted from "D".

The Petitioner was present, but stated he did not wish to speak.

The Chairman closed the hearing.

Member Nadel expressed his opinion that the parcel known as 63A has a separate and unique use as a small office building in a prime location and that its value should be retained and the recommended \$15,000,000 should be applied to the other parcels. He also stated that the possibility of the train trench should not be a factor because it may or may not happen.

Member Obester stated it does not make sense to him to set the value of the Flamingo Hilton at \$15,000,000 when they just agreed to leave the Sundowner at \$14,000,000. He further stated it appears the owners have let this casino go.

Chairman O'Brien stated there is good market information supporting the price per room and he is impressed with the Assessor's income approach to value. He further suggested that the sale for \$20,000,000, which included all the parcels, should be considered although it never closed.

Member McCormick stated the Flamingo is a superior property to the Sundowner. She further expressed that it did not seem right that the small casino portion of the property is valued at \$5,000,000 and the much larger, more elaborate casino-hotel portion is set at \$15,000,000.

Member Fox stated he was also having some trouble reconciling the Flamingo at \$15,000,000 and the Sundowner at \$14,000,000, but noted that revenues at the Sundowner have been going up and revenues at the Flamingo have been going down, which is probably just a reality of the economics of downtown Reno. He also stated he was not impressed with the sale that did not close, but he was impressed with the Appraiser's income approach to value.

Based on the FINDINGS that obsolescence should be applied to subject based on the Assessor's income approach to value, and in accordance with the Appraiser's recommendation, on motion by Member Nadel, seconded by Member Fox, which motion duly carried with Members O'Brien and Obester voting "no," it was ordered that the taxable values for the Hilton-Flamingo, Reno, hotel and casino properties be established as set out below, the Board having found that the land, improvements and personal property would then be correctly valued and that the total taxable value does not exceed full cash value:

Sierra Street Properties

PARCEL NO. 011-032-08 – HEARING 63A

	TAXABLE VALUE	CHANGED TO	DECREASE AMT
LAND	\$ 119,240	(no change)	
IMPROVEMENTS	\$ 316,619	(no change)	
TOTAL	\$ 435,859	\$ 435,859	\$ -0-

PARCEL NO. 011-032-29 – HEARING 63B

	TAXABLE VALUE	CHANGED TO	DECREASE AMT
LAND	\$1,550,000	\$1,162,500	\$ 387,500
IMPROVEMENTS	\$ 17,418	\$ 17,418	-0-
TOTAL	\$1,567,418	\$1,179,918	\$ 387,500

PARCEL NO. 011-032-30 – HEARING 63C

	TAXABLE VALUE	CHANGED TO	DECREASE AMT
LAND	\$ 300,000	\$ 225,000	\$ 75,000
IMPROVEMENTS	\$		
TOTAL	\$ 300,000	\$ 225,000	\$ 75,000

PARCEL NO. 011-032-31 – HEARING 63D

	TAXABLE VALUE	CHANGED TO	DECREASE AMT
LAND	\$ 6,371,775	\$ 4,778,831	\$ 1,592,944
IMPROVEMENTS	\$ 9,732,092	\$ 5,108,451	\$ 4,623,641
TOTAL	\$16,103,867	\$ 9,887,282	\$ 6,216,585

PARCEL NO. 011-370-26 – HEARING 63I

	TAXABLE VALUE	CHANGED TO	DECREASE AMT
LAND	\$ 369,360	\$ 307,800	\$ 61,560
IMPROVEMENTS			
TOTAL	\$ 369,360	\$ 307,800	\$ 61,560

PARCEL NO. 011-370-41 – HEARING 63J

	TAXABLE VALUE	CHANGED TO	DECREASE AMT
LAND	\$1,200,000	\$ 900,000	\$ 300,000
IMPROVEMENTS			
TOTAL	\$1,200,000	\$ 900,000	\$ 300,000

TOTAL TAXABLE VALUES – SIERRA STREET:

	TAXABLE VALUE	CHANGED TO	DECREASE AMT
LAND	\$ 9,910,375	\$ 7,493,371	\$ 2,417,004
IMPROVEMENTS	\$10,066,129	\$ 5,442,488	\$ 4,623,641
PERS PPTY (unsec)	\$ 6,476,263	\$ 2,500,000 **	\$ 3,976,263
TOTAL	\$26,452,767	\$15,435,859	\$ 11,016,908

** The Unsecured Personal Property amount of \$2,500,000 is being moved to the 2001 Secured Real Property Roll.

Virginia Street Properties

PARCEL NO. 011-051-10 – HEARING 63E

	TAXABLE VALUE
LAND	\$ 672,000
IMPROVEMENTS	\$ 664,284
TOTAL	\$1,336,284

PARCEL NO. 011-051-11 – HEARING 63F

	TAXABLE VALUE
LAND	\$ 546,000
IMPROVEMENTS	\$ 543,506
TOTAL	\$1,089,506

PARCEL NO. 011-051-23 – HEARING 63G

	TAXABLE VALUE
LAND	\$ 352,200
IMPROVEMENTS	\$ 635,128
TOTAL	\$ 987,328

PARCEL NO. 011-051-24 – HEARING 63H

	TAXABLE VALUE
LAND	\$ 733,000
IMPROVEMENTS	\$1,289,502
TOTAL	\$2,022,502

(THESE 4 PARCELS – THE VIRGINIA STREET PROPERTIES – WERE **NOT** CHANGED.)

TOTAL TAXABLE VALUES – VIRGINIA STREET:

	TAXABLE VALUE
LAND	\$2,303,200
IMPROVEMENTS	\$3,132,420
TOTAL	\$5,435,620

* * * * *

11:30 a.m. Chairman O'Brien advised that the following hearings were scheduled for Monday, February 26, 2001 but were not completed before the end of the day. He further stated there was one hearing mistakenly left off the agenda, which was 68B for Kiley Ranch, Parcel No. 516-020-20, to reopen the 2000 roll, that needs to be considered.

Legal Counsel Leslie Admirand explained that an addendum to today's agenda was posted to add subject hearing.

Upon advice of Counsel, on motion by Member Nadel, seconded by Member Fox, which motion duly carried, it was declared that an emergency situation existed because February 28th is the last day, statutorily, to conduct hearings and subject hearing was not previously scheduled due to a clerical error.

01-50E HEARING NO. 68A & B – KILEY RANCH, LLC
PARCEL NO. 516-020-20

A petition for Review of Assessed Valuation received from Kiley Ranch, LLC, protesting taxable valuation on land zoned PD, and designated vacant, located northeast of Sparks Boulevard and north of Los Altos Parkway, Sparks, Washoe County, Nevada, was set for consideration at this time.

Ron Shane, Appraiser, duly sworn, submitted Assessor's Fact Sheet(s) and Maps, Exhibit I, pages 1 through 5, and oriented the Board as to the location of subject property. It was noted that hearing 68B was a re-open of the 2000 tax roll for subject parcel.

Cindy Lund Fogel, MAI Appraiser with Johnson-Perkins & Associates, Inc., representing Petitioner, duly sworn, submitted an MAI Appraisal, Exhibit A, and Photographs, Exhibit B. A large map of the Kiley Ranch parcels was also displayed on an easel for the Board, but was not placed on file with the Clerk. Ms. Fogel testified that her opinion of value for subject parcel is \$65,000; that there is no paved access to subject; that it is within a floodplain; and that utilities will need to be extended to the site at an estimated cost of \$985,000. In response to Chairman O'Brien, Ms. Fogel confirmed that there is a tentative map on subject for 78 single family lots.

Ms. Fogel then reviewed sales of comparable properties, stating she tried to find sales with similar development potential/problems and located in the same area as subject. Her sales ranged from \$1,600 to \$6,800 per acre, and she feels the property value should be \$4,500 per acre. She then answered questions of Board members.

Appraiser Shane stated that based on his sales of comparable properties in the immediate area, the taxable value of subject is currently \$43,000 per acre and he reviewed his sales, stating the sales he chose are most similar to subject in location, zoning, size, etc.; and his sales range is \$38,000 to \$95,000 per acre. He also noted that several of his sales were by Mr. Kiley. Appraiser Shane showed the Board members a large map of the development that is currently planned for subject property.

Appraiser Shane then discussed the Petitioner's comparable sales, specifically Sale No. 6 shown at \$6,799 per acre, which is located just south of subject, and stated it was sold by the Petitioner and does not appear to be a reasonable sale. In re-

sponse to Chairman O'Brien, Appraiser Shane stated he does come across these kinds of sales in the Kiley transactions and it would be his opinion that there was probably some other in-kind trade for value, such as road building, dirt work, etc., outside the agreement. He also displayed a topographical map and stated that subject's elevation is not that low; that it will not take too much to raise it out of the floodplain; and that once the flood channel is constructed, it will not be in a floodplain at all.

Appraiser Shane then answered questions from Board members and a discussion ensued concerning property rights, development rights, water rights, development timetables, etc.

In rebuttal, Ms. Fogel reiterated that subject property is not on a paved road, access will have to be provided to the property, utilities will have to be brought to the property, and the property will have to be raised up out of the floodplain. She stated that her sales are not in the immediate vicinity, but they are much closer to subject in their physical characteristics.

Board members expressed that they were having a problem with the Petitioner's sale No. 6 being so much lower than the Appraiser's sales. David Kiley, previously sworn, explained negative land value and how he sold other parcels in the past to developers, but had to bring in dirt, put in infrastructure, etc., in order to get them to buy. He also explained that sale No. 6 was to David Frear and that the buyer is going to have to bring fill and utilities in, will have to do paving and off-site improvements, etc.

Mr. Kiley then stated that he objects to the Appraiser's comparable sale "D;" that he sold that property to Bailey-McGah for \$357,000 in November, 1999; that the Appraiser is adding \$256,000 for Sparks Boulevard; that Sparks Boulevard was in five years prior to this sale; and that it is not right to add that amount to the sales price.

Ms. Fogel then answered other questions of Board members and disputed some of the Appraiser's comparable sales. She stated sale "A" is right on the Pyramid Lake Highway and was purchased for the Rialto Shopping Mall and has great commercial potential. She stated it is her understanding that sales "B" and "C" are part of the same transaction, and the parcels are being purchased in phases.

Randy Walter, Civil Engineer, discussed residual land values and stated subject property will require 190,000 yards of fill to raise it 4 feet and out of the floodplain, which will cost over \$500,000. He further stated that on the Appraiser's comparable sale "A," \$300,000 has been added to the purchase price, which should have been deducted from the purchase price because of the sewerage.

Appraiser Shane stated he has just received information on the Petitioner's sale No. 6 (Exhibit II), which indicates that Mr. Kiley was the seller and is also a Manager, or Member, of the Limited Liability Company that purchased the property. Mr. Kiley explained that he has no interest in the LLC, and he just assists them by providing information.

The Chairman closed the hearing.

The Board decided to hear all of the Kiley Ranch appeals before making their decisions.

12:50 p.m. The Board recessed for a lunch break.

2:00 p.m. The Board reconvened with all Members present as in the morning session.

Following all testimony taken in the afternoon for each Kiley Ranch hearing and the close of those hearings, the Board then deliberated and took action on the individual appeals.

Hearing Nos. 68 A & B

Member Fox stated he does not agree with the Assessor's comparables. He had a problem with Assessor's comparable D, which is probably the best Assessor's comparable at \$48,865/acre, and his calculation is \$28,500/acre. Member O'Brien agreed and noted that if comparable E is adjusted correctly it comes to \$29,629/acre. Member Fox said he is also bothered with the physical distance of the Petitioner's appraiser's comparables.

Member Obester said he could support some reduction but not as low as the \$28,000 to \$29,000. He likes Assessor sales B and C, which are in the neighborhood of \$37,000/acre. Member Fox commented that sale B is part of a 200-acre sale and is not comparable in size.

Member McCormick advised she does not think the Assessor's figure is unreasonable for Comp B. She then stated that, in evaluating all of the parcels today, there have been too many unknown factors relating to such things as water rights, related parties, deed restrictions, side agreements, development costs, etc. In previous years she was left with the impression it would be many years before any of this development would happen and now it is here. Testimony has been given that there are multiple transactions between the various purchasers and developers, and it would seem advantageous for the sellers to continue a pleasant, good-term relationship with the buyers. Other transactions are going on all the time that probably have an affect on each transaction but that information does not come forth. She noted the Board was told on Monday that only one parcel had ever been sold to Lewis Homes and today they were told there have been continuous sales to Lewis Homes. Today the Board was told there is a pending sale on one of these properties and the testimonies of three different people produced three different answers. She said she is not confident of the information the Board has been given.

Chairman O'Brien agreed there is a lot of stuff floating around, but the Board has the fee appraiser's opinion and the Assessor's opinion and has to make a decision.

Member Nadel commented there is a level of frustration in not knowing what goes through the procedural organizations of sales, resales, development, relationships between the developer and seller, etc. The Board's duty is to equalize property values, which is done by looking at comparable sales. He said the fee appraiser has a perspective based upon their paycheck, which is perhaps less important to a government official. Therefore, he gives a bit more weight to the Assessor finding the best options for comparison. He explained he is not suggesting this is an adversarial situation, but that there is a weight of opinion one uses based on who hired them.

Member Fox said he finds the Assessor's comparables D & E more comparable to the subject in terms of distances and those two sales properly analyzed produce an indication of value of \$28,500/acre to \$29,500/acre. Chairman O'Brien noted the Assessor has added off-site costs. Presumably the subject would also have off-site costs, and he does not believe it is appropriate to add those in as part of the cost of land.

Member Obester said he wanted to ask the Assessor a question and requested the hearing be reopened. Chairman O'Brien reopened the hearing.

Member Obester asked if some of the Assessor's included off-site costs. Appraiser Shane said they do and added that analysis is consistent with sales analysis conducted by appraisers in the private sector.

Chairman O'Brien closed the hearing.

Member Fox moved, seconded by Member O'Brien, based on the evidence presented by the Assessor's office and the Petitioner, to reduce the per acre value of the subject to \$29,000 for a total taxable value of \$414,613. On call for the question Members McCormick, Obester, and Nadel voted "no," and the motion failed for lack of a majority vote.

Member McCormick said Appraiser Shane's testimony was convincing and his evaluation of \$43,000/acre is well supported. Member Obester agreed and added that he found some of the evidence presented by the taxpayer to be misleading.

Based on the FINDINGS that fair market value has not been exceeded based on the evidence presented by the Assessor's office and the Petitioner, on motion by Member McCormick, seconded by Member Obester, which motion duly carried with Members Fox and O'Brien voting "no," it was ordered that for 2001 (Hearing No. 68A) and Reopened 2000 Roll (Hearing No. 68B, the taxable value of land on Parcel No. 516-020-20 be upheld. The Board made the finding that the land is correctly valued and the total taxable value does not exceed full cash value.

A Petition for Review of Assessed Valuation received from Kiley Ranch LLC protesting taxable valuation on land on property zoned A-5/A-7 located East of Pyramid Highway (State Route 445), Reno, Washoe County, Nevada, was set for consideration at this time.

Ron Shane, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I (Hearings 69 A & C), and Exhibit II (Hearings 69 B & D), and oriented the Board as to the location of subject property. He advised the same comparables were used in evaluating the properties and pointed out the parcels on a display map.

Cindy Lund Fogel, MAI, representing Petitioner, was sworn, submitted Appraisal, Exhibit A, Map, Exhibit B, and Photographs, Exhibit C, and testified the same format was used as in the previous hearing. She said the subject is currently zoned A-40 but is under the Northern Sparks Sphere of Influence Plan at three dwelling units per acre. The site is the actual working Kiley Ranch and there are no floodplain problems. The parcel has electricity and telephone service, but there is no paved access and it is set off the highway. She reviewed comparable sales information, advising that the majority are located within the subject neighborhood with some a bit more remote. They tried to find properties with similar remote locations, larger acreage, similar availability of utilities, etc., and their conclusion of value for both parcels is \$3,000/acre.

Ms. Fogel responded to questions of the Board and advised the intent is to maintain the property as the ranch operation with development probably 5 to 10 years in the future. Improvements include corrals, barn, etc. and cattle are grazed on the subject.

Appraiser Shane said Ms. Fogel used the term "similar remote location" relative to comparables, but the subject parcels lie near Sparks Boulevard and Pyramid Lake Highway in the path of residential development. They benefit from the expected time frame in which development is going to occur and the distance services will need to be extended. The appellant's comps are outside the kind of market that influences the subject. He reviewed the Assessor's comparables and responded to questions of the Board. He then noted the parcel adjacent to the subject that was removed from agriculture was valued too low at \$6500/acre because he simply used the wrong comparables. That parcel is off by a factor of 3 to 5 and will be changed in 2002, and to use that parcel as a comparable would not be appropriate. Discussion was held concerning agricultural values and Mr. Shane responded to questions of the Board.

In rebuttal, Ms. Fogel stated that three of the Assessor's comparables have much superior highway frontage. The subject is set back off Highway 445. Her understanding is that a portion of Assessor's comparables A and B are designated commercial. Comp C was the old Harold's Club Gun Shoot, which she believes was operating at the time of purchase and has much better access from the Pyramid Lake Highway. Asses-

sor's Comp D had all utilities at the time of purchase including sewer and water and has much superior frontage on the highway.

Randy Walter, Civil Engineer, representing Petitioner, responded to a question concerning the timing of development of these parcels. He said that, because of the lack of utilities and lack of water service due to the Sierra Pacific buy-out, they have no clue when water service will be made available. Upon inquiry of Chairman O'Brien, Mr. Walter advised that one of the main reasons for pulling parcels out of the agricultural use assessment is to make sure their taxable value is as close as possible to actual value. He said the longer they wait the higher the values become at the Assessor's office, and the parcels are being pulled out to avoid huge values being pulled back seven years. He then stated he does not believe the Kileys intend to stop their grazing operations and agricultural use because the entire ranch would then be subject to the agricultural deferment being taken away.

Member McCormick asked about the improvements on the property. David A. Kiley, duly sworn, advised there are corrals made with old pieces of wood, a stack yard for stacking hay, a tin granary building used for storage, a potato cellar used for storage that is currently falling down, and a tin building used for storage and working on equipment.

The Chairman closed the hearing.

Hearing Nos. 69 B & D

Member Nadel said the idea that an appraisal can show properties both near and far from the subject and still be justifiable from different directions creates a gray area. He has a tendency to look at the comparables in the nearest locations that seem reasonable to the property. Ms. Fogel is obviously very knowledgeable, but at the same time has a perspective from the point of view of the Kiley Ranch, and he gives some weight to that circumstance.

Chairman O'Brien advised he was impressed that the Assessor's comparables are near the subject, but he could support a small reduction based on the fee appraiser's opinion.

Member McCormick stated she can accept the appraiser's argument that perhaps the subject property is slightly inferior to the Assessor's comparables from an access and development potential standpoint and could possibly support a slight decrease.

Member Obester said he is confused about the agricultural removal procedure and commented what is going to happen in the future with this property is unknown. Member McCormick said removal from agricultural deferment indicates the owner intends to develop the property. Member Fox said that is a logical conclusion but is immaterial and the fact it is not in agricultural deferment does not need to be considered. Member O'Brien said that removal from agricultural deferment may indicate the owner is

planning to develop or sell in the near future, but is not really relevant to the decision being made today.

Member Nadel suggested a reduction to \$10,000/acre. Member O'Brien stated he could support that figure, noting the Assessor's comparables may be a little on the high side.

Based on the FINDINGS that fair market value has been exceeded based on the evidence presented by the Assessor's office and the Petitioner, on motion by Member Nadel, seconded by Member Fox, which motion duly carried with Member Obester voting "no," it was ordered that the taxable value of land on Parcel No. 083-021-35 be reduced from \$480,000 to \$400,000, based on \$10,000 per acre, and improvements remain at \$29,377 for a total taxable value of \$429,377. This value is to be applied for 2001 (Hearing No. 69B) & Reopened 2000 Roll (Hearing No. 69D). With this adjustment, the Board made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

Hearing Nos. 69 A & C

Based on the FINDINGS that fair market value has been exceeded based on the evidence presented by the Assessor's office and the Petitioner, on motion by Member Nadel, seconded by Member McCormick, which motion duly carried with Member Obester voting "no," it was ordered that the taxable value of land on Parcel No. 083-021-31 be reduced from \$480,000 to \$400,000, based on \$10,000 per acre, and improvements remain at \$10,972 for a total taxable value of \$410,972. This value is to be applied for 2001 (Hearing No. 69A) & Reopened 2000 Roll (Hearing No. 69C). With this adjustment, the Board made the finding that the land and improvements would then be correctly valued and the total taxable value does not exceed full cash value.

01-52E HEARING NOS. 70 A & B – KILEY RANCH, LLC/RENO DEVELOPMENT - PARCEL NO. 516-020-11

A Petition for Review of Assessed Valuation received from Kiley Ranch LLC/Reno Development protesting taxable valuation on vacant land on property zoned A-40, located East of Sparks Boulevard, Sparks, Washoe County, Nevada, was set for consideration at this time.

Ron Shane, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I, and oriented the Board as to the location of subject property.

Cindy Lund Fogel, MAI, representing Petitioner, was sworn, submitted Appraisal, Exhibit A, Map, Exhibit B, Escrow Information, Exhibit C, and Photographs, Exhibit D, and testified that her understanding is approximately 8.5 acres of this 20.188-acre parcel is within the floodplain. The subject does have superior access and fronts directly on Sparks Boulevard. The property is currently zoned A-40 but is designated 10 dwelling units per acre and open space under the Northern Sparks Sphere of Influence

Plan. The open space is due to the portion located within the floodplain. All utilities need to be extended to the site, and taking the necessary portion out of the floodplain would require construction of the canal. She also understands that development would require widening of Sparks Boulevard. She advised that Randy Walter, Civil Engineer, has estimated the infrastructure costs would be approximately \$1.5-million. Upon inquiry of Member Obester, Ms. Fogel said she believes there are plans for a golf course on the property. She discussed comparable sales and stated their conclusion of value is \$7,500/acre. She advised there is a pending sale of a 95-acre site at \$6,488/acre, and the subject is a portion of that sale. She provided documentation concerning the pending sale.

Mr. Walter advised the plan that existed at the time their appraisal was made and the Assessor put the value on the property was for multi-family density, 10 dwelling units per acre. However, the density approved for the sale currently in process is for approximately 20 single-family lots for the entire parcel because the majority of the parcel will be the golf course. Mr. Walter responded to questions of the Board concerning the plans for the entire 95-acre development, the portion of the parcel that will be the golf course, infrastructure costs, the pending sale, etc. He noted the pending sale and golf course plans happened after the Assessor established his value, and what needs to be considered at this time is what existed at the time the value was established.

Appraiser Shane said part of the confusion of value might be the fault of the Assessor in that the 2000 Reopened Roll and 2001 reappraisal year are on the same hearing. The value placed on the property was based on conditions in 2000 and rapidly changing conditions are occurring on the property. He explained the analysis that established the Assessor's \$25,000/acre value, advising it was based on all information provided and not knowing when or what development would occur. He said the owner's claim a pending sale of about \$6,500/per acre with entitlements and he questions whether that is an arm's length transaction. It certainly contradicts the previous information given to the Assessor's office and they have to ask what is reasonable. He reviewed comparables and stated they support the Assessor's value. He noted Assessor's sales A & B represent two different sales of the same property on the same day, the first being \$26,000/acre and the second at \$95,000/acre. The sale indicates there are rights not assigned to any land that then become attached to the land and create a different value. The Assessor does not know when rights are assigned. Appraiser Shane then responded to questions of the Board concerning comparables.

In rebuttal, Ms. Fogel stated that Assessor's Comp A was a purchase by Nick Pavich from Kiley Ranch and was an arm's length sale. After the purchase, Mr. Kiley sold some development credits and water rights to Mr. Pavich for \$63,748. Comp B was a sale from Pavich to Sparks Development. Nick Pavich is a partner in Sparks Development and she does not know if that was an arm's length sale. She commented that Mr. Shane has added additional costs for the Sparks Boulevard Extension in Comp C; and that the actual sales price is \$375,500 at \$29,920 per acre. Their analysis of the subject as it is today with its physical characteristics, frontage, and zoning, indicates a

\$7,500/acre value. Ms. Fogel responded to questions of the Board concerning comparable sales.

Member McCormick asked how large the Kiley Ranch was before all this activity started, and whether the Kileys had any other transactions with Mr. Pavich, Altman Construction, Fairmont Homes, or any of the other names that have been mentioned.

Mr. Walter advised the total Kiley Ranch is approximately 1900 acres and is the acreage that existed at the time the Sparks Sphere of Influence Plan was adopted, which Plan has guided this entire development over the past 10 years. The Kileys have had transactions with several people including the parties mentioned by Member McCormick. He advised there are different partnerships involved with some of the parties, but all Kiley transactions are between Kiley and the buyer. Most deals put together between Kiley and the purchasing party have rolling options. As each unit develops, the developer takes another unit from Kiley, which is typically every year or two. The first developers of Kiley Ranch were Lewis Homes and Bailey-McGah and were five-year real estate deals with annual rolling options.

Mr. Walter said they provided information to Mr. Shane on residual land value to get to about \$20,000/acre, which represented the ultimate residual land value at the end of the 165-acre program that is 3 to 5 years down the road. That is not today's value, and the Assessor is establishing a value for the entire 165 acres well in advance of that value ever being received. Upon inquiry of Member Fox, Mr. Walter advised there are multiple sales to Lewis Homes because of the rolling option agreement with Kiley. Member Fox commented that on Monday Mr. Walter said there was only one sale to Lewis Homes. Mr. Walter responded that the sale to Lewis Homes being referred to was the \$100/acre sale, which was important for discussion so the Board would understand that particular sale. There are other sales to Lewis Homes that are not at \$100/acre.

The Chairman closed the hearing.

Member Obester commented that the entire situation is complicated and it is difficult to understand the appraisal. Due to the many uncertainties, his tendency is to uphold the Assessor's value on the land under development and be more lenient with the owner's personal acreages that are under agricultural use.

Member Fox stated he is not used to seeing two appraisers in the same community so far apart in value. He noted that several of Ms. Fogel's comparable sales for this parcel go back to 1994, but she has a lot more sales. He is also concerned with the physical distance from the subject for some of Ms. Fogel's comparable sales. He believes Assessor's comparable sales A & B should be given the most weight.

Chairman O'Brien stated he likes Assessor's comparables A & C. On Comp C, the Assessor seems to be hanging his hat on the pending sale. He has some problems with the developer sales and thinks there are things going on that are not very

apparent relative to this and other Kiley sales. Some of the appellant's sales do not pass the reasonable test.

Based on the FINDINGS that fair market value has not been exceeded based on the evidence presented by the Assessor's office and the Petitioner, on motion by Member Fox, seconded by Member McCormick, which motion duly carried, it was ordered that the taxable value of land on Parcel No. 516-020-11 be upheld. The Board made the finding that the land is correctly valued and the total taxable value does not exceed full cash value.

01-53E HEARING NO. 71 – KILEY RANCH, LLC/SPARKS
DEVELOPMENT - PARCEL NO. 516-020-09

A Petition for Review of Assessed Valuation received from Kiley Ranch LLC/Reno Development protesting taxable valuation on vacant land on property zoned PD, located on Sparks Boulevard, Sparks, Washoe County, Nevada, was set for consideration at this time.

Ron Shane, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I, and oriented the Board as to the location of subject property. The subject lies at the intersection of Sparks Boulevard and a future flood way.

Cindy Lund Fogel, MAI, representing Petitioner, was sworn, submitted Appraisal, Exhibit A, and Photographs, Exhibit B, and testified the subject has been approved for 45 cluster single-family lots. The parcel has been designated under the flood zone but because of the channel construction has been pulled out of the floodplain. All utilities are to the site and it is basically ready for development. She said the majority of the comparables are within the subject neighborhood and their conclusion of value is \$30,000/acre for a total of \$210,000. Chairman O'Brien noted the Petition indicates a pending sale on the property, and Ms. Fogel advised there is no pending sale on the subject. Member Fox suggested a better unit of comparison for the subject would be on a per site basis rather than per acre. Ms. Fogel said she was simply being consistent with her other analyses but the subject could have been looked at on a per lot basis. Chairman O'Brien noted that, based on Ms. Fogel's appraisal, the value would be \$4,600 per lot. Ms. Fogel then discussed comparables and responded to questions of the Board.

Appraiser Shane advised his analysis indicates a value of \$15,000 per site for 42 sites, and information presented today that there are 45 sites would change that value to \$14,000 per site. He explained the term "super pad" is used to describe the subject because the property is ready to go; and that the reason he does not consider sale A an arm's length transaction is because of the ongoing business relationship with Reno Development/Nicholas Pavich. He said the price may or may not reflect the full terms of the transaction and the future relationship between the parties. He reviewed his analysis and comparable sales that support the Assessor's taxable value and responded to questions of the Board.

In rebuttal, Mr. Walter advised that Assessor's Comp A was from Kiley to Pavich and was an arm's length transaction. The additional \$63,000 was for building credits that were probably in Mr. Kiley's possession for several years and have nothing to do with the land value. Those credits came from somewhere totally different than this piece of property. Comparable B represents a sale of the same property from Nicholas Pavich to Sparks Development, of which Mr. Pavich is a partner. He does not know what was included in the sales price and the sale would certainly not be considered an arm's length transaction. Comp C includes a value for the extension of Sparks Boulevard and he does not know where that number came from, but it had nothing to do with the sale of the property. The comment that Comp C is raw land is incorrect. Comp D is in Wingfield Springs and those are single-family dwellings with a typical price between \$300,000 and \$400,000. The subject units are small cluster homes on small lots and will start at \$139,000. Relative to Assessor's Comp E, he believes Mr. Kiley only received \$370,000 for the sale and does not know where the \$402,000 for the prior rolling option came from.

Member Nadel asked about the value of the building credits. Mr. Walter advised that from Mr. Kiley's perspective they have no value because he will never pull a building permit. They can be traded or sold and are often discounted. The value varies and, typically, they do not sell for more than the credit that was given. Most of the credits being sold have probably been in Kiley ownership for 2 to 3 years. The money for those credits has already been spent and does not turn into any kind of cash unless they can be sold. There is a definite time/cost associated with them. He noted Mr. Kiley's \$1.8-million in RTC credits would take 1000 units to pay off, which is about 10 years of production from the Kiley Ranch standpoint. Mr. Walter responded to additional questions of the Board and advised the utilities are stubbed to the site, streets are constructed to the site, and the site is rough graded. No public streets have been constructed and no public utilities are in place. The lots do not yet exist because there is no final map. There are no off-sites currently so there are no off-site costs. The property is ready for someone to file a final map, get improvement plans approved, and construct the streets, utilities, etc. Upon inquiry of Chairman O'Brien, Mr. Walter advised there is no pending sale on the property and believes that indication on the Petition is a mistake.

Ms. Fogel stated that a review of per site information on some of her comparables indicate a value on the subject of \$4,700 per unit.

David Kiley, duly sworn, noted a slight error on appraiser's comparable LS-5, which does not change the per-acre price. He then discussed residual land value and said off-site value cannot be added until the improvements are in and contribute to the value of the property. Negative value occurs when off-site costs are higher than the value of the property. Mr. Kiley responded to questions of the Board and advised that they sell property to the ultimate developer but are developing the ranch in portions; and that the price of the building credits is negotiated. The best price they ever received for building credits was 100% and the worst was 50% because they do not sell under 50%. He then stated Assessor's Comparable Sale A to Mr. Pavich was definitely an arm's length transaction.

The Chairman closed the hearing.

Member Obester said he could support a small reduction since the sites appear to be very small and Ms. Fogel has testified her comparables were similar to the subject. He believes the Assessor may be on the high side and suggested a value of \$10,000/unit.

Chairman O'Brien stated that he believe the data presented would support a \$10,000/unit value. These are very dense, small lots with fairly low-priced houses, and the streets, utilities, grading, etc. still have to be put in.

Member Fox stated he believes \$10,000/unit is generous to the taxpayer, but thinks the value is less than \$15,000.

Member McCormick said she has a hard time going down at all. Densely developed property is hard to come by in this community and she believes that increases the value. However, she could support a small reduction.

Member Nadel said he thinks it is difficult to ask people to come up with their view of the future. His tendency is to support the Assessor's procedures, but would support some reduction.

Based on the FINDINGS that fair market value has not been exceeded based on the evidence presented by the Assessor's office and the Petitioner, on motion by Member Fox, seconded by Member McCormick, which motion duly carried, it was ordered that for 2001 (Hearing No. 70A) and Reopened 2000 Roll (Hearing No. 70B) the taxable value of land on Parcel No. 516-020-11 be upheld. The Board made the finding that the land is correctly valued and the total taxable value does not exceed full cash value.

Chairman O'Brien noted this value equates to approximately \$76,000 per acre.

APPROVAL OF MINUTES

On motion by Member Fox, seconded by Member Nadel, which motion duly carried with Member McCormick abstaining, it was ordered that the minutes of the meeting of February 12, 2001, be approved.

On motion by Member Fox, seconded by Member Nadel, which motion duly carried with Member Obester abstaining, it was ordered that the minutes of February 14, 2001, be approved.

DISCUSSION AND DIRECTION – MINUTES TO BE PREPARED

Leslie Admirand, Legal Counsel, advised that, in the past, the Board has upheld a motion to have the Chairman read and sign off on the minutes that have not yet been completed; and that her suggestion would be to continue that practice.

Following discussion, on motion by Member Fox, seconded by Member Nadel, it was ordered that Chairman O'Brien be authorized to sign the minutes that have not yet been prepared, subject to all members making any comments to the Chairman within 10 days after receipt.

PUBLIC COMMENTS

Member Fox complimented the Assessor's office for doing a very good job. He also complimented the Clerk's office.

Chairman O'Brien expressed appreciation to the Assessor's office, the District Attorney, and the Clerk. He said it is a pleasure to work with a professional group of people, and he enjoyed working with the Board again this year.

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5:15 p.m.: There being no further hearings or business to come before the Board, the meeting adjourned *sine die*.

JAMES O'BRIEN, Chairman
Washoe County Board of Equalization

ATTEST: AMY HARVEY, County Clerk

*Minutes Prepared by:
Sharon Gotchy and Barbara Trow
Deputy County Clerks*