

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

TUESDAY

9:00 A.M

FEBRUARY 5, 2002

PRESENT:

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

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

ABSENT:

John Obester, Member

The Washoe County Board of Equalization 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:

9:00 A.M. - BLOCK

SWEARING IN OF ASSESSOR'S OFFICE STAFF

County Clerk Amy Harvey administered the Oath to the following Assessor's office staff for the 2002 Board of Equalization meetings:

Alian, Laurie
DelGiudice, Cori
Dufva, Doug
Goodlett, Sue
Lambert, Linda
McNeill, Ernie
Regan, Patricia
Sokol, Thomas
Vickers, Jana
Wilkins, Theresa
Yates, Van

Bailey, Chuck
Diezel, Ivy
Ettinger, Stacy
Johnson, Joe
Lopez, Rigo
Mumm, Chris
Sauer, Ron
Stege, Keith
Warren, Gary
Wilson, Josh

Chambers, Mary
Dillon, Ginny
Faulkner, John
Keller, Barbara
McCloskey, Kathleen
O'Hair, Pat
Shane, Ron
Vice, Gail
Welch, Coleen
Wood, Ernie

**DISCUSSION - NEVADA ADMINISTRATIVE CODE 361.622 -
PROCEDURAL REQUIREMENTS FOR COUNTY BOARD
HEARINGS**

Deputy District Attorney Leslie Admirand reported that, at the December Organizational meeting of the Board, a member of the public requested that this Board consider adopting new procedures for hearing evidence. She advised that, in order to make any procedural changes, Nevada Administrative Code (NAC) 361.622 requires that the County Board must make a proposal to the State Board, and the proposal must be approved by the State Board of Equalization before any changes in procedure can be implemented. Ms. Admirand suggested the Board members submit requested changes in the procedures to her. She would then work with the Assessor's staff on recommendations and a proposal for future Board adoption that could then be sent to the State Board. The State Board does not begin meeting until March 25th, so it would not be possible to make any changes to the procedures this year.

Member McCormick suggested giving the Petitioner the Assessor's information when they arrive rather than just before their hearing and stated she did not believe that would be something that would have to go through the State Board. Ms. Admirand agreed.

Chairman O'Brien asked if the Assessor's information would be available to Petitioners who wanted to come into the office and get it the day before their hearing or even earlier. Senior Appraiser Steve Churchfield stated it is not always ready that far in advance, and it is important to treat all taxpayers the same. He further stated, when the Petitioner has the Assessor's information ahead of time, they tend to attack that information instead of presenting evidence supporting their value.

Member Fox stressed the importance of the same procedure being followed for every Appellant, and noted that the State Board does accept new evidence that was not heard at the County Board, but the information must be presented to the County Assessor seven days prior to the hearing.

Chairman O'Brien stated property owners can come into the Assessor's office at any time to learn how their property was valued. Mr. Churchfield stated the Appraisers make every effort to provide information to the property owners. He further stated he liked the suggestion that the Appraiser's fact sheets be given to the Petitioners when they sign in to give them a little more time to review it.

Member McCormick stated this issue goes both ways in that there are also times when the Appellant submits a 100-page appraisal at the meeting that no one has had time to review; and, if a procedure is adopted to require the Assessor to provide information 24 hours in advance, for example, the same procedure should apply to the Petitioner providing information to the Assessor and the Board.

Chairman O'Brien suggested the Board members submit their ideas to Ms. Admirand so she could come up with a recommended proposal for the Board to consider adopting and submitting to the State.

02-02E TAX ROLL CHANGE REQUESTS - INCREASES

Chairman O'Brien noted there are a lot of increases and asked if they are due to clerical or computer errors. Senior Appraiser Steve Churchfield stated that is the reason for the majority of these.

Following discussion, on motion by Member Fox, seconded by Member Nadel, 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 28, 2002, at 9:00 a.m. as the date and time for the Board to act on tax roll change requests Nos. 1, 2, 3, 6 through 11, 14 through 180, 182 through 186, 189, 190, 191, 196, 198 through 229, 231, through 234, 236 through 239, 241 through 247, increasing taxable values as delivered to the Clerk.

02-03E TAX ROLL CHANGE REQUESTS - DECREASES

Rigo Lopez, Appraiser, duly sworn, discussed roll change requests Nos. 188, 313, 319, and 320, which were in regard to properties at Lake Tahoe and the view classifications used by the Assessor's office in establishing land values at the lake. He explained the classifications numbered 1 through 6, with 6 being the best, such as a panoramic view with no obstructions and stated the Appraisers do physically check the view from living rooms or kitchen areas whenever they can to establish the correct view class. Mr. Lopez then answered several questions from Board members and advised that over the years, the view from a parcel can change due to other construction, vegetation growth, etc.

Chairman O'Brien asked if the Appraisers actually drive the streets when the Tahoe area is completely reappraised in the cycle. Steve Churchfield, Senior Appraiser, stated the Appraisers do drive all the streets to check the views, and he is aware that many of the Appraisers actually walk the lots when they can. Mr. Churchfield also explained there is a set criteria for determining the view classification to take subjectivity out of it. Mr. Lopez further stated that whenever there is a building permit for a parcel, the Appraisers actually inspect the property, which provides a good opportunity to verify that the view class is correct.

Chuck Bailey, Appraiser, duly sworn, responded to questions from Chairman O'Brien concerning roll change request No. 267, wherein the Assessor was proposing to reduce the quality class on a home. Mr. Bailey stated he did physically inspect the home.

Chairman O'Brien asked if the majority of the decreases are due to clerical errors. Mr. Churchfield stated there are a variety of reasons. Member Fox asked that, in the future, the roll change requests be grouped by the reason.

Following discussion, on motion by Member McCormick, seconded by Member Nadel, which motion duly carried, Chairman O'Brien ordered that roll change requests Nos. 188, 249 through 254, 258 through 263, 265 through 302, 304 through 313, 317 through 405 resulting in decreases and placed on file with the Clerk, be approved for the reasons stated thereon.

10:30 A.M. - BLOCK

02-04E HEARING NO. 18 – DAN C. HERMAN, ET AL
PARCEL NO. 076-401-23

A petition for Review of Assessed Valuation received from Dan C. Herman, et al, protesting taxable valuation on land and improvements zoned GR and designated SFR, located at 11275 Campo Rico, Sparks, Washoe County, Nevada, was set for consideration at this time.

Chuck Bailey, 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. He advised subject is a custom home on a 10-acre parcel, but it is an area in transition due to a lot of new construction. Chairman O'Brien asked if the new construction is predominately single family homes. Mr. Bailey responded there is also new commercial-industrial development.

Dan C. Herman, Petitioner, was sworn, submitted Petitioner's Letter and Comparable Sales, Exhibit A, and Photographs, Exhibit B, and testified that he believes the land value for his parcel should be in the \$50,000 range because of the adverse factors affecting his land, and stated he does not think the Assessor has taken that into consideration. He described those adverse factors as being located on a dirt road, which the property owners have to maintain themselves, right off the Pyramid Lake Highway, the nearby aggregate mines causing a great deal of truck traffic very near his home, and the new industrial development, Leviton, located just across the Pyramid Lake Highway. He discussed sales of comparable properties and pointed out differences between his property and the Assessor's comparable sales. Mr. Herman then responded to several questions of Board members concerning specifics about his property. In response to Member Nadel, Mr. Herman stated there were conditions imposed on Leviton for mitigating impacts to the neighbors, but the County is not enforcing their requirements.

Appraiser Bailey reviewed his comparable sales substantiating the Assessor's land value. In response to Board questions, Mr. Bailey stated that subject was given a 5 percent discount from the base lot value in recognition of the location being on a frontage road and very close to the highway. Appraiser Bailey then disputed the comparability of the sales discussed by the Petitioner.

In rebuttal, Mr. Herman emphasized the heavy truck traffic from the aggregate pits passing right by his property all day long with the accel/deceleration lanes being very close to his home.

The Chairman closed the hearing and the Board deliberated.

Based on the FINDINGS that the adverse factors affecting subject property were not sufficiently discounted, 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. 076-401-23 be reduced to \$60,000; and that the improvement value be upheld at \$150,890, for a total taxable value of \$210,890. The Board also made the findings that, with this adjustment, the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

02-05E HEARING NO. 40 – ERIC AHLSTROM, ET AL
PARCEL NO. 076-360-63

A petition for Review of Assessed Valuation received from Eric Ahlstrom, et al, protesting taxable valuation on land and improvements zoned A-5 and designated SFR, located at 11520 Campo Rico, Sparks, Washoe County, Nevada, was set for consideration at this time.

Chuck Bailey, Appraiser, duly sworn, submitted Assessor's Fact Sheet(s) and Maps, Exhibit I, pages 1 through 10, and oriented the Board as to the location of subject property. He stated subject property is very similar to the previous hearing except that it is quite a bit farther north.

Madeline Zook, Petitioner, was sworn, submitted Comparable Sales Data, Exhibit A, and testified that in addition to being so near the Pyramid Lake Highway and having the same adverse affects as Mr. Herman in the previous hearing, her property is right next to the quarry (aggregate pit); and the trucks going in and out use an easement that is right at the edge of her property, which creates noise and dust all day long. She further stated this easement means that two of her ten acres are not available for her use. Ms. Zook testified she is a realtor, and these properties are not selling. She then responded to specific questions from Board members.

A discussion also ensued concerning the outbuildings, a barn and sheds, located on subject. Ms. Zook stated she did not really place any value on them because they are modular, which means they can easily be taken down and moved, and because they would only have value to a purchaser if the purchaser intended to have that type of lifestyle.

Appraiser Bailey testified the Assessor does not consider the outbuildings temporary structures and their values have been included in the improvements. He further stated an Appraiser did physically inspect subject and there is a recommendation for a reduction in the improvement value based on some slight discrepancies found during

the inspection. Appraiser Bailey then reviewed sales of comparable properties substantiating the Assessor's values and answered Board Members' questions. In response to Member Fox, the Appraiser stated subject was also given a 5 percent discount for the adverse factors as in the previous hearing.

In rebuttal, Petitioner Zook reiterated her previous comments emphasizing the noise and dust created by triple trailer trucks going in and out of the quarry all day, every day.

The Chairman closed the hearing and the Board deliberated. There was a discussion among the Members that the improvements, especially the outbuildings, were probably valued too low, but also that they should be consistent in equalizing properties; therefore, subject's land value should be reduced in accordance with the previous hearing.

Based on the FINDINGS that the adverse factors affecting subject were not sufficiently discounted, and based on the Assessor's recommendation to reduce the improvement value due to discrepancies discovered during a physical inspection of the property, 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. 076-360-63 be reduced to \$53,550; and that the taxable value of the improvements be reduced to \$193,949, for a total taxable value of \$247,499. The Board also made the findings that, with this adjustment, the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**02-06E HEARING NO. 21 – DENNIS B. AND DEBRA J. MALAMET -
PARCEL NO. 522-052-12**

A petition for Review of Assessed Valuation received from Dennis B. and Debra J. Malamet protesting taxable valuation on improvements zoned PD and designated SFR, located at 6772 Eagle Wing Drive, Washoe County, Nevada, was set for consideration at this time.

Linda Lambert, 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. Appraiser Lambert advised the Assessor is recommending a reduction in the improvement value based on an interior inspection of subject. She stated it was determined that the correct quality class is 5.5, not 6.0 as previously assessed, and detailed the items changed.

The Petitioners were not present, but had submitted a letter stating they were in agreement with the Assessor's new recommended improvement value.

The Chairman closed the hearing.

Based on the FINDINGS that there was an appraisal error due to the Assessor having the incorrect quality class on subject's improvements, on motion by Mem-

ber Nadel, seconded by Member McCormick, which motion duly carried, it was ordered that the taxable value of improvements on Parcel No. 522-052-12 be reduced in accordance with the Assessor's recommendation to \$432,016; and that the land value be upheld at \$77,000 for a total taxable value of \$509,016. The Board also made the findings that, with this adjustment, the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

12:06 p.m. The Board recessed.

1:30 p.m. The Board reconvened with all Members present as in the morning session.

1:30 P.M. – BLOCK

WITHDRAWALS

The following petition, scheduled for hearing in the 1:30 p.m. block on today's agenda, was withdrawn by the Petitioner:

William W. Simon, et al. – APN 039-190-72

02-07E **HEARING NO. 2 – KENNETH BAKST, ET AL –
PARCEL NO. 122-181-51**

A petition for Review of Assessed Valuation received from Kenneth Bakst, et al, protesting taxable valuation on land and improvements, zoned MDS, and designated SFR, located at 835 Lakeshore Boulevard, Incline Village, Washoe County, Nevada, was set for consideration at this time.

Gary Warren, Appraiser, duly sworn, submitted Assessor's Fact Sheet and Maps, Exhibit I, pages 1 through 12, and oriented the Board as to the location of subject property. He advised that this is a factored value, and the land value went up by 50 percent the same as all other lake front properties, according to the 2002 roll. The 50 percent increase covers a four-year period, which was the last time the property was appraised. The 10 percent reduction is to acknowledge the sewer easement and the pump station and is based upon a roll change request that came before the Board in 1998 and has carried forward since that time.

Kenneth Bakst, Petitioner, was sworn, and testified that he believes the easement, for sewer pump station #5 on his property, is an imposition and deserves more than the 10 per cent reduction given by the Assessor. He submitted maintenance logs of the Incline Village General Improvement District for regular maintenance and emergency maintenance of the sewer pump. He stated that several times a week one or two vehicles are parked on his property in the driveway for several hours. It can be day or night, although if it is during the evening hours they put lights up near the sewer pump when they are working. He never knows when they are coming out to work on the pump until they

call and ask him to put his dog inside the house. He said they recently wanted to enlarge their house but was unable to do so because of the easement.

Member Fox asked if the taxable value does not exceed full cash value and the Petitioner is in agreement that it does not, and the Assessor has not made any errors, is there anything in the law that allows the Board to change the value. Leslie Admirand, Legal Counsel, stated that the Petitioner is arguing overvaluation and he has a right to do so.

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

The Chairman closed the hearing.

Member Fox stated that he believes the property has been assessed correctly and the boat pier adds a great deal of value to the land and there is no upward value for that.

Member Nadel said he agrees with the Assessor's recommendation and believes the easement has been taken into account with the 10 percent reduction.

Chairman O'Brien stated that he believes the easement has been taken into account in the valuation and he believes the taxable value is less than the market value.

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 Fox, seconded by Member Nadel, which motion duly carried, it was ordered that the taxable value of land and improvements of \$2,789,916.00 on Parcel No. 122-181-51 be upheld.

02-08E HEARING NO. 17 – MURRAY V. DOLAN –
PARCEL NO. 122-127-01

A petition for Review of Assessed Valuation received from Murray Dolan, protesting taxable valuation on land zoned MDS, and designated SFR, located at 551 Pinion Drive, Incline Village, Washoe County, Nevada, was set for consideration at this time.

Joe Johnson, Appraiser, duly sworn, submitted Assessor's Fact Sheet and Maps, Exhibit I, pages 1 through 10, and oriented the Board as to the location of subject property. He advised that the subject property is already receiving a 20 percent site discount for traffic location and noise nuisance as granted by the Board in 1998, specific to the subject lot. He noted that other property owners living on Highway 28 receive a 5 percent discount due to noise and traffic nuisance. The last time the property was fac-

tored was in 1997, and the base lot value at that time was \$180,000, which was reduced to \$144,000, and that has been carried forward since 1998.

Shannon Dolan, son of the Petitioner, Murray V. Dolan, was sworn, and testified that because the house is located on the corner of Lakeshore Boulevard and State Route 28 they have a lot of noise pollution and traffic sounds. He said there have been traffic accidents at that intersection continually and it seems to be getting worse with the increase of population in the area. He said the only way fair market value could be determined is finding out what the house could sell for, and until that is determined the Assessor's comparables are not comparing apples to apples. Mr. Dolan said the land value went up 50 percent in one year, and reviewed the pictures that were submitted with the Petition.

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

Mr. Dolan stated that he believes the classification of the view should be a V2 because their view of the lake is obscured by trees and traffic. He said land sale #2 sits further back from State Route 28 and Lakeshore Boulevard and does not have the traffic noise that the subject property does, and it also has a better view of the lake.

The Chairman closed the hearing.

Chairman O'Brien said the home is located near a very bad intersection and he could support a V2 classification.

Member Fox said land sale #2 of the Assessor's comparables is closely located to subject property and sold for \$490,000 with a V4 classification. Mr. Dolan said the property on land sale #2 sits higher than the subject property, and the view is more panoramic and does not overlook a busy intersection.

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 \$256,218.00 on Parcel No. 122-127-01 be upheld.

**02-09E HEARING NO. 7 – 575 VILLAGE LIMITED PARTNERSHIP –
PARCEL NO. 124-083-30**

A petition for Review of Assessed Valuation received from Dan Tonemacher, protesting taxable valuation on land and improvements, zoned MDS, and designated SFR, located at 575 Village Boulevard, Incline Village, Washoe County, Nevada, was set for consideration at this time.

Cori Delguidice, Appraiser, duly sworn, submitted Assessor's Fact Sheet and Maps, Exhibit I, pages 1 through 6, and oriented the Board as to the location of subject property. She said all of the comparable sales are in close proximity to the subject property and are similar in size. She noted that all of the comparable sales are much older than the subject property and are inferior in quality and smaller in land size.

Dan Tonnemacher, Petitioner, was sworn, and testified that he has spent the last 5 years fighting with the Tahoe Regional Planning Agency (TRPA) over improvements he would like to make to his property. He said the TRPA informed him that his property is within the 100 year floodplain and from then on he has been unable to make any improvements to his property. He said in 1997 he dug a hole on his property near a culvert and TRPA took exception to him digging the hole. They went to Federal Court over the hole, floodplain and other issues, and a settlement was reached which he believed allowed him to develop his property, but that has not happened. He said by TRPA placing his property in the 100 year floodplain it has left the property with a very negative stigma. Mr. Tonnemacher has been unable to sell his property or borrow money against his property because the property is located in the floodplain. The rent he receives is low because of the disarray the property is in due to his inability to develop or complete projects on his property. He said that the foundation already on his property is for a sports court and cannot be used for anything else other than a sports court. He originally wanted to expand the house but was not allowed to do that.

Chairman O'Brien asked where the land value came from for this property. Ms. Delguidice said the value was established in the 1998 reappraisal and was factored 15 percent.

Member Fox asked if the property is located in a Stream Environmental Zone or 100 year floodplain. Ms. Delguidice said TRPA changed their ordinances in June 2001 regarding the floodplain. It now allows for ways to be removed from the floodplain.

John Marshall, General Counsel for TRPA, said the 100 year floodplain is mapped by the Army Corps of Engineers and it does go through the subject property. It does not encompass the entire property but it sort of follows the culvert through the subject property. If there are no existing structures within the 100 year floodplain it does impose significant restrictions on what you can do within that 100 year floodplain. In part, due to Commissioner Galloway's efforts, there is a way to adjust and determine certain calculations of what is and is not in the floodplain and Mr. Tonnemacher has not taken advantage of the flexibility that now exists in the code. He does not know whether or not any changes would be allowed on Mr. Tonnemacher's property as a result of the change. Mr. Marshall said the subject property did have a lot of grandfathered coverage on it, but the principle issue with this property is the floodplain issue.

Mr. Tonnemacher said the ordinance states that any future development is precluded in a floodplain. He requested that the Board value his property accordingly.

The Chairman closed the hearing.

Member McCormick said the Petitioner has a house on his property and he testified earlier that he listed the property and tried to sell it for \$575,000.

Chairman O'Brien said they are supposed to value the land based upon its present use, which is a single family residence.

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 Fox, seconded by Member McCormick, which motion duly carried, it was ordered that the taxable value of land and improvements of \$353,916.00 on Parcel No. 124-083-30 be upheld.

02-10E HEARING NO. 28 – GARY HUTCHINSON –
PARCEL NO. 514-110-18

A petition for Review of Assessed Valuation received from Gary Hutchinson, protesting taxable valuation on land zoned R1-15/PUD and designated Vacant/SFR, located at 1441 Fraun Court, Sparks, Washoe County, Nevada, was set for consideration at this time.

Patrick O'Hair, Appraiser, duly sworn, submitted Assessor's Fact Sheet and Maps, Exhibit I, pages 1 through 4, and oriented the Board as to the location of subject property. He stated that the Assessor's office is recommending a reduction on this property and the Petitioner is in agreement with the adjusted amount. The subject property is inferior to all of the other parcels on Fraun Court. The lot is pie shaped and has about 26 feet of street frontage. Mr. O'Hair said the reduction is also based on the sale price which was determined to be a good market transaction.

Gary Hutchinson, Petitioner, is in agreement with the recommended reduction.

The Chairman closed the hearing.

Based on the FINDINGS that fair market value has been exceeded as evidenced by the Assessor's analysis indicating that the February 2002 purchase price was a good market transaction, and the property value should be adjusted down due to poor configuration and topography, on motion by Member Fox, seconded by Member Nadel, which motion duly carried, it was ordered that the taxable value of land be reduced from \$60,800.00 to \$54,000.00 on Parcel No. 514-110-18, 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.

**HEARING NO. 27 – GARY & MARY HUTCHINSON –
PARCEL NO. 514-110-17**

A petition for Review of Assessed Valuation received from Gary & Mary Hutchinson, protesting taxable valuation on land and improvements, zoned R1-15/PUD, and designated 20/SFR, located at 1431 Fraun Court, Sparks, Washoe County, Nevada, was set for consideration at this time.

Patrick O’Hair, Appraiser, duly sworn, submitted Assessor’s Fact Sheet and Maps, Exhibit I, pages 1 through 9, and oriented the Board as to the location of subject property. He said land sale #3 in the comparables is almost a mirror image of the subject property and is approximately 2 blocks away. He believes the subject property is far enough away from Vista Boulevard that noise is not that big of detriment. The house sits at least 250 feet or more away from Vista Boulevard.

Gary Hutchinson, Petitioner, was sworn, and submitted an analysis which contained 4 different ways to come up with the value for the subject property. He said he objects to the comparables used by the Assessor. The homes used for comparison on Serendipity Court are 4 houses and 2 streets removed from Vista Boulevard. When they purchased the lot on Vista Boulevard it was a 2 lane street and now it is a 4 lane street. He said the Assessor used a 30 percent premium on the subject property because of its size. They cannot use the back portion of their property as it was originally open space in the subdivision and the developer deeded it to them for the cost of the boundary line adjustment, which was about \$750.00. The land deeded to them is considered open space in the CC&R’s, and if they built anything on the property that would obstruct the neighbor’s view it would have to be taken to the architectural committee for approval, and if the neighbor objected they probably would not be allowed to do it.

Member Fox asked if it is deed restricted. Mr. Hutchinson said it is restricted in a sense that nothing can be built on it or placed on it without first going to the architectural committee and obtaining approval.

Appraiser O’Hair said there are no restrictions on the deed, but he is unaware of restrictions, if any, by the CC&R’s. He was just made aware of the CC&R’s today by the Petitioner.

Chairman O’Brien said he believes a larger parcel is worth more, no matter if you can develop on it or not. He could support a reduction to \$60,000.

Member McCormick said the Petitioner has control of the property and the use of the property and does not believe the value should be reduced. She said the lot next door (Assessor’s Parcel 16) to the Petitioner’s lot is valued at \$80,000.

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 McCormick, seconded by Member Nadel, which motion duly carried with Chairman O'Brien abstaining, it was ordered that the total taxable value of land and improvements of \$312,988.00 on Parcel No. 514-110-17 be upheld.

MINUTES

Following discussion, on motion by Member Fox, seconded by Member Nadel, which motion duly carried, it was ordered that the minutes of the Board of Equalization Organizational meeting of December 13, 2001 be approved.

PUBLIC COMMENTS

There was no response to the call for public comments.

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4:25 p.m. There being no further hearings or business to come before the Board, the Board recessed until February 7, 2002, at: 9:00 a.m.

JAMES O'BRIEN, Chairman
Washoe County Board of Equalization

ATTEST:

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

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

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

THURSDAY

9:00 A.M

FEBRUARY 7, 2002

PRESENT:

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

Nancy Parent, County Clerk
Leslie Admirand, Deputy District Attorney
Ernie McNeill, Senior Appraiser

ABSENT:

Jon Obester, Member

The Board met pursuant to a recess taken on February 5, 2002, 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

02-12E TAX ROLL CHANGE REQUESTS - INCREASES

On motion by Member Fox, seconded by Member Nadel, which motion duly carried with Member McCormick temporarily absent, 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 28, 2002, at 9:00 a.m. as the date and time for the Board to act on tax roll change requests Nos. 406 through 414, increasing taxable values as delivered to the Clerk.

* * * * * * * * *

Member McCormick arrived at the meeting.

02-13E TAX ROLL CHANGE REQUESTS - DECREASES

Following discussion, on motion by Member Nadel, seconded by Member Fox, which motion duly carried, Chairman O'Brien ordered that roll change requests Nos. 415 through 470, resulting in decreases and placed on file with the Clerk, be approved for the reasons stated thereon.

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Member McCormick temporarily left the meeting.

**02-14E HEARING NO. 50 – WILLIAM J. AND DARCI JO FLETCHER,
ET AL - PARCEL NO. 047-090-08**

A petition for Review of Assessed Valuation received from William J. and Darci Jo Fletcher protesting taxable valuation on vacant land zoned LDS A-1, located at 175 Yellow Pine Circle, 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 4 and Property Listing Report, Exhibit II, and oriented the Board as to the location of subject property. She advised that the Assessor's office has recommended a reduction based on comparable sales, the property's steep terrain and shape, and the recent sale of the property; and the Petitioner is in agreement with the recommendation. Appraiser Vice then reviewed comparable sales.

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Member McCormick returned to the meeting.

William Fletcher, Petitioner, was sworn and testified they agree with the Assessor's recommendation.

The Chairman closed the hearing.

Based on the FINDINGS that taxable value exceeds full cash value as evidenced by the Assessor with agreement by the Petitioner, on motion by Member Fox, seconded by Member Nadel, which motion duly carried with Member McCormick "abstaining," it was ordered that the taxable value of land on Parcel No. 047-090-08 be reduced from \$155,000 to \$128,000; and with this adjustment the land is valued correctly and does not exceed full cash value.

**02-15E HEARING NO. 49 – WILLIAM J. AND DARCI JO FLETCHER,
ET AL - PARCEL NO. 047-090-07**

A petition for Review of Assessed Valuation received from William J. and Darci Jo Fletcher protesting taxable valuation on land zoned LDS A-1, located at 170 Yellow Pine Circle, 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 9, and oriented the Board as to the location of subject property. She advised that the subject is adjacent to the property in the previous hearing and the parcels are almost identical; that the Assessor has recommended a reduction on the land value based on comparable sales, topography, and the recent sale of the adjacent parcel; and that the owners are in agreement with the recommendation.

William Fletcher, Petitioner, was present.

The Chairman closed the hearing.

Based on the FINDINGS that taxable value exceeds full cash value as evidenced by the Assessor with agreement by the Petitioner, 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. 047-090-07 be reduced from \$155,000 to \$128,000 and improvements remain at \$289,864 for a total taxable value of \$417,864; and with this adjustment the land is valued correctly and does not exceed full cash value.

02-16E HEARING NO. 5 – OWEN J. EASH, ET AL - PARCEL NO. 019-352-03

A petition for Review of Assessed Valuation received from Owen J. Eash, et al, protesting taxable valuation on land and improvements, zoned CC, and designated Office Building, located at 255 W. Moana Lane, 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 23 and Cash Flow Information, Exhibit II, and oriented the Board as to the location of subject property. He advised that the Assessor's office has recommended a reduction on the improvement value and the Petitioner is in agreement with the recommendation. Appraiser Yates reviewed comparable sales and rents and the income approach, and stated that the low income and market value of the property is attributed to the functional obsolescence of the building atrium. He responded to questions of the Board concerning cap rate, vacancy rate, and high energy bills.

The Petitioner was not present.

Member Nadel said he questions whether the owner has taken appropriate steps to mitigate the efficiency of the building. Member Fox said the situation could probably be improved, but the Assessor has indicated it would not be economically feasible to do so. Member McCormick commented that she has been previously persuaded that Nevada law does not require a property owner to improve property for tax purposes. Member O'Brien said that something might be done with the atrium to make it more energy efficient but the Assessor's value is well supported.

The Chairman closed the hearing.

Based on the FINDINGS that obsolescence should be applied to the subject as evidenced by the Assessor with agreement by the Petitioner, on motion by Member Fox, seconded by Member McCormick, which motion duly carried with Member Nadel voting "no," it was ordered that the taxable value of land on Parcel No. 019-352-03 remain at \$325,354 and improvements be reduced from \$946,169 to \$789,646 for a total taxable value of \$1,115,000; and with this adjustment the property is valued correctly and does not exceed full cash value.

10:30 A.M. BLOCK

**02-17E HEARING NO. 6 – KANOA ESTATE, INC. - PARCEL NO.
019-202-23**

A petition for Review of Assessed Valuation received from Kanoa Estate, Inc. protesting taxable valuation on land and improvements zoned CC, and designated Office Building, located at 100 W. Grove Street, 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 23 and Cash Flow Information, Exhibit II, and oriented the Board as to the location of subject property. He noted that the Peppermill Casino has taken over a portion of Carano Road, which now basically ends at the southeast corner of the subject boundary before it goes into the Peppermill parking lot area.

Mark Hallenbeck, Property Manager representing Petitioner, was sworn, submitted Authorization Letter, Exhibit A, and testified that there have been a lot of declining factors on the property. He stated this is the worst market on leasing office space since 1988; office space in the community is overbuilt and very competitive; and they have had to keep reducing rental rates. He said the neighborhood is declining and they get "tagged" about every two weeks, and they have lost their biggest tenant and several other tenants because they have been broken into. Mr. Hallenbeck advised that about two years ago their vacancy rate was about 5% and they now have a 26% vacancy rate; and the building has an older HVA system, single pane windows, and a new roof will be needed in the near future. He stated investors buy these types of buildings based on what the building produces and the most important numbers are what it produced last year. He said using a 10% cap rate shows the building is worth \$1,621,000, which is about what it is worth at this time. Mr. Hallenbeck responded to questions of the Board and advised they have had discussions with police about the vandalism and burglary problems, but there is only so much they can do; and that individual tenants would have to install alarm systems because the offices are along the perimeter of the property.

Appraiser Yates advised that the Assessor believes a reduction should be made but not as much as the Petitioner is requesting. He reviewed land comparables and said they indicate a value of \$5.50 per square foot. Appraiser Yates responded to questions of the Board and advised that the subject is at the higher end of the land to building ratio but is not considered to have excess parking; that there are high energy costs and some obsolescence, but the property owner could probably spend some money to improve the situation; and that good alarm systems would be a good idea. Appraiser Yates then reviewed the income approach which utilized a 10% cap rate, the average vacancy rate for the area of 20%, and a \$1.15 per square foot economic rent. He reviewed rental comparisons and advised they try to take a reasonable time frame when looking at vacancy rates; and a little more risk is involved in this property because of the "tagging" situation. He stated that the income approach, which best reflects the subject's

problems, indicates a total taxable value of \$49.35 per square foot for building with land; and that the Assessor's recommendation is to reduce land value to \$5.50 per square foot and apply \$386,179 to building obsolescence.

In rebuttal, Mr. Hallenbeck advised the only way an investor would buy this type of building is for income value, and this property cannot be compared. He said the Assessor used average rents and vacancy for the area; and his opinion of value is based on actual numbers of the building for the last year.

The Chairman closed the hearing.

Member Fox said he thinks the land value may be a little high, but the income approach supports the Assessor's value. Member O'Brien stated he agrees with the Assessor's analysis. Member McCormick said she is inclined to accept the Petitioner's value as the neighborhood has deteriorated and is unsafe. She noted that access is now much more difficult and the Peppermill employees have taken over the entire street the subject is located on. Member Nadel said the government should protect the neighborhood, and he believes the Petitioner's request is justifiable. Member O'Brien stated that graffiti is an area-wide problem but things could be done to enhance security; that people definitely buy on the income total, but usually look at a 5 – 10 year horizon; and that he agrees vacancy rates should be based on what is happening in the area and believes a 10% cap rate is appropriate.

Member McCormick noted that if the vote is split no reduction would take place, and because she believes a reduction is warranted, she would be willing to support the Assessor's value.

Based on the FINDINGS that taxable value of land exceeds full cash value and obsolescence should be applied to improvements as evidenced by the Assessor, on motion by Member Fox, seconded by Member O'Brien, which motion duly carried, it was ordered that the taxable value of land on Parcel No. 019-202-23 be reduced from \$759,660 to \$642,790 and improvements be reduced from \$1,701,380 to \$1,315,210 for a total taxable value of \$1,958,000; and with these adjustments the property is valued correctly and does not exceed full cash value.

Member McCormick said she can vote on the valuation but has a problem saying the property is valued correctly and objects to that part of the motion. She stated she is not entirely comfortable with the language the Board has been forced to use.

**02-18E HEARING NO. 32 – UPA RESORT CONSTRUCTION, LLC -
PARCEL NO. 011-183-16**

A petition for Review of Assessed Valuation received from UPA Resort Construction, LLC, protesting taxable valuation on land and improvements, zoned CB, and designated Office, located at 445 S. Virginia, 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 23 and Parking Lease, Exhibit II, and oriented the Board as to the location and description of subject property. He advised the purchase of the property by the current owner in September, 2001, included a long-term lease involving 0% rent for 20 years on a portion of the land.

Janice King, Accounting and Finance Manager, UPA Resort Construction, LLC, Petitioner, was sworn, submitted Appeal Letter dated January 15, 2002 and support documentation, Exhibit A, and Appraisal, Exhibit B, and testified they purchased the property in September, 2001, for \$750,000 in an arms length transaction. She said there is a no rent leaseback of about 25 years to Wells Fargo Bank who was the previous owner of this building; and banks are not filling these types of buildings anymore, which creates a problem for the people buying them if their intended use is to lease them out or make some type of profit or return on their investment down the road. She reviewed the upgrades made by their company to improve the appearance of the building and said they are in agreement with the Assessor's recommended value. Ms. King responded to questions of the board.

Member McCormick disclosed that her husband is a Vice President of Wells Fargo Bank, and that would not affect her decision in any way.

Appraiser Yates advised that the owner had an appraisal done which places the value of the land at \$20 per square foot. He reviewed land sale comparables and said they support the \$20 per square foot value. Appraiser Yates then reviewed the income approach and advised that a portion of the property is excess land; the subject is an older office building with considerable obsolescence; and the Assessor's recommended value of the property is \$1,332,000. He then responded to questions of the Board.

The Chairman closed the hearing.

Based on the FINDINGS that taxable value of land exceeds full cash value and obsolescence should be applied, as evidenced by the Assessor with agreement by the Petitioner, 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. 011-183-16 be reduced from \$1,256,200 to \$1,004,960 and improvements be reduced from \$556,632 to \$327,040 for a total taxable value of \$1,332,000; and with these adjustments the land is valued correctly and does not exceed full cash value.

**02-19E HEARING NO. 44 – TRUCKEE RIVER OFFICE TOWER, LLC,
ET AL - PARCEL NO. 011-076-09**

A petition for Review of Assessed Valuation received from Truckee River Office Tower, LLC, et al, protesting taxable valuation on improvements, zoned TRC-DR,

and designated Professional Offices, located at 300 E. 2nd Street, 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 14, and oriented the Board as to the location of subject property. He advised that the Petitioner has been notified of the Assessor's recommendation to uphold the taxable value, and has indicated he does not oppose the recommendation. Appraiser Yates stated that the property is a large combination office and high rise garage, and the major lessee is Harrah's who has an agreement to use a good portion of the building for employee parking. Appraiser Yates responded to questions of the Board and advised he was given an appraisal report that had complete income and expense and fairly detailed rent rate information; and the report was rather confidential and the Petitioner has asked that the report be returned.

Jim Brown, George McElroy & Associates, representing Petitioner, was sworn and testified they are the tax consultants for the owner. He advised that the owners of the property requested he appear before the Board and ask the Assessor's office to review their analysis and valuation methodology for the 2002 tax year. He said the appeal was predicated on a recent appraisal done for the property for financing purposes, and he was under the impression the report could be distributed to the Assessor's office. He later found out the report was not to be distributed and its only intended use was for mortgage valuation. Upon inquiry of Member Fox, Mr. Brown advised he did not have a personal opinion of value at this point and did not have any information to present today that would contradict the current assessment.

The Chairman closed the hearing.

Based on the FINDINGS that full cash value has not been exceeded as evidenced by the Assessor, and the land and improvements are valued correctly, on motion by Member Nadel, seconded by Member Fox, which motion duly carried, it was ordered that the taxable value on Parcel No. 011-076-09 be upheld.

**02-20E HEARING NO. 15 – COMSTOCK AIR FREIGHT – PERSONAL
PROPERTY ID #2/431-008**

A petition for Review of Assessed Valuation received from Comstock Air Freight protesting taxable valuation on personal property located at 1285 Baring Boulevard, Sparks, Washoe County, Nevada, was set for consideration at this time.

Thomas Sokol, Personal Property Supervisor, duly sworn, submitted Assessor's Fact Sheets, Exhibit I, and oriented the Board as to the location of subject property. He advised the Petitioner stated they incorrectly included licensed vehicles on their personal property declaration and submitted a corrected declaration. The Assessor is in agreement with the taxpayer and has recommended a reduction based on the removal of the licensed vehicles. He advised that the Petitioner is in agreement with the recommendation.

The Petitioner was not present.

The Chairman closed the hearing.

Based on the FINDINGS that licensed vehicles were incorrectly reported on the Petitioner's Personal Property declaration, as evidenced by the Assessor and the Petitioner, on motion by Member Fox, seconded by Member McCormick, which motion duly carried, it was ordered that the taxable value of personal property ID No. 2/431-008 be reduced from \$215,154 to \$1,357.00; and with this adjustment the personal property is valued correctly.

PUBLIC COMMENTS

There was no response to the call for public comments.

* * * * *

12:30 p.m. There being no further hearings or business to come before the Board, the Board recessed until February 11, 2002, 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

MONDAY

9:00 A.M.

FEBRUARY 11, 2002

PRESENT:

Marcia McCormick, Vice Chairman

F. Ronald Fox, Member

David Nadel, Member

John Obester, Member

Amy Harvey, County Clerk

Nancy Parent, Chief Deputy County Clerk

Leslie Admirand, Deputy District Attorney

Ron Sauer, Senior Appraiser

ABSENT:

James O'Brien, Chairman

The Board met pursuant to a recess taken on February 7, 2002, in the Auditorium of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. The meeting was called to order by Vice Chairman McCormick; the Clerk called the roll; and the Board conducted the following business:

9:00 A.M. - BLOCK 1

02-21E TAX ROLL CHANGE REQUESTS - INCREASES

Following discussion, on motion by Member Fox, seconded by Member Nadel, which motion duly carried, Vice Chairman McCormick ordered that, pursuant to NRS 361.345(2), the County Clerk issue notices of tax roll increases to affected property owners setting February 28, 2002, at 9:00 a.m. as the date and time for the Board to act on tax roll change requests Nos. 471 through 487, 489 through 525, and 554 through 563, increasing taxable values as delivered to the Clerk.

02-22E TAX ROLL CHANGE REQUESTS - DECREASES

Following discussion, on motion by Member Nadel, seconded by Member Fox, which motion duly carried, Vice Chairman McCormick ordered that roll change requests Nos. 526 through 533 and 535 through 553, resulting in decreases and placed on file with the Clerk, be approved for the reasons stated thereon.

02-23E

**HEARING NO. 4 – EL RANCHO ENTERPRISES 4TH ST LLC -
PARCEL NO. 008-243-07**

A petition for Review of Assessed Valuation received from El Rancho Enterprises 4th St. LLC, protesting taxable valuation on land and improvements zoned SPD and designated general commercial, located at 795 East 4th 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 11, and oriented the Board as to the location of subject property. She reviewed sales of comparable properties and the income analysis on subject. Appraiser Wilkins stated subject property suffers from deferred maintenance; the area is in decline; and the Assessor is recommending a reduction based on the income analysis, with the reduction to be applied to the improvements as obsolescence. She further stated, if reduced due to obsolescence, the property would be inspected every year; and, when warranted, the improvement value would be increased. She also responded to questions from Board members.

The Petitioner was not present, but had submitted an Owner's Opinion of Value statement, Exhibit A, and an MAI Appraisal from 1998.

The Chairman closed the hearing.

Based on the FINDINGS that obsolescence should be applied to subject property's improvement value, on motion by Member Nadel, seconded by Member Obester, which motion duly carried, it was ordered that the taxable value of improvements on Parcel No. 008-243-07 be reduced to \$57,115 in accordance with the Assessor's recommendation; and that the land value be upheld at \$91,249, for a total taxable value of \$148,364. The Board made the findings that, with this adjustment, the land and improvements are valued correctly, and the total taxable value does not exceed full cash value.

02-24E

**HEARING NO. 25 – NORMAN R. & CAROLE J. LA CAZE, TR, ET
AL - PARCEL NO. 026-284-29**

A petition for Review of Assessed Valuation received from Norman R. and Carole J. La Caze, Tr, et al, protesting taxable valuation on land and improvements zoned CC and designated general commercial, located at 1900 Silverado Boulevard, 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 14, and oriented the Board as to the location of subject property being the old Montgomery Wards building. He reported the Assessor is recommending that the improvement value be reduced due to obsolescence, and the Petitioner has submitted a written letter indicating agreement with the new proposed value.

The Petitioner was not present.

The Chairman closed the hearing.

Based on the FINDINGS that obsolescence should be applied to subject property's improvement value, on motion by Member Fox, seconded by Member Nadel, which motion duly carried, it was ordered that the taxable value of improvements on Parcel No. 026-284-29 be reduced to \$776,489 in accordance with the Assessor's recommendation; and that the land value be upheld at \$3,389,843, for a total taxable value of \$4,166,332. The Board also made the findings that, with this adjustment, the land and improvements are valued correctly, and the total taxable value does not exceed full cash value.

02-25E HEARING NO. 20 – DAYTON HUDSON CORPORATION
(TARGET) - PARCEL NO. 020-251-25

A petition for Review of Assessed Valuation received from the Dayton Hudson Corporation, Target Corporation, protesting taxable valuation on land and improvements zoned AC and designated discount store, located at 3300 Kietzke Lane, Reno, Washoe County, Nevada, was set for consideration at this time.

Ron Sauer, Appraiser, duly 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.

Gary Johnson of Colliers International, representing Petitioner, was sworn, submitted Seller's Closing Statement, Exhibit A, an Appraisal Report, Exhibit B, and testified that the Target Corporation had subject property appraised; the appraisal report indicates a total value of \$4,000,000; and they then distributed their initial offer to over 75 people nationwide in January, 2001, with offers due in June, 2001. He stated one of the problems with many of the retailers is that these businesses are now all locating farther south. From the initial offering, they received one proposal that was later withdrawn, so they put out a second offering in August; and subject finally sold for a little over \$3,000,000 with the close on January 15, 2002. Mr. Johnson stated he is now in the process of trying to lease the space and it is starting to appear that they may have to split it up. Mr. Johnson responded to several questions from Board members and stated the owners believe the value is the \$3,000,000 that they just paid for subject.

Member Fox asked several questions about ingress/egress problems noting that it is difficult to get to and from this property off Moana Lane. Mr. Johnson stated one of the grocery chains he was trying to lease to turned it down because of that.

Appraiser Sauer stated the \$3,000,000 sale is considered by the Assessor to be below market and he believes Target was extremely motivated to sell subject because of the events of September 11. He further stated the Assessor was

recommending a reduction to the \$4,000,000 suggested by the appraisal. Appraiser Sauer stated the new owners are going to have to spend more than the \$3,000,000 to lease the property. He reviewed sales of comparable properties substantiating the Assessor's recommended value and stated he believes the correct value is somewhere between \$3,500,000 and \$4,500,000.

In rebuttal, Mr. Johnson reiterated previous remarks and clarified, while the Target Corporation has been anxious to sell other properties since September 11, this sale was finalized in August, prior to September 11.

The Chairman closed the hearing.

Member Obester expressed that he thinks subject is undervalued. Member Fox stated he could not ignore the sale.

Based on the FINDINGS that total taxable value does exceed fair market value as evidenced by the sale of subject in January, 2002, 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 improvements on Parcel No. 020-251-25 be reduced to \$223,380 and applied as obsolescence; and that the land value be upheld at \$2,776,620, for a total taxable value of \$3,000,000. The Board also made the findings that, with this adjustment, the land and improvements are valued correctly, and the total taxable value does not exceed full cash value.

10:30 A.M. - BLOCK 2

WITHDRAWN PETITIONS

Hearing No. 26, 505 McCarran Partners, LLC, (Target), concerning Parcel No. 033-152-05, was withdrawn by the Petitioner.

02-26E HEARING NO. 31 – VINCENT M. LEMBERES, ET AL - PARCEL NO. 031-042-25

A petition for Review of Assessed Valuation received from Vincent M. Lemberes, et al, protesting taxable valuation on land and improvements zoned C2 and designated general commercial, located at 1016 and 1076 North Rock Boulevard, Sparks 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 13, and oriented the Board as to the location of subject property. He stated that an analysis of the income on subject indicates a value of \$1,103,560; and the property owner has submitted an MAI appraisal, which states the total value is \$1,100,000. Appraiser Wilson stated the Assessor is recommending the property be reduced accordingly.

Vincent Lemberes, Petitioner, was sworn, submitted an MAI appraisal, Exhibit A, and testified that he is in agreement with the recommended reduction to \$1,100,000.

The Chairman closed the hearing and the Board members deliberated.

Based on the FINDINGS that obsolescence should be applied to subject's improvement value as the evidenced by both 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 the improvements on Parcel No. 031-042-25 be reduced to \$588,791 in accordance with the Assessor's recommendation; and that the taxable value of the land be upheld at \$511,209, for a total taxable value of \$1,100,000 as recommended by the Assessor. The Board also made the findings that, with this adjustment, the land and improvements are valued correctly, and the total taxable value does not exceed full cash value.

**02-27E HEARING NO. 19 – SOUTHAMPTON PROPERTIES LLC -
PARCEL NO. 009-372-01**

A petition for Review of Assessed Valuation received from Southampton Properties, LLC, protesting taxable valuation on land zoned MDS and designated vacant, located on Markridge Drive, Reno, Washoe County, Nevada, was set for consideration at this time.

Coleen Welch, Appraiser, duly sworn, submitted Assessor's Fact Sheet(s), Photographs, and Maps, Exhibit I, pages 1 through 10, and oriented the Board as to the location of subject property. Appraiser Welch testified that she physically inspected subject property on January 10, 2002, and subsequently met with Engineering staff from the City of Reno concerning the possibility of extending sewer service to subject. As a result, the Assessor is recommending that subject land value be reduced to a token value of \$500 because it would be very difficult, if not impossible, to develop the property for any use. She explained the easements encumbering subject, the steep topography with slopes greater than 30 percent, and the lack of sewer service as the obstacles to development. Appraiser Welch then responded to questions from Board members.

James A. Thornton, Petitioner, was sworn, submitted Petitioner's Letter and Maps, Exhibit A, City of Reno Correspondence Regarding Sewer Extension Proposal, Exhibit B, and Letters of Rejection of an Offer of Dedication from the City of Reno and the Truckee Meadows Water Authority, Exhibit C, and testified that this is a residual parcel left over from development of the Southampton Subdivision in the late 1970's that they have never been able to do anything with. He stated it is a difficult piece of property with numerous easements, a high voltage power line that would be very expensive to relocate, very steep topography, and no sewer service available. Mr. Thornton stated they have held on to it with the hope that someday sewer service would be available, but it does not appear that is going to happen in the foreseeable future. He further explained that they offered to dedicate the parcel, free of charge, to the City of

Reno to use as a park or open space, and to the Truckee Meadows Water Authority, who has an easement to their water tank on the parcel; and both entities rejected the offer. Mr. Thornton then answered Board members' questions.

The Chairman closed the hearing and the Board deliberated. Member Obester expressed that there should be some way to make at least one building site.

Based on the FINDINGS that subject property cannot be developed as evidenced by the Assessor 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. 009-372-01 be reduced to \$500 in accordance with the Assessor's recommendation. The Board also made the findings that, with this adjustment, the land and improvements are valued correctly, and the total taxable value does not exceed full cash value.

11:10 a.m. The Board recessed.

1:30 p.m. The Board reconvened.

1:30 P.M. BLOCK

02-28E HEARING NO. 33 – LAURANCE P. SHIELDS, ET AL - PARCEL NO. 044-371-09

A petition for Review of Assessed Valuation received from Laurance P. Shields, et al, protesting taxable valuation on vacant land, zoned GC/LDS located at 105 South Foothill Road, Reno, Washoe County, Nevada, was set for consideration at this time.

Josh Wilson, 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 approximately 1.5 acres of the subject are classified as wetlands which fall under the control of the Army Corps of Engineers; and that the Army Corps of Engineers permit issued to fill the wetlands to utilize the commercially zoned areas requires substantial development costs. He reviewed development costs and comparable sales that support the Assessor's taxable value of the subject in the amount of \$374,613. Appraiser Wilson then responded to questions of the board regarding the wetlands issue, comparable sales, and the Assessor's analysis.

David Ebner, Trustee, Kafoury, Armstrong and Co. Profit Sharing Plan, Petitioner, was sworn, submitted Ownership Information, Exhibit A, Owner's Opinion of Value, Exhibit B and Army Corps of Engineers wetlands permit information, Exhibit C, and testified that the Kafoury Profit Sharing Plan is one of eleven parties that now own the property. He discussed issues regarding the wetlands and associated development costs.

The Chairman closed the hearing.

Based on the FINDINGS that taxable value exceeds full cash value as evidenced by the Assessor's comparable sales and consideration of development costs associated with wetlands, on motion by Member Nadel, seconded by Member Obester, which motion duly carried, it was ordered that the taxable value of land on Parcel No. 044-371-09 be reduced from \$469,366 to \$374,613; and with this adjustment the land is valued correctly and does not exceed full cash value.

02-29E HEARING NO. 1 – RENOWEST INVESTMENTS, LTD. - PARCEL NO. 090-090-12

A petition for Review of Assessed Valuation received from RenoWest Investments. Ltd. protesting taxable valuation on land and improvements, zoned IB, and designated General Industrial, located at 11005 Stead Blvd., 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 13, and oriented the Board as to the location of subject property. He advised that a recommendation for reduction has been made based on a computer error that increased the subject's land area and on factual errors regarding the building's quality and occupancy classifications. He reviewed sales comparables and the income approach that support the Assessor's recommendation and advised the Petitioner concurs.

The Petitioner was not present and submitted Appeal Letter, Exhibit A, and Assessment Notice, Exhibit B.

The Chairman closed the hearing.

Based on the FINDINGS that taxable value exceeds full cash value as evidenced by the Assessor's analysis of actual costs, sales comparables and the income approach, 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 on Parcel No. 090-090-12 be reduced from \$1,735,200 to \$1,239,447 and improvements be reduced from \$6,846,376 to \$5,462,227 for a total taxable value of \$6,701,674; and with this adjustment the land and improvements are valued correctly and do not exceed full cash value.

02-30E HEARING NO. 43B – HVR MANUFACTURING COMPANY - PARCEL NO. 090-050-36

A petition for Review of Assessed Valuation received from HVR Manufacturing Company protesting taxable valuation on land and improvements, zoned

I, and designated Office Building, located at 12150 Moya Blvd., 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 13, and oriented the Board as to the location of subject property. He reviewed the Assessor's analysis of the subject and advised that a recommendation for reduction has been made based on an interior inspection of the property that indicated a more appropriate classification of the building is heavy industrial manufacturing and storage warehouse instead of excellent quality creamery. He advised that the Petitioner concurs with the Assessor's recommendation. Appraiser Warren then responded to questions of the Board.

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

The Chairman closed the hearing.

Based on the FINDINGS that taxable value exceeds full cash value as evidenced by the Assessor's cost approach, 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. 090-050-36 remain at \$3,102,300 and improvements be reduced from \$16,043,953 to \$10,693,101 for a total taxable value of \$13,795,401; and with this adjustment the land and improvements are valued correctly and do not exceed full cash value.

02-31E HEARING NO. 3 – SHORE TERMINALS, LLC - PARCEL NO. 032-220-64

A petition for Review of Assessed Valuation received from Shore Terminals, LLC, protesting taxable valuation on land, improvements and personal property, zoned I, and designated General Industrial, located at 525 Nugget Avenue, Sparks, 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 6, and oriented the Board as to the location of subject property. He stated the subject consists of a 7-tank oil terminal within the Sparks tank farm. He reviewed the Assessor's analysis and advised a recommendation for reduction is being made based on the income approach that reflects the additional operating expenses associated with the environmental remediation affecting the subject. He advised that the Petitioner is in agreement with the Assessor's recommendation. Appraiser Warren responded to questions of the Board.

The Petitioner was not present.

The Chairman closed the hearing.

Based on the FINDINGS that taxable value exceeds full cash value as evidenced by the Assessor's income approach and recognition of operating costs associated with environmental cleanup, 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. 032-220-64 remain at \$275,949 and improvements be reduced from \$771,683 to \$515,051 for a total taxable value of \$791,000; and with this adjustment the land and improvements are valued correctly and do not exceed full cash value.

PUBLIC COMMENTS

There was no response to the call for public comments.

* * * * *

3:30 p.m. There being no further hearings or business to come before the Board, the Board recessed until February 21, 2002, 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 21, 2002

PRESENT:

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

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

ABSENT:

Jon Obester, Member

The Washoe County Board of Equalization 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:

9:00 A.M. BLOCK

02-32E TAX ROLL CHANGE REQUESTS - DECREASES

Doug Dufva, Assessor's office, was present and answered questions from the Board concerning the decrease errors. He said that the explanation for roll change request Nos. 575, 623 & 624 should be amended by replacing the word understatement with "overassessment."

Following discussion, on motion by Member McCormick, seconded by Member Nadel, which motion duly carried, Chairman O'Brien ordered that roll change requests Nos. 564 through 708 resulting in decreases and placed on file with the Clerk, be approved for the reasons stated thereon with the amendment to roll changes requests Nos. 575, 623 & 624 as so stated.

02-33E HEARING NO. 23 – SEARS ROEBUCK & COMPANY
PARCEL NO. 025-372-30

It was noted for the record that Hearing 23 is APN 025-372-30 and Hearing No. 24 is 025-372-31, and with this notation the agenda items are correctly amended.

A petition for Review of Assessed Valuation received from Mike Bielak, Property Tax Manager, Sears Roebuck & Company, protesting taxable valuation on land and improvements zoned CC and designated General Commercial, located at 5400 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 20, and oriented the Board as to the location of subject property. He stated that the Sears store was constructed in 1995 and contains almost 166,000 square feet. He said the property was reappraised in 1998 for the 1999 tax year and that value has been constant since the reappraisal. The property has \$1 million in obsolescence, as do two other anchor stores at the mall.

Michael Bielak, Petitioner, was sworn, and testified that the property owners believe the property and improvements has a value of \$10 million. The building was built in 1995 and the cost for the retail store was about \$9.7 million, not including the land. Typically there is a 3 to 1 land and building ratio utilized in retail, and with the Sears store they have a 1 to 1 ratio as they are lacking in land. He submitted and reviewed the following documents with the Board: **Exhibit A**, Income Approach document dated February 19, 2002; **Exhibit B**, Capitalization Rates for Mall Anchors versus Department Stores from the Real Estate Issues August 1996 Edition; and **Exhibit C**, Market Derived Capitalization Rates prepared by Ramsland & Vigen, Inc., Real Estate Appraisers & Consultants. He said he is not saying the store is performing badly; the store actually does very well, he is just looking at the real estate value.

Member Fox said the 1 to 1 ratio is for the property they own, which is the land the building sits on. He said shopping centers frequently own just the property the store sits on, so he does not believe the 1 to 1 ratio is germane to this issue. Mr. Bielak said other stores have adequate parking in the 3 to 1 ratio. He said he believes it is a form of double taxation, because they are being billed by the mall for the taxes on customer parking.

Chairman O'Brien asked whether it was percentage rent added to the base rent, and not percentage rent versus the base rent when determining the income approach. Mr. Bielak said that is correct.

Mr. Bielak said he used the numbers from the County, but utilized the classification code for the mall anchor department store versus the County using the classification code for department store and he came up with a lower valuation for the property of \$10,366,000, which included the automotive store. He said he also included the \$1 million in obsolescence as it is taken on two other anchor stores in the mall (JC Penney's and Macy's).

Member Fox said comparables used in the capitalization rates document submitted to the Board are older and not recent sales. He said it is important to note that the most recent sale the Petitioner referred to is over 5 years old with some of the compa-

rables over 12 to 13 years old. Mr. Bielack said department stores in malls typically sell to each other or back to the mall, and so it is difficult to get good current comparables.

Appraiser Stafford read the definition between department stores and mall anchor stores. Department Stores are buildings of 2 or more stories typically found in large cities and regional shopping centers and handling multiple lines of merchandise for which there are subdivided into departments. Mall Anchor Stores are the modern regional anchors that are a transition between the pure discount store and the old full line department store. He said Meadowood Mall is the only super regional mall in northern Nevada and its market area extends into California. The mall is doing exceptionally well and there are approvals to expand by constructing a second floor at the Meadowood Mall.

Discussion ensued regarding rent by other anchor stores at the mall and other stores in the Reno area. Appraiser Stafford said stores pay a guaranteed base rent and when retail sales exceed a certain amount the tenant pays a percentage rate to the landlord.

Chairman O'Brien asked if the appraiser makes a distinction between department stores and mall anchor department stores. Appraiser Stafford said there is probably not a straight across one for one to determine the difference between a department store and a mall anchor department store.

The Chairman closed the hearing and the Board deliberated.

John Rhodes, Deputy District Attorney, noted that the testimony provided in this hearing by the Petitioner also included Hearing No. 24 regarding the Sears Automotive Center.

Member McCormick said she believes the valuation by income method is far more persuasive than the valuation by cost approach; and that she was not persuaded by the mall versus department store class rating because it is not just one or the other there are a lot of variables that go into the valuation of property.

Member Fox said he is not persuaded by the Petitioner's income approach as this was developed by National data and not local companies.

Chairman O'Brien said these types of property do tend to lease/rent on a national level. He said the gross sales have to be considered and the Petitioner did say the store does well and it does have high sales. He said the question is what is the proper percentage to apply for the rent and what capitalization rate to use, which is where the differences are.

Discussion ensued regarding the \$1 million in obsolescence on the department store.

Based on the FINDINGS that taxable value does not exceed full cash value as evidenced by the Assessor and Petitioner's comparable sales, and that the land and improvements were valued correctly, on motion by Member Fox, seconded by Member McCormick, which motion duly carried, it was ordered that the total taxable value of land and improvements of \$13,772,103.00 on Parcel No. 025-372-30 be upheld.

02-34E HEARING NO. 24 – SEARS ROEBUCK & COMPANY
PARCEL NO. 025-372-31

A petition for Review of Assessed Valuation received from Mike Bielak, Property Tax Manager, Sears Roebuck & Company, protesting taxable valuation on land and improvements zoned CC and designated General Commercial, located at 5405 Meadowood 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 12, and oriented the Board as to the location of subject property, and reviewed comparables.

Michael Bielak, Petitioner, previously sworn, noted that the testimony provided in Hearing No. 23 regarding the Sears Department Store also included the Sears Automotive Center parcel. He requested that any valuation reduction be taken off the mall store rather than from the automotive center. Appraiser Stafford stated that both parcels were appraised separately and have separate parcel numbers, and they are considered separate parcels. Capitalization rates are higher for department stores versus mall stores because the income stream is different. The income stream is tied to the store sales and if they do not perform the investor is stuck with that income stream from the store sales. He said that Sears pays Common Area Maintenance (CAM), whereas Macy's Men Store does not. He again reminded the Board that the Automotive Center and the Sears department store's income stream is tied together.

Member Nadel asked if it is normal to have the automotive center with the retail store. Mr. Bielak said no it is not, only when it is feasible.

The Chairman closed the hearing and the Board deliberated.

Member Fox said he does not agree with the income approach on the automotive center.

Chairman O'Brien said he believes the automotive center is over valued.

Member McCormick said if the Board has no basis for reducing the amount then it should not be reduced.

Based on the FINDINGS that taxable value does not exceed full cash value as evidenced by the Assessor and Petitioner's comparable sales, and that the land

and improvements were valued correctly, on motion by Member Fox, seconded by Member Nadel, which motion duly carried, it was ordered that the total taxable value of land and improvements of \$1,816,768.00 on Parcel No. 025-372-31 be upheld.

02-35E HEARING NO. 51 – SDI HOLDINGS LLC –
PARCEL NO. 164-110-01

A petition for Review of Assessed Valuation received from Gerry Reynolds, Manager, SDI Holdings, LLC, protesting taxable valuation on land and improvements zoned PUD and designated Fastfood Restaurant, located at 8030 South Virginia Street, Reno, Washoe County, Nevada, was set for consideration at this time.

Stacy Ettinger, 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 said the property is the Schlotzky's Deli and the appeal is on the land only, and that there is a recommended reduction and the Petitioner is in agreement. The reduction is based on a easement that was not considered when the land was valued in 1998.

The Chairman closed the hearing.

Based on the FINDINGS that the land was incorrectly valued at the time of the last valuation by failing to recognize a 30' access easement across the subject property, effectively reducing the usable area of the subject property by 20 percent, 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. 164-110-01 be reduced to \$553,661.00, in accordance with the Assessor's recommendation; and that the improvements value be upheld at \$375,398.00, for a total taxable value of \$929,085.00. The Board made the findings that, with this adjustment, the land and improvements are valued correctly, and the total taxable value does not exceed full cash value.

10:30 A.M. – BLOCK

WITHDRAWALS

The following petition, scheduled for hearing in the 10:30 a.m. block on today's agenda, was withdrawn by the Petitioner:

Paul Bancroft, Lincoln Parkview LTD PTSP
APNS 037-02-026, 027 and 033

12:00 p.m. The Board recessed.

3:00 p.m. The Board reconvened with all Members present as in the morning session.

1:30 P.M. - BLOCK

WITHDRAWALS

The hearings scheduled for the 1:30 p.m. block, No. 77 Verlas Corporation, and No. 78 Rehold Reno LLC, were withdrawn by the Petitioners.

3:00 P.M. - BLOCK

**02-36E HEARING NO. 89A THROUGH 89L – MACERICH
PARTNERSHIP L.P. (PARK LANE MALL) - PARCELS NOS. 015-
220-01, -08, -18, -24, -25, -31, -36, -37, -38, -46, -47 & -48**

A petition for Review of Assessed Valuation received from Macerich Partnership, L.P. (Park Lane Mall) protesting taxable valuation on land and improvements zoned CC, AC, and I and designated shopping mall, located at Plumb Lane and South Virginia Street, Reno, Washoe County, Nevada, was set for consideration at this time.

One of the leased parcels included in the appeal by the Macerich Partnership is owned by the Charles E. Weller, Trustee, et al. Member Fox disclosed that Mr. Weller is his personal attorney; and he stated that would not affect his ability to make a fair and impartial decision in the case.

Mark Stafford, Appraiser, duly sworn, submitted Assessor's Fact Sheet(s) and Maps, Exhibit I, pages 1 through 22, and oriented the Board as to the location of subject property. He reminded the Board that they reduced the subject in 1999 by applying \$6.5 million in obsolescence to the property, which is still carried by the Assessor. Appraiser Stafford stated the property has remained fairly constant, but was increased this year by the factor amount.

Chairman O'Brien asked if the Assessor valued the property as a whole and then allocated values to the individual parcels. Appraiser Stafford drew the Board's attention to page 2 of his handout, wherein he listed the values of each parcel and made a distinction between the actual mall parcels and the perimeter pad parcels, which he considered surplus properties.

Sean Thompson, Asset Manager for Macerich Partners, representing Petitioner, was sworn, submitted Petitioner's Opinion of Value, Exhibit A; Income and Expense Information, Exhibit B; Rental Summary Report, Exhibit C; Income Projection and Capitalization Rate Comparisons, Exhibit D; and Unsolicited Offer to Purchase, Exhibit E. Mr. Thompson testified that nothing has changed concerning this property since 1999; that the property should be valued based on current income; and that it should not be factored based on other potential uses that might occur somewhere in the future. He reviewed the current income, and stated they are projecting a decline for 2002 because of the long-term leases that expired on December 31, 2001, resulting in more lost tenants.

Mr. Thompson stated the net income produced by subject property at this time is \$1.6-million. He then reviewed capitalization rates from sales of comparable properties, which substantiated his 13 percent cap rate; and stated, based on current leases in place and using the 13 percent cap rate, the fair market value of subject property is \$12,235,000.

Chairman O'Brien asked whether he is considering the parcels the Assessor refers to as surplus parcels. Mr. Thompson responded that most of the parcels along South Virginia are used for parking, which does support the mall function. Mr. O'Brien asked if the other parcels that are not on Virginia Street would be in addition to Mr. Thompson's value; and Mr. Thompson stated they would.

Member Fox asked questions about the theater. Mr. Thompson stated they sold the land under the theater in May 1997; the theater does contribute a nominal amount to maintenance; and they provide access for the theater. Member Fox asked if they pay any additional for parking. Mr. Thompson stated the theater does not pay them for parking, but they do pay a CAM.

Chairman O'Brien asked several questions about the income and expenses, which were discussed in detail, especially the ups and downs in revenue and what the property owners could do to get subject property going again. Mr. Thompson also responded to questions concerning the capitalization rates of other properties.

Vicky Harley, Mall Manager, was sworn, and responded to Board members' questions concerning the tenants who have recently moved out of the mall and the current vacancies. Mr. Thompson stated they are currently trying to obtain specialty leases, which are short-term, usually less than one year, and contain termination rights for the landlord, instead of pursuing long-term, permanent leases. He further stated that, after they lost Sears and Weinstocks, there was an impression by the retail community that Reno could not support two major malls.

Appraiser Stafford reviewed income and expenses for subject for the past five years, noting the ups and downs, and his chart of comparable retail rentals and vacancy rates. He further stated that since the theater was built, there have been no other renovations or remodels done on subject property; and it appears to him that there does not seem to be a corporate emphasis on this property. Appraiser Stafford noted the expansion project currently in progress across the street from subject at Shopper's Square and stated that mall is doing quite well. He also stated the owners of Shopper's Square offered to purchase Park Lane Mall in August, 1999, for \$22-million cash.

Appraiser Stafford reviewed page 7 of his handout, which determined a value of \$23,874,847 based on a projected income approach with \$5,000,000 of remodeling costs to upgrade the property and an 11 percent cap rate. Steve Churchfield, Senior Appraiser, explained that would be the property's potential at its highest and best use. Appraiser Stafford then responded to numerous questions from Board members.

In rebuttal, Mr. Thompson stated the \$22-million offer was not a real offer; that the same people had offered \$14-million 6 weeks earlier; that he believes they were trying to induce Park Lane tenants to go over to Shopper's Square; and that Shopper's Square did not have investors or a loan in place to finalize any deal. He stated they frequently receive unsolicited offers to purchase the mall and distributed copies of a recent offer from M & H Realty Partners for \$9-million. Mr. Thompson further said the Assessor's \$5-million for remodeling would not even begin to cover the costs for the renovations the mall needs.

The Chairman closed the hearing and the Board deliberated.

Member Fox stated the Board has been provided enough good income and expense numbers that they should be able to develop a stabilized operating income in order to determine the correct value. He stated it appears to him that \$1,850,000 would be a stable operating income; and capping that at 10 percent would equal a value of \$18,500,000 for the mall parcels. Chairman O'Brien stated adding in the other parcels would bring the value to \$20,700,000.

Chairman O'Brien stated he would use a higher income, but he would also use a higher cap rate, which would result in the same value. He further stated this has been a difficult property, but he does not believe the owners are not trying to improve it and keep it going.

Member McCormick stated the property is not performing as well as it should, and she feels that is the owner's fault. She also stated it appears Macerich is sitting on subject waiting for something to happen.

Member Nadel stated he feels the Assessor has made a good case for his value and the property owner is not doing anything to better the property.

Based on the FINDINGS that the total taxable value does exceed fair market value based on the income approach to value, on motion by Member Fox, seconded by Chairman O'Brien, which motion duly carried with Member Nadel voting "no," it was ordered that additional obsolescence in the amount of \$3,507,100 be applied to subject's improvement values reducing the total taxable value of land and improvements on the subject parcels to \$20,212,977, with the obsolescence being applied to the mall parcel's improvement values on a pro-rated basis, resulting in the following total taxable values for land and improvements:

HRG #	PARCEL #	LAND VALUE	IMP VALUE	TOTAL	
89A	015-220-01	\$ 458,023		\$ 458,023	no change
89B	015-220-08	\$ 75,606		\$ 75,606	no change
89C	015-220-18	\$ 47,671	\$ 5,158	\$ 52,829	no change
89D	015-220-24	\$ 3,533,874	\$1,407,383	\$ 4,941,257	obso-47%
89E	015-220-25	\$ 506,991		\$ 506,991	no change
89F	015-220-31	\$ 2,149,766	\$ 272,185	\$ 2,421,951	obso-9%

89G	015-220-36	\$ 3,523,346	\$1,137,964	\$ 4,661,310	obso-38%
89H	015-220-37	\$ 291,500	\$ 15,194	\$ 306,694	no change
89I	015-220-38	\$ 235,000	\$ 12,644	\$ 247,644	no change
89J	015-220-46	\$ 5,770,826	\$ 151,827	\$ 5,922,653	obso-6%
89K	015-220-47	\$ 151,762	\$ 10,039	\$ 161,801	no change
89L	015-220-48	\$ 431,990	\$ 24,228	\$ 456,218	no change
TOTAL		\$17,176,355	\$3,036,622	\$20,212,977	

The Board also made the findings that, with this adjustment, the land and improvements are valued correctly, and the total taxable value does not exceed full cash value.

PUBLIC COMMENTS

There was no response to the call for public comments.

* * * * *

There being no further hearings or business to come before the Board, the Board recessed until February 22, 2002, at: 9:00 a.m.

JAMES O'BRIEN, Chairman
Washoe County Board of Equalization

ATTEST: **AMY HARVEY**, County Clerk

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

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

FRIDAY

9:00 A.M

FEBRUARY 22, 2002

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, Senior Appraiser

The Board convened pursuant to a recess taken on February 21, 2002, 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:

9:00 A.M. – BLOCK 1

02-37E 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. 709 through 715, and Nos. 188, 310, and 312, resulting in decreases, and placed on file with the Clerk, be approved for the reasons stated thereon.

**02-38E HEARING NO. 12 – DONALD KAPLAN TRUSTEE, ETAL -
PARCEL NO. 122-052-02**

A petition for Review of Assessed Valuation received from Donald Kaplan, Trustee, et al, protesting taxable valuation on land zoned MDS, and designated SFR, located at 630 Woodridge Circle, Incline Village, Washoe County, Nevada, was set for consideration at this time.

Joe Johnson, Appraiser, duly sworn, submitted Assessor's Fact Sheets and Maps, Exhibit I, pages 1 through 9, and oriented the Board as to the location of subject property.

Donald Kaplan, Petitioner, was sworn, submitted Photographs, Exhibit A, and testified that he bought the property in January, 1998 for \$775,000 and was unaware that the roof needed to be replaced and that there would be an additional assessment in 1998. He stated he contacted the Assessor's Office and Appraiser Bill Lynch, now

retired, did a physical inspection of the property and put the land at \$120,000. The land was discounted from other lots because it is on Second Creek where there is a lot of traffic. He presented photographs related to the property and said across the street from his deck is a Southwest Gas installation that has standing water 12 months of the year, which is an infestation and very unattractive. The Sheriff's Office and sand storage is nearby and Appraiser Lynch took that into consideration. He planted trees along the property line on Second Creek to try to screen that side of the property. He said the house is valued properly, but he believes the land value should remain at \$120,000. Mr. Kaplan responded to questions of the Board.

Appraiser Johnson reviewed land and improvement comparables and stated they support the Assessor's value. He advised the subject is currently receiving a 20% site discount for traffic and location nuisances; and the property has a finished 570 square foot storage room and a much larger garage than other comparables. Appraiser Johnson responded to questions of the Board.

In rebuttal, Mr. Kaplan advised there is no lake view from his house and values have decreased in Incline Village. He said properties are not being purchased like they were before the March, 2000 collapse, and higher elevation properties are more desirable. He stated he does not use the storage room because it is not accessible when several feet of snow is on the ground, and noted it has a dirt floor and no walls. Mr. Kaplan responded to questions and advised his lot is the worst in the neighborhood because of the detrimental influences.

The Chairman closed the hearing.

Member Fox said he thinks the data provided by the Assessor's Office supports the valuation. Member Obester stated that all the properties at Incline Village have been factored up in value, and the subject has the lowest value in the neighborhood. Members McCormick and Nadel agreed that the Assessor's value is well supported. Chairman O'Brien stated that the total property value is less than market value. He said he sympathizes that the Incline Village real estate market is not very good at the present time but land values are increasing because there is still a fairly strong demand due to their scarcity. He stated the subject's land value is at the low end of the range and is equalized with the other properties in the neighborhood.

Based on the FINDINGS that taxable value does not exceed full cash value, as evidenced by the Assessor's comparables, on motion by Member Nadel, seconded by Member McCormick, which motion duly carried, it was ordered that the Assessor's taxable value of improvements on Parcel No. 122-052-02 at \$451,809 and land at \$145,800 for a total taxable value of \$597,609 be upheld; and that the land and improvements are valued correctly and do not exceed full cash value.

A petition for Review of Assessed Valuation received from Westhaven Reno, LLC protesting taxable valuation on land and improvements zoned C2 and designated Convalescent Hospital, located at 1375 Baring Boulevard, Sparks, Washoe County, Nevada, was set for consideration at this time.

Cori Delgiudice, Appraiser, duly sworn, submitted Assessor's Fact Sheets, Maps and MAI opinion, Exhibit I, pages 1 through 14, and Photograph, Exhibit II, and oriented the Board as to the location of subject property. Appraiser Delgiudice advised the property is a vacant and unlicensed skilled nursing facility. She reviewed sales comparables and stated they clearly indicate a difference in value between operating and non-operating facilities. She said this type of property serves a special purpose and has a very limited market, and when special use properties become old, obsolete, or have no demand, they sell for an alternative highest and best use. She stated start up expense and risk is very high for a skilled nursing facility and once this type of facility has lost its license, it is difficult to obtain a new one. Appraiser Delgiudice advised that a recommendation for reduction is being made to \$10,000 per unit based on the lower end of the value range due the subject's non-operational status; that land value be reduced based on comparable sales; and that the Petitioner concurs with the recommendation. She then responded to questions of the Board and advised there has been a downturn in the market for these types of facilities.

Member Fox commented that he is skeptical that the subject has reached the end of its useful life as a skilled nursing or senior housing facility. Chairman O'Brien stated there is a lot of demand for this type of facility. Appraiser Delgiudice advised that the reduction in demand for these type of facilities seems to be fairly common and referred to a letter in the Assessor's exhibit packet from a MAI that specializes in these types of facilities who confirmed the Assessor's opinion. Member O'Brien stated he does not see a problem with the land value but is concerned about the substantial reduction in improvement value and would want to keep an eye on this property. Appraiser Delgiudice advised that the reduction would be in obsolescence and would be reviewed every year.

The Petitioner was not present, submitted Appeal Letter dated December 12, 2001, Exhibit A, Agent Authorization Letter, Exhibit B, and Agreement with Assessor's recommended value, Exhibit C.

The Chairman closed the hearing.

Member O'Brien said he could support the recommendation, but he believes the property has a viable use as a skilled care facility and the Assessor's office needs to monitor it. Member Nadel said the property is so focused on its use and any

operator would have to deal with bureaucracy for licensing. Members McCormick and Obester agreed.

Based on the FINDINGS that taxable value exceeds full cash value and obsolescence should be applied to subject, as evidenced by the Assessor with concurrence of the Petitioner, on motion by Member Nadel, seconded by Member McCormick, which motion duly carried with Member Fox voting "no," it was ordered that the taxable value of land on Parcel No. 030-042-01 be reduced from \$1,264,500 to \$738,995 and improvements be reduced from \$2,580,699 to \$481,005 for a total taxable value of \$1,220,000; and with this adjustment the land and improvements are valued correctly and do not exceed full cash value.

02-40E HEARING NO. 53A & B (R01) – BROKEN HILL, INC. - PARCEL NO. 089-160-03

A petition for Review of Assessed Valuation received from Broken Hill, Inc. protesting taxable valuation on vacant land zoned A-7 located in Spanish Springs Section 21, 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, pages 1 through 6, and oriented the Board as to the location of subject property. He advised that the Assessor is recommending the property be put back into agricultural use and the Petitioner is agreement with the recommendation. Appraiser Shane stated the subject was originally removed from agricultural use because of a visual inspection in March, 2001, and interviews with persons familiar with recent grazing in the area. He advised that a 1999 fire burned 60% - 70% of the property and the BLM restricted grazing so the range could recover; and that the value was appealed and upon reinspection evidence was found that the subject was grazed prior to 1999. Currently the subject is being fenced and a 24-hour guard is on the property, and the likelihood of the subject being used for agricultural use in the future is even greater. Appraiser Shane then responded to questions of the Board.

Linda Shane, Petitioner, was present and submitted Grazing Agreement, Exhibit A, and Statement of Robert Marshall, Lessee, Exhibit B.

The Chairman closed the hearing.

Following deliberation, based on the FINDINGS that the subject should be placed back into the agricultural use assessment class, as evidenced by the Assessor and the Petitioner, on motion by Member Fox, seconded by Member Obester, which motion duly carried, it was ordered that the taxable value of land Parcel No. 089-160-03 for Hearing No. 53A be reduced from \$768,000 to \$4,736 and for Hearing No. 53B(R01) be reduced from \$640,000 to \$4,992; and with these adjustments the land is valued correctly and does not exceed full cash value.

10:30 A. M. – BLOCK 2

02-41E HEARINGS (18) FOR LAZY FIVE CO. AND KILEY RANCH, LLC

Petitions for Review of Assessed Valuation received from Lazy Five Co. and Kiley Ranch, LLC protesting taxable valuation on various parcels located in Washoe County, Nevada, was set for consideration at this time. Appraiser Mumm advised there are several parcels where the appellant agrees with the Assessor's recommendation and requested those Petitions be heard first. He presented a Summary Chart listing the parcels where there is agreement. Reese Perkins, MAI, Appraiser representing Petitioner, was sworn, and advised they concur with opening all of the hearings at the same time and hearing those parcels on which there is agreement first.

Member McCormick then made a statement expressing her belief that a conflict of interest exists because Johnson and Perkins, who prepared an appraisal and are present to represent the Petitioner. She stated that Mr. Perkins previously sat on the State Board of Equalization and Mr. Johnson currently sits on that board. She advised that she has requested Deputy District Attorney Leslie Admirand to investigate the matter and consider whether a complaint should be filed with the State Ethics Commission or other appropriate agency.

Legal Counsel Admirand said she is aware of Member McCormick's position and has agreed to investigate the matter on the Board's behalf.

Mr. Perkins stated that he and his clients could not hear Ms. McCormick's statement and may have some questions before testifying further.

Member McCormick presented her statement again, as follows: "The Kiley's had appealed various property values to this Board last year. They were not satisfied with the result and they appealed to the State Board, which overturned the County Board's decision. Now we are presented with Johnson and Perkins with another appraisal and representing the Kiley property. I believe it is a conflict of interest for partners of those who sit on the review panels to provide the documentation on which the partner may later have to render a decision. It may be that the partner serving on the State Board will or has recused himself from a decision in which his partner or other members of his firm provide evidence. The decisions of the State Board do not indicate who did or did not participate in the decisions. Whether the partner does or does not participate, it is impossible to ignore the relationship between the appraiser and the member of the board. I felt very strongly that the County Board made a correct decision on the Kiley properties last year and I was very surprised that the State Board overruled our decision. Now I fear that if the Kileys don't like our decision, they already have an unfair advantage in presenting their case to the State Board simply by the astute tactic of hiring the correct appraiser. I am requesting that the District Attorney investigate the situation and consider whether a complaint should be filed with the State Ethics Commission or other appropriate agency."

Mr. Perkins stated, if as a result of his or Ms. Fogel's testimony today, a charge is made against them or Mr. Johnson, it would send a chilling effect on his presentation today. He said he is not sure it is fair for them to proceed knowing their testimony may be used against them before the Nevada Commission of Ethics. Legal Counsel Admirand stated that Mr. Johnson is the public officer and Ms. Fogel and Mr. Perkins are not public officers, as they are not sitting on the State Board of Equalization. She advised that the Commission on Ethics and the statute deal with public officers. Mr. Perkins said that they would proceed.

L. David Kiley, was sworn, and requested a copy of Member McCormick's statement. Legal Counsel Admirand advised that the appellant could obtain a copy of the minutes, which are public record.

Chairman O'Brien then requested that the Clerk call all of the Lazy Five Co. and Kiley Ranch, LLC hearings, and the Petitions on which there was agreement by the Assessor and the Petitioner be heard first.

The Petitioner submitted the following exhibits for today's hearings:

Agent Authorization Letter, Exhibit A
Appraisal, Exhibit B, for Hearing Nos. 61A, B, C, & D; 62A & B;
60B & C; 65B & C; and 67A
Map, Exhibit C
Supplemental Comparable Sales Data, Exhibit D

The Assessor submitted the following exhibits for today's hearings:

Summary Chart–Kiley Parcels for Hearings 60A, 65A, 67B (Withdrawn),
64A&B, 64C & D, 66 and 60B
Assessor's Fact Sheets and Maps for each hearing, Exhibits I through XVI

HEARING NO. 60A – LAZY FIVE CO. – PARCEL NO. 083-021-57

A Petition for Review of Assessed Valuation received from Lazy Five Co. protesting taxable valuation on vacant land zoned GC located on Pyramid Lake Highway North of Sparks Boulevard, Washoe County, Nevada, was set for consideration at this time.

Chris Mumm, Appraiser, duly sworn, oriented the Board as to the location of subject property. He stated that the Assessor's office is making a recommendation for reduction on the property, advising that the parcel is in the Sparks Sphere of Influence; and that the Assessor discovered the map supplied by the City of Sparks was not accurate and the property is zoned MDS instead of General Commercial in the Sparks Master Plan. Mr. Mumm responded to questions of the Board and advised that a discount was given because of the distance required for the extension of utilities to the property.

Reese Perkins, MAI, Appraiser representing, Petitioner, duly sworn, testified they concur with the Assessor's recommendation.

The Chairman closed the hearing.

Member Obester said he does not feel there has been adequate discussion of comparable properties and does not understand the Assessor's recommendation. Chairman O'Brien explained that the recommendation is based on the change in use for this parcel and that it is difficult to develop because the utilities are not available. Member Fox said the property would most likely be rezoned to commercial in the future, at which time it would be revalued.

Based on the FINDINGS that taxable value exceeds full cash value as the parcel is in the Sparks Sphere of Influence and is zoned MDS in the Sparks Master Plan instead of General Commercial, as evidenced by the Assessor with concurrence of 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. 083-021-57 be reduced from \$12,300 to \$3,450; and with this adjustment the land is valued correctly and the total taxable value does not exceed full cash value.

HEARING NO. 60B – LAZY FIVE CO. – PARCEL NO. 083-021-58

A Petition for Review of Assessed Valuation received from Lazy Five Co. protesting taxable valuation on vacant land zoned GC located on Pyramid Lake Highway North of Sparks Boulevard, Washoe County, Nevada, was set for consideration at this time.

Chris Mumm, Appraiser, oriented the Board as to the location of subject property. He advised that this parcel abuts the previous parcel and is also zoned MDS in the Sparks Master Plan instead of General Commercial. Appraiser Mumm reviewed comparables to support the subject's value and advised that a discount was given for the extension of utilities to the parcel. Appraiser Mumm responded to questions of the Board concerning County and City of Sparks zoning on the parcel. He advised that the master plan of the City of Sparks controls the actual use of the property.

Reese Perkins, MAI, Appraiser representing Petitioner, duly sworn, testified that they concur with the Assessor's recommendation. He responded to questions of the Board regarding zoning matters relative to the property.

The Chairman closed the hearing.

Following deliberation, based on the FINDINGS that taxable value exceeds full cash value as the parcel is in the Sparks Sphere of Influence and is zoned MDS in the Sparks Master Plan instead of General Commercial, as evidenced by the Assessor with concurrence of 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. 083-021-58 be reduced from \$616,000 to \$176,764; and with this adjustment the land is valued correctly and the total taxable value does not exceed full cash value.

HEARING NO. 65A – LAZY FIVE CO. – PARCEL NO. 083-023-15

A petition for Review of Assessed Valuation received from Lazy Five Co. protesting taxable valuation on vacant land zoned OS/MDS located on the west side Pyramid Lake Highway north of the NEC of Sparks Boulevard and Pyramid Lake Highway, Washoe County, Nevada, was set for consideration at this time.

Chris Mumm, Appraiser, duly sworn, oriented the Board as to the location of subject property. Appraiser Mumm reviewed comparable sales that support the \$30,000 per acre value placed on the usable acreage. He advised that, upon inspection, only 7.88 acres is usable because of steep topography and a 45% discount was given for the distance required to extend utilities to the property. He stated the Assessor is recommending that the open space, which is a mountain, have no value because it is unbuildable. Mr. Mumm responded to questions of the Board.

Reese Perkins, Petitioner, duly sworn, testified they concur with the Assessor's recommendation.

The Chairman closed the hearing.

Member McCormick said the appraiser's explanation that only part of the parcel is usable is reasonable. Member O'Brien said the comparables are fairly good and a discount was made for distance and time factor for getting utilities to the property. Member Obester said his question would be whether the parcel value is below market and he does not have enough information to make that determination.

Based on the FINDINGS that taxable value exceeds full cash value because only 7.8 acres of the parcel are usable due to steep topography, as evidenced by the Assessor with concurrence of the Petitioner, 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 on Parcel No. 083-023-15 be reduced from \$266,600 to \$128,700; and with this adjustment the land is valued correctly and the total taxable value does not exceed full cash value.

**WITHDRAWN - HEARING NO. 67B – KILEY RANCH, LLC -
PARCEL NO. 083-830-37**

Steve Churchfield, Senior Appraiser, advised that this Petition has been withdrawn. He explained that a clerical error resulted in an increase on the parcel, which will come before the Board on February 28, and the Petitioner is in agreement with the

increase. Reese Perkins, MAI, Appraiser representing the Petitioner, duly sworn, stated that his client has withdrawn this petition.

**HEARING NO. 64A (R01) & 64B – KILEY RANCH, LLC –
PARCEL NO. 083-830-31**

A Petition for Review of Assessed Valuation received from Kiley Ranch, LLC protesting taxable valuation on vacant land zoned BP located on the west side of Sparks Boulevard south of the SEC of Sparks Boulevard and Pyramid Lake Highway, Washoe County, Nevada, was set for consideration at this time.

Chris Mumm, Appraiser, duly sworn, oriented the Board as to the location of subject property. Mr. Mumm advised the subject property was changed on the City of Sparks Master Plan from Business Park (BP) to MDS; and that the property was designated BP for six months of the 2001-2002 tax roll and for the entire 2002-2003 tax year. Appraiser Mumm reviewed comparable sales and advised the property was discounted 25% for the extension of utilities.

Reese Perkins, MAI, Appraiser representing Petitioner, duly sworn, testified they concur with the Assessor's recommendation.

The Chairman closed the hearing.

Following deliberation, based on the FINDINGS that taxable value exceeds full cash value as the parcel is in the Sparks Sphere of Influence and the zoning designation has been changed from Business Park to MDS in the Sparks Master Plan, as evidenced by the Assessor with concurrence of the Petitioner, 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 on Parcel No. 083-830-31 for Hearing No. 64A (R01) be reduced from \$1,491,761 to \$1,085,026 (six months as BP) and for Hearing No. 64B from \$1,491,800 to \$684,922 (full year as BP); and with this adjustment the land is valued correctly and the total taxable value does not exceed full cash value.

HEARING NO. 64 C (R01) & D – KILEY RANCH, LLC – 510-090-08

A petition for Review of Assessed Valuation received from Kiley Ranch, LLC protesting taxable valuation on vacant land zoned SFR9/BP located on the west side of Sparks Boulevard south of the SEC of Sparks Boulevard and Pyramid Lake Highway, Washoe County, Nevada, was set for consideration at this time.

* * * * *

Member O'Brien temporarily left the meeting.

Chris Mumm, Appraiser, duly sworn, oriented the Board as to the location of subject property. Mr. Mumm advised that a portion of the subject was designated

SFR9 in the Sparks Master Plan and a portion was designated Business Park (BP); and that the BP portion of the subject was replanned to MDS as of January 22, 2002.

* * * * *

Member O'Brien returned to the meeting.

Appraiser Mumm stated that the BP portion of the property that was changed to MDS was valued as BP for six months of the 2001-2002 tax roll, as MDS for six months, and as MDS for the entire 2002-2003 tax year. The SFR9 acreage is valued at \$30,000 per acre and the subject was given a 20% discount for extension of utilities.

Reese Perkins, MAI, Appraiser representing Petitioner, duly sworn, testified they concur with the Assessor's recommendation.

The Chairman closed the hearing.

Based on the FINDINGS that taxable value exceeds full cash value as the subject is in the Sparks Sphere of Influence and the zoning designation for a portion of the parcel has been changed from Business Park to MDS in the Sparks Master Plan, as evidenced by the Assessor with concurrence of the Petitioner, 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 on Parcel No. 510-090-08 for Hearing No. 64C (R01) be reduced from \$1,069,514 to \$864,807 (six months as BP) and for Hearing No. 64C from \$1,069,500 to \$641,400 (full year as BP); and with this adjustment the land is valued correctly and the total taxable value does not exceed full cash value.

HEARING NO. 66 – KILEY RANCH, LLC – PARCEL NO. 516-020-06

A Petition for Review of Assessed Valuation received from Lazy Five Co. protesting taxable valuation on vacant land zoned GC located on the Southwest corner of Sparks Boulevard and Los Altos Parkway, Washoe County, Nevada, was set for consideration at this time.

Chris Mumm, Appraiser, duly sworn, oriented the Board as to the location of subject property. He advised that the Assessor's office is recommending a reduction to \$41.61 per square foot based on the sale of a similar property across the street from the subject.

Reese Perkins, MAI, Appraiser representing Petitioner, duly sworn, testified they concur with the Assessor's recommendation.

The Chairman closed the hearing.

Based on the FINDINGS that taxable value exceeds full cash value based on the recent sale of a similar property across the street from the subject, as evidenced by

the Assessor with concurrence of the Petitioner, 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. 516-020-06 be reduced from \$427,500 to \$394,190; and with this adjustment the land is valued correctly and the total taxable value does not exceed full cash value.

12:00 noon The Board recessed.

1:00 p.m. The Board reconvened with all Members present as in the morning session, and the following Petitions were heard:

HEARING NO. 61A & 61B – KILEY RANCH LLC – PARCEL NO. 083-021-31 & 083-021- 35

A Petition for Review of Assessed Valuation received from Kiley Ranch LLC, protesting taxable valuation on land and improvements, zoned MDS, and designated Vacant, located at Sparks Boulevard, Washoe County, Nevada, was set for consideration at this time.

Chris Mumm, Appraiser, oriented the Board as to the location of the subject properties, and reviewed comparables to support the subject's value. He advised that the Assessor is recommending a reduction for improvements only based on a clerical error. He requested the land value be upheld for APNs 083-021-31 & 35.

Reese Perkins, MAI, Appraiser representing Petitioner, testified that he is a Nevada Certified General Appraiser, License #00120 and Cindy Lund Fogel, MAI, is also a Nevada Certified General Appraiser, License #02312, and she will also be speaking on behalf of the Petitioner.

Cindy Lund Fogel, MAI, submitted a document entitled "Comparable Sales Data for Various Undeveloped Parcels," **Exhibit D**, and said it is supplemental data to the Appraisal that was submitted earlier. At the current time there is telephone and electric services but in order to develop these properties they will need to extend sewer, water and gas service. She noted that the Orr Ditch traverses a portion of each of these parcels on the easterly property line, which is utilized for irrigation. She reviewed the comparables for the parcels (page 7 appraisal report), and advised that sale 6 has not proven to be an arms length sale and so they have not relied on that sale.

Appraiser Mumm said the Petitioner's comparable land sale 5 did not include the acres that were sold from the property in October 2000 and March 2001, and those sales sold for much more then the acre/amount listed by the Petitioner. He said land sale 4 was a commercial property when the sale occurred, and according to the Secretary of State's office, one of the principals in the buyer company was Mr. Kiley, so the Assessor's office considered that sale from the Petitioner to himself.

Member Fox asked if the subject property has access to utilities from that development to the west. Appraiser Mumm said yes they could come across the highway from the west, or from the golf course area to the south. Chairman O'Brien asked if the use had changed on this parcel from last year. Appraiser Mumm said no.

Mr. Perkins reviewed the statute that relates to the taxable value being established, such as character of the terrain, other uses of land in the vicinity, etc. The property is in the northern Sparks SOI plan, which is a conceptual plan for the orderly development of the Spanish Springs Valley. The Petitioner has comparable sales data that has similar developmental potential in the future and provides an indication of the taxable value for property tax purposes in its as-is condition today. He discussed comparables used by the Assessor and said those properties probably had utilities, tentative map approval, zoning and the special use permit in place at the time of sale, none of which the subject property has.

Leslie Admirand, Deputy District Attorney, cited Nevada Administrative Code section 361.118 regarding market data availability and anticipated use of development procedure.

Chairman O'Brien asked if there was a relationship between the parties regarding land sales 4 & 5. Mr. Reese said there is no relationship and they are arms-length transactions. Member Fox asked if Mr. Reese considers full cash value different than fair market value. Mr. Reese said no he does not.

Randy Walter, Civil Engineer, MacKay & Soms, advised that infrastructure information was not provided for these two parcels, because if it were applied to the development costs on these two parcels it would have a very large negative value. He said in terms of water and gas for the property they would have to go to the other side of Vista Boulevard where the pump station is located. He said the golf course is at the very end of the high pressure zone for fire protection purposes, so these parcels would have to get their water from another station.

The Chairman closed the hearing.

Chairman O'Brien stated that the Assessor has developed comparables and reduced them for lack of infrastructure, and he supports the Assessor's recommendation.

Following deliberations, based on the FINDINGS that the land was incorrectly valued as evidenced by the Assessor and Petitioner's comparables, on motion by Member Fox, seconded by Member Obester, which motion duly carried with Member McCormick abstaining, it was ordered that the taxable value of land on Parcel No. 083-021-31 be reduced from \$689,000 to \$501,084.00; and that the taxable value of improvements be reduced in accordance with the Assessor's recommendation to \$8,365.00 due to a clerical error, for a total taxable value of \$509,449.00. The Board also

made the findings that, with this adjustment, the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

Based on the FINDINGS that the land was incorrectly valued as evidenced by the Assessor and Petitioner's comparables, on motion by Member Fox, seconded by Member Obester, which motion duly carried with Member McCormick abstaining, it was ordered that the taxable value of land on Parcel No. 083-021-35 be reduced from \$1,168,974.00 to \$496,596.00; and that the taxable value of improvements of \$27,774.00 be upheld for a total taxable value of \$524,370.00. The Board also made the findings that, with this adjustment, the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

HEARING NO. 61C – 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, zoned PF and OS, and designated Vacant, located at Los Altos Parkway Extension, Washoe County, Nevada, was set for consideration at this time.

Chris Mumm, Appraiser, oriented the Board as to the location of subject property, and reviewed comparables to support the subject's value. He said there is a recommendation to reduce the 8 acres for the school site, and the balance of the property is open space and has a \$500 token value on it. Last year this Board reduced the land value from \$344,500 to \$267,000.

Cindy Lund Fogel, MAI, responded to questions of the Board regarding comparables of the property. She said installation of a channel needs to be developed before the property can be developed, and part of it has been constructed around the golf course site.

Member Fox asked why this parcel is referred to as the school site. Ms. Fogel said under the SOI plan it has been designated as a school site and open space for a detention pond.

Member Fox asked if the seller typically develops the site or does the school purchase the site and run all the utilities to the site. Ms. Fogel said the two sites they have for comparables already had utilities to the site prior to the school purchasing the property.

Randy Walter, Civil Engineer, MacKay & Soms, stated that this is a flood control channel and the entire drainage basin goes through this location. The channel has to be crossed with the roadway, which means about 5 or 6 culverts to get access to this parcel, which is where most of the costs are.

The Chairman closed the hearing.

Chairman O'Brien stated that he does not agree with a nominal value and believes the infrastructure cost is there but will be spread out among property owners in the area.

Following deliberations, based on the FINDINGS that the land was incorrectly valued as evidenced by the Assessor and Petitioner's comparables, on motion by Member Fox, seconded by Member Obester, which motion duly carried with Member McCormick abstaining, it was ordered that the total taxable value of land on Parcel No. 516-020-02 be reduced from \$400,500.00 to \$120,000.00. The Board also made the findings that, with this adjustment, the land is valued correctly and the total taxable value does not exceed full cash value.

HEARING NO. 61D – 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, zoned MDS, and designated Vacant, located at W. Terminus of Promedio Parkway, Washoe County, Nevada, was set for consideration at this time.

Chris Mumm, Appraiser, oriented the Board as to the location of subject property, and reviewed comparables to support the subject's value.

Cindy Lund Fogel, MAI, stated that there are no approvals on this property and it has topography issues as well. All utilities would have to be extended to the property prior to any extensive development, and one of the issues with extending utilities is the installation of the high pressure water line. An extension of the Promedio Parkway needs to be constructed in order for access to the property. She reviewed comparables for this property.

Appraiser Mumm said the Petitioner's comparable land sale 2 was sold by the Kiley Ranch in February 1998 for \$27,429.00 per acre. Currently the Assessor's office is recommending a 20 percent discount for dirt removal in order to make the property developable.

Reese Perkins, MAI, stated that the property does not have any water rights or approvals, and is located in the Sparks SOI. He responded to Appraiser Mumm's comments regarding the Assessor's comparables. He said the property has to be appraised in its as-is condition.

The Chairman closed the hearing.

Following deliberations, based on the FINDINGS that the land was incorrectly valued as evidenced by the Assessor and Petitioner's comparable sales, on motion by Member Obester, seconded by Member Nadel, which motion duly carried with Member Fox voting "no," and Member McCormick abstaining, it was ordered that the total taxable value of land on Parcel No. 516-020-16 be reduced from \$1,366,400.00 to

\$819,920.00. The Board also made the findings that, with this adjustment, the land is valued correctly and the total taxable value does not exceed full cash value.

HEARING NO. 62A R01 & 62B – LAZY FIVE CO. – PARCEL NO. 083-021-56

A Petition for Review of Assessed Valuation received from Lazy Five Co., protesting taxable valuation on land, zoned GC/MDS, and designated Vacant, located at E/S Pyramid Highway, Washoe County, Nevada, was set for consideration at this time.

Chris Mumm, Appraiser, oriented the Board as to the location of subject property, and reviewed comparables to support the subject's value. He said there is a recommendation for a reduction on this parcel due to a clerical error.

Cindy Lund Fogel, MAI, stated that this property is more removed from infrastructure and access could be obtained with an encroachment permit. She reviewed comparables for the property and noted that the property is located within the Sparks SOI.

Appraiser Mumm stated that the Petitioner's land sale 3 sold for \$15,000.00 per acre in April 1999, and then sold in May 1999 for \$32,900.00 per acre. The center of the portion of the property is commercial, and the balance around it is residential.

Member Fox asked if there was any substantial changes between the first and second sales. Appraiser Mumm stated that the end user is buying the ultimate product, which includes the property and water rights and tentative map approvals.

Reese Perkins, MAI, stated that the comparable sales data is based upon properties in which tentative maps have been approved. He noted that the property has frontage on Pyramid Lake Highway.

The Chairman closed the hearing.

Following deliberations, based on the FINDINGS that the land was valued incorrectly as evidenced by the Assessor and Petitioner's comparable sales, on motion by Member Fox, seconded by Member Obester, which motion duly carried with Member McCormick abstaining, it was ordered that the total taxable value of land on Parcel No. 083-021-56 be adjusted from \$897,303.00 to \$591,210.00. The Board also made the findings that, with this adjustment, the land is valued correctly and the total taxable value does not exceed full cash value.

HEARING NO. 60C – LAZY FIVE CO. – PARCEL NO. 083-021-82 AND
HEARING NO. 67A – KILEY RANCH LLC – PARCEL NO. 083-830-36

A Petition for Review of Assessed Valuation received from Lazy Five Co., protesting taxable valuation on land, zoned GC, and designated Vacant, located at SEC Sparks Boulevard & Pyramid Highway (APN 083-021-82) and land zoned GC, and designated Vacant, located at W/S Sparks Boulevard (APN 083-830-36), Washoe County, Nevada, was set for consideration at this time.

Chris Mumm, Appraiser, oriented the Board as to the location of the subject properties, and reviewed comparables to support the subject's value.

Cindy Lund Fogel, MAI, said they visualize this parcel being sold with Parcel No. 083-023-18, Hearing No. 67A. She reviewed the comparables, noting they are for both parcels.

Member Fox asked if the comparables are in the same condition as the subject property. Ms. Fogel said what they did was assume the subject site is ready to go and deducted infrastructure to get back to the raw land cost.

Reese Perkins, MAI, said there are some unique development costs associated with this property, relative to flood detention and flood channels.

Randy Walter, Civil Engineer, reviewed the off-site costs and the acres that are benefited by each of these costs. He said he allocated them per acre cost, and looked at how it would benefit only these two parcels and no others.

Appraiser Mumm reviewed Petitioner's comparables versus the Assessor's comparables.

Mr. Perkins said the methodology used by Appraiser Mumm to arrive at the value of these two parcels in their as-in condition is a good method in terms of analysis of properties for mass appraisal purposes. He said the utilities are not the main cost for getting this property ready for development, but rather the flood control requirements that will need to be made prior to any development on this property.

The Chairman closed the hearing.

Chairman O'Brien stated that development costs are attributable to the parcels. He said the Assessor took comparables and reduced infrastructure costs and he agrees with the Assessor's recommendation. He commented that the Assessor's approach is probably done County-wide to equalize everyone.

Member Fox said probably not every acre has the same cost associated with it but it is a reasonable way of allocating the amount, and he agrees with the Petitioner's value on these two parcels.

Following deliberations, based on the FINDINGS that taxable value does not exceed full cash value as evidenced by the Assessor and Petitioner's comparable sales, and that the land was valued correctly, on motion by Member Obester, seconded by Chairman O'Brien, which motion duly carried with Members Nadel and McCormick abstaining, it was ordered that the total taxable value of land of \$195,900.00 on Parcel No. 083-021-82 be upheld.

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 Obester, seconded by Chairman O'Brien, which motion duly carried with Member Nadel voting "no," and Member McCormick abstaining, it was ordered that the total taxable value of land of \$1,599,200.00 on Parcel No. 083-830-36 be upheld.

HEARING NO. 65B – LAZY FIVE CO. – PARCEL NO. 083-023-18 AND
HEARING NO. 65C – LAZY FIVE CO. – PARCEL NO. 083-023-19

A Petition for Review of Assessed Valuation received from Lazy Five Co., protesting taxable valuation on land, zoned GC, and designated Vacant, located at SWC Sparks Boulevard & Pyramid Highway (APN 083-023-18) and on land, zoned GC, and designated Vacant, located at NWC Sparks Boulevard & Pyramid Highway, Washoe County, Nevada (APN 083-023-19), was set for consideration at this time.

Chris Mumm, Appraiser, oriented the Board as to the location of the subject properties, and reviewed comparables to support the subject's value. He said they are recommending a reduction on both parcels, because they believed the parcels to be zoned GC pursuant to the master plan, but when they checked with the City of Sparks they are zoned MDS.

Cindy Lund Fogel, MAI, said the properties are on the east side and utilities are a distance out, topography is shallow on the southern parcel, and they need to obtain an access easement. She reviewed the Petitioner's comparables for these two parcels.

Member Obester stated that there is no consistency in the numbers for the parcels, and asked if the parcels facing the street should all be the same. Reese Perkins, MAI, said these two parcels will not have access to the Pyramid Lake Highway. There is no encroachment permit and the topography is a problem as well.

The Chairman closed the hearing.

Chairman O'Brien said these are fairly small parcels and just to be consistent with the other property values he agrees with the Assessor's recommendation. Member Nadel said he has a problem with "what could be, what might be, etc." He said he knows they have to allow for that and these properties will be developed sooner or

later, but should they be taxed sooner then later. He said he is conflicted because both sides made their points very well.

Following deliberations, based on the FINDINGS that taxable value exceeds full cash value as the parcel is zoned Medium Density Suburban and not General Commercial, as evidenced by the Assessor, on motion by Member Obester, seconded by Member Nadel, which motion duly carried with Member McCormick abstaining, it was ordered that the total taxable value of land on Parcel No. 083-023-18 be reduced from \$165,000.00 to \$47,358.00 as recommended by the Assessor. 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 taxable value exceeds full cash value as the parcel is zoned Medium Density Suburban and not General Commercial, as evidenced by the Assessor, on motion by Member Obester, seconded by Member Nadel, which motion duly carried with Member McCormick abstaining, it was ordered that the total taxable value of land on Parcel No. 083-023-19 be reduced from \$567,700.00 to \$162,900.00 as recommended by the Assessor. The Board made the finding that the land would then be correctly valued and the total taxable value does not exceed full cash value.

MINUTES

Due to the lateness of the hour, the minutes of the Board of Equalization regular meetings of February 5 & 7, 2002 were continued to February 25, 2002.

PUBLIC COMMENTS

There was no response to the call for public comments.
* * * * *

6:05 p.m. There being no further hearings or business to come before the Board, the Board recessed until February 25, 2002, at: 9:00 a.m.

JAMES O'BRIEN, Chairman
Washoe County Board of Equalization

ATTEST:

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

*Minutes Prepared By:
Barbara Trow and Jeraldine Magee
Deputy County Clerks*

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

MONDAY

9:00 A.M.

FEBRUARY 25, 2002

PRESENT:

James O'Brien Chairman (1:30)
Marcia McCormick, Vice Chairman
F. Ronald Fox, Member
David Nadel, Member
Jon Obester, Member (arr @ 9:02 a.m.)

Nancy Parent, Deputy Chief County Clerk
Leslie Admirand, Deputy District Attorney
Steve Churchfield, Senior Appraiser
John Faulkner, Chief Deputy Assessor

The Washoe County Board of Equalization convened in the Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. Chairman O'Brien was not present for the morning blocks. The meeting was called to order by Vice Chairman McCormick, the Clerk called the roll, and the Board conducted the following business:

9:00 A.M. BLOCK

WITHDRAWALS

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

Circus & Eldorado Joint Venture – APN 007-291-25 & 007-293-19

02-42E **HEARING NO. 41 – CARNIVAL CORPORATION**
PARCEL NO. 011-061-18

A petition for Review of Assessed Valuation received from Carnival Corporation c/o Sierra Development Company dba Club Cal Neva protesting taxable valuation on land and improvements zoned CB and designated Hotel, located at 34 W. 2nd 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 20, and oriented the Board as to the location of subject property. He advised the Board that there is a recommendation for a reduction on this property based on the renegotiated purchase price of the property at \$2,000,000 in

January 2002, and the Petitioner is in agreement. The property has been closed for two years and is non-operational.

Jeffrey Wilson, Chief Financial Officer, Club Cal Neva, was sworn, and testified that the main ballroom was rented out 2 or 3 times during the last year. He said the heating and lighting is at minimum levels and security patrols the property on a regular basis. Mr. Wilson said he is not sure where the gaming license stands on that property. The lease expires April 1, 2002, and they will probably let it expire as the property has very little value.

The Chairman closed the hearing.

Based on the FINDINGS that the subject property is vacant and non-operational and all personal property has been removed from the rooms and casino floor, on motion by Member Fox, seconded by Member Nadel, which motion duly carried, it was ordered that the total taxable value of land and improvements of \$2,904,845 on Parcel No. 011-061-18, be reduced to \$2,000,000 in accordance with the Assessor's recommendation. The Board made the findings that, with this adjustment, the land and improvements are valued correctly, and the total taxable value does not exceed full cash value.

10:30 A.M. – BLOCK

WITHDRAWALS

The following petitions, scheduled for hearing in the 10:30 a.m. block on today's agenda, was withdrawn by the Petitioner:

Eldorado Resorts LLC – APNs 007-292-13, 18, 20, 25, 29, 007-294-35
007-295-04, 007-298-15, & 011-370-46

C S & Y Associates – APN 007-294-36

9:15 a.m. The Board recessed.

1:30 p.m. The Board reconvened with Members O'Brien, McCormick, Fox and Nadel present.

02-43E **HEARING NO. 8 – SPARKS NUGGET, INC., DBA JOHN ASCUAGA'S NUGGET - PARCEL NO. 032-201-20**

A petition for Review of Assessed Valuation received from the Sparks Nugget, Inc., dba John Ascuaga's Nugget protesting taxable valuation personal property located at 1125 Victorian Avenue, Sparks, Washoe County, Nevada, was set for consideration at this time.

Tom Sokol, Appraiser, duly sworn, submitted Assessor's Fact Sheets, Exhibit I, pages 1 through 3, and stated the Appellant submitted a computer printout of their fixed assets, which he has reviewed. Appraiser Sokol further stated he and the Appellant are in agreement that the correct taxable value for the subject personal property is \$12,443,423. He explained the methodology used to recalculate the values, noting that the Nugget had been reporting on a fiscal year basis rather than calendar year, which resulted in showing acquisition costs in the wrong year. Appraiser Sokol also responded to questions from Board members.

The Petitioner was not present.

The Chairman closed the hearing.

Based on the FINDINGS that the Petitioner had made errors in reporting the personal property and the Assessor has reviewed and recalculated the subject's personal property, on motion by Member McCormick, seconded by Member Nadel, which motion duly carried, it was ordered that the taxable value of personal property on Parcel No. 032-201-20 be reduced to \$12,443,423. The Board also made the findings that, with this adjustment, the personal property is valued correctly, and the total taxable value does not exceed full cash value.

02-44E HEARING NO. 52A, B, C, & D – FHR CORPORATION DBA RENO HILTON - PARCELS NOS. 012-211-24, & 26, 012-231-29 & 148-062-01

A petition for Review of Assessed Valuation received from FHR Corporation, dba Reno Hilton, protesting taxable valuation on land and improvements zoned AC, HC, IC and LDS, and designated general commercial and hotel-casino, located at 2500 East Second Street, Reno, Washoe County, Nevada, was set for consideration at this time.

It was noted that the appeals for Parcel No. 012-231-29, Hearing 52C, and Parcel No. 148-062-01, Hearing 52D, were withdrawn by the Appellant.

Mark Stafford, Appraiser, duly sworn, submitted Assessor's Fact Sheet(s) and Maps, Exhibit I, pages 1 through 9, and oriented the Board as to the location of subject property. He stated that Parcel No. 012-211-24, Hearing 52A, is the go-cart track; that he has spoken with the Petitioner who indicated they do not have a problem with the value on that parcel; and that the focus of this hearing will be on the main hotel-casino property. Appraiser Stafford stated he does have a recommended value for subject property, and he believes the Appellant reluctantly agrees with the proposed values.

In response to Chairman O'Brien, Appraiser Stafford stated his recommendation is to reduce subject to a total taxable for land, improvements and personal property from \$130,000,000 to \$122,500,000. A discussion then ensued concerning the difference in value between the Sparks Nugget and the Reno Hilton, with Board members

trying to ascertain that the properties are in equalization and are being treated equally by the Assessor. Appraiser Stafford testified that both properties have been valued based on the income approach using the income and expense information supplied by the property owners as well as the NGC17 reports the casinos are required to submit to the Nevada Gaming Commission.

Appraiser Stafford then reviewed his handout, which included an analysis of the Reno Hilton's income and expenses over the last four years that was extensively discussed, as well as statewide gaming revenue figures and projections, the negative effects of the September 11th event on tourism, especially cancellation of the Reno Air Races last September, and a comparison of similar properties. He also reviewed sales of comparable properties and cap rates, and responded to several questions from Board members.

Keith Holmes, Vice President of FHR Corporation, was sworn, and testified that they are in agreement with the Assessor's recommendation.

The Chairman closed the hearing and the Board deliberated.

Member Fox stated the data is apparently from the most reliable source available and he does not believe the Board can dispute the income.

Member McCormick disagreed stating she does not have enough information to reduce subject's values. She stated the NGC17 reports are not reflective of a property's income stream, which is what the value should be based on.

Based on the FINDINGS that the income approach to value indicates subject property does exceed fair market value as evidenced by the Assessor, 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 the improvements on Parcel No. 012-211-26 be reduced to \$95,853,534, by applying additional obsolescence in the amount of \$7,500,000; and that the taxable values for the land and personal property be upheld, resulting in a total taxable value for land, improvements and personal property of \$122,500,000. It was further ordered that the taxable value for land and improvements on Parcel No. 012-211-24 be upheld. The Board also made the findings that, with this adjustment, the land, improvements and personal property are valued correctly, and the total taxable value does not exceed full cash value.

MINUTES

Member McCormick noted a couple of clerical errors and requested that a statement made by her not be reflected in the minutes. Following discussion, on motion by Member McCormick, seconded by Member Nadel, which motion duly carried, Chairman O'Brien ordered that the minutes of the meetings of February 5, 2002, and February 7, 2002, be approved as amended.

PUBLIC COMMENTS

There was no response to the call for public comments.

* * * * *

There being no further hearings or business to come before the Board, the Board recessed until February 27, 2002, at: 9:00 a.m.

JAMES O'BRIEN, Chairman
Washoe County Board of Equalization

ATTEST: **AMY HARVEY**, County Clerk

*Minutes Prepared By:
Sharon Gotchy
Deputy County Clerk*

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

WEDNESDAY

9:00 A.M.

FEBRUARY 27, 2002

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
Ernie McNeill, Senior Appraiser

The Washoe County Board of Equalization 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:

9:00 A.M. BLOCK

02-45E TAX ROLL CHANGE REQUESTS - DECREASES

Following discussion, on motion by Member McCormick, seconded by Member Fox, which motion duly carried, Chairman O'Brien ordered that Roll Change Requests Nos. 716 through 726 resulting in decreases, and placed on file with the Clerk, be approved for the reasons stated thereon.

02-46E HEARING NOS. 39A - 39K – FITZGERALDS RENO INC. – OPPIO INVESTMENTS LLC – G & S INVESTMENTS CO. (SEE PARCEL NOS. BELOW)

A petition for Review of Assessed Valuation (Parcel Nos. 011-026-01, 011-051-01, 07, & 25, 011-370-12, 22, 39, 43, 44, 52, & 53) received from Fitzgeralds Reno Inc. protesting taxable valuation on land and improvements zoned I, CB, HCD, Imps only and designated Yard Improvement, Retail Store, Hotel, Casino/Hotel, Parking Structure, Vacant, Commercial, located at 255 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 20, and oriented the Board as to the locations of the subject properties. He said there is fee simple ownership property under the Plaza Parking Garage and Fitzgeralds pays the owner, G&S Investments Co., ground rent under the

parking garage. He said the Assessor's recommendations for these properties are on page 14 of the Assessor's Exhibit I.

Chairman O'Brien asked if the parking garage leasehold was valued on just the fee simple land, or is the ground rent considered. Appraiser Stafford advised that they are required to value the property in their fee simple state. They look at it as if there is no lease and was held in fee simple, although the lease information might be pertinent to an analysis.

Chairman O'Brien asked when the last appraisal was done on the property and if there was any obsolescence applied. Appraiser Stafford said the downtown area was reappraised for the 2000-tax roll, but with the recommendation there would be, and noted that improvements were factored for 2002.

Member McCormick asked if the air rights parcels are over the railroad tracks. Appraiser Stafford said yes.

Appraiser Stafford advised there is a pending sale on this property, but the proposed buyer requested that the sale price not be publicly announced until negotiations have been approved. Fitzgeralds Inc., is in bankruptcy reorganization Chapter 11, and one of the problems cited by the purchaser of the other Fitzgeralds property was the potential impact from the RETRAC Project. There are locational factors affecting this property as well as the RETRAC Project casting a shadow over the property. He noted that the City of Reno is soliciting bids for the RETRAC Project at this time.

Michael Bosma, Senior Manager, Grant Thornton, LLP, representing the Petitioner, duly sworn, testified that everybody is having the same problems, gaming revenues are somewhat flat but the cost to produce those revenues are increasing. He advised that labor costs are Fitzgerald's largest expense. He said that the potential buyers requested that the sale be held confidential until it is consummated. He does have permission to say that the value recommended by the Assessor exceeds the value being negotiated for the property.

Discussion ensued regarding the impact the RETRAC Project is having on the subject property.

The Chairman closed the hearing.

Member McCormick said she does not doubt there is a need to reduce the valuation on the property as there is some distress in the downtown area, but she is concerned about the reduction of 20 percent for the potential impact of the RETRAC Project.

Member Nadel stated that there is a willing seller and a willing buyer establishing current market value. He said he does agree with the Assessor's recommendation for this property.

Member Fox said that in former years the Hotel/Casinos have been valued on an income approach and believes that is appropriate. He supports the Assessor's recommendation except for the 20 percent adjustment for the anticipated impact of the RETRAC Project.

Member Obester stated that he supports the recommendation as well, and does not agree with the 20 percent reduction.

Chairman O'Brien said the pending sale is probably real, although he would like to use a 3.5 percent for EBITDA, which would make it closer to \$19 million.

After further deliberation, the following orders were issued:

HEARING 39A, APN 011-026-01, HEARING 39J APN 011-370-52, AND HEARING 39K APN 011-370-53

Based on the FINDINGS that the land and improvements were correctly valued, and the total taxable value does not exceed fair market value as evidenced by the Assessor's comparable sales, on motion by Member Fox, seconded by Member McCormick, which motion duly carried, it was ordered that Assessor's total taxable value of land and improvements on Parcel Numbers 011-026-01 of \$363,450.00; 011-370-52 of \$1,587,149.00; and 011-370-53 of \$313,000.00 be upheld.

HEARING 39B APN 011-051-01, HEARING 39C APN 011-051-07, HEARING 39D APN 011-051-25, HEARING 39E APN 011-370-12, HEARING 39F APN 011-370-22, HEARING 39G APN 011-370-39, HEARING 39H APN 011-370-43, AND HEARING 39I APN 011-370-44

Based on the FINDINGS that taxable value exceeds full cash value and obsolescence should be applied to subject property based on the Assessor's income approach value, on motion by Member Fox, seconded by Member Obester, which motion duly carried with Member Nadel voting "no," it was ordered that the taxable values for Fitzgeralds Hotel/Casino properties be established, in accordance with the Assessor's recommendation 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:

Parcel No.	Present Use	Current Taxable Value	Changed To
011-051-01	Retail Store	Land \$262,640. Imps \$61,112. Total \$323,752.00	No Change
011-051-07	Hotel	Land \$152,683. Imps \$944,386. Total \$1,097,069.00	No Change

011-051-25	Casino/Hotel	Land \$2,884,680. Imps \$17,943,352. Total \$20,828,032.00	Land – No Change Imps. \$4,459,809. Total \$7,344,489.00
011-370-12	Parking Structure	Imps Only \$3,028,875.00	No Change
011-370-22	Vacant, Comm.	Land Only \$243,523.00	No Change
011-370-39	Vacant, Comm.	Land Only \$431,149.00	No Change
011-370-43	Miscellaneous	Land \$420,280. Imps \$1,377,169. Total \$1,797,449.00	No Change
011-370-44	Vacant, Comm.	Land \$410,969. Imps \$100,562. Total \$1,587,149.00	No Change

**02-47E HEARING NOS. 48A – 48J – RENO HILTON CORPORATION –
FLAMINGO HILTON RENO – PARCEL NOS. 011-032-08, 29, 30 &
31, 011-370-26 & 41, 011-051-10, 11, 23 & 24**

A petition for Review of Assessed Valuation (Parcel Nos. 011-032-08, 29, 30, & 31, 011-370-26 & 41, 011-051-10, 11, 23 & 24) received from Reno Hilton Corporation, Flamingo Hilton Reno, protesting taxable valuation on land and improvements zoned CB, HCD, and designated Vacant, Commercial, Retail Store, Restaurant, Office Building, Yard Improvements, Hotel-Obso, located at 255 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 20, and oriented the Board as to the location of subject property. He advised that since the appeal was filed, Vista Acquisition Inc., purchased all interest in RFC Reno LLC. They now own the corporation to whom all the parcels were deeded. There are 2 properties; one is the main 604-room hotel/casino located along the westerly right of way of Sierra Street, which was constructed in 1978. On the east side of Sierra Street and also fronting Virginia Street is a casino (most recently the Flamingo Casino), that property is located on leased land, which is the reason other owners are listed on those parcels. They own the underlying fee simple land on the Virginia Street Casino. He explained the Assessor's recommendation for the property and computer errors on some of the parcels. Appraiser Stafford advised the Board that the hotel is scheduled to be reopened April 2002 and the casino in June 2002.

Michael Bosma, Grant Thornton, LLP, representing the Petitioner, duly sworn, stated that the Flamingo Hilton was actively trying to sell the property; that the income was going down every year; and that in August of 2001, a willing buyer offered \$5 million cash for the property. After the offer was made, the Hilton continued to solicit offers for the property, but the attempts to sell the property failed because offers to purchase did not have financing with it. He said the property owners agree with the Assessor's recommendation of \$3,200,000 for the Virginia Street Casino property, it is the \$11 million for the Phoenix Casino that the property owners disagree with.

Member Fox asked what is the amount the owners believe the taxable value should be. Mr. Bosma said it is \$6,750,000, the sale price of the property.

Member McCormick asked who Mr. Bosma is working for right now. Mr. Bosma said he is working for RFC Reno LLC, which is owned by Vista Hospitality. He stated that Shawn Scott set up RFC LLC, who then bought the Hilton-Flamingo, and then he sold RFC LLC to Vista Hospitality.

Member Fox said last year the Hilton-Flamingo was more or less in essence competing with themselves, because they have the Reno-Hilton which is a far more viable and fitting property to the Hilton style of hotel. He said because of that the Hilton is not a typically motivated seller, meaning a typically motivated seller wants to get as much money as he can for the property that he sells, and a non-typical motivated seller has other reasons, for instance he does not want to compete with himself. Member Fox said it was his belief at that time, based on the testimony that the Hilton was not a typically motivated seller. So he does not believe that the sale of the Hilton meets the test of a typical market transaction, particularly considering the motivations of the buyers and sellers.

Appraiser Stafford explained about the proposed sale of the Hilton-Flamingo that was in escrow for 1-year with Sapphire Gaming that eventually fell through. He stated that he was very surprised when he learned of the \$5 million amount the Hilton-Flamingo eventually sold for, because the EBITDA at that time would have supported the \$20 million proposed purchase with Sapphire Gaming, a year earlier. He said the new owners did have to assume the leases on Sierra Street, which they are trying to negotiate now, and it has been represented to him that they are not market-rent leases. He referred to a Supreme Court case that indicated that the sale price does not compel the use of the sale price as a measure of its full cash value. Appraiser Stafford reviewed comparables with the Board, and stated that the property is reviewed annually due to the obsolescence on the property and has been adjusted accordingly.

Mr. Bosma stated that the offer for \$20 million from Sapphire Gaming was when the property was performing to support that offer. He said EBITDA continued to decline over the years and in 6/30/01 it was \$778,000, and that is when the Hilton said they could not afford to keep the property anymore, to the point of having a negative cash flow at the end of August 2001.

The Chairman closed the hearing.

Member Fox stated that he does not put a lot of weight on the actual sale, but in all fairness neither does the Assessor or the Petitioner. He said the subject property is currently non-operating and he believes the sales comparison approach is the appropriate approach, and the best sale indicator for the property is the Comstock Hotel that was built around the same time, and is located one block away. He could support a value somewhere around \$11.5 million.

Member McCormick said some of the required remodeling is only going to increase the subject property price and will not make or break the purchase. She expressed concern about the financing issue but she believes the value per room argument could be adjusted upward and she could support the Assessor's recommendation.

Member Obester stated that the subject property has one of the biggest theater showrooms in town and is superior to the Comstock property. He said maybe the RETRAC Project is a detriment to the downtown area, but due to the obsolescence applied to the property, ensures it will be reviewed annually.

Member Nadel said they have heard the value is not necessarily related to an arms-length transaction, although he could agree to a compromise on the value. He said he does not believe the Assessor's recommendation of \$14.2 million is too high.

Chairman O'Brien stated that he could support the Assessor's recommendation, as it already has obsolescence on the property and there is a recommendation to apply more. He said he believes the Reno-Hilton knew they were going to close the casino and did not want to have the stigma attached to it by having a closed casino in a city where they have another major casino.

Following deliberations, based on the FINDINGS that the recent sale of subject indicates taxable value does exceed fair market value, as evidenced by the Assessor and Petitioner's comparable sales, on motion by Member Nadel, seconded by Member Fox, which motion duly carried, it was ordered that the total taxable values for the Reno Hilton Corporation (Vista Acquisition Inc.) properties be reduced in accordance with the Assessor's recommendation, as set out below; and the Board having found that the land, improvements and personal property would then be correctly valued and that total taxable value does not exceed full cash value:

Phoenix Hotel Casino

Hearing Nos. 48 A – F

Parcel No.	Present Use	Current Taxable Value	Changed To
011-032-08	Office Building	Land \$119,240. Imps \$319,664. Total \$438,904.00	No Change
011-032-29	Yard Improvements	Land \$1,162,500. Imps \$17,586. Total \$1,180,086.00	No Change
011-032-30	Vacant	Land Only \$255,000.00	No Change
011-032-31	Hotel	Land \$4,778,831. Imps \$3,480,451. PP \$5,040,029. Total \$13,299,311.00	No Change Imps \$639,379. PP \$2,500,000. Total \$7,918,210.00

011-370-26	Vacant, Comm.	Land Only \$307,800.00	No Change
011-370-41	Vacant, Comm	Land Only \$900,000.00	No Change

Virginia Street Casino

Hearing Nos. 48G - J

Parcel No.	Present Use	Current Taxable Value	Changed To
011-051-23	Restaurant	Land \$123,270. Imps \$224,434. Total \$347,704.	Land \$123,270. Imps \$52,262. Total \$175,532.
011-051-24	Restaurant	Land \$256,550. Imps \$245,314. Total \$501,864.	Land \$256,550. Imps \$104,678. Total \$361,228.
011-051-10	Retail Store	Land \$235,200. Imps \$126,981. Total \$362,181.	Land \$235,200. Imps \$86,317. Total \$321,517.
011-051-11	Retail Store	Land \$191,100. Imps \$99,783. Total \$290,883.	Land \$191,100. Imps \$70,623. Total \$261,723.

12:40 p.m. The Board recessed.

1:30 p.m. The Board reconvened with Members Obester and Nadel absent.

02-48E **HEARING NO. 34A – 34F – SUNDOWNER HOTEL AND CASINO
(GEORGE KARADANIS & MAX HOSEIT, ET AL) –
PARCEL NOS. 007-284-13 & 007-283-07, 09, 10, 11 & 17**

A petition for Review of Assessed Valuation (Parcel Nos. 007-284-13, 007-283-07, 09, 10, 11 & 17) received from Sundowner Hotel and Casino protesting taxable valuation on land and improvements zoned CB and HCD, and designated Yard Improvements, 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 20, and oriented the Board as to the location of subject property. He said currently the taxable value is \$14,003,051 and he is recommending a reduction to \$13 million. He said the property has obsolescence that includes personal property.

Michael Bosma, Grant Thornton, LLP, representing the Petitioner, duly sworn, testified that when the Hilton-Flamingo sold their property for \$6,750,000 the Petitioner revisited how the Sundowner was valued. He said the Hilton-Flamingo property placed a value on their property for \$18,000 per room and believes the Sundowner should

be valued more consistently with that amount. The Sundowner has more land but they have less building and it is not as nice. The subject property is off of the main strip but the owners are doing things to attract more locals, but overall it is still a distressed property.

Discussion ensued regarding financial information and the EBITDA for the subject property.

Member Fox asked what amount of taxable value the Petitioner is requesting. Mr. Bosma said they are asking to use a cash flow of \$2.4 million. They requested to use a per room value consistent with what the Hilton-Flamingo sold for. Cash flow is the best indicator of value and should be used to determine the amount. He said last year the cash flow went up but the 2 prior years were pretty flat at a little over a million each year.

Appraiser Stafford said the subject property is located one block east of the Silver Legacy and kitty-corner to the Sands property, which has greatly improved their exterior. He said this property is on the right side of the railroad tracks and would not be affected by the proposed RETRAC Project.

Discussion ensued regarding personal property and value on a per room basis versus cash flow.

The Chairman closed the hearing.

Member Fox said the appropriate valuation method is the income approach and he could support the \$12,800,000 amount.

Chairman O'Brien stated that he agrees with the income approach when there is an ongoing concern and the income information is available. The problem here is that the property owner is being penalized for doing better last year. The Assessor is recommending EBITDA of \$2,568,000, which is quite a bit higher than last year. Just because the property is doing better it does not mean the Assessor should automatically say that it is going to continue to do better. He said when capitalization rates and last year's income are agreed to, that is how the property should be valued.

Member McCormick stated that the income doubled for last year, and when the income goes up taxes are higher, and if it goes down the Petitioner has a right to come in and appeal the value. She said valuing the property correctly is not penalizing the taxpayer.

Following deliberations, based on the FINDINGS that taxable value does exceed full cash value and obsolescence should be applied to subject property based on the Assessor's income approach value, on motion by Member Fox, seconded by Member McCormick, which motion duly carried, it was ordered that the taxable value for the Sundowner Hotel and Casino properties be established by increasing obsolescence 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:

Parcel No.	Present Use	Current Taxable Value	Changed To
007-284-13	Casino/Hotel	Land \$2,205,000. Imps \$7,886,003. Total \$10,091,003.00	Land – No Change Imps \$5,882,952. Total \$8,087,952.00
007-283-07	Yard Improvements	Land \$385,000. Imps \$18,306. Total \$403,306.00	No Change
007-283-09	Yard Improvements	Land \$266,200. Imps \$13,439. Total \$279,639.00	No Change
007-283-10	Yard Improvements	Land \$262,300. Imps \$13,162. Total \$275,462.00	No Change
007-283-11	Yard Improvements	Land \$416,500. Imps \$32,995. Total \$449,495.00	No Change
007-283-17	Yard Improvements	Land \$452,600. Imps \$21,837. Total \$474,437.00	No Change

PUBLIC COMMENTS

There was no response to the call for public comments.

* * * * *

2:25 p.m. There being no further hearings or business to come before the Board, the Board recessed until February 28, 2002, at: 9:00 a.m.

JAMES O'BRIEN, Chairman
Washoe County Board of Equalization

ATTEST:

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

Minutes Prepared By:
Jeraldine Magee, Deputy County Clerk

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

THURSDAY

9:00 A.M

FEBRUARY 28, 2002

PRESENT:

Marcia McCormick, Vice Chairman
F. Ronald Fox, Member
David Nadel, Member
John Obester, Member

Nancy Parent, Chief Deputy County Clerk
Leslie Admirand, Deputy District Attorney
Ernie McNeill, Senior Appraiser

ABSENT:

James O'Brien, Chairman

The Board met pursuant to a recess taken on February 27, 2002, in the Auditorium of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. The meeting was called to order by Vice Chairman McCormick, the Chief Deputy County Clerk called the roll, and the Board conducted the following business:

9:00 A.M. - BLOCK

The following hearings scheduled for this date were withdrawn by the Petitioners:

Hearing No. 13 - Banbridge Limited Partnership - APN 031-441-57
Hearing No. 74A - Excel Realty Partners LP - APN 020-251-24

02-49E ROLL CHANGE REQUESTS - INCREASES

9:00 a.m. This was the time set in a Notice of Hearing to act on increases of assessed valuation, pursuant to notification having been given to affected property owners by certified mail providing an opportunity for anyone to appear concerning the increases.

Vice Chairman McCormick opened the public hearing.

RCR No. 116 & 487 - Samuel W. Nelson, III - APN's 082-593-21 & -22

Ernie McNeill, Senior Appraiser, duly sworn, identified subject property located at 1060 Chisholm Trail, Reno, Washoe County, Nevada, and explained the increase in value is actually a result of the reappraisal and the roll changes were necessary because of clerical errors in changing the data base in the computer programs. Appraiser McNeill then responded to several questions from Board members.

Samuel Nelson was sworn and testified this is a very large increase to have all at one time and suggested these increases should be done in increments. He stated he is a senior citizen on a pension and he will not be able to pay the taxes.

Vice Chairman McCormick stated the Board's authority is limited to reviewing the taxable values and ensuring properties are valued correctly. She explained that the Board has no authority to set taxes.

On motion by Member Nadel, seconded by Member Obester, which motion duly carried, it was ordered that Roll Change Requests 116 and 487 be approved.

RCR No. 472 - Sierra View Properties, Inc. - APN 011-041-12

Ernie McNeill, Senior Appraiser, duly sworn, advised that Roll Change Request No. 472 concerns the Comstock property downtown Reno; and the property owner recently submitted income/expense information in response to the notification concerning this hearing. He further advised that subject property and two other parcels sold this past summer for an initial total selling price of approximately \$6,000,000; and the Assessor's total taxable value of the three parcels is \$4,451,941, with the requested correction on the roll change request.

Joel Gamel, representing Sierra View Properties, was sworn and testified that they have converted the property from a hotel-casino to apartments, although they have not given up on the idea of having gaming; and they have made quite an investment in upgrades to provide short-term housing targeted at the downtown casino workers. Mr. Gamel stated the property has been difficult to market; they experience a negative cash flow every month; their vacancy rate is 20 to 25 percent; and they believe that will continue until the economy in downtown Reno turns back around. He reviewed the income and expense statements and responded to questions from Board members.

Appraiser McNeill discussed the sale of the Flamingo Hilton as a comparable property justifying the Assessor's value of the Comstock.

Following further discussion, on motion by Member Nadel, seconded by Member Obester, which motion duly carried, it was ordered that Roll Change Request No. 472 be approved.

RCR No. 490 - Kiley Ranch - APN 083-830-37

Chris Mumm, Appraiser, duly sworn, described and located subject property, and explained the clerical errors that necessitated Roll Change Request No. 490. Appraiser Mumm then reviewed sales of comparable properties supporting the Assessor's taxable value and responded to questions from Board members. The property owner was not present.

On motion by Member Fox, seconded by Member Nadel, which motion duly carried, Vice Chairman McCormick ordered that Roll Change Request No. 490 be approved.

* * * * *
10:22 a.m. The Board took a break. Upon their return, the Board considered Hearing No. 14, George Barta Hide Co., Inc., et al, APN 012-231-26. That hearing was concluded at 11:55 a.m. and the Board continued with the Roll Change Requests.

* * * * *

RCR No. 65 - Ray A. & Renee C. Taft - APN 076-371-54

Correspondence was received from Ray A. and Renee Taft regarding Roll Change Request No. 65, increasing the taxable values due to clerical errors. Appraiser McNeill, duly sworn, responded to Board members' questions advising that the base lot value is the same as adjoining parcels; and that subject parcel was in the reappraisal cycle for this year.

Following discussion, on motion by Member Fox, seconded by Member Obester, which motion duly carried, it was ordered that Roll Change Request No. 65 be approved.

RCR No. 104 - Fred J. & Kimberly D. Schopper - APN 079-440-51

Appraiser McNeill explained that, after speaking with the property owner, the original roll change request is being amended because subject property has no heating system other than two free standing wood stoves.

On motion by Member Fox, seconded by Member Obester, which motion duly carried, it was ordered that the corrected Roll Change Request No. 104 be approved.

RCR No. 412 - Spanish Springs Pilots Assn. - APN 089-160-54

Appraiser McNeill explained that corrected Roll Change Request No. 412 is also the result of speaking with the property owners.

On motion by Member Fox, seconded by Member Nadel, which motion duly carried, it was ordered that the corrected Roll Change Request No. 412 be approved.

RCR 481 - Louis V. Rinaldi - APN 066-280-03

Appraiser McNeill distributed photographs of the damage and vandalism that has occurred to the buildings on Parcel No. 066-280-03, which were submitted by the property owner when he was notified of the proposed increase. Appraiser McNeill ad-

vised that as a result, the Assessor is correcting the improvement values on the roll change request and the net result is a decrease in total taxable value. Member Obester expressed that he did not believe these improvements had any value.

On motion by Member Nadel, seconded by Member Fox, which motion duly carried with Member Obester voting "no," it was ordered that the corrected Roll Change Request No. 481 be approved.

Appraiser McNeill advised that the Assessor is withdrawing Roll Change Requests Nos. 11 and 137.

There being no one else wishing to speak, Vice Chairman McCormick closed the hearing.

Following discussion, on motion by Member Nadel, seconded by Member Fox, which motion duly carried, Vice Chairman McCormick ordered that Roll Change Requests Nos. 1, 2, 3, 6 through 10, 14 through 64, 66 through 103, 105 through 115, 117 through 136, 138 through 180, 182 through 186, 189, 190, 191, 196, 198 through 229, 231 through 234, 236 through 239, 241 through 247, 406 through 411, 413, 414, 471, 473 through 480, 482 through 486, 489, 491 through 525, and 554 through 563, increasing taxable values, be approved for the reasons stated thereon and as delivered to the Clerk.

02-50E HEARING NO. 14 – GEORGE BARTA HIDE CO., INC., ET AL -
PARCEL NO. 012-231-26

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

Gary Warren, Appraiser, duly sworn, submitted Assessor's Fact Sheet(s) and Maps, Exhibit I, pages 1 through 15, and Industrial Flex Building Study, Exhibit II and oriented the Board as to the location of subject property.

The Petitioner was not present but, prior to today's hearing, had submitted Second Judicial District Court Case No. CV00-05059, Barta vs. State of Nevada, State Board of Equalization, Washoe County, et al, Exhibit A, along with a letter from the attorney representing Mr. Barta explaining that the court case contains all of the evidence submitted to the County in prior years concerning the correct taxable value of subject property.

Vice Chairman McCormick noted that all of the Board members had received a copy of Mr. Barta's exhibits and have had time to review the information.

Appraiser Warren then reviewed historical information regarding subject stating the value was increased by the factor amount this year; and he reviewed sales of

comparable properties, both improved and vacant land, substantiating that the Assessor's taxable value for the land and the improvements does not exceed fair market value. He also presented a map showing the per foot land values of all surrounding properties demonstrating that the land values are equal. It was noted that the income analysis also supports the Assessor's taxable value.

Appraiser Warren further advised the issue raised by Mr. Barta is whether the Assessor has the correct quality class assigned to the building. He detailed the four quality classes the Assessor uses in determining the improvement values for these flex warehouses and the established criteria necessary for each classification. Appraiser Warren advised that, based on that methodology, as well as the information the Assessor receives from Marshall-Swift, they have rated and valued the subject as a Class 3.0, which is a good quality building. He then reviewed his handout, Exhibit B, wherein he had photographs and detailed information concerning other industrial flex warehouse type properties, listed by quality class; and he compared the characteristics of each property to the subject substantiating the Assessor's Class 3.0 rating on subject.

Appraiser Warren responded to several questions from Board members and stated subject is in equalization on land values and with comparable properties.

Leslie Admirand, Deputy District Attorney, noted Assessor's Exhibit I, page 12, and asked Appraiser Warren if he had been denied access to inspect subject property. Appraiser Warren stated that on February 8, 2002, he tried to make an appointment to conduct a physical inspection of subject; and Mr. Barta declined stating the property had previously been inspected by several appraisers and there had been no recent changes to the property. Ms. Admirand cited NRS 351.345 and stated that statute specifically states, in part, that if the Appellant, without good cause, refuses entry to the Assessor for the purpose of conducting a physical examination, the Assessor shall make a reasonable estimate of the property and assess it accordingly; and no reduction may be made by the County Board of Equalization from the assessment of the County Assessor made pursuant to this subsection.

Vice Chairman McCormick closed the hearing noting that the Board has considered and discussed the Industrial Flex Building Study of February, 2002, sales of comparable properties, both improved and vacant; and they have reviewed the information submitted on behalf of Mr. Barta by his attorney.

Member Fox stated that, since the Appellant is not present, the Board can not ask him why he denied the Assessor access to inspect the property and therefore can not determine whether he had good cause for doing so; and, that being the case, the Board has no authority to reduce the taxable value on subject property.

Vice Chairman McCormick stated she is not sure that is even an issue because she feels the value of subject is very well supported by the evidence presented by the Assessor.

Ms. Admirand restated the legal direction that, if the Board makes the finding that the Appellant did not have good cause for denying access, the Board could not change the taxable value and advised that the Board does need to make a determination on this issue.

Member Fox stated, after reading page 12 of Exhibit I, he thinks Mr. Barta did have sufficient cause not to have the Assessor conduct another inspection. He stated the Assessor had seen the property 3 or 4 times, and a businessman often times has an interest in not having his tenants disturbed.

Member Nadel disagreed stating that just by virtue of having made an appeal, he believes there would be a reasonable assumption that an appellant would cooperate with the Assessor.

On motion by Member Fox, seconded by Member McCormick, which motion duly carried with Member Obester abstaining, Vice Chairman McCormick ordered that the Board finds that the Appellant did have reasonable grounds to not allow another inspection of subject property by the Assessor because subject has been physically inspected by the appraisal staff on numerous occasions and there are other ways to ascertain whether any changes have been made, such as checking to see if there were any building permits issued.

Following further discussion, based on the FINDINGS that the taxable value does not exceed full cash value and that the land and improvements are valued correctly as evidenced by the Assessor, on motion by Member Fox, seconded by Member Nadel, which motion duly carried, it was ordered that the taxable value of land and improvements on Parcel No. 012-231-26 be upheld.

MINUTES

On motion by Member Fox, seconded by Member Nadel, which motion duly carried, Vice Chairman McCormick ordered that the minutes of the meeting of February 11, 2002, be approved.

On motion by Member Fox, seconded by Member Nadel, which motion duly carried, it was ordered that Chairman O'Brien be authorized to sign the minutes that have not yet been completed subject to the Board members providing any comments to him within ten days after receiving the minutes from the Clerk's Office.

PUBLIC COMMENTS

Member Fox complimented the Assessor's office stating they did a good job this year on some particularly difficult properties.

Vice Chairman McCormick noted this will be her last year on the Board and thanked the staffs of the Assessor, the Clerk and the District Attorney for all their

efforts. On behalf of the Assessor's Office, Ernie McNeill expressed his appreciation to Vice Chairman McCormick for her many years of service on the Board.

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12:35 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
Deputy County Clerk*