

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

FRIDAY

9:00 A.M.

FEBRUARY 20, 2009

PRESENT:

James Covert, Chairman
John Krolick, Vice Chairman
Benjamin Green, Member
Linda Woodland, Member
James Brown, Member

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

The Board of Equalization convened at 9:00 a.m. in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. Chairman Covert called the meeting to order, the Clerk called the roll and the Board conducted the following business:

WITHDRAWN PETITIONS

The following petition scheduled on today's agenda had been withdrawn by the Petitioner prior to the hearing:

Assessor's Parcel No.	Petitioner	Hearing No.
307-030-66	TARGET CORPORATION	09-0030R08

09-0464E SWEARING IN

There were no Assessor's staff members needing to be sworn in.

09-0465E CONSOLIDATION OF HEARINGS

Chairman Covert indicated the Board would consolidate items as necessary when they each came up on the agenda.

09-0466E PARCEL NOS. 033-152-05, 033-152-17 & 033-152-19 – IRON HORSE KOHALA, LLC – HEARING NOS. 09-0980B, 09-0980C & 09-0980A

On behalf of the Petitioner, Adam Clark of NAI Alliance Commercial Real Estate Services requested that the hearings be rescheduled for February 25, 2009. Chairman Covert observed the agenda for February 25th was already very full and suggested moving the hearings to February 26th.

On motion by Chairman Covert, seconded by Member Woodland, which motion duly carried, the following hearings were rescheduled for February 26, 2009:

Assessor's Parcel No.	Petitioner	Hearing No.
033-152-05	IRON HORSE KOHALA, LLC	09-0980B
033-152-17	IRON HORSE KOHALA, LLC	09-0980C
033-152-19	IRON HORSE KOHALA, LLC	09-0980A

09-0467E PARCEL NO. 163-073-01 – BLUTH, CHARLES & CYNTHIA –
HEARING NO. 09-0102

A Petition for Review of Assessed Valuation was received protesting the 2009-10 taxable valuation on property located at 9550 Gateway Dr, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Commercial real estate flyer, 3 pages.

Assessor

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

Exhibit II: Income approach to value, 3 pages

On behalf of the Petitioner, Charles Bluth was sworn in by Chief Deputy Clerk Nancy Parent.

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

Mr. Bluth explained he purchased the property as part of a 1031 exchange, and overpaid because he had to buy in a hurry to avoid incurring a tax liability on the sale of a California property. He indicated he had no argument with the property's taxable improvement value. He noted the taxable land value was increased by 38 percent in 2008-09, and then again by 70 percent in the 2009-10 reappraisal. Even after taking into account the 15 percent reduction granted to all properties, he observed the 2009-10 land value still represented a 40 percent increase over the previous year. He said the market for industrial property was down by at least 25 percent, and estimated the true market value of the subject property was about \$2.4 to \$2.5 million. He stated income information had been provided to the Assessor's Office for his start-up company, which was launching a new product in the medical field. He commented the Board had previously lowered valuations for gaming properties based on their income, and should be fair and equitable to all industries.

Chairman Covert confirmed with Mr. Bluth that the subject property was not currently producing any income.

Appraiser Clement reviewed the features of the subject property and the comparable sales used for a market approach to value in Exhibit I. He discussed the income approach to value provided in Exhibit II. Based on both approaches, he stated taxable value did not exceed full cash value and the property was equalized with similarly situated properties. He requested the Assessor's taxable values be upheld. He pointed out there had been lots of sales in the South Meadows area during the boom years, but the Assessor's Office held off on substantially increasing the 2007-08 values because the residential market was slowing down and it was thought the industrial market might follow. He noted there were 2008 sales on inferior parcels that came in at \$12.50 per square foot, so it was felt the increased land value was appropriate.

Mr. Bluth discussed the industrial real estate flyer provided in Exhibit A, which showed rental and listing values far below those used by the Assessor's Office. He estimated his property's value at \$2.5 million, and stated the 38 percent increase in land value for the 2008-09 tax year was sufficient given the state of the market. He referenced decreases granted to the Grand Sierra Resort and suggested the Board use the same basis for valuation in other industries.

Chairman Covert noted more weight was given to recent sales than to real estate listings. He observed the Assessor provided two recent sales that were pretty indicative of the square foot price for commercial and industrial land. Mr. Bluth pointed out there was no information as to when the sales transactions originated or how the prices were arrived at. He said Exhibit A was an illustration of the market value today and noted sales prices were generally 10 to 15 percent less than asking prices. Chairman Covert commented it was the actual sales prices that determined value. He indicated it was a question of whether the taxable value was greater than the cash value.

Member Green remarked Exhibit A was for a very large warehouse rather than a small manufacturing facility like the subject property. He characterized it as an "apples to oranges" comparison, and stated the Assessor's comparable sales carried more weight with him.

Chairman Covert asked the Petitioner whether he had investors for his research and development activities. Mr. Bluth replied he was the only investor. He said he provided the Assessor's Office with copies of his tax return to show the losses on the expensive business startup.

Member Krolick commented the taxable value might adjust downward in the next tax year, but there was no activity to support a reduction at this point. Member Woodland pointed out the 2009-10 reappraisal was based on sales data ending in 2008. Chairman Covert thought the Assessor's 15 percent reduction in land values recognized what was going on in the market.

With regard to Parcel No. 163-073-01, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by

Member Brown, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2009-10. It was found that the Petitioner failed to meet his/her burden to show the land and improvements are valued incorrectly or that the total taxable value exceeded full cash value.

09-468E PARCEL NO. 039-162-01 – HEISER-SCHOLTEN PROPERTIES –
HEARING NO. 09-1080

A Petition for Review of Assessed Valuation was received protesting the 2009-10 taxable valuation on land located at 5200 W Interstate 80, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 14 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 16 pages.

On behalf of the Petitioner, Rick LaMay of the Grubb & Ellis Company and Jennay Heiser-Edwards were sworn in by Chief Deputy Clerk Nancy Parent.

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

Mr. LaMay noted there had been a sharp increase in the subject property's valuation. He stated there were very few comparable sales for the Assessor's Office to work with. He indicated the property underwent a change from multi-family to neighborhood commercial zoning. He identified several limitations on the property's commercial uses, such as no drive-through facilities, a two-story height limit, and a building restriction of 80,000 square feet. He pointed out there was no real demand in the current market for a 12.3-acre parcel of vacant land, regardless of its zoning. He said the property had no visibility from Robb Drive or Sharlands Avenue, had sloping topography to the east, and a pie-shaped portion at the far eastern end of the lot. He estimated there were only 9.0 to 9.5 usable acres on the 12.3-acre lot. He indicated any development of the property would face strong opposition from the residential neighbors. He stated it was his opinion after marketing the property for two years that multi-family zoning was still the highest and best use for the parcel.

Mr. LaMay discussed some of the details of the Assessor's comparable sales. He emphasized they were all superior to the subject property and none of the types of businesses on the comparable properties could have been built on the subject property. He noted two of the comparables from 2007 were too dated. He said commercial multi-family development was currently nonexistent and land prices were in a steep decline. He

pointed out there had been no offers received on the property. He acknowledged the listing price had been a little high and explained there were many family members involved. He stated there had not been a single inquiry after the most recent price reduction. He estimated the property might go for about \$3 per square foot if it had to be sold today. He indicated the zoning change had not helped the value because no one was building. He did not believe there were any comparable sales to support the Assessor's value, and said he wished it was worth the Assessor's value.

Chairman Covert asked whether the property had always been oddly shaped or whether something had happened to make it that way. Mr. LaMay said he was not sure, but it might have occurred when Interstate 80 was built.

Member Green wondered whether the subject parcel was where there had been talk of building a truck stop. Mr. LaMay indicated it was not.

Ms. Heiser-Edwards indicated the comparable properties used to value the subject were overstated and the sales took place in a better marketplace. She explained her family had owned the property for over 60 years, and spent two years and a great deal of money to clear a clouded title before it was placed on the market. She said one offer was initially received that was contingent on successful rezoning, so the family rejected the offer and decided to rezone the property themselves. She noted there had been no offers to purchase the property after it was rezoned to neighborhood commercial. She pointed out the real estate agent was instructed to lower the price and bring all offers, but that still produced no offers. She stated the taxable value should not be increased. She emphasized the increase in valuation placed an insurmountable hardship on the family and threatened to cost them the land they had worked many years to maintain. She commented that Appraiser Thompson had been terrific.

Appraiser Thompson observed the revaluation of the subject property was based on a change in its use from multi-family to neighborhood commercial. He pointed out the property was currently listed for sale at \$5.2 million, reduced from \$7.2 million. He reviewed the comparable sales provided in Exhibit I. He stated the taxable value did not exceed full cash value and the property was equalized with similarly situated properties in Washoe County.

Chairman Covert confirmed with Appraiser Thompson that the valuation would have been entirely different if the Petitioner had not requested a zoning change. Chairman Covert asked the Petitioner if she had been aware that would happen when the zoning change was requested. Ms. Heiser-Edwards said she was told the value would go up somewhat, but thought there was a tax cap. Chairman Covert asked whether the property was no longer subject to the tax cap when a property was rezoned. Josh Wilson, Assessor, commented there had been tremendous regulatory work to address this exact circumstance, primarily driven from development in southern Nevada. He indicated there was a portion of the tax cap statute that placed changes in actual or authorized use outside of the tax cap.

Ms. Heiser-Edwards questioned what would happen if the Petitioners were forced to sell the property at a price that was below its taxable value. Chairman Covert remarked a sale would impact the future taxable value of similarly situated properties. He expressed concern that the appellants got bad advice when they elected to change the zoning on the property. Mr. LaMay commented that the increase in taxable value on the subject property was primarily associated with the zoning change, but there was clearly no economic benefit to the zoning change. Chairman Covert noted the Assessor was bound by the law, and the property had to be appraised differently as soon as the zoning change took place. Assessor Wilson said he did not know whether the appellants could ask for a reversion of the zoning. He stated the Assessor's Office valued land consistent with its highest and best use, which was as commercial property in this case.

Chairman Covert observed the shape of the property limited its use as compared with a rectangular or square piece of property with the same square footage.

Mr. LaMay indicated none of the comparable properties had neighborhood commercial zoning, but had other types of commercial zoning that were superior to the subject property.

Member Krolick noted land sale LS-3 from Exhibit I was obviously a pretty massive development with some considerable anchors. He questioned whether it was given too much weight in the appraisal with respect to what surrounded the site. Appraiser Thompson said there was no question the location of LS-3 was a superior site. Member Krolick stated LS-3 would have substantially more value because of the traffic generated by the businesses surrounding it. Appraiser Thompson agreed.

Member Green referenced the comment on page 2 of Exhibit A that only 9.0 to 9.5 acres of the land was usable. He indicated an adjustment for shape that removed 3 acres would bring the value down. Chairman Covert agreed there should be a shape adjustment.

Member Green expressed concern that the listing price on the property was currently over \$5 million. Mr. LaMay agreed the property was overpriced. He stated there was an extended family that wanted an opportunity to see if the market would pay a higher price. He noted the list price was originally based on the sale of a superior parcel on South Virginia Street. Member Green commented the list price was an indication of the owner's opinion of value. Ms. Heiser-Edwards explained the list price was lowered when the first notice was received regarding the increased assessment. She stated there were many family members involved with a lot of different opinions.

Chairman Covert asked the Petitioner if she was aware the Assessor's value was already lower than the current listing price for the subject property. Ms. Heiser-Edwards acknowledged she was aware. Mr. LaMay emphasized there had been no inquiries and no offers at the listing price.

Member Woodland said there was no question the zoning change had caused a problem, but the Assessor's hands were tied. She suggested the only thing the Board could do was to give some compensation for the shape of property.

Member Green stated he was not in favor of reducing the value to the Petitioner's requested amount, but could support an adjustment for unusable acreage. He said he was still having a problem with the \$5 million listing. Member Krolick commented that Grubb & Ellis was very reputable and was not likely to take a listing for more than 10 percent over what they thought it might sell for.

Member Green suggested a 10 percent downward adjustment. Member Krolick said he could support that.

Chairman Covert asked what a typical adjustment might be for the unusable space and odd shape of the subject property. Assessor Wilson said he would want to compare it to the properties surrounding it. He noted a token value could be placed on the unusable acreage, with the appropriate value on the remaining square footage. He noted there was currently a 5 percent adjustment for topography and suggested that might be increased.

Member Green wondered whether other Board members would support a 25 percent reduction. Chairman Covert thought that was somewhat high. He indicated a 10 to 15 percent further reduction was more reasonable. Member Krolick noted land sale LS-3 was far superior to the subject. He stated the subject property was not in a bad location with a supermarket located next to it. He said he looked up the listing and the property seemed to have been well marketed. Chairman Covert noted the property's commercial use was limited by its shape. Member Woodland said she would support a 10 percent reduction. Member Krolick pointed out a 15 percent reduction was sufficient given the circumstances. Chairman Covert agreed.

Assessor Wilson indicated his Office would reappraise the property the following year.

With regard to Parcel No. 039-162-01, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Green, seconded by Member Brown, which motion duly carried, it was ordered that the taxable land value be reduced to \$3,783,371, resulting in a total taxable value of \$3,783,371 for tax year 2009-10. The reduction was based on a 15 percent detriment for limited commercial use of the property due to its shape. With the adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

09-469E **PARCEL NOS. 140-010-32 & 140-212-01 – DAMONTE FAMILY
LLC & DAMONTE RANCH COMMERCE CENTER – HEARING
NOS. 09-1235 & 09-1234**

On behalf of the Petitioner, Charlie Carter was sworn by Chief Deputy Clerk Nancy Parent.

Chairman Covert asked whether Mr. Carter had written authorization to represent the Petitioner. Josh Wilson, Assessor, said he would be agreeable to granting Mr. Carter some time to obtain authorization by fax or email. He suggested the hearing could be rescheduled if necessary.

10:10 a.m. Chairman Covert declared a brief recess.

10:27 a.m. The Board reconvened with all members present.

Ms. Parent related Mr. Carter's request to continue the hearing to a later date. Assessor Wilson requested the continuance, in the event Mr. Carter was not authorized to request it on the Petitioner's behalf.

On motion by Member Woodland, seconded by Member Green, which motion duly carried, Hearing Nos. 09-1235 and 09-1234 for Parcel Nos. 140-010-32 and 140-212-01 were rescheduled to February 27, 2009.

09-0470E **PARCEL NO. 025-561-14 – DDR MDT MV RENO LLC –
HEARING NO. 09-1212**

A Petition for Review of Assessed Valuation was received protesting the 2009-10 taxable valuation on land and improvements located at 6895 Sierra Center Pkwy, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 5 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 27 pages.

The Petitioner was not present.

On behalf of the Assessor and having been previously sworn, Paul Oliphint, Appraiser I, oriented the Board as to the location of the subject property. He reviewed the Assessor's recommendation to reduce the improvement value, based on

market rents and the fact that the historical vacancy rate of 3 percent had now reached 10 percent for retail properties.

Chairman Covert observed the Assessor's recommendation was a lower value than what had been requested by the Petitioner. Appraiser Oliphint agreed and stated the analysis was done using a market approach.

Member Woodland asked whether the reduction was due to obsolescence. Appraiser Oliphint replied it was due to functional obsolescence that he hoped was temporary.

With regard to Parcel No. 025-561-14, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$2,753,245, resulting in a total taxable value of \$5,839,000 for tax year 2009-10. The reduction was based on the Assessor's recommendation to apply obsolescence. With the adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

09-0471E PARCEL NO. 048-081-02 – SCHMIDT, GARY – HEARING NO. 09-1154

A Petition for Review of Assessed Valuation was received protesting the 2009-10 taxable valuation on land and improvements located at 9000 Mount Rose Hwy, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

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

The Petitioner was not present.

On behalf of the Assessor and having been previously sworn, Craig Anacker, Appraiser III, oriented the Board as to the location of the subject property. Based on the analysis in Exhibit I, he indicated the parcel was more than fairly valued. He pointed out the Petitioner had not been aware of the 15 percent reduction in land values when he filed the appeal. He indicated he left messages offering to meet with the Petitioner to discuss functional obsolescence, but received no response. He stated the subject property's current taxable value was very fair and representative of the market.

Member Krolick asked whether any obsolescence had been applied to the building, which appeared to be somewhat unusable. Appraiser Anacker noted the building was fully depreciated. Josh Wilson, Assessor, stated he had been inside the building in 2006, and it looked somewhat like a museum.

With regard to Parcel No. 048-081-02, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2009-10. It was found that the Petitioner failed to meet his/her burden to show the land and improvements are valued incorrectly or that the total taxable value exceeded full cash value.

**09-0472E PARCEL NO. 400-040-07 – TROY CMBS PROPERTY LLC –
HEARING NO. 09-0109**

A Petition for Review of Assessed Valuation was received protesting the 2009-10 taxable valuation on improvements located at 4855 Summit Ridge Dr, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 19 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 12 pages.

The Petitioner was not present.

On behalf of the Assessor and having been previously sworn, Paul Oliphint, Appraiser I, oriented the Board as to the location of the subject property. He reviewed the Assessor's recommendation to reduce the improvement value due to functional obsolescence, as well as to reduce the land value to correct a clerical error in applying a size adjustment. Chairman Covert confirmed with Appraiser Oliphint that the appellant was in agreement with the recommendation.

With regard to Parcel No. 400-040-07, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the taxable land value be reduced to \$4,051,100 and the taxable improvement value be reduced to \$7,647,484, resulting in a total taxable value of \$11,698,584 for tax year 2009-10. The reductions were based on the Assessor's recommendation to correct a clerical error in the land value and apply obsolescence to the improvements. With the adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

BOARD MEMBER COMMENTS

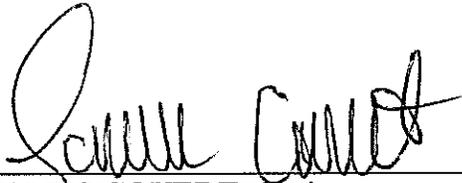
There were no Board member comments.

PUBLIC COMMENT

There was no response to the call for public comment.

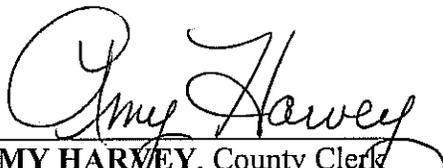
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10:41 a.m. There being no further hearings or business to come before the Board, on motion by Member Krolick, seconded by Member Woodland, which motion duly carried, the meeting was adjourned.



JAMES COVERT, Chairman
Washoe County Board of Equalization

ATTEST:



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

*Minutes prepared by
Lisa McNeill, Deputy Clerk*