

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

TUESDAY

9:00 A.M.

FEBRUARY 23, 2010

PRESENT:

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

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

ABSENT:

Benjamin Green, Member

The Board of Equalization convened at 9:01 a.m. in the Washoe County Health Department, Rooms A and B of the Washoe County Administration Complex, 1001 E. 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WITHDRAWN PETITIONS

Assessor's Parcel No.	Petitioner	Hearing No.
007-301-20	Farhadi Reno LLC	10-0129E
528-020-06	Red Hawk Land Co. LLC	10-0400
042-021-18	Lakeridge Center Office Co. LP	10-0525
530-770-04	Triple J LLC	10-0785

SWEARING IN

There was no one new from the Assessor's staff to be sworn in.

REQUESTS FOR CONTINUANCE

Nancy Parent, Chief Deputy Clerk, informed the Board North River Development, LLC., Hearing Nos. 10-0843A through 10-0843D had been previously continued to February 26, 2010.

CONSOLIDATION OF HEARINGS

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

10-0775E PARCEL NO. 042-222-18 – METHOD ART CORPORATION
HEARING NO. 10-0342

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 6151 Lakeside Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Club Lakeridge Argus Report, 7 pages.

Assessor

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

On behalf of the Petitioner, and having been previously sworn, Marcus Clark offered testimony.

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

Mr. Clark stated the Assessor's Office had the subject valued at \$137 a square foot. He believed the value was closer to the \$113-\$114 range. He reviewed the comparable sales within Exhibit A, which he believed would prove his opinion of the per-square foot value for the subject. He stated the Landmark Homes building located in Damonte Ranch showed a per square foot sales price of \$98.37. He discussed the other comparable sales, noting the most recent sale in January 2010 of \$116.85 per square foot. He felt that price was more in line with his value. He did not believe the replacement cost approach could be used because *Marshall and Swift* was about five to ten years behind on their construction costs, even though they just revised their manual.

Appraiser Gonzales reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He reported the Petitioner provided income and expense data for the subject property. He indicated the sales showed a value range from \$126.03 a square foot to \$305.39 a square foot. Improved Sales (IS) #1 and #2 were inferior in quality to the subject. IS#3 was superior in age and also reflected a strong tenant lease, which was the reason for the higher value per square foot. The income approach, using a market assumption, showed \$1.65 per square foot rental rate, with a 20 percent vacancy and operating expense of \$5.45 a square foot. He discussed the comparable sales submitted by the Petitioner. He said the building in Damonte Ranch was currently 60 percent vacant and the price reflected that it was purchased with the knowledge of having to bring the building to occupancy. The other three comparables were inferior to the subject. The subject was a quality class 3.5 and the comparables were lower. The subject property, based on the income and expense data provided by the appellant, was performing better than the market statistics. The

subject's current rental rate was approximately \$2.90 a square foot. It had a vacancy rate of 8.3 percent. The subject's taxable value was \$134.12 per square foot, which was within the range of the comparable sales and the value indicated by the income analysis. Appraiser Gonzales said it was recommended the taxable value be upheld as the subject was equalized with similarly situated properties and improvements in Washoe County.

In rebuttal, Mr. Clark stated he believed the whole appeal process was patently unfair. He gave all of his information to the Assessor's Office but only received their information a few minutes ago, so how could he rebut what the Appraiser said. Appraiser Gonzales said he could not connect with Mr. Clark, but had left messages. He thought the information had been provided to the appellant.

Chairman Covert asked the appellant what he based his appeal on if he had not known what the Assessor's Office evidence package contained. Mr. Clark responded they based their appeal on the record card they received in November. Josh Wilson, County Assessor, said this was not the first time Mr. Clark appealed to this Board. He stated the Assessor's Office packets were not prepared until an appeal was filed. He explained the reappraisal and valuation process and said the Assessor's Office packet of information was their support of value, not how they established the value. It was not created until a few days before the hearing and he encouraged all petitioners to contact the Clerk's Office for copies of the Assessor's evidence packets. Chairman Covert inquired if the value the Assessor's Office was asking the Board to uphold was the same value Mr. Clark received in November. Assessor Wilson stated that was correct.

Mr. Clark said it was not well publicized that an appellant could get the Assessor's information prior to their hearing. He stated he thought his comparables were close and the Assessor's Office thought their comparables were close. Chairman Covert stated this Board had to deal with facts. One of the facts the Assessor's Office produced that was important to the Board, was the quality class of the properties the Petitioner was trying to compare. The Appraiser indicated the quality class of the Petitioner's comparables was inferior to the subject, which meant they would demand a lower price per square foot. Chairman Covert stated the appellant could dispute that information and the Board would take that into consideration. Mr. Clark stated his evidence indicated his comparables showed they were inferior. He said by using a cap rate of 9 percent and the income and expense data, the value calculated to \$2.3 million. Chairman Covert corrected him stating they used a cap rate of 8 percent. Mr. Clark stated this was a secondary market, there was a risk factor in buying property in Reno and cap rates like this would not be seen for awhile.

Member Krolick asked the Appraiser why the 8 percent cap was chosen. Appraiser Gonzales responded it was based on data they had available to them for the calendar year. He thought it was based on 12 sales which ranged from 7 percent to 9 percent. Member Krolick inquired about the age of the sales and stated it looked like the Assessor's Office data was leaning towards a higher cap at this time. Appraiser Gonzales stated the appellant was correct and a majority of the appellants had been stating that. He said it looked like the earliest was August 2008 to October 2009. The sales ranged from

6.75 to 9.85 percent. Member Krolick asked if there was any indication that the cap rate was going up. Appraiser Gonzales stated the one at 9.85 was sold in September, 2009 and it was a comparable the appellant had used.

Member Brown asked what the vacancy rate was. Mr. Clark stated it was less than 10 percent. He explained they were filling up with small single-office users, which was the only market they had at this time. Chairman Covert inquired if those were month-to-month. Mr. Clark replied that was correct and informed the Board they just lost their major tenant. Chairman Covert wondered if they demanded a higher rent rate for month-to-month leases. Mr. Clark stated they had not been getting it, but typically that would be correct. Chairman Covert asked if they were disputing the \$1.65 per square foot per month on the rental rates, or was that reasonable for the subject property. Mr. Clark stated that was an average rental rate from awhile ago and was based on existing leases. He said they would probably go back to \$1 or \$1.10 to fill the space when the major tenant moved out in August.

Member Krolick stated he would support a higher cap rate at 9 percent, because it was in a neighborhood where they had seen a lot of property with a substantially high vacancy rate. Chairman Covert stated he agreed and said that would bring the total down to \$2,388,089.

With regard to Parcel No. 042-222-18, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Krolick, which motion duly carried with Member Green absent, it was ordered that the taxable land value be upheld and the cap rate be increased to 9 percent and applied to the taxable improvement value, resulting in a total taxable value of \$2,388,089 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0776E PARCEL NO. 042-221-06 – CLUB LAKERIDGE LIMITED PTSP
HEARING NO. 10-0527

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 6100 Plumas Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Argus Report, 7 pages.

Exhibit B: Agent authorization form, 1 page.

Assessor

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

On behalf of the Petitioner, and having been previously sworn, Marcus Clark offered testimony.

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

Mr. Clark testified the subject was virtually vacant for almost five years and suffered from a lack of visibility because of the trees on Plumas Street. The subject faced a small driveway and was well suited for a single tenant. The only office was occupied by Reno-Tahoe and that was only 7 percent of the building. He stated they derived a value of \$975,000, because of functional difficulties. He said it looked almost like a house and it would be hard to split up. He noted they used an 11.8 percent cap and, based on the problems with the building, he felt that was what an investor would look at. He discussed the comparables submitted in Exhibit A, noting they were the same comparables the Board saw previously. He believed the value should be between \$85 to \$86 per square foot.

Appraiser Gonzales reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said the subject had 11,052 square feet and was a two-story office building. He stated at the time the evidence was prepared, the Petitioner had not provided any information regarding the current lease or income and expense data for the subject property; therefore, market data was used on the income approach. For the sales comparison, the value range was between \$73.58 and \$305.39 per square foot. Improved Sale (IS)#1 was inferior in age, quality and location. IS#2 was superior in age and quality and reflected a value with a strong tenant lease. IS#3 was inferior in quality, location and age. The income approach to value indicated a value of \$111.88 a square foot. In the absence of income and expense data, market assumptions were applied. The subject property's taxable value was \$127.30 per square foot. Appraiser Gonzales stated that fell within the range of the comparable sales and income analysis. He stated it was recommended the taxable value be upheld and that the subject property was equalized with similarly situated properties in Washoe County.

Chairman Covert asked how many years the subject had been at the 93 percent vacancy rate. Mr. Clark responded it was close to five years. He explained Senior Dimensions occupied space for a number of years, but they went back to Las Vegas. Chairman Covert wondered if that affected the Appraiser's calculations. Appraiser Gonzales responded it would have, had they received that information. He said he would need some time to recalculate the value based on the 93 percent vacancy rate.

Member Krolick wondered if the subject was the old sales office for Club Lakeridge. Mr. Clark stated it may have been. Member Krolick stated he agreed it was somewhat of a dysfunctional building. Mr. Clark noted the current tenant paid \$1,000 per month for their space of 800 square feet.

Chairman Covert asked the Petitioner if he had anything further to add. Mr. Clark said he did not.

Member Woodland stated she would like the Assessor's Office to check out the rent rolls and the subject building before the Board made a decision. Chairman Covert inquired if this was something that could be adjusted for the current tax year because it was not really a factual error. Member Krolick suggested obsolescence could be applied because it did not meet the needs of the market place. After further discussion, it was determined to apply obsolescence to reach a new taxable value of \$1,266,228.

With regard to Parcel No. 042-221-06, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by 10 percent, (\$140,692) based on obsolescence for a new taxable improvement value of \$854,928, resulting in a total taxable value of \$1,266,228 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0777E PARCEL NO. 049-385-03 – RENO LAND HOLDINGS LLC
HEARING NO. 10-0534A

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Comparable sales chart, 1 page.

Assessor

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

On behalf of the Petitioner, John Knott and Ima Noursoultanova were sworn in by Chief Deputy Clerk Nancy Parent.

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

Mr. Knott stated Station Casinos, Inc. (Station) purchased the land a couple of years ago. They held gaming rights across the street from the subject and had moved those gaming rights to this property believing that being located next to the retail mall would be better for a casino operation. The challenge was the market declined and building a casino at this time was not feasible. Based on the Station's analysis, he believed they should have a zero residual land value based on their casino design and operating losses. As part of their purchase, the Station agreed to severe gaming restrictions, which he outlined. From his perspective, it did not seem the Assessor

acknowledged an appropriate discount, given the size. He believed their 88 acre parcel was different than the 15-acre comparable sales.

Chairman Covert inquired if the Steamboat Creek ran through the middle of the subject property. Mr. Knott said that was a different property.

Ms. Noursoultanova reviewed the comparable sales as provided by the Assessor's Office. She referenced Land Sale (LS)#2 which was a user-purchase for development. She next discussed the comparable referring to a Lowe's acquisition for a future pad inside the Legends Center. The purchase price referenced \$10 per square foot. She did not believe the two sales were applicable because they were user acquisitions and ready to develop. With the nature of their particular development, they were speculative in nature and had no utilities to the site and it was going to take some time before the subject would be developed. Given the deed restrictions and the size of the parcel, the users would purchase the property for a different value than what they were trying to achieve. Chairman Covert inquired what the deed restrictions were. Ms. Noursoultanova responded they could not do any retail development until 2014 and could not put in any cinemas unless the existing cinema failed.

Ms. Noursoultanova stated the last comparable referenced in Exhibit I was a self-storage site. She believed that site was less than 9 acres and was not comparable to the subject. She said they pulled all the sales that occurred from June 2008 to December 2009 that were 20 acres or larger. Chairman Covert inquired what the total acreage of all four parcels was. Ms. Noursoultanova responded 88.68 acres and noted they were all contiguous and all had the same deed restrictions. She said the two comparables they believed were relevant, even though they were low valuations, were the industrial-commercial in North Valleys that sold for \$1.07 a square foot and a master-plan community of 425 acres in Spanish Springs, which sold at \$1.59 per square foot. She said they were requesting the Board to modify the subject's taxable value to \$2 per square foot. She said they recognized the comparables submitted by the appellant were significantly lower and in different markets. She believed the comparables used by the Assessor's Office were not applicable to the subject.

Member Woodland said the testimony regarded all 88 acres; however, the Board was hearing the parcel that had 7.9 acres. She wondered if the Board was going to make a decision on the parcels separately, or all at once. Ms. Noursoultanova broke down the acreage for all the parcels. Chairman Covert believed the Board would hear arguments on Hearing No. 10-0534A and then make decisions on all four.

Appraiser Bozman stated the Assessor's Office had a recommendation for all four parcels. He said they were individual parcels and independent of one another, however, they may have the same issues. He explained the recommendation was to reduce the value from \$8.50 per square foot to \$4.50 per square foot. Chairman Covert clarified the recommendation was for all four parcels.

Chairman Covert inquired whether or not the appellants knew about the recommendation and if they were in agreement. Mr. Knott stated they knew of the recommendation, but were not in agreement.

Appraiser Bozman reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said the subject was purchased at \$13.87 per square foot on July 25, 2005. He noted there were no sales of hotel/casinos during the last 12 months. He clarified if the Board accepted the Assessor's Office recommendation the new total taxable value would be \$1,564,200. He reviewed the comparable sales submitted by the Petitioner, noting the one on North Virginia Street was severely inferior to the subject.

Mike Churchfield, Appraiser, commented on the comparables submitted by the Petitioner. He reiterated they were inferior because they were not gaming use. He commented there did not need to be a hotel/motel to get gaming involved. Chairman Covert stated he was part of the South Truckee Meadows General Improvement District when the development was approved and there was only enough water for gaming and that was the reason why they only had gaming and no hotel/motel.

In rebuttal, Mr. Knott stated he did not understand why there was no discount for the deed restrictions. Chairman Covert requested the Appraiser address the question. Appraiser Bozman responded it was not brought to the Assessor's Office attention. He said deed restrictions would inhibit the value of the property, because it would increase the hold period. He still felt that \$4.50 per square foot was a fair value for the properties. He said there was no property in that vicinity that was valued near \$4.50 per square foot. The mall across the street was valued at \$9 per square foot.

Mr. Knott wanted it noted for the record that the written evidence they submitted to the Assessor's Office contained the deed restrictions.

Mr. Knott inquired if the adjustment was based on the size of each of the properties. Chairman Covert stated he had a concern because the appellant considered this all one parcel even though it was broken out into four separate parcel numbers. It was zoned for casinos, but he did not believe they were going to build four different casinos.

Mr. Knott stated Parcel No. 049-392-12 was the most inferior in size and location and should be valued lower.

With regard to Parcel No. 049-385-03, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the taxable land base value be reduced to \$4.50 per square foot, resulting in a total taxable value of \$1,564,200 for tax year 2010-11. With that adjustment, it was found that the land is valued correctly and the total taxable value does not exceed full cash value.

10-0778E **PARCEL NO. 049-392-11 – RENO LAND HOLDINGS LLC**
HEARING NO. 10-0534B

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Comparable sheet, 1 page.

Assessor

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

On behalf of the Petitioner, and having been previously sworn, John Knott and Ima Noursoultanova offered testimony.

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

* * SEE MINUTE ITEM NO. 10-0777E ABOVE FOR DISCUSSION* * *

With regard to Parcel No. 049-392-11, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Krolick, which motion duly carried with Member Green absent, it was ordered that the taxable land base value be reduced to \$4.50 per square foot, resulting in a total taxable value of \$9,705,100 for tax year 2010-11. With that adjustment, it was found that the land is valued correctly and the total taxable value does not exceed full cash value.

10-0779E **PARCEL NO. 049-392-12 – RENO LAND HOLDINGS LLC**
HEARING NO. 10-0534C

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Comparable sheet, 1 page.

Assessor

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

On behalf of the Petitioner, and having been previously sworn, John Knott an Ima Noursoultanova offered testimony.

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

* * SEE MINUTE ITEM NO. 10-0777E ABOVE FOR DISCUSSION* * *

With regard to Parcel No. 049-392-12, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the taxable land base value be reduced to \$4.50 per square foot, resulting in a total taxable value of \$3,846,100 for tax year 2010-11. With that adjustment, it was found that the land is valued correctly and the total taxable value does not exceed full cash value.

10-0780E PARCEL NO. 049-392-13 – RENO LAND HOLDINGS LLC
HEARING NO. 10-0534D

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Comparable sheet, 1 page.

Assessor

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

On behalf of the Petitioner, and having been previously sworn, John Knott and Ima Noursoultanova offered testimony.

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

* * SEE MINUTE ITEM NO. 10-0777E ABOVE FOR DISCUSSION* * *

With regard to Parcel No. 049-392-13, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the taxable land base value be reduced to \$4.50 per square foot, resulting in a total taxable value of \$2,268,100 for tax year 2010-11. With that adjustment, it was found that the land is valued correctly and the total taxable value does not exceed full cash value.

10-0781E **PARCEL NO. 024-055-12 – RENO LAND HOLDINGS, LLC**
HEARING NO. 10-0706

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and parcel list, 2 pages.

Exhibit B: Comparable sheet, 1 page.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 9 pages.

On behalf of the Petitioner, and having been previously sworn, John Knott and Ima Noursoultanova offered testimony.

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

Chairman Covert inquired if the appellants were aware the Assessor's Office had a recommendation for reduction. Ms. Noursoultanova stated she understood it was to be reduced from \$24 to \$18 per square foot and they were not in agreement. She said the only sale comparable of reference was for the self-storage site, which was discussed under Minute Item No. 10-0777E. She said that property started to close in 2008 but did not close for two years. She said the other two comparable sales listed had been on the market for three years and she did not believe they were comparable. The subject property was zoned for hotel/casino and it was located next to a vacant Circuit City building, and a soon to-be-vacant Safeway building. Even though it was suggested the subject was in a desirable location, at this time she did not believe it should be valued at \$18 per square foot. The Petitioner was requesting the value be reduced to \$9 a square foot, based on a comparable sale of Lowe's purchase of a future development pad in the Legends of Sparks Marina. That transaction was at \$10 per square foot and she believed that was the real value of raw land.

Appraiser Bozman reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He explained the subject was purchased on February 9, 2007 for \$40 per square foot. He stated the subject was zoned for hotel/casino. There were no sales for hotel/casino properties for the last 12 months. He said the land comparable sales were inferior to the subject. Land Sale (LS)#2 sold for \$11.65 per square foot and was inferior in location, size and traffic. He noted the other comparables were listed at \$20 to \$25 per square foot and were inferior to the subject with regard to neighborhoods and zoning. He explained the purchase the appellant referred to (Lowe's) was \$10 per square foot for raw land, but it was a contract-

purchase that had an additional \$2.5 million in the purchase price. He stated all other properties within that stretch of South Virginia Street were valued at \$15 per square foot. He said the Assessor's Office recommendation would lower the taxable value to \$6,086,034. The new value took into account that a hotel/casino was probably not in the immediate future, but the property could be developed for other uses. Appraiser Bozman stated he was not aware of any deed restrictions associated with the subject property.

Chairman Covert stated he would agree that a corner lot was probably superior in normal economic times, but in these times with nothing really moving he wondered if a corner lot would make any difference. Appraiser Bozman replied it would in some cases, because the subject was across the street from the Reno-Sparks Convention Center which was the second busiest corner in Reno.

In rebuttal, Ms. Noursoultanova stated she thought if it were during other economic times, hotel/casino designation for zoning may be a desirable situation in today's environment. She stated currently general/commercial designation would be a lot more favorable for the subject. Even adjusting the zoning to what the market dictated today, that would require extra costs from them and a hotel/casino was not feasible for at least another seven years. She said in terms of the comparable sales the Appraiser referenced and the busy corner was all great, but it was common knowledge the Convention Center was also suffering and historical data showed sales and traffic were down.

Appraiser Bozman stated there may be a lease on the empty Circuit City building, which may help. Mr. Knott stated the appellant had no evidence of that.

With regard to Parcel No. 024-055-12, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Chairman Covert, which motion duly carried with Member Woodland voting "no" and Member Green absent, it was ordered that the taxable land value be reduced from \$24 per square foot to \$15 per square foot, resulting in a total taxable value of \$5,071,695 for tax year 2010-11. With that adjustment, it was found that the land is valued correctly and the total taxable value does not exceed full cash value.

CONSOLIDATION AND DISCUSSION:
HARRAH'S OPERATING COMPANY INC –
HEARING NOS. 10-0373A THROUGH 10-0373T

On behalf of the Petitioner, and having been previously sworn, John Knott offered testimony and Jacob Oberman was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Mark Stafford, Sr. Appraiser, oriented the Board as to the location of the subject property. He explained this was a hotel/casino with 928 rooms and encompassed two city blocks in downtown Reno.

Mr. Knott stated he had trouble getting the Assessor's information and that was why the Board just received their written evidence. He said the Assessor's value was flawed because it suggested a three-year average of income was an appropriate method to determine the full cash value. In a rising market, debt markets would look to a three-year average to stabilize the income because it was going up. He said there was also a reference made by the Assessor's Office that there would be a significant impact based on the Bowling Congress returning in 2010. The appellant conducted an analysis of the potential impact, however, that was a future potential event.

Mr. Knott stated he believed full cash value was defined as a price which property would sell for on the market. The market buyers and sellers would negotiate based on the trailing 12 months of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), unless there was another metric that might be available. Harrah's Reno was one of the best operating companies. He reported the trailing 12 month EBITDA income through June 2009 was \$7.2 million. Harrah's was lean on the property level and heavy on the corporate level. Their operating philosophy, historically, worked extremely well, so a full allocation of corporate expenses should be allowed on this property.

Mr. Knott indicated the bowling event could have a positive affect of 12.8 percent based on historical data. Their analysis showed the maximum impact would be \$1 million of EBIDTA, which was not tremendously significant. That was future potential and not based on the trailing 12 months that the market would reflect. He said they saw a 32 percent decline in business in Reno over the past decade. That trend was not expected to change. He stated the next critical element to this discussion was the EBITDA multiple. The Assessor's Office came up with EBITDA multiples on their comparable transactions ranging from \$4.8 to \$5.7 million, and those were from 2000 and 2007. EBIDTA multiples had declined and he estimated the multiple value at 4 times the EBITDA trailing 12 months.

Mr. Knott stated Mr. Oberman, Senior Consultant, compiled their analysis. The Board took a few minutes to review Petitioner's Exhibit A.

Chairman Covert asked what the appellant was recommending as the appropriate value. Mr. Knott stated they were recommending the full cash value at \$28.9 million.

Appraiser Stafford reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He noted the Assessor's Office reviewed approximately a dozen hotel/casino properties annually regarding income and expense information, which were the same financial statements submitted to the State Gaming Commission. He indicated the subject property was valued at \$106 million last year and currently had \$38 million applied in the form of obsolescence for the 2010-11 tax year.

Appraiser Stafford next reviewed hotel/casino sales listed in Exhibit I. The main purpose of the sales was to glean EBITDA multipliers and capitalization rates from other gaming jurisdictions. Essentially they showed cap rates ranging from 17 to 20 percent and there were other sales of properties in Las Vegas indicating lower cap rates. He stated they employed a capitalization rate of 18 percent, which was the equivalent of a 5.5 EBITDA multiplier. He thought that was appropriate for this property. He indicated page 3 of Exhibit I showed multiple years of revenue and expenses for the subject. He reviewed the adjustments for the subject, discussed allowing full deduction for corporate expenses and his analysis regarding the abnormally high corporate expenses as compared to other properties. He reported he requested additional information from Harrah's tax department regarding their high expenses and he discovered there was corporate depreciation and interest included in their expense allocation, which should be removed. Chairman Covert interjected wondering if it was a true allocation or if it was allocated at 100 percent. Appraiser Stafford replied it was allocated among all their properties. He said depreciation and interest needed to be removed to determine their operating income as those were not legitimate expenses when they were analyzing EBITDA. Appraiser Stafford said some corporate expenses were appropriate, such as medical insurance, but it had to be charged back to the property. He said he compared the corporate expenses Harrah's was charging with the corporate expenses being charged by two other hotel/casino properties. He found Harrah's to be outside the normal ratio.

Appraiser Stafford referred to the adjusted EBITDA found in Exhibit I regarding the impact of the bowlers in Reno. He explained the annual tournament rotating cycles for men and women. He reported the 2010 bowling tournament would run from February through July with more than 14,000 teams, representing more than 70,000 bowlers and 45,000 guests with a projected economic impact of approximately \$127 million. He reviewed the statistics from 2003, 2006 and 2007. He said the pattern showed spikes and drops, which was why they used a three-year average. Chairman Covert asked if the tournament was every other year. Appraiser Stafford responded they held a tournament two years in a row and then took one year off.

Appraiser Stafford pointed out the EBITDA for the last four years for the subject property, (\$19 million, \$22 million, \$16 million and \$7 million). He acknowledged these were tough times for the gaming industry. He used an EBITDA figure of \$15 million and capitalized it at 18 percent, which was the equivalent of a 5.5 EBITDA multiplier, for a value of \$83 million, compared to last year at \$106 million, which was a notable reduction in value. He thought that reduction adequately addressed the impact and challenges the subject was experiencing.

Appraiser Stafford stated the subject was premier property and expertly managed. He reported a renovation in 2003 of \$5 million. He believed the subject was not approaching the end of its economic life any time soon.

Mr. Knott stated it seemed arbitrary to him that a \$26 million reduction was adequate as opposed to reflecting the full cash value of the subject. He reiterated full cash value of the property did not tie to a three-year average; it was tied to the trailing 12

months EBITDA. He believed it should be tied to the \$7.2 million that the appellant showed as EBITDA performance for the trailing 12 months. Whether the appellant was right at a 4 or whether the Appraiser was right at a 5.5 EBITDA multiple, he believed there was no other metric for which the subject property should be valued.

Mr. Oberman stated he disagreed with the Assessor's Office calculations regarding corporate allocations. He thought corporate expenses could not be compared to property like the Silver Legacy. He stated the appellant was willing to accept the 7.2 EBITDA, but adjust it further to EBITDA(R), which would be lower. Chairman Covert asked if he was suggesting the Board reduce Harrah's Reno for corporate allocations, which could actually make Harrah's in Las Vegas go up. Mr. Knott responded the Assessor's Office made an arbitrary adjustment. He said all of the depreciation and interest was not included in their corporate allocation calculations.

Mr. Oberman stated the bowling tournament would be in Reno in 2010 and he referred to page 3 of Exhibit I showing historic revenue and EBITDA. He explained 2005 was the last year when there was no tournament. The men's tournament was in 2004 and the women's was in 2006. The total revenue in 2004 and 2006 was about \$161 million and in 2005 it was about \$154 million, which was not much of a difference. He noted the adjusted EBITDA(R) for 2004 (\$18 million), 2006 (\$19 million) and 2005 (\$16.5 million), which averaged to \$18.5 million. Mr. Oberman stated the public ending revenue data from July to December 2009 showed things continued to get worse.

Chairman Covert brought the discussion back to the Board.

Chairman Covert stated Harrah's was a gaming property with no other use. He asked if the Assessor's Office had been consistent over the last few years. Appraiser Stafford responded the way the Assessor's Office determined the valuation had been consistent. Chairman Covert stated he felt another 10 percent reduction was warranted. Mr. Knott stated it should be the full cash value because there was no market value for the property. Chairman Covert stated he agreed but that did not mean the subject did not have value. It was an income producing property even if no one wanted to buy it. Mr. Knott stated the Board should tax it accordingly.

Member Brown stated with regard to Assessor's Parcel Nos. 011-052-35 through 011-370-50, from the bottom of page 3 to the middle of page 4 on the agenda, Hearing Nos. 10-0373A through 10-0373T, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, he moved to reduce the improvement value, based on obsolescence, to \$52,738,504, the land value to be upheld, for a total taxable value of \$74,700,004.

Appraiser Stafford asked the Board to refer to page 2 of Exhibit I, which showed the 20 parcels that comprised the Harrah's property and the total value. The motion he heard was to reduce the value and he wondered which parcels were being reduced and why. Member Brown responded he indicated all parcels. Appraiser Stafford inquired if the motion was to reduce, would it be allocated over the 20 parcels. Chairman

Covert stated that was correct; however, that could leave some parcels in the negative. Appraiser Stafford suggested the reduction could be allocated over the three largest parcels, (011-052-36 Hearing No.10-373E, 011-052-44 Hearing No.10-373F, and 011-071-26 Hearing No. 10-0373H). He further suggested the Assessor's current values be upheld for the remaining parcels.

Member Brown amended his motion to allocate the reduction of \$8.3 million to the three parcels identified above. Appraiser Stafford stated he would like the Board to state actual figures within their motions.

Chairman Covert requested the motion be redone. He suggested to reduce the taxable value by \$8.3 million by allocating the reduction to Hearing No. 10-0373E in the amount of \$2,149,700; Hearing No. 10-0373F in the amount of \$2,573,000; and, Hearing No. 10-0373H in the amount of \$3,577,300, due to obsolescence, for a new total taxable value of \$74,700,004. The Assessor's taxable value would be upheld on the remaining parcels. Appraiser Stafford suggested making four separate motions.

Member Brown stated with regard to parcel number 011-052-36, Hearing No. 10-0373E, pursuant to NRS 361.356 based on evidence presented by the Assessor's Office and the Petitioner, he moved to reduce the improvement value, based on obsolescence, by \$2,149,700 for a new total improvement value of \$12,433,560. Member Woodland seconded the motion. Ron Sauer, Sr. Appraiser, stated the figures within the motion were not correct for that parcel number. He informed the Board of the correct figures.

Please see 10-0782E through 10-0785E below for the details concerning the petition, exhibits and decision related to each of the properties in the consolidated hearing.

10-0782E HARRAH'S OPERATING COMPANY INC –
HEARING NO. 10-0373E

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Full market value as of January 15, 2010, 17 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 82 pages.

On behalf of the Petitioner, and having been previously sworn, John Knott and Jacob Oberman offered testimony.

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

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – HARRAH’S OPERATING COMPANY INC. – HEARING NOS. 10-0373A THROUGH 10-0373T above.

With regard to Parcel No. 011-052-36, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$2,149,700 based on obsolescence resulting in a new improvement value of \$11,855,860, resulting in a new total taxable value of \$12,433,560 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0783E HARRAH’S OPERATING COMPANY INC –
HEARING NO. 10-0373F

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Full market value as of January 15, 2010, 17 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 82 pages.

On behalf of the Petitioner, and having been previously sworn, John Knott and Jacob Oberman offered testimony.

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

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – HARRAH’S OPERATING COMPANY INC. – HEARING NOS. 10-0373A THROUGH 10-0373T above.

With regard to Parcel No. 011-052-44, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$2,573,000 due to obsolescence resulting in a new improvement

value of \$12,438,871, resulting in a new total taxable value of \$14,873,471 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**10-0784E HARRAH'S OPERATING COMPANY INC –
HEARING NO. 10-0373H**

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Full market value as of January 15, 2010, 17 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 82 pages.

On behalf of the Petitioner, and having been previously sworn, John Knott and Jacob Oberman offered testimony.

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

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – HARRAH'S OPERATING COMPANY INC. – HEARING NOS. 10-0373A THROUGH 10-0373T above.

With regard to Parcel No. 011-071-26, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$3,577,300 based on obsolescence resulting in a new improvement value of \$16,712,178, resulting in a new total taxable value of \$20,683,678 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**10-0785E HARRAH'S OPERATING COMPANY INC –
HEARING NOS. 10-0373A, B, C, D, G, AND I THROUGH T**

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located in Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Full market value as of January 15, 2010, 17 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 82 pages.

On behalf of the Petitioner, and having been previously sworn, John Knott and Jacob Oberman offered testimony.

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

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – HARRAH’S OPERATING COMPANY INC. – HEARING NOS. 10-0373A THROUGH 10-0373T above.

With regard to Hearing Nos. 10-0373A, B, C, D, G, and I through T, (parcels listed below), pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

011-052-35	011-052-47	011-052-41
011-071-09	011-052-48	011-052-42
011-052-32	011-052-37	011-052-43
011-052-33	011-052-38	011-052-45
011-071-25	011-052-39	011-370-50
011-052-46	011-052-40	

11:25 a.m. The Board took a brief recess.

11:36 a.m. The Board reconvened with Member Green absent.

10-0786E PARCEL NO. 015-183-21 – WESTERN INVESTMENT PARTNERS LP – HEARING NO. 10-0761

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 580 E. Plumb Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Property information, 4 pages.

Assessor

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

On behalf of the Petitioner, having been previously sworn, Frank Terrasas offered testimony.

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

Mr. Terrasas stated the subject's parcel size was 29,185 square feet and the improvement square footage was 6,840. He reviewed the taxable value with the Board. He said they approached this building first on income based on market assumptions and on assumptions that were pulled from discussions with the Assessor's Office. He reported they did an analysis of comparable buildings in the area and arrived at \$1 per square foot as an assumed lease rate, which resulted in a potential gross income of \$82,080. The effective gross income factored to \$65,664 and the operating expenses were at \$4.50 a square foot, which was also in the Assessor's Office assumption, which lead to a net operating income of \$34,884. The cap rate assumption was at 8 percent, which was a cap rate assumption the Assessor's Office made in their income approach evaluations. That factored out to a building value on the income approach basis of \$436,050. He discussed in detail the comparable sales the Assessor's Office brought forward, noting Improved Sale (IS)#2 was almost identical.

Mr. Terrasas referred to page 4 of Exhibit A and described how they arrived at a land value of \$9 per square foot, the taxable land value at \$262,700, the taxable improvement value at \$450,475 and the gross building area value of \$65.85 a square foot. They were requesting the subject building be equalized to a total taxable value of \$545,944.

Appraiser Gonzales reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He stated the Petitioner did not provide any information regarding the current lease or income and expense data for the subject when the analysis was being performed. The sales comparison indicated a value range from \$93.24 a square foot to \$156.48 a square foot. The income approach to value indicated a value of \$99.75 a square foot. In the absences of income and expense data, market assumptions were applied. The subject property's taxable value was \$104.27 a square foot, which fell within the range of the comparable sales and income analysis. He agreed IS#2 was similar, but the subject had 1,392 square feet of mezzanine office space and 812 square feet of mezzanine storage. Appraiser Gonzales stated the Assessor's Office recommendation was to uphold the current taxable value because the subject property was equalized to similarly situated properties and improvements in Washoe County.

Member Krolick asked the Appraiser to elaborate on IS#2. Appraiser Gonzales stated it was similar in age, quality and location, but the difference was the mezzanine office and storage. Chairman Covert stated page 4 of Exhibit A showed the improvement taxable value for the comparable property (460 E. Plumb Lane) at an amount quite a bit different than the subject and he requested the Appraiser explain the difference. Appraiser Gonzales said he did not have the record card for 460 E. Plumb Lane, but the difference was the costing for the mezzanine office and mezzanine storage. He explained \$56,000 of value was added for the office and \$32,683 for the storage. Also, the subject parcel was larger, had yard improvements and had 15,000 square feet of asphalt that the comparable did not have.

In rebuttal, Mr. Terrasas asked that some weight be given to the income approach. Chairman Covert asked if the Appraiser used \$1.30 a square foot for the income approach. Appraiser Gonzales responded they used the full-service lease approach. Chairman Covert said using \$1 a square foot looked more like a triple-net lease. Chairman Covert asked if the appellant was receiving \$1 per square foot. Mr. Terrasas stated the building was owner/occupied.

Chairman Covert asked if there were any further questions or discussion. Hearing none, he called for a motion.

With regard to Parcel No. 015-183-21, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0787E PARCEL NO. 019-341-03 – WESTERN INSURANCE COMPANY
HEARING NO. 10-0230

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 675 W. Moana Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Property information, 2 pages.

Assessor

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

On behalf of the Petitioner, and having been previously sworn, Frank Terrasas offered testimony.

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

Mr. Terrasas addressed the assessment stating the subject was 54,310 square feet, the improvement square footage was 24,330, the taxable value for land was \$488,800 and the improvement value was \$2,074,096, for a total taxable value of \$2,562,896. The subject building was not owner occupied. The monthly lease rate assumed was \$1.25 a square foot and it was on the market at a modified gross income of \$1.35 per square foot per month. Chairman Covert inquired if that was a blended rate of all the tenants, or if there was just one tenant. Mr. Terrasas stated there were four spaces available for about 30 percent of the building. He said that factored to a potential gross income of \$364,950. The effective gross income was \$255,465. The operating expense assumption was at \$4.50 a square foot. The net operating income was \$145,980. Assuming a cap rate of 8 percent, which he thought was low and should be at 9 or 11 percent, the value would be \$1,842,750 through the income approach. He said because they had actual data they did not address it with the market approach. He said Improved Sale (IS) #1 and IS#2 both sold in 2008 and IS#3 sold in 2009, but it was out of the sub-market. He said it was really tough to find comparable sales which supported their opinion that the income approach was a more effective way to value the subject.

Appraiser Gonzales reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said it was a two-story, 24,330 square foot office building. He said information regarding income and expense and current lease was not provided to the Assessor's Office. He said the sales comparison indicated a value range of \$118.88 to \$129.19 a square foot. The income approach to value indicated a value of \$111.75 a square foot, which was based on market data. The subject's taxable value was \$105.34 a square foot, which was below all of the comparable sales and below the value indicated by the income approach using market data. He noted the Assessor's Office recommended the taxable value be upheld and that the subject property was equalized with similarly situated properties and improvements in Washoe County.

In rebuttal, Mr. Terrasas stated it seemed as though the market approach or the comparable sales were being heavily weighted, which concerned him and was not completely fair because of the lack of quality comparables.

Chairman Covert stated he agreed with the Petitioner that IS#3 was not in the market area. He said he would support an adjustment, but not quite what the Petitioner was requesting.

With regard to Parcel No. 019-341-03, pursuant to NRS 361.356, 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 with Member Green

absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$121,650 based on obsolescence for a new improvement value of \$1,952,446, resulting in a new total taxable value of \$2,441,246 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0788E PARCEL NO. 019-373-08 – WESTERN FINANCIAL
HEARING NO. 10-0231

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 3301 S. Virginia Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Property information, 3 pages.

Assessor

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

On behalf of the Petitioner, and having been previously sworn, Frank Terrasas offered testimony.

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

Mr. Terrasas addressed the assessment of the subject property. Chairman Covert inquired if the subject was owner occupied. Mr. Terrasas responded it was. He said the square footage of the improvement was 18,075 at \$1 per month, which resulted in a potential gross income of \$216,900. Assuming a vacancy rate of 20 percent the effective gross income would be \$162,675. The operating expenses factored to \$81,338, utilizing the Assessor's Office assumption. He said the properties used for the lease comparable in the market were listed in Exhibit A. He reviewed the Improved Sales (IS) showing IS#1 at \$71.12, IS#2 at \$71.88 and IS#3 at \$71 per square foot. He stated the subject was assessed at \$90.28 per square foot for gross building area. He believed the closest comparison regarding the location, age, and quality perspective was IS#2. He asked for an understanding of why there was such a large variation. He said based on their analysis, because of the variations of land and age, an equitable tax value per gross building area would be \$75, which equaled a taxable value of \$1,355,625. He felt that adjustment would bring the subject into alignment.

Appraiser Gonzales reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said the subject was a two-story office building. He explained the Assessor's Office used their income

analysis based on assumptions because there wasn't any other information provided. The sales comparison indicated a value range from \$73 a square foot to \$118 a square foot. The income approach indicated a value of \$99.75 a square foot. The subject's taxable value was at \$90.28 a square foot, which was below the range of value. He did not know if the comparables were single-level or multi-level buildings. The subject was a two-story building with an elevator, which was valued at \$57,000. He said the asphalt was worth \$40,000 and a majority of the building had a sprinkler system, which equaled \$58,000. Those three items added \$160,000 to the taxable value for the subject. He did not know if the comparables had any of those features. Appraiser Gonzales stated it was the Assessor's Office recommendation to uphold the current taxable value.

In rebuttal, Mr. Terrasas mentioned the sprinkler system and the paving added value, but he thought they were typical elements for a building of this type. As far as it being different from the comparable sales, he assumed they had been looked at and that was why they were being used as comparables. If they were different type buildings, they should not have been provided as comparables. Chairman Covert stated he would agree with that if everything was perfect; however, in the current economic state, the Assessor's Office had to deal with the information they had. Mr. Terrasas agreed stating that was why the income approach was a more effective way to value the subject.

Appraiser Gonzales stated the Assessor's Office pulled the best comparables they had and looked at the differences. Due to the conditions of the market, the amount of sales to use was so limited that there would be differences and he hoped those would be addressed in each hearing. Mr. Terrasas stated he understood and respected that and that was why they took the three values and averaged them.

Chairman Covert stated the subject was owner-occupied, so he used the income approach and took out the 20 percent vacancy, which did not apply for owner-occupied buildings and then use an 8 percent cap rate to come up with \$1.83 million, which was not that far off from the Assessor's Office income approach.

Mr. Terrasas stated one of the problems with owner-occupied buildings was that if they had to reduce the square footage usage in the building, they could not go out and market it. Chairman Covert stated there were advantages and disadvantages of being owner-occupied and that was one of the disadvantages. He acknowledged it would be difficult to market any vacant areas. Mr. Terrasas said that was the logic behind them using the market rate (vacancy assumption).

With regard to Parcel No. 019-373-08, pursuant to NRS 361.355, 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 with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0789E PARCEL NO. 400-140-06 – GREAT BASIN FED CREDIT UNION
HEARING NO. 10-0276

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 9600 S. McCarran Blvd., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Property information, 2 pages.

Assessor

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

On behalf of the Petitioner, and having been previously sworn, Frank Terrasas offered testimony.

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

Mr. Terrasas reviewed the assessment values for the subject property and confirmed the building was owner-occupied. He went over the comparables stating the Colonial Bank building was listed at \$1.60 a square foot and the City Bank building was listed at \$1.50 a square foot. He said both had been on the market for awhile and both had 100 percent vacancy. He said the factored projected gross income was \$93,931, with a vacancy rate of 5 percent, an effective gross income of \$89,235, operating expense of \$21,348, net operating income of \$67,887 and an applied 8 percent cap rate, which determined a building value of \$848,583. He said they could not find any bank building sold in the northwest Reno submarket during the last quarter. Improved Sale (IS)#1 and IS#2 were in the Spanish Springs area and he believed there was a pioneering affect to those prices paid. He submitted there was significant downward pressure as shown by the different property values brought before the Board that these comparables did not contemplate. He felt IS#3 seemed to be a quality comparable. He said it sold in April, 2009 so he would submit that was in a market that was a lot hotter than the one currently, but it was still quite a bit lower from both the price and the taxable per square foot value as compared to the subject. If the income approach was applied to IS#3 it would factor to a value of \$178.87 with the same assumptions that were used in the appellant's analysis. Based on that information and analysis, the owner's opinion of value was \$848,583.

Appraiser Gonzales reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said banks and credit unions were typically owner-occupied and market lease information was not readily available for those types of buildings. He reported income and expense data was not supplied by the Petitioner. He said the Assessor's Office did a comparable sales

analysis for the subject, and the sales comparison indicated a value range from \$246 a square foot to \$514.62 a square foot. The two most recent sales were at \$246 a square foot and \$265 a square foot respectively. He realized those were out of the submarket that the subject property was located in, but were the only bank sales that were available. The subject property taxable value was \$260.78 per square foot, which fell within the range of the comparable sales. He said it was recommended the taxable value be upheld and that the subject property was equalized with similarly situated properties and improvements in Washoe County.

In rebuttal, Mr. Terrasas restated IS#2 was in Spanish Springs and occurred at the end of 2008, which was during a dramatically different market. Chairman Covert stated from the Board's standpoint, they would agree IS#2 was more of a data point as opposed to a comparable.

Member Brown inquired how the Appraiser compared the geographical location of Prater Way versus the subject. Appraiser Gonzales stated it was an older building (1983), but he believed the location was inferior to the subject. The subject was directly north of West Fourth Street, which had been built-out over the last few years. He believed there was a new gas station, some dental offices and medical offices nearby which would attribute to the high traffic. He said due to it being close to I-80 and frontage to McCarran Boulevard, he believed the subject was in a superior location as opposed to IS#3.

With regard to Parcel No. 400-140-06, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0790E PARCEL NO. 013-081-31 – DMW PROPERTIES LLC
HEARING NO. 10-0223

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 1855 Market Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Property information, 2 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 11 pages.

On behalf of the Petitioner, and having been previously sworn, Charles Christiansen offered testimony.

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

Mr. Christiansen said the subject was adjacent to Don Weir's car lot. He was led to believe the subject was being calculated as an office building as stated in the Assessor's Office profile. He spoke with Appraiser Gonzales and was told the land value would be upheld. He reported the land size was 1.1 acre and the building square footage was 1,358. Chairman Covert inquired what the building was used for. Mr. Christiansen responded it had been used as a leasing building, but the only thing they used the subject for now was employee parking.

Mr. Christiansen said building values discussed earlier were around \$9 a square foot and those were bigger buildings, but the subject was valued at \$134 a square foot. Chairman Covert interrupted and wondered if there were two offices and a restroom inside the building. Mr. Christiansen stated that was correct. He said he figured the property was worth \$242,000, but the Assessor's Office had it at \$642,478.

Mr. Christiansen discussed comparables in the area of different types of properties. He said he was not sure whether the Assessor's Office was classifying the subject as an office building or a used car lot. He thought the property should be assessed anywhere between \$37 a square foot, just like the building across the street, and \$60 a square foot for the improvements.

Appraiser Gonzales reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He stated it was a used car lot. The location had no street frontage but had good freeway access. It was in the vicinity of several new and used car dealerships. The parcel was predominately vacant land with a small office building. The building coverage on the parcel only amounted to 2.8 percent. A potential buyer of this property would purchase it either in its current condition as a used car lot or as vacant land to develop with some other retail or commercial use. Chairman Covert inquired if the parcel was paved and Appraiser Gonzales responded the majority of it was paved. There were no sales of similar-type improved properties and he believed that the comparables used by the appellant were used car lots or were configured to be used car lots. Therefore, the approach that was taken in his analysis was to view the property as vacant land, but still give them consideration for the building. He took into account the cost of the building, the taxable value of the building and he included that in with the taxable value of the land for a total value of \$13.25 a square foot. He noted he looked at sales of vacant land too. Vacant land sales indicated a value range from \$11.65 a square foot to \$32.80 a square foot. Land Sales (LS) #1, #2 and #3 were all smaller than the subject, with similar zoning and located in inferior areas. LS#4 was larger than the subject and had inferior zoning and use. The listings he included in Exhibit I showed an asking price range of \$17 a square foot to \$24.25 a square foot. He said based upon the sales and listings, he believed the

taxable value for the subject did not exceed market value and was equalized with similarly situated properties in Washoe County.

Chairman Covert inquired about the land sales asking if there were buildings on them that would have to be demolished before someone could use it. Appraiser Gonzales stated LS#4 had infrastructure and the building had already been demolished.

In rebuttal, Mr. Christiansen stated the Appraiser did not address the building. He said the building across the street (Reno Dodge) was assessed at \$37.96 a square foot. The subject was assessed at \$134 a square foot, which was over \$100 more. He stated the property across the street with a kiosk on it had an improvement value of \$28,000 for the asphalt. He thought \$181,978 for the subject's 1,300 square-foot building was excessive. Appraiser Gonzales stated the parcel across the street from the subject was costed as a shed, it was much smaller and the costing was lower. Chairman Covert stated the improvements were for the paving and the remodeled building. Appraiser Gonzales stated that was correct. The building had been remodeled and the paving was completed in 2008, which was 40,000 square feet and included parking lot lighting. The original building was built in 1946 but had been remodeled and the weighted average year was 1976, based on the remodel.

Mr. Christiansen stated the subject was not being used for anything except employee parking.

Member Brown stated he was willing to reduce the improvement value. Chairman Covert agreed and stated if someone bought the property they couldn't use it for anything. The improvements were relevant by having paving and lighting, but he did not believe the building was an asset.

With regard to Parcel No. 013-081-31, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$100,000 due to obsolescence for a new improvement value of \$81,978, resulting in a new total taxable value of \$542,478 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0791E PARCEL NO. 012-135-10 – HOLCOMB-RYLAND LLC
HEARING NO. 10-0106

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 401 Ryland Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Property information, 2 pages.

Assessor

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

On behalf of the Petitioner, and having been previously sworn, Charles Christiansen offered testimony.

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

Mr. Christiansen reported the building had been occupied by Washoe County and Stewart Title, but now it was almost 60 percent vacant. He said there had been only one person in the last year come to him for rental and that was for 800 square feet. He apologized for not getting information to the Assessor's Office in time. Chairman Covert inquired if the appellant was aware the Assessor's Office had a recommendation to reduce. Mr. Christiansen stated the appellant was aware, but felt it should be more than what was being proposed. He said their income approach was put together by the owner and was close to the Assessor's Office. If a 9 percent cap rate could be used, the appellant would agree to that. Member Krolick clarified that the 9 percent cap discussed earlier was based on the location of that particular property. Mr. Christiansen stated it was 60 percent vacant and felt the cap rate should be more than 8 percent. He said the appellant was requesting the taxable value be reduced to \$2,344,789. Mr. Christiansen stated there was damage to the building with regard to carpet, walls, equipment and phone lines.

Appraiser Gonzales reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He stated the Assessor's Office had good data to support the 8 percent cap rate through market evidence and he had not seen any evidence presented to the contrary. The improved sales indicated a value range from \$126 a square foot to \$199 a square foot. Improved Sale (IS) #3 was similar to the subject and had a basement level parking garage, although it was superior in age, size and quality. The income approach to value indicated a value of \$99.75 a square foot. In the absence of income and expense data, market assumptions were applied. The subject's taxable value was \$120.21 a square foot. He said considering the comparable sales, the value derived from market income and the high vacancy rate, it was recommended that the taxable value of the subject property be reduced to \$2,637,889.

Mr. Christiansen stated the Appraiser had said he used an 8 percent cap rate but their sales did not prove it. The cap rate in 2008 was different than today's cap rate and the two sales were at 8 percent. Appraiser Gonzales stated the cap rates he had were based on the sales from 2008 to October 2009.

With regard to Parcel No. 012-135-10, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Krolick, seconded by Member Brown, which motion duly carried with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$2,175,618, by applying a cap rate of 8.5 percent, resulting in a new total taxable value of \$2,482,718 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

12:45 p.m. The Board recessed for lunch.

1:30 p.m. The Board reconvened with Member Green absent.

10-0792E **PARCEL NO. 011-061-08 – 101 NORTH VIRGINIA LLC**
HEARING NO. 10-0375

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 101-113 North Virginia Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 2 pages.

Exhibit B: Copy of petition and supporting documentation, 52 pages.

Assessor

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

On behalf of the Petitioner, Ken Jillson and Paul Reyff were sworn in by Chief Deputy Clerk Nancy Parent.

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

Member Krolick stated he served as Resident Agent on the Board of 101 North Virginia, LLC; therefore, he recused himself from the hearing.

Mr. Jillson stated the appellant was not disputing the land value. He explained the subject was the old Woolworths building; it was 45 years old and had not been occupied for a very long time. The retail portion of the building had been vacant for over 10 years and totally empty. The office portion of the building had been vacant for 20 years. He reported there had been recent damage to the building from vandals who took copper wiring and damaged other parts of the building. He wanted to stress the two major factors looked at when determining taxable value for improvements, which was

depreciation and obsolescence. Regarding depreciation, the building was built in 1965 and, other than cosmetic improvements such as paint and walls, there had been no changes.

Chairman Covert inquired if the appellant was aware the Assessor's Office had a recommendation for reduction to the taxable value. Mr. Jillson stated he was, but they were in disagreement with the recommendation. He said the building had reached the end of its productive life. He indicated there were two types of obsolescence to consider and he felt the building met the definition of both. He noted it was functionally obsolete, and they submitted in their evidence estimates from architectural and construction professionals who showed the building would require at least \$3 million in life-safety code compliance and other improvements to support tenancy. The building was completely out of code, the elevators did not work and there were problems with the fire control system. He commented the bathrooms did not meet handicapped requirements and there was no parking available. The other factor about economic obsolescence was the building had no income, has had no income for over 10 years and there was no market.

Chairman Covert inquired why the appellant continued to own the building. Mr. Reyff stated the building was purchased as part of a redevelopment plan for downtown Reno. Mr. Jillson stated the commitment was made to redevelop the subject, but in order to do that they had to look at the viability of the potential redevelopment and the viability of holding the property until that could come fruition. He explained the appellant tried to lease the property, but there was no serious interest from the market. He testified the appellant submitted in their evidence all of what they had done to try to lease it and the City of Reno was not serious about finding tenants to support the required improvements. Another issue was there was no parking available, which had a major affect on the income potential of the property.

Mr. Jillson stated page 2 of Exhibit I indicated the Assessor's Office came up with a stabilized value of the building based on comparables that did not seem comparable to the Petitioner considering they were sales in 2005, 2006 and 2007. It showed the value of the building would be \$100 a square foot. The Petitioner paid \$45 a square foot at the top of the market. Additionally, the Assessor's Office came up with \$8.4 million to stabilize the value. The appellant believed \$8.4 million was too low because they did not believe the comparables used were comparable to the subject. The subject could not be rented and the comparable sales used could be rented or were currently rented. The Assessor's Office took off some of the construction costs the appellant provided, such as \$210,000 for asbestos abatement and an absorption adjustment to compensate for the time period to be able to lease the building. The value was then determined to be \$446,000. Mr. Jillson stated they would agree with that valuation, but that was not being proposed. The value being proposed was \$1.2 million as indicated on page 8 of Exhibit I. He believed that was determined by taking 10 percent off the replacement cost for the building, the basement and some special features. The problem with that was the basement would not be replaced. The dumb-waiters, elevators and the escalators were either not in repair, did not work or would not be replaced during

any kind of renovation of the building. Chairman Covert inquired how many floors were in the building. Mr. Reyff replied the building had seven stories with a basement that flooded periodically. Chairman Covert asked why they would not replace the elevators. Mr. Reyff stated they would have to replace the elevators but not the basement.

Mr. Jillson felt the income approach could not be used because they had no data to support it. He said they tried to use a cost approach, which was provided in their evidence with an 8 percent cap and using figures they felt were more accurate for what they could get for the building. The Petitioner did not consider the basement to be rentable. Using an 8 percent cap rate they determined a value of \$1,094,000. He said by using an 8.5 percent cap rate, the value came to \$775,000. What the appellant was asking for was a reduction in the building value to approximately \$700,000. Although, they had not been able to review the Assessor's Office evidence until today, he felt the appellant's evidence supported their valuation. He referenced page 2 of Exhibit I which showed a net indicated value of the building at \$446,000.

Appraiser Stafford reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He stated he went through the building with Mr. Reyff and the elevator does not work. He said the appellant's description of the building was accurate. He thought the best thing to do would be to hold the property until economically profitable use could be identified for the subject. No matter what they decided to do, there was still a super-structure he thought could be utilized for something. Chairman Covert inquired if the building was earthquake certified. Appraiser Stafford was not sure if that had been addressed. He said he used 90 percent depreciation for the property, which made it 10 percent to the good on the improvements.

In rebuttal, Mr. Jillson stated he did not believe they would need to bring it to earthquake compliance, although there was a list of other problems, such as bathrooms, sprinklers, fire control, hand rails, asbestos, lighting, etc. Mr. Reyff confirmed it was challenging for the Assessor's Office, but he thought it had been demonstrated it seemed arbitrary as to how the value was reached. He felt \$700,000 was a fair value. Mr. Jillson reported to the Board the appellant tried in earnest to lease the ground floor (12,000 square feet) and it had been listed with Colliers for the last two years.

Chairman Covert commented it was not the Assessor's job to make the value as high as they could, but to be as fair as possible. He said he was inclined to give more relief due to the building being vacant for so many years.

With regard to Parcel No. 011-061-08, pursuant to NRS 361.356, 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 with Member Krolick abstaining and Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$700,000, due to obsolescence and the lack of tenants for such a long time, resulting in a total taxable value of \$1,190,000 for tax year 2010-11. With that adjustment, it was found that the land

and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0793E PARCEL NO. 011-183-13 – 50 WEST LIBERTY LLC
HEARING NO. 10-0325A

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 50 W. Liberty Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Financial documentation, 9 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 33 pages.

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

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

Mr. Flynn stated the appellant was in agreement with the Assessor's Office recommendation.

Appraiser Stafford stated after reviewing the income information provided by the Petitioner, it was the Assessor's Office recommendation to make a reduction for both parcels (011-183-13 and 011-183-15). Chairman Covert clarified the recommendation for parcel number 011-183-13 was to reduce the value by \$755,009 for obsolescence and for parcel number 011-183-15 a reduction of \$4,973,777 for obsolescence.

With regard to Parcel No. 011-183-13, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$2,663,300, due to obsolescence, resulting in a total taxable value of \$4,000,000 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0794E PARCEL NO. 011-183-15 – 50 WEST LIBERTY LLC
HEARING NO. 10-0325B

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 50 W. Liberty Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Financial documentation, 9 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 33 pages.

On behalf of the Petitioner, and having been previously sworn, Terry Flynn offered testimony.

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

* * SEE MINUTE ITEM NO. 10-0793E ABOVE FOR DISCUSSION* * *

With regard to Parcel No. 011-183-15, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$17,667,100, resulting in a total taxable value of \$19,000,000 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0795E PARCEL NO. 011-171-05 – RENO OFFICE INVESTORS LLC
HEARING NO. 10-0326A

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 200 S. Virginia Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Financial documentation, 6 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 33 pages.

Exhibit II: Corrected page 1 of the Assessor's Hearing Evidence Packet, 1 page.

On behalf of the Petitioner, and having been previously sworn, Terry Flynn offered testimony.

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

Appraiser Stafford entered into evidence a corrected cover page for Exhibit I. He oriented the Board as to the location of the subject property. He offered the office building was 8-stories and constructed in 1982. He reported the Assessor's Office had a reduction recommendation for the property. Chairman Covert inquired if the appellant was in agreement with the recommendation. Mr. Flynn reported they were.

Appraiser Stafford indicated Exhibit II set forth the recommended value for both parcels (011-171-05 and 011-071-06). He said there was a recommended adjustment to parcel number 011-171-05 and the value for parcel number 011-171-06 would remain the same.

With regard to Parcel No. 011-171-05, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$13,967,287 based on obsolescence, resulting in a total taxable value of \$14,710,887 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

Mr. Flynn stated when he received the corrected figures earlier, he thought the total would be \$14,545,194 but now it was \$14,710,887. Chairman Covert stated he saw that but asked the appellant if he was in agreement with the recommendation and was told he was in agreement with the recommendation. Appraiser Stafford stated he verified the value on parcel number 011-171-06 as \$1,289,113 and then he added the two values together to come up with a total value of \$16 million for both parcels. Mr. Flynn stated he was given a value previously of \$15,834,307. Chairman Covert inquired what the corrections were. Appraiser Stafford stated he inadvertently had the 2009-10 value on parcel number 011-171-06 instead of the 2010-11 value.

Chairman Covert stated the motion stood as directed.

10-0796E **PARCEL NO. 011-171-06 – RENO OFFICE INVESTORS LLC**
HEARING NO. 10-0326B

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 200 S. Virginia Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Financial documentation, 6 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 33 pages.

Exhibit II: Corrected page 1 of the Assessor's Hearing Evidence Packet, 1 page.

On behalf of the Petitioner, and having been previously sworn, Terry Flynn offered testimony.

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

* * SEE MINUTE ITEM NO. 10-0795E ABOVE FOR DISCUSSION* * *

With regard to Parcel No. 011-171-06, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0797E **PARCEL NO. 011-078-05 – PARK CENTER TOWER LLC**
HEARING NO. 10-0328

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 300 E. Second Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Financial documentation, 8 pages.

Exhibit B: Supporting documentation package, 26 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 33 pages.

On behalf of the Petitioner, and having been previously sworn, Terry Flynn offered testimony.

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

Mr. Flynn stated the building was 29 years old and in June, 2009 they lost the lease from Harrah's who occupied 55,000 square feet and 410 parking spaces. He said currently the building was 2/3 vacant. He referred to page 6 of Exhibit B, (income approach to value) representing the rents were figured at \$1.60 a square foot; however, their last lease was signed at \$1.29 a square foot. He said he went with a market vacancy of 16 percent, although they were 68 percent vacant, listed the expenses at \$720 and a cap rate of 8.25 percent. He indicated the market value of the property was approximately \$11 million. Their rent roll included income and expense for December 2009 along with current vacancy rates in Reno, (between 16 percent and 20 percent) and a list of some buildings that were currently available on the market. He identified #4 (Liberty Street), which was listed at \$10.5 million. He reported the listing was dropped to \$8.9 million. He said he knew it was difficult to determine cap rates based on the comparables provided, because many of those were second-sales. They purchased 50 West Liberty for \$34,650,000 and now it was agreed the value was down to \$23 million. They paid \$19 million in June 2006 for 200 S. Virginia (Sale #3), but that had also been lowered. He said the appellant was requesting the value be reduced to \$11 million based on the income approach presented as evidence.

Appraiser Stafford reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said since he originally received the income and expense data for the property there had been increased vacancies at the subject property. He noted he was given an updated rent roll. He said instead of going over his (Assessor's Office) income approach he would be reviewing the appellant's income approach with the Board. The Petitioner said that did not include real estate taxes and they compensated by packing the cap rate with the effective tax rate, which he disagreed with. If the net operating income was capitalized at 8.5 percent, the value would be \$15,183,540. That value would replace what the Petitioner had of \$13,803,000.

Appraiser Stafford next went over the Petitioner's adjustments that were made in the event they leased the property. He said what that assumed was they would buy the property and spend all that money on day one. It would cost \$30 a square foot to renovate the unoccupied space with new tenant improvements. He thought that was not realistic. A buyer would not spend \$2 million in tenant improvements and \$525,000 in leasing commissions on day one. He felt there should be an absorption period because tenant improvements would not be done until they had a tenant. He said the Petitioner's

total adjustment of \$2.7 million was overstated because it did not consider the time-value money or occurring over an absorption period. He recommended half of the \$2.7 million (\$1.3 million) be deducted from the \$15.1 million for a new total value of \$13,883,000.

Chairman Covert clarified the recommendation was to keep the value on the land the same at \$678,800, the improvement value changed to \$13,121,200, for a new total taxable value of \$13,800,000. Mr. Flynn inquired what cap rate the Assessor's Office would be using. Appraiser Stafford responded it would be 8.5 percent.

Josh Wilson, County Assessor, stated he wanted to make sure the Petitioner had an opportunity to rebut the Assessor's Office income approach since the Assessor's Office testified using the appellant's income approach. Mr. Flynn stated he was concerned because the building was 68 percent vacant and he still thought the market value was lower even though that may not be proved with his approach.

With regard to Parcel No. 011-078-05, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Krolick, which motion duly carried with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$13,121,200, resulting in a total taxable value of \$13,800,000 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**DISCUSSION & CONSOLIDATION – ASPEN SIERRA LEASING
CO. LTD – HEARING NOS. 10-0493A THROUGH 10-0493J**

On behalf of the Petitioner, and having been previously sworn, Mike Bosma offered testimony. On behalf of the Petitioner, Robert Bowker and Jack Buice were sworn in by Chief Deputy Clerk Nancy Parent.

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

Chief Deputy Clerk Nancy Parent informed the Petitioner that the evidence they submitted was marked "confidential"; however, it could not be kept as confidential when presented as evidence to the Board of Equalization. Mr. Bosma stated when he originally submitted the information to the Assessor's Office they had everything stamped as confidential. He understood this was a public hearing and he wanted the document submitted as evidence.

Mr. Bosma stated through the transition process to the new owners he was directly involved with all the negotiations with the purchaser and previous owner and was the President of the Arrowcreek Equity Members Association. He referred to Exhibit A and noted Arrowcreek (Club) was originally known as the Legend Course, which was developed and built in 1999 and was followed by the Challenge Course. The property

consisted of 36 holes of golf. At its zenith the course was selling memberships for as much as \$60,000 and then the real estate downturn hit. He said there was a plan to reduce the initiation fees (membership fees from previous owners) down to zero. He referred to circle page 3 of Exhibit A which showed a trend of the memberships for the Club from 2005 to current, specifically, new memberships, resignations and the ending memberships by year, as well as initiation fees. They initiated a process as sales significantly slowed down to reduce memberships by over half to \$28,000, which was in place from 2006 to 2008. He noted it had since been reduced down to \$18,000. The current program for memberships was a two-year associate program that would allow someone to commit to pay fees for two years with zero deposit and then be able to choose at the end of that period whether or not they wanted to join the Club. Chairman Covert inquired what the dues would be after that time period. Mr. Bosma responded between \$15,000 and \$18,000.

Mr. Bosma stated in 2006 the developer sold most of their lots and expressed an interest to exit the Club. He said it would have been easiest at that time for the members to take the Club from the developer; however, it was not fiscally feasible to do so. Chairman Covert inquired if that was from the developer's point of view or the members' point of view. Mr. Bosma responded it was not feasible from the members' point of view. The Club was offering a substantial deficit and the members did not have an appetite to fund them.

Mr. Bosma reported the Club organized a transition committee to look at alternatives. He said from 2006 to 2007 a suitor was found by the name of Club Corp of America that owns and operate a number of clubs throughout the United States. They put together a package that in essence allowed them to purchase the Club for \$7 million. The members voted on it and overwhelmingly supported it. Then in December, 2007 Club Corp came in to perform due diligence on the Club. In 2007 the economy and real estate was softening to the extent that Club Corp decided not to close on the transaction at any price. He said when the Club inked the Letter of Intent with Club Corp, Arrowcreek Holdings called the Assessor's Office and said they had a sale for \$7 million. The Assessor's Office then dropped the value to \$7 million and that was where it had been valued at ever since. Unfortunately, the Club could not consummate the Club Corp deal so they went back to the market to find a suitor for the Club. A lot of different companies came to look at it. Chairman Covert inquired if the developer had to approve the sale. Mr. Bosma stated the developer had to approve it.

Mr. Bosma stated one of the things he appreciated about all of this was the difference between a developer-run club and an owner-run club. He said there was a definite difference regarding the look and feel of a developer-run club, because they tried to achieve a certain look and feel for perspective purchasers. The reality in Northern Nevada was that it was significantly over built from a golf course perspective. He noted that as they looked in 2008 to find a suitor for the Club, with the drying up of the equity markets and financial markets, there was no one who had an appetite to buy the Club. He commented the association was ready to buy it for \$1 and bankrupt it if the transaction did not go through. In December, 2008 there were two suitors to buy the Club; Century

Club and Golden Gate who purchased it. The significant difference was Century Golf did not want to put down any cash up front and Golden Gate was willing to put in a couple hundred thousand dollars. The highest bidder won and the transaction closed in October, 2008. He referred to Exhibit A which held the membership documents and the sales contract to the current purchaser. The total consideration was \$1.8 million.

Mr. Bosma stated Golden Gate created a special purpose entity to facilitate the transaction, which meant the Board would not see Golden Gate on the documents, they would see Aspen Sierra Leasing. Under the current membership plan the Club would revert to the equity members once they reached 790 members. At a 3 percent growth rate, that would be over 30 years. None of the members or the owners believed that the 790 metric was foreseeable in the near future. In fact, they changed the types of memberships they were selling from equity to non-equity. He mentioned that because it did not matter whether someone was an equity member or a non-equity member, because the equity membership would never trigger. They all understood that and also understood they needed members to be a viable club.

Mr. Bosma next reviewed the trend of initiation fees of private clubs in 2004 and 2005 and what was happening now in this market (Exhibit A). Montreaux had an initial initiation fee of \$100,000, but he noted they were now being sold for \$35,000. Red Hawk was selling for \$16,000 currently, but they had a deferred payment plan, which meant basically no down payment. He stated there were two ways to look at their results of operations. He testified that having an owner-run club versus a developer-run club, was that the operators were very savvy and usually ran multiple golf courses, understood how to provide a country-club feel and still made money. They purchased the subject with the intention to be able to make a specific cash flow and income stream. They made significant cuts but kept the course in very good shape. In 2009 they lost 64 members. The owner believed the way to value the Club was to do a cash flow analysis. The membership losses in 2009 had not been fully realized in operations. When they closed in October 2008 they had six months to come up with an operational plan to be able to fund the golf course and make it pencil out. 2009 was a good year for them from an Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) perspective (\$39,000). They owned a lot of leased equipment and as a result EBITDA(r), was probably a better cash flow indicator (\$443,212) after backing up the lease payments on the equipment. He thought the Assessor's Office would present a 10 percent cap rate recommendation, which the appellant agreed to. It was the same that the owner used when they looked at buying other clubs.

Mr. Bosma reviewed circle page 4 which showed more detail regarding EBITDA(r) and circle pages 5, 6, 7, 8 and 9 which showed the last twelve months of income information. He next reviewed listings of golf courses contained within circle pages 10 and 12 of Exhibit A, which he felt indicated what was really happening within the golf industry. He said circle page 9 of Exhibit A showed the year-to-date loss of \$216,000 and on an accrual basis with the before-bad-debt, the loss was \$165,000 more than that.

Appraiser Ettinger reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He stated the statutory mandated valuation procedures beginning for the 2006 tax roll, which were referenced as being changed, was new legislation that was adopted and implemented specifically pertaining to golf course properties in the State. The new regulations were first adopted as temporary in 2006 and later adopted as permanent in 2007. The new additions to Nevada Administrative Code (NAC) were established in an effort to provide uniform valuation methods to golf courses statewide while providing relief and value to elements specifically related to golf course operations. The new regulations provided for specific open space per-acre land values to be applied to golf courses with annual bulletins providing values to the Assessor's Office for each roll year. That was similar to the procedure that was applied to agricultural land. Additionally, the new regulations provide for specific methods for determining golf course quality, and procedures for applying a discount in the form of obsolescence to the golf course hole values based on the number of rounds of the golf course. He acknowledged that method had been applied to each of the golf courses in Washoe County in accordance with regulations and was the primary valuation method.

Appraiser Ettinger stated he wanted to address earlier discussions by the appellant about private and equity memberships. He stated a private club was a limited use facility with restricted membership. The membership may own the club (equity membership) or the club could be owned and operated by the developer or a third party (non-equity membership). It was common for the ownership to transfer to the members upon reaching a pre-determined number of memberships. Separate from that would be a daily-fee course, which was a facility open to the public established to operate as a successful business venture. Those golf courses may offer memberships with monthly dues, with or without initiation fees, or a flat annual fee similar to a season pass. He felt golf courses were looked at as if operated as daily-fee courses, so he was looking at them on a fee-simple basis, (unencumbered). He defined a municipal course as a facility that was controlled by a tax supported agency. The primary function of a municipal course was to provide recreational opportunities at reasonable costs to taxpayers.

Appraiser Ettinger stated it was appropriate to consider net operating income and capitalizing that income when estimating the market value of golf course properties. The application of the income approach to golf course properties requires the analysis of both the real estate and business income of the property. The income and expense data varies tremendously between different types of courses. Golf course properties that were private or semi-private membership clubs often did not intend to operate at a positive cash flow, but as an amenity to club members and an enhancement to surrounding lot values. As was the case with the subject, it was common for these facilities to operate at a negative cash flow until ownership or operational structure changed. He said amenities associated with a country club such as banquet rooms, fitness facilities, swimming pools and restaurants were often only available to members and created significant operating expenses. The developers of those private and semi-private country clubs realized tremendous value in surrounding golf courses with influence building sites as well as receiving initial membership initiation fees up to \$100,000 each

and monthly memberships dues. He thought golf course value based on income could be extremely difficult to estimate depending on the structure and intent of the operation of the club, particularly when the private component was present. Utilizing actual net operating income of these properties containing private membership components was an alternative for an appraiser to estimate market income and expenses as if the subject were operating on a for-profit basis. Income data for those courses that were operating with the intent to function with a positive cash flow was not readily available. Golf course operators typically did not provide income and expense data to the public making it necessary to obtain that information elsewhere. Golf property fee appraisers had access to journals, publications, and organizations, and possess the overall extensive experience to make the appropriate estimate of such income data. He said based on the historic amount of golf play in the subject market, a general estimate of additional income to the subject was described in the report (Exhibit I).

Appraiser Ettinger stated along with the revised income data, the sales comparison approach was considered to provide support for the subject's value. Golf course sales, particularly within the immediate subject market, were very limited and infrequent due to the unique nature of the property. Four comparable sales were provided and served as an indication of value range for the subject. Sale price per hole was the primary element of comparison and would be discussed with other aspects of comparisons with the subject. He said some appraisers maintain the income approach was not entirely appropriate for facilities that were non-profit or income oriented. Such facilities include both publicly owned facilities and non-profit private clubs that provide golf as an amenity to a surrounding real estate development.

Appraiser Ettinger stated page 32 of Exhibit I was specific to the Arrowcreek Golf Course. He said the facility consisted of two 18-hole championship golf courses. One course was private and the other was public. The Legend Course was a public daily-fee course, was designed by Arnold Palmer and constructed in 1998. The Challenge Course was a private equity course and was designed by Fuzzy Zoeller and John Harbottle in 1999. Both courses were good quality and well maintained. The clubhouse was 11,852 square feet and considered good-to-excellent quality. It also had a 9,658 square foot cart barn and a 7,000 square foot maintenance building and snack bar. The complex also had a large driving range and an 18-hole putting green. He noted the Arrowcreek community fitness club, pool and tennis courts were located on an adjacent parcel and owned by the homeowners association and were not part of this analysis. The subject property sold from Arrowcreek Golf Holdings to Aspen Sierra Limited in October, 2008. Prior to that transaction the Assessor's Office was contacted by the Vice President of Arrowcreek Golf Holdings and was informed the sales price was going to be \$7 million. At that time the Assessor's Office adjusted the total taxable value to \$7 million by applying obsolescence to the property improvements. The new owners of the property indicated the actual sales price was \$200,000 plus assumption of a liability in the amount of \$1.6 million, which related to a water tank on the property. Therefore, the owners indicated an adjusted sales price of \$1.8 million. Prior to the sale, the membership had been involved in a lawsuit with the prior owners pertaining to the property's sale to a third party. During that period it had been speculated the property was going to go into

bankruptcy as a result of the annual negative cash flow. At one point, the homeowners association even considered purchasing and operating the property. The sale of the property ultimately went through following the lawsuits by the members being dropped. Appraiser Ettinger stated circumstances preceding the final sale indicated less than typical market conditions calling into question the influence upon the sales price. He noted that was how the Assessor's Office ended up with a \$7 million value. The Assessor's Office decided, considering the potential bankruptcy and the fact that they were contacted on the original sales price, this should be brought to the Board of Equalization for input.

Appraiser Ettinger discussed the comparable sales as listed on page 35 of Exhibit I. He explained Sale #1 (Wolf Run Golf Club) was inferior to the subject in quality and size. The sales price reflected the lower end of the range (\$5.4 million). Sale #2 (D'Andrea Golf Club) sold for \$4.86 million. It was slightly inferior to the subject in quality of the clubhouse and size. Sale #3 (Las Vegas) sold for \$13.25 million, but it was superior to the subject in clubhouse size and superior in a second clubhouse and tennis and aquatic facilities. He believed Sale #3 established the upper end of the range of value. Sale #4 (Whitney Oaks Golf Club) sold for \$6.3 million. It was inferior to the subject in quality and size of the clubhouse and inferior to the subject in the number of holes. A review of the sales provided indicated a total sales price range of \$4,860,000 to \$13,250,000. The total sales price per hole ranged from \$270,000 to \$368,055. An adjusted sales price per hole for the difference in the number of golf holes for Sale #1 and #2 was estimated to be \$200,000 to \$250,000. Applying that estimate to the subject property, a value estimate of \$7.2 to \$9 million was indicated. The current taxable value of the subject property was \$7 million which fell below the range estimate. He stated it was the Assessor's Office recommendation to uphold the subject's value due to the sales comparison approach.

Appraiser Ettinger stated the income approach was difficult and maximum golf course productivity was not pursued in the interest of maintaining better golf course conditions and exclusivity for club members. The appellant provided net income through October 31, 2009 indicating a negative \$13,430 income. He estimated 10,000 potential additional rounds could be played if the subject operated at potential capacity. Those additional rounds would indicate a total of 45,000 annual rounds played on the course. There was insufficient information to determine the variable expenses associated with those additional rounds. The overall capitalization rate of 10 percent was provided by an experienced regional golf course appraisal firm. The overall rate was derived using market extraction, band of investment and debt coverage ratio. For the purposes of this assessment, \$75 a round was estimated. Estimated net income was determined at \$736,570 and capitalization rate at 10 percent for an indicated overall value \$7,365,700. Additional income to the subject could also be derived from the membership component. The subject currently had 315 members and would not turn over the membership-ownership until 790 members were reached. That would allow for an additional 475 initiation fees and monthly dues. He believed there was tremendous value remaining to be realized with memberships. The current total taxable value of \$7 million for the

subject fell below the value income estimate and it was the Assessor's Office recommendation that the subject's value be upheld based on the potential income.

Appraiser Ettinger reiterated the Assessor's Office had to look at these types of properties on a fee-simple basis and it was referenced that a savvy owner would be able to run a golf course in this particular market at a substantial profit.

In rebuttal, Mr. Bosma stated he wanted to review the timing of the sales as listed on the comparable sales summary in Exhibit I. He stated the subject had an arms-length buyer for \$7 million in 2007 and in 2008 when they were doing their due diligence, the market fell apart. He thought the Board could not ignore that and the Appraiser would have to time-value the sales back. He mentioned previously they had another course just outside of Rockland that was on the market for \$2.9 million; however, there was no buyer for it. To him that proved there had been significant market erosion since the 2004 and 2005 transactions. Their lower course was completely open to the public, which was part of the new ownership and the members were in agreement with that. He said they could not get the lower course fully subscribed. They would have to get some approvals to open the upper course. Mr. Bosma said the golf environment in this valley was very competitive and it would be nice to get \$75 a round, but they had to implement discounts.

Mr. Bosma thought when they reduced their initiation fee to zero, there would be an instant demand. The reality was that people were not willing to pay \$400 a month to golf. He said until this valley filled up or courses went out of business, they were cannibalizing each other. He believed that, by definition, was economic obsolescence. Mr. Bosma noted the cash flow was incorrectly presented in Exhibit A as \$443,000; it should be \$285,000. He said the difference was \$156,000 of bad debts that went to collections. He explained that was how far in arrears people were on their dues.

Mr. Bowker inquired if there was any additional land that went with the comparable sales, were they just golf courses or did some of the purchase price go to separate lot sales. Appraiser Ettinger stated as far as he knew it was all golf courses. Mr. Bowker stated he thought one sale was a golf course with a land sale. He explained last year they were down 32 percent in resort traffic to their facility. He thought the market for golf tourism in Reno was not as strong as before they bought the facility. They definitely had a poor cash flow this year due to members not being able to pay their bill because of the economy.

Chairman Covert stated Arrowcreek had been involved in a number of lawsuits over the years and some were still active with members suing members. To him that indicated a systemic problem within Arrowcreek.

The Board discussed what they each felt the value should be based on the evidence presented by the Petitioner and the Assessor's Office. Member Krolick and Member Woodland felt the requested \$2.8 million was too much of a reduction. Chairman Covert thought an adjustment down to \$5 million would be more appropriate.

Rigo Lopez, Sr. Appraiser, said since the Board was dealing with a number of parcels, it would be important to know each dollar amount being attributed to the different parcels. Chairman Covert stated the Board was recommending a 28.57 percent downward adjustment, which would be applied in the form of obsolescence. He suggested that be applied to the improvements only and the land value would remain the same.

Appraiser Ettinger clarified that Hearing No. 10-0493B would have a \$500,000 reduction in the form of obsolescence. Hearing No. 10-0493D would have a \$500,000 reduction in the form of obsolescence and Hearing No. 10-0493E would have a reduction of \$1 million in the form of obsolescence.

Mr. Bosma inquired if it was the Board's intent to bring the value to \$5 million. He said to bring the value down to \$5 million would result in \$2.3 million being applied in the form of obsolescence, because they were being assessed \$300,000 in personal property. It was determined the Board could not deal with the personal property issue as it was not appealed.

Please see 10-0798E, 10-0799E, 10-0800E and 10-0801E below for the details concerning the petition, exhibits and decision related to each of the properties in the consolidated hearing.

**10-0798E ASPEN SIERRA LEASING CO LTD
HEARING NOS. 10-0493A, C, F, G, H, I, AND J**

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at Arrowcreek Parkway, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 229 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 53 pages.

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – ASPEN SIERRA LEASING CO LTD – HEARING NOS. 10-0493A THROUGH 10-0493J above.

With regard to Hearing Nos. 10-0493A, 10-0493C, 10-0493F, 10-0493G, 10-0493H, 10-0493I and 10-0493J, (see parcel numbers listed below), pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

152-020-99	152-390-02	152-471-11
152-611-07	152-850-06	152-880-01
152-582-07		

10-0799E PARCEL NO. 152-020-97 – ASPEN SIERRA LEASING CO LTD
HEARING NO. 10-0493B

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at Arrowcreek Parkway, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 229 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 53 pages.

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – ASPEN SIERRA LEASING CO LTD – HEARING NOS. 10-0493A THROUGH 10-0493J above.

With regard to Parcel No. 152-020-97, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$500,000 due to obsolescence for a new improvement value of \$359,866, resulting in a new total taxable value of \$565,466 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0800E **PARCEL NO. 152-390-03 – ASPEN SIERRA LEASING CO LTD**
HEARING NO. 10-0493D

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at Arrowcreek Parkway, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 229 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 53 pages.

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – ASPEN SIERRA LEASING CO LTD – HEARING NOS. 10-0493A THROUGH 10-0493J above.

With regard to Parcel No. 152-390-03, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$500,000 due to obsolescence for a new improvement total of \$71,633, resulting in a new total taxable value of \$233,133 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0801E **PARCEL NO. 152-443-22 – ASPEN SIERRA LEASING CO LTD**
HEARING NO. 10-0493E

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at Arrowcreek Parkway, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 229 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 53 pages.

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – ASPEN SIERRA LEASING CO LTD – HEARING NOS. 10-0493A THROUGH 10-0493J above.

With regard to Parcel No. 152-443-22, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$1,000,000 due to obsolescence for a new improvement value of \$197,595, resulting in a total taxable value of \$417,695 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0802E PARCEL NO. 014-203-32 – PLUMAS QUAIL LLC – HEARING NO. 10-0402

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 1875 Plumas Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Hearing Notice and Income Statement, 6 pages.

Exhibit B: Copy of petition and supporting documentation, 27 pages.

Assessor

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

On behalf of the Petitioner, and having been previously sworn, Roger Croteau offered testimony.

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

Mr. Croteau stated the property was comprised of four buildings. He reported building #1 had 9,120 square feet, building #2 had 9,120 square feet, building #3 had 10,430 square feet and building #4 had 8,740 square feet. The Assessor's Office had them valued at \$147 per square foot. They were running at a 7 percent cap rate, which he felt was not terrible. He thought the comparable sales demonstrated a lower price than the \$147 per square foot. Chairman Covert inquired if the Petitioner was aware there was a recommendation for reduction from the Assessor's Office. Mr. Croteau looked it over and said he was in agreement.

Appraiser Gonzales reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said Improved Sale (IS)#1 and IS#2 were at \$126 a square foot and \$129 a square foot. IS#3 indicated a higher value due to the strong tenant lease. He reported an appraiser visited and surveyed the buildings and determined the vacancy was approximately 32 percent. He noted the income approach indicated a value of \$111 a square foot; therefore, he gave more weight to IS#1 and IS#2 along with the income analysis. Based on that information, he recommended the total taxable value be reduced to \$4,489,200, which resulted in the application of obsolescence in the amount \$1,020,543 to the improvements with the land remaining the same.

With regard to Parcel No. 014-203-32, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$3,159,600 based on obsolescence, resulting in a total taxable value of \$4,489,200 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0803E PARCEL NO. 035-073-19 – SUN VALLEY QUAIL LLC
HEARING NO. 10-0418

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 4873 Sun Valley Blvd., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Assessment Notice, 1 page.

Exhibit B: Financial information, 4 pages.

Exhibit C: Hearing Notice and Income Statement, 4 pages.

Exhibit D: Copy of petitioner and supporting documentation, 26 pages.

Assessor

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

On behalf of the Petitioner, and having been previously sworn, Roger Croteau offered testimony.

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

Mr. Croteau stated this property was a car wash, which consisted of 1,778 square feet and was built in 2008. He said the financial information associated with this product allowed for certain allocation for rental income and operational funds. He felt the significant depreciation expense came from the equipment, not from the building. To him, if depreciation was not allowed then revenue should not be allowed either. He reported the appellant was paying roughly \$1,000 a week for rent or \$52,000 a year for building expenses. To allow 25 percent for depreciation would equate to approximately \$35,000 as the total profit for the building. He said he felt the bottom line for the subject was \$30,000 to \$35,000 profit from rental operations, not business operations (cash income). If that was the agreed upon value and a 9 percent rate was applied, the value would be about \$388,000 as opposed to the current valuation of \$272,000. He concluded he did not really know how to value the subject, but from an operational point of view it was not doing poorly. He felt with all the start-up funds and money put in to the business, they would show a loss of \$42,501. The appellant also paid \$34,000 in interest.

Appraiser Stafford reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. The land was purchased in 2007 at \$7.10 a square foot and the current value was \$4.70 a square foot. He reviewed Exhibit I and discussed the three most recent sales of self-service car washes in the area. \$152.98 was the current taxable value per square foot for the subject and Improved Sale (IS)#1 sold for \$417 per square foot, IS#2 sold for \$232 per square foot, and IS#3 sold for \$306 per square foot. He noted the comparables were inferior in age and size.

Appraiser Stafford stated he reviewed the income analysis and agreed it was difficult to determine. He looked at the year-to-date balance under expenses (Exhibit B) and he saw \$6,000 in rent concessions, \$45,000 in interest expense, \$49,600 for depreciation, \$3,400 consulting expenses, and \$20,000 for bad debt expense. Chairman Covert expressed the expenses seemed strange for a self-service car wash. Appraiser Stafford stated the total of those expenses (approximately \$94,000) should be removed, which would bring the net operating income to \$51,527. The Assessor's Office value for the subject was \$272,000 and he felt the subject was valued correctly.

In rebuttal, Mr. Croteau stated two of the comparables had different equipment from the subject. He said he was not sure all of the expenses could be backed out of the equation, other than possibly the depreciation. Chairman Covert stated he agreed, but the Assessor's Office valued the subject on a cash income basis rather than a book income basis.

With regard to Parcel No. 035-073-19, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0804E **PARCEL NO. 200-020-08 – RENO CITY OF HEARING NO. 10-0433**

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 1595 Robb Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Assessment Notice, 2 page.

Exhibit B: Hearing Notice and Income Statement, 5 pages.

Exhibit C: Copy of Hearing Notice and supporting documentation, 26 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 17 pages.

On behalf of the Petitioner, and having been previously sworn, Roger Croteau offered testimony.

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

Appraiser Gonzales informed the Board the Assessor's Office had a recommendation to reduce the total taxable value to \$1,242,718, which was the result of obsolescence being applied to the improvement value in the amount of \$448,018. He said their recommendation was based predominantly on one of the buildings being 63 percent unfinished and one building being completely unfinished. He recommended the land value remain the same.

Mr. Croteau stated the appellant was in agreement.

With regard to Parcel No. 200-020-08, pursuant to NRS 361.356, 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 with Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$448,018 for a new improvement value of \$587,028, resulting in a new total taxable value of \$1,242,718 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

4:00 p.m. The Board took a brief recess.

4:10 p.m. The Board reconvened with Chairman Covert and Member Green absent.

10-0805E **PARCEL NO. 011-440-02 – DT DEVELOPERS LLC**
HEARING NO. 10-0779

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 95 N. Sierra Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: 2010 Proforma - 95 N. Sierra St., Market Commentary, and Retail Market Report Third Quarter 2009, 7 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 36 pages.

On behalf of the Petitioner, and having been previously sworn, Kelly Bland offered testimony.

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

Mr. Bland stated the building was approximately 4,800 square feet on a 7,500 square foot lot and was built in 2005. Since then the business climate in downtown Reno became challenging and he commented on the vacant buildings and recently closed businesses surrounding the subject. He informed the Board he was requesting an improvement value of \$652,609. The Assessor's Office was recommending a value of \$688,000, which was relatively close. He said his issue was with the land value. The Assessor's Office recommended a land value of \$261,900, which equated to \$34.95 a square foot. He felt that was quite high for a retail project. The subject was a single-story building and it could not be used as a casino or a high-rise hotel.

Mr. Bland said he paid \$70,000 for the subject through the redevelopment district, which was open to multiple bidders and developers. He felt \$70,000 was all the property could support in land value and the City agreed with him, so he was awarded the development agreement with the City. He said the cap rate summary chart the Assessor's Office included did not include any downtown sales. He knew there were not a lot of sales of similar properties and he noted the subject was an unanchored, multi-tenant, non-credit type property, which would indicate the cap rate should be adjusted to a higher level. The comparables he presented in his evidence included a major video store on Prater Way at a 9.1 percent cap rate, which sold in October, 2008. He found a recent sale of a CVS store in Sparks, which was at an 8.4 percent cap and sold in August, 2009. He believed those two sales were more comparable to the subject. It was his recommendation that the subject should have a higher cap rate than the two comparables. He stated using

the income approach the Assessor's Office came up with and applying a 9 percent cap rate, would factor to a value of \$870,366.

Mr. Bland next reviewed the land comparable sales submitted by the Assessor's Office. He believed none of the land sale comparables occurred directly in the downtown core. He noted Land Sale (LS) #1 included a building with 1,000 square feet, which was not a pure land sale comparable and would need to be adjusted for the building value. LS#2 was a used car dealership and had improvements including asphalt and a small sales office and should be adjusted for the improvements. LS#3 contained three parcels in that sale and that included an additional 6,745 square foot parcel and a 2,376 square foot building. He felt LS#4 was really not a market sale transaction, because it was land assemblage for the baseball stadium and he did not think it reflected a true market value. He thought LS#5 was a reasonable comparable. The only difference he would point out was the traffic count at that corner was significantly higher than the traffic near the subject. LS#6 was vacant now, but when it sold there was a small house on the property, which he verified with the City of Reno and the demo permit was pulled after the sale of land. He said he made some adjustments to the land comparables to include the land and improvement values on the car lot and he came up with an average of the remainder of the sales at \$20.20 a square foot after he removed LS#4. He requested the Board consider a value on the land for the subject at \$24 a square foot, which was higher than the average of the adjusted comparables. That would come to a land value of \$179,832, for a total value of \$867,932, which corresponded with the adjusted income approach using a 9 percent cap rate.

Appraiser Spoor reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. She said the parcel was located on a corner and had 150 feet of frontage. The Silver Peak Restaurant was located to the north with a parking garage that had approximately 600 spaces. The Palladio was located to the east of the subject property. Starbucks was vacated across the street from the subject, but it was replaced by Subway. Adjacent to the subject property was a national retailer, Century Theatre. She reported the subject held three tenants.

Appraiser Spoor reviewed Improved Sale (IS)#1, IS#3, IS#4 and IS#5 stating they were commercial buildings and extremely inferior to the subject with regard to age. IS#2 was a retail building, slightly older in age, located off of South Virginia with poor visibility. IS#6 was a commercial building on Holcomb Avenue, was an older building and had been extensively remodeled. The building reconfiguration reduced the overall usefulness of the building. She believed IS#2 was the most comparable with regard to age and location. IS#4 was inferior and sold for \$195 a square foot. Using \$225 a square foot, the indicated subject value by sale comparison was \$1,082,700. The indicated value by income approach was \$921,564, assuming the rent reduction and without the rent reduction it was \$1,091,421. She said due to the lack of detailed income and expense information, some weight was given to the sales comparison approach.

Appraiser Spoor stated page 2 of Exhibit I showed the Petitioner indicated a future reduction in rent was anticipated and that was in line with the market data. She

said she used \$1.75 a square foot for rent, a 15 percent vacancy loss rate and a cap rate of 8.5 percent. She said page 3 of Exhibit I contained a capitalization rate summary which ranged from 5.75 percent to 8.45 percent. The subject property was a newer structure (constructed in 2005) and was in a good location.

Appraiser Spoor reviewed land sales on page 5 of Exhibit I stating she used historical land sales for non-casino parcels. LS#4 was on Lake Street and was sold for \$93 a square foot. In 2005 and 2006 the rent was about \$70 a square foot for property down the street from that parcel. She felt LS#6 was the most comparable in size. It was in the professional office on Court Street and three weeks after the sale, the improvement was removed. She said based on the data available it was her recommendation the land value remain the same at \$261,900 and to reduce the improvement value to \$688,100 for a total value of \$950,000.

Vice Chairman Krolick asked how the Assessor's Office determined \$34.95 a square foot for the land value. Appraiser Spoor responded it was determined based on the historical values from 2005 and 2006. Over the last couple of years she had been reducing the land value for non-casino type buildings. She explained it was a decrease of about 30 percent.

Member Woodland asked if the Appraiser included consideration of rents going down within the recommendation. Appraiser Spoor responded page 2 of Exhibit I showed she included \$1.75 a square foot, which was a reduction from \$2.50 a square foot.

In rebuttal, Mr. Bland stated Appraiser Spoor mentioned he had national tenants, but the Taco Del Mar was a local tenant and he had dropped their rent from \$3.50 to \$1.75 a square foot and they were still two months behind. Figiro's went bankrupt early in the process and they were replaced by Devine Ultra Lounge who were only open two days and two nights a week to cut their expenses. Cold Stone Creamery was a local tenant and they went bankrupt in 2009. The Appraiser referenced lower cap rates, but those were for national tenant, single tenant and credit tenant deals, which was significantly different than what he had operating. He said if he could sell the subject property at an 8.5 percent cap rate he would, but he did not feel it would happen. He did not agree LS#6 was the most comparable, because it was an office property in an office area and it had a house on it when it sold. He thought a reduction of 30 percent was good, but he did not think it really reflected what was going on in downtown Reno. He said if he was to build this building today, there was no way he could afford \$34.95 per square foot for the land.

Vice Chairman Krolick stated he did not feel the land value was out of proportion for where it was located.

Member Woodland made a motion to uphold the taxable value on Parcel No. 011-440-02, finding the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and

whose location is comparable. Member Brown seconded the motion. Appraiser Lopez interjected stating there was a recommendation for a reduction. Member Woodland withdrew her motion and Member Brown withdrew his second.

With regard to Parcel No. 011-440-02, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$688,100, resulting in a total taxable value of \$950,000 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0806E PARCEL NO. 023-131-19 – MOANA INVESTMENTS LLC
HEARING NO. 10-0561

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 3520 Cloverway, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income information, 2 pages.

Assessor

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

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

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

Mr. Allen said the basis of their appeal was the value of the land. The property was purchased in December 2004 for \$360,000 and at that time the property had a house with a renter. The land was currently valued at \$390,100, which was higher than the purchase price. He referred to Exhibit A showing the property was exclusively leased by Moana Nursery's landscaping division. He noted the sales history and income statement for the subject, (2006 through 2009), which showed about 75 percent less in sales.

Appraiser Gonzales reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said the property was an owner-occupied office building. Since it was an owner-occupied building, market

assumptions were applied in the Assessor's Office income analysis. He reported the comparable sales indicated a value range from \$278 a square foot to \$305 a square foot. Improved Sale (IS)#1 represented the high end. It had a strong tenant lease and was a single tenant occupied building. IS#2 and IS#3 were next door to each other on Bonde Lane. He stated IS#3 was purchased as office space but he believed there was a dental office located there now. IS#2 was similar to IS#3, but IS#3 remained as an owner-occupied office space. It sold in 2008 for \$278 a square foot. IS#2 sold in 2009 for \$286 a square foot. As of the end of June, 2009 IS#2 was only 50 percent occupied. IS#1 represented the upper end of the market and IS#2 represented the lower end. He stated the income approach to value indicated \$111.75 a square foot, which was based on market assumptions. He acknowledged the purchase price of the subject was \$360,000, which included a home and land. He said the AB489 form Moana Investment LLC submitted to the Assessor's Office stated the subject was not a primary residence or a rental but indicated the home was abandoned and no longer useable as a dwelling. He believed it was purchased with the intention of building an office and not to be used as a single-family residence; therefore, it was valued as an office. Since the subject property was owner-occupied, applying current market data to the income approach did not reflect a fair market value of the property. He said more emphasis was placed on the comparable sales, which indicated a value in the low \$200 per square foot range. The taxable value was \$169.47 per square foot, which was below all the comparable sales. Appraiser Gonzales stated it was recommended the taxable value be upheld and that the subject property was equalized with similarly situated properties and improvements in Washoe County.

Member Woodland inquired if the Appraiser received the appellant's income statement before processing the assessment. Appraiser Gonzales replied he did not, but explained even if he had it would be difficult to apply because it was not rental property.

In rebuttal, Mr. Allen stated it was not owner occupied. He explained Moana Investments LLC owned the property, not Moana Nursery. Appraiser Gonzales stated he believed they were related entities. Mr. Allen stated the owner of the property was not the owner of the business. He said the business was sold in 2002. Appraiser Gonzales stated he was not aware of the owner situation.

Member Brown asked Appraiser Gonzales if that information would affect his rationalization for use of the comparables and potential income. Appraiser Gonzales stated it would not, because it was a single-tenant and the use was for the Moana Nursery.

Vice Chairman Krolick asked for some background on IS#1. Appraiser Gonzales reviewed the assessment and stated it was the furthest building at the end of the roundabout on south Kietzke Lane. Vice Chairman Krolick stated IS#1 was superior in quality class and construction to the subject property, but it was assessed at \$149 per square foot versus the subject property valued at \$169.47 and he wondered why it was higher. Appraiser Gonzales said he did not have the record card for IS#1, but there were different items that the buildings might have which could affect the taxable values. He

explained even though IS#1 was only two years older it was receiving 3 percent for depreciation. Vice Chairman Krolick said it was brought up earlier that there was about a \$10 difference in the construction costs between stud and stucco versus concrete built-up. Appraiser Gonzales believed that was correct.

Vice Chairman Krolick inquired if the appellant had anything further to add. Mr. Allen replied he did not. Vice Chairman Krolick stated he felt an adjustment was warranted for the improvement value because the comparables seemed to support at least a \$15 per square foot reduction.

With regard to Parcel No. 023-131-19, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced from \$169.47 per square foot to \$140 per square foot for a new taxable improvement value of \$601,660, resulting in a total taxable value of \$991,760 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**10-0807E MONTREUX GOLF CLUB LTD
HEARING NOS. 10-0370A THROUGH 10-0370H**

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at Bordeaux Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Review of Tax Valuation, 3 pages.

Exhibit B: Key Statistical Information, 6 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 42 pages.

Exhibit II: Golf Course ranking and value calculations, 1 page.

On behalf of the Petitioner, having been previously sworn Pierre Hascheff offered testimony and Ken Huff was sworn in by Chief Deputy Clerk Nancy Parent.

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

Mr. Hascheff said it was Montreux's position, as indicated in Exhibit B, that the value of the golf course was anywhere from \$3.5 million to \$5 million. The

appellant disputed the \$11.8 million value the Assessor's Office placed on the golf course. He noted the value was only a half of a percent less than what the property was valued at last year. He referred to the income statement submitted with the petition which showed the actual operations of the club during the past three years and also the projected income. He referenced a statement in Exhibit I that confirmed there was a statutory mandate, adopted by the Legislature in 2007, to provide a uniform valuation method for golf courses. He indicated the Nevada Administrative Code (NAC) went into great detail with specific formulas and criteria to determine the taxable value for golf course land, golfing improvements, related improvements and personal property. The regulations stated that under no circumstances could that taxable value exceed full cash value. Mr. Hascheff stated page 23 of Exhibit I stated that was the primary method the Assessor's Office used to value golf courses in Washoe County. Although there were some components of that in the report, he could not find the application of the formula and the criteria, including the obsolescence that must be assigned to golf courses. The income approach did not include the additional golf rounds or the cost of sales. Without that, he believed it did not constitute a net amount by which the cap rate could be applied. He said Appraiser Ettinger stated earlier the developer who owned the club would operate the golf course at a loss, which was not true. Mr. Hascheff said lot sales funded the amenities to the golf course, but in the down market, there were no lot sales. He agreed with Appraiser Ettinger that the comparable sales provided were really not a good comparable.

Mr. Huff, Chief Financial Officer for Montreux, said page 1 of Exhibit B showed key statistical information from 2006 through 2009 and projected for 2010. He noted the total number of golf memberships had declined. He reported they currently had 90 memberships on their re-sale list, which were members who wanted to get out of their membership. The membership price from 2006 to 2008 was \$100,000; however, they dropped the price last year to \$35,000 and still lost 10 memberships. Page 2 of Exhibit B reflected the club's potential assuming they had full membership. He thought they would still only be at a break-even point, even with additional memberships. He indicated if the club were able to fill the memberships, and received additional revenue in the form of dues the value should be \$4.9 million.

Mr. Huff stated the Assessor's Office attempted to calculate the value by increasing the rounds to 33,000 and subsequently adding \$1.2 million in revenue and profit. He had data on actual rounds per member and with a full membership they would expect it to be 20,010 rounds. The additional revenue from those memberships would come from the dues, which fell far short of the \$1.2 million added by the Appraiser. Page 2A of Exhibit B reflected his calculations based on 33,000 rounds, but he did not feel that was possible for the facility. To increase the rounds by 72 percent and not incur additional costs did not make sense. He had data on the apportioned costs, which represented 82 percent of revenue over the 2006-2009 timeframe. That would equate to \$1 million of expense against the \$1.2 million in revenue derived by the Assessor's Office.

Mr. Huff stated the Assessor's Office included four comparable sales and indicated the Red Rock Country Club in Las Vegas as the most comparable. He did not

feel that was true in that Red Rock had two 18-hole courses and their facility was double in size of Montreux. To be comparable they would have to reduce the value by 50 percent. Given the range in sales, that would be from \$4.8 million to \$6.6 million. He noted the sale for Red Rock was in August 2007 and the market had substantially declined in the golf industry starting in 2008. He understood the Arrowcreek Club sold for about \$2 million a couple of years ago. That was a private club and similar to the subject, but they also had two 18-hole courses as opposed to the subject having one 18-hole course. Mr. Huff next reviewed page 4 of Exhibit B, where he pulled four of the most comparable properties from Exhibit I. It was his understanding that Red Rock would be revalued from \$15 million to \$7 million. Thunder Canyon was a private course in Washoe Valley and they were currently valued at \$5 million.

Vice Chairman Krolick inquired how much revenue the professional Reno-Tahoe golf tournament produced. Mr. Huff replied the tournament was run totally separate from the Golf Club, they were the host facility and they were paid a site fee of \$50,000 per year, which covered their cost for additional maintenance, lost revenue in cart fees, etc. Vice Chairman Krolick stated it probably did more damage than good. He wondered if the tournament attracted new clientele. Mr. Huff stated he believed it added value to the community and surrounding homes and property. He said in addition they provided some food and beverage to the tournament for which they were paid. Vice Chairman Krolick asked if the \$50,000 was reflected in their revenue. Mr. Huff said it was reflected in their net operating loss.

Appraiser Ettinger rebutted to the Petitioner's reference to their valuation method not complying with the Nevada Administrative Code (NAC). He explained it would not show on the property record, but he had a copy of their course ranking, which showed compliance with the NAC for golf courses. He stated the length of the course, the slope of the course, and all statistics that apply to a course were put into the equation. That equation was provided by the State and the course ranking was generated from that formula. Vice Chairman Krolick asked if the value was converted easily. Appraiser Ettinger stated it formulated to apply to *Marshal Swift*. He explained the hole-value for this roll year was \$3,160 per acre, which was a low value and was also provided to the Assessor's Office yearly by the State. The application of obsolescence was not apparent in the property record, but the value had been reduced based on the number of rounds that were being played. He explained the formula used for determining the number of rounds.

Member Brown stated Montreux made a reference they operated less time per year because of altitude and location and he wondered if that was significant. Mr. Huff stated it was, and the members referred to it as a six-month club. They were closed from November through March because of snow.

Appraiser Ettinger stated he understood the part of the Code pertaining to golf courses came into existence because of the subject situation. It originated more in Las Vegas where they had nice private clubs. The course owners got together with the State and put into affect the new Codes. They still may not be adequate at this time, but the relief generated was partially in an attempt to give relief to courses and avoid appeals.

Vice Chairman Krolick stated he believed in the six years of being on the Board, this was the first time a golf course made an appeal.

Appraiser Ettinger reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said the course was exclusive, extremely nice and was only open to its members. The course was designed by Jack Nicholas and was comprised of an 18-hole course and a 22,357 square foot French style club house. It was rated excellent plus quality, which equated to a 4 with multipliers. There was an 8,143 square foot fitness center, three tennis courts, swimming pool, driving range, putting green and chipping green. The course had an abundance of water features, elevation changes and was meticulously maintained. He discussed the Reno-Tahoe Tournament stating the event had a \$3 million purse.

Appraiser Ettinger referred to page 28 of Exhibit I and discussed other courses. He said the course in Las Vegas was not superior due it having an additional 18-hole course. The course in Las Vegas sold for \$13 million and the subject was valued at \$11.8 million. He thought the value for Montreux being less than that sale, indicated market value had not been exceeded based on the sale comparison approach. The number of rounds on a private course was minimal and irrelevant because the members played whenever they wanted, (19,000 to 20,000 rounds per year). He believed if it was a public-fee course, it would not be unusual for them to reach 35,000 to 40,000 rounds per year.

Appraiser Ettinger stated he projected the income for the subject. The appellant provided projected final net income for 2009 indicating a negative \$39,400. The appellant showed 19,165 rounds played in 2009, but his research indicated 33,000 rounds for the subject were appropriate. The additional 13,835 rounds at \$90 per round would provide an additional \$1,245,150 in annual income. He was not privy to data pertaining to golf courses, and he did not make an adjustment for the additional incremental expense, because this was a meticulously maintained course and he did not know how much additional expense there would be. The net income of \$1,205,750 capped at 10 percent gave them an indicator value of \$12,057,500. In addition to that, they still had their memberships (maximum of 435), which allowed for an additional 52 fees, plus dues. He did not add that in as income because he looked at it as a daily fee course when he did the estimate of the additional rounds. Using the additional income, based on the estimated number of rounds, he believed would not exceed the \$11,512,878, which was the current total taxable value of the subject.

Appraiser Ettinger stated if equalization or the quality of the course versus the quality of the other courses became an issue, he would estimate Montreux as being better than the other courses. He informed the Board he was going to make a recommendation to reduce Red Hawk. With that reduction, he still felt the quality of Montreux was far in excess of the value placed on the other courses. He stated one of the reasons the subject had almost \$12 million worth of value, page 2 of Exhibit I, showed the bulk of the value was the club house (improvements). The base value of the club house was approximately \$6.5 million, which had a significant impact to the value of the overall course and the market value.

In rebuttal, Mr. Huff stated they tried to be listed in the top 100 golf courses in the U.S., but they never made it. He said the reference made to the Red Rock course in Las Vegas not being comparable to the subject was not true because the potential income from a second course was significant. He did not believe that could be dismissed. He noted the Assessor's Office used 33,000 rounds for their income approach, but only calculated the incremental rounds at \$90 to come up with \$1.2 million. He disagreed with that approach. He thought they would also have to revalue the first 19,000 rounds at \$90 each.

Mr. Hascheff inquired if the Assessor's Office used Bulletin 199 (NAC) to determine the taxable value. He stated the Appraiser indicated Montreux was the best course, however, he did not see any data points which indicated that. Vice Chairman Krolick stated there was competition with other courses. Mr. Hascheff stated the Appraiser commented Red Rock was a superior course and also thought the course at Montreux was second to none, but as shown on page 28 of Exhibit I, the Assessor's Office rated the course at Red Rock as very good, and Montreux was rate "good". He felt that was one of the many inconsistencies within Exhibit I. The Appraiser assigned excellent plus to the subject, but only very good to the Red Rock course, but his notes indicate it was a "superior" course. As a result of it being a superior course probably justified the \$13 million sales price. He felt it was not a fair comparison to use it as the sole comparable to determine the value of Montreux. He wondered what data the Appraiser had to determine the "costs go through the roof", as exhibited within his evidence. Mr. Hascheff stated the Appraiser referred to his "research" but there was also no data to justify the 33,000 rounds. As testified by Mr. Huff, the course could only accommodate 20,000 rounds. He said they could not add revenue without adding the cost of sales with respect to how the property was valued. The Appraiser also indicated he would make a recommendation to reduce the value of Red Hawk to \$7 million, which was more than half. Mr. Hascheff said the data points he provided to the Board including the income summary indicated the value of the subject course should not be more than \$5 million. Vice Chairman Krolick stated that may be true when it pertained to the course, but what about the improvements, because it was a substantial first-class facility. Mr. Hascheff stated NAC regulated how to reach that value, and he saw no evidence being followed regarding replacement (NAC 361.430). He knew it was an issue of first impression with the Board as to how to value golf courses. He did not see any indication of how it was broken out; i.e. the golf course land, the golf course improvements, the related improvements and the personal property. The Appraiser used the income approach, which he felt had deficiencies. He did not see anything that indicated the Appraiser used the appropriate formulas to determine taxable value in the first place in accordance with NAC.

Vice Chairman Krolick directed the Appraiser to address the appellant's points. Appraiser Ettinger referred to Exhibit II stating the same analysis was used for each golf course in Washoe County, (NAC 361A.310 through 361A.440). He explained the "excellent" rate for Red Rock did not refer to the ranking per NRS that was referring to the golf appraisal they had. If Montreux was in the appraisal as a comparable sale, it

would be excellent also. He commented it was a unique appraisal problem especially when they looked at the private component involved in these types of courses. That was why it was beneficial to have an appraisal to back up a value estimate.

Member Brown stated the appellant referred to the Assessor's Office estimation of rounds. The appellant thought 20,000 and the Appraiser said 33,000 and that was quite a discrepancy. Appraiser Ettinger responded one the ways they compute the obsolescence amount was by requesting the number of rounds per year from each of the courses. He said a lot of them he had to estimate, because they were not provided. That was what he had to do with Montreux, because that information was not provided. He had data regarding the numbers of rounds to give the Board an idea of what kinds of numbers of rounds were possible on different courses. Member Brown said Montreux showed some sort of capacity and he did not understand how that could be determined. Mr. Huff said for this level of club and level of dues charged for the membership they demand a certain amount of access to the club. That by itself limited the number of rounds that could be put through because the course was difficult. They had 10-minute tee times, where other courses had 8-minute tee times. That, factored in with the short playing season, proved the number of rounds would be reduced. He mentioned earlier testimony regarding Arrowcreek showed a combined number of rounds at 45,000, which was only 22,500 per 18-hole course. Appraiser Ettinger stated D'Andrea showed 34,909 rounds played, Incline Championship course was 24,409 rounds, Lakeridge was at 43,797 rounds, Red Hawk showed 27,459 rounds, Red Hawk Hills showed 20,898 rounds, Sierra Sage had 24,848 rounds, and 41,944 rounds for the Washoe County course. Vice Chairman Krolick stated with that in mind, it would make sense to cap it at 24,000. It had similar issues to the Incline Champion course, it was up against the western slope of a mountain and the season started later because it took awhile for the snow to melt.

Josh Wilson, County Assessor, stated the Notice of Decision dated October 15, 2009 from the State Board of Equalization, referenced Bulletin 199, the 2010-11 Agricultural Land Values and Open Space procedures consisting of golf course cost tables. He said Bulletin 199 was the supplement specific to golf courses and that was the valuation they used. He responded to the term "costs-go-through-the-roof", and said the permit costs and construction letter on the property could be found to provide evidence. Member Brown asked Assessor Wilson to comment on the 50 percent reduction for Red Hawk versus Montreux. Assessor Wilson replied there was an appraisal conducted by a MAI Appraiser on Red Hawk. He explained when the Assessor's Office received an MAI appraisal and that data looked strong and supportive and the data valuation was close to the lien date, they would give a lot of credibility to that. If the Petitioner provided an appraisal of the subject property that suggested a lower value, they would look at it.

Member Brown stated the appellant testified there were 90 members trying to sell their membership. Mr. Huff stated that was correct. Member Brown wondered how that translated into revenue. Mr. Hascheff stated it was an indication of their inability to grow the membership. He explained the rules regarding selling memberships. Member Brown inquired if they still had to pay dues in the meantime. Mr.

Hascheff stated that was correct, but recently they had numerous members who quit paying altogether.

Mr. Huff said he could not remember the Board using an MAI appraisal to determine the value of the property. He believed when the Petitioner could show data points to prove valuation, show the Assessor's Office did not provide appropriate data points with respect to their valuation and the deficiency with not including variable expenses and costs of sales, that was evidence and that did have weight. If that was the case, he thought anyone could bring an appraisal to the Assessor's Office to use every time and that certainly was not the case.

With regard to Hearing Nos. 10-0370A through 10-0370H, (parcels listed below) pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Vice Chairman Krolick, which motion duly carried with Chairman Covert and Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

148-010-55	148-010-56	148-061-65
148-010-25	148-100-02	148-010-50
148-140-11	148-222-22	

10-0808E PARCEL NO. 007-217-12 – BRAR ENTERPRISES
HEARING NO. 10-0772A

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 636-660 N. Virginia Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Supporting documentation, 12 pages.

Assessor

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

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

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

Appraiser Stafford stated the Assessor's Office recommended a combined adjusted value of \$2,100,000 for Parcel Nos. 007-217-12 and 007-217-13. He explained the basis for the reduction was based on an analysis of income and the application of a gross income multiplier, which indicated a value of \$2.2 million. Capitalization of net operating income showed a value of \$1.967 million. He said the reduction would be in the form of obsolescence to be applied to the building value. Mr. Brar stated he was in agreement with the Assessor's Office recommendation.

With regard to Parcel No. 007-217-12, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$250,000 based on obsolescence for a new taxable improvement value of \$866,758, resulting in a total taxable value of \$1,174,758 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0809E PARCEL NO. 007-217-13 – BRAR ENTERPRISES
HEARING NO. 10-0772B

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 636-660 N. Virginia Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Supporting documentation, 12 pages.

Assessor

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

On behalf of the Petitioner, and having been previously sworn, Kanwal Brar offered testimony.

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

For the discussion that took place on this hearing, see 10-0808E above.

With regard to Parcel No. 007-217-13, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the taxable land value be upheld

and the taxable improvement value be reduced to \$617,242, based on obsolescence, resulting in a new total taxable value of \$925,242 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0810E PARCEL NO. 011-125-07 – BRAR HOTELS INC.
HEARING NO. 10-0773A

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 200-220 Mill Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Supporting documentation, 13 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 24 pages.

On behalf of the Petitioner, and having been previously sworn, Kanwal Brar offered testimony.

On behalf of the Assessor and having been previously sworn, Mark Stafford, Sr. Appraiser, oriented the Board as to the location of the subject property. He informed the Board the Assessor's Office had a recommendation for reduction; however, the Petitioner was not in agreement.

Mr. Brar stated in 2009 the value was \$2.25 million for both parcels (011-125-07 and 0011-125-09) and the Assessor's Office recommendation was to go down to \$2 million. He said he lost \$100,000 in revenue on the previous hearings (10-0772A and 10-0772B) and the Assessor's Office agreed to reduce the value from \$2.5 to \$2.1 million, which was a reduction of \$400,000. For the subject, he lost \$200,000 in revenue, which was verified by his submitted income statement. Applying the same rationale to this property, he felt the reduction should be more.

Appraiser Stafford reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He stated the Petitioner provided income information to the Assessor's Office with a tax return and receipts to Reno-Sparks Convention and Visitors Authority. He discovered within the income information the Petitioner had a gross income of \$937,000 in 2008. For the first ten months of 2009 it showed the appellant's revenue dropped \$596,000. Appraiser Stafford stated he used \$6,000 per room and added other income from the bar and store rentals. He deducted the operating expenses and used a gross income multiplier and a cap rate to determine the value indicator. He noted if he had done a market approach analysis

on the two properties last year, starting with market value and they both lost the same amount of money, they should have a similar reduction.

Mr. Brar stated compared with the income from 2009 on both properties it was his suggestion to value the properties at \$1.8 million. Appraiser Stafford informed the Board the subject already had a reduction of \$1 million in obsolescence.

With regard to Parcel No. 011-125-07, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$1,039,175 based on obsolescence, resulting in a new total taxable value of \$1,242,175 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0811E PARCEL NO. 011-125-09 – BRAR HOTELS INC.
HEARING NO. 10-0773B

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 200-220 Mill Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Supporting documentation, 13 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 24 pages.

On behalf of the Petitioner, and having been previously sworn, Kanwal Brar offered testimony.

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

For the discussion that took place on this hearing, see 10-0810E above.

With regard to Parcel No. 011-125-09, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$100,000 due to obsolescence, resulting in a total taxable value of \$757,825 for tax year 2010-11. With that adjustment,

it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0812E PARCEL NO. 055-292-25 – CARLEVATO FAMILY 2003 TRUST
HEARING NO. 10-0085

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 7410 Bryan Canyon Rd, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Private appraisal report, 13 pages

Assessor

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

Exhibit II: Recommendation for well adjustment, 1 page.

No one was present on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Rigo Lopez, Sr. Appraiser, oriented the Board as to the location of the subject property. He informed the Board the Assessor's Office had a recommendation for reduction and the Petitioner was in agreement.

With regard to Parcel No. 055-292-25, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced based on obsolescence and to change the well cost from per linear foot cost to lump sum cost for a new taxable improvement value of \$481,031, resulting in a new total taxable value of \$787,031 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0813E PARCEL NO. 042-400-05 – SOJO INVESTMENTS LLC
HEARING NO. 10-0054

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 6165 Ridgeview Court, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Assessment Notice, financial information and lease agreement, 18 pages.

Assessor

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

No one was present on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Mike Gonzales, Appraiser III, oriented the Board as to the location of the subject property. He said he spoke with the Petitioner and they were in agreement with the recommendation that the land value remain the same, reduce the improvement value in the form of obsolescence in the amount of \$22,285 for a new total taxable value of \$141,750.

With regard to Parcel No. 042-400-05, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced in the amount of \$22,285 for a new improvement value of \$84,550, resulting in a new total taxable value of \$141,750 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**10-0814E PARCEL NO. 007-264-11 – FARHADI-RENO LLC
HEARING NO. 10-0129A**

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 590 N. Lake Street, 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 subjects appraisal records, 11 pages.

No one was present on behalf of the Petitioner.

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

Appraiser Stafford reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said the subject property was currently valued at \$18 a square foot and based on the comparable sales it was recommended to uphold the current taxable value.

With regard to Parcel No. 007-264-11, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0815E PARCEL NO. 007-264-18 – FARHADI-RENO LLC
HEARING NO. 10-0129B

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 535 N. Lake Street, 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 subjects appraisal records, 11 pages.

No one was present on behalf of the Petitioner.

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

Appraiser Stafford reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said the subject property was currently valued at \$11 a square foot and based on the comparable sales it was recommended to uphold the current taxable value.

With regard to Parcel No. 007-264-18, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0816E PARCEL NO. 007-301-09 – FARHADI-RENO LLC
HEARING NO. 10-0129C

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 500 N. Lake Street, 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 subjects appraisal records, 12 pages.

No one was present on behalf of the Petitioner.

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

Appraiser Lopez reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said it was the Assessor's Office recommendation to uphold the current taxable value.

With regard to Parcel No. 007-301-09, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0817E PARCEL NO. 007-301-21 – FARHADI-RENO LLC
HEARING NO. 10-0129F

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 590 Lake Street, 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 subjects appraisal records, 14 pages.

No one was present on behalf of the Petitioner.

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

Appraiser Lopez reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said it was the Assessor's Office recommendation that the land value remain the same, reduce the improvement value \$1,815,708 in the form of obsolescence for a new total taxable value of \$8,568,000. This was based on the sales and income approach. He reported the appellant was in agreement with the reduction.

With regard to Parcel No. 007-301-21, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$6,956,400 based on obsolescence, resulting in a new total taxable value of \$8,568,000 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0818E PARCEL NO. 007-362-19 – FARHADI-RENO LLC
HEARING NO. 10-0129G

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 590 N. Lake Street, 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 subjects appraisal records, 11 pages.

No one was present on behalf of the Petitioner.

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

Appraiser Stafford reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said the subject property was currently valued at \$11 a square foot and based on the comparable sales it was recommended to uphold the current taxable value.

With regard to Parcel No. 007-362-19, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0819E PARCEL NO. 011-492-01 – RIVERWALK DEVELOPMENT LLC
HEARING NO. 10-0168A

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 200 W. Second Street, 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 subjects appraisal records, 39 pages.

No one was present on behalf of the Petitioner.

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

Appraiser Stafford reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said the subject properties had a current value of \$40 per square foot and an adjustment was made in the amount of 70 percent on the improvement value for lack of finish (011-492-01, 011-492-02 and 011-492-08). The property had been put up for auction and they received an offer of \$550,000, but the appellant rejected the offer.

With regard to Parcel No. 011-492-01, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden

to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0819E PARCEL NO. 011-492-02 – RIVERWALK DEVELOPMENT LLC – HEARING NO. 10-0168B

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 200 W. Second Street, 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 subjects appraisal records, 39 pages.

No one was present on behalf of the Petitioner.

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

Appraiser Stafford reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I.

For the discussion that took place on this hearing, see 10-0818E above.

With regard to Parcel No. 011-492-02, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0819E PARCEL NO. 011-492-08 – RIVERWALK DEVELOPMENT LLC – HEARING NO. 10-0168C

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 200 W. Second Street, 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 subjects appraisal records, 39 pages.

No one was present on behalf of the Petitioner.

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

Appraiser Stafford reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I.

For the discussion that took place on this hearing, see 10-0818E above.

With regard to Parcel No. 011-492-08, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0820E PARCEL NO. 014-280-10 – KENNEDY FAMILY TRUST
HEARING NO. 10-0228

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 425 W. Plumb Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Supporting documentation, 3 pages.

Assessor

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

No one was present on behalf of the Petitioner.

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

Appraiser Gonzales reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. Vice Chairman Krolick requested the Appraiser address the Petitioner's issues. Appraiser Gonzales stated there was no information provided regarding rent or vacancies. He reported the improved sales ranged from \$97.50 to \$214 a square foot. Improved Sale #3 (the lowest) was a distressed sale. He felt the taxable value of \$549,489 (\$110 per square foot) fell within the range the comparable sales represented. It was the Assessor's Office recommendation to uphold the current taxable value as the subject was equalized with similarly situated properties and improvements in Washoe County.

With regard to Parcel No. 014-280-10, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0821E PARCEL NO. 019-341-02 – WINDSOR WEST VENTURES LLC
HEARING NO. 10-0229

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 745 W. Moana Lane, 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 subjects appraisal records, 14 pages.

No one was present on behalf of the Petitioner.

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

Appraiser Gonzales reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He noted the subject already had obsolescence in the amount of \$2,238,019, which was placed on the building in 2008. It was the Assessor's Office recommendation to reduce the improvement value further in the form of obsolescence in the amount of \$798,515, which would bring the total taxable value to \$8,101,485. He noted the appellant was in agreement.

With regard to Parcel No. 019-341-02, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$798,515 based on obsolescence for a new taxable improvement value of \$7,437,885, resulting in a total taxable value of \$8,101,485 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0822E PARCEL NO. 019-352-03 – B 5 HOLDINGS LLC
HEARING NO. 10-0378

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 255 W. Moana Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Commercial rental data documents, 9 pages.

Assessor

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

No one was present on behalf of the Petitioner.

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

Appraiser Gonzales reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said it was the Assessor's Office recommendation to add additional obsolescence in the amount of \$193,923 which resulted in a new total taxable value \$778,273 and the land value was to remain the same. He reported the appellant was in agreement with the recommendation.

With regard to Parcel No. 019-352-03, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$387,873, in the form of additional obsolescence, resulting in a total taxable value of \$778,273 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0823E **PARCEL NO. 050-234-49 – BUILDING SOLUTIONS INC.**
HEARING NO. 10-0385

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 490 South, US Highway 395, 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 subjects appraisal records, 10 pages.

No one was present on behalf of the Petitioner.

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

Appraiser Lopez reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said it was the Assessor's Office recommendation to leave the land value the same and apply obsolescence to reduce the improvement value to \$198,592 for a new total taxable value of \$318,792. He reported the appellant was in agreement with the adjustment.

With regard to Parcel No. 050-234-49, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$198,592 based on obsolescence, resulting in a total taxable value of \$318,792 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0824E **PARCEL NO. 050-234-49 – BUILDING SOLUTIONS LLC –**
HEARING NO. 10-0385R09

A Petition for Review of Assessed Valuation was received protesting the 2009-10 taxable valuation on land and improvements located at 490 South, US Highway 395, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Email, 1 page.

Assessor

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

No one was present on behalf of the Petitioner.

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

Appraiser Lopez reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said it was the Assessor's Office recommendation that the land value remain the same at \$136,255, reduce the improvement value to \$203,807 in the form of obsolescence, for a new total taxable value of \$340,062. He reported the appellant was in agreement with the adjustment.

With regard to Parcel No. 050-234-49, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$203,807, resulting in a total taxable value of \$340,062 for tax year 2009/10. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

CONSOLIDATION AND DISCUSSION:
REDHAWK LAND CO.
HEARING NOS. 10-0401A THROUGH 10-0401K

No one was present on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Stacy Ettinger, Appraiser, oriented the Board as to the location of the subject properties.

Appraiser Ettinger reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He noted the Assessor's Office recommendation was based on an MAI fee appraisal provided by the appellant. He reported the appellant was in agreement with the recommendation. He disclosed the appraisal was not going to be admitted as evidence.

Appraiser Ettinger stated the reconciled value that the MAI appraiser came to on the subject was \$9 million. A value of \$7.1 million was left after he subtracted the value placed on the personal property. There were a couple of components that needed to

be added to the value that were not contributory to the golf course, i.e. the fitness center and a small outbuilding. He stated it was recommended the total taxable value be set at \$7,945,000. He explained that was a result of an indicated total obsolescence of \$9,250,588. He noted the total obsolescence would be applied to Assessor's Parcel No. 522-010-82 (Hearing No. 10-0401G). He clarified the current obsolescence on that parcel was \$2,080,721. For all the remaining parcels, it was recommended the current taxable value be upheld.

Please see 10-0825E through 10-0826E below for the details concerning the petition, exhibits and decision related to each of the properties in the consolidated hearing.

**10-0825E REDHAWK LAND CO
HEARING NOS. 10-0401A, B, C, D, E, F, H, I J, AND K**

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

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 1 page.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 77 pages.

No one was present on behalf of the Petitioner.

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

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – REDHAWK LAND CO. – HEARING NOS. 10-0401A THROUGH 10-0401K above.

With regard to Hearing Nos. 10-0401A, B, C, D, E, F, H, I, J and K, (see parcels listed below), pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

520-020-54	520-020-56	520-020-58
520-420-01	520-420-05	522-010-44
522-030-14	522-110-12	522-793-04
526-010-04		

10-0826E PARCEL NO. 522-010-82 – REDHAWK LAND CO.
HEARING NO. 10-0401G

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

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 1 page.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 77 pages.

No one was present on behalf of the Petitioner.

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

For the discussion that took place on this hearing, see CONSOLIDATION AND DISCUSSION – REDHAWK LAND CO. – HEARING NOS. 10-0401A THROUGH 10-0401K above.

With regard to Parcel No. 522-010-82, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$6,373,000, resulting in a total taxable value of \$7,945,000 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0827E PARCEL NO. 538-120-07 – WEBFOOT LLC
EARING NO. 10-0784

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 150 Isidor Court, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Comparable sales and parcel map, 3 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 9 pages.

No one was present on behalf of the Petitioner.

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

Appraiser Lopez reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He reported the Assessor's Office was recommending the land value be kept the same and to adjust the improvement value in the form of obsolescence for a new improvement value of \$288,070. The total taxable value would be \$410,670 and the appellant was in agreement with the recommendation.

With regard to Parcel No. 538-120-07, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$288,070 based on obsolescence, resulting in a total taxable value of \$410,670 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0828E PARCEL NO. 538-120-08 – HAW FAMILY TRUST, JESSE & AMBER – HEARING NO. 10-0786

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 150 Isidor Court, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Map and comparable properties, 4 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 11 pages.

No one was present on behalf of the Petitioner.

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

Appraiser Lopez reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He stated it was the Assessor's Office recommendation to keep the land value the same at \$122,600, adjust the improvement value to \$288,070, due to obsolescence, for a new total taxable value of \$410,670. He noted the appellant was in agreement with the recommendation.

With regard to Parcel No. 538-120-08, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$288,070, resulting in a total taxable value of \$410,670 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**10-0829E NORTH RIVER DEVELOPMENT
HEARING NOS. 10-0843A THROUGH 10-0843D**

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located in Washoe County, Nevada.

At the beginning of the meeting, Nancy Parent, Chief Deputy Clerk, informed the Board North River Development, LLC, Hearing Nos. 10-0843A through 10-0843D was continued to February 26, 2010.

**10-0830E PARCEL NO. 007-251-31 – CATHOLIC HEALTHCARE WEST
INC – HEARING NO. 10-0880**

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 645 N. Arlington, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 13 pages.

Assessor

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

No one was present on behalf of the Petitioner.

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

Appraiser Stafford reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He said it was the Assessor's Office recommendation to uphold the current taxable value based upon the current income and expense data for the subject. The subject was currently 98.65 percent occupied. Vice Chairman Krolick requested the Appraiser address the Petitioner's concerns. Appraiser Stafford stated he disagreed with the Petitioner's argument. He said an analysis of actual income and expense was used, which indicated a value of \$42.9 million and currently the taxable value was \$36.4 million.

With regard to Parcel No. 007-251-31, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

**10-0831E PARCEL NO. 007-202-24 – CATHOLIC HEALTHCARE WEST
INC – HEARING NO. 10-0891**

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 343 Elm Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Rent Roll and Operating Report, 2 pages

Assessor

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

No one was present on behalf of the Petitioner.

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

Appraiser Stafford reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He explained the subject was similar to the appeal listed above. He said the property was 97 percent occupied and based upon the income and expense statement provided, the taxable value

did not exceed market value. He noted it was the Assessor's Office recommendation to uphold the current taxable value.

With regard to Parcel No. 007-202-24, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010-11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0832E PARCEL NO. 011-172-14 – U S BANCORP
HEARING NO. 10-0906

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 300 S. Virginia Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Appraisal, 58 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 35 pages.

No one was present on behalf of the Petitioner.

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

Appraiser Stafford reviewed the features, comparable sales, and range of values associated with the subject property and shown in Exhibit I. He stated page 1 of Exhibit I showed an adjustment to the improvement value of \$5,195,100. He said the obsolescence figures were incorrect within Exhibit I. He recommended the motion state to adjust the improvement value based on obsolescence to \$5,195,100.

With regard to Parcel No. 011-172-14, pursuant to NRS 361.356, 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 with Chairman Covert and Member Green absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$5,195,100 due to obsolescence, resulting in a total taxable value of \$6,430,000 for tax year 2010-11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

BOARD MEMBER COMMENTS

There were no Board member comments.

PUBLIC COMMENT

There were no public comments.

* * * * *

6:55 p.m. There being no further hearings or business to come before the Board, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, with Chairman Covert and Member Green absent, the meeting was adjourned.

JAMES COVERT, Chairperson
Washoe County Board of Equalization

ATTEST:

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

*Minutes prepared by
Jaime Deller, Deputy Clerk*