

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

FRIDAY

9:00 A.M.

FEBRUARY 11, 2011

PRESENT:

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

Jaime Deller, Deputy Clerk
Herb Kaplan, Deputy District Attorney

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

11-0403E WITHDRAWN PETITIONS

The following petitions scheduled on today's agenda had been withdrawn by the Petitioners prior to the hearing:

Assessor's Parcel No.	Petitioner	Hearing No.
568-032-01	PROLOGIS NA3 NV LLC	11-0610
088-242-03	SCI DEVELOPMENT SERVICES INC	11-0624
090-142-06	PROLOGIS LAND LLC	11-0627

11-0404E REQUESTS FOR CONTINUANCE

The following petitions were continued until January 25, 2011:

Assessor's Parcel No.	Petitioner	Hearing No.
163-102-11	DP PARTNERS TRADEMARK I LLC	11-0614
163-031-03	IGT	11-0615
090-030-12	SALLY BEAUTY COMPANY INC	11-0625
090-040-36	DP PARTNERS STEAD 546 LLC	11-0626

11-0405E CONSOLIDATION OF HEARINGS

The Board consolidated items as necessary when they each came up on the agenda.

**DISCUSSION FOR HEARING NO'S 11-0099A THROUGH
11-0099B**

On behalf of the Petitioner, John Mason was sworn in by Deputy Clerk Jaime Delleria.

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

Mr. Mason explained the family residence occupied the two parcels, which were purchased as one unit. He said money was borrowed to build the home, but by 2008 the rise in interest rates meant he was not able to afford the payments. He stated the property was listed in January 2008, but no offers were received during the entire calendar year. He said the listing was moved to another agent in January 2009, Distinctive Homes Sotheby's International Realty, but no offers were received in 2009 despite extensive marketing.

Mr. Mason stated by the fall of 2009, he had fallen 10 months behind in his mortgage payments for the subject and Bank of America foreclosed on it. He said the property was put up for auction in December 2009, but no bids were received above the bank's minimum reserve of \$2.8 million for both parcels. He stated he managed to get the bank to agree to keep the title in his family's name if the mortgage was brought current, which they were able to do with loans from family and friends. He said the mortgage was current up until January 2010, but no payments had been made since then. He stated he continued to market the property with the consent of the bank and finally received an offer. He said Exhibit C provided a copy of the offer, which was submitted to the bank at \$1,425,000 (short sale). He said the bank obtained three appraisals, which were referenced in Exhibit A. He explained the first appraisal came in at \$1,500,000 and the second at \$1,583,000. He noted the third appraisal was done by a local real estate agent, which came in at \$1,285,000. He stated the property was listed in December 2010 for \$1,425,000 to see if any additional offers could be solicited, but none were received. He believed \$1,425,000 was the fair market value of both parcels.

Chairperson Covert asked if the offer was still valid. Mr. Mason said it was and everyone was waiting for Bank of America to accept it.

Appraiser Gonzales reviewed the comments on page 1 of Exhibit I. He advised he asked Mr. Mason for copies of the appraisals so he could review them, but Mr. Mason was unable to do so because the bank would not release that information. He stated he never received any factual information on why the value would be \$1.4 to \$1.5 million. He said based on the comparable sales, the recommendation was to uphold the Assessor's values.

Member Green asked if the property had been inspected. Appraiser Gonzales replied he did not conduct an interior inspection, but he did view the photos of the interior when the property was listed online. Member Green asked if Appraiser

Gonzales was aware of any reason why the property did not sell, because the sales price the appellant accepted was way below the comparable sales. Appraiser Gonzales said based on the virtual tour of the property, it seemed like it would appeal to a large number of people.

Appraiser Gonzales said May 2009 was the last MLS listing for the subject the Assessor's Office could find. He noted the property was originally listed at \$5.9 million, but it was listed at \$5.5 million when it was taken off the market.

Member Green asked if Sotheby's had a local office. Appraiser Gonzales replied he was not aware of one. He stated he looked earlier this week to see if the property had been relisted, but he did not find it on Sotheby's web site even though quite a few Reno homes were listed.

Chairperson Covert asked if there was any reason to doubt the signed purchase agreement. Appraiser Gonzales said he could not say he doubted it, but it was very low. Josh Wilson, Assessor, stated there had been an earlier discussion regarding a riverfront home in Verdi that Bank of America sold for \$350,000 and a related *60 Minutes* television segment which referred to some of these banks as loan processors. He said the \$107 per square foot purchase price was way below the standard range of the comparable sales. He stated more importantly the Assessor's Office could not find the listing anywhere, so how would people know the property was for sale at \$1.4 million.

In rebuttal, Mr. Mason stated the property had been listed for three years, but the listing was terminated in December 31, 2010 when the short-sale contract was submitted to Bank of America. He said he testified he did not know why this was the only offer he received in three years even though it was marketed and there were a lot of showings. He advised the letter from his attorney specifically stated Bank of America would not release the appraisals, but it did supply the names and phone numbers of the appraisers to Appraiser Gonzales.

Mr. Mason said he had no doubts about the value of the property. He stated he was losing everything he had saved for, but he had to close this chapter of his life because he could not afford to make the payments.

Member Green asked why the appellant did not just walk away since he would not receive any proceeds from the sale. Mr. Mason said he hoped for a higher offer, but he stayed to accommodate his family.

Member Krolick asked if the appellant was aware that Nevada foreclosure law did not allow a deficiency judgment against the appellant if the home was the primary residence. Mr. Mason replied he did not know that. After further discussion about the bank's ability to seek a deficiency judgment against the appellant and who actually owned the subject, Mr. Mason said Bank of America did not record the title to the property in the bank's name. He explained because he brought the payments current, the bank restarted the clock. He said he was now in the same position because he had not

made any additional payments since January 2010, but he was not yet in foreclosure. Mr. Wilson stated the Assessor's documents did not show the title ever transferred to Bank of America. Mr. Mason said if the bank approved the sale, the title would transfer to the new owner; but if the bank did not approve the sale, he would continue as the owner and would continue to occupy the residence until the bank foreclosed again. He confirmed he was responsible for the property taxes, which was why he was before the Board.

Chairperson Covert commented three of the four comparable sales were almost a year old, which he was not sure was current in this market. Member Green said that was true, but the property being discussed was once valued at over \$5 million. He suggested giving the appellant some relief, but he did not see the property with all its amenities being worth only \$1.4 million regardless of the economy. Member Krolick said that value would create an unjustified affect on the rest of the property values in that area.

Member Woodland suggested providing some relief, but she was not sure how much. Chairperson Covert suggested \$2 million combined total taxable value for the two parcels.

See 11-0406E through 11-0407E below for details concerning the petition, exhibits and decisions related to each of the properties in the consolidated group.

11-0406E PARCEL NO. 044-270-14 – MASON LIVING TRUST –
HEARING NO. 11-0099A

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 1200 Holcomb Ranch Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Opinion letter, 2 pages.

Exhibit B: Exclusive Authorization to Sell, 2 pages.

Exhibit C: Letter and supporting documentation, 8 pages.

Assessor

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

For the discussion that took place for this hearing, see DISCUSSION FOR HEARING NO'S 11-0099A THROUGH 11-0099B above.

With regard to Parcel No. 044-270-14, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the

Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

**11-0407E PARCEL NO. 044-270-19 – MASON LIVING TRUST –
HEARING NO. 11-0099B**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 1200 Holcomb Ranch Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Opinion letter, 2 pages.

Exhibit B: Exclusive Authorization to Sell, 2 pages.

Exhibit C: Letter and supporting documentation, 8 pages.

Assessor

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

For the discussion that took place for this hearing, see DISCUSSION FOR HEARING NO'S 11-0099A THROUGH 11-0099B above.

With regard to Parcel No. 044-270-19, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$763,421 in obsolescence to \$1,207,378, resulting in a total taxable value of \$1,457,378 for tax year 2011-12. 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.

**11-0408E PARCEL NO. 003-150-20 – SALTERN INVESTMENTS –
HEARING NO. 11-0301**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 1617 N. Virginia Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Revenue and Expense Analysis, 28 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 21 pages.

Exhibit II: University of Nevada, Reno Comprehensive Master Plan, 2 pages.

On behalf of the Petitioner, Steve Johnson, Ben Johnson, Floyd Saltern, Michael Saltern, and Alice Moy were sworn in by Deputy Clerk Jaime Delleria.

On behalf of the Assessor and having been previously sworn, Mike Churchfield, Appraiser, oriented the Board as to the location of the subject property. He advised there were 128 shared apartment units, which meant four units shared a common kitchen and some shared a bathroom.

Steve Johnson said he was a local real estate appraiser, and he served two terms on the Nevada State Board of Equalization. He noted both he and Ben Johnson held the Member of the Appraisal Institute (MAI) designation. He stated Ms. Moy was the business manager for Saltern Investments, Floyd Saltern was the owner, and Mike Saltern was the property manager. He said they all appreciated the cooperation and professionalism of the Assessor's staff.

Steve Johnson stated after working with Appraiser Churchfield, the issues were narrowed down to two. He stated the subject was the equivalent of 32 four-bedroom units because four bedrooms shared a common kitchen and dining area. He explained each tenant had an exterior door into their unit and an interior door from their bedroom into the common kitchen area. He said the design was unique and the complex was showing its age. He stated the subject was located on 2.6 acres directly across from the University of Nevada Reno (UNR) and the Lawlor Event Center, so it was a good location.

He reviewed the photos of the interior of the units shown in Exhibit A. He said page 10 in Exhibit A summarized the issues. He stated the Assessor's Office projected rents of \$475 per month, but the current average rent was \$463 per month as shown on page 11 in Exhibit A. He stated the Assessor's Office was also projecting operating expenses of 60 percent, which actually ran 71 percent. He said page 12 in Exhibit A showed the current asking rent, but the \$10 discount for paying by the first of each month effectively made the rent \$465 per month. Chairperson Covert asked if a lot of the renters were college students. Steve Johnson replied not as many as someone might think.

Steve Johnson said page 14 in Exhibit A compared the expenses for a conventional apartment complex and the subject. Ben Johnson said all of the utilities were paid by the landlord, which did not provide much incentive for the tenant to turn off lights or turn down the heat. He stated another issue affecting heating the units was they were not well insulated. He stated the utility bills were significant for the subject property, which would drive up costs compared to the cost of a conventional apartment

complex. He said the units also had a high turnover rate, which meant the subject operated at a much higher vacancy rate. He stated an agreement was reached with the Assessor's Office on a 20 percent vacancy rate.

Chairperson Covert asked how the rent worked. Ben Johnson explained each tenant paid the monthly rent, so the rent would be the monthly rent times four if a quad unit was fully rented. He said the vacancy rate had a big impact on expenses as a percentage of affective gross income, because the heat still had to be paid for a vacant unit. He stated there would also be the cost incurred to clean up, paint, and market a vacant unit. He said the property was very labor intensive because of having 128 tenants instead of 32. He stated management had to act as a referee if the tenants did not get along. Chairperson Covert asked if the units were co-ed. Ben Johnson replied he believed some were.

Member Krolick asked if the leases were individual instead of having a master lease and sublets. Ben Johnson replied the leases were individual. Steve Johnson stated the average stay of a tenant was 4.2 months, so the units turned over fairly rapidly. He said the owner was running a special where a tenant would only pay \$99 for the first month's rent to stimulate interest. Member Krolick believed that business model was flawed, because most colleges forced the tenant to enter into a lease for a year even though the tenant would not occupy the unit during the summer months. Steve Johnson said a one-year lease used to be required, but now there were so many apartments available the students were not worried about finding one when they came back for the start of the next school session. Member Krolick said he used to manage a 900-unit apartment complex back east, and the rent was collected whether the apartment was used by the tenant or not. Steve Johnson said that would not work at this point in the market, and he was not sure it would work at all with the quad units. He said management had to determine who would be compatible with the other three tenants in the quad due to everyone storing their food in the same refrigerator and cabinets.

Ben Johnson stated page 15 in Exhibit A showed the actual expenses in 2010 for the subject property. Member Green said the deposit refund was being shown as an expense, and he asked if it was also being shown as income. Ben Johnson said it was.

Member Brown asked about the sewer fees. Ben Johnson explained four sewer and business license fees were paid for each quad unit.

Ben Johnson said page 16 in Exhibit A used the subject's actual potential gross income and the actual expenses with a 20 percent vacancy rate compared to a 10 percent vacancy rate, which showed there was a significant disparity between the two rates. He noted the 20 percent vacancy rate generated an expense ratio of 71 percent. Steve Johnson said that was an 8 percent swing in the expense ratio.

Member Woodland asked what the telephone expense was. Steve Johnson replied that expense was for the office telephones.

Ben Johnson explained page 17 in Exhibit A used the same analysis as on the previous page, but looked at what would happen if the owner did not have to pay the gas and electric utilities. He said the analysis found there was a 4-5 percent change in the operating expense ratio, but the same net operating income would be achieved regardless of how the operating expenses were structured. He stated pages 18 and 19 in Exhibit A indicated what expense ratios other unique types of apartment complexes operated at.

Steve Johnson said page 20 in Exhibit A showed the actual income and expenses for 2010, which indicated a rounded value of \$1,830,000.

Appraiser Churchfield agreed this was a unique property and finding comparable sales was impossible because the last sale of shared-unit apartments occurred in 2004. He said an appeal was brought before the Board a couple of years ago for approximately 600 newer units on Enterprise with rents going from \$389 to \$479. He said some tenants had their own bathroom and were only responsible for paying their electric bill, which ran \$30 to \$40 per tenant. He stated this was a direct comparable because college students would also look at the newer and nicer Enterprise complex. He advised it currently had an expense ratio of 45 percent. He indicated there would be a higher vacancy rate on a dated product.

Appraiser Churchfield advised the largest expense for the subject was approximately 18 percent for management and administration. He said he ran the subject's expenses at 60 percent because the Enterprise complex had a 45 percent expense ratio, was a lot newer, the rental rates were lower, and was directly comparable to the subject. He stated the subject's expenses were very high at 71 percent. He advised the appellant's comparables were senior complexes, which were probably rent subsidized, and affordable housing projects. He believed the subject was different because it was geared more towards UNR students. He said the Assessor's value was \$19,863 per door and this was the lowest taxable value of all of the apartments presented because of the shared scenario. He stated the value also acknowledged there was less space per unit.

Appraiser Churchfield said Exhibit II showed the UNR Comprehensive Master Plan, which allowed the subject to have mixed-use zoning. He stated that zoning would allow anyone purchasing the property to build as high as they wanted to as long as there was one parking space per apartment. He said it also allowed for commercial use on the bottom floors, which made the land worth more.

Appraiser Churchfield said even though it was hard to find comparable sales, the sale on Grove Street came in at \$32,000 per unit and the subject was at \$19,863. He said he had to go back to the issue of the 18 percent in management expenses on a 128-unit complex, which was the main issue between the appellant and himself. He understood there was higher turnover, but he did not see 128 people turning over every day, so it should not require more managers to manage the complex.

In rebuttal, Steve Johnson stated Appraiser Churchfield's comparable complex was newer, much nicer, and had dining and livingroom areas. He said the

subject's dining and kitchen area was small, there was no living room area, and management costs were higher. Ms. Moy explained the management expenses included part of her and Mike Saltern's salaries in addition to salaries for a full-time manager and maintenance person. She noted normally there would be a housekeeper, but there was no housekeeper currently due to the cost. She said the appellant also owned the Villager Apartments and personnel were being shared with the Villager Apartments more now than in the past as a way to try and lower costs. Chairperson Covert asked how those personnel costs were divided between the two complexes. Ms. Moy replied personnel costs were based on the number of units in each complex.

Member Krolick asked what the subject property would be listed for if it was put on the market. Ben Johnson said the first question any potential buyer would ask would be what were the existing income and expenses, because banks financed properties based on how the property performed. He said after talking with Ms. Moy, he had not been able to figure out a way to reduce operating expenses; and he believed he would not be able to run the apartment complex as well as Ms. Moy if he bought it. He said he would market the property at \$1,833,000. Steve Johnson stated the nature of the subject brought up a lot of management and ownership issues that a regular apartment complex did not have. He thought selling the complex for \$1,833,000 would be good.

Steve Johnson advised Ms. Moy just indicated 30 percent of the complex's occupancy was by UNR students. He said the onsite managers were grilled on their attempts to bring down expenses, but they did not see any way to bring them down further. Ben Johnson felt a better way to look at the subject was by using a price per room or a price per square foot, rather than a price per door. He said when using those metrics, the subject fell within the sales happening in Reno.

Chairperson Covert said he took the Assessor's income approach and used the actual income rather than the estimated income, which was his only change. He indicated he was more comfortable with the \$2,024,355 derived from that change. He said the difficulty was this property was unique and it was hard to find comparables. Member Krolick stated the question was if the subject exceeded full cash value at \$2.5 million.

Member Green asked if the subject was in the 100-year flood plain. Steve Johnson replied it was. Chairperson Covert noted that required carrying flood insurance. He asked if the Assessor's Office recognized the flood plain as a possible detriment. Appraiser Churchfield stated he saw the flood insurance expense, and he used 60 percent for expenses to give as much as he could. He said the mixed used zoning offset the flood plain issue, because the land could have commercial use and any building could go up as high as the developer wanted to as long as there was one parking spot per apartment. Chairperson Covert indicated flood waters did not care what the usage was.

Josh Wilson, Assessor, stated the land value did not show a flood zone adjustment. Chairperson Covert asked what Mr. Wilson would recommend based on the property being in a flood zone. Mr. Wilson said he had not done an analysis regarding commercial properties but generally, when a portion of a residential property was in the

flood zone, the extra cost of having to obtain flood insurance would be acknowledged with a minus 10 percent adjustment to the land.

Member Green said he was surprised the subject was in a flood zone because that portion of North Virginia Street went uphill. He asked if there was a nearby ditch which could flood. Steve Johnson explained the property was at the base of Evans Creek, which caused flooding with the water coming down from the west or northwest across the property.

Chairperson Covert said he adjusted the numbers using the income as a net number and arrived at a value of \$2,530,000, which was close to the Assessor's total taxable value. He stated he would like to deal with flood issue by putting a minus 10 percent on the land. Member Krolick said he would like to see the topography map to see how much of the land was affected by the flood zone.

Mr. Wilson stated his staff indicated they could not find a Federal Emergency Management Agency (FEMA) designation on the parcel. Member Krolick asked the appellant to testify what percentage of the property fell within the flood-plain zone and what was affected by past flood damage. Floyd Saltern stated major flood damage was sustained in 1986 when Evans Creek exceeded the flow of the storm-drainage pipe and the water flowed over Sierra Street and down through the property. He said that flood involved approximately 60 percent of the property, caused \$27,000 in damage, and lasted for five days. He noted the water exceeded the capacity of the pipe a couple of times since then, but not as bad as it did in 1986. He explained the pipe was increased in size somewhat since 1986, which would allievate some of the problem. Member Krolick asked how the 1997 flood affected the subject property. Floyd Saltern said the 1970 flood was not a small-stream event and did not affect the area.

Member Woodland asked why the appellant paid for flood insurance if it was not required by FEMA. Floyd Saltern replied the flood insurance was carried for peace of mind. Member Green said if it was not required by FEMA, the coverage was voluntary. He stated if the subject had no problem with flooding in 1997, maybe the problem with the drainage pipe was corrected.

Ms. Moy believed a property had to be in a designated flood plain to obtain flood insurance. Chairperson Covert believed if a property was in a flood plain it could obtain some federal insurance as opposed to private insurance. Ms. Moy said it was federal insurance. Member Green said she could be right, but he was questioning why it did not show on the FEMA map. Ms. Moy understood his issue, but she felt the property would not qualify for flood insurance if it was not in a floodplain. Steve Johnson said the 1986 flood was an outlying-stream event and the flood in 1997 involved the main branches of the Truckee River. He stated he did not know whether flood insurance could be bought without the property being in the flood plain, but he believed private insurance could be obtained. He felt it was a business decision by the appellant to protect against any possible damage, and it was a legitimate expense.

Mr. Wilson said if the Board determined a minus 10 percent flood zone adjustment was appropriate, that adjustment would bring the land value to \$979,200. Member Green suggested having the Assessor's Office determine whether or not the subject was in the flood plain and then make the adjustment. Mr. Wilson asked Member Green to clarify his statement. Member Green said if the subject was in the flood plain, the Assessor's Office would show the discount for the flood plain for the land when bringing it forward next year. Mr. Wilson said he was not sure the current roll could be reopened for this year, so it would be for 2012/13.

Member Brown stated the appellant was in a different category than a business that arbitrarily bought insurance, because they had previous experience with flooding. He felt it was reasonable to assume they might want to have flood insurance. Member Green said he understood, but if the 10 percent was taken off the land and the subject was not actually in the flood plain, then the 10 percent would be taken in error. Chairperson Covert said he agreed.

With regard to Parcel No. 003-150-20, pursuant to NRS 361.357, 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 Members Green and Brown voting "no," it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

10:35 a.m. The Board recessed.

10:45 a.m. The Board reconvened with all members present.

11-0409E PARCEL NO. 008-021-11 – SALTERN INVESTMENTS – HEARING NO. 11-0302

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 575 Sadleir Way, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Revenue and Expense Analysis, 31 pages.

Assessor

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

On behalf of the Petitioner, Steve Johnson, Ben Johnson, and Alice Moy were previously sworn.

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

Steve Johnson noted this property consisted of 296 quad units like those appealed in Hearing No. 11-0301. He said the quad units were equivalent to 74 apartments.

Chairperson Covert asked what flood zone "x" on page 2 in Exhibit A meant. Ben Johnson replied the subject was outside of the flood zone.

Steve Johnson reviewed the photos in Exhibit A. He noted these units were older and in worse condition than those in Hearing No. 11-0301. He said page 13 in Exhibit A summarized the areas of concern between the appellant and the Assessor's Office with the Assessor's Office showing a higher rent and lower operating expenses. He stated pages 14 and page 15 in Exhibit A showed the current and asking rents. He said there was a \$10 discount if the rents were paid on time. He indicated page 18 in Exhibit A set out the expenses, page 19 examined the vacancy rates, and pages 21 and 22 provided examples of other apartment expense ratios.

Steve Johnson said Ben Johnson conducted an appraisal on a quad-unit project in Truckee, California. Ben Johnson said there had been a struggle regarding what percentage to use in establishing the expenses. He stated one of the ways was to apply the price per unit if the metrics were similar. He said the project was in the heights in Truckee and the expenses on a price per unit basis were \$28,047 for 2007 and \$28,071 for 2008, which was a little above the subject's operating expenses. He advised the difference between the Truckee project and the subject was the Truckee project had some three-bedroom units instead of being all quad units.

Chairperson Covert stated he had some difficulty with how the deposits were booked, because he felt the deposits were a liability instead of being revenue. Steve Johnson explained the deposits were deducted as an expense when they were paid back. Chairperson Covert asked if an outside audit was conducted. Ms. Moy replied an outside audit was done. Ms. Moy explained the deposits retained were funds that were kept when someone moved out due to the charges they incurred. She advised there was a liability account for security deposits held for the tenants.

Steve Johnson stated page 23 in Exhibit A summarized the appellant's income approach, which indicated a value of \$4,170,000. He said the managers of the property had been asked to do what they could to keep expenses down and to work with the tenants to keep utilities under control.

Appraiser Churchfield said he ran his income approach with the rents as low as \$425, due to things such as the move-in special and, with a 9 percent cap rate for a total indicated value of \$5,032,000. He said the taxable value was \$4,937,639, which supported the Assessor's value. He stated the appellant's expenses were 68 percent. He

said the Administration and Management expense accounted for 15 percent, while typical management expenses were 3 to 4 percent. He said if the management expenses were deducted, expenses would be at 60 percent.

Appraiser Churchfield said the comparable in Truckee had expenses of approximately \$2,800 per unit, but Truckee would receive higher rents and would have higher expenses because of snow loads and so forth. He said the percentage of expenses ran in the 39 to 49 percent range, which was better than the 60 percent being given to the subject. He stated there were no sales of like properties and the income approach was supported.

Member Green asked if Appraiser Churchfield was comfortable with the 9 percent cap rate on an older property. Appraiser Churchfield said the 2008 sales he saw had 5 and 6 percent cap rates. He stated he used 8 percent on new projects, and he gave the subject the benefit of the doubt by making it 9 percent. He said the 2004 sale of the Enterprise property, which was also a shared scenario, did not have a 10 percent cap. Chairperson Covert stated even if the appellant's numbers were run at 10 percent, the indicated value would still be above the current total taxable value.

In rebuttal, Steve Johnson stated the appellant's case centered on the rents and the expenses.

Member Brown commended Saltern Investments for providing medical insurance to their employees.

With regard to Parcel No. 008-021-11, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

DISCUSSION FOR HEARING NO'S 11-0303A AND 11-0303B

On behalf of the Petitioner, Steve Johnson and Ben Johnson were previously sworn.

On behalf of the Assessor and having been previously sworn, John Thompson, Appraiser, oriented the Board as to the location of the subject properties. He stated there was a recommendation, but the appellant not in agreement with it.

Ben Johnson explained Parcel No. 082-290-92 was the outdoor storage for Parcel No. 082-290-91, and both parcels functioned as one parcel.

Steve Johnson said the subject parcels had a total of 10.648 acres. He stated page 6 of Exhibit A broke down the mini-warehouse units. He advised the mini-

warehouse units were built in two phases with the second phase being built just as the market shut down. He said it experienced a high vacancy rate since then. He explained the outdoor storage was primarily for storing recreational vehicles. He reviewed the photos of the subject shown in pages 9-14 and the summary of the vacancies as of January 2011 in page 18 in Exhibit A. He stated page 20 provided the comparable outdoor storage rental data for complexes in the North Valleys and page 22 in Exhibit A provided the same rental data for indoor storage. He said page 23 summarized the subject's projected income and pages 23 through 25 in Exhibit A summarized the vacancy and credit loss analysis. He said the stoppage in residential growth hit the demand for storage and mini-warehouses very hard. He stated the storage vacancy rate was summarized on page 28 in Exhibit A. He said page 30 in Exhibit A summarized the subject's projected gross income of \$620,652 and reviewed the gross income for 2007-2010.

Chairperson Covert asked if the rental rates had been adjusted to reflect market conditions. Steve Johnson replied the rents were dropped modestly in an attempt to attract new tenants. He said page 31 in Exhibit A summarized the expenses, and the managers of the complex were trying everything possible to bring the vacancy rate down and to keep expenses down. He advised the expense ratio was 52.53 percent, but 47.5 percent was actually used as shown on page 32 in Exhibit A. Ben Johnson stated the actual 2009 and 2010 expenses were shown on page 31 in Exhibit A, and the actual expenses were projected to be \$294,000. Steve Johnson said page 36 in Exhibit A set forth some limited sales data. He noted it was hard to get institutional financing, which would make it hard to sell a property. Ben Johnson stated that was particularly true for mini-warehouse storage properties, prompting many of the listings to offer owner financing. Steve Johnson read the quote regarding self-storage lending, which started on the bottom of page 36 in Exhibit A and indicated such lending was risky due to the vacancies. He said page 37 in Exhibit A summarized the subject's net income for 2009 and 2010 and noted the stabilized net operating income was projected to be \$325,000.

Ben Johnson stated the subject could be looked at by doing pro forma income, which was done, or by looking at the subject's actual operating expenses. He believed the Sparks sale was the most important sale, because it sold for an 8.99 percent capitalization rate based on its existing income; while the sale in Dayton sold for a 13 percent capitalization rate based on its existing income. He said the appellant wanted to look at the property's pro forma income, which was clearly more risky with a higher cap rate, and then look at the existing income and capitalize it as a buyer would. He stated the capitalization rate for pro forma income was between 10 and 11 percent, which indicated a value of \$2.962 to \$3.258 million, rounded to \$3.1 million.

Ben Johnson noted Iron Guard Storage sold for a capitalization rate of 8.99 percent but, when looking at the subject's existing income, there might be a little less risk and someone might pay a lower capitalization rate due to the upside potential of the vacant units. He said a capitalization rate of 8 to 8.5 percent was used due to those factors, which was 50 to 100 points lower than the most recent comparable sale. He stated capping the existing income at 8 to 8.5 percent resulted in an indication of value of

\$2.9 to \$3.12 million, which supported the appellant's \$3.1 million value as shown on page 32 in Exhibit A.

Steve Johnson said almost all of the commercial brokers had indicated properties would not be bought on speculation of what might happen in the future, but based on existing income. He stated looking at it both ways, the numbers were fairly close.

Steve Johnson said the subject was a much larger complex than any of the comparable sales shown on page 41 in Exhibit A. He noted page 42 in Exhibit A addressed the direct sales comparison approach to value conclusion with an indicated value of \$3,150,000. He advised page 43 in Exhibit A correlated the income and sales approach to value. He stated the income approach indicated a value of \$3.1 million.

Appraiser Thompson reviewed his comments regarding the subject and the comparable sales on page 2 in Exhibit I and noted IS-1 was the closest comparable. He said the income approach was used to determine the subject's market value due to the lack of comparables. He reviewed the income approach on page 4 in Exhibit A. He noted he interviewed the managers of three competing sites who indicated their vacancy rates were 15-20 percent, which was substantially less than the appellant's vacancy rate. He said one manager told the appellant a different vacancy rate than what he was told. He advised the total value of \$4,825,184 was arrived at by using a vacancy rate of 20 percent, expenses of 40 percent, and a capitalization rate of 9 percent. He noted the subject exceeded full cash value with a total taxable value of \$4,850,489. He attributed that to the subject's quality class exceeding those of all of the neighboring mini-storage units. He stated to equalize the subject with the other mini-storage units in the North Valleys, the recommendation was to recost the mini-warehouses at a 1.5 quality class and to recost the quarters of the resident-managers at a 3.0 quality class. He said doing so would reduce the taxable value by \$424,060 for Parcel No. 082-290-91, while there would be no changes to Parcel No. 082-290-92.

In rebuttal, Steve Johnson said the appellant agreed to the 20 percent vacancy rate used for the outdoor storage, but the appellant used a 30 percent vacancy rate for the mini-warehouses. He felt it should be even higher than that after being told by the manager the vacancy rate for EZ Storage was 25 percent, and that rate would probably go up 5 to 10 percent after the scheduled auction was held. He stated the Assessor's vacancy rate and operating expenses were too low.

Ben Johnson said it was agreed the operating expenses were close if the aggregate amount was looked at rather than a percentage. He said there were differences regarding the capitalization rate because most of the sales relied upon for the rate were from 2008. He stated there were currently properties available and not selling with capitalization rates of 9 to 10 percent. He said he did not understand why anyone would pay a lower capitalization rate in this market based on pro forma income. Steve Johnson said the appellant believed a more realistic capitalization rate in today's market was 10-

11 percent with pro forma income, which was actually quite a bit higher than actual income.

Member Green said he would like to change the vacancy rate to 25 percent and keep the capitalization rate the same in the Assessor's income approach on page 4 in Exhibit I. Josh Wilson, Assessor, asked if Member Green wanted to leave the percentage or the dollar amount the same for the expenses. Member Green said he would use the Assessor's dollar amount for the expenses. Chairperson Covert said using a 25 percent vacancy rate meant a slight adjustment to the Assessor's recommendation. He understood Parcel No. 082-290-92 would remain the same and the amounts would be taken off of Parcel No. 082-290-91.

Steve Johnson said he respectfully disagreed with the some of the Board's decisions, but he felt the Board was doing a very nice job.

See 11-0410E through 11-0411E below for details concerning the petition, exhibits and decisions related to each of the properties in the consolidated group.

11-0410E PARCEL NO. 082-290-92 – SALTERN INVESTMENTS –
HEARING NO. 11-0303B

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land located at 7725 N. Virginia Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Appraisal, 61 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 34 pages.

For the discussion that took place for this hearing, see DISCUSSION FOR HEARING NO'S 11-0410 and 11-0411 above.

With regard to Parcel No. 082-290-92, pursuant to NRS 361.357, 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, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

11-0411E **PARCEL NO. 082-290-91 – SALTERN INVESTMENTS –**
HEARING NO. 11-0303A

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 7745 N. Virginia Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Appraisal, 61 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 34 pages.

For the discussion that took place for this hearing, see DISCUSSION FOR HEARING NO'S 11-0410 and 11-0411 above.

With regard to Parcel No. 082-290-91, pursuant to NRS 361.357, 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, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$599,610 in total obsolescence to \$3,577,278, resulting in a total taxable value of \$4,250,879 for tax year 2011-12. 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.

11-0412E **PARCEL NO. 047-032-04 – HOMELAND INC –**
HEARING NO. 11-0169

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land located at Snow Flower Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 13 pages.

Exhibit B: Maps marked with the easments, 4 pages.

Assessor

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

Exhibit II: Map 047-03, 1 page.

On behalf of the Petitioner, Howard Zimmerman was sworn in by Deputy Clerk Jaime Dellera.

Chairperson Covert asked if the appropriate authorization form was in the file. Ms. Dellera indicated there was not, but Mr. Zimmerman signed the petition. Chairperson Covert explained if Mr. Zimmerman came before the Board again representing an appellant, an authorization form should be filled out.

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

Chairperson Covert asked if the appellant was aware of the Assessor's recommendation. Appraiser Kinne advised the appellant was not in agreement with the recommendation based.

Mr. Zimmerman felt the true market value of the subject was \$25,000 to \$30,000 due to the easements on the property. He stated Exhibit B showed the easements for access granted to other parcels. He stated those easements reduced the subject's size from one acre to two-fifths of an acre, and the remaining area's value was reduced because of its proximity to the home on the adjacent parcel. He said the Assessor's Office indicated the easement running down the center of the property had been removed. He stated the total market value of this property would be \$70,000 even if that was true. He stated in 2003 or 2004 only one of the six owners of the easement signed and recorded a Quit Claim Deed for the easement running down the middle of the property. He said the Assessor's Office valued the property at \$30,000 until that Deed was recorded. He stated since then two of the other parcel owners had signed Quit Claim Deeds, but three had not. He said because the property was still subject to the easement running down its middle, the existence of the easement would have to be disclosed upon the sale of the property. He advised attempts had been made to obtain title insurance free of the 30-foot easement, but no title insurer would do so because of the recorded easement against the property. He said the property might be worth \$70,000 if the easement was gone, but the property's value should be \$30,000 since it was not.

Appraiser Kinne said he tried to locate the easements to see where they lined up on the parcel when the easement issue was brought to his attention. He stated the Assessor's mapping supervisor pulled the necessary documents and came up with the findings shown in Exhibit II. It was found there had been an easement running through the middle of the parcel, but it was moved to north portion of the parcel.

Appraiser Kinne reviewed the subject's valuation history on page 5 of Exhibit I. Chairperson Covert asked Appraiser Kinne to address the other two easements. Appraiser Kinne replied he was only aware of the one access easement.

Member Green asked where the location would be for the building pad. Appraiser Kinne said the parcel was flat and the easement was shown as being

approximately 36 feet wide by 257 feet long, which would leave 35,000 square feet of usable land. He explained that was how it was being valued.

Chairperson Covert noted there was a five percent easement adjustment. Appraiser Kinne said it was for the easement that was relocated to the north edge of the parcel, which was shown on page 4 of Exhibit I. He advised there was a recommendation to increase the easement adjustment from 5 to 15 percent.

Member Green asked if Appraiser Kinne felt the comparables were good ones when compared to the subject property. Appraiser Kinne replied all four were good comparables, but he put the most emphasis on LS-4 because it was also encumbered with access and drainage easements.

In rebuttal, Mr. Zimmerman said the 50 foot non-exclusive easement in Exhibit B was 50 feet wide and was 100 percent claimed by Scott Johnson, and the 36 foot wide easement in Exhibit B was owned by two parties. He stated much of the 50 foot easement was over land with a 20 to 30 degree slope, which the northern 24 feet of the 36 foot easement also had. He stated the 30 foot easement remained on record. He said a 12-foot portion of the 36 foot easement coming off Snow Flower Drive was paved, which increased traffic through the subject. He stated even if the 30 foot easement was gone, the maximum value of the property would be \$70,000. He said the Assessor's prior assessment of \$30,000 for the land was correct.

Chairperson Covert said Appraiser Kinne's testimony was the 30 foot easement, shown on Exhibit II with hash marks, was no longer there. Appraiser Kinne replied to the best of his knowledge, only the easement on page 4 of Exhibit I remained. He said no other recorded easements were found by the Assessor's Office.

Member Green stated the only street access he saw for Parcel Nos. 047-032-06, 047-032-08, 047-032-13, and 047-032-33 was the access provided by the easement across the subject. Appraiser Kinne replied that was correct. Member Green said the appellant's contention a lot of traffic would be created by the easement was probably true if that easement was used, because the easement would be serving all of those lots. Appraiser Kinne said that was correct, but there was also access to the east on Bonnie Lane. Member Green said it looked like they would also be served off Maggie Lane, which appeared to be an extension of the easement. Appraiser Kinne said that was also correct. Member Green said that was why the easement would impact the subject property. Appraiser Kinne advised that was why an access adjustment was on the subject parcel.

Member Brown asked if the 15 percent easement adjustment was enough. Member Green said the comparables indicated the base-lot value was correct at \$120,000. He said the parcel was worth more than \$30,000, and he suggested applying a 20 percent easement adjustment.

With regard to Parcel No. 047-032-04, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member

Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the taxable land value be reduced to \$96,000 due to increasing the easement adjustment to 20 percent, resulting in a total taxable value of \$96,000 for tax year 2011-12. With that adjustment, it was found that the land is valued correctly and the total taxable value does not exceed full cash value.

11-0413E PARCEL NO. 037-273-18 – SELECTIVE INDUSTRIAL 03 LLC –
HEARING NO. 11-0601

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 550 Boxington Way, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Profit and Loss YTD Comparison and Rent Roll information, 2 pages.

Exhibit B: Authorization Letter, 1 page.

Exhibit C: Supporting documentation, 12 pages.

Assessor

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

On behalf of the Petitioner, William McKean, Esq. was sworn in by Deputy Clerk Jaime Delleria.

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

Mr. McKean stated after sitting through this morning's hearings, he echoed another appellant's comment that the Board was very thoughtful in giving a lot of time and consideration to the taxpayers' issues, and he felt the Assessor's Office was always very cooperative when contacted.

Mr. McKean said the subject was a mega-warehouse built in 1995. He noted the taxpayer's issues were with the lease rate, the vacancy rate, and the cap rate used in the Assessor's income approach shown on page 3 of Exhibit I. He said the three items did not appear to be consistent with today's market and would not lead to a reasonable income expectancy for this property. He stated the lease rate was \$.30 per square foot, but the Assessor used \$.27 per square foot. He said the taxpayer supplied the results of a survey of other warehouse properties on page 2 of Exhibit C, which indicated an average of \$.26 per square foot. He said the taxpayer believed he would be required to give at least one month of free rent, which would equate to a more reasonable \$.22 per square foot rental rate. Chairperson Covert asked if all of the properties were comparable

to the subject. Mr. McKean replied the information was prepared by the taxpayer, so he had not looked at the properties, but he believed mega-warehouses were fungible. Chairperson Covert indicated a mega-warehouse built 30 years ago versus one built last year would have some differences. Mr. McKean said page 7 of Exhibit C showed an offering for 245 Coney Island Suite B at \$.15 per square foot for warehouse space. He stated the Assessor's \$.27 per square foot was not supportable, because the data supported a range from \$.15 to \$.22 per square foot due to having to offer move-in incentives.

Mr. McKean said the Assessor was showing the vacancy rate at 20 percent, but the actual vacancy rate was 27.5 percent. He stated the Assessor's capitalization rate was 9 percent, but it should be higher due to the existing market.

Appraiser Oliphant said a tenant under contract was leasing 196,000 square feet in the subject at \$.30 per square foot until 2012. Chairperson Covert asked if that included giving one month of free rent to attract tenants. Appraiser Oliphant stated lease summaries from landlords in the area did not indicate a full month's rent every year was being given away.

Appraiser Oliphant said for the sales comparison approach, there were four buildings that bracketed the subject in size and three were located in the immediate area. He stated IS-1 was given a little less weight because it was built out to support some light manufacturing. He said IS-2 and IS-3 had a similar square footage to the subject, and were also built in 1995. He said he would have gone higher than \$43 per square foot if the subject was fully occupied but, since it was not, he used a gross-income multiplier (GIM). He stated the GIM took into account a 20 percent permanent vacancy on the subject. He said the application of the 11.88 GIM for IS-2 and IS-3 to the subject's projected gross income resulted in an indicated value of \$8,354,000. He stated he relied on that part of the sales comparison approach, because it accounted for vacancy being a problem for a number of years.

Appraiser Oliphant said in looking at the income approach, he already mentioned the contract rent for the current tenant was \$.30 per square foot. He stated the current rental being asked for the subject was \$.28 per square foot, which he did not believe they would get based on the rental analysis. He stated page 5 of Exhibit I showed five rental comparables, which were executed leases and were the market for the area. He said he used the low end of the range at \$.27 per square foot for the subject. He stated a building being 100 percent vacant did not mean it had no value. He believed this building would not remain at its current 27.75 percent vacancy rate over a 10-year period, which was what he was saying by using 20 percent. He stated the area's current market vacancy was 17 percent. He reviewed the comparable capitalization rates on page 4 of Exhibit I. He said the income approach value was \$7,423,000.

Appraiser Oliphant stated one of the errors often made when doing an income approach was being conservative with every assumption, because doing so would generate a low indicator of value. He stated he was comfortable with using the GIM,

because it accounted for the subject's vacancies. He said the subject's gross building area resulted in an indicated market value of \$7,886,000 as of January 1, 2011.

Appraiser Oliphant said the property located at 245 Coney Island was available at \$.15 per square foot. He advised the property was built in 1976, had an unusual shape, and was turned into a multi-tenant condominium. He stated IR-1 shown in the appellant's industrial rental chart in Exhibit C was a teaser rate. He noted it had an 8 percent increase the first year, a 7 percent increase the second year, and an effective rate of \$.29 per square foot. He said he had no information about IR-2, but IR-3 was built in 1991 and did not have as nice a location as the subject. He stated the remaining comparables were located in Stead and the Tahoe Reno Industrial Center. He explained that was how a \$.25 per square foot rent was achieved.

In rebuttal, Mr. McKean said the issues had been fairly presented. He stated the vacancy rate was 28 percent in this market and \$.27 and \$.30 per square foot were both high due to other properties looking for tenants in this market.

With regard to Parcel No. 037-273-18, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

12:38 p.m. The Board recessed.

1:15 p.m. The Board reconvened with all members present.

11-0414E PARCEL NO. 162-271-30 – HUFF, KENNETH & ROSEMARIE L – HEARING NO. 11-0240

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 10049 Casazza Ranch Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Newspaper articles, 2 pages.

Assessor

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

On behalf of the Petitioner, no one was sworn in by Deputy Clerk Jaime Deller.

On behalf of the Assessor and having been previously sworn, Mike Gonzales, Appraiser, oriented the Board as to the location of the subject property and reviewed his comments on page 1 of Exhibit I. He stated based on the comparable sales, the recommendation was to uphold the Assessor's value.

Member Green noted the improvement value went up slightly. Appraiser Gonzales said it went up during the reappraisal and was an adjustment to last year's obsolescence.

Chairperson Covert stated the only evidence provided by the appellant was a newspaper article.

With regard to Parcel No. 162-271-30, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

11-0415E PARCEL NO. 025-631-02 – RAINIER LLC –
HEARING NO. 11-0109

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 6980 Sierra Center Parkway, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

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

On behalf of the Petitioner, no one was sworn in by Deputy Clerk Jaime Dellera.

On behalf of the Assessor and having been previously sworn, Mike Gonzales, Appraiser, oriented the Board as to the location of the subject property. He stated the appellant was in agreement with the Assessor's recommendation.

With regard to Parcel No. 025-631-02, pursuant to NRS 361.357, 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, it was ordered that the

taxable land value be upheld and the taxable improvement value be reduced by \$854,121 in obsolescence to \$2,705,760, resulting in a total taxable value of \$4,000,000 for tax year 2011-12. 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.

**11-0416E PARCEL NO. 164-342-37 – LC KIDS LLC –
HEARING NO. 11-0171**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 3760 Barron Way, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Commercial lease, 43 pages.

Assessor

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

On behalf of the Petitioner, no one was sworn in by Deputy Clerk Jaime Deller.

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 noted there was a recommendation with which the appellant was in agreement.

With regard to Parcel No. 164-342-37, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$511,054 in obsolescence to \$1,142,622, resulting in a total taxable value of \$1,627,000 for tax year 2011-12. 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.

**11-0417E PARCEL NO. 163-130-04 – HINMAN, WAYNE E TRUSTEE –
HEARING NO. 11-0227**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 9744 S. Virginia 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 subject's appraisal records, 14 pages.

On behalf of the Petitioner, no one was sworn in by Deputy Clerk Jaime Deller.

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.

Chairperson Covert stated the only information the appellant supplied was on the petition. Appraiser Lopez said the appellant made some statements regarding the subject's vacancies and rents. He said Appraiser Kinne tried to contact the appellant regarding the lease agreements he had, but Appraiser Kinne never received a return call. He stated the numbers the appellant submitted on the petition were confusing because the Assessor's total taxable value was \$409,100. He said the reconciled comparable sales and the income approaches supported the Assessor's \$75 per square foot value.

With regard to Parcel No. 163-130-04, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Green, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

11-0418E PARCEL NO. 164-380-14 – HINMAN, WAYNE E TRUSTEE – HEARING NO. 11-0228

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 8060 Double R Boulevard, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

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

On behalf of the Petitioner, no one was sworn in by Deputy Clerk Jaime Deller.

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

Chairperson Covert stated the appellant provided no evidence. Appraiser Kinne stated he tried to get the lease agreements, but the appellant never got back to him. He said he ran the income approach with market data for a value of \$81 per square foot. He stated he was relying on the comparable sales of the improved properties, especially IS-3 because it was a clone of the subject property. He said the recommendation was to uphold.

Member Woodland noted the appellant checked the exemption box on the petition. Appraiser Kinne stated the appellant was notified that his appeal was an appeal of the total taxable value.

With regard to Parcel No. 164-380-14, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

11-0419E PARCEL NO. 163-073-04 – DOUBLE R RENO LLC –
HEARING NO. 11-0291

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 9475 Double R Boulevard, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 21 pages.

On behalf of the Petitioner, no one was sworn in by Deputy Clerk Jaime Deller.

On behalf of the Assessor and having been previously sworn, Pete Kinne, Appraiser, oriented the Board as to the location of the subject property. He noted the appellant was in agreement with the recommendation (shown on page 1 of Exhibit I), which was based on the income information provided by the appellant.

With regard to Parcel No. 163-073-04, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by obsolescence to \$1,787,624, resulting in a total taxable value of \$2,870,000 for tax year 2011-12. 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.

**11-0420E PARCEL NO. 140-010-25 – DISTRIBUTION FUNDING INC –
HEARING NO. 11-0382**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 12650 Old Virginia Road, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Opinion of value and supporting documentation, 14 pages.

Assessor

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

On behalf of the Petitioner, no one was sworn in by Deputy Clerk Jaime Deller.

On behalf of the Assessor and having been previously sworn, Pete Kinne, Appraiser, oriented the Board as to the location of the subject property. He advised the appellant was in agreement with the recommendation on page 1 of Exhibit I.

With regard to Parcel No. 140-010-25, pursuant to NRS 361.357, 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, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$719,660 in obsolescence to \$4,749,425, resulting in a total taxable value of \$7,093,254 for tax year 2011-12. 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.

**11-0421E PARCEL NO. 162-010-26 – SOUTH RENO MEDICAL PLAZA LLC
– HEARING NO. 11-0405**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 15 McCabe Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

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

On behalf of the Petitioner, no one was sworn in by Deputy Clerk Jaime Deller.

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

Member Green asked if the Assessor's Office received the appellant's comparable sales. Appraiser Stockton stated he met with appellant to look at his income and expense information and comparable sales some time ago.

Chairperson Covert said the appellant provided no evidence to overturn the Assessor's values.

With regard to Parcel No. 162-010-26, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

11-0422E PARCEL NO. 164-333-03 – RICKY W MASSIE –
HEARING NO. 11-0569

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 650 Innovation Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

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

On behalf of the Petitioner, no one was sworn in by Deputy Clerk Jaime Deller.

On behalf of the Assessor and having been previously sworn, Pete Kinne, Appraiser, oriented the Board as to the location of the subject property. He said the appellant was in agreement with the recommendation on page 1 of Exhibit I.

With regard to Parcel No. 164-333-03, pursuant to NRS 361.357, 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, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by obsolescence to \$4,647,201, resulting in a total taxable value of \$7,034,066 for tax year 2011-12. 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.

**11-0423E PARCEL NO. 025-480-43 – MEPT SOUTHWEST COMMERCE
CTR IV – HEARING NO. 11-0600**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 5555 Quail Manor Court, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

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

On behalf of the Petitioner, no one was sworn in by Deputy Clerk Jaime Deller.

On behalf of the Assessor and having been previously sworn, Mike Gonzales, Appraiser, oriented the Board as to the location of the subject property. He stated the appellant was in agreement with the recommendation on page 1 of Exhibit I to change the occupancy to storage warehouse.

With regard to Parcel No. 025-480-43, pursuant to NRS 361.357, 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, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$4,781,640 due to changing the occupancy to storage warehouse, resulting in a total taxable value of \$6,366,462 for tax year 2011-12. 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.

**11-0424E PARCEL NO. 025-480-43 – MEPT SOUTHWEST COMMERCE
CTR IV – HEARING NO. 11-0600R10**

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 5555 Quail Manor Court, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

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

On behalf of the Petitioner, no one was sworn in by Deputy Clerk Jaime Dellera.

On behalf of the Assessor and having been previously sworn, Mike Gonzales, Appraiser, oriented the Board as to the location of the subject property. He stated the appellant was in agreement with the recommendation on page 1 of Exhibit I to change the occupancy to storage warehouse.

With regard to Parcel No. 025-480-43, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$4,796,036 due to changing the occupancy to storage warehouse, resulting in a total taxable value of \$6,396,836 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.

**11-0425E PARCEL NO. 024-055-43 – WORLD SAVINGS BANK –
HEARING NO. 11-0609**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 4879 Redfield Parkway, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

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

On behalf of the Petitioner, no one was sworn in by Deputy Clerk Jaime Deller.

On behalf of the Assessor and having been previously sworn, Linda Lambert, Appraiser, oriented the Board as to the location of the subject property. She stated the appellant was in agreement with the recommendation on page 1 of Exhibit I.

With regard to Parcel No. 024-055-43, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by obsolescence to \$300,076, resulting in a total taxable value of \$835,000 for tax year 2011-12. 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 FOR HEARING NO'S 11-0616A THROUGH 11-0616D

On behalf of the Petitioner, no one was sworn in by Deputy Clerk Jaime Deller.

On behalf of the Assessor and having been previously sworn, Mike Bozman, Appraiser, oriented the Board as to the location of the subject property. He stated the subject was the Carrows restaurant at the corner of Wells Avenue and 6th Street and all four parcels operated as one unit for the restaurant and its parking. He stated there was a recommendation, but the appellant's representative did not indicate whether the appellant was in agreement with the recommendation or not.

Appraiser Bozman reviewed the income approach on page 2 of Exhibit I, which was where he put the most weight. He said obsolescence would be applied to Parcel No. 008-185-37, which was the parcel containing the restaurant, and value of the remaining parcels would remain the same.

See 11-0426E through 11-0429E below for details concerning the petition, exhibits and decisions related to each of the properties in the consolidated group.

11-0426E PARCEL NO. 008-185-37 – CVALETTO, CATHERINE G & MICHAEL – HEARING NO. 11-0616A

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 605 N. Wells Avenue, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 18 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 28 pages.

For the discussion that took place for this hearing, see DISCUSSION FOR HEARING NO'S 11-0616A THROUGH 11-0616D above.

With regard to Parcel No. 008-185-37, pursuant to NRS 361.357, 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, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$48,873 in obsolescence to \$231,889, resulting in a total taxable value of \$309,329 for tax year 2011-12. 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.

11-0427E PARCEL NO. 008-185-10 – CVALETTO, CATHERINE G & MICHAEL – HEARING NO. 11-0616B

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 727 N. Wells Avenue, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 18 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 28 pages.

For the discussion that took place for this hearing, see DISCUSSION FOR HEARING NO'S 11-0616A THROUGH 11-0616D above.

With regard to Parcel No. 008-185-10, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

11-0428E PARCEL NO. 008-185-33 – CVALETTO, CATHERINE G & MICHAEL – HEARING NO. 11-0616C

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at E. 7th Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 18 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 28 pages.

For the discussion that took place for this hearing, see DISCUSSION FOR HEARING NO'S 11-0616A THROUGH 11-0616D above.

With regard to Parcel No. 008-185-33, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

11-0429E PARCEL NO. 008-185-35 – CVALETTO, CATHERINE G & MICHAEL – HEARING NO. 11-0616D

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at N. Wells Avenue, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 18 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 28 pages.

For the discussion that took place for this hearing, see DISCUSSION FOR HEARING NO'S 11-0616A THROUGH 11-0616D above.

With regard to Parcel No. 008-185-35, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

11-0430E PARCEL NO. 024-053-16 – DEMARTINI, LOUIS W & AUDREY S
– HEARING NO. 11-0619

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 6365 S. McCarran Boulevard, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Lease and appraisal report, 19 pages.

Assessor

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

On behalf of the Petitioner, no one was sworn in by Deputy Clerk Jaime Deller.

On behalf of the Assessor and having been previously sworn, Linda Lambert, Appraiser, oriented the Board as to the location of the subject property. She stated the recommendation was to uphold the Assessor's value. She stated she spoke with the appellant's representative yesterday who said he was in agreement with upholding the taxable value.

With regard to Parcel No. 024-053-16, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Green, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

11-0431E PARCEL NO. 164-411-01 – DEL CANIZO, SERGIO N & JUSTINE F – HEARING NO. 11-0666

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 5480 Reno Corporate Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Financial information, 8 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 15 pages.

On behalf of the Petitioner, no one was sworn in by Deputy Clerk Jaime Deller.

On behalf of the Assessor and having been previously sworn, Mike Bozman, Appraiser, oriented the Board as to the location of the subject property. He reviewed the income approach on page 2 and the sales comparison approach on page 3 of Exhibit I, which supported the recommendation to uphold the Assessor's value. He explained the appellant used last year's values instead of the 2011 reappraisal values. He said the appellant's income capitalization approach tried to benefit the subject at both ends of the equation. He explained if rent loss was done, the best of the scenario had to be taken instead of the worst. He stated in redoing the appellant's numbers accurately, the value arrived at was over \$700,000.

With regard to Parcel No. 164-411-01, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

11-0432E BOARD MEMBER COMMENTS

There were no Board Member comments.

11-0433E PUBLIC COMMENT

There was no public comment.

* * * * * * * * *

2:05 p.m. There being no further hearings or business to come before the Board, on motion by Member Woodland, seconded by Member Green, which motion duly carried, 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
Jan Frazzetta, Deputy Clerk*