

**BOARD OF EQUALIZATION
WASHOE COUNTY, NEVADA**

FRIDAY

9:00 A.M.

FEBRUARY 21, 2014

PRESENT:

John Krolick, Vice Chairman

James Brown, Member

Philip Horan, Member

Gary Kizziah, Member

Nancy Parent, County Clerk

Leslie Admirand, Deputy District Attorney

ABSENT:

James Covert, Chairman

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. Vice Chairman Krolick called the meeting to order, the Clerk called the roll and the Board conducted the following business:

14-246E PUBLIC COMMENT

There was no response to the call for public comment.

14-247E WITHDRAWN PETITIONS

The following petitions scheduled on today's agenda had been withdrawn by the Petitioners prior to the hearing:

ASSESSOR'S PARCEL NOS	PETITIONER	HEARING NO.
512-132-13	CORONA LASENDA 2 LLC	14-0310A
512-132-16	CORONA LASENDA 2 LLC	14-0310B
512-162-04	CORONA LASENDA 2 LLC	14-0310C
512-162-05	CORONA LASENDA 2 LLC	14-0310D
512-162-06	CORONA LASENDA 2 LLC	14-0310E
512-171-04	CORONA LASENDA 2 LLC	14-0310F
512-171-05	CORONA LASENDA 2 LLC	14-0310G
512-171-06	CORONA LASENDA 2 LLC	14-0310H
512-171-07	CORONA LASENDA 2 LLC	14-0310I
512-171-08	CORONA LASENDA 2 LLC	14-0310J
512-171-09	CORONA LASENDA 2 LLC	14-0310K
512-171-10	CORONA LASENDA 2 LLC	14-0310L
512-171-11	CORONA LASENDA 2 LLC	14-0310M

512-172-09	CORONA LA SENDA 2 LLC	14-0310N
512-172-10	CORONA LA SENDA 2 LLC	14-0310O
512-172-11	CORONA LA SENDA 2 LLC	14-0310P
512-172-12	CORONA LA SENDA 2 LLC	14-0310Q
512-172-13	CORONA LA SENDA 2 LLC	14-0310R
512-172-14	CORONA LA SENDA 2 LLC	14-0310S
512-172-15	CORONA LA SENDA 2 LLC	14-0310T
512-182-09	CORONA LA SENDA 2 LLC	14-0310U
512-182-10	CORONA LA SENDA 2 LLC	14-0310V
512-182-11	CORONA LA SENDA 2 LLC	14-0310W
512-182-12	CORONA LA SENDA 2 LLC	14-0310X
512-182-15	CORONA LA SENDA 2 LLC	14-0310Y
512-201-01	CORONA LA SENDA 2 LLC	14-0310Z
512-201-02	CORONA LA SENDA 2 LLC	14-0310A1
512-201-03	CORONA LA SENDA 2 LLC	14-0310B1
512-201-04	CORONA LA SENDA 2 LLC	14-0310C1
512-201-05	CORONA LA SENDA 2 LLC	14-0310D1
512-201-06	CORONA LA SENDA 2 LLC	14-0310E1
512-202-01	CORONA LA SENDA 2 LLC	14-0310F1
512-202-02	CORONA LA SENDA 2 LLC	14-0310G1
512-202-03	CORONA LA SENDA 2 LLC	14-0310H1
512-202-04	CORONA LA SENDA 2 LLC	14-0310I1
512-202-05	CORONA LA SENDA 2 LLC	14-0310J1
512-081-10	CORONA LA SENDA 2 LLC	14-0310K1
512-162-07	CORONA LA SENDA 2 LLC	14-0310L1
512-162-10	CORONA LA SENDA 2 LLC	14-0310M1
512-171-02	CORONA LA SENDA 2 LLC	14-0310N1
512-171-03	CORONA LA SENDA 2 LLC	14-0310O1
512-182-01	CORONA LA SENDA 2 LLC	14-0310P1
512-182-02	CORONA LA SENDA 2 LLC	14-0310Q1
512-182-07	CORONA LA SENDA 2 LLC	14-0310R1
512-182-08	CORONA LA SENDA 2 LLC	14-0310S1
512-182-13	CORONA LA SENDA 2 LLC	14-0310T1
512-141-06	CORONA MIRAMONTE LLC	14-0311A
512-141-07	CORONA MIRAMONTE LLC	14-0311B
512-141-08	CORONA MIRAMONTE LLC	14-0311C
512-141-09	CORONA MIRAMONTE LLC	14-0311D
512-142-15	CORONA MIRAMONTE LLC	14-0311E
512-142-16	CORONA MIRAMONTE LLC	14-0311F
512-142-17	CORONA MIRAMONTE LLC	14-0311G
512-142-18	CORONA MIRAMONTE LLC	14-0311H
512-142-19	CORONA MIRAMONTE LLC	14-0311I
512-142-20	CORONA MIRAMONTE LLC	14-0311J
512-142-21	CORONA MIRAMONTE LLC	14-0311K
512-142-22	CORONA MIRAMONTE LLC	14-0311L
512-143-09	CORONA MIRAMONTE LLC	14-0311M
512-143-10	CORONA MIRAMONTE LLC	14-0311N
512-143-11	CORONA MIRAMONTE LLC	14-0311O
512-143-12	CORONA MIRAMONTE LLC	14-0311P

512-143-13	CORONA MIRAMONTE LLC	14-0311Q
512-143-14	CORONA MIRAMONTE LLC	14-0311R
512-143-15	CORONA MIRAMONTE LLC	14-0311S
512-143-16	CORONA MIRAMONTE LLC	14-0311T
512-143-17	CORONA MIRAMONTE LLC	14-0311U
512-171-12	CORONA MIRAMONTE LLC	14-0311V
512-171-13	CORONA MIRAMONTE LLC	14-0311W
512-171-14	CORONA MIRAMONTE LLC	14-0311X
512-171-15	CORONA MIRAMONTE LLC	14-0311Y
512-171-16	CORONA MIRAMONTE LLC	14-0311Z
512-171-17	CORONA MIRAMONTE LLC	14-0311A1
512-171-18	CORONA MIRAMONTE LLC	14-0311B1
512-171-19	CORONA MIRAMONTE LLC	14-0311C1
512-171-20	CORONA MIRAMONTE LLC	14-0311D1
512-171-21	CORONA MIRAMONTE LLC	14-0311E1
512-171-22	CORONA MIRAMONTE LLC	14-0311F1
512-171-23	CORONA MIRAMONTE LLC	14-0311G1
512-172-08	CORONA MIRAMONTE LLC	14-0311H1
512-183-01	CORONA MIRAMONTE LLC	14-0311I1
512-183-02	CORONA MIRAMONTE LLC	14-0311J1
512-183-03	CORONA MIRAMONTE LLC	14-0311K1
512-184-01	CORONA MIRAMONTE LLC	14-0311L1
512-184-02	CORONA MIRAMONTE LLC	14-0311M1
512-184-03	CORONA MIRAMONTE LLC	14-0311N1
512-184-04	CORONA MIRAMONTE LLC	14-0311O1
512-184-05	CORONA MIRAMONTE LLC	14-0311P1
512-184-06	CORONA MIRAMONTE LLC	14-0311Q1
512-184-07	CORONA MIRAMONTE LLC	14-0311R1
512-184-08	CORONA MIRAMONTE LLC	14-0311S1
512-184-09	CORONA MIRAMONTE LLC	14-0311T1
512-184-10	CORONA MIRAMONTE LLC	14-0311U1
512-184-11	CORONA MIRAMONTE LLC	14-0311V1
512-184-12	CORONA MIRAMONTE LLC	14-0311W1
512-184-13	CORONA MIRAMONTE LLC	14-0311X1
512-184-14	CORONA MIRAMONTE LLC	14-0311Y1
512-184-15	CORONA MIRAMONTE LLC	14-0311Z1
512-184-16	CORONA MIRAMONTE LLC	14-0311A2
512-184-17	CORONA MIRAMONTE LLC	14-0311B2
512-184-18	CORONA MIRAMONTE LLC	14-0311C2
512-184-19	CORONA MIRAMONTE LLC	14-0311D2
512-184-20	CORONA MIRAMONTE LLC	14-0311E2
512-184-21	CORONA MIRAMONTE LLC	14-0311F2
512-184-22	CORONA MIRAMONTE LLC	14-0311G2
512-184-23	CORONA MIRAMONTE LLC	14-0311H2
512-184-24	CORONA MIRAMONTE LLC	14-0311I2
512-184-25	CORONA MIRAMONTE LLC	14-0311J2
512-184-26	CORONA MIRAMONTE LLC	14-0311K2
512-184-27	CORONA MIRAMONTE LLC	14-0311L2
512-184-28	CORONA MIRAMONTE LLC	14-0311M2

512-191-01	CORONA MIRAMONTE LLC	14-0311N2
512-191-02	CORONA MIRAMONTE LLC	14-0311O2
512-191-03	CORONA MIRAMONTE LLC	14-0311P2
512-191-04	CORONA MIRAMONTE LLC	14-0311Q2
512-191-05	CORONA MIRAMONTE LLC	14-0311R2
512-191-06	CORONA MIRAMONTE LLC	14-0311S2
512-191-07	CORONA MIRAMONTE LLC	14-0311T2
512-191-08	CORONA MIRAMONTE LLC	14-0311U2
512-191-09	CORONA MIRAMONTE LLC	14-0311V2
512-191-10	CORONA MIRAMONTE LLC	14-0311W2
512-191-11	CORONA MIRAMONTE LLC	14-0311X2
512-192-01	CORONA MIRAMONTE LLC	14-0311Y2
512-192-02	CORONA MIRAMONTE LLC	14-0311Z2
512-192-03	CORONA MIRAMONTE LLC	14-0311A3
512-192-04	CORONA MIRAMONTE LLC	14-0311B3
512-192-05	CORONA MIRAMONTE LLC	14-0311C3
512-192-06	CORONA MIRAMONTE LLC	14-0311D3
512-192-07	CORONA MIRAMONTE LLC	14-0311E3
512-192-08	CORONA MIRAMONTE LLC	14-0311F3
512-192-09	CORONA MIRAMONTE LLC	14-0311G3
512-192-10	CORONA MIRAMONTE LLC	14-0311H3
512-192-11	CORONA MIRAMONTE LLC	14-0311I3
512-192-12	CORONA MIRAMONTE LLC	14-0311J3
512-192-13	CORONA MIRAMONTE LLC	14-0311K3
512-192-14	CORONA MIRAMONTE LLC	14-0311L3
512-192-15	CORONA MIRAMONTE LLC	14-0311M3
512-192-16	CORONA MIRAMONTE LLC	14-0311N3
512-192-17	CORONA MIRAMONTE LLC	14-0311O3
512-192-18	CORONA MIRAMONTE LLC	14-0311P3
512-192-19	CORONA MIRAMONTE LLC	14-0311Q3
512-192-20	CORONA MIRAMONTE LLC	14-0311R3
512-192-21	CORONA MIRAMONTE LLC	14-0311S3
512-192-22	CORONA MIRAMONTE LLC	14-0311T3
512-192-23	CORONA MIRAMONTE LLC	14-0311U3
512-192-24	CORONA MIRAMONTE LLC	14-0311V3
512-192-25	CORONA MIRAMONTE LLC	14-0311W3
512-192-26	CORONA MIRAMONTE LLC	14-0311X3
512-192-27	CORONA MIRAMONTE LLC	14-0311Y3
512-192-28	CORONA MIRAMONTE LLC	14-0311Z3
512-192-29	CORONA MIRAMONTE LLC	14-0311A4
512-192-30	CORONA MIRAMONTE LLC	14-0311B4
512-192-31	CORONA MIRAMONTE LLC	14-0311C4
512-192-32	CORONA MIRAMONTE LLC	14-0311D4
512-192-33	CORONA MIRAMONTE LLC	14-0311E4
512-192-34	CORONA MIRAMONTE LLC	14-0311F4
512-192-35	CORONA MIRAMONTE LLC	14-0311G4
512-182-14	CORONA MIRAMONTE LLC	14-0311H4
032-232-05	GALLOWAY LIVING TRUST	14-0172A
032-232-06	GALLOWAY LIVING TRUST	14-0172B

032-232-07	GALLOWAY LIVING TRUST	14-0172C
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14-248E CONSOLIDATION OF HEARINGS

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

14-249E PARCEL NO. 013-321-29 – CONNOR, DALE R II & SUSAN L – HEARING NO. 14-0047

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 1005 Terminal Way, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 3 pages.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor.

With regard to Parcel No. 013-321-29, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Kizziah, which motion duly carried with Chairman Covert absent, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld and the taxable improvement value be reduced to \$568,195, resulting in a total taxable value of \$1,300,000 for tax year 2014-15. With that adjustment, it was found that the land and improvements were valued correctly and the total taxable value does not exceed full cash value.

14-250E PARCEL NO. 034-060-30 – LOWERY ENTERPRISES – HEARING NO. 14-0064

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 1655 Greg Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor.

With regard to Parcel No. 034-060-30, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Kizziah, which motion duly carried with Chairman Covert absent, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld and the taxable improvement value be reduced to \$806,524, resulting in a total taxable value of \$1,270,000 for tax year 2014-15. With that adjustment, it was found that the land and improvements were valued correctly and the total taxable value does not exceed full cash value.

14-251E PARCEL NO. 034-070-55 – NORTHWESTERN MUTUAL LIFE INS
– HEARING NO. 14-0065

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 665 Spice Island Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor.

With regard to Parcel No. 034-070-55, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Kizziah, which motion duly carried with Chairman Covert absent, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld and the taxable improvement value be reduced to \$4,167,003, resulting in a total taxable value of \$5,212,443 for tax year 2014-15. With that adjustment, it was found that the land and improvements were valued correctly and the total taxable value does not exceed full cash value.

**14-252E PARCEL NO. 034-292-19 – NORTHWESTERN MUTUAL LIFE INS
– HEARING NO. 14-0066**

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 1385 Greg Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor.

With regard to Parcel No. 034-292-19, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Kizziah, which motion duly carried with Chairman Covert absent, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld and the taxable improvement value be reduced to \$3,800,961, resulting in a total taxable value of \$4,525,000 for tax year 2014-15. With that adjustment, it was found that the land and improvements were valued correctly and the total taxable value does not exceed full cash value.

**14-253E PARCEL NO. 032-302-11 – INVESTCO PROPERTIES LLC –
HEARING NO. 14-0074**

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 994 Glendale Ave., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor.

With regard to Parcel No. 032-302-11, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Kizziah, which motion duly carried with Chairman Covert absent, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld and the taxable improvement value be reduced to \$664,776, resulting in a total taxable value of \$900,000 for tax year 2014-15. With that adjustment, it was found that the land and improvements were valued correctly and the total taxable value does not exceed full cash value.

**14-254E PARCEL NO. 011-078-05 – PARK CENTER TOWER LLC –
HEARING NO. 14-0114**

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 300 E. 2nd Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor.

With regard to Parcel No. 011-078-05, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Kizziah, which motion duly carried with Chairman Covert absent, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld and the taxable improvement value be reduced to \$12,631,840, resulting in a total taxable value of \$13,100,000 for tax year 2014-15. With that adjustment, it was found that the land and improvements were valued correctly and the total taxable value does not exceed full cash value.

**14-255E PARCEL NO. 011-171-05 – RENO 200 S VIRGINIA LLC –
HEARING NO. 14-0117A**

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 200 S. Virginia Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor.

With regard to Parcel No. 011-171-05, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Kizziah, which motion duly carried with Chairman Covert absent, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld and the taxable improvement value be reduced to \$13,500,496, resulting in a total taxable value of \$13,996,216 for tax year 2014-15. With that adjustment, it was found that the land and improvements were valued correctly and the total taxable value does not exceed full cash value.

**14-256E PARCEL NO. 140-213-34 – LN DAMONTE RANCH TOWN CTR
LLC – HEARING NO. 14-0307**

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 1161 Steamboat Pkwy., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor.

With regard to Parcel No. 140-213-34, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Kizziah, which motion duly carried with Chairman Covert absent, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld and the taxable improvement value be reduced to \$471,274, resulting in a total taxable value of \$804,157 for tax year 2014-15. With that adjustment,

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

14-257E PARCEL NO. 402-441-08 – D`ANDREA MARKETPLACE SC LP – HEARING NO. 14-0308

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 2818 Vista Blvd., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

None.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

No one offered testimony on behalf of the Petitioner.

No one offered testimony on behalf of the Assessor.

With regard to Parcel No. 402-441-08, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Kizziah, which motion duly carried with Chairman Covert absent, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be upheld and the taxable improvement value be reduced to \$466,303, resulting in a total taxable value of \$939,991 for tax year 2014-15. With that adjustment, it was found that the land and improvements were valued correctly and the total taxable value does not exceed full cash value.

14-258E PARCEL NO. 011-450-22 – NEVADA LAND LLC – HEARING NO. 14-0115

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 250 Evans Ave., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation,4 pages.

Exhibit B: Downtown taxable values for special use properties, 1 page.

Exhibit C: Photo, 1 page.

Exhibit D: Photo, 1 page.

Exhibit E: Photo, 1 page.

Exhibit F: Photo, 1 page.
Exhibit G: Photo, 1 page.
Exhibit H: Settlement and Restructuring Agreement, 13 pages.
Exhibit I: Stadium Lease Agreement, 68 pages.
Exhibit J: Ground Lease Agreement, 56 pages.
Exhibit K: SK Baseball Holdings Profit & Loss Statement and Balance Sheet, 6 pages.
Exhibit L: FHD 2013 Profit & Loss Statement, Arroyo Profit & Loss Statement, and FHD 2012 Financial Information, 7 pages.
Exhibit M: SK Baseball Holdings, LLC Consolidated Financial Statements and Independent Auditor's Report, 19 pages.
Exhibit N: Newspaper Articles, 9 pages.
Exhibit O: Representative authorization, 1 page.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 40 pages.

On behalf of the Petitioner, Michael Bosma, CPA, was sworn in by County Clerk Nancy Parent.

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

Mr. Bosma submitted Exhibits A through O. Appraiser Burke requested the Board hear the other Petitioners who had signed in for today's hearings first to allow her time to review the evidence. Mr. Bosma reported that this information had been turned into the Assessor's Office. After review, Appraiser Burke confirmed that was true and the Board could continue. Member Horan stated this was however the first opportunity for the Board to see the evidence and he was concerned because it had not been included in the Board's packet. Mr. Bosma explained the evidence had been forwarded to the Assessor's Office in pieces as early as December, 2013 to come up with an agreement prior to filing an appeal. However, that was not reached and the appeal was filed. Appraiser Burke explained the evidence presented to her office was stamped "confidential" and therefore she could not forward it on to the Board.

Mr. Bosma stated a majority of the minor league baseball stadiums were generally funded and owned by municipalities; however, the Aces stadium was built with a mixture of public and private funds. The taxpayer not only agreed to finance the stadium, which was owned by the Reno Redevelopment Agency, (RRA) but also to make the investment necessary for the team to play there. He said the original contract and restructure agreement (Exhibit H) showed that Nevada Land, LLC was promised \$2.5 million in tax increment financing for 20 years, depending on the property tax value increases, with a minimum annual payment of \$1 million regardless of whether that increment went up or not. Additionally, 65 percent of sales taxes generated by the stadium and new business created within the Baseball District were going to be rebated to

the taxpayer for 20 years. At the end of the deal, they were going to have the option to buy the stadium for \$1. The City of Reno (City) entered into the deal assuming it would result in a higher tax base and benefit from the increased tax revenue. The City also believed it would not be paying the company out of existing funds as payments would be incremental revenues from tax increment financing. The company invested the initial outlay with the understanding that in addition to the annual incremental payments being received from the City, they would have the benefit of profits for 20 years and own the stadium. As a result of the 2008 recession, property values and sales tax revenue did not increase as anticipated and the minimum payments to the company had not been met. The ability of the stadium to produce a profit fell below the original expectations and continued to diminish every year.

Mr. Bosma stated at last year's hearing an appraisal was submitted and Josh Wilson, Assessor, was on record saying the Assessor's Office would consider the income information if they had it. The reality of the current economic situation led the company and the RRA to restructure their deal in January, 2013. In the new deal it was evident that the stadium lease, as amended, should be a six month lease (Exhibit I), which was in line with a Triple-A baseball season. The (original) agreement also stipulated that Nevada Land waive their reversionary rights and buy out the improvements for \$1 upon expiration of the lease, meaning that the stadium was currently public property and would remain so indefinitely. That would give the City the right to buy the land and improvements at the end of 30 years. It would also give the City, which was limited by the original stadium lease, usage of the stadium. Originally, the City could use the stadium for 12 days and now they would get it for six months with the rights to hold special events on agreed upon days that would not interfere with games, related stadium operations and maintenance, or other events scheduled by the developer.

Mr. Bosma stated originally the Aces planned to put in about \$70 million to buy the franchise, and \$50 million for the stadium; \$30 million would come from the County and \$32 million in increment financing of \$2.5 million per year over 20 years at 4.75 percent from the City. The Aces thought they would be out of pocket \$7 million at the end of the deal, have profits for the business over the 20 years and keep the stadium. The out of pocket expense was \$67 million; \$20 million for the purchase of the franchise and other intangibles and \$47 million to build the stadium. The new deal was \$30 million from the County and \$1 million per year from the City over 30 years, with a net difference of \$14 million out of pocket on the restructure agreement and the City would own the stadium. The City already owned the improvements; now they would get to buy the land for \$1. The agreement also gave the City six months to use the property. NRS 361.157 limits taxation of a leasehold or possessory interest to the percentage of time during the fiscal year that the property was leased or used. The owners believe that both the public ownership and the limited income-producing ability of the property indicated that a reduction in taxable value was appropriate. More immediately evident was the statutory necessity of the taxpayer's leasehold interest in the stadium being limited to the actual percent of usage of the stadium. He said because this was owned by the government, a 50 percent reduction in taxable value of the leasehold interest from \$25,600,004 to \$12,800,002 should occur.

Mr. Bosma next reviewed the Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) for the period December 31, 2012 through December 31, 2013 as shown on page 2 of Exhibit A. He stated in 2012 the Aces won the national championship and they were able to make \$1 million in EBITDA on a whole lot of debt service. In 2013, which was a bubble year because they held the Allstar game, their income went up a little.

Mr. Bosma stated Exhibit A showed attendance data. In 2009 the attendance was 465,000 and the stadium holds 9,100 seats. He noted attendance declined since 2009 from 71 percent of capacity to 56 percent of capacity. He said Exhibit B showed the decline of the overall downtown corridor during that same time period. He noted the overall downtown corridor had reduced in value by 65 percent and the value for the Aces had gone up 6.8 percent during the same time. He said if you looked at the original lease and limiting the taxation to the possessory interest, that would result in a 50 percent reduction.

Mr. Bosma next went over the photos he submitted as Exhibit C through Exhibit G. He said he lived two blocks from the stadium and knew the issues they faced with the homeless, littering, possible drug transactions and washing laundry in the River. He noted some of the photos were taken from the Second Street bridge and approximately 100 yards away from the stadium.

Mr. Bosma stated when the project was originally planned, the whole area was going to be redeveloped and provide a vibrant downtown corridor. Due to the economic collapse in 2008 and 2009 that did not happen. He did not think anyone would go to the Freight House District in the off season; however, that was part of the significant projected economic positive impact for the project. To provide for a 65 percent reduction in value for other like properties that had been decimated by the collapse and were supposed to benefit jointly from the project, yet increase the subject over time, he believed did not treat the taxpayer fairly.

Appraiser Burke stated the Assessor's Office had gone over many times whether or not to use replacement cost or the income approach to value the subject. She stated the Appellant submitted income information and she reviewed it and did more research to determine if that was an applicable way to value the property. She said there was an excerpt (pages 14-22 of Exhibit I) from an educational seminar that was given on valuing major league stadiums. She said the Assessor's Office had always maintained that the cost approach was the most appropriate method for valuing special use properties, such as the subject. The income approach was not applicable because there was not a reliable method to allocate value between a team and an arena. She said cash flows were unstable and unpredictable, and rent was often free or well below market due to the relationships between local governments and sports events. She explained the 65 percent downturn in the downtown corridor that Mr. Bosma mentioned was basically what the taxable value was on the stadium; it was approximately 1/3 the cost to construct the stadium in 2009 and 2010. She stated there was documentation throughout the presentation showing the actual costs of construction in excess of \$80 million.

Appraiser Burke asked the Board to review page 12 of Exhibit I showing the Nevada Revised Statutes (NRS) which covered the Appellant's appeal. She said it had no relevance to this case. She read NRS 279.678, Assessment and Taxation of Leased Redeveloped Property. She said whether they used it for six months or 12 months, which she felt they used it for 12 months based on the restructured agreement (Exhibit H), per the statute they had to pay for all the improvements for the entire year.

Josh Wilson, Assessor, stated the first few minutes of the representative's testimony seemed to focus on what the team expected as a return on their investment for the property. He said there were many people who got burned in the economic decline whereby they may have invested a significant amount of money in a project in this area in 2008 and 2009 only to see that return diminish because of the economic conditions. He said the Assessor was required to value the property consistent with NRS 361.227 and then determine if there were any applicable exemptions and determine if there was a leasehold interest in the property.

Assessor Wilson stated the Petitioner appealed last year, but signed a withdrawal. He thought the current representative referenced a 2012 appeal whereby they had an MAI appraisal done by a local appraiser, which did seem to indicate a value close to the recommended value. He said it did not sound as if the Petitioner was questioning the current taxable value, but it sounded like he was trying to go to the provisions of NRS 157 where it stated the Assessor's Office had to allocate the percentage of time the lease was applicable. He noted the subject was in a redevelopment area; however, NRS 279 was the Chapter that governed possessory interest. He said the City may acknowledge the stadium and do their own accounting for it, but the Assessor's Office and the Treasurer's Office could not recognize it as a tax increment district.

Assessor Wilson stated in his opinion, the Petitioner was testifying they were not getting the cash flow they hoped for. He noted the Petitioner testified it cost \$47 million to build the stadium, which was valued at approximately \$25 million by the Assessor's Office. He said they were out of pocket more money and it was frustrating, but he did not know how that could serve as a basis for a reduction in the taxable value using the cost approach.

Assessor Wilson referenced page 23 of Exhibit I which showed a signed stipulated agreement with the State Board of Equalization for the 2009-10 tax year, whereby the stipulated value was similar and consistent with the current taxable value. He maintained the subject was very unique and argued it was not like other similar properties in the downtown area as the Petitioner referenced. He said they talked about a 22.5 percent decline in attendance, yet the numbers trended up in 2013. He said the bottom line from the Assessor's Office was that they were well below the indicated replacement cost pursuant to the approach that was stipulated to in 2009-10. He may have said that the Assessor's Office would consider income in 2010 during the appeal, but he would never claim to be an expert on baseball stadiums.

Member Kizziah stated it would cost approximately \$80 million to rebuild the stadium, but there would be a lot of obsolescence built into that. He wondered if obsolescence was based on economic obsolescence. Assessor Wilson stated he believed

the obsolescence they were maintaining on the property was applied consistent with previous Board's determinations and it may have been economic obsolescence. He said they had a reported replacement cost of the whole Freight House District and baseball stadium in excess of \$100 million.

Appraiser Burke clarified that the obsolescence was applied in 2012 and this Board upheld the replacement cost. When the appeal went before the State Board the year the appraisal was submitted, they did not accept the income approach to value. They felt because the market took a downturn, there was some economic obsolescence and reduced the value down to \$25,600,000. In 2013, she said the Assessor's Office maintained that value, the Petitioner appealed and withdrew, and in 2014 the Assessor's Office maintained the \$25,600,000 based on the stabilization of the downtown market.

Mr. Bosma stated he wanted to object to the testimony Appraiser Burke was giving regarding the appraisal that was submitted two years ago, because it was not on record in this jurisdiction and he felt she was wrong on how she represented it and he did not want it considered. Leslie Admirand, Legal Counsel, stated that the Board did not procedurally follow general court type rules with regard to presenting evidence; testimony was taken, given the weight it was given and whatever evidence that was presented or testified to, the Board could give it the appropriate weight. Appraiser Burke stated she was at those hearings and was answering the questions based on the best of her recollection.

Member Kizziah stated he was still confused on the issue of six months of use versus 12 months and how they would be taxed. Appraiser Burke stated according to NRS 279.678 it did not matter how long they used it, they had to be taxed for the whole year. She said the Appellant's presentation, (Page 3, Exhibit H) stated the lessor shall enter into a management contract with the developer for the stadium covering the six months of each year not subject to the stadium lease, pursuant to which the developer would manage and operate the stadium, pay all expenses related thereto and receive all revenue there from for a fee of \$1. She may be reading that incorrectly, but it said to her that they were receiving all the revenue from the other six months that was not related to baseball.

In rebuttal, Mr. Bosma stated the appraisal submitted two years ago came up with an estimated rent of the stadium based on other stadium rents and not based on the actual or on economics. When the Assessor's Office used *Marshall & Swift* as defined by statute, their replacement cost new, less depreciation was approximately \$33 million, not \$80 million. That was why there was \$7 million in obsolescence factored in to the subject. He said it was factually incorrect to say that it had a replacement cost of \$100 million; otherwise it would have a larger obsolescence applied to it. He noted the stipulation agreement in 2009, was not binding and four years later they were paying millions of dollars to support the facility. Life and the economics had changed significantly in Reno and for the prospects of the whole area. The City now owned the improvements, not the redevelopment district, so he thought under any number of methods, trying to pretend this value was worth \$25 million and that it was the same since inception, was wrong.

Mr. Bosma stated Area 51 in Las Vegas was owned by the Las Vegas Convention and Visitor's Authority, who paid zero property tax. When the Silver Sox were playing at the Moana Stadium, they paid zero property tax. He did not know what this taxpayer did to upset the Assessor's Office, but based on their interpretation of the statute, they thought it should be 50 percent less and they amended their lease to be able to get there. The City could use it for the six months for City type events, but it was a public facility. He said he pulled up City Hall and they were not paying taxes and the Silver Legacy went down from \$176 million in 2008. He said if that property had to be rebuilt today it would cost significantly more than that. He said the replacement cost new as the Assessor's Office calculated per NRS was \$30 million, but he believed it should be \$10 to \$12 million. He said at a minimum, that was what he would urge the Board to consider.

Member Brown asked if the property in Las Vegas not paying taxes was in a redevelopment district. Mr. Bosma stated it was owned by the Las Vegas Convention and Visitor's Authority. Member Brown asked since the subject property was in a redevelopment area, did that put this in a unique category for taxation. Assessor Wilson said yes, it did. When property was leased or otherwise made available in a redevelopment area, provisions of that possessory interest fell under NRS 279.678 and not NRS 361.157, which the Petitioner had referenced. Member Brown asked what the Petitioner's argument was regarding the Assessor's Office claim regarding NRS 279.678. Mr. Bosma stated the subject was on the secured roll, but they believed it should be on the unsecured roll, because it was owned by the City. Assessor Wilson stated NRS 361.157 clearly did not state that it shall be valued on the unsecured roll; it said it shall be valued and taxed in the same manner as if it was on the secured roll. In this case the taxpayer was the same entity that owned the leasehold or possessory interest in the stadium. Because the Petitioner owned the land, it was easier to maintain quarterly payments so they did not get a single tax bill in a given year. Assessor Wilson stated the Petitioner had not done anything to upset him or cause him to strike back through any sort of valuation. That was absolutely incorrect for him to imply. He said he had met with Mr. Katzhoff many times and he was willing to sit down with him at any time, but what was more applicable was that he was not willing to break the law and assess the subject inappropriately. He said it was a great stadium and a good facility for the City, but he could not just create exemptions. He said the Petitioner implied that the Assessor did not value possessory interest in the City Hall and he was hoping the Appellant did not misspeak under oath, because clearly those nonexempt taxpayers were paying their fair share of taxes in that building for the possessory interest that they possessed. Mr. Bosma stated he asked the Treasurer's Office what tax had been paid on that property and he was told "zero".

Assessor Wilson stated when they entered into the signed stipulated agreement, it was based on the property being valued as a minor league stadium and then the box seats were valued using the major league stadium costs through *Marshall & Swift*. He said this was one of the nicer Triple-A stadiums in the country. He explained they started with replacement cost new, and then they exempted the box seats the RRA maintained for their use, as well as some of the stadium seats the City had sole use of. It

was his understanding that staff in the Assessor's Office felt there was no further reduction warranted in the current year.

Vice Chairman Krolick asked where the 65 percent obsolescence came from. He questioned if the difference between last year's improvement taxable value of \$22,402,000 and this year's value at \$22,342,000 was related to depreciation. Appraiser Burke clarified 65 percent was not used for obsolescence. She said that based on the actual cost compared to the current taxable value, the taxable value was now approximately 1/3 of the cost to construct. Since 2009 and the stipulated agreement, she said the subject was valued through *Marshall & Swift* in the manner everyone agreed to, which came in significantly less than replacement cost. The stadium by itself, not including the Freight House District, came in at a cost of \$31,528,410, then they added the Freight House improvements and obsolescence of just under \$8 million, which equated to the total taxable value of \$25,600,004. The difference from last year was an additional year of depreciation, re-costing and rounding. The State Board of Equalization's (SBOE) decision was to reduce it \$25,666,404 and this year she went with \$25,600,004.

Mr. Bosma stated the actual cost to construct the whole property was not \$80 million and that was what the Assessor's Office originally valued the subject at. He said it was a minor league stadium and replacement cost new under *Marshall & Swift* was \$33 million to \$35 million. It would cost \$80 million to replace a major league stadium. He said the current information within *Marshall & Swift* from a cost approach was not being disputed, but they thought obsolescence should be applied because of the external stuff happening in and around the stadium and in and around the City.

Appraiser Burke stated on page 22 of Exhibit I was a letter from Jerry Katzoff written to Mayor Cashell wherein it stated, "...increases in the construction costs of the Triple-A stadium along with the costs of developing the Freight House District have pushed our original \$60 million budget to over \$80 million." She referred to the advertising articles included in Exhibit I in which the cost of the stadium was compared to other major league stadiums.

Member Kizziah asked if the Assessor's Office had any comments on any change since the last stipulation regarding the exterior obsolescence. Appraiser Burke stated she thought it was about the same and she personally had never felt comfortable walking down by that part of the River. Member Kizziah stated going back another four to six years, he felt the blight would have been worse before they started construction but maybe it was not. He said the City, County, RRA and baseball thought that might go away with the redevelopment of that area, but there not been a change since the last stipulation.

Mr. Bosma directed the Board's attention to page 10 of Exhibit M that showed their out of pocket costs for property and equipment at \$47,605,108 in 2012. Page 11 showed the cost to acquire the team was approximately \$20 million. The two components came to about \$67 million and then all the additional costs to get the property up to speed. Until they began business those were the costs to operate before the

first season began. From the owner's perspective that was what they had in the project, but the building only cost \$47 million to build.

Member Kizziah asked if the basis of the appeal was the loss of use of the stadium for six months. He said it looked like from the settlement restructure that any income from that, less \$1 would go back to the owner. Mr. Bosma stated that was correct. Member Kizziah stated the control of those six months had been removed from them and the entities that now controlled it would not have income producing events. Mr. Bosma said that was correct and basically the agreement. The City said the Aces could use the stadium park off season. Member Kizziah asked if there were any income producing events the owner held in those six months prior to the restructure agreement. Mr. Bosma stated no, baseball was the only event going on at the stadium, with an exception of a night or two. Member Kizziah stated they did not give up any income and Mr. Bosma stated that was correct.

Mr. Bosma stated he did not believe the stipulation was binding on this Board at this time because it was signed four years ago. He said the owner made an economic decision to not continue to pay legal fees to fight the appeal and signed the stipulation. He believed things had deteriorated in Reno since then. He moved to downtown Reno in 2013 and it had gotten progressively worse.

Vice Chairman Krolick asked if there was anything in the lease to prevent the leasee from holding for-profit events in the off season. Mr. Bosma said they did not control it for those six months; they could ask the City but it would take a special use permit. He said he thought they had been denied on more than one occasion to do a special event in the stadium.

Member Brown stated the Petitioner kept making a strong point about the safety in the area and he wondered if there had been any data collected on robberies or assaults in that area. Mr. Bosma stated he got an alert every time something happened and yesterday a felony assault happened within one-half mile of the stadium. He said he attended a meeting at the building across from the stadium a couple of days ago and he could not believe the level of bad activity on the River. He said that was why there was a decline in ticket sales and revenue.

Member Brown asked what the disconnect was from the time they moved in, because they knew it would be like that. Mr. Bosma stated in Exhibit I (page 26) there was a picture of promotional material that quoted; "This will be a 365-day-a-year entertainment district that will keep people coming downtown." They got a good deal from the City, who wanted this to happen to stimulate the investment; however, since it started none of that investment happened. He said they did not need the stadium for the rest of the year because they could not do anything, so they gave it to the City who could use and help pay on their contract.

Vice Chairman Krolick closed the hearing and brought the discussion back to the Board.

Member Horan stated the Board heard a lot about the economic downturn; however, he thought the statute read to the Board was clear as to how the subject should be assessed and he was comfortable with the cost approach. He accepted the fact that it did not turn out the way it was envisioned, but he was comfortable supporting the Assessor's Office recommendation to uphold. Member Kizziah stated he did not think they gave up any income with the restructure agreement and the other six months was not applicable. He also did not believe the downtown situation was worse around the ballpark than it was when they built it and the stipulation was signed. Mr. Brown concurred stating NRS 279.678 was applicable in this situation.

With regard to Parcel No. 011-450-22, 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 Horan, which motion duly carried with Chairman Covert absent, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property was less than the taxable value computed for the property in the current assessment year.

14-259E PARCEL NO. 009-433-36 – GALLOWAY LIVING TRUST –
HEARING NO. 14-0171

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 1100 Greensburg Circle, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Description of reason for appeal and supporting documents, 6 pages.

Exhibit B: Letter and supporting documentation, 2 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, James Galloway was sworn in by County Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Joe Johnson, oriented the Board as to the location of the subject property.

Mr. Galloway referred to page 3 of Exhibit A and stated the Assessor's Office total taxable value did not exceed market value. He was basing his appeal on the way the depreciated replacement cost new (RCN) was calculated. He said the basic structure amount from *Marshall and Swift* was \$700,147. If he added the other factors of \$104,149 to the \$700,147 he would get the RCN. After that, 33 percent in depreciation would be applied, which would equate to \$538,879. He said the problem he faced this

year was that those numbers were too high. He noted two years ago he brought in statewide labor data and national cost of construction information that showed *Marshall and Swift's* program was generating numbers that were too high for replacement cost. He said at his previous hearing he was told by the County Board of Equalization (CBOE) that they used market value. He said his concern was there was no mechanism for a taxpayer to appeal *Marshall and Swift's* calculation. He thought the Board may not have the authority to question *Marshall and Swift* but could acknowledge Mr. Galloway might be right that his actual RCN was too high and therefore his depreciated RCN should be lower.

Mr. Galloway said he had been asked how much his insurance company thought the value of the subject was. He said the Assessor's Office used \$804,000 for RCN and he read a quote from his insurance company which stated \$647,501. Another quote from a different insurance company came in at \$594,000. He noted both of those were quotes for replacement costs. He said his tax accountant gave him a quote of \$639,000. He stated the independent experts he used all said that \$804,000 was way too high. He hoped the Board would state for the record that he brought in evidence by experts that indicated the \$804,000 used to calculate the depreciated RCN was too high.

Mr. Galloway said by averaging the first two quotes given by the insurance companies, he came up with \$620,751. He explained that when the depreciation of 33 percent was used, that should give a total for the building of depreciated RCN of \$415,903, which was what he was asking for. He suggested the Board get insurance quotes for replacement costs because he believed they would find that their own RCN was too high also.

Mr. Galloway stated he was not disputing the value of the land; only the taxable value of the buildings. He said the Assessor's Office could only use one source and that was *Marshall and Swift*, but the actual Nevada Revised Statute (NRS) that says how to calculate and give a break to older structures was to start with RCN of the property as if it were built new, not the replacement cost determined by a private business. He pointed out that insurance companies want your business, but if they calculate the replacement cost and they were low and his house burned down, it would not benefit them, especially with added cleanup costs. They could not afford for it to be low.

Mr. Galloway stated he would like the Board to clarify whether they had the authority or not to act on his appeal and if they did not, what would be his next step. He said he estimated how much extra taxes people in Washoe County and Clark County were paying for single-family residences and he came up with approximately \$91 million. He said the Assessor's Office was not wrong regarding market values, but that was not the point.

Member Brown said page 2 of the petition required the Petitioner to check which NRS applied to the appeal and it was not marked. Leslie Admirand, Legal

Counsel, said NRS 361.227 was the statute that provided the determination of taxable value.

Josh Wilson, Assessor, stated Appraiser Johnson had done a fantastic job indicating the total taxable value of the subject did not exceed full cash value as stipulated by the Petitioner. He said that depreciation of an improvement made on real property must be calculated at 1.5 percent of the cost of the replacement for each year of adjusted actual age of the improvement up to a maximum of 50 years. He believed the Petitioner's argument was the determination of the cost of replacement, which was not clearly identified in statutes, but was identified in regulations. He said regulations was the most appropriate venue to change what was the standard for determining an appropriate RCN for all improvements across the State. He reminded the Board that NRS 361.260(7) which showed the method of assessing property for taxation, appraisals and reappraisals said the county assessor shall use the standards for appraising and reappraising land adopted by the Nevada Tax Commission. He said the standard adopted by the Nevada Tax Commission could be found in the Nevada Administrative Code (NAC) 361.128 and it stated that for other improvements he must use the standard in the cost manuals including modifiers of local costs published or through or furnished by the *Marshall and Swift* publication company. He said there were different standards for rural buildings and those could be found in the manual entitled *Rural Building Costs*, which was also adopted by the Nevada Tax Commission.

Assessor Wilson stated he did not know what the best standard was; however, he knew the Nevada Tax Commission told him he had to use the *Marshall and Swift* Manual. He said if there was a better company out there, he would prefer to use it, but to achieve the uniform and equality required under the Nevada Constitution there could not be various assessor's throughout the State using different standards for determining RCN. He felt if he applied the average standard of the three insurance quotes to value the subject, he would be creating an inequity related to all the other parcels within Washoe County who had the standards from *Marshall and Swift* applied.

Member Kizziah stated the NRS and NAC said to use *Marshall and Swift*, but he wondered if Assessor Wilson was aware of any other provisions within those regulations that would give the taxpayer the right to petition based upon providing a different approach to the cost analysis. Assessor Wilson stated the provisions which allowed the CBOE to hear an appeal were under NRS 361.355, 361.356 and 361.357, all of which dealt with taxable value exceeding market value, or in the case of 361.355 or 361.356 similar type properties either within the County or outside of the County being inequitably valued. He said NRS 361.345 stated the CBOE may not reduce the assessment unless it was established by a preponderance of evidence that the valuation established by the county assessor exceeded the full cash value or was inequitable. He stated if the application of the *Marshall & Swift* cost service in the determination of RCN was so erroneous it would have lead to some sort of excessive valuation on the improvement side, but that had not occurred. In each case the current depreciated RCN was below any insurance estimate the Petitioner provided.

Member Brown asked if this was not the appropriate venue for this appeal, where would that proper venue be. Assessor Wilson suggested in order to ensure that all improvements were costed uniformly throughout the State, it would be through the Department of Taxation in their review and update of NAC 361.128 to identify a different standard for determining RCN.

Mr. Galloway stated if he was the assessor, he would do exactly what was being done because that was what the State told him he had to do. Unfortunately, this particular sole source appeared to be too high. He said NRS 361.355, 361.356 and 361.357 that govern appeals were not the only statutes that could be used and he had a different reason for appealing. He said if a Petitioner brought evidence showing the assessment was incorrect based on a better comparable, the Board could make an adjustment. Mr. Galloway stated he was asking for the same consideration. He felt the standard being used from *Marshall & Swift* was incorrect and he wanted the Board to correct it, which would be the same right of correction afforded to any other petitioner. He thought it would be okay to leave *Marshall & Swift* as the point of beginning an appraisal, as long as someone could come before the Board to show evidence to the contrary. He said he could not afford to go to every administrative hearing held by the Department of Taxation and he could not afford an attorney to take this issue to court. He said forcing an average citizen to hire an attorney to go to court was not reasonable. He said he already asked at the State level why they thought *Marshall & Swift* was so high and he was told they had received complaints that *Marshall & Swift* was too low. He did not believe the taxpayers were the ones that were complaining, he thought those complaints were coming from appraisers. He wondered if the Board could say it appeared from the evidence submitted that the *Marshall & Swift* base number was high and suggest the method of determining RCN be re-examined. If the Board did that, he would then have strength to go to the next level.

Vice Chairman Krolick asked legal counsel if the Board could procedurally create a record based solely on the evidence by the Petitioner or should the Board also hear evidence from the Appraiser. Ms. Admirand said it was stipulated that both the Petitioner and Appraiser concurred the valuation was below market value and unless the Appraiser wanted to make an additional presentation, she thought the record could stand.

Mr. Galloway said one insurance company he spoke with told him that concrete could be damaged in a fire and often was, which meant they did not take it for granted that a home could be rebuilt on the same foundation. He said the insurance agent also told him if he had a house with a similar floor plan and it was a century old, it would have so many toxins that the insurance company would bump up their estimate of replacement cost because they would have to cover cleaning up lots of issues, such as asbestos. He thought that supported his case.

Ms. Admirand stated the Board's power was defined and limited by the Legislature and contained within NRS 361. She said the Appellant was asking the CBOE to question the method of determining RCN. The Legislature determined the Nevada Tax

Commission would determine the standards for determining the cost of replacement or improvements and the Assessor pointed out the applicable provisions of NRS that bound them to those standards. She said there were also provisions in NRS 361.340 that mandated the CBOE comply with any applicable regulations adopted by the Nevada Tax Commission, which were the standards adopted pursuant to *Marshall & Swift*. In her opinion, those provisions limited the CBOE to use those standards adopted by the Nevada Tax Commission.

Member Kizziah asked which NRS would be followed to make a motion. Ms. Admirand advised the Board they did not need to make a motion specific to any one provision, but she would like the Board to include in the motion that the total taxable value did not exceed full cash value and the land and improvements were valued correctly. She said the Board could also include language in the motion that on advice of counsel the motion would not be based on altering the method or standards approved by the Nevada Tax Commission.

Mr. Galloway stated he did not mind the suggested language from legal counsel, but he thought there was nothing prohibiting the Board from stating it appeared to them from the evidence brought by the Appellant that even though the Board had no authority to support the appeal, the number arrived at by the prescribed method appeared to be high.

Vice Chairman Krolick brought the discussion back to the Board. Member Kizziah stated he would be uncomfortable saying it appeared to be high. Member Horan concurred stating it was not the role of the CBOE. Member Horan asked if the Board could use the language under NRS 361.357. Ms. Admirand informed the Board they could use the standard motion language provided to them for NRS 361.357. Vice Chairman Krolick commented that the relief being sought by the Petitioner could only be achieved by the Legislature changing the law.

With regard to Parcel No. 009-433-36, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Brown, which motion duly carried with Chairman Covert absent, it was ordered that the Assessor's taxable values be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property was less than the taxable value computed for the property in the current assessment year.

DISCUSSION FOR HEARINGS 14-0060 and 14-0061

On behalf of the Petitioner, Larry Johnston was sworn in by County Clerk Nancy Parent.

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

Mr. Johnston stated he represented 23 investors as owners of the two parcels. He said they gained ownership of the subjects in July 2013 through a foreclosure process against developers whom they had loaned \$6,060,000. He said they had to pay over three years in back taxes to avoid losing the parcels to Washoe County. He noted they raised over \$100,000 to pay the back taxes when they discovered those had not been paid. He stated the investors intended to hold on to the property until the commercial real estate market rebounded. He said recent reports indicated there may be as much as a 10-year supply of commercial office buildings in Reno. He reported that no commercial lot sales of similar land had occurred in Reno in the last several years; however, on August 30, 2013 there was a sale of four parcels immediately adjacent to these lots. Those parcels totaled 6.059 acres and sold for \$1,425,000. He referred to Exhibit B which showed the assessment value of those four lots mirrored the subjects for the 2012-13 and 2013-14 tax years. Last year following the sale of those lots, they were reassessed to an average of \$1.88 per square foot, or \$5.39 per square foot of appraised value. He said the subjects were reassessed at an average of \$2.30 per square foot, or \$6.65 per square foot of appraised value. He said he understood it was difficult to obtain data to reassess property in Washoe County, but he felt consistency was important in keeping assessment of properties in line with similar properties. He said the subjects were similar to the four parcels sold in every respect.

Mr. Johnston said parcel number 163-050-23 (23) had two large easements and was irregularly shaped, which he felt drastically reduced its building envelope. Parcel number 163-050-22 (22) was also irregularly shaped and had a reduced building envelope. He noted that when they purchased the lots, they were rectangular in shape but were realigned to coincide with the giant four towers that were to be built in the general area. He said it was logical therefore that the subjects should be assessed at the similar value of the recently sold lots: \$1.57 per square foot for the larger lot, or \$2.20 per square foot for the smaller lot. He noted the proposed requested values were listed in Exhibit B under Reassessment Proposal A. He continued to refer to Exhibit B showing the assessed value per square foot for 2012-13, 2013-14 and 2014-15.

Appraiser Stockton went through the sales listed in Exhibit I. He noted the most relevant sale was the parcel right next to 22. He said land sale (LS) 1 involved five parcels and they were all located around a body of water. He stated parcel number 163-050-28 was adjacent to a detention pond and was a walking trail with some trees and was deed restricted as open space. He said it had a current value of \$500 because nothing could be done with the parcel. He said parcel number 163-050-27 was also deed restricted. He noted the Assessor's Office took square footage off of 163-050-27 and 163-050-28 and came up with a total of 5.35 acres of useable land. He said the purchase price for the parcels came to \$6.12 per square foot for the useable space. He said 22 consisted of 1.19 acres, and in the office neighborhood they valued zero to two acres at \$7 per square foot, two to five acres at \$6.50 per square foot, and five to 10 acres at \$6 per square foot.

Member Horan asked if Appraiser Stockton was valuing the four parcels as one large parcel, or was he looking at the four individual parcels independently. Appraiser Stockton stated they were valued individually.

Appraiser Stockton stated Exhibit B reflected the correct numbers, but three of the parcels involved in the sale had an adjustment for access. He said those parcels sat back off the road and were given a 10 percent adjustment. He felt those parcels were inferior to 22 in that respect. Member Horan asked if that was a new adjustment this year. He also asked Appraiser Stockton to review the parcels for Lewis Investments on Exhibit B and explain the difference in value. Appraiser Stockton replied the Assessor's Office lowered the values in that neighborhood this year due to an across-the-board size adjustment.

Member Kizziah asked if there was any value added to the comparables to see the water versus having to be on Double R Boulevard. Appraiser Stockton stated there might be, but he did not have the market evidence to sway it either way. Member Kizziah asked if the owners develop the lots on Double R they have a much greater setback for the improvements. Appraiser Stockton stated he was not aware of any additional setbacks, but the developer could not build right up against any parcel or Double R Boulevard. Member Kizziah stated they had a good size easement that faced the water, so he assumed the easement would be counted as part of the setback. He said the Assessor's Office took out the easement for purposes of identifying the useable area, but it may be usable if the developer could count it as a setback. Appraiser Stockton agreed.

Mr. Johnston stated he was not aware of the 10 percent adjustment and had argued before whether it was advantageous to be on Double R Boulevard or to have a view of the water. He said 23 had a 44 foot easement and 22 had a 35 foot easement. He thought 163-050-26 was 58,000 square feet and almost identical to 163-050-24, which had been valued at \$2.205 per square foot and the subjects had been valued at \$2.45 per square foot. He acknowledged they were not talking about a huge amount of money and what was decided by this Board would not change his lifestyle, but he was representing a lot of hardworking investors who would be affected. He said at this time with a 10-year supply of office buildings, it made the two lots almost worthless, because no one wanted to buy them. He said they were in discussions with Lewis Investments to straighten out the lot-lines and to eliminate some of the easement issues which would benefit all of them. He was happy to see the Lewis Investment property sell for so little because he thought it would help get their taxes lowered, but he also recognized it meant the parcels were worth less.

Member Kizziah asked if the sale of those four parcels were arms-length transactions. Mr. Johnston stated he did not know exactly what happened, but it was not a foreclosure sale.

Vice Chairman Krolick brought the discussion back to the Board. Member Horan stated he would support the Assessor's Office value. Mr. Johnston stated his

proposal for 22 would be to change the value to \$6.30 per square foot and value 23 at \$4.50 per square foot.

See 14-0060 and 14-0061 below for details concerning the petitions, exhibits and decisions related to each of the properties in the consolidated group.

**14-260E PARCEL NO. 163-050-22 – BOULEVARD SOUTH AT RENO LLC
HEARING NO. 14-0060**

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located on Double R Blvd., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Comparable sales, 2 pages.

Exhibit B: Letter and supporting documentation, 2 pages.

Assessor

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

For the discussion that took place for this hearing, see DISCUSSION FOR HEARING NOS 14-0060 AND 14-0061 above.

With regard to Parcel No. 163-050-22, pursuant to NRS 361.355. based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Kizziah, seconded by Member Horan, which motion duly carried with Chairm Covert absent and Member Brown voting "no", it was ordered that the taxable land value be reduced to \$325,389, resulting in a total taxable value of \$325,389 for tax year 2014-15. The reduction was based on reducing the square foot taxable value from \$7 to \$6.30 per square foot. With that adjustment, it was found that the land was valued correctly and the total taxable value does not exceed full cash value.

**14-261E PARCEL NO. 163-050-23 – BOULEVARD SOUTH AT RENO LLC
– HEARING NO. 14-0061**

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located on Double R Blvd., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Comparable sales, 2 pages.

Exhibit B: Letter and supporting documentation, 2 pages.

Assessor

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

For the discussion that took place for this hearing, see DISCUSSION FOR HEARING NOS14-0060 AND 14-0061 above.

Member Kizziah made a motion to reduce the land value to \$511,612. Member Horan seconded the motion. The motion failed on a 2 to 2 vote, with Chairman Covert absent. Vice Chairman Krolick stated he could not support that large of a reduction. Leslie Admirand, Legal Counsel, advised the Board the Assessor's value would be upheld in the event the Board could not come to a unanimous decision regarding the value. Vice Chairman Krolick stated he thought a reduction was warranted, but not that drastic. Member Kizziah stated he felt this reduction should be at \$6.30 per square foot.

With regard to Parcel No. 163-050-23, pursuant to NRS 361.355. based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Kizziah, seconded by Member Horan, which motion duly carried with Chairman Covert absent, it was ordered that the taxable land value be reduced to \$715,157, resulting in a total taxable value of \$715,157 for tax year 2014-15. The reduction was based on reducing the square foot taxable value from \$6.50 to \$6.30 per square foot. With that adjustment, it was found that the land was valued correctly and the total taxable value does not exceed full cash value.

11:41 a.m. Member Horan left the meeting.

14-262E **PARCEL NO. 040-972-34 – MVCC SIERRA LLC – HEARING NO. 14-0067**

A Petition for Review of Assessed Valuation was received protesting the 2014-15 taxable valuation on land and improvements located at 5470 Kietzke Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income statement, 2 pages.

Exhibit B: Letter and supporting documentation, 9 pages.

Assessor

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

No one offered testimony 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. Sr. Appraiser Lopez said page 1 of Exhibit I showed a recommendation for reduction and the Petitioner was in agreement.

With regard to Parcel No. 040-972-34, 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 Kizziah, which motion duly carried with Chairman Covert and Member Horan absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$4,350,735, resulting in a total taxable value of \$5,378,314 for tax year 2014-15. The reduction was based on obsolescence. With that adjustment, it was found that the land and improvements were valued correctly and the total taxable value does not exceed full cash value.

14-263E BOARD MEMBER COMMENTS

There were no Board member comments.

14-264E PUBLIC COMMENT

There was no response to the call for public comment.

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11:46 a.m. There being no further hearings or business to come before the Board, on motion by Member Kizziah, seconded by Member Brown, which motion duly carried with Chairman Covert and Member Horan absent, the meeting was adjourned.

JAMES COVERT, Chairman
Washoe County Board of Equalization

ATTEST:

NANCY PARENT, County Clerk
and Clerk of the Washoe County
Board of Equalization

*Minutes prepared by
Jaime Deller, Deputy Clerk*