

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

THURSDAY

9:00 A.M.

FEBRUARY 18, 2010

PRESENT:

James Covert, Chairperson
John Krolick, Vice Chairperson*
Linda Woodland, Member
James Brown, Member
James Horan, Alternate Member

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

The Board of Equalization convened at 9:02 a.m. in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. Chairman Covert called the meeting to order, the Clerk called the roll and the Board conducted the following business:

WITHDRAWN PETITIONS

The following petitions scheduled on the agenda had been withdrawn by the Petitioners prior to the hearing:

Assessor's Parcel No.	Petitioner	Hearing No.
034-351-05	NBS-RENO INDUSTRIAL OPCO LLC	10-0335
082-600-05	STANDARD MOTOR PRODCUTS INC	10-0345
012-051-25	RENO NEWSPAPERS	10-0892
082-492-18	SUN DIC ACQUISITION CORP	10-0893
037-271-59	VERALAS CORP	10-0895
163-090-06	MOTOR CARGO	10-0897
088-241-02	REHOLD RENO LLC	10-0899
530-460-02	LEVITON MANUFACTURING CO INC	10-0915

10-0640E SWEARING IN

Nancy Parent, Chief Deputy Clerk, swore in Howard Stockton of the Assessor's staff who would be presenting testimony for the 2010 Board of Equalization hearings.

10-0642E REQUESTS FOR CONTINUANCE

Roger Croteau requested Hearing No. 10-0415, 1301-1321 McCarran LLC, APN 033-221-24, scheduled for February 19, 2010 be rescheduled for February 24, 2010. The Board granted his request.

10-0644E **PARCEL NO. 025-470-19 – 5301 LONGLEY E, LLC –**
HEARING NO. 10-0405

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

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Assessment Notice, 1 page.

Exhibit B: Income statement and comparable sales, 39 pages.

Exhibit C: Income statement and comparable sales, 39 pages.

Assessor

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

On behalf of the Petitioner, Roger Croteau was previously sworn.

On behalf of the Assessor and having been previously sworn, Steven Clement, Appraiser, oriented the Board as to the location of the subject property. He stated he believed the next four hearings dealt with industrial-flex buildings and were a continuation of yesterday's discussions.

Mr. Croteau said based on the Board's rulings yesterday, this property demonstrated a reasonably high cap rate of 8.6 percent, but the Petitioner would appreciate the application of a 9 percent cap rate.

Appraiser Clement reviewed the properties income information as shown on page 1 of Exhibit 2. He advised the income approach to value was \$1,521,178 or \$55 per square foot.

9:10 a.m. Member Krolick arrived.

Appraiser Clement reviewed the sales comparable as shown on page 2 of Exhibit I. He concluded the improved sales indicated a range of \$53 to \$92 per square foot. He said based on those analyzes, the taxable value did not exceed full cash value and the property was equalized with similarly situated properties.

Chairperson Covert asked if the Petitioner's income had been looked at. Appraiser Clement replied he did not receive any information from the appellant.

Mr. Croteau stated he submitted the income information several days ago, which was the same time he submitted the information for yesterday's hearings. He said

the appellant used \$124,000 net and the Assessor used \$130,000 net, which was very close.

With regard to Parcel No. 025-470-19, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried with Member Krolick abstaining, it was ordered that the Assessor's taxable values be upheld for tax year 2010/11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0645E PARCEL NO. 025-470-20 – JOHNNY A RIBEIRO JR ETAL –
HEARING NO. 10-0406

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

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Assessment Notice, 1 page.

Exhibit B: Income statement and comparable sales, 40 pages.

Assessor

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

On behalf of the Petitioner, Roger Croteau was previously sworn. Mr. Croteau withdrew this hearing based upon the numbers calculated by the Assessor's Office using the income approach.

10-0646E PARCEL NO. 025-470-28 – 5325 LOUIS LANE, LLC –
HEARING NO. 10-0407

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 5325 Louie Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Assessment Notice, 1 page.

Exhibit B: Income statement and comparable sales, 40 pages.

Exhibit C: Income statement and comparable sales, 40 pages.

Assessor

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

On behalf of the Petitioner, Roger Croteau was previously sworn.

On behalf of the Assessor and having been previously sworn, Steven Clement, Appraiser, oriented the Board as to the location of the subject property, which was across the street from the property in Hearing No. 10-0405.

Mr. Croteau said this was a similar property to what had been previously dealt with. He stated the Assessor's calculation of income was very close to his, and he indicated he did not have anything further to present to the Board.

Appraiser Clement provided a brief overview of the values reached by looking at the sales and income approaches.

With regard to Parcel No. 025-470-28, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2010/11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0647E PARCEL NO. 025-470-31 – 5401 LONGLEY LLC –
HEARING NO. 10-0412

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 5401 Longley Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Assessment Notice, 1 page.

Exhibit B: Income statement and comparable sales, 42 pages.

Exhibit C: Income statement and comparable sales, 42 pages.

Assessor

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

On behalf of the Petitioner, Roger Croteau was previously sworn.

On behalf of the Assessor and having been previously sworn, Steven Clement, Appraiser, oriented the Board as to the location of the subject property. Mr. Croteau stated the Petitioner was in agreement with the Assessor's recommendation.

Appraiser Clement provided a brief overview of the Assessor's recommendation.

With regard to Parcel No. 025-470-31, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried, it was ordered that the taxable land value be upheld at \$1,346,900 and the taxable improvement value be reduced by \$354,615 for obsolescence resulting in a new improvement total of \$2,513,682, resulting in a total taxable value of \$3,860,582 for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0648E PARCEL NO. 025-620-09 – JOHNNY A RIBEIRO JR –
HEARING NO. 10-0413

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 4098 South McCarran Boulevard, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Assessment Notice, 1 page.

Exhibit B: Income statement and comparable sales, 38 pages.

Exhibit C: Income statement and comparable sales, 38 pages.

Assessor

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

On behalf of the Petitioner, Roger Croteau was previously sworn.

On behalf of the Assessor and having been previously sworn, Steven Clement, Appraiser, oriented the Board as to the location of the subject property. He stated there was a recommendation. Mr. Croteau stated the Assessor's recommendation was reasonable and, based upon the Board's prior rulings, the Petitioner reluctantly agreed with the recommendation.

Appraiser Clement provided a brief overview of the Assessor's recommendation.

With regard to Parcel No. 025-620-09, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Krolick, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$695,760 based on obsolescence, resulting in a total taxable value of \$968,660 for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0649E PARCEL NO. 164-280-17 – QUAIL PARK SOUTH LLC –
HEARING NO. 10-0475

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 75 East Patriot Boulevard, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Assessment Notice, 1 page.

Exhibit B: Income statement and comparable sales, 24 pages.

Exhibit C: Income statement and comparable sales, 24 pages.

Assessor

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

On behalf of the Petitioner, Roger Croteau was previously sworn.

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

Mr. Croteau stated the subject was constructed in 2007, but only 2,000 square feet out of 18,902 square feet were rented leaving 17,000 of unimproved vacant space. He said the convenience store rent was the property's only income, so it incurred a \$25,679 loss last year. He said the rental value was shown in Exhibit I, page 1 as \$1 per square foot, which would be more appropriate if it was improved retail space. He stated his comparables went from \$.60 to a \$1.30 for an equivalent, but were for finished space. He said the Assessor valued the property at \$68.10 per square foot, which he thought was high for a shell; however, there were comparables that were close. He requested \$400,000 in obsolescence for the current year because of the subject being a shell, for its vacancies, and because no leases were forthcoming.

Appraiser Clement stated the subject property was an 18,902 square foot industrial-flex building that was 10 percent finished. He said the potential gross income was estimated at \$226,824 using a 29 percent vacancy rate, which resulted in an affected gross income of \$161,045. He stated deducting 10 percent for unreimbursed expenses due

to the high vacancy rate would be appropriate and would result in a net operating income of \$144,941. Using a 9 percent cap rate would result in an income approach to value of \$1,610,450.

Appraiser Clement felt more weight should be put on the comparable sales because this property was new and was not totally rented. He said IS-1 was similar in quality, was four years older, but had more office finish; IS-2 was similar to the subject; and IS-3 was an inferior property. He felt the subject fell more into the range of retail use due to the convenience store located in front of the building, so it would be of a higher use than an industrial-flex building used as an office on Longley Lane. He said the improved sales indicated a range of \$54 to \$154 per square foot with IS-1 and IS-2 being very comparable to the subject. He advised the income approach indicated a value of \$85 per square foot so, based on his analysis, the taxable value did not exceed full cash value and the property was equalized to similarly situated properties.

Chairperson Covert asked if IS-2 was in an almost identical situation to the appellant's. Appraiser Clement replied it was. Chairperson Covert felt the taxable value should be weighted more towards IS-2 if the properties were identical. Appraiser Clement explained IS-1 and IS-2 were both comparable to the subject.

In rebuttal, Mr. Croteau stated regarding the Appraiser's statement that the subject fell more into the retail range of use, he believed having less than 10.5 percent associated with retail use did not make it a stellar property. He said he would like to compare the rent roles when comparing IS-2 to the subject, because no one purchased a property because it was a great piece of property but on the basis of its rent roll demonstrating a certain cap rate. He did not believe that IS-2 was identical in all respects, because he doubted it was 90 percent vacant at the time of purchase. He said no one in this town would pay \$83.90 a square foot for a vacant building. He stated the issue was the subject could not be rented and it was built in 2007. He reiterated that this property should receive an adjustment for obsolescence.

Chairperson Covert stated he was inclined to provide this property some relief. Member Horan agreed.

Chairperson Covert asked if the 8 percent was the industrial cap. Josh Wilson, Assessor, replied that was correct and 8 percent was the maximum. He said it could be lower than 8 percent depending on the Consumer Price Index. He advised there was a recapture provision in the tax cap legislation, but there was little expectation of things going back to where they were by next year. Chairperson Covert said the subject still would be over the sales price of IS-2 if \$400,000 in obsolescence was applied, but he was not sure the Board was willing to go quite that far. Member Woodland suggested \$200,000. Member Horan said he would support no more than \$200,000 in obsolescence.

With regard to Parcel No. 164-280-17, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, 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 \$200,000 due to obsolescence for a new total of \$702,704, resulting in a total taxable value of \$1,087,304 for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0650E PARCEL NO. 163-032-04 – IGT –
HEARING NO. 10-0884

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

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Assessment Data, 2 pages.

Assessor

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

On behalf of the Petitioner, Steve Laas, Tim Angus, and Annie Hilton were sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Steven Clement, Appraiser, oriented the Board as to the location of the subject property. He stated the Assessor's Office had a recommendation, but the appellant was not in agreement with it.

Mr. Angus stated IGT had been severely impacted by the downturn in the economy and had to layoff a number of employees. He said IGT felt it would be prudent to take a look at its properties, so they retained the firm of Duff and Phelps, LLC. He stated Mr. Laas would represent IGT at today's hearings.

Mr. Laas said Hearing No's 10-0884 and 10-0885 represented the land IGT owned around its corporate campus. He stated there had been no sales that would quantify the land value for these properties, and he had talked to almost every broker in town to try to come up with a market value. Chairperson Covert asked if Mr. Laas had additional handouts for the Board. Mr. Laas replied he did not have any additional evidence beyond what was submitted with the petition. He stated the Phizer building and the parcel behind it were for sale. He said the broker indicated he had an offer on the property of \$1.50 per square foot. He noted because \$1.50 a square foot was felt to be too low, he was asking the subject value be put at \$4.00 per square foot.

Ms. Hilton said she talked to a broker who did a lot of business in the area and asked him what area land values would be. The broker indicated he wished he had

some comparable sales in the area; but he felt if someone purchased land in 2006 or 2007, it would probably be discounted 30 to 50 percent if sold today. She believed that was an indication of where land values would be if there were any sales.

Appraiser Clement discussed the land sales as shown in Exhibit I. He said the most weight was given to LS-1 and the taxable value did not exceed full cash value. However, because this parcel was out of equalization with the adjoining parcel, the recommendation was to reduce the subject parcel to \$5.50 per square foot. He said with that adjustment the property would be equalized with similarly situated properties. Chairperson Covert asked if the adjoining parcel was also owned by the appellant. Appraiser Clement replied it was and would be the subject of Hearing No. 10-0885.

In rebuttal, Mr. Laas said the two parcels combined were over 20 acres, and he believed \$4.00 a square foot was a reasonable value for the property. Chairperson Covert noted the next parcel to be heard was at \$5.50 per square foot, so whatever was done on this parcel would also affect the other.

Member Krolick asked if LS-1 was time-adjusted forward and, based on the Assessor's analysis of market, how fast was the value of the land dropping. Appraiser Clement said the lack of sales would make it difficult to do a time-adjustment. He stated the sale was not that old, but it was inferior to the subject. Member Krolick asked about the recommendation of \$5.50 per square foot. Appraiser Clement explained the recommendation was based upon the size of the parcel and a one-acre lot having a \$12 per square foot value. Unfortunately, there were not a lot of comparable sales of larger parcels on which to base the appraisal. He said when this appraisal was conducted, parcels of 10 acres or larger had a value of \$5.50 and parcels of 5 to 10 acres were at \$6.50. He stated that breakdown put these two properties out of equalization with one being at 10.4 acres and the other at 9.86 acres. He did not believe the value had dropped by half since the appraisal was conducted.

Member Horan said he supported the Assessor's valuation based on the evidence presented. Chairperson Covert said he did not see a reason to reduce the value as much as the appellant wanted.

With regard to Parcel No. 163-032-04, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried, it was ordered the Assessor's Office recommendation be accepted to reduce the taxable land value to \$2,363,500 resulting in equalization with the adjoining property, for a total taxable value of \$2,363,500 for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0651E **PARCEL NO. 163-032-03 – IGT –**
HEARING NO. 10-0885

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

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Assessment Data, 5 pages.

Assessor

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

On behalf of the Petitioner, Steve Laas was previously sworn.

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

Steve Laas stated he would like to incorporate the information presented during Hearing No. 10-0884. He said the appellant's opinion of value was \$4.00 a square foot for this property.

Appraiser Clement said there was no recommendation and the comparables were the same as those discussed in Hearing No. 10-0884.

Chairperson Covert asked if the appellant had anything to add. Mr. Laas indicated he did not.

Member Horan recommended upholding the Assessor's valuation based on the evidence provided.

With regard to Parcel No. 163-032-03, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2010/11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0652E PARCEL NO. 163-031-03 – IGT –
HEARING NO. 10-0888

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 1000 Sandhill Road, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Assessment Data, 2 pages.

Exhibit B: Summary Appraisal Report, 55 pages.

Assessor

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

On behalf of the Petitioner, Steve Laas was previously sworn.

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

Mr. Laas said this property was a 52,100 square foot office, manufacturing and warehouse building that was built in 2002 and was owned and occupied by IGT. He stated page 6 of Exhibit B (circled page numbers) showed a current value of \$4,707,320 or \$90.35 a square foot, which was a 7 percent decrease from last year. He noted because of the property's mixed use, rents for all types of uses were looked at to come up with a market rent for the space as if it had been for lease.

Mr. Laas advised he supplied and summarized the Reno office-lease data for the South Meadows submarket in a chart on page 7. He said the subject's interior was at best a Class B office space that had mostly cubicles with very few hard-wall offices, low ceilings, and no grand finishes. He stated they calculated a rental rate of \$15 a square foot for the office space, \$9 a square foot for the manufacturing space, \$4.80 a square foot for the warehouse space, and a blend of \$12.50 a square foot for the entire building. He noted the Assessor's Office used a 25 percent vacancy rate, while the appellant used a 15 percent vacancy rate.

Mr. Laas said a report from a Reno office reporting service was used that broke out all of the operating expenses. He advised the taxes were pulled out and loaded into the cap rate. He said an office building was shown to be \$6.18 a square foot for expenses before taxes, but most brokers they talked to said it should be from \$7.20 to \$7.80 a square foot. He stated slightly lower expenses were used because the building was not just office space, and it was not necessary to have janitorial to clean the warehouse space. He stated a 75 percent factor was used and the taxes were excluded for total expenses of \$4.98 a square foot, which included a replacement reserve expense of

\$.25 a square foot. He said that resulted in a net operating income of \$280,826 before taxes. He said an 8.5 percent cap rate was used that was added back into the tax rate for a total cap rate of 9.744 percent and a value of \$2,882,060 or \$55.32 a square foot. Chairperson Covert asked what the replacement reserves were for. Mr. Laas replied the replacement reserves would be used for roof repairs, major air-conditioning repairs, or anything that was a capital item.

Appraiser Stockton discussed the comparable sales and the income approaches as provided in Exhibit I. He emphasized more weight was given to the comparable sales approach during the reconciliation process, because the income approach was not applicable to the subject due to the building being 100 percent owner-occupied. He noted that currently office buildings were being leased on a gross basis while earlier they were leased on a modified-gross basis. He explained the difference between gross, modified-gross and triple-net leases. He noted the reimbursements for expenses had gotten smaller in this market, so they were not included. He commented a lot of owner data was submitted this year, so it was possible to graph the operating expenses to determine that \$5.70 per square foot was in line for the subject property based on the market evidence. He explained the space was broken out by use and 8 percent, which included the taxes, was used because it seemed to be a good fit for a property that was not too distressed. He said the income approach indicated a value of \$82 a square foot.

Appraiser Stockton said he had questions regarding the appellant's income analysis, but the bottom line was that they came up with \$55 per square foot for a building that had a majority of office space. He felt \$55 a square foot seemed to be more in line with an industrial building and that the appellant's income analysis really understated the value of the property.

Chairperson Covert commented more weight was being put on the sales approach, but the income approach ended up with a value of \$82 a square foot, while the current value was \$90 a square foot for an owner-occupied property. He thought an owner-occupied property would be valued lower. Appraiser Stockton stated the \$90 was based on the costs, the depreciation and the value of the land. He felt that the owner-occupied properties were selling for more than the income-generating properties, and the owner-occupied buildings were purchased because they would work for what the owner wanted to use them for. He advised if there were leases and different fees, then an analysis would be done on the income.

Chairperson Covert asked if IGT built the building. Mr. Laas replied IGT found a building that suited their needs and bought it. Appraiser Stockton commented it would probably cost a lot more to build today than \$90 a square foot.

Member Brown asked why the subject had a lower quality class than that of the improved sales. Appraiser Stockton replied the storage space might have factored into the subject having a lower quality class, and it being a concrete tilt-up building.

Chairperson Covert asked about the difference between a concrete tilt-up building and a concrete formed building. Mr. Laas replied a tilt-up building was a cheaper quality building.

Josh Wilson, Assessor, advised the fee-license people in the Assessor's Office, who carried an appraisal license outside of the Assessor's Office, were concerned regarding the submittal of the Summary Appraisal Report. He read aloud regarding the intended use of the Summary Appraisal Report from page 2 of Exhibit B. He also read the bullet points on page 4 regarding the analyses and the compensation conclusions. He said that spoke for itself, and he wanted it put on the record for the Board's consideration.

In rebuttal, Mr. Laas indicated his compensation was not contingent on a result.

Mr. Laas stated he did not disagree that \$55.32 per square foot was low, but this building was not like the others that were only office buildings. He said all three approaches to value had to be considered when someone was hired to do an appraisal report. He noted that typically an owner-occupied building would come out with a higher value, which was why owner-occupants purchased buildings.

Mr. Laas said the rental rates provided were based on the current market. He stated the Assessor called this building a Class A office space, which this building clearly was not. He said even if it was considered to be a Class B space with a rental rate of \$1.15 per square foot, it would come to \$13.80 per square foot; and he used \$15 per square foot. He said the Assessor's value, if those inputs were used, would be \$3,831,438 for a Class B building. He felt the expenses were close at \$5.70 versus \$6.18. He said the property taxes were added back into the cap rate because the taxes had to be accounted for somewhere. He said the appellant used an 8.5 percent cap rate, which came from public survey data. He stated based on income and what was going on in the market rentals, the value shown was \$2.8 million. He said if the Assessor's value was based on the right type of space, \$3,831,438 would be a reasonable value as well.

Chairperson Covert asked why this hearing had an 8 percent cap rate when, during the preceding hearings, the Assessor used a 9 percent cap rate. Appraiser Stockton stated the Assessor's cap rate was not taken from a nationally published report, but from properties sold within Washoe County. He said that provided income information and a sales price that was used to derive a cap rate. He advised the cap rates for office buildings would be different than those for industrial and retail buildings because of the different risks involved in buying the properties. He stated he understood the appellant's point that the 9.5 percent cap rate was the one to use, but the 8 percent was for transactions in the market that had already happened and which included the taxes.

Chairperson Covert asked if Appraiser Stockton had been in the building. Appraiser Stockton replied he had not, but a representative from the Assessor's Office did take a look at it. Chairperson Covert said the pictures in Exhibit B of the interior

showed cubicles, and he asked if there was a differentiation between cubicles and offices. Mr. Wilson said the area depicted in the picture looked like the Assessor's Office, which had some offices to provide a level of privacy for supervisory staff, but with most of the work spaces being made up of cubicles. He stated medical and some other uses were picked up in *Marshall and Swift* costs through the occupancy code of the building. He said he would consider the space in the picture a finished office.

Member Krolick asked Mr. Wilson to address owner-occupied properties in relation to the income approach, because it appeared an owner was penalized for occupying a property. Mr. Wilson explained a vacancy rate was attributed to the property based on the market trends, which was different than what the current occupancy of the building was. He said the Assessor's Office looked at what the property's value would be if it were to sell today. He stated if the property were to sell with a lease that retained the 100 percent occupancy for a number of years, he would expect the sales price to be a lot higher than for a property that was struggling to get tenants and had only a 10 percent occupancy rate. He said he did not consider it to be penalizing the property. It was looking at the property's current use and understanding that it was fully utilized and what the marketability of the property was. He also did not think this property was being penalized because the Assessor was still accounting for vacancies even though there were no vacancies or collection loss attributed to the property.

Mr. Laas responded the property owner laid off a significant number of people in Reno, which created a lot of vacant office space. He said the owner-occupant was penalized because they owned the entire building and could not rent out the space that was just sitting there unused. He felt the appellant's cap rate was correct and office space rents would vary based on the quality of the space. He explained some supervisory space had walls, but the vast majority of the space was cubicles. He felt if the Assessor's model was done correctly, it would be a Class B space and valued at \$3.8 million.

Member Woodland stated she supported the Assessor's values.

With regard to Parcel No. 163-031-03, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried with Member Krolick voting "no", it was ordered that the Assessor's taxable values be upheld for tax year 2010/11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0653E PARCEL NO. 163-111-01 – INTERNATIONAL GAME
TECHNOLOGY – HEARING NO. 10-0890

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 9295 Prototype Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Reno Campus Property Overview as of January 1, 2010, 78 pages.

Exhibit B: Appraisal Report Summary, 110 pages.

Exhibit C: Photos, 2 pages.

Assessor

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

On behalf of the Petitioner, Steve Laas was previously sworn.

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

Mr. Laas discussed the details of the subject property as provided in Exhibit A, which was IGT's corporate campus. He said any potential buyers of a corporate campus would typically look across the country to find the best fit for the company's needs. He stated local and national sales were looked at to see what this type of facility sold for across the country. Chairperson Covert noted the appellant's evaluation was not in agreement with the Assessor's recommendation. Mr. Laas said that was because the appellant looked at sales nationally.

Mr. Laas stated as shown on page 2 of Exhibit B, the building's long design with one entrance and one exit was not conducive to a multi-tenant design. The design worked well for making slot machines. He said there was a similar facility in Las Vegas where machines were refurbished rather than built, and it had a similar use of space. He discussed that facility's layout, finishes, and assessment.

Mr. Laas noted the local comparable sales, pages 10-12 of Exhibit B (typed page numbers), were not that great because of the subject's size and finishes. He indicated #1 was the closest comparable sale, but it was 10 times smaller than the subject and only had 10 percent of office space compared to the subject's almost 50 percent. He discussed other local comparable sales and listings. He stated a value of \$66 million was calculated by looking at the local transactions, which was approximately \$52 per square foot.

Mr. Laas said even though they would not typically consider doing an income approach on this type of property, pages 13 and 14 of Exhibit B showed there was enough data available for the different uses to come up with a blended rate for the space. He explained \$6.25 a square foot was what the subject would lease for because of the subject's size and single-tenant design. He discussed the rest of the calculations, which assisted them in arriving at an opinion of value of \$63,660,919 or \$50.46 per

square foot. He said the least weight was put on the income approach in coming up with the final valuation.

Mr. Laas discussed the cost approach calculations on pages 15-18 of Exhibit B. He noted using a standard depreciation for this type of building was not typical, so they looked at sales from across the country to try and extract the depreciation based on when the properties sold. He discussed the details of the six sales, which were from all over the United States. He said the cost approach yielded a total value of \$74,100,000 or \$58.75 a square foot. He stated page 19 of Exhibit B showed the valuation summary and the opinion of value at \$69,400,000 or \$55 per square foot. He reiterated he felt this property had to be looked at from a national perspective because of the property being a corporate campus of 1.2 million square feet, which was not available as comparables in Reno.

11:00 a.m. The Board recessed.

11:11 a.m. The Board reconvened with all members present.

Appraiser Clement discussed his analysis of the subject property as provided in Exhibit I. He said based upon that analysis, a value of \$85 per square foot was the appropriate overall value. He advised it was recommended that \$7,224,832 in obsolescence be deducted from the improvement value, resulting in an improvement value of \$91,360,500 and a total taxable value of \$100,800,000. With that adjustment taxable value did not exceed full cash value.

Appraiser Clement explained that under Nevada's statutes the Assessor's Office was required to perform a cost approach to value. To reflect the market conditions, other approaches were also looked at. He noted the details of the cost and income approaches were shown on page 2 of Exhibit I. He advised he broke down the individual occupancies to be able to relate those individual occupancies to the subject property, and he provided information on the current leases for these types of properties. The manufacturing and warehouse comparable sales were all inferior in quality to the subject. He advised the office space was comparable especially OFF-2, which would be more predictive of the current market values. He stated the income analysis indicated the square foot values fell within the low range of the improved sales.

Appraiser Clement said even though the appellant stated differently in a prior hearing, it was believed Mr. Laas' compensation was contingent upon a value being reached that was in favor of the taxpayer. The Assessor's Office disagreed with using a mega-warehouse and a light-manufacturing building to value the subject as a whole, because it totally discounted the amount of office space and support areas found in the subject building. He said it was more appropriate to value each valuation as shown on pages 2 and 5 of Exhibit I. He stated using discounted asking rents for industrial-flex buildings was inappropriate, so the Assessor valued the individual occupancies and used the asking rents and the vacancy rates for the individual portions to account for the current market conditions. He said the income and the sales comparison approaches were

analyzed and considered in the final evaluation. He felt the computed accrued depreciation presented by the appellant was invalid. He said the use of older distressed sales of large square footage properties from across the country was very misleading. He discussed those sales and stated why he thought they were not comparable. He reiterated \$85 a square foot was an appropriate value.

Chairperson Covert stated currently the campus was at its highest and best use. He asked if chopping it into pieces would increase or decrease its highest and best use. Appraiser Clement replied by chopping it into pieces, the Assessor was trying to account for the local market conditions. He felt the approach of breaking it down by occupancy type was more appropriate than valuing it as a whole. He felt they were not comparable as a whole that way. Chairperson Covert agreed, but noted there was not much demand in Reno for that large of a square foot facility. Appraiser Clement noted the property was not for sale and was being used.

Member Woodland said she did not know that out-of-state properties could be used for the cost approach. Appraiser Clement replied the Assessor's Office did not use out-of-state properties. Josh Wilson, Assessor, said the appraisal was conducted by an MAI appraiser. When they looked at the final reconciliation of a value, it would be different from when they valued the property for taxation purposes. He explained the cost approach as the basis for valuation was unique to Nevada. He said this individual was somewhat bound to reconcile the sales comparison, the income, and the cost approaches. He noted less weight was given to the cost approach because the other approaches were preferable.

Member Krolick said as part of the appellant's testimony, the valuation of the campus in Clark County was mentioned; and he asked why there was such a difference. Mr. Wilson replied he had no idea what the market conditions were in Clark County, but he felt that market was not doing very well based on some newspaper articles. He said he had seen strip malls in Las Vegas that were completely vacant. He advised it did not mean this property's value was incorrect just because it had a higher per square foot value than the property in Clark County.

Mr. Wilson said it appeared the appellant had put more weight on the cost approach, because the reconciled \$55 a square foot value appeared to be over the other indications of value. He felt the difference was the amount of depreciation and how it was calculated. He clarified 3.8 percent per year was for a 26-year life and not a 40-year life. He felt a lot of emphasis was being placed on the depreciation and the land-value portion of the comparable sales analysis and, even if the nationwide data was appropriate to use, the numbers could be changed depending on the number plugged in for the land to estimate the accrued depreciation. He said he did not see land sales that would support the number attributed to the land.

Appraiser Clement said in answer to Member Krolick's question, he talked with the Clark County Assessor and the property there had 342 square feet of

office space and the rest was lower quality warehouse space, which accounted for the discrepancy.

Member Krolick said \$204 a square foot was appropriated for the restaurant and health care portions of the building because they were not income producing areas and were probably for employee retention and attraction. Appraiser Clement replied absolutely, but the Assessor's Office wanted to use the sales comparison approach to reflect the market. Member Krolick said it would be reflective of those facilities, but did not appear to be an appropriate match under this set of circumstances. Appraiser Clement stated the whole income approach was not appropriate under these circumstances, but it was being used to measure the market's influence. He said under normal circumstances, it would be measured on the cost approach basis. He stated they would be measured as warehouses and offices and those occupancies were measured on the sales of like properties.

For the cost approach, Member Krolick asked if an owner-occupied building would have a higher depreciation schedule than something that was more indicative of having multiple uses in an income-producing rental market. Appraiser Clement stated there would be different depreciations and it would need to be looked at statutorily regarding where to find the 1.5 percent per year. He said *Marshall and Swift* looked at the actual analysis and sales of income-producing properties based upon the quality class, the age/life, and so on. He felt an owner-occupied property was better maintained. Member Krolick said the highest and best use today might not be the same in 25 years and wondered what the fully depreciated life expectancy would be. Appraiser Clement said if the property became vacant, it would absolutely have a different highest and best use, but right now it was being used at its highest and best use.

In rebuttal, Mr. Laas stated the land value was not in dispute, but the Assessor's point was incorrect that sale #1 on page 16 of Exhibit B was an inaccurate sale because the \$19,411,950 sale was taken from the Assessor's web site. He said the Assessor's land value was used for every one of the sales. He stated the Assessor was going by a CoStar printout from 2007 and the values in Texas were done every year just like they were done here. He said they were not doing a national costing approach, but were estimating the market value of this facility. He agreed it was a manufacturing campus and that was what differentiated it from the Assessor's best comparison, which was a 25,000 square foot office building. He said a 2,000 square foot house could not be compared to a 30,000 square foot house. He stated using the individual components was wrong because what the property would sell for had to be looked at. He said this was a completely different property than the multi-tenant properties. He noted the building in Clark County was significantly more expensive to build. He said both buildings had warehouses and were of the same type of construction. He stated they used local cost numbers and compared it to what the manual said, but the depreciation was looked at nationally because it was a property that would be sold nationally. He said valuing the property nationally was the method that should be used to value a property of this size. He explained they represented the Houston property and the intent of the buyer was to

turn it into a two-story office building, which was never done because they went bankrupt and the property was foreclosed.

Chairperson Covert commented he would have expected the appellant to disclose the special conditions of the sales. Mr. Laas said that information was contained within the appellant's evidence. Chairperson Covert commented they just got the packet and were going through it the best they could, but he would have expected the appellant to disclose that. He stated if the Assessor's Office was correct and these were distressed sales or the one the college bought did not include parking, there was an issue because the appellant put in his presentation that there was a lot of parking. Mr. Laas said the parking was 100 percent included in the sales price and the sales were typical arms-length transactions. Chairperson Covert said they might have been arms-length transactions, but they were bought for another purpose. He stated the owner had no further use for the property and probably sold it at a bargain price. Mr. Laas said there was a willing seller and a willing buyer. Chairperson Covert stated he understood that but there were some conditions that made it not directly comparable to what was being dealt with, and he would have liked that disclosed. Mr. Laas stated a property that was 24-years old and was at the end of its useful life indicated it had depreciated at a much faster rate than was standard. He said these sales showed that these buildings depreciated at a much faster rate than a standard office building. He stated these were similar types of properties regardless of the buyers. He felt he was not misleading the Board by putting in these transactions, but he was trying to show the depreciation factor. Chairperson Covert indicated the real depreciation would be determined at the time of sale. Mr. Laas said they were estimating what the market value would be.

Mr. Wilson clarified the information presented regarding the terms and conditions of the sale were part of the appraisal and were in the appendices.

Member Horan commented the appellant's representative was trying to make the best case for reducing the taxes whether being paid for it or not, and he did not look at it being a plus or minus either way. He thought it was interesting to look at transactions across the country, but there was no way to know what the conditions were for those sales. He felt the Board had to look at what was happening in Washoe County when looking at the appraisal.

Member Krolick said for a building of this nature, the statutory depreciation did not seem to pick up for the useful life of a building that was purpose-built. Member Horan asked what Member Krolick felt was appropriate. Member Krolick replied he did not know, but felt it was worth some sort of adjustment for obsolescence. He said the property would most likely be broken up for smaller tenants and it should be depreciated at a higher rate than 1.5 percent due to its short life. Appraiser Clement said the depreciation was 1.5 percent by statute, which was why there was a recommendation to reduce the property's value.

With regard to Parcel No. 163-111-01, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member

Woodland, seconded by Member Horan, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$7,224,832 for obsolescence, resulting in a total taxable value of \$100,800,000 for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0654E PARCEL NO. 090-040-36 – DP PARTNERS STEAD 546 LLC –
HEARING NO. 10-0883

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 12035 Moya Boulevard, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income and lease information, comparable sales, and photos, 35 pages.

Exhibit B: Summary Appraisal Report, 47 pages.

Assessor

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

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

On behalf of the Petitioner, Steve Laas was previously sworn.

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

Mr. Laas noted the building did not have frontage on Moya Boulevard. He discussed the property data and the income valuation on page 7 of Exhibit B. He noted the Assessor's value decreased 5 percent from last year's value and the 2009 actuals were not relevant because of the property's low occupancy. He said the valuation was based on one lease on the property at \$3.24 per square foot and the Assessor's Office currently had the income at \$3.36 per square foot. He discussed the 2010 proforma data. He noted it was projected to take two years to lease the vacant space based on Reno's large market of available industrial space. He stated that analysis was shown on page 8 of Exhibit B. He said the adjusted value for this property was \$10,986,792 or \$20 per square foot. He acknowledged that was low, but it was a shell that was only 28 percent occupied, so a buyer would not be buying a stabilized asset.

Appraiser Sarman stated the Assessor's Office recognized that the occupancy was only at 28 percent. He noted the Assessor's Office used a higher rent, but a market-statistic approach was used for this property and others because not a lot of

information was available. He said a value of \$28 per square foot was derived using the income approach and the current taxable value was \$30 per square foot. He discussed the improved sales as shown in Exhibit I, which were used for comparison purposes. He said Exhibit II provided another sale and a new range of values for the improved sales of \$22.64 per square foot. He advised the current taxable value fell in the lower end of that range. He said mega-warehouses from 200,000 square feet to 1 million square feet, and having 1 to 5 percent in office finish, were looked at for the income approach. He said portions of the building were being rented and the asking rents were \$.34 a square foot per month. He stated an operating expense of 8 percent was used. He said based on this information he relied on the comparable sales analysis and recommended upholding the taxable value.

Chairperson Covert asked if special consideration was given to a building that was completed during the tax year, when it was known it would take a year or two to fully lease it as opposed to the comparable sales that had been around for quite some time. He asked if that was unfair to the owner. Appraiser Sarman said the cost approach and the comparable sales were looked at, while the appellant's analysis indicted the appellant looked at the cost approach. He stated the building was so new it would be nice to have the construction numbers to see what the actual construction costs were in relation to where it was today.

Josh Wilson, Assessor, explained the Assessor had to value properties pursuant to statute. He said if the computation of the taxable value pursuant to statute was above the current market, obsolescence would be applied. Chairperson Covert stated he did not believe that obsolescence was applicable to this property.

Member Brown said the recommendation to uphold was made with the assumption that the property would be revalued next year. Appraiser Sarman said the Assessor's Office was looking at properties annually, so any information they could gather would be helpful for working on the next reappraisal.

In rebuttal, Mr. Laas said a property could not be valued for more than it was able to achieve in its rental stream. He stated the Assessor's Office was saying the value was \$15,271,327 from an income standpoint based on the current market rents. He said \$3.24 a square foot was the actual lease that was in place. He stated the Assessor's records showed the building was 100 percent complete, but it was only 28 percent finished out. He understood it was initially looked at from a cost basis, but to come up with the market value, all of the different components had to be looked at. He said the income approach on this type of asset, which would sell based on its income, was over stated.

Chairperson Covert noted when the building was finished out it would be dealt with at that time. Appraiser Sarman said the Assessor's Office had the building at 100 percent. He explained any kind of tenant improvement would be seen with a building permit, which would be verified and added to the improvements as appropriate.

Chairperson Covert said his concern was that it was an income producing property that was not producing much income. He stated the income approach assumed 100 percent occupancy and it showed a value of \$1.3 million less than what it was currently valued at. Appraiser Sarman said the Assessor's Office assumed there was an 18 percent vacancy rate. Chairperson Covert said the income approach had a value of \$15,271,327, but the current value was \$16,575,492. Appraiser Sarman said the weight could be given because it was income, but the property had been on the market for very little time, and he was not sure when the property was first marketed.

Member Horan said normally not much time on the market might have an impact, but he was sure it had an impact right now because of the overhang of the market. Appraiser Sarman agreed and stated the Assessor was pretty close now after weighing all three approaches. He reiterated this would be looked at again next year.

Mr. Laas said these types of buildings were marketed before they were built. He stated the brochure showed the subject and two additional 420,000 square foot buildings that had not yet been built. He said typically the builder could not get a loan on the property without having some occupancy, so it would have to be marketed months or even years in advance.

Mr. Laas said the owner paid \$150,000 just to finish out the occupied space so the tenant could move in. He stated the Assessor was using a lease rate of \$3.36 per square foot, which was higher than the actual lease rate. He said \$1.2 million would have to be spent just to get the \$3.24 per square foot rent and, if someone rented the space unfinished, it could go for \$3 per square foot or less.

Member Horan felt there was some confusion on what the meaning of a build-out was. He asked if the Assessor assumed it had cement floors, walls and all of that. He said he was hearing the appellant say that was not true and it appeared there was some disagreement on the condition of the inside of the building. Appraiser Sarman stated the inside of the building had concrete floors throughout, so he was talking about tenant improvements. He said someone from the Assessor's Office would go out and verify the improvements when the Assessor's Office obtained a building permit from the Building Department. Mr. Laas asked if there was an exact duplicate of the building across the street that was 100 percent occupied, would it have the same cost basis as the subject did.

Mr. Wilson explained mega-warehouse occupancy allowed for 3 percent office finish and the rest would be warehouse finish. He clarified if additional tenant improvements created office space above the 3 percent allowed for this type of occupancy as pursuant to *Marshall and Swift*, the additional office space would be added to the value of the building. He understood the building today had a portion of office finish that was below the 3 percent allowed for mega-warehouse occupancy.

Mr. Laas stated he had no further testimony.

Member Woodland felt this issue was more of a question for next year. Member Horan said he was favoring providing additional relief based on the income approach because it would be unlikely there would be anymore income. Chairperson Covert said he was thinking along the same lines. Member Horan suggested bringing it down to a total taxable value of \$16 million. Cori Delgiudice, Senior Appraiser, recommended the reduction be in the form of obsolescence.

With regard to Parcel No. 090-040-36, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, 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 \$575,492 for obsolescence, resulting in a total taxable value of \$16,000,000 for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

12:22 p.m. The Board recessed.

1:00 p.m. The Board reconvened with Member Krolick absent.

10-0655E **PARCEL NO. 163-102-11 – DP PARTNERS TRADEMARK I LLC – HEARING NO. 10-0887**

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 885 Trademark Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Property assessment data and Reno Market Review, Third Quarter 2009, 5 pages.

Exhibit B: Summary Appraisal Report, 25 pages.

Assessor

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

On behalf of the Petitioner, Steve Laas was previously sworn.

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

1:05 p.m. Member Krolick arrived.

After reviewing Exhibit I, Mr. Laas indicated he was not in agreement with the Assessor's recommendation.

Mr. Laas stated the building was 100 percent occupied and was a 2008 sale-lease. He believed the lease was above market, which was why it was looked at from a market perspective. He discussed the property's data, the income information and the BOMA data contained on page 6 of Exhibit B. He said that data translated into a value of \$5,138,861 or \$66.81 per square foot, which was a low value for an office building like the subject. He stated the triple-net lease was from February 15, 2008 to February 15, 2018 for \$101,376 per month or \$1,216,512 annually. He said the total rent, including income and expenses, would be \$1,593,216. He said if using how the Assessor's income approach was modeled and using a 25 percent vacancy, there would be an affected gross income of \$1,194,912. He stated he backed out the expenses of \$5.45 per square foot to arrive at \$818,208 of net operating income. He said by using an 8 percent cap rate the value would be \$10,227,600 based on the lease in place. He felt that was above the market because the current market rents showed a much lower value. Chairperson Covert indicated the appellant thought the value should be \$5 million. Mr. Laas said that was based on the market rents and it was a big difference. He stated he wanted the lease in place to be considered.

Appraiser Stockton explained an appraiser went to the property and noted it appeared a portion of the property was being subleased to First Health, but he did not see that on the appellant's rent roll nor was he provided the actual expenses for the property. He discussed the recommendations/comments on page 1 of Exhibit I. He stated the Assessor's recommendation was to decrease the value by \$862,815 due to the application of obsolescence, which would take the total taxable value down to \$11,520,000 or \$150 per square foot.

Member Horan asked about IS-2. Appraiser Stockton explained it was a long-term triple-net lease. He said the subject property sold in February 2008 for \$20,196,400. He stated just to the right of the subject was a pizza-shaped parcel that was included in the sale, but was subsequently split and the vacant portion sold. He noted the conditions of that sale were being researched. He stated the Assessor's Office felt, given the economic conditions and due to not totally discounting the income approach, a reduction was in order.

In rebuttal, Mr. Laas stated the subject building was on Trademark Drive, but the two on Sandhill Road were both office buildings with similar finishes and rental rates as estimated by the Assessor. He said one was assessed at \$140 per square foot and the other at \$110 per square foot, while the recommendation was \$150 per square foot for the subject. He stated the professional building was assessed at \$133 per square foot and had a higher rental rate than the subject, but the subject was being assessed at \$20 per square foot more. He said they were both single-tenant triple-net leased properties that had a similar square footage. He stated his \$10,227,600 valuation was based on the lease and was about \$128 per square foot, which was more than what the other property was assessed for. He reiterated market rents showed a significantly lower value.

Appraiser Stockton replied it could really confuse the issue when comparing different office buildings' taxable values because the taxable value was based on the *Marshall and Swift* cost of a building's improvements. He stated the difference in the taxable values was due to the differences in the land. He said the subject parcel had 495,147 square feet of land and the other two had 119,000 and 120,000 square feet, so the subject's land was four times bigger and would have a higher land value.

Chairperson Covert said in previous hearings there was also some economy of size on a per square foot basis for size. He said he did not want the Board to make a decision that would put the Board in a bind during future hearings. Appraiser Stockton said that was why he cautioned the Board about comparing taxable values instead of comparing the sales.

Member Horan stated the appellant raised a question about the other properties, which the appraiser had already explained and it was not that confusing. He felt the differences in the properties would account for the differences in the taxable values and the prices per square foot. Appraiser Stockton said Member Horan was correct. Member Horan stated he thought it was fair the question be addressed. He was not saying the appellant was right, but it was right to address it.

Mr. Laas said the Assessor's Office had the 4,812 square feet at 900 Sandhill Road valued as warehouse space at \$110 per square foot, but it was actually office space. He stated he did not understand why 950 Sandhill Road had its rental rates valued exactly like 885 Trademark Road, but the building was 50 percent smaller and was valued for less. He said that was why the owner felt more than a pro rata share was being paid. He felt the same thing would hold true for 10375 Professional Circle that was assessed at \$133 per square foot, but had a lease rate higher than the subject property.

Appraiser Stockton stated one of the reasons their taxable values were different than the subject property's was the land size was three times larger than one property and 200,000 square feet larger than the other property. He said the second reason was the first floor at 885 Trademark Road's costed out at \$140 a square foot, based on *Marshall and Swift* as shown on page 3 of Exhibit I. He stated the building data indicated it was a reinforced-concrete two-story building that was built in 1999, which was warmed and cooled. He advised the building at 900 Sandhill Road was costed out at \$88 per square foot because 12 percent of that building was finished as storage space. He noted it was two-stories, but was of masonry construction instead of reinforced concrete, which *Marshall and Swift* said was a lower cost construction. He said the warehouse space was heated with space heaters. Mr. Laas said he understood why 900 Sandhill Road was valued differently.

Appraiser Stockton asked if the Board wanted him to discuss 950 Sandhill Road. Member Horan explained his concern was that the appellant had asked a question, and he wanted to make sure the appellant was satisfied with the explanation. Mr. Laas said it sounded like the Assessor had a difference in the cost perspective, but the Assessor was saying that the market saw no difference in these buildings because they would both

get \$18.00 per square foot in rent. He said Appraiser Stockton mentioned the land value being double, but the building was double the size of the other one also. Appraiser Stockton indicated that was why they had different values. Chairperson Covert said he understood the income approach was not being used for the current hearing. Appraiser Stockton replied what he was doing was explaining why the taxable values were different. He said the market might recognize these as being very similar properties but, if they were built slightly different, there could be different *Marshall and Swift* costs and different taxable values.

Mr. Laas stated if the market saw them all as \$18 a square foot building and the class was the same, they should be valued the same. Appraiser Stockton explained unfortunately Nevada was not on a market-value system.

With regard to Parcel No. 163-102-11, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$862,815 for obsolescence, resulting in a total taxable value of \$11,520,000 for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0656E PARCEL NO. 163-031-05 – SANDHILL 950 LLC –
HEARING NO. 10-0889

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 950 Sandhill Road, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Supporting documentation, 13 pages.

Exhibit B: Appraisal Report summary, 19 pages.

Assessor

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

On behalf of the Petitioner, Steve Laas was previously sworn.

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

See Hearing No. 10-0887 above for additional discussion regarding this property.

Mr. Laas said both the subject property and 900 Sandhill Road were approximately 40,000 square foot office buildings located right next door to each other, which were occupied by Bally Technologies. He stated the market rent was \$15.25 per square foot. Chairperson Covert noted the construction was considerably different. Mr. Laas replied the subject was a tilt-wall building. He said his earlier statement still stood that, if both buildings commanded an \$18 per square foot rental rate, the buyers would look at them the same. He stated the Assessor estimated the current rent at \$44,235 a month and it was a triple-net lease resulting in a total of \$530,825 a year. He said the value would be adjusted to \$4,578,369 based on the lease in place if the 25 percent vacancy and the owner's expenses of 8 percent were applied. He said the market rents indicated a \$2.68 million value, which was \$1 million less than what the Assessor's Office had.

Appraiser Stockton discussed the building and the sales comparisons as provided in Exhibit I. He said IS-3 shown as \$1.29 a square foot, was a smaller sale that was more indicative of it being bought to be owner-occupied. He stated an income approach was completed on the subject but, because no information was provided by the appellant, the Assessor's Office had to make the assumption the owner was paying the expenses. He also had to assume there was a 28 percent vacancy rate to arrive at the \$97 per square foot value. He noted the sales comparison approach was given more weight due to not having the appellant's information. Chairperson Covert asked if the appellant ever asked to meet with the Assessor's Office to reconcile the information. Appraiser Stockton said he received an appraisal although there was no mention of any sales or any operating expense analysis. What he received was not within a reasonable enough amount of time to be able to review it. He said the appellant's appeal was based on market rents but, in the appellant's income information, he did not see anything regarding the rents or the expenses specific to the subject property. He noted the appellant's result of roughly \$67 per square foot did not make sense due to what buildings were selling for in that neighborhood.

In rebuttal, Mr. Laas advised he contacted the Assessor's Office in early January and Mr. Gonzales said to send in the package and, if they could back to the appellant they would, but otherwise they would see the appellant before the Board. He reiterated the value should be \$4,578,369.

With regard to Parcel No. 163-031-05, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2010/11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0657E PARCEL NO. 163-031-06 – PANATTONI-SANDHILL ROAD LLC
ETAL – HEARING NO. 10-0886

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 900 Sandhill Road, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Assessment Data, 5 pages.

Exhibit B: Summary Appraisal Report, 25 pages.

Assessor

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

On behalf of the Petitioner, Steve Laas was previously sworn.

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

See Hearing Nos. 10-0887 and 10-0889 above for additional discussions regarding this property.

Mr. Laas said \$2,688,290 was the appellant's opinion of value and everything talked about for Hearing No. 10-0889 would be incorporated by reference. He noted the market rent was \$15.25 per square foot. He stated this property was 49,800 square feet, was right next door to the parcel in Hearing No. 10-0889, and was also occupied by Bally Technologies.

Appraiser Stockton discussed the recommendations/comments in Exhibit I and said 12 percent was used as storage-warehouse space. He stated he did an income analysis, which split out the office and storage-warehouse rental rates. He said the lease was on a gross or full-service basis and a 25 percent vacancy rate was applied along with \$5.70 in operating expenses to arrive at \$91 per square foot. He noted the 25 percent vacancy and \$5.70 in operating expenses was not indicative of what was occurring at the subject property, but the Assessor's Office wanted to look at all of these properties' incomes the same way. He said the recommendation was to uphold the Assessor's value.

In rebuttal, Mr. Laas said this was an income producing asset and the appellant believed a value of \$2,688,290 was more accurate than the Assessor's value.

With regard to Parcel No. 163-031-06, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried, it was ordered that

the Assessor's taxable values be upheld for tax year 2010/11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

**10-0658E PARCEL NO. 090-030-12 – SALLY BEAUTY COMPANY INC –
HEARING NO. 10-0931**

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 9975 Moya Boulevard, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income information and comparable sales, 25 pages.

Assessor

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

Exhibit II: Addition to Assessor's Hearing Evidence Packet, 1 page.

On behalf of the Petitioner, Steve Laas was previously sworn.

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

Mr. Laas said the subject was a 253,144 square foot warehouse-distribution facility built in 1994. He stated the income analysis was based on a \$2.50 per square foot rental rate. He noted the five other leases in the subject's business park all had different rental rates, but averaged \$2.58 per square foot. He said a vacancy loss of 20 percent was applied and expenses for management and replacement reserves were backed out for a net operating income of \$455,659. He stated an 8.3 percent cap rate was used for a total value of \$5,523,139.

Appraiser Sarman stated this appraisal was a little different than what had been seen before. He said the building was owner-occupied, but an income approach was done using a vacancy rate of 18 percent and a 9 percent cap rate to arrive at an income approach to value of \$28 per square foot, which the taxable value was below at \$26 per square foot. He said in using the income approach to value, he did not see where the market was exceeded. He stated the appellant's rental rate of \$2.50 per square foot would come out to \$.20 a square foot.

1:56 p.m. Member Woodland temporarily left the meeting.

Appraiser Sarman said the sales comparison approach was shown on page 1 of Exhibit I and Exhibit II. He stated the comparable sales indicated a range of value from \$22 per square foot to \$64 per square foot. He advised he did not believe the market value was exceeded.

Chairperson Covert said he did not understand why an 8 percent cap rate was used earlier and now it was a 9 percent cap rate. Appraiser Sarman replied 9 percent was used when looking at industrial properties. He said the analysis on page 7 of Exhibit I showed that 9 percent was a conservative number based on the sales. He stated office space versus an industrial-storage warehouse would have a different cap rate because the cap rate was based on different sales that had different occupancies.

In rebuttal, Mr. Laas felt the cap rate difference was due to the age and the quality of the building. He said this was an older and inferior building while the other building was a state of the art, so the cap rate should be different; but the Assessor's Office missed that. He stated the rental rate the appellant used was accurate and came out to approximately \$21 per square foot, which was very close to sale #1 at \$22 to \$26 per square foot and with a 15 percent cap rate. He said when looking at either the sales or the income approaches, it came to \$20 to \$22 per square foot. Chairperson Covert noted the Assessor's Office was at \$26.32 a square foot.

Appraiser Sarman said the Assessor's market rents did not show that varying degree of change between \$28 and \$21 per square foot.

With regard to Parcel No. 090-030-12, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, which motion duly carried with Member Woodland absent, it was ordered that the Assessor's taxable values be upheld for tax year 2010/11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

2:02 p.m. Member Woodland returned.

10-0659E **PARCEL NO. 025-553-07 – AMI PARTNERS LLC –**
HEARING NO. 10-0233

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 5955 Tyrone Road, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner
None.

Assessor

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

On behalf of the Petitioner, no one was sworn.

On behalf of the Assessor and having been previously sworn, Steven Clement, Appraiser, oriented the Board as to the location of the subject property. He said the appellant agreed with the Assessor's recommendation to apply \$90,309 in obsolescence to the improvement value.

With regard to Parcel No. 025-553-07, pursuant to NRS 361.356, 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, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$90,309 for obsolescence, resulting in a total taxable value of \$724,498 for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0660E PARCEL NO. 037-274-01 – WDCI INC –
HEARING NO. 10-0736

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 605 Boxington Way, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Commercial Rental Data, 2 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 31 pages.

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

On behalf of the Assessor and having been previously sworn, Steven Clement, Appraiser, oriented the Board as to the location of the subject property. He said there was a recommendation, but he did not believe the Petitioner was in agreement. Mr. Jones replied that was correct.

Mr. Jones stated the Assessor's values were based on two approaches: sales and income. He said the range of values used for the sales approach had industrial-flex sales ranging from \$53 to \$92 per square foot and the mega-warehouse sales from

\$22 to \$54 per square foot. He stated in looking at those numbers and at the report the Assessor prepared, the low-end industrial-flex sale occurred in August 2009 and the high-end sale occurred in January 2008. He noted in between those two sales there was a February 2009 sale that yielded a price of \$84.78 per square foot. He said there was a slight downward trend in the price per square foot and that same scenario carried into the mega-warehouse sales. He stated when looking at similar properties at the same point in time, it seemed the lower end of the range would be more appropriate to use when calculating the value.

Mr. Jones said for the income approach, the actual income and expense numbers for 2009 were submitted to the Assessor's Office. He stated the Assessor came up with an operating expense of \$1,492,232 based on assumptions, but the actual income and expenses were \$1,403,050. He said to pull those numbers together and, based on using the lower end of the range for the industrial-flex and the mega-warehouse sales, the sales approach yielded a value of \$14,467,141 or \$36.49 per square foot. He stated applying a 9.5 percent cap rate to the actual net-operating income yielded a value of \$14,768,947 or \$37.25 per square foot. He indicated a 9.5 percent cap rate was not unrealistic for this type of property and was more closely representative of what was currently going on. He noted both approaches yielded close to the same value for the property.

Appraiser Clement discussed the recommendations/comments and the comparable sales as shown in Exhibit I and the income approach starting on page 3. He said the actuals supplied by the appellant and the market statistics were used. He stated the income approach to market value yielded \$10,419,621 or \$.56 per square foot for the industrial-flex space and \$6,160,732 or \$.29 for the mega-warehouse space. He said based on the blend of the analyses, it was recommended that \$1,064,872 in obsolescence be deducted from the improvement value.

Appraiser Clement said he had to go back in time to find a comparable sale, and he wished there were three or four sales with multiple buildings. He stated he found a 2008 sale at \$92 per square foot that was quite a bit older and was an inferior property. He said the other two flex buildings were more recent sales that had a range that would be more indicative of individual buildings instead of the three buildings combined. He stated it was the same with the mega-warehouses.

Chairperson Covert stated the Petitioner mentioned that all of the sales listed confirmed a declining market and looking at the sale dates and prices indicated that was true. He thought the weight should be more towards the lower end of the sales due to the evidence that the price per square foot was declining. Appraiser Clement stated to do a time-adjustment based on the three sales would be hugely inaccurate because of the differences in the buildings. Chairperson Covert said regardless of how the numbers were arrived at, the Assessor's Office recognized the market was declining. Appraiser Clement said that was absolutely true. He explained the Assessor combined all four buildings for the taxable value. He said \$43.69 per square foot was the current taxable value, but the

recommendation was to reduce it to \$41 per square foot, which was a blend of all three approaches and included the actuals from the subject property.

In rebuttal, Mr. Jones said regarding the 2009 income and expense figures, the money was collected, so technically the figures were accurate. He stated from the occupancy standpoint they were inaccurate because a large tenant had occupied approximately 160,000 square feet until they vacated in 2008. He indicated that tenant was obligated to pay rent until March 2009 even though the space was vacated. He stated the vacancies on the bottom of the income and expense form showed what was happening to the vacancy rate: in 2007 it was 1.4 percent, it went up to 14 percent in 2008, and up again in 2009 to 54 percent. He said the appellant was asking for some help because there was a declining market and also a declining vacancy rate. He felt it would not be fair to factor in any money that was not collected. Chairperson Covert asked if it made any difference whether or not the tenant was there as long as the money was collected. Mr. Jones replied it did not from an economic standpoint.

Member Horan asked what the vacancy rate would be if the space that went for \$160,000 was rented. Mr. Jones replied the vacancy rate would go down a lot.

Mr. Jones said he had nothing further to add.

Member Horan said he was inclined to provide a little relief over and above what the Assessor recommended by bringing the total value down to \$16 million.

With regard to Parcel No. 037-274-01, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, 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 \$1,321,249 for obsolescence, resulting in a total taxable value of \$16,000,000 for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

2:33 p.m. The Board recessed.

2:46 p.m. The Board reconvened with all members present.

DISCUSSION FOR HEARING NO'S 10-0211A THROUGH 10-0211E

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

On behalf of the Assessor and having been previously sworn, Steven Clement, Appraiser, oriented the Board as to the location of the subject property. He noted the appellant valued all five parcels together and the Assessor's Office valued them

as individual parcels, so he would be doing separate presentations and recommendations for the individual parcels.

Mr. Hall said the appellant viewed these parcels as one asset, so the data was combined. A letter dated February 9, 2010 from Mr. Terry Hackett indicated the total assessed value was \$10,145,682, but his calculations showed the total value should be \$7,699,233. He noted the Assessor was in between those two figures. He said he had an income statement and a rent roll to substantiate the appellant's figures, but they were not given to the Assessor because he only received them himself yesterday.

Member Horan asked what the total of the Assessor's recommendation would come to if all five properties were added together. Appraiser Clement replied the total for all five buildings would be \$8,942,994 and the reduction would be based on obsolescence, which broke down to \$219,000 for APN 025-470-15, \$261,358 for APN 025-470-16, \$395,000 for APN 025-470-18, and \$326,897 for APN 025-470-22. He noted APN 025-470-17 had a recommendation to uphold the Assessor's value. Chairperson Covert asked why one property would not receive any obsolescence. Appraiser Clement advised he used the income approach to value these properties and the estimated rents, based upon location, made the difference for the one property.

Member Horan felt it would be difficult to go against the Assessor's recommendations due to the lack of information provided by the appellant. He suggested going through each hearing separately so the Petitioner could offer any additional testimony he might have for each property.

See 10-0661E and 10-0665E below for details concerning the individual discussions, petition, exhibits and decisions related to each of the properties in the consolidated group.

10-0661E PARCEL NO. 025-470-15 – QUAIL BUSINESS PARK LTD –
HEARING NO. 10-0211A

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 5301 Longley Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 3 pages.

Assessor

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

For the general discussion that took place regarding all five properties, see DISCUSSION FOR HEARING NO'S 10-0211A THROUGH 10-0211E above.

Appraiser Clement reviewed the subject's income information as provided on page 1 of Exhibit I. He noted no income information was provided by the appellant. He stated the income approach to market value resulted in a value of \$2,043,709 or \$68 per square foot. He said the improved sales as shown on page 2 of Exhibit I, indicated a range of values from \$53 to \$92 per square foot. He stated based on the analyses, the recommendation was to deduct \$219,080 in obsolescence from the improvement value. He said with the adjustment shown on page 1 of Exhibit I, the taxable value did not exceed full cash value and the property was equalized with similarly situated properties.

Mr. Hall stated he did not have any further testimony.

With regard to Parcel No. 025-470-15, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$219,080 based on obsolescence, resulting in a total taxable value of \$2,043,709 for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0662E PARCEL NO. 025-470-16 – QUAIL BUSINESS PARK LTD –
HEARING NO. 10-0211B

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 5301 Longley Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 3 pages.

Assessor

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

For the general discussion that took place regarding all five properties, see DISCUSSION FOR HEARING NO'S 10-0211A THROUGH 10-0211E above.

Appraiser Clement reviewed the subject's income information as provided on page 1 of Exhibit I. He noted no income information was provided by the appellant. He said the income approach resulted in a value of \$1,788,246 or \$60 per square foot. He stated the improved sales as shown on page 2 of Exhibit I, indicated a range of values from \$53 to \$92 per square foot. He said based on the analyses, the recommendation was

to deduct \$261,358 in obsolescence from the improvement value. He stated with the adjustment shown on page 1 of Exhibit I, the taxable value did not exceed full cash value and the property was equalized with similarly situated properties.

Mr. Hall advised the Assessor's Office was using a 29 percent vacancy rate instead of the actual 43 percent vacancy rate.

With regard to Parcel No. 025-470-16, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$261,358 based on obsolescence, resulting in a total taxable value of \$1,788,246 for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0663E PARCEL NO. 025-470-17 – QUAIL BUSINESS PARK LTD –
HEARING NO. 10-0211C

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 5301 Longley Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 3 pages.

Assessor

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

For the general discussion that took place regarding all five properties, see DISCUSSION FOR HEARING NO'S 10-0211A THROUGH 10-0211E above.

Appraiser Clement reviewed the subject's income information as provided on page 1 of Exhibit I. He noted no income information was provided by the appellant. He stated the income approach resulted in a value of \$2,013,787 or \$43 per square foot. He said the improved sales as shown on page 2 of Exhibit I, indicated a range of values from \$53 to \$92 per square foot. He stated based on the analyses, the taxable value did not exceed full cash value and the property was equalized with similarity situated properties.

Mr. Hall stated he did not have any further testimony.

With regard to Parcel No. 025-470-17, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member

Brown, seconded by Member Horan, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2010/11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

**10-0664E PARCEL NO. 025-470-18 – QUAIL BUSINESS PARK LTD –
HEARING NO. 10-0211D**

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 5301 Longley Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 3 pages.

Assessor

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

For the general discussion that took place regarding all five properties, see DISCUSSION FOR HEARING NO'S 10-0211A THROUGH 10-0211E above.

Appraiser Clement reviewed the subject's income information as provided on page 1 of Exhibit I. He noted no income information was provided by the appellant. He said the income approach resulted in a value of \$1,770,388 or \$55 per square foot. He said the improved sales as shown on page 2 of Exhibit I, indicated a range of values from \$53 to \$92 per square foot. He said based on the analyses, the recommendation was to deduct \$395,353 in obsolescence from the improvement value. He stated with the adjustment shown on page 1 of Exhibit I, the taxable value did not exceed full cash value and the property was equalized with similarly situated properties.

Mr. Hall stated he did not have any further testimony.

With regard to Parcel No. 025-470-18, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, 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 \$395,353 based on obsolescence, resulting in a total taxable value of \$1,770,388 for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0665E **PARCEL NO. 025-470-22 – QUAIL BUSINESS PARK LTD –**
HEARING NO. 10-0211E

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 5301 Longley Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 3 pages.

Assessor

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

For the general discussion that took place regarding all five properties, see DISCUSSION FOR HEARING NO'S 10-0211A THROUGH 10-0211E above.

Appraiser Clement reviewed the subject's income information as provided on page 1 of Exhibit I. He noted no income information was provided by the appellant. He said the income approach resulted in a value of \$1,476,431 or \$55 per square foot. He said the improved sales as shown on page 2 of Exhibit I, indicated a range of values from \$53 to \$92 per square foot. He said based on the analyses, the recommendation was to deduct \$326,897 in obsolescence from the improvement value. He stated with the adjustment shown on page 1 of Exhibit I, the taxable value did not exceed full cash value and the property was equalized with similarly situated properties.

Mr. Hall stated he did not have any further testimony.

With regard to Parcel No. 025-470-22, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, 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 \$326,897 based on obsolescence, resulting in a total taxable value of \$1,476,431 for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0666E **PARCEL NO. 163-102-05 – RENO INVESTMENT II LLC –**
HEARING NO. 10-0349

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 725 Trademark Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: ARGUS Report, 7 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 18 pages.

On behalf of the Petitioner, Marcus Clark was previously sworn.

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

Mr. Clark said this parcel contained two concrete tilt-up buildings and had a 29 percent vacancy rate. He stated he was requesting a \$55 to \$56 per square foot rate for the subject. He said Appraiser Clement indicated the Sandhill properties were newer, were better quality buildings and had rates of approximately \$64 per square foot. He stated the Assessor's comparables on page 2 of Exhibit I, showed a declining industrial-flex rate. He said the Petitioner used a comparable at 4910 Longley Lane that had a bigger building and a 15 percent cap rate, which was more indicative of what was happening in the market. He said on page 3 (circled) of Exhibit A, an 11.3 percent Internal Rate of Return was used based on appraisers' comments last week. He said the Assessor's valuation of \$67.53 per square foot was overstated and should be in the \$55 per square foot range, especially because the subject's tenant improvements were basic and because it consisted mostly of warehouse space.

Appraiser Clement reviewed the subject's income information as shown on page 1 of Exhibit I. He stated the current overall market conditions were analyzed and the income approach to value indicated a value of \$2,638,037 or \$73 per square foot. He then reviewed the comparable sales on page 2 of Exhibit I, which indicated a range of \$53 to \$154 per square foot. He stated his analysis indicated the taxable value did not exceed full cash value and the property was equalized with similarly situated properties.

In rebuttal, Mr. Clark reiterated the Sandhill properties were only a few blocks a way from the subject, were newer and of better quality, and were valued at \$64 per square foot; which indicated the subject should be somewhere within the \$50 range based on the Assessor's comparables from earlier testimony. Chairperson Covert said his issue was Petitioner's income approach. Mr. Clark stated the Petitioner's model showed what the property was currently worth based on the risk factor that someone buying the property would put on it and not necessarily what the rents were at this time.

Member Horan noted models made assumptions. He asked Appraiser Clement to address the issue of the Sandhill properties. Appraiser Clement believed those properties were office space with some manufacturing space instead of industrial-flex buildings.

Mr. Clark stated the previous appellant was reduced to \$55 per square foot and both properties were in South Reno. He advised he did not see \$67 per square foot as the value for industrial-flex buildings in that neighborhood. Chairperson Covert commented that just because the properties were in the same neighborhood did not mean they had the same use.

Mr. Clark stated he did not have any further testimony.

With regard to Parcel No. 163-102-05, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Woodland, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2010/11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0667E PARCEL NO. 090-030-19 – MOSS PROPERTIES LLC –
HEARING NO. 10-0148

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 9025 Moya Boulevard, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Supporting Document Package, 25 pages.

Exhibit B: Modified supporting document package, 23 pages.

Assessor

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

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

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

Mr. Getz advised the Board should look at Exhibit B, which was a modification of the package submitted with the petition. He reviewed the summary of the property as shown on page 2 of Exhibit B. He noted Tyco Valves and Controls signed a 15-year lease in 2000 with a starting rent of \$.45 per square foot net, which increased 10 percent after five years and with another increase scheduled for later this year. He explained the subject's rent was higher than what could currently be obtained. He noted the developer and the tenant each contributed \$500,000 to \$600,000 towards the tenant

improvements and the rent took into account the developer's contribution and sought to amortize the improvements over the term of the lease.

Mr. Getz said he toured the building yesterday and it was a non-descript facility filled with lathes and overhead cranes used to manufacture valves. Chairperson Covert asked if they did their own forging and castings. Mr. Getz replied it appeared they were grinding, assembling and painting the valves before boxing them in large containers to be shipped. He noted there was nothing special about the building and the rent reflected things other than the physical quality of the building. He advised the lease contained no early termination provisions. He said tenants had been approaching their landlords to request an adjustment in their rents because they were having financial difficulties, but this tenant had not made such a request yet. He said the developer indicated he could reduce the rent to \$.40 per square foot if necessary, which would be a 20 percent reduction; but the developer could not go any lower because \$.40 per square foot was required to service the debt on the building. He stated the subject's rent should be around \$.30 per square foot net based on the Petitioner's rent survey. He noted the Petitioner used just over a 9 percent cap rate, which was in keeping with the Assessor's numbers.

Mr. Getz reviewed the income statement, which indicated a market value of just under \$3 million for the subject, while its total taxable value was just over \$5 million. He noted the CoStar survey that was conducted on approximately 23 buildings, or 6.5 million square feet within a three-mile radius of the subject arrived at a value of \$.27 to \$.30 per square foot net. He reiterated the Petitioner was suggesting \$.30 net. He stated the Petitioner provided comparable leases and noted the tenant that had the lease for the Brookside Building #3 at \$.40 per square foot had received free rent as well as a substantial tenant-improvement allowance. He said those concessions amounted to \$.13 per square foot, which would equate to \$.27 per square foot. He stated properties would languish on the market without selling if the asking rents were too high, which suggested the value of commercial properties on average had fallen about 40 percent since the beginning of 2008.

Mr. Getz said the Petitioner could only locate one 2009 comparable sale at 4910 Longley Lane, and he thought any sales from 2008 were not pertinent. He understood it was hard to arrive at a value when there were no sales. He said the California Assessor's handbook stated comparable sales were the best way to identify value but, when those sales were absent, information from experts in the field and discussions with appraisers could be used to assist in arriving at a value. He said values continued to fall due to issues in the capital markets, the low levels of positive absorption, and the general economic downturn.

Mr. Getz said the appellant identified one comparable sale that was almost on point and took place at a 15.51 percent cap rate. He said the listing broker believed the reason for the high cap rate was the tenant had 1.5 years left on the lease and did not have a good relation with the landlord, which made the landlord fearful the tenant would not renew the lease. He stated at that asking price, the buyer was willing to take a risk that he

would be able to extend the existing lease and an extension was negotiated after the sale. He advised properties that used to sell with an existing five-year lease no longer sold because a five-year lease in today's market was no longer considered a long-term lease due to concerns a tenant might not still be around for the full term of the lease. He stated because the absorption levels were lower, there was also a concern that there might not be a replacement tenant available; and cap rates had been forced upward as a consequence. He advised financing a property with only a five-year lease would be difficult, because lenders were not interested in taking a chance on that kind of a deal. He noted what was once viewed as a solid transaction was no longer viewed that way. He said the price at which people were willing to buy was predicated on the length of the lease and, unless a lease could be offered that was closer to 10 years, getting a property sold at perceived market rents was improbable.

Mr. Getz said comparable industrial spaces with comparable rents that were found within ten miles of the subject were listed on page 20 of Exhibit B. He said only one property was found for sale of similar size and construction, which was fully leased. He noted no financial information was made available for the property, which was being offered for \$44.50 per square foot and had been on the market for 519 days. He stated that showed there were no takers even at that low rate.

Appraiser Sarman stated his analysis showed something different than the appellant's analysis. He reviewed the subject's information as shown in Exhibit I and noted the subject's current taxable value was \$58.50 per square foot, while the appellant's value was \$68 per square foot. He said it also came within the range of the three older comparable sales used, but still fell within the Assessor's statutory deadline for looking at sales. He believed the comparables were inferior with respect to the percentage of occupancy and weight was being given to the manufacturing component.

Appraiser Sarman noted the appellant's Exhibit B looked like a comparison was being made between manufacturing and warehouse space, but they were two separate buildings. He said the appellant was using rents at \$.30 per square foot, but the subject was a manufacturing building instead of a mega-warehouse. He stated a lot of tenant improvements went into a manufacturing building, which would make the rents higher.

Appraiser Sarman stated he believed the taxable value fell below the comparable value range and, if the actual taxable income value was used, the taxable value also fell below that. He said using the Assessor's market data of \$.50 per square foot versus the appellant's \$.53 per square foot and a vacancy rate of 8.5 percent, the Assessor's value came in pretty close. He stated the recommendation was to uphold the Assessor's taxable value. He noted the appellant talked about the 40 percent decline in the market value, but he wanted the appellant to be aware that Nevada was not in a market-value driven system; and the taxable value of the subject had fallen 27 percent since 2008.

In rebuttal, Mr. Getz felt the Assessor's comparable sales were irrelevant because the world had changed in the last two years. He said just because the comparables fell within a statutory timeframe that allowed the Board to look at them, did not mandate the Board had to do so. He believed the Board should not look at them because they were 18 to 24 months old and were no longer relevant. He said the alternative would be to make an appropriate chronological adjustment and to mark down the value by 40 percent.

Mr. Getz advised there was nothing about the building's bricks and sticks that made it a manufacturing facility. He noted the hoists and large cranes that spanned the whole roofline of the property could be removed because nothing was permanently anchored and, under the terms of the lease, the tenant was required to remove all improvements and leave the floor in a broom clean condition. He stated the improvements were currently useful to Tyco, but would have no utility or value to the next tenant. He felt if any of the mega-buildings were to lease, it would be at the \$.25 to \$.30 per square foot range; and, if this building had its tenant improvements removed, it would compete with the mega-buildings. He said even if the tenant had a lease at \$.50 per square foot, the Assessor's Office was obligated to look at rents of analogous properties to determine what would be appropriate if this building was not leased.

Mr. Getz said he looked at the detailed market-rent analysis in Exhibit I, but most of the market rents were in the \$.25 to \$.30 per square foot range. He stated he was not clear regarding how the Assessor arrived at \$.50 per square foot as an appropriate market rent, unless it was felt the \$.50 per square foot the tenant was paying should be used.

Member Brown said the appellant's paperwork noted there were no loading docks. Mr. Getz replied that was incorrect, because the subject had both grade level and recessed docks with weatherized doors and load levelers.

Appraiser Sarman reiterated that, regarding the \$.50 per square foot, a manufacturing building's rent would be higher than a warehouse's rent because of the tenant improvements. He noted the owner had paid 50 percent of the subject's tenant improvements. Chairperson Covert asked if after five years the tenant were to leave and the property was turned back into warehouse space, would the Assessor's Office look at it as such. Appraiser Sarman replied it would be valued as warehouse space, which would be reflected in changes to the record card.

Josh Wilson, Assessor, stated in NRS 361.227 stated how taxable value was determined and indicated improved land should be appraised consistent with the improvement's use. He explained the Assessor's Office could not deal with hypothetical issues but, if the occupancy changed and the manufacturing components were removed, then the property's use would be changed to reflect it was a mega-warehouse.

Member Horan noted Mr. Getz's observations regarding the value of leases had some truth to them, but the market was not there yet. Chairperson Covert

agreed that when there was a sudden paradigm shift, such as what was being dealt with currently, the market would not go back to where it was before the shift but would come back as something different and that would be the time to deal with it.

With regard to Parcel No. 090-030-19, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2010/11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0668E PARCEL NO. 025-551-05 – AIB - DUNN LLC –
HEARING NO. 10-0569

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 5390 Riggins Court, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income and lease documents, 7 pages.

Assessor

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

On behalf of the Petitioner, no one was present.

On behalf of the Assessor and having been previously sworn, Steven Clement, Appraiser, oriented the Board as to the location of the subject property. He reviewed the Assessor's recommendation as shown on page 2 of Exhibit I.

With regard to Parcel No. 025-551-05, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried, it was ordered that the \$255,300 taxable land value be upheld and the taxable improvement value be reduced to \$275,410 due to \$99,420 in obsolescence, resulting in a total taxable value of \$530,710 for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0669E PARCEL NO. 163-220-01 – PINJUV FAMILY TRUST, PAT & PAM
– HEARING NO. 10-0537

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 9425 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 subjects appraisal records, 12 pages.

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

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

Mr. Pinjuv said there was an office on both the first and second floors in addition to racking and a storage area, but he was not sure how that was broken down. He advised the he had a set of plans and building permits with him that could solve the 500 to 700 square foot discrepancy with the Assessor's figures. Chairperson Covert noted the difference was over 10 percent.

Mr. Pinjuv stated the Assessor used \$.90 per square foot, but the warehouse would not rent for that. He said Grubb and Ellis quoted him rates from \$.80 to \$.85 per square foot for office space and \$.35 cents for warehouse space. He stated he used those figures, a 29 percent vacancy rate, and 10 percent for expenses and came up with a much lower number for the income approach. Chairperson Covert asked what the rent was. Mr. Pinjuv replied the subject was owner-occupied.

Mr. Pinjuv argued that the comparable sales were all over a year old. He said he was a general contractor involved in doing tenant improvements either from the ground up or by doing conversions after purchase for a new tenant. He said the numbers in the last few months did not compare to those of 13 to 16 months ago, and the Assessor's Office was using numbers well above what a property would sell for today. He said he would like to get a 9 percent cap rate on his properties, but that rate was not showing up in terms of trying to sell them.

Mr. Pinjuv concluded he felt the comparables were high and outdated, and he could show that the income approach amount could be lowered considerably by using the correct square footage. Chairperson Covert advised the Assessor's Office would come

out and adjust the records if a factual error was confirmed. Mr. Pinjuv said he had the building's plans, but an inspection would be fine. Appraiser Clement stated the Assessor's Office would like to verify the subject's dimensions.

Member Horan asked if the Petitioner had a specific number he wanted. Mr. Pinjuv replied the Board previously discussed an industrial-flex building on Riggins Court and the subject was also an industrial-flex building. He said even though no two buildings were identical, he had to consider what the market would bear. He stated he had watched people in his neighborhood trying to sell, but he did not think they could sell even if they were closer to \$60 to \$65 per square foot. He felt anywhere in the \$50's or low \$60's per square foot would be appropriate for the subject property.

Appraiser Clement reviewed the subject's attributes and the income approach information as shown on page 2 of Exhibit I, which calculated an income approach to value of \$467,211 or \$77 per square foot. He then reviewed the comparable sales as shown on page 1 of Exhibit I, which indicated a taxable value range of \$125 to \$187 per square foot. He noted more weight was given to the comparable sales because the subject was owner-occupied. He said based on those analyzes, the taxable value of the subject did not exceed full cash value and was equalized with similarly situated properties.

Chairperson Covert noted the comparable sales were really old and were right on the edge of the timeframe that allowed the Assessor to include them. He stated using the income approach became more difficult because the building was owner-occupied. Appraiser Clement advised IS-2 was a 2009 sale. Chairperson said it was over 13 months old. Appraiser Clement indicated the sale was for twice as much as the taxable value on the property. Chairperson Covert felt the market on January 21, 2010 was different than it was on January 21, 2009.

Member Horan said using the \$.90 per square foot went back to the assumption on how much area was office space versus warehouse space. Appraiser Clement said the Assessor's Office looked at the location and the amount of office space. If the building was only office space, it would be in the high-dollar range and, if it had only warehouse space, it would be in the \$.50 per square foot range. He said the \$.90 per square foot was an estimation based on a blend of office and warehouse space.

Chairperson Covert asked how the space was used. Mr. Pinjuv replied it was his office and storage for miscellaneous tools and equipment in the back area. He said it was not used as manufacturing space.

In rebuttal, Mr. Pinjuv reiterated he was aware of what properties would potentially sell for, but there were not many sales. He said when properties sat on the market for hundreds of days, it probably meant the price was not appropriate. He stated the only sales he saw happening were some real-estate owned properties and miscellaneous sales of properties due to bankruptcies, which were dramatically less than what was seen here. He said he still had a problem with the Assessor using \$.90 per

square foot, because he felt the blended rate should be closer to \$.60 per square foot. He said his calculations produced a rate of \$49.19 per square foot using the income approach and his square footage. Chairperson Covert advised the Assessor worked in ranges rather than with exact figures. He said the Petitioner should call the Assessor's Office to set up an appointment for someone to come out and look at the square footage. He stated the income approach would have to be recalculated if there was a significant difference in the square footage.

Mr. Pinjuv asked how his belief that the comparable sales were inappropriate would be addressed today. Member Horan advised the only thing that would change would be the factual part of it and how it allocated the calculation on a cost basis because the Assessor used *Marshall and Swift* to calculate the replacement costs and the depreciation. Mr. Wilson replied Member Horan was correct in that would address the *Marshall and Swift* costs. He indicated his office would try to get out to this property before the State Board of Equalization's (SBOE) March 10, 2010 filing deadline. He said in the event the Assessor's Office could address the factual errors by then, the computed income approach to value would be augmented for the SBOE to implement the income portion of the adjustment. Mr. Pinjuv asked if the actual assessed square foot value would be looked at. Mr. Wilson said the Assessor's Office would correct the error if the property was remeasured and the square footage was less than the current records indicated, but this Board could make any decision it wanted to based on the information it was given. Mr. Pinjuv said he was fine with that, but he was also contesting the square footage value.

Appraiser Clement advised the property was not being valued based on the income or the sales approaches, but was being valued at the replacement cost new minus 1.5 percent depreciation by year. He said pursuant to statute the income and sales comparison approaches were used to make sure the property did not exceed its market value.

Mr. Wilson said in answer to the question regarding how taxable value related to market value, Nevada used the cost approach to value. He stated that meant the value placed on the land was what it was believed the parcel would sell for and the improvements were determined using *Marshall and Swift* based on the existing improvements and the property's occupancy. He said that number was depreciated at 1.5 percent per year. He noted the further away a property got from its market value, the older it was. He said that was why people were surprised when they moved from a 40-year old home to a new home with the same market value, but where the new home had a tax bill based on zero depreciation.

Mr. Pinjuv indicated he had no further comment.

Member Brown asked how a 50 percent finished area versus a 10 percent finished area translated into actual dollars. Appraiser Clement said if it was being looked at from an income standpoint, someone buying the property would demand a higher rent because the 50 percent finished area would mean the building had more office space.

Chairperson Covert said his issue with owner-occupied buildings was that the income approach assumed there was a profit. Appraiser Clement indicated that was why more weight was put on the comparable sales approach.

Chairperson Covert recommended the Petitioner file an appeal with the State, which could be withdrawn if the square footage was adjusted to the Petitioner's satisfaction.

With regard to Parcel No. 163-220-01, pursuant to NRS 361.356, 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, it was ordered that the Assessor's taxable values be upheld for tax year 2010/11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

4:25 p.m. The Board recessed.

4:40 p.m. The Board reconvened with all members present.

10-0670E **PARCEL NO. 018-043-20 – PANICARO, JOE –**
HEARING NO. 10-0563

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land located at 2255 Koldewey Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Appeal Brief, 117 pages.

Exhibit B: Appeal Brief Correction, 3 pages.

Exhibit C: Letter dated 1/22/10 requesting consolidation of Hearings 10-0563 and 10-0564.

Exhibit D: Record Cards for comparable sales, 10 pages.

Exhibit E: Letter dated 1/6/10 from Assessor's Office with Record Cards, 10 pages.

Exhibit F: Information regarding 34710 Woodchuck Circle, 1 page.

Assessor

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

Nancy Parent, Chief Deputy Clerk, stated the Petitioner requested that this hearing and Hearing No. 10-0564, Joy Panicaro, APN 082-492-02, be heard together.

Josh Wilson, Assessor, indicated he did not believe it would be appropriate to hear the two properties together because they needed to be similar properties pursuant to regulations. He stated one was a residential property and the other was a commercial property.

4:25 p.m. The Board recessed.

4:40 p.m. The Board reconvened with all members present.

On behalf of the Petitioner, Joe Panicaro was sworn in by Ms. Parent.

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

Mr. Panicaro said he petitioned before the County Board of Equalization (CBOE) last year, and he disagreed with Legal Counsel's opinion of the law. He cited NRS 361.345, 361.356, 361.357 and NAC 361.624 regarding the County Board of Equalization's duties. He read from Exhibit A, starting with page 1, line 18 through page 2, line 4, that indicated the Nevada Supreme Court cited Article 10, Section 1 of the Nevada Constitution in its ruling in the State v Bakst case.

Mr. Panicaro said the property's 2010 assessed values were inequitable and exceeded market value. He noted he appealed his 2009/10 assessed values to the State Board of Equalization (SBOE) and the SBOE granted his petition and revised the parcel's taxable land value downward to \$82,875. He noted on December 29, 2009 he faxed a letter to the Assessor's Office asking specifically how the subject parcel's 2010/11 taxable values were calculated. He said John Thompson, Appraiser, responded in a letter dated January 6, 2010, Exhibit 4 in Exhibit A, that a reduction in value from the previous year of approximately 20 percent was warranted due to an analysis of his neighborhood. However, the 22.5 percent reduction afforded his parcel was applied to the 2009/10 taxable value of \$92,947 originally established by the Assessor's Office and not to the revised value of \$82,875 granted by the SBOE. He indicated with the 22.5 percent reduction properly applied, the property's 2010/11 taxable land value would be \$66,300 and not \$72,000. He said his current taxable land value represented only a 13 percent reduction from the SBOE's amount, while his neighbors received 22 to 23 percent reductions. He said his Exhibit 6 in Exhibit A contained printouts of those appraisal reports. He stated this created an inequity that the Board had a duty to rectify.

Mr. Panicaro said the Assessor's taxable value exceeded the property's market value. He stated his Exhibit 7 in Exhibit A showed *The Appraisal of Real Estate*, 12th Edition and was the same publication used by SBOE Chairman Tony Wren. He read from Exhibit A, page 3 starting with line 7, where he discussed the rules regarding physical restrictions; his 2009/10 values; and the "Neighborhood AC sales for 2009 reappraisal, which was his Exhibit 8. He discussed the price decline in the offerings for the LaFond and the Markridge parcels. He said as shown by those two comparable parcels, his taxable land value should be less than \$59,000.

He discussed the topography, Exhibit A, page 4 starting with line 7. He said he received a 10 percent reduction for topography, while his neighbors received 20 to 40 percent reductions for similar slopes. He provided the details of several comparables including their slope and the reduction in value received. He noted the differences in the reductions created a further inequity regarding his property.

Mr. Panicaro discussed the sales comparison approach as provided in Exhibit A, page 5 starting with line 5, and the issues of his parcel being a “key lot.” He concluded having a “key lot” reduced the value of the parcel.

Mr. Panicaro refuted the Assessor’s record that stated his parcel was on a paved road. He said it was unpaved, had no sidewalk, curb, gutter, or even a culvert drainage system. Chairperson Covert asked if the property was within the city limits. Mr. Panicaro replied it had been for the last eight to nine years. Mr. Panicaro said many of the comparables had these amenities, but no adjustments were made to eliminate the disparity between them and the subject property. He advised that caused his property to suffer a further inequity. He read his conclusion as written in Exhibit A, page 7 starting with line 12. He noted he arrived at his conclusion by taking a further 20 percent reduction for the topography based on the comparable properties and another 20 percent reduction for having a “key lot.”

Mr. Wilson stated he did not understand what land value Mr. Panicaro was requesting. Mr. Panicaro said the land’s value should be less than \$59,000 based on his two comparables, but further adjustments for the topography and “key lot” issues would result in a land value of less than \$37,760.

Appraiser Johnson discussed the subject property and the improved sales as shown in Exhibit I, page 1. He said based on the comparable sales, the taxable value did not exceed full cash value and this property was equalized with similarly situated properties in Washoe County.

Chairperson Covert asked that the topography and “key lot” issue be addressed. Appraiser Johnson said he did not have the comparable sales to show what the market was for “key lot” parcels. Chairperson Covert asked if that would be considered a detriment. Appraiser Johnson replied there was no market data to show there was any detriment. Chairperson Covert asked about the Petitioner getting a 10 percent reduction for topography, while other properties were getting up to 40 percent. Appraiser Johnson advised an appraiser’s judgment would be used when looking at a site to determine what was useable and what was already built on. He explained topography would be a bigger issue if the site needed to be graded and foundations built. He noted some people even like sloped lots because it gave them different levels to build on relatively inexpensively via walk-out basements. He said topography adjustments were basically based on utility. He noted LS-1 had over an acre of land, but had a small building site.

Chairperson Covert asked for clarification regarding the SBOE's decision last year versus this year's appraisal. Appraiser Johnson said the Petitioner received a reduction, but the base-lot value in 2009 prior to the County-wide 15 percent reduction was \$135,000 and the 15 percent reduction brought it down to \$114,750. He stated a reduction of 21.5 percent would bring the base-lot value down to just over \$90,000. He said 10 percent topography and 10 percent easement adjustments were applied on top of that reduction, which brought the land value down to \$72,000.

Chairperson Covert asked about the Petitioner's issue regarding the Assessor's not using approved methods to value his property. Mr. Wilson said he found it hard to understand what the issue was. He said there were a lot of quotations, but he could not understand how they related to what was done on the subject property, which would cause it to have some sort of constitutional issue. He said adjustments were made when the market data supported an adjustment for this type of property, and the analysis that was done indicated the appropriate adjustments for the property were made. He recalled the SBOE said the value should not have increased last year, so they applied the adjustments the County Board gave the taxpayer last year to the base-lot value before it was reappraised for 2009/10. He advised all property was assessed at 35 percent of its taxable value, which was the uniform rate of assessment.

Chairperson Covert asked if only the land value was being questioned. Mr. Panicaro replied that was correct. He said the SBOE granted his petition last year based on inequity and not the market value exceeding cash value. Chairperson Covert asked what the inequity was. Mr. Panicaro replied it was because his property increased 15 percent when all of his neighbor's properties went down 15 to 20 percent. Chairperson Covert asked if the same inequity existed now. Mr. Panicaro replied it did. He indicated he had a letter from Appraiser Thompson stating that he concluded the current value in the Petitioner's neighborhood justified a 20 percent reduction from last year's value. He stated that value, as determined by the SBOE, was \$82,875. Applying a 21.5 percent reduction would reduce the land value to \$66,000. He indicated the Assessor's Office used the wrong amount when applying the reduction. He noted he had only heard Appraiser Johnson defend the market value was not over cash value, which he felt he had successfully shown was not true. He did not hear Appraiser Johnson defend against his assertions of inequity, which he had proved with his slope analysis.

In rebuttal, Mr. Panicaro said he heard Appraiser Johnson say unimproved lots would get a higher reduction for topography. He stated his Exhibit 12 in Exhibit A showed an improved comparable sale on Sagittarius that received a greater reduction for topography, even though its slope was less than the subject's slope.

Member Krolick asked Appraiser Johnson to address the dirt road issue, because the satellite photo appeared to show the road paved right up to the subject's driveway. Appraiser Johnson replied he had never been to the subject property. Member Krolick asked if an up-slope parcel was impacted more than a down-slope parcel when making adjustments for topography. He noted the subject appeared to be a down-slope

parcel. Appraiser Johnson stated he did not believe such a distinction was made, and he confirmed the subject was a down-slope parcel.

Mr. Panicaro said his Exhibit 14 in Exhibit A contained pictures that indicated Koldewey was unpaved. He noted his property was the one with the rail fence along the front.

Mr. Panicaro stated IS-1 was not a “key lot,” it had a paved road and a covert drainage system, it had no reduction for topography, and it received a 21.5 percent land reduction. He said IS-2 was not a “key lot,” it had a paved road, it was a foreclosure sale, and it received a 21.5 percent land reduction. He stated IS-3 was not a “key lot,” it had a paved road and was located on a cul-de-sac, it had no reduction for topography, and it received a 21.5 percent land reduction.

Chairperson Covert asked if the Petitioner had municipal water. Mr. Panicaro replied he did, but did not have sewer service.

Mr. Panicaro said LS-1 was given the most weight by the Assessor due to it having the most similar physical characteristics. He stated the appraisal sheet showed LS-1 received a 30 percent reduction for topography, which indicated an inequity based on the Assessor’s own comparables. Chairperson Covert noted it received a plus 30 percent adjustment for size. Mr. Panicaro said LS-1 was located on a cul-de-sac, had sewer, had municipal water, had a paved road, and the lot was three times bigger than his. He stated it was in neighborhood ACMD, but his neighborhood was ACSE. He felt apples were not being compared to apples. He said the taxable land value was \$1.16 a square foot and his property was \$3.75 a square foot, which meant his taxable value exceeded market value. He said \$1.16 would equate to a taxable land value for his property of \$22,233. He stated IS-3 was also not in his neighborhood nor was it in the same reevaluation district and it was not a “key lot.”

Mr. Panicaro indicated he included the appraisal reports on 3080 Markridge Drive and 2085 LaFond, which were the two comparables he was using to show his property’s market value exceeded full cash value. He said LaFond was in his Exhibit 12 and Markridge was in his Exhibit 15 of Exhibit A. He stated the Markridge property was in his neighborhood and was in the same reevaluation district, while the La Fond property was in a different neighborhood but was in the same reevaluation district. He said the Assessor’s comparables were not even close to his area.

Mr. Panicaro said IS-2 was flat, paved, had sewer service, and was \$3.04 a square foot. He stated \$3.04 would equate to a taxable land value for his property of \$58,265. He said IS-3 was a downtown property and was not a vacant lot, but was someone’s backyard. He felt due to the lack of land downtown, it would have a premium price over where he was. He discussed the attributes of the parcel and its neighborhood designation and concluded it was not an apples-to-apples comparison to his property. He said LS-4 was a listing, and he had called the number listed on the sales sign and was told the listing had expired in December, so it was an old listing. He discussed the property’s

attributes and its neighborhood designation. He said the taxable value was \$2.90 a square foot and would equate to a taxable land value for his property of \$55,581.

Mr. Panicaro discussed the Add to Vacant Land Sales Chart in Exhibit E, which he believed was used in the analysis that indicated his neighborhood deserved a 20 percent reduction. He noted the appraisal reports he had obtained for the properties on that list showed they were in the same neighborhood and reevaluation district. He discussed the differences in the taxable land values from 2009 to 2010 for each property, the reduction received, and the properties' attributes. He reiterated he was only getting a 13 percent reduction because it was being applied to the wrong value, which created a severe inequity because the other properties were getting at least 21.5 percent. He asked for the same 21.5 percent land reduction. Mr. Panicaro discussed the attributes of the vacant land in Exhibit F that had a \$.73 a square foot asking price, which would equate to a \$13,391 taxable land value for his property.

Mr. Panicaro felt he had shown his taxable land value exceeded market value and there were many inequities regarding how his property was appraised. He reiterated his property's taxable value should be set under the asking price of \$59,000 for the LaFond property. He reiterated no defense was given regarding the inequity argument. It was not shown that the subject's taxable value was under market, and there was no evidence presented regarding why his parcel did not receive a greater reduction for topography, when he provided a great deal of evidence that indicated it should.

Mr. Wilson explained residential parcels were valued as a site and not per square foot. He stated if the Board wanted to give the Petitioner an additional 10 additional percent off of the base-lot value, the land value would be \$63,000. A 20 percent reduction would bring it down to \$54,000. He felt the \$39,000 the Petitioner wanted would create an equalization issue within the neighborhood because the reduction was so far below the valuation of the land for any of the adjacent parcels. He explained this neighborhood had a \$90,000 base-lot value. He said the subject was being adjusted downward 20 percent due to the topography and the road easement.

Mr. Panicaro stated he wanted the 21.5 percent reduction the SBOE granted him last year for a start. He said his parcel was the only "key lot" and most of the other lots did not have topographic issues.

Member Krolick asked if there was a frontal picture of the subject property that showed how it was accessed. He also asked if the property was impacted by car headlights. Mr. Panicaro replied Yuma Lane went right up to the middle of the house, so he did get lights shining into the house; but he did not provide a picture showing how Yuma Lane ended in front of his house.

Chairperson Covert said he was hung up on the unpaved road, the lack of drainage, and the lack of municipal water, which the comparables had. Appraiser Johnson said the comparables had septic systems. Chairperson Covert replied some of them did. Appraiser Johnson said most of the comparables were on paved roads. Chairperson

Covert stated he did not know what to do about the “key lot.” Member Brown asked if a “key lot” was a bona fide assessment. Appraiser Johnson replied not that he was aware of. Member Woodland said “key lot” was a realtor term. Mr. Panicaro said there was evidence a reduction in value was warranted for a “key lot” because it experienced the same lack of privacy corner lots experienced.

Chairperson Covert brought the discussion back to the Board. He said he agreed somewhat with the Petitioner because there were some detriments that were not recognized. He suggested giving an additional 10 percent reduction for the issues with the land. Mr. Wilson advised he would like the reason for any reduction based on the CBOE’s reasoning.

Member Krolick felt the subject had been adjusted downward appropriately.

Member Brown made a motion to reduce the land an additional 10 percent based on topography for a total land value of \$63,000, resulting in a \$205,144 total taxable value. Chairperson Covert seconded the motion, which failed on a vote of two for and three against.

With regard to Parcel No. 018-043-20, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Krolick, which motion duly carried with Member Brown voting "no," it was ordered that the Assessor's taxable values be upheld for tax year 2010/11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

6:10 p.m. The Board recessed.

6:15 p.m. The Board reconvened with all members present.

10-0671E **PARCEL NO. 082-492-02 – PANICARO, JOY – HEARING NO. 10-0564**

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 7490 North Virginia Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Appeal Brief, 21 pages.

Exhibit B: Record Cards, 4 pages.

Exhibit C: Income Approach data, 1 page.

Exhibit D: Aerial photo of property, 1 page.

Assessor

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

On behalf of the Petitioner, Joe Panicaro was previously sworn.

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

Mr. Panicaro stated he received the Assessor's documents this morning, even though he asked for them on February 9, 2010 in writing. He said according to the law, property owners could appeal based on their values being inequitable or exceeding market value. He said during Hearing No. 10-0563 above, he discussed the Supreme Court v Barta decision and that the Board's primary concern should be if the property was equitable instead of merely ensuring the property's taxable value did not exceed full cash value.

Mr. Panicaro said the subject was a commercial property with a 2010/11 taxable land value of \$56,100, a taxable improvement value of \$61,182, resulting in a total taxable value of \$117,282. He stated the values were erroneous because the Assessor had failed to adjust for the parcel's topography.

Chairperson Covert said the petition indicated the land value to be \$39,270 and the total property value to be \$100,452, which resulted in an improvement value that was the same as the Assessor's value. He felt that indicated the Petitioner was disputing the land value. Mr. Panicaro said that was no longer true based on the documentation he received this morning.

Mr. Panicaro read from Exhibit A, page 1 starting with line 17 regarding the subject property's parking being restricted by its steep terrain. He ended on page 2, line 9. He said based on Exhibits B and C and adjusting the current taxable land value by 20 percent for topography, would equate to a \$44,880 taxable land value.

Mr. Panicaro said according to the comparable sales provided by the Assessor's Office, the property's taxable land value of \$3.61 per square foot exceeded its market value and was inequitable. He said the sale for APN 085-371-27 had a 2010/11 taxable land value equating to \$2.80 per square foot and APN 050-419-09 had a 2010/11 taxable land value equating to \$2.00 per square foot. He noted APN's 082-492-01 and 082-492-05 had 2010/11 taxable land values equating to \$1.75 per square foot and they both bordered the Petitioner's property. He stated APN 050-419-09 sold July 23, 2009 for \$2.13 a square foot. He said taking the high and low average of these comparables equated to \$2.36 per square foot. He stated applying that to the subject's square footage indicated the total taxable land value should be \$36,700. He said the Appraiser had also provided an income approach analysis to justify the property's current total taxable value. He advised by using 2009's actual expenses for the property, its total taxable value

equated to \$74,062. He noted that commercial values had plummeted since 2008 and the Assessor's amounts were erroneous for the reasons stated, which this Board had a duty to correct.

Chairperson Covert asked about the building's use. Mr. Panicaro replied the tenants were an auto repair business and storage for an ornamental iron worker. There were no vacancies.

Appraiser Clement stated the subject was documented as storage/warehouse, but a recent inspection showed a service/repair garage. He said costing the improvements as a service/repair garage increased the improvement value by approximately \$20,000. He discussed the comparables as provided on page 1 of Exhibit I, and he also discussed the income approach as shown on page 2. He stated based on the analyses, with more weight being given to the comparable sales, the recommendation was to uphold the Assessor's value.

Chairperson Covert asked if the land sales were for vacant land. Appraiser Clement replied they were, and he explained it was difficult to find comparable land sales in a specific area and the Assessor's Office did the best it could with the data available. He provided more details about the comparables as shown in the comments column on page 1. He noted LS-2 had a well, but that well was removed from the sale price and the two listings were provided because they bordered the subject.

Chairperson Covert said it was not an apples-to-apples comparison when comparing unimproved vacant land to improved occupied land. Appraiser Clement replied that was a true statement in its raw form. He said the picture on page 8 of Exhibit I showed a lot of the topography adjacent to the subject parcel instead of inside the subject.

In rebuttal, Mr. Panicaro said if he had been aware the Assessor would provide an income approach, he would have gotten the Assessor the relevant information sooner. He said when he got the packet this morning and saw that approach was included, he went to the accountant to obtain the actual figures. He discussed some of the differences between that figure and the Assessor's estimations. He stated the Petitioner used the Assessor's cap and vacancy rates, but plugged in the actual income and expenses. He noted one of the renters had been unable to pay rent for a good portion of last year and, by using the Assessor's comparable sales and listings, showed the subject was overpriced. He said the appraiser mentioned a lot near Kietzke Lane, but that was a much better area. He noted there was no privacy and security for the subject parcel because it was located next to the 7-11 convenience store.

Mr. Panicaro discussed why the Assessor's parcel lines were off based on the map in Exhibit D. He said even if the parcel lines were used as is, the topography restricted expansion into the southwest corner of the subject.

Member Woodland said there did not appear to be any room to build something else there regardless of the topography. Mr. Panicaro replied additional parking could be added if the topography was not an issue. Member Krolick explained the line provided for future street widening and that area would not be developable. Mr. Panicaro said according to statute, physical or legal restrictions would devalue a property. Member Woodland said the Petitioner's picture was the same as the Assessor's being displayed, but the Petitioner kept saying they were different and they were not. Mr. Panicaro said page 8 of the Assessor's evidence did not show the parcel outline for the 7-11. Chairperson Covert questioned what that parcel line had to do with anything. Mr. Panicaro said he was arguing that there was a misplaced parcel line.

Chairperson Covert said the parcel lines were generated by a program and not a surveyor. Appraiser Clement replied the newer subdivision lines were drawn using GPS coordinates, but these were probably taken off of old plat maps. He said as new buildings like the one behind the subject were put in, they would tie in these parcels to verify they were correct. Chairperson Covert stated he did not want to get in an argument about the parcel line because it was not accurate. Mr. Panicaro said that was exactly his position.

Mr. Panicaro concluded there should be some consideration made for topography and the restrictions placed on the subject. He said the taxable value of the subject exceeded market value, and the Petitioner's income approach used the actual expenses and income using the Assessor's vacancy and cap rates. He stated that indicated a value of \$74,000.

Member Horan asked what the contractual rents were. Mr. Panicaro thought they were approximately \$1,700 total for the two renters, which did not include the real estate taxes.

Chairperson Covert asked if the Assessor's income approach was based on a triple-net lease. Appraiser Clement said to adjust the numbers, he would have needed a rent roll and more information about the expenses. He stated a 15 percent expense ratio seemed high. Chairperson Covert noted that even if that was the case, it would not affect the taxable value of the land. He said his issue was the comparables were for unimproved land and the subject was improved land, which did not compare apples-to-apples.

Member Krolick asked if the Petitioner wanted to address the corner parcel's land value by taking the 7-11 out of the picture. Mr. Panicaro said he did not believe he had any figures on the 7-11 parcel. Member Krolick said it looked like a mirror image of the subject and had a taxable value of \$93,200. Mr. Panicaro stated he was not here to argue that parcel was overvalued.

With regard to Parcel No. 082-492-02, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Woodland, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2010/11. It was found that the

Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0672E PARCEL NO. 020-011-08 – GOETZE, SANDRA T –
HEARING NO. 10-0167A

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 160 East Grove Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 5 pages.

Exhibit B: Letter dated 2/8/2010, 2 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 19 pages.

On behalf of the Petitioner, no one was sworn.

On behalf of the Assessor and having been previously sworn, Steven Clement, Appraiser, oriented the Board as to the location of the subject property. He said the Assessor's Office stood on its written presentation.

Chairperson Covert asked if any information was provided by the Petitioner. Appraiser Clement replied the Petitioner provided the income and expense information for this property, which was combined with the information for the property in Hearing 10-0167B. He explained it was not possible to separate the information for each parcel. He stated it was necessary to allocate when looking at the income approach; however, they were very distinct properties. He noted the subject contained a mix of uses, and he believed the two rental apartments over the bakery were being claimed as the vacancies.

Appraiser Clement said the property was difficult to value because of its mixed uses, whether the Petitioner was claiming actual residential vacancies versus commercial vacancies, and so on. Chairperson Covert asked if Appraiser Clement believed the combined numbers were presented fairly regardless of how they were divided. Appraiser Clement explained that in using the income approach, he arrived at a value of \$35 per square foot. He said if the Assessor's Office capped last year's income and this year's income, the Petitioner was fine with the 16 percent vacancy rate used.

With regard to Parcel No. 020-011-08, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member

Horan, seconded by Member Woodland, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2010/11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0673E PARCEL NO. 020-011-09 – GOETZE, SANDRA T –
HEARING NO. 10-0167B

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 170 East Grove Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter and supporting documentation, 5 pages.

Exhibit B: Letter dated 2/8/2010, 2 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps and subjects appraisal records, 19 pages.

On behalf of the Petitioner, no one was sworn.

On behalf of the Assessor and having been previously sworn, Steven Clement, Appraiser, oriented the Board as to the location of the subject property. He said the Assessor's Office stood on its written presentation. He said this was the other parcel discussed in Hearing No. 10-0167A above, where the two parcels were combined in the income and expense statement the Petitioner provided. He stated it appeared the bakery and the service/repair garage were occupied during a drive-by in July, so it was assumed the vacancies were the living spaces.

With regard to Parcel No. 020-011-09, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Woodland, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2010/11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

DISCUSSION FOR HEARING NO'S 10-0215A THROUGH
10-0215J

On behalf of the Petitioner, no one was sworn.

On behalf of the Assessor and having been previously sworn, Corinne Delgiudice, Senior Appraiser, oriented the Board as to the location of the subject property. She noted the Petitioner was in agreement with the recommendation to apply \$26,250 in obsolescence to each parcel.

See 10-0674E and 10-0683E below for details concerning the petition, exhibits and decisions related to each of the properties in the consolidated group.

10-0674E PARCEL NO. 538-190-02 – KIC RETIREMENT FUND ETAL – HEARING NO. 10-0215A

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 255 Distribution Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 2 pages.

Exhibit B: Assessment notices and cash flow information, 4 pages

Assessor

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

For the discussion that took place, see DISCUSSION FOR HEARING NO'S 10-0215A THROUGH 10-0215J above.

With regard to Parcel No. 538-190-02, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Woodland, which motion duly carried, it was ordered that the taxable improvement value be reduced by \$26,250 in obsolescence for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0675E PARCEL NO. 538-190-03 – KIC RETIREMENT FUND ETAL – HEARING NO. 10-0215B

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 255 Distribution Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 2 pages.

Exhibit B: Assessment notices and cash flow information, 4 pages

Assessor

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

For the discussion that took place, see DISCUSSION FOR HEARING NO'S 10-0215A THROUGH 10-0215J above.

With regard to Parcel No. 538-190-03, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Woodland, which motion duly carried, it was ordered that the taxable improvement value be reduced by \$26,250 in obsolescence for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0676E PARCEL NO. 538-190-06 – KIC RETIREMENT FUND ETAL – HEARING NO. 10-0215C

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 255 Distribution Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 2 pages.

Exhibit B: Assessment notices and cash flow information, 4 pages

Assessor

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

For the discussion that took place, see DISCUSSION FOR HEARING NO'S 10-0215A THROUGH 10-0215J above.

With regard to Parcel No. 538-190-06, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Woodland, which motion duly carried, it was ordered that the taxable improvement value be reduced by \$26,250 in obsolescence for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**10-0677E PARCEL NO. 538-190-07 – KIC RETIREMENT FUND ETAL –
HEARING NO. 10-0215D**

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 255 Distribution Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 2 pages.

Exhibit B: Assessment notices and cash flow information, 4 pages

Assessor

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

For the discussion that took place, see DISCUSSION FOR HEARING NO'S 10-0215A THROUGH 10-0215J above.

With regard to Parcel No. 538-190-07, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Woodland, which motion duly carried, it was ordered that the taxable improvement value be reduced by \$26,250 in obsolescence for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**10-0678E PARCEL NO. 538-190-08 – KIC RETIREMENT FUND ETAL –
HEARING NO. 10-0215E**

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 255 Distribution Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 2 pages.

Exhibit B: Assessment notices and cash flow information, 4 pages

Assessor

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

For the discussion that took place, see DISCUSSION FOR HEARING NO'S 10-0215A THROUGH 10-0215J above.

With regard to Parcel No. 538-190-08, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Woodland, which motion duly carried, it was ordered that the taxable improvement value be reduced by \$26,250 in obsolescence for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0679E PARCEL NO. 538-190-09 – KIC RETIREMENT FUND ETAL – HEARING NO. 10-0215F

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 255 Distribution Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 2 pages.

Exhibit B: Assessment notices and cash flow information, 4 pages

Assessor

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

For the discussion that took place, see DISCUSSION FOR HEARING NO'S 10-0215A THROUGH 10-0215J above.

With regard to Parcel No. 538-190-09, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Woodland, which motion duly carried, it was ordered that the taxable improvement value be reduced by \$26,250 in obsolescence for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0680E PARCEL NO. 538-190-10 – KIC RETIREMENT FUND ETAL – HEARING NO. 10-0215G

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 255 Distribution Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 2 pages.

Exhibit B: Assessment notices and cash flow information, 4 pages

Assessor

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

For the discussion that took place, see DISCUSSION FOR HEARING NO'S 10-0215A THROUGH 10-0215J above.

With regard to Parcel No. 538-190-10, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Woodland, which motion duly carried, it was ordered that the taxable improvement value be reduced by \$26,250 in obsolescence for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0681E PARCEL NO. 538-190-11 – KIC RETIREMENT FUND ETAL – HEARING NO. 10-0215H

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 255 Distribution Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 2 pages.

Exhibit B: Assessment notices and cash flow information, 4 pages

Assessor

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

For the discussion that took place, see DISCUSSION FOR HEARING NO'S 10-0215A THROUGH 10-0215J above.

With regard to Parcel No. 538-190-11, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Woodland, which motion duly carried, it was ordered that the taxable improvement value be reduced by \$26,250 in obsolescence for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0682E PARCEL NO. 538-190-12 – KIC RETIREMENT FUND ETAL – HEARING NO. 10-0215I

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 255 Distribution Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 2 pages.

Exhibit B: Assessment notices and cash flow information, 4 pages

Assessor

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

For the discussion that took place, see DISCUSSION FOR HEARING NO'S 10-0215A THROUGH 10-0215J above.

With regard to Parcel No. 538-190-12, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Woodland, which motion duly carried, it was ordered that the taxable improvement value be reduced by \$26,250 in obsolescence for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0683E PARCEL NO. 538-190-13 – KIC RETIREMENT FUND ETAL – HEARING NO. 10-0215J

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 255 Distribution Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter, 2 pages.

Exhibit B: Assessment notices and cash flow information, 4 pages

Assessor

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

For the discussion that took place, see DISCUSSION FOR HEARING NO'S 10-0215A THROUGH 10-0215J above.

With regard to Parcel No. 538-190-13, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Woodland, which motion duly carried, it was ordered that the taxable improvement value be reduced by \$26,250 in obsolescence for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0684E PARCEL NO. 164-342-37 – LCKIDS LLC –
HEARING NO. 10-0271

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 3760 Barron Way, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Property Assessment Data, 3 pages.

Assessor

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

On behalf of the Petitioner, no one was sworn.

On behalf of the Assessor and having been previously sworn, Steven Clement, Appraiser, oriented the Board as to the location of the subject property. He stated the Assessor's Office stood on its written record.

Chairperson Covert asked if the Assessor's Office had reviewed the Petitioner's comparables. Appraiser Clement said the comparables were a 22-year old mega-warehouse, a 33-year old industrial-flex building, and a 13-year old industrial-manufacturing building. He did not believe they were comparable.

With regard to Parcel No. 164-342-37, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2010/11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0685E PARCEL NO. 090-051-07 – HVR MANUFACTURING COMPANY – HEARING NO. 10-0797

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 12150 Moya 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 subjects appraisal records, 11 pages.

On behalf of the Petitioner, no one was sworn.

On behalf of the Assessor and having been previously sworn, Chris Sarman, Appraiser, oriented the Board as to the location of the subject property. He said a factual error was found during a site investigation, and the Petitioner was in agreement with the Assessor's recommendation.

With regard to Parcel No. 090-051-07, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried, it was ordered that the \$2,803,100 taxable land value be upheld and the taxable improvement value be reduced to \$10,099,469 due to a \$2,199,699 factual adjustment, resulting in a total taxable value of \$12,902,569 for tax year 2010/11. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

10-0686E PARCEL NO. 025-491-14 – MEPT SOUTHWEST COMMERCE CENTER I & II LLC – HEARING NO. 10-0932

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 895 East Patriot 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 subjects appraisal records, 22 pages.

On behalf of the Petitioner, no one was sworn.

On behalf of the Assessor and having been previously sworn, Steven Clement, Appraiser, oriented the Board as to the location of the subject property. He advised the Assessor's Office would stand on its written record.

Chairperson Covert noted the petition indicated the Assessor should call the Petitioner to arrange for delivery of the appraisal. Appraiser Clement noted he did not have the appraisal, but the Petitioner was given his contact information. Member Horan said he would accept the Assessor's recommendation because the Petitioner presented no evidence that would refute the Assessor's values.

With regard to Parcel No. 025-491-14, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Horan, seconded by Member Woodland, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2010/11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0687E PARCEL NO. 568-033-05 – SHWDC NEVADA PORTFOLIO LP – HEARING NO. 10-0953

A Petition for Review of Assessed Valuation was received protesting the 2010/11 taxable valuation on land and improvements located at 12090 Sage Point Court, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income information, 10 pages.

Assessor

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

Exhibit II: Assessor's recommendation, 1 page.

On behalf of the Petitioner, no one was sworn.

On behalf of the Assessor and having been previously sworn, Chris Sarman, Appraiser, oriented the Board as to the location of the subject property and noted the property was owner-occupied.

Chairperson Covert said the Petitioner provided a rebuttal to the Assessor's income approach, and he asked if it had been reviewed. Appraiser Sarman replied it had been reviewed and it was determined the Petitioner's rents were low. He said a zero percent vacancy rate was used because it was owner-occupied, which yielded a taxable value of \$35 per square foot when using the market approach. He noted the recommendation was to uphold the Assessor's values.

With regard to Parcel No. 568-033-05, pursuant to NRS 361.356, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Horan, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2010/11. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued higher than another property whose use is identical and whose location is comparable.

10-0688E BOARD MEMBER COMMENTS

Member Woodland apologized to the Board and staff for loosing her cool earlier.

10-0689E PUBLIC COMMENT

There were no public comments.

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7:18 p.m. There being no further hearings or business to come before the Board, on motion by Member Horan, seconded by Member Woodland, 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*