

**BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA**

WEDNESDAY

9:00 A.M.

FEBRUARY 23, 2011

PRESENT:

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

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

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

**11-0685E      WITHDRAWN PETITIONS**

The following petitions scheduled on today's agenda had been withdrawn by the Petitioners prior to the hearing:

<b>Agenda Page No.</b>	<b>Petitioner</b>	<b>Hearing No.</b>
Page 3	Nottingham Gate Ctry Park LLC	11-0674A - H

**11-0686E      REQUEST FOR CONTINUANCE**

There were no requests submitted for continuance.

**11-0687E      CONSOLIDATION OF HEARINGS**

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

**11-0688E      PARCEL NO. 019-323-01 – TANGLEWOOD PRODUCTIONS – HEARING NO. 11-0517**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 120 Brinkby Avenue, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

None.

**Assessor**

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

Chairman Covert inquired if Michael Eardley had proper authorization to represent the appeal on behalf of the Petitioner. Mr. Eardley informed the Board he was the President of Tanglewood Productions. Herb Kaplan, Deputy District Attorney, determined Mr. Eardley could represent Tanglewood Productions based on Mr. Eardley's statement that he was the President. On behalf of the Petitioner, Michael Eardley was sworn in by Chief Deputy Clerk Nancy Parent.

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

Mr. Eardley said the building was located at the corner of Gentry and Brinkby, not Grove and Brinkby. He stated the subject lot was left over when Reno Transportation Commission (RTC) put through the Gentry bypass to Brinkby. He reported in 2002 he became aware of the fact that the lot was owned by RTC, which was one of their clients. RTC was not interested in keeping the property because it did not provide much function and there was no way to put signage on the lot. He noted the lot would benefit his company in terms of additional parking across the street from his company. He said RTC was amenable to transfer the property and they struck a verbal agreement to transfer it for \$5,000; however, RTC was a public entity and had to go through the open bidding process. That process put them in a bidding war with another neighbor who was trying to increase their parking. The bid process drove the price up to almost \$15,000. He became aware of the assessed value from his tax attorney when he tried to roll the property out of Tanglewood's ownership into an LLC that he and his wife held.

Chairman Covert inquired if he had to pay income tax on it. Mr. Eardley stated that was correct. Chairman Covert asked him what he thought the property was worth. Mr. Eardley replied he paid \$14,500 for the subject, but he felt the value was closer to \$10,000.

Appraiser Johnson read from page 1 of the Assessor's Hearing Evidence Packet (HEP) and reviewed the features, comparable sales, and range of values associated with the subject property as shown in the HEP. He said the subject was currently receiving a 40 percent discount for the shape and depth of the lot. Appraiser Johnson reminded the Board of an earlier hearing regarding an office building who rented the whole downstairs to the Veteran's Administration along with 75 parking spaces who then

could not rent any portion of the second floor due to the lack of additional parking. He believed there was value to the lot. He stated it was the Assessor's Office recommendation to uphold the current value.

Chairman Covert stated it appeared, with the exception of 2009, there had been a steady value on the lot for several years. Appraiser Johnson stated that was correct and it had been recognized for its unusual shape for all those years.

Member Green asked about the zone designation. Appraiser Johnson stated he thought it represented "Mixed-Use South Virginia", which could be used for commercial, parking and advertising. Member Green inquired if the small size of the lot (5,000 square feet) would preclude development. Appraiser Johnson stated he was not sure what kind of development would be allowed. He said it could definitely be used for parking. Member Green stated the owner had been in possession of the subject since 2004. Appraiser Johnson confirmed that was true. Member Green stated in 2005 and 2006 the value was \$25,000, but in 2007 it went up to \$27,900, in 2009 it went up to \$32,000 and in 2010 the value went back down to \$25,300. He wondered why an appeal had not been brought before the Board before now.

In rebuttal, Mr. Eardley testified the only reason an appeal had not been brought earlier was because it slipped his attention. He commented the taxes were not the issue, it was the assessment that was going to force his income tax to go through the ceiling. He said they were only trying to transfer the property from his company to his personal possession.

Member Green stated the Board had to deal with the actual value and suggested the appellant hire a fee appraiser to determine an actual value.

Mr. Eardley stated he did not think there was a possibility of him being able to put outdoor advertising on the subject.

With regard to Parcel No. 019-323-01, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

**11-0689E      PARCEL NO. 163-111-01 – INTERNATIONAL GAME TECHNOLOGY – HEARING NO. 11-0603**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 9295 Prototype Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:** Value change stipulation, 1 page.

**Exhibit B:** Appraisal, 50 pages.

**Exhibit C:** Summary appraisal, 118 pages.

**Exhibit D:** Letter, 2 pages.

**Assessor**

**Exhibit I:** Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 55 pages.

On behalf of the Petitioner, Paul Bancroft, Scott Griffin and Tim Angus were sworn in by Chief Deputy Clerk Nancy Parent.

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

Mr. Bancroft, stated he had been retained by International Game Technology (IGT) to represent them, Mr. Griffin had performed the appraisal and Mr. Angus was employed by IGT.

Mr. Griffin gave the Board a brief history of his background and experience. He stated IGT owned the facility which involved office space, distribution, warehouse, manufacturing space, cafeteria, fitness center, and a separate building for child care. He noted there was parking around the buildings and the majority of the office space was located on the eastside in two large buildings. He said the remaining office was Mezzanine and cubicle-type space. He informed the Board he did an extensive tour of the property and found the office space to be typical and the distribution warehouse area was also typical of any other distribution warehouse space in the market. He commented this was not a special use property, because that would insinuate there would be no other use for the property other than what it was being used for, and that there would be no market for a property like this. He said his appraisal report noted sales and listings of similar property types in the region and the six regional sales consisted of products with major distribution and manufacturing, and facilities with office space. He said the comparable sales listed were comparable in size to the subject's 1,183,000 square feet. The Assessor's Office had a little different square footage than he did. He said his regional sales involved properties between 520,000 and 1.6 million square feet.

Mr. Griffin stated his appraisal assignment was to determine the full cash value, appraise the property at its highest and best use, and what the property would bring in a competitive and open market under all conditions requisite to a fair sale. He said market value and full cash value were the same and noted there was a distinction between value and use, and full cash value. He did not believe value and use was applicable in

determining full cash value. He reported he considered all three approaches to value: cost approach, income approach and a sales comparison approach. He said he based his appraisal on what market participants looked at when they were buying and selling this type of property. He did not include a cost approach to value, based upon the subjectivity in determining depreciation. He felt the income and sales approach were more appropriate and he reviewed and explained those approaches as shown in Exhibit B.

Mr. Griffin stated he believed the office space for the subject was of average quality and nothing above average. He projected the rental rate for the office portion for the subject property to be 60 cents per square foot. He said based upon the indicated data, he utilized a 10 percent vacancy and credit loss. He testified the indicated market value based on an income approach was \$61,500,000.

Mr. Griffin directed the Board to page 13 of Exhibit I stating he was familiar with the properties listed for the Assessor's Office rent survey. He said after reviewing the rentals listed he considered his rent data comparable. That information showed a median lease of 80 cents per square foot; however, he did not believe a median was appropriate. He thought each property should be compared individually to the subject, because two buildings could be exactly alike, only smaller, and the smaller building would bring more per square foot. He said he would prefer to use an adjustment for size and quality, rather than a median value.

Mr. Griffin next discussed his direct sales comparison approach to value as shown in Exhibit B. He said the market for this type of property was regional and not just local, which was why he analyzed regional sales (page 32). He testified he verified each of the sales with a broker, buyer and seller. The sales ranged from \$25 per square foot of gross building area, to \$59 per square foot. He said he also analyzed some local sales data as shown on page 32 in Exhibit B, which he discussed in detail. He concluded by stating he came to a range of value between \$50 and \$55 per square foot, which equated to \$62,000,000.

Mr. Griffin reviewed page 5 of Exhibit I stating he was familiar with the properties. He said he used one of the improved office sales listed for his own analysis. He next reviewed and discussed page 6 of Exhibit I stating he was familiar with those properties as well. Mr. Griffin noted for the record that his income approach and direct sales comparison approach indicated a tight range of values. His final property value conclusion was \$62,000,000, or \$52.39 per square foot.

Chairman Covert inquired how much of the \$62 million was attributed to the value of the land. Mr. Griffin replied he did not do a cost approach and therefore did not complete a breakdown between land and improvements. Chairman Covert stated the Assessor's Office valued land on a square foot basis, which was different from the way they valued the buildings. Mr. Bancroft stated when determining the initial taxable value, the Assessor's Office added the two components together; the land value and the improvement value. When testing that value against full cash value it had to be evaluated based on the economic expectancy of the property, which was what Mr. Griffin was

asked to do. Member Green stated the land had a certain value and when a comparison approach was used, the lot sizes should be relatively close to the same as the subject. Mr. Griffin stated the land to building coverage was typical among the sales and he thought the subject was similar. Member Green stated the improvements would be depreciated annually whereas the land would not be. He inquired what the average market time was for property such as the subject. Mr. Griffin stated the subject would be marketed on a regional/national bases and the time would be difficult to determine. Member Green clarified his question by asking what the average time the comparable sales used were on the market. Mr. Griffin responded from a couple of months to quite awhile.

Mr. Angus stated his background and experience with IGT. In answer to Mr. Bancroft's question, he said no one from the Assessor's Office had ever been to the property for a site inspection.

Mr. Bancroft stated it was the Petitioner's request to reduce the value to \$62,000,000.

Appraiser Clement said he defended the taxable value last year on the subject. He stated his approach to value this year would be along the same line. He read from page 1 of the Assessor's Hearing Evidence Packet (HEP) and reviewed the features, comparable sales, and range of values associated with the subject property as shown in the HEP. He noted the cost approach was the most appropriate method to value special use properties like the subject. According to *The Appraisal of Real Estate, 12<sup>th</sup> Edition* the cost was to be used to estimate the market value of special-purpose properties not frequently exchanged in the market. He said the HEP showed all methods of approach to value calculated.

Appraiser Clement referred to page 2 of Exhibit B stating the appraiser referenced, "Analysis and completion of a Highest and Best Use Analysis for the subject property, assuming it was vacant and was currently improved." He informed the Board the subject was not vacant and it would not be converted to a rental property. He noted if it was converted to a rental property, the appropriate value would be placed on the property at that time. He referenced testimony given during the State Board of Equalization appeal last year highlighting a quote from the chairman who stated the property was a special use, state-of-the-art property and from an appraisal standpoint, the cost approach was a better indicator of value. In 2010 the Washoe County Board of Equalization and the State Board of Equalization upheld the Assessor's Office recommended reduction in taxable value to \$100,800,000. For 2011, the taxable value had been reduced over \$13.5 million and a further reduction of \$2.5 million was being proposed, which equated to an overall reduction of over \$16 million from the 2010 taxable value.

Appraiser Clement stated he worked closely with the other appraisers who previously handled the subject property, and who had been to the site and through the buildings during re-assessment. In conclusion, he stated a true cost approach to value resulted in a value of \$83 per square foot (page 4 HEP); however, using statutory defined

depreciation of 1.5 percent per year resulted in the current taxable value of \$74 per square foot. The income approach analysis (page 7 HEP) indicated a value of \$82 per square foot for office, \$32 per square foot for manufacturing, \$30 per square foot for warehouse, and \$107 per square foot for the employee and support areas. He said based on his analyses, with more weight given to the comparable sales approach and the cost approach, taxable value did not exceed market value. After discussions with the appellant's agent, it was determined the quality class on 212,975 square feet of office space was closer to 2.0; therefore, it was recommended to adjust the improvement value by \$2,525,270, resulting in a taxable value of \$84,723,425.

Member Krolick asked if the Appraiser could talk about the letter dated February 18, 2011 (Exhibit D) referencing the appraisal of comparable property in Las Vegas. Appraiser Clement stated he could not speak to the market and property in Las Vegas. He said the appraisal for the property in Las Vegas noted the 2010 taxable value was \$41,984,014, and the letter (Exhibit D) stated the value was reduced to \$33,600,000. He said the Assessor's Office was recommending reducing the subject over \$16 million.

Member Krolick asked if the methodology used in Washoe County was the same methodology used in Clark County. Assessor Wilson asked for clarification of the question as to the methodology used by the MAI Appraiser or the assessor. Member Krolick responded the assessor's methodology. Assessor Wilson stated all properties were valued in the State of Nevada, pursuant to NRS 361.227, which set forth the procedures to determine the taxable value by determining full cash value of land and determine the replacement cost new for the improvements. He said if it was determined the value exceeded full cash value, an adjustment in the form of obsolescence could be applied. He did not believe a direct comparison between Washoe County and Clark County could be made.

Chairman Covert inquired if the property in Las Vegas was a special use building as well. Assessor Wilson stated he did not know anything about the property in Las Vegas.

Member Brown wondered if it was correct to say that since this was a special use property that it nullified the appellant's complaint that they were not getting the size adjustment for large office space. Appraiser Clement stated that was correct and that was the argument behind the special use property. The building was not built to be a rental property so assumptions had to be made and that was why the cost approach to value was the preferred method for valuation.

Assessor Wilson stated a value was only an opinion. He commented his office would welcome the opportunity to inspect the subject again. He acknowledged that Mr. Griffin met with the Assessor's Office only a few days ago and there was no time to inspect the building.

Mr. Bancroft stated he appreciated the time the Board allowed for them to present their case, but inquired if it would be possible to take a short break.

**10:14 a.m.** The Board took a brief recess.

**10:26 a.m.** The Board reconvened with all members present.

Mr. Griffin stated he wanted to respond to the Assessor's comments. He said an appraiser would consider property as vacant and, as in any appraisal, would analyze the highest and best use as vacant and then as improved. If the value as vacant was higher than the value as improved that would determine the improvements had no value. He said that had no impact on how he valued the property, it was just a statement. He noted page 4 of Exhibit B showed the highest and best use as if there were no buildings constructed on the property. Mr. Griffin stated he concluded the highest and best use to be an office and manufacturing distribution center. He stated he did not believe the subject was a special use property, because that insinuated there was no market for this type of property and he believed there was. He reiterated full cash value meant the most probable price a property would bring in a competitive and open market under all conditions requisite to a fair sale. He said there were sales for this type of product and comparable rental data. He discussed depreciation and how it would affect the cost approach to value. He thought obsolescence should be associated with the market and the economy.

Mr. Griffin stated his appraisal included both land and improvement value. He said he did not appraise the land separately, but the allocated amount of \$7.7 million determined by the Assessor's Office for the land seemed reasonable. He deducted the \$7.7 million from their proposed value of \$62,000,000 and reached an aggregate amount of \$45.75 per square foot for the buildings.

Mr. Griffin reviewed the rental data as shown on page 24 of Exhibit B, which indicated the industrial buildings were all leased on a triple-net basis and no adjustment was needed. He said one of the office rentals was signed at \$1.25 per square foot, but that included all utilities, except for janitorial. He discussed the rest of the office rentals and how his formula was determined.

Mr. Angus testified he was familiar with the IGT campus in Las Vegas, and that it was very similar to the subject. He noted it was about half the size of the subject, but also had offices, distribution, manufacturing, cafeteria and gym. He stated it was completed in 2007, housed all their top corporate executives and was constructed with upgraded amenities and efficient utilities. Mr. Bancroft indicated they submitted the appraisal of the facility in Las Vegas, not as an indication of the value of the subject property in Reno, but because that approach used by the appraiser was the same approach used for the subject.

Chairman Covert noted the Petition stated their opinion of value as \$65,000,000, but the appraisal came in at \$62,000,000. Mr. Bancroft stated at the time the Petition was completed they had an inkling the property was overvalued, so they placed

their opinion of value on the Petition and then hired an appraiser to determine the actual value.

Member Green commented on the actual expenses presented, because he thought 1/3 of the rent in expenses was too high when figuring triple-net. Member Krolick stated he did not think the appraisal took into consideration the specialized tenant improvements associated with the subject. He thought it was more related to the value of the land and box and not the specifics of what was there. The building may not be special in its own right, but it could be converted to something else down the road, and there was a tremendous investment for what it was being used for today.

Member Woodland stated she believed the Assessor's Office value was appropriate. Chairman Covert stated the Assessor's Office previous values showed a fair value over and above the depreciation due to market conditions.

With regard to Parcel No. 163-111-01, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$76,984,425 due to a change in quality class from a 2.5 to a 2.0 on office space, resulting in a total taxable value of \$84,723,425 for tax year 2011-12. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**11-0690E      PARCEL NO. 025-480-41 – CHARLES RIVER –**  
**HEARING NO. 11-0335**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 6995 Longley Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:**      Broker opinion of value, 8 pages.

**Assessor**

**Exhibit I:**      Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 84 pages.

**Exhibit II:**      Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 29 pages.

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

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

Mr. Beattie stated Charles River was a global research and product company. He said they predominately conducted toxicology research locally, which supported licensing of new drugs that their clients brought to market to cure or treat new diseases. He said they were managed on a local basis and had experienced some challenges with the economy over the last few years. He said they brought the appeal forward as part of a learning experience, to some extent. He reviewed his employment history and experience with the company and how he designed and built the subject facility.

Mr. Beattie stated when he received their property tax assessment notice he felt the property was significantly overvalued. He said there was no question that it was a special use property, but the basis of their appeal was more on what their other properties had done around the world. He noted some of their facilities had been closed and they had scaled back their operations at this facility by quite a bit. He said the appeal was based on advice given to him by a broker and he could not speak to the specifics of how the property was valued.

Member Woodland stated she was always glad when an appellant attended the hearings to help the Board with their decision making process, even if they did not know about the process.

Appraiser Bozman read from pages 2 and 3 of the Assessor's Hearing Evidence Packet (HEP) and reviewed the features, comparable sales, and range of values associated with the subject property as shown in the HEP. He noted the cost approach was the best method of valuation, due to the limited or total lack of comparable data to use in income and sales approaches to value. He said it was the Assessor's Office recommendation to uphold the current value.

In rebuttal, Mr. Beattie stated the assumption of continued use would be one that could be challenged, because of their inability to sell properties that had been closed down in other areas of the country and world, due to the economic situation. He felt global consolidation that was going on within the pre-clinical marketplace did make continuing use a risk.

Chairman Covert noted the Petition reflected a requested value of \$19,575,075. Mr. Beattie stated that was correct and was based on the appraisal. Chairman Covert stated that was almost a \$46 million difference from what the Assessor's Office had as a value.

Appraiser Bozman stated he performed an income approach, even though he did not believe it was applicable. Chairman Covert inquired if the appraiser had access to the actual numbers associated with the property. Appraiser Bozman stated he did not, but the approach was not on the business enterprise it was on a rental basis. Chairman

Covert agreed that it would not be applicable. Appraiser Bozman submitted the income approach as Exhibit II in the event the Petitioner appealed to the State Board of Equalization.

With regard to Parcel No. 025-480-41, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

**11-0691E      PARCEL NO. 013-083-17 – ABE PACIFIC HEIGHTS PROP LLC – HEARING NO. 11-0184**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 2050 Market Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

- Exhibit A:**      Income Statement, 1 page.  
**Exhibit B:**      Comparable motel sales chart, 1 page.  
**Exhibit C:**      Supporting documents, 4 pages.

**Assessor**

- Exhibit I:**      Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 23 pages.

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

On behalf of the Assessor and having been previously sworn, Dona Stafford, Appraiser III, oriented the Board as to the location of the subject property (Hawthorne Suites Hotel and Baymont Inn and Suites).

Mr. Abe reviewed the summary of the revenues of the hotels based on room taxes and the print out from Reno-Sparks Convention and Visitor's Authority (RSCVA) of revenues from 2005 to 2008. Chairman Covert inquired what happened in 2009. Mr. Abe stated 2009 was a period of renovation and the hotels were partially closed. He explained they upgraded the hotels from economy to a mid-scale facility. He clarified he submitted Exhibit C to establish an income trend. He thought they ran the property quite well under the circumstances and the fluctuations reflected the economy and the condition of the hospitality industry. He said records indicated the hotel industry had suffered substantially over the last couple of years. He pointed out when they

reopened in October 2010, after the renovation, they still did not approach the incomes they had in 2005 and 2006.

Mr. Abe urged the Board to consider the income approach, because as a consumer he would always look at the income first to see what he would get for his investment. He said income was less now than their expenses by a significant amount and last year they used about \$300,000 out of their savings to avoid foreclosure. He said he realized there had been a number of sales of properties and he thought most of those sales were for a period dating back to the beginning of 2009. There were some that were more recent but the trend was going down. He noted the number of rooms indicated in the Assessor's Office evidence was not correct. He said they only had 204 rooms now, not 210. He explained the Baymont Inn and Suites had 114 rooms and the Hawthorne Suites had 90 rooms.

Chairman Covert inquired about the difference between the two hotels. Mr. Abe replied the Hawthorne Suites was considered a little more upscale, although the renovations were similar on both properties. The Hawthorne Suites had a nicer lobby and the brand required them to put wet bars in every room at quite a substantial expense. He said one-third of all the hotel rooms were kitchen-style rooms with granite counter tops. He described the amenities associated with both hotels, including pools and fitness rooms.

Mr. Abe stated the two hotels competed against each other because they were located on the same property. He believed it was not fair to compare the subject hotels, in terms of costs per room, to a 40 or 50 room hotel, because they had less overhead. He confirmed the subject hotels did well when a big event was in town, but most of the time their occupancy was way down.

Mr. Abe realized when he completed the Petition asking for a substantial reduction that it was probably not realistic. He amended his request of value to \$3.7 million, which was based on the Assessor's Office evidence. He emphasized that a lot of hotels were in financial danger of foreclosure. He thought if a hotel went into foreclosure, the value would be vastly reduced.

Appraiser Stafford read from page 2 of the Assessor's Hearing Evidence Packet. She said based on the improved sales, land sales and the hospitality business in general, it was the Assessor's Office opinion the subject property's value was \$22,000 per unit. Chairman Covert asked if the discrepancy in the number of rooms could be confirmed. Appraiser Stafford stated her records indicated a room count of 210. Chairman Covert inquired if the value was based on the number of rooms. She confirmed it could have an impact on the value. Chairman Covert encouraged her to inspect the facility and correct the room count.

Appraiser Stafford reviewed the income approach in Exhibit I. She explained the income levels did not yet reflect the full benefit of the remodeling and rebranding of the hotels. Chairman Covert noted the appraiser conducted the income

approach to value, but under the current circumstances put more weight toward the sales comparison approach. Appraiser Stafford stated that was correct and it was the Assessor's Office recommendation to uphold the current value.

In rebuttal, Mr. Abe urged the Board to consider their current income in determining the current value. He said given the current conditions the income was just not there and he argued the current income was more important to current value than potential income. He said the location of the hotels was actually challenging, because they were off of Mill Street and behind a car dealership, which made them hard to see and get to. He believed an adjustment for the incorrect room count would be appropriate.

Member Green asked what percentage of the rooms was rented by the week. Mr. Abe stated about 20 percent were extended stay at this time. He noted they had executives who were staying a week or so, but they were working individuals and not families on welfare. Member Green inquired what the weekly rent was. Mr. Abe believed the rent to be under \$300.

Member Green stated the property was purchased in 2005 for close to what it was being assessed at. He agreed with the Petitioner that it was not an ideal location. He said the Appraiser's evidence was not indicating the vacancy, but was going on the effective gross income and potential gross income at a cap rate of 10.5 percent, which indicated a value \$7,665,000. He thought that was too high.

Chairman Covert remarked a value of \$22,000 per room, with a corrected room count, would reduce the value from \$4,204,404 to \$4,028,404 and the Petitioner's request was \$3.7 million. He agreed some relief was due based on the fact the Petitioner just finished the renovation and was in the process of rebuilding the business. Member Green and Member Woodland agreed.

In response to Chairman Covert, Corinne Delgiudice, Sr. Appraiser, stated the room count did not affect the costing because the value was based on square footage.

With regard to Parcel No. 013-083-17, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Green, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$504,404 in the form of obsolescence to \$3,074,914, resulting in a total taxable value of \$3,700,000 for tax year 2011-12. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**11-0692E      PARCEL NO. 2625064 – COLLIGAN, CORNELIUS J –**  
**HEARING NO. 11-0293PP**

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located in 1510 W Fourth Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:** Lease, 2 pages.

**Assessor**

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

On behalf of the Petitioner, no one was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Virginia Dillon, Appraiser II, oriented the Board as to the location of the subject property. She stated, based on the use, it was the Assessor's Office recommendation to reduce the land value to \$215,622 and, based on the sales comparison approach, it was the Assessor's Office recommendation to reduce the improvements by \$19,992 in the form of obsolescence. She noted the appellant was in agreement.

With regard to Roll No. 2625064, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, it was ordered that the taxable land value be reduced to \$215,622, the taxable improvement value be reduced to \$48,874, due to obsolescence, resulting in a total taxable value of \$264,496 for the 2010-11 Unsecured Roll Year. With this adjustment, it was found that the personal property was valued correctly and the total taxable value does not exceed full cash value.

**11:41 a.m.** The Board took a brief recess.

**11:46 a.m.** The Board reconvene with all members present.

**11-0693E** **PARCEL NO. 129-390-09 – JOHNSTON, EVERETT H – HEARING NO. 11-0072**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 850 Lichen Court, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:** Letter, 1 page.

**Assessor**

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

On behalf of the Petitioner, no one was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Patricia Regan, Appraiser III, oriented the Board as to the location of the subject property. She read from the Assessor's Hearing Evidence Packet (HEP) and reviewed the features, comparable sales, and range of values associated with the subject property as shown in the HEP. She said based on the improved sales, taxable value did not exceed full cash value and it was the Assessor's Office recommendation to uphold the current value.

Member Green inquired if the questions from the appellant had been addressed. Appraiser Regan stated she responded to his questions personally.

With regard to Parcel No. 129-390-09, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Green, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

**11-0694E PARCEL NO. 526-102-07 – TOBIAS, MICHAEL E & MARGARET L – HEARING NO. 11-0144**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 6672 Magical Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:** Comparable, 1 page.

**Assessor**

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

On behalf of the Petitioner, no one was sworn in by Chief Deputy Clerk Nancy Parent.

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

He reviewed the features, comparable sales, and range of values associated with the subject property as shown in the Assessor's Hearing Evidence Packet. He stated it was the Assessor's Office recommendation to uphold the current value.

Chairman Covert asked the appraiser to comment on the appellant's listings. Appraiser Churchfield said some had not yet closed and other sales were too new, but that they would be considered next year.

With regard to Parcel No. 526-102-07, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

**11-0695E      PARCEL NO. 003-631-05 – KLEINFELTER/DAVIS TRUST – HEARING NO. 11-0151**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 1061 University Ridge Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:**      Supporting documentation, 6 pages.

**Assessor**

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

On behalf of the Petitioner, no one was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Pete Kinne, Appraiser II, oriented the Board as to the location of the subject property. He reviewed the features, comparable sales, and range of values associated with the subject property as shown in the Assessor's Hearing Evidence Packet and stated it was the Assessor's Office recommendation to uphold the current value.

Chairman Covert noted the appellant requested the original hearing be rescheduled, but was not present.

With regard to Parcel No. 003-631-05, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried, it was ordered that

the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

**11-0696E     PARCEL NO. 522-740-33 – ARMIJO, JOSEPH S & RAQUEL – HEARING NO. 11-0665**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 6625 Aston Circle, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

None.

**Assessor**

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

On behalf of the Petitioner, no one was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Michael Churchfield, Appraiser II, oriented the Board as to the location of the subject property. He reviewed the features, comparable sales, and range of values associated with the subject property as shown in the Assessor's Hearing Evidence Packet. He indicated he tried to contact the appellant to explain how the land was valued, but did not receive a call back. He noted it was the Assessor's Office recommendation to uphold the current value.

With regard to Parcel No. 522-740-33, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Krolick, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

**11-0697E     WELLS FARGO BANK – HEARING NOS. 11-0676A THROUGH 11-0676N**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 4 Pine Mesa Court, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:** Summary of Salient Facts, Assessment Review, 5 pages.

**Assessor**

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

On behalf of the Petitioner, no one was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Patricia Regan, Appraiser III, oriented the Board as to the location of the subject property. She reviewed the features, comparable sales, and range of values associated with the subject property as shown in the Assessor's Hearing Evidence Packet. She stated it was the Assessor's Office recommendation to apply a subdivision discount in the amount of 30 percent to all the parcels and the appellant was in agreement

With regard to Hearing Nos. 11-0676A through 11-0676N, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that a 30 percent subdivision discount be applied to the base lot values for all parcels as shown in the Assessor's Hearing Evidence Packet for tax year 2011-12. With that adjustment, it was found that the land is valued correctly and the total taxable value does not exceed full cash value.

**11-0698E PARCEL NO. 400-040-12 – HARVEST SKY PEAKS RET RES LLC - HEARING NO. 11-0667**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 1520 Sky Valley Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:** Office Trends Report, 4th quarter 2010, 1 page.

**Assessor**

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

On behalf of the Petitioner, no one was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Michael Churchfield, Appraiser II, oriented the Board as to the location of the subject property. He reviewed the features, comparable sales, and range of values associated with the subject property as shown in the Assessor's Hearing Evidence Packet (HEP). He stated the appellant submitted a Performa approach which had actual rents and actual vacancy, but had factored the expenses at 75 percent. The operating expense he determined appropriate in this case was 65 percent per a published survey as shown on page 6 of the HEP, which noted the operating expenses for an independent living facility as 58.4 percent. He stated the 65 percent used by the Assessor's Office was conservative and a 9 percent cap supported the assessed value.

With regard to Parcel No. 400-040-12, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Krolick, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

**11-0699E      PARCEL NO. 015-263-08 – NOTTINGHILL GATE SOUTHWEST LLC – HEARING NO. 11-0675**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 255 E Grove Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:** Summary of salient facts, income analysis and supporting documentation, 12 pages.

**Assessor**

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

On behalf of the Petitioner, no one was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Michael Churchfield, Appraiser II, oriented the Board as to the location of the subject property. He reviewed the features, comparable sales, and range of values associated with the subject property as shown in the Assessor's Hearing Evidence Packet. He stated, based on the income approach, it was the Assessor's Office recommendation to reduce the improvement value by \$399,992 in the form of obsolescence and the appellant was in agreement.

With regard to Parcel No. 015-263-08, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced by \$399,992 in the form of obsolescence to \$1,133,000, resulting in a total taxable value of \$1,813,000 for tax year 2011-12. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**11-0700E    PARCEL NO. 006-280-02 – UNION PACIFIC RAILROAD COMPANY – (CWMH FOOD SERVICE LLC DBA CASTLEFOODS) - HEARING NO. 11-0329**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 2555 Dickerson Road, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:**     Letter and supporting documentation, 15 pages.

**Assessor**

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

On behalf of the Petitioner, no one was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Virginia Dillon, Appraiser II, oriented the Board as to the location of the subject property. She informed the Board an interior inspection was done of the subject and several discrepancies were found that needed to be corrected. Those corrections included changing Record Card #1 from an office building to a conversion; a reduction in the amount of concrete flatwork on Record Card #2, a correction in the amount of asphalt and lack of heat and story height on Record Card #3, and a change in story height and quality class on Record Card #4. She stated those changes resulted in a reduction of \$31,488 to the improvements. She added a further reduction in the amount of \$70,494 in the form of obsolescence would also be applied to the improvement value.

With regard to Parcel No. 006-280-02, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Brown, seconded by Member Woodland, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$120,277, resulting in a total taxable value of \$346,496 for tax year 2011-12. The

reductions were based on correction of records and obsolescence. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**11-0701E    PARCEL NO. 006-280-02 – UNION PACIFIC RAILROAD COMPANY – (CWMH FOOD SERVICE LLC DBA CASTLEFOODS) - HEARING NO. 11-0329R10**

A Petition for Review of Assessed Valuation was received protesting the 2010-11 taxable valuation on land and improvements located at 2555 Dickerson Road, Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:**     Letter and supporting documentation, 15 pages.

**Assessor**

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

On behalf of the Petitioner, no one was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Virginia Dillon, Appraiser II, oriented the Board as to the location of the subject property. She noted the corrections discussed on the previous hearing (Agenda Item 11-0700E) applied to this hearing.

With regard to Parcel No. 006-280-02, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$120,296, resulting in a total taxable value of \$346,496 for tax year 2010-11. The reductions were based on correction of records and obsolescence. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

**11-0702E    PARCEL NO. 402-020-29 – PENINSULA SPARKS LLC – HEARING NO. 11-0673**

A Petition for Review of Assessed Valuation was received protesting the 2011-12 taxable valuation on land and improvements located at 3150 Vista Blvd., Washoe County, Nevada.

The following exhibits were submitted into evidence:

**Petitioner**

**Exhibit A:** Summary Rent Roll, 4 pages.

**Exhibit B:** Letter and supporting documents, 7 pages.

**Assessor**

**Exhibit I:** Assessor's Hearing Evidence Packet including comparable sales, maps and subject's appraisal records, 26 pages.

On behalf of the Petitioner, no one was sworn in by Chief Deputy Clerk Nancy Parent.

On behalf of the Assessor and having been previously sworn, Linda Lambert, Appraiser III, oriented the Board as to the location of the subject property. She reviewed the features, comparable sales, and range of values associated with the subject property as shown in the Assessor's Hearing Evidence Packet. In response to Chairman Covert, she stated she reviewed the appellant's income approach, noting he chose the lowest rent of one of the units in one of the community shopping centers and applied that to all of the units, except for the restaurant. The Petitioner then took the median of that to determine a value of \$1.40 square foot. Appraiser Lambert stated she determined a value of \$1.85 per square foot on most of the buildings and \$2.00 per square foot on the restaurants. She said those values were based on unanchored rental center units. She noted the property was currently listed at \$1.95 per square foot.

With regard to Parcel No. 402-020-29, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Brown, which motion duly carried, it was ordered that the Assessor's taxable values be upheld for tax year 2011-12. It was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property.

**BOARD MEMBER COMMENTS**

There were no Board member comments.

**PUBLIC COMMENT**

There was no one present to offer public comment.

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**12:20 p.m.** There being no further hearings or business to come before the Board, on motion by Member Woodland, seconded by Member Green, which motion duly carried, the meeting was adjourned.

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**JAMES COVERT**, Chairperson  
Washoe County Board of Equalization

ATTEST:

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

*Minutes prepared by  
Jaime Deller, Deputy Clerk*