

BOARD OF EQUALIZATION, WASHOE COUNTY, NEVADA

MONDAY

9:00 A.M.

FEBRUARY 27, 2012

PRESENT:

James Covert, Chairman
James Brown, Member
Philip Horan, Member *
Linda Woodland, Member

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

ABSENT:

John Krolick, Vice Chairman

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

12-0591E PUBLIC COMMENTS

There was no response to the call for public comment.

12-0592E WITHDRAWN PETITIONS

The following petitions scheduled on today's agenda had been withdrawn by the Petitioners prior to the hearing:

Assessor's Parcel No.	Petitioner	Hearing No.
079-150-09	SADRI LIVING TRUST	12-0394
079-150-10	SADRI LIVING TRUST	12-0395
079-150-13	SADRI LIVING TRUST	12-0396
084-040-02	SADRI LIVING TRUST	12-0398
084-040-04	SADRI LIVING TRUST	12-0399
084-040-06	SADRI LIVING TRUST	12-0400
084-040-10	SADRI LIVING TRUST	12-0401
084-130-07	SADRI LIVING TRUST	12-0402
084-140-17	SADRI LIVING TRUST	12-0403
043-331-01	QUAIL COUNTRY ESTATES LLC	12-0393A
200-020-08	CITY OF RENO	12-0406

12-0593E CONSOLIDATION OF HEARINGS

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

12-0594E PARCEL NO. 082-092-02 – QUAIL RIDGE NORTH LLC – HEARING NO. 12-0397

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land located at N. Virginia Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Assessor's parcel information, Assessment Notice and Loop Net, 5 pages.

Exhibit B: Income Approach, 2 pages.

Assessor

Exhibit I: Taxable Value Change Stipulation, 1 page.

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

On behalf of the Assessor, no one oriented the Board as to the location of the subject property.

With regard to Parcel No. 082-092-02, pursuant to NRS 361.345 based on the stipulation signed by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried with Members Krolick and Horan absent, it was ordered that the stipulation be adopted and confirmed and that the taxable land value be reduced to \$254,189, resulting in a total taxable value of \$254,189 for tax year 2012-13. With that adjustment, it was found that the land is valued correctly and the total taxable value does not exceed full cash value.

12-0595E PARCEL NO. 021-890-05 – KING FAMILY TRUST – HEARING NO. 12-0382

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 4583 Longley Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice, Loop Net information and rent roll, 16 pages.

Assessor

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

On behalf of the Petitioner, Andrew S. Flahive 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. Flahive said he believed the assessed value was pretty close, but noted there was \$11,000 in association dues, which he thought should be taken out of the expenses. He said the gross income for the subject was \$39,800 and the expenses were \$27,000 with the dues included. He felt the property value should be \$278,606. The Assessor's Office income approach put the subject at \$42 per square foot, which was higher than the assessed value.

Chairman Covert inquired what the Petitioner was requesting for a value. Mr. Flahive responded \$126,642 was their original request; however, after he looked at the evidence in greater detail he discovered the association dues. He said the Petitioner was now asking for the Board to consider \$278,606, which was not included in their evidence packet.

Appraiser Clement read from page 3 of Exhibit I referencing how the Assessor's Office arrived at the income approach to value using the provided income information. He said a detailed accounting for the common area expenses paid by the association was needed to determine the actual common area expenses for the subject property. He noted pages 10 through 12 of Exhibit I showed typical expenses for industrial flex buildings.

9:11 a.m. Member Horan arrived at the meeting.

Appraiser Clement read from page 2 of Exhibit I and reviewed the features, comparable sales, and range of values associated with the subject property. He said improved sale (IS) IS-1 and IS-2 carried the most weight. He next discussed the improved sales submitted by the Appellant stating sale IS-1 was 25 years older than the subject and sale IS-3 was a low quality storage warehouse and over three times larger than the subject. He did not believe the Appellant's sales were comparable.

In conclusion, Appraiser Clement read from page 1 of Exhibit I stating the improved sales indicated \$73 per square foot and \$42 per square foot was indicated for the income approach to value. The cost approach to value indicated \$89 per square foot

before any obsolescence was applied. He said based on those analyses, it was the Assessor's Office recommendation to uphold the current values. He noted for the 2012-13 tax year, \$156,716 was applied in the form of obsolescence to ensure it did not exceed market value.

Chairman Covert expressed concern about the income approach used, because the actual numbers were considerably less than the 41 percent of operating expenses indicated. Appraiser Clement stated the actual numbers were closer to 70 percent. He directed the Board to look at the Appellant's income and expenses submitted which showed 70 percent. He said there were a lot of questions regarding Ribeiro properties last year because their income and expenses were atypical for these types of buildings. He used data from other buildings and normalized the expense ratios (pages 9-12 of Exhibit I). He explained that was the reason he used 41 percent for operating expenses. Chairman Covert inquired if the subject was fully rented and had modified gross leases. Appraiser Clement stated that was correct.

In rebuttal, Mr. Flahive stated it should not be 70 percent for the expenses. When the association dues were taken out, that put the expenses closer to 40 percent. He did not necessarily agree their income and expenses were atypical unless they had triple-net leases. He said their leases were modified gross. He explained the Ribeiro properties were paying for electricity, property taxes and insurance. Mr. Flahive addressed how the Assessor's Office looked at the income method. He agreed the income method was appropriate, but it was not just a one-time thing.

Chairman Covert brought the discussion back to the Board. Member Brown stated there was quite a difference between the income approach and the comparable sales approach. Chairman Covert agreed and stated the Board's job was to make sure the taxable value did not exceed full cash value. He said he was not excited about the income approach and thought the sales comparison approach was the best.

With regard to Parcel No. 021-890-05, 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 with Member Horan abstaining and Member Krolick absent, it was ordered that the Assessor's taxable values be upheld for tax year 2012-13. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued incorrectly or that the total taxable value exceeded full cash value.

12-0596E PARCEL NO. 025-470-31 – 5401 LONGLEY LLC –
HEARING NO. 12-0383

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 5401 Longley Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice, Loop Net and rent roll, 15 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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

Mr. Flahive stated the property value of \$2,137,063 was derived using the income approach. He submitted the gross income for the subject was \$459,597, the property expense was \$256,576 and the net income was \$203,021 with an assumed capitalization rate of 9.5 percent. The Assessor's Office evidence indicated expenses were at 5 percent, which he thought was way off base even if they had triple-net leases. He said they had modified gross leases. Chairman Covert asked if the building was fully occupied and Mr. Flahive responded the subject was 62 percent occupied.

Member Horan inquired if the Petitioner's only disagreement was with the expenses. Mr. Flahive said that was what stood out to him.

Appraiser Gonzales read from page 2 of Exhibit I and reviewed the features, comparable sales, and range of values associated with the subject property. He said he had to use two industrial flex buildings and a couple of storage warehouses as comparable sales because there were no industrial flex building sales that compared to the total square footage of the subject property. He said the comparable sales indicated a value range of \$54 to \$89 per square foot. The land sales ranged from \$6.38 to \$7.50 per square foot, which supported the taxable land value of \$5 per square foot.

Appraiser Gonzales read from page 3 of Exhibit I and noted the subject building was unique because of the office build-out, which caused it to receive higher rents than a typical industrial flex building. He stated most industrial flex buildings were rented on a triple-net lease. He applied triple-net data to the property, which was reflected in the lower rent. He reported market rent of 60 cents per square foot was used, which resulted in potential gross income of \$407,808. Market vacancy of 20 percent was applied to the potential gross income, which resulted in an effective gross income of \$326,246; expenses were based at 5 percent, which resulted in a net operating income of \$309,934. A capitalization rate of 9.5 percent was applied resulting in a market value of \$3,262,464, or \$58 per square foot. He said based on the income approach to value, it was the Assessor's Office recommendation to uphold the current values. He said the

Assessor's Office reviewed the comparable sales and the income, but based on the performance of the subject building, he did give more weight to the income approach since it had a little higher vacancy. He noted for the 2012-13 reappraisal, he applied obsolescence in the amount of \$786,100 to ensure taxable value did not exceed full cash value.

Chairman Covert asked how long the subject had been 38 percent vacant. Appraiser Gonzales replied he did not know.

Member Horan asked the Appraiser to address the Petitioner's question regarding the expense levels applied. Appraiser Gonzales stated the 5 percent was based on a triple-net lease. He reiterated the building was unique with office space and would be a good option for warehouse with a lot of office space. He said these types of buildings had a lower expense, because it was usually passed on to the tenants. He said his rent calculation was reflective of that, approximately 35 percent lower than the actual rents being collected on the building. Chairman Covert asked if the Appraiser adjusted the income for triple-net leases too, and Appraiser Gonzales stated that was correct.

In rebuttal, Mr. Flahive reminded the Board this was not a triple-net property, but a modified gross property and the capitalization rate should be 9 percent. He said the majority of the Assessor's Office evidence was calculated at 41 percent for expense or \$6 per square foot. He said 5 percent expense ratio was way too low, but he agreed with the 60 cents per square foot for the land, which was still within the boundaries of what they could get for the property. Chairman Covert asked how long the subject had been 38 percent vacant. Mr. Flahive said he believed for about three years, but he was not definite.

Appraiser Gonzales explained he could have done a modified gross analysis, but sometimes it was not always clearly disclosed what the lease structure was. He said since most industrial flex buildings were triple-net leases, he chose to use that to analyze the value. He noted with the lower rent reflecting a triple-net compared to their modified gross rent of 80 cents per square foot and also, recognizing that the expenses would be passed on, he used a 5 percent expense ratio.

Chairman Covert brought the discussion back to the Board. Chairman Covert stated he calculated the Appellant's rent, raised the vacancy rate to 30 percent and used a 20 percent expense ratio, with a 9.5 percent capitalization rate and came up with a value of \$2,709,200. Members Horan and Brown said they concurred; however, Member Woodland declared she was not in agreement.

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 Chairman Covert, seconded by Member Horan, which motion duly carried with Member Woodland voting "no" and Member Krolick absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$1,673,125, resulting in a total taxable value of \$2,709,200 for tax year 2012-13. The reduction was based on

obsolescence. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value is equalized with another property whose use is identical and whose location is comparable.

12-0597E PARCEL NO. 034-091-03 – 1320-1350 FREEPORT LLC –
HEARING NO. 12-0384

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 1320 Freeport Blvd., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice and rent roll, 5 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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. Flahive stated using the actual income statement for the subject, the gross income was \$277,243; expenses were \$143,603, which resulted in a net income of \$133,640. He then applied 9.5 percent for the capitalization rate and arrived at a value of \$1,406,737. He noted there was close to 14,000 square feet in office space and 58 percent was rented and approximately 89 percent of the 34,000 square feet of warehouse space was rented. He believed the value was probably closer to 60 cents a square foot and not the 64 cents a square foot as valued by the Assessor's Office. He said the main issue of the subject was that so much of the office space was vacant.

Appraiser Clement read from page 3 of Exhibit I which reflected how the income approach to value was reached. He next read from page 2 of Exhibit I and reviewed the features, comparable sales, and range of values associated with the subject property. In conclusion, he said it was the Assessor's Office recommendation to uphold the current values based upon their analyses.

Appraiser Clement reported during the 2012-13 reappraisal, \$394,021 was applied in obsolescence. He said on a triple-net basis, the expenses were passed down to the tenant in the form of a common area and maintenance (CAM) fee. He said the statement would show a base rent plus a CAM fee and the expenses would be quite a bit lower. On a modified gross lease, the rent would be higher than a triple-net basis, because

the expenses would not be passed on in a CAM fee. He noted there would be higher rent on a full-service lease, because all of the expenses would be passed on. Exhibit I (pages 9-14) showed his analysis which reflected that even the modified gross and the triple-net leases averaged between 36 to 45 percent in expense ratio. He said it was important to remember where those expenses were recaptured. He said the CAM fee was not indicated within the Assessor's Office evidence (Exhibit I) and would not be passed on.

Chairman Covert stated the last two or three appeals heard used a 9.5 percent capitalization rate, but 9 percent was used for this hearing and he wondered why. Appraiser Clement stated he used 9 percent for the properties he assessed. He said the capitalization rate had a lot to do with the age of the subject, the risk involved and the vacancy rate.

In rebuttal, Mr. Flahive stated he would agree that a modified gross lease might net a higher rent to try to recap some value, but the reality was they did not just manage Ribeiro properties. He said in Clark County people were not increasing the rent like they used to; they were actually doing the opposite. He thought renters were having trouble making rent and would leave to find cheaper property.

Chairman Covert called for a motion.

With regard to Parcel No. 034-091-03, 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 Horan, which motion duly carried with Member Krolick absent, it was ordered that the Assessor's taxable values be upheld for tax year 2012-13. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued incorrectly or that the total taxable value exceeded full cash value.

**12-0598E PARCEL NO. 034-300-10 – MANOUKIAN FAMILY TRUST,
NOEL C – HEARING NO. 12-0385**

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 105 Cal Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice and rent roll, 5 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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. Flahive stated the gross income used by the Assessor's Office was \$15,824, but he did not think that was fair based on the evidence submitted by the Petitioner. He believed the gross income should be more. He said there was no rent paid for the last six months, but the tenant was still in the building. He said if the tenant had continued to pay rent the entire time, the income would not have been \$15,824, it would have been \$37,524, making the net income \$25,669. He believed the capitalization rate should be 9.5 percent and the land value should be \$270,200, which was only about \$80,000 less than the assessed value.

Appraiser Clement disagreed that the subject had a tenant that was not paying rent, because a new tenant had been acquired and the subject was 100 percent leased. Chairman Covert stated the Appellant testified the tenant quit paying rent six months ago. Appraiser Clement stated that was not correct. He noted a new tenant moved in six months ago and was now paying the rent, but it had been vacant for two years prior.

Appraiser Clement read from page 3 of Exhibit I, which reflected how the income approach to value was determined. He said no weight should be given to the Appellant's income approach.

Chairman Covert asked if the subject was vacant up to August 2011. Appraiser Clement stated the new tenant moved in at that time. Chairman Covert said the cutoff was July 1, 2011 and wondered if it was vacant for the entire year before that. Appraiser Clement said it was. He clarified the Assessor's Office was not using the income approach to value, but used it as a check to ensure the total taxable value did not exceed full cash value.

Appraiser Clement read from page 2 of Exhibit I and reviewed the features, comparable sales, and range of values associated with the subject property. He said equal emphasis was placed on both the income approach to value and the comparable sales approach, which indicated the taxable value did not exceed full cash value. He stated it was the Assessor's Office recommendation to uphold the current values.

In rebuttal, Mr. Flahive stated after reviewing all the data information more closely, the value was only about \$25,000 more than what the Appellant felt the value should be.

Chairman Covert called for a motion.

With regard to Parcel No. 034-300-10, 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 with Member Krolick absent, it was ordered that the Assessor's taxable values be upheld for tax year 2012-13. 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.

12-0599E PARCEL NO. 040-880-05 – SIERRA QUAIL LTD LIABILITY CO – HEARING NO. 12-0386

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 6880 S. McCarran Blvd., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice and rent roll, 5 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Michael Gonzales, Appraiser, oriented the Board as to the location of the subject property. He noted the Assessor's Office had a recommendation for a reduction; however, the Appellant was not in agreement.

Mr. Flahive stated the gross income was \$402,652, the expense was \$208,233, the net income was \$194,419 and with an assumed capitalization rate of 9.5 percent, the property value was \$2,046,516. Chairman Covert interrupted stating the petition showed the owner's opinion of value was \$2,586,483, which was greater than the Assessor's Office recommendation. Mr. Flahive stated the petition reflected the wrong opinion of value. He contended there were two issues with the Assessor's Office income approach. He felt the property value of \$1.38 per square foot should be closer to \$1.15 to \$1.25 per square foot. He felt the capitalization rate at 9 percent was high for a building built in 1995. He thought it should be 9.5 percent and the correct opinion of value should be \$2,046,516.

Appraiser Gonzales read from page 2 of Exhibit I and reviewed the features, comparable sales, and range of values associated with the subject property. He said page 3 of Exhibit I indicated his income analysis and how he used the actual

numbers provided by the Appellant. He said \$1.38 per square foot was the rent value provided in their existing leases, which was lower than typical. He said the Assessor's Office liked to look at two to three years worth of expense and income data when analyzing the income approach to value on properties. Chairman Covert stated it appeared the Petitioner was renting medical and office space at the same rate as general office space. Appraiser Gonzales stated that was correct.

Appraiser Gonzales referred the Board to page 9 of Exhibit I noting the overall median capitalization rate for office space was at 8.55 percent and 9.5 percent for an average. He said he determined a capitalization rate of 9 percent, which resulted in a total taxable value of \$2,494,588 or \$82 per square foot. He noted an additional \$91,895 of obsolescence was being proposed to ensure the total taxable value did not exceed full cash value.

Chairman Covert asked if the Appellant had anything further to add and Mr. Flahive stated he did not.

With regard to Parcel No. 040-880-05, 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 Horan, which motion duly carried with Member Krolick absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$1,353,388, resulting in a total taxable value of \$2,494,588 for tax year 2012-13. The reduction was based on 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.

**12-0600E PARCEL NO. 040-880-21 – QUAIL COURT-RIBEIRO MORENO
LLC – HEARING NO. 12-0387**

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 6774 S. McCarran Blvd., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice and rent roll, 5 pages.

Exhibit B: Income Approach, 2 pages.

Assessor

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

Exhibit II: Corrected first page of Assessor's Exhibit I, 1 page.

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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

Appraiser Gonzales stated there was an error on page 1 of Exhibit I and he submitted a corrected page 1 (Exhibit II). He noted the error was in his calculations for a reduction. Mr. Flahive stated the Appellant was in agreement with the recommendation.

With regard to Parcel No. 040-880-21, 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 Horan, which motion duly carried with Member Krolick absent, it was ordered to accept the Assessor's recommendation to uphold the taxable land value and reduce the taxable improvement value to \$651,047, resulting in a total taxable value of \$814,933 for tax year 2012-13. The reduction was based on additional 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.

12-0601E PARCEL NO. 040-880-22 – QUAIL COURT-RIBEIRO MORENO LLC – HEARING NO. 12-0388

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 6778 S. McCarran Blvd., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice and rent roll, 5 pages.

Exhibit B: Income Approach, 2 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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

Mr. Flahive stated the subject was a grayed-out building, which meant it had not been built-out and no one was renting it at this time. He explained it would cost quite a bit of money to complete the tenant improvements. The gross income was \$27,000 and current expenses were \$126,524. The total taxable value was \$751,436 and

the Appellant was requesting a reduction to \$500,000 until the subject could be completed and rented.

Chairman Covert inquired how long the subject had been vacant. Mr. Flahive thought approximately three years.

Appraiser Gonzales read from pages 2 and 3 of Exhibit I and reviewed the features, comparable sales, and range of values associated with the subject property. He said the Assessor's Office recognized the Appellant's difficulty in renting the bottom floor of the subject. He stated most weight was placed on the income approach to value because of the performance and condition of the building. He concluded it was the Assessor's Office recommendation to uphold the current values

In rebuttal, Mr. Flahive stated the Assessor's evidence indicated a building that was grayed-out was worth about \$50 per square foot, which would put the value of the subject at \$483,600. If the economy was better and the subject was rented at \$1.25 per square foot, the yearly net income would be \$145,080, and using a 20 percent vacancy rate would realize a value of \$116,064. If the expenses were maintained at \$6 per square foot, the income would be \$58,032; apply a capitalization rate of 9.5 percent and the value of the subject would be \$610,863, which was 20 percent lower than the assessed value. He thought \$1.25 per square foot and \$6 for expenses was fair. Chairman Covert asked if it was his recommendation to reduce the value to \$610,863. Mr. Flahive stated he preferred \$500,000 because it was a vacant building, but he understood that was low.

Chairman Covert brought the discussion back to the Board. Chairman Covert stated the building was built in 2002. Appraiser Gonzales replied it was built in 2004; 2002 was an error in the evidence packet. He thought there were two reasons why the subject was unoccupied. The submarket was a good location, but it was a condominium situated on a very long and narrow common area parcel and did not have McCarran Boulevard exposure.

Chairman Covert and Member Horan both agreed with the Petitioner's request for a reduction in assessed value to \$610,863.

With regard to Parcel No. 040-880-22, 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 Horan, which motion duly carried with Member Krolick absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$445,506, resulting in a total taxable value of \$610,863 for tax year 2012-13. The reduction was based on 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.

10:30 a.m. The Board took a brief recess.

10:40 a.m. The Board reconvened with Member Krolick absent.

12-0602E PARCEL NO. 040-920-34 – RUBISSOW, GEORGE J –
HEARING NO. 12-0389

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 6580 S. McCarran Blvd., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice and rent roll, 5 pages.

Exhibit B: Income Approach, 2 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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

Mr. Flahive reviewed the Appellant's income and expense data. He stated it was a 2,099 square foot vacant building. He thought the Assessor's Office value of \$1.60 a square foot was extremely high. His calculation of \$1.15 per square foot resulted in an income value of \$29,000, with a 20 percent vacancy rate, \$6 per square foot for expenses and a 9 percent capitalization rate, equated to a value of \$117,544. He noted the petition stated the Appellant was looking for \$150,000, but he now felt the \$117,544 more closely reflected the true value.

Appraiser Gonzales read from pages 2 and 3 of Exhibit I and reviewed the features, comparable sales, and range of values associated with the subject property. He said it was typical that a building of this size was owner/occupied. He explained for that reason he used a market rent of \$1.60 based on a full-service lease. He also used a 20 percent vacancy rate, which resulted in an effective gross income of \$32,148. He applied \$6 per square foot for expenses and reached a net operating income of \$19,590. He used a capitalization rate of 9 percent, which resulted in a market value of \$217,672 or \$104 per square foot

Appraiser Gonzales explained he put more weight on the income analysis because of the extended vacancy of the subject. He thought the comparable sales were a good indicator of value and, based on his analyses it was the Assessor's Office recommendation to uphold the current values.

Chairman Covert asked if the Appraiser knew why the subject had been vacant so long. Appraiser Gonzales replied he did not know because other office/condos had sold in the area. Chairman Covert inquired if the Appraiser had been inside. Appraiser Gonzales stated he had looked through the windows and saw empty office space, but no damage.

Member Horan asked the Appraiser to describe the South Meadows submarket. Appraiser Gonzales gave a geographical description of the South Meadows submarket, Meadowood and the airport submarket. Chairman Covert wondered if the two submarkets were differentiated between retail and non-retail. Appraiser Gonzales stated the South Meadows submarket was predominantly office space, Meadowood was retail and industrial and the airport submarket was more industrial.

Mr. Flahive thought \$1.60 per square foot was extremely high when using the income approach to value. He believed the difficulty in renting the subject was due to it being a 2,099 square foot building for office. Mr. Flahive stated the subject may be advertised for \$1.60 per square foot, but the Ribeiro property manager said they were receiving \$1.15 to \$1.25 per square foot for office space.

Chairman Covert brought the discussion back to the Board. Chairman Covert stated he believed it was an “all or nothing” building and felt some relief was due.

With regard to Parcel No. 040-920-34, 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 Horan, which motion duly carried with Member Krolick absent, it was ordered that the taxable land value be upheld and the taxable improvement value be reduced to \$129,766, resulting in a total taxable value of \$209,300 for tax year 2012-13. The reduction was based on additional 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.

**12-0603E PARCEL NO. 040-942-28 – 660 SIERRA ROSE LLC –
HEARING NO. 12-0390**

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 660 Sierra Rose Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice and rent roll, 5 pages.

Exhibit B: Income Approach, 2 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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

Mr. Flahive described the subject and stated it was completely vacant. He said it was currently valued at \$1.60 per square foot, which he did not think was possible in this economy. He felt \$1.15 per square foot was more realistic. He computed the value using a 9 and 9.5 capitalization rate, but thought 9 percent was a little low and using the 9.5 percent capitalization rate equated to a value of \$375,978. Member Woodland asked how long the subject had been vacant. Mr. Flahive thought two to three years.

Appraiser Gonzales read from pages 2 and 3 of Exhibit I and reviewed the features, comparable sales, and range of values associated with the subject property. He said on several of the past hearings, the Appellant indicated or stated that the rents should be \$1.20 to \$1.25 per square foot, but the data the Assessor's Office compiled from Ribeiro rents from past years were typically \$1.50 to \$2.50 per square foot. He said he realized those were leases in existence prior to this; however, he saw their asking rents ranged from \$1.60 to \$1.90 per square foot. He acknowledged there was a large discrepancy from what was being asked and what was being offered as evidence today. He said he had not seen rents for office space below \$1.35 per square foot from any of the evidence presented. In conclusion, he said the total taxable value of \$83 per square foot was supported by the comparable sales and income approach to value; therefore, it was the Assessor's Office recommendation to uphold the current values.

Chairman Covert wondered why the subject had been vacant for so long. Appraiser Gonzales stated he was not sure because the area normally did well. Chairman Covert asked if Appraiser Gonzales had been inside the building. Appraiser Gonzales replied he had not.

In rebuttal, Mr. Flahive thought Appraiser Gonzales's statement that rents were going for \$1.60 per square foot was not true. He said that rent rate might be on the website, but he did not see it in the evidence presented. He saw the rents at \$1.15 or \$1.20 per square foot.

Chairman Covert brought the discussion back to the Board. Chairman Covert stated he computed the \$1.20 per square foot as indicated by the Appellant and found there would only be a few dollars difference between the computed value and the assessed value. He said he was inclined to agree with the Assessor's Office value.

With regard to Parcel No. 040-942-28, 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 Horan, which motion duly carried with Member Krolick absent, it was ordered that the Assessor's taxable values be upheld for tax year 2012-13. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued incorrectly or that the total taxable value exceeded full cash value.

12-0604E PARCEL NO. 040-951-02 – 6490 MCCARRAN F LLC –
HEARING NO. 12-0391

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 6490 S. McCarran Blvd., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice and rent roll, 5 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

On behalf of the Assessor and having been previously sworn, Michael Gonzales, Appraiser, oriented the Board as to the location of the subject property. He said the Assessor's Office had a recommendation to reduce the value to \$1,026,023, or \$89 per square foot, which was based on the income analysis. He said the subject was experiencing higher than normal vacancy. Chairman Covert noted the Petitioner was requesting a value of \$969,211. Mr. Flahive stated that was correct and the Appellant did not agree to the recommendation.

Mr. Flahive stated the subject was 66 percent rented. He said the gross income was \$169,428, expenses were \$77,353, which resulted in a net operating income of \$92,075. He said the assumed capitalization rate was 9.5 percent, which brought the property value to \$969,211. He said that was close to the Assessor's Office recommendation, but he believed the \$1.83 per square foot currently assessed was too high.

Appraiser Gonzales read from pages 2 and 3 of Exhibit I and reviewed the features, comparable sales, and range of values associated with the subject property. He said he used the actual data supplied by the Appellant. He stated their current rent of \$13,812 was divided by the rented square footage (7,534) which equaled \$1.83 per square

foot. To that, he applied a vacancy loss rate of 34 percent to reach an effective gross income of \$167,430; he then applied the operating expenses and the capitalization rate of 9 percent to achieve a taxable value of \$1,026,023, or \$89 per square foot. He noted he was recommending the obsolescence be increased to \$389,407 to ensure taxable value did not exceed full cash value.

Mr. Flahive stated after reviewing the information, he agreed with the Assessor's Office recommendation.

With regard to Parcel No. 040-951-02, 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 Horan, which motion duly carried with Member Krolick absent, it was ordered to accept the Assessor's recommendation to uphold the taxable land value and reduce the taxable improvement value to \$632,183, resulting in a total taxable value of \$1,026,023 for tax year 2012-13. The reduction was based on 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.

12-0605E PARCEL NO. 040-951-05 – 6490 MCCARRAN D1 & D2 LLC –
HEARING NO. 12-0392

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 6490 S. McCarran Blvd., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice and rent roll, 5 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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

Mr. Flahive stated their estimated value was extremely close to the current taxable value. He noted the gross income was \$389,746, the expense was listed at \$190,054, giving a net income of \$199,692; with an assumed capitalization rate of 9.5 percent, the property value was \$2,102,021. He said the difference between the Appellant's and the Assessor's Office calculation was the price per square foot. The subject was receiving \$1.33 per square foot, while the Assessor's Office valued the

subject at \$1.42 per square foot. He said the Assessor's Office claimed the expenses to be \$6.44, while the actual income showed the expenses to be \$6.85 per square foot.

Appraiser Gonzales read from pages 2 and 3 of Exhibit I and reviewed the features, comparable sales, and range of values associated with the subject property. He said the rent roll provided by the Appellant showed \$1.42 per square foot, which resulted in a potential gross income of \$474,155. He said he applied vacancy and expenses to achieve a net operating income of \$228,574. He noted the Appellant questioned the expenses used, but they submitted an item for replacement which was typically annualized, which should be spread out over time. He also removed interest expenses and then separated the rent concessions out over three years, assuming there was a tenant. He explained those all contributed to the difference in their expenses. In conclusion, Appraiser Gonzales stated it was the Assessor's Office recommendation to uphold the current values.

In rebuttal, Mr. Flahive explained his version of why there was a difference between the Appellant's and the Assessor's Office value per square foot. He stated if the income statement was for the whole year, the rented office space would be \$1.33 per square foot and the total office space would be rented at \$1.16 per square foot. He said the Assessor's Office reached \$1.42 per square foot, but the Appraiser mentioned he was not looking at the income, just the rent rolls. Mr. Flahive stated one of the tenants started renting in November 2011 and another started renting in January 2012. Chairman Covert stated that would indicate the income statement was not for a whole year for those two renters. Mr. Flahive stated that was correct, it was for the building, not the new tenants. He concurred it was not necessarily going to affect the math one way or another, but he wanted to clarify the numbers were not made up and explain why there was a difference.

Chairman Covert brought the discussion back to the Board. Member Brown stated he supported the Assessor's Office valuation. Chairman Covert stated the total difference was a little over 7 percent, but thought based on the evidence, the current assessment was a fair indication of the value of the building.

With regard to Parcel No. 040-951-05, 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 Horan, which motion duly carried with Member Krolick absent, it was ordered that the Assessor's taxable values be upheld for tax year 2012-13. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued incorrectly or that the total taxable value exceeded full cash value.

12-0606E **PARCEL NO. 043-332-05 – QUAIL COUNTRY ESTATES, LLC –**
HEARING NO. 12-0393B

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 160 Country Estates Circle, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice and rent roll, 5 pages.

Exhibit B: Income Approach, 2 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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

Mr. Flahive stated the Appellant was in agreement with the Assessor's Office recommendation for reduction to the subject's assessed value.

With regard to Parcel No. 043-332-05, 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 Horan, which motion duly carried with Member Krolick absent, it was ordered to accept the Assessor's recommendation to uphold the taxable land value and reduce the taxable improvement value to \$438,842, resulting in a total taxable value of \$640,322 for tax year 2012-13. The reduction was based on 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.

12-0607E **PARCEL NO. 164-280-17 – QUAIL PARK SOUTH LLC –**
HEARING NO. 12-0404

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 75 E Patriot Blvd., Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice, Loop Net information and rent roll, 15 pages.

Exhibit B: Income Approach, 3 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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

Mr. Flahive stated the Appellant was in agreement with the Assessor's Office recommendation to reduce the current value.

With regard to Parcel No. 164-280-17, 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 Horan, which motion duly carried with Member Krolick absent, it was ordered to accept the Assessor's recommendation to uphold the taxable land value and reduce the taxable improvement value to \$713,574, resulting in a total taxable value of \$1,000,000 for tax year 2012-13. The reduction was based on 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.

12-0608E PARCEL NO. 164-460-10 – QUAIL PARK SOUTH LLC –
HEARING NO. 12-0405

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 8056 S. Virginia Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice and rent roll, 5 pages.

Exhibit B: Income Approach, 3 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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. Flahive stated the property was 100 percent vacant. The office building consisted of 6,731 square feet and he believed the Appraiser's calculations were close. He said the Appellant's issue for the subject was the Appraiser only included expenses at 5 percent, which might be fair if there was nothing in the building. He said if the Petitioner was charging \$1.25 per square foot, they would not use 5 percent on expenses; it might be closer to \$6 per square foot. He said when he used \$6 per square foot and the \$1.25 per square foot used by the Appraiser, the total value would be \$454,666, which was 10 percent lower than the current assessment. Chairman Covert asked what capitalization rate was used to calculate the value of \$454,666. Mr. Flahive replied 9 or 9.5 percent, but he was not sure. He thought he would argue for the higher capitalization rate since the subject was completely vacant.

Appraiser Stockton read from page 2 of Exhibit I and reviewed the features, comparable sales, and range of values associated with the subject property. He said most weight was given to the sales comparison approach and it was the Assessor's Office recommendation to uphold the current values.

Appraiser Stockton read from page 3 of Exhibit I noting an adjustment was given to the income due to the shell condition of the subject (\$293,260). He said sometimes it was difficult to review the information provided from Mr. Croteau. He said it was a shell building, but for the month ending December 31, 2011 there were expenses of \$1,209 for electricity, \$1,698 for gas, \$491 for water expenses, painting charges, AC/Heating system charges and association dues. He believed the association dues were fees the owner paid to himself. Chairman Covert asked if the building had been vacant since it was built. Appraiser Stockton believed that was true.

Mr. Flahive addressed the Appraiser's concerns regarding the submitted expenses. He said he was not sure, but it appeared the various fees were for year-to-date expenses and possibly for two parcels. He said he agreed with the Appraiser's calculations except for expenses. If the subject was rented for \$1.25 per square foot, the expenses would no longer be 5 percent they would jump up to \$6 per square foot. He acknowledged he used 9 percent for the capitalization rate and achieved a value of \$454,666. He said the value would change to \$430,736 if he used a 9.5 percent capitalization rate.

Chairman Covert brought the discussion back to the Board. Chairman Covert stated the income approach was difficult because the Board was given theoretical numbers, but thought the Assessor's Office values were supported.

With regard to Parcel No. 164-460-10, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried with Member

Krolick absent, it was ordered that the Assessor's taxable values be upheld for tax year 2012-13. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued incorrectly or that the total taxable value exceeded full cash value.

12-0609E PARCEL NO. 200-600-05 – RBC NORTHWEST II LLC –
HEARING NO. 12-0407

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 6310 Mae Anne Avenue, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice and rent roll, 5 pages.

Exhibit B: Income Approach, 2 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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

Mr. Flahive stated the subject was 82 percent vacant. He noted the gross income was \$25,000 and the expense was \$27,000, which put them upside down. He said the Appellant was asking for a \$200,000 reduction. He stated the Assessor's Office was using a vacancy of 25 percent, not 82 percent. He said the Appraiser was looking at a 10 percent operating expense (\$6,356), but the actual property expense was \$27,528. He said if it was calculated at \$6 per square foot, the value would be \$34,050.

Appraiser Sutherland said the following five hearings would include properties in the northwest Quail Center that were all built at the same time (2005-2007), they were all quality class 2 office/condominiums and included retail, medical, dental and several restaurants. She noted she would be using the same comparable sales for all five hearings because they were similar in age, quality class, construction, use and type of location.

Appraiser Sutherland stated several new leases had been signed for the subject. She read from page 2 of Exhibit I and reviewed the features, comparable sales, and range of values associated with the subject property. She said the Appellant's comparable sales were inferior buildings and not the same use, 25 years older than the

subject and quite a bit larger. She read from page 3 of Exhibit I and noted the total taxable value was \$65 per square foot which accounted for the lack of finish. She said it was the Assessor's Office recommendation to uphold the current values.

11:56 a.m. The Board recessed.

11:58 a.m. The Board reconvened with Member Krolick absent.

Member Woodland asked the Appraiser to address the discrepancy associated with vacancy. Appraiser Sutherland stated the building had 5,650 square feet, of which 1,000 square feet was rented. She said 13 to 17 percent was an average vacancy for this type of building, but she used 25 percent.

Mr. Flahive stated he had nothing else to add.

With regard to Parcel No. 200-600-05, 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 Horan, which motion duly carried with Member Krolick absent, it was ordered that the Assessor's taxable values be upheld for tax year 2012-13. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued incorrectly or that the total taxable value exceeded full cash value.

12-0610E **PARCEL NO. 200-600-07 – QUAIL NORTH WEST PHASE II LLC**
– HEARING NO. 12-0408

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 6330 Mae Anne Avenue, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice, Rent Roll and Loop Net information, 12 pages.

Exhibit B: Income Approach, 3 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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

Mr. Flahive stated the subject was completely vacant. The current property expense was \$40,478, and the gross income was currently at zero.

Appraiser Sutherland read from pages 2 and 3 of Exhibit I and reviewed the features, comparable sales, and range of values associated with the subject property. She said that due to inconsistencies in the Appellant's income statement, it was deemed more appropriate to use the market data for the income approach analysis. She noted it was the Assessor's Office recommendation to uphold the current values.

Mr. Flahive stated he had nothing to add.

With regard to Parcel No. 200-600-07, 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 Horan, which motion duly carried with Member Krolick absent, it was ordered that the Assessor's taxable values be upheld for tax year 2012-13. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued incorrectly or that the total taxable value exceeded full cash value.

DISCUSSION FOR HEARING NOS 12-0409A AND 12-0409B

Ginny Sutherland, Appraiser, located the subject properties. She said the majority of the property for 12-0409A was built out and operating as a restaurant. She explained she would be using the same comparable sales as used in the prior two hearings. She read from pages 1 and 3 of Exhibit I and noted the Petitioner submitted information that could not be correlated to specific parcels and could not be filtered. She said it was the Assessor's Office recommendation to uphold the current values for both parcels.

Member Horan questioned the sale price/GBA referenced for Hearing No. 12-0409A on page 2 of Exhibit I. Appraiser Sutherland stated it should not be there and was not part of the record.

Mr. Flahive stated the Assessor's Office could not look at the income statement because it had combined information for other parcels. He thought the Board could look at the income statement and rent roll and understand it. There was one restaurant at the location which took up 26 percent of the square footage; however, the other 74 percent of the building was vacant. He said the gross income was \$83,172, the expense was \$48,455, and the net income was \$34,717. He said the Appellant realized there should be the potential of renting out the other 74 percent, so he was asking for a reduction to \$700,000 for the two parcels combined.

Chairman Covert questioned Mr. Flahive if the tenant who took up 26 percent would be responsible for 52 percent of the income if it was fully rented. Mr. Flahive stated it was not rented and would not be rented. Chairman Covert stated he

understood that but he did not think the Appellant would accept the rental rate for the rest of the building. Mr. Flahive stated he was not sure. He also noted the Assessor's Office used 10 percent for expense; however, that was low when dealing with a modified gross lease, not a triple-net lease.

**12-0611E PARCEL NO. 200-600-09 – WAIALA INVESTMENT CORP –
HEARING NO. 12-0409A**

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at Mae Anne Avenue, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice and rent roll, 5 pages.

Exhibit B: Income Approach, 2 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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

For the discussion that took place for this hearing, see DISCUSSION FOR HEARING NOS 12-0409A AND 12-0409B above.

With regard to Parcel No. 200-600-09, 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 Horan, which motion duly carried with Member Krolick absent, it was ordered that the Assessor's taxable values be upheld for tax year 2012-13. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued incorrectly or that the total taxable value exceeded full cash value.

**12-0612E PARCEL NO. 200-600-10 – WAIALA INVESTMENT CORP –
HEARING NO. 12-0409B**

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at Mae Anne Avenue, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice and rent roll, 5 pages.

Exhibit B: Income Approach, 2 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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

For the discussion that took place for this hearing, see DISCUSSION FOR HEARING NOS 12-0409A AND 12-0409B above.

With regard to Parcel No. 200-600-10, pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Woodland, seconded by Member Horan, which motion duly carried with Member Krolick absent, it was ordered that the Assessor's taxable values be upheld for tax year 2012-13. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued incorrectly or that the total taxable value exceeded full cash value.

**12-0613E PARCEL NO. 200-600-21 – QUAIL NORTH WEST PHASE II LLC
– HEARING NO. 12-0410**

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 6340 Mae Anne Avenue, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Income Approach, Assessment Notice and rent roll, 5 pages.

Exhibit B: Income Approach, 3 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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

Mr. Flahive stated the gross income was \$115,325 and the property expense was \$113,926. He was asking for consideration to reduce the value to \$100,000. He noted the subject was 100 percent rented.

Appraiser Sutherland noted the subject was an office/condominium in shell condition and was receiving a lack of finish adjustment. She stated even though the subject was 100 percent vacant, the Appellant submitted a rent roll for 98,640 square feet for 16 other properties within the complex. The Petitioner also submitted an income statement indicating \$115,325 for association dues; therefore, market rents were utilized for the income approach. She read from pages 1 and 3 of Exhibit I. She said it was the Assessor's Office recommendation to uphold the current values.

Mr. Flahive stated the evidence he was given was not correct and he had no explanation and nothing to add.

With regard to Parcel No. 200-600-21, 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 Horan, which motion duly carried with Member Krolick absent, it was ordered that the Assessor's taxable values be upheld for tax year 2012-13. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued incorrectly or that the total taxable value exceeded full cash value.

DISCUSSION FOR HEARING NOS 12-0600A AND 12-0600B

Mike Gonzales, Appraiser, located the subject properties as being a two-story building that was parceled out into different sized condominium offices. He noted the Assessor's Office had a recommendation to reduce the total taxable value for both parcels.

Mr. Flahive reviewed the recommendation and agreed to the reduced values for both parcels.

12-0614E PARCEL NO. 040-943-03 – QUAIL CORNERS SOUTH BLDG N LLC – HEARING NO. 12-0600A

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 645 Sierra Rose Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Parcel information, rent roll and financial information, 5 pages.

Exhibit B: Income approach, 2 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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

For the discussion that took place for this hearing, see DISCUSSION FOR HEARING NOS 12-0600A AND 12-0600B above.

With regard to Parcel No. 040-943-03, 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 Horan, which motion duly carried with Member Krolick absent, it was ordered to accept the Assessor's recommendation to uphold the taxable land value and reduce the taxable improvement value to \$146,744, resulting in a total taxable value of \$247,520 for tax year 2012-13. The reduction was based on 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.

12-0615E PARCEL NO. 040-943-05 – QUAIL CORNERS S BLDG N 104-106 LLC – HEARING NO. 12-0600B

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 645 Sierra Rose Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Parcel information, rent roll and financial information, 5 pages.

Exhibit B: Income Approach, 2 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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

For the discussion that took place for this hearing, see DISCUSSION FOR HEARING NOS 12-0600A AND 12-0600B above.

With regard to Parcel No. 040-943-05, 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 Horan, which motion duly carried with Member Krolick absent, it was ordered to accept the Assessor's recommendation to uphold the taxable land value and reduce the taxable improvement value to \$390,321, resulting in a total taxable value of \$658,373 for tax year 2012-13. The reduction was based on 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.

12-0616E PARCEL NO. 021-890-02 – KING FAMILY TRUST ET AL –
HEARING NO. 12-0607

A Petition for Review of Assessed Valuation was received protesting the 2012-13 taxable valuation on land and improvements located at 4591 Longley Lane, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Parcel information, rent roll and financial information, 14 pages.

Assessor

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

Andrew S. Flahive, previously sworn, offered testimony on behalf of the Petitioner.

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. Flahive stated the subject had 8,956 square feet in office space and 8,978 square feet for warehouse and was completely occupied. He said the gross income was \$127,444 and the property expense was \$80,415. He noted there was \$30,000 in association fees, which he thought should not be included as an expense. He removed the association fee and arrived at a net income of \$76,474. He used a 9.5 capitalization rate, which achieved \$804,989 for a value. He noted that even though it was fully occupied, it was not making that much money and he believed \$804,989 was an accurate number.

Appraiser Clement read from pages 2 and 3 of Exhibit I and reviewed the features, comparable sales, and range of values associated with the subject property. He noted obsolescence was applied for the 2012-13 tax year to ensure the total taxable value did not exceed full cash value and it was the Assessor's Office recommendation to uphold the current values. He reviewed the comparable sales submitted by the Appellant, noting they were not comparable to the subject property.

Chairman Covert asked the Appraiser to define short term leases (page 1 of Exhibit I). Appraiser Clement said it was defined as anything under three years.

In rebuttal, Mr. Flahive said he was incorrect when he stated that the subject was completely rented. He reviewed the rent roll and noticed that about 48 percent of the property was rented from April 2011 to November 2011. Chairman Covert then asked if the gross income was not annualized. Mr. Flahive stated that was correct, but was representative for the year.

With regard to Parcel No. 021-890-02, 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 Horan, which motion duly carried with Member Krolick absent, it was ordered that the Assessor's taxable values be upheld for tax year 2012-13. It was found that the Petitioner failed to meet his/her burden to show that the land and improvements are valued incorrectly or that the total taxable value exceeded full cash value.

BOARD MEMBER COMMENTS

There were no Board member comments.

PUBLIC COMMENT

There was no response to the call for public comment.

* * * * *

12:39 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 with Member Krolick absent, the meeting was adjourned.

JAMES COVERT, Chairman
Washoe County Board of Equalization

ATTEST:

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

*Minutes prepared by
Jaime Deller, Deputy Clerk*