A regular meeting of the Carson City Board of Equalization was scheduled for 10:00 a.m. on Tuesday, February 16, 2010 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Mary Sanada

Member Ron Allen Member Jed Block Member Denise Gillott Member Martin Jones

STAFF: Dave Dawley, Assessor

Steve Walker, Chief Property Appraiser Joel Benton, Deputy District Attorney

Tim Clark, Appraiser Don Coon, Appraiser

Jano Barnhurst, Recording Secretary

NOTE: A recording of these proceedings, the board's agenda materials, and any written comments or documentation provided to the recording secretary during the meeting are public record. These materials are on file in the Clerk-Recorder's Office, and available for review during regular business hours.

- **A. CALL TO ORDER AND DETERMINATION OF QUORUM** (9:59:39) Chairperson Sanada called the meeting to order at 9:59 a.m. Roll was called; a quorum was present.
- **B. MODIFICATION OF AGENDA** (10:00:04) Mr. Dawley advised of a request for telephonic appeals on items D-4 and D-5.
- C. ACTION ON APPROVAL OF MINUTES (10:00:53) Member Jones noted an error on page 3 of the February 2, 2010 minutes but was advised that it had been corrected and the Clerk read the correction into the record. Member Jones noted another error in the second paragraph on page 3, and the Clerk corrected the error. Member Block moved to approve the February 2, 2010 minutes as corrected. Member Jones seconded the motion. Motion carried 5-0.
- D. DISCUSSION AND POSSIBLE ACTION ON PETITIONS FOR REVIEW OF ASSESSED VALUATION:
- **D-1.** GORDON PARK APARTMENTS, LLC 1740 NORTH EDMONDS DRIVE, CARSON CITY, NEVADA APN 008-307-17 (10:03:57) Chairperson Sanada introduced the item. Mr. Walker advised that he explained to Mr. Millard the recommendation for lowering the taxable value so it was unnecessary for him to attend the meeting.

Mr. Walker gave background information and reviewed the application materials which are incorporated into the record. He explained how the income approach to value was obtained and recommended that a 7 percent economic obsolescence would result in a taxable value below the suggested market value. He discussed the land and improvement values and advised of no tax cap on this land. Chairperson Sanada called for questions. In response to a question, Mr. Walker explained that the capitalization rate is derived from a recapture of the building value; effective tax rate; and return of investment. He explained that the

riskier the investment, the higher the capitalization rate and they rely on statistical information due to the low volume of apartment complex sales. In response to another question, he replied that the differing cap rates depend on the quality of the apartment complex, income, and location. In response to another question, he explained that a 100 percent occupancy is adjusted downward because of a reduced risk. In response to a further question, he replied that appellant didn't claim laundry facilities nor do the records show any facilities. Mr. Dawley added that some companies lease laundry facilities to the complexes which could be the scenario in this case. Chairperson Sanada called for further questions and seeing none, entertained a motion. Member Jones moved to take the Assessor's recommendation of the 7 percent economic obsolescence which would result in a taxable value of \$3,363,586 for Gordon Park Apartments LLC, 1740 North Edmonds Drive, Carson City, Nevada APN 008-307-17. Member Block seconded the motion. Motion carried 5-0.

D-2. CARSON CITY PLAZA, LLC, 801 SOUTH CARSON STREET, CARSON CITY, NEVADA APN 004-051-07 (10:18:13) - Chairperson Sanada introduced the item and noted the absence of the applicant. Mr. Walker gave background information and reviewed the application materials which are incorporated into the record. He explained the method in which the capitalization rate was reached and recommended a 25.5 percent economic obsolescence be applied to the three buildings. He advised that the Board's decision to lower the value is valid for one year and the Assessor's Office can raise it after that depending on economic conditions. He further advised that they will continue to request annual economic information in order to maintain the obsolescence. In response to a question, he replied that they do not require financial information but some provide it when requested. In response to a further question, he explained how the income approach to value was determined which is based on market incomes. In response to another question, he replied that the vacancy rate is derived from a standard occupancy of 65 percent. In response to another question, he replied that there is a separate conference center in the plaza. Chairperson Sanada called for questions and seeing none, entertained a motion. Member Block moved to approve the Assessor's recommendation of the 25.5 percent economic obsolescence be applied to each of the three buildings which would result in an overall taxable value of \$4,402,667 below the suggested market value of \$4,408,678 for Carson City Plaza, LLC, 801 South Carson Street, Carson City, Nevada APN 004-051-07. Member Gillott seconded the motion. Motion carried 5-0.

D-3. THE SEASONS LIMITED PARTNERSHIP II, 1150 EAST LONG STREET, CARSON CITY, NEVADA APN 002-121-18 (10:30:50) - Chairperson Sanada introduced the item and noted the absence of the applicant. Mr. Coon presented background information and reviewed the application materials which are incorporated into the record. He advised that the Assessor's Office recommended a 24 percent obsolescence which would reduce the total taxable value below suggested market value. Chairperson Sanada called for questions. In response to a question, Mr. Dawley replied that the property was built using federal credits and tenants are charged less than market value. He explained that a regular apartment building would be taxed on actual market rent, but their actual rents were used when calculating the value. In response to another question, he replied that before they were built, the developers requested that low income apartments be built on City property. He explained that they agreed the buildings would be taxable and were put on as a taxable unit. Mr. Benton added that the land is owned by Carson City but the improvements are owned by the applicant and don't fall under the exception of property owned by a government. Mr. Dawley added that they qualify under statute because they are low income and would be tax exempt. He explained that one building is completely tax exempt but this building is on the tax roll because they have not applied for an exemption. In response to another question, he replied that they do not receive additional income from the government. In response to a question, Mr. Benton replied that the

lease is a long term lease at \$1 per year. In response to another question, he replied that they received federal tax credits to build the building, but are restricted on how much they can charge for rent. Member Allen moved, on The Seasons Limited Partnership II, 1150 East Long Street, Carson City, Nevada APN 002-121-18, to go with the Assessor's Office recommendations of 24 percent obsolescence to be applied to the apartment building which would bring the total taxable value of the parcel to \$2,396,579 which is below suggested market value of \$2,411,000. Member Block seconded the motion. Motion carried 5-0.

D-4. CARSON CATALINA, 700 HOT SPRINGS ROAD, CARSON CITY, NEVADA APN 002-052-11 (10:47:25) - Chairperson Sanada introduced the item and noted the presence of applicant's representative, Joe Monzon, via conference call. Mr. Monzon presented background information explaining that the Assessor accounted for only 5 percent vacancy whereas the property is experiencing over a 40 percent vacancy. He added that the Assessor's value is \$4,960,949 and they are requesting a value of \$4,000,000. Chairperson Sanada called for questions from the Board. In response to a question, Mr. Monzon acknowledged that the vacancy rate has been 40 percent. In response to a further question, he referred to the Unit Statistics document contained in the agenda materials and explained the method used in arriving at the \$4,000,000 figure. Chairperson Sanada called for further questions but seeing none, called for the Assessor's presentation.

Mr. Clark gave background information and reviewed the application materials which are incorporated into the record. He noted that the taxable value is below suggested full market value and recommended that it remain as is. In response to a question, he replied that the 10 percent capitalization rate was determined based on the age, quality and vacancy of the property. In response to a further question, he replied that a 25 percent vacancy rate was used based on current market vacancies. He acknowledged that they try to use standard figures in calculating the income approach. In response to a question, Mr. Walker explained the method used in calculating the vacancy rate. In response to a further question, he replied that the income approach to value had adjustments so there is a higher net operating value. In response to a question, Mr. Clark replied that the potential rent of \$1.5 million was taken from the applicant's figures and monthly market rent. Mr. Dawley questioned the reason for 42 units not being ready to rent. In response to a question, Mr. Monzon explained the method used in reaching his calculations of value. Mr. Walker pointed out that they are including property taxes as allowable expenses. In response to a question, Mr. Walker replied that 9 percent capitalization would make the value higher. Chairperson Sanada called for further questions from the Board, but seeing none, entertained a motion. Member Allen moved regarding Carson Catalina, 700 Hot Springs Road, Carson City, Nevada APN 002-052-11, to stick with the Assessor's Office recommendations on the values to remain as they are as there is no actual documentation that proves otherwise. The documentation has a value very close to that if you consider the fact that additional units that are not rented should be or could be and believes we need to stick with the Assessor's recommendation. Member Block seconded the motion. Motion carried 5-0.

D-5. FRANK R. WARREN, JOANNE C. WARREN, JOAN W. COHEN, 1850 NORTH CARSON STREET, CARSON CITY, NEVADA APN 001-091-03 (11:11:23) - Chairperson Sanada introduced the item. Mr. Monzon declined to offer testimony on the appeal adding that he preferred to withdraw it but did not have permission from his client.

Mr. Clark gave background information and reviewed the application materials which are incorporated into the record. He noted that the taxable value is below suggested full market value and recommended that it remain as is. Chairperson Sanada called for questions from the Board. In response to a question, Mr. Clark advised that the Assessor's value was based on the income approach. In response to another question, he advised that the current value on the roll is \$1,071,820 and the cost per unit is \$1,071,816. Chairperson Sanada called for questions and seeing none, entertained a motion. Member Allen moved that regarding Frank R. Warren, Joanne C. Warren, Joan W. Cohen, 1850 North Carson Street, Carson City, Nevada APN 001-091-03, to go with the recommendations of the Assessor's Office for the values to remain the same with the taxable value being \$1,071,820. Member Block seconded the motion. Motion carried 5-0.

- **E. PUBLIC COMMENTS** (11:21:19) Member Allen inquired on the status of the Ormsby House. Mr. Clark replied that "it's not much further along than it was last year" but noted that workers were framing guest rooms of the upper stories. He explained that the first floor was still a shell with no sheetrock, electrical or plumbing. He added that "hopefully by this time next year, they'll be up and running."
- **F. DISCUSSION AND POSSIBLE ACTION REGARDING NEXT MEETING DATE** (11:22:57) Mr. Dawley advised that the next meeting will be held February 23 at 10:00 a.m. He advised that two casinos will be appealing. He advised of a request for rehearing on the Ribiero items adding that information has been requested but still not received.
- G. ACTION ON ADJOURNMENT (11:24:19) Chairperson Sanada entertained a motion to adjourn at 11:24 a.m. Member Allen so moved and Member Jones seconded the motion. Motion carried unanimously.

The Minutes of the February 16, 2010 Carson City Board of Equalization meeting are respectfully submitted this 12^{th} day of April, 2010.

Jano Barnhurst,	Deputy Cler	k/Recording	Secretary