

**CARSON CITY BOARD OF EQUALIZATION**  
**Minutes of the January 18, 2000 Meeting**  
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A regular meeting of the Carson City Board of Equalization was held at 10:00 a.m. on Tuesday, January 18, 2000 at the City Hall Capitol Conference Room, 201 North Carson Street, Carson City, Nevada.

**PRESENT:** Chairperson Darrel Cauch  
Mary Keating  
Chuck Saulisberry  
Kevin Vukota

**STAFF:** Kit Weaver, Assessor  
Scott Loff, Chief Property Appraiser  
Steve Walker, Property Appraiser I  
Mark Forsberg, Chief Deputy District Attorney  
Kathleen King, Recording Secretary  
(BOE 01/18/00; Tape 1-0001)

**NOTE:** Unless indicated otherwise, each item was introduced by Chairperson Cauch. A tape recording of these proceedings is on file in the Clerk-Recorder's Office and is available for review and inspection during regular business hours.

**A. CALL TO ORDER, ROLL CALL AND DETERMINATION OF A QUORUM (1-0002) -** Chairperson Cauch called the meeting to order at 10:00 a.m. Roll call was taken; a quorum was present. Vice Chairperson Allen was absent.

**B. APPROVAL OF MINUTES (1-0010) -** Member Keating moved to approve the minutes of the January 11, 2000 meeting. Member Saulisberry seconded the motion. Motion carried 4-0.

**C. DISCUSSION AND POSSIBLE ACTION ON ASSESSED VALUATION**

**1. ORMSBY HOUSE, 600 SOUTH CARSON STREET, CARSON CITY, NV; APNs 3-092-01; 3-093-05; 3-094-01; 3-096-01; 3-096-03; AND 4-061-02 (1-0023) -** At the request of Mr. Weaver, City staff, the Board members, and the Ormsby House representatives introduced themselves for the record. Mr. Loff read the subject parcel numbers into the record. Don Lehr, CEO of Cubix Corporation, provided background information on the purchase of the property, including the purchase date of September 30, 1999 and the purchase price of \$4 million. He explained the reason for paying \$4 million was to keep the casino open. He advised of personal property contained within the building and discussed the condition of the hotel rooms. Mr. Lehr advised that on a cash flow basis, the property "is not worth a dime," and is not capable of earning money in its present condition. The land has been appraised at \$14 a foot, but the value of a building that is not capable of producing any income is difficult to determine. Millions will need to be spent to "get the property back into the kind of shape it was in the 1970's." Al Fiegehen, President of Cubix Corporation, advised that the partners are truly committed to rehabilitating the Ormsby House. They have committed more money to the property than any of their predecessors. He advised that any relief in taxes will be returned to the project as there are no plans to "take money out" of the property at this time. Bob Cashell, CEO of Ormsby Gaming Enterprises, advised that if Mr. Fiegehen and Mr. Lehr had not purchased the property, Cerberus Partners would have closed the operation. He discussed the condition of the kitchen equipment, inspection of the electrical panels, and plans for renovation and refurbishing. He expressed the opinion that "whatever break is given on taxes, the City and downtown redevelopment will make back in spades." Mr. Cashell emphasized that Mr. Fiegehen and Mr. Lehr have been true to their word and have followed through on all their promises. He expressed appreciation for any consideration given by the Board, and reiterated that it would be given back "in spades" in a short period of time. Richard Vogt, Director of Finance for Cubix Corporation, referred the Board members to attachment B to the Petition for Review of Assessed Valuation. Discussion ensued with regard to the insistence, by Cerberus Partners, on the \$4 million selling price, and Mr. Cashell provided a history of sales negotiations on the property. Mr. Fiegehen

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acknowledged that there was no assumption of debt included in the \$4 million price. Mr. Cashell responded to questions regarding banking institutions loaning money to the Ormsby House, the amount of time and money needed before the Ormsby House will start to earn a profit, and the time schedule for refurbishing.

Mr. Weaver explained the position of the Assessor's Office with regard to distressed properties, and the reason his staff was leaving the determination of this matter up to the Board. He expressed his hope that the Ormsby House representatives would be satisfied with the Board's decision. Member Keating inquired as to the procedure by which Assessor's Office staff arrived at the \$6.5 million value reflected on the Petition. Mr. Loff explained that the properties were reappraised in 97-98 and all six parcels were valued at \$15 million. When the Ormsby House was closed again, the Board lowered the value to \$5.7 million. The value reflected on the Petition is the same with 1.5% factored in on the improvements. Mr. Loff acknowledged that Assessor's Office staff had not actually researched sales prices. Chairperson Cauch explained the various avenues for appeal, and discussion ensued with regard to reappraising the property next year. Mr. Cashell expressed appreciation for the graciousness of the Board the last time the property valuation was appealed. Chairperson Cauch expressed the opinion that the taxable value of the property should not be lower than the purchase price. Mr. Weaver explained the statutory requirement for the Assessor to reduce the valuation of a property that is appraised for more than its market value. This was the reason for the 1998 reduction. The matter has been annually presented to the Board of Equalization since 1994, and will be presented again next year. This matter is being presented to the Board in an open meeting because the only information available, as of last week, was the real property transfer tax based on \$3.75 million, and an appraisal decision can never be based on one sale. Mr. Weaver pointed out that the \$4 million includes all the personal property, which has been valued at \$800,000. In response to a question, Mr. Weaver acknowledged that the taxes are based only on the real property, not the personal property. Member Keating expressed concern over valuing the personal property at \$800,000 when the appellants' own statement reflects its worth at \$233,000. Discussion ensued with regard to the value of the personal property, and ownership of the slot machines. Mr. Weaver clarified that the declaration was made in July, and explained that many times a transfer takes place some time during the year. The responsibility is to pay the taxes as of July 1, 1999. He agreed with the direction of the Board in considering the personal property before deciding the value of the real property for July 1, 2000. **Member Keating moved that the Board adjust the taxable value for the six pieces of property, APNs 3-092-01; 3-093-05; 3-094-01; 3-096-01; 3-096-03; and 4-061-02, to be equal to \$4 million, less the \$233,000.00 for personal property, effective July 1, 2000; and that these properties be presented for review by the Board next year. Member Saulisberry seconded the motion. Chairperson Cauch requested a roll call vote, the result of which was as follows: Chairperson Cauch, Members Keating, Saulisberry and Vukota - Aye. Motion carried 4-0. Mr. Cashell thanked the Board, and he and Messrs. Vogt, Fiegehen, and Lehr left the meeting.**

In response to a question, Chairperson Cauch acknowledged that the tax revenue is allocated to the Redevelopment District. Mr. Weaver explained that the most recent statutory revision requires the Assessor's Office to reappraise a property with a reduced valuation in the next year. Therefore, a walk-through and a complete reappraisal will be done. Mr. Forsberg confirmed that the reduction is only effective for one year. (1-0897) Mr. Loff advised that the parking garage is still listed at 100% of its value. With the approval of the Board members, he will apply the reduction to the value of the garage parcel. Mr. Weaver advised that the values would be submitted to the Board for review and confirmation at the next meeting. (1-0920) A brief discussion regarding the "inappropriate additions" referred to in the narrative attached to the Petition took place.

**D. PUBLIC COMMENTS (1-0858) - None.**

**E. MEMBER COMMENTS (1-0859) - Discussion took place with regard to the action taken on item C-1, and Mr. Forsberg cautioned the Board members on any further discussion as the appellants had already left the meeting room. (1-0913) Mr. Forsberg clarified that further questions could be referred to the Assessor's Office staff outside the public meeting.**

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**F. STAFF COMMENTS** (1-0878) - Mr. Weaver advised that today was the deadline for the Assessor's Office to receive appeals. One appeal is scheduled for Tuesday, January 25, 2000. Any further petitions will be scheduled accordingly.

**G. ADJOURNMENT** (1-0942) - Member Keating moved to adjourn the meeting at 10:40 a.m. Member Saulisberry seconded the motion. Motion carried 4-0.

The Minutes of the January 18, 2000 meeting of the Carson City Board of Equalization are so approved this \_\_\_\_\_ day of January, 2000.

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DARREL CAUCH, Chairperson