

CARSON CITY BOARD OF EQUALIZATION
Minutes of the February 7, 2012 Meeting

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GOA regular meeting of the Carson City Board of Equalization was scheduled for 10:00 a.m. on Tuesday, February 7, 2012, in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT:	Vice Chairperson Jed Block	STAFF:	Dave Dawley, Assessor
	Member Ron Allen		Moreen Scully, Senior Deputy District Attorney
	Member Jill Rasner		Steve Walker, Chief Property Appraiser
	Member Gary Schulz		Tim Clark, Property Appraiser
			Don Coon, Property Appraiser
			Tamar Warren, 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 (10:00:12) – Vice Chairperson Block called the meeting to order at 10:00 a.m. Roll was called and a quorum was present. Chairperson McFadden was absent.

B. PUBLIC COMMENTS (10:00:34) – Vice Chairperson Block entertained public comments; however, none were forthcoming.

C. FOR POSSIBLE ACTION: APPROVAL OF MINUTES - JANUARY 31, 2012. (10:00:49) – Vice Chairperson Block introduced the item. **Member Rasner moved to approve the minutes of the January 31, 2012 meeting as presented. The motion was seconded by Member Schulz. Motion carried 4-0.**

D. MODIFICATION OF AGENDA. (10:01:20) – Vice Chairperson Block introduced the item. Mr. Dawley requested the removal of the following items from the agenda: G, APN 009-262-08; H, APN 007-461-32; I, APN 008-311-04, noting that the Assessor's Office had received withdrawal forms from the appellants. Mr. Dawley also requested to hear agenda items F and J before item E. **Member Allen moved to accept the agenda modifications as presented by the Assessor's Office. The motion was seconded by member Rasner. Motion carried 4-0.**

E. FOR POSSIBLE ACTION: PETITION FOR REVIEW OF ASSESSED VALUATION OF BELLA LAGO, 1600 AIRPORT ROAD; APN 008-312-04. (11:03:02) – Vice Chairperson Block introduced the item and invited the Appellant to present his evidence. Ben Farahi introduced himself as the managing member of the LLC that operates the apartment complex, and one who has done "extensive amount of work in this area for the past 30 years in the apartment business". Mr. Farahi noted that he was familiar with the comparables in the area and gave the example of Royal Vista apartments as being identical in size, type of construction, and built by the same builder. Mr. Farahi then introduced the Appellant Evidence which is incorporated into the record, stressing the decline of the property values. He also noted that they had purchased the property in 2006 for \$7.2 Million, and refinanced 14 months ago, with an appraisal for the same amount. However, according to Mr. Farahi, the cap rate was not "the right rate as is today", with a projected income of \$550,000, whereas the actual income statement from last year was \$328,000, with an occupancy rate of 84 or 85 percent. Mr. Coon presented the Assessor's Evidence, also incorporated into the record. Mr. Coon included a sales comparison chart with recent local sales that supported a value \$66 per square foot, and Washoe County sales of similar properties that supported \$62 per square foot, noting that all the values were higher than the current net taxable value. Mr. Coon, therefore, recommended that the value remain as is. Mr. Walker clarified that the interest expense and property taxes included in the appellant's handout were non-allowable expenses as they were "taken care of in the capitalization rate". Mr. Farahi disagreed with Mr. Walker's explanation, noting that these were expenses "just like utilities". In response to a question by Member Schulz, Mr. Coon explained that the allowed expenses were "from the IAAO standards". In response to Member Allen's question, Mr. Farahi explained that the rent was adjusted "almost on a weekly basis, depending on what your vacancies are". He added that in the past six months they had been offering "better specials" making the rent \$495 per unit. Member Allen noted that the amount shown corresponded with the Market Value presented today. Mr. Farahi explained "this market is the worst in the nation, second behind it is Reno". He also stated that they had to make frequent improvements to attract more renters. Mr. Coon advised that he had inquired about the

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rental properties and had discovered that an incentive to pay utilities would allow an apartment to be rented for \$550, versus an apartment without paid utilities for \$495, thus arriving at the \$515 per month rent amount. Mr. Coon mentioned that expensed ratios averaged around 35 percent, however in this case; the 2011 expenses were at 50 percent; however Mr. Farahi disagreed with that ratio, calling it “farthest from reality”. Vice Chairperson Block invited public comments. Kenneth Blomsterberg, who identified himself as a Real Estate Broker with Marcus & Millichap, stated that he had sold this property to Mr. Farahi in 2006 for \$7.2 Million. He added that he had sold a “sister property”, Royal Vista, for \$4.9 Million, but it was currently “in contract and closing on March 15th, for \$2.1 Million”. Mr. Blomsterberg also noted that he could not sell Bella Lago for much more than that nowadays; however he clarified that the expenses seemed high because “income has shrunk so much”, adding that it was “a lot tougher in Carson City” than in Reno for the rental market. Member Schulz reminded the appellant that Royal Vista could not be used as a comparable because of the cutoff date was December 31, 2011, but could be used for an appeal next year. Vice Chairperson Block entertained further comments, and when none were forthcoming, a motion. **Member Schulz moved regarding the property known as Bella Lago, located at 1600 Airport Road; APN 008-312-04, to approve the valuation of the Assessor’s Office of land taxable value of \$1,240,891, with improvements at \$3,538,743, for a total taxable value of \$4,779,543. The motion was seconded by Member Rasner. Motion Carried 4-0.** Mr. Dawley reminded Mr. Farahi that if he disagreed with the Board’s decision, he could appeal to the State Board of Equalization, with a filing deadline of March 10, 2012. He added that the application could be found on the website of the Department of Taxation. Mr. Dawley offered his assistance and encouraged Mr. Farahi to call him for further instructions.

F. FOR POSSIBLE ACTION: PETITION FOR REVIEW OF ASSESSED VALUATION OF LSREF2 CHALT2, LLC, 112 SOUTH CARSON MEADOWS DRIVE; APN 004-11-04 and APN 004-111-05. (10:02:36) – Vice Chairperson Block introduced the item and invited the appellant to present the Appellant Evidence. Blake Nelson, representing Altus Group, a property tax consulting firm in Fort Worth, Texas, introduced himself and noted that he was not a licensed appraiser, and that “any opinions provided today would be those of the ownership and the analysis that was done by a Nevada broker”. Mr. Nelson provided additional information in the form of photographs and “an affidavit provided by the ownership”, accepted into evidence by Ms. Scully and incorporated into the record. Mr. Nelson also presented the Appellant’s evidence, incorporated into the record, listing many repairs to “get this property marketable again, and rentable”, anticipating the cost to be between \$70,000 to \$100,000. Mr. Nelson anticipated lowering the rent to be able to attract renters. In response to a question by Vice Chairperson Block, Mr. Nelson was not certain whether Brett Holmes had an ownership stake in the property, or he was part of a management group that managed the property. Vice Chairperson Block also believed that LSREF2 Chalt2, LLC did not appear to be qualified to do business in Nevada, based on information from the Secretary of State’s office. In response to a question by Member Schulz, Mr. Nelson assumed that the property was purchased as part of “a package of notes that they bought that was foreclosed on”. Mr. Coon presented the Assessor’s Evidence, also incorporated into the record. Based on sales comparison charts of local and Washoe county apartment sales, and using the income approach to valuation, Mr. Coon recommended that the current net taxable value remain as is. Member Allen received confirmation that the two properties would also receive the same economic obsolescence designated to all multi-family units. Mr. Coon also explained that most of the damages indicated in the photographs provided by Mr. Nelson were cosmetic in nature, and not structural. He also confirmed that all the handouts the Board received today had been presented to the Assessor’s office as new information on the previous day. Mr. Dawley confirmed for Vice Chairperson Block that not having a Nevada business license was “not a factor” in this case. He also explained that the property was acquired by the owner with a Trustee’s Deed upon sale on August 5, 2011, with the actual price on the Declaration of Value of \$800,003, and the property was currently listed for \$1,000,000. Mr. Dawley stated that the Assessor’s Office had calculated the income approach to value and estimated the rent at \$525 per unit, and Mr. Nelson had stated a rent amount of \$745 per unit. Mr. Nelson noted that he had averaged the rent to be at \$645, however, he noted that the property “suffered from lack of occupancy” and therefore the rent would have to be reduced. He added that the broker’s expenses were “a little high”, noting he was surprised they “could not work something out with the Assessor’s Office”. Member Schulz wished to know whether the units qualified for Section 8 occupants. Mr. Coon noted that the rent roll showed a unit was as having a Section 8 tenant and was rented for \$589 per month. Member Schulz opined that the Board reviews each appeal thoroughly and makes a fair assessment. “To be presented late with new information, it’s very difficult to make a good analysis at the last second”, he added. He wished to have the material to the Assessor’s office sooner, and noted that he would support their recommendation. **Member Rasner moved to agree with the recommendations of the Assessor’s Office to keep the value as is for properties 112 South Carson Meadows Drive and 200 South Carson Meadows Drive; APN 004-11-04 and APN 004-111-05. The**

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motion was seconded by Member Allen. Motion carried 4-0. Mr. Dawley reminded Mr. Nelson that if he disagreed with the Board's decision, he could appeal to the State Board of Equalization, with a filing deadline of March 10, 2012. He added that the application could be found on the website of the Department of Taxation. Mr. Dawley offered his assistance and encouraged Mr. Nelson to call him for further instructions.

G. FOR POSSIBLE ACTION: PETITION FOR REVIEW OF ASSESSED VALUATION OF SIMEON PROPERTIES, LLC, 4348 SOUTH CARSON STREET; APN 009-262-08. – Withdrawn.

H. FOR POSSIBLE ACTION: PETITION FOR REVIEW OF ASSESSED VALUATION OF C&A INVESTMENTS, LLC, 3620 NORTH CARSON STREET; APN 007-461-32. – Withdrawn.

I. FOR POSSIBLE ACTION: PETITION FOR REVIEW OF ASSESSED VALUATION OF ABS NO CAL INVESTOR, LLC, 3325 HIGHWAY 50 EAST; APN 008-093-31. – Withdrawn.

J. FOR POSSIBLE ACTION: PETITION FOR REVIEW OF ASSESSED VALUATION OF ALAN S. ERB, 1783 CARSON RIVER ROAD; APN 010-622-19. (10:36:25) – Vice Chairperson Block introduced the item and invited Mr. Erb to present the Appellant Evidence, who stated that his house has been "significantly and unfairly overvalued". Mr. Erb added that their house had an assessed living space of almost 5,200 square feet, 82 percent more than the actual living space of 2,853 square feet. He believed that the "unconditioned attic storage" of 2,336 square feet was erroneously included as "living area". He also stated that he used the workshop space to repair and restore antique player pianos, and described the humidity levels he required. Mr. Erb told the Board that he had notified the Assessor's Office of "a pipe or two going to the attic so I can take the edge off of the extreme heat and extreme cold in the attic". He noted that the "HV guy" had left him with "half-finished venting". Mr. Erb explained that if he tried to sell their house, "it would be hard to get \$450 [thousand] for it". Mr. Walker presented the Assessor's Evidence which is incorporated into the record, and noted that the house was 83 percent complete, therefore, received no obsolescence. He also noted that a market analysis of the four homes in the area were valued at \$139 per square foot, whereas Mr. Erb's home was valued at \$105 per square foot. Mr. Walker referred to several photographs incorporated in the Assessor's Evidence and noted, after inspecting the pictured ductwork, that it had been completed. Additionally, Mr. Walker reported that ceiling fans, recessed lighting, and heat had been installed, which met all the criteria of a living area, thus recommending to keep the value "as is". In response to Vice Chairperson Block's question, Mr. Walker explained that the 83 percent completion had been determined per Marshall and Swift. He also clarified for Member Allen that the cabinets were to be installed in the kitchen. He added that the property would be re-inspected, and once "brought up to 100 percent, we would take a look at that 100 percent value and add the appropriate amount of obsolescence". Mr. Walker also clarified for Member Schulz that Mr. Erb was "receiving 17 percent obsolescence right now, or he may indeed finish it" upon which he could receive between 10 and 20 percent obsolescence. Mr. Erb claimed "there's no connection of that heating upstairs whatsoever", adding that his contractor had installed it without consulting him. He also explained that the ducts were "buried in the insulation" and that the area was strictly used for storage. Mr. Erb stated "I don't think it's fair that I get taxed on living space on something that could be". In response to Member Rasner's question, Mr. Erb explained that he was unable to calculate the exact cost of the land and the building of the house "because it's not all paid for but they quoted us \$382,000", adding that the land had cost \$216,000. In response to a question by Member Schulz, Mr. Erb clarified that there were pipes but no bathrooms upstairs. Vice Chairperson Block called for additional discussion, and when none were forthcoming, a motion. **Member Rasner moved to agree with the Carson City Assessor to keep the value as is for property 1783 Carson River Road, APN 010-622-19. The motion was seconded by Member Allen. Motion carried 4-0.** Mr. Dawley reminded Mr. Erb that if he disagreed with the Board's decision, he could appeal to the State Board of Equalization, with a filing deadline of March 10, 2012. He added that the application could be found on the website of the Department of Taxation. Mr. Dawley offered his assistance and encouraged Mr. Erb to call him for further instructions.

K. FOR POSSIBLE ACTION: PETITION FOR REVIEW OF ASSESSED VALUATION OF MUHAMMAD SIDDIQ, 1100 STANFORD DRIVE; APN 010-441-55. (11:41:22) – Vice Chairperson Block introduced the item. Mr. Walker noted that the appellant was not present; adding that he had sent a letter to Anila Nas, the appellant's representative agent, to inform her that the Agent Authorization form had not been filled out properly. Mr. Walker explained that this was a moot point now, as Ms. Nas was not present to represent the appellant. He then presented the

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Assessor's Evidence, which is incorporated into the record. Mr. Walker explained that the appellants had stated the house had 1.5 bathrooms; however, the Building Department and the Assessor's Records stated the house had 2 bathrooms. Mr. Walker also noted that he had requested a property walk-through but his request had been denied, citing the Nevada Revised Statute (NRS) 361 which allows the Assessor to "make a reasonable estimate of the property", upon the appellant's refusal of entry to the property. Mr. Walker recommended that the value remain the same and that the Board make no reduction in this case per NRS 361.345.2(b). In response to Vice Chairperson Block's question, Mr. Walker explained that this property could be subject to an appeal to the State Board of Equalization, even with the improper filling of the Agent Authorization form. Member Schulz received clarification that a half-bathroom was defined as a water closet and a sink; three-quarter-bath as a water closet, sink and a shower; a full-bath as a water closet, sink, shower, and a bath-tub or an over-tub shower. **Member Allen moved to maintain the values as set by the Assessor's Office for a total taxable value of \$101,591 on APN 010-441-55, 1100 Stanford Drive, Carson City. The motion was seconded by member Schulz. Motion carried 4-0.**

L. FOR POSSIBLE ACTION: NEXT MEETING DATE - FEBRUARY 14, 2012. (11:47:33) Vice Chairperson Block reminded the Board of the upcoming meeting on February 14, 2012, at 10 a.m. in the Sierra Room of the Carson City Community Center.

M. PUBLIC COMMENTS (11:47:50) – Vice Chairperson Block entertained public comments. Mr. Dawley notified the Board that his office had received an appraisal from a former appellant, Cheryl Knight, whose appeal had been heard the previous week. He also noted that the Assessor's Office had accepted the appraisal and the taxable value had been lowered. Member Allen requested information on the status of the Ormsby House. Mr. Clark stated that he had visited the property on January 17, 2012, noting that all the interior framing had been completed, except for the first floor, the plumbing for the guest rooms had been completed; however "no permanent electrical has been run as of yet". Mr. Clark added that some minor sheetrock work had also been done, noting that "all permits had expired" at this time. Vice Chairperson Block explained that he had spoken to one of the owners who had told him that they had re-obtained all the permits. It was mentioned that the hotel/casino could be open by Nevada Day [October 31, 2012].

(11:51:17) – Ms. Scully reminded everyone that public comment at this time would be limited to non-agendized items. Mr. Erb requested clarification on the reasons for the denial of his appeal, and believed he was entitled to that to move forward. "I feel like I'm being treated like I'm a liar." He added that he did not like having the government at his house; however, he invited them to inspect the area in question. Ms. Scully advised the Board against additional discussion. Vice Chairperson Block advised Mr. Erb that he could appeal to the State Board of Equalization.

N. ACTION ON ADJOURNMENT (11:54:06) – **Member Schulz moved to adjourn. The motion was seconded by Member Allen. The meeting was adjourned at 11:54 a.m.**

The Minutes of the February 7, 2012 Carson City Board of Equalization meeting are so approved this 14th day of February, 2012.

JED BLOCK, Vice Chair