

[8:33:57 AM](#)

APPROVAL OF MINUTES:

MOTION: Board Member Kelly Buckner moved to approve the minutes for the Board of Equalization meeting held on February 23, 2011. Board Member Wes Bowlen seconded the motion.

The motion carried the following vote:

Voting Aye:	Chairman	Walter Leberski
	Member	Wes Bowlen
	Member	Al Plank
	Member	Kelly Buckner
	Member	James Winer
Voting Nay:		None
Abstaining:		None
Absent:		None

[8:34:39 AM](#)

APPROVAL OF RE-OPENED ROLL CHANGE LOGS:

The County Assessor, Katrinka Russell, submitted a written list of the roll change log for review. The Assessor stated the old amount was \$14,114,700 and the new amount after changes was \$28,251,555. The Assessor explained the changes made to individual parcels, applied exemptions, along with the addition of new construction to the tax roll. The Board Members reviewed individual roll change logs with the Assessor. The Assessor explained the mining centrally assessment procedure.

[8:50:20 AM](#)

MOTION: Board Member Al Plank moved that they approve the changes on the re-opened roll change logs as presented by the Assessor. Board Member James Winer seconded the motion.

The motion carried the following vote:

Voting Aye:	Chairman	Walter Leberski
	Member	Wes Bowlen
	Member	Kelly Buckner
	Member	Al Plank
	Member	James Winer
Voting Nay:		None
Abstaining:		None
Absent:		None

[8:52:42 AM](#)

APPROVAL OF WITHDRAWALS:

Chairman Leberski stated the Amended Agenda reflects there were four remaining appeals to be heard.

The Assessor, Katrinka Russell, submitted a written summary of the Petitions that were filed. She stated under the case numbers “withdrawn” in red reflect the Petitioners who have withdrawn. The Assessor explained the summary outlined the current value, the total proposed and the difference. She stated some of the settlements were based upon income review, appraisal review and some had withdrawn without a settlement.

Board Member Kelly Buckner questioned the decrease in value for the Commercial Casino, Case No. 12-103. The Assessor stated they had analyzed the income and analyzed the appraisal. The second floor of the hotel was reassessed because it was not being utilized and it had to be brought back to code.

Board Member Kelly Buckner inquired if Case No. 12-106 Highland Manor was a decrease also. Deputy Assessor, Dennis DeArrieta, replied that decrease was based upon income. He noted on the new living facility there was vacancy and no income was established. He stated they reviewed the current rent, gave them 3% vacancy, 10% expense, used the 11.5% cap rate and came up with the \$5.1 Million Dollar figure. He stated the other facilities on the property were at the replacement value.

Board Member James Winer questioned the 3% vacancy. He stated private appraisers may give them 5% vacancy rate. He inquired where they found sales to develop the cap rate. The Assistant Assessor stated they utilized the Petitioner’s numbers on the vacancy, the expense and the cap. He stated Clark County and Washoe County had offered them 11.5% expense rate so they raised their rate from 10% to 11.5 percent. Board Member James Winer inquired if they obtained national cap rate averages on different trends. The Deputy Assessor stated they utilize www.realtyrates.com and consult with various fee appraisers. He stated they utilize Clark and Washoe Counties studies.

Board Member Alfred Plank inquired if they would review this revenue annually and received an affirmative response. The Deputy Assessor stated they were valuing everything annually.

Board Member James Winer noted the Petitioners were trending toward the income approach as opposed to market or cost approaches. The Deputy Assessor explained most of the tax representatives were from out of state and representing the corporations nationwide so that was why there were so many Petitioner withdrawals.

Board Member Kelly Buckner inquired if these properties went back to the previous value and would be addressed each year. He questioned the valuation of Stateline. The Assessor stated Dennis DeArrieta, Deputy Assessor, had met with Chris Melville regarding West Wendover’s economy. The Deputy Assessor stated Generation 2000 was trying to compete with the Peppermill properties who issued gaming cards that could be utilized on their numerous properties in Wendover. He stated Generation had bought the Red Garter and a truck stop in Utah to bring in more clientele. The Assessor’s Office utilized market expenses to bring their value

up. Board Member Alfred Plank inquired if the Peppermill had experienced an increase in their value. The Deputy Assessor stated Peppermill had not submitted any written information but their office had reviewed the Nevada Gaming Commission reports. He stated Peppermill received an increase because the costs of materials have risen.

[9:08:01 AM](#)

MOTION: Board Member Kelly Buckner moved that they approve the Petitioners’ withdrawals as presented by the Assessor’s Office. Board Member Wes Bowlen seconded the motion.

The motion carried the following vote:

Voting Aye:	Chairman Walter Leberski
	Member Wes Bowlen
	Member Kelly Buckner
	Member Al Plank
	Member James Winer
Voting Nay:	None
Abstaining:	None
Absent:	None

[9:09:38 AM](#)

REVIEW OF STATE GUIDELINES:

Kristin McQueary, Deputy District Attorney, stated there were no new changes to the guidelines. She reviewed the appeal on the Washoe County properties appealing the view criteria in Incline Village. The Supreme Court ruled that the Assessor’s Office “view criteria” was unconstitutional.

[9:09:53 AM](#)

COMMENTS BY THE GENERAL PUBLIC:

In accordance with the Open Meeting Law, Chairman Leberski asked for any public comments that members of the audience might have.

The Assessor commended the County Appraisers on their efforts to maintain uniformity and equity throughout the County.

Chairman Leberski commended the Assessor’s Office. He commented over his many years of experience with the Board this was the first year they had not seen residential or unimproved property before them.

Board Member Kelly Buckner inquired if anyone appealed to the State board last year and received a negative response.

Chairman Walter Leberski inquired about the new company who had bought from Nevada Land and Resource. The Assessor replied they had changed the name of the company but retained the same employees. She stated they were collaborating with the other counties on how they would address the agricultural deferred requirements. Chairman Walter Leberski explained the El Aero Land was leased out

for grazing and they applied for an agriculture exemption. He commented upon the reduction in the assessment under the agriculture exemption.

[9:12:43 AM](#)

ACTION TO BE TAKEN ON THE FOLLOWING APPEALS:

Chairman Walt Leberski explained the procedure for the hearing under the Nevada Revised Statutes and the Nevada Administrative Code. He inquired about the adjustments to the agenda and if Cactus Pete had withdrawn.

[9:13:26 AM](#)

Deputy Assessor stated they were not willing to submit their income for this year. He stated the Petitioner had looked at the cost of the motel which had risen because of typographical error in the Assessor's office reflecting the building constructed in 1971 rather than in 1982 when it was actually constructed. He stated 16.5% depreciation was added back along with the increase in costs of materials. The Deputy Assessor stated the Petitioner sent an e-mail stating he would withdraw but did not submit the actual withdrawals papers so that was why the case was still upon the agenda.

The Assessor stated Cummins Intermountain's Agent was in a blizzard so they would attend telephonically. She stated Highland Manor had withdrawn their appeal at the last minute. She stated they have Silver Island Apartments request to hear and they would attend telephonically also.

[9:15:32 AM](#)

CACTUS PETE'S

Case No(s): 12-101

Parcel No(s). 009 005 026

Hearing Date: February 23, 2012

SUBJECT MATTER:

Subject property is located at 1385 Highway 93 Jackpot commonly known as Cactus Pete's Inc. Petitioner protested their value based on the economic downturn and the loss in gaming revenue.

DOCUMENTS SUBMITTED BY PETITIONER: None

PETITIONER'S REPRESENTATIVE: BRYNE & CLAYTON CONSULTING LLC.

Not present at meeting

DOCUMENTS SUBMITTED BY ASSESSOR FOR THE RECORD:

1. Letter to Board

EXHIBITS SUBMITTED BY ASSESSOR'S OFFICE:

A. Assessor's Recommendation, Reason for Appeal, Legal Description Chain of Title, Petitioner's Evidence, Aerial Image, Parcel Map and Petitioner's Appeal.

APPRAISER, PREVIOUSLY SWORN IN: Dennis DeArrieta

SUMMARY:

The petitioner is protesting their value based on the economic downturn and the loss in gaming revenue. The Assessor's Office had requested their financial statements and a copy of their NGC-17 report but that report was not provided. The Assessor's Office used the income approach to derive a value for the property. After reviewing the previous year's report, it indicated a value higher than the current cost approach figures even with the decline in revenue. The Petitioner's numbers showed a decrease in revenue and wanted to apply obsolescence or value based on income of the hotel. The hotel is run with the entire casino on the same parcel so the Assessor's Office was unable to separate that out. The Assessor looked at sales of all types in the Town of Jackpot to determine if the Petitioner could receive economic obsolescence. The sales fell within ratio and came in above their currently assessed values. The reason for the increase for the tower and motel was the Marshall & Swift numbers for costs to build. The motel was built in 1982 but was entered as in 1971 so there was an increase due to the reduced amount of depreciation.

DISCOVERY:

The motel had an increase of replacement costs from \$2,758,494 to \$6,271,236 in one year and the motel was built in 1982 rather than 1971. The increase in the hotel tower wasn't as big of an increase. The revenues in the hotel declined 11% over last year from reduction in the daily room rate.

ASSESSOR'S RECOMMENDATION:

The Assessor's Office recommends that no reduction be granted at this time. The income figures were currently higher than the replacement cost and there was no indication that although hotel revenue was down; it has not decreased enough to warrant economic obsolescence at this time. The Assessor's Office would continue to monitor the land values in the area and track sales to determine if some adjustments could be made in the future.

[9:16:02 AM](#)

DISCUSSION:

The Deputy Assessor believed the Petitioner was looking for economic obsolescence in Jackpot and they had been impacted by the Indian casinos. He reported their gaming numbers were up but their hotel numbers were down. He had inquired if the Petitioner had remodeling or construction expenses which would deplete their revenue. He stated the tax agent was unable to secure information from the Petitioner. The tax agent had agreed to withdraw but had never submitted the formal paperwork.

Chairman Leberski noted there was an increase of \$2.9 million dollars between

last year and this year based upon them updating the date of construction of the building and the increase of costs of materials. The Deputy Assessor explained the materials cost increase was upon the hotel tower, the motel and the casino under the Marshall & Swift per square foot cost increase for materials.

Board Member Kelly understood there was a 16.5% increase based upon corrected depreciation numbers and inquired how much that was in dollars. The Deputy Assessor replied approximately half of the increase.

Board Member Wes Bowlen commented the Petitioner failed to give the Assessor income information so it was his opinion to go with the Assessor's figures.

Board Member James Winer inquired if there was economic obsolescence for a community. Deputy Assessor stated some other counties had done that in the past for commercial properties but they had sales to justify that obsolescence.

Board Member James Winer inquired if there was a statutory obligation to go back a year because the date of construction was not correctly put in. Kristin McQueary read from NRS 361.345 (1)(b) as follows: "*The county board of equalization may not reduce the assessment of the county assessor unless it is established by a preponderance of the evidence that the valuation established by the county assessor exceeds the full cash value of the property or is inequitable. A change so made is effective only for the fiscal year for which the assessment was made.*" Kristin McQueary stated they could revisit it every year.

Board Member James Winer assumed that staff and officials elected not to pursue that back assessment. Deputy Assessor stated that assumption was correct.

Chairman Leberski inquired if Bartons was in a similar situation. Deputy Assessor had spoken to them and they had the same concern but Bartons was keeping their expenses low. He said that 4 Jack's reported their revenue was low and they would speak after receiving their income report. He reported the Gold Star was also having some issues last year.

Board Member Wes Bowlen cautioned if they consider obsolescence for the community it may set precedence for other communities within the County. He believed there was an impact from the pipeline construction. The Deputy Assessor stated anything their office did had to be justified with the State.

Board Member James Winer inquired what percentage Marshall & Swift were upon the material costs. The Deputy Assessor replied approximately 8% increase upon commercial and residential costs increase was approximately 3% to 4%. The Assessor commented Marshall & Swift was one year behind.

Board Member Alfred Plank inquired if the reinstated depreciation was a onetime adjustment and would be picked up over the remaining life. The Deputy Assessor replied that was correct.

CACTUS PETE'S

Case No(s): 12-101

Parcel No(s). 009 005 026

[9:34:43 AM](#)

DECISION:

MOTION: Board Member James Winer moved to go with the Assessor’s recommendation which was to leave it where it was (taxable valuation \$36,107,023). Board Member Alfred Plank seconded the motion.

Board Member James Winer stated his rational was the Petitioner supplied no documentation to support their position; no income data to support an adjustment.

The motion carried the following vote:

Voting Aye:	Chairman	Walter Leberski
	Member	Wes Bowlen
	Member	Al Plank
	Member	Kelly Buckner
	Member	James Winer

Voting Nay: None

Abstaining: None

Absent: None

[9:35:14 AM](#)

SILVER ISLAND APTS

Case No(s): 12-114

Parcel No(s). 010 740 094 & 010 740 095

The Assessor informed the Board that the Petitioners were unable to attend and would be present telephonically.

APPRAISER, PREVIOUSLY SWORN IN: JANET IRIBARNE

Appraiser Iribarne stated Petitioners had submitted additional documentation and submitted copies to the Board Members.

Deputy County Clerk attempted to contact Petitioner, Ken Davis, twice at telephone number 650-492-1370 but was directed to voicemail.

Appraiser Iribarne submitted Jeff Davis’ phone number.

PETITIONER JEFF DAVIS WAS PRESENT TELEPHONICALLY.

SUBJECT MATTER:

Subject property is 730 West Buena Vista, West Wendover, Nevada, more specifically parcels 1A and 1B of Parcel Map File 362199 in Section 16, Township 33

North, Range 70 East MDB & M.

DOCUMENTS SUBMITTED BY PETITIONER:

- I. Oak Creek Properties Group, LLC: Profit & Loss, Rent Roll, and First American Title Insurance Company's Settlement Statement.
- II. Cost Breakdown

DOCUMENTS SUBMITTED BY ASSESSOR FOR THE RECORD:

1. Letter to Board

EXHIBITS SUBMITTED BY ASSESSOR'S OFFICE:

- A. Petition for Review, Reason for Appeal/Property Valuation, Legal Description, Chain of Title, Parcel Map, Assessor Evidence - Cost Approach, Cost Approach Subject Photos, Assessor's Income Capitalization, Assessor's Market Sales Approach, *Internal Exhibit A: Building Sketches, Exhibit B: Income Capitalization Detailed Analysis, and Exhibit C: Aerial Photo.*
- B. Revised Data: Letter to Board, Reason for Appeal, Legal Descriptions, Chain of Title, Parcel Map, Assessor (Cost Approach) Assessor (Cost Approach Photos), Assessor (Income Capitalization), Assessor (Market Sales Approach), and *Internal Exhibits A: Building Sketches, Exhibit B: Income Capitalization, and Exhibit C: Aerial Photo.*

SUMMARY:

Petitioner filed a protest because it was the purchase price for the property which had substantial deferred maintenance. He believed the market would not justify charging higher rent.

DISCOVERY:

The Assessor's Office reviewed the replacement cost values and made adjustments to the total count of buildings located on the property since some buildings had been removed. The taxpayer submitted the property's revenue and expense data for an income capitalization analysis that calculated a value higher than the adjusted replacement cost. The market sales for apartments in Northeast Nevada were not comparable to the subject property. The Petitioner paid \$1,087,500 for the subject property in March 2011 and Petitioner was told the property was in distress when purchased.

ASSESSOR'S RECOMMENDATION:

Appraiser Iribarne stated the Board had been supplied with an informational packet and Petitioners had submitted their actual income statements with corrected numbers for a 10 month period so the Assessor's Office had revised their prior recommendation of leaving the property values alone. Appraiser Iribarne stated that this information increased the property's expenses and decreased the net income resulting in a lower reconstructed capitalized value of \$830,802. Due to lack of income history on the property and some unjustified figures, they did not completely feel that capitalizing the income would represent an accurate valuation of the properties. The apartments were in need of repairs and the income data reveals that the property has an above average vacancy percentage with a large repair expenses account and a reduction in improvements based on a curable physical deterioration is needed. Through a cost analysis adjustment; that 20% reduction in value resulted in a combine taxable value of \$1,378,750 which would be a fair representation of the maintenance and repairs needed to bring this property to its full potential.

[9:47:50 AM](#)

Petitioner, Jeff Davis, could not hear over the phone clearly and requested that his brother, Ken Davis, contact them.

Kristin McQueary requested that the clerk document into the record their efforts made for teleconferencing with the Petitioners. She noted the Courts have set up a pay service for somebody to call into the proceedings. She suggested the Assessor's Office look into a pay telephone service. Kristin McQueary informed them the County Commission was attempting to stream their meetings upon the internet but initially it would not be an interactive process.

The Deputy Clerk attempted to contact Ken Davis again. Petitioner Ken Davis explained he was previously upon another telephone line.

[9:51:23 AM](#)

PETITIONER KEN DAVIS WAS PRESENT TELEPHONICALLY.

Appraiser Janet Iribarne gave another overview of the subject property location and the Assessor's revised recommendation of a taxable value of \$1,378,750.

DISCUSSION:

Petitioner stated they utilized two methods to try and compute the value of the property. He stated one method to calculate the value of the property was their approximate purchase price of \$1,150,000 paid in March. Petitioner stated that was an arm's length market transaction. Petitioner stated the other method would be the income approach. He acknowledged there was some confusion because they switched from the old accounting system to a new system wherein the combined expense entry had to be analyzed. They had allocated those expenses properly to depreciation, taxes and other allowable expenses and came to a valuation of the property of just over \$800,000. Petitioner stated they believed the value of the

property was less than the \$1.7 million dollars. He believed the revaluation of the property by the Assessor in the amount of \$1,350,000 was a more representative of the fair market value plus additional capitalizations made to the property.

Chairman Leberski informed the Petitioner the Board of Equalization was given a revaluation number of \$1,378,750.

Petitioner stated they had made improvements to the property that would have brought them to the value of \$1,350,000.

Board Member Kelly Buckner reiterated the figure given to the Board from the Assessor was \$1,378,750 rather than the \$1,350,000 cited by the Petitioner.

Petitioner stated that number was fair and would accept that value.

Board Member James Winer inquired if the cap rate of 12.06% was used to appraise other property in Elko County. Appraiser, Janet Iribarne replied this was the only apartment complex that they had to do the income revaluation upon. She stated the others were valued off of market or costs approaches. Appraiser Janet Iribarne stated several apartment complexes were under construction and there were very few sales. She stated the 12.06% cap rate was the national level from the tax cap rate companies.

Petitioner stated 12.06% was high from an industry perspective and that type of return was not normally expected. He stated normally when an industry computes a cap rate they have not first subtracted depreciation and taxes. He stated they do subtract interest. Petitioner felt that cap rate was in line with other rates he had seen for market capitalization once they subtract depreciation and taxes.

Board Member James Winer inquired what the expenses came in at. Appraiser Janet Iribarne replied the expenses had come in at 72% but when the Petitioner changed their accounting system the numbers did not come through in detail. Petitioner explained the second accounting version provided more detail on the expenses such as capitalized expenses. Board Member James Winer inquired what the actual percentage was after excluding those items. Appraiser Janet Iribarne replied seventy-three percent.

Petitioner commented upon the small size of the units and the larger expense ratio to maintain the units.

Appraiser Janet Iribarne stated typically they look at 40% regardless of the size of the units.

Board Members James Winer inquired if the subject property was on the market and exposed to other potential buyers.

Petitioner replied it was published on NOS and Loopnet for a period of three months before they identified it and proceeded to purchase it. He stated it was brokered through a licensed realtor.

Board Member James Winer inquired why staff requested to do a 20% reduction. Appraiser Iribarne stated staff looked at the income and generalized a 55% expense but it was higher than that. She noted there were more expenses due

to repairs than a typical 40% used upon a normal apartment complex. She stated there was physical depreciation which was cost approach depreciation.

Petitioner stated they had capitalized a significant portion of their expenses so they were not shown in this calculation. He believed most of their expenses were reasonable for ongoing maintenance for a property of this unit size. Petitioner stated West Wendover was a transient city so they have frequent turnovers which contribute to larger expenses. He did not believe the expenses were higher this year than any other year.

Board Member James Winer inquired what their current vacancy was and what their average turnover rate was.

Petitioner stated it fluctuates and was seasonal. He stated currently 15 of the 63 units were vacant and had been for several months. Petitioner stated in the summer there was construction which lowered vacancy 7% to 8%. Board Member James Wines asked if staff verified the vacancy rates. Appraiser Iribarne had not seen those trends.

Board Member Kelly Buckner inquired if the Petitioner would accept the Assessor's recommendation of \$1,378,750 taxable value.

Petitioner stated that amount was higher than their purchase price and the valuation based on income but they intend to do additional improvements so it was in line with what the property was actually worth. He would accept that value.

Board Member James Winer requested clarification from staff that next year there would be a new valuation and next year they would see what improvements were made and what their rental was. Appraiser Iribarne stated that was correct and there would be a twelve month calendar of rental income.

SILVER ISLAND APTS

Case No(s): 12-114

Parcel No(s). 010 740 094 & 010 740 095

[10:12:47 AM](#)

DECISION:

MOTION: Board Member Kelly Buckner moved that the Board of Equalization accept the Assessor's recommendation on parcel numbers 010 740 094 and 010 740 095 for \$1,378,750. Board Member James Winer seconded the motion.

Board Member Kelly Buckner stated the rationale for the motion was that the Assessor reexamined the property, adjusted the value, and the value at this time was acceptable to the Taxpayer. Based upon the Assessor's recommendation, he believed it was an acceptable number.

The motion carried the following vote:

Voting Aye: Chairman **Walter Leberski**
Member **Wes Bowlen**
Member **Al Plank**
Member **Kelly Buckner**
Member **James Winer**
Voting Nay: **None**
Abstaining: **None**
Absent: **None**

Chairman Leberski informed the Petitioners of their right to appeal to the State Board of Equalization. The Assessor informed them where they could obtain the appropriate forms.

Petitioner stated it was not their intention to appeal.

[10:14:14 AM](#) Petitioner was disconnected from the telephone conference at 10:14 a.m.

[10:14:39 AM](#)

Board Member James Winer disclosed he was one of the owners of the facility in the next case. He would abstain from comment and decision. Board Member James Winer departed from the meeting room for the remainder of the meeting.

[10:15:44 AM](#) **RECESS**

Chairman Leberski called a recess at 10:15 a.m.

[10:28:47 AM](#) **RECONVENE**

Chairman Leberski reconvened the meeting at 10:28 a.m.

CUMMINS INTERMOUNTAIN

Case No(s): 12-104

Parcel No(s). 001 564 010

[10:29:44 AM](#)

PETITIONER REPRESENTED BY: **BETH DIEHL and CAROL HUGHETT**
of STEVENS & ASSOC. INC.
(present - telephonically)

Chairman Leberski reviewed the meeting procedure.

Board Member James Winer had previous abstained and departed the meeting room.

[10:30:29 AM](#)

SUBJECT MATTER:

The subject property is a Commercial/Industrial building situated on a 4.210 acre parcel in the City of Elko and located at 2735 Ruby Vista Drive. The parcel is currently leased by Cummins Rocky Mountain LLC, exclusive distributor of Cummins and Onan Products. The 2009 building is a 20,864 square foot multi-use facility, housing offices, warehouse supply, and a service repair garage along with a wash bay.

DOCUMENTS SUBMITTED BY PETITIONER: None

DOCUMENTS SUBMITTED BY ASSESSOR FOR THE RECORD:

1. Letter to Board

EXHIBITS SUBMITTED BY ASSESSOR'S OFFICE:

- A. Petition for Review, Reason for Appeal/Values, Parcel Map and Photo, Legal Description /Chain of Title, Building Sketch, Assessor System Information, Marshall & Swift Data, Assessor's Recommendation, Assessor/Petitioner Correspondence, and Petitioner's Submitted Information.

- B. Assessor's various approaches to determine value, e-mail between Assessor and Petitioner's representatives, Lease Agreement for Cummins Rocky Mountain LLC., Recorded Deed of Trust, Recorded Reaffirmation of Subordination, Non-Disturbance, Estoppel and Attorney Agreement dated December 16, 2010; Recorded Amendment to Deed of Trust; and Recorded Subordination, Non-Disturbance, Estoppel and Attornment Agreement dated April 7, 2009.

ASSESSOR, PREVIOUSLY SWORN IN: **Katrinka Russell**

SUMMARY:

Petitioner has contracted with Stevens & Associates to review property tax assessments on all their properties in the country. Petitioner's representative filed an appeal stating that the full cash value of the property was less than the computed taxable value of the property. Petitioner's representative sent copies of pages 3 and 19 of the Lease Agreement between Cummins and CRMTN LLC., a Summary of Important Facts and Conclusions, and their calculations of Cost Approach Grand Total 2012 value of (\$1,291,668).

DISCOVERY:

Assessor had reviewed all components of the appraisal and it was determined that the value set was fair, uniform and accurate. The Assessor also reviewed other possible approaches to value and was not able to make a determination. The Assessor stated in an e-mail the Petitioner's representative sent a copy of the build to suit agreement. The Assessor provided the Board with a copy of that Agreement. She stated it was the Assessor's recommendation that we do not make any changes to the value based on the information provided.

Petitioner's representative, Beth Diehl stated she had not received the updated material. She requested they e-mail them a copy of the material.

[10:34:48 AM](#) **RECESS**

Chairman Leberski called a recess at 10:34 a.m. to e-mail copies to the Petitioner of the updated material.

[10:48:38 AM](#) **RECONVENE**

Chairman Leberski reconvened the meeting at 10:48 a.m.

[10:51:20 AM](#)

**PETITIONER REPRESENTATIVE: CAROL HUGHETT
(telephonically present)**

The Board waited until both Carol Hughett and Beth Diehl could be present telephonically.

[10:52:22 AM](#)

**PETITIONER REPRESENTATIVES: CAROL HUGHETT AND BETH DIEHL
(Telephonically sworn in by Deputy Clerk)**

Chairman Leberski stated the Assessor had given the Board a Summary of the property and submitted additional information. He noted that recent information was e-mailed to Petitioner's representatives.

Chairman Leberski requested the Petitioner's representatives to state their reason for appeal.

DISCUSSION:

Beth Diehl stated they based their calculations per construction year in 2009 as a Building Class C – Storage. She stated the Assessor originally had it as an industrial service garage. Beth Diehl commented they then calculated it as a service repair garage with the building value being \$1,845,323 and the land remained at \$2.30 per square foot with a total cost of \$2,267,114. They took an obsolescence of 30% making their final value at \$1,689,209.

The Assessor had spoken to the Petitioner's representatives about the various types of uses in the building and stated a "municipal repair garage" covered the different uses in that building. The Assessor referred to Exhibit A, Tab 2, on Page 26 of Petitioner's information wherein Petitioner had requested 30% obsolescence. She stated in Elko County obsolescence was normally external. The Assessor stated the building was specifically built to their specifications and two years later Petitioner was asking for 30% obsolescence. She stated at replacement costs they were not exceeding the total value of the property. The Assessor stated if they look at the lease agreement (Exhibit B) and using their cap rates the County had a value of \$4.7 million dollars. She commented the lease base rent capitalized with the reduction for vacancy, expenses, and replacement; the capitalized value was \$3.4 million dollars.

ASSESSOR'S RECOMMENDATION:

The Assessor recommends, based upon the financial information and the build to suit agreement there be no changes made to the value at this time.

DISCUSSION:

Carol Hughett understood the Assessor's discussion upon the lease and the annual base rate rent. She requested the Board not use the annual base rent as a market lease for the property. Carol Hughett stated the lease was an understanding of two parties wherein the building costs for the build to suit were actually built into the annual lease rate. Carol Hughett requested that they not consider the capitalized income basis with regards to their appeal. She stated through discussion with the Assessor's Office upon the analysis of the type of property under Marshall & Swift they felt the property should be "Repair Service Garage, Class C, Good". Carol Hughett stated the County shows this property as a light industrial property which was the Petitioner representative's original review of the property. Carol Hughett stated their cost analysis was in line with what Marshall & Swift presented and that their cost analysis was accurate. She asked that the Board consider their analysis in determining the value upon the property. Carol Hughett stated the Assessor's analysis was based on a year of 2010 but this building was a 2009 building year construction.

Board Member Alfred Plank commented the Petitioner's cost analysis of \$2.2 million dollars was not far from the Assessor's initial value. He inquired where the Petitioner came up with the 30% obsolescence.

Carol Hughett stated the 30% should not be a functional obsolescence rather it should be an economic obsolescence. She noted economic obsolescence spoke to the current economic downturn, what the cost would be for building it, and selling it for the same value. Carol Hughett argued there was a 30% downturn in what the value the property was, versus what the costs was to actually construct it. Beth Diehl stated economic obsolescence also spoke as to who was eligible for loans and eligible enough to build that structure in 2012.

Board Member Kelly Buckner inquired if they were familiar with the economy in Elko. Carol Hughett replied they were somewhat familiar with the economy in Nevada. She stated it was difficult to determine the economy in Elko specifically from where they sit.

Board Member Kelly Buckner stated their argument on economic obsolescence did not make sense given the location of the building and Elko's economy. He stated further research would prove that obsolescence does not exist.

Chairman Leberski stated in looking at a copy of the construction loan (Exhibit B) which was recorded in Elko County, the amount of principal was \$3,525,000 on the construction loan. He inquired if that had a relationship to the actual value of the property now.

Beth Diehl responded that would be the landlords profit because they were building it at 8.5% cap, with their expenses and a CIP increase. She stated it was similar to financing a loan but they were not representing the landlord. Beth Diehl stated when the landlord sells the property if the tenant purchases it they would get

25% of the profit on that. She reiterated it was a complicated agreement and it was not a lease.

Chairman Leberski stated most loans were based upon an appraised valuation of the property.

Board Member Kelly Buckner stated during the normal course of business the loan would be secured by collateral with value in excess of the loan.

CUMMINS INTERMOUNTAIN

Case No(s): 12-104

Parcel No(s). 001 564 010

[11:06:13 AM](#)

DECISION:

MOTION: Board Member Kelly Buckner moved that the Board of Equalization accept the assessed value as presented by the Elko County Assessor on Parcel No. 001 564 010 in the amount \$2,749,223. Board Member Wes Bowlen seconded the motion.

Board Member Kelly Buckner stated the rationale was based upon information submitted by the Assessor with respect to other capitalization based on the lease and based upon information recorded on the loan.

Board Member Alfred Plank commented the obsolescence value submitted by the Petitioner was not representative of our economic condition in the area.

Chairman Leberski inquired if Petitioner could hear the motion and rationale.

Carol Hughett stated she could request the minutes.

The motion carried the following vote:

Voting Aye:	Chairman	Walter Leberski
	Member	Wes Bowlen
	Member	Al Plank
	Member	Kelly Buckner

Voting Nay: None

Abstaining: Member James Winer

Absent: None

Chairman Leberski reviewed the appeal procedure to the State and commented the forms were available through the Clerk, the Assessor, and the internet.

[11:09:04 AM](#) Beth Diehl and Carol Hughett were telephonically disconnected

[11:10:05 AM](#)

COMMENTS BY THE GENERAL PUBLIC:

Kristin McQueary commented upon the labor intensive duties for the Clerk of the Board of Equalization.

The board members held a discussion on scheduling next year's meeting date.

The Board tentatively set the 2013 meeting date as Thursday, February 21, 2013. The Assessor suggested 9:00 a.m. Chairman Leberski requested they wait until they know how many cases would be before the Board. The Assessor inquired if the board members would rather have their packets by computer rather than paper. There was a short discussion and it was decided that the Assessor would contact them next year prior to sending the packets out.

[11:14:17 AM](#)

ADJOURNMENT:

There being no further business to come before the Board, Chairman Leberski adjourned the meeting at 11:14 A.M.

APPROVED,

WALTER LEBERSKI, Chairman

ATTEST:

MARILYN TIPTON, Deputy County Clerk