

Audio: 2:39

APPROVAL OF MINUTES:

MOTION: Board Member Kelly Buckner moved to approve the minutes for the Board of Equalization meeting held on February 23, 2012. Board Member Al Plank 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

[9:02 AM](#)

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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. No public comment was submitted.

[9:03 AM](#)

Audio: 3:32

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.

[9:03 AM](#)

Audio: 3:33

DENNIS CUNNINGHAM

Case No(s): 13-004

Parcel No(s). 007-03A-047 and 007 03A 048

Hearing Date: February 21, 2013

SUBJECT MATTER:

Subject property is located at Ruby Lake Estates, File #281674 as Lots 5 & 6, Block H in the W ½ of Section 15, Township 28 North, Range 58 East, MDB&M. The

properties are located roughly 45 miles from Elko using State Route 228, then County Road #718, known as Harrison Pass route. The Ruby Lake Estates border the State of Nevada recreation site known as Ruby Lake Refuge which provides wetland habitat for wildlife observation, fishing, hunting, camping and other outdoor recreation activities.

DOCUMENTS SUBMITTED BY PETITIONER:

- I. Petition

DOCUMENTS SUBMITTED BY ASSESSOR FOR THE RECORD:

1. Letter to Board

EXHIBITS SUBMITTED BY ASSESSOR'S OFFICE:

- A. Taxable Valuations, Legal Description, Chain of Title, Parcel Map, Building Sketch, Building Photos, Aerial Photo, Assessor's Evidence, Assessor's Recommendation, Petitioner Form/Packet and Assessor's Plat.

APPRAISER, PREVIOUSLY SWORN IN: Janet Iribarne

SUMMARY:

Subject 1: APN 007-03A-047 improvements include an electrical hookup and water well.

Subject 2: APN 007-03A-048 improvements consist of: Shop/garage with living quarters (living quarters under construction), cabin cottage (under construction), electric hookups, septic and a well. Building permits obtained for construction on Subject 2 began with an electrical permit in 1997, in 2008, three more building permits were issued: 1) barn/garage; 2) living quarters in the barn/garage and 3) a cabin. The combined permit value totals \$78,233. Of the four permits, two have been final by the building inspector and the other two, the living quarters in the garage and cottage, have not been completed. The two unfinished permits and now expired permits have been inspected up to the gypsum board, rough-ins for electric, plumbing and mechanical plus insulation and sheet rock were completed.

After further viewing said property, the appraiser verified that Subject 2 improvements were not 100% complete but rather at 66% complete. An adjustment to Subject 1 improvement value was given due to an age adjustment on the well. The land values within the Estates could be lowered from \$30,000 for a 10 to 13 acre lot to \$25,800 for 10 to 13 acre lots and still remain within the median assessment ratio threshold of .32 to .36. Applying the corrections to the property would reduce Subject 1 from \$39,320 to \$33,408 and Subject 2 from \$98,914 to

\$69,718 for the 2013-2014 year. The land adjustment would also apply to all the Ruby Lake Estate parcels of 10 to 13 acres in size which is 47 of the 53 parcels in the estates.

DISCOVERY:

Petitioner was notified of the adjustment to his appraisal. Petitioner felt the land value should be \$15,000 because that was the price he offered a bankruptcy court for Subject 1. However, Petitioner recorded a Contract of Sale on that same parcel, Subject 1, a year prior from the bankruptcy's debtor at a recorded sales price of \$28,000. Petitioner sold adjacent property to Subject 2 for \$15,000 and Deputy Appraiser questions the Seller's motives for reducing values in the area. No significant events have occurred in the area that would justify a drastic drop in land values.

ASSESSOR'S RECOMMENDATION:

The Assessor's Office recommends adjustments for parcels in the Ruby Lake Estates from \$30,000 to \$25,800. Subject 1: 007-03A-047 the Assessor recommends a reduction in improvement value from \$9,320 to \$7,608 in addition to the reduction in land value to \$25,800 a new total taxable value of \$33,408. Subject 2: 007-03A-048, the Assessor recommends a reduction in improvement value from \$68,914 to \$43,918 in addition to the reduction in land value to \$25,800 a new total taxable value of \$69,718.

[9:11 AM](#)

Audio 11:29

PETITIONER SWORN IN: Dennis Cunningham

DISCUSSION:

Dennis Cunningham stated the property owners in the Ruby Lake Estates did not receive any help from the County with regards to road maintenance, weed abatement or culverts. He stated they pay \$250.00 in assessments per year to a homeowners association to maintain their own roads and for weed abatement. Dennis Cunningham stated Michael Cecchi just bought a ten acre parcel and paid \$12,000. He commented currently there were twelve parcels available for sale. He stated due to the current economic situation people from Las Vegas that had brought these parcels were selling them. Dennis Cunningham felt the \$25,000 per ten acre parcel was too high. He had offered \$28,000 on the other parcel. He stated Mr. Wines had written a contract for 30 years at \$100.00 per month with 8% interest because he wanted to get the property from the Bankruptcy Court. Dennis Cunningham commented the Court told him he would have to pay cash for it by June

15th or they would put it on the market. He reiterated that the property values were not that strong out there. He stated there were no other cases of people buying parcels for \$20,000 or \$25,000.

Board Member Wes Bowlen requested clarification that Dennis Cunningham was asking them to reduce the unimproved lots to \$15,000.

Dennis Cunningham believed \$20,000 was fair.

Board Member Wes Bowlen commented he had offered the Bankruptcy Court \$15,000.

Dennis Cunningham stated the Bankruptcy Court had set the amount at \$15,000. He had sold another parcel for \$15,000 because it had been on the market for two years.

Board Member Wes Bowlen asked if he would sell his parcel for \$12,000.

Dennis Cunningham stated his lot was improved. He commented the County did not supply any road work, culverts or weed abatement. He stated the properties were nice and neat and they had a good board that makes sure the properties were clean for fire suppression. Dennis Cunningham stated there was a commercial well for their fire department. He stated last year they spent \$8,000 on road maintenance and weed abatement in the spring and fall. He did not feel the value of the properties were strong because it was a recreation area. He stated the people using it for recreational use were selling their properties.

Janet Iribarne commented there had been property sales out there in May of 2012, October 2011, August 2011 and an older sale in March of 2010 that was used to determine the value of \$25,800. She stated Lot 7 of Block H on Overland Street was listed at \$35,000. Janet Iribarne commented Dennis Cunningham had made reference to a sale in May 2012 to Mike Cecchi. She stated the property owners had purchased the property years ago and that property never made it to the market, it had been in a trust. Janet Iribarne stated the homeowners association had a buyer for it and Mr. Cecchi brought it for \$12,000 with a well and septic so she did not consider it as an arm's length transaction. Janet Iribarne stated on page 18 there were five valid sales in the area. She commented four of the sales range from \$24,000 up to \$41,829. She averaged those sales to \$25,800 based on the ratio of .32 to the .36 range, with .3211 for an acceptable range to go for audit.

Board Member Al Plank inquired if there was a way to get a value without improvements because they had been speaking of unimproved land.

Janet Iribarne stated on page 18 it showed the actual sales price with the improvements abstracted. She commented sales 2, 3, and 4 had an electrical hook up and she removed \$874 to determine the abstracted sales price of \$25,800 for raw land.

Board Member Kelly Buckner inquired how they determined the improvements were 66% complete.

Janet Iribarne replied they followed guidelines to determine the percentage.

Chairman Walt Leberski inquired if the Petitioner was requesting the land value to be reduced to \$20,000 on both lots and the improvements remain the same.

Dennis Cunningham agreed with the 66% completion of the improvements but disagreed on the value of all the property within the estates. He stated the association had come up with over \$12,000 per year for their improvements and had not asked the County for anything. Dennis Cunningham did not believe they should be taxed for what they did not get. He believed \$20,000 per lot was fine and hoped they could pick up the back dues so they can continue to keep the properties pristine in the area.

Kristin McQueary explained property taxes did not go to pay for road maintenance, gas taxes do.

Dennis Cunningham inquired if weed abatement, culverts in the road, signage or insurance was covered.

Kristin McQueary stated anything to do with road maintenance and culverts did not come out of real property taxes. She stated there was a Ruby Valley Conservation District but did not know if the subdivision was part of that District. She did not believe the County had funded the weed abatement districts for several years. She stated the County does not pay for insurance.

Chairman Walt Leberski commented the subdivision was probably approved and the roads dedicated for public use but maintenance was not accepted by the County. He stated that had been done in a lot of the subdivisions. He inquired if the Board applied the \$20,000 on the land value in this case would it affect all the lots in the subdivision.

County Assessor, Katrinka Russell, stated they would have to apply it across the board to everyone in the subdivision.

Chairman Walt Leberski clarified the property value was originally \$30,000 and the Assessor was now recommending \$25,800 for each lot.

Assessor Russell displayed a worksheet which showed the impact if they were to adjust the land value down to \$20,000. She stated the median would be .02489 based on the sales they were using to set the land value. She commented they would be discussing that with the Department of Taxation during the ratio studies when they come in to analyze their land value.

Board Member Jim Winer commented there was no doubt when looking at the data of these sales the trend was down.

Janet Iribarne stated if the sales continue to go down then the land value would go down because they were assessing year to year.

DENNIS CUNNINGHAM

Case No(s): 13-004

Parcel No(s). 007 03A 047 and 007 03A 048

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DECISION:

MOTION: Board Member Kelly Buckner moved that the land value be reduced to \$23,266; that was the most recent sale with abstracted data taken out. He stated Board Member Winer indicated that all the sales, the most recent valid sales, were trending downward, with the most recent sale being the lowest price.

Board Member James Winer seconded the motion.

Chairman Walter Leberski requested clarification that the land value would be reduced to \$23,266 but the improvements would remain the same.

Board Member Kelly Buckner moved to amend his motion to include “the improvements would remain the same”. Board Member James Winer seconded the amendment to the motion.

Board Member Al Plank inquired if that particular sale fell within their audit parameters.

Appraiser, Janet Iribarne replied yes for the fiscal year of 2013-2014.

Assessor, Katrinka Russell, explained they had to justify lowering the land value based upon the sales.

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 Walter Leberski informed the Taxpayer that he may appeal to the State Board of Equalization.

Deputy Assessor, Dennis De Arietta, provided Mr. Cunningham with a packet containing appeal forms.

Dennis Cunningham stated he would not appeal the decision. He stated if the value goes up, it goes up, if it goes down, whatever. He stated this was first time he

had come to one of these meetings and appreciated them for their time and the reduction.

[9:31 AM](#)

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FREDERICK & FLORENCE FEHRMANN

Case No(s): 13-005

Parcel No(s): 049 008 020

Hearing Date: February 21, 2013

SUBJECT MATTER:

Subject property is located at 856 One Eye Drive in Spring Creek Tract 403, Lot 20 of Block 8. The residence is a 2,052 square feet manufactured home with a 780 square foot detached garage and was built in 2007.

DOCUMENTS SUBMITTED BY PETITIONER:

EXHIBITS SUBMITTED BY PETITIONERS:

- I. Letters to the Board

DOCUMENTS SUBMITTED BY ASSESSOR FOR THE RECORD:

- 1. Letter to the Board

EXHIBITS SUBMITTED BY ASSESSOR'S OFFICE:

- A. Petition, Taxable Valuations, Legal Description, Chain of Title, Parcel Map, Building Sketch, Building Photo, Aerial Photo, Assessor's Evidence, Assessor's Recommendation, and Petitioner's Packet.

APPRAISER, PREVIOUSLY SWORN IN: Sarah Romero

SUMMARY:

Petitioners appealed taxes for the current year of 2012-2013 as well as the prior tax years 2011-2012 and 2010-2011 that were billed on IM 130027. This was billed in December of 2012.

DISCOVERY:

In review of the property during the 2012 re-appraisal, it was found that the residence was not being assessed. The parcel had only been assessed for a mobile home hookup, foundation, and a detached garage. The manufactured home was not being assessed on the unsecured tax roll or the secured tax roll. As per NRS 361.769 states that the County Assessor shall assess the property and the taxes for

the current year and any prior years must be calculated and collected. Petitioner made reference to NRS 361.767 (1) which is in regards to personal property. NRS 361.767 Assessment of personal property that was not assessed or was under assessed. *“(1.) If the County Assessor determines that certain personal property was not assessed, the Assessor may assess the property based upon its taxable value in the year in which it was not assessed.”*

To correct the error, the Assessor added the single family residence, adjusted for the incorrect hookup and foundation, added additional miscellaneous improvements (porch and concrete flatwork). We updated/changed the land use code from a 230 (Personal Property Manufactured Home-on Unsecured Roll) to a 200 (Single Family Residence). We sent an explanation letter with the supplemental bill for the current year plus two prior years for the residence that had not been previously assessed. We did not bill for all the years dating back to 2007 when the home was originally installed. They were only billed for 2012-2013, 2011-2012, and 2010-2011 fiscal years as per office policy.

ASSESSOR’S RECOMMENDATION:

The Assessor’s Office recommends that the Board makes no changes to the values as assessed.

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PETITIONER SWORN IN: Florence Fehrmann

DISCUSSION:

Florence Fehrmann stated they did everything as required in setting up their home in 2007. The Spring Creek Association’s approval for their IRC manufactured home was obtained. Only IRC manufactured homes are permitted in our Tract 400. Florence Fehrmann stated their Nevada certified contractor, Kevin Gage obtained County permits, inspections were approved and a value on our home was submitted to the County. The Nevada State Department of Manufactured housing did a final inspection and approved occupancy. In 2008, we reported to the County that this was our primary domicile. A reassessment should have been done at that time. Since 2007, we have paid our taxes each year in good faith as billed by Elko County. There has been confusion and lapse of responsibility on the part of Elko County since 2007 regarding our home. All required information about our home was given to Elko County by our contractor in 2007 and was noted on all approved permits. The Nevada State final approval indentified our home as a manufactured home which must be IRC modified for our location in Spring Creek. The County has been confused since 2007 over the difference between a trailer (tax code 230 personal

property manufactured home) and an IRC approved manufactured home (tax code 200 – single family residence). Since 2007, we have been taxed for a trailer instead of an IRC approved manufactured home. The County had proof since 2007 that we have an IRC approved manufactured home. Upon our visit to the Assessor's Office one month ago, the Deputy Assessor found their error in our computer tax file. In the 2008-2009 tax year, the land use code should have been changed from 120 to 200, not 230. We were never aware of this discrepancy. The County has overvalued our home. They are taxing us for a site-built home which includes the foundation, hook-ups and attached garage. Then they are adding taxes for a second time on a foundation, hook-ups, and a garage. The values of these three items were at least \$30,000. Our estimated value is \$168,450. Florence Fehrmann stated although they purchased their IRC manufactured home for \$103,000 delivered currently Clayton Homes is offering a 2,000 square foot home for \$69,900 delivered. The replacement cost for our 2,140 square foot home would be lower than \$168,450. The Assessor's Office has estimated a value of \$197,429. We cannot afford a lawyer or an appraiser to assist us with this Petition, and cannot afford to pay additional back taxes for mistakes made by the County. Our fixed income is derived from monthly social security payments. We have regular medical expenses with a high deductible medical insurance plan. Fredrick has COPD and I have scoliosis and high blood pressure. Florence Fehrmann stated with regards to NRS 361.767-1, *"if the County Assessor determines that certain personal property was not assessed, the Assessor **may** assess the property based upon its taxable value in the year in which it was not assessed"*. She noted the NRS stated the Assessor "**may**". This says back taxes is not required, its taxable value in the year in which it was not assessed. The value in the two previous years was lower but we are back taxed at a higher rate than the current assessment. If we are required to pay our supplemental billing IM130027 for \$3,100 for additional back taxes it would put those taxes above the estimated taxes for 2013-2014. The additional back taxes would be \$1,550 for each year. We have already paid \$512 and \$527 in taxes for those years as billed by Elko County; that would be a total of \$2,062 and \$2,077 paid. The Assessor estimated our taxes for 2013-2014 at \$1,770. We would be paying higher taxes for previous years when our values were lower. We respectfully request that you dismiss our additional tax billing and reduce the value of our home.

Assessor, Katrinka Russell stated they have done what the statutes require them to do. She has offered to work with the Fehrmanns so they could make payments. She stated her office went back and readjusted for the foundation and the mobile home hookup. Assessor Russell commented the Board would make the decision and had the power to equalize but she had to follow statutory recommendations.

Board Member Al Plank inquired if the two previous years were taxed at the higher rate.

Assessor Russell stated there was an abatement that was applied to the land value and the Fehrmanns were not being assessed for the 2012-2013 year. She stated on page 12, it gives you a breakdown of how the bill should have been calculated. She stated they took into account the taxes that were previously paid. She stated the data showed the actual property taxes that were billed and paid. Assessor Russell stated their data showed the assessed values and how it should have been billed. Further down in the data sheet, it shows what the taxes would have been. Assessor Russell stated for the 2010-2011 year the taxes were capped at \$1,614.54; \$1,650.36 for the 2011-2012 year and \$1,600.97 for the 2012-13 year. She noted the taxpayers had paid down the taxes.

Florence Fehrmann commented the figures on the chart did not change the situation. They have already paid \$512 and \$527 in each of those years. She stated if they add the amount on the bill, another \$1,550 it puts them over \$2,000 for each year. Florence Fehrmann stated their current assessment was \$1,770 which means higher taxes paid in the previous years. They have already paid the \$512 and \$527 in taxes and their bill was for \$3,100.

Kristin McQueary inquired of the Assessor if the Fehrmanns had applied for the property tax assistance for senior citizens under NRS 427A.450.

Florence Fehrmann replied they had not and were not aware of any assistance available. She stated they were in their seventies.

Kristin McQueary stated the Fehrmanns met the age threshold and may be potentially eligible for the program.

Florence Fehrmann stated that would not satisfy the problem that they were being asked to pay for the County's mistakes. She commented in 2007 they did everything that was required. They had permits, a Nevada certified contractor, and State approved occupancy. She noted when they approve occupancy that meant there was a house there, they were living in it and yet they were not assessed until 2012. Florence Fehrmann stated in 2007 the County knew it was a modular home that was occupied and approved by the State. She commented there was no reason for them to pay for the County's mistakes.

Chairman Leberski stated the Board understood the point she was making.

Board Member Kelly Buckner inquired if personal property tax was paid on the home during that time.

Assessor Russell replied there was no person property tax paid.

Board Member Kelly Buckner requested clarification that it was not taxed as personal property or real property.

Assessor Russell replied it was not. She stated the only thing the Fehrmanns were being taxed for was the foundation, the hookup and the land.

Board Member James Winer clarified that the Fehrmanns during the years of 2007-08-09-10 were being under taxed because they were being taxed for the hookups, land and not the personal property. Assessor Russell stated that was correct.

Board Member James Winer inquired if the numbers in their chart in 2010-2011, the \$1,614.54, took into consideration the conversion with the home and had they allowed for the credit back.

Assessor Russell replied yes.

Kristin McQueary stated in reviewing NRS 427A there was both an age requirement and an income requirement. She stated the Petitioners need to apply at the Assessor's Office prior to the end of April for the Senior Citizens Property Tax Assistance Program.

Chairman Leberski inquired if there were any retroactive provisions in that program.

Assessor Russell replied no, and informed them the State had not renewed that Program for this year. She stated there were other alternatives that she could discuss with the Fehrmanns. Assessor Russell stated there was a statute that covered the postponement of paying the tax.

Chairman Leberski inquired if there was a question of the Assessor not giving the credits to the Fehrmanns.

Board Member Al Plank believed Board Member Buckner had brought up the question of credits given under the bottom line of the supplemental bill. He stated if they take the \$1,600 in the 2010-2011; the tax bill of \$1,602.30 and subtract the \$521 that was paid you will end up with a net of \$1,090.59.

Florence Fehrmann appreciated their attention to that but stated this case concerned more than one issue. She stated the \$3,100 broken down into two years would be \$1,550 yearly, add the taxes they have already paid, it was \$2,000 plus dollars each year and their current assessment was currently \$1,770, which they believed was too high. She stated if they add the taxes paid to the amount of billing they come up with higher taxes that what was assessed for the current year.

Chairman Walt Leberski stated the \$3,100 was being applied over a three year period.

Florence Fehrmann understood they went back only two years.

Assessor, Katrinka Russell, stated it applied to the current year plus two years for a three year period.

Florence Fehrmann stated that was not how it was explained to them and stated she could display a note in the Assessor's handwriting that told them it was \$1,550 per year for two years.

Board Member James Winer understood their separate concern was they were being overvalued and inquired if the Assessor had comparable sales within their

region that was similar. He commented it was discussed that Clayton Homes was selling them cheaper.

Assessor Russell stated they did have that information within their office but they did not bring that information with them today.

Florence Fehrmann presented a handwritten note given to them by the Assessor that had printed \$1,530 per year which gave her the total on their bill. She stated the note explained the amount covered two years and not three years.

Chairman Walt Leberski requested a breakdown for two years of payments.

Assessor Russell inquired if they wanted the amount due. Chairman Leberski replied that was correct.

Kristin McQueary commented the basis of the Fehrmann's appeal on the Petition form under step three, paragraph 2; was they were appealing the additional back taxes upon their home prior to the 2012 appraisal. She stated the issue of their appraisal being different than other homes was a separate issue and that was not properly before this board at this time.

Florence Fehrmann commented she did submit in their evidence a copy of an advertisement from Clayton Homes for a manufactured home which was close to the size of their home. Florence Fehrmann stated the asking price was \$69,900 delivered, perhaps add another \$10,000 for their home which was slightly larger which placed it at \$80,000 delivered. She stated they paid \$103,000 delivered so that was still \$20,000 below the asking price. She stated their replacement costs in no way would be \$197,000 as appraised by the Assessor for 2013-2014.

Board Member Kelly Buckner clarified the Fehrmanns did not pay any taxes on the home itself either personal property or as it should have been real property taxes, and it was not on any tax roll within the County. He stated the Assessor was now going back two years and the current year at the assessed value for back taxes owed for example in 2010-2011 the difference was \$1,090. In 2011-2012, the difference was \$1,027.

Florence Fehrmann stated she was debating that issue because of the note given to us by the Assessor stating they were being billed \$1,530 per year. She stated they were told it was for two years.

Chairman Walt Leberski reviewed the Computations table No. 4 on page 12 of the Assessor's Exhibits showing 2010-2011 they were being billed \$1,090.59, in 2011-2012 for \$1,027.28 and for 2012-2013 for \$988.02 which totaled approximately \$3,000.

Florence Fehrmann questioned why they were being told they were being billed \$1,500 per year for two years. She questioned why they should compensate the County for their errors.

Assessor Russell clarified that was an estimate of what their taxes should have been for each year.

Florence Fehrmann stated they have been appraised at \$1,770 so they had three different sets of figures.

Board Member Kelly Buckner inquired what kind of terms could they come up to work with taxpayer to repay those two years in the taxes.

Assessor, Katrinka Russell, stated they could carry that tax over numerous years without penalty.

Board Member James Winer understood the taxpayers had underpaid the taxes for several years and if the County had picked up the taxes properly then in 2008-2009 the taxpayers would have paid \$1,300 or \$1,400 per year with gradual increases over the last five years. He stated if they go back two years it was \$2,200 moving forward this year it was another \$980 in back taxes. Board Member James Winer clarified that if the County had assessed correctly over the past five years, the taxpayers would have paid \$5,000 to \$6,000 in taxes. He stated by going back two years with the current year the taxpayers still did not have to pay \$3,000 or \$4,000 worth of back taxes.

Chairman Leberski understood the Assessor could only go back three years.

Kristin McQueary stated that was correct.

Board Member Kelly Buckner requested a clarification of what type of terms would be applied to collect the back taxes such as \$50.00 per month.

Assessor Katrinka Russell stated there was nothing in the statute.

Board Member James Winer asked what happens if there were no agreements.

Assessor, Katrinka Russell, stated they would have to add that amount to the real property tax bill and the \$3,000 would have to be paid in four installments on next year's tax bill.

Board Member Al Plank noted at \$50 per month the \$3,100 would be paid in approximately five years.

FREDERICK & FLORENCE FEHRMANN

Case No(s): 13-005

Parcel No(s). 049 008 020

[10:09:47 AM](#)

Audio: 1:09:47

DECISION:

MOTION: Board Member Kelly Buckner moved that the Assessor collect the current year's taxes as assessed. He assumed the amount on the sheet was correct \$1,530.90 for the 2012-2013 tax year. He noted they had paid previous taxes which left remaining \$988.02 for the

remainder of the tax year and that the County works out an agreement if possible with the taxpayers to collect the two previous years of underpaid taxes in the amount that could be negotiated with the taxpayers. He recommended \$50.00 per month to collect those back taxes.

Chairman Leberski clarified the motion was that the Assessor collect a total of \$1,530.90 for the tax year 2012-13; that the Assessor and the Fehrmanns meet and agree to pay the unpaid balance on 2010-2011 and 2011-2012 taxes at the rate of \$50.00 per month.

Board Member Kelly Buckner amended his motion to add \$50.00 per month “interest free”.

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

Chairman Walt Leberski recommended that the taxpayers apply for the Senior Assistance Program before the April deadline. He informed the taxpayers they could appeal this decision to the State Board of Equalization.

Deputy Assessor, Dennis de Arietta submitted a copy of the appeal packet to Mr. Fehrmann.

Florence Fehrmann stated they were asking for a reduction on the value of their home based on the current prices that were available for manufactured homes.

Chairman Leberski inquired if the Assessor could go back and consider the evaluation now.

Kristin McQueary stated the Assessor could review that for next year but the basis of their appeal was made upon back taxes. She stated the newspaper advertisement that was provided by the Fehrmanns in their exhibits did not have a garage and foundation. She noted the Fehrmanns had a garage and foundation and set it as an IRC home. She stated the advertisement did not add the garage, foundation, or what building code it was under and whether it was in the Spring Creek area which added to the value of the property. Kristin McQueary stated the Assessor was limited to what the appeal was based upon. She stated whether the

State Board of Equalization would consider that issue, Mrs. Fehrmann may talk to the Assessor about that. Usually, the State considers their appeal on this record.

Katrinka Russell commented State law required that she not exceed the value and they were always analyzing the values. She would review their parcel with regards to value to see if anything could be done.

Chairman Walt Leberski informed the Fehrmanns that they could appeal to the State Board in writing to avoid making a trip to Carson City.

Florence Fehrmann noted they included in their packet a copy of their sale price when they purchased the home. She stated they purchased it for the sum of \$102,986 which did not include the garage, the foundation or the hookups. Florence Fehrmann stated the Clayton Homes advertisement did not include a garage, hookups or a foundation. She stated Clayton Homes advertised price was \$69,990.

Chairman Walt Leberski stated the Assessor would review the value with them.

Board Member James Winer clarified the taxpayers' Petition was filled out only for the back taxes so this Board could not make any decisions on the value of the home.

[10:18:37 AM](#)

Audio: 1:18:37

VALUE MORTGAGE INVESTORS LLC

Case No(s): 13-015

Parcel No(s). 010 749 001 thru 010 749 015, 010 749 021, 010 749 023, 010 749 024, 010 749 029 thru 010 749 053

Hearing Date: February 21, 2013

SUBJECT MATTER:

Value Mortgage Investors LLC is the property owner of 43 properties located in the Silverado Estates Subdivision Unit 1. The reason for the appeal is due to recent 2012 sales of adjacent property. The property owners feel that their property is being taxed at a higher value than it's worth. The property owner has submitted his projected construction costs to develop the property along with two quotes from potential bidders.

Subject properties are located in the City of West Wendover in a subdivision called Silverado Estates Unit 1. Silverado Estates Unit 1 subdivision map was filed with the Elko County Recorder as document #576120 on June 26, 2007. The subdivision consists of 53 residential subdivision lots. The properties' taxable values are currently \$32,000 for lots on the golf course and \$30,000 for the other lots.

DOCUMENTS SUBMITTED BY PETITIONER:

EXHIBITS SUBMITTED BY TAXPAYER/PETITIONER:

I. Petition, Letter dated 2/11/13 to Assessor, Letter dated 1/7/13 to Assessor, Aqua Engineering estimate of probable costs, CraCar Construction engineering estimates for infrastructure, Letter dated 9/2/10 to Jeff Cannon from Wells Rural Electric Company with agreement for electrical services, West Wendover Index Map, Parcel Details for 010 704 033, Parcel Details for Parcel 010 704 038, Assessor's Sales Data Inquiry, Parcel Details for Parcel 010 749 017 thru 010 749 020, 010 749 022, 010 749 025 thru 010 749 028, Silverado Estates Unit 1 map, Toana Greens Estates.

DOCUMENTS SUBMITTED BY ASSESSOR FOR THE RECORD:

1. Letter to Board

EXHIBITS SUBMITTED BY ASSESSOR'S OFFICE:

A. Taxable Valuations, Legal Description, Chain of Title, Assessor's Evidence, Aerial Photo, Assessor's Recommendation, and Assessor's Plat.

APPRAISER, PREVIOUSLY SWORN IN: Janet Iribarne

SUMMARY:

The City of West Wendover signed the Silverado Estates Unit 1 subdivision map without the property owners providing a secure security or performance bond. Financial plans fell through, construction on streets, curb/gutter, water, sewer, electric, cable and telephone were never started. The property owner did not pay the property taxes on the parcels and the parcels went delinquent. The Elko County Treasurer took the 45 parcels into her trust June 6, 2011, and the property owners redeemed 35 of the parcels on March 13, 2012. The remaining 10 parcels in the Treasurer's Trust were sold at public auction at a median price of \$3,050.

Appraiser, Janet Iribarne stated the 10 parcels sold at public auction were now in individual ownership leaving the option of filing a map of reversion extremely difficult to nearly impossible. She stated a map of reversion could eliminate this entire predicament as the property would revert back to one piece and taxed as one large piece. She stated before it was split into a subdivision it was \$144,286 or \$10,000 an acre. The Petitioners have indicated that these Treasurer transfers are market value and that the parcel should be valued at auction sales prices. The Assessor feels that auction sales are not arms-length transfers that determine market value. She stated they looked at the cost of development method which uses the Petitioner's projected costs for infrastructure.

Petitioner provided cost projections for the infrastructure in two quotes: one from Aqua Engineers from Bountiful, Utah and the other quote from CraCar Construction in Salt Lake City. From this Analysis as defined in NAC 361.1295, the Petitioner's cost per lot before profit is \$40,409 then reduced 50% for the defined absorption period comes to \$20,200 per lot. This amount could be justified with a Grant, Bargain and Sale Deed recorded October 2007 Doc # 583993 wherein West Wendover Highland Partners, LTD transferred ownership on 8 lots to The Spirit of Wendover LLC and declared a purchase price of \$140,000 to \$20,000 per lot.

The subdivision may require further reduction based on the issues that the lots are unbuildable in their current state. The City of West Wendover would not issue any building permit on any of these lots until infrastructure is available to the said lot and to at least 9 other lots nearby. Janet Iribarne stated the City of West Wendover does not recognize these as subdivision lots.

On September 23, 2008, West Wendover Highland Partners Ltd transferred 45 of the 53 lots in the subdivision to The Spirit of Wendover, LLC under Document No. 603078 for \$400,000 to \$8,888 per lot.

ASSESSOR'S RECOMMENDATION:

The Assessor's Office recommends that all the lots in the Silverado Estates Subdivision Unit 1, including the lots sold to individual taxpayers through the Treasurer's auction receive functional and economic obsolescence of 70%. Functional obsolescence as the property has reduced its usefulness due to the missing infrastructure required for construction development at 50% obsolescence and 20% obsolescence due to economic conditions. This reduces the properties located on the golf course from \$32,000 to \$9,600 and the remaining parcels from \$30,000 to \$9,000 per lot.

[10:24:48 AM](#)

Audio: 1:24:48

PETITIONER'S REPRESENTATIVE SWORN IN: G. Clark Cannon

DISCUSSION:

G. Clark Cannon stated Value Mortgage Investors LLC., is a private money lending company. The Petitioner obtained the property through a foreclosure in 2009 and had loaned money on these lots under the understanding that because they had been approved pursuant to City Code they were bonded for and the infrastructure was in place. During the foreclosure process, however, Petitioner found that the plans had been approved without an infrastructure bond in place thereby leaving us with no option for improving the lots and bringing them up to code for construction without putting up all the money ourselves. Consequently, the lots

Petitioner now own are in essence raw land that has approved plans. Petitioner loaned \$500,000 on the property only to find out that it requires an additional \$1.5 million dollars investment in infrastructure to even start building the homes. The numbers break down like this: 53 single family building lots at \$500,000. Petitioner is into the lots at \$9,433.96 per lot. With the additional \$1.5 million dollars, Petitioner needs to invest in the property to make these lots saleable; it would put the invested amount at \$37,735.85 per lot which is near the valuation at which Petitioner is currently being appraised at. Clark Cannon stated there were similar lots owned by the City of West Wendover immediately east of our planned subdivision along Tibbits Boulevard that already have infrastructure improvements and they are valued between \$33,000-\$38,000 according to their size. He stated last year Petitioner was unable to pay the taxes on a handful of these unimproved lots and they were sold at a tax sale. The highest purchase price for these lots was \$3,500 and the lowest was \$2,500. Petitioner feels that although these lots were sold at the tax sale that these prices reflect the actual value of the lots if they were to be sold in a fair market. Petitioner owns 43 lots without infrastructure that are going to have to put up \$1.5 million dollars to make them even worth at what they were currently assessed at.

Board Member Kelly Buckner requested clarification that because lots were sold at the tax sale the Assessor could not go back and do a map reversion as one undeveloped parcel.

The Assessor stated that was correct.

Board Member James Winer inquired if they could do a map reversion by putting lots 53 moving west and stop at 30, 31 and 32.

Assessor Russell stated the only way they could do a map of reversion was to take the original map and reverse it but they do not own all the lots.

Board Member James Winer inquired if he could petition to join all their lots into one master parcel.

Assessor Russell stated the taxpayer could.

Board Member James Winer stated it seems like the City of Wendover did not acknowledge these lots. He understood they could take the 47 lots and form one parcel the tax would be substantially lower.

Assessor Russell stated the taxpayer could take lots 1 thru 23 and make it into one parcel.

Board Member James Winer stated it appeared the highest and best use may not be single family lots and it may be multi-family or maybe town homes. He noted there may be a glut of single family homes because even the City owned some of these unsold lots.

Clark Cannon stated the City owned 16 lots. He recognized the Appraiser had come down quite a bit on the appraised value but they felt the value of \$9,000 per lot was overvalued. He stated the people that had bought the lots for \$3,000 at the

Treasurer's sale probably felt they had a steal but they did not realize they had to put \$30,000 of infrastructure into those lots to get them equal to the lots that the City owned. Clark Cannon stated the City has owned those lots for several years and they only moved one every two years or so.

Chairman Leberski inquired if it was within the same subdivision.

Clark Cannon stated those parcels that the City owned were located across the street.

Janet Iribarne stated on Page 8 there was a list of sales in the subdivision.

Board Member Wes Bowlen inquired what the taxpayer felt as a fair price on the lots that the County had valued at \$9,000.

Clark Cannon stated they thought \$3,000 for the appraised value of each lot.

Board Member Wes Bowlen inquired if he would sell him a lot for \$3,000.

Assessor Katrinka Russell inquired if that was the appraised or taxable amount.

Board Member James Winer understood it would be assessed value.

Clark Cannon stated Petitioner has loaned \$500,000 on the lots and had done development on the land. He stated Petitioner was trying to limit the carrying costs. He commented Petitioner has paid over \$70,000 in taxes on these properties already during the time they owned them.

Board Member Wes Bowlen stated the Assessor had come down quite a lot and the taxpayers of Elko County should not have to assume the loss on this. He stated if the lots go to \$3,000 then the County's taxpayers would pick up the burden of their misguided ways. He believed the County Assessor had reduced the taxes in good faith.

Chairman Walt Leberski inquired if the company had any plans to resolve this situation of getting the off-sites in there.

Clark Cannon stated Petitioner started the process of improving the infrastructure and they got over extended. He stated they addressed other business opportunities. Clark Cannon commented at the current moment it was worthless land. He noted when Petitioner took over the land they had an appraisal upon it and it was said to be worth \$1.5 million dollars. Clark Cannon commented Petitioner has to put in \$1.5 million dollars in infrastructure to sell the lots.

Appraiser Janet Iribarne stated the subdivision has value being broken into individual lots and she had addressed the economical and functional obsolescence.

[10:36:17 AM:](#)

Audio: 1:36:17

PETITIONER SWORN IN: Jeff Cannon

Jeff Cannon stated he was the one responsible for making this terrible mistake. He appreciated Appraiser Janet Iribarne attempting to come up with

market value because there were no comparables. He stated the fact was that these people paid what they call market value of \$2,500 or \$3,500. Jeff Cannon stated the City had granted them verbally to improve in phases of 10 to 11 lots at \$300,000 to free up those lots. However, the people who bought the lots at the tax sale did not realize the City approved the subdivision plat without the bond and now the people who bought the lots have to put in the infrastructure. Jeff Cannon stated those people were faced with the same problem to do the infrastructure on ten lots at the same time. Jeff Cannon commented the County Appraiser had nearly an impossible task to come up with the value. He believed \$3,500 was the realistic market value because that was what people had paid. Jeff Cannon stated if the people knew what they had to do on these lots they probably would not have paid \$3,500. He stated Petitioner had paid taxes for four years at these values. He commented Long Canyon Mine was to have started two years after we loaned on the property and now Long Canyon now was to be started in 2015. He did not believe there was any market for these presently. He did not want the people in Elko County to pay any more taxes than what was fair but they did not want to pay any more taxes than what this property should really provide.

Board Member Wes Bowlen commented Long Canyon was to start their infrastructure in 2014 according to the Chamber of Commerce meeting in Wells yesterday. He stated the mill construction would take about 600 people. Board Member Wes Bowlen stated the City of Wells had a similar problem wherein they owned property by the rodeo grounds but he felt their misguided venture would eventually pay off.

Chairman Walt Leberski stated a tax sale was not usually considered a comparable sale.

Board Member James Winer inquired if they were really looking for the value of the "paper lots". He inquired if they had performed any appraisals for the value of the paper lots.

Jeff Cannon replied no.

Board Member James Winer inquired why they let 10 lots go back for taxes.

Jeff Cannon replied to establish the value. He stated people were aware of this since the first owners bought the property. He stated the original owners ran into trouble and the City has been aware it was in trouble. He stated it was not an open market sale and it was not an advertised sale.

Board Member James Winer stated it was a distressed sale.

Jeff Cannon commented the people who bought those tax sale lots were in more distress now.

Board Member James Winer inquired if the Cannons had any association with the people who bought the property at the tax sale and received a negative response from Clark Cannon and Jeff Cannon.

Assessor Katrinka Russell stated when the Treasurer held the auction they had gathered all the information before it went to auction. The people were aware they could not build due to conditions on the lots. She stated some of the people had commented it would be worth buying the lot cheap and sit on it then when the subdivision brought it up they would come in.

Board Member Al Plank inquired if the value in this area had changed within the last two or three years or if this area had always been in a state of distress. He wondered if there was an opportunity to look back for two years to see if there had been an error in the evaluation. He inquired if there had been any significant change in the property over the last few years.

Clark Cannon requested clarification of what he was asking.

Board Member Al Plank stated this was plagued with circumstances now and inquired if that cloud had been with that parcel over the last few years or was it a recent development.

Jeff Cannon stated the "cloud" has been there since October of 2008 when they loaned the money to the people on a ninety day note and they lost their financing. He stated nothing else had happened since in West Wendover regarding terms of residential.

Board Member Al Plank inquired if there was an opportunity for the Assessor's Office to back up a year or two to provide some relief recognizing the status was miss-assessed in prior years based on the information they have now.

Assessor Katrinka Russell stated they were not aware of this situation that it was not an actual subdivision until it was brought to their attention.

Appraiser Janet Iribarne commented in doing some research it was discovered the Silver Horse Casino was planned in the area of that golf course. She stated previously it was assessed at \$144,286 as one piece of property. She commented at \$3,000 per lot that would be \$13,000 more than the value of the whole parcel.

Board Member James Winer stated right now they were considering the tax year of 2013-14 going from \$32,000 to \$9,600 and inquired if the statutes allowed them to go back to the tax roll of 2012-13 and 2011-12 and apply the reduction then apply the rebate toward this year.

Kristin McQueary informed them at that the appeal Petition on step 3, paragraph 2 stated the Petitioners were only appealing this year's tax assessment. She noted on step two the purchase date was May of 2009. Kristin McQueary commented they had several years to come before this Board and have it reassessed. She requested the Board stay within the parameters of what was being asked in the Petition.

Jeff Cannon inquired if they came back next year was that an option.

Kristin McQueary stated that opportunity would be off the table because if they were unhappy what happened here, the next step was to appeal to the State Board

of Equalization. She explained the assessment starts fresh every year and they have a statutory process every year. She commented there was some wiggle room if the Assessor makes a clerical error. Kristin McQueary suggested they review the Nevada Revised Statutes, Chapter 361.

Jeff Cannon stated if they were in fact 18 to 24 months out from Long Canyon construction phase; that was the most hope they have had.

Board Member Wes Bowlen stated that was the most hope for the City of Wells also. He knew some of the core drillers and they were proceeding ahead. He understood the federal permitting was delaying the project.

Jeff Cannon stated their request was to be treated equitably. He appreciated the sentiment of the Board in supporting going back over the last two years even though that option was not available.

Assessor Russell stated in going back and reviewing the 2012-13 tax year the Board could include in their motion a request for the Assessor to review the current conditions based upon the current appraisal for the 2012-13 year and see if the Assessor could remedy that. She was trying to find the statute regarding adding that language into their motion for review of the conditions in the 2012-13 year to see if there were any adjustments. The Assessor stated based on what was happening to the land now she could probably apply the same value to the 2012-2013 year and make an adjustment.

VALUE MORTGAGE INVESTORS LLC

Case No(s): 13-015

Parcel No(s). 010 749 001 thru 010 749 015, 010 749 021, 010 749 023,
010 749 024, 010 749 029 thru 010 749 053

[10:53:58 AM](#)

Audio: 1:53:58

DECISION:

MOTION: Board Member James Winer moved that we accept the Assessor's recommendation to go from the current value of \$32,000 to the recommended value of \$9,600. The rationale would be that a tax sale was not necessarily a true arms-length transaction at \$3,000 to \$3,500 so I don't think those should be considered. I further move that the Assessor's Office does go back and look at the potential of the consideration of the 2012-2013 year as well. The Petitioner could always go to the State Board of Equalization, the next level, if they do not like the outcome and come back next year to look at things again.

Board Member Al Plank noted that was the recommendation for the golf

course lots and inquired about the value on the back lots.

Board Member James Winer amended his motion to include the assessment on the back lots from \$30,000 to \$9,000.

Board Member Kelly Buckner 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

Deputy Assessor Dennis de Arietta provided the Petitioners with an appeal packet for appeal to the State Board of Equalization

RECESS:

Chairman Leberski called a recess at 10:56 a.m.

Assessor Russell announced there were cupcakes to honor Chairman Leberski's tenure on the Board of Equalization since November of 1981.

RECONVENED:

Chairman Leberski reconvened the meeting at 11:07 a.m.

[11:08:33 AM](#)
Audio 1:56:33

NEVADA STATE BANK – ELKO

Case No: 13 – 016

Parcel No: 001 660 031

Hearing Date: February 21, 2013

DISCLOSURES:

Board Member Kelly Buckner disclosed that he was the President/CEO of the Elko Federal Credit Union institution located here in Elko and saw no conflict of interest in this case as far as the value of buildings.

Board Member James Winer disclosed he was Coldwell Banker to which one

of the agents that previously worked for him was quoted in this document as having supplied information to the Appraiser that the Petitioners hired.

Board Member Wes Bowlen disclosed that he had a loan with Nevada State Bank.

Kristin McQueary recommended that Board Member Wes Bowlen abstain from participating in the vote upon this matter because he had monetary interest.

SUBJECT MATTER:

Subject property is located at 2915 Mountain City Highway, Elko, Nevada. It is a 5 acre parcel with a 7,798 square foot bank building that was built in 2005. The raw land was purchased by Great Basin Bank in 1995 for \$475,000 and is currently valued at \$90,000 per acre. The building was contracted out and built by Great Basin Bank.

DOCUMENTS SUBMITTED BY PETITIONER:

EXHIBITS SUBMITTED BY PETITIONER:

- I. Petition page 1-2, Letter of Agent's Authorization page 3.
- II. Appraisal (located at pages 9-146 in case packet).

DOCUMENTS SUBMITTED BY ASSESSOR FOR THE RECORD:

- 1. Letter to Board

EXHIBITS SUBMITTED BY ASSESSOR'S OFFICE:

- A. Reason for Appeal, Taxable Valuations, Legal Description, Chain of Title, Parcel Map, Aerial Photo, Assessor's Evidence (inclusive of Petitioner's appraisal), and Assessor's Recommendation.
- B. Summary of Illustrations For Banks and Nursing Homes

APPRAISER, PREVIOUSLY SWORN IN: Katrinka Russell

SUMMARY:

Petitioner contends "The assessment exceeds what the owner recently purchased the property for". Nevada State Bank acquired the property through a purchase and assumption agreement with the FDIC in April of 2009. Petitioner indicated a total property value of \$1,650,000 based on the purchase price in June of 2011 when the paperwork on the transfer through receivership was completed. Petitioner provided a copy of the Appraisal Report that was completed in September of 2009 to support his value. The property being appealed is a 5.00 acre parcel with a 7,798 square foot bank building that was built in 2005. The raw land was purchased by Great Basin Bank in 1996 for \$475,000 and is currently valued at

\$90,000 per acre. The building was contracted out and built by Great Basin Bank.

The Assessor reviewed a copy of the appraisal report and made note of the fact that it was completed in September of 2009. She analyzed the data that the appraiser had provided with the hope that she could trend it forward using current data. However, the Assessor was not comfortable with the data used and felt it was out of date. She did not agree with some of the comparables used.

The Assessor requested a Profit and Loss or a Consolidated Income Statement to do an income analysis but was told the property was owner occupied property and there were no income statements. Petitioners based their appeal on their purchase of the property so no income analysis was performed on the property.

The Assessor, after reviewing the cost of improvements based on Replacement Cost as mandated by statute, the land value based on current sales, determined that the appraisal based on the cost approach was accurate and equitable to the surrounding properties.

Audio: 2:02:14

DISCLOSURE:

Board Member James Winer stated he no longer had a personal loan there but an entity of which he was a member of does have a loan at Nevada State Bank.

Kristin McQueary recommended that Board Member James Winer abstain from discussion and voting.

Board Member James Winer abstains from participation on this case.

ASSESSOR'S RECOMMENDATION:

The Assessor's Office recommends to the Board that the improvement value be left as currently assessed for the 2013-2014 year.

[11:14:30 AM](#)

Audio 2:02:35

PETITIONER'S REPRESENTATIVE JESSOP & ASSOCIATES, INC:

Blake E. Jessop was sworn in.

Blake Jessop stated Nevada State Bank acquired this property and some others through receivership in 2009, when Great Basin Bank failed. He stated the appraiser agreed to do the appraisal in 2009. The process was lengthy before it was concluded. He stated the appraisal was submitted as support of the price that they agreed upon. Blake Jessop had found through the last couple of years the process that goes into these receivership cases wherein FDIC was liquidating properties was constantly reviewed by federal agencies. He stated the oversight was very stringent and they have to provide offices in their own facilities for auditors which oversee their

activities. Blake Jessop stated that oversight that occurs in this receivership lends a great deal of support that these sales could not be just considered as bank foreclosure sales. He stated the appraisal was performed by Mr. Cook out of Salt Lake City who was well respected. Blake Jessop stated Mr. Cook indicated the process he went through striving to find supportive information for the appraisal. He contacted people along the I-80 corridor in Nevada and finding no conclusive results; he resorted to using sales and leases he found here in his appraisal approaches. Blake Jessop stated it was not ideal but in slower economy that was what you got. He commented Mr. Cook supported his information and made adjustments. Blake Jessop had experience as appraiser and noted there were difficult situations but you have to work with what information was available and that was what Mr. Cook did. He stated Nevada State Bank felt they could support it to the auditors or they would have ordered another appraisal. He felt it was good evidence and was willing to look at trending but nothing was offered. Blake Jessop commented with regards to the income approach, the bank owned the property. He noted the appraiser went into the market to get a pro forma analysis which was done in the appraisal. He stated there were no actuals. He noted when you own your house you did not pay rent to yourself. Blake Jessop encouraged the Board to review the appraisal. He asked if they had any questions about the appraisal. He stated this site did have extra land. The appraiser valued the extra land separately and added that to the sales comparison value and to the income value so it was addressed properly. Blake Jessop did not see any response or support from the County so they were standing behind their value.

Assessor Katrinka Russell referred to the appraisal at page 108 the appraiser analyzed three different approaches to value. She stated with regards to the cost approach she had issues with the quality placed upon it. The office ran the building in good quality but their appraiser had it at average. Assessor Russell commented the sales comparison within the appraisal was not in the same area. She stated if the appraisal was to be redone there were more commercial sales to work with now. She stated there was no analysis on the income approach. The Assessor commented they have been in the building for several years and they do have income in that building. Since the appraisal was performed in 2009, she believed the replacement costs that her office had on the building were fair and ethical compared to all the other bank buildings in the town. The Assessor recommended they leave Nevada State Bank at the value her office had set. She stated Nevada State Bank reported profits in 2012. The Assessor commented if they had been able to do an income analysis the income would be higher than indicated in the appraisal. The Assessor provided the Board with a Summary of Illustrations displaying the difference between average and good classifications for banks and nursing homes. (Assessor's Exhibit B).

Chairman Walt Leberski inquired if the pictures were from Marshall and Swift.

Assessor Katrinka Russell replied they were from Marshall and Swift. She stated one of the pages was dated 11/2003 and that example would have been used by the appraiser at the time of the appraisal. She stated the second page dated 11/2011 would have been what we would have used for this current year, 2013-2014 year. She noted the difference between average and good could be seen. The Assessor noted the appraiser used average in his appraisal in determining the cost approach.

Chairman Walt inquired what the percentage difference was between good and average.

The Assessor replied that varied on the square footage, etc., so she could not give him a percentage because of all the factors to be considered.

Blake Jessop stated Marshall and Swift goes with a 5% difference between the classifications of quality.

Board Member Al Plank inquired if it had jumped two classes.

Blake Jessop replied one step in classification from average to good.

Board Member Al Plank inquired if the proper comparison was made at \$2,112,809 using the cost method to \$1,925,000 which was roughly a 9% increase. He stated the appraiser had the cost approach value at \$1,925,000 but the Assessor had the value at \$2,112,809. He referred to the appraisal, page 108 and was comparing it to page 5.

Chairman Walt Leberski commented the Petitioners were requesting consideration of \$1,650,000 so they were considering that amount compared to the \$2,112,809.

Board Member Al Plank inquired about the difference because of the classification difference and using the cost approach.

Assessor Katrinka Russell stated she was not in agreement with the classification of average in the appraisal.

Blake Jessop stated the classification difference of 5% should only be applied just on the improvements and not on the land.

Board Member Kelly Buckner noted there was a previous discussion that they cannot use the income approach but the appraiser found a value by the income approach in the appraisal.

Blake Jessop stated the appraiser did a pro forma. He noted the Assessor had stated Nevada State Bank had reported an income and explained why the Assessor could not use those figures to do an income approach. Blake Jessop stated when you do an income approach it was based on rental income. He commented Nevada State Bank reported income because of a growing concern. He stated they were not evaluating the business but they were evaluating real property so they have to look at rental income. He stated it was owner occupied so there was no rental income so

they do a pro forma by going out in the market place and derive rents, put expenses to it, put the vacancy to it, capitalize it and that was what Mr. Cook did in the appraisal. He stated Mr. Cook followed appraisal procedure there in an appraisal practice ideal.

Board Member Kelly Buckner stated that was done in the pro forma and they could do that today. He stated another appraiser could do the same thing.

Blake Jessop stated the appraiser would have to because there was no rent or mortgage on the property. He stated that did not take into account the equity that someone might have. He stated they can only borrow so much and if they use that they have to take out the interest because the interest was part of the capitalization rate. He believed the pro forma approach was the correct approach to handle this. Blake Jessop stated Mr. Cook had addressed the three approaches, how he weighted them and he had done a proper appraisal.

Board Member Kelly Buckner noted that was the lowest approach of the three approaches.

Chairman Walter Leberski about the replacement cost of that building in their appraisal.

Blake Jessop stated that was a part of their cost approach.

Chairman Leberski stated that was where they came up with the \$1.9 million dollars and Blake Jessop agreed. Chairman Leberski noted Assessor Russell utilized Marshall and Swift on the building.

Assessor Katrinka Russell stated it was Marshal and Swift based upon the replacement costs, less improvements, based on age, and the land value were based upon current market sales.

Chairman Walt Leberski clarified land value was based upon comparable sales within that area.

Board Member Kelly Buckner inquired if there were comparable sales in the area.

Assessor Katrinka Russell stated the comparable sales on the land were found in that area.

Blake Jessop stated Mr. Cook used Marshall and Swift too so the only difference would be in grade quality. He stated Mr. Cook did not give as much weight in his reconciliation to the cost approach as he did to income and sales.

Board Member Al Plank voiced concern that the income approach was based upon the 2009 activities and given the economic condition in Elko he wondered if these lease rates were still applicable four years later.

Blake Jessop stated Mr. Cook adjusted for the differences in quality.

Chairman Leberski was concerned Mr. Cook went up the Interstate into depressed areas trying to find comparable sales. He stated the replacement costs in this instance were probably the most reliable.

Board Member Al Plank stated in that interim time there have been additional businesses opening up on that end of town so the market value has improved.

NEVADA STATE BANK – ELKO

Case No: 13 – 016

Parcel No: 001 660 031

[11:38:01 AM](#)

Audio 2:26:01

DECISION:

**MOTION: Board Member Al Plank moved that we take the Assessor’s recommended value of \$2,112,809 for the land and improvements as they are currently assessed.
Board Member Kelly Buckner seconded the motion.**

The motion carried the following vote:

**Voting Aye: Chairman Walter Leberski
Member Al Plank
Member Kelly Buckner**

**Voting Nay: None
Abstaining: Member Wes Bowlen
Member James Winer**

Absent: None

Chairman Leberski reviewed the appeal procedure to the State.

Deputy Assessor, Dennis de Arrieta submitted an appeal packet to the Petitioner’s Representative, Blake Jessop.

[11:39 AM:](#)

Audio 2:27:18

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 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 submitted a written listing of the log roll changes. Assessor Russell reviewed the centrally assessed properties collection process through the County.

[11:46:49 AM](#)

Audio 2:34:49

MOTION: Board Member Kelly Buckner 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**

[11:47:17 AM](#)
Audio 2:35:17

APPROVAL OF WITHDRAWALS:

The Assessor, Katrinka Russell, submitted a written summary of the Petitions that were withdrawn.

Assessor, Katrinka Russell stated they have to add Generation 2000 and Auto Zone and Realty Incomes who had withdrawn this morning by fax.

Board Member Kelly Buckner inquired if there had been action taken by the Assessor on some of these withdrawals.

Assessor Russell replied yes. The Assessor explained the summary, outlined the current value, the total proposed and the difference on the withdrawals. She stated some of the settlements were based upon income review, appraisal review and some had withdrawn without a settlement.

[12:00:08 PM](#)
Audio 2:48:08

MOTION: Board Member James Winer moved that we accept the Petitioners' withdrawals as presented by the Assessor's Office as well as the additional three that were just discussed (Auto Zone, Realty Incomes, and Generation 2000).

Board Member Al Plank 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

[12:00:40 PM:](#)

Audio 2:48:40

REVIEW OF STATE GUIDELINES:

Kristin McQueary, Deputy District Attorney, stated there were no significant changes to the guidelines to review. She stated if there was a retirement on the Board then she would review the guidelines.

The Assessor had reviewed the 2013-14 guidelines sent to her and there were no major changes to review.

[12:01:46 PM:](#)

Audio 2:49:46

COMMENTS BY THE GENERAL PUBLIC:

Kristin McQueary commented that next Tuesday at 10:00 a.m. in the City Council Room the State Commissioner on Ethics would hold an ethics workshop for officials who make decisions on behalf of public and have potential conflicts. She encouraged their attendance on Tuesday, February 26th in the City Council Chambers.

Assessor Russell requested that they set the meeting date for the next year. The Board chose February 13, 2014 for their next meeting date.

The Assessor thanked them for their years of service on the Board of Equalization. She commented that Walt Leberski was appointed on November 4, 1981 to the Board of Equalization.

[12:08 AM](#)

Audio 2:56:41

ADJOURNMENT:

There being no further business to come before the Board, Chairman Leberski adjourned the meeting at 12:08 p.m.

APPROVED,

WALTER LEBERSKI, Chairman

ATTEST:

MARILYN TIPTON, Deputy County Clerk