BOARD OF EQUALIZATION
WASHOE COUNTY, NEVADA

WEDNESDAY 9:00 A.M. FEBRUARY 25, 2026

PRESENT:

Daren McDonald, Chair
Eugenia Bonnenfant, Vice Chair
Erin Albright, Member
Robert Lissner, Member
Corinthia Yancey, Alternate Member

Janis Galassini, County Clerk
Herb Kaplan, Deputy District Attorney

ABSENT:

Savita Shukla, Member

The Board of Equalization convened at 9:00 a.m. in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. Chair McDonald called the meeting to order, the Clerk called the roll, and the Board conducted the following business:

26-069E PUBLIC COMMENT

There was no response to the call for public comment.

26-070E SWEARING IN

County Clerk Jan Galassini indicated that there was no appraisal staff to be sworn in.

26-071E WITHDRAWN PETITIONS

There were no petitions to be withdrawn.

26-072E PARCEL NO. 126-580-25 – KROLICK, JOHN M & GAIL L – HEARING NO. 26-0053

A Petition for Review of Assessed Valuation was received protesting the 2026-27 taxable valuation on land and improvements located at 1410 Tirol Drive, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner
None.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet, including comparable sales, maps, and subject's appraisal records, 15 pages.

Exhibit II: Assessor's Hearing Evidence Packet, including photographs and maps, 12 pages.

Exhibit III: Passage from the Eighth Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tyrolian Village Association, Inc., a Planned Community, 2 pages.

Chair McDonald disclosed that he had known the petitioners, John Krolick and Gail Krolick, for approximately 15 years in various capacities. He stated that he felt comfortable providing an independent, impartial opinion on the matters presented before the Board of Equalization (BOE). He noted that he had no pecuniary interest in the matter.

On behalf of the Petitioner, John Krolick and Gail Krolick were sworn in by County Clerk Jan Galassini.

Chair McDonald explained that the Assessor's Office (AO) would first locate the subject parcel for the Board, after which the Petitioner would have 20 minutes to present their case, followed by the AO's 20-minute presentation, then the Petitioner's 10-minute opportunity for rebuttal. Mr. Krolick noted that he would prefer to begin with hearing number 26-0053 for the property located on Tirol Drive, as the issue was quick, easy, and different from that of hearing number 26-0052. Chair McDonald agreed and requested that Ms. Galassini call hearing number 26-0053, which she then introduced.

On behalf of the Assessor and having been previously sworn, Ludivina Barragan, Appraiser, oriented the Board as to the location of the subject of the property. She noted that she had submitted an additional Hearing Evidence Packet (HEP), Exhibit II, which she stated the Board should have received electronically prior to the meeting. She reported that she had also submitted a two-page document as evidence, which was listed as Exhibit III. Copies of Exhibit III were distributed to the Board and placed on file with the Clerk. She explained that her testimony pertained to hearing number 26-0053 regarding Assessor's Parcel Number (APN) 126-580-25. She noted that the subject property was located at 1410 Tirol Drive on a 2.046-acre lot in the Tyrolian Village neighborhood in the Incline Village area, which was included on Page 8 of Exhibit I. She asked if there were any questions regarding the location of the subject property, and Chair McDonald noted that there were none. He invited the petitioners to explain what motivated them to bring the matter to the Board.

Mr. Krolick disclosed that he was a former member of the BOE who had served for ten years, noting his familiarity with the process. He referred to the Petition for Review of Taxable Value he submitted for Appeal Case 26-0053 and acknowledged that none of the boxes were checked on the petition because the matter did not fall within any

of the categories. He stated that he owned the subject property, had purchased the land in 2000, and built the structure in 2007, knowing the rules and regulations in the Lake Tahoe area. He noted that he knew he had to remove some coverage to add a two-car garage structure to the residence, which he had done. He reported that he had provided the AO with documentation demonstrating that his actions complied with all requirements for building the structure.

Mr. Krolick reported that he knew what the following steps were to proceed with creating parking for the structure, based on the contributing factor of the asphalt remaining in front of the property. He noted that those efforts would allow him to collaborate with the Tyrolian Village Association (TVA) to occasionally park a boat in the parking area during the summer, as well as to create three additional parking spaces for use by himself and his neighbors until an event that occurred the previous year with the association. He explained that an individual with the Tyrolian Village Association (TVA) had decided to remove additional asphalt coverage from those parking spaces so the association could bank them for the construction of additional garages there. He stated that the subject property should not have been affected, as it had been compliant for many years, only to suddenly lead to a dispute with the association that began as a way to ensure he could maintain his property value and avoid losing the asphalt used for the parking spaces. He explained that the TVA removed the asphalt, which was in violation of the rules set by the Tahoe Regional Planning Agency (TRPA). He acknowledged that those violations were irrelevant to the BOE's purview, but he noted that his analysis as a real estate broker, professional, and expert witness in that field was that the TVA's actions caused a reduction in his property value by approximately $300,000. He explained that his estimate was based on how parking spaces affected property values in the local area, acknowledging that the value of parking was difficult to price accurately.

Mr. Krolick noted that he had calculated the value of each parking space at a minimum of $100,000, which would account for a total property damage of $300,000 due to the loss of the three parking spaces. He stated that the $300,000 divided by the AO's maximum $1.7 million valuation of the subject property represented a 17.3 percent decrease in the property's value, which reflected the adjustment he was requesting from the BOE. He speculated that his recommendation to the Board to reduce the property value would be a temporary measure during the period in which he litigated the issue with the TVA. He stated that he could not foresee a case occurring anywhere in the Country that would allow a person to damage someone else's property in order to improve another party's property value, which he compared to the parking being taken from his home to utilize the space for building a garage in front of someone else's home located a considerable distance from the subject property. He opined that it was unnecessary to discuss the matter further, as he believed that what had occurred was obvious.

Ms. Krolick disclosed that she served on the Tyrolian Village Homeowners Association (HOA) Board of Directors. She stated that while she was intimately involved with the Covenants, Conditions, and Restrictions (CCRs) and the HOA's homeowners' rules and regulations, she was not speaking in her capacity as a member of the HOA's governing board but rather as a homeowner who had lived in the association since 1991.

She reported that the AO provided her and Mr. Krolick with a copy of Exhibit III, which included the *Eighth Amended and Restated Declaration of Covenants, Conditions and Restrictions of Tyrolian Village Association, Inc., a Planned Community*. She disclosed her familiarity with that document. She explained that there was a driveway and a two-car garage attached to her home at 1410 Tirol Drive, where she and Mr. Krolick parked their vehicles, as required by the HOA. She noted that the three parking spaces in question were also identified on the association's original maps approved by Washoe County.

Ms. Krolick reiterated that the three parking spaces were not exclusive to her and Mr. Krolick's use, as they were also used by guests who parked there to access the neighboring homes surrounding the subject property. She emphasized that there was no parking available nearby for those properties, particularly during snowstorms. She recalled that people were parking two cars tandemly during the most recent snowstorm, which she described as dangerous on mountain roads. She explained that the HOA board was in the process of revising the CCRs until its legal team could review them, so the details provided in Exhibit III would change in the future. She noted that the CCRs did not necessarily apply to her and Mr. Krolick's situation, as they parked their vehicles as required by the CCRs. She reiterated that the three parking spaces they had discussed were intended for use by at least five homes surrounding the subject property, meaning the issue affected not only her and Mr. Krolick but also their neighbors. She stated that it was fortunate that she and Mr. Krolick had the time and expertise to bring the matter before the BOE.

At the request of Chair McDonald, Ms. Barragan reported that the subject property consisted of a 2,664-square-foot (sq ft) freestanding home and a 552 sq ft attached two-car garage, both built in 2007. She explained that the subject property was located in the Tyrolian Village neighborhood. She stated that four Improved Sale (IS) comparables located within the subject neighborhood were shown on Pages 2 and 3 of Exhibit I. She explained that the IS comparables provided in Exhibit I were similar to the subject property and consisted of two to three-story units with three bedrooms and at least two bathrooms. She acknowledged that while all of the provided IS comparables in Exhibit I were inferior in size, age, and quality to the subject property, only IS 1 and IS 3 included an attached garage. She stated that IS 3 offered the most similar characteristics and building size to the subject property, making it the most reliable indicator of the subject's market value. She explained that IS 3 provided the best indication of value at $1.4 million, or $597 per sq ft for the subject property. She noted that the Sales Comparison Approach reflected a property value range of $1.4 to $1.705 million, or $597 to $855 per sq ft of improved properties, whereas the current taxable value of the subject property was $857,603. She stated that such a comparison demonstrated that the subject property was significantly below market value.

Ms. Barragan reported that three Land Sale (LS) comparables were provided on Pages 2 and 3 of Exhibit I. She noted that all LS comparables provided in Exhibit I were located in the same neighborhood as the subject property. She explained that LS 1 was a vacant land parcel located north of the subject on Tirol Drive, with steep topography typical of the area, and had 2,000 sq ft of coverage. She stated that LS 2 was a vacant land parcel without coverage, which made it a poor indicator of value. She noted

that LS 2 was located on Stereo Way, southwest of the subject property, and also had steep topography. She reported that LS 3 was a vacant land parcel that included 2,300 sq ft of off-site coverage, located on Lucerne Way south of the subject property. She noted that LS 3 had similarly steep topography and direct access from the street. She reiterated that the IS comparables were considered inferior to the subject property and supported a valuation range of $1.4 million to $1.705 million. She explained that the LS comparables ranged from $250,000 to $450,000, while the land value of the subject property fell within the lower range at $270,000, indicating it did not exceed full cash value. She stated that, based on the analysis of the IS and LS comparables, the subject's taxable value of $857,603 was supported and did not exceed full cash value. She noted that the AO recommended that the Board uphold the current valuation of the subject property.

Ms. Barragan expressed her intent to address the concerns brought forth by the Petitioners by referring to information submitted in Exhibit II. She explained that, while Mr. Krolick had earlier asserted that the three open parking spaces were part of his use, he had not provided any documentation proving such prior to the hearing. She referred to Pages 1 through 3 of Exhibit II, noting that they contained photographs submitted by the appellants depicting the removed parking spaces. She noted that Pages 5 through 7 of Exhibit II included aerial imagery of the subject property: both the current aerial view without the spaces, and images from 2021 and 2023 when they were still present. She reported that a parcel survey dated July 15, 2005, found on Page 4 of Exhibit II, did not indicate that those parking spaces were part of the subject parcel. She noted that the land where the parking spaces were located was actually within a common area, APN 126-54-034, which belonged to the TVA. She explained that Page 9 of Exhibit II included a survey map provided by the HOA, which confirmed that the parking spaces existed as of 2024; however, those spaces were not designated for the subject property. She described an example on Page 9 of designated parking spaces to the north of the subject property, labeled for use by 1413 Tirol Drive.

Ms. Barragan reported that a review of the TRPA record and building plans also revealed no additional coverage to support the appellant's claim, and Page 2 of the CCR document submitted as Exhibit III stated that for units with approved garages, such a garage shall constitute the designated parking space for the unit. She explained that it was important to note that the subject property included an attached two-car garage and a 350 sq ft driveway. She concluded that the matter appeared to be a dispute between the property owner and the HOA, rather than an issue involving values assigned by the AO.

Chair McDonald confirmed that he had two questions for Ms. Barragan. He noted that in an HOA community, the common area was generally held in total by the group and was taxed accordingly, with those taxes usually being paid by the association. He asked Ms. Barragan whether her position was that, regardless of what happened to the parking areas, they were located on separate parcels and would not affect the subject property's actual taxable value. Ms. Barragan confirmed that his statement was correct. He referred to APN 126-54-034, noting it was the parcel in which the parking spaces were located, and explained that it appeared as though the petitioner's position was that the land improvement had been removed. He asked Ms. Barragan whether the common-area parcel

had experienced a reduction in value following the loss of the improvements. Ms. Barragan noted that APN 126-54-034 specifically was not included as part of the tax roll on the common area. She explained that nobody was being taxed for that portion of the parcel, as it was considered part of the road and was not included in the assessment. Chair McDonald remarked that Ms. Barragan's answer was interesting and thanked her. He inquired whether the Board had further questions for Ms. Barragan, and it was determined that they did not. He noted that the petitioners would have five minutes to rebut.

* * * * * * * * * * *

The Clerk's Office staff set the timer for the allowed ten-minute rebuttal.

* * * * * * * * * * *

Mr. Krolick stated that the association did not pay taxes on the common area with the asphalt roads, as it was all common area. He noted that the attributing value to that common area was taxed on the residential properties located within the association. He explained that he wanted to review some of the pages within Exhibit II to provide the Board with a more comprehensive understanding of its contents and to clarify some of the AO's comments. He referred to Page 1 of Exhibit II, noting that the images showed the parking spaces with the boat parked across from them during the summer. He noted that he was to provide a letter from the HOA showing that he was authorized to park the boat there. He explained that he was unable to reach the association's manager at the time to locate a copy of that document because his daughter was competing in the Olympics. He stated that his email records were extensive, totaling over 400,000 emails, which prevented him from finding the specific document requested. He reported that the document had been forwarded to an attorney in the past, but noted that it would take a substantial amount of time to locate it.

Mr. Krolick explained that the images on Page 2 of Exhibit II showed the destruction caused by the association during the tearing out of the asphalt in front of the subject property. He noted that Page 3 of Exhibit II depicted the area he remediated by removing the asphalt in order to construct the structure with the two-car garage. He explained that those actions demonstrated that he was complying with and following the TRPA's regulations by preparing the property for maximum valuation in the future. He indicated that the property was originally intended to be a speculative house, though those efforts were impacted by the 2008 Great Recession. He explained that Page 5 of Exhibit II depicted an aerial view of the subject property, and that Page 6 showed his 20-foot box trailer in the parking area in question, which his real estate company used to assist clients when moving after their homes were sold.

Ms. Krolick directed the Board's attention to the two houses across the street from the subject property shown on Page 6 of Exhibit II and noted that they did not have a garage and were located on a very steep, uphill lot. Ms. Krolick explained that the box trailer shown in the image was not typically left in that parking area and was usually

there for only 48 hours or less. She noted that residents of neighboring properties would park in that area and reiterated that she and Mr. Krolick were not arguing that the parking spaces were exclusively for their personal use. She explained that the neighbors used those parking spaces when they hosted guests, and, due to the recent events she had described, there was currently no guest parking in the area.

Mr. Krolick described the chart shown on Page 8 of Exhibit II titled *Garage Program (Attached and Detached)*, noting that it demonstrated the coverage calculated to be necessary for meeting compliance with the TRPA's requirements in order to bank coverage for future garages. He referred to Page 9 of Exhibit II and explained that the history of the garage program was for asphalt to be removed nearest where the speculative structure he mentioned previously was going to be constructed. He noted that he and Ms. Krolick had never banked coverage in the past. He noted that the map on Page 9 of Exhibit II depicted the layout and location of his structure through the three yellow rectangular parking spaces near the subject property.

Mr. Krolick referred to Exhibit III and described his intent to address the additional evidence provided by the AO, which he noted was the HOA's CCRs. He stated that the parking was an attributing factor in the subject property's value. He noted that the CCRs guaranteed only one parking space per unit, though if an individual were to purchase a different unit, the value of the other unit would differ, as it would be affected by not having a garage. He explained that the price valuation difference in such a case would likely amount to several hundred thousand dollars. He noted that a property's steepness could also affect its value, along with many other factors. He reiterated that the parking arrangement did affect the potential resale value of the subject property.

Chair McDonald asked whether the Board had any questions for the petitioners. Chair McDonald indicated that he had two questions and inquired whether Mr. Krolick's argument was not that the tax roll needed to be adjusted, as he was not actually paying taxes on the common area parcel APN 126-54-034 in question, but rather because the changes to that parcel had impacted the subject property's fair market value. Mr. Krolick confirmed that the latter assertion was the case. Chair McDonald noted that the AO determined the combined value of the subject property was approximately $322 per sq ft, and the low end of the indicated value range for the Sales Comparison Approach was $597 per sq ft. He noted that an adjustment of $300,000 removed from the property value would not decrease the combined property value under the $322 per sq ft, and he asked whether Mr. Krolick was implying otherwise.

Mr. Krolick explained that he had developed the mathematical equation he had described previously to determine the $300,000 value of the parking spaces. He acknowledged that the assessed value of a property was often very different from the property's market value in many cases. He noted that he had applied the assessed value to the estimated reduction in market value to determine the requested 17 percent adjustment he described previously. He explained that the percentage could be applied to the assessed value to reflect the adjustment he was requesting. He clarified that he was not seeking a $300,000 reduction to the assessed value of the subject property, but rather a 17 percent

reduction, as he had lost value. He stated that a $300,000 loss in property value was substantial, which was why he would continue litigating the case until he won.

Chair McDonald asked Mr. Krolick if he was familiar with the fact that the improvement value provided by the AO was based on a Marshall & Swift calculation rather than the subject property's market value. He asked for clarification on whether Mr. Krolick was only seeking an adjustment of value to the land, which he confirmed. Mr. Krolick acknowledged that the adjustment would not amount to much, but he was seeking it on the principle of correcting the matter. Chair McDonald asked Mr. Krolick whether he had anything else to share with the Board. Mr. Krolick responded that the information he provided should cover the matter perfectly. Chair McDonald asked whether the Board had any additional questions for the petitioners, and it was determined that they did not.

Member Lissner offered to provide a motion for the hearing. Chair McDonald questioned which motion should be made, as the petitioners did not indicate a selection for Part F of the Petition for Review of Taxable Value submitted for Appeal Case 26-0053. He stated that the petitioner had primarily argued for a reduction, as his real property was overvalued, which would require the use of the motion for a petition based on overvaluation, as provided in the Nevada Revised Statutes (NRS) 361.355. He opined that such a motion would be most suitable for the hearing, as Mr. Krolick argued that the AO's value of the land was too high due to the market value of the subject property being impacted by the loss of the parking spaces.

Member Lissner asked whether the hearing was still open to Board discussion, and Chair McDonald confirmed that it was. Member Lissner opined that there was no way the subject property was worth less than $857,000, based on the information provided by the AO and the property details listed on Zillow.com. He stated that he was not in support of the Board providing any reduction to the subject property, as he suspected the house was worth nearly double the AO's valuation. He indicated he understood that the HOA's activities were a factor, but he reiterated his opinion that the house was worth more than its assessed value, based on the information he had received. He explained that he did not recommend that the Board change the AO's valuation of the subject property. Chair McDonald invited Member Lissner to present a motion for the hearing, and Member Albright indicated that the previously described motion for overvaluation could be used.

Deputy District Attorney (DDA) Herb Kaplan disagreed with the suggested motion and opined that the proper motion for the hearing would be for a petition based on full cash value less than taxable value, as described in NRS 361.357. He explained that the first motion proposed by Chair McDonald was associated with overvaluation, and that the language in the NRS indicated it was a comparative statute, whereas the motion outlined in NRS 361.357 was for standard overvaluation. Chair McDonald agreed and noted that the Board would treat the motion on the argument that the full cash value of the subject property was less than the taxable value.

There was no response to the call for public comment.

With regard to Parcel No. 126-580-25, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Albright, seconded by Member Yancey, which motion duly carried, it was moved to uphold the Assessor's appraisal of the subject property and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

Chair McDonald addressed Mr. and Ms. Krolick and explained that the BOE had ruled against their petition for evaluation on APN 126-580-25. He noted that the petitioners had the right to appeal the Board's decision to the State Board of Equalization (SBOE), which he acknowledged they were familiar with. He stated that the petitioners could collect the appeal form from the Clerk's Office. He asked Ms. Galassini when the deadline was for the petitioners to submit their appeal to the SBOE, and she answered that it was March 10, 2026.

26-073E **PARCEL NO. 126-522-03 – KROLICK, JOHN M & GAIL L – HEARING NO. 26-0052**

A Petition for Review of Assessed Valuation was received protesting the 2026-27 taxable valuation on land and improvements located at 1310 Saint Gallen Court, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner
None.

Assessor
Exhibit I: Assessor's Hearing Evidence Packet, including comparable sales, maps, and subject's appraisal records, 15 pages.

County Clerk Jan Galassini stated that the Petitioners, John Krolick and Gail Krolick, had been previously sworn.

On behalf of the Assessor and having been previously sworn, Ludivina Barragan, Appraiser, oriented the Board as to the location of the subject of the property. She explained that her testimony pertained to hearing number 26-0052 regarding Assessor's Parcel Number (APN) 126-522-03. She noted that the subject property was located at 1310 Saint Gallen Court on a 0.029-acre lot in the Tyrolian Village neighborhood in the Incline Village area, which was described on Pages 7 and 8 of Exhibit I. She asked if there were any questions regarding the location of the subject property, and Chair McDonald noted that there were none. He requested that the petitioners describe to the Board of Equalization (BOE) how they wished for the Board to proceed with action on the subject parcel.

Mr. Krolick explained that the situation for the subject parcel was entirely different from that of hearing number 26-0053. He reported that the subject parcel was being adversely affected by a misinterpretation of Nevada law regarding condominium insurance. He noted that the related language in the Nevada Revised Statutes (NRS) was written to address insurance for structures with shared walls, such as high-rise condominiums, row homes, and other like-kind properties. He reported that the insurance broker had essentially sold the Tyrolian Village Homeowners Association (HOA) fire insurance based on an illogical interpretation of that law. He explained that there were 55 total units in the HOA, none of which were like-kind properties to the subject property. He reported that there was an eightplex, several fourplexes and duplexes, and his unit, which was a triplex. He noted that a $200,000 policy from the insurance provider, Lloyd's of London, which he described as not the most affordable insurance option, was taken and applied equally across all units, despite their differences in age and construction. He explained that the law he had referred to in the NRS was intended to exempt commercial properties, and he noted that it should also exempt Public Utility Districts (PUDs). He stated that the subject property could be considered part of a PUD because the community included freestanding homes similar to the property discussed at the previous hearing, 26-0053, as well as houses with condominiums.

Mr. Krolick reported that the HOA did not interpret its own Covenants, Conditions, and Restrictions (CCRs) when applying the insurance expense to all 255 units in the association, as the insurance cost had been applied only to the 55 units with shared walls. He explained that he was currently paying an annual insurance premium of approximately $1,200 for the condominium, but the HOA had since assessed that the new insurance would be $3,800 annually for the subject property, which would drastically impact all 55 affected units within the HOA. He noted that he was requesting a 15 percent reduction in the property value, as the subject property was out of equalization with other properties within the Incline Village General Improvement District (IVGID). He stated that no other individuals were being impacted with insurance costs for such a reason, or had interpreted the law he had described to such an extent.

Mr. Krolick explained that he had a correction to the Improved Sale (IS) 1 comparable provided in Exhibit I submitted by the Assessor's Office (AO). He noted that the square footage for IS 1 was listed at 1,250 square feet (sq ft), but when he reviewed the Multiple Listing Service (MLS) datasheet for that property, the actual square footage reported at the time of sale was 1,627. He noted that such a discrepancy reduced the value per sq ft of IS 1 to $425.32, rather than $554. He opined that the AO needed to correct the error to ensure consistency in valuing comparable properties based on market value and assessed value. He explained that he and Ms. Krolick were attempting to get the State of Nevada to address the insurance issue and clarify a law that had gone into effect 12 years prior, after a member of the HOA Board of Directors suddenly hired an attorney who interpreted that law differently from its original intended application and meaning.

Ms. Barragan reported that the subject property consisted of a 688 sq ft, two-story, inside-attached unit townhome as well as a 484 sq ft detached two-car garage built in 1981. She noted that all attached units in the Tyrolian Village neighborhood had

been adjusted by 15 percent to reflect their inferior style compared to the freestanding detached units. She noted that four IS comparables within the subject neighborhood were analyzed to test the subject property's current values. She explained that the four IS comparables were located on Pages 2 and 3 of Exhibit I and consisted of attached two-story units with three bedrooms and at least two bathrooms. She noted that while all IS examples were similar or superior in size, age, and quality, only IS 4 included an attached garage. She stated that IS 2 was considered the most reliable indicator of property value among the IS comparables due to its similarity to the subject property in land size, quality, age, and building size. She noted that the primary difference between IS 2 and the subject property was the absence of a garage. She stated that IS 2 provided the best indication of a market value at $765,000, or $466 per sq ft for the subject property. She explained that the Sales Comparison Approach reflected a range of $692,000 to $1,345,000, or $466 to $726 per sq ft for improved properties, whereas the subject property was currently valued at $345,064, or $204 per sq ft, demonstrating that it was significantly below market value.

Ms. Barragan reported that three land sale (LS) comparables were included on Pages 2 and 3 of Exhibit I. She noted that those examples were the same comparables as those included in the Assessor's Hearing Evidence Packet (HEP) provided for hearing 26-0053. She offered to review those comparables again if the Board could not recall them from the previous hearing, which Chair McDonald indicated would not be necessary.

Chair McDonald noted that the petitioner had suggested the tax roll was incorrect regarding the subject property's square footage. He noted that Exhibit I included an IS comparable that was closer in value to the petitioner's suggested value for the subject property, and he asked how Ms. Barragan would respond to that. Ms. Barragan inquired what Chair McDonald meant when he asked whether that IS example was closer in value to the subject property, and Chair McDonald clarified that he meant the IS comparable that was closest in size to the figure the petitioner had suggested was the subject property's correct square footage. Ms. Barragan inquired whether Chair McDonald was referring to the 1,627 sq ft figure mentioned by the petitioner, and he responded by recalling that the petitioners had suggested that the correct square footage of the subject property was 1,250 sq ft. He explained that IS 1 was also listed in Exhibit I at 1,250 sq ft, and asked whether the figures he had just provided were incorrect.

Mr. Krolick clarified that the AO had listed IS 1 at 1,250 sq ft in Exhibit I, despite the actual structure measuring 1,627 sq ft, and he clarified that the subject property was 1,688 sq ft. Chair McDonald noted that such a statement would indicate that the tax roll was correct, and Ms. Barragan acknowledged that there might be a discrepancy in the listed square footage for IS 1. She affirmed that the AO's records listed that property at 1,250 sq ft. She noted that even if the sales price for that property were at $425 per sq ft, as suggested by the petitioner, that valuation would still maintain that the subject property's value was well below the market-value sales range identified by the AO. She explained that when comparing IS examples, the AO would place more weight on a sale that was more comparable to the subject property.

Ms. Barragan reported that the IS comparables in Exhibit I supported a valuation range of $692,000 to $1,345,000, while the LS comparables ranged from $250,000 to $450,000. She explained that the subject property's land value of $229,000 fell within the lower end of that range, and therefore did not exceed full cash value. She stated that, based on the AO's analysis of the LS and IS comparables, the subject property's taxable value of $345,064 was supported and did not exceed full cash value. She noted that the AO recommended that the BOE uphold the subject property's current valuation.

Ms. Barragan expressed her intent to address some of the concerns brought forth by the petitioners. She recalled that the petitioners had expressed concern regarding a fire policy acquired by their HOA. She noted that the appellant stated the insurance policy cost $3,800 per year and affected 55 parcels in the subject neighborhood. She stated that, while the AO understood that such a policy generated a significant cost, property valuation was based on market evidence, and current sales did not reflect an impact from the HOA's acquisition of the insurance policy. She explained that it was the AO's understanding that the policy took effect after the sale of IS 1, which occurred on December 15, 2025, and did not indicate that the sale values were affected. She reported that the AO would assess the neighborhood during the next reappraisal cycle and make necessary adjustments if sales indicated a change in market value. She reiterated that the AO would monitor market trends during the next reappraisal cycle, despite HOA insurance matters falling outside of the scope of valuation. She asked whether the Board had any questions.

Chair McDonald asked for confirmation about whether Ms. Barragan had begun her testimony by reporting that the entire community's property values for attached units had already been adjusted with a 15 percent reduction, which she confirmed. Chair McDonald asked Ms. Barragan whether she could explain the reasoning for that action. Ms. Barragan reported that the adjustment was implemented several years prior, when the AO had additional sales data that enabled staff to compare the differences between freestanding and attached units. Chair McDonald thanked Ms. Barragan and informed Mr. Krolick that he would be given ten minutes to provide a rebuttal.

Mr. Krolick stated that the LS examples in Exhibit I should not be used for valuing the land for a condominium, as they were placed on lots that were specifically intended for freestanding homes. He noted that the AO should instead have LS comparables for a multi-family lot, which would allow the value to be divided by the number of units the lot would support. He opined that it was a disservice to utilize the LS examples that the AO had chosen. He acknowledged that, while the LS data had to be sourced in some way and there was a lack of related activity, a multifamily lot within the surrounding community should instead serve as the comparative example for the subject property. He agreed that there had been no recent sales since the implementation of the fire insurance policy and acknowledged that the AO had noted a previous 15 percent adjustment. He stated that his request for an additional 15 percent reduction to the subject property's valuation might be considered slightly high, but he opined that there should be an adjustment of some percentage reduced from the valuation of the subject property to account for the impact of the insurance costs until legislation was made that addressed the idea that the NRS had been misinterpreted. He acknowledged that, while the situation was

an abnormal appraisal case, it was cases like his that represented why the BOE existed. He acknowledged that appraisers could not be expected to notice factors such as the one he had presented, but he believed they still affected a property's valuation. Chair McDonald asked the Board if they had any questions for the petitioners.

Chair McDonald noted that Mr. Krolick had indicated that the LS examples in Exhibit I were inappropriate for use as comparables because they were for single-family home parcels rather than multifamily parcels, which Mr. Krolick affirmed. Chair McDonald asked Mr. Krolick if, based on his experience as a real estate broker, the assumption was correct that multi-family parcels were worth more or less than single-family parcels. Mr. Krolick noted that multi-family units were worth more as a whole because they could support multiple units, but they were still worth less as individual lots after subdivision. Chair McDonald asked what the usual percentage for that difference was, and Mr. Krolick explained that he was not prepared to conduct an analysis of such a figure because it would take him several hours, which Chair McDonald acknowledged. He suggested that Mr. Krolick might want to prepare those calculations in case he decided to pursue the matter further. Mr. Krolick acknowledged that the current format might not be the appropriate venue to address his concerns, noting that, although he had not been in the position of those serving on the BOE for several years, he understood what the State Board of Equalization (SBOE) could do.

Chair McDonald asked Mr. Krolick the percentage increase in the operating and ownership costs of the subject parcel since the implementation of the insurance policy. Mr. Krolick noted that he had not prepared that figure but explained that he was paying more than twice the amount for insurance on the subject property condominium than he was for the house on Tirol Drive associated with hearing number 26-0053, which was worth twice as much and had an annual insurance cost of $1,800. Ms. Krolick reported that the real estate community in the Incline Village and Crystal Bay area had found that some condominiums and single-family residences had insurance costs exceeding those associated with property taxes. She stated that such expenses would create a substantial issue in the future. Chair McDonald asked the Board if they had any additional questions for the petitioner, and it was determined they did not.

Vice Chair Bonnenfant agreed that the insurance issue impacted the cost of ownership and potential marketability of the subject property. She explained that, after reviewing the AO's data, even if the subject property's value were to decrease by half, it would still remain above the current assessed value. She noted that she did not see a reason for a reduction in the valuation without any additional evidence regarding the impact of the insurance policy.

Chair McDonald expressed sympathy for the petitioners, noting that the Board had witnessed a massive increase in insurance prices over the previous five years throughout many HOAs, including the largest ones in the area. He noted that one association had transitioned from a $250,000 insurance policy to a $2 million policy within five years. He stated that it was remarkable that the prices of the properties affected by those policy changes had not decreased and seemed to have remained consistent. He

suspected that the stability in those prices was due to homeowners not wanting to take a loss when selling their property. He expressed certainty that insurance costs would eventually affect those prices, though he acknowledged that factor had not yet affected the sales prices and could not be reflected in assessment valuations at present.

Member Yancey referred to Mr. Krolick's previous comments regarding the property's insurance, and she asked for confirmation whether the insurance costs were calculated separately from the taxes. Chair McDonald confirmed that she was correct. Member Yancey noted that she wanted to ensure that she understood the difference. She expressed agreement with Chair McDonald's earlier comments, noting that she also sympathized with the petitioners' difficulties with insurance costs. She indicated that she saw no issues with the AO's assessed valuation of the subject property. Mr. Krolick asked to comment, and Chair McDonald agreed by stating that the Board would hear from the petitioners.

Mr. Krolick stated that when the mass appraisal technique was used to calculate the value of other like-kind properties in its assessments of the surrounding community, it did not consider certain factors. He explained that the mass appraisal did not account for the fact that other properties in different HOAs were not experiencing the same insurance costs, because the insurance laws he mentioned previously were not applied equally across different kinds of properties. He noted that such a factor removed the subject property from equalization with other like-kind condominiums in that community. Chair McDonald noted that he would entertain a motion or additional discussion from the Board.

There was no response to the call for public comment.

With regard to Parcel No. 126-522-03, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Member Yancey, seconded by Vice Chair Bonnenfant, which motion duly carried, it was ordered that the Assessor's appraisal of the subject property be upheld and it was found that the Petitioner failed to meet his/her burden to show that the full cash value of the property is less than the taxable value computed for the property in the current assessment year.

Chair McDonald noted his intent to address the petitioners' equalization concern. He explained that he had conducted HOA audits as an extension of his professional capacities and recalled seeing several associations lose their ability to qualify for loans due to insurance-related issues. He expressed disagreement with the idea that the issue was limited in scope, and he opined that the application of the individual law Mr. Krolick had described appeared to represent a conflict that was likely unique to the Tyrolian Village HOA. He noted that the impact of the insurance pricing on HOAs, particularly those with joint structures in Incline Village and Crystal Bay, seemed to be pervasive. He explained that some associations were transitioning to a system in which individuals could not borrow against joint properties because insurance could not be implemented. He reiterated that the matter represented a substantial community impact and noted that the Board was waiting to see when property prices would adjust.

Chair McDonald informed Mr. and Ms. Krolick that the Board of Equalization had ruled against their petition. He explained that they had a right to appeal the matter before the SBOE. He noted that, should Mr. Krolick choose to submit an appeal, it might be beneficial for him to conduct the analyses that the Board had suggested in order to provide more clarity regarding the impact the issue caused on the subject property's price value, despite those impacts not having yet appeared. He stated that everyone on the BOE understood that there would be an impact from the issue at some point. He explained that the petitioners would have until March 10, 2026, to submit the appeal. Ms. Krolick thanked the Board for their time and noted that the hearing with the BOE was the first step in the process.

Chair McDonald recognized Mr. Krolick for his former role on the BOE, noting that he had the opportunity to serve on the Board during a time when the County used a very different assessment method and held many hearings in that same room.

26-074E **PARCEL NO. 082-492-02 – PANICARO, JOY PANICARO, JOE – HEARING NO. 26-0006**

A Petition for Review of Assessed Valuation was received protesting the 2026-27 taxable valuation on land and improvements located at 7490 North Virginia Street, Washoe County, Nevada.

The following exhibits were submitted into evidence:

Petitioner

Exhibit A: Letter from Petitioner, 1 page.
Exhibit B: Letter and supporting documentation, including maps, photographs, and appraisal records, 83 pages.
Exhibit C: City of Reno driveway apron construction drawing, 1 page.
Exhibit D: Photograph of APN 082-492-01, 1 page.
Exhibit E: Internet article and photograph, 2 pages.

Assessor

Exhibit I: Assessor's Hearing Evidence Packet including comparable sales, maps, and subject's appraisal records, 69 pages.

Chair McDonald asked whether the Petitioner, Joe Panicaro, needed additional time to prepare for the hearing and organize his documents, which Mr. Panicaro confirmed. Chair McDonald noted that the Board would recess for five minutes to allow the petitioner time to prepare.

9:49 a.m. **The Board recessed.**

9:57 a.m. **The Board reconvened with all members present.**

On behalf of the Petitioner, Joe Panicaro was sworn in by County Clerk Janis Galassini.

On behalf of the Assessor and having been previously sworn, Shannon Scott, Senior Appraiser, oriented the Board as to the location of the subject of the property. She explained that the subject property was a 3,150 square foot (sq ft) storage warehouse built in 1981, located at 7490 North Virginia Street in North Reno. She noted that the property had frontage along North Virginia Street and was in close proximity to the United States (US) Route 395. She asked whether there were any questions regarding the location of the subject property, and Chair McDonald noted there were none. He invited Mr. Panicaro to tell the Board of Equalization (BOE) what brought him before the Board, noting that he would have 20 minutes to present that information.

Mr. Panicaro recited language from Exhibit B and stated that, according to the 2006 Nevada Supreme Court case *State Board of Equalization v. Bakst*, taxation must be uniform, just, and equal. He noted that Nevada Revised Statute (NRS) 361.356 provided that a property owner could appeal their property tax assessment when an inequity exists, while NRS 361.357 provided the right to appeal when the full cash value of a property was less than its taxable value. He indicated that he was appealing the valuation of the subject property on all grounds he had described.

Mr. Panicaro explained that he would discuss the subject property's history, location, and characteristics. He reported that he and his sister had inherited the property upon their father's passing in 1986. He emphasized that the property, Assessor's Parcel Number (APN) 082-492-02, was not located on prime frontage along North Virginia Street, in contrast to the portrayal of the property by Ms. Scott and Appraiser Bryce Wiele. He stated that the property was instead located off the main thoroughfare in a disreputable area of Reno at 7490 North Virginia Street, where that road ran westward from Panther Drive, two miles north of the Washoe County Detention Center on Parr Boulevard. He reported that APN 082-492-02 had no curb, gutter, sidewalks, or street parking. He noted that the subject property's parcel was small, measuring 15,572 sq ft or 0.357 acres, with a simple masonry-block building totaling 3,150 sq ft. He explained that Page 1 of Exhibit I included a photograph of the dilapidated building and driveway on the subject property. He stated that the subject parcel was on a plateau high above North Virginia Street and had a steep, narrow driveway, making it inaccessible to delivery trucks.

Mr. Panicaro expressed the assumption that each BOE member had received a copy of his appeal briefing, and Chair McDonald confirmed that they had. Mr. Panicaro reported that he had submitted a letter from the subject property's tenant on Pages 24 and 25 of Exhibit B, and noted that Page 20 of Exhibit B included a list of his exhibits should the Board need to refer to it. He explained that the subject property included asphalt that had never been replaced and was deteriorating with cracks and holes visible throughout. He reiterated that the building on the subject property was constructed in 1981 and explained that it was categorized as a low-quality Class C 406 Storage Warehouse with a typical lifespan of 40 years. He noted that his building was 45 years old and had concrete slab flooring, a space heater, and an unfinished interior. He reported that rain permeated

the block walls and water ran into the building from underneath the doors during storms, graffiti had been painted on the building, the metal doors had been damaged from what he suspected was thieves attempting to pry them open with crowbars so as to break in and rob the building, and bars were placed on the windows.

Mr. Panicaro stated that the property had many physical restrictions that severely limited its expansion and use. He explained that the property was entitled to a reduction for a public easement under the law, which had been overlooked for the previous 45 years. He referred to Page 27 of Exhibit B and noted that a public drainage easement was present on the rear of the property, which was 5 feet by 125 feet in size and encompassed 4 percent of the property's total square footage.

Mr. Panicaro recalled meeting Mr. Wiele and Ms. Scott on January 12, 2026, to discuss the subject property's assessment. He noted that he was greeted at the counter, and he asked whether he and the appraisal staff would be moving to a conference room. He stated that Mr. Wiele had informed him that they would speak at the counter, and that Mr. Wiele then sat down with his arms crossed in what he described as a smug, hostile, and abrupt manner. Mr. Panicaro said that Mr. Wiele had abruptly asked him what he wanted and flatly refused to apply any reduction to the easement on the subject property. He reported that, at that point, he immediately filed a property tax appeal and submitted a public records request (PRR) for all records used by the Assessor's Office (AO) when valuing the subject property. He stated that it was only after he filed his appeal that the AO recommended a 5 percent reduction for the easement. He recited language from NRS 361.227(1)(a)(1), which mandated that when determining the taxable value of land, it shall be appraised by considering any legal or physical restrictions upon the land use. He opined that Mr. Wiele did not care about the law.

Mr. Panicaro indicated that another major issue associated with the subject property was that the City of Reno owned a right-of-way, which he expressed belief would essentially landlock APN 082-492-02 when used. He reported that the parcel had been given a 25 percent reduction for access and a 25 percent reduction for topography. He explained that a former appraisal record included on Page 29 of Exhibit B demonstrated that the access reduction had since been entirely eliminated, while the topography reduction had been diminished to 10 percent. He noted that the current appraisal record for the subject property was provided on Page 22 of Exhibit B. He reported that the property's characteristics had not changed over the previous 45 years, and that when Ms. Scott attempted to explain why the access reduction was eliminated, she had told Mr. Panicaro the change was due to a driveway on the property. He contested that there had been a driveway on the subject property since its initial construction in 1981.

Mr. Panicaro stated that Washoe County records demonstrated that a right-of-way had existed between North Virginia Street and the front property line of the subject parcel, which was the subject property's access point. He noted that the right-of-way was a 50-foot-wide strip of land that was owned by the City of Reno and reserved for the widening of North Virginia Street, which was shown on Pages 27, 31, and 32 of Exhibit B. He explained that the red-highlighted portion of the image on Page 32 of Exhibit B depicted

property owned by the City of Reno. He reported that, according to a topographic map obtained from Washoe County, the front property line of his parcel had an elevation of 5,194 feet, whereas the portion of North Virginia Street running parallel below that property line had an elevation of 5,182 feet, indicating a 12-foot drop, as shown on Page 34 of Exhibit B. He stated that the dramatic difference in elevation between North Virginia Street and the storage trailers parked above on the edge of the subject property was demonstrated by a photograph taken by the City of Reno, which was included on Page 36 of Exhibit B. He noted that the portion of land with sagebrush appearing on the bank in front of the trailers in the image showed the City of Reno's run away.

Mr. Panicaro stated that the driveway leading to the subject property would lose access to North Virginia Street and would be severed at a significant elevation difference should the City of Reno decide to cut into the bank to widen the street, which would make the property inaccessible to vehicular traffic. He explained that there would not be enough space left in the driveway to connect it to North Virginia Street to allow an adequate slope for vehicular access to the property when the street was widened. He noted that, according to the letter provided by the subject property's tenant, included on Page 24 of Exhibit B, the driveway for the subject property was already very steep and inaccessible to delivery trucks. He referred to Page 3 of Exhibit I, noting that the document stated that the subject property included an 18-foot fall to the roadway. He explained that the access point at the front property line was the only available vehicular route to the subject property, which he described as a major problem that had never been accounted for.

Mr. Panicaro reported that the vacant parcel immediately beside the subject property sold for $3.15 per sq ft, whereas the subject parcel was appraised at $6.50 per sq ft. He recalled having presented a Grant, Bargain, and Sale Deed as well as a State of Nevada Declaration of Value form for the neighboring vacant parcel when he had met with Assessor Chris Sarman, Mr. Wiele, and Ms. Scott on February 2, 2026, which were documents recorded on July 29, 2024, and included on Pages 38 through 40 of Exhibit B. He noted that APN 082-492-01 was sold in July of 2024 for a total of $54,000. He explained that the purchase was a transaction between two unrelated self-motivated parties, Andrew and James Allen of Fallon, Nevada, and Apex Equities 2, Limited Liability Company (LLC), of Lake Oswego, Oregon. He noted that, according to the Appraisal Record for APN 082-492-01 shown on Page 42 of Exhibit B, the vacant parcel was 17,163 sq ft, or 0.394 acres. He reiterated that the neighboring vacant parcel sold for $3.15 per sq ft, while the subject parcel was appraised at $6.50 per sq ft and received a 10 percent topography reduction, as shown in the appraisal record included on Page 22 of Exhibit B.

Mr. Panicaro stated that after presenting his information at the February 2, 2026, meeting with AO staff, Mr. Sarman, Mr. Wiele, and Ms. Scott became defensive and declared that they would seek adjustments that would ultimately raise the land value of the neighboring vacant parcel to make it equivalent to the value of the subject parcel. He noted that he had been unsurprised when Mr. Wiele sent him a letter which stated that during the meeting on February 2, 2026, there was discussion of the sale of nearby APN 082-492-01, that the parcel's sale was deemed questionable, as the seller had indicated that they just wanted to get rid of the property, but felt it was worth significantly more, and that the low

sales price was indicative of severe topography, a lack of access, and no on-site utilities. Mr. Panicaro further recited the letter, explaining that it stated that, while the parcel size was 17,163 sq ft, the usable area was estimated at 11,663 sq ft, resulting in an adjusted price per sq ft of $6.17. He noted that the letter was provided on Pages 44 and 45 of Exhibit B.

Mr. Panicaro reported that the State of Nevada Declaration of Value form, signed under the penalty of perjury by the seller, James Allen, indicated that the property had a total value of $54,000. He explained that NRS 375.110 made it a crime to falsify property value. He stated that, although Mr. Wiele contended that the seller simply got rid of the property through a sale that was below market value, he had failed to produce any written statement from the seller with that statement. He noted that the only statement that appeared in the record was the Declaration of Value, signed under penalty of perjury pursuant to statute. He reported that while Mr. Wiele stated that the unusable area of the vacant parcel was estimated to be 11,663 sq ft, he had failed to explain why the remaining 5,500 sq ft on the parcel was considered unusable or how he had calculated that estimated figure, as the parcel's appraisal record made no mention of unusable property.

Mr. Panicaro explained that the appraisal records for APN 082-492-01 stated under the *Property Characteristics* category that the vacant parcel had municipal water and sewer. He stated that, while Mr. Wiele had contended in his letter that the property had no access, the property would be considered landlocked and therefore worthless. He reported that APN 082-492-01, located at 7450 North Virginia Street, was currently listed for lease build-to-suit by Stark Accelerators Commercial Real Estate. He noted that there was no mention of any usage or access issues on either listing for the property on Showcase.com or LoopNet.com, which were provided on Pages 47 through 52 of Exhibit B. He recalled speaking with the property's listing agent, Adam Carlson, on February 10, 2026, and Mr. Carlson had stated that he was unaware of any usage or access issues with the property. He explained that NRS 113.130 and NRS 645.252 dictated that realtors and sellers had a statutory duty to disclose all known material, adverse facts regarding a property's condition, including those that adversely affect the value or use of the property. He noted that the property listings made no mention of those factors and further belied the statements in Mr. Wiele's letter, as they included photographs showing the property as relatively flat, with a dirt road traversing the parcel. He reported that the property listing also included a site plan with a proposed 4,995 sq ft building over a large area with lined parking spaces and a driveway connecting to North Virginia Street. He opined that it was obvious the property had no usage or access problems and stated that Mr. Wiele had failed to provide any evidence that the $3.50 per sq ft price paid for APN 082-492-01 was not at fair market value. He noted that, pursuant to NRS 361.227(5)(a), the appraiser must base such estimates on prices actually paid in market transactions when using comparable sales. He stated that an amount paid in a market transaction could not be altered to increase its value or make it appear to be worth another price, such as that of the subject parcel.

Mr. Panicaro stated that the AO had attempted to justify its valuation of the subject property by listing various properties, which he opined were not at all comparable

to the subject property. He noted that not a single one of the AO's comparables had a landlock issue similar to that of the subject property. He explained that, according to appraisal publications, the basic principles of the comparable sales method involved assessing properties with similar characteristics, such as size, location, condition, amenities, age, and design. He stated that the comparables should be within a 25 percent size difference from the subject property, as once outside that range, the properties were considered to be in different tiers and could represent different pools of buyers.

Mr. Panicaro recalled that Ms. Scott had provided a list of vacant land sales (LS) ranging in size from 2.71 to 208 acres in response to his PRR for all records used to value the subject property. He noted that one of Ms. Scott's LS comparables included a parcel that had water rights. He explained that the only LS comparables provided in response to his PRR were listed in Pages 45 through 47 of Exhibit I. He stated that the AO's LS examples in Exhibit I did not meet the criteria for a comparable sale, as the subject parcel was only a third of an acre and lacked water rights. He reported that Mr. Weile had attempted to reinforce his argument justifying the valuation of the subject property by presenting additional and newly disclosed sales comparables in Exhibit I following the meeting with AO staff on February 2, 2026, where Mr. Panicaro brought attention to the size discrepancies in the comparables. He stated that the LS examples ranged between 0.39 and 4.02 acres, with the smallest comparable property being the one located immediately beside the subject property, which had been deemed an invalid sale that was given no weight by Mr. Weile.

Chair McDonald stated that Mr. Panicaro's 20-minute timeframe to provide his testimony had expired. He noted that the Board would increase his time by ten minutes to allow him to conclude his testimony. Mr. Panicaro thanked Chair McDonald.

Mr. Panicaro reported that the LS comparables in Exhibit I did not meet the 25 percent size-difference criteria, except for LS 5, which was the neighboring parcel he had described previously. He explained that the subject parcel was classified as Type SF3 property under the Zoning Code listed on its appraisal record. He stated that LS 1, LS 3, and LS 4 were not classified as Type SF3 parcels, and LS 4 was in Tax District 4020 with the Neighborhood Code for Sun Valley Industrial (CAAU), while the subject property was in Tax District 1000 with the Neighborhood Code for Industrial (GAKU). He noted that LS 1 had numerous amenities the subject property lacked, such as chain-link fencing and a carport. He explained that the AO had provided improved sales comparables (IS) for the first time in Exhibit I. He reported that IS 1 through IS 5 were located in different neighborhoods from the subject property, and that LS 2 and LS 3 were located in Sparks, a different city. He stated that each of the IS examples had a much larger gross building size than the 3,150 sq ft structure on the subject parcel. He reported that the building on IS 5 had a gross area of 6,800 sq ft, nearly double that of the building on the subject parcel. He noted that the subject property had a Zoning Code for Mixed-Use Suburban (MS), the IS comparables in Exhibit I had Zoning Codes for Mixed-Use Downtown Innovation District (MD-ID), Industrial (I), Planned Development (PD), Mixed-Use Urban (MU), and Multi-Family for 21 Units per Acre (MF21). He reported that based on the information in Exhibit I, IS 1 had a refrigerated cooling package, IS 2 had chain-link fencing and concrete

curbing, IS 3 was pictured with a striped parking lot and tiled roofing, IS 4 had heating and cooling, yard improvements, wrought iron fencing, a striped parking lot, as well as window iron awnings, and IS 5 had chain-link fencing and 12,720 sq ft of asphalt. He contrasted those factors with the subject property, noting that it only included 3,400 sq ft of deteriorating 45-year-old asphalt that had never been replaced. He asserted that the IS examples in Exhibit I did not fit the criteria for comparable sales.

Mr. Panicaro expressed disagreement with Mr. Weile's attempt to justify the AO's valuation of the subject property, which Mr. Panicaro described as inflated. He opined that the Income Approach employed by Mr. Weile for the valuation of the subject property was similarly disingenuous to the comparable sales analogy in Exhibit I. Mr. Panicaro stated that Mr. Weile had admitted to the problems associated with the Income Approach the AO had used in Page 1 of Exhibit I, which reported that there was a limited pool of peers sold as investments because pure properties to the subject were most frequently purchased by owner-users.

Mr. Panicaro stated that Mr. Weile should not have calculated the capitalization rate for the subject property by dividing the net operating income (NOI) of other properties by their purchase price. He noted that Mr. Weile had acknowledged that many buyers were not purchasing real estate for investment purposes, but rather for locations from which to operate their own businesses. He explained that the chart on Page 10 of Exhibit I demonstrated that the AO's capitalization rate analysis contained erroneous calculations, with capitalization rates of 4.50 and 4.75 percent. He noted that the rate for a ten-year United States (US) Treasury Bond in the spring of 2024 was approximately 4.70 percent when the sales listed in the chart were conducted. He asked who would forego such a risk-free investment in US Treasury Bonds to instead purchase real estate, as taking on the additional risk and complications associated with property for a similar or lower rate of return would be illogical. He explained that a US Treasury Bond was considered a risk-free rate because it was backed by the federal government's creditworthiness. He reported that his research had revealed that the four sales examples used by the AO to develop the capitalization rate were not comparable to the subject property. He stated that the sale of 1755 Hymer Avenue was for a property that was located in a different neighborhood, tax district, and city from the subject property. He noted that the property at 1755 Hymer Avenue had a Zoning Code classification of I and a classification of Type SF2, both of which differed from those of the subject property. He explained that the property on Hymer Avenue was located in the center of the Sparks Industrial Area, where the street intersected Rock Boulevard. He noted that the building on that property had a tile roof, air conditioning, front entry, reception areas, and updated electrical work. He reported that the property had two rare, enclosed yard spaces on the back side, storage and workshop space, and alley access, as demonstrated in a former listing on LoopNet.com for the property included on Pages 72 and 73 of Exhibit B.

Mr. Panicaro referred to the next sale listed in the Capitalization Rate Chart on Page 10 of Exhibit I, which was for property listed as 1505 Mill Street in the AO's Hearing Evidence Packet (HEP), though he noted that there was no such address on Mill Street. He explained that when searching for the property by APN, the address in the

records showed as 2505 Mill Street. He reported that the property on Mill Street housed West Marine and was located in front of the Grand Sierra Resort and Casino (GSR), which was in a different neighborhood and tax district from the subject property. He stated that the MU and Type SF zoning were similarly different from the subject property. He noted that West Marine was described as a retail store and storage warehouse with a combined area of 9,600 sq ft, whereas the building on the subject property was only 3,150 sq ft. He explained that the Mill Street property had a land size of 59,332 sq ft, or 1.32 acres, while the subject property was nearly a fourth of that size at 15,572 sq ft, or slightly more than a third of an acre.

Mr. Panicaro reported that another sale was listed in the Capitalization Rate Chart on Page 10 of Exhibit I as 80 East Glendale Avenue, though he noted that there was no such address. He explained that, through his research on the APN, he found that the correct address was 680 East Glendale Avenue. He stated that 860 East Glendale Avenue was located in a different neighborhood, tax district, and city than the subject parcel, noting that the comparable property was at Turner Crossing in Sparks. He explained that the property on East Glendale Avenue had a Zoning Code of I and was Type SF1, which were both different classifications from the subject property. He noted that the East Glendale Avenue property listed a total of 11,200 sq ft of rentable building area on the LoopNet.com listing for sale, shown on Pages 77 through 79 of Exhibit B, whereas the subject property had only 3,150 sq ft of rentable area. He reported that while the property on East Glendale Avenue was described in the online listing as having large annual rent escalations, the subject property had none, especially not significant ones. He explained that the East Glendale Avenue property was triple-net leased, while the subject property was not. He described the property on East Glendale Avenue as beautifully landscaped, with a bright green, well-manicured lawn, flowers, bushes, and both evergreen and deciduous trees. He stated that, by contrast, the subject property had only dirt and sagebrush.

Mr. Panicaro noted that the final property listed on Page 10 of Exhibit I as a comparable used to establish the AO's capitalization rate for the subject property was located at 600 Spokane Street, across the street from the Ramada Inn. He referred to the details on Pages 80 through 83 of Exhibit B and explained that the Spokane Street property was constructed in 2024, 43 years after the subject property was built. He noted that 600 Spokane Street included a building that was only 2,400 sq ft and was on a 7,000 sq ft, or 0.161-acre parcel, while the building on the subject property was 3,150 sq ft and was located on a 15,572 sq ft, or 0.357-acre parcel. He stated that the size difference between the parcels did not meet the 25 percent size differential criteria, so it should not be considered a comparable property. He explained that the property on Spokane Street had a Zoning Code classification of MU and was Type SF6, both of which were different from the subject property.

Mr. Panicaro stated that there was no explanation included in Mr. Weile's Income Approach analysis of how the AO compiled the figures in Exhibit I associated with the subject property's NOI. He noted that there was also an absence of supporting documentation verifying the NOI figures in Exhibit I, and when he asked Ms. Scott to provide an explanation of the figures and verifying documentation for the NOIs, she could

not. Chair McDonald requested that Mr. Panicaro conclude his testimony within the following two minutes.

Mr. Panicaro stated that no rational investor would accept an NOI estimate without seeing an explanation of how that estimate was calculated and verifying the amount through supporting documentation. He stated that anyone could falsify an NOI by manipulating their calculations to arrive at any chosen capitalization rate without providing those details. He explained that, according to appraisal publications, it was crucial to understand how a comparable property's NOI was derived and to verify it, as verified data ensured that operating expenses were not underestimated and income was not overstated, enabling accurate valuation, risk assessment, and comparison. He stated that capitalization rates provide insight into risk and return metrics, noting that lower capitalization rates suggested higher value and often indicated reduced risk. He reported that capitalization rates reflected investor confidence, property stability, and performance. He stated that the AO used an arbitrary 10 percent capitalization rate for the subject property, despite having access to the property taxes paid on it. He noted that, while a meager 5 percent management fee was assigned to the operating expense figures in Exhibit I, he could not find a management company willing to manage the subject property for $974 annually. He recalled that he had struggled to find a management company willing to manage such a small property with an annual gross income (AGI) of $22,920, and those who indicated willingness to manage the property, including Utopia Property Management, Dickson Realty Property Management, and Reno Property Management, wanted to charge an annual fee between 10 and 20 percent. He noted that Mr. Weile had not mentioned the name of the management company that would manage the subject property for the AO's proposed 5 percent rate. He stated that real estate value was influenced by many factors and assumptions that could affect a property's estimated worth, and opined that one of the most important aspects of commercial real estate valuation was accounting for risk.

Chair McDonald thanked Mr. Panicaro and explained that the Board would hear testimony from the AO. Ms. Scott introduced herself as a State-certified tax appraiser with two bachelor's degrees in both accounting and finance. She noted that she had worked for Washoe County for over 10 years and had been in the real estate and finance industries for over 25 years. She explained her intent to briefly discuss the background, characteristics, and prior 2024 Washoe County BOE and State Board of Equalization (SBOE) hearings associated with the subject property. She reported that the subject property was a 3,150 sq ft storage warehouse built in 1981 and constructed with low-quality masonry block and space heating. She noted that asphalt pavement on the subject property was also built in 1981. She stated that the improvements were 45 years old, which she attributed to the property receiving a 67.5 percent depreciation. She explained that the subject property included no curbs, gutters, or sidewalks, and those factors were not costed on the assessment rolls.

Ms. Scott reported that a 50 percent downward adjustment was being made to the subject property's land for access and topography prior to 2024. She recalled that the parcel was deemed severely out of equalization, and that when the AO corrected the error, the appellant appealed, and the BOE approved the total adjusted recommendation of 10

percent for topography at that time. She explained that, following the BOE's approval of the AO's recommendation, the petitioner appealed to the SBOE, where the adjustment was also upheld. She reported that the subject's taxable value for 2026 was determined by adding the land's market value to the replacement cost of all improvements, less depreciation. She stated that, at the time of noticing, the subject property's land value was $91,096 and its improvement value was $64,693, for a total taxable value of $155,789. She recalled that during the AO's discussion with Mr. Panicaro, he had indicated that a drainage easement existed on the subject property that was not found on the AO's parcel map. She explained that the easement was confirmed to be 625 sq ft, or 4 percent of the overall parcel size. She stated that an additional 5 percent adjustment was recommended to the existing 10 percent topography, in consideration of the easement, for a total adjustment of 15 percent. She noted that the adjustment increase would result in a land value of $86,035 and a total taxable value of $150,728.

Ms. Scott explained that access adjustments were applied only to parcels with an access detriment, and noted that the subject property had direct access to North Virginia Street and suffered no such detriment. She referred to an interactive map showing an aerial view of the subject parcel on the Washoe Regional Mapping System (WRMS) website at gis.washoecounty.us. She explained that the map demonstrated that the subject parcel was essentially being used in its entirety. She reported that the existing 10 percent topography adjustment reflected the low to high change in elevation across the parcel, and considered the five to six-foot grade through the right of way into the subject property's parking lot. She noted that she had personally visited the subject property and neighboring parcels, and opined that the 10 percent adjustment was appropriate.

Ms. Scott noted that the AO initially used the Modified Cost Approach to value the subject parcel, but after receiving the appeal, staff also performed the Sales Comparison and Income approaches as a test of value for the subject property. She referred to Page 3 of Exhibit I and explained that she would provide a brief review of both the Sales Comparison Approach and the Income Approach. She stated that industrial properties of less than 5,000 sq ft typically transact as owner-user properties, making the Sales Comparison Approach the best indicator of value. She reported that IS 1 through IS 5 were chosen because they were smaller industrial-use spaces of similar age and quality, with the price per sq ft of all comparables ranging from $169 to $257. She noted that IS 4 represented the low end of that range at $169 per sq ft, with an indicated value of $530,000. She stated that the recommended total taxable value of $150,728, or $48 per sq ft, for the subject property was well supported by the sales comparables. She explained that the appellant had not provided any sales to the AO in support of a taxable value under $48 per sq ft, despite that information having been requested.

Ms. Scott reported that LS 1 through LS 4 ranged in value from $7.42 to $17.76 per sq ft, were all located within a 2.5-mile radius of the subject property, and supported the AO's recommended taxable land value of $5.53 per sq ft. She explained that the subject parcel was a graded, finished lot that was almost being used in its entirety. She requested that Mr. Weile display the parcel for LS 5 on the WRMS website. She explained that LS 5 was located in very close proximity to the subject parcel and had been sold in

July 2024 for $3.15 per sq ft. She noted that she had visited the property listed as LS 5 in Exhibit I and opined that it represented a good comparable to the subject property in terms of location. She noted that the parcel associated with LS 5 was in its raw state, which was unlike the subject property. She stated that LS 5 had significant topography and would require considerable investment to grade the land and create a usable area, with an estimated usable area of approximately 11,663 sq ft following those measures. She reported that discussions with the seller of LS 5 found the sale to be questionable, as the seller indicated he did not believe the sale reflected market value and stated he just wanted to get rid of the property and stop paying taxes on it. She explained that LS 5 had no legal access through the right-of-way to North Virginia Street at the time of that sale, and, based on renderings, access from North Virginia Street would be made through the neighboring parcel after the neighboring parcel owner purchased it. She reiterated that no direct street access was depicted to the parcel associated with LS 5, APN 082-492-01. She stated for the record that the AO was displaying APN 082-492-01 on the WRMS website, noting that a visible L shape on the parcel depicted the access point, indicating where the street would be accessed into the parcel. She noted that APN 082-492-01 was the parcel that was actually sold and represented LS 5, and adjusting for both the usable area and lack of access, the AO arrived at an adjusted price of $6.17 per sq ft for that parcel, which supported the recommended land value of $5.53 per sq ft.

Ms. Scott referred to Page 5 of Exhibit I, noting that she would briefly review the AO's income analysis of the subject property. She recalled having previously mentioned that industrial properties under 5,000 sq ft typically transacted as owner-users, which made the Sales Comparison Approach the best indicator of value. She explained that, despite little weight being given to the Income Approach, a very conservative analysis was included in Exhibit I because it also demonstrated that the AO's taxable value for the subject property did not exceed market value. She noted that the median rent of $1.08 per sq ft suggested an annual gross income of $40,824. She stated that the subject property's actual rent of $0.60 per sq ft was used in the analysis, yielding a potential gross income of $22,680. She reported that the subject property was 100 percent occupied, and a 15 percent vacancy rate was used in calculations.

Ms. Scott noted that typical operating expenses under a triple-net lease ranged from 5 to 10 percent. She explained that a 20 percent operating expense was used for the subject property to account for management, reserves for replacement, and to account for the property taxes, which the appellant had reported to the AO that he was paying. She stated that those figures resulted in a NOI of $15,422 for the subject property. She noted that the most recent broker data reported capitalization rates at approximately 6.5 percent for industrial use, and a Capitalization Rate Chart was compiled by the AO and included on Page 10 of Exhibit I for the Board's review. She reported that the data in the chart indicated a capitalization rate range of 4.5 to 7.37 percent. She noted that the AO believed the 8 percent capitalization rate used for the subject property was conservative, particularly given all the other allowances made for the property. She stated that the 8 percent capitalization rate yielded a value of $192,780, which supported the recommended $150,728 value for the subject property. She reported that the petitioner had not provided any recent sales or local market data to support a reduction beyond the AO's recommended

value of $150,728 or $48 per sq ft. She stated that the AO was asking that the BOE approve their recommendation of a total taxable value of $150,728 and asked whether the Board had any questions she could answer.

Member Lissner referred to previous comments regarding the subject property's access issues and noted that he was not certain whether the road connecting to the subject property was under Washoe County's or the State of Nevada's jurisdiction. He asked whether there could be an issue with the owner of North Virginia Street deciding that a property owner could not access the street via a driveway from their property. Ms. Scott expressed her belief that the City of Reno owned North Virginia Street and that property owners would need approval from the City of Reno's City Planning department. Member Lissner asked Ms. Scott whether she believed such approval was likely to be granted to the petitioner, and she responded that she did not know why the City of Reno would deny such a request.

Member Lissner asked Ms. Scott what utilities were on the property, and whether the presence of those utilities impacted the land value or the improvements value determined by the AO. Ms. Scott asked whether Member Lissner was referring to the subject property, which he confirmed, and she explained that the subject property had all utilities, including power and water, which were factored into the land value. She noted that the AO did not assign an improvement value for water utilities. Member Lissner asked for confirmation that a difference in the land values would be involved if the property had integrated utilities, which Ms. Scott said was correct. Member Lissner noted that his final question pertained to the rent of the subject property, and asked whether Ms. Scott could remind him of that figure. He acknowledged that the tenant had written a treatise about the problems he experienced with the subject property. He asked if the tenant had mentioned the rent he paid for the subject property within that document. Ms. Scott explained that she had not confirmed the rent with the tenant, but she noted that Mr. Panicaro had reported the rent as $1,910, which the AO divided to determine a cost of $0.60 per sq ft.

Chair McDonald stated that, in his understanding, it was not uncommon for the City of Reno to maintain a right-of-way across State highways or roads, predominantly for utility purposes. He noted that the right-of-way in question appeared to be for street widening and asked whether his observation was correct. Ms. Scott agreed that his assumption appeared to be correct. Chair McDonald explained that all other LS examples used by the AO for comparison had a similar right-of-way constraint. He acknowledged that the examples varied, as they might not span as long an area, be as large, or cut into the property as deeply, because not all of them existed for highway expansion. Ms. Scott noted that they all presumably had a right-of-way constraint. Chair McDonald asked whether Ms. Scott knew if the City of Reno had begun to act on widening North Virginia Street, which she confirmed they had not. She stated that she was not aware of any immediate plans to widen that road, and explained that if such actions were ever taken, it would be a factor the AO would consider for valuation at that time.

Member Albright asked whether Ms. Scott was aware of any statutes or regulations that addressed the City of Reno's requirements when widening the road and

any related access issues caused by such actions, and what they must provide should they move forward with that easement. Ms. Scott explained that she was not personally familiar with the legal process for such actions but noted that she would assume there would be public hearings and substantial notification.

Chair McDonald recalled that the petitioner had placed significant weight on the sale of a neighboring property for $3.15 per sq ft in valuing the subject property. He explained that Ms. Scott had mentioned that there were no utilities on the neighboring property, which represented a detriment in terms of that property's value. He noted that she had previously discussed the lack of access on the neighboring property and how that had already been figured into the purchase price of that property as a detriment to its value. He referred to the WRMS map displayed by the AO, noting that there appeared to be a dirt road that traversed two neighboring parcels and through the subject property. He inquired whether the petitioner used that dirt road to provide access to the subject property, as Mr. Panicaro had indicated that the driveway on the subject property was too steep for delivery trucks to reach. Ms. Scott explained that she was not aware of the petitioner using that road, noting that there were large boulders on the subject property that were not visible on the WRMS map that would block access from the neighboring parcel.

Member Albright noted that the land Zoning Code of the neighboring parcel, APN 082-492-01, and the subject parcel were different, and asked whether the Mixed Employment (ME) Zoning Code had more limited land uses than those of the subject property. Ms. Scott indicated she was unsure and would need to research that matter. Member Albright explained that she had the land use statute information on her computer, and Ms. Scott reiterated that she would need to further investigate, as she did not have the answer to Member Albright's question.

Chair McDonald informed Mr. Panicaro that he would be given ten minutes to provide a rebuttal to the AO's testimony.

Mr. Panicaro recalled that Member Lissner had asked Ms. Scott about the process for obtaining approval to access the right-of-way on North Virginia Street to connect the subject property to the road. He reported that he had discussed that process with Washoe County Engineering Technician Eric Luzier and City of Reno Development Services Engineer Todd Landry, and both had confirmed that the City of Reno could not deny access to the street. He reiterated that North Virginia Street and the right-of-way were owned by the City of Reno, and that no one could deny access to them. He referred to the map of the property line provided in Exhibit B on Page 32, and indicated that even if access was granted, the widening of the road to the property line would result in a 21 percent grade to the driveway. He submitted an additional exhibit, listed as Exhibit C, copies of which were distributed to the Board and placed on file with the Clerk.

Mr. Panicaro explained that he had spoken with Mr. Landry at the City of Reno the day prior and was told that a commercial building driveway was permitted only a 10 percent grade, noting that he was given the construction drawing he had submitted as Exhibit C by Mr. Landry. He reiterated that if the subject property's driveway spanned

from its garage door to where North Virginia Street was expected to be widened, the resulting grading of the driveway would be 21 percent, which he described as very severe and unacceptable for the City of Reno's 10 percent grading allowance. He noted that Mr. Landry agreed that the widening of the road and the resulting driveway grading would devalue the subject property after Mr. Panicaro had described the situation during their meeting the day prior.

Mr. Panicaro stated that the claim that APN 082-492-01 had access to North Virginia Street through another parcel was erroneous. He explained that the plot map on Page 27 of Exhibit B demonstrated that APN 082-492-01 faced North Virginia Street and had a right-of-way in front of it. He reiterated that Mr. Landry and Mr. Luzier had told him that access to North Virginia Street could not be denied. He referred to Chair McDonald's previous comments regarding the dirt road on APN 082-492-01, and noted that the road was currently connected to North Virginia Street. He submitted an additional exhibit, listed as Exhibit D, copies of which were distributed to the Board and placed on file with the Clerk. He explained that Exhibit D consisted of an image that demonstrated the difference between APN 082-492-01 and the subject property, noting that the point of intersection of the road on APN 082-492-01 and North Virginia Street was flat, while the driveway on the subject property would be at a much higher point after the road's widening. He reiterated that the image submitted as Exhibit D showed how the end of the dirt road on APN 082-492-01 joined North Virginia Street, and opined that it was nonsense to claim that utilizing a road on another parcel was necessary to access the parcel. He stated that it would be infeasible to begin grading the driveway on the subject property from the garage door if the City of Reno widened North Virginia Street, as the grading would instead begin at the pad where parking spaces started on the subject property. He explained that beginning the grading from that point would leave only 26 feet from the edge of the parking pad to where North Virginia Street would be after widening, which would result in a 12-foot drop in elevation, or a 46 percent grade. He described such grading as dangerous and hazardous, and he reiterated that the City of Reno would not approve it.

Mr. Panicaro explained that the subject property would face landlocked issues if the grading were changed in such a way and reported that the NRS required appraisers to consider all restrictions, including physical and legal ones, when appraising property value. He stated that the statutes included in Exhibit B were very clear. He referred to comments provided by Ms. Scott regarding how the BOE's decisions from his previous appeals on the subject property had all been upheld in the past, but he noted that the sale of APN 082-492-01 had not yet occurred and the issue of the subject property possibly becoming landlocked and losing the right-of-way to North Virginia Street had not been raised at the time of the last appeal. He submitted an additional exhibit, listed as Exhibit E, copies of which were distributed to the Board and placed on file with the Clerk. He referred to Exhibit E and explained that the appraisal publications included in the exhibit stipulated that a 70 to 85 percent reduction in property value was warranted from a property having landlocked conditions. Chair McDonald asked Ms. Galassini how the Clerk's Office would identify the first two additional exhibits submitted by the petitioner. Ms. Galassini explained that the first exhibit would be designated Exhibit C, the second Exhibit D, and the most recent item Exhibit E.

Mr. Panicaro acknowledged that he had already thoroughly addressed the matter, but he reiterated that the LS and IS comparables provided by the AO in Exhibit I were not suitable. He noted that the comparables included lot sizes that were much larger than the 25 percent differential criteria he had described, the buildings on those properties were much larger and had more amenities, the parcels were located in different neighborhoods, cities, or tax districts, and had different Zoning Codes. He opined that the examples were not at all comparable and that the AO was attempting to find any way to justify their valuation of the subject property. He recalled that Ms. Scott had mentioned that the AO had revoked the adjusted 25 percent reduction for both access and topography from the subject property's valuation two years prior. He reported that a neighboring property still had a 25 percent reduction for topography and a 25 percent reduction for access, which he reiterated were the adjustments the subject property was given in the past. He disagreed with Ms. Scott's statement that such action was taken by the AO in an attempt to make things equitable. He described the neighboring property as being relatively flat, noting that there was no access issue. He stated that the site plan for that property showed a driveway connected to North Virginia Street and did not indicate that the access road traversed anyone else's property.

Mr. Panicaro stated that realtors and property owners were statutorily required to include and advise in the real estate listing of any adverse facts that would affect the use or value of the property. He noted that the listing for APN 082-492-01 did not include such information and asked whether the law had thus been violated by failing to inform people of the access and usage problems described by the AO. He stated that an explanation had never been provided for the reason why 5,500 sq ft of APN 082-492-01 was deemed unusable by the AO, and he asked how that figure was determined. He noted that the appraisal records for APN 082-492-01 did not mention that the property had no access or had any unusable area. He stated that the full 17,000 sq ft of the property was taxed by the AO, rather than the 11,000 sq ft deemed usable.

Mr. Panicaro referred to the Income Approach used by the AO, noting that Page 5 of Exhibit I mentioned a 5 percent management fee. He reported that the property management companies he had spoken to would not manage the subject property due to its small size and limited income. He explained that the property management companies he had mentioned previously, which were willing to manage the subject property, wanted a fee of 10 to 20 percent. He asked which company was referred to in Exhibit I, as it had not been identified by the AO. He noted that commercial real estate involved a number of risk factors, so an individual would start with a risk-free investment supported by the US government, which he said was the ten-year US Treasury Bond. He explained that consideration should be given to the risks associated with the subject property, such as a month-to-month tenancy, the condition of the building, and the location. Chair McDonald informed Mr. Panicaro that his allotted rebuttal time had ended, and Mr. Panicaro requested an additional two minutes, which was granted.

Mr. Panicaro reiterated that risk came in many forms, including suitability, creditworthiness, month-to-month lease terms, the age of the building, and the condition of the property. He explained that those factors had to be calculated into a property's

capitalization rate. He stated that properties with a high capitalization rate were typically located in less desirable areas and might require significant upgrades and repairs, thereby increasing investment risk. He noted that capitalization rates and interest rates were two essential metrics in real estate investing and were closely connected because both reflected the cost of borrowing money to finance the investment. He reported that while First Citizens Bank had recently offered a 6.5 percent loan on commercial investment property, the bank's Vice President, Ricardo Villacorta, indicated that banks were avoiding investment property loans. He stated that the expected return, also known as the required rate of return, was the rate the investor would expect from the investment. He explained that there were three basic property classes that were categorized as A, B, or C. He noted that the subject property was identified as a Class C property, considered the least expensive but highest-risk classification. He explained that a 12 to 14 percent capitalization rate in commercial real estate was justified by high risk, significant repairs, high vacancies, poor location, or tenant issues. He reiterated that such rates were common in Class C properties. He explained that the income uncertainty for the subject property was caused by tenants with poor credit and month-to-month leases that could expire within a short period. He noted that such a factor, along with the older building on the subject property, increased the capitalization rate. He stated that it was generally appropriate to apply a higher capitalization rate to a property with a lower NOI, such as the subject property.

Chair McDonald asked whether the Board had any questions for Mr. Panicaro, and he indicated that he had three. He noted that the AO prepared and utilized an Income Approach for the subject property based on a $22,680 annual rate received by Mr. Panicaro from his tenant. He asked Mr. Panicaro if that figure was correct. Mr. Panicaro stated that the subject property's income was actually $1,910 per month, or an annual total of $22,920. Chair McDonald noted that the figure provided by Mr. Panicaro was approximately the same as the value identified by the AO. He recalled from a past BOE hearing for the subject property several years prior that Mr. Panicaro had described experiencing some collection risk at that time. Chair McDonald asked whether that issue was still ongoing, and Mr. Panicaro confirmed that the risk remained and reported that there were times when the tenant was late with rent or could not make the payment.

Mr. Panicaro explained that he had taken a risk on the subject property's current tenant because he believed there were few other interested parties, given the building's non-prime location and condition. He noted that the tenant rented the subject property on a month-to-month lease, and he expressed uncertainty about how long the tenant would continue renting the building. He explained that if the tenant were to vacate the property suddenly, the property would have a 100 percent vacancy rate, which was why consideration was given to a tenant's month-to-month lease length and creditworthiness. He reported that the tenant had disclosed having a low credit score, which increased the subject property's capitalization rate. He stated that when investors researched his building and all the factors associated with it while comparing it to other properties in cities like Sparks in the center of an industrial zone, they would see the differences and choose not to pay the same price for the subject property when others were located in a better neighborhood, had a more preferable tenant, included amenities, and did not have any landlock issues.

Mr. Panicaro reiterated his assertion that none of the comparables provided by the AO in Exhibit I had an issue with the property potentially becoming landlocked. He noted that the AO had admitted their Income Approach was flawed, as they could not find comparable sales that were made exclusively as investments, but rather the sales represented owner-user properties. He reiterated that the comparables represented property sales intended for owners to use as a property to host their business, rather than turning them into investments. Chair McDonald acknowledged that Mr. Panicaro had mentioned that previously. Mr. Panicaro stated that another property's purchase price and NOI could not be divided to identify the capitalization rate of the subject property, as such a calculation would only represent the capitalization rate of that specific original property. He noted that such a capitalization rate could not be applied to the subject property, as the building on it was entirely different from what would be found on other properties.

Mr. Panicaro referred to the NOI calculations provided in Exhibit I, noting that there was a total NOI listed for each of the four comparisons on Page 10, but there was no information detailing how those figures were determined. He reported that he had asked Ms. Scott for the composition of those NOI figures and verifying documentation, but she could not provide them. He opined that no one who thought logically would accept that response, as there were many ways the figures could be manipulated to reflect any desired capitalization rate. Chair McDonald stated that he understood, which was why he intended to focus on Mr. Panicaro's NOI data. He noted that the AO had allocated a 20 percent net operating cost to the subject property's management. Mr. Panicaro noted that the entire 20 percent was not strictly for management, as that component accounted for only 5 percent. Chair McDonald acknowledged that the management portion was only 5 percent, but the AO had allocated 20 percent of revenue costs to Mr. Panicaro's management of the property. He stated that he was attempting to identify whether that was an accurate presentation. He noted that it appeared Mr. Panicaro was paying the property taxes on the subject property and asked whether that was correct, which Mr. Panicaro confirmed.

Mr. Panicaro stated that the AO's figure was low, as they had used a 5 percent management fee without identifying which management company would offer such a rate. Chair McDonald stated that the Board did not want to focus too heavily on different management companies. Mr. Panicaro explained that the lowest rate he found for property management was 10 percent, so the AO's 5 percent estimate was low. He explained that when investigating the subject property, the NOI, expenses, and property tax payments were the factors that should be considered. He noted that the AO had access to such data and asked why arbitrary figures were being assigned to those factors. Chair McDonald requested that the discussion focus on the petitioner's property and operating costs. He acknowledged that Mr. Panicaro was paying property taxes on the subject property and asked whether Mr. Panicaro was also paying any other costs. Mr. Panicaro noted that he was paying only the property taxes, though he emphasized that reserves should always be included in costs, acknowledging that the AO had included that expense in their estimations. He stated that reserves were held for future unexpected costs and opined that the amount in reserves was not necessarily specific to the subject property. He noted that appraisers typically assigned a percentage, which he did not contest for the subject property, despite not knowing how the AO arrived at their chosen percentage. He

reiterated that reserves were set aside for unforeseen events that he would need to address should they arise. He explained that he paid property taxes, and the tenant paid the sewer costs. Chair McDonald asked whether the tenant paid all other utility costs, and Mr. Panicaro confirmed that the tenant paid the trash and water expenses.

Mr. Panicaro recalled that the BOE had asked him for his opinion on the value of the subject property during past hearings, and noted that he was ready to provide that statement. Chair McDonald stated that if Mr. Panicaro wanted to provide his opinion, he should do so. Mr. Panicaro explained that if the $3.15 per sq ft sale price of the neighboring vacant property was applied for the subject property's valuation, with the 10 percent reduction for topography granted by the AO and the 5 percent reduction that the AO conceded should be given for the easement, the subject property's total land value would be $41,694 for a total taxable value of $106,387. Mr. Panicaro explained that the AO's Income Approach in Exhibit I could be used to apply figures that he suggested more appropriately accounted for the risks involved with the subject property, noting that he had provided additional documentation to support that claim. He reported that if a 14 percent capitalization rate was applied, the subject property's total taxable value would be $110,157.

Mr. Panicaro stated that it was important to consider that both of his suggested property valuations did not account for the subject property's potential landlock issue. He explained that if the AO's Income Approach was used, the 14 percent capitalization rate was applied, and a 10 percent management fee was assigned instead of the AO's unsupported 5 percent management fee, the total taxable value of the subject property would be $102,060. He referred to the 25 percent reduction for access and the 25 percent reduction for topography that had previously been in place for the subject property, noting his uncertainty as to why those reductions had been originally instituted and later revoked after approximately 40 years. He explained that he could only speculate the reason they had been instituted in the first place, and suggested that it could have been associated with the right-of-way issue and potential landlock, which had similarly impacted the neighboring vacant parcel that still received those reductions. He noted that the neighboring vacant parcel had a right-of-way in front of the property, though it did not have the elevation issue that was present on the subject property. Chair McDonald indicated that Mr. Panicaro had clarified his beliefs on the valuation of the subject property.

Mr. Panicaro explained that if the 25 percent reductions were applied to the $3.15 per sq ft sale price of the neighboring vacant property, with the additional 5 percent reduction the AO consented to implementing for the easement, the total taxable value of the subject property would be $86,766. He noted that if the landlock issue was considered in the valuation based on the additional evidence he had provided to the Board, that would reduce the subject property's value anywhere from 70 to 85 percent. Chair McDonald opined that Mr. Panicaro had already clarified that particular matter. Mr. Panicaro reported that if his suggested reduction for the landlock issue was applied, the valuation for the subject property would range from $24,000 to $32,000. Chair McDonald noted that the Board would consider that suggestion as they deliberated. Mr. Panicaro stated that NRS 361.227(5) mandated that the Assessor make a reduction to the subject property when facts

were set forth warranting that action. He noted that NRS 361.345 granted the BOE the power to reduce the taxable value of property fixed by the Assessor. He explained that he was requesting a reduction based on the issues he had presented to the Board, noting that he had not heard the AO discuss the landlock issue. Chair McDonald noted that the Board would discuss that matter during their deliberation.

Vice Chair Bonnenfant asked for the definition of a landlocked property from either the AO or the District Attorney's (DA) Office. She inquired whether having a legal easement with the potential for something to happen in the future would be included in that definition, and whether there was a potential for the property to be landlocked in the next year. Deputy District Attorney (DDA) Herb Kaplan stated that he did not believe the current state of the subject property constituted it being considered a landlocked parcel. He acknowledged that the subject property could become landlocked in the future. Vice Chair Bonnenfant expressed certainty that a lawsuit would follow if any such issues arose. She reiterated her question about whether there was currently any issue with the subject property being landlocked, and DDA Herb Kaplan confirmed his belief that there was no such issue at that time.

Member Albright opined that the landlock issue was premature, as the City of Reno's easement had not yet been instituted. She suspected that codes and statutes were in place that would address Mr. Panicaro's concerns. She explained that the City of Reno had requirements it needed to follow and would continue to honor regarding access to existing parcels when it widened a road. She reiterated her belief that addressing the issue currently would be premature.

Member Lissner noted that he had reviewed the Regional Transportation Commission's (RTCs) plan regarding North Virginia Street. He reported that the RTC currently estimated that their organization might have the money to improve North Virginia Street through a potential 2040 expansion to four lanes, which was 14 years in the future. He noted that such projects tended to be delayed until the issue became a crisis, which he opined was not the current state of North Virginia Street. He explained that he had personally built properties on land consisting only of sagebrush, which involved spending approximately $100,000 to implement utilities on each residential lot, with approximately half those funds being comprised of payments to the various government entities that wanted to provide utility services for a fee, such as $12,000 for a sewer connection. He opined that the $91,000 valuation for the subject property was significantly too low, as the utilities were included in the land value, and the $100,000 worth of utilities on the property should be reflected in the subject property's valuation. He noted that many people were paying $400,000 for apartments or single-family homes that could be leased for approximately $2,000 in monthly rent, roughly the same income the petitioner generated from the subject property. He explained that by that logic, the petitioner's property would be worth $400,000 to somebody, though he clarified that he was not asserting the subject property had such a value and instead wanted to remark that there were other properties being purchased at that price for the purpose of generating a couple of thousand dollars in rent each month.

Mr. Panicaro requested to speak, and Chair McDonald reminded him that it was currently the Board's time for deliberation. Mr. Panicaro stated that if an individual were to purchase the subject property, the right-of-way over North Virginia Street would have to be disclosed. Chair McDonald acknowledged that Mr. Panicaro had previously mentioned that such disclosures were required. Member Albright explained that she intended to address the disclosures that Mr. Panicaro had reiterated would be required by a realtor. She stated that she was currently a licensed realtor and did not outline the easements on the properties in her listings. She noted that the existing easements on the properties would be included in the preliminary title report, and any issues associated with them would be addressed in that document. She reiterated that easements would not be set forth in the listing, as the only thing outlined would be whether an easement like that of North Virginia Street was currently being widened by the city, and whether easements in place at that time were creating a material issue. She explained that if it were just an easement running across the property that did not create a present material issue, it would not be disclosed by realtors in any way. Mr. Panicaro noted that her statements echoed what he had said previously, noting that any problems associated with diminishing access or value had to be disclosed per statute. He asserted that if the AO claimed APN 082-492-01 had no access and 5,500 sq ft of unusable land, such characteristics had to be disclosed in the listing of that property by law. Chair McDonald explained to Mr. Panicaro that the Board needed to continue its deliberations.

Member Albright noted that she had additional discussion to provide regarding the AO's property comparisons in Exhibit I. She noted that the property associated with APN 082-492-01 was the property Mr. Panicaro preferred to be used as the primary comparable for the subject property's valuation. She explained that APN 082-492-01 had a much more limited land use zoning code than the subject property, as it was zoned as ME, while the subject property was designated as MS. She reported that the allowable land uses for properties classified under ME zoning were much more limited than those zoned as MS, which she suspected was a factor as to why APN 082-492-01 sold for a significantly lower price.

Vice Chair Bonnenfant noted that she had been waiting for Member Lissner to address the costs associated with the subject property. She agreed that the neighboring property, APN 082-492-01, had no utilities and did not have access, as installing asphalt would require significant funds and permitting. She stated that she did not believe APN 082-492-01 represented a comparable property without those adjustments.

Chair McDonald referred to the AO's comments on the application of the Income Approach and, based on Mr. Panicaro's statements, the information suggested that the income and expense data used by the AO in calculating the NOI of the subject property appeared to be correct. He noted that the vacancy risk and credibility factors were applied in the calculation, and despite the potential for the petitioner not receiving rent payments on a timely basis, he was theoretically being paid in full. He acknowledged that not receiving those funds in a timely manner would have a cost, but the AO's 15 percent vacancy rate seemed reasonable to account for it. He noted that Mr. Panicaro had previously indicated that the capitalization rate for the subject property should be higher,

at 12 or 14 percent, which the petitioner justified by comparing the subject property to properties that were legally landlocked. He clarified that a property being legally landlocked meant there was no access to the property, or that access relied on a permissive easement, neither of which was currently the case for the subject property. He acknowledged that if something were to change, the subject property could become landlocked in the future, but the property was not landlocked in its current use. He noted that the AO had used a capitalization rate of 8 percent, which he opined was a fair rate based on other properties the BOE had evaluated during previous hearings. He stated that the subject property could tolerate a 9.8 percent capitalization rate to accommodate the net assessed value, noting that even if that value were modestly inaccurate, such a rate would still reflect the current assessed value of the subject property.

Vice Chair Bonnenfant described her intent to discuss the NOI percentage to complete the record. She recalled that the subject property's property taxes were approximately $1,250 for the previous year, which equated to approximately 6 percent of the property's revenue. She explained that the AO included a 10 percent rate for those taxes, which demonstrated an overestimation of approximately 4 percent.

Chair McDonald stated that the AO had proposed that the BOE reduce the land value of the subject property. He noted that if a motion were to be entertained, he believed the proper motion would be for overvaluation under NRS 361.355. Vice Chair Bonnenfant suggested that a motion based on inequity under NRS 361.356 or on the basis of full cash value being less than taxable value per NRS 361.357 would more closely reflect the petition. Chair McDonald confirmed that the motion for full cash value less than taxable value, NRS 361.357, would be correct.

There was no response to the call for public comment.

With regard to Parcel No. 082-492-02, which petition was brought pursuant to NRS 361.357, based on the evidence presented by the Assessor's Office and the Petitioner, on motion by Vice Chair Bonnenfant, seconded by Member Yancey, which motion duly carried, it was ordered that the taxable land value be reduced to $86,035 and the taxable improvement value be upheld, resulting in a total taxable value of $150,728 for tax year 2026-27. The reduction was based on a 5% easement adjustment. With that adjustment, it was found that the land and improvements are valued correctly and the total taxable value does not exceed full cash value.

Chair McDonald informed Mr. Panicaro that the BOE had ruled to uphold the AO's value for the subject property with a further 5 percent downward adjustment for the drainage easement. He explained that Mr. Panicaro had the right to appeal the Board's decision to the SBOE, and if he chose to appeal, the form would need to be submitted by March 10, 2026. He noted that the Clerk could provide the appeal form. Mr. Panicaro stated that he would appeal the BOE's ruling.

25-075E **BOARD MEMBER COMMENTS**

Chair McDonald thanked those present in the Commission Chambers for attending the Board of Equalization (BOE) sessions and expressed hope that they would join the Board the following year. He thanked the Assessor's Office (AO) for being very professional in trying to resolve matters with all claimants and to stipulate to the level that they would be satisfied and feel as though they were being taxed fairly. He thanked the members of the BOE, noting that the Board had three new members that year, and that their first year had been a learning experience. He stated that he was looking forward to seeing everyone again the following year. He thanked the District Attorney's (DA) Office for keeping the Board's actions lawful and ensuring that they were providing the correct motions. He thanked the Clerk's Office for reminding him to ask for public comment.

Member Lissner thanked Senior Business Technologist Jonathan Lujan and Board Records and Minutes Manager Evonne Strickland for going well beyond what was needed in order to prepare him as a new member of the BOE. He noted that their assistance was provided even after business hours to prevent the Board from spending time working on hearings that had suddenly been withdrawn. He reiterated his appreciation for their help.

Member Albright expressed that she was greatly appreciative of the help she received from everyone in preparing her for her new role on the Board and in learning the BOE hearing process.

25-076E **PUBLIC COMMENT**

Washoe County Assessor Chris Sarman introduced himself. He stated that the appeal process was vital in maintaining public trust in the property tax system. He noted that the property tax system in Nevada was complex and complicated, which he acknowledged many at the meeting would already be aware of, were in the process of understanding, or might never know. Mr. Sarman opined that a successful appeal process was not based on wins or losses, and although the Assessor's Office (AO) strived to win and reviewed losses thoroughly, it was more important than that, as the process was primarily about hearing and understanding the concerns of taxpayers, speaking with them directly, and bringing those matters forward to give them an opportunity to be heard. He added that the process was about the AO staff and their ability to understand the substance of those concerns, to be respectful to the taxpayer, and to dedicate countless hours to collecting information and analyzing data to formulate an unbiased, supported, and professional option to be heard by the Board of Equalization (BOE). He acknowledged that those opinions were not always necessarily received well by the taxpayer or the Board, and that people would have different beliefs about a property's value; such disagreements demonstrated the purpose of the BOE. He opined that the success of the hearings was also defined by the diligence of the BOE members in reviewing the evidence provided by the AO, their collective understanding of the related laws, and ultimately their efforts to determine a decision that was uniformly fair and equitable. He thanked the AO staff for their professionalism and objectivity. He thanked the Board for meeting the AO's mission and trying to work with taxpayers professionally. He referred to Member Lissner's earlier

comments, expressing agreement with what he had said regarding the staff of the Clerk's Office. He indicated that it took substantial effort from many people to ensure the appeal process progressed smoothly and thanked the Clerk's Office. He greeted Deputy District Attorney (DDA) Herb Kaplan and acknowledged that the District Attorney's (DA) Office was always contributing to the discussion to assist staff throughout the appeal process. He thanked everyone for another successful year of BOE hearings. He opined that a contributing factor to the successful year was the low number of appeals filed with the AO, many of which were ultimately withdrawn or stipulated. He noted that such an occurrence was a testament to the AO staff and apologized to the Board, noting that they had only been given the opportunity to hear approximately ten appeals in 2026. He thanked the BOE, as it was their time, dedication, and service that he was thankful for.

County Clerk Jan Galassini invited her staff to come forward and introduced them as a small but mighty team. She thanked the Board, DDA Cobi Burnett, DDA Herb Kaplan, and the AO staff. She noted that her team did a happy dance each time the AO sent a stipulation or withdrawal. She explained that all members of her team, aside from two, were new to the BOE meeting procedures and noted that they had done a fantastic job learning alongside the AO, whose staff kept the process smooth and easy. She reiterated her appreciation for the staff of the AO. She noted that she would see everyone again on April 3, 2026, for the final BOE meeting to approve the minutes. She explained that the Board members would receive their payments for serving on the BOE after that final meeting and thanked them.

* * * * * * * * * *

11:26 a.m. There being no further hearings or business to come before the Board, with no objection the meeting was adjourned.

_____
DAREN MCDONALD, Chair
Washoe County Board of Equalization

ATTEST:

_____
JANIS GALASSINI, County Clerk
and Clerk of the Washoe County
Board of Equalization

Minutes prepared by
Brooke Koerner, Deputy County Clerk