TRANSMITTAL OF TRANSCRIPT OF STATE BOARD OF EQUALIZATION MEETING

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DISTRICT COURT

CLARK COUNTY, NEVADA

CLARK COUNTY, NEVADA, a political subdivision of the State of Nevada; and the CLARK COUNTY ASSESSOR, Petitioners, vs. THE STATE OF NEVADA, ex. rel. STATE BOARD OF EQUALIZATION;TOWNSITE SOLAR AREVON, LLC; Respondents.	Case No: A-25-935762-J Dept No: IX **TRANSMITTAL OF TRANSCRIPT OF STATE BOARD OF EQUALIZATION MEETING**

Pursuant to NRS 233B.131(1)(a), Petitioner, CLARK COUNTY and CLARK COUNTY ASSESSOR now files the transcript of State Board of Equalization Meeting from September 29, 2025 under review by this Court as a result of the Petition for Judicial Review filed by Petitioners.

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Case Number: A-25-935762-J

DESCRIPTION	BATES NO.
Certified Copy of Transcript	TR 0001 - TR 0062

DATED this 3rd of March, 2026.

Respectfully submitted,

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CERTIFICATE OF ELECTRONIC SERVICE

I hereby certify that I am an employee of the Office of the Clark County District Attorney and that on this 3rd day of March, 2026, I served a true and correct copy of the foregoing **TRANSMITTAL OF TRANSCRIPT OF STATE BOARD OF EQUALIZATION MEETING** (United States District Court Pacer System or the Eighth Judicial District Court Wiznet), by e-mailing the same to the following recipients. Service of the foregoing document by e-mail is in place of service via the United States Postal Service.

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STATE BOARD OF EQUALIZATION

OPEN REMOTE MEETING VIA ZOOM

Certified copy

MONDAY SEPTEMBER 29, 2025

THE BOARD: TIMOTHY MORSE - Chair
PAUL BANCROFT - Member
CORI BURKE - Member
CURTIS CADWELL - Member

For the Board: MIKE DETMER,
Deputy Attorney General

For the Department: JEFF MITCHELL,
Program Officer
Department of Taxation

Adriane Roberts-Larsen,
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Reported by:
HEIDI HUNTER, RPR, CSR

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appropriate classification for it to fall into one category or the other.

CHAIR MORSE: Thank you. We've been all over the state valuing properties, and I ask all these questions.

Anybody else?

Is it real or personal, I guess, is what it really comes down to?

UNIDENTIFIED SPEAKER: Yes, sir.

(Inaudible.)

CHAIR MORSE: Okay.

MEMBER CADWELL: We'll make a motion in favor of Clark County Assessor, based on the fact that they treat all solar as personal property in the State of Nevada -- or in the county, Clark County.

CHAIR MORSE: We have a motion. Do we have a second?

MS. LOGSDON: Second.

CHAIR MORSE: All those in favor, indicate by saying aye.

THE BOARD: Aye.

MR. DENMAN: Motion passes. Thank you.

Next case.

DEPUTY DIRECTOR MITCHELL: Thank you, Mr. Chairman. Jeff Mitchell for the record.

Under Agenda Item J for possible action, we have appeals from the action of the County Board of Equalization, pursuant to NRS 361.400. We have Case Number 25-139, which is Townsite Solar. And we have Case Number 25-140. These are dealing with different tax years, but the information contained within the appeals is very similar. I am not sure if we wish to consolidate the cases or hear the cases separately, and I would give deference to yourself, as well as the petitioner responding.

CHAIR MORSE: Speak up, please.

DEPUTY DIRECTOR MITCHELL: Sorry. We have Case Number 25-139 and 25-140, both Townsite Solar. This is dealing with different tax years. 25-139 is tax year '21-'22 and Case Number 25-140 is tax year '22-'23.

With that, I'm not sure if the petitioners as well as the respondent want to combine or if the Chair would like to combine these as well, as the information is very similar for both.

CHAIR MORSE: Let's have introductions, please.

First of all, you guys sworn in?

Would you swear them in, please?

Anybody else here going to testify that

hasn't been sworn in?

(Witness was sworn.)

CHAIR MORSE: Thank you.

MEMBER BANCROFT: Mr. Chair, may I make a comment on the record?

CHAIR MORSE: Yes.

MEMBER BANCROFT: Our firm, McDonald Carano, represents Arevon, who is an affiliated with Eagle Shadow Mountain Solar, where we represented them in that Case 25-155. Arevon is also affiliated with the Townsite Solar, but our firm does not represent them in the Townsite Solar case, Cases 25-139 and 25-140. And I have no pecuniary interest or obligation or commitment to Townsite Solar, so I just wanted to disclose on the record of that affiliation, but that there is not a conflict. So I will be participating.

CHAIR MORSE: Counsel, do you agree?

DEPUTY ATTORNEY GENERAL DETMER: Yes, Chair. This is Mike Detmer for the record.

CHAIR MORSE: Thank you. We'll proceed then.

Do we have introductions?

DEPUTY DIRECTOR MITCHELL: I'm sorry. We can't hear you up here.

MR. BERGSTROM: James Bergstrom.

DEPUTY DIRECTOR MITCHELL: We still can't

hear you.

MR. BERGSTROM: James Bergstrom, B-E-R-G-S-T-R-O-M.

CHAIR MORSE: Testing one, two, three. Can you hear up north? Can you hear me? Speak up.

MR. BERGSTROM: James Bergstrom, B-E-R-G-S-T-R-O-M.

CHAIR MORSE: Did you hear that?

DEPUTY DIRECTOR MITCHELL: We did. Thank you.

MR. HUSWICK: Eric Huswick, vice president of finance at Arevon Energy, owner of Townsite Solar.

MS. MILLS: Amy Mills, Clark County Assessor.

MS. LOGSDON: Lisa Logsdon, Clark County District Attorney's Office.

MR. DENMAN: David Denman, Clark County Assessor's Office.

CHAIR MORSE: Let's get acquainted with the property.

MS. MILLS: Amy Mills, Clark County Assessor's Office.

CHAIR MORSE: Speak into that microphone, please, and speak up.

MS. MILLS: Case 139 is an appeal from a County Board of Equalization decision for Assessor

ID 230123 for Townsite Solar for the '21-'22 fiscal year. The Appellant is requesting that an investment tax credit be considered as obsolescence due to -- obsolescence to reduce the taxable value of the personal property of Townsite Solar.

The Clark County Assessor's Office contends that the ITC does not indicate obsolescence and that the taxpayer had not met their burden of proof that the Assessor's Office had exceeded full cash value.

The County Board unanimously agreed with the Assessor's Office valuation of 504,676,562. The Assessor's Office requests that the State Board uphold the decision of the Clark County Board of Equalization.

MR. DENMAN: Excuse me. David Denman for the record. I would like to propose that we hear both years together. They're valued exactly the same. They're before the County Board. They were the same arguments.

CHAIR MORSE: Any issues with that, Mr. Mitchell?

DEPUTY DIRECTOR MITCHELL: As long as the petitioner is on board, there should be no issues.

CHAIR MORSE: How about the respondent?

MR. HUSWICK: Eric Huswick for the petitioner. We agree.

CHAIR MORSE: Okay. We'll combine 139 and 140. Thank you. Go ahead.

MR. HUSWICK: Thank you, Board, for your time today. Eric Huswick, vice president of finance at Arevon. As one of my colleagues mentioned earlier, we operate about 6,000 megawatts of renewable energy projects across the United States.

The issue in front of the Board is whether Clark County assessed the Townsite project at a valuation in excess of full cash value of the project or otherwise assess the project in an inequitable manner under NRS 361.345.

We believe the answer is yes. The County has failed to correctly reflect obsolescence in its calculation of replacement cost or consider the valuation evidence provided by the appellant in determining the full cash value of the project.

Pursuant to NRS 361.224 -- or 227, excuse me, tax value must not exceed its full cash value. A person determining whether taxable value exceeds that full cash value or whether obsolescence is a factor in valuation may, with emphasis added, consider comparative sales based on prices actually paid, the summation of estimated full cash value of land and contributory value of the improvements, or

capitalization of the fair economic income expectancy or fair economic rent or an analysis of the discounted cash flows.

Full cash value is commonly called market value or the price something would sell for in an open and competitive market. The taxpayer in this instance has provided valuations of the project, which are included in Case number 25-140 on PDF pages 23 and 24 and a third-party valuation starting on page 225.

Additionally, the appellant opinion of taxable values is a simple approach to determine replacement costs, where the project's original cost with an economic obsolescence adjustment of 0.07 is used, which reflects the impact of the federal investment tax credit earned by the project.

For the avoidance of doubt, the company's valuations actually result in a lower full cash value than the amounts the appellant reported on their appeal. However, the act of valuing the project is complex, and the appellant wanted to present a simple solution to an otherwise complex process.

The County's valuation also relied on replacement costs new less depreciation or RCNLD, that has included adjustments for cost indexing and depreciation per the personal property manual, as well

as an obsolescence adjustment based on trending market costs.

While we understand that two of these inputs are driven by the personal property manual, we do not think that the County appropriately calculated obsolescence, although they did acknowledge a significant amount of obsolescence exists without considering the impact of the investment tax credit.

The investment tax credit can create market dislocation, which we will discuss now, an example of which is demonstrated in the handout Appellant provided with the electric car example, see page 2 for Case 25-140. If someone purchased an electric car for $60,000 and then received a tax credit for $7,500, the full economic cost of the car is only $52,500.

The day after they purchased the car, they would be selling to will -- would be willing to sell it for 200 and -- sorry, 500 -- 52,500 or more. However, it would be difficult to find a purchaser who would be willing to pay more than 52,500, because they could simply purchase a new one and take advantage of the same credit for their own benefit.

Similarly, if a project -- if someone were to build a project, it would qualify for the investment tax credit, and a reasonably informed buyer would not

pay for a benefit it cannot receive. No one makes a decision and spends more than their expected value of return in that investment. That same buyer would be better off going and building a new project, just like the EV buyer would be better off buying a new EV off the lot.

It appears that the County also took a cursory view of the discounted cash flow valuations provided by the taxpayer, but did not factor them into their decision of full cash value. Had the County considered them, the County would have first seen that the revenue expense assumptions underpinning these valuations support a value much lower than the County's proclaimed full cash value by an amount in excess of $130 billion.

Second, the County would have compared the projected cash flows against the books and records included, which indicated that the project does not actually cash flow at the same levels it was projected to, which would support an even lower valuation if they were looking at their own discounted cash flow.

Furthermore, the appellant believes that the County's valuation would result in the project being treated inequitably in the face of recent board rulings and legislative action. State Board Case 22-130 found

that the federal tax credit of 30 percent should be deducted from the assessor's replacement cost calculation. This view was reaffirmed earlier this year in the Board of Equalization motion for -- or sorry, the motion for voluntary dismissal filed within the Nevada Supreme Court in Humboldt County, Nevada versus the State of Nevada issued on May 22nd, 2025.

In that ruling or in that motion, the Supreme Court reports that the Board affirmatively stated it intends to keep these credits as a form of obsolescence in subsequent proceedings, and that such state -- or such tax credits are not per se exempt from taxation. The motion also includes language that this board may change its mind in the future and is not estopped from developing a new methodology.

Due to the recency of this motion, the Appellant is not aware of any new methodology and does not feel that Clark County has come up with a new methodology to address this specific issue. Instead, the County acknowledges in their valuation obsolescence exists in general -- or sorry, in relation to the general cost to construct a project on top of a cost index provided in the personal property manual, which is a 0.89, instead of 0.7. So they had determined that there was about 11 percent of obsolescence.

The County, however, does not address why previous rulings by the State Board of Equalization and the aforementioned methodology from the Supreme Court or that it was referenced in the Supreme Court ruling were not considered and should not apply here. As such, it may be appropriate for the Board to rule that an obsolescence factor between 0.7 and 0.59, meaning the 11 percent based on the economic factor, plus the impact of the credit when looking at the county's calculation of obsolescence and the impact of the federal investment tax credit and what this project's full cash value is.

Finally, the County's opinion, on pages 43 through 46, attempts to conflate obsolescence adjustments to full cash value with a statutory tax exemption or a tax abatement, "a tax deduction." And the County incorrectly states that the impacts of tax credits cannot be factored into the analysis, because there is not explicit exclusion under the IR -- or the NPS.

The County erroneously argues that a warranted adjustment to full cash value is the same thing as a tax abatement or a tax exemption. A tax exemption or tax abatement is granted by a government based on statutory language or otherwise provided by a

government to incentivize investment.

The Appellant does not contend that there is an additional tax exemption or abatement involved here, nor does it believe that there is a statutory requirement that original acquisition costs be adjusted for the credit. The County cites numerous rulings from other states that are not binding in Nevada, which are in -- which are in direct conflict with previous rulings by this Board.

Such a conclusion would effectively render tax abatements or exemptions inapplicable, as obsolescence is an inevitable part of any asset's lifecycle. The Appellant rejects the notion that the full cash value in Nevada should be governed by other state laws or be treated as a tax exemption or tax abatement, as such conclusion would be incorrect and in conflict with well-established principles of property tax law.

As such, the appellant believes that the Clark County -- that Clark County's assessment is far in excess of the full cash value of this project, based on a simplified method of applying 0.70 obsolescence adjustment to reflect the impact of the 30 percent ITC to the acquisition cost. The taxpayer arrived at its proposed -- its opinion of taxable value and

believes it is far more reasonable.

This approach would be easy to integrate into the County's valuation approach in the personal property manual. A taxable value of $375 million is in excess of the value computed in the appellant's discounted cash flows, but the appellant understands that a simple approach is much easier to align with NRS 360.291(1)(A), which provides that taxpayers must be treated with courtesy, fairness, uniformity, consistency and common sense.

We ask that the Board reject the assessor's conclusion of a taxable value and accept the Appellant's methodology on opinion of value.

CHAIR MORSE: Anything further?

MR. HUSWICK: No, Chairman.

CHAIR MORSE: Mr. Denman?

MR. DENMAN: David Denman with the Clark County Assessor's Office. We would like to remind the Board: This is an appeal from the County decision, not a direct appeal to the state. The gentleman that just provided testimony did not speak before the County board, so it's all new evidence.

The County board had none of this information that he just spoke to make their determination on. Therefore, we would request that it be stricken from

the record. And I will hand it over to Ms. Mills, so that she can present the County's case.

MS. MILLS: Amy Mills, Clark County Assessor's Office. As was testified to with the County Board of Equalization, the assessor's office valued the personal property for Townsite Solar as directed in the personal property manual using the 30-year life table for a power-generating utility. Please go to page 33 of Case 139 for the valuation breakdown.

CHAIR MORSE: What page is that on?

MS. MILLS: Thirty-three. Of case 139.

CHAIR MORSE: Thirty-three of 139? I'm on 25139. Am I on the right --

MEMBER BANCROFT: Is page 33 says --

MS. MILLS: Says valuation goes across, yes.

CHAIR MORSE: Yeah. I've got to get the right yo-yo here. 25-139 is a 284-page document?

MS. MILLS: Yes, sir.

CHAIR MORSE: Page 33 is -- okay. I'm there. Sorry. That's the '21-'22 values?

MS. MILLS: Correct, sir.

This gave us a taxable value of 531,238,486. Based on an analysis of the Berkeley lab study, obsolescence was calculated and applied, thus reducing the taxable value to 504,676,562 as to not exceed full

cash value.

The ITC is a made-up number derived by a congressional committee to incentivize companies to invest in building renewable energy facilities. It is an incentive that greatly increases the investment return to the ownership of this class of asset. The ITC is not a purchase discount, nor does it alter the replacement cost new of an asset. It is only a reduction of federal tax liability.

NRS 361.227, Section 5 allows three methods to determine if taxable value exceeds full cash value, sales comparison, cost approach or the income approach. The ITC does not meet any of these three criteria for estimating full cash value.

Furthermore, there is nothing in the accounting records that we have been provided that indicates that our taxable value as calculated, less the obsolescence, exceeds the property's full cash value. An impairment study is an accounting review that is normally done yearly to make sure that the carrying net book value of assets does not exceed their fair market value.

If the value of this company's assets has lost as much value as indicated in their appeal, an impairment would be made to lower their net book value.

We have been shown no evidence that this adjustment was made.

Please go to page 12, titled: "Balance Sheet As of December 31st, 2021."

CHAIR MORSE: Page 12?

MS. MILLS: Twelve.

CHAIR MORSE: Balance Sheet, December 31st, 2021.

MS. MILLS: 2021, yes, sir.

About halfway down the page, you will see fixed assets. You can see that the total for the solar system and the battery system, as well as the depreciation for those items. The net book value listed for the fixed assets is $530,732,983.73.

There is no indication that an impairment adjustment was applied to the property's net book value to adjust to the market. Their net book value of $530,732,983.73 is greater than our taxable value of 504,676,562.

Our conclusion is that our taxable value, which includes an obsolescent adjustment, does not exceed full cash value and that the appellant has not met their burden of proof showing otherwise. The County determined that there was no evidence that the assessor's taxable value had exceeded full cash value

and unanimously voted to accept the assessor's valuation of $504,676,562 for the '21-'22 year.

I will now hand it to Lisa Logsdon.

MS. LOGSDON: Thank you. Lisa Logsdon, Clark County Assessor. I just want to address two issues with a blanket 30 percent reduction for the tax credit. The District Attorney's Office provided a legal opinion in this case to the County Board. It can be found on page 34 through 37 of Case material 139.

And in that legal opinion, there were two issues discussed. One, whether or not a blanket 30 percent reduction for tax credits would violate the already tax credit that is allowed under the renewable energy under NRS 701A, Section 370, which states that if you get the 55 percent tax abatement, you're not allowed additional exemptions or abatements.

Since this is just a blanket 30 percent reduction, it acts more like a tax abatement than an actual reflection on the value. So it's our District Attorney's Office opinion that it would violate that section. You can either get the 55 percent, or you could have this 30 percent reduction.

Obviously, there's no case law in Nevada with respect to applying these tax credits outside of the case that this Board stipulated to and settled at the

Nevada Supreme Court, which is not -- it's a different situation than here. But other jurisdictions outside Nevada have looked at this.

In Arizona, there is a statute specific on point that says: The taxable original cost of renewable energy and storage equipment shall be reduced by the value of applicable investment tax credit. So they have a statute directly on point saying that the investment tax credit should come off the value. But in California, other jurisdictions have ruled -- for an example, they looked at a low income housing tax credit, and they determine that that does not reduce the property tax valuation.

The tax credit that you get for affordable housing is an intangible asset that does not directly contribute to the market value of the housing project.

Also, in California, they found that the federal investment tax credit for a department store could not be considered when determining the full cash value of the company's furniture and equipment. So we've got additional case law out there that a blanket, you know, 30 percent reduction due to a federal tax credit isn't really reflective of your full cash value.

And then as far as the clarification statement that was issued, I believe, in the

Humboldt County case, it said that, you know, solar facilities, you know, they can use the federal tax credit as obsolescence in subsequent proceedings. But the federal tax credits are not per se exempt from federal property taxes, and that that decision is not binding on future boards of the State Board of Equalization. So --

CHAIR MORSE: I'm sorry. I screwed up, and I asked her a question. I didn't catch the last part of that. So you're talking about the --

MS. MILLS: The settlement agreement.

CHAIR MORSE: -- case of -- I'm sorry?

MS. MILLS: Your settlement agreement.

CHAIR MORSE: Yes. Will you go through that again, please?

MS. MILLS: Yeah. So I think, as part of that settlement agreement, the State Board issued a clarification statement, is my understanding.

CHAIR MORSE: Yes.

MS. MILLS: In that case. And just reading from that in the settlement agreement, it says: The State Board will issue a clarification that it intends to treat federal tax credits for solar facilities as obsolescence in subsequent proceedings, and that federal tax credits are not a per se exempt from Nevada

property taxes under NRS 361. This clarification will not be binding on subsequent State Board of Equalizations.

So we would say that that decision by the State Board is not binding on this board right now, because in this case, we're looking at a full cash value analysis. And the 30 percent reduction on top of what the assessor's office has already determined to be obsolescence is not appropriate, because the assessor's office is not exceeding full cash value.

CHAIR MORSE: Mr. Mitchell, do you have that information on that particular case she's referring to and has the State Board met on that, yet?

DEPUTY DIRECTOR MITCHELL: So I believe the case that she's referring to is the Battle Mountain Solar.

CHAIR MORSE: Yes.

DEPUTY DIRECTOR MITCHELL: I do not have it immediately on hand, but I could research it and get it here quickly.

CHAIR MORSE: Okay. But it's your position that the -- when we did that mediation, that the federal tax credit was eliminated from the obsolescence, and the State Board reclassified the obsolescence and ignored the federal tax credits; is

that right? It's basically what happened?

MS. MILLS: I'm not privy really to what happened in that case. All I have is what was in the settlement agreement. I don't know what the State Board -- but basically, they determined that, you know, you could consider the tax credit as obsolescence. What I'm saying is in this case: The tax credit isn't really a part of obsolescence analysis.

CHAIR MORSE: Speak into the microphone.

MEMBER BANCROFT: Petitioner, I think you mentioned that you had a discounted cash flow approach.

MR. HUSWICK: Eric Huswick, for the record.

Board Member Bancroft, yes, we do. We did provide multiple valuations.

MEMBER BANCROFT: Is it in the record, the -- your discounted cash flow approach?

MR. HUSWICK: They are in SBE 23 and 24. There are two different ones, and then as I had mentioned in my statement, it's in the 25-140 records. And then there was a third-party valuation starting on page 225 of that record.

MEMBER BANCROFT: 25-140.

MR. HUSWICK: And then it's pages 23 and 24.

CHAIR MORSE: Now, is this information brought before the County Board?

Please verbalize your answer. He was nodding.

MR. HUSWICK: Yes.

CHAIR MORSE: Mr. Denman indicated at the started of this that the information that was presented was not provided at the County Board, so I don't know who -- what's going on here.

DEPUTY ATTORNEY GENERAL DETMER: Mike Detmer, for the record. I apologize for the interruption, sir, and I also apologize for not being timely with this advice. But usually, when there is an objection, typically, the -- in this case, the petitioner be given an opportunity to respond. Therefore, that way, the Board can make a determination on that objection as to whether or not in this instance that is new evidence that should be stricken.

So if the Board wanted to revisit that, to have that discussion as to whether or not this is new evidence that needs to be stricken, because it was not provided in the lower proceedings and, therefore, not appropriate for review.

CHAIR MORSE: I'm sorry. Could you state that again, please?

DEPUTY ATTORNEY GENERAL DETMER: It would be my pleasure, Chair.

So my understanding, there is an objection before the Board concerning whether considering that the statements provided by the petitioner is new evidence. The petitioner should be given an opportunity to respond as to whether or not this is new evidence that should be stricken.

CHAIR MORSE: Right. Okay. So we're going to go back to the objection Mr. Denman about this is information that was not presented to the County Board. So ask the petitioner to tell us why we should hear that.

MR. HUSWICK: Eric Huswick for the petitioner.

The only new piece of information would be the motion for voluntary dismissal that occurred -- or that the Supreme Court put out after the hearing at the County Board. All of the other statements are merely my rebuttal or my response to what was posted on the County's website, which is my understanding is a carryover from the low -- from the County Board ruling, the information that was provided there, as well as the opinion of the County.

I'm not aware of any other new information, and we did not try to put this into -- put this into the record after. This is just my conversation today

and my thoughts as to this position.

MEMBER BANCROFT: If I understand correctly, I think Mr. Denman's concern was that the case was presented by somebody different in front of the County Board. It's essentially the same information, but we have a different person presenting it today. So it's not really an objection to the evidence that's in the packaging and stuff, but just that the person presenting it may characterize it differently or something.

MR. DENMAN: David Denman with the Clark County Assessor's Office.

That is substantially correct. The information that's in the record is the information in the record. The gentleman presenting never provided testimony before the County Board. That testimony, in some ways, is -- in my opinion, is different than what was presented to the County Board, especially as it applies for certain things like the discounted cash flow.

Mr. Bergstrom was the only person for the appellant that presented before the County Board. And then in prior case, it was determined by this Board that someone that had not spoke before the County Board was new testimony. So our objection is that it's the

testimony, not the written document that's the new evidence.

DEPUTY ATTORNEY GENERAL DETMER: Mike Detmer, for the record.

If I can get some clarification, so I just want to make sure I understand the objection, so I can advise the client. So then the objection is that it's the person speaking, not what is being spoken?

MR. DENMAN: Well, to a certain degree, it's what's being spoken also. Not everything that he -- in my opinion, not everything that was said was presented in that manner or at all before the Board. The evidence was in the record, but the detail that went -- that they went to was not spoken before the Board.

MEMBER BANCROFT: I suggest we note the objection for the record and move on.

CHAIR MORSE: Okay. Thank you. Let's go.

It's noted. It's overruled. Let's go.

MEMBER BANCROFT: I turn to your page 23, discounted cash flow approach. And the numbers are kind of blurry, but can you tell me what your conclusion of value is on the page 23?

MR. HUSWICK: Yeah. Eric Huswick for the petitioner.

Our conclusion of value depends on a variety

of discount rates, but the highest conclusion of value is 308,051,950.

MEMBER BANCROFT: And you said there was a second discounted cash flow approach?

MR. HUSWICK: Eric Huswick for petitioner.

Yes, there is a subsequent discounted cash flow on page 24 for the subsequent year, and that value is 285,305,540.

MEMBER BANCROFT: And say that number again, 280 million?

MR. HUSWICK: 285,305,540.

MEMBER BANCROFT: And then you mentioned that you had an independent appraisal performed.

MR. HUSWICK: That is correct.

MEMBER BANCROFT: Do you know which page that is on?

MR. HUSWICK: It starts on page 225 of the supporting documents for 25-140.

CHAIR MORSE: 225?

MR. HUSWICK: Correct.

MEMBER BANCROFT: And who performed that appraisal?

MR. HUSWICK: Eric Huswick for the petitioner.

KPMG's Valuation Group performed that

appraisal.

MEMBER BANCROFT: And do you know the purpose of that appraisal?

MR. HUSWICK: Eric Huswick for the petitioner.

Basis of that appraisal was to support the reasonableness of the petitioner's appraisal that it had done in-house.

MEMBER BANCROFT: I am not used to reviewing appraisals to say is this a qualified appraisal. Perhaps Chairman Morse could comment.

CHAIR MORSE: I thought when I was reading this document, I think it says -- yeah, here it is. It's a memorandum: This memorandum represents a summary of an oral report provided to client regarding our considerations and conclusions. This memorandum does not qualify as a restricted appraisal report in accordance with Standards 9 and 10 of the Uniform Standards Appraisal Practice, USPAP.

So it's a memorandum, and they stated themselves that it's not an appraisal. They didn't want to qualify and comply with Uniform Standards of Professional Appraisal Practice.

Does that answer your question?

MEMBER BANCROFT: Yes, that's my question.

The next question was: The -- even though it's not a qualified appraisal, what's the conclusion of value for the personal property?

MR. HUSWICK: Eric Huswick for the petitioner.

Would you like me to read from the --

MEMBER BANCROFT: Yeah. Which page is that?

MR. HUSWICK: On page 245, the fair market value of the property plant and equipment on a high end is 298 million. On the low end, it is 288 million -- sorry, 288,500,000.

MEMBER BANCROFT: From the County, in your materials, is there an income analysis?

MR. WALUSEK: Excuse me. Tom Walusek, for the record. No.

MEMBER BANCROFT: Do you have any -- other than the cost approach, which you applied and calculated at 5 percent discount, was there any other methodology you used to come up with: Well, what would the market value of this be? What would a buyer in the market pay for this?

MR. WALUSEK: That will be some of my comments that will be coming up. We don't believe that this particular type of analysis is particularly telling for this reason.

CHAIR MORSE: Just answer his question, please. Did you do it or --

MR. WALUSEK: Outside of the obsolescence calculation based on 1,200 --

CHAIR MORSE: Answer the question.

MR. WALUSEK: -- solar farms. No.

MEMBER BANCROFT: Thank you.

CHAIR MORSE: I'm very disappointed.

MS. LOGSDON: So I think the County would like to complete its case, and then we can turn it back over to the rebuttal.

CHAIR MORSE: How much time do they have?

MS. SKALSKY: I stopped the clock at 7 minutes and 27 seconds, so they have 7 minutes.

MR. WALUSEK: Tom Walusek, for the record. That will be more than enough.

I wanted to clarify permanently the valuation issues that were part of this case. The valuation of the property interest requires a going concern analysis, which they provided also in their cash flow. As such, it's an after-tax analysis. This is a little different than our normal modus operandi.

All of the following are considered: Free and clear cash flow, meaning after-tax expense, after the -- after expenses, cash flow protected by

depreciation, and cash flow protected by tax credit are all considered as part of the number.

All these things are accreted to the ownership's position. I make that point intentionally. The property position that is assessed is the ownership's position.

We are obligated under NRS 361.227(3) to value the ownership's interest in fee, such as in a possessory interest. For example, where somebody else actually owns the land or other property, and it's leased by the party we are assessing. We value if owned in fee. This is important to understand, because the investment tax credit can only enhance ownership's position, the position we assess.

The assessment tax credit is an incentive. It was started in 1978. The ITC has been used to promote specific policy objectives, such as the development of renewable energy projects in general, with photovoltaic solar projects being one particular type, by giving tax incentives that, in fact, far surpassed feasibility thresholds, the projects would not have been built without them.

The tax incentive works to reduce tax liability, reducing taxes paid of the ownership. The investment tax credit increases the value to the

ownership of the project; and therefore, it cannot be by definition an obsolescence, which diminishes value. These concepts are mutually exclusive.

NAC 361.344 defines obsolescence. Obsolescence meaning the lessening of value due to causes other than physical causes and concludes and renders the property item less desirable.

The Appellant desperately wants you to believe that the ITC is or behaves like an obsolescence. It simply cannot. It increases the value of the project to the ownership. The ITC also cannot be traded. Based on rules starting in 1978, all of the benefits of the ITC inured to the benefit of ownership and the ownership only. It cannot be conveyed to a potential buyer. I bring these points up, because there was and is considerable confusion at the base of the Appellant's argument.

In our last testimony, I postured the following example, and I quote from the transcript: "If you follow the Appellant's logic to its absurdly illogical conclusion, what the appellant is arguing is if the federal government decided to give a 100 percent investment tax credit, then all of their equipment, all of the $531 million of equipment providing energy over the next 30 years wouldn't have any value at all."

And I felt kind of comfortable when I said that. Beyond my wildest expectations, they said in response: Absolutely.

Really? Let's think about that. The $733 million in direct cash flows, that's after expense, the $61 million protected from -- protected cash flow through depreciation, the $159 million in nearly instant return on investment via direct tax liability reduction, would have no value? Of course, it has value. We know that intuitively. But the real question, and I thank them for bringing this up, was: To whom?

The Appellant provided a cash-flow analysis and used it to suggest we exceed full cash value. The reality: The cash flow is no more than an investment analysis of a hypothetical buyer's potential position in the going concern. An analysis, an investment analysis, for a buyer who is unable to purchase the full benefit of the ownership's position and value. For our purposes, it's ultimately useless.

It does not represent the position we are assessing or taxing and cannot answer the question we need answering. It certainly does not transmute through some alchemy from the going concern value, which they provide, to the contributory value of the

equipment itself.

In short, we completely agree with County Board member Glenn Anderson as he moved, and I paraphrase: I don't think we've seen any evidence here today that would indicate that the taxable value that the assessor has come up with exceeds full cash value.

We completely agree with the County Board of Equalization's unanimous conclusion. And based on all the preceding, we recommend the State Board of Equalization uphold the County Board's decision.

We're happy to answer any questions the Board has, and I'll be happy to address your issues on the cash flow, too.

MEMBER BANCROFT: Do. They presented two discounted cash flow --

MR. WALUSEK: Yes.

MEMBER BANCROFT: -- analyses.

MR. WALUSEK: Yeah.

MEMBER BANCROFT: And usually, when information like that is brought to the assessors, you take the time to review it and, usually, prepare your own to support your position, to support what the taxable -- the full cash value is. You didn't or at least you didn't put that in the record, if you did.

MR. WALUSEK: Tom Walusek, for the record.

No. We had discussed this entire cash flow, which is the same cash flow that was presented two years ago. And the Board, at that time, also indicated that it did not provide the information necessary to provide any level of comfort and a full cash value analysis. Now, let's explain why.

When you're dealing with the going concern on this, there's a number of things in a cash flow that have to be identified, whether it's the income. In this particular case, it was a very eloquently done cash flow. There was no question about that. It was -- had to do with the quality of the information that was being used as the inputs, even to the point of the renewable energy credit sales, which you would think they would use their own numbers. No. They had somebody actually abbreviate an estimation based upon the ABB and Wood Mackenzie curves, all the way down to where it really got ugly. And that was the assumption of various discount rates, which simply couldn't be supported in the marketplace.

And when we're talking about this -- and some of these properties we hear on the Board --

MEMBER BANCROFT: What were the discounted rates that they were using that you say would not be supported --

MR. WALUSEK: One was a 12.25 percent.

Hold on. One comment.

MR. DENMAN: David Denman with the Clark County Assessor's Office.

I don't want you all to think that we didn't do anything to determine obsolescence. We have applied obsolescence on some of these accounts, where it's indicated. We went and looked at the Berkeley study, which is a -- takes market data out of all the solar farms. And we calculated --

MEMBER BANCROFT: I understand what you did. I see that in the record, the Berkeley study, and I understand how you got to your 5 percent adjustment. What I'm asking about is the discounted cash-flow approach. Two models that were submitted by the taxpayer, I didn't see in the materials any model prepared by the assessors.

MR. DENMAN: That's because we felt that the markets -- the market gave a better indicator of obsolescence than the discounted cash flows that were provided when we looked at them. The discounted cash flows provided take a lot of hypotheticals that the market didn't have to have applied to it.

MR. WALUSEK: Tom Walusek, for the record.

It's a good question and I appreciate it. I

really do. It's just one of the examples. In that cash flow, if you were looking at that cash flow, they ended up actually taking a going-concern analysis for the entire property. And then they said: Wait a minute, there might be some intangible business value in the PPA itself, the power purchase agreement itself.

And then they did a kind of an interesting analysis, another cash flow, on that and said: Wait a minute, if we take that information and we compare it to what market spot merchant pricing would be, here's this difference between the two.

They discount that at a -- not an appropriate discount rate. And then they said: Okay. That can be -- that can be removed from the going-concern value.

MEMBER BANCROFT: What would be an appropriate discount rate?

MR. DENMAN: For that, I don't believe any. Here's why --

MEMBER BANCROFT: Well, you said that you didn't believe -- you said you were concerned with their discount rate at 12.25 percent.

MR. DENMAN: Yes, that's for the going concern. This is a different analysis.

MEMBER BANCROFT: What would your discount rate for a going concern be?

MR. DENMAN: Considerably less. Considerably less.

MEMBER BANCROFT: What?

MR. DENMAN: Oh. In that case, the weighted average of capital costs, okay, is typically at about 8.6, 8.61. That's from the National Renewable Energy Laboratory, and that is an average of 174 different pieces -- of different properties.

An average, there are some more considerably less than that and considerably more that. The difference on a 30-year cash flow of just 300 basis points is an astronomical change in value.

But in this particular case, they actually came up with this hypothetical intangible value -- which, by the way, my research into the market space, dealing with people who only value power plants, said they don't do that. It's an inappropriate method.

So when we looked at cash flows and, believe me, Mr. Bancroft, I've had this discussion with my own staff, and that is that: Wouldn't it be great to just do a cash flow?

Yeah, it would. And then we would have our made-up numbers and their made-up numbers. And then we could see which numbers we feel better about. It doesn't answer the question at the end of the day,

which is: What is the contributory value of the hard assets that are producing power for the next 30 years?

It doesn't get there. We would like to believe it does. It doesn't happen that way. I did not feel that analysis to be appropriate in this case. We have --

MEMBER BANCROFT: You're fine.

MR. DENMAN: No, no.

MEMBER BANCROFT: You can stop.

Do you have any response to the comments he made about the discounted cash flow approach?

MR. HUSWICK: Eric Huswick for the petitioner.

I would like to -- I have a list of rebuttals related to their general statement. And I would like to just address them all kind of in that order, if possible, because I think it -- it's better for us that way.

MEMBER BANCROFT: Go.

MR. HUSWICK: Well, I just -- can you confirm that they're done presenting, so they can close their argument?

MEMBER BANCROFT: Oh, maybe they're not.

CHAIR MORSE: I'm sorry. Researching something else for Mr. Mitchell.

DEPUTY ATTORNEY GENERAL DETMER: Mike Detmer for the record. I believe the question was whether or not respondent's case has been provided.

MR. WALUSEK: Let me just clarify.

Again, my name is Tom Walusek for the County Assessor's Office. I have been appraising as a general certified appraiser for over 30 years. I'm a designee member -- designated member of the appraisal institute. I have been living and breathing cash flows and reading leases for a long time, a long time. So this is not a new phenomenon for me or my analysis. Thank you.

Conclude our testimony.

CHAIR MORSE: Rebuttal?

MR. HUSWICK: Eric Huswick for the petitioner. I will try and go through this as quickly as I can.

The County asserts that there should be an impairment to represent obsolescence, but that misrepresents how GAAP actually measures an impairment. GAAP measures an impairment by first looking at the undiscounted cash flows over the expected life of the asset. And if, and only if, the undiscounted cash flows are less than the carrying value, do you then look at the discounted cash flows.

In this case, and this is shown on both

page 23 and 24, the lifetime -- the undiscounted cash flows on this asset are in excess of a billion dollars. It is just that the asset -- the income is spread over such a long period of time.

As Tom said, the value swings dramatically when you discount things over a long period of time, the value is lower. So you fail the first prong. You don't even get to what is an impairment, because you don't have an impairment under GAAP. So we would reject that argument.

Again, as I noted in my initial response, it is a -- it is a dangerous thing to say that Arita goes away because you have obsolescence. The County -- if that is true, and there is an adjustment for obsolescence, and they say that becomes a tax exemption or tax abatement, and I think the district attorney's opinion said that tax exemptions are very strictly construed. Which, to me, okay, there's an obsolescence adjustment. Now, you're going to say it's akin to a tax exemption. That's pretty dangerous and a slippery slope, but that would mean that any abatement is gone the moment that you have economic obsolescence, which can't be the right answer. And it's not what the County asserted here. So we reject that.

I wanted to clarify that they said -- that

there was a statement for what obsolescence we requested. And as I noted in my initial statement, we said that an obsolescence adjustment of less than 0.7 could be used. But we requested that 0.7 be used in relation to the ITC, but it would be simple and easy to provide uniformly.

In regards to the hundred percent ITC case, the County potentially presents this as this windfall magical thing. The reality is that these projects have power purchase agreements. In this case, this project has three power purchase agreements with different off-takers, which is different than other projects that he may have looked at.

But if there's a hundred percent ITC, you would be signing those -- everyone bids on these things competitively; right? Every utility has a competitive bidding process for these things. If people were getting a hundred percent ITC, the bid would be to cover your operating cost to maintain the plant. They wouldn't be this fantastical windfall that Thomas describes, because somebody would say -- there would be a race to the bottom. So that's just a hard one for me to square away.

The County states that the ITC can't be traded, but then they talk about an ITC later. I don't

know how to square them saying that it can't be traded, but then them saying it can be sold.

Under the Inflation Reduction Act, you can actually transfer credits now. You can sell them. My company has done them on assets, so you know, I don't know how to square those concepts.

The County purports that there is this hypothetical value done or this hypothetical valuation done from the construct of what a buyer would pay. Well, the whole point of full cash value is: What would it sell in an open and competitive market?

No one would pay more than the expected cash flows of the project and their adjusted rate of return. If you tell me that we're in the business of losing money because we pay $300 million for $290 million in cash flows, I would be confused. I would say: Nobody really runs a business that way, because you don't run a business to lose money.

So how could market value -- or why would somebody in an open competitive market buy some -- buy something at a value that is going to lose them money? I don't understand that argument.

And then in regards to the discount rate, on page 245, the implied rate of return on this project is actually a 10.1 percent. The 12.25 percent is a loaded

merchant concept. So it is a concept where you try to discount and factor in what your cash flows would be when you don't pay property taxes, but you're trying to account for a value with some function of property taxes line.

So I just want to make sure that we are not misrepresented in value there, that we're using -- the KPMG was using 12.25 percent. KPMG actually uses a weighted average, where the midpoint that they use implies a blend of the 12.25 percent, 8 percent and 9.75 percent. And that's -- so to say that -- and that averages 10.1. Is that higher than the County's assertion? Sure. The County usually looks at a project that has a 20-year Busbar PPA.

This project has three offtake agreements, one with Glendale Water Power, one with Valley Electric Association, and one with Boulder City. And all of those have different contractual rights, including one of those contracts having a fixed shape and volume, which means we don't just use power from the solar and the battery to fulfill that contract.

There are quotas of what needs to be renewable, what needs to be low carbon, but we have exposure to general market prices, which are not there, to buy power to fulfill that contract. That is not a

standard down the line Busbar PPA the Berkeley Labs bases their analysis on.

So I just want the record to show that this is not done using a 12.25 percent discount. And the values that I read earlier provide a 9.5 percent discount, which is on an asset that is more risky than other assets in our portfolio, because it has multiple PPAs with different contractual rights, different counterparty and investment risk, as opposed to one investment-grade Busbar utility, such as NV Energy.

So to me, there should be some adjustment to the discount value for a riskier counterparty and a riskier revenue contract.

And finally, the County brings up the Berkeley Labs analysis. But all of those costs imply that somebody is going to be able to get and monetize or trade a credit. Their assumption is that something is -- that the discounted cash flows and what someone will build at gets the credit and monetizes it, whether it's for their own balance sheet, transferring it to a third party, entering into an agreement where a bank monetizes it for them in funds into the joint venture.

It's a very complex, nuanced thing. So I guess I just look at it and say: Our DCF is tailored to our revenue contracts. It's our best projections of

what we think power markets are going to do. Our contractors for O and M, our contractors and our costs, to the best of our knowledge, to forecast the project.

But again, it is our PPAs, not some actual PPAs that apply to this project, not some theoretical Busbar PPA that somebody can get that has much less risk.

And I was a bit confused by the County's argument that there's no appropriate discount rate. I think the State actually publishes cap tables for discounts rates that are in line with what the County presented for a small or a large-scale utility. That's a diverse portfolio of assets across multiple generation types. That's not a single asset that has the -- it doesn't have the -- it can't diversify its risk across multiple assets, so a higher discount rate is warranted.

But I think that our discount rate or our valuation and the valuation down by KPMG on behalf of the project reflects the actual economics of the project and reflects our best knowledge of -- or our best projection of future revenue.

CHAIR MORSE: Anything further?

MR. HUSWICK: No, that's it. Thank you.

CHAIR MORSE: Questions from the Board?

MEMBER CADWELL: I'm trying to understand why they're taking the offtake agreement out. You didn't enter into the offtake agreement just for fun. You did it because you had a solar farm. So I'm trying to understand how that's separate.

MR. HUSWICK: Thank you for your question, Board Member Cadwell.

One of these PPAs was actually active dating back to 2019 and was filled with commodities traders, such as Morgan Stanley. So this PPA was in place, and the project contracted with Morgan Stanley or other commodity houses to fill the fixed-shape requirements, to perform the PPA before the project was built. But I would generally agree with the County that, yeah, a fair value would be: Let's look at the market price, and let's look at the actual production of the project over its life. And let's look at that as what this would be built in a non-ITC, non-PPA world.

But again, the ITC here provides real value. We would not -- that is gone, as of the initial date. The credits can't be sold again. They could only be generated again if you were to rebuild the plant, but that's a whole separate discussion.

So if I'm sitting here on a lean date subsequent to the project being placed in service and

the credit being earned, that value is gone. I can't get it again. I can't recover it from anywhere else. It's a one-time thing.

And if I am doing M and A, which I've done at this company and I worked at -- when I worked at Deloitte, no one is buying things that don't exist. No one is saying: Hey, I'm going to pay an extra amount for this thing, because it -- they got a credit for it.

We pay less for the -- we would pay less than what the discounted cash flows say, because there may be some risk of someone suing or something like that. And that all gets factored into our value. But Arevon is -- through the funds that it manages, has bought projects. And those projects don't say: Hey, we're going to pay you for the ITC that you claim you got the benefit of seller.

We're buying the go-forward prospective value that we see, based on our understanding of the revenue and expenses and a variety of other economic, interest rates, things like that.

CHAIR MORSE: Did he answer your question?

MEMBER CADWELL: Yes.

CHAIR MORSE: Do you have any other questions? Come on. Questions? Comments?

MEMBER CADWELL: I will make a comment. I

struggle with the -- you know, I mean, I was around when we made the decision on the 30 percent thing. And you know, so what he was just talking about, I just struggle with you built it, 500 million. Immediately after you built it with 30 percent credit, in theory, it's worth 350. But you know, that's ownership taking the money out of the business. And I do struggle with that. And I don't know how to you deal with it, because the future value of it isn't there, once the credit is gone. So it's done. I mean, that's tough to -- it's tough to get comfortable with.

What's the -- sorry. I do have another question.

In your own cash flow, what's the negative in the revenue section?

It's some purchase commodity or some purchase commodity, yeah.

MR. HUSWICK: Eric Huswick for the petitioner.

That is the requirement under the PPA, to buy power when the project is not operating. So this project is a paired solar and battery project, but there are -- it is a four -- it is designed as a four-hour battery. So those negatives or what we -- effectively, it's analogous to costs of goods sold;

right? If you were to treat energy as inventory, that negative is to buy the inventory that the project can't produce. So --

MEMBER CADWELL: Why would that detract from the value of the assets then? That sounds like a business decision that was made that's not necessarily -- you know, to me, it doesn't have any -- that's management's decision on how to run the business, not how to -- not the value of the asset. So I don't understand why that comes off.

MR. JOHNSON: You know, we look at this as a unit. We can't fulfill these -- the intent of signing these agreements is they would be fulfilled by a project. But there are concessions and certain agreements where it was not expected that the project would be able to fulfill that.

There were delays on this project, which is why it didn't start producing power until 2021, but the PPA was signed earlier. So I guess I understand your point that the economics of the PPA are not the value of the project. However, KPMG's appraisal looks at this on point and says: What would this project produce on a go-forward basis based on a market analyst's projections of future income that the market generally accepts.

And they came to a value that is in line -- that is similar to the values that we came to our conclusion, because they said that the value was between 288,500,000 and 900 -- or 298 million.

I think a simple way to think about that would just be: If somebody bought this project, they would also have to go buy that electricity to build a PPA. So it's a requirement for anyone purchasing the project. They would have the same requirements to buy it. So it's basically like inventory or some other type of operating expense.

MEMBER CADWELL: So you're telling me all the agreements and the offtake are tied to the assets then?

MR. JOHNSON: Right.

MEMBER CADWELL: Somebody couldn't just buy the assets?

MR. JOHNSON: No.

MR. HUSWICK: That is correct. There -- these -- there is one PPA that allows for flexibility, but it is my understanding that these PPAs do require the power to come from a renewable sources, such as this asset. And potentially, one does specify this one singular asset.

CHAIR MORSE: Yeah. It's a requirement of the NV Energy PPLs. Any other questions, comments,

concerns? Anything else?

MR. HUSWICK: Eric Huswick for the petitioner.

Obviously, as I made in my initial statement, we proposed a very simple way to build onto the replacement costs analysis that can be uniformly and easily applied to solar projects. I would be thrilled if you accepted our 305 million and $285 million valuation for the relevant years. But I wanted to use this as an opportunity to create a standard that is easy for everyone to follow, so that I can make continued investments in Nevada, whether it's with NV Energy or other utilities, and build projects here. And I have certainty that I know how something is going to be treated, because the volatility is not great for our business.

MEMBER BANCROFT: Yes. I agree with you. That would be nice.

MR. DENMAN: Excuse me, sir. Could I make a comment on his comment? It's real quick.

CHAIR MORSE: No. I was hoping Tom would do it, but go ahead.

MR. DENMAN: David Denman with the Clark County Assessor's Office.

Every April, there is a personal property

manual workshop. For -- in my opinion, for his methodology to be an acceptable methodology, it wouldn't necessarily be the State Board that would adopt that. It would be the Department of Taxation through their personal property manual workshop, which gets approved by the Nevada Tax Commission.

CHAIR MORSE: Thank you. Good idea.

Where are we? Come on, somebody make -- someone do something.

MEMBER BANCROFT: I just want to -- my observation is that we have indications, you know, in the -- was it Deloitte Touche?

MR. HUSWICK: Eric Huswick. KPMG.

MEMBER BANCROFT: KPMG. I won't call it an appraisal, but the KM memorandum. In their memorandum, they suggest that the appropriate value is the -- at the high end is 280 million. The discounted cash-flow approach prepared by petitioners suggested a value of 285 million to 308 million. The owner's opinion of value on the completed form suggests it's -- the appropriate value would be 375 million. So I think we have four indicators out there that are telling us that full cash value is less than the taxable value as assessed.

That's concerning to me, because usually,

when evidence is made available that full cash value is less than taxable value, we see some type of analysis that's based on an income approach or comparable sales from the assessor's office, which shows -- that supports their valuation, and we don't have that.

CHAIR MORSE: You mean, how did they come with the 504 million?

MEMBER BANCROFT: Well, that's how they -- I know how they came up with taxable value, but usually, they then do an analysis to support that taxable value.

CHAIR MORSE: Yeah. Usually, they would. If you had somebody appeals a house on a cost approach, they could come in a market -- a sales comparison approach or an income-producing property to do an income approach. So we're wondering why they didn't do that?

MEMBER BANCROFT: Yeah. Well --

CHAIR MORSE: Well, I know there's no sales, that's number one. There's no sales data. There's nothing to compare it to. But I think they could have done an income approach. So I'm not going to do one on the back of a napkin.

MEMBER BANCROFT: Yeah, no.

CHAIR MORSE: I just think that something that was valued at 500 million is worth half of that,

because the federal income tax credits are gone. I just don't buy it. So where's the value?

MEMBER BANCROFT: Well, what I believe the petitioner is suggesting is that that would be what is the logic about the owner's opinion, the value of 375 million. That once it's built, you can't sell it for more than your cost less than the 30 percent tax credit. I think that's how they got to their 375 million.

CHAIR MORSE: The 375?

MEMBER BANCROFT: Uh-huh.

MEMBER CADWELL: And it's the 375 is 30 percent from the pre-discounted Clark County number.

MS. LOGSDON: Is that value after Clark County has already deducted some obsolescence, though?

MEMBER CADWELL: No, because it's not 30 percent. It's only 20-something.

MS. LOGSDON: No, but I believe they applied some obsolescence to their number. So if you give them the 30 percent obsolescence, plus whatever Clark County already gave them, that would be extra obsolescence; right? Wouldn't you go from the replacement cost?

MEMBER CADWELL: The taxable value that was assessed is not -- they had already taken a discount

off that. And the 30 percent they're using to get to the 375, I believe, is off of the original number, which was 470-odd or whatever.

MR. WALUSEK: If I may, it's 498,992, it would be bad methodology.

CHAIR MORSE: I'm sorry. Where are we? What did you say?

Four zero?

MR. WALUSEK: Go to page 42, and there are --

CHAIR MORSE: This is out of the 291-page document?

MR. WALUSEK: It's 291, exactly, sir.

CHAIR MORSE: It has your values there for '23 -- '22, '23.

MR. WALUSEK: That is correct, sir.

CHAIR MORSE: Acquisition cost, replacement cost new, taxable value, adjust tax the obsolescence, which was 11 percent or so.

What was the obsolescence based on?

MR. WALUSEK: The obsolescence was based on a study by Berkeley Labs on over 1,200 solar farms. And contrary to testimony here today, Yakeem Secu (phonetic) who is actually the PhD, I speak with him frequently, actually made sure that the ITC was outside of the installed -- total installed costs that he

collected through the Energy Information Agency on Form 860.

So this is what things actually cost. We were able to identify a 78 percent reduction in replacement costs new over 10 years. We, at that time, had to use the 30-year table that we had. That's where you get the first column in there, which is the percent good via the prepaid manual. And then we actually -- then we calculated an obsolescence that was greater than that and applied it to that number itself. That's where those numbers come from.

MEMBER CADWELL: So the Appellant's value, though, RCN is 535. You guys adjusted down to 444. When they go to 375, they're taking 30 percent of 535, and that's where they get to the 375.

So they're starting -- they're not starting from the already reduced number, they're starting from the original gross RCN number; correct?

MR. HUSWICK: Correct. The 30 percent reduction is off of the original cost, yeah.

CHAIR MORSE: Any other questions? Comments?

MR. WALUSEK: Can the petitioner -- I mean, can we comment or are we done? It's your call.

CHAIR MORSE: Okay, Tom. Go ahead.

MR. WALUSEK: I appreciate that, sir. This

is a very complex case and I appreciate that.

CHAIR MORSE: Oh, they're all easy today.

MR. WALUSEK: Oh, no. No, sir. I don't believe so at all.

There's another aspect to this that has directly to do with the ITC, and I think we need to take that into consideration. One of the reasons why I did not do the --

CHAIR MORSE: Could you speak up, please?

MR. WALUSEK: -- I did not do the cash flow. What you have here is: The FCV, full cash value, is a test in an open competitive market between a buyer and seller, without due influence and on and on. And I don't think that's really appropriate in this case. Allow me to explain myself.

Federal regulation does not allow or didn't allow until very recently this ITC to even be moved at all. The interesting thing is it's a federal regulation as the force of law for all states, across all jurisdictions, because it's a federal tax involvement along that line.

This creates for us, as an appraiser, essentially what's called a jurisdictional exception. Typically, we would try to come up with a full cash value number and test our own depreciation along that

line. The reality is that because of the jurisdictional exception, the definition of full cash value really can't be applied here, because the number you're talking about or that has been purported to be full cash value, isn't the value of the property. The ownership has that value, not the prospective buyer that gets cheated out of what they could possibly do. That doesn't really work with this type of a thing. Some of this has to do with definitions of value themselves.

MEMBER BANCROFT: Okay. I think we're getting into a tangent.

CHAIR MORSE: Thank you. Down a rabbit hole, I would say, yeah.

MR. WALUSEK: It is a rabbit hole. It's not a tangent.

MEMBER BANCROFT: Okay. I'll put a motion on the floor. People may like it or they may not. I move -- based on the evidence in the record, there are indications that full cash value is less than taxable value. Those indications include the accountant's memorandum evaluation. The discounted cash-flow approach is presented by the petitioner. They're demonstrating that full cash value or indicating that full cash value is less than taxable value.

The owner's opinion of value is 375 million, which is higher than those indications of value. I would make a motion that we reduce the value to the owner's opinion of value, 275 million.

MEMBER CADWELL: I will second it.

CHAIR MORSE: We have a motion to reduce to the owner's opinion of value approximately 375 million.

All those in favor, indicate by saying aye.

THE BOARD: Aye.

MR. DENMAN: Motion carries. Thank you.

UNIDENTIFIED SPEAKER: Thank you, Board.

CHAIR MORSE: Next item. We're going to jump to -- sir, what petition do you have? Yes, you. Pinto Lane. Pinto Lane. That's you?

Who is 106? Is 106 --

THE VIDEOGRAPHER:

MS. SKALSKY: The petitioner on 106 is on Zoom.

CHAIR MORSE: On Zoom. Okay. 106.

107? Petitioner here for 107?

I would like to move along to Fort Apache Townhouses then.

(Inaudible.)

CHAIR MORSE: Has your client been sworn in? Yes, he was. Thank you. All right.

CERTIFICATE OF REPORTER

STATE OF NEVADA)
) SS:
COUNTY OF CLARK)

I, Heidi Hunter, a duly commissioned and licensed court reporter, Clark County, State of Nevada, do hereby certify:

That on the 29th day of September, 2025, I remotely transcribed the Zoom meeting for the purpose of reporting in verbatim stenotype notes with the within-entitled meeting;

That I thereafter transcribed my said shorthand notes into typewriting and that the typewritten transcript of said meeting is a complete, true, and accurate transcription of said shorthand notes to the best of my ability and audio quality.

Dated the 27th day of September, 2025.

Heidi Hunter /s/

HEIDI HUNTER, CCR NO. 886