

Douglas S. John (#021150)
James M. Cool (#028023)
FRAZER, RYAN, GOLDBERG & ARNOLD, L.L.P.
1850 North Central Avenue, Suite 1800
Phoenix, AZ 85004
Telephone: (602) 277-2010
Facsimile: (602) 277-2595
Email: djohn@frgalaw.com
jcool@frgalaw.com

Attorneys for Plaintiff

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN THE ARIZONA TAX COURT

BANK OF AMERICA NA, a foreign
corporation,

Plaintiff,

v.

MARICOPA COUNTY, a political
subdivision of the State of Arizona,

Defendant.

Case No.: TX2020-001031
(Consolidated with TX2019-000375
and TX2018-000059)

**FINDINGS OF FACT AND
CONCLUSIONS OF LAW**

(Title 42)

(Assigned: Honorable Erik Thorson)

This matter is under advisement following a bench trial held March 3–5, 2025. After considering the witness testimony and exhibits admitted at trial as well as Maricopa County’s Motion for Judgment as a Matter of Law, and the Parties’ written closing arguments, proposed findings of fact and conclusion of law, responses and objections to the same, the Court makes the following findings, conclusions, and orders.

FINDINGS OF FACT

1. Any finding of fact that is more properly designated as a conclusion of law shall be deemed to be intended as a conclusion of law.

2. The Court has subject matter jurisdiction over Plaintiff’s valuation appeal of its 2019 and 2020 tax year valuations pursuant to A.R.S. § 42-16201(A). (Joint Pretrial Statement, Stipulated Material Facts, ¶1, (hereinafter referred to as “JPSF”).)

3. At all material times, Plaintiff owned legal and/or equitable title to real

1 property identified by Maricopa County parcel numbers 303-63-930 and 303-63-980 (the
2 “Subject Property”). (JPSF ¶5.)

3 4. The Maricopa County Assessor’s Office (“County Assessor”) assigned a full
4 cash value of \$77,684,179 and a limited property value of \$72,980,859 to the Subject
5 Property for tax year 2019. (JPSF ¶8.)

6 5. The County Assessor assigned a full cash value of \$82,962,500 and a limited
7 property value of \$60,596,136 to the Subject Property for tax year 2020. (JPSF ¶9.)

8 6. By stipulation, the Subject Property’s full cash value as of January 1, 2018,
9 will be the same as its full cash value for tax year 2020. (JPSF ¶16.)

10 7. The Parties’ appraisers both relied on the sales comparison approach and
11 income approach to derive a market value for the Subject Property. (JPSF ¶28.)

12 8. The Parties’ appraisers both agreed that the Appraisal Institute’s
13 publications, such as The Dictionary of Real Estate Appraisal and The Appraisal of Real
14 Estate, are considered authoritative sources in the appraisal industry. (Trial Testimony of
15 William Dominick, Day 1, 52:6–20;¹ Nagy Deposition Designation, 16:13–20.²)

16 9. The current usage of the Subject Property is as a professional office campus.
17 (Trial Testimony of William Dominick, Day 1, 65:4–6; Nagy Deposition Designation,
18 21:10–15.)

19 10. The Subject Property was owner-occupied as of the valuation date. (JPSF
20 ¶18.)

21 11. The Parties’ appraisers appraised the fee simple interest of the Subject
22 Property. (Plaintiff’s Exh. 2 at 8³; Defendant’s Exh. 11 at 10.)

23
24
25 ¹ See Plaintiff’s Proposed Findings of Fact and Conclusions of Law, filed April 5, 2025
26 (“Plaintiff’s Proposed Findings”), Exh. 1.

27 ² See Notice of Filing, filed March 4, 2025.

28 ³ The page numbers referenced in this ruling are the page numbers of the exhibits as
they appear in Case Center, and they do not reference any other page numbers within
the exhibits.

12. They relied on the same definition of fee simple interest:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

(Plaintiff's Exh. 2 at 11; Defendant's Exh. 11 at 10–11.)

13. The Parties' appraisers also relied on the same definition of "market value" used under federal law: Code of Federal Regulations, Title 12, Chapter I, Part 34.42. (Plaintiff's Exh. 2 at 10–11; Defendant's Exh. 11 at 10.)

14. Implicit in the definition of market value is the consummation of a sale as of a specified date and the passing of title from seller to buyer. (*Id.*)

Bank of America's Appraisal Witness – Mr. Dominick

15. Mr. Dominick's appraisal was admitted as Plaintiff's Exhibit 2 pursuant to Arizona Rules of Evidence 703 and 807.

16. Mr. Dominick identified the appraisal problem as appraising the fee simple interest of the Subject Property and providing an opinion of the market value for purposes of a tax appeal. (Trial Testimony of William Dominick, Day 1, 57:8–58:2.)

17. When valuing the fee simple interest, one values all the rights in the "bundle of sticks" subject to certain restrictions, such as police power, power of taxation, and eminent domain, and escheat. (Trial Testimony of William Dominick, Day 1, 59:10–15.)

18. For purposes of a fee simple appraisal the buyer acquires the right to immediate use and occupancy of the property. (Trial Testimony of William Dominick, Day 1, 59:16–60:4.)

19. Mr. Dominick identified the scope of work by first determining the interest being appraised, then collecting data, identifying the scope of the market for the subject property, and identifying the appropriate valuation methodologies to apply to the property. (Trial Testimony of William Dominick, Day 1, 64:6–20.)

20. The Arizona Department of Revenue Property Use Code Manual does not distinguish between occupied and unoccupied properties. It does not identify whether a

1 property is unoccupied, partially occupied, or fully occupied. (Trial Testimony of William
2 Dominick, Day 1, 127:20–128:1.)

3 21. In gathering information for his sales comparison approach, Mr. Dominick
4 conducted interviews with commercial brokers. (Trial Testimony of William Dominick,
5 Day 1, 68:24–69:1.)

6 22. Mr. Dominick inspected the Subject Property’s interior and exterior in March
7 2022. (Trial testimony of William Dominick, Day 1, 69:24–70:3.)

8 23. Mr. Dominick inspected the onsite building plans with the Subject Property’s
9 facility manager, Jim Revert. Mr. Revert said the building plans were not the “as-built”
10 plans and did not accurately reflect the “as-built” condition of the buildings. Consequently,
11 Mr. Dominick did not rely on the Subject Property’s building plans. Instead, he relied on
12 the County Assessor’s records. (Trial Testimony of William Dominick, Day 3, 189:4–13.)

13 24. The Subject Property is a 523,565-square-foot property comprised of four
14 office buildings totaling 501,463 square feet with 22,102 square feet of building common
15 area (a cafeteria and health club), alongside a large parking structure, located on 33.5 acres
16 of land. (JPSF ¶19; Plaintiff’s Exh. 2 at 46; Trial Testimony of William Dominick, Day 1,
17 76:13–81:23.)

18 25. Mr. Dominick testified that the Subject Property’s parking capacity is
19 approximately 2,800 vehicles. (Trial Testimony of William Dominick, Day 1, 78:24–79:1;
20 Plaintiff’s Exh. 2 at 46.)

21 26. Mr. Dominick testified that approximately 3,800 employees work at the
22 Subject Property. (Trial Testimony of William Dominick, Day 1, 79:12–14; Plaintiff’s
23 Exh. 2 at 25.)

24 27. Mr. Dominick prepared a market analysis of economic conditions in the local
25 market using information from CoStar. (Trial Testimony of William Dominick, Day 1,
26 84:15–85:1.)

27 28. After completing his market analysis, Mr. Dominick conducted research to
28 identify substitute properties for the Subject Property. He reviewed properties in the

1 metropolitan Phoenix area and the entire state of Arizona, but did not find enough market
2 evidence for his analysis. (Trial Testimony of William Dominick, Day 1, 85:7–86:10.)

3 29. Mr. Dominick concluded that—because of the Subject Property’s size—the
4 geographic market for such a property was national in scope. (Trial Testimony of William
5 Dominick, Day 1, 86:4 –10.)

6 30. Although there were properties similar in size to the Subject Property in the
7 Phoenix metropolitan area, none of these properties had sold recently. (Trial Testimony of
8 William Dominick, Day 1, 86:19–87:16.)

9 31. Mr. Dominick testified that large corporate campuses, like the Subject
10 Property, sell infrequently. (Trial Testimony of William Dominick, Day 1, 87:17–88:15;
11 101:9–102:3.)

12 32. After analyzing the market data, Mr. Dominick determined that the sales
13 comparison approach was the most reliable method for valuing the fee simple interest of
14 an owner-occupied property. (Trial Testimony of William Dominick, Day 1, 89:7–12;
15 90:25–91:12.)

16 33. Mr. Nagy agreed with The Appraisal of Real Estate that the sales comparison
17 approach provides a credible indication of value for commercial and industrial properties
18 suited for owner occupancy, i.e., properties that are not purchased primarily for their
19 income-producing characteristics. (Nagy Deposition Designation, 49:24–50:4.)

20 34. Mr. Dominick used the income approach as a secondary approach to value
21 in his analysis to test the reasonableness of results yielded by the sales comparison
22 approach. (Trial Testimony of William Dominick, Day 1, 89:13–17.)

23 35. Mr. Dominick assigned the most, if not all, the weight in his analysis, to the
24 sales comparison approach. (Trial Testimony of William Dominick, Day 1, 91:7–12;
25 Plaintiff’s Exh. 2 at 83.)

26 36. In his sales comparison approach, Mr. Dominick researched substitute
27 properties that were not just comparable properties but competitive alternatives to the
28 Subject Property. (Trial Testimony of William Dominick, Day 1, 93:5–94:7.)

1 37. Mr. Dominick testified that ten 10,000-square-foot office buildings would
2 not be comparable to a 100,000-square-foot office building because they are not of equal
3 utility to a prospective buyer. (Trial Testimony of William Dominick, Day 1, 94:8–95:1.)

4 38. When an owner-occupied property is sold, the fee simple interest is
5 conveyed, and the new owner acquires an immediate right to possession. (Trial Testimony
6 of William Dominick, Day 1, 96:12–24; Trial Testimony of Steven Nagy, Day 3, 72:17–
7 73:13.)

8 39. Mr. Dominick testified that he did not value the Subject Property as vacant.
9 All his comparable sales, with the exception of Sale 3, were occupied at the time the sale
10 transaction was negotiated. In the case of Sale 3, Bank of America was the sole tenant in
11 the building, and it vacated just before the sale occurred. (Trial Testimony of William
12 Dominick, Day 1, 96:25–98:11; 121:18–19; Trial Testimony of William Dominick, Day 2,
13 30:18–31:6; 37:18–38:8.)

14 40. The comparable sales were only “vacant” at the moment the deed was
15 recorded because the prior owner moved out of the property and the new buyer was moving
16 into the property. (Trial Testimony of William Dominick, Day 1, 132:8–19; Trial
17 Testimony of William Dominick, Day 2, 31:7–32:6; 37:18–38:8.)

18 41. Mr. Dominick testified that he did not rely on the “dark store” theory to value
19 the Subject Property. According to Mr. Dominick, the “dark store” theory is employed in
20 the context of retail properties, not office properties. In addition, none of Mr. Dominick’s
21 comparable sales were of distressed properties. (Trial Testimony of William Dominick,
22 Day 1, 98:12–99:17; 102:12–18; 132:18–24.)

23 42. Mr. Dominick testified that when corporate campus properties do sell, it is
24 typically because a division is being relocated, downsized, or upsized. (Trial Testimony of
25 William Dominick, Day 1, 102:1–3.)

26 43. When corporate campus properties sell companies prefer to allow employees
27 to relocate to a new location to minimize disruption before the property is put on the
28 market. (Trial Testimony of William Dominick, Day 1, 102:4–11.)

1 44. Mr. Dominick researched sales of competitive properties locally, throughout
2 Arizona, regionally, and nationally. (Trial Testimony of William Dominick, Day 1, 103:1–
3 11.)

4 45. Mr. Dominick determined that the most important characteristic of
5 competing properties for purposes of appraising value was size, followed by age, parking,
6 and access. (Trial Testimony of William Dominick, Day 1, 110:23–111:10; Trial
7 Testimony of William Dominick, Day 2, 11:7–9; 88:24–89:14.)

8 46. Mr. Dominick testified that “[w]hen size is the predominant characteristic of
9 a subject property, when that happens to be the critical factor, size then becomes the
10 number one factor in searching for comparable sales for competitive properties.” (Trial
11 Testimony of William Dominick, Day 2, 12:16–20.)

12 47. Mr. Dominick testified that the size and nature of the Subject Property limits
13 the pool of potential buyers and, thus, limits the seller’s leverage to negotiate a higher price.
14 (Trial Testimony of William Dominick, Day 1, 105:4–14.)

15 48. Mr. Dominick researched transactions with the following parameters: (1)
16 single-tenant office campuses; (2) located in the United States; (3) with a size range of
17 200,000 square feet to 750,000 square feet; (4) with an age of 10+ years of average/good
18 quality; and (5) with a transaction date (due to limited sales) of within 60 months of the
19 effective date. (Trial Testimony of William Dominick, Day 1, 112:5–113:1; Plaintiff’s Exh.
20 2 at 60.)

21 49. Mr. Dominick relied primarily on two data sources for information on sales
22 of competitive properties: CoStar and his company’s (Integra Realty Resources) internal
23 national database of sales and lease information. (Trial Testimony of William Dominick,
24 Day 1, 103:12–104:5.)

25 50. Mr. Dominick spoke to commercial brokers regarding the Subject Property’s
26 geographic market, market conditions, and how long it would likely take to sell a property
27 similar to the Subject Property. (Trial Testimony of William Dominick, Day 1, 124:14–
28 21.)

1 51. Mr. Dominick's research identified six sales properties with comparable size,
2 parking, and amenities that he believed were the most competitive, substitute properties for
3 the Subject Property. (Trial Testimony of William Dominick, Day 1, 104:6–23; Plaintiff's
4 Exh. 2 at 61, 115–125.)

5 52. Mr. Dominick testified that each of his comparable sales were sold by the
6 owner-users to an entity that was either going to occupy the property itself or was going to
7 use it for investment purposes. (Trial Testimony of William Dominick, Day 1, 117:7–10.)

8 53. Mr. Dominick found comparable properties in Pennsylvania and Virginia
9 that were of inferior quality with significantly lower prices but rejected them because he
10 did not believe these properties were competitive, desirable substitutes. (Trial Testimony
11 of William Dominick, Day 1, 123:17–25.)

12 54. Mr. Dominick also found two properties in California of comparable size and
13 age that were primarily research and development facilities but rejected their use because
14 they were not professional office buildings and included substantial research-and-
15 development buildout. (Trial Testimony of William Dominick, Day 1, 124:1–8.)

16 55. All of Mr. Dominick's comparables were sales of the fee simple interest and
17 none were subject to a lease at the time of sale. (Trial Testimony of William Dominick,
18 Day 1, 109:2–10.)

19 56. Mr. Dominick agreed with the Appraisal of Real Estate that when the fee
20 simple interest is valued, the presumption is that the property is available to be leased or
21 occupied by a new owner at market rates. (Trial Testimony of William Dominick, Day 1,
22 100:4–19.)

23 57. Mr. Dominick then analyzed whether to make adjustments to the sales prices
24 of his comparable properties. (Plaintiff's Exh. 2 at 66; Trial Testimony of William
25 Dominick, Day 1, 113:22–123:4.)

26 58. Mr. Dominick did not make any adjustments for property rights because all
27 his comparables were fee simple. (Plaintiff's Exh. 2 at 66.)

28 59. Mr. Dominick did not make adjustments for financing terms because all his

1 sales were cash sales to the seller. (Plaintiff's Exh. 2 at 66; Trial Testimony of William
2 Dominick, Day 1, 117:12–13.)

3 60. Mr. Dominick did not make an adjustment for conditions of sale because all
4 his sales were arm's-length transactions. (Plaintiff's Exh. 2 at 66; Trial Testimony of
5 William Dominick, Day 1, 117:14–118:8.)

6 61. Mr. Dominick made an adjustment for market conditions to account for the
7 difference in the time frame between when the comparable sales transacted and the date of
8 valuation. (Plaintiff's Exh. 2 at 66; Trial Testimony of William Dominick, Day 1, 118:9–
9 119:6.)

10 62. Mr. Dominick made an adjustment for location by comparing market lease
11 rates in each comparable sale's market and the Phoenix market between 2012 and 2020 to
12 account for any differences in location. (Plaintiff's Exh. 2 at 66; Trial Testimony of
13 William Dominick, Day 2, 97:23–98:18; Trial Testimony of William Dominick, Day 3,
14 175:21–176:12.)

15 63. Mr. Dominick made an adjustment to account for age/physical condition of
16 the comparable sales. (Plaintiff's Exh. 2 at 66.)

17 64. After adjusting the sales prices of his comparable sales, Mr. Dominick
18 arrived at a per-square-foot value of \$62 per square foot for the Subject Property or a total
19 value of \$32,500,000. (Plaintiff's Exh. 2 at 66; Trial Testimony of William Dominick, Day
20 1, 124:22–125:5.)

21 65. Mr. Dominick also valued the Subject Property using the income approach.
22 (Plaintiff's Exh. 2 at 67–82.)

23 66. Mr. Dominick testified that the income approach looks at the value of a
24 property from an investor's perspective. (Trial Testimony of William Dominick, Day 1,
25 133:6–8.)

26 67. Mr. Dominick testified that the income approach relies on two principles: the
27 principle of substitution and the principle of anticipation. The principle of anticipation
28 involves an investor buying a property with the anticipation of receiving an income stream

1 from the property. (Trial Testimony of William Dominick, Day 1, 133:8–25.)

2 68. The most probable buyer under the income approach is an investor. (Trial
3 Testimony of William Dominick, Day 1, 134:8–11.)

4 69. Mr. Dominick reviewed competitive properties with similar characteristics
5 such as size, age, and condition. (Trial Testimony of William Dominick, Day 1, 135:3–12.)

6 70. Mr. Dominick reviewed properties both in the local market as well as the
7 national market. (Trial Testimony of William Dominick, Day 1, 135:20–136:4.)

8 71. Mr. Dominick searched for single-tenant professional office buildings. He
9 did not search for multi-tenant lease comparables because the Subject Property is
10 constructed as a single tenant facility with a large space. (Trial Testimony of William
11 Dominick, Day 1, 136:5–15.)

12 72. Mr. Dominick adjusted his lease comparables for location, market
13 conditions, age, size, and building quality as captured in his appraisal report. (Trial
14 Testimony of William Dominick, Day 1, 136:21–137:13; 138:1–140:22; Plaintiff’s Exh. 2
15 at 74.)

16 73. After making adjustments to his lease comparables, Mr. Dominick arrived at
17 a market rent of \$13 per square foot for a lease term of fifteen years. (Trial Testimony of
18 William Dominick, Day 1, 141:3–24.)

19 74. Mr. Dominick calculated the potential gross income by multiplying the
20 market rent of \$13 per square foot by the rentable square footage of 501,463 which yielded
21 an annual gross potential income of \$6,519,019. (Trial Testimony of William Dominick,
22 Day 1, 142:3–10; Plaintiff’s Exh. 2 at 74, 76.)

23 75. Mr. Dominick assumed the lease rate reflected a triple net lease where the
24 tenant pays all expenses without any reimbursement to the owner. (Trial Testimony of
25 William Dominick, Day 1, 142:11–143:15.)

26 76. Mr. Dominick made no adjustment to the gross potential income for expense
27 reimbursement and vacancy or collection loss. The only deduction to the gross potential
28 income was for structural maintenance of \$0.25 per square foot and property management

1 of 1.5% of effective gross income. (Trial Testimony of William Dominick, Day 1, 143:2–
2 145:20; Plaintiff’s Exh. 2 at 75.)

3 77. After deducting expenses from the effective gross income, Mr. Dominick
4 derived a net operating income of \$6,290,342. (Trial Testimony of William Dominick, Day
5 1, 146:1–16; Plaintiff’s Exh. 2 at 76.)

6 78. Mr. Dominick then applied a 7.25% capitalization rate to the net operating
7 income to derive a stabilized value for the Subject Property of \$86,763,344. (Trial
8 Testimony of William Dominick, Day 1, 153:17–25; Plaintiff’s Exh. 2 at 81.)

9 79. Mr. Dominick testified that a stabilized value represents a value with a long-
10 term lease in place and an income stream derived from that lease. Because a stabilized
11 property does not exist when an investor buys a property, the investor must find a tenant,
12 negotiate lease terms, pay the brokerage commission for finding the tenant, take the time
13 to then put in the improvements, and retrofit the building that the tenant is going to require
14 as part of that lease. Investing the necessary time and money is a significant cash outlay
15 for the investor. (Trial Testimony of William Dominick, Day 1, 154:6–24.)

16 80. In a fee simple valuation, an investor will necessarily incur lease-up costs to
17 reach a stabilized condition. (Trial Testimony of William Dominick, Day 1, 155:1–4;
18 155:21–156:14.)

19 81. Mr. Dominick testified that using the income approach, applicable federal
20 regulations for fee simple properties require an appraiser to make deductions for lease-up
21 costs in the context of a fee simple sale. (Trial Testimony of William Dominick, Day 1,
22 162:17–163:8.)

23 82. Mr. Dominick testified that the requirement to account for all costs necessary
24 to achieve a stabilized value is supported by USPAP and The Appraisal of Real Estate.
25 (Trial Testimony of William Dominick, Day 1, 163:14–18.)

26 83. Even if the Subject Property was subject to a short-term lease of six months
27 to a year, the investor would not be relieved of the obligation of considering the lease-up
28 costs. (Trial Testimony of William Dominick, Day 1, 158:3–159:18.)

1 84. Mr. Dominick reviewed market evidence and determined that it would take
2 approximately 36 months to find a tenant, negotiate a lease, obtain plans and permits from
3 the local municipality to improve the property, contract with subcontractors to do the work,
4 and improve the space before a tenant can take occupancy. (Trial Testimony of William
5 Dominick, Day 1, 164:9–21; 166:8–167:5; Plaintiff’s Exh. 2 at 81.)

6 85. Mr. Dominick then estimated the lease-up costs at \$54,057,711, accounting
7 for leasing commission, lost rent, expense recovery loss, and tenant improvements. (Trial
8 Testimony of William Dominick, Day 1, 167:19–170:25; 172:1–3; Plaintiff’s Exh. 2 at 81–
9 82.)

10 86. After estimating the lease up costs, Mr. Dominick then subtracted the lease-
11 up cost from the stabilized value of \$86,763,344 to derive a final rounded value of
12 \$32,700,000 using the income approach. (Trial Testimony of William Dominick, Day 1,
13 173:2–24; Plaintiff’s Exh. 2 at 81.)

14 87. Mr. Dominick reconciled the difference between the value yielded by his
15 sales comparison approach and the stabilized value yielded by the income approach by
16 pointing out that the prices paid for comparable properties in the sales comparison approach
17 are significantly lower than a stabilized value because the buyer will have to incur all the
18 lease-up expenses. (Trial Testimony of William Dominick, Day 1, 154:6–24; 172:14–
19 173:16.)

20 88. Mr. Dominick also testified that his comparable Sale 4 of the former
21 Kraft/Heinz headquarters was an example of the effect that an existing lease has on the
22 price paid by a buyer. W.P. Carey purchased the headquarters in 2013 for \$72 million and
23 leased it back to Kraft/Heinz. When Kraft/Heinz vacated the property in 2016, it was sold
24 in fee simple to a new owner for \$44 million. (Trial Testimony of William Dominick, Day
25 2, 43:5–18; Plaintiff’s Exh. 2 at 54.)

26 89. Mr. Dominick then reconciled the values from the sales comparison approach
27 and the income approach by assigning the greatest weight to the sales comparison approach
28 and arrived at a final value of \$32,500,000. (Trial Testimony of William Dominick, Day

1, 174:4–175:17; Plaintiff’s Exh. 2 at 83.)

Maricopa County’s Appraisal Witness - Mr. Nagy

90. Like Mr. Dominick, Mr. Nagy relied on both the sales comparison approach and the income approach but instead relied most heavily on the income approach to arrive at his opinion of value. (JPSF ¶28; Defendant’s Exh. 11 at 104–105.)

91. Mr. Nagy testified that the geographic market for large properties like the Bank of America corporate campus was regional or national. (Trial Testimony of Steven Nagy, Day 3, 100:2–7⁴; Nagy Deposition Designation, 46:13–16.)

92. Mr. Nagy testified that he did not search outside Arizona for any sale comparables. (Trial Testimony of Steven Nagy, Day 3, 99:20–22; Nagy Deposition Designation, 46:7–9.)

93. Mr. Nagy testified that he did not know for sure if there were any sales outside Arizona that would have been applicable to the Bank of America property. (Trial Testimony of Steven Nagy, Day 3, 99:23–100:1; Nagy Deposition Designation, 46:10–12.)

94. Mr. Nagy limited his comparable sales data to Maricopa County. (Nagy Deposition Designation, 43:13–17.)

95. Mr. Nagy agreed that it would have been professionally prudent to at least search national sales. (Trial Testimony of Steven Nagy, Day 3, 100:8–10.)

96. Mr. Nagy testified that the substitution principle is a “foundation of appraisal methodology.” (Trial Testimony of Steven Nagy, Day 3, 104:15–18; *see also* Nagy Deposition Designation, 23:1–3.)

97. Mr. Nagy testified that he agrees with the statement from the Appraisal of Real Estate that: “The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time.” (Trial Testimony of Steven Nagy, Day 3,

⁴ See Plaintiff’s Proposed Findings, Exh. 2.

1 101:16–22; Nagy Deposition Designation, 23:7–14.)

2 98. Mr. Nagy testified that it is a good general statement that a good comparable
3 is a property that is not just similar, but substantially similar to the subject property. (Trial
4 Testimony of Steven Nagy, Day 3, 104:8–14.)

5 99. Mr. Nagy agreed that under the sales comparison approach a search is made
6 in the market to find sales of properties of similar utility, having similar characteristics to
7 the Subject Property. (Trial Testimony of Steven Nagy, Day 3, 101:23–102:3; Nagy
8 Deposition Designation, 23:15–19.)

9 100. Mr. Nagy testified that the search for comparable sales is premised on the
10 idea that the most comparable properties are those that would be competing with the
11 Subject Property if it were placed on the market. (Trial Testimony of Steven Nagy, Day 3,
12 102:4–8; Nagy Deposition Designation, 23:20–23.)

13 101. Mr. Nagy testified that he agreed with the statement from the Appraisal of
14 Real Estate that: “Data used for comparison in the three approaches to value should come
15 from properties that are similar to the property being appraised. A good comparable sale is
16 a competitive alternative, i.e., a property that the buyer of the subject would also consider.”
17 (Trial Testimony of Steven Nagy, Day 3, 103:16–24; Nagy Deposition Designation, 24:4–
18 9.)

19 102. Mr. Nagy testified that in the sale comparison approach, the best comparable
20 sales are those that would attract the same set of potential buyers. (Nagy Deposition
21 Designation, 24:10–13.)

22 103. Mr. Nagy acknowledged in his testimony that the average square footage of
23 his comparables is just over 110,000 square feet. (Trial Testimony of Steven Nagy, Day 3,
24 111:16–20.)

25 104. Mr. Nagy acknowledged in his testimony that the median square footage of
26 his comparables is just over 106,000 square feet. (Trial Testimony of Steven Nagy, Day 3,
27 111:21–24.)

28 105. Mr. Nagy testified that the average or median size of his comparable sales

1 are approximately twenty percent of the size of the Subject Property. (Trial Testimony of
2 Steven Nagy, Day 3, 112:4–7.)

3 106. Mr. Nagy testified that his comparable sales could not accommodate Bank
4 of America’s workforce of over 3,000 employees. (Trial Testimony of Steven Nagy, Day
5 3, 114:6–10.)

6 107. Mr. Nagy testified that maybe one of his comparable sales had amenities
7 (cafeteria and gymnasium) similar to the Subject Property, but he was not sure if that was
8 true. (Trial Testimony of Steven Nagy, Day 3, 114:11–20.)

9 108. Mr. Nagy testified that his comparable sales could not accommodate the
10 parking needs for the number of employees accommodated by a corporate campus of
11 approximately 500,000 square feet. (Trial Testimony of Steven Nagy, Day 3, 114:21–24.)

12 109. Mr. Nagy testified that his comparable sales could only accommodate a
13 portion of the needs of a prospective buyer of a corporate campus of approximately 500,000
14 square feet. (Trial Testimony of Steven Nagy, Day 3, 112:8–14; 113:8–16; 114:25–115:5;
15 Nagy Deposition Designation, 27:16–21; 29:4–8; 31:12–20; 34:12–25; 35:12–15; 37:4–9;
16 40:6–25.)

17 110. Mr. Nagy testified that rather than buying a single building of a half-million
18 square feet, a prospective buyer could purchase several individual properties that together
19 add up to a half-million square feet. (Trial Testimony of Steven Nagy, Day 3, 115:6–11.)

20 111. When asked if this was a valid methodology for appraising property, Mr.
21 Nagy testified, “I’m not -- I’m not necessarily equating to an appraisal methodology. I’m
22 just talking about the practicalities of the situation.” (Trial Testimony of Steven Nagy, Day
23 3, 115:12–16.)

24 112. Mr. Nagy could not identify any authoritative text that sanctions this
25 approach. (Trial Testimony of Steven Nagy, Day 3, 115:21–116:12.)

26 113. Mr. Nagy testified that his comparable sales are not direct substitutes for the
27 Subject Property. They would only be indirect substitutes at best. (Trial Testimony of
28 Steven Nagy, Day 3, 120:3–22; 122:4–6; Nagy Deposition Designation, 34:12–22; 37:4–

9; 41:8–14, 19–23.)

114. Mr. Nagy testified that his comparable sale are substitutes only in terms of utility for “use of the property for office functions.” (Trial Testimony of Steven Nagy, Day 3, 121:2–20.)

115. Mr. Nagy could not identify any authoritative source that sanctions the use of the concept of “indirect” substitutes in the sales comparison approach. (Trial Testimony of Steven Nagy, Day 3, 122:15–123:3.)

116. Mr. Dominick testified that there is no such concept as an “indirect substitute” in the appraisal literature, nor is that concept recognized by the Appraisal Institute. (Trial Testimony of William Dominick, Day 3, 181:7–18.)

117. Mr. Nagy testified that his sales comparison approach was not premised on the Subject Property being subject to a lease (short-term or long-term). (Trial Testimony of Steven Nagy, Day 3, 71:1–8.)

118. Mr. Nagy testified that when the fee simple interest of a property is sold, the new owner obtains the complete bundle of rights, including the right to sell an interest, the right to transfer an interest, the right to lease an interest, the right to occupy the property, the right to mortgage interest, and the right to give it away. (Trial Testimony of Steven Nagy, Day 3, 72:17–73:13.)

119. Mr. Nagy agreed with The Appraisal of Real Estate: “Ideally, comparable sales selected for analysis include the same type of property rights as the subject property so adjustments are not needed or minimized.” (Trial Testimony of Steven Nagy, Day 3, 124:18–23.)

120. Four or five of the comparables Mr. Nagy relied on in his sales comparison approach are subject to a long-term lease agreement. (Trial Testimony of Steven Nagy, Day 3, 123:24–124:2.)

121. None of Mr. Nagy’s comparables were owner-occupied properties. (Trial Testimony of Steven Nagy, Day 3, 124:5–7.)

122. Mr. Nagy testified that he appraised the fee simple interest of the Subject

Property. (Trial Testimony of Steven Nagy, Day 3, 24:21–23; 71:25–72:2; Defendant’s Exh. 11 at 10.)

123. None of Mr. Nagy’s comparables were fee simple interest sales. (Trial Testimony of Steven Nagy, Day 3, 124:3–4.)

124. Mr. Nagy agreed with the following statement from The Appraisal of Real Estate: “To compare the value of the leased fee of the comparable property to the value of the fee simple estate of the subject property, an appraiser must determine if the contract rent of comparable property was above, below, or equal to the market rent. The appraiser must also determine whether contract rent represents income attributable to increases in rent under existing leases resulting from stated escalations in the lease or tenant reimbursement expenses.” (Trial Testimony of Steven Nagy, Day 3, 128:6–25.)

125. When questioned, Mr. Nagy did not know specific, material details regarding the lease agreements affecting his comparable sales. (Trial Testimony of Steven Nagy, Day 3, 129:1–5; 9–13.)

126. Mr. Nagy did not make any adjustment to his comparable sales to account for the contract rent of a leased fee sale being above or below market rent. (Trial Testimony of Steven Nagy, Day 3, 128:1–4.)

127. Mr. Nagy agreed with The Appraisal of Real Estate: “The sale of property encumbered by a lease involves the rights other than the complete fee simple estate, and valuation of those rights require knowledge of the terms of all leases and an understanding of the tenant or tenants occupying the premises.” (Trial Testimony of Steven Nagy, Day 3, 125:9–17.)

128. Mr. Nagy testified that he did not review the lease terms of his comparable sales. He only “saw summary information on several of them but not all of them. And [he] did not see any specific lease.” (Trial Testimony of Steven Nagy, Day 3, 125:19–126:10.)

129. Mr. Nagy agreed with the following statement from The Appraisal of Real Estate: “If the sale of leased property is to be used as a comparable sale in the valuation of other interests in real property, a comparable sale can only be used if reasonable and

1 supportable market adjustments for differences in real estate property rights can be made.”
2 (Trial Testimony of Steven Nagy, Day 3, 129:23–130:14.)

3 130. Mr. Nagy made a 20% adjustment for property rights by comparing the
4 capitalization rate of one sale of a multi-tenant property (Sale A), which was purportedly
5 subject to a short-term lease, to the capitalization rate for his single tenant comparable
6 properties with long-term leases. (Trial Testimony of Steven Nagy, Day 3, 130:15–131:22.)

7 131. But when asked if he reviewed the leases of all the tenants, he replied: “I did
8 not.” (Trial Testimony of Steven Nagy, Day 3, 132:9–23.)

9 132. Mr. Nagy testified that Sale A was not a substitute for the Subject Property.
10 (Nagy Deposition Designation, 27:16–21.)

11 133. Mr. Nagy agreed that to support his adjustment for property rights he could
12 have done a paired sales analysis by comparing sales of fee simple properties to leased fee
13 properties to isolate the effect of property rights. (Trial Testimony of Steven Nagy, Day 3,
14 133:24–134:7.)

15 134. Mr. Nagy admitted he did not have market data to support his downward
16 adjustment of 5% to his comparable sales; he relied on his professional judgment alone.
17 (Trial Testimony of Steven Nagy, Day 3, 135:4–25.)

18 135. Mr. Nagy’s sales comparison approach did not properly bracket the subject
19 property and comparable properties that are superior and inferior. He admitted that he did
20 not bracket the Subject Property based on size. Instead, he bracketed based on the relative
21 range of his conclusions of value using the sales comparison approach and the income
22 approach. (Trial Testimony of Steven Nagy, Day 3, 136:7–25; 137:6–22; Trial Testimony
23 of William Dominick, Day 3, 180:8–24.)

24 136. Mr. Nagy agreed with The Appraisal of Real Estate: “When the fee simple
25 interest is valued, the presumption is that the property is available to be leased at market
26 rates.” (Trial Testimony of Steven Nagy, Day 3, 138:2–6.)

27 137. Mr. Nagy testified in his deposition on six separate occasions that his income
28 approach was premised on a sale leaseback transaction. (Nagy Deposition Designation,

81:1–16; 84:9–16; 84:23–85:7; 87:4–5; 87:22–23; 89:10–11.)

138. When Mr. Nagy was asked in his deposition how long the lease term was in his income approach, he replied: “I would think something relatively short”

Q: What’s short to you?

A: Short to me would be –

Q: Based on your – again, based on your many years of experience.

A: Perhaps six months or a year, as compared to a longer term lease obligation of perhaps ten years.

(Nagy Deposition Designation, 81:19–82:1.)

139. Mr. Nagy agreed that it would be an “unusual situation” for a tenant to enter into a lease of 535,000 square feet of office space for a one-year term. (Trial Testimony of Steven Nagy, Day 3, 151:1–10.)

140. Mr. Nagy agreed that it would be an “unusual situation” for a tenant to enter into a sale leaseback. (Trial Testimony of Steven Nagy, Day 3, 151:11–14.)

141. Mr. Nagy did not find any short-term lease transactions in his lease comparables. (Trial Testimony of Steven Nagy, Day 3, 151:16–18.)

142. Mr. Nagy did not find any sale leaseback transactions to include as lease comparables to support his income approach. (Trial Testimony of Steven Nagy, Day 3, 151:19–22.)

143. Four of the six lease comparables Mr. Nagy relied on were multi-tenant properties, not single-tenant properties like the Subject Property. (Trial Testimony of Steven Nagy, Day 3, 151:23–25; 154:13–21.)

144. Mr. Nagy’s first three multi-tenant lease comparables averaged 87,000 square feet. (Trial Testimony of Steven Nagy, Day 3, 152:11–17.)

145. When asked if, in his professional judgment, an 87,000-square-foot space in a multi-tenant building was a substitute for the Subject Property he acknowledged it would be “a substitute only as a supplement – as a portion of the needs of that building.” (Trial Testimony of Steven Nagy, Day 3, 152:18–24.)

1 146. Mr. Nagy testified in his deposition that the needs of a prospective tenant
2 needing to lease a 500,000-square-foot building would not be met by a 100,000-square-
3 foot building. (Nagy Deposition Designation, 98:23–99:10.)

4 147. Mr. Nagy acknowledged that if Bank of America were to relocate its
5 operations from the Subject Property, his lease comparables could not individually
6 accommodate its needs. (Trial Testimony of Steven Nagy, Day 3, 154:7–12.)

7 148. Mr. Nagy acknowledged the average square footage of his six lease
8 comparables was 113,000 square feet. His appraisal report stated that Sale 6 was 215,000
9 square feet. During his deposition it was pointed out that the County Assessor’s record
10 showed that Sale 6 was 107,000 square feet and the Costar Report in his file similarly
11 showed Sale 6’s square footage as 107,000. He testified at trial that since his deposition he
12 has not followed up to resolve the discrepancy in square footage between his appraisal
13 report and the county records or Costar Report. Mr. Nagy agreed that if Sale 6’s square
14 footage is 107,000, the average square footage of his comparables is less than 100,000
15 square feet. (Trial Testimony of Steven Nagy, Day 3, 154:22–156:4.)

16 149. Mr. Nagy did not include a lease comparison chart in his income approach
17 showing the adjustments made to his lease comparables for factors such as size, market
18 conditions, location, age, and building quality. Instead, he stated: “I didn’t state numerical
19 adjustment, but I did make them from a logical perspective.” (Trial Testimony of Steven
20 Nagy, Day 3, 156:7–20.)

21 150. Mr. Nagy agreed with the following statement from The Appraisal of Real
22 Estate: “To value a leased fee in a recently completed, income-producing property that has
23 not achieved stabilized occupancy, an appropriate vacancy and collection loss must be
24 forecast over an appropriate absorption of lease-up period.” (Nagy Deposition Designation,
25 88:2–10.)

26 151. Mr. Nagy also agreed with The Appraisal of Real Estate’s statement on lease-
27 up costs: “In fee simple valuations, all rentable space is estimated at market rent levels and
28 market terms. In such valuations, adjustments may be necessary to account for lease-up

1 costs and the time involved in a lease-up.” (Nagy Deposition Designation, 88:25–89:5.)

2 152. Mr. Nagy testified that if an investor purchased the Subject Property and did
3 not lease it back to Bank of America, the investor would likely retain a commercial broker
4 and pay a leasing commission. (Nagy Deposition Designation, 83:18–24.)

5 153. When Mr. Nagy was asked whether, at the end of the one-year lease term, an
6 investor would need to retain a commercial broker and pay a leasing commission, Mr. Nagy
7 opined: “Possibly, if it was an investor involved. It might not have been sold to an investor.
8 It may have been sold to or still retained by the -- the original owner.” (Trial Testimony of
9 Steven Nagy, Day 3, 158:1–6.)

10 154. Mr. Nagy testified in his deposition that he did not estimate the lost rent an
11 investor would incur during the lease-up period. (Nagy Deposition Designation, 89:6-8.)

12 155. Mr. Nagy acknowledged that a reasonable investor would likely account for
13 lost rent during the lease-up period if they were purchasing a property similar to the Subject
14 Property. (Nagy Deposition Designation, 89:16–19; Trial Testimony of Steven Nagy, Day
15 3, 163:5–10.)

16 156. When Mr. Nagy was asked why he did not estimate the amount of lost rent,
17 he replied: “Because my analysis is basically consistent with a sale leaseback.” (Nagy
18 Deposition Designation, 89:9–11.)

19 157. Mr. Nagy testified in his deposition that he did not estimate the amount of
20 expenses an investor would incur during the lease-up period. (Nagy Deposition
21 Designation, 89:20–25.)

22 158. Mr. Nagy stated that it was “often a consideration” that a reasonable investor
23 determining the purchase price of the Subject Property would account for the costs
24 associated with the lease-up period, including the leasing commissions, expense recovery,
25 and lost rent. (Nagy Deposition Designation, 90:1–5.)

26 159. Mr. Nagy stated that each of his lease comparables included a tenant
27 improvement allowance. (Nagy Deposition Designation, 90:6–8.)

28 160. Mr. Nagy agreed that it is a standard appraisal method and technique in

1 valuing office buildings to estimate the expenses for tenant improvements incurred by a
2 buyer, which are treated as “below the line” expenses. (Nagy Deposition Designation,
3 90:18–25; Trial Testimony of Steven Nagy, Day 3, 167:2–7.)

4 161. Mr. Nagy testified in his deposition that he did not deduct the amount of
5 tenant improvement expenses an investor would incur during the lease-up period. (Nagy
6 Deposition Designation, 91:1–3.)

7 162. All of Mr. Nagy’s lease comparables included lease-up costs such as tenant
8 improvements. (Defendant’s Exh. 11 at 74–75.)

9 163. Mr. Nagy did not adjust his market lease rate to account for the difference
10 between his lease comparables with lease-up costs and those without, in his income
11 approach.

12 164. In his appraisal report and testimony, Mr. Nagy did not make adjustments to
13 account for the lease-up costs in his fee simple valuation.

14 165. Mr. Dominick testified that if Mr. Nagy had accounted for the lease-up costs
15 it would have significantly reduced his opinion of value. (Trial Testimony of William
16 Dominick, Day 3, 186:2–15.)

17 166. Mr. Dominick testified that the definition of market value requires the
18 consummation of a sale of the Subject Property as of the effective date. He observed that
19 under the income approach, an investor-buyer assumes Bank of America will vacate the
20 space and the new tenant will occupy the Subject Property. Because it will take time to
21 secure and place a new tenant, the investor-buyer will incur lease-up expenses. (Trial
22 Testimony of William Dominick, Day 3, 187:3–188:3.)

23 167. The County did not disclose its legal theory that Plaintiff’s appraisal violated
24 the uniformity clause found in Article IX, Section 1 of Arizona’s Constitution
25 (“Uniformity”) in any of its Rule 26.1 disclosure statements. (*See* Plaintiff’s Proposed
26 Findings, Exh. 3.)

27 168. The County did not raise the issue of Uniformity in its portion of the Joint
28 Pretrial Statement.

1 169. The County raised the issue of Uniformity for the first time at trial.

2
3 **CONCLUSIONS OF LAW**

4 1. The valuation of the Subject Property by a county assessor is presumed to be
5 correct and lawful. A.R.S. §42-16212(B). (JPSF ¶11.)

6 2. “Evidence is competent for the purposes of rebutting the statutory
7 presumption of correctness and of showing that the Department’s valuation was excessive
8 when it is derived by standard appraisal methods and techniques which are shown to be
9 appropriate under the particular circumstances involved.” *Inspiration Consol. Copper Co.*
10 *v. Ariz. Dep’t of Revenue*, 147 Ariz. 216, 223 (App. 1985).

11 3. “[I]f the taxpayer and taxing authority use the same appraisal method but
12 differ as to the correct treatment of factors utilized in such method, the taxpayer’s evidence
13 is nevertheless competent and sufficient to overcome the statutory presumption.”
14 *Eurofresh, Inc. v. Graham Cty.*, 218 Ariz. 382, 386 (App. 2007) (internal quotations
15 omitted).

16 4. “Whenever evidence contradicting the presumption is received, the
17 presumption disappears, and the trial court is bound to follow the usual rules of evidence
18 in reaching the ultimate conclusion of fact. The presumption is never to be placed in the
19 scale and weighed as evidence. When the opposite party has produced [p]rima facie
20 evidence, the presumption has spent its force and served its purpose, and the party in whose
21 behalf it had theretofore operated must meet the opponent’s [p]rima facie case [w]ith
22 evidence and not with presumptions.” *Graham Cty. v. Graham Cty. Elec. Co-op., Inc.*, 109
23 Ariz. 468, 470 (1973) (internal quotations omitted).

24 5. A lease is an encumbrance. *See Baumgartner v. Timmins*, 245 Ariz. 334, 336
25 (App. 2018).

26 6. In determining full cash value, the court should look to appraisal methods
27 that knowledgeable buyers would rely on in the marketplace when purchasing property.
28 *Dep’t of Revenue v. Transamerica Title Ins. Co.*, 117 Ariz. 26, 29 (App. 1977). (“If

1 knowledgeable buyers of hotel-motel properties do not buy on the basis of reproduction
2 costs less the depreciation, then a grievous error is committed by relying on such a method
3 to ascertain fair market value.”).

4 7. In *Magna Inv. & Dev. Corp. v. Pima Cty.*, 128 Ariz. 291, 294–95 (App.
5 1981), the Court of Appeals held that the valuation of property as available to be occupied
6 (i.e., unencumbered by a lease), was proper in the property tax context. Rejecting the
7 County’s argument, the Court of Appeals stated:

8 [A]ppellants contend [the taxpayer’s appraiser] did not value the property
9 according to its current use, but as if it were “vacant.” By using the word
10 “vacant” in his testimony, however, it is obvious [the taxpayer’s appraiser]
11 meant he appraised the property as if it were unencumbered by the present
12 lease. As discussed above, this was the proper basis upon which to value the
13 property.

14 8. The Arizona Supreme Court has held that encumbrances should not be
15 considered when determining a property’s full cash value for property tax purposes.
16 *Recreation Ctrs. of Sun City, Inc. v. Maricop Cty.*, 162 Ariz. 281, 285 (1989). The Court
17 explained that:

18 [P]roperty burdened by long term leases or mortgages is not appraised at its
19 potentially restricted selling price, but is compared to similar property
20 without such burdens. *See Steinfeld v. State*, 37 Ariz. 389, 294 P. 834 (1930);
21 *Magma Inv. & Dev. Corp. v. Pima County*, 128 Ariz. 291, 625 P.2d 354
22 (Ct.App.1981); *Caldwell v. Dept. of Revenue*, 122 Ariz. 519, 596 P.2d 45
23 (Ct.App.1979). Even if such encumbrances make a particular property more
24 or less desirable to a prospective buyer, the assessed value for tax purposes
25 is not affected. *Caldwell*, 122 Ariz. at 521, 596 P.2d at 47. This rule obtains
26 despite the obvious fact that such encumbrances affect the price the owner
27 could obtain in the market. *Id.*

28 ...Such encumbrances are ignored because taxes are assessed only against
the property; “[t]he basis for [disregarding the effect of leases] is that the tax
is levied upon the land and is a tax upon all the interests into which the land
might be divided....”

Id. at 285–86.

1 9. All property subject to ad valorem tax in Arizona must be valued in its
2 current use. A.R.S. § 42-11054(C)(1).

3 10. Mr. Dominick applied standard appraisal methods and techniques using the
4 sales comparison approach.

5 11. Mr. Dominick applied standard appraisal methods and techniques using the
6 income approach.

7 12. Mr. Dominick's use of the income approach solely as a check to his sales
8 comparison approach was appropriate.

9 13. Rule 702 of the Arizona Rules of Evidence requires that expert opinions be
10 based on sufficient facts and data and that they reflect a reliable application of accepted
11 principles and methods to the facts of the case.

12 14. The comparable sales data Mr. Nagy relied upon are not substitutes for the
13 Subject Property. His opinion of value regarding the sales comparison approach does not
14 reflect a reliable application of principles and methods to the facts of the case and is not
15 based on sufficient facts and data. *See* Ariz. R. Evid. 702.

16 15. Mr. Nagy's sales comparison approach relied on leased fee sales. In such
17 instances, standard appraisal methods and techniques require market supported
18 adjustments to be made to comparable properties for property rights and contract rent. **THE**
19 **COURT FINDS that** Mr. Nagy's adjustments were not supported by sufficient market
20 data to form a reliable opinion of value.

21 16. The comparable lease data relied on by Mr. Nagy are not substitutes for the
22 Subject Property. His opinion of value regarding the income approach does not reflect a
23 reliable application of principles and methods to the facts of the case and is not based on
24 sufficient facts and data. *See* Ariz. R. Evid. 702.

25 17. Mr. Nagy's income approach was incomplete because he did not make
26 numerical adjustments to his lease comparables for size, market conditions, location, age,
27 and building quality.

28 18. Rule 26.1(a)(2) requires parties to disclose "the legal theory on which each

of the disclosing party's claims or defenses is based." Rule 26.1(a)(2), Ariz. R. Civ. P.

19. Generally, "Arizona Civil Procedure Rule 26.1 states that information regarding legal theories on which claims are based must be disclosed within 30 days of their discovery and no later than 60 days before trial, unless the court grants more time." *Gerow v. Covill*, 192 Ariz. 9, 18 ¶41 (App. 1998), *as amended* (Aug. 26, 1998).

20. "The rules regarding disclosure are born out of a policy that the facts and issues to be litigated must be fairly exposed, as should be witnesses and exhibits." *Id.* at 18 ¶42 (*citing Bryan v. Riddel*, 178 Ariz. 472, 477 (1994)). "The purpose of the disclosure rule is give to the parties a reasonable opportunity to prepare for trial or settlement—nothing more, nothing less and to maximize the likelihood of a decision on the merits." *Id.* (internal quotations omitted).

21. "The pretrial statement controls the subsequent course of the litigation otherwise modified at trial to prevent manifest injustice." *Carlton v. Emhardt*, 138 Ariz. 353, 355 (App. 1983).

22. Based on his application of standard appraisal methods and techniques, Mr. Dominick testified that the market value of the Subject Property as of the valuation date was \$32,500,000.

23. For the reasons set forth above, the Court declines to accept Mr. Nagy's opinion of value of \$82,750,000.

24. Accordingly, **THE COURT FURTHER FINDS that** Plaintiff has presented evidence to overcome the presumption in A.R.S. § 42-16212(B).

IT IS ORDERED denying Maricopa County's Motion for Judgment as a Matter of Law.

IT IS FURTHER ORDERED finding in favor of Plaintiff as to the fair market value of the Subject Property for tax years 2019 and 2020.

IT IS FURTHER ORDERED that not later than twenty (20) calendar days after the filing of these Orders by the Clerk of the Superior Court, Plaintiff may submit a verified application for awards of attorney's fees and costs. A.R.S. § 12-348. If an

1 application is submitted that Defendant wishes to oppose, a response must be filed not
2 later than 20 calendar days after service. Plaintiff is not permitted to file a reply unless
3 requested to do so by the Court.

4 **IT IS FURTHER ORDERED** that not later than twenty (20) calendar days after
5 the filing of these Orders by the Clerk of the Superior Court, Plaintiff must also submit a
6 proposed form of judgment. That form of judgment may incorporate from this ruling but
7 otherwise should be confined to fees and costs being awarded, along with Rule 54(c), Ariz.
8 R. Civ. P., language.

9
10 DONE this 20th of July, 2025.

11 */s/ Erik Thorson*

12 Hon. Erik Thorson

13 Presiding Judge, Arizona Tax Court
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eSignature Page 1 of 1

Filing ID: 20230616 Case Number: TX2020-001031
Original Filing ID: 19605379

Granted with Modifications



/S/ erik thorson Date: 7/20/2025
Judicial Officer of Superior Court

ENDORSEMENT PAGE

CASE NUMBER: TX2020-001031

SIGNATURE DATE: 7/20/2025

E-FILING ID #: 20230616

FILED DATE: 7/22/2025 8:00:00 AM

DOUGLAS S JOHN

JACK O'CONNOR III