**FINAL ADMINISTRATIVE DECISION**
**ILLINOIS PROPERTY TAX APPEAL BOARD**

APPELLANT: The Alton Partnership
DOCKET NO.: 06-00226.001-C-3
PARCEL NO.: 23-2-08-08-09-101-019

The parties of record before the Property Tax Appeal Board are The Alton Partnership, the appellant, by attorney Jackson E. Donley of Springfield; and the Madison County Board of Review.

Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds ***a reduction*** in the assessment of the property as established by the **Madison** County Board of Review is warranted. The correct assessed valuation of the property is:

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| **LAND:** | $214,430 |
| **IMPR.:** | $985,570 |
| **TOTAL:** | $1,200,000 |

Subject only to the State multiplier as applicable.

## ANALYSIS

The subject property consists of a two-story hotel with 137 rooms, an atrium, indoor swimming pool, whirlpool, sauna, fitness center, kitchen, restaurant, lounge, offices, meeting/banquet rooms and laundry facilities. The subject has 87,624 square feet of building area and was built in 1982. The improvements are located on an irregular shaped parcel with 4.223 acres in Alton, Alton Township, Madison County. The property is commonly known as the Alton Holiday Inn.

The appellant contends overvaluation as the basis of the appeal. In support of this argument the appellant submitted an appraisal prepared by J. Edward Salisbury of Salisbury and Associates, Inc., Taylorville, Illinois. Salisbury was called as a witness on behalf of the appellant. Salisbury is a State Certified Real

Estate Appraiser and has had his own appraisal company since 1991. He has been in the real estate appraisal field in excess of 30 years and has the Certified Assessment Evaluator (CAE) designation with the International Association of Assessing Officers (IAAO) and is a senior instructor with the IAAO.

Salisbury described the subject as a full service hotel, which is a hotel that offers typical hotel rooms, a restaurant, a lounge and meeting rooms. He testified that in the 1960's and 1970's there were a large number of full service hotels built on a statewide basis. He further indicated that these types of hotels are more expensive to operate and have several different revenue sources. The witness explained that the restaurants and lounges in many instances show a negative return. The appraiser testified that when appraising a full service hotel, like the subject, he always attempts to find full services hotels as comparables. When appraising limited service hotels he tries to use limited service hotels as comparables.

Salisbury testified that he could not find any sales of full service hotels in Madison County or St. Clair County that he could use in his report. He testified that for the past 15 years he knew of only two full service hotels that were built outside of the Chicago metro area in downstate Illinois. He testified that there have been hundreds of limited service hotels that have been built. Salisbury attributed the reason for that being that the cost to operate a full service hotel greatly exceeds the cost to operate a limited service hotel.

In appraising the subject property Salisbury developed the income and sales comparison approaches to value. He did not develop the cost approach due to so few new full service hotels being built in this decade and there were no sales that could be used to calculate the appropriate depreciation. Additionally, the age of the subject made the cost approach less meaningful.

Salisbury determined commercial development was the highest and best use of the subject site as vacant. The appellant's appraiser determined the highest and best use as improved is for continued use as a full service hotel. The witness also determined a marketing period for the subject property was 9 to 12 months.

The first approach developed by Salisbury was the income approach to value. Salisbury reviewed the income and expense information for the subject for 2001 to 2004. Salisbury

determined the subject had an average daily rate (ADR) of $85 per room and the rooms available per year of 50,005 (137 rooms X 365 days) resulting in a potential gross income of $4,250,425. Salisbury testified the subject had an occupancy rate of 55% to 62.88% but he used 65% to arrive at an effective gross income of $2,762,776. The appraiser next estimated the other income attributable to the subject property. His report indicated that other income represented for the four years he reviewed ranged from 22.27% to 24.64% of total income and room revenue represented 76% of total income. Salisbury stabilized other income at 24%, which calculated to be $872,456. Adding the components the appraiser estimated a total effective gross income to be $3,635,232. Salisbury testified the four year operating history of the subject indicated that expense ratios ranged from 78% to 89.9%. He testified that expense ratios for full service hotels exceed expense ratios for limited service hotels because of the costs of maintenance, repairs and utility costs for the areas associated with the restaurant, bar and meeting rooms. Salisbury ultimately estimated an expense ratio of 83% of effective gross income or $3,017,243. The appraiser also used industry guidelines to determine the reserves for replacement of 4% of effective gross income or $145,409. The appraiser also made a deduction of $95,900 for income attributable to personal property. The resulting net operating income was calculated to be $376,680.

The final step under the income approach was to estimate the capitalization rate. The appraiser indicated in his report that market data in his work files indicate overall capitalization rates (OAR) range from 8.5% to 13%. Salisbury also reviewed two publications that track capitalization rates for hotel properties. *Korpacz Real Estate Investor Survey* showed an average of 9.88% in the first quarter of 2004 and average of 9.47% in the first quarter of 2005. *Hospitality Perspectives* published by US Realty Consultants, Inc., for the spring of 2004 showed an average of 9.5%. Salisbury selected a capitalization rate of 10% to which he added 2.57% for an effective tax rate resulting in an overall capitalization rate of 12.57%. Capitalizing the net operating income of $376,680 resulted in an estimated market value of $3,000,000 under the income approach to value.

The next approach developed by Salisbury was the sales comparison approach. In the sales comparison approach the appraiser utilized five sales, an option to purchase and a listing. The comparables were located throughout Illinois in

the cities of Moline, Peoria, Mt. Vernon, Freeport, Bloomington and Danville. The comparables were built from 1960 to 1984 with option 1 having additions in 1991 and 1996. The appraiser described comparable 1 as a limited service hotel and the remaining properties as full service hotels. Each hotel had one or two swimming pools. The comparables had from 90 to 286 rooms. The sales occurred from February 1998 to July 2003 for total prices ranging from $2,500,000 to $7,000,000. The appraiser indicated that sales 3, 4 and 5 included personal property included in the sales prices in the amounts of $1,350,000, $900,000 and $645,000, respectively. After making the deductions for personal property the appraiser indicated the comparables sold for prices ranging from $1,600,000 to $6,975,000 or from $9,840 to $24,388 per room. With respect to the option, the appraiser explained that the owner and the lessee entered into a lease agreement in January 2002 that included an option to purchase for a price of $2,075,000 including personal property valued at $655,000 resulting in a value for the real estate of $1,420,000 or $10,840 per room. The listing, located in Moline, was placed on the market in October 2005 for a price of $4,500,000 or $20,833 per room. The appraiser made qualitative adjustments to the comparables for such factors as date of sale, location, age and condition. He concluded comparable 1 and the listing were equivalent to the subject, comparable 2 required a negative adjustment and the remaining comparables required positive adjustments. Based on this data the appraiser concluded the subject property had an indicated value under the sales comparison approach of $22,000 per room resulting in a total indicated value of $3,000,000.

In reconciling the two approaches to value, the appraiser used both approaches and estimated the subject property had a market value of $3,000,000 as of January 1, 2005.

On cross-examination Salisbury agreed there was a typographical error on page 45 of his report calculating the reserves for replacement. The correct amount for the effective gross income is $3,635,232 and total amount of $145,409 is correct. Salisbury also agreed that the capitalization rates in the publications he used would have included property taxes as expenses. He testified he considered that in determining the capitalization rate for the subject property. Salisbury agreed that his comparable 4 was located in Freeport in Northern Illinois approximately 25 to 30 miles from Rockford. Prior to the sale this property had been foreclosed. The witness acknowledged that this property was not doing well. With

respect to the option, Salisbury testified he checked a couple of years after the contract had been signed and the option to purchase had not been exercised. He further testified that to his knowledge the listing has not yet sold.

Salisbury estimated the value of the furniture, fixtures and equipment (FF&E) at the subject to be $10,000 per room based on cost manuals and hotel services. With a full service hotel, the value of the FF&E includes the restaurant and lounge, meeting room table and chairs, and kitchen equipment. Salisbury testified that in the sale of a full service hotel the transaction includes everything (all furniture and equipment). Salisbury concluded the subject had $95,900 of return on its FF&E. Under the income approach the $95,900 is deducted as income attributable to personal property.

Salisbury was of the opinion the subject was in a poor location. He considered the subject a destination location for a hotel, which is one that people use because of something occurring at the city where the property is located, such as a business meeting. It is not a hotel that is located on an Interstate Highway as a stopping point to another location. He explained that no one would go through Alton to go on to St. Louis. Salisbury concluded that the subject is the only full service hotel in Alton.

Salisbury was of the opinion that the full service hotel having a restaurant, lounge and meeting rooms is a detriment. He was of the opinion that limited service hotels would sell for more on a per room basis than a full service hotel. He explained that during the last 15 years the number of limited service hotels constructed outside the Chicago area exceeds the number of full service hotels. The reason being is the cost to operate a full service hotel is detrimental, it is difficult for the owners to make enough money to pay the extra costs associated with a full service hotel such as utilities and labor costs.

Salisbury also testified that hotels are totally driven by income so he places more reliance on the income approach than the sales comparison approach. He agreed that he relied most on the income approach in this assignment using the actual income and expenses associated with the subject property.

Salisbury concluded the subject had 137 rooms based on information from management. Salisbury explained he prepared the appraisal at the end of 2005 and was of the opinion the

value would not have changed as of January 1, 2006. Salisbury agreed that the sales that occurred in 1998, sales 2 and 4, were dated. He disagreed that it would have been better to use limited service hotels.

Salisbury testified that full service hotels almost always have a higher expense ratio than limiter service hotels due to the additional features such as banquet rooms, restaurants, bars and lounges. Salisbury also testified that he was not aware of any full service hotels that have been constructed in Madison County in the last 10 years. This indicates to him that investors do not consider full service hotels are as good an investment as limited service hotels.

The board of review submitted its "Board of Review Notes on Appeal" wherein its final assessment of the subject totaling $1,637,850 was disclosed. The subject's assessment reflects a market value of approximately $4,913,550. In support of its contention of the correct market value for the subject property, the board of review submitted a narrative appraisal prepared by Barry T. Loman. Loman estimated the subject had a market value of $4,500,000 as of January 1, 2006. Loman was called as a witness on behalf of the board of review.

Loman testified he as staff appraiser for the Madison County Supervisor of Assessments and has an independent appraisal company. He has been an appraiser for 32 years. He is a certified general real estate appraiser with the State of Illinois and has the Senior Residential Appraiser (SRA) designation with the Appraisal Institute.

Loman testified that he has appraised approximately 25 hotels for the county and clients prior to the appraisal of the subject property. Loman appraised the subject property as of January 1, 2006. He identified Board of Review Exhibit 1 as the appraisal he prepared. Loman acknowledge an error on page 26 of his report concerning the room count. He determined the subject had 136 rooms based on what a manager told him. He also acknowledge a couple of errors on page 40 concerning "+" signs and misnaming a resale.

In estimating the market value of the subject property Loman developed the three approaches to value. In doing research for the appraisal Loman testified there was recorded a transfer of the property from LaSalle Bank, National Association, by Trustee's Deed to Alton Partnership on July 29, 2002. There was

a mortgage in the amount of $4,100,000 dated July 24, 2002, with Geneva Mortgage Corp. indentified as the lender and Alton Partnership as the borrower. The mortgage was modified in March 2007 to the amount of $4,285,000 with a maturity date of April 1, 2010. The mortgage modification was included in the addendum and at page 2 stated the loan agreement was modified to allow the borrower to borrow an additional $185,000 and the revised balance was $3,620,738.74. Loman testified, based upon his experience, that the typical loan to value ratio would be 65%. Doing the math resulted in a total value of $5.570 million. He also testified that he was informed by the onsite manager that approximately $2,000,000 had been put into the property in 2001 or 2002.

The first approach to value developed by Loman was the cost approach. He initially estimated the land value using four vacant land sales located along Homer Adams Parkway in Alton. The parcels ranged in size from 29,969 to 1,052,258 square feet of land area. The sales occurred from June 2003 to April 2005 for prices ranging from $100,000 to $2,506,000 or from $2.38 to $6.35 per square foot of land area. Based on this data, placing most emphasis on sales 3 and 4 due to size, Loman estimated the subject parcel had an indicated value of $3.50 per square foot or $643,300.

In estimating the replacement cost new of the improvements Loman used the Marshall Valuation Service. The appraiser classified the subject building as an average Class C commercial building with a base cost of $108.09 per square foot of building area. To this he made an adjustment for sprinklers, story height, floor area perimeter, local cost multiplier and a comparative cost multiplier resulting in a replacement cost of $115.36 per square foot of building area or $10,108,305. To this the appraiser added for rock, asphalt, concrete, the swimming pool, canopies, a utility building and light poles resulting in total costs of $10,477,666. The appraiser also added 10% for entrepreneurial profit resulting in a total replacement cost new of $11,525,433.

Loman then calculated physical depreciation to be 62.5% or $7,203,306 using the age life method wherein he estimated the subject had an effective age of 25 years and an economic life of 40 years. The appraiser determined the subject suffered from no functional or external obsolescence. Deducting depreciation and adding the land value resulted in an estimated value under the cost approach of $4,965,000.

The next approach developed by the appraiser was the sales comparison approach. The appraiser used 8 sales located in the Madison County communities of Pontoon Beach, Edwardsville, Troy and Collinsville. The comparables were improved with two-story or three-story hotels that ranged in size from 25,245 to 64,451 square feet of building area. These properties contained from 58 to 105 rooms and the buildings ranged in age from 5 to 24 years old. Each comparable had a swimming pool, six comparables had an elevator and five comparables had a sprinkler system. None of the comparables had a restaurant, lounge or lobby as does the subject property. The sales occurred from April 2003 to July 2006 for prices ranging from $1,319,000 to $3,050,000 or from $22,741 to $43,846 per room. The appraiser noted that average sales price was $35,000 per room. The appraiser placed most emphasis on the adjusted values for comparables 6 and 7. Loman estimated the subject property had an indicated value under the sales comparison approach of $32,000 per room or $4,352,000.

Loman testified his comparable sales 4 and 7 were also the subject of resale. An analysis of comparable 4 indicated an annual rate of appreciation of 1.2% while sale 7 indicated an annual rate of appreciation of 11.6%.

The final approach to value developed by Loman was the income approach to value. Loman utilized the income data for the subject contained in Salisbury's appraisal and surveyed the local market to determine the daily room rate to calculate the potential gross income. He estimated the subject had a daily room rate of $85, the same as Salisbury, which he multiplied by 136 rooms and by 365 days to arrive at a potential gross income of $4,219,400. He estimated the subject would have an occupancy rate of 65%, the same as Salisbury, to arrive at an effective gross income of $2,742,610. Loman estimated other income to be $825,245, using the same percentage figure as Salisbury, to arrive at a total income of $3,567,855. To determine expenses, Loman then reviewed three comparables located in Mitchell (Best Western Camelot), Pontoon Beach (Sunrise Inn and Suites) and Edwardsville (Comfort Inn) that had expenses ranging from 67.5% to 75.9%. Loman estimated the subject would have expenses of 75% of effective gross income or $2,675,891. Deducting expenses resulted in a net operating income of $891,964. Loman estimated a deduction for reserves was 5% of effective gross income or $137,131. The appraiser also estimated the deduction for the income attributable to the personalty to be $260,699 using the

Marshall Valuation FF&E estimate of 20% of building costs and a discount rate of .128953. Loman arrived at a net operating income attributable to the real estate of $494,134.

The final step under the income approach was to estimate the capitalization rate applicable to the subject property. Using the mortgage equity technique the appraiser arrived at an overall rate of 11.80%. Using investor surveys Loman arrived at a rate of 9.59%. The market abstracted overall rate was estimated to be 10.98% using the sale of a Comfort Inn in Edwardsville and a sale of a Sunrise Inn and Suites located in Pontoon Beach. Loman concluded the overall rate to be 10.5%. Capitalizing the net income resulted in an estimate of under the income approach of $4,706,000.

In reconciling the three approaches to value, Loman gave least credence to the cost approach and most weight to the sales comparison approach and the income approach to arrive at a value estimate of $4,500,000 as of January 1, 2006.

Loman testified he contacted a person from the Coal Valley Assessor's office and questioned them about Salisbury's comparable sale 1, a Hampton Inn located in Moline. He noted this comparable had a room rate lower than the subject. He was informed that this property had been known as a La Quinta, a Motel 6, an Econo Lodge and is now an America's Best Hotel. He did not believe this was a good comparable. With respect to sale 2 located in Peoria, Loman was of the opinion the sale in October 1998 was remote in time from the valuation data at issue and he was informed there was a lot of competition with other hotels in the area. He also testified that Salisbury had conflicting data with respect to the room count on this comparable. With respect to Salisbury sale 4 located in Freeport, Loman noted this property sold in February 1998. With respect to Salibury's comparable 5, Loman testified that it sold again on December 31, 2003. Loman was also of the opinion that the national survey Salisbury used to calculate the capitalization rate would have included taxes as an expense. He was of the opinion that if a person would then add an effective tax rate they would in effect be "double dipping".

Under cross-examination Loman testified he does not have access to the entire *Korpacz* survey, so he could not analyze the hotel industry. Loman recognized the distinction between a full service hotel and a limited service hotel and agreed with Salisbury's characterization of the differences. He also agreed

that no full service hotels had been built in Madison County in the last 10 years while seven or eight limited service hotels have been constructed during this same period. Loman indicated his comparable 3, a Comfort Inn, had a banquet room, making this property something greater than a limited service hotel but something less than a full service hotel. Loman explained that with respect to this comparable a good portion was razed in 1994, leaving only the office and lobby, all the lodging rooms were subsequently reconstructed. Loman stated the other comparable sales he used were limited service hotels. He agree that where he calculated the expense ratio using three comparables, 1 and 2 were limited service hotels while comparable three had banquet facilities and had the highest expense ratio.

Loman also agreed that his comparable sale 6 was the only one that had a similar number of rooms as the subject property and the others had half the number of rooms as the subject. Loman also indicated the subject has two parcels but the entire assessment was placed on the parcel under appeal.

The next witness called on behalf of the board of review was Kerry Miller, Chairman of the Madison County Board of Review. Miller testified that based on Loman's appraisal the total assessment should be reduced to $1,499,990 to reflect a market value of $4,500,000. Miller also explained that even though the subject is composed of two parcels, Madison County uses what is called Breaker Assessment C so that one parcel carries a zero value and its says on the legal description "Breaker Assessment C". This is done rather than try to apportion the value between the two parcels. He testified that the tax bill for the parcel under appeal provides that the value includes acreage assessment for the adjoining parcel.

After hearing the testimony and considering the evidence, the Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of the appeal. The Board further finds the evidence in the record supports a reduction in the subject's assessment.

The appellant contends the market value of the subject property is not accurately reflected in its assessed valuation. Except in counties with more than 200,000 inhabitants that classify property, property is to be valued at 33 1/3% of fair cash value. (35 ILCS 200/9-145(a)). Fair cash value is defined in the Property Tax Code as "[t]he amount for which a property can

be sold in the due course of business and trade, not under duress, between a willing buyer and a willing seller." (35 ILCS 200/1-50). The Supreme Court of Illinois has construed "fair cash value" to mean what the property would bring at a voluntary sale where the owner is ready, willing, and able to sell but not compelled to do so, and the buyer is ready, willing, and able to buy but not forced to so to do. Springfield Marine Bank v. Property Tax Appeal Board, 44 Ill.2d 428 (1970). When market value is the basis of the appeal the value of the property must be proved by a preponderance of the evidence. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038 (3rd Dist. 2002). The Board finds the evidence in the record demonstrates the subject's assessment is excessive.

The subject property has a total assessment of $1,637,850, which reflects a market value of approximately $4,913,550. The appellant submitted an appraisal prepared by Salisbury estimating the subject had a market value of $3,000,000 as of January 1, 2005. The board of review submitted an appraisal prepared by Loman estimating the subject property had a market value of $4,500,000 as of January 1, 2006. Both appraisers' estimates of value are below the market value as reflected by the subject's total assessment.

Of the two appraisers only Loman developed the cost approach to value. The Board finds his estimate of land value of $643,300, developed using four comparable land sales, is the only estimate of land value in the record. The Board finds the subject's land assessment should be reduced to reflect Loman's estimate of land value.

Although Loman developed an estimate of value for the improvements under the cost approach, he ultimately gave the conclusion less weight due to the difficulty in estimating accrued depreciation. Additionally, Loman determined the subject suffered from no functional or external obsolescence. However, both Salisbury and Loman agreed that no full service hotels had been constructed in Madison County during the last ten years, which would indicate the subject suffers from some form of functional or external obsolescence. Loman also indicated within the reconciliation portion of his appraisal that "this approach to value has limited reliability as an indicator of market value. As a result the Board gives the conclusion derived under this method little weight.

Both appraisers utilized the sales comparison approach. Salisbury, with the exception of comparable 1, utilized full service hotels as comparable sales while Loman utilized limited service hotels as comparables. Loman's sales were generally superior in location and date of sale than the sales used by Salisbury. However, Salisbury's sales were more similar to the subject in use as full service hotels and room count. Two of Salisbury's sales, 2 and 4, were dated occurring in 1998, eight years prior to the assessment date at issue, and one of these sales was involved in a foreclosure. Salisbury's sale 5 was significantly older than the subject property being built in 1960 compared to the subject's date of construction in 1985. Because of these factors the Board finds that significant upward adjustments would be needed to these sales. Salisbury's comparable sale 1 was a limited service hotel, which should be given less weight. Salisbury's option 1 was of an older hotel constructed originally in 1975 and was the result of an agreement with the owner and the lessee. The Board gives this sale less weight. The Board finds the two best full service comparables sales in the record were Salisbury's comparable 3 and listing 1. These were similar to the subject in age but both had higher room counts. These comparables were located in Mount Vernon and Moline and sold or were listed for prices of $23,941 and $20,833 per room. Upward adjustments to these prices appear to be needed for size and/or location.

Loman's comparable sales were of limited service hotels that were, with the exception of comparable 7, considerably smaller than the subject in building area. In room count, only comparable sale 6 was similar to the subject. Additionally, six of the comparables used by Loman were 5 to 12 years old, only two were similar to the subject in age. These comparables sold for prices ranging from $22,741 to $43,846 per room. Comparable sale 6, most similar to the subject in both age and room count sold for a price of $29,048 per room. Due to the fact that these comparables were limited service hotels, the Board finds a downward adjustment to the prices would be warranted.

After considering these sales, and giving most emphasis to Salisbury's comparable sale 3 and his listing and Loman's comparable sale 6, the Board finds the subject property has an indicated market value of $26,500 per room for a total market value of $3,630,000, rounded, based on the subject having 137 rooms.

Both appraisers developed the income approach to value. The Board finds the appraisers agreed on the average daily room rate of $85, the occupancy rate of 65% and the proportion of miscellaneous income. In fact, the appraisers were in near agreement with respect to effective gross income with Salisbury at $3,635,232 and Loman at $3,567,855. The Board finds that the subject has an effective gross income of $3,635,232 as calculated by Salisbury. The appraisers disagreed with respect to the operating expenses. Using historical data for the subject, Salisbury estimated an expense ratio of 83% of effective gross income or $3,017,243. Salisbury explained that expense ratios for full service hotels exceed expense ratios for limited service hotels because of the costs of maintenance, repairs and utility costs for the areas associated with the restaurant, bar and meeting rooms. Loman estimated an expense ratio of 75% of effective gross income or $2,675,891 using three comparables, two of which were limited service hotels. One comparable had a banquet room, more similar to the subject, and had the highest expense ratio of the three comparables used by Loman, which seems to corroborate Salisbury's testimony regarding higher expenses for full service hotels. Based on this record the Board finds Salisbury's estimated expense ratio is better supported. The Board also finds better support is Salisbury's calculation of reserves and income attributable to FF&E. Based on this analysis the Board finds the subject had a net operating income of $376,680 as calculated by Salisbury.

The appraisers disagreed on the applicable capitalization rate. Salisbury reviewed two publications that track capitalization rates for hotel properties. *Korpacz Real Estate Investor Survey* showed an average of 9.88% in the first quarter of 2004 and average of 9.47% in the first quarter of 2005. *Hospitality Perspectives* published by US Realty Consultants, Inc., for the spring of 2004 showed an average of 9.5%. Salisbury selected a capitalization rate of 10% to which he added 2.57% for an effective tax rate resulting in an overall capitalization rate of 12.57%. There is some issue with respect to overstating the capitalization rate due to the expensing of real estate taxes in the publications used by Salisbury. Loman used three techniques in arriving at his estimated capitalization rate. Using the mortgage equity technique Loman arrived at an overall rate of 11.80%. Using investor surveys Loman arrived at a rate of 9.59%. The market abstracted overall rate was estimated to be 10.98% using the sale of a Comfort Inn in Edwardsville and a sale of a Sunrise Inn and Suites located in Pontoon Beach. Addtionally, Loman's estimated capitalization rate was more

reflective of the assessment date at issue than was Salisbury's. Loman concluded the overall rate to be 10.5%. After considering both reports, the Board finds that a capitalization rate of 10.5% is better supported. Capitalizing the net income of $376,680 by 10.5% results in an estimated value under the income approach of $3,590,000, rounded.

After considering the indicated value of $3,630,000 using the comparable sales and the indicated value of $3,590,000 using the income approach, the Property Tax Appeal Board finds the subject property had a market value of $3,600,000 as of January 1, 2006, and further finds the subject's total assessment should be reduced to $1,200,000.

This is a final administrative decision of the Property Tax Appeal Board which is subject to review in the Circuit Court or Appellate Court under the provisions of the Administrative Review Law (735 ILCS 5/3-101 et seq.) and section 16-195 of the Property Tax Code.

Chairman

Member

Member

Member

Member

DISSENTING:

C E R T I F I C A T I O N

As Clerk of the Illinois Property Tax Appeal Board and the keeper of the Records thereof, I do hereby certify that the foregoing is a true, full and complete Final Administrative Decision of the Illinois Property Tax Appeal Board issued this date in the above entitled appeal, now of record in this said office.

Date: December 23, 2009

Clerk of the Property Tax Appeal Board

**IMPORTANT NOTICE**

Section 16-185 of the Property Tax Code provides in part:

"If the Property Tax Appeal Board renders a decision lowering the assessment of a particular parcel after the deadline for filing complaints with the Board of Review or after adjournment of the session of the Board of Review at which assessments for the subsequent year are being considered, the taxpayer may, within 30 days after the date of written notice of the Property Tax Appeal Board's decision, appeal the assessment for the subsequent year directly to the Property Tax Appeal Board."

In order to comply with the above provision, YOU MUST FILE A PETITION AND EVIDENCE WITH THE PROPERTY TAX APPEAL BOARD WITHIN 30 DAYS OF THE DATE OF THE ENCLOSED DECISION IN ORDER TO APPEAL THE ASSESSMENT OF THE PROPERTY FOR THE SUBSEQUENT YEAR.

Based upon the issuance of a lowered assessment by the Property Tax Appeal Board, the refund of paid property taxes is the responsibility of your County Treasurer. Please contact that office with any questions you may have regarding the refund of paid property taxes.