FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD

APPELLANT: Cognis Corp.
DOCKET NO.: 06-01808.001-I-3 through 06-01808.008-I-3
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Cognis Corp., the appellant, by attorney Jackson E. Donley in Springfield, the Kankakee County Board of Review; and the intervenors, the City of Kankakee and Kankakee SD No. 111 by attorneys Frederic S. Lane and Scott L. Ginsburg of Robbins Schwartz Nicholas Lifton & Taylor, Ltd., in Chicago.[1]

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 **Kankakee** County Board of Review is warranted. The correct assessed valuation of the property is:

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
06-01808.001-I-3	16-17-18-100-009	85,368	2,952,782	$3,038,150
06-01808.005-I-3	16-17-18-100-013	44,794	1,603,959	$1,648,753
06-01808.007-I-3	16-17-18-300-002	116,582	221,515	$338,097

Subject only to the State multiplier as applicable.

ANALYSIS

For purposes of taking oral testimony and evidence at hearing the Property Tax Appeal Board, without objection, consolidated 06-01808.001-I-3 through 06-01808.007-I-3 and 07-02813.001-I-3 through 07-02813.003-I-3 pursuant to Property Tax Appeal Board rule 1910.78 (86 Ill.Adm.Code 1910.78).[2] A separate decision will be issued for each appeal.

The subject property consists of three parcels of land improved with a multi-building industrial facility. The subject contains approximately 74 buildings.[3] The buildings range in size from

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[1] Attorney Clark Mills represented the appellant at hearing.
[2] At hearing, appellant's counsel agreed that only three parcels were under appeal, 16-17-18-100-009, 16-17-18-100-013 and 16-17-18-300-002.
[3] During the hearing, the board of review was requested by the hearing officer to submit information regarding the correct number of buildings. Information received from the Kankakee County Assessor's Office depicts the subject

one-story to five-story with two of the buildings having a basement. The plant was originally constructed in 1948 with multiple additions being added from 1948 to 2005. The subject contains 586,760 square feet of building area. The original buildings, constructed in 1948 are of brick construction and consist of the main office, a quality control lab and several smaller buildings. Fifteen of the buildings are constructed with insulated metal panel walls and were built between 1971 and 2005. These buildings include a warehouse, a sulfation building and a polyamides (solids packaging) building. Nineteen buildings of concrete block construction were built between 1948 and 1993. In addition, there are 11 steel framed buildings that were built between 1948 and 1978. These buildings include a bulk storage building and the "BEEP" building. There is also 13 steel framed buildings that were built between 1948 and 1997, which include the sulfation drumming building and the sulfation building. A materials management building, containing 125,930 square feet of building area was constructed in 1952 with an addition in 2005. This building was constructed of steel frame with brick and steel exterior walls and contains a sprinkler system. The majority of buildings (90%) have a clear ceiling height of approximately 18 feet with the remaining 10% having a clear ceiling height of approximately 12 feet. There are office areas located throughout the plant in six different buildings. The total office space is 31,301 square feet of air-conditioned building area. Heat and air-conditioning is provided by four boilers. In addition, the plant contains 25 loading docks. The subject is located in Kankakee Township, Kankakee, Illinois.

The appellant, through counsel, appeared before the Property Tax Appeal Board contending overvaluation as the basis of the appeal. In support of this argument the appellant submitted a summary appraisal report prepared by J. Edward Salisbury of Salisbury and Associates, Inc. Real Estate Appraisers and Consultants. Salisbury estimated the subject property had a market value of $6,700,000 as of January 1, 2006. Salisbury was called as a witness on behalf of the appellant.

Salisbury testified that he has been involved in property tax for 35 years and has appraised hundreds of properties. Salisbury has a Certified Assessment Evaluator ("CAE") designation from the International Association of Assessment Officers ("IAAO"). He is also a senior instructor with "IAAO."

Salisbury began his testimony explaining various errors he discovered within his appraisal report. The errors included identifying that the purpose of the report was not for valuing part of a trust, but rather, for valuing the property for property tax purposes; the intended user was meant to be Cognis, not Miller Container; there was a population increase in the County population and not necessarily in the community; Building

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contains approximately 74 buildings which includes two guard shacks. However, it was pointed out that some buildings, which may appear as one, are actually two buildings with a shared common wall.

number 82 (appraisal page 35) should indicate a year built of 1969 and building number 115 should indicate a construction date of 1997. In addition, an error was made on the weighted age calculations on page 36 of his report. The size of the first building should be 59,851 and not 60,305. This error caused a change in the weighted age from 5.96 on that building to 5.92. For the year labeled 1958, it should read .43 instead of .76, 1992 should be .04 and not .41, 1993 should be .01 instead of .09, 1994 should be .04 and not .44, 1996 should be .09 and not .91 and 2005 should be .02 instead of .24. As a result of these changes the weighted age should be 39.69 or 40 years, rounded, instead of 42. Further errors included the estimate of depreciation for sales comparison #4. The depreciation for this comparable should be 75.6 and not 95.6. Regarding sale #7, Salisbury testified that the sales information shown in the report is correct, however, the information is about a prior sale of that property. The property actually sold twice and the first sale occurred in 1998. On page 35 of his report, sale #1 indicates 40 years of age when it should be 35. Sale #3, on page 60 of his report incorrectly states a size of 540,455 square feet of building area, when it should have included a mezzanine area which changes the size to 579,735 square feet of building area. The corresponding price per square foot for this comparable would change from $3.87 to $3.91. On page 73 the age for listing #1 should read 30 years. On page 76 of his report wherein he discusses his adjustments, the age and condition explanation was not changed to reflect the pluses and minuses shown on page 75. On page 78, Salisbury's report indicates some weight was given to the income approach; however, this should have been removed because the income approach was not utilized in this report. Salisbury testified that these changes, made at hearing, does not influence or change his estimate of value for the subject.

Salisbury testified that the subject contained 96.3-acres of land area with 42.95-acres being excess land area. The original buildings, out of approximately 67 buildings, were built in 1948 with numerous additions from 1948 to 2005. The majority of buildings are one-story, however, they range up to five stories in height. Salisbury opined that the subject is unique in the sense that it has a large number of non-connected smaller buildings. Salisbury's report (page 39) depicts the present use of the site as though vacant is the highest and best use. As improved, Salisbury determined the highest and best use for the subject to be for continued industrial use. He analyzed all three traditional approaches to value in estimating a value for the subject; however, he ultimately used only the cost approach and the sales comparison approach.

Salisbury did not use the income approach to value because he felt the subject contained a great number of separate buildings in a very large complex. Because of this, he did not believe a tenant could be found to rent the entire complex. The complex would have to be broken down into smaller components and trying to estimate the market rent for each of those components would be very difficult.

One of the approaches to value developed by Salisbury was the cost approach. Salisbury examined three land sales located in Manteno, Illinois, and five sale listings located in Kankakee, Illinois. The three sales ranged in size from 13.06 to 117.61-acres and sold in either April 2000 or March 2002 for prices ranging from $224,250 to $1,800,000 or from $15,305 to $17,170 per acre. The five sale listings ranged in size from 30 to 160-acres and were listed from January 2006 to August 2007 for prices ranging from $900,000 to $4,560,000 or from $21,600 to $30,000 per acre. The land sales were given a positive adjustment for market conditions at time of sale; sale #1 and listings #2, #3 and #5 were adjusted upward for size. Based on these adjustments, Salisbury concluded a value for the subject's building site (53.88-acres) and excess land (42.95-acres) of $20,000 per acre, for a total estimated land value of $1,940,000, rounded.

For the subject's improvements, Salisbury used Marshall Swift. He considered the buildings to be light manufacturing, average steel. He calculated a final square foot cost for the subject of $42.06 which was then multiplied by the square footage of 586,760 and added to the lump sum adjustments for fencing, roadways, parking areas, and sidewalks to estimate a replacement cost new for the subject improvements of $26,444,126. For depreciation, Salisbury utilized a market abstraction method by examining sales #2, #3, #4, #7 and #8.[4] The indicated range was 2.11% to 3.78% of depreciation per year. Salisbury used 2% depreciation per year for the subject. He then multiplied this 2% per year depreciation for the subject's improvements by the weighted age (42 years) which indicated a depreciation rate of 84% from all causes. After applying this rate to the subject's replacement cost new of the improvements ($26,444,126) and adding in the land value ($1,080,000) indicated a market value for the subject by the cost approach of $5,300,000. He then added the excess land value ($860,000) to this estimate for a total estimate of value for the subject using the cost approach of $6,160,000.

The next approach developed by Salisbury was the sales comparison approach. Salisbury examined eight improved sales and one sale listing located from 115 to 215 miles from the subject. The eight sales were located in Freeport, Centralia, Effingham, Loves Park, Danville, Galesburg, Milan and Decatur, Illinois. The sale listing was located in Salem, Illinois. The sales ranged in size from 309,000 to 935,322 square feet of building area; ranged in age from 21 to 46 years old; and contained from 12.68 to 103.36-acres of land area. These properties had land-to-building ratios ranging from 1.59:1 to 8.98:1 and office space ranging from 0.0% to 20.65%. These properties sold from January 2002 to June 2007 for prices ranging from $900,000 to $8,000,000 or from $2.91 to $12.67 per square foot of building area, including land. The 30 year old sale listing was improved with a 685,620 square foot building, contained 60.65-acres of land area, a land-to-

[4] Sale #7 is a previous sale that occurred to that property.

building ratio of 3.85:1 and 7.0% of office area. This property was listed for sale in May 2007 for $6,300,000 or $9.19 per square foot of building area, including land. The subject was depicted as a 42 year old improvement containing 586,760 square feet of building area, 53.88-acres of land area, and a land-to–building ratio of 4.00:1 with 5.33% office space. The comparables were adjusted for market conditions at time of sale, location, building area, land-to-building ratio, age and condition. After analyzing the factors affecting value, Salisbury concluded a price of $10 per square foot of gross building area for the subject was appropriate. He then multiplied this amount by 586,760 square feet to estimate a total market value for the subject's building site and improvements of $5,870,000. He then added in the value of the excess land ($860,000) to arrive at an estimated value for the subject by the sales comparison approach of $6,730,000 or $6,700,000, rounded as of January 1, 2006.

During cross-examination, Salisbury acknowledged that on page 52 of his report he used data from a 1998 sale of comparable #7 to compute depreciation and data from a 2005 subsequent sale of the same property with respect to estimating a value for the subject from sale #7. Salisbury agreed that if he had used the 2005 sale for this comparable to calculate depreciation, it would have changed the result. Salisbury agreed that had he used the 40 years weighted age instead of the 42 years that he used, it would have increased the value of the subject greater than the estimated $6,700,000 he calculated in the cost approach.

Upon questioning from the hearing officer, Salisbury testified that when he selected the 2% rate of depreciation, it was based on an age for the subject of 42 years. If he had used 40 years, which he may have, he might have used a little higher depreciation rate, which would have decreased the value of the subject property by 2%.

Salisbury was also question regarding the arm's-length nature of sale #3. The Real Estate Transfer Declaration sheet depicts this property was not sold or advertised using a real estate agent. Salisbury also acknowledged that comparable sale #3, which is depicted as having a sale date of January 2006, also had a sale in March 2007 for $4,194,477 or for $7.77 per square foot of building area, including land. This subsequent sale was not shown or discussed in the appraisal report. Upon questioning about this sale from the hearing officer, Salisbury testified that this subsequent sale regarding comparable #3 was not an arm's-length transaction because the parties to the sale were related.

Salisbury testified that when finding comparables, the first thing he does is try to find sales in communities that are located on an interstate. Then, he looks at a number of other features. Salisbury stated that for industrial and bigger stores or unique properties the market area expands.

Salisbury explained that with abstracted depreciation a person would start with the sale price of the property and then subtract the land value. In each of the sales he used, Salisbury had land sales in each of those communities to estimate land value. He then multiplies the estimated the land value by the number of acres in that property to get the land value which he then subtracts from the sale price.

On re-direct, Salisbury testified that comparable sale #8 received a lower land value estimate because the surrounding land area is wooded with a ravine and creek. In addition, even though it is 103-acres, it has only 20 to 25-acres which are usable. Salisbury further testified that land values for industrial property in Decatur are generally significantly higher than the estimated $8,000 per acre he used for this property. Based on this evidence, the appellant requested a reduction in the subject's assessment commensurate with the appraised value of $6,700,000.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject property's final assessment for each parcel was disclosed as follows:

P.I.N.	Land	Improvements	Total
16-17-1-100-009	85,368	4,300,637	$4,386,005
16-17-18-100-013	44,794	2,335,418	$2,380,212
16-17-18-300-002	116,582	371,509	$488,091

For 2006 the subject parcels under appeal had a total assessment of $7,254,308, which reflects a market value of approximately $21,654,650 for 2006 using the three-year average median level of assessments for Kankakee County of 33.50%. The board of review deferred to the intervenors for the presentation of evidence in support of the subject's assessment.

The intervenors, City of Kankakee and Kankakee School District No. 11 submitted a summary appraisal report prepared by Dale Kleszynski of Associated Property Counselors, Ltd. Kleszynski estimated the subject property had a market value of $15,000,000 as of January 1, 2006. Kleszynski was called as a witness on behalf of the intervenors.

Kleszynski is president of Associated Property Counselors Limited, a real estate appraisal and consulting firm. He has been an appraiser and consultant since 1977. Kleszynski is an Illinois licensed real estate appraiser as well as being licensed in Indiana and Michigan. Kleszynski obtained his MAI certified appraiser designation in 1984. He was also awarded with the SRA designation from the Appraisal Institute. Kleszynski is a past president of the Chicago chapter of the Appraisal Institute and served as a board member of the Board of Directors. He has been a member of the Executive Committee and chaired a committee of the General Appraisal Board. Kleszynski testified that the

General Appraisal Board sets the standards for education and admissions for those seeking the MAI designation. In addition, Kleszynski developed the litigation series for the Appraisal Institute including sections on eminent domain and various problems in appraising real estate for purposes of litigation. During his career, he has prepared thousands of appraisals. He has appraised real estate ranging from residential to special purpose parcels, including chemical processing plants. He has appraised factories, asphalt plants, airports, single family subdivisions, general industrial, commercial and office buildings. Recently, he has been appraising properties in the six collar counties of Chicago, Indiana, Michigan and Wisconsin. Kleszynski testified that in the last five years he has appraised hundreds of industrial properties. During his career, he believes he has appraised almost every major manufacturing facility in the Kankakee area.

Kleszynski inspected the interior and exterior the subject property on September 29, 2008. In addition, he obtained data from the appraisal previously prepared by Salisbury on the subject along with data from the assessor's records. He also examined a layout of the facility during his inspection. Kleszynski described the subject as being located in a predominantly industrial area with vacant acreage and agricultural land being located beyond it. Kleszynski testified the subject contains 71 industrial buildings after examination of the list provided to him and after looking at the site plans. He found the vast majority of buildings are one-story, however, there are mezzanine areas and two-story buildings located throughout the complex. In addition, the subject contains storage area used for general warehousing; off-street and gated parking, 5.33% of office space or approximately 31,300 square feet. Kleszynski further testified the subject has ceiling heights in the office area ranging from 8 to 10 feet and from 10 to 30 feet in the manufacturing and storage areas. Kleszynski recalls the subject has an alarm system and is fully sprinklered. He did not verify if each building was sprinklered. Kleszynski described the subject as an integrated system for manufacturing chemical products. The subject site, described as a self-contained facility, contains on-site water, a material handling system and a water treatment plant. Kleszynski testified that even though the buildings are free-standing, within the buildings there are interconnected processes that provide steam, electrical and various products from one building to another. In addition, he found a significant number of storage tanks.

Kleszynski concluded an average age for the improvements to be 40 years old. Kleszynski identified excess land, approximately 42.95-acres, as being that property that is farmed located adjacent to the subject property. Kleszynski described the subject as being well maintained, in average to good condition, with no significant signs of deferred maintenance. He considered the subject to be industrial to heavy industrial because there are a number of processes occurring in each one of the buildings with certain areas being allocated for storage. Kleszynski testified that the predominant application at the property were manufacturing and chemical in character. In addition, during his inspection, he observed that the construction of the individual buildings were such that the floor loads were heavy because of the number of tanks located on those floors. Further, he found that the superstructure did not contain light steel, but, were more reflective of things he has seen in competitive chemical processing plants and other heavy manufacturing facilities.

Kleszynski evaluated the subject property in fee simple estate. He found the highest and best use of the subject property as vacant was for industrial development consistent with its current use as well as area development patterns, which were industrial in character. Kleszynski testified that the highest and best use of the subject property as improved is its current use. In estimating a value for the subject property, Kleszynski developed a cost approach to value as well as a direct sales comparison approach to value. Kleszynski did not develop an income approach to value because he opined that the subject was somewhat specialized in character. In addition, he testified that the physical characteristics of the subject do not lend it to being a leased property. He has found that property similar to the subject is traditionally owner occupied and developed so that the application that will be occurring there can be completed in accordance with their specifications.

Under the cost approach to value, Kleszynski first estimated the value of the land as if it were vacant and available for sale. He researched six comparable land sales located in the subject's market area. The land sales were located within the municipality of Kankakee as well as the area outside of Kankakee. Kleszynski testified that land sales in Kankakee would best reflect the interaction between buyer and seller of industrial land in the subject area. He stated he considered excess land when selecting the land sales and making adjustments. The six land sales were located in Kankakee, Illinois and ranged in size from 5.01 to 217.35-acres. They sold from May 2003 to November 2006 for prices ranging from $125,000 to $3,056,518 or from $14,063 to $36,393 per acre. The land sales were adjusted for date of sale and size. Kleszynski felt no other adjustments were required. Based on these adjustments, Kleszynski concluded a value for the subject's land area of $22,000 per acre, for a total estimated land value of $2,130,260 or $2,130,000, rounded.

For the subject's improvements, Kleszynski reviewed the Marshall Valuation Service material to estimate actual reproduction cost new for the subject. He considered the buildings to be industrial, instead of light industrial as used by Salisbury. This was based on his observations of the property characteristics during his inspection and as reviewed using the data from Marshall Swift. He utilized a base industrial manufacturing cost of $41.50 indicated in Marshall Swift and verified that amount with internal files from his office in which he had been involved with appraisals of newly constructed industrial facilities. After making adjustments for physical characteristics such as story height, number of stories, perimeter size, height and size, local costs and miscellaneous factors, he estimated an adjusted cost price of $46.42 per square foot of building area.

For depreciation, he relied on his inspection and considered the buildings were constructed between 1948 and 2005. He found the improvements appeared to be very well maintained and that the owner had taken steps to properly maintain the improvements, thereby; it was his opinion that the effective age of the property was approximately 35 years. Based on the maintenance he observed he concluded the subject's total life was at least 70 years or longer. Kleszynski testified that during his inspection, some of the buildings were 60 years old and appeared very well maintained. In addition, during his tour, the person escorting him indicated the owner maintained the building to accommodate the ongoing use and that when things need to be done, they were done. Kleszynski used the age-life method to calculate the subject's depreciation. The effective age of 35 years was applied to the 70 years of remaining expected life which indicated physical depreciation of 50%. Kleszynski further testified that he did not use the extraction method to determine depreciation because it lacked credibility in this particular instance. He explained that because the subject contained approximately 71 buildings, a person would have to do 71 cost approaches for each one of the buildings in order to get the estimated cost reproduction new of each building. In addition, he found the subject to be specialized property, and therefore, the application of the extraction method loses credibility. Kleszynski testified that the extraction method of depreciation is not an appropriate tool in this instance. Kleszynski found the subject contained 10% functional obsolescence because the 71 buildings have varying ceiling heights, various applications and various dock doors. He found the subject to be unique property designed for the ongoing application that is occurring. Kleszynski found a certain level of functional obsolescence was built into the subject property when compared to a more traditional industrial manufacturing or distribution center. He found no economic obsolescence because there were no identifiable factors such as an oversupply of labor, bad transportation or things of that character impacting the subject.

Kleszynski estimated the reproduction cost new of the improvements to be $27,237,399. Depreciation of 60% from all causes was subtracted to arrive at a depreciated value of the improvements of $10,894,960 to which depreciated land values of site improvements of $500,000, a lump sum adjustment $2,000,000 for infrastructure, tanks, etc., and a land value of $2,130,000 were added to indicate a total estimated value by the cost approach of $15,524,960 or $15,525,000, rounded.

The next approach developed by Kleszynski was the sales comparison approach. Kleszynski examined six industrial buildings and industrial complexes. The comparables were located in Kankakee, Joliet, Matteson, Sauk Village and Wilmington, Illinois. The furthest sale was in Joliet, approximately 40 miles from the subject. Kleszynski felt there were sufficient sales data in the subject's immediate area, and therefore, he did not need to search 150 or 200 miles from the subject. He found the sales from several databases, internal files, public records, CoStar Comps and LoopNet. In addition, Kleszynski testified that he has an ongoing relationship with the primary brokers operating in Kankakee.

The six sales consisted of industrial complexes that were built from 1961 to 1981.[5] The comparables contained from 14.11 to 264-acres of land area; had building areas ranging from 144,000 to 2,877,165 square feet with land-to-building ratios ranging from 2.21:1 to 13.80:1. Kleszynski verified the arm's-length nature of the sales comparables. The comparables sold from February 2003 to January 2007 for prices ranging from $3,250,000 to $68,596,000 or from $20.80 to $25.48 per square foot of building area, including land.[6] The comparables were adjusted for date of sale, land-to-building ratio, building area and physical variations when compared to the subject. Based on the adjustments, Kleszynski estimated a unit value for the subject improvements of $14,082,240 or $24.00 per square foot of building area, including site value, before consideration of the subject's excess land. Kleszynski then added the estimated value of the excess land ($944,900) for a total estimated value of the subject using the direct sales comparison approach of $15,027,140 or $15,000,000, rounded, as of January 1, 2006.

In reconciliation of the approaches he used, Kleszynski testified that he placed the greatest amount of weight on the direct sales comparison approach to value in formulating his final value conclusion. Kleszynski felt he had several very good sales that were heavier industrial type facilities that consisted of multiple buildings on large tracts of ground. He testified that these sales were most reflective of the subject property and the strength of those transactions was greater or better than the cost approach to value. The multi-building sales were comparables #2, #3, #4 and #6.

During cross-examination, Kleszynski acknowledged that improved sale #1, as depicted in his appraisal, was not an arm's-length transaction. Kleszynski was also questioned regarding sale #2, which counsel indicated was a sale transaction involving a lease. Kleszynski considered sale #2 to be a market transaction based on a sworn statement that "the consideration paid was a fair reflection of the fair market value as of the sale date." Kleszynski further testified that his opinion was based on what he had learned from the grantor, Center Point Properties. Kleszynski further acknowledged that sale #4 was partially leased at time of sale. Kleszynski reiterated that sale #4 was a fee

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[5] Sale #3 was rehabbed in 1992 and sale #6 was rehabbed in 1984.

[6] Kleszynski made various changes to sale comparable #1 which actually sold in September 2006.
The sale price for this property did not change as a result of the errors.

simple estate transaction. Kleszynski considered the subject property to be self-contained meaning it had its own water treatment facility and electrical transformers. He also considered sale comparables #2, #3 and #6 as being close examples of self-contained properties. Kleszynski testified that he does not agree with the general statement that if property is sold, which contains a lease, is more valuable than one sold without a lease. Kleszynski explained that if property is leased in part or in whole and its leased at a market level and it sells for a market price that is consistent with other transactions, then the sale of the lease fee estate contributes nothing additional to the transaction. He did not believe the leased sales used in his appraisal diminished their arm's-length nature, because they were representative of the market based on his verification after examination of the transfer declaration sheets, consultations with the grantors and examination of other sales.

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 this appeal. The Board further finds the evidence in the record as submitted by both the appellant and the intervenors support 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. 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 herein indicates a reduction in the subject's assessment is warranted.

The Board finds the best evidence of market value in the record is the appraised value presented by Kleszynski on behalf of the intervenors. Kleszynski developed the cost and sales comparison approaches to value in estimating the subject property had a market value of $15,000,000 as of January 1, 2006.

Under the cost approach Kleszynski utilized six land sales located in the subject's market area. Kleszynski testified that land sales in Kankakee best reflected the market value of industrial land in the subject area. The land sales ranged in size from 5.01 to 217.35-acres and sold from May 2003 to November 2006 for prices ranging from $125,000 to $3,056,518 or from $14,063 to $36,393 per acre. The land sales were adjusted for date of sale and size. Kleszynski concluded a value for the subject's land area of $22,000 per acre, for a total estimated land value of $2,130,000, rounded. Salisbury used only three land sales along with five sale listings. Each land sale used by Salisbury was located in Manteno and was more remote in date of sale than what Kleszynski used. The difference between both appraisers' estimation of land value was only $2,000 per acre, however, the Board finds Kleszynski's estimate of value is better supported by using properties located within the subject's immediate market area with sale dates closer to the assessment date in question. The Board finds Kleszynski was more familiar with the general locale where the land sales were located. Based on the testimony and credibility of the witnesses, the Board finds Kleszynski's estimate of the subject's land value was more credible.

Kleszynski next developed the replacement cost new of the improvements utilizing Marshall Swift. Based on his observations, he considered the subject to be industrial, whereas, Salisbury considered the subject to be light industrial. In addition, Kleszynski found the subject to be well maintained with an effective age of 35 years old. The Board finds Kleszynski's use of the age-life method to calculate 50% depreciation[7] was more credible that the market abstraction method as used by Salisbury. The Board finds both appraisers agreed the subject is unique in that it contains a large number of buildings thereby making the abstraction method for calculation of depreciation difficult at best. Further, the Board finds Salisbury's abstraction method utilized properties located over 122 miles from the subject, while other sales, more proximate in time and location to the subject were available. During his testimony, Salisbury admitted that land values in Decatur were generally significantly higher than the estimated land value he used for the subject property. In addition, the Board finds Salisbury made numerous errors in the data he used, wherein he acknowledged that his estimate of the subject's weighted age should be changed from 42 years to 40 years old. Kleszynski utilized a base cost of $41.50 utilizing Marshall Swift and verified this amount utilizing internal files from newly constructed projects he had been involved with, for an adjusted based price of $46.42 per square foot of building area. Based on the reliability of the data presented and the credibility of the witnesses, the Board finds Kleszynski estimate of value for the subject of $15,525,000, using the cost approach to value to be better supported and more indicative of the subject's fair market value for industrial property located in Kankakee in 2006.

The Board finds both appraisers placed more weight on their respective sales comparison approach to value. Salisbury relied upon sales located from 115 to 215 miles from the subject, while Kleszynski utilized sales within approximately 40 miles of the subject. Salisbury testified that he looked for sales located near interstates while Kleszynski relied upon sales in the immediate vicinity of the subject. Kleszynski found his multi-building sales comparables #2, #3, #4 and #6 to be most reflective of the subject. These four sales sold from February 2003 to January 2007 for prices ranging from $9,250,000 to $68,596,000 or from $20.80 to $23.84 per square foot of building area. They had land-to-building ratios ranging from 2.89:1 to 13.80:1. After making various adjustments, Kleszynski estimated a unit value for the subject of $24.00 per square foot of

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[7] An additional 10% functional obsolescence was added to this amount.

building area or $14,082,240.[8] From this, he added his excess land value estimate of $22,000 per acre or $944,900 for a total estimate of value using the sales comparison approach to value of $15,000,000, rounded. Salisbury utilized eight sales and one listing. The sales ranged from January 2002 to June 2007 and sold for prices ranging from $900,000 to $8,000,000 or from $2.91 to $12.67 per square foot of building area, including land. The sale listing was listed for sale in May 2007 for $6,300,000 or $9.19 per square foot of building area, including land. Salisbury concluded a price of $10 per square foot of gross building area or $5,870,000 was appropriate. He then added in the value of the excess land ($860,000) to arrive at an estimated value for the subject by the sales comparison approach of $6,700,000, rounded, as of January 1, 2006. However, when questioned regarding sale #3, Salisbury testified that the Real Estate Transfer Declaration sheet depicts sale #3 was not sold or advertised using a real estate agent. In addition, sale #3, which is depicted as having a sale date of January 2006, also had a sale in March 2007 for $7.77 per square foot of building area, including land, which was not shown or discussed in the appraisal report. Kleszynski acknowledged that his sale comparables #2, #3 and #6 involved a sale of leased properties; however, upon his inquiry with the grantors, examinations of the transfer declaration sheets, examination of other sales and/or knowledge of real estate in Kankakee, he still considered these sales to be reflective of the market and arm's-length transactions. Based on his knowledge, Kleszynski testified that the leases did not contribute value to each sale. Kleszynski testified that these three properties were most reflective of the subject's self-contained character, meaning that were self supporting.

Based on the evidence and credible testimony presented, the Board finds Kleszynski's estimate of value using the sales comparison approach to value is better supported in this record. The Board agrees that Kleszynski's comparables #2, #3 and #6, being self-contained properties, in close proximity to the subject, better reflect the character and use of the subject. Sale #2 sold in December 2004 for $23.84 per square foot of building area, including land, has a land-to-building ratio identical to the subject, zoning identical to the subject and features numerous buildings, similar to the subject. Sale #3 sold in January 2007 for $23.20 per square foot of building area, including land, has a land-to-building ratio of 2.89:1, is similar in size to the subject, and also has numerous buildings, similar to the subject. Sale #6 is a multi-building property that sold in February 2003 for $22.33 per square foot of building area, has a land-to-building ratio of 5.07:1. After considering the adjustments and differences when compared to the subject, the Board finds Kleszynski's estimate of $24.00 per square foot of building area, including improved land, for the subject is well supported. Kleszynski then added the excess land (42.95-acres) value of $944,900 to indicate a total fair market value for the subject of $15,000,000, rounded, as of January 1, 2006.

[8] This includes the improvement and site value.

In conclusion, after comparing the evidence and testimony presented by the parties, the Property Tax Appeal Board finds the evidence and testimony presented by Kleszynski to be the most credible and best evidence of market value in this record.

Based on this record, the Property Tax Appeal Board finds the subject property had a market value of $15,000,000 as of January 1, 2006. Since market value has been determined, the 2006 three-year average median level of assessment for Kankakee County of 33.50% shall apply.

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: September 21, 2012

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.