



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

APPELLANT: AT&T Midwest
DOCKET NO.: 08-29825.001-I-2
PARCEL NO.: 27-16-207-002-0000

The parties of record before the Property Tax Appeal Board are AT&T Midwest, the appellant, by attorney Antonio J. Senagore, of Fisk Kart Katz and Regan, Ltd. in Chicago; the Cook County Board of Review by assistant state's attorney John J. Coyne; and the Orland School District #135, intervenor, by attorneys Mallory A. Milluzzi and Donald E. Renner III, of Klein Thorpe & Jenkins Ltd. in Chicago.

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

LAND: \$ 234,166
IMPR.: \$ 50,234
TOTAL: \$ 284,400

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from a decision of the Cook County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment for the 2008 tax year. The Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of the appeal.

Findings of Fact

The subject property consists of a one-story, single-tenant industrial building. It was originally constructed in 1975 with an estimated 2,100 square foot addition added in 1978 and a 10,000 square foot addition added in 2002. The total building

square footage is 19,750 square feet. The subject has a weighted average age of 19 years. It is situated on 78,844 square feet of land and is located in Orland Park, Orland Township, Cook County. The appellant, via counsel, appeared before the Property Tax Appeal Board arguing that the fair market value of the subject is not accurately reflected in its assessed value.

The appellant submitted a complete summary appraisal report undertaken by Michael J. Kelly and Alan R. Geerdes with Real Estate Analysis Corporation. The appraisal has a valuation date of January 1, 2008. The appraisal indicates Mr. Kelly is an Illinois certified general real estate appraiser with an MAI designation and Mr. Geerdes is an Illinois general real estate appraiser. The appellant presented the testimony of Michael J. Kelly, the supervising appraiser. Kelly testified he is an Illinois certified general appraiser and a designated MAI with the Appraisal Institute as well as an SRPA designation from the Society of Real Property Appraisers. He testified he supervised the work of Mr. Geerdes in preparing this appraisal, thoroughly reviewed the appraisal before signing it, and is fully responsible for everything in the report. Kelly testified he has appraised approximately 10,000 properties located in Cook County, including approximately 5,000 industrial properties. He has previously testified before the Property Tax Appeal Board and was tendered and accepted as an expert in real estate valuation, with no objection from an opposing party.

Kelly testified Alan Geerdes and Carlos Mendoza, who were present at the hearing, inspected the subject in 2006 and again in 2008. Kelly testified he inspected the subject in preparation for this hearing. He described the subject property and its environs. Kelly testified the subject is a 19,750 square foot, single-tenant, industrial building. It has an average weighted age of 19 years, ceiling heights of 14 feet, three percent office space and a concrete foundation. It is located in Orland Park, and is owned by AT&T. Kelly testified the highest and best use of the property is its current use.

To estimate a total market value for the subject of \$675,000 as of January 1, 2008, Kelly employed all three of the traditional approaches to value.

Under the cost approach, Kelly testified he analyzed four land sales located in the subject's market area. The comparables range in size from 17,721 to 59,630 square feet. These properties sold from November 2005 to November 2007 for prices ranging from \$3.60 to \$8.32 per square foot. Kelly testified he

made adjustments for pertinent factors to arrive at a land value for the subject of \$5.25 per square or \$410,000, rounded.

Using RS Means and the Marshall Valuation Service, Kelly testified he estimated the replacement cost new for the improvement to be \$1,869,000. He then added site improvements for an overall replacement cost of \$2,007,000. Kelly testified his next step was to determine the accrued depreciation through a market abstraction method, where the amount of depreciation is abstracted from the sales that are included in the appraisal. Kelly depreciated the improvement by 86% for a total depreciated value of \$1,726,020. The land was added back in for a total value under the cost approach of \$690,000, rounded.

Under the income approach, Kelly described each of the four rental comparables identified in his appraisal. Rental #1 is located in Bedford Park and contains 26,263 square feet of building area. It is a one-story industrial building with 20 foot ceilings and 10% office space. It is 30 years old and is leased for \$3.17 per square foot, on a net basis.

Rental #2 is located in Bedford Park and contains 37,120 square feet of building area. It is a one-story industrial building with 20 foot ceilings and 16% office space. It is 33 years old and is leased for \$3.65 per square foot, on a net basis.

Rental #3 is located in Bedford Park and contains 45,318 square feet of building area. It is a one-story industrial building with 18 foot ceilings and 3% office space. It is 25 years old and is leased for \$3.68 per square foot, on a net basis.

Rental #4 is located in Alsip and contains 80,113 square feet of building area. It is a one-story industrial building with 30 foot ceilings and 7% office space. It is 2 years old and is leased for \$4.26 per square foot, on a net basis.

After making various adjustments with a concentration on location, size, ceiling height and land-to-building ratio, Kelly estimated the subject's market rent to be \$3.65 per square foot, on a net basis. This resulted in a potential gross income of (PGI) \$72,088. Vacancy, collection loss and managements fees were estimated at 13% of PGI for an effective net income (ENI) of \$62,717.

In determining the appropriate capitalization (CAP) rate, Kelly testified he used the abstracted rates from the sale comparables used in his appraisal report. He also analyzed national

investor surveys. He testified he applied an overall CAP rate of 9.0% to the ENI to estimate the market value for the subject under this approach at \$700,000, rounded.

The final method developed in the appraisal was the sales comparison approach. Kelly testified he analyzed six sale comparables. Kelly testified he looked for other industrial buildings located in the southwest suburbs of Cook County that were on a smaller end of the size scale.

Sale #1 is located in Oak Forest and sold in October 2007 for \$33.51 per square foot, including land. It contains: 23,874 square feet, 14 foot ceilings, and 13% office space. It is 23 years old and has a land-to-building ratio of 4.12:1.

Sale #2 is located in Oak Forest and sold in July 2007 for \$29.39 per square foot, including land. It contains: 19,973 square feet, 18 foot ceilings, and 12% office space. It is 32 years old and has a land-to-building ratio of 2.85:1.

Sale #3 is located in Bridgeview and sold in October 2006 for \$39.23 per square foot, including land. It contains: 44,604 square feet, 19 foot ceilings, and 10% office space. It is 29 years old and has a land-to-building ratio of 3.00:1, after Kelly made an adjustment for excess land.

Sale #4 is located in Alsip and sold in March 2005 for \$30.54 per square foot, including land. It contains: 26,000 square feet, 24 foot ceilings, and 23% office space. It is 26 years old and has a land-to-building ratio of 1.95:1.

Sale #5 is located in Bedford Park and sold in July 2008 for \$38.27 per square foot, including land. It contains: 58,270 square feet, 23 foot ceilings, and 16% office space. It is 30 years old and has a land-to-building ratio of 2.50:1.

Sale #6 is located in South Holland and sold in November 2006 for \$25.33 per square foot, including land. It contains: 15,200 square feet, 16 foot ceilings, and 10% office space. It is 36 years old and has a land-to-building ratio of 2.37:1.

Kelly testified that all six of his sales are fee simple sales, with no leases in place at the time of sale. Additionally, all are single-tenant properties. After making adjustments for differences between the subject and the comparables, with emphasis on location, building size and ceiling height, he estimated a value for the subject of \$33.00 per square foot of

above grade building area, including land which yields a value for the subject property under the sales comparison approach of \$650,000, rounded.

In reconciling the various approaches, Kelly testified he gave the greatest weight to the sales comparison approach, and moderate weight to the other approaches to values. After reconciliation, the appraisal estimated the value for the subject property as of January 1, 2008 to be \$675,000.

Under cross-examination by the board of review, Kelly generally testified as to the definition of and examples of "undue influence" as used to define "market value". Mr. Coyne tendered a copy of a Trustee Deed recorded as document number 0732516067 by the Cook County Recorder of Deeds, marked as "Board of Review Exhibit #1". Mr. Kelly acknowledged that this sale is a court-ordered bankruptcy sale that was not advertised for sale on the open market. Mr. Kelly also acknowledged that this fact was omitted from his appraisal report.

Next, Mr. Coyne tendered "Board of Review Exhibit #2", a PTAX-203 form relating to the transfer of sale comparable #1. Mr. Kelly acknowledged that sale #1 was not advertised for sale or sold using a real estate agent. Next, Mr. Coyne tendered "Board of Review Exhibit #3" which indicates appellant's sale comparable #2 was subject to environmental remediation as of June 2007, which could adversely affect the market value of a property. "Board of Review Exhibit #4," a PTAX-203 form and recorded Special Warranty Deed were submitted next. Mr. Kelly acknowledged that these documents indicate: personal property was included in the purchase of sale #3; the property had environmental remediation in 2001; and the property was vacant for 41 months prior to the sale. Finally, Mr. Coyne tendered "Board of Review Exhibit #5" the PTAX-203 form relating to sale #5. Mr. Kelly acknowledged the document indicated the comparable was vacant for 10 months prior to the sale.

On cross-examination by Ms. Milluzzi on behalf of the intervenor, Kelly testified that the more elements a sale has in common with the subject property, the fewer adjustments need to be made. He then testified to the importance of proximity of the comparables to the subject, their characteristics, land-to-building ratio, and their sale dates. He indicated that he focused on buildings used for light manufacturing as the subject property houses phone switching equipment. It is not a data center or telecom center. He indicated his comparable sales are used as follows: a printing operation; HVAC construction; light

metal manufacturing; marble supply and fabrication; food production and an adhesive company. Kelly was shown "Intervenor's Exhibit #1", the Land Development Code for Orland Park to distinguish the industrial use of the subject from the industrial uses of the comparable sales.

Kelly then credibly testified that he may have located sales in Orland Park but would not have considered multi-tenant buildings, as they would not be physically or economically comparable to the subject. Generally answering questions regarding the intervenor's nine sale comparables, Kelly testified that in 2006 and 2007, multi-tenant buildings will always sell for more than a single-tenant building because the rental rate per square foot is higher for someone leasing several smaller units as compared to a single, larger unit. He further testified that part of Orland Park is located in Will County, while the subject is located in Cook County where the tax rate is much higher. The remainder of the intervenor's comparables were either sale-leaseback properties or would require an adjustment for excess land.

When further questioned about his sale comparables in the appraisal, Kelly testified that an industrial property would be more marketable if it were located near an interstate.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's total assessment of \$355,498 was disclosed. This assessment reflects a fair market value of \$987,494 or \$50.00 per square foot of building area, land included, when the Cook County Real Property Assessment Classification Ordinance level of assessments of 36% for Class 5b, industrial property is applied.

In support of this market value, the board of review included the subject's property record card, aerial photographs of the subject and raw sales information on seven industrial properties suggested as comparable to the subject. These properties range in size from 10,000 to 23,250 square feet of building area. They sold between November 2002 and December 2007 for prices ranging from \$355,000 to \$1,410,000 or from \$35.50 to \$68.25 per square foot of building area, including land.

At the hearing, the board of review did not call any witnesses and rested its case upon its written evidence submissions. As a result of its analysis, the board requested confirmation of the subject's assessment.

In support of the intervenor's position, the intervenor submitted a chart comparing the intervenor's sale comparables with the subject property, as well as the appraiser's sale comparables. It was marked "Intervenor's Exhibit #2" and contained information on: date of sale; sale price; building square footage; land-to-building ratio; ceiling height; age; property address; and sale price per square foot, including land.

The intervenor also submitted printouts describing each of their nine suggested comparables. These industrial properties range in size from 10,260 to 28,000 square feet of building area. They sold between February 2006 and December 2007 for prices ranging from \$595,000 to \$3,050,000 or from \$57.99 to \$119.88 per square foot of building area, including land.

At the hearing, the intervenor did not call any witnesses and rested its case upon its written evidence submissions. As a result of its analysis, the intervenor requested confirmation of the subject's assessment.

Conclusion of Law

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. 86 Ill.Admin.Code §1910.63(e). Proof of market value may consist of an appraisal of the subject property, a recent sale, comparable sales or construction costs. 86 Ill.Admin.Code §1910.65(c). The Board finds the appellant met this burden of proof and a reduction in the subject's assessment is warranted.

In determining the fair market value of the subject property, the Board examined the appellant's appraisal report and testimony, as well as the board of review's and intervenor's submissions.

The Board finds that neither the board of review's witness nor the intervenor's witness was present or called to testify about their qualifications, identify their work, testify about the contents of the evidence, the conclusions or be cross-examined by the appellant, intervenors and the Property Tax Appeal Board. Without the ability to observe the demeanor of these individuals during the course of testimony, the Property Tax Appeal Board gives the memorandum and raw sales evidence from the board of review and the raw sales data from the intervenor no weight.

The Board then reviewed the appraisal and testimony from the appellant's witness to determine the best evidence of the subject's market value.

In the cost approach, the Board finds the appellant's appraisal incorrectly omitted pertinent information regarding land sale #1, specifically the fact that it was a court-ordered bankruptcy sale that was not advertised for sale. Therefore, this approach was given diminished weight.

The courts have stated that where there is credible evidence of comparable sales, these sales are to be given significant weight as evidence of market value. Chrysler Corp. v. Illinois Property Tax Appeal Board, 69 Ill.App.3d 207 (2nd Dist. 1979); Willow Hill Grain, Inc. v. Property Tax Appeal Board, 187 Ill.App.3d 9 (5th Dist. 1989). In addition, both appraisers gave the greatest consideration to the sales comparison approach when concluding a final value for the subject. Therefore, the Property Tax Appeal Board will give this approach the most weight.

The Board finds the appraiser omitted pertinent information on his sale comparables #1, #2 and #3. Sale #1 was not advertised for sale on the open market, nor was there broker involvement in the transaction. Sale #2 had environmental remediation issues, which Kelly tested could negatively impact the market value. Sale #3 included personal property in the transaction, was vacant for 41 months prior to the sale, and had previous environmental issues per the PTAX form. Therefore, the Property Tax Appeal Board gives these comparables diminished weight.

The remaining sales, sales #4, #5 and #6, were given significant weight by the Board and have unadjusted sales prices ranging from \$25.33 to \$43.25 per square foot of building area, including land. The subject property's assessed value equates to a market value of \$50.00 per square foot of building area, including land, which is above the unadjusted range of comparables. After considering all the evidence including the expert testimony and submitted documentation as well as the adjustments necessary to the unadjusted sales values, the Property Tax Appeal Board finds that the subject property had a market value of \$40.00 per square foot of above grade building area, including land, or \$790,000, rounded. Since market value has been determined, the Cook County Real Property Assessment Classification Ordinance level of assessments of 36% for Class 5b industrial property shall apply and a reduction is warranted.

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

Mark Albino

Member

[Signature]

Member

Member

Jerry White

Acting 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: July 24, 2015

[Signature]

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.