



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

APPELLANT: Prabhu Krupa, LLC
DOCKET NO.: 14-02493.001-C-3 through 14-02493.002-C-3
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Prabhu Krupa, LLC, the appellant, by attorney Jerrold H. Mayster, of Mayster & Chaimson Ltd., in Chicago, and the Kane County Board of Review.

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

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
14-02493.001-C-3	09-26-327-009	20,684	0	\$20,684
14-02493.002-C-3	09-26-327-011	564,481	513,405	\$1,077,886

Subject only to the State multiplier as applicable.

Statement of Jurisdiction

The appellant timely filed the appeal from decisions of the Kane County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessments for the 2014 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 two parcels, one of which is vacant and one of which is improved with a building consisting of a two-story limited service 122-room hotel containing 75,432 square feet of building area; a one-story bank branch containing 7,877 square feet of building area; and a one-story office building containing 4,549 square feet of building area. The improvement was constructed in 1970 and contains a total of 87,858 square feet of building area. The two parcels comprise a total of 5.038-acres or 219,455 square feet of land area located in St. Charles, St. Charles Township, Kane County.

The appellant's appeal is based on overvaluation. In support of this argument the appellant submitted a brief from counsel along with documentary evidence disclosing the subject property was purchased in February, 2014, a date approximately one month after the valuation date at issue of January 1, 2014, for a price of \$3,800,000. To document the sale, the appellant

submitted copies of the Real Estate Sale Contract, Escrow Disbursement Statement, Warranty Deed, Title Policy and the PTAX-203 Illinois Real Estate Transfer Declaration. In the brief, counsel noted that the sales contract indicates that there was a broker involved in the transaction and the escrow disbursement statement reflects a brokerage commission of \$107,000 was paid indicating the sale was an arm's length transaction. Furthermore, the transfer declaration indicates a value of \$500,000 for personal property and therefore, based on this evidence, the appellant requested a reduction in the subject's assessment to reflect the real estate only purchase price of \$3,300,000 excluding personal property that was part of the sale.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for both parcels that comprise the subject property of \$1,575,759. The subject parcel's total assessment reflects a market value of \$4,733,430 or \$53.88 per square foot of building area for all three structures, land included,¹ when using the 2014 three year average median level of assessment for Kane County of 33.29% as determined by the Illinois Department of Revenue.

As part of the board of review submission was a request to dismiss the appeal. The Property Tax Appeal Board denied the dismissal request by a letter issued on December 14, 2016 and also granted the board of review an additional 30 day extension of time to submit evidence in response to the appeal. Said denial of the dismissal request is incorporated herein by reference. The board of review submitted no further evidence in response to this appeal besides what was initially filed with the dismissal request.

With the dismissal request, the board of review submitted a three-page memorandum prepared by David Medlin, MAI and Deputy Assessor with the St. Charles Township Assessor's Office along with property record cards for the subject and comparable sales that were provided. In the memorandum, Medlin also reported a mortgage was obtained at the time of the subject's sale and he stated, "I would like to request a copy of the appraisal that was used to secure this mortgage." There is no indication in the record whether a copy of this purported appraisal was obtained or requested in any manner besides in the statement in the memorandum.

In support of its contention of the correct assessment of the subject hotel building, the board of review through the township assessor submitted information on six comparable hotel sales identified as A, B, C, D, E and F where sales E and F were the same property that sold both in September 2012 and May 2015, respectively. The comparables were described as being located in St. Charles with buildings ranging in size from 24,720 to 75,432 square feet of building area and having from 69 to 122 rooms that range in size from 358 to 618 square feet of building area. Underlying property record cards indicate the hotels were constructed between 1987 and 2000. The six sales occurred between February 2012 and May 2015 for prices ranging from \$1,815,000 to \$7,500,000 or from \$43.75 to \$108.33 per square foot of building area, including land.

In support of its contention of the correct assessment of the bank branch building, the board of review through the township assessor submitted information on four bank sales identified as

¹ The Property Tax Appeal Board cannot determine a value per hotel room, for the subject bank branch or for the subject office building because the assessing officials did not report the separate assessment for each building to explain an allocation of the total assessment.

sales #1, #2, #3 and #4 located in St. Charles. The bank buildings were built between 1993 and 2008 and range in size from 2,469 to 5,272 square feet of building area. The buildings are situated on lots that range in size from 5,261 to 54,450 square feet of land area resulting in land-to-building ratios ranging from 2.1:1 to 12.4:1. The sales occurred between April 2011 and September 2014 for prices ranging from \$637,433 to \$1,250,000 or from \$237.10 to \$375.03 per square foot of building area, including land.

In support of its contention of the correct assessment of the office building, the board of review through the township assessor submitted information on four office building sales identified as sales #5, #6, #7 and #8 located in St. Charles. The office buildings were built between 1991 and 2006 and range in size from 5,660 to 9,537 square feet of building area. The buildings are situated on lots that range in size from 3,978 to 54,450 square feet of land area resulting in land-to-building ratios ranging from .4:1 to 7.1:1. The sales occurred between March 2011 and March 2014 for prices ranging from \$675,000 to \$1,000,000 or from \$98.98 to \$129.94 per square foot of building area, including land. Additional notations report that comparable sale #5 has a finished basement; comparable sale #6 is "3 story downtown"; and comparable #8 is "2 story poor access."

Next, Medlin's memorandum set forth an assumption of the contributory value of the bank at the "low end of the range" of \$225 per square foot of building area, including land, the value of the subject's bank branch of 7,877 square feet of building area would be \$1,772,325. Then Medlin opined a contributory value of the office building at \$100 per square foot of building area, including land, would result in a value of the subject's office building of 4,549 square feet of building area of \$454,900. From this data, Medlin opined a contributory value of the subject's bank branch and office building of \$2,200,000, rounded.

Then, Medlin applied a value of \$27,000 per hotel room to the subject which results in a contributory value of the subject's hotel of \$3,300,000, rounded.

Based on these foregoing estimates, Medlin opined the subject property has an estimated market value of \$5,500,000, but the subject's estimated market value based on its assessment is less at approximately \$4,730,000 and thus, the subject's assessment should be confirmed.

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.

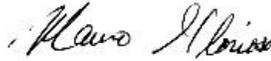
The Board finds the best evidence of market value in the record to be the purchase of the subject property in February, 2014 for a price of \$3,300,000. The appellant provided evidence demonstrating the sale had several of the elements of an arm's length transaction in that a brokerage commission was paid as part of the sale transaction. The PTAX-203 indicates that the property was advertised prior to the sale transaction. There is no indication in the record that the

appellant and the seller, Dunham Inn, LLC, were related parties. The length of time the property was listed on the open market before the sale transaction was not reported. On this record, the Property Tax Appeal Board finds the purchase price of \$3,300,000 is below the market value reflected by the assessment of \$4,733,430. The Board finds the board of review did not present any evidence to challenge the arm's length nature of the transaction or any substantive evidence to refute the contention that the purchase price was reflective of market value.

The Board has given little weight to the 14 individual sales presented by the Kane County Board of Review through the township assessor. Numerous of the sales were dated from 2011 and 2012, dates remote in time to the valuation date at issued of January 1, 2014. Furthermore, without an allocation of the subject's assessment to each of the three uses of the subject building, the Board can place little weight on sales of individual hotel properties, bank branch properties and/or office building properties since the subject contains all three uses. As to each of the comparables presented, these sale properties presented by the township assessor were substantially newer than the subject building that was constructed in 1970.

Based on this record the Board finds the subject property had a market value of \$3,300,000 as of January 1, 2014. Since market value has been determined the 2014 three year average median level of assessment for Kane County of 33.29% shall apply. 86 Ill.Admin.Code §1910.50(c)(1).

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. Pursuant to Section 1910.50(b) of the rules of the Property Tax Appeal Board (86 Ill.Admin.Code §1910.50(b)) the proceeding before the Property Tax Appeal Board is terminated when the decision is rendered. The Property Tax Appeal Board does not require any motion or request for reconsideration.



Chairman



Acting Member

Member



Member



Member

DISSENTING: _____

CERTIFICATION

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: November 21, 2017



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 or years of the same general assessment period, as provided in Sections 9-125 through 9-225, 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 such subsequent year or years 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 OR YEARS. A separate petition and evidence must be filed for each of the remaining years of the general assessment period.

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.

PARTIES OF RECORD

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