



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

APPELLANT: TMI Hospitality, Inc. - Courtyard Bloomington/Normal  
DOCKET NO.: 22-02200.001-C-3  
PARCEL NO.: 14-26-202-017

The parties of record before the Property Tax Appeal Board are TMI Hospitality, Inc. - Courtyard Bloomington/Normal, the appellant, by attorney George J. Relias, of Relias Law Group, Ltd. in Chicago, and the McLean County Board of Review.

Based on the facts and exhibits presented in this matter, the Property Tax Appeal Board hereby finds **No Change** in the assessment of the property as established by the **McLean** County Board of Review is warranted. The correct assessed valuation of the property is:

**LAND:** \$232,662  
**IMPR.:** \$670,569  
**TOTAL:** \$903,231

Subject only to the State multiplier as applicable.

**Statement of Jurisdiction**

The appellant timely filed the appeal from a decision of the McLean County Board of Review pursuant to section 16-160 of the Property Tax Code (35 ILCS 200/16-160) challenging the assessment for the 2022 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 parcel is improved with a 78-room, three-story upscale class<sup>1</sup> Courtyard hotel. The masonry and stucco building was constructed in 1995 and contains 39,963 square feet of gross building area with an average room size of 512 square feet of building area. Features include central air conditioning and a sprinkler system. The property has a 71,438 square foot or 1.64-acre site and is located in Bloomington, Normal Township, McLean County.

The appellant contends assessment inequity as the basis of the appeal. In support of this argument, the appellant submitted a grid analysis along with a four-page brief prepared by counsel. Besides arguing the merits of the assessment of the subject on a square foot basis in comparison to comparable properties in the brief, counsel also set forth an “income analysis”

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<sup>1</sup> See appellant’s STAR reports and the board of review’s letter for the proper “class” of hotel property.

utilizing 2019-2021 [*sic*] financials and STR reports for the subject which were also submitted.<sup>2</sup> As part of this analysis, counsel set forth for 2022 the potential net income for the subject of \$1,370,345, did not apply any vacancy and collection losses, resulting in an unchanged effective gross income (EGI). Next in the brief, counsel set forth itemized expenses for totaling \$1,227,479 or 90% of EGI which resulted in a net operating income of \$142,866 to which a capitalization rate of 9.38% with a tax load of 3.07% were applied resulting in an asserted fair market value for the subject of \$382,617.

In support of the inequity argument, the appellant provided limited information in the Section V grid analysis of the Commercial Appeal petition concerning three equity comparables located from .04 to 6.2-miles from the subject. The comparable masonry hotel buildings are either three-story or five-story structures that were built between 1983 and 2000. The hotels have from 59 to 158 rooms and range in size from 34,092 to 105,448 square feet of building area. Each comparable has a sprinkler system. The comparables have improvement assessments ranging from \$209,805 to \$1,243,647 or from \$3,556 to \$8,002 per room or from \$6.15 to \$11.79 per square foot of building area.

Based on the foregoing evidence, the appellant requested a reduced improvement assessment of \$149,954 or \$1,922 per room or \$3.75 per square foot of building area.

The board of review submitted its "Board of Review Notes on Appeal" disclosing the total assessment for the subject of \$903,231. The subject property has an improvement assessment of \$670,569 or \$8,597 per room, or \$16.78 per square foot of building area.

In response to the appellant's evidence, the board of review submitted a two-page letter prepared by Timothy A. Jorzak, Clerk of the McLean County Board of Review. It is asserted on behalf of the board of review, that appellant "makes no effort to establish a lack of distinguishing characteristics between the subject and the comparables." As an initial matter, the board of review pointed out that the subject "carries the premium flag of Courtyard by Marriott (as determined by HVS Advisors, one of the leading authorities in the appraisal industry on hotel valuation)." Given the subject's designation, the board of review contends the cost of the improvements is impacted by the designation along with the fact the subject is in a class above its neighboring properties along the interstate and Veterans Parkway.

Appellant's equity comparable #1 has a value initially established by a 2019 assessment appeal, the beginning of a reassessment cycle and has a substantially lower value than every comparable hotel in the jurisdiction. Appellant's equity comparable #2 is "on the opposite side of town" from the subject and in an entirely different assessment jurisdiction.<sup>3</sup> Appellant's equity comparable #3 is the most similar property to the subject in that it carries a flag "of similar quality to the subject." However, the board of review contends that once consideration is given to differences in age (comparable is 25 years older) and building size (comparable is over twice as large) when compared to the subject.

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<sup>2</sup> Underlying STAR reports for the Courtyard Bloomington Normal were submitted with the appeal with dates of January 2020, January 2021 and January 2022.

<sup>3</sup> As to the "differing assessment jurisdictions" argument, the Property Tax Appeal Board recognizes that the board of review has the duty to equalize assessments between and among its jurisdictions. (35 ILCS 200/16-65)

In support of its contention of the correct assessment, the board of review submitted a spreadsheet with information on four equity comparables along with comments in the Clerk's letter on page 2. The board of review comparables are located from less than a mile to 4-miles from the subject. The comparable hotel buildings range from three-story to five-story structures that were built between 1999 and 2022. The hotels have from 85 to 128 rooms that range in average size from 544 to 595 square feet of building area. The buildings range in size from 47,339 to 75,387 square feet of building area. Each comparable has a sprinkler system. The comparables have improvement assessments ranging from \$888,061 to \$1,590,482 or from \$9,702 to \$14,574 per room or from \$17.84 to \$24.51 per square foot of building area.

In the letter, the board of review contends that its comparables #1, #3 and #4 are substantially similar to the subject in most respects (including age) and are physically closest to the subject. Furthermore, each of these comparables are of "relatively inferior quality to the subject yet are assessed at higher values than the subject." As to board of review comparable #2, this property is reported to be of newer construction with little to no depreciation, but is otherwise similar to the subject in size, units and average unit area. "It sets the upper bound for properties of this type in the jurisdiction and is assessed at almost \$5.00 per square foot higher than the subject, despite being an inferior flag."

Based on the foregoing evidence and argument, the board of review requested confirmation of the subject's assessment.

In rebuttal, the appellant contends that the board of review did not address the earning capacity of the subject. Furthermore, the contention that the subject carries a "premium flag" should not be considered since business value cannot be included when determining real estate value. Thus, the appellant contends that the "flag" name is irrelevant.

As to appellant's comparable #1, the appellant asserts this property is immediately adjacent to the subject, built in the same year, with similar amenities and has been assessed significantly lower than the subject.

As to the board of review's equity evidence, the appellant contends that comparable #2 was newly constructed in 2022, is four miles from the subject and has 25% more hotel rooms than the subject making it dissimilar to the subject that was built in 1995. Comparable #3 is likewise newer than the subject, with nearly twice as many hotel rooms and on average its rooms are 77 square feet larger than the subject. Board of review comparable #4 is also newer than the subject with 30 more hotel rooms than the subject.

### **Conclusion of Law**

As an initial matter, the appellant arguably presented an alternative argument where counsel prepared an estimate of value using the subject's income and expense history for 2019 through 2022. The Board finds the appellant's argument that the subject's assessment is excessive when applying an income approach based on the subject's actual income and expenses unconvincing. In Springfield Marine Bank v. Property Tax Appeal Board, 44 Ill.2d 428 (1970), the court stated:

[I]t is the value of the "tract or lot of real property" which is assessed, rather than the value of the interest presently held. . . [R]ental income may of course be a relevant factor. However, it cannot be the controlling factor, particularly where it is admittedly misleading as to the fair cash value of the property involved. . . [E]arning capacity is properly regarded as the most significant element in arriving at "fair cash value".

Many factors may prevent a property owner from realizing an income from property that accurately reflects its true earning capacity; but it is the capacity for earning income, rather than the income actually derived, which reflects "fair cash value" for taxation purposes. Springfield Marine Bank v. Property Tax Appeal Board, 44 Ill.2d at 431.

Actual expenses and income can be useful when shown that they are reflective of the market. The appellant did not demonstrate through any evidence or documentation that the subject's actual income and expenses are reflective of the market. To demonstrate or estimate the subject's market value using an income approach, as the appellant attempted, one must establish through the use of market data the market rent, vacancy and collection losses, and expenses to arrive at a net operating income reflective of the market and the property's capacity for earning income. Further, the appellant must establish through the use of market data a capitalization rate to convert the net income into an estimate of market value. The appellant did not provide such evidence; therefore, the Property Tax Appeal Board gives this evidence prepared by counsel herein no weight.

The Board further finds problematic the fact that appellant's counsel developed the "income approach" rather than an expert in the field of real estate valuation. The Board finds that an attorney cannot act as both an advocate for a client and also provide unbiased, objective opinion evidence of value for that client's property.

As to the merits of this appeal, the taxpayer contends assessment inequity as the basis of the appeal. When unequal treatment in the assessment process is the basis of the appeal, the inequity of the assessments must be proved by clear and convincing evidence. 86 Ill.Admin.Code §1910.63(e). Proof of unequal treatment in the assessment process should consist of documentation of the assessments for the assessment year in question of not less than three comparable properties showing the similarity, proximity and lack of distinguishing characteristics of the assessment comparables to the subject property. 86 Ill.Admin.Code §1910.65(b). The Board finds the appellant did not meet this burden of proof and a reduction in the subject's assessment is not warranted.

The parties submitted a total of seven equity comparables to support their respective positions before the Property Tax Appeal Board. The Board has given reduced weight to appellant's comparable #3 as well as board of review comparables #2, #3 and #4 due to substantial differences in age when compared to the subject property that was built in 1995.

The Board finds the best evidence of assessment equity to be appellant's comparables #1 and #2 along with board of review comparable #1 which present varying degrees of similarity to the subject in age and building size. The comparables were built from 1995 to 2000, have from 59 to 83 hotel rooms and range in building size from 34,092 to 55,830 square feet of building area.

These comparables have improvement assessments ranging from \$209,805 to \$888,061 or from \$3,556 to \$10,448 per room or from \$6.15 to \$18.76 per square foot of building area. The subject's improvement assessment of \$670,569 or \$8,597 per room, or \$16.78 per square foot of building area falls within the range established by the best comparables in this record.

Based on this record and after considering appropriate adjustments to the three best comparables in the record for differences when compared to the subject, the Board finds the appellant did not demonstrate with clear and convincing evidence that the subject's improvement was inequitably assessed and a reduction in the subject's assessment is not justified.

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(d) of the rules of the Property Tax Appeal Board (86 Ill.Admin.Code §1910.50(d)) 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



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: April 16, 2024



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

AGENCY

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