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ROSATI | SCHULTZ
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October 1, 2026

**CONFIDENTIAL CORRESPONDENCE
ATTORNEY-CLIENT PRIVILEGE**

Mayor Fischer and City Council
City of Novi
45175 Ten Mile Road
Novi, MI 48375

RE: Tax Tribunal Case – TBON, LLC v City of Novi (Suburban/Vibe Showplace)

Dear Mayor Fischer and Council Members:

City Council will recall that about a year ago (October 2025) there was a trial on the tax appeal involving Suburban (now Vibe Credit Union) Showplace. At the time of trial, TBON as Petitioner/property owner asserted a Taxable Value for the property at issue of \$10,830,000 (with a True Cash Value of \$21,660,000). The City's value for the property (in its valuation statement for trial) was a Taxable Value of \$15,265,200, and a True Cash Value of \$36,400,000. (At the Board of Review, the Taxable Value of the property was set at the same number, but the Board found a True Cash Value of \$30,604,320.)

After the eight-day trial, the Tribunal Judge, Marcus Abood, began work on his Opinion, which was released last Friday. Judge Abood found a Taxable Value of \$11,500,000 and a True Cash Value of \$23,000,000. Obviously, the Tribunal's number is substantially closer to TBON's claimed value than the City's.

In a typical letter of this kind, we might go through the Opinion and explain what the Tribunal did, why it did it, and what the effect is on the City. **However**, from our quick review of this Opinion, it appears that there may be some math errors in the Judge's Opinion that effect our ability to explain the decision that way. Because of that, our office needs to study the Opinion a little bit more before giving you an expanded explanation of the decision and its impact.

If you read the Opinion, you may pick up on the fact that Judge Abood was not particularly impressed with the City's valuation consultant's report or his testimony. However, there are some other aspects of the Opinion that the City does not take issue with that might even favor the City.

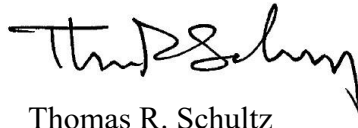
Again, at this point, we are sending this Opinion along just to let you know that the Tribunal Judge has issued it, but suggest that Council wait to hear more from us once we have parsed the numbers a little bit more.

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Letter to Mayor and Council
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If you have any questions in the meantime, please don't hesitate to call.

Very truly yours,

ROSATI SCHULTZ JOPPICH
& AMTSBUECHLER PC

A handwritten signature in black ink, appearing to read "Th R Schultz", written over the printed name.

Thomas R. Schultz

TRS/jah
Enclosure

cc: Victor Cardenas, City Manager
Cortney Hanson, City Clerk
Jan Ziozios, City Assessor



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

MARLON I. BROWN, DPA
DIRECTOR

TBON LLC,
Petitioner,

MICHIGAN TAX TRIBUNAL

v

MTT Docket No. 23-001197

City of Novi,
Respondent.

Presiding Judge
Marcus L. Abood

FINAL OPINION AND JUDGMENT

INTRODUCTION

Petitioner, TBON LLC, appeals ad valorem property tax assessments levied by Respondent, City of Novi, against parcel number 50-22-16-251-024 for the 2023 tax year. A hearing was held on this matter on October 8, 9, 10, 13, 14, 15, 16, and 17, 2025. Laura M. Hallahan, and Seth A. O'Loughlin, attorneys, appeared on behalf of Petitioner. Stephanie Simon Morita and Debra A. Walling, attorneys, appeared on behalf of Respondent. Petitioner's witnesses were Michael Lohmeier, Janeene Ziozios, and John R. Widmer Jr. Respondent's witnesses were Janeene Ziozios, Charles Boulard, and Jeffrey Genzink.

Based on the evidence, testimony, and case file, the Tribunal finds that the true cash value (TCV), state equalized value (SEV), and taxable value (TV) of the subject property are as follows:

Parcel Number: 50-22-16-251-024

Year	TCV	SEV	TV
2023	\$23,000,000	\$11,500,000	\$11,500,000

PETITIONER'S CONTENTIONS

Petitioner's contentions of TCV, SEV, and TV are as follows:

Parcel Number: 50-22-16-251-024

Year	TCV	SEV	TV
2023	\$21,660,000	\$10,830,000	\$10,830,000

Petitioner contends that the subject property is over-assessed. Petitioner's appraiser asserts that the subject property was impacted by the Covid pandemic.¹

¹ Tr, Vol 1, 125-127.

Petitioner's appraiser further asserts the highest and best use of the subject property is for its existing use as an exposition convention center and hotel property.²

Petitioner's appraiser analyzed general sources including Real Estate Research Corporation (RERC), Metropolitan Statistical Area (MSA) data, Site To Do Business, Commercial Brokerage Real Estate (CBRE), Institute of Real Estate Management (IREM), CoStar, Marshall Valuation Service (MVS), and Smith Travel Research (STR).

Petitioner's appraiser places credibility on the STR data for the analysis of the subject's hotel. The chain scale for the levels according to luxury, upper upscale, upscale, upper midscale, midscale, and economy were analyzed relative to the subject hotel.³ The appraiser points out an increase in hotel construction and competition but not an increase in demand for hotel rooms.⁴

Petitioner's appraiser analyzed demographics from the city of Novi and Oakland County for population, unemployment, household income, number of households, etc.

Petitioner's appraiser considered all three approaches to value but only developed the cost and income approaches.

Petitioner asserts that the subject's improvements include an IFT portion with a separate parcel code identification which is not included in the this tax appeal matter.

In the income approach, the subject's IFT parcel was deducted from the cost determinations. The cost analysis was placed within the scope of work section of the appraisal report. The appraiser contends that market participants do not rely on this approach to value for this investment property.⁵

Petitioner's appraiser's income approach utilized a discounted cash flow (DCF) methodology for the hotel.⁶ Petitioner's appraiser reviewed the subject's rental history as part of the overall income analysis. The appraiser contends that this is appropriate given the subject's hotel stabilization after Covid. A direct income capitalization methodology was utilized for the subject's convention center and the IFT parcel. In turn, the IFT indication of value was deducted from the overall income conclusion.

Petitioner's appraiser did not develop a sales comparison approach to value. The subject is a special purpose property with hotel and convention center uses. Overall, there are few special use properties in the state of Michigan.

Petitioner's appraiser is confident in his determination of market rent for the subject property. Petitioner refutes Respondent's DCF analysis. Further, Respondent's

² Tr, Vol 1, 128

³ Tr, Vol 1, 179-180.

⁴ Tr, Vol 1, 200.

⁵ Tr, Vol 1, 176.

⁶ Tr, Vol 1, 178.

appraiser did not have support for the subject's alleged layout and design market standards.⁷ Petitioner contends Respondent's typographical errors and calculations within its DCF improperly inflated Respondent's indication of value from the income approach.⁸

On rebuttal, Petitioner's appraiser notes that a STR custom competitive set must have a minimum of four properties. Further, three of the properties cannot be affiliated with the subject. Additional criteria points and limitations apply to a custom competitive set.⁹

Petitioner's appraiser contends that the Royal Park Hotel in Rochester and the Renaissance Baronette Detroit Novi are niche, upper scale luxury hotels which are not analogous to the subject hotel.¹⁰

PETITIONER'S ADMITTED EXHIBITS

P-1: Appraisal Report prepared by John Widmer Jr.
P-2: Addendum Pages.
P-4: Excerpt from Widmer Workfile (Restaurant Leases).
P-5: 2023 Subject Property Record Card.
P-6: 2021 STR Report (20 pages).
P-7: 2022 STR Report.
P-9: Article, Hometown Life (4 pages).
P-10: City of Novi Planning Commission Agenda (5 pages).
P-12: Marshall Valuation Service (MVS) Excerpt (Depreciation Section, 26 pages).
P-14: The Appraisal of Real Estate, 15th Edition, page 25.
P-16: State Tax Commission (STC) 2016 IFT Application.
P-17: MTT Final Opinion and Judgment Docket No. 22-000954.
P-18: GPTA (Excerpt) taken with Judicial Notice.
P-19: Appraisal Report for the property located at 5250 28th Street, Grand Rapids.
P-20: STR Guidelines.

PETITIONER'S WITNESSES

Petitioner's first witness, Michael Lohmeier, was the assessor for the City of Novi from 2016 to 2024. He was the assessor of record responsible for signing the assessment roll for 2023. In 2022, he became the Equalization Director for Oakland County.¹¹

Petitioner's second witness, Janeene Ziozios, is the current assessor for the City of Novi; she has held that position since 2024. Prior to that, she had been the deputy

⁷ Tr, Vol 8, 1325-1326.

⁸ Tr, Vol 6, 1011-1015 and R-1, 81-82, 90-91

⁹ Tr, Vol 8, 1366-1369, 1371-1373.

¹⁰ Tr, Vol 8, 1376-1377.

¹¹ Tr, Vol 1, 15.

assessor for the City since 2018. As deputy assessor, Ms. Ziozios was responsible for the residential assessment roll while under the supervision of Mr. Lohmeier. Ms. Ziozios was not responsible for the commercial assessment roll for 2023.¹²

Petitioner's third witness, John R. Widmer Jr., is a Certified General Real Estate Appraiser in the state of Michigan. He holds the MAI designation through the Appraisal Institute. He has been a real estate appraiser for 30 years. Based on his background, training, education, and experience, Mr. Widmer was admitted as an expert in the valuation of real estate.

RESPONDENT'S CONTENTIONS

The true cash value TCV, AV, and TV for each parcel and tax year at issue as established by the Board of Review:

Parcel Number: 50-22-16-251-024

Year	TCV	SEV	TV
2023	\$30,604,320	\$15,302,160	\$15,265,200

The property's TCV, SEV and TV, as confirmed by Respondent's valuation disclosure, are as follows:

Parcel Number: 50-22-16-251-024

Year	TCV	SEV	TV
2023	\$36,400,000	\$18,200,000	\$15,265,200

Respondent's appraiser points out that the subject is a special use property. There are few special purpose properties like the subject in the state of Michigan. Separate highest and best use analyses for the subject's hotel and convention center are justified.

Respondent's appraiser considered all three approaches to value and developed all three approaches (sales, income, and cost).

Respondent's appraiser analyzed the subject under two highest and best uses. Thus, the convention center and hotel were valued under different approaches. The cost approach was developed for the convention center, and the income and sales comparison approaches were developed for the hotel.¹³ A cost approach was not developed for the subject's hotel because there was sufficient market data for the sales comparison and income approaches.¹⁴

¹² Tr, Vol 1, 71.

¹³ Tr, Vol 5, 773-774.

¹⁴ Tr, Vol 5, 814.

Respondent's appraiser analyzed and described the subject market area and neighborhood. Overall, the subject's location, visibility, and access are not negative issues.

Respondent's cost analysis for the hotel and corresponding land was based on 36 acres. Cost figures were taken from MVS. Depreciation was calculated on an age-life methodology. Respondent's appraiser did not develop or apply a curvilinear depreciation in the cost analysis of the subject property.¹⁵

From the cost analysis, Respondent contends that the subject does not suffer from any functional obsolescence. The convention center meets current layout and design standards.¹⁶

Respondent's appraiser developed a comparative sales analysis for the subject hotel. The competitive dataset was specifically derived from criteria points in the STR research. Respondent's appraiser searched for hotels in southeast Michigan and the Novi market area comparable to the subject property. Datasets are included within the appraisal report. From the research, five sales were analyzed and adjusted to the subject to arrive at an indication of value.

Respondent's appraiser researched STR data and CBRE reports, for commercial hotel sales and rental data. Respondent's appraiser developed a competitive data set from STR. The subject hotel outperformed competing hotels in the defined area for 2022. The DCF analysis distinguished between going-in and going-out capitalization rates and their purposes.¹⁷

Respondent's appraiser developed an income analysis for the subject's hotel utilizing a DCF methodology. The appraiser contends that this is appropriate given the subject's hotel stabilization after Covid. In the income analysis, the appraiser did not rely on the owner's competitive set for ADR because the subject was outperforming the market.¹⁸

The appraiser relied on national data which showed a significant market decline due to Covid. He had subject information including profit and loss statements (P&L), and operating statements showing the subject's positive cash flow. However, he did not know how many events were held from 2019 to 2022 at the subject's convention center. The subject's hotel was still in a state of recovery. On the other hand, the subject's convention center showed a significant rebound and normalcy.¹⁹

Respondent analyzed projected revenue for 2023 and 2024 relating to the ADR, occupancy, and room revenue. Likewise, Respondent's appraiser analyzed the

¹⁵ Tr, Vol 6, 948-949.

¹⁶ Tr, Vol 8, 1325.

¹⁷ Tr, Vol 6, 900-901.

¹⁸ Tr, Vol 8, 1348-1349.

¹⁹ Tr, Vol 8, 1321-1322.

subject's historical expenses, national surveys, and expense comparables as benchmarks for the DCF.²⁰ The appraiser relied on the STR competitive set to forecast occupancy, ADR, and RevPAR for 2023, 2024, and 2025.²¹ Respondent described the process for creating a competitive dataset from STR.²² The appraiser tried to stay as close as possible to the subject property for the competitive dataset.²³ Overall, the appraiser placed more weight on CBRE & STR surveys for expenses within his DCF.²⁴

Respondent's appraiser reviewed and analyzed the subject's IFT parcel. He testified, "We need to identify the IFT because the intended use of this appraisal is for tax appeal. We need to back out if we do value any portion of that IFT parcel, we need to back out the building improvement value."²⁵

Respondent's appraiser disagrees with Petitioner's appraiser's tax iteration method applied to the capitalization analysis.²⁶

Respondent refutes Petitioner's analysis which included warehouse costs. Respondent's appraiser described the subject's OST zoning which also includes an EXO overlay district. The OST zoning district is primarily for research and development properties and does not allow principal uses such as warehouse, manufacturing, and light industrial.²⁷

Respondent's appraiser acknowledges that he discovered typos after the report was published as a result of a software issue. Regardless, none of the typos ultimately change the conclusion of value for the subject property. At the time the appraisal report was published, the appraiser believed the allocation for the subject's tangible personal property (FF&E) of \$500,000 was correct.²⁸

RESPONDENT'S ADMITTED EXHIBITS

- R-1: Appraisal Report prepared by Jeffrey Genzink.
- R-2: IFT Industrial Exemption Certificate #2016-096.
- R-3: STC Final Pack for BoCo 2106.
- R-4: Subject Property Record Card (10 pages).
- R-7: Valuation Statement – Subject Parcel (5 pages).
- R-11: Genzink Workfile, STR Report, pages 1717-1738.
- R-11: Genzink Workfile, pages 718-780.
- R-14: MVS Excerpt (pages 1 and 2).

²⁰ Tr, Vol 5, 849-850.

²¹ Tr, Vol 7, 1182-1183.

²² Tr, Vol 7, 1170-1175

²³ Tr, Vol 7, 1193.

²⁴ Tr, Vol 5, 860.

²⁵ Tr, Vol 5, 770-771.

²⁶ Tr, Vol 6, 972-974.

²⁷ Tr, Vol 5, 809-810.

²⁸ R-1, 98-100 and Tr, Vol 4, 687-688.

R-49: Widmer Appraisal Report, MTT Docket No. 23-002116.
R-61: BS&A Printout for 42100 Crescent Boulevard.

RESPONDENT'S WITNESSES

Respondent's first witness, Janeene Ziozios, was appointed as the assessor by the city council in April 2024. She supervises the preparation of the tax roll and maintains/reviews records. Prior to her appointment, Ms. Ziozios was the deputy assessor for the city of Novi.

Respondent's second witness, Charles Boulard, is the Community Development Director for the City of Novi. He oversees the planning, building, and code compliance for the city. He previously worked as an architect for 10 years, then five years in the City of Ann Arbor's building department, and six years in the City of Ypsilanti's building department. He testified as a fact witness.

Respondent's third witness, Jeffrey Genzink, prepared a valuation disclosure for the subject property. He is a Certified General Real Estate Appraiser licensed in the state of Michigan and holds the MAI designation through the Appraisal Institute. Based on his education, background, and experience, the Tribunal accepted Mr. Genzink as an expert in real estate appraisal.

FINDINGS OF FACT

The Tribunal's Findings of Fact concern only evidence and inferences found to be significantly relevant to the legal issues involved; the Tribunal has not addressed every piece of evidence or every inference that might lead to conflicting conclusions and has rejected evidence contrary to those findings.

1. The subject property is located at 46100 Grand River Avenue, in the City of Novi and within Oakland County.
2. The subject property is identified as the Suburban Collection Showplace which is comprised of an exposition and convention center with an attached hotel.
3. The subject is a destination (gateway) center or venue.²⁹
4. The subject is a special purpose property.³⁰
5. The landlord, TBON, LLC, leases the subject buildings to BoCo Enterprises, Inc. at triple net (NNN) rate of \$4.49 per square foot.
6. The total building improvements (including the IFT parcel) have a gross building area of 590,380 square feet.
7. Parcel number 50-IN-16-100-096 is denoted as an Industrial Facilities Exemption (IFT) parcel which is not included in this tax appeal. This is a 188,294 SF addition that was constructed in 2017.

²⁹ P-1, 88

³⁰ P-1, 6 and 63; R-1, 10.

8. The total building improvements (excluding the IFT parcel) have a gross building area of 402,086 SF.
9. The subject parcel also includes accessory buildings addressed as 46404 Grand River Avenue (4,320 SF industrial building built in 1970); 46410 Grand River Avenue (1,174 SF office building built in 1970); and 26925 Taft Road (3,427 SF industrial building built in 1983).
10. The subject property is comprised of 63.313 acres (2,757,914 square feet).
11. The subject property is zoned Office Service and Technology District (OST) with an Exposition Overlay District (EXO).
12. Michael Lohmeier was the assessor for the City of Novi from 2016 to 2024.³¹
13. Petitioner submitted a valuation disclosure in the form of an appraisal report prepared by John Widmer, Jr.
14. Petitioner's appraiser considered all three approaches to value.
15. Petitioner's appraiser did not develop a sales comparison approach to value the subject property.
16. Petitioner's appraiser developed a cost approach and placed the analysis within his scope of work section of the appraisal report.
17. Petitioner's appraiser developed an income approach for the subject property. A yield capitalization (DCF) was developed for the hotel and a direct capitalization was developed for the convention center.
18. The subject is classified as a full service, upscale hotel through the STR information.³²
19. Respondent submitted valuation evidence in the form of an appraisal report prepared by Jeffrey Genzink.
20. Respondent's appraiser considered all three approaches to value and developed all three approaches.
21. Respondent's appraiser developed a cost approach for the subject's convention center and 36 acres.
22. Respondent's appraiser developed a sales comparison approach for the subject's hotel improvements excluding a land analysis.
23. Respondent's appraiser developed an income approach for the subject's convention center on a yield capitalization (DCF) methodology.
24. Respondent's appraiser assigned no contributory value to the buildings located at 26925 Taft Road, 46410 Grand River, and 46404 Grand River (all located on the subject parcel). These buildings were not included in the appraiser's highest and best use analysis. Likewise, the appraiser's workfile did not include any analysis supporting the lack of contributory value of the ancillary buildings.³³
25. As of December 31, 2022, market conditions improved subsequent to the Covid pandemic in 2020 and 2021.³⁴
26. The subject's Hyatt Hotel was closed for nine months during the Covid pandemic.³⁵

³¹ Tr, Vol 1, 15-16.

³² Tr, Vol 1, 180.

³³ Tr, Vol 7, 1099-1103.

³⁴ P-1, Tr, Vol 2, 309 and R-1, 3.

³⁵ Tr, Vol 1, 184.

27. Respondent's appraiser is not an expert in land uses pertaining to the subject's EXO overlay and OST zoning. He did not consult or retain a land use professional (attorney) for the subject's zoning compliance relative to the highest and best use analysis.
28. The CBRE and STR data are national projections including all types of hotels.³⁶
29. Respondent's appraisal report did not identify or analyze hotel properties (including upscale properties within a 5-mile radius of the subject. Likewise, the appraisal report did not denote hotels under construction in the City of Novi or within a 5-mile radius.³⁷
30. Each appraiser costed the subject's convention center as distribution warehouse space in the MVS.
31. The subject's revenue category was higher in 2022 based on non-reoccurring government relief money as a result of the Covid pandemic.³⁸
32. The DeVos Center in Grand Rapids, the Lansing Center in Lansing, and the Huntington Center in Detroit are examples of hotels connected to convention centers.³⁹
33. Neither party offered an expert witness for the analysis of the subject's zoning or overlay district.
34. New hotels have come on to the subject market from 2020 to 2023.⁴⁰
35. Respondent's appraiser's conclusion of value within the appraisal report (R-1) is unreliable.⁴¹
36. Neither appraiser calculated functional or external obsolescence relative to the subject property.

CONCLUSIONS OF LAW

The assessment of real and personal property in Michigan is governed by the constitutional standard that such property shall not be assessed in excess of 50% of its TCV.⁴²

The legislature shall provide for the uniform general ad valorem taxation of real and tangible personal property not exempt by law except for taxes levied for school operating purposes. The legislature shall provide for the determination of true cash value of such property; the proportion of true cash value at which such property shall be uniformly assessed, which shall not exceed 50 percent.⁴³

³⁶ Tr, Vol 7, 1198.

³⁷ Tr, Vol 7, 1192.

³⁸ Tr, Vol 1, 214 and Tr, Vol 7, 1207.

³⁹ Tr, Vol 8, 1349-1350.

⁴⁰ P-1, 87-107 and R-1, 46-54.

⁴¹ Tr, Vol 4, 688. Respondent's appraiser's noted typographical errors impact the reliability and credibility of his analysis, opinions, and conclusions within the appraisal report. R-1, pp 3, 7, 38, 40, 41, 54, 61-64, 77, 80-83, 90, 91, 96, 98-100, 135; Tr, Vol 4, 685; Tr, Vol 7, 1109, 1137-1138, 1217-1218, 1225-1226.

⁴² See MCL 211.27a.

⁴³ Const 1963, art 9, sec 3.

The Michigan Legislature has defined TCV to mean:

The usual selling price at the place where the property to which the term is applied is at the time of assessment, being the price that could be obtained for the property at private sale, and not at auction sale except as otherwise provided in this section, or at forced sale.⁴⁴

The Michigan Supreme Court has determined that “[t]he concepts of ‘true cash value’ and ‘fair market value’ . . . are synonymous.”⁴⁵

“By provisions of [MCL] 205.737(1) . . . , the Legislature requires the Tax Tribunal to make a finding of true cash value in arriving at its determination of a lawful property assessment.”⁴⁶ The Tribunal is not bound to accept either of the parties' theories of valuation.⁴⁷ “It is the Tax Tribunal's duty to determine which approaches are useful in providing the most accurate valuation under the individual circumstances of each case.”⁴⁸ In that regard, the Tribunal “may accept one theory and reject the other, it may reject both theories, or it may utilize a combination of both in arriving at its determination.”⁴⁹

A proceeding before the Tax Tribunal is original, independent, and de novo.⁵⁰ The Tribunal's factual findings must be supported “by competent, material, and substantial evidence.”⁵¹ “Substantial evidence must be more than a scintilla of evidence, although it may be substantially less than a preponderance of the evidence.”⁵²

“The petitioner has the burden of proof in establishing the true cash value of the property.”⁵³ “This burden encompasses two separate concepts: (1) the burden of persuasion, which does not shift during the course of the hearing, and (2) the burden of going forward with the evidence, which may shift to the opposing party.”⁵⁴ However, “[t]he assessing agency has the burden of proof in establishing the ratio of the average level of assessments in relation to true cash values in the assessment district and the equalization factor that was uniformly applied in the assessment district for the year in question.”⁵⁵

⁴⁴ MCL 211.27(1).

⁴⁵ *CAF Investment Co v Michigan State Tax Comm*, 392 Mich 442, 450; 221 NW2d 588 (1974).

⁴⁶ *Alhi Dev Co v Orion Twp*, 110 Mich App 764, 767; 314 NW2d 479 (1981).

⁴⁷ *Teledyne Continental Motors v Muskegon Twp*, 145 Mich App 749, 754; 378 NW2d 590 (1985).

⁴⁸ *Meadowlanes Ltd Dividend Housing Ass'n v Holland*, 437 Mich 473, 485; 473 NW2d 636 (1991).

⁴⁹ *Jones & Laughlin Steel Corp v City of Warren*, 193 Mich App 348, 356; 483 NW2d 416 (1992).

⁵⁰ MCL 205.735a(2).

⁵¹ *Dow Chemical Co v Dep't of Treasury*, 185 Mich App 458, 462-463; 462 NW2d 765 (1990).

⁵² *Jones & Laughlin Steel Corp*, *supra* at 352-353.

⁵³ MCL 205.737(3).

⁵⁴ *Jones & Laughlin Steel Corp*, *supra* at 354-355.

⁵⁵ MCL 205.737(3).

The three most common approaches to valuation are the capitalization of income approach, the sales comparison, or market, approach, and the cost-less-depreciation approach.⁵⁶ “The market approach is the only valuation method that directly reflects the balance of supply and demand for property in marketplace trading.”⁵⁷ The Tribunal is under a duty to apply its own expertise to the facts of the case to determine the appropriate method of arriving at the TCV of the property, utilizing an approach that provides the most accurate valuation under the circumstances.⁵⁸ Regardless of the valuation approach employed, the final valuation determined must represent the usual price for which the subject would sell.⁵⁹

SUBJECT MARKET DESCRIPTION AND ANALYSIS

The parties’ appraisers described and analyzed the subject market through various demographics. The City of Novi and Oakland County were reviewed in terms of population, household income, and employment.

The acknowledgment of the subject within the southeast market is relevant in this instance. The influence of Oakland County as well as the City of Novi was considered. Said differently, the analysis of rents, vacancies, and commercial uses etc. was analyzed as part of the subject market area. Petitioner’s appraiser’s market analysis through SEMCOG and CoStar was tailored to his radius analysis (1-mile, 3-mile, and 5-mile) with demographic data as well.⁶⁰

Petitioner’s appraiser referenced various events which take place at the subject’s convention center including the Home Show, the RV/Camping Show, the Gun/Knife Show, Comic Con, the Battery and EV Show, and the Golf Show.⁶¹ Petitioner’s appraiser also analyzed the different types of gateway and convention centers including the Huntington Center (formerly known as Cobo Hall). The Huntington Center holds the annual North American International Auto Show.⁶²

Respondent’s appraiser performed an “economic analysis” for the subject’s surrounding area. The analysis identified access and linkages within the defined market area. Further, the appraiser analyzed “demand generators” for employment, retail uses, public services, land use, population, and income. The appraiser relied on the sources SEMCOG and Claritas for demographic information. Nonetheless, Respondent’s appraiser’s market analysis was lacking and only spanned six pages.⁶³ As noted by

⁵⁶ *Meadowlanes*, *supra* at 484-485; *Pantlind Hotel Co v State Tax Comm*, 3 Mich App 170, 176; 141 NW2d 699 (1966), *aff’d* 380 Mich 390 (1968).

⁵⁷ *Jones & Laughlin Steel Corp*, *supra* at 353 (citing *Antisdale v City of Galesburg*, 420 Mich 265; 362 NW2d 632 (1984) at 276 n 1).

⁵⁸ *Antisdale*, *supra* at 277.

⁵⁹ See *Meadowlanes Ltd Dividend Housing Ass’n v Holland*, 437 Mich 473, 485; 473 NW2d 636 (1991).

⁶⁰ P-1, 59-107.

⁶¹ Tr, Vol 1, 111 and P-1, 87.

⁶² Tr, Vol 1, 113-115.

⁶³ R-1, 11-16.

Petitioner's counsel, Respondent's appraiser did not go beyond the STR dataset to identify hotels existing and under construction in the Novi market area.

Both appraisers relied on STR reports for hotel information. Competitive datasets were analysis of hotels similar to the subject.

Petitioner's detailed market analysis is consistent with its data analysis. Petitioner's appraiser's due diligence included the analysis of existing hotels as well as hotels under construction in the Novi market area. Therefore, Petitioner's neighborhood description and market analysis are given weight and credibility in the Tribunal's determination of market value for the subject property.

Closely related to the market description and analysis is the analysis of the subject's highest and best use. The identification and application of market data for the subject's convention center and hotel were manifested by the parties' highest and best analysis. Sales of commercial buildings and lease spaces are applicable. As discussed below, the parties' data presentations took divergent paths.

HIGHEST AND BEST USE

The highest and best use analysis is an integral part of valuation practice and theory. This concept (in analysis) begins early on in the valuation process. Said differently, the concept does not begin at the point of the formulated approaches to value. Likewise, highest and best use is not the final determinant in valuation practice and theory. Rather this analysis is an important step leading up to the three approaches to value. Highest best use is the underlying driver that manifests an appraiser's market analysis and the market data which results in the relevant approaches to value. Further, highest and best use is not the focal point for a comparative analysis. In the context of a comparative analysis, the subject land and buildings go together as a whole economic unit.

The user of a property is not relevant to the true cash value for that property. The concept of highest and best use involves the permissible uses of a property and is not to be misconstrued as to the user of a property. The conventional analysis of a subject property "as vacant" and "as improved" does not hinge on a property's separate building improvements as applied by Respondent. The fact that each building improvement has a different use (permissible under the current zoning) does not support a separate highest and best analysis for each subject improvement. In this regard, Petitioner's application of specific caselaw is relevant and persuasive. Highest and best use "recognizes that the use to which a prospective buyer would put the property will influence the price which the buyer would be willing to pay."⁶⁴ Moreover,

⁶⁴ *Edward Rose Building Co v Independence Twp*, 436 Mich 620, 633; 462 NW2d 325 (1990).

legal precedence supports the subject's highest and best use as an integrated whole and valued as one economic unit.⁶⁵

Petitioner's development and analysis of the subject property as a whole economic unit is reasonable and logical. Petitioner's citation to *Great Lakes Div of Nat Steel Corp v City of Ecorse*, 227 Mich App 379, 408; 576 NW2d 667, 680-81 (1998) is applicable and relevant to this tax appeal matter and is consistent with professional valuation standards.

Valuation practice and theory does not subscribe to the notion that parts/pieces should be appraised separately then aggregated for a total determination of value. Rather, two harmonious parts recognized by the market as the full vestige of land and improvements is valued in this tax appeal context. The market decides the fate of a property not the valuation expert. The promulgation of the General Property Tax Act sets the threshold at the "usual selling price" for real property tax appeals without regard to a piecemeal valuation. As further reference to the *undivided fee rule*,

The unit rule requires valuing property as a whole rather than by the sum of the values of the various interests into which it may have been carved, such as lessor and lessee, life tenant and remainderman, etc. This is an application of the principle that it is the property, not the various titles, which is being taken. Because the various estates in the property must be disregarded in the valuation process, they must also be discarded in estimating the property's highest and best use.⁶⁶

The *unit value* is defined as "The market value of the whole reduced to a value per unit of measurement."⁶⁷ In similar fashion, other valuation assignments acknowledge this concept. This definition coincides with the definition of *unit rule*:

A valuation premise often applicable in condemnation appraisals. The unit rule has two aspects, the first dealing with ownership interests and the second dealing with physical components. The first aspect of the rule, also referred to as the *undivided fee rule*, requires that property be valued as a whole rather than by the sum of the values of various interest into which it may have been carved (such as lessor and lessee, life tenant and remainderman, and mortgagor and mortgagee, etc.). This is an application of the principle that is the property not the interests, that is being acquired. The second aspect of the rule is that different physical elements or components of a tract of land (such as the value of timber and the value of

⁶⁵ *Great Lakes Div of Nat Steel Corp v City of Ecorse*, 227 Mich App 379, 408; 576 NW2d 667, 680-81 (1998)

⁶⁶ Appraisal Institute, *Real Estate Valuation in Litigation* (Chicago, 1995), pp 127-128 with additional reference to **multiple estates** at pp 53-54.

⁶⁷ Appraisal Institute, *The Dictionary of Real Estate Appraisal* (Chicago: 7th ed, 2022), p 199.

minerals on the land land) are not to be separately valued and added together.⁶⁸

Lastly, the definition of *undivided fee rule* further solidifies the valuation of the whole economic unit:

In condemnation appraisal, a rule that states that the property is to be valued as if the title were held by a single entity, even if the real property is divided into more than one estate owned by more than one individual or entity.⁶⁹

The noted valuation treatises give support and validation for the usual selling price for the subject as an economic whole under market value and value in exchange.

The subject property was originally developed as a convention center. The subject functions as a *special purpose property*.⁷⁰ The Tribunal finds that there is no dispute that the subject's highest and best use is its continued use as a convention and exposition center with a hotel.

Respondent's appraiser's attempt to conflate the valuation of two buildings based on two separate analyses is not convincing. In contorted fashion, the appraiser reasoned separated highest and best uses for each building within the single parcel of land. The contemplation of this conventional analysis must take into account what exists at the property as of tax day. The effective date of the appraisal (December 31, 2022) incorporates conditions or assumptions conspicuously displayed in an appraisal report so a reader will understand the appraiser's underlying analysis. Respondent's appraiser did not set for any *hypothetical conditions* or *extraordinary assumptions*⁷¹ for the separate highest and best uses to subject's convention center and hotel. In contradiction, Respondent's appraiser devises separate analysis for each improvement and land while omitting the ancillary or accessory buildings. The appraiser then concludes to an "as-is" valuation for the entire subject property. As of the relevant tax day, the subject was comprised of 63 acres with a contiguous convention center and hotel. Missing from the analysis was condition/quality, tenant leases, demolition costs, etc. for the ancillary buildings. Respondent's appraiser states,

If we were to look at just that smaller parcel surrounding these two buildings, however, we did not do that. We looked at the highest and best use of the larger parcel as vacant and as a larger parcel as improved with a convention center and the hotel. We did not isolate the smaller parcel where these two accessory buildings are located.⁷²

⁶⁸ *Id.*, p 197.

⁶⁹ *Id.*, p 196.

⁷⁰ *The Dictionary of Real Estate Appraisal*, p 178.

⁷¹ Appraisal Institute, *The Appraisal of Real Estate* (Chicago: 15th ed, 2020), pp 43-44.

⁷² Tr, Vol 7, 1103-1104.

Respondent's actions belie the importance of a total highest and best use analysis for the entire subject property which includes all improvements. The appraiser did not analyze the ancillary buildings and the land they sit on in terms of surplus/excess land, demolition costs, or potential redevelopment. The selective nature of analyzing only those larger improvements while discarding existing other improvements is not meaningful.

Respondent's focus on the subject's separate improvements through different valuation methods should not be analyzed as a divining rod. In other words, the separate analysis of the convention center and hotel carried marginal persuasion as discrepancies between testimonial and documentary evidence was elicited from Petitioner's counsel. Respondent's appraiser's testimony and appraisal report narrative regarding the highest and best use analysis was inconsistent and confusing.⁷³ Within the highest and best use section of his report, Respondent's appraiser admitted that the last sentence within the paragraph subtitled "Continuation" is a typo and should have been deleted.⁷⁴

Respondent's separation of the subject's improvements within the subject's single identified parcel is without a rational basis. The implication that the convention center and hotel are viewed separately by the market is not prudent. The convention center did not function without the hotel as of tax day. Quite the contrary, the improvements are physically connected and act as a binder to a complete utilization of the subject property under appeal as of tax day. The market does not perceive the subject in piecemeal fashion for the purpose of a highest and best use analysis. An investor would not demise one subject improvement to find financial satisfaction without consideration of the other improvement. Simply, the hotel and convention center improvements are intertwined and debunk the premise that the sum of the parts is greater than the whole in this instance.

Further, Respondent's separation of the improvements for highest and best use for indications of value was devoid of land analysis. Land dissections are not necessarily relevant without due diligence such as a feasibility study, an absorption or land survey analysis. The land associated with each improvement was not analyzed. The improvements under the current zoning are taken in the context of market influences and market participants and not merely dictated by separate buildings.⁷⁵ The bifurcation of land without analysis is not supported in valuation practice and theory. Each separate improved portion of the parcel would not necessarily appeal to different market participants. Logically, the subject improvements, as a whole, garner the most interest to potential market investors.

⁷³ Tr, Vol 7, 1112-1113.

⁷⁴ R-1, 40 and Tr, Vol 7, 1108-1109.

⁷⁵ Respondent's appraiser spoke with Barb McBeth who works within the City of Novi zoning and planning department. However, the appraiser did not recall if he spoke with Charles Boulard regarding zoning issues with the subject property. (TR, Vol 7, 1120-1121)

Because the subject improvements were valued as a whole, valuing the land for just the 36 acres on the basis of \$/SF is not logical. Said differently, each separate improvement is not assumed to be splittable for marketing purposes. Contrived and speculative assumptions are not persuasive. As repeated, the whole is greater than the sum of the parts. The subject's one parcel with a convention center and hotel functions as one; the market does not appear to recognize the potential marketability of separate improvements as analyzed by Respondent's appraiser. The improvements need to be considered in terms of the total acreage.

Each building is not physically able to be separate from the other. Further, the land attributable to each building cannot function as a separate parcel. There is no reasonable manner of separation for the convention center and hotel without an assumed level of reconstruction and/or demolition. While different uses may be permissible under a singular zoning code, separate highest and best uses for each building were done without consideration to the physical connections to the buildings. Respondent's fragmented valuation for each building improvement under the premise of separate highest and best uses is not cogent given the development of the entire property as a whole economic unit. Respondent failed to show the Tribunal how the subject's buildings would function without physical connections to one another.

The premise that each improvement has its own highest and best use without consideration of the assemblage of the entire improved property is not logical. Separately valued improvements under the same zoning are not a logical analysis of the entire property. A potential buyer (investor) of the property would purchase the subject as a whole economic unit. Again, as proof, the subject hotel shut down for 9 months during the Covid pandemic due to the lack of permissible convention activity. There is no evidence showing that the market will acknowledge the subject in piecemeal fashion.

The subject property is not perceived incrementally by the market. In other words, the market views the subject property in its entirety as land and building improvements for the optimal market value. In totality, Respondent's evidence is not more persuasive than Petitioner's development and analysis of the subject property as a whole economic unit in relation to the convention center and hotel documentation. The full bundle of rights in fee simple is the guidepost for this tax appeal matter and not a splintered leased fee interest which did not adequately reflect the actions of buyers and sellers for the whole subject property. The very foundation and reason for market value does not invoke separate analysis for land and improvements in this instance.

On the other hand, Petitioner's highest and best use analysis is developed with consideration to the land and improvements together. Repeatedly, the convention center and hotel were constructed to create a total economic unit for a highest and best use valuation. The influence and connection of the land and improvements as a total economic unit is logical and reasonable. Petitioner's cogent evidence properly supports the subject's land and improvements as a whole economic unit under the definition of market value.

The focus on the subject's separate buildings misdirects and places a wedge between the relationship of the buildings on the parcel. This tax appeal must stay focused on the subject as an entire economic unit because this is how market participants contemplate and perceive the property. Market participants and investors would not readily have a separate use of the subject's separate buildings. The true cash value of the subject does not result in the aggregate of a separate hotel value and a separate convention center value. The influence and connection of the subject improvements do not separate those improvements. Consideration is given to specific elements of the parties' cost analysis evidence for the subject's total acreage and improvements as a whole economic unit under the definition of market value.

Different approaches for each improvement are reasonable. As purposely repeated, separating each improvement in terms of a highest and best use analysis aside from their function and utility as a whole does not make sense.

Closely related to the highest and best use analysis is the approaches to value. The identification and application of market data for the subject's convention center and hotel were manifested by the parties' approaches to value. Sales of commercial buildings and lease spaces are applicable. As discussed below, the parties' approaches and methodologies took divergent paths.

COST APPROACH

Generally, a cost approach is most applicable for new or newer properties. As reasoned, a newly constructed property would have minimal depreciation. On the other hand, a cost analysis is more problematic for older properties in quantifying all forms of depreciation. The elements for a cost analysis include the determination of land value, the replacement cost new (RCN) for building improvements, a calculation of depreciation (for physical, functional, and external), and site improvements. As noted, each appraiser considered the cost approach. The development of this approach is based on the actions of market participants.

The cost approach may be used to develop an opinion of market value (or some other type of value that an appraisal assignment may require such as use value or fair value) of proposed construction, special-purpose, or specialty property, and other properties that are not frequently exchanged in the market. Buyers of these properties often measure the price they will pay for existing building against the cost to build less depreciation or against the cost to purchase an existing structure and make any necessary modifications. If sales and rental data for comparable properties is not available, current market indications of the depreciated cost of an existing building (or the costs to acquire and refurbish the building) would be the best reflections of market thinking, and thus, of market value.⁷⁶

⁷⁶ *The Appraisal of Real Estate*, p. 530

An appraiser chooses to develop this approach based on the strength and availability of market data to ultimately provide credible appraisal results.

The parties' respective development of the cost approach was calculated from MVS cost data and each was presented in a conventional fashion. However, the cost analyses took different paths to an indication of value. Specifically, Petitioner's appraiser rendered a cost analysis by first researching land sales. Respondent's appraiser's cost analysis developed cost calculations for each sectioned improvement. In other words, Respondent's cost analysis bypasses the relationship between the improvements and the land. Cost calculations incorporate subject building and site improvements, thus acknowledging that there is a relationship between the land and the building(s). Creating separate values for the land and improvements without an analysis to their inter-relationship is not commonplace in valuation practice and theory. Therefore, portions of Respondent's fragmented cost approach are given no weight or credibility in the determination of market value for the subject property.

Respondent's appraiser devised acreage to each improvement without regard to potential zoning requirements. This carve out or delineation was not supported by any type of survey. Respondent's appraiser developed a cost analysis on the basis of 36 acres for the subject's convention center. The cost analysis was devoid of the subject's hotel as well as the subject's total 63 acres. In addition, the appraiser's separation of convention center and hotel was confusing in light of the IFT parcel. As challenged by Petitioner, Respondent's appraiser's cost approach did not cost out each improvement separately from each other.

Petitioner's appraiser developed an abbreviated cost analysis housed within the Scope of Work section of his appraisal report.⁷⁷ A cost analysis is not necessarily inapplicable allegedly because market participants do not rely on such analysis. Petitioner's cost analysis disproves his reasoning for not fully relying on this approach. Reliance on a cost analysis only because of support for the income approach is not logical. The effort to rely on cost information as a check of reasonableness implies/infers relevance. Petitioner's development of cost elements contradicts the appraiser's reasons for not relying on a cost approach to value.

Nonetheless, Petitioner's cost approach analyzed the entire subject site in relationship to the improvements. Consideration was given to excess and surplus land to the subject parcel as a whole. Petitioner's cost analysis and calculations are more detailed; building materials, components and relevant multipliers were developed. The extent and level of Petitioner's cost approach is logical and reasonable. As discussed

⁷⁷ Petitioner's appraiser's rationale for placing a cost approach within the Scope of Work section of the appraisal report is nonsensical. Respectfully, a developed cost analysis is noteworthy to be placed as a standalone section within an appraisal report. An attempt to hide or minimize the relevance of such an approach by placing it within the Scope of Work section is misleading and not meaningful. Petitioner's appraiser's ability to otherwise develop a cost analysis for a special purpose property, such as the subject, further warrants the placement of the cost approach outside of the Scope of Work section of the report.

below, each cost element was considered in the Tribunal's independent determination of value from the cost approach.

A. Land Value

The first step in the cost analysis is the market value for the subject's land. Petitioner's appraiser presented five land sales within the addendum of his appraisal report. All five land sales are located within the Novi market area. Sale 5 occurred in 2023; Sales 1, 2, 3, and 4 occurred in 2022. Sales 4 and 5 have similar OST zoning as the subject property. Petitioner's appraiser did not develop a comparative analysis adjustment grid for the land sales. Petitioner's appraiser summarized the five land sales to reconcile a price per square foot (\$/SF) for the subject's 2,757,783 square feet (63.31 acres) at \$3.50/SF resulting in a land value of \$9,650,000.

Respondent's appraiser developed and analyzed four land sales taken from the Integra Realty Resources (IRR) database. All four sales are located in the Novi market area. Sales 2 and 3 occurred in 2022; Sale 1 occurred in 2023; and Sale 4 occurred in 2024. Respondent's appraiser developed a comparative sales grid for the four sales. Further, the appraiser presented descriptive write-ups for each land sale. The appraiser reconciled the sales on a \$/SF at \$4.00/SF for a land value of \$6,320,000. However, Respondent's land valuation is for 1,581,228 square feet (36 acres) of land for the subject property. The appraiser applied a \$2/SF for site improvements for the subject's 36 acres and not the total 63 acres.⁷⁸ Respondent's indication of land value was not determined for the subject's total 63 acres of land.

In considering the appraisers' land sales data, strengths and weaknesses were taken from each comparative analysis. Again, Petitioner's appraiser failed to analyze its land sales in an adjustment grid. Petitioner's general summary with conclusory narrative is a bare minimum to capture a full understanding of the data. On the other hand, Respondent's appraiser did compare his sales in an adjustment grid. Respondent's appraiser included informational write-ups for his land sales. However, Respondent's land analysis was based on 36 acres and not the subject's total 63 acres. Again, Respondent failed to denote any hypothetical conditions or extraordinary assumptions for the deviation from the subject's total 63 acres in the analysis. This aberration is not meaningful and is misleading in conjunction with Respondent's other analysis and methodologies.⁷⁹ As previously noted in the highest and best use analysis of this opinion, carving out acreage for each subject building is not logical. Here, devising a land value for something other than the subject's total acreage is similarly illogical. Therefore, Respondent's land sales adjustment grid, adjusted sale prices, and indication of land value are given no weight or credibility in the Tribunal's independent determination of land value for the subject property.

⁷⁸ Tr, Vol 8, 1309-1310.

⁷⁹ Respondent's appraiser analyzed the land sales on a \$/SF basis; however, the appraiser states, "For this analysis, price per acre is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis." (R-1, 64)

The appraisers' land sales were reasoned and reconciled. As noted in the Findings of Fact, the appraisers have utilized two common comparable land sales. While Respondent's utilization of the two common comparable sales was analyzed for the purpose of 36 acres, Respondent's write-ups for these common land sales corroborates Petitioner's abbreviated land sale summaries. Therefore, Petitioner's indication of land value of \$9,650,000 for the subject's total 63 acres is the most credible and reliable land valuation evidence.

B. Replacement Cost New

Next, the appraisers analyzed and developed a base cost for the subject's improvements from MVS costs. Petitioner's appraiser analyzed the subject's convention center, hotel, and site improvements for the subject's total acreage. On the other hand, Respondent's appraiser only performed a cost analysis for the convention center with a devised land area of 36 acres.

Nevertheless, each appraiser developed MVS costs for the primary building improvements for the convention center and distribution warehouse sections. MVS costs were determined for the original buildings as well as the building expansion (IFT) portions.

Both appraisers concur that the area labeled as distribution warehouse has 243,502 square feet. Petitioner's replacement cost new (RCN) for this building area is \$31,019,679 and Respondent's calculated RCN for this same gross building area is \$21,915,180. The difference in these cost calculations is attributable to the level of detail. Petitioner's appraiser distinguished between the subject's original buildings and expansion buildings. The appraisers' costs for the subject's distribution warehouse bracket the Tribunal's independent cost determination of \$26,000,000.

Next, both appraisers calculated the cost of the subject's convention center (banquet halls). Petitioner's appraiser denotes this area has 73,418 square feet for a cost calculation of \$15,225,878. Respondent's appraiser denotes the area as 52,398 square feet at a cost calculation of \$6,549,750. Respondent's appraiser did not develop the segregated cost method for the convention center with four exterior walls but rather two exterior walls (separate from the warehouse building).⁸⁰ Both appraiser's cost figures were considered and bracket the Tribunal's independent determination of \$10,000,000.

The next cost entry is for the subject's hotel. Here, only Petitioner's appraiser developed a MVS cost of \$15,715,132 for the 76,245 square foot hotel. Petitioner's cost estimate is reasonably supported and undisputed. Respondent's appraiser opted to analyze the subject's hotel in the sales and income approaches. As previously discussed in the highest and best use section of this opinion, Respondent's devised

⁸⁰ Tr, Vol 7, 1293.

piecemeal analysis is neither logical nor reasonable. Therefore, Petitioner's hotel cost of \$15,715,132 is carried forward in the Tribunal's independent analysis.

Both appraisers also denote the IFT portion of the improvement as 188,294 square feet. However, the appraisers differ on the associated MVS costs for this improvement. Petitioner calculated the RCN of \$37,799,513 for the IFT improvement. On the other hand, Respondent has conflicting RCN costs of \$19,973,610 (R-1, page 67) and RCN costs of \$20,972,291 (R-1, page 69). Given Petitioner's detailed and consistent treatment of the subject's IFT improved parcel, Respondent's IFT calculation is given no weight or credibility. Petitioner's cost calculation of \$37,799,513 is carried forward into the Tribunal's independent income analysis.

C. Site Improvements

The next cost element developed by the appraisers was site improvements. Site improvements include asphalt/concrete parking, lighting, fencing, concrete paving, as well as landscaped and fenced yard areas. From MVS, Petitioner's site improvements for the subject property were \$6,519,115 and Respondent's site improvements were \$3,320,579. The difference in the appraisers' MVS site indications was based on the subject's acreage. Again, Petitioner analyzed the total 63 acres from site improvements. Respondent determined site improvements based on an unsupported devised area of 36 acres. Therefore, Petitioner's site improvements cost of \$6,519,115 is the most reliable and credible cost entry for the subject's site improvements.

D. Soft Costs

The appraisers' next cost element is the development of soft costs. Here again, the appraisers' calculations are not close. Petitioner's soft costs were based on 8% of the total building and site improvements RCN. Respondent determined soft costs of 10% for its RCN improvements.⁸¹ As purposely repeated, the difference in soft costs is associated with the difference in the parties' analysis stemming from the subject acreage. Therefore, Respondent's soft costs percentage is given no credibility in the Tribunal's independent cost analysis.

On an interim basis, the subject's reconciled cost entries are \$26,000,000 (distribution warehouse); \$10,000,000 (convention center); \$15,715,132 (hotel); and \$6,519,115 (site improvements) which result in RCN improvements of \$58,234,247. This RCN figure is then multiplied by 8% to arrive at soft costs of \$4,658,740 which in turn is added to RCN improvements of \$58,234,247 equaling a total RCN of \$62,892,987 for the subject property.

E. Depreciation

⁸¹ Respondent's determination of soft costs were inconsistent and varied between 5% and 10% which were questioned by Petitioner's counsel.

The next entry in the cost analysis is the consideration of all forms of depreciation (physical, functional and external). Each appraiser employed the *age/life method*⁸² to determine physical depreciation. Physical depreciation was separately applied to subject building improvements and site improvements.

Respondent's allocations and depreciation percentages were based on deviated land, site improvements, and building improvements. Respondent's appraiser calculated total physical depreciation of \$16,609,996. Likewise, Petitioner's appraiser calculated the allocated depreciation attributable to the subject building and site improvements. However, as repeated, Respondent's appraiser devised a cost analysis for the subject excluding the hotel as well as a portion of the total acreage. Therefore, Respondent's site improvement and building allocations with corresponding depreciations are given no weight or credibility in the Tribunal's independent cost analysis of the subject property.

Petitioner's appraiser applied straight line and curvilinear depreciation for the improvements which included the subject's hotel. From the total RCN of \$62,892,987, the allocated building improvements are 94% (\$59,119,408) and site improvements are 6% (\$3,773,579) of the total RCN. In turn, the Tribunal utilized Petitioner's appraiser applied physical depreciation of 16.5% to the building improvements of \$59,119,408 resulting in a depreciation of \$9,754,702 which is then deducted. The depreciated building improvements are calculated at \$49,364,706. The Tribunal then utilized Petitioner's site improvement physical depreciation of 45% which is applied to the site improvements of \$3,773,579 resulting in depreciation of \$1,698,110 (which is then deducted from the site improvements RCN). The depreciated site improvements are calculated at \$2,075,469.

The development of the cost approach must give consideration to obsolescence only if the market demonstrates the existence of obsolescence. Petitioner's appraiser states, "Given the special attributes of the subject, there is no market data available to measure whether obsolescence exists."⁸³ Respondent's cost analysis did not identify any functional or external obsolescence attributable to the subject property. There is no requirement to account for obsolescence if there is none to be found at the property by either party. There is not tangible evidence on the record that the subject suffers from functional or external obsolescence. Therefore, this element is not included in the Tribunal's independent cost analysis. The parties' overall hotel data does not indicate obsolescence to the subject property. Rather, the construction of new hotels indicates competition in the midst of a market cycle.

⁸² *The Appraisal of Real Estate*, pp 571-572.

⁸³ P-1, 16. Petitioner's appraiser further states, "However, when comparing the valuation of the subject using the Income Approach, reconciled at \$33,330,000 in total, there is a +/- 68% variance when compared with the total value of \$103,500,000 by the Cost Approach. On this basis, there are adverse external and/or functional utility factors impacting the property." Petitioner's development of the cost approach located within its Scope of Work section while giving reliance for alleged obsolescence is confusing.

To recount, the subject's total RCN is calculated at \$62,892,987. The subject's depreciated building improvements are calculated at \$49,364,706. The subject's depreciated site improvements are calculated at \$2,075,469. The total depreciated improved value for the subject is \$51,440,175. With the addition of the \$9,650,000 land value, the subject's total cost indication is \$61,090,175.

The independent determination of market value for the subject property is as a whole economic unit. The subject property is valued as a whole property and not valued in piecemeal fashion. Moreover, the sum of the parts is not the motivation of market participants (i.e. investors). A fee simple estate is defined as "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat."⁸⁴ The full bundle of rights (in fee simple) for the subject as an economic unit is done so without encumbrances.

Nonetheless, the subject's IFT parcel was reviewed and considered by both appraisers. Petitioner's appraiser's testimony regarding the IFT parcel is persuasive. Petitioner's appraiser rendered an allocation to the IFT improved parcel. This is not to be misconstrued as an appraised value for the IFT parcel. An IFT parcel exists at the subject property, but this parcel is not under appeal. In other words, the IFT parcel is not germane to the subject's fee simple property for the land and improvements together. Respondent's analysis of the IFT parcel (and its value indication) was questioned and refuted by Petitioner's counsel.⁸⁵ In similar fashion, Respondent's depreciated IFT value of \$18,642,036 is given no weight or credibility in the Tribunal's independent cost analysis.

In succession, the remaining consideration is the subject's IFT improved parcel. As a final deduction within the cost analysis, Petitioner's IFT RCN of \$37,799,513 is deducted from the subject's total RCN of \$61,090,175 which results in an independent determination of \$23,290,000 (rounded) and an indication of market value for the subject property for the 2023 tax year.

INCOME APPROACH

The subject property is an income producing commercial property. In other words, the subject property is developed with a hotel and with a convention center space utilized for large event gatherings. As noted, each party developed an income approach to value for the subject's hotel on the basis of a DCF analysis. Both appraisers weighed the strengths and weaknesses for the development of a DCF.⁸⁶ Mindful explanations for the justification of a DCF, however, were unpersuasive. The parties' divergent paths for their respective conclusions were telling. Petitioner's appraiser developed a direct capitalization method for the subject's convention center.

⁸⁴ *The Dictionary of Real Estate Appraisal*, p 73.

⁸⁵ Tr, Vol 7, 1094.

⁸⁶ P-1, 113 and R-1, 86.

Respondent's appraiser elected to value the convention center through a cost approach. Specifically, each appraiser's time period leading up to December 31, 2022, was staggered. As articulated below, the Tribunal considered each income element in the independent determination of reliability and credibility from the income approach.

Petitioner's appraiser developed a DCF in a four-year period including December 31, 2023, December 31, 2024, December 31, 2025, and December 31, 2026, with a reversion NOI as of December 31, 2027. Petitioner went beyond tax day to project stabilization for the subject hotel. The appraiser's indication of value for the hotel from the DCF methodology is \$6,650,000 and the indication of value from the direct capitalization methodology for the convention center is \$26,680,000. The indication of combined value for these improvements is \$33,330,000. Petitioner's appraiser then deducted the subject's IFT improvements (calculated on a direct capitalization methodology) of \$11,670,000 to arrive at an indication of value of \$21,660,000 for the subject property from the income approach.

Petitioner's appraiser utilized STR reports as well as local data in a 5-mile radius for the hotel DCF analysis. The subject's local competitive set was reviewed for insight into revenue and supply /demand characteristics from the local sub-market. Analysis and input elements included annual daily rate (ADR), revenue per available room (RevPAR), food/beverage, and other operating departments. Operating expenses were derived from CBRE Hotels Research. Operating expenses were broken down into departmental expenses, undistributed operating expenses, and non-operating income/expenses. Comparable operating data was also reviewed for 2019 from 24 properties in the state of Michigan. The DCF analysis also reviewed the CoStar Group Hospitality Report for average hotel workers wages. The DCF culminated in a schedule of net operating income with a 12-month forecast relative to December 31, 2022. Petitioner's appraiser was questioned by Respondent's counsel over the trends reports from the 2022 HOST Almanac (published by STR).⁸⁷ The yield capitalization analysis was detailed and did not uncover errors or typos that otherwise would impact Petitioner's conclusion of value from the income approach.⁸⁸

Again, Petitioner's appraiser developed a direct capitalization analysis for the convention center. The analysis included customary entries for market lease data for 23 properties, five restaurant leases, frictional vacancy & credit loss, operating expenses, net operating income, and capitalization rates. The data and analysis were reasonable and consistent.

On the other hand, Respondent's appraiser developed his DCF analysis for the subject hotel in a three-year period from 2023 to 2025. Likewise, Respondent's appraiser goes beyond tax day to project the subject hotel's stabilization. The appraiser's indication of value for the subject hotel is \$11,700,000.

⁸⁷ Tr, Vol 3, 430-433.

⁸⁸ Petitioner's appraiser disclosed typographical errors which did not have a substantive impact on his opinions, analysis, and conclusions. Tr, Vol 3, 422 and Tr, Vol 2, 368.

Respondent's appraiser was questioned whether his STR competitive datasets overlooked all other hotels in the subject's market area of Novi. The appraiser admitted that the CBRE & STR reports included all types of hotels. In turn, he was unaware if the reports included hotels with attached casinos, hotels on Indian reservations, or hotels only within the continental United States.⁸⁹ The appraiser chose Sonesta Select Detroit Novi and Hilton Garden Inn Detroit Novi for the competitive set (from STR) but did not know their specific information (available room nights, occupancy, and average daily rate). These sales overlap with the STR custom set.⁹⁰ Last, Respondent's appraiser's capitalization rate comparables were going-concern sales which include real property, FF&E, and intangibles.⁹¹ Overall, the inconsistencies and uncertainties elicited from Respondent's subject hotel DCF do not bolster the appraiser's indication of value.

As noted, Respondent's errors and typos impact the reliability and credibility for its DCF. Respondent's appraiser acknowledged that he discovered typos which were a result of a software issue after the report was published.⁹² The appraiser asserts that the typos were a result of software links. Specifically, the discount rate within Respondent's excel spreadsheet was a typo. "In that instance, it's the Excel table that's correct, not the link. It was the link that was broke in the text."⁹³ No valuation disclosure is perfect, but an appraiser does not fall back on software glitches that impact or alter his/her opinions, analysis, and conclusions. An appraiser is responsible for his/her software as well as analytical tools for analysis.

When using any of these analytical tools, the appraiser is responsible for the accuracy of the output. Thus, the appraiser must have confidence that the technology uses data that is relevant and that the output is mathematically correct and sufficiently reliable for use in the assignment." Regardless of the tool chosen, the appraiser is responsible for the entire analysis, including selection of the source data, the calculations, and the resulting output. Appraisers should use sufficient care to avoid errors that would significantly affect their opinions and conclusions. Diligence is required to identify and analyze the factors, conditions, data and other information that would have a significant effect on the credibility of the assignment results.⁹⁴

Respondent's noted typos and errors throughout the appraisal report do not bolster the appraiser's analysis, opinions, and conclusions. As purposely repeated, Respondent's appraiser analyzed the subject under two highest and best uses for building improvements which function as one economic unit. As a further complicating

⁸⁹ Tr, Vol 7, 1198-1199.

⁹⁰ Tr, Vol 7, 1176-1178.

⁹¹ Tr, Vol 7, 1220.

⁹² Tr, Vol 4, 685.

⁹³ Tr, Vol 7, 1239.

⁹⁴ The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice* (Washington DC, 2024 ed), Advisory Opinion 37, p 111 and Advisory Opinion 33.

factor, Respondent's appraiser valued the convention center and hotel under different approaches. Using separate approaches for the separation of the subject's building improvements is not logical. On the other hand, applying separate methodologies within a single approach is reasonable. Petitioner's appraiser developed a direct capitalization methodology for the convention center and a DCF analysis for the hotel. Petitioner's income analysis stayed within the framework of the subject's improvements as a total economic unit. Respondent's appraiser devised an analysis stemming from the highest and best use conclusions for separate land and building improvements. A valuation expert's adherence to professional standards is noteworthy in this instance.

When analyzing the assemblage of the various estates or component parts of a property, an appraiser must analyze the effect on value, if any, of the assemblage. An appraiser must refrain from valuing the whole solely by adding together the individual values of the various estates or component parts. Comment: Although the value of the whole may be equal to the sum of the separate estates or parts, it also may be greater than or less than the sum of such estates or parts.⁹⁵

The development of a DCF comes with cautioned risks and responsibilities in valuation practice and theory. For the reasons stated above, Respondent's DCF methodology for the subject hotel is given no weight or credibility. Petitioner's DCF methodology for the hotel and direct capitalization methodology for the convention center are given consideration in the Tribunal's independent determination of value from the income analysis.

Therefore, Petitioner's indication of market value of \$21,660,000 via the income approach is given weight and credibility in the overall reconciliation.

SALES COMPARISON APPROACH

Valuation practice and theory acknowledge the adjustment process for the sales comparison data (in a comparative analysis). The comparative analysis to a subject property occurs within a storyboard flow chart of conventional components.⁹⁶ In other words, a subject property is not adjusted to the market data. For example, a subject property is analyzed in terms of highest and best use to determine the most optimal development of the property as vacant and as improved. This fundamental exercise may show the subject's full breadth of development under its specific zoning. Again, highest and best use of a subject property is not analyzed singularly at the point of the comparison adjustment grid. Said differently, comparable sale properties may have differing uses to a subject but are acceptable (with potentially overlapping) zoning categories. Comparable data is not weighed against a subject property based exclusively on highest and best use. Rather, the finer points (line-item entries) are articulated and adjusted to the comparable sales. Comparable data may have different

⁹⁵ *Id.*, p. 21, (Standards Rule 1-4(e)).

⁹⁶ *The Appraisal of Real Estate*, p 31.

uses than the subject, but such uses may be permissible under similar zoning codes. Moreover, a comparative analysis tests the applicability of a property on the broad concept of highest and best use. Further analysis may determine similar and parallel zones as well as competing zones from competing municipalities.

In valuation theory, the comparables' highest and best uses are expected to mirror a subject property. However, in valuation practice, the subject and comparable sales may have different uses. Realistically, the use of a comparable may change subsequent to the sale of that property. A comparative analysis looks at the use of each comparable sale in line-item fashion (i.e., zoning) which allows for various acceptable uses. The purpose of a comparative analysis is to thresh out the sale property as a comparable sale. For example, a comparable sale may have a different use but have the same zoning at the subject property. Consequently, the highest and best use for the subject property is different than the "use" for a comparable property at the time of sale. Comparing and contrasting comparable sales to the subject property is the expectation in a comparative analysis. Again, a benchmark for a variety of legal, physical, and financial uses may be achieved within certain zoning ordinances. Said differently, an appraiser's due diligence research in the "normal course of business" may not necessarily encompass a separate highest and best use analysis for each comparable sale. The rigid perception that the subject and comparable sales must have the same highest and best use is not practical or reasonable. The premise that sales only become comparable sales when they have the same highest and best use as the subject property is not persuasive.

As noted, Petitioner's appraiser did not develop a sales comparison approach to value. On the other hand, Respondent's appraiser developed this approach for the hotel portion of the subject property. Respondent's comparative analysis and comparable sales are discussed.

The sales comparison adjustment grid is a conventional framework for a comparative analysis. Respondent's comparative analysis started with five hotel properties in the state of Michigan (three in southeast Michigan, one in west Michigan, and one in southwest Michigan). A descriptive analysis included write-ups for each property. Adjustment factors were denoted and considered by the appraiser. An adjustment grid for the five comparable sales was developed to arrive at an indication of market value. However, the appraiser's comparative analysis has inconsistencies and shortcomings.

Sale 1 is a hotel property located in Southfield, Michigan. Within the sale write-up, Respondent's appraiser denoted this property as a "Limited Service" hotel. However, the adjustment grid denoted the property as an "upscale, full service" hotel. Further, this sale was transacted on an auction basis. The highest bid was \$10,200,000 which included a \$510,000 "platform fee". Respondent's appraiser failed to articulate the bid process and whether it was an acceptable form of market exposure. The appraiser then added expenditures after sale of \$2,940,000 to the purchase price of \$10,710,000. The appraiser's write-up denoted exterior renovations in 2019 for the

property. These complicating factors also included \$1,167,754 for the property improvement plan (PIP) to the property. The property's expenditures versus the PIP were not reasoned or reconciled by the appraiser. This property was previously appraised by someone within the IRR organization.

Sale 2, as stated in the write-up, was not exposed to the open market. Moreover, the purchase price allocation included furniture, fixtures, and equipment (FFE), intangibles, and real estate from a 2019 pro forma analysis. The inclusion of intangibles indicates a "going concern" value which the appraiser does not explain in the write-up. Respondent's appraiser added expenditures after sale of \$2,120,000 to the purchase price of \$11,130,000 without additional narration or articulation.

Sale 3 is a hotel property located in Novi, Michigan. Within the sale write-up, Respondent's appraiser denoted this property as a "Full Service" hotel with a fee simple interest. However, the adjustment grid denoted the property as an "upscale, limited service" hotel. The sale transaction involved a leased fee interest in the property. Moreover, the purchase price allocation included FFE, goodwill intangibles, and real estate taken from a 2019 income statement. The inclusion of intangibles indicates a "going concern" value which the appraiser does not explain in the write-up. This property includes a ground lease which the appraiser did not explain its impact on the sale price. This property was previously appraised by someone within the IRR organization but was not disclosed in the write-up within the Petitioner's appraisal report.

Sale 4 is a hotel property located in Rochester, Michigan. Within the sale write-up, Respondent's appraiser denoted this property as a "Full Service, Upscale" hotel. However, the adjustment grid denoted the property as a "luxury, full service" hotel. This property sold for \$26,400,000 (without PIP) which is larger than Respondent's other sales. This hotel has superior characteristics, amenities, and services. Moreover, this sale had the largest net adjustments. This partial PIP was placed with the age/condition adjustment as testified by Respondent's appraiser.

Sale 5 is a hotel property located in Grand Rapids, Michigan. This property is described as a limited service, upscale hotel. Further, the property rights are denoted as "fee simple, going concern" for this sale. None of Respondent's other sales were labeled as "going concern" values in the adjustment grid. The appraiser's entries between the write-ups and the adjustment grid lack consistency and clarity. Sale 5 was adjusted for an inferior location to the subject property. Yet, Sale 5 is located on 28th Street and is proximate to the Gerald R. Ford International Airport. This property was previously appraised by someone within the IRR organization. This hotel was part of a portfolio sale transaction.⁹⁷

Respondent's sales 1, 3, 4, and 5 were "going concern" transactions. Respondent's appraiser failed to make extracted allocations to arrive at real property

⁹⁷ P-19 and Tr, Vol 8, 1335.

values for those sales. Moreover, Sales 1, 2, 3 and 5 transferred with “flag” agreements for the hotel franchising and branding. The details and complexities of these sales warranted further due diligence on the part of the appraiser. Here, the appraiser relied on sales from the IRR internal database. A comparative analysis on the basis of real property market value instead of “going concern” value is achievable when the appraiser has such knowledge.

Further, Respondent’s sales comparison analysis did not include a line-item adjustment entry for expenditures after sale (PIP) for the hotel property sales. PIP was applied to the effective sale price entry on the adjustment grid.⁹⁸ Respondent’s sales comparison adjustments appear to lump several items which would otherwise be treated separately for clarity and understanding. For example, Sale 4 has a combined PIP/age/condition adjustment.

Likewise, the adjustment grid did not include line-item entries for land to building ratios or site acreage. Respondent’s appraiser claims that the comparative analysis was done so on the basis of the subject’s total 63 acres is unpersuasive. The claim is confusing in relation to Respondent’s separate highest and best analysis with the separation of the subject’s acreage and improvements.

Respondent’s appraiser allocates 36.3 acres for the convention center and 27.01 acres for the hotel for the purposes of the other approaches to value. In essence, the appraiser only valued the hotel itself without the analysis of the 27.01 acres. This selective analysis was carried out with the admission that the totality of land and improvements together was valued as a total economic unit. This testimony and reasoning makes no sense to the Tribunal.⁹⁹ Respondent’s comparable sales include both land and improvements. Respondent’s comparative analysis did not extract out the land values from the comparable sales. Yet, Respondent’s appraiser claimed that the sales comparisons took into account the subject’s total acreage.

Overall, Respondent’s sales were adjusted downward to the subject. In other words, none of the sales were adjusted upward to the subject. Respondent’s appraiser failed to explain the lack of sales adjusted upward, which would bracket the subject’s indication of value. For the reasons stated above, no weight or credibility is given to Respondent’s sales comparison approach.

FINAL RECONCILIATION OF APPROACHES TO VALUE

The sales comparison approach is not the only approach that directly measures value in the marketplace. The cost approach directly measures value in the marketplace by surveying building costs & labor to construct a building. The income approach directly measures value in the marketplace by applying rental rates associated with a property. The sales comparison, cost, and income approaches are

⁹⁸ Tr, Vol 7, 1125-1127.

⁹⁹ Tr, Vol 7, 1134-1135.

linked by the principle of **substitution**.¹⁰⁰ In this way, the concept of substitution is noteworthy. All three approaches have interplay. Valuation practice and theory are quite keen in acknowledging the interplay, overlap, and coherence of all three approaches to value.

The Tribunal's independent determination of value is not predicated on any singular approach to value relied upon in prior decisions. Each case is based on evidence presented by each party. That evidence is weighed in the context of that hearing and not necessarily on prior decisions which may have relied on the same approach to value.

As of the relevant tax day, the subject was developed as a convention center and hotel. Analyzing the subject property with separate improvements, acreages, and highest & best uses requires many considerations including zoning requirements, ingress/egress, surveys, etc. As noted in the Findings of Fact, the subject property's highest and best use is as a single parcel improved with a convention center and hotel. As such, the Tribunal is unable to assume or ascertain the subject as separate standalone improvements. However, the premise that the subject's single parcel would sell "as is" is a reasonable assumption. Petitioner's analysis provided the most reliable and credible valuation evidence for the independent determination of market value for the subject property.

Different improved parcels may have different highest and best uses but creating such conjecture is not meaningful in this instance. Once again, the subject's contiguous improvements are zoned under one specific parcel of land. While there is a specific use difference between the convention center and the hotel, both are permitted under the OST zoning code. Petitioner's refutation of Respondent's separate use analysis, acreage, and cost analysis for the convention center and hotel is persuasive.

The subject as a special purpose property justifies the development of the cost approach as of the relevant tax day. The sales comparison approach is not applicable due to the lack of sales of similar special use properties in Michigan. The income approach is relevant due to the income producing nature of the subject's hotel, banquet halls, and convention center. The subject property functions as a total economic unit. The Huntington Center (former known as Cobo Hall) is a similar special purpose property which functions as a total economic unit. As noted, there is no evidence on the record of external or functional obsolescence to the subject property. The Tribunal's independent determination of market value from Petitioner's income data and analysis is \$21,660,000. The Tribunal's determination of market value from the parties' cost data and analysis is \$23,290,000. Based on the overall data, the market area, and the attributes of the subject as a special purpose property, greater weight is given to the cost analysis for an independent market value determination of \$23,000,000.

¹⁰⁰ *The Appraisal of Real Estate*, p 25.

The Tribunal finds, based upon the Findings of Fact and the Conclusions of Law set forth herein, that Respondent's expert witness and evidence is not more persuasive than Petitioner's valuation evidence and cogent analysis. The parties' overall valuation evidence warranted the application of the income and cost approaches to value. The subject property's TCV, SEV, and TV for the tax year at issue are as stated in the Introduction section above.

JUDGMENT

IT IS ORDERED that the property's SEV and TV for the tax year(s) at issue are MODIFIED as set forth in the Introduction section of this Final Opinion and Judgment.

IT IS FURTHER ORDERED that the officer charged with maintaining the assessment rolls for the tax years at issue shall correct or cause the assessment rolls to be corrected to reflect the property's true cash and taxable values as finally shown in this Final Opinion and Judgment within 20 days of the entry of the Final Opinion and Judgment, subject to the processes of equalization. See MCL 205.755. To the extent that the final level of assessment for a given year has not yet been determined and published, the assessment rolls shall be corrected once the final level is published or becomes known.

IT IS FURTHER ORDERED that the officer charged with collecting or refunding the affected taxes shall collect taxes and any applicable interest or issue a refund within 28 days of entry of this Final Opinion and Judgment. If a refund is warranted, it shall include a proportionate share of any property tax administration fees paid and penalty and interest paid on delinquent taxes. The refund shall also separately indicate the amount of the taxes, fees, penalties, and interest being refunded. A sum determined by the Tribunal to have been unlawfully paid shall bear interest from the date of payment to the date of judgment, and the judgment shall bear interest to the date of its payment. A sum determined by the Tribunal to have been underpaid shall not bear interest for any time period prior to 28 days after the issuance of this Final Opinion and Judgment. Pursuant to MCL 205.737, interest shall accrue (i) after December 31, 2013, through June 30, 2016, at the rate of 4.25%, (ii) after June 30, 2016, through December 31, 2016, at the rate of 4.40%, (iii) after December 31, 2016, through June 30, 2017, at the rate of 4.50%, (iv) after June 30, 2017, through December 31, 2017, at the rate of 4.70%, (v) after December 31, 2017, through June 30, 2018, at the rate of 5.15%, (vi) after June 30, 2018, through December 31, 2018, at the rate of 5.41%, (vii) after December 31, 2018, through June 30, 2019, at the rate of 5.9%, (viii) after June 30, 2019, through December 31, 2019, at the rate of 6.39%, (ix) after December 31, 2019, through June 30, 2020, at the rate of 6.40%, (x) after June 30 2020, through December 31, 2020, at the rate of 5.63%, (xi) after December 31, 2020, through June 30, 2022, at the rate of 4.25%, (xii) after June 30, 2022, through December 31, 2022, at the rate of 4.27%, (xiii) after December 31, 2022, through June 30, 2023, at the rate of 5.65%, (xiv) after June 30, 2023, through December 31, 2023, at the rate of 8.25%, (xv) after December 31, 2023, through June 30, 2024, at the rate of 9.30%, (xvi) after June 30, 2024, through December 31, 2024, at the rate of 9.50%, (xvii) after December 31, 2024, through June 30, 2025, at the rate of 9.47%, (xviii) after June 30, 2025, through

December 31, 2025, at the rate of 8.66%, (xix) after December 31, 2025, through June 30, 2026, at a rate of 8.48%, and (xx) after July 1, 2026, through December 31, 2026, at a rate of 7.85%.

This Final Opinion and Judgment resolves all pending claims in this matter and closes this case.

APPEAL RIGHTS

If you disagree with the final decision in this case, you may file a motion for reconsideration with the Tribunal or a claim of appeal with the Michigan Court of Appeals.

A motion for reconsideration must be filed with the Tribunal with the required filing fee within 21 days from the date of entry of the final decision. Because the final decision closes the case, the motion cannot be filed through the Tribunal's web-based e-filing system; it must be filed by mail or personal service. The fee for the filing of such motions is \$50.00 in the Entire Tribunal and \$25.00 in the Small Claims Division, unless the Small Claims decision relates to the valuation of property and the property had a principal residence exemption of at least 50% at the time the petition was filed or the decision relates to the grant or denial of a poverty or disabled veterans exemption and, if so, there is no filing fee. You are required to serve a copy of the motion on the opposing party by mail or personal service or by email if the opposing party agrees to electronic service, and proof demonstrating that service must be submitted with the motion. Responses to motions for reconsideration are prohibited and there are no oral arguments unless otherwise ordered by the Tribunal.

Alternatively, you may file a claim of appeal with the Michigan Court of Appeals. If the claim is filed within 21 days of the entry of the final decision, it is an "appeal of right." If the claim is filed more than 21 days after the entry of the final decision, it is an "appeal by leave." A copy of the claim of appeal must be filed with the Tribunal to certify the record on appeal. There is no certification fee.

By: /s/ Marcus L. Abood

Entered: September 25, 2026
gc

PROOF OF SERVICE

I certify that a copy of the foregoing was sent on the entry date indicated above to the parties or their attorneys or authorized representatives, if any, utilizing either the mailing or email addresses on file, as provided by those parties, attorneys, or authorized representatives.

By: Tribunal Clerk