CITY OF NOVI MONTHLY ATTORNEY REPORT

******CONFIDENTIAL AND PRIVILEGED******
NOT SUBJECT TO DISCLOSURE UNDER FOIA

SUBMITTED BY: ROSATI SCHULTZ JOPPICH & AMTSBUECHLER

NOVEMBER 2025

I. PENDING LITIGATION

A. CASES BEING HANDLED BY OUR OFFICE

None this report.

B. *CASES BEING HANDLED BY OTHER ATTORNEYS FOR INSURANCE COMPANIES*

None this report.

C. *CASES BEFORE THE MICHIGAN TAX TRIBUNAL (MTT)*

***TBON v Novi*, MTT Docket no. 23-001197**

REMINDER: Information that the City Council receives on MTT/Tax Tribunal matters is for "information only." As we've discussed, the valuation of property by your City Assessor is not something that the City Council has any role in, by state law. The Assessor is carrying out her duties – from initial valuation all the way through trial in a challenge to that valuation at the MTT – essentially for the State, and her decisions are not subject to input from or review by the City Council.

That said, this is a prominent piece of property in the City, and a fair amount of money at stake, so we're providing this informational update.

General Summary of Status

This matter involved the valuation for property tax purposes of the Suburban Showcase Collection Convention Center and attached Hyatt Hotel for the 2023 tax year. A separate appeal involving the 2024 and 2025 tax years is being held in abeyance pending the outcome of this case.

We just finished an 8-day trial in the MTT (starting early October). The case was tried by Stephanie Simon Morita with assistance from Deb Walling. We don't expect a decision from the Tribunal for several months. All in all, it was a long and difficult trial for both sides. The judge appeared to be generally inclined toward the Petitioner (property owner) throughout, but we believe that the City made a good record for an appeal should the outcome be unacceptable to the City.

An MTT case on valuation is essentially a battle of appraisers seeking to convince the Tribunal of the correctness of their appraiser's approach to valuing the property at issue. At the end of the trial, though, the Tribunal isn't bound by either party's numbers – it sets the value at what it believes was established by the testimony.

Amounts at issue

City's: The 2023 (date of value December 31, 2022) assessed and taxable value for the property was set by the City at $15,302,160, representing a true cash (or market) value of $**30,604,320**.
Petitioner's: In its May 17, 2023 Petition, Petitioner claimed the assessed and taxable value should be reduced to $9,000,000, representing a true cash (or market value) of **$18,000,000.**

Pre-trial Discovery and Appraisals

The Petition was served on or about June 29, 2023, with an Answer being filed on July 27, 2023. Initial discovery requests were served and on August 18, 2023, the Tribunal placed the matter on a Prehearing General Call which required appraisals to be filed by March 19, 2024.

Discovery Reponses were received on September 1, 2023, and after their review, the decision was made to move forward with an appraisal. The appraisal inspection occurred on October 31, 2023. A draft report was received on March 13, 2024, with the final version, after review by the City Assessor, being sent to us for filing on the March 19, 2024 due date.

City's Appraisal: The City's appraisal concluded to a value of **$36,400,000**.
Petitioner's Appraisal: Petitioner's appraisal concluded to a value of **$21,660,000.**

Settlement Discussions

The midway point between the two appraisals was **$29,030,000.**

On July 22, 2025, the City extended an offer of $14,515,000 assessed/taxable value (**$29,030,000** true cash) with CPI increases for 2024 and 2025, which over the three years under appeal would have resulted in a $105,000 refund to the Petitioner. For 2024 the assessed/taxable value would have been set at $15,240,000 or a true cash value of $30,481,500. Under this offer the 2025 assessed/taxable value would have been set at $15,713,000 or a true cash value of $31,426,420.

The response from Petitioner's counsel received on July 23, 2025 was, "Petitioner rejects the City's non-starter offer. *** Petitioner counters at **$25,000,000** TCV for years 2023-2025."

Based upon the amounts at issue, the City and our office had the impression that Petitioner was seeking a lower number **for 2025** as represented by Petitioner's July 23, 2025 offer. On July 25, 2025, we extended an offer of **$30,000,000** true cash value for all three years ($15,000,000 assessed/taxable). The lower 2025 taxable value would have resulted in additional savings to Petitioner in future tax years. At this point the parties were $2,500,000 apart in an agreement as to assessed/taxable value.

The July 28, 2025, response from Petitioner was, "Petitioner's offer was made in good faith. We do not believe the City's counter was. Petitioner rejects the City's offer and will not be presenting a counter."

After a more thorough review of the appraisals, on September 18, 2025, the City extended a **$30,230,000** true cash value offer for all three tax years. The City had noted during its review that the Petitioner improperly included a land value as a part of the IFT parcel deduction and that significantly reduced value. Petitioner responded shortly thereafter with a **$24,000,000** offer for all three years.

At that point it was clear discussions were going in the wrong direction. The matter then proceeded to the trial stage.

Basis for Disagreement in Appraisals

Both appraisers agreed that the land value of the subject was under-assessed, and that the convention center portion was a special use property.

Petitioner's appraiser valued both the hotel and the convention center portion utilizing an **income approach** (which includes a value for land), and used warehouse industrial comps for convention center rent comparables without adjusting the comps for location or zoning issues – but while also adjusting all of them downward by 20-25% because the comparables had more dock doors (despite warehouse use not being permitted at the subject's location). For the hotel portion, Petitioner's appraiser utilized income comparables that the subject hotel outperformed and failed to adjust the comparables upward.

The City's appraiser valued the convention center utilizing a **cost approach**, which is common for special purpose properties, and the sales and income approached for the hotel. An issue with the convention center valuation was how much depreciation should be applied and how to determine depreciation. Unfortunately, it turned out that the City's appraiser under-deducted for personal property to reach a value for the hotel portion. The failure to use the correct personal property number was known prior to trial and affected the valuation of the hotel portion throughout the appraisal because of the use of a discounted cash flow analysis.

What's next?

Put simply, we wait for the Tribunal's decision, which will likely take several months to get. Basically, both appraisers were beat up pretty well during the trial through cross-examination. We contended that there were fundamental flaws with their entire approach, but counsel for Petitioner found a number of flaws in our appraiser's report and some underlying assumptions. As noted above, there seemed to be a bent toward the Petitioner by the Tribunal – but there are also some issues that would be hard to get over if the Judge wanted to accept the Petitioner's number.

Bottom line: After trial, the Tribunal is likely to come in somewhere between the City's proposed True Cash Value of **$35,630,000** and Petitioner's proposed True Cash Value of **$21,660,000.**
It might well be that the Tribunal ends up nearer to Petitioner's number than the City's, although the opposite could also happen. Ultimately, the trial in this case happened because the amount of the reduction that the Petitioner wanted – essentially taking a full one-third off the value of the property – was not something that the City could simply agree to.

Any petitioner expecting that kind of reduction is going to have to either convince the City Assessor and her advisers of the correctness of their number (which Petitioner certainly did not do here) or win that argument at trial. After trial, our position is that the Petitioner didn't prove its case at trial, either, and if the Tribunal's opinion ends up getting to Petitioner's number by a flawed analysis, then the City will decide how to address that then.

We'll let the Council know when we've heard from the Tribunal.

II. OTHER MATTERS OF NOTE

None this report.

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