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JOSEPH L. BETTENDORF, M.A.I.

Realtor - Appraiser - Consultant

AN APPRAISAL REPORT

of



PARCEL NO. 208
Sinclair Refining Company

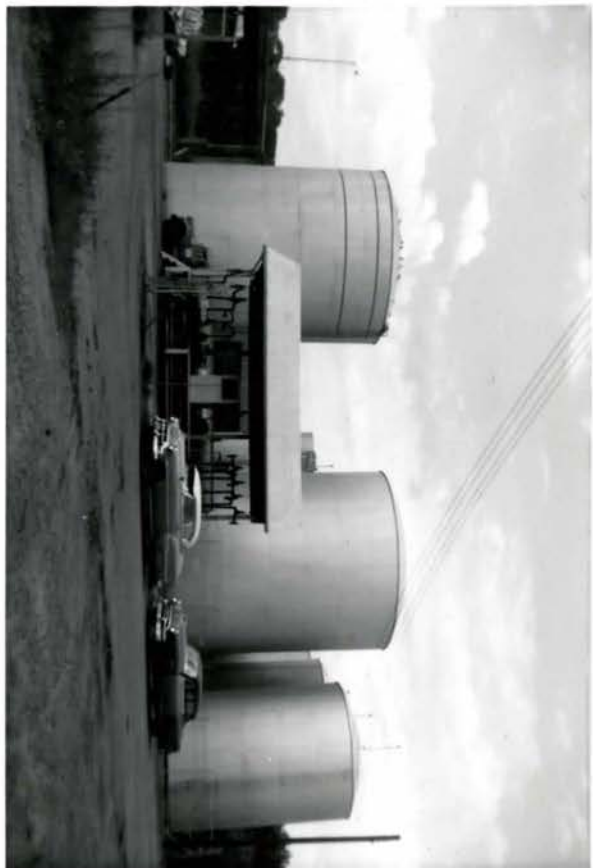
Project Area 1-B

for

The Port Authority of the City of St. Paul
60 East Fourth Street
St. Paul, Minnesota

by

Joseph L. Bettendorf, M. A. I. -S. R. A.
232 Minnesota Building
St. Paul, Minnesota





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ST. PAUL BOARD OF REALTORS
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SOCIETY OF RESIDENTIAL APPRAISERS

Real Estate Appraisals - Consultant - Analyst

CA. 4-2002

MINNESOTA BUILDING

ST. PAUL 1, MINNESOTA

January 11, 1963

The Port Authority of the City of St. Paul
60 East Fourth Street
St. Paul, Minnesota

Re: PARCEL NO. 208
Project Area 1-B
Sinclair Refining Company

Gentlemen:

In accordance with your request I have made a careful inspection of the captioned property, which is more particularly described elsewhere in this report, and have made a study of conditions affecting its value.

By virtue of my investigation I have formed the opinion that the market value of the subject property, as of December 13, 1962, is:

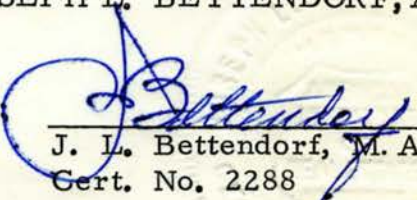
SEVENTY SIX THOUSAND DOLLARS - - - \$ 76,000.00

Your attention is invited to data and discussions following which, in part, form the basis for this conclusion.

Respectfully submitted,

JOSEPH L. BETTENDORF, Appraisals

By



J. L. Bettendorf, M. A. I.
Cert. No. 2288

SALIENT FACTS AND CONCLUSIONS

MARKET VALUE ESTIMATE

\$ 76,000.00

Size of Parcel: 39,773 square feet.

TAXES \$ 191.82

ASSESSOR'S FULL AND TRUE VALUE

Land \$ 5,750.00

Building \$ 17,500.00

\$ 23,250.00

AGE OF BUILDING

Recorded Age - Built in 1932.

THE PROPERTY

The subject property consists of a bulk storage operation and utilizes a one story building containing both office and warehouse space. In addition there are the following tanks:

- 4 - 100,000 gallon tanks
- 2 - 250,000 gallon tanks
- 1 - 20,000 gallon tank
- 2 - 15,000 gallon tanks
- 2 - 17,000 gallon tanks
- 1 - 14,500 gallon tank
- 1 - 8' x 19.4' tank

There is also a metal pump house - 12' x 16', and a 6' x 36' platform covered by a metal roof. In addition to the storage tanks there are incidental and ordinary appurtenances such as tag nozzles, valves, vents, gauge, hatches and the like. There is also a series of pipes, from two to four inches in size, running from the storage tank through the pump house to the necessary outlets. The northeast corner of the parcel is separated from the largest part of the property due to the existence of Eaton Street. The land is comparatively level and lies approximately at street grade. The largest part of the parcel lying southwest of the street has a frontage of 222.49 feet on Eaton Street. The entire parcel has an estimated 39,773 square feet.

The utilities serving the subject property are public sanitary sewer and public water. Eaton Street is blacktopped.

ZONING

The zoning of the subject site is "Heavy Industrial".

PROPERTY RIGHTS TO BE APPRAISED

Title in fee simple, unencumbered, subject to usual easements for utilities, if any.

HIGHEST AND BEST USE

The present program of utilization.

PURPOSE OF THE APPRAISAL

To estimate the market value of the subject site as of December 13, 1962.

DEFINITION OF MARKET VALUE

Market value is the highest price expressed in terms of money which the property will bring when exposed for sale in the open market with a reasonable time allowed to find a purchaser buying with a full knowledge of all the uses and purposes to which it is adapted and for which it is capable of being used.

LEGAL DESCRIPTION

Part Northeasterly of Eaton Avenue of Lots Three, Four, and Five (3, 4, and 5), Block Six (6), Eaton and Morrison's Addition.

The East One-half (E 1/2) of McCallum Street vacated adjacent and part Southwesterly of Eaton Avenue of Lots Five and Six (5 and 6), and all of Lot Seven (7), Block Six (6), Eaton & Morrison's Addition.

The East one-half (E 1/2) of McCallum Street vacated adjacent and the North 5 feet of Lot Nine (9) and all of Lot Eight (8), Block Six (6), Eaton and Morrison's Addition.

The West one-half (W 1/2) of McCallum Street vacated adjacent and that part of Lots Nine, Ten, and Eleven (9, 10, and 11) Northeasterly of a line running from a point on the East line of Lot Nine (9) and 20.35 feet from the Northeast corner thereof to a point on the West line of Lot Eleven (11) and 3.85 feet from the Southwest corner thereof and all of Lot Twelve (12), Block Seven (7), Eaton and Morrison's Addition.

The Northeasterly part, more or less, of Lots Three and Four (3 and 4) measuring 42.23 feet on the North line and 76.15 feet on the East line. Also except the Southwesterly 8.5 feet; Westerly one-half (W 1/2) of vacated Street adjacent and part of Lots Eight, Nine, Ten, and Eleven (8, 9, 10, and 11) Northeasterly of spur centerline and Southwesterly of a line run from the South point of above track to a point on the East line East of and 20.35 feet from the Northeast corner of Lot Nine (9), Block Seven (7), Eaton and Morrison's Addition.

According to the plat on file and of record in the office of the Register of Deeds, in and for Ramsey County.

BUILDING DESCRIPTION

The main building on the premises is a one story structure possessing an office area and a warehouse area. The exterior composition of the warehouse portion of the building is metal. The balance of the building consists of 12" concrete blocks. The building has a built-up roof and no basement.

The interior of the warehouse consists of a concrete slab floor and metal ceiling. The west, north and east walls of the warehouse are metal. The southerly partition wall is 12" concrete blocks. This portion of the building also has two sliding metal doors and a total of 6 windows. Ceiling support is provided by 5" beam supports as well as 7" and 10" steel "I" beams.

The office portion of the building is also one story and has no basement. Access to this portion of the building is on the east side which abutts Eaton Street. At the center of the east side of the building is a hallway which has tile floor, lath and plaster walls and ceiling. North of the hallway is the furnace room. This room contains an oil fired hot water heating unit, an automatic electric water heater, and has a concrete slab floor. The walls and ceiling are lath and plaster and the room contains two windows. The room south of the hallway is large in size and is used as an office. This room has a concrete floor and plaster walls and ceiling. The room has a total of 7 windows and 3 flourescent light fixtures. The northwest corner of this room has a built-in wall safe. Immediately north of the large office is the storage room. This room has a concrete floor, lath and plaster walls and ceiling, and contains numerous shelves. The west wall consists of 12" concrete blocks. Immediately west of the storage room is a small vacant room which leads into the toilet facility adjoining. This room has a tile floor, lath and plaster walls and ceiling. At the southwest corner of the building is an additional partitioned off office. The partition wall contains 4 windows. There is linoleum over concrete flooring and lath and plastered walls and ceiling. There is a total of 6 windows serving this room. Next to this office at the northwest corner of the building is a toilet facility with two fixtures. The floor is tiled and the walls and ceiling are lath and plaster. This room is served with an exhaust fan.

The distance from floor to ceiling, in the office portion, is 9'6". The roof over the office portion of the building is built-up.

The building appears to be structurally sound and in good condition.

BUILDING DESCRIPTION - Con't

In addition to the main building there is a small pump house which measures 12' x 16'. This building has 2 windows, metal walls and ceiling, and concrete slab floor. In addition to the pump house there is an open air, concrete platform, which is covered with a metal roof. This improvement serves as a central outlet for the bulk storage operation. The entire roof structure is supported by four 8" steel "I" beam posts. The roof is supported by four double steel "I" beam joists.

The following additional improvements exist on the premises.

- 4 - 100,000 gallon tanks
- 2 - 250,000 gallon tanks
- 1 - 20,000 gallon tank
- 2 - 15,000 gallon tanks
- 2 - 17,000 gallon tanks
- 1 - 14,500 gallon tank
- 1 - 8' x 19.4' tank

REPLACEMENT COST APPROACHOffice Portion

1,742 sq. ft. x \$11.00 per sq. ft. =	\$ 19,162.00	
Less Depreciation, all phases	\$ <u>7,662.00</u>	
		\$ 11,500.00

Warehouse Portion

5,238 sq. ft. x \$6.50 per sq. ft. =	\$ 34,047.00	
Less Depreciation, all phases	\$ <u>14,122.00</u>	
		\$ 19,925.00

Depreciated Replacement Cost of Tanks

(Including tag nozzles, valves, vents, gauge hatches, etc.)

4 - 100,000 gallon tanks		\$ 10,000.00
2 - 250,000 gallon tanks		\$ 8,000.00
1 - 20,000 gallon tank		\$ 325.00
2 - 15,000 gallon tanks		\$ 500.00
1 - 14,500 gallon tank		\$ 225.00
2 - 17,000 gallon tanks		\$ 500.00
1 - 8' x 19.4' tank		\$ 200.00
Depreciated R/C of concrete support platform and elevation posts		\$ 500.00
Depreciated R/C of metal pump house & equipment		\$ 2,500.00

REPLACEMENT COST - Con't

Depreciated R/C of platform with metal roof	\$ 1,500.00
Depreciated R/C of pipes	\$ 2,500.00
Depreciated R/C of concrete walls	\$ 500.00
Depreciated R/C of fences and gates	\$ 1,200.00
Depreciated R/C of 3 concrete tiers or posts	\$ 225.00
LAND VALUE (\$.40 per sq. ft. x 39,773 sq. ft.) ✓	\$ <u>15,900.00</u>
	\$ 76,000.00

VALUE BY REPLACEMENT COST - - - \$ 76,000.00

INCOME APPROACH

After analyzing the operation of the subject property it was concluded by your appraiser that an income approach to value would not be applicable. The overall operation indicates the property is a special purpose type property engaged primarily in bulk storage and does not fall within the category of income property as such. Income properties suggest the ability of property to provide the owner with a net return sufficient to warrant the initial investment, and the net return the property is capable of producing is the motivating factor for acquiring such property. The subject property under appraisal does not fall within this category and, hence, no income approach to value is used.

LAND VALUE ESTIMATE AND MARKET DATA

In analyzing this portion of the appraisal process, studies have been made in the general area in order to arrive at the reasonableness of the current market attitude, based upon comparisons in the market.

Bulk storage operations, such as the subject, are generally not bought and sold in the market. They are considered "special purpose" type property which is characterized by their operation. After a thorough analysis of the subject property, it was concluded that the market data approach would apply, in this instance, only to the extent of establishing the available market price of the land.

Following are some of the sales that were studied.

1. 154-156 Custer
Date of Sale: January 2, 1958. C/D
Sales Price: \$11,500.00
Size of Parcel: 50' x 119' or 29,750 sq. ft.
Indicated Factor: \$.385 per sq. ft.
Zoning: Heavy Industrial.
Seller: Gopher Stamp Company
Buyer: McLean Distributing
Legal Description: Lots 6, 7, 8, 9, 10, Block 14, Bazille and Roberts Addition.

2. 201-291 Shephard Road - West of Chestnut Street
Date of Sale: October 31, 1955
Sales Price: \$36,700.00
Size of Parcel: 118,200 sq. ft.
Zoning: Heavy Industrial.
Utilities: All found in City.
Indicated Factor: \$.31 per sq. ft.
Seller: Chicago, Milwaukee and Omaha Railroad
Buyer: Farmers Union Grain Terminal Co.
Legal Description: Misc. Description - Part of Lots 7 to 11, Block 47, and Lots 6 to 12, Block 48, and vacated Walnut and Sherman Streets, Rice and Irvine's Addition

This parcel is located on the St. Paul side of the river and is considered more strategic. However, the date of the sale must be taken into consideration and be offset by location.

MARKET DATA - Con't

3. Southwest Corner of Fairfield and Custer Streets

Date of Sale: July 30, 1959
Sales Price: \$8,500.00
Size of Parcel: 50' x 160' or 8,000 sq. ft.
Indicated Factor: \$1.06 per sq. ft.
Zoning: Heavy Industrial.
Seller: George DuFour
Buyer: Waterous Company.
Legal Description: Lot 1, Block 12, Bazille & Roberts Add.
This is a smaller tract of land, possessing a more intensive use and, hence, would bring a greater price in the market.

4. Northwest Corner of Robert and Plato Streets.

Date of Sale: January 28, 1958.
Sales Price: \$45,000.00
Size of Parcel: 29,750 sq. ft.
Zoning: Heavy Industry.
Utilities: All found in City.
Seller: Miller & Holmes, Inc.
Buyer: Tremarco Corporation.
Legal Description: Lots 1 through 5, Block 18, Bazille and Roberts Addition to West St. Paul.
Indicated Factor: \$1.51 per sq. ft.
This tract of land is located on Robert Street, a heavy thoroughfare, and is considered superior locationwise. Again an adjustment for time is in order.

Recognizing that the subject property is subject to flooding no serious impairment to this type operation can be anticipated due to the nature of the operation. After a complete analysis of all factors and a comprehensive study of the entire area it was concluded that \$.40 per sq. ft. would adequately reflect the value of the land insofar as the subject property is concerned.

CONCLUSION

MARKET VALUE ESTIMATE

\$ 76,000.00

Having carefully considered the class and character of the property under appraisal, together with a full knowledge of the purpose of the appraisal, it is concluded that the market value estimate is in reasonable relation to the current market attitude.

The income approach, as such, is not applicable in this instance because it deals predominately with the return an owner-investor can anticipate in relation to all other investments in the market and, as such, also must receive a suitable return to recapture the capital invested in the property because it is a wasting asset. Inasmuch as the subject is not an investment type property an income approach is difficult if not impossible to establish that would be indicative of the current market attitude because refineries, as such, are not purchased with the motivating influence, the return an owner-investor can anticipate.

The market value approach has been considered, however, is also limited inasmuch as properties such as this are not readily bought and sold in the market. The land can be established on the basis of comparison, however, predicated upon highest and best use and the purpose of the appraisal, the property is considered a "special purpose" type operation and a value obtained from a market study cannot be readily ascertained because of its limitations.

Replacement cost, less depreciation, plus land value tends to be the most realistic and reliable approach to value in this instance. Costs were studied and obtained from contractors engaged in this type operation and checked with local cost indices to which your appraiser subscribes to arrive at the reasonableness of the replacement cost estimate. The figures obtained are believed to be reliable and, recognizing the purpose of the appraisal and the premise of highest and best use, tend, in this instance, to be the best indicator of value.

Based upon the information contained in this report, it is concluded that the market value of the subject property, as of December 13, 1962, is:

SEVENTY SIX THOUSAND DOLLARS - - - - - \$ 76,000.00

CONTINGENT AND LIMITING CONDITIONS

The legal description furnished us is assumed to be correct.

I assume no responsibility for matters legal in character nor do I render any opinion as to the title, which is assumed to be good. All existing liens and incumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and/or competent management.

This appraisal is to be used in whole and not in part by the applicant or by others having written consent of the applicant.

I have made no survey of the property and assume no responsibility in connection with such matters.

I believe to be reliable the information contained in this report and furnished to me by others, but I assume no responsibility for its accuracy.

Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by any but the applicant without the previous written consent of the appraiser or by the applicant and in any event only with proper qualification.

I am not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless arrangements have been previously made therefore.

The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

JOSEPH L. BETTENDORF, M.A.I.

Realtor - Appraiser - Consultant

CERTIFICATION

I, the undersigned, do hereby certify that I have no present or contemplated future interest in the property appraised, that the compensation for the appraisal is in no manner contingent upon the value reported, and that to the best of my knowledge and belief, the statements and opinions contained in this appraisal are correct, subject to the limiting conditions hereinafter set forth; also that this appraisal has been made in conformity with the Rules of Professional Ethics of the American Institute of Real Estate Appraisers of the National Association of Real Estate Boards.

Joseph L. Bettendorf,

M. A. I. - S. R. A.

APPRAISING QUALIFICATIONS

MEMBERSHIP

American Institute of Real Estate Appraisers
Charter Member of Minnesota Chapter No. 35
Member of Education Committee. Director 1959, 1960, 1961
Society of Residential Appraisers—Senior Member
Past President, Secretary-Treasurer, Vice President, of Minnesota Chapter No. 16. Director—1960
St. Paul Board of Realtors
Director—1959, 1960, 1961
National Association of Real Estate Boards
Minnesota Association of Realtors
American Right of Way Association
Charter Member of Minnesota Chapter No. 20
Urban Land Institute

EDUCATION AND GENERAL EXPERIENCE

American Institute of Real Estate Appraisers, Michigan State University, East Lansing, Urban 11, Real Estate
Nine years consisting of property management, brokerage, residential construction and appraisals of real estate
Numerous FHA training courses
Eleven years with Federal Housing Administration as staff appraiser
Engaged in the appraisal of real estate as a profession, exclusively, since 1940

INSTRUCTOR

St. Thomas, Macalester and Augsburg Colleges on the "Principles of Real Estate Appraising" for the Society of Residential Appraisers

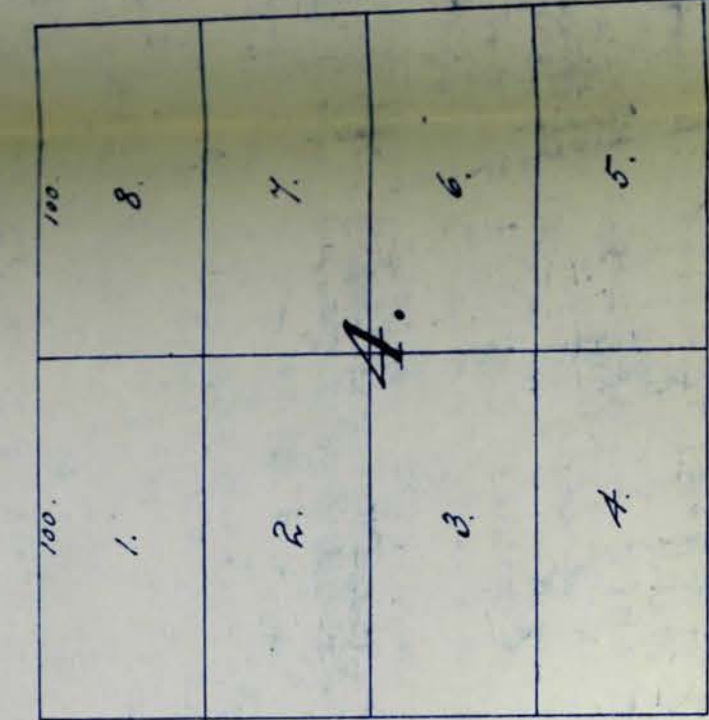
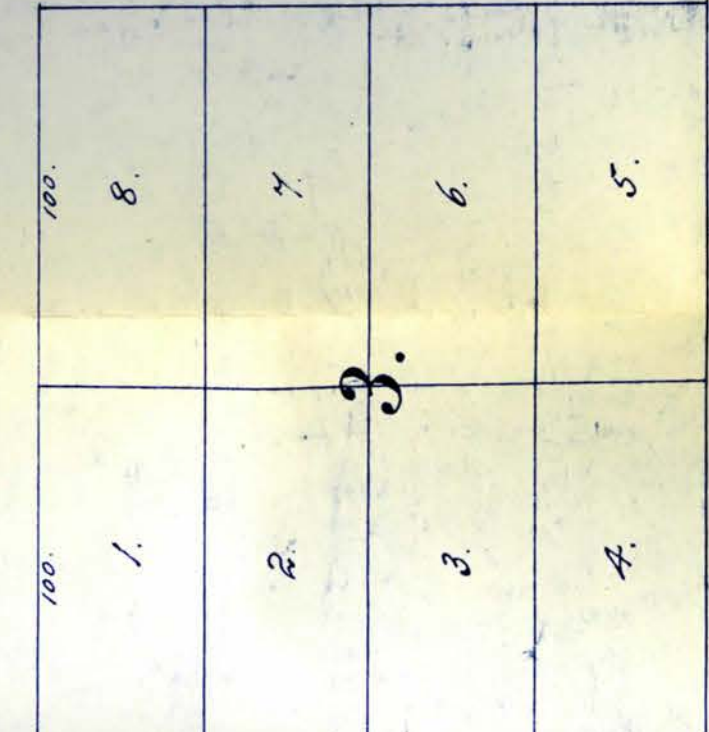
APPRAISAL ASSIGNMENTS

St. Paul Housing and Redevelopment Authority; Minnesota State Highway Department; Villages of Roseville, Maplewood and Arden Hills; Moundsvew Township; City of Stillwater, Board of County Commissioners; General Mills, Inc.; Minnesota Mining & Manufacturing Co.; Union Carbide and Carbon Corp.; Remington Rand; Minnesota Mining and Manufacturing Co.; Whirlpool Corp.; American Can Co.; Mortgage Guaranty Insurance Corp.; H. & Val J. Rothschild; Clapp-Thomssen Co.; Northern Pacific Railway; Banks and Savings and Loan Assns.; Shopping Centers; Fee Appraiser for Veterans Administration; Federal Housing Administration as Appraiser, Senior Subdivision Appraiser, Review Appraiser; Numerous Private Clients. Qualified in district court as expert witness. Served as commissioner in condemnation. Consultant in subdivision analysis and land planning.

RISON'S ADD.
T. PAUL.

(1 INCH)

Surveyed in 1857 by McCallum.



AVE.

