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JOSEPH L. BETTENDORF, M.A.I.

Realtor - Appraiser - Consultant

AN APPRAISAL REPORT

of

PARCEL NO. 221

120 South Robert Street
St. Paul, Minnesota

Paul J. and Theresa G. Triviski

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

JOSEPH L. BETTENDORF, M.A.I.

MEMBER
ST. PAUL BOARD OF REALTORS
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Real Estate Appraisals - Consultant - Analyst

CA. 4-2002

MINNESOTA BUILDING

ST. PAUL 1, MINNESOTA

May 10, 1962

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

Re: PARCEL NO. 221
120 South Robert Street
Paul J. & Theresa G. Triviski

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 April 10, 1962, is:


THIRTY FIVE THOUSAND DOLLARS - - - - - \$ 35,000.00

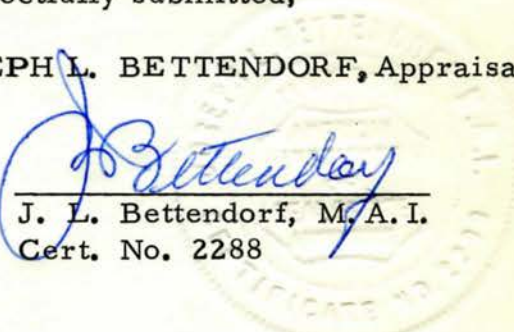
Your attention is invited to data and discussions following which, in part, form the basis of this conclusion.

Respectfully submitted,

JOSEPH L. BETTENDORF, Appraisals

By:


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



SALIENT FACTS AND CONCLUSIONS

MARKET VALUE ESTIMATE \$ 35,000.00

LOT SIZE 65' x 99' or 6,435 sq. ft.

BUILDING SIZE 23' x 60' or 1,380 sq. ft.

AGE OF BUILDING Constructed in 1912 - 50 years

TAXES \$ 436.32

ASSESSOR'S FULL AND TRUE VALUE

Land \$ 3,000.00

Building \$ 2,550.00

THE PROPERTY

The subject property comprises a one story, brick building, presently utilized as a var, and situated on a corner site. The property is located at the southeast corner of South Robert Street and Fairfield Avenue, within the corporate limits of the City of St. Paul, in a sector referred to as the "West Side". The site has a frontage of 65 feet on South Robert Street and a depth of 99 feet, or an overall area of 6,435 square feet. It has corner influence.

The site sets generally at street grade with the exception of the southeasterly portion of the site which drops off several feet. The southerly portion of the parcel has been elevated to approximately street grade by virtue of fill. No drainage problems are in evidence.

The utilities serving the subject property are public sanitary sewer, public water, gas, electricity, hard surfaced streets, curb, sidewalk and an alley to the rear.

LEGAL DESCRIPTION

Except the Southwesterly Twenty (20) feet for street; the Northwesterly Fifteen (15) feet of Lot Nine (9); and except the Southwesterly Twenty (20) feet for street, Lot Ten (10), Block Nine (9), Bazille and Roberts Addition, Ramsey County, Minnesota.

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.

PURPOSE OF THE APPRAISAL

To estimate the market value of the subject property as of April 10, 1962.

HIGHEST AND BEST USE

The present program of utilization is considered the highest and best use of the subject site.

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.

BUILDING DESCRIPTION

The subject property consists of a one story, brick building situated on a corner site. The building has a built-up roof and a full basement. The property is utilized as a bar room. The main room is finished with asphalt tile floor, concrete block walls, drywall ceiling. The upper one half of the walls in this room are partially papered and painted. There are two large windows in the front and two fixed glass windows along the north wall. There are 3 booths placed along this same wall. The front bar, on the south side of this room is in two parts with one section measuring approximately 33 lineal feet and the other 12 lineal feet. Behind the front bar are two coolers, 52" long and 40" high, with plumbing facilities. The back bar is 33 lineal feet in length.

There is a lavatory without partitioning located at the rear of the main room and two rest rooms for patrons at the east end of the building. The mens rest room is finished in both concrete and asphalt tile floor. There is a metal ceiling and wood partition for interior walls, painted. The rest room has a urinal and water closet with stall. The ladies rest room is finished with asphalt tile floor and metal ceiling. The walls are approximately 1/2 concrete block with the balance plastered. Interior wall partitions are wood, painted.

The remaining room, located at the rear, is a small storage or utility room through which access is provided to the basement. This room has asphalt tile floor, concrete block and plastered walls, and metal ceiling.

The basement has concrete floor and limestone foundation walls. There are two storage rooms consisting of plywood construction. There is also a walk-in cold storage room. Framing is 2" x 14" joists, 12" on center with 1" x 12" subflooring laid both diagonally and at right angles. Heat is provided by an oil fired hot water unit (Delco - oil converter). There is an automatic gas water heater (Permaglass), and a water closet (over-head chain type) with no partitioning. A 3 ton air conditioning unit is located in the tavern proper.

The building appears to be structurally sound and evidences adequate maintenance.

REPLACEMENT COST APPROACH

23' x 60' = 1,380 sq. ft. Calculated Area.

\$13.00 per sq. ft. x 1,380 sq. ft. = \$ 17,940.00

Less Depreciation, all phases \$ 4,485.00
25%

Depreciated Replacement Cost of Building - - - - - \$ 13,455.00

Depreciated Replacement Cost of Bar, Back Bar
and Booths \$ 500.00

Walk-in coolers \$ 750.00

Depreciated Replacement Cost of Air-conditioning
Unit \$ 750.00

LAND VALUE \$ 19,500.00

\$ 34,955.00

Rounded to - - \$ 35,000.00

INCOME APPROACH

In analyzing this phase of the appraisal process, the motivating influence of an owner-investor would be the return that could be anticipated under a lease arrangement. By virtue of the peculiarity of the operation, a lease must be assumed and it is the opinion of your appraiser that this lease would be as close to a net lease as could be obtained, with the responsibility of the owner being only taxes and fire and extended coverage insurance on the building. Under a lease such as this management would be provided by the owner. It is estimated that this property could be leased, on a net rental basis excluding taxes and fire and extended coverage insurance, for \$300.00 per month.

\$300.00 per mo. x 12 = \$ 3,600.00

SCHEDULE OF EXPENSES, for owner

Taxes	\$ 440.00	
Insurance	\$ <u>180.00</u>	
		\$ <u>620.00</u>

Effective Net Income - - - \$ 2,980.00

\$2,980.00 Capitalized @ 8.5% = \$ 35,059.00

Rounded to - - - - \$ 35,000.00

The capitalization rate, as used in this approach, has been obtained in the market from other properties that have sold in the past. Generally liquor stores (on-sale) command a premium when offered for sale in the market which premium is allocated to business, fixtures, license and inventory.

MARKET DATA APPROACH

In analyzing this phase of the appraisal process it is essential that sales of similar properties, possessing similar utility, be studied in order to arrive at the reasonableness of the current market attitude.

Properties such as on-sale liquor stores are very rarely sold in the market and the few sales that were checked out were not considered too helpful because it is difficult to sift from the sales price an amount that could be attributed to the license, business and fixtures. This type operation definitely commands a premium in the market and, in analyzing the subject property, location was deemed essential. For comparison purposes, sales of premium sites were studied in order to arrive at the estimate of value allocated to the land in this appraisal.

Following are some of the sales that were studied:

1. Location: South Robert Street, close to Congress
Legal Description: Lot 3, Block 66, West St. Paul Proper.
Buyer: Minnesota State Building Corp.
Zoning: Commercial.
Size: 50' x 150' or 7,500 sq. ft.
Sales Price: \$30,000.00
Date of Sale: 1956.

This property contained a two story, brick building which subsequently was demolished and the land graded for a parking lot to be used by the bank. The estimated cost of demolishing, grading and surfacing was \$4,000.00, which gives an indicated factor of \$4.50 per square foot of land area. However, this can be considered a "capture" sale to the extent that it was required by the bank immediately adjoining. Hence, it is concluded that a premium was paid.

2. Location: Northwest corner of Robert and Plato.
Legal Description: Lots 1 through 5, Block 18, Bazille and Roberts Addition
Seller: Miller and Holmes.
Zoning: Heavy Industrial.
Present Use: Vacant Land.
Size of Parcel: 250' x 119' or 29,750 sq. ft.
Date of Sale: January 28, 1958
Sales Price: \$45,000.00
Indicated Factor: \$1.51 per sq. ft.

MARKET DATA - Con't

3. Location: Southwest corner of Fairview and Custer
 Legal Description: Lot 1, Block 12, Bazille and Roberts
 Addition to West St. Paul
 Seller: George Dufore
 Buyer: Waterous.
 Zoning: Heavy Industrial.
 Present Use: Vacant Land.
 Size of Parcel: 8,000 sq. ft.
 Date of Sale: July 30, 1957.
 Sales Price: \$8,500.00
 Indicated Factor: \$1.05 per sq. ft.
4. Location: West side of Rice Street, 80 feet South of
 Front Street.
 Date of Sale: January 20, 1955.
 Sales Price: \$32,500.00
 Lot Size: 40' x 123.75' or 4,950 sq. ft.
 Zoning: Commercial.
 Buyer: H. Warren
 Indicated Factor: \$6.60 per sq. ft. of land area, including
 building.

This property was improved with a commercial structure and is currently used for off-sale liquor.

In analyzing the foregoing sales and studying sales of other buildings, making adjustments as required to reflect the peculiarity of the operation, it is concluded that the market value estimate would be reasonable relation to the replacement cost and income approaches. The off-sale liquor store, quoted as Comparable No. 4, is quite similar to the subject, however, is superior locationwise and has a different type operation, specifically off-sale.

It was attempted to obtain information on the sale of the Belmont Club and the Flamingo, however, to sift out the portion allocated to acquisition of license, business, equipment, etc., is almost an impossibility.

ESTIMATE OF VALUE BY MARKET DATA APPROACH - \$ 35,000.00

CORRELATION AND CONCLUSION

MARKET VALUE ESTIMATE

\$ 35,000.00

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 estimate of value, as indicated in this report, is in reasonable relation to the current market attitude.

An operation such as is presently utilizing the subject site is "unique" to the extent that serious limitations are placed upon locations. There is no basic free choice that an owner has to locate an on-sale liquor operation in an area on a site where he feels it would be most profitable. This is subject to approval by the City Council and various steps must be taken to obtain the necessary approval of other departments. They are limited to certain areas within the corporate limits of the City of St. Paul. This very factor represents an increment in the land value by virtue of its utility.

The replacement cost estimate is believed to be reasonably accurate and is a good indicator of value. Also the income approach which, in this instance, is the same as the replacement cost approach has been arrived at based upon a rental that is in line in light of the accommodations offered and the utility to which the land and building may be put.

The market data approach has been studied and sales of similar properties are very difficult to obtain to the extent that they would reflect the value of the land and improvements only. There is a high desirability from a market standpoint for this particular type of operation and the segment of the market interested in this operation is very willing to generally pay a premium price for a going business. This is true because of the limitations placed upon the number of licenses issued, giving a scarcity increment to those that are in existence. Comparison of other land sales have to be studied in great detail because an operation such as this can not be placed promiscuously. Hence, the greatest weight in this instance is lent to the replacement cost and the income approach.

It will be noted in the replacement cost approach that the cost of the bar, back-bar, booths, walk-in coolers, and air conditioning unit have been included. A legal determination may be required as to whether or not these items consist of personal property or real property. This would

CORRELATION AND CONCLUSION - Con't

be especially true insofar as the bar and back-bar and booths are concerned. They are specifically designed for this building and are, in a sense, attached to the structure, especially the back-bar which has refrigerated storage built in. Again, in analyzing the income approach, the building was leased for the present type of operation and this lease included the present bar, back-bar, booths, air conditioning and walk-in coolers which would be an essential part of this type operation.

Based upon the information contained in this report, it is concluded that the market value of the subject property, as of April 10, 1962, is:

THIRTY FIVE THOUSAND DOLLARS - - - - \$ 35,000.00

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; Moundsview 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.

