

AN APPRAISAL OF
The Ramsey County Government West – Parcel
St. Paul, Minnesota 55101



AN APPRAISAL OF

The Ramsey County Government West Re-Development Parcel

LOCATED AT

**14 & 50 West Kellogg Blvd
St. Paul, Minnesota 55102**

AS OF

August 14, 2014

FOR

**Mr. Monte Hillman
Vice President of Redevelopment
St. Paul Port Authority
1900 Landmark Towers
345 St. Peter Street
St. Paul, MN 55102-1661**

BY

Dwight W. Dahlen MAI, SRA

**DAHLEN, DWYER & FOLEY, INC.
55 East 5th Street; Suite 1350
St. Paul, MN 55101**

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August 25, 2014

Mr. Monte Hillman
Vice President of Redevelopment
St. Paul Port Authority
1900 Landmark Towers
345 St. Peter Street
St. Paul, MN 55102-1661

RE: The Ramsey County Government West – Re-Development Property
14 & 50 West Kellogg Blvd
St. Paul, Minnesota 55102

Dear Mr. Hillman:

In accordance with your request, I have prepared an "Appraisal" relative to the above referenced property to develop an opinion of market value, to facilitate a potential sale to a future developer. The subject property is currently improved with two major functionally obsolete commercial buildings, but at your request I have assumed that the property is vacant, "shovel ready" free and clear of all environmental contamination and available for immediate development. Improvements include the Ramsey County Adult Detention Center and the former Ramsey County Government Center west administrative office building. The subject property enjoys a prime CBD location comprised of 3.5212 acres with expansive views overlooking the Mississippi River.

The opinion of value is predicated on the definition of market value presented herein. This appraisal contains the appropriate "Scope of Work" deemed necessary to produce credible assignment results relevant to the "intended use." The St. Paul Port Authority and Ramsey County are identified as the "intended users."

Based upon my analysis of the physical characteristics of the property as "shovel ready" and analysis of market conditions, I have developed the following opinion of market value as follows:

**TEN MILLION SEVEN HUNDRED THIRTY FIVE THOUSAND DOLLARS
(\$10,735,000)**

This appraisal has been developed under the following hypothetical conditions:

- The seller is responsible for demolition and removal of the two structures, remediation of environmental contamination if any and bluff stabilization.
- Unfettered access from Shepard Road over the rail corridors

The appraisal has been made in conformity with the following:

1. The "Uniform Standards of Professional Appraisal Practice" of the Appraisal Foundation, promulgated by the Appraisal Standards Board (ASB).
2. The Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute.

This appraisal has been made subject to certain limiting conditions and assumptions as hereinafter expressed. Such facts and information as contained herein were obtained from sources that I consider reliable and are true to the best of my knowledge and belief. No evidence is available which would indicate the presence of environmental hazards such as toxic waste and none are assumed. The appraiser does not claim to be qualified to detect such substances and you are hereby urged to retain an expert in this field if so desired.

Information in this report was gathered from sources believed to be reliable, but is not guaranteed. Possession of this report, or a copy thereof, does not carry with it the right of publication nor may it be used for any purposes, except that for which it was requested without the previous written consent of the appraiser and, in any event, only with proper qualifications.

The following report describes my method of approach, contains data gathered in my investigation, and demonstrates my analysis in arriving at the estimate of market value for the subject property. Neither my engagement to make this appraisal nor any compensation therefore is contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of the subsequent event. I appreciate the opportunity for this assignment and welcome any questions you may have in regards to my analysis.

Respectfully submitted,

DAHLEN, DWYER & FOLEY, INC.



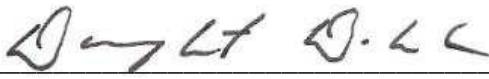
Dwight W. Dahlen, MAI SRA
Certified Federal General
MN License #4001430

DWD/dwd
DD&F File #: 14-194

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct;
- the reported analyses, opinion, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- my engagement in this assignment was not contingent upon developing or reporting predetermined results;
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- I have made a personal inspection of the property that is the subject of this report;
- no one provided significant real property appraisal assistance to the person signing this certification;
- I have not performed a previous appraisal of the subject property / an appraisal review involving the subject property / an appraisal consulting assignment involving the subject property within the three years prior to this assignment.
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
- as of the date of this report, I have completed the continuing education program of the Appraisal Institute; and
- as of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute.



Dwight Dahlen, MAI SRA
MN License #4001430
MN Certified General

August 25, 2014

Date

CONTINGENT AND LIMITING CONDITIONS

The certification of the Appraiser appearing in the appraisal report is subject to the following conditions, and to such other specific and limiting conditions as are set forth by the appraiser in the report.

1. The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The Appraiser has made no survey of the property.
3. The Appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
4. Any distribution of the valuation in the report between land and improvements applies only under the existing program utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
5. The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.
6. Information, estimates, and opinions furnished to the Appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser can be assumed by the Appraiser.
7. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the Professional Appraisal Organizations with which the Appraiser is affiliated.
8. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property, value, the identity of the Appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the Appraiser is connected), shall be used for any purposes by anyone but the client specified in the report, without the previous written consent of the Appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the Appraiser.
9. The Hypothetical Conditions have been identified in the letter of transmittal.

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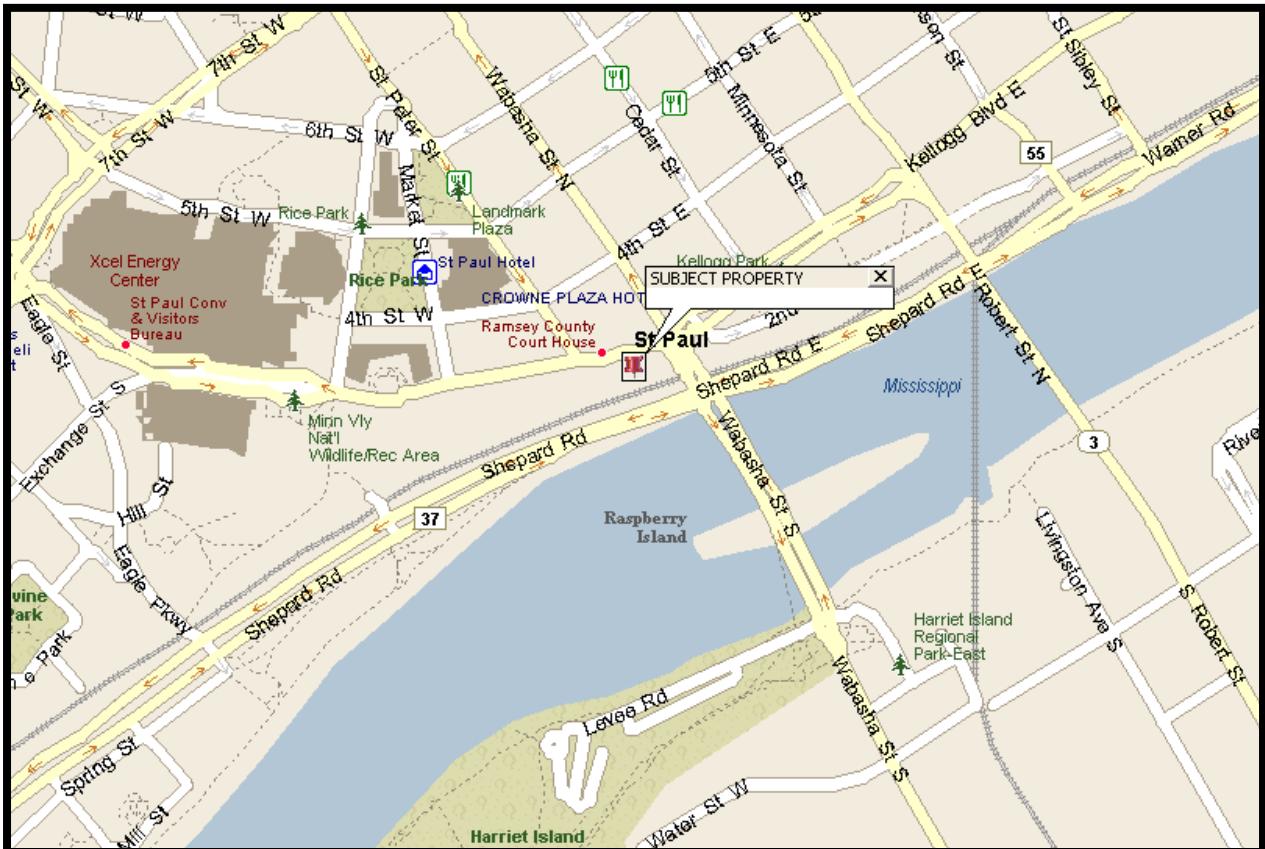
ADDENDUM

RAMSEY COUNTY PROPERTY RECORDS
LEGAL DESCRIPTION
SURVEY
MRCCA DESCRIPTION
MRCCA URBAN MAP
MRCCA OVERVIEW
MRCCA MN STATUTES
APPRAISER'S QUALIFICATIONS

EXECUTIVE SUMMARY

Project Name:	The Ramsey County Government West re-development parcel
Address:	14 & 50 Kellogg Blvd., West St. Paul, MN 55102
Brief Description:	Prime re-development site located in the CBD overlooking the Mississippi River, adjacent to the Wabasha Street bridge.
Improvements:	Multi story 6 building former Ramsey County Government Center administrative office building containing 590,000 SF; Ramsey County Adult Detention Center, reinforced concrete frame, 7 story structure with 122,410 SF
Fee Owner:	Ramsey County
Land Size:	3.5212 acres
Zoning:	B-4 & B-5
Highest and Best Use:	Re-development mixed use commercial
PID #:	06.28.22.13.0227; 0025
RE Taxes Payable:	Exempt
Report Content:	Appraisal
Date of Value Estimate:	August 14, 2014
Market Value:	\$10,735,000
Appraiser:	Dwight W. Dahlen, MAI, SRA
	DAHLEN, DWYER & FOLEY, INC 55 East 5 th Street; Suite 1350 St. Paul, MN 55101 (651) 224-1381

LOCATION MAP

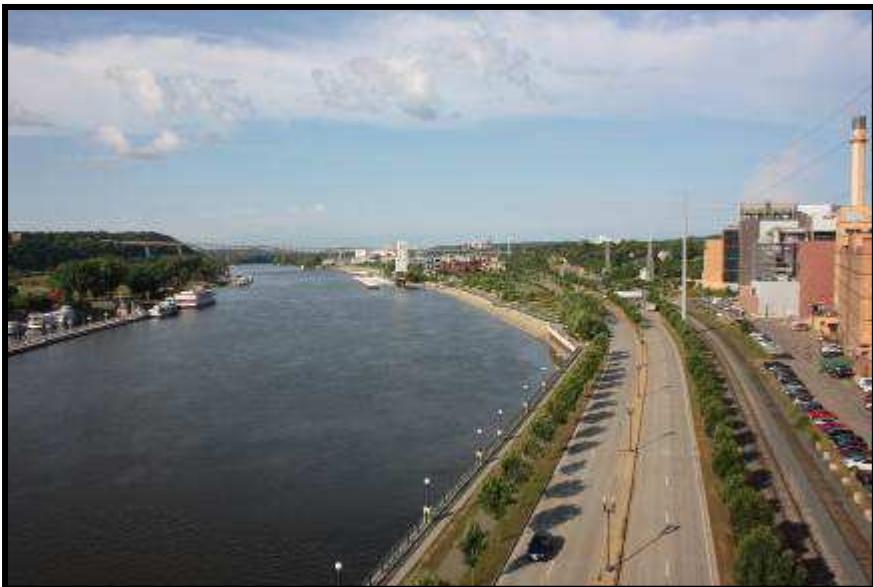


RAMSEY COUNTY GIS



Note: The above exhibits include the westerly 11,636 SF now in the process of being sold

SUBJECT PHOTOS



View Upriver From Wabasha St Bridge





View East From Ontario St



View East Along Spring Street from Ontario



View East Along Kellogg Blvd from Market St



View West from St. Peter

GENERAL INTRODUCTION

Brief Property Description

The subject property consists of a prime redevelopment parcel currently improved with two functionally obsolete commercial buildings. They include the multi-story Ramsey County Government Center West, former administrative office building comprised of six older attached buildings containing 590,000 SF. The second building is the former now vacant 7-story reinforced concrete frame Ramsey County Adult Detention Center (former jail) facility containing 122,416 SF. The parcel enjoys a prime location in the southeast quadrant of Kellogg Blvd and the Wabasha Street bridge.

At the request of the client the appraiser has employed a hypothetical condition assuming the two structures are demolished, the site free of environmental contamination, bluff stabilization, and ready and available for development. Consequently, the valuation developed herein produces a shovel ready market value opinion of the site available for immediate development.

Market research indicates a land area of 3.5212 acres.

The site offers commanding views of the Mississippi River. Research indicates an approximate 80' differential between the grade of Kellogg Blvd and Shepherd Rd. The property is encumbered with numerous easements, some of which may need to be abandoned since they no longer apply. This appraisal also is developed under the assumption that the existing easements do not have an adverse impact on the development potential. The property is located in both B4 and B5 zoning districts and as of the effective date of the appraisal it is uncertain whether the city will accommodate a rezoning to all B4.

Scope of the Appraisal

This report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board (ASB) of the Appraisal Foundation. The scope of the appraisal encompasses the required research and analysis to prepare a professional report in accordance with the purpose of the appraisal and its intended use. Scope of work is defined as "the type and extent of research and analysis in an assignment." This appraisal includes the appropriate scope of work deemed necessary to produce credible assignment results.

The three key elements of the scope of work include the level of inspection; the extent of research involved in the appraisal; and the level of analysis. The following scope of work identifies the most significant procedures conducted in the process of preparing this appraisal that is expected to meet the requirements of the intended user and the Uniform Standards. This report contains those procedures I consider the most appropriate for this particular property and appraisal assignment.

The appraisal assignment commenced with a comprehensive dialogue with the client about the property characteristics, assignment conditions (i.e. hypothetical conditions and/or extraordinary assumptions), the date and definition of value, and the intended use and intended users of the report. The client has informed me to appraise the subject property with a "hypothetical" where the property is appraised as "shovel ready" to facilitate a sale to a future potential developer.

Once the specific property information was obtained, an appropriate scope of work was identified for this specific assignment. The following section of the report includes the disclosure of the scope of work deemed necessary and applicable for this assignment:

Inspection

The site was inspected on August 14, 2014 by Dwight W. Dahlen, MAI, which is the effective date of this appraisal. The inspection included an interview with the county relative to the historical uses and property encumbrances. The analysis also includes research relative to market conditions impacting the property. The land size is predicated on the recent survey produced by Sunde Land Surveyors.

Research

Information obtained which has been considered in this report includes, but is not limited to the following:

- An interview with the client, Mr. Monte Hillman
- A review of the Alta/ACSM survey prepared by Sunde Land survey with an effective date of April 29, 2014.
- Review of zoning
- Interviews with city zoning officials and individuals in the Department of Planning and Economic Development (PED)
- Interview with Chad Lockwood PE., with Loucks, engineering consultant retained by the ST. Paul Port Authority
- A review of the easement documents
- An exhaustive analysis of commercial land sales in the CBD over the past 30 years
- An analysis of commercial real estate markets in St. Paul

Analysis

The subject's Highest and Best Use, "as vacant" was developed using data compiled in the investigation as well as the results of market research..

In the course of research and analysis for this report, I have considered the applicability of the three traditional appraisal methodologies. In my opinion the sales comparison is considered most appropriate since the property is essentially vacant land.

Presentation

Prior to 2014, USPAP recognized three written report options: Self-Contained Appraisal Report, Summary Appraisal Report, and Restricted Use Appraisal Report. Effective January 1, 2014 there are only two written report options: Appraisal Report and Restricted Appraisal Report.

The minimum content requirements for an Appraisal Report are similar to those of the prior Summary Appraisal Report. The Restricted Appraisal remains unchanged. Appraisers are still required to “prominently state” which report option is used, Appraisal Report or Restricted Appraisal Report. The Self-Contained Appraisal Report option is no longer available. The report option presented herein consists of the “Appraisal Report.” The depth of research and analysis that must be presented is predicated on the scope of work and sufficient for the client and the intended use.

After completing a study of those factors having an influence on value, I have formulated an opinion of the subject's Highest and Best Use, and have developed an estimate of the market value of the property consistent with this opinion. I have subsequently prepared an “Appraisal” that complies with the current edition of the Uniform Standards of Professional Appraisal Practice.

PROPERTY IDENTIFICATION

Legal Description

The legal description is very lengthy and complex. The property is formerly identified by survey prepared by Sunde Land Surveying with an effective date of April 29, 2014 identified as “*Proposed Parcel 2*”. A full legal description is included in the addendum of this report. A brief portion of the legal reads as follows:

Lots 1 through 8, Block 20 Rice and Irvine's Addition.

Tax and Assessment Data

The following information was secured from Ramsey County public records.

		LAND SIZE	LAND \$	BLDG \$	RE TAX
06.28.22.13.0025		0.86	\$ 1,317,700	\$ 35,594,400	Exempt
06.28.22.13.0227		2.72	\$ 4,146,900	\$ 15,509,800	Exempt
		3.58	\$ 5,464,600	\$ 51,104,200	

The above market value estimates were placed on the property with an effective date of January 2013 for taxes payable in 2014. Since the parcel is owned by Ramsey County it is considered tax exempt. The above parcels size doesn't reflect the potential sale of a small parcel (11,636 SF) to District Energy the property owner which abuts to the west.

Ownership Information

Ramsey County records indicate that the fee owner is Ramsey County, who acquired the property many years ago from West Publishing. Over the past several years the improved property has been actively promoted across the United States with only minor interest expressed. As of the effective date of the appraisal Ramsey County is in direct negotiation with District Energy, the adjacent owner to the west, to convey a parcel of land containing 11,636 SF.

Zoning

The subject property is located in both B-4 and B-5 zones which are individually discussed. B-5 commences to the west at St. Peter St., indicating that the former administrative office building is in the B-5 zoning (2.66 acres) and the former jail is zoned B-4 (.86 acres.)

The area zoned B-4 denotes The Central Business District classification now in effect and administered by the City. The B-4 district was established to permit those uses which provide for a variety of retail stores and related activities, and for office buildings and service establishments which occupy the prime frontages in the Central Business District; and which serve the consumer population beyond the corporate boundaries of the City. The B-4 is the primary zoning classification for the Downtown area. The regulations have been established to provide for the needs of Downtown workers and the resident population.

Permissible uses in the B-4 District include the following:

- Transient residential uses: hotels, motels, and clubs used primarily for transient occupancy;
- Apartment residential uses to include:
 - Foster homes and freestanding foster homes located in multiple-family structures;
 - Human service-licensed community residential facilities located at least 600 radial feet from another similar facility and located in a multiple-family structure;
 - Transitional housing and shelters for battered persons located in multiple-family structures; and
 - Hospices located in multiple-family structures.
- Retail business uses; retail business serving the convenience and comparison shopping needs of the city and the region beyond;
- Service business uses: services business providing direct consumer services;
- Office uses: business, professional and governmental offices accommodating a variety of functions such as finance, corporate headquarters, service enterprises and other similar office development;
- Public utility uses: Public utility offices, telephone exchange buildings, electric transformer stations and substations, gas regulator stations, all without storage yards;
- Automotive service uses: off-street parking lots and parking facilities; parking ramps, decks, or garages with fully enclosed accessory automobile service stations;
- Amusement and entertainment uses: commercial recreation, theaters, eating or drinking places including entertainment and other such uses offering entertainment to the users of the Central Business District;
- Restricted wholesaling uses: wholesaling with storage restricted to samples;
- Governmental uses: those uses which require central location to service the needs of the region using the Central Business District;
- Public and quasi-public uses: churches, libraries, hospitals, parks, museums, fraternal organizations, clubs, family day care, group family day care, group day care and other similar uses servicing the needs of the region and Central Business District users;

- Newspaper publishing.
- Other uses which the planning commission shall find to be:
 - Related and reasonably necessary or convenient for the satisfactory and efficient operation of a central business district;
 - Similar in character to one or more of the use groups indicated above;
 - Of such character that the vehicular traffic generated by such use is similar to one or more of the above-permitted uses;
 - Do no create nuisance as defined in this code.

The following identifies those portions of the Zoning Code which control density:

• Minimum Lot Size:	None
• Minimum Frontage:	None
• Maximum Height:	No limit
• Minimum Yard Setback:	No limit
• Lot Coverage:	None
• Floor Area Ratio (FAR):	8

The B-5 Central Business-Service District “is intended to provide necessary services for the population area which is served by all of the previous business districts (B-1 to B-4). Such service establishments often involve objectionable influences, such as noise from heavy service operations and large volumes of truck traffic, and are thus incompatible with the previous business districts. This district provides for wholesaling, restricted manufacturing, and other business uses which are needed in proximity to the Central Business District and requires central location to permit serving of the entire city.” Some of the major permissible uses include the following:

- Multiple family dwelling
- Housing for the elderly
- Residential and commercial use
- Congregate living
- Educational facilities
- Public services and utilities
- Administrative and professional offices
- Medical facilities
- Retail sales and services
- Hotels and motels
- Automobile services
- Commercial parking facilities
- Limited production and processing uses
- Recycling station.

Standards which control density are identified below:

- | | |
|-------------------------|----------|
| • Floor area ratio: | 5 |
| • Maximum height: | no limit |
| • Setbacks: | None |
| • Minimum Lot Size: | None |
| • Minimum Frontage: | None |
| • Minimum Yard Setback: | No limit |
| • Lot Coverage: | None |

The Mississippi River Corridor Critical Area (MRCCA)

The subject property is also subject to covenants mandated by the Minnesota Department of Natural Resources (DNR.) The MRCCA was originally established in the early 1970's by Executive Order, a state of Minnesota Regulation. The covenants were designed to protect the Mississippi River as it flows through the 7-county metropolitan area comprised of a 54,000 acre corridor. The MRCCA is guided by state regulations but have to be implemented through local units of government (LGU) through their zoning ordinances. The intent of this overlay district is to protect this critical watershed by proposing development regulations on parcels adjacent to the Mississippi River.

In 2009 the Minnesota Legislature directed the DNR to establish rules to replace the outdated standards originally mandated in an Executive Order. The process was placed on hold in 2011 and the DNR's authority expired. In 2013 the Minnesota Legislature restored the authority and made changes to the statutory language guiding development to better address concerns of local units of government.

The Minnesota Legislature conveyed to the DNR the statutory authority to adopt rules, and review and approve plans and ordinances adopted by the local units of government.

The Legislature has conveyed to the Minnesota DNR the following authority:

- Establish, by rule, districts within the MRCCA and to consider municipal plans and policies in existing ordinances and to consider protection of key identified resources and features
- Establish minimum guidelines and standards for the individual districts to protect key resources and features and use them when approving plans and regulations and reviewing development permit applications
- Consult with local governments prior to adopting the new regulations
- Protect existing commercial, industrial and residential uses

- 2009 Legislation required the preparation of a preliminary bluff map; protection of bluffs and related features remains a priority.

Legislative authority pursuant to the DNR's authority can be found in Section 18 Minnesota Statutes 2012, Section 116G.15, Subdivision 2. In the addendum of the appraisal I have presented the document.

On June 2, 2014 the Minnesota DNR issued a request for comments on the proposed new rules intended to implement and strengthen the original MRCCA. The DNR requested comments which are still being accepted through September 30, 2014.

Research indicates that the proposed new rules governing development in the corridor may have an adverse impact on both future and existing development throughout the metropolitan area on properties within the critical area. The appraiser has reviewed a memorandum dated August 11, 2014 prepared by the St. Paul Area Chamber of Commerce to Mr. Daniel Petrick with the Minnesota Department of Natural Resources which identifies their concerns regarding the proposed changes.

Primarily the most onerous covenant which impacts the future development is the proposed requirement that mandates a 40' setback from the bluff for all properties located in this urban river district. However, under the DNR's "Working Draft Rules" they are exempting existing properties which are non-conforming and will in the future be considered a legal non-conforming use. However, the regulations as they stand are silent relative to demolition and site redevelopment. Research indicates that in all probability the Minnesota DNR will convey the right to the LGU to make their own informed decision relative to existing properties that are in non-compliance.

As of the effective date of the appraisal it is uncertain what rules will be imposed and when the covenants will apply. It is beyond the scope of this appraisal to ascertain the potential impact of the proposed covenants that will impact properties adjacent to the Mississippi River. In the addendum of the report I have presented a map prepared by the Minnesota DNR which identifies this important corridor.

Date of Inspection: August 14, 2014

Date of Market Value Estimate: August 14, 2014

Date of Report: August 25, 2014

Intended Use/Intended User

This appraisal report has been prepared at the request of Mr. Monte Hillman, Vice President of Redevelopment St. Paul Port Authority to facilitate a potential re-development and sale.

Purpose

The purpose of the appraisal is to develop an opinion of the market value of the fee simple interest as "shovel ready."

Hazardous Waste Disclaimer

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

Market Value Defined

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. buyer and seller are typically motivated;
- b. both parties are well informed or well advised, and each acting in what he considers his own best interest;
- c. a reasonable time is allowed for exposure in the open market;
- d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Property Rights Appraised

The property rights appraised consist of the *fee simple interest* of the property – subject to the existing encumbrances. Fee simple interest is defined as follows:

A fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. Fee simple is an inheritable estate

ST. PAUL COMMUNITY PROFILE

The Twin Cities Metropolitan Area which includes both St. Paul and Minneapolis is the 15th most populous urban area in the United States. This dynamic major metro area accounts for 25% of the population and 27% of all jobs in the region. St. Paul is the capital city of Minnesota and is situated 425 miles northwest of Chicago and 275 miles northwest of the Canadian border. St. Paul is located within Ramsey County, one of the 7 counties which form the Greater Twin Cities Metropolitan Area.

St. Paul historically has been a major financial and government center; although Minneapolis is the center of finance and industry, St. Paul is still considered a major government center. St. Paul has maintained a high degree of stability and a diversified economic base primarily because of the presence of major educational institutions which are located directly within the city and include: the University of St. Thomas, Macalester College, Hamline University, the William Mitchell College of Law, Concordia College, and additionally the St. Paul campus of the University of Minnesota. The City is also blessed with private secondary educational institutions including Cretin Durham Hall, and St. Paul Academy Summit Schools.

St. Paul is strategically located along several major transportation corridors including I-94 and I-35W. Alternative transportation modes enhance the economic viability of this major market area and include the Minneapolis-St. Paul International Airport, trucking companies, several major rivers including the Mississippi, Minnesota, and St. Croix. Other transportation infrastructure includes several major rail lines, and barge operations that are currently active along the Minnesota and Mississippi Rivers.

The city is predominantly residential in character with a strong diversified employment base. St. Paul has been fully developed for over 30 years. It is a community that is bordered on the west by the Mississippi River and adjacent community of Minneapolis, on the north by fully developed first tier community of Roseville, on the east by Maplewood, and on the south by the fully developed residential area of West St. Paul.

Over the past decade the city has become more culturally diversified. The influx of immigrant communities most notably of which are from Southeast Asia have made a very profound impact on not only commercial areas but residential neighborhoods. This phenomenon can be readily observed along the University Avenue commercial corridor. Over the past decade numerous small commercial establishments have been developed which serve the needs of surrounding residential neighborhoods. The University Ave. corridor, once considered blighted has now become a very vibrant commercial district.

Population and Demographics

The population for the city has remained relatively stable over the prior decade, falling slightly. Over the prior decade the city has experienced a stable number of households. The 2000 Census reported an increase in population and new households reversing a 30 year trend. The population from 1990 to 2000 experienced a growth of 5.48%. The population increase was attributable to new housing alternatives, and a rebirth of the central core and the St. Paul's outreach to immigrant communities. The 2010 Census data indicates the city like other major urban centers, is becoming more culturally and demographically diversified.

EXHIBIT #1: POPULATION STATISTICS 2010 CENSUS

Year	St. Paul	# of Households	Ramsey County
1960	313,411		422,525
1970	309,866		476,255
1980	270,230	106,223	459,784
1990	272,235	110,249	485,765
2000	287,151	112,109	511,035
2010	286,367	111,620	508,640
2020	320,000	127,000	567,960

Source: *The Minnesota Demography Center; US Census*

The population for the city has remained relatively stable the last decade but household formations are expected to increase over the next decade increasing the demand for housing.

Housing

St. Paul has a very good housing stock, a majority of which was built subsequent to the 1920's. St. Paul has very strong residential neighborhoods most of which enjoy a high degree of stability. The single family housing stock is in very good condition, well-constructed and enjoys a high degree of marketability and is one of the strengths of the community.

According to information from the 2010 Census, there are 120,749 housing units in the community up from 115,454 from the 2000 Census. Single family units comprise the largest share at 49.4% down slightly from 2000 which was 50.7%. The data is displayed graphically as follows:

EXHIBIT #2: ST. PAUL HOUSING TYPE

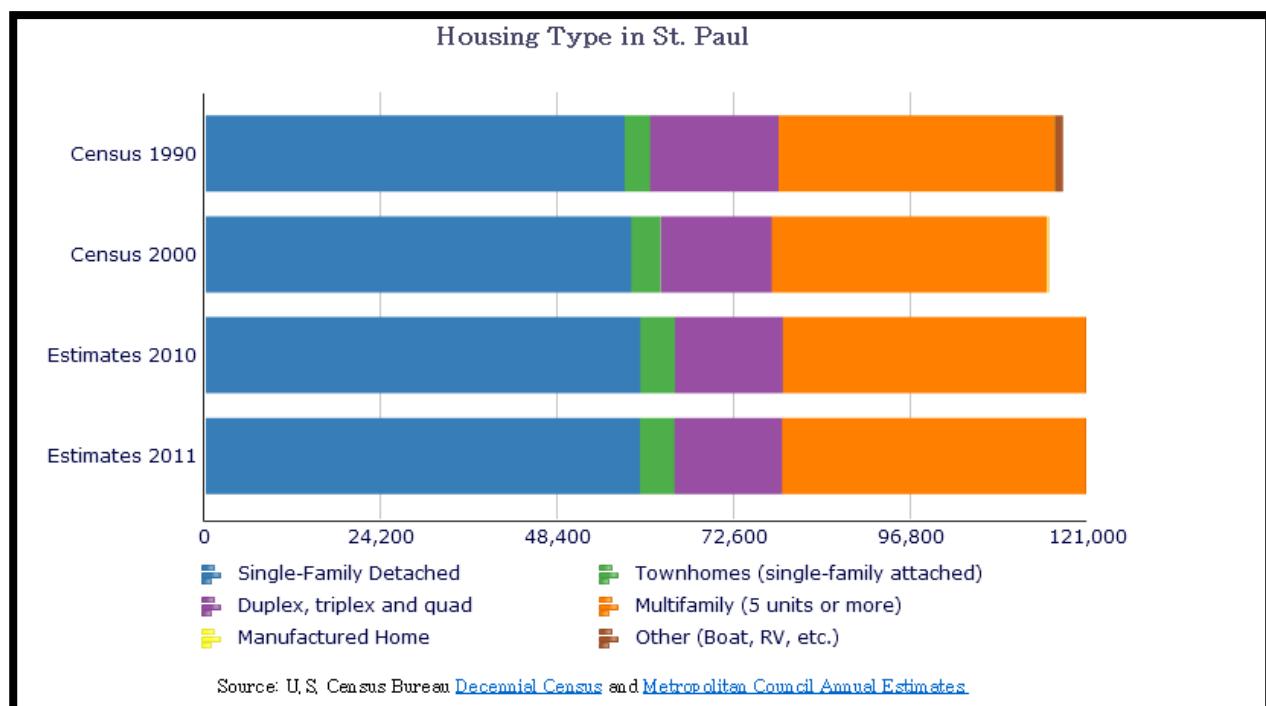
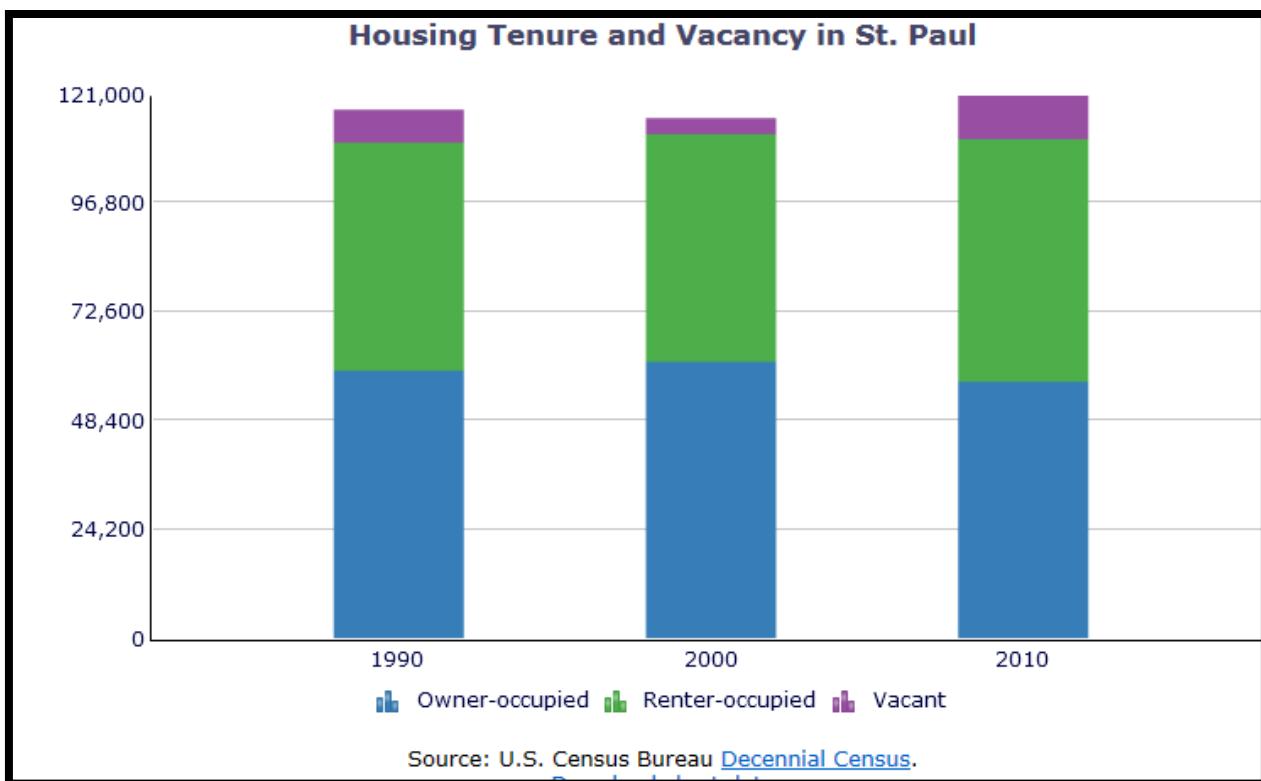


EXHIBIT #3: HOUSING TENURE

2010 HOUSING TENURE	Housing Units	
	Number	Pct.
Total housing units	120,749	100.0
Owner Occupied housing units	56,993	47.2
Vacant housing units	9,794	8.1
Renter Occupied	54,008	44.7
Population in owner occupied	149,177	52.3
Population in renter occupied	124,453	43.6

Source: US 2010 Census-Minnesota Demography Center

The above data is displayed graphically below for the prior 3 decades.



Employment

St. Paul currently ranks second in the metropolitan area as one of the communities with the most jobs immediately behind Minneapolis with a total employment of 174,897 which constitutes 12% of the metropolitan total. St. Paul has a high concentration of jobs in state government.

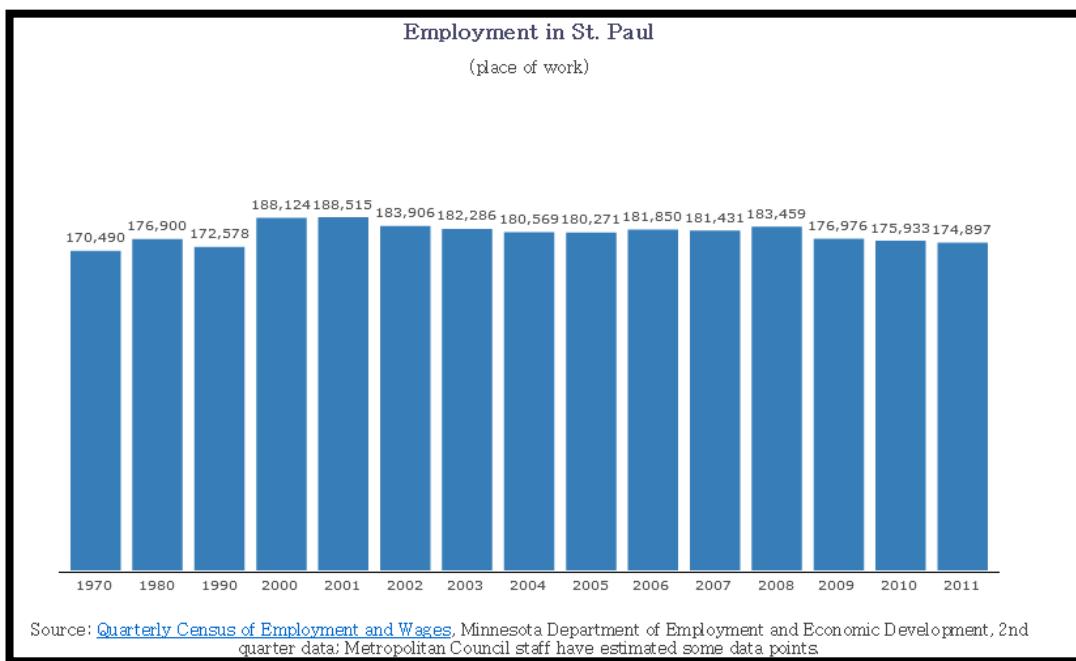
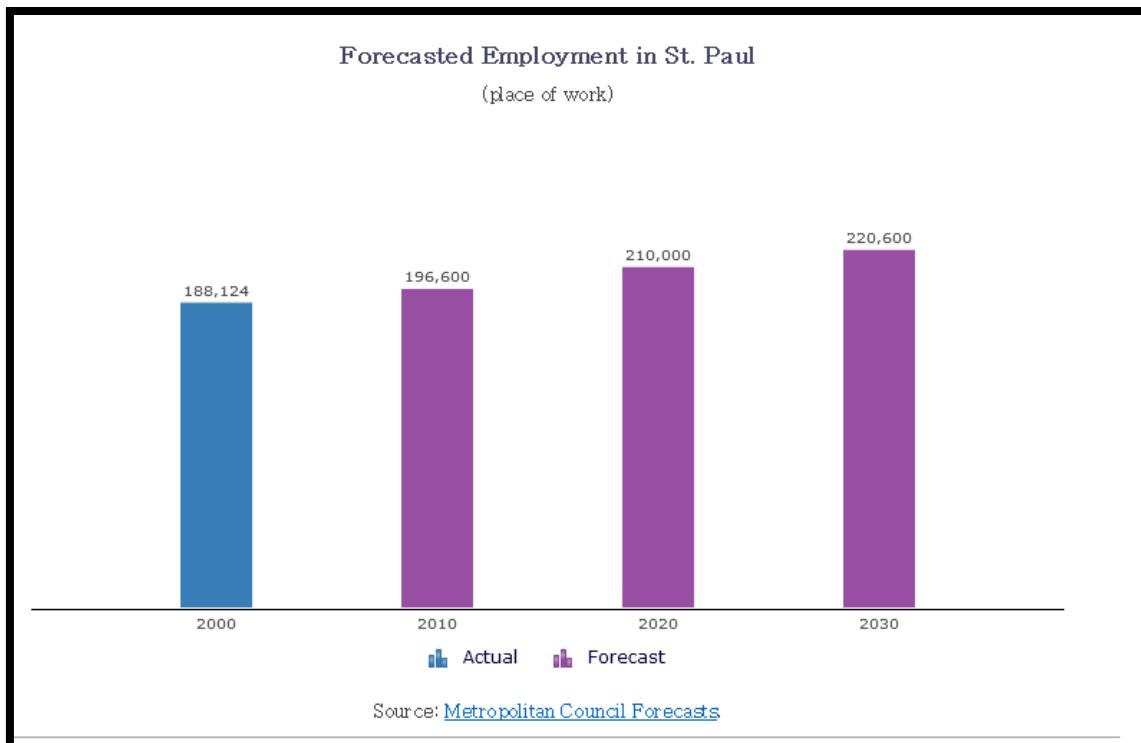
The following statistics were compiled by the Metropolitan Council relative to employment for the city and Ramsey County.

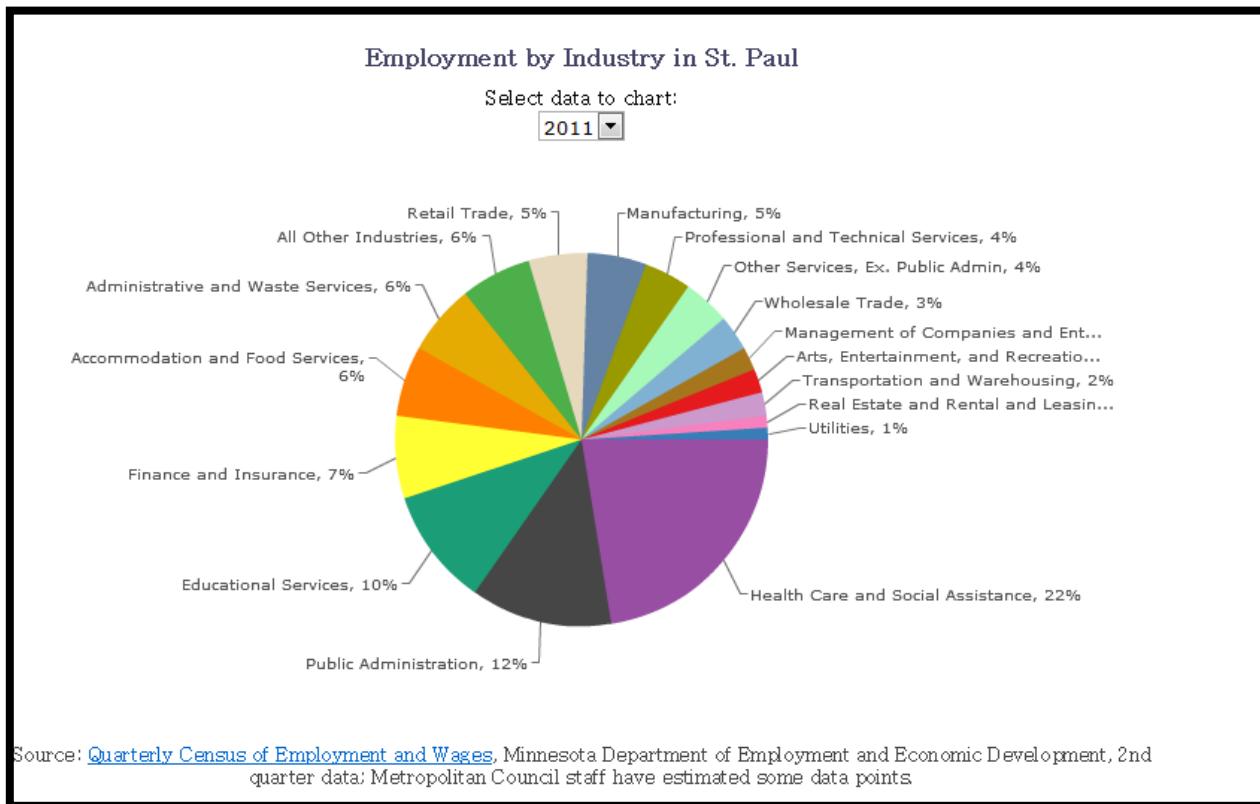
EXHIBIT #4: EMPLOYMENT DATA

	St. Paul	Ramsey County
2000	188,124	333,305
2010	175,933	372,630
2020	210,000	405,000
2030	220,600	430,090

Source: *Metropolitan Council Revised Forecast, January 2008*

St. Paul's employment picture is graphically displayed in the following exhibits produced by the Metropolitan Council, just prior to the release of the 2010 Census.





The following exhibit profiles the 20 largest employers in the St. Paul area.

EXHIBIT #5: MAJOR EMPLOYERS - CITY OF ST. PAUL

EMPLOYER	PRODUCTS/SERVICES	# EMPLOYEES
State of MN	Government Offices	13,671
St. Paul Public Schools	Elementary & secondary	6,567
Health East Care System	Medical & Surgical hospitals	5,080
Marsden Building Maintenance	Building Maintenance service	4,000
Regions Hospital	Medical Surgical hospitals	4,000
Ramsey County	Government Offices	3,770
City of St. Paul	Government Offices	3,400
United Hospital-Allina	Medical & Surgical hospitals	3,300
3M	Paper coated-laminated, nec	3,000
St. Paul Ramsey Medical Center	Medical & Surgical Hospitals	3,000
Travelers (St. Paul Companies)	Fire, Marine/Casualty Ins.	2,650
Securian	Life Insurance	2,400
Control Data Systems Inc	Computer integrated sys	1,800

SOURCE: MN Dept of Trade & Economic Development-Community Profile

Over the past three decades the city has suffered serious employment losses which have made a significant impact on the community. Major manufacturing concerns including Whirlpool and the Hamm's Brewery for many decades provided many well-paying jobs on St. Paul's East Side. The old Whirlpool manufacturing facility was located in the northeast quadrant of Arcade and East 7th Street adjacent to 3M's east side manufacturing facility. Recently 3M also closed this facility and the property was eventually sold the Port Authority after 3M failed to find a suitable buyer after a nationwide search. The existing older multi-story turn-of-the-century, loft-style manufacturing buildings were demolished by the St. Paul Port Authority for redevelopment purposes after unsuccessful efforts to find suitable users for the buildings.

After Hamm's Brewery ceased operations other breweries were unsuccessful in trying to reestablish the brewery that dominated the East Side since the turn of the century. Schmidt's Brewery in the West 7th Street neighborhood district of St. Paul also closed their doors several years ago. The Burlington Northern Railroad once had a significant employment base in St. Paul prior to their relocating their corporate headquarters to Austin, Texas. The loss of these well-paying jobs has made a significant impact on the community.

Economic Development

St. Paul has a very pro-active economic development department that has had a very profound influence in the CBD. Acting in concert with the St. Paul Port Authority the City has completed numerous major redevelopment projects throughout the city. Over the past two decades the city has attempted to revitalize residential neighborhoods by promoting new commercial and residential development. Both the St. Paul HRA and the Port Authority have assisted commercial developers in the acquisition, demolition, and redevelopment of older commercial properties in residential and commercial neighborhoods. The Port has completed the redevelopment of many older "brown fields" into new light industrial business parks.

The City's grandest effort is Upper Landing located on the north side of the Mississippi River along Shepard Road. This area was formally a blighted industrial area which over the past decade has been developed into the high density residential neighborhood known as Upper Landing. Housing options range from owner-occupied townhomes and condominiums to residential apartments. Upper Landing Village is now completed. The last section is comprised of 100 housing units, a parking ramp, and 10,000 SF of commercial space. The development was facilitated with a significant capital expenditure and subsidy by the city.

Old Shepard Road (now Randolph) has recently been developed into the Mississippi Regional Trail Corridor which parallels the Mississippi River and traverses by Upper Landing. This corridor connects other regional parks and trails and is fully developed with landscaping, public infrastructure and "streetscape." This corridor is approximately 60' wide. Additionally a 1.6 acre parcel on the east end of this site where Eagle Parkway terminates, has been developed into Upper Landing Park and Plaza which provides a direct link to the Mississippi River connecting the CBD with residential development at Upper Landing.

From 1990 to 2000 the city has completed several major housing projects which created an additional 5,000 housing units in a 5-year time frame. A majority of these developments are high density in scope ranging from rental apartments and condominiums to high-end residential townhomes.

The most significant development is expected to occur in the West Side Flats area south of the river. The city once was proposing approximately 600 housing units over a 40 to 45 acre area which lies west of Robert Street and east of Harriet Island. The City recently completed this major renovation effort which includes construction of the Harriet Island Pavilion which will host year-round community activities. Other infrastructure includes the Harriet Island River Walk, and public dock which is a 654' concrete boat walk designed for boat mooring and recreational endeavors. Additional improvements include a playground, picnic area, and a substantial amount of landscaping. This area of the city was once a blighted industrial area including a tank farm.

Historically the Mississippi River has been an important commercial river. In 2010 nearly 5.20 million tons of commodities were handled at one of the city's 3 terminals, home to more than 20 shippers. The leading commodities shipped include corn, soybeans and wheat. Lafarge also has a major terminal for handling commodities involved with cement products.

In the mid 1980's, the City of St. Paul developed long range plans for the redevelopment of the river front. Approximately \$20,000,000 in bonds was reserved for new river front improvements. Several years ago older obsolete industrial structures were demolished and a new flood wall was developed along the south river front. Major improvements which have dramatically improved the aesthetics of the river corridor included an esplanade approximately 45' wide which connects the former Department of Revenue building on the east with Harriet Park and Marina on the west. The esplanade includes a public corridor attractively landscaped and lighted. Substantial river front improvements were developed to draw people to the river. St. Paul, by this substantial investment, anticipates development south of the river. Their initial long range plans were designed to attract high density residential housing. The esplanade was a walkway between the old and new flood walls.

More recently, the city developed long range plans to improve the scenic and recreational value of the river corridor. In June of 2011 the Great River Master Plan was announced to the public identifying procedures to enhance the access and improve the recreational benefits and be a catalyst for economic development.

Historically the city embraced planning efforts to convert Lowertown, east of the Central Business District into an urban village. Lowertown historically was St. Paul's warehouse district when steamboats plied the lower Mississippi River in the late 1800's. Over the past several decades there have been several major residential development projects which converted existing multi-story, loft-style warehouses into residential condominiums, apartments, and artist spaces.

Recent development of the North Quadrant has been a major development success. This property is located in the northeast sector of the Central Business District and includes a redevelopment of an older industrial area on a 15-acre site. North Quadrant is anchored by a 2-acre park, and includes the 5-story, 114 unit Sibley Court Apartments, and Essex on the Park, a combination of townhomes and condominiums. The development also includes 10,000 SF of commercial and retail space. This area of the downtown was formerly an under-utilized, older industrial area consisting of primarily parking lots in fair condition. The development also includes Dakota on the Park, a 37 residential condominium complex.

River Bluff is a major 65-acre 633-unit residential development located in an area bounded by Montreal, Shepard Road, West 7th Street and Otto Avenue near the northwest quadrant of I-35E and West 7th Street. This is the former Koch's-Mobile Tank Farm site positioned on the Mississippi River bluff. River Bluff was expected to be a \$130,000,000 development. The 190 unit first phase was projected to have 73 market rate senior assisted living units, 47 assisted living units, 61 town homes priced at \$172,480 and 9 single family homes with an estimated value of \$180,000 to \$450,000. Only a portion of the project was completed. Development of this project has stalled because of the "Great Recession."

Central Business District (CBD)

The CBD is bounded by the Mississippi River to the southeast, Kellogg Boulevard on the southwest and west, Interstate 94 and the State Capitol complex on the north, and Burlington Northern railroad corridor on the east.

The CBD historically the financial, business, and retail hub has experienced substantial developmental activity since 1995. City government has played an active role in promoting, orchestrating and financing new development, renovation and new construction throughout in an effort to stimulate the local economy and stem the loss of employment to suburban communities. The Port Authority has also been a major player in downtown hotel, retail, residential and office redevelopment.

Interstate 94 separates the CBD from the State Capitol which lies just north of the interstate. Recently the state has completed three new major office buildings located adjacent to the corridor. The new Department of Human Services building is located on the south side whereas the Department of Agriculture building is situated on the north side of the interstate.

Several years ago the city engaged the services of a prominent architect/urban land planner to coordinate development efforts in the Downtown. The city has adopted a new design focus to incorporate the CBD and the Mississippi River Corridor. Development efforts will be coordinated to promote recreational and cultural utilization of the river corridor.

The CBD has three distinct districts. The Central Core, which is the office area of the CBD, lies between Jackson Street and St. Peter Street. The central core has been strengthened by several major developments over the last decade and remains the hub of the city. The county courthouse, City Hall, and major hotels, financial institutions, and major office buildings including Town square a major mixed use commercial complex which is considered the anchor for the downtown core.

Lowertown is located east of Jackson, south of the freeway and north of the river. This was St. Paul's warehouse district in the late 1800's and early 1900's. Development consists of several, larger, multistory warehouses many of which have been completely renovated and converted to higher intensity uses; several have been demolished. A majority of the buildings were converted to condominiums or rental housing. Approximately 14 blocks in the Lowertown have been included in the National Register of Historic Places. The city historically has promoted residential development in Lowertown. The premier property in Lowertown is Galtier Plaza, a mixed use development including rental apartments, condominiums, and office space.

The western sector is anchored by Rivercentre which has enabled St. Paul to attract more desirable and larger conventions. Anchoring Rivercentre is Excel Arena, the anchor tenant of which is the Minnesota Wild a National Hockey League franchise. The Wild commenced playing in the new arena in the Fall of 2000. Rivercentre has approximately 190,000 SF of exhibit space on one level and a total of 260,000 SF of exhibit space throughout, which includes the old St. Paul Auditorium. Rivercentre is connected to St. Paul's skyway system.

Completion of several major developments has completely revitalized the CBD, and promoted the cultural heritage of the community. These projects include the Ordway Center for the Performing Arts, Children's Museum, new Science Museum, and the Minnesota Historical Society Building. These development projects have attracted numerous individuals to the CBD over the past decade.

Historically the CBD has been one of the primary employment centers throughout the region. Although total employment suffered when the 1st National Bank relocated their corporate headquarters to Minneapolis and Burlington Northern relocated to Austin, the city still is considered a very important employment center for the region. Major employers in the downtown area include the State of Minnesota, The St. Paul Companies, Minnesota Mutual Life (a/k/a Securion), Lawson Software, and Eco-Lab. Historically, the federal, state, county and local governments have made a profound impact on the CBD.

According to St. Paul BOMA 33% of the 17,307,606 SF of office space in downtown St. Paul is owned and occupied by units of government. Government agencies having a significant influence in the CBD include, the Federal Courthouse, the Metropolitan Council, City Hall, and several State agencies including the Department of Human Services, the Department of Public Safety, Department of Agriculture, and the Attorney General's office.

The CBD has changed dramatically over the past 2 decades. Several new developments have increased the vitality of the CBD, including the Lawson Software Building as well as the Minnesota Mutual new corporate headquarters.

Currently St. Paul features approximately 1700 hotel rooms anchored by the completely renovated and downtown landmark, the historic St. Paul Hotel, other hotels include Embassy Suites, Hilton's the Garden Inn which is part of the Town Square development, and the Radisson.

The CBD is anticipated to grow stronger over the following decades since the city has recently been designated as a major transit hub. Currently construction has commenced on the Central Corridor, a light rail line between the two cities traversing down University Avenue. The terminal for the Central Corridor will be the Union Depot and the former location of the US postal facility at East Kellogg Boulevard in Lowertown. Recently the Ramsey County Regional Rail Authority and the city negotiated with the U.S. Postal Service to relocate their existing distribution facility to Eagan to facilitate the development of this area into a multi-modal transit hub.

The Location

The subject property is located in an intensively developed commercial area of the Central Business District, at the corner of the Wabasha St. Bridge and West Kellogg Blvd. Because of the differential in elevation between Shepard Road and West Kellogg Blvd., the parcel is considered to have access both from these 2 important corridors. It is uncertain at this point where the city will require the primary access. Access from Shepard is challenging at best because of the BNSF rail corridor which separates Shepard road from the subject site.

There are two accesses for these two major buildings; one from the front along from W. Kellogg Blvd and secondly from the rear off Shepard Road, via Ontario St. and Spring St. Kellogg Blvd lies approximately 80' above the grade of Spring St., therefore the southeasterly elevations of both buildings are exposed and overlook the river. The site offers dramatic river views.

The subject property is accessed directly off of Shepard Rd via Ontario – a controlled intersection – and Spring St which terminates at the southwesterly property line of the Ramsey County Government Center West (the former West Publishing). The BNSF and CP Railroads have major rights-of-way north of Shepard Rd and south of the buildings which overlook the river. The appraisal makes the assumption that access is available over these major railroad corridors.

This is considered a major part of the downtown although considered a fringe area, the property lies east of Eagle Parkway and west of the Wabasha Street bridge. Properties along this corridor include the Excel Energy Center, Science Museum West, the library, District Energy.

Parcel Size:	3.5212 acres	
Frontage:	West Kellogg Blvd.	808'
	Spring St	877'
Zoning:	B-4	.79 acres
	B-5	2.47 acres
Utilities:	Public	
Flood Plain:	Located in flood plain (AE); Map # 271233C0103G, Dated June 4, 2012.	
Soil:	Assumed buildable; there is no evidence of unstable soil. However there are several areas of the city here unstable soils conditions do exist especially close to the river.	
Elevation:	There is an 80' differential in elevation between Kellogg and Spring St.	
Access:	Spring Street via Ontario and Shepard Road. Access also assumed from Kellogg Blvd. It appears that the Spring Street R/W terminates at the west property line of the former west property.	

Easements

The survey indicates numerous easements but it is my understanding some are no longer in effect and need to be vacated. This appraisal assumes that the easements will not have an adverse impact on the development potential of the property.

The most significant easement is a 50' easement for storm sewer purposes in favor of the State of Minnesota (Document #'s 1785216 and 1785217) which follows in a southeasterly direction the St. Peter Street right-of-way as extended. This is the area directly between the two principal structures.

HIGHEST AND BEST USE

Highest and best use, as defined in **The Dictionary of Real Estate Appraisal Fourth Edition**, page 145 is defined as follows:

...the reasonably, probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest land value. The four criteria the Highest and Best Use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

The highest and best use of land or a site as though vacant; among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.

The highest and best use of property as improved; the use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

Professional Standards require that the appraiser conduct a study of the subject property to develop a Highest and Best Use estimate of the land "as vacant" and a Highest and Best Use analysis of the property "as improved." The analysis of the Highest and Best Use as though vacant, identifies, as of the date of the appraisal, the most appropriate, economical and financially feasible improvement considered appropriate for the property. In this analysis, the appraiser develops, through market research, the ideal improvement that should be constructed.

The Highest and Best Use analysis of the property as improved is developed to identify the appropriate use of the existing property that will produce the highest overall return, additionally; an analysis of Highest and Best Use identifies comparable properties that are appropriate for the analysis.

The Highest and Best Use analysis of both land as though vacant and as improved must meet the following four criteria.

1. Physically possible
2. Legally permissible
3. Financially feasible
4. Maximally productive

After the appraiser conducts appropriate market research, the property is analyzed in relationship to the above criteria. Estimates of Highest and Best Use are then concluded which are appropriate and reflect the economic conditions as of the date of the appraisal.

Analysis of Highest and Best Use

The subject property features a shovel-ready site containing 3.52 acres sandwiched between Shepard Rd on the south, the Wabasha Street bridge to the east, and Kellogg Blvd to the north. Research indicates an elevation differential of 80' indicating the potential for 6-8 stories of a potential future mixed-use commercial development will face the W. Kellogg Blvd embankment (bluff.)

The positive features of this development site include proximity and unobstructed views of the Mississippi River. The negative features impacting future development is the previously identified elevation differential and imposing restrictive development factors because of the bluff.

Currently the subject property is located within two zoning classifications. Approximately .86 acres are located in the more intensive B-4 zoning (FAR of 8, no height restriction) and 2.66 acres in B-5 (FAR of 5, no height restriction). Research indicates the potential for a rezoning of the property to accommodate and facilitate future development.

The subject is located within the CBD and it is anticipated the site could accommodate a broad range of commercial development.

The appraiser has investigated commercial real estate markets in the CBD as the basis of formulating an opinion of the highest and best use. Recently the demand for residential properties including residential condos and apartments has been very strong. Since the site overlooks the Mississippi River it is logical to suggest that residential could be very successful at this location as demonstrated by the market acceptance for the residential development slightly upstream from the subject site at the Upper Landing which includes both single family rental, residential condos and townhomes. Research indicates premium prices for those units which overlook the river.

The appraiser has also investigated the office market in the Central Business District which historically has struggled. According to the November 2013 BOMA Market Report the overall vacancy in competitive office space decreased from 21% to 19.5% for the period of November 2012 to November 2013. The rate has remained relatively stable.

The office market is segmented into Class A, B and C space. In the Class A market overall vacancy over the same period decreased from 13.2% to 12.7%. There is very little Class A space available in the Central Business District with no major blocks of space available for lease. A prime Class A office building in downtown is the Wells Fargo place which features 634,900 SF with 73,604 SF vacant, but only 18,000 SF of contiguous space is available. There are six total Class A office buildings in the CBD, blocks of space ranging from 12,000 to 48,000 SF available for lease. Leasing rates are \$17/SF triple net, generally \$8-\$12/SF triple net in the other buildings. Another important factor in the office market that has a very positive influence is Lawson Commons which renewed their lease for 130,000 SF for an additional 7 years.

It is difficult to accurately identify future potential use for the subject property due to market conditions. Historically the CBD has struggled, however over the last 5 years there have been numerous developments that have made a positive influence on all commercial real estate markets in the CBD. These events include the completion of the Central Corridor, the proposed Lowertown ballpark with an estimated overall cost of \$63 million containing 7,000 seats now being developed and expected to be completed in May 2015, and the several residential projects that have been completed and received strong market acceptance.

Historically the site has been actively marketed and proposed as a mixed-use commercial redevelopment site which includes office space, residential condos, and possible hotel rooms. It is my understanding that potential developers have shied away from the site because of the unforeseen risk and future demolition expenditures associated with the improvements on the site, and potential environmental contamination. Therefore it is difficult to assess the market acceptance to a shovel-ready site.

Based upon my analysis of the physical characteristics of the site and in consideration of current market conditions it is my opinion that the highest and best use of the subject property is for a future redevelopment of a multi-use future commercial parcel.

Direct Sales Comparison Approach

This portion of the appraisal process involves the direct comparison of the property being appraised to similar properties that have sold in the same or similar markets in recent years, in order to arrive at an indication of value for the subject property.

Among the basic real estate principles reflected in this approach is the principle to substitution, which states, in part, that the value of the property replaceable in the market tends to be set by the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The application of this approach involves market research to obtain recent sales of properties as similar as possible to the subject. The sale prices of those properties deemed most comparable tend to set the range in which the value of the subject property will fall. Differences between the subject and the Comparables are analyzed and adjusted for based upon market reaction to the different feature which would typically include such things as location, size, zoning and financing.

The reliability of this technique is dependent upon:

1. the availability of comparable sales data,
2. the verification of the sales data,
3. the degree of comparability or extent of adjustments necessary for differences between the properties,
4. the absence of non-typical conditions affect the sale prices.

I have reviewed and analyzed numerous recent sales, with an effort made to search out sales of properties in generally close proximity to the subject and of proportional size, utility, and quality. Research indicates that market participants acquire commercial land on the basis of price paid per square foot. An analysis of sales indicates that a majority of transactions are correlated on this basis. On the following pages is a presentation of the comparable sales which I believe possess the highest degree of overall similarity to the subject property, and provide a reliable indication of the market value as unencumbered.

The appraiser has selected the most recent sales of properties located in the CBD based on location, size and date of sale.

Comparable Sale #1	Minnesota Mutual CBD Parking Lot
Location:	8 th St. and Jackson, St. Paul
Date of Sale:	October of 2001
Sale Price:	\$2,850,000; \$51/SF
Buyer/Seller:	Robert St. Property Management / Realty Parking Properties LP
Land size:	55,881 SF
Zoning:	B-4
Financing:	Cash to mortgage
Highest and Best Use:	Commercial development
Current Use:	Parking lot
Legal: Partial:	Mayall's Subdivision, Lots 1 through 7 and Lots 9 through 15, less part taken for R/W (31-29-22-44-0030; 0097)
Remarks:	

This property is located in a fringe CBD location at the northeast corner of Jackson and 7th Place with significant frontage on 8th St. The buyer is Minnesota Mutual who needed additional long term parking for employees. The buyer approached the seller of this existing public parking lot. The parking lot was being managed by Allright Parking who had a first right of refusal and balked at the price. Buyers knew they were paying a premium but considered the acquisition necessary to protect their long term property interests in the CBD. The property has a capacity for 150 spaces.



Ramsey County GIS



**Comparable Sale #2****Holiday Inn River Centre Parking Ramp**

Location:	SWC Kellogg Blvd at Smith Ave., St. Paul
Date of Sale:	April of 2004
Sale Price:	\$1,450,000; \$39/SF
Buyer/Seller:	Dehl Properties LLC/ 175 Fort LLC
Parcel Code:	06-28-22-23-0172
Land Area:	4.64 Acres
Zoning:	B-5
Financing:	Cash transaction.
Legal:	Lot 2, Block 1 Fort Road Addition #3
Remarks:	

This property was originally a paved surface parking lot attached to the Holiday INN and located at the SWC of Kellogg Blvd and Smith Ave. across from the Excel Arena. The hotel required additional parking and was seeking a developer to construct a parking ramp. The purchase agreement required the buyer to build a ramp of 225 spaces and mandated that 175 spaces be made available to the hotel at rates identified in the agreement.

The developer constructed a 284 space ramp after the sale. The buyer is a former employee of Imperial Parking who was originally managing the former parking lot for the Holiday Inn.

**Comparable Sale #3****MPR Acquisition – Central Parking Lot**

Location: 9th St, St. Paul

Date of Sale: January of 2004

Sale Price: \$770,000: \$47.60/SF

Buyer/Seller: Minnesota Public Radio/Central Presbyterian Church

Land Size: 16,177 SF

Zoning: B-4

Financing: Cash to mortgage

Legal: Lot 3 Block 1 Central Place

Parcel Code: 31-29-22-43-0557

Remarks:

This property is located on the north end of the CBD, a parking lot adjacent to the Central Presbyterian Church. The buyer approached the seller to acquire the property for additional employee parking to support parking requirements in conjunction with the expansion of their existing facility. The price was negotiated on the basis of parking revenues being produced. The seller retained parking rights during church services and activities. The property is located within close proximity to the World Trade Center and Town Square, located across from City Walk Condos and on the west side of the Naomi Family center. Currently 9th Street terminates at the subject since the R/W was vacated when MPR expanded their office building and production studios north over the R/W.

**Comparable Sale #4****Lowertown Parking Lot**

Location: 240-244 E 4th St. St. Paul

Date of Sale: December of 2005

Sale Price: \$600,000: \$37.09/SF

Buyer/Seller: Rutzick Family LP/Allright Parking

Land Size: 16,177 SF

Zoning: B-5

Financing: Cash to mortgage

Legal: Lots 5 and 6, Block 2, Hopkins Addition

Parcel Code: 05-28-22-22-0001; 0002

Remarks:

This property is located in Lowertown at the southeast corner of Wacouta St. directly across and east of the Union Depot. The property has capacity for 46 cars.

Comparable Sale #5**The Hellervik Parcel**

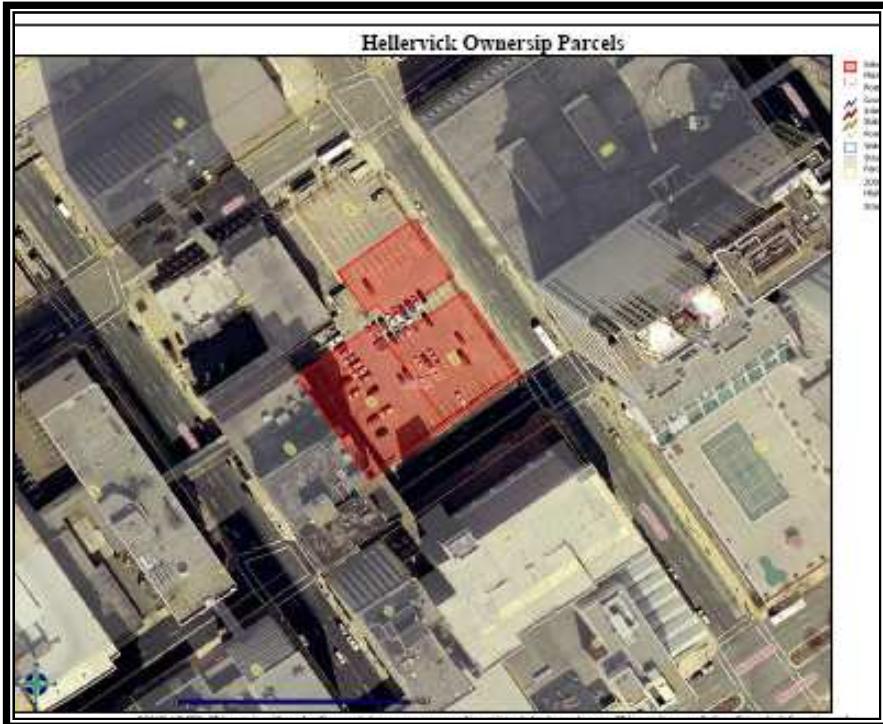
Location: 4th & Minnesota
Date of Sale: Option - Nov of 2005
Fee Owner: Hellervik, LLC
Option Price: \$2,500,000; \$79.17/SF
Optionee: Wingfield Development
Land Size: 31,363 SF
Zoning: B-4
Legal: Part of Block 19 city of St. Paul
Parcel Code: 06.28.22.12.0055; 0056; 0110
Remarks:

This property enjoys a prime CBD location at the corner of 4th and Minnesota and was once formerly the corporate headquarters for Minnesota Federal Savings and Loan prior to being acquired by Wells Fargo. Mr. Hellervik has informed me that he once held an option to sell the property for \$2,500,000. The effective date of the option was November 26, 2005 which expired one year subsequent to that date. The Option Agreement afforded the buyer to extend the option for three additional 1-year periods with an option extension via \$50,000 per period. It is unknown whether or not the buyer exercised this option.

The potential buyer was Wingfield Acquisition and Development Company, which was the entity that also acquired the property identified as Comparable Sale #6 in this appraisal, the Wabasha Court property. Subsequently the city acquired the property for the LRT which now traverses through the property. The price paid is unknown.

My records indicate the property was acquired in early 1992 from Norwest Bank Services (Wells Fargo) for \$752,219 in a complicated transaction which included the former 2 story office building once owned by Minnesota Federal. The building was spun off and sold to a local developer which was subsequently demolished with the city acquiring the property to facilitate the development of a major transit site.

EXHIBITS COMPARABLE #5



Comparable Sale #6**Wabasha Court**

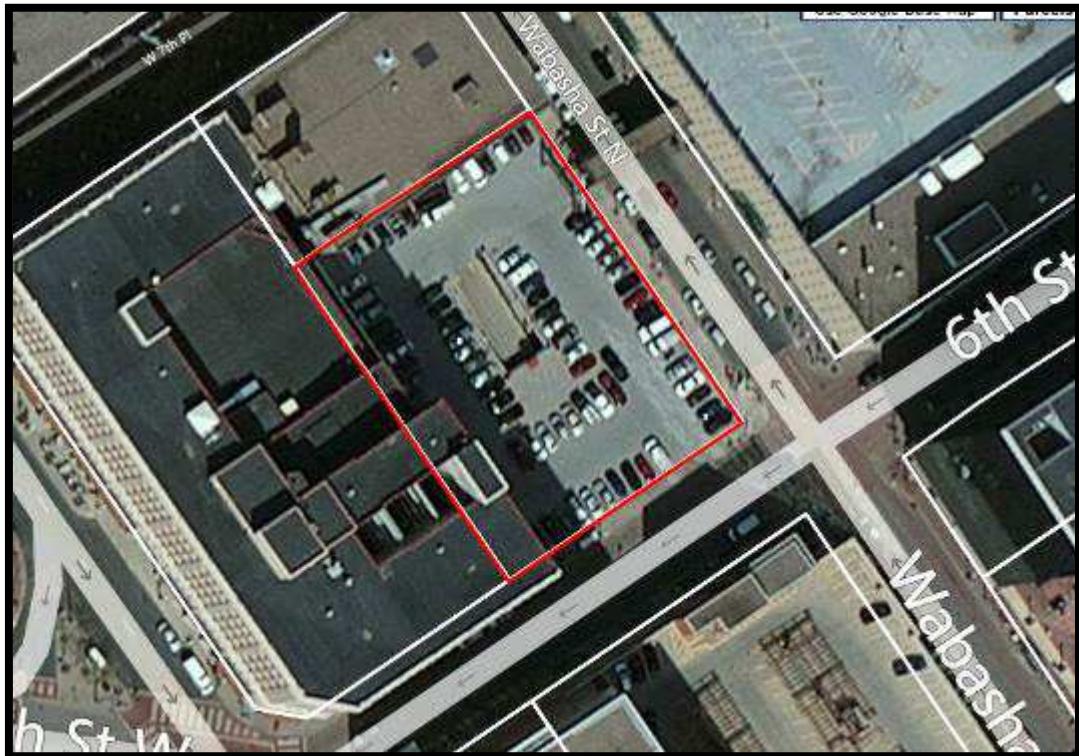
Location:	405-415 Wabasha St N
Date of Sale:	January of 2007
Sales Price:	\$4,841,000 - \$165.50/SF
Buyer/Seller:	Wingfield 415 LLC/415 Wabasha, LLC
Parcel Code	06.28.22.12.0025
Land Area:	29,250 SF
Legal Description:	The Sly 1/3 front and rear of Lots 1, 2 and 3, and all of lots 10, 11, 12, Block 7 St. Paul Proper; non-exclusive 10' alley easement
Financing:	Short term contract; all cash by July 2007
Remarks:	

This property is located at the northwest corner of E. 6th St and Wabasha on the north side of the Lawson Software office building. The property was formerly improved with a 2 story 70,000 SF multiple tenant commercial building with full basement, which features skyway access and was demolished several years ago. The property was originally acquired for \$2.55 million in September of 2001 by the developer of the Lawson building, Mr. David Frauenshuh. The building was demolished after the sale. Frauenshuh apparently was competing with the owners of the adjacent Hamm building for the property.

The skyway at the time ran through the building which created an important link to Macy's located on the east side of Wabasha. Subsequent to the acquisition and demolition of the existing building, Frauenshuh converted the property into a 2 story parking structure (lower level and first floor at grade parking deck.)

The property was listed by CB Richard Ellis for \$5 million. The property is currently used as a parking lot which includes the lower level of the former commercial building. There are approximately 150 parking stalls. The buyer is a European developer who originally was considering developing a major high rise mixed use development including a 5 star hotel perhaps with an office component. This property includes the reinforced concrete frame structure of the former commercial building including the basement and first floor slab.

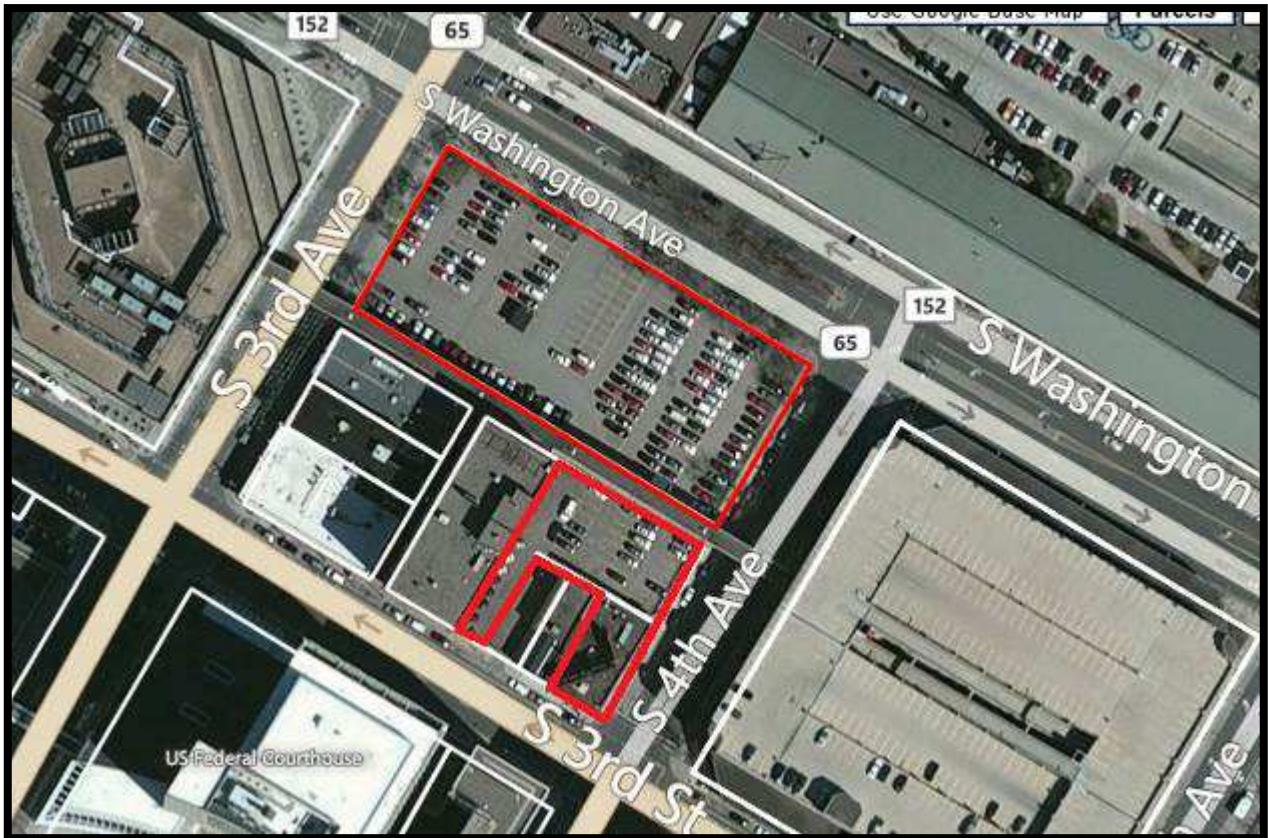
EXHIBITS COMPARABLE #6



Comparable Sale #7	CBD Mpls
Location:	301 Washington Ave South, Mpls
Date of Sale:	January of 2014
Sales Price:	\$5,100,000 - \$8.68/SF
Buyer/Seller:	Minneapolis Properties III, LLC/Mikulay Trust
Parcel #:	23.029.24.33.0032; 0031
Land Area:	1.45 acres
Zoning:	B4-1
Legal Description:	Lengthy
Financing:	Cash equivalent
Remarks:	

This property is located in a prime Mpls CBD location across from the former Milwaukee Road depot, on the south side of Washington Ave lying between 3rd Ave and 4th Ave South. The site is proposed to be developed with a 13 story 315 unit apartment building. Anticipated completion date is September of 2015. Currently the property is being used as a parking lot.

EXHIBIT COMPARABLE #7



Comparable Sales Analysis

The appraiser has reviewed numerous commercial land sales located in the Central Business District as far back as 1990, as well as the most recent sales which have occurred in the Mpls CBD. I have included in this appraisal seven which in my opinion provide an indication of market value for the subject.

The selection criteria considered are those factors having a profound influence on value and include size, date of sale, and proximity to the subject property. In the following section of the report, I have presented a discussion of the procedures employed to develop an indication of market value for the subject.

Procedure

In the following section I have provided a discussion which will elaborate on the adjustments made by the appraiser. The procedure is outlined as follows:

- Generally speaking commercial land sells on the basis of sales price/ SF. The analysis is being developed on this basis.
- If the comparable property is superior to the subject in terms of the identified factor, a downward percentage adjustment is made to the comparable.
- If the comparable property is inferior to the subject regarding a certain characteristic, the comparable is adjusted upward implying a percentage adjustment greater than 1.0.
- The cumulative percentage adjustments for each comparable are summed which provides a total net adjustment which is then multiplied by the cash equivalent sales price to indicate an appropriate value factor for the subject.
- The adjusted values are then reviewed and reconciled. The sales that provide the best indication of market value will be identified, and the adjusted indicated values will be reviewed and a final value estimate selected.

I have developed considerable market research concerning the demand for commercial property in the CBD. Adjustments are based on market evidence or surveys from informed market participants.

In the following section of the report, I have presented a brief discussion regarding the adjustments made in this analysis.

Property Rights Conveyed

It is very important to consider the property interests conveyed in a commercial transaction. In a majority of comparable sales transactions, the fee simple interest is conveyed whereby the seller secures all rights in the real estate. This line item adjustment has been presented in the event that the seller retains some ownership rights, or a third party has some form of ownership interest. Certain property interests that would be considered in this adjustment would include any retained ownership rights by the seller, easements or restrictions that have a significant impact on the marketability of the title, or a tenant's leasehold interest.

It is important to note that this appraisal assignment is to develop an estimate of the market value of the fee simple interest. All of the sales are acquisitions of the fee simple interest and consequently no adjustment is indicated. However, on comparable sale # 4 the seller retained certain parking rights. Although this is fairly common when properties are acquired by adjacent property owners a small adjustment is appropriate.

Financing

All of the comparable properties have been analyzed with regard to cash equivalent sale prices. A cash equivalent sale means an all-cash transaction or cash to a new mortgage at conventional rates. Generally speaking, when cash equity is less than 15% and/or contract for deeds are negotiated at interest rates below the normal level of interest rates that could be secured from banks offering conventional first mortgages, a downward adjustment is then indicated.

All transactions consisted of all-cash, or cash to mortgages, or contract for deeds with market rate terms. No adjustment for financing is indicated to any of the sales

Conditions of Sale

The definition of market value requires the appraiser to consider conditions of sale that have a profound impact on the transaction. The definition of market value makes the assumption that both buyer and seller are typically motivated and are well informed. This factor considers the motivation of buyer and seller for the particular transaction, and makes an adjustment in those special circumstances when the conditions surrounding the particular sale does not meet the traditional market value definition. Special conditions mandating the adjustment would include a distressed sale, a transaction where an adjacent property owner acquires a property at an inflated price since he has no alternative solutions, or when a particular seller has to dispose of a property and is unable to expose the property to the market for a reasonable time.

The market value definition specifies certain criteria for a transaction to be considered truly comparable. The definition assumes that a reasonable marketing time is allowed to effectively market the property to well informed users. Therefore, it is appropriate to make an adjustment for those transactions that have occurred that do not meet the criteria established by traditional market value definition.

Market Conditions & Time of Sale

There have been very few transactions in the Central Business District; therefore it is very difficult to accurately quantify an appropriate time adjustment. This appraiser has selected sales based on three criteria: date of sale, size, and location. All sales located in the St. Paul CBD have occurred prior to the "Great Recession." Comparable sale #7 is a very recent sale located in a strong location in the Mpls., CBD considered a stronger market area. Since the transaction is recent, the sale is considered to establish the upper limit of market value.

The office market in the St. Paul CBD certainly has not improved during this time frame, and since the strength of the office market has a strong influence on property values in downtown it is appropriate to consider this factor when analyzing increases in prices over time.

Market research indicates that because of the economic recession following 9/11 no measurable increases in value occurred from the period of late 2001 until mid-2004. However, prices of commercial real estate in general started to appreciate significantly for the period 2004 through the second quarter of 2007.

In the following exhibit I have presented my analysis of the comparables.

LAND SALES: SUMMARY AND ANALYSIS							
SUBJECT PROPERTY:	RAMSEY COUNTY WEST DEVELOPMENT PARCEL						
ADDRESS:	50 WEST KELLOGG BLVD						
DATE OF ANALYSIS:	14-Aug-14						
DESCRIPTIVE	SUBJECT	COMP # 1	COMP # 2	COMP # 3	COMP # 4	COMP # 5	COMP # 6
		Minnesota Mutual	River Centre Ramp	240 E 4th St	Hellervik Parcel	Wabasha Ct	301 Washington Ave S
Sales Price	N/A	\$2,850,000	\$1,450,000	\$600,000	\$2,500,000	\$4,841,000	\$5,100,000
Date of Sale	N/A	Oct-01	Apr-04	Dec-05	Nov-05	Jan-07	Jan-14
Property Type	Multi use	Parking Lot	Parking Lot	Parking Lot	Parking Lot	Parking Lot	Hightrise Apt
Land Size / Acres	3.521	1.28	0.853	0.298	0.72	0.67	1.45
Zoning	B-5; B-4	B-4	B-5	B-5	B-4	B-4	B-41
Shape	Irregular	Irregular	Rect	Rect	Rect	Rect	Irregular
Topography	Level	Level	Level	Level	Level	Level	Level
Soil Condition	Assume good	Good	Good	Good	Good	Good	Good
Corner Influence	Yes	No	Yes	Yes	Yes	Yes	Yes
Amenity	View of river	Typical	Typical	Typical	Typical	Typical	Typical
Location	St. Paul CBD	CBD	W 7th	CBD	CBD	CBD	MplsCBD
Sales Price/SF	NA	\$51.11	\$39.02	\$46.22	\$79.71	\$165.62	\$80.74
ANALYSIS							
Property Rights Conveyed		1.00	1.00	1.00	1.00	1.00	1.00
Financing		1.00	1.00	1.00	1.00	1.00	1.00
Conditions of Sale		1.00	1.00	1.00	1.00	1.00	1.00
Adjusted Sales Price/SF		\$51.11	\$39.02	\$46.22	\$79.71	\$165.62	\$80.74
Time of Sale		1.35	1.30	1.20	1.20	1.20	1.00
Time Adj. Price		\$69.01	\$50.73	\$55.47	\$95.65	\$198.75	\$80.74
Location		1.10	1.05	1.10	1.00	1.00	0.85
Size		0.90	0.90	0.90	0.90	0.90	0.90
Shape		1.00	1.00	1.00	1.00	1.00	1.00
Corner Influence		1.00	1.00	1.00	1.00	1.00	1.00
Net Adjustment		0.99	0.95	0.99	0.90	0.90	0.77
Indicated Value/SF		\$68.31	\$47.94	\$54.91	\$86.09	\$178.87	\$61.77
		CORRELATED VALUE/SF:	\$70.00				

Correlation

A dearth of recent sales has necessitated the selection and analysis of older CBD sales as the basis of the valuation opinion. In addition, I have considered recent sales of land located in the CBD of Minneapolis which have been used as the basis of formulating an opinion which identifies the upper limit of value for the subject. The sales have been summarized and analyzed in the above exhibit.

Comparable Sales #1 - #5 are located in the St. Paul CBD and primarily acquired for the purpose of future development. Comparable Sale #1 is the oldest sale, a 1.2 acre parcel located on the eastern fringe of the CBD. This property was acquired by the former Minnesota Mutual for additional parking and to protect their other land ownership interest in the CBD.

Comparable Sale #2 is located in the immediate northwest quadrant of W. 7th Street and Kellogg Blvd, a .85 acre parcel subsequently improved with a parking ramp.

Comparable Sale #4 is located at the corner of 4th and Minnesota with frontage on both major streets. This parcel is considered to enjoy a choice location within the heart of the financial district. The property was formerly once part of the Minnesota Federal Savings and Loan corporate site. This property was personally appraised by the undersigned for the city in anticipation of a potential acquisition to facilitate development of the Central Corridor LRT which now diagonally traverses through this major block within the heart of the CBD. This property was subject to a purchase option at \$80/SF that was never exercised. The option was originally negotiated in November of 2005.

Comparable Sale #5 is located in a choice location of the CBD at the northwest corner of Wabasha and E. 6th Street, across from Lawson Software. The property was acquired by a European investor/developer that was proposing to develop a hotel at this location. This parcel was also appraised by the undersigned several years prior to being acquired in November 2005. Over the course of the past several decades I had the opportunity to view the development concept plan for this proposal. The buyer of this parcel once held the option to acquire Comparable Sale #4 at \$165.62/SF this is the highest price paid for a parcel of land in the CBD that I am aware of.

Comparable Sale #6 enjoys a prime location in the CBD of Minneapolis located on the south side of Washington Ave S between 3rd and 4th. This is a recent sale acquired for approximately \$80.74/SF. Once adjusted for location and other considerations indicates a value of approximately \$62/SF for the subject.

The appraiser has also accorded consideration to the recent acquisition of the former Eugene McCarthy United States Post Office located at 180 E. Kellogg Blvd. This 17-story building contains 725,228 SF and was recently acquired for \$5.25 million by a local developer. The developer, Jim Stolpestad, is proposing to develop in excess of 250 units and possibly 152 hotel rooms, and other miscellaneous commercial space. The property is located in the historic Lower Town across from the new refurbished Union Depot. The price paid reflects \$72.17/SF of land area.

Currently OPUS Development has an option to purchase two mixed-use commercial buildings on W. 7th Street located within one block of the Xcel Energy Center. The two buildings include 7 Corners Hardware and the adjacent Free at Last Church of God in Christ religious facility. The developer is proposing a 6-story two building complex including hotel, market rate apartments, townhomes, retail, and as much as 300 parking stalls. The property is located on the riverside of W. 7th Street at Chestnut. Since the potential acquisition has not closed neither buyer nor seller would disclose the price. Additional research with other market participants has failed to discover what the offer price

Prior to selecting a final opinion of market value it is appropriate to note that the appraiser has weighed both positive and negative factors which impact the subject property. The positive factors are proximity to the river and views afforded by this natural amenity. The negative factor is the 80' differential in elevation between Kellogg Blvd and the base of the site which indicates that possibly 6-8 stories of a potential commercial structure will face the bluff.

Based upon my analysis of the physical characteristics of the subject property and in consideration of current market conditions I have formed the opinion that a value of \$70/SF is considered appropriate.

Valuation Analysis

153,385 SF (3.5212 acres) @ \$70/SF =	\$10,736,950
Rounded:	\$10,735,000

**TEN MILLION SEVEN HUNDRED THIRTY FIVE THOUSAND DOLLARS
(\$10,735,000)**

The above indication of market value assumes a shovel-ready site available for immediate development with unfettered access.

ADDENDUM

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Property Identification Number (PIN)	06.28.22.13.0219	
Property Address	0 Unassigned	
Municipality	St. Paul	
Watershed	Capital Region W/S	
School District Number	625	
Assessment Date	01-02-2013	01-02-2014
Tax Payable Year	2014	2015
Total Estimated Market Value	\$413,800	\$413,800
Total Taxable Market Value		
Total Estimated Land Value	\$413,800	\$413,800
Total Estimated Building Value		
Property Tax	\$0.00	
Special Assessments	\$0.00	
Total Property Tax + Special Assessments	\$0.00	
Property Class Description	Exempt	Exempt
Year Built		
# of Stories		
Residential		
Finished SQ Feet/Comm, Ind, Apt Bldg Area		
Foundation Size		

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Section / 6-28-22
Township /
Range

Plat Rice&irvines B1-25&42-45&54-56

Legal Description Vac Sts Accruing & Fol Part Of A 100 Ft Rr R/w Across Blks 43 & Blk 44 Desc As Beg At Wly Cor Of Blk 45 Th Nely Along Nwly Line Of Sd Blk 45 To Nly Cor Of Lot 4 Blk 45 Th Sely To Nly Rw Line Of 100 Ft Rr R/w Th Nely Along Sd Nly Rw Line A Dist Of 700 Ft Mol To A Pt On Nwly Line Of Blk 43 Th Nely Along Sd Nwly Line To Most Ely Cor Of Sd Blk 43 Th Swly Along Sely Line Of Sd Blk 43 A Dist Of 33.91 Ft Th S 70 Deg 21 Min 08 Sec W A Dist Of 322.45 Ft Th S 66 Deg 42 Min 33 Sec W A Dist Of 65.4 Ft Th Along A 2435.86 Ft Radius Curve To Left A Dist Of 448.64 Ft Th S 56 Deg 09 Min 23 Sec W A Dist Of 191.89 Ft To Wly Line Of Lot 4 Blk 45 At A Pt Dist 280.82 Ft Sely From Wly Cor Of Blk 42 Th N 28 Deg 44 Min 17 Sec W Along Swly Line Of Blk 45 To Beg Which Lies Ely Of A Line Com At Nw Cor Of Ely 25 Ft Of Lot 5 Blk 21 Th Swly Along Nly Line Of Sd Blk 21 A Dist Of 131.59 Ft To Beg Of Line Th Sely Defl Left 104 Deg 53 Min 10 Sec A Dist Of 350 Ft And There Term



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Property Identification Number (PIN) 06.28.22.13.0219

Property Address 0 Unassigned
St. Paul

Municipality Watershed Capital Region W/S
625

School District Number

Property Recorded As

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Section / Township / Range 6-28-22

Plat Rice&irvines B1-25&42-45&54-56

Legal Description Vac Sts Accruing & Fol Part Of A 100 Ft Rr R/w Across Blks 43 & Blk 44 Desc As Beg At Wly Cor Of Blk 45 Th Nely Along Nwly Line Of Sd Blk 45 To Nly Cor Of Lot 4 Blk 45 Th Sely To Nly Rw Line Of 100 Ft Rr R/w Th Nely Along Sd Nly Rw Line A Dist Of 700 Ft Mol To A Pt On Nwly Line Of Blk 43 Th Nely Along Sd Nwly Line To Most Ely Cor Of Sd Blk 43 Th Swly Along Sely Line Of Sd Blk 43 A Dist Of 33.91 Ft Th S 70 Deg 21 Min 08 Sec W A Dist Of 322.45 Ft Th S 66 Deg 42 Min 33 Sec W A Dist Of 65.4 Ft Th Along A 2435.86 Ft Radius Curve To Left A Dist Of 448.64 Ft Th S 56 Deg 09 Min 23 Sec W A Dist Of 191.89 Ft To Wly Line Of Lot 4 Blk 45 At A Pt Dist 280.82 Ft Sely From Wly Cor Of Blk 42 Th N 28 Deg 44 Min 17 Sec W Along Swly Line Of Blk 45 To Beg Which Lies Ely Of A Line Com At Nw Cor Of Ely 25 Ft Of Lot 5 Blk 21 Th Swly Along Nly Line Of Sd Blk 21 A Dist Of 131.59 Ft To Beg Of Line Th Sely Defl Left 104 Deg 53 Min 10 Sec A Dist Of 350 Ft And There Term

To determine whether your property is Abstract or Torrens, call (651) 266-2050

Roll Type Real Estate

Parcel Size .3800 Acres

Parcel Width

Parcel Depth

01-02-2013

01-02-2014

Assessment Date		
Tax Payable Year	2014	2015
Property Class Description	Exempt	Exempt
<hr/>		
<u>Property Address Mailing Information</u>		
Property Address	0 Unassigned	
Address	St Paul, MN 55102-	
Mail Stop		



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Property Identification Number (PIN)	06.28.22.13.0025	
Property Address	12 Kellogg Blvd W	
Municipality	St. Paul	
Watershed	Capital Region W/S	
School District Number	625	
Assessment Date	01-02-2013	01-02-2014
Tax Payable Year	2014	2015
Total Estimated Market Value	\$36,908,100	\$1,314,700
Total Taxable Market Value		
Total Estimated Land Value	\$1,313,700	\$1,313,700
Total Estimated Building Value	\$35,594,400	\$1,000
Property Tax	\$0.00	
Special Assessments	\$0.00	
Total Property Tax + Special Assessments	\$0.00	
Property Class Description	Exempt	Exempt
Year Built	1979	
# of Stories	7.00	
Residential	122410	
Finished SQ Feet/Comm, Ind, Apt Bldg Area		
Foundation Size		

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Plat Auditor's Subdivision No. 25
Legal Description Subj To Sts & Esmts & Vac Sts Adj; Com On Cl Of St Peter St 69.13 Ft S Of Cl Of Old Third St Th N 80 Deg 45 Min E 30.72 Ft For Beg Th Cont N 80 Deg 45 Min E 311.99 Ft Th S 56 Deg 12min E 11.31 Ft Th S 11 Deg 12 Min E To Rr R/w Th Sw On Rr R/w To Ext Cl Of St Abstract or Peter St Th Nw On Sd Cl 120.53 Ft Th Ne 36.79 Ft To Torrens, call (651) Beg Being Part Of Ne 1/4 Sec 6 T28 R22 & In Aud Sub 266-2050 No 25 Part Of Lots 1 Thru Lot 6



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Property Identification Number (PIN)	06.28.22.13.0227	
Property Address	50 Kellogg Blvd W	St. Paul
Municipality	Capital Region W/S	
Watershed	625	
School District Number		
Assessment Date	01-02-2013	01-02-2014
Tax Payable Year	2014	2015
Total Estimated Market Value	\$19,656,700	\$4,147,900
Total Taxable Market Value		
Total Estimated Land Value	\$4,146,900	\$4,146,900
Total Estimated Building Value	\$15,509,800	\$1,000
Property Tax	\$0.00	
Special Assessments	\$0.00	
Total Property Tax + Special Assessments	\$0.00	
Property Class Description	Exempt	Exempt
Year Built	See Structure Description for detail of buildings.	
# of Stories		
Residential		
Finished SQ Feet/Comm, Ind, Apt Bldg Area		
Foundation Size		

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Section / 6-28-22
Township /
Range

Plat Rice&irvines B1-25&42-45&54-56

Legal Description Subj To St; St Peter St As Vac In Doc No.1784641 All Of Vac Market St As Vac In Doc No. 1817837 & 1925023
To determine Vac Spring St Lying Ely Of A Line Drawn From Most Nly whether your Cor Of Lot 1 Blk 44 To Se Cor Of Lot 1 Blk 21 And Lying property is Wly Of The Center Line Of St Peter St And Nly Of A Line Abstract or Desc As Beg At A Pt On The Centerline Of St Peter St 20 Torrens, call Ft Sly Of The Sly Line Auditor's Subdiv No.25 Thence (651)266-2050 Cont Sly On Sd Centerline 61.31 Ft Thence Swly To A Pt On The Sely Line Of Blk 43 Dist 33.91 Ft From The Most Ely Cor Of Lot 1 Blk 43 And There Term & Part Of Lots 2 & 3 Blk 43 And Vac Market St Adj Lying Nly Of A Line 50 Ft Nly & Par To Centerline Of Ry R/w As Desc In Book 240 Deeds Page 193 And All Of Lots 1 Through 8 Blk 20



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PROPOSED DESCRIPTION FOR PARCEL 2

Lots 1, 2, 3, 4, 5, 6, 7 and 8, Block 20, Rice and Irvine's Addition.

And

Those parts of the following described properties:

Lots 1, 2 and 3, Block 43, said Rice and Irvine's Addition.

And

Lots 1, 2, 3, 4, 5 and 6, Auditors Subdivision No. 25.

And

Spring Street, Water Street, Market Street and Wabasha Street as shown in said Rice and Irvine's Addition, said Auditors Subdivision No. 25, and in City of Saint Paul.

And

The westerly half of St. Peter Street as shown in said plat of Rice and Irvine's Addition.

And

That part of the easterly half of St. Peter Street as shown in said plat of City of St. Paul lying southerly of a line described as beginning at a point on the center line of said St. Peter Street distant 106.08 feet southerly of the center line of Kellogg Boulevard (formerly Third Street) as originally platted, as measured along said center line of St. Peter Street; thence northeasterly deflecting 130 degrees 45 minutes 24 seconds a distance of 36.79 feet to a line distant 62.7 feet southerly of and parallel with said center line of Kellogg Boulevard (formerly Third Street); thence northeasterly, along said parallel line, a distance of 2.47 feet to the easterly line of said St. Peter Street.

And

That part of the Southwest Quarter of the Northeast Quarter of Section 6, Township 28, Range 22, lying easterly of said St. Peter Street and southerly of said Auditor's Subdivision No. 25.

Described as beginning at the northwest corner of said Lot 8; thence North 80 degrees 09 minutes 48 seconds East, assumed bearing, along the northwesterly line of said Block 20 and its northeasterly extension, a distance of 507.78 feet to said center line of St. Peter Street; thence South 34 degrees 57 minutes 06 seconds East, along said center line of St. Peter Street, a distance of 24.51 feet to a point distant 69.13 feet southeasterly of the intersection of said center lines of St. Peter Street and Kellogg Boulevard; thence North 80 degrees 04 minutes 01 seconds East a distance of 342.71 feet; thence South 56 degrees 53 minutes 04 seconds East a distance of 11.31 feet; thence South 11 degrees 52 minutes 59 seconds East a distance of 70.23 feet; thence North 68 degrees 21 minutes 56 seconds East a distance of 30.81 feet; thence South 26 degrees 54 minutes 06 seconds East a distance of 8.23 feet; thence South 70 degrees 26 minutes 54 seconds West a distance of 327.86 feet to a point on said center line of St. Peter Street distant 172.73 feet southeasterly of its intersection with said northeasterly extension of the northwesterly line of Block 20; thence South 70 degrees 46 minutes 39 seconds West a distance of 286.38 feet; thence South 69 degrees 32 minutes 52 seconds West a distance of 322.45 feet, said line hereinafter referred to as "Line A"; thence South 65 degrees 54 minutes 17 seconds West a distance of 21.56 feet to the northeasterly line of Block 44, said Rice and Irvine's Addition; thence North 39 degrees 16 minutes 51 seconds West, along said northeasterly line of Block 44, a distance of 52.57 feet to the most northerly corner of Lot 1, said Block 44; thence North 10 degrees 28 minutes 52 seconds West a distance of 43.20 feet to the southeast corner of Lot 1, Block 21, said Rice and Irvine's Addition; thence North 9 degrees 57 minutes 53 seconds West, along the easterly line of said Lot 1, Block 21, a distance of 144.34 feet to the northeast corner of said Lot 1, Block 21; thence North 60 degrees 42 minutes 13 seconds East a distance of 69.94 feet, along a line hereinafter referred to as "Line B", to a point on the westerly line of said Lot 8 distant 11.20 feet southerly of said northwest corner of Lot 8; thence North 9 degrees 57 minutes 53 seconds West a distance of 11.20 feet to the point of beginning.

Which lie easterly of a line described as commencing at said northeast corner of Lot 1, Block 21; thence North 60 degrees 42 minutes 13 seconds East, along said "Line B", 37.30 feet to the point of beginning of the line to be described; thence South 9 degrees 50 minutes 18 seconds East 36.89 feet; thence South 80 degrees 09 minutes 42 seconds West 4.36 feet; thence South 9 degrees 59 minutes 21 seconds East 62.03 feet; thence North 80 degrees 11 minutes 24 seconds East 24.03 feet; thence South 9 degrees 48 minutes 01 second East 20.98 feet; thence North 79 degrees 57 minutes 18 seconds East 11.25 feet to the westerly line of said Lot 8; thence South 9 degrees 57 minutes 53 seconds East, along said westerly line of Lot 8 and its extension, 117.01 feet to said "Line A" and said line there terminating.

Mississippi River Corridor Critical Area Rulemaking

Comments on Working Draft Rules Accepted through September

On June 2, the DNR issued a request for comments



(RFC) on the Mississippi River Corridor Critical Area (MRCCA) working draft rules. The RFC established a comment deadline of August 15, 2014. Since publishing the RFC, DNR has received several requests for additional time to comment. Given that this is an informal phase of the rulemaking process, DNR will continue to accept comments through September 30, 2014. However, DNR staff will begin revising the working draft rules in mid-August. We encourage interested parties to submit comments by August 15 or as soon thereafter as possible. Comments received closer to August 15 will be more helpful as we identify specific topics for additional consultation and develop revisions to the working draft rules.

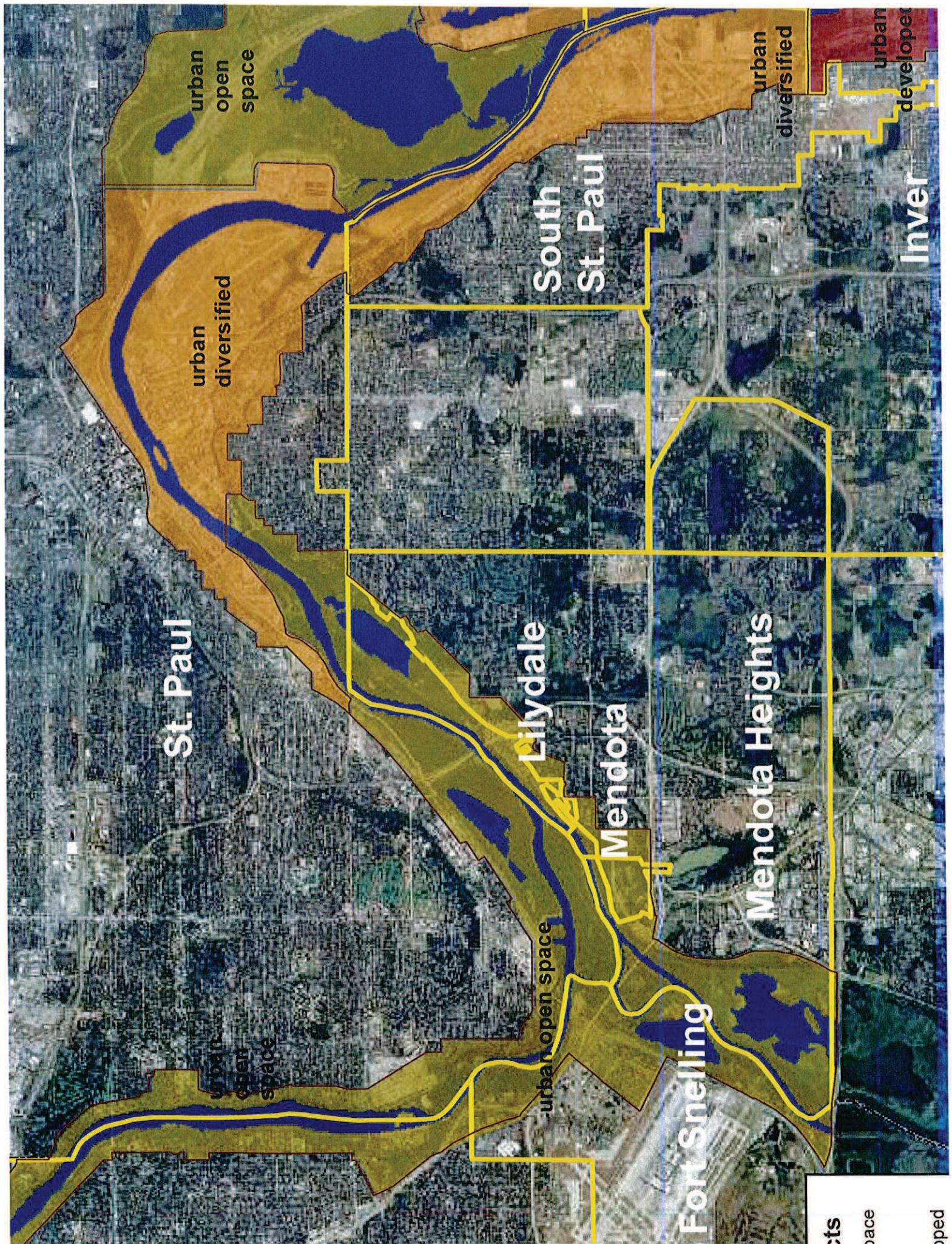
The Mississippi River Corridor Critical Area (MRCCA) is a unique land corridor along the Mississippi River within the seven-county metropolitan area. Land development in the 54,000-acre corridor is currently guided by state regulations that are implemented through local plans and zoning ordinances.

The MRCCA was established in the 1970s by Executive Order, a type of state regulation that cannot be readily changed or updated. In 2009, the Minnesota Legislature directed the DNR to establish rules to replace the outdated standards in the Executive Order. The rulemaking process was put on hold in 2011 and the DNR's authority expired. In 2013, the Legislature restored DNR's rulemaking authority and made changes to the statutory language guiding rule development to better address local government concerns.

What do the proposed rules mean for local governments, homeowners, and businesses within the MRCCA? Local governments will eventually need to update their plans and ordinances for this area. Most homeowners and businesses should see little if any change in their status.

For more information, and to comment on the working draft rules, see below.

[MRCCA Program Page](#) | [Rulemaking Page](#)



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Overview of Mississippi River Corridor Critical Area Program and Rulemaking Effort

History of the Mississippi River Corridor Critical Area

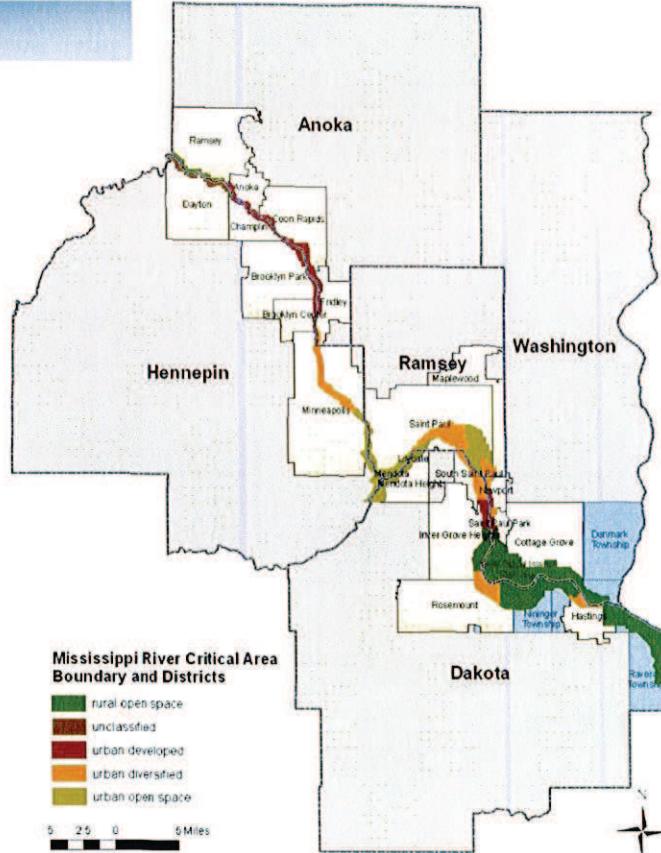
- 1973 Minnesota passes Critical Areas Act of 1973 (MN Statutes, Chapter 116G)
EQB adopts rules to implement Act (MN Rules, parts 4410.8100 – 4410.9910)
- 1976 Mississippi River and adjacent corridor designated a state critical area by Governor Wendell Anderson (Executive Order No. 130)
- 1979 Designation continued by Governor Albert Quie (Executive Order 79-19)
Metropolitan Council acts to make designation permanent (Resolution 79-48)
- 1988 Mississippi National River and Recreational Area (MNRRA) established by Congress as unit of NPS (MNRRA shares same boundary as Mississippi River Corridor Critical Area)
- 1991 MNRRA designated a state critical area per Critical Areas Act (MN Statutes, section 116G.15)
- 1995 Responsibility shifts from EQB to DNR by Governor Arne Carlson (Reorganization Order 170)
- 2007 Legislature directs DNR to prepare report on the Mississippi River Corridor Critical Area (Completed January 2008)
- 2009 Legislature amends MN Statutes, section 116G.15 and directs DNR to conduct rulemaking for the Mississippi River Corridor Critical Area (MN Laws 2009, Chapter 172, Article 2, Section 5.e.)
- 2011 DNR develops draft rule after participatory stakeholder process, but rulemaking authority lapses
- 2013 Legislature directs DNR to resume rulemaking process in consultation with local governments

Current Status

- 30 communities along corridor (21 cities, 5 counties, 4 townships) + several quasi-governmental entities.
Most have adopted critical area plans and ordinances.
- EO 79-19 establishes four land use districts:
 - Rural Open Space
 - Urban Open Space
 - Urban Developed
 - Urban Diversified
- EO 79-19 establishes performance standards and guidelines for each land use district.
- Local government units (LGUs) administer and enforce a variety of plans and regulations to meet the performance standards.
- The critical area is cooperatively managed:

DNR Role: Adopts rules, reviews/approves plans and ordinances, and may review and comment on actions requiring a public hearing.

NPS Role: Has provided funding assistance to local, regional, and state agencies; encourages LGUs to incorporate voluntary MNRRA policies into plans; and provides stewardship, education, and historical and cultural resource protection.



Met Council Role: Reviews plans for consistency with regional policies, EO 79-19, and MNRRA policies and submits recommendation to DNR; and provides assistance to LGUs adopting or amending plans.

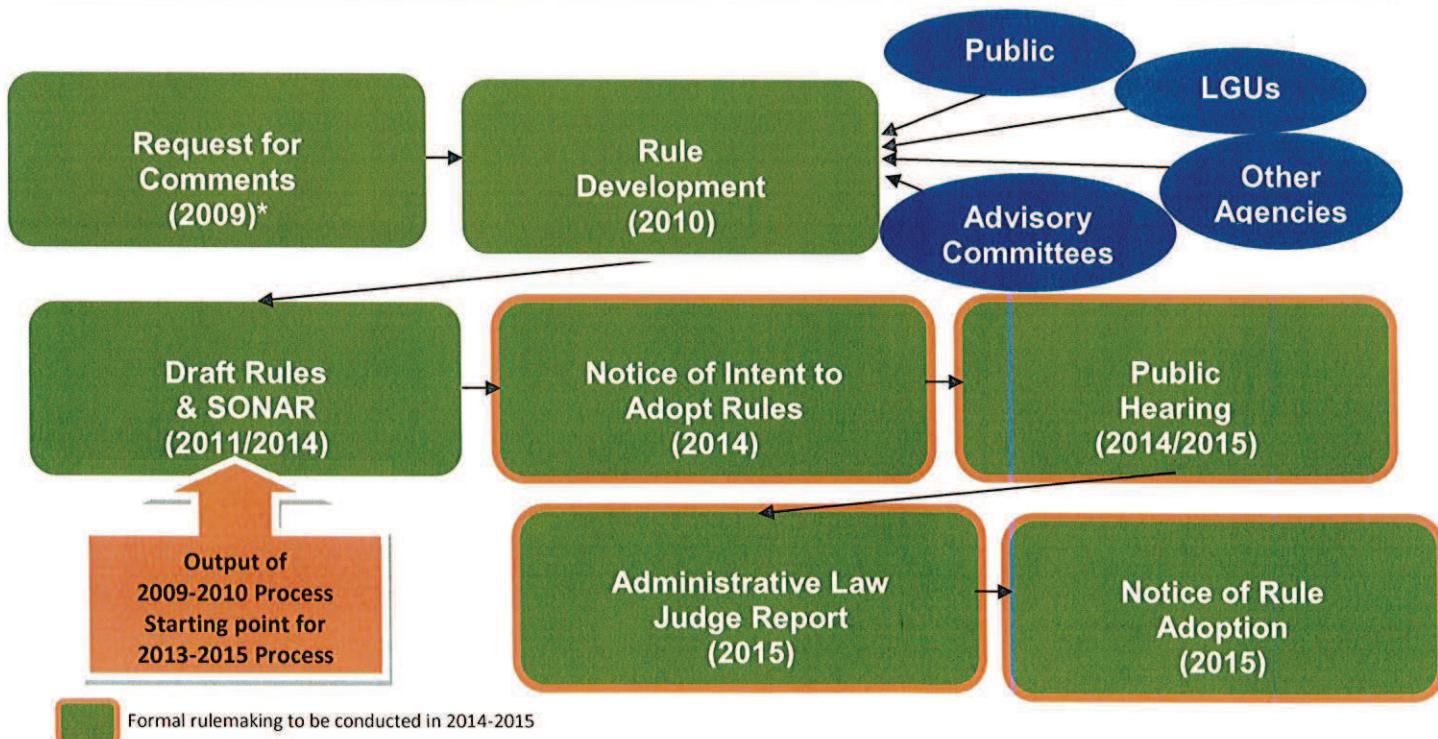
LGU Roles: Adopt DNR-approved plans and ordinances, and administer and enforce them.

Key Points of 2009 and 2013 Legislation

The legislation authorizes the DNR to adopt rules and requires the DNR to:

- establish, by rule, districts within the Mississippi River Corridor Critical Area. The DNR must:
 - determine appropriate number of districts within each municipality,
 - take into account municipal plans and policies, and existing ordinances and conditions, and
 - consider protection of key identified resources and features.
- establish, by rule, minimum guidelines and standards for the districts to protect key resources and features and use them when approving plans and regulations and reviewing development permit applications.
- consult with local governments prior to rule adoption (new in 2013).
- protect existing commercial, industrial and residential uses (new in 2013).
- 2009 legislation required preparation of a preliminary bluff map; this requirement was eliminated in 2013, but protection of bluffs and related features remains a priority.

General Overview of State Rulemaking Process (MN Statutes, Chapter 14)



*The DNR re-published a Request for Comments on June 2, 2014 and will continue to involve local governments, interest groups, other agencies, and the public in improving and refining the draft rules. The DNR also intends to hold a public hearing as part of the formal rulemaking process.

For more information, including a detailed 2013-2015 rulemaking schedule, visit the project website: http://mndnr.gov/waters/watermgmt_section/critical_area/rulemaking.html

2013 Minnesota Statutes

116G.15 MISSISSIPPI RIVER CORRIDOR CRITICAL AREA.

Subdivision 1. Establishment; purpose. The federal Mississippi National River and Recreation Area established pursuant to United States Code, title 16, section 460zz-2(k), is designated an area of critical concern in accordance with this chapter. The purpose of the designation is to:

(1) protect and preserve the Mississippi River and adjacent lands that the legislature finds to be unique and valuable state and regional resources for the benefit of the health, safety, and welfare of the citizens of the state, region, and nation;

(2) prevent and mitigate irreversible damages to these state, regional, and natural resources;

(3) preserve and enhance the natural, aesthetic, cultural, and historical values of the Mississippi River and adjacent lands for public use and benefit;

(4) protect and preserve the Mississippi River as an essential element in the national, state, and regional transportation, sewer and water, and recreational systems; and

(5) protect and preserve the biological and ecological functions of the Mississippi River corridor.

Subd. 2. Administration; duties. (a) The commissioner of natural resources, after consultation with affected local units of government within the Mississippi River corridor critical area, may adopt rules under chapter 14 as are necessary for the administration of the Mississippi River corridor critical area program. Duties of the Environmental Quality Council or the Environmental Quality Board referenced in this chapter, related rules, and the governor's Executive Order No. 79-19, published in the State Register on March 12, 1979, that are related to the Mississippi River corridor critical area shall be the duties of the commissioner. All rules adopted by the board pursuant to these duties remain in effect and shall be enforced until amended or repealed by the commissioner in accordance with law. The commissioner shall work in consultation with the United States Army Corps of Engineers, the National Park Service, the Metropolitan Council, other agencies, and local units of government to ensure that the Mississippi River corridor critical area is managed as a multipurpose resource in a way that:

(1) conserves the scenic, environmental, recreational, mineral, economic, cultural, and historic resources and functions of the river corridor;

(2) maintains the river channel for transportation by providing and maintaining barging and fleeting areas in appropriate locations consistent with the character of the Mississippi River and riverfront;

(3) provides for the continuation, development, and redevelopment of a variety of urban uses, including industrial and commercial uses, and recreational and residential uses, where appropriate, within the Mississippi River corridor;

(4) utilizes certain reaches of the river as a source of water supply and as a receiving water for properly treated sewage, storm water, and industrial waste effluents; and

(5) protects and preserves the biological and ecological functions of the corridor.

(b) The Metropolitan Council shall incorporate the standards developed under this section into its planning and shall work with local units of government and the commissioner to ensure the standards are being adopted and implemented appropriately.

(c) The rules must be consistent with residential nonconformity provisions under sections 394.36 and 462.357.

Subd. 3. Districts. The commissioner shall establish, by rule, districts within the Mississippi River corridor critical area. The commissioner must seek to determine an appropriate number of districts within any one municipality and take into account municipal plans and policies, and existing ordinances and conditions. The commissioner shall consider the following when establishing the districts:

- (1) the protection of improvements such as parks, trails, natural areas, recreational areas, and interpretive centers;
- (2) the use of the Mississippi River as a source of drinking water;
- (3) the protection of resources identified in the Mississippi National River and Recreation Area Comprehensive Management Plan;
- (4) the protection of resources identified in comprehensive plans developed by counties, cities, and towns within the Mississippi River corridor critical area;
- (5) management of the river corridor consistent with its natural characteristics and its existing development and in consideration of potential new commercial, industrial, and residential development; and
- (6) identified scenic, geologic, and ecological resources.

Subd. 4. Standards. (a) The commissioner shall establish, by rule, minimum guidelines and standards for the districts established in subdivision 3. The guidelines and standards for each district shall include the intent of each district and key resources and features to be protected or enhanced based upon paragraph (b). The commissioner must take into account municipal plans and policies, and existing ordinances and conditions when developing the guidelines in this section. The commissioner may provide certain exceptions and criteria for standards, including, but not limited to, exceptions for river access facilities, water supply facilities, storm water facilities, and wastewater treatment facilities, and hydropower facilities.

(b) The guidelines and standards must protect or enhance the following key resources and features:

- (1) floodplains;
- (2) wetlands;
- (3) gorges;
- (4) areas of confluence with key tributaries;
- (5) natural drainage routes;
- (6) shorelines and riverbanks;
- (7) bluffs;
- (8) steep slopes and very steep slopes;
- (9) unstable soils and bedrock;
- (10) significant existing vegetative stands, tree canopies, and native plant communities;
- (11) scenic views and vistas;
- (12) publicly owned parks, trails, and open spaces;
- (13) cultural and historic sites and structures;
- (14) water quality; and
- (15) commercial, industrial, and residential resources.

Subd. 5. Application. The standards established under this section shall be used:

- (1) by local units of government when preparing or updating plans or modifying regulations;
- (2) by state and regional agencies for permit regulation and in developing plans within their jurisdiction;
- (3) by the Metropolitan Council for reviewing plans and regulations; and
- (4) by the commissioner when approving plans and regulations, and reviewing development permit applications.

Subd. 6. Notification. A local unit of government or a regional or state agency shall notify the commissioner of natural resources of all developments in the corridor that require discretionary actions under their rules at least ten days before taking final action on the application. The commissioner may establish exemptions from the notification requirement for certain types of applications. For purposes of this section, a discretionary action includes all actions that require a public hearing, including variances, conditional use permits, and zoning amendments.

Subd. 7. Rules. The commissioner shall adopt rules to ensure compliance with this section. By January 15, 2010, the commissioner shall begin the rulemaking required by this section under chapter 14. Notwithstanding sections 14.125 and 14.128, the authority to adopt these rules does not expire.

History: 1991 c 303 s 8; 1994 c 639 art 6 s 1; 1995 c 254 art 1 s 71; 2009 c 172 art 2 s 27; 2013 c 137 art 2 s 18-21

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PROFESSIONAL QUALIFICATIONS

DWIGHT W. DAHLEN, MAI, SRA

DAHLEN, DWYER & FOLEY, INC.
55 East 5th Street, Suite 1350
St. Paul, MN 55101

Telephone: (651) 224-1381
Facsimile: (651) 223-5736
ddahlen@dahlenanddwyer.com

EDUCATION

- Macalester College, St. Paul, Minnesota, Bachelor of Arts, Economics, 1971
- St. Paul Technical Vocational Institute, St. Paul, MN, Construction Cost Estimating, 1976-1977

Professional Real Estate Studies

- A.I.R.E.A. Course IA: "Principals", 1973
- A.I.R.E.A. Course IB: "Capitalization Theory", 1974
- A.I.R.E.A. Course II: "Urban Properties", 1975
- A.I.R.E.A. Course VI: "Investment Analysis", 1976
- S.R.E.A. Course 101: "Introduction to Appraising", 1972
- S.R.E.A. Course 301: "Special Applications of Appraisal Analysis", 1976
- S.R.E.A. Course 101: "Instructors Clinic-Purdue University", 1976
- Standards of Professional Practice Part A, Appraisal Institute, 1992
- Standards of Professional Practice Part B, Appraisal Institute, 1992
- Standards of Professional Practice Part C, Appraisal Institute, 9/1997
- CCIM-CI101: Fundamentals of Real Estate Investments
- CCIM-CI102: Fundamentals of Analyzing Real Estate Opportunities
- CCIM-CI103: Advance Real Estate Taxation and Marketing Tools
- Appraisal Institute - Course 710: Condemnation Appraising, Basic Principles and Application
- ASFMRA: Foundations of Appraisal Review (A360), Portland, Oregon, October 2006
- ASFMRA: Appraisal Review under UASFLA (A380), Salt Lake City, May 2006
- ASFMRA: Advanced Appraisal Review Case Studies (A390), Salt Lake City, May 2006
- A-370 Appraisal Review under USPAP, St. Cloud, Spring 2007
- Valuation of Conservation Easements, Tulsa, OK, March 2008; Land Trust Alliance Appraisal Institute
- Appraising Distressed Commercial Real Estate; Appraisal Institute, November 2009

PROFESSIONAL MEMBERSHIPS AND ASSOCIATIONS

American Institute of Real Estate Appraisers, MAI, 11/1977
Society of Real Estate Appraisers, SRA, 1975
Society of Real Estate Appraisers, SRPA, 7/1976
Society of Real Estate Appraisers, SREA, 1987
Past Officer, Director/President: St. Paul Chapter of Society of Real Estate Appraisers
Past Regional Vice Governor, Society of Real Estate Appraisers
Past Instructor, Society of Real Estate Appraisers for Course 101
Bloomington Development Council (B.D.C.) - Developed The Gideon Pond Senior Housing Campus
Past Member, National Admissions Committee, Appraisal Institute
Past Member, National Experience Review Committee, Appraisal Institute
Member, Regional Review and Counseling Committee, Appraisal Institute
Member, City of Bloomington, Board of Appeal and Equalization
Uniform Appraisal Standards for Federal Land Acquisitions, Appraisal Institute, 1/2010

SEMINARS

Have attended a minimum of 20 hours of continuing education since 1972. Following are the most recent:

- Subdivision Analysis: The Appraisal Institute, 4/1994
- Eminent Domain-Advanced Income Capitalization: The Appraisal Institute, 5/1997
- Condemnation: The Appraisal Institute, 5/1999
- Retail Properties: The Appraisal Institute, 3/1999
- Asset Valuation: Minnesota Institute Legal Education, 11/1998
- Federal Land Exchanges and Acquisitions, 7/2000 - Duluth, MN
- Business Valuations: St. Thomas University, American Society of Appraisers, 1/2002
- Separating Real and Personal Property from Intangible Business Assets, 7/2003
- Course 400 National Uniform Standards of Professional Appraisal Practice (USPAP) Update Course, February 16, 2004
- MnDOT R/W Conference: Breezy Point, September 20, 2005
- Evaluating Commercial Construction: Appraisal Institute, U of M, January 25-26, 2005
- Appraising Agricultural Lands in Transition, ASFMRA, Spearfish, SD, 9/2005
- USPAP Update Course, Appraisal Institute, 3/2006; 2008; 2010; 4/2011
- Business Practices & Ethics, Appraisal Institute, 7/2011
- Appraising the Appraisal – Appraisal Review, Appraisal Institute, 11/2011
- Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets, 4/2012
- Marketability Study, Advanced Considerations and Applications, Appraisal Institute, 11/2013
- 2014 Real Estate Outlook, 1/2014

PROFESSIONAL EXPERIENCE

- Staff Appraiser, Minnesota Federal Savings & Loan, 1972-1976
- Independent Real Estate Appraiser with O.J. Janski, Minneapolis, 1976-1977
- Established Dahlen & Dwyer, Inc., 1978
- Contract Review Appraiser, State of Minnesota, Department of Trade & Economic Development
- Contract Review Appraiser, Department of Natural Resources, State of Minnesota
- Qualified as Expert Witness in several Courts of Jurisdiction involving all aspects of litigation, condemnation, real estate tax, estate tax, fraud, easement acquisitions, special assessment benefits, analysis

Appraisal Assignments have been prepared for the following:

- | | |
|---|---|
| <ul style="list-style-type: none">• Construction financing• Mortgage financing• Condemnation/litigation• Real estate owned portfolio valuation• Conservation Easements• Real estate tax abatement• Estate tax valuation• Easement acquisition analysis | <ul style="list-style-type: none">• Special assessment - benefit• Partial takings• Partnership dissolution• Leased fee valuation• Leasehold valuation• Fair market rental analysis• Rental value of transportation corridors• Government acquisition |
|---|---|

Property Types Appraised:

- Apartment complexes, 8-1300 units
- Condo/townhomes
- Shopping centers
- Industrial buildings
- Office/showroom buildings
- Full service motels
- Medical office buildings
- Retail properties
- Financial institutions
- Churches
- Agricultural land
- Recreational properties
- Automobile dealerships
- Office buildings
- Shopping malls
- Office/warehouse
- Limited service motels
- Auto service centers
- Medical clinics
- Restaurants
- Schools
- Subdivision land
- Vacant land
- Mini-storage facilities
- Conservation Easement

PARTIAL LIST OF CLIENTS

Financial Institutions:

Western Bank
Anchor Bank
BankCherokee
Lasalle National - Chicago
Bremer Bank
M & I Bank
TCF Bank
Associated Bank
Premier Bank
Franklin National Bank
Maple Bank
Zion National Bank

Non-Profit/Education:

St. Paul Public Schools
University of Minnesota
Presbyterian Homes of Minnesota
Common Bond Communities

Conservation Groups

Nature Conservancy
MN Parks & Trails Council
The Trust for Public Land

Corporations:

Burlington Northern/Santa-Fe Railroad
Chrysler Realty Corporation

Law Firms:

Briggs & Morgan
Moss & Barnett
Winthrop & Weinstine
Lindquist & Vennum
Dave Vanney
Malkerson & Gilliland

Government:

St. Paul Port Authority
City of St. Paul
City of Bloomington
Minnesota Depart.of Natural Resources
State of Minnesota
Internal Revenue Service
Washington County
US Fish & Wildlife Service
US Postal Service
US Department of HUD
Stearns County
McLeod County
Crow Wing County
Goodhue County
Martin County
Brown County
Beltrami County
Becker County
Kandiyohi County
Stearns County
Wright County
Blue Earth County

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