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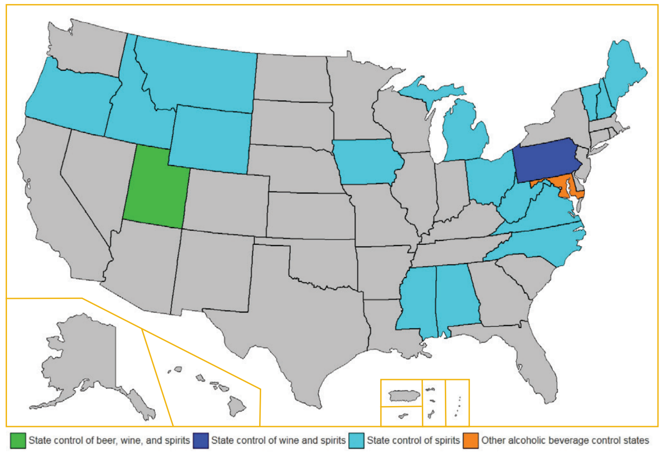
Economic Benefits Provided by Municipal Liquor Stores

by Joshua Johnson

The 21st Amendment to the U.S. Constitution was ratified on December 5, 1933, effectively repealing the 18th Amendment, and ending nationwide prohibition on the sale of alcoholic beverages. This transferred liquor control from federal oversight to state oversight. Many states immediately sought to privatize the retail sale of liquor, while several retained the ability to "control" the retail sale at the state level, including continuing total prohibition on the sale of alcoholic beverages in their states. Today, 17 control states, identified in the map below, retain some amount of government monopoly on the distribution and sale of some or all alcoholic beverages.



Source: Wikipedia.org

States that Control Alcoholic Beverages

Soon after the December 1933 ratification of the 21st Amendment, Minnesota passed the Liquor Control Act, which was established to control the manufacture, distribution and sale of alcoholic beverages (the three-tier system that remains in effect to this day).

At the time, Minnesota decided not to become a control state, but instead permitted the counties to determine whether alcoholic beverages could be sold in their communities or not. This resulted in dry counties existing in Minnesota well after the end of Prohibition.

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Market Trends and Value Indicators

Office Buildings—Downtown	→	0.0%
Office Buildings—Suburban	→	0.0%
Retail Centers	→	2.0%
Industrial Buildings	→	2.0%
Apartments	→	2.0%
New Housing Starts—Midwest*	↓	1.5%
Productivity**	↑	1.1%
US Unemployment***	↓	4.1%
Consumer Confidence Index****	↑	128.7%

Statistics reflect year-over-year value change from 4Q 2016 through 4Q 2017
*Full year 2016 to 2017
**YoY 4Q 2017
***March 2018
****April 2018

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Market Trends and Indicators

Economic Indicator

New Housing Starts— Midwest Yearly Totals	2012	2013	2014	2015	2016	2017	YTD April 2018
	127,900	149,600	165,200	152,600	182,300	179,600	27,700

P/E Ratios in Select Industries

Industry (by year)	2011	2012	2013	2014	2015	2016	2017	2018
Basic Materials	16.0	10.7	10.4	11.87	*	*	*	*
Construction	5.8	6.5	7.1	6.0	5.2	3.7	4.8	3.5
Manufacturing	10.4	10.2	9.4	9.8	16.4	7.1	7.93	6
Wholesale Trade	8.3	7.4	9.6	8.5	7.1	6.1	6.8	10.1
Retail Trade	4.9	5.1	6.2	6.3	5.0	4.0	6.9	5.3
Transportation & Warehousing	5.9	5.6	5.6	5.8	5.2	3.4	6.3	*
Information	11.5	11.3	6.8	15.2	6.1	7.1	21.11	*
Finance & Insurance	7.2	6.4	7.1	8.1	5.2	16.5	8	*
Professional Services	10.2	7.3	7.9	9.9	5.9	5.2	13.2	8.4
Healthcare	9.3	5.2	6.9	6.6	7.1	6.9	5.78	*

Data Current as of May 1, 2018 *Insufficient data

Economic Indicators

Indicator	2010	2011	2012	2013	2014	2015	2016	2017	2018
Inflation	1.6%	3.2%	2.1%	1.5%	1.6%	0.1%	1.3%	2.1%	2.4%
Labor Productivity	3.3%	0.1%	0.9%	0.3%	1.0%	1.3%	-0.1%	1.2%	1.1%
GDP	3.0%	1.7%	2.2%	1.9%	2.4%	2.4%	1.6%	2.9%	2.3%
Consumer Confidence	62.0	70.8	72.2	78.1	92.6	115.3	113.7	122.1	128.7

Data shows year-over-year growth of annual figures from March 2018, 4Q 2017, 1Q 2018, and April 2018, respectively

Unemployment

	2005	2010	2011	2012	2013	2014	2015	2016	2017	March 2018
US	**5.1%**	**9.6%**	**8.9%**	**8.1%**	**7.4%**	**6.2%**	**5.3%**	**4.9%**	**4.4%**	**4.1%**
Northeast	4.8%	8.7%	8.2%	8.1%	7.5%	6.2%	5.3%	4.8%	4.5%	4.5%
Midwest	5.4%	9.5%	8.4%	7.4%	7.2%	5.8%	4.8%	4.7%	4.1%	3.9%
South	5.0%	9.3%	8.8%	7.7%	7.0%	6.0%	5.3%	4.9%	4.3%	4.0%
West	5.2%	11.0%	10.3%	9.2%	8.0%	6.7%	4.7%	5.1%	4.5%	4.2%
Minnesota	**4.1%**	**7.4%**	**6.5%**	**5.6%**	**5.0%**	**4.2%**	**3.7%**	**3.9%**	**3.5%**	**3.8%**

Rates of Return and Risk Hierarchy

Investment	
30 Year Treasury	3.13%
Aaa Bond	3.99%
Bbb Bond	4.31%
Commercial Mortgage	4.5–5.5%
Institutional Real Estate	5.75–7.0%
Non-Institutional Real Estate	8.0–10.0%

Investment	
S & P Equity (Duff & Phelps)	10.03%
Equipment Finance Rates	10.0–12.0%
Speculative Real Estate	11.0–16.0%
NYSE/OTC Equity (Duff & Phelps)	13.70%
Land Development	12.0–25.0%
NYSE Sm Cap. Equity (Duff & Phelps)	16.72%

As of May, 2018

Sources: United States Census Bureau, Pratt's Stats®, Bureau of Labor Statistics, Bureau of Economic Analysis, The Conference Board, Yahoo Finance, Duff & Phelps. Shenehon Company makes every effort to ensure the accuracy of the information published in *Valuation Viewpoint*. Shenehon Company uses only those sources it determines are accurate and reliable, but makes no guarantee with regard to the information presented.

Economic Benefits Provided by Municipal Liquor Stores *continued from page 1*

In 1957, the Minnesota Legislature passed the city option, which allowed cities to determine how liquor sales would be handled at the city level, as opposed to the county level, with the municipality controlling the retail sales channel. City leaders soon realized that budgets benefited from this source of meaningful non-tax revenues, and the commercialization of the distribution of alcoholic beverages transformed many of the municipal liquor operations into the professionally run organizations seen today. The Liquor Control Act was re-codified by the Minnesota Legislature in 1985 into Minnesota Statute 340, which governs the laws still in effect, with 340A.601 overseeing municipal liquor operations. This resulted in certain cities in Minnesota becoming “control” cities, for which the city has a complete monopoly on the retail sale of alcoholic beverages within their city’s borders.

As of 2016, the Office of the State Auditor noted that there were 195 Minnesota cities (out of 853) operating 228 municipal liquor stores. Of the 195 cities with municipal operations, only 19 cities located within the Seven-County Metro Area own and operate liquor establishments. The State Auditor noted that the metro area liquor operators accounted for only 9.7% of the municipal liquor store count but represented 34.5% of total sales and 26.5% of total profits. Metro area sales totaled $118.8 million, or about $6.3 million per city; profits totaled $6.0 million, or 5.3% of sales with the average city earning $315,000. Only one city, Savage, operated at a loss, with the majority earning profits of 2.0% to 6.0%.

There are many opinions on whether cities should be in the liquor business. Proponents of free markets do not believe governments belong operating a for

Metro Area Municipal Liquor Operations

City	Population	Revenue	Gross Profit	Gross Margin	Operating Income	Net Profit	Transfers	Percent of Revenue
Anoka	17,995	$4,117,403	$933,286	22.7%	$68,454	1.7%	$30,000	0.7%
Apple Valley	51,338	$8,738,804	$2,567,113	29.4%	$884,539	10.1%	$630,000	7.2%
Brooklyn Center	31,231	$6,197,094	$1,585,175	25.6%	$119,385	1.9%	$138,935	2.2%
Columbia Heights	20,158	$8,468,098	$2,076,008	24.5%	$389,495	4.6%	$158,818	1.9%
Eden Prairie	63,163	$10,747,887	$3,014,559	28.0%	$304,690	2.8%	$700,000	6.5%
Edina	51,804	$12,937,092	$3,311,877	25.6%	$806,838	6.2%	$700,000	5.4%
Farmington	22,343	$4,742,313	$1,204,455	25.4%	$293,381	6.2%	$204,113	4.3%
Fridley	28,631	$5,439,423	$1,463,081	26.9%	$432,912	8.0%	$338,500	6.2%
Lakeville	60,965	$14,130,830	$3,464,143	24.5%	$1,010,815	7.2%	$1,074,318	7.6%
Lexington	2,018	$3,253,035	$752,515	23.1%	$162,989	5.0%	$75,000	2.3%
Mound	9,371	$3,046,662	$776,374	25.5%	$198,651	6.5%	$57,405	1.9%
Richfield	36,338	$10,457,318	$2,628,351	25.1%	$493,359	4.7%	$382,210	3.7%
Robbinsdale	14,704	$3,439,771	$894,389	26.0%	$86,848	2.5%	$150,000	4.4%
Rogers	12,539	$3,360,303	$994,120	29.6%	$229,974	6.8%	$212,749	6.3%
Saint Anthony	9,234	$5,822,783	$1,354,717	23.3%	$204,345	3.5%	$249,049	4.3%
Saint Francis	7,400	$2,131,490	$549,996	25.8%	$123,100	5.8%	$60,000	2.8%
Savage	30,285	$3,803,734	$929,950	24.4%	-$64,580	-1.7%	$0	0.0%
Spring Lake Park	6,406	$2,111,698	$557,385	26.4%	$70,779	3.4%	$75,000	3.6%
Wayzata	4,678	$5,841,519	$2,854,158	48.9%	$470,814	8.1%	$32,850	0.6%
Total		$118,787,257	$31,911,652	26.9%	$6,286,788	5.3%	$5,268,947	4.4%

Source: Minnesota Office of the State Auditor, fiscal year ended 2016

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Economic Benefits Provided by Municipal Liquor Stores *continued from page 3*

profit business, while the cities themselves rely on the additional income to balance budgets. However, what really matters is whether the residents and taxpayers of the cities with municipal liquor operations see some form of economic benefit from the presence of the city owned liquor stores. Measures of success in a private liquor store are return on equity and return of capital, both of which are conveyed via profits. City managers, as stewards of a city's financial resources, have a fiduciary responsibility to generate profits from their liquor operations. Minnesota state law requires cities that incur losses in two of the last three years to hold a public hearing on the future direction of municipal liquor operations.

Returning to the State Auditor data, with the profits generated from liquor operations, cities can choose to reinvest back into the liquor operation or provide a transfer to the city's general budget. This is equivalent to a private company making a distribution or dividend payment. Transfers totaled $5.3 million in 2016 for the 19 metro area municipalities, or 4.4% of revenues. With these transfers, cities were able to accomplish many stated tasks, such as Anoka using its transferred liquor profits to benefit the city park system, or Edina using its transferred profits to reduce the cost of city services, or Lakeville using its transferred profits to purchase equipment for the city. What often goes unstated, is that these profits are used to directly reduce the property tax burden for the taxpayers. Without municipal liquor profits, cities would need to either reduce their budgets or increase their fees and property taxes. Raising property taxes is an especially contentious topic, and thus cities utilize the profits to fund portions of the budget.

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Shenehon's independent research into municipal liquor operations revealed that in general, they do not operate any differently than a private liquor store. Municipal liquor stores must abide by Minnesota liquor laws, including opening and closing hours, follow the same three-tier distribution model, remit retail sales tax to the Department of Revenue, and cannot charge materially different prices than the private competition and reasonably expect to maintain their customer base. The entrance of Total Wine into the Minnesota market has had the single largest impact on both private and public liquor stores, with prices being lowered on all fronts in an effort to remain competitive. In our research, we found that where municipal operations differ from the private competition, is they have a larger retail store footprint, feature a broader selection of products, carry significantly less debt, and are generally more profitable than the private competition. The Risk Management Association noted in its 2017-2018 Annual Statements Study that the median profit for private liquor stores of all sizes was 3.2%, compared to 5.3% for the municipal operations.

The economic benefits afforded metro area residents and taxpayers in cities with municipal liquor stores is a lower tax burden as a result of the municipal liquor stores generating profits. They also benefit from a publicly owned asset that generates an economic return on equity and provides a return of capital, putting taxpayer dollars to productive use. Residents and taxpayers alike benefit from possessing an investment that provides for parks, streets, lights, equipment, and more, all purchased with profits generated by the municipal liquor store rather than paid for by direct taxation.

Marketview 2Q 2018

According to the April 18, 2018 edition of the Federal Reserve's Beige Book, the economy of the United States continued to expand in the first quarter of 2018 at a modest to moderate pace. Consumer spending, manufacturing, and residential construction all expanded across the nation, though low home inventories are still a problem across much of the nation. Transportation services expanded, with increases in port/rail/air traffic across the nation. Agricultural conditions across the nation remained hampered by drought conditions. The energy sector has grown, except for the Richmond District, where coal production stayed flat and natural gas production fell.

Overall, most districts indicated a modest to moderate pace of economic growth, and the overall economic outlook for the United States economy for the remainder of 2018 is positive, though concerns have sprung up in the manufacturing, transportation, and agriculture sectors about tariffs that have been recently imposed or proposed.

Nationally, employment rose slowly in the first quarter of 2018, though the slow pace in job growth has been mostly due to tight labor markets in numerous industries. The trend of high-skill jobs struggling to fill openings continued in some districts, with the problem of finding qualified labor extending into lower-skilled positions in some locations as well. This tightness in the labor market drove wage increases, a trend expected to continue through 2018.

The Federal Reserve Bank of Minneapolis covers the Ninth District of the Federal Reserve, which includes the states of Minnesota, North Dakota, South Dakota, Montana, and western Wisconsin. Economic projections for the Ninth District in early 2018 are generally strong, with wage growth expected to continue in the range of three percent throughout the year, building off the momentum of a tightening employment market.

Consumer spending in the district has grown moderately since the last Beige Book release, despite the trends of retail closures observed throughout the nation. For the Minneapolis-St. Paul area specifically, the Super Bowl (held February 4th) led to a temporary boost to hotel occupancy and revenue rates, though the hotel market has since returned to normal.

With the overall economy preforming well, both commercial and residential construction were relatively strong in the Minneapolis-St. Paul metropolitan area. Overall, economic conditions have generally been better in Minneapolis-St. Paul than the surrounding district.

In the most recent economic outlook provided by the Minnesota Office of Management and Budget (released February 2018), total wage and salary growth of 4.8% is projected to occur in 2018, rising to 5.5% in 2019, as a strong demand for employees combined with a tight labor market continues to coax wages upward.

In the most recent economic outlook provided by the Minnesota Office of Management and Budget (released February 2018), total wage and salary growth of 4.8% is projected to occur in 2018, rising to 5.5% in 2019, as a strong demand for employees combined with a tight labor market continues to coax wages upward. Wage growth is anticipated to outpace inflation over that period. The population of the state is anticipated to rise by 0.7% over the course of 2018, while housing permits issued rise by 1.4%. Overall, the economic health of the State of Minnesota in coming years is projected to remain strong, though considerable uncertainty remains, mostly due to national economic factors.

Throughout 2017, the national manufacturing sector fluctuated, due in part to poor performance from some industries within the sector. According to the ISM Report on Business, the PMI (Purchasing Managers' Index) was recorded at 59.3% in March

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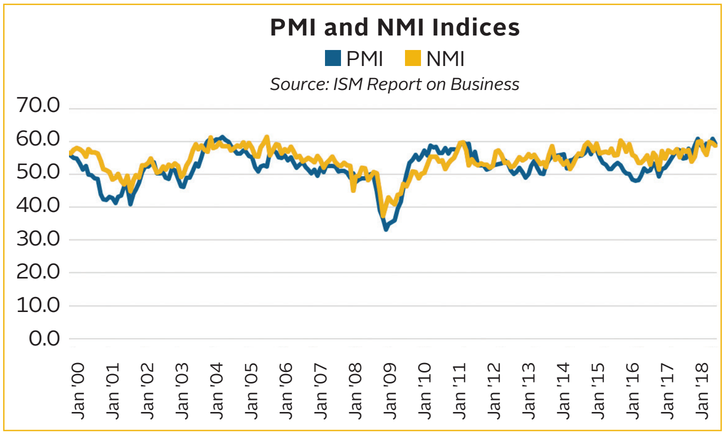
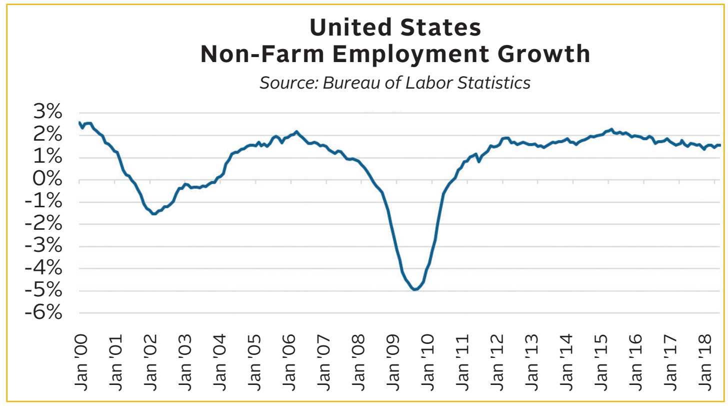
2018, down slightly from 60.8% recorded in February 2018, and up from the 57.2% recorded in March 2017.

Economic activity in the non-manufacturing sectors (NMI) was 58.8% in March 2018, down from the 59.5% recorded in February 2018, but up from the March 2017 figure of 55.2%. The following graph presents the PMI and NMI index readings since the start of 2000.



Data from the Bureau of Labor Statistics show that non-farm employment at the national level increased by roughly 1.55% in the year that ended in March 2018, on the net addition of roughly 2.25 million jobs. Job growth by percentage was the largest in the Mining and Logging sector, which added 62,000 jobs, a year-over-year gain of 9.5%. The Construction sector added far more jobs overall (246,000 jobs), but showed a smaller percentage gain, at 3.7%. The Transportation and Warehousing sector showed a gain of 2.7% (153,800 jobs). Year-over-year losses were observed in the Information sector, which saw a loss of 52,000 jobs, or 1.9%. The following graph presents overall national non-farm employment growth by percentage in the United States from 2000 through March 2018

Within the state, unemployment rates in February 2018 fell in every metropolitan area when compared to their rates in February 2017. In the Minneapolis-St. Paul MSA, the year-over-year unemployment rate fell 90 basis points, from 4.2% to 3.3%.



Employment gains noted across nearly all major sectors continue to put downward pressure on national, statewide, and local unemployment rates. Nationally, the non-seasonally adjusted unemployment rate decreased to 4.1% in March 2018, down 50 basis points from the 4.6% rate recorded 12 months prior. The non-seasonally adjusted unemployment rate in the State of Minnesota stood at 3.9% in February 2018, down 10 basis points from the 4.0% rate recorded in January 2018.

Within the state, unemployment rates in February 2018 fell in every metropolitan area when compared to their rates in February 2017. In the Minneapolis-St. Paul MSA, the year-over-year unemployment rate fell 90 basis points, from 4.2% to 3.3%. Smaller metropolitan areas posted similar improvements in unemployment rates, with the rate falling by 90 basis points in the St. Cloud MSA (to a February 2018 rate of 4.3%), by 70 basis points in the Mankato MSA (3.1%), and by 60 basis points in the Rochester MSA (3.5%). The Duluth MSA, which has generally had the highest unemployment rate of the Minnesota metropolitan areas over the past several decades, saw the unemployment rate fall by 130 basis points, to 5.0%. The following graph presents non-seasonally adjusted unemployment rates at the national, state, and local levels.

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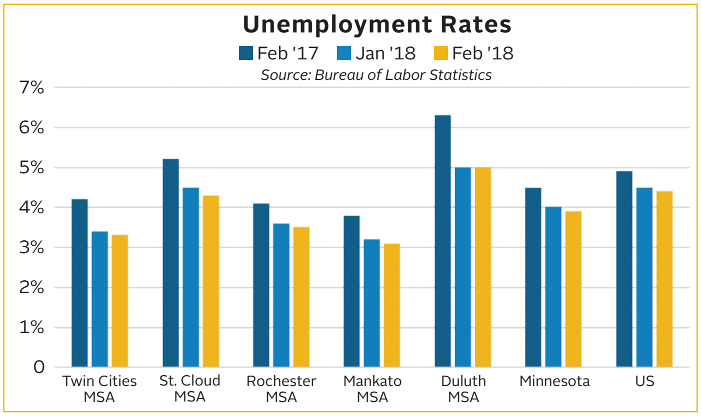
Marketview 2Q 2018 *continued from page 6*

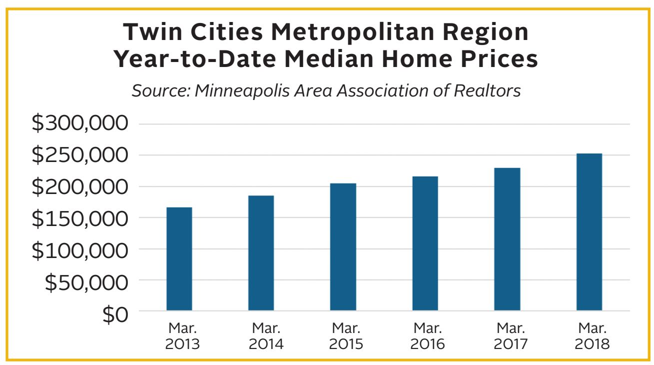


Retail sales and real estate markets remain healthy nationally, aiding economic growth. According to the U.S. Census Bureau, retail sales at the national level grew by 4.9% through the first two months of 2018 when compared to the same period in 2017. Consumer confidence was measured at 127.7 in March 2018, down from 130.0 in February 2018. The University of Michigan Consumer Sentiment Index stood at 97.8 in March 2018, the lowest rate in three months. Still, the March 2018 rate was 0.8% higher than the March 2017 rate.

While new construction activity in the Twin Cities market in 2017 was the highest since 2000 with 4,200 apartment units added, demand continued to meet the pace of new additions to the existing apartment inventory, keeping vacancy rates at 3.0%, well-below the market equilibrium of 5.0%.

Meanwhile, transaction volume in the real estate markets continues to drive further growth and underlying market fundamentals are generally encouraging. According to the National Association of Realtors, existing home sales in the nation rose by 1.1% in 2017 when compared to 2016. When comparing February 2018 to the previous year, sales rose by 1.27%, and median home sales prices rose by 4.78%, from $276,000 to $289,200. Over the same period, all four regions of the United States saw median existing home prices increase. In the commercial sector, fundamentals across all four major property types at the national level remain healthy to improving.

Conditions in the residential and commercial real estate markets within the Twin Cities market mirror national trends. According to data released by the Minneapolis Area Association of Realtors, in the 13-county Twin Cities for-sale residential market, the number of year-to-date closed home sales fell in March 2018. Due to a falling supply, year-to-date median home sale prices in the region increased by 10.1% from March 2017 to March 2018, rising from $230,000 to $253,300. Further indicating healthy demand, the average days on market decreased by 18.3% and the percentage of original list price received increased by 1.1% during this same period to 98.2%, as available inventory remains extremely tight. The following graph presents historical median home sale prices in the Twin Cities market.



The local apartment market is strong, with underlying fundamentals in the Twin Cities apartment market among the strongest in the nation. While new construction activity in the Twin Cities market in 2017 was the highest since 2000 with 4,200 apartment units added, demand continued to meet the pace of new additions to the existing apartment inventory, keeping vacancy rates at 3.0%, well-below the market equilibrium of 5.0%. According to Marcus and Millichap, the average effective rate at the end of 2017 was $1,242, up 5.9%. In 2018, 5,100 new units

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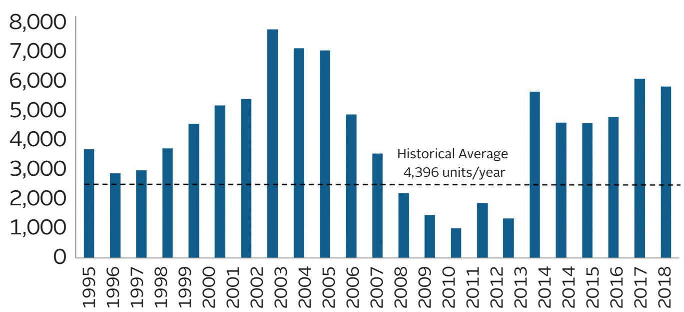
are projected to be completed, pushing vacancy up to 3.4% as those units are absorbed. Effective rent is anticipated to rise another 4.6%, to $1,299 a month. At the same time, demographic trends are in place to suggest demand for apartment units will remain healthy over the long term.

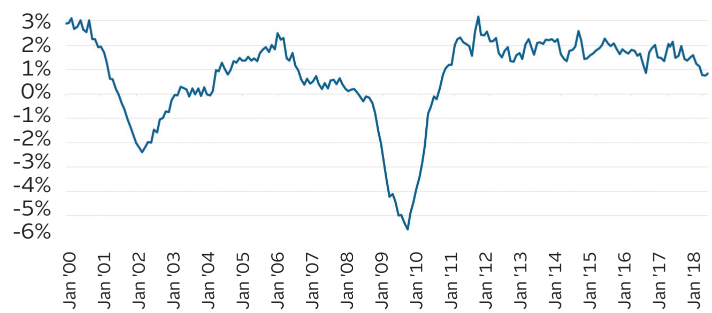
Twin Cities Metropolitan Area
Multifamily Permitting Activity
Source: United States Census Bureau



The region's broad-based economy and employment growth continue to facilitate healthy demand within both the local for-sale residential and apartment markets. Non-farm employment in the Twin Cities metropolitan area increased by 0.84% over the year ended in March 2018 on the net addition of about 16,500 jobs. Growth in the Twin Cities market was strongest within the Education and Health Services sector, which saw a 2.0% year-over-year increase (on the strength of 6,600 new jobs), and the Wholesale Trade sector, which also saw a 2.0% year-over-year growth rate (on the strength of 1,900 new jobs). The Trade, Transportation, and Utilities sector saw a 1.9% year-over-year growth rate (6,700 new jobs). Three employment sectors in the Minneapolis-St. Paul MSA recorded losses from March 2017 through March 2018, the Mining, Logging, and Construction sector contracted by 2.4% (1,700 jobs lost), the Information sector contracted by 2.4% (900 jobs lost), and the Professional and Business Services sector, which contracted by 1.3% (4,100 jobs lost). The following graph presents overall non-farm employment growth in the Twin Cities metropolitan area.

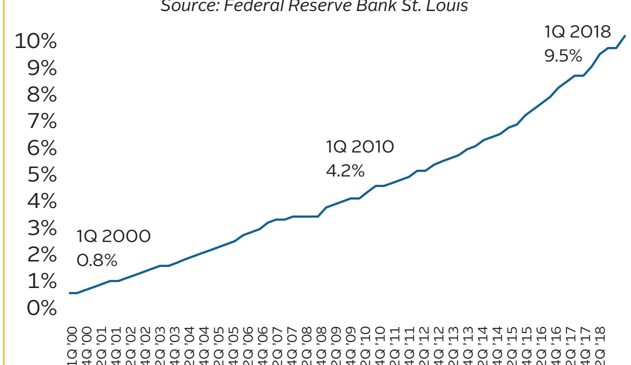
E-commerce is anticipated to continue rising at a steady pace, and will continue to foster strong demand for warehouse and distribution space in the local, regional, and national industrial markets into the long term, while possibly hurting brick-and-mortar retail locations.

Twin Cities Metropolitan Area
Non-Farm Employment Growth
Source: Bureau of Labor Statistics



The rise of e-commerce, is driving much of the demand for warehouse and distribution space. Now accounting for 9.1% of total retail sales (more than double the market share posted in 2010), e-commerce is anticipated to continue rising at a steady pace, and will continue to foster strong demand for warehouse and distribution space in the local, regional, and national industrial markets into the long term, while possibly hurting brick-and-mortar retail locations. The following graph presents historical e-commerce retail sales as a percent of total retail sales.

E-Commerce Retail Sales as
a Percent of Total Retail Sales
Source: Federal Reserve Bank St. Louis



Data referenced in this report was current as of March 2018, and includes preliminary figures, which are subject to revision.

Market Transaction: Real Estate

Tom Lund Purchases and Redevelops Edina Guitar Center Parcel

Property: Former Guitar Center land in Edina. The parcel is located at 3650 Hazelton Road, roughly a quarter-mile south of Galleria, and about a half-mile south of Southdale Center, in the commercial district of Edina.

Closed: March 29, 2018

Zoning: Previously zoned PCD-3 (Planned Commercial District). Zoning changed to PUD-14 (Planned Unit Development District) on April 17, 2018.

Seller: StuartCo

Purchaser: Six investors, led by Tom Lund

Sale price: $4.25 million, or about $22,850 per unit

Remarks: On March 29, a group of six investors led by Tom Lund closed on a deal for 3650 Hazelton Road in Edina, the site of the Edina Guitar Center. The developer plans to build a 19-story apartment tower, containing a total of 186 units. The unit breakdown will be 30 studio, 22 alcove, 38 one-bedroom, 20 one-bedroom with den, 38 two-bedroom, 32 two-bedroom with den, and 6 townhomes. The development will not contain any affordable units (required by the city of Edina), and will therefore pay $1.86 million into the affordable housing fund.

The development will focus on the luxury market, and will have a pool, fitness center, and clubhouse on the fifth floor, as well as an amenity space on the top floor, with a terrace.

The development required rezoning of the parcel, which was approved by the Edina City Council after the sale was completed and plans were submitted. The parcel went from being zoned PCD-3 to PUD-14, which allows the building to be developed as proposed.

Market Transaction: Real Estate

City of Minneapolis and Interpark Exchange Parking Garages

Property: Two parking garages on abutting lots in downtown Minneapolis, located at 415 5th Street (southeast parcel) and 501 4th Avenue (northwest parcel). The parcels are located just southeast of Government Plaza, which sits between the Hennepin County Government Center and Minneapolis City Hall.

Closing: December 14, 2017

Zoning: Both parcels zoned B4—Downtown Business District

Parties: The City of Minneapolis and Urban Growth Properties Limited Partnership, c/o InterPark Holdings LLC (hereafter referred to as InterPark)

Remarks: On December 14, 2017, a deal was closed between the City of Minneapolis and Interpark that saw the involved parties swap parking garages in downtown Minneapolis. In addition to the property swap, InterPark paid $6.5 million to the city (the difference in the value of the properties) and agreed to pay Minneapolis a portion of parking revenue from the Super Bowl.

The result of the deal is that Interpark now owns the garage at 415 5th Street, which was built in 1974 and contains 1,303 parking spots. The garage sits on a 1.5-acre lot and was valued at $23.88 million.

The City of Minneapolis took possession of the garage at 501 4th Avenue, which was built in 1992 and contains 476 parking spots. The garage sits on a one-acre lot and was valued at $18.37 million.

It is anticipated that the City of Minneapolis will knock down the parking ramp acquired in the deal to build a $150 million administration building that will cover 382,000 square feet over 10 stories. The new administration building is not planned to contain any parking.

The two garages involved in the transaction, with 501 4th Avenue in the foreground and 415 5th Street in the background.

Market Transaction: Business Valuation

Minnesota Bank and Trust Announces Merger with Signature Bank

Synopsis:	Minnesota Bank & Trust, a wholly owned subsidiary of Heartland Financial USA, Inc. merges with Signature Bank, a wholly owned subsidiary of Signature Bancshares, Inc.
Date of Sale:	February 23, 2018
Sale price:	$53.4 million ($53.55 per share)
Remarks:	On February 23, 2018, Heartland Financial USA, Inc. announced the acquisition of Signature Bancshares, Inc. The local effect of this will be that Minnesota Bank & Trust, based in Edina, Minnesota will absorb Signature Bank, based in Minnetonka, Minnesota. Ken Brooks, formerly President and CEO of Signature Bank, will serve in the same role in the merged company. Signature Bank will eventually merge it's 60 employees and $339 million in deposits to Minnesota Bank & Trust, with the combined assets of the companies exceeding $600 million. As a result of the merger, Heartland will have 118 locations stretching across 89 communities in 12 states. Integration of the two companies is slated to take place throughout 2018.

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