RECORD

OF

APPRAISEMENT

OF

SCHOOL FUND PROPERTY

1905

PRESS OF BARNARD & MILLER, CHICAGO

137

INTRODUCTION.

The report of the appraisers of School Fund Property, Messrs. John McLaren, Wm. D. Kerfoot and Arba N. Waterman, duly appointed appraisers under the terms of certain supplemental leases made between the Board of Education of the City of Chicago and certain lessees was presented to the Board of Education, by the president, on May 26, 1905.

The above named appraisers were appointed, one by the Board of Education, one by the judge then holding the Circuit Court of the United States in and for the Northern District of Illinois and one by the Judge of the Probate Court of Cook County, Illinois, and such appraisement was made for the purpose of fixing the ground rent of School Fund Property for a period of ten (10) years from May 8, A. D. 1905.

This appraisement for the term of ten (10) years ending May 8, 1915, increases the revenues from this source to a most gratifying extent. The aggregate value of the property appraised under the terms of existing leases has been increased very largely from the valuations of 1895. At the present writing this appraisement is still the subject of litigation in the courts, but the action of the appraisers has been upheld by the Appellate Court.

See:

Sebree v. *Board of Education,* Appellate Court, First District of Illinois, G. N. 17562.

If this appraisement be finally upheld by the Supreme Court where some of these cases are now pending, the

increase in revenue to the Board will amount, in round figures, to about $140,000 per year, making the increase for the ten (10) years the sum of $1,400,000.

These figures, when compared with those received by the Board from this property in the year 1880, when the supplemental leases were entered into, indicate the growing worth and value of Chicago real estate. There is a still more marked difference between these figures and the figures of 1855, the time when the revaluation leases were entered into by the Board of Education.

We have prepared, for this record of appraisement of the School Fund Property of the Board of Education, two (2) tabulated statements; one of these tables consists of School Fund Property, in Block 142, and one concerns School Fund Property in other parts of the city.

All of the property tabulated under the ninety-nine (99) year or straight leases formerly was leased under revaluation clause leases, and we have taken some pains to show by these tables the annual rent paid by the lessees prior to the time that the leases were changed to straight ninety-nine (99) year leases.

A comparison of these tables will be very instructive to all persons interested in this matter.

Of the original grant, Section 16, only blocks 1 and 142 remain intact. A portion of block 113 is in possession of the Board of Education. In 1833 all but four blocks of the original school Section 16 were sold for the sum of $38,619.47. The blocks reserved were Nos. 1, 87, 88 and 142. Later on, in 1874, the south half of blocks 87 and 88 were exchanged for the old postoffice site and

building on the northwest corner of Monroe and Dearborn streets. In 1888 the north half of blocks 87 and 88 were sold to John P. Neal, who mortgaged it back to the Board for fifty years on a basis of five per cent. on a valuation of $650,000. The old postoffice site is under lease to the National Safe Deposit Company until 1931, without revaluation, the annual rental until then being fixed at $29,700.

It is evident that these properties are not only of great present worth, but that they promise to continually increase in value and to make a much greater return to the Board of Education in the future.

FRANK HAMLIN,
Attorney for the Board of Education
of the City of Chicago.

I HEREBY CERTIFY that the documents herewith presented are correct copies of briefs and exhibits filed with the BOARD OF APPRAISERS, duly appointed by the BOARD OF EDUCATION; HON. CHARLES S. CUTTING, Judge of the Probate Court of Cook County, Illinois, and HON. CHRISTIAN C. KOHLSAAT, Judge then holding the Circuit Court of the United States in the Northern District of Illinois.

I ALSO CERTIFY that the tabulated statements herein contained show the appraised cash value and rentals of all SCHOOL FUND PROPERTY from the year 1855 to date.

LOUIS E. LARSON,
Secretary Board of Education of the City of Chicago.

School Fund Property

STATEMENT OF APPRAISEMENT AND RENTALS FROM 1855 TO AND INCLUDING 1905

LOTS IN BLOCK 142, SCHOOL SECTION ADDITION

Re-valuation Leases

Lessee	Description	Lot	Block	Size of Lot	Sq. Ft.	Appraisal 1855	Rental	Appraisal 1860	Rental	Appraisal 1865	Rental	Appraisal 1870	Rental	Appraisal 1875	Rental	Appraisal 1880	Rental	Appraisal 1885	Rental	Appraisal 1895	Rental	Appraisal 1905	Rental
Jacob L. Kesner	6 S. State St.	3	142	24x120	2880	$2520	$151.20	$2640	$158.40	$6000	$360.00	*$31200	$1872.00	$24000	$1440.00	$ 43200	$2592.00	$72000	$4320.00	$160000	$ 9600.00	$360000	$21600.00
Est. Henry Weil / Est. Geo. Rounsavell	16 " " " / 18	7	"	24x120	2880	2520	151.20	2640	158.40	6000	360.00	*31200	1872.00	24000	1440.00	36000	2160.00	72000	4320.00	150000	9000.00	312000	18720.00
Rosalie Cavana	20 " " " / 22	8	"	24x120	2880	2760	165.60	2880	172.80	6480	388.80	*36000	2160.00	25200	1512.00	39600	2376.00	79200	4752.00	170000	10200.00	324000	19440.00
McVicker Theatre Co.	17-23-25-27 W. Madison St.	9	"	27.16x192	15644.16	3105	186.30	3375	202.50	8200	492.00	*40740	2444.40	27160	1629.60	138516	8310.96	81480	4888.80	450000	27000.00	802280	53776.80
		10	"	"		2835	170.10	3240	194.40	7000	474.00	*32592	1955.52	23765	1425.90			81480	4888.80				
		11	"	"		3105	186.30	3375	202.50	8200	492.00	*40740	2444.40	27160	1629.60			81480	4888.80				
James K. Sebree	17-19 S. Dearborn St.	18	"	24x120	5760	2400	144.00	2520	151.20	7200	432.00	*28800	1728.00	14400	864.00	45600	2736.00	48000	2880.00	190000	11400.00	384000	23040.00
		19	"	"		2640	158.40	2640	158.40	7680	460.80	*33600	2016.00	15600	936.00			54000	3240.00				
Alice F. Chambers / Asa W. Farwell	23-25 S. Dearborn St.	20	"	"	5760	2640	158.40	2640	158.40	7680	460.80	*33600	2016.00	15000	900.00	21600	1296.00	54000	3240.00	187000	11220.00	384000	23040.00
		21	"	"		2400	144.00	2520	151.20	7200	432.00	*27600	1656.00	13200	792.00	19200	1152.00	48000	2880.00				
Daniel F. Crilly	31-33 S. Dearborn St.	23	"			2400	144.00	2520	151.20	7200	432.00	*27600	1656.00	13200	792.00	19200	1152.00	48000	2880.00				
		24	"			2400	144.00	2520	151.20	7200	432.00	*27600	1656.00	13200	792.00	19200	1152.00	48000	2880.00				
		25	"	104x120	12480	2400	144.00	2520	151.20	7200	432.00	*27600	1656.00	13200	792.00	19200	1152.00	54000	3240.00	540000	32400.00	998400	59904.00
		26	"			2400	144.00	2640	158.40	7440	446.40	*28800	1728.00	14400	864.00	24000	1440.00	60000	3600.00	Includes S. 8 ft.		Lot 23	
		27	"			2880	172.80	3000	180.00	8400	504.00	*37200	2232.00	21600	1296.00	36000	2160.00	72000	4320.00				
Louis M. Stumer / Bens. J. Rosenthal / Louis Eckstein	24 S. State St.	31	"	24x120	5760	2760	165.60	2880	172.80	6480	388.80	*36000	2160.00	24000	1476.00	39600	2376.00	79200	4752.00	165000	9900.00	636000	38160.00
	26 "	32	"	"		2400	144.00	2640	158.40	6000	360.00	*30000	1800.00	23400	1404.00	36000	2160.00	67200	4032.00	150000	9000.00		
Est. Geo. B. Jenkinson	28 "	33	"	"	2880	2400	144.00	2640	158.40	6000	360.00	*30000	1800.00	22800	1368.00	36000	2160.00	67200	4032.00	150000	9000.00	300000	18000.00
A. Bishop & Co.	34 "	34	"	"	"	2400	144.00	2640	158.40	6000	360.00	*30000	1800.00	22800	1368.00	36000	2160.00	67200	4032.00	150000	9000.00	288000	17280.00

* Less 40% from $1,377,181.00 of appraisal of lots in burnt district, as per settlement with lessees.

School Fund Property

STATEMENT OF APPRAISEMENT AND RENTALS FROM 1855 TO AND INCLUDING 1905

LOTS IN BLOCK 142, SCHOOL SECTION ADDITION

Straight Leases

Straight Leases

Lessee	Description		Lot	Block	Size of Lot	Square Feet	Appraisal 1855	Rental	Appraisal 1860	Rental	Appraisal 1865	Rental	Appraisal 1870	Rental	Appraisal 1875	Rental	Appraisal 1880	Rental	Appraisal 1885	Rental	Appraisal 1895	Rental	Annual Rental	From	To	Increase over previous Rental Period
Est. Jos. E. Otis	2 S. State St.	E. ½	½	142	48'x 80'	3840	$3240	$194.40	$4200	$252.00	$8400	$504.00	*$48000	$2880.00	$37200	$2232.00			$252000	$15120.00	$425000	$25500.00	$26775.00	May 3, 1901	May 8, 1915	5%
																							28113.75	" 8, 1915	" 8, 1930	5%
																	$192000	$11520.00					29519.43	" 8, 1930	" 8, 1985	5%
																							8820.60	" 8, 1901	" 8, 1915	5%
																	90000	5400.00	140000	8400.00			9261.00	" 8, 1915	" 8, 1930	5%
Est. Geo. L. Otis	14 S. State St.	W. ½	½	142	48'x 40'	1920	2520	151.20	2760	165.60	6480	388.80	*36000	2160.00	26400	1584.00							9724.05	" 8, 1930	" 8, 1985	5%
Metropolitan Building Company	10 " " "		4	142	24'x120'	8640	2520	151.20	2640	158.40	6000	360.00	*31200	1872.00	24000	1440.00	36800	2208.00	72000	4320.00	450000	27000.00	27000.00	July 17, 1901	May 8, 1905	0%
	12 " " "		5	"	24'x120'		2520	151.20	2640	158.40	6000	360.00	*31200	1872.00	24000	1440.00	36800	2208.00	72000	4320.00			28350.00	May 8, 1905	" " 1915	5%
	4 " " "		6	"	24'x120'		2520	151.20	2640	158.40	6000	360.00	*31200	1872.00	24000	1440.00	36800	2208.00	72000	4320.00			29767.50	" " 1915	" " 1925	5%
			12	"	24'x120'		3000	180.00	3840	230.40	9600	576.00	*45600	2736.00	30000	1800.00							31255.87	" " 1925	" " 1985	5%
			13	"	"		2400	144.00	2640	158.40	7680	460.80	*34800	2088.00	18000	1080.00	129600	7776.00	300000	18000.00	500000	30000.00					
Chicago Tribune Co.	3-5-7-11 & 15 S. Dearborn St.		14	"	"		2400	144.00	2520	151.20	7200	432.00	*28800	1728.00	14400	864.00							45120.00	Dec. 14, 1899	May 8, 1905	
			15	"	"	17280	2400	144.00	2520	151.20	7200	432.00	*28800	1728.00	14400	864.00	21600	1296.00	48000	2880.00	84000	5040.00	47370.00	May 8, 1905	" 8, 1915	5%
			16	"	"		2400	144.00	2520	151.20	7200	432.00	*28800	1728.00	14400	864.00	21600	1296.00	48000	2880.00	84000	5040.00	47640.60	" 8, 1915	" 8, 1985	5% on Lot 17 only
			17	"	"		2400	144.00	2520	151.20	7200	432.00	*28800	1728.00	14400	864.00	21600	1296.00	48000	2880.00	84000	5040.00					
Caroline F. Wilson	27-29 S. Dearborn St.		22	142	24'x120'	2880	2400	144.00	2520	151.20	7200	432.00	*27600	1656.00	13200	792.00	19200	1152.00	48000	2880.00	133000	7980.00	8379.00	May 8, 1905 Includes N. 16'	May 8, 1985 of Lot 24	5%
			23	142	24'x120'		2400	144.00	2520	151.20	7200	432.00	*27600	1656.00	13200	792.00	19200	1152.00	48000	2880.00						
Augusta Lehmann	22 W. Monroe St.		28	142	54.32'x192'	10429.44	2970	178.20	2970	178.20	8640	518.40	*35308	2118.48	20370	1222.20	51504	3096.24	48888	2933.28	330000	13800.00	18000.00	May 8, 1905	May 8, 2001	23+%
			29	142			2700	162.00	2700	162.00	8370	502.20	*27160	1629.60	10296	977.76			40740	2444.40						
Louis M. Stumer / Bens. J. Rosenthal / Louis Eckstein	36-38-42 & 44 S. State Street		30	142	27.16'x192'	5214.72	2970	178.20	2970	178.20	8640	518.40	*35308	2118.48	20370	1222.20	37160	1629.60	48888	2933.28	110000	6600.00	9000.00	May 8, 1905	May 8, 2001	36+%
			35	142	24'x120'	11520	2400	144.00	2640	158.40	6000	360.00	*36000	1800.00	22800	1368.00	36000	2160.00	67200	4032.00	150000	9000.00	47550.00	Jan. 1, 1901	May 1, 1905	35+
			36	142	24'x120'		2400	144.00	2640	158.40	6000	360.00	*30000	1800.00	22800	1368.00	36000	2160.00	67200	4032.00	160000	9600.00	47875.00	May 1, 1905	" 1, 1915	5%
			37	142	24'x120'		2400	144.00	2640	158.40	6480	388.80	*32400	1944.00	23400	1404.00	43200	2592.00	72000	4320.00	200000	12000.00	52368.75	" 1, 1915	" 1, 1925	5%
			38	142	24'x120'		2880	172.80	3240	194.40	9120	547.20	*40800	2448.00	30000	1800.00	54000	3240.00	96000	5760.00	240000	14400.00	56434.18	" 1, 1925	" 1, 2000	7+%

* Less 40% from $1,377,181.00 of appraisal of lots in burnt district, as per settlement with lessees.

School Fund Property

STATEMENT OF APPRAISAL AND RENTALS OF LOTS OTHER THAN THOSE IN BLOCK 142, SCHOOL SECTION ADDITION

Re-valuation Leases

Name of Lessee	Street Description	Lot	Block	Size of Lot	Square Feet	Appraisal 1855	Annual Rental	Appraisal 1860	Annual Rental	Appraisal 1865	Annual Rental	Appraisal 1870	Annual Rental	Appraisal 1875	Annual Rental	Appraisal 1880	Annual Rental	Appraisal 1885	Annual Rental	Appraisal 1895	Annual Rental	Appraisal 1905	Annual Rental
		School Section Addition																					
	South	2	1	25'x100'	2500	$1000.00	$60.00	$1125.00	$67.50	$1500.00	$90.00	†$7500.00	$450.00	$6250.00	$375.00			$11250.00	675.00				
	East	3	1	25'x100'	2500	1000.00	60.00	1125.00	67.50	1500.00	90.00	†7500.00	450.00	6250.00	375.00			11250.00	675.00				
	Corner	4	1	25'x100'	2500	1000.00	60.00	1125.00	67.50	1500.00	90.00	†7500.00	450.00	6250.00	375.00			11250.00	675.00			$75000.00	$4500.00
	of	5	1	"	2500	1000.00	60.00	1125.00	67.50	1500.00	90.00	†7500.00	450.00	6250.00	375.00	$33783.33	$5027.00	11250.00	675.00				
	W. Madison	6	1	"	2500	1000.00	60.00	1125.00	67.50	1500.00	90.00	†7500.00	450.00	6250.00	375.00			11250.00	675.00	$180000.00	$10800.00		
	and	7	1	25'x100'	2500	1000.00	60.00	1125.00	67.50	1500.00	90.00	†8750.00	525.00	6875.00	412.50			12500.00	750.00				
	Halsted	8	1	25'x100'	2500	1250.00	75.00	1500.00	90.00	2000.00	120.00	†12500.00	750.00	10000.00	600.00			25000.00	1500.00			63750.00	3825.00
CHARLES	Sts.	9	1	25'x100'	2500	700.00	42.00	700.00	42.00	800.00	48.00	†4000.00	240.00	4000.00	240.00			25000.00	1500.00				
H.	North	11	1	25'x150'	3750	800.00	48.00	875.00	52.50	1000.00	60.00	†5000.00	300.00	4375.00	262.50			10000.00	600.00				
	East	12	1	"	3750	800.00	48.00	875.00	52.50	1000.00	60.00	†5000.00	300.00	4375.00	262.50			10000.00	600.00				
BLAIR	Corner	13	1	"	3750	800.00	48.00	875.00	52.50	1000.00	60.00	†5000.00	300.00	4375.00	262.50			10000.00	600.00			52500.00	3150.00
	W. Monroe	14	1	"	3750	800.00	48.00	875.00	52.50	1000.00	60.00	†5000.00	300.00	4375.00	262.50			10000.00	600.00				
	and	15	1	"	3750	700.00	42.00	700.00	42.00	800.00	48.00	†4000.00	240.00	3806.00	228.00	66666.66	4000.00	10000.00	600.00	145000.00	8700.00		
	Halsted	16	1	25'x100'	2500	900.00	54.00	937.50	56.25	1250.00	75.00	†6250.00	375.00	5625.00	340.50			8125.00	487.50				
	Street	17	1	"	2500	750.00	45.00	875.00	52.50	1000.00	60.00	†3750.00	225.00	3375.00	202.50			8125.00	487.50			26250.00	1575.00
		18	1	"	2500	750.00	45.00	875.00	52.50	1000.00	60.00	†3750.00	225.00	3375.00	202.50			8125.00	487.50				
		19	1	25'x100'	2500	750.00	45.00	875.00	52.50	1000.00	60.00	†3750.00	225.00	3375.00	202.50			11250.00	675.00			27742.50	1664.55
		20	1	30.05'x100'	3005	750.00	45.00	875.00	52.50	1000.00	60.00	†3750.00	225.00	3375.00	202.50			16492.50	989.55				
Thos. Coughlan	78 S. Halsted St.	10	1	20'x150'	3060	800.00	48.00	875.00	52.50	1000.00	60.00	†5000.00	300.00	4375.00	262.50	5000.00	300.00	9000.00	450.00	13000.00	780.00	10000.00	600.00
Board of Education	Worksbop & Supply			204.92'x189'																			
of the City of Chicago	Department 135-57 W.	21	1	50'x118.325'	48086.13	750.00	45.00	875.00	52.50	1000.00	60.00	†3750.00	225.00	3375.00	202.50	21669.00	1300.14	28892.00	1733.52	117.000.00	7020.00	96172.26	57703.36
	Monroe Street			34'x100'.																			
John O'Malley, Jr.	Jackson Boul. and	E. ½ of 1	52	50'x80.025'	4001.25			888.33	53.30	1000.00	60.00	†2400.00	144.00	3501.09	210.06	8000.00	480.00	6000.00	360.00	14000.00	840.00	20000.00	1200.00
Est. Marg't Hurtz	Clinton St.	W. ½ of 1	52	50'x80.025'	4001.25	3000.00	180.00	1111.67	66.70	1500.00	90.00	†5000.00	300.00	4500.00	270.00			8000.00	480.00	20000.00	1200.00	30000.00	1800.00
Board of Education	N. E. Corner Division	Beaman's Addition	Sub-Lot 2	181.05'x264'	4779.72			5000.00	300.00	6000.00	360.00	34320.00	2059.20	27157.50	1629.45	32000.00	1920.00	50000.00	3000.00	82000.00	4920.00	71695.80	4301.75
of the City of Chicago	" " "	S. 204 Feet of Lot 207																					

† Less 25% from $194,100.00 of appraisal of lots out of burnt district, as per settlement with lessees.

School Fund Property

STATEMENT OF APPRAISAL AND RENTALS OF LOTS OTHER THAN THOSE IN BLOCK 142, SCHOOL SECTION ADDITION

Straight Leases

Straight Leases

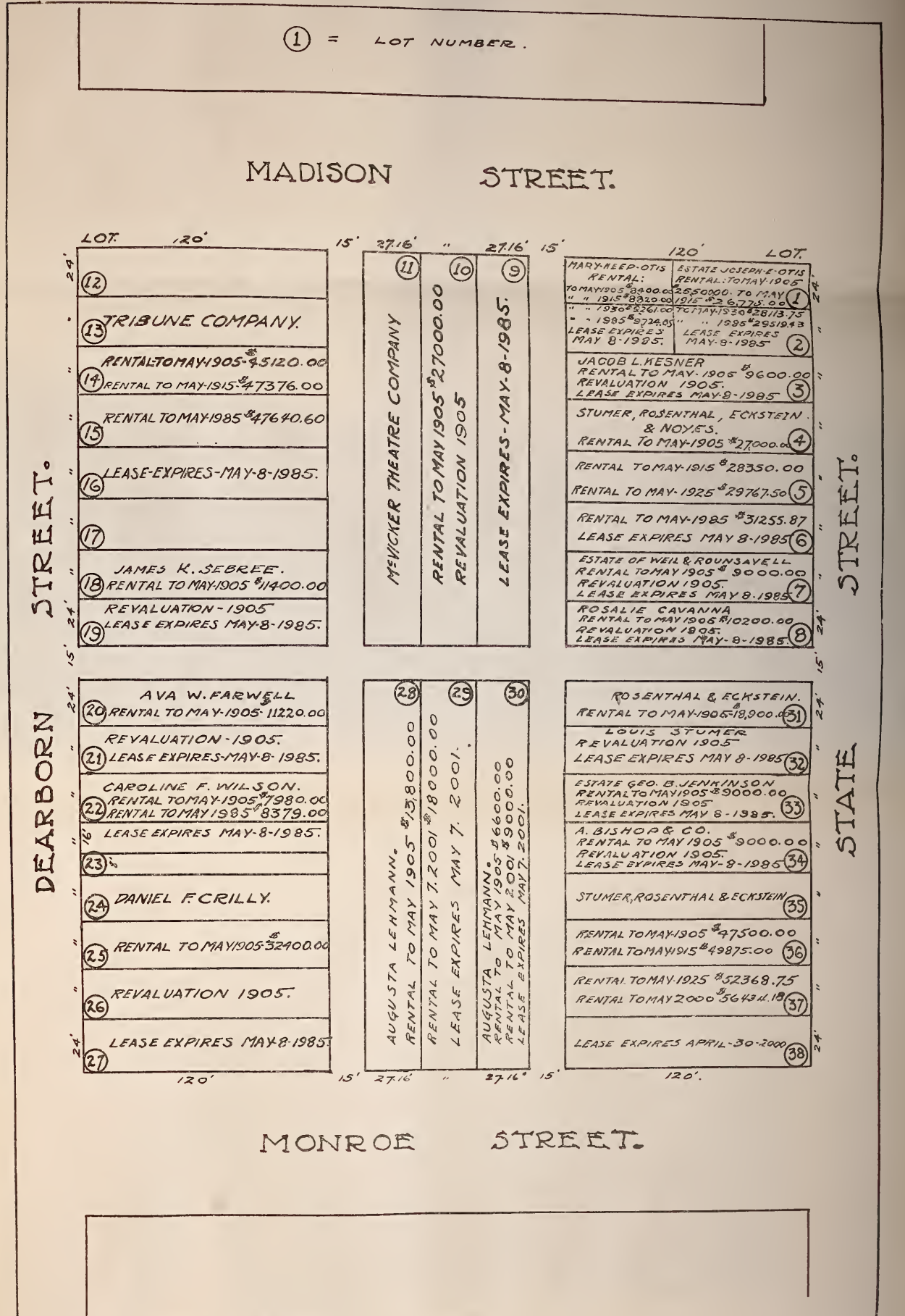
Name of Lessee	Street Description	Lot	Block	Size of Lot	Square Feet	Appraisal 1855	Annual Rental	Appraisal 1860	Annual Rental	Appraisal 1865	Annual Rental	Appraisal 1870	Annual Rental	Appraisal 1875	Annual Rental	Appraisal 1880	Annual Rental	Appraisal 1885	Annual Rental	Appraisal 1895	Annual Rental	From	To	Rate per cent of Increase over former period
		(Fractional Section 15)																						
Eugene S. Pike	161 S. State St.	S. 10 ft. of Sub. Lot 3, Lot 7	2	20x83	1660					$8000.00	480.00	*$22000.00	$1320.00	$17000.00	$1020.00	$25000.00	$1500.00	$50000.00	$3000.00	$120000.00	$7200.00	$7560.00	May 8, 1905	May 8th, 1915	5%
		N. 10 ft. of Sub. Lot 4, Lot 10	2																			7938.00	" 8, 1915	" 8th, 1930	5%
		(Original Town)																				9000.00	" 8, 1930	" 8th, 1985	13+%
Chicago Daily News	175-181 W. Madison St.	6	55	80x179.6	14.392	8040.00	482.40	8400.00	504.00	10000.00	600.00	*80000.00	4800.00	43000.00	2640.00	82000.00	4920.00	140000.00	8400.00	$220000.00	13200.00	14400.00	May 8th, 1905	May 8th, 1985	
Estate Chas. Netcher	81-87 Madison St.	6 School Section Addition	58	80x160.28	12822.4			11666.66	700.00	14000.00	840.00	112000.00	6720.00	120000.00	7200.00	136000.00	8160.00	240000.00	14400.00	400000.00	24000.00	25200.00	May 8th, 1905	May 8th, 1985	5%
John M. Smith	153-161 W. Madison St.	1	1	204.65x180	36837	1000.00	60.00	1125.00	67.50	1500.00	90.00	†7500.00	450.00	6250.00	375.00	50925.00	3055.50	102325.00	6139.50	†183333.33	10999.99	11000.00	May 8th, 1905	May 8th, 1985	0%
Edward H. Van Ingen	S. W. Corner Jackson Blvd. and Canal St.	2	52	50x160.05	8002.5	4500.00	270.00	3000.00	180.00	4000.00	240.00	†12500.00	750.00	9000.00	540.00	10000.00	600.00	16000.00	960.00	40000.00	2400.00	3000.00	June 27th, 1890	May 8th, 1985	25%
Rand, McNally & Co.	Clark, Harrison and LaSalle Sts.	16	113	50x105.33						22500.00	1350.00	13750.00	825.00	9000.00	540.00	12500.00	750.00	No appraisement							
		21	113	99.81x						22414.50	1344.87	14943.00	896.58	8965.80	537.94	12452.50	747.15	of Lots 16, 21,				14375.00	July 2nd, 1901	April 30th, 1911	
		22	113	105.33						30000.00	1800.00	20000.00	1200.00	12000.00	720.00	20000.00	1200.00	22 in 1895							
		14	113	99.84x	36802.29					5000.00	300.00	5000.00	300.00	3750.00	225.00	5000.00	300.00	24268.00	1456.08			15812.00	May 1st, 1911	April 30, 1921	
		17	113	105.33						4984.00	299.04	4984.00	299.04	3738.00	224.28	4984.00	299.04	†includes N. 10.67	ft. of Lot 17						
		20	113	99.75x				16666.66	700.00	20000.00	1200.00	5000.00	300.00	6000.00	360.00	3750.00	225.00	5000.00	300.00	100000.00	6000.00	18600.00	May 1st, 1921	April 30, 2000	
		23	113	105.33								7462.50	447.75	8706.25	522.37	4975.00	298.50	9950.00	597.00	Includes S. 39 17	ft. of Lot 17				
		N½ 8	113	50.33x105.33	5283.879	1875.00	112.50	750.00	45.00	1000.00	60.00	*2516.50	150.99	2516.50	150.99	2083.33	120.999	2516.50	150.99	16666.00	603.96				
		S½						750.00	45.00	1000.00	60.00	*2516.50	150.99	2516.50	150.99	1679.57	100.77	2516.50	150.99			1800.00	May 1st, 1902	April 30, 2000	99+%
		11	113	50.33x105.33	5283.879	1875.00	112.50	1500.00	90.00	2000.00	120.00	*5000.00	300.00	5000.00	300.00	3337.10	200.23	5000.00	300.00	30066.00	1803.96				
		10	113	50x105.33	2633.25	3750.00	N½ 225.00	2000.00	120.00	3000.00	180.00	*11250.00	675.00	6875.00	412.50	4500.00	270.00	6250.00	375.00	25000.00	1500.00	3375.00	May 1st, 1911	April 30th, 1942	124 %
					2633.25		S½	2000.00	120.00	3000.00	180.00	*11250.00	675.00	6875.00	412.50	4500.00	270.00	6250.00	375.00	25000.00	1500.00	7500.00	May 1st, 1942	May 1st, 1922	122+%
																						8000.00	May 1st, 1922	May 1st, 1932	0+%
																						8500.00	" 1st, 1932	" 1st, 2000	6+%
National Safe Deposit Co.	160 Dearborn Street	17	110	95x191.25	22740.75 Includes 24x190' alley							159200.00	9552.00	345600.00 Valuation of 1831	20736.00	480000.00 Valuation of 1895	28800.00					50148.00	July 1st, 1900	July 1st, 1908	
																						54000.00	" 1st, 1908	" 1st, 1990	7+%

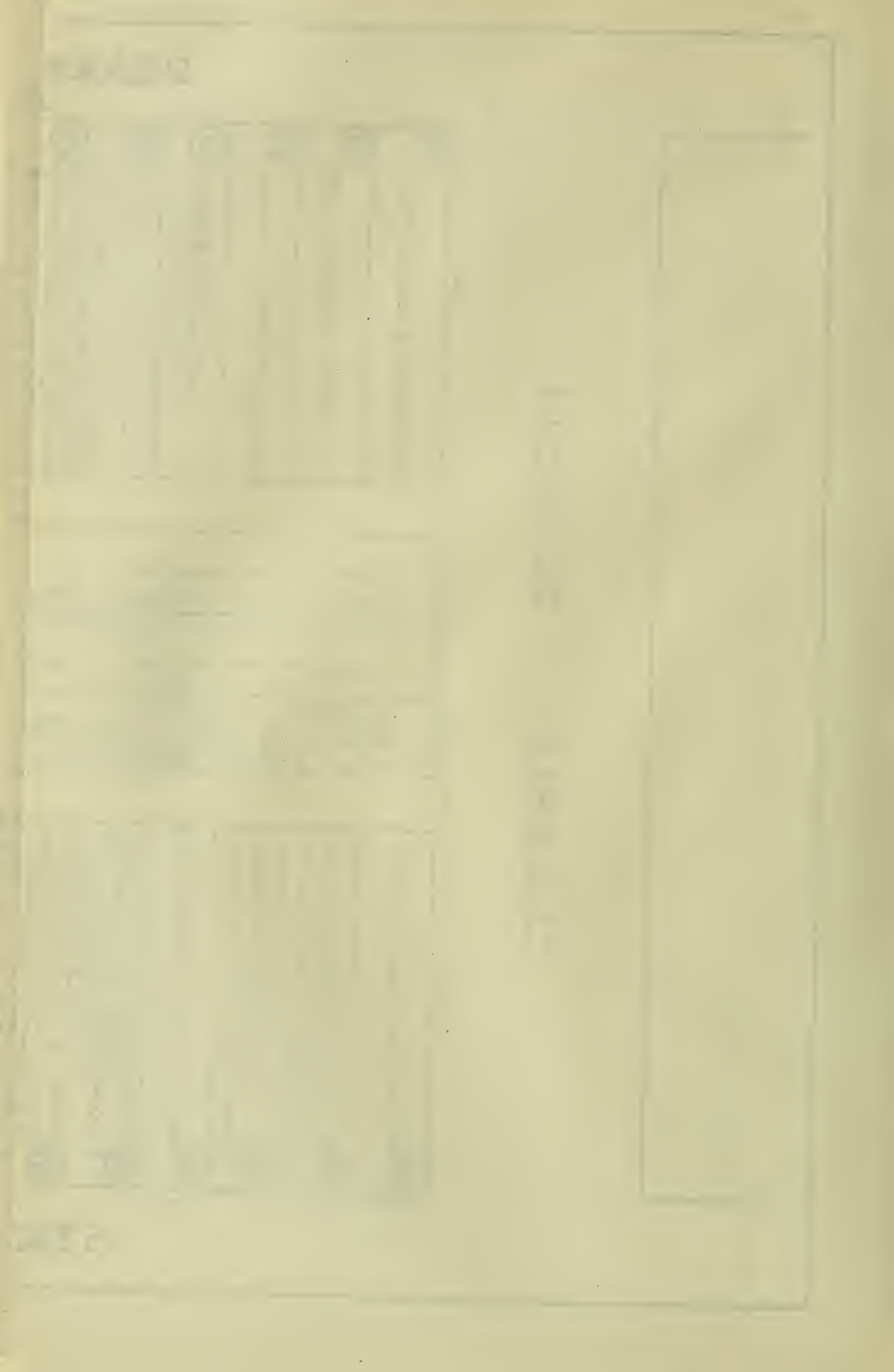
* Less 40% from $1,377,181 of appraisal of lots in burnt district, as per settlement with lessees.

† Less 25% from $194,100 appraisal of lots out of burnt district, as per settlement with lessees.

§ Reappraisement clause in lease waived in 1895, on condition that Chicago Daily News Co. pay 6% on a valuation of $2,750 per foot frontage until May 8, 1900, and 6% on $3,000 per foot frontage during the remainder of life of lease.

‡ Reappraisement clause in lease waived in 1895 on condition that annual rental be $11,000 during remainder of life of lease.


(1) = LOT NUMBER.
MADISON STREET.
LOT. 120'
15' 27.16' " 27.16' 15'
120' LOT.
DEARBORN STREET.
STATE STREET.
MONROE STREET.
(12)
(13) TRIBUNE COMPANY.
(14) RENTAL TO MAY-1905 $5120.00
RENTAL TO MAY-1915 $7376.00
(15) RENTAL TO MAY-1985 $7640.60
(16) LEASE EXPIRES-MAY-8-1985.
(17)
(18) JAMES K. SEBREE.
RENTAL TO MAY-1905 $1400.00
(19) REVALUATION-1905
LEASE EXPIRES MAY-8-1985.
(11) MEYICKER THEATRE COMPANY
(10) RENTAL TO MAY 1905 $27000.00
REVALUATION 1905
(9) LEASE EXPIRES-MAY-8-1985.
MARY KEEP-OTIS RENTAL:
TO MAY-1905 $8400.00
" " 1915 $8320.00
" " 1930 $261.00
" " 1985 $724.85
LEASE EXPIRES MAY 8-1985.
ESTATE JOSEPH E. OTIS
RENTAL TO MAY-1905
2650000. TO MAY
1915 $26,775.00
TO MAY-1930 $28113.75
" " 1985 $29519.13
LEASE EXPIRES MAY-8-1985
(1)
(2)
JACOB L. KESNER
RENTAL TO MAY-1905 $9600.00
REVALUATION 1905.
LEASE EXPIRES MAY-8-1985
(3)
STUMER, ROSENTHAL, ECKSTEIN. & NOYES.
RENTAL TO MAY-1905 $27000.00
(4)
RENTAL TO MAY-1915 $28350.00
RENTAL TO MAY-1925 $29767.50
(5)
RENTAL TO MAY-1985 $31255.87
LEASE EXPIRES MAY 8-1985
(6)
ESTATE OF WEIL & ROUNSAVELL
RENTAL TO MAY 1905 $9000.00
REVALUATION 1905.
LEASE EXPIRES MAY 8-1985
(7)
ROSALIE CAVANNA
RENTAL TO MAY 1905 $10200.00
REVALUATION 1905.
LEASE EXPIRES MAY-8-1985.
(8)
(20) AVA W. FARWELL
RENTAL TO MAY-1905 $1220.00
(21) REVALUATION-1905.
LEASE EXPIRES-MAY-8-1985.
(22) CAROLINE F. WILSON.
RENTAL TO MAY-1905 $7980.00
RENTAL TO MAY 1985 $8379.00
LEASE EXPIRES MAY-8-1985.
(23)
(24) DANIEL F. CRILLY.
(25) RENTAL TO MAY 1905 $3240.00
(26) REVALUATION 1905.
(27) LEASE EXPIRES MAY-8-1985
120'
(28) AUGUSTA LEHMANN.
RENTAL TO MAY 1905 $13,800.00
(29) RENTAL TO MAY 7. 2001 $18000.00
LEASE EXPIRES MAY 7. 2001.
(30) AUGUSTA LEHMANN.
RENTAL TO MAY 1905 $6600.00
RENTAL TO MAY 2001 $9000.00
LEASE EXPIRES MAY 7. 2001.
ROSENTHAL & ECKSTEIN.
RENTAL TO MAY-1905 $18,900.00
(31)
LOUIS STUMER
REVALUATION 1905
LEASE EXPIRES MAY 8-1985
(32)
ESTATE GEO. B. JENKINSON
RENTAL TO MAY 1905 $9000.00
REVALUATION 1905
LEASE EXPIRES MAY 8-1985.
(33)
A. BISHOP & CO.
RENTAL TO MAY 1905 $9000.00
REVALUATION 1905.
LEASE EXPIRES MAY-8-1985
(34)
STUMER, ROSENTHAL & ECKSTEIN
(35)
RENTAL TO MAY-1905 $47500.00
RENTAL TO MAY-1915 $49875.00
(36)
RENTAL TO MAY-1925 $52368.75
RENTAL TO MAY 2000 $56431.18
(37)
LEASE EXPIRES APRIL-30-2000
(38)
120'



PROCEEDINGS OF THE BOARD OF EDUCATION RELATING TO THE APPOINTMENT OF APPRAISERS OF SCHOOL FUND PROPERTY.

At a meeting of the Board of Education, held March 18, 1905, the following proceedings and reports were adopted:

The Committee on Buildings and Grounds respectfully reports that, whereas, at its regular meeting held February 1, 1905, a certain report, which is in words and figures as follows, to wit:

> "Your Committee on Buildings and Grounds reports that, under and by virtue of the terms of certain leases made and entered into by and between the Board of Education of the City of Chicago and certain lessees of School Fund properties, it is required that an appraisement of said property be made for the purpose of fixing the ground rent for the same for a period of ten years from May 8, A. D. 1905; that the said leases contain the following provision for appraising said properties:
>
> "That, in lieu of the method of appointing appraisers for the purpose of ascertaining, determining and fixing the amount of rent to be paid for said demised land, as provided in and by the terms of said lease and his supplement thereto, appraisers shall be appointed as follows: The Board of Education of the City of Chicago, and Judge holding the Circuit Court of the United States in and for the Northern District of Illinois for the time being, and the judge of the Probate Court of Cook County, Illinois, or the sucessor of said Court having probate jurisdiction for the time being, shall each appoint one discreet male resident of the City of Chicago, not interested as lessee or mortgagee of school property in said city, to determine the true cash value of said demised land at the time of such

appraisal, exclusive of the improvements thereon. The person appointed by the Board of Education shall be the Chairman of such appraisers and shall call their meetings and preside thereat. Any two of said appraisers shall have the power to make the appraisement."

Your Committee, therefore, recommends that the Board of Education of the City of Chicago appoint John McLaren as its appraiser to fix the value of such School Fund properties and authorize and empower the President of the Board of Education to request the Judge of the Circuit Court of the United States in and for the Northern District of Illinois, and the judge of the Probate Court of Cook County, Illinois, to each select an appraiser for the purpose of fixing the value of such School Fund properties, to the end that the rental value of said properties may be fixed and determined for the period commencing May 8, A. D. 1905, and ending May 7, A. D. 1915",

was duly approved and adopted by the Board; and

Whereas, at the regular meeting held by the Board of Education on February 15, 1905, there was received a communication from John McLaren, as follows:

"CHICAGO, February 8, 1905.

Hon. Clayton Mark,
President Board of Education, Chicago.

DEAR SIR:—

Yours of yesterday with copy of Action of Board of Education appointing me Appraiser for the Board of Education to act with Appraisers to be yet appointed in the appraisement of School land, was duly received.

I accept the appointment. As soon as I am notified of the appointment of the other two appraisers I will organize the Commission and proceed to work.

Yours very truly,
JOHN MCLAREN."

And there was received also a communication from

Charles S. Cutting, Judge of the Probate Court of Cook County, Illinois, as follows:

"February 11, 1905.

Hon. Clayton Mark,
President of Board of Education,
Tribune Bldg., City.

DEAR SIR:—

In accordance with your communication of the 6th inst., requesting me to make appointment of appraiser to serve under the provisions of certain revaluation clauses in leases by the Board of Education to various parties, I have the honor of transmitting to you as my appointee to serve as such appraiser the Hon. Arba N. Waterman, late Judge of the Appellate Court for this District.

Very respectfully yours,
CHARLES S. CUTTING,
Probate Judge."

And whereas, on March 1, 1905, at the regular meeting of the Board of Education of the City of Chicago, there was received from C. C. Kohlsaat, the Judge holding the Circuit Court for the Northern District of Illinois, a certain communication, as follows:

"Feb. 22, 1905.

Hon. Clayton Mark,
President Board of Education, Chicago.

DEAR SIR:—

In pursuance of the authority vested in me by the agreement of the Board of Education with certain tenants of school lands, I hereby appoint Mr. Elbridge G. Keith as one of the appraisers in the cases submitted.

Very truly yours,
C. C. KOHLSAAT";

and

WHEREAS, it appears from the aforesaid that John McLaren has been duly appointed as appraiser on behalf of the Board of Education of the City of Chicago to fix the ground rental values of School Fund properties held under certain leases made by the Board of Education

with certain lessees for a period of ten years from May 8, 1905, and that Arba N. Waterman has been duly appointed one of the appraisers by the Judge of the Probate Court of Cook County, Illinois, and Elbridge G. Keith has been appointed one of the appraisers by the Judge now holding the Circuit Court for the Northern District of Illinois, and that the said three appraisers have each accepted the appointment, and that the terms of the leases for the property to be appraised have been in all things complied with relative to the appointment of appraisers for the fixing of the ground rent for said properties for a period of ten years from May 8, 1905; and

WHEREAS, the following list of properties appears to be subject to such appraisement under the terms of the leases for such properties;

LIST OF SCHOOL FUND PROPERTY

To be Appraised on or before May 8, 1905.

Location and Legal Description.	Size.	Name and Address of Lessee.
N. E. corner Division and Sedgwick Streets. South 264 ft. of Lot 207, Bronson's Addition.....	181 05 x 264 ft....	Board of Education, Tribune Building.
166-182 W. Madison Street, North Front. Lots 2-6, Block 1, School Section Addition.....	125 x 100 ft.....	C. H. Blair, 175 Dearborn St.
S. E. Corner Madison and Halsted Streets. Lots 7, 8 and 9, Block 1, School Section Addition.....	75 x 100 ft.....	C. H. Blair, 175 Dearborn St.
80–100 S. Halsted Street, West Front. Lots 11–15, Block 1, School Section Addition.....	125 x 150 ft.....	C. H. Blair, 175 Dearborn St.
80–100 S. Halsted Street, West Front. Lots 16–18, Block 1, School Section Addition.....	75 x 100 ft.....	C. H. Blair, 175 Dearborn St.
181 W. Monroe Street, N. E. Cor. Monroe and Halsted Sts. 19–20, Block 1, School Section Addition.....	61 65 x 100 ft....	C. H. Blair, 175 Dearborn St
78 S. Halsted Street, West Front. Lot 10, Block 1, School Section Addition.....	20 x 150 ft.....	Thomas Coughlan, 915–184 LaSalle St.
155–177 W. Monroe Street, South Front. Lot 21, Block 1, School Section Addition.....	204.92 x 189 ft.... 50 x 118.325 ft.... 34 x 100 ft.....	Board of Education, Tribune Building.
52–58 W. Jackson Blvd., North Front. E. ½, Lot 1, Block 52, School Section Addition.....	50 x 80 025 ft.....	John O'Malley, Jr., 4542 State Street,
60–66 W. Jackson Blvd., North Front on Jackson and West Front on Clinton. W. ½, Lot 1, Block 52, School Section Addition.....	50 x 80 025 ft.....	Estate of Margaret Hurtz, Elbridge Hanecy, Admnr., 1st Nat'l Bank Bldg.

Location and Legal Description.	Size.	Name and Address of Lessee.
330 S. Clark Street, East Front. N. ½, Lot 10, Block 113, School Section Addition.....	25 x 105 33 ft....	Rand, McNally & Co Adams and LaSalle Sts.
332 S. Clark Street, East Front. S. ½ Lot 10, Block 113, School Section Addition.....	25 x 105 33 ft....	C. W. Lasher, 41 S. Clark St.
136 S. State Street, East Front. Lot 3, Block 142, School Section Addition.....	24 x 120 ft.....	Jacob L. Kesner, The Fair, State & Adams Sts.
146 State Street, East Front. Lot 7, Block 142, School Section Addition.....	24 x 120 ft.....	Estate of Henry Weil, Thomas G. Field, Trustee, 202 Broadway, N. Y. City, Estate of George Rounsavell, Violetta Rounsavell, Extrx., 146 State St.
148 State Street, East Front. (Alley on south side of lot). Lot 8, Block 142, School Section Addition.....	24 x 120 ft.....	Rosalie Cavanna, H. O. Stone & Co., Agents, 206 LaSalle St.
78–84 Madison Street, North Front. (Alley on two sides and South end. Lots 9, 10 and 11, Block 142, School Section Addition.....	81 48 x 192 ft.....	McVicker Theatre Co., 78 Madison St.
151–153 Dearborn Street, West Front. (Alley on South side of Lot 19.) Lots 18–19, Block 142, School Section Addition.....	48 x 120 ft.....	James K. Sebree, Saratoga Hotel, Chicago.
155–157 Dearborn Street, West Front. (Alley on North side of Lot 20.) Lots 20–21, Block 142, School Section Addition.....	48 x 120 ft.....	Estate of Alice F. Chambers and Ava W. Farwell, J. A. Farwell, Agent, 128 Madison St.
167–171 Dearborn Street, West Front. (Monroe Street south of Lot 27.) S. 8 ft. of Lot 23, and all of Lots 24–27, Block 142, School Section Addition.....	104 x 120 ft.....	Daniel F. Crilly, 167 Dearborn St.,
150-152 S. State Street, East Front. (Alley on north side of Lot 31.) Lots 31–32, Block 142, School Section Addition.....	48 x 120 ft.....	Stumer, Rosenthal & Eckstein, 152 S. State St.

Location and Legal Description.	Size.	Name and Address of Lessee.
154 S. State Street, East Front. Lot 33, Block 142, School Section Addition.....	24 x 120 ft.....	Estate of George B. Jenkinson, R. C. Jenkinson, Surviving Executor, Newark, N. J.
156 S. State Street, East Front. Lot 34, Block 142, School Section Addition.....	24 x 120 ft.....	A. Bishop & Co., 156 S. State Street.
163 N. Desplaines Street, West Front. N. ½ Lot 14, Block 60, Russel, Mather & Roberts' Addition.	20 x 150 ft.....	Wacker & Birk Brewing and Malting Company, 163 N. Desplaines Street.

WHEREAS, it is necessary that the said appraisers do at once proceed to determine and fix the ground rental values of the properties in the foregoing list for a period of ten years from May 8, 1905;

Your Committee, Therefore, Recommends,

That the appointment of said three appraisers be concurred in and affirmed, and that they be requested and directed at once to proceed to fix the ground rental values for the properties set forth in the foregoing list in accordance with the terms of the respective leases made between the Board of Education of the City of Chicago and the lessees of such properties for a period of ten years commencing on May 8, 1905, and ending on May 7, 1915, and that the Secretary of the Board of Education of the City of Chicago be directed to, on behalf of the Board of Education, notify each of the lessees of said properties of the appointment of said three appraisers, giving their respective names and addresses and the name of the party appointing them.

"Your Committee on Buildings and Grounds reports that under certain leases between the Board of Education of the City of Chicago and the lessees of certain

properties, it is provided that an appraisement be made to fix the ground rental value of said properties for a period of ten years, commencing May 8, 1905, and that each of said leases contains the following provisions, to wit:

'In case either of the persons, his successor or successors, appointed by any judge holding said Circuit Court of the United States, or by the judge of the Probate Court of Cook County, or the successor of said court having probate jurisdiction, shall die or resign before an appraisement is made, and in case either of said persons, or the successor or successors of them, or either of them, shall neglect, omit or refuse to act as appraiser, or to make or report an appraisement in accordance with the purport and intention of said lease, and this supplement thereto, the Board of Education, upon evidence satisfactory to itself, may remove such person or persons for such neglect, omission or refusal to act as appraiser, or to make or report an appraisement, and the vacancy or vacancies so occurring, either by death, resignation or removal, shall, on the request of either of the parties hereto, be filled within ten days after such request by the appointment of another person by the judge whose appointee has died or resigned or has been removed. And the person so appointed to fill such vacancy shall, in every case, have the same power and authority to make said appraisement as if he had been appointed appraiser in first instance.'

Your committee, therefore, recommends that in case of any vacancies occurring by reason of any of the aforesaid causes, the President of the Board of Education of the City of Chicago be authorized and empowered to request the judge having the power to fill such vacancy to appoint another person to act as appraiser in accordance with the terms of the leases."

No objections having been made to the recommendations contained in the above report, the report was received and the recommendations contained therein were adopted.

Yeas—14.

Nays—None.

Proceedings of Board March 18, 1905, pp. 533-36.

IN REFERENCE TO APPOINTMENT OF WILLIAM D. KERFOOT.

At a meeting of the Board of Education held March 29, 1905, the Secretary presented the following communication from the President of the Board:

CHICAGO, March 29, 1905.

To the Board of Education, City of Chicago.

LADIES AND GENTLEMEN:—

I hand you herewith communication from Hon. C. C. Kohlsaat, Judge of the United States District Court, dated March 20th, advising that Mr. E. G. Keith is unable to serve as appraiser, owing to his recent illness; also letter of March 22nd from Judge Kohlsaat advising of the appointment of Mr. Wm. D. Kerfoot to fill the vacancy caused by the resignation of Mr. Keith, and Mr.Kerfoot's letter of acceptance.

Yours very truly,

CLAYTON MARK,
President.

March 20, 1905.

Mr. Clayton Mark,
Pres. Board of Education,
Chicago.

DEAR SIR:—

The enclosed letter from Mr. Keith has reached me, stating that he is sick and therefore unable to act as appraiser of school property.

I will select some one in his stead at once and advise you.

Very truly yours,

C.C. KOHLSAAT.

Enc.

1900 Prairie Avenue,
Mch. 13th, '05.

DEAR JUDGE:

I regret to say that since by your partiality I was appointed an appraiser of school fund property I have been confined to my home by illness.

I trust it is not serious, but I do not feel that it is justice to the work assigned that it should be delayed and am therefore obliged to ask to be excused from the service and that you will name some one else to fill the position.

Thanking you sincerely for the confidence you have expressed in selecting me, I am,

Sincerely yours,

E. G. KEITH.

Hon C. C. Kohlsaat,
Judge of the U. S. District Court.

March 22, 1905.

Hon. Clayton Mark,
Pres. Board of Education,
Chicago.

DEAR SIR:—

It now appears that Mr. Lackner resides at Kenilworth, Illinois, and therefore outside of the City of Chicago, and under the terms of the lease is disqualified to act as appraiser.

I have the honor to advise you that I have appointed Mr. Wm. D. Kerfoot to that position, and that he has consented to act.

Very truly yours,

C. C. KOHLSAAT.

Chicago, March 25, 1905.

Hon. Clayton Mark,
President Board of Education of the
City of Chicago, City.

MY DEAR MR. MARK:

Your favor of the 24th inst. at hand.

Judge Kohlsaat advised me by telephone on the 21st inst. of my appointment as an appraiser to appraise certain school lands, which appointment I then accepted, and now confirm my acceptance.

I have qualified as appraiser and handed my qualification papers to Mr. McLaren, the chairman of the Committee of Appraisers, and have since had several meetings with the Committee.

Yours very truly,

WM. D. KERFOOT.

Received and ordered printed in the proceedings.

Proceedings of Board, March 29, 1905, pp. 549-50.

ORIGINAL OATH OF APPRAISERS.

STATE OF ILLINOIS, } ss.
COUNTY OF COOK. }

Whereas under the conditions of certain supplemental leases between the Board of Education of the City of Chicago and certain lessees of School Fund Property the Board of Education of the City of Chicago has appointed John McLaren, the Honorable Christian C. Kohlsaat, Judge of the Circuit Court of the United States for the Northern District of Illinois, has appointed Eldridge G. Keith and The Honorable Charles S. Cutting, Judge of the Probate Court of Cook County, has appointed Arba N. Waterman, three discreet male residents of the City of Chicago, not interested as lessees, or mortgagees of School Property in said City, to determine, on their oath first duly taken, the true Cash Value of each of the lots or parcels of lands hereinafter described, exclusive of the improvements thereon.

Now therefore, each of the subscribed being first duly sworn according to law, each for himself deposes and says that he is a resident of the said City of Chicago, that he is not interested as lessee or mortgagee of any of the properties hereinafter mentioned or of any other school

property in said City of Chicago, and that he together with the other subscribers hereto will faithfully, impartially, and to the best of his ability appraise and determine the true Cash Value at the time such appraisal shall be made, exclusive of the improvements thereon of each and every of the following described lots, pieces or parcels of land situate in the County of Cook and State of Illinois.

JOHN MCLAREN,
ELBRIDGE G. KEITH,
ARBA N. WATERMAN.

Subscribed and sworn to before me this sixth day of March, 1905.

HENRY J. TANSLEY,
Notary Public.

Certificate of County Clerk attached as to magistracy of Henry J. Tansley.

OATH TAKEN BY WILLIAM D. KERFOOT.

STATE OF ILLINOIS, } ss.
COUNTY OF COOK. }

Whereas, under the conditions of certain supplemental leases, between the Board of Education of the City of Chicago and certain lessees of School Fund Property, the Board of Education of the City of Chicago appointed John McLaren. The Honorable Christian C. Kohlsaat, Judge of the Circuit Court of the United States for the Northern District of Illinois, appointed Elbridge G. Keith, and the Honorable Charles S. Cutting, Judge of the Probate Court of Cook County, appointed Arba N. Waterman,—three discreet male residents of the City

of Chicago, not interested as lessees or mortgagees of School Property, in said City to determine on their oath first duly taken, the true cash value of each of the lots or parcels of lands hereinafter described, exclusive of the improvements thereon, and—Whereas the said John McLaren, Elbridge G. Keith and Arba N. Waterman did qualify to act as such appraisers by making oath to perform the duties assigned them and

Whereas on account of ill-health, Elbridge G. Keith did resign and refuse to act any longer as such appraiser, and—Whereas under the conditions of said supplemental leases before referred to the Honorable Christian C. Kohlsaat, Judge of the Circuit Court of the United States for the Northern District of Illinois, on the 22d day of March, 1895, did appoint in place of Elbridge G. Keith, resigned, William D. Kerfoot, a discreet male resident of the City of Chicago, not interested as lessee or mortgagee of School property in said city, to determine on his oath first duly taken, together with the said John McLaren and Arba N. Waterman, the true cash value of each of the lots or parcels of lands hereinafter described, exclusive of the improvements thereon.

Now therefore the said William D. Kerfoot being first duly sworn according to law deposes and says, that he is a resident of the said City of Chicago, that he is not interested as lessee or mortgagee of any of the properties hereinafter mentioned or of any other school property in said City of Chicago and that he together with the appraisers already qualified, namely, the said John McLaren and Arba N. Waterman, will faithfully, impartially and to the best of his ability, appraise and determine the true Cash Value at the time such appraisal shall be made exclusive of the improvements thereon of each and

every of the following described lots, pieces or parcels of land situate in the County of Cook and State of Illinois.

WILLIAM D. KERFOOT.

Subscribed and sworn to before me this 24th day of March, 1905.

MAX KORTUM,
Notary Public.

(Seal)

Certificate of County Clerk attached as to magistracy of Max Kortum.

SUBSEQUENT OATH OF JOHN McLAREN, ARBA N. WATERMAN AND WILLIAM D. KERFOOT.

STATE OF ILLINOIS, } ss.
COUNTY OF COOK. }

Whereas, We, John McLaren and Arba N. Waterman, duly appointed appraisers to determine the true cash value of certain lots and parcels of land hereinafter described, exclusive of the improvements thereon, under certain leases and supplements thereto between the Board of Education of the City of Chicago and certain leases of school fund property, did, in conjunction with Elbridge G. Keith, who was also duly appointed as such appraiser, but who has since resigned, on the 6th day of March, A. D. 1905, take the following oath.

"STATE OF ILLINOIS, } ss.
COUNTY OF COOK. }

Whereas, under the conditions of certain supplemental leases between the Board of Education of the City of Chicago and certain lessees of school fund property, the Board of Education of the City of Chi-

cago has appointed John McLaren, the Honorable Christian C. Kohlsaat, Judge of the Circuit Court of the United States for the Northern District of Illinois, has appointed Elbridge G. Keith, and the Honorable Charles S. Cutting, Judge of the Probate Court of Cook County, has appointed Arba N. Waterman, three discreet male residents of the City of Chicago, not interested as lessees or mortgagees of school property in said city, to determine, on their oath first duly taken, the true cash value of each of the lots or parcels of land hereinafter described, exclusive of the improvements thereon.

Now, Therefore, each of the subscribed being duly sworn according to law, each for himself deposes and says that he is a resident of the said City of Chicago, that he is not interested as lessee or mortgagee of any of the properties hereinafter mentioned, or of any other school property in said City of Chicago, and that he, together with the other subscribers hereto, will faithfully, impartially and to the best of his ability appraise and determine the true cash value at the time such appraisal shall be made, exclusive of the improvements thereon, of each and every of the following lots, pieces and parcels of land situate in the County of Cook and State of Illinois.

Signed JOHN MCLAREN,
Signed ELBRIDGE G. KEITH,
Signed ARBA N. WATERMAN.

Subscribed and sworn to before me this 6th day of March, 1905.

Signed HENRY J. TANSLEY,
(Seal affixed) *Notary Public.*"

And Whereas, thereafter the said Elbridge G. Keith resigned as such appraiser, and William D. Kerfoot was duly appointed appraiser in lieu of said Elbridge G. Keith, all under the provisions of the aforesaid leases;

And Whereas, the said William D. Kerfoot, as such appraiser did, on the 24th day of March, A. D. 1905, take the following oath:

"State of Illinois, } ss.
County of Cook. }

Whereas, under the conditions of certain supplemental leases between the Board of Education of the City of Chicago and certain lessees of school fund property, the Board of Education of the City of Chicago appointed John McLaren, the Honorable Christian C. Kohlsaat, Judge of the Circuit Court of the United States for the Northern District of Illinois, appointed Elbridge G. Keith, and the Honorable Charles S. Cutting, Judge of the Probate Court of Cook County, appointed Arba N. Waterman, three discreet male residents of the City of Chicago, not interested as lessees or mortgagees of school fund property in said city, to determine, on their oath first duly taken, the true cash value of each of the lots or parcels of land hereinafter described, exclusive of the improvements thereon; and

Whereas, the said John McLaren, Elbridge G. Keith and Arba N. Waterman, did qualify to act as such appraisers by making oath to perform the duties assigned them; and

Whereas, on account of ill-health, Elbridge G. Keith did resign and refuse to act any longer as such appraiser; and

Whereas, under the conditions of said supplemental leases before referred to, the Honorable Christian C. Kohlsaat, Judge of the Circuit Court of the United States for the Northern District of Illinois, on the 22nd day of March, A. D. 1905, did appoint, in place of Elbridge G. Keith, resigned, William D. Kerfoot, a discreet male resident of the City of Chicago, not

interested as lessee or mortgagee of school property in said city, to determine on his oath first duly taken, together with the said John McLaren and Arba N. Waterman, the true cash value of each of the lots or parcels of land hereinafter described, exclusive of the improvements thereon.

Now, Therefore, the said William D. Kerfoot being first duly sworn according to law, deposes and says he is a resident of the said City of Chicago; that he is not interested as lessee or mortgagee of any of the properties hereinafter mentioned, or of any other school property in said City of Chicago, and that he, together with the said John McLaren and Arba N. Waterman, will faithfully, impartially and to the best of his ability, appraise and determine the true cash value at the time such appraisal shall be made, exclusive of the improvements thereon, of each and every of the following described lots, pieces or parcels of land situate in the County of Cook and State of Illinois.

Signed WILLIAM D. KERFOOT.

Subscribed and sworn to before me this 24th day of March, 1905.

Signed MAX KORTUM,

(Seal affixed.) *Notary Public.*"

And Whereas, the aforesaid John McLaren, Arba N. Waterman and William D. Kerfoot, the present duly appointed appraisers of the fees in the lands covered by the leases aforesaid, deem it not inappropriate to make and take an additional oath at this time, prior to the time that they, as said appraisers, have made any appraisement of any of the fees as aforesaid.

Now, Therefore, each of said last mentioned appraisers does make and take oath in the premises as follows:

STATE OF ILLINOIS, }
COUNTY OF COOK. } ss.

Whereas, under the conditions of certain supplemental leases between the Board of Education of the City of Chicago and certain lessees of school fund property, the Board of Education of the City of Chicago has appointed John McLaren, the Honorable Christian C. Kohlsaat, the judge holding the Circuit Court of the United States for the Northern District of Illinois, has appointed William D. Kerfoot, and the Honorable Charles S. Cutting, Judge of the Probate Court of Cook County, has appointed Arba N. Waterman, three discreet male residents of the City of Chicago, not interested as lessees or mortgagees of school property in said city, to determine, on their oath first duly taken, the true cash value of each of the lots or parcels of land hereinafter described, exclusive of the improvements thereon:

Now, Therefore, each of the subscribers being first duly sworn according to law, each for himself deposes and says that he is a resident of the said City of Chicago; that he is not interested as lessee or mortgagee of any of the properties hereinafter mentioned, or of any other school property in said City of Chicago, and that he, together with the other subscribers hereto, will faithfully, impartially and to the best of his ability, appraise and determine the true cash value at the time such appraisal shall be made of each and every of the following described lots, pieces and parcels of land, exclusive of the improvements thereon, situate in the County of Cook and State of Illinois, to wit:

Location and Legal Description.	Size.	Name and Address of Lessee
N. E. Corner Division and Sedgwick Streets. South 264 ft. of Lot 207, Bronson's Addition.....	181.05 x 264 ft....	Board of Education, Tribune Building.
166–182 W. Madison Street, North Front. Lots 2–6, Block 1, School Section Addition.....	125 x 100 ft.....	C. H. Blair..... 175 Dearborn St.
S. E. Corner Madison and Halsted Streets. Lots 7, 8 and 9, Block 1 School Section Addition.....	75 x 100 ft.....	C. H. Blair, 175 Dearborn St.
80–100 S. Halsted Street, West Front. Lots 11–15, Block 1, School Section Addition.....	125 x 150 ft.....	C. H. Blair, 175 Dearborn St.
80–100 S. Halsted St., West Front. Lots 16–18, Block 1, School Section Addition.....	75 x 100 ft.....	C. H. Blair, 175 Dearborn St.
181 W. Monroe Street, N. E. Cor. Monroe and Halsted Streets. Lots 19–20, Block 1, School Section Addition.....	61 65 x 100 ft.....	C. H. Blair, 175 Dearborn St.
78 S. Halsted Street, West Front. Lot 10, Block 1, School Section Addition.....	20 x 150 ft.....	Thomas Coughlan, 915-184 LaSalle St.
155-177 W. Monroe Street, South Front. Lot 21, Block 1, School Section Addition	204.92 x 189 ft.... 50 x 118.325 ft.... 34 x 100 ft.....	Board of Education, Tribune Building.
52–58 W. Jackson Blvd., North Front. E. ½, Lot 1, Block 52, School Section Addition.....	50 x 80.025 ft.....	John O'Malley, Jr., 4542 State Street.
60–66 W. Jackson Blvd., North Front on Jackson, and West Front on Clinton. W. ½, Lot 1, Block 52, School Section Addition.....	50 x 80.025 ft.....	Estate of Margaret Hurtz, Elbridge Hanecy, Admr., 1st Nat'l Bank Bldg.
330 S. Clark St., East Front. N. ½, Lot 10, Block 113, School Section Addition.....	25 x 105.33 ft.....	Rand, McNally & Co. Adams and LaSalle Sts.

Location and Legal Description.	Size.	Name and Address of Lessee.
332 S. Clark Street, East Front. S. ½, Lot 10, Block 113, School Section Addition.....	25 x 105.33 ft.....	C. W. Lasher, 41 S. Clark St.
136 State Street, East Front. Lot 3, Block 142, School Section Addition.....	24 x 120 ft.....	Jacob L. Kesner, The Fair, State & Adams Sts.
146 S. State Street, East Front. Lot 7, Block 142, School Section Addition.....	24 x 120 ft.....	Estate of Henry Weil Thos. G. Field, Trustee, 202 Broadway, N. Y. City, Estate of George Rousnavall, 146 State St.
148 S. State Street, East Front. (Alley on South side of Lot.) Lot 8, Block 142, School Section Addition.....	24 x 120 ft.....	Rosalie Cavanna, H. O. Stone & Co., Agents, 206 LaSalle St.
78–84 Madison Street, North Front. (Alley on two sides and South End.) Lots 9, 10 and 11, Block 142, School Section Addition.....	81 48 x 192 ft.....	McVicker Theatre Co., 78 Madison St.
151–153 Dearborn Street, West Front. Alley on south side of Lot 19. Lots 18–19, Block 142, School Section Addition.....	48 x 120 ft.....	James K. Sebree, Saratoga Hotel, Chicago.
155–157 Dearborn Street, West Front. (Alley on North side of Lot 20.) Lots 20–21, Block 142, School Section Addition.....	48 x 120 ft.....	Estate of Alice Chambers and Ava W. Farwell, J. A. Farwell, Agent, 128 Madison St.
167–171 Dearborn Street, West Front. (Monroe St., South of Lot 27.) S. 8 ft. of Lot 23, all of Lots 24–27, Block 142, School Section Addition.....	104 x 120 ft.....	Daniel F. Crilly, 167 Dearborn St.
150–152 S. State Street, East Front. (Alley on North side of Lot 31.) Lots 31–32, Block 142, School Section Addition.....	48 x 120 ft.....	Stumer, Rosenthal & Eckstein, 152 tate Street.
154 S. State St., East Front. Lot 33, Block 142, School Section Addition.....	24 x 120 ft.....	Estate of George B. Jenkinson, Newark, N. J.

Location and Legal Description.	Size.	Name and Address of Lessee.
156 S. State Street, East Front. Lot 34, Block 142, School Section Addition.....	24 x 120 ft.....	A. Bishop & Co., 156 State Street.
163 N. Desplaines Street, West Front. N. ½, Lot 14, Block 60, Russell, Mather & Roberts Addition.	20 x 150 ft.....	Wacker & Birk Brewing Co., 163 N. Desplaines Street.

JOHN McLAREN,
ARBA N. WATERMAN,
WILLIAM D. KERFOOT.

Subscribed and sworn before me this 18th day of April, A. D., 1905:

JULIUS C. MATTHIS,
Notary Public.

NOTICE SENT TO BOARD OF EDUCATION BY BOARD OF APPRAISERS.

At a meeting of the Board of Education held March 29, 1905, the following report was received:

The Committee on Buildings and Grounds reports that it is in receipt of the following communication addressed to the President of the Board, from recently appointed appraisers of school fund lands; that it has duly considered the matter, and recommends that the President of the Board be empowered to employ such help as may be necessary, in connection with the proposed appraisements, in order to properly protect the interests of the Board. The following is the communication above referred to:

"March 7, 1905.

Hon. Clayton Mark,
President Board of Education,
City of Chicago,
Tribune Building.

My Dear Sir:

Take notice that John McLaren, Elbridge G. Keith and Arba N. Waterman have been duly appointed appraisers to determine the true cash value of certain lease lands at the time of such appraisal for the purpose of determining the annual rental thereof as is provided in the lease and supplemental leases of said real estate from the Board of Education of the City of Chicago to certain lessees thereof.

The said appraisers have duly qualified as such and will meet in the office of E. G. Keith, Esq., president of the Chicago Title and Trust Company, in its building, 100 Washington Street, Chicago, on Monday, the 13th day of March, 1905, at 3 o'clock p. m., and will continue in sessions from time to time, as may be hereafter fixed upon until said appraisements are determined, when and where you may attend if you see fit.

Any papers or statements connected with the appraisement that you may wish to submit for the consideration of the appraisers may be sent to Appraisers of School Fund Lands, care E. G. Keith, Esq., Chicago Title and Trust Company, 100 Washington Street, Chicago.

John McLaren,
Elbridge G. Keith,
Arba N. Waterman,
Appraisers of School Fund Lands,
By John McLaren,
Chairman."

Proceedings of Board, March 29, 1905, p. 558.

PROTESTS AND OBJECTIONS TO APPOINTMENT OF APPRAISERS FILED BY

Estate Geo. B. Jenkinson,
Estate Henry Weil,
Estate Geo. Rounsavell,
Louis Stumer,
Jacob L. Kesner,
Benj. J. Rosenthal,
A. Bishop & Co.,

By Levy Mayer and Donald L. Morrill, their attorneys.

(Each protest being in the same language except the description of the property in the last paragraph.)

Chicago, March 29, 1905.

Messrs. John McLaren, Arba N. Waterman and William D. Kerfoot.

Gentlemen:

The undersigned, being a lessee of the Board of Education of the City of Chicago, and owning under a certain lease and supplemental lease from said Board of Education the leasehold interest hereinafter more specifically stated, in response to your notice dated March 24th, 1905, informing the undersigned that you have been appointed appraisers of the real estate mentioned in said notice and hereinafter more specifically referred to, for the purpose of preserving and protecting the rights secured to the undersigned by law and by the terms and provisions of said lease and supplemental lease, hereby protests and objects that you have neither jointly nor severally any jurisdiction or legal right to act as apprais-

ers in the premises for the following, among other reasons:

1. That you have not been legally or properly appointed appraisers.

2. That you have not been appointed according to or in compliance with the provisions of the said lease and supplemental lease from said Board of Education.

3. That said John McLaren was not properly or legally appointed or designated by the said Board of Education as an appraiser in the premises, and does not possess the qualifications specified in said lease and supplemental lease, and is disqualified to act.

4. That said William D. Kerfoot was not properly or legally appointed or designated by the Honorable Christian C. Kohlsaat as an appraiser in the premises, and does not possess the qualifications specified in said lease and supplemental lease, and is disqualified to act.

5. That said Arba N. Waterman was not properly or legally appointed or designated by the Honorable Charles S. Cutting as an appraiser in the premises, and does not possess the qualifications specified in said lease and supplemental lease, and is disqualified to act.

6. That no warrant, certificate, or other document has been issued by said Board of Education to you, or any of you, legally or properly specifying the duties to be performed by you, or any of you, or authorizing you, or any of you, to discharge any duties whatever with reference to the parcel of real estate hereinafter described.

7. That the action of said Honorable Christian C. Kohlsaat in appointing said William D. Kerfoot as such appraiser was not had or taken in conformity with or as

required by the terms and provisions of the said lease and supplemental lease.

8. That the Honorable Christian C. Kohlsaat first undertook to and did appoint and designate Elbridge G. Keith to act as appraiser in the premises; that thereafter said Elbridge G. Keith resigned before an appraisement was undertaken or made in the premises; that the right and power on the part of said Honorable Christian C. Kohlsaat to appoint a successor to said Elbridge G. Keith depended upon the performance of and compliance with certain conditions precedent, required by said lease and supplemental lease, which were not performed nor complied with, and that the apointment of said William D. Kerfoot was and is void.

9. That the said Honorable Christian C. Kohlsaat, at the time of making or purporting to make the said appointment of William D. Kerfoot, was not a judge holding the Circuit Court of the United States, as required by the terms and provisions of said lease and supplemental lease.

10. That the action of said Honorable Charles S. Cutting in appointing said Arba N. Waterman as such appraiser was not had or taken in conformity with or as required by the terms and provisions of said lease and supplemental lease.

11. That neither the said Honorable Christian C. Kohlsaat nor said Honorable Charles S. Cutting had any legal right, power or authority to designate or appoint the said William D. Kerfoot and Arba N. Waterman, respectively, and that no legal or proper appointment of said William D. Kerfoot or Arba N. Waterman, respectively, was made in the premises.

12. That you, and none of you, have taken the necessary or proper oath for the purpose of qualifying you to act as such appraisers.

13. That the oath of office, if any such oath of office was taken by you, does not obligate you to specifically make a fair and impartial appraisal of the parcel of real estate hereinafter described, in accordance with the terms and provisions of said lease and supplemental lease.

14. That the said notice of March 24, 1905, is informal and defective so far as it relates to the undersigned, and is not a proper and sufficient notice under the terms and provisions of said lease and supplemental lease.

15. That there is and was no compliance with the terms and provisions of said lease and supplemental lease in the attempted designation and appointment of all or any of you as appraisers, and that you, and each of you, are without jurisdiction to proceed with the proposed appraisal, and that the said appointment of you, and each of you, was and is void, and any proceeding which may be had or taken by you, or any of you, in that behalf, will be illegal and void.

The parcel of land and leasehold interest therein, hereinbefore referred to and covered by this protest is Lot Seven (7), in Block One Hundred and Forty-two (142), School Section Addition to Chicago, Cook County, Illinois, otherwise known as 146 State Street.

PROCEEDINGS BEFORE BOARD OF APPRAISERS.

McVICKER THEATRE CO.

STATEMENT OF DUPEE, JUDAH, WILLARD & WOLF, ATTORNEYS FOR McVICKER THEATRE CO.

LOTS 9, 10 AND 11, IN BLOCK 142 IN THE SCHOOL SECTION ADDITION TO CHICAGO.

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1. The above premises are those upon which stand the McVicker Theatre building.

2. Said premises have a north frontage of eighty-one and forty-eight hundredths (81.48) feet on Madison street by a depth of one hundred and ninety-two (192) feet. The premises are surrounded on the East, South and West, respectively, by alleys fifteen (15) feet in width.

3. The present lease was made in May, 1880, to Harriet G. McVicker who transferred it, with the consent of the lessor, to the present owner, The McVicker Theatre Company. It was originally for a term of fifty (50) years from May 8, 1880, with provision for re-appraisement every five years. On June 15, 1888, a supplement to said lease was executed between the parties which extended the term to May 8, 1985, and provides for re-appraisement every ten years. The lessee is now paying an annual ground rent of $27,000.

4. For convenience, correct copies of said lease and supplemental lease have been printed and are hereto attached for reference.

5. The present building was erected shortly after the Great Fire and is of the construction usual at that time, when a very great amount of building was proceeding; when great haste was a part of all operations, and the methods, workmanship and construction were respectively far less careful and lasting than now. In the year 1891, the building was badly injured by fire, and at that time and from time to time thereafter has been the subject of many changes and repairs.

6. The front part of the building, viz: that part extending from Madison street back a depth of forty-one (41) feet is, barring the theatre entrance, constructed and used for offices with two narrow and shallow stores on the street level. Under each store there is a small basement space which is rented out and the remainder of the basement is necessarily used in connection with the theatre. The space in the rear of the front forty-one (41) feet is used for theatre purposes, except that a tier of offices on the fifth and sixth floors is carried back on steel construction over the auditorium of the theatre, about ninety (90) feet, furnishing twenty-five offices. With respect to the whole of the office portion of the building it is to be said that it is of such construction and so hampered by the theatre entrances and the necessarily small elevator space that it is not even fairly to be called second class; even a hasty examination by one experienced in such matters, of the office portion of this building, will satisfy him that even without further compensation in office space in this city, the office portion of this building cannot be rented on a better than third class basis. Investigation of the building upon this subject is earnestly invited. Offices in this building are rented at a rate as low as seven dollars ($7) a month. The gross

annual income from the building at the present time is $57,948.27. The annual expenses for carrying the property, including the ground rent of $27,000 are $47,281.40, leaving a net annual income of $10,166.87.

Said expenses are stated by the secretary as follows:

(1)	Ground rent to Board of Education....	$27,000.00
(2)	Salaries of superintendent, janitor, two elevator boys and two scrub women..	4,316.00
(3)	General expenses, including supplies and repairs to the office portion of the building	7,563.06
(4)	Insurance	6,720.32
(5)	Taxes for 1903, on leasehold and building	2,182.02
	Aggregate	$47,781.40

But in the foregoing nothing is included for repairs to the exterior or for depreciation.

7. The Lessee is a corporation under the laws of Illinois; its whole capital stock has been invested in this building. By virtue of the late amendments to the city ordinances respecting the construction of theatres the company was compelled to borrow and spend a large sum of money during last year in order that the theatre might be used at all; for this indebtedness the company is now obligated. It is utterly beyond its power to obtain and further money wherewith to construct a new and modern building when its only property consists of this old building and a leasehold subject to re-appraisal every ten years. No argument seems necessary on this point. All experienced business men will concede the statement. It is also a matter of common knowledge that this tenant, along with other tenants of neighboring school property, for months at a time urged upon the

school board the desirability of fixing the rent at a definite sum, in order that new improvements might be possible, and that such application to the school board has been utterly without avail.

8. Under this situation the Lessee turns to the supplemental lease of June 15, 1888, paragraph sixth of which is as follows:

> "SIXTH. That, notwithstanding anything in said lease contained, the appraisers shall be at liberty in forming their judgment of the value of the land, without including the value of the improvements thereon, to take into consideration, if and so far as they deem it pertinent to do so, the improvements on such land, and the character, condition, value, cost, rental, expenses, and other particulars thereof, and any other facts or information, from whatever source, bearing upon the question of the actual value of said land; and it shall be the duty of the lessee to furnish the appraisers promptly, on request, a statement showing the rental, receipts and disbursements on account of said improvements for five years, as near as may be, next preceding the time of the appraisement."

The Lessee insists that notwithstanding anything that has been said or done or anything that can be said or done, this paragraph sixth was by the parties intended to cover just the situation now in hand, and to allow and in equity and justice to require that in fixing the value of this property for determining the ground rent in the future the appraisers should take into consideration the improvements and the cost thereof, and the rentals and the expenses of operation, and all other particulars, facts and information bearing upon the question of the actual value of the land between the lessor and the lessee under all the circumstances, including the burden of the changeable character of the rental from ten year period to ten

year period. The courts had held that in fixing values for estimating rentals under a re-appraisement lease the burden of the changeable character of the rental should be taken into consideration; and it is insisted that in writing this sixth paragraph that question was expressly intended to be covered. The sixth paragraph is wholly without meaning if the appraisers are simply to consider the land as though it were a clean lot filled smoothly to the street level and were under appraisement for the purpose for instance, of a sale to a stranger. What then would *"the improvements"* have to do with the value, or their *"condition"* or *"value"* or *"cost,"* and what would *"rentals"* and *"expenses"* and *"other particulars"* have to do with the valuation made upon such a basis as that? Clearly the words are futile and useless if the appraisers are not at liberty to look at this property and say what is its fair value *as between this lessor* and *this lessee under all the circumstances, including the burdens under which the tenant labors as the holder of a lease which makes it impossible to borrow money wherewith to make modern improvements, or to know what is going to happen to the lessee in the future.* The position in which the holders of these re-appraisement leases now stand is known to all persons of experience in this city; around them great buildings are being erected extending deep into the ground and high into the air, their light is being cut off from them, their old buildings are being impaired by the excavations of their neighbors, the competition in offices and other rentable space is constantly increasing, and they must stand still. The truth is that the burden of the re-appraisement situation, is, as between lessor and lessee, pre-eminently a fact "bearing upon the question of the actual value of said land," and all reasonable

people are well aware of the fact, and no decision in the case of any lease which does not contain such a paragraph as this paragraph sixth, has any fair or proper application to the situation in hand.

9. These premises 81.48 feet in width, east and west, are cut off from and never can be a part of State street frontage; to treat or consider them as capable of being made a part of a great department store or the like, fronting on State street, would be wholly unjustified and unfair. To all who have followed the decisions of the Supreme Court of Illinois, the last two or three years with respect to the right of the city or individuals to ignore the rights of the general public in streets and alleys, any proposition that these premises can ever be used in connection with a State street frontage, will seem futile. It might be admitted that every woman and female child in the northern half of Illinois will, if possible, do all her trading on State street, and that at times she will go one block back in a great store, provided that she can enter on State street, and still any attempt to class this property in with property which can be used as a part of a State street frontage would result in the greatest hardship and injustice to the tenant; and to apply to this property the prices which have been placed on special pieces of property particularly needed to complete junction with State street property cannot fail to be disastrous and unjust.

10. Also, it should not be forgotten that while this property is surrounded by alleys, the light to be had from them, when the neighborhood is built up with high buildings, as it almost certainly will be in the future, is not sufficient for a high building on the premises under consideration. If a modern ten or twelve story office

building were built upon the premises in question it would be necessary to devote a large amount of space within the building to the furnishing of light and ventilation. In other words, under the modern requirements for high buildings the lot is not well adapted for an office building; too much space within the lot lines would have to be surrendered to light and ventilation, and it cannot but be conceded that the best purpose to which the lot can be devoted is that of a building mainly devoted to theatre purposes, with offices in the front. The construction of offices over the theatre have not proved successful even prior to the new ordinances of the City of Chicago, relating to the construction of theatres, and to construct a theatre now underneath offices is substantially impossible. On the other hand, a theatre to be successful at all must be very nearly the size of the present McVicker Theatre, but that leaves only a narrow space for offices in front; at the same time theatres are capable of producing only a certain rental. Neither management, skill or diligence will enable a theatre to pay more than a given amount of rent. The average paid for first-class theaters throughout the country would tell the story of their rental capacity. With the exception of a very few houses which are devoted to continuous performances, theatres are used only in the evening, and for one or two matinees during the week, and are idle commonly during the vacation months of the summer, and it would be entirely impracticable and unfair to take as a measure against theatres generally the rental capacity of the one or two successful theatrical enterprises which furnish continuous performances.

That the premises in question, owing to their size and location, are best employed when used for theatre pur-

poses, is, in a practical way, proven by what is now going on on the corresponding school property directly south of the premises in question, fronting on Monroe street, formerly known as the Chapin & Gore and Boomer properties. These last mentioned premises, being in all respects the same size as the premises in question, were by Chapin & Gore and the Boomer estate, held under two long term school leases at an aggregate fixed annual rental of twenty-seven thousand dollars ($27,000). During the year last past these leases were acquired by the Lehman estate, and that estate is now engaged in erecting, upon said premises, a costly modern building, mainly devoted to theatre purposes with offices in front. It is submitted that an investigation of this new improvement will show that all the capital needed, is being used and that the greatest care and thought has been applied in the plans and construction.

The theatre portion of said new building is 81 feet in width, and 130 feet in depth. The office portion in front is 81 feet by 62 feet, and is to be twenty stories in height. On the ground floor in front the east half is devoted to the theatre entrance alone, and there is a twenty foot store, and the balance of the front is devoted to the entrance to the office building; that is to say, a 20 foot store is all that, under the present city ordinances and under modern plans and construction, could be saved out of the front upon the street level.

Out of the space, 81x62 feet, given in this new building to office purposes, only 57x57 feet and 20x9 feet, can and will be saved on each floor for the use of tenants, the balance has to be given up to elevators, pipes, shafts, etc.

11. It is submitted that under all the circumstances there is no parcel of property with respect to which a

comparison can be made for the appraisement now in hand, so justly and so well, as the said premises on Monroe street now under improvement by the Lehman estate. The size of the premises is the same; one fronts on Madison street and the other fronts on Monroe street; they are equally near State street; the light from the rear and the light from the alleys is just the same; Madison street has street cars and Monroe street has not; but the properties are in fact so nearly equal in their approach to what is central in Chicago that the absence of street cars would appear to make no difference, while the speedy approach of Monroe street to being the very center of banking business in this great city, would certainly make many investors prefer Monroe street to Madison street, if an investment were in question. But the size and location of both parcels of land make them, as above stated, both most suitable for the location of large theatres.

The Lehmann estate having large means seeking investment purchased the two school leases of the Monroe street property; as stated before, those school leases stand upon a fixed rental for a long period and the aggregate ground rental is twenty-seven thousand dollars ($27,000) a year. For these leases the Lehmann estate paid the aggregate sum of one hundred and seventy-five thousand dollars ($175,000), or rather the Lehmann estate paid one hundred and fifty thousand dollars ($150,000) and the future tenant of the theatre in question paid an additional twenty-five thousand dollars ($25,000) which was demanded, so that the aggregate purchase price received by the vendors of the leases was $175,000. At four per cent. (4%) the going rate for money in Chicago for permanent investments, this

$175,000 is worth $7,000 a year. This, added to the $27,000 payable under the ground leases makes an aggregate of $34,000, which the Lehmann estate is paying for the permanent use of the Chapin & Gore and Boomer properties. It must not be forgotten that their rental is fixed; there is no re-appraisement; there can be no increase in their burden save the taxes on the fee hereinafter referred to.

But the lessee of the property now under consideration for appraisement labors under the burden of constant reappraisals. Judge Tuley, in his decision in the First National Bank case, found that the burden justly entitled the lessee to a deduction of ten per cent. (10%). As above set forth we insist that under paragraph sixth of the amendatory lease, we are in justice and equity entitled to such a rebate, and if you deduct from $34,000, the rental which the Lehmann estate is paying for its above mentioned premises on a fixed basis, 1/10 or $3,400, you get as a result $30,600 as a rental for the premises under consideration, but upon the understanding however, common at the date of the Lehmann estate purchase, that there be no taxes on the fee.

12. Within the last month the Supreme Court of Illinois has decided that the fee of the school lands may be taxed. This decision was made after the most full and able arguments, both printed and oral. Heretofore the school lessees have been assessed only upon the value of their leases and improvements, now they must pay upon the fee also, as their leases call for the payment by them of all taxes. Also they are by the revenue act subject to the payment of back taxes.

It is well known that the six per cent. basis, for the school leases was established upon the theory of no taxa-

tion upon the fee, the going rate for long leases being five per cent. and it being assumed that the taxes to be escaped upon the fee would ordinarily equal one per cent. Now the whole theory has proved a fallacy. With respect to all of these matters and things the lessee is entitled in justice and equity to due consideration and to have the judgment of a full and valid board of appraisers, and not knowing when or how the board was appointed the undersigned reserves the right to object now and at all times to the appointment of the respective members of the board of appraisers, their qualification and proceedings.

THE MCVICKER THEATRE COMPANY.

DUPEE, JUDAH, WILLARD & WOLF,
Attorneys.

STATEMENT OF BOARD OF EDUCATION IN REPLY TO McVICKER THEATRE CO.

To the Honorable Board of Appraisers
of School Fund Property,
of the City of Chicago.

GENTLEMEN:

In the matter of the lease owned by the McVicker Theater Company from the Board of Education of the City of Chicago of the property situated on the south side of Madison street, between State and Dearborn streets, surrounded on three sides by 15 foot alleys, described as Lots 9, 10 and 11 in Block 142 in School Section Addition to Chicago, having a frontage of 81.48 feet on Madison street, which is 75 feet wide, by a depth of 192 feet.

The statement and argument of the lessee covering this piece of property is made by Messrs. Dupee, Judah, Wil-

lard and Wolf, and is comprised principally of statements showing the undesirability of the improvements located on the land and the use to which such improvements are put, the effect of Paragraph 6 in Supplemental Lease of June 15, 1888, an attempt to negative the benefit of the alleys surrounding the site, a comparison of this site with the Lehmann lease site, directly south thereof, and a plea in connection therewith for a rental of $30,-600.00 per anumn for the land, and finally, an allegation in reference to the payment of taxes under a late decision of our Supreme Court.

We must here again submit to your Honorable Body that this lessee, as is the case with each of the others, is attempting to have you consider the value of the leasehold instead of that of the fee. We, on our part, must insist that your deliberations should be confined entirely to an ascertainment of the present value of the fee, exclusive of the improvements and leases, and we submit that it, in no way, concerns you what the character of the buildings situated upon this site is, or that the lease covering the premises is one with a re-valuation clause in it and not what is known as a straight 99 year term, and in this connection we wish it emphatically understood that we do not ask that Paragraph 6 of the supplemental lease be ignored, but neither do we wish it to be given a meaning other than it actually has or a force greater than it possibly can in reason be credited with. Paragraph 6 of the supplemental lease must be taken into consideration with each and every other clause of the supplemental and original leases and be considered for what it is worth. Clause 6 speaks for itself, and under it your Honorable Body is entitled to hear facts of any and all kinds which may be presented to you, but only for the

single purpose of aiding you in ascertaining the value of the fee of the land stripped of all liens, charges and clouds whatsoever, and we respectfully submit that the value of the improvements, the rent they produce and the purpose to which they are put can not, in any way, affect the value of the fee where, in the lease under which they exist, the rent for that fee is fixed and established by the very terms of the lease at a given sum, as in this case, to-wit, 6% upon the value of the land.

In the case of *Springer* v. *Borden,* reported in Vol. 210 of the Illinois Reports, page 518, our Supreme Court has, in very plain language, shown the impossibility of facts limited to those mentioned in the language of Paragraph 6 aforesaid throwing any light upon the value of the fee.

Inasmuch as Paragraph 6 aforesaid is so persistently brought to your attention by the lessee, we wish to call your attention to that provision of the lease which establishes the rent therefor at 6% per annum upon the cash value of the premises, without the improvements, and to suggest to your Honorable Body that, if the terms of the lease, as such, are to be considered in fixing the value of the fee to the land, then in any common sense estimate of that value it will become your duty to place a higher value upon said fee than you would be compelled to do were there no lease taken into consideration, and this, simply because the rental which must be paid for that fee for the long period of the unexpired term of this lease is 50% in excess of the present going rates for long term leases, and we ask that, if you do in any way take into consideration in establishing the value of this fee those terms of this lease which seem to you to in any way depreciate the value of the fee, then you must also take into consideration this all-important term thereof which

warrants to the Board of Education an income on a 6% basis for the balance of the term on property which, if leased to-day for a like term, would have to be done at a 4% rental according to the statements of the lessee itself which we are here answering.

In this same connection, argument is made by the lessee that this fee is depreciated in value because of a late decision of our Supreme Court burdening it with the payment of general taxes, and claiming that it was because of the presumption there was no such burden that the 6% rental was fixed upon in lieu of the then going 5% rental. This presumption is entirely in the minds of the lessee and has no real existence in fact, as is shown by the very terms of the lease itself, which provides as follows:

"And the said party of the second part, for herself and her heirs, executors, administrators and assigns, further covenant and agree, to and with the said party of the first part, its successors and assigns, that during the continuance of this lease she will pay all water rates and all taxes, duties and assessments, general and special, ordinary and extraordinary, of every nature and kind whatsoever, which may be levied, imposed or assessed upon the premises herein demised, or upon any building, addition or improvement, of any kind, which may hereafter, during the continuance of this lease, be erected, made or placed thereon, whether such taxes, duty, rate or assessment shall be for city, county, state or other purpose soever. and if the party of the second party, his executors, administrators or assigns, shall not, within thirty days after he shall receive notice from the party of the first part that the said premises have been advertised for sale for non-payment of any tax, rate, duty or assessment, pay such tax, rate, duty or assessment, then, at the option of

the party of the first part, this lease shall be terminated, or the said party of the first part may, at its option, elect to pay such rate, tax, duty or assessment and to add the amount thereof to the amount of rent due or becoming due, and may collect the same, with interest thereon at the rate of 8% per annum, as so much additional rent of the said party of the second party, her heirs, executors, administrators or assigns, either by suit at law or distress for rent, or in any other legal way.''

Certainly in no plainer language could the intent of the parties be shown that it was the purpose of each and all of the same to have the taxes, etc., paid by the lessee, in addition to the 6% fixed rental, but, as a matter of fact, up to the present time there has been no final determination by our Supreme Court that this fee, or any other School Fund Property fee of like character, is liable for general taxes. The case spoken of by this lessee and by other lessees in their several statements is open and undetermined, a petition for re-hearing having been made in the Supreme Court, and that petition has, within the last few days, been granted. What the decision of the Court will be on a further consideration of the facts and the law cannot be stated at this time.

As affecting the value of the fee, the lessee argues that this site can never be used in conjunction with State Street frontage for one purpose and, therefore, cannot be of State Street frontage value. We are content to have the value fixed as of Madison Street frontage at this point, and deem that value to be readily ascertainable as such by taking into consideration sales and leases where values have been fixed on the land on Madison Street frontage and by the peculiar condition of this particular piece of property. This site is very favorably located,

by reason of the 15 foot public alleys on three of its sides and the 75 foot wide street in front of it, thus always assuring it light on each of its four sides and thereby enabling the construction of a building covering its entire area, without the necessity of sacrificing any space for a court, and by reason of the fact of the permanent improvements constructed to the west of it—the Tribune Building—having a large court which gives light to this site as well as to the entire Tribune Building, and by reason of the character of the construction of the new building to the south of it on the Lehman-Boomer site, where the north 2/3 of that lot is left entirely open above the equivalent of a three story building, this site will enjoy, for the entire term of the present leasehold, much additional light. The contention raised by the lessee that high buildings will destroy the value of the alleys above mentioned is hardly worthy of answer, because the same conditions as to high buildings will be met in any site which could be selected within the loop district, and were it not surrounded by alleys, as in this case, there would have to be just so much additional ground space used for court and light purposes. This site, in so far as shape and surrounding light conditions are concerned, is probably the most valuable in the City, with the exceptions of the Rookery site, the Illinois Trust & Savings Bank site and the Chamber of Commerce site, and that it is possible to construct a building upon it, without sacrificing any room for court or light space, is demonstrated by the construction of the National Life Building, at 159 La Salle Street, this City. That this site is more valuable than the Lehmann-Boomer site on Monroe Street is readily ascertainable when one remembers that Monroe Street is but 66 feet in width, while Madison Street is 75 feet; that Monroe Street has no street car line upon it, while Madison

Street has the West Side cable system loop cars passing over it, and that there is a regulation requiring cable trains to stop just before reaching State Street so as to make the McVicker Theatre site the same as a street crossing and causing thousands of persons to be discharged from the cars at this point, which materially adds to the value of the site.

We desire shortly to call your attention to certain values of Madison Street frontage lately established by transactions on that street.

On the corner of Wabash Avenue and Madison Street, Otto Young has taken a lease from the Catholic Bishop of Chicago on the basis of $86.80 a square foot.

The Otises secured a lease on the South West corner of Madison and State Streets, size 48 by 80, on a basis of $169.00 a square foot, and the West 40 feet of the sale lot on a basis of $100.00 a square foot, making an average of $146.00 a square foot. The two pieces are now covered by a sixteen story building. In September, 1904, the Otises sold a bond issue on that property on a showing that they earned interest on a land value of $30,110.00 a front foot, or $250.00 a square foot.

In September, 1902, William A. Bond, John C. Fetzer and William D. Kerfoot appraised the City property across the street from the McVicker Theater site, leased to Mr. Netcher, at $84.00 a square foot, and this property was not an isolated piece like that here under process of appraisement. Mr. Netcher's entire holding, from the alley to Madison Street and from State Street to Dearborn Street, averaged him in cost $105.60 per square foot.

The Hartford Building, on the corner of Dearborn

and Madison Streets, is on a basis of $130.00 a square foot.

On December 24, 1904, Mills and Spofford leased to Alexander D. Hannah the Morrison Hotel corner for 99 years, size 99½ by 90 feet, for $50,000.00 a year ground rent, or on a value of $138.40 a square foot.

On October 25, 1904, the University of Chicago leased the North West corner of Madison and La Salle Streets to the Illinois Life Insurance Company for 99 years, on a basis of $136.00 a square foot.

By reason of all of the foregoing, we submit to your Honorable Body that the minimum value of the fee in the land at this date of the property here appraisable is $1,399,680.00, which is at a rate of $90.00 a square foot.

We ask your Body to consider with this statement the Exhibits A, B, C, and D, heretofore furnished with the statement in the Crilly lease. Copies of said Exhibits are furnished the lessee's representatives with this statement.

Respectfully submitted,

BOARD OF EDUCATION,
Of the City of Chicago,

By JAMES MAHER, and
ANGUS ROY SHANNON,
Its Attorneys.

IN THE MATTER OF THE APPRAISEMENT OF THE McVICKER THEATRE PROPERTY.

REPLY TO THE ARGUMENT OF MESSRS. MAHER AND SHANNON.

To the Honorabe Board of Appraisers,

GENTLEMEN:

The attorneys for the School Board are correct in their suggestion that we urgently insist upon the recognition of the provisions of Paragraph Sixth of the Supplemental Lease. And we urge that upon the position taken by the Board's attorneys the provisions of said Paragraph become wholly worthless to both parties to the contract. The landlord does not need them. Of what value is it to the landlord to know what are the *expenses,* for instance, of operating the present improvements, if the appraisers are to determine values without regard to the peculiar burdens under which the other party to this contract labors.

We rely upon the rule that a contract is always to be construed, if practicable, so that all its parts shall have some meaning and that no part is to be treated as having no reason whatever for existence, and upon the further rule that a lease is always most strongly construed against the lessor.

> "It is a familiar canon of construction that all grants, contracts, deeds, and leases of every description shall be most strongly construed against the grantor, and if there be any doubt or uncertainty as to the meaning of any such grant, deed or lease, it shall be construed most strongly in favor of the grantee. Or if the contract may be given two constructions, either of which is reasonable, the one most favorable to the grantee shall be adopted.

McCarty v. *Howell*, 24 Ill. 343; *Massie* v. *Belford*, 68 Ill. 290; *Nat'l Bank* v. *Ins. Co.*, 93 U. S. 678."

Schmol et al v. *Fiddick*, 34 Ill. App. 190.

Counsel for the Board say:

> "Clause 6 speaks for itself and under it your Honorable Body is entitled to hear facts of any and all kinds which may be presented to you but only for the single purpose of aiding you in ascertaining the value of the land stripped of all *liens, clouds and charges whatsoever.*"

But if you are not to consider the effect *upon the tenant* of the condition of the improvements and all other particulars including the burden of the constant reappraisements, what possible good can it do for you to know what the *improvements cost,* or their *condition,* or the *rentals,* or the *expenses.*

Surely none of these things have anything to do with the matter if you are to make your appraisement as if the land in question were a clean, unimproved parcel of real estate, unencumbered with this reappraisal lease and decadent buildings.

And if any of these *particulars* are to be considered on behalf of one party to the contract, all ought to be taken into account on behalf of the other party when asking for that.

In *Springer* v. *Borden* our Supreme Court was dealing with a case where the parties had not agreed that the facts and particulars referred to in said Paragraph Sixth could be taken into account. Here we have the *express agreement* that it may be done. The Borden case has no application here. The Sixth Paragraph was inserted for the protection of the lessees as part of a compromise

settlement. There was no misunderstanding about it when the settlement was made.

The lessee never claimed that the lease does not expressly provide that the lessee shall pay all the taxes. But lessee states again the well known fact, not denied by the attorneys for the Board, that the six per cent. basis for the School leases was adopted after discussion upon the theory and proposition that the School property would in fact never be taxed, and that, therefore, six per cent. was in reality equivalent to five per cent.

Also, we wish to urge again that the property next south of the McVicker Theater now being improved by the Lehman Estate, and the prices and rentals paid therefor by said Estate, furnish the best and fairest basis for a comparison with the property under consideration.

We submit that counsel for the Board have not successfully answered the comparison with the Lehman property set forth in number 11 of the first statement made by the lessee in this matter.

With respect to the statement and argument of the attorneys for the Board, with regard to values, we beg leave to attach hereto the answer of Mr. B. A. Fessenden, of this city, a real estate dealer of experience, and ask that it be read and treated as a part of this statement.

Respectfully,

JUDAH, WILLARD & WOLF,
Attorneys for The McVicker Theatre Company.

IN THE MATTER OF APPRAISEMENT OF THE McVICKER THEATRE PROPERTY.

Answer by B. A. Fessenden to the Argument and Statement with Respect to Values Made by the Attorneys for the School Board.

It is stated that this site in so far "as shape and surrounding light conditions are concerned, is probably the most valuable in the city." As this will be passed on by the men having great expert knowledge, it will not, perhaps, be necessary to refer to other sites; yet to give one example, the land on Washington street, north front, between the Chicago Opera House and the old Chamber of Commerce at the southeast corner of Exchange Place, 90x181, with Washington street on the north, Exchange Place, 30 feet wide, on the west; Calhoun Place, 18 feet wide, on the south, and the large open area over the Chicago Opera House on the east, which has never been valued, even by the owners, at over $50.00 a square foot, is certainly better situated as to "shape and surrounding light conditions."

To quote again, referring to the McVicker lot, "that it is possible to construct a building upon it, without sacrificing any room for court or light space, is demonstrated by the construction of the National Life Building, at 159 La Salle street, in this city."

The lot under the National Life Building is at the southeast corner of La Salle street and Arcade court, 88 feet wide on its west, or La Salle street front, and 76 feet wide on its east end. On the north it faces Arcade court, which has passage through from La Salle to Clark street, and is 32 feet wide. On the south, an alley open-

ing out of La Salle street, which for 46 feet east of that street is 9 feet wide, then 17 feet, then 21 feet and finally 25 feet wide. The light court of the New York Life Building makes this opening still wider above the first story for part of the distance. If the 15-foot alleys about the McVicker lot could be widened to 32 feet on one side, and to from 17 to 25 feet on the other, the problem of using it for other purposes than a theater would be different. There was an option out for the sale of the National Life lot, at $850,000, or $53.00 a square foot. It was sold to O. D. Witherell at figures reported at from $850,000 to $1,100,000.

To show that the McVicker lot is more valuable than its twin, the Lehmann lot, it is stated that Monroe street is 66 feet wide, and Madison street 75 feet. The additional 9 feet of street width is an advantage, but it is safe to say that only a small per cent. of the owners on Madison or Monroe streets know how many feet wide either street is, so it cannot make much difference in the values.

As to the west side cable cars on the street, it is a question whether their passing the property makes up for their occupancy of the street, if Monroe street 66 feet wide without the car tracks is not more valuable than Madison street 75 feet wide with them, so far as the tracks are concerned.

Attention is called by the Board's attorneys' statement to certain values of Madison street frontage said to be established by transactions on that street. The property involved in each transaction quoted corners on another street, and in each case that street is more important than Madison street, and the basis is 4%, and the pro-

portion of street frontage to the area of each property is very much larger than that of the McVicker lot.

We give below the street frontage and percentage of frontage to the square foot of each of the pieces quoted, as compared with the McVicker lot:

	Sq. Ft.	St. F'tage.	% of St. front to each sq. ft.
The McVicker lot has	15,644	81.48 ft.	.0052
Wabash, S. W. Madison has	14,400	260 ft.	.018
State, S. W. Madison has	5,760	168 ft.	.029
Dearborn, W. Madison has	4,650	143 ft.	.03
Clark, S. E. Madison, ground & hotel business, has	8,955	189½ ft.	.02
La Salle, N.W. Madison, has	4,293	134 ft.	.03

As to the Netcher property. This great piece, as it stands, has a special value because it has a State street front, a Dearborn street front, as well as on Madison street, and an 18-foot alley on the fourth side, giving access and teaming facilities. The individual pieces had an additional value because they were to be absorbed into the whole. It is a question if a department store of the class which is to cover this lot will add to the value of Madison street. The people it brings there do not pay high prices for anything. Was not the valuation quoted made with 20% added for long term lease? We have not quoted the valuations made on the McVicker property as we feel the present appraisers are capable of drawing their own conclusions.

As to certain values on Madison street frontage, quoted, see notations as to "Exhibit B."

Signed B. A. Fessenden.

REMARKS BY B. A. FESSENDEN AS TO EXHIBIT B TO ARGUMENT OF THE ATTORNEYS FOR THE BOARD.

No.		Sq. Ft. Value.
1.	The history of this transaction is that the Illinois Life Insurance Company made a trade for the Oriental Block, S. W. Cor. La Salle street and Calhoun place, 18 feet wide, 76 feet on La Salle by 121 feet on Calhoun place; the South 26 feet being 81 feet deep. The price was $450,000, or	$ 57.00
	but a large percentage of the purchase price was in shape of outside property. The next, 49x81 feet on La Salle street adjoining the 53-foot corner of Madison street was later leased by the same people for 99 years at 4% on $86.00 a	86.00
	sq. ft. They also acquired the long leasehold of the 40x128 feet adjoining on Madison street assuming a $10,000 mortgage, at a price quoted as nominal. It was subject to a ground rent of $6,600 a year or 4% on $32.00 a sq. ft., the next two pieces	32.00
	making 40x179 was then leased at 4% on	35.00
	The N. W. corners of La Salle street and Monroe, and of La Salle and Adams may be considered more valuable than the N. W. corner of La Salle and Madison streets.	
	La Salle St., N. W. Cor. Madison, 179x161, 52½x81 feet, quoted at	136.00
	La Salle St., N. W. Cor. Monroe St., 190x73½, Bryan Bros. to Byron L. Smith, 6/9, 1904, $850,000, For Northern Trust Company.	60.86

No.		Sq. Ft. Value.
	La Salle St., N. W. Cor. Adams St., 128x75, Amalia Schlosser *et al.* to Corn Exchange Bank, 99 years, from Jan. 1, 1905, at 4% on $875,000,	78.00
3.	The history of this lease showed the rental was paid on too high a sq. ft. value. They have leased and made a part of this corner the adjoining 45x100, 89 years, 10 months from July 1, 1901, $12,000 a year, 4% on	66.66
6.	Victor F. Lawson acquired the property adjoining this corner as follows:	
	#183 Madison, 30x80, brought	$ 41.66⅔
	#125 5th Ave., 26½x80, brought	37.73
	#121 5th Ave., 25x80, brought	37.50
	#119 5th Ave., 25x80.95, brought	40.00
	Including the 99-year lease of #175-181 Madison St., the whole corner, 29,221 Sq. Ft. is at	32.00
8.	Part of large area with State St. frontage.	
12.	The area around this corner 70x60 and adjoining on Randolph St. 40x90, being 60 feet on Randolph St., 180 feet on East line, 160 feet on Couch Place, 110 feet on Dearborn St., was leased 99 years from May 1, 1892, at	27.00
16.	Hard to have divided value of ground from value of building. Same purchasers acquired the building.	
17 & 18.	Part of Boston Store site.	

No.		Sq. Ft. Value.
25.	Paid for 24x90 adjoining on Clark St. 4%	70.00
	Paid for 24x90 adjoining above, 4%	58.49
	Monroe St., next on the east, 45x190, inside is under 99-year lease at $9,600, to 1909,	28.00
42.	* * * * * * * * *	
43, 44, 47, 49, 50, 51, 52, 53, 54, 55	are on State St., many of them speculative or business leases without proper protection, or made with tenants who for special reasons will pay more than a lessee would on the open market.	
57.	Paid too much.	
58.	N. E. Wabash Ave. and Madison St., 101x163 has just been leased for 99 years, April, 1905, 4%,	42.00
59.	History of Fort Dearborn lease proved values were too high. Last year leased 30x90 adjoining on Clark St. to be made part of the corner at	69.16
	Cost 3 or 4 years before, when not considered part of corner,	42.22

REMARKS BY B. A. FESSENDEN CONCERNING EXHIBIT "C" TO ARGUMENT OF ATTORNEYS FOR SCHOOL BOARD.

Rentals of State street corner stores or of a forty-foot store just north of Adams street, or the saloon lease of a small Clark street corner are not much of a criterion of the value of the McVicker property.

Remarks by B. A. Fessenden as to "Exhibit D" to Argument of Attorneys for School Board.

In the purchase quoted, of School Properties, the bonus are paid for various reasons.

Business which could not be moved without loss was established at—

#78-84 Madison street.

#151-153 Dearborn street.

#150-152 State street.

#149 Dearborn street was needed by the Tribune property, which it adjoined.

#161 State street, 20x83 adjoined a corner only 26 feet wide and gave the purchaser 46x83 feet at the N. E. corner of State and Monroe streets.

#81-87 Madison street, part of the Boston Store site.

#138-144 State street has rental established during life of lease until 1985, and a modern building can be financed with a speculative chance of profit.

#71-73-75 Monroe street, Majestic Theatre and office building. The exact counterpart of the McVicker lot.

The ground rent was fixed for the long lease at $27,000
which, with the bonus, equaled a fixed rental of 34,000
a year, or 4% on $54.33 a sq. ft. and the property could be improved to the best advantage.

JAMES K. SEBREE, AVA W. FARWELL.

STATEMENT IN BEHALF OF BY ASHCRAFT & ASHCRAFT, ATTORNEYS.

To the Appraisers of the Property Leased from the Board of Education of the City of Chicago:

GENTLEMEN:

We represent the leaseholds owned at the present by J. K. Sebree, on lots eighteen and nineteen, and the leasehold owned by Mrs. Ava W. Farwell, on lots twenty and twenty-one, in block one hundred forty-two, School Section Addition to Chicago, and these properties, being the same size and very similarly situated, we concluded it would be economy of time to say what we desire regarding them together. They must be separately appraised.

The Sebree property, lots 18 and 19, is held under an original lease of the School Board to Francis B. Peabody of May 8, 1880, and a supplemental lease of June 15, 1888.

The Farwell lots are held under an original lease to Beverly R. Chambers of May 8, 1880, and the supplemental lease of June 15, 1888.

The terms of the leases are in the same form.

Lots 18 and 19 have an aggregate frontage of 48 feet on Dearborn street by a depth of 120 feet to an alley in the rear, with a 15-foot alley on the south, and are improved by a five-story building, which, for many years, has been occupied as a restaurant and hotel or rooming house.

Mr. Peabody transferred his lease to Andrew Cummings on October 25, 1890, and Mr. Cummings occupied

the property, as we are informed, until the summer of 1903, when he assigned his lease to John R. Thompson, who has continued to occupy the property and is still occupying it. He has, however, assigned his interest to J. K. Sebree under an arrangement by which he holds possession for something like another year and pays ground rent, taxes and maintains repairs.

We have not been able to obtain any information as to the earnings of the business in the property, and as it has not been sub-let, we believe no information we could obtain would be of value to you in ascertaining the value of the ground.

The Farwell property, lots 20 and 21, since the last revaluation have had $28,867 expended upon it by way of betterments and repairs, and we think a statement can be made with reference to this property that might be of use to you in considering what value should be placed upon the property for the purpose of determining the rentals as provided and contemplated in the supplemental lease.

Making such statement, as statements of this kind are ordinarily made, we should say that the annual disbursements would stand about as follows:

Interest on investment in building	$ 5,000.00
Annual depreciation in building and improvements	5,000.00
Rent to School Board	11,220.00
Taxes, about	900.00
Average annual repairs, about	750.00
Insurance on building and rentals, about	1,500.00
	$24,370.00

The gross rental at the present time is $27,600 per annum, showing a net profit on this basis of figuring of $3,230 per annum upon the lease.

ARGUMENT.

It is a matter of history, known to all of us, that there has been a great amount of difficulty and no small amount of hardship resulting from the school leases in Chicago. When these leases were made the prevailing net rentals in Chicago were based on about 5% of the land value, and, as it was supposed no general taxes would be imposed upon the ground, it was deemed equitable to fix the rentals on a basis of 6%. At that time the rates of interest were high.

At this time the prevailing rate of interest on large sums is 4%, or a shade under that sum, while ground leases for long terms are made on a basis of from 2.65 to 4%, and most of them on a 3½% basis. Many of them, however, as low as 3%. Government bonds drawing 2% interest are at a premium.

As early as 1888, the change in the rate of interest and the change in the basis of rental values had become so reduced the School Board found itself, as well as its tenants, involved in litigation. There were many suits for injunction, for possession, etc., resulting in the supplemental lease of June 15, 1888.

In this lease was inserted the sixth clause, which authorizes the appraisers to take into consideration the improvements on the land, the character, condition, value, cost, rental, expenses and other particulars, and any other facts or information bearing upon the question of the value of the land. It was supposed this clause of the lease meant something, and for that reason the appraisers were authorized to take into consideration the condition of the improvements and income of the property. Conditions changed.

The Supreme Court has lately rendered a decision holding those leased school properties are taxable. This not only greatly deteriorates the value, but you can see it at once wipes out all the profit if enforced.

In both the cases under consideration in this argument it is apparent that within ten years the buildings now upon the property will have become entirely useless, and a burden instead of an investment, and while we, in the above statement, have estimated an annual depreciation of 5%, in fact the depreciation during the next ten years will be the full present value of the improvements.

It may be said the property should have better improvements upon them. When the present improvements were made they were considered fine and up to date. We doubt if there is a building in the business center of the city erected twenty years ago which is not an encumbrance rather than a benefit to the ground upon which it stands. Many of them are worse than that.

It might be said that the ground should be improved with modern buildings of steel construction and that they will last forever. This would be a bold and reckless assertion. When the old First National Bank Building was erected, you will recall, the directors were criticised for their extravagance. Before the destruction of the building, not much exceeding twenty years, it was an annual loss, with the result that it was an encumbrance upon the property, and the terms of the lease resulted in litigation between the bank and the School Board.

It is a matter of common knowledge that no person can be induced to erect a modern structure upon a lease subject to revaluation every ten years. No considerable money could be borrowed to use in the erection of a building upon such a leasehold.

What Valuation Should Be Placed Upon the Property?

It is possible property has appreciated in value since the last appraisement, but this is more than wiped out by the general taxes to be imposed upon the property under the decision of the Supreme Court. There will be before you, presented by other parties, many estimates based upon leases and sales. Almost every one of them, exceeding the valuation now placed upon this property, has some explanation. In one case, the owner of the ground is said to have contributed a large sum of money toward the construction of the building. Others are corners, or more favorably situated.

These two separate properties are distinct with a 15-foot public alley between them and neither of them large enough to carry a large modern tall building. The present valuation is, approximately, $190,000, or about $4,000 per front foot and about $33 per square foot.

The properties referred to, most like it as to situation, is probably the McVicker property on Madison street and the Chapin & Gore property on Monroe. These properties ought not to be compared with either the Tribune corner or the First National Bank corner. Those properties are both corner properties and are large and capable of maintaining large modern structures.

The Chapin & Gore property, with the adjoining property on Monroe street, the School Board were pleased to rent for a long term of years without revaluation some three years ago for an annual rental of $27,000. This is a property 81 feet on Monroe street with a depth of 192 feet, and the lease was made, we are informed, after careful investigation and inquiry by the School Board, and

if taken upon a 6% basis would be upon a valuation of $450,000, or something over $5,000 a foot with a depth of 192 feet, and an alley all around it, except on the Monroe street front, and this it must be remembered is upon a long time lease without revaluation; and while it may be true the gentlemen composing this Board of Appraisers may have the right to disregard the evident purpose and understanding of section six of the supplemental lease, we submit it should not do so, and should remember and consider that where property is purchased in fee, a large element of the estimated value is an element of speculation upon future advances, and the consideration of the fact that, no matter what transpires, the owner may always have the advantage of possession and control, which elements largely enter into a 99-year lease without revaluation.

Money may be borrowed upon such a leasehold as the fixed charges are determinable. Improvements reasonably suited to the property may be erected, but not so with a lease with a ten year revaluation clause. And in this connection it may be proper to suggest that these property owners, recognizing the hardship of the situation, the change of conditions, change of rates, the differences in cost of construction, and other elements, have sought to negotiate from the School Board long term leases without revaluation.

The School Board leased the 40 feet immediately adjoining the Farwell property on the south to Caroline F. Wilson at an annual rental of $7,980 to May this year and $8,379 thereafter. At a 6% basis this would be upon a basis of a valuation of less than $140,000, or about $3,500 per front foot, and less than $30 per square foot. While the long time lease on the Chapin & Gore prop-

erty on Monroe is on a basis of about $35 per square foot.

All the facts considered, we submit that no valuation should be placed on this property that will materially increase the rental.

Respectfully submitted,

AVA W. FARWELL,
J. K. SEBREE,
ASHCRAFT & ASHCRAFT,
Attys.

E. M. ASHCRAFT,
Of Counsel.

REPLY OF BOARD OF EDUCATION

TO STATEMENT IN BEHALF OF JAMES K. SEBREE AND MRS. AVA W. FARWELL.

To the Honorable Board of Appraisers
of School Fund Property
of the City of Chicago:

GENTLEMEN:—

In the matter of the lease now owned by J. K. Sebree from the Board of Education of the City of Chicago of the property situated on the east side of Dearborn street abutting, on the north, the east and west alley running east from Dearborn street, betwen Madison and Monroe streets, in said city, described as lots 18 and 19 in block 142 in School Section Addition to Chicago, having a frontage of 48 feet on Dearborn street by a depth of 120 feet to a 15 foot alley in the rear, the alley abutting on the south being 15 feet in width. And the matter of the lease now owned by Mrs. Ava W. Farwell from the

Board of Education of the City of Chicago of the property situated on the east side of Dearborn street and abutting, on the south, the 15 foot alley running east from said Dearborn street, between Madison and Monroe streets, in said city, described as lots 20 and 21 in block 142 in School Section Addition to Chicago, having a frontage of 48 feet on Dearborn street by a depth of 120 feet to a 15 foot alley abutting said lots in the rear, the said alley abutting said lots on the north being 15 feet in width.

Mr. Sebree and Mrs. Farwell are represented by Messrs. Ashcraft & Ashcraft, who present the statements as to both leases under one cover. Because of this fact, the statement of the Board of Education as to both of the foregoing leases is placed under one cover. Your Honorable Body should not, however, make the appraisal as to these two leases as one unit, but you should necessarily, under the terms of said leases, appraise each separately.

The argument is made by the lessees' representatives, that neither of their leaseholds is large enough for a modern building, and that the present value of $33.00 a square foot at the 6% rate, which, at the going 4% rate, amounts to $49.50 per square foot value, is high enough. This claim is the same as that made by Mr. Crilly, and it is here contended, as it was by him, that the property involved should not be compared, in any way, with the Tribune Building or the First National Bank Building corners. That contention has been answered to you prior to this time, and we will not enter into it now, believing that the knowledge of the appraisers of existing conditions is sufficient to refute the claim that the value of the property is materially different from that of like property within the same city block.

In the statement furnished on behalf of the lessees, it is shown that there has been a charge made of 5% depreciation on the building per year. In another part of the statement it is shown that this building has been erected for 25 years. Hence they have already credited themselves with 125% depreciation thereon, or 25% more than the total value of the improvements. They admit that the appraisers have the right to disregard Clause 6 of the supplemental lease. On page 5, they admit that the land has appreciated in value since the last appraisement. It is the opinion of the Board of Education, that the present cash market value of this land, with the side light and the rear light, at a minimum is $80.00 a square foot, or a total value for each leasehold of $460,800.00.

The present rental on the ground is $11,400.00 a year. That the value on which such rental is based is too low is shown by the acts of the tenants themselves, to which no reference is made by the lessees' representatives in their statement. These acts are as follows:

First: Andrew Cummings, who held a lease on the 1895 Valuation, sold his leasehold in September, 1903, to John R. Thompson for $ 75,000.00

Second: John R. Thompson later sold said lease to J. K. Sebree for $120,000.00

The lessees claim that under the 6% basis the present square foot value of the land is $33.00 which, if figured on the going 4% basis, would make a value per square foot of $49.50, but this value totally ignores the bonuses paid, and by the very act of the parties themselves it is shown that in their opinion, at the time they purchased the said leases, the land had enhanced in value so as to permit them to take the same with the exception

of making a reasonable profit thereon under a computation which fixed an additional square foot value of $20.86 or a total of $70.36 per square foot. We figure the said additional $20.86 square foot valuation upon what Mr. Sebree paid for the lease in the open market, being $120,000.00 for 5760 square feet.

The Sebree and Farwell properties are both used for hotel purposes, and that $80.00 is a very moderate value for such purposes is shown by the Alexander D. Hannah lease of the property at the corner of Madison and Clark Streets, devoted to the same use, which was made in 1904 on a basis of $138.40 a square foot.

The claim that neither of these two parcels of land, each 48x120 feet with alleys on two sides thereof, is large enough to be used for the construction of a modern building is refuted by existing conditions in nearly every block within the loop district of this city.

Examples of square feet values for down town property, where the sites are similar to this in question or throw direct light on its proper value, are found in the Fisher Building, at the Northeast corner of Dearborn and Van Buren Sts. where in May, 1904, Mr. Fisher sold bonds to the extent of $800,000.00 covering the building and ground to the 1st Natl. Bank on a showing that that ground paid on a $100,000 and upward value per square foot.

The Monadnock Block, Mr. Aldis says, paid on a $140.00 value per square foot.

The Bedford, on the Southeast corner of Adams and Dearborn Sts., which is not as large as either of these properties, pays on a value of $100.00 and upwards per square foot.

The Little Hartford, 50x90, on the Southwest corner of Dearborn and Madison, pays on a valuation of $130.00 per square foot.

Mr. Netcher paid the Manierres on May 30, 1903, $110.00 a square foot for 63x80 feet on the Northeast corner of Dearborn and Madison Streets, which is a smaller area than either of the properties in question. On the same day he also paid Henning and Speed, for the adjacent inside piece, 76x80 feet, with no alley on the side and no alley in the rear, $80 a square foot.

The above illustrations ought certainly be sufficient to demonstrate the fairness and conservativeness of the $80.00 per square foot value asked by the Board of Eduration on each of the properties here sought to be appraised.

In this statement your attention is again called to Exhibits A, B, C and D now before you, which were furnished with the Board's statement in the matter of the Crilly Lease. We request that in considering this statement and the value of the Sebree and Farwell sites, you take cognizance of said Exhibits, copies of which are furnished to Mr. Sebree and Mrs. Farwell by their representatives, Messrs. Ashcraft & Ashcraft, as a part of the Board's statement in reference to the sites here concerned.

Respectfully submitted on behalf of the Board of Education.

BOARD OF EDUCATION OF THE
CITY OF CHICAGO,

By JAMES MAHER and
ANGUS ROY SHANNON,
Its Attorneys.

DANIEL F. CRILLY.

STATEMENT IN BEHALF OF BY CASSODAY & BUTLER AND OLIVER D. CRILLY, ATTORNEYS.

To the Honorable Board of Appraisers of
School Property of the City of Chicago:

GENTLEMEN:—

Daniel F. Crilly leases from the Board of Education of the City of Chicago the property at the northeast corner of Dearborn and Monroe streets described as the south eight (8) feet of lot 23 and all of lots 24, 25, 26 and 27, in block 142, in School Section Addition to Chicago, having a frontage of 120 feet on Monroe street and 104 feet on Dearborn street. The lease expires May 8, 1985, and subjects the property to revaluation every ten years.

In submitting this written statement or argument for your information, as the lease provides may be done, we beg first to state that though the lessee was given no voice in the matter of selecting even a single member of this body, a privilege which would not be denied him in a lease drawn in full fairness to both parties to it, he, nevertheless, from his acquaintance, personally and by reputation, with the gentlemen who have been appointed as appraisers, comes before you with a feeling of confidence that your conclusions will be fair to all parties concerned. It has always been difficult, and sometimes impossible, for the lessees of school property to negotiate or treat in any way with their lessor. This state of affairs is due largely, if not solely, to the inequitable provisions contained in these leases, which are extremely harsh upon the lessees and correspondingly favorable to

the Board of Education. Against the extreme severity of some of these provisions the lessees of school propetry have for the past thirty years been engaged in a constant struggle with the school board, and that struggle has been carried on most largely in the courts, to which fact the records of the courts of this county and state give abundant testimony. The lessees have been bitterly attacked without warrant to such an extent that in a measure public sentiment is more or less crystallized against them. It is only fair to say that the loudest mouthings have come from the most irresponsible people.

Mr. Crilly's contract of lease is evidenced by two written documents. The original lease bears date the 8th day of May, 1880. A contract bearing date June 15, 1888, amends the original lease in several particulars.

By the terms of the original lease it is provided:

"Said Board of Education of the City of Chicago shall appoint three discreet male residents of the City of Chicago who are freeholders and who are not interested as lessees or mortgagees of school property in said city, to determine, under oath first duly taken, the true cash value of the said premises above demised at the time of such appraisal, not taking into consideration the improvements thereon. * * * And upon such valuation so determined and found as aforesaid of the premises described in this lease shall be calculated six per cent. thereof, the product of which or the said percentage upon the valuation aforesaid shall be the yearly rent reserved upon the above described premises for the term of five years, commencing on the 8th day of May, 1885, and ending on the 8th day of May, 1890.

And for each term of five years thereafter until the determination of this lease like appointments of appraisers shall be made by the said Board of Education and like valuations and assessments made by such appraisers", etc.

The contract amendatory of the original lease, which we shall hereinafter call the "amendment," provides among other things:—

"That in lieu of the method of appointing appraisers for the purpose of ascertaining, determining and fixing the amount of rent to be paid for said demised land, as provided in and by the terms of said lease, and this supplement thereto, appraisers shall be appointed as follows:

The Board of Education of the City of Chicago, any Judge holding the Circuit Court of the United States in and for the Northern District of Illinois for the time being, and the Judge of the Probate Court of Cook County, Illinois, or the successors of said court having probate jurisdiction, for the time being, shall each appoint one discreet male resident of the City of Chicago, not interested as lessee or mortgagee of school property in said city, to determine, under oath first duly taken, the true cash value of said demised land at the time of such appraisal, exclusive of the improvements thereon."

The "amendment" further provides:—

"It is hereby declared by the parties hereto, that it is not the purpose of this instrument that the persons appointed as appraisers hereunder, or either of them, shall be the representatives of either of the parties hereto."

It is not apparent at the present time that the above

provisions quoted from the "amendment" concede anything to the lessee which a contract drawn in fairness to both parties would not have given to him in the first instance. Yet it was only after numerous protests and litigation instituted by both parties to the contract that these eminently fair provisions of the "amendment" were accepted by the school board. It would seem even now that the lessee, who is as much interested as the lessor in the results of this appraisal, should be entitled to the same rights as those enjoyed by the lessor in the selection of appraisers. The esteem in which the members of the present board are held does not justify the one-sided provisions made for their selection.

Elements of Value Appraisers May Consider.

The "amendment" provides:—

"*Sixth.* That, notwithstanding anything in said lease contained, the appraisers shall be at liberty in forming their judgment of the value of the land, without including the value of the improvements thereon, to take into consideration, if and so far as they deem it pertinent to do so, the improvements on such land, and the character, condition, value, cost, rental, expenses and other particulars thereof, and any other facts or information, from whatever source, bearing upon the question of the actual value of said land; and it shall be the duty of the lessee to furnish the appraisers promptly, on request, a statement showing the rental receipts and disbursements on account of said improvements for five years, as near as may be, next preceding the time of the appraisement."

It is for the purpose of assisting you in forming your judgment of the value of the land that we lay before you

the following facts, as the above paragraph from the "amendment" provides may be done.

THE CASH VALUE OF THIS PROPERTY IF LEASED FOR 99 YEARS WITHOUT REVALUATION WOULD UNQUESTIONABLY BE GREATER THAN IT IS AT THE PRESENT TIME WITH THE EXISTING LEASE OUTSTANDING AGAINST IT.

In other words, the Board of Education could reasonably expect to receive and the lessee to pay a higher rental if the revaluation clause were eliminated from this lease.

The lease provides that you should determine the true cash value of the said premises above described at the time of appraisal. Because we believe this honorable board will be glad to have the benefit of the knowledge and experience of that venerable and eminent jurist, we take the liberty of quoting somewhat at length from the opinion of Judge Tuley rendered in a proceeding in equity between the National Safe Deposit Co. and the Board of Education of the City of Chicago, which is only one of the numerous legal proceedings that have arisen on account of the inequitable provisions of school leases of the same class as Mr. Crilly's. The provisions cited by Judge Tuley from the lease before him for consideration are identical with the provisions contained in Mr. Crilly's lease.

Judge Tuley says:

"In my opinion the clause of the supplemental lease in question [same as Clause Sixth above quoted from Mr. Crilly's lease] adds nothing to and takes nothing from the duties of the appraisers as fixed in the original lease, and if such matters should be

considered by the appraisers or by the court they cannot be made controlling facts in fixing the true cash value of the land as required by the lease. * * *

"What is cash or market value and the method of ascertaining it is best stated in Lewis on Eminent Domain, Sec. 478:

"'The market value of property is the price which it would bring when it was offered for sale by one who desires, but is not obliged, to sell it and is bought by one who is under no necessity of buying it. In estimating its value *all of the capabilities of the property and all uses to which it may be applied, or for which it is adapted, are to be considered,* and not merely the condition it is in at the time and the use to which it is then applied by the owner. *It is not a question of the value of the property to the owner.* All facts as to the condition of the property and its surroundings and capabilities may be shown and considered in estimating its value.'"

"What should the court, in attempting to do what the appraisers should have done, consider in determining the true cash value of the land? The answer is, that the court must determine what this land, if offered for sale in the market, would bring on a fair negotiation between parties not obliged to treat.

"The first thing one desiring to purchase, but not obliged to do so, would do would be to view the property. He would see a building on it; his first question would be who owns this building? The answer would be the National Safe Deposit Company under a lease from the Board of Education of the City of Chicago, ending on July 1, 1931, the unexpired term being thirty-three years.

He would then say to himself, I am dealing with the City of Chicago, I must examine into the title and power of the city as to this land, and of the right of the Board of Education to lease it, and also as to the terms of the lease.

"Upon examination he would find the title in the city in trust for schools and that no sale of the land could 'be made except by the City Council upon the written request of the Board of Education.' (Chapter 122, Rev. Stat. Sec. 82). And that the Board of Education was invested with 'power to lease school property.' (Same Sec.)

"Assuming he should find the lease to be a valid lease, his first inquiry would be what rental could be expected from the ground lease, what is the security therefor, and what are the terms and conditions of the lease? From an examination of the original lease he would find that the rental was to be fixed for every period of five years (under the supplemental agreement, ten years) at six per cent. of the cash value of the land, irrespective of improvements, such valuation to be determined by appraisers to be appointed by the lessor, and that a lien was given for rent upon all buildings and improvements that might at any time be erected upon the land. He would also find that if he bought the land and desired to lease the same to any other party than the lessee or its assigns, at the expiration of the present lease, 1931, or any renewal thereof, he could not do so if the present lessee (or its assigns) should be willing to accept and take a renewal of the present lease on the same terms and conditions, and if such lessee (or assigns) was not ready to accept and take such renewal lease, then he could only lease to such other party on the condition that

such other party would take and pay for all improvements at a valuation to be determined by the appraisers appointed as in the lease provided. He would also find the provision last cited would be void if the City of Chicago should elect to sell the premises, and a peculiar provision, that if the City of Chicago should elect to sell upon the request of the Board of Education (the only condition upon which it could sell) the lessee had a right to purchase at a value to be fixed by appraisal, 'a reasonable credit being given for a portion of the purchase money,' but if lessee failed or neglected to purchase the same at the appraisal within ninety days after the appraisal was made, then the lessee should forfeit all improvements on the land.

"He would also be advised that this provision, if valid, would be held to be an implied covenant that the Board of Education would not request the city to sell this land prior to 1931, and that it would then request a sale by the city to the lessee at a valuation to be fixed by appraisal as provided in the lease.

"If the construction of the charter provision of the city that 'no sale (of school land) shall be made except by the City Council upon the written request of the Board of Education,' is that the Board of Education can so bind itself and the city as it is attempted to bind them in the said proviso cited, there could be no sale to any other than the lessee prior to 1931, except such lessee would consent to waive the above cited provision in his favor.

"If, however, the true construction of the charter provisions as to the power of the city and the Board of Education is, that the Board of Education had no power to so bind itself, or to so bind the city, and that the pro-

vision as to the right of the lessee to purchase the land at a valuation as of 1931, is wholly void, and that the City Council cannot be controlled by the Board of Education, either as to the purchaser or the price to be paid or terms of payment, the question would then arise whether or not there is a right to a continuous renewal from time to time on the same terms and conditions as in the present lease.

"It will also be seen that the lease imposes a penalty of twenty-five per cent. additional rent for non-payment of any installment and gives power to forfeit for non-payment of such installments and the twenty-five per cent. additional, and also that it gives power to sell the lease and improvements at public auction if any installments of rent and the penalty therefor, shall remain due and unpaid for thirty days. These provisions are referred to as showing the complicated and difficult questions that may arise under this lease and it is not necessary for the court to express any opinion thereon.

"It must be admitted that several of the recited provisions are harsh and oppressive on the tenant, and give extraordinary rights to the landlord, and tend to, and are certain to, produce complications and litigations as to the rights of the parties.

"The lease illustrates in my opinion the truth that in seeking to have the tenant entirely within his power, and at his mercy, the landlord sometimes overreaches himself, and that harsh provisions tending to induce litigation are of more injury than benefit to the lessor, and that a lease like the present, by reason of the uncertainties as to the rights of lessor and lessee, and the complications and litigations that will probably arise

between the parties, is an incumbrance upon the fee, and does affect the true cash value of the land.

"It is in evidence that leases containing provisions for appraisement to fix the rental in short periods by a valuation to be made of the land, are of much less value to both the lessee and the landlord than what is called a straight lease for a definite period, with a fixed rental therein named.

"It is also in evidence that on a lease like the present, which permits an assignment at pleasure of the lessee whereby the lessee assigning escapes further liability for the rent, the improvements placed upon the premises are looked upon as practically the only security for the payment of the rent, and are a security only to the extent of their value, which steadily depreciates by lapse of time.

"If the buildings are such as will not pay a fair income to the lessee upon their cost, and the character of the building is not such as to justify the same being torn down, and better rent paying buildings erected, because of the shortness of the unexpired term, it is clear that these facts would be taken into consideration by any intending purchaser, and would affect the amount he would offer for the land.

"It is impossible to resist the conclusion that if this land, the title of which is in the city, in trust for schools, with power to sell only upon the written request of the Board of Education, upon which board only is conferred the power to lease, should be offered for sale in the public market, this lease being upon the property, its terms and provisions would be a considerable factor in the mind of any purchaser in determining what he would

pay for the land, and in determining the amount of money for which the land could be sold in the market.

"The question under the authorities is the true cash or market value of *this* identical land, and not what other land in the same neighborhood and similarly situated could be sold for, although the question as to the selling value of such other land could be resorted to by the appraisers in making up their verdict as to the true cash value of this land.

"The evidence shows that this land would bring more in the market if there was no lease upon it, than it would with the present lease upon it. This land beyond any doubt would sell for more with an ordinary lease for thirty-three years upon it at a rental of six per cent. upon the valuation to be made at fixed periods, than it would sell for if the tenant was required to pay only two per cent. upon such valuation.

"While the evidence discloses that this lease is in the nature of an encumbrance upon the land and depreciates its value, it is difficult to arrive at the extent of such depreciation. The market value of any land centrally located as this is, is no fixed quantity. It is safe to say that real estate experts differ at least twenty per cent. in their estimates of value of such property.

"I am of the opinion that the true cash value of this land (irrespective of improvements thereon, if it was not leased, would be $912,000 and that the true cash value of this land, considering that the lease in question for thirty-three years upon the land, is (irrespective of the value of the improvements) the sum of $820,800.

"The rental will be fixed at six per cent. upon that amount, to wit, $49,248 per annum, to which it is to be

added the six per cent. upon the $15,000 specified in the lease, making the total rent the sum of $50,148 per annum.

"Let a decree be prepared in accordance with the views expressed."

The Board of Education was evidently satisfied that Judge Tuley's opinion would be sustained by the Appellate and the Supreme Courts of this state, for the litigation terminated with the entering of a decree by the trial court in accordance with the views expressed in the above opinion.

Under paragraph Sixth of the "amendment" set forth on page 4 above, we suggest as proper for your consideration, insofar as you may deem them pertinent, the following factors and elements of value.

Effect of Present Lease on the Value of this Property.

1. It would be by all means desirable from the viewpoint of both parties to this lease to first of all have its revaluation clause eliminated, and a fixed annual rental for the balance of the term agreed upon. Mr. Crilly does not endeavor to conceal his anxiety to have this brought about. It is not necessary to offer argument to substantiate the well-known fact that no lessee of property inside the loop subject to revaluation every ten years would improve it with a modern building. Without the elimination of the revaluation clause from the leases of the Tribune Company, the National Safe Deposit Company, Mrs. Augusta Lehman and Mr. Otis, the magnificent new buildings belonging to these school tenants, already reared and in course of construction, would have

been impossible. The school board would undoubtedly be glad to have Mr. Crilly's present building replaced with one up to date in every particular, not only for the sake of the improvement and the benefit it would be to the city, the beauty it would add to the street, the increased value it would give to the property under and in the neighborhood of it, and the consequent increase in taxes, about one-third of which goes to the school board, but also because such a building would be certain to produce a larger income for the school board, directly and indirectly, and because it would be a very much better security for the performance by Mr. Crilly of his part of the contract. However, under the lease as it now stands such an improvement is out of the question, though greatly desired by both parties. In determining the value of this property, this limitation, which is "a condition and not a theory," must constantly be borne in mind.

2. The contract is made uncertain by numerous of its provisions, thereby impairing its value to both parties.

It is uncertain in its revaluation clause, by the terms of which the lessee knows only that he is at the present time paying a large annual rental, being an increase of 116 per cent. over the rental paid by him under the last previous revaluation, and that he is obligated to continue to pay an unknown but certainly a large annual rental during all the years up to 1895.

The Board of Education has heretofore repudiated a portion of at least one of its contracts in and by which it was provided that at the termination of the lease the Board of Education would pay for the building standing on the premises at its appraised value, and based its re-

pudiation upon a legal technicality. The board denied that it had the power to enter into a contract binding it to buy the improvements on the termination of the lease. This provision is included in Mr. Crilly's lease and tends to make his rights, when the lease comes to an end, indefinite, uncertain and valueless. It may be that at the expiration of his term Mr. Crilly will not be able to receive a single dollar for whatever improvements he may then have upon this property.

3. The lease requires the lessee to pay as annual rental 6 per cent. of the value you place upon this property. The rate which is adopted in this city at the present time through universal custom among real estate owners, dealers and experts is four per cent. This difference in rental places the lessee at great disadvantage when he is obliged to enter into competition with other lessees who pay only on a four per cent. basis.

4. The uncertainty of the lease in the items above enumerated and in other particulars makes it impossible for the lessee to obtain a loan upon his investment, large though it is. The lessee's investment in this property if made by him in almost any other equally legitimate enterprise would support a large loan at current rates of interest. We are prepared to show conclusively, if you desire to hear proof on the subject, that a loan cannot be obtained upon Mr. Crilly's investment in these premises. The great and valuable rights which the Board of Education will endeavor to show to you Mr. Crilly fortunately possesses by virtue of this lease are so uncertain, insecure and insubstantial that they are not regarded by anyone able and anxious to make real estate loan as adequate security for any sum of money whatsoever.

The uncertainty of the provisions of school board leases also creates litigation. It is safe to say that a large majority, if not all, the tenants of school property holding under leases like that of Mr. Crilly's, have been in litigation with the school board in all the different courts of this state, to the inconvenience, annoyance and great expense of all parties interested. This litigation has usually resulted in negotiations and compromises which in ordinary transactions between man and man would have been entered into in the first instance, making litigation and its attendant annoyance and expense unnecessary. It is safe to say, however, that so long as these leases contain so many uncertain and inequitable provisions no cessation of litigation is to be reasonably expected.

5. It is in some cases impossible and in all cases impracticable for the lessee to sublet any portion of his premises to a time extending beyond the day when the new revaluation is to take effect. It is impossible because the lessee cannot secure a tenant who will agree to become liable for an increased rent unless the amount of such increase be known at the time and be definitely agreed upon. It is impracticable because no lessee is certain that he will be able to continue as lessee after the day on which the subsequent revaluation becomes effective, and if he were to make a lease subletting a portion of the premises to a time extending beyond the revaluation date, and after the revaluation he should be obliged to surrender his own lease to the school board who might see fit to dispossess the tenant in possession, he would subject himself to liability for a large sum as damages for having entered into a contract which he could not perform.

These limitations make it almost impossible for the lessee to obtain a high class of tenants. The best tenants desire long term leases at a fixed annual rental. Mr. Crilly in following what you must commend as a first class business policy has been forced to decline to make any lease whatsoever with numerous high class individuals and corporations who wished long term leases at fixed rates, and has been compelled to enter into leases with less responsible persons at lower rates for the reason that he did not feel secure in executing leases extending beyond the first of May, 1905. In the few instances in which Mr. Crilly has executed leases extending beyond this date it was conclusively shown to him to be absolutely necessary to make these concessions or lose the tenants altogether. In entering into his present ground floor leases, Mr. Crilly was obliged in each instance, in order to obtain the tenants, to give them a term extending to May 1, 1906, without a raise of rent for the year beginning May 1st next. In the event you find it necessary to increase the present valuation on this property Mr. Crilly by reason of the harsh limitations imposed upon him by this lease will be obliged to pay the increase for the first year himself without any return whatsoever from his ground floor tenants from whom he obtains over fifty per cent. of his gross income.

The offices in the building in question are now occupied as follows:

Restaurants	3	Lawyers	3
Tailors	19	Vacant	3
Agents' Display Rooms	13	Promoters	3
Real Estate	12	Business Chances	3
Salary and Chattel Loan Business	5	Physical Culture	2
		Boots and Shoes	4
Contractors	7	Saloons	4
Mining Company Offices	4	Miscellaneous	10
Osteopathy, etc.	6	Cigars	2
Insurance	2	Printers	2
Clothing	1	Postal Sub-station	1
Jewelry	3		

6. Not being able to obtain the highest class of tenants who occupy large amounts of space, pay their rent promptly, and afford a certain and definite income covering a long period of years, it is necessary for Mr. Crilly to lease his premises to the best tenants obtainable under all the circumstances. The class of tenants that can be had under these circumstances is largely small shopkeepers, tailors, printers, saloonkeepers, shoemakers and the cheaper class of office renters. To a considerable extent tenants of this class are financially irresponsible, pay their rent in small amounts neither regularly nor promptly, and frequently only under threat of termination of their leases. In place of one responsible tenant occupying, for instance, an entire floor for a period of ten years, Mr. Crilly has a large number of tenants on each floor, of uncertain responsibility, from whom he does not obtain an aggregate rental equal to that which the one responsible tenant would pay him. The work and expense of collecting and bookkeeping and of maintaining the building are thus increased out of all proportion as compared with competitors dealing with tenants who occupy large space.

7. Under the terms of the "amendment" it is proper for you to consider, if you deem it pertinent, the improvements on the property, their value, etc., in arriving at the true cash value of the demised premises. Under this provision there is no incentive to the lessee to improve the premises, even though the other provisions of the lease would permit him reasonably to do so, for the reason that improvements would only add to the value of the premises and thereby result directly in an increase of the rent he would have to pay.

8. The opinion of Judge Tuley quoted above sets forth at length the effect from a legal standpoint which the terms of the present lease would have upon the value of this property.

Under the Recent Ruling of the Supreme Court School Property Under Lease is Liable to Taxation.

The Supreme Court of Illinois in an opinion prepared and rendered by Mr. Justice Scott, late in February of this year, in the suit of the *People ex rel. Hanberg* v. *City of Chicago for use of Schools, etc.,* upsets the theory upon which the Board of Education and its lessees have dealt for the past forty years, and holds that a certain provision known as Section 2 of Article 8 of the Constitution of 1870, which has always heretofore been relied upon as exempting all school property from taxation, does not, as a matter of law, exempt from taxation property owned by schools and leased by them for profit. When Mr. Crilly first contracted with the Board of Education for this property back in the year 1878, it was with the understanding on the part of both parties to the contract that the fee of this property was not

taxable. For this reason, the percentage which Mr. Crilly contracted to pay upon the appraised valuation of this property was set at six per cent. instead of five per cent., which was the then going rate. The additional one per cent. was added to Mr. Crilly's rental because it was considered to be about the equivalent of the amount he would be obliged to pay as taxes if he were leasing the property from an individual owner. However, in order that the Board of Education might certainly be protected against liability for taxes in the event the property was held to be taxable the following provision was inserted in the lease:

"And the said party of the second part, for themselves and their heirs, executors, administrators and assigns, further covenant and agree to and with the said party of the first part, its successors and assigns, that during the continuance of this lease they will pay all water rates, and all taxes, duties and assessments, general and special, ordinary and extraordinary, of every nature and kind whatsoever, which may be levied, imposed or assessed upon the premises herein demised, or upon any building, addition or improvements of any kind which may hereafter, during the continuance of this lease, be erected, made or placed thereon, whether such tax, duty, rate, or assessment shall be for city, county, state, or other purposes soever."

Under this provision Mr. Crilly's item of expense will be increased from $6,000 to $7,000 a year if the property is assessed at $540,000, the valuation on which rent is now being paid. As shown below, Mr. Crilly's net income from this property during its six most prosperous years averaged only a little in excess of ten thousand

dollars per year. If it had been necessary for him to pay taxes on the fee during this time his net income would have been reduced to such an amount as to leave him no return worthy of mention on his investment in this property.

COMPETITION.

We submit herewith a list of modern office buildings erected in the loop territory since the year 1895, giving the total number of new offices that have come into competition with those in Mr. Crilly's building. At the present time we are on the high tide of prosperity. The demand for offices was never so great. The value of property was never so high, and the rents demanded and received are breaking all previous records. There has been no touch of "hard times" since the effects of the panic of '93 passed away. The value that you place upon this property is to be the basis upon which Mr. Crilly is to pay rent up to the year 1915. It is within the knowledge of all that there is a recurrence of hard times in all countries in which business is actively engaged in at least once in every twenty years. The competition of all these new offices added to the vast number of offices that were already in existence in 1895 will not perhaps be severely felt by any of these buildings until the return of hard times, but when those times do come it is absolutely certain that the first buildings to suffer from them will be those of the class of buildings of which Mr. Crilly's is one. Indeed, there is no certainty that when the First National Bank Building opens up its hundreds of new offices for occupancy there will not be a dearth of tenants in the down town district. And all the time it is to be borne in mind that Mr. Crilly's building is not

available to all classes of tenants, as are the large modern office buildings. It should be borne in mind, too, that as most of the other buildings are figured on a four per cent. basis Mr. Crilly, who is obliged to pay on a six per cent. basis, must add to his item of expense at least two per cent. of the value of the fee, or $10,800, on his present valuation, an increase which is certain to consume his entire margin of profit.

Some of the buildings above referred to, which have been opened for business or erected since the last appraisal in 1895, are as follows:

Tribune Building	144 x120	17 stories	
Hartford Building	92½x 50	2 stories	added.
Hartford Building Addition	45 x100	14 stories	
First National Bank Building	192 x230	16 stories	
Marquette Building	190 x(114) (140)	16 stories	
Ashland Block Addition	41½x 80	16 stories	
Atwood Building	63 x 80	10 stories	
Rector Building	90½x 93	13 stories	
Fort Dearborn Building	90 x 78	4 stories	added.
Fort Dearborn Building Addition	30 x 90	16 stories	
Merchants Loan & Trust Bldg.	99 x180	12 stories	
Rialto Building	174½x157½	2 stories	added.
New York Life Building	80 x141	2 stories	added.
New York Life Bldg. Addition	80 x 90	14 stories	
National Life Building	88 x210	12 stories	
Lees Building	70 x119	14 stories	
Stewart Building	90 x 91½	12 stories	
Chicago Savings Bank Bldg.	120 x 48	14 stories	
Republic Building	144.9 x100	12 stories	
Trude Building	75 x104	14 stories	
Heyworth Building	180 x 80	19 stories	
Silversmiths Building	80 x170	10 stories	
Church Building	40 x170	12 stories	
Powers Building	76 x172	14 stories	
A. C. McClurg Building	80 x172	9 stories	
Cable Building	90 x 46	10 stories	
Railway Exchange Building	171 x171	17 stories	
New Building at 92-96 Washington St.	60⅛x 90	3 stories	
Majestic Theatre Building	81 x192	20 stories	
Chapin & Gore Building	81 x 80	8 stories	
Great Northern Office Building	100 x165	16 stories	
Fisher Building	70 x100	18 stories	

New Leases With the National Safe Deposit Company and the Tribune Company.

We respectfully call your attention to the new 99 year leases without revaluation that were entered into by the Board of Education with the Tribune Company in 1895, 1897 and 1899, together covering the entire corner, and with the National Safe Deposit Company in 1900. It is true that under the Tribune leases the valuation on which it is to pay after 1915 and under the National Safe Deposit lease the valuation on which it is to pay after 1908, exceeds the valuation on which Mr. Crilly is at present paying, as hereinafter shown. The reason for these higher valuations is undeniably that there is no revaluation clause contained in the leases. The elimination of such a clause has worked to the benefit of the school board by giving it higher rentals and also in giving it abundant security in the shape of the magnificent new buildings on which it has a lien to secure the faithful performance by the lessees of their contracts. We respectfully insist that the valuation now to be placed by you upon the Crilly corner should not be in excess of its present valuation, namely, $540,000, for to increase it would be to do Mr. Crilly a great injustice as compared with these near by competitors.

In this connection you should not fail to note that in entering into these long term leases without revaluation the school board has established a value for these corners which in all fairness to other lessees should conclusively determine the value of other school property in this vicinity. In entering into the Tribune and National Safe Deposit leases it cannot be denied that a higher value than the then existing cash value was placed upon the

property in order to discount the future increase and arrive at a figure which should be the average value for the full 99 years. The school board must have had in mind in 1900, when it closed with the National Safe Deposit Company, that in 1905, for instance, property would be more valuable than it was in 1900, and that it might still be more valuable in 1910 than in 1905, and, indeed, that it might increase in value until the termination of the lease. It is therefore certain that the value agreed upon was in excess of the then cash value of the property and that it was in excess of the cash value of the property at the present time.

The following schedule shows the size, full annual rental at six per cent., square foot annual rental, and square foot value of the corners leased by the Board of Education to the National Safe Deposit Company, the Tribune Company and D. F. Crilly, respectively; also like figures showing what Mr. Crilly would be obliged to pay for a long term lease on his property at the same rate as the National Safe Deposit Company will pay under its present lease from 1908 to 1999, and also at the same rate as the Tribune Company is to pay under its present lease from 1915 to 1985.

	Size in Feet	Sq. Ft. area	Full annual rent 6%	Sq. Ft. annual rent	Sq. Ft. value
First National Bank	192x107	20544			
To 1908			$50,148	$2.44	$40.67
From 1908 to 1999			54,000	2.63	43.80
Tribune	144x120	17280			
To 1905			$45,120	$2.61	$43.51
From 1905 to 1915			47,376	2.74	45.69
From 1915 to 1985			47,640	2.76	45.94
D. F. Crilly	104x120	12480			
Under present lease			$32,400	$2.59	$43.27
At National Safe Deposit Co.'s valuation from 1908 to 1999			32,422	2.63	43.83
At Tribune Co.'s valuation from 1915 to 1985			34,445	2.76	45.95

The above figures show that the Tribune Company is to pay rental for eighty years at six per cent. on a valuation of $45.95 per square foot, and that the National Safe Deposit Company is to pay rental for ninety-one years on a valuation of $43.80 per square foot. The value of the Crilly corner at the bank's rate would be $547,000, and at the Tribune's rate $573,460. All things taken into consideration, the property occupied by Mr. Crilly is not so valuable per square foot as that occupied by either of these two companies. Madison street property has for many years been valued higher than that on Monroe street. The First National Bank property has less depth than the Crilly property and is proportionately more corner.

Mr. Crilly of course cannot be expected to pay on a valuation as high as that of the Tribune and National Safe Deposit Company unless his lease, like theirs, shall be free from revaluation.

New 99 Year Lease Without Revaluation Covering Lots Immediately East.

On May 8, 1902, a lease was entered into by the Board of Education covering what is known as the Chapin & Gore and Boomer properties immediately to the east of the Crilly property, 81 feet on Monroe street by 192 feet, both sides and the rear surrounded by public alleys 15 feet wide. The rental of this property from 1905 to 2001 is $27,000, making the square foot value at six per cent. $28.93, and square foot rental $1.73. A twenty story office building is now in process of erection by Mrs. Lehman, present owner of the lease, and when opened to the public will bring into competition with Mr. Crilly's building a large additional amount of office space.

Other Recent Monroe Street Valuations.

The property at 140 to 146 Monroe street, immediately adjoining the Chicago National Bank on the east, is under lease from John Borden, owner of the fee, Warren Springer being the present tenant. It fronts 90 feet on Monroe street and is 190 feet deep running back to an alley. The appraisers provided for by the lease not having been appointed, a bill was filed in the Superior Court of Cook County praying that a valuation be placed on the property. The hearing was had before Judge Chytraus, who found the value of the property on January 1, 1902, to be $5,000 a front foot, or $26.30 per square foot. A decree was entered accordingly and was affirmed by the Branch Appellate Court and by the Supreme Court of this state. The case is entitled *Springer* v. *Borden,* and is reported in 210 Ill. 518.

The valuation of the property now occupied by the Inter Ocean, at 106 to 110 Monroe street, was also determined in a proceeding in equity in the Circuit Court of Cook County before Judge Haney. The property fronts 69½ feet on Monroe street and runs back 190 feet to an alley. It was valued by Judge Haney at $4,000 a front foot on May 1, 1901, or $20.90 per square foot. This valuation was affirmed by the Supreme Court in the case of the *Columbia Theatre Amusement Co.* v. *Adsit,* 211 Ill. 124.

Recent Leasehold Sales.

Recent sales of the Unity Building at 79 Dearborn street, Stewart Building at the northwest corner of State and Washington street, and the Medinah Temple at the northeast corner of Jackson boulevard and Fifth ave-

nue, call to mind the disastrous history of those properties and very forcibly illustrate the folly of lessees agreeing to pay ground rental on an excessive valuation.

In the case of the Unity Building the stockholders suffered a total loss and the bondholders received only 75 per cent. of their investment. The Unity Building, 80 x 120 feet, was leased in 1890 for 99 years at 4 per cent. on $450,000, or $18,000 per annum. A building was erected on the ground at a cost of about $800,000. A bond issue of $300,000 and a second issue of $100,000 were secured by first and second liens upon this property. Default in interest having been made, foreclosure proceedings were instituted resulting in wiping out the stockholders absolutely. All outstanding bonds, which represented the entire ownership of the lease and building, were sold in December of last year for the sum of $307,000, or 39 per cent. of the original cost of the building.

In the case of the Stewart Building, 91½ x 90 feet, this building was leased May 1, 1893, for 102 years; for the first three years at $47,350, for the following five years $57,500, for the following five years $65,000, and for the remainder of the term $75,000 per annum. The ground belonged to the heirs of Gen. H. L. Stewart and was leased to H. H. Kohlsaat. In 1896 the present building was erected at a cost of $600,000. Default was made in payment of ground rent and the building passed into the hands of the Northern Trust Company, as receiver, representing the owners of the fee. In January, 1905, the leasehold and the building were purchased by E. A. Shedd and A. M. Johnson for $300,000.

The Medinah Temple property, 110 feet on Fifth avenue by 115 feet on Jackson boulevard, was leased to Wm.

A. Giles in 1888 for 99 years at an annual rental of approximately $14,000. In 1892 Mr. Giles sub-leased the property for 95 years to the Medinah Temple Company at an annual rental of $24,000. The construction of a building was immediately begun and a bond issue of $400,000 proving inadequate $350,000 more was raised by the issue of stock to complete the structure. The building cost $750,000. Default in interest on the bonds brought about foreclosure proceedings in 1897, and at a sale of the property in October, 1901, only $300,000 was realized for the bondholders. An option was held by David Mayer on this property at $350,000, but Mayer declined to purchase at that price. In February, 1905, the leasehold and building were sold to Levy Mayer for $325,000, or about 40 per cent. of the original cost of the building alone.

Leasehold Failures.

As hereinabove pointed out, it is absolutely certain that some time during the next ten years there will be a slump in real estate values and a falling off in the demand for office space in consequence of decreased activity in the business world. It will undoubtedly be conceded that during good times such as at present avail the lessees of school property should share with all members of the community at large in the extra margin of profits that is to be made. These extra profits will be sorely needed at a later time to make up for smaller profits made or losses which are certain to be sustained before the next revaluation period arrives.

Any conservative business man or corporation such as the school board would desire to have as a lessee of this

property, in entering into a contract of lease, could not fail to take into consideration the history of downtown leases showing losses to the lessees aggregating millions of dollars. Among the buildings which have proved a total loss to lessees, and which have been forfeited to the owner of the fee, are the following:

Kedzie Building, at 120 Randolph street;

Giddings Building, at 155-157 Washington street;

Real Estate Board Building, on which the ground rental was based on a value of about $35 a square foot;

Fay property, at 55 Dearborn street, lease based on a value of $18 per square foot; and

Steinway Hall.

The Auditorium, rented on a ground value of $19 a square foot, has never paid but one 2 per cent. dividend, and the stock is a drug on the market at 10 cents on the dollar.

The Masonic Temple has paid no dividends until within the past few years, and the amounts so paid have been inconsequential.

The Security Building, at Madison and Fifth avenue, was sold by the owner at about one-third its cost.

The Schiller Building, on Randolph street, was involved in receivership proceedings, resulting in a total loss to the stockholders.

The Opera House Block is said to have a total income amounting to less than the rent and charges of operation and maintenance.

The Woman's Temple, leased on a valuation of $44 per square foot, has long since passed from the control of the stockholders and is now in the hands of bondholders.

Other buildings that have been a serious loss to the owners are the following:

Illinois Bank Building, at 115 Dearborn street;

"L" shaped building surrounding the old Inter Ocean Building, at the corner of Madison and Dearborn streets;

Bort Building, in Quincy street;

Building at 126-128 Washington street;

The Building, at 120 Monroe street, and the

Great Northern Office Building.

Crilly's Rent Increased One Hundred and Sixteen Per Cent. in 1895.

The following table shows the appraised value of all the Dearborn street frontage in Block 142 prior to the 1895 appraisal, together with the appraisal of that year, and the percentage of increase, and like figures concerning the First National Bank property, whose appraised value in 1898 was determined by Judge Tuley after a full hearing:

Lots	Lessee	1885 Value	1895 Value	Per C't Inc.
12, 13 and 14.....	Tribune Co.	$300,000	$500,000	67
15 and 17.....	Tribune Co.	96,000	168,000	75
16	Tribune Co.	48,000	84,000	75
18 and 19.....	Cummings	102,000	190,000	86
20 and 21.....	Chambers & Farwell	102,000	187,000	83
22 and N. 16 ft. of 23	Wilson	80,000	133,000	67
S. 8 ft. of 23, and 24, 25, 26 and 27.....	Crilly	250,000	540,000	116
Lot 17 in Block 119.	National Safe D. Co.	480,000	820,800	71

From this table it appears that Mr. Crilly's increase was more by 30 per cent. than that of any other lessee of school property on Dearborn street. It is to be assumed that all prior valuations placed upon these dif-

ferent lots in Block 142 have been established very largely with reference to each other. In view of these facts it must be apparent to you that it will be impossible for Mr. Crilly to successfully compete with the other owners of property in this block and in the block adjoining on the west unless the valuation you place upon his corner is made with reference to the valuations placed upon the properties of these competitors and with reference to the ten year revalution clause which decreases the value of the fee to the school board and of his lease to Mr. Crilly.

Lessee's Investment.

When this building was first erected it was built in the most substantial manner then known to builders, having special reference to its occupancy by the J. M. W. Jones Printing Company, which was at that time the largest printing concern in the City of Chicago and occupied the entire building, then consisting of five floors. The printing company at all times carried large stocks of heavy paper and ran, day and night, large printing presses. The foundation, walls and floorings of this building are beyond question the best of those of any building in the city outside of building of modern construction. The lessee's investment in this building, completed about 1880, was $130,000. After the printing company left the building it was entirely remodeled, two stories were added to its height, and it was made into a store and office building, with hardwood finish and all modern improvements, at an additional cost of $157,000. Since the complete remodeling of the buildings additional hardwood and glass partitions have been put in, the entrance made over, new boilers have been sub-

stituted for the old ones, and alterations and improvements have been made, which bring the amount of the lessee's investment in this property at the present time up to the sum of $300,000.

The following statement shows the average gross annual income from and expenses on account of the building for six years from May 1, 1898, to April 30, 1904, inclusive, the most favorable years of lessee's entire term:

Income		$88,702.28
Rent	$32,400.00	
Taxes, insurance, repairs, employes, lighting and other expenses of operating and maintaining	30,931.65	
Depreciation, 5% on $300,000	15,000.00	
Net to lessee	10,370.63	
	$88,702.28	$88,702.28

As five per cent. per annum on $300,000 invested is properly chargeable as depreciation against the income of the building from May 8, 1890, to May 8, 1895, Mr. Crilly's investment in this property would be reduced at the beginning of the present valuation period to $225,000. Depreciation at the same rate for the ten years of the present period would reduce his investment on May 8th next to $75,000, making his average investment during the present valuation period $150,000, of which sum the net annual income of $10,370.63 is 6.9 per cent.

It must be conceded that an average net income of less than seven per cent. per annum during the six best years that lessee has experienced is not an unreasonable return upon so uncertain an investment. Mr. Aldis,

in the testimony to which we have above referred, states that a lessee under a contract like Mr. Crilly's is entitled to a net return on his investment of eight per cent.

If, as seems inevitable, this building must be destroyed to give place to a modern structure the 5 per cent. depreciation allowed would make it necessary for the building to stand in its present condition until the year 1910. If it is destroyed before that year the rate of depreciation would have to be increased proportionately in order that Mr. Crilly might have returned to him the total amount of his investment in this building at the time of its destruction.

Business Activity Certain to Decrease.

The Board of Education by the terms of its contract of lease has a first lien upon the improvements on this property to secure the performance by the lessee of all that he contracts to do. It is not probable that the lessor will be called upon to enforce this lien during periods of commercial prosperity. During periods of depression, however, the school board cannot but feel that the lien so retained will secure to it full and proper payment of all money due under the lease. It is not so, however, with the lessee, who has no one to guarantee to him that during hard times he will receive enough money to pay his rental and other fixed charges. The rent he has been obliged to pay has always increased, his expenses of operation are continually and alarmingly growing larger and larger each year. But his rental income has at times decreased and is liable to do so again at any time.

Present Real Estate Market Artificial.

The great activity experienced in the last two years in down town real estate in particular has created an artificial impression of values which must not be taken to be actual values. Many who have purchased during the past two years at prices which are undoubtedly in excess of true cash value will certainly within the next decade suffer financial loss by reason of their untimely investments. The "Economist," the leading conservative newspaper authority on Chicago real estate, says in its issue of January 14, 1905, concerning Block 142:

"Down town property seems to be at about as high a figure as it can be reasonably expected to go for many years."

Mr. Arthur Aldis, in his testimony before the Board of Appraisers of ten years ago, said concerning down town values in Chicago:

"I know of no place in New York or in Boston or Philadelphia or London or Berlin or Paris where the same conditions exist. It is the most expensive retail property I know of in the world."

Crilly Property Not All Corner.

Again referring to Mr. Aldis' testimony given before the appraisers of 1895, he testifies with reference to the Equitable Building at the corner of Dearborn and Washington streets, which was then owned by him that he would have paid as much when he purchased the lot and building if it had been only 36 instead of 40 feet in width. His testimony shows that 36 feet front is all that can properly be figured as corner property. He further testified that the 40 feet next to the corner 40 feet cov-

ered by the Equitable Building on Washington street was worth not more than one-half the corner 40 feet, and that the value of inside lots would decrease the farther they went from the corner.

Lease Profitable to School Board.

Mr. Crilly has during all of his residence in the city of Chicago, which covers nearly 45 years, been a builder, an owner and manager of buildings. The management of buildings has for the past 20 or 25 years been almost his exclusive business. He has been a lessee of the school board since 1878. His rents have been paid with a promptness that has been entirely satisfactory to his lessor. He has placed a good building upon the premises, giving the school board good security, and in every other way has so handled and managed the property as to give the school fund a splendid income and himself a small return on his investment. It is safe to assume that the large increase in Mr. Crilly's rent, which was forced upon him by the appraisal of ten years ago, was due in part to the good showing of earnings disclosed in his statement to the 1895 appraisers. The earnings of this property prove not only that it is well improved, but that it is well managed. A deficit would tend to show either lack of business ability or bad faith on the part of the lessee in not putting up a sufficient building and in not properly managing it.

Space Required for Court.

The space at the northeast corner of the lots in question, 60x40 feet, is used as a court for light and air, and is not improved above the first floor. This takes 2,400

square feet from the space available for renting on each of the six upper stories of the building, or one-fifth of each floor. There is no other or better way to provide for light and ventilation in a building of this size. The most desirable arrangement is for an interior court, which is impossible in a building no larger than this. The result is that on each floor there are several offices poorly lighted and poorly ventilated, thereby detracting from their rental value.

A building much larger than the present one requires very little, if any, more space for a court. The particular size of this lot makes it necessary to use for a court a maximum of space with a minimum of results.

Property too Small for Best Paying Investment.

The Tribune Company found it necessary, in order to make an improvement on its corner which would give a fair net return on the investment, to purchase the leasehold interest to the 72 feet immediately adjoining its 72 feet on the corner, giving it a frontage on Dearborn street of 144 feet. The First National Bank likewise made no arrangements to build on its 107 feet on Monroe street until it had acquired 224 feet additional. The owners of the Marquette, Fort Dearborn, Hartford and other buildings have satisfied themselves that the additional space which they have added and are adding to their respective buildings will increase the net return on their entire investment. Mr. Crilly is satisfied from his knowledge of modern buildings that a frontage of 104 feet is too small to produce the best net return. A building on this corner fronting 144 feet on Dearborn street would require very little, if any, more court space, and the expense of operating it, except as to janitor

service, would not be materially increased over the expense of operating a building with a frontage of only 104 feet.

Number of People Daily in and Near Building.

It will no doubt be urged that there are many people daily in and near this building. This is the fact, just as there are many people daily in and near every corner building in this portion of Chicago. It is to be remembered, however, that the people who are *near* the building are not the ones who lend it value. It is the people who actually go into the building to transact business whose presence is profitable. There is not a bank, trust company, manufacturing institution, railroad, coal or other large business concern in the entire building with the possible exception of one or two ground floor tenants who are there more for the purpose of advertising their particular shoes and cigars manufactured and sold all over the country than with the hope of securing a profitable trade in these particular stores

Can the Building do Better?

The best use to which this property can be put under present limitations properly enters into a determination of its value. As a modern structure cannot be erected in place of the present building, and as the most desirable class of tenants therefore cannot be obtained, it is proper to consider what can be done with the property to make it yield the largest certain income to the school fund and to the lessee. It can be shown, and we offer to prove if you desire to hear proof on the subject, that the present building is as good a building of its

class as there is in the city of Chicago; that at the time it was remodeled to its present size it was built practically fire proof and was equipped with all the then modern improvements. The building is still in first class condition and cannot be improved upon unless replaced by a new and modern structure. It is safe to assume that in its present condition the property is better improved than it ever will be until an agreement is arrived at between the parties which will permit a new building to be erected on this corner. It is also safe to assume that no higher or better rentals can be obtained by any lessee of this corner under existing circumstances at any time now or in the future than are being obtained by your present lessee at the present time. Under these circumstances, then, it would be well to examine closely into the statements presented by Mr. Crilly with reference to the income from and expense of maintaining this property, and to determine after a thorough investigation whether Mr. Crilly would be justified in paying any increase in rental over and above that which he is now paying.

Six Per Cent. Rate Does Not Increase Value of Fee.

It would not be proper to add to the value of this property because of the fact that the lease calls for a return of 6 per cent., rather than 4 per cent. Certainly it would never be thought that a lessee must be made to pay more rent by raising the value of the property because the rental fixed in his lease is high and consequently the property more valuable, and it would be equally unjust that he should pay less by reducing the valuation because his lease calls for a low rate and therefore the property is less valuable. If the high rate

of rent could be taken into consideration a lease under very favorable terms to the lessor would be made still more favorable to him by showing that the terms of the lease add to the value of the property. An increase in the value of the property would be equal to an increase of rent and the increase of rent would increase the value of the property, and so on indefinitely. Such a rule for determining values would be wholly impracticable, as it would afford no definite and certain basis from which to figure.

What the Value Should Be.

The valuation on which the National Safe Deposit Company is to pay rent from 1908 to 1999 is $43.83 per square foot. For the reasons shown above this is undoubtedly the estimated average value for the term and is in excess of the true cash value at the present time, and is also based upon the added value given to the property by reason of the elimination of the revaluation clause from the lease. Conceding for the moment that Mr. Crilly should pay rent *under his limited lease* on a valuation equal to that on which the National Safe Deposit Company pays *under its unlimited lease,* his corner would be valued at $547,000, making his rental $32,820.

The valuation on which the Tribune Company is to pay rent *from* 1905 *to* 1915 *under its new unlimited lease* is $45.69 per square foot. If Mr. Crilly were to pay on a like valuation for the next ten years under the limitations of his present lease, his annual rental would be $34,200, and the value of the property $570,000.

Can any good reason be advanved why Mr. Crilly, limited on all sides as he is by the terms of his lease,

should pay from 1905 to 1915 a rental equal to that to be paid for the same time by the Tribune Company which has the benefit of a 99 year lease without revaluation and owns a large and modern building from which to derive its income? Is there anyone to say that the National Safe Deposit Company should pay a less rental for the next ten years under a more valuable lease covering a more valuable piece of property, than Mr. Crilly should be obliged to pay for the same time under an admittedly less valuable lease covering less valuable property? The fact is, the value of school property in this particular part of town must be conceded to be well settled and established by these long term leases without revaluation.

The Board of Education undoubtedly does not desire that the rent demanded shall be so great as to compel a surrender of the lease or otherwise work a hardship upon the lessee. Its primary concern should be that the rent shall be the highest that can be safely paid by the lessee, allowing to him an income on his investment equal to that enjoyed by the Board of Education. Mr. Crilly certainly expects that the terms of the lease will permit him to make a reasonable return on his investment. It would not be to the advantage of the school fund or the public to exact terms that would result in a forfeiture of the lease. Confiscation of the property is not desired by the Board of Education, and if forced upon the lessee would not result to its advantage. The best contract for the Board of Education, from a commercial point of view, is the one which is safest and can be most surely performed by the other party, looking not only to the present, but over a term of years extending some time into the future. Thus far,

covering a period of 27 years, the present lessee has made this corner a paying proposition for the school board, with only a small return to himself, and does not now desire nor does he expect to have such a valuation placed upon the property as will force him to forfeit his contract. He cannot, however, be entirely unmindful of the consequences that have followed upon the agreement of other lessees to pay rental on an excessive valuation. He therefore urges you, after considering the question at issue from the viewpoint of the Board of Education, to place yourselves for the time being in his own position as lessee of this property, and to decide each of you for himself in his own mind and according to his own best judgment just what each of you, if in Mr. Crilly's place, would be able and willing to pay as rental for these premises during the next ten years under all the attending facts and circumstances.

We respectfully submit that due consideration being given to all of the limitations imposed by the terms of the lease with Mr. Crilly, no contention that will be advanced by the Board of Education can impel you to place a valuation on this property equal to that placed upon the corners occupied by the National Safe Deposit Company and the Tribune Company whose leases are free from unreasonable and vexatious limitations.

Respectfully submitted on behalf of Daniel F. Crilly.

Cassoday & Butler,
Oliver D. Crilly
His Attorneys.

STATEMENT OF BOARD OF EDUCATION IN REPLY TO STATEMENT IN BEHALF OF DANIEL F. CRILLY.

To the Honorable Board of Appraisers of School Property of the City of Chicago:

In the matter of the lease of Daniel F. Crilly from the Board of Education of the City of Chicago of the property situated at the northeast corner of Dearborn and Monroe streets in said city, described as the south eight feet of lot 23 and all of lots 24, 25, 26 and 27 in block 142 in school section addition to Chicago, having a frontage of 104 feet on Dearborn street and a frontage of 120 feet on Monroe street to a 15 foot alley on the east end of said premises.

Under the terms of the said lease and supplements thereto, your honorable body is convened to ascertain the present cash market value of the fee, as described in said lease, and we herewith present to you the facts which we consider will aid you in arriving at a proper decision as to such value, the same being the principal sum upon which the amount of rent will be annually computed for the ensuing ten years.

We wish first to bring specifically to your attention the fact that your deliberations must be confined entirely to the ascertainment of the value of said fee, and that your duties in no way involve the determination of the value of Mr. Crilly's lease. That has no proper place in your deliberations and cannot in any way affect the final determination by you of the market value of the land as such, of this date exclusive of the improvements and the leasehold, which is the only question for your solution.

This statement is here first made because of the fact that a large part of the statement of Mr. Crilly is composed of arguments, which affect only his leasehold interest and which are entirely irrelevant to the question to be determined by you. Among these are:

First: The difference in value between a ninety-nine leasehold, without revaluation clause therein, and one with the same inserted.

Second: The effect of the lease itself upon the property.

Third: The possibility of the lessee having to pay taxes upon the land.

Fourth: Competition.

Fifth: Recent leasehold sales.

Sixth: Leasehold failures.

Seventh: Lessee's investment.

Eighth: Income of buildings.

Ninth: Rental specified in the lease.

In this connection we call your Honorable Board's attention to the decision of the Supreme Court of the State of Illinois, reported in Volume 210, page 518, in the case entitled *Warren Springer* v. *John Borden,* which case involved the question of the valuation of a fee in property on Monroe street just west of Clark street in this city under the terms of a leasehold providing for a revaluation each ten years during its life, where the court said:

"The lease provided that the lessee should pay as rent a sum equal to five per cent. of the cash value of the demised premises, exclusive of the buildings and improvements which might be thereon. . There was a

building on the premises and the lease had twenty years to run in the future. Defendant insisted, and offered evidence tending to prove, that the existence of the lease depreciated the value of the fee and restricted the use to which the property could be devoted, and would depreciate the value of the property to a purchaser from fifteen to thirty-five per cent. The principal controversy between the parties arises on that evidence, and is, whether the court, in fixing the cash value of the demised property, exclusive of the buildings and improvements, was bound to take into consideration the effect of the lease on the value of the fee. The court held that all evidence as to the effect of the lease on the value of the premises was immaterial and incompetent, and recited in the decree that the valuation was made without taking into consideration any effect of the lease on the value of the premises. The court construed the value of the demised property as contained in the lease to mean the cash value of the naked lot with a clear title in fee simple. The defendant insisted that the court ought to find the cash value of the fee simple as depreciated by the lease upon it, or in other words, the cash value of the reversion.

"The term of the lessee and the reversion after the expiration of the particular estate together constituted the entire fee, and under our statute the grantee of the reversion would be entitled to the rents. Anyone buying the reversion would pay more if the lease called for ten per cent. per annum on the value than if it called for five, as in this case, and would pay more if the lease called for five per cent. than if it called for four, which the evidence showed to be the basis for the market value of such estates when the cause was heard. Certainly, it

would never be thought that a tenant must pay more rent by raising the value of the reversion because the rental fixed in his lease is high and consequently the reversion more valuable, and it would be equally unjust that he should pay less by reducing the valuation because his lease calls for a low rate and therefore the reversion is less valuable. The value of anything, in the common understanding, is the value of the full title, and not a value over and above some encumbrance. The cash value of the lot, exclusive of the buildings and improvements thereon, can mean nothing else than the value of the full title to the lot. According to the theory of defendant, a lease under very favorable terms to the lessee may be made still more favorable to him by showing that the terms of the lease depreciate the value of the reversion. A reduction in the value of the reversion would be equal to a reduction of rent, and the reduction of rent would reduce the value of the reversion, and so on in endless succession. The rule contended for is wholly impractical, for the reason that as long as the net annual rental is unknown the net value of the reversion cannot be ascertained, one of the necessary elements for fixing such value being lacking. No such plan for fixing the rental could have been anticipated by the parties. Our conclusion is in accord with the decision in *Goddard* v. *King,* 40 Minn. 164, and it is supported in principle by *Philadelphia Library* v. *Beaumont,* 39 Pa. St. 43, and *Lowe* v. *Brown,* 22 Ohio St. 463. The value of the property for the purpose of fixing the rents could neither be increased by the fact that the burden on the lessee was great and the terms of the lease favorable to the lessor, nor reduced by the fact that the burden was light and the lease favorable to the lessee.

"There is considerable complaint of the rulings of the court on the admission of evidence, but we do not find that the court excluded any competent testimony offered by the defendant. Evidence as to what income the property, with the buildings and improvements on it, produced was excluded, and it is insisted that the income of property is a proper element to be considered in determining the market value of such property. That may be true in many cases, but in this case the income from the property to be valued was fixed by the lease, and the evidence offered and excluded related to rentals of the buildings and disbursements on account of the property. Whether the lessee could raise sufficient income to enable him to keep his covenant and pay the stipulated rent was not material. He agreed to pay an annual rent of five per cent. on the cash value of the vacant ground, and the court was right in excluding evidence as to the value or cost of the buildings or the net income to the lessee, or whether it would be profitable to erect a modern building for the remainder of the term. We think the court erred in admitting evidence on the part of the complainants as to the rental value of other property in the vicinity, what such property was leased for and what had been paid for other leasehold interests. The question what other leasehold interests are worth or how much other property was leased for was not material. The case, however, being in equity and the hearing before the court, it will be presumed that in a final consideration of the case the incompetent evidence was not considered unless the decree appears to have been based upon or affected by it, and we think that the legitimate evidence justified the decree."

We now present to you our answer to the contentions

of Mr. Crilly in his statement furnished you, and also such other facts as we deem pertinent.

The contention is made by Mr. Crilly that two things should be considered by the appraisers in arriving at a value in this year 1905 of the said fee. These are, first, Judge Tuley's decision in the National Safe Deposit Company's case against the Board of Education; and second, the sixth clause in the supplemental leases made in 1888 with the various tenants of the Board of Education. Mr. Crilly claims that the leases made in Block 142 and that to the National Safe Deposit Company were similar. If it were necessary, a reading of the two different sets of leases would disclose that they are not the same, nor did Judge Tuley in the National Safe Deposit Company's case make a decision on any of the conditions which existed in any of the leases in Block 142. He gave his decision based on reasons which appealed to him, quoting from the document before him in that case alone, but both the force of the Tuley decision and any claims of benefits coming to the lessee or lessor from the sixth clause above mentioned was entirely destroyed and refuted by the decision of our Supreme Court in the Springer-Borden case above quoted. In that decision, the true test of the value of the fee is laid down as being "The cash value of the naked lot with a clear title in fee simple," and Mr. Crilly concedes this standard, by admitting that the value to be ascertained is "the true cash value, not taking into consideration the improvements thereon."

If the above position is correct, it is then a comparatively simple matter to arrive at a fair value of the land. In arriving at such value it seems that the best test is the numerous sales of property which have oc-

curred in the last ten years, together with the numerous ninety-nine year leases made in the same time of similar property to this in Block 142, wherein both the lessor and lessee have agreed upon a fixed sum as the actual cash value of the land leased.

Accompanying this statement will be a sale map marked Exhibit "A" showing the values occurring at different points around and close to Block 142 with a number attached to each value so placed. On a separate sheet, marked Exhibit "B", a corresponding number will give a true description of each property; date of the transaction; the parties involved, the total consideration; and the square foot value.

If the above view is correct, then it does not make any difference whether the term be a short one or a long one, as is contended for by Mr. Crilly. Mr. Crilly in one part of his statement says that new buildings give increased value. In this, he is right. In the last ten years the following elements have increased values, particularly in down-town property:

1. The city has largely increased in population. Anyone who reflects knows it is people who make values. If you were to take away the people from Chicago, there would be very little value to the land here. It is true, especially in a business sense, that the greater the number of people who congregate at, or pass, a certain locality, the greater are the values attaching to that point.

2. We have here in Chicago the ability to bring into the limited space called "Inside the Union Loop" comprehending thirty-seven blocks, more people a day and to bring them out again at night, than any other like area in any other city in the world. And again, the values of real estate in the Union Loop district can be made as

high as the real estate values of London, Paris, or New York, and are rapidly approaching the same, and still pay handsomely on such value.

3. The sky-scraper, so-called, has made it possible for down-town property to earn two and three times the amount of rent on the same area of ground. One illustration will suffice. The First National Bank people are today getting rent from eighteen stories where before they got rent from but five.

One condition, which should be mutually admitted, because of its known existence by all well informed persons, is that for high class property on loans, the rate is four per cent. On high class property for 99 year leases it is four per cent. And in placing values on all down-town property, the income on the land is calculated on a four per cent. basis. In making statements in figures to your honorable body, the square foot values on the rents now being paid on revaluation school leases will be capitalized on four per cent. and not on the six per cent. rate, which of course will make no difference in the exact amount of rental received each year. That is to say, on Mr. Crilly's lease in 1895 the value placed by the appraisers was $540,000 at six per cent., which makes $32,400 a year rent, and on a sale to a capitalist, it would sell for just fifty per cent. more, or on a four per cent. basis, or for $810,000. On a four per cent. basis, it would produce just the same rental, to-wit, $32,400. The reason for elaborating on this that all comparisons to be shown to your honorable body on 99-year leases, made by private parties, are computed on a four per cent. basis, so that Mr. Crilly's lease, on his six per cent. clause making a valuation of $43.26 a square foot, means that under a four per cent. valuation the square foot

value would be $64.89, and in this computation, the four per cent. basis making the square foot valuation of $64.89 will be used.

Mr. Crilly says a great deal about litigation; about the effect of future panics; of the First National Bank property drawing tenants away from his building; and of the failure of some buildings down town; but because of the facts hereinbefore stated, it is not considered these items merit any extended reply. The Board of Education cannot compel any lessee to manage his building in any particular way. Each lessee necessarily must be left to conduct his business as his best judgment dictates, and it is no concern of the board as to whether its lessees are or are not able managers. That is one of the questions affecting the leasehold value and has absolutely nothing to do with the present cash market value of this land, which is the sole problem for your ascertainment as appraisers.

Mr. Crilly does not name any of the profitable leaseholds like the Marquette and others which may be cited. He states that there is bound to be a slump in values in ten years, but the average man does not think Chicago is going to stop growing, and certainly your honorable body cannot speculate on future depreciations which would be merely conjectural and can have no place in your deliberations. His statement that the present real estate market is artificial is refuted by the purchases of real estate in the central portion of this city to the extent of millions of dollars by such successful men as Otto Young, Marshall Field, Owen Aldis, the Mandel Brothers, Cyrus H. McCormick and others. His statement that this lot is not large enough upon which to construct a modern building is refuted by the observa-

tion of every man who has examined the new improvements lately constructed or now being erected upon almost every block within the loop.

Mr. Crilly's various contentions that your honorable board dare not put on any higher values for this fee than were placed thereon by the Board in its last appraisement, and particularly that you dare not place values as high as those on the National Safe Deposit Company and the Tribune corners, are ridiculous, because it matters not what property sold for ten years ago or eighty years ago or any number of year ago, or what it may sell for one hundred years hence. The test is, what is the present cash market value of the land in question? And it certainly will be conceded by any unbiased person that down town property is much more valuable today than it was five years ago or even three years ago. This identical property, probably at one time, sold for the usual price of $1.25 per acre, but such sale and such value have no force in ascertaining the present value under existing conditions. With all the objections, Mr. Crilly has raised to this lease, he is careful to state that he would not like to be compelled to surrender the same. He admits as do some of the other lessees in their statements that the old buildings on these revaluation leases are of trivial value, and that the best of the buildings cannot possibly stand to the year 1910 with any profit to the respective lessees.

In addition to the sales and 99-year leases, a list marked Exhibit "C" will be furnished to your honorable body of ten-year leases made on property with old hulks of buildings, such as this is, where, on such leases, the value of the land is 90 to 95 per cent. of the total value of the premises. Such tenants take the risk of moving

out their fixtures on a ten-year lease, which are more valuable to them than are these old buildings to the present tenants of the School Board.

As showing that the values placed by the last appraisement were not too high and are not a burden on the tenants, we submit a list marked Exhibit "D" of the sales of a number of these leaseholds in block 142, each of which were sold for a large bonus or profit.

From an analysis of all transactions bearing on values down town, the minimum value would seem to be on this corner $100 per square foot, or a total of One Million Two Hundred Forty-eight Thousand Dollars ($1,248,000), which at four per cent. would make a rental of $49,920 a year, or if placed on the six per cent. rate, the value would be $66.66 a square foot, or a total valuation of $832,000, which at the six per cent. would produce $49,920.

All of which is respectfully submitted on behalf of the Board of Education of the City of Chicago.

James Maher and
Angus Roy Shannon,
Attorneys.

DANIEL F. CRILLY.

Statement in Rebuttal by Cassoday & Butler and Oliver D. Crilly.

To the Honorable Board of Appraisers of School Property of the City of Chicago:

Gentlemen:—

Clause Sixth of Mr. Crilly's amended lease either means something or it means nothing. This is what it says:

"Sixth. That, notwithstanding anything in said lease contained, the *appraiser shall be at liberty in forming their judgment of the value of the land,* without including the value of the improvements thereon, *to take into consideration,* if any so far as they deem it pertinent to do so, *the improvements on such land, and the character, condition, value, cost, rental, expenses and other particulars thereof, and any other facts or information, from whatever source, bearing upon the question of the actual value of said land;* and it shall be the duty of the lessee to furnish the appraisers promptly, on request, a statement showing the rental receipts and disbursements on account of said improvements for five years, as near as may be, next preceding the time of the appraisement."

We are firmly of the opinion that Clause Sixth means *something,* and that the something which it means is just exactly what it says. The original lease between the School Board and Mr. Crilly was burdensome, oppressive and inequitable in the extreme, and was so recognized by both of the parties to it and by all other lessees of school property who held under leases containing similar provisions. The drastic requirements of the lease of 1880 led to an enormous amount of litigation, which was unprofitable and distasteful alike to both parties to it. During the time of and for some years subsequent to the appraisal of 1895 the unfairness of this class of school leases so impressed itself upon all parties concerned that the School Board, reflecting the sentiment of the public at large, decided that it would be for the people's best interests to incorporate in these leases a few amendments tending to fairness. The question of just what concessions should be made to the lessees was thoroughly thrashed out by the School Board and its

able legal representatives, with the result that finally the School Board itself drafted the general form of amendment which was subsequently executed by most if not all of its lessees. We call the particular attention of this Honorable Board to the fact that this amendment is the set form of the Board of Education. Mr. Crilly's original amendment, executed by the School Board and himself, appears to be a mimeograph copy. We have examined amendments to other school leases of about the same date and find that they are of the same form. Clause Sixth of the amendment therefore appears to be something which was inserted into and made a part of the School Board's agreement with Mr. Crilly by the School Board itself. The language is the language of the School Board and not that of Mr. Crilly. Under a rule of law relating to the interpretation of written instruments, if there is any doubt as to the meaning of the language contained in the clause to be interpreted, that doubt should be resolved against the party whose blank form was used and in favor of the other party to the contract. As the language of the clause seems to be perfectly clear and unmistakable, the only possible question that can be raised concerning it is not *what* it means but whether it means anything at all. And the School Board, itself having made Clause Sixth a part of its lease with Mr. Crilly, now comes before the Board of Appraisers and through its counsel asks this Honorable Board to consider Clause Sixth as void, without meaning and of no force and effect whatsoever. The following brief statement will show how the School Board succeeds in turning this mental somersault. The answer presented by the Board of Education to the statement heretofore filed on behalf of Mr. Crilly covers less than ten typewritten pages, more than

half of which are devoted to a discussion of a recent holding of the Supreme Court of this state in the case of *Springer* v. *Borden,* in which is announced the rule of law which should govern in determining the value of a certain piece of property under the terms of a *certain* lease. The rule of law announced is no doubt correct as applicable to the facts in that case. The same rule of law has been held in this state ever since the state courts were established and was in force and effect when the appraisal of 1885 was made. *It was to avoid this very rule of law that Clause Sixth was incorporated into and made a part of Mr. Crilly's contract with the Board of Education.* The *certain* lease under consideration by the court in *Springer* v. *Borden* did not contain, nor did it purport to contain, any clause in any way similar to Clause Sixth. There was nothing contained in the Springer-Borden lease which in any way extended or limited the elements that might be taken into consideration in determining the value of the demised premises. The ruling in the case of *Springer* v. *Borden* might be held applicable in the matter before you for determination if Clause Sixth were entirely eliminated from Mr. Crilly's lease. But Clause Sixth *is* a part of Mr. Crilly's contract, inserted by the Board of Education itself, and must be construed to mean that this Honorable Board, in arriving at the value of the Crilly corner, shall take into consideration, in addition to things which the court considered in the Springer-Borden case, each and all of the elements of value enumerated in the clause. And there can be no doubt in the mind of any man who gives the matter fair consideration that it was for the very purpose of bringing the matters and things mentioned in Clause Sixth into the consideration of the appraisers

that that clause was made a part of the contract between the School Board and Mr. Crilly. It was unquestionably believed by the School Board itself that if the value of this corner were determined solely in accordance with the hard and fast rules of law an injustice might be done at some time or other to either or both of the parties to the lease. It is true beyond any doubt whatsoever that at the time the amendment of 1888 was made it was fully intended by the parties that the Board of Appraisers should take into consideration in valuing this property the present lease upon it, together with all its benefits and advantages as well as all its hazards and limitations. It would be wholly unjust, unfair and unreasonable for the Board of Education to impose the harsh terms of this lease upon Mr. Crilly and compel him alone to suffer from them. The Board of Education cannot fairly exempt itself from the penalties that the provisions of this lease impose. If the provisions of the lease prove to be detrimental to the value of the property the Board of Education has no one but itself to blame. Clause Sixth means either that these elements of value should be taken into consideration by this Honorable Board or the clause stands absolutely meaningless, a mockery to those who endeavored to make it a part of this contract and a jargon of words which work a fraud and an injustice upon the person for whose benefit they were most clearly intended.

If "facts or information from whatever source bearing upon the question of the actual value of said land" are considered by this Board in its deliberations, as the amendment most undoubtedly provides shall be done, we submit that there is not a single line contained in our statement heretofore filed herein which is irrelevant

or immaterial to your deliberations. The facts set forth in the statement on file as certainly depreciate the value of the title of the fee as they depreciate the value of the building and the lease. It is absurd to believe that a man would pay the same price for this corner with the present building and lease on it that he would pay for it if it were improved with a building costing a million dollars erected under a straight 99-year lease at the Tribune or National Safety Deposit Company rate of rental. If it is clear that the facts set forth depreciate the value of the fee in the mind of a prospective purchaser, there can be no question that they depreciate the actual cash value of the fee for all purposes. Counsel for the School Board objects and says that the possibility of the lessee having to pay taxes upon the land has nothing to do with its value. We apprehend that if taxes in the City of Chicago were 10 per cent. instead of approximately 1 per cent. a considerable difference would appear in the value of every piece of real estate within the city limits, and in just the same proportion the value of property would be affected by an increase or decrease in taxes of even as little as 1 per cent. Likewise, counsel for the School Board objects that the competition of buildings has no effect on the value of real estate. In this connection we beg to call your attention to an article from the Economist of February 4, 1905, concerning the erection of office buildings in Boston. The *Economist* says:

"Complaint is already made in Boston that the construction of big office building has been overdone. The dividends of some of the older proprietary companies have been reduced and the stocks of many of the newer concerns are below par. Accordingly plans to erect ten or a dozen additional buildings are held in abeyance."

The income the lessee derives from the building is also objected to in the answer filed by the School Board as not being a proper matter for your consideration. We lay little stress on the matter of income, but furnish it, as we construe Clause Sixth of the amendment to require us to do. Whether the income a man derives from his property has anything to do with its value we are only too glad to leave to the members of this board to say.

With reference to Exhibits A and B presented with the statement of the Board of Education we can only say that the attempt to establish the value of any particular piece of downtown property in the City of Chicago by comparing it with the recent sale or lease value placed upon other pieces of downtown property must utterly fail. We have only to refer to the Board of Education's Exhibit B, which purports to give the square foot value of twenty-five different pieces of downtown property, to show how impossible it will be for you to value the Crilly corner by comparing it with the pieces of property set forth in Exhibit B. The square foot values shown by this exhibit are estimated on a four per cent. basis and run from $61 to $264.93.

Is this board able to deduct from these widely varying figures any logical conclusion as to the value of the property leased Mr. Crilly?

Insufficiency of Comparative Values.

Counsel for the board in his statement on page 5 quotes with approval from the opinion of the Supreme Court of Illinois in the case of *Springer* v. *Borden* the following language:

"The question what other leasehold interests are worth or how much other property was leased for, was not material."

The elements and factors that enter into the value of a piece of downtown property are exceedingly numerous and seem to multiply as the value of the property increases. The more valuable property becomes the more sensitive it is to the different influences of light, location, transportation, alleys, foundations, competition, leases, tenants, rate of interest, taxes, insurance, repairs and many other items. For instance, property on State street is universally acknowledged to be double in value that on Dearborn street, only a few feet away. Property on Madison street has always been considered more valuable than property on Monroe street. The corner of State and Madison streets has always been considered more valuable than the corner of State and Adams streets. The east side of State street is considered far more valuable than the west side. So it is apparent that as a general proposition comparative figures afford no definite basis on which to arrive at the value of a given piece of property.

One Fair Comparison of Values.

We took some pains in our statement to compare the First National Bank and Tribune corners with the Crilly corner. We believe that we were justified in doing this for the reason that these three corners are more nearly alike than almost any three corners in the City of Chicago. We desire now to present a comparison between the Crilly corner and the Tribune corner, each 120 feet deep, running from Dearborn street to the same alley.

The Tribune corner fronts 144 feet on Dearborn street. The Crilly corner fronts 104 feet on Dearborn street, and to this we add for present purposes the 40 feet immediately adjoining on the north known as the Wilson property. We thus have two exactly equal areas, each fronting 144 feet on Dearborn street, and being in the same block, their inside corners being only 111 feet apart. The Tribune under its long term lease is to pay from 1905 to 1915 an annual rental of $47,376, the annual square foot rental being $2.74. This makes the square foot value on a six per cent. basis $45.69, and on a four per cent. basis $68.54. The Wilson 40 feet is also under a long term lease at a fixed annual rental from 1905 of $8,379. In order to make the 144 feet at Dearborn and Monroe produce for the Board of Education the same amount as the Tribune corner produes, Mr. Crilly would be obliged to pay an annual rental of $38,997, the square foot rental being $3.12½. The square foot value on this basis at six per cent. would be $52.08, and at four per cent. would be $78.12, which is greatly in excess of the value placed upon the Tribune corner. There are two reasons, each entirely good and sufficient in itself, why the valuation placed upon the Crilly corner should not equal that placed upon the Tribune corner. First, the Tribune property is on Madison street, and Madison street property has for many years been valued higher than Monroe street property. Second, the Tribune is in the enjoyment of a long term lease from which the revaluation clause is eliminated, in consequence of which the corner is improved with a modern 17 story building of sufficient size to make it a paying investment. The Board of Education cannot in fairness make it impossible for Mr. Crilly to erect on these premises a modern

building and at the same time demand from him a rental which only a modern building can produce.

Analysis of Exhibit B of the Board's Answer.

Exhibit B of the Board of Education contains memoranda of only twenty-five transactions in downtown property extending back to the year 1892. This Honorable Board will of course make note of the fact that only such transactions are included in Exhibit B as show exceedingly high valuations.

We beg first to call your attention to the fact that twelve of the transactions mentioned, numbered 42, 43, 44, 47, 48, 49, 50, 51, 52, 53, 54 and 55, involve State street property. On just what basis Dearborn street property can be compared with State street property the attorney for the Board of Education does not undertake to set forth. We believe this Honorable Board will be of opinion that State street values form no basis whatsoever for arriving at the values of Dearborn street property.

The figures presented by the School Board in Exhibit B as to the following pieces of State street property need explanation in the following instances:

43. The square foot ground value is given as $125. This value includes the building. The ground alone is valued at $300,000. The annual rental is $12,000. The property, being 25x120, contains 3,000 square feet. The square foot value, therefore, is $100 instead of $125.

44. This piece of property is the third lot from the northeast corner of State and Monroe streets. The fee to the 20 feet on the corner is owned by Eugene Pike. The second 20 feet were leased by him from the Board of Education in February, 1902, to 1985, without revalu-

ation, the rental from 1905 to 1915 being $7,560, which makes the square foot value less than $102. The Pike lease undoubtedly covers a more valuable piece of property than that described at No. 44.

47. The Economist is authority for the statement that the average rental for the entire term is $12,372, which gives the property a square foot valuation of $112.60 instead of $123.70.

48. This is the southwest corner of State and Adams streets. The dimensions are 22½x80½ feet, giving a square foot area of 1811½. The rental is $17,000, which makes a square foot value of $234 instead of $264.93.

51. This is south part of the Palmer House.

Aside from the State street property included in Exhibit B the transactions included therein are explained below under numbers the same as those contained in Exhibit B:

1. This is a small Madison street corner, under a straight 99-year lease, and was made to the Illinois Life Insurance Company which was already the owner of the fee to the alley property on the north. The plans of the insurance company contemplated the erection of a building running from the alley to the corner which would be of sufficient size to make an adequate return upon its investment. The frontage of the fee owned by the insurance company was only 76 feet, which the company for obvious reasons felt was too small a piece on which to build. The present holding of the insurance company on this corner is 177½x161 feet.

3. It is a well known fact that the Hartford Building has never paid its owners anything on their investment. Additional property adjoining on the west has

recently been acquired only fifty feet from the corner based on a square foot value of $66.66, with the hope that by the erection of an addition the building could be made large enough to pay.

6. This transaction represents one of a number by Victor F. Lawson, the first of which was a lease covering 175 to 181 Madison street for 99 years without revaluation, obtained by him from the Board of Education in 1895, on a valuation of $25 a square foot, the dimensions being 80x180. In order for Mr. Lawson to have all the room necessary to conduct his business he was in a position where he had to deal with the owners of this property and another piece adjoining it on the north. The price he paid for the corner is undoubtedly excessive for the reasons stated. The property adjoining on the north was purchased by Mr. Lawson in 1904 on a square foot valuation of $45.

8. This transaction was one of a series by which Charles Netcher, proprietor of the Boston Store, sought to obtain additional space to meet the requirements of a rapidly growing business. Mr. Netcher was blocked on the north by Hillman and Carson, Pirie, Scott & Co., rivals in business, and the only direction in which he could extend his holdings was to the west. This property belongs to the City of Chicago and was under a 99-year lease subject to revaluation. The appraisers who valued this property on November 28, 1902, stated in their report that if a straight 99-year lease were given to Mr. Netcher twenty per cent. should be added to the value which they placed on the property under the terms of the lease as it then stood. Mr. Netcher has also acquired the property adjoining on the west, 80x160 feet, belonging to the Board of Education, at an annual

rental of $25,200, which makes a square foot valuation of $49.21. This gave Mr. Netcher holdings from State street up to the Dearborn street frontage which it became necessary for him to obtain. The transaction shown at No. 18 is the purchase by Netcher of the fee title to the northeast corner of Madison and Dearborn streets, 63x80 feet, on a valuation of $110 a square foot, which is generally conceded to be far in excess of its value to any one except the owner of the property to the east of it. Counsel for the Board neglected to include in Exhibit B a statement of the purchase by Mr. Netcher of the property at 119 Dearborn street, which is the corner of the alley between Washington and Madison streets. This property was purchased by him in December, 1898, on a square foot valuation of $52, and is only 26⅔ feet wide by 80 feet in length. No. 53 is also a State street transaction by Mr. Netcher in which he had to deal with the owner at the owner's price.

All of these transactions concern property between State and Dearborn streets, and between Madison street and the alley to the north, of all of which the Netcher estate is now owner or lessee.

12. This is a small corner piece occupied by the Real Estate Board Building. The value placed upon this property includes the building, which is a good one and well rented. In this connection we call the attention of the Board to the Iroquois Theater property which immediately surrounds the corner piece on all sides. This was leased in May, 1902, for 99 years without revaluation, at an average rental of $23,939, which gives that property a square foot value of only $27.70.

16. This is the Bedford Building. A small corner.

We again quote from the *Economist.* Its issue of April 2, 1904, says that this building was taken in exchange for other property, and that the exchange value placed upon the ground and building was $425,000. The building was valued at $125,000, leaving the ground at $300,000, which would give a square foot value of $82 instead of $110.95, as Exhibit B sets forth.

25. Counsel for the Board has been very careful to omit from Exhibit B information concerning the entire transaction that Mr. Rector had concerning the lease of the corner on which his new building stands. Only 43½ feet on the corner are included in the Exhibit. This corner altogether is only 91x90½ feet, and the fee belongs to three different owners. The 24 feet inside the corner Mr. Rector leased on a square foot value of $70, and the next 24 feet he rented on a square foot value of $58.40. His total rent is $32,000, which makes an average square foot value on which he pays four per cent., $87.80.

56. This is the Morrison Hotel property, which until very recently was in the possession of J. K. Sebree, who owned this and other hotels in the down town district. Competitors in business negotiated for the property and outbid Mr. Sebree, whose lease had only about two years to run.

58. This is a lease to a gentleman of wealth interested heavily in one of the largest department stores in the city who is reputed to have been engaged for the past two or three years in buying up fee titles and leaseholds in every block on the so-called retail streets in order to prevent the extension of real estate holdings by rivals in business. The fictitious values of down town property are very largely due to the extensive buying in

which this gentleman has been engaged for the past few years.

59. This is the Fort Dearborn Building. Two of its former owners are reputed to have lost heavily in their venture. One of them was in the hands of a receiver for many years. The owner of the building has recently acquired an additional 30 feet on Clark street, 90 feet deep, and has erected an addition thereon, expecting with the enlarged building to be able to make this investment pay. The square foot value of the 30x90 feet is placed at $69.16.

We call to your attention the following recent transactions in real property mostly on Dearborn and Monroe streets:

		Size.	Square Foot Value.
1.	Couch Estate to Northwestern University—Sale, March, 1901, old Tremont Hotel Property	180x160 ft.	$15.60
2.	Lyman, Harris & Lowell, Trustees, to Davis, Powers *et al.*—Lease, May, 1902, Iroquois Theatre Property, 99 years	Surrounding Corner.	$27.70
3.	Benj. Manierre to Dickey Estate—Sale, May, 1901, 76-78 Dearborn Street	40x80	$39.00
4.	Dickey Estate to Benj. Manierre—Sale, May, 1901, 86-88 Dearborn Street	$38\frac{2}{3}$x80	$40.40
5.	David R. Lewis to Archbishop Catholic Church—Sale, November, 1904, 93 to 97 Dearborn St.	58x80	$53.00

		Size.	Square Foot Value.
6.	Stearns Estate to the Fair—Lease, May, 1895, N. E. cor. Dearborn and Adams Sts. (part of the Fair).....	190x166.02	$55.40
7.	Mrs. L. DeK. Bowen to Bryan Lathrop *et al.*, trustees,—Sale, January, 1900, N. E. cor. Monroe and Wabash..	172x76	$35.70
8.	P. C. Brooks to National Safe Deposit Co.,—Sale, December, 1901, Ground under Montauk Building	89x70	$30.00
9.	Nathaniel Thayer to National Safe Deposit Co.—Sale, December, 1901, Property just West of old Montauk Bldg. formerly occupied by Bradner Smith & Company.....	22.67x194.8 89x129	$32.50
10.	John Borden to Warren Springer—Lease, 1902, 140 to 146 Monroe Street.....	90x188	$26.00
11.	R. H. Crozer to Bradner, Smith & Co.—Sale, April, 1901, 184-186 Monroe St..	45x189	$16.00
12.	Alfred C. Bryan to Northern Trust Company–Sale, June, 1904, N. W. cor. La Salle & Monroe	73½x190	$60.85
13.	Mark Skinner to Jacob L. Kessner—Lease, 99 years, April, 1905, N. E. cor. Wabash and Madison Streets.	101x162½	$42.71

The above are only a few of many recent transactions which we might cite if time and space permitted and if we did not feel that we have already imposed severely

upon the patience of this Honorable Board of Appraisers.

Respectfully submitted.

CASSODAY & BUTLER and
OLIVER D. CRILLY,
Attorneys for D. F. Crilly.

TESTIMONY TAKEN AND PROCEEDINGS HAD ON THE 4TH DAY OF MAY, A. D. 1905, BEFORE THE BOARD OF APPRAISEMENT, CONSISTING OF MESSRS. WATERMANN, MACLAREN AND KERFOOT AT ROOM NO. 608 FIRST NATIONAL BANK BUILDING, IN THE CITY OF CHICAGO, IN REFERENCE TO THE MATTER OF THE LEASEHOLD OF DANIEL F. CRILLY, ESQ., OF THE PROPERTY KNOWN AS THE NORTHEAST CORNER OF MONROE AND DEARBORN STREETS, IN THE SAID CITY OF CHICAGO.

Appearances:

Appearing on behalf of Mr. Crilly, Messrs. CASSODAY & BUTLER.

Appearing on behalf of the Board of Education, Mr. JAMES MAHER.

Mr. MACLAREN: Well, gentlemen, I take it that the most expeditious way to proceed with this matter is to get to business at once. I understand that Mr. Butler has some witnesses here, and I think we had better proceed to hear their evidence.

Mr. BUTLER: Well, Mr. MacLaren, we have Mr. Knight and Mr. Snow here, in accordance with the understanding that we had the first time we were here, some weeks ago, which was to the effect that we might intro-

duce testimony, but we won't bother you with but two witnesses, and we hope that we won't bother you with them.

Mr. MacLaren: It won't bother us in the slightest, we are here for that purpose, and I think that would be the most intelligent way of getting through with it.

Mr. Butler: The property under consideration is known as Lots 23, 24, 25, 26 and 27, in Block 142, School Section, situated on the northeast corner of Dearborn and Monroe streets, fronting 104 feet on Dearborn street and 120 feet on Monroe street, to an alley.

Mr. Kerfoot: How wide is the alley?

Mr. Butler: Fifteen feet wide.

John B. Knight, called as a witness on behalf of Mr. Crilly, testified as follows:

Direct Examination by Mr. Butler.

Q. State your name, Mr. Knight. A. John B. Knight.

Q. Your business? A. Real estate.

Q. Now, I wish you would state, Mr. Knight, inasmuch as we desire to take this up as informally as possible, I wish you would state what your experience is in the real estate business in general, so that we may have your qualifications as an expert on real estate valuations, or know what they are, as to real estate values in the down town district of the City of Chicago? A. I have been doing business here since 1871. I have had a very active career in real estate, and have had charge of considerable property; made sales of it, ninety-nine-year leases of it, and handled it for owners, and I am still doing it.

Q. Have you loaned money on it? A. Yes, sir.

Q. Are you interested in loans on property at the present time in this downtown district? A. To some extent, but not very largely.

Q. Well, you have had all kinds of dealings in this kind of property, and have clients who are dealing in this kind of property? A. Yes, I have clients who are now dealing in this class of property.

Q. You are familiar with the premises occupied by Mr. Crilly? A. I am.

Q. What, in your opinion, are those premises worth? A. Seventy-five dollars a square foot; that would be, as I reckon it, $9,000 a front foot on Dearborn street, which would make it about—let's see. Yes, $9,000 a front foot on Dearborn street.

Q. On what basis is that figure, Mr. Knight? On what percentage? A. Well, that is the value of it to-day, and the rates today are about 4 per cent.

Mr. MacLaren: I do not think that is proper evidence to bring in here. What we want to get at is the value of the property, and that is where we stop.

The Witness: The fair cash value of the property, in my judgment, is $9,000 a front foot on Dearborn street.

Mr. Butler: Q. In arriving at that value, you take into consideration the rate, the interest rate, as 4 per cent? A. I take into consideration all the conditions that exist today that give a foundation for the value of that real estate.

Q. Does that include the interest rate at four per cent? A. Yes, that always enters into valuations.

Q. What is the value of that property at the rate of 6 per cent.? A. Well, the rate of 6 per cent. would not change the value of the property; it would change the condition of the landlord's estate and the leaseholder's interest in it.

Q. Well, on that basis what is it worth?

Mr. MacLaren: I think, Mr. Butler, you are getting outside of what is necessary to bring before us. That is a question for the Board of Education to settle, and not for us as Appraisers.

Mr. Kerfoot: In other words, we are not valuing the leasehold, we are not asked what the rental value of that property is.

Mr. Butler: There are certain things that are taken into consideration in arriving at the value of this property, and one of them is the interest rate, as I understand Mr. Knight.

The Witness: That, of course, affects the values, the interest rate always does, but more than that it affects the interest of the landlord, or the landlord's estate, and also the interest of the lessee.

Q. Well, on the basis of 6 per cent. as income on this property? A. Do you mean net income from the ground?

Q. Yes, net income from the ground, what is its value? A. The ground value would not be changed at all, but the landlord's estate in the land would be increased one-third, and that would militate, of course, against the interest of the lessee to that extent.

Q. Have you made any computation as to the value of this property, on a 6 per cent. basis? A. It would be just two-thirds of what I have placed upon it.

Q. Two-thirds of $9,000 a front foot? A. Yes, sir.

Q. And two-thirds of $75 a square foot? A. Yes, sir.

Mr. Butler: I presume that it is understood that the lease between Mr. Crilly and the School Board is in evidence here; if not, we offer it now.

Mr. MacLaren: All right.

Mr. Butler: Q. Mr. Knight, under the terms of this lease between Mr. Crilly and the Board of Education, it appears that one of the clauses calls for a revaluation of this property every ten years during the existence of the lease. What, in your opinion, is the effect of such a cause upon the interest of the lessor?

A. I think it is unfavorable.

Mr. Maher: Of course I don't take it that objections are necessary on behalf of the Board in these matters at all, but that it is the fact that the Board of Appraisers can get any information in any way they want and then arrive at their own conclusion as to the value of the land; but I do take it that what the Board is to arrive at is the value of the land, and as to whether the land is to be revalued every ten years or every fifteen years, or whether it is covered with a lease at all or not, my understanding is that that makes no difference.

Mr. Butler: That simply calls up the question as to whether or not clause 6 in the amendment has any meaning. If it has any meaning, that is a proper consideration; if it has no meaning, it is not a proper consideration.

Q. Let me ask you first, Mr. Knight, this question: You say that at a 6 per cent. basis you value this ground at $624,000? A. No, I did not say that. I don't mean

that I would value the land at that, but that will affect the interest of the lessee to the extent of one-third, and it would also, I think, affect unfavorably the interest of the landlord's estate. I think that any contract that has in it the element of doubt from time to time, and that brings up constantly his quesion of revaluation, is not as favorable as otherwise it would be. No two Boards of men are going to look at the question alike. It is constantly threatening, threatening the interest of the landlord's estate in the land, and I think it threatens very seriously the interest of the lessee.

Q. That is, you say that a value on this ground, then, that the value on a 4 per cent. basis is $9,000 a front foot on Dearborn street, or $936,000 for the entire property? A. Yes, sir.

Q. At 4 per cent. that would yield an annual rental of $37,440? A. Yes, sir.

Q. Is that, in your opinion, a fair rental for that property? A. I think so; yes, sir.

Q. That is, under a straight, ninety-nine year lease without revaluations? A. That would be my judgment; yes, sir.

Q. Well, under a lease containing this revaluation clause of which I have spoken, what, in your opinion, is the effect of that clause on the rental? A. I think it would be excessive for the reason that, under the reappraisal, it makes it practically impossible for a tenant to improve the property to advantage. He cannot borrow money, and, if he were to use his own, the effect of it would simply be, under the reappraisement contract, to advance the interests of the lessor, as against his own interests. I think under a straight contract, that

a fair consideration for the land is 4 per cent. upon its present valuation, and that is the ruling rate of interest, and contracts of that kind are being made on that basis, and I think that the rent represented by that would be a fair return for it on a ninety-nine year lease on the property.

Q. Have you made any calculation as to how much this clause in this particular lease would depreciate the rental that should be demanded by the landlord under this lease? A. It is a very difficult thing to arrive at. I should not want to attempt to determine a sum that would represent that, but the condition in itself is a very serious one. It would be a very serious element. It would amount, in my judgment, to a very substantial reduction in order to place the lessee in a position where he would be enabled to meet the results of such a condition.

There is a feature of that which, it seems to me, is very important to be considered, and that is that the lessee, owning a building of that character upon a piece of land, with the revaluation clause constantly staring him in the face, it would be much to his advantage if he could lease to tenants for five years or for a longer period, but under that condition he would not dare do it. If he gives a contract running beyond the period of revaluation, some Board having that matter under consideration, might take a view of it to the effect that the land was very much higher than it was possible for him to pay rent upon. Therefore he would not dare to enter into contracts with his tenants. It would practically amount to a confiscation of his property, and it would be impossible for him to carry it on profitably.

Of course, in my evidence before this Board, I am

simply giving my impression of the general situation, as I understand it.

Mr. McLaren: Have you an idea of the value of that land, if it was simply for sale without any lease or anything else?

A. Yes, sir.

Q. The bare, naked land is worth about $9,000 a foot? A. Yes, sir; that is my judgment.

Q. And $75 per square foot? A. Yes, sir.

Q. That is your judgment about it? A. That is my testimony.

Mr. Maher: That is, if it were in the market and free and clear from any encumbrance, the seller ready to sell, and the purchaser ready to buy, and no lease on it at all, vacant property?

A. Yes, sir.

Q. Mr. Knight, suppose there were a lease on there, a fifty-year lease calling for 6 per cent. of the land value, and the owner of the fee desired to sell it subject to that lease. Do you think it would be worth less than if there were a lease on it for 50 years for 4 per cent., under a straight lease? A. I do not think it would have any effect such as to change the value of the land, but there is a discrimination between the value of the land and the landlord's estate.

Q. Suppose, Mr. Knight, that the owner of this identical property had a good clear title in fee simple to it? A. Yes, sir.

Q. And he had it leased, that is, the naked ground, leased for a term of fifty years straight? A. Yes, sir.

Q. And the lease provided for 6 per cent. on the actual land value? A. Yes, sir.

Q. Do you think it would sell in the market for less, under that lease, than if it were covered with a lease calling for 4 per cent.? A. No, sir; I think it would probably sell for more.

Q. Do you think, Mr. Knight, or have you an opinion, as to whether or not property in this locality will depreciate or otherwise in the next ten years? A. Well, my opinion is that it will appreciate.

Q. That it will gain in value? A. Yes, sir.

Mr. KERFOOT: You sold the corner of Dearborn and Madison; what did you get for that a square foot?

A. Well, the corner, we sold the corner piece, which is 63x80, for $625,000, including the building. That is pretty nearly $200 a square foot.

Q. The building was not considered as worth anything? A. We considered it worth something, but the person buying it did not; except for the purpose of obtaining rents as long as the building stood. We got $485,000 for the piece adjoining it on the north. That piece was 76x80 and that was about $70 a square foot, I think, a little over $70. Taking the two pieces combined, I think,—well, I have forgotten now just exactly what it reached per square foot, but that, you see, is a corner only about—

Mr. KERFOOT: Well, you leased the inside piece on Clark north of Adams?

A. Yes, but that transaction has not been closed, and it has not been made public, but I can say this, that we took advantage of the necessities of the fellow in that

case to the extent that we could, and we got a great deal more than we ever thought we would.

Q. The corner of Monroe and Clark has just been leased? A. Monroe and Clark?

Q. Yes, do you know what that was leased for? A. I did know, but I have forgotten.

Mr. MacLaren: I can tell you, $87.50.

Mr. Kerfoot: Do you know of any lease of the City of Chicago that has been made on a 4 per cent. basis?

A. Oh, yes, I remember one that I made that was on a 4 per cent. basis.

Q. Have you signed the lease yet? A. Well, we have signed it but it has not been delivered. I want to say this that I think that I could buy any piece of property, or that I could sell any piece of central property upon a valuation that any fair experts would place upon it, I think I could sell it today off-hand upon a guarantee of a 4 per cent. contract for 99 years, with the proper security behind it.

Mr. MacLaren: You would want the building and all those things as security?

A. Oh, yes, you would want security. Of course, that sort of a contract must be secured, but I think that any piece of property in the City of Chicago in that central district that any man wants to sell at a price that any board of appraisers would place upon it, that I can sell on a 4 per cent. basis.

Mr. Kerfoot: Suppose you had this property leased at 6 per cent., don't you think you could sell it for a great deal more?

A. Oh, sure, but I don't think you could sell it to the full value of what that would represent.

Mr. Butler: Could you sell such a leasehold at 6 per cent. if it had a revaluation clause in it?

A. No, sir. I think that a fair propostion, and one that with landlords is a decisive test, if a capitalist is willing to come into Chicago and buy any one of these prominent properties in the central district upon a guarantee of a ninety-nine year contract or lease well secured, that he will buy it and pay for it and lease it upon the basis of 4 per cent. That illustrates the fact that these conditions are governed by the ruling rate of interest.

Mr. Kerfoot: You did not answer my question about Monroe and Clark?

A. I don't know, Mr. Kerfoot, I have forgotten it.

Mr. MacLaren: I was told it was an average of $87.50.

The Witness: I have forgotten the size of the lot.

Mr. Butler: That is only 90 feet on Monroe street. That is a smaller corner than ours.

Mr. Kerfoot: That makes yours all the more valuable.

Edgar M. Snow, called as a witness on behalf of Mr. Crilly, testified as follows:

Direct Examination by Mr. Butler.

Mr. Butler: Will you ask him questions, or shall I?

Mr. MacLaren: No, you ask him the question and bring out the facts.

Mr. Butler: State your name?

A. Edgar M. Snow.

Q. What is your business? A. Real estate, mortgages and renting.

Q. Kindly state your experience in the real estate business in the City of Chicago? A. I have been in the real estate business in the City of Chicago for upwards of thirty-two years, dealing in down town property, making loans, and so forth, and have charge of property down town and throughout the city.

Q. Are you interested as agent of any down town property? A. Yes.

Q. Have you loans at the present time on down town property? A. to the extent of several millions of dollars.

Q. And you represent the lenders? A. We are correspondents of the lenders.

Q. Is it on your valuation that these loans were placed? A. Yes, sir; our loans for non residents.

Q. And you have bought and sold down town property in the last five years, have you? A. Yes, sir.

Q. Well, you are familiar with this corner known as the Crilly corner at Dearborn and Monroe street, 120x 104 feet? A. Yes, sir.

Q. What, in your opinion, is that property worth? A. Seventy-five dollars a square foot, $9,000 a foot on Dearborn street and less on Monroe. That is 120 feet deep to an alley.

Q. What interest rate do you take into consideration in arriving at that figure? A. Well, that land should earn 4 per cent., and this is computed on a 4 per cent. basis.

Q. What would you consider the rent of this proper-

ty at the present time, a fair annual rental? A. Four per cent. on the land alone; 4 per cent. net return upon the land alone.

Q. That is upon the valuation that you have given, $75 per square foot? A. Yes, sir.

Q. On a 6 per cent. basis, an income of 6 per cent., how would that affect the landlord's estate in that property? A. It would affect it favorably.

Q. How would it affect the value of the landlord's estate? A. If the property yielded 6 per cent. on the actual value, it would be a larger return, and hence the landlord's estate would be advanced.

Q. This lease under consideration here with Mr. Crilly contains a revaluation clause, requiring the property to be subject to revaluation every ten years. What, in your opinion is the effect of that provision of the lease on the rental that the tenant under that lease should fairly be expected to pay? A. What is that question?

(The question was then read by the reporter.)

A. Well, he could not afford to pay as much as he could for a ninety-nine year straight lease, if that is what your question implies. Such is the fact, in my opinion.

Q. Are you prepared to say to what extent it would affect the rental that he should pay it? A. Well, that is an awful hard thing to say. Considerably less, but I could not say how much; perhaps 10 per cent. less than if he had a straight lease for ninety-nine years.

Q. In arriving at the value of property in the down town district in the City of Chicago at the present time, and in your opinion as to the value of this property, you

named it on a 4 per cent. basis, did you not, and you arrived at it on a 4 per cent. basis? A. A 4 per cent. basis is a fair and proper basis, in my judgment, to compute the value of land in the down town district; that is to say, it is a proper return, in my judgment, for the land to realize.

Q. Is that the basis on which values are estimated in the down town district? A. Yes, I think so, for the land, on land alone; I mean the land exclusive of the building.

Q. Have you sold any land or leased any land or loaned money on any land on that basis? A. Yes, I made a ninety-nine year lease on a piece on Wabash avenue, to Mandel Brothers, 70 feet north of Madison fronting east.

Q. Did you make a loan on the building at the southeast corner of State and Adams street? A. Yes, sir, $500,000.

Q. That is the Strong property? A. That is known as General Strong's corner.

Q. What is the size of that property? A. 100 by 148, 100 feet on State street and 148 on Adams.

Q. What square foot value would you place on that property? A. $100.

Q. What, in your opinion, is the difference in the property values between property on State street and property on Dearborn street, which is the higher? A. There is a very material difference, there is all the difference that I have expressed, at least.

Mr. Butler: Well, I think that is all I care to ask Mr. Snow.

Examination by Mr. Maher.

Q. Mr. Snow, property is worth just what it would sell for in the market, ain't it? A. Oh, no, not at all, Mr. Maher, not necessarily so at all.

Q. You think not? A. No, sir, it may sell for a great deal less than it is worth, and a great deal more than it is worth.

Q. In putting your value on this property, did you put it on as the land alone, clear and free of lease and exclusive of building, that the fee simple title perfect was worth $75 a square foot? A. Yes, sir, I did, except taking into account that it is improved, and taking into consideration the effect, whatever that was of that improvement upon the land, but it is exclusive of all those things.

Q. If it were vacant land, covered by no lease and no encumbrance, no lease of any kind or description, would that change your opinion? A. No, sir, I think not.

Q. Do you think, Mr. Snow, that, if the present lease called for 4 per cent. on the cash value of the land, instead of 6, that it would be worth more or less in the market? A. It would make no difference whether it was 2 or 10.

Q. So that in your opinion, if the owner of the lease— A. If this lease called for a rate contrary to what it does call for, it would make no difference in the value of the land.

Q. So that the lease does not cut any figure in the market value of the land? A. Not in the market value of the land, but I make a distinction between the landlord's estate and the land.

Q. Take the landlord's estate; do you think that it would affect the landlord's estate favorably or unfavorably, if the lease called for 4 per cent. instead of 6? A. Unfavorably.

Q. That is, the landlord's estate would be worth less on a 6 per cent. basis than on a 4 per cent basis? A. No, the landlord's estate would be worth less on a 4 per cent. basis than on a 6 per cent.

Q. Four per cent. would be worth less? A. Yes, sir.

Q. So that the landlord's estate on a 6 per cent basis, whether the lease contained a revaluation clause or not, would be worth more than on a 4 per cent. basis? A. Yes, sir.

Mr. KERFOOT: Q. You spoke about your loaning a great deal of money down town on property, did you not? A. Yes, sir.

Q. Aren't you rather conservative in your valuations in reference to loaning money? A. I hope I am, I would not dare say I would not be.

Q. Do you know what Rector pays for his corner? A. Yes, but I have not it in mind. There is one fallacy in considering all these things and attempting to fix them arbitrarily. Take the Netcher lease on Madison street; there is an instance where the land was appraised at a wrong figure.

Mr. KERFOOT: Do you know why?

A. Yes, I know why.

Mr. KERFOOT: The foundation of the valuation was Mr. Netcher's own offer to the firm.

The WITNESS: What I want to illustrate to you, gentlemen, is just this. There were appraisers who were

eminently qualified to determine the value of that property, and they arbitrarily added 20 per cent. to the value of the land, and then the rent was determined by that added value. So far as the record shows, the rent is so much a year, and, if you capitalize that rent at 4 per cent. you get a valuation which is fictitious. It shows the fallacy of attempting to make that the basis of value. One must take into consideration every fact and circumstance surrounding the property to be considered.

Mr. BUTLER: I would like to ask Mr. Snow a question about the comparison of this corner with the Tribune corner and with the First National Bank corner, both of which are leased by the Board of Education.

Q. What, in your opinion, is the relative value of those corners, say the same amount of property, 104 feet on the corner of Madison and along Dearborn street a frontage the same as Mr. Crilly's 104 feet? A. I haven't given that enough thought to say definitely, excepting this: Madison street is a more valuable street and a higher priced street than Monroe street is, considerably so. For instance, we testified in the Inter Ocean case, Mr. Birkhoff and Mr. Knight and I, that the Inter Ocean property on Monroe street, 189 feet deep, was $5,000 a foot, west of Dearborn.

Mr. KNIGHT: I made it higher, $5,500.

The WITNESS: That is, 189 feet deep, whereas I had sold about that time on Madison street, right adjoining the Hartford building, at $5,500 a front foot, property 100 feet deep. In other words, we put it higher, that much higher for 100 feet deep than for 189 feet deep on Monroe, and I think that fairly represents the relative values. We sold as high on Madison street, 100 feet deep,

in the same locality, as we appraised the Monroe street property for, which was 189 feet deep.

Mr. Waterman: When was that? A. That is where Judge Hanecy held that this property was worth $4,000 a foot. He took off 15 per cent. for the lease, and made it $3,400 a foot, and the court did not sustain him in that, but it did sustain him on the proposition that this property on Monroe street, 189 feet deep, was worth only $4,000 a foot, and that was considerably less than we appraised it at.

Mr. Kerfoot: You will admit that since you made that appraisement, Monroe street has made tremendous strides in value.

Mr. Snow: All that was in contemplation at the time.

Mr. Kerfoot: Well, it was not done, you could not see it.

Mr. Snow: But the market had the effect of it.

Mr. Kerfoot: Why, here in this building back in here, this theater building here is benefiting this property very much, and as to this First National Bank building, it is a regular city in here.

Mr. Snow: Well, that was known at the time of these transactions, it was known that negotiations were closed for those things, but the buildings had not then been erected.

Argument of Mr. Butler on Behalf of Mr. Crilly.

Gentlemen, with your very kind indulgence, I want to speak now for about fifteen or twenty minutes concerning the value of this property, and I assure you that I will not exceed that limit of time—concerning the value

of this property, and this leasehold of Mr. Crilly's, and I am only going to speak on two subjects in connection with it. The first is the value of this property.

I want to say, to start with, that Mr. Crilly's disposition in this matter is, as you well know from what you have seen, one of absolute fairness. He wants to pay a fair rent for this property, but he does not want to pay an excessive rental. He wants to pay such a rental as will permit him to have a return on his investment, just a fair return; that is all that he wants. The Board of Education is the fortunate possessor of this property. It has increased greatly in value since Mr. Crilly took hold of it in 1878, and, despite numerous differences of opinion that have arisen between Mr. Crilly and the Board, and a few instances where litigation was indulged in, they have gotten along on a friendly basis. Everybody knows, however, that if Mr. Crilly had bought this property from the Board of Education, in the first instance, he would have made a great deal more money than he has under the present conditions.

All he wants is a fair consideration, and I am sure that you are going to give it to him. I feel certain that Mr. Maher in his answer has done away with the point that I feared, when we first started this afternoon, you gentlemen might make some note of, and that is this question between the 6 per cent. and the 4 per cent. basis. Now, Mr. Maher in his answer has fairly stated the position of the School Board, and I will take the time to read what he says from page 7 of his answer.

(Counsel read from the answer of Mr. Maher at the point referred to.)

Then on page 10, the final page, Mr. Maher further says in his answer what I will now read.

(Further reading from the answer of Mr. Maher.)

So Mr. Maher is not inclined, and I am sure the School Board is not, to try to make Mr. Crilly pay 50 per cent. more than his competitors pay, simply because the present rate happens to be 4 per cent.

Then, also, to be taken into consideration, is the fact that, in figuring the values today they have changed the basis on which they figured the values when this lease was entered into. It was then 5 per cent.; now it is down to 4. So, I take it, that Mr. Maher's answer, and his fair disposition, and the fair disposition of this Board of Appraisers, that with those things in view there will be no disposition to do anything except what is right, and no disposition to dispute that really the thing to be arrived at is, What shall this property rent for? What shall the annual rent, in fairness, be, under all the circumstances, and, when you arrive at that figure, I take it that Mr. Maher concedes that the figure you arrive at as rental is to be capitalized at 6 per cent.

So, if you accept the testimony of the gentleman who testified, Mr. Knight and Mr. Snow, who are well known to you, and who say that the annual rental of this property for 99 years under a straight lease should be $37,-440, if we were entering into a straight lease here, it would be, I believe, your opinion that that should be capitalized at 6 per cent. instead of at 4 per cent., and that would make the value of the property $624,000.

Now, the question is, the two points that I want to discuss: First, the value; and, next, the effect of clause 6, and in reference to the value I am going to be very brief. Mr. Knight and Mr. Snow have testified on that, and you are probably satisfied with their testimony. I think

in my statement, and in the reply I presented, I exemplified my comparison between this property and the Tribune property and the First National Bank property. There is the best and most comprehensive comparison that can be made. There are not very many conditions in Chicago under which comparisons can be made. The circumstances are so variant that it is difficult indeed to make a comparison, even between Mr. Crilly's corner and the Tribune corner, and if we do compare those corners we find that Mr. Crilly—that the First National Bank (whose lease was made in 1900, only five years ago), is based on square foot value, at 6 per cent., of $40.67.

If Messrs. Snow and Knight are right, at a 6 per cent. value of Mr. Crilly's corner, it would be $50; in other words, it would be ten dollars more per square foot than the bank is paying on, or a 25 per cent. increase.

Now, then, suppose that the corners were of about equal value five years ago, when the Board of Education without duress, and of its own free will and accord entered into the lease with the First National Bank for 99 years straight, and placed a value on this corner. If the Crilly corner at that time was of the same value as the First National Bank corner, it has increased 25 per cent. in value in the last five years, according to the testimony of Messrs. Knight and Snow. Is that fair? Do you think it has increased more than 25 per cent. in the last five years?

The Tribune closed its deal with the Board of Education in 1899, a year before the First National Bank closed its deal. It closed from 1905 to 1915 on a 6 per cent basis at $45.69. Then, from 1915 to 1985, for 70 years, it is to pay on the square foot value of $45.90.

Now, then, the testimony is that Madison street property is more valuable than Monroe street property, that the Tribune property is more valuable than Mr. Crilly's property. So, then, it was more valuable than Mr. Crilly's property in 1899 by five dollars a square foot. Mr. Crilly's property in 1899 was worth $41 a square foot and the Tribune's $46 a square foot.

Now, gentlemen, when you consider this point that Mr. Crilly raised, that he must compete with the Tribune building and the First National Bank building, both of which concerns have tremendous big buildings here, out of which they can get big rentals, and the cream of the cocoanut, when you get up to the tenth and twelfth stories and the floors above that give you your real profit, consider our position when we come before you and ask simply for absolute fairness and absolute justness. Isn't it more than fair?

Now, we come to the question of this clause 6, and I want to say a few words about that, because clause 6 seems to be treated rather lightly by Mr. Maher.

Clause 6 says that you may take into consideration, in arriving at the value of this property, the improvements on the land and the character, condition, value, rental, expenses, and other particulars thereof, and any other facts or information from whatever source bearing upon the question of the actual value of said land, and that it shall be the duty of the lessee to furnish the appraisers promptly on request, a statement, showing the rental receipts, disbursements, and so forth. Now, all of that clearly shows that something was intended by that clause, which was not in the original lease.

Now, this amendment, in which clause 6 is contained,

was made in 1888. The original lease was unsatisfactory, because it worked a great hardship on the tenants in many ways. There was a five-year valuation clause in the original lease instead of a ten year clause. The amendment of 1888 put in all these changes. There was a five-year re-valuation clause, now it is ten. In the old lease, all the appraisers were appointed by the School Board; now only one is appointed by the School Board. Notice of the appointment of the appraisers and of their meetings, under the old lease, was waived by the lessee. He had no way of finding out who the appraisers were, or when they were going to meet. That was changed by the amendment so that he was advised who those appraisers were to be. Under the old lease, the lease could be terminated under certain conditions, without any notice to Mr. Crilly; under the new lease the lessor is bound to give him sixty days' notice before it can terminate the lease. Under the old lease, the rule at law as to ascertaining the cash value of this property was the only thing that the appraisers could take into consideration. Under the new lease you can take into consideration the things enumerated in clause 6.

Now, Mr. Maher, in his answer to our statement, has spoken of the case of *Springer* v. *Borden,* in the 210th Supreme Court reports of this state. Now, *Springer* v. *Borden* (as I have pointed out in my reply), is a case in which the old legal rule of cash value was the only thing considered. The court had no clause 6 before it for consideration in that lease. The court says: "We cannot take into consideration the lease, the condition of the building, the income of the lessor, or any other facts and information which might help us to ascertain the value. We have got to stick to the old rule of law with reference to ascertaining the value of that property."

And so I say, gentlemen, that, when the amendment of 1888 was entered into, this clause 6 was inserted into that amendment for the very purpose of avoiding that old harsh rule of law, which is all right when you come to sell the property, but when you come to lease it for a straight ninety-nine-year proposition, and under the circumstances of this lease, that old harsh rule of law worked a great hardship upon not only the lessee but upon the lessor, and this clause was inserted to avoid that rule of law.

Therefore it is proper for you to take into consideration all of the things mentioned in clause 6 in arriving at the amount that Mr. Crilly should be required to pay under this lease.

Now, I take the position that clause 6, in the amendment, is mandatory. The language is that the appraisers shall be at liberty in forming their judgment of the value of the land, to take into consideration, so far as they deem it pertinent to do so—that is the language. You shall be at liberty if you deem it pertinent to do so, to take those things into consideration, and I wish to point out some reason why I believe that, under that clause it is not only your privilege, but it is your duty to take those things into consideration.

I recited a minute ago, briefly, the history of the insertion of clause 6. I think that the history of that lease, and the reason why clause 6 was inserted in there, supports the position that it was intended by the parties when they made that clause 6 and inserted it there, not only that you might take it into consideration, but that you should take it into consideration. Now, another point, if you should disregard that clause—clause 6, in

this lease, you would fail to give force and effect to language which is contained in the contract. You all know that in a contract in writing, every word is construed by the courts to have a meaning, if they possibly can find a way to so construe it, and, if you fail to take these things into consideration that clause 6 mentions, you fail to give force and effect to language, which undoubtedly expressed the intention of the parties at the time they made that amendment.

Now, one other point: This amendment was entered into in 1888. Mr. Crilly's lease runs to 1985. Under this agreement nine appraisements were to follow that amendment; one has taken place, one is now on, and seven more are to come. Now, that clause 6 of that amendment, if that is not mandatory, you may disregard it. The next set of appraisers may disregard it. Some other set, coming on twenty or forty or seventy years later, may disregard it. The next set of appraisers may regard it, and none others may regard it. And so you see, gentlemen, unless this clause is mandatory, it depends upon each set of appraisers to say whether or not they shall take those things into consideration, and thereby a large element of speculation is thrown into this lease which the parties most concerned certainly intended should be as absolute and definite as it was possible to make it.

So I say it was intended that you should take heed of clause 6 and consider the things that you are entitled to consider, because, if you do not, the next set of appraisers may, even though the value of the property, for instance, in the next ten years has gone up. If you do not take that clause into consideration, and the next set of appraisers do, they may find that the rental Mr. Crilly should pay is less than the rental you find you should pay.

So the only safe, stable and satisfactory basis on which we can deal with this clause 6 is to give it the life and the force that the parties must certainly have intended it to have.

Now, another point: If you cannot take into consideration the effect of this revaluation clause on the rental that Mr. Crilly should pay—and you cannot take it into consideration unless you do so under clause 6—if you don't take that revaluation clause into consideration, if the Board of Education insists that you have no right to take it into consideration, what is it doing there? It is admitting that Mr. Crilly shall pay a rent which cannot be produced except by a modern bulding, and, at the same time, it is making it impossible for him to put up such a building. That is exactly the position.

If we cannot arrive at the justice of this particular case by regarding the revaluation clause and these other detrimental elements in this lease, then the Board of Education is trying to force Mr. Crilly to do something, and at the same time depriving him of the privilege of doing the very thing which it demands of him. I don't believe that the Board of Education intends to take that position, or that it intends or wants to do anything unfair with Mr. Crilly.

I am just stating that to show you that, unless those things are taken into consideration, it is going to put Mr. Crilly, in a very, very embarrassing position, and I will admit right here and now that if testimony were brought in here to prove Mr. Maher's claim that this property is worth $100 a square foot, and you gentlemen should so find, and if you disregarded clause 6, you could find that Mr. Crilly would have to pay 6 per cent. on $100 a square foot, which would raise his rent to $75,000 a year. That

is the situation under this lease, and that very possibility is the thing that makes the whole business a hazard and a gamble, and makes it unsafe, as Mr. Knight says. He says that he has not a client in his office that would loan a dollar on the building under a lease of that kind.

Another thing, I don't believe that the Board of Education wants to ask this Board of Appraisers to disregard this clause 6, because so to do would be absolutely to refute the contract into which it has entered. Clause 6 either means something or it means nothing. If it means nothing, it is a jargon of words, a mere sham and a void which works an injustice for the very man whose rights it was intended to protect and enforce.

Now, just one word more, and I have taken up all your time that I am going to take. Mr. Maher says on the last page of his answer that $100 a square foot is the fair value of this property. He says that from an investigation of values down town, the minimum value would seem to be about $100 a square foot; but, as I have tried to point out in my answer, there is no statement in Mr. Maher's answer which warrants this in a logical deduction. Mr. Maher has stated certain real estate transactions, which he cites, only twenty-five of them, that extend back to 1891, and I guess he has only picked out some little corners.

We all know that a corner is valuable. One foot at the corner of Dearborn and Monroe, out of Mr. Crilly's block, might be worth a fortune if somebody had it who wanted to be arbitrary with it. Ten square feet would be very valuable, but the further back you go the less valuable it becomes, so these citations by Mr. Maher, I think, are hardly fair. They are mostly corners, the Netcher, the Rector and the Real Estate Board Buildings; all those

little corners where the values are high. We cannot deduct anything logically from those citations, to tell you how to arrive at the value of this property. Eleven out of the twenty-five were State street property, and everybody knows that is the most valuable property in the City of Chicago.

It was testified to ten years ago that there was not any down town property in London or in Paris or Berlin or New York or Boston that was as valuable as the down town property in the City of Chicago.

Mr. KERFOOT: The man who testified to that has changed his views to-day.

Mr. BUTLER: Where has it gone up?

Mr. KERFOOT: In New York and Berlin, Paris and every other place except Chicago.

Mr. BUTLER: I was simply using that as an illustration to show you that these citations of Mr. Maher would hardly afford a logical or satisfactory basis from which to arrive at the value of this property, but I repeat that we want to pay every dollar that we can afford to pay under the circumstances.

Mr. Knight and Mr. Snow both testified that they would be glad to buy that property at $75 a square foot for some client, so that they could get $37,440 a year out of it. If Mr. Crilly's revaluation clause were eliminated from his lease, he would to-day be glad to pay $37,440 a year rent for that property, but, under the circumstances, with this revaluation clause in there, Mr. Crilly cannot borrow a cent on this property and he cannot sell it. He don't know what the value of it is; nobody knows what the value of it is, and he is simply helpless.

He does not disguise the fact that he wants this revaluation clause eliminated. It certainly would not be fair to pay $37,330 a year, everything taken into consideration, because of the uncertainty of the other clauses in this lease.

The revaluation clause taken from the amount of rent that he should fairly be required to pay. Mr. Snow said it was a hard matter to tell how much; he said he thought it was, perhaps, 10 per cent.

If Mr. Crilly's rental is raised above that, you can very easily see from the statement which we have furnished you as to the income from that building, that he is not going to have any kind of a return on his investment.

The statement which I have taken from his books, shows that he has netted 6 7/10 per cent. on that property during the six most favorable years of his tenancy, for six years from March 1, 1898, to April 30, 1904, $10,370 a year, which is 6 9/10 per cent. Less than 7 per cent. on his investment in that property during those years.

I don't believe I have anything else to say, and I am very much obliged to you.

Mr. MacLaren: There is one thing I want to correct you on in your statement. That lease was made in 1895 to the Tribune, and the second in 1897.

Mr. Butler: And the third in 1899. There were three leases, 1898, 1897 and 1899.

Mr. MacLaren: 1895 was the main one, and there was a third one made in 1899, as you say.

Reply Argument of Mr. Maher.

Just a few words, only. It is not denied, of course, that you gentlemen have a right to take into consideration everything surrounding the property; not only on the property itself but on adjoining property.

I don't know of any way that a just appraiser could get at the value of real estate unless he did take into consideration the surroundings of the property and every element that enters into its value. Clause 6, of course, is there, and I believe, if my memory serves me right, that there is a clause there in that lease that says that you gentlemen are not bound by the statements made by any of us.

The fact, however, remains, and the argument made by us in regard to the 6 and 4 per cent., is simply this. Let us consider that we have a very fair bargain when the lease gives us 6 per cent. on the actual cash value of the land. It is for that reason that we would not insist that you gentlemen should appraise the value at the highest possible figure that could be put upon it, because of the fact that our lease provides for 6 per cent. return on the cash value. Neither should you bear down the price away below its actual cash value simply because we have made a good lease.

If the Tribune and the First National Bank were fortunate enough to drive a good bargain with the Board of Education, it is no reason why the Board should lose out on this lease.

Another thing I wish to say is that the lease provides as to how the rental shall be fixed. You gentlemen are not to fix the rental but the value of the land.

Counsel seems to be begging the question when he says that the rent could not be paid with a modern building. The answer to that is that if they put a modern building on there, it would be all right.

If the lessee wishes to enter into a lease of this description and then leave the property unimproved and mismanaged, is that any reason why the Board of Education should not receive its rental, because of the manner in which the man manages his property.

Ain't it a strange argument to come in here and tell you, by implication, at least, that Mr. Crilly is going before the Board of Education, and ask for a straight lease? The fact is, Mr. Crilly entered into this lease with his eyes open, and if the lease had been a bad bargain for us, the Board would have had to stand by it. If it is a bad bargain for Mr. Crilly, I presume he does not give that was a reason for breaking the contract.

Of course the Board does not desire that they shall have the utmost farthing of the cash value of the property simply because they have a lease which calls for 6 per cent., but still they do not think that you gentlemen ought to fix the value away below its cash value simply because the lease does say 6 per cent., and then it appears that the prevailing rate of interest is 4 per cent. on the value of the land.

Of course clause 6 should not be held meaningless. The appraisers are to get all the information that they can obtain, and from all sources, I take it, and if they did not do that they would not be doing their duty, and it could be said in a court of justice afterwards that the appraisers arbitrarily put a value on the land far beyond its actual value without seeking any information or light on the subject, and thus it could be shown to be a

fraud. The sole purpose, in my estimation, of clause 6, is to provide for the means by which you gentlemen may arrive at your conclusion.

I must insist that the Tribune Building and the First National Bank Building have increased the actual cash value of the Crilly property, and whether Mr. Crilly sees fit to take advantage of modern methods in conducting the property which he leases, is none of our affairs, and if that property is actually worth in the market a higher price than it would be if these other buildings were out of here, the Board of Education is entitled to that increase and Mr. Crilly must bring himself within modern methods.

Mr. Crilly: What could the First National Bank or the Tribune do with modern methods under the old lease?

Mr. Maher: I don't know, all I do know is that they got their leases, and that is not a reason why the Board should lose out on your lease. You made your lease with your eyes open, and when you say that such rent cannot be made without a modern structure, as your counsel said here a minute ago, it simply fixes that—it fixes the proposition that you are not running under modern methods if you can't afford to pay the rent on the actual cash value of the property. The question as to whether he can borrow money enough to put up a modern building, should not be considered at all. The question with him should be, if a modern building is put up there, would it be a paying venture, and I think that you gentlemen will agree with me that he could borrow money enough to put up a modern building.

Mr. Crilly: Not under this lease.

Mr. Butler: You could not get it under this lease if you had a million-dollar building on the corner.

Mr. Maher: That cannot be taken into consideration.

Estate of Geo. Rounsavell.
Estate of Henry Weil.
Benjamin J. Rosenthal.
Louis Eckstein.
Louis M. Stumer.
Estate of Geo. B. Jenkinson.
A. Bishop & Co.

Statement in Behalf of above Parties by Levy Mayer and Donald L. Morrill, Their Attorneys.

To the Honorable Messrs. John McLaren,
Arba N. Waterman and William D. Kerfoot,
Appraisers of School Fund Property:

Gentlemen:

The undersigned lessees having heretofore filed with your Honorable Body a protest against the jurisdiction of your Honorable Body, and of each member thereof, and of the legal right of your body, and each member thereof, to jointly or severally act as appraisers in the premises, for the reasons set forth in said protest, present herewith the following statement and argument without in any way waiving or abandoning any of the rights of the undersigned, or any or either of them, or any of the benefits by reason of the objections referred to in each of said protests, but expressly reserving to the undersigned lessees any and all rights which they, or either of them may have to contest the validity of any appraisal made by your body, or any or either of you.

And the undersigned present this statement and argument solely for the purpose of bringing to the attention of your Honorable Body the facts necessary to arrive at a proper and fair conclusion in the premises.

The various lots in which the parties presenting this statement and argument are interested, are as follows:

Lot 7 in block 142, of which the estates of R. C. Rounsavell and Henry Weil, both deceased, are the owners of the leasehold; said premises being known as No. 146 State street, and being improved with a six-story brick and stone building.

Lot 31 in block 142, of which Benjamin J. Rosenthal and Louis Eckstein are the lessees, being known as No. 150 State street, and being improved with a four-story brick and stone building.

Lot 32 in block 142, of which Louis M. Stumer is the lessee, known as No. 152 State street, and improved with a four-story brick and stone building.

Lot 33 in block 142, of which the estate of George B. Jenkinson, deceased, is the lessee, known as No. 154 State street, and improved with a four-story brick and stone building.

Lot 34 in block 142, of which A. Bishop & Company, a corporation organized under the laws of Illinois, is the lessee, known as No. 156 State street, improved with a four-story brick and stone building.

All of the above pieces of property are held under original and supplemental leases from the Board of Education of the City of Chicago, dated respectively May 8, 1880, and June 15, 1888. For the purposes of this argument we assume that these leases are before you,

and for that reason no abstract of their terms or conditions is presented herewith.

Each of said above lots is 24 feet by 120 feet in size, and all of said lots are located on the west side of State street, between Madison and Monroe streets.

The details with reference to each of said pieces of property are as follows:

Lot 7 in block 142:

It is impracticable to obtain an account of the income and outgo of the above building prior to August 1, 1889, for the reason that the owner of the building in those days, Mr. R. C. Rounsavell, died in the month of August, 1899, and his books are not accessible. His nephew, Mr. E. J. Rounsavell, knew this income and outgo and estimates that the income of the building during that time averages $16,000.00 per year. The expenses as estimated by him were about an average of $250.00 per month; not including ground rent, $9,000.00 per year, taxes about $400.00 per year, and loss of rent which it is impossible to state definitely. The loss of rents were occasioned by vacancies and failure of the tenant to pay; for instance, Florsheim failed and was owing between six and seven thousand dollars in rent. The fifth, sixth and seventh floors during that period were unsatisfactorily tenanted, or vacant. Each of these floors was rented at an asking price of $75.00, but the vacancies and the loss of rent by insolvent tenants were so great that these three floors probably did not average more than $75.00 a month actual money in hand, that is to say, during the first five years:

Income per year,	$16000.00		
Ground rent,			$ 9000.00
Running expenses,			3000.00
Taxes,			400.00
Loss of rent and vacancies			1800.00
Total income	$16000.00	Outgo	$14200.00
Net profit	$ 1800.00		

August 1, 1899—January 1, 1890:

Income,	$ 5700.36		
Ground rent,			$ 3000.00
Running expenses,			1112.89
Taxes,			428.00
Refunded to tenants on the burning of the building,			820.00
Total,	$ 5700.36		$ 5360.89
Net profit,	$ 339.47		

January 1, 1900—January 1, 1901.

BURNING OF THE BUILDING.

The building was burned down in the early part of the winter of the year 1899, and no rent was collected until August 1, 1900.

The ground rent, however, was paid and amounted to	$ 6000.00
The expense of wrecking the building was	560.00
The cost of rebuilding spent at the time	32500.00
There was afterwards spent in adjusting disputed accounts and matters, which were not paid until later	2500.00
Besides that there was interest on money.	

The total of outgo up to Sept. 1900, was		$41560.00
The income from Jan. 1, 1900, to Jan. 1, 1901, was	$ 5230.00	
The second floor being vacant all that time.		
The running expense during that time was		1052.79
Taxes,		428.00
Total income from Jan. 1, 1900, to Jan. 1, 1901, was—		
Totals,	$ 5230.00	$43040.79
Deficit,		$37810.79
January 1, 1901—January 1, 1902.		
Total income,	$18194.00	
Ground rent,		$ 9000.00
Expenses for running building,		4404.30
Taxes,		450.00
Totals,	$18194.00	$13854.30
Net profit,	$ 4339.70	
January 1, 1902—January 1, 1903.		
Income,	$19694.00	
Ground rent,		$ 9000.00
Running expenses,		5210.00
Taxes,		450.00
Totals,	$19694.00	$14660.00
Net profit,	$ 5034.00	
January 1, 1903—January 1, 1904.		
Income,	$19899.00	
Ground rent,		$ 9000.00
Running expenses,		5649.00
Taxes,		428.00
Totals,	$19899.00	$15077.00
Net profit,	$ 4822.00	

January 1, 1904—January 1, 1905.

Income,	$23799.00	
Ground rent,		$ 9000.00
Running expenses,		5499.46
Taxes,		428.00
Totals,	$23799.00	$14927.46
Net profit,	$ 8871.54	

Lot 31 in block 142:

Under the appraisal of 1895, the value of this lot was fixed at $165,000, being $6,875 per front foot, making the present ground rental $9,900 per year. The lessees receive a net annual income of $1,650 from the premises in question, the ground rent, taxes, repairs and all other expenses of maintenance being paid by the sub-lessees.

Lot 32 in block 142:

Under the appraisal of 1895, the value of this lot was fixed at $150,000, being $6,666.66 per front foot, making the present ground rental $9,000 per year. The lessee derives a net annual income from these premises of $1,500, all ground rent and other expenses of maintenance being paid by the sub-tenants.

Lot 33 in block 142:

Under the appraisal of 1895, the value of this lot was fixed at $150,000, being $6,666.66 per front foot, making the present ground rental $9,000 per year.

The average annual receipts derived from the building during the last ten years are $13576.66

The average annual expenses during the said period are as follows:

Ground rent,	$9000.00	
Taxes,	403.29	
Insurance,	241.50	
Expenses of collection, commissions,	156.39	
Legal expenses in connection with sub-leases,	134.10	
Repairs,	218.00	
		$10153.28
Leaving a net annual income of		$ 3423.38

Lot 34 in block 142:

Under the appraisal of 1895, the value of this lot was fixed at $150,000, being $6,666.66 per front foot, making the present ground rental $9,000 per year. During the last year, the premises have been occupied by A. Bishop & Co., the present lessees, as a retail store, but for the purposes of this statement the property is credited with the amount of rent formerly paid by them, as sublessee.

Average annual receipts derived from building during the last ten years are		$12900.00
Average annual expenses during said period are as follows:		
Ground rent,	$9000.00	
Taxes,	401.22	
Insurance,	173.08	
Repairs,	253.19	
Expenses of collection,	258.00	
		$10085.49
Leaving a net annual income, as a return upon the investment, of		$ 2814.51

From the foregoing condensed statement of the income and expenses of two of the lots in question, which includes no extravagant sums for repairs, incidental ex-

penses, or other items sometimes used to swell the debit account of a building, and no allowance whatever for the depreciation of the building, it is apparent that the investment in these leaseholds is not profitable, and that it would probably be impossible for the Board of Education to find tenants for this property were it not for the exigencies of retail trade and the limited territory available for that purpose, conditions which have prevailed during the past ten years, but which may not continue to exist during the succeeding ten years.

It should also be noted that during the succeeding ten years the amount of the taxes payable by the lessees under the terms of their leases will be largely increased, on account of the recent decision of the Supreme Court in the case of *People ex rel. Hanberg* v. *The City of Chicago,* now pending on motion for rehearing. Assuming that the opinion of the court heretofore rendered will stand without modification, it follows that the taxing authorities will levy a tax against the Board of Education based upon the full taxable value of the land, which amount the lessees are obligated to pay notwithstanding the fact that at the time these leases were executed the property was supposed to be exempt from taxation, under the statute and under the decisions of the Supreme Court of this state in the cases of *City of Chicago* v. *People* (80 Ill., page 384), and *The People ex rel. Little* v. *Trustees of Schools* (118 Ill., page 52).

Assuming that the property in question cannot be administered in any more economical manner than at the present time, it follows that any increase in ground rent under the terms of these leases will amount to confiscation and result in the cancellation of the leases in question, as was the case with the lease of the four lots at

the northwest corner of State and Monroe streets, after the appraisement of 1895. Briefly stated, the valuation fixed by the appraisers in 1895, upon the property at the northwest corner of State and Monroe streets caused the financial failure of the firm of Frank Brothers, the sub-lessees of the property, thereby throwing the lease back upon the hands of Lucius B. Otis, who was then the lessee of the Board of Education. Mr. Otis voluntarily surrendered his lease and paid to the Board of Education the sum of ten thousand dollars, and donated the building upon the property in consideration of his release from further liability under the terms of the lease. The property was then vacant for a period of about four years, at the expiration of which time the Board of Education found it advisable to execute a long-term lease on the property under a fixed rental.

We also call your attention to the fact that in 1891 Thomas G. Otis, the lessee of lot 34 in block 142, leased the premises to A. Bishop & Company until May 1, 1896, at a rental of $13,000 per year. On September 20, 1894, a new lease was made, beginning May 1, 1895, expiring May 1, 1900, at a rental of $6,000 a year, the lessee assuming the ground rent of $9,000. This lease was canceled on December 11, 1897, by a lease running from May 1, 1898, to May 1, 1905, at a reduced rental of $12,000, which even at that time was considered excessive.

The conclusion seems irresistible that a similar result will follow in the case of any substantial increase in the ground rent under the leases now under consideration, unless the lessees can remove the present improvements and erect modern buildings upon the property, and thereby increase their revenues, a condition which seems

impossible to fulfill on account of the limited area of each of the lots.

We shall, therefore, present to the appraisers our views as to the construction which should be placed upon those portions of the leases which indicate the functions to be performed by the appraisers and some reasons why the present ground rental of the property in question should not be increased at this time.

The problems which confront the parties to these leases in the present proceeding, and which the appraisers are expected to settle for the next ten years, are of a peculiar character, calling for the exercise of a sound business judgment and the application of reasonable rules of construction. It has been said that these leases "illustrate the truth that in seeking to have the tenant entirely within his power, and at his mercy, the landlord sometimes overreaches himself." Many arguments have been addressed to appraisers and courts, based upon the alleged harshness of the contract in question. We consider that such arguments are irrelevant, because the contract, in its existing form, cannot be changed by the appraisers, no matter how antiquated and unwise some of its provisions may appear, and regardless of obvious amendments which might be made to the advantage of both lessor and lessee.

It will be admitted without argument that the conditions which existed 25 years ago, when these leases were made, or 17 years ago, when the supplemental agreements were executed, are not the conditions which exist today, and that at the present time no *sane* person would enter into such an agreement as that which is under dis-

cussion. However, the fact remains that these leases have in many cases changed hands during the last ten years, from which it may be argued that there are still some persons to be found who are willing to subject themselves to the hardships of a contract which has been the subject of so much complaint in the past. Lest it may be concluded that the lessees represented in this statement have acquired their holdings for speculative purposes, it is proper to state that two of the five leases in question are held by heirs or legatees of the original lessees, who should not be *punished* for the mistakes of their ancestors, and that the remaining three leases are held by persons who were obliged to acquire them for business reasons, in order to escape the exactions of the owner of the ground and the landlord of the building. In other words, having, by years of labor, built up a rental business as sub-lessees of the premises, they find themselves ultimately obliged to buy both building and leasehold, or to submit to a ruinous handicap in the fierce competition for trade.

Surely, under such circumstances, the lessees are entitled to such consideration at the hands of the appraisers as a liberal construction of the terms of the lease will permit, having due regard to changed conditions which have arisen during the past 17 or 25 years as to rates of interest, methods of transportation, the concentration of retail business in department stores, the construction of buildings in the business district of Chicago, the earning power of the buildings located upon the leased property, changes in the building ordinances of the City of Chicago, amendments to the revenue and local improvement laws, as well as to the unfortunate history of many

real estate enterprises involving the construction of expensive buildings upon leased ground within the business district of Chicago.

Under the terms of the leases in question, the appraisers are required to determine "the true cash value of said demised land at the time of such appraisal, exclusive of the improvements thereon." It will doubtless be contended, on behalf of the Board of Education, in this appraisal, as it has been in the past, that the words are to be taken in their literal sense, and that the appraisers are thereby restricted to a consideration and determination of the actual cash value of the real estate in question as fixed by sales and leases of other property similarly located; and that no consideration should be given to the fact that the existence of the lease has a depreciating effect upon the value of the property, a view which has been sustained by two prominent judges in this county within the last ten years.

Doubtless, reliance will be placed upon the recent decision of the Supreme Court in the case of *Springer* v. *Borden* (210 Ill., page 518), in which the court holds that the appraisers in that case were not bound "to take into consideration the effect of the lease on the value of the fee." We have not before us for consideration the lease which was involved in the case of *Springer* v. *Borden*, and the opinion of the Supreme Court does not disclose the full text of the lease, but it is fair to assume that the words which determine the duties of the appraisers were not limited or modified by any other language whatever. Under these circumstances, it is respectfully submitted that the opinion of the court in *Springer* v. *Borden* cannot be regarded as an authority applicable to

leases differing materially in their terms from the lease which was then before the court.

The leases which are now before the appraisers in the case at bar, in addition to the words above quoted, contain other language which appears upon its face to be, if not contradictory, at least as having the effect of modifying and limiting the literal meaning of the quoted words. We refer to the following language, to wit: "that, notwithstanding anything in said lease contained, the appraisers shall be at liberty, in forming their judgment of the value of the land, without including the value of the improvements thereon, to take into consideration, if and so far as they deem it pertinent to do so, the improvements on such land and the character, condition, value, cost, rental, expenses and other particulars thereof, and any other facts or information from whatever source bearing upon the question of the actual value of said land."

It will be noticed that in the first quotation the framers of the leases used the terms "cash value," and in the last quotation the term "actual value." It may be that some arguments might be presented indicating that these terms are synonymous, but it is apparent that in construing the present leases the terms should not be so regarded. The supplemental leases, in which the quoted words are used, were the result of a compromise between the Board of Education and its tenants and were the terms of settlement of numerous litigated cases in which the most distinguished legal talent of the city was employed, and it is fair to presume that the words employed in framing these documents were used with the expectation that they would be interpreted in a reasonable way, giving such meaning to them as would appear

proper to business men in the ordinary transaction of their daily affairs, and not such construction as may be put upon them by courts and lawyers when seeking to establish technical definitions for the purpose of some particular case under consideration.

For that reason, we cite no authorities as to the meaning of these words, believing that it was the intention of the contracting parties that the appraisers should adopt their own reasonable construction of the terms of the lease, rather than that they should rely upon technical definitions in hotly contested cases arising under the laws of various states relating to taxation and eminent domain.

It may not be out of place, however, to call your attention to the rule laid down by Lewis in his work on Eminent Domain, Sec. 478, which is as follows:

> "In estimating the value of property taken for public use, it is the market value of the property which is to be considered. The market value of property is the price which it will bring when it is offered for sale by one who desires, but is not obliged to sell it, and is bought by one who is under no necessity of having it. In estimating its value, all the capabilities of the property and all the uses to which it may be applied or for which it is adapted, are to be considered, and not merely the condition it is in at the time and the use to which it is then applied by the owner. It is not a question of the value of the property to the *owner,* nor can the damages be enhanced by his unwillingness to sell. On the other hand, the damages cannot be measured by the value of the property to the party condemning it, nor by his need of the particular property. *All* the facts as to the condition of the property and its surroundings, its improvements and capabilities may be shown and considered in estimating its value."

It is apparent that the parties to these leases, in defining the functions of the appraisers, had in view the determination of the cash value of the land under all the circumstances involved in its use under the terms of the lease. It is undoubtedly true that it is the duty of the appraisers, as required by the paragraph secondly above quoted, to determine the *actual value* of the land, having due regard to the improvements, the character, condition, value, cost, rental, expenses and other particulars relating thereto. In other words, if it shall appear to the appraisers that the property in question is being economically administered, that it is contrary to good business policy to undertake the erection of expensive modern buildings under a lease calling for a revaluation of the ground every ten years (provided it is possible to erect such a building upon a lot 24 feet by 120 feet in size), if the present valuation of the ground prevents any profit whatever, or a very meager profit to the lessee, we contend that a reasonable and just interpretation of the terms of the lease will compel the appraisers to reduce the present rental. In fact, it is not only right in appraising under the leases in question, that the appraisers should take into consideration the effect of the leases themselves upon the value of the property, but it is the duty of the appraisers to do so under the plain and unambiguous terms of clause 6 of the supplemental lease above quoted from, because by that clause it is provided that the appraisers shall be at liberty "to take into consideration, among other things, the improvements, the character, condition, value, cost, rental, expenses and other particulars thereof, and any other facts or information." If, then, as a matter of fact, the lease in question does affect the value of the land (and

we take it this cannot be disputed), then such fact must be considered by the appraisers if they are to fairly determine the value of the land.

The present rental of the property in question should not be increased, because the valuation established by the appraisal of 1895 is the full actual cash value of the property in question, taking into consideration the rate of interest upon which the rental is based, the conditions of the lease, and other considerations referred to in paragraph 6 above quoted of the supplemental lease.

Probably it will be insisted by the Board of Education, with some show of plausibility, that a valuation of $6,700 per front foot for property located on the west side of State street, between Madison and Monroe streets, falls far short of the full cash value of the land as determined by sales and leases of other property within the business district of Chicago, more or less similarly situated, and it must be admitted that many such sales and leases can be cited, but it should be borne in mind that it is not the object of the Board of Education to require its lessees to engage in perilous speculations in the erection of high-class, modern buildings upon leased ground.

The Board of Education does not desire that any of its tenants shall meet the same fate as Frank Brothers and Lucius B. Otis, or that it shall be involved in such losses as were incurred by the owners of the Real Estate Board Building, the Security Building, the Unity Building, the Stewart Building, the Schiller Building, the Kedzie Building, the Illinois Bank Building, the Giddings Building, the Bort Building, the Monroe Restaurant, Medinah

Temple, Steinway Hall, Opera House Block, Women's Temple, Great Northern Office Building, and possibly others. Neither does the Board of Education expect that its lessees shall be called upon to pay rental upon the basis of sales or leases at high prices, determined largely not by intrinsic value of the land, but by the requirements of business considerations, such as the transactions between Williams and Stevens at 113 and 115 State street; between Leiter and Schlesinger & Mayer, at the corner of Madison and State streets; between Beers and Siegel, at 215 State street; between McCormick and Partridge, at 112 and 116 State street; between Corwith and Young, at 180 State street; between McCormick and McGinnis, at 208 State street; between Starkweather and Frazin, at Adams and State streets; between Kraus and Siegel, at 155 State street. between Bloom and Fetzer, at Jackson and State streets, between Partridge and Netcher, at 118 and 120 State street; between Young and Carson, Pirie, Scott & Co., at 118 and 120 State street; between Ayer and Baumgarten, at Monroe and State streets; between Peak and Frazin & Oppenheim, at 187 and 189 State street, or between the Jennings estate and Brauer, at 229 and 231 State street. If such a rule of construction of the leases in question is to prevail, no further argument is needed to show that it will amount to a confiscation of the buildings and leases, and the Board of Education will be driven to make new arrangements with subsequent tenants, as was the case with the lease held by Frank Brothers, at the northwest corner of State and Monroe streets.

Again, it is apparent that the values established by the appraisal of 1895 were the full, actual cash values of the real estate in question, because the appraisers at

that time, all of whom were men of the highest standing in the community, and governed by a high sense of duty in the matter, have since the date of their appraisal signed a written statement to that effect. The statement referred to is as follows:

"CHICAGO, January 24, 1902.

Committee on Buildings and Grounds,
Board of Education of the City of Chicago, Ill.

GENTLEMEN: Upon the request of the representatives of the estates of James J. Gore, deceased, and Catherine Boomer, deceased, we take the liberty of making the following statement to you:

In 1895 we, as appraisers of Lots 28, 29 and 30, respectively, in Block 142, School Section Addition, made an appraisement of that land. At that time, we were of the opinion that the valuation fixed by us should then be the basis for a fixed valuation for the balance of the term. We are still of the same opinion. We think it only just to these gentlemen and the estates, that some arrangement should be reached whereby they can safely improve the property. We hope that you and the estates can come to some amicable settlement, so that this end can be accomplished.

Yours respectfully,
JOHN MCLAREN,
(Signed) GWYNN GARNETT,
EUGENE GARY."

The above letter needs no comment and it is unreasonable to suppose that the appraisers in 1895 adopted any different rule in the case of the Gore and Boomer estates, than was followed in the cases of other property

before them for appraisement. It was the opinion of those appraisers in 1895, and again in 1902, that the valuations fixed by them were the full actual cash values of the property appraised as late as 1902. We respectfully submit that there has been no increase in the value of this property, and no change in the conditions surrounding its occupancy, since 1902, and that therefore no increase in the value should now be made by the present appraisers, but, on the other hand, as the appraisers in 1895 fixed a value for a period of ninety years instead of ten years, as required by the leases, it naturally follows that their figures were excessive for a ten-year period and should now be reduced.

The lots in question are small lots, with a frontage of 24 feet only, which is insufficient for small retail stores requiring a full frontage for purposes of display.

These lots, leased by separate and individual lessees, cannot be used to advantage for the construction of high buildings, for the reason that the space required for entrance, for stairs, elevators and approaches to upper floors, under the present city ordinances, will reduce the available space from 25 to 40 per cent. upon the first floor, thereby rendering the first floor available for only a very small establishment, and making the upper floors undesirable for permanent tenants requiring roomy accommodations.

The clause in the leases requiring the revaluation of the ground for the purpose of determining the rental renders it impossible for a lessee to obtain any loan whatever upon the leasehold estate for building purposes, and makes it unsafe for a lessee to erect such a building out

of his own resources exclusively, for the reason that upon the recurrence of the next valuation, he will be in precisely the same position as before. It is also unwise for a lessee to attempt such an improvement upon a lot of this character, because the rental value of property has its period of boom and depression. In 1895 State street property was held at a high price. This was followed by years of depression, and then recuperation, until now values are at about the same figure as in 1895.

The present condition is subject to change at any time by the opening of additional retail districts and changes in local transportation. It is possible that a subway system of transportation will be adopted for use in the business district in the near future and surface lines be removed from the crowded streets, and loops and terminals may change, all of which would have a marked effect upon the rental value of the property in question.

As an illustration of the truth of the foregoing, the case of the property at the southwest corner of State and Congress streets may be cited. This corner, 40 feet by 80 feet in size, improved with a three-story brick building, brought a gross rental of $30,000 per year during the period when the terminal of the South Side Alley L was located at Congress street. At the present time and since the construction of the elevated loop, and the consequent change in the terminal of the South Side road, the gross rental of the property is $10,000 per year, and the net rental does not exceed $8,500 per year, on account of frequent changes of tenants, and the value of the fee has shrunk to $2,750 per front foot. It should also be noted that the shopping district is rapidly including Wabash avenue and Michigan avenue between

Randolph and Van Buren streets, which will eventually be retail streets, and their use for that purpose will have a tendency to reduce values of State street property used for similar purposes.

That the present rental paid by the lessees of the property in question is the full cash value of the property, taking into consideration the rate of interest upon which the leases are based and the increased expenses of taxation, a large part of which inures to the benefit of the Board of Education, is shown by certain proceedings before the Committee on Buildings and Grounds of the Board of Education, taken about one year ago.

At that time, the committee had under consideration the advisability of waiving the revaluation clauses in these and other leases and making straight leases for ninety-nine years upon a fixed rental, determined in accordance with the present usages and theories prevailing in respect to the provisions of such contracts, such as requiring the construction of modern buildings and basing the rental upon a four per cent. basis, or in lieu thereof upon a 5 per cent. basis, in consideration of the supposed exemption of the land from taxation. Numerous experts were called to advise the board as to the actual cash value of the land in question upon such a basis, and the valuations were substantially as follows:

H. B. Bogue—From $11,800 to $13,000 per front foot.

Joseph W. Cremin—From $11,000 to $12,000 per front foot.

J. H. Farrar—Average valuation $14,400 per front foot.

J. C. McLane—From $11,000 to $12,500 per front foot.

A. B. Mead—From $11,000 to $11,500 per front foot.

J. B. Prior—From $10,800 to $12,000 per front foot.

Joseph Donnesberger—Average valuation $10,500 per front foot.

Eugene Fishburn—Average valuation $12,000 per front foot.

H. H. Walker—Average valuation $10,800 per front foot.

The above values are substantially the values determined by the appraisement of 1895, taking into consideration the fact that the rent under the appraisement of 1895 is computed at the rate of six per cent. and the valuations above cited contemplated the payment of rent on the basis of four per cent. As a matter of fact, the additional taxes which the lessees will be required to pay, under the recent decision of the Supreme Court above cited, amounts to an addition to the rental of nearly two per cent. While it is true that the payment of taxes is "nominated in the bond," nevertheless none of the contracting parties had such a possibility in view when the leases were executed, and therefore an equitable allowance for the same should be made in fixing the new rentals.

The volume of business of the retail specialty stores has not increased in the last ten years, due largely to the fact that such stores cannot utilize the upper floors to advantage. Department stores have not suffered in this respect, because their upper floors are rendered available by reason of the advertising such stores are able

to do. The small retail stores are prevented from advertising to the same extent on account of the tremendous cost.

The appraisers should consider that no permanent loss is imposed upon the public by conservative action on their part. If, during the next ten years, the present existing conditions prevail unchanged, and the value of this property increases materially, the lessor will be in a position to take advantage of that fact in the appraisement then to be made. If, on the other hand, there should be another period of business depression, if the congested condition of the retail district is relieved, if subways are built and street cars removed from State street, if the larger retail houses move from State street and new retail districts are established, conservative action on the part of the appraisers in the present proceeding will protect both lessor and lessee from serious loss. To a certain extent, that which is for the benefit of the lessee is also for the benefit of the lessor, and the past history of leasehold improvements in Chicago does not indicate that lessors have always gained from exacting the highest possible rent from their lessees.

It is a well-known fact that no lessee of school property under a lease containing a revaluation clause would be safe in erecting a modern structure or in making any valuable or costly improvement whatever. A view of the property now under appraisement demonstrates this fact. The buildings are old and out of keeping with their surroundings. The splendid structures now being erected on school lands (the Chicago National Bank Building,

southwest corner of State and Madison streets; the First National Bank Building on Monroe and Dearborn streets; the Tribune Building on Madison and Dearborn streets, the Lehmann Building on Monroe street near State street) are the beneficent fruitage of the elimination of revaluation clauses in school land leases. Under long-term leases with a fixed rental, the lessees would be enabled to erect modern structures which would have the effect not only of beautifying the city, but of vastly increasing the value of the land and the amount of taxes which would accrue to the school fund. At the same time, the security for the leases would be vastly enlarged. In many cases the improvements are practically the only security, nor has the lessee any incentive to improve the property as his own improvements have the effect of raising his rent at the next appraisement.

Another condition which materially affects the value of the property is the fact that it is impossible to borrow money on leasehold interests in school lands, or the improvements thereon, no matter how valuable such improvements may be. Whatever improvements are placed upon such premises must be paid for in cash, and thus a larger investment and a greater cash outlay must be made than if the lessor were a private owner. The uncertainty of the provisions of school leases, the presence of the revaluation clause, and the strict provisions of forfeiture, all tend to lessen the value of the land and prevent the lessee from borrowing money on his interest. This also presents another reason why lessees of school lands cannot and do not improve their lands.

It is also impossible for school board lessees to safely sub-let their premises for a term beyond the time of the next revaluation period unless at a fixed rental. If the

original lessee leases beyond the period of the next revaluation, he must take the chance of having his rent increased, and perhaps be subjected to a heavy loss. He cannot charge the increase to the tenants, nor can he provide against an increase in the sub-lease to his tenants.

These conditions make it difficult to secure the better class of tenants who desire long-term leases at fixed rentals. The result is that men of less financial responsibility must be accepted, and as a consequence the rental value of the leased premises is materially decreased, and this also affects the value of the land.

In conclusion, and as a summary of the matters discussed in the foregoing pages, we contend that the rental of the property herein described should be reduced by the pending appraisal, for the following reasons, to-wit:

1. The financial statements furnished show that it is impossible for the demised property to earn any income whatever if a proper allowance is made for vacancies and yearly depreciation of the buildings.

2. The leases require that the rent shall be computed at the rate of six per cent. per annum upon the cash value. This was the current rate when the leases were made, but is now exorbitant and the lessees should be entitled to an equitable adjustment.

3. The justification of a high rate of interest on account of exemption from taxation does not now exist on account of the recent decision of the Supreme Court, declaring that the land is taxable.

4. The limited area of the lots renders it impossible for the lessees to erect high, modern buildings and thereby increase the earning power of the property.

5. The existence of the revaluation clauses in the leases prevents the tenants from making substantial improvements upon the demised property.

6. Probable changes in the system of local transportation are likely to increase the area of the shopping district and make the property less valuable for retail purposes.

7. The present valuation established by the appraisal of 1895 is excessive, having been made for a period of ninety years instead of ten years, as shown by the letter of Messrs. McLaren, Garnett & Cary.

8. The present high values are likely to be followed by a period of depression such as ensued shortly after the appraisal of 1895, and there may or may not be a recovery from the same such as that which exists at the present time.

9. The numerous failures cited above of buildings located upon leased ground shows the danger to the lessor of exacting an excessive rental.

10. The united opinion of a number of experts advising the Committee on Buildings and Grounds of the Board of Education shows that the present rental is all that should be charged under a long-term lease without revaluation, hence it must be excessive for a ten-year period.

11. Property available only for small retail stores cannot be considered as valuable as a similarly located lot of sufficient size as to be available as a site for a large department store.

12. In order to keep the present dilapidated buildings in a tenantable condition for the next ten years, substantial and expensive repairs must be made, only ordinary current repairs having been made during the last ten years on account of the excessive rental imposed by the appraisal of 1895.

Respectfully submitted,

ESTATE OF R. C. ROUNSAVELL and
ESTATE OF HENRY WEIL,
BENJAMIN J. ROSENTHAL and
LOUIS ECKSTEIN,
LOUIS M. STUMER,
ESTATE OF GEORGE B. JENKINSON,
A. BISHOP AND COMPANY,
Lessees.

LEVY MAYER,
DONALD L. MORRILL,
Attorneys for Said Lessees.

REPLY OF BOARD OF EDUCATION.

To the Honorable Board of Appraisers
of School Fund Property of the City of Chicago.

GENTLEMEN: In the matter of the lease now owned by the estate of R. C. Rounsavell and the estate of Henry Weil, both deceased, of Lot 7, being 146 State street, and of the lease now owned by Benjamin J. Rosenthal and Louis Eckstein of alley Lot 31, being 150 State street, and of the lease now owned by Louis M. Stumer of Lot 32, being 152 State street, and of the lease now owned by the estate of George B. Jenkinson, deceased, of Lot 33, being 154 State street, and of the lease now owned by A. Bishop of Lot 34, being 156 State street, each of said

lots being in Block 142, in School Section Addition to Chicago, and each having a frontage of 24 feet on the west side of State street, between Madison and Monroe streets, by a depth of 120 feet, to a 15 foot alley.

The lessees of the foregoing properties are represented by Messrs. Levy Mayer and Donald L. Morrill, as attorneys, and the statements as to each are included under one cover, in consequence of which we answer as to all under one cover, but respectfully suggest that it will be necessary for your honorable body to appraise the value of each fee separately.

These lessees set forth at considerable length the character of the improvements upon the ground, the income from the buildings (in some cases simply approximated; in others with an attempt to be more definite), and the terms of the lease. This action requires us to again urge to you that neither any one nor all of these items have any effect upon the present cash value of the fees, and affect alone the value of the leasehold.

Mention is made of the possible necessity of the lessees paying taxes upon the various fees under the late decision of our Supreme Court, but this again goes simply to the value of the various leases, and not to the value of the fees, but, as we have before informed you, under the conditions as they now exist in reference to that case, it is in no wise certain that the tenants will be compelled to pay these taxes, for a rehearing has been granted and what the ultimate outcome of the litigation will be cannot be ascertained at this time.

Great stress is laid upon the alleged undesirability of these leases and the changed conditions in making leases which have come into vogue during the last seventeen to

twenty-five years, but as to all of this we respectfully suggest to you that the leases under which you act are fixed and their terms can in no wise be changed or modified by you. Were you to attempt, either directly or indirectly, to alter the terms of these leases, you would be going far beyond your rights, exercising functions which in no way pertain to the duty you have accepted as appraisers of the present cash value of the respective fees. You must ignore the wisdom or lack of wisdom of the original lessees in making these leases and of all persons who have later become interested in them by purchase, and indeed it will be a most difficult task for any body of men to say that there was any lack of wisdom in this regard, for at all times there seem to be persons ready and willing to pay bonuses of goodly size to acquire the same, and whether this be for speculation or not, as is suggested by the lessees' statement, it is a fact, nevertheless, that the constant transfer of these leases under the bonus-giving conditions, demonstrates the marketability of the interest held under the leases and, to our mind, destroys the claim of their burdensomeness and worthlessness.

Throughout the statement of these lessees you are asked to fix the rental of these various premises, and the effort is made to have you consider that it is your duty to settle upon the rental of these premises, but such is not the case. With that rental you have absolutely nothing to do. It is fixed positively and unchangeably by the terms of the leases at 6 per cent. on the cash value of the ground. The only variable and unascertained quantity to be fixed is this value of the ground, and it is for the purpose of so fixing it for the ensuing ten years that your body meets, deliberates and acts.

We do not ask for a liberal construction of these leases in the board's favor, nor in the lessees'. We want you to take into consideration everything which can throw any light upon the question of the value of these fees, and in this connection the so much talked of Clause 6 should be considered in so far as it can throw light upon that value, but so, too, under the said Clause 6, should every other provision in the lease be considered to the extent that it can throw light upon the value of the fee, but neither Clause 6 nor any other provision of the lease should be considered by you in its effect upon other matters than the fee value, and it is because in our opinion neither Clause 6 nor the other clauses of the lease have any force in aiding you to a proper determination of the value of the fee that we cited you the case of *Springer* v. *Borden,* reported in the 210th volume of our Supreme Court Reports, at page 518. We are not familiar with the terms of the lease in that case, excepting that we know it was on a lease with a revaluation clause such as is in these, and it matters not that the clauses in the lease there under consideration are different from those in the leases here under consideration. It is not the facts; it is the reasoning of our Supreme Court, which we claim to be of such force as to conclusively demonstrate that neither must the terms of these leases nor the character of the improvements on the premises be taken as either injuriously or advantageously affecting the value of the fee. Part of the language of the court in the Springer case is as follows:

> "The term of the lessee and the reversion after the expiration of the particular estate together constituted the entire fee, and under our statute the grantee of the reversion would be entitled to the rents. Anyone buying the reversion would pay more if the lease called for ten per cent. per annum on

the value than if it called for five, as in this case, and would pay more if the lease called for five per cent, than if it called for four, which the evidence showed to be the basis for the market value of such estates when the cause was heard. Certainly, it would never be thought that a tenant must pay more rent by raising the value of the reversion because the rental fixed in his lease is high and consequently the reversion more valuable, and it would be equally unjust that he should pay less by reducing the valuation because his lease calls for a low rate and therefore the reversion is less valuable. The value of anything, in the common understanding, is the value of the full title, and not a value over and above some encumbrance. The cash value of the lot, exclusive of the buildings and improvements thereon, can mean nothing else than the value of the full title to the lot. According to the theory of defendant, a lease under very favorable terms to the lessee may be made still more favorable to him by showing that the terms of the lease depreciate the value of the reversion. A reduction in the value of the reversion would be equal to a reduction of rent, and the reduction of rent would reduce the value of the reversion, and so on in endless succession. The rule contended for is wholly impractical, for the reason that as long as the net annual rental is unknown the net value of the reversion cannot be ascertained, one of the necessary elements for fixing such value being lacking. No such plan for fixing the rental could have been anticipated by the parties. Our conclusion is in accord with the decision in *Goddard* v. *King,* 40 Minn. 164, and it is supported in principle by *Philadelphia Library Co.* v. *Beaumont,* 39 Pa. St. 43, and *Lowe* v. *Brown,* 22 Ohio St. 463. The value of the property for the purpose of fixing the rents could neither be increased by the fact that the burden on the lessee was great and the terms of the lease favorable to the lessor, nor reduced by the fact that the burden was light and the lease favorable to the lessee.''

Were it not for this reasoning and this decision, we

would most willingly enter into an exposition of the effect of the leases upon the values of the fees, because we believe that the many transfers by the lessees and the bonuses paid for their interests demonstrate that the leases are in demand as investments and that there can be no substantiation of a claim of undesirability by reason of the revaluation clause and, therefore, no injurious effect upon the fees because thereof, while at the same time, by reason of the provision for a 6% net rental, the very terms of the leases would seem to make the fees on an income basis of a value 50% in advance of fees of like character in the immediate vicinity not covered by any lease, because, and simply because, the present going rate for long term leases at this time is 4% in place of the 6% established by these leases, and we urge you, if you do take into consideration the terms of these leases, you take into consideration every term thereof, and if you do this we cannot but believe that you will advance the cash value of these fees beyond the amount which you will do if you fix upon their values unincumbered, un-burdened and unimproved.

In the statement of these lessees you are asked to reduce the rental below the various sums now paid, and, knowing full well that such action would be shown to be at the most radical variance with existing values on the street, which we would show in our answer, an attempt to destroy the effect of these sales of all the other sites on the street by claiming that they were made because of business considerations is brought forward, but to us this claim is as farcical as the lessees' statement that it is a perilous speculation to erect high class modern buildings upon leased ground; as their allegation that it would probably be impossible for the Board of Education to

find tenants for these properties were it not for the exigencies of retail trade and the limited territory available for that purpose; and as their plea that the appraisers ignore their duty in establishing the present cash value of these fees because conditions might change in the next ten years and at the end of that time the appraisers then appointed could make a proper appraisement of value. Were it not for business conditions, the exigencies of retail trade and the limited territory available therefor undoubtedly these fees would not be of the value that they now are. It is because of these conditions, created by the peculiar situation of these properties and the present conditions as to transportation, that the values we ask for herein are just and conservative. To fix upon a front foot valuation of $6,700.00 for these properties, would be to totally ignore all experiences and all knowledge of conditions as they exist today. None know this better than the present lessees and their able counsel, and why such a request is made is more than we can comprehend, yet it is no more unreasonable than to request that you do not perform your duty in this appraisement, but leave it to your successors ten years hence.

These lessees set forth a letter from the appraisers of ten years ago, concerning certain lots in Block 142, located on Monroe Street. We believe, with the lessees, that this letter speaks for itself, and that there cannot be read into it something which it does not state. The fee to the property therein mentioned is not comparable with this, because conditions surrounding it are not the same, but the letter itself simply states that the value placed upon this property in 1895 should *then* be the basis for a fixed valuation for the balance of the term. Under their duty as appraisers, they were required at

that time to establish the cash value of that fee as of that date, free and unincumbered and cleared of improvements. Their letter says nothing about the terms of a lease, and it is in no way informative of what their opinions as to the proper terms of a lease upon this valuation should be.

The allegation in the statement of these lessees, that men of less financial responsibility must be accepted as lessees of properties such as are to be here appraised, is not over complimentary to their clients, since in the early part of their statement they say that these same clients, the present holders of the leases, were sub-lessees and purchased the various leases from their lessors. We wish to assure your Honorable Body, that we are satisfied with the financial standing of each and all of these lessees, and to say that we do not feel our interests in the least jeopardized by having them as such lessees, and when one remembers that Messrs. Stumer, Rosenthal and Eckstein purchased the lease of Lots 4, 5 and 6 in this same block, paying, as a bonus therefor, not because of business exigencies, but in open competition, at a court sale, $85,000.00, and that they own leaseholds on other lots in this block, you will readily see that we are not taking any hazardous risk as to them, and here we wish to call your attention to the fact that, while these different fees are technically in separate holdings, yet that there is perfect harmony of action between the different lessees is shown by the fact that they all are represented by the same counsel and that three of the lessees are in active business partnership on the site. The holdings, except as to Lot 7, undoubtedly, can be consolidated at any time, and Lot 7 itself is contiguous to the holdings of Messrs. Stumer, Rosenthal and Eckstein of Lots 4, 5 and 6.

These lessees make a plea for your sympathy, by inferentially suggesting that, if the actual present cash value of the land is given by you in your appraisement, it may work a confiscation of their interests. While such an occurrence would be impossible in any reasonable view of the situation, we nevertheless are constrained to say that even were such confiscation the necessary outcome of your decision upon the value of these fees, yet it would be your duty to fix such values as the conditions in the market at this time warrant, and the question of the alleged hardships under the leases would not be in any way open for your consideration.

It is the opinion of the Board of Education of the City of Chicago, that the minimum values which should be fixed by you in your appraisement of these lands are,

First: As to Lot 7, $125.00 per square foot, being $15,000.00 per front foot, and a total value of $360,000.00 for the lot.

Second: As to Lots 31 and 32, which are owned by Messrs. Stumer, Rosenthal & Eckstein, partners in active business operations at this point, Lot 31 being the alley lot, and the two lots forming a single tract, the sum of $150.00 per square foot, being $18,000.00 per front foot, making a total of $864,000.00 for the two lots.

Third: As to Lot 33, $125.00 per square foot, being $15,000.00 per front foot, making a total of $360,000.00 for the lot.

Fourth: As to Lot 34, $125.00 per square foot, being $15,000.00 per front foot, making a total of $360,000.00 for the lot.

These values are based upon conditions as they now exist and transactions which have occurred concerning State Street frontages.

As a part of this statement, we ask that you take into consideration Exhibits A, B, C, and D, furnished with our answer to Mr. Crilly's statement, copies of which Exhibits are furnished the representatives of these lessees. As to Exhibit A, it will be noted that there are certain intermediate numbers from 1 to 59 identifying the different locations. We wish to state, that when we first caused this map to be made we had 59 separate transactions covering streets other than those upon which the properties to be appraised abut, but upon further consideration we deemed it more advisable to confine our illustrations to the streets in question.

On the East side of State Street, almost directly opposite the properties here in question, Mr. Otto Young sold to Carson, Pirie, Scott & Company his holding at $146.00 per square foot. The Fisher-Kranz transaction was at $150.00 per square foot, and the Kraus-Mayer transaction was at $192.77 per square foot. The transaction from Peake to Frazin & Oppenheim, adjoining the Palmer House, was at $144.40 per square foot, and the lease of the Equitable Trust Company to Paul Brauer of 229-31 State Street, near Jackson Boulevard, was at $126.56 per square foot. Messrs. Stumer, Rosenthal & Eckstein some time since paid to Otto Young $75,000.00 for the leasehold interest of Lots 31 and 32 here involved, and, as has been heretofore stated, they purchased from John J. Philbin the leasehold interest of Lots 4, 5 and 6 in this block, at a bonus of $85,000.00 in cash. These same gentlemen have taken a lease on Lots 35, 36, 37 and 38 in this block, being the North West corner of Monroe and State Streets, and being the identical property which, it is alleged, caused the bankruptcy of Frank Brothers, merchants, at an annual rental of

$55,000.00, or a value of $250,000.00 higher than the rate on which Otis, the lessee under whom Frank Brothers occupied the premises, had been paying, and they remodeled the building situated thereon at a large expenditure, and further agreed to construct a modern building thereon by May 1st, 1912, at a cost of over $300,000.00. Mr. Bishop, who claims that his lease is so burdensome, saw fit to pay a bonus for it a short time since, and by such action, to our minds, defeats all force of his plea for the value requested by him.

The lease of the property at the South West corner of Madison and State Streets in this block to the Otis family, upon which a new sixteen story building is constructed, was made at a fixed value of $146.00 per square foot, for the entire lot. This was in February, 1902. In September, 1904, this family floated a bond issue of $400,000.00 upon this site and placed, as the value of this leasehold, over and above the rent payable, the sum of $500,000.00, making a square foot value of $250.91, which bond issue was entirely taken up at a premium ranging from seven to ten points. The fact that such a value could be placed upon this corner and the other transactions by the lessees themselves, together with the leases made by owners on property similarly located, seems to us to demonstrate conclusively that the values here asked for by the Board of Education are the minimum ones which should be fixed by you.

Respectfully submitted,

BOARD OF EDUCATION OF THE CITY OF CHICAGO,
By JAMES MAHER AND
ANGUS ROY SHANNON,
Its Attorneys.

REQUEST OF LEVY MAYER FOR EXTENSION OF TIME FOR ORAL ARGUMENT.

CHICAGO, May 5, 1905.

Hon. A. N. Waterman,
First National Bank Building,
City.

MY DEAR JUDGE:

Referring to the matter of the appraisement of certain school lands which is now under consideration by yourself and Messrs. John McLaren and William D. Kerfoot, I beg to confirm the conversation I had with you and Mr. Kerfoot over the telephone this afternoon to this effect:

The time to file a reply to the answer of the School Board in the cases of those State Street lessors for whom we have appeared and filed our opening argument, expires on the 7th inst. On account of the terrific pressure which now is and has been on me for several weeks, both day and night, as counsel for the Employers' Association in the present teamsters' strike, it has been and will be a physical impossibility to prepare and submit the reply on the 7th inst.. and I have therefore requested that in lieu of the written reply, we be given an extension of time expiring not later than the 21st inst., being two weeks from May 7th, and during that time we are to be allowed to make an oral argument on a date to be hereafter fixed, dependent upon the engagements to which I have referred. I will do my utmost to make the oral argument as early as possible after the 7th inst., and will confer with you with reference to the day and hour.

I expressly agree for our clients that this extension shall in no way, directly or indirectly, prejudice the Board of Education, or be assigned or advanced as error at any time or place or in any proceeding, and I further expressly agree, on behalf of those clients, that whenever rent accrues and is paid under the leases in the interim, the acceptance of such payment by the Board of Education shall not and will not in any way prejudice the Board.

I have written this letter at the request of yourself and Mr. Kerfoot, and have stated here exactly the agreement which you and Mr. Kerfoot have been kind enough to assent to.

I endeavored to reach Mr. McLaren, but was told that he had left the city and would not return until Monday, the 8th inst.

If anything that I have here written does not meet exactly with your recollection of the arrangement, I know that you will not ascribe it to an intentional error in memory, and I beg to ask that you let me know of such inaccuracy, though I feel confident that there is none.

With many thanks for your courtesy and high assurances of my personal esteem, I am,

Yours very truly,

Levy Mayer.

STATEMENT IN REBUTTAL.

Not unmindful of the courtesy extended to me at the conference held last Friday, nor of the spirit of fairness shown by your committee, I have given much thought and study to the various suggestions offered, in the hope that so far as it lay in my power, I might be able to meet them all, and find a satisfactory solution in this vexatious matter. It has not been an entirely easy task, for reasons which I shall state, but I approached it confidently, because it has seemed to me all along that if landlord and tenant could be brought together in the spirit evidenced on Friday, that a middle ground might be found acceptable to both.

Taking the matter up chronologically, therefore, I beg leave to submit, for your consideration, the following:

The suggestion of your committee was that a full and complete settlement of the rental should be made from May 1, 1905, to the present date, and I shall assume, for the purpose of arriving at figures, that the latter is to be November 1, 1908, or 3½ years from the time of the last revaluation. This suggestion involves so much, in its relation to the whole matter, that it is difficult for me to accede to it, without consideration of the entire subject, even for a tentative proposition:

Because, the valuation placed by the appraisers, per front foot, on the property is excessive, and not in accord with what five prominent real estate men of the City of Chicago, employed by your Honorable Board only a short time before the ap-

praisers valued the property, gave as their estimate of its value;

Because, the rate of interest is excessive, and not in accord with transactions of a similar character, made by private individuals on similar property; and finally

Because, the appraisers themselves have expressed individual opinions, that on the valuation of 1905 a rate of interest of 5% should be used for a final revaluation under the terms of the lease.

And yet, approaching the subject with an earnest desire to meet the views of your committee in this regard, I have undertaken to do so, with the single condition that it shall be without prejudice to any matter now pending or hereafter to come up. I shall confine myself to Lot 31 in the presentation of figures, assuming that the same argument and the same figures, in their relative proportions, on the valuations heretofore established, will cover Lot 32, the former leasehold being owned by Benjamin J. Rosenthal and Louis Eckstein, and the latter by Louis M. Stumer. In the appraisal Lot 31 and Lot 32 were appraised as one, at a valuation of $636,000.00, and in our discussion of last Friday your committee separated the two, using the figures $324,000.00 on Lot 31, and $312,000.00 on Lot 32. Taking Lot 31, therefore, on a valuation of $324,000.00, and a 6% basis, we arrive at the figures of $19,440.00 per annum. The disputed rental on this lot is $9,900.00 per annum. Lot 32, on a valuation of $312,000.00, and a basis of 6%, would establish a rental of $18,720.00 per annum, the disputed rental on this lot being $9,000.00. This makes the total of proposed rental $28,160.00, or a difference of $19,260.00 per annum between the disputed and proposed

rentals, which, for a period of 3½ years, would require us jointly to pay on November 1, 1908, to the Board of Education the substantial sum of $67,410.00 on the two lots, to meet the condition of your committee, preliminary to further negotiations.

Assuming, therefore, that we should acquiesce in the suggestion offered, the rental would be established for 3½ years from May 1, 1905, at $19,440.00 for Lot 31 and $18,720.00 for Lot 32.

We have now to deal with the period from November 1, 1908, on. It has been my contention that the valuation made by the five real estate men selected by the Board of Education, a little more than one year before the revaluation, was fair and reasonable for a 99-year lease, without revaluation, and that their basis of valuation—$11,000.00 to $12,000.00 per front foot on Lots 31 and 32—and an interest rate of between 4% and 5%, recommended by them, should be used in determining the rental for the full term of the existing leases, without revaluation. Indeed, in the proceedings of the Buildings and Grounds Committee at about this time, will be found the following:

> Mr. Plamondon moved that a lease be offered to the lessees above named for Lot 31, Block 142, for the sum of $15,600.00. (This refers to a straight 99 year lease without revaluation.) Seconded by Mr. Downey. This motion was carried.

This was clearly the result of the recommendation of the five real estate men employed by the Board of Education heretofore referred to. In 1905 the appraisers established the value of $63,600.00 on Lots 31 and 32. Dividing the valuation in accordance with the suggestion of your committee, for the purpose of this argument—

$324,000.00 on Lot 31 and $312,000.00 on Lot 32—this valuation establishes a price approximately $13,500.00 per front foot, or nearly $2,000.00 more per front foot than the appraisal of the year before, and this for a ten year period.

If the appraisers established $324,000.00 as the full fair cash value of the property, then, under ordinary circumstances, and taking as a basis, leases of this character made between private individuals, a 4% rate should be used. But the Board contends that there are no taxes on the land in Block 142. This being true, it is argued that an addition of 1% should be allowed on account of this advantage. I shall concede this here, but want to digress a moment, to place before you a phase of the situation that should not be overlooked: Is the Board of Education entitled to the full 1% on account of taxes? As a matter of fact, the schools receive from the South Town, as school taxes, 2-61/100%, or only one-third of the taxes collected. As I figure it out, if the rate of interest on a full fair cash value of the property were 4½%, the Board of Education would receive as much money as if taxes were paid on the land. Nevertheless, we shall pass this also, and concede, for the purpose of this argument, that the Board should receive 5% on the cash value of the land, as determined by the appraisers in 1905, thus establishing a rental of $16,200.00, by the simple changing of the rate of interest from 6% to 5%. It is this inconsiderable difference, more than anything else, that has brought me to the conclusion that a middle ground could be found.

I call attention here also to the circumstance that the Buildings and Grounds Committee, after the trial in the Circuit Court, on the suggestion of Judge Windes, met

with us to adjust the matter in dispute, and made a tentative proposition of a rental of $16,500.00 on Lot 31, which was at the time rejected. This should be borne in mind in connection with the requirement of your committee to pay the rental on the appraisal of 1905 in full for 3½ years, as it involves the greater part of the payment of the $67,410.00, to be made on Lots 31 and 32, for the purpose of these negotiations.

Acting on the suggestion of the members of your committee, to work out a plan that will provide for the payment of the proposed rental of 1905 for 3½ years, I have established the following as a tentative rental proposition:

3½ years from May 1, 1905 to November 1, 1908, on Lot 31	$19,440.00
16½ years from November 1, 1908, to May 1, 1925	16,375.00
Being more than 5% on the appraised value of 1905.	
20 years from May 1, 1925, to May 1, 1945	17,325.00
Being an increase of 5%, or $675.00 per front foot, on the appraised value of the land in 1905.	
20 years from May 1, 1945, to May 1, 1965	18,191.25
Being an increase of 5%, or $708.75, per front foot, over the preceding figures.	
And for the balance of the term	19,100.81
Being a still further and third increase of 5%, or $744.18, per front foot, over the immediately preceding amount.	

This proposition, it will be observed, pays the full rental, as claimed to have been established by the appraisers in 1905, to date: provides for an increase in valuation at intervals throughout the period of the lease, as suggested by your committee; accepts the appraisers' full, fair cash value, as established in 1905; and provides for

a little more in the 16½ years than 5%; and it seems to me meets the general plan discussed. The proposition carries with it an agreement to erect upon the premises a fire-proof steel-constructed building, of not less than six stories, with adequate foundations for at least an eight-story building, the building operations to commence not later than May 1, 1916, and an abatement of the rental for a period not to exceed six months while building; the building to be maintained throughout the period of the lease in the highest state of efficiency, and the lease to contain such reasonable and fair provisions of protection for both parties as are customary in such contracts.

I want to ask the indulgence of your committee for having presented the matter in this manner. I really could not see any other way of doing it. Merely to have presented figures would undoubtedly have necessitated a further conference to explain how they were arrived at, and I have undertaken to do this in this memoranda.

All of which is respectfully submitted.

LEVY MAYER.

STATEMENT OF C. W. LASKER.

CHICAGO, April 12th, 1905.

Messrs. John McLaren,
Arba N. Waterman,
and William D. Kerfoot,
Appraisers of School Fund Property.

GENTLEMEN:

I acknowledge receipt of your notice of the 24th ult., informing me of your appointment as appraisers of school fund property and of your meetings as such appraisers.

After a full consideration of the matter, I have concluded not to present any formal statement to you relating to the property of which I am the lessee, for the following reasons:

(1) I am advised that the appointment of some or all of you have not been in conformity with the leases in question, and that therefore any appraisal made by you will be invalid, and wish to reserve to myself all right of exception to any appraisal which may be made by you.

(2) Under the appraisal of 1895, the value of the property in question was fixed at the sum of $1,000 per front foot, which was a full valuation for the period of ninety-nine years, as shown by the letter of Messrs. McLaren, Garnett & Cary, presented to the Board of Education in connection with the application of the Gore and Boomer estates for a waiver of the revaluation clause.

(3) The Board of Education, by its own act in granting a ninety-nine year lease of the adjoining property at a valuation of $1,000 per front foot on a five per cent. basis, has admitted that the valuation placed upon my property in 1895 was excessive for a ten year term.

(5) The rents received by me from this property during the past ten years have been insufficient to pay the fixed charges, consisting of ground rent, taxes, insurance and repairs, and therefore any financial statement which I might present will show only a deficit, and I do not care to make public the amount of my losses in connection with this property.

(6) Any citation which I might make of other sales or leases would be irrelevant in my opinion, as the action of the Board of Education in leasing the adjoining prop-

erty and the letter of the 1895 appraisers, above referred to, show conclusively that the valuation of 1895 was excessive.

Under these circumstances, it will be impossible for me to acquiesce in the payment of any increased rental, and, in all fairness to me, the Board of Education should waive the revaluation clause, or consent to a reduction of my rental.

Respectfully submitted,

C. W. Lasher.

REPLY OF BOARD OF EDUCATION TO STATEMENT OF C. W. LASHER.

To the Honorable Board of Appraisers
of Schol Fund Property,
of the City of Chicago.

Gentlemen:—

In the matter of the lease of Charles W. Lasher from the Board of Education of the City of Chicago of the property situated at No. 332 South Clark Street, size 25 by 105 feet to a 10 foot private alley, being described as the south half of Lot 10 in Block 113 in School Section Addition to Chicago.

This lessee in the same statement first protests that your Honorable Body has no jurisdiction wherewith to appraise his leasehold, and then sets forth reasons which appeal to him as a foundation for you, as appraisers, to fix upon the value of $1,000.00 per front foot for the fee of the land held under lease by him.

We are of the opinion that the value of the land here involved should be fixed by you at $1,500.00 a front foot,

or $15.00 a square foot. Facts throwing light upon the advance of this property are as follows:

Clark Street generally is coming into demand for high class business purposes, and within the last few years has seen as great a proportionate advance in value as any down town street. The character of the improvements lately constructed upon it and to be constructed thereon is of the very best. In January, 1901, when Rand, McNally & Company took the 100 feet adjacent to this site on a basis of $12.50 a square foot at the 4% going rate, they also obtained the 50 by 100 feet on the corner of Harrison and Clark Streets, adjoining the same 100 feet, at $18.75 a square foot, also, the 50 feet on the North East corner of Pacific Avenue and Harrison Street at $9.37 a square foot, and the adjoining 150 feet on Pacific Avenue, inside at $6.25 a square foot. In the following year these same people asked for more space on Pacific Avenue, and obtained an additional 100 feet, but at a value of $11.40 a square foot aside from paying a bonus to John Mackin. The fact of this advance, coupled with the proposed construction of new buildings at a cost of from $400,000.00 to $1,000,000.00, which Rand, McNally & Company agreed in their lease to erect, has materially advanced the value of the fee of land of this character.

Since 1902, the date of these transactions, Mr. James E. Patten has put a million dollars into land on Sherman Street and a million more in buildings just one block west, which has given an additional value to this locality.

Samuel Bingham's Sons have purchased 225 feet on Sherman Street for the erection of an excellent building for their Printers' Rollers business.

On Clark Street, about two years ago, Charles B. King finished a fine seven story building two doors north of Harrison Street for the occupancy of high class lithographers and at the north end of the block at Van Buren Street, Owen Aldis constructed a modern, fireproof building for the occupancy of Weber's Department Store, destroying old buildings and saloon and low grade tenancies by so doing, all of which has the effect of advancing the value of this fee, and we deem a $1,500.00 appraisement per front foot to be as low a one as could be established.

Respectfully submitted,

BOARD OF EDUCATION OF THE CITY OF CHICAGO,
By JAMES MAHER and
ANGUS ROY SHANNON,
Its Attorneys.

JACOB L. KESNER LEASE.

STATEMENT OF BOARD OF EDUCATION.

To the Honorable Board of Appraisers
of School Fund Property,
of the City of Chicago.

GENTLEMEN:—

In the matter of the lease of Jacob L. Kessner from the Board of Education of the City of Chicago of the property situated at No. 136 State Street, described as Lot 3 in Block 142 in School Section Addition to Chicago, having a frontage of 24 feet on the west side of State Street, between Madison and Monroe Streets, by a depth of 120 feet, to a 15 foot alley.

The lessee of this property has not seen fit to file a

statement with you, and, inasmuch as this lot is affected in general by the same circumstances which affect the other lots in the block represented by Messrs. Mayer and Morrill, we will not present an extended argument, caring only to give you our reasons for the advance in value over the other inside lots which we believe this fee is entitled to.

Our opinion of the value of this feet is $175.00 per square foot, being $21,000 per front foot, making a total of $504,000.00 for the land.

This lot lies 48 feet from the corner of State and Madison Street, the most prominent corner in this City, while to the south of this lot is the holding of Messrs. Stumer, Rosenthal & Eckstein. It is fortunate in being pocketed, so to speak, at this point, thus giving it the same enhanced land value that is so often given to other pieces of property because of what is known as business exigencies. That the advance of $50.00 per square foot which we ask for over the other inside lots in this block is warranted by conditions, we cite you the small tract of 20 by 40 feet known as the Old Inter Ocean Site, at the North West corner of Madison and Dearborn Streets, which has a valuation of $250.00 a square foot, while the L shaped piece of property of Haskell, abutting the corner site on the West and North, has a value of $77.00 a square foot, while just a few feet to the West thereof, on Madison Street, the Freer property has a value of but $30.00 a square foot, and we also call your attention to the values on Madison Street, at the South East corner of Wabash Avenue, lately established by the Catholic Bishop of Chicago, and the quick fall of values on Madison Street directly to the East thereof.

We believe that, upon a due consideration of the conditions of this lot, you will appreciate the reason for the value asked by the Board of Education, and we request that you fix the same upon the basis suggested.

Respectfully submitted,

BOARD OF EDUCATION OF THE CITY OF CHICAGO,
By JAMES MAHER and
ANGUS ROY SHANNON,
Its Attorneys.

ROSALIE CAVANNA.

STATEMENT IN BEHALF OF H. O. STONE & CO.

CHICAGO, Ill., Mar. 28th, 1905.

Mr. JOHN MCLAREN,
Mr. A. N. WATERMAN,
Mr. W. D. KERFOOT,
Appraisers.

GENTLEMEN:—

In view of the wish you gentlemen expressed at the meeting in Judge Waterman's office yesterday that lessees act promptly in presenting their side of the case so that appraisals can be reached without unnecessary delay, we beg to submit on behalf of Mrs. Cavanna, lessee of No. 148 State St., the following statement:—

RENTALS OF 148 STATE ST.

Store, one tenant	$10,000 per yr.	
2nd floor, one tenant	2,100 per yr.	
3rd & 4th floors, one tenant....	4,000 per yr.	
5th floor, two tenants	1,200 per yr.	
6th floor, one tenant	900 per yr.	
		$18,200.00

Deduct for average vacancies and loss of rentals through occasional failure of tenants, 10%		1,820.00
		$16,380.00

Expenses.

Ground rent	$10,200.00 per yr.	
Taxes (1904)	613.54	
Insurance	650.00 per yr.	
Repairs	645.00 per yr.	
Fuel	178.00 per yr.	
Gas for halls.....	113.00 per yr.	
Water tax	36.50 per yr.	
Electric power for elevator.	300.00 per yr.	
Janitor and elevator man...	780.00 per yr.	
Agent's commission 5%....	819.00 per yr.	
Total annual expenses...		$14,335.04
		$ 2,044.96

The principal profit has been derived by an agreement whereby McVicker's Theatre has paid for years past one-half ($5,100) of the ground rent for the use of the rear end of the lot for a power house. This agreement expires May 1st next and the theatre will not renew it at any price, as they have arranged to get heat and light elsewhere. The best offer we have been able to get for the building which the theatre will leave on the rear end of this lot is $1,200 per year for a candy factory. This means a probable loss in revenue after May 1st of $3,900 per year. We must also heat the rear building hereafter, which will cost $100 more for extra fuel. The electric passenger elevator in the front building has been operated for years under a very favorable contract for power at a fixed rate of $300 per year. This contract also

expires May 1st next, and the Edison Co. refuse to furnish power after that date, except at regular meter rates, which will surely add $200 per year to cost of operation. These three items alone amount to a loss of $4,200 per year, which must be faced after May 1st.

The problem after May 1st is not how much profit the leasehold will produce, but how much the loss will be.

The front building contains one store and five floors, rented to various tenants. All leases expire April 30th next. The tenants of the store, 2nd and 4th floors, will then vacate and other tenants must be procured.

The building (size 24x90), being only 90 feet deep, the store and floors will not bring as high prices as in neighboring buildings which are deeper. The lease allows you to take the building upon each lot into consideration in fixing the rental.

Another reason why this building will not produce as much rental as other buildings in this block is because it has a narrow frontage on the corner of an alley. It is a mistaken idea to assume, and has been done in the past, that this lot can afford to pay a higher rental than inside lots. It is true that the extra light from the windows on the alley help the upper floors, but this advantage is more than offset by the disadvantage to the store, and it is to the store that we must look for the larger half of the revenue. You are probably aware that the class of people who patronize the stores on the west side of State Street differs from the class of people on the east side of the street. The chief value of a store on the west side of the street lies in the ability of the show-window to catch the eye of the passer-by. When people cross an alley where a step must be taken down

or up and teams avoided, their attention is diverted temporarily from the show-windows. The show-window at 148 State, being only 17 feet wide (entrance to upper floors uses up balance of the frontage) and located right on the alley, is never noticed by many passers-by. For verification of this peculiar fact, we refer you to the present tenants who are to move elsewhere, partly because of this very fact. This criticism was also made by Mr. B. Baumgarden of 145 State St., who was formerly a tenant of the store.

We believe you gentlemen are familiar with the restricted possibilities of a 24 ft. lot as compared with 48 or 72 feet more. The space has not the rental value per square foot of a larger area. Further, the cost of operating a 24 ft. building is more in proportion than a larger building.

Your attention, will, no doubt, be called to high prices recently paid for State Street property. Kindly bear in mind that only large enterprises can pay such prices. The big dry goods and department stores have absorbed so many lines of business that there are only a few lines left which can be conducted in small stores on State Street at a profit. About the only lines of business where we can seek for a tenant for this store are shoes, candy, millinery, jewelry and cloaks.

We do not know what to say about the recent court decision to the effect that lessees of School property must hereafter pay taxes on the land, but if this is so, you gentlemen will, no doubt, take the taxes into consideration in fixing the rental. We do not believe that you would wish to fix a ground rental that will result in an annual loss to the lessee, nor do we believe it is contemplated in the leases.

We trust that the appraisal will be fixed at once. Mrs. Cavanna, who is now here, gladly waives the balance of the twenty days' time to which she is entitled, as she is very desirous to have the matter settled.

Mrs. Cavanna is not speculating in the property. She has been the lessee since 1863. She is a widow and an old lady. This property is her principal source of income. She now lives in Europe because her children reside there and her expenses are less when living with them. She lived in Chicago from 1857 to 1880, during which years she was engaged in repairing and dealing in lace, and earned with her own hands the money that went into the building 148 State St. It represents her savings. We bespeak for her your most careful consideration.

Respectfully,

H. O. Stone & Co.,
Agents.

Supplemental Statement.

Mr. John McLaren,
Mr. A. N. Waterman,
Mr. W. D. Kerfoot,
Appraisers.

Gentlemen:—

We beg to add to our letter of March 28th the following:

We had a talk Saturday with Mr. Henry Friend, a merchant of 154 State St., who occupied the store 148 State for a period of years. He says he found that the fact of this narrow store being located right on the corner of the alley was a great detriment and that he knows

from personal observation that the bulk of the people pass by without noticing the show-window.

He says he had his show-window filled with the same goods, marked at the same prices, as the goods that filled a window a few doors north and that the store corner of the alley lost money while the other store made money, simply because of the difference in location of the two show-windows.

Says he will willingly appear before you gentlemen at any time, if you desire, to explain to you the difference in the value of such locations for retailing merchandise. He has had 16 years' experience on State Street and is a successful merchant.

Mr. B. Baumgarden, another successful State Street merchant, who once occupied this store, will likewise appear, if you wish.

Respectfully,

H. O. Stone & Co.

REPLY OF BOARD OF EDUCATION TO STATEMENT IN BEHALF ROSALIE CAVANNA.

To the Honorable Board of Appraisers
of School Fund Property,
of the City of Chicago.

Gentlemen :—

In the matter of the lease held by Rosalie Cavanna from the Board of Education of the City of Chicago of the property situated at No. 148 State Street, on the northwest corner of the alley, between Madison and Monroe Streets, in size 24 by 120 feet, with a 15 foot alley abutting its south side, described as Lot 8 in Block 142

in School Section Addition to Chicago, in Cook County, Illinois.

In the statement presented by H. O. Stone & Company on behalf of the lessee, the question of the earning capacity of the improvements on the property comprises the larger part of the argument, and yet in that statement it is shown that the rear 30 feet of the premises, that part having no street frontage and facing only upon the two alleys are leased to the McVicker Theater Company for the sum of $5,100.00 per year, that amount being exactly one-half of the total ground rent of the entire premises under the present appraised value of the fee. That value, which was fixed in 1895, is $170,000.00 and produces a rent of $11,200.00 per year. This, on the 4% rate, establishes a square foot value of $88.50.

On the basis of the argument made by H. O. Stone & Company in the showing of the rent paid by the McVicker Theatre Company it appears on mere arithmetical proportions that at the time the McVicker Theatre Company's sub-lease was made, the rent of the entire lot should have been at least $15,300.00 per year, assuming that all parts of the lot had a like frontage with the 30 feet leased to the McVicker Theatre Company, but when it is remembered that the part not so leased consists of that having a frontage on State Street, it will readily be appreciated that a very much higher rental value existed as to this fee than the said $15,300.00.

In the lessee's argument two main questions are raised as injuriously affecting the value of this fee; first, the size thereof, and second, the fact that it abuts upon an alley. As to the latter, we deem the argument so specious as to need no refutation and will not dignify it by making any response thereto. As to the former, we de-

sire to call attention to the many small pieces on State Street, in the near vicinity of the site in question, which conclusively establish that small sites on that thoroughfare command high values.

159 State Street, almost directly opposite, was, on July 1, 1902, leased by Frederick Fischer to John Kranz for 99 years, on a square foot value of $150.00. This site has no side light, there being no alley abutting it, and is of a size of but 20 by 83 feet.

No. 155 State Street was leased on August 11, 1903, for 99 years by Adolf Kraus to David Mayer, at a square foot value of $192.77.

In November, 1904, C. W. Partridge leased to Charles Netcher a site 46 by 105 feet on State Street, at the corner of the alley just north of Madison Street, at a square foot value of $258.00.

In July, 1904, at 187 State Street, the tract 26 by 147 feet just south of the Palmer House was leased to Frazin and Oppenheim for 99 years, on a basis of $144.70 a square foot, and the tract 23 by 80 feet at the South West corner of Adams and State Streets was leased, in May, 1902, from Starkweather to the Frazin Shoe Company, on a basis of $269.00 a square foot.

The foregoing list of transactions seems to us to conclusively demonstrate that the minimum value of this property to-day is $150.00 a square foot, or a total of $432,000.00.

The argument of the lessee as to the character and condition of the improvements located on this site, we urge, has absolutely no relevancy to the issue before you, to-wit, the value of the fee. Buildings, far more valuable than this one in question, have been razed to the ground

time and again in this City, and the income from such buildings, we urge, necessarily tends to show only the present value of the leasehold, as such, and in fact, does not even demonstrate what that leasehold may be worth in the open market, because of the fact that additional improvements or a possible different scheme of management might enhance materially the income derived therefrom.

To show that the buildings have no appreciable effect upon the value of the fee, we wish to call attention to the holdings by Mr. Marshall Field, who, on the North East corner of Madison and State Streets, secured a large rental upon a substantial building situated thereon. Several years ago, the Mandels induced Mr. C. D. Peacock to negotiate for that corner on a ground lease. Mr. Field stated without hesitancy, that unless he secured a larger ground rent than the building then netted him, he would not consider the proposition. Mr. Peacock acquiesced in such a rental, and the lease was made. The Mandels then remodeled the building completely, under-pinning it and reconstructing it throughout, besides adding three stories thereto.

The Old Republic Building, at 159 La Salle Street, netted, under the best circumstances, between $44,000.00 and $45,000.00 per year, and yet a lease was made on that property for the ground alone for $50,000.00 per year. These two cases, as is the situation covering all of the other cases mentioned in this statement, must be understood as being in addition to the payment of taxes, in each illustration the lessee assuming the payment of the taxes, and we urge here, as we have heretofore in replying to other lessees, that the question of the payment of taxes is one concerning the leasehold value alone.

One further point is made by Messrs. H. O. Stone & Company. It is, that small shops cannot succeed in quarters the size of this site, but this is disproved by the lease made by David Mayer to a cloak company of the site 155 State Street, across therefrom, at $192.77 a square foot, and by the further fact that small dealers, not only in the lines spoken of by the lessee, but in every conceivable line of business conducted in a large city, are seeking locations in the exact territory of which this lot is a part. This is established by the fact that the Stewart Building, at the corner of State and Washington Streets, is almost entirely filled by jewelers, cloak dealers and other small businesses. The Champlain Building, before Mr. Netcher secured it, was filled throughout its entire 14 stories with small shops of all kinds. The new Otis Building, at the corner of Madison and State Streets, is rented largely for small shops and is paying on a square foot value of $250.00 for the land. Stumer and Rosenthal, on their lease from the Board of Education, on the corner of Monroe and State Streets, in their remodeled building, have the same class of occupancy. The Republic Building, at the South East corner of Adams and State Streets, constructed by one of the closest students of the State Street trade, and one of the ablest men in Chicago in the Real Estate line, namely, General Strong, is being devoted throughout its entire 12 floors to small shops.

It is a matter of common knowledge that there are more people on State Street every day, between Van Buren and Randolph Streets, than on any other like stretch of street in any other large city in the world, and State Street at this point is in the center of the great union loop dstrict with the facility of bringing the greatest

possible concourse of people into one section for the purpose of transacting business. The business which is most favorably affected by this condition is the retail store business. The entire street will never be taken by single mammoth concerns, block for block, and there is always occupancy to be had for small buildings for the sale of specialties. Competition for space is always brisk on State Street, with the factor added of common knowledge of the large concerns which are compelled to build through to Wabash Avenue and Dearborn Street to get requisite space. State Street was never in as well founded and substantial a condition as to values as it is to-day.

We respectfully ask your Honorable Body to fix, as the appraised value of this lot, the sum of $150.00 a square foot, or a total value of $432,000.00.

Respectfully submitted,

BOARD OF EDUCATION OF THE CITY OF CHICAGO,
By JAMES MAHER and
ANGUS ROY SHANNON,
Its Attorneys.

STATEMENT IN REBUTTAL.

CHICAGO, Ill., U. S. A., April 27/05.

Mr. JOHN MCLAREN,
Mr. A. N. WATERMAN,
Mr. W. D. KERFOOT,
Appraisers.

IN RE 148 STATE STREET, ROSALIE CAVANNA, LESSEE.

GENTLEMEN:—

The argument of the attorneys for the Board of Education that the payment by the McVicker Theatre Com-

pany of $5,100 per year for the rear portion of the lot indicates what the ground rental should be for the whole lot, loses its force when attention is called to the fact that the agreement to pay half the total ground rental was entered into by Mr. McVicker over twenty years ago, when the ground rental on the entire lot was only $2,376 per year making his share (one-half) $1,188 per year. Mr. McVicker did not then foresee the great rise in the ground rental which has taken place, and this agreement has proven a burden upon his estate. It is a great relief to his heirs and assigns that the agreement expires within a few days.

To corroborate the above we send you under separate cover the original agreement, dated January 26th, 1885, drawn up in Mr. McVicker's hand writing and signed by him.

We wish also to correct the statement made by attorneys Maher and Shannon that the above lot now produces a ground rental of $11,200 per year; the rental now paid by Mrs. Cavanna under the last revaluation is $10,200 per year.

We presume that if you gentlemen are not satisfied with our assertion as agents of the building that we have found it is a detriment to this narrow store to be located on the corner of an alley on this crowded street where there is an almost continual jam of pedestrians and teams during business hours, you will give us an opportunity to bring before you all or at least some of the merchants who have occupied this store during the past ten or twenty years in order that they may relate their experience and explain to you why this store is not as valuable from a rental standpoint as a store of similar size located a short distance from the alley. The attor-

neys for the Board of Education can be present and cross-question these merchants if they desire.

The five State Street leases made during 1902, 1903 and 1904 referred to by attorneys Maher and Shannon are all straight Ninety-Nine year leases without revaluations. They have not in a single instance cited a lease with a revaluation clause. All the leases cited except the Netcher lease and the corner of State and Adams are on the east side of the street which is the more valuable side. Furthermore, in most of the cases cited we believe that the lessee owned or controlled adjoining property and hence by combining holdings could afford to pay higher prices than the lots were actually worth if considered independently, for instance: Mr. John Kranz already owned the property adjoining 159 State Street when he acquired the latter, and Mr. David Mayer controlled the property adjoining 155 State Street before he acquired the latter. In the Netcher case the entire half block on State, Madison and Dearborn had been acquired by purchase or lease except the 46 feet belonging to Mr. Partridge, and it is plain to see why the Netchers were obliged to pay most any price that was demanded to complete the site of the Boston Store.

The point made by Maher and Shannon that there are many small shops located on the upper floors of several prominent State Street Buildings bears out our contention that the big department stores and high rentals have forced the small shops out of the stores on the street level.

We object most seriously to the argument of attorneys Maher and Shannon wherein they urge that the character and earning capacity of the improvements should

not be taken into consideration. We respectfully call your attention to the sixth clause in the supplemental lease; it is as follows:

"SIXTH: That, notwithstanding anything in said lease, contained, the appraisers shall be at liberty in forming their judgment of the value of the land, without including the value of the improvements thereon, to take into consideration, if and so far as they deem it pertinent to do so, the improvements on such lands, and the character, condition, value, cost, rental, expenses and other particulars thereof, and any other facts or information, from whatever source, bearing upon the question of the actual value of said land; and it shall be the duty of the lessee to furnish the appraisers promptly, on request, a statement showing the rental receipts and disbursements on account of said improvements for five years, as near as may be, next proceeding the time of the appraisment."

It is the LAST of the Clauses containing instructions to the appraisers regarding what facts may be taken into consideration in arriving at a value, and we contend that one of the chief purposes for which this Clause was inserted was to protect the lessee, and we believe you are bound to take into consideration so far as it is pertinent "the improvements on such land, and the character, condition, value, cost, rental, expenses and other particulars thereof," and make an appraisement which will fix the ground rental within the earning capacity of the improvements after allowing the lessee a fair return on the sum she has invested in said improvements.

If the ground rental should be fixed at a sum which would equal 4% on $432,000 the value asked by attorneys Maher and Shannon, and such an appraisement should be

upheld by the Courts, it would probably simply mean confiscation of all the lessee has invested in improvements, etc.

Mrs. Cavanna, the lessee, has not been remiss in providing suitable improvements for the lot; she has rebuilt entirely, and has remodeled and added various improvements from time to time; the building now contains the most modern kind of store front, also passenger elevator, steam heat, etc. Two stories were added a few years ago and the walls will not now carry additional stories, hence the earning capacity cannot be increased in this manner. MRS. CAVANNA HAS PROVIDED AS GOOD IMPROVEMENTS AS ANY LESSEE COULD AFFORD UNDER THE LEASE SHE HOLDS—which you must bear in mind is a lease with revaluation every ten years—an uncertain quantity.

Mrs. Cavanna has faithfully performed her part of the contract as lessee for forty two years—since 1863, and we think you will agree with us that she is entitled to a fair return on her savings which she has invested in this building.

From all the conversations we have had with representatives of both sides who were present when the supplemental leases, bearing date June 15, 1888, were agreed upon, we understand that a spirit of fairness ruled at that time, and the protection which it was intended the Sixth clause should give emanated from a desire on the part of the Board of Education and all concerned "To live and let live," and we do not believe you gentlemen forming the Board of Appraisers will deviate from that broad principle.

Respectfully,

H. O. STONE & Co.

CHARLES H. BLAIR.

STATEMENT IN BEHALF OF CHARLES H. BLAIR BY H. E. McCALL, ATTORNEY IN FACT.

Office of
CHARLES H. BLAIR,
175 Dearborn St.

CHICAGO, March 25, 1905.

To the Board of Appraisers of School Fund Lands, for 1905.

GENTLEMEN:

Charles H. Blair is lessee of Lots 2, 3, 4, 5, 6, 7, 8, 9, and 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, in Block One (1) of School Section Addition to Chicago, known as numbers 166 to 184 West Madison Street and numbers 80 to 100 South Halsted Street.

Mr. Blair has been critically ill since November last, and from that time he has been unable to give attention or thought to any of his business affairs. He is, at the present time, and has been for several weeks, out of the city owing to ill health.

I have acted, in the service of Mr. Blair as his real estate agent, since 1897, and, since the commencement of his present illness, entire charge of all his affairs has devolved upon me with authority to act in his behalf. I have the exclusive handling of the buildings on the aforementioned property, and have kept the same in first class condition in order to obtain the best possible rentals.

I attended your meeting held in the building of the Chicago Title and Trust Company on Monday, March 13, 1905, and gathered that, in order to enable you to act in the fairest manner possible, in the reappraisal of said

property, the proper course for me, acting on behalf of Mr. Blair, would be to furnish you with such information as I could secure, showing the present conditions and the consequent value of said ground. With this object in view, I made application, March 16, 1905, to the Chicago Real Estate Board, for a valuation of this property, and I herewith submit the certificates showing their valuation of the same. Said certificates follow:

Valuation	Number
$115,000	1060

Chicago Real Estate Board.

Chicago, March 21st, 1905.

H. E. McCall,

Dear Sir:

We, the undersigned, members of the Valuation Committee of the *Chicago Real Estate Board,* having carefully considered the application made by you for a valuation of the following described property situated in the County of Cook and State of Illinois, described as follows, to wit:

Description of Land: Lots 2 to 9, inclusive, block 1, School Section Addn. to Chicago, size 100x200 ft.

Description of Improvements, not valued,

do hereby Certify that we have personally examined said property, that we have no personal interest in the same, and that in our judgment the present value is as follows:

Value of Ground	$115,000
Value of Improvements	$.....
Total Value,	$115,000

(Signed) Geo. Birkhoff, Jr.,
Callistus S. Ennis,
Marvin A. Farr,
John B. Knight,
Wyllys W. Baird,
Valuation Committee.

VALUATION
$77,160.00

NUMBER
1059

CHICAGO REAL ESTATE BOARD.

CHICAGO, March 21st, 1905.

H. E. McCall,

DEAR SIR:

We, the undersigned, members of the Valuation Committee of the *Chicago Real Estate Board,* having carefully considered the application made by you for a valuation of the following described property situated in the County of Cook and State of Illinois, described as follows, to wit:

Description of Land: Lots 11 to 20, inclusive, block 1, School Section Addn. to Chicago,

Description of Improvements, not valued,
do hereby Certify that we have personally examined said property, that we have no personal interest in the same, and that in our judgment the present value is as follows:

Value of Ground,	$77,160
Value of Improvements,	$ .....
Total Value,	$77,160

(Signed) GEO. BIRKHOFF, JR.,
CALLISTUS S. ENNIS,
MARVIN A. FARR,
JOHN B. KNIGHT,
WYLLYS W. BAIRD,
Valuation Committee.

I have also written several letters to present business tenants of buildings on said property, all of which were sent subsequent to the making of leases for the coming year, excepting in the case of Mr. Forster, who had already informed me that he would not renew. The copies of the above mentioned letters with questions asked, together with the original answers of said tenants, follow:

CHICAGO, March 15, 1905.

Jos. P. Wathier Company,
178 *West Madison Street, Chicago.*

GENTLEMEN:

The store which you occupy at the foregoing address is in a building belonging to me. The ground on which this building stands I lease from the Board of Education of the City of Chicago. According to the terms of my lease, the ground rental is fixed every ten years, by reappraisement made by a Board of Appraisers. In accordance with certain provisions in said lease, the following gentlemen have been named as appraisers: John McLaren, Esq., Judge Arba N. Waterman and Elbridge G. Keith, Esq. In order to assist and guide these gentlemen in arriving at a correct and equitable appraisement of the property, I am preparing a statement, and am going to ask several of my old tenants to write me a letter giving actual facts, which I may possibly desire to verify with affidavit, believing that the honest expressions of your long experience will be worthy of great consideration. Your letters will be written with the understanding that they will be brought, in each case, to the attention of this committee or their successors.

I enclose memorandum of questions, the answers to which I think would give about the information required, and I wish that you would make any additional statement which you desire.

If you are willing to accommodate me in this matter, kindly address letter to me at 175 Dearborn Street, as soon as convenient.

Yours truly,

(Signed) CHARLES H. BLAIR,
McCALL, *Agt.*

Duplicate.

Original delivered to Jos. P. Wathier in person March 15, 1905, by

(Signed) H. E. M.

MEMORANDUM OF QUESTIONS FOR JOS. P. WATHIER COMPANY.

How long have you been continuously engaged in the wholesale and retail jewelry business at 178 West Madison Street?

Have you been in continued daily attendance at your business during this time?

What do you think of the present conditions of business as compared with what it was ten or twelve years ago?

If any great change, to what do you attribute it?

Is it a fact that you owe to your wholesale and mail order trade the greater proportion of your business earnings?

And is it true that this business has been established by catalogues and advertising and is not due to your location?

For strictly retail jewelry trade, what would you think would be a fair rental for your store? How does your holiday trade compare now with what it was ten or fifteen years ago, general business conditions in your line being considered?

Are the above statements absolute facts, and would you verify them with affidavits if requested?

Would you allow a committee to examine your books to prove your statements?

How much less are you paying per year for your store

for the year ending April 30, 1905, than you did for the year ending April 30, 1895?

What are the prospects for business ahead?

If your store was worth $150.00 per month ten years ago, what would it be worth to you now?

How does the class of people that are patronizing you and passing your place of business at present compare with those that used to be there ten or fifteen years ago?

CHICAGO, March 15, 1905.

Established 1874. Incorporated 1894.
JOS. P. WATHIER CO.,
Wholesale Jewelers,
178 West Madison Street.
Telephone Monroe 461.

CHICAGO, March 16, 1905.

Mr. Charles H. Blair,
175 *Dearborn St., Chicago.*

DEAR SIR:—

Agreeable to your request of the 15th inst. we herewith hand you a statement of conditions which exist at the present date and have existed since 1883.

We have been located at the above number since 1883 as Wholesale, Mail-order and Retail Jewelers, and have practically been in daily attendance during that time, and would state that the present conditions compared with those of ten or twelve years ago are not as good as then. We would attribute the change to several reasons: the removal of The Peoples Gas Light and Coke Co.'s office, The Home National Bank, the postoffice from Halsted and Washington Streets, the West Town office from

the Haymarket Building, the removal of the Ogden Avenue, Blue Island Avenue and South Halsted street cars from our street, and also the removal of all the better class of people from our surrounding section.

Our principal business is Wholesale, Mail-order and Catalogue business, the upbuilding of which is not due to any particular location in which we are located. We would consider $100.00 per month a fair rental, at our present location, for a strictly retail jewelry business, as our trade in this line has decreased at least 50 per cent. since 1893, which facts our books will verify.

We would consider the future purely speculative for this locality.

Respectfully yours,

(Signed) Jos. P. Wathier Co.

Chicago, March 15, 1905.

Neely Brothers,
172 *West Madison Street, Chicago.*

Gentlemen:

The store which you occupy at the foregoing address is in a building belonging to me. The ground on which this building stands I lease from the Board of Education of the City of Chicago. According to the terms of my lease, the ground rental is fixed every ten years, by reappraisement made by a Board of Appraisers. In accordance with certain provisions in said lease, the following gentlemen have been named as appraisers: John McLaren, Esq., Judge Arba N. Waterman and Elbridge G. Keith, Esq.

In order to assist and guide these gentlemen in arriving at a correct and equitable appraisement of the prop-

erty, I am preparing a statement, and am going to ask several of my old tenants to write me a letter giving actual facts, which I may possibly desire to verify with affidavit, believing that the honest expressions of your long experience will be worthy of great consideration. Your letters will be written with the understanding that they will be brought, in each case, to the attention of this committee or their successors.

I enclose memorandum of questions, the answers to which I think would give about the information required, and I wish that you would make any additional statement which you desire.

If you are willing to accommodate me in this matter, kindly address letter to me at 175 Dearborn Street, as soon as convenient.

Yours truly,
(Signed) Charles H. Blair,
McCall, *Agt.*

Duplicate.

Original delivered to J. C. Neely in person, March 15, 1905, by
(Signed) H. E. M.

Memorandum of Questions for Neely Brothers.

How long have you continuously occupied the store, 172 West Madison Street?

For what line of business?

Have you been in daily attendance at that business without interruption for the number of years, as above stated?

How much less rent are you paying for the year ending April 30,1905, than you did for the year ending April 30, 1895?

Have you noticed any material change in business conditions during your experience on West Madison Street?

If so, please state the time of material change and give your opinion of what caused it.

Have you relied entirely on transient trade? If you should, how much per month would this store be worth to you?

Is it a fact that you derive most of your income from mail order trade, which has been established throughout the country by your catalogues and advertising?

From what neighborhoods did you formerly draw a considerable retail trade, and how do you account for the loss of this business?

How does your transient trade at present compare in class and amount as to what it did ten, twelve or fifteen years ago?

Chicago, March 15, 1905. (Duplicate.)

Original delivered to J. C. Neely in person, March 15, 1905, by (Signed) H. E. M.

NEELY BROS.,
Makers of
The NEELY SHOES.
172 W. Madison St.

CHICAGO, March 16, 1905.

Mr. C. H. Blair, City.

DEAR SIR: Replying to yours of the 15th, we have been occupying the store at 172 W. Madison street since May

1, 1891—fourteen years—with the best line of boots and shoes carried on the West Side. We have given close personal attention to the business, and have done everything possible to increase it. We get out a catalog for our mail-order business, and have collected quite a list of names of our customers by asking for their names when in the store. To these people we have also sent our catalogues—something that no other house in our line on this side of the city does.

In the hope of building up a good business, we have cut our profits to the lowest possible point, and in spite of all this the business shows a steady decline, with the exception of 1903, when it ran a little ahead of the previous year, due to the fact that the Emerson shoe store had been closed up. Last year came up smiling with the same old decline, as if it had come to stay.

We account for this change in the neighborhood (because we hear from about all of the merchants in our vicinity the same tale of woe) in the general change of street car transportation, as well as the great growth of the department stores on State street, and their "frenzied" ads.

Years ago we used to have the cars from Blue Island avenue and Halsted street, turning around the corners, and going right past our doors.

A very important line also was the Ogden avenue cars, which brought us lots of business on Saturday nights, as well as all through the week. The value of this road was very forcibly brought home to us on the first Saturday night after the change, from the fact that not one customer came in from that section of the city. The change in the running was made on Thursday, and when we

heard of it, we agreed that we would pay particular attention to see what effect it would have on the trade we had in the Lawndale section, and our conclusion was that it was a very bad "dump" for this part of the city. We now seldom hear the word "Lawndale" mentioned in the store, while it used to be one of the commonest ones. Our system of taking the names of our customers gives us authority to be as confident as we are of this change.

There is little or no transient trade in this vicinity, and if it was not for our mail-order business we could not afford to stay here. Any one, with half an eye, can easily see the difference between the crowds that used to occupy the corners on a pleasant evening years ago, and the few people that are now to be found there. Up to recently there was a considerable population of nice people living within a radius of five blocks of our corners. They have gradually moved to better locations—in many cases to the neighborhood, or at least as far as Kedzie avenue. The result is that they find it more convenient to take the elevated roads to the center of the city, and Madison and Halsted streets are "lost in the shuffle."

The transient trade of ten or fifteen years ago was far ahead of anything that we get now. Fully 90 per cent. of the new trade we get is sent directly to us by old customers. If we had to rely upon the transient trade we should soon "dry up and blow away." It is only for the fact that we have a trade that we established before the department stores were such an important item, that we can do enough business to stay here, with the help of our mail-order business, as we have been within a few feet of the present location since January 1, 1875, over thirty years.

Some six years ago we told you candidly of the way business was going, and you were generous enough to make a reduction of 30 per cent. in our rent.

If we had to rely upon the business that is actually here, without counting our influence in drawing it here, we should not be willing to pay more than 50 per cent. of the present rental, and believe that no one else could do better than that. We consider that our catalogue in the country and city is all that has held us here, and not the location at all.

We are sending you this statement without any hope of it doing us any good whatever, as we have a lease that was delivered to us before the receipt of your letter asking for the facts.

Very truly,

NEELY BROS.
(Signed) J.

P. S.—You probably know that the Ogden avenue cars now get down town by way of Randolph street instead of Madison, as formerly, and that the Milwaukee avenue, Blue Island avenue, and the South Halsted cars all keep far away from us, while we formerly had them all going down Madison street, in the "good old times."

CHICAGO, March 14, 1905.

Bernhard & Company, 166, 168 *and* 170 *West Madison Street, Chicago.*

GENTLEMEN: The store floors and basements which you occupy at the foregoing address are in buildings belonging to me. The ground on which these buildings stand, I lease from the Board of Education of the City of Chicago. According to the terms of my lease, the

ground rental is fixed every ten years, by reappraisement made by a Board of Appraisers. In accordance with certain provisions in said lease, the following gentlemen have been named as appraisers: John McLaren, Esq., Judge Arba N. Waterman and Elbridge G. Keith, Esq. In order to assist and guide these gentlemen in arriving at a correct and equitable appraisement of the property, I am preparing a statement, and am going to ask several of my old tenants to write me a letter giving actual facts, which I may possibly desire to verify with affidavit, believing that the honest expressions of your long experience will be worthy of great consideration. Your letters will be written with the understanding that they will be brought, in each case, to the attention of this committee or their successors.

I enclose memorandum of questions, the answers to which I think would give about the information required, and I wish that you would make any additional statement which you desire.

If you are willing to accommodate me in this matter, kindly address letter to me at 175 Dearborn street, as soon as convenient.

Yours truly,
(Signed) Charles H. Blair.
McCall, *Agt.*

Duplicate.

Original delivered to Joseph Bernhard in person, March 15, 1905, by (Signed) H. E. M.

MEMORANDUM OF QUESTIONS FOR BERNHARD & COMPANY.

What is your business, how long have you been continually engaged in such business in the immediate vicinity of Madison and Halsted streets?

How long have you occupied the premises you now occupy and what rent did you pay for each store on your first lease?

When does your present lease expire?

What do you think of the present business conditions at Madison and Halsted streets, as compared with those of ten years ago this time?

To what do you attribute any change?

Can you mention the names of reputable business men who have been actively engaged in business in the immediate neighborhood of Madison and Halsted streets for ten years or longer, whose opinions you believe would coincide with yours as expressed above?

If so, please state their names and whether or not you think they would make statements if requested.

Chicago, March 14, 1905. Duplicate.

Original delivered to Joseph Bernhard in person, March 15, 1905, by (Signed) H. E. M.

Bernhard's
men's and women's
clothiers and outfitters.

Telephone Monroe 545.
166-68-70 W. Madison St.,
Opposite Haymarket Theatre.

Chicago, March 16, 1905.

Charles H. Blair, 175 *Dearborn St., City.*

Dear Sir: We beg to acknowledge receipt of your favor of the 15th inst., regarding the conditions existing in and near Madison and Halsted streets, compared with conditions ten years ago. We are pleased to give you facts as we see them.

We are engaged in the retail clothing business and have occupied the premises 168-170 W. Madison street since September 1, 1901, and No. 166 since May 1, 1903. Previous to 1901, the writer, Mr. J. Bernhard, was connected with Woolfs Clothing Co., corner Madison and Halsted streets, for fifteen years continuously, as secretary and manager of said concern.

At the time we rented the premises of you they had been unoccupied for at least four or five years and no doubt you were glad to accept our offer of $75 per month per store. And, on account of the low rental and the large personal following enjoyed by Mr. Bernhard, we thought we would have no difficulty in building up a large and profitable business, but were very much disappointed, and, after a year of ups and downs without making any headway, in spite of low rental and expense of conducting business, we were about ready to move to some other location, on account of so little transient patronage

caused by poor transportation facilities. This, we certainly would have had to do, if we had not changed the policy of our business from a cash basis to an installment or easy payment one, and it is questionable if we would not be better off in a good down town location in a second or third floor loft at $1,200 per annum; as all of the business must be done here by expensive advertising. Our lease expires May 1, 1906, and we are not prepared to say at the present time whether we care to renew or not with conditions as they are now. We will show an example of difference in conditions and rentals on the best and most valuable corner, namely, northeast corner Madison and Halsted streets, occupied by Woolfs Clothing Co. Lease on said corner was renewed for seven years from 1891-1898 at an annual rental of $16,000 per year. In 1893, conditions had changed so, that Mr. James Parker, the owner of the above described property, voluntarily reduced rental one-half (½), and later in 1904, again reduced same to $6,000 per year. The same condition applies to building 177 W. Madison street, formerly occupied by Woolfs Clothing Co., now occupied by S. F. Smith. Woolfs Clothing Co. paid $7,500 per year and when they dropped same, landlord, after remodeling same at an outlay of $10,000, rented to said S. F. Smith at $4,200 per year.

The above statement will apply probably to every building in the neighborhood and Mr. Bernhard is ready to make affidavit to all of the above. If you want any further information along this line, he will be glad to assist you.

Yours truly,

E/B (Signed) Bernhard & Co.

CHICAGO, March 15, 1905.

Louis H. Forster, 180 *West Madison Street, Chicago.*

DEAR SIR: The store which you occupy at the foregoing address is in a building belonging to me. The ground on which this building stands, I lease from the Board of Education of the City of Chicago. According to the terms of my lease, the ground rental is fixed every ten years, by reappraisement made by a Board of Appraisers. In accordance with certain provisions in said lease, the following gentlemen have been named as appraisers: John McLaren, Esq., Judge Arba N. Waterman and Elbridge G. Keith, Esq. In order to assist and guide these gentlemen in arriving at a correct and equitable appraisement of the property, I am preparing a statement and am going to ask several of my old tenants to write me a letter giving actual facts, which I may possibly desire to verify with affidavit, believing that the honest expressions of your long experience will be worthy of great consideration. Your letters will be written with the understanding that they will be brought, in each case, to the attention of this committee or their successors.

I enclose memorandum of questions, the answers to which I think would give about the information required, and I wish that you would make any additional statement which you desire.

If you are willing to accommodate me in this matter, kindly address letter to me at 175 Dearborn street, as soon as convenient.

Yours truly,

(Signed) CHARLES H. BLAIR.

Duplicate. McCALL, *Agt.*

Original delivered to Louis H. Forster in person, March 15, 1905, by (Signed) H. E. M.

MEMORANDUM OF QUESTIONS FOR MR. FORSTER.

How long have you been engaged in business in the vicinity of Madison and Halsted streets?

In what line of business?

How does business compare at present, and, say, for the past two or three years, with what it was ten or fifteen years ago?

If any great change, to what do you attribute it?

Where is the good trade you formerly enjoyed now doing business?

Kindly make any statement which in your judgment would assist in ascertaining a true valuation of this property.

Duplicate.

Original delivered to Louis H. Forster in person, March 15, 1905, by (Signed) H. E. M.

Phone Polk 1252.

Office of
FORSTER SHIRT CO., INC.,
180 W. Madison Street.
74 So. Halsted Street.
Clothing, Gents' Furnishing Goods, Hats and Caps.

CHICAGO, March 15, 1905.

Mr. C. H. Blair, 175 *Dearborn Street, Chicago.*

DEAR SIR: In answer to your letter of the 15th inst., in which you ask for a statement of existing conditions of business, in the vicinity of Madison and Halsted streets, I will say that I have been in business for the past fifteen years in the above mentioned vicinity. My line of business is hats and men's furnishing.

You ask how business compares at present, and say for the past two or three years, with what it was ten or fifteen years ago.

I will answer that business is cut down to one-half and it has been duller for the past two or three years, and I attribute the great change in this locality to the better class of families moving further west; the night trade that we formerly had, which was often better than the day business, has entirely disappeared. It really does not pay to keep open and light up the store, because it only makes a large *gas bill* and *big electric light bill* to "*pay,*" but nothing coming in to pay with.

I asked a neighbor of mine what he thought the trouble was with the night business and this is what he answered: "Do you expect a respectable lady or gentleman would come down as far as Madison and Halsted streets to do any trading at night? Why they are not safe, the way things look around here."

Furthermore, if necessary, I will produce my books, which throw a little more light on the subject.

I sincerely hope that my letter will assist and guide the Board of Appraisers in arriving at a correct and equitable appraisement of your property.

I remain, Sincerely yours,
(Signed) Louis H. Forster.

Chicago, March 15, 1905.

William A. Freeman,
174 *West Madison Street, Chicago.*

Dear Sir:

The store which you occupy at the foregoing address is in a building belonging to me. The ground on which

this building stands, I lease from the Board of Education of the City of Chicago. According to the terms of my lease, the ground rental is fixed every ten years, by reappraisement made by a Board of Appraisers. In accordance with certain provisions in said lease, the following gentlemen have been named as appraisers: John McLaren, Esq., Judge Arba N. Waterman, and Elbridge G. Keith, Esq. In order to assist and guide these gentlemen in arriving at a correct and equitable appraisement of the property, I am preparing a statement, and am going to ask several of my old tenants to write me a letter giving actual facts, which I may possibly desire to verify with affidavit, believing that the honest expressions of your long experience will be worthy of great consideration. Your letters will be written with the understanding that they will be brought, in each case, to the attention of this Committee or their successors.

I enclose memoranda of questions, the answers to which I think would give about the information required, and I wish that you would make any additional statement which you desire.

If you are willing to accommodate me in this matter, kindly address letter to me at 175 Dearborn Street, as soon as convenient.

Yours truly,

(Signed) CHARLES H. BLAIR

McCall Agt.

Duplicate.

Original delivered to William A. Freemen in person, March 15, 1905, by

(Signed) H E M

MEMORANDUM OF QUESTIONS FOR WILLIAM A. FREEMAN.

How long have you occupied the store, 174 West Madison Street, and for what purpose?

Have you been continuously engaged in the management of your business?

How much less are you paying for your store for the year ending April 30, 1905, than you did for the year ending April 30, 1895?

How do your daily receipts compare now, with what they were ten, fifteen or twenty years ago?

Do you have the same class of trade?

What do you think of West Madison Street and its future?

If you care to, please state how much money you have lost in the last ten years, in your business at the above address.

On the basis that the store was worth to you, say $150.00 per month, ten years ago, how much would it be worth today?

Have you ever talked with any other old-time business men in your immediate vicinity, who are not tenants of Mr. Blair's property, and whose opinion you believe would coincide with yours?

If there has been a marked change in business conditions in your vicinity, to what do you attribute it?

Do you intend to continue in business at the above address after April 30th this year?

If not, why are you going to stop?

Chicago, March 15, 1905.

(Duplicate.)

Original delivered to William A. Freeman in person, March 15, 1905, by

(Signed) H. E. M.

FREEMAN'S
OYSTER AND CHOP HOUSE,
174 West Madison Street.

CHICAGO, March 17, 1905.

Mr. Charles H. Blair,
175 *Dearborn Street, Chicago.*

DEAR SIR:

Replying to your questions under date of the 15th instant, I will say that I am at 174 West Madison Street, and have been here for twenty years. While the business of the last year or two is a shade better than for the last three years previous to that time, take it ten or twelve years ago, my business was more than double what it is now. And that is due to the withdrawal of so many business houses from the neighborhood, and the filling in of a cheaper class of trade. Everybody knows that. The bank, the gas company, Fraser & Chalmers and two clothing stores from the corner of Halsted and Madison streets and many other business firms that moved away.

I am now paying about half the rent that I paid ten years ago and still not making so much money out of my business as I was then. I cater to the first class business trade that comes several blocks from my present location, and if it were not for the trade that comes quite a distance, I could not afford to pay the rent that I do.

Yours respectfully,

(Signed) W. A. FREEMAN.

FSA

CHICAGO, March 15, 1905.

Daniel Wagner,
86 *South Halsted Street, Chicago.*

DEAR SIR:

The store which you occupy at the foregoing address is in a building belonging to me. The ground on which this building stands, I lease from the Board of Education of the City of Chicago. According to the terms of my lease, the ground rental is fixed every ten years, by reappraisement made by a Board of Appraisers. In accordance with certain provisions in said lease, the following gentlemen have been named as appraisers: John McLaren, Esq., Judge Arba N. Waterman, and Elbridge G. Keith, Esq. In order to assist and guide these gentlemen in arriving at a correct and equitable appraisement of the property, I am preparing a statement, and am going to ask several of my old tenants to write me a letter giving actual facts, which I may possibly desire to verify with affidavit, believing that the honest expressions of your long experience will be worthy of great consideration. Your letters will be written with the understanding that they will be brought, in each case, to the attention of this Committee or their successors.

I enclose memorandum of questions, the answer to which I think would give about the information required, and I wish that you would make any additional statement which you desire.

If you are willing to accommodate me in this matter, kindly address letter to me at 175 Dearborn Street, as soon as convenient.

Yours truly,
(Signed) CHARLES H. BLAIR,
McCall Agt.

Duplicate.

Original delivered to Daniel Wagner in person, March 17, 1905, by

(Signed) H. E. M.

MEMORANDUM OF QUESTIONS FOR MR. DANIEL WAGNER.

How long have you been engaged in business in Mr. Blair's property at Madison and Halsted Streets?

In what line of business?

How does your trade at present or for the past few years, at the above address, compare with what it was, say eight or ten years ago?

Kindly make statements of facts which you think would furnish information concerning the true valuation of the property.

Duplicate.

Original delivered to Daniel Wagner in person, March 17, 1905, by

(Signed) H E M

Office of
DAN WAGNER'S BAKERY
49 West Madison St.
Phone Main 2958

CHICAGO, March 18, 1905.

Mr. Charles H. Blair,
175 *Dearborn St.*

DEAR SIR:

In answer to your questions, you just tell them that business has fallen off just about one-third since ten years ago. I have had a lunch room in your building at 86 Halsted Street over ten (10) years and I have other places and the business has fell off all over.

The change in car service has not affected me so much, because people don't take a car to eat; but the general business depression in the West side has fallen off.

Yours truly,

(Signed) Dan Wagner.

Chicago, March 15, 1905.

Thomas McGauley,

82 *South Halsted Street, Chicago.*

Dear Sir:

The store which you occupy at the foregoing address is in a building belonging to me. The ground on which this building stands, I lease from the Board of Education of the City of Chicago. According to the terms of my lease, the ground rental is fixed every ten years, by reappraisement made by a Board of Appraisers. In accordance with certain provisions in said lease, the following gentlemen have been named as appraisers: John McLaren, Esq., Judge Arba N. Waterman, and Elbridge G. Keith, Esq. In order to assist and guide these gentlemen in arriving at a correct and equitable appraisement of the property, I am preparing a statement, and am going to ask several of my old tenants to write me a letter giving actual facts, which I may possibly desire to verify with affidavits, believing that the honest expressions of your long experience will be worthy of great consideration. Your letters will be written with the understanding that they will be brought, in each case, to the attention of this Committee or their successors.

I enclose memorandum of question, the answers to which I think would give about the information required, and I wish that you would make any additional statement which you desire.

If you are willing to accommodate me in this matter kindly address letter to me at 175 Dearborn Street, as soon as convenient.

Yours truly,
(Signed) CHARLES H. BLAIR,
McCall Agt.

Duplicate.

Original delivered to Thomas McGauley in person, March 15, 1905, by
(Signed) H E M

MEMORANDUM OF QUESTIONS FOR MR. THOMAS McGAULEY.

How long have you been engaged in business in South Halsted Street in the block between Madison and Monroe Streets?

Have you been engaged continually in business in Mr. Blair's building, since they were first completed?

Is it a fact that you are now paying one-third less rent than you were at this time ten years ago, and that your present rental and that for the coming year is as high or higher than you have paid at any time during the past eight years?

During the past twenty-five years, at what period were your business conditions best? How have they been for the last seven, or eight years, as compared with ten, twelve or fifteen years ago or thereabouts?

Can you give any reason for the changes?

Duplicate.

Original delivered to Thomas McGauley in person, March 15, 1905, by
(Signed) H. E. M.

T. McGauley
Dealer in
BLANK BOOKS, STATIONERY,
Cigars and Tobaccos
82 South Halsted Street

Chicago, March 16, 1905.

M. C. H. Blair,

Dear Sir:

In reply to your request for a statement from me in regard to the business on Halsted Street since I came on the street, and more especially the last ten years, as regards rents, etc. I submit the following facts, which you can use as you think best.

In the fall of 1877—I rented (Mr. Dodge being then the landlord) a small store on Halsted street between the corner of Madison st. and the alley as a News Depot and Cigar store—and remained there until Mr. Crilly and yourself got the ground lease—and in October 1880 I rented from you and have been with you ever since. So I have seen Halsted Street in its best as well as in its dullest periods. When I rented in 1877 and along up to 1890 Halsted and Madison st. was the busiest corner in Chicago at night. But when the street railroad company took and changed the route of their cars from running down Halsted to Madison and Randolph st. and sent them around Van Buren St. the business left the corner and it is only lately since the transfer system went into effect, and the cars increased on the street, has any change for the better been felt. In regard to the last ten years—the rents have undergone a great change—

Ten years ago I was paying for my store $85.00 a month but it was only a fictitious world fair boom, that

made it so high. Business was very poor, and as a result the rent fell the following years—from $85.00 to $75.00 and then to $60.00 and then to $45.00 and in 1898 I only paid $40.00 a month—and it is only the past four years that business is gradually improving and the rents have been gradually increasing from $40.00 to $45.00 then to $50.00 and for the past year and the coming year it is $55.00 a month.

Yours respectfully,
(Signed) THOMAS McGAULEY.

CHICAGO, March 18, 1905.

Gamron & Maddock,
180-184 *West Madison Street, Chicago.*

GENTLEMEN:

The offices which you occupy at the foregoing address are in a building belonging to me. The ground on which this building stands, I lease from the Board of Education of the City of Chicago. According to the terms of my lease, the ground rental is fixed every ten years, by reappraisement made by a Board of Appraisers. In accordance with certain provisions in said lease, the following gentlemen have been named as appraisers: John McLaren, Esq., Judge Arba N. Waterman, and Elbridge G. Keith, Esq. In order to assist and guide these gentlemen in arriving at a correct and equitable appraisement of the property, I am preparing a statement, and am going to ask several of my old tenants to write me a letter giving actual facts, which I may possibly desire to verify with affidavit, believing that the honest expressions of your long experience will be worthy of great consideration. Your letters will be written with the understanding that they will be brought in each case, to the attention of this committee or their successors.

I enclose memorandum of questions, the answer to which I think would give about the information required, and I wish that you would make any additional statements which you desire.

If you are willing to accommodate me in this matter, kindly address letter to me at 175 Dearborn Street, as soon as convenient.

Yours truly,
(Signed) CHARLES H. BLAIR,
H. E. McCall.

Duplicate.

Original delivered to Gamron & Maddock in person, March 18, 1905, by
(Signed) H E M

MEMO. OF QUESTIONS FOR GAMRON & MADDOCK.

None asked.

I. C. GAMRON, D. D. S. W. I. MADDOCK, D. D. S.

Office of
DRS. GAMRON & MADDOCK
DENTISTS
180 West Madison St.
S. E. Cor. Madison and Halsted Sts.

CHICAGO, March 18, 1905.

Mr. C. H. Blair,
175 *Dearborn Street, Chicago.*

DEAR SIR:

We have been engaged in the practice of dentistry for the past fifteen years; from 1890 to 1892 in your building, from 1892 to 1899 in the Eureka Building opposite here on Madison Street, and then from May 1, 1899, to the present time again in this building, with a lease continuing one year longer to April 30, 1906.

Due to conditions existing in this neighborhood, we are going to get out and have made a six year lease, beginning the first day of this coming May, for the second floor N. W. corner of State and Randolph streets. We are tied here for another year by our present lease. In trying to sub-let the premises, we have been able to get offers not to exceed one-half the rent we are paying. We expect to pocket the loss of one-half a year's rent on our present offices; but, notwithstanding this loss, we think it would be best to get over town and not waste any more time in this neighborhood.

One reason, for instance, when we told one of our old time patients of our intention to move down town, he said, "Good! You have been doing work for myself and sons for the last several years, during which time I have paid from four to six hundred dollars for dentistry for my wife and daughters, and had you been down town, I would have sent that business to you." This is only one of many cases, similar.

When we opened up here, we did a great deal more transient trade. It is now less than 5% of our gross receipts. There used to be easily four or five times as much transient as at present.

If you come and see us, if you come and talk to us, we can tell you things we do not care to write. The good class of people who formerly had their residences in this neighborhood, have been crowded out. Bums, gamblers, thugs, barrel houses and lodging houses have taken their place. Washington Street formerly, for instance, ten years ago and up to six years ago, also Sangamon and Morgan streets, were good residence neighborhoods.

After fifteen years experience here, we say this cor-

ner is gone to the bad and any first class old time retail dealer in this neighborhood will tell you the same thing.

We have confined ourselves to facts, which we will substantiate personally, and these statements are made voluntarily. The revaluation does not affect us in any way, we having no personal interest in this matter. We expect to pay you another year's rent, and are glad to have this opportunity of informing you fully of why we are leaving the neighborhood.

Yours truly,
(Signed) Gamron & Maddock.

At the last re-appraisal, Mr. Blair's annual ground rental was raised over $6,000.00 and he has often stated to me, during the past three or four years, that a fair rental for him to be paying would be $10,000.00 per annum, instead of the present exorbitant rental, which he has been paying under written protest, a copy of which follows:

(copy)

Chicago May 8th 1901.

L. E. Larson Secy.
Schiller Bldg. City.

I, Charles H. Blair, do hereby protest against the appraisement made by the Board of Appraisers for the year 1901, on the property leased by me from the Board of Education, viz: lots 2 to 9 inclusive and lots 11 to 20 inclusive in block 1, in School Section Addition to Chicago, and against all proceedings had in relation thereto, and do hereby tender to you the rent alleged to be due under and by virtue of this lease, for the three months ending August 8th, amounting to the sum of $4875.00 under protest, reserving all rights that I have under and

by virtue of my lease from the Board of Education, the same as if I had continued to pay the rent fixed by the Board of Appraisers for the year 1885 and ratified by the Board of Education.

Very respectfully

CHARLES H. BLAIR,
H. E. MCCALL *Agt.*

The letters hereto attached are from some of the present tenants of the buildings on the property in question, who have been located in the same premises or in the same neighborhood during the past ten to thirty years, and in a measure illustrate the difference between conditions now existing and those which existed prior to the time of elevated railroads and other rapid transportation facilities. And I desire to add that it was a conceded fact that the corners of Madison and Halsted Streets twelve to twenty years ago were nearly as vaulable for retail purposes as any property in the City of Chicago; but, since that time, they have been steadily depreciating in value, due to several causes, principally the concentration of business within the "Loop," due to the elevated roads and all other lines of transportation centering there;—also due to the fact that all Halsted Street and Blue Island Avenue car lines, which formerly rounded at this corner, now turn at Van Buren Street, thereby robbing this corner of a very large amount of patronage of the great Southwest Side of the City; and also, the character of the surroundings changed from that of a good residence section to one of the most inferior kind. Besides which the rentals of the property today, in that entire section, are, as an average, not more than fifty or sixty per cent of what they were prior to 1893. These, together with other causes too numerous

to mention, have all militated to the disadvantage of this property. The buildings are kept fairly well rented through dint of the closest attention and greatest effort.

On behalf of Mr. Blair, taking everything into consideration and in a spirit of fairness, I hereby offer The Board of Education the sum of Ten Thousand Six Hundred ($10,600.00) Dollars per annum for the ten years commencing May 8, 1905, and ask you for an appraisal of the ground on this basis.

H. E. McCall,
Attorney in fact for
Charles H. Blair.

REPLY OF BOARD OF EDUCATION TO STATEMENT OF C. H. BLAIR.

To The Honorable Board of Appraisers
of School Fund Property
of the City of Chicago.

Gentlemen:—

In the matter of the lease of Charles H. Blair from the Board of Education of the City of Chicago of the property known as Lots 2, 3, 4, 5, 6, 7, 8 and 9 and 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20 in Block 1 of School Section Addition to Chicago, known as Nos. 166 to 184 West Madison Street, and Nos. 80 to 100 South Halsted Street, Chicago, Illinois, said Lots 2, 3, 4, 5, 6, 7, 8 and 9 having a frontage of 200 feet, north front, on Madison Street and 100 feet, west front, on Halsted Street to an alley, said Lots 11, 12, 13, 14 and 15 having a frontage of 125 feet, west front, on Halsted Street, 136.65 feet north of Monroe Street, by 150 feet in depth, to an alley, and Lots 16, 17, 18, 19 and 20 having a frontage of 136.65

feet, west front, on Halsted Street, by 100 feet, south front, on Monroe Street, to an alley.

Your Honorable Body are called upon, under the terms of the lease and supplements thereto made between the Board of Education of the City of Chicago and said Charles H. Blair, to determine and ascertain the present cash market value of the fee of said above described property.

Under date of March 25, 1905, Mr. H. E. McCall, signing as attorney in fact for Charles H. Blair, filed with your Honorable Body a statement for the purpose of guiding you in determining the present cash value of said lots, and this statement is filed on behalf of the Board of Education of the City of Chicago for a like purpose.

As we endeavored to show you in our statement filed in the matter of the lease of Daniel F. Crilly with the Board of Education of the City of Chicago, our contention is, that the true and correct method to be followed in fixing your appraisal on these lots is to determine the present cash value of the naked lots with a clear title in fee simple, not taking into consideration the improvements thereon, and not considering the leasehold in connection therewith.

In support of this contention, in our statement made to you on the Crilly lease we cited to your Honorable Body the case of *Warren Springer* v. *John Borden,* reported in volume 210, at page 518, of the Illinois State Supreme Court Reports, and we quoted in our statement with reference to the Crilly lease at much length from this case. As we have already placed the views of the Supreme Court fully before your Honorable Body, we con-

tent ourselves, in this statement, with simply referring to the case, and this partly for the purpose of apprising the representative of the Blair lease of the legal authority relied upon by us.

We now present to you our answer to the statement of fact set up in the statement made on behalf of Mr. Blair, and will attempt to furnish you with other facts, not submitted by him, which we deem will aid you in arriving at a correct decision in this matter.

In 1895 the appraisers fixed the value of the 200 feet frontage on Madison Street at $180,000.00, and the value of the 261.65 feet on Halsted Street at $145,000.00, making a total valuation of $325,000.00. Under the terms of the lease, the rent from this sum was, therefore, fixed at $19,500.00 per annum. Mr. McCall, as attorney in fact for Mr. Blair, concludes his statement by asking your Honorable Body to fix the rental of the aforesaid property for the ensuing ten years at the sum of $10,600.00 per year, or a fraction over one-half of what has been paid during the past ten years. In support of his request, he has submitted valuations placed on said lots by the Real Estate Board of the City of Chicago, as follows:

On the Madison Street frontage,	$115,000.00
On the Halsted Street frontage,	77,160.00

If these sums were to be taken as a correct valuation of the lots, the rental per year would be $11,529.60.

Outside of the valuations placed by the Real Estate Board on the lots in question, Mr. McCall's statement is almost entirely made up of communications from tenants on the premises, written in reply to a request made of them. Outside of the valuation placed on the lots by the Real Estate Board and the statements made by ten-

ants, the statement furnished you by Mr. McCall is made up of general assertions not supported by facts. The Valuation Committee of the Real Estate Board have given no reasons for the valuations placed upon these lots, contenting themselves with simply certifying that, in their judgment, the value of the ground is, at the present time, as above stated.

In 1881 the rent agreed upon between the Board of Education of the City of Chicago and Crilly and Blair, who were at that time the lessees of said lots, was $9,-027.00. In 1885 the appraisers found the rental value of said lots to be $13,252.50. In 1889 Mr. Blair bought out the interest of Mr. Crilly in the lease and paid him a bonus for the leasehold interest, in addition to the value of the buildings. In 1895, after a full presentation of facts to the Board of Appraisers then fixing the value of these lots, the rental value was found to be $19,500.00 per year, and that sum has been paid for the past ten years. Mr. McCall, on behalf of Mr. Blair, now asks that the rental of said lots be reduced to $10,600 per year.

We know of nothing which has occurred in the past ten years to reduce the rental value of these lots, and we are unable to see how Mr. Blair can claim he is entitled to any such reduction, or in fact to any reduction when

"First:—The population of the City has largely increased in that time to the extent, probably, of 600,000 new people. People make values, and the increase in the number undoubtedly increased values.

Second:—John M. Smyth, adjoining Blair on the east, has made the greatest success of his life in his business at that locality since 1895.

Third:—Adam Schaaf, at the corner of Union and Madison Streets, paid, since 1895, $1,000.00 a front foot for that corner, which is 20 feet shallower than Blair's, and on it put up a handsome four story piano house, which is a business success. Blair's frontage on Madison Street, 20 feet deeper, in 1895 was valued at only $900.00 a front foot.

Fourth:—When the 1895 valuations were placed, we were still in the throes of the panic of 1893, the baneful effects of which have since disappeared and we are now in the midst of prosperous real estate times.

Fifth:—Since 1895 the West Side has seen the genuine development of its life, from the river as far west as Peoria Street and in the district from Lake to Harrison Street. On the south are the immense structures of the Western Electric; the number of buildings put up by Joseph Downey, William Grower and Isaac Rubel; the last mentioned gets from the Co-operative Supply Company in a single rent $37,000.00 a year. Many other large structures have gone up in that district; on Lake Street, in 1898 and 9, Durand & Kasper Co. paid from $900.00 to $1100.00 a front foot for their various purchases; since 1900 Sears & Roebuck have paid J. Harley Bradley $900.00 a front foot for the corner of Fulton and Jefferson Streets, and on the property are now running one of the largest enterprises in the world. Between Randolph and Washington Streets and one-half block beyond, south, along West Water Street, is the mammoth concern of the Butler Brothers, and next to them is the large establishment of Kelley, Maus & Company. Both the Butler Brothers' and the Kelley, Maus & Company's properties are on a basis of a little over $10.00 a square foot, when the Blair's here at this point,

in 1895 was valued at $9.00 a square foot on the Madison Street front and $4.47 a square foot on Halsted Street front.

Sixth:—The City has just finished a notable work in getting the three blocks on West Randolph Street, from Halsted to Sangamon Streets, condemned, making a duplicate 150 foot width, the same as the old Haymarket, which will bring a much larger volume of business to this general locality. On July 26, 1902, the duplicate corner of this, on Randolph and Halsted Streets, Elizabeth Kaschlein, *et al.,* sold to Albert A. Hanisch for $1186 a front foot, or $11.86 a square foot. Even as far down as 12th and Halsted Streets, Mr. Phillipson is now completing, for retail business, the finest department store ever located on Halsted Street at any point. The South East corner of Halsted and 12th Streets has been leased in this last year on a basis of $1,000.00 a front foot, 100 feet deep.

Seventh:—The South West corner of Van Buren and Halsted Streets is leased to Mr. Monaghan on a basis of $1,000.00 a front foot.

Eighth:—It is a matter of easy determination that more people are now being carried on the Halsted Street trolley line than ever before. In place of a diminution in value occurring in West Side property, in the business district of that section, more factors of value have made their appearance there in the last few years than in its entire history heretofore. Able investors regard their holdings there as more securely intrenched in high values as a permanency than ever before. If Mr. McCall's reasons were correct, then ten years hence he would insist on another reduction from the Board. No unbiased person can believe that the bottom is going to drop out

of Chicago real estate values. The fact that this property is situated on the corner of two section lines is an added element of benefit. It must be admitted that, as Mr. McCall states, residences are disappearing from this locality, but it must also be admitted that the wholesale use to which a great portion of this property is now, and has been lately transformed is a very much more valuable use than residence use. The trend of opinions of men interested in this locality is, that here can and will be established the finest retail district on the West Side."

From the foregoing it would seem that the present rental for the lots in question of $19,500.00 a year is a very moderate one. We have no means of knowing the effect which may be produced on the minds of your Honorable Body by the values placed on these lots by the Valuation Committee of the Chicago Real Estate Board, but we again call your attention to the fact that they have given you no reasons for such values. We have no means of knowing whether they considered the leasehold value or the reversionary interest, or whether they followed the method laid down by our Supreme Court, as being the correct one, namely: the cash market value of the lots at the present time, irrespective of any lease or buildings connected therewith, the title to the same being clear.

It would seem to us that the following method of computation clearly shows that $19,500.00 a year should be the minimum fixed by your Honorable Body:

The corner of Madison and Halsted Streets, on the present valuation, which, with the Monroe Street corner, produces the rent of $19,500.00, is figured on a basis of $9.00 a square foot, while the corner of Monroe and Hal-

sted Streets is figured on a basis of about one-half that sum, or, to be accurate, $4.47 a square foot. The extreme conservatism of these square foot values is demonstrated when we compare the value of similar locations, to-wit: That at the corner of Union and Madison Streets, as shown by the Schaaf purchase at $12.50 a square foot; that at the corner of Halsted and Randolph Streets, as shown by the Hanisch purchase at $11.86 a square foot, and that established by the lease of the South East corner of Halsted and 12th Streets at $1,000.00 a front foot, making a value of $12.50 a square foot. It is a matter of common knowledge among all persons familiar with West Side values, that none of these last mentioned corners, nor, in fact, any corner on the West Side, is as valuable as the corner of Halsted and Madison Streets, which stands as the point of highest value in the West division of this City.

We respectfully submit to your Honorable Body, that the reduction asked for by the representative of Mr. Blair should not be considered or allowed, and that the minimum rental fixed by your Honorable Body must be at least $19,500.00 per annum.

Board of Education of the City of Chicago,
By James Maher and
Angus Roy Shannon,
Its Attorneys.

CHARLES H. BLAIR.

STATEMENT OF H. E. McCALL IN REBUTTAL.

To the Board of Appraisers of
School Fund Lands (for 1905) of the
City of Chicago.

GENTLEMEN:

On the 27th ultimo, you received a statement dated March 25, 1905, submitted on behalf of Mr. Charles H. Blair, and on the 17th instant the writer received a copy of statement made by the Board of Education in reply thereto.

On the first day of the present month Mr. Charles H. Blair died and, by his last will and testament, the property referred to in the aforementioned statements has passed into the possession of Minnie E. Warren, as Trustee, on whose behalf I herewith desire to make answer to the statement of the Board of Education:

We admit and concede the contention made by the Board of Education in their statement, that the true and correct method to be followed in fixing your appraisal of these lots is "that the present cash value of the naked lots be determined, with a clear title in fee simple, not taking into consideration the improvements thereon and not considering the leasehold in connection therewith."

We quote from statement of the Board of Education the following clause: "We now present to you our answer to the statement of fact set up in the statement made on behalf of Mr. Blair, and will attempt to furnish you with other facts not submitted by him, which we deem will aid you in arriving at a correct decision in this matter."

We do not, nor shall we attempt to avoid any facts, it being our desire to pay a fair rental for the property in question and in strict accordance with the terms and conditions, as well as the spirit, of our leases from the Board of Education. We do not desire to shirk responsibility in any manner whatsoever, and are both ready and willing to pay as rental the six (6%) per cent. of the fair cash valuation of the property, as is required in said leases (though the prevailing rate of income on such cash valuations of land in the City of Chicago, is four per cent net to the owner of said land, and where there are no taxes levied on the ground, as has been the case with property owned by the Board of Education, the rental would be computed at five per cent net on the cash valuation). Present indications seem to be that there will be taxes levied upon the ground, which we have not asked you to take cognizance of in our former statement.

The Board of Education, in their answer, say that they will attempt to furnish you with facts other than those set up in our statement, to which we make answer as follows:

The Board of Education say, that, in support of Mr. McCall's request to make a rental for the ensuing ten years $10,600.00 per annum, he has submitted valuations of said lots by the Real Estate Board of the City of Chicago, and if their valuations are to be taken as a correct valuation of said property, the rental would be $11,529.60 per annum. Believing the Real Estate Board to be too high in their valuation of the property, therefore, the offer of $10,600.00 was submitted, that amount being the minimum rental under the terms of the leases.

I quote the following clause from the statement of the

Board of Education: "Outside of the valuation placed on the lots by the Real Estate Board and the statements made by tenants, the statement furnished you by Mr. McCall is made up of general assertions not supported by facts."

Referring to this clause, I desire to say that every statement made by me is the truth in fact, and I stand ready and willing to be corrected and convinced to the contrary; and I challenge the denial of the truth of any of my assertions in said statement contained; there has been nothing said in the statement of the Board of Education in contradiction of, or disproving statements made by me, nor the unbiased statements made by merchants of good character and standing and which were submitted with my previous statement.

The Board of Education in their statement say: "that the Valuation Committee of the Real Estate Board have given no reasons for the valuations placed upon these lots, contenting themselves with simply certifying that, in their judgment, the value of the ground is, at the present time, as above stated."

With reference to this clause, I desire to say that I had a valuation placed upon this property by the Real Estate Board of the City of Chicago for the purpose of aiding you in your deliberations, and believing their valuation committee (comprised of men of high standing both in the real estate and general community) to be excellent authority and well versed and equipped for the purpose of making such valuation.

I am not familiar with the mode of procedure and the method employed by the valuation committee of the Real Estate Board in arriving at their conclusions, but I shall

be pleased to secure from them any further information or data, if you so desire. I believe that you will agree with me that, if they certify in their judgment, to the value of a certain piece of property, that they do not do so without sufficient reason and warrant.

The Board of Education, in their statement, acting on the theory that the value of this property could only enhance and not depreciate, cite the rental paid for the property herein referred to in 1881, the increased rental paid in 1885, and the increased rental paid in 1895, and say that they know nothing which has occurred in the past ten years to reduce the rental value of these lots, and that they are unable to see how Mr. Blair can claim he is entitled to any such reduction, or in fact to any reduction. If this be the truth, that they are unable to see how Mr. Blair should be entitled to the reduction asked for, it must be either because they are blind to the situation, or that they will not see and admit the fairness of the request for such reduction; and their claiming to know of nothing which has occurred in the past ten years, to reduce the rental value of these lots, shows their ignorance of the conditions now and heretofore existing with reference to this property.

The Board of Education, in seeming justification of the stand which they take, say: "The population of the City has largely increased during the last ten years, probably to the extent of 600,000 new people. People make values, and the increase in the number undoubtedly increased values."

We grant this statement to be correct, but where are these people? The increased population of the City of Chicago is in the outlying districts of the city and largely

in that portion of the down town center within what is known as "the loop." From all I can learn, I venture to say there are today less than 50 per cent. of the number of people who congregate on or walk by the corner of Madison and Halsted streets than there were ten years ago, notwithstanding the large increase in the population of the City of Chicago. Where are the large business institutions which formerly flourished at and near the corner of Madison and Halsted streets, such as Woolf's clothing house, Griesheimer's, the Home National Bank, etc.? They have been forced to locate at other places, on account of the changed conditions, caused by the elevated roads, the Union Loop, and other rapid transportation facilities, which have brought the center of the city into closer contact with the outlying districts, to the detriment of such in-between property as the corner of Madison and Halsted streets. The immense department stores and high office buildings have, as every one posted knows, been most harmful in effect upon the value of such property as Halsted and Madison streets. Also, it should not be forgotten that this property has been largely hurt on account of the abandonment of Madison and Halsted streets by the Blue Island avenue and Halsted street cable lines, and the Ogden avenue street cars. Any one well versed in real estate matters in the City of Chicago, will admit the large increase, during the past ten years, in values of most property in the heart center of the city, which is usually referred to as "within the loop property," also the increased values of outlying property, which was chiefly caused by the present rapid transportation facilities and the consequent congestion now existing within the "loop." We admit the contention of the Board of Education that,

"People make values and the increase in the number undoubtedly increased values." It is a poor rule that does not work both ways, so it must be true that, if the increase in the number of people makes increased values, so does the decrease in the number of people make decreased values. We contend that the number of people congregating or walking by the property in question (so far as we can learn) is less than 50 per cent. of the number on whom this property was dependent upwards of ten years ago, and which at that time gave it a much greater value than it today possesses. In support of this contention, I have undertaken to give you what I believe to be the best proof, viz., *the unbiased statements of reliable men and trustworthy merchants who are thoroughly familiar with conditions as they existed upwards of ten years ago, and as they exist today.*

In support of the foregoing statements and the correctness of the position I take in this matter, I quote the following clauses from the statement (now in your possession) rendered by the Board of Education in reply to Mr. Daniel Crilly's statement with reference to the corner of Monroe and Dearborn streets:

"1. The city has largely increased in population. Any one who reflects knows it is people who make values. If you were to take away the people from Chicago, there would be very little value to the land here. It is true, especially in a business sense, that the greater the number of people who congregate at, or pass, a certain locality, the greater are the values attaching to that point.

"2. We have here in Chicago the ability to bring into the limited space called 'inside the Union Loop,' comprehending thirty-seven blocks, more people a day and

to bring them out again at night, than any other like area in any other city in the world. And again, the values of real estate in the Union Loop district can be made as high as the real estate values of London, Paris, or New York, and are rapidly approaching the same, and still pay handsomely on such value.

"3. The sky-scraper, so-called, has made it possible for down town property to earn two and three times the amount of rent on the same area of ground. One illustration will suffice. The First National Bank people are today getting rent from eighteen stories, where before they got rent from but five."

This condition of affairs has been accomplished not alone by the increase of population of the city, but at the expense of property in other sections of the city. All men posted in Chicago real estate will admit that there are many sections of the city having values today less, by from 25 per cent. to more than 50 per cent., of those prevailing ten to twenty years ago. I make this statement to show that it is not necessarily said that, though a city might increase as Chicago has increased in population in the last decade, that all property must increase in the same ratio. In the case of Chicago, it has been an increase in property formerly considered as outside property and down town property; but sections as that portion of the city bounded by Twelfth street on the north, Thirty-ninth street on the south, Halsted street on the west and the Lake on the east, have many pieces of property contained therein, which will today not sell for more than 40 per cent. and 50 per cent. of what could have been obtained for the same property from ten to twenty years ago.

The same conditions exist in certain sections on the North Side, also in certain sections on the West Side. I could go into detail and quote specific instances and pieces of property, but do not feel the necessity therefor, believing you to be conversant with this situation.

In the statement of the Board of Education in answer to the "Crilly" statement, they say: "The average man does not think Chicago is going to stop growing, and certainly your honorable body cannot speculate on future depreciations which would be merely conjectural and can have no place in your deliberations." We believe this contention to be correct. We do not think that Chicago is going to stop growing, but we do think that she is going to continue to grow, and we hope that ten years hence the growth will have been in our direction; as we would much prefer being identified with property that is going ahead, rather than property not holding its own, or going backwards.

Quoting from the statement of the Board of Education in answer to Mr. Crilly's statement, they say, "It matters not what property sold for ten years ago, or eighty years ago, or any number of years ago, or what it may sell for one hundred years hence; the test is what is the present cash market value of the land in question. And it certainly will be conceded by any unbiased person that down town property is much more valuable today than it was five years, or even three years ago."

I admit the test is, *what is the present cash value of this property?* It certainly will be conceded, by any unbiased person familiar with the situation, that the property in question has not a value, at the present time, of more than 50 per cent. of what it had upwards of ten years ago.

I quote from the statement of the Board of Education in reply to the statement of Mr. Crilly as follows:

"From an analysis of all the transactions bearing on values, the down town minimum value would seem to be on this corner $100 per square foot, or a total of $1,248,000, which, at 4 per cent., would make a rental of $49,920 a year, or, if placed on the 6 per cent. rate, the value would be $66.66 a square foot, or a total valuation of $832,000, which at 6 per cent. would produce $49,920."

From the foregoing it will be observed that, though the Board of Education contend that the value of said corner is $100 per square foot, at the same time their argument seemingly favors the present going rate of income at 4 per cent., and, if this be fair in one case, it should be fair in all cases; and, if we were to try to establish a rate of 4 per cent. on the true cash valuation of the property we have under lease from the board, we would offer less than $8,000 per annum, because we firmly and truly believe that the cash value of the ground which we have under lease is much less than $200,000.

We quote from the statement of the Board of Education as follows: "John M. Smyth, adjoining Blair on the east, has made the greatest success of his life in his business at that locality since 1895." We do not dispute this assertion, but what bearing has this statement upon the question at issue? The concern of John M. Smyth stands alone, in a class by itself. The nature and conditions which surround their business are such, that the location of their business house is not the first, or most essential requisite of their business; as is and was the case with the large establishments which formerly occupied the corners of Madison and Halsted streets,

and Madison street in the neighborhood of said corners. John M. Smyth is in the installment furniture and general mail order business, and we do not attribute any portion of his success to the location of his business house, but believe it to be due to the fact that he is a pioneer in his line and to his individuality, wealth and great business ability.

While we do not contend that the location of John M. Smyth has hurt values in the section in which he is located, at the same time we do contend that his concern being at its present location has not increased the value of the property adjacent to and surrounding him. John M. Smyth's business is largely "mail order" and, as is now being demonstrated in the case of the mail order concern of Sears, Roebuck & Co. (who are moving their great establishment out to 12th and Kedzie avenue), a large portion of his business could be done as well on property worth 50c a square foot, as where he is at present located. In connection with this, let me call your attention to the following clause in the letter of Bernhard & Company, the original of which letter we handed you with our first statement.

"We will show an example of difference in conditions and rentals on the best and most valuable corner, viz., Northeast corner Madison and Halsted Streets, occupied by Woolf's Clothing Co. Lease on said corner was renewed for seven years from 1891 to 1898, at an annual rental of $16,000.00 per year. In 1893 conditions had changed so that Mr. James Parker, the owner of the above described property, voluntarily reduced rental one-half, and later, in 1904, again reduced same to $6,000.00 per year. The same condition applies to building 177 West Madison Street, formerly occupied by Woolf's

Clothing Company, now occupied by S. F. Smith. Woolf's Clothing Company paid $7,500.00 per year and when they dropped same, the landlord, after remodeling same at an outlay of $10,000.00, rented to said S. F. Smith at $4,200.00 per year. The above statement will apply to every building in the neighborhood, and Mr. Bernhard is ready to make affidavit to all of the above."

With reference to what the Board of Education say regarding the corner of Union and Madison streets, purchased by Adam Schaaf, I desire to state, first, that this is a small corner having a frontage of about 45 feet on Madison street and, as every one conversant with the values of real estate used for retail purposes is aware, the smaller the corner the greater and much more proportionate value it bears to the property adjacent thereto. We believe and know that the 50 foot corner of Madison and Halsted streets has a cash value largely in excess of that of the 150 feet east and adjacent thereto. I had a talk with Mr. Schaaf, to ascertain what he considered the present value of their ground at the corner of Union and Madison streets, as compared with the price paid by them for same. Answering my question, he said: "There has been a considerable falling off in values on West Madison Street in this neighborhood in the last ten years. West Madison Street has had a black eye and we must all suffer from it. The conditions are deplorable, but a fact. I have heard men well posted make statements to the effect that values in this neighborhood have depreciated more than 50% during the past ten years."

The Board of Education, in their statement, say: "We are now in the midst of prosperous real estate times." This might be true as regards real estate in the down town and outlying districts, but it is absolutely in-

correct, in connection with that section in the neighborhood of Madison and Halsted Streets, as compared with those times about fifteen years ago.

With reference to the statement of the Board, regarding the development of that portion of the West Side bounded by Peoria Street on the west, Lake Street on the north and Harrison Street on the south, since 1895, and the structures of the Western Electric, the Downey, Grower and Rubel buildings, and other large structures, —have to say that these buildings and improvements, which they speak of as having been put up since 1895, are buildings used for wholsesale and warehouse purposes, and have absolutely no bearing, nor have they given any increased value, to the property in question.

Investigation will probably prove that there is plenty of property still to be had in said section (bounded by Peoria, Lake and Harrison Streets and the River), at $2.00 or less per square foot.

With reference to the statements of the Board regarding the values of other properties which they cite,—have to say that they are all small areas, as compared with the area of the property in question, and, therefore, fair comparisons, which they endeavor to show, are impossible.

Regarding the statement of the Board of Education as follows:

"The Southwest corner of Van Buren and Halsted Streets is leased to Mr. Monaghan on a basis of $1,000.00 a front foot,"—have to say that the Blue Island Avenue and Halsted Street cable car lines, as well as other lines of transportation, which formerly contributed to the corner of Madison and Halsted Streets, now contribute

to the corner of Van Buren and Halsted streets, at the expense of said corner of Madison and Halsted Streets. And, even though the ground at said southwest corner of Van Buren and Halsted Streets is a fee, with a ninety-nine year straight lease secured by a good building, the owner of said fee, who has been offering same for sale for the past few months, has been unable to dispose of same on any such basis.

We note that the Board of Education are careful to say that, "more people are being carried on the Halsted Street trolley line than ever before," and have avoided saying anything whatsoever regarding the Blue Island Avenue and Halsted Street cable lines, and the Ogden Avenue line, the removal of which and the now existing Metropolitan Elevated Railroad, etc., have all contributed towards the depreciation of the property in question.

We quote from the statements of the Board of Education as follows: "If Mr. McCall's reasons were correct, then ten years hence he would insist on another reduction from the Board. No unbiased person can believe that the bottom is going to drop out of Chicago real estate values."

Replying to this, have to say we do not believe that the bottom is going to drop out of Chicago real estate values, nor do we know what we are going to ask for ten years hence. The question is not, "What has been the value of this property?"—nor, "What will be the value ten years hence?" It is, as the Board contend in their reply to Mr. Crilly's statement, *"What is the present cash value of this property?"*

It is not my desire, nor am I attempting to influence you gentlemen in the wrong direction. I am merely giv-

ing you a statement of facts as they exist at the present time, regarding which facts I stand ready to give you further proof, if you so desire. I quote from the statements of the Board of Education as follows: "From the foregoing, it would seem that the present rental for the lots in question, of $19,500.00 a year, is a very moderate one. We have no means of knowing the effect which may be produced on the minds of your Honorable Body by the values placed on these lots by Valuation Committee of the Chicago Real Estate Board, but we again call your attention to the fact that they have given you no reasons for such values." Regarding this clause, have to say that we consider a rental of $19,500.00 per annum both excessive and unjust. Mr. Blair, during the last several years of his lifetime, considered the rental he was paying as being excessive and unjust, and whenever he paid his installments of rent for said property, he did so under written protest, as those identified with the Board of Education and familiar with this property well know.

As regards the question of whether the leasehold value, or the reversionary interest, etc., was considered by the Valuation Committee of the Chicago Real Estate Board in making their valuation of said property, have to say *that their valuation was made upon the naked ground, regardless of the buildings thereon or the leasehold interests therein. I believe this fact is shown on their certificates of valuation handed you.*

As regards the statement by the Board of Education that said Valuation Committee gave you no reason for such values, have to say, we assume, and you will probably agree with us, that there was good reason for making such valuations, otherwise the men that signed that

certificate would not have subscribed their names thereto. At the same time, should you so desire, we shall gladly undertake to secure from each member of said Valuation Committee his reasons, and the method and manner in which they arrived at their conclusions.

The Board of Education, on the last pages of their statement, seek to influence you in the fixing of the rental value of this property in a manner most unfair, viz.: They suggest a method of computation by a comparison of values of corners having a very small area with corners having a very large area; and, while they claim certain values per square foot for the corners they would have you compare with the property in question, we deny that the properties quoted by them have any such square foot values to-day as they have given them. And we most emphatically deny what they are endeavoring to insinuate as a fact, that, if they were to attach the property adjoining the corners they quote, to said corners, giving said corners a similar area to that of the corners of Madison, Monroe and Halsted Streets, that they could go on the open market and dispose of said properties for more than one-third the square foot values they have placed upon said corners.

With reference to the statement of the Board of Education, in reply to the statement of Mr. Blair concerning the cash value of the property, you will note that not one good reason has been advanced by them to show that the rental for said property should not be reduced as requested. The general denial, in their reply to our request, is on the lines that Chicago has increased in population and that there has been considerable development on the West Side, and, therefore, the property in question necessarily must have gone forward and not back-

ward. They have not made denial of any one of the many statements made by the ten merchants (men of good standing), which were attached to and made a part of Mr. Blair's statement; nor have they specifically denied any fact contained in the statement of Mr. Blair. They have mentioned certain improvements as having been made on the West Side, but have not demonstrated how, in any one instance, they have affected for its good, the value of the property in question. They have not gone into the question of rentals obtaining by the owners of the four corners of Madison and Halsted streets and the property adjacent thereto, as compared with that of fifteen years ago; for the reason that (if they were posted) they would well know that they would make a most unfavorable comparison. In short, they are either not conversant with the present cash value of the property, or they are unfair, when they ask you that the reduction asked for by Mr. Blair should not be considered or allowed, and that the minimum rental fixed by your Honorable Body must be at least $19,500.00 per annum. While the stand taken by the Board of Education in this matter (that the rental on this property should not be lowered, seemingly on general principles), might be taken by an unfair individual, I am reluctant to believe that a fair-minded individual, or the Board of Education, would ask us to pay more rental for the property in question than we were compelled and willing to pay under the strict letter of our leases with the Board of Education. And here I wish to state, that, while we are willing to live up to the terms of our leases, at the same time, when said leases were made, I believe they were made with the intent and spirit of securing to the Board of Education the prevailing rate of income upon the true cash value of the property.

Said leases were not made for the purpose of, at any

time, obtaining excessive rental for the property. And, though under the strict provisions of this lease we are compelled to pay six per cent. (6%) on the true cash value of this property, it will be noted, in the attitude taken by the Board of Education in their reply to the "Crilly" statement, that they favor a reduction of the value of the property by one-third, in order that the income of the properties, leased on a 6 per cent. basis, would equal the income of properties capitalized on a 4 per cent. basis, now the prevailing rate of income. And were we to try to take advantage of this point, we would ask you to grant a rental of much less than that which we have offered you for the ensuing ten years.

Gentlemen, in statement and letter to you of March 25, 1905, I offered the Board of Education, on behalf of Mr. Blair, the sum of $10,600 per annum, for the ten years commencing May 8, 1905, for the property therein referred to.

I now ask you, on behalf of Minnie E. Warren, as trustee under the will of Charles H. Blair, deceased, to appraise the cash value of this property at such a sum, six per cent. (6%), of which will equal ten thousand six hundred ($10,600) dollars; and, on behalf of Minnie E. Warren, as trustee under the will of Charles H. Blair, deceased, I hereby offer the Board of Education the sum of ten thousand six hundred ($10,600) dollars per annum, as rental for said property, for the ten years commencing May 8, 1905, and trust that you will observe in this offer a spirit of fairness to all parties in interest.

Respectfully submitted,

MINNIE E. WARREN,

Trustee Under the Will of Charles H. Blair, Deceased.

By H. E. MCCALL,

Attorney in Fact.

STATEMENT OF JOHN O'MALLEY, JR.

STATEMENT OF RENTS AND EXPENSES IN CONNECTION WITH BUILDING, 52 TO 58 WEST JACKSON BOULEVARD, FROM MAY 1ST, 1895, TO MAY 1ST, 1905.

Rent for year ending April 30th, 1896.	$1,500.00
Rent for year ending April 30th, 1897.	1,500.00
Rent for year ending April 30th, 1898.	1,600.00
Rent for year ending April 30th, 1899.	1,650.00
Rent for year ending April 30th, 1900.	1,700.00
Rent for year ending April 30th, 1901.	1,800.00
Rent for year ending April 30th, 1902.	2,500.00
Rent for year ending April 30th, 1903.	2,500.00
Rent for year ending April 30th, 1904.	2,850.00
Rent for year ending April 30th, 1905.	2,056.92
Total rent for ten years	$19,656.92
Average yearly rent for ten years	$1,965.69

EXPENSE ACCOUNT.

Annual ground rent	$840.00	
Taxes	135.00	
Insurance	150.00	
Repairs	200.00	
Water taxes	41.66	
Total yearly expense		$1,366.66
Net yearly income		$ 599.03

Size of school lot 50x80 feet.

Size of entire lot 80x85 feet.

Size of building, 80x80 feet.

Value of building	$20,000.00
Value of O'Malley lot, 35x80 feet	3,500.00
Total value of O'Malley holdings	$23,500.00

N. B. The O'Malley lot has no alley or no outlet, except through the school lot fronting on Jackson Blvd.

STATEMENT OF BOARD OF EDUCATION IN REPLY TO JOHN O'MALLEY, JR.

To the Honorable Board of Appraisers
of School Fund Property,
of the City of Chicago.

GENTLEMEN:—

In the matter of the lease held by Mr. John O'Malley, Jr., from the Board of Education of the City of Chicago of the property situated at 52-58 West Jackson Boulevard, in this city, having a frontage on Jackson Boulevard of 80 feet by a depth of 50 feet, and being described as the east half of lot 1 in block 52 in School Section Addition to Chicago.

The statement presented by the lessee herein is comprised of a tabulation of rents and expenses for the last ten years, and in this tabulation are included figures on property other than that involved in this appraisement.

We have no extended reply to make to Mr. O'Malley's statement, and are content to submit to your Honorable Body our opinion of the fair cash value of the feet at this time, which is at the rate of $5.25 a square foot, or a total value of $21,000.00, which value we deem a most conservative one and one which should be very acceptable to the lessee.

Respectfully submitted,

BOARD OF EDUCATION OF THE CITY OF CHICAGO,
By JAMES MAHER and
ANGUS ROY SHANNON,
Its Attorneys.

STATEMENT OF JOHN O'MALLEY, JR., IN REBUTTAL.

CHICAGO, April 27, 1905.

To the Honorable Board of Appraisers
of School Fund Property
of the City of Chicago.

GENTLEMEN:—

We have received a copy of the report of Messrs. Maher and Shannon, Attorneys for Your Honorable Body, regarding our lease at 52 to 58 West Jackson Boulevard, and beg to say as follows:

While we earnestly desire to be fair and just with the Board, we believe existing conditions do not justify the valuation placed on our holdings, and respectfully ask to be heard on the subject.

Please advise us when it will be convenient for Your Honorable Body to grant us such a hearing.

Very Respectfully Yours,

JOHN O'MALLEY, JR.,
By J. C. COSGROVE.

ESTATE MARGARET HURTZ.

STATEMENT OF PACKARD & NEICE, ATTORNEYS FOR JOSEPH HURTZ AND WARD B. SAWYER, ATTORNEY FOR ELBRIDGE HANECY, EXECUTOR AND TRUSTEE OF MARGARET HURTZ, DECEASED.

To the Honorable Board of Appraisers of School Property of the City of Chicago:

GENTLEMEN:—

The property located at the southeast corner of Jackson Boulevard and Clinton Street, Chicago, was leased by the Board of Education of the City of Chicago to Patrick Cash, by lease dated December 30, 1882, for fifty (50) years from May 8, 1880, at an annual rental of Ten Hundred and Eighty ($1,080) Dollars per annum, payable quarterly. The legal description of the property is the west one-half (W. $\frac{1}{2}$) of Lot One (1) in Block Fifty-two (52) in School Section Addition to Chicago. This lease contained a revaluation clause in the usual form used by the Board of Education, providing for a revaluation of the property on May 8, 1885, and every five years thereafter by three appraisers to be appointed by the Board of Education. The rental was to be fixed at each succeeding valuation as six per cent. of "the true cash value of the said premises above demised at the time of such appraisal, not taking into consideration the improvements thereon."

This lease was subsequently, and on January 9, 1888, assigned by said Patrick Cash to Margaret Cash, his wife.

On December 21, 1889, a certain Supplemental Lease was entered into between the said Board of Education

and said Margaret Cash, by which the term of said original lease was extended to May 8, 1985, subject to the provisions of said lease and the supplement thereto. The period for revaluation was also changed from every five years to every ten years beginning May 8, 1895. The minimum valuation up to the year 1915 was fixed at the sum of $6,400.

It was provided further in said Supplemental Lease "That, notwithstanding anything in said lease contained, the appraisers shall be at liberty in forming their judgment of the value of the land, without including the value of the improvements thereon, to take into consideration, if and so far as they deem it pertinent to do so, the improvements on such land, and the character, condition, value, cost, rental, expense and other particulars thereof, and any other facts or information, from whatever source, bearing upon the question of the actual value of said land."

On January 16, 1904, the lessee, Margaret Cash, who had subsequently intermarried with one, Joseph Hurtz, and was then known as Margaret Hurtz, departed this life testate at Chicago, and on March 16, 1904, Letters Testamentary were issued to Elbridge Hanecy, as Executor under the Last Will and Testament of said Margaret Hurtz, deceased. That subsequently and on October 7, 1904, Joseph Hurtz, the surviving husband of said Margaret Hurtz filed his renunciation in the Probate Court of Cook County, and elected to take in lieu of all dower, etc., one-half of all the real and personal estate which should remain after the payment of all just debts and claims against the estate of said Margaret Hurtz. That such is the present condition of the title to said leasehold estate, and that a Bill for Partition of said

leasehold estate (among other pieces of property) was filed by said Joseph Hurtz against said Elbridge Hanecy, as Executor, etc., and is now pending and undetermined in the Superior Court of Cook County, as case General No. 239696.

On account of the death of said Margaret Hurtz, we have been at somewhat of a disadvantage in obtaining the detailed information which we desired, but present herewith such facts as may be helpful to your Honorable Board in placing a fair and just valuation on the premises in question.

The Situation of the Property.

The leasehold property fronts 50 feet on Clinton Street and has a depth of 80.25 feet on W. Jackson Boulevard. The 35 feet adjoining the leasehold property on Clinton Street on the south was owned by the said Margaret Hurtz in fee simple at her death. A quite considerable portion of the 35 feet owned in fee is used and rented in connection with the 50 feet leasehold property.

The wood and brick building which now stands on this leasehold property was originally erected in 1871 and covered not only the entire leasehold property but also part of the 35 feet owned by the lessee in fee simple on Clinton Street adjoining. Subsequently the lessee added a small story by building a flat to be used as a living apartment on the west 40 feet of the leasehold property. The entire building is now more than thirty years old.

The Value of the Building.

The actual value of the building on the leased ground under the present circumstances, and used as it is now

in connection with the adjoining property owned in fee by the lessee so that good light and air are obtainable for the occupants of this leasehold property, would not exceed Seven Thousand ($7,000.00) Dollars. If they were to be removed they would be valueless, as the cost of removing them would exceed the salvage. (See Affidavit-Exhibit "B.")

We have attached hereto a diagram of the two properties and marked the same Exhibit "A" from which we hope the joint use of the properties may be made a little more plain and understandable.

The rental value of the leasehold property is greatly enhanced by the portion of the fee property built upon, used and rented in conection with it, for the leasehold property, if rented alone would only be 50 feet in depth for the four stores fronting on W. Jackson Boulevard. This would make the stores too shallow for most any ordinary business. Besides the one store, No. 60 W. Jackson Blvd., extends straight back over the fee property, making it much more desirable for the tenant.

The Street.

Jackson Boulevard at the point where this building is located is on a steep incline leading up to the Jackson Boulevard bridge over the river. The street is considerable lower at the west end of the building than at the east end of it. That this renders the premises undesirable for tenants whose business requires teaming, and the loading and unloading of heavily loaded wagons at their front doors, is apparent. The property is located in a wholesale district where almost every business house which would desire to locate there would re-

quire a large amount of teaming to be done and this, therefore, operates as a distinct disadvantage to procuring such desirable and responsible tenants as these wholesale dealers would make.

The Rents.

In computing the amount of the rents for the year ending April 30, 1905 (as well as for all other years), we must necessarily apportion the rent between the leasehold estate and the fee property by finding the total number of square feet in the leasehold and in the fee property which is rented to each tenant, and then apportioning the rent on a square foot basis.

For the year ending April 30, 1905, the rent of the leasehold estate has been as follows:

No. 60 W. Jackson Blvd., Tenant, Charles Hagenbucher; Business—Saloon; Store takes in East 20 feet of leasehold (20x50) and runs back over fee property clear to the alley, making total depth, 85 ft. (20x 85); Pays $60 per month rent; amount apportioned to leasehold.....	$ 423.90
No. 62 W. Jackson Blvd.—Tenant, B. G. Paltano; Business, Restaurant; Store is 20x60—10 feet being on fee property; this tenant also occupies the 10 feet of the fee property extending back of the store known as No. 64; pays $50 per month; amount apportioned to leasehold.....	428.80
Nos. 64 and 66 and entire 2nd floor of building on west 40 feet of leasehold and adjoining 10 feet of the fee property; Tenant—Allen-Hussey Co.—Business, telephones; subrents two stores; Pays $170 per month. This building is the only one having a second story. We have apportioned the rent by allowing $50 per month	

for the second story which is all on the leasehold property amounting to.....	600.00
This leaves a balance of $120 per month for the two stores, or $60 per mo. each. The other inside stores rent for $60 and $50 respectively. Apportioning this $120 per mo. or $1,440 per year between the leasehold and the fee, there being 2,200 square feet in both stores, 200 square feet of which is on the fee property, and the amount earned by the leasehold portion would be	$ 1,200.00
Total income from leasehold.....	$2,652.70

Expenses During Year Ending April 30, 1905.

Ground rent to Board of Education.....	$1,200.00
Taxes and Special Assessments.....	121.25
Insurance—1 year	86.34
Repairs	48.18
Commissions for Collecting Rent, 5%.....	170.50
Total amount paid out.....	$1,626.27
Receipts	2,652.70
Paid out	1,626.27
Balance	$1,026.43

No charge in dollars and cents has been made in the above apportionment between the leasehold and the fee properties for the benefit which the leasehold property derives from the fee property on account of light and air. The fee property is improved with only a one story brick building, so that the second floor of the building on the leasehold has no obstruction to light on its south side, but receives good light and air over the property owned in fee. This is of considerable value in renting the second floor of the leasehold.

The above statement shows practically nothing (only $48.18) has been paid out during the year for repairs. The agents were instructed to make no repairs during the last year, unless they were absolutely necessary, on account of the estate of Margaret Hurtz, deceased, being in the Probate Court. The buildings have been and now are sorely in need of repairs. We attach hereto marked "Exhibit B" the affidavit of Mr. Smith, of the firm of R. F. Shanklin & Co., who has had charge of the property during the past year and who is familiar with their condition. From that affidavit it is plain that at least the sum of $1,000 and possibly more should have been expended in repairs last year and must be spent at once in order to keep the building in a tenantable condition. The average amount necessary for repairs on these old wood and brick buildings to keep the same in tenantable condition would average from $300 to $400 per year, conservatively stated. (See affidavit, Exhibit B.) Taking off the sum of $350 as an average amount necessary to expend each year to keep the premises in reasonably good condition and subtracting it from the balance shown of $1,026.43 and the sum of $676.43 would be left as the net return of the owner on his investment in this leasehold property.

On account of the depreciation of wood and brick buildings constructed as these buildings are, it is generally understood that the owner or lessee should receive at least 10% net on the value of the buildings.

Taking the value of the buildings on the leasehold to be as much as the liberal estimate of Mr. Smith in his affidavit attached hereto (Exhibit B), namely, $7,000, and it will be seen that the lessee is not deriving a net income from the buildings equal to 10% of their estimated

value. No taxes are now paid by the lessee and should he be required to pay taxes it would greatly lessen even the present small income. The amount of the taxes is of course uncertain.

The income from these buildings is now probably about as high as it ever will be, as the buildings are of course depreciating and becoming less tenantable every year. And under the present lease, with the ten year revaluation clause, no one could be expected to erect a new building on this site, when its value might be swept away inside of ten years after its erection.

The Aggregate Rents Are Lower Now Than They Were Five Years Ago.

No. 60 W. Jackson Blvd. has been rented at the same rate at which it is now rented, namely $60 per month, since May 1, 1895.

No. 62 W. Jackson Blvd. was rented for $55 per month from May 1, 1900, to May 1, 1902; then it was vacant for two or three months; then rented for $55 per month again for awhile, and it is now rented at $50 per month, which is less than the premises brought in 1900.

Nos. 64 and 66 W. Jackson Blvd. and the entire upper floor was rented from May 1, 1899, to May 1, 1902, at $180 per month; it was then vacant for two or three months; and then was rented to May 1, 1905, for $170 per month, which is its present rent, and which is $10 per month less than the same premises brought in 1902.

We have not apportioned these amounts so as to show the amount paid for the leasehold and the fee, but it will be seen that the aggregate rents for the premises are lower by at least $15 per month, than they were three

years ago, and are $5 per month lower than they were five years ago.

The value of the leasehold property to the tenant depends mainly upon the rent, and as this is decreasing, instead of increasing, even in the present prosperous times, it must be on account of the poor location of the property and the age and undesirable character of the buildings located thereon.

If the lessee could be adequately protected in making the investment, the proper thing to do would be to erect a new building and thus increase the income, but under the present lease with its ten year revaluation clause such a large investment would not be consistent with good business principles.

Taxes—An Increased Burden of the Lessee.

We desire to call the Board's attention to the recent ruling of the Supreme Court of Illinois, holding the fee of all school property to be subject to taxation. Consider for a moment the effect upon the tenant of the property in question, if he should be compelled to pay taxes on the fee of this property out of the small balance remaining as his net income from the property, as by his lease he is obliged to do should any taxes be assessed thereon.

At the time this property was leased it was supposed by both parties to the lease that the fee was not subject to taxation. The rent was fixed with this idea in mind. Out of abundant caution and for the complete protection of the Board of Education a provision was inserted in the lease requiring the lessee to pay all taxes that might be assessed against the property.

When the last revaluation was made in 1895 the same conditions existed, and the rent was fixed for the succeeding ten years with the idea in mind that the fee was not and would not be subject to taxation.

Now it appears that the lessee is liable to have to pay a considerable amount in taxes on this leasehold property which heretofore both he and the Board of Education have considered and treated as exempt property.

Under the circumstances the rents have decreased, and the building of course decreasing in value, we submit to your Honorable Board that if any change is made in the amount of the present rental value of $1,200 per year for the next term of ten years under the present lease, it should be a reduced amount to meet this unforeseen tax burden, rather than an increased rental.

The Value of a Straight Ninety-Nine Year Lease, Without the Revaluation Clause, as Compared With the Present Lease.

In the present condition of things this leasehold interest must be sold in the immediate future. Its value under the present lease is very doubtful. We do not know that it could be sold for any substantial amount on account of the revaluation clause.

If the Board of Education would consent to the insertion of a clause in the lease giving a straight annual rental for the whole balance of the term at an increased amount over the present rental, upon the erection by the lessee or assigns of a substantial building on the premises, say not to cost less than the sum of $20,000.00, to be contructed within five years from date, such a change and such an increased rental would be welcomed.

Then the leasehold interest would have stability and could be sold for something substantial. An investment could be made which would pay the lessee a fair return for his money and trouble, provided the fixed annual rental was not made too large.

The lessee would be enabled to figure with a reasonable degree of certainty what could be made on his investment. The lessee could then negotiate leases with responsible tenants for a long period of time, whereas he is now precluded from so doing; and during the last two or three years of each ten year period, his leases must be necessarily of very short duration so as not to have them run beyond the ten years. The most desirable class of tenants are thus lost. As the lease stands now, computation on known quantities can only extend for a period of somewhat less than ten years; after that he is at the mercy of his landlord, and is not sure of anything. Valuable improvements cannot be expected to be made under such circumstances.

And then, looking at the matter from the standpoint of the Board of Education, if such a clause were inserted, would they not be benefited also?

As the matter stands now, the lessor's security for the carrying out of the lessee's provisions consists of old wood and brick buildings of very small value.

If such a provision could be agreed upon, and the lessee should erect a $20,000 building within the time specified, the security of the Board of Education would amount to something if the tenant should fail to pay his rent.

Which is better from the standpoint of either the lessor or the lessee?

But if such a clause cannot be procured at this time, then we submit to this Honorable Board of Appraisers, that the present valuation of $1,200 per annum is even higher than it should be, considering that the rents from the building are lower than they were five years ago, and considering the impending tax burden now confronting the lessee, which last named hardship is as yet uncertain in amount.

No buyers for the property have as yet been procured on the present rental and we fear should there be even a small increase that the leasehold estate would bring practically nothing when sold at forced sale, as it must be within a few months.

We assume that the Board will take into consideration the possibility of lessee's sustaining loss by reason of the non-payment of rent from vacancies, which are contingencies which must always be taken into account in estimating the value of real estate.

We, therefore, respectfully request that under the circumstances shown the annual rental ought to be reduced to the sum of $1,080 (which was the amount of the rental paid under the old lease), especially because of the taxes which in all probability lessee will be compelled to pay during the next ten years.

Respectfully submitted,

PACKARD & NEICE,
Attorneys for Joseph Hurtz.

WARD B. SAWYER,
Attorney for Elbridge Hanecy, Executor of the Will of Margaret Hurtz, Deceased.

"Exhibit B."

State of Illinois, } ss.
County of Cook. }

Royal D. Smith, being first duly sworn, deposes and says that he is the manager of the Renting Department of Shanklin & Company, doing business in the Portland Block, in the City of Chicago, County of Cook and State of Illinois, and for many years last past has been in the renting business in said City, and that for the past year he has had the personal management of the leasehold interest belonging to the Estate of Margaret Hurtz, deceased, on the School property at 60 to 66 West Jackson Boulevard, in the City of Chicago aforesaid, of which estate Elbridge Hanecy is the Executor.

Affiant further says that the said real estate is improved by two one-story buildings, partly wood and partly brick, and one two-story building, partly wood and partly brick, and that the same are over thirty-three years old. That all of said buildings are in very bad repair and that in order to put the same in fairly good condition it would be necessary to make the following repairs: The exterior should receive at least two coats of paint and the brick work should be pointed up. New chimneys, entirely new roofs, gutters and down-spouts should be placed on all of said buildings, and the interior must be replastered and repainted and considerable new woodwork is necessary. The basement needs a thorough overhauling and is urgently in need of new sewerage and proper drain pipes. Cement floors should also be placed in the stores, which in the one-story building would necessitate entirely new sewerage, and the store fronts need to be entirely replaced by new ones, necessitating

the putting in of considerable new iron work and plate glass.

Affiant further says that in his opinion the expense of the above needed repairs would aggregate approximately the sum of One Thousand ($1,000.00) Dollars. He further says that during the past year, during which he has had charge of the premises, he has avoided spending anything for repairs so far as possible, because the same were in an estate where there was considerable friction and litigation between the parties interested and that if the same were placed in repair as above stated the average yearly repairs needed on buildings in the condition of these would probably aggregate between Three and Four Hundred Dollars.

Affiant further says that the actual value of the buildings of said leasehold property in his opinion is about Seven Thousand ($7,000.00) Dollars, and that if they were to be removed they would be valueless, as the cost of moving would, in his opinion, exceed the salvage.

Affiant further says that said buildings are set on posts and could not be moved except by tearing them down.

And further affiant saith not.

(Signed) Royal D. Smith.

Subscribed and sworn to before me this 13th day of April, A. D. 1905.

(Signed) Ward B. Sawyer,

[seal] *Notary Public.*

REPLY OF BOARD OF EDUCATION TO STATEMENT ON BEHALF OF HURTZ ESTATE.

To the Honorable Board of Appraisers
of School Fund Property,
of the City of Chicago.

GENTLEMEN:—

In the matter of the lease held by the Estate of Margaret Hurtz, deceased, from the Board of Education of the City of Chicago of the property situated at the southeast corner of Jackson Boulevard and Clinton Street, in said city, having a frontage of 80 feet on Jackson Boulevard and 50 feet on Clinton Street, being described as the west half of Lot 1 in Block 52 in School Section Addition to Chicago.

The lessee herein has filed an extended statement by Messrs. Packard & Neice, Attorneys for Joseph Hurtz, husband of the deceased, and Ward B. Sawyer, Attorney for Elbridge Hanecy, Executor and Trustee, etc. The entire statement is composed of arguments on the value of the leasehold, and nothing therein contained throws any light upon the value of the fee exclusive of the improvements.

In the statement is set forth the desirability of a straight 99 year lease over that now covering the property in question, but all reference thereto is irrelevant to the issue to be decided by you and, therefore, we make no reply to it.

We do not care to take up the question of the character of the buildings and the management thereof, as the same is done by the lessee's representatives, and, believing your Honorable Body is fully conversant with

our general position in reference to all the matters contained in the statement furnished herein, we content ourselves with expressing to you our opinion of the present value of the fee, which is $7.50 per square foot, or a total of $30,000.00. Should you appraise the property at this figure, we believe that the interests of the lessee would be amply cared for, and that the Board of Education would be receiving the minimum rent it should be entitled to for this valuable manufacturing property.

Respectfully submitted,

BOARD OF EDUCATION OF THE CITY OF CHICAGO,
By JAMES MAHER and
ANGUS ROY SHANNON,
Its Attorneys.

ESTATE MARGARET HURTZ.

STATEMENT IN REBUTTAL.

To the Honorable Board of Appraisers
of School Property of the City of Chicago.

GENTLEMEN:—

The Board of Education of the City of Chicago by its attorneys has filed a reply to our statement which we filed April 13, 1905.

We submit to this Honorable Board that the arguments used in our original statement showing the use of this property in connection with the adjoining 35 feet owned by the Hurtz estate in fee does have a very material bearing on the value of the fee exclusive of the improvements, and that counsel for the Board of Education has missed the force of such arguments. The property fronts eighty (80) feet on Jackson Blvd., and fifty

(50) feet on Clinton Street. It does not abut upon an alley on either the east or south sides, but the east and south sides are entirely surrounded by private property. Without the adjoining thirty-five (35) feet owned in fee by this estate, it would be entirely deprived of light and air from either the east or south sides. It seems to us that its use in connection with the property owned in fee does have a most material effect not only upon the value of the leasehold, but also upon the value of the fee.

The property owned by the Board of Education and upon which the valuation is to be placed is only fifty (50) feet deep and we think that the characterization of this property as "valuable manufacturing property," made by counsel for the Board of Education, would be entirely unwarranted, if it had to be used alone and not in connection with adjoining property.

We believe that all the arguments used in our statement are material and relevant to the question of the value of the fee, although the argument as to the desirability of a straight ninty-nine (99) year lease, we presume would be more appropriately addressed to the Board of Education than this Honorable Board of Appraisers.

We submit, however, that in any view of the situation the value of the fee suggested by counsel for the Board of Education is wholly unwarranted and is exorbitant and excessive. They make no showing of facts which would even tend to justify the belief that the value of this property has increased fifty per cent (50%) since 1895. We know of no facts which would tend to show that this real estate has increased at all in value since its last revaluation. On the contrary, we have shown in our Statement heretofore filed that the rentals from this

property are less now than they were five years ago. This, we insist, is one of the controlling elements in the value of the fee of this property in question. Even if the value of the fee of the property in question has not actually decreased, still it certainly has not increased in value, and we contend that on account of the changed circumstances by which the lessee will be compelled to pay taxes on the fee in the future, that the rental should be reduced to the sum of Ten Hundred and Eighty ($1,080) Dollars per annum, which would be six per cent. (6%) on a valuation of Eighteen Thousand ($18,000) Dollars, or four and 50/100 ($4.50) Dollars per square foot. Under present conditions we believe this would be a fair and equitable arrangement for both lessor and lessee.

Respectfully submitted,

PACKARD & NEICE,
Attorneys for Joseph Hurtz.

WARD B. SAWYER,
Attorney for Elbridge Hanecy, Executor of the Will of Margaret Hurtz, Deceased.

STATEMENT OF RAND, McNALLY & CO.

CHICAGO, March 27, 1905.

Messrs. John McLaren,
William D. Kerfoot,
Arba N. Waterman,
100 Washington St., City.

GENTLEMEN:—

In reply to your communication of the 8th inst. concerning the re-appraisal of the north one-half lot 10, block 113, School Section Addition to Chicago, as is provided

in the lease and supplemental lease of said one-half lot 10, from the Board of Education of the City of Chicago, we beg to say:

That the supplemental lease made and entered into 15th day of June, 1885, between the Board of Education of the City of Chicago and Thomas Mackin provides in

> Article "FOURTH: That no appraisal to be made at any time under said lease, or this supplement thereto, for the purpose of ascertaining and fixing the amount of the annual rent to be paid thereunder for any portion of the period prior to May 8, A. D. 1915, shall be operative or binding upon the parties hereto for any purpose, in the value of the demised land thereby be found or fixed at a less sum than $5,000.00 (the same being 80% of the appraised value of said land as found by said appraisement of 1885); but in such case, such appraisal shall be disregarded, and the said sum of $5,000.00 shall be adopted and accepted in lieu thereof, as the value of said demised land, for the purpose of fixing the rental thereof for the next succeeding ten years, with the same effect as if it had been the value found and reported by the appraisers.
>
> "The appraisement to be made in the year 1915, shall not, nor shall any subsequent appraisement be subject to the minimum valuation clause contained in this Article Four."

Our understanding of this Article Four in the supplemental lease herein quoted is that the present valuation of $5,000.00 is to continue and be in effect until 1915, which would be no increase in the rental for the next period.

The justice of this position can be seen by an examination of the enclosed plat showing the isolated location of the said north half of lot 10. It is separated from any other property we control, the improvement is taxed upon a valuation of $5,000.00, taxes for 1903 were $292.65.

The improvements are of such a nature that is very difficult to get much return from same. Good tenants cannot be obtained, and when rented at all the best we can do is a rental of $185.00 per month. Special assessments, regular taxes, and annual rental to the School Board, with other attending necessary expenses, leaves us no return from the property, and the lease, having in it this revaluation clause almost precludes the idea of ever putting upon the property a more substantial improvement.

We believe your judgment will be that we are now paying a sufficient annual rental, especially is this so in view of the recent court decision that the ground itself be assessed for taxation, and that you will allow it to stand for another term at the present rate.

Yours very truly,

RAND, MCNALLY & Co.

RAND, MCNALLY & Co.'S BUSINESS STATEMENT
Of the Property

North half of lot 10, block 113, School Section Addition to Chicago, Year ending April 30, 1905.

Debits		*Credit*	
State, County and City Taxes.....	$ 319.55	Entire rental of property, $185.-00 per month (12 months)....	$2,220.00
Rent of wall on north line.....	150.00	*Deficit*	314.53
Rent paid School Board	1,500.00		
Insurance (on $4,-500.00)	54.98		
6% int. on $8,-500.00, cost of four-story brick bldg.	510.00		
	$2,534.53		$2,534.53

STATEMENT OF WACKER & BIRK BREWING & MALTING CO.

The Honorable The Board of Appraisers of School Fund Land:

GENTLEMEN:—

In reference to the School Fund property, which we lease, being the North Half Lot Fourteen, Block 60, Russell Mather and Roberts' Addition to Chicago, we beg to state that we consider the present rental too high in view of recent sales in the immediate neighborhood.

We understand that three lots have been sold recently almost directly across Desplaines Street, each 40x150 feet, two of them vacant, for $7,500, and one with frame building for $4,200.

Hoping you will consider the matter favorably, we remain,

Respectfully yours,

WACKER & BIRK BREWING CO.

ADAM ORTSEIFEN, *Pres.*

STATEMENT OF BOARD OF EDUCATION IN REPLY.

To the Honorable Board of Appraisers of School Fund Property of the City of Chicago:

GENTLEMEN:—

In the matter of the lease held by Wacker & Birk Brewing and Malting Company from the Board of Education of the City of Chicago of the property situated on the east side of Desplaines street between Austin avenue and Indiana street, having a frontage of 20 feet by a

depth of 150 feet, described as the North half of Lot 14 in Block 60 in Russell, Mather & Roberts' Addition to Chicago.

The lessee of the above described property has deemed it expedient to simply write an informal letter to your Honorable Body, suggesting that the present rental value is too high, and citing the sale of three lots directly opposite this property, on the same street, at prices which approximate $3,750.00 per 20-foot lot.

Under all the circumstances and conditions existing in that locality, we believe there is warranted a moderate advance in the value of this fee over that held by it ten years ago, but submit to your Honorable Body that it would be absolutely impossible to reduce the rental by reason of reducing the price of the fee under the conditions now existant.

Respectfully submitted,

BOARD OF EDUCATION OF THE CITY OF CHICAGO,
By JAMES MAHER and
ANGUS ROY SHANNON,
Its Attorneys.

REPORT OF APPRAISERS.

PROCEEDINGS OF BOARD OF EDUCATION AFTER REPORT OF APPRAISERS.

At a meeting of the Board of Education held June 7, 1905, the following business was transacted:

The Secretary presented the following communication from the President of the Board:

CHICAGO, May 26, 1905.

To the Board of Education, City of Chicago:

LADIES AND GENTLEMEN:—

I enclose herewith report of the Appraisers of School Fund Property, under date of May 24th, which came to hand this morning.

Yours very truly,

CLAYTON MARK,
President.

To the President and Members of the Board of Education of the City of Chicago and the Various Lessees of School Fund Property in the City of Chicago:

GENTLEMEN:—

The undersigned, John MacLaren, William D. Kerfoot and Arba N. Waterman, duly appointed appraisers under the terms of certain supplementary leases made between the Board of Education of the City of Chicago and certain lessees under said leases, having qualified by subscribing to, and making oath, each for himself and with each other, to appraise and determine the true cash value at this date of certain demised lands hereinafter named, exclusive of the improvements thereon, beg leave to report that on the 24th day of March last they caused

a notice of their appointment to be sent by mail to each of the lessees, or their representative at their last address furnished to said lessor; that in response to such notice written arguments or statements have been made to such appraisers, and written answers and statements in reply have been made by the lessors, and either written or oral arguments or statements in reply have been made by lessees, that with these statements and other information and facts secured by said appraisers they have fixed and determined the true cash value, exclusive of improvements, at the time of this appraisal, of the following described lots and parcels of land to be as follows, viz.:

Of the South 264 ft. of Lot 207, Bronson's Addition to Chicago, also known as N. E. Corner Division and Sedgwick Streets, leased by the Board of Education, to be Seventy-one Thousand Six Hundred and Ninety-five Dollars ($71,695.80) Eighty Cents.

Lots Two (2) to Six (6), Block 1, School Section Addition to Chicago, also known as 166-182 W. Madison Street, leased by the Board of Education to C. H. Blair, to be Seventy-five Thousand Dollars ($75,000.00).

Lots seven (7), eight (8) and nine (9), Block 1, School Section Addition to Chicago, also known as S. E. Corner Madison and Halsted Streets, leased by the Board of Education to C. H. Blair, to be Sixty-three Thousand Seven Hundred and Fifty Dollars ($63,750.00).

Lots eleven (11) to fifteen (15), Block 1, School Section Addition to Chicago, also known as 80-88 S. Halsted Street, leased by the Board of Education to C. H. Blair, to be Fifty-two Thousand Five Hundred Dollars ($52,-500.00).

Lots sixteen (16) to eighteen (18), Block 1, School Section Addition to Chicago, also known as 90-94 S. Halsted Street, leased by the Board of Education to C. H. Blair, to be Twenty-six Thousand Two Hundred and Fifty Dollars ($26,250.00).

Lots Nineteen (19) and Twenty (20), Block 1, School Section Addition to Chicago, also known as 96-98 S. Halsted Street, leased by the Board of Education to C. H. Blair, to be Twenty-seven Thousand Seven Hundred Forty-two Dollars and Fifty Cents ($27,742.50).

Lot Ten (10), Block 1, School Section Addition to Chicago, also known as 78 S. Halsted Street, leased by the Board of Education to Thomas Coughlan, to be Ten Thousand Dollars ($10,000).

Lot Twenty-one (21), Block 1, School Section Addition to Chicago, also known as 155-177 W. Monroe Street, leased by the Board of Education, to be Ninety-six Thousand One Hundred Seventy-two Dollars and Twenty-six Cents ($96,172.26).

E. ½ Lot One (1), Block 52, School Section Addition to Chicago, also known as 52-58 W. Jackson Boulevard, leased by the Board of Education to John O'Malley, Jr., to be Twenty Thousand Dollars ($20,000).

W. ½ Lot One (1), Block 52, School Section Addition to Chicago, also known as 60-66 W. Jackson Boulevard, leased by the Board of Education to Estate of Margaret Hurtz, to be Thirty Thousand Dollars ($30,000).

N. ½ Lot ten (10), Block 113, School Section Addition to Chicago, also known as 330 South Clark Street, leased by the Board of Education to Rand, McNally & Company, to be Thirty-seven Thousand Five Hundred Dollars ($37,500.00).

S. ½ Lot 10, Block 113, School Section Addition to Chicago, also known as 332 South Clark Street, leased by the Board of Education to C. W. Lasher, to be Thirty-seven Thousand Five Hundred Dollars ($37,500).

Lot Three (3), Block 142, School Section Addition to Chicago, also known as 136 South State Street, leased by the Board of Education to Jacob L. Kesner, to be Three Hundred Sixty Thousand Dollars ($360,000).

Lot Seven (7), Block 142, School Section Addition to Chicago, also known as 146 South State Street, leased by the Board of Education to Estate of Henry Weil, and to Estate of George Rounsavall, Thomas G. Field, Trustee, to be Three Hundred Twelve Thousand Dollars ($312,000).

Lot Eight (8), Block 142, School Section Addition to Chicago, also known as 148 South State Street, leased by the Board of Education to Rosalie Cavanna, H. O. Stone & Co., Agents, to be Three Hundred Twenty-four Thousand Dollars ($324,000).

Lots Nine (9), Ten (10), and Eleven (11), Block 142, School Section Addition to Chicago, also known as 78-84 Madison Street, leased by the Board of Education to McVicker Theatre Co., to be Eight Hundred Ninety-six Thousand Two Hundred Eighty Dollars ($896,280).

Lots Eighteen (18) and Nineteen (19), Block 142, School Section Addition to Chicago, also known as 151-153 Dearborn Street, leased by the Board of Education to James K. Sebree, to be Three Hundred Eighty-four Thousand Dollars ($384,000).

Lots Twenty (20) and Twenty-one (21), Block 142, School Section Addition to Chicago, also known as 155-157 Dearborn Street, leased by the Board of Education

to Estate of Alice Chambers and Ava W. Farwell, J. A. Farwell, Agent, to be Three Hundred Eighty-four Thousand Dollars ($384,000.00).

South 8 feet of Lot Twenty-three (23) and all of Lots Twenty-four (24) to Twenty-seven (27), inclusive, Block 142, School Section Addition to Chicago, also known as 167-171 Dearborn Street, leased by the Board of Education to Daniel F. Crilly, to be Nine Hundred Ninety-eight Thousand Four Hundred Dollars ($998,400).

Lots Thirty-one (31) and Thirty-two (32), Block 142, School Section Addition to Chicago, also known as 150-152 South State Street, leased by the Board of Education to Stumer, Rosenthal & Eckstein, to be Six Hundred Thirty-six Thousand Dollars ($636,000).

Lot Thirty-three (33), Block 142, School Section Addition to Chicago, also known as 154 South State Street, leased by the Board of Education to Estate of George B. Jenkinson, Newark, N. J., to be Three Hundred Thousand Dollars ($300,000).

Lot Thirty-four (34), Block 142, School Section Addition to Chicago, also known as 156 South State Street, leased by the Board of Education to A. Bishop & Co., to be Two Hundred Eighty-eight Thousand Dollars ($288,000).

N. ½ Lot Fourteen (14), Block 60, Russell, Mather & Roberts' Addition to Chicago, also known as 163 N. Desplaines Street, leased by the Board of Education to Wacker & Birk Brewing Co., to be Three Thousand Dollars ($3,000).

Respectfully submitted,

(Signed) John McLaren,
(Signed) William D. Kerfoot,
(Signed) Arba N. Waterman,
Appraisers School Fund Property.

On motion the report was received and ordered printed in the Proceedings.

Proceedings of Board, June 7, 1905, pp. 718-19.

PROCEEDINGS OF BOARD OF EDUCATION RELATING TO FORFEITURE OF LEASES.

At a meeting of Board of Education, held June 21, 1905, the Secretary presented the following communication and resolution from the President:

CHICAGO, June 21, 1905.

To the Board of Education, City of Chicago.

LADIES AND GENTLEMEN:—

The following lessees of school fund property, located in Block 142, bounded by State, Monroe, Dearborn and Madison Streets; Jacob L. Kesner, Estates of Henry Weil and George Rounsavell, Rosalie Cavanna, McVicker Theatre Company, James K. Sebree, Estate of Alice F. Chambers and Ava W. Farwell, Daniel F. Crilly, Stumer, Rosenthal & Eckstein, Estate of George B. Jenkinson, and A. Bishop & Co., and Rand, McNally & Co. and Charles W. Lasher, lessees of property located on South Clark Street, near Harrison Street, have failed and neglected to pay the quarter-yearly installment of rent due for the quarter beginning May 8, 1905, as fixed and determined by the ground values placed on such properties by the Board of Appraisers duly appointed to fix such values in accordance with the terms of their respective leases.

I understand it is alleged by these lessees that the values placed by the Board of Appraisers in May, 1905, on the respective properties held by them, are too high, con-

sidering that the leases call for a rental equal to six per cent. per annum on such ground values. I am firmly of the opinion that the claims of these lessees are not well founded, and that the ground values fixed by the Board of Appraisers in May, 1905, are fair and equitable, and that the rental of six per cent. on said ground values as fixed according to the terms of the leases is reasonable, and as low or lower than current transactions of like property within the past few years. I am satisfied that the Board of Education would have no difficulty in leasing any of these properties at the present time at the rental just fixed, or even higher, were the property free to be leased to-day. One of the lessees in Block 142 had given an option to another party to buy at a considerable bonus the leasehold interest of said lessee's holdings. The party holding said option has informed me since the findings of the Board of Appraisers that he was willing to take over and assume the covenants of the leases and pay the rental now fixed, but that he would not pay any bonus to present lessee for his interest in said lease. This proves that the values fixed by this last appraisement are fair and reasonable, but the appraisal has taken the speculative values out of the leaseholds. It was never contemplated by the original contracts that these lease holdings should have any such values, or that the lessees should be assured of values which would give them a considerable margin between the current market price for rentals of like property and the rentals which they were to pay. There is no good reason existing in my mind why any concessions should be made which would permit these lessees to exploit or speculate with their leaseholds to the detriment of the school fund. I am of the opinion that these lessees, or at least some of them, have deter-

mined to refuse to pay the rental as now fixed with a view to harrassing the Board of Education by litigation and keeping it out of the use of its funds as long as same can be done by reason of the law's delay, in the meantime using the property without paying rent and collecting and appropriating to their own use the rents received from their subtenants, for the purpose of endeavoring to induce or coerce the Board of Education to either make new leases at a lower rate, and thus enable the present lessees to sell their leasehold interests for a large bonus, or to pay the present lessees a bonus to surrender their leases, so that the Board of Education may be able to make leases with parties who stand ready to pay full value. The Board's past experience in temporizing and delays in dealing with lessees has always resulted in loss to the school fund. In one instance within the last ten years a lessee had the free use of a piece of property for four or five years during the course of litigation, the lessee having no personal responsibility, and the building on the property being of little or no value. Under the leases, the Board of Education has two remedies: to enforce the collection of the rent under the covenants of the leases, or to declare the leases forfeited and at an end by reason of the failure of the lessees to perform the covenants of the leases.

In view of all these circumstances and conditions, I believe that the best course for the Board of Education to take is to declare the leases forfeited and at an end, and I therefore recommend that your honorable body adopt the attached resolution.

Very respectfully,

(Signed) Clayton Mark,
President.

RESOLUTION.

WHEREAS, certain lessees of school fund property, namely: Rand, McNally & Co., Chas. W. Lasher, Jacob L. Kesner, Estates of Henry Weil and George Rounsavell, Rosalie Cavanna, McVicker Theatre Company, James K. Sebree, Estate of Alice F. Chambers and Ava W. Farwell, Daniel F. Crilly, Stumer, Rosenthal & Eckstein, Estate of Geo. B. Jenkinson and A. Bishop & Co. have failed and neglected to pay the quarterly rental as determined and fixed by the appraisement made in May, 1905, under the terms of their leases with the Board of Education for the quarter beginning May 8, 1905.

THEREFORE, BE IT RESOLVED, That upon the failure of any of said lessees to pay the quarterly installment of rent now due on or before the 26th day of June, A. D. 1905, the lease or leases of such lessees so failing to pay be forfeited and determined under the terms of said leases for failure to comply with the covenants therein contained, and that the Secretary of the Board of Education be authorized, empowered and directed to serve, or cause to be served, any and all notices required to be served on said lessees for the purpose of enforcing such forfeiture and that the attorney for the Board of Education be ordered and directed to institute any and all legal proceedings that may be necessary for the purpose of making such forfeiture effectual.

Motion that resolution be adopted:

YEAS—19.

NOES—None.

Proceedings of Board, July 6, '04, to June 21, '05, pp. 749-50.

FORM OF NOTICE SENT EACH LESSEE IN CONFORMITY WITH THE RESOLUTION PASSED BY THE BOARD.

To ——————————:

You are hereby notified that on, to wit: the 21st day of June, A. D. 1905, the Board of Education of the City of Chicago, at its regular meeting, adopted the following resolution:

"WHEREAS, certain lessees of School Fund Property, namely: Rand, McNally & Company, Charles W. Lasher, Jacob L. Kesner, Estates of Henry Weil and George Rounsavell, Rosalie Cavanna, McVicker Theatre Company, James K. Sebree, Estate of Alice F. Chambers and Ava W. Farwell, Daniel F. Crilly, Stumer, Rosenthal & Eckstein, Estate of George B. Jenkinson and A. Bishop & Company, have failed and neglected to pay the quarter-yearly rental as determined and fixed by the appraisement made in May, 1905, under the terms of their leases with the Board of Education for the quarter beginning May 8, 1905.

THEREFORE, BE IT RESOLVED, That upon the failure of any of said lessees to pay the quarterly installment of rent now due, on or before the 26th day of June, A. D. 1905, the lease or leases of such lessees so failing to pay be forfeited and determined under the terms of said leases for failure to comply with the covenants therein contained, and that the Secretary of the Board of Education be authorized, empowered and directed to serve, or cause to be served, any and all notices required to be served on said lessees for the purpose of enforcing such forfeiture, and that the attorney for the Board of Education be ordered and directed to institute any and all le-

gal proceedings that may be necessary for the purpose of making such forfeiture effectual."

And you are further notified that after the expiration of sixty (60) days from the date of the service of this notice upon you, and in consequence of your default in paying the rent due on the premises now occupied by you, being ....., your rights therein and thereto shall cease and be determined, and the lease between you and the Board of Education of the City of Chicago covering the aforesaid premises and under which you occupy the same, shall be forfeited, determined and ended, and you are further notified to quit and deliver up possession of said premises to the said Board of Education within sixty (60) days from the ..... day of ....., A. D. 1905.

Dated in Chicago, Illinois, this 28th day of June, A. D. 1905.

BOARD OF EDUCATION OF THE CITY OF CHICAGO.

By .....,

Secretary.

Service of a copy of the foregoing notice is accepted this ..... day of ....., A. D. 1905.

.....

.....

PROTESTS AGAINST APPRAISEMENT OF SCHOOL FUND PROPERTY.

At a meeting of the Board of Education held June 21, 1905, the Secretary presented the protests from lessees of school fund property on the recent appraisement on property leased from the Board of Education:

Louis M. Stumer, lessee of Lot 32, in Block 142, of School Section Addition.

Charles W. Lasher, lessee of premises known as south half of Lot 10, Block 113, School Section Addition.

James K. Sebree, lessee of Lots 18, 19, Block 142, School Section Addition.

E. J. Rounsavell, on behalf of Estate of Henry Weil, and the Estate of George Rounsavell, owners of leasehold estate in Lot 7, Block 142, School Section Addition.

A. Bishop & Co., lessee of Lot 34, in Block 142, School Section Addition.

Jacob L. Kesner, lessee of Lot 3, in Block 142, School Section Addition.

Benjamin J. Rosenthal and Louis Eckstein, lessees of Lot 31, Block 142, School Section Addition.

Rosalie Cavanna, lessee of Lot 8, in Block 142, School Section Addition.

Oliver & Co., agents for Estate of George B. Jenkinson, owner of leasehold interest in Lot 38, in Block 142.

Daniel F. Crilly, lessee of South eight feet of Lot 23 and all of Lots 24, 25, 26 and 27, Block 142, School Section Addition.

The McVicker Theater Company, lessee Lots 9, 10 and 11, Block 142, School Section Addition.

Ava W. Farwell, lessee of Lots 20, 21, in Block 142, School Section Addition.

Proceedings of Board, July 6, '04, to June 21, '05, p. 750.

THE FOLLOWING WRITTEN PROTESTS AND OBJECTIONS WERE FILED TO THE APPRAISAL AS RETURNED BY THE APPRAISERS:

Estate of Geo. B. Jenkinson,
Estate of Henry Weil,
Estate of Geo. Rounsavell,
Benj. J. Rosenthal,
Louis Eckstein,
Louis M. Stumer,
Jacob L. Kesner, and
A. Bishop & Co.

Filed their separate written protest and objection to the said appraisal, each of said protests and objections being the same, except as to the description of the property to which it relates. One of said protests is in the words and figures following:

CHICAGO, ILL., June 21, 1905.

To the Board of Education of the City of Chicago:

The undersigned, Benjamin J. Rosenthal and Louis Eckstein, lessees of Lot 31 in Block 142, of the School Section Addition to Chicago, under a certain lease and supplemental lease from the Board of Education of the City of Chicago, in reference to your notice informing them of the recent alleged appraisal of said real estate, made by Messrs. McLaren, Waterman and Kerfoot, and your request for the payment of rent upon the basis alleged to have been established by said alleged appraisal, for the purpose of preserving and protecting the rights secured to the undersigned by law and by the terms and provisions of said lease and supplemental lease, hereby protest and object to the said alleged appraisal and to the payment of rent upon the basis alleged to be estab-

lished by said alleged appraisal, and as grounds for their protest and objection, respectfully submit the following, to-wit:

(1) That the said John McLaren, the said Arba N. Waterman and the said William D. Kerfoot were not, nor were any or either of them, legally or properly appointed or designated to act as appraisers of the above mentioned property, as required and contemplated by said lease and supplemental lease.

(2) That said alleged appraisers did not, nor did any or either of them, prior to making said alleged appraisal, make or take any such oath as was required in and by said lease and supplemental lease.

(3) That the said alleged appraisers had not, nor had any or either of them jurisdiction, right or authority to act as such appraisers under said lease and supplemental lease; that the undersigned have never submitted to the jurisdiction of said alleged appraisers, or waived their right to object to said alleged appraisers acting as such, or to any action of said alleged appraisers, but that, on the contrary, all proceedings of said alleged appraisers were had and taken over and against the written protest and objection of the undersigned, dated March 29, 1905, a copy of which has heretofore been delivered to and served upon you, and by reference thereto said written protest is hereby expressly made a part hereof precisely the same as if it were literally set forth herein.

(4) That said alleged appraisers, in making their alleged appraisal of the above described real estate, have disregarded the provisions of said supplemental lease in that they have failed to take into consideration, among other things, the improvements on said land, the char-

acter, condition, value, costs, rental, expenses and other particulars thereof, and have failed to take into account any of the facts and information presented to them and within their knowledge with reference to the value of said land and have otherwise disregarded the provisions of said leases.

(5) That no valid appraisal of said land has been made in the year 1905 in conformity with said lease and supplemental lease, and that the value pretended to be placed upon said land by said alleged appraisers is excessive, exorbitant, unreasonable and far in excess of the true cash value of said premises (not taking into consideration the improvements thereon), and, if enforced, will result in a practical confiscation of the building located upon said land and the rights of the undersigned under said leases.

In view of the foregoing the undersigned respectfully request that before any action is taken by said Board of Education looking to the adoption, confirmation or approval of said alleged appraisal, or the enforcement thereof, a hearing be accorded the undersigned with reference to the aforesaid objections and protest.

Respectfully submitted,

BENJAMIN J. ROSENTHAL,
LOUIS ECKSTEIN,
Lessees as Aforesaid.

PROTEST OF ROSALIE CAVANA.

CHICAGO, ILL., June 21, 1905.

To the Board of Education of the City of Chicago:

The undersigned, Rosalie Cavana, lessee of Lot 8, in Block 142, of the School Section Addition to Chicago, under a certain lease and supplemental lease from the Board of Education of the City of Chicago, in reference to your notice informing them of the recent alleged appraisal of said real estate, made by Messrs. McLaren, Waterman and Kerfoot, and your request for the payment of rent upon the basis alleged to have been established by said alleged appraisal, for the purpose of preserving and protecting the rights secured to the undersigned by law and by the terms and provisions of said lease and supplemental lease, hereby protests and objects to the said alleged appraisal and to the payment of rent upon the basis alleged to be established by said alleged appraisal, and as grounds for her protest and objection, respectfully submit the following, to-wit:

(1) That the said John McLaren, the said Arba N. Waterman and the said William D. Kerfoot were not, nor were any or either of them legally or properly appointed or designated to act as appraisers of the above mentioned property, as required and contemplated by said lease and supplemental lease.

(2) That said alleged appraisers did not, nor did any or either of them, prior to making said alleged appraisal, make or take any such oath as was required in and by said lease and supplemental lease.

(3) That the said alleged appraisers had not, nor had any or either of them, jurisdiction, right or authority to

act as such appraisers under said lease and supplemental lease; that the undersigned have never submitted to the jurisdiction of said alleged appraisers, or waived their rights to object to said alleged appraisers acting as such, or to any action of said alleged appraisers.

(4) That said alleged appraisers, in making their alleged appraisal of the above described real estate, have disregarded the provisions of said supplemental lease in that they have failed to take into consideration, among other things, the improvements on said land, the character, condition, value, costs, rental, expenses and other particulars thereof, and have failed to take into account any of the facts and information presented to them and within their knowledge with reference to the value of said land and have otherwise disregarded the provisions of said lease.

(5) That no valid appraisal of said land has been made in the year 1905 in conformity with said lease and supplemental lease, and that the value pretended to be placed upon said land by said alleged appraisers is excessive, exorbitant, unreasonable and far in excess of the true cash value of said premises (not taking into consideration the improvements thereon), and, if enforced, will result in a practical confiscation of the building located upon said land and the right of the undersigned under said lease.

In view of the foregoing the undersigned respectfully requests that before any action is taken by the said Board of Education, looking to the adoption, confirmation or approval of said alleged appraisal, or the enforcement thereof, a hearing be accorded the under-

signed with reference to the aforesaid objections and protest.

Respectfully submitted,

ROSALIE CAVANA,
Lessee as Aforesaid.

PROTEST OF DANIEL F. CRILLY.

CHICAGO, ILL., June 21, 1905.

To the Board of Education of the City of Chicago, Chicago, Illinois.

GENTLEMEN: The undersigned lessee of the south 8 feet of Lot 23 and all of Lots 24, 25, 26 and 27, in Block 142, in School Section Addition to Chicago, under lease dated May 8, 1878, and supplemental lease from your honorable body, in compliance with the provisions of said lease, and for the purpose of preserving and protecting his rights in and to the said lease and the property therein described, hereby objects and excepts to the action of Messrs. John McLaren, Arba N. Waterman and William D. Kerfoot, purported to have been taken by them as appraisers of school property, and to the alleged appraisement made by them, and to the payment of rent based upon the amount of the said appraisement.

The grounds of this objection and exception are in part as follows:

1. That the said John McLaren, Arba N. Waterman and William D. Kerfoot were not properly appointed as appraisers under the terms and provisions of the said lease as amended, and had no right or authority to act as appraisers under said lease as amended.

2. That the said persons above named in making their alleged appraisement on the property above described wholly disregarded numerous provisions of the said lease as amended.

3. That the persons above named in making their alleged appraisement of the above described property wholly failed to take into account or consideration any of the facts and information presented to them by the undersigned.

4. That said persons above named in making their alleged appraisement of the above described real estate disregarded the valuation requested by your honorable body to be placed upon the said premises, and placed upon the said premises a valuation far in excess of the valuation your honorable body requested the said appraisers to place upon the said premises.

5. That the valuation placed upon the said land by the said appraisers is excessive, exorbitant and unreasonable when considered in connection with the terms of the said lease as amended, and if enforced will result in a confiscation of the building located upon the said land and the rights of the undersigned under said lease.

6. By reason of the above, and for the further reason that the said contract of lease between the undersigned and your honorable body was executed upon the belief and understanding of both parties thereto, that said land was exempt from taxation, whereas by a recent decision of the Supreme Court of this city the said property has been subjected to the additional burden of taxation, which the undersigned must bear contrary to the spirit and intent of said contract of lease, the undersigned is entitled to a modification of the said appraisal.

It is, therefore, respectfully suggested that before any action is taken by your honorable body, looking to the enforcement of said alleged appraisal, an opportunity should be given for the consideration of such possible modification of said appraisal as may appear to be for the best interests of both lessor and lessee.

DANIEL F. CRILLY.

PROTEST OF AVA W. FARWELL.

To the Board of Education of the City of Chicago:

The undersigned, Ava W. Farwell, owner of the lease from the Board of Education to lots twenty (20) and twenty-one (21), in block one hundred and forty-two (142), in School Section Addition to Chicago, being certain lease and supplemental lease from the Board of Education of the City of Chicago, in response to your notice and to all notices informing me of the recent alleged appraisal of said real estate, made by Messrs. McLaren, Waterman and Kerfoot, and your request for the payment of rent upon the basis and valuation alleged to have been established by said appraisal for the purpose of preserving and protecting the rights secured to the undersigned by law, and by the terms and provisions of said lease and supplemental lease, hereby protests and objects to the said alleged appraisal and to the payment of rent upon the basis claimed to have been established by said alleged appraisal, and as grounds for such objections and protest submits the following, to-wit:

First. The said John McLaren, Arba N. Waterman and the said William D. Kerfoot, and each of them, were not legally or properly appointed or designated to act as

appraisers of the above mentioned property, as required and contemplated by said lease and supplemental lease.

Second. Said Waterman, Kerfoot and McLaren, and each of them, were incompetent to act as such appraisers.

Third. Neither said McLaren, Waterman or Kerfoot were appointed at the time and by authority provided by said lease and supplemental lease.

Fourth. That the said persons above named have and had no jurisdiction, right or authority to act as such appraisers under said lease and supplemental lease.

Fifth. That said persons above named in making their alleged appraisal of the value of the above described real estate, disregarded the provisions of said supplemental lease, especially in that they failed to take into consideration the improvements on said premises, the character, condition, value, cost, rental, expenses and other particulars thereof.

Sixth. Said alleged appraisers disregarded all legitimate evidence as to the value of said premises, and erroneously and wrongfully placed their valuation thereon without any legitimate or proper evidence to support the same, and without the consideration of any fact which would warrant their conclusion in that regard.

Seventh. That the value placed upon said lands by said alleged appraisers is excessive, exorbitant, unreasonable, unjust, and when considered in connection with the conditions imposed by the said lease and supplemental lease, would result in a confiscation of the building located upon said land, and owned by the undersigned, and of all the rights of the undersigned under said lease and supplemental lease.

Eighth. The said lease and supplemental lease were made under a misapprehension of facts in this, that it was the understanding of both parties that said premises would not be subject to taxation, and said lease should be modified to conform with the decision of the Supreme Court in this regard.

Respectfully submitted,

AVA W. FARWELL,
By J. A. FARWELL.

PROTEST OF JAMES K. SEBREE.

To the Board of Education of the City of Chicago:

The undersigned, James K. Sebree, lessee of lots eighteen (18) and nineteen (19), of block one hundred and forty-two (142), in School Section Addition to Chicago, County of Cook, and State of Illinois, under a certain lease and supplemental lease from the Board of Education of the City of Chicago, in response to your notice informing him of the recent alleged appraisal of said real estate made by Messrs. McLaren, Waterman and Kerfoot, and the request of the Board of Education for the payment of rent upon the basis alleged to have been established by said appraisal, for the purpose of preserving and protecting the rights secured to the undersigned by law, and by the terms and provisions of said lease and supplemental lease, hereby protests and objects to the said alleged appraisal and to the payment of rent upon the basis established by said alleged appraisal, and to the sufficiency of the notice above referred to, and as grounds for his said protest and objection, respectfully submits the following, to-wit:

1. That the said John McLaren, Arba N. Waterman and William D. Kerfoot, and each of them, were not legally or properly appointed or designated to act as appraisers of the above mentioned property, as contemplated and required by said lease and supplemental lease.

2. That the said persons above named had no jurisdiction, right or authority to act as such appraisers under the said lease and supplemental lease, and were incompetent to act as such.

3. That the said persons above named as appraisers were not appointed, nor was either of them appointed, at the time, in the manner and by the authority provided for by said lease and supplemental lease.

4. That the said persons above named, in making their alleged appraisal of the above described real estate, have disregarded the provisions of the said lease and supplemental lease in various respects, in that, among other things, they have failed to take into consideration the improvements of said land, the character, condition, value, cost, rental, expenses and other particulars thereof.

5. That the said alleged appraisers have failed to take into account and give due weight to the evidence presented before them upon the value of the said premises.

6. That the said alleged appraisers disregarded and refused to consider a large portion of the evidence as to the value of the said premises and erroneously and wrongfully placed their valuation thereon, without any legitimate or proper evidence to support the same, and without the consideration of any fact which would warrant their conclusions in that regard.

7. That the value placed upon the said land by the said alleged appraisers is excessive, exorbitant, unreasonable and unjust, and when considered in connection with the conditions imposed by the said lease and supplemental lease, and if enforced, will result in the confiscation of the building located upon the said land, owned by the undersigned, and all of the rights of the undersigned under the said lease and supplemental lease.

8. That the said lease and supplemental lease were made under a misapprehension of the facts in this, that it was the understanding of both parties at the time when the said lease and supplemental lease were executed, that the said premises would not be subject to taxation but would be exempt therefrom, whereas it now appears from the recent decision of the Supreme Court of the State of Illinois, that the undersigned is liable to be subjected to the additional burden of taxation, contrary to the intention of the parties at the time when the said lease and supplemental lease were executed, and contrary to the spirit and intention of the said lease and supplemental lease.

The undersigned respectfully suggests, therefore, that he is entitled to a modification of the terms of the said lease and supplemental lease, for the reasons above stated; and that an opportunity should be given for the consideration of possible modifications of the said appraisal, and of the terms of the said lease and supplemental lease, as may appear for the best interest of all parties concerned.

Respectfully submitted,

JAMES K. SEBREE,
Lessee as Aforesaid.

PROTEST OF McVICKER THEATER COMPANY.

CHICAGO, Ill., June 21, 1905.

To the Board of Education of the City of Chicago:

The McVicker Theatre Company, which owns and holds, on the lessee's part, the lease of Lots 9, 10 and 11 in Block 142 in the School Section Addition to Chicago, executed by your honorable body under date of May 8, 1880, to Harriet G. McVicker, and supplement thereto, dated June 15, 1888, hereby makes protest against the alleged appraisal of said land lately claimed to have been made by John McLaren, William D. Kerfoot and Arba N. Waterman, and objects to said alleged appraisal, and the payment of rent based thereupon, and in support of its protest and objection the undersigned submits the following:

1. That said McLaren, Waterman and Kerfoot were not legally or properly appointed or designated to act as appraisers under said lease and said supplement thereto, and that no valid Board of Appraisers under said lease and supplement was ever appointed or designated to make a reappraisement for the period beginning May 8, 1905, and the undersigned insists that it is entitled to the judgment of a majority of a valid Board of three Appraisers, and that no such board was in fact appointed, and that said alleged appraisement was in fact null and void.

2. That the facts in relation to the alleged or supposed designation of the said McLaren, Waterman and Kerfoot, as a Board of Appraisers under said lease and supplemental lease have come to the knowledge of the

undersigned since the making of said alleged appraisement.

3. That said supposed appraisers in making their said alleged appraisement disregarded wholly the provisions of said supplemental lease which in justice and equity required them to take into consideration the character of the improvements upon said land, and the character, condition, value, cost, rental expenses and other particulars thereof, and ignored and held for naught such information and many facts presented to them with reference to the leasehold premises.

4. That the annual rental of $53,776.80 for said premises now claimed by you, upon the basis of said alleged and invalid appraisement, exceeds by $10,000 the whole annual income which can be derived from the said premises and the present improvements thereupon, after deducting the taxes upon the building, insurance and the necessary cost of operating the building.

5. That the value placed upon said leased lands by the said alleged appraisers is utterly unreasonable and exorbitant, when considered in connection with the burdens imposed by the said lease, and if enforced will amount to a practical confiscation of the existing improvements and the rights of the undersigned.

6. That it is a well known fact that said lease was entered into under the belief and understanding, then common, that said land was exempt from general taxation, but by a recent ruling of the Supreme Court of the State of Illinois said lands are not so exempt, and are liable to be subjected to a very great burden of additional taxation.

It is therefore respectfully suggested, by the under-

signed, that your Honorable Board before seeking to enforce said alleged appraisal, take into consideration the whole situation, with a view of making some rearrangement which will be for the best interests of both lessor and lessee.

Respectfully,

McVicker Theatre Company.

By Sol Litt,

Its Secretary.

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