

1 CITY OF SANTA FE, NEW MEXICO

2 ORDINANCE NO. 2020-4

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4  
5 AN ORDINANCE

6 AUTHORIZING THE SALE OF APPROXIMATELY 10,242 SQUARE FEET OF BUILDING  
7 AND IMPROVEMENTS ONLY, KNOWN AS THE "SANTA FE CLAY BUILDING,"  
8 LOCATED ON LEASE PARCEL F-1 AT 545 CAMINO DE LA FAMILIA IN THE SANTA  
9 FE RAILYARD LYING AND BEING SITUATED WITHIN THE CITY AND COUNTY OF  
10 SANTA FE, NEW MEXICO.

11  
12 BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SANTA FE:

13 Section 1. The attached Exhibit A, Purchase Agreement and Exhibit B, Quitclaim Deed  
14 between the City of Santa Fe (Grantor) and Luna Capital Advisors, LLC (Grantee) for real property  
15 lying and being situated within the City and County of Santa Fe, New Mexico, is approved subject to  
16 the conditions set forth in Section 2 below. The real property is located on Lease Parcel F-1 at 545  
17 Camino de la Familia within the Santa Fe Railyard lying and being situated within the City and  
18 County of Santa Fe, New Mexico:

19 "The building set forth on Exhibit A as Santa Fe Clay 545 Camino de la Familia, as granted  
20 to the City of Santa Fe in the Warranty Deed recorded on December 22, 1995, in Book 1271, Page  
21 148 in the records of the Santa Fe County Clerk. The 10,242 square foot building and improvements  
22 are situated on Lease Parcel F1 which is shown on the ALTA/ACSM LAND TITLE SURVEY OF  
23 PARCEL G, NORTH AREA OF THE SANTA FE RAILYARD" recorded in Plat Book 770, Page  
24 16, in the records of the Santa Fe County Clerk.

25 Section 2. The sale of the real property is approved subject to the terms herein and the

1 following easements and restrictions:

2 1. The property shall not be considered a separate legal lot of record for any purpose  
3 and is subject to ground lease and sublease with Santa Fe Railyard Community Corporation; and

4 2. The property shall be subject to easements for existing utilities and rights of others  
5 appurtenant thereto.

6 **Section 3.** The appraised value of the real property, which consists of the Building and  
7 Improvements Only located at 545 Camino de la Familia is one hundred and fifty thousand dollars  
8 (\$150,000.00).

9 **Section 4.** The manner of payment to Grantor shall be cash. The time of payment shall  
10 be as soon as practicable after the effective date of this ordinance.

11 **Section 5.** The sale price of the real property is one hundred and seventy-five thousand  
12 dollars (\$175,000.00).


13 **Section 6.** The purchaser of the real property is Luna Capital Advisors, LLC, c/o  
14 Kristopher Axtel, CEO, 83 Placita de Oro #7, Santa Fe, New Mexico 87501.

15 **Section 7.** The purpose of the sale of the real property by the municipality is the sale of  
16 real property to complete the Railyard vision under the Master Plan and to generate revenue for the  
17 municipality.

18 **Section 8.** This ordinance shall become effective forty-five (45) days after its adoption,  
19 unless a referendum election is held pursuant to Article 3-54-1 NMSA 1978.

20 **Section 9.** The purchase agreement and deed will be executed after the effective date of  
21 this ordinance by the Mayor.

22 PASSED, APPROVED, and ADOPTED this 29<sup>th</sup> day of January, 2020

23  
24 

25 ALAN WEBBER, MAYOR

1 ATTEST:

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*Yolanda Y. Vigil*

4 YOLANDA Y. VIGIL, CITY CLERK

5 APPROVED AS TO FORM:

6

*Erin K. McSherry*

8 ERIN K. McSHERRY CITY ATTORNEY

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*Bill No. 2020-1*

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*Legislation/2020/Ordinances/2020-4 Sale of City Property – Santa Fe Clay*

**CITY OF SANTA FE, NEW MEXICO**  
**PROPOSED AMENDMENT(S) TO BILL NO. 2020-1**  
**Sale of City Property – Santa Fe Clay**

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**Mayor and Members of the City Council:**

**I propose the following amendment(s) to Bill No. 2020-1:**

1. On page 2, line 15 *strike* "\$150,000.00, same as the appraised value" and *insert* in lieu thereof "one hundred and seventy-five thousand dollars (\$175,000.00)"

Respectfully submitted,

\_\_\_\_\_  
JoAnne Vigil Coppler, Councilor

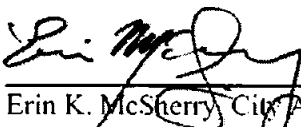
  
\_\_\_\_\_  
Alan Webber, Mayor

\_\_\_\_\_  
Signe I. Lindell, Councilor

\_\_\_\_\_  
Roman "Tiger" Abeyta, Councilor

\_\_\_\_\_  
Carol Romero-Wirth, Councilor

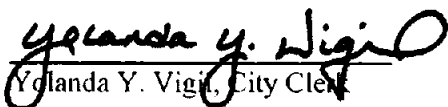
Approved as to Form:

  
\_\_\_\_\_  
Erin K. McSherry, City Attorney

ADOPTED: \_\_\_\_\_ X \_\_\_\_\_

NOT ADOPTED: \_\_\_\_\_

DATE: \_\_\_\_\_ 1/29/20 \_\_\_\_\_

  
\_\_\_\_\_  
Yolanda Y. Vigil, City Clerk

**PURCHASE AGREEMENT**

THIS PURCHASE AGREEMENT ("Agreement") is made, effective as of the date of the last signature hereto, as indicated on the signature page hereto (the "Effective Date"), by and between the CITY OF SANTA FE, a New Mexico municipal corporation ("City"), and LUNA CAPITAL ADVISORS, LLC, a New Mexico limited liability company ("Purchaser").

In consideration of the following mutual promises, City and Purchaser agree as follows:

1. **Sale and Purchase.** Upon the following terms and conditions, City shall sell and Purchaser shall purchase the approximately 10,242 square foot building (improvements only) located on Parcel "F-1" of the North Railyard Area, as reflected on the City of Santa Fe Railyard Master Plan, with the address of 545 Camino de la Familia, Santa Fe, New Mexico 87501, together with all fixtures and equipment currently located therein (the "Property").

2. **Purchase Price and Terms of Payment.** The purchase price for the Property shall be One Hundred Fifty Thousand Dollars (\$150,000.00) (the "Purchase Price"). The Purchase Price shall be payable by Purchaser to City at Closing, by means of wire transfer or other immediately available funds.

3. **Marketable Title.** At Closing, City shall execute a grant deed conveying good and merchantable title to the Property to Purchaser, free and clear of all monetary liens and monetary encumbrances, but without warranties of title. Purchaser, at Purchaser's expense, shall have the right to obtain such title searches and/or title commitments and title policies, as Purchaser shall desire to evidence and insure the marketable title to the Property.

4. **"As Is" Purchase.** PURCHASER ACKNOWLEDGES THAT PURCHASER IS FULLY AWARE OF THE PHYSICAL CONDITION OF THE PROPERTY, AND HAS HAD AMPLE OPPORTUNITY PRIOR TO THE EXECUTION OF THIS AGREEMENT TO INSPECT OR INVESTIGATE ANY AND ALL MATTERS PERTAINING TO THE SAME. PURCHASER FURTHER ACKNOWLEDGES THAT THE PURCHASE PRICE WAS BARGAINED ON THE BASIS OF AN ABSOLUTELY "AS IS, WHERE IS" TRANSACTION, AND REFLECTS THE AGREEMENT OF THE PARTIES THAT THERE ARE NO REPRESENTATIONS OR EXPRESS OR IMPLIED WARRANTIES FROM CITY TO BUYER REGARDING THE CONDITION OF THE PROPERTY. THE PROPERTY WILL BE CONVEYED TO PURCHASER IN AN ABSOLUTELY "AS IS, WHERE IS" CONDITION, WITH ALL FAULTS. ALL WARRANTIES ARE DISCLAIMED BY CITY. PURCHASER ACKNOWLEDGES AND AGREES THAT PURCHASER IS RELYING SOLELY UPON PURCHASER'S KNOWLEDGE, INSPECTION, EXAMINATION, AND EVALUATION OF THE PROPERTY AND NOT ANY REPRESENTATIONS OR STATEMENTS BY CITY WITH RESPECT TO THE SAME.

5. Conditions to Closing.

a. Amendment of Railyard Lease and Conveyance of Improvements. Each of City's and Purchaser's obligations to proceed with closing on the purchase and sale of the Property is conditioned upon the prior or simultaneous conveyance to City of any interest in the Property held by Santa Fe Railyard Community Corporation ("SFRCC") and the attendant amendment of the Amended and Restated Railyard Lease and Management Agreement dated April 30, 2011, as subsequently amended, between City and SFRCC to account for and provide economic credit to SFRCC for such conveyance, all upon such terms and conditions as City, in City's sole and absolute discretion, and SFRCC shall agree.

b. Execution of New Ground Lease. Purchaser's obligations to proceed with closing on the purchase and sale of the Property are conditioned upon the prior or simultaneous execution by Purchaser and SFRCC of a ground lease for Parcel "F-1" of the North Railyard Area, as reflected on the City of Santa Fe Railyard Master Plan, upon such terms and conditions as Purchaser, in Purchaser's sole and absolute discretion, and SFRCC shall agree.

If any of the above conditions to Closing has not been satisfied on or before the required Closing Date, then the party benefited by the unsatisfied condition may terminate this Agreement by written notice to the other party.

6. Closing. Closing of the purchase and sale of the Property shall occur in the offices of City, or such other location as shall be agreed upon by the parties (the "Closing"), and shall occur on or simultaneously with the satisfaction of the conditions set forth in Paragraph 5 above, but in no event later than March 16, 2020 (the "Closing Date"). On or before the Closing Date, the following actions shall occur in connection with Closing, each action being considered a condition precedent to the others and all being considered as taking place simultaneously:

A. City shall execute, acknowledge and deliver to Purchaser a deed, conveying the Property to Purchaser as required under Paragraph 3.

B. Purchaser shall deliver to City, by means of wire transfer or other immediately available funds, the necessary funds for the payment of the Purchase Price.

7. Closing Costs. If Closing shall occur, Purchaser shall pay the fees for recording any instrument necessary to establish the marketability of City's title to the Property and shall pay the cost of any title work obtained by Purchaser and the fee for recording the deed from City.

8. Ad Valorem. If the Property shall be subject to ad valorem taxes as of the date of conveyance for the year 2020, then such taxes shall be paid by the Purchaser, as ad valorem property taxes are not assessed against City.

9. Risk of Loss, Possession and Delivery. Possession of the Property shall be transferred to Purchaser on the Closing Date, and the risk of loss shall shift to Purchaser at that time. If the Property is destroyed or materially damaged prior to Closing, Purchaser shall have the right to elect not to proceed with Closing.

10. Default and Remedies. Time is of the essence. If any payment or any other condition hereof is not made, tendered, or performed by either City or Purchaser as herein provided, then this Agreement, at the option of the party who is not in default, may be terminated by such party, or such party may elect to bring an action for specific performance. Under no circumstances shall either party be entitled to consequential damages whether under this Agreement, at common law, or otherwise. Any prevailing party in any action brought under this Agreement shall have the right to recover reasonable attorneys' fees solely to enforce or terminate this agreement. In no case shall reasonable attorneys' fees exceed 50% the appraised value of the Property.

11. Notices. All notices or any other communications required or permitted hereunder shall be in writing or in electronic format, and shall be deemed to have been duly given when either sent by electronic mail, personally delivered, or duly deposited in the United States certified mail, return receipt requested, properly stamped and addressed, all to the parties at their addresses listed below:

Purchaser: 83 Placita de Oro #7  
Santa Fe, New Mexico 87501  
Attention: Kristopher Axtell  
Email: [kris@luna.capital.com](mailto:kris@luna.capital.com)

City: City of Santa Fe  
200 Lincoln St  
P.O. Box 909  
Santa Fe, New Mexico 87504-0909  
Attention: Alan M. Webber, Mayor  
E-mail: [amwebber@santafenm.gov](mailto:amwebber@santafenm.gov)

With copy to:

Erin K. McSherry, City Attorney  
200 Lincoln St  
P.O. Box 909  
Santa Fe, New Mexico 87504-0909  
E-mail: [ckmesherry@santafenm.gov](mailto:ckmesherry@santafenm.gov)

12. Entire Agreement. This Agreement constitutes the entire agreement between City and Purchaser respecting the sale and purchase of the Property and will supersede and replace any and all prior and contemporaneous written and oral agreements, promises, representations, or conditions with respect thereto. The rights and obligations contained in this Agreement shall not merge at Closing; rather, they shall survive the Closing and bind the parties hereto.

13. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of New Mexico.

14. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their heirs, successors, assigns and personal representatives.

15. Modification. This Agreement may be modified only by a writing duly executed by the parties.

16. Assignments. This Agreement may not be assigned or delegated by either party without the consent of the other party. Any purported assignment without such consent shall be void and shall entitle the other party to the remedies allowed herein for a default in the performance of this Agreement.

17. Further Documents. The parties shall execute such additional documents as may be necessary or appropriate to fully carry out the intent and purpose of this Agreement.

18. Counterparts and Facsimiles. This Agreement may be executed in one or more counterparts, which when taken together, shall constitute one and the same original. Facsimiles and other electronically transmitted copies of signed documents, and electronically signed documents, shall be binding, the same as the original of such signed document.

19. Calculation of Times and Extension of Dates. Unless otherwise indicated in this Agreement, the term "days" shall mean calendar days, including weekends and holidays. Notwithstanding the foregoing, if, under this Agreement, any time period is to expire, or the last date for performance of any act is to occur, on a Saturday, Sunday or legal holiday, designated as such under the Federal Legal Holidays Act, then the time period or date for performance of such act shall be extended to the next day which is not a Saturday, Sunday or legal holiday.

20. Broker. City and Purchaser each represent to the other that it has not negotiated or dealt with any real estate broker, salesperson, or agent in connection with the making of this Agreement or the transaction contemplated hereby, or incurred any liability for the payment of any brokerage fee, commission, or compensation to any such broker, salesperson, or agent.



IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates and times indicated below.

**Purchaser:**

**LUNA CAPITAL ADVISORS, LLC,**  
a New Mexico limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_, 2020

**City:**

**CITY OF SANTA FE**

By: \_\_\_\_\_

**ALAN M. WEBBER, MAYOR**

Date: \_\_\_\_\_, 2020

**APPROVED AS TO FORM:**

**ATTEST:**

\_\_\_\_\_  
**ERIN K. MCSHERRY,**  
**CITY ATTORNEY**

\_\_\_\_\_  
**YOLANDA Y. VIGIL,**  
**CITY CLERK**

**APPROVED:**

\_\_\_\_\_  
**MARY T. MCCOY,**  
**FINANCE DIRECTOR**

**QUITCLAIM DEED**

The City of Santa Fe, a Municipal Corporation (Grantor), whose address is 200 Lincoln Avenue, Santa Fe, New Mexico, 87504-0909, for consideration paid, quitclaims to Luna Capital Advisors, LLC, a New Mexico limited liability company (Grantee), whose address is 83 Placita de Oro #7, Santa Fe, New Mexico 87501, the following described real property in Santa Fe County, New Mexico:

**LEGAL DESCRIPTION**

That certain 10,242 square feet of building and improvements only, known as the "Santa Fe Clay Building," located on Parcel F-1 at 545 Camino de la Familia, Santa Fe, NM 87501, in the Santa Fe Railyard, as reflected in the Santa Fe Railyard Master Plan, lying and being situated within the City and County of Santa Fe, New Mexico, more particularly described as follows:

The building set forth on Exhibit A as "Santa Fe Clay," 1615 Paseo de Peralta, as granted to the City in the Warranty Deed recorded on December 22, 1995, in Book 12271, Page 148 in the records of the Santa Fe County Clerk. The 10,242 square foot building and improvement that lay on Parcel F1 which is delineated on the "ALTA/ACSM LAND TITLE SURVEY OF PARCEL G, NORTH AREA OF THE SANTA FE RAILYARD" recorded in Plat Book 770, Page 16, in the records of the Santa Fe County Clerk.

Containing 10,242 square feet of building and improvements, more or less, as is, and subject to covenants, restrictions, rights, rights of way and easements now of record, if any. The Grantor having quitclaimed the above described property for consideration paid to the Grantee for a fair market value and consideration, declares that this quitclaim is freely and fairly made.

Witness my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Alan Webber, Mayor of the City of Santa Fe

**ACKNOWLEDGMENT**

STATE OF NEW MEXICO            )  
                                          )ss.  
COUNTY OF SANTA FE         )

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by Alan Webber.

Seal: \_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

**City of Santa Fe  
Fiscal Impact Report (FIR)**

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

**Section A. General Information**

(Check) Bill:  X  Resolution: \_\_\_\_\_  
 (A single FIR may be used for related bills and/or resolutions)  
 Short Title(s):  Sale of City Property - Santa Fe Clay.

Sponsor(s):  Mayor Webber

Reviewing Department(s):  Asset Development/City Attorney's Office

Persons Completing FIR:  Kevin Kellogg/Andrea Salazar  Date:  1/2/20  Phone:  955-6213/955-6303

Reviewed by City Attorney:    Date:  1/2/20   
 (Signature)

Reviewed by Finance Director: \_\_\_\_\_ Date: \_\_\_\_\_  
 (Signature)

**Section B. Summary**

Briefly explain the purpose and major provisions of the bill/resolution:

This Bill authorizes the sale of the building and improvements located at 545 Camino de la Familia, known as the "Santa Fe Clay Building." The purpose of the sale is to complete the Railward vision under the Master Plan to generate revenue for the City. The purchase price is \$150,000, the same as the appraised value of the building and improvements. The sale does not include the land on which the building is situated.

**Section C. Fiscal Impact**

**Note:** Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

- a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)
- b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)
- c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)\*

**1. Projected Expenditures:**

- a. Indicate Fiscal Year(s) affected - usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)
- b. Indicate: "A" if current budget and level of staffing will absorb the costs  
 "N" if new, additional, or increased budget or staffing will be required
- c. Indicate: "R" - if recurring annual costs  
 "NR" if one-time, non-recurring costs, such as start-up, contract or equipment costs
- d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns
- e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

Finance Director: \_\_\_\_\_

\_\_\_\_\_ Check here if no fiscal impact

Column #:	1	2	3	4	5	6	7	8
Expenditure Classification	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs Recurring or "NR" Non-recurring	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs - Recurring or "NR" Non-recurring	Fund Affected	

Personnel*	\$ _____	_____	_____	\$ _____	_____	_____	_____
Fringe**	\$ _____	_____	_____	\$ _____	_____	_____	_____
Capital Outlay	\$ _____	_____	_____	\$ _____	_____	_____	_____
Land/ Building	\$ _____	_____	_____	\$ _____	_____	_____	_____
Professional Services	\$ _____	_____	_____	\$ _____	_____	_____	_____
All Other Operating Costs	\$ _____	_____	_____	\$ _____	_____	_____	_____
Total:	\$ _____			\$ _____			

\* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. \*\*For fringe benefits contact the Finance Dept.

**2. Revenue Sources:**

- a. To indicate new revenues and/or
- b. Required for costs for which new expenditure budget is proposed above in item 1.

Column #:	1	2	3	4	5	6
Type of Revenue	FY 19/20	"R" Costs Recurring or "NR" Non-recurring	FY _____	"R" Costs - Recurring or "NR" Non-recurring	Fund Affected	

Property Sale	\$150,000.00	NR	\$ _____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____
Total:	\$150,000.00		\$ _____		

**3. Expenditure/Revenue Narrative:**

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

The appraised value of the building and improvements only is \$150,000, equal to the agreed selling price.

---

**Section D. General Narrative**

**1. Conflicts:** Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

None identified.

---

**2. Consequences of Not Enacting This Bill/Resolution:**

Are there consequences of not enacting this bill/resolution? If so, describe.

The Building will remain empty, which does not accomplish the vision of the Railyard Master Plan and will decrease the revenue generated by SFRCC in ground lease collections.

---

**3. Technical Issues:**

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

None identified.

---

**4. Community Impact:**

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

Selling the building will lessen the City's burden of building ownership and maintenance while placing a business in the building will meet the expectations created by the Railyard Master Plan. This Bill to sell the Santa Fe Clay building will have a positive impact on the community by decreasing the vacant buildings in the Railyard.

---

APPRAISAL OF  
545 CAMINO DE LA FAMILIA – BUILDING/IMPROVEMENTS ONLY  
SANTA FE, NM 87501

DATE OF THE REPORT  
OCTOBER 11, 2019

EFFECTIVE DATE OF VALUATION  
OCTOBER 8, 2019

PREPARED FOR  
LUNA CAPITAL ADVISORS  
3 PLACITA DE ORO #7  
SANTA FE, NM 87501

---

HIPPAUF DRY & CONNELLY

REAL ESTATE APPRAISERS AND CONSULTANTS

MEMBERSHIP NO. 12345678901234567890  
MEMBERSHIP NO. 12345678901234567890

**HIPPAUF DRY & CONNELLY**  
REAL ESTATE APPRAISERS AND CONSULTANTS

Peter H. Hippauf, MAI, SRA  
Michael Dry, MAI  
Tim Connelly, MAI

404 Brunn School Rd., Bldg. B  
Santa Fe, New Mexico 87505  
(505) 988-6058  
FAX: (505) 988-6743  
[www.hippauf.com](http://www.hippauf.com)

October 11, 2019

Luna Capital Advisors  
c/o Kristopher Axtel, CEO  
3 Placita De Oro #7  
Santa Fe, NM 87501

<b>RE:</b>	Appraisal of 545 Camino de la Familia – Building/Improvements Only, Santa Fe, NM 87501
------------	-------------------------------------------------------------------------------------------

Dear Mr. Axtel;

Pursuant to your request, I have completed the appraisal of the above referenced property. The depth of discussion and supporting documentation contained in this report are specific, expressed requirements of the client. This appraisal was prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) 2018-2019 and is subject to the assumptions and limiting conditions described in the report.

<b>Values Developed</b>	
As Is	Building/Improvements Only


Based on the analysis, and the data and analyses contained in this report, it is my opinion the most probable market value of the fee simple ownership interest (subject to easements and restrictions of record) in the subject, building only, 'as is' as of October 8, 2019 is:

**FINAL VALUE**

<b>Subject: 545 Camino de la Familia – Building/Improvements Only</b>		
Market value - As Is <i>Building Only</i>	Fee Simple	One Hundred Fifty Thousand Dollars \$150,000
Note: the subject is comprised of improvements inclusive of land. However, at the request of the client, the appraisal is of the building/improvements only and does not include the land value.		

The attached appraisal report contains 55 pages plus addenda. If I can be of any further service with this appraisal or another matter, please do not hesitate to contact me.

Respectfully submitted,

  
Michael Dry, MAI

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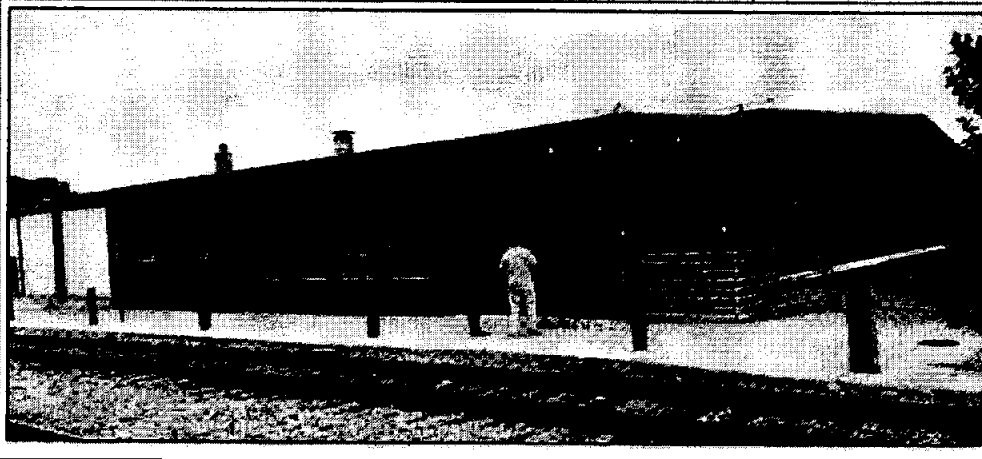
**Addenda**



SUMMARY OF SALIENT FACTS, DATA AND CONCLUSIONS

**SUMMARY OF SALIENT FACTS, DATA AND CONCLUSIONS**

<b>Summary</b>		
Subject	545 Camino de la Familia – Building/Improvements Only, Santa Fe, NM 87501	
Client	Luna Capital Advisors	
Owner of Record	Santa Fe Railyard Community Corporation/City of Santa Fe	
Current Use	Commercial/light industrial: warehouse (vacant)	
Highest and Best Use	Building/Improvements Only: 'As Is' with immediate renovation/ updating/redevelopment/remediation per market requirements	
Dates	Effective Date of Value	October 8, 2019
	Date of Report	October 11, 2019
Purpose of the Appraisal	Market Value	
Intended Use - Appraisal	Assist the client in asset valuation/purchase analysis	
Intended Users - Appraisal	Luna Capital Advisors	
Land Area	13,120 square feet ± or 0.3012 acres	
	Note: At the request of the client, the appraisal is of the building/improvements only and does not include the land value.	
Building Area	Building Area	Size
	First Level	9,708 square feet
	Mezzanine	534 square feet
	Total	10,242 square feet
Zoning	BCD-RED Business Capital District, Redevelopment Subdistrict	



**VALUE INDICATIONS – BUILDING/IMPROVEMENTS ONLY**

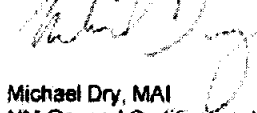
Methodology	Value
Sales Comparison Approach	\$150,000
Income Approach-Direct Capitalization	\$140,000
Final Value – As Is – As of October 8, 2019	\$150,000
Note: at the request of the client, the appraisal is of the building/improvements only and does not include the land/site value.	

**CERTIFICATION**

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

- The statements of fact contained in this report are true and correct
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions, and conclusions
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment
- My engagement in this assignment was not contingent upon developing or reporting predetermined results
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*
- I have made a personal inspection of the property that is the subject of this report
- I have personal knowledge of all comparable properties referenced within this report
- The use of this appraisal report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives
- No one provided significant real property appraisal assistance to the person signing this certification
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives
- As of the date of this report, Michael Dry has completed the continuing education program for Designated Members of the Appraisal Institute
- As of the date of this report, Michael Dry has completed the requirements for the continuing education program of the State of New Mexico Real Estate Appraisers Board for General Certification
- Michael Dry has the education, knowledge, experience, resources and geographical competency necessary to appraise a property of this type in this location
- My certification and any professional designations are currently valid, in good standing and not subject to any restrictions or pending actions/sanctions
- The appraisal has been completed in accordance with the Clients Engagement Requirements

Certified by,



Michael Dry, MAI  
NM General Certification #02739-G

## ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been prepared with the following specific assumptions:

1. It is assumed that the supporting documentation provided for the appraisal is correct.
2. I have relied on information prepared by licensed professionals in making certain decisions in the process of this appraisal. I have accepted this information as accurate, based on the fact that they represent matters beyond my expertise as an appraiser along with the fact that they were prepared by recognized professionals.

This report has been made with the following general assumptions:

3. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
4. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
5. Responsible ownership and competent property management are assumed.
6. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
7. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
8. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging engineering studies that may be required to discover them.
9. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the report.
10. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconforming use has been stated, defined, and considered in the report. Please refer to the discussion of zoning found within the report.
11. It is assumed that all required licenses, permits, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
13. Unless otherwise stated in this report, the existence of hazardous substances, including, without limitation, asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to my attention nor did I become aware of such during the inspection. I have no knowledge of the existence of such materials on or in the property unless otherwise stated. However, I am not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, ureaformaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such condition, or for any expertise or engineering knowledge required to discover them.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.

The report has been prepared with the following limiting conditions:

15. The conclusions expressed in this appraisal report apply only as of the stated date of the appraisal and I assume no responsibility for economic or physical factors occurring at some later

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ASSUMPTIONS AND LIMITING CONDITIONS

- date which may affect the opinions stated herein.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization.
  17. By reason of the assignment I am not required to give consultation, testimony, or be in attendance in court or any other hearing with reference to the property unless written contractual arrangements have been previously made relative to such additional services.
  18. Disclosure of the contents of the report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
  19. Neither all, nor any part of this report, or copy thereof shall be used for any purposes by anyone other than the client to which the report is addressed without the prior written consent of the appraiser, nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, or any other means of communication (including without limitation prospectus, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the appraiser.

**INTRODUCTION**

**Appraisal Report:** This is an Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice 2018-2019. The report and the level of information in the report are based on the needs of the client.

**Property Identification:**

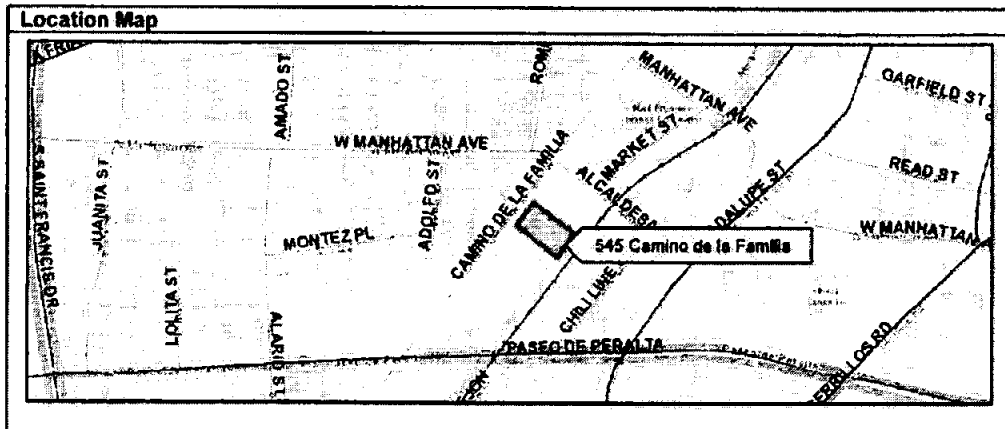
**Property Ownership And History:**

Property	Ownership
545 Camino de la Familia, Santa Fe	Santa Fe Railyard Community Corporation/City of Santa Fe
Note: the subject is comprised of an improved site. However, at the request of the client, the appraisal is of the building/improvements only and does not include the land value.	

Ownership of the subject building is reported to be vested in Santa Fe Railyard Community Corporation/City of Santa Fe. A deed was not provided for the appraisal nor was one located.

The subject building is listed for lease with Santa Fe Railyard Community Corporation for \$134,416 per year (\$13.12 per square foot of improvements per year or \$10.25 per square foot of land per year). Research of applicable public records and Santa Fe MLS Service, revealed that the subject property is not currently under contract or option and is not listed for sale on the open market. According to these sources, the subject property has not been transferred within the past three years.

**Location Of The Property:** 545 Camino de la Familia – Building/Improvements Only, Santa Fe, NM 87501 – The subject is located on the east side of Camino de la Familia within the north Railyard in the downtown (BCD zoned).



**Type And Definition Of Value:** The purpose of the appraisal is to provide the appraiser's best estimate of the market value of the subject property as of the effective date. Market value is defined by FIRREA as:

<p><b>Market Value Definition:</b>  The most probable price which a property should bring in a competitive and open market under conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:</p> <ol style="list-style-type: none"> <li>1. Buyer and seller are typically motivated;</li> <li>2. Both parties are well informed or well advised, and each acting in what they consider their own best interests;</li> <li>3. A reasonable time is allowed for exposure in the open market;</li> <li>4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and</li> <li>5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup></li> </ol>
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**Intended Use of the Appraisal:** The intended use of the appraisal is to assist the client in asset valuation/purchase analysis.

**Intended User of the Report:** The report is intended for use by the client, Luna Capital Advisors. Any other party who chooses to rely on this report is advised the appraiser is not obligated to any party other than the original intended user, nor does reliance on the report by a party other than the original intended user result in such party becoming an intended user of the report.

**Interest Valued:** The subject is comprised of a vacant commercial/light industrial warehouse building. Therefore, the ownership interest valued is fee simple. The site and a subsequent land lease are not considered.

<p><b>Definition: Fee Simple</b>  Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>2</sup></p>
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**Effective Date of Value:** The effective date of value for the 'as is' fee simple value of the building only is October 8, 2019, which is the date the property was inspected.

**Date of the Report:** October 11, 2019.

**Legal Description:** The subject is comprised of improvements inclusive of land. However, at the request of the client, the appraisal is of the building/improvements only

<sup>1</sup> Department of Treasury, 12 CFR 34

<sup>2</sup> The Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed., (Chicago: The Appraisal Institute, 2015), p. 90

and does not include the land value. Therefore, a legal description associated with the site is not included in the appraisal.

**Property Taxes:** The Santa Fe Treasurer's office was contacted for the subject's current tax data. That tax data is found in the following table.

<b>Property Taxes</b>		
Tax ID Number	910021180	
Property Tax Valuation	<b>2018 Assessed Value</b>	
	Land	\$0
	Improvement	\$337,861
	<b>Total</b>	<b>\$337,861</b>
2018 Taxes	\$2,149.04	
2017 Taxes	\$1,467.97	
Comments: According to the Santa Fe County Treasurer's office, taxes are delinquent in the amount of \$53,306.65 (includes interest and penalties). The subject property 'as is', building only, is over assessed, based on the value arrived at in this appraisal.		

**Scope Of The Appraisal:** This appraisal was prepared in accordance with the *Uniform Standards of Professional Appraisal Practice 2018-2019* and instructions accompanying the definition of market value promulgated by the FDIC. The written reporting format for this assignment is defined by U.S.P.A.P. as an appraisal report. Preparation of the appraisal involved the following:

<b>Subject Property</b>	
The subject of the appraisal is comprised of a vacant commercial/light industrial warehouse building located at 545 Camino de la Familia – Building/Improvements Only, Santa Fe, NM 87501.	
Note: the subject is comprised of an improved site. However, at the request of the client, the appraisal is of the building/improvements only and does not include the land value.	
<b>Scope of Work</b>	
1. Inspected the site and improvements	
2. Gathered and confirmed information on comparable improved commercial sales, rents, operating expenses and capitalization rates <i>Note: Sales were viewed by the appraisers in this firm and confirmed with a party knowledgeable regarding the transactions.</i>	
<ul style="list-style-type: none"> <li>• Valuation – based on the highest and best use. Confirmed and analyzed the data and applied the following approaches: <ul style="list-style-type: none"> <li>○ Sales Comparison</li> <li>○ Income Approach: Direct Capitalization</li> <li>○ Cost approach: not developed: due to the age of the improvements and significant level of updating/renovation and resulting speculative depreciation determination.</li> <li>○ Reconciled these approaches to a final estimate of market value as of the effective appraisal date.</li> </ul> </li> </ul>	
The market value 'as is' of the <u>building/improvements only</u> is developed as of October 8, 2019.	
<b>Extraordinary Assumptions and Hypothetical Conditions</b>	
Extraordinary assumptions:	not used in this report
Hypothetical Conditions:	not used in this report

No items of personal property are included in this appraisal. Aside from a casual

inspection of the property, the appraisal included no assessment of potential environmental hazards. Documents provided for the appraisal did not include a professional environmental study of the property. Therefore, for the purpose of the appraisal, it is assumed there are no potential environmental hazards. If the user of this report has a concern for this matter, it is recommended an environmental assessment be obtained from a qualified professional in the field. The value(s) derived in this report are predicated upon this assumption.

**To the Best of my Knowledge, this Report Complies with:**

- The Office of the Comptroller of the Currency Regulation 12 CFR Part 34 minimum standards.
- The Appraisal Guidelines of Luna Capital Advisors
- The New Mexico Real Estate Appraiser Laws
- Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation 2018-2019
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute

The final determination as to the level and degree of compliance of this report with regard to the foregoing policies and guidelines is the responsibility of any person relying on this report. The appraisal is performed according to Title XI of the Federal Financial Institution Reform Recovery and Enforcement Act (FIRREA). The appraisal is subject to the appraiser's Certification and Statement of Assumptions and Limiting Conditions which accompany this report.



**Marketing Time and Exposure Time:**

<b>Marketing Time Definition</b>
An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. <sup>3</sup>
<b>Exposure Time Definition</b>
The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. <i>Comment:</i> Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. <sup>4</sup>

In a stable market the marketing time and the exposure time should be the same. The Santa Fe market had been in a state of varying levels of decline for several years after the recession, with some of the market exhibiting tepid performance and some of the market exhibiting significant shifts. Those shifts could cause a difference in the marketing time and exposure time. However, based on economic data over the past few years the market appears to have stabilized with less evidence of any shifts in the market that could cause a difference in the marketing or exposure time. Therefore, they have been assumed to be the same in this analysis.

Marketing time will be affected by the supply and demand factors within the market place. Typically, support for a marketing time is sought from the known marketing time of similar properties.

<b>Subject Property: 545 Camino de la Familia – Building/Improvements Only</b>
The subject property is comprised of a vacant commercial/light industrial warehouse building

Due to the limited number of sales of this property type, the search was extended to all commercial improved sales in Santa Fe. The MLS commercial improved sales within Santa Fe since 2015 and current MLS listings are detailed in the following table.

<sup>3</sup> The Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed., (Chicago: The Appraisal Institute, 2015), p. 140

<sup>4</sup> Ibid., p. 83

**COMMERCIAL SALES/LISTING TABLE**

<b>Sales</b>							
Year	Sales	Median			Average		
		SP	DOM	SP/LP	SP	DOM	SP/LP
2019: 75%	28	\$490,000	119	96%	\$979,384	179	95%
2018	33	\$525,000	111	88%	\$850,984	188	90%
2017	38	\$468,592	324	85%	\$706,686	349	87%
2016	37	\$590,000	230	99%	\$808,914	299	89%
2015	37	\$492,000	201	98%	\$707,335	307	89%
Year	Listings	Median			Average		
		LP	DOM	SP/LP	LP	DOM	SP/LP
Active	67*	\$575,000	154	n/a	\$1,053,007	242	n/a
*Pending: 8 current listings							
Source: Santa Fe Area Multiple Listing Service							

The data shows absorption of commercial real estate has been relatively stable for the last four years with 24.3 months' supply based on the 2018 sales and current listings. The median and average market exposure among the sales the last four years ranged from four to twelve months.

Note: three of the 2019 sales have Days on Market in excess of one year. Analysis of these sale showed they were not priced correctly or had attributes that were atypical and hampered marketability. The properties tended to sale within one to eleven months when appropriately priced.

**Conclusion:** Due to the subject's location within the Railyard, it is a marketable property. If the subject were actively marketed at or near the appraised value, the marketing time/exposure time is estimated to be three months to one year.

<b>Marketing &amp; Exposure Times</b>	
545 Camino de la Familia – Building/Improvements Only	Estimated to be three months to one year if actively marketed at or near the current market value.

**DESCRIPTION OF REAL ESTATE APPRAISED****Location Description-City**

Santa Fe is a small city located in the Sangre de Cristo Mountains of northern New Mexico. It is the oldest state capital in the U.S., having been established in 1610, and it is known for its historic, cultural and artistic heritage. In general, population has grown approximately 1% per year since 1980. Below is data from the last two census & current estimates from the U.S. Census Bureau, as of July 1, 2018.

**POPULATION GROWTH – CITY AND COUNTY OF SANTA FE**

Area	2000	2010	Change/ Year	2018 (Estimate)	Change/ 4/1/10 to 7/1/18
City of Santa Fe	62,203	80,878	30%	84,612*	4.8%*
Santa Fe County	129,292	144,227	11.5%	150,056	4.0%

\*Includes city's annexation of 13,000+ residents effective January 1, 2014

Economic indicators such as gross receipts tax, lodger's tax, and real estate sales all grew into the mid-2000's. Gross receipts posted their first decline in fiscal year 2008/2009, with onset of the recession, but they have increased each year since 2010/2011, and in fiscal year 2017/2018 they topped the pre-recession high of 2007/2008. The lodger's tax for the city's approximately 4,600 hotel rooms has followed the same general pattern; it was up 11% for the 2016/2017 fiscal year compared to the prior fiscal year; occupancy increased 2.2% in 2018, compared to 2017, and the average daily rate increased from \$135.85 to \$143.25 during the same time frame; both these are the highest since the depth of the recession.

The Santa Fe economy is based primarily on tourism and government employment. While neither government nor tourism produces high incomes, the government sector is fairly stable, and even with the tourism declines experienced during the recession, Santa Fe remained one of the premier tourist destinations in the country according to national surveys.

Government employment, which is the largest employment sector in Santa Fe County (25.2% of the workforce in 2017, the most recent full year for which statistics are available), has declined 2.6% from 2016, after similar declines the previous two years. The annual unemployment rates since 2011 are in the following table.

**UNEMPLOYMENT RATE TABLE**

Area	Annual Unemployment Rate (Not Seasonally Adjusted)							
	2018	2017	2016	2015	2014	2013	2012	2011
New Mexico	4.9%	5.9%	6.6%	6.5%	6.7%	6.9%	7.1%	7.5%
Santa Fe County	4.1%	4.9%	5.2%	5.3%	5.4%	5.8%	5.8%	6.2%
Source: New Mexico Workforce Connection								

The unadjusted unemployment rate for the City/County of Santa Fe was 4.2% for August, 2019 (the latest data available), which is 0.4% lower than July, 2019 and the same as August, 2018. These rates are somewhat lower than historical levels, and they are lower than the state average of 5.1% for August, 2019. The city/county and state rates are slightly above the national average of 3.8% for August, 2019.

Residential real estate sales volume in the Santa Fe area topped out in 2005, and the number of sales in 2018 was the highest since 2006, having increased each year since 2009; 2018 sales volume increased approximately 7% from 2017. Median sale price topped out in 2007, and for 2018 it was the same as the top of the market. Both median and average residential sale prices have remained relatively stable from 2011 through 2015, however the median sale price rose approximately 8% in 2016, 3% in 2017 and 13% in 2018.

The total number of building permits in the city, commercial and residential, has grown slowly each year since 2010. There were 106 new housing units permitted in the City and 272 in the Metro area in 2015 compared to 219 in the City and 326 in the Metro area in 2014. 2015 saw 192,000 square feet of new commercial development (the ten year annual average is approximately 100,000 square feet), compared to the prior two years new construction of 141,000 square feet (2014) and 144,000 square feet (2013). **Conclusion:** The economic outlook for Santa Fe and the surrounding Metro area is moderate as of the effective appraisal date. Commercial real estate prices have begun to show signs of improvement. Commercial properties are oversupplied, but oversupplies among residential properties have subsided, many markets are appreciating and several markets/neighborhoods may be undersupplied. Absorption of commercial real estate has been relatively stable for the last four years. All the data indicates a generally level economy in the area, and there is no reason to believe the foreseeable future will change greatly.

**Location Description-Neighborhood**

The subject is located in the area designated as the downtown (BCD). The subject is located in the North Railyard in the southwest quadrant of the downtown area, approximately 3,300 feet southwest of the Plaza. The Railyard area is located at one of the primary entry points to the downtown, and it is becoming a destination within a destination (Downtown/Plaza and Railyard Districts).

**Neighborhood Boundary**

The downtown area of the City of Santa Fe designated as BCD, essentially the area enclosed by Paseo de Peralta on the north, south and east and St. Francis Drive to the west.

Note: the subject is located in the North Railyard

**North Railyard District**

The Railyard is a developing commercial center within the downtown. The land is owned by the City of Santa Fe and leased to the Santa Fe Railyard Community Corporation (SFRCC), which oversees development of the area. Ownership of the buildings is divided between the City of Santa Fe and private ownership on leased land. The Railyard has seen extensive redevelopment since the approval of its master plan in 2002, with development continuing. The Rail Runner commuter train's final stop is located in the Railyard.

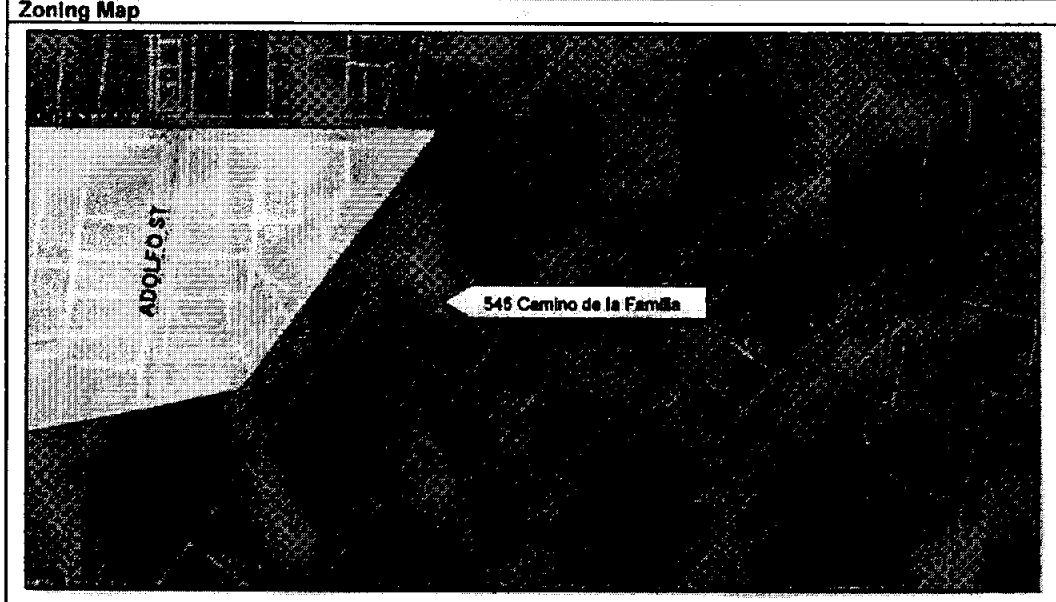
Land use in the subject's immediate area includes offices, hotels, restaurants, a religious facility, Site Santa Fe (art museum), the Farmer's Market building, the Violet Crown Cinema, Santa Fe Teen Arts Center (Warehouse 21), district courthouse, a gas station/convenience store, specialty grocery store and retail/galleries. In addition, the New Mexico School of the Arts and the VJadem Contemporary (art museum) are being developed in the immediate area. The subject property lies within the city-owned Railyard, which development has been a long-established commercial area comprised of private ownership. Single-family residential is located at the west end of the neighborhood. The residential neighborhood is in the latter stages of gentrification and transition to remodeled homes and condominiums.

Of particular interest is the fairly recent completion of a new District Courthouse on Sandoval Street, about four blocks northeast. the Luna project (multi-use development south of the Courthouse) on Cerrillos Road, about a block east, and the development within the Railyard of the Violet Crown 11-theater cinema complex and recent completion of the Railyard Flats (multi-family: 58-unit). Moving the courthouse to its new location, opening the multi-plex cinema and development of residential units has spurred traffic and generated demand for more good quality office space as lawyers relocate closer to the courthouse, and demand for retail and eating/drinking establishments has sustained, as more people visit the Railyard in the afternoons and evenings to attend movies.

**Conclusion:** The Downtown and Railyard area have experienced steady construction and renovation activities over the past 10 years indicating ongoing demand. The economic downturn began in 2008 and put downward pressure on rents while vacancies increased, but the last two to four years have seen this market stabilize and show some appreciation, with increased sales activity, decreasing supply (both rentals and sales), and there is new business activity in the area. Santa Fe remains one of the most desirable tourist destinations in the country, and tourism is expected to continue to be a strong contributor to the downtown economy. The Railyard is more geared to local citizens, and that area has also experienced growth and a stable economy.

**Legal Use Of The Property**

<b>Legal Use of the Property</b>	
Zoning	BCD-RED Business Capital District, Redevelopment Subdistrict The subject is also governed by the regulations of the Railyard Master Plan and Guidelines.
Historic District	Not located in a Historic District
Historic Designation	None/Not Resurveyed
Master Plan	Railyard



The subject is located in the Business Capitol District (BCD) which is basically a mixed use district encompassing the downtown section of Santa Fe, the area around the Capitol and the immediately surrounding residential areas. The intent of this district is to promote the economic health of the city by promoting and preserving the economic viability of this district and to preserve the unique architecture, townscape and aesthetics within the district. Within the BCD there are several townscape subdistricts. The subject lies in the Redevelopment Subdistrict.

**BCD District Purpose**  
 In recognition of the fact that the economic health of the city depends on the economic viability of the BCD, the purpose of the BCD is to provide for a mixture of land uses, including residential uses, designed to promote the district's economic well-being while preserving the unique architecture, townscape and aesthetics that foster a strong tourist industry and sustain the quality of life, sense of community and historical identity in the district and the city.

<p><b>Redevelopment Subdistrict Purpose</b></p> <p>Redevelopment subdistricts are intended to provide for: <i>infill</i> and a limitation of sprawl through the efficient use of land; optimum use of public <i>infrastructure</i>; a mix of land uses, including <i>residential</i> uses; comprehensive site planning; public benefit uses; urban design innovation; an enhancement of the economic vitality of the district; the preservation and enhancement of the character and quality of the area in which the subdistrict is located through elimination of any potentially significant adverse impacts or potentially irreversible adverse impacts upon the community, surrounding neighborhoods or other approved project plans; and redevelopment of areas with weak <i>townscape</i> qualities or of areas that are undergoing change.</p>
<p><b>Redevelopment Subdistrict Requirements</b></p> <p>(i) The <i>property</i> is eligible for rezoning to a redevelopment subdistrict if: 1) the land is located within or adjacent to the BCD and encompasses at least three acres, exclusive of dedicated <i>streets</i> and <i>rights of way</i>, or a complete city block, whichever is smaller; and 2) the existing <i>infrastructure</i> has the capability to support or to be modified to support the allowed floor area ratio set forth in Subsections (ii) and (iii) below.</p> <p>(ii) The <i>baseline floor-area ratio</i> shall be two and five-tenths to one; provided, however, that such a floor-area ratio shall not be allowed if it is judged to be incompatible with an adjacent neighborhood or <i>townscape</i> subdistrict.</p> <p>(iii) Rezoning to BCD-redevelopment subdistricts requires consideration and approval by the planning commission and <i>governing body</i> of a master plan or <i>development plan</i> for the <i>property</i> as provided in Sections 14-3.8 and 14-3.9.</p>
<p><b>Rezoning</b></p> <p>Redevelopment subdistrict <i>property</i> is eligible for rezoning to a <i>townscape</i> subdistrict provided that:</p> <p>a) <i>development</i> of the redevelopment subdistrict is substantially complete, which determination shall be made by the <i>governing body</i>;</p> <p>b) the <i>property</i> is located in or adjacent to the <i>townscape</i> subdistrict it will become part of if the rezoning is approved, and</p> <p>c) all other requirements of Chapter 14 are met.</p>
<p><b>Standards for Redevelopment Districts (Ord. No. 2013-16 § 43)</b></p> <p>(a) Land-use Intensity:</p> <p>(i) transfer of allowed floor area, including <i>land use intensity credits</i>, within a <i>property</i> or between contiguous <i>properties</i> with a single ownership and within a <i>project</i> is allowed; and</p> <p>(ii) <i>public benefit uses</i> shall not count against the allowable floor area for a <i>parcel</i>.</p> <p>(iii) The maximum <i>baseline floor area ratio</i> permitted is 2.5:1 unless provided otherwise in the master plan or at the time of rezoning pursuant to Section 14-4.3(E)(4)(b)(ii).</p> <p>(b) Maximum Height of Buildings</p> <p>The maximum <i>building</i> height permitted in a redevelopment subdistrict shall not exceed sixty-five (65) feet; provided, however, that the maximum height shall be compatible with the character of adjacent subdistricts and the surrounding neighborhood.</p> <p>(c) Additional Standards</p> <p>Additional standards for redevelopment subdistricts are located in the subdistrict master plan. <i>Development</i> in a redevelopment subdistrict shall comply with the master plan. If no master plan has been approved for a portion of a redevelopment subdistrict, development must conform to the standards of the adjacent or nearest BCD subdistrict.</p> <p>Source: City of Santa Fe Land Development Code</p>

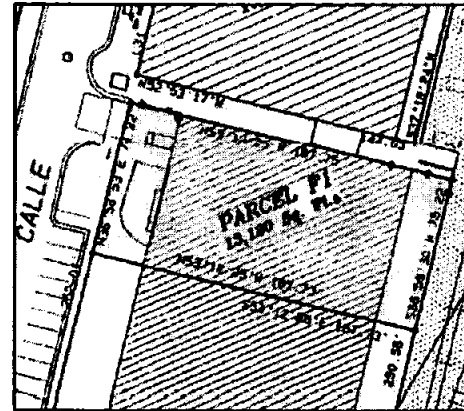
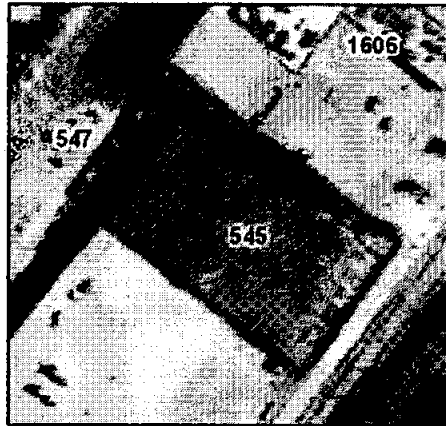


The subject is also subject to the regulations of the City Lease, Railyard Master Plan and Guidelines.

<b>Master Plan Land Use Standards</b>	
District	In Between-North Railyard
Minimum District and Lot Size	Not specified
Maximum Height of Structures	28' to flat roof 34' to ridge of pitched roof
Minimum Setback Requirements (feet)	No front or side setbacks (Height limits exclude parapets (2 foot max.), chimneys, elevator towers, mechanical equipment, and unoccupied towers or spires)
Maximum Lot Coverage (%)	100%
Massing	Simple
Historic Status	Subject lies outside the Historic Review District.
Parking	BCD zoning requires 1 parking space for each 500 square feet of net leasable floor area for offices and 1 parking space for each 350 square feet of net leasable floor area for other commercial uses. Shared parking for Area III: 14 on-street spaces; Area II: 157 on- and off-street spaces; 259 spaces in underground parking structure in Area VI.
Source: Railyard Master Plan ( <a href="http://railyardcc.org">railyardcc.org</a> )	

**Property Description****Site**

The subject is comprised of improvements inclusive of land. However, at the request of the client, the appraisal is of the building/improvements only and does not include the land value. However, since the improvements cannot exist independent of the site, a description of the underlying land is included.

**Site: 545 Camino de la Familia**

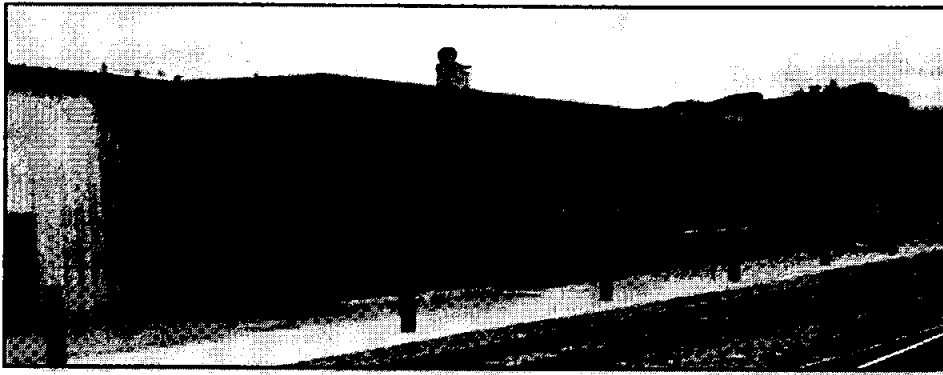
The site is approximated on the aerial photograph from the Santa Fe GIS Interactive Mapping System.

**Site Details**

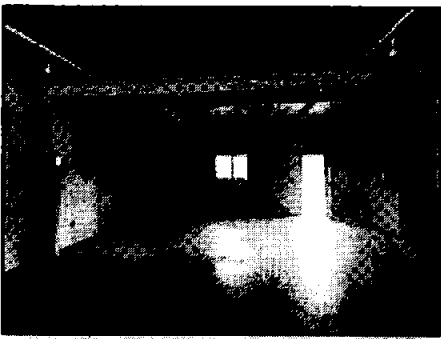
<b>Size</b>	Parcel F1: 13,120 square feet ± or 0.3012 acres Source: Plat prepared by Southwest Mountain Surveys
<b>Shape/Topography</b>	Rectangular/street grade
<b>Frontage</b>	Camino de la Familia to the west, an internal circulation road within the Santa Fe Railyard (2-lane asphalt paved street) and the railroad tracks to the east
<b>Access</b>	Camino de la Familia
<b>Easements/ Encroachments</b>	No easements or encroachments were noted and none are known to exist.
<b>Zoning</b>	BCD-RED Business Capital District, Redevelopment Subdistrict
<b>Flood</b>	Flood zone X; Site is not located in a flood hazard zone. Flood Insurance Rate Map 35049C0412E dated December 4, 2012
<b>Utilities</b>	Standard/public
<b>Soil</b>	A soil survey was not provided, and it is not known if one has been prepared. Construction on neighboring properties and on the subject appears stable. For the purpose of the appraisal, it is assumed soils are adequate to support construction. Although there appear to be no adverse soil conditions, no warranties are made or implied by the appraiser.
<b>Comments</b>	Located within the downtown in the Railyard with significant synergy with development in the area and proximity to the parking garage. No external obsolescence was noted

**Improvements**

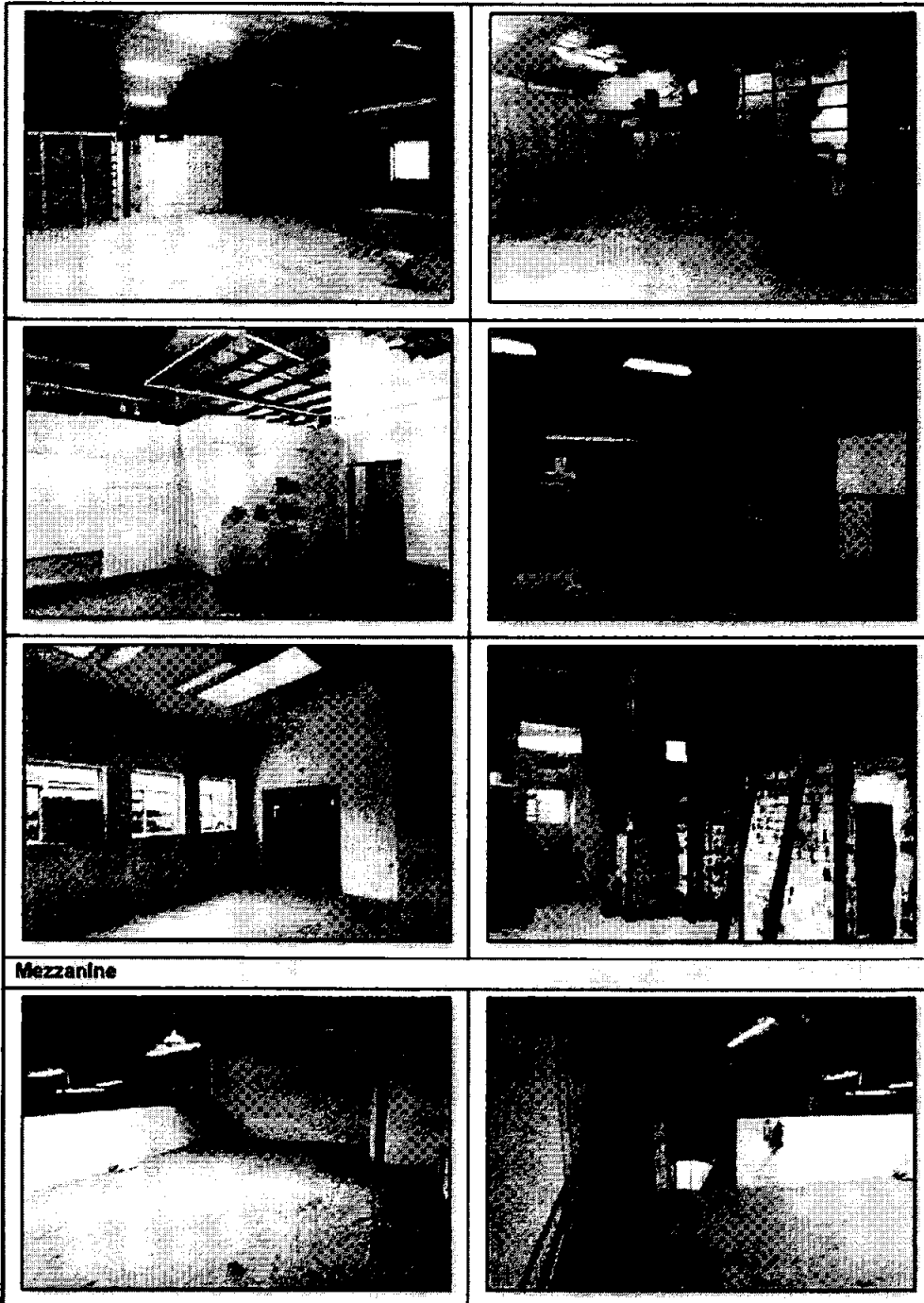
**Subject: 545 Camino de la Familia**



**First Floor**



DESCRIPTION OF REAL ESTATE APPRAISED  
IMPROVEMENTS



Mezzanine

## DESCRIPTION OF REAL ESTATE APPRAISED

## IMPROVEMENTS

<b>Building Details</b>		
Current Use	Commercial/light industrial, warehouse (vacant)	
Building Type	Warehouse	
Building Area	<b>Building Area</b>	
	First Level	9,708 square feet
	Mezzanine	534 square feet
	<b>Total</b>	<b>10,242 square feet</b>
	Source: Listing document provided by The Santa Fe Railyard Community Corporation and confirmed with Occupancy Plan prepared by Thomas E. Lechner, Architect.	
Lot Coverage Ratio	LCR: 74%	
Floor Area Ratio	FAR: 78.1%	
Number of Stories	One with mezzanine	
Basic Structure	Metal frame (bent and purlins)	
Foundation	Concrete	
Exterior Wall Cover	Metal panel	
Interior Wall Cover	Various: drywall (finished and unfinished), exposed framing/insulation, metal panel	
Ceiling	Various: drywall (finished and unfinished), exposed framing/insulation	
HVAC	Suspended – gas fired: no a/c identified	
Doors/ Windows	Exterior: metal with glass and metal (standard and rollup)/ Non-operable – metal frame/double pane	
Restrooms/Plumbing	Two: men's and women's/adequate	
Utilities	Full/public (water, sewer, electricity, natural gas, telephone)	
Age	Built in 1975 per Santa Fe County Assessor's records Estimated effective age: 35+ years (based on observed condition) Remaining economic life: ~5 years	
Quality/Condition	Fair to average	
Parking	On street (primarily metered) and public parking garage	
Comments	The building has had an addition. Additionally, areas within the interior have been built out to delineate/produce additional space: retail area, gallery. However, during the inspection, missing/removed/cut braces and moment framing were noted. These items reduce the integrity of the building and reduce the building life. It appears the building is reaching the end of its economic life. No functional obsolescence is noted. <b>Cost to bring to code/remediation</b> The cost to bring the building up to code and remediate was estimated by MV Industries, Inc.: \$382,450 or \$35.40 per square foot. The Total Project Estimated Cost Summary (detail of estimate) is located in the addenda.	

**HIGHEST AND BEST USE****Highest and Best Use is Defined as:**

The reasonably probable and legal use of property that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility and maximum productivity.<sup>5</sup>

**Highest and Best Use Criteria**

- A) Is the use physically possible?
- B) Is the use legally permissible?
- C) Is the use financially feasible?
- D) Is the use maximally productive?

In addition to the four tests, appropriate use is included. It is not a specific test for highest and best use, but a test that is a function of the four tests. The highest and best use of a property is typically determined both as if vacant and as improved.

**Highest and Best Use As Vacant****Highest and Best Use of Land as Though Vacant is:**

Highest and best use of land as though vacant is based on the assumption the parcel of land is vacant or can be made vacant by demolishing any improvements.

**Legally Permissible:** BCD-RED Business Capital District, Redevelopment Subdistrict. Almost any commercial or residential use is allowed but no industrial uses are permitted. There is virtually no possibility of a zoning change. In addition, the use is further limited by the Railyard master plan. A zoning change is unlikely.

**Physically Possible:** The subject site is comprised of a single lot which fronts Camino de la Familia on the west and the train tracks on the east. Physically the subject site is large enough for a moderate to medium sized commercial building. All utilities are available. The location is within the Railyard development, but has vehicular visibility/exposure on the west from Camino de la Familia and pedestrian visibility/exposure on the east from the Farmer's Market Building, the Railyard Plaza, the Violet Crown Theater as well as Alcañesa east of the train tracks.

Note: the property to the south was built to the lot line. Any development will require consideration of these improvements.

**Appropriate:** Appropriate use is not a specific test for highest and best use, but a test that is a function of the four tests. Based on the subject's location/exposure, commercial use, primarily restaurant/bar and/or retail is appropriate.

<sup>5</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, 6<sup>th</sup> ed., (Chicago: Appraisal Institute, 2015), p. 109

**Financially Feasible And Maximally Productive:** This aspect of highest and best use considers which use will provide the greatest economic return to the land. Paramount in this consideration is the concept of supply and demand. Greatest economic return will result from a land use for which there is a strong demand and a limited supply.

Previous considerations of the aspects of highest and best use have resulted in the conclusion commercial development, most likely restaurant/bar and/or retail, would be legal, physically possible and appropriate. The economic feasibility of this use is tested by comparison of the cost with the value produced by capitalizing the expected income. Greatest return will result from maximum use of the site. Economic feasibility is proven if the value produced by sales or capitalization of the predicted income is greater than the value produced by the cost of construction and acquisition of the land. This means the return to the investor from potential income is greater than the investment for construction, profit and land purchase or rent.

In order to determine the financial feasibility of constructing a commercial building/development, most likely restaurant/bar and/or retail use some assumptions were made. These assumptions were based on the most current market information available and some judgments based on observation of similar properties. Based on market parameters, a restaurant/bar and/or retail use may be financially feasible based on general parameters.

**Conclusion:** The highest and best use, as vacant, is construction of a restaurant/bar and/or retail use with consideration of financial feasibility. The likely buyer is an owner/user or local investors.

**Highest and Best Use As Improved**

<b>Definition: Highest and Best Use of Property As Improved</b>
The use that should be made of a property as it exists

**Legally Permissible:** Zoned BCD-RED Business Capital District, Redevelopment Subdistrict. Almost any commercial or residential use is allowed but no industrial uses are permitted. In addition, the use is further limited by the master plan. The previous use may have been grandfathered or may have been legal based on categorization. The improvements maximize density.

**Appropriate:** Appropriate use is not a specific test for highest and best use, but a test

that is a function of the four tests. Based on the age, condition and previous use (may share aspects of light industrial use: ceramic kilns). The subject property is inconsistent with the area: Railyard – restaurants/bar, retail, gallery, office, movie theater, community events, museums and residential.

**Financially Feasible And Maximally Productive:** This aspect of highest and best use considers which use will provide the greatest economic return to the land. Paramount in this consideration is the concept of supply and demand. Greatest economic return will result from a land use for which there is a strong demand and a limited supply.

<b>Three Possibilities for subject – As Is</b>
1. Continued use 'as is'
2. Demolition of the existing site improvements
3. Addition/renovation of the existing site improvements

The subject is a light industrial/commercial warehouse currently delineated for single-tenant use, but is flexible and can be further delineated for multi-tenant use. It is of fair to average quality and condition and appears to be reaching the end of its economic life. It has a moderate visibility/exposure location within the Railyard, but the location is synergistic based on uses/development in proximity and should compete well based on current market expectations/requirements/growth of the Railyard development.

Note: the basis of this appraisal is the building/improvements only.

Continued Use 'as is': The subject is considered to be reaching the end of its economic age. In addition, the structural integrity of the building is considered questionable based on observations at the time of inspection (during the inspection, missing/removed/cut braces and moment framing were noted). Further use of the property will require renovation/updating/redevelopment/remediation to reflect/address current market requirements/demand and deficiencies.

Demolition of the existing site improvements: The feasibility of the improvements is a function of the site value exceeding the value of the existing improvements plus the cost of demolition. Based on general parameters (in this case, estimated cost of demolition and value of the improvements only), the existing improvements don't provide a positive return to the property.

Additional/renovation of the existing site improvements: Based on current lot coverage,



an addition is not possible. Additional square footage on a vertical basis may be possible, but it is unclear based on the number of possible uses (commercial and residential) and range of cost of construction whether it is feasible. Renovation and/or buildout of the property based on tenant needs is warranted by increased/additional rents. Conversion to another commercial use may be possible if financially feasible. Based on the number of uses, the costs are speculative in nature, but appear financially feasible based on general parameters.

Note: due to the increase/popularity of long term residential in the Railyard and short term/vacation rentals as well as residential units within the downtown (BCD zoned), the possibility of redevelopment/development of residential units is possible and will be based on the financial feasibility and productivity of the units. Due to the amount of speculation/uncertainty, this use is not developed, but should be considered as a potential use.

**Conclusion:** Based on the foregoing discussion, the highest and best use of the subject property as improved – building/improvements only is identified as use 'as is' with immediate renovation/updating/redevelopment/remediation per market requirements.

Note: the subject's site value is greater than the estimated value of the improvements and cost of demolition. However, this analysis is based on the building/improvements only.

<b>Highest and Best Use – As Improved (Building Only)</b>
'As is' with immediate renovation/ updating/redevelopment/remediation per market requirements

**VALUATION**

The valuation process is the procedure by which an estimate of value is determined for the subject. The process of arriving at a value conclusion for the subject property is addressed in the scope of work section on page 7 of this appraisal report.

<b>Subject of the Appraisal</b>
545 Camino de la Familia – Building/Improvements Only
<b>Value</b>
As Is – Improvements/Building Only

<b>Methodology – Valuation ‘As Is’</b>	<b>Page</b>
Sales Comparison Approach	27
Income Approach	41
Direct Capitalization	41
Reconciliation and Value Conclusion	55

**Sales Comparison Approach**

**Definition: Sales Comparison Approach**

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.<sup>6</sup>

The sales comparison approach is based on the premise that a well-informed buyer would pay no more for an existing property than it would cost to buy a similar substitute property. While there are seldom exact duplicate properties available to a buyer, the prices paid for similar properties are indicative of value. In this approach to value a common denominator is used in comparing sales to the subject. In this case the price per square foot of the improvements is used. This figure was found by dividing the sale price by the size of the improvements. The subject's utility is light industrial/commercial warehouse in nature. The search for comparables was initially limited to the subject's neighborhood and due to limited sales volume was expanded to include competing neighborhoods. The subject is appraised to its highest and best use as improved. The comparables are summarized in the following chart and summarized on the following pages.

**Note: Valuation**

The comparables are initially analyzed based on improvements inclusive of site.

The individual site values are deducted (final adjustment) at the end of the analysis in order to develop the preliminary value per this approach.

The subject isn't up to current building code based on age and condition (includes missing/removed/cut braces and moment framing which reduce the integrity of the building).

This cost (Page 21) is deducted from the preliminary value per the sales comparison approach to get the final value.

**COMMERCIAL SALES CHART**

No.	Location	Date of Sale	Sales Price	SF	\$/SF
1	39 Bisbee Ct Units 5 & 6	05/2014	\$415,000	4,300	\$96.51
2	41 Bisbee Ct Unit B1	10/2015	\$250,000	2,936	\$85.15
3	3812 Oliver Drive	05/2016	\$432,500	4,882	\$88.41
4	1216 Parkway	08/2016	\$500,000	5,208	\$96.01
5	1216 Mercantile	12/2016	\$1,290,000	15,232	\$84.69
6	41 Bisbee Ct Unit B3	09/2017	\$212,000	2,525	\$83.96
7	41 Bisbee Ct Unit A3	05/2018	\$200,000	2,596	\$77.04
8	21 Bisbee Ct Unit D	05/2019	\$250,000	2,484	\$100.64

<sup>6</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, 6<sup>th</sup> ed., (Chicago: Appraisal Institute, 2015), p. 207

**Additional Sale**




In addition to the sales in the chart, the sale of an institutional/school property in proximity of the subject bearing some similarity to the subject based on location and age/condition (need for renovation/redevelopment) was identified.



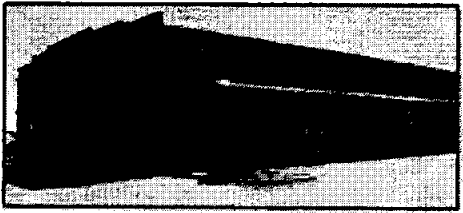
**ADDITIONAL SALES**



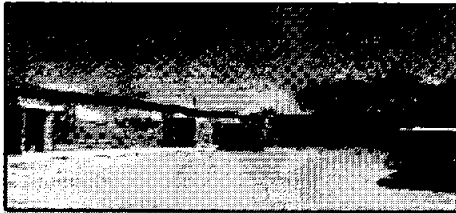
Location	Date of Sale	Sales Price	SF	\$/SF
551 Alarid (Alvord)	08/2018	\$2,550,000	30,760	\$82.90

551 Alarid (Alvord School) The property was zoned R8 (residential zoning), but the purchase was contingent on the rezoning of the property to Business Capital District (BCD), which is consistent with the downtown and the subject. The sales price equates \$82.90 per square foot. When the estimated price per square foot of the site after rezoning is removed any contributory value of the improvements is minimal. This is likely a function of the significant amount/expense of renovation of the improvements, which the buyer wanted to keep and not demolish (demolition which would likely drive negative feedback from the community). This sale is not included in the analysis due to the different underlying use, but is mentioned here for informational reasons.



Sales Comparables - Summary	
	<ul style="list-style-type: none"> <li>▪ Location: 39 Bisbee Ct #5 &amp; 6</li> <li>▪ Grantor: Morris</li> <li>▪ Grantee: Pensco Trust</li> <li>▪ Date of Sale: 05/2014</li> <li>▪ Sales Price: \$415,000</li> <li>▪ Terms: Cash/cash equivalent</li> <li>▪ Land area: Turquoise Trail Business Park</li> <li>▪ Gross building area: 4,300 square feet</li> <li>▪ Gross income: n/a – owner-occupied</li> <li>▪ Price per SF: \$96.51</li> <li>▪ Age: ~ 10 years; estimated effective age 10 years</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Location: 41 Bisbee Ct Unit B1</li> <li>▪ Grantor: DJT Properties LLC</li> <li>▪ Grantee: Lewis</li> <li>▪ Date of Sale: 10/2015</li> <li>▪ Sales Price: \$250,000</li> <li>▪ Terms: Cash/cash equivalent</li> <li>▪ Land area: Turquoise Trail Business Park</li> <li>▪ Gross building area: 2,936 square feet</li> <li>▪ Gross income: n/a</li> <li>▪ Price per SF: \$85.15</li> <li>▪ Age: ~ 10 years; estimated effective age 10 years</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Location: 3812 Oliver Drive</li> <li>▪ Grantor: Wolfswinkel Properties, LLC</li> <li>▪ Date of Sale: 05/2016</li> <li>▪ Sales Price: \$432,500</li> <li>▪ Terms: Cash/cash equivalent</li> <li>▪ Land area: 20,001 square feet</li> <li>▪ Gross building area: 4,892 square feet</li> <li>▪ Gross income: n/a – owner-occupied</li> <li>▪ Price per SF: \$88.41</li> <li>▪ Age: 22 years; estimated effective age 15 years</li> <li>▪ Property is in average condition</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Location: 1216 Parkway</li> <li>▪ Grantor: Red Mountain Property Holdings</li> <li>▪ Grantee: Wolf</li> <li>▪ Date of Sale: 06/2016</li> <li>▪ Sales Price: \$500,000</li> <li>▪ Price per SF: \$96.01</li> <li>▪ Terms: Believed to be cash/cash equivalent</li> <li>▪ Land area: Richards Avenue Office Park</li> <li>▪ Gross building area: 5,208 square feet</li> <li>▪ Gross income: n/a – owner-occupied/vacant</li> <li>▪ Age: estimated effective age 20 years</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Location: 1216 Mercantile Lane</li> <li>▪ Grantor: MW Holdings LLC</li> <li>▪ Grantee: Noe Swinney LLC</li> <li>▪ Date of Sale: 12/2016</li> <li>▪ Sales Price: \$1,290,000 (contract price) – property listed for \$1,300,000 <ul style="list-style-type: none"> <li>○ Price per SF: \$84.69</li> </ul> </li> <li>▪ Terms: Believed to be cash/cash equivalent</li> <li>▪ Land area: Condo - Richards Avenue Office Park</li> <li>▪ Gross building area: 15,232 square feet</li> <li>▪ Gross income: n/a vacant</li> <li>▪ Age: estimated effective age 15 years</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Location: 41 Bisbee Ct Unit B3</li> <li>▪ Grantor: Davis</li> <li>▪ Grantee: Simkins</li> <li>▪ Date of Sale: 09/2017</li> <li>▪ Sales Price: \$212,000</li> <li>▪ Terms: Cash/cash equivalent</li> <li>▪ Land area: End of the Trail Condo</li> <li>▪ Gross building area: 2,525 square feet (1,800sf 1<sup>st</sup> and 725 sf mezzanine)</li> <li>▪ Gross income: n/a</li> <li>▪ Price per SF: \$83.96</li> <li>▪ Age: ~ 12 years: estimated effective age 12 years</li> </ul>

		<ul style="list-style-type: none"> <li>▪ Location: 41 Bisbee Ct Unit A3</li> <li>▪ Grantor: Atwell</li> <li>▪ Grantee: Metzdragon, LLC</li> <li>▪ Date of Sale: 05/2018</li> <li>▪ Sales Price: \$200,000</li> <li>▪ Terms: Cash/cash equivalent</li> <li>▪ Land area: End of the Trail Condo</li> <li>▪ Gross building area: 2,596 square feet (1<sup>st</sup> floor with a small loft area)</li> <li>▪ Gross income: n/a</li> <li>▪ Price per SF: \$77.04</li> <li>▪ Age: ~ 12 years; estimated effective age 12 years</li> <li>▪ Comments: average condition with minimal finishes</li> </ul>
		<ul style="list-style-type: none"> <li>▪ Location: 21 Bisbee Ct Unit D</li> <li>▪ Grantor: Bisbee Properties LLC</li> <li>▪ Grantee: Zsako</li> <li>▪ Date of Sale: 05/2019</li> <li>▪ Sales Price: \$250,000</li> <li>▪ Terms: Cash/cash equivalent</li> <li>▪ Land area: 21 Bisbee Court Condos</li> <li>▪ Gross building area: 2,484 square feet (two floors)</li> <li>▪ Gross income: n/a</li> <li>▪ Price per SF: \$100.64</li> <li>▪ Age: ~ 14 years; estimated effective age 12 years</li> </ul>
<b>Additional Sale</b>		<ul style="list-style-type: none"> <li>▪ Location: 551 Alarid (Alvord School)</li> <li>▪ Grantor: Board of Education of the City of Santa Fe</li> <li>▪ Grantee: Inchoate Properties L.L.C &amp; Etal</li> <li>▪ Date of Sale: 08/2018</li> <li>▪ Sales Price: \$2,550,000</li> <li>▪ Terms: Cash/cash equivalent</li> <li>▪ Land area: 126,367 square feet</li> <li>▪ Gross building area: 30,760 square feet</li> <li>▪ Gross income: n/a</li> <li>▪ Price per SF: \$82.90</li> <li>▪ Age: Improvements built from 1949 to 1973, updated last in 2004</li> <li>▪ Comments: property was purchased subject to rezoning from residential (R8) to Business Capitol District (BCD)</li> </ul>
		



**Analysis and Value Conclusion**

The comparables were selected from competing industrial nodes in Santa Fe. The comparable sales produced a value range from \$77.04 per square foot to \$100.64 per square foot before adjustment.

Several elements of comparison can affect the value of commercial structures. The elements of comparison and their resulting adjustments fall into two categories: transactional adjustments and property adjustments.

**CHART OF ADJUSTMENTS**

Category	Adjustment
Transactional	Real property rights conveyed Financing terms Conditions of sale Expenditures made immediately after purchase Market conditions
Property	Physical characteristics Location Economic characteristics Use/zoning Non-realty components value

These elements are analyzed to determine if an adjustment is required. They are discussed below and the findings summarized and reconciled on a comparison grid at the end of the valuation section. The transactional adjustments are applied in sequence. The property adjustments do not need to be applied in a specific sequence. The adjustments are summarized on a chart at the end of this section. Only those items requiring discussion/adjustment are discussed.

**Transactional Adjustments**

**Real Property Rights Conveyed:** The subject is vacant. The comparables were vacant, owner occupied or purchased for owner occupancy at the time of sale. No adjustment for real property rights conveyed is applied to the comparables.

**Financing Terms:** None of the sales were known to involve terms of sale other than cash to the seller. No adjustment is made for financing terms.

**Conditions of Sale:** Comparable 1 was in the process of foreclosure. However, it was listed for sale for over a year. No adjustments for the conditions of sale were needed for any of the comparables.

**Expenditures after Sale:** This adjustment is included in the transactional adjustments because it reflects those items that a buyer would have considered part of the price at

the time of sale. None of the comparables required an adjustment for expenditures after sale.

**Market Conditions:** The next element of comparison that was considered was market conditions (time of sale). The earliest sale on the chart is May 2014 which is 64 months before the effective date of the appraisal. Analysis of a sale and resale of the same property is the most accurate method of determining a time of sale adjustment. None of the comparables constitute such a pair. Therefore, the search was extended outward to include other commercial markets in Santa Fe. The sales of two units (commercial/light industrial warehouse) on Thomas Road were analyzed. This is not a sale/resale, but the two units are located in the same building and share similar physical attributes. Because they differ in size, the price per square foot was used in the analysis. This pair of sales demonstrates a depreciation rate of 0.54% per month (-0.54% per month).

Time of Sale Comparison			
Property	3831 Thomas Rd, C	3831 Thomas Rd, D	Difference
Price per sf	\$139.71 per sf	\$132.10 per sf	5.4%
Sales Date	April 2009	February 2010	10 months
Market condition adjustment			-0.54% per month

Lacking additional commercial/warehouse sale/resales, the search is extended to other commercial sales within the Santa Fe Market. A property at 308 N. Guadalupe sold in August 2006 and again in March 2012. This sale/resale showed an overall net depreciation rate of 0.36% per month.

Time of Sale Comparison			
Property	308 N. Guadalupe	308 N. Guadalupe	Difference
Price	\$495,000	\$375,000	-24.2%
Sales Date	August 2006	March 2012	67
Market Conditions adjustment			-0.36% per month
Note: this property resold in August 2018 for \$470,000 – approaches previous 2006 sale The recovery/appreciation from the 2012 sale is likely due to some degree to its location (downtown)			

However, this sale likely received a period of appreciation prior to the economic downturn and then a subsequent depreciation. Based on this, this market conditions adjustment per this comparison may be understated for the comparables.

None of the other comparables constitute such a pair. Therefore, the search was extended outward to other commercial markets in Santa Fe. A property at 229 E. Marcy sold in April 2007 and resold in April 2008. This sale showed an appreciation rate of 0.48% per month (+0.48% per month). However, this sale preceded the comparable

sales and the economic downturn.

Time of Sale Comparison			
Property	229 E. Marcy	229 E. Marcy	Difference
Price per sf	\$875,000	\$925,000	5.71%
Sales Date	April 2007	April 2008	12
Market condition adjustment			0.48% per month

Lacking additional sales/resales over the past five years, the search was expanded. The property at 318 Grant Avenue which is located in the downtown sold in May 2009 for \$1,726,250 and was subsequently listed in January 2010 for \$1,575,000. The listing expired in January 2011 and it has not been relisted. This represents a depreciation rate of 0.44% per month (-0.44% per month) based on the listing expiration date.

Time of Sale Comparison			
Property	318 Grant	318 Grant	Difference
Price per sf	\$1,726,250	\$1,575,000	-8.8%
Sales Date	May 2009	January 2011 (expiration)	20
Market condition adjustment			-0.44% per month

Comparison of the sale of two condos of the exact same size within the same condominium project which took place in April 2008 and June 2010 yielded a depreciation rate of 0.37% per month (-0.37% per month).

Time of Sale Comparison			
Property	1925 Aspen Dr., Units 703 A&B	1925 Aspen Dr., Unit 801 A&B	Difference
Price per sf	\$275,000	\$249,000	-9.5%
Sales Date	April 2008	June 2010	26
Market condition adjustment			-0.37% per month

The market has experienced a certain amount of fluctuation after the downturn. However, overall economic indicators have begun to improve over the past four and a half years. The impact of these changes in economic indicators in the real estate market is not yet fully realized, but may put downward pressure on the depreciation in the market. Within improved commercial properties, based on lease rates and vacancies, the leveling off appears to have begun in 2015. The economic downturn for improved properties is estimated to have begun in 2008. Based on this data, a depreciation rate of 0.3% per month (-0.3% per month) is selected for the comparables beginning in 2009 through 2014. Subsequent to 2014, neither a depreciation rate nor

an appreciation rate is applied.

*Note: application of the market conditions adjustments are applied to the comparables based on the time between recordation of the sale and the effective date of the appraisal – the month of the date of recordation and the month of the effective date of value are not included.*

### Property Adjustments

**Physical characteristics:** Physical factors that were considered for adjustment included size, location, quality, age and functional utility.

**Size:** Size was the first category examined. Typically, there is an inverse relationship between size and price per square foot: as the size increases the price per square foot decreases.

The comparables did not produce the basis for developing a size adjustment. Therefore, the search was extended to other commercial sales. Two sales of warehouse properties that occurred in the same building and at the same time were analyzed.

Size Comparison			
Property	7510 Mallard Way, Unit C	7510 Mallard Way, Unit D	Difference
Price per sf	\$128.70	\$127.30	-\$1.40
Size	2,331 square feet	2,553 square feet	222 square feet
Size adjustment			\$0.006/sf of change

This adjustment was based on a size difference of 9.5%. The search is extended outward to other commercial markets in Santa Fe. The sale of 2960 Rodeo Park Dr. W is compared to a previous sale in the same area located at 2056 Galisteo.

Size Comparison			
Property	2960 Rodeo Park Dr. W	2056 Galisteo	Difference
Price per sf*	\$225.06	\$185.45	\$39.61
Size	14,609 square feet	20,948 square feet	6,339 square feet
Size adjustment			\$0.006/sf of change

\*Adjusted for time

This comparison produced a size adjustment of \$0.006 per square foot based on a difference of 6,339 square feet. Three sales of office condos that occurred in the same development are analyzed. The sales were adjusted for time. For the size adjustment, the largest sale was compared to the two smaller sales. These sales occurred within 13 months of each other during a time when the market was appreciating.

### **SIZE COMPARISON**

VALUATION  
SALES COMPARISON APPROACH

Property	Date of sale	Size	price	TOS Adjustment	Change: Size	Change: price	Adjustment \$ per sf
2019 Galisteo, N-10	01/2005	3,738	\$201.61	13 months \$209.47			
2019 Galisteo, N-9A	11/2005	2,286	\$222.85	3 months \$224.86	1,452	\$15.39	\$0.011
2019 Galisteo, D-2	02/2006	1,475	\$223.73	0 months \$223.73	2,263	\$14.26	\$0.006

This comparison produced size adjustments of \$0.011 per square foot based on a difference of 1,452 square feet and \$0.006 per square foot based on a difference of 2,263 square feet. These adjustments may have been overstated based on the appreciation in the market at that time. Based on this analysis with specific consideration of the utility/use (commercial/light industrial) and size of the subject and comparables, a size adjustment of \$0.001 per square foot is extrapolated and applied to the comparables based on the size of the subject.

**Age/Condition:** An age and condition adjustment were combined. The estimated effective ages of the comparables as of their sale date are in the following chart.

**COMPARABLE EFFECTIVE AGE**

No.	Estimated Effective Age (EA)
1	10
2	10
3	15
4	20
5	15
6	12
7	12
8	14
Subject	35+
<b>Additional Sale – Informational Only</b>	
9	35+

The comparables did not produce the basis for an age/condition adjustment. Therefore, the search was extended to other commercial markets in Santa Fe. Four comparisons were made of the adjusted prices for older buildings to newer ones to derive an age adjustment. All the sales comparisons were adjusted for conditions of sale and time of sale. They are summarized in the following chart.

Age Comparison			
<b>Comparison 1</b>			
Property	2019 Galisteo, Unit N-9 A	1651 Galisteo Units 8,9,10	Difference
Price per sf	\$230.53	\$196.72	17.2%
Age	1 years	20 years	19 years
Age adjustment			0.90% per year
<b>Comparison 2</b>			
Property	1640 Old Pecos Trail	2019 Galisteo, Unit N-9 A	Difference
Price per sf	\$201.25	\$230.53	14.5%
Age	15 years	1 years	14 years
Age adjustment			1.04% per year
<b>Comparison 3</b>			
Property	404 Brunn School Rd. C	2590 Camino Entrada	Difference
Price per sf	\$218.92	\$204.55	7.0%
Age	4 years	12 years	8 years
Age adjustment			0.88% per year
<b>Comparison 4</b>			
Property	1630 Hospital Dr.	2056 Galisteo	Difference
Price per sf	\$195.07	\$228.82	17.3%
Age	21 years	3 years	18 years
Age adjustment			0.96% per year

Based on these extractions, an age adjustment of 1.0% per year is applied to the comparables based on their estimated effective age. The adjustment is generalized based on the unique nature, construction and quality of each comparable.

**Location:** Location is one of the most important value determining factors for commercial property. The comparables are located in business parks and/or comparable business nodes. The subject is located in the Railyard. The comparables' locations differ from the subject, but the improvements/buildings share utility/use with the subject. The valuation is based on the building/improvements only. The locational attributes are inherent in the land value. The land value will be deducted from the comparables, which will remove the impact of location.

Based on the shared utility/use of the improvements and the removal of the land/site values, a location adjustment is not applied to the comparables.

**Land/Site Value:** The valuation is based on the building/improvements only value. Therefore, the value of the sites must be deducted from the comparables to reflect an improvements/building only value. Comparables 1-2 and 4-8 are condominiums. Because these comparables are comprised of condos, there is no specific site associated with them and it must be estimated. Comparable 3 and the additional sale, Comparable 9, are not condominiums and produced lot coverage ratios of 24.5% and

## VALUATION

## SALES COMPARISON APPROACH

24.3%. Based on this, the sites associated for Comparables 1-2 and 4-9 are estimated based on a 25% lot coverage ratio. The land value for the comparables was estimated on a per square foot basis based on comparable land sales.

## COMPARABLE LAND/SITE VALUE

No.	Site	Site Value	
		Per \$F	Total
1	Condo: estimated site 17,200 square feet	\$4	\$68,800
2	Condo: estimated site 11,744 square feet	\$4	\$46,976
3	Site: 20,001 square feet (LCR: 24.5%)	\$6	\$100,005
4	Condo: estimated site 20,832 square feet	\$6	\$124,992
5	Condo: estimated site 60,928 square feet	\$6	\$365,568
6	Condo: estimated site 10,100 square feet	\$4	\$40,400
7	Condo: estimated site 10,384 square feet	\$4	\$41,536
8	Condo: estimated site 9,936 square feet	\$4	\$39,744
<b>Additional Sale – Informational Only</b>			
9	Site: 126,367 square feet (LCR: 24.5%)	\$18+	\$2,274,606

Based on this analysis, the estimated site value is deducted for the comparables to produce the improvement only value.

**Conclusion:** The adjustments discussed above are summarized in the following chart.

Only those items requiring adjustment have been included.

## SALES COMPARISON ADJUSTMENT CHART

Element	Subject	Comp. 1	Comp. 2	Comp. 3	Comp. 4	Comp. 5	Comp. 6	Comp. 7	Comp. 8
Sale Price (\$)		\$415,000	\$260,000	\$432,800	\$800,000	\$1,290,000	\$212,000	\$280,000	\$260,000
Market conditions/	10/2019	05/2014	10/2015	05/2016	08/2016	12/2016	09/2017	05/2018	05/2019
Adjustment		-\$8,716	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Preliminary adjusted \$		\$406,285	\$260,000	\$432,800	\$800,000	\$1,290,000	\$212,000	\$280,000	\$260,000
Comparison unit size (sf)	10,242	4,300	2,938	4,892	5,208	15,232	2,525	2,596	2,484
- adjusted \$		\$94.48	\$85.15	\$88.41	\$96.01	\$84.69	\$83.95	\$77.04	\$100.84
Size Adjustment		-\$5.94	-\$7.31	-\$6.35	-\$5.03	\$4.99	-\$7.72	-\$7.65	-\$7.76
Age/Condition (EA)	35+	10	10	15	20	15	12	12	14
Adjustment		-\$22.14	-\$19.46	-\$19.61	-\$13.65	-\$17.94	-\$17.54	-\$15.96	-\$19.50
Site Value	Improv. Only	Condo	Condo	20,001	Condo	Condo	Condo	Condo	Condo
Adjustment		-\$16.00	-\$16.00	-\$20.44	-\$24.00	-\$24.00	-\$16.00	-\$16.00	-\$16.00
Final adjusted sale \$ per sf		\$60.40	\$42.38	\$46.01	\$63.33	\$47.74	\$42.70	\$37.43	\$57.38
Total net adj.		-\$198,280	-\$125,672	-\$207,433	-\$222,257	-\$562,624	-\$104,183	-\$102,832	-\$107,468
- as % of sale price		-47.8%	-50.2%	-48.0%	-44.5%	-43.6%	-49.1%	-51.4%	-43.0%
Total gross adj.		\$198,280	\$125,673	\$207,433	\$222,277	\$714,838	\$104,182	\$102,828	\$107,458
- as % of sale price		47.8%	50.2%	48.0%	44.5%	55.4%	49.1%	51.4%	43.0%

## Reconciliation

Comparables	Improvements Only	
	Range: Adjusted \$/SF	Average: Adjusted \$/SF
All: 1-8	\$37.43 to \$57.38	\$47.17

Note: values represent a price per square foot of the improvements only

**Preliminary Value:** All the comparables (improvements only) share the same/similar utility: light industrial/commercial warehouse. The comparables were adjusted for site

value to mitigate/remove the impact of locational differences.

Comparables 4, 5 and 8 produced the lowest net adjustment (<45%) and Comparables 4 and 8 produced the lowest gross adjustment (<45%). Based on the subject's attributes and this discussion, the upper half of the range produced by the sales is weighted.

<b>Estimated Price per Square Foot -- Building/Improvements Only</b>
\$50 per square foot

**Final Value:** In order to determine the final value of the improvements only, the cost of bringing the property up to code/remediation must be deducted to insure parity. The costs represent the cost to bring the subject up to current code and address integrity issues in the building.

<b>Cost to bring to code/remediation</b>
\$362,450 (page 21)

**Final Value per the Sales Comparison Approach**

The estimated price per square foot is applied to the square footage for the preliminary value of the building/improvements only. The cost to bring to code/remediation is deducted to get the final value per the approach.

**FINAL VALUE PER THE SALES COMPARISON APPROACH-IMPROVEMENTS ONLY**

Size x Estimated \$ per SF =	Value
10,242 square feet x \$50 per square foot =	\$512,100
Cost to bring to code/remediation (page 21)	(\$362,450)
Final Value (Improvements Only)	\$149,650
Rounded	\$150,000



### Income Approach

**Definition: Income Capitalization Approach**

Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by capitalization of property income.<sup>7</sup>

The subject is comprised of a commercial light industrial/commercial office-warehouse in the Railyard. The income approach is being developed based on the direct capitalization approach.

### Subject Rental Data

The subject is not currently encumbered by a lease.

**Subject Rental Summary**

vacant

### Direct Capitalization

**Definition: Direct Capitalization**

A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only one year's income is used. Yield and value changes are implied but not explicitly identified.<sup>8</sup>

The Income Approach is based on the income producing capabilities of the property. For the Direct Capitalization method, a Potential Gross Income (PGI) is estimated from which vacancy loss is deducted to arrive at an Effective Gross Income (EGI). Expenses are then estimated and deducted from the EGI to obtain a Net Operating Income (NOI). The NOI is then capitalized into an indication of value by the application of an overall rate which has been developed through market extraction, development of the Modified Band of Investment and published sources.

**Note: Valuation**

The comparables are initially analyzed based on improvements inclusive of site.

An estimated site value based on the comparables attributes is deducted (final adjustment) at the end of income approach summary to produce the preliminary value per this approach.

*Note: the individual comparable site values cannot be deducted from the individual rents*

The subject isn't up to current building code based on age and condition (includes missing/removed/cut braces and moment framing which reduce the integrity of the building).

This cost (Page 21) is deducted from the preliminary value per the sales comparison approach to get the final value.

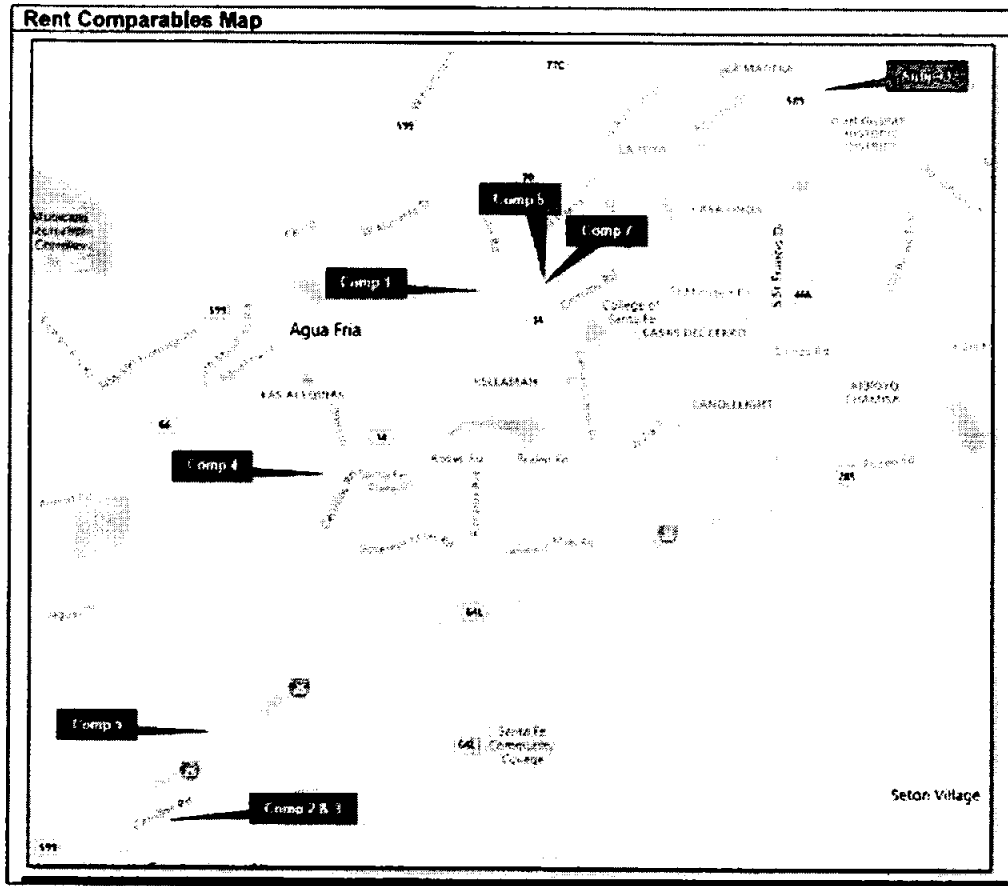
<sup>7</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, 6<sup>th</sup> ed., (Chicago: Appraisal Institute, 2015), p. 115

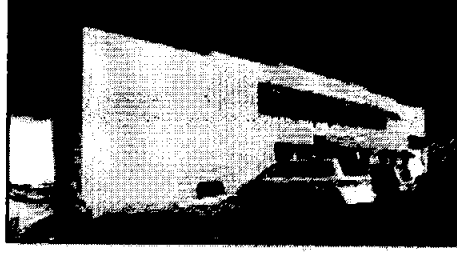
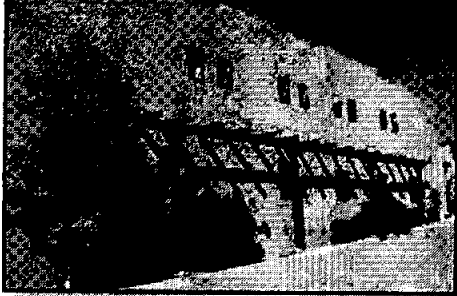

<sup>8</sup> Ibid, p. 65

**Market Rent:** Rents were researched for buildings with similar/related utility in the immediate area. Based on the lack of availability of rent comparables, the search was extended into competing commercial areas in the Santa Fe market. The rent comparables were selected that are generally of the same quality/utility. All the rents are identified on the basis of rent per square foot per year. The comparables are summarized in the following chart and described in more detail on the pages following.


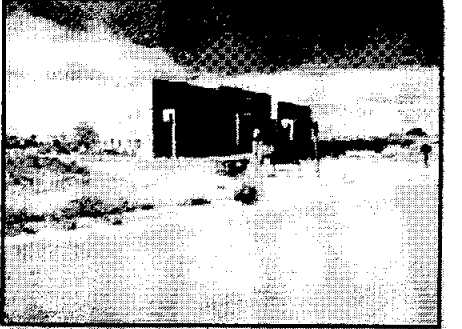

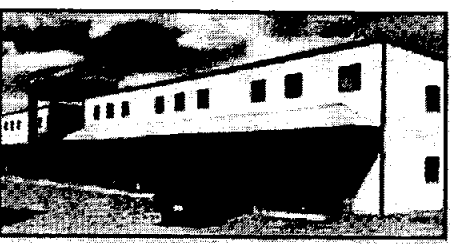
**RENT COMPARABLES CHART**

No.	Location	Leasable area in sf	Rent per sf per year	Lease type
1	3201 Calle Marie - Suite A	2,192	\$12.69	Modified gross
2	41 Bisbee Ct, Units A-4	2,000	\$10.80	Modified gross
3	41 Bisbee Ct, Unit B-2	2,000	\$9.64	Modified gross
4	2532 Camino Entrada	6,040	\$8.90	Modified gross-Atypical
5	19 Plaza La Prensa	6,450	\$12.00	Modified gross
6	1291 Clark Road	7,000	\$9.75	Net
7	1295 Clark Road	9,400	\$10.70	Net



Rent Comparables - Summaries	
<p>1</p> 	<ul style="list-style-type: none"> <li>▪ Location: 3201 Calle Marie, Units A</li> <li>▪ Lessee: Unit A: Armadillo</li> <li>▪ Lease rate per sf per year: Unit A: \$12.69</li> <li>▪ Lease Structure: Modified Gross</li> <li>▪ Size: Unit A: 2,192 square feet</li> <li>▪ Effective Age: estimated to be 8 years old.</li> <li>▪ Comments: Located in Richard's Avenue Office Park.</li> <li>▪ Comments: 2-unit building.</li> </ul>
<p>2</p> 	<ul style="list-style-type: none"> <li>▪ Location 41 Bisbee Ct, Unit A-4</li> <li>▪ Lessee: BMD</li> <li>▪ Lease rate: \$10.80 per sf per year</li> <li>▪ Building Size: 2,000 square feet</li> <li>▪ Lease Type: Modified Gross</li> <li>▪ Effective Age: estimated 12 years</li> <li>▪ Comments: one unit (combined 2 units) of a multi-unit building. Steel frame construction. Well finished out office area for a showroom.</li> </ul>
<p>3</p> 	<ul style="list-style-type: none"> <li>▪ Location 41 Bisbee Ct, Unit B-2</li> <li>▪ Lessee: SFTC</li> <li>▪ Lease rate: \$9.64 per sf per year</li> <li>▪ Building Size: 2,000 square feet</li> <li>▪ Lease Type: Modified Gross</li> <li>▪ Effective Age: estimated 12 years</li> <li>▪ Comments: one unit (combined 2 units) of a multi-unit building. Steel frame construction. Large warehouse-food distribution.</li> </ul>

VALUATION  
INCOME APPROACH

4		<ul style="list-style-type: none"> <li>▪ Location: 2632 Camino Entrada</li> <li>▪ Lessee: TLC</li> <li>▪ Lease rate: \$8.90 per sf per year</li> <li>▪ Building Size: 6,040 square feet</li> <li>▪ Lease Type: Modified Gross-atypical (landlord responsible for insurance only)</li> <li>▪ Effective Age: estimated 20 years</li> <li>▪ Comments: Light industrial and offices. Primarily steel frame construction. Well finished out office area (approximately 2/3 of the building). Remaining area is shop/warehouse.</li> </ul>
5		<ul style="list-style-type: none"> <li>▪ Location: 19 Plaza La Prensa</li> <li>▪ Lessee: Technical Development Company</li> <li>▪ Lease Rate: \$12.00</li> <li>▪ Lease Structure: Modified Gross</li> <li>▪ Size: 6,450 square feet</li> <li>▪ Effective Age: estimated to be 8 years old.</li> <li>▪ Comments: Located south of Santa Fe</li> <li>▪ Comments: originally planned as a three unit warehouse/office, but was leased to one entity.</li> </ul>
6		<ul style="list-style-type: none"> <li>▪ Location: 1291 Clark</li> <li>▪ Lessee: Legacy Healthcare, Inc</li> <li>▪ Lease Rate: \$9.75</li> <li>▪ Lease Structure: Net</li> <li>▪ Size: 7,000 square feet</li> <li>▪ Effective Age: estimated to be 12 (actual age: ~17 years old).</li> <li>▪ Comments: Office/warehouse use. Rollup doors on backside of building. Located in the node centered on Siler and Rufina. Limited visibility/exposure.</li> </ul>
7		<ul style="list-style-type: none"> <li>▪ Location: 1295 Clark</li> <li>▪ Lessee: Calvary Albuquerque</li> <li>▪ Lease Rate: \$10.70</li> <li>▪ Lease Structure: Net</li> <li>▪ Size: 9,400 square feet</li> <li>▪ Effective Age: ~17 years old; EA 12.</li> <li>▪ Comments: Unit is finished for use as a church. Property includes rollup doors that are hidden/covered in warehouse/sanctuary area. Located in the node centered on Siler and Rufina. Limited visibility/exposure.</li> </ul>

**Analysis and Conclusion**

In order to estimate market rent, the comparable rents were compared and adjusted. Estimation of market rent involved consideration of the following factors: lease type and attributes, physical attributes, and location. These elements are analyzed to determine if an adjustment is required. The elements are discussed below and the findings summarized and reconciled on a comparison grid.

<b>Analysis: Lease Type</b>
The subject is not encumbered by a lease. In addition, the subject's expense history was not provided for the appraisal. The comparables are leased on a net or modified gross basis.
A net lease is assumed for the analysis.

**Lease type:** Rents are primarily dependent on the type of lease. The three usual types of leases are net, modified gross and full service.

**LEASE TYPE DESCRIPTION**

Lease type	Expenses
Net	Tenant responsible for expenses
	Tenant (lessee): All expenses
	Landlord (lessor): No expenses (may pay management)
Modified gross (typical)	Expenses are split between tenant and landlord
	Tenant (lessee): Janitorial and utilities
	Landlord (lessor): Insurance, property taxes, maintenance and management
Full service	Landlord responsible for expenses
	Tenant (lessee): No expenses
	Landlord (lessor): All expenses

The income approach is being calculated on a net lease basis. Comparables 1-3 and 5 are typical modified gross. Comparable 4 is an atypical modified gross lease: landlord responsible for insurance only. Comparables 1-5 required adjustment. Comparables 6 and 7 are net leases and did not require adjustment. The difference between a typical modified gross lease and a net lease is that the tenant pays utilities and janitorial and the landlord (lessor) pays property taxes and insurance as well as major maintenance (the cost of these expenses generally ranges from \$2.00 to \$3.00 depending on the property characteristics) in a modified gross lease. An adjustment of the modified gross leases of \$2.00 is selected. A lease type adjustment of \$0.50 for the atypical modified gross: Comparable 4.

**Size:** Size may also be a factor. Typically, smaller spaces generally rent for more per square foot than larger spaces. Comparison of the rent comparables did not produce an adjustment. The size adjustment developed in the sales comparison is used as the

basis for an adjustment in this analysis. The size adjustment developed in the sales comparison approach is multiplied by the capitalization rate developed in the income approach and applied to the size difference between the comparable and the subject.

<b>Adjustment: Size</b>
0.001 per sf x Capitalization Rate

**Age/Condition:** The age/condition of the comparables varied. The estimated effective age of the rent comparables is in the following table.

<b>COMPARABLE EFFECTIVE AGE</b>	
No.	Estimated Effective Age
1	8
2	12
3	12
4	20
5	8
6	12
7	12
Subject	35

The age/condition adjustment developed in the sales comparison approach is applied to the comparables based on the subject's estimated effective age.

**Location:** The comparables' locations are similar in use and utility. The location, as previously discussed, is inherent in the land. The valuation is based on the building/improvements only, which will require the deduction of the site value of the comparables. The site value is based on the average land value of the comparables and the lot coverage ratio identified in the sales comparison approach.

**Conclusion:** The rents after adjustment are in the following table.

**ADJUSTED RENT CHART**

No.	Unadjusted Rent/SF/Year	Adjustments			Adjusted Rent/SF/Year
		Lease Type	Age/Condition	Size	
1	\$12.69	(\$2.00)	(\$2.89)	(\$0.72)	\$7.08
2	\$10.80	(\$2.00)	(\$2.02)	(\$0.74)	\$6.04
3	\$9.84	(\$2.00)	(\$1.76)	(\$0.74)	\$5.14
4	\$8.90	(\$0.50)	(\$1.28)	(\$0.38)	\$6.76
5	\$12.00	(\$2.00)	(\$2.70)	(\$0.34)	\$6.96
6	\$9.75	\$0.00	(\$2.24)	(\$0.29)	\$7.22
7	\$10.70	\$0.00	(\$2.46)	(\$0.08)	\$8.16
Average					\$6.77

The range of comparable rents after adjustment is from \$5.14 per square foot to \$8.16 per square foot per year with an average of \$6.77 per square foot per year on a

net lease basis. The rent comparables were adjusted for lease type, size, and age/condition. Based on the subject's attributes and this discussion, the upper half of the range produced by the sales is weighted.

<b>Market Rent</b>
\$7.00 per square foot per year
Net Lease Basis

**Potential gross income (PGI):** Multiplying the market rent times the square footage of the subject yields the potential gross income (PGI) for the subject.

<b>PGI Analysis: Net Lease Basis</b>	
\$7.00 per square foot per year x 10,242 square feet =	PGI: \$71,694

The total potential gross income is based on the total potential income produced by the subject at market without consideration of vacancy or expenses.

**Vacancy/Collection Loss:** Vacancy/Collection Loss must be deducted from the potential gross income to determine the effective gross income (EGI). The comparables are typically single or double occupancy and didn't produce the basis for development of a vacancy rate. Vacancy can be estimated based on the typical lease parameters and office turn-over. Estimating a two-to-five-month vacancy with a typical three-year lease yields an annualized vacancy rate of 5.6% to 13%. However, this does not take into account a reasonable renewal probability. The vacancy and collection loss in the analysis is primarily a function of expectations based on the characteristics of the subject. A vacancy of 7% is selected and applied to the potential gross income which results in a vacancy deduction.

<b>Vacancy/Collection loss</b>
7%

**Effective gross income (EGI):** Deducting the vacancy from the potential gross income produces an effective gross income (EGI).

<b>EGI Analysis</b>		
PGI		\$71,694
Vacancy	7%	\$5,019
<b>Total:</b>		<b>\$66,675</b>

**Expenses:** The income approach is being calculated based on a net lease basis: property expenses paid by the tenant. However, within the Santa Fe market, the management cost is typically paid by the landlord/lessor. Therefore, property expenses



for the subject consist only of management.

**SUBJECT EXPENSES**

Operating Expenses			
Management	Estimate: 5% of EGI	\$3,334	5% of EGI
		Expenses	\$3,334
			\$0.33 per sf
Note: the expenses on a per square foot basis are calculated based on the expense divided by the size of the improvements.			

Reserve for replacements is money set aside for future repairs and maintenance of a major nature such as roof or stucco. Setting aside funds for this is not typical of the Santa Fe market. The sales from which the capitalization rates were extracted did not include deductions for replacement reserves. In order to maintain consistency with the comparables, no deduction was made for this item.

**Net Operating Income (NOI):** Deducting the lessor's expenses from the effective gross income (EGI) results in a net operating income (NOI). The NOI needs to be capitalized into an indication of value. The Net Operating Income is capitalized into an indication of value by dividing the NOI by an appropriate capitalization rate.

NOI Analysis	
EGI	\$66,675
Less: Expenses	(\$3,334)
<b>Total-NOI:</b>	<b>\$63,341</b>

**Capitalization Rate:** Two methods were used to derive a capitalization rate to be used in the analysis. The first was to extract capitalization rates from actual sales. The second method was the Modified Band of Investment. This method assigns a weighted percentage to the equity return and the mortgage rate. These are then added to give an overall capitalization rate. Further support is sought from the PwC Real Estate Investor Survey (formerly Korpacz). Sales of commercial properties in Santa Fe have generally shown overall rates in the range of 6.0% to 10.0%. The market extracted rates have tended to rise over the past few years. The following table lists capitalization rates derived by extraction from the market.

**CAPITALIZATION RATES**

Sale	Date of sale	Capitalization rate	Use
1672 Hospital Drive	07/2008	7.0%	Office – medical
2590 Camino Entrada	09/2008	7.9%	Office - medical
1474-1480 St. Francis	05/2009	9.2%	Office
422 W. San Francisco	08/2009	8.0%	Office/Retail - downtown
1215 Paseo de Peralta	09/2009	8.3%	Office – downtown
1442-C St. Francis Drive	10/2009	6.5%	Office
1925 Aspen Dr., Unit 801 A&B	05/2010	7.2%	Office
221 Canyon Road	12/2010	5.4%	Retail – downtown
421 St. Michaels Drive	01/2011	6.5%	Office
404 Kiva Court Unit E	03/2011	8.8%	Office
1421 Luisa Street Unit I	04/2011	8.6%	Office
237 East Palace Avenue	08/2011	7.0%	Retail - downtown
490-A West Zia Road	12/2012	7.7%	Office - medical
2014 Cerrillos Road	03/2013	8.6%	Restaurant
4801 Airport Road	05/2014	7.7%	Retail - center
1221 Luisa	02/2015	6.4%	Office
1409 Luisa	04/2015	8.3%	Office
3242 Cerrillos Road	11/2015	7.4%	Retail
530-532 Canyon Road	04/2016	5.5%	Retail – downtown/Canyon
3777 Cerrillos	07/2016	8.2%	Retail - center
3232 Cerrillos	07/2017	7.0%	Retail
126-128 W Water Street	02/2018	7.5%	Retail - downtown
1474 Rodeo Road	08/2018	8.61%	Office
320-328 Guadalupe Station	05/2019	6.5%	Retail/Restaurant - downtown
3261 Cerrillos	06/2019	6.5%	Restaurant

Note: sales volume in the market has been limited in the previous five years.

**Subject – Capitalization Rate**

Based on the table and the subject's attributes, including likelihood of owner occupation, a market derived capitalization rate in the middle to upper half of the range is deemed appropriate.

The modified band of Investment requires utilization of an equity capitalization rate which is a rate expressing the relationship between one year's pre-tax cash flow (NOI less the annual debt service) and the equity investment. Equity capitalization rates may be estimated from current so-called "safe rates" such as CDs, bonds, and T-bills, or they may be market extracted. Since equity capitalization rates (equity dividend rates) tend to change with the economy, only the most recent sales are applicable.

It is also possible to build an equity capitalization rate using a known "safe" rate and adding percentage points for loss of liquidity and risk. "Safe rates" are derived from such sources as insured certificates of deposit and AAA bonds. At this time, they lie generally in the range of 3.0% to 6.0%. Risk for the subject was viewed as moderate. Therefore, two points were added for risk. An additional 2% was needed to

compensate for loss of liquidity. This resulted in a range of 7.0% to 10% for an equity capitalization rate when derived in this manner. Analysis of the sale of 1401 Maclovía produced an equity capitalization rate of 8.2% which is within the estimated range. Based on the attributes of the subject and relative investor grade, the lower end of the range was weighted and 8% is selected for the equity capitalization rate.

The modified band of investment assigns a weighted percentage to the two factors that make up the total capitalization rate. The weighted percentage was derived from the loan-to-value ratio. Therefore, the mortgage factor was assigned a percentage of 70% and the equity factor is 30% (100%-70%). The annual mortgage constant for 5% interest based on a five-year fixed term based on a 20-year amortization is 0.079 or 7.9%. The calculation of the capitalization rate per the modified band of investments is in the following table. The Modified Band of Investment produced a capitalization rate of 7.9%.

<b>Modified Band Of Investments</b>		
<b>8% Return to Equity</b>		
Annual Constant	$0.0792 \times .70 =$	0.0554
Equity Requirement	$0.0800 \times .30 =$	0.0240
	<b>Total</b>	<b>0.0794</b>

Derivation of the capitalization rate to be utilized in the income approach requires reconciliation of the market-derived capitalization rate and the Modified Band of Investment. Based on the subject's attributes and the local economy, the middle to upper half of the range produced by the market extracted rates is most supported. The Modified Band of Investment produced a capitalization rate of 7.9%. Further support was sought from the most recent issue of PwC Real Estate Investor Survey (formerly Korpacz), which is the most recent issue.

**PWC – 3<sup>rd</sup> QUARTER 2019 – CAP RATES**

<b>Category</b>	<b>Capitalization Rates</b>
National Warehouse Market	3.00%-6.40% Average: 4.83%
Note: the capitalization rates for this category have continued to decline over the past 5 years (per report)	

It should be noted that this survey utilizes investor grade properties. The subject's attributes, such as design and size, may qualify it as investor grade. However, based on the attributes of the subject, it may not qualify as investor grade.

With this support and with most emphasis on the middle to upper half of the

VALUATION  
INCOME APPROACH

range produced by the market extracted rates, a capitalization rate of 9.0% is concluded and is applied to the subject.

<b>Capitalization rate</b>
9.0%

**Income Approach Summary:** Capitalizing the NOI results in a value indication. The income approach summary follows.

<b>Income Approach Summary</b>	
PGI (page 48)	\$71,694
Less: Vacancy @ 7%	(\$5,019)
EGI (PGI - Vacancy)	\$66,675
Less: Expenses	(\$3,334)
<b>NOI (EGI - Expenses)</b>	<b>\$63,341</b>

The Net Operating Income (NOI) must be capitalized in order to achieve a preliminary value per the income approach.

**Site Value**

The preliminary value per the Income Approach is based on land and improvements. Based on the utility/use of the subject, the comparables are comprised of light industrial/commercial warehouse properties. The average site value on a per square foot basis for the comparables is \$5 per square foot. Due to differences in the development requirements between the subject (Railyard allows for significantly higher lot coverage ratio allows for a smaller site to support larger improvements with parking providing by common areas) and the comparables, the subject's size is estimated to insure parity between the subject and comparables. Based on the lot coverage ratio developed in the sales comparison approach for the comparable land/site values of 25%, the subjects equivalent lot based on utility/use is estimated to be 40,968 square feet. The estimated price per square foot of the comparable sites is applied to the subject's equivalent estimated lot size.

<b>Subject's Equivalent Lot Value</b>	
Subject's Equivalent Lot: subject improvements/lot coverage ratio = 10,242 sf/25%	40,968 sf
Estimated comparables' (light industrial/commercial warehouse) lot value per sf	\$5 per sf
<b>Subject's Equivalent Lot Value</b>	<b>\$204,840</b>
<b>Note</b>	
Because the land values for the individual comparables cannot be reasonably deducted from the rents, the preliminary value per the income approach is developed based on land and improvements based on the size of the subject's improvements. Therefore, the land deduction is based on the subject's estimated lot size based on equivalent parameter of the comparables (development requirements, market consistency)	

**Final Value per the Income Approach**

For the 'as is' value, the NOI is divided by the Cap Rate to get the preliminary value per the approach. The land value is deducted and the cost to bring to code/remediation is deducted to get the final value per the approach.

**FINAL VALUE PER THE INCOME APPROACH: DIRECT CAPITALIZATION**

NOI / Cap Rate =	Value
Preliminary Value: \$63,341/9.0%=	\$703,789
Land Value (equivalent estimate)	(\$204,840)
Cost to bring to code/remediation (page 21)	(\$362,450)
	Final Value
	\$136,499
	Rounded
	\$140,000

**Reconciliation and Value Conclusion**

<b>Subject: 545 Camino de la Familia – Building/Improvements Only</b>	
Commercial/light industrial: warehouse (vacant)	
<b>Values Developed</b>	
As Is	Improvements/Building Only

**VALUE INDICATIONS**

<b>Valuation Approach</b>	
Market Value	As Is - Improvements/Building Only
Sales Comparison Approach	\$150,000
Income Approach: Direct Capitalization	\$140,000

The improvements/building only is developed for the subject. For the appraisal, the sales comparison approach and the income approach – direct capitalization are developed. Each of these approaches to value has validity and applicability to the appraisal problem. Ideally speaking, if each was done exactly correctly (implying uniform data), they would result in identical value estimates. However, the real estate market is not an exact arena. No two sales are exactly the same and rarely, if ever, are two commercial properties exact duplicates. Therefore, it is the responsibility of the appraiser to apply logic and experience to the data provided.

**Fee Simple Value**

**Cost Approach:** This approach is not developed due to the age of the improvements and resulting depreciation determination (speculative).

**Sales Comparison:** The sales comparison approach is a method of estimating value which involves direct comparison of the subject to other sales. The reliability of the sales comparison approach is dependent upon the degree of similarity of the comparables. The search for improved sales comparables was extended to 2014. The comparables available for the sales comparison approach are considered ample. The adjustments were market derived and quantitative in nature. The value derived from this approach should be considered reliable.

Note: the site values for the individual comparables is deducted for the preliminary value per this approach. The cost to bring to code/remediation is deducted to get the final value per the approach

**Income Approach:** The income approach is developed using the direct capitalization method.

**Direct Capitalization:** the gross rental income of the subject is estimated by determining the market rent from a survey of competing properties. The vacancy/collection loss and expenses are applied to the gross income in order to develop the net operating income. A capitalization rate was estimated by two methods, market extraction and modified band of investment, and supported by the PwC Cap Rate Survey. The net operating income was divided by the capitalization rate to yield a value by the income approach. The rent comparables for the income approach are commercial properties in the subject's neighborhood and competing neighborhoods. They are considered adequate. The supporting data for the income approach is sufficient, and the value resulting from this approach should also be considered reliable.

**Note:** because the land values for the individual comparables cannot be reasonably deducted from the rents, the preliminary value per the income approach is developed based on land and improvements based on the size of the subject's improvements. Therefore, the land deduction is based on the subject's estimated lot size based on equivalent parameter of the comparables (development requirements, market consistency). The site value and the cost to bring to code/remediation is deducted to get the final value per the approach of the improvements only.

**Reconciliation:** Reconciliation to a final value estimate involved consideration given to all approaches to value depending on their reliability. Investor buyers of income-producing properties typically place most weight on the income approach. Based on location, the subject is a candidate for owner occupancy. Based on this, both approaches are considered.

**Conclusion:** Based on the data presented in the report, it is my opinion that the most probable market value of the fee simple ownership interest (subject to easements and restrictions of record) in the subject property, building/improvements only, 'as is' as of October 8, 2019 is:

**FINAL VALUE**

<b>Subject: 545 Camino de la Familia – Building/Improvements Only</b>		
Market Value - As Is Building Only	Fee Simple	One Hundred Fifty Thousand Dollars \$150,000
Note: the subject is comprised of improvements inclusive of land. However, at the request of the client, the appraisal is of the building/improvements only and does not include the land value.		

**ADDENDA**



**ENGAGEMENT LETTER**

**HIPPAUF DRY & CONNELLY, INC.**

REAL ESTATE APPRAISERS AND CONSULTANTS

Peter H. Hippauf, MAI, SRA  
 Michael Dry, MAI  
 Tim Connelly, MAI  
 Kay L. Sutt, Associate

404 Brunn School Road, Building B  
 Santa Fe, New Mexico 87505  
 (505) 988-8059/FAX (505) 988-5743  
 www.hippauf.com

September 30, 2019

Luna Capital Advisors  
 c/o Kristopher Axtel, CEO  
 3 Placita de Oro #7,  
 Santa Fe, New Mexico 87501

**RE:** Appraisal of 545 Camino de la Familia – Building Only  
 Santa Fe, NM 87505

Dear Mr. Axtel,

I am submitting this fee proposal to appraise the above referenced property. Our fee to provide you an appraisal of the property in an appraisal report format is found in the following table.

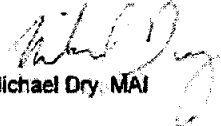
<b>Report format</b>		<b>Delivery</b>	
Appraisal Report Format		October 11, 2019	
<b>Appraisal</b>			
<b>Property</b>		<b>Ownership</b>	<b>Appraisal Fee</b>
545 Camino de la Familia (Parcel F-1) Santa Fe (Parcel # 11155328)		City of Santa Fe/SFRCC	Appraisal \$3,200.00 GRT \$270.00 Total Fee \$3,470.00
<b>Interest valued:</b>		Fee Simple (Building Only)	
<b>Intended users:</b>		Client	
<b>Intended use:</b>		Asset Valuation-Market value	
<b>Values</b>		Market Value: As Is – Building Only	
<b>Comments</b>			
Located within the Santa Fe Railyard (North). Former location of Santa Fe Clay. Valuation of the improvements only. Possible secondary user: City of Santa Fe			

An electronic copy of the report will be provided to you. Please advise whether you also require hard copies. The delivery date is predicated on a timely acceptance/engagement and is constituted by our receipt of a signed and dated copy of the fee proposal. Per our policy, the fee is due at the time of engagement.

Attached to this letter are our General Assumptions and General Limiting Conditions which apply to the appraisal. The document becomes part of this contract. The appraisal will be completed in accordance with the Uniform Standards of Professional Appraisal Practice.

If this fee proposal is satisfactory, please sign below, initial the attached conditions and return them and the fee at your earliest convenience. If you have any questions, please feel free to contact me. Thank you for considering our firm for this assignment.

Yours truly,

  
 Michael Dry, MAI

DocuSigned by:  
**KRISTOPHER AXTEL**  
 Appraisal Signature

9/30/2019  
 Date



**SITE PLAN & PLAT**

**INDEX OF DRAWINGS**

ARCHITECTURAL  
 A1 SITE PLAN  
 A2 OCCUPANCY PLAN  
 A3 EXISTING & DEMOLITION PLAN  
 A4 NEW FLOOR PLAN  
 A5 EXTERIOR ELEVATION  
 A6 SCHEDULES, DETAILS AND SECTIONS  
 A7 ELECTRICAL PLAN

STRUCTURAL  
 S-101 FOUNDATION PLAN DETAILS

**BUILDING DATA**

OCCUPANCY: BUSINESS GROUP B  
 SQUARE FOOTAGE:  
 EXISTING= 9282 SQ. FT.  
 NEW= 960 SQ. FT. INTERIOR HEATED AREA  
 NEW= 600 SQ. FT. OPEN COVERED AREA  
 TOTAL HEATED 10242 SQ. FT.

OCCUPANT LOAD: 128  
 TYPE OF CONSTRUCTION: V8

**PARCEL G**  
 18,418 Sq. Ft.

**PARCEL F1**  
 13,120 Sq. Ft.

**SANTA FE CLAY**

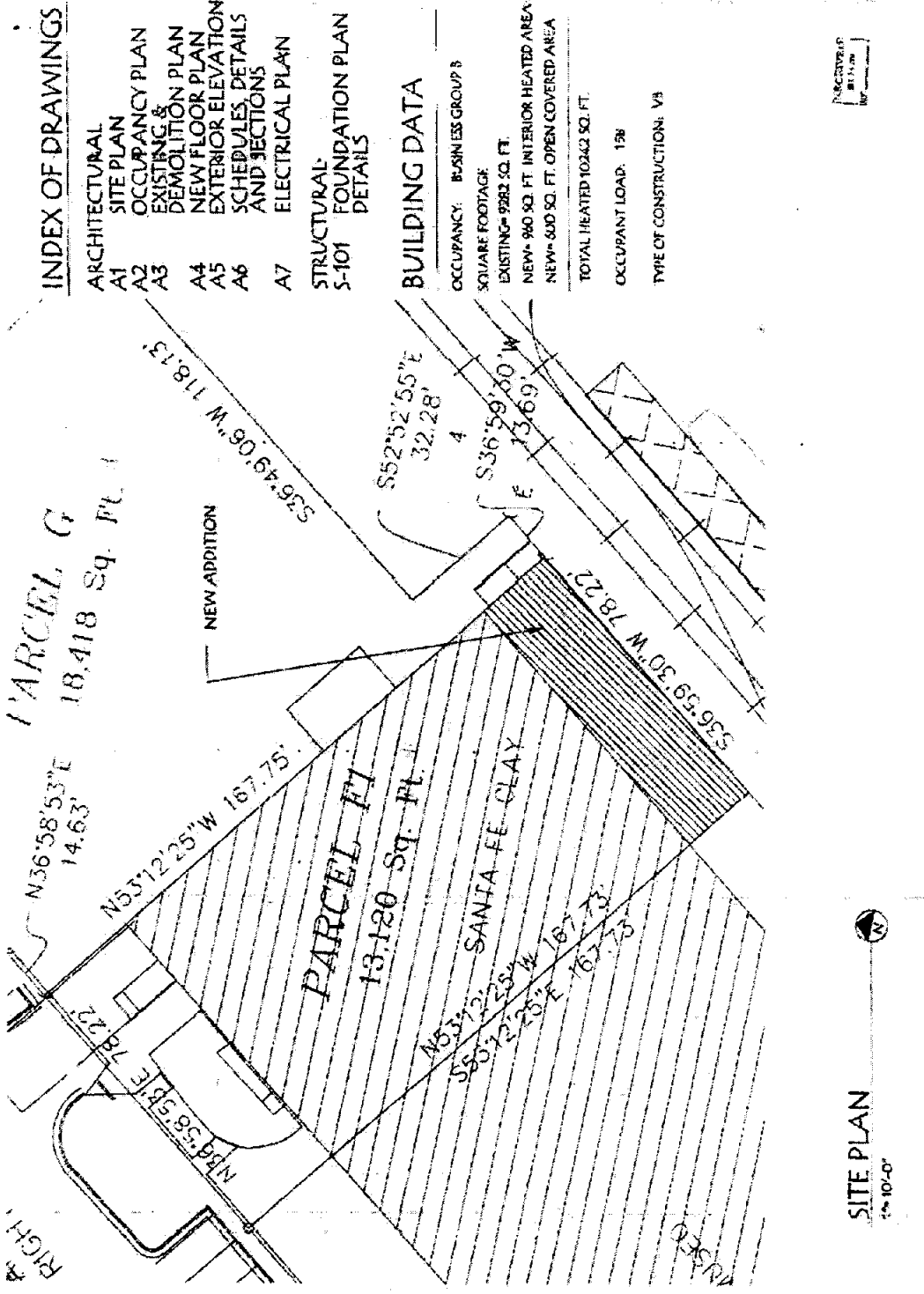
**NEW ADDITION**

**RIGHT OF WAY**

**SEAL**

**Thomas E. Lechner - Architect**  
 Santa Fe Clay Architect  
 1000 N. Santa Fe  
 Santa Fe, N.M. 87501  
 505.440.9700  
 thlechner@aol.com

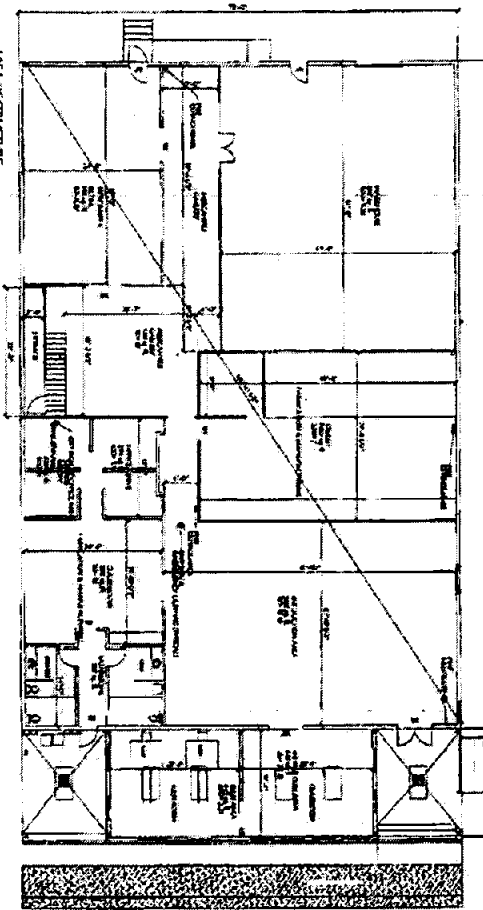
**A1**



**SITE PLAN**  
 1/4" = 10'-0"



**OCCUPANCY PLAN**



**AREA STRUCTURE**  
 ALL WALLS AND PARTITIONS TO BE CONCRETE  
 ALL FLOORS TO BE CONCRETE  
 ALL CEILING TO BE CONCRETE  
 ALL ROOF TO BE CONCRETE

**OCCUPANCY PLAN**



**GOVERNMENT LIAISON**  
 ALL WORK TO BE IN ACCORDANCE WITH THE  
 REQUIREMENTS OF THE GOVERNMENT  
 CONTRACT DOCUMENTS AND THE  
 SPECIFICATIONS TO THE GOVERNMENT  
 CONTRACT DOCUMENTS  
 ALL WORK TO BE IN ACCORDANCE WITH THE  
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 CONTRACT DOCUMENTS AND THE  
 SPECIFICATIONS TO THE GOVERNMENT  
 CONTRACT DOCUMENTS

<b>A2</b>	<b>Thomas E. Lechner - Architect</b>		24 West 25th Street D. SANTA FE, NEW MEXICO 87308 505-660-9100 telechner24@gmail.com		
	Santa Fe Clay Adm. Co. 345 Camino de la Florida Santa Fe, New Mexico				



**TOTAL PROJECT ESTIMATED COST SUMMARY**

SF Clay building  
 545 Camino de la Familia  
 Santa Fe, NM 87501



PROJECT NUMBER:  
 ESTIMATE DATE: September 13, 2017

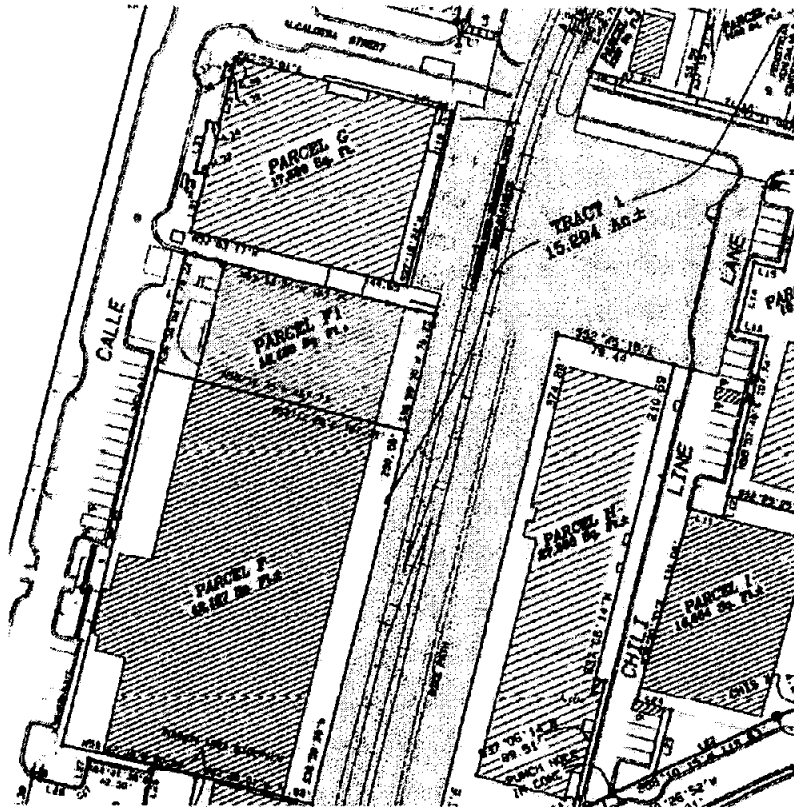
**CONSTRUCTION COSTS  
 ESTIMATE SUMMARY**

REF	DESCRIPTION	TOTAL LOADED LABOR	TOTAL MATERIAL	TOTAL SUB/SUPP	TOTAL PROJECT	% / TOTAL	REMARKS
1	GENERAL CONDITIONS	\$31,245	\$0	\$27,290	\$58,535	16.15%	
2	EXISTING CONDITIONS	\$0	\$0	\$0	\$0	0.00%	
3	CONCRETE	\$1	\$2	\$0	\$3	0.00%	
3A	PRECAST CONCRETE	\$0	\$0	\$17,500	\$17,500	4.83%	
4	MASONRY	\$0	\$0	\$0	\$0	0.00%	
5	STEEL & MISC METALS	\$0	\$0	\$52,425	\$52,425	14.46%	
6	ROUGH & FINISH CARPENTRY	\$0	\$0	\$1,750	\$1,750	0.47%	
7	THERMAL & MOISTURE PROTECTION	\$0	\$0	\$12,500	\$12,500	3.45%	
8	OPENINGS	\$0	\$0	\$2,995	\$2,995	0.83%	
9	FINISHES	\$0	\$0	\$32,500	\$32,500	8.97%	
10	SPECIALTIES	\$0	\$0	\$0	\$0	0.00%	
11	EQUIPMENT	\$0	\$0	\$0	\$0	0.00%	
12	TURNISHINGS	\$0	\$0	\$0	\$0	0.00%	
13	SPECIAL CONSTRUCTION	\$0	\$0	\$0	\$0	0.00%	
14	CONVEYING EQUIPMENT	\$0	\$0	\$0	\$0	0.00%	
21	FIRE SUPPRESSION	\$0	\$0	\$84,560	\$84,560	23.33%	
22	PLUMBING	\$0	\$0	\$4,250	\$4,250	1.17%	
23	HVAC	\$0	\$0	\$4,250	\$8,500	2.35%	
25	INTEGRATED AUTOMATION	\$0	\$0	\$0	\$0	0.00%	
26	ELECTRICAL	\$0	\$0	\$14,000	\$14,000	3.86%	
27	COMMUNICATIONS	\$0	\$0	\$0	\$0	0.00%	
28	ELECTRONIC SECURITY	\$0	\$0	\$0	\$0	0.00%	
31	EARTHWORK	\$0	\$0	\$0	\$0	0.00%	
32	EXTERIOR IMPROVEMENTS	\$0	\$0	\$0	\$0	0.00%	
33	UTILITIES	\$0	\$0	\$0	\$0	0.00%	
34	TRANSPORTATION	\$0	\$0	\$0	\$0	0.00%	
<b>TOTAL FOR ABOVE COSTS</b>		\$31,246	\$2	\$294,020	\$291,268	80.26%	\$185,268
BUILDING PERMITS				3%	\$7,281.70	2.01%	
SUBCONTRACTORS P & F BONDS					\$0	0.00%	
PAYMENT & PERFORMANCE BONDS					\$0	0.00%	
CONTRACTORS G & L INSURANCE					\$746	0.21%	
CONTRACTORS OVERHEAD & FEE					\$14,952	4.06%	
SUBTOTAL OF ABOVE COSTS:					\$314,248		
GROSS RECEIPTS TAX					\$28,202	8.4375%	
<b>TOTAL PROJECTED COSTS</b>					\$362,450		

**LISTING**

# THE SANTA FE RAILYARD

COMMUNITY CORPORATION



PARCEL F-1 (545 Camino de la Familia)

## EXISTING BUILDING OR PAD SITE

### General

- Located in the North Railyard area
- Contiguous to the Railyard Plaza and Violet Crown Cinema
- One block to the Rail Runner commuter train
- Next to the City of Santa Fe's 400 space underground parking garage

Specifications

- 13,120 square feet of land with a 10,242 square feet building

Development/Tenancy Options

- Demolition of the existing building has been approved by the Santa Fe City Council.
- Development of this parcel may take two forms:
  - Utilize the existing building, OR;
  - Demolish the existing building and develop a new building
  - The costs of demolition and construction of a new exterior wall for the remainder of the existing building shall be at the tenant's cost

Financial Terms

- \$13.12 per square foot for the existing 10,242 square foot building, OR;
- \$10.25 per square foot for the land
- Both equal \$134,416 annually or \$11,201 per month
- Subject to annual CPI adjustment
- Reappraisal every 10 (ten) years exclusive of improvements added by Tenant

Lease/Legal

- Tenant's Leasehold interest is assignable
- Improvements constructed by Tenant (either a new building or improvements added to the existing building) may be transferred by Tenant
- Maximum lease term of 50 (fifty) years with up to 4 (four) 10 (ten) year renewal options for a total of 90 (ninety) years

The Master Plan approved by the City Council in February 2002 gives specific information regarding development of the Railyard. Online copy available on website: [www.sfrailyardcc.org](http://www.sfrailyardcc.org), full size parcel survey maps available in our offices.

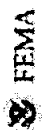
NOTE: *Information contained herein including, but not limited to lease rate, parcel size, etc. shall be subject to change without prior notice.*

**CONTACT INFORMATION:**

Santa Fe Railyard Community Corporation  
Richard Czoski, CCIM, CPM and Executive Director  
505-982-3373  
Email: [Richard@sfrailyardcc.org](mailto:Richard@sfrailyardcc.org)  
Website: [www.sfrailyardcc.org](http://www.sfrailyardcc.org)

**FLOOD MAP**

# National Flood Hazard Layer FIRMette



## Legend

SEE REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

<b>SPECIAL FLOOD HAZARD AREAS</b>	<p>Without Base Flood Elevation (BFE)  <small>0.2% Annual Chance Flood</small></p> <p>With BFE or Depth  <small>0.2% Annual Chance Flood</small></p> <p>Regulatory Floodway</p>
<b>OTHER AREAS OF FLOOD HAZARD</b>	<p>0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile</p> <p>Future Conditions 1% Annual Chance Flood Hazard</p> <p>Area with Reduced Flood Risk due to Levees, See Notes</p> <p>Area with Flood Risk due to Levees</p>
<b>OTHER AREAS</b>	<p>Area of Minimal Flood Hazard</p> <p>Effective LOMRs</p> <p>Area of Undetermined Flood Hazard</p>
<b>GENERAL STRUCTURES</b>	<p>Channel, Culvert, or Storm Sewer</p> <p>Levee, Dike, or Floodwall</p>
<b>OTHER FEATURES</b>	<p>Cross Sections with 1% Annual Chance</p> <p>Water Surface Elevation</p> <p>Coastal Transect</p> <p>Base Flood Elevation Line (BFE)</p> <p>Limit of Study</p> <p>Jurisdiction Boundary</p> <p>Coastal Transect Baseline</p> <p>Profile Baseline</p> <p>Hydrographic Feature</p>
<b>MAP PANELS</b>	<p>Digital Data Available</p> <p>No Digital Data Available</p> <p>Unmapped</p>

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap security standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 10/20/2017 at 10:53:27 AM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifier, FIRM panel number, and FIRM effective date. Map images for unmapped and unmapped areas cannot be used for regulatory purposes.

**APPRAISER'S QUALIFICATIONS**



## **APPRAISER'S QUALIFICATIONS – MICHAEL DRY, MAI**

### **Professional Memberships**

- Member of the appraisal institute – designated as an MAI
- The New Mexico Real Estate Appraisers Board (General Certification #02739-G)

### **Professional Affiliations**

- 2012 President of the Rio Grande Chapter of the Appraisal Institute)
- 2013 Chair of the Rio Grande Chapter of the Appraisal Institute Board of Directors
- 2013 Chair of the Rio Grande Chapter of the Appraisal Institute Nominating Committee
- 2013/2014 Chair of the Rio Grande Chapter of the Appraisal Institute Candidate Advisor Committee
- 2014-2016 Rio Grande Chapter of the Appraisal Institute Candidate Advisory
- 2016 Member of the Rio Grande Chapter of the Appraisal Institute Nominating Committee

### **Professional Education**

- BBA, Anderson School of Management, The University of New Mexico (1993)
- Russian Language Certificate, Mendeleev Institute, Moscow, Russia (1994)
- Masters of Finance, Anderson School of Management, The University of New Mexico (2000)

### **Appraisal Courses and Seminars**

<ul style="list-style-type: none"> <li>• Basic Appraisal Principles/Procedures/USPAP (2003)</li> <li>• National USPAP update (2007, 2009, 2010, 2012, 2014, 2016, 2018)</li> <li>• Regional Economic Forecast (2006, 2006, 2007, 2008, 2009, 2010, 2011, 2014, 2015, 2016, 2017, 2018, 2019)</li> <li>• Appraising agricultural land in transition (2005)</li> <li>• Professional's guide to the uniform Residential Appl. Report (2005)</li> <li>• Subdivision Valuation (2006)</li> <li>• Basic Income Capitalization (2006)</li> <li>• General Applications (2006)</li> <li>• Real Estate Finance Statistics and Valuation Modeling (2006)</li> <li>• Apartment Appraisal (2006)</li> <li>• Evaluating Commercial Construction (2006)</li> <li>• Advanced Income Capitalization (2007)</li> <li>• Highest and Best Use and Market Analysis (2007)</li> <li>• New Technology for RE Appraisers (2007)</li> <li>• Office Building Valuation: A Contemporary Perspective (2007)</li> <li>• Advanced Sales Comparison and Cost Approach (2008)</li> <li>• Report Writing and Valuation Analysis (2008)</li> <li>• Valuation of Green Buildings (2008)</li> <li>• Attacking and Defending an Appraisal in Litigation (2008)</li> <li>• Advanced Applications (2008)</li> <li>• Business Practices and Ethics (2009, 2014)</li> </ul>	<ul style="list-style-type: none"> <li>• Appraisal Tools Tune-Up (2009)</li> <li>• Appraising in 2009 (2009)</li> <li>• Appraising the Appraisal Business (2009)</li> <li>• Stats and Graphs (2010)</li> <li>• Land Conservation Incentive Tax Credit Process With Special Emphasis on Appraisal Requirements (2010)</li> <li>• Lending World In Crisis – What Clients Need Their Appraisers to Know (2010)</li> <li>• NM REAB Board Renewal Update Course (2010, 2013, 2015)</li> <li>• Understanding and Using Investor Surveys Effectively (2011)</li> <li>• Appraisal Review Seminar (2011)</li> <li>• Appraising Distressed Commercial Real Estate (2011)</li> <li>• IRS Seminar: Conservation Easements &amp; Your Taxes (2011)</li> <li>• Real Estate Finance, Value, and Investment Performance (2011)</li> <li>• Marketability Studies: 6 step process/basic applications (2012)</li> <li>• Appraising the Appraisal: General (2012)</li> <li>• Marketability Studies: Advanced Considerations &amp; Applications (2013)</li> <li>• Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets (2013)</li> <li>• Condemnation Appraising: Principles &amp; Applications (2015)</li> <li>• Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications (2017)</li> </ul>
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### **Expert Witness**

- Certified as an expert witness in United States Bankruptcy Court (2011, 2013)
- Certified as an expert witness in the First Judicial District Court (2012)

### **Professional Experience**

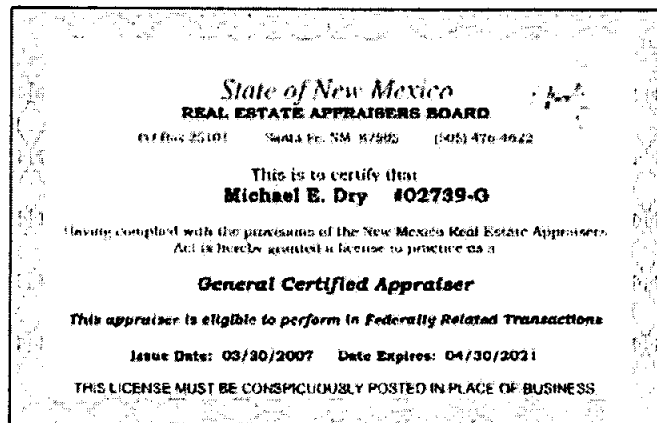
01/18 – Present: Hippauf Dry & Connelly  
 01/04 – 12/17: Hippauf and Associates, Inc.,  
 Associate Appraiser  
 06/00 - 06/05: Senior Financial Analyst, Intel

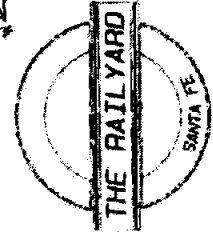
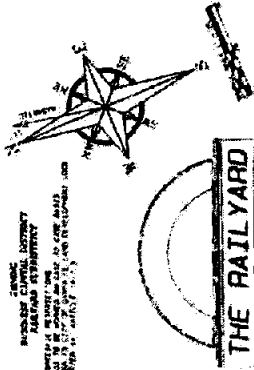
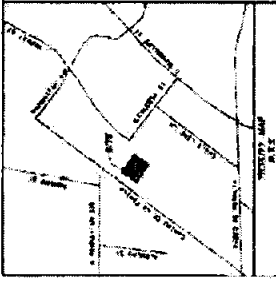
### **Clients**

Clients include local and national lenders, attorneys, institutions, including state and local governmental entities, and individuals.

### **Classes of Properties Appraised**

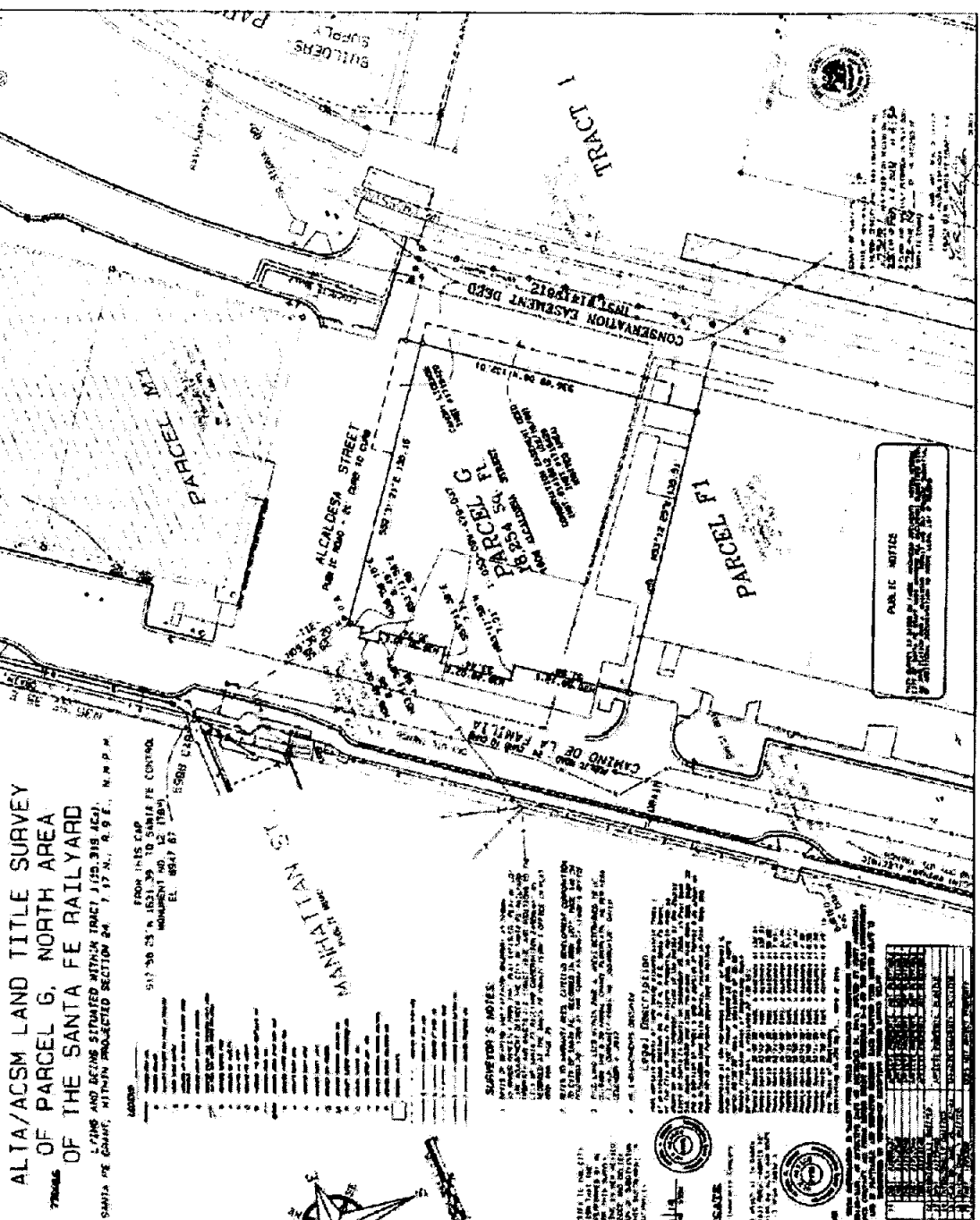
Commercial, existing and proposed, such as offices, retail and subdivisions, vacant land, special use properties and industrial properties.





**ALTA/ACSM LAND TITLE SURVEY  
OF PARCEL 6, NORTH AREA  
OF THE SANTA FE RAILYARD**

L/AMS AND BEING SITUATED WITHIN TRACT 1, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.



**REMARKS:**  
 PARCEL 6 AND PARCEL 7 ARE SEPARATE PARCELS OF LAND...  
 PARCEL 9 IS A CONSERVATION EASEMENT DEED...  
 PARCEL P1 IS A PUBLIC UTILITY...  
 TRACT 1 IS A TRACT OF LAND...  
 MANHATTAN ST...  
 CAMINO DE LA PARMITA...  
 ALCALDESA STREET...  
 PUBLIC UTILITY...  
 CONSERVATION EASEMENT DEED...  
 PARCEL 1

**TRAIL DESCRIPTION**  
 COMMENCING AT THE INTERSECTION OF...  
 THE TRAIL RUNS...  
 ENDING AT THE INTERSECTION OF...

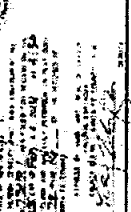
**ADJACENT SURVEYS**  
 TO THE WEST...  
 TO THE EAST...  
 TO THE SOUTH...

**SURVEYOR'S CERTIFICATE**  
 I, ALVARO SURVEYOR, CERTIFICATE...  
 THAT THE ABOVE IS A TRUE AND CORRECT...  
 REPRESENTATION OF THE SURVEY...  
 MADE BY ME OR UNDER MY SUPERVISION...

**ALVARO SURVEYOR'S CERTIFICATE**  
 I, ALVARO SURVEYOR, CERTIFICATE...  
 THAT THE ABOVE IS A TRUE AND CORRECT...  
 REPRESENTATION OF THE SURVEY...  
 MADE BY ME OR UNDER MY SUPERVISION...

**SOUTHWEST MOUNTAIN SURVEYS**  
 1214 CENTRAL ST. SANTA FE, N.M. 87504  
 PHONE 465-1000

NO.	DESCRIPTION	ACRES	REMARKS
1	PARCEL 6	1.25	...
2	PARCEL 7	1.10	...
3	PARCEL 9	1.30	...
4	PARCEL P1	0.80	...
5	TRACT 1	10.00	...



WARRANTY DEED

1227143

CATELLUS DEVELOPMENT CORPORATION, a Delaware corporation, for consideration paid, grants to the CITY OF SANTA FE, a New Mexico municipal corporation, whose address is 200 Lincoln Avenue, Santa Fe, New Mexico 87301, the following described real estate located in the City of Santa Fe, County of Santa Fe, State of New Mexico:

THAT PORTION OF PARCEL A consisting of Tracts 15, 16, 17, 18-A, 18-B, 19A, 21, 22, 149-D, 150, 152, 153, 154, 155; THAT PORTION OF PARCEL B consisting of Parcel No. 5 and Tracts 142, 143, 144, 146 and 156; and THAT PORTION OF PARCEL C consisting of Tracts 1 & 18, 19, 20 and 23, as shown on Sheets 2, 3 and 4 of that certain plat of survey entitled "Plat of Survey Prepared Of Catellus Railyard and Baca Street Property" recorded in the records of Santa Fe County on December 20, 1995 at Plat Book 323 pages 017 - 022 as document no. 928,704 (the "Catellus Survey")

TOGETHER WITH only those buildings, and no others, set forth on exhibit A attached hereto and incorporated herein by this reference

AND SUBJECT TO those matters set forth on Exhibit B attached hereto and incorporated herein by this reference

with warranty covenants.

WITNESS ITS HAND AND SEAL THIS 21st day of December, 1995

CATELLUS DEVELOPMENT CORPORATION,  
a Delaware corporation

By: [Signature]  
Its: \_\_\_\_\_

SANTA FE  
NEW MEXICO  
928,704  
of this instrument was filed for  
1995  
149 Santa Fe County, NM  
15 Santa Fe County, NM  
[Signature]



ACKNOWLEDGEMENT

1227149

STATE OF NEW MEXICO  
COUNTY OF SANTA FE

} ss.  
}

The foregoing Warranty Deed was acknowledged before me this  
21st day of December, 1995 by J. F. [unclear] in as  
of Catellus Development Corporation, a  
Delaware corporation, on behalf of said corporation.

*[Handwritten Signature]*

Notary Public

My Commission Expires:  
7-2-96



EXHIBIT A

(Included Buildings)

1227150

- |    |                      |                         |
|----|----------------------|-------------------------|
| 1. | Santa Fe Clay        | 1615 Paseo de Peralta   |
| 2. | Morrelli Corporation | 540 S. Guadalupe Street |
| 3. | Depot                | 410 S. Guadalupe Street |
| 4. | CCA Tech Warehouse   | 1614 Paseo de Peralta   |

All as shown on the Catellus Survey.

EXHIBIT B .

1227151

(Matters subject to Which Title Is Being Taken)

1. Any titles or rights asserted by anyone including, but not limited to, persons, corporations, governments, or other entities, to lands comprising the shores or bottoms of navigable streams, lakes, or land beyond the line of the harbor or bulkhead lines established or changed by the United States Government.
2. Unpatented mining claims; reservations or exceptions in patents or in acts authorizing the issuance thereof
3. Taxes for the year 1996, and thereafter.
4. Easements for any utilities located on or under the property, including, but not limited to, water, sewer, electricity, telephone and gas poles, lines, meters, hydrants, boxes, anchors, manholes and guy wires and other utility improvements located on the property and rights of access to same for maintenance purposes; all other easements, overlaps, encroachments and rights of way, including, but not limited to, rights of way for W. Manhattan Avenue, Alarid Street, Cerrillos Road and St. Francis Drive, all as shown on either the Catellus Survey or on that certain plot of survey prepared for CATELLUS DEVELOPMENT CORP. by Richard E. Smith, NMPLS #5837 dated May 1991 revised September 11, 1991 and December 10, 1991, being surveyor's Project No. 3565.
5. Special Assessments by the City of Santa Fe for garbage disposal and sewer maintenance for the years 1996 and thereafter.
6. Easement from Jess Burch, Vice President of Southwest Distributing Co. to Public Service Company of New Mexico and Mountain States Telephone and Telegraph Company dated June 23, 1966 and recorded in Book 242 page 363.
7. Grant of Easement and Agreement, between Catellus Development Corporation, a Delaware corporation, and Fernie Coris, recorded in book 1044, page 396, as to portions of Parcel A identified as Tract 21.
8. Claims of access to properties adjoining that Portion of Parcel A identified as Tract 21, including, but not limited to, claim of easement asserted by Mary Ann Gallegos, Manuel D. Urioste, Hovie Urioste and Willie Saiz by means of Affidavit recorded in Book 709, page 007 and re-recorded in Book 710, page 258, records of Santa Fe County, New Mexico.
9. LIENS, judgments, easements, assessments, mortgages and other encumbrances which may attach to the subject premises by means of improvements having constructed upon or attached to the premises by lessees or tenants as fixtures, becoming part of the real estate insured herein. Any loss or damaged suffered as consequence of any contest concerning title to such improvements.

1227152

10. Consequence of the Santa Fe Central Railway Company, its successors and assigns having abandoned the authorized uses permitted in Book M-1 Deeds, page 77 as to Tract 19 of the Parcel C including but not limited to, the transaction herein constituting such an abandonment, so resulting in a termination of the estate or interest granted herein.
11. Mortgage and Indenture of Trust from Public Service Company of New Mexico to Irvin Trust Company, recorded in Book 37 Mtgs., at pages 97-173; and Supplements thereof, as to any portions of the mortgage premises which may conflict with or overlap any portion of Tract 23 of Parcel C.
12. Easements from Public Service Company of New Mexico to Southern Union Gas Company, dated August 31, 1949 and recorded in Book 41 Misc., at page 490, records of Santa Fe County, New Mexico.
13. Any conflict with title to property conveyed to Public Service Company of New Mexico by Warranty Deed from John C. Watson and Doris Watson, dated February 2, 1949 and recorded in Book 39 Deeds, at page 135, records of Santa Fe County, New Mexico.
14. Easement conveyed in Quitclaim Deed from The Atchison, Topeka and Santa Fe Railway Company, a Delaware Corporation to Santa Fe Southern Railway, Inc., A New Mexico Corporation, dated March 10, 1992 and recorded in Book 798 page 265 ff., records of Santa Fe County, New Mexico.
15. Reservation of rails ties, tracks etc. and an easement to operate "rail freight transportation service" as contained in Quitclaim Deed from the Atchison, Topeka and Santa Fe Railway Company, a Delaware Corporation to Catellus Development Corporation, a Delaware Corporation, dated March 10, 1992 and recorded in Book 806 pages 564-570, records of Santa Fe County, New Mexico.
16. Consequences of The Atchison, Topeka and Santa Fe Railway Company having abandoned the authorized uses permitted in Quitclaim Deed from New Mexico School for the Deaf, recorded in Book 212 Misc., pages 18-20, records of Santa Fe County, New Mexico, for Tract 23, including but not limited to the transaction herein constituting such an abandonment, so resulting in a termination of the estate or interest granted herein.
17. Agreement dated December 20, 1992 between Catellus, New Mexico School for the Deaf, and the Trust for Public Land.
18. Twenty-five (25) foot wide utility and drainage easement crossing Tract 19A as shown on plat entitled "Lot Split and Lot Line Adjustment Plat Prepared for Catellus Development Corp. and Sanbusco Investments...", filed in Plat Book 256, page 10.
19. Settlement Agreement between Phoebe Sandoval, a single

1227153

woman, and Catellus Development Corporation, a Delaware corporation, recorded in Book 939, page 318, as to portion of Parcel A identified as Tract 21.

20. Grant of Easements and Exchange Areas and Related Covenants, between Catellus Development Corporation, a Delaware corporation, and Mariah Publications Corporation, a Delaware corporation, recorded in Book 992, page 097, as to portions of Parcel A identified as Tracts 19A and 18-B.

21. Grant and Agreement for Alternative Easement, between Catellus Development Corporation, a Delaware corporation, and Mariah Publications Corporation, a Delaware corporation, recorded in Book 1042, page 953, as to Parcel A.

22. Grant and Agreement for Conditional Easement, between Catellus Development Corporation, a Delaware corporation, and Mariah Publications Corporation, a Delaware corporation, recorded in Book 1042, page 941, as to portion of Parcel A identified as Tract 18-B.

23. Terms and conditions of Sale and Purchase Agreement between Catellus Development Corporation, a Delaware corporation, and Georgia Maryol, an individual, dated June 17, 1994, as amended by the First Amendment dated June 17, 1995 and the Second Amendment dated November 17, 1995; assigned by Georgia Maryol to Baucis Limited Liability Company, a New Mexico limited liability company, on December 19, 1995; as to Tracts 2-A and 18-B and containing a right of first refusal to acquire Tract 18-B which has been validly exercised by Baucis on December 19, 1995 and is subject to the Agreement between Catellus, Baucis and the City of Santa Fe dated December 11, 1995.