

Mr. Jeffrey W. States
February 27, 1992
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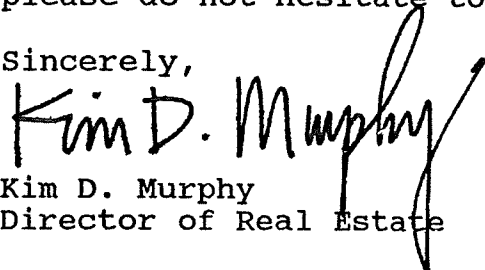
The purchase of the subject property has been structured to accommodate tax considerations for the owner. The University will take title to the property at closing upon the payment of \$500,000. of the purchase price. The closing date is assumed to be April 1, 1992. The payment of the balance of the purchase price, i.e. \$1,100,000. will be deferred until January 1, 1993. At closing the University will secure this obligation by granting to the seller a mortgage on the subject property. All costs associated with this acquisition, including that portion of the purchase price due at closing, and the balance due secured by the mortgage on the property, will be paid only from the Regents Endowment Fund which constitutes non-appropriated funds of the University.

Granting of a mortgage by the University in property acquisitions is uncommon. However, it is expressly authorized in the state statutes at 21-1-20, NMSA 1978, which grants the Regents the power to mortgage realty. While the University acknowledges a general constitutional prohibition against mortgaging state property, University Counsel has determined that, in the instance of a property acquisition where final payment of the purchase price is deferred, and where payment occurs using a reserved and identifiable fund which is already on hand, a mortgage of the property being purchased is legally defensible. Further, University Counsel has indicated that, in an informal discussion of this matter with the State Attorney General's Office, they are of the same opinion.

Under separate cover letter, we are transmitting the appraisal for this property to the Property Tax Division of the State Taxation and Revenue Department for review and comment.

If you need any additional information or have any questions please do not hesitate to call.

Sincerely,



Kim D. Murphy
Director of Real Estate

KDM:nms

Enclosures

cc: Linda Higbee, Commission on Higher Education
Nick Estes, University Counsel

EXHIBIT "A"

Galles-on-Central
1601 Central Avenue, N. E.
Albuquerque, New Mexico

- TAB A Property Data Summary
Location and Site Maps
- TAB B CHE Capital Project Transmittal Summary Sheet
(Forms 5, 6-2 and 7)
- TAB C Purchase Agreement
- TAB D Title Binder (Rio Grande Title Company, Inc.
No. 11-19421-K)

Rio Grande Title has issued a preliminary title insurance commitment dated December 12, 1991 for the subject property assuming a cash transaction with the seller. This preliminary commitment will be updated prior to closing, and an owner's policy will be issued for the purchase price of \$1,600,000. The owner's policy will reflect the non-cash or deferred payment nature of the transaction. The slight discrepancy in the legal description as contained in the preliminary title commitment and the ALTA property survey will be resolved prior to closing. The owner's title policy will delete the standard preprinted general exceptions numbered 1, 2, 3, 4 and 5 of Schedule B of the title binder. The University has accepted as "permitted exceptions" (defined in paragraph 1.01 (I) of the purchase agreement) specific exceptions 11 and 12 of the title binder. These easements shown on the ALTA property survey provided herein at TAB E.

TAB E

ATLA/ACSM Property Survey

The University has recently received the property survey as required in Article III of the purchase agreement. The survey dated January 27, 1992 was prepared by Ronald E. Tyree (N.M.P.S. No. 3516). The surveyor's certification references one (1) visible encroachment by one building located at the northwest corner of the property. This building, referred to as Building 3, encroaches 0.08 foot into the public right-of-way for Copper Avenue, N. E.

TAB F

Appraisal (Brooks Lomax and Fletcher, Inc., July 23, 1991)

The appraisal for the subject property was prepared for the University by Brooks, Lomax and Fletcher, Inc. with an effective date of July 23, 1991. The estimated market value as provided in the appraisal is \$1,600,000. This total value is based on an estimated land value of \$1,300,000. (\$9.00 per SF) and an estimated building value of \$300,000. (\$6.14 per SF). The building value is estimated based on the depreciated replacement value of the improvements, assuming immediate and practical use by the University in their "as-is" condition.

TAB G

Warranty Deed

The purchase agreement at paragraph 6.02 (A), requires execution and delivery of a general warranty deed sufficient to convey marketable and insurable title in fee simple, subject only to taxes and assessments for the year of closing and subsequent years, and the permitted exceptions to the title policy, as defined in paragraph 1.01 (I) of the agreement. The University will require use of the statutory form of deed as prepared by legal counsel for the University.

TAB H

Environmental Matters

An initial, Phase I, environmental investigation of the subject property has been conducted by WT Environmental Consultants (Job No. 7351K128). The results

and conclusions of this investigation are contained in its report dated December 12, 1991. The Phase I environmental report is summarized in an internal University memorandum which is provided herein at TAB H. The WT report recommends additional subsurface testing to evaluate potential contamination from the hydraulic lifting devices and former waste-oil and gasoline tank sites located on the property. A subsurface drilling and testing program was initiated by WT Environmental Consultants the week of February 17th to address these concerns. Testing results will be available the week of March 2nd. The purchase agreement at paragraph 3.01 (E) requires, as a condition to closing, that the University satisfy itself that the condition of the property is acceptable. The environmental investigation of the property will continue and closing will not occur until the University is satisfied that all environmental concerns have been addressed.

The purchase agreement requires seller to warranty in paragraph 5.01 (O) that except as disclosed in the environmental reports, there are no hazardous or toxic wastes or regulated substances at the subject property. The seller also will indemnify the University against any and all loss, cost or liability arising out of any breach of this warranty. The seller's representations and warranties with respect to environmental matters will survive the closing.

Galles-on-Central
1601 Central Avenue, N. E.

- Property Data -

Contract Price: \$1,600,000.
Contract Terms: \$500,000. at closing on or about April 1, 1992, balance due and payable on or about January 1, 1993
Appraised Value: \$1,600,000.
Brooks Lomax Fletcher, Inc.
Joshua Cannon, MAI
July 23, 1991
Property Type: Commercial - automobile sales and servicing
Building Area: 54,285 square feet (5 separate buildings)
Site Area: 144,244 square feet or 3.311 acres
Zoning: SU-2 for MC-Mixed Commercial

Improvements Summary: See attached Exhibit "A"

Land \$ 1,300,000.

\$ 9.00 / SF

Comparable Range*
\$ 7.00 - 11.00

Buildings 300,000.

\$ 6.14 / SF (1)

(1) 16,842 SF

* p. 22 appraisal

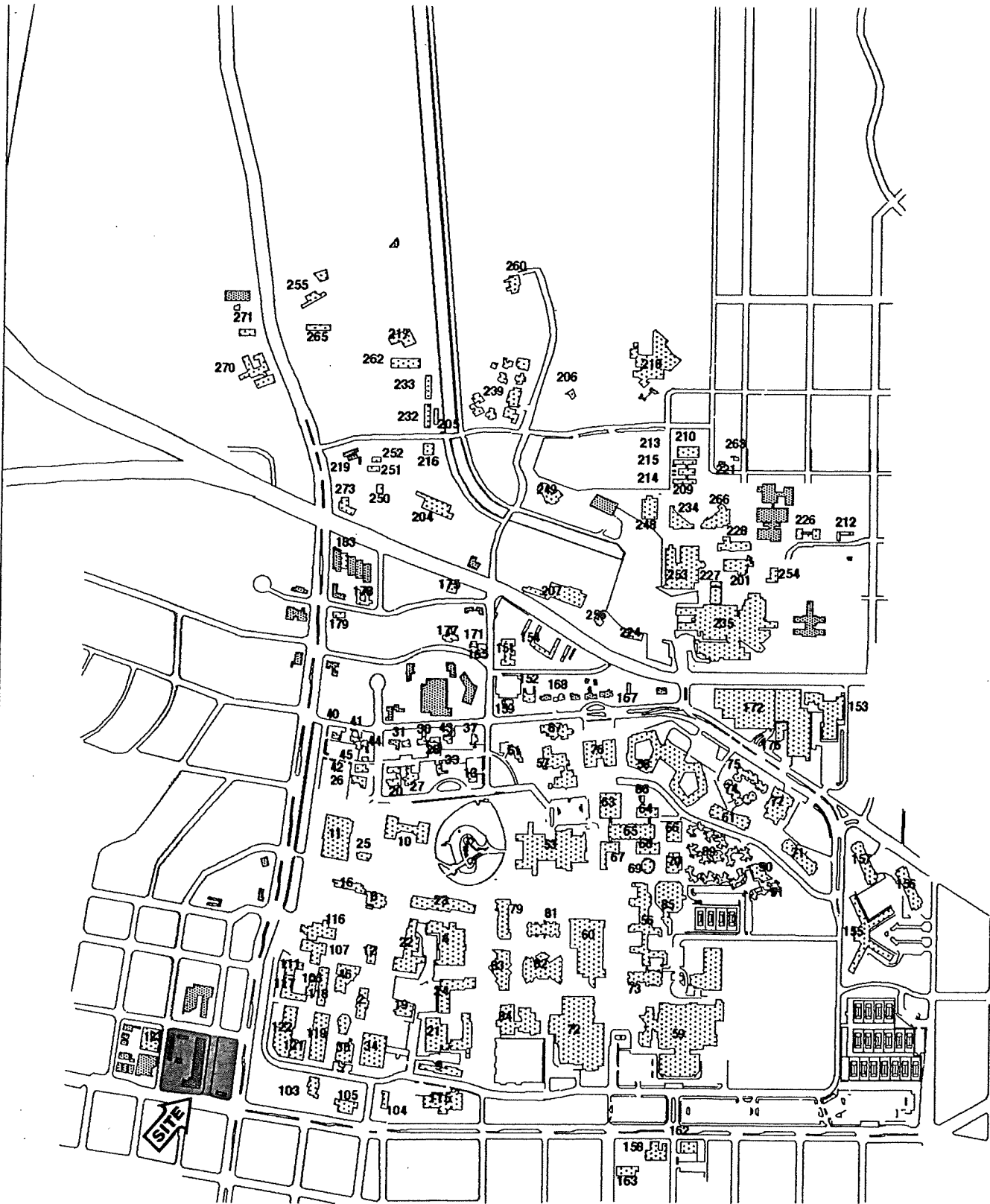
* p. 29 appraisal
 depreciated replacement cost

Exhibit "A"

Improvements Summary

| Building | Approximate Year Built | Stories/Construction | Building Size (Sq.Ft.) | Condition |
|--------------------------|------------------------|--------------------------|------------------------|-----------|
| Main Sales & Service | 1955 | Split-Level ¹ | 38,330 | average |
| Used Car Sales | 1978 | Three-Level ² | 3,312 | good |
| North Service Building | 1960 | Two-story ³ | 7,200 | average |
| West Storage Building | 1955 | One-story ⁴ | 3,763 | poor |
| Central Service Building | 1955 | One-story ⁵ | 1,680 | poor |
| Total | | Site Improv. | <u>54,285</u> | |
| | | | 52,200 | |
| | | | <u>\$ 2,085</u> | |

- 1 - Concrete block and stone with glazing in aluminum frame
- 2 - Precast concrete panels with exposed aggregate
- 3 - Precast concrete and cinderblock
- 4 - Structural steel frame with metal exterior
- 5 - Cinderblock



The University of New Mexico

PLAN UNM

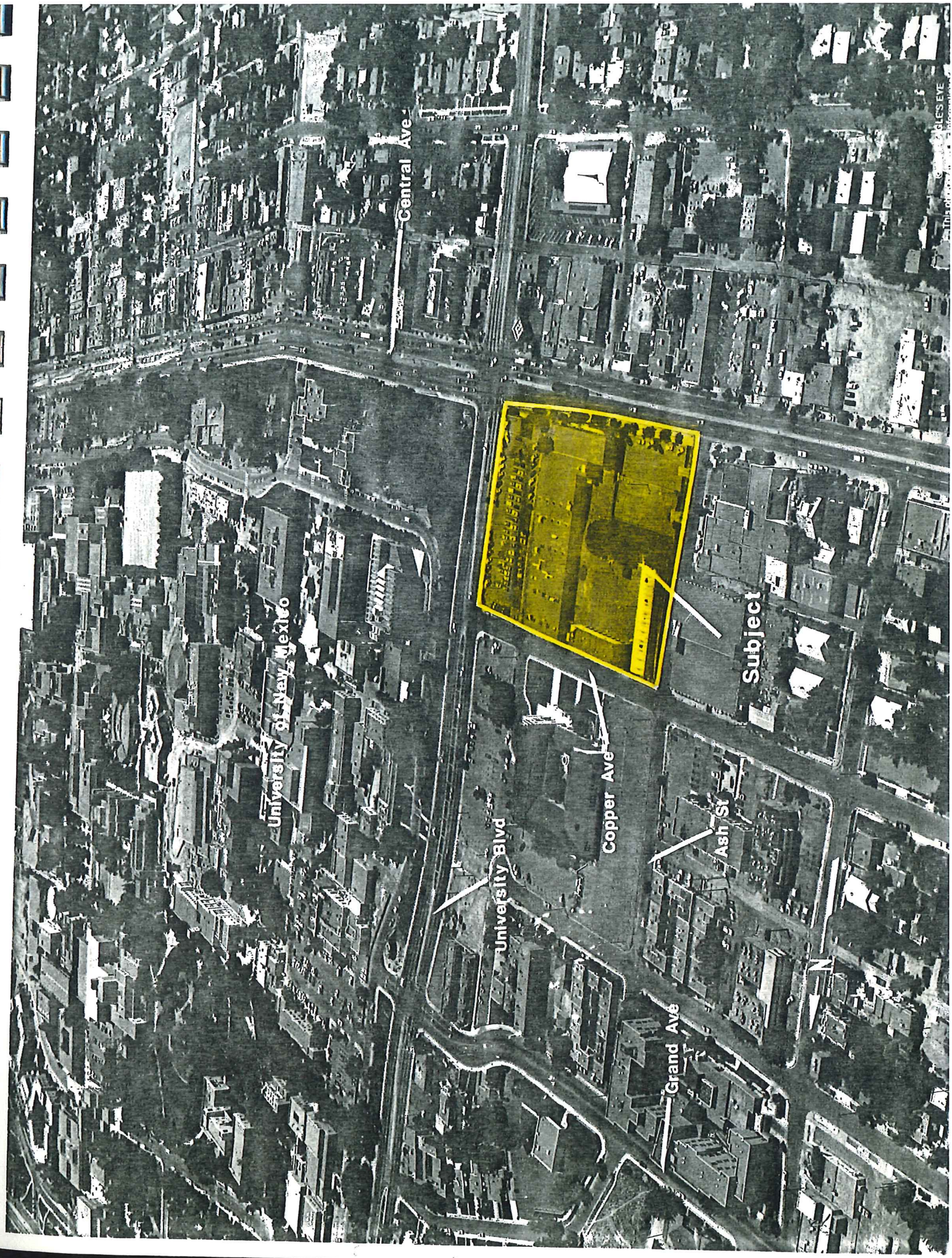
A Master Plan Vision

Facilities

Map 5



University of New Mexico, Department of Facilities Planning
 Architectural Research Consultants



University of New Mexico

Central Ave

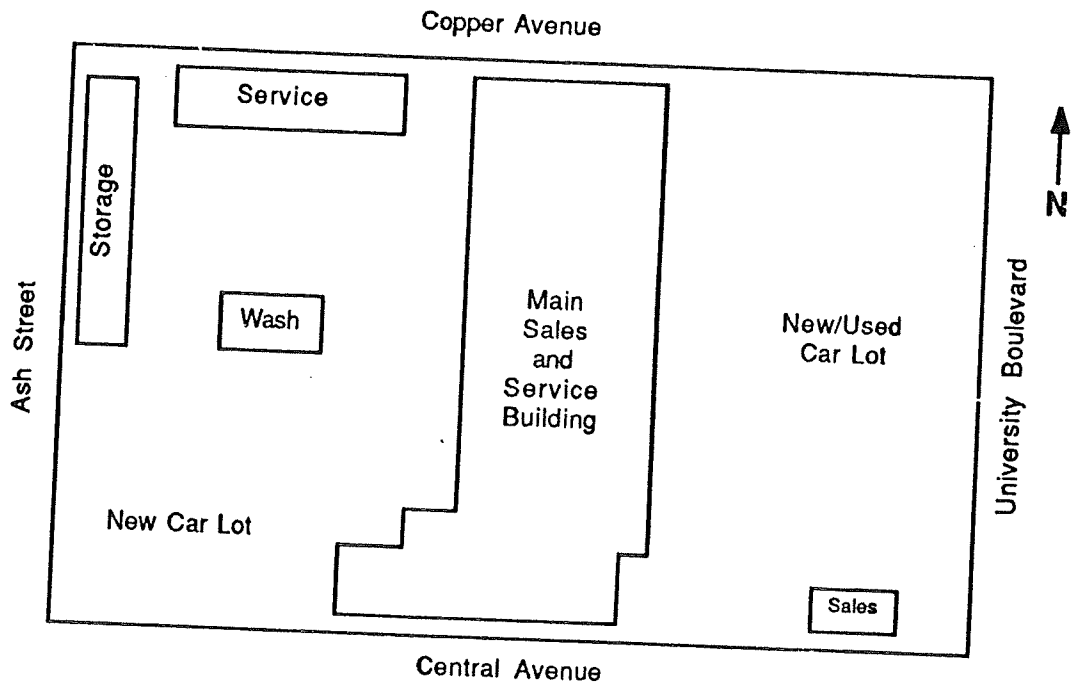
University Blvd

Copper Ave

Ash St

Grand Ave

Subject



| | |
|---------------------------------|--------------------|
| Main Sales and Service Building | 38,330 SF |
| Used Car Sales Building | 3,312 SF |
| North Service Building | 7,300 SF |
| West Storage Building | 3,763 SF |
| Central Wash/Service Building | 1,680 SF |
| Total Building Area | 54,285 SF |
| Land Area | 3.311 acres |

Site Plan

Galles on Central
 1601 Central Avenue NE
 Albuquerque, New Mexico