

Michelle Lujan Grisham
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February 28, 2019

Mr. Thomas M. Neale
Director of Real Estate
University of New Mexico
2811 Campus Boulevard NE
MSC06 3595
1 University of New Mexico
Albuquerque, NM 87131

RE: TECHNICAL APPRAISAL REVIEW: A market value analysis of the leased fee interest in the property located at 1600 University Boulevard NE, Albuquerque, Bernalillo County, New Mexico.

Dear Mr. Neale:

Your request for a review of the above referenced report was assigned to Phillip Sena, Appraisal Bureau Chief. Enclosed is a copy of his memorandum stating his findings and conclusions.

If you have any questions regarding this appraisal review, please contact the Appraisal Bureau or me (505) 827-0876.

Sincerely,



Michael K. O'Melia, Acting Director
Property Tax Division

MKO/ps

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Real Estate Department

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MEMORANDUM

DATE: February 28, 2019

TO: Michael O'Melia, Acting Director
Property Tax Division

FROM: Phillip Sena, Bureau Chief
Appraisal Bureau

RE: TECHNICAL APPRAISAL REVIEW: A market value analysis of the leased fee interest in the property located at 1600 University Boulevard NE, Albuquerque, Bernalillo County, New Mexico.

CLIENT, INTENDED USERS AND INTENDED USE OF THE REVIEW: At your request, I have reviewed the below identified appraisal in narrative Appraisal Report format. This appraisal review is intended only the use by the University of New Mexico and the New Mexico State Board of Finance.

This report is intended only for use in confirming whether the appraiser's analysis, opinions and conclusions are appropriate and not misleading within the context of that work. This report is not intended for any other use that stated, nor is this review report to be construed as an appraisal report separate from the report under review.

PURPOSE OF REVIEW: To comply with statute and supporting regulation as defined by Section 7-35-10 and 13-6-2.1 NMSA 1978; and to evaluate the appraisal report for compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the International Association of Assessing Officers (IAAO); and for compliance with 1.5.23 NMAC 2001.

APPRAISAL SUMMARY: The property under review consists of land and improvements located at 1600 University Boulevard, Albuquerque, Bernalillo County, New Mexico and is further described as, "Lots 4-A-1 & 4-B-1, Corrected 2nd Replat of Lot 4, Lands of ballut Abyad Temple A.A.O.N.M.S. of Albuquerque, New Mexico, as the same is shown and designated on the plat filed in the office of the County Clerk of Bernalillo County, New Mexico on June 27, 1988, Plat Book C36, Page 180". The subject property is zoned NR-C, Non-Residential Commercial Zone District.

The following items (#2-#13) are **taken directly** from the appraisal under review:

- 1.) Review Report Date:.....February 28, 2019
- 2.) Size of Subject Site:.....0.7984± Acres or 34,778± Square Feet
- 3.) Improvements:12,909 Square Foot Office Building
2,437 Square Foot Basement
- 4.) Highest & Best Use:.....The highest and best use estimate for the appraised land is for future commercial development. The existing improvements are as is.
- 5.) Purpose of Report.....Estimate the fair market value to negotiate a potential real estate sale between Bison, LLC and UNM.
- 6.) Extraordinary Assumptions: ..None
- 7.) Hypothetical Condition:.....None
- 8.) Owner of Record:.....Bison, LLC
- 9.) Estate AppraisedLeased Fee Interest
- 10.) Report Effective Date:January 15, 2019
- 11.) Report Date:January 31, 2019
- 12.) Appraiser:Joshua Cannon, MAI
- 13.) Final Value..... \$1,730,000

SPECIAL/EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS:

Special or Extraordinary Assumptions and Hypothetical Conditions should be reviewed carefully as their use might have affected the assignment results. No assumptions, extraordinary assumptions, hypothetical conditions, or limiting conditions for the review were employed outside of those mentioned in the appraisal report.

SCOPE OF REVIEW: This technical review report is defined and prepared in accordance with the guidelines as set forth in Standard 3, Standard 4 and related advisory opinions of the Uniform Standards of Professional Appraisal Practice.

A Technical Appraisal Review for the purposes of this assignment is a field review of the subject property and a review of the appraisal report for compliance with the Uniform Standards of Professional Appraisal Practice and other applicable standards and regulations as required by law.

1. This technical review comprised of a desk review of the data contained in the Appraisal Report dated January 31, 2019.
2. An exterior field review of the subject was conducted on February 25, 2019.
3. An exterior field review of the comparable sales was conducted on February 25-26, 2019.
4. Conversations with the Bernalillo County Assessor's office.
5. Photos of the subject property are on pages 6 and 7 of this report.
6. Photos of the comparable sales are contained in the reviewers work file.
7. The content of the report was objectively evaluated for its technical applications and mathematical calculations were verified.
8. The data was analyzed to determine its relevancy to the concluded value estimate.

9. The Reviewer developed an opinion as to the adequacy and appropriateness of the appraisal under review.
10. No opinion of value was developed under the scope of this review.

REVIEW SUMMARY OF ANALYSES, OPINIONS AND CONCLUSIONS:

- 1) Standard 3-3(a) requires the reviewer to develop an opinion as to whether the analyses are appropriate within the context of the requirements applicable to that work and develop an opinion as to whether the opinions and conclusions are credible within the context of the requirements applicable to that work; and develop the reasons for any disagreement.

- a) **Data Analysis and Highest and Best Use** – The four criteria that highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The appraiser adequately addressed all four tests.

As improved the highest and best use of the existing improvements are concluded to be the maximally productive use of the property. As vacant the appraisal concludes that the highest and best use of the land is for commercial development. The conclusion of highest and best use is considered reasonable and adequately supported.

- b) **Site Valuation** –The appraiser presented a sales comparison approach using seven different comparable sales. The appraiser also developed an income approach utilizing five comparable rentals. The analysis presented was an appropriate comparison to the subject property, was considered credible and was adequately supported.

- c) **Approaches to Value** – The three approaches to value are the cost, sales comparison, and income approach. The cost approach to value was not developed in the appraisal under review and its omission was adequately supported. The use of the sales comparison and the income approach was adequately supported.

- d) **Reconciliation (Analysis and Conclusion)** –The reconciliation was straight forward. The sales comparison approach is given the greatest weight and is based on seven sales of office buildings in Albuquerque and they present a consistent price indication based upon their comparative locations and physical characteristics. The income analysis, estimates of income, expenses and direct capitalization rate are based upon recent market evidence. The analysis was reasonable and adequately supported.

- e) **Final Market Value Conclusion** – The final estimate of fair market was concluded to be \$1,730,000. The conclusion was credible and adequately supported.

- f) **Elements of Non-Compliance** – None found.

- 2) Standard 3-3(b) requires the reviewer to develop an opinion as to whether the report is appropriate and not misleading within the context of the requirements applicable to that work; and develop the reasons for any disagreement.

OVERALL SUMMARY OF FINDINGS:

The report under review was found in compliance with applicable stated requirements and standards. The content of the report was consistent throughout. The appropriate valuation techniques and analyses were utilized. It is concluded that the report as written is appropriate and not misleading and reasonably supported the opinion of 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 the work under review and no personal interest with respect to the parties involved.
- I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review 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 the work under review or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analysis, opinions, or conclusions in this review or from its use.
- My compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
- My analyses, opinions, and conclusions were developed, and this review report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the subject of the work under review on February 25, 2019.
- No one provided significant appraisal, appraisal review, or appraisal consulting assistance to the person signing this certification.



Phillip A. Sena, Appraisal Bureau Chief

Date: February 28, 2019



Subject Building



Subject Parking Area



Subject Building



Access off University Boulevard & Indian School