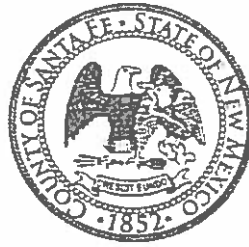


Henry P. Roybal
Commissioner, District 1

Miguel M. Chavez
Commissioner, District 2

Robert A. Anaya
Commissioner, District 3



Kathy Holian
Commissioner, District
4

Liz Stefanics
Commissioner, District
5

Katherine Miller
County Manager

TO: Santa Fe County Board of County Commissioners

FROM: David Griscom, Economic Development Manager *DG*

Via: Katherine Miller, County Manager
Penny Ellis-Green, Growth Management Director *PEG*
Greg Shaffer, County Attorney

RE: Ordinance 2016-, Santa Fe County Local Economic Development Act (LEDA)
Support for The Place at Caja Del Rio, a Senior Living project

DATE: April 26, 2016

Background

The Place at Caja Del Rio is a proposed facility along Caja Del Rio road that would provide a variety of senior care services. The project would be built in 4 phases, and would include Independent Living (180 units), Assisted Living (200 units), Skilled Nursing (120 beds), and Memory Care (80 units) units. Phase 1 would focus on Skilled Nursing, and the remaining phases would be built out over a period of approximately 5 years. The project is being developed by Cauwels & Stuve, and the firm has hired Jenkins & Gavin as their agent. The project Master Plan was approved by the BCC on October 14, 2014, designating the property as a Large Scale Mixed-Use District. The project is located on 28 acres at 28 Caja Del Rio road.

The applicant has experience in senior care services, having implemented a similar, multi-phase, multi-care senior services project in Albuquerque, called The Rio at Las Estancias.

Per the County's LEDA Ordinance, the applicant has filled out a County LEDA application, and it is attached as Exhibit A.

This is the 4th time that this LEDA project has been before the BCC: initially on Sept. 8, 2015 when it was introduced, on Dec 8, 2015, when authorization for Title/General Summary was requested, and granted, and again on March 29, 2016 for Title/General Summary (due to some delays in determining the appropriate security/collateral for the LEDA grant, the adoption draft of the LEDA Ordinance was never brought to the BCC, and an agreement has been reached with the Developer over the security/collateral in the Ordinance).

County LEDA Ordinance

Per the County LEDA Ordinance (2014-7), a project or business must be a “qualifying entity” in order to receive LEDA support, and this project would qualify under Section VI,B,3: “a business in which all or part of the activities of the business involves the supplying of services to the general public or to governmental agencies or to a specific industry or customer, but, other than as provided in Paragraph (5) of this subsection, not including businesses primarily engaged in the sale of goods or commodities at retail.”

Draft Ordinance and Project Participation Agreement (PPA)

Attached to this memo are the draft Ordinance (exhibit B) and draft PPA (exhibit C). The Ordinance details the findings and specific request to the County. The PPA is the agreement between the County and Caja Del Rio Holdings Inc that contains contractual language regarding the terms of the agreement.

Funding Guidelines

Internal criteria through which each economic development LEDA funding request is evaluated includes the following:

- Whether the project ties in to the SF County Economic Development Plan, and whether it is within one of the 6 identified target industries; staff has determined that the project is in the Health/Wellness target industry listed in the County’s economic development plan;
- Whether the project is economic base in nature, meaning that >50% of revenues must come from outside NM; staff has determined that it is economic base- greater than 50% of the revenues for the business would come from Medicare and Medicaid (the project proforma assumes 5% private pay, 95% Medicare/Medicaid);
- Whether the total private sector investment in the LEDA project, including land, building, infrastructure, and cash, is greater than 70% of the total cost of the project; staff has determined that SF County financial support would be around 2% of the total project cost;
- Whether the entity requesting LEDA support has been in business for 3 years or longer; staff has determined that the applicant has demonstrated experience in the senior care industry, having opened the Rio at Las Estancias in 2013;
- Whether the project is outside the incorporated areas of SF County; staff has determined that it is outside the incorporated areas;
- Whether the project is in SDA 1 or not; staff has determined that the project is in SDA 1;
- Whether the project provides sufficient economic impact to the County; staff has determined that the project provides sufficient economic impact, per the State of NM Economic Development Department’s Economic Impact summary (exhibit D)

LEDA request

The applicant has requested assistance in infrastructure improvements needed to develop the project, and staff recommends funding support for the following:

- a. 7,000 lineal feet of new 8-inch sanitary sewer line with 16 connection points along the 599 Frontage Road from Caja del Rio to the connection point in Paseo de River just north of Airport Road.

- b. 4,240 lineal feet of 12-inch water line from the development to the existing 12 inch line that extends east of Caja Del Rio at Cochiti Trail Rd.

The total project cost for The Place at Caja Del Rio is estimated to be \$14 million, of which \$2.3 million is for infrastructure. Staff recommends \$300,000 in LEDA financial support towards the above-listed infrastructure items. The build-out of the sewer line could eventually assist the County in its long term sewer infrastructure expansion plans for the Caja Del Rio area.

Economic Impact

The applicant has made an initial estimate as to jobs created, and the State of New Mexico performed an economic impact analysis for this project, and it is attached as Exhibit D. The highlights of both include the following:

- Full time employment: 170 jobs with payroll of \$8.8 million and average salary of \$52,000
- \$3.35 million estimated net benefits to SF County over 10 years generated from taxes
- \$1.1 million net benefit to SF School District generated from taxes

Security

Staff and the applicant have agreed to a security arrangement that protects the County's investment in the project while giving the applicant flexibility with respect to the financing of future development. Specifically:

- The applicant is proposing to provide 10.9 acres, comprised of lots 3 and 4, as collateral for the County's LEDA support- see Exhibit E. An appraisal has been completed (Exhibit F), detailing the value of the property as a whole.
- The applicant will grant a first priority security interest in lots 3 and 4 (the "Mortgaged Property") to the County, the appraised value of which will be adequate to secure the County's interest as determined by the County Manager; and
- The applicant will be able to substitute a standby letter of credit for the security interest in the Mortgaged Property.

Recommendation

Staff is recommending adoption of Ordinance 2016-, Santa Fe County Local Economic Development Act (LEDA) support for The Place At Caja Del Rio, a Senior Living project.

Exhibit A: Applicant LEDA application

Exhibit B: LEDA Ordinance

Exhibit C: Project Participation Agreement (PPA)

Exhibit D: Summary of Economic Impact

Exhibit E: Caja Del Rio Plat

Exhibit F: Appraisal

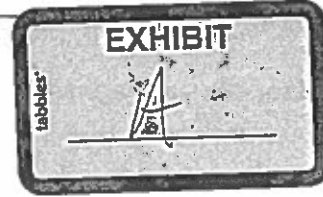
SANTA FE COUNTY ECONOMIC DEVELOPMENT LEDA
APPLICATION FORM
(IN ACCORDANCE WITH LEDA AS PER ORDINANCE 2014-7)

Project Requirements for Financial Solvency:

A. History and Background:

1. Applicant name and contact info:

**Mark W. Haley
Caja Del Rio Holdings LLC
8814 Horizon Blvd. NE Suite 400
Albuquerque, New Mexico 87113**



2. Description of project:

Caja Del Rio Holdings LLC is pleased to present this high quality, fully-entitled 4 Phase Master Plan tailored to senior lifestyles, with state-of-the-art facilities for Independent Living, Assisted Living, Skilled Nursing, and Memory Care. Leveraging years of experience in senior projects, Cauwels & Stuve (C&S) will offer Operators 4 turn-key facilities in the under-served Santa Fe market.

3. Description of specific LEDA request of Santa Fe County:

Total infrastructure required for the development consists of the following:

- a. 7,000 lineal feet of new 8-inch sanitary sewer line with 16 connection points along the 599 Frontage Road from Caja del Rio to the connection point in Paseo de River just north of Airport Road.**
- b. 4,240 lineal feet of 12-inch water line from the development to the existing 12 inch line that extends east of Caja Del Rio at Cochiti Trail Rd.**
- c. New power lines will be run along Caja del Rio into the development.**
- d. New natural gas line will be run from the 8 inch New Mexico Gas Company line at Caja Del Rio and Cochiti Trail Rd. along Caja Del Rio to the development.**
- e. A deceleration lane on Caja del Rio into the facility and roadway into the site as shown on the attached are also included in the infrastructure improvements.**

The total estimated cost of the required infrastructure is \$2.3 million, a portion of the amount requested by this grant application.

4. Description of applicant's experience with the industry in which this project would best fit:

The applicants are experienced in elder care development with extensive background in development and operation of elder care facilities. Jeff Stuve and Paul Cauwels are both New Mexico natives. Jeff was Director of Purchasing and Development for Horizon /CMS Healthcare for eight years prior to their sale. The applicants completed a 120-bed skilled nursing facility in the south valley area in Albuquerque just like the one planned for Caja del Rio, in July of 2014.

SANTA FE COUNTY ECONOMIC DEVELOPMENT LEDA
APPLICATION FORM
(IN ACCORDANCE WITH LEDA AS PER ORDINANCE 2014-7)

5. NAICS code:

Skilled Nursing 623110

Elder Care without Nursing Care 623312

6. Disclosures including any conflicts of interest or involvement with governmental entities or their officials (explain in writing):

NONE

7. Is the applicant current with all property taxes due to SF County?

YES

8. Has the applicant or any of its officers ever filed for bankruptcy? If yes, provide details:

NO

9. Has the applicant or any of its officers ever defaulted on any loans or financial obligations? If yes, provide details:

NO

10. Does the applicant have any loans or other financial obligations on which payments are not current? If yes, provide details:

NO

B. Funding Sources for Project and timeline:

1. Aside from LEDA support from SF County, what other funding sources (public or private) is applicant pursuing?

Private Equity Raise and Bank Financing TBD.

2. What is the total estimated value of assistance requested by the County?

\$2.3 million in infrastructure costs outlined in Item 3 above.

3. Is a bond issuance requested, and if so, what percentage of the total project cost does the bond amount request represent?

NO

SANTA FE COUNTY ECONOMIC DEVELOPMENT LEDA
APPLICATION FORM
(IN ACCORDANCE WITH LEDA AS PER ORDINANCE 2014-7)

4. What is the equity investment for applicant?

\$8,000,000.00

5. Describe the security that will be provided to Santa Fe County by the applicant in return for public support (lien, mortgage, or other indenture)

A five-lot subdivision will be created for the Project. One or more lots designated for Phases 2 through 5 will be offered as security to Santa Fe County, the value of which will be established by a third party appraisal. The value of the security parcel(s) shall be no less than \$300,000.00.

6. Describe the schedule for project development and completion, including measurable goals and time limits for those goals.

The construction of the infrastructure is scheduled to begin in June of 2016. The construction of the buildings will begin at different times and have separate schedules due to the various sizes and purposes. It is estimated the buildings will be constructed over a five year period from 2016 to 2021.

C. Business Finance Info- please provide the following:

1. Financial statements with independent audits if available, or tax returns for the past three years:

Not Applicable at this time, Operator not designated yet.

2. List type of business (C-corporation, S corporation, LLC, Partnership, etc.) and attach bylaws, articles of incorporation and any other relevant documents.

Entity is an LLC, articles attached, of current ownership

3. Federal tax number, NM Taxation and Revenue number and County business license number if applicable:

FIEN 47-3077473 (current owner) NMCRS ID applied for(current owner)

4. Three year projected income statements:

Operators first three years projected \$2,160,000.00

5. Business plan complete with detailed assumptions for business and proposed project. Include pro-forma cash flow analysis:

SANTA FE COUNTY ECONOMIC DEVELOPMENT LEDA
APPLICATION FORM
(IN ACCORDANCE WITH LEDA AS PER ORDINANCE 2014-7)

Will be provided by operator once selected.

6. Any other document or record that pertains to the financial solvency of the qualified entity that the County deems necessary:

NONE

Cost Benefit Analysis and Community Commitment

All qualified entities seeking LEDA support from Santa Fe County will show as a part of their application how the proposed project will benefit Santa Fe County in relation to the relative costs of the project. Please provide an analysis, with both tangible and intangible costs and benefits, and include at a minimum the following:

1. What are the number and types of jobs to be created by the entity?

Construction employment during the initial four phases is estimated at 170 jobs with a payroll of \$8.8 million. Permanent employment with the new facilities will be 170 administrative, nursing and support jobs with an average salary of \$52,000 per year for a total payroll of \$8.8 million.

2. What is the proposed pay scale and payroll proposed by the entity?

New jobs will have an average salary of \$52,000 per for a total payroll of \$8.8 million

3. Describe efforts made or to be made by the entity to provide employment opportunities to people within the local employment pool:

90% of new jobs will be hired from the local labor pool.

4. Describe any plans for job/workforce training and/or career development for employees:

Eldercare providers provide employee training in the special care required for elderly patients for their daily care as well as their rehabilitation.

5. Detail estimated impacts to the local tax base:

Projected taxable income of \$9,500,000.00 over the first ten years. Taxable purchases of \$6,795,000.00 over the first ten years.

6. Detail any need for additional services from the Sheriff department and Fire department as a result of this project:

SANTA FE COUNTY ECONOMIC DEVELOPMENT LEDA
APPLICATION FORM
(IN ACCORDANCE WITH LEDA AS PER ORDINANCE 2014-7)

Typical additional public services due to the new development.

7. Describe efforts made or to be made by the entity to procure materials and services from local (Santa Fe) providers:

95% of construction materials and services will be purchased from local providers. The phase one elder care provider is anticipated to purchase approximately \$500,000.00 worth of food and non-food items locally each year. The provider for the additional phases will have similar purchasing habits.

THE BOARD OF COUNTY COMMISSIONERS
OF SANTA FE COUNTY

ORDINANCE NO. 2016-_____

**THE PLACE AT CAJA DEL RIO, A SENIOR LIVING PROJECT,
LOCAL ECONOMIC DEVELOPMENT ACT (LEDA) PROJECT ORDINANCE**

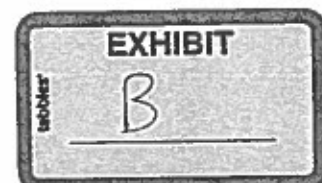
IT IS HEREBY ORDAINED by the Board of County Commissioners of Santa Fe County as follows:

1. **SHORT TITLE.** This Ordinance shall be cited as the "The Place at Caja Del Rio LEDA Project Ordinance" and shall be referred to herein as "the Ordinance" or "this Ordinance."

2. **AUTHORITY.** This Ordinance is enacted pursuant to N.M. Const., art. IX, Section 14(D) , LEDA, and the Santa Fe County Economic Development Ordinance, Ordinance No. 2014-7.

3. **DEFINITIONS.**

- a. "Board" means the Board of County Commissioners of the County.
- b. "County" means Santa Fe County.
- c. "Infrastructure" means the following infrastructure to be constructed for the Project:
 - i. 7,000 lineal feet, plus or minus, of new 8-inch sanitary sewer line with 16 connection points along the 599 Frontage Road from Caja del Rio to the connection point in Paseo de River just north of Airport Road; and
 - ii. 1,500 lineal feet, plus or minus, of 8-inch water line from the Property to the existing 12 inch line on the north side of Caja Del Rio at Cochiti Trail Road.
- d. "LEDA" means the Local Economic Development Act, NMSA 1978, Chapter 5, Article 10.
- e. "PPA" means the Project Participation Agreement attached hereto as Exhibit A.
- f. "Project" means the construction of Independent Living, Assisted Living, Skilled Nursing, and/or Memory Care facilities and provision of healthcare and other services to seniors at the facilities, such senior facilities to be known as The Place at Caja Del Rio.
- g. "Property" means the real property at which the Place at Caja Del Rio will be located, the address of which is 28 Caja Del Rio Road Santa Fe NM, consisting of approximately 28 acres, more or less.
- h. "CDRH" means Caja Del Rio Holdings LLC, a New Mexico corporation.



4. FINDINGS.

a. CDRH has submitted an application for economic assistance pursuant to Section V(C) of the Santa Fe County Economic Development Ordinance, Ordinance No. 2014-7.

b. The Board has reviewed the application and hereby determines that the Project warrants the economic assistance set forth in this Ordinance and the PPA based upon the following, among other, factors:

i. CDRH is a qualifying entity under LEDA, in that it is “a business in which all or part of the activities of the business involves the supplying of services to the general public or to governmental agencies or to a specific industry or customer, but, other than as provided in Paragraph (5) or (9) of this subsection, not including businesses primarily engaged in the sale of goods or commodities at retail” (NMSA 1978, § 5-10-3(I)(3)). As judicially determined in *McCaughey, et al. v. Santa Fe County Board of County Commissioners*, State of New Mexico, County of Santa Fe, First Judicial District, No. D-0101-CV-2010-00784, Findings of Fact and Conclusions of Law entered on November 15, 2011, ¶ 21, such services do not have to be provided directly by a qualifying entity but, rather, the qualifying entity can arrange for the services to be provided by others;

ii. CDRH is a new business in Santa Fe County that proposes to create 170 permanent jobs by January 1, 2021;

iii. The economic benefits of the Project, including the permanent jobs, represent adequate return on the public investment of \$300,000 towards the construction costs of the Infrastructure; and

iv. The economic assistance to be provided under this Ordinance and PPA is permissible under LEDA, in that it represents the provision of a grant for infrastructure. NMSA 1978, § 5-10-3(D) (defining “economic development project” as, among other things, “the provision of direct loans or grants for land, buildings or infrastructure”).

5. APPROVAL OF PROJECT AND PROJECT PARTICIPATION AGREEMENT. Subject to the contingencies set forth in Section 7 of this Ordinance, the Board hereby approves of the Project and the PPA.

6. ECONOMIC ASSISTANCE TO BE PROVIDED. Subject to the provisions of this Ordinance and the PPA, the County shall grant to CDRH \$300,000 for construction costs of the Infrastructure.

7. CONTINGENCIES. The economic assistance to be provided under this Ordinance and the Project Participation Agreement are contingent upon the following:

a. CDRH dividing the Property into one or more legal lots, in accordance with the Santa Fe County Sustainable Land Development Code;

b. CDRH granting the County a first priority mortgage on one or more lots, the appraised value of which is determined by the County Manager to be adequate to secure repayment of the economic assistance to be provided and other amounts that may become due under this Ordinance and the PPA, based upon one or more appraisals paid for by CDRH and performed by an appraiser mutually acceptable to CDRH and the County;

c. The Project receiving all necessary development permits and approvals under the Santa Fe County Sustainable Land Development Code.

d. The PPA being fully executed by both parties.

These contingencies must be met by December 31, 2016, or the County's approval of the Project and Project Participation Agreement is void.

8. DELEGATION OF AUTHORITY TO THE COUNTY MANAGER. The Board hereby delegates to the County Manager the authority to:

a. execute on behalf of the County the PPA; provided, however, that the County Manager may negotiate changes to the PPA so long as the changes do not (i) change the job creation requirements for the Project; (ii) extend the deadline by which jobs must be created; or (iii) commit the County to providing any more economic assistance for the Project; and

b. negotiate on behalf of the County the mortgage to be provided by CDRH to secure repayment of the economic assistance and other amounts that may become due under this Ordinance and the PPA.

9. PROJECT ACCOUNT. The County Manager shall cause to be established the Place at Caja Del Rio LEDA Project Account, into which shall be deposited \$300,000 and which shall account for all expenditures for the Infrastructure.

10. SEVERABILITY. If a provision of this Ordinance or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the Ordinance that can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable.

11. NO EFFECT ON DEVELOPMENT APPLICATIONS. The adoption of this Ordinance does not obligate the Board, any County committee, or County staff to approve any application for or issue any development approval or development permit under the Land Development Code or Santa Fe County Sustainable Land Development Code. Each such application shall be evaluated on its merits without regard to this Ordinance.

12. EFFECTIVE DATE. This Ordinance shall become effective thirty (30) days after it is recorded in the Office of the County Clerk.

PASSED, APPROVED AND ADOPTED THIS ____ DAY OF ____, 2016.

**THE BOARD OF COUNTY COMMISSIONERS
OF SANTA FE COUNTY**

By: _____
Miguel M. Chavez, Chairperson

ATTEST:

Geraldine Salazar
County Clerk

APPROVED AS TO FORM:



Gregory S. Shaffer
County Attorney

**LEDA PROJECT PARTICIPATION
AGREEMENT FOR
THE PLACE AT CAJA DEL RIO**

This Project Participation Agreement ("Agreement" or "PPA") is entered into by and between Santa Fe County, New Mexico ("the County") and Caja Del Rio Holdings, LLC, a New Mexico corporation ("the Project Party" or "CDRH"), as of the date it is signed by both parties.

1. Recitals.

A. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in The Place at Caja Del Rio LEDA Project Ordinance.

B. Pursuant to LEDA, the County adopted the Santa Fe County Economic Development Ordinance, Ordinance No. 2014-7, authorizing the County to consider applications for economic assistance.

C. The Project Party has submitted an application to the County for economic assistance under the Santa Fe County Economic Development Ordinance. (Attachment 1.) In the application, the Project Party has requested funding for the construction of certain infrastructure for the Project.

D. The County has adopted The Place at Caja Del Rio LEDA Project Ordinance, finding, among other things, that the Project Party is a qualifying entity as defined in Section 5-10-3(I)(3) NMSA 1978 and approving this Agreement.

2. Economic Assistance to be Provided. The County shall grant \$300,000 to CDRH for construction costs of the Infrastructure.

3. Substantive Contribution of the Project Party. Per the LEDA application submitted to the County and in accordance with NMSA 1978, § 5-10-10(B), the Project Party agrees to provide the following substantive contribution in exchange for the economic development assistance set forth in Paragraph 2:

- By January 1, 2021, the Project shall employ a total of 170 permanent, full time employees, with an average salary of \$52,000 and a total payroll of at least \$8.8 million, as documented in biannual reports to the County as well as required filings with the New Mexico Department of Workforce Solutions.

4. General Terms and Conditions. The economic assistance to be provided under this Agreement is expressly conditioned upon the following general terms and conditions:

a. CDRH compliance with all applicable County ordinances and policies concerning water and sewer service, including those concerning line extensions and infrastructure conveyance;

b. The Project Party shall keep the County Utility Department Director fully informed as to the progress of the planning, designing, and construction of the Infrastructure and shall permit the County Utility Department Director and other County representatives to inspect all work at reasonable times, provided the County provides the Project Party with at least twenty-four hours advance notice of its intention to do so. The Project Party shall provide the County with a construction schedule for the Infrastructure and shall update that construction schedule at least weekly to ensure meaningful inspections can be scheduled.



c. The Project must obtain all required Development Permits and approvals under the Santa Fe County Sustainable Land Development Code, as applicable;

d. The Project Party (or the operator or lessee of the Project) must obtain and continuously maintain any necessary permits and other approvals from the State and any other regulatory body necessary for the Project, including a County business license; and

e. The Project Party must be current on all property taxes to the County.

5. Events of Default: Recovery of Proportionate Share of Economic Development Assistance.

a. The following are Events of Default (i) entitling the County to terminate this Agreement; (ii) causing the amounts set forth in subparagraph b of this Section 5 to be immediately due and payable; and (iii) entitling the County to execute its rights under the Mortgage:

i. The failure of CDRH to create, either itself or through the lessee or operator of the Project, 170 new permanent and full time jobs by January 1, 2021;

ii. The failure of CDRH, its lessee, or operator of the Project to pay when due all local taxes, including property taxes and gross receipts taxes;

iii. The failure of CDRH, its lessee, or operator to annually maintain a County business license;

iv. Breach of any covenant or agreement or warranty by CDRH to the County, whether such covenant, agreement, or warranty is set forth in this Agreement or the Mortgage;

v. Any attempt by CDRH to sell, transfer, or otherwise encumber the Property, without first obtaining written consent of the County Manager;

vi. Abandonment of the Property by CDRH;

vii. The filing, execution or occurrence of:

a) A petition in bankruptcy by or against CDRH, its lessee, or operator of the Project which remains undismissed or unstayed for sixty (60) calendar days;

b) A petition or answer seeking a reorganization, composition, readjustment, liquidation, dissolution or other relief of the same or different kind under any provision of the federal Bankruptcy Code, 11 U.S.C., which remains undismissed or unstayed for sixty (60) calendar days;

c) Adjudication of CDRH, its lessee, or operator of the Project as a bankrupt or insolvent, or insolvency in the bankruptcy equity sense which remains undischarged or unstayed for sixty (60) calendar days;

d) An assignment by CDRH, its lessee, or operator of the Project for the benefit of creditors, whether by trust, mortgage or otherwise;

e) A petition or other proceeding by or against CDRH, its lessee, or operator of the Project for the appointment of a trustee, receiver, guardian, conservator or liquidator with respect to all or substantially all of CDRH's, its lessee's, or operator of the Project's property which remains undischarged or unstayed for sixty (60) calendar days; or

f) CDRH's dissolution or liquidation, or the taking of possession of CDRH's property by any governmental authority in connection with dissolution or liquidation; or

viii. A reasonable determination by the County that the property subject to the mortgage described in Paragraph 6 is inadequate or in danger of being impaired or threatened from any cause whatsoever.

b. Should an Event of Default occur and should CDRH have not fully met its substantive contribution under Section 3 of this Agreement as of the date of the Event of Default, the following amounts shall be immediately due and payable from CDRH to the County:

i. a proportionate share of the economic assistance provided through the date of the Event of Default, calculated as follows: the amount due shall equal (i) the amount of economic assistance provided through the date of the Event of Default multiplied by (ii) the recovery percentage, where the recovery percentage is equal to 1 minus the quotient derived by dividing the number of new full time jobs actually created as of the date of the Event of Default or 170, whichever is less, by 170. By way of example, if \$300,000 of economic assistance had been provided to CDRH as of the date of the Event of Default and CDRH had created 150 new full time jobs as of the date of the Event of Default, the amount immediately due and payable from CDRH to the County would be \$35,294.11; that is, $\$300,000 \times (1 - (150/170))$;

ii. interest on the amount due under Section 5(b)(i) from the date of the Event of Default through the date of payment by CDRH at the prime rate on the date of the Event of Default as published by the Wall Street Journal; and

iii. any and all costs and fees incurred by the County in enforcing this Agreement or the Mortgage or collecting amounts due from CDRH under this Agreement or the Mortgage, including reasonable attorney's fees.

6. Security Provided by CDRH.

a. Prior to receiving any funds from the County, CDRH shall execute and deliver to the County a Mortgage in a form approved by the County Manager that:

i. Gives the County a first priority security interest in one or more legal lots created from the Property, the appraised value of which is determined by the County Manager to be adequate to secure repayment of the economic assistance to be provided and other amounts that may become due under the Place at Caja Del Rio LEDA Project Ordinance and the PPA, based upon one or more appraisals paid for by CDRH and performed by an appraiser mutually acceptable to CDRH and the County. Such lot(s) in which a security interest is granted is referred to throughout the remainder of this Agreement as the "Mortgaged Property"; ;

ii. Secures to the County the payment of all amounts due to the County under this Agreement, the Mortgage, and the Place at Caja Del Rio LEDA Project Ordinance; and

iii. Remains in effect until CDRH has met its job creation goals, the amounts due to the County under this Agreement, the Mortgage, and the Place at Caja Del Rio LEDA Project Ordinance have been paid, or the Mortgage has been foreclosed upon, is released due to the County's acceptance of a substitute standby letter of credit provided in accordance with Section 6(b) of this Agreement, or is released in accordance with Section 6(c) of this Agreement due to CDRH having achieved the employment requirements set forth in Section 3 of this Agreement.

b. In the event CDRH desires to sell, transfer, mortgage or develop the Mortgaged Property prior to the release of the security interest through satisfaction of the employment requirements set forth in Section 3 of this Agreement, CDRH shall have the right to substitute a standby letter of credit for the security interest in the Mortgaged Property. The standby letter of credit shall be for the amount secured by the mortgage and issued by a federally insured financial institution reasonably acceptable to the County in a form acceptable to the County. In such event, the mortgage in favor of the County shall be released and proper documents shall be signed, substituting the standby letter of credit for the security interest in the Mortgaged Property.

c. At such time as CDRH has satisfied the employment requirements set forth in Section 3 of this Agreement, CDRH shall provide written notification to the County that such employment requirements have been satisfied, together with a proposed form release of mortgage. Upon receipt of such notice, the County may require additional information or documentation and may audit the records of CDRH, its contractors, or lessees to determine whether the employment requirements have been satisfied; provided, however, that CDRH has the burden of proving that the employment requirements have been satisfied. Within 60 days after receiving the notice, the County shall determine in writing whether CDRH has satisfied its employment requirements. The County shall execute a release of mortgage releasing the Mortgaged Property from the mortgage if:

- i. The County determines that CDRH has satisfied the employment requirements; or
- ii. The County fails to timely make its written determination.

7. Requests for Reimbursement. This section governs CDRH's requests for reimbursement for construction costs of the Infrastructure.

a. CDRH shall submit Requests for Reimbursement to the County's Economic Development Manager.

b. CDRH may seek reimbursement of construction costs no more frequently than once per month.

c. CDRH may only seek reimbursement of construction costs that it has already paid, as evidenced by cashed checks or other proof of payment satisfactory to the County.

d. All requests for reimbursement must be made on forms provided by the County, be submitted in accordance with procedures developed by the County, and be supported by such documentation as the County may reasonably require.

e. Submission of a request for reimbursement constitutes CDRH's express representation and warranty that all conditions precedent to its reimbursement have been met and that there exists no Event of Default, as defined in Section 5 of this Agreement.

f. The County shall complete the requisite review of each request for reimbursement within fifteen days of receipt of each request. When additional documentation is necessary to support the request for reimbursement, the County shall notify CDRH of the need in writing within the fifteen day review period. The County shall have an additional fifteen days to review any additional documentation supplied by CDRH.

g. If the County rejects a request for reimbursement, the County shall notify CDRH of the rejection and the reasons therefore. If the County approves of the request for reimbursement, reimbursement shall be mailed to CDRH within thirty days of approval.

8. Term: Early Termination: Limitation on Damages.

a. This Agreement shall be effective upon the date it is executed by both parties. It shall terminate on January 1, 2021, unless the County terminates the agreement early:

- i. Due to an Event of Default as defined in Section 5 of this Agreement; or
- ii. Due to CDRH having met its substantive contribution by creating 170 new full time jobs prior to January 1, 2021.

The County shall provide written notice of early termination to CDRH in accordance with Sections 15 of this Agreement.

9. Reporting and Review. By May 15 and November 15 of each year during the term of this Agreement, the Project Party will submit to the County a project report in such format and containing such information and supporting documentation as the County may reasonably require. At a minimum, each project report shall include the following: a 1-page narrative on project progress and a jobs spreadsheet listing all employees, their titles, and salaries as of the last day of the month preceding the project report. Project report must be supported by any reports and documentation from the New Mexico Department of Workforce Solutions, including form ES-903, demonstrating the headcount of the operation.

10. Ratification. The County and the Project Party hereby ratify all actions consistent with this Agreement that the County or the Project Party or their respective agents may have taken in furtherance of the Project.

11. Miscellaneous. This Agreement binds and inures to the benefit of the County and the Project Party and their respective successors and assigns. This Agreement may be amended or modified, and the performance by any party of its obligations hereunder may be waived, only in a written instrument duly executed by the parties. This Agreement may be executed in any number of counterparts, each of which is an original and all of which taken together constitute one instrument. This Agreement is governed by and is to be construed in accordance with the substantive laws of the State of New Mexico, without giving effect to its choice-of-law principles.

12. Merger and Integration Clause. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, understandings, or negotiations, whether written or oral.

13. Written Amendments Required. This Agreement may only be amended in writing, which written amendment must be duly executed by all parties.

14. Representations and Warranties of CDRH. CDRH hereby represents and warrants as follows:

- a. CDRH is a New Mexico corporation, duly organized and in good standing;
- b. The person signing this Agreement has the authority to bind CDRH to the terms hereof;

c. This Agreement and the actions contemplated hereunder do not conflict with CDRH's Articles of Incorporation, Bylaws, any agreement to which CDRH is a party, any law or regulation applicable to CDRH, or any court order to which CDRH is bound; and

d. Once duly executed by all parties, this Agreement shall be valid and enforceable against CDRH according to its terms.

15. Notices. All notices required to be given in writing shall be sent by facsimile or regular mail, addresses as follows:

If to County:

County Manager
102 Grant Avenue
PO Box 276
Santa Fe NM 87504-0276
Facsimile: (505) 995-2740

with a copy to

County Economic Development Manager
102 Grant Avenue
PO Box 276
Santa Fe NM 87504-0276
Facsimile: (505) 820-1394

If to CDRH:

Mark Haley
8814 Horizon Blvd
Albuquerque NM 87113
Facsimile: (505) 255-9922

In the case of mailings, notices shall be deemed to have been given and received upon the date of the receiving party's actual receipt or five calendar days after mailing, whichever shall first occur. In the case of facsimile transmissions, the notice shall be deemed to have been given and received on the date reflected on the facsimile confirmation indicating a successful transmission of all pages included in the writing.

A party may change the person or address to which notice shall be sent by giving the other party written notice of such change in accordance with this paragraph.

[THIS SPACE LEFT BLANK INTENTIONALLY]

Katherine Miller, County Manager

Approved As To Form:

Gregory S. Shaffer, County Attorney

State of New Mexico _____)
County of Santa Fe _____) ss.

This instrument was acknowledged before me on _____ by Katherine Miller as the County Manager of Santa Fe County.

My commission expires: _____

(Signature of Authorized Officer)

Its: _____
(Title of Authorized Officer)

State of New Mexico)
) ss.
County of Santa Fe)

This instrument was acknowledged before me on _____ by _____ as the _____ of Caja Del Rio Holdings.

My commission expires: _____

Attachment 1: LEDA application

Project Requirements for Financial Solvency:

A. History and Background:

1. Applicant name and contact info:

Mark W. Haley
Caja Del Rio Holdings LLC
8814 Horizon Blvd. NE Suite 400
Albuquerque, New Mexico 87113

2. Description of project:

Caja Del Rio Holdings LLC is pleased to present this high quality, fully-entitled 4 Phase Master Plan tailored to senior lifestyles, with state-of-the-art facilities for Independent Living, Assisted Living, Skilled Nursing, and Memory Care. Leveraging years of experience in senior projects, Cauwels & Stuve (C&S) will offer Operators 4 turn-key facilities in the under-served Santa Fe market.

3. Description of specific LEDA request of Santa Fe County:

Total infrastructure required for the development consists of the following:

- a. 7,000 lineal feet of new 8-inch sanitary sewer line with 16 connection points along the 599 Frontage Road from Caja del Rio to the connection point in Paseo de River just north of Airport Road.
- b. 4,240 lineal feet of 12-inch water line from the development to the existing 12 inch line that extends east of Caja Del Rio at Cochiti Trail Rd.
- c. New power lines will be run along Caja del Rio into the development.
- d. New natural gas line will be run from the 8 inch New Mexico Gas Company line at Caja Del Rio and Cochiti Trail Rd. along Caja Del Rio to the development.
- e. A deceleration lane on Caja del Rio into the facility and roadway into the site as shown on the attached are also included in the infrastructure improvements.

The total estimated cost of the required infrastructure is \$2.3 million, a portion of the amount requested by this grant application.

4. Description of applicant's experience with the industry in which this project would best fit:

The applicants are experienced in elder care development with extensive background in development and operation of elder care facilities. Jeff Stuve and Paul Cauwels are both New Mexico natives. Jeff was Director of Purchasing and Development for Horizon /CMS Healthcare for eight years prior to their sale. The applicants completed a 120-bed skilled nursing facility in the south valley area in Albuquerque just like the one planned for Caja del Rio, in July of 2014.

5. NAICS code:

Skilled Nursing 623110
Elder Care without Nursing Care 623312

6. Disclosures including any conflicts of interest or involvement with governmental entities or their officials (explain in writing):

NONE

7. Is the applicant current with all property taxes due to SF County?

YES

8. Has the applicant or any of its officers ever filed for bankruptcy? If yes, provide details:

NO

9. Has the applicant or any of its officers ever defaulted on any loans or financial obligations? If yes, provide details:

NO

10. Does the applicant have any loans or other financial obligations on which payments are not current? If yes, provide details:

NO

B. Funding Sources for Project and timeline:

1. Aside from LEDA support from SF County, what other funding sources (public or private) is applicant pursuing?

Private Equity Raise and Bank Financing TBD.

2. What is the total estimated value of assistance requested by the County?

\$2.3 million in infrastructure costs outlined in Item 3 above.

3. Is a bond issuance requested, and if so, what percentage of the total project cost does the bond amount request represent?

NO

4. What is the equity investment for applicant?

\$8,000,000.00

5. Describe the security that will be provided to Santa Fe County by the applicant in return for public support (lien, mortgage, or other indenture)

A five-lot subdivision will be created for the Project. One or more lots designated for Phases 2 through 5 will be offered as security to Santa Fe County, the value of

which will be established by a third party appraisal. The value of the security parcel(s) shall be no less than \$300,000.00.

6. Describe the schedule for project development and completion, including measurable goals and time limits for those goals.

The construction of the infrastructure is scheduled to begin in June of 2016. The construction of the buildings will begin at different times and have separate schedules due to the various sizes and purposes. It is estimated the buildings will be constructed over a five year period from 2016 to 2021.

C. Business Finance Info- please provide the following:

1. Financial statements with independent audits if available, or tax returns for the past three years:

Not Applicable at this time, Operator not designated yet.

2. List type of business (C-corporation, S corporation, LLC, Partnership, etc.) and attach bylaws, articles of incorporation and any other relevant documents.

Entity is an LLC, articles attached, of current ownership

3. Federal tax number, NM Taxation and Revenue number and County business license number if applicable:

FIEN 47-3077473 (current owner) NMCRS ID applied for(current owner)

4. Three year projected income statements:

Operators first three years projected \$2,160,000.00

5. Business plan complete with detailed assumptions for business and proposed project. Include pro-forma cash flow analysis:

Will be provided by operator once selected.

6. Any other document or record that pertains to the financial solvency of the qualified entity that the County deems necessary:

NONE

Cost Benefit Analysis and Community Commitment

All qualified entities seeking LEDA support from Santa Fe County will show as a part of their application how the proposed project will benefit Santa Fe County in relation to the relative costs of the project. Please provide an analysis, with both tangible and intangible costs and benefits, and include at a minimum the following:

1. What are the number and types of jobs to be created by the entity?

Construction employment during the initial four phases is estimated at 170 jobs with a payroll of \$8.8 million. Permanent employment with the new facilities will be 170 administrative, nursing and support jobs with an average salary of \$52,000 per year for a total payroll of \$8.8 million.

2. What is the proposed pay scale and payroll proposed by the entity?

New jobs will have an average salary of \$52,000 per for a total payroll of \$8.8 million

3. Describe efforts made or to be made by the entity to provide employment opportunities to people within the local employment pool:

90% of new jobs will be hired from the local labor pool.

4. Describe any plans for job/workforce training and/or career development for employees:

Eldercare providers provide employee training in the special care required for elderly patients for their daily care as well as their rehabilitation.

5. Detail estimated impacts to the local tax base:

Projected taxable income of \$9,500,000.00 over the first ten years. Taxable purchases of \$6,795,000.00 over the first ten years.

6. Detail any need for additional services from the Sheriff department and Fire department as a result of this project:

Typical additional public services due to the new development.

7. Describe efforts made or to be made by the entity to procure materials and services from local (Santa Fe) providers:

95% of construction materials and services will be purchased from local providers.

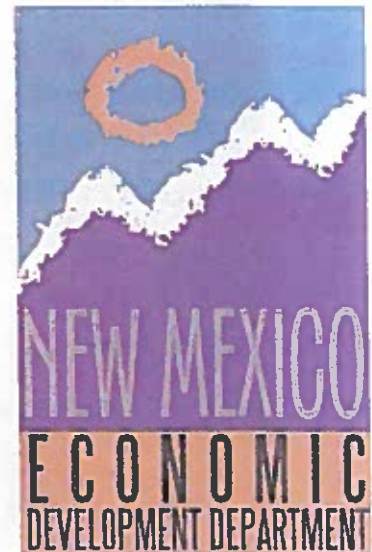
The phase one elder care provider is anticipated to purchase approximately \$500,000.00 worth of food and non-food items locally each year. The provider for the additional phases will have similar purchasing habits.



Economic Impact of The Senior Campus at Caja Del Rio in Santa Fe, NM Executive Summary

February 13, 2015

Prepared by:
Ndem Tazoh Tazifor
New Mexico Economic Development Department
Joseph Montoya Building
1100 S. St. Francis Drive
Santa Fe, New Mexico 87505



*This summary was prepared by the New Mexico Economic Development Department using Total Impact by Impact DataSource.
Please consult the full economic impact report for additional details and assumptions used in this analysis.*

Disclaimer: These calculations use estimates and assumptions; actuals may be different. Neither this document nor the information contained herein, prepared for the Economic Development Department by a contract service provider, binds the State of New Mexico.

EXECUTIVE SUMMARY

Introduction

This report presents the results of an economic impact analysis performed using Total Impact™, a model developed by Impact DataSource. The report estimates the economic and fiscal impact that a proposed project may have on the state and local taxing districts. The report estimates the additional costs and benefits for the state and specified local taxing districts over the first 10 years.

City	Santa Fe
County	Santa Fe County
School District	Santa Fe Public Schools
Special Taxing District	Special Taxing Districts

Description of the Project

The project is to be build on a 28 acre parcel located at 28 Caja Del Rio Road, north of NM 599 frontage road. The proposed Senior Campus will provide a full spectrum of senior care and living options, including a 120 bed skilled nursing facility, 180 units of Independant Living, 200 assisted living units and 80 memory care beds. The project will be developed in four phases over a period of 4 to 6 years. Phase One is the skilled nursing facility which will employ approximately 120 FTE. The average annual salary of these employees will be \$45,000. Phases two, three and four will follow one per year adding another 200 FTE with similar annual salaries. The firm is expected to initially invest \$14 million in land, building and equipmet for phase one in 2015.

Summary of the Economic Impact of the Project

The project will have the following economic impact on the State of New Mexico over the first 10 years:

Economic Impact Over the First 10 Years	
Economic Output:	
Direct	\$172,129,248
Indirect & Induced	\$138,374,703
Total Economic Output	\$310,503,951
Jobs:	
Direct	300
Indirect & Induced	123
Total Jobs	423
Workers' Earnings:	
Direct	\$141,072,561
Indirect & Induced	\$65,514,097
Total Workers' Earnings	\$206,586,658
Market value of property on tax rolls in Year 1	
The Project's property	\$14,000,000
New residential property constructed	\$192,133
Total market value of new property	\$14,192,133
Taxable Sales/Purchases	
The Project activities	\$49,946,361
New direct and spin-off workers	\$51,646,664
Visitors	\$0
Total taxable sales and purchases	\$101,593,025

The year-by-year economic impacts can be found in Appendix B.

EXECUTIVE SUMMARY

The project is not expected to result in a consequential increase in the state's population. A majority of newly hired employees would likely be current New Mexico residents. However, it is estimated that approximately 10% of the new workers may be new residents to Santa Fe County. The local population impacts may result in new residential properties constructed in the county and increase the enrollment of local public schools.

Estimated Local Population Impacts Over the First 10 Years			
	Direct	Indirect & Induced	Total
Number of direct and indirect workers who may move to the County	30.0	8.0	38.0
Number of new residents in the County	81.9	21.8	103.7
Number of new residential properties that may be built in the County	3.2	0.8	4.0
Number of new students expected to attend local school district	14.7	3.9	18.6

Summary of the Fiscal Impact of the Project

The project will generate additional benefits and costs for the state and local taxing districts. A summary of the additional benefits, costs and net benefits is provided below. A discussion of the source of specific benefits and costs are provided in more detail for each taxing district on subsequent pages.

Net Benefits Over the First 10 Years for Local Taxing Districts and the State				
	Additional Benefits	Additional Costs*	Net Benefits	Present Value of Net Benefits**
State of New Mexico	\$26,047,155	(\$2,210,134)	\$23,837,021	\$18,009,116
Santa Fe	\$5,820,036	(\$1,720,567)	\$4,099,469	\$3,313,204
Santa Fe County	\$3,419,344	(\$69,691)	\$3,349,653	\$2,552,628
Santa Fe Public Schools	\$1,654,233	(\$516,451)	\$1,137,782	\$848,462
Special Taxing Districts	\$708,640	\$0	\$708,640	\$528,053
Total	\$37,649,407	(\$4,516,842)	\$33,132,565	\$25,251,462

The project may result in local and state population impacts. Therefore, some additional costs are estimated for the state and local taxing districts. Additional costs represent the additional cost to provide state, municipal, county, or school district services to new residents, businesses or new school students. The calculation of costs are estimated based on recent budget expenditure information and the projected change in residents, employees and school students in the community. The Methodology section has additional information on these fiscal impact calculations.

* Additional costs were estimated for the state, city, county, and school district as the result of population changes and the provision of government services to new residents. The area population changes result from the portion of the new jobs being filled by workers moving to the area. A majority of the new jobs are expected to be filled by current New Mexico residents so the project is expected to have a small effect on additional costs on a statewide basis.

** The Present Value of Net Benefits is a way of expressing in today's dollars, dollars to be paid or received in the future. Today's dollar and a dollar to be received or paid at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. This analysis uses a discount rate of 5% to make the dollars comparable.

EXECUTIVE SUMMARY

Benefits for the State of New Mexico

The table below displays the estimated additional benefits to be received by the State of New Mexico over the first 10 years. The project is expected to have a small effect on the statewide population and therefore some additional statewide costs to provide additional services were estimated for the state. Appendix C contains the year-by-year calculations.

State of New Mexico: Additional Benefits and Costs Over the First 10 Years			
	Additional Benefits	Additional Costs	Net Benefits
Gross Receipts Taxes	\$3,962,128	\$0	\$3,962,128
Property Taxes - Commercial/Industrial - Real	\$222,642	\$0	\$222,642
Property Taxes - Commercial/Industrial - BPP	\$17,997	\$0	\$17,997
Property Taxes - New Residential	\$5,328	\$0	\$5,328
Personal Income Taxes	\$7,870,952	\$0	\$7,870,952
Corporate Income Taxes	\$1,222,407	\$0	\$1,222,407
Miscellaneous Taxes & User Fees	\$12,745,701	\$0	\$12,745,701
Cost of Providing State Services	\$0	(\$2,210,134)	(\$2,210,134)
Total	\$26,047,155	(\$2,210,134)	\$23,837,021

Gross receipts taxes are estimated on new taxable gross receipts resulting from the project. Property taxes are estimated on the firm's property and new residential property constructed. Personal income taxes are estimated based on an effective income tax rate and the earnings of new direct and indirect workers. Corporate income taxes on the direct activity is based on the net taxable income projected by the company. Corporate income taxes on the indirect activity is estimated on a per indirect worker basis and the observed statewide corporate income tax collections per worker. To the extent that the project will result in an increase in new households in the state, additional miscellaneous taxes and user fees have been estimated for the state. Additionally, the costs to provide state services to these new households were also estimated based on recent state expenditure data as detailed in the Appendix.

Benefits and Costs for Santa Fe

The table below displays the estimated additional benefits, costs and net benefits to be received by the city over the first 10 years of the project.

Santa Fe: Additional Benefits and Costs Over the First 10 Years			
	Additional Benefits	Additional Costs	Net Benefits
Gross Receipts Taxes	\$2,782,150	\$0	\$2,782,150
Property Taxes - Commercial/Industrial - Real	\$604,570	\$0	\$604,570
Property Taxes - Commercial/Industrial - BPP	\$48,871	\$0	\$48,871
Property Taxes - New Residential	\$8,156	\$0	\$8,156
Utility Revenue	\$1,466,289	\$0	\$1,466,289
Utility Franchise Fees	\$169,043	\$0	\$169,043
Lodgers Tax	\$0	\$0	\$0
Building Permits and Fees	\$530,000	\$0	\$530,000
Miscellaneous Taxes & User Fees	\$210,957	\$0	\$210,957
Cost of Providing Municipal Services	\$0	(\$254,278)	(\$254,278)
Cost of Providing Utility Services	\$0	(\$1,466,289)	(\$1,466,289)
Total	\$5,820,036	(\$1,720,567)	\$4,099,469

EXECUTIVE SUMMARY

Benefits and Costs for Santa Fe County

The table below displays the estimated additional benefits, costs and net benefits to be received by the county over the first 10 years of the project.

Santa Fe County: Additional Benefits and Costs Over the First 10 Years			
	Additional Benefits	Additional Costs	Net Benefits
Gross Receipts Taxes	\$973,347	\$0	\$973,347
Property Taxes - Commercial/Industrial - Real	\$2,208,572	\$0	\$2,208,572
Property Taxes - Commercial/Industrial - BPP	\$178,531	\$0	\$178,531
Property Taxes - New Residential	\$26,874	\$0	\$26,874
Building Permits and Fees	\$0	\$0	\$0
Miscellaneous Taxes & User Fees	\$32,020	\$0	\$32,020
Cost of Providing County Services	\$0	(\$69,691)	(\$69,691)
Total	\$3,419,344	(\$69,691)	\$3,349,653

Benefits and Costs for Santa Fe Public Schools

The table below displays the estimated additional benefits, costs and net benefits to be received by the school district over the first 10 years of the project.

Santa Fe Public Schools: Additional Benefits and Costs Over the First 10 Years			
	Additional Benefits	Additional Costs	Net Benefits
Property Taxes - Commercial/Industrial - Real	\$1,214,052	\$0	\$1,214,052
Property Taxes - Commercial/Industrial - BPP	\$98,138	\$0	\$98,138
Property Taxes - New Residential	\$140,235	\$0	\$140,235
Additional State Funding	\$201,808	\$0	\$201,808
Cost of Educating New Students	\$0	(\$516,451)	(\$516,451)
Total	\$1,654,233	(\$516,451)	\$1,137,782

Benefits and Costs for Special Taxing Districts

The table below displays the estimated additional benefits, costs and net benefits to be received by other special taxing districts over the first 10 years of the project.

Special Taxing Districts: Additional Benefits and Costs Over the First 10 Years			
	Additional Benefits	Additional Costs	Net Benefits
Property Taxes - Commercial/Industrial - Real	\$643,369	\$0	\$643,369
Property Taxes - Commercial/Industrial - BPP	\$52,007	\$0	\$52,007
Property Taxes - New Residential	\$13,265	\$0	\$13,265
Total	\$708,640	\$0	\$708,640

EXECUTIVE SUMMARY

New Mexico Economic Development Department Notes

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An exhibit card with a yellow background and a dark border. The word "EXHIBIT" is printed vertically in bold black letters. The word "tabbies" is printed in a smaller, lowercase font at the top. There are two horizontal lines drawn across the card, one above and one below the word "EXHIBIT".

SHEET 1 of 1

Pendleton Appraisal, Ltd.

Real Estate Appraisers and Consultants



**MARKET VALUE ESTIMATE
Appraisal Report of Real Estate**

**Caja Del Rio Holdings, LLC 28.000 Acre Parcel
Vacant Land 28 Caja Del Rio Road
Within Section 2 T16N R8E
Santa Fe County, New Mexico 87507**

**Appraised in As Is Condition as Vacant Land
Prior to Proposed Development**

Prepared for

Caja Del Rio Holdings, LLC

c/o

**Mr. Mark W. Haley, Vice President
Cauwels and Stuve Realty and Development Advisors, LLC
8814 Horizon Boulevard, NE Suite 400
Albuquerque, New Mexico 87113**

**Effective Date of Appraisal – as of March 24, 2016
Date of Appraisal Inspection**

Prepared by

**PENDLETON APPRAISAL, LTD.
Matthew H. Pendleton, MAI**

Pendleton Appraisal, Ltd.

Real Estate Appraisers and Consultants

Matthew H. Pendleton, MAI

March 31, 2016

Caja Del Rio Holdings, LLC c/o
Mr. Mark W. Haley, Vice President
Cauwels and Stuve Realty and Development Advisors, LLC
8814 Horizon Boulevard, NE Suite 400
Albuquerque, New Mexico 87113

Re: Caja Del Rio Holdings 28.000 Acres

Dear Mr. Haley:

I have appraised the referenced property for the purpose of estimating its market value.

The intended use of this appraisal is to assist Caja Del Rio Holdings as client and intended user of the appraisal, along with any designated successors and or assigns including the New Mexico State Finance Board, with real estate value information and realty asset management.

This appraisal conforms to Office of the Comptroller of the Currency (OCC) appraisal standards in Federal Rule 12 CFR Part 34, and appraisal guidelines set forth in the Uniform Standards of Professional Appraisal Practice (USPAP).

The format of this appraisal is an Appraisal Report.

The effective date of this appraisal is March 24, 2016 coinciding with the most recent appraisal inspection.

Property rights appraised are those of the undivided fee estate assuming immediately marketable title.

The conclusion of this appraisal as of an effective date of March 24, 2016 may be stated as follows.

Market Value Estimate	
Caja Del Rio Holdings LLC 28.000 Acres	
Appraised as Vacant Land Prior to Development	
Real Estate Only As Is Condition	\$770,000

Noteworthy assumptions for the appraisal and final value estimate follow.

The recorded survey plat and legal description attached hereto, used for purposes of determining appraised property land area and boundaries, were assumed to be accurate as of the effective date of this appraisal.

This appraisal assumes legal and perpetual access rights would be attainable in the future off Caja Del Rio Road, as necessary for ordinary courses of vehicular access to the property.

This appraisal is predicated on the understanding that there are no title conditions, easements, deed restrictions or legal matters that would impair value or marketability. Clear and immediately marketable title is assumed.

Absent professional land engineering reports, this appraisal assumes there are no significant detrimental physical conditions or soil conditions in the appraised land that would impair value or marketability.

This appraisal reflects real estate only as vacant land in as is condition excluding personal property items including but not limited to future development entitlements, licenses, business value or other intangibles.

A synopsis of this appraisal is provided on the following Appraisal Summary.

With regards,
PENDLETON APPRAISAL, LTD.



Matthew H. Pendleton, MAI

Appraisal Summary

Competency Provision:	Matthew H. Pendleton holds the MAI designation and is licensed as a General Appraiser by the New Mexico Real Estate Appraisers Board. Appraisal experience since the 1980s includes a variety of commercial and special purpose properties. For reference see the appraiser certificates at Exhibit A.	
Intended Use of Appraisal:	The intended use of this appraisal is to assist the appraisal client and any designated successor and or assigns with real estate value information and realty asset management.	
Intended User of Appraisal:	The client and intended user of this appraisal is Caja Del Rio Holdings LLC and any other designated successors and or assigns, including the New Mexico State Finance Board.	
Property Appraised:	Caja Del Rio Holdings property consisting of 28 acres of vacant undeveloped land situated southwest of the city limits of Santa Fe New Mexico. Street address is defined as 28 Caja Del Rio Road and the tract location is along the east frontage of said roadway about 922 feet north of Santa Fe Bypass Highway 599. As of appraisal, a master plan for senior living had been recommended for approval by the County Development Review Committee as recorded January 2016, though any effect on the value of the appraised land was not possible to precisely determine as of this appraisal. As such, the property has been appraised in as is physical condition as raw land prior to final development entitlements and future improvements. For property location see the maps at Exhibit B.	
Property Rights Appraised:	Undivided fee simple estate.	
Purpose of Appraisal:	Estimate the market value of the appraised real estate.	
Definition of Market Value:	<p>The term "market value" used herein is synonymous with the term used by the Office of the Comptroller of Currency of the United States (OCC) and is defined as:</p> <p>The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.</p> <p>Implicit in this definition is consummation of a sale as of a specified date and passing of title from seller to buyer under conditions whereby:</p> <p>Buyer and seller are typically motivated; Both parties are well informed or well advised and each acting in what he considers his own best interest; A reasonable time is allowed for exposure in the open market; Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with this sale.¹</p>	
Effective Date of Appraisal:	March 24, 2016	date of appraisal inspection.
Date of Report:	March 31, 2016	the date of final report writing.

¹

Federal Reserve, Volume 86, Number 165, Thursday, August 24, 1990, Rules and Regulations, Page 34664, Section 34.42(f) approved by the Office of Thrift Supervision and the Office of the Comptroller of the Currency of the United States of America.

Legal Description: The legal description of the appraised property is by metes and bounds along the east right-of-way line of Caja Del Rio Road defined as Tract 1 within Section 2 of Township 16 North, Range 8 East, NMPM, Santa Fe County New Mexico. For illustration see the 2008 Del Rio Survey and the more recent 2013 Morris Survey both attached at Exhibit C, along with the metes and bounds description within the Special Warranty Deed.

Property Sales History: The appraised property was formerly listed for sale by Phase One Realty through year 2013 at an asking price of \$756,000 which equates to \$27,000 per acre. The property sold in December 2013 to Caja Del Rio Holdings LLC from Easter Saals Maria El Mirador at an undisclosed price, confidentiality agreement cited by the appraisal client Caja Del Rio Holdings LLC. Discussion and further mention of the appraised property activity is presented hereinafter in the valuation section of this appraisal. Aside from this activity there have been no open market sales of the appraised property within the past three years.

Condition of Title: The most recent known title document is attached for reference at Exhibit C. This appraisal assumes clear and immediately marketable title.

Scope of the Appraisal: The format of this study is an Appraisal Report.

This appraisal conforms to the Uniform Standards of Professional Appraisal Practice. Explanations of the scope of work are provided, as well as summaries of the information considered and method of valuation employed. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. The appraiser is not responsible for unauthorized use of this report.

Appraisal investigations were performed to determine the value characteristics specific to the appraised real estate. Information used in this case included the boundary survey plats, County assessment maps, past land listing information, property tax information, property owner information, County zoning map and zoning criteria, satellite image photography and other mapping, as well as through physical inspections of the appraised property and neighborhood by the appraiser and appraisal staff.

Measurements of value were developed through the land sales comparison method of valuation. Research of comparable land data was undertaken in the process of valuation.

The property has been valued as vacant raw land in as is condition. The final estimate reflects an opinion of value that the property would command as real estate only in as is condition within a reasonable marketing time under the conditions and assumptions defined.

Past Appraisal: Pendleton Appraisal has not performed any appraisal work or other study on the subject property of this report within the last three years.

Use of Property: The current use of the appraised property as of appraisal is vacant raw land. The appraisal assumes vacant land conditions prior to final construction entitlements or development.

Property Taxes:

Property tax information for the appraised property researched through the Santa Fe County Assessor and Treasurer offices is summarized below.

Property Assessed as One Parcel

Owner on Assessment: Caja Del Rio Holdings LLC
8814 Horizon Boulevard NE Suite 400
Albuquerque, New Mexico 87113

Property Address 28 Caja Del Rio Road
Santa Fe, New Mexico 87507

Legal Description: within Section 2, T16N, R8E
Santa Fe County, New Mexico

Land Area: 28.000 acres per assessor records
Parcel Code #: 1-047-096-462-443
Account #: 99305859

Assessor Full Value and Taxes		2016	
Land		\$630,000	
Improvements		-0-	
Alternate Value		\$151	
Annual Tax Bill	2014	\$5,838.84	
Annual Tax Bill	2015	\$1.40	alternate grazing value
Status		paid	

According to the County Treasurer all property taxes due as of appraisal are paid.

Estimated Marketing Time:

The estimated marketing time required to sell the appraised property forward from the effective date of this appraisal, may extend up to 12 months. This estimate is based on observation of marketing times found in comparable land data cited hereinafter.

Exposure Time:

This is an estimate of the time required to have successfully marketed the appraised property culminating in a consummated sale as of the effective date of appraisal. This estimate is based upon review of marketing times and conditions leading up to the effective date of appraisal which suggest an exposure time of up to 12 months.

Final Value Estimate:

Market Value Estimate
Caja Del Rio Holdings LLC 28.000 Acres
Appraised as Vacant Land Prior to Development
Real Estate Only As Is Condition **\$770,000**

Appraiser:

Matthew H. Pendleton, MAI

Census Area Trends:

The primary census area influencing the appraised property is the City of Santa Fe, County seat of Santa Fe County and the State Capital of New Mexico. A review of economic trends follows.

Population

Santa Fe city population increased at about 0.5% per year between 1990 and 2010, while the county as a whole reported an annual growth rate of 1.9% during the same period. Most of the recent local population growth has occurred outside of city limits. Attractions to the area which work to draw demographic in-migration include modest employment opportunities, the arts industry, Native American culture, scenery and clean environment and recreational terrain.

Population census figures for the Santa Fe area may be summarized as follows.

	1980	1990	2000	2010	2014 est.
City Limits	63,475	60,971	62,203	67,947	82,800
Santa Fe County	75,360	98,928	129,292	144,170	146,200

Another significant component of the local population is second home residents who reside in the city part time, but do not claim Santa Fe as their primary place of residence. Second home residents and visitors add to the number of persons influencing local market conditions.

Retail Trade

A measure of real estate demand may be provided by examining the pattern of retail spending within the city. Annual gross receipts taxes collected from all categories of spending are summarized below.

**Annual Gross Receipts Tax
City of Santa Fe**

Year	Annual Gross Receipts Tax	
2001/2002	\$69,158,345	
2002/2003	\$72,002,022	+4.1%
2003/2004	\$75,560,468	+4.9%
2004/2005	\$78,304,206	+3.6%
2005/2006	\$83,138,227	+6.2%
2006/2007	\$86,750,844	+4.3%
2007/2008	\$88,547,033	+2.1%
2008/2009	\$85,689,145	-3.2%
2009/2010	\$80,021,871	-6.6%
2010/2011	\$80,454,380	+0.5%
2011/2012	\$83,723,413	+4.1%
2012/2013	\$84,261,803	+0.6%
2013/2014	\$88,029,352	+4.5%
2014/2015	\$91,125,378	+3.5%

Retail spending throughout the city of Santa Fe was on the rise in the early to mid 2000s. The benchmark fiscal year was 2007 to 2008 during which time gross receipts taxes approached \$89 million. Thereafter, retail trade in the city began to fall off, though rebounding during the past few reporting periods. Figures shown not adjusted for inflation.

Employment Trends

In the local labor force, unemployment has moderated over the past several years, dropping from a recent high of 7.1% for the Santa Fe MSA to a 2013 not seasonally adjusted figure of 5.1%. Employment figures for the Santa Fe MSA include Santa Fe and nearby Los Alamos County. Statewide average unemployment for 2015 was 6.3%. Government employment in Santa Fe, as well as County and City government work forces, along with the nearby Los Alamos National Laboratory, stabilize the local economy.

**Annual Employment Data
Santa Fe MSA**

Year	Civilian Labor Force	Estimated Total Persons Employed	Percent Unemployed
2001	71,362	68,784	3.6%
2002	71,671	68,857	3.9%
2003	73,797	70,584	4.4%
2004	74,820	71,491	4.4%
2005	76,518	73,351	4.1%
2006	77,772	75,116	3.4%
2007	78,908	76,664	2.7%
2008	79,406	76,640	3.5%
2009	77,563	72,740	6.2%
2010	77,623	72,150	7.1%
2011	75,239	70,468	6.3%
2012	75,899	71,980	5.2%
2013	73,949	70,207	5.1%
2014	preliminary	preliminary	5.1%

Source: New Mexico Department of Workforce Solutions

Hotel and Motel Sector

Tourism dollars impact the local economy and a measure of tourism in Santa Fe is the lodging industry. Taxes on hotel and motel rooms revenues are summarized below.

**Lodgers Tax
City of Santa Fe**

Fiscal Year	Lodger Tax Alone	Annual Change
1991-1992	\$2,991,763	+16.0%
1992-1993	\$3,466,771	+15.9%
1993-1994	\$3,638,649	+4.9%
1994-1995	\$3,643,651	+0.1%
1995-1996	\$3,626,487	-0.5%
1996-1997	\$3,684,185	+1.8%
1997-1998	\$3,904,963	+6.0%
1998-1999	\$4,088,719	+4.7%
1999-2000	\$4,254,316	+4.1%
2000-2001	\$4,350,429	+2.3%
2001-2002	\$4,341,889	-0.2%
2002-2003	\$4,634,078	+6.7%
2003-2004	\$4,317,800	-6.8%
2004-2005	\$4,456,462	+3.2%
2005-2006	\$4,645,092	+4.2%
2006-2007	\$4,958,498	+6.7%
2007-2008	\$5,027,039	+1.4%
2008-2009	\$4,497,560	-10.5%
2009-2010	\$4,132,849	-8.1%
2010-2011	\$4,349,832	+5.3%
2011-2012	\$4,381,163	+0.7%
2012-2013	\$4,659,304	+6.3%
2013-2014	\$4,728,017	+1.5%
2014-2015	\$5,162,217	+9.2%

The lodging market in Santa Fe expanded dramatically over a 15 year period that first peaked in 2007 and 2008. Motel and hotel bookings declined thereafter and are now stabilized at levels found in the early to mid 2000s. The most recent fiscal years show a resurging upward trend.

Residential Real Estate

The primary forms of residential housing in the combined areas of the City of Santa Fe and Santa Fe County are summarized below as compiled by the Santa Fe Board of Realtors and Multiple Listing Service. Note this information reflects only multiple listing properties and not necessarily all real estate activity in the area.

Santa Fe Residential Housing Market
Combined City and Santa Fe County Includes El Dorado
Volume Sold Median Pricing Days on Market % of List Price

	2006	2007	2009	2011	2012	2013	2014	2015
# Sold								
Single Family	1,773 (-11.2%)	1,411 (-20.4%)	967 (-31.8%)	1,083 (+12.0%)	1,287 (+18.8%)	1,374 (+6.8%)	1,819 (+32.4%)	1,957 (+7.6%)
Average DOM	145	160	182	209	214	175	185	173
Condo/Townhse	698 (-8.0%)	414 (-40.7%)	233 (-43.7%)	246 (+5.6%)	337 (+37.0%)	369 (+9.5%)	419 (+13.8%)	513 (+22.4%)
Average DOM	187	154	197	223	214	160	173	150
Median Price								
Single Family	\$531,048 (+7.4%)	\$572,367 (+7.8%)	\$479,484 (-16.2%)	\$490,503 (+2.3%)	\$453,938 (-7.5%)	\$456,127 (+0.5%)	\$442,444 (-3.0%)	\$416,555 (-5.8%)
% of List	96.6%	96.4%	93.7%	92.9%	94.3%	95.5%	95.22%	95.71%
Condo/Townhse	\$358,889 (+25.3%)	\$381,686 (+6.4%)	\$312,758 (-18.1%)	\$299,030 (-4.4%)	\$309,057 (+3.4%)	\$310,713 (+0.5%)	\$298,846 (-7.7%)	\$282,740 (-5.4%)
% of List	98.6%	97.2%	94.1%	93.9%	94.7%	95.7%	95.8%	96.3%

Source: Santa Fe Multiple Listing Service, compiled by Pendleton Appraisal, Ltd.

The housing market in and around Santa Fe began a precipitous decline starting around 2007. During this cycle the annual number of single family sales and the annual number of condominium sales bottomed out in year 2009. Following a gradual recovery, the last few reporting periods show some indication of a more robust market at least in terms of the volume of sales, though median prices are declining. What appears to be the case is an increase in number of sales, partnered with lower priced product.

Other noteworthy data concerns the length of time on the market and percent of original list price. Days required to achieve sales increased significantly during the recovery period, gradually improving, with 2015 figures showing less than six months marketing time required in single family and condo. Percent of list price attained has stabilized in recent years at about 96% of list price.

Recent findings suggest the local housing market as a whole is continuing to adjust in terms of pricing primarily due to the influx of lower tiered product within the affordable sectors of town, thus driving down median price. This has been alleviated somewhat by an increase in volume of sales. At the same time, average days on market and percent of list price attained have improved under these conditions.

Conclusions

Over the long term the economy of Santa Fe has realized significant sustained growth. In the recent past, however, local indicators such as construction retail spending and employment were impacted by the economy. The residential market is rebounding somewhat following an adjustment period that spanned several years. Many sectors of the commercial market were also impacted. The city nevertheless holds a strong government economic base and is a renowned tourism destination, with retail spending and lodging visitation rebounding through the most recent fiscal years. Analysis suggests that the local real estate market has stabilized with a forecast for gradual recovery.

**Neighborhood Map Vicinity of Caja Del Rio Road
Santa Fe County, New Mexico**



- 1 City of Santa Fe Municipal Recreation Complex
- 2 Marty Sanchez Links De Santa Fe Golf Course
- 3 New Mexico Department of Game and Fish
- 4 New Mexico Archaeology Building
- 5 Santa Fe County Public Works
- 6 Santa Fe Public Schools El Camino Real Academy
- 7 Santa Fe Animal Shelter and Challenge New Mexico
- 8 Santa Fe County Waste Landfill

Neighborhood Description:

The appraised property lies within Section 2, an area historically of State of New Mexico and some Federal land ownership, crossed by private holdings as well. Land tenures as such remain to this day, but are now crossed through by the Highway 599 Bypass and Caja Del Rio Road, a paved county road surface within a 150 foot wide right-of-way. The neighborhood would essentially be defined as the property lying north of the Bypass along Caja Del Rio Road.

A paved two way frontage road aligns with the north side of the Bypass, and Caja Del Rio Road extends generally northward from this frontage road toward Las Campanas, a luxury residential development. Along the way Caja Del Rio passes parcels that have been development within State of New Mexico property, as well as City of Santa Fe property leased from the State, including the MRC Municipal Recreation Complex of soccer and other ball fields, a municipal golf course, the Santa Fe Animal Shelter and Challenge New Mexico. Further to the northwest behind the golf course is the Santa Fe County solid waste landfill.

The appraised property is one of few private land holdings toward the south end of the Caja Del Rio Road, lying relatively close to the Bypass frontage road. Surrounding lands here include the Baca ranch holdings and State of New Mexico property, essentially in the form of vacant rangeland. The closest development is the State Archeology building just to the north on the westerly opposite side of Caja Del Rio.

For illustration of the neighborhood see the Neighborhood Map on the preceding page.

Aside from the developed parcels which already exist, and the residential home developments proximate to Caja Del Rio and County Road 62, most of the land in this area is vacant rangeland prairie lacking developed access or infrastructure.

Caja Del Rio Road provides an access route through the far northwest sector outside Santa Fe between the Bypass and the MRC, as well as a back entrance into Las Campanas and the City Buckman Diversion Water Project further north.

In conclusion the immediate neighborhood of the appraised property is a public institutional district north of the Santa Fe Bypass Highway 599 along the Caja Del Rio corridor set with a mixture of private holdings and State of New Mexico lands. Value trends are believed stable at this time.

The appraised property is vacant rangeland known as Tract 1 situated along the east frontage of Caja Del Rio Road, about 922 feet north of the Bypass right-of-way. This is vacant raw land lacking improvements. The land area under study is as follows.

For illustration see the survey plats at Exhibit C. Note that the Morris Survey drawn in 2013 but not yet filed of record is the most recent survey plat. Also provided for reference is the 2008 Wiegell Survey, the Land Division Plat for the State of New Mexico, which is filed of record.

Exhibit D

The shape of the parcel is quadrilateral essentially, with the west boundary of 1,123 feet being along the east right-of-way fence of Caja Del Rio Road. The east boundary extends north to south a distance of 874 feet and the north boundary is east to west about 1,754 feet in depth off the Caja Del Rio roadway. The south boundary common with Tract 2 is 1,048 feet from east to west. Tract size and dimensions are adequate for common uses.

The appraised property lacks development infrastructure. There are no developed vehicular access points or driveways into the property though the future likely direction of access will be off Caja Del Rio Road. There are no utility extensions into the appraised property as of this appraisal. The high pressure Buckman Diversion water line and the high pressure natural gas line both within the Caja Del Rio right-of-way are not directly accessible, and these utilities will need to be brought into the site from indirect pathways nearby, same with electrical power. There is no sanitary sewer in this location, and the property owner states that future development of the appraised land, beyond the scope of this as is appraisal, will require an 8,000 lineal foot extension off property to the Airport Road trunk line further removed to the south.

Terrain throughout the parcel is essentially dryland range undulating and with a gradual east to northwest slope toward a lower lying drainage near the north boundary that contains a scattering of low growth evergreens. Otherwise the remainder of the site is level to moderately sloping property of cacti, native grasses and shrubs absent any augmented features. Elevations range from about 6,460 at the east boundary to slightly below 6,400 on the northwest side. The site does not contain any FEMA designated flood hazard areas. Property is currently under a short term grazing lease for tax purposes.

With regard to zoning, the appraised property is under the jurisdiction of the Santa Fe County Sustainable Land Development Code, being Santa Fe County zoned property outside the city limits. The Sustainable Land Development Code sets parameters on new development not only tied to water availability, but other development factors as well. The current zoning map identifies the appraised property as P1 Public Institutional permitting a number of uses including governmental, special purpose, educational, non-profits, recreational facilities and public facilities, but excluding heavy industrial, waste product businesses and industrial related warehousing. For reference see the zoning map and zoning criteria page at Exhibit D.

The appraiser is not qualified to detect inadequate site terrain conditions or soil conditions and reports by experts are recommended, if these conditions are of issue. This appraisal assumes there are no unusual detrimental physical conditions or soil conditions.

With regard to environmental hazards, this appraisal assumes the property is free and clean of any environmental hazard conditions and or substances that would be detrimental to value or marketability.

Highest and Best Use:

Highest and best use may be defined as

The reasonably probable and legal use of vacant land or an improved property, that is physically possible, appropriately supported, financially feasible, and that results in the highest value.²

Highest and best use factors are discussed below. Because the appraisal reflects vacant land, there is no analysis of highest and best use as improved.

Legal The appraised property is described on current mapping as being zoned public institutional, a zoning designation that permits a number of alternatives including community facilities, special purpose, public, recreational and educational. From this standpoint the land has a number of possible legal uses. The public institutional zone also locates the Santa Fe Animal Shelter, Challenge New Mexico and Archeology Center nearby to the north.

Physical The property is appraised as vacant raw land. There are neighboring barriers formed by the Animal Shelter to the north and Caja Del Rio Road along the west. It is assumed that vehicular access off Caja Del Rio Road would not be unreasonably withheld. Utilities are either adjacent or will require some rather creative and extensive extensions for any significant future development. Future access improvements and utility extensions are beyond the scope of this as is appraisal.

Demand and Feasibility The presence of the neighboring uses and the public institutional zoning affects the demand potential of the land and in the opinion of the appraiser reduces the likelihood of residential ever being a desirable alternative. This being the case, and with the proximity of the aforementioned projects, the suggested future use of the land, aside from historic grazing, would be for development of public or institutional uses or related facilities.

Conclusion While zoning allows for a number of uses, the proximity influences surrounding the property probably rule out residential. The surrounding State owned land places the appraised 28.000 acres on a standalone basis of evaluation probably not suited for assemblage. Given the existing public institutional zoning combined with the proximity of government sponsored facilities, the estimated highest and best use of the appraised property is for some form of public, institutional, or independent special purpose development conforming to zoning and compatible with the neighborhood.

² The Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th edition, Chicago, Illinois, Appraisal Institute, 2010, page 63.

Valuation Procedure

For this appraisal situation the selected means of valuation is land sales comparison.

The sales comparison method arrives at an indication of value by comparing recent sold transactions, pending sales and current listings of similar vacant land.

The rent capitalization method and depreciated cost method were not developed because the property is appraised as vacant land, absent building structures. Omission of rent capitalization and depreciated cost does not impair the credibility of the appraisal or create an appraisal contrary to USPAP standards.

Land Value by Sales Comparison

A search of land transactions was undertaken in the subject neighborhood in order to gain insights into the market for comparable land. The objective was to estimate what the appraised land would sell for as though available for sale as of the effective date of appraisal.

Factors of value considered were as follows.

Property Rights Conveyed - The property rights conveyed or to be conveyed in each comparison were those of the fee simple estate, and fee simple value was used as the basis for comparison.

Financing - Financing terms were cash or cash equivalent. No adjustments to the sale prices shown were warranted for financing terms.

Conditions of Sale - The conditions and motivations behind each sale were reported to be "arms length" and no concessions influenced the prices reported, except as noted.

Market Conditions - Market conditions adjusted downward in local realty markets in recent times due to economic conditions in general. The selected data reflects the current market.

Physical - Tract sizes in the comparisons vary. Price adjustments may be warranted in cases of wide variation in size. Street location and accessibility can also influence land prices.

The most meaningful comparisons are summarized below.

**Map Locating Land Comparisons
Vicinity of Caja Del Rio Road Santa Fe, New Mexico**

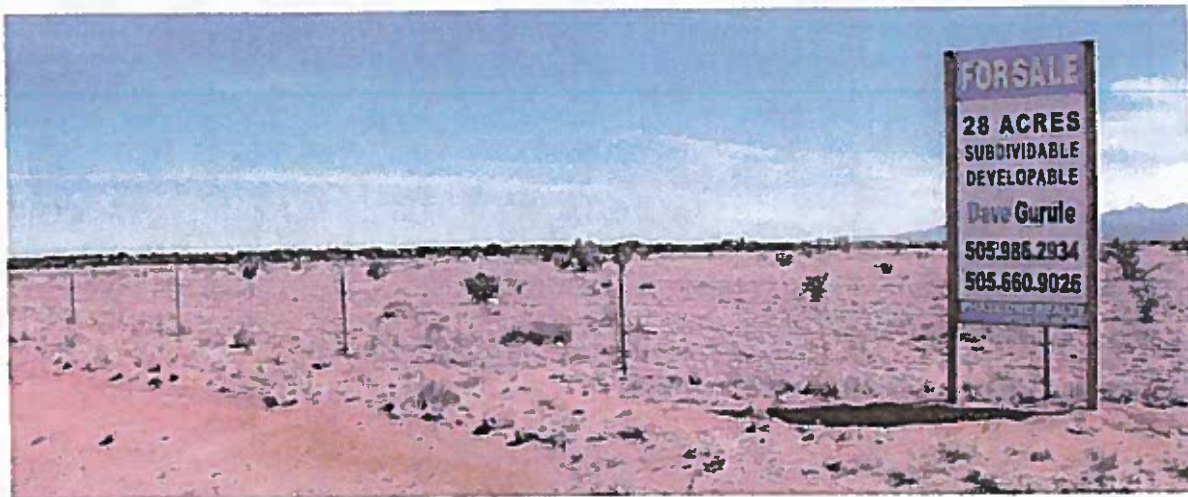


As a starting point, the previous listing and most recent sale of the appraised property are examined.

Previous Listing of Appraised Property

Ref	Grantor Grantee	Location	Sale Date	Sale Price	Tract Size	Unit Price
1	Phase One Realty Listing for Sale	East side Caja Del Rio North of 599 Frontage Road	as of 2013	\$756,000 asking	28.00 acres	\$27,000 per acre

This past listing was in the current time frame. Property was described by listing broker as a multi use tract along Caja Del Rio Road just north of the Highway 599 frontage road. No infrastructure extensions, though paved access along west boundary. Otherwise the land itself was vacant and absent any improvements. Asking price equated to \$27,000 per acre or \$0.62 per square foot. County RR Rural Residential zoning with proposed future zoning in the Santa Fe County Sustainable Land Development Code as Public Institutional.



Most Recent Sale of Appraised Property

2	Knights Templar Caja Del Rio Holdings	East side Caja Del Rio North of 599 Frontage Road	12/2013	\$756,000 past listing price	28.00 acres	\$27,000 per acre
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The selling entity was Foundation of the Knights Templar dba Easter Seals Santa Maria El Mirador. Condition of the land was the same as that found in the 2013 listing above, no infrastructure extensions, paved frontage though lacking driveway access along west boundary and otherwise vacant and absent any improvements. County rural residential zoning prior to the recently adopted Santa Fe County Sustainable Land Development Code which showed the future intended zoning of the land to be Public Institutional. Purchaser reports that there was a confidentiality agreement in place, and the exact price was not revealed to the appraiser. Special Warranty Deed 1725405.

Additional sales and listing data are presented below for comparison.

Schedule of Land Comparisons
Southwest Sector Santa Fe thru Early 2016

Ref	Grantor Grantee	Location	Sale Date	Sale Price	Tract Size	Unit Price
3	Gerhardt Family Suerte Del Sur, LLC	North of Agua Fria Road East of Cottonwood MHP	08/2006	\$1,000,000	41.727 acres	see below

This is the sale from Gerhardt to Suerte Del Sur off north side of the known forthcoming alignment for Meadows Road. Rural terrain with small area of frontage on north side of Agua Fria Road. Most of the site lies north of the Santa Fe River. Zoning at time of sale was RR Rural Residential situated in the County. Onsite well with 5 acre feet of consumptive water right valued at about \$100,000, not found at appraised property, leaving a net to the land of \$900,000 or \$21,569 per acre or \$0.50 per square foot. Warranty Deed #1448082.



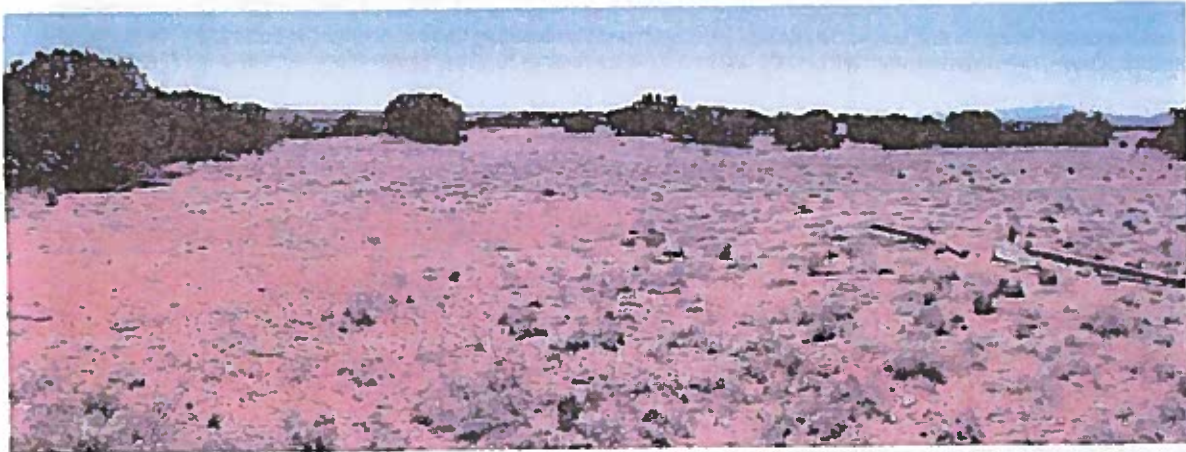
4	B & E Partnership JOEB, LLC	Southwest corner I-25 and St. Francis Drive	02/2008	\$2,067,300	68.91 acres	\$30,000 per ac
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Vacant raw land parcel outside the city limits acquired by a local investment group, purchased from a longstanding family partnership. Purchase price reflects raw land absent entitlements for future development at time of sale, prior to being annexed into the city limits. Access is by paved Rabbit Road along the south boundary. City utilities were adjacent though no extensions as of this transaction. Sale price equated to \$30,000 per acre or \$0.69 per square foot. Zoning at time of sale was County Rural Residential. Warranty Deed 1731637. Removed location is not shown on the sales map.



Ref	Grantor	Grantee	Location	Sale Date	Sale Price	Tract Size	Unit Price
5	Tierra Contenta	Commercial 599	Extreme west side of Tierra Contenta platted Phase 2C	12/2009	\$2,357,689 net of \$100,000 for water rights	34.2046 acres	see below

Acquisition by development entity of Richard Cook intended for commercial development to be served by future interchange required after purchase off Highway 599 Bypass. Property is situated at far west end of Tierra Contenta at Tracts 51A, 51B, 54A and 54B plus another 1.2570 acre parcel totaling 34.2046 acres. Total sale price of \$2,457,689 was adjusted downward \$100,000 for the water rights included in the sale, not found at appraised property. Remaining sale price was structured to include buyer payment of \$1,441,500 for the infrastructure extensions along the Plaza Contenta roadway plus another \$400,000 for costs of the 599 interchange paved road frontage. Net price for raw land with paved frontage provided, similar to the appraised property, but prior to infrastructure connections was the total price excluding water of \$2,357,689 minus infrastructure of \$1,441,500 equating to \$916,189 for 34.2046 acres or \$26,786 per acre or \$0.61 per square foot. Warranty Deed 1587592.



6	Storm River Properties	SFPS	Meadows Road at NM 599	08/2012	\$1,300,000	16.00 acres	\$81,250 per acre
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This is a subsequent sale out of the Gerhardt tract referenced above, that sold to Santa Fe Public Schools for purposes of construction of a new public school, El Camino Real Academy. The property was acquired with the paved extension of Meadows Road along the south boundary of Tract 1-A, excluding the flood plain and road right-of-way itself. Zoning was County Rural Residential at time of sale, and the sale reflects closer in location to the city on the south side of the Bypass, trunk public utilities in place and paved road surface on the south boundary. Warranty Deed 1679666.



This 16.000 acre sale at \$81,250 per acre had a smaller tract size and direct proximity to infrastructure to the site boundary, unlike the subject property. As such, direct comparison of this 16.000 acre sale to the appraised property may not be appropriate.

Ref	Grantor Grantee	Location	Sale Date	Sale Price	Tract Size	Unit Price
7	New Mexico DOT Listing	NM 599 Frontage Road East of Caja Del Rio	as of 2016	\$401,500 asking	8.9281 acres	see below

This is a vacant land listing of a Highway Department surplus land parcel that was acquired by the DOT at time of right-of-way acquisitions for the Highway 599 Bypass. Location is at the northwest corner of the north side frontage road and the gravel Horizon Lane near an existing rural housing area. Zoning here is County residential known as Residential Estate permitting 1 dwelling unit per 2.5 acres. Access and some residential grade infrastructure is adjacent. Analysis of this listing suggest the following.

Analysis of Listing

Total Asking Price	\$401,500	
Discount to Consummate Sale	10%	appraiser estimate
Probable Final Price	\$361,350	
Land Area	8.9281 acres	
Probable Price per Acre	\$40,473 per acre	



By comparing the above smaller sized 8.9281 acre listing at its probable price of \$40,473 per acre with other data for larger sized tracts, such as the 34.2046 acre Tierra Contenta transaction referenced as Sale 5 at \$28,786 per acre, one can infer that tract size influences price per acre.

The final two listings fall into a larger size category, and the listing prices may not be well founded given the large sized acreages involved. These are cited for location perspective only.

Ref	Grantor Grantee	Location	Sale Date	Sale Price	Tract Size	Unit Price
8	Baca Family Listing	West of Caja Del Rio North of Santa Fe River	as of 2016	\$13,770,000 asking	560.00 acres	\$24,589 per acre

This listing is a long time family ownership north of the gravel mines along the Santa Fe River in the southwest quadrant of Santa Fe. Three parcels held contiguous in undeveloped terrain. Asking price equates to \$24,589 per acre or \$0.56 per square foot. On market for extended period, asking price judged high considering the large size and removed location of this parcel.



9	Baca Family Listing	West of Caja Del Rio South of Wildlife Way	as of 2016	\$4,800,000 asking	160.00 acres	\$30,000 per acre
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Portion of above property for sale west of Caja Del Rio Road. Property boundary measures about a half mile wide off the south side of Wildlife Way and a mile north to south on the west side of the Archeological Building and Rugby Fields. Asking price equates to \$30,000 per acre or \$0.69 per square foot. On market for extended period, asking price judged high considering the large size and removed location of this parcel.



Factors of comparison were considered as follows.

Location

Access via paved State or County roads and frontage roads, would be generally preferred by market participants as compared to unimproved ranch roads and trail roads, or the absence of roadways altogether.

Tract Size

Prices per acre will vary with tract size. In this market properties averaging 20 to 30 acres in size would be representative of the competitive market as opposed to larger parcels or smaller user sites along the frontage roads. This appears to be a function of market perceived economic scale. Smaller sized tracts typically sell higher per acre than larger sized parcels, and vice versa, all other factors held constant.

Improvements

In most of the comparable sales in the competitive market, there are a number of range improvements inherent within the overall price per acre. Items typically found in this case include perimeter fencing, interior trails and possibly miscellaneous items. Otherwise there are no buildings in the comparisons. A couple comparisons were adjusted to exclude water or water rights, not found at appraised property.

Terrain

Parcels of similar range land terrain are deemed comparable for the appraisal at hand. Parcels with rolling rangeland are most similar, while terrain with drainages and sloping areas could possibly be perceived as being inferior in terms of development potential.

Infrastructure

Paved frontage roads and the utility trunk lines within adjacent rights-of-way provide the starting point from which extensions of infrastructure are made into undeveloped land. Differences in distance from access and utilities can affect price per acre, and thus, similar parcels were selected for comparison.

Given the factors of comparison above the selected comparisons of vacant land value are as follows.

Map 1	Phase One Listing	\$27,000 per acre	confirmed and believed representative of value
Map 3	Suerte Del Sur	\$21,569 per acre	larger tract size warrants a tract size adjustment
Map 5	Tierra Contenta	\$26,786 per acre	similar size and other features reflected in price
Map 7	DOT Listing	\$40,473 per acre	similar location influences, requires size adjustment
Average from Sample before Adjustments		\$28,957 per acre	

Adjustments to the primary comparisons follow, past activity on the subject property excluded from final analysis.

Sale	Map 3 Suerta Del Sur	Map Tierra Contenta	Map 7 DOT Listing
Base Price	\$21,569 per ac	\$26,786 per ac	\$40,473 per ac
	consummated sale	consummated sale	current listing
Adjustments			
Tract Size Comparison Adjustment	41.727 ac larger +33% size adjustment	34.2046 ac similar -0-	8.9281 ac smaller -33% size adjustment
<p>tract size adjustments above at 33% are by appraiser estimate from paired comparison of \$40,473 per acre in DOT comp at 8.9281 acres against \$26,786 per acre in Tierra 34.2046 acres equals a price per acre differential due to variance in tract size of about -33.8% rounded to 33.0%</p>			
Street Location Comparison Adjustment	paved road known similar -0-	paved road adjacent similar -0-	paved road adjacent similar -0-
Infrastructure Comparison Adjustment	none similar -0-	none similar -0-	none similar -0-
Value Indication	\$28,687 per ac	\$26,786 per ac	\$27,117 per ac

Based on the above the final land comparisons are refined by adjustments as follows.

Map 3 Suerta Del Sur	\$28,687 per acre
Map 5 Tierra Contenta	\$26,786 per acre
Map 7 DOT Listing	\$27,117 per acre
Midpoint of the Data Range	\$27,737 per acre
Rounded Average after Adjustments	\$27,530 per acre

The adjustment sale analysis above suggests the probable value of the appraised property falls within the bracket of \$26,786 per acre and \$28,687 per acre. The midpoint of the range is \$27,737 per acre and the mean of the adjusted data is \$27,530 per acre. All considered, the final value estimate for the appraised property should reasonably fall within these figures and is therefore stated as follows.

Caja Del Rio Holdings LLC		
28.000 acres	@ \$27,600 per acre	\$772,800
	rounded	\$770,000

Reconciliation and Final Estimate of Value

The land sales comparison method was utilized as the valuation procedure. Results of this study are as follows.

Sales Comparison	\$27,600 per acre	assuming vacant land as is raw land condition
------------------	-------------------	--

Measurements of value developed through the land sales comparison method arrive at vacant raw land prior to final entitlements or construction. Like kind comparisons were drawn from the market.

The final value estimate reflects an opinion of what the property would command within a reasonable marketing period. A reasonable length marketing time required to sell the appraised property would be on the order of up to 12 months.

Examples of marketing times follow.

Examples of Marketing Times

Suerte Del Sur	sold 08/2006	under 1.0 year period to sell after initial contact from buyer
Tierra Contenta	sold 12/2009	not actively listed, sold within 1.0 year of negotiations
Storm River	sold 08/2012	sold within about 0.5 year of initial negotiations to purchase

In conclusion, under the assumptions and conditions defined herein, the final market value estimate for the appraised property, assuming a reasonable length marketing time forward from the effective date of appraisal March 24, 2016, may be stated as follows.

Market Value Estimate	
Caja Del Rio Holdings LLC 28.000 Acres	
Appraised as Vacant Land Prior to Development	
Real Estate Only As Is Condition	\$770,000

CERTIFICATION

The undersigned hereby certifies, except as otherwise noted in this appraisal report, 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 no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

I have not performed any services as an appraiser or any other capacity regarding the property that is subject of this report within a three year period immediately preceding acceptance of this assignment, unless otherwise noted herein.

My engagement in this assignment was not contingent on developing or reporting predetermined results. This appraisal assignment was not accepted or prepared on the basis of a requested or specific valuation or the approval of financing.

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.

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of 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.

I have made a personal inspection of the property that is the subject of this report. No one provided significant real property appraisal assistance to the person signing this certification.

As of the date of this report, Matthew Pendleton, MAI has completed the continuing education program for Designated Members of the Appraisal Institute. As of the date of this report, Matthew Pendleton, MAI has completed the continuing education requirements of the State of New Mexico pertaining to licensed real estate appraisers.

Noteworthy assumptions and conditions for the appraisal are as follows.

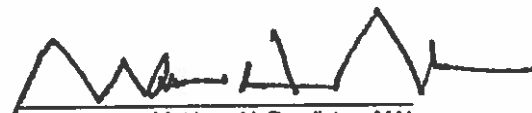
The recorded survey plat and legal description attached hereto, used for purposes of determining appraised property land area and boundaries, were assumed to be accurate as of the effective date of this appraisal.

This appraisal assumes legal and perpetual access rights would be attainable in the future off Caja Del Rio Road, as necessary for ordinary courses of vehicular access to the property.

This appraisal is predicated on the understanding that there are no title conditions, easements, deed restrictions or legal matters that would impair value or marketability. Clear and immediately marketable title is assumed.

Absent professional land engineering reports, this appraisal assumes there are no significant detrimental physical conditions or soil conditions in the appraised land that would impair value or marketability.

This appraisal reflects real estate only as vacant land in as is condition excluding personal property items including but not limited to future development entitlements, licenses, business value or other intangibles.



Matthew H. Pendleton, MAI
NM General Certified Appraiser #000277-G

QUALIFICATIONS OF THE APPRAISER
Matthew H. Pendleton, MAI

EDUCATION

B.A. New Mexico State University	1976
Real Estate Courses - College of Santa Fe	1978 to 1981
Society of Real Estate Appraisers	1979

American Institute of Real Estate Appraisers

Commercial Appraisal Kaplan	2016
Motel and Hotel Analysis and Valuation	2015
Green Buildings Introduction and Concepts	2015
ANSI Measuring Standards Kaplan	2014
Data Verification Methods	2012
HP Financial Calculator Analysis	2005, 2007, 2012
Real Estate Appraisal Principals	2012
Subdivision Valuation	2012
Standards of Professional Practice USPAP	2003, 2006, 2009, 2012, 2013, 2015
New Mexico State Appraisers Board Update Class	2011, 2013, 2015
Commercial Client Expectations in Appraisal Reports	2011
Scope of Work and Expanding Professional Services	2011
Real Estate Appraisal Operations	2010
Appraisal Curriculum Overview Residential	2009, 2013
Appraisal Curriculum Overview Commercial	2009, 2013
Internet Applications for Appraisal	2007
Client Expectations in Appraisal Reports	2007
Appraising from Blueprints and Specifications	2006
Analyzing Detrimental Conditions in Real Estate	2005
Geographic Information Systems	2005
Eminent Domain and Condemnation Litigation Valuation	2005
Business Practice and Ethics	2003, 2006, 2009, 2013
Option Value in Real Estate	2002
Appraisal Writing	2002
Open Space and Transferred Development Rights	2001
Conservation Easement Valuation	2001
Liability and Fraud Analysis	2001
Case Studies in Commercial Highest and Best Use	2000
Appraising from Blueprints and Specifications	2000
Standards of Professional Practice, Parts A & B	1999
Small Hotel/Motel Valuation	1998
Appraisal Office Management	1998
The Internet and Appraising	1998
Eminent Domain and Condemnation Appraising	1997
Water Rights and Issues	1997
Data Confirmation and Verification	1996
Special Purpose Properties	1996
Course 410, USPAP Code of Ethics	1995
Course 420, USPAP Standards of Practice	1995
Limited Appraisals and USPAP Report Options	1995
Environmental Risk	1994
Feasibility and Highest and Best Use Analysis	1994
Subdivision Analysis	1994
Rates, Ratios and Reasonableness	1993, 2004
Standards of Professional Practice -- Ethics	1992
Federal Banking Regulations	1992
Appraising Troubled Properties	1992
Uniform Commercial/Industrial Appraisal Report	1991
Reviewing Appraisals	1991
Hazardous Wastes and Appraisals	1989
Preservation/Conservation Easements	1988
Real Estate Risk Analysis	1987
Federal Income Tax/Real Estate Seminar	1987
Federal Home Loan Bank Board R41B	1986
Introduction/Valuation of Hotels and Motels	1985
Course 2-1, Case Studies in Valuation	1984
Course 2-2, Valuation Analysis and Report Writing	1984
Capitalization Theory and Techniques	1981, 1982, 1983

IRWA Association

Easement Valuation

1986

PROFESSIONAL EXPERIENCE

Assistant to Thomas G. Gillentine, MAI, ARA, CRE
Staff Appraiser, Gillentine & Keever, Inc.
Senior Analyst and Consultant, Gillentine & Pendleton, Inc.
Principal Analyst and Consultant, Pendleton Appraisal, Ltd.

1978 to 1985
1978 to 1985
1985 to 1991
1991 to Present

BUSINESS BACKGROUND

Real estate appraisals and real property consultation services provided through the offices of Gillentine & Pendleton, and Pendleton Appraisal. Past assignments have involved various forms of vacant land, residential subdivisions, wilderness areas, rail yards, business parks, office buildings, retail buildings, restaurants, art galleries, industrial properties, public and private schools, shopping centers, historic properties, condominiums, townhouses, recreation ranches, luxury residential, hotels and motels, mobile home parks and self-storage facilities. Special purpose assignments have included easement valuations, leasehold estates, eminent domain parcels, conservation easements, fractional ownerships and other property interests.

CLIENT BASE

Local, regional and national financial institutions, private sector investors, property owners, developers, attorneys and accountants. Various municipal governments within the State of New Mexico. State and County governments, trust departments, insurance agencies and title companies. United States government agencies including the Postal Service, Forest Service, Fish and Wildlife Service, Federal Aviation Administration, Department of Energy and Los Alamos National Laboratory. Appraisal and consulting assignments prepared for Native American Indian Tribes, various religious organizations, conservation groups such as the Nature Conservancy, Trust for Public Land and Archeological Conservancy, as well as colleges, universities and other educational organizations.

MEMBERSHIPS

MAI Designation - Appraisal Institute, 1985
Part Time Faculty - Santa Fe Community College
State of New Mexico, Real Estate Appraiser License No. 00277-L
State of New Mexico, Real Estate Appraiser General Certificate No. 00277-G

ASSUMPTIONS AND LIMITING CONDITIONS

1. This is an Appraisal Report format intended to comply with the reporting requirements set forth under the relevant Standard Rules of the Uniform Standards of Professional Appraisal Practice. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. We have relied on information prepared by the property owner representative, licensed surveyors and other real estate professionals in making certain decisions in the process of this appraisal. No one else provided significant professional assistance to the persons signing this report. We have accepted this information as accurate, based on the fact that they represent matters beyond our expertise as appraisers along with the fact that they were prepared by recognized professionals.
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 non conformity has been stated, defined, and considered in the report.
11. It is assumed that all required licenses, 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 our attention nor did we become aware of such during our inspection. We have no knowledge of the existence of such materials on or in the property unless otherwise stated. However, we are not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde 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, nor for any expertise or engineering knowledge required to discover them.

14. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have not made a specific compliance survey and analysis of the property to determine if it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property along with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect upon the value of the property. Since we do not have direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

This report has been made with the following general limitations:

15. The conclusions expressed in our appraisal report apply only as of the stated date of the appraisal and we assume no responsibility for economic or physical factors occurring at some later 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 we are 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 appraisers, 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 prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the appraisers.

1. The first part of the exhibit is a list of the names of the persons who were present at the meeting.

2. The second part of the exhibit is a list of the names of the persons who were present at the meeting.

3. The third part of the exhibit is a list of the names of the persons who were present at the meeting.

4. The fourth part of the exhibit is a list of the names of the persons who were present at the meeting.

5. The fifth part of the exhibit is a list of the names of the persons who were present at the meeting.

6. The sixth part of the exhibit is a list of the names of the persons who were present at the meeting.

7. The seventh part of the exhibit is a list of the names of the persons who were present at the meeting.

8. The eighth part of the exhibit is a list of the names of the persons who were present at the meeting.



State of New Mexico

REAL ESTATE APPRAISERS BOARD

PO Box 25101 Santa Fe, NM 87505 (505) 476-4622



This is to certify that
Matthew H Pendleton#277-G

Having complied with the provisions of the New Mexico Real Estate Appraisers
Act is hereby granted a license to practice as a

General Certified Appraiser

This appraiser is eligible to perform in Federally Related Transactions

Issue Date: 12/01/1990 Date Expires: 04/30/2018

THIS LICENSE MUST BE CONSPICUOUSLY POSTED IN PLACE OF BUSINESS

THIS IS TO CERTIFY THAT	
Matthew H Pendleton	
a licensed, registered by the New Mexico Regulation and Licensing Department in accordance with provisions of laws in the State of New Mexico	
License / Registration No.	License / Registration Type
277-G	General Certified Appraiser
Issue Date	Expiration Date
12/01/1990	04/30/2018
The holder is prohibited by law from using this identification card to give the appearance that they are in any way connected with a governmental agency	
Signature of holder	



MEMBERSHIP CERTIFICATE

This Certifies That

Matthew H. Pendleton

was admitted to membership in the Appraisal Institute
of Real Estate Appraisers as an MAI Member (7280)
on the 22nd day of November, 1985 and by virtue
of the unification of the American Institute of Real Estate Appraisers
and the Society of Real Estate Appraisers has become an

MAI Member

in the Appraisal Institute and is entitled to all the rights and
privileges of membership subject only to the following
conditions set forth from time to time in the Bylaws and
Regulations of the Appraisal Institute.

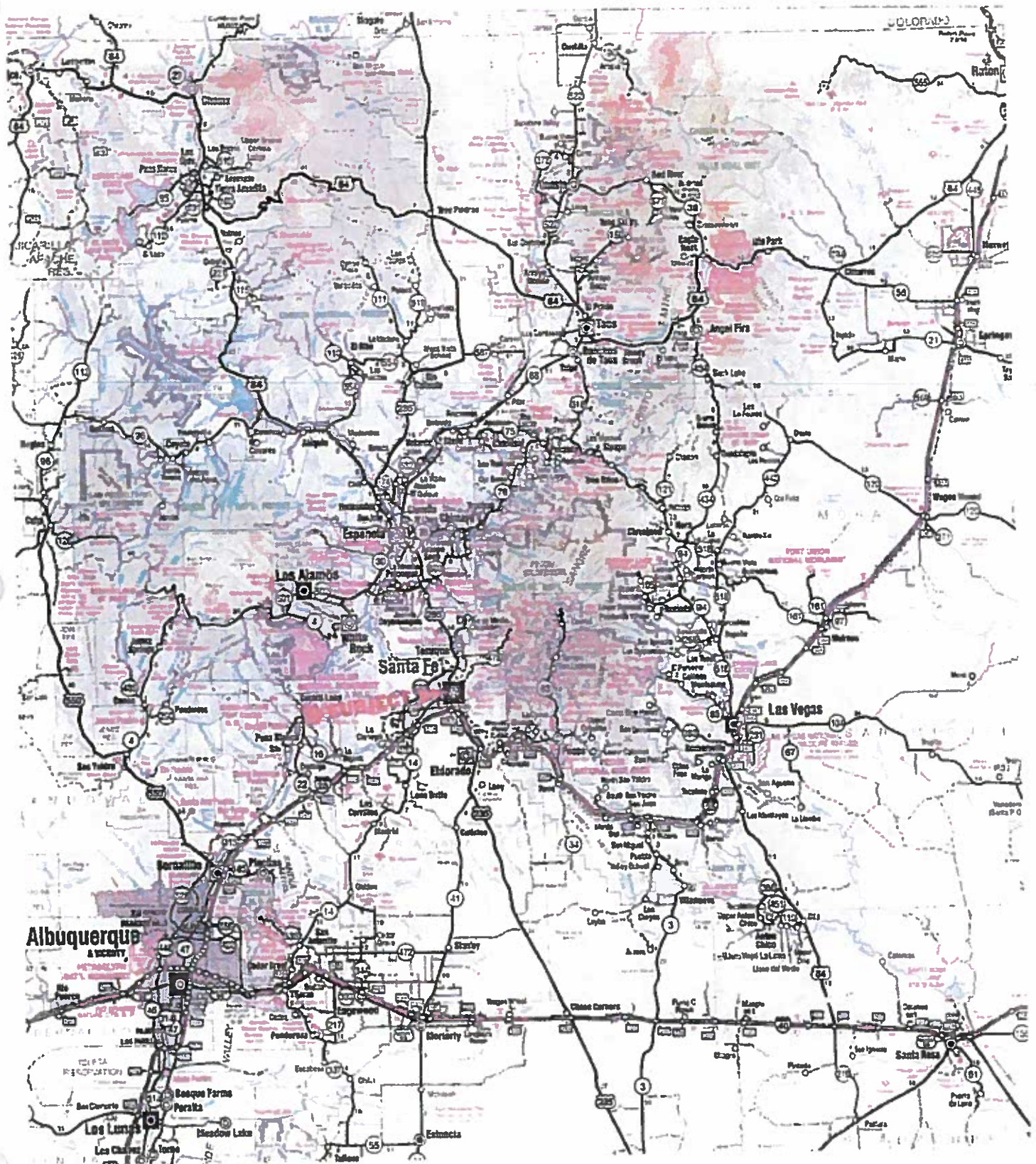
In Witness Whereof, the Board of Directors of the Appraisal Institute has
authorized this certificate to be signed in its behalf by the President.

Robert H. Roberts
President

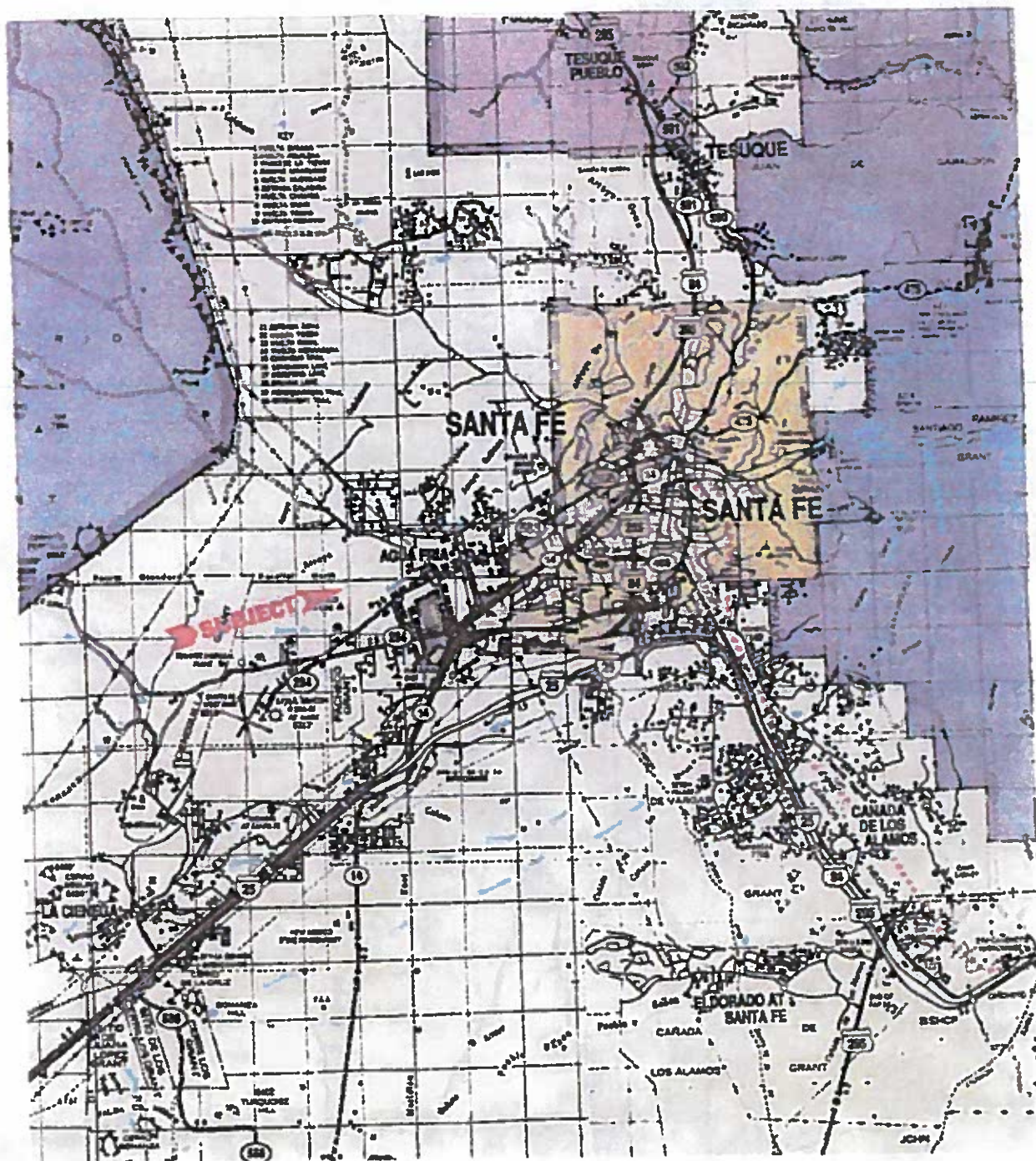


Contents of Exhibit B

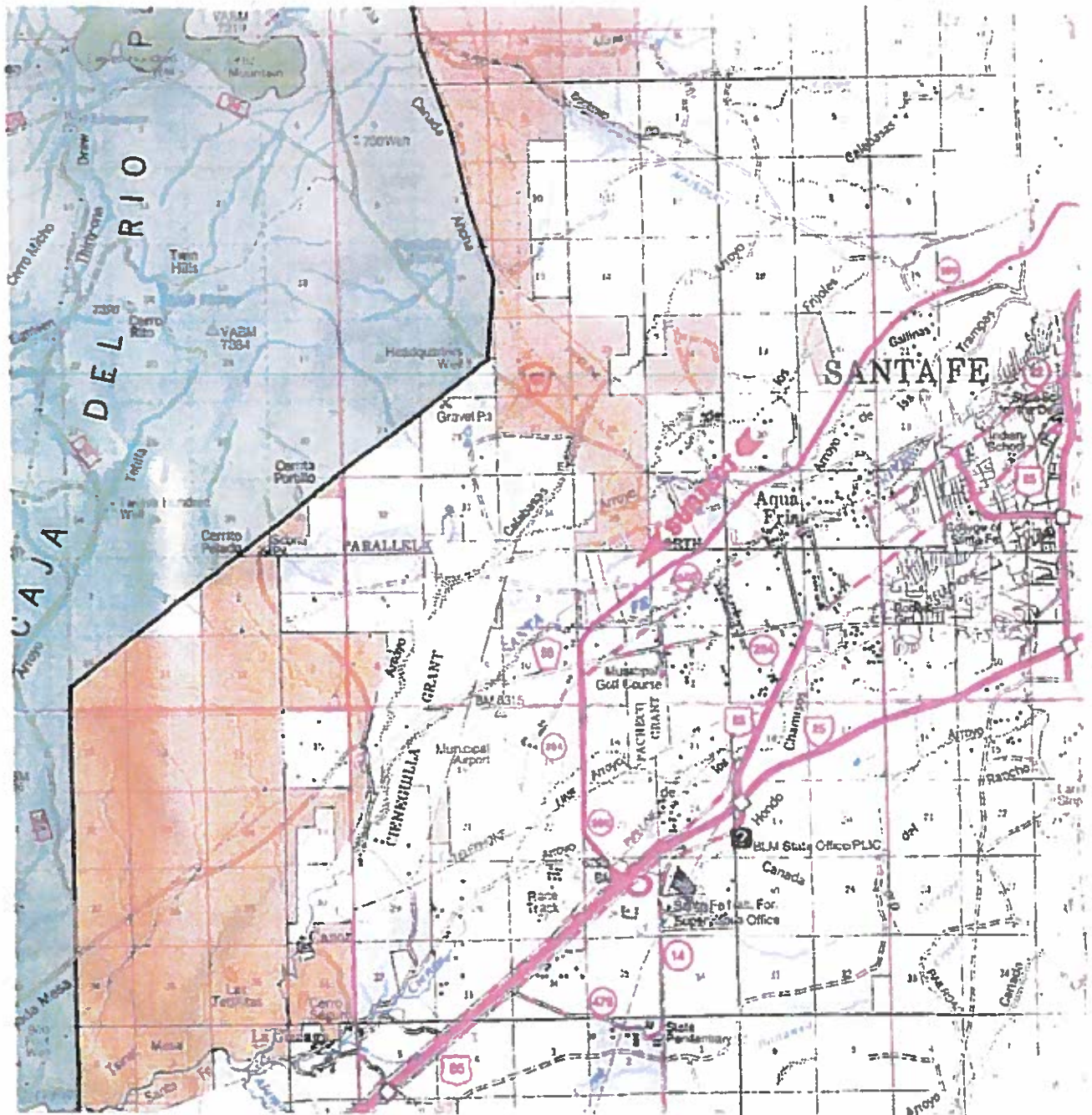
**Property Location on New Mexico State Map
Northern Central New Mexico Locations**



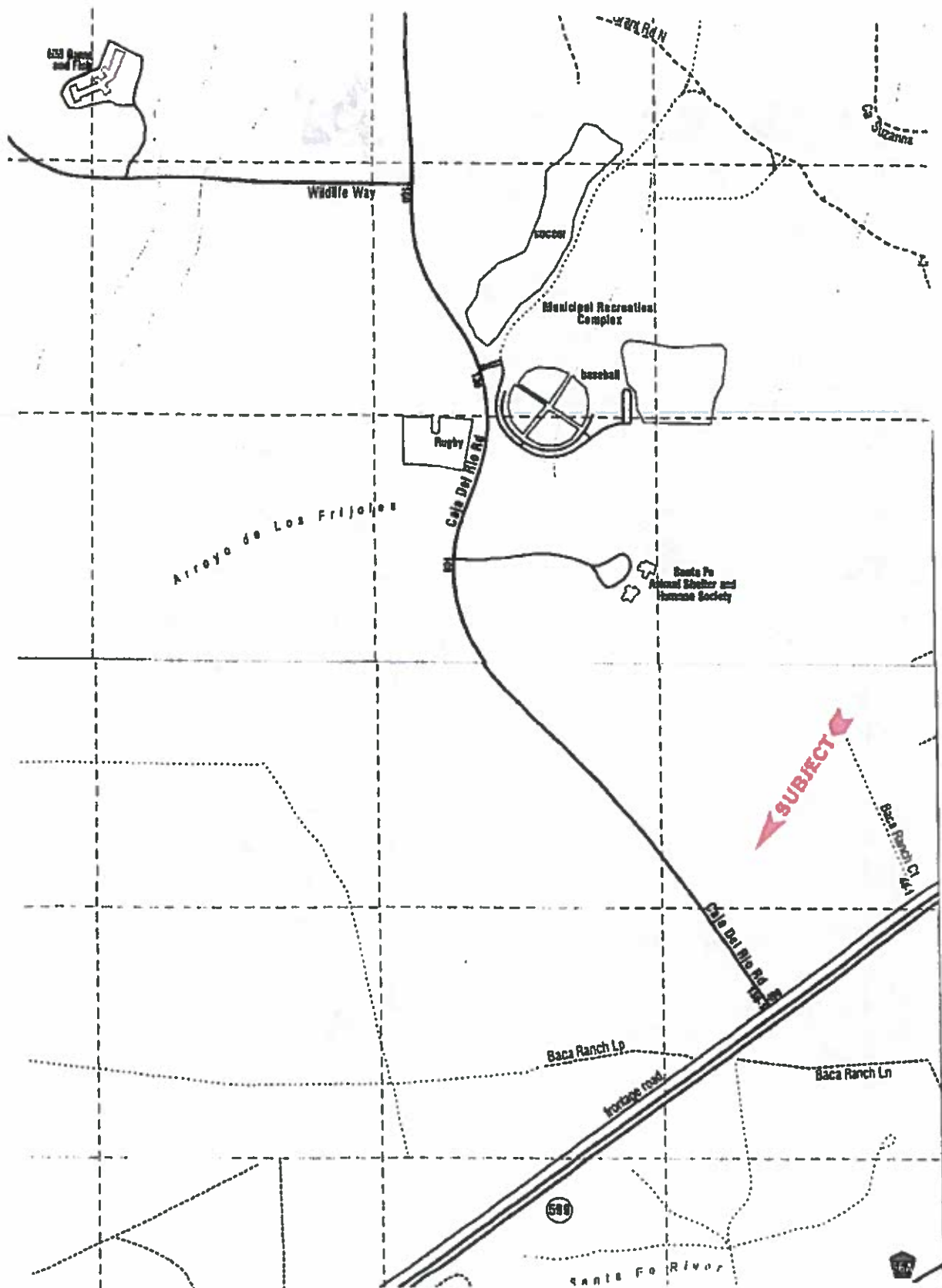
**Property Location on Vicinity Map
Santa Fe, New Mexico**



Property Location on USFS Map
Santa Fe County, New Mexico



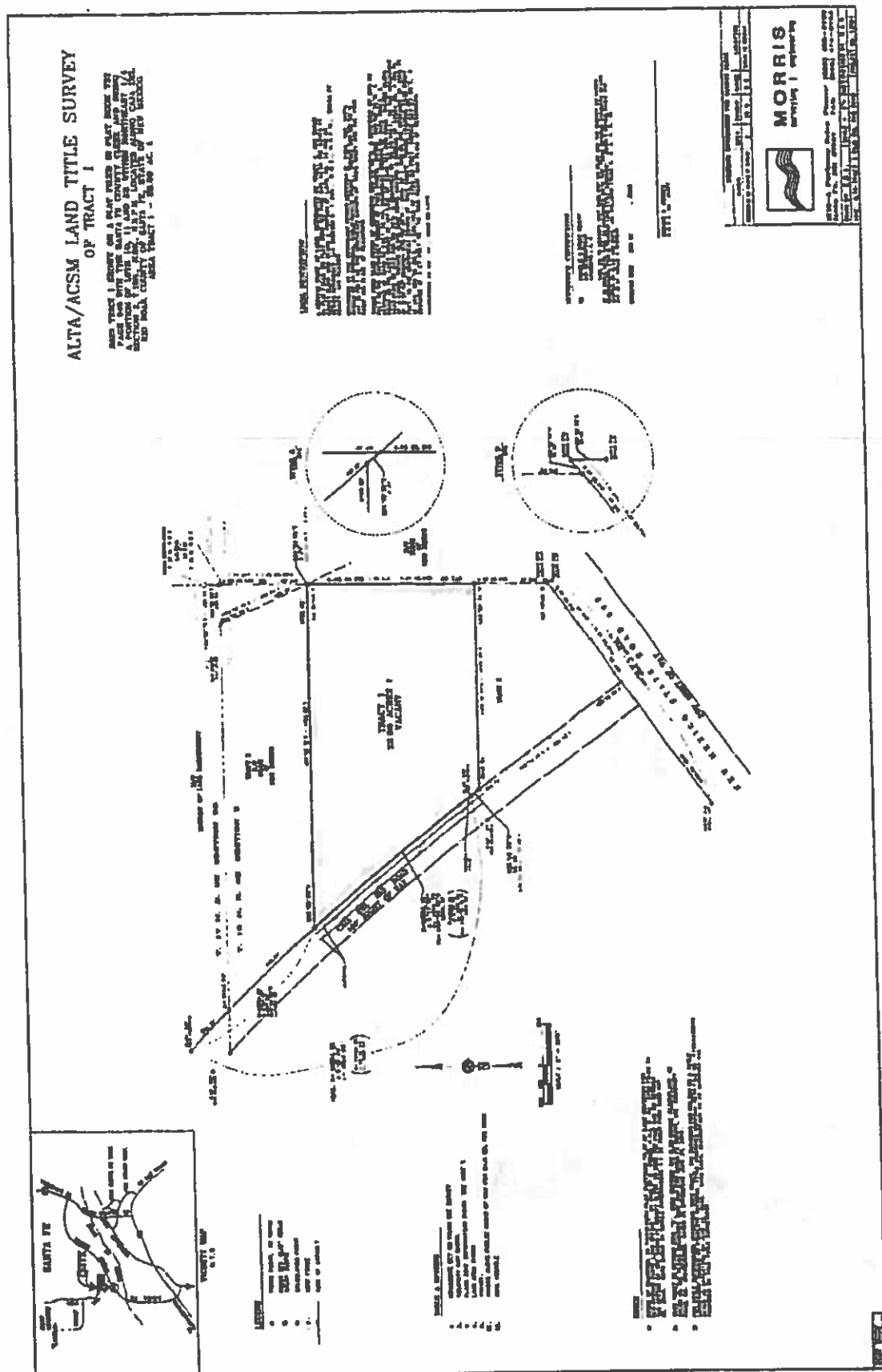
Property Location on Neighborhood Map
Santa Fe County, New Mexico

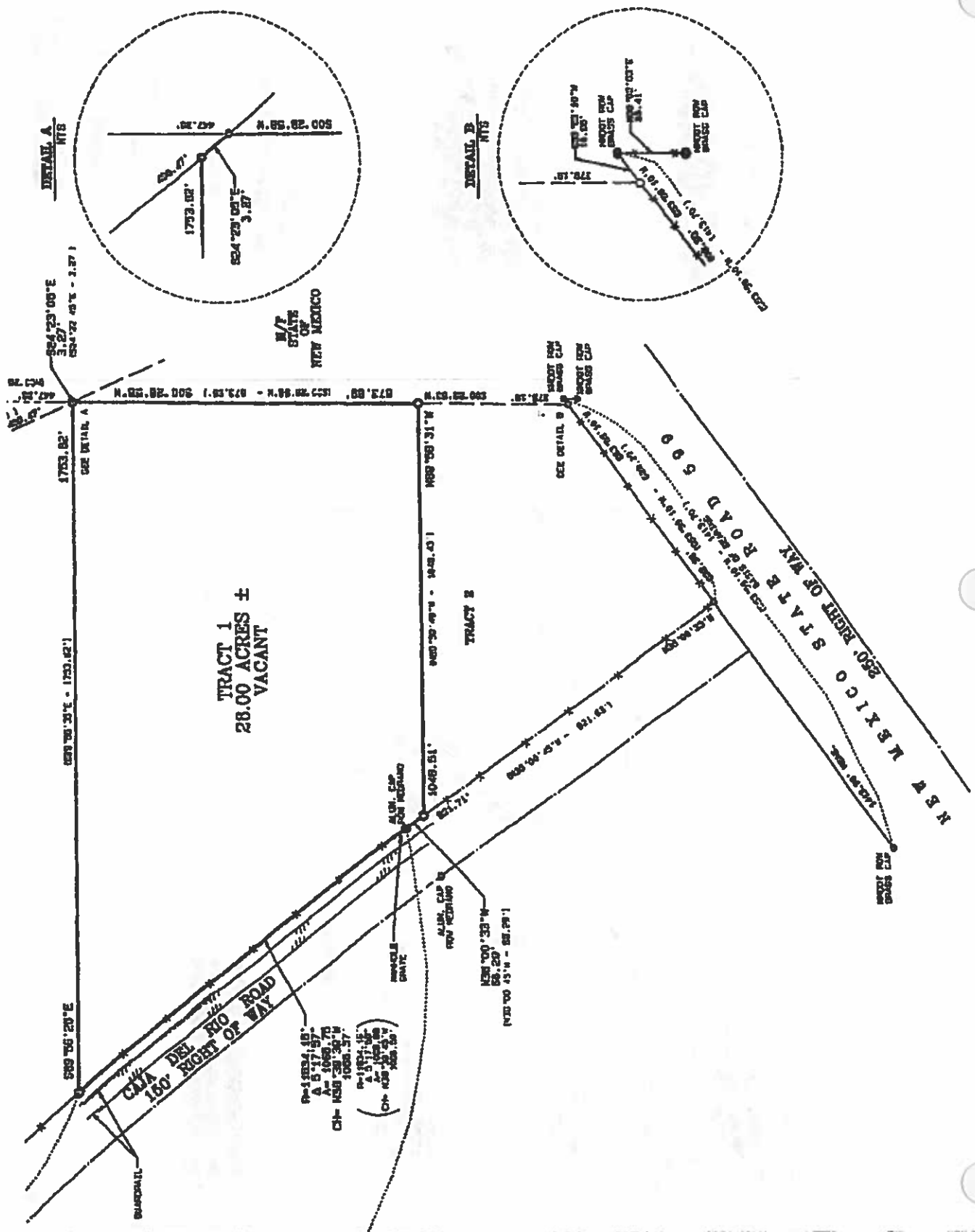


**Property Location on Aerial Photograph
Santa Fe County, New Mexico**

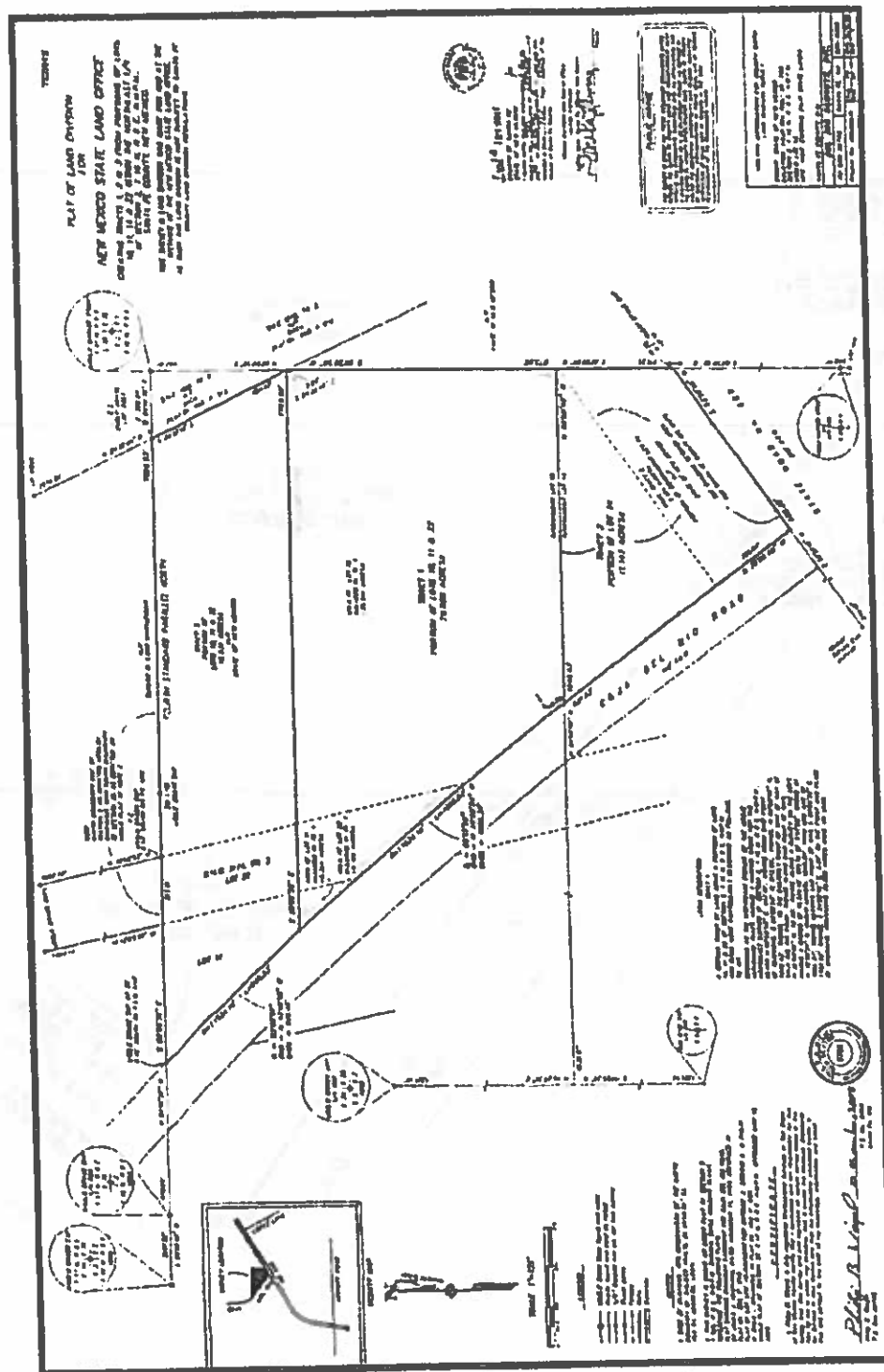


Contents of Exhibit C

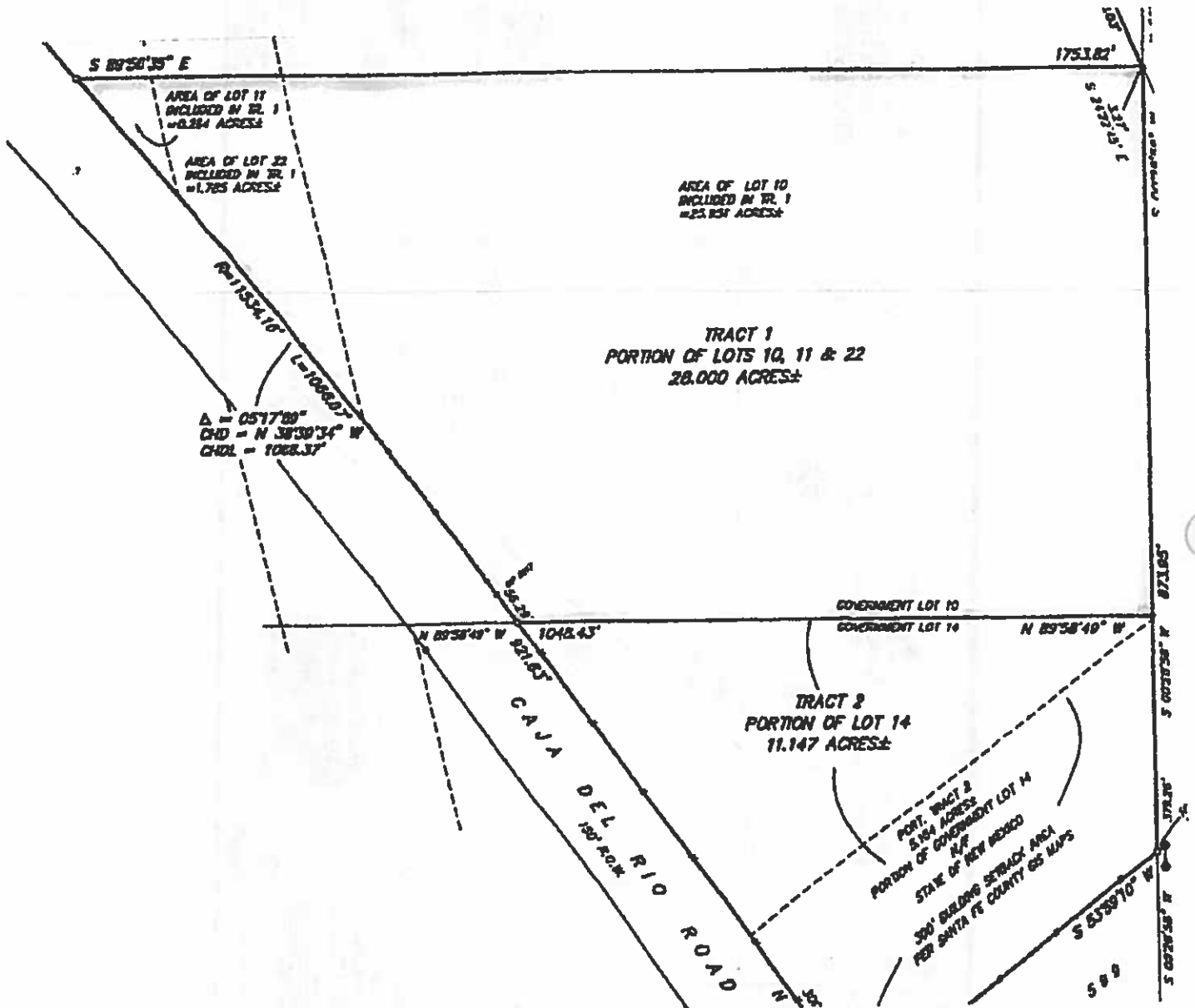




**Plat of Land Division Tract 1 28.000 Acres dated November 2008
Caja Del Rio Road Santa Fe County, New Mexico**



Plat of Land Division Tract 1 28.000 Acres dated November 2008
Caja Del Rio Road Santa Fe County, New Mexico



Return To: 155501 N.W.
FIDELITY NATIONAL TITLE INSURANCE

SPECIAL WARRANTY DEED

Foundation of the Knights Templar, a Delaware corporation d/b/a Easter Seals El Mirador, who acquired title as Easter Seals Santa Maria El Mirador ("Grantor"), for consideration paid, grants to *Caja del Rio Holdings, LLC*, a New Mexico limited liability company ("Grantee"), whose address is 8814 Horizon Boulevard NE, Suite 400, Albuquerque, New Mexico 87113, the real property located in Santa Fe County, New Mexico described in Exhibit A attached hereto.

SUBJECT TO: Easements, reservations and restrictions of record.

SUBJECT TO: Taxes for 2013 and subsequent years.

With special warranty covenants.

This deed includes an assignment and conveyance of any and all water rights appurtenant or related to the real property described in Exhibit A including, but not limited to, ground water rights, surface water rights and all rights in any ditch or water company or cooperative.

Witness my hand and seal this 13th day of December, 2013.

FOUNDATION OF THE KNIGHTS TEMPLAR,
a Delaware corporation d/b/a Easter Seals El
Mirador, who acquired title as Easter Seals
Santa Maria El Mirador



By: [Signature]
Its: Executive Director

[Notary Acknowledgment on Following Page]

COUNTY OF SANTA FE)	SPECIAL WARRANTY DEED
STATE OF NEW MEXICO) ss	PAGES: 3
I Hereby Certify That This Instrument Was Filed for Record On The 13TH Day Of December, A.D., 2013 at 04:17:01 PM And Was Duly Recorded as Instrument # 1725405 Of The Records Of Santa Fe County	
Deputy - FFISCHER	Witness My Hand And Seal Of Office Geraldine Salazar County Clerk, Santa Fe, NM

EXHIBIT A

to
Special Warranty Deed

A certain tract of land, designated as Tract 1 within the Northeast 1/4 Section 2, Township 16 North, Range 8 East, N.M.P.M., Santa Fe County, New Mexico.

Beginning at the Northeast corner Section 2, T16N, R8E, N.M.P.M., marked by an original USGLO marked stone, beginning at the Northeast corner of the above mentioned tract thence S 00 Degrees 29' 06" W, 447.36 feet to the true point and place of beginning:

Thence from said point of beginning, S 00° 29' 06" W, a distance of 873.89 feet to the Southeast corner of this tract; Thence, N 89° 58' 31" W, 1048.51 feet to the Southwest corner of this tract, a point on the East right of way line of Caja Del Rio Road; Thence along said right of way N 36° 00' 33" W, a distance of 56.29 feet, to the beginning of a corner; Thence along said curve having a Radius of 11534.16; a Delta of 5° 17' 57", (Chord = N 38° 39' 39" W - 1066.37) and an Arc distance of 1066.75 feet to the Northwest corner of this tract; Thence leaving said Right of Way, S 89° 56' 35" E, a distance of 1753.82 feet; Thence S 24° 23' 05" E, 3.27 feet to the true point and place of beginning.

All as shown on "ALTA/ACSM Land Title Survey of Tract 1...being a portion of Lots 10, 11 and 22 within Section 2, T16N, R8E, NMPM...", prepared by Richard A. Morris NMPS #10277, dated 10/20/2013.

ACKNOWLEDGMENT

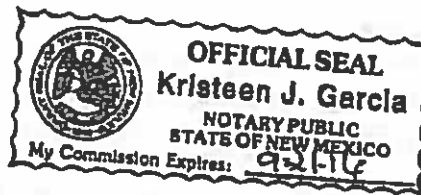
STATE OF New Mexico
COUNTY OF Bernalillo) ss

The foregoing instrument was acknowledged before me this 13 day of December, 2013
by Mark Johnson as Executive Director
of the Foundation of the Knights Templar, a Delaware corporation d/b/a Easter Seals El Mirador,
who acquired title as Easter Seals Santa Maria El Mirador.

Kristeen J. Garcia
Notary Public

My commission expires:

9-21-16



C:\Users\WP002\Documents\Caja Del Rio Holdings LLC\Property Purchases\Deeds\Special Warranty Deed DFI 121113.wpd

FIDELITY NATIONAL TITLE INSURANCE COMPANY

Pursuant to the New Mexico Title Insurance Law §59A-30-4 NMSA 1978, Control and supervision by superintendent and Title Insurance Regulation §13.14.18.10, NMAC, no part of any title insurance commitment, policy or endorsement form may be added to, altered, inserted in or typed upon, deleted or otherwise changed from the title insurance form promulgated by the New Mexico Superintendent of Insurance, nor issued by a person or company not licensed with regard to the business of title insurance by the New Mexico Superintendent of Insurance, nor issued by a person or company who does not own, operate or control an approved title abstract plant as defined by New Mexico law and regulations for the county wherein the property is located.

SCHEDULE A

Name and Address of Title Insurance Company: Fidelity National Title Insurance Company
2155 Louisiana Blvd NE, Ste. 1200
Albuquerque, NM 87110

File No.: FT000133581-NM19
Policy No.: O-000133581
Address Reference: Caja del Rio Road/Hwy 599 Frontage, Santa Fe, New Mexico

Amount of Insurance:
Premium: \$ 3,798.00

Date of Policy: December 13, 2013 at 04:17 PM

1. Name of Insured:
Cauwels Investments, LLC, a New Mexico limited liability company
2. The estate or interest in the land that is insured by this policy is:
Fee Simple
3. Title is vested in:
Cauwels Investments, LLC, a New Mexico limited liability company
4. The Land referred to in this policy is described as follows:
A certain tract of land, designated as Tract 1 within the Northeast 1/4 Section 2, Township 16 North, Range 8 East, N.M.P.M. Santa Fe County, New Mexico.

Beginning at the Northeast corner Section 2, T16N, R8E, N.M.P.M., marked by an original USGLO marked stone, beginning at the Northeast corner of the above mentioned tract thence S 00 Degrees 29' 06" W., 447.36 feet to the true point and place of beginning:

Thence from said point of beginning, S 00 ° 29' 06" W., a distance of 673.89 feet to the Southeast corner of this tract; Thence, N 89 ° 58' 31" W., 1048.51 feet to the Southwest corner of this tract, a point on the East right of way line of Caja Del Rio Road; Thence along said right of way N 36 ° 00' 33" W., a distance of 56.29 feet, to the beginning of a corner; Thence along said curve having a Radius of 11534.16; a Delta of 5 ° 17' 57", (Chcd = N 38 ° 39' 39" W - 1066.37) and an Arc distance of 1066.75 feet to the Northwest corner of this tract; Thence leaving said Right of Way, S 89 ° 58' 35" E, a distance of 1753.82 feet; Thence S 24 ° 23' 05" E., 3.27 feet to the true point and place of beginning.

All as shown on "ALTA/ACSM Land Title Survey of Tract 1...being a portion of Lots 10, 11 and 22 within Section 2, T16N, R8E, NMPM...", prepared by Richard A. Morris NMPS #10277, dated 10/20/ 2013.

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ALTA
1000 111111



FDNM0270.rdw

NM Form 1
ALTA Owner's Policy (8/1/08)

File No.: FT000133581-NM19

Policy No.: O-000133581

SCHEDULE B
EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

1. Rights or claims of parties in possession not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Encroachments, overlaps, conflicts in boundary lines, shortages in area, or other matters which would be disclosed by an accurate survey and inspection of the premises.
4. Any lien, claim or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
5. Community property, survivorship, or homestead rights, if any, of any spouse of the insured (or vestee in a leasehold or loan policy).
6. Intentionally Omitted.
7. Water rights, claims or title to water.
8. Intentionally Omitted.
9. Taxes for the year 2014, and thereafter.
10. Reservations, exceptions and provisions contained in the patent from the State of New Mexico, and in the acts authorizing the issuance thereof.

Recorded: June 20, 2013 Instrument No. 1709515 of Official Records.

11. Title to all the oil, gas and other minerals in, under and that may be produced from the land, together with all rights, privileges and immunities relating thereto heretofore reserved unto and or conveyed by predecessors in title.

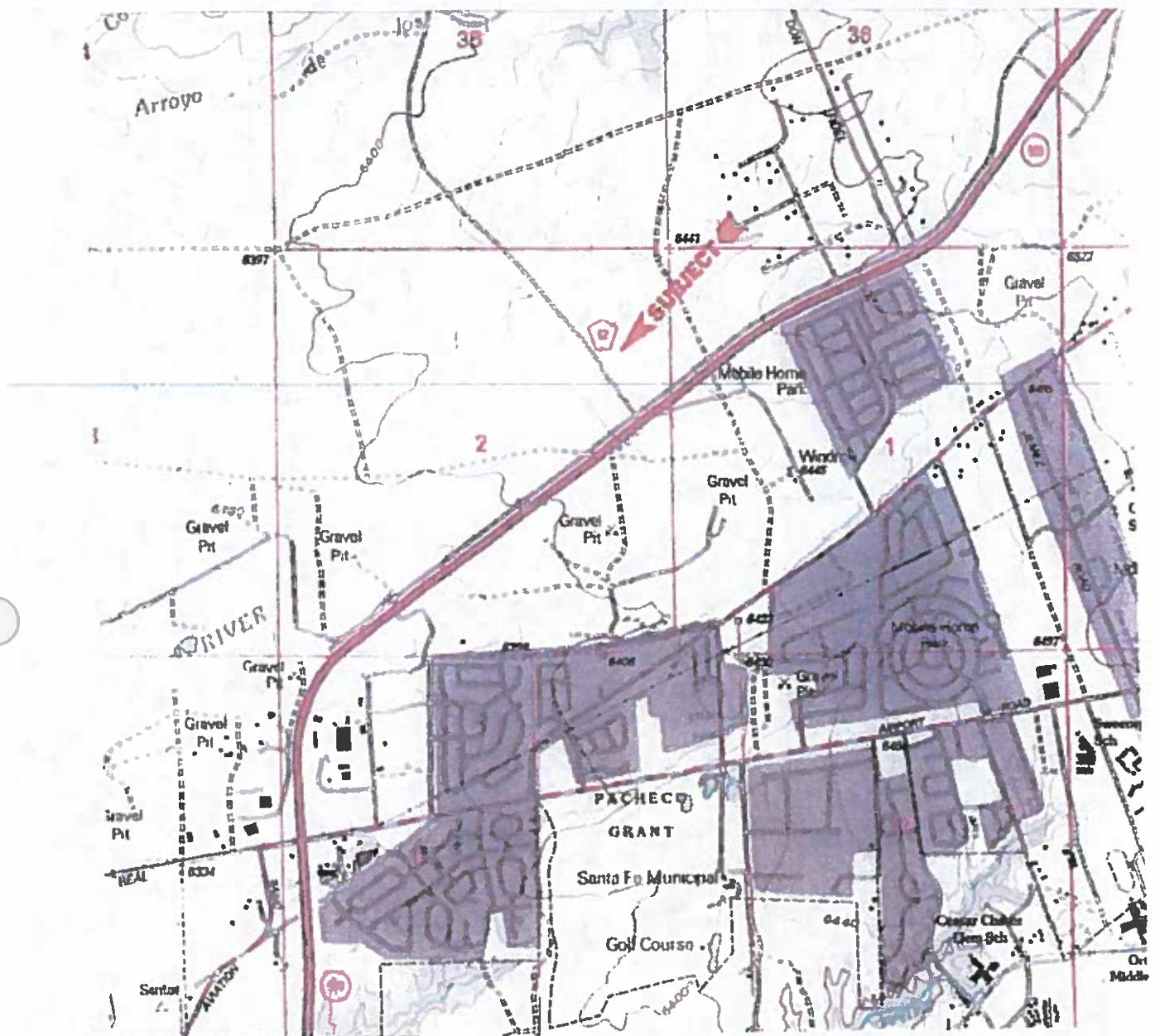
Schedule B, Items numbered One (1) thru Four (4) are hereby deleted.

In compliance with Subsection D of 13.14.18.10 NMAC, the Company hereby waives its right to demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association. Nothing herein prohibits the arbitration of all arbitrable matters when agreed to by both the Company and the insured.

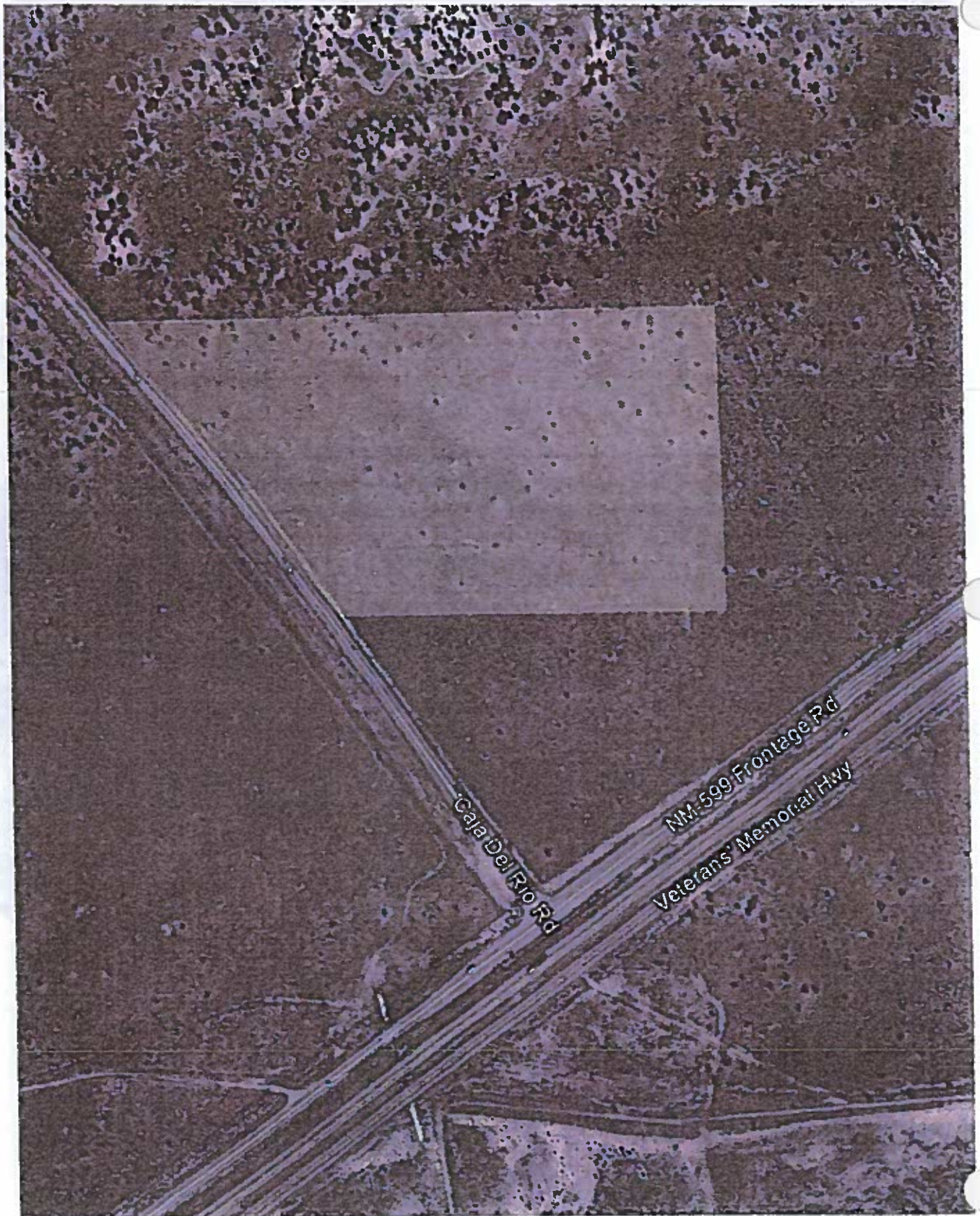
END OF SCHEDULE B

Contents of Exhibit D

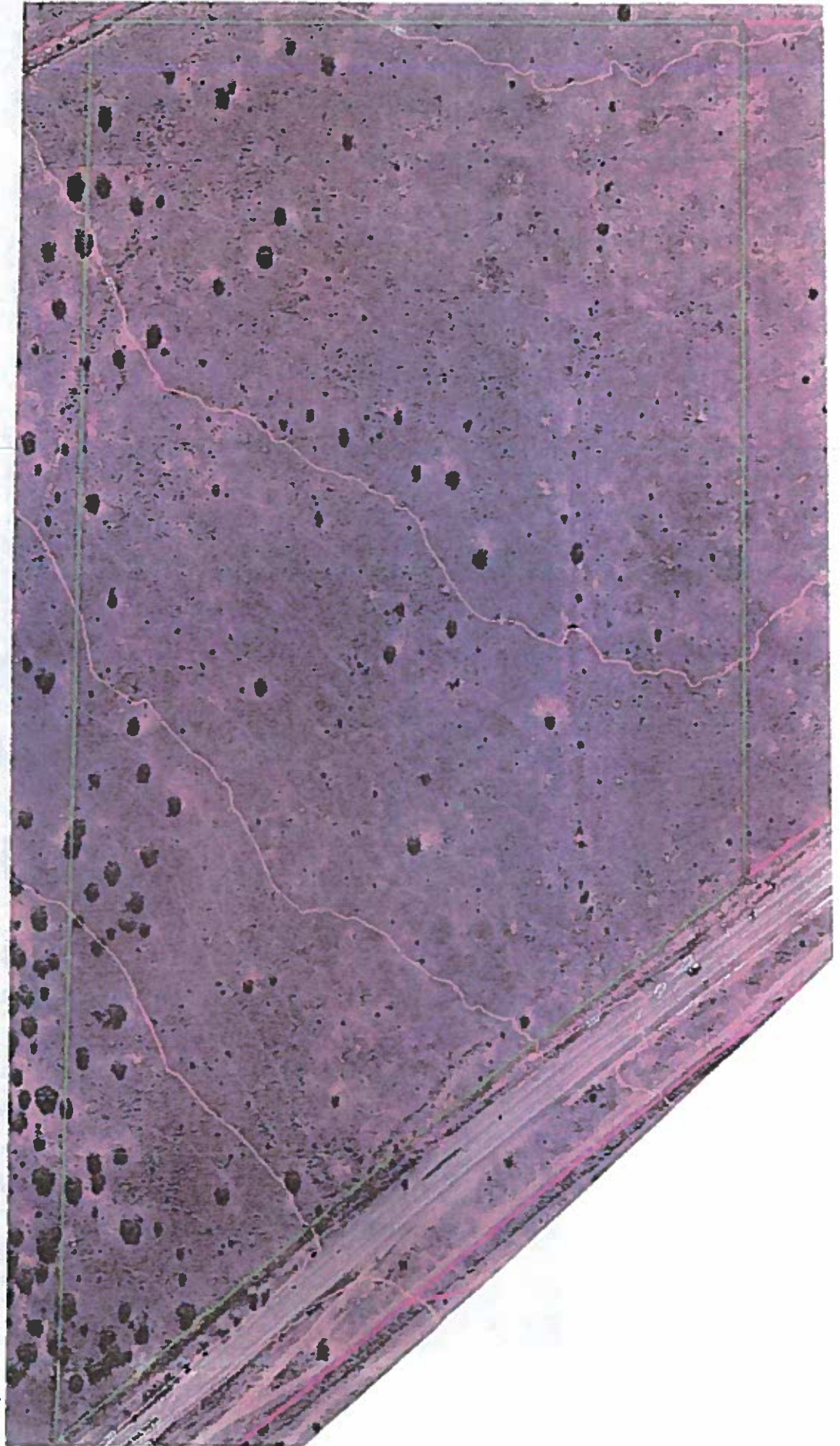
**Property Location on USGS Map
Santa Fe County, New Mexico**



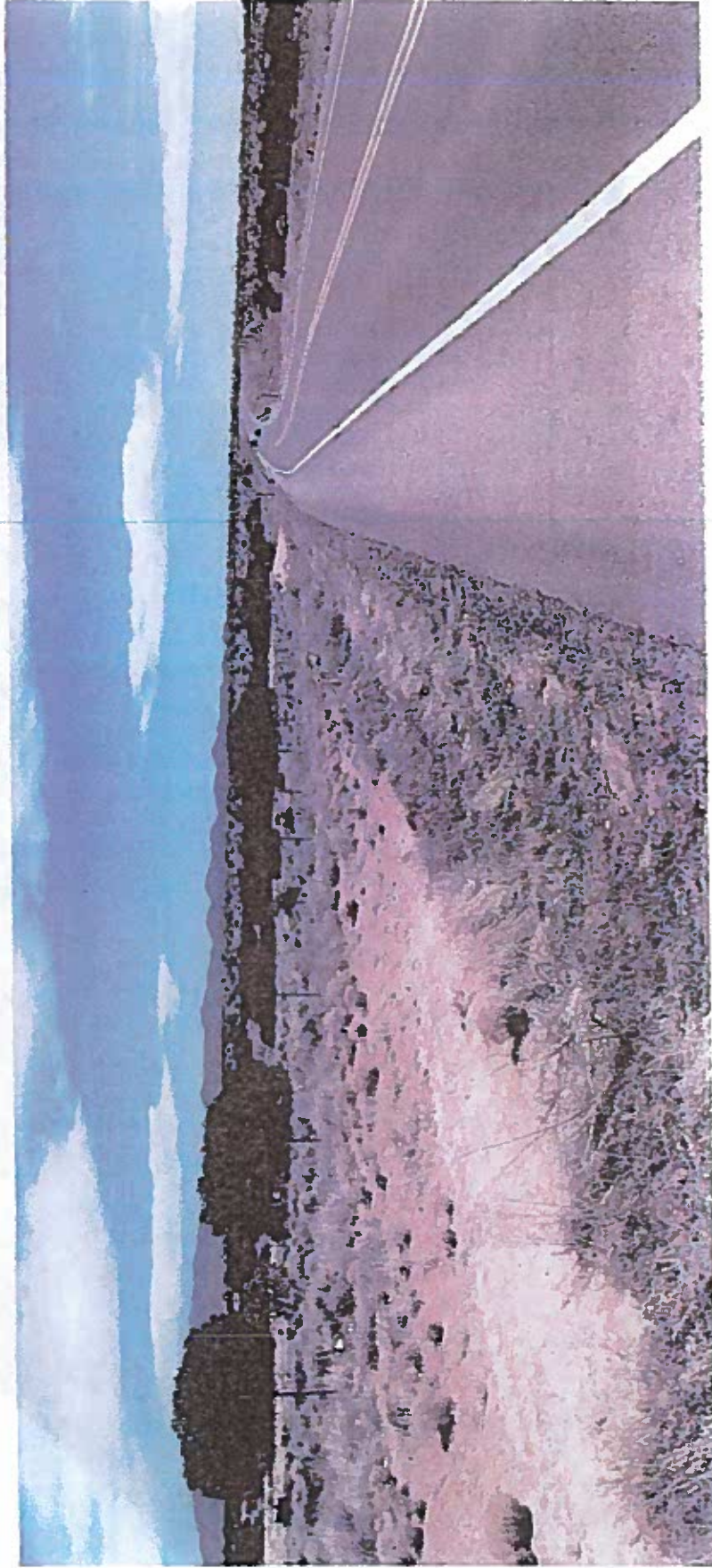
Property Location on Aerial Photograph
Santa Fe County, New Mexico



Property Location on Aerial Topographic Map Tract 1 28,000 Acres
Caja Del Rio Holdings LLC Santa Fe County, New Mexico

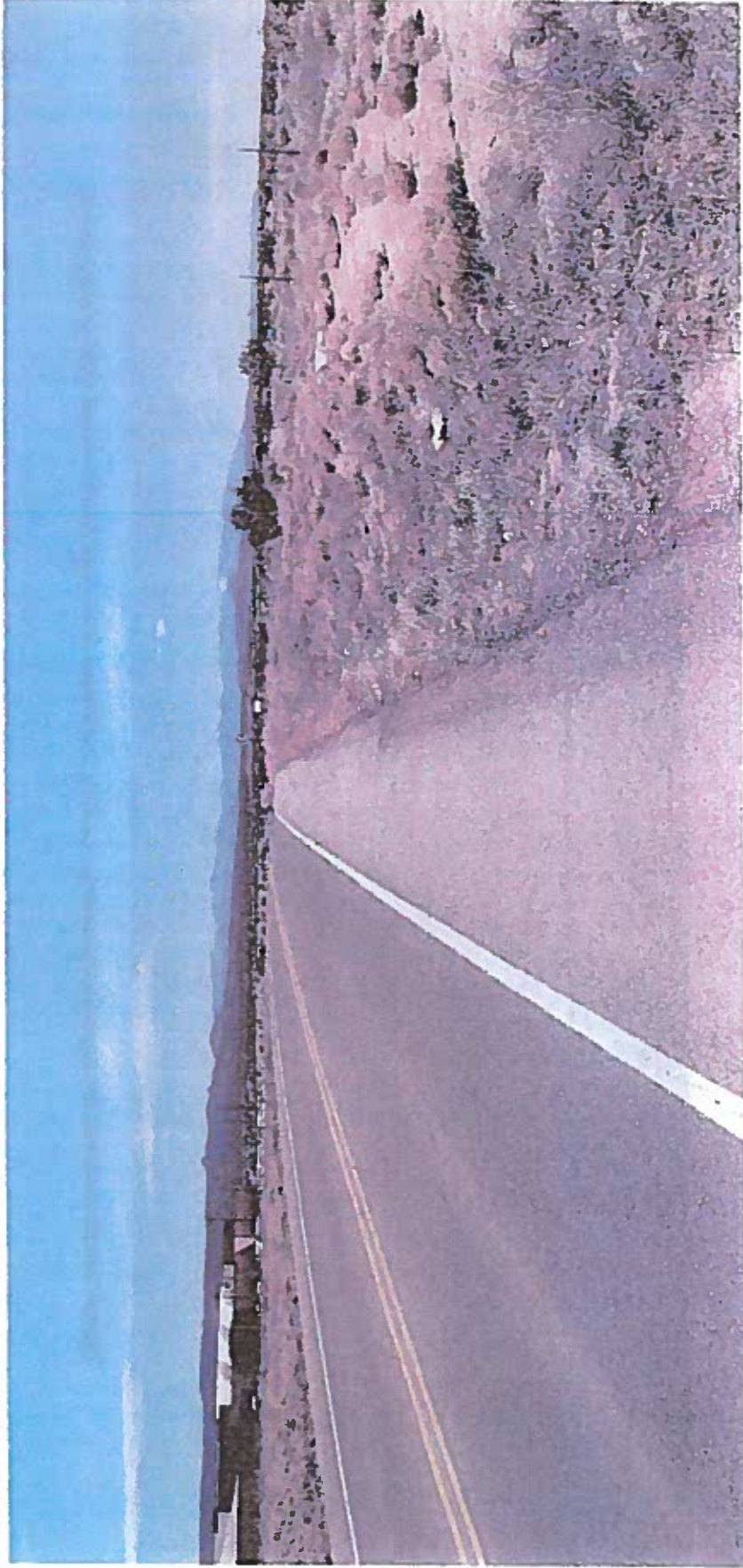


Appraised Property Photographs
Caja Del Rio Holdings, LLC 28,000 Acre Parcel
Vacant land 28 Vicinity of Caja Del Rio Road
Santa Fe County, New Mexico
Taken March 2016 by Pendleton Appraisal Ltd.



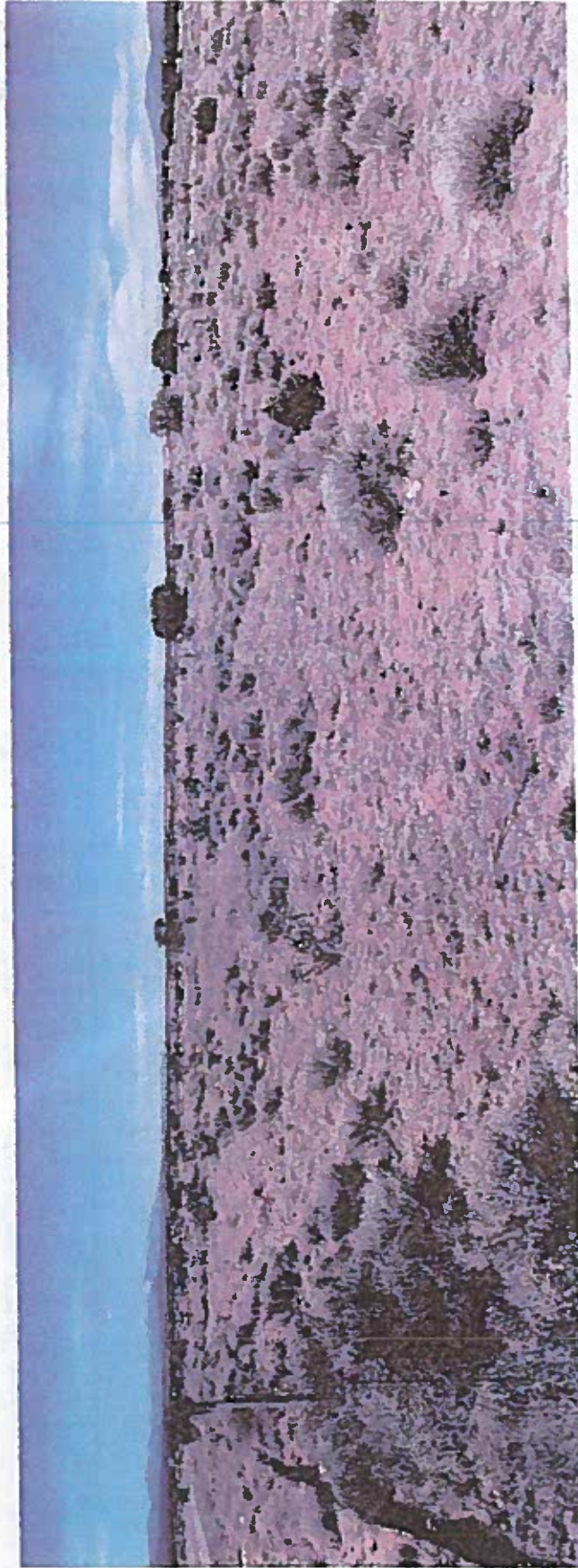
Caja Del Rio Road looking southeasterly toward Bypass Highway 599, appraised property on left.

Appraised Property Photographs
Caja Del Rio Holdings, LLC 28,000 Acre Parcel
Vacant land 28 Vicinity of Caja Del Rio Road
Santa Fe County, New Mexico
Taken March 2016 by Pendleton Appraisal Ltd.



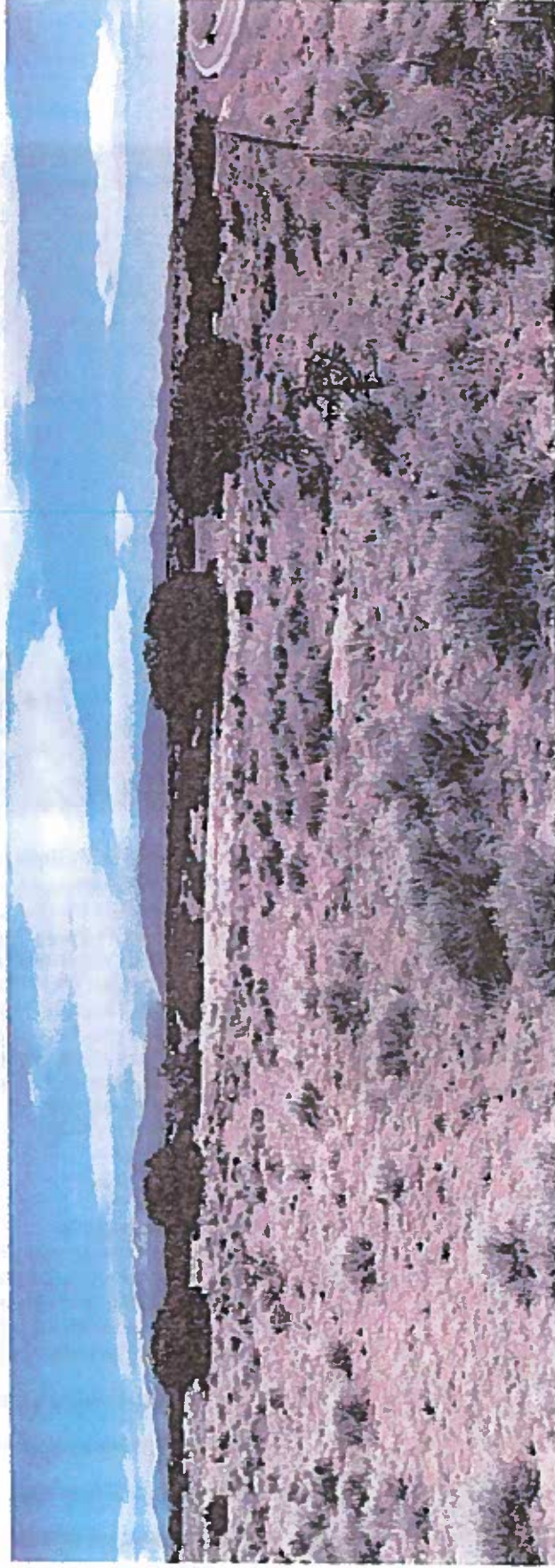
Caja Del Rio Road looking northwesterly, from vicinity of appraised property.

Appraised Property Photographs
Caja Del Rio Holdings, LLC 28,000 Acre Parcel
Vacant land 28 Vicinity of Caja Del Rio Road
Santa Fe County, New Mexico
Taken March 2016 by Pendleton Appraisal Ltd.



Typical terrain features for appraised property, looking northwest from Caja De Rio Road right-of-way fence.

Appraised Property Photographs
Caja Del Rio Holdings, LLC 28,000 Acre Parcel
Vacant land 28 Vicinity of Caja Del Rio Road
Santa Fe County, New Mexico
Taken March 2016 by Pendleton Appraisal Ltd.

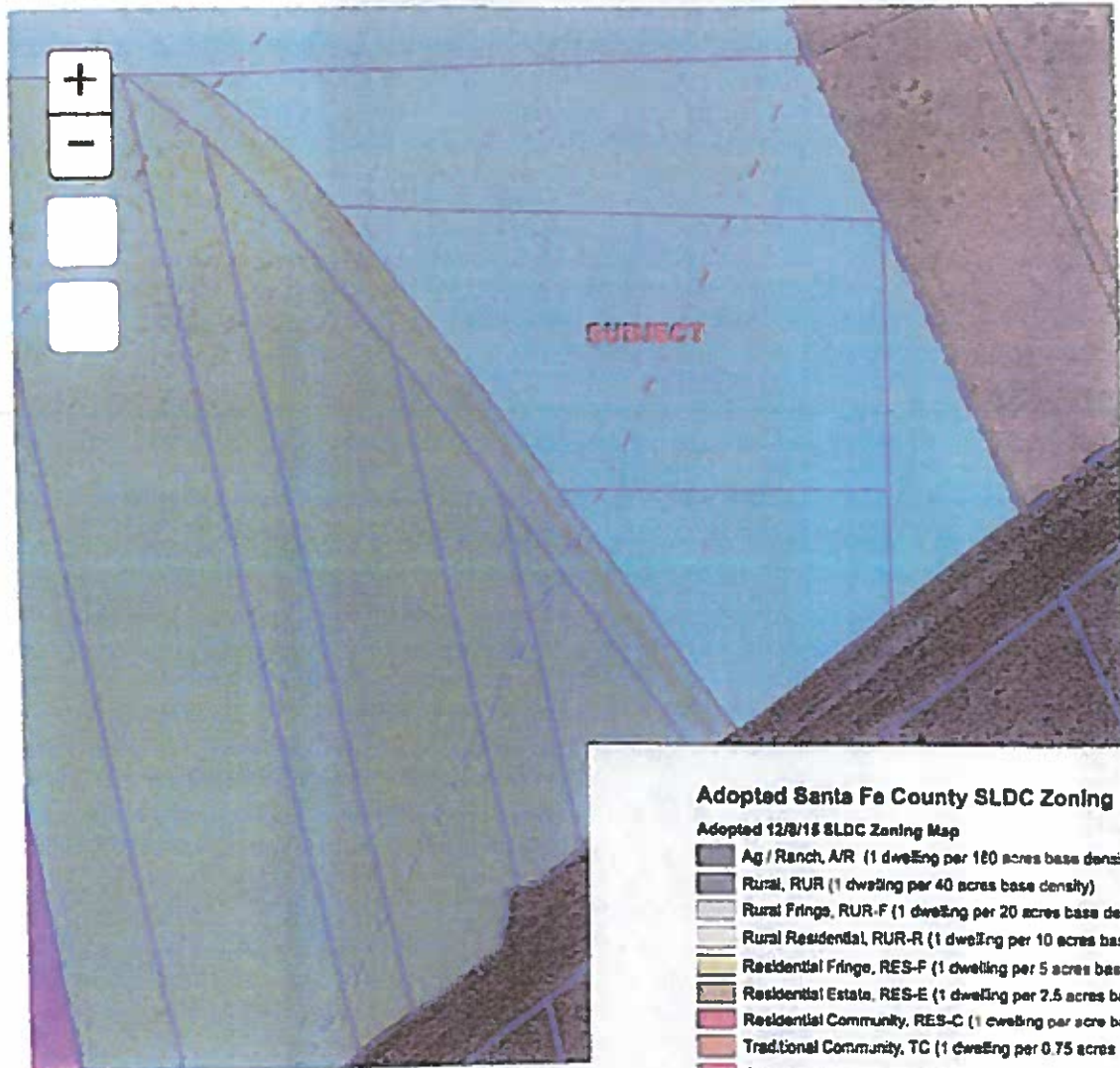


Easterly view showing typical terrain features near north boundary.

Property Location on County Zoning Map
Santa Fe County, New Mexico



Santa Fe County



Adopted Santa Fe County SLDC Zoning Map Legend

Adopted 12/8/15 SLDC Zoning Map

- Ag / Ranch, A/R (1 dwelling per 160 acres base density)
- Rural, RUR (1 dwelling per 40 acres base density)
- Rural Fringe, RUR-F (1 dwelling per 20 acres base density)
- Rural Residential, RUR-R (1 dwelling per 10 acres base density)
- Residential Fringe, RES-F (1 dwelling per 5 acres base density)
- Residential Estate, RES-E (1 dwelling per 2.5 acres base density)
- Residential Community, RES-C (1 dwelling per acre base density)
- Traditional Community, TC (1 dwelling per 0.75 acres base density)
- Commercial Neighborhood, CN
- Commercial General, CG
- Industrial Light, IL
- Industrial General, I
- Mixed Use, MU
- Public / Institutional, PI
- Planned Development District, PD
- Municipality (not under County zoning jurisdiction)
- Municipal Annexation Area (not under County zoning jurisdiction)
- Tribal Lands (not under County zoning jurisdiction)
- Federal and State Lands (not under County zoning jurisdiction)

Community Overlay Zoning Districts (O-CD)

Rural Commercial Overlay Zone (O-RC)

Turquoise Trail Environmental and Resource Protection Overlay Zone (TT O-ERF)

Airport Noise Overlay Zone (O-AN)

- 55 DNL
- 80 DNL
- 65 DNL

8.8 PUBLIC/INSTITUTIONAL ZONING DISTRICT.

8.8.1. Purpose. The purpose of the Public/Institutional (PI) district is to accommodate governmental, educational, and non-profit or institutional uses, including public or community parks and recreation facilities, and public, non-profit, and institutional residential uses, but excluding any such uses of an extensive heavy industrial character.

8.8.2. Permitted Uses. Appendix B contains a list of all permitted, accessory and conditional uses allowed within the PI district.

8.8.3. Dimensional Standards. The dimensional standards within the PI district are outlined in Table 8-17 below.

8.8.4. Review/approval procedures. All PI developments must meet the design standards of this section in addition to the applicable standards of Chapter 7. A conceptual plan shall be required for all phased development in accordance with procedures outlined in Chapter 4.

Table 8-17: Dimensional Standards – PI (Public/Institutional).

P/I Zoning District	P/I
Density	2.5*
Frontage (minimum, feet)	40
Lot width (minimum, feet)	n/a
Lot width (maximum, feet)	n/a
Height (maximum, feet)	48
Lot coverage (maximum, percent)	80

*density shall be 1 acre if the surrounding zoning district is RC, or reduced to 0.75 acres if the surrounding zoning district is TC.

8.8.5. Side and Rear Setbacks. For buildings in the PI district that are over 12 feet in height, side and rear setbacks adjacent to any A/R, RUR, RUR-F, RUR-R, RES-F, RES-E, R-C, or TC districts, and any predominantly single-family detached or attached dwelling districts or sub-districts in areas subject to community district zoning, as well as any existing or approved development consisting of predominantly single-family detached dwellings or 1- or 2-story duplex or single-family detached dwellings in MU or PDD districts, are outlined in Table 8-17.1 below.

Table 8-17-1: Side and Rear Setbacks – PI (Public/Institutional).

Building Height	Minimum Side and Rear Setbacks
Greater than 12 but less than or equal to 24 feet	40 feet
Greater than 24 but less than or equal to 36 feet	100 feet
Greater than 36 but less than or equal to 48 feet	150 feet

dated

Panel 35049C0389D
June 17, 2008

