

Appraisal Report of the
8.43 Acres of Vacant Land Located on
West 8th Street and North Sycamore Avenue
Roswell, New Mexico 88201

Prepared for the
City of Roswell
Attn: William Morris, Planning Manager
415 North Richardson Avenue
Roswell, New Mexico 88201

Prepared by
Oscar E. Kunkel, Jr., SRA
P.O. Box 757
Roswell, New Mexico 88202-0757
as of
May 22, 2018

KUNKEL & ASSOCIATES

Providing Real Estate Valuation Solutions for Southeastern New Mexico

June 4, 2018

City of Roswell
Attn: William Morris, Planning Manager
415 North Richardson Avenue
Roswell, New Mexico 88201

Re: 8.43 Acres of Vacant Land Located on West 8th Street and North Sycamore Avenue

Dear Mr. Morris:

At your request, I have prepared the accompanying Appraisal Report of an 8.43 acre vacant land tract which is located on West 8th Street and North Sycamore Avenue, Roswell, New Mexico. My analyses and conclusions are presented in the accompanying 66-page appraisal report.

The intended use of this appraisal is to provide my conclusion of Fair Market Value of the surface estate of the subject property for possible acquisition of the property. The exposure time for the subject property is estimated to have been twelve months, or more.

A summary of salient facts is on Page 1. As a result of the investigation and analysis of the information gathered, it is my conclusion that the Fair Market Value of the surface estate of the subject property as of May 22, 2018, is:

One Hundred Twenty-Six Thousand Five Hundred Dollars

(\$126,500.00)

I, the undersigned, do hereby certify that to the best of my knowledge and beliefs, the statements contained in this report and upon which the conclusions expressed are correct, subject to the limiting conditions herein set forth; also that this report has been made in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and with the federally mandated appraisal requirements in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. **This appraisal report is considered to be an Appraisal Report as defined and in accordance with the Uniform Standards of Professional Appraisal Practice, Standards Rule 2-2(a).** As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's conclusion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. 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.

Respectfully submitted,


Oscar E. Kunkel, Jr., SRA
(NM State Certified Appraiser # 314-G)

OEK:le

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Property Location: 8.43 Acres West 8th Street and North
Sycamore Avenue, Roswell, New Mexico

Valuation Date: May 22, 2018

Date of Inspection: May 22, 2018

Type of Property: Vacant Land

Property Rights Appraised: Fee Simple

Highest and Best Use: Vacant Land

Zoning: R-1 Residential District

Site Size: 8.43 Acres

Improvements: None

Value Conclusions:

Cost Approach: N/A

Income Approach: N/A

Sales Comparison Approach: \$126,500

Final Conclusion of
Fair Market Value: \$126,500

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AERIAL VIEW OF SUBJECT PROPERTY

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made subject to the following assumptions and limiting conditions:

1. The authors of this appraisal report are not required to give further consultation, testimony, or be in attendance in court with reference to the property in question, unless arrangements have been previously made.
2. The distribution of the total valuation in this appraisal report between land and improvements applies only under the stated program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal of any interest less than the whole fee simple estate relates only to the fractional interest defined. The value of such a fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate considered as a whole.
3. Disclosure of the contents of this appraisal report is governed by the Bylaws and Regulations of the professional appraisal organizations with which the appraisers are affiliated, specifically, the Appraisal Institute.
4. When the signatories of this appraisal report are Members or Candidates of the Appraisal Institute, then the Bylaws and Regulations of the Appraisal Institute require each Member and Candidate to control the use and distribution of each appraisal report signed by such Member or Candidate.

Therefore, except as hereinafter provided, neither all nor any portion of the contents of this appraisal report, especially any conclusions as to value or the identity of the appraisers, shall be disseminated to the public. Possession of this appraisal report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without prior written consent of the signatories. Selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Furthermore, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media, or other media for public communication without the prior written consent of the signatories of this appraisal report. Nor shall the appraisers, appraisal firm, or professional organization with which the appraisers are associated be identified without the prior written consent of the appraisers.

5. No responsibility is assumed for matters which are legal in nature, nor is any opinion of title rendered. The title is assumed to be marketable. The legal descriptions used in this appraisal report are assumed to be correct.
6. Liens against the subject property, if any, have been disregarded, and the property is appraised as though free and clear, under responsible ownership and competent management.
7. Information furnished by others and contained in this appraisal report is believed to be reliable, but no responsibility is assumed for its accuracy. The following persons provided information used in this report: William Morris, Planning Manager, City of Roswell; Chaves County Assessor's and Treasurer's Offices; and numerous buyers/sellers of vacant land in Roswell, New Mexico.
8. No survey of the property has been made by the appraisers and no responsibility is assumed for the accuracy of surveys, diagrams, sketches, or maps included in this appraisal report. These items are provided solely for the purpose of assisting the reader to visualize the subject property being appraised. It is assumed that the utilization of the land and

improvements is within the boundaries of the property lines described and that there is no encroachment or trespass, unless noted in this appraisal report.

9. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or improvements which would render the property more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
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 this appraisal report.
11. It is assumed that all required licenses, consents, certificates of occupancy, 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 conclusion of value contained in this appraisal report is based.
12. 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 this appraisal report. No environmental impact studies were made in conjunction with this appraisal report. The conclusion of value contained herein could be impacted by subsequent environmental impact studies, research, investigation, and resulting governmental actions.
13. Unless otherwise stated in this appraisal report, the existence of environmental hazards as defined in the federal Resource Conservation and Recovery Act regulations 40 CFR 261.3 or any other RCRA regulations pertaining to hazardous materials which may or may not be present on the property, 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 for such substances or conditions. The presence of such hazardous substances or environmental conditions may affect the value of the property. The conclusion of value is predicated on the assumption that there is no such 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 conditions, nor for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
14. No guarantee exists, written or implied, that the subject property will sell or lease for the amounts provided herein.
15. No representations relating to the future value of the subject property have been made by the appraisers. The value conclusions herein are valid only as of the date of the appraisal, and reflect the appraiser's knowledge of market conditions as of that date.

Anyone acting in reliance upon the opinions, judgments, conclusions, or data contained herein, who has the potential for monetary loss due to reliance thereon, is advised to secure an independent review and verification of all such conclusions and/or facts. The user agrees to notify the appraisers, prior to any irrevocable loan or investment decision, of any error which could reasonably be determined from a thorough and knowledgeable review.

16. An appraisal is only one tool in the loan underwriting process. The credit worthiness, financial capacity, and management ability of a developer/owner has a significant impact upon the value of real property. The property is appraised as having knowledgeable ownership and competent management. If utilized for loan underwriting purposes, the lender bears the responsibility for verification of facts relating to the subject property and for prudent underwriting procedures.
17. The conclusion of value does not consider the effects, if any, of the current financing that may, or may not, encumber the subject property.

18. The preparation of this appraisal report has been performed in good faith. Kunkel and Associates, Inc., its employees, agents or officers, may be held accountable only for any losses, claims, damages, liabilities, costs or expenses incurred by any users of this report in an amount not to exceed the fee charged to provide this report.
19. Acceptance of and or use of this appraisal report constitutes acceptance of all assumptions and limiting conditions stipulated herein.
20. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraisers have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance. If so, this could have a negative effect on the value of the property. Because the appraisers have no direct evidence relating to this issue, no consideration was given to the possible non-compliance with the requirements of ADA in providing the conclusion of value on the property.
21. I have appraised other vacant land properties in Roswell and Southeastern New Mexico and I am competent to complete this appraisal in accordance with the Competency Rule, Page 11, USPAP 2018-2019 Edition.
22. As agreed upon with William Morris, Planning Manager, City of Roswell, prior to the preparation of this appraisal, this is an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's conclusion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. 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.
23. There are no improvements on the subject site. The site is mostly rectangular in shape with the west end of the site being irregularly shaped. Based upon the Chaves County Assessor's Plat, the subject site contains 8.43 acres. A Survey will be required to accurately provide the location of the site, the size of the site, and a legal description for the site.

QUALIFICATIONS OF THE APPRAISER

OSCAR E. KUNKEL, Jr. (Bud)
P.O. Box 757
Roswell, New Mexico 88202-0757
Phone (575) 623-5180
budkunkel@cableone.net

DOB: 4-22-50

Employment: October 1983 to Present - Self-employed as a residential and commercial fee appraiser. Major area of appraisal activity is in the towns of Artesia, Carlsbad, Clovis, Hobbs, Lovington, Portales, Roswell, and Ruidoso - generally Southeastern and Southern New Mexico.

November 1978 to October 1983 - Manufacturing Engineering Supervisor in Radar Division of Equipment Group, Texas Instruments, Inc., Dallas, Texas.

December 1972 to November 1978 - Served as an Armor Officer with the 82nd Airborne Division at Fort Bragg, North Carolina, and as a Cavalry Officer with the 11th Armored Cavalry Regiment in Germany. Also served as a Nuclear Release Officer with the 5th U.S. Corps in Germany.

Education: Graduate of New Mexico State University, 1972

Appraisal Institute Course 1A - Real Estate Appraisal Principals, 1983

Appraisal Institute Course 8-2 - Residential Valuation, 1984

Appraisal Institute Course 1B - Capitalization Theory and Techniques Part A & B, 1990

Appraisal Institute - National USPAP Course, 2017

Numerous continuing education appraisal seminars sponsored by the Appraisal Institute

State License: State of New Mexico Real Estate Appraiser General Certificate License No. 314-G

Professional Affiliation: Appraisal Institute - Rio Grande Chapter - President, 1999. Region VIII (Texas & New Mexico) - Chapter Services Committee Representative 2001-2002. Region VIII - Director and Appraisal Institute Board of Directors 2006-2007. Appraisal Institute Strategic Planning Committee Member 2009. Appraisal Institute National Nominating Committee Member 2011. AI Holdings Board Member 2012-2014. Received SRA designation in 1993.

Clients Include: Most banks in Southern New Mexico, several counties and cities in Southern New Mexico, numerous Federal and State governmental agencies, and numerous individuals, law firms, and accounting firms.

IDENTIFICATION OF THE PROPERTY

The subject property is located just northeast of the northeast corner of the intersection of West 8th Street and North Sycamore Avenue, Roswell, New Mexico. The site is mostly rectangular in shape with the west end of the site being irregularly shaped. The site is located on the north side of West 8th Street and on the east side of North Sycamore Avenue. The subject site is contiguous with a significantly larger parcel owned by the City of Roswell. The subject's legal description is:

A tract of land consisting of 8.43 acres in the NW¼SW¼ of Section 31, Township 10 South, Range 24 East, Chaves County, New Mexico.

No filed instrument has been provided to the appraiser that provides a detailed legal description for the subject property. A Survey will be required to provide an accurate legal description for the subject property.

INTENDED USE OF THE APPRAISAL

It is my understanding this appraisal will be used to provide my conclusion of the Fair Market Value of the surface estate of the subject property for possible acquisition of the property. It is not intended for any other use.

DEFINITION OF FAIR MARKET VALUE

For purposes of condemnation under eminent domain, New Mexico Uniform Jury instructions provide the following definition for Fair Market Value:

New Mexico Uniform Jury Instruction 13-711

Fair Market Value is considered to be the highest amount of cash a willing seller would take, and a willing buyer would offer, for the property if it were offered for sale in the open market for a reasonable time to find a purchaser, buying with knowledge of all the uses to which the property is suitable or adaptable, the seller not being required to sell nor the purchaser being required to purchase.

PROPERTY RIGHTS APPRAISED

The property rights appraised in this report are in fee simple interest and as though unencumbered. **Fee simple is defined:**

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

{The Appraisal of Real Estate, 14th Edition, 2013, Page 5, published by the Appraisal Institute.}

INTENDED USER OF THE APPRAISAL

The intended user of this appraisal is the client, City of Roswell, at the request of William Morris, Planning Manager. This appraisal report is prepared for the sole and exclusive use of the City of Roswell for possible acquisition of the property. No third parties are authorized to rely upon this appraisal report for any purpose whatsoever without the express written consent of the appraiser.

SCOPE OF THE APPRAISAL

The subject property is vacant land and is identified by metes and bounds. An aerial location map shows the property location and the general market area. Market area information was collected and analyzed to provide indications of economic, social, governmental, and physical factors that may have an effect on the subject's value. The subject property is described, providing the user of this report information about the site.

In this appraisal of vacant land, the four factors that influence value will be analyzed and discussed. These four factors are governmental, economic, social, and geographic factors. These factors will be addressed in the Chaves County Data, Roswell City Data, Market Area Data, and Site Description sections of this appraisal report. The property itself

will be described. Various maps, plats, and photographs are included to help identify and visualize the subject property.

The subject property will be analyzed in relation to the market and the available vacant land sales that are competitive with the subject, considering utility, scarcity, and desirability. This analysis will primarily be developed based upon sales information provided by recent vacant land sales.

The Sales Comparison Approach will be used in this appraisal report to develop my conclusion of Fair Market Value of the surface estate of the subject property. Information on recent vacant land sales will be sought and developed for this analysis. These sales will be analyzed and compared to the subject property.

To provide my conclusion of Fair Market Value of the surface estate of the subject property, an Appraisal is developed in accordance with USPAP Standards Rule 2-2(a). This appraisal report is a brief recapitulation of the data developed and analyzed by the appraiser to provide the value conclusion. Supporting documentation is retained in the appraiser's files.

STATEMENT OF OWNERSHIP

The subject property is assumed to be owned by the Annie Wildy Lea Garry Estate, per information provided by William Morris, Planning Manager, City of Roswell. The subject's Warranty Deed has not been provided to the appraiser.

DATE OF THE APPRAISAL AND INSPECTION

The appraisal date is May 22, 2018. Oscar E. Kunkel, Jr., inspected the subject property on May 22, 2018.

COUNTY AND CITY DATA

● Chaves County Data

Chaves County is located in the southeast quadrant of New Mexico. It is bordered by De Baca, Roosevelt, Lea, Eddy, Otero, and Lincoln counties. The county seat is Roswell. Chaves County contains 6,071 square miles. The elevation averages approximately 3,560 feet. Per the 2010 Census, the county population was 65,645. This is an increase of 6.9% from the 2000 Census.

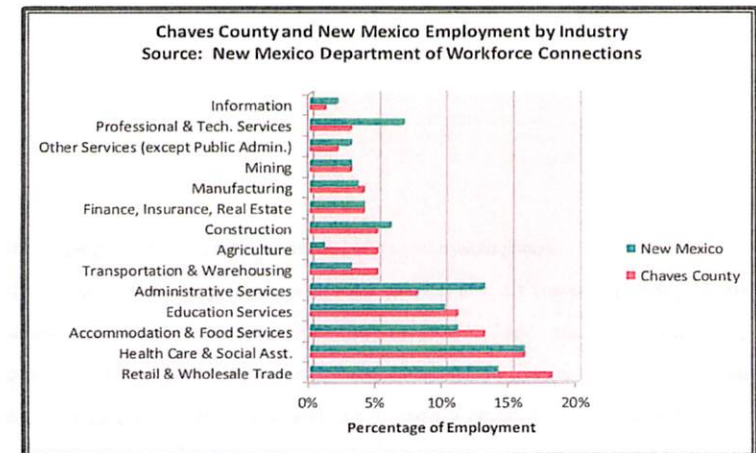
Per New Mexico Workforce Connections statistics, Chaves County had an unemployment rate of 4.2% per the April 30, 2018 report. This percentage of unemployment is lower than the 6.2% unemployment rate in April 2017. In April 2018, Chaves County had an employed labor force of 25,761. Even though the unemployment rate decreased in April 2018, it is also noted that the civilian labor force has decreased by 1,210 people since April 2017. The following Chaves County Employment/Unemployment Chart provides information from April 2013 through April 2018.

CHAVES COUNTY EMPLOYMENT/UNEMPLOYMENT

Date	Civilian Labor Force	Employed	Unemployed	
			Number	Rate
April-13	26,183	24,754	1,429	5.5%
April-14	25,706	24,281	1,425	5.5%
April-15	27,387	25,923	1,464	5.3%
April-16	27,217	25,669	1,548	5.7%
April-17	28,096	26,357	1,739	6.2%
April-18	26,886	25,761	1,125	4.2%

*Source: New Mexico Workforce Connection updated as of April 30, 2018

The Retail and Wholesale Trade industries account for the largest percentage of employment in Chaves County. However, Health Care and Social Assistance employment is a close second. The following chart provides a percentage of employment by industry in Chaves County and New Mexico.



The county property tax is regulated by the county and state. Governmental regulations, such as zoning, help to establish a uniform pattern for land development. Thus, good streets, adequate sewage disposal facilities, and adequate utilities are in place before new construction can begin. This is a benefit to good development. These costs go into the price of a building site when the site is sold. Property taxes are not excessive when compared to surrounding states. Therefore, property taxes are not considered to be repressive.

Increases in dairy production in the county and the continued improvements to the Leprino Cheese Plant south of Roswell provide additional jobs due to the dairy industry in Chaves County and the surrounding market area. The Leprino plant is the largest mozzarella cheese manufacturer in the world. It has 600-650 employees at any given time. It was announced in January 2018 that the plant will be enlarged again with a 70,000 square foot expansion of a new refrigeration area. This expansion is expected to increase employment by an additional 15-17 people. However, the dairy industry throughout the

United States has been overproducing milk and the exportation of dairy products has also suffered, due to weak worldwide demand. Many dairies throughout the U.S. had been losing money in the 2009-2010 timeframe. The price received by dairy farmers for their milk (especially in Southeastern New Mexico) in the December 2011 to January 2014 time frame was below the breakeven point, considering existing production costs. This imbalance was corrected in January/February 2014. The sale price of milk was higher than production costs from February 2014 to December 2014. The price New Mexico dairy farmers received for their milk in November 2014 was \$20.50/cwt. The price was approximately \$18.30/cwt for December 2016 milk. Milk prices averaged approximately \$15.10/cwt for 2017. Milk futures indicate that prices should be \$15.50 to \$15.75/cwt for the next few months. The current breakeven price is approximately \$14.00 to \$14.50/cwt. Therefore, dairy farmers made money during 2017. Milk futures prices indicate that 2018 will be a reasonably flat year.

New rural residential development in Chaves County had generally been stable at an average of 39 new housing starts from 2006 to 2010. Overall, the higher levels of new rural residential housing that started in Chaves County (40+ in 2006 and 2010) is believed to have been prompted primarily by the increasing size of the Federal Law Enforcement Training Center in Artesia (FLETC) and the lowest residential mortgage rates in 40-plus years. The lower number of new residential housing starts from 2011 through 2016 is an indication of the weakness in the residential market in Chaves County. However, 2017 new housing starts increased by 11 permits for new housing in Chaves County. The following chart provides new rural residential construction totals since 2006.

NEW RURAL RESIDENTIAL CONSTRUCTION IN CHAVES COUNTY

2006 Total	2007 Total	2008 Total	2009 Total	2010 Total	2011 Total	2012 Total	2013 Total	2014 Total	2015 Total	2016 Total	2017 Total	2018 Total
45	35	34	37	44	28	14	18	14	18	13	24	4*

*As of April 30, 2018

● **Roswell City Data**

Centrally located in Chaves County, Roswell is the largest city in the county and serves as the county seat. Per the 2010 Census, the population was 48,366. This was an increase of 3,073 people or 6.8% since the 2000 Census. Transportation is primarily by personal vehicle and transport trucks. Roswell is located on U.S. Highway 285, which connects Roswell with Interstate Highway 40 to the north and Artesia and Carlsbad to the south. U.S. Highway 70 connects Roswell with Clovis to the northeast. U.S. Highway 70/380 connects Roswell with Ruidoso and Las Cruces to the west. U.S. Highway 380 connects Roswell with Tatum, New Mexico, and the Texas Panhandle area to the east. In March 2009, U.S. News and World Report named Roswell as number eight of the top ten places to retire in the United States, citing low-cost living expenses and free activities as two of its attractions.

Utilities, city services, and health services are all adequate for a city the size of Roswell. The school system in Roswell is generally considered to be adequate. School enrollment information from the New Mexico Public Education Department shows that enrollment had shown a steady increase in Roswell from the 2011-2012 school year through the 2014-2015 school year. However, the 2015-2016 school enrollment reflects a slight decline in student enrollment in the Roswell Public School District. Student enrollment figures reflect a slight increase for the 2016-21017 school year. Enrollment for the 2017-2018 school year is 10,326, which is 86 fewer students than the previous 2016-2017 school year. The following chart provides seven years of enrollment figures:

ROSWELL PUBLIC SCHOOL ENROLLMENT

Year	Enrollment
2011-2012	10,182
2012-2013	10,281
2013-2014	10,344
2014-2015	10,445
2015-2016	10,374
2016-2017	10,412
2017-2018	10,328*

*As of January 19, 2018

The collected amounts of Gross Receipts Taxes and Lodger's Taxes had declined in FY 2008-2009 and FY 2009-2010. There was some increase for the FY 2010-2011 time frame. FY 2011-2012 shows recovery with amounts similar to FY 2007-2008. There have been continued increases in Gross Receipts Taxes in FY 2012-2013, FY 2013-2014, and FY 2014-2015. Lodger's Taxes increased significantly in FY 2012-2013, FY 2013-2014, and FY 2014-2015. FY 2014-2015 was the highest collection year for both Lodger's Taxes and Gross Receipts Taxes compared to previous years. Lodger's Tax collections for FY 2015-2016 were \$70,828 lower than FY 2014-2015 collections. Gross Receipts Tax collections for FY 2015-2016 were \$1,814,366 lower than FY 2014-2015 collections. Lodger's Tax collections for FY 2016-2017 were \$1,079,014, which is \$4,829 higher than the previous FY 2015-2016. The current FY 2017-2018 Lodger's Tax collections through April 2018 are \$901,851. If Lodger's Tax collections continue this trend for FY 2017-2018, they will be somewhat higher than the prior FY 2016-2017 Lodger's Tax collections. Gross Receipts Tax collections for the first ten months of FY 2017-2018 were \$26,227,372. If Gross Receipts Tax collections continue this trend for FY 2017-2018, they will be considerably higher than the prior FY 2016-2017 Gross Receipts Tax collections. The following charts provide the previous ten-plus years of Gross Receipts Tax and Lodger's Tax collections:

ROSWELL LODGER'S TAXES**FY JULY - JUNE**

Year	Taxes
2007-2008	\$ 957,237
2008-2009	\$ 887,476
2009-2010	\$ 836,212
2010-2011	\$ 855,150
2011-2012	\$ 899,148
2012-2013	\$ 973,173
2013-2014	\$1,062,105
2014-2015	\$1,145,013
2015-2016	\$1,074,185
2016-2017	\$1,079,014
2017-2018	\$ 901,851*

*As of April 30, 2018

ROSWELL GROSS RECEIPTS TAXES**FY JULY - JUNE**

Year	Taxes
2007-2008	\$27,985,404
2008-2009	\$27,184,426
2009-2010	\$26,890,805
2010-2011	\$27,184,374
2011-2012	\$27,741,121
2012-2013	\$27,881,131
2013-2014	\$29,274,183
2014-2015	\$30,572,662
2015-2016	\$28,758,296
2016-2017	\$29,512,930
2017-2018	\$26,227,372*

*As April 30, 2018

During the six years prior to 2009, Roswell had significant commercial development (primarily along the North Main Street growth corridor). This development ranged from several new national franchise restaurants and hotels to a Wal-Mart Supercenter and a Sam's Club that was opened in July 2006. There is continued development of new retail space in strip centers by the Roswell Mall and the Wal-Mart Supercenter. One of the more recent developments in this area is a new McDonald's Restaurant located just south of Sam's Club. It opened at the end of December 2014. Another recent development in this area is a new Panda Express restaurant, which is located on an outparcel in front of the Wal-Mart Supercenter. It opened in March 2016. A new Verizon Wireless store and a new Aspen dental office have recently been completed just north of the Berrendo River. Both of these new facilities were opened in February/March 2018. Berrendo Center 1 (a strip center) was completed in 2007/2008 just south of the Roswell Mall. This center includes the Armed Forces Career Center, Lily's Nails & Spa, Rue 21, Famous Footwear, and Petco. AT&T is in a two-tenant building in this area. Berrendo Center II, just south of the Berrendo River on the east side of North Main Street, has Discount Tire and KidsKare Dental, both of which opened in August 2008. All About Spas, a local company, built a stand-alone store

just south of the Berrendo River in 2007. South of All About Spas, a Murphy Express Gas Station opened in May 2011. South of the Murphy Express a new Champlon Xpress carwash opened in mid-July 2015. A new 93-room Holiday Inn Hotel and Conference Center, with a full-service restaurant and a conference room large enough to accommodate 290 people, opened for business in mid-April 2013. It is located just west of the Murphy Express Station, on North Main Street. The new 68-suite Comfort Suites hotel opened in early July 2010. It has a conference room that will accommodate 50 people. It is located on North Main Street, across the street from the Hampton Inn. The owner of the Del Norte shopping center, at 2810 North Main Street, has renovated and expanded. This included the renovation/expansion by Farmer's Country Market and an expansion by Westlake Hardware. A new seven unit strip shopping center located in the 3100 block of North Main Street was completed and ready for tenants in September 2015. In addition to this new commercial development, a new Pioneer Bank headquarters building opened in March 2010 on North Main Street, just north of the intersection of North Main Street and Mesalero Road. Financial institutions that opened new buildings on North Main Street in 2009-2010 include Pioneer Bank, First American Bank, and Roswell Community Federal Credit Union. A new two unit office building was opened in early May in the northeast corner of the intersection of North Main Street and East Berrendo Road.

An 87-suite Candlewood Suites hotel is located just west of Applebee's restaurant in another North Main Street developing area between 19th Street and Country Club Road. It was opened in June 2009. A new 80-room Holiday Inn Express began construction in early May 2016 just west of the original Holiday Inn Express. This new hotel opened in mid-May 2017. The original Holiday Inn Express has been re-branded as a Baymont hotel. A 71-suite Towneplace Suites by Marriott opened in June 2013. This hotel is located on East 19th Street, across from the Lovelace Regional Hospital. The Towneplace Suites offers accommodations for longer stays that include studio, one-bedroom and two-bedroom suites with fully equipped kitchens, and separate living/work and sleep areas.

A larger than typical Burger King restaurant broke ground in early May 2011 and was operational in October 2011. It is located in-between 19th Street and College Boulevard on North Main Street. The site is in-between Walgreen's and Hastings, across from the New Mexico Military Institute. A new upscale Subway restaurant opened in June 2013 in downtown Roswell. It is a complete renovation of a former Denny's Restaurant. Approximately one-half of the building is a new Verizon Wireless location.

At the north end of the central business district on North Main Street, new development has centered around the Roswell Convention and Civic Center, which is currently being enlarged to accommodate larger gatherings. Recent development in this area includes the Farley's Restaurant, a new Starbucks, a new Sonic, and a new Marriott Fairfield Inn. The International UFO Museum and Research Center purchased a site in the southeast corner of North Main Street and East Eighth Street. The UFO Museum planned to develop the site with a new museum. However, the site was sold in 2014 to a developer who has developed the site with a new Buffalo Wild Wings Restaurant and a new Carl's Jr. Restaurant. They both opened in January/February 2015. The former Red Brick Pizza in this same area, was converted into an Italian food restaurant named Carmine's. This was subsequently leased to a Papa John's Pizza franchise in mid-2016.

There has also been some new commercial development along West Second Street (new restaurants, new retail improvements, new automobile dealerships, and a totally renovated automatic carwash have improved this area). Roswell Hyundai, at 1909 West Second Street, has completed a total renovation and high-end remodel. The renovated facility now meets Hyundai corporate image specifications. It opened in mid-July 2011. A new Nissan dealership, in-between the newer Toyota dealership and the newer Honda dealership, opened for business in mid-November 2012. Albertson's purchased the Lawrence Brothers grocery store in mid-2016 and renovated the store.

New commercial development on South Main Street has been prompted by the catalysts of the Chaves County Administrative Complex and Roswell's most modern grocery

store, Albertson's. A new Planet Fitness health club opened in January 2016 in the former Albertson's grocery store south of East Hobbs Street.

Prior to the economic slow-down in 2009/2010, new residential development (which is primarily in the northeast and northwest quadrants of Roswell) has fluctuated from 84 new housing starts in 2005, to an average of 101 new housing starts per year between 2006 and 2009. However, the 2009 housing starts of 50 units, the 2010 housing starts of 34 units, the 2011 housing starts of 29 units, the 2012 housing starts of 46 units, the 2013 housing starts of 50 units, the 2014 housing starts of 44 units, and the 2015 housing starts of 47 units is an average of only 43 new housing starts per year. This is a significant drop from the 2005-2008 figures. There was an increase of 10 permits issued for residential construction in 2016 compared to 2015 and a decrease of five permits issued for 2017 compared to 2016. The following chart provides new residential construction development in Roswell for the years 2006 through May 31, 2018.

NEW RESIDENTIAL CONSTRUCTION IN ROSWELL

2006 Total	2007 Total	2008 Total	2009 Total	2010 Total	2011 Total	2012 Total	2013 Total	2014 Total	2015 Total	2016 Total	2017 Total	2018 Total
134	120	105	50	34	29	46	50	44	47	57	52	20

*As of May 31, 2018

Permanent staffing for the Federal Law Enforcement Training Center (FLETC) in Artesia has had a positive impact on the residential housing market in Roswell, especially during 2006 through 2008. Due to the continuing improvement in shopping and other services available in Roswell, many employees at FLETC are willing to live in Roswell and commute daily to Artesia. However, as the number of permanent positions at FLETC has stabilized and the economy has slowed, the Roswell residential market has weakened.

Roswell's economy has been reasonably stable over the previous three to four years. Four of the positive contributors to Roswell's economy are Dean Baldwin Painting, AerSale, Stewart Industries, and Avflight at the Roswell International Air Center. Dean Baldwin currently has approximately 165 employees in Roswell. It currently holds contracts

with American Eagle, Sky West, and United Airlines. AerSale currently employs approximately 116 people for its aviation disassembly and warehouse/distribution company. Stewart Industries employs 65-plus people in the aviation repair/maintenance and disassembly business. Avflight has approximately 20 employees and provides aviation services including refueling, flight training, maintenance, hangar storage, and aircraft management. Leprino with its 600-650 employees is the largest private employer in Chaves County.

The Eastern New Mexico Medical Center is a 162-bed facility that offers a range of services from ER acute care to radiology and oncology. Eastern New Mexico Medical Center is owned and managed by Community Health Systems. Community Health Systems currently owns and manages six hospitals (including Eastern New Mexico Medical Center) in New Mexico. These hospitals include Mimbres Memorial Hospital in Deming, Mountainview Regional Hospital in Las Cruces, Carlsbad Medical Center in Carlsbad, Lea Regional Medical Center in Hobbs, and Alta Vista Regional Hospital in Las Vegas. It is anticipated that Eastern New Mexico Medical Center will bring in an additional 10-15 physicians over the next two years to add to its 600-plus employees.

A second hospital, Roswell Regional Hospital, opened in May 2007. Roswell Regional Hospital was a locally owned hospital that was owned by several local physicians. Roswell Regional Hospital was purchased by Lovelace Health Systems, Inc. in February 2012 and has subsequently been converted to Lovelace Regional Hospital. Lovelace Regional Hospital currently employs about 280 people. The hospital also plans to increase their services and add a new cath lab. It is a 26-bed hospital.

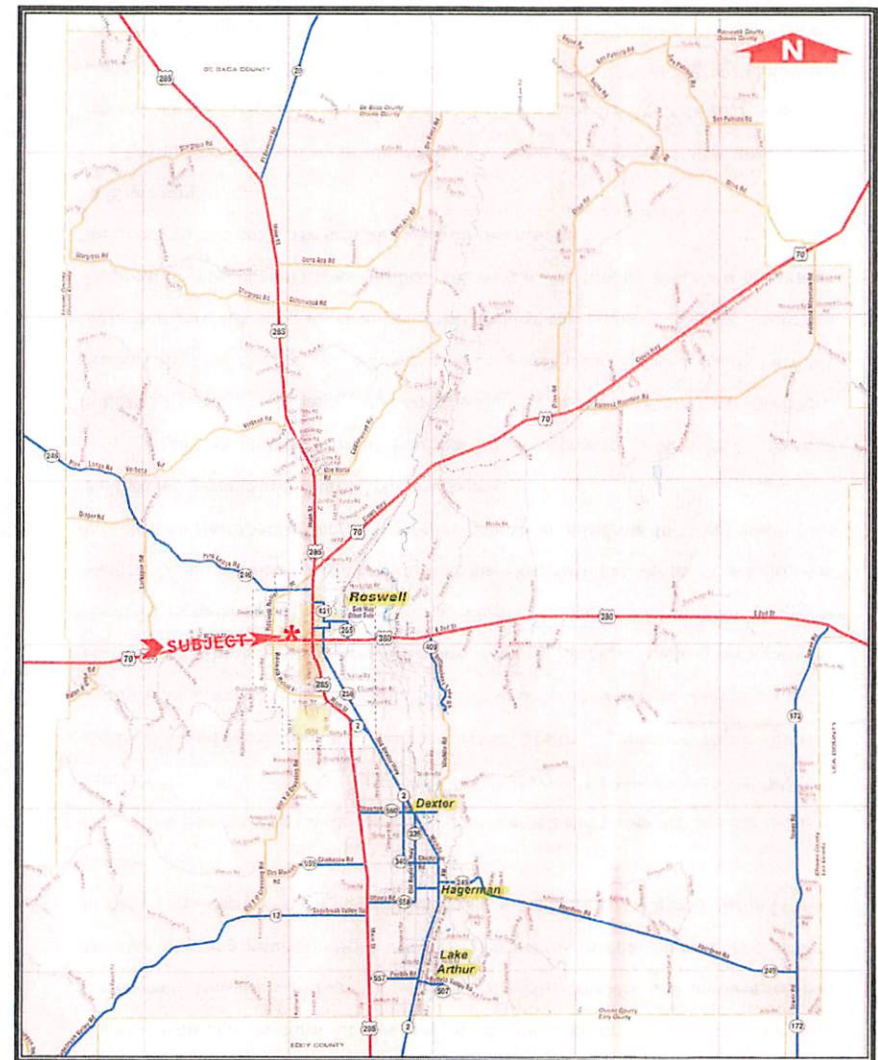
● **Summary**

The Roswell economy is somewhat more diversified than most other cities in the region. Gross Receipts Tax and Lodger's Tax collections for FY 2014-2015 were the highest amounts ever collected. FY 2016-2017 tax collections were slightly higher than the FY 2015-2016 tax collections. FY 2017-2018 tax collections are trending higher than FY

2016-2017 tax collections. The low interest rates and the reasonably stable economy in Roswell have generally stabilized the residential and commercial portions of the economy. Housing demand in Roswell has weakened, but the overall economy appears to be reasonably stable. It is anticipated that local businesses, such as the hospitals, will hopefully begin increasing their labor forces, which is expected to increase demand for housing.

The economy is expected to remain steady to having some upward improvement. Efforts to diversify the economy are being undertaken. This will assist in the long-term stabilization of the Chaves County and Roswell economy, making them less susceptible to the cycles of the oil and gas industry. The current economic conditions of being stable to slow growth are expected to continue for the foreseeable future.

A Chaves County Map follows.



CHAVES COUNTY MAP

MARKET AREA DATA

The subject property is located just north of the northeast corner of the intersection of West 8th Street and North Sycamore Avenue in Roswell, New Mexico. North Sycamore Avenue is a primary north/south collector street on the west side of Roswell. West 8th Street (which is an east/west collector street) is located on the south side of the subject. West College Boulevard, an east/west collector street approximately .5 miles north of the subject site, has been extended west to the Roswell Relief Route-Bypass and provides even better access to the west side of Roswell and better access into and out of the central business district. West Second Street (U.S. Highway 70/380) is located approximately .4 miles south of the subject. West Second Street (U.S. Highway 70/380) is the primary east/west route through Roswell. Considering West College Boulevard, West Country Club Road, West Mesclero Road, and West Berrendo Road, which are all east/west collector streets north of the subject, the subject property is well-located with good access to any part of Roswell within a 5-15 minute drive.

The subject's immediate market area is primarily influenced by the suburban residential development located in the northwest quadrant of Roswell. The Enchanted Hills area (directly west of the subject) is the largest in-town residential development. There are other generally older residential developments located south, east, and southeast of the subject. The in-town residential development that is located northeast of the subject in the large Coronado area and the adjoining newer residential subdivisions is generally perceived to be the premier residential development area in Roswell. This area continues to slowly develop with two newer residential subdivisions currently being built-out. The improvements that are located along North Sycamore Avenue that are in close proximity to the subject include four relatively new, large worship facilities and one large Christian school. There is a fire station located approximately .5 miles north of the subject. There are several new retail/service facilities south of the subject along West Second Street. These newer facilities include four large, new automobile dealerships, a new carwash facility, some newer

restaurants, and some new retail facilities. There is a great deal of vacant, undeveloped land that surrounds the subject. Most of this land is owned by the City of Roswell (the vacant land is part of the former Roswell Municipal Airport). This large, undeveloped land area and the privately owned land north and west of the subject is all located in the current growth pattern of Roswell. However, the length of time to develop this large amount of acreage is expected to be many years into the future.

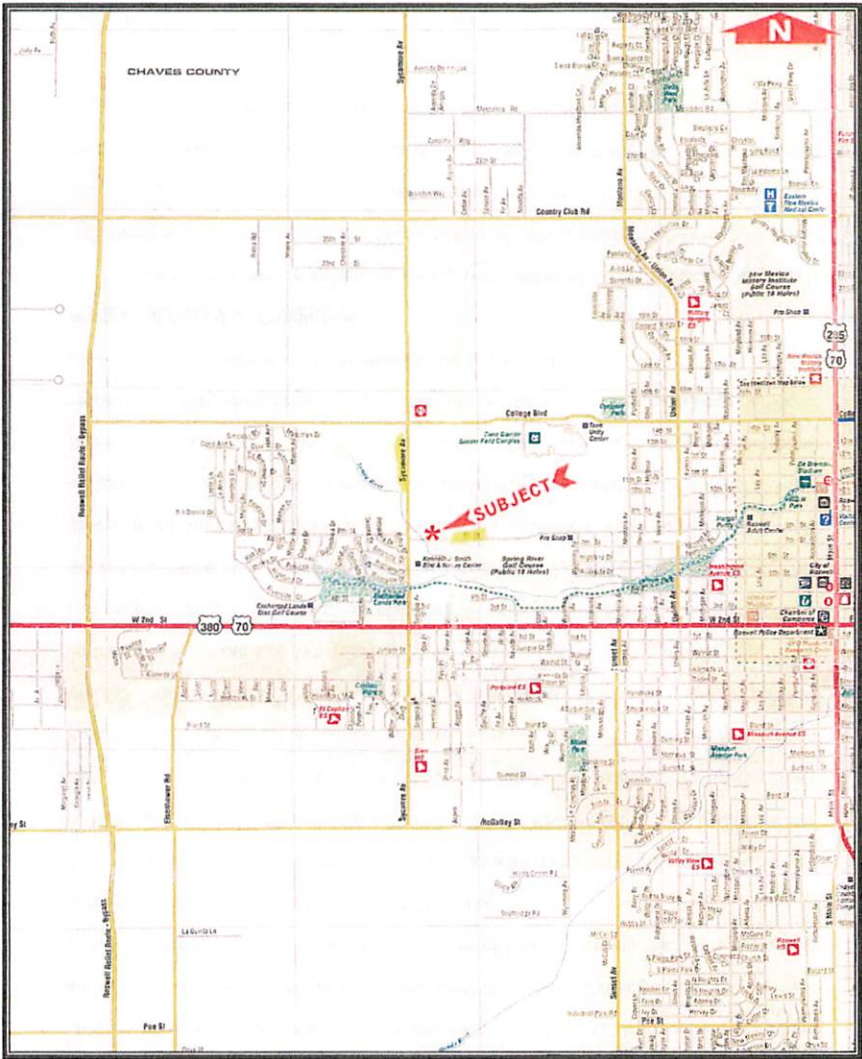
The new Cielo Grande Recreation Facility located northeast of the subject property is currently under construction and will provide the City of Roswell with a new aquatic center and recreation facility. Phase One of a new apartment community, Spring River Apartments, has recently been completed at the intersection of North Sycamore Avenue and West College Boulevard. A new Masonic Lodge building was built in 2011, a short distance northeast of the subject on West College Boulevard just east of the fire station. Most new commercial development has taken place some distance northeast of the subject along North Main Street and south of the subject along West Second Street. New residential development continues in subdivisions northeast and southwest of the subject. Demand is expected to slowly continue to increase for commercial improvements in the West College Boulevard and North Sycamore Avenue area. The large, new city park/recreation area/soccer field complex that is located northeast of the subject provides a large portion of the Roswell community with several recreational opportunities.

● **Market Area Data Conclusion**

Overall, the subject's immediate area is well-located and readily accessible. It is a high-traffic area due to the many east/west collector streets in close proximity to the subject. Even though there is minimal commercial development in the immediate area, demand for new commercial improvements is expected to slowly continue as new residential development continues to occur. There is more than adequate privately owned vacant land

available for new commercial development. The subject is located in what should become the westerly growth pattern of Roswell.

A Market Area Map follows.



MARKET AREA MAP

SITE DESCRIPTION

● Location

The subject property is located just northeast of the northeast corner of the intersection of West 8th Street and North Sycamore Avenue, Roswell, New Mexico. This is on the north side of West 8th Street and on the east side of North Sycamore Avenue, approximately .5 miles south of the intersection of West College Boulevard and North Sycamore Avenue.

● Site Size and Dimensions

The subject site is mostly rectangular in shape with the west end of the site being irregularly shaped. Per the Chaves County Assessor's Plat, the north property line is 1305.52 feet long and the south property line is 949.12 feet long. The east property line is 326.67 feet long and the irregular west property line is a total of 482.59 feet long. Per these dimensions, the site contains 8.43 acres.

● Access and Visibility

Vehicular access onto the site is gained from the south side of the subject site on West 8th Street. West 8th Street is an east/west collector street that provides good access into and out-of the subject's market area. Visibility of the subject site is good for both westbound and eastbound traffic on West 8th Street. The site is partially visible for northbound/southbound traffic on North Sycamore Avenue.

● Parking Area

The subject property is proposed to be used to realign the West 8th Street roadway. It does not provide any parking.

● Zoning

The site is currently zoned R-1 Residential District, per the current Zoning Map and Article 7 of the City of Roswell, Zoning Ordinance 10-02, dated June 22, 2010. R-1 Residential District Zoning is intended for low density single-family detached dwellings, 5 units per net acre, and other uses which uphold and maintain the low density residential

nature of the district. The permitted uses are single-family detached dwellings, home occupations, publicly owned police/fire stations/parks or playgrounds, and related buildings. Some of the special uses are cemeteries and mausoleums, churches and other places of worship, community association swimming pools and/or recreational facilities, golf courses and related buildings, public utility and service facilities, schools, community gardens, and renewable energy facilities.

● Utilities

All city services and utilities are available to the site, but will have to be extended onto the site for development. Following are the utilities available to or in close proximity to the site and the local provider:

UTILITY SERVICE/PROVIDERS

Electricity:	Xcel Energy
Gas:	New Mexico Gas Company
Telephone:	CenturyLink
Water:	City of Roswell
Sewer:	City of Roswell
Trash Collection:	City of Roswell

● Topography, Drainage, and Flood Information

The majority of the subject site is level at an elevation of approximately 3,600 feet above sea level. The general slope in the area is to the west and southwest. Drainage is adequate. Per Flood Insurance Rate Map Number 40109C1370D, effective March 23, 2012, the site appears to be in Flood Zone X. Flood Zone X is an area determined to be outside the 100-year floodplain. However, a topographic Survey will be required to accurately determine if any portion of the west end of the site is located within the 100-year floodplain. There is a drainway that adjoins the west end of the subject site that is in the 100-year floodplain.

● **Signage**

There is no signage on the subject site.

● **Landscaping and Fencing**

There is no landscaping on the site. The site is covered with natural vegetation that is typical for the area. There are some remnants of old farm/ranch fencing on the west end of the site. However, this fencing does not provide any contributory value to the site.

● **Soils**

No report of soil or subsoil conditions was made available for this appraisal. Based upon the presence of improved properties in the immediate area and because the area is not known to have significant soil problems, I have assumed that the soil and subsoil on the subject site are reasonably adequate for building support. The following chart provides a summary of soil information on the subject site.

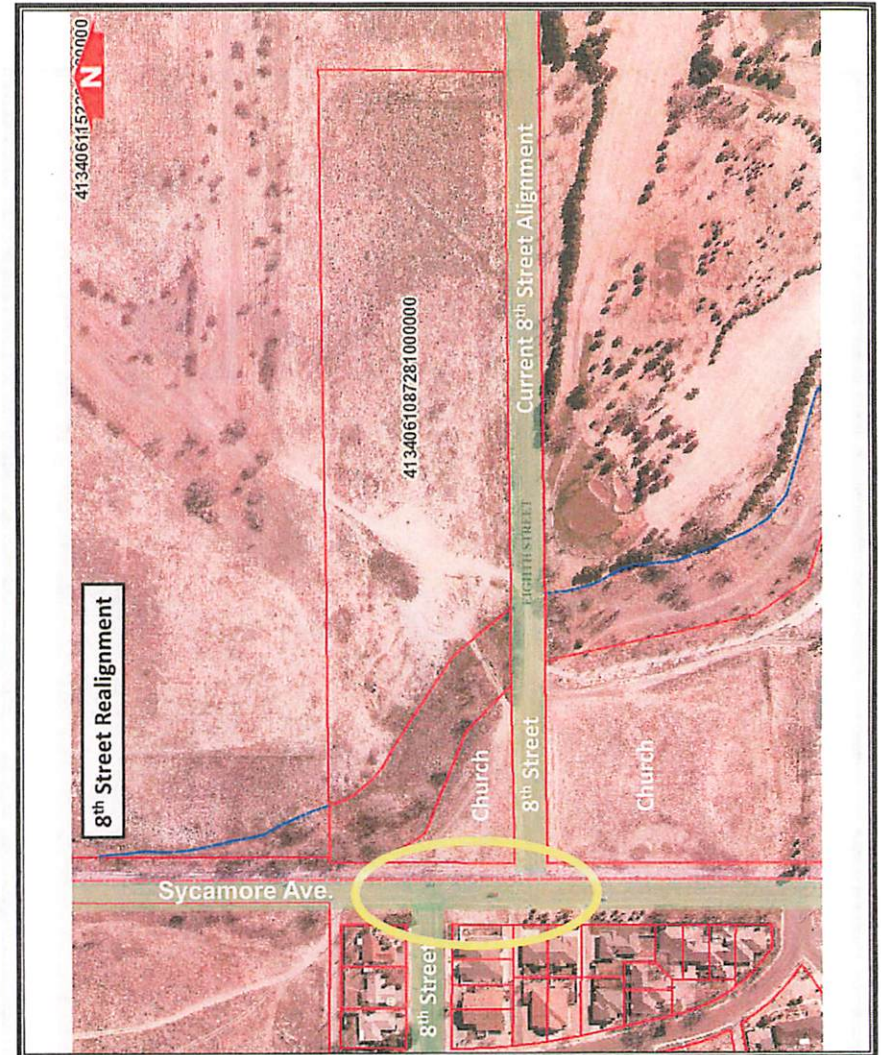
ReB—Reakor loam, 1 to 3 percent slopes: Map Unit Setting
• <i>National map unit symbol:</i> 1w82 • <i>Elevation:</i> 3,200 to 4,500 feet • <i>Mean annual precipitation:</i> 10 to 16 inches; <i>Mean annual air temperature:</i> 59 to 65 degrees F • <i>Frost-free period:</i> 180 to 220 days • <i>Farmland classification:</i> Farmland of statewide importance
Map Unit Composition
• <i>Reakor and similar soils:</i> 85 percent • <i>Minor components:</i> 1 percent • <i>Estimates are based on observations, descriptions, and transects of the mapunit.</i>
Description of Reakor: Setting
• <i>Landform:</i> Plains, alluvial fans; <i>Landform position (three-dimensional):</i> Rise • <i>Down-slope shape:</i> Convex, linear; <i>Across-slope shape:</i> Convex, linear • <i>Parent material:</i> Mixed alluvium and/or eolian deposits derived from sedimentary rock
Typical profile
• <i>H1 - 0 to 17 inches:</i> loam; <i>H2 - 17 to 65 inches:</i> clay loam
Properties and qualities
• <i>Slope:</i> 1 to 3 percent • <i>Depth to restrictive feature:</i> More than 80 inches • <i>Natural drainage class:</i> Well drained; <i>Runoff class:</i> Medium • <i>Capacity of the most limiting layer to transmit water (Ksat):</i> Moderately high (0.20 to 0.60 in/hr) • <i>Depth to water table:</i> More than 80 inches • <i>Frequency of flooding:</i> None; <i>Frequency of ponding:</i> None • <i>Calcium carbonate, maximum in profile:</i> 35 percent • <i>Gypsum, maximum in profile:</i> 9 percent • <i>Salinity, maximum in profile:</i> Very slightly saline to slightly saline (2.0 to 4.0 mmhos/cm) • <i>Sodium adsorption ratio, maximum in profile:</i> 2.0 • <i>Available water storage in profile:</i> High (about 11.2 inches)
Interpretive groups
• <i>Land capability classification (irrigated):</i> 2e; <i>Land capability classification (nonirrigated):</i> 7e • <i>Hydrologic Soil Group:</i> C; <i>Ecological site:</i> Loamy (R042XC007NM); <i>Hydric soil rating:</i> No
Minor Components: Playa
• <i>Percent of map unit:</i> 1 percent • <i>Landform:</i> Flood-plain playas; <i>Landform position (three-dimensional):</i> Dip, tail • <i>Down-slope shape:</i> Concave; <i>Across-slope shape:</i> Concave • <i>Ecological site:</i> Bottomland (R042XC017NM) • <i>Hydric soil rating:</i> Yes
Reeves
• <i>Percent of map unit:</i> Ecological site: Loamy (R042XC007NM) • <i>Hydric soil rating:</i> No
Holloman
• <i>Percent of map unit:</i> Ecological site: Gyp Upland (R042XC006NM) • <i>Hydric soil rating:</i> No
Atoka
• <i>Percent of map unit:</i> Ecological site: Loamy (R042XC007NM) • <i>Hydric soil rating:</i> No
Pecos
• <i>Percent of map unit:</i> Ecological site: Draw (R042XC008NM) • <i>Hydric soil rating:</i> No

Data Source Information: USDA - Natural Resources Cons. Service; Soil Survey Area: Chavez County, New Mexico; Survey Area Data: Version 11, Sept. 28, 2014

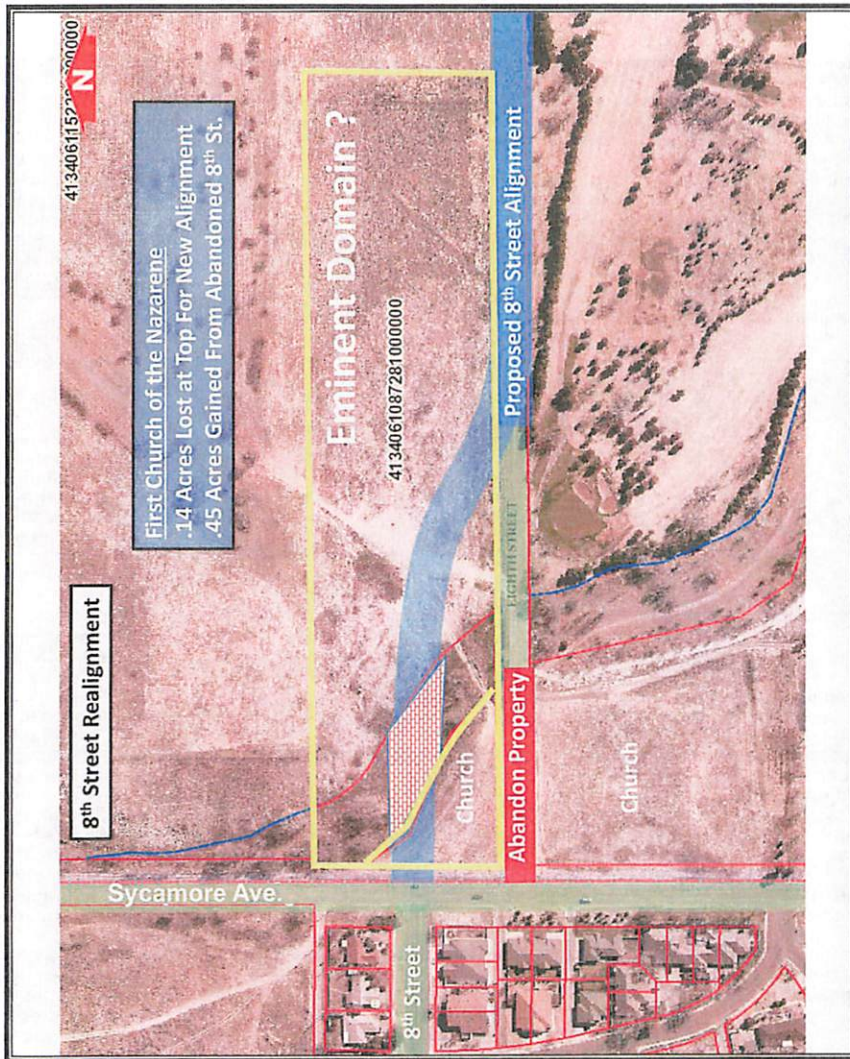
A copy of the Aerial Photo, Current 8th Street Alignment, Proposed 8th Street Alignment (2 Exhibits), Assessor's Site Plat, Zoning Map, Topographic Map, Flood Map, Soils Map, and pictures of the site follow.



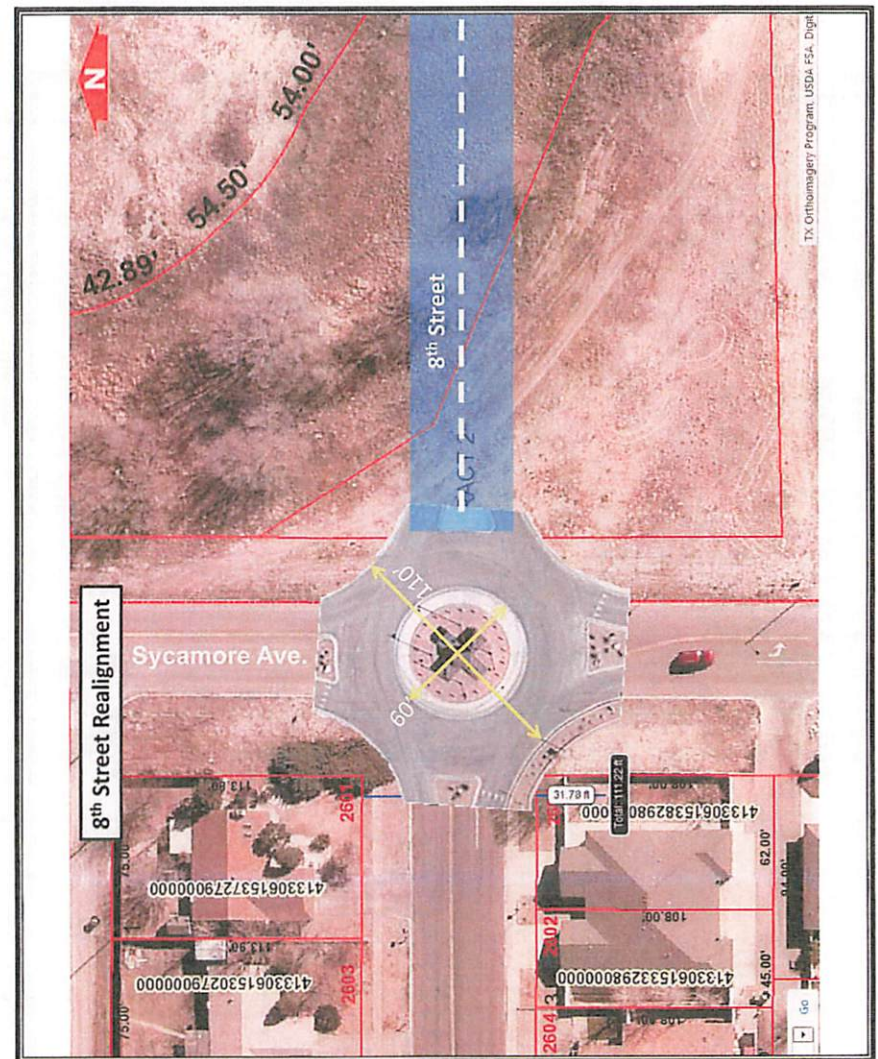
AERIAL PHOTO



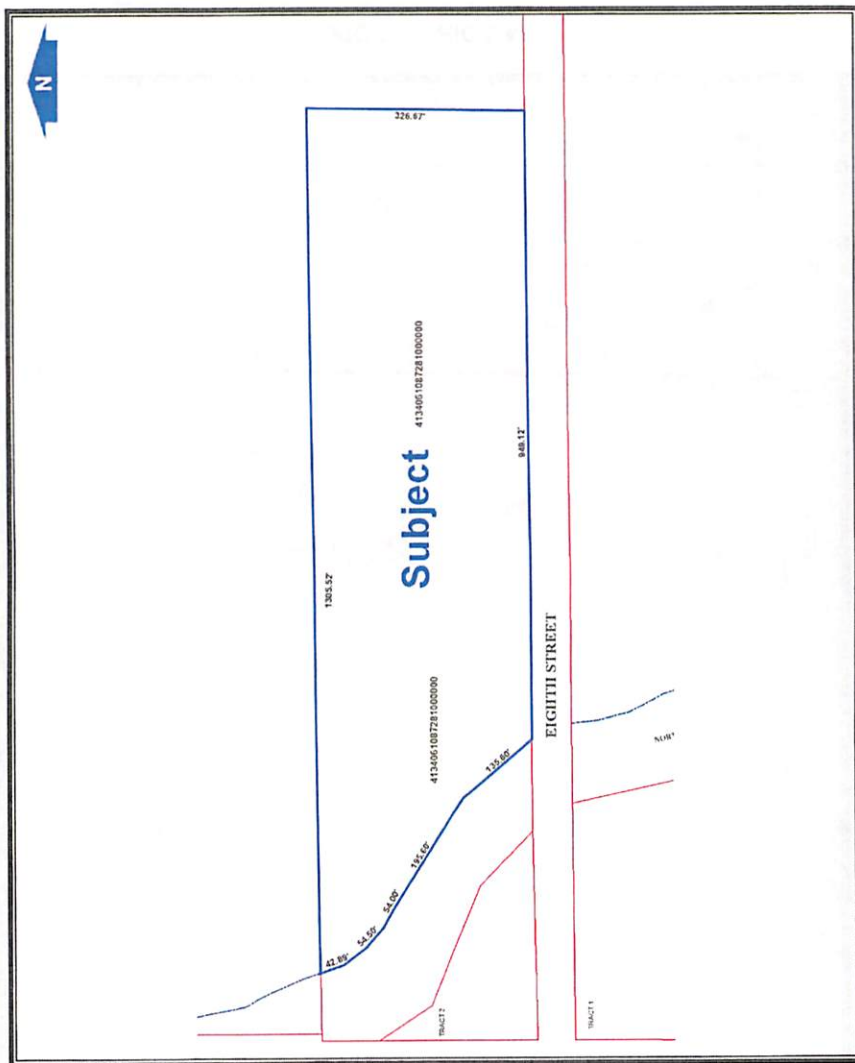
CURRENT 8TH STREET ALIGNMENT



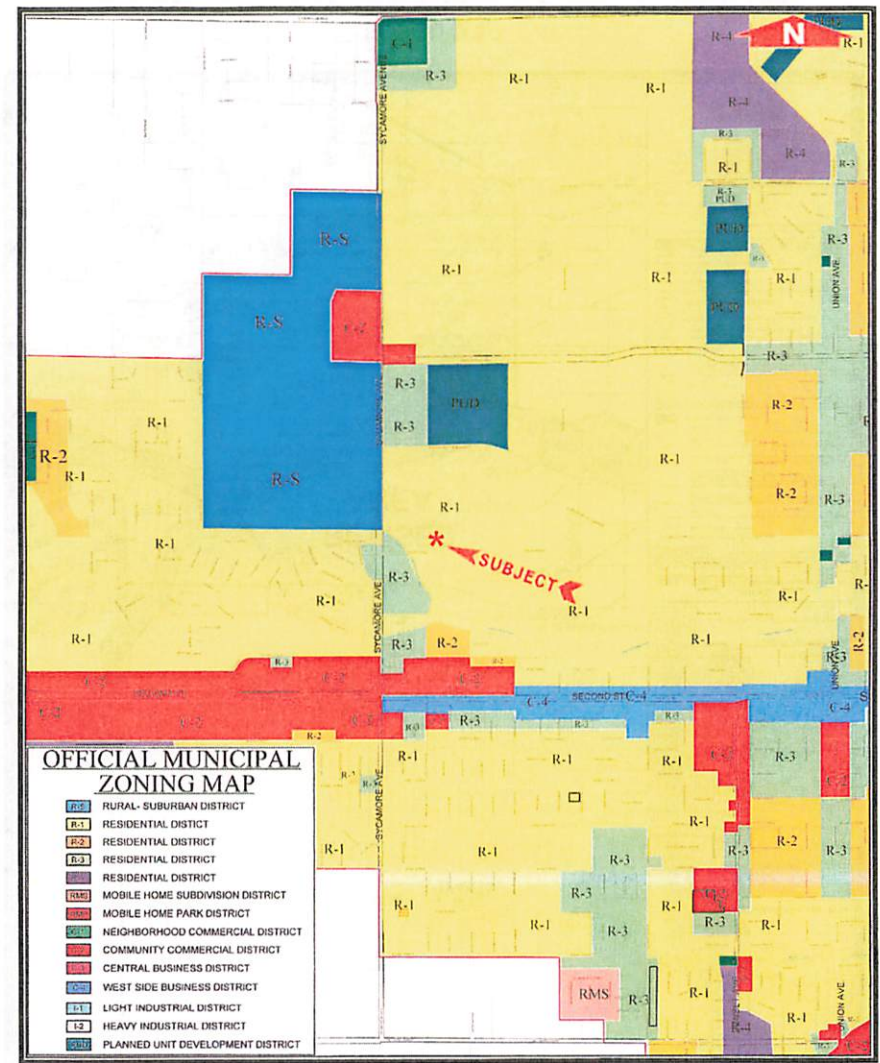
PROPOSED 8TH STREET ALIGNMENT



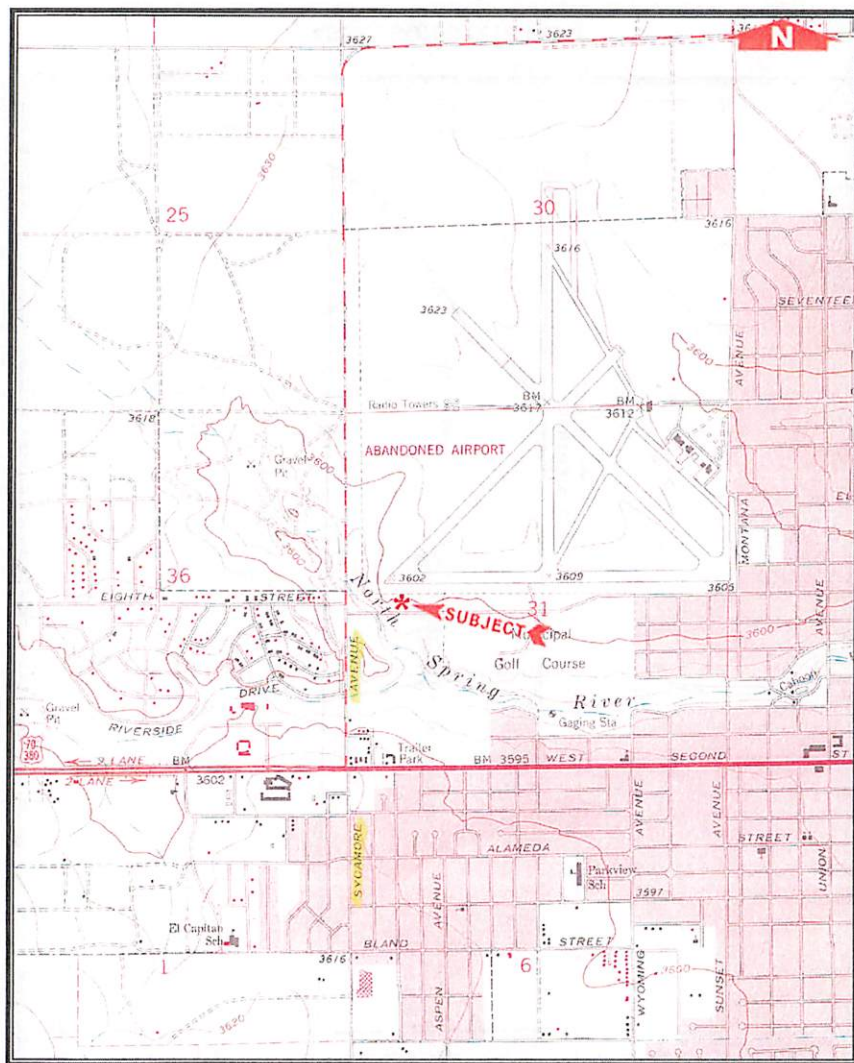
PROPOSED 8TH STREET ALIGNMENT



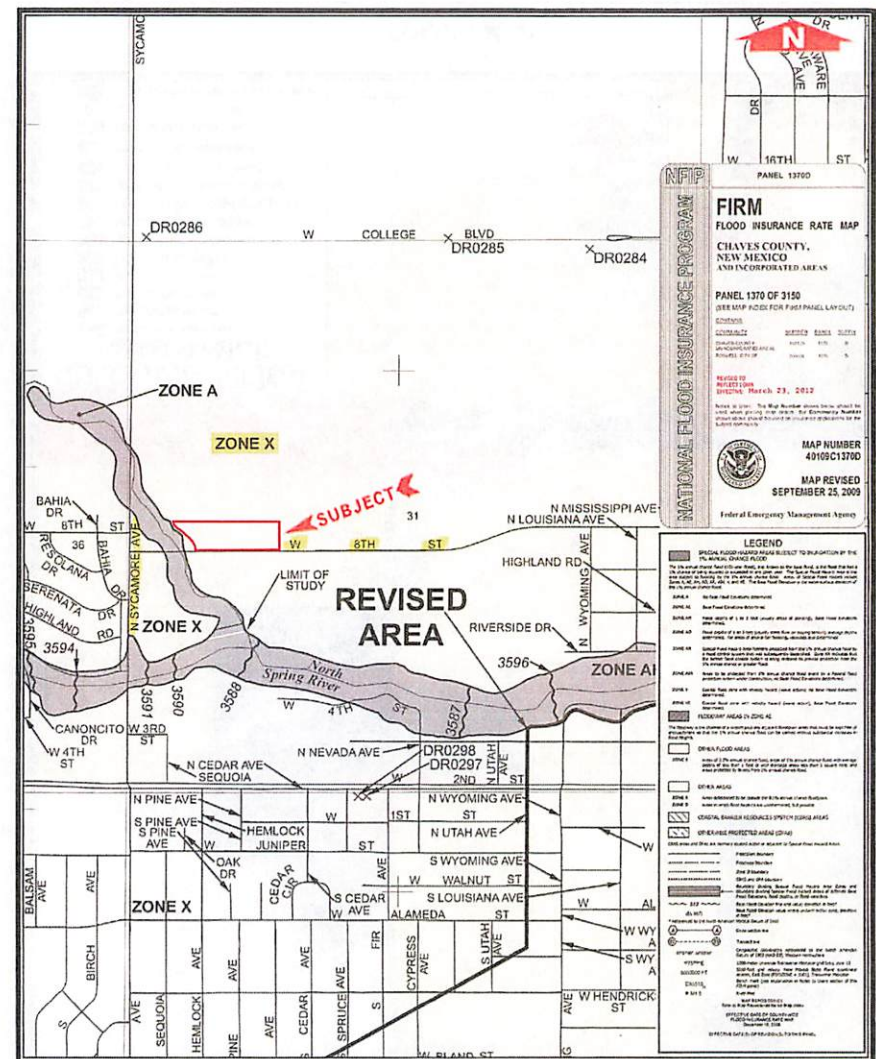
ASSESSOR'S SITE PLAT



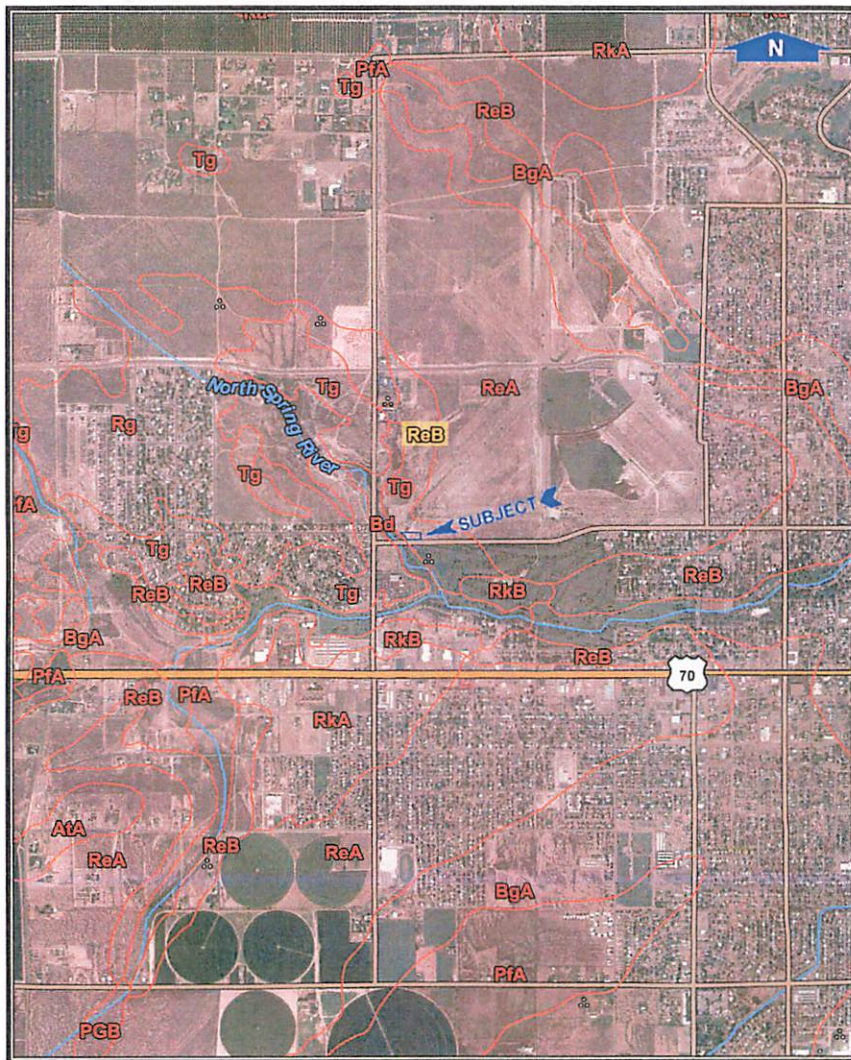
ZONING MAP



TOPOGRAPHIC MAP



FLOOD MAP



SOILS MAP



LOOKING WEST
ON WEST 8TH
STREET – SUBJECT
ON RIGHT



LOOKING EAST ON
WEST 8TH STREET –
SUBJECT ON LEFT



LOOKING NORTH
FROM WEST 8TH
STREET ALONG
EAST PROPERTY
LINE – SUBJECT
ON LEFT IN
UNMOWED AREA



LOOKING SOUTH
FROM NORTHEAST
CORNER OF SITE –
SUBJECT ON
RIGHT IN
UNMOWED AREA

LOOKING WEST
ALONG NORTH
PROPERTY LINE –
SUBJECT ON LEFT



LOOKING EAST
ALONG NORTH
PROPERTY LINE –
SUBJECT
ON RIGHT



LOOKING SOUTH
FROM NORTH
PROPERTY LINE –
SUBJECT ON
BOTH SIDES

LOOKING EAST
FROM NORTHWEST
CORNER OF SITE –
SUBJECT RIGHT
OF POST – NOTE
DOWNWARD SLOPE
ON WEST END
OF SITE



LOOKING
SOUTHEAST FROM
NORTHWEST
CORNER OF SITE –
SUBJECT LEFT
OF POST – NOTE
DOWNWARD
SLOPE AND
DRAINWAY ON
RIGHT



LOOKING
NORTHWEST
FROM SOUTHWEST
CORNER OF SITE –
SUBJECT ON LEFT



LOOKING WEST
ACROSS DRAINAGE
CHANNEL
FROM WEST
PROPERTY LINE –
APPROXIMATE
LOCATION OF
WEST 8TH STREET
REALIGNMENT

LOOKING NORTH
FROM SOUTHWEST
CORNER OF
SITE AND
WEST 8TH STREET –
SUBJECT ON
BOTH SIDES – NOTE
DOWNWARD SLOPE
OF SITE



LOOKING WEST
ACROSS SITE
FROM EAST
PROPERTY LINE –
APPROXIMATE
LOCATION OF
WEST 8TH STREET
REALIGNMENT



LOOKING EAST
ACROSS SITE
FROM WEST
PROPERTY LINE –
APPROXIMATE
LOCATION OF
WEST 8TH STREET
REALIGNMENT



LOOKING
EAST FROM
EAST PROPERTY
LINE –
APPROXIMATE
LOCATION OF
WEST 8TH STREET
REALIGNMENT

ASSESSMENTS AND TAXES

Taxes are established by New Mexico State Tax Code, assessed annually by calendar year, and are due November 10th each year. The subject's tax account ID number is **R001765**. Taxes for the previous two years are as follows:

TAX INFORMATION

Tax Year	Account # R001765
2016	\$359.75
2017	\$380.04

Taxes are for the current 2017 tax year, are unpaid. The following are the subject's 2017 full assessed values:

TAX ASSESSMENT

	Account # R001765
Land	\$33,720
Improvements	N/A
Total	\$33,720

The full assessed value of the subject property is similar to assessed values of other similar vacant land properties in Roswell.

HISTORY

The subject property is assumed to be owned by the Annie Wildy Lea Garry Estate. The subject appears to have been part of the former Roswell Municipal Airport property that served Roswell for many years. The airport was abandoned for use as an airport after the City of Roswell obtained ownership of the former Walker Air Force Base in 1967. No filed instrument for the property that is the subject of this appraisal report has been provided to

the appraiser to provide an accurate legal description and date obtained. The property remains vacant land.

ENVIRONMENTAL CONSIDERATIONS

No documentation has been made available to the appraiser that identifies the subject property as having any environmental issues. A search of the U. S. Environmental Protection Agency, Superfund Information System Web Page indicates two sites listed in Chaves County. These sites are not in close proximity to the subject property. The appraiser is not a qualified environmental expert and has no specialized training or skills in the area of environmental contamination. All readers/users of this report are cautioned that if there are any environmental concerns or hazardous materials on the property, it could adversely affect the value of the property. The client is advised to consult an environmental expert. **For purposes of this appraisal, the subject property is assumed to be unaffected by environmental conditions or hazardous materials.** An environmental report was not made available to the appraiser. If a subsequent environmental survey reveals the presence of hazardous material or environmental issues, the appraiser reserves the right to amend the valuation accordingly.

DESCRIPTION OF THE IMPROVEMENTS

There are no improvements on the site. It is a vacant undeveloped tract of land.

HIGHEST AND BEST USE

Highest and Best Use is defined:

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

{The Appraisal of Real Estate, 14th Edition, 2013, Pages 333, published by the Appraisal Institute.}

Implied in this definition is the following criteria:

1. *The use must be legal and comply with zoning and building codes.*
2. *Use must be probable not speculative or conjectural.*
3. *Demand for such use must exist.*
4. *Use must be profitable.*
5. *Use must provide the highest net return to land.*

In order to estimate Highest and Best Use, there are essentially four stages of analysis. These are as follows.

1. *Legally Permissible Uses of the Site – What uses are legally allowed given the zoning, easements, and/or deed restrictions?*
2. *Physically Possible Uses of the Site – Among the legally permissible uses, what uses are physically possible, given the size, shape, and topography of the site?*
3. *Financially Feasible Uses of the Site – Among the uses which are legally permissible and physically possible, what uses would provide a reasonable residual net return to the land?*
4. *Maximally Productive Use of the Site – Among the financially feasible uses, which use would result in the highest residual land value?*

These tests have been applied to the subject property "As Though Vacant".

● **Highest and Best Use – As Though Vacant**

Legally Permissible Uses – Legal limitations on the use of the subject property are those resulting from easements, zoning restrictions, and deed restrictions, if any. There are no known easements or deed restrictions that would preclude any known viable use of the subject property. The subject is currently zoned R-1 Residential District. Therefore, the use of the subject property is primarily intended for low density single-family detached dwellings, 5 units per net acre, and other uses which uphold and maintain the low density residential nature of the district. Some of the special uses are cemeteries and mausoleums, churches and other places of worship, community association swimming pools and/or recreational

facilities, golf courses and related buildings, public utility and service facilities, schools, community gardens, and renewable energy facilities.

Physically Possible Uses – Any new improvements would have to be appropriately sized. The size, shape, and topography can influence ultimate development. The physically possible uses of the site considering its size, shape, and topography would include most any single-family residential structure that would be appropriately sized for the site.

The subject site is mostly rectangular in shape. The subject site contains a total of 8.43 acres. The proposed intended use of the subject property is to realign West 8th Street. Drainage appears to be adequate. The site does not appear to be located in a flood zone. Soil conditions appear to be satisfactory for development. Consequently, the site lends itself to most residential development uses from a physical possibility analysis.

Financially Feasible Uses – Due to the type of existing development in the area, it would be financially feasible to develop the property with single-family residential improvements or possibly a place of worship. There are currently residential properties developed west of the subject in the Enchanted Hills Subdivision and several places of worship developed north and south of the subject along North Sycamore Avenue. However, demand for further development of this type in the immediate market area is considered to be limited.

Considering the amount of new or proposed development in the subject's immediate market area, there is no reason to expect the subject site, as though vacant, would be developed unless a specific use of the site required a new development. Any new development would probably be for an owner/occupant. The most probable type of improvement that might be developed on the site, considering other development in the immediate area, would be single-family residential improvements or possibly a place of worship.

Maximally Productive Uses – The legally permissible uses, the physically possible uses, and the financially feasible uses all indicate the maximally productive use and the

Highest and Best Use of the subject site "As Though Vacant" is that it be held as speculative vacant land for possible future development, contingent upon demand requirements.

COST APPROACH

The Cost Approach involves three steps: (1) estimating the value of the land as if vacant, generally on the basis of comparable sales; (2) estimating reproduction or replacement cost of improvements, as if new; and (3) accurately measuring the total loss in value caused by various types of depreciation. After improvements are constructed, various forms of depreciation occur which affect the value of the improvements, and the older the improvements become, the greater the total depreciation from all sources is likely to be. This approach is based on the assumption that a buyer will generally not pay more for a property than it would cost to duplicate it within a reasonable time. In this report, because the subject is vacant land, the Cost Approach will not be developed.

INCOME APPROACH

The Income Approach is generally the chief approach to value of an investment type property. This approach most typically conforms to the thinking of the market. The present worth of the anticipated income stream is calculated, taking into account the quantity, quality, and duration of the net income expectancy. The Income Approach involves the following steps:

1. Estimate the potential gross income a property will produce, 100% occupancy (market rent). This is determined by comparing rents received by comparable and competing properties, and comparing amenities offered by these properties to those offered by subject property.
2. An anticipated annual vacancy allowance is made, based on current occupancy of competing properties, occupancy trends, and any announced new properties.
3. Prepare an annual stabilized income and expense statement anticipated in the operation of subject property, based on the actual costs of operating subject and known expenses of operating similar properties.

-
4. Process the resulting net annual income into an indicated value by employing a capitalization rate. The capitalization rate is the weighted mortgage equity rate or an overall rate extracted from market sales. The net annual income is then divided by the capitalization rate, producing the property value. The capitalization rate is called the overall rate (OAR).

The subject is vacant land. There is very little, if any, vacant land that is leased in the Roswell market area that is similar to the subject. Therefore, the Income Approach is not considered to provide adequate information to assist in providing my conclusion of Fee Simple Market Value of the surface estate of the subject. It will not be developed in this appraisal.

SALES COMPARISON APPROACH

In this approach to value, the value of the subject is arrived-at by developing data on sales of other vacant land tracts and comparing the sales to the subject property. From my analyses of other vacant land sales, units of comparison can be extracted to arrive at an indication of value using the Sales Comparison Approach. The key to this approach is to develop an adequate amount of comparable data and to adjust the sales to the subject property for items that are not comparable.

Land is valued as if vacant and ready for development to its Highest and Best Use. Similar vacant land sales are developed and compared to the subject. The unit of comparison used in the following analyses will be the value per acre.

The subject property is a vacant tract of land located just northeast of the northeast corner of the intersection of West 8th Street and North Sycamore Avenue. It has 949.12 feet of frontage on West 8th Street and 482.59 feet along its irregular west property line. It contains 8.43 acres. It has good visibility and good access. The topography is level. It appears to be located in Flood Zone X (which is not in the 100-year floodplain). However, a Survey will be required to determine if any of the subject site is located in the 100-year floodplain.

The following six vacant land sales have been analyzed based upon differences in location, size, exposure/accessibility, and other factors (such as buyer/seller motivation or other physical factors). No condition of sale (financing) adjustments are required. No market conditions (time) adjustments are required. No adjustments are required for zoning differences. The following Land Sales Summary Chart is provided:

LAND SALES SUMMARY CHART

Sale #	Location	Sale Date	Sale Price	Size Acres	Price/ Acre	Zoning
1	1800 North Sycamore Avenue	6-17	\$234,000	15.608	\$14,992	R-S
2	1801 North Sycamore Avenue	2-16	\$200,000	20.0	\$10,000	R-1
3	2301 West College Boulevard	4-15	\$80,000	1.1478	\$43,562	R-1
4	1600 North Sycamore Avenue	11-13	\$208,200	13.88	\$15,000	C-2
5	3000 Block of North Kentucky Avenue	10-12	\$150,000	9.74	\$15,400	R-3
6	613 West Mesalero Road	7-08	\$150,000	10.0	\$15,000	R-1
Subject	NE Corner West 8 th Street & North Sycamore Avenue			8.43		R-1

● **Land Sales Analyses**

Sale 1 is located approximately 1.0 mile northwest of the subject on the west side of North Sycamore Avenue approximately .4 miles north of the North Sycamore Avenue and West College Boulevard intersection. The market area environment is somewhat superior to the subject (more development in this area). A negative 5% location adjustment is required. Sale 1 is 1.85 times as large as the subject site. A positive 5% size adjustment is required. Exposure/accessibility is somewhat superior to the subject (higher traffic area). A negative 5% exposure/accessibility adjustment is required. No other factors adjustment is required. **The adjusted sale price of Sale 1 is \$14,242 per acre.**

Sale 2 is also located approximately 1.0 mile north of the subject on the east side of North Sycamore Avenue approximately .4 miles north of the North Sycamore Avenue and West College Boulevard intersection. The market area environment is somewhat superior to

the subject (more development in this area). A negative 5% location adjustment is required. Sale 2 is 2.37 times as large as the subject site. A positive 10% size adjustment is required. Exposure/accessibility is somewhat superior to the subject (higher traffic area). A negative 5% exposure/accessibility adjustment is required. An extremely large positive 50% other factors adjustment is required. Due to the estimated costs involved in extending sewer lines and electrical service to this sale and due to the seller being motivated to sell this property, the large other factors adjustment is required. **The adjusted sale price of Sale 2 is \$15,000 per acre.**

Sale 3 is located approximately .6 miles north of the subject three properties east of the northeast corner of the intersection of West College Boulevard and North Sycamore Avenue. The market area environment is somewhat superior to the subject (more development in this area). A negative 5% location adjustment is required. Sale 3 is only .14 times as large as the subject site. A negative 15% size adjustment is required. Exposure/accessibility is somewhat superior to the subject (higher traffic area). A negative 5% exposure/accessibility adjustment is required. Sale 3 was purchased from the City of Roswell as an R-1 zoned tract anticipating that it would be rezoned to C-1 zoning and develop the property with a commercial improvement. Therefore, a very large negative 40% other factors adjustment is required, due to the required zoning changes involved in this transaction. **The adjusted sale price of Sale 3 is \$15,247 per acre.**

Sale 4 is located approximately .7 miles northwest of the subject in the northwest corner of the intersection of North Sycamore Avenue and West College Boulevard. The market area environment is somewhat superior to the subject (more development in this area). A negative 5% location adjustment is required. Sale 4 is 1.65 times as large as the subject site. A positive 5% size adjustment is required. Exposure/accessibility is somewhat superior to the subject (higher traffic area). A negative 5% exposure/accessibility

adjustment is required. No other factors adjustment is required. **The adjusted sale price of Sale 4 is \$14,250 per acre.**

Sale 5 is located approximately 2.9 miles northeast of the subject north of West Vista Parkway on the east side of North Kentucky Avenue, as extended. The market area environment is somewhat superior to the subject (more development in this area). A negative 5% location adjustment is required. Sale 5 is 1.16 times as large as the subject site. No size adjustment is required. Exposure/accessibility is inferior to the subject. Public street access is only available to the southwest and northwest corners of this site. A positive 10% exposure/accessibility adjustment is required. The buyer was motivated to purchase this property. Recognizing the limited public street access to the property, the sale price is somewhat high compared to other similar vacant land sales. Therefore, a negative 5% other factors adjustment is required, due to some buyer motivation. **The adjusted sale price of Sale 5 is \$15,400 per acre.**

Sale 6 is located approximately 2.6 miles northeast of the subject one property east of the northeast corner of the intersection of West Mescalero Road and North Washington Avenue. The market area environment is somewhat superior to the subject (more development in this area). A negative 5% location adjustment is required. Sale 6 is 1.19 times as large as the subject site. No size adjustment is required. Exposure/accessibility is somewhat superior to the subject (higher traffic area). A negative 5% exposure/accessibility adjustment is required. There was some seller motivation to sell this property to divest of a non-performing asset. A positive 5% other factors adjustment is required, due to some seller motivation. **The adjusted sale price of Sale 6 is \$14,250 per acre.**

The adjustments made to the previously cited vacant land sales are based primarily upon my analysis of the vacant land sales market in conjunction with information provided

by knowledgeable local commercial Realtors and local buyers/sellers. There are no known sale/resale or similar paired sales from which to extract some of the adjustments made in this analysis. The following Land Sales Adjustment Grid summarizes my land sales analysis:

LAND SALES ADJUSTMENT GRID

Sale #	Sale Date	Size Acres	Price/ Acre	Cond. of Sale	Market Cond. Adjust	Market/ Cond. Adjust S.P./Acre	Adjusted for differences in					
							Loc.	Size	Expos/ Access	Other Factors	Net Adj. Factor	Adj. S.P./ Acre
1	6-17	15.608	\$14,992	1.0	1.0	\$14,992	-5%	+5%	-5%	0%	95%	\$14,242
2	2-16	20.0	\$10,000	1.0	1.0	\$10,000	-5%	+10%	-5%	+50%	150%	\$15,000
3	4-15	1.1478	\$43,562	1.0	1.0	\$43,562	-5%	-15%	-5%	-40%	35%	\$15,247
4	11-13	13.88	\$15,000	1.0	1.0	\$15,000	-5%	+5%	-5%	0%	95%	\$14,250
5	10-12	9.74	\$15,400	1.0	1.0	\$15,400	-5%	0%	+10%	-5%	100%	\$15,400
6	7-09	10.0	\$15,000	1.0	1.0	\$15,000	-5%	0%	-5%	+5%	95%	\$14,250
Subject		8.43									Average	\$14,732

● **Land Value Conclusion**

Based upon the previous land sales analyses, a range of \$14,242 to \$15,400 per acre is within current market parameters. Sales 2 and 3 both required very large adjustments and both adjusted sale prices are towards the upper end of the range. Sale 5 required much less adjustment than Sales 2 and 3. Its adjusted sale price sets the top of the range. Sales 1, 4, and 6 required the least adjustment. These three sales set the lower end of the range of adjusted sale prices. Therefore, I have concluded that **\$15,000 (rounded) per acre** is a strong indication of value for the subject site. My conclusion of Fair Market Value of the surface estate of the subject property is calculated:

$$8.43 \text{ Acres} \times \$15,000/\text{Acre} = \$126,450$$

Rounded to \$126,500

Land Sale data sheets and a location map follow.

LAND SALE DATA

LSD-NW

Sale #1

Location: 1800 North Sycamore Avenue, Roswell, NM
Grantor: Featherstone Development Corporation
Grantee: Unchained Ventures, LLC
Sale Date: 6-2-17, Warranty Deed Book 786, Page 67, Chaves County
Sale Price: \$234,000, Cash to Seller
Tract Size: 15.608± Acres
Price/Acre: \$14,992/Acre
Zoning: R-S Rural Suburban District

Comments: Vacant interior tract on North Sycamore Avenue approximately 1,850 feet north of the northwest corner of the intersection of North Sycamore Avenue and West College Boulevard. Tract has 500.0 feet of frontage on North Sycamore Avenue and it is 1,329± feet deep. All utilities and services were available and have been extended onto the site for development. Tract was purchased-for and has been developed-with a new self-storage facility. **Legal:** Tract A2 of Pocono Summary Replat No. 1. **Confirmed By:** Tres Featherstone, 5-24-18.



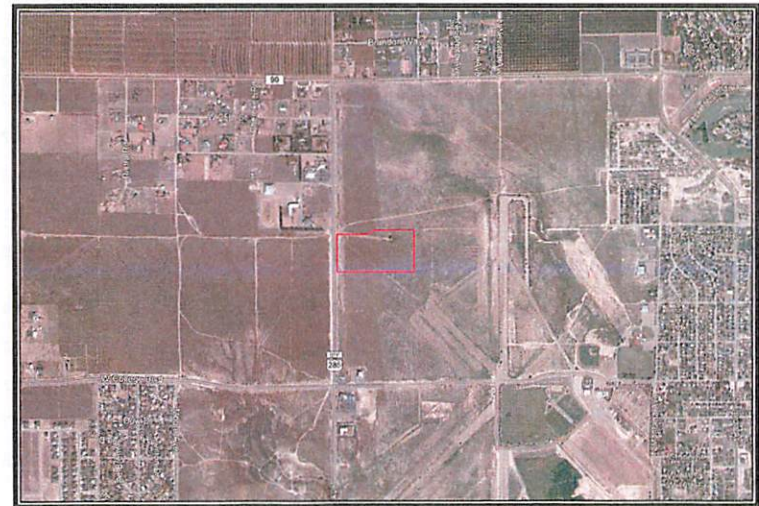
LAND SALE DATA

LSD-NW

Sale #2

Location: 1801 North Sycamore Avenue, Roswell, NM
Grantor: Eden Land Development Limited Partnership
Grantee: Sally Mellgren
Sale Date: 2-18-16, Warranty Deed Book 760, Page 526, Chaves County
Sale Price: \$200,000, Cash to Seller
Tract Size: 20.0 Acres
Price/Acre: \$10,000/Acre
Zoning: R-1 Residential District

Comments: Vacant interior tract on the east side of North Sycamore Avenue approximately midway between West Country Club Road to the north and West College Boulevard to the south. Tract has 611.09 feet of frontage on North Sycamore Avenue. It is 1,353.74 feet deep on its north property line and 1,355.39 feet deep on its south property line. The tract has 673.37 feet on its east property line. All utilities and services are available, but will need to be extended onto the site for development. The tract remains vacant. Costs for sewer line and electrical service development may be close to \$5,000 per acre. There was some seller motivation to sell this property, per the buyer. **Legal:** Lot 1 of Eden Acres Unit 2 Summary Plat. **Confirmed By:** Sally Mellgren, 5-21-18.



LAND SALE DATA

LSD - NW

Sale #3

Location: 2301 West College Boulevard, Roswell NM
Grantor: City of Roswell
Grantee: Desert Rock LLC
Sale Date: 4-6-15, Warranty Deed Book 744, Page 1003, Chaves County
Sale Price: \$50,000, Cash to Seller
Tract Size: 50,000 S.F.; 1.1478± Acres
Price/S.F. (Acre): \$1.00/S.F.; \$43,562/Acre
Zoning: R-1 Residential District

Comments: Vacant tract located on the north side of West College Boulevard directly east of the Roswell Masonic Lodge. The site is rectangular in shape and has 250.0 feet of frontage on West College Boulevard. It is 200.0 feet deep. All utilities and services are in close proximity, but will need to be extended onto the site for development. Tract was purchased as an R-1 Zoned tract and subsequently rezoned to C-2 Community Commercial. Tract was purchased-for and has subsequently been developed-with a new veterinary clinic. **Legal:** Tract A of Wenner Summary Plat, a subdivision in the City of Roswell, County of Chaves, and State of New Mexico. **Confirmed By:** Elizabeth Stark-Rankins, 5-20-15.



LAND SALE DATA

LSD - NW

Sale #4

Location: 1600 North Sycamore Avenue, Roswell, NM
Grantor: Featherstone Development Corporation
Grantee: Emery Stephen Holdings, Ltd.
Sale Date: 11-21-13, Warranty Deed Book 723, Page 1032, Chaves County
Sale Price: \$208,200, Cash to Seller
Tract Size: 604,612± S.F.; 13.88± Acres
Price/S.F. (Acre): \$.34/S.F.; \$15,000/Acre
Zoning: C-2 Community Commercial District

Comments: Vacant corner tract located in the northwest corner of the intersection of West College Boulevard and North Sycamore Avenue (except 2.0± acres in the northwest corner of the intersection). All utilities and services are available, but will need to be extended onto the site for development. The site was purchased-for and has subsequently been developed-with a new high-quality apartment complex. **Legal:** Pocono Place Unit 1, Lots 1 and 2 (except 2.0 acres in the northwest corner of the intersection). **Confirmed by:** Tres Featherstone, 9-15-14.



LAND SALE DATA**Sale #5**

Location: 3000 Block of North Kentucky Avenue, Roswell, NM

Grantor: Claribel Y. Marshall

Grantee: Tierra Realty Trust, LLC

Sale Date: 10-12-12, Warranty Deed Book 702, Page 1847, Chaves County

Sale Price: \$150,000, Cash to Seller

Tract Size: 424,274± S.F.; 9.74 Acres

Price/S.F. (Acre): \$.35/S.F.; \$15,400/Acre

Zoning: R-3 Residential District

Comments: Vacant interior tract located north of the Marshall Subdivision. Tract has access to the southwest corner and the northwest corner of the site from North Kentucky Avenue. However, North Kentucky Avenue is not developed along the west side of the tract. Public street access is available, but is not developed, except to the corners of this tract. All utilities and city services are available to the site, but will need to be extended onto the site for development. Tract was purchased for possible future development of an apartment complex. Tract remains vacant. There was some buyer motivation involved in this sale. **Legal:** N½W½ of Lot 8, Block 20, Berrendo Irrigated Farms. **Confirmed by:** John Grieves, 5-22-12.

**LAND SALE DATA****Sale #6**

Location: 613 West Mescalero Road, Roswell, NM

Grantor: McClellan Oil Corporation

Grantee: Lloyd E. Stone Trust

Sale Date: 7-01-09, Warranty Deed Book 644, Page 6, Chaves County

Sale Price: \$150,000, Cash to Seller

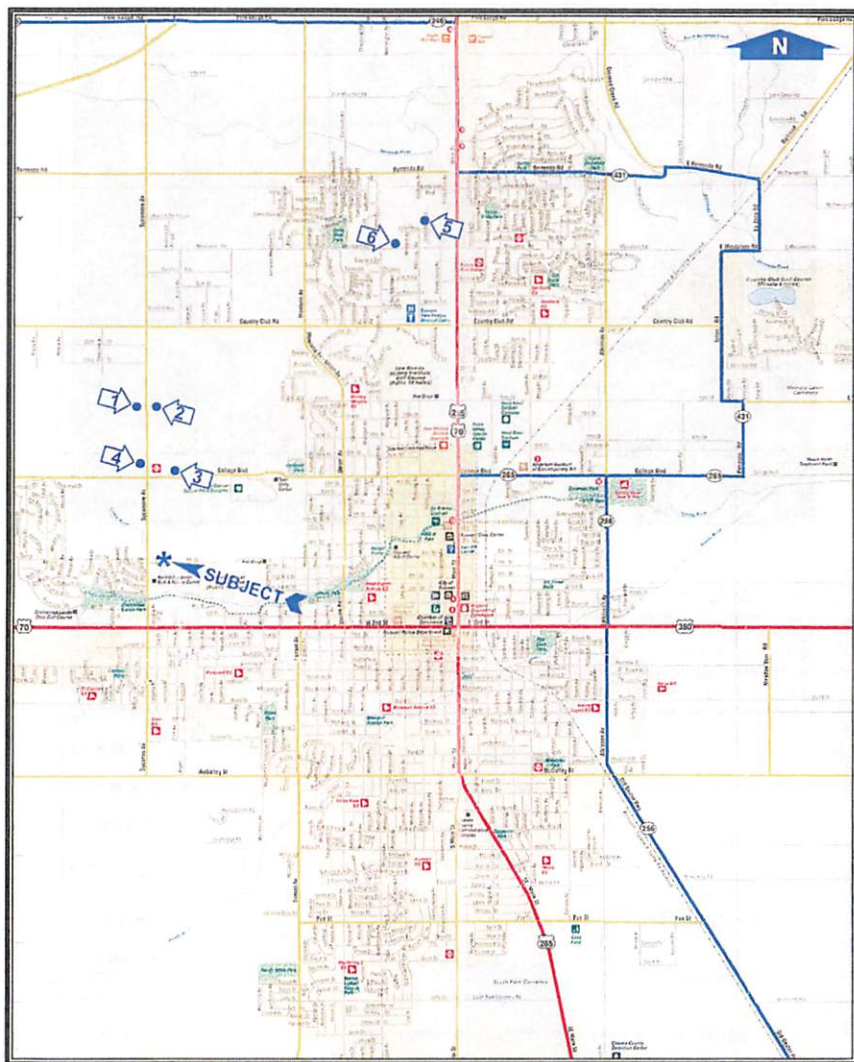
Tract Size: Irregular, 435,600 S.F.; 10 Acres

Price/S.F. (Acre): \$.34/S.F.; \$15,000/Acre

Zoning: R-1 Residential District

Comments: Vacant interior tract located on the north side of West Mescalero Road, one property east of the intersection of West Mescalero Road and North Washington Avenue. The Beehive Homes elder care facility adjoins the tract to the west and residential development adjoins the tract to the east. All utilities and services are available, but will need to be extended onto the site for development. The site was purchased-for and has subsequently been donated to the First Baptist Church. The site remains vacant. There was some seller motivation involved in this sale. **Legal:** Lot C, Sulmar Subdivision No. 2 Summary Plat. **Confirmed by:** Lloyd Stone, 1-13-11.





LAND SALE LOCATION MAP

RECONCILIATION AND FINAL CONCLUSION OF VALUE

Only one approach to value was developed in this appraisal report. An analysis of the pertinent facts and data influencing the value of the subject provided the following indication of value:

Cost Approach.....	Not Developed
Income Approach.....	Not Developed
Sales Comparison Approach.....	\$126,500

The Cost Approach was not developed because the subject is vacant land. This approach generally lends itself to valuing improved properties in that it considers the cost of construction and depreciation. In this report, because the subject is vacant land, the Cost Approach was not developed.

The Income Approach was not developed because the subject is vacant land. There are very few, if any, vacant land sales that have been leased in the Roswell market area that would be similar to the subject. Therefore, the Income Approach is not considered to provide adequate information to assist in providing a conclusion of Fair Market Value for the subject. The Income Approach was not developed in this appraisal.

The Sales Comparison Approach is developed in this appraisal report based upon my analysis of six vacant land sales in comparison to the subject. **The Fair Market Value of the surface estate of the subject property, as of May 22, 2018, is:**

\$126,500

In conclusion, the Sales Comparison Approach is the only reasonable and reliable approach to provide my conclusion of Fair Market Value for the surface estate of the subject. Therefore, I have concluded that the Fair Market Value of the surface estate of the subject property, as of May 22, 2018, is:

\$126,500

● Estimate of Marketing Time

Marketing time is the amount of time it might take to sell a real or personal property interest at the concluded Market Value during the period immediately after the effective date of an appraisal. I have concluded that the subject property will likely sell, as of May 22, 2018, with a marketing time of twelve months, or more.

● Estimate of Exposure Time

Exposure time is the length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at Market Value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. I have concluded that the subject property could have sold, as of May 22, 2018, with an exposure time of twelve months, or more.

● Cash Value

My conclusion of value reflects the cash value of the subject property. This conclusion of value is the same for a value based upon typical financing terms. Typical terms include conventional financing with the seller receiving cash at closing.

● Past Due Taxes

The 2017 taxes have not been paid.

● Environmental Hazards

I am not qualified to inspect for environmental problems. All readers/users of this report are cautioned that if there is any environmental contamination on the subject property, it could adversely affect the value of the property. The client is urged to consult an environmental expert.

● Natural, Cultural, Recreational, or Scientific Value

None known or made apparent to the appraiser.

CERTIFICATE OF APPRAISAL

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

1. The statements of fact contained in this report are true and correct.
2. 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.
3. 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.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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 conclusion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. 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.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
11. I have made a personal inspection of the property that is the subject of this report.
12. No one provided significant professional assistance to the person signing this certification.
13. The appraisal assignment is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
14. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

Respectfully submitted,


Oscar E. Kunkel, Jr., SRA
(NM State Certified Appraiser # 314-G)

Date: May 22, 2018

ADDENDA

Engagement Letter.....Exhibit "A"

Bud Kunkel

From: Bill Morris <b.morris@roswell-nm.gov>
Sent: Friday, May 18, 2018 4:10 PM
To: 'Bud Kunkel (budkunkel@cableone.net)'
Subject: 8th Street
Attachments: OMA Presentation IC-90.pdf

Hi Bud, can you think about 8th Street re-alignment when you get a chance and let me know when we can do a site visit? Have a great weekend.

William Morris, AICP, CZO
Planning Manager
City of Roswell
415 N. Richardson Ave.
Roswell, NM 88201
(P) (575) 637-6223
(C) (575) 937-1162
b.morris@roswell-nm.gov<mailto:b.morris@roswell-nm.gov>

To:

Subject:

Attachment:

THINK BEFORE YOU PRINT - This message contains confidential information and is intended only for the individual named. If you are not the named addressee you should not disseminate, distribute or copy this e-mail. Please notify the sender immediately by e-mail if you have received this e-mail by mistake and delete this e-mail from your system. E-mail transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission.

This email has been checked for viruses by AVG.
<https://www.avg.com>

ENGAGEMENT LETTER

Kunkel &
Associates

EXHIBIT "A"

City of Roswell-8th & Sycamore