

Memo

To: David W. Harris, UNM Executive Vice President for Administration, COO and CFO, and Lobo Development Corporation President

From: Thomas M. Neale, UNM Director of Real Estate and Lobo Development Corporation Director

Date: March 23, 2018

Re: Loan Proposal: 15-year loan (with a balloon payment in year 10) from Lobo Development Corporation to the Regents of the University of New Mexico for improvements to 1009 Bradbury Drive SE for potential relocation/expansion of the Albuquerque Institute for Mathematics and Science at UNM.

I am requesting approval by the Lobo Development Corporation Board of Directors for a loan from Lobo Development Corporation to the Regents of the University of New Mexico to be used to fund tenant improvements for the potential relocation/expansion of the Albuquerque Institute for Mathematics and Science at UNM (AIMS), within the UNM Science and Technology Park (UNM STP).

AIMS has been a tenant at UNM STP since August 2010 and originally occupied 17,862 square feet in the former Social Security Building at 933 Bradbury Drive SE. In January 2018 they relinquished 2,854 square feet of their original space and leased an additional 14,700 square feet at 1155 University Boulevard SE (aka Student Success Center). AIMS currently leases a total of 29,708 square feet. The lease expires in June 2023. Please refer to the attached map of South Campus for orientation.

Administration has requested the UNM Real Estate Department determine the feasibility of relocating and providing a permanent location for AIMS that will allow the University to utilize the entire building at 1155 University Boulevard for University-related occupancy.

The proposed project is to renovate 1009 Bradbury Drive SE by converting the 13,600 square feet of office space into administrative and classroom space for educational occupancy. The renovation will require demolition and asbestos abatement of the interior, construction of eight classrooms, new restrooms, and administrative offices. The preliminary project budget is \$1,500,000.

To assist with financing the proposed building renovation, I am requesting a loan of up to \$1,500,000 from Lobo Development Corporation to the Regents of the University of New Mexico as the borrower. Proposed terms include an annual interest rate of 3.0% with principal and interest payments amortized over 15 years with a balloon payment at the end of the 10th year. Proposed debt service payments will be \$10,359 per month, or \$124,272 per year. Debt service payments will be funded by UNM Real Estate through rent charged to the tenant.