



Hobbs City Commission

Re-Scheduled Regular Meeting from August 18, 2025
City Hall, City Commission Chamber
200 E. Broadway, 1st Floor Annex, Hobbs, New Mexico

Monday, August 25, 2025 - 6:00 PM

R. Finn Smith
Commissioner - District 1
Joseph D. Calderón
Commissioner - District 4

Sam D. Cobb, Mayor
Christopher R. Mills
Commissioner - District 2
Dwayne Penick
Commissioner - District 5

Larron B. Fields
Commissioner - District 3
Don R. Gerth
Commissioner - District 6

AGENDA

City Commission Meetings are
Broadcast Live on KHBX FM 90.7 Radio and
View Online at www.hobbsnm.org

CALL TO ORDER AND ROLL CALL

INVOCATION AND PLEDGE OF ALLEGIANCE

APPROVAL OF MINUTES

1. Minutes of the August 4, 2025, Regular Commission Meeting (*Jan Fletcher, City Clerk*)

PROCLAMATIONS AND AWARDS OF MERIT

2. Presentation of Letters of Commendation to Detective Casey Dawson and Detective Uriel Chavez of the Hobbs Police Department (*August Fons, Police Chief*)
3. Recognition of City Employees - Milestone Service Awards for the Month of August, 2025 (*Manny Gomez, City Manager*)

- 5 years - Oscar Serrano, Hobbs Police Department
- 10 years - Lee Jackson, Utilities Department
- 20 years - April Hargrove, Engineering Department
- 25 years - Robert "Bokey" Swain, Recreation Department

PUBLIC COMMENTS (Citizens who wish to speak must sign the Public Comment Registration Form located in the Commission Chamber prior to the beginning of the meeting.)

CONSENT AGENDA (The consent agenda is approved by a single motion. Any member of the Commission may request an item to be transferred to the regular agenda from the consent agenda without discussion or vote.)

4. Resolution No. 7658 - Authorizing Voting Delegate for the 68th Annual Conference of the New Mexico Municipal League in Ruidoso, New Mexico (*Jan Fletcher, City Clerk*)
5. Resolution No. 7659 - Disposal of a Fixed Asset - Grinder Assembly (Asset # 8026) (*Tim Woomer, Utilities Director*)
6. Resolution No. 7660 - Authorizing the Mayor to Execute Amendment No. 1 to an Agreement with Excalibur Oilfield Services, LLC., to Supply Effluent Reuse Water (*Tim Woomer, Utilities Director*)
7. Resolution No. 7661 - Authorizing Removal of Ambulance Billing Accounts Receivable Determined to be Uncollectible (*Toby Spears, Finance Director*)
8. Resolution No. 7662 - Approving a Memorandum of Agreement with the Hobbs Municipal Schools for the Use of Heizer Park (*Doug McDaniel, Recreation Director*)

DISCUSSION

ACTION ITEMS (Ordinances, Resolutions, Public Hearings)

9. PUBLICATION: Proposed Ordinance Authorizing the Sale and Conveyance of Certain City-Owned Land Located within the Hobbs Industrial Airpark to Stag Amazon, LLC (*Todd Randall, Assistant City Manager*)
10. Resolution No. 7663 - Authorizing the Mayor to Execute a NMDOT Rural Air Service Enhancement Grant Agreement (RASE) (*Todd Randall, Assistant City Manager*)

11. Resolution No. 7664 - Authorizing the Mayor to Execute a Capital Outlay Grant Agreement with the New Mexico Dept. of Finance & Administration for Improvements to the Downtown Shipp St Plaza (*Todd Randall, Assistant City Manager*)
12. Resolution No. 7665 - Authorizing a Grant Agreement with the State of New Mexico Department of Finance & Administration for Capital Outlay Appropriation Project 25-J3013 (*Shelia Baker, General Services Director*)
13. Resolution No. 7666 - Authorizing the Mayor and City Manager to Accept \$100,000 in Appropriation from Lea County District 3 for Fiscal Year 2026 for the City of Hobbs' Public Art Initiative Along the Lovington Highway Trail (*Medjine Desrosiers-Douyon, Deputy City Attorney, Todd Randall, Assistant City Manager*)
14. Resolution No. 7667 - Approving a Professional Services Agreement Between the City of Hobbs and the Hobbs Municipal Schools Regarding Middle School Athletic Programs (*Medjine Desrosiers-Douyon, Deputy City Attorney, Doug McDaniel, Recreation Director*)
15. Resolution No. 7668 - Determining that Certain Properties are Ruined, Damaged and Dilapidated Requiring Remediation or Removal from the Municipality (2001 East Clinton) (*Jessica Silva, Community Services Superintendent, Amber Leija, Assistant City Attorney*)

COMMENTS BY CITY COMMISSIONERS, CITY MANAGER

16. Next Meeting Dates:

City Commission Regular Meetings:

- Tuesday, September 2, 2025, at 6:00 p.m.
- Monday, September 15, 2025, at 6:00 p.m.

ADJOURNMENT

If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the above meeting, please contact the City Clerk's Office at (575) 397-9200 at least 72 hours prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the City Clerk's Office if a summary or other type of accessible format is needed.



CITY OF HOBBS
STAFF SUMMARY FORM

MEETING DATE:
August 25, 2025

SUBJECT: Minutes of the August 4, 2025, Regular Commission Meeting

DEPT OF ORIGIN: City Clerk

DATE SUBMITTED: 8/7/2025

SUBMITTED BY: Jan Fletcher, City Clerk

Summary:

Minutes of the regular Commission meeting held on August 4, 2025.

Fiscal Impact:

N/A

Attachments:

August 4. 2025 - Minutes

Recommendation:

Motion to approve the minutes.

Approved By:

Jan Fletcher, City Clerk 08/07/2025

Manny Gomez, City Manager 08/08/2025

Minutes of the regular meeting of the Hobbs City Commission held on Monday, August 4, 2025, in the City Commission Chamber, 200 East Broadway, 1st Floor Annex, Hobbs, New Mexico. This meeting was also broadcast via Livestream on the City's website at www.hobbsnm.org.

Call to Order and Roll Call

Mayor Pro Tem Joseph D. Calderón called the meeting to order at 6:00 p.m. and welcomed everyone to the meeting. The City Clerk called the roll and the following answered present:

Mayor Pro Tem Calderón
Commissioner R. Finn Smith
Commissioner Chris Mills
Commissioner Larron B. Fields
Commissioner Dwayne Penick
Commissioner Don Gerth

Absent: Mayor Sam D. Cobb

Also present: Todd Randall, Assistant City Manager
Medjine Desrosiers-Douyon, Deputy City Attorney
Ricky Guerrero, Police Captain
Jessica Silva, Code Enforcement Superintendent
Mark Doporto, Fire Chief
Adam Marinovich, Deputy Fire Chief
Anthony Henry, City Engineer
Chad Littlejohn, Marketing Coordinator
Evelyn Nunez, Event Coordinator
Bryan Wagner, Parks and Open Spaces Director
Nichole Lawless, Library Director
Doug McDaniel, Recreation Director
Tim Woomer, Utilities Director
Bobby Arther, Municipal Judge
Shannon Arguello, Municipal Court Administrator
Toby Spears, Finance Director
Nicholas Goulet, Human Resources Director
Selena Estrada, Risk Management
Christa Belyeu, I.T. Director
Julie Nymeyer, Executive Assistant
Jan Fletcher, City Clerk
Rose Galavez, Deputy City Clerk
Alyxandra Salas, Assistant Deputy City Clerk
5 citizens

Invocation and Pledge of Allegiance

Commissioner Fields delivered the invocation and Commissioner Penick led the Pledge of Allegiance.

Approval of Minutes

Commissioner Mills moved the minutes of the regular meeting of July 21, 2025, be approved as written. Commissioner Fields seconded the motion and roll call vote was recorded as follows: Smith yes, Mills yes, Fields yes, Penick yes, Gerth yes, Calderón yes. The motion carried.

Proclamations and Awards of Merit

None.

Public Comments

None.

Consent Agenda

Mayor Pro Tem Calderón explained the process for the consent agenda which is reserved for items which are routine when the agenda is lengthy. He stated any member of the Commission may request an item to be transferred to the regular agenda from the consent agenda without discussion or vote.

Commissioner Gerth moved for approval of the following Consent Agenda item(s):

Resolution No. 7652 - Authorizing a Memorandum of Agreement with Lea County for the Grant of Funds to be Used for Providing Books to the Lea County Detention Center

Resolution No. 7653 - Authorizing the Mayor to Make Appointments to the City of Hobbs Advisory Boards

Resolution No. 7654 - Authorizing the Removal of an Account for Uncollectible Services Provided by the City

Resolution No. 7655 - Approving the Olivas Subdivision of Tract J-1 within the Extraterritorial Area Located in the Southeast Quarter (SE/4) of Section 26, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico

Commissioner Mills seconded the motion and roll call vote was recorded as follows: Smith yes, Mills yes, Fields yes, Penick yes, Gerth yes, Calderón yes. The motion carried. Copies of the resolutions and supporting documentation are attached and made a part of these minutes.

Discussion

None.

Action Items

PUBLIC HEARING: Resolution No. 7656 - Regarding the Application of Altos Jaliscos, LLC, d/b/a Jalisco's Mexican Restaurant, 408 West Bender Blvd., Hobbs, New Mexico, for a Restaurant "B" Liquor License for the Sale of Beer, Wine and Spirits

Ms. Medjine Desrosiers-Douyon, Deputy City Attorney, stated the purpose of tonight's public hearing is to consider the application of Altos Jalisco's LLC, for a beer and wine license at 408 West Bender Blvd. She stated the City has duly published notice of the hearing in the Hobbs News-Sun on July 3, 2025 and July 17, 2025. She asked if there were any other interested parties for or against the application of the Restaurant "B" liquor license. No other members of the audience expressed interest in speaking.

Ms. Desrosiers-Douyon asked Mr. Luis Fernando Hernandez and his interpreter, Mr. Hector Baeza, to come forward. Ms. Jan Fletcher, City Clerk, administered the interpreter oath to Mr. Hector Baeza, interpreter, and the witness oath to Mr. Luis Fernando Hernandez, applicant.

Ms. Desrosiers-Douyon asked a series of questions regarding the liquor license application submitted by Jalisco's Mexican Restaurant.

In response to Ms. Desrosiers-Douyon's questions, through his interpreter, Mr. Hernandez stated he is the owner of Altos Jaliscos, LLC. Through his interpreter, Mr. Hernandez stated he has received preliminary approval from the New Mexico Regulation and Licensing Department for the license. Through his interpreter, Mr. Hernandez stated the proposed location is at 408 West Bender Blvd in Hobbs. Through his interpreter, Mr. Hernandez stated the premises are not located within 300 feet of a school but is located within 300 feet of a daycare. Through his interpreter, Mr. Hernandez stated he received a letter, signed by the owner, in favor of the restaurant receiving a liquor license. Through his interpreter, Mr. Hernandez stated the premises is not located within 300 feet of a church or military installation. Through his interpreter, Mr. Hernandez stated he did receive a letter from the City and is aware there is no zoning in Hobbs. Mr. Hernandez stated, through his interpreter, he is not aware of any facts or concerns that would affect the public health, safety, or morals of Hobbs if this license were to be approved.

There being no further discussion, Commissioner Gerth moved to approve Resolution No. 7656 as presented waiving the distance requirement and approving issuance of the license. Commissioner Smith seconded the motion and roll call vote was recorded as follows: Smith yes, Mills yes, Fields yes, Penick yes, Gerth yes,

Calderón yes. The motion carried. A copy of the resolution and supporting documentation are attached.

Resolution No. 7657 - Determining that Certain Properties are Ruined, Damaged and Dilapidated Requiring Removal from the Municipality (525 N. Burk, 408 E. Humble and 103 E. Vega)

Ms. Amber Leija, Assistant City Attorney, stated in its continuing promotion of safety and clean-up efforts within city limits, Code Enforcement and the Community Services Department have identified properties which present health, life and safety hazards, which warrant remediation. The properties are in dire need of repair. The properties located at 525 North Burk, 408 East Humble and 103 East Vega are ruined, damaged and dilapidated and a menace to the public comfort, health and safety. She introduced Ms. Rubenie Stimphil who is a contract attorney with the City Attorney's Office.

Ms. Stimphil reviewed some photographs for the address at 525 North Burk St. She also reviewed the details of the property and why it is considered to be ruined, damaged, and dilapidated.

Ms. Jessica Silva, Code Enforcement Superintendent, reviewed some photos for 408 East Humble. She went over the details of the property and why it is considered to be ruined, damaged, and dilapidated.

At this time, Commissioner Mills recommended that the Commission vote on these two properties as it appears there will be some lengthy discussion about the third property at 103 East Vega Dr. There being no opposition, Commissioner Mills moved to approve Resolution No. 7657 as it relates to the properties at 525 North Burk and 408 East Humble. Commissioner Penick seconded the motion and roll call vote was recorded as follows: Smith yes, Mills yes, Fields yes, Penick yes, Gerth yes, Calderón yes. The motion carried.

Ms. Leija reviewed the photographs and details of the property located at 103 East Vega, describing it as ruined, damaged, and dilapidated. She stated there have been 29 code calls related to the property which currently has an unsafe illegal fence made of wooden pallets. Ms. Leija noted that while Mr. Dakota Reynolds is present to speak on the matter, he does not have legal standing related to the property. Ms. Donna Frederick, who does have the legal authority, is also present to speak about the property.

Mr. Dakota Reynolds provided a statement outlining the actions he has taken regarding the property, as well as his intentions for its future use and improvement.

In response to Commissioner Mills' inquiry regarding legal standing in the matter, Ms. Leija explained that probate was filed earlier during the month of July, 2025, resulting in the appointment of Ms. Donna Frederick as the estate representative, who is present and wishes to speak about the property. She further stated it is not believed Mr. Reynolds has any legal standing in the case.

Commissioner Fields addressed Mr. Reynolds, emphasizing that the City is not attempting to take the property from him, but simply wants it cleaned up and brought back into compliance with code requirements.

In response to Commissioner Mills' inquiry about whether this was the property with a camper parked in front and a bucket of feces on site, Mr. Reynolds stated he was not initially aware of the situation. He added that, at some point, his trailer had also been stolen.

In response to Commissioner Penick's inquiry about how recent the photographs were taken, Ms. Silva confirmed the photographs are date stamped and were taken on July 23, 2025.

In reply to Commissioner Mills' inquiry, Mr. Reynolds stated he does not hold title to the property. He explained that he had been staying with his grandmother, the property owner, at the time of her passing, and the lease agreement he had with her is probably now considered null and void.

Ms. Leija reiterated that Mr. Reynolds is not a lawful occupant and, therefore, does not have legal standing in the matter. She confirmed that Ms. Donna Frederick is the individual who has been officially appointed as a representative of the estate to oversee the property.

Mayor Pro Tem Calderón invited Ms. Donna Frederick to come forward. Ms. Donna Frederick and Mr. Richard Frederick addressed the Commission, providing background on the property. They explained the property had previously been in foreclosure but they paid off the escrow and obtained the Warranty Deed on the property. They also stated they are in the process of filing an eviction against Mr. Dakota Reynolds, and once he is no longer residing at the property, they plan to make the necessary repairs and bring the property into full compliance. They requested a 45-day time period to allow sufficient completion of these actions and take full possession of the property.

Ms. Leija stated if the property is condemned today, Ms. Frederick may submit a written request to Ms. Jessica Silva, Code Enforcement Superintendent, asking for a 90-day extension. This would allow the condemnation process to move forward as approved, while also granting additional time to continue addressing the property's issues.

There being no further discussion, Commissioner Penick moved to approve Resolution No. 7657 as presented. Commissioner Smith seconded the motion and roll call vote was recorded as follows: Smith yes, Mills abstain, Fields yes, Penick yes, Gerth yes, Calderón yes. The motion carried. A copy of the resolution and supporting documentation are attached.

Consideration of Approval of HGAC Contract SW04-20 with Heil of Texas for the Purchase of Two Street Sweepers in the Amount of \$793,554.00

Mr. Bryan Ussery, Street Superintendent, stated the FY26 budget includes funding for the replacement of two street sweepers that have exceeded their useful life. The department intends to utilize an HGACBuy contract to purchase two Schwarze Model M6SE Avalanche High Dump Mechanical Street Sweepers. After evaluating various types of sweepers through research and live demonstrations, the mechanical sweeper was determined to be the most effective option for the types of debris commonly found on City streets, such as gravel, sand, and leaves. The typical life expectancy of a street sweeper is 8 to 10 years.

Commissioner Penick stated the city currently has four street sweepers. Of those, two are inoperable and the remaining two require constant maintenance, with typically only one being operational at any given time. He emphasized that in order to effectively meet the City's needs, at least three to four fully functioning street sweepers are necessary.

Commissioner Gerth requested photos of the sweepers but Mr. Ussery did not have any available at the meeting.

There being no further discussion, Commissioner Penick moved to approve HGAC Contract SW04-20 with Heil of Texas for the purchase of two Street Sweepers in the amount of \$793,554.00 as presented. Commissioner Fields seconded the motion and roll call vote was recorded as follows: Smith yes, Mills yes, Fields yes, Penick yes, Gerth yes, Calderón yes. The motion carried. A copy of the supporting documentation is attached.

COMMENTS BY CITY COMMISSIONERS, CITY MANAGER

Mr. Todd Randall, Assistant City Manager, commented school will begin on Wednesday, August 6, 2025. He advised all parents, guardians, and drivers to exercise caution, patience, and courtesy while navigating school areas to ensure the safety of all students and community members.

Commissioner Mills presented a flyer promoting a community outreach event he is hosting to address growing immigration concerns in the community. The event will take place on Tuesday, August 5, 2025, at 6:00 p.m. at 1826 N. Jefferson Street. Commissioner Mills stated that immigration has become a significant topic of concern, fueled by misinformation that could foster fear in our community. He emphasized the goal of this outreach is to promote informed discussions and provide accurate legal information to help individuals better understand their rights and immigration laws. He expressed his hope this will be the first in a series of community outreach events aimed at fostering education, understanding, and support within the community.

Mayor Pro Tem Calderón announced he attended the groundbreaking ceremony this morning for Del Norte Middle School marking a significant milestone for the community. He also shared this year marks his 50th year in education, a career he continues to enjoy deeply. Over the years, he has worked with a diverse range of students, including those who have faced challenges and are committed to learning from their mistakes.

ADJOURNMENT

There being no further business or comments, Mayor Pro Tem Calderón moved that the meeting adjourn. Commissioner Mills seconded the motion and the vote was recorded as follows: Smith yes, Mills yes, Fields yes, Penick yes, Gerth yes, Calderón yes. The motion carried and the meeting adjourned at 6:45 p.m.

SAM COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk

August Milestones 2025

5 Years

Oscar Serrano	Police Officer	08/17/2020
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10 Years

Lee Jackson	Utility Maint. Uncertified	08/16/2015
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20 Years

April Hargrove	Eng/Planning Admin Asst	08/22/2005
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25 Years

Robert 'Bokey' Swain	Asst. Teen Center Supv	08/20/2000
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CITY OF HOBBS

STAFF SUMMARY FORM

MEETING DATE:
August 25, 2025

SUBJECT: Resolution No. 7658 - Authorizing Voting Delegate for the 68th Annual Conference of the New Mexico Municipal League in Ruidoso, New Mexico

DEPT OF ORIGIN: City Clerk
DATE SUBMITTED: 8/7/2025
SUBMITTED BY: Jan Fletcher, City Clerk

Summary:

The 68th Annual Conference of the New Mexico Municipal League will be held on September 17 - 19, 2025, in Ruidoso, New Mexico. As a member in good standing, the City of Hobbs is entitled to designate a Voting Delegate and Alternate Voting Delegate to attend the Annual Business Meeting and vote in the matter of electing officers, deciding municipal policy and voting upon all other questions at the Annual Meeting.

Fiscal Impact:

The appointed delegates would be required to attend the Annual Business Meeting. This will result in the payment of registration fees and travel costs which are budgeted within the appropriate travel line items of the FY 25-26 Budget.

Attachments:

Resolution NMML Voting Delegate - 2025
68th Annual NMML Conference Program at a Glance 2025
Meeting Rules and Procedures 2025
League Policy Process 2025
Voting Delegate Form 2025

Recommendation:

Motion to approve the resolution.

Approved By:

Jan Fletcher, City Clerk	08/07/2025
Toby Spears, Finance Director	08/07/2025
Medjine Desrosiers-Douyon, Deputy City Attorney	08/07/2025
Manny Gomez, City Manager	08/07/2025

CITY OF HOBBS

RESOLUTION NO. 7658

A RESOLUTION APPOINTING A VOTING DELEGATE
AND ALTERNATE DELEGATE FOR THE ANNUAL
NEW MEXICO MUNICIPAL LEAGUE CONFERENCE

WHEREAS, the 68th Annual Conference of the New Mexico Municipal League will be held September 17 – 19, 2025, in Ruidoso, New Mexico; and

WHEREAS, officers will be elected and the Annual Statement of Municipal Policy and Annual Conference Resolutions will be adopted at the Annual Business Meeting; and

WHEREAS, each member municipality in good standing that is registered and attending the conference shall be entitled to one delegate vote in electing officers, deciding municipal policy and voting upon all other questions at the Annual Business Meeting.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF HOBBS, NEW MEXICO, that JAN FLETCHER is hereby appointed as the Voting Delegate for the City of Hobbs at the Annual Conference of the New Mexico Municipal League and ROSE GALAVEZ is hereby appointed as the Alternate Voting Delegate.

PASSED, ADOPTED AND APPROVED this 25th day of August, 2025.

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk

68th NMML Annual Conference

Ruidoso Convention Center • September 17 – 19, 2025

TUESDAY, SEPTEMBER 16th

NMCMA Meeting – Requires a separate registration.

Community Project: 10:00 am – 2:00 pm Two Rivers Park

Two Rivers Park, where the Ruidoso River and Carrizo Creek merge, is 27 acres of open space that once contained picnic tables, grills, benches, and a paved trail that meandered along the Rio Ruidoso. However, due to flooding, most of this area needs rehabilitation. We will be assembling picnic tables to be placed along the river and throughout the park. Lunch will be provided.

Meet Erica at 9:45 am in front of the Ruidoso Convention Center.

Golf Outing at The Links Golf Course: 11:30 – 5:30 pm

Built on the site of Ruidoso's original airport, The Links at Sierra Blanca is a par-72 championship course offering a one-of-a-kind golf experience. Designed in 1991 by Senior PGA Tour player Jim Colbert and architect Jeff Bauer, this course blends Scottish links-style play with breathtaking mountain scenery.

The front nine features rolling fairways and dramatic mounds reminiscent of traditional Scottish courses, while the back nine winds through towering pines, offering a more secluded and scenic challenge for golfers of all skill levels.

The Links – 105 Sierra Blanca Drive, Ruidoso, NM 88345 – Shotgun Start at 11:00 AM Lunch will be provided.

Registration: 3:00 – 6:30 pm Ruidoso Convention Center

Exhibitor Welcome Reception: 5:00 – 7:00 pm Ruidoso Convention Center

Join us at the Ruidoso Convention Center as we officially kick off the 68th Annual NMML Conference! Help us give a warm welcome to all our amazing exhibitors while savoring some classic comfort food.

ADDITIONAL ACTIVITY: 7:00 pm Wingfield Park

Welcome to Ruidoso Movie and Glow Round Disc Golf. Join us for a relaxing evening at Wingfield Park, where you can participate in a round of Glow Disc Golf, watch a movie under the stars, and visit with friends. There will be vendors on site selling food and beverages.

WEDNESDAY, SEPTEMBER 17th

Registration: 8:00 am – 5:00 pm

Vendor Stroll: 8:00 am – 5:00 pm

Breakfast: 8:00 – 9:00 am

Spouse Program: 9:30 – 11:30 am *Visit the historical town of Lincoln, NM site of the Lincoln County Wars, Ft. Stanton a former military fort known for its role in the Indian War, Civil War and an internment of German sailors during WWII. You will also visit Smokey Bear Historical Park and Visitor's Center where exhibits on forest health, wildfires and the infamous Smokey Bear can be experienced. Across the street lunch will be served by the Oso Grill where their award-winning Green Chile Cheeseburger among other menu items can be found. Don't forget to visit their amazing gift shop!*

Subsection Meetings: 9:00 -11:30 am

Mayors/Councilors/Commissioners/Trustees Caucus

NMCFOA & NMGFOA Joint Meeting

NM Association of Chiefs of Police

NM City Management Association

NMMJA & NMMCC Joint Meeting

NM Municipal Environmental Quality Association

NM Municipal Librarians Association

Lunch: 11:30 am – 12:30 pm

WEDNESDAY, SEPTEMBER 17th - Continued

Welcome & Opening General Session: 1:00 – 3:00 pm

Unleash the Rockstar Within – Igniting Peak Performance – Mark Kamp

What if your team could perform like a headlining band, delivering their best performance day in and day out? Employee or team disengagement and turnover are like a band playing out of tune, but with Marvelless Mark's Four Chords to Rockstar Success, you can build a culture where every team member is aligned, inspired, and fully engaged. Mark doesn't just speak — he electrifies the room, fostering an interactive atmosphere where audience members can let loose, have fun, and fully engage in the process. By making participants comfortable, Mark helps them tap into their unique potential, leading to transformative breakthroughs and getting them AMP'd UP WITH ATTITUDE, MINDSET, AND PERFORMANCE.

Break: 3:00– 3:15 pm

General Session: 3:15 – 4:15 pm

Ruidoso Recovery Panel

Credentials Committee: 4:15 – 4:30 pm

Resolutions Committee: 4:30 – 5:00 pm

Exhibitor Breakdown: 5:00 pm

Wild West at Wingfield Park: 6:00 – 9:00 pm

Wednesday night will be filled with everything wild west. A genuine chuckwagon feast, gun fight, local artists and music from the Flying J Wranglers and Clay Hollis. If you don't have a hat, don't worry, we'll have one for you. Beware, you might get "Shot in Ruidoso"!

THURSDAY, SEPTEMBER 18th

Fun Run/Walk: 6:30 – 8:00 am

Join our annual 5K Fun Run/Walk at the beautiful Links (path around the Sierra Blanca Golf Course) to race into the day. Check-in begins at 6:30 a.m., the run/walk starts at 7 a.m., and whether you come in first or last, you'll be rewarded with breakfast at the finish line. This race will go on, rain or shine.

There will also be a hike and yoga option – location, information and sign up at onsite registration.

Breakfast: 7:45 – 8:45 am

Registration: 8:00 am – 12:00 noon

Concurrent Workshops

Workshop 1: 8:30 am – 9:45 am Breakout Jam Session: Turning Up the Power of Big Unreasonable Dreams How to Hit Volume 11 Results on Volume 3 Output


*Forget "business as usual"—it's time to **crank it up to rockstar levels**.*

*In this high-energy, interactive session, Marvelless Mark takes you on a deeper dive into his Turn It Up keynote to unlock the psychology and power of **Big Unreasonable Dreams**—inspired by the 80/20 rule, built to help you get **more by doing less**.*

You'll discover:

- How to supercharge success by creating your own Big Unreasonable Dream—and letting go of "good enough"
- Why finding and freeing your business's biggest bottleneck will explode results
- How to 11X performance by stripping away anything that's not aligned with your biggest goals
- The real reason your productivity is stuck: a lack of innovation
- Tools for visionary leadership and future-focused execution using the **4 C's of Success**

*This isn't fluff—it's a **strategic jam session** with real, actionable takeaways to help you scale smarter, lead louder, and produce peak results without burning out.*

 *If you're ready to leave behind burnout and busy work and start achieving outrageous success with rockstar ease, this session is your backstage pass.*

Workshop 2: 8:30 am – 10:00 am Workplace Etiquette - Department of Workforce Solutions

Spouse Program: 10:00 – 2:00 pm *Thursday morning's tour begins at the Hurd La Rinconada Gallery in San Patricio that features a spectacular collection of artwork while enjoying the Sentinel Ranch Wine Tasting Room where fine NM wine and gourmet food can be enjoyed. A quick stop at the historic town of Lincoln to stretch your legs and grab a bite to eat. Then to the Spencer Theater to learn about the founder, Jackie Spencer, the unique design of the theater and the amazing Chihuly Collection, handblown creations by Dale Chihuly. Next tour is the Enchanted Vine and their wine and cider production facility. Learn the history of Noisy Water Winery and taste wine from the barrel.*

Break: 9:45– 10:15 am
THURSDAY, SEPTEMBER 18th - Continued
Concurrent Workshops: 10:15 – 11:15 am
Workshop 3: NLC <i>(details forthcoming)</i>
Workshop 4: Partnering for Success: Working Effectively with Consulting Engineers <i>This session will guide municipal staff through the fundamentals of engaging and managing consulting engineers. Learn how to develop clear and effective scopes of work and understand Qualification-Based Selection (QBS) requirements. The presentation will also highlight best practices for contract management, communication, and aligning engineering services with project goals and funding requirements.</i>
Lunch Honoring Past Presidents: 11:30 am – 1:00 pm
Closing General Session: 1:15 – 2:15 pm
Be the Light – Scott Paine We don't need statistics to tell us that many people we serve are struggling. The reasons vary, but the typical result is frustration, anxiety, and sometimes despair. As public servants, we are more likely than many to have contact with residents in their struggles. Sometimes, the darkness in their lives can overshadow ours. How do we break through the darkness and bring light, for ourselves, our colleagues, and our community?
NMML Annual Business Meeting: <i>Immediately following the Closing General Session</i>
Dinner at the Derby: 6:00 – 11:00 pm Ruidoso Jockey Club The most spectacular night to wrap up the week. Enjoy premium dining, and breathtaking views. Wear your fanciest derby hat. Awards for the Best Man's Derby, Best Woman's Hat, and Most Creative. If you have never seen an Ostrich race, you are in for a treat!
FRIDAY, SEPTEMBER 19th
Closing Breakfast: 8:00 – 10:00 am MCM Eleganté

ANNUAL BUSINESS MEETING

RULES AND PROCEDURES

1.0 **PRESIDING OFFICER.** The Presiding Officer of the Annual Business Meeting shall be the President who shall call the business meeting to order. If the President is absent from the meeting, the presiding officer will be determined in the following order:

- President-Elect
- Vice-President
- Treasurer
- A member of the Board of Directors selected by the Board.

2.0 **FLOOR RULES.** The Presiding Officer shall control the conduct of the meeting and all floor actions, subject to challenge from delegates or the parliamentarian, if any. The Presiding Officer will take motions and seconds from the floor on matters of business, will recognize the call for the question and ask for the official vote from voting delegates. The Presiding Officer will recognize those parties wishing to address the voting delegates.

The business on the floor shall be directed by the following requirements and guidelines:

2.1 **Quorum.** The presence of credentialed delegates representing a majority of the member cities registered at the Annual Conference shall constitute a quorum.

2.2 **Rules of Order.** Robert's Rules of Order Revised shall govern the conduct of the Business Meeting unless otherwise specified in the New Mexico Municipal League By-Laws or these official rules and procedures.

2.3 **Parliamentarian.** A qualified parliamentarian will be appointed to assist the Presiding Officer and delegates on matters of procedure at all times during the Annual Business Meeting.

3.0 **ACCESS TO THE FLOOR - GENERAL RULES.** Access to the Annual Business Meeting shall be governed by these rules:

3.1 **Separation of Floor from Gallery.** The site of the business meeting shall be divided into a floor section and a gallery section. The floor section shall be further separated into a rostrum and a section for voting delegates and alternates. No one shall be given access to the voting delegates section except as provided by these rules.

3.2 **Delegate and Staff Access to the Floor.** To gain access to the floor, voting delegates or alternates must wear a registration name tag bearing a Delegate or Alternate sticker. Only those staff necessary for conducting the meeting shall be permitted on the floor.

3.3 **News Media Access to the Floor.** Members of the news media may be allowed on the floor at the discretion of the Presiding Officer.

3.4 **Committee Access to the Floor.** Policy committee, task force, or special committee chairpersons and vice-chairpersons, not certified to vote, may be allowed on the floor and may be recognized to speak at the discretion of the Presiding Officer.

3.5 **Delegates, Guests and Observers.** Any Conference delegate will have access to the gallery. Guests and observers may have access to the gallery at the discretion of the Presiding Officer. Conference delegates, guests and observers may be recognized to speak at the discretion of the Presiding Officer.

4.0 **VOTING.** Voting at the Annual Business Meeting shall be governed by the following rules:

4.1 **Credentials Committee.** The Credentials Committee shall have the power to determine the right of any municipality to be represented at the Annual Business Meeting of the League.

4.2 **Entitlement to Vote.** Each member municipality in good standing, as determined by the Credentials Committee, registered and attending the Annual Conference shall be entitled to one vote by its delegate appointed by its governing body. **Voting by proxy is prohibited. The delegate must be present to cast a vote.**

In the event that a member municipality fails to appoint a delegate, such matter shall be referred to the Presiding Officer of the Annual Business Meeting who may designate a Voting Delegate from that member municipality.

4.3 **Method of Voting.** Where there is more than one nominee for office, the voting shall be by ballot. The candidate who receives the most votes for a designated office and term shall be elected to the office for the term designated. All other voting shall be at the direction of the Presiding Officer. Any single voting delegate may demand a standing or roll call vote on any question. Upon any vote, a majority of the delegates present and voting shall prevail, except upon questions which require more than a majority vote under any provisions of these bylaws.

5.0 **ELECTIONS.** Elections for officers of the Municipal League and its Board of Directors shall be governed by these rules: Elections for the following positions shall take place at the Annual Business Meeting: President, (if no President-Elect is currently holding office), President-Elect, Vice-President, Treasurer and expired At-Large Board of Directors seats, including unexpired At-Large Directorships if any.

5.1 **Nominating Committee.** In the absence of any declaration of candidacy for a particular office or directorship, the League President shall appoint a Nominating Committee not less than fifty-nine (59) days before the Annual Conference and written notice of such appointment shall be given to all member municipalities. The Nominating Committee shall consist of the President, who shall serve as chair, and two persons from each of the League Districts. No declared candidate for any office or for directorship shall be a member of the Nominating Committee.

5.2 **Nominating Committee Meeting.** When necessary, the Nominating Committee will meet not later than twenty-one (21) days prior to the Annual Conference to recommend a candidate for any undeclared office. The Nominating Committee Report shall be sent to all members within five (5) days after the finalization of the Committee Report.

5.3 **Nominations from the Floor.** At the Annual Business Meeting, nominations from the floor may be made by any certified voting delegate in attendance, for any office or directorship to be filled.

5.4 **Election of Officers and Directors.** Voting shall be conducted as set out in Procedures 4.1, 4.2 and 4.3. The nominee(s) receiving the highest number of votes shall be elected. In the case of the Directorships At-Large positions, the candidates receiving the largest plurality shall be elected.

6.0 **ADOPTION OF THE STATEMENT OF MUNICIPAL POLICY & RESOLUTIONS**

Adoption of the Statement of Municipal Policy and Resolutions as outlined in the Annual Business Meeting preface of this document shall be by a majority of votes cast by the certified voting delegates present and voting.

7.0 **ADJOURNMENT OF THE ANNUAL BUSINESS MEETING**

After the Presiding Officer has determined all business has been concluded, the Annual Business Meeting shall be closed by a motion from the floor. A motion to adjourn requires approval by a voice vote of a majority of those voting delegates present and voting.

League Policy Process

The New Mexico Municipal League (NMML) Board of Directors adopted a new League Policy Process at their meeting of February 28, 2025. The revised process streamlines how the NMML Statement of Municipal Policy and priorities for each legislative session are developed.

The policy process results in two products:

- **A Legislative Agenda**, which focuses on targeted action the League intends to take at the upcoming legislative session.
- **A Statement of Municipal Policy** that represents consistent policy goals and positions that will guide our work every legislative session.

Policy Process Overview

- Proposed legislative priorities are submitted through a Legislative Proposal Submission Form with a description of the proposed priority, to help ensure clear, targeted proposals.
- Proposals submitted by a municipality must be endorsed by their governing body via the adoption of a resolution. Proposals submitted by a subsection must be endorsed by a vote of their members.
- Proposals should meet the following criteria:
 - *Shared Interest* – The proposal should be broadly relevant to NM municipalities.
 - *Consensus* – The proposal should have substantial support among League members.
 - *Targeted Legislative Change* – The proposal should propose a clear legislative action.
 - *Germane* – Even-numbered years are 30-day legislative sessions. These sessions are limited to budgetary matters and those items placed on the governor's agenda, or "call", so proposals should be reflective of this.
- The League will develop a new legislative agenda each year, to keep priorities relevant. Priorities will not automatically carry over from year to year but can be resubmitted.

Policy Process Timeline

1. **Proposal Submission (June):** Legislative Proposal Submission Forms are submitted by deadline specified by NMML Staff. Member municipalities shall include a resolution adopted by their governing body and meeting minutes of when adoption occurred. Subsections shall include a copy of the meeting minutes of when their membership voted in favor of the proposal. NMML staff can work with members and subsections to develop legislative proposals, as needed.
2. **NMML Staff Review (June/July):** NMML staff will review the proposal forms, follow up with proposing members or subsections as necessary and develop recommendations for the Policy Committee. For a 30-day legislative session, this review will include verification of whether a proposal is germane.
3. **Policy Committee Review & Vote (June/July):** Policy Committee convenes to vote on legislative proposals. The Policy Committee is open to any members who wish to sign up. The Policy Committee may be divided into subcommittees, depending on the number of attendees and the number of proposals to be considered.
4. **Board Vote at Annual Business Meeting (August):** The Board votes on legislative proposals recommended by the Policy Committee.
5. **Approval of Legislative Priorities (October):** If necessary, NMML staff will recommend a targeted list of legislative proposals to focus on during the upcoming legislative session. The Board will vote on the final legislative agenda at their October Board meeting.
6. **Legislation Drafting & Bill Sponsor Selection (October - January):** NMML staff will draft proposed legislation, as needed, and work with bill sponsors and other stakeholders.
7. **Legislative Session & Advocacy (January):** NMML staff will advocate for legislative priorities at the Capitol and engage members and subsections in advocacy and outreach efforts.
8. **Legislative Recap (March/April):** NMML staff will provide a legislative session summary and recap of outcomes.

Voting Delegate Form

The 68th Annual Conference of the NM Municipal League will be held September 17th through the 19th in Ruidoso.

At the Annual Business Meeting on Thursday, September 18th, a President Elect, Vice President, Treasurer, three Directors-at-Large for a 2-Year Term will be elected. Also, the **Annual Statement of Municipal Policy** and **Annual Resolutions** will be adopted.

The Annual Business Meeting will be conducted in accordance with Robert's Rules of Order Revised, and the Annual Business Meeting Rules and Procedures, which shall govern the actions and deliberations of the League membership assembled in convention. For your information are links to the [Policy Process Outline](#) and the [Annual Business Meeting Rules & Procedures](#).

Please place the selection of a Voting Delegate and Alternate on the agenda of your next official governing body meeting. **The Voting Delegate and Alternate must be persons planning to attend the Conference.** Once they are selected, enter the names and titles of the Voting Delegate and Alternate for your municipality and **submit this form no later than Wednesday, September 10, 2025.**

This designation form is **not an official registration form** for the Annual Conference for either the Voting Delegate or the Alternate. *Delegates must register for the Conference online.*

Voting Delegates & Alternates must check in with NMML Staff at the Credential's Desk at the Conference.

jfletcher@hobbsnm.org [Switch account](#)



Not shared

* Indicates required question



Submitted by: *

Your answer

Nominator Email address: *

Your answer

Municipality *

Your answer

Voting Delegate & Title *

Your answer

Alternate & Title *

Your answer

Approved By: *

Your answer

Submit

Clear form



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CITY OF HOBBS

STAFF SUMMARY FORM

MEETING DATE:
August 25, 2025

SUBJECT: Resolution No. 7659 - Disposal of a Fixed Asset - Grinder Assembly (Asset # 8026)

DEPT OF ORIGIN: Utilities

DATE SUBMITTED: 8/6/2025

SUBMITTED BY: Bill Griffin, WWRF Superintendent

Summary:

The City of Hobbs seeks to dispose of a WWRF influent channel grinder that is too costly to repair, and was replaced by a new grinder. The City desires to delete from its public inventory and dispose of the item of personal property set forth on Exhibit "A" attached hereto and incorporated herein by reference, and the governing body hereby makes the official, specific finding that this item of property on the attached deletion sheet: (1) is obsolete and of no value; (2) is worn-out, unusable, or obsolete to the extent that the item is no longer economical or safe for continued use by the City of Hobbs; and (3) that this item should be deleted from the City's public inventory.

Fiscal Impact:

Asset will be disposed of and removed from the City of Hobbs fixed asset listing.

Attachments:

Resolution - Fixed Asset Disposal Only for grinder
Exhibit "A" - 2025 Influent Grinder deletion sheet
Asset # 8026 Capital Asset Worksheet

Recommendation:

Motion to approve the resolution.

Approved By:

Tim Woomer, Utilities Director	08/06/2025
Toby Spears, Finance Director	08/07/2025
Medjine Desrosiers-Douyon, Deputy City Attorney	08/07/2025
Manny Gomez, City Manager	08/07/2025

CITY OF HOBBS

RESOLUTION NO. 7659

**A RESOLUTION RELATING TO THE DISPOSITION OF OBSOLETE,
WORN-OUT AND UNUSABLE PERSONAL PROPERTY**

BE IT RESOLVED by the governing body of the City of Hobbs, New Mexico, that:

A. The City desires to delete from its public inventory and dispose of the items of personal property set forth on Exhibit "A" (disposal/removal items), attached hereto and incorporated herein by reference, and the governing body hereby makes the official, specific finding that each item of property on the attached list:

- (1) is obsolete and of no value; and
- (2) is worn-out, unusable, or obsolete to the extent that the item is no longer economical or safe for continued use by the City of Hobbs; and
- (3) that all such items should be deleted from the City's public inventory and destroyed.

B. A copy of this official finding and proposed disposition of the property sought to be disposed of shall be made a permanent part of the official minutes of the governing body.

PASSED, ADOPTED AND APPROVED this 25th day of August, 2025.

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk

CITY OF HOBBS
INVENTORY TRANSFER/DELETION FORM

Section 1	TODAYS' DATE:	<u>08/6/2025</u>	DATE OF TRANSACTION:	<u>08/6/2025</u>
	SERIAL/VIN #:	<u>SO38080-1-1</u>	ASSET CONTROL #:	<u>8026</u>
	MAKE/MODEL:	<u>JWC CDD5010-XDS2.0</u>	(Inventory Tag #)	
	ITEM DESCRIPTION:	<u>INFLUENT GRINDER ASSEMBLY</u>		

Section 2	<u>TRANSFER</u>
FROM:	
DEPT. NAME:	_____
DEPT. ACCOUNT #:	_____
CURRENT LOCATION:	_____
TRANSFER AMOUNT: \$	_____
(Original Purchase Price)	
* _____	
	DEPARTMENT APPROVAL
	DATE
TO:	
DEPT. NAME:	_____
DEPT. ACCOUNT #:	_____
CURRENT LOCATION:	_____
TRANSFER AMOUNT: \$	_____
(Original Purchase Price)	
* _____	
	DEPARTMENT APPROVAL
	DATE

Section 3	<u>DELETION</u>
DELETION AMOUNT: \$	<u>36,484.97</u>
(Original Purchase Price)	
REASON FOR DELETION:	<u>RECYCLED FOR METAL SCRAP DUE TO CONTACT WITH WASTEWATER.</u>
	<u>08/6/2025</u>
DEPARTMENT APPROVAL SIGNATURE	DATE

PLEASE COMPLETE SECTION 1 AND SECTION 2 FOR TRANSFERS

PLEASE COMPLETE SECTION 1 AND SECTION 3 FOR DELETIONS

***PLEASE NOTE THAT A SIGNATURE IS NEEDED FROM BOTH DEPARTMENTS IN A TRANSFER**

~~PLEASE COMPLETE THIS FORM CAREFULLY AND IN ITS ENTIRETY WITH THE INFORMATION REQUESTED~~

CAPITAL ASSET WORKSHEET

ASSET # 8026		PARENT ASSET		DESCRIPTION	JWC INFLUENT GRINDER ASSEMBLY	
CLASS	EQ EQUIPMENT	FUND SOURCE		MAINT CONT	Y	INSURED N
SUBCL	689 UTILITIES - OTH	ACQUIS METH		VENDOR DESC	Proprietary	CARRIER
COMMODITY				TYPE		INS VAL
DEPT	4370	ACQUIS DATE	04/20/2021	EXPIRE DATE		EXPIRE DATE
LOC CODE	4370 WASTERWATER WWT	ACQUIS COST	36,484.97	ANNUAL COST	0.00	POL COST
LOC MEMO		ACRES		MEMO		MEMO
ROOM		QTY	1			
STORAGE LOC		UNIT PRICE	36,484.97			
		PURCH MEMO				
STATUS	A ACTIVE					
CONDITION		SOY BOOK	0.00	DEPRECIATE	Y	
CUSTODIAN	FIXED ASSET CUSTODIAN	CURRENT BOOK	0.00	DEPREC PRIN		36,484.97
CAPITALIZED	Y	EST SALVAGE	0.00	FIRST YR/PER	2021/10	LAST YR/PER
TITLEHOLDER		REPL COST	36,484.97	EST LIFE	2	2023/09
TAG #	8026	LAST INVENT	07/28/2021	PERIODS TAKEN	24	
SERIAL #	S03808-1-1	IMPROVE MEMO		ACCUM DEPREC		36,484.97
MANUFACTURER						
MODEL	CDD5010-XDS2.0	RETIRE DATE				
MODEL YEAR		DISP CODE				
LICENSE #		SELL PRICE	0.00			
VEND #	PO #	DOCUMENT #	INVOICE #	INV DATE	INV AMT	
13189		22102885267487	106221	04/20/2021	36,484.97	

TYPE	DESC	ORG	OBJ	PROJ	AMOUNT	PERCENT
1	ASSET	920	16012		0.00	100.00
2	CONTRA	920	16015		0.00	100.00
5	DEPRECIATION EXPENS	920	48000		0.00	100.00
6	ACCUMULATED DEPRECI	920	16112		0.00	100.00

** END OF REPORT - Generated by Heather Carr **



CITY OF HOBBS

STAFF SUMMARY FORM

MEETING DATE:
August 25, 2025

SUBJECT: Resolution No. 7660 - Authorizing the Mayor to Execute Amendment No. 1 to an Agreement with Excalibur Oilfield Services, LLC., to Supply Effluent Reuse Water

DEPT OF ORIGIN: Utilities

DATE SUBMITTED: 8/6/2025

SUBMITTED BY: Tim Woomer, Utilities Director

Summary:

This amendment serves to clarify Paragraph 4 – Delivery Points and Pressure – of the contract. The Purchaser shall be responsible for the construction and cost of all required public infrastructure, including valves, meter and tap. Upon completion, inspection, and formal acceptance by the City, the new public effluent lines will be maintained by the City of Hobbs to the point of delivery. Additionally, the City approves the use of a cellular system for the SCADA connection. No other provisions of the contract are modified by this amendment.

Fiscal Impact:

No change in estimated revenue

Attachments:

Resolution - Excalibur Oilfield Services Effluent Reuse Amendment No. 1 8-18-25
Excalibur - Effluent Water Purchase Contract 8-06-25 amended No. 1

Recommendation:

Motion to approve the resolution.

Approved By:

Tim Woomer, Utilities Director	08/07/2025
Toby Spears, Finance Director	08/07/2025
Medjine Desrosiers-Douyon, Deputy City Attorney	08/08/2025
Manny Gomez, City Manager	08/08/2025

CITY OF HOBBS

RESOLUTION NO. 7660

**A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE
AMENDMENT NO. 1 TO AN AGREEMENT WITH
EXCALIBUR OILFIELD SERVICES, LLC., TO SUPPLY EFFLUENT REUSE WATER**

BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF HOBBS, NEW MEXICO, that Mayor and City Manager are hereby authorized to execute an Amendment No. 1 to an agreement approved by the City Commission on May 19th, 2025 (Reso 7619) to supply effluent reuse water to Excalibur Oilfield Services, LLC., at a point east of the City's twenty (20) inch effluent reuse pipeline on the Eunice Highway, upon the terms and conditions set forth in said Agreement, a copy of which is attached hereto and incorporated herein as Exhibit A.

PASSED, ADOPTED AND APPROVED this 25th day of August, 2025.

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk



**CITY OF HOBBS
EFFLUENT WATER
PURCHASE AGREEMENT
Amendment No. 1**

THIS AGREEMENT is made the ____ day of _____, 2025, by and between the City of Hobbs, New Mexico, a municipal corporation located in Lea County, New Mexico (hereinafter referred to as “City”) and **Excalibur Oilfield Services, LLC**, a New Mexico corporation with a principle place of business of **P.O. Box 507, Eunice, New Mexico 88231** (hereinafter referred to as “Purchaser”).

WHEREAS, the City obtains its potable water from groundwater wells located throughout the City and the outlying area; and

WHEREAS, groundwater stores in the Ogallala Aquifer continue to be exhausted without significant recharge; and

WHEREAS, the City owns and operates the City of Hobbs Wastewater Reclamation Facility located at 1301 S. 5th St. which meets State of New Mexico regulatory requirements for effluent reuse; and

WHEREAS, in order to conserve the limited supply of water, the City continues to move forward to expand its Effluent Reuse Program; and

WHEREAS, the City’s Effluent Reuse Program targets those users that are immediately prepared to receive effluent water for irrigation, construction and commercial purposes; and

WHEREAS, the City shall continue to seek purchasers for effluent water and enter into purchase agreements with the purchasers; and

NOW THEREFORE, in consideration of the mutual covenants, promises and agreements herein contained, and for other good and valuable consideration, the parties hereto agree as follows:

Definitions:

- Effluent Water – Treated wastewater produced by the City’s Wastewater Reclamation Facility. Effluent Water is not potable and is not approved for human consumption.
- Indeterminate Amount – An unspecified volume of effluent water not guaranteed under this agreement and subject to availability.
- Summer Months – May, June, July, August
- Winter Months – September through April

1. Price and Quantity.

a. Base Obligation

The City agrees to sell, and the Purchaser agrees to purchase, the following quantities of Effluent Water:

- i. Summer Months (May–August)
 1. Not part of this agreement
- ii. Winter Months (September–April)
 1. Quantity: 1,000,000 gallons per day
 2. Price: \$9,000 per month
 3. Payment due: On or before the 15th day of each month
- iii. Any usage exceeding the contracted daily quantities, based on an average daily amount for the month, shall be billed at the Excess Effluent Water rate, as stated below in section b. – Excess Effluent Water.
- iv. In the event the purchaser is unable to take delivery of the daily amounts, the monthly price shall not be reduced, except in cases of force majeure events beyond the Purchaser's reasonable control.

b. Excess Effluent Water

- i. The City shall prioritize its own internal needs for any excess effluent water.
- ii. The City may enter into additional agreements with third parties for excess effluent water during the term of this contract.
- iii. The City's existing and future contractual obligations shall be fulfilled prior to any sales to the Purchaser of Excess Effluent Water.
- iv. The City is not obligated under the terms of this Agreement to sell, but may sell, any effluent water above the amounts outlined above. Purchaser must submit a request to City for any effluent water above the amounts outlined above.
- v. The City may provide an indeterminate amount in excess of the initial one million (1,000,000) gallons per day.
- vi. Price for excess water: \$0.10 per 1,000 gallons

c. Limitations and Delivery Conditions

The City shall provide Effluent Water exclusively from the City's Wastewater Reclamation Facility. Under no circumstances shall water from the City's potable distribution system be provided under this Agreement.

If, due to an affirmative vote of the Hobbs City Commission, operational limitations deemed by the Utilities Director, or force majeure events, the City is unable to provide the minimum contracted quantities and no effluent water is available for City facilities, the City may temporarily reduce deliveries to the Purchaser. In such an event, the Purchaser shall only be charged \$0.10 per 1,000 gallons for the amount actually delivered during the affected billing month.

2. Term and Termination.

This Agreement shall commence upon execution by both Parties. The initial term of this Agreement is for: five (5) years from the date of execution. In partial consideration for amounts paid under this Agreement, City does grant Purchaser, its successors and assignees the first option to renew this Agreement. The renewal shall be for a term of five (5) years and shall be subject to the same terms and conditions set forth in this Agreement for the initial term, except as may be provided otherwise in this Agreement with regard to price of effluent water (“renewal term”). Purchaser may exercise this option by giving City written notice at least ninety (90) days prior to the expiration of the initial term.

Commencing on the date of the renewal term, if any, which is five (5) years after the commencement of this Agreement, the rates outlined in Section 1 above shall be automatically adjusted by a percentage equal to the annual percent change in the average Consumer Price Index for All Urban Consumers: Water services (“CPI”), as published by the Bureau of Labor Statistics, for the 12-month period ending the previous December 31 (compared to the average CPI for the next previous 12-month period ending December 31). At least thirty (30) days prior to the commencement of the renewal term, City shall notify Purchaser of the CPI adjustment to take effect on the commencement of the renewal term and shall provide Purchaser with its computations therefor. Adjustments to the rates shall be made in units of one cent (\$0.01). Fractions less than one cent (\$0.01) shall not be considered when adjusting. The CPI adjustment made prior to the commencement of the renewal term shall be the rate for the remainder of the renewal term.

City and Purchaser understand that City’s primary obligation is to provide water to the residents of Hobbs, New Mexico, and as such, this Agreement may be terminated by City at any time with ninety (90) days’ notice to Purchaser in the event City experiences: extraordinary drought wherein effluent water is needed for other City facilities and no other effluent water is available, loss of, or damage to, City’s Wastewater Reclamation Facility; loss of, or damage to, City’s water distribution line(s) that service Purchaser; loss of, or damage to, Purchaser’s infrastructure or facilities which substantially impairs City from delivering effluent water to Purchaser; or the State of New Mexico or the United States’ government in any way prohibit either party from fulfilling its obligation under this Agreement.

Either party shall have the right to cancel this Agreement if for more than ninety (90) days either party is in violation of any of the terms and conditions of this Agreement or the discharge plan as issued to either party by the New Mexico Environment Department. In the event the New Mexico Environment Department does not issue a discharge plan to Purchaser, this Agreement will automatically terminate upon the unsuccessful conclusion of all of Purchaser’s applicable appeals, if any.

In the event of termination of this Agreement for any reason, Purchaser shall be required to pay, at a minimum, the amount owed as of the last day of service by City. Following termination, City shall submit a final invoice to Purchaser. Purchaser shall be responsible for remitting all final amounts within thirty (30) days of receipt of said invoice.

3. Discharge Plan Required.

Purchaser shall be required to obtain a discharge plan from the New Mexico Environment Department. Deliveries under the terms of this Agreement shall only begin within thirty (30) days of the issuance of a discharge plan to Purchaser by the New Mexico Environment Department.

City and Purchaser agree to and shall at all times adhere to and comply with all the requirements as mandated by the New Mexico Environment Department as it relates to the discharge plan currently or in the future granted to the City as well as the discharge plan granted to Purchaser. Purchaser agrees to provide a true and correct copy of any discharge plan as issued to Purchaser by the New Mexico Environment Department.

City agrees to provide and be responsible for laboratory analysis and preparation of test results as follows:

- A. Purchaser shall provide sampling and City shall provide, at no charge, testing of total dissolved solids (TDS), chlorides and nitrates, as set forth in the discharge plan issued to Purchaser.
- B. City, at no charge, will provide monthly testing of the effluent water as it relates to sodium content and fecal coliform counts.

4. Delivery Points and Pressure.

Purchaser shall, at its sole cost and expense, design, construct, and install a public effluent pipeline from its facilities to a mutually agreed-upon point of discharge adjacent to the City's effluent distribution system. The City must approve the location in writing prior to construction. Upon completion and acceptance by the City, the City shall assume ownership and maintenance responsibility for the portion of the effluent pipeline designated as public and accepted by the City.

Purchaser shall be solely responsible for all costs associated with the connection, including but not limited to the tap, valve, meter, and all SCADA communication equipment necessary for monitoring and control. The City will allow Purchaser to utilize cellular-based SCADA communication equipment, subject to compatibility with City systems and approval by the City's Utility Department.

The City does not guarantee pressure at the point of delivery. All connections to the City's effluent system must be reviewed and approved by the City in advance, including any work that may affect City infrastructure or property.

The City reserves the right to temporarily suspend effluent delivery if the Purchaser's system fails, is compromised, or presents a risk to City operations or infrastructure. Purchaser shall have a five (5) day grace period to correct any such failure or defect. If Purchaser fails to do so within that period or fails to accept the quantities of effluent water as required under this Agreement, the City may assess liquidated damages in the amount of one hundred dollars (\$100.00) per day, beginning on the sixth (6th) day, until the deficiency is resolved.

5. Condition of Effluent Water.

It is specifically understood by the Parties that at no time will the City provide Purchaser with water from its current distribution system and shall only be required to provide effluent water from the City's Wastewater Reclamation Facility. The effluent water contemplated herein is not approved or accepted for human consumption. Purchaser shall bear all responsibility and liability in any way associated with any possible human consumption of effluent water received by Purchaser from City, after receipt of the same.

6. Delivery of Possession.

City shall deliver effluent water to Purchaser utilizing the City's subsurface water distribution lines. Upon transfer of effluent water from City's water distribution lines to Purchaser's water distribution infrastructure, Purchaser shall be deemed to have received the effluent water for purposes of this Agreement. Purchaser thereafter bears any and all responsibility or liability in any way associated with the effluent water or any resulting damages that may occur.

7. Damage to City's Infrastructure.

In the event Purchaser causes any damage whatsoever to City's infrastructure, including but not limited to, City's valves, meters, or lines, Purchaser shall be responsible for reimbursing City in full for cost of repair. Furthermore, Purchaser has an obligation to immediately notify City of all damage to City's infrastructure and take immediate measures to mitigate the resulting harm. Should Purchaser fail to immediately notify City of all damage to City's infrastructure, said failure to notify shall serve as prima facie proof of culpability under and theory of tort or breach of contract.

If at the inception of this Lease or at any time thereafter (including any renewal) all or any part of the Leased Premises shall be damaged or destroyed through any cause attributed in any way to Lessee, other than a weather event or act of God, Lessee shall be responsible for all repairs and costs associated with the repair of the same. In making any repairs, Lessee shall first notify Lessor of the damage and provide a timeline for repairs. Lessor shall cooperate with Lessee in allowing all repairs to be made in a timely fashion. Lessee shall as soon as practical, inform Lessor of any and all damage attributed to a weather event or act of God and Lessor shall be responsible for all repairs and costs associated with the repair of the same.

8. Payment of Assessments.

Purchaser shall pay as they become due all assessments, of any kind, to the City's Utilities Department, Attn: Utilities Director. If Purchaser defaults in paying any such amounts, City may, at its sole discretion assess a late payment fee of up to 5% of the amount then due. Should the account remain unpaid for ninety (90) days or more, City may cease delivery of effluent water and may, at its sole discretion, terminate this Agreement. City also reserves the right to take all legal measures appropriate and necessary to recoup any amounts owed and any other damages that may result. Purchaser shall not pledge, in any manner, the City's performance or property as collateral or otherwise allow any liens or mortgages to attach to any portion of the City's property whatsoever.

9. Right of Entry.

City or its agent has a right to enter upon Purchaser's property to inspect City's connections, lines, or other infrastructure or to make repairs of the same. Where feasible, City shall provide Purchaser at least 48-hours advanced notice prior to entering upon Purchaser's property. In an emergency, such as a flooding or line break, City or its agent may enter the premises without securing Purchaser's prior permission but shall give Purchaser notice of entry as soon thereafter as practicable.

10. Assignment of Agreement

Purchaser may assign this Agreement to a subsidiary, partner, cooperative, or other business entity, provided that the assignment is first approved by the Hobbs City Commission. Such approval shall not be unreasonably withheld. Purchaser shall provide the City with written notice of the proposed assignee and sufficient information to demonstrate the assignee's ability to fulfill the obligations under this Agreement. Upon approval by the City Commission, Purchaser shall be released from further obligations under this Agreement, and the assignee shall assume all rights and responsibilities herein.

11. Duty to Insure and Indemnity.

During the term of this Agreement and any extension thereof, Purchaser shall provide coverage for liability of Purchaser and its employees, agents, officers, and assigns, and for its infrastructure and improvements. During the term of this Agreement and any extension thereof, Purchaser shall maintain in force a policy or policies of insurance providing comprehensive general liability coverage of not less than \$1,000,000.00 limit per occurrence, including coverage for property damage, bodily injury and wrongful death. Such insurance policy or policies shall name the City of Hobbs, its branches, agencies, instrumentalities, and public employees as additional insured. All policies contemplated herein shall be primary. Purchaser shall provide certificates of coverage evidencing compliance with this section which shall be attached to this Agreement at the time of execution. Purchaser shall notify City within ten (10) calendar days after cancellation or expiration of any required coverage. Purchaser shall indemnify and hold harmless the City of Hobbs, its agents, employees, officers, and elected officials against any and all claims in any way associated with Purchaser's business or the use of the effluent water for the same. By entering into this Agreement, Purchaser waives or disclaims any cause of action it would otherwise have pursuant to NMSA 1978, § 41-4-8. Purchaser shall notify City within ten (10) calendar days of any action at law that may be brought against Purchaser in any way associated with their use of the effluent water.

12. Amendments to be in Writing and Approved.

This Agreement shall not be altered or amended except by instrument in writing executed by both the City and Purchaser and approved by the City of Hobbs City Commission via resolution.

13. Address for Notices, Payment of Assessments, etc.

Notices required under this Agreement, assessments and payments shall be made at the following address, except as changed by written notice to the opposite party:

To the CITY:	City of Hobbs	To the PURCHASER:	Excalibur Oilfield Services, LLC
	200 E. Broadway		PO Box 507
	Hobbs, NM 88240		Eunice, NM 88231
	(575) 397-9226		Phone: 505-882-4454
	(575) 391-7876		Fax: 575-359-5555
	Email: twoomer@hobbsnm.org		Email: ExcaliburCorp@hotmail.com

14. Merger of Prior Agreement.

This Agreement incorporates all of the conditions, agreements and understandings between the Parties concerning the subject matter of this Agreement, and all such conditions, agreements and

understandings have been merged into this written Agreement. No prior condition, agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this written Agreement.

Certificates and Documents Incorporated.

All certificates and documentation required by the provisions of this Agreement shall be attached to the Agreement at the time of execution, and are hereby incorporated in this written Agreement to the extent they are consistent with its terms and conditions.

15. Environmental Safety.

Purchaser warrants that the premises have undergone, if required, an environmental study the results of which show that the premises comply with all state environmental regulations. City shall disclose any and all known or suspected hazards that result from any environmental study to Purchaser prior to Purchaser taking possession of the effluent water. City shall not be held liable, in any cause of action, for hazardous conditions City was not aware of, after due diligence, at the time of transfer of the effluent water to Purchaser.

16. Notice.

The Procurement Code (NMSA 1978, §§ 13-1-28 through 13-1-199) imposes civil and misdemeanor criminal penalties for its violation. Additionally, the Hobbs Municipal Code Chapter 3 shall be adhered to at all times in negotiating and contracting by the City of Hobbs. In addition, the New Mexico criminal statutes impose felony penalties for bribes, gratuities, and kickbacks.

17. Miscellaneous.

This Agreement shall be interpreted pursuant to the laws of the State of New Mexico. Venue and Jurisdiction shall lie exclusively in the Fifth Judicial District Court, Lea County, New Mexico.

If any provision of this Agreement shall be deemed by a court of competent jurisdiction as illegal, unenforceable, or unconstitutional, the remainder of the Agreement shall remain valid and enforceable as written.

By entering into this Agreement, the City of Hobbs in no way waives or foregoes any protections afforded under the New Mexico Tort Claims Act (NMSA 1978, § 41-4-1, et seq.) or any other theories of law that afford immunity to government agencies and their officers and employees.

[All Necessary Signatures on the Next Page]

IN WITNESS WHEREOF, the parties hereto have executed this contract the day and year first above written.

ATTEST:
THE CITY OF HOBBS, NEW MEXICO

By: _____
SAM D. COBB, Mayor

By: _____
JAN FLETCHER, City Clerk

By: _____
TOBY SPEARS, Finance Director

ATTEST:
EXCALIBUR OILFIELD SERVICES, LLC

By: _____
EDGAR ONTIVEROS, President

Date

**APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:**

MEDJINE DESROSIERS-DOUYON, Deputy City Attorney



CITY OF HOBBS

STAFF SUMMARY FORM

MEETING DATE:
August 25, 2025

SUBJECT: Resolution No. 7661 - Authorizing Removal of Ambulance Billing Accounts Receivable Determined to be Uncollectible

DEPT OF ORIGIN: Finance

DATE SUBMITTED:

SUBMITTED BY: Toby Spears, Finance Director

Summary:

The City of Hobbs has not written off contractual allowances for ambulance billings since June 30, 2006. Accounts receivable resulting from ambulance services totaling \$19,715,014.06 (from July 1, 2007 through June 30, 2021) are deemed uncollectible. In accordance with 3-37-7, NMSA 1978 accounts with balances resulting from activity four years or older are to be removed from the list of accounts receivable of the City of Hobbs. A large portion of the write-off balance is due to contractual allowances and clean-up of sub-ledger reconciliation reports. This is the first step in creating a consistency of write-off for contractual allowances every year. The accounts receivable have always been accounted for on the balance sheet as an account receivable (asset) with an offsetting deferred revenue account (liability). This results in an overall impact of zero on the balance sheet. The City of Hobbs will maintain an ambulance receivable in the amount of \$3,968,575.95 at June 30, 2025 (July 1, 2021 through June 30, 2025). It should be noted the City of Hobbs received an audit finding due to the EMS provider not providing a timely accounts receivable report for fiscal year 2024. Subsequently, City staff and the provider have corrected this audit finding.

Fiscal Impact:

There would be no fiscal impact on a cash basis of accounting.

Attachments:

RESOLUTION to write off Ambulance Billing Accounts Receivable 2025
Ambulance Billing Accounts Receivable Write off 2025
Ambulance Billing Accounts Receivable Reconcilement 2025

Recommendation:

Approve the resolution to remove the uncollectible accounts from the list of accounts receivable.

Approved By:

Toby Spears, Finance Director
Toby Spears, Finance Director

08/07/2025
08/07/2025

Medjine Desrosiers-Douyon, Deputy City Attorney 08/07/2025

Manny Gomez, City Manager 08/07/2025

CITY OF HOBBS
RESOLUTION NO. 7661

A RESOLUTION AUTHORIZING THE REMOVAL OF UNCOLLECTIBLE AMBULANCE
ACCOUNTS FROM THE LIST OF ACCOUNTS RECEIVABLE

WHEREAS, there are uncollectible account balances resulting from ambulance services totaling \$19,715,014.06 for the period of July 1, 2007 through June 30, 2021; and

WHEREAS, diligent efforts to collect the outstanding debt has been unsuccessful for a period of more than four years; and

WHEREAS, it is the Finance Director's opinion the accounts are uncollectible; and

WHEREAS, the City of Hobbs desires to remove the uncollectible debt from the accounts receivable, pursuant to Section 3-37-7 NMSA 1978 amended.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor be and hereby is, authorized and directed to take all necessary and appropriate action to effectuate this resolution on behalf of the City of Hobbs.

PASSED, ADOPTED AND APPROVED this 25th day of August, 2025.

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk

Ambulance A/R

Current A/R Balance Aim and EMS Billing (001-12020)	23,683,590.01 ****
less AIM Contractural Allowance	(2,530,983.26) *
less EMS Billing Contractural Allowance	(7,898,388.60) *
less IT/EMSMC A/R Contractural Allowance	(2,616,685.33) *
	10,637,532.82
Less pending writeoff (AIM Balance)	(6,668,956.87) *
Net Balance	3,968,575.95
Allowance for Doubtful Accounts (25% of Net Balance)	992,143.99

AIM Bal Per report	6,668,956.87
plus CA	2,530,983.26
AIM Balance	9,199,940.13

EMS Billing	1,463,806.24
plus CA	7,898,388.60
	9,362,194.84

IT A/R - EMSMC	1,405,859.12 *
IT C/A	2,616,685.33
	4,022,544.45

22,584,679.42
1,098,910.59
(60,299.23)
1,159,209.82

Other information:

*Aim was the previous EMS billing software used for inhouse billing until 06/30/2015 (end FY15)

**EMS Billing service is a third party biller that COH contract with as of 07/01/2015 (FY16)

FY23 a new billing system - Image Trend - took over billing

***COH intends to write off all contractural allowances as listed in EMS Billing receivable documentation as well as all contractural allowance.

****Balance in Munis is \$23,683,590.01, the variance of \$60,299.23 is due to unrecorded payments in AIM and \$496 due to unpaid general billing invoice. The remaining \$3032.88 is a timing difference in the ems reporting.

Support provided for balances include:

- ending ar balance page from AIM
- ending ar balance page from EMS Billing
- ending ar balance from EMSMC Billing

Journal Entry:		Debit	Credit
001-12020-	Ambulance A/R	3,968,575.95	
001-12001-	Allowance for Doubtful Accounts		992,143.99
	Revenue		2,976,431.96
to record Ambulance AR and Allowance for Doubtful Accounts		<u>3,968,575.95</u>	<u>3,968,575.95</u>

* = WRITE OFF AMOUNT

ACCOUNTS RECEIVABLE RECONCILIATION REPORT

Month	Beginning A/R	Gross Charges	Contr Allow	Net Charges	Rev Adj	Payments	Write Offs	Refunds	Ending A/R
2022-01	-	(1.42)	-	(1.42)	-	-	-	-	(1.42)
2022-02	(1.42)	100,825.20	-	100,825.20	-	-	-	-	100,823.78
2022-03	100,823.78	278,489.39	-	278,489.39	-	-	-	-	379,313.17
2022-04	379,313.17	221,788.26	28,091.57	193,696.69	-	141,110.37	-	-	431,899.49
2022-05	431,899.49	311,197.80	98,439.72	212,758.08	-	158,845.00	-	-	485,812.57
2022-06	485,812.57	332,049.34	81,396.25	250,653.09	(0.30)	144,132.18	6,388.92	-	585,944.86
2022-07	585,944.86	191,829.07	68,216.35	123,612.72	(9.07)	132,979.67	2,532.53	-	574,054.45
2022-08	574,054.45	349,982.22	87,019.70	262,962.52	(4.12)	149,943.81	2,756.84	-	684,320.44
2022-09	684,320.44	818,683.29	132,276.89	686,406.40	(2.45)	219,181.51	7,520.32	-	1,144,027.46
2022-10	1,144,027.46	261,626.81	162,505.84	99,120.97	2.81	265,164.12	1,208.25	-	976,773.25
2022-11	976,773.25	231,068.34	58,067.99	173,000.35	(1.65)	122,701.45	569.38	-	1,026,504.42
2022-12	1,026,504.42	288,734.39	61,490.15	227,244.24	(0.65)	122,851.52	1,908.33	-	1,128,989.46
2023-01	1,128,989.46	380,750.89	77,214.91	303,535.98	(14.85)	144,695.44	1,559.10	-	1,286,285.75
2023-02	1,286,285.75	371,427.90	146,329.95	225,097.95	68.90	201,000.56	1,456.53	-	1,308,857.71
2023-03	1,308,857.71	229,283.41	122,592.74	106,690.67	(4.66)	176,225.80	4,116.57	(646.53)	1,235,857.20
2023-04	1,235,857.20	352,467.80	79,829.57	272,638.23	(48.44)	159,949.33	663.10	-	1,347,931.44
2023-05	1,347,931.44	266,235.41	84,831.24	181,404.17	(29.94)	195,550.51	318,331.73	-	1,015,483.31
2023-06	1,015,483.31	215,479.03	65,525.09	149,953.94	(6.38)	143,773.33	31,586.05	(350.00)	990,434.25
2023-07	990,434.25	216,698.12	50,187.04	166,511.08	0.97	131,569.27	27,998.46	-	997,376.63
2023-08	997,376.63	266,806.87	68,046.40	198,760.47	-	126,993.55	60,222.69	-	1,008,920.86
2023-09	1,008,920.86	54,549.79	42,699.53	11,850.26	2.25	87,543.13	153,771.35	-	779,454.39
2023-10	779,454.39	345,887.04	22,280.35	323,606.69	(49.04)	78,826.02	34,662.68	-	989,621.42
2023-11	989,621.42	651,722.74	24,901.34	626,821.40	(1.31)	270,504.20	32,478.58	(336.63)	1,313,797.98
2023-12	1,313,797.98	539,924.84	34,344.55	505,580.29	(3.26)	402,344.09	21,396.12	-	1,395,641.32
2024-01	1,395,641.32	416,587.78	38,210.21	378,377.57	-	309,134.97	84,518.84	-	1,380,365.08
2024-02	1,380,365.08	253,835.29	38,893.37	214,941.92	0.34	305,634.98	70,279.53	-	1,219,392.15
2024-03	1,219,392.15	286,882.05	17,611.46	269,270.59	(12.81)	210,668.12	47,481.91	-	1,230,525.52
2024-04	1,230,525.52	232,053.32	15,132.75	216,920.57	-	196,729.34	21,047.42	-	1,229,669.33
2024-05	1,229,669.33	224,797.48	12,241.63	212,555.85	0.43	174,708.34	110,280.93	-	1,157,235.48
2024-06	1,157,235.48	134,445.39	6,400.64	128,044.75	(3.30)	162,154.12	81,016.73	-	1,042,112.68
2024-07	1,042,112.68	286,273.05	2,250.38	284,022.67	(2.22)	69,664.71	49,171.97	-	1,207,300.89
2024-08	1,207,300.89	18,645.58	10,496.86	8,148.72	-	98,858.93	61,956.51	-	1,054,634.17
2024-09	1,054,634.17	496,845.66	20,325.27	476,520.39	-	85,397.52	97,082.69	-	1,348,674.35
2024-10	1,348,674.35	174,202.42	47,039.79	127,162.63	1.65	195,498.50	62,825.06	-	1,217,511.77
2024-11	1,217,511.77	237,419.84	13,563.83	223,856.01	(5.98)	137,486.28	55,301.63	-	1,248,585.85
2024-12	1,248,585.85	233,056.01	19,401.40	213,654.61	(33.17)	169,733.22	24,299.40	-	1,268,241.01
2025-01	1,268,241.01	203,254.16	13,718.71	189,535.45	0.04	117,861.80	8,291.65	(301.65)	1,331,924.62
2025-02	1,331,924.62	265,189.40	11,815.64	253,373.76	(60.55)	172,317.34	-	-	1,413,041.59
2025-03	1,413,041.59	374,321.19	15,825.35	358,495.84	(59.49)	271,349.40	135,200.36	-	1,365,047.16
2025-04	1,365,047.16	201,775.88	5,423.59	196,352.29	(15.65)	177,951.98	77.78	-	1,383,385.34
2025-05	1,383,385.34	274,218.69	14,689.22	259,529.47	(72.19)	262,630.88	182.07	-	1,380,174.05
2025-06	1,380,174.05	227,307.22	14,502.02	212,805.20	(74.36)	187,417.21	(222.72)	-	1,405,859.12

Jun-25

	Munis			
FY24 SOY	\$ 21,349,183.86	AIM A/R	\$ 6,668,956.87	
General Billing Pmts	\$ (2,649.00)	AIM C/A	\$ 2,530,983.26	
July 23 IT Payments	\$ (126,390.49)		<u>\$ 9,199,940.13</u>	
July 23 IT Charges	\$ 216,698.12			
	\$ 21,436,842.49	EMS A/R	\$ 1,463,806.24	
Aug 23 QMC Pmts	\$ (1,113.25)	EMS C/A	\$ 7,898,388.60	
Aug 23 IT Payments	\$ (100,588.25)		<u>\$ 9,362,194.84</u>	
Aug 23 IT Charges	\$ 267,660.39			
	\$ 21,602,801.38			
Sept 23 QMC Pmts	\$ (343.24)	EMSMC A/R	\$ 1,405,859.12	
Sept 23 IT Pmts	\$ (116,382.88)	IT C/A	\$ 2,616,685.33	
Sept 23 IT Chgs	\$ 55,086.02		<u>\$ 4,022,544.45</u>	22,644,978.65
	\$ 21,541,161.28			
Oct 23 IT Pmts	\$ (94,451.93)		\$ 22,584,679.42	EMSMC Balance
Oct 23 IT Chgs	\$ 345,341.29			Contractual allowance
	\$ 21,792,050.64			
Nov 23 QMC Pmts	\$ (563.00)			
Nov 23 IT Pmts	\$ (122,147.96)			
Nov 23 IT Chgs	\$ 653,107.32		\$ 60,299.23	
	\$ 22,322,447.00		Payments posted in Munis	
Dec 23 IT Pmts	\$ (207,940.21)		but not in AIM	
Dec 23 IT Chgs	\$ 542,106.19			
	\$ 22,656,612.98		\$ 22,644,978.65	GENERAL LEDGER BALANCE AT 6 30 2024
Jan 24 QMC Pmts	\$ (537.50)			
Jan 24 IT Pmts	\$ (421,076.37)		\$ 4,879.00	EMS standby charges fiscal year 2025
Jan 24 IT Chgs	\$ 421,155.10		<u>\$ (3,644.00)</u>	EMS standby payments fiscal year 2025
	\$ 22,656,154.21			
Feb 24 IT Pmts	\$ (339,360.40)		\$ 22,646,213.65	
Feb 24 IT Chgs	\$ 258,971.73			
	\$ 22,575,765.54		\$ 359,242.87	Ambulance gross billings (May 2024 thru June 2024)
Mar 24 QMT Pmts	\$ (575.00)		<u>\$ (339,310.14)</u>	Ambulance payments (May 2024 thru June 2024)
Mar 24 IT Pmts	\$ (257,628.16)		\$ 22,666,146.38	
Mar 24 IT Chgs	\$ 290,711.44			
	\$ 22,608,273.82		\$ 2,992,509.10	Ambulance gross billings (from July 2024 thru June 2025)
Apr 24 IT Pmts	\$ (199,649.76)		<u>\$ (1,975,065.47)</u>	Ambulance payments (from July 2024 thru June 2025)
Apr 24 IT Chgs	\$ 236,354.59			
	\$ 22,644,978.65		* <u>\$ 23,683,590.01</u>	BALANCE FOR ACCOUNTS RECEIVABLE EMS 2025
May 24 EMSC Pmts	\$ (154,590.60)			
May 24 EMSC chgs	\$ 224,797.48			
	\$ 22,715,185.53			
June 24 EMSC Pmts	\$ (184,719.54)			
June 24 EMSC Chgs	\$ 134,445.39			
	\$ 22,664,911.38			
July 24 EMSC Pmts	\$ (111,010.86)			
July 24 EMSC Chgs	\$ 286,273.05			

JOURNAL ENTRY:

		DEBIT	(CREDIT)
001-12020	CURRENT - A/R AMBULANCE	1,037,376.36	
001-23010	DEFERRED RECEIPTS		(1,037,376.36)

August 24 EMSC Chgs	\$ 18,645.58	
	\$ 22,716,797.92	
September 24 EMSC Pmts	\$ (66,550.72)	
September 24 EMSC Chgs	\$ 496,845.66	
	\$ 23,147,092.86	
October 24 EMSC Pmts	\$ (250,088.05)	
October 24 EMSC Chgs	\$ 174,202.42	
	\$ 23,071,207.23	
November 24 EMSC Pmts	\$ (118,932.50)	
November 24 EMSC Chgs	\$ 237,419.84	
	\$ 23,189,694.57	
December 24 EMSC Pmts	\$ (149,388.02)	
December 24 EMSC Chgs	\$ 233,056.01	
	\$ 23,273,362.56	
January 25 EMSC Pmts	\$ (128,809.05)	
January 25 EMSC Chgs	\$ 203,254.16	
	\$ 23,347,807.67	
February 25 EMSC Pmts	\$ (141,099.34)	
February 25 EMSC Chgs	\$ 265,189.40	
	\$ 23,471,897.73	
March 25 EMSC Pmts	\$ (208,959.77)	
March 25 EMSC Chgs	\$ 374,321.19	
	\$ 23,637,259.15	
April 25 EMSC Pmts	\$ (211,527.29)	
April 25 EMSC Chgs	\$ 201,775.88	
	\$ 23,627,507.74	
May 25 EMSC Pmts	\$ (212,481.52)	
May 25 EMSC Chgs	\$ 274,218.69	
	\$ 23,689,244.91	
June 25 EMSC Pmts	\$ (234,197.12)	\$ 256,802,182.32
June 25 EMSC Chgs	\$ 227,307.22	
	\$ 23,682,355.01	* = difference is EMS standby



CITY OF HOBBS
STAFF SUMMARY FORM

MEETING DATE:
August 25, 2025

SUBJECT: Resolution No. 7662 - Approving a Memorandum of Agreement with the Hobbs Municipal Schools for the Use of Heizer Park

DEPT OF ORIGIN: Recreation

DATE SUBMITTED: 8/7/2025

SUBMITTED BY: Doug McDaniel, Recreation Director

Summary:

This Memorandum of Agreement would allow for use of Heizer Park by the Hobbs Municipal Schools for Heizer Middle School's football teams, while construction is taking place at Heizer Middle School making the school's practice fields unavailable.

Fiscal Impact:

Fees for use of Heizer Park by the Hobbs Municipal Schools will be waived due to the temporary unavailability of Heizer Middle School's own facilities.

Attachments:

Resolution Approving a Memorandum of Agreement for Use of Heizer Park by Hobbs Municipal Schools
2025 City and HMS MOA Use of Heizer Park

Recommendation:

Staff recommends approving the Resolution.

Approved By:

Doug McDaniel, Recreation Director	08/07/2025
Toby Spears, Finance Director	08/07/2025
Medjine Desrosiers-Douyon, Deputy City Attorney	08/08/2025
Manny Gomez, City Manager	08/08/2025

CITY OF HOBBS

RESOLUTION NO. 7662

A RESOLUTION AUTHORIZING A MEMORANDUM OF AGREEMENT
BETWEEN THE CITY OF HOBBS AND THE HOBBS MUNICIPAL SCHOOLS
REGARDING USE OF HEIZER PARK.

WHEREAS, the City of Hobbs and the Hobbs Municipal Schools have previously entered into agreements for the Schools' use of both the Veterans Memorial Complex and the Rockwind Community Links Golf Course; and

WHEREAS, the Hobbs Municipal Schools have the need for use of Heizer Park for the Heizer Middle School's football teams while construction is taking place at Heizer Middle School; and

WHEREAS, the City of Hobbs and the Hobbs Municipal Schools desire to enter into a Memorandum of Agreement regarding the use of Heizer Park by the Hobbs Municipal Schools; and

WHEREAS, the Hobbs Municipal Schools will conduct football practices at Heizer Park and will be responsible for painting all football field markings and lines, as needed for these practices.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF HOBBS, NEW MEXICO, the Mayor be and hereby is, authorized and directed to effectuate this resolution and specifically to execute, on behalf of the City of Hobbs, a Professional Services Agreement with the Hobbs Municipal Schools, a copy of which is attached hereto and incorporated herein.

PASSED, ADOPTED AND APPROVED this 25th day of August, 2025.

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk

MEMORANDUM OF AGREEMENT FOR PARK USE
BETWEEN THE HOBBS MUNICIPAL SCHOOLS AND THE CITY OF HOBBS

THIS MEMORANDUM OF AGREEMENT FOR PARK USE is made and entered into by and between the City Commission of the City of Hobbs, New Mexico (hereinafter “City”), and the Local School Board of Hobbs Municipal School District No. 16 (hereinafter “Schools”),

WHEREAS, the City and Schools have previously entered into agreements for the School’s use of the Veterans Memorial Complex, and Rockwind Community Links Golf Course; and

WHEREAS, the Schools desire to use Heizer Park as a location for the football teams from Heizer Middle School to practice during the 2025 season while construction is taking place at Heizer Middle School; and

WHEREAS, it is deemed that this agreement is for the common good to the contracting parties and general public; and Schools unify their authority and resources in the usage, and maintenance at Heizer Park.

NOW, THEREFORE, IT IS AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

1. **USE OF SITE**

The Schools shall have the use of Heizer Park for the Heizer Middle School football team’s practices while construction is taking place at Heizer Middle School rendering the school’s practice field unavailable. For the during the 2025 season, from the beginning of the football season until the termination of all regular season and/or post-season games have been completed, under the supervision of the New Mexico Activities Association (N.M.A.A.), typically, August through Novemberberber, the Schools will have use of Heizer Park for football team practices. During that time and depending on field availability, any outside request for usage of the park by groups or individuals shall be reviewed by the Recreation Department and the Schools. These outside requests do not take priority over practices scheduled by the Schools but when no practices are scheduled by the Schools, the request should be considered for approval by both the Schools and the City.

2. **MAINTENANCE**

The City and the Schools shall share the maintenance activities as follows:

The School shall paint and maintain all field markings needed for football practices. Painting should be coordinated with the City so that grounds and turf maintenance does not ~~aeffect~~ the field markings. The School will supply all football equipment needed for practices.

The City shall perform all commonly associated grounds and turf maintenance activities at Heizer Park, as they do at other City parks, and sports facilities (mowing, irrigation, weed control, etc.).

Utilities will be furnished by the City at its sole expense.

Trash and general cleanliness of the facilities, including any parking lots/parking areas, shall be the sole responsibility of the Schools during School events and during the School season (practices) as well as any activities scheduled by the Schools. The City will be responsible for trash and general cleanliness of the facilities at all other times.

The Schools shall exercise reasonable diligence in preserving the aesthetic look and integrity of the facilities when in use and for the clean-up of any trash/waste.

Parking lot repair and maintenance shall be the sole responsibility of the City.

3. COORDINATION

The Schools shall notify the City of football team practice schedules and any changes, thereto. The City will not schedule any activities during these practice times. The City will not schedule any grounds or turf maintenance activities during practices and will insure the irrigation schedule does not conflict with practice times.

4. COMPENSATION

The ~~City will waive any compensation from the~~ Schools ~~for use of Heizer Park for football team practices due to the temporary unavailability of Heizer Middle School's own facilities.~~ ~~will also pay the City a sum of \$112,140.50, annually, commencing on the 27th day of June 2024, to offset maintenance expenses incurred with the daily operation of said fields.~~ ~~Compensation from Schools to City will be made for the purpose set forth herein. Strict accountability of all receipts and payments will be maintained by City and Schools.~~

The City will pay the Schools \$10,119.75 annually for coaches to maintain facilities as agreed.

5. TERMS

This Memorandum of Agreement shall ~~continue have a term of one year. By mutual agreement between the City and the Schools, this agreement may be extended for up to three (3) additional one-year terms. in full force and effect until June 30, 2026.~~

6. APPROVAL

This agreement incorporates all agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof, and all such covenants, agreements, and understandings have been merged into this agreement. No prior statements, representations, promises or agreement of understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this agreement.

7. NO ORAL MODIFICATION

The forgoing constitutes the entire agreement between the Parties and may be modified only in writing signed by both Parties. Amendments and alterations to this Amended Agreement may be made in writing from time to time as the parties agree.

8. CHOICE OF LAW

This Amended Agreement is governed by the laws of the State of New Mexico and will bind and insure to the benefit of the City and Schools, their respective successors and assigns. Jurisdiction relating to any litigation or dispute arising out of this Amended Agreement shall be with the District Court of Lea County, State of New Mexico, only.

9. SEVERABILITY:

If any part or portion of this Amended Agreement shall be in violation of the laws of the State of New Mexico or the Constitution of New Mexico, only such part or portion thereof shall be thereby invalidated, and all other portions hereof shall remain valid and enforceable.

~~102.~~ SOVEREIGN IMMUNITY

The City of Hobbs and Schools and their public employees (as defined in the New Mexico Tort Claims Act) do not waive sovereign immunity, do not waive any defense(s), and/or do not waive any limitation(s) pursuant to the New Mexico Tort Claims Act. No provision in the Agreement modifies and/or waives any provision of the New Mexico Tort Claims Act as it relates to the City and Schools and their public employees. All of the privileges and immunities from liability, exemptions from laws, ordinances and rules, all pension, relief, disability, workmen's compensation and other benefits which apply to the activity of officers, agents or employees of either the City or Schools, when performing their respective functions within the territorial limits of their respective public agencies, shall apply to them to the same extent while

engaged in the performance of any of their functions and duties extraterritorially under the provision of the Joint Powers Agreements Act.

11. INDEMNITY AND HOLD HARMLESS

The Schools shall indemnify, defend and hold City, the City Commission of the City of Hobbs, its individual commissioners, its officers, employees and agents, past or present, harmless from any and all causes of action, suits, claims, judgments, losses, costs, expenses, and liens of every kind and nature, including, but not limited to court costs and attorney's fees, arising or alleged to have arisen due to negligence of the Schools, its students or any employees, while engaged in the performance of this Agreement, or for the School's failure to render services, or any breach of this Agreement.

The City shall not be liable to the Schools, their employees, contractors, students, or affiliates for any loss, damage, or injury, whether to their person or property, occurring in connection with the use of Heizer Park pursuant to this Agreement. Schools shall hold City harmless from all loss, damage, and injury, including court costs and attorney fees, incurred by City in connection with the performance of School's duties according to this Agreement.

123. LIABILITY

Each party agrees to bear liability and responsibility for the negligent, reckless or deliberate acts or omissions of their own officers and employees, as limited by the New Mexico Tort Claims Act. Owner(s) of building(s) will maintain liability and property insurance and hold each other harmless for any losses. (this provision added at the suggestion of the New Mexico Self Insurer's Fund contact for the City of Hobbs)

134. INSURANCE

Both the City of Hobbs and the Hobbs Municipal School District will maintain liability insurance or qualify as a self-insured entity, as required by law. Plans and ownership of any newly erected facilities will be determined and mutually agreed upon prior to the inception of any construction. (this provision added at the suggestion of the New Mexico Self Insurer's Fund contact for the City of Hobbs)

IN WITNESS WHEREOF, the parties hereto have set their hands and seals this _____ of _____, 2025.

ATTEST:

HOBBS MUNICIPAL SCHOOLS

TERRY O'BRAIN, President

Date

GENE STRICKLAND, Superintendent

Date

THE CITY OF HOBBS, NEW MEXICO

SAM COBB, Mayor

Date

MANNY GOMEZ, City Manager

Date

APPROVED AS TO FORM:

Medjine Desrosiers-Douyon, Deputy City Attorney

Date

Attorney for Hobbs Municipal Schools

Date



CITY OF HOBBS

STAFF SUMMARY FORM

MEETING DATE:
August 25, 2025

SUBJECT: PUBLICATION: Proposed Ordinance Authorizing the Sale and Conveyance of Certain City-Owned Land Located within the Hobbs Industrial Airpark to Stag Amazon, LLC

DEPT OF ORIGIN: Planning

DATE SUBMITTED: 7/9/2025

SUBMITTED BY: Todd Randall, Assistant City Manager

Summary:

The City of Hobbs is the owner of certain real property, containing 6.83 acres, located adjacent to Industrial St. Covenant Health Hobbs has expressed its intent to assign its option to purchase the subject land to Stag Amazon, LLC, and the City has negotiated the terms of a Real Estate Purchase Agreement ("REPA") with Stag Amazon, LLC for the direct purchase of said property. Pursuant to NMSA 1978, Section 3-54-1, and applicable provisions of the Hobbs Municipal Code, the City is authorized to sell or lease real property through ordinance adopted by the governing body after notice and public hearing.

1. APPRAISED VALUE OF PROPERTY. The appraised Fee Simple Market Value of the land only was determined to be \$565,000 for the 6.83 acres.
2. PURCHASE PRICE. \$730,000
3. PURPOSE OF PURCHASE. The building on the property currently owned by Covenant Health Hobbs is utilized for an Amazon warehouse.

Fiscal Impact:

The revenue from the sale will be booked against the Land Acquisition Fund.

Attachments:

ORDINANCE No. COVENANT - AMAZON PURCHASE 08-07-25
REPA - COVENANT - STAG - Final with edits 8-7-25
EXHIBIT 1 - Leased Boundary Description
EXHIBIT 2 - ASSIGNMENT OF OPTION TO PURCHASE - 8-7-25
EXHIBIT 3 - Estoppel
EXHIBIT 4 - Ord No. 1161 - First Amendment and original ground lease

Recommendation:

Consideration of the approval to publish an Ordinance for the sale of property

Approved By:

Todd Randall, Assistant City Manager	08/07/2025
Toby Spears, Finance Director	08/07/2025
Medjine Desrosiers-Douyon, Deputy City Attorney	08/07/2025
Manny Gomez, City Manager	08/07/2025

CITY OF HOBBS, NEW MEXICO

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE SALE AND CONVEYANCE OF CERTAIN CITY-OWNED LAND LOCATED WITHIN THE HOBBS INDUSTRIAL AIRPARK TO STAG AMAZON, LLC AND AUTHORIZING THE MAYOR TO EXECUTE ALL DOCUMENTS NECESSARY TO COMPLETE THE TRANSACTION.

WHEREAS, the City of Hobbs ("City") is the owner of certain real property, containing 6.83 acres, located within the corporate limits of the City of Hobbs, Lea County, New Mexico, currently leased to Covenant Health Hobbs under a Ground Lease authorized by Ordinance No. 957, as amended; and

WHEREAS, Covenant Health Hobbs has expressed its intent to assign its option to purchase the subject land to **Stag Amazon, LLC**, and the City has negotiated the terms of a Real Estate Purchase Agreement ("REPA") with **Stag Amazon, LLC** for the direct purchase of said property; and

WHEREAS, pursuant to NMSA 1978, Section 3-54-1, and applicable provisions of the Hobbs Municipal Code, the City is authorized to sell or lease real property through ordinance adopted by the governing body after notice and public hearing; and

WHEREAS, the governing body finds that the sale of the subject property is in the best interest of the City and its residents and that the terms of sale are fair, reasonable, and consistent with the appraised value of the land; and

WHEREAS, inclusive in this Ordinance are the following:

1. TERM OF SALE.

- a. The City proposes to sell a parcel of land comprised of 6.83 acres for purchase price of \$730,000.00.
- b. An Agreement for the Purchase of the Real Estate concerning terms of the sale for the property are part of the Proposed Ordinance, based on negotiation between the City and Stag Amazon, LLC.

2. APPRAISED VALUE OF PROPERTY. The appraised Fee Simple Market Value of the land only was determined to be \$565,000 for the 6.83 acres.

3. SCHEDULE OF PAYMENTS: The Purchase Price is to be paid with an earnest money deposit with the balance to be paid as follows:

a. Earnest Money Deposit:	\$10,000
b. At Closing the Balance of Cash:	\$720,000
c. Total Payments:	\$730,000

4. PURCHASE PRICE. \$730,000
5. NAME OF PURCHASER. Stag Amazon, LLC, <Address>
6. PURPOSE OF PURCHASE. The building on the property and currently owned by Covenant Health Hobbs is utilized for an Amazon warehouse.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF HOBBS, NEW MEXICO:

Section 1. The City of Hobbs is hereby authorized to sell the City-owned property as described in Exhibit 1 (Leased Boundary Survey) to **Stag Amazon, LLC** for the purchase price of \$730,000.00, as set forth in the Real Estate Purchase Agreement.

Section 2. The Mayor is hereby authorized to execute the Real Estate Purchase Agreement, the Assignment of Option to Purchase, the Special Warranty Deed, closing documents, and any other instruments necessary to effectuate the sale of the property to **Stag Amazon, LLC**.

Section 3. The subject property is to be subdivided prior to closing, and the final legal description shall conform to the recorded plat, which shall be prepared based on the existing Leased Boundary Survey and recorded prior to closing.

Section 4. The sale shall be subject to all applicable covenants, restrictions, easements, and matters of record, including those previously established under Ordinance No. 957 and any applicable City and State regulations.

Section 5. This Ordinance shall become effective five (5) days after publication by title and general summary in accordance with NMSA 1978, Section 3-17-5, unless a valid referendum petition is filed within thirty (30) days following its adoption, in which case the Ordinance shall be suspended pending further action by the governing body or electorate.

PASSED, ADOPTED AND APPROVED this 15th day of September, 2025.

CITY OF HOBBS, NEW MEXICO

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk

**REAL ESTATE PURCHASE AGREEMENT
CITY OF HOBBS AND STAG AMAZON, LLC**

This Real Estate Purchase Agreement ("**Agreement**") is entered into this ____ day of _____, 2025, by and between the City of Hobbs, a New Mexico municipal corporation ("**City**"), and Stag Amazon, LLC, a Texas limited liability company ("**Purchaser**").

RECITALS:

A. The City is the owner of certain real property located in Hobbs, New Mexico, described as:

A portion of the premises currently leased to Covenant Health Hobbs under the Ground Lease (as defined below), as generally described by the existing "Leased Boundary Description" attached hereto as Exhibit 1 and incorporated herein by reference (the "**Property**"). A final recorded plat and legal description will be completed and recorded prior to Closing (as defined below).

B. The Property is currently subject to a Ground Lease dated December 4, 2006, as amended by the First Amendment dated September 16, 2024 (collectively, the "**Ground Lease**"), originally entered into between the City and Lea Regional Medical Center, and the leasehold interest created thereby was subsequently assigned to Covenant Health Hobbs ("**Covenant**").

C. The Ground Lease includes an option to purchase the Property at market value. As contemplated by that certain Purchase and Sale Agreement dated July 3, 2025 between Covenant, as seller, and Purchaser, as buyer (the "**Covenant-Purchaser PSA**"), Covenant desires to assign the Ground Lease to Purchaser, including, without limitation, Covenant's right to purchase the Property under the Ground Lease, pursuant to that certain Assignment and Assumption of Ground Lease ("**Ground Lease Assignment**"). The City agrees to such assignment and to convey the Property to Purchaser pursuant to this Agreement.

NOW THEREFORE, the parties agree as follows:

1. Purchase and Sale.

The City agrees to sell and convey, and Purchaser agrees to purchase, the Property on the terms and conditions set forth herein.

2. Purchase Price.

The purchase price shall be \$730,000.00 (the "**Purchase Price**"), based on a recent appraisal prepared by JPM Valuation Services dated May 14, 2025. City and Purchaser agree and acknowledge that this Purchase Price described herein is the market value, as contemplated in the Ground Lease.

3. Earnest Money.

Purchaser shall deposit \$10,000.00 with the closing agent within fourteen (14) business days following Commission approval of this Agreement.

4. Closing.

Closing shall occur on or before 180 days from Commission approval and adoption of the ordinance authorizing this Agreement (the “**Closing**”), unless extended by mutual written agreement. Possession transfers at Closing.

5. Title and Deed.

a. City shall convey the Property to Purchaser by Special Warranty Deed (the “**Deed**”), free and clear of all liens except those of record. The conveyance shall be subject to all covenants, easements, restrictions, and matters of record, including those referenced in the Building Purchase Agreement approved under City Ordinance No. 957, to the extent they remain applicable and enforceable.

b. City shall provide a title commitment (“**Title Report**”) and owner’s title insurance policy, at City’s cost. The legal description in the Deed shall conform to the final recorded plat to be completed prior to Closing. Upon the issuance of the Title Report and delivery of same to Purchaser, together with copies of the documents and instruments upon which the exceptions contained therein are based, Purchaser shall have ten (10) days from the date of Purchaser’s receipt of the Title Report to object in writing to any exception to title set forth in the Title Report (except for all monetary liens which are hereby objected to and shall be removed by City on or before the Closing Date (collectively, the “**Disapproved Items**”). In the event that Purchaser does not timely provide City with written notice of an objection to any exception to title in accordance with this Section 5.b, Purchaser shall be deemed to have approved such exception to title. In the event that Purchaser provides written objections to any exception to title, City shall have ten (10) days to provide notice to Purchaser that: (a) City will remove the Disapproved Items (or commit to have the Disapproved Items removed as of the Closing); or (b) provide affirmative title insurance coverage therefor; or (c) City cannot or is unwilling to remove the Disapproved Items. If City notifies Purchaser that it will remove the Disapproved Items, City shall use commercially reasonable efforts to remove or provide affirmative title insurance coverage for the Disapproved Items. In the event that City shall provide Purchaser with written notice within such ten (10) day period that City cannot or is unwilling to remove or provide affirmative title insurance coverage for the Disapproved Items, Purchaser may elect, at any time prior to Closing, in its sole and absolute discretion, to either terminate this Agreement in accordance with Section 10 by providing City written notice of such termination, or waive its objections to the Disapproved Items that City cannot or is unwilling to remove or provide affirmative title insurance coverage for and proceed to Closing. In the event that City does not respond to Purchaser’s objections in writing within such ten (10) day period, City shall be deemed to have given notice that City cannot or is unwilling to remove or provide affirmative title insurance coverage for the Disapproved Items.

6. Assignment of Ground Lease

City acknowledges and consents to the Ground Lease Assignment from Covenant to Purchaser, which approved form is attached as Exhibit 2. Notwithstanding anything to the contrary, if Purchaser terminates this Agreement to purchase the Property, City's foregoing consent to the Ground Lease Assignment shall not be revoked and Covenant right to assign the Ground Lease to Purchaser shall continue in full force and effect. City and Purchaser agree that upon full execution of the Ground Lease Assignment and the closing of the sale transaction contemplated by the Covenant-Purchaser PSA, Covenant shall be released in full from any and all obligations and liability with respect to the Ground Lease. This section shall survive the Closing or sooner termination of this Agreement.

7. Survey.

The City shall provide the existing Leased Boundary Description, attached hereto as Exhibit 1, for reference. A final recorded plat creating the parcel to be conveyed shall be completed and recorded by the City prior to Closing.

8. Environmental.

Purchaser has received and accepted all existing environmental reports. No further environmental contingencies apply.

9. Closing Costs.

City shall pay for title commitment and recording. Purchaser shall pay title premium, legal fees, and all other closing costs. The cost of the platting process shall be borne by the City.

10. Termination and Default.

If either party defaults under this Agreement, the non-defaulting party shall provide written notice of such default and the defaulting party shall have thirty (30) days to cure the default. If the default is not cured within such time, the non-defaulting party may terminate this Agreement by written notice and pursue any remedies available at law or equity.

If the City terminates this Agreement due to Purchaser's uncured default, the City shall retain the Earnest Money as liquidated damages.

If the Agreement is terminated due to (i) City's failure or inability to cure Purchaser's title objections, (ii) the non-occurrence of any other condition on Purchaser's obligation to close, (iii) any other reason except for Purchaser's default, then the Earnest Money shall be promptly refunded to Purchaser.

This Agreement shall automatically terminate and be of no further force or effect if the Closing has not occurred within twelve (12) months of the date of Commission approval, unless extended by mutual written agreement.

11. Conditions to Purchaser's Obligation to Close. Purchaser shall not be obligated to close the purchase of the Property unless on or prior to the Closing Date, Purchaser shall have acquired the leasehold interest in the Ground Lease pursuant to the Ground Lease

Assignment. Notwithstanding anything to the contrary, the acquisition of the leasehold interest in the Ground Lease shall be at Purchaser's sole cost and the failure of this condition to be satisfied shall not be City's default.

12. Miscellaneous.

- Governing Law: New Mexico law applies. Venue shall be in Lea County.
- Ordinance Requirement: This Agreement is contingent upon the adoption of an ordinance by the City Commission.

13. Exhibits.

- Exhibit 1: Leased Boundary Survey
- Exhibit 2: Ground Lease Assignment
- Exhibit 3: Consent Estoppel and Recognition Agreement
- Exhibit 4: Ordinance 1161 – First Amendment to Ground Lease Agreement with Covenant Hospital Hobbs at 5625 N. Lovington Hwy.

13. Entire Document.

This instrument constitutes the entire agreement between the City and the Purchaser, and there are no agreements, understandings, warranties, or representations between the Purchaser and the City except as set forth herein. This Agreement cannot be amended except in writing executed by the Purchaser and the City.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties execute this Agreement effective as of the date first written above.

CITY:

THE CITY OF HOBBS

PURCHASER:

STAG AMAZON, LLC,
a Texas limited liability company

Mayor Sam Cobb

By: _____
Name: _____
Title: _____
Address: _____
Phone: _____

ATTEST:

Jan Fletcher, City Clerk

APPROVED AS TO FORM:

Medjine Desrosiers-Douyon
Deputy City Attorney

Joinder:

By signing below, Covenant acknowledges and agrees as to the terms and conditions in Section 6 above only.

COVENANT:

COVENANT HOSPITAL HOBBS,
a Texas nonprofit corporation

By: _____
Name: _____
Its: _____

EXHIBIT 1
LEASED BOUNDARY DESCRIPTION

A TRACT OF LAND SITUATED IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 18 SOUTH, RANGE 38 EAST, N.M.P.M., CITY OF HOBBS, LEA COUNTY, NEW MEXICO, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR A POINT ON THE WEST RIGHT OF WAY LINE OF INDUSTRIAL ROAD FROM WHICH A BRASS CAP IN CONCRETE FOUND FOR THE SOUTHEAST CORNER OF SAID SECTION 7 BEARS N49-49'41"E 80.00 FEET TO A POINT ON THE WEST RIGHT OF WAY LINE OF THE TEXAS/NEW MEXICO RAILROAD AND S40°10'19"E ALONG THE SAID RAILROAD RIGHT OF WAY UNE 2539.19 FEET AND S00°40'41"E ALONG THE EAST LINE OF SAID SECTION 7 A DISTANCE OF 1207.74 FEET;

THEN S49D49'41"W 414.94 FEET TO A 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR THE MOST SOUTHERLY CORNER OF THIS TRACT;

THEN N40D10'19"W 351.06 FEET TO A 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR AN INTERIOR CORNER OF THIS TRACT;

THEN S49D49'41"W 75.00 FEET TO A 1/2" REBAR WITH CAP MARKED "JWSC PSI2641" SET FOR A CORNER OF THIS TRACT;

THEN N40D10'19"W 309.80 FEET TO 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR THE MOST WESTERLY CORNER OF THIS TRACT;

THEN N49D49'41"E 489.94 FEET TO A 1/2" REBAR FOUND FOR THE MOST NORTHERLY CORNER OF THIS TRACT AND A POINT ON THE WEST RIGHT OF WAY LINE OF INDUSTRIAL ROAD;

THEN S40D10'19"E ALONG SAID WEST LINE OF INDUSTRIAL ROAD 660.86 FEET TO THE POINT OF BEGINNING.

THE ABOVE DESCRIBED TRACT OF LAND CONTAINS 297,451.34 SQUARE FEET AND 6.83 ACRES MORE OR LESS.

Exhibit 2
Assignment of Option to Purchase

This Assignment of Option to Purchase ("Assignment") is made and entered into as of the ____ day of _____, 2025, by and among **Covenant Health Hobbs** ("Assignor"), **Stag Amazon, LLC** ("Assignee"), and the City of Hobbs ("City").

RECITALS:

A. Assignor is the current lessee under that certain Ground Lease dated December 4, 2006, as amended, between the City and Assignor, which includes an option to purchase the real property described in Exhibit 3 attached hereto ("Option").

B. Assignor desires to assign its rights under the Option to Assignee, and Assignee desires to assume such rights, subject to the City's consent.

C. The City consents to this Assignment and acknowledges that the Option may be exercised by Assignee pursuant to the terms of the Ground Lease.

NOW, THEREFORE, in consideration of the mutual promises herein, the parties agree:

1. Assignment.

Assignor hereby assigns to Assignee all of its rights, title, and interests in and to the Option to Purchase.

2. Assumption.

Assignee accepts such assignment and assumes all obligations related to the Option.

3. Consent.

The City consents to this Assignment and affirms that Assignee may exercise the Option subject to the terms of the Ground Lease.

4. Binding Effect.

This Assignment shall be binding on and inure to the benefit of the parties and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first above written.

ASSIGNOR:
COVENANT HEALTH HOBBS

By: _____

Name: _____

Title: _____

Address: _____

Phone: _____

ASSIGNEE:
Stag Amazon, LLC

By: _____

Name: Steven Willis

Title: _____

Address: 6905 82nd St. Suite 300

Email: steven@rebuscap.com

THE CITY OF HOBBS

Sam D. Cobb, Mayor

ATTEST:

Jan Fletcher, City Clerk

APPROVED AS TO FORM:

Medjine Desrosiers-Douyon
Deputy City Attorney

EXHIBIT 3
ESTOPPEL CERTIFICATE

This Estoppel Certificate ("Certificate") is made as of the ____ day of _____, 2025 (the "Effective Date"), by the City of Hobbs, a New Mexico municipal corporation ("Ground Lessor"), in favor of Stag Amazon, LLC, a Texas limited liability company ("Assignee"), and any current or prospective purchaser, assignee, lender, or title company in connection with the transaction described below.

RECITALS

A. Ground Lessor is the owner of the land commonly known as **6.83 acres of land located in the Hobbs Industrial Airpark**, particularly described in Exhibit 1 attached hereto ("Lease Boundary Description") and the owner of the Ground Lessor's interest in the ground lease identified in Recital B below ("Ground Lease").

B. Reference is hereby made to that certain Ground Lease dated December 4, 2006, between Ground Lessor and Covenant Health Hobbs ("Ground Lessee"), as amended by the First Amendment dated September 16, 2024 (collectively, the "Ground Lease").

C. Ground Lessee has entered into an agreement to assign all leasehold interests and the option to purchase to Stag Amazon, LLC, and Ground Lessor consents to the assignment (the "Transaction").

NOW THEREFORE, Ground Lessor hereby certifies and represents as follows, to the best of Ground Lessor's knowledge as of the Effective Date:

1. **Consent; Lease Effective.** Ground Lessor consents to the Transaction. The Ground Lease has been duly executed and delivered by the parties thereto and, subject to the terms and conditions thereof, is in full force and effect. The obligations of Ground Lessee thereunder are valid and binding, and there have been no modifications or additions to the Ground Lease, written or oral, other than the First Amendment dated September 16, 2024. Ground Lessee is in possession of the premises demised under the Ground Lease.
2. **No Default.** (a) To the best of Ground Lessor's knowledge, there exists no breach, default, or condition which, with the giving of notice or passage of time or both, would constitute a default by Ground Lessee or Ground Lessor. (b) Neither Ground Lessor nor Ground Lessee has any existing claims, defenses, or offsets against rental due or to become due.
3. **Entire Agreement.** The Ground Lease constitutes the entire agreement between Ground Lessor and Ground Lessee with respect to the Property. Ground Lessee claims no rights other than as set forth in the Ground Lease.
4. **Minimum Rent.** The annual minimum rent under the Lease is \$1,000.00 for the first year (during building improvements), \$44,627.22 for the second year, and shall increase by 3% annually thereafter, due on December 15th of each year.
5. **Commencement Date.** The term of the Ground Lease commenced on December 4, 2006.
6. **Expiration Date.** The term of the Ground Lease will expire on December 15, 2081.

7. **No Deposits or Prepaid Rent.** No deposits or prepayments of rent have been made.
8. **No Other Assignment.** Ground Lessee has received no notice, and is not aware of, any other assignment of Ground Lessor's interest.
9. **Consent to Transaction.** Ground Lessor hereby consents to the Transaction.
10. **Use and Compliance.** The premises are used as a commercial warehouse by Amazon, consistent with the Ground Lease and City regulations. All required permits for the use have been obtained.
11. **Purchase Option or Refusal Rights.** The Ground Lease includes an option to purchase at market value. Ground Lessor consents to assignment of the option to Stag Amazon, LLC.
12. **Reliance and Binding Effect.** This Certificate may be relied upon by Assignee, successors, lenders, and title companies. This Certificate does not modify the Ground Lease. In the event of conflict, the Ground Lease controls.
13. **Release of Assignor.** Upon execution of the assignment, Ground Lessor acknowledges that Covenant Health Hobbs shall be released from obligations arising after the assignment, but remains responsible for any prior defaults.

IN WITNESS WHEREOF, Ground Lessor has executed this Agreement this _____
day of _____, 20____.

GROUND LESSOR:
CITY OF HOBBS
A New Mexico municipal corporation

Sam D. Cobb, Mayor

ATTEST:

Jan Fletcher, City Clerk

APPROVED AS TO FORM:

Medjine Desrosiers-Douyon, Deputy City Attorney

CITY OF HOBBS

ORDINANCE NO. 1161

AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE A FIRST AMENDMENT TO GROUND LEASE AGREEMENT WITH COVENANT HOSPITAL HOBBS AT 5625 N LOVINGTON HWY.

WHEREAS, the City of Hobbs, a municipal corporation, is the owner of a 6.83 acre tract of land situated in the Hobbs Industrial Air Park;

WHEREAS, the City of Hobbs is currently leasing the property to Covenant Hospital Hobbs;

WHEREAS, Covenant Hospital Hobbs requests to sublease the Property to Amazon.com Services, LLC; and


WHEREAS, unless a referendum election is held, the Ordinance authorizing the First Ground Lease Amendment of this property shall be effective forty-five (45) days after its adoption.

WHEREAS, inclusive in this Ordinance are the following:

1. TERM OF LEASE. No change to the term of lease, which began December 4, 2006 and the expiration date of such term is December 3, 2081.
2. ESTIMATED VALUE OF PROPERTY. \$446,272.00
3. LEASE PAYMENTS. Covenant Hospital Hobbs will pay annual rental to the City of Hobbs in the amount of \$1,000 for the first year, while building improvements are made, \$44,627.22 for the second year, and thereafter the payment shall increase 3% annually and be paid on December 15th of each year.
4. NAME OF LESSEE. Covenant Hospital Hobbs
5. NAME OF SUBLESSEE. Amazon.com Service, LLC
6. PURPOSE OF LEASE. The Lessee will sublease the entire Leasehold Property to Amazon.com Services, LLC for an Amazon warehouse.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF HOBBS, NEW MEXICO, that the Mayor be and hereby is authorized and directed to execute on behalf of the City of Hobbs, a First Amendment to Ground Lease Agreement with Covenant Hospital Hobbs, for proposed Amazon Warehouse at 5625 N Lovington Hwy, Hobbs, New Mexico 88240. A copy of said First Amendment to Ground Lease Agreement is attached hereto and incorporated herein by reference.

PASSED, ADOPTED AND APPROVED this 16th day of September, 2024.



SAM D. COBB, Mayor

ATTEST:



JAN FLETCHER, City Clerk



FIRST AMENDMENT TO GROUND LEASE

THIS FIRST AMENDMENT TO GROUND LEASE (this “**Amendment**”) is made as of _____, 2024 (“**Effective Date**”) between CITY OF HOBBS, a New Mexico municipal corporation (“**Ground Lessor**”) and COVENANT HOSPITAL HOBBS, a Texas nonprofit corporation (“**Ground Lessee**”).

RECITALS

A. Ground Lessor and Ground Lessee (as successor-in-interest to Lea Regional Hospital, L.L.C.) are parties to that certain Ground Lease dated December 4, 2006 (the “**Ground Lease**”), respecting the Leasehold Property located at 5625 N. Industrial Drive, Hobbs, NM 88240, as more particularly described in the Ground Lease. A true and correct copy of the Ground Lease is attached to this Amendment as **Exhibit A**.

B. Ground Lessee desires to lease the entire Leasehold Property to Amazon.com Services LLC (“**Tenant**”) pursuant to that certain Lease Agreement dated _____, 2024 (“**Amazon Lease**”).

C. In connection with the Amazon Lease, Ground Lessor and Ground Lessee desire to amend the Ground Lease to, among other things, (i) approve the proposed permitted use of Tenant, and (ii) revise the rent paid by Ground Lessee to Ground Lessor pursuant to the Ground Lease.

AMENDMENT

1. Recitals; Defined Terms. The recitals above are incorporated as if set forth below. Capitalized terms used herein but not otherwise defined shall have the definitions given in the Ground Lease.

2. Permitted Use. Tenant intends to use the Leasehold Property for an Amazon warehouse as more particularly described in the Amazon Lease. Notwithstanding anything to the contrary in the Ground Lease, including, without limitation, Section 4 of the Ground Lease, the Permitted Uses (as defined in the Amazon Lease) are hereby approved by the Ground Lessor.

3. Amendments.

a) Section 1.B of the Ground Lease is deleted in its entirety and replaced with the following:

B. [Intentionally Deleted]

b) Section 2(A), (B), and (C) of the Ground Lease are hereby deleted in their entirety and replaced with the following:

*A. Commencing on December 15, 2024, Ground Lessee shall pay Ground Lessor the annual rent as set forth below (the “**Rent**”):*

<i>Year 1 (December 15, 2024)</i>	<i>\$1,000.00 per year</i>
<i>Year 2 (December 15, 2025)</i>	<i>\$44,627.22 per year</i>
<i>Year 3 (December 15, 2026)</i>	<i>\$45,519.76 per year</i>

B. Thereafter, starting on December 15, 2027 and continuing regularly each year thereafter without notice from the City throughout the Lease Term, the Rent shall increase 3% annually and be paid on December 15 of each year.

C. [Intentionally Deleted.]

4. Ground Lessor Consent. In accordance with Section 9 of the Ground Lease, Ground Lessor hereby consents to the lease of the Leasehold Property by Ground Lessee to Tenant pursuant to the terms and conditions of the Amazon Lease.

5. Notice. Section 15 of the Ground Lease is amended to include the following updated notice address for Ground Lessee:

Ground Lessee:

Covenant Health
Attn: Real Estate
3615 19th Street
Lubbock, Texas 79410

With a copy to:

Alston, Courtnage & Bassetti LLP
Attn: Adam Coady
600 University Street, Suite 2310
Seattle, WA 98101

6. Effect of Amendment; Complete Agreement. Except as expressly set forth herein, all other terms and conditions of the Ground Lease shall continue in full force and effect. In the event of a conflict in the terms of this Amendment and the Ground Lease, the terms of this Amendment shall control. The Ground Lease, as amended by this Amendment, contains the entire agreement between the parties and supersedes any and all prior written and/or oral agreements.

7. Authority and Liability. Each party warrants to the other that this Amendment has been duly authorized, executed and delivered by it, and it has the requisite power and authority to enter into this Ground Lease and perform its obligations hereunder. Each party covenants to provide the other with evidence of its authority and the authorization of this Amendment upon request.

8. Ground Lessee Representations. Ground Lessee represents and warrants to Ground Lessor that as of the Effective Date, Ground Lessor has performed all obligations required of Ground Lessor under the Ground Lease and that there are no offsets, counterclaims or defenses of Ground Lessee existing against Ground Lessor. Ground Lessee further acknowledges and agrees that no events have occurred that, with the passage of time or the giving of notice, or both, would constitute a basis for an offset, counterclaim, or defense against Ground Lessor, and that the Ground Lease is in full force and effect.

9. Ground Lessor Representations. Ground Lessor represents and warrants to Ground Lessee that as of the Effective Date, Ground Lessee has performed all obligations required of Ground Lessee under the Ground Lease and that there are no offsets, counterclaims or defenses of Ground Lessor existing against Ground Lessee. Ground Lessor further acknowledges and agrees that no events have occurred that, with the passage of time or the giving of notice, or both, would constitute a basis for an offset, counterclaim, or defense against Ground Lessee, and that the Ground Lease is in full force and effect.

10. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, but which when taken together shall constitute one and the same instrument.


11. Partial Invalidity. If any term, covenant or condition of this Amendment or the application thereof to any person or circumstance is, to any extent, invalid or unenforceable, the remainder of this Amendment, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each other term, covenant or condition of this Amendment shall be valid and be enforced to the fullest extent permitted by law.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment the day and year first above written.

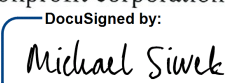
GROUND LESSOR:

CITY OF HOBBS,
a New Mexico municipal corporation

By: 
Name: SAM D. LOBB
Its: MAYOR

GROUND LESSEE:

COVENANT HOSPITAL HOBBS,
a Texas nonprofit corporation

DocuSigned by:

By: Michael Siwek
Name: Michael Siwek
Its: Executive Director - RESO

By signing below, the Economic Development Corporation of Lea County ("EDC") hereby acknowledges and agrees as to the change in Permitted Use as set forth in Section 2 above.

ECONOMIC DEVELOPMENT
CORPORATION OF LEA COUNTY


DocuSigned by:

By: JENNIFER GRASSHAM
Name: JENNIFER GRASSHAM
Its: PRESIDENT & CEO

EXHIBIT A

Ground Lease

[Attached.]

CITY OF HOBBS

ORDINANCE NO. 957

AN ORDINANCE APPROVING A BUILDING PURCHASE AGREEMENT TO SELL THE INCUBATOR BUILDING AND APPROVING A GROUND LEASE TO LEASE A \pm 6.83 ACRES REAL PROPERTY OF MUNICIPALLY-OWNED LAND LOCATED IN SECTION 7, T18S, R38E, NMPM IN LEA COUNTY IN THE HOBBS INDUSTRIAL AIR PARK TO THE LEA REGIONAL HOSPITAL, LLC.

WHEREAS, the City of Hobbs, a municipal corporation, is the owner of a building and site improvements located at 5625 N. Lovington Highway, formerly known as the Incubator Building and listed on the City of Hobbs Asset List as the "Incubator Site," and hereinafter referred to as the "Building;" and

WHEREAS, the City of Hobbs, a municipal corporation, is the owner of a \pm 6.83 acres tract of land situated in the Hobbs Industrial Air Park (HIAP), and hereinafter referred to as the "Leasehold Property;" and

WHEREAS, the HIAP industrial and commercial areas have been designated by the City of Hobbs Industrial Air Park Master Plan for commercial and industrial development; and

WHEREAS, an appraisal of value has been completed and the land value was determined to be \$147,000, the value of the building was determined to be \$399,000, and the combined value was determined to be \$546,000; and

WHEREAS, this issue was reviewed by the HIAP Board at the August 16, and September 25, 2006 meetings; and

WHEREAS, unless a referendum election is held, this Ordinance authorizing the sale of the Building and the ground lease of the Leasehold Property shall be effective forty-five (45) days after its adoption.

WHEREAS, inclusive in this Ordinance are the following:

A. The Building Purchase Agreement:

1. Terms of Building Purchase Agreement: The City proposes to sell the Building for the negotiated purchase price of \$546,000.

The sale of the City-owned real property improvement must be approved by City Ordinance, pursuant to Section 3-54-1, NMSA 1978, as amended.

The Building Purchase Agreement containing the terms of the purchase is a part of this Ordinance, is attached hereto and is incorporated herein by reference.

2. Appraised Value of Municipally-owned Improvement Asset: The appraised value of the Building was determined to be \$399,000.
3. Schedule of Payments: The purchase price of \$546,000 is to be made at closing.
4. Purchaser of Building: Lea Regional Hospital, LLC, 5419 N. Lovington Highway, Hobbs, NM 88240.
5. Purpose of Municipal Sale: Regional Medical Facility and Economic Development - Site acquisition for expansion to Lea Regional Medical Center.

B. The Ground Lease.

1. Terms of Ground Lease: The City proposes to lease the Leasehold Property for a 75 year period with the negotiated annual rent set at \$1,000 per year for the first five years of the Lease.

The lease of the City-owned real property must be approved by City Ordinance pursuant to Section 3-54-1 NMSA 1978, as amended.

The Ground Lease containing the terms of the lease and Protective Covenants for the real property is part of this Ordinance, is attached hereto and is incorporated herein by reference.

2. Appraised Value of Municipally-owned Real Property: The appraised value of the real property was determined to be \$147,000 for the 6.83 acre tract.
3. Schedule of Payments: The Annual Rent is to be paid in the amount of \$1,000 per year with the payment to be made on the Commencement Date or the anniversary thereof.
4. Option to Purchase: The Lessee is granted the Option to Purchase the Leasehold Property at any time during the Term of the Lease with the

purchase price to be set at market value at the time of the intended purchase.

5. Lessee of Property: Lea Regional Hospital, LLC, 5419 N. Lovington Highway, Hobbs, NM 88240.
6. Purpose of Municipal Lease: Regional Medical Facility and Economic Development - Site acquisition for expansion to Lea Regional Medical Center.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF HOBBS, NEW MEXICO:

(I)

That the City of Hobbs hereby approves the Building Purchase Agreement, subject to the conditions and terms contained therein.

(II)

That the City of Hobbs hereby approves the Ground Lease, subject to the conditions and terms contained therein.

(III)

That this Ordinance has been published prior to its adoption and shall be published at least once after adoption, pursuant to Sections 3-17-3, 3-17-5 and 3-54-1 NMSA 1978, as amended.

(IV)

That the effective date of this Ordinance shall be forty-five (45) days after its adoption by the governing body of the City of Hobbs, unless a referendum election is held.

(V)

That City staff and officials are hereby authorized and directed to do all acts and deeds necessary in the accomplishment of the above.

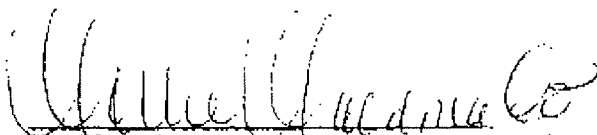
PASSED, APPROVED AND ADOPTED this 4th day of December, 2006.

CITY OF HOBBS, NEW MEXICO



MONTY D. NEWMAN, Mayor

ATTEST:



HOLIE MALDONADO, Deputy City Clerk



BUILDING PURCHASE AGREEMENT

THIS BUILDING PURCHASE AGREEMENT (hereinafter "Agreement"), entered into this 4th day of December, 2006, between Lea Regional Hospital, LLC, a Delaware limited liability company, 5419 North Lovington Highway, Hobbs, NM 88240 (hereinafter "Purchaser"); and the City of Hobbs, New Mexico, a New Mexico Municipal Corporation (hereinafter "City").

RECITALS:

A. The City is the owner of a certain building and site improvements known as the former EDC Incubator Building located at 8625 N. Lovington Highway, comprising 50,350 square feet, together with all other above ground improvements, structures and fixtures, and as listed on the City of Hobbs Asset List as the "Incubator Site", such property is referred to hereafter as the "Building".

B. The Building is located on a tract of land more particularly described in Exhibit A, attached hereto and made a part hereof, and hereinafter referred to as the "Leasehold Property."

C. Purchaser and the City have negotiated and approved a Ground Lease for the Leasehold Property.

D. The City entered into a certain Lease dated August 23, 1973 (the "1973 Ground Lease") with the Industrial Development Corporation of Lea County, predecessor in interest to the Economic Development Corporation of Lea County (the "EDC") wherein the City leased to the EDC certain real property more particularly described therein and containing the Leasehold Property.

E. The City entered into a certain Lease dated May 2, 1983 (the "1983 Ground Lease") with the EDC wherein the City leased to the EDC certain real property more particularly described therein and containing the Leasehold Property.

F. The interests of the EDC in the 1973 Ground Lease and the 1983 Ground Lease with respect to the Leasehold Property have been, or will be prior to the Closing Date, terminated; and EDC has, or will prior to the Closing Date, disclaim any and all interest it may have in the Building.

G. An appraisal of the site and the building was conducted, with the building being valued at \$399,000 and the entire site including the real property at \$546,000. The appraisal valued the land at \$147,000.

H. This Purchase Agreement proposes that the Purchaser be allowed to purchase the Building in exchange for the sum of \$546,000.

I. City, in consideration of the mutual covenants herein contained, agrees to sell and convey, and Purchaser agrees to purchase the Building as described below, together with all improvements and all rights, titles, powers, privileges, licenses, rights-of-way, hereditaments, easements and appurtenances thereunto belonging, located on the Leasehold Property.

DESCRIPTION OF BUILDING:

The former EDC Incubator Building and Site Improvements located at 3625 N. Lovington Highway, comprising 50,350 square feet, together with all other above ground improvements, structures and fixtures, and as listed on the City of Hobbs Asset List as the "Incubator Site", except that no land or real property is included.

NOW THEREFORE THE FOLLOWING IS AGREED BY THE PARTIES:

1. Purchase Price.

A. The purchase price for the Building shall be Five Hundred Forty Six Thousand Dollars (\$546,000.00) plus other valuable considerations. The purchase price shall be paid in cash or equivalent at closing.

B. The Purchase Price includes standard City Industrial Park infrastructure and utility services pursuant to the City Utility Service Policy as adopted January 2003, including existing water and sewer mains and service connections constructed on the Building prior to the date of this Agreement. Any additional infrastructure shall be subject to separate negotiations between the parties hereto.

C. The Purchase Price does not include any new extensions of City utilities or other new infrastructure.

2. Closing Date.

Closing for the sale of the Building shall occur on a mutually agreeable date, at least forty-five (45) days, but not more than one hundred twenty (120) days after the adoption of the ordinance authorizing the sale by the City, unless a referendum election is held pursuant to 3-54-1, NMSA, 1978, as amended (the "Closing Date"). The parties may extend the Closing Date by mutual agreement, not to exceed 365 days following the date of the ordinance.

3. Review of Title.

As soon as reasonably possible following the execution of this Agreement, the City shall furnish Purchaser a commitment for owner's policy of title insurance ("Commitment") for the Building and a leasehold policy of title insurance with respect to the Leasehold Property together with full copies of all exceptions set forth therein, including but not limited to covenants, conditions, restrictions, reservations, easements, rights of way, assessments, liens and other matters of record. Purchaser shall have fifteen (15) days from receipt of the Commitment and copies of said exceptions within which to notify the City of Purchaser's disapproval of any exceptions shown in the Report.

The City shall have until the Closing Date to eliminate any disapproved exception(s) or patent reservations(s) from the policy of title insurance to be issued in favor of Purchaser, and if not eliminated, then the earnest money deposit shall be refunded, unless Purchaser then elects to waive its prior disapproval. Failure of Purchaser to disapprove any exception(s) or patent reservation(s) within the aforementioned time

limit shall be deemed an approval of such exception or patent reservation. The policy of title insurance shall be a standard coverage policy in the amount of the total purchase price and shall be paid for by Purchaser.

In the event this contingency or any other contingency to this contract has not been eliminated or satisfied within the time limits and pursuant to the provisions herein, and unless Purchaser elects to waive the specific contingency by written notice to the City, this Agreement shall be deemed null and void and neither party shall have any rights or liabilities under this Agreement.

4. Title.

At closing, the City shall execute and deliver a Special Warranty Deed (herein so called) conveying the Building to the Purchaser and/or his assigns, in fee simple, subject to all patent reservations and to all other existing liens, encumbrances and other exceptions of record except those exceptions and reservations which are disapproved by Purchaser and eliminated by the City pursuant to this Agreement.

5. Risk of Loss.

All risk of loss or damage to the Building will pass from the City to Purchaser at closing. In the event that material loss or damage occurs prior to closing, Purchaser may, without liability, refuse to accept the conveyance of title, in which event the earnest money deposit, if any, shall be refunded. Possession of the Building by Purchaser shall occur at closing. Before closing, Purchaser shall be solely responsible to insure Purchaser's interest in the Building if Purchaser so chooses.

6. Default and Remedy.

A. Default by City. If City defaults in the performance of this Agreement, Purchaser may terminate this Agreement and receive a refund of the earnest money deposit, if any, or may waive default, enforce performance of this contract, and seek whatever legal remedy may be provided by law.

B. Default by Purchaser. If Purchaser defaults in the performance of this Agreement prior to closing, City may terminate this Agreement and retain the earnest money deposit, if any, or may waive default, enforce performance of this contract, and seek such other relief as may be provided by law.

C. Notice and Demand for Performance. In the event that either party fails to perform such party's obligations hereunder (except as excused by the other's default), the party claiming default will give written notice of demand for performance. If the party to whom such notice and demand is given fails to comply with such written demand within ten (10) days after receipt thereof, the non-defaulting party may pursue the remedies provided in this paragraph.

7. Costs and Fees.

Closing costs shall be paid as follows:

A. All closing costs shall be paid by the Purchaser, including title insurance premium costs, title company closing fees, recording fees, additional survey costs, if

Purchaser requests an ALTA survey, and environmental assessment cost, if an environmental assessment is to be completed prior to closing.

B. The Purchaser and City shall each pay for their respective legal fees.

C. The parties agree that no realtors are involved in the sale of the Building and no real estate commission will be owing in connection with this transaction.

8. Notice.

All notices given pursuant to or in connection with this Agreement shall be made in writing and posted by certified mail, postage prepaid, to the City, at City of Hobbs, ATTN: Joe Dearing, 300 N. Turner, Hobbs, NM 88240; and to Purchaser, at Lea Regional Hospital, LLC, 5419 North Lovington Highway, Hobbs, NM 88240, Attention: Chief Executive Officer, Facsimile: 505/492-5505; With a copy to: Triad Hospitals, Inc., 5800 Tennyson Parkway, Plano, Texas 75024, Attention: Vice President-Real Estate Development, Facsimile: 214/473-7162; and With a copy to: Liechty & McGinnis, P.C., 7502 Greenville Avenue, Suite 750 Dallas, Texas 75231, Attention: Emmett W. Berryman, Esq., Facsimile: 214/265-0615, or to such other address as requested by either party. Notice shall be deemed to be received on the earlier of (i) actual receipt or (ii) the fifth day following posting. The mailing may also be completed by other acceptable forms of legal mail, as may occur in the future.

9. Attorney's Fees and Costs.

Both parties agree that if either is found by a court to have breached this Agreement, the other party may recover reasonable attorney's fees and cost of litigation.

10. Counterparts.

This Agreement may be executed in one or more identical counterparts, and all counterparts so executed shall constitute one agreement which shall be binding on all of the parties.

11. Successors and Assigns.

This Section refers to assignability of this Purchase Agreement, and not to assignability of the Building to be purchased. This Agreement may not be assigned by Purchaser without the prior written consent of the City. Subject to the foregoing provision, this Agreement shall inure to the benefit of and be binding upon the parties to this Agreement and their respective successors and assigns; provided that upon any assignment of this Agreement by either party, the other party shall not be released from any obligation under, or liability accruing pursuant to this Agreement. Except that Purchaser is permitted, upon City approval, to assign its interest to a Partnership or Corporation in which he is the principal party. Consent shall not unreasonably be withheld by either party.

12. Compliance with New Mexico State Statutes.

The City states that it has complied with the requirements of Section 3-54-1, NMSA, 1978, as amended, and that it has authorization to sell property pursuant to the Hobbs Municipal Code, as amended.

13. Governing Laws.

This Agreement shall be governed by the laws of the State of New Mexico. Jurisdiction and venue relating to any litigation or dispute arising out of this Agreement shall be in the District Court of Lea County, New Mexico, only. If any part of this Agreement shall be deemed in violation of the laws or Constitution of New Mexico, only such part thereof shall be thereby invalidated, and all other parts hereof shall remain valid and enforceable.

14. State Permits and Licenses.

Purchaser agrees that City has no direct responsibility for Purchaser to make application and obtain required New Mexico State permits and licenses for building or facility expansion on the Building. Purchaser agrees to indemnify and hold City harmless from and against all liability, claims, demands, damages or costs of any kind arising from or connected with any New Mexico State permit or license application for activities and uses on the Building.

15. Protective Covenants, Permitted Use and Other Site Requirements.

A. Purchaser agrees to comply with the terms and conditions as stated in (i) the EDA Declaration (hereinafter defined) to be recorded prior to the Special Warranty Deed, and (ii) the Protective Covenants and Use Requirements for the Lea Regional Hospital, LLC Property in the form set forth on Exhibit "D" attached hereto (the "City Declaration") to be recorded prior to the Special Warranty Deed and encumbering the Building and the Leasehold Property.

B. According to the requirements of the Economic Development Corporation of Lea County, a New Mexico corporation (EDC), the following covenants shall be contained in the City Declaration and are therefore to be hereby agreed for all activities in the Building and on the Leasehold Property:

"Purchaser hereby acknowledges and agrees that use of the Property shall be limited to the development, construction, maintenance and operation of a medical office building, hospital or other healthcare facility which provides healthcare services through licensed physicians and support services related thereto, including, without limitation, materials management functions and medical records storage ("Permitted Uses"). Purchaser shall not extend, modify, amend, change, terminate or otherwise in any manner change the use ("use Change") without the prior express written consent of EDC, which consent will not be unreasonably withheld, so long as such use Change (i) is for Permitted Uses and (ii) contains the requirement of EDC's consent to any further use Change."

C. Other healthcare related commercial operations and activities are to be permitted if they are consistent with the type of traffic, noise and other impacts

associated with the use of the areas surrounding the Property. All proposed uses other than those listed in this Lease must be reviewed and approved by the City in writing. The City may condition such consent upon requiring other conditions before consenting to another use, such as 1) details of the proposed use and operations on the site; 2) conditions affecting the environment; and/or 3) pursuant to any protective covenants or other use regulations and/or obtaining additional information on the proposed use.

D. According to the requirements of the US Department of Commerce Economic Development Administration, the following covenants will be contained in the Declaration of Covenants – Release of Property Management Agreement – Covenant of Use (the "EDA Declaration"), pursuant to Federal Law 13 CFR Subpart D §314.10 to be executed and recorded by City and the US Economic Development Administration concurrently with the Special Warranty Deed, and are therefore to be hereby agreed for all activities on the Leasehold Property. The EDA Declaration is attached hereto and made a part of this Agreement as Exhibit "B".

16. Termination.

This Agreement shall be terminated on the Closing Date for the sale of the Building, unless either party ends the Agreement prior to that date pursuant to Section 9 of this Agreement, except that any provision calling for obligations continuing after the Closing Date shall survive. All of the City's warranties, representations, certifications, and agreements contained herein shall be and remain true at the time of closing.

17. City Permits.

The zoning designation of the Leasehold Property will be Planned Unit Development at such time that the City adopts a Zoning Ordinance. The Protective Covenants have been completed according to the needs of the Purchaser by the City. Purchaser must be responsible to apply for other City permits, including a City Business Registration or License Fee.

18. Conditions For Completing The Purchase.

The following actions must occur and be performed prior to Purchaser satisfactorily closing on the Property:

A. The City Commission must have approved the necessary Ordinance for the Sale of the Property, subject only to the referendum election as specified in 3-84-1 et. seq., NMSA, as amended. In addition, the City HLAP Board should have reviewed and made recommendation on the purchase proposal.

B. Purchaser must have received, reviewed and approved the survey legal description and survey plat prior to Closing Date. Purchaser shall have survey documents for review at least twenty (20) calendar days prior to intended date of Closing. Purchaser shall have until the date of closing to raise any objections with City, or request changes on the survey.

C. There shall be no material adverse change in the condition of the Building as of the Closing Date.

D. The representations and warranties contained in this Agreement are true and correct as of the date of this Agreement.

E. Purchaser shall have received partial terminations of the 1973 Ground Lease and the 1983 Ground Lease executed by the City and EDC with respect to the Property and sufficient to allow the title company to remove any exception related to the 1973 Ground Lease or the 1983 Ground Lease from the policy of title insurance to be issued to Purchaser at Closing.

F. If any of the conditions set forth in this section are not satisfied to the sole discretion of the Purchaser prior to closing, or waived by the time specified therefor, or, if no time is specified, then by the closing date, then the Purchaser shall receive a refund of the earnest money deposit plus interest earned.

G. At closing, the City will prepare and record those easements to be recorded with the Special Warranty Deed pursuant to Section 20 hereof.

19. Representations and Certifications Made As A Part Of This Agreement.

The City represents and warrants to the Purchaser that the following shall be true and correct, as of the date hereof and as of the date of closing:

A. The City owns title to the Building and Leasehold Property subject only to easements, restrictions and reservations of record as disclosed in the title commitment.

B. There are no public improvements which have been commenced or completed for which special real property tax assessments may be or have been levied against the Building or the Leasehold Property.

C. There are no known existing violations of applicable law with respect to the Building or the Leasehold Property.

D. There is no litigation pending or threatened against the Building and Leasehold Property which might result in a lien on either the Building or the Leasehold Property, or might interfere with the City's ability to sell or convey the Building or lease the Leasehold Property, or which might have a material adverse change upon the Building or the Leasehold Property.

E. The execution and delivery of the Purchase Agreement and closing of the sale by the City will not result in the breach of any agreement, decree or order to which the City is a party or by which the Building is bound.

F. There are no condemnation proceedings pending or threatened with respect to all or any portion of the Building or the Leasehold Property.

G. To the best knowledge of the City as of the date hereof, the following statement is made regarding the Building or the Leasehold Property:

To the City's actual knowledge, there has been no release of any hazardous substances in, on or about the Building or the Leasehold Property. The City has not received notice from any governmental authority of the release or

presence of any hazardous substances. To the best knowledge of the City, neither the Building nor the Leasehold Property presently is or has ever been used for the storage, manufacture, disposal, handling, transportation or use of any hazardous substances in violation of any law. To the best knowledge of the City, there are no past or present investigations, proceedings, litigation or regulatory hearings with respect to the Building or the Leasehold Property alleging non-compliance with or violation of any federal or state law regarding environmental matters. To the City's actual knowledge, there has not now, nor have there been, any above ground or underground storage tanks located in or under the Building or the Leasehold Property. To the City's actual knowledge, the Leasehold Property has previously been owned by the US Government Land Office, the City of Hobbs, the US Hobbs Army Airfield, and the City of Hobbs, New Mexico. The only known prior uses of the Leasehold Property are 1) open range grazing by local ranches from 1880 through the 1940's time period; 2) use of the area as a vacant portion of for the Hobbs Army Airfield operation during W.W.II; and industrial operations in the EDC Incubator Building since 1973, originally designed and built as a denim jeans manufacturing plant and thereafter for a variety of other light industrial operations.

H. The City is not a party to any contracts relating to the Leasehold Property, except for this Agreement, and the 1973 Ground Lease and the 1983 Ground Lease referred to above.

20. City Easements to be Retained on the Leasehold Property.

The City retains the following utilities and easements on the Leasehold Property, as shown on Exhibit #C. These utility corridors may be defined further as easements and recorded in the Lea County Clerk's Records:

A. A sewer main corridor 35 feet in width on the southeast with a total length of approximately 720 linear feet boundary including several manholes.

B. A water main corridor 25 feet in width on the southwest and northwest boundaries approximately 1,125 feet in total length including fire hydrants.

C. An access corridor on the parking areas with right of access to enter the above easements.

D. The Legal descriptions for those easements are more particularly described in Exhibit "C" which is attached hereto and made a part of this Agreement. At closing, the City will prepare and record those easements to be recorded with the Special Warranty Deed.

E. The City may require additional reasonable easements on the Leasehold Property for City infrastructure and City utilities and for other public utility companies, which easements shall be shown on the Survey. Such restrictions as reflected on the Survey and as referred to in the Commitment or any updated Commitment shall be subject to Purchaser's approval or disapproval in the manner specified herein.

LEA REGIONAL HOSPITAL LLC Building Purchase Agreement, Page 9.

21. Time of Essence.

Time is declared to be of the essence of this Agreement.

22. Additional Documents.

The parties agree to execute further documents as may be reasonably required to effectuate the purchase and sale of the Building as provided by this Agreement.

23. Entire Document.

This instrument constitutes the entire agreement between the City and the Purchaser, regarding the purchase and sale of the Building, and there are no agreements, understandings, warranties, or representations between the Purchaser and the City except as set forth herein. This Agreement cannot be amended except in writing executed by the Purchaser and the City.

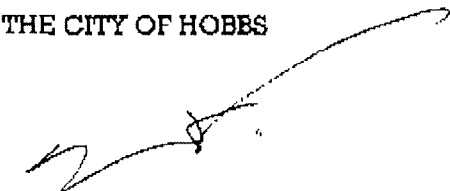
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LEA REGIONAL HOSPITAL LLC Building Purchase Agreement, Page 10.

Done and approved on the date first written above.

SELLER


THE CITY OF HOBBS



Mayor Monty D. Newman

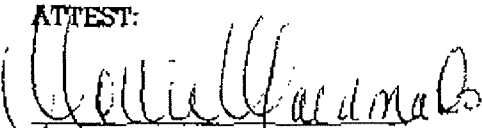
PURCHASER

LEA REGIONAL HOSPITAL, LLC
A Delaware Limited Liability Company


By: _____ Tom Frazier

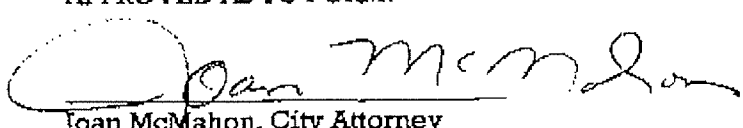
Title: Senior Vice President

ATTEST:



MOLLIE MALDONADO,
Deputy City Clerk

APPROVED AS TO FORM:



Joan McMahon, City Attorney



EXHIBIT "A"

LEGAL DESCRIPTION - LEASEHOLD PROPERTY

A TRACT OF LAND SITUATED IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 18 SOUTH, RANGE 38 EAST, N.M.P.M., CITY OF HOBBS, LEA COUNTY, NEW MEXICO, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR A POINT ON THE WEST RIGHT OF WAY LINE OF INDUSTRIAL ROAD FROM WHICH A BRASS CAP IN CONCRETE FOUND FOR THE SOUTHEAST CORNER OF SAID SECTION 7 BEARS N49°49'41"E 80.00 FEET TO A POINT ON THE WEST RIGHT OF WAY LINE OF THE TEXAS/NEW MEXICO RAILROAD AND S40°10'19"E ALONG THE SAID RAILROAD RIGHT OF WAY LINE 2539.19 FEET AND S00°40'41"E ALONG THE EAST LINE OF SAID SECTION 7 A DISTANCE OF 1207.74 FEET;

THEN S49°49'41"W 414.94 FEET TO A 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR THE MOST SOUTHERLY CORNER OF THIS TRACT;

THEN N40°10'19"W 351.06 FEET TO A 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR AN INTERIOR CORNER OF THIS TRACT;

THEN S49°49'41"W 75.00 FEET TO A 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR A CORNER OF THIS TRACT;

THEN N40°10'19"W 309.80 FEET TO 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR THE MOST WESTERLY CORNER OF THIS TRACT;

THEN N49°49'41"E 489.94 FEET TO A 1/2" REBAR FOUND FOR THE MOST NORTHERLY CORNER OF THIS TRACT AND A POINT ON THE WEST RIGHT OF WAY LINE OF INDUSTRIAL ROAD;

THEN S40°10'19"E ALONG SAID WEST LINE OF INDUSTRIAL ROAD 660.86 FEET TO THE POINT OF BEGINNING.

THE ABOVE DESCRIBED TRACT OF LAND CONTAINS 297,451.34 SQUARE FEET AND 6.83 ACRES MORE OR LESS.

LEA REGIONAL HOSPITAL LLC Building Purchase Agreement, Page 12.

EXHIBIT "B"

EDA DECLARATION

EXHIBIT "C" (Page 1)

LEGAL DESCRIPTION OF EASEMENTS

DESCRIPTION WATER LINE 1

A STRIP OF LAND 25.0 FEET WIDE SITUATED IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM, LEA COUNTY, NEW MEXICO AND BEING 12.5 FEET RIGHT AND 12.5 FEET LEFT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT ON THE SOUTHEASTERLY BOUNDARY LINE OF A 6.83 ACRE TRACT OF LAND IN SAID SECTION WHICH LIES N35°29'36"W 3474.95 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION; THEN N39°42'04"W 383.14 FEET; THEN S49°28'49"W 88.35 FEET TO A POINT ON THE SOUTHWESTERLY BOUNDARY LINE OF SAID 6.83 ACRES TRACT WHICH LIES N37°13'39"W 3858.88 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION.

TOTAL LENGTH EQUALS 471.49 FEET OR 28.58 RODS

DESCRIPTION WATER LINE 2

A STRIP OF LAND 25.0 FEET WIDE SITUATED IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM, LEA COUNTY, NEW MEXICO AND BEING 12.5 FEET RIGHT AND 12.5 FEET LEFT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT ON THE NORTHWESTERLY BOUNDARY LINE OF A 6.83 ACRE TRACT OF LAND IN SAID SECTION WHICH LIES N36°14'52"W 4141.76 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION; THEN S40°10'13"E 159.10 FEET; THEN S51°37'09"W 61.59 FEET; THEN S40°10'13"E 120.95 FEET TO A POINT ON AN EXISTING WATER LINE SITUATED IN SAID 6.83 ACRE TRACT OF LAND IN SAID SECTION WHICH LIES N36°52'11"W 3860.34 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION.

TOTAL LENGTH EQUALS 341.64 FEET OR 20.71 RODS

DESCRIPTION WATER LINE 3

A STRIP OF LAND 25.0 FEET WIDE SITUATED IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM, LEA COUNTY, NEW MEXICO AND BEING 12.5 FEET RIGHT AND 12.5 FEET LEFT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT ON AN EXISTING WATER LINE SITUATED IN A 6.83 ACRE TRACT OF LAND IN SAID SECTION WHICH LIES N36°10'09"E 4060.46 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION; THEN N49°45'32"E 300.62 FEET TO A POINT IN SAID 6.83 ACRE TRACT WHICH LIES N31°58'03"W 4092.81 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION.

Exhibit "C" (Page 2)

TOTAL LENGTH EQUALS 300.62 FEET OR 18.22 RODS

DESCRIPTION SEWER LINE 1

A STRIP OF LAND 35.0 FEET WIDE SITUATED IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM, LEA COUNTY, NEW MEXICO AND BEING 17.5 FEET RIGHT AND 17.5 FEET LEFT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT ON THE NORTHEASTERLY BOUNDARY LINE OF A 6.83 ACRE TRACT OF LAND IN SAID SECTION WHICH LIES N29°05'42"W 3581.84 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION; THEN N62°51'08"W 23.52 FEET; THEN S28°43'10"W 5.71 FEET; THEN N67°00'33"W 210.41 FEET TO A POINT IN SAID 6.83 ACRE TRACT WHICH LIES N31°20'03"W 3767.22 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION.

TOTAL LENGTH EQUALS 239.64 FEET OR 14.52 RODS

DESCRIPTION SEWER LINE 2

A STRIP OF LAND 35.0 FEET WIDE SITUATED IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM, LEA COUNTY, NEW MEXICO AND BEING 17.5 FEET RIGHT AND 17.5 FEET LEFT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT ON THE NORTHEASTERLY BOUNDARY LINE OF A 6.83 ACRE TRACT OF LAND IN SAID SECTION WHICH LIES N28°59'16"W 3547.88 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION; THEN S49°47'08"W 330.64 FEET; THEN S75°04'21"W 93.20 FEET TO A POINT ON THE SOUTHWESTERLY LINE OF SAID 6.83 ACRE TRACT WHICH LIES N35°44'01"W 3530.59 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION.

TOTAL LENGTH EQUALS 423.84 FEET OR 25.69 RODS

EXHIBIT "D"

CITY DECLARATION

35156

GROUND LEASE

THIS GROUND LEASE (this "Lease"), is made and entered into this 4th day of December 2006, by and between the CITY OF HOBBS, a municipal corporation in the State of New Mexico, (hereinafter called "City") and LEA REGIONAL HOSPITAL, L.L.C., a Delaware limited liability company, hereafter called "Lessee").

RECITALS:

A. The City is the owner of certain real property, referred to hereafter as the "Leasehold Property", within the City Limits of Hobbs within Lea County, State of New Mexico, as specifically described in Exhibit "1" attached hereto, and as follows:

Leasehold Property Description: A TRACT OF LAND SITUATED IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 18 SOUTH, RANGE 38 EAST, N.M.P.M., CITY OF HOBBS, LEA COUNTY, NEW MEXICO, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR A POINT ON THE WEST RIGHT OF WAY LINE OF INDUSTRIAL ROAD FROM WHICH A BRASS CAP IN CONCRETE FOUND FOR THE SOUTHEAST CORNER OF SAID SECTION 7 BEARS N49°49'41"E 80.00 FEET TO A POINT ON THE WEST RIGHT OF WAY LINE OF THE TEXAS/NEW MEXICO RAILROAD AND S40°10'19"E ALONG THE SAID RAILROAD RIGHT OF WAY LINE 2539.19 FEET AND S00°40'41"E ALONG THE EAST LINE OF SAID SECTION 7 A DISTANCE OF 1207.74 FEET;

THEN S49°49'41"W 414.94 FEET TO A 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR THE MOST SOUTHERLY CORNER OF THIS TRACT;

THEN N40°10'19"W 351.06 FEET TO A 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR AN INTERIOR CORNER OF THIS TRACT;

THEN S49°49'41"W 75.00 FEET TO A 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR A CORNER OF THIS TRACT;

THEN N40°10'19"W 309.80 FEET TO 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR THE MOST WESTERLY CORNER OF THIS TRACT;

THEN N49°49'41"E 489.94 FEET TO A 1/2" REBAR FOUND FOR THE MOST NORTHERLY CORNER OF THIS TRACT AND A POINT ON THE WEST RIGHT OF WAY LINE OF INDUSTRIAL ROAD;

THEN S40°10'19"E ALONG SAID WEST LINE OF INDUSTRIAL ROAD 660.86 FEET TO THE POINT OF BEGINNING.

THE ABOVE DESCRIBED TRACT OF LAND CONTAINS 297,451.34 SQUARE FEET AND 6.83 ACRES MORE OR LESS.

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 2.

B. City and Lessee desire to enter into a lease of the Leasehold Property for the purpose of allowing Lessee to operate a multi-purpose commercial medical center facility on the site to include buildings, parking, loading, as desired by Lessee.

C. The City entered into a Lease dated August 23, 1973 (the "1973 Ground Lease") with the Industrial Development Corporation of Lea County, predecessor in interest to the Economic Development Corporation of Lea County (the "EDC") wherein the City leased to the EDC certain real property more particularly described therein and containing the Leasehold Property.

D. The City entered into a Lease dated May 2, 1983 (the "1983 Ground Lease") with the EDC wherein the City leased to the EDC certain real property more particularly described therein and containing the Leasehold Property.

E. The interests of the EDC in the 1973 Ground Lease and the 1982 Ground Lease with respect to the Leasehold Property have been, or will be, terminated prior to the Commencement Date of this Lease.

F. Lessee owns, or will own, prior to the Commencement Date, certain improvements on the Leasehold Property and may construct additional improvements upon the Leasehold Property.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, City hereby leases to Lessee, the Leasehold Property, together with all appurtenant easements, rights and privileges, attached hereto and made a part of this Lease, under the terms and conditions of this Lease:

1. **Leasehold Term, Rent Adjustments, Commencement Date And Possession.**

A. The term of this Lease shall be seventy-five (75) years (hereinafter "Lease Term") commencing on the "Commencement Date," as hereinafter defined, and terminating on the Seventy-fifth (75th) anniversary of the Commencement Date. The Commencement Date shall be _____, 2007, based on the final approval by the Hobbs City Commission on December 4, 2006, unless a referendum election is held pursuant to Section 3-54-1 NMSA, as amended. Possession of the Leasehold Property shall be on the Commencement Date.

B. The rent shall be adjusted every fifth year based on the change in the percentage amount equal to the five year overall increase in the US Consumer Price Index (All Urban Consumers - U.S. All Items Index) during the preceding five (5) years. The Rent shall then be adjusted at the start of each and every fifth year thereafter during the Lease Term. As an alternative and if agreed to by the parties hereto, the

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 3.

City may provide a written market analysis of comparable commercial property in Hobbs from an independent qualified appraiser hired by the City as a basis for the rent adjustment.

- C. Lessee shall and may peaceably and quietly have, hold and enjoy the Leasehold Property for the Lease Term, as long as Lessee is in compliance with the terms of the Lease Agreement, subject to all applicable notice and cure periods.
- D. Lessee acknowledges that it has fully inspected the Leasehold Property and Lessee hereby accepts the Leasehold Property, buildings and improvements, if any and each appurtenance thereto as is, in their present state and condition, as suitable for the purpose for which the same are leased and will allow for changes in such condition occurring by reasonable deterioration, normal wear and tear excepted.
- E. If Lessee should remain in possession of the Leasehold Property after the expiration or termination of this Lease, without the execution by City and Lessee of a new Lease, the Lessee shall be deemed to be occupying the Leasehold Property as a tenant-at-sufferance, subject to all the covenants and obligations of this Lease, and shall pay as rent an amount equal to the monthly base rent, as adjusted immediately prior to the termination.
- F. After the Lease Commencement Date, but prior to the approval of any building permit application for permanent building structures, City may require Lessee to provide at Lessee's expense a Drainage Study prepared by a licensed New Mexico Professional Engineer to the City Engineer of the Leasehold Property with respect to the portion of the Leasehold Property in the 100 Year Special Flood Hazard Zone. If required, the report must address that the Leasehold Property development will not be endangered by the 100 year flood hazard, or that the development of the Leasehold Property will not adversely impact the adjacent properties. The City Engineer must approve the study prior to issuance of any building permits for buildings.

2. **Rent Payments.**

- A. Beginning on the Commencement Date, the Lessee shall pay the City a fixed annual rental ("Rent"). The amount of the annual rent payment shall be One Thousand Dollars (\$1,000.00) per year for each of the first five (5) years of the Lease Term.
- B. The first year rent shall be paid as follows:

Earnest Money Deposit	None Required
Commencement Date	\$1,000.00

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 4.

- C. Thereafter starting in the year 2007 and continuing regularly each year thereafter without notice from the City throughout the Lease Term, annual rent payments shall be paid on the following dates:

Annual Payment	December 15
----------------	-------------

- D. In exchange for payment of the rent, possession of the Leasehold Property will be granted on the Commencement Date of the Lease.

- E. The Rent does not include the following, and Lessee shall be solely responsible for the following infrastructure extensions to the Leasehold Property:

1) City utilities infrastructure of water systems providing adequate fire flow volume and pressure for fire suppression; City waste water treatment services; and existing infrastructure in the Hobbs Industrial Air Park (the "HIAP").

2) Water and Sewer Meter Assessments, Service Charges, Hook-up Charges and Monthly Maintenance Fees are not included in the Rent and must be paid separately. There are no water development charges for fire suppression water meters.

3) Telephone service is provided to the Industrial Park by Valor Telecom or LEACO. The Rent does not include the cost, if any, for telephone cable hook-up and service, both to the site and on site and within the building, with these costs to be paid by the Lessee.

4) Electric Power is provided to the Industrial Park by Xcel Energy Company. The Rent does not include the cost, if any, for telephone cable hook-up and service, both to the site and on site and within the building, with these costs to be paid by the Lessee. Lessee shall be responsible for all line extensions to the Leasehold Property and on the site. Lessee will be responsible for cost share of any required extensions to the site; and construction of primary conduit to City right-of-way, transformer pad, and all secondary conduit and wire extensions on the site.

- F. Lessee will pay all charges made against said Leasehold Property, including but not limited to, on-going monthly utility fees for water, waste water, natural gas, electricity, telecommunications, or any other utility furnished to the Leasehold Property during the continuance of this Lease, as the same shall become due. Lessee shall be responsible for paying or putting up any bonds or deposits required by any entity furnishing utility services to the Leasehold Property which is the subject matter of this Lease. City shall not be liable in damages or otherwise for failure, stoppage or interruption of any such service, nor shall the same be

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 5.

construed as an eviction of Lessee, or work as an abatement of rent, or relieve Lessee from the operation of any covenant or agreement; but in the event of any failure, stoppage or interruption thereof, Lessee shall use reasonable diligence to resume service promptly.

3. Option To Purchase.

- A. For valuable consideration, City grants to Lessee the exclusive option to purchase (the "Purchase Option") the Leasehold Property as described above with the purchase price to be set at Fair Market Value (hereinafter defined) following Lessee's exercise of the Purchase Option at any time during the Lease Term, subject to the terms and conditions which follow in this Agreement.
- B. Terms and conditions regarding this Option and the Leasehold Property purchase are as follows:
1. The "Fair Market Value" of the Leasehold Property will be determined in the following manner: The City, at the City's sole cost and expense shall designate a professional, qualified appraiser who is engaged in the business of appraising commercial real estate located in Lea County, New Mexico and surrounding areas of New Mexico and Texas (an "Appraiser"), and shall notify Lessee of the Appraiser so selected within fifteen (15) days following the City's receipt of the Purchase Notice (hereinafter defined). Any appraisal performed in pursuant to the terms hereof will establish a value of only the 6.83 acre Leasehold Property, and shall not include the value of any assets located on the Leasehold Property owned by Lessee. If Lessee disputes the value established by the City's Appraiser, Lessee shall have the right to designate an Appraiser and shall notify the City of the Appraiser so selected within fifteen (15) days following receipt of the appraisal from the City's Appraiser, who shall perform an appraisal pursuant to the terms and conditions hereof, at Lessee's sole cost and expense. In the event that the two Appraisers cannot agree on a determination of the Fair Market Value of the Leasehold Property within ten (10) days following delivery of the appraisal by Lessee's Appraiser, the Fair Market Value shall be determined by taking the average of the two appraisals, unless the difference between the two appraisals is greater than twenty percent (20%) of the higher appraised value, in which case either party may elect to have the two (2) Appraisers select a third (3rd) Appraiser who is similarly qualified within ten (10) days after the expiration of such ten (10) day period. The cost of the third (3rd) Appraiser, if necessary, will be split evenly between the parties. In the event a third (3rd) Appraiser is selected, the Fair Market Value shall be that value determined by the majority of Appraisers, or if a majority cannot agree, then that determined by averaging the two (2) highest appraisals. The

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 6.

Appraisers shall notify each party of their determination in writing. Both Lessor and Lessee shall be bound by the determination of the Appraisers in accordance with the provisions of this Section 4.B.1 and the determination shall be enforceable against each party. All appraisers selected for the above appraisal process shall be credentialed as professional members of M.A.I., engaged in the business of appraising commercial real estate located in Lea County, New Mexico and surrounding areas of New Mexico and Texas.

2. All closing costs for the purchase of the Leasehold Property will be paid by Lessee, in addition to the any other costs necessary to complete the real property transaction.
3. Lessee agrees to comply with terms and conditions contained in that certain Protective Covenants and Use Requirements for the Lea Regional Hospital, LLC Property (the "City Declaration") and are therefore agreed for all activities on the Leasehold Property which shall be filed on or prior to the Commencement Date in the Real Property Records of Lea County and encumber the Leasehold Property. Those covenants shall be referred to in the Deed (hereinafter defined).
4. Lessee must be responsible to provide the current survey of the Leasehold Property prepared by a surveyor licensed in the State of New Mexico prior to closing, and the survey must be approved by the City.
5. Upon establishment of the purchase price pursuant to Section 4.B.1 above, a binding Purchase Agreement will be prepared by the City and negotiated with the Lessee to complete the purchase. The Purchase Agreement shall contain the Permitted Uses and Requirements, Additional Site and Building Requirements and Enforcement of Building Design Standards which are contained in the Protective Covenants on the Leasehold Property and other conditions which may be specified by the City and the Lessee. The purchase must comply with all relevant New Mexico Statutes in effect at the time of the purchase.
6. If Lessee wishes to exercise the option to purchase the Leasehold Property, Lessee must notify the City in writing at least one hundred eighty (180) days prior to the date of the intended purchase (the "Purchase Notice").
7. If Lessee exercises its option to purchase, City will execute and deliver a Special Warranty Deed (the "Deed") conveying in fee simple title to the Leasehold Property to Lessee with good and indefeasible title to the Leasehold Property, free of liens and encumbrances, subject only to all patent reservations and to all other existing exceptions of record except

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 7.

those exceptions and reservations which are disapproved by Lessee and eliminated by the City pursuant to terms of the agreement for final terms of closing and purchase.

4. Permitted Uses and Requirements

A. According to the requirements of the EDC, the following covenants shall be contained in the City Declaration to be executed and recorded by City concurrently with the execution of this Lease on or prior to the Commencement Date, and are therefore to be hereby agreed for all activities on the Leasehold Property:

"Lessee hereby acknowledges and agrees that use of the Leasehold Property shall be limited to the development, construction, maintenance and operation of a medical office building, hospital or other healthcare facility which provides healthcare services through licensed physicians and support services related thereto, including, without limitation, materials management functions and medical records storage ("Permitted Uses"). Lessee shall not extend, modify, amend, change, terminate or otherwise in any manner change the Lease ("Lease Change") without the prior express written consent of EDC, which consent will not be unreasonably withheld, so long as such Lease Change (i) is for Permitted Uses and (ii) contains the requirement of EDC's consent to any further Lease Change.

B. Other healthcare related commercial operations and activities including may be considered if they are consistent with the type of traffic, noise and other impacts associated with the use of the areas surrounding the Leasehold Property. All proposed uses other than those listed in this Lease must be reviewed and approved by the City in writing. The City may condition such consent upon requiring other conditions before consenting to another use, such as 1) details of the proposed use and operations on the site; 2) conditions affecting the environment; and/or 3) pursuant to any protective covenants or other use regulations and/or obtaining additional information on the proposed use.

5. Additional Use Provisions and Requirements

A. According to the requirements of the US Department of Commerce Economic Development Administration ("EDA"), the following covenants will be contained in the Declaration of Covenants - Release of Property Management Agreement - Covenant of Use (the "EDA Declaration"), pursuant to Federal Law 13 CFR Subpart D §314.10 to be executed and recorded by City and the US Economic Development Administration concurrently with the execution of this Lease, and are therefore to be hereby agreed for all activities on the Leasehold Property.

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 8.

6. Lessee's Warranties.

- A. Lessee shall maintain the Leasehold Property and any improvements, fixtures or equipment on the Leasehold Property in a manner which is reasonably satisfactory to City. Reasonable maintenance and repairs to structures on the Leasehold Property will be performed by Lessee at its sole cost.
- B. For any new construction or development on the Leasehold Property following the approval of this Lease, Lessee must meet minimum City of Hobbs Design Standards For Construction Regulations for building and infrastructure construction, including water, sewer, gas, streets, drainage, signs, landscaping, use and subdivision regulations and building codes, etc.
- C. Where the slope and terrain is such that active soil erosion may occur or result from soil disturbance, erosion control practices must be carried out by Lessee, as determined necessary by City to control any excessive storm-water run-off and prevent erosion.
- D. No hazardous waste or solid waste as defined by the New Mexico Environment Department shall be permitted to be disposed of on the Leasehold Property.
- E. At the end of the Lease Term and any Extended Term, or at the date of any relinquishment, sublease or assignment, Lessee shall furnish to City a Phase I Site Environmental Assessment Report on the Leasehold Property, prepared by a licensed New Mexico Professional Engineer or Geologist. The environmental assessment shall include but not be limited to research of previous activities that may present potential hazards, examination of potential groundwater contamination, and other related activities. The environmental assessment will not include soil boring and soil analysis, unless a written request is received from City requesting soil boring and soil analysis to be conducted as further study. The cost of the Phase I Environmental Assessment will be the responsibility of the Lessee. If any pollutants or soil contaminants are found to be present on the Leasehold Property, Lessee shall be responsible for removal and clean-up of these pollutants and contaminants, prior to the end of the Lease Term or the Extended Term. If any soil boring is required by the City, the City shall pay for these costs. The City will not extend the term of the lease until a clean Phase I Environmental Assessment is received. If Lessee refuses to provide such Environmental Assessment Report, the City has the right to complete the Environmental Assessment and assess reasonable costs to Lessee.

7. Insurance.

Lessee shall maintain general public liability and casualty insurance insuring against such claims, and shall annually furnish to the City a certificate or other evidence and proof of

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 9.

maintenance of such comprehensive public liability insurance, including a copy of the policy, with the City named as an additional insured, which insurance shall have minimum limits of at least the sum of One Million and No/100 Dollars (\$1,000,000.00) for general liability and casualty coverage arising out of a single occurrence. Such insurance shall be with a company licensed and authorized to do business in the State of New Mexico and to provide general liability and casualty coverage of the type required herein, which policy shall include fire and extended coverage liability. Lessee shall provide the City with notice of any change thereof, and shall furnish to the City evidence of acquirement of a substitute therefor, and payment of the premium thereof.

8. Construction And Ownership Of Improvements.

- A. During the Lease Term or the Extended Term of this Lease, title to all improvements constructed upon the Leasehold Property by Lessee is and shall be vested in Lessee. Lessee's existing improvements on the Leasehold Property are described in Exhibit "1" attached hereto and made a part of this Lease, and these improvements are not owned by the City. If at any time during the Lease Term, all Rent then due and owing has been fully paid and Lessee is not in default under this Lease, Lessee may remove these improvements from the Leasehold Property.
- B. At the expiration or termination of this Lease, Lessee shall have the right to remove or dispose of all buildings and other improvements remaining on the Leasehold Property. All buildings and/or improvements remaining on the Leasehold Property after the termination date will become the property of the City. The City shall not pay any compensation to the Lessee for any buildings or improvements remaining on the Leasehold Property after the termination date.

9. Assignment And Sublease.

- A. Lessee may not assign or sublease the Leasehold Property granted by this Lease or the improvements on the Leasehold Property without the prior written consent of the City, which consent shall not be unreasonably withheld. The City may condition its consent of a sublease or assignment of the entire property upon an adjustment of the Rent, and may require other conditions before consenting to an assignment or sublease, such as 1) those conditions noted above; 2) review and approval of financial and other background information on the proposed sub-Lessee; and/or 3) the sale of Lessee's entire assets in the Hobbs Industrial Air Park to the same user as assignee; provided, that with respect to any sublease of the Leasehold Property by Lessee to a third party developer for the purposes of constructing, maintaining and operating a medical office building in accordance the City Declaration, the EDA Declaration and the terms of this Lease (an "MOB Developer"), the City may not condition its consent to such sublease only on subpart 2) above and may not condition its consent on an adjustment in Rent or a sale of Lessee's entire assets in the Hobbs Industrial Air Park, notwithstanding

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 10.

any provision to the contrary contained herein. The annual rent for any additional user of the Leasehold Property will be negotiated with the City, prior to any use by another user. Such additional Rent, conditions or covenants shall not be unreasonable but shall be in accord with the proper administration of the Leasehold Property granted by this Lease. The City Commission is the final authority to grant final approval to any assignment subject to the purposes of the Lease.

- B. Notwithstanding the prohibition against assignment and subleasing contained in Section 10(A) above, Lessee shall be permitted to assign its rights under this Lease, without the consent of City, to (i) any subsidiary or other entity owned at least fifty-one percent (51%), directly or indirectly, by Triad Hospitals, Inc. ("Triad"), (ii) to any person, firm or corporation who is the purchaser of all or substantially all of the assets of Lessee or Triad or is the successor to the assets and business of Lessee or Triad by virtue of a corporate merger or consolidation of, with or into Lessee or Triad, or (iii) the purchaser of all or substantially all of the assets of Lea Regional Medical Center located in Hobbs, New Mexico. Each such assignee shall be liable for the performance and observance of all of the covenants and agreements of Lessee under this Lease arising after such assignment. Lessee and any assignee will be jointly and severally primarily liable for payment and performance under this Lease; provided, in the case of any assignment described in clauses (i), (ii) or (iii) above, Lessee shall be released from all further liability for Rent or any other sums becoming due and payable under this Lease after assignment if the assignee under any such assignment has a net worth comparable to that of Lessee, and has a Standard and Poor's rating of BB or better (or, if such rating system is no longer used by Standard and Poor's, such rating as is then comparable to a BB rating as of the date of this Sublease, or if Standard and Poor's no longer publishes comparable ratings, such other rating as is most closely comparable thereto). Consent shall not unreasonably be withheld by either party.
- C. Upon a valid assignment of this Lease, the Lessee shall be relieved of all obligations and liabilities arising from this Lease effective as of the date of the assignment, except for liability and obligations regarding any environmental contamination or damage which occurred on the Leasehold Property during the Lease Term.
- D. Lessee can not assign the Lease prior to the Commencement Date.
- E. On any assignment or sublease, the access to the Leasehold Property must be through the primary access on Industrial Street (Lovington Highway), unless a separate legal access is provided to the south or west boundary of the Leasehold Property from Lessee's contiguous property.

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 11.

10. Default And Cancellation.

- A. The violation by Lessee of any of the terms, conditions or covenants of this Lease or the nonpayment by Lessee of any rent due under this Lease shall be considered a default and may cause this Lease to be cancelled and terminated at the City's sole discretion, following at least one hundred twenty (120) days advance written notice of such default from City to Lessee; provided, however, said cancellation shall not be made if, within the one hundred twenty (120) day notice period, Lessee cures or remedies said default or otherwise complies with any demand contained within such written notice which cures or remedies the default.
- B. If City defaults in the performance of this Lease prior to the Commencement Date, Lessee may terminate this Lease and receive a refund of the earnest money deposit, if any, or may waive default and seek whatever legal remedy may be provided by law.
- C. If Lessee defaults in the performance of this Lease prior to the Commencement Date, City may terminate this Lease and retain the earnest money deposit, if any, or may waive default, enforce performance of this contract, and seek such other relief as may be provided by law.

11. Relinquishment.

At any time, upon one hundred twenty (120) days prior written notice, provided all rents then due and owing have been fully paid and Lessee is not in default under this Lease, Lessee may cancel and relinquish the Leasehold Property to the City whereupon Lessee shall be relieved of any further liabilities and obligations under this Lease. Section 9 of this Lease shall apply with respect to removal of improvements upon such termination. Lessee shall not be entitled to a refund of any rent paid. The parties may mutually agree in writing that this lease may be terminated within one hundred twenty (120) days after said mutual agreement is signed.

12. Obligations and Other Commitments Made By City.

The following schedule provides a summary of the commitments made by the City in this Lease:

- A. The Leasehold Property Survey has been completed by Lessee and is attached hereto. The City has approved the Survey.

13. Additional Site and Building Requirements.

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 12.

In addition to the requirements of the City Building Code, and the EDA Declaration, or Zoning Design Standards which may be adopted for the Leasehold Property in the future, the City shall record in the City Declaration to be executed and recorded by City concurrently with the execution of this Lease, and are therefore to be hereby agreed for all activities on the Leasehold Property. These covenants specify requirements for Site and Building Design and Construction Standards, and the enforcement of those standards by the City.

14. City Utilities and Easements on the Leasehold Property.

The City retains the following utilities and easements on the Leasehold Property, as shown on Exhibit #1. These utility corridors will be defined further as easements and recorded in the Lea County Clerk's Records:

- A. A sewer main corridor 35 feet in width on the southeast with a total length of approximately 720 linear feet boundary including several manholes.
- B. A water main corridor 25 feet in width on the southwest and northwest boundaries approximately 1,125 feet in total length including fire hydrants.
- C. An access corridor on the parking areas with right of access to enter the above easements.

15. Notice.

All notices given pursuant to or in connection with this Lease shall be made in writing and posted by regular mail, postage prepaid, to the following:

City of Hobbs,
ATTN: City Manager,
Hobbs City Hall,
Hobbs, NM 88240; and to Lessee at

Lea Regional Hospital, LLC
Hobbs, NM 88240
Attention: Chief Executive Officer
Facsimile: 505/492-5505

With a copy to: Triad Hospitals, Inc.
5800 Tennyson Parkway
Plano, Texas 75024
Attention: Vice President-Real Estate Development
Facsimile: 214/473-7162

With a copy to: Liechty & McGinnis, P.C.

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 13.

7502 Greenville Avenue, Suite 750
Dallas, Texas 75231
Attention: Emmett W. Berryman, Esq.
Facsimile: 214/265-0615

or to such other address as requested by either party. Notice shall be deemed to be received on the earlier of (i) actual receipt or (ii) the fifth day following posting. The mailing may also be completed by other acceptable forms of legal mail, as may occur in the future.

16. Attorney's Fees and Costs.

If either party is found by a court to have breached this Lease, the other party may recover reasonable attorney's fees and cost of litigation. Prior to the institution of any litigation, the parties have the contractual duty to in good faith attempt to resolve any controversy hereunder at the least possible expense.

17. Counterparts.

This Lease may be executed in one or more identical counterparts, and all counterparts so executed shall constitute one agreement which shall be binding on all of the parties.

18. Compliance with Statutes.

The City states that it has complied with the requirements of State of New Mexico Statutes and the City of Hobbs, New Mexico Municipal Code and has authorization to lease the property.

19. Governing Laws.

This Lease shall be subject to the laws of the State of New Mexico.

20. Indemnification.

Lessee shall save and hold harmless, indemnify and defend the City of Hobbs, New Mexico, its elected officials, employees and agents, in their official and individual capacities, of and from any and all liabilities, claims, losses, or damages arising out of or alleged to arise out of or indirectly connected with the negligent operations of Lessee under this Lease, or arising out of the presence on the Leasehold Property of any agent, contractor or subcontractor of Lessee.

21. Amendment.

This Lease shall not be altered, changed or amended except by written instrument in writing executed by the City and Lessee.

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 14.

22. Waiver.

No waiver of any breach or default by Lessee of any of the terms, conditions or covenants of this Lease shall be held to be a waiver of any subsequent breach. No waiver shall be valid or binding unless the same is in writing and signed by City.

23. Survey of Leasehold Property.

The Lessee has completed a current survey of the Leasehold Property prepared by a surveyor licensed in the State of New Mexico, prior to the commencement of the Lease. The City has approved the Survey which is attached hereto as Exhibit #1 and made a part of this Lease.

24. Termination.

This agreement shall be terminated on the termination date of the Lease Term, or by mutual agreement as provided under Section 12 Relinquishment herein.

25. Permits.

The use terms of this Lease for the Leasehold Property have been written according to the needs of Lessee. Lessee is responsible at its expense to apply for other City permits, including if necessary a City Building Permit, City Business Registration or License Fee. Lessee is also responsible at its expense to apply for other necessary permits from the State of New Mexico.

26. Conditions Precedent.

The City Commission must have approved the Lease as specified in NMSA 1978 Section 3-54-1 et. seq., as amended, prior to Lessee having any liability pursuant to the Lease.

27. Representations and Certifications Made As A Part Of This Lease.

A. The City represents and warrants to Lessee that the following shall be true and correct, as of the date hereof and as of the date of commencement:

1) The City is the owner of the Leasehold Property subject only to easements, restrictions and reservations of record as disclosed in the title commitment, and subject to the covenants as stated in this Lease.

2) There are no public improvements which have been commenced or completed for which special leasehold property tax assessments may be or have been levied against the Leasehold Property.

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 15.

- 3) There are no known existing violations of applicable law with respect to the Leasehold Property.
- 4) There is no litigation pending or threatened against the Leasehold Property which might result in a lien on the Leasehold Property, or might interfere with the City's ability to sell or convey the Leasehold Property, or which might have a material adverse change upon the Leasehold Property.
- 5) The execution and delivery of the Lease and commencement of the Lease by the City will not result in the breach of any agreement, decree or order to which the City is a party or by which the Leasehold Property is bound.
- 6). There are no condemnation proceedings pending or threatened with respect to all or any portion of the Leasehold Property.
- 7) To the best knowledge of the City as of the date hereof, the following statements are made regarding the Leasehold Property:
 - a) There has been no release of any hazardous substances in, on or about the Leasehold Property. The City has not received notice from any governmental authority of the release or presence of any hazardous substances. To the best knowledge of the City, the Leasehold Property presently is not and has never been used for the storage, manufacture, disposal, handling, transportation or use of any hazardous substances in violation of any law. To the best knowledge of the City, there are no past or present investigations, proceedings, litigation or regulatory hearings with respect to the Leasehold Property alleging non-compliance with or violation of any federal or state law regarding environmental matters. To the City's actual knowledge, there has not now, nor have there been, any above ground or underground storage tanks located in or under the Leasehold Property.
 - b) The Leasehold Property has previously been owned by the US Government Land Office, the City of Hobbs and the US Army Airfield Division.
 - c) The only known prior uses of the Leasehold Property have been open range grazing by local ranches from 1880 through the present time period; use as a vacant parcel as part of the Hobbs Army Air Base from about 1940 to 1950 (this particular area was a vacant parcel according to the original plans of the Airfield complex); and approximately 1973, the Leasehold Property was leased by the City to the Industrial Development Corporation of Hobbs and then subleased to Levi-Strauss Corporation and a denim jeans wet process manufacturing process was conducted on the site until about 1985. A large manufacturing building and parking lot were constructed. In 1985, the City of Hobbs received a grant from the

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 16.

US Department of Commerce, Economic Development Administration to remodel the building for use of other industrial clients. In 1991, the City received a grant from the US Housing and Urban Development Department to conduct additional improvements to the building. Since 1985, the building has been rented and leased by the EDC for a variety of small industrial and storage operations as an incubator building.

8) The City is not a party to any contracts relating to the Leasehold Property, except for this Agreement and the prior lease to the Industrial Development Corporation (Economic Development Corporation of Lea County).

9) Lessor has the full power and authority to enter into and perform this Lease according to its terms and the individual executing this Lease on behalf of Lessor is authorized to do so.

B. Lessee represents and warrants to the City that the following shall be true and correct, as of the date hereof and as of the date of closing:

1) The Lease Agreement is designed for the for the purpose of the Lessee to operate a multi-purpose commercial medical center facility on the site to include buildings, parking, loading, as desired by Lessee. Other uses may be permitted subject to the City's written approval.

2) Lessee understands that the City considerations herein are based on the assumption that the site use and the commercial activities proposed on the site will not require an excessive quantity of potable water, nor generate excessive amounts of waste water to be treated. In the event that the use and operation would involve a wet process food manufacturing operation or any other wet process industrial operation at a later date, water and waste water utility assessments may be adjusted accordingly at the site/building occupancy approval stage to address increased costs to the City.

3) Exhibit "1" provides information on the proposed site layout, building location, if any, and building design, and company information to justify the request for City consideration of this Lease.

28. Entire Agreement.

This Lease represents the entire agreement and there are no other agreements or understandings oral or otherwise that are binding the parties concerning the Leasehold Property.

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 17.

29. Memorandum of Lease.

Each of the City and Lessee shall execute, acknowledge and deliver to the other a written Memorandum of this Lease to be recorded in the appropriate land records of the jurisdiction in which the Leasehold Property is located, in order to give public notice and protect the validity of this Lease. In the event of any discrepancy between the provisions of said recorded Memorandum of this Lease and the provisions of this Lease, the provisions of this Lease shall prevail. Lessee agrees to pay when due and payable any and all charges, recording costs and taxes required in connection with the recordation of this Lease or such Memorandum of Lease.

[The Remainder of this Page is Intentionally Left Blank.]

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 18.

IN WITNESS WHEREOF, City and Lessee have executed this Lease as of the date first written above.

CITY OF HOBBS

LESSEE - LEA REGIONAL HOSPITAL, LLC
A Delaware limited liability company.

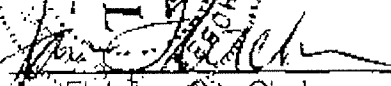


Mayor Monty D. Newman



By: Tom Frazier
ITS: Senior Vice President


SEAL
ATTEST



Jan Fletcher, City Clerk

Approved As To Form:



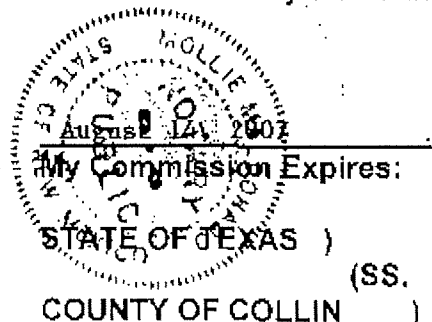
Joan McMahon, City Attorney

LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 19.

STATE OF NEW MEXICO)
)SS.
COUNTY OF LEA)

The foregoing instrument was acknowledged before me on this 4TH day of December, 2006 by Monty D. Newman, as Mayor, acting on behalf of the City of Hobbs, a New Mexico Municipal Corporation, to me personally known, who being by me duly sworn did say that he is the Mayor and signing officer of the City of Hobbs and that said instrument was signed in behalf of said Municipal Corporation, and Monty D. Newman acknowledged said instrument, and acknowledged that he executed the same as his free act and deed and on behalf of the respective Municipal Corporation.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal in the County and State aforesaid and year first written above.



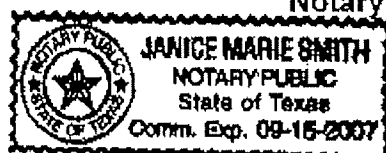
[Signature]
Notary Public

The foregoing instrument was acknowledged before me on this 12th day of DECEMBER, 2006 by its Senior Vice President, acting on behalf of the Lea Regional Hospital, LLC, a Delaware limited liability company, to me personally known, who being by me duly sworn did say that he/she is the Senior Vice President and signing officer of Lea Regional Hospital, LLC, a Delaware limited liability company, and that said instrument was signed in behalf of said limited liability company, and acknowledged that said instrument, and acknowledged that he/she executed the same as his/her free act and deed and on behalf of the respective limited liability company.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal in the County and State aforesaid and year first written above.

[Signature]
Notary Public

My Commission Expires:



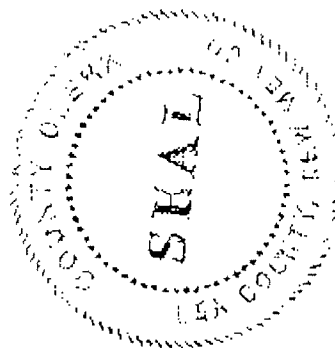
LEA REGIONAL HOSPITAL, L.L.C. Ground Lease Agreement, 6.83 acres, Page 20.

EXHIBIT "1"

Plat of Survey as Filed 2/21/2007
under County Clerk's
Reception # 35152, Lea
Lea County Records, Lea County, New Mexico
and made a part hereof

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

FEB 21 2007
at 1:51 o'clock P
and recorded in Book 1498
Page 147
Melinda Hughes, Lea County Clerk
By [Signature] Deputy



35156

BOOK 1498 PAGE 147

Return to: City of Hobbs
City Clerk
300 N. Turner
Hobbs, NM 88240

35154

**PERMANENT GRANT OF PUBLIC UTILITY EASEMENT
Hospital Incubator Building Lease Parcel**

THIS PERMANENT GRANT OF EASEMENT, entered into on this 14th day of February, 2007 is reserved and excepted unto itself and forever dedicated to the public by THE CITY OF HOBBS, (the "City"), a New Mexico Municipal Corporation.

For valuable consideration, the City reserves and excepts unto itself and forever dedicates to the public an unrestricted permanent grant of public utility easement to allow for access, and long term maintenance of the City's utilities, including but not limited to existing water mains and existing waste water (sewer) mains, owned by the City and located within the following described three (3) twenty foot (20') wide easements for water mains and two (2) thirty five foot (35') wide easements for waste water (sewer) mains being more particularly described as follows:

DESCRIPTION WATER LINE 1

A STRIP OF LAND 25.0 FEET WIDE SITUATED IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM, LEA COUNTY, NEW MEXICO AND BEING 12.5 FEET RIGHT AND 12.5 FEET LEFT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT ON THE SOUTHEASTERLY BOUNDARY LINE OF A 6.83 ACRE TRACT OF LAND IN SAID SECTION WHICH LIES N35°29'36"W 3474.95 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION; THEN N39°42'04"W 383.14 FEET; THEN S49°28'49"W 88.38 FEET TO A POINT ON THE SOUTHWESTERLY BOUNDARY LINE OF SAID 6.83 ACRES TRACT WHICH LIES N37°13'39"W 3858.88 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION.

TOTAL LENGTH EQUALS 471.48 FEET OR 28.58 RODS

DESCRIPTION WATER LINE 2

A STRIP OF LAND 25.0 FEET WIDE SITUATED IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM, LEA COUNTY, NEW MEXICO AND BEING 12.5 FEET RIGHT AND 12.5 FEET LEFT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT ON THE NORTHWESTERLY BOUNDARY LINE OF A 6.83 ACRE TRACT OF LAND IN SAID SECTION WHICH LIES N36°14'52"W 4141.76 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION; THEN S40°10'13"E 159.10 FEET; THEN S61°37'09"W 61.59 FEET; THEN S40°10'13"E 120.98 FEET TO A POINT ON AN EXISTING WATER LINE SITUATED IN SAID 6.83 ACRE TRACT OF LAND IN SAID SECTION WHICH LIES N36°52'11"W 3860.34 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION.

TOTAL LENGTH EQUALS 341.64 FEET OR 20.71 RODS

DESCRIPTION WATER LINE 3

A STRIP OF LAND 25.0 FEET WIDE SITUATED IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM, LEA COUNTY, NEW MEXICO AND BEING 12.5 FEET RIGHT AND 12.5 FEET LEFT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT ON AN EXISTING WATER LINE SITUATED IN A 6.83 ACRE TRACT OF LAND IN SAID SECTION WHICH LIES N36°10'09"E 4060.46 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION; THEN N49°45'32"E 300.62 FEET TO A POINT IN SAID 6.83 ACRE TRACT WHICH LIES N31°58'03"W 4092.81 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION.

TOTAL LENGTH EQUALS 300.62 FEET OR 18.22 RODS

PERMANENT GRANT OF PUBLIC UTILITY EASEMENT, Hospital Incubator Building Lease Parcel, Page 2.

DESCRIPTION SEWER LINE 1

A STRIP OF LAND 35.0 FEET WIDE SITUATED IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM, LEA COUNTY, NEW MEXICO AND BEING 17.5 FEET RIGHT AND 17.5 FEET LEFT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT ON THE NORTHEASTERLY BOUNDARY LINE OF A 6.83 ACRE TRACT OF LAND IN SAID SECTION WHICH LIES N29°05'42"W 3581.84 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION; THEN N62°51'08"W 23.52 FEET; THEN S28°43'10"W 5.71 FEET; THEN N67°00'33"W 210.41 FEET TO A POINT IN SAID 6.83 ACRE TRACT WHICH LIES N31°20'03"W 3767.22 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION.

TOTAL LENGTH EQUALS 239.64 FEET OR 14.52 RODS

DESCRIPTION SEWER LINE 2

A STRIP OF LAND 35.0 FEET WIDE SITUATED IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM, LEA COUNTY, NEW MEXICO AND BEING 17.5 FEET RIGHT AND 17.5 FEET LEFT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT ON THE NORTHEASTERLY BOUNDARY LINE OF A 6.83 ACRE TRACT OF LAND IN SAID SECTION WHICH LIES N28°59'16"W 3547.88 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION; THEN S49°47'08"W 330.64 FEET; THEN S75°04'21"W 93.20 FEET TO A POINT ON THE SOUTHWESTERLY LINE OF SAID 6.83 ACRE TRACT WHICH LIES N35°44'01"W 3530.59 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION.

TOTAL LENGTH EQUALS 423.84 FEET OR 25.69 RODS

As more particularly described on that certain plat dated 2/14/2007 under Reception No. 3553, Lea County Records, Lea County, New Mexico, and made a part of this easement (collectively, the "Easement Property").

This Permanent Grant of Easement entitles the City all things necessary for long term maintenance of said City of Hobbs water mains and waste water (sewer) mains, including but not limited to installation and long term maintenance of a sewer main, including grading, trenching, backfilling, excavating dirt, paving, storage and operation of equipment and all other actions required for the construction and maintenance of the public utilities. No additional permanent structures shall be built in the easement area after the above date.

In exchange for the grant of easement, the City agrees to use and maintain the Easement Property in a good and workmanlike manner. The City agrees to carry out final clean-up and make any necessary repairs within the Easement Property and the adjacent property caused in connection with any construction, maintenance, repair or replacement performed by or on behalf of the City within the Easement Property.

The City, its successors and/or assigns shall have the permanent grant of utility easement for their use as long as it is being used and maintained by the City, its successors or assigns. However, if the easement property described above is not used and maintained by the City, its successors or assigns, then the easement shall terminate and the owners of the Easement Property shall be entitled to file a Certificate of Abandonment with the County Clerk or following the written request of any ground tenant under a ground lease encumbering the Easement Property.

PERMANENT GRANT OF PUBLIC UTILITY EASEMENT, Hospital Incubator Building Lease Parcel, Page 3.

IN WITNESS WHEREOF, the CITY sets their hand and seal on the date first written above.

CITY OF HOBBS, NEW MEXICO

By [Signature]
MONTY D. NEWMAN, MAYOR

STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

The foregoing instrument was acknowledged before me on this 14th day of February, 2007, by Monty D. Newman, as Mayor, of the City of Hobbs, to me personally known, who being by me duly sworn did say that he is the duly elected Mayor and signing officer of the City of Hobbs, and that said instrument was signed on behalf of said City, and Monty D. Newman acknowledged said instrument, and acknowledged that he executed the same as his free act and deed and on behalf of the City.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal in the County and State aforesaid and year first written above.



[Signature]
Notary Public

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

FEB 21 2007
at 1:57 o'clock P
and recorded in Book 1498
Page 122
Mellode Bug [Signature] Le County Clerk
By [Signature] Deputy



35154

BOOK 1498 PAGE 122

Notary to City of Hobbs
Planning
Bob D. Turner
Heidi, P.M. 8/24/07

35155

**PARTIAL RELINQUISHMENT, DISCLAIMER AND TERMINATION
OF LEASEHOLD INTERESTS**

THIS PARTIAL RELINQUISHMENT DISCLAIMER AND TERMINATION OF LEASEHOLD INTERESTS (this "Partial Leasehold Termination") is made and executed on February 20, 2007, by the ECONOMIC DEVELOPMENT CORPORATION OF LEA COUNTY, a New Mexico corporation (the "Lessee"), whose address is 2702 N. Grimes Street, Hobbs, New Mexico, 88240, and the CITY OF HOBBS, NEW MEXICO, a New Mexico municipal corporation (the "City"), whose address is 300 N. Turner Street, Hobbs, New Mexico 88240.

That the Lessee has made and executed the following Ground Leases with the City (collectively, the "Ground Leases"):

Lease #1:

Description of Ground
Lease:

That certain Lease dated August 23, 1973, by and between the City, as ground lessor, and Industrial Development Corporation of Lea County, a New Mexico corporation ("IDC"), predecessor to the Lessee, as ground lessee.

Ground Landlord:

The City.

Current Term Expiration
Date:

August 31, 2023 subject to the ground lessee's right to two (2) additional renewal terms of twenty-five (25) years and twenty-three (23) years respectively in accordance with the terms of the Lease.

Lease #2:

Description of Ground
Lease:

That certain Lease Agreement dated May 2, 1983, by and between the City, as ground lessor, and IDC, predecessor to the Lessee, as ground lessee.

Ground Landlord:

The City.

Current Term Expiration
Date:

May 1, 2082.

The particular descriptions of the property and property rights of the Lessee sought by the City for public purpose and released and disclaimed herein by the Lessee as to Lessee's leasehold or any other interest are described by accurate surveyed metes and bounds description as follows:

Partial Relinquishment, Termination and Disclaimer of Leasehold Interest, Page 2.

A TRACT OF LAND SITUATED IN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 18 SOUTH, RANGE 38 EAST, N.M.P.M., CITY OF HOBBS, LEA COUNTY, NEW MEXICO, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR A POINT ON THE WEST RIGHT OF WAY LINE OF INDUSTRIAL ROAD FROM WHICH A BRASS CAP IN CONCRETE FOUND FOR THE SOUTHEAST CORNER OF SAID SECTION 7 BEARS N49°49'41"E 80.00 FEET TO A POINT ON THE WEST RIGHT OF WAY LINE OF THE TEXAS/NEW MEXICO RAILROAD AND S40°10'19"E ALONG THE SAID RAILROAD RIGHT OF WAY LINE 2539.19 FEET AND S00°40'41"E ALONG THE EAST LINE OF SAID SECTION 7 A DISTANCE OF 1207.74 FEET;

THEN S49°49'41"W 414.94 FEET TO A 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR THE MOST SOUTHERLY CORNER OF THIS TRACT;

THEN N40°10'19"W 351.06 FEET TO A 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR AN INTERIOR CORNER OF THIS TRACT;

THEN S49°49'41"W 75.00 FEET TO A 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR A CORNER OF THIS TRACT;

THEN N40°10'19"W 309.80 FEET TO 1/2" REBAR WITH CAP MARKED "JWSC PS12641" SET FOR THE MOST WESTERLY CORNER OF THIS TRACT;

THEN N49°49'41"E 489.94 FEET TO A 1/2" REBAR FOUND FOR THE MOST NORTHERLY CORNER OF THIS TRACT AND A POINT ON THE WEST RIGHT OF WAY LINE OF INDUSTRIAL ROAD;

THEN S40°10'19"E ALONG SAID WEST LINE OF INDUSTRIAL ROAD 660.86 FEET TO THE POINT OF BEGINNING.

THE ABOVE DESCRIBED TRACT OF LAND CONTAINS 297,451.34 SQUARE FEET AND 6.83 ACRES MORE OR LESS.

The above described property together with any and all improvements located thereon including without limitation the building commonly known as the "Levi Building" or the "Incubator Building" (collectively, the "Released Property")

Further, in connection with the proposed sale of the improvements located on the Released Property, the LESSEE AND THE CITY EXPRESSLY DECLARE AND AGREE AS FOLLOWS:

Partial Relinquishment, Termination and Disclaimer of Leasehold Interest, Page 3.

1. Partial Termination of the Ground Leases. The Lessee and the City hereby agree that with respect to the Released Property the Ground Leases and any other ground lease, contract or any other agreements between the Lessee and the City are hereby terminated and are null and void and of no further force and effect from and after the date hereof and neither party thereto has any further obligations or liabilities thereunder. This final release and disclaimer of interest constitutes a termination of the leasehold interest with respect to the Released Property created by the Ground Leases or any other ground lease, contract or other agreement between the City and the Lessee in connection with the Released Property and all associated rights therein.

2. Release. The Lessee does hereby remise, release, and forever discharge the City of and from any and all, and all manner of actions, causes of action, suits, covenants, contracts, agreements, judgments, claims, right to compensation, and demands whatsoever in law or equity arising from and by reason of the City acquiring, appropriating and taking for its public use, control, possession, and ownership the Released Property and any property right, leasehold interests, easements, and licenses related thereto for the purpose of economic development and for the purpose of accomplishing the sale of the Incubator Building to Lea Regional Hospital, LLC, a Delaware limited liability company.

3. Representations and Warranties.

(a) The Lessee represents and warrants that it has the power and right to fully release all claims being released under this Partial Leasehold Termination by the Lessee and that no other entities or persons have any right to bring or assert any such released claims and the Lessee has not assigned or transferred any of such rights or claims to any other person or entity.

(b) The City represents and warrants that it has the power and right to fully release all claims being released under this Partial Leasehold Termination by the City and that no other entities or persons have any right to bring or assert any such released claims and the City has not assigned or transferred any of such rights or claims to any other person or entity.

4. Ratification. The Lessee and the City hereby acknowledge and agree that except for the termination of the Ground Leases with respect to the Released Property as set forth above, the Ground Leases remain in full force and effect and enforceable in accordance with their respective terms.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

Partial Relinquishment, Termination and Disclaimer of Leasehold Interest, Page 4.

Dated this 20th day of February, 2007.

THE LESSEE:

ECONOMIC DEVELOPMENT
COROPRATION OF LEA COUNTY, a New
Mexico corporation

By: Debra P. Hicks
Name: Debra P. Hicks
Title: Chair

THE CITY

THE CITY OF HOBBS, NEW MEXICO
a New Mexico Municipal Corporation

By: Monty D. Newman
Name: Monty D. Newman
Title: Mayor

Partial Relinquishment, Termination and Disclaimer of Leasehold Interest, Page 5.

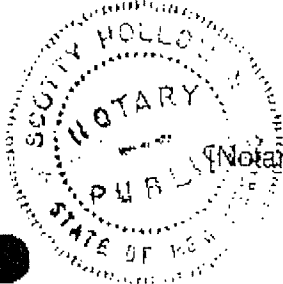
STATE OF NEW MEXICO §

COUNTY OF LEA §

ss.

I, Scotty Holloman, a notary public in and for said county in said state, hereby certify that Debra P. Hicks, whose name as the Chair of Economic Development Corporation of Lea County, a New Mexico corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of such instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 15th day of February, 2007.



Scotty Holloman
Notary Public

My commission expires: 1-31-2008

STATE OF NEW MEXICO §

COUNTY OF LEA §

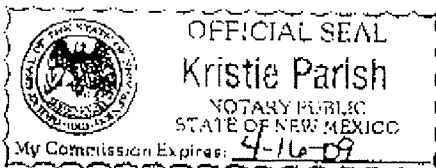
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The foregoing instrument was acknowledged before me on the 21st day of February, 2007, by Monty D. Newman as Mayor of The City of Hobbs, New Mexico, a New Mexico Municipal Corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said limited liability company.

Witness my hand and official seal.

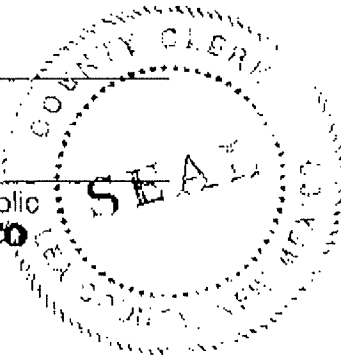
35155

My Commission Expires: 4-16-09



Kristie Parish
Notary Public

Kristie Parish
Printed Name of Notary Public
STATE OF NEW MEXICO
COUNTY OF LEA
FILED



FEB 21 2007
at 1:57 o'clock P
and recorded in Book 1498
Page 127
Melinda [Signature] County Clerk
By [Signature] Deputy

BOOK 1498 PAGE 127

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

I, KATHI BEARDEN

Publisher

of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not a supplement thereof for a period.

of _____ 2 _____ weeks.
Beginning with the issue dated

November 10 2006
and ending with the issue dated

November 11 2006

Kathi Bearden

Publisher

Sworn and subscribed to before

me this 13th day of

November 2006

[Signature]
Notary Public.

My Commission expires
February 07, 2009
(Seal)



OFFICIAL SEAL
DORA MONTZ
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: _____

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

LEGAL NOTICE November 11, 2006

NOTICE IS HEREBY GIVEN that on the 4th day of December, 2006, at its regular meeting at 6:00 p.m., in the City Commission Chambers at City Hall, 300 North Turner, Hobbs, New Mexico, the governing body of the City of Hobbs proposes to adopt an ordinance which reads as follows:

WHEREAS, the City of Hobbs, a municipal corporation, is the owner of a building and site improvements located at 5625 N. Lovington Highway, formerly known as the Incubator Building and listed on the City of Hobbs Asset List as the "Incubator Site," and hereinafter referred to as the "Building;" and

WHEREAS, the City of Hobbs, a municipal corporation, is the owner of a ±6.83 acre tract of land situated in the Hobbs Industrial Air Park (HIAP), and hereinafter referred to as the "Leasehold Property;" and

WHEREAS, the HIAP Industrial and commercial areas have been designated by the City of Hobbs Industrial Air Park Master Plan for commercial and industrial development; and

WHEREAS, an appraisal of value has been completed and the land value was determined to be \$147,000, the value of the building was determined to be \$399,000, and the combined value was determined to be \$546,000; and

WHEREAS, this issue was reviewed by the HIAP Board at the August 16, and September 26, 2006 meetings; and

WHEREAS, unless a referendum election is held, this Ordinance authorizing the sale of the Building and the ground lease of the Leasehold Property shall be effective forty-five (45) days after its adoption.

WHEREAS, inclusive in this Ordinance are the following:

A. The Building Purchase Agreement:

1. Terms of Building Purchase Agreement: The City proposes to sell the Building for the negotiated purchase price of \$546,000.

The sale of the City-owned real property improvement must be approved by City Ordinance, pursuant to Section 3-64-1, NMSA 1978, as amended.

The Building Purchase Agreement containing the terms of the purchase is a part of this Ordinance, is attached hereto and is incorporated herein by reference.

2. Appraised Value of Municipally-owned Improvement Asset: The appraised value of the Building was determined to be \$399,000.

3. Schedule of Payments: The purchase price of \$546,000 is to be made at closing.

4. Purchaser of Building: Lea Regional Hospital, LLC, 5419 N. Lovington Highway, Hobbs, NM 88240.

5. Purpose of Municipal Sale: Regional Medical Facility and Economic Development - Site acquisition for expansion to Lea Regional Medical Center.

B. The Ground Lease.

1. Terms of Ground Lease: The City proposes to lease the Leasehold Property for a 75 year period with the negotiated annual rent set at \$1,000 per year for the first five years of the Lease.

The lease of the City-owned real property must be approved by City Ordinance pursuant to Section 3-64-1 NMSA 1978, as amended.

The Ground Lease containing the terms of the lease and Protective Covenants for the real property is part of this Ordinance, is attached hereto and is incorporated herein by reference.

2. Appraised Value of Municipally-owned Real Property: The appraised value of the real property was determined to be \$147,000 for the 6.83 acre tract.

3. Schedule of Payments: The Annual Rent is to be paid in the amount of \$1,000 per year with the payment to be made on the Commencement Date or the anniversary thereof.

4. Option to Purchase: The Lessee is granted the Option to Purchase the Leasehold Property at any time during the Term of the Lease with the purchase price to be set at market value at the time of the intended purchase.

5. Leases of Property: Lea Regional Hospital, LLC, 5419 N. Lovington Highway, Hobbs,



CITY OF HOBBS

COMMISSION STAFF SUMMARY FORM

MEETING DATE: December 4, 2006

SUBJECT: AN ORDINANCE APPROVING A BUILDING PURCHASE AGREEMENT TO SELL THE INCUBATOR BUILDING AND APPROVING A LEASE FOR A ±6.83 ACRE REAL PROPERTY OF MUNICIPALLY OWNED LAND LOCATED IN SECTION 7, T18S, R38E, NMPM IN LEA COUNTY IN THE HOBBS INDUSTRIAL AIR PARK TO THE LEA REGIONAL HOSPITAL, LLC.

DEPT. OF ORIGIN: Planning Division
 DATE SUBMITTED: November 27, 2006
 SUBMITTED BY: Joe Dearing, City Planner

Summary: Final Reading of the Ordinance to authorize publication of the Ordinance to approve the Purchase Agreement to Sell the Incubator Building & Site Improvements and To Lease the 6.83 acre tract of land to the Lea Regional Hospital LLC.

The City of Hobbs is proposing to sell the Incubator Building and Site Improvements and to lease the 6.8 acre tract of real property in the Hobbs Industrial Air Park (HIAP) to the Lea Regional Hospital LLC. The Incubator Building with associated site improvements is being sold by the City to the Lea Regional Hospital for the negotiated purchase price of \$546,000. The building and 6.8 acre parcel is located north of the existing hospital site on the east boundary of the Hobbs Industrial Air Park, and within the EDC Lease 235 acre area. The incubator site has considerable frontage on Industrial Street and visibility from Lovington Highway. A map of the Site is attached.

An appraisal of value for the site was obtained from local appraiser Mr. David Bradley. The appraised value of the land (6.83 acres) was determined to be \$147,000. Since the land value is greater than \$25,000, the lease must be approved by an Ordinance. The appraisal valued the building at \$399,000; and the entire site including the real property (land) at \$546,000. A grant application has been made and the application has stated that the proceeds of the sale would be used as local share match to create a new incubator building complex. A Lease of the 6.8 acre tract from the City to the Hospital is recommended in order for the Hospital to acquire title insurance in closing the purchase of the building.

The annual rent on the lease is proposed at \$1,000 for the first five years of the Lease. The rent is then proposed to increase based on the change in the CPI during the first five years. Thereafter, a similar adjustment would be made following each subsequent 5 year period. The purpose of the sale is Economic Development & expansion of the Regional Medical Facility.

The Lease proposes that the Lessee is granted the Option to Purchase the Leasehold Property at any time during the term of the Lease. The purchase price would be based on the market value of the land at the time of the exercise of the option to purchase.

The proposal was discussed by the HIAP Board at the August 16, 2006 and September 25, 2006 meeting. A staff memo summarizing the position of the HIAP Board is attached for information of the City Commission. Minutes of the September 25 meeting were previously transmitted to the Commission.

If the City Commission approves the publication of this Ordinance, then the final passage could occur on December 4. Three additional related issues will be brought before the City Commission at the November 6 meeting: 1) Protective Covenants on the Leasehold Property to coordinate with the Lease; 2) to approve the Assignment of the existing leases (1973 & 1983) from the EDC to the Hospital; and 3) to approve a Release of Property and Use Covenant required by the US Economic Development Administration, since EDA grant funds were used to refurbish the building in 1986.

Options for the City Commission to consider or 1) Approve the Ordinance and sell the building and lease the property to the Lea Regional Hospital, LLC; 2) Vote no and deny the proposal; or 3) Request staff to negotiate a modified proposal with the Hospital.

Fiscal Impact:

Reviewed By: 

Finance Department

The City is leasing the parcel at \$1,000 per year annual rent. The rent payments will be deposited into Fund #20 Airport Special Revenue Fund. The payment to the City for the land will foster the development of the incubator site.

Attachments: Ordinance; Building Purchase Agreement; Lease with attachments of the Survey Plat; Site Map; Appraisal Information; Memo on HIAP Board concerns & issues; and Letter from the EDC.

PAGE 2.

Legal Review:					
Approved As To Form: <u>Joan McManis</u> City Attorney					
Recommendation:					
Staff recommends approval of the Ordinance to approve final passage of the Building Purchase Agreement and the Lease with the Lea Regional Hospital LLC.					
Approved For Submittal By: <u>[Signature]</u> Department Director <u>[Signature]</u> City Manager	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center; padding: 5px;">CITY CLERK'S USE ONLY COMMISSION ACTION TAKEN</th> </tr> <tr> <td style="width: 50%; padding: 5px;"> Resolution No. _____ Ordinance No. _____ Approved _____ Other _____ </td> <td style="width: 50%; padding: 5px;"> Continued To: _____ Referred To: _____ Denied _____ File No. _____ </td> </tr> </table>	CITY CLERK'S USE ONLY COMMISSION ACTION TAKEN		Resolution No. _____ Ordinance No. _____ Approved _____ Other _____	Continued To: _____ Referred To: _____ Denied _____ File No. _____
CITY CLERK'S USE ONLY COMMISSION ACTION TAKEN					
Resolution No. _____ Ordinance No. _____ Approved _____ Other _____	Continued To: _____ Referred To: _____ Denied _____ File No. _____				



CITY OF HOBBS

STAFF SUMMARY FORM

MEETING DATE:
August 25, 2025

SUBJECT: Resolution No. 7663 - Authorizing the Mayor to Execute a NMDOT Rural Air Service Enhancement Grant Agreement (RASE)

DEPT OF ORIGIN: Planning

DATE SUBMITTED: 8/7/2025

SUBMITTED BY: Todd Randall, Assistant City Manager

Summary:

The City of Hobbs, in partnership with the Economic Development Corporation, jointly submitted a grant application to the NMDOT Aviation Division to support JSX charter airline services. The attached grant provides \$2.5 million in funding over two years, with a 90% grant share and a required 10% local match.

Currently, JSX service is scheduled for an initial six-month period, with a maximum subsidy of \$1 million, of which Lea County's shared participation is \$500,000. Expansion of service—including additional flights or an extended service period—will be evaluated based on usage trends and performance over time.

Fiscal Impact:

Budget: \$1M (\$500,000 COH & \$500,000 Lea County)

Grant: \$2.5M (Grant revenue and expenditures will be recognized in the upcoming BAR adjustment in October 2025. Fund 21)

Attachments:

Resolution - RASE GRANT.Ratification
HOBBS-26-01-RASE_DRAFT

Recommendation:

Motion to approve the resolution.

Approved By:

Manny Gomez, City Manager	08/07/2025
Toby Spears, Finance Director	08/07/2025
Medjine Desrosiers-Douyon, Deputy City Attorney	08/07/2025
Manny Gomez, City Manager	08/07/2025

CITY OF HOBBS

RESOLUTION NO. 7663

A RESOLUTION RATIFYING AND CONFIRMING THE MAYOR'S EXECUTION OF A GRANT AGREEMENT WITH THE NEW MEXICO DEPARTMENT OF TRANSPORTATION FOR RURAL AIR SERVICE ENHANCEMENT (RASE) – PROJECT NO. HOBBS-26-01-RASE

WHEREAS, the City of Hobbs and the Economic Development Corporation jointly submitted a grant application to the New Mexico Department of Transportation (NMDOT) Aviation Division for Rural Air Service Enhancement (RASE) funding to support regional air transportation services; and

WHEREAS, the NMDOT has awarded a grant in the amount of \$2,500,000.00 for the provision of regional charter airline service over the next two years; and

WHEREAS, the grant provides for 90% funding from NMDOT, with a required 10% local match to be provided by the City of Hobbs and Lea County; and

WHEREAS, in order to secure and timely implement the funding, the Mayor has executed the Grant Agreement with the New Mexico Department of Transportation for Project Number HOBBS-26-01-RASE; and

WHEREAS, the Governing Body of the City of Hobbs finds it to be in the best interest of the City to ratify and confirm the Mayor's prior execution of the Grant Agreement and all related actions taken in connection therewith.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF HOBBS, NEW MEXICO, that the Mayor's execution of the Grant Agreement with the New Mexico Department of Transportation for Project Number HOBBS-26-01-RASE is hereby ratified, confirmed, and approved, together with any and all actions necessary to carry out the purposes of this Resolution.

PASSED, APPROVED, AND ADOPTED this 25th day of August, 2025.

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk

NEW MEXICO DEPARTMENT OF TRANSPORTATION
RURAL AIR SERVICE ENHANCEMENT GRANT AGREEMENT



Project No.	HOBBS-26-01-RASE
Contract No.	
Vendor No.	0000054339

This AGREEMENT is between The City of Hobbs (Sponsor) and the State of New Mexico, acting through the Department of Transportation Aviation Division (Division), for the purpose of carrying out the provisions of NMSA 1978, Section 64-1-13.1, of the Aviation Act ("Act") and the Municipal Airport Law of 1978 (NMSA 1978, Section 3-39-1 et seq.).

RECITALS

WHEREAS, pursuant to NMSA 1978, Section 64-6-1 and Rule 18 NMAC 11.3 the Division is responsible for administering the Rural Air Service Enhancement program (RASE) to support regional air transportation services; and,

WHEREAS, The City of Hobbs (Sponsor) has requested a grant to participate in the Rural Air Service Enhancement Program.

THEREFORE, in consideration of the covenants contained herein, THE PARTIES AGREE AS FOLLOWS:

SECTION ONE - PURPOSE:

The purpose of this Agreement is to provide a grant to the Sponsor to support regional air transportation services (Project) pursuant to the Rural Air Service Enhancement Program and to state the terms, conditions, and mutual understandings of the Parties to this Agreement.

Attached as Exhibit A is the (Project) procurement cooperatively procured through the competitive proposal process as required by the New Mexico Procurement Code, NMSA 1978, Sections 13-1-28 et seq.

SECTION TWO - PROJECT FUNDING:

1. The Division agrees to pay as the State's share % of the Sponsor's allowable costs for operation of the procured air service.
2. The maximum obligation of the Division under this Grant Agreement shall be \$. The Sponsor shall be responsible for any sums that exceed this amount.

SECTION THREE – METHOD OF PAYMENT - REIMBURSEMENT:

Funds expended by the Sponsor in accordance with the terms of this Agreement shall be reimbursed by the Division to the Sponsor on a form provided by the Division. Interim reimbursement requests shall include the form provided by the Division requesting the amount and be accompanied by invoices paid by the Sponsor and proof of payment by the Sponsor for the invoices. Proof of payment may be canceled checks or formal ledger entries.

SECTION FOUR - SPONSOR SHALL:

1. Assume responsibility for the performance of the purpose as described in SECTION ONE.
2. Provide a representative from its organization who shall serve as the single point of contact for the Division.
3. Make no changes in purpose of the (RASE) Project without written approval of the Division.
4. Ensure that airline services are cooperatively procured through the competitive proposal process as required by the New Mexico Procurement Code, NMSA 1978, Sections 13-1-28 et seq.
5. Ensure that aircraft, services and operations in the Project conform to the most up to date safety standards prescribed by the Federal Aviation Administration to the fullest extent required by law, require the procured airline to indemnify and hold harmless the Sponsor and the State of New Mexico for all claims, damages, and liability or potential liability (including but not limited to attorney fees, court costs and the cost of appellate proceedings) arising out

of or resulting from the negligent, act, errors or omissions of the airline, its agents, subcontractors, or employees in the operation of the procured air service.

6. Take all steps, including litigation if necessary, to recover State funds spent fraudulently, wastefully, or in violation of State statutes, or misused in any other manner on any project upon which State funds have been expended. For the purposes of this Grant Agreement, the term "State funds" means funds, however used or disbursed by the Sponsor, that were paid by the Division pursuant to this Grant Agreement. The Sponsor shall obtain the approval of the Division as to any determination of the amount of the State share of such funds. It shall return the recovered State share, including funds recovered by settlement, order, or judgment, to the Division. It shall furnish to the Division, upon request, all documents and records pertaining to the determination of the amount of the State share of any settlement, litigation, negotiation, or the efforts taken to recover such funds. All settlements or other final dispositions by the Sponsor, in court or otherwise, involving the recovery of such State share shall be approved in advance by the Division.
7. The Sponsor's acceptance of the Offer, and ratification and adoption of the terms and conditions contained herein shall be evidenced by execution of this Grant Agreement, constituting the contractual obligations and rights of the Division and the Sponsor with respect to the accomplishment of the Project in accordance with all of the State's applicable laws and rules and in compliance with the assurances and conditions as provided herein. This Grant Agreement shall become effective upon the Sponsor's acceptance of the Offer and upon complete execution of this Agreement by all parties.

SECTION FIVE - COMPLIANCE WITH LAW:

The Sponsor shall comply with all Federal, State, and local laws and ordinances applicable to the work called for herein.

SECTION SIX - EQUAL OPPORTUNITY COMPLIANCE:

The Sponsor agrees to abide by all Federal and State Laws and rules and regulations, and executive orders of the Governor of the State of New Mexico, pertaining to equal employment opportunity. In accordance with all such laws and rules and regulations, and executive orders of the Governor of the State of New Mexico, the Sponsor agrees to assure that no person in the United States shall, on the grounds of race, religion, color, national origin, ancestry, sex, sexual preference, age, or handicap be excluded from employment with or participation in, be denied the

benefits of, or be otherwise subjected to discrimination under any program or activity performed under this Agreement. If the Sponsor is found to be not in compliance with these requirements during the life of the Agreement the Sponsor agrees to take appropriate steps to correct these deficiencies.

SECTION SEVEN – CIVIL RIGHTS LAWS AND REGULATIONS COMPLIANCE:

The Division and Sponsor shall comply with all federal, state, and local laws and ordinances applicable to the work called for herein. The Division and Sponsor further agree to operate under and be controlled by Title VI and Title VII of the Civil Rights Act of 1964, the Age Discrimination Employment Act, the Americans with Disabilities Act of 1990, the Environmental Justice Act of 1994, the Civil Rights Restoration Act of 1987, the New Mexico Human Rights Act, and Executive Order No. 11246 entitled “Equal Employment Opportunity,” as amended by Executive Order 11375 and as supplemented by the Department of Labor regulations (41 CFR 60). Accordingly 49 CFR 21 is applicable to this Agreement and incorporated herein by reference.

SECTION EIGHT - THIRD PARTY BENEFICIARY CLAUSE:

This Agreement is not intended by any of the provisions of any part of the Agreement to create in the public, or any member thereof, a third party beneficiary or to authorize anyone not a party to the Agreement to maintain a suit for wrongful death, bodily and/or personal injury to person, damage to property, and/or any other claim(s) whatsoever pursuant to the provisions of this Agreement.

SECTION NINE - NEW MEXICO TORT CLAIMS ACT:

By entering into this Agreement, neither party shall be responsible for liability incurred as a result of the other party's acts or omissions in connection with this Agreement. Any liability incurred in connection with this Agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act, Sections 41-4-1, et seq., NMSA 1978, as amended. This paragraph is intended only to define the liabilities between the parties hereto and it is not intended to modify, in any way, the parties' liabilities as governed by common law or the New Mexico Tort Claims Act. The Sponsor and its “public employees” as defined in the New Mexico Tort Claims Act, and the Department and its “public employees” as defined in the New Mexico Tort Claims Act, do not waive sovereign immunity, do not waive any defense and/or do not waive any limitation of liability pursuant to law. No provision in this Agreement modifies and/or waives any provision of the New Mexico Tort Claims Act.

SECTION TEN - ACCOUNTABILITY OF RECEIPTS AND DISBURSEMENTS:

There shall be strict accountability for all receipts and disbursements relating hereto. The Sponsor shall maintain all records and documents relative to this Agreement for a minimum of three (3) years after final payment under this Agreement. The Sponsor shall furnish the Division or State Auditor, upon demand, all records relevant to this Agreement and allow them the right to audit all records which support the terms of this Agreement.

SECTION ELEVEN - AUTHORIZATION OF EXPENDITURES:

The terms of this Agreement are contingent upon sufficient appropriations and authorizations being made by the Legislature of New Mexico for the performance of this Agreement. If sufficient appropriations and authorizations are not made by the State Legislature this Agreement shall terminate upon written notice given by the Division to the Sponsor. The Division is expressly not committed to the expenditure of any funds until such time, as they are programmed, budgeted, encumbered and approved for expenditure by the Division. The Division's decision as to whether its funds are sufficient for the fulfillment of this Agreement shall be final.

SECTION TWELVE - TERMINATION:

This Agreement shall expire two years from the date of execution by all parties hereto. Neither party shall have any obligation under this Agreement after said date. If the Sponsor fails to comply with any provisions of this Agreement the Division has the option to terminate this Agreement. By such termination neither party may nullify obligations already incurred for performance or failure to perform prior to termination of the Agreement.

SECTION THIRTEEN - TERMS OF THIS AGREEMENT:

This Agreement incorporates all the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof, and all such covenants, agreements and understandings have been merged into this written Agreement. No prior agreement or understandings, verbal or otherwise, by parties or their agents shall be valid or enforceable unless embodied in this Agreement. The terms of this Agreement are lawful; performance of all duties and obligations herein shall conform with and do not contravene any State, local, or Federal statutes, regulations, rules, or ordinances.

SECTION FOURTEEN - EXECUTION OF AGREEMENT:

The Agreement shall not take effect until executed by all of the parties hereto.

SECTION FIFTEEN - SEVERABILITY:

In the event that any portion of this contract is determined to be void, unconstitutional, or otherwise unenforceable, the remainder of this contract shall remain in full force and effect.

SECTION SIXTEEN - AMENDMENT:

This Agreement shall not be altered, modified, or amended except by an instrument in writing and executed by the parties hereto.

IN WITNESS WHEREOF , the Parties hereto have executed this Agreement the day and year hereinafter first written.

Recommended by AVIATION DIVISION

By: _____
Director or Designee

Date: _____

Approved by the NEW MEXICO DEPARTMENT
OF TRANSPORTATION

By: _____
Cabinet Secretary or Designee

Date: _____

Approved as to form and legal sufficiency By the Department's Office of General Counsel

By: _____
Assistant General Counsel

Date: _____

Name of Sponsor

By: _____
Sponsor's Designated Official Representative

Title: _____

EXHIBIT A



City Manager Office

200 E. Broadway
Hobbs, NM 88240

575-397-9206 bus

June 30, 2025

New Mexico Department of Transportation
Aviation Division
P.O. Box 1149
Santa Fe, NM 87504

RE: FY 2026 Rural Air Service Enhancement Grant Application

To Whom It May Concern:

On behalf of the City of Hobbs, I am pleased to submit this application for funding through the FY 2026 Rural Air Service Enhancement (RASE) Grant Program. This request reflects our community's shared commitment to strengthening air service connectivity in southeastern New Mexico.

Lea County Regional Airport (HOB) plays a vital role in supporting our regional economy, sustaining over 100,000 passenger seats sold in the past two years. The proposed new route—scheduled charter service to Dallas Love Field (DAL) operated by JSX—directly responds to demonstrated passenger demand and longstanding community interest in improved access to the Dallas Metroplex.

Highlights of our proposal include:

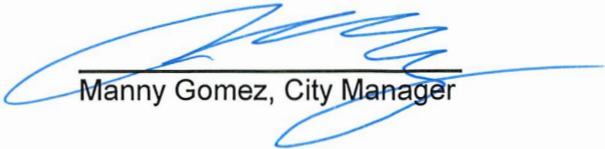
- **Three weekly nonstop flights** between Hobbs and Dallas Love Field.
- An estimated **6,000 annual passengers**, representing a strong initial load factor.
- Robust community support and committed local funding totaling **\$1 million in matching funds** from the City of Hobbs and Lea County.
- A proven public-private partnership track record through the FlyHobbs initiative and our longstanding collaboration with United Airlines.

We believe this service will enhance economic development, improve business and leisure travel options, and further solidify Lea County Regional Airport's position as a critical transportation asset for the Permian Basin.

Thank you for your consideration of this application. We appreciate the Department's efforts to expand rural air service in New Mexico and stand ready to provide any additional information or documentation as needed.

Sincerely,

CITY OF HOBBS



Manny Gomez, City Manager

NEW MEXICO DEPARTMENT OF TRANSPORTATION
EXHIBIT A
RASE Application



The (County or Municipality) City of Hobbs, a Municipality (Sponsor),

hereby applies for a grant under the Rural Air Service Enhancement act to the Aviation

Division for the Department of Transportation for the State of New Mexico and in support

therefor provides the following basic information:

1. Sponsor has read and understands the Rural Air Service Enhancement Act, NMSA 1978, Section 64-6-1 through 64-6-5 and NMAC 18.11.10.1 et. seq.; Sponsor acknowledges receiving a copy of the NMAC rule 18.11.10.1 et. seq
2. Sponsor has a minimum population of twenty thousand (20,000) persons residing within a fifty-mile radius of the Sponsor's airport. **(THIS IS AN ABSOLUTE REQUIREMENT AND MUST BE STATED AND ACCURATE)** Any issue as to distance or population must be shown to meet this requirement as attachments;
3. Per NMSA 1978, Section 64-6-3 (E – G)
 - E. Applicants shall meet the following minimum criteria to be eligible for a grant:
 - 1 municipalities or counties shall have a minimum population of twenty thousand persons residing within a fifty-mile radius of the airport unless the municipality or county has existing air routes;
 - 2 aircraft to be used to service proposed new air routes or expanded air routes served by the rural air service enhancement grant program shall have a passenger capacity of not more than one hundred persons; and
 - 3 minimum matching funds from a municipality or county shall be:
 - (a) ten percent if the municipality or county has no existing scheduled air routes at the time of application; and
 - (b) twenty percent if the municipality or county has existing scheduled air routes at the time of application.

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- F. Individual grants awarded through the rural air service enhancement grant program shall not:
- 1 exceed two million two hundred fifty thousand dollars (\$2,250,000) per year for municipalities or counties with existing scheduled air routes;
 - 2 exceed two million seven hundred fifty thousand dollars (\$2,750,000) per year for municipalities or counties not served by existing scheduled air routes; or
 - 3 be used for infrastructure improvement.
- G. Individual grants awarded through the rural air service enhancement grant program shall cover a time frame of at least two years. If funds are available in the rural air service enhancement fund, the director may extend the term of an existing grant up to three additional years.

Mandatory information to be provided in grant application:

64-6-4. Grant applications.

A municipality or county may submit an application to the director for a rural air service enhancement grant. An applicant shall comply with deadlines and guidelines published by the director. A grant application shall include:

- A. a description of the facility that will serve the proposed new air routes or expanded air routes;
- B. an estimate of the demand for the proposed new air routes or expanded air routes;
- C. identification of the air common carrier that will service the proposed new air routes or expanded air routes and the aircraft to be used on the proposed air routes;
- D. a description of existing air routes serving the applicant;
- E. a description and schedule of the proposed new air routes or expanded air routes to serve the applicant;
- F. a justification for the proposed air routes;
- G. the requested grant amount and the amount of any matching funds; and
- H. the time frame for a commitment to subsidize the proposed new air routes or expanded air routes.

EXHIBIT A

This application, if approved, will be made part of a Grant Agreement and will be binding as if it were fully recited in said Grant Agreement.

No commitment will be made by the Aviation Division for the Department of Transportation for the State of New Mexico until a Grant Agreement is signed by the Sponsor, The Department of Transportation for the State of New Mexico, The Aviation Division for the Department of Transportation for the State of New Mexico and the Legal Department for the New Mexico Department of Transportation.

The Undersigned Sponsor Agrees:

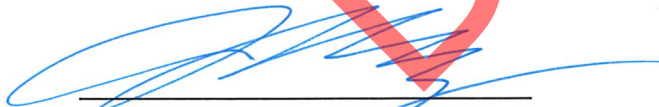
It has the authority to enter into a binding agreement with the Division for a grant under the Rural Air Services Enhancement Act.

Manny Gomez

6/30/25

AUTHORIZED SPONSOR NAME (Printed)

DATE



(AUTHORIZED SPONSOR SIGNATURE)

The application, attachments and any amendments thereto shall be submitted by no later than June 30th, 2025. Grants will be issued by no later than July 31st 2025.

Submit application by email with attachments to:

aviation.division@dot.nm.gov

EXHIBIT A



Rural Air Service Enhancement Grant (RASE) FY 2026 Grant Application

City of Hobbs, New Mexico

June 19, 2025

A. Description of the Airport to Serve Proposed New Air Routes

Lea County Regional Airport (HOB) serves as the primary aviation gateway to southeastern New Mexico and the heart of the Permian Basin. Located in Hobbs, the airport is a vital transportation hub that supports both the local economy and regional connectivity through a blend of commercial air service, general aviation, and industrial access.

The airport's modern terminal has undergone significant upgrades in recent years to improve passenger experience and meet evolving aviation standards. It now includes expanded ticketing and baggage areas, a TSA-compliant security checkpoint, multiple secured boarding gates, car rental counters, and comfortable waiting lounges. These improvements ensure a seamless and convenient travel experience for passengers flying in and out of Hobbs.

Beyond commercial air service, HOB plays a critical role in supporting general aviation. Two fixed-base operators—Tailwind Aviation and Christian Aero—offer a full range of services including fueling, maintenance, and hangar space. The airport also hosts medical evacuation flights, UPS cargo feeders, and military operations, making it a multifaceted facility that contributes to regional public safety and logistics.

Recent investments in infrastructure—including terminal modernization and runway enhancements—underscore HOB's commitment to safety, efficiency, and future growth. As southeastern New Mexico continues to expand, especially in energy, manufacturing, and logistics, Lea County Regional Airport stands as a critical asset supporting mobility, economic development, and quality of life for residents and businesses alike.

For additional airport information, please see attached FAA Airport Master Record.

B. Estimate of the Demand for the Proposed New Air Routes

Since the launch of commercial jet service at the Lea County Regional Airport in 2011, Dallas as a destination has been one of the most requested destinations by Lea County residents. As the operator of the FlyHobbs marketing initiative, the Economic Development Corporation

EXHIBIT A

of Lea County (EDCLC) has engaged with hundreds of Lea County residents over the past 14 years, that these discussions have revealed that a significant percentage of these residents requesting a Dallas flight are specifically interested in the Dallas Love Field airport, as they are loyal Southwest Airlines customers. This proposed JSX route to DAL directly responds to these requests for additional service.

In coordination with the EDCLC's professional air service development partners, Airplanners, and the proposed carrier, JSX, it is estimated that the annual demand for this service will be approximately 6,000 passengers. This would represent a 65% load factor, which is in line with the initial load factors for new routes at HOB on United Airlines.

This estimated demand is further supported by the following:

- Utilizing the EDCLC's retail marketing databases, more than 9,000 Lea County residents have traveled to the Midland/Odessa Airport (MAF) over the last 12 months. Given that ticket prices for United Airlines flights are approximate to, and sometimes even less than the ticket prices for United flights at MAF, this demand estimate assumes that the majority of MAF flight utilization by Lea County residents is on Southwest Airlines.
- Estimated demand was also informed by passengers who use connecting hubs to the DFW airport. According to the most recent, available data from the U.S. DOT O&D report, DFW represented 0.025% of HOB passenger share for the period. Using this passenger share percentage, we estimate that approximately 1300 passengers flew from Hobbs, connecting through Houston or Denver, to DFW in 2024.

Based on the strong performance of existing air service at Lea County Regional Airport (HOB)—with over 100,000 passenger seats sold in the past 24 months—there is clear and growing demand for additional connectivity. This robust utilization underscores the region's sustained travel needs, driven by a mix of business, energy sector, and leisure travelers. A new JSX route between Dallas Love Field (DAL) and HOB would tap into this proven market, offering a premium, time-saving alternative for travelers seeking direct access to the Dallas metro area. Given the success of current routes and the convenience of JSX's public charter service model, the DAL–HOB corridor presents a promising opportunity to capture high-yield passengers and meet unmet demand.

C. Identification of the Air Common Carrier that will Service the Proposed New Air Routes

JSX is a charter operator and owner of Delux Public Charter, LLC dba JSX Air, which operates aircraft in the United States and has commuter authority from the Department of

EXHIBIT A

Transportation. JSX intends to provide this service as a Part 135 on demand public charter air service using Embraer 135/145 or similar 30 seat aircraft.

D. Existing Air Routes at Lea County Regional Airport (HOB)

The Lea County Regional Airport (HOB) supports two daily key United routes: Hobbs–Houston (IAH) and Hobbs–Denver (DEN)— providing daily service on 50-seat regional jets, linking Lea County to more than 100 domestic and international destinations through United’s expansive network. These routes are especially valuable for the energy sector, offering efficient access for business travel in and out of the Permian Basin.

Commercial jet service has been continuously operated at HOB since 2011, when the City of Hobbs, Lea County, and the Economic Development Corporation of Lea County entered a public-private partnership to provide a minimum revenue guarantee for less than daily service to IAH. Since 2011, this route IAH expanded to daily service, and in 2019 this partnership was able to support the addition of a less than daily service to DEN. Both routes were severely impacted by the travel restrictions during the pandemic, but due to strong demand both for business and leisure, both routes have been fully restored to daily service.

Over the 14 years that this public-private partnership has been in place, there has been an airline advisory committee comprised of representatives of the partners, who review the airline’s performance and make recommendations for changes, if necessary. Over the past two fiscal years, 2023-2024 and 2024-2025, the total combined load factor has exceeded 70% for the year, which the airline committee considers a great success. This determination is shared by United Airlines, which has determined that HOB will be allocated a larger aircraft when available at a future date.

E. Description and Schedule of the Proposed New Air Route

Scheduled Charter Service between:

HOB – Dallas, TX (DAL)

Frequency/Days Flown:

HOB – Dallas, TX (DAL): 3 Scheduled Flights per week

Dallas, TX (DAL) – HOB: 3 Scheduled Flights per week

Operating Days of Week

- Friday
- Sunday
- Monday

EXHIBIT A

Freq	Dept Arp	Arvl Arp	Dept Time	Arrv Time
Mo,Fr	DAL	HOB	9:00	9:20
Mo,Fr	HOB	DAL	10:00	12:20
Su	DAL	HOB	12:20	12:40
Su	HOB	DAL	13:20	15:40

F. Justification for the Proposed Air Routes

Establishing a nonstop commercial air service route between Lea County Regional Airport (HOB) and Dallas Love Field Airport (DAL) is both a strategic and economically sound opportunity that addresses growing regional demand, improves connectivity for business and leisure travelers, and enhances the resilience of southeastern New Mexico's transportation infrastructure.

Market Demand & Economic Activity in Lea County

Lea County—anchored by the City of Hobbs—is a powerhouse of energy production and a rapidly diversifying regional economy. As the #1 oil-producing county in the United States, Lea County plays a central role in the success of the Permian Basin, which spans southeastern New Mexico and West Texas. The area is home to major oil and gas operators such as Chevron, ConocoPhillips, Devon, and numerous mid-size service companies with strong business ties to Texas.

Beyond energy, Lea County is recruiting investment in sectors like nuclear energy, manufacturing, logistics, and aerospace. As a result, business travel has been steadily increasing, particularly to and from Texas, where many corporate offices, service hubs, and key clients are based.

A nonstop route to Dallas would directly serve this growing demand by offering a faster, more efficient travel option for business executives, workers and suppliers who currently drive or take multi-leg flights to access the Dallas-Fort Worth Metroplex.

Strategic Connectivity Through Dallas Love Field

Dallas Love Field (DAL) is a key regional airport with extensive short-haul connectivity, serving over 16 million passengers annually. DAL offers quick access to the downtown Dallas business district, numerous Fortune 500 companies, and strong connections across the country via major carriers such as Southwest Airlines.

EXHIBIT A

A HOB–DAL Route Would:

- Provide a faster and more convenient alternative for travelers bound for Dallas
- Provide national connectivity through Southwest Airlines at DAL
- Complement existing service to Houston (IAH) and Denver (DEN), expanding the connectivity footprint of HOB
- Create a new direct link for business and leisure travel traffic, improving quality of life and economic activity
- Generate significant economic impact for the Hobbs region

Travel Alternatives are Challenging

Currently, the only way to reach Dallas from Hobbs by air is through connecting flights, requiring connections through Houston or Denver, resulting in 5–8 hours of total travel time. Driving from Hobbs to Dallas takes roughly 7 hours (nearly 500 miles), a burdensome option for business travelers and a barrier for potential visitors or investors.

A nonstop flight between HOB and DAL would reduce travel time to under 90 minutes and provide a more attractive alternative to both ground travel and multi-leg flights.

Community and Business Support

There is broad local support for improved air connectivity, led by the FlyHobbs initiative by the Economic Development Corporation of Lea County (EDCLC). A new route to Dallas aligns with EDCLC's efforts to support economic diversification and attract investment.

Local businesses, government agencies, healthcare providers, and educational institutions (such as New Mexico Junior College and the University of the Southwest) would benefit greatly from improved air access to Dallas. The community has already signaled its support by providing lodgers tax marketing funds and supporting this new route with a minimum revenue guarantee.

Proven Demand for Texas Routes

The success of HOB's existing service to Houston (IAH) demonstrates that the southeastern New Mexico market can sustain daily air service to major Texas cities. Adding Dallas service would diversify options for travelers, both in terms of destination and schedule, and potentially improve overall air service reliability and resilience in case of disruptions in Houston or Denver.

EXHIBIT A

Potential Carrier Alignment

Dallas Love Field (DAL) is the headquarters and primary base of operations for Southwest Airlines, the nation's largest domestic carrier. As Southwest's home airport, DAL offers an exceptional network of nonstop routes and high-frequency connections across the U.S., particularly throughout the South, Midwest, and West. DAL is considered one of the most accessible and well-connected airports in the region. This connectivity, combined with the airline's operational strength at its flagship airport, makes DAL a highly strategic gateway for expanding service to new markets like Hobbs, New Mexico.

A new HOB–DAL route is a logical, timely, and impactful addition to regional air service. It would shorten travel times, support business growth, strengthen economic ties with Texas, and offer meaningful quality-of-life improvements for Lea County residents. With a strong foundation of economic activity, growing air traffic, and regional support, this new route has a high probability of success and would further solidify HOB's role as a critical transportation hub for southeastern New Mexico.

G. Requested Grant Amount and Amount of Matching Funds

The City of Hobbs is requesting a RASE grant in the amount of \$1,500,000 annually (\$3,000,000 over a two-year timeframe) to support this service. Both the City of Hobbs and Lea County have taken official action to commit a total of up to \$500,000 each (\$1 million total between the two governmental entities) to support this new service to Dallas as local matching funds for this grant. This local match commitment represents 20% of the total project cost.

H. Timeframe for a Commitment to Subsidize the Proposed New Air Routes

The new air route is expected to begin at the earliest on August 1, 2025. As of June 17, 2025, the local public-private partnership (City of Hobbs, Lea County, and the Economic Development Corporation of Lea County) have all taken the necessary official actions to authorize the execution of a service contract with JSX to provide new service between HOB and DAL. If approved for a RASE grant, it is estimated that the first request for funding would not occur until 30 days following the close of the initial month of service (October 1, 2025).

Data Source: https://www.faa.gov/air_traffic/flight_info/aeronav/aero_data/ Print Date: 06/19/2025

1 ASSOC CITY: HOBBS	4 STATE: NM	LOC ID: HOB	FAA SITE NR: 14621.*A
2 AIRPORT NAME: LEA COUNTY RGNL		5 COUNTY: LEA, NM	
3 CBD TO AIRPORT (NM): 4 W	6 REGION/ADO: ASW /LNM	7 SECT AERO CHT: ALBUQUERQUE	

GENERAL

10 OWNERSHIP: PUBLIC
 11 OWNER: LEA COUNTY
 12 ADDRESS: 100 N MAIN AVE, COURTHOUSE BOX 5C
 LOVINGTON, NM 88260-4000
 13 PHONE NR: 575-396-8521
 14 MANAGER: COREY NEEDHAM
 15 ADDRESS: 100 N MAIN AVE, COURTHOUSE BOX 5C
 LOVINGTON, NM 88260-4000
 16 PHONE NR: 575-391-2934

17 ATTENDANCE SCHEDULE:
 MONTHS DAYS HOURS
 ALL ALL 0600-1700

18 AIRPORT USE: PUBLIC
 19 ARPT LAT: 32-41-14.458N ESTIMATED
 20 ARPT LONG: 103-13-3.103W
 21 ARPT ELEV: 3660.7 SURVEYED
 22 ACREAGE: 898
 23 RIGHT TRAFFIC: NO
 24 NON-COMM LANDING: NO
 25 NPIAS/FED AGREEMENTS: YES / NGY3
 26 FAR 139 INDEX: I A S 06/2012

RUNWAY DATA

30 RUNWAY IDENT:
 31 LENGTH:
 32 WIDTH:
 33 SURF TYPE-COND:
 34 SURF TREATMENT:
 35 GROSS WT: S
 36 (IN THSDS) D
 37 2D
 38 2D/2DS
 39 PCN / PCR:

LIGHTING/APCH AIDS

40 EDGE INTENSITY:
 42 RWY MARK TYPE-COND:
 43 VGS: / P4L
 44 THR CROSSING HGT: / 44
 45 VISUAL GLIDE ANGLE: / 3.00
 46 CNTRLN-TDZ: - / -
 47 RVR-RVV: - / -
 48 REIL: / Y
 49 APCH LIGHTS: MALSR /

OBSTRUCTION DATA

50 FAR 77 CATEGORY:
 51 DISPLACED THR: 602 /
 52 CTLG OBSTN: /
 53 OBSTN MARKED/LGTD: /
 54 HGT ABOVE RWY END: /
 55 DIST FROM RWY END: 0 / 0
 56 CNTRLN OFFSET: /
 57 OBSTN CLNC SLOPE: 50:1 / 50:1
 58 CLOSE-IN OBSTN: N / N

DECLARED DISTANCES

60 TAKE OFF RUN AVBL (TORA): 8,000 / 8,000
 61 TAKE OFF DIST AVBL (TODA): 8,000 / 8,000
 62 ACFT STOP DIST AVBL (ASDA): 8,000 / 8,000
 63 LNDG DIST AVBL (LDA): 7,398 / 8,000

SERVICES

70 FUEL: 100LL A
 71 AIRFRAME RPRS:
 72 PWR PLANT RPRS: MINOR
 73 BOTTLE OXYGEN:
 74 BULK OXYGEN:
 75 TSNT STORAGE: HGR TIE
 76 OTHER SERVICES: AFRT,AMB,CARGO

FACILITIES

80 ARPT BCN: WG
 81 ARPT LGT SKED: SEE RMK
 BCN LGT SKED: SS-SR
 82 UNICOM: 122.950
 83 WIND INDICATOR: YES-L
 84 SEGMENTED CIRCLE: YES
 85 CONTROL TWR: YES
 86 FSS: ALBUQUERQUE
 87 FSS ON ARPT: NO
 88 FSS PHONE NR:
 89 TOLL FREE NR: 1-800-WX-BRIEF

BASED AIRCRAFT

Validated by
 basedaircraft.com
 90 SINGLE ENG: 0
 91 MULTI ENG: 0
 92 JET: 0
 93 HELICOPTERS: 0
 TOTAL: 0
 94 GLIDERS:
 95 MILITARY:
 96 ULTRA-LIGHT: VTOL:

OPERATIONS

Information on aircraft operations
 is available from FAA's Aviation
 System Performance Metrics
<https://aspm.faa.gov>

110 REMARKS:

A 017 FICONS UNMON WHEN UNATNDD.
 A 039 RWY 04/22 PCR VALUE: 410/F/C/X/T
 A 039 RWY 13/31 PCR VALUE: 200/F/C/X/T
 A 039 RWY 17/35 PCR VALUE: 80/F/D/X/T
 A 081 WHEN ATCT CLSD REIL RWY 22; HIRL RWY 04/22; MIRL RWY 13/31 PRESET LOW INTST; TO INCR INTST & ACTVT MALSR RWY 04; PAPI RWY 22, 13, & 31; TWY LGTS - CTAF.
 A 110-001 FOR CD IF UNA TO CTC ON FSS FREQ, CTC FORT WORTH ARTCC AT 817-858-7584.

111 INSPECTOR: (F) 112 LAST INSP: 11/21/2024 113 LAST INFO RES:

EXHIBIT A

CITY OF HOBBS

RESOLUTION NO. 7636

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE
A MEMORANDUM OF UNDERSTANDING WITH
LEA COUNTY FOR THE JSX AIRLINE SUBSIDY FOR FY 25-26

WHEREAS, the City of Hobbs and Lea County will provide airline subsidy funding up to \$1,000,000.00 in the aggregate for six (6) months of service pursuant to a Memorandum of Understanding between the City of Hobbs and Lea County as attached herein; and

WHEREAS, the County will provide their share of the subsidy payment of \$500,000.00 directly to the City who shall be responsible to remit one-hundred percent (100%) of the subsidy payment to the Economic Development Corporation of Lea County (hereinafter "EDC") for payment to JetSuiteX ("hereinafter" JSX).

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF HOBBS, NEW MEXICO that the Mayor be and is hereby directed to execute a Memorandum of Understanding with Lea County for the JSX Airline Subsidy for FY 25-26.

PASSED, ADOPTED AND APPROVED this 16th day of June, 2025.



SAM D. COBB, Mayor

ATTEST:



JAN FLETCHER, City Clerk



EXHIBIT A

MEMORANDUM OF AGREEMENT BETWEEN LEA COUNTY, NEW MEXICO, AND THE CITY OF HOBBS

This Memorandum of Agreement is made by and between Lea County, New Mexico (*hereinafter* "County") and the City of Hobbs (*hereinafter* "City").

PURPOSE

The purpose of this agreement is to memorialize the terms and agreement between County and City regarding their funding of expanded air service subsidy for FY 25-26. County and City agree to cooperate as outlined in this Memorandum of Agreement.

WHEREAS, County and City agree that an additional air service to a major hub to Lea County provides a significant economic benefit to Lea County; and

WHEREAS, an additional air service to Lea County provides efficient transportation for its citizens and businesses; and

WHEREAS, an additional air service in Lea County is required in the recruitment of new businesses and maintaining existing businesses; and

WHEREAS, the Economic Development Corporation of Lea County ("EDC") has negotiated and obtained an agreement with JetSuiteX, Inc. ("JSX") to provide regular jet air service to and from Hobbs, NM; and

WHEREAS, the agreement requires payments, if necessary, to maintain the air service; and

WHEREAS, the City of Hobbs has an agreement with the EDC to furnish necessary payments if necessary; and

WHEREAS, County and City desire to jointly fund any required payment.

NOW THEREFORE, County and City agree as follows:

FUNDING

1. County and City agree to budget and share equally the costs of funding for FY 24-25.

2. The payment shall not exceed \$1,000,000.00 in the aggregate or \$500,000.00 for each entity.

EXHIBIT A

3. The County agrees to make a payment of \$500,000.00 to the City on July 1, 2025 to fund the payment for the additional air service.

MERGER OF AGREEMENT

This agreement incorporates all agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof, and all such covenants, agreements, and understandings have been merged into this agreement. No prior statements, representations, promises, or agreements of understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this agreement.

SOVEREIGN IMMUNITY

County and City and their public employees (as defined in the New Mexico Tort Claims Act) do not waive sovereign immunity, do not waive any defense(s), and/or do not waive any limitation(s) pursuant to the New Mexico Tort Claims Act. No provision in the agreement modifies and/or waives any provision of the New Mexico Tort Claims Act as it relates to CITY and COUNTY and their public employees.

LIABILITY

Each party agrees to bear liability and responsibility for the negligent, reckless, or deliberate acts or omissions of their own officers and employees, as limited by the New Mexico Tort Claims Act.

THIRD-PARTY BENEFICIARIES

It is specifically agreed between the parties executing the agreement that it is not intended by any of the provisions of any part of the agreement to create in the public or any member thereof, a third-party beneficiary or to authorize anyone not a party to the agreement to maintain, pursuant to the provisions of the agreement, a suit of any nature, including but not limited to suits alleging wrongful death, bodily and/or personal injury to person(s), damages to property(ies), and/or any cause of action.

INSURANCE

Both County and City shall maintain liability insurance or qualify as a self-insured entity, as required by law.

TERM

EXHIBIT A

This Memorandum of Agreement shall continue in full force and effect for 6 months and may be renewed by written agreement between the parties. Nothing in this agreement guarantees future air service funding by either entity beyond what this agreement contemplates.

SEVERABILITY

If any provision of this Memorandum of Agreement is found to be invalid or unenforceable for any reason, the remaining provisions will continue to be valid and enforceable. If a court finds that any provision of this Memorandum of Agreement is invalid or unenforceable but that by limiting such provision, it would become valid and enforceable, then such provision will be deemed to be written, construed, and enforced as so limited.

NO ORAL MODIFICATION

The foregoing constitutes the entire agreement between the Parties and may be modified only in writing and signed by both Parties. Amendments and alterations to this agreement after execution may only be made in writing and signed by both parties.

GOVERNING LAW

This Memorandum of Agreement shall be construed in accordance with the laws of the State of New Mexico.

EFFECTIVE DATE

This Memorandum of Agreement shall be in full force and effect upon execution and approval of the parties hereto.

EXHIBIT A

ATTEST:


LEA COUNTY, NEW MEXICO

BY: 
Gary Eidson,
Lea County Chair

Date: 06/12/2025

ATTEST:

CITY OF HOBBS

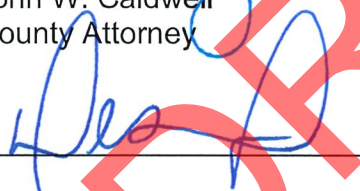
BY: 
Sam Cobb,
Mayor

Date: 6-16-25

Approved as to Form:

By: 
John W. Caldwell
County Attorney

Date: 06/12/2025

By: 
City Attorney

Date: 6-18-25

EXHIBIT A

PROFESSIONAL SERVICES AGREEMENT **CITY OF HOBBS - ECONOMIC DEVELOPMENT CORPORATION OF LEA** **COUNTY**

FY 2025-2026

WHEREAS, NMSA 1978, §3-17-1, provides that cities are granted those powers necessary and proper to provide for the safety, preserve the health, promote the prosperity and improve the morals, order, comfort and convenience of the City and its inhabitants; and

WHEREAS, the City Commission of the City of Hobbs, Lea County, New Mexico, has determined that the services to be provided by the contracting party pursuant to this Agreement are needed by certain segments of the population of the City and are necessary to contribute to the quality of life of the citizens of the City of Hobbs; and

WHEREAS, the City of Hobbs, through its management staff, and pursuant to NMSA 1978, §13-1-126, as amended, has conducted a good faith review of available resources within Lea County and has determined that there is only one source within Lea County for the services needed.

NOW THEREFORE, the City of Hobbs (hereinafter referred to as "City") and Economic Development Corporation of Lea County (hereinafter referred to as "Contractor") and hereby do agree as follows:

1.0 SCOPE OF SERVICES

1.1 CONTRACTOR will provide the following services:

- 1.1.1 Promote the economic and general welfare of all citizens of the City of Hobbs;
- 1.1.2 Actively solicit new business and industry to Hobbs, New Mexico, and the vicinity;
- 1.1.3 Work to retain existing businesses and their growth;
- 1.1.4 Furnish technical services pertaining to all economic and industrial development matters;
- 1.1.5 Provide economic and quality of life benefits to our community through increased industrial and retail attraction;
- 1.1.6 Improve the services and resources to retain and expand existing area businesses;
- 1.1.7 Attract desperately needed workforce to our area through an organized and

EXHIBIT A

targeted marketing campaign;

1.1.8 Continue to build rapport with state and national leaders to influence policy that impacts our community;

1.1.9 Improve the value of membership and engagement of cornerstone business leaders;

1.1.10 Develop better qualified and trained staff who provide leadership in the economic development field;

1.1.11 Provide the services of continuing non-stop commercial airline jet services to and from Hobbs, New Mexico;

1.1.12 Recruit retail establishments to Hobbs, New Mexico;

1.1.13 Perform such other related services as are deemed appropriate;

1.2 All persons retained by CONTRACTOR to provide the services required by this Agreement shall be employees, volunteers or contractors of CONTRACTOR, which shall be solely responsible for their acts and omissions, as well as all compensation, taxes and benefits associated with their work for CONTRACTOR.

1.3 It is expressly understood and acknowledged that CONTRACTOR is an independent contractor, that it is not an instrumentality, agent or employee of City, and that it will not so represent itself to the public.

1.4 This Agreement shall not preclude funding or other contracts from other sources.

2.0 COMPENSATION

2.1 City shall pay CONTRACTOR a sum of TWO HUNDRED AND FORTY THOUSAND DOLLARS (\$240,000.00) for services rendered under this Agreement for operating expenses. The aforesaid amount shall be paid in quarterly installments of \$60,000.00, payable at the end of each quarter after the services contracted for are actually rendered. The first such payment shall be due on or after October 1, 2025; the second shall be due on or after January 1, 2026; the third payment on or after April 1, 2026; and the last payment on or after June 1, 2026. CONTRACTOR shall submit invoices to the City of Hobbs ten (10) days prior to payment dates and shall be sent to City of Hobbs, 200 E. Broadway, Hobbs, NM 88240 Attn: Finance Department.

2.2 City shall pay CONTRACTOR a sum not to exceed FIFTY THOUSAND DOLLARS (\$50,000.00) for special projects on a reimbursement basis as specified and approved by the Hobbs City Commission. CONTRACTOR shall submit invoices to City of Hobbs, 200 E. Broadway, Hobbs, NM 88240 Attn: Finance Department.

2.3 City shall pay CONTRACTOR a sum not to exceed TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00) for retail recruitment on a reimbursement basis as specified and approved

EXHIBIT A

by the Hobbs City Commission. CONTRACTOR shall submit invoices to City of Hobbs, 200 E. Broadway, Hobbs, NM 88240 Attn: Finance Department.

2.4 City shall pay Contractor a sum not to exceed ONE MILLION DOLLARS (\$1,000,000.00) for public charter air service by a public charter operator, to and from Hobbs, New Mexico.

2.5 City agrees that its obligation (MRG cap) pursuant to the contract between CONTRACTOR and the commercial airline shall be TWO MILLION, SEVEN HUNDRED AND TWENTY THOUSAND, NINE HUNDRED, AND EIGHTY TWO DOLLARS (\$2,720,982.00) (sum outlined as follows: \$2,495,982.00 from the general fund and \$225,000.00 from Lodgers' Tax Fund) for providing and maintaining non-stop commercial airline jet service to and from Hobbs, New Mexico. CONTRACTOR shall submit invoices and appropriate documentation for services rendered to the City of Hobbs, 200 E. Broadway, Hobbs, NM 88240 Attn: Finance Department.

2.6 As an express condition to payment outlined in Section 2.1 above, CONTRACTOR shall submit written quarterly reports to the City Manager ten (10) days prior to the following anticipated payment dates: October 1, 2025; January 1, 2026; April 1, 2026; and June 1, 2026. The reports shall include an overview of the services CONTRACTOR provided pursuant to the agreement during the previous quarter. CONTRACTOR shall make a presentation to the Hobbs City Commission on their second meeting in January 2026 to report all services rendered under this Agreement. CONTRACTOR shall provide ongoing reports to the City Manager regarding retail economic development and recruitment initiatives being funded by this Agreement.

2.7 CONTRACTOR has requested at least TWO HUNDRED THOUSAND DOLLARS (\$200,000.00) in Lodger's Tax funding for the marketing of FlyHobbs. Approval of Lodger's Tax funding will be made by the City Commission by vote in an open meeting pursuant to the Hobbs Municipal Code Section 3.08.145(2)(b). CONTRACTOR shall spend the Lodger's Tax fund amount approved by the City Commission on the marketing of FlyHobbs.

2.8 CONTRACTOR shall make no claim against City for any expense incurred by it in providing the services required by this Agreement. Specifically, the CONTRACTOR shall make no claim against the City for travel expenses, duplication costs, telephone costs, secretarial assistance, office supplies, or any other cost not specifically allowed herein.

3.0 TERM AND TERMINATION

3.1 This Agreement for services is to cover City's fiscal year, beginning July 1, 2025, and ending June 30, 2026. CONTRACTOR shall not be entitled to future contracts or other funding in future fiscal years by virtue of entering into this Agreement.

3.2 This Agreement may be terminated by either party, with or without cause, upon thirty (30) days advanced written notice to the other. In the event of termination, City shall submit payment, for all services rendered up to the final date outlined in the written notice. Partial

EXHIBIT A

performance in a given quarter shall not entitle CONTRACTOR to full payment of the quarterly installment outlined in Section 2.1 herein.

4.0 INSURANCE

4.1 CONTRACTOR shall provide the City of Hobbs with a Certificate of Insurance naming the City of Hobbs as an additional insured on all general and/or professional liability, automobile liability, and workers' compensation insurance policies. Said policy shall be primary.

5.0 MISCELLANEOUS PROVISIONS

5.1 CONTRACTOR shall timely notify City of any change as to its principal place of business, the identity of all its directors, officers and members, any change of its corporate status, any change of its tax-exempt status with the Internal Revenue Service, any change in programming and any pending litigation or asserted claims or any other matter that might affect the continued rendition of services to City residents under this Agreement.

5.2 CONTRACTOR represents and warrants that the information given to City in support of its request for funding is true and correct; further, that its staff is competent to render the services which are the subject of this Agreement, and finally, that there is no other provider in Lea County of the kind of services contemplated by this Agreement.

5.3 CONTRACTOR agrees to abide by all state and federal rules, regulations and statutes pertaining to equal opportunity. In accordance with these laws and regulations, CONTRACTOR agrees to assure that no person shall, on the grounds of race, color, national origin, sex, age, handicap or medical condition, be excluded from participation in programs and services to be rendered by CONTRACTOR pursuant to this Agreement.

5.4 CONTRACTOR shall give City prompt and timely notice of any claim made or suit instituted against CONTRACTOR which may in any way, directly or indirectly, contingently or otherwise, result in a judgment against City.

5.5 CONTRACTOR agrees to and shall indemnify, defend and hold the City, the City Commission of the City of Hobbs, its individual commissioners, its officers, employees and agents harmless from any and all causes of action, suits, claims, judgments, losses, costs, expenses and liens, of every kind and nature, including but not limited to court costs and reasonable attorneys' fees arising or alleged to have arisen out of performance of CONTRACTOR's rendition of services or failure to render services pursuant to this Agreement or any breach of this Agreement.

5.6 This Agreement shall be construed pursuant to the laws of the State of New Mexico. The parties represent that the requirements of the New Mexico Procurement Code have been met as a prerequisite for entering into this Agreement. They further agree that any changes or modifications to this Agreement suggested or required by any supervising state entity, such as the New Mexico Attorney General's office or the New Mexico Department of Finance and Administration, shall be made in order to fully comply with the law as such agencies might interpret and define it to the parties.

EXHIBIT A

5.7 If CONTRACTOR obtains an audit or other type of financial review of its affairs, then City shall receive a copy of same. This provision does not otherwise obligate CONTRACTOR to secure such services. City shall be entitled to a detailed current income/expense statement upon written request.

5.8 CONTRACTOR shall provide accounting services to assure accurate statements of income and expense and make that information available to the City of Hobbs at regularly agreed intervals.

5.9 This is a professional services contract and neither City nor CONTRACTOR may assign this Agreement, or any interest herein, without prior written approval of the other.

5.10 This Agreement reflects all covenants, understandings and agreements between the parties. This Agreement may not be altered except by another writing signed by both parties.

7th IN WITNESS WHEREOF, the parties hereto have executed this Agreement this July day of _____, 2025.

ATTEST:

THE CITY OF HOBBS, NEW MEXICO

By: [Signature]
SAM D. COBB, Mayor

By: [Signature]
JAN FLETCHER, City Clerk

By: [Signature]
TOBY SPEARS, Finance Director



ATTEST:

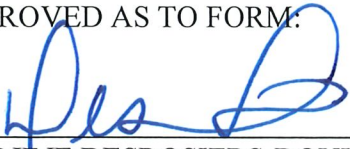
ECONOMIC DEVELOPMENT CORPORATION OF LEA COUNTY

By: [Signature]
JENNIFER GRASSHAM, President & CEO

By: [Signature]
BRADLEY BISHOP, Chairman

EXHIBIT A

APPROVED AS TO FORM:



MEDJINE DESROSIERS-DOUYON, Deputy City Attorney

DRAFT



CITY OF HOBBS

STAFF SUMMARY FORM

MEETING DATE:
August 25, 2025

SUBJECT: Resolution No. 7664 - Authorizing the Mayor to Execute a Capital Outlay Grant Agreement with the New Mexico Dept. of Finance & Administration for Improvements to the Downtown Shipp St Plaza

DEPT OF ORIGIN: Planning

DATE SUBMITTED: 8/7/2025

SUBMITTED BY: Todd Randall, Assistant City Manager

Summary:

The City of Hobbs has received a Capital Appropriation Project grant from the State of New Mexico Department of Finance Administration. The grant appropriation in the amount of \$1M to plan, design and construct improvements to the downtown area, including Shipp Street plaza, in Hobbs in Lea county.

The Shipp St Plaza improvements are currently under design with construction anticipated to start in the first quarter of 2026. The total estimated cost of the project is \$3M, with additional grant funding from the JF Maddox Foundation of \$1.5M.

Fiscal Impact:

Total Budget = \$3M 46-4046-44901-00385
JF Maddox Grant = \$1.5M
NM DFA Grant = \$1M
COH share = \$500,000

Attachments:

Resolution - Grant DFA - Shipp St
City of Hobbs 25-J3012

Recommendation:

Motion to approve the resolution.

Approved By:

Manny Gomez, City Manager	08/07/2025
Toby Spears, Finance Director	08/07/2025
Medjine Desrosiers-Douyon, Deputy City Attorney	08/07/2025
Manny Gomez, City Manager	08/07/2025

CITY OF HOBBS

RESOLUTION NO. 7664

A RESOLUTION AUTHORIZING THE MAYOR TO
EXECUTE A LEGISLATIVE GRANT AGREEMENT FOR
2025 CAPITAL APPROPRIATION PROJECT NUMBER 25-J3012
FOR SHIPP ST. PLAZA IMPROVEMENTS

WHEREAS, the State of New Mexico 2025 Legislative Capital Appropriation Project has been awarded to the City of Hobbs; and

WHEREAS, this grant appropriation in the amount of **\$1,000,000.00** is to plan, design and construct improvements to the downtown area, including Shipp Street Plaza, in Hobbs, Lea County; and

WHEREAS, Manny Gomez is identified as the Official Representative of the Grantee and Toby Spears is identified as the Official Financial Officer to sign the Agreement and to sign Requests for payment.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF HOBBS, NEW MEXICO, that the Mayor be and hereby is authorized and directed to take all necessary and appropriate action to effectuate this Resolution for a Grant Agreement with the State of New Mexico, Department of Finance and Administration for Project Number 25-J3012, a copy of which is attached hereto and incorporated herein.

PASSED, APPROVED AND ADOPTED this 25^h day of August, 2025.

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk

**NEW MEXICO CAPITAL OUTLAY GRANT AGREEMENT
CAPITAL APPROPRIATION PROJECT**

THIS AGREEMENT is made and entered into by and between the State of New Mexico, Department of Finance & Administration, 407 Galisteo Street, Santa Fe, NM 87501, ("**Department**") and the City of Hobbs, ("**Grantee**") (individually "**Party**" and collectively "**Parties**"). This Agreement shall be effective as of the date the Department executes it ("**Effective Date**").

WITNESSETH

WHEREAS, in the Laws of 2025, Chapter 159, Section 357, Paragraph 33, the Legislature made an appropriation to the Department, funds from which the Department is making available to the Grantee pursuant to this Agreement; and

WHEREAS, the Department is granting to Grantee, and the Grantee is accepting the grant of funds from this appropriation, in accordance with the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties hereby mutually agree as follows:

AGREEMENT

I. PROJECT DESCRIPTION, GRANT AMOUNT, AND REVERSION

- A. **25-J3012 ("Project")** 6/30/2029 ("**Reversion Date**"). Laws of 2025, Chapter 159, Section 357, Paragraph 33, One Million Dollars and No Cents, \$1,000,000.00, to plan, design and construct improvements to the downtown area, including Shipp street plaza, in Hobbs in Lea county;
- B. Grantee's total reimbursements shall not exceed \$1,000,000.00 One Million Dollars and No Cents, ("**Appropriation Amount**") minus the allocation for Art in Public Places ("**AIPP amount**"), if applicable, \$0.00 No Dollars and No Cents, which equals \$1,000,000.00 One Million Dollars and No Cents ("**Adjusted Appropriation Amount**").
- C. In the event of a conflict among the Appropriation Amount, the Reversion Date, as defined herein and/or the purpose of the Project, as set forth in this Agreement, and the corresponding appropriation language in the laws cited above in this Article I, the language of the laws cited herein shall control.

The information contained in Article I is referred to collectively as the "**Project Description.**"

II. DISBURSEMENT LIMITATION

- A. Upon the Effective Date, the Grantee shall submit to the Department a comprehensive procurement plan and expenditure plan, detailing a Project timeline with milestones, required procurements, and identifying expected expenditures per milestone (collectively, "**Project Budget**"). The Department shall review and approve the Project Budget by approving a Notice of Department's Obligation ("**Notice of Obligation**"), in accordance with the Project Description, a sample of which is attached hereto as **Exhibit B** and incorporated herein by reference. After

receipt of approved Notice of Obligation, the Grantee may be reimbursed for allowable costs up to the Adjusted Appropriation Amount. This Agreement and any reimbursements up to the Adjusted Appropriation Amount are expressly conditioned upon the following:

- a. Irrespective of any Notice of Obligation, Grantee's expenditures shall be made in accordance with the Project Budget, on or before the Reversion Date and/or, if applicable, any Early Termination Date; and
 - b. The total amount received by Grantee shall not exceed the lesser of:
 - i. the Adjusted Appropriation Amount identified in Article I (B) herein; or
 - ii. the total of all amounts stated in the Notice(s) of Obligation evidencing the Department has received and accepted Grantee's Third Party Obligation(s); and
 - c. Grantee's expenditures are made and accounted for pursuant to the State Procurement Code, State's Model Accounting Practices, and execution of binding written obligations or purchase orders with third-party contractors or vendors for the provision of services, including professional services, or the purchase of tangible personal property and real property for the Project ("**Third Party Obligations**"); and
 - d. Grantee's submittal of timely Requests for Payment and supporting documentation in accordance with the procedures set forth in this Agreement; and
 - e. In the event capital assets acquired with Project funds are to be sold, leased, or licensed to or operated by a private entity, the sale, lease, license, or operating agreement:
 - i. must be approved by the applicable oversight entity (if any) in accordance with §§ 13-6-2, 13-6-2.1, and 13-6-3; or
 - ii. If no oversight entity is required to approve the transaction, the Department of Finance and Administration's Infrastructure Planning Development Division (IPDD) must approve it as complying with the law.
- B. Prior to the sale, lease, license, or operating agreement being approved pursuant to Articles II(A) (e) (i) or (ii) herein, the Department may, in its sole and absolute discretion, unless inconsistent with State Board of Finance imposed conditions, reimburse Grantee for necessary expenditures incurred to develop the Project sufficiently to make the sale, lease, license, or operating agreement commercially feasible, limited to planning and design expenditures; and
- C. Grantee's submission of documentation of all Third Party Obligations and amendments thereto (including terminations) to the Department and the Department's issuance of a Notice of Obligation for a particular amount in accordance with the terms of this Agreement shall be governed by the following:
- a. Grantee is authorized to budget the particular amount set forth in the Notice of Obligation, execute the Third Party Obligation, and request the Third Party to begin work after issuance of a Notice of Obligation by the Department.
 - b. Grantee acknowledges and agrees that any Third Party Obligations agreed to prior to receiving a Notice of Obligation are its sole responsibility.
 - c. Grantee shall submit to the Department one copy of all Third Party Obligations and amendments thereto (including terminations) as soon as possible after execution by the Third Party but prior to execution by the Grantee.
 - d. Department may, in its sole and absolute discretion, issue a Notice of Obligation for the particular amount of a Third Party Obligation that only obligates the Department to reimburse Grantee's expenditures made on or before the Reversion Date or an Early

Termination Date. The current Notice of Obligation form is incorporated herein and attached hereto as **Exhibit B**.

- D. Grantee shall provide all necessary qualified personnel, materials, and facilities to implement the Project. The Grantee shall finance its share (if any) of the costs of the Project, including all Project overruns.
- E. Prior to entering into this Agreement, the Department conducted a risk assessment on the Grantee and a project readiness review for the Project. In accordance with State Model Accounting Practices, FIN 9.2, if the Department determines that the expenditure of Project funds by the Grantee requires special conditions, those conditions are identified and listed in **Exhibit C**, which is attached and incorporated by reference. The Parties agree that, to the extent the Department, in its sole and absolute discretion, determines additional special conditions are necessary or that existing special conditions are no longer required, it may update **Exhibit C** from time to time without the need for a formal amendment of this Agreement.
- F. Project funds shall not be used for purposes other than those authorized by the Department in accordance with the Project Description.
- G. Project funds cannot be used to reimburse the Grantee for indirect Project costs unless specifically allowed by law.

III. NOTICES

The following provisions shall apply whenever written notices, including written decisions, are to be given or received related to this Agreement.

- A. The Grantee designates the person(s) listed below, or their successor, as their official representative(s) concerning all matters related to this Agreement:

Grantee: City of Hobbs
Name: Manny Gomez
Title: City Manager
Address: 200 E. Broadway St. Hobbs, NM
Email: mgomez@hobbsnm.org
Telephone: 575-397-9206

- B. The Grantee designates the person(s) listed below, or their successor, as their Fiscal Officer or Fiscal Agent concerning all matters related to this Agreement:

Grantee: City of Hobbs
Name: Toby Spears
Title: Finance Director
Address: 200 E. Broadway St., Hobbs, NM
Email: tspears@hobbsnm.org
Telephone: 575-397-9235

- C. The Department designates the persons listed below, or their successors, as the Points of Contact for matters related to this Agreement.

Department: DFA/Local Government Division

Name: Melanie Viarrial

Title: Grant Manager

Address: Bataan Memorial Bldg. Rm 202, Santa Fe NM 87501

Email: melanie.viarrial@dfa.nm.gov

Telephone: 505-690-1561

The Parties agree that all notices, including written decisions, related to this Agreement shall be sent to the persons named above by email or regular mail. For mailings, notices shall be deemed to have been given and received upon the date of the receiving party's actual receipt or five (5) calendar days after mailing, whichever shall first occur. In the case of email transmissions, the notice shall be deemed to have been given and received on the date reflected on the delivery receipt of the email.

IV. TERM & DEADLINE TO EXPEND FUNDS

- A. The term of this Agreement shall begin on the Effective Date and terminate on the 30th day of June during the calendar year of the Reversion Date unless Terminated Before Reversion Date ("**Early Termination**") pursuant to Article V herein (collectively "**Term**").
- B. The Project's funds must be expended on or before the Reversion Date and, if applicable, the Early Termination Date of this Agreement.
- a. For purposes of this Agreement, it is not sufficient for the Grantee to encumber the Project funds on its books on or before the Reversion Date or Early Termination Date.
 - b. For purposes of this Agreement, an expenditure of funds has occurred on the date the particular quantity of goods is delivered to and received by the Grantee, title to the goods is transferred to the Grantee, and/or as of the date particular services are rendered to and accepted by the Grantee.
 - c. For purposes of this Agreement, an encumbrance of funds pursuant to a contract or purchase order with a third party does not qualify as an expenditure.

V. EARLY TERMINATION

- A. General Provision. The Department may terminate this Agreement before the Reversion Date based on the Completion of the Project, Complete Expenditure of the Adjusted Appropriation, and/or Violation of this Agreement. Early Termination hereunder includes:
- a. Termination due to completion of the Project before the Reversion Date;
 - b. Termination due to complete expenditure of the Adjusted Appropriation Amount before the Reversion Date;
 - c. Termination for violation of the terms of this Agreement; or
 - d. Termination for suspected mishandling of public funds, including but not limited to fraud, waste, abuse, and conflicts of interest.

- B. Non-appropriation. This Agreement is expressly contingent upon the New Mexico State Legislature making sufficient appropriations and authorizations for the Project Description.
- a. If the Legislature does not appropriate the Appropriation Amount, this Agreement shall terminate upon the Department giving the Grantee written notice of such termination. Such termination shall be effective as of the effective date of the law making the non-appropriation.
 - i. The Department's decision as to whether sufficient appropriations or authorizations are available shall be final. Grantee hereby waives any rights to assert an impairment of contract claim against the State of New Mexico in the event of Early Termination of this Agreement.
 - b. As used herein, "non-appropriate" or "non-appropriation" includes the following actions by the New Mexico Legislature:
 - i. Deauthorization, reauthorization, or revocation of a prior authorization.
- C. Grant Disbursements in the Event of Early Termination. In the event of Early Termination, the Department's sole and absolute obligation to reimburse the Grantee is expressly conditioned upon the limitations set forth in Article II above.
- D. Notice. Either Party may terminate this Agreement prior to the Reversion Date by providing the other Party with a minimum of fifteen (15) days advance written notice of the Early Termination. Grantee hereby waives any rights to assert an impairment of contract claim against the State of New Mexico in the event of Early Termination of this Agreement by the Department.

VI. SUSPENSION OF NEW OR FURTHER OBLIGATIONS

- A. Department, in its sole and absolute discretion, may provide written notice to Grantee to suspend entering into further obligations. Upon the receipt of such written notice by the Grantee:
- a. Grantee shall immediately suspend entering into new or further written obligations with third parties;
 - b. Department will suspend the issuance of any new or further Notice of Obligation under this Agreement; and
 - c. Department may direct the Grantee to implement a corrective action plan in accordance with Article VI (D) herein.
- B. In the event of Suspension of this Agreement, the Department's sole and absolute obligation to reimburse the Grantee is expressly conditioned upon the limitations set forth in Article II herein.
- C. A suspension of new or further obligations under this Agreement shall remain in effect unless or until the date the Grantee receives written notice given by the Department informing the Grantee that the Suspension has been lifted or that the Agreement has been Early Terminated in accordance with Article V herein. If the Suspension is lifted, the Department will consider further requests for a Notice of Obligation.
- D. Corrective Action Plan in the Event of Suspension. Where the Department, in its sole and absolute discretion, directs Grantee to suspend entering into new or further written obligations

with third parties pursuant to Article VI(A), the Department may, but is not obligated to, require the Grantee to develop and implement a written corrective action plan to remedy the grounds for the Suspension.

- a. Such a corrective action plan must be approved by the Department and be signed by the Grantee.
- b. Failure to sign a corrective action plan or meet the terms and deadlines set forth in the signed corrective action plan is hereby deemed a violation of the terms of this Agreement for purposes of Early Termination, Article V(A)(c).
- c. A corrective action plan shall be in addition to, and not in lieu of, any other equitable or legal remedy authorized hereunder or at law, including but not limited to Early Termination.

VII. AMENDMENTS

Unless expressly stated otherwise herein, this Agreement shall not be altered, changed, or amended except by an instrument in writing duly executed by both parties hereto with the same formalities as this agreement.

VIII. REPORTING

A. Database Reporting

- a. Grantee shall provide the Department with quarterly reports of Project activity, entering the required Project information directly into a database required by the Department.
- b. Additionally, Grantee shall certify on each Request for Payment form, attached hereto as **Exhibit A** and incorporated herein, that all information provided in the database is true and accurate, updates to the database have been maintained, and all Project activity complies with applicable law and the terms of this Agreement.
- c. Grantee hereby acknowledges that failure to perform and/or certify updates to the database will jeopardize the reimbursement of funds. The Department shall give Grantee a minimum of fourteen (14) days' advance written notice of any changes to the information the Grantee is required to report.
- d. At the Department's discretion, all reports required hereunder may be directed to and facilitated through an electronic database.
- e. Quarterly reports shall be due on the last day of the month, that is, 30 days prior to the end of the quarter following the execution of this Agreement by the Department and ending during the quarter of the submission of the final request for reimbursement for the Project, or the following quarter.

B. Requests for Additional Information/Project Inspection

During the term of this Agreement and during the period of time during which the Grantee must maintain records pursuant to Article VIII, the Department may:

- i. request such additional information regarding the Project as it deems necessary; and
- ii. conduct, at reasonable times and upon reasonable notice, onsite inspections of the Project.

Grantee shall respond to such requests for additional information within a reasonable period of time, as established by the Department.

B. Requests for Additional Information/Project Inspection

- a. During the term of this Agreement and the Record Retention Period, the Department may:
 - i. Request additional information regarding the Project as it deems necessary and
 - ii. Conduct on-site inspections of the Project at reasonable times and upon reasonable notice.
- b. Grantee shall respond to such requests for additional information within the time established by the Department.

IX. REQUEST FOR PAYMENT PROCEDURES

A. Grantee shall request payment by submitting the form attached hereto as **Exhibit A. Payment requests are subject to the following procedures:**

- a. Each Request for Payment must be in accordance with the Project Budget and contain proof of payment by the Grantee or liabilities incurred by the Grantee.
 - i. Proof of payment must demonstrate the validity of an expenditure or liabilities incurred by Grantee.
 - ii. However, Grantee may be reimbursed for unpaid liabilities only if the Department, in its sole and absolute discretion, agrees to do so and in accordance with any special conditions imposed by the Department.
 - iii. The Grantee shall make payment to those contractors or vendors within five (5) business days from the date of receiving reimbursement from the Department or in a shorter period than the Department may prescribe in writing.
 - iv. The Department reserves the right to make such payments directly to the contractors or vendors as a special condition under this Agreement.
 - v. The Grantee is required to certify to the Department proof of payment to the third-party contractor or vendor within five (5) business days from the date the Department reimburses the Grantee.

B. Until the Project is fully planned, designed, and all necessary procurements identified in the Project Budget are completed, Grantee's reimbursements will be limited to the planning, design, and procurement costs outlined in the Project Budget. Once the planning, designing, and procuring stages are complete, the Grantee must obligate at least ten percent (10%) of the Adjusted Appropriation Amount within one (1) year and must have utilized at least eighty-five percent (85%) of the Adjusted Appropriation Amount six (6) months before the reversion date.

C. Deadlines. Grantee shall submit requests for Payments to the Department on the earlier of:

- a. Immediately as Grantee receives them, but at a maximum of thirty (30) days from when Grantee incurred the expenditure or liability; or
- b. Twenty (20) days from the date of Early Termination or Reversion Date for expenditures or liabilities incurred before the Early Termination date or Reversion Date.

D. Grantee's failure to abide by the requirements set forth in Article II and Article IX herein may result in the denial of its Request for Payment. Department reserves the right to reject a payment request for the Project unless and until it is satisfied that the expenditures or liabilities are for permissible purposes within the meaning of the Project Description, identified within the Project Budget, and that the Grantee is otherwise in compliance with this Agreement.

- a. Department's authority to reject any Request for Payment is in addition to, and not in lieu of, any other legal or equitable remedy available to the Department under this Agreement, at law, or in equity.

X. PROJECT CONDITIONS AND RESTRICTIONS

A. The following general conditions and restrictions shall apply to the Project:

- a. The Project's funds must be spent in accordance with all applicable state laws, regulations, policies, and guidelines, including, but not limited to, the State Procurement Code.
- b. The Project's expenditures and liabilities must be accounted for in accordance with the State's Model Accounting Practices, as amended from time to time.
- c. The Project must be implemented in accordance with the New Mexico Public Works Minimum Wage Act, Section 13-4-10 through 13-4-17 NMSA 1978, as applicable.
- d. The Project must provide a public benefit above and beyond any incidental benefit to private entities in accordance with applicable law, including, but not limited to, Article IX, Section 14 of the Constitution of the State of New Mexico.
- e. Without prior written approval from the Department and State Board of Finance, for the useful life of any asset purchased under this Agreement, Grantee shall not convert any property acquired, built, renovated, repaired, designed, or developed with Project funds to uses other than those specified in the Project Description.
 - i. In addition to other remedies available at law or in equity, any disposal or conversion of property acquired, built, renovated, repaired, designed, or developed with Project funds without the Department's and the Board of Finance's express written approval will trigger the Department's right to reimbursement from Grantee of the Appropriated Amount, transfer proceeds from any disposition of property to the State, or otherwise provide consideration to the State for the Appropriated Amounts.
- f. Grantee shall comply with all applicable federal and state laws, rules, and regulations pertaining to civil rights and equal employment opportunity.
 - i. In accordance with all such laws, rules, and regulations, the Grantee agrees to assure that no person shall, on the grounds of race, color, national origin, sex, sexual preference, age, or handicap, be excluded from participation in the Project, use of the Project, employment with Grantee, or otherwise be denied benefits/subject to discrimination for any activity performed under this Agreement.
- g. Where the Department, in its sole and absolute discretion, determines Grantee has failed to comply with the above conditions and restriction, Grantee agrees to take appropriate steps to correct any deficiencies immediately. The Grantee's failure to implement such appropriate steps within a reasonable time, but no longer than thirty (30) days after

notice from the Department, constitutes a breach of this Agreement and grounds for Early Termination.

XI. REPRESENTATIONS AND WARRANTIES

A. Reliance by Department.

- a. Grantee expressly acknowledges that the Department relies on the representations and warranties made by Grantee in this Agreement. Grantee acknowledges that such representations and warranties are a material inducement for the Department to enter into this Agreement and provide the Appropriated Amount.
- b. Grantee shall ensure all representations and warranties provided herein are true, accurate, and complete as of the date of the Effective Date and shall remain so throughout the Term of this Agreement. Grantee is responsible for promptly notifying the Department in writing of any changes or inaccuracies in the representations and warranties contained herein.

B. Grantee hereby represents and warrants the following:

- a. Grantee has taken all necessary steps to attain the legal authority to receive and expend the Project's funds.
- b. Grantee has duly authorized this Agreement, and the person executing it has authority to do so. Once executed by Grantee, this Agreement shall constitute a binding obligation of Grantee, enforceable according to its terms.
- c. Grantee's obligations hereunder do not conflict with any law, ordinance, or resolution applicable to Grantee, Grantee's charter (if applicable), or any judgment or decree to which Grantee is subject.
- d. Grantee has independently confirmed that the Project Description, including, but not limited to, the Appropriated Amount and Reversion Date, is consistent with the underlying appropriation in law.
- e. Grantee's governing body has duly adopted or passed as an official act a resolution, motion, or similar action authorizing the person identified as the official representative of the Grantee to sign and submit Requests for Payment on behalf of Grantee.
- f. Grantee will abide by New Mexico laws regarding conflicts of interest, governmental conduct, and whistleblower protection.
 - i. Grantee agrees explicitly none of its officers or employees or its designees or agents, no member of the governing body, and no other public official of Grantee who exercises any function or responsibility with respect to this Agreement, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for the Project.
 - ii. Further, Grantee will require all of its contractors to incorporate the language set forth in this paragraph prohibiting conflicts of interest in all subcontracts.
- g. No funds have been paid or will be paid, by or on behalf of the Grantee, to any person for influencing or attempting to influence an officer or employee of the State, any agency, or body in connection with the awarding of any Third Party Obligation.
 - i. Grantee will require certifying language prohibiting lobbying to be included in the award documents for all subawards, including subcontracts, loans, and cooperative agreements.

- C. Consequences of False or Misleading Representations. If any representation or warranty made by Grantee is found to be false or misleading, the Department shall have the right to exercise any or all of the following remedies:
- a. **Termination of Agreement:** Department may terminate this Agreement immediately upon written notice to the Grantee.
 - b. **Repayment of Grant Funds:** Grantee shall repay all Appropriated Amounts disbursed under this Agreement, upon demand by the Department.
 - c. **Other Remedies:** Department may pursue any other remedies available at law or in equity.
- D. Survival of Representations and Warranties. The representations and warranties made by the Grantee shall survive the Early Termination or expiration of this Agreement.

XII. PROJECT RECORDS

- A. Grantee shall be strictly accountable for receipts and disbursements relating to the Project's funds. The Grantee shall follow generally accepted accounting principles and the State's Model Accounting Practices and, if feasible, maintain a separate bank account or fund with a separate organizational code to ensure separate budgeting and accounting of the funds.
- B. For six (6) years following the Project's completion ("**Record Retention Period**"), Grantee shall maintain all Project-related records, including, but not limited to, all financial records, requests for proposals, invitations to bid, selection and award criteria, contracts and subcontracts, advertisements, minutes of pertinent meetings, as well as records sufficient to fully account for the amount and disposition of the Appropriated Amount from all sources budgeted for the Project, the purpose for which such funds were used, and such other records as the Department may prescribe.
- C. Grantee shall make all Project records available to the Department, the Department's Independent Public Accountant, and the New Mexico State Auditor upon request. With respect to the funds that are the subject of this Agreement, if the State Auditor or the Department finds any funds were improperly expended, Grantee shall be required to reimburse the State all amounts found to be improperly expended.

XIII. IMPROPERLY REIMBURSED FUNDS

If the Department determines part or all of the Appropriation Amount was improperly reimbursed to Grantee, including but not limited to funds reimbursed to Grantee based upon fraud, mismanagement, misrepresentation, misuse, violation of law by the Grantee, after ten (10) days' notice to Grantee and the opportunity to return such funds to the Department, the Department may offset any funds due to Grantee from the State, until the Appropriation Amount is fully repaid.

XIV. LIABILITY

Neither Party shall be responsible for liability incurred as a result of the other Party's acts or omissions in connection with this Agreement. Any liability incurred in connection with this Agreement is subject to

immunities and limitations of the New Mexico Tort Claims Act.

XV. SCOPE OF AGREEMENT

This Agreement constitutes the entire and exclusive agreement between the Parties concerning the subject matter hereof. The Agreement supersedes all prior or contemporaneous agreements, understandings, discussions, communications, and representations, written or verbal.

XVI. REQUIRED NON-APPROPRIATIONS CLAUSE

- A. Grantee acknowledges and agrees to include a “non-appropriations” clause in all contracts between it and other parties that are (i) funded in whole or part by funds made available under this Agreement and (ii) entered into after the effective date of this Agreement that states:
 - a. “The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the Legislature of the State of New Mexico (“**Legislature**”) for the performance of this Agreement.
 - b. If the Legislature does not make sufficient appropriations and authorization, City of Hobbs may immediately terminate this Agreement by giving Contractor written notice of such termination.
 - c. The City of Hobbs’s decision as to whether sufficient appropriations are available shall be final and accepted by the Contractor. Contractor hereby waives any rights to assert an impairment of contract claim against the City of Hobbs or the State of New Mexico in the event of immediate or Early Termination of this Agreement by the City of Hobbs or the State Department of Finance and Administration.”

XVII. REQUIRED TERMINATION CLAUSE

- A. Grantee acknowledges and agrees to include the following termination clause in all contracts that are (i) funded in whole or part by funds made available under this Agreement and (ii) entered into after the effective date of this Agreement:
 - a. “This contract is funded in whole or in part by funds made available by the State of New Mexico (“**State**”). Should the State terminate its Agreement with the City of Hobbs, the City of Hobbs may terminate this contract immediately by providing Contractor written notice of such termination.
 - b. In the event of termination pursuant to this paragraph, the City of Hobbs’s only liability to Contractor shall be for goods and services delivered and accepted prior to the termination date.”

XVIII. COMPLIANCE WITH UNIFORM FUNDING CRITERIA

- A. Throughout the term of this Agreement, Grantee shall:
 - a. Submit all reports of annual audits and agreed-upon procedures required by § 12-6-3(A)-(B), NMSA 1978 by the due dates established in § 2.2.2 NMAC, reports of which must be a

public record pursuant to § 12-6-5(A), NMSA 1978 within forty-five (45) days of delivery to the State Auditor;

- b. Have a duly adopted budget for the current fiscal year approved by its budgetary oversight agency (if any);
- c. Timely submit all required financial reports to its budgetary oversight agency (if any); and
- d. Use accounting methods and procedures consistent with Generally Accepted Accounting Principles and the State's Model Accounting Principals to expend the Appropriated Amount in accordance with applicable law and account for and safeguard Project funds and assets acquired with Project funds.

B. In the event Grantee fails to comply with the requirements of subparagraph A of this Article XVIII, Department may take one or more of the following actions:

- a. Suspend new or further obligations pursuant to Article VI(A) of this Agreement;
- b. Require the Grantee to develop and implement a written corrective action plan pursuant to Article VI(D) of this Agreement to remedy the non-compliance;
- c. Impose special conditions to address the non-compliance by giving Grantee notice of such special conditions in accordance with Article III of this Agreement;
 - i. The Parties agree that any special conditions imposed to address non-compliance shall be incorporated into this Agreement, through **Exhibit C**, upon notice to Grantee, without need for formal amendment of this Agreement;
 - ii. Special conditions shall be binding and effective on the date that notice is deemed to have been given pursuant to Article III or
- d. Terminate this Agreement pursuant to Article V(A) of this Agreement.

XIX. SEVERANCE TAX AND GENERAL OBLIGATION BONDS

A. Grantee acknowledges and agrees that the underlying appropriation for the Project may originate from the issuance of tax-exempt severance tax bonds or general obligation bonds by the State. Proceeds from such bonds are administered by the New Mexico State Board of Finance ("**SBOF**"), an entity separate and distinct from the Department.

- a. Grantee acknowledges and agrees:
 - i. It is Grantee's responsibility to determine through SBOF what (if any) conditions are currently imposed on the Project;
 - ii. Department's failure to inform Grantee of an SBOF-imposed condition does not affect the validity or enforceability of the condition;
 - iii. The SBOF may in the future impose further or different conditions upon the Project;
 - iv. All SBOF conditions are attached to the Project and Appropriation Amount without the need for formal amendment of this Agreement;
 - v. All applicable SBOF conditions must be satisfied before the SBOF will release to the Department funds subject to the condition(s) and
 - vi. The Department's obligation to reimburse Grantee from the Project is expressly contingent upon the satisfaction of the then-current SBOF conditions.

B. Grantee acknowledges and agrees SBOF may, at its sole and absolute discretion, require reimbursement or remove eligibility for bond proceeds for the Project if the Project doesn't

proceed sufficiently.

- a. Grantee must comply with the requirement to encumber five percent (5%) of Project funds within six months of bond issuance as certified by Grantee in the Bond Questionnaire and Certification documents submitted to the SBOF.
 - b. Failure to comply may result in the reassignment of the bond proceeds. Upon reassignment of bond proceeds, this Agreement will be suspended until the entity has demonstrated readiness as determined by the SBOF and the Department.
- C. Grantee acknowledges and agrees that this Agreement is subject to the SBOF's Bond Project Disbursements rule, § 2.61.6, NMAC, as may be amended from time to time or re-codified.

XX. GENERAL PROVISIONS

- A. Assignment: Grantee's rights and obligations under this Agreement are personal and may not be transferred or assigned without the prior written consent of the State. Any attempt at assignment or transfer without such consent shall be void. Any assignment or transfer of Grantee's rights and obligations approved by the State shall be subject to the provisions of this Agreement.
- B. Subcontractors: Grantee shall not enter any subgrant or subcontract in connection with its obligations under this Agreement without the prior written approval of the State. Upon request, Grantee shall submit to the Department a copy of each such subgrant or subcontract.
- C. Binding Effect: Except as otherwise provided, all provisions of this Agreement, including the benefits and burdens, shall extend to and be binding upon the Parties' respective successors and assigns.
- D. Authority: Each Party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such Party's obligations have been duly authorized.
- E. Captions and References: The captions and headings in this Agreement are for the convenience of reference only and shall not be used to interpret, define, or limit its provisions. All references in this Agreement to sections (whether spelled out or using the § symbol), subsections, exhibits, or other attachments are references to sections, subsections, exhibits, or other attachments contained herein or incorporated as a part hereof, unless otherwise noted.
- F. Counterparts: This Agreement may be executed in multiple, identical, original counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute the same agreement.
- G. Digital Signatures: If any signatory signs this agreement using a digital signature in accordance with the State Policies regarding the use of digital signatures, then any agreement or consent to use digital signatures within the electronic system through which that signatory signed shall be incorporated into this Agreement by reference.
- H. Modification: Except as otherwise provided in this Agreement, any modification to this Agreement shall only be effective if agreed to in a formal amendment, properly executed and approved in accordance with applicable New Mexico law and State fiscal policies and rules.

Modifications permitted under this Agreement, other than Agreement amendments, shall conform to the policies issued by the State.

- I. Statutes, Regulations, Fiscal Rules, and Other Authority: Any reference in this Agreement to a statute, regulation, policy, or other authority shall be interpreted to refer to such authority then current, as may have been changed or amended after the Effective Date of this Agreement.
- J. External Terms and Conditions: Notwithstanding anything to the contrary herein, the State shall not be subject to any provision included in any terms, conditions, or agreements appearing on Grantee's or a subcontractor's website or any provision incorporated into any click-through or online agreements related to the Work unless that provision is specifically referenced in this Agreement.
- K. Severability: The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect, provided that the Parties can continue to perform their obligations under this Agreement in accordance with its intent.
- L. Survival of Certain Agreement Terms: Any provision of this Agreement that imposes an obligation on a Party after the termination or expiration of this Agreement shall survive the termination or expiration of this Agreement and shall be enforceable by the other Party.
- M. Third Party Beneficiaries: Except for the Parties' respective successors and assigns described in this Agreement, it does not and is not intended to confer any rights or remedies upon any person or entity other than the Parties. Enforcement of this Agreement and all rights and obligations hereunder are reserved solely to the Parties. Any services or benefits that third parties receive as a result of this Agreement are incidental to this Agreement and do not create any rights for such third parties.
- N. Waiver: A Party's failure or delay in exercising any right, power, or privilege under this Agreement, whether explicit or by lack of enforcement, shall not operate as a waiver, nor shall any single or partial exercise of any right, power, or privilege preclude any other or further exercise of such right, power, or privilege.
- O. Standard and Manner of Performance: Grantee shall perform its obligations under this Agreement in accordance with the highest standards of care, skill, and diligence in Grantee's industry, trade, or profession.
- P. Licenses, Permits, and Other Authorizations: Grantee shall secure, prior to the Effective Date, and maintain at all times during the term of this Agreement, at its sole expense, all licenses, certifications, permits, and other authorizations required to perform its obligations under this Agreement and shall ensure that all employees, agents, and subcontractors secure and maintain at all times during the term of their employment, agency or subcontractor, all license, certifications, permits and other authorizations required to perform their obligations in relation to this Agreement.
- Q. Publicity: Any Publicity regarding the subject matter of this Agreement may not be released without prior written approval from the Department. For purposes of this agreement, "**Publicity**"

means notices, informational pamphlets, press releases, email responses, research, reports, signs, and similar public notices prepared by or for the Grantee or jointly with others.

- a. Grantee shall obtain written approval prior to issuing any press release or making any public announcement regarding this agreement. Grantee agrees to obtain approval of the Department in advance with respect to all Public Relations, all communications with media, or all communications with any other member of the public with respect to this agreement, except to acknowledge that an agreement does exist.
 - b. For purposes of this agreement, "Public Relations" includes community relations and means those activities dedicated to maintaining the Department's image or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.
 - c. Violations of either Article XX (Q)(a) or (b) shall constitute a material Breach of Agreement.
- R. Data Sharing: The State intends to secure and collate specific data generated by Grantee under this Agreement to use in support of the State's organizational, policy-making, and management of public resource functions. State, in accordance with **Exhibit E**, attached hereto and incorporated herein by reference, reserves the right to require Grantee and/or its subcontractors to provide specific data relevant to the above-listed functions. Data provided by Grantee may be incorporated into existing or future developed State integrated analysis tools or databases, including but not limited to geographic information system (GIS) networks and databases accessible by the public. Dissemination of data collected may include historical data and projections based on such historical data.
- a. To the extent any data transferred as part of this Agreement is legally determined to be the property of Subrecipient or its subcontractors, Subrecipient and/or its subcontractors grants State a nonexclusive, fully paid-up right and license to reproduce, use, distribute, do derivative works based on, and archive data transferred as part of this Agreement.
- S. Venue and Choice of Law: This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico, without regard to any conflict of law provisions. Any legal suit, action, or proceeding arising out of or related to this Agreement shall be instituted exclusively in the district courts located in Santa Fe, New Mexico. The Parties hereby irrevocably submit to the exclusive jurisdiction and venue of such courts in any such suit, action, or proceeding. The Parties waive any objection to the laying of the venue of any such suit, action, or proceeding in the district courts of Santa Fe, New Mexico, and irrevocably waive and agree not to plead or claim in any such court that any such suit, action, or proceeding brought in any such court has been brought in an inconvenient forum.

[SIGNATURE PAGE AND EXHIBITS FOLLOW]
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IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Department's date of execution.

APPROVED BY DEPARTMENT:

Cabinet Secretary, Wayne Propst:

Signature

Date

Chief Financial Officer, Mackie Romero:

Signature

Date

Local Government Division Director, Cecilia Mavrommatis:

Signature

Date

AS TO LEGAL FORM AND SUFFICIENCY

General Counsel's Office:

Signature

(Print Name)

(Title)

APPROVED BY GRANTEE:

Entity Name

Official with Authority to Bind Grantee:

Signature

(Print Name)

(Title)

Date

Fiscal Officer or Chief Financial Officer:

Signature

(Print Name)

(Title)

Date

As To Legal Form And Sufficiency

Signature

(Print Name)

(Title)

Date

EXHIBIT A

Request for Payment Form and Certification

STATE OF NEW MEXICO GRANT APPROPRIATION Request for Payment Form Exhibit A			
I. Grantee Information (Must match your DFA Substitute W-9 Form)		II. Payment Computation	
A.	Grantee:	A.	Payment Request No.
B.	Address:	B.	Grant Amount: \$ 0.00
	(Complete Mailing, including Suite, if applicable)	C.	AIPP Amount (if Applicable): \$ 0.00
	City, State, Zip	D.	Funds Requested to Date: \$ 0.00
C.	Contact Name/Phone #:	E.	Amount Requested this Payment:
D.	Grant No:	F.	Reversion Amount (if applicable): \$ 0.00
E.	Project Title:	G.	Grant Balance: \$ 0.00
F.	Grant Expiration Date:	H.	<input type="checkbox"/> Final Request for Payment (if applicable)
<hr/>			
III. Fiscal Year : 2026 (July 1, 2025-June 30, 2026)			
<small>(The State of NM Fiscal Year is July 1, 20XX through June 30, 20XX of the following year)</small>			
<hr/>			
IV. Certifications			
<input type="checkbox"/> I hereby certify that all conditions and requirements for Payments outlined in the Agreement have been met, including but not limited to: a. Submission and approval of a Project Budget as per Article IV, Section A of the Agreement. b. Compliance with the Project Budget and expenditure of funds in accordance with the State Procurement Code and the State's Model Accounting Practices. c. Submission of supporting documentation as required by the Agreement. d. Maintenance of all necessary records and documentation as stipulated in the Agreement.			
<input type="checkbox"/> I attest that the information provided is correct; expenditures are properly documented and valid or actual receipts, and that the activity fully complies with Article IX, Sec. 14 of the New Mexico Constitution, known as the "anti-donation" clause.			
<input type="checkbox"/> I hereby certify that all representations and warranties made in the Agreement remain true, accurate, and complete as of the date of this request, and will continue to be so throughout the term of the Agreement. I acknowledge that these representations and warranties are a material inducement for the Department to approve this pay request.			
<hr/>			
Grantee Fiscal Officer or Fiscal Agent (if applicable)		Grantee Representative	
Printed Name		Printed Name	
Date:		Date:	
(State Agency Use Only)			
<hr/>			
Vendor Code:	Fund No.:	PO #	Loc No.:
I certify that the State Agency financial and vendor file information agree with the above submitted information.			
ASD Officer		Division Grant Manager	
Date		Date	

Revised 7/2025

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EXHIBIT B
Notice of Department's Obligation Form

**NOTICE OF OBLIGATION TO REIMBURSE GRANTEE
EXHIBIT B**

Notice of Obligation to Reimburse Grantee # _____

DATE: _____

TO: Department Representative: _____, Grant Manager

FROM: Grantee Entity: _____

Grantee Official Representative: _____

SUBJECT: Notice of Obligation to Reimburse Grantee

Grant Number: _____

Grant Termination Date: _____

As the designated representative of the Department for Grant Agreement number _____ entered into between Grantee and the Department, I certify that the Grantee has submitted to the Department the following third party obligation executed, in writing, by the third party's authorized representative:

Vendor or Contractor: _____

Third Party Obligation Amount: _____

Vendor or Contractor: _____

Third Party Obligation Amount: _____

I certify that the State is issuing this Notice of Obligation to Reimburse Grantee for permissible purposes within the scope of the project description, subject to all the terms and conditions of the above referenced Grant Agreement.

Grant Amount (Minus AIPP if applicable): _____

The Amount of this Notice of Obligation: _____

The Total Amount of all Previously Issued Notices of Obligation: _____

The Total Amount of all Notices of Obligation to Date: \$ 0.00

Note: Contract amounts may exceed the total grant amount, but the invoices paid by the grant will not exceed the grant amount.

Department Rep. Approver: _____

Title: Grant Manager

Signature: _____

Date: _____

1 Administrative and/or Indirect Cost – generally, the legislation authorizing the issuance of bonds prohibits the use of its proceeds for indirect expenses (e.g. penalty fees or damages other than pay for work performed, attorney fees, and administrative fees). Such use of bond proceeds shall not be allowed unless specifically authorized by statute.

Revised 7/2025

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EXHIBIT C

Special Conditions (If Fiscal Agent Required or Anti Donations Issues Exist)

OPTIONAL EXHIBIT C SPECIAL CONDITIONS

The capital outlay oversight requires grantees' accounting methods and procedures, including their internal control framework, to be scrutinized, so as to safeguard State capital outlay appropriations and assets acquired with such appropriations.

This Capital Outlay Special Grant Condition(s) **Exhibit C** is necessary pursuant to § 6-3b-1 et seq., NMSA 1978 (Public Finance Accountability Act) and MAPS Fin 9.2, due to the Grantees' material weaknesses, significant deficiencies, or findings that raised concerns as to the ability to expend grant funds in accordance with applicable law in the organization's FY[20XX] audit. The Special Conditions identified below apply to the authorized agent, [insert the Grantee or Fiscal Agent name].

Procurement - All purchases or contracts the Grantee enters that shall use funding from the Department capital appropriations grant must be approved by the Department prior to the initiation of implementing purchasing documents. The Grantee shall receive such prior approval via official correspondence from the Department, which may be through letter or email. The Grantee shall submit the following to the Department in pursuit of prior approval: purchasing policies and procedures, CFO certification, documentation of management and program approval, policies and procedures governing purchasing and contracting, a copy of the current procurement and contracting policies, and documentation regarding informing staff responsible for purchasing and contracting on such policies and procedures.

Budget - Provide documentation of approval of your current budget from DFA Local Government or other authoritative agency. Provide policies and procedures on who is responsible for and how annual budgets (expenditures and revenue) are established, monitored and adjusted. Provide a corrective action plan on how budget issues identified in your audit will be/have been addressed. Also include documentation on how staff responsible for budgeting is informed on budget policies and procedures.

Capital Assets - Provide a complete list of inventory including inventory control numbers and current location. Provide policies and procedures on capital assets and inventory and specify how the proposed purchased items will be included, tagged, and tracked in capital asset inventory. Also include documentation on how staff responsible for capital assets is informed on capital asset policies and procedures.

Travel and Per Diem - Provide policies and procedures on travel and per diem. Also include how staff who travel and those responsible for travel reimbursement are informed on travel and per diem policies and procedures.

Timely Audits – Provide policies and procedures on annual audits. Provide documentation on how and who is responsible for insuring that annual audits are completed timely. Also include documentation on how staff responsible for the annual audit is informed on audit policies and procedures.

Cash Management – policies and procedures on cash management of federal funds. Provide procedures used to draw and disburse federal funds. Provide procedures to reconcile draw amounts, deposits and disbursements; and to prepare federal cash reporting documents to ensure compliance with federal regulations.

The <Grantee> was required to, and has provided sufficient documentation regarding [insert specific names of the Special Condition(s)], as referenced in the <Grantee>'s [20XX] Audit file. Therefore, the criteria to enter into this agreement have been met.

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EXHIBIT D

Project Budget Worksheet *

*(Provided separately when grant agreement issued to Grantee)

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EXHIBIT E
Data Sharing Provisions

Exhibit E

Data Sharing Provisions for New Mexico Capital Outlay Agreements

I. Introduction:

This Data Sharing Provisions Exhibit ("Exhibit") is incorporated into the New Mexico Capital Outlay Agreements ("Agreements") between the State of New Mexico ("State") and [Insert Partner Name] ("Partner"). This Exhibit outlines the terms and conditions under which data will be shared between the Parties to ensure compliance with New Mexico state laws and regulations, focusing on data privacy, security, and compliance.

II. Definitions:

- a. **Authorized User:** An employee, agent, assign, representative, independent contractor, or other person or entity authorized by Partner or State to access, use, or disclose information through this exhibit.
- b. **Confidential Information:** All data or information shared in confidence, with the expectation that it will not be disclosed in an identifiable form. This includes data that is exempt from public disclosure under the New Mexico Inspection of Public Records Act (§ 14-2-1 et seq. NMSA 1978) or other relevant laws.
- c. **Data Storage:** Electronic media that hold recorded information.
- d. **Data Transmission:** The process of moving information over a network from its source to one or more destinations.
- e. **Direct Identifier:** Records or data containing personal identifiers such as names, addresses, and social security numbers.
- f. **Disclosure:** Permission to access, release, transfer, or otherwise communicate confidential information by any means to any third party, except as authorized by the Party that controls the record.
- g. **Encryption** involves using algorithms to encode data, rendering it unreadable without a specific key. It may be necessary during data transmission and/or storage.
- h. **Information:** Any data, figures, statistics, or other facts provided or learned about someone or something, including Confidential Information, that may be legally transmitted under this Exhibit.
- i. **Limited Dataset:** A data file that omits Direct Identifiers.
- j. **Protected Personally Identifiable Information:** Sensitive personal details such as social security numbers and financial account numbers, with specific exclusions as outlined in the Agreements.

III. Purpose:

The purpose of this exhibit is to promote transparency, facilitate information sharing between the parties, support better policy and decision-making, and enhance public services through collaborative

data analysis from various sources.

IV. Use of Information:

- a. Use of Information obtained or created under this exhibit shall be strictly limited to the purposes stated herein and in the agreements. The parties agree not to sell Information to third parties or use it for commercial, solicitation, or political purposes.
- b. Each Party shall serve as the custodian of the Information and comply with all conditions for its use, including security measures to prevent unauthorized access.
- c. The Parties shall follow all relevant federal and state laws and regulations governing the use of such Information.

V. Safeguarding Information:

- a. Confidentiality: Access to Confidential Information shall be limited to the minimum necessary to accomplish the purposes of this Exhibit. Authorized Users must adhere to the confidentiality requirements.
- b. Security: Security practices shall comply with the requirements of the New Mexico Department of Information Technology Act and related regulations. The Parties agree to notify each other within three business days of any suspected or actual security breach.
- c. Information Storage and Transmission: Data Storage and Transmission shall take place on an encrypted server with appropriate security controls.

VI. Re-Disclosure of Information:

The Parties agree not to disclose Information except as required by law or with prior written approval of the other Party. If there is a public records request, the Party receiving it shall notify the other Party within three business days.

VII. Ownership of Information:

Legal title to Information shall remain with the provider. The Partner grants the State a royalty-free, non-exclusive, non-transferable license to use the Information in furtherance of the purposes outlined in this Exhibit.



CITY OF HOBBS
STAFF SUMMARY FORM

MEETING DATE:
August 25, 2025

SUBJECT: Resolution No. 7665 - Authorizing a Grant Agreement with the State of New Mexico Department of Finance & Administration for Capital Outlay Appropriation Project 25-J3013

DEPT OF ORIGIN: General Services

DATE SUBMITTED: 8/4/2025

SUBMITTED BY: Shelia Baker, General Services Director

Summary:

The City of Hobbs has received a Capital Appropriation Project grant from the State of New Mexico Department of Finance Administration. The grant appropriation in the amount of \$150,000 is to purchase and equip vehicles.

Fiscal Impact:

Grant Agreement Amount: \$150,000
MUNIS Budget 214021-43004-00391 \$150,000

Attachments:

Resolution - Legislative Appropriation 25-J3013
City of Hobbs 25-J3013

Recommendation:

Approve Resolution

Approved By:

Shelia Baker, General Services Director	08/04/2025
Toby Spears, Finance Director	08/07/2025
Medjine Desrosiers-Douyon, Deputy City Attorney	08/07/2025
Manny Gomez, City Manager	08/07/2025

CITY OF HOBBS

RESOLUTION NO. 7665

A RESOLUTION AUTHORIZING THE MAYOR TO
EXECUTE A LEGISLATIVE GRANT AGREEMENT FOR
2025 CAPITAL APPROPRIATION PROJECT NUMBER 25-J3013
TO PURCHASE AND EQUIP VEHICLES

WHEREAS, the State of New Mexico 2025 Legislative Capital Appropriation Project has been awarded to the City of Hobbs; and

WHEREAS, this grant appropriation in the amount of **\$150,000.00** is to purchase and equip vehicles for Hobbs in Lea County.

WHEREAS, Manny Gomez is identified as the Official Representative of the Grantee and Toby Spears is identified as the Official Financial Officer to sign the Agreement and to sign Requests for payment.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF HOBBS, NEW MEXICO, that the Mayor be and hereby is authorized and directed to take all necessary and appropriate action to effectuate this Resolution for a Grant Agreement with the State of New Mexico, Department of Finance and Administration for Project Number 25-J3013, a copy of which is attached hereto and incorporated herein.

PASSED, APPROVED AND ADOPTED this 25th day of August, 2025.

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk

NEW MEXICO CAPITAL OUTLAY GRANT AGREEMENT CAPITAL APPROPRIATION PROJECT

THIS AGREEMENT is made and entered into by and between the State of New Mexico, Department of Finance & Administration, 407 Galisteo Street, Santa Fe, NM 87501, ("**Department**") and the City of Hobbs, ("**Grantee**") (individually "**Party**" and collectively "**Parties**"). This Agreement shall be effective as of the date the Department executes it ("**Effective Date**").

WITNESSETH

WHEREAS, in the Laws of 2025, Chapter 159, Section 358, Paragraph 33, the Legislature made an appropriation to the Department, funds from which the Department is making available to the Grantee pursuant to this Agreement; and

WHEREAS, the Department is granting to Grantee, and the Grantee is accepting the grant of funds from this appropriation, in accordance with the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties hereby mutually agree as follows:

AGREEMENT

I. PROJECT DESCRIPTION, GRANT AMOUNT, AND REVERSION

- A. **25-J3013 ("Project")** 6/30/2027 ("**Reversion Date**"). Laws of 2025, Chapter 159, Section 358, Paragraph 33, One Hundred Fifty Thousand Dollars and No Cents, \$150,000.00, to purchase and equip vehicles in Hobbs in Lea county;.
- B. Grantee's total reimbursements shall not exceed \$150,000.00 One Hundred Fifty Thousand Dollars and No Cents, ("**Appropriation Amount**") minus the allocation for Art in Public Places ("**AIPP amount**"), if applicable, \$0.00 No Dollars and No Cents, which equals \$150,000.00 One Hundred Fifty Thousand Dollars and No Cents ("**Adjusted Appropriation Amount**").
- C. In the event of a conflict among the Appropriation Amount, the Reversion Date, as defined herein and/or the purpose of the Project, as set forth in this Agreement, and the corresponding appropriation language in the laws cited above in this Article I, the language of the laws cited herein shall control.

The information contained in Article I is referred to collectively as the "**Project Description.**"

II. DISBURSEMENT LIMITATION

- A. Upon the Effective Date, the Grantee shall submit to the Department a comprehensive procurement plan and expenditure plan, detailing a Project timeline with milestones, required procurements, and identifying expected expenditures per milestone (collectively, "**Project Budget**"). The Department shall review and approve the Project Budget by approving a Notice of Department's Obligation ("**Notice of Obligation**"), in accordance with the Project Description, a sample of which is attached hereto as **Exhibit B** and incorporated herein by reference. After

receipt of approved Notice of Obligation, the Grantee may be reimbursed for allowable costs up to the Adjusted Appropriation Amount. This Agreement and any reimbursements up to the Adjusted Appropriation Amount are expressly conditioned upon the following:

- a. Irrespective of any Notice of Obligation, Grantee's expenditures shall be made in accordance with the Project Budget, on or before the Reversion Date and/or, if applicable, any Early Termination Date; and
 - b. The total amount received by Grantee shall not exceed the lesser of:
 - i. the Adjusted Appropriation Amount identified in Article I (B) herein; or
 - ii. the total of all amounts stated in the Notice(s) of Obligation evidencing the Department has received and accepted Grantee's Third Party Obligation(s); and
 - c. Grantee's expenditures are made and accounted for pursuant to the State Procurement Code, State's Model Accounting Practices, and execution of binding written obligations or purchase orders with third-party contractors or vendors for the provision of services, including professional services, or the purchase of tangible personal property and real property for the Project ("**Third Party Obligations**"); and
 - d. Grantee's submittal of timely Requests for Payment and supporting documentation in accordance with the procedures set forth in this Agreement; and
 - e. In the event capital assets acquired with Project funds are to be sold, leased, or licensed to or operated by a private entity, the sale, lease, license, or operating agreement:
 - i. must be approved by the applicable oversight entity (if any) in accordance with §§ 13-6-2, 13-6-2.1, and 13-6-3; or
 - ii. If no oversight entity is required to approve the transaction, the Department of Finance and Administration's Infrastructure Planning Development Division (IPDD) must approve it as complying with the law.
- B. Prior to the sale, lease, license, or operating agreement being approved pursuant to Articles II(A) (e) (i) or (ii) herein, the Department may, in its sole and absolute discretion, unless inconsistent with State Board of Finance imposed conditions, reimburse Grantee for necessary expenditures incurred to develop the Project sufficiently to make the sale, lease, license, or operating agreement commercially feasible, limited to planning and design expenditures; and
- C. Grantee's submission of documentation of all Third Party Obligations and amendments thereto (including terminations) to the Department and the Department's issuance of a Notice of Obligation for a particular amount in accordance with the terms of this Agreement shall be governed by the following:
- a. Grantee is authorized to budget the particular amount set forth in the Notice of Obligation, execute the Third Party Obligation, and request the Third Party to begin work after issuance of a Notice of Obligation by the Department.
 - b. Grantee acknowledges and agrees that any Third Party Obligations agreed to prior to receiving a Notice of Obligation are its sole responsibility.
 - c. Grantee shall submit to the Department one copy of all Third Party Obligations and amendments thereto (including terminations) as soon as possible after execution by the Third Party but prior to execution by the Grantee.
 - d. Department may, in its sole and absolute discretion, issue a Notice of Obligation for the particular amount of a Third Party Obligation that only obligates the Department to reimburse Grantee's expenditures made on or before the Reversion Date or an Early

Termination Date. The current Notice of Obligation form is incorporated herein and attached hereto as **Exhibit B**.

- D. Grantee shall provide all necessary qualified personnel, materials, and facilities to implement the Project. The Grantee shall finance its share (if any) of the costs of the Project, including all Project overruns.
- E. Prior to entering into this Agreement, the Department conducted a risk assessment on the Grantee and a project readiness review for the Project. In accordance with State Model Accounting Practices, FIN 9.2, if the Department determines that the expenditure of Project funds by the Grantee requires special conditions, those conditions are identified and listed in **Exhibit C**, which is attached and incorporated by reference. The Parties agree that, to the extent the Department, in its sole and absolute discretion, determines additional special conditions are necessary or that existing special conditions are no longer required, it may update **Exhibit C** from time to time without the need for a formal amendment of this Agreement.
- F. Project funds shall not be used for purposes other than those authorized by the Department in accordance with the Project Description.
- G. Project funds cannot be used to reimburse the Grantee for indirect Project costs unless specifically allowed by law.

III. NOTICES

The following provisions shall apply whenever written notices, including written decisions, are to be given or received related to this Agreement.

- A. The Grantee designates the person(s) listed below, or their successor, as their official representative(s) concerning all matters related to this Agreement:

Grantee: City of Hobbs
Name: Manny Gomez
Title: City Manager
Address: 200 E. Broadway St. Hobbs, NM
Email: mgomez@hobbsnm.org
Telephone: 575-397-9206

- B. The Grantee designates the person(s) listed below, or their successor, as their Fiscal Officer or Fiscal Agent concerning all matters related to this Agreement:

Grantee: City of Hobbs
Name: Toby Spears
Title: Finance Director
Address: 200 E. Broadway St., Hobbs, NM
Email: tspears@hobbsnm.org
Telephone: 575-397-9235

- C. The Department designates the persons listed below, or their successors, as the Points of Contact for matters related to this Agreement.

Department: DFA/Local Government Division

Name: Melanie Viarrial

Title: Grant Manager

Address: Bataan Memorial Bldg. Rm 202, Santa Fe NM 87501

Email: melanie.viarrial@dfa.nm.gov

Telephone: 505-690-1561

The Parties agree that all notices, including written decisions, related to this Agreement shall be sent to the persons named above by email or regular mail. For mailings, notices shall be deemed to have been given and received upon the date of the receiving party's actual receipt or five (5) calendar days after mailing, whichever shall first occur. In the case of email transmissions, the notice shall be deemed to have been given and received on the date reflected on the delivery receipt of the email.

IV. TERM & DEADLINE TO EXPEND FUNDS

- A. The term of this Agreement shall begin on the Effective Date and terminate on the 30th day of June during the calendar year of the Reversion Date unless Terminated Before Reversion Date ("**Early Termination**") pursuant to Article V herein (collectively "**Term**").
- B. The Project's funds must be expended on or before the Reversion Date and, if applicable, the Early Termination Date of this Agreement.
- a. For purposes of this Agreement, it is not sufficient for the Grantee to encumber the Project funds on its books on or before the Reversion Date or Early Termination Date.
 - b. For purposes of this Agreement, an expenditure of funds has occurred on the date the particular quantity of goods is delivered to and received by the Grantee, title to the goods is transferred to the Grantee, and/or as of the date particular services are rendered to and accepted by the Grantee.
 - c. For purposes of this Agreement, an encumbrance of funds pursuant to a contract or purchase order with a third party does not qualify as an expenditure.

V. EARLY TERMINATION

- A. General Provision. The Department may terminate this Agreement before the Reversion Date based on the Completion of the Project, Complete Expenditure of the Adjusted Appropriation, and/or Violation of this Agreement. Early Termination hereunder includes:
- a. Termination due to completion of the Project before the Reversion Date;
 - b. Termination due to complete expenditure of the Adjusted Appropriation Amount before the Reversion Date;
 - c. Termination for violation of the terms of this Agreement; or
 - d. Termination for suspected mishandling of public funds, including but not limited to fraud, waste, abuse, and conflicts of interest.

- B. Non-appropriation. This Agreement is expressly contingent upon the New Mexico State Legislature making sufficient appropriations and authorizations for the Project Description.
- a. If the Legislature does not appropriate the Appropriation Amount, this Agreement shall terminate upon the Department giving the Grantee written notice of such termination. Such termination shall be effective as of the effective date of the law making the non-appropriation.
 - i. The Department's decision as to whether sufficient appropriations or authorizations are available shall be final. Grantee hereby waives any rights to assert an impairment of contract claim against the State of New Mexico in the event of Early Termination of this Agreement.
 - b. As used herein, "non-appropriate" or "non-appropriation" includes the following actions by the New Mexico Legislature:
 - i. Deauthorization, reauthorization, or revocation of a prior authorization.
- C. Grant Disbursements in the Event of Early Termination. In the event of Early Termination, the Department's sole and absolute obligation to reimburse the Grantee is expressly conditioned upon the limitations set forth in Article II above.
- D. Notice. Either Party may terminate this Agreement prior to the Reversion Date by providing the other Party with a minimum of fifteen (15) days advance written notice of the Early Termination. Grantee hereby waives any rights to assert an impairment of contract claim against the State of New Mexico in the event of Early Termination of this Agreement by the Department.

VI. SUSPENSION OF NEW OR FURTHER OBLIGATIONS

- A. Department, in its sole and absolute discretion, may provide written notice to Grantee to suspend entering into further obligations. Upon the receipt of such written notice by the Grantee:
- a. Grantee shall immediately suspend entering into new or further written obligations with third parties;
 - b. Department will suspend the issuance of any new or further Notice of Obligation under this Agreement; and
 - c. Department may direct the Grantee to implement a corrective action plan in accordance with Article VI (D) herein.
- B. In the event of Suspension of this Agreement, the Department's sole and absolute obligation to reimburse the Grantee is expressly conditioned upon the limitations set forth in Article II herein.
- C. A suspension of new or further obligations under this Agreement shall remain in effect unless or until the date the Grantee receives written notice given by the Department informing the Grantee that the Suspension has been lifted or that the Agreement has been Early Terminated in accordance with Article V herein. If the Suspension is lifted, the Department will consider further requests for a Notice of Obligation.
- D. Corrective Action Plan in the Event of Suspension. Where the Department, in its sole and absolute discretion, directs Grantee to suspend entering into new or further written obligations

with third parties pursuant to Article VI(A), the Department may, but is not obligated to, require the Grantee to develop and implement a written corrective action plan to remedy the grounds for the Suspension.

- a. Such a corrective action plan must be approved by the Department and be signed by the Grantee.
- b. Failure to sign a corrective action plan or meet the terms and deadlines set forth in the signed corrective action plan is hereby deemed a violation of the terms of this Agreement for purposes of Early Termination, Article V(A)(c).
- c. A corrective action plan shall be in addition to, and not in lieu of, any other equitable or legal remedy authorized hereunder or at law, including but not limited to Early Termination.

VII. AMENDMENTS

Unless expressly stated otherwise herein, this Agreement shall not be altered, changed, or amended except by an instrument in writing duly executed by both parties hereto with the same formalities as this agreement.

VIII. REPORTING

A. Database Reporting

- a. Grantee shall provide the Department with quarterly reports of Project activity, entering the required Project information directly into a database required by the Department.
- b. Additionally, Grantee shall certify on each Request for Payment form, attached hereto as **Exhibit A** and incorporated herein, that all information provided in the database is true and accurate, updates to the database have been maintained, and all Project activity complies with applicable law and the terms of this Agreement.
- c. Grantee hereby acknowledges that failure to perform and/or certify updates to the database will jeopardize the reimbursement of funds. The Department shall give Grantee a minimum of fourteen (14) days' advance written notice of any changes to the information the Grantee is required to report.
- d. At the Department's discretion, all reports required hereunder may be directed to and facilitated through an electronic database.
- e. Quarterly reports shall be due on the last day of the month, that is, 30 days prior to the end of the quarter following the execution of this Agreement by the Department and ending during the quarter of the submission of the final request for reimbursement for the Project, or the following quarter.

B. Requests for Additional Information/Project Inspection

During the term of this Agreement and during the period of time during which the Grantee must maintain records pursuant to Article VIII, the Department may:

- i. request such additional information regarding the Project as it deems necessary; and
- ii. conduct, at reasonable times and upon reasonable notice, onsite inspections of the Project.

Grantee shall respond to such requests for additional information within a reasonable period of time, as established by the Department.

B. Requests for Additional Information/Project Inspection

- a. During the term of this Agreement and the Record Retention Period, the Department may:
 - i. Request additional information regarding the Project as it deems necessary and
 - ii. Conduct on-site inspections of the Project at reasonable times and upon reasonable notice.
- b. Grantee shall respond to such requests for additional information within the time established by the Department.

IX. REQUEST FOR PAYMENT PROCEDURES

A. Grantee shall request payment by submitting the form attached hereto as **Exhibit A. Payment requests are subject to the following procedures:**

- a. Each Request for Payment must be in accordance with the Project Budget and contain proof of payment by the Grantee or liabilities incurred by the Grantee.
 - i. Proof of payment must demonstrate the validity of an expenditure or liabilities incurred by Grantee.
 - ii. However, Grantee may be reimbursed for unpaid liabilities only if the Department, in its sole and absolute discretion, agrees to do so and in accordance with any special conditions imposed by the Department.
 - iii. The Grantee shall make payment to those contractors or vendors within five (5) business days from the date of receiving reimbursement from the Department or in a shorter period than the Department may prescribe in writing.
 - iv. The Department reserves the right to make such payments directly to the contractors or vendors as a special condition under this Agreement.
 - v. The Grantee is required to certify to the Department proof of payment to the third-party contractor or vendor within five (5) business days from the date the Department reimburses the Grantee.

B. Until the Project is fully planned, designed, and all necessary procurements identified in the Project Budget are completed, Grantee's reimbursements will be limited to the planning, design, and procurement costs outlined in the Project Budget. Once the planning, designing, and procuring stages are complete, the Grantee must obligate at least ten percent (10%) of the Adjusted Appropriation Amount within one (1) year and must have utilized at least eighty-five percent (85%) of the Adjusted Appropriation Amount six (6) months before the reversion date.

C. Deadlines. Grantee shall submit requests for Payments to the Department on the earlier of:

- a. Immediately as Grantee receives them, but at a maximum of thirty (30) days from when Grantee incurred the expenditure or liability; or
- b. Twenty (20) days from the date of Early Termination or Reversion Date for expenditures or liabilities incurred before the Early Termination date or Reversion Date.

D. Grantee's failure to abide by the requirements set forth in Article II and Article IX herein may result in the denial of its Request for Payment. Department reserves the right to reject a payment request for the Project unless and until it is satisfied that the expenditures or liabilities are for permissible purposes within the meaning of the Project Description, identified within the Project Budget, and that the Grantee is otherwise in compliance with this Agreement.

- a. Department's authority to reject any Request for Payment is in addition to, and not in lieu of, any other legal or equitable remedy available to the Department under this Agreement, at law, or in equity.

X. PROJECT CONDITIONS AND RESTRICTIONS

A. The following general conditions and restrictions shall apply to the Project:

- a. The Project's funds must be spent in accordance with all applicable state laws, regulations, policies, and guidelines, including, but not limited to, the State Procurement Code.
- b. The Project's expenditures and liabilities must be accounted for in accordance with the State's Model Accounting Practices, as amended from time to time.
- c. The Project must be implemented in accordance with the New Mexico Public Works Minimum Wage Act, Section 13-4-10 through 13-4-17 NMSA 1978, as applicable.
- d. The Project must provide a public benefit above and beyond any incidental benefit to private entities in accordance with applicable law, including, but not limited to, Article IX, Section 14 of the Constitution of the State of New Mexico.
- e. Without prior written approval from the Department and State Board of Finance, for the useful life of any asset purchased under this Agreement, Grantee shall not convert any property acquired, built, renovated, repaired, designed, or developed with Project funds to uses other than those specified in the Project Description.
 - i. In addition to other remedies available at law or in equity, any disposal or conversion of property acquired, built, renovated, repaired, designed, or developed with Project funds without the Department's and the Board of Finance's express written approval will trigger the Department's right to reimbursement from Grantee of the Appropriated Amount, transfer proceeds from any disposition of property to the State, or otherwise provide consideration to the State for the Appropriated Amounts.
- f. Grantee shall comply with all applicable federal and state laws, rules, and regulations pertaining to civil rights and equal employment opportunity.
 - i. In accordance with all such laws, rules, and regulations, the Grantee agrees to assure that no person shall, on the grounds of race, color, national origin, sex, sexual preference, age, or handicap, be excluded from participation in the Project, use of the Project, employment with Grantee, or otherwise be denied benefits/subject to discrimination for any activity performed under this Agreement.
- g. Where the Department, in its sole and absolute discretion, determines Grantee has failed to comply with the above conditions and restriction, Grantee agrees to take appropriate steps to correct any deficiencies immediately. The Grantee's failure to implement such appropriate steps within a reasonable time, but no longer than thirty (30) days after

notice from the Department, constitutes a breach of this Agreement and grounds for Early Termination.

XI. REPRESENTATIONS AND WARRANTIES

A. Reliance by Department.

- a. Grantee expressly acknowledges that the Department relies on the representations and warranties made by Grantee in this Agreement. Grantee acknowledges that such representations and warranties are a material inducement for the Department to enter into this Agreement and provide the Appropriated Amount.
- b. Grantee shall ensure all representations and warranties provided herein are true, accurate, and complete as of the date of the Effective Date and shall remain so throughout the Term of this Agreement. Grantee is responsible for promptly notifying the Department in writing of any changes or inaccuracies in the representations and warranties contained herein.

B. Grantee hereby represents and warrants the following:

- a. Grantee has taken all necessary steps to attain the legal authority to receive and expend the Project's funds.
- b. Grantee has duly authorized this Agreement, and the person executing it has authority to do so. Once executed by Grantee, this Agreement shall constitute a binding obligation of Grantee, enforceable according to its terms.
- c. Grantee's obligations hereunder do not conflict with any law, ordinance, or resolution applicable to Grantee, Grantee's charter (if applicable), or any judgment or decree to which Grantee is subject.
- d. Grantee has independently confirmed that the Project Description, including, but not limited to, the Appropriated Amount and Reversion Date, is consistent with the underlying appropriation in law.
- e. Grantee's governing body has duly adopted or passed as an official act a resolution, motion, or similar action authorizing the person identified as the official representative of the Grantee to sign and submit Requests for Payment on behalf of Grantee.
- f. Grantee will abide by New Mexico laws regarding conflicts of interest, governmental conduct, and whistleblower protection.
 - i. Grantee agrees explicitly none of its officers or employees or its designees or agents, no member of the governing body, and no other public official of Grantee who exercises any function or responsibility with respect to this Agreement, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for the Project.
 - ii. Further, Grantee will require all of its contractors to incorporate the language set forth in this paragraph prohibiting conflicts of interest in all subcontracts.
- g. No funds have been paid or will be paid, by or on behalf of the Grantee, to any person for influencing or attempting to influence an officer or employee of the State, any agency, or body in connection with the awarding of any Third Party Obligation.
 - i. Grantee will require certifying language prohibiting lobbying to be included in the award documents for all subawards, including subcontracts, loans, and cooperative agreements.

- C. Consequences of False or Misleading Representations. If any representation or warranty made by Grantee is found to be false or misleading, the Department shall have the right to exercise any or all of the following remedies:
- a. **Termination of Agreement:** Department may terminate this Agreement immediately upon written notice to the Grantee.
 - b. **Repayment of Grant Funds:** Grantee shall repay all Appropriated Amounts disbursed under this Agreement, upon demand by the Department.
 - c. **Other Remedies:** Department may pursue any other remedies available at law or in equity.
- D. Survival of Representations and Warranties. The representations and warranties made by the Grantee shall survive the Early Termination or expiration of this Agreement.

XII. PROJECT RECORDS

- A. Grantee shall be strictly accountable for receipts and disbursements relating to the Project's funds. The Grantee shall follow generally accepted accounting principles and the State's Model Accounting Practices and, if feasible, maintain a separate bank account or fund with a separate organizational code to ensure separate budgeting and accounting of the funds.
- B. For six (6) years following the Project's completion ("**Record Retention Period**"), Grantee shall maintain all Project-related records, including, but not limited to, all financial records, requests for proposals, invitations to bid, selection and award criteria, contracts and subcontracts, advertisements, minutes of pertinent meetings, as well as records sufficient to fully account for the amount and disposition of the Appropriated Amount from all sources budgeted for the Project, the purpose for which such funds were used, and such other records as the Department may prescribe.
- C. Grantee shall make all Project records available to the Department, the Department's Independent Public Accountant, and the New Mexico State Auditor upon request. With respect to the funds that are the subject of this Agreement, if the State Auditor or the Department finds any funds were improperly expended, Grantee shall be required to reimburse the State all amounts found to be improperly expended.

XIII. IMPROPERLY REIMBURSED FUNDS

If the Department determines part or all of the Appropriation Amount was improperly reimbursed to Grantee, including but not limited to funds reimbursed to Grantee based upon fraud, mismanagement, misrepresentation, misuse, violation of law by the Grantee, after ten (10) days' notice to Grantee and the opportunity to return such funds to the Department, the Department may offset any funds due to Grantee from the State, until the Appropriation Amount is fully repaid.

XIV. LIABILITY

Neither Party shall be responsible for liability incurred as a result of the other Party's acts or omissions in connection with this Agreement. Any liability incurred in connection with this Agreement is subject to

immunities and limitations of the New Mexico Tort Claims Act.

XV. SCOPE OF AGREEMENT

This Agreement constitutes the entire and exclusive agreement between the Parties concerning the subject matter hereof. The Agreement supersedes all prior or contemporaneous agreements, understandings, discussions, communications, and representations, written or verbal.

XVI. REQUIRED NON-APPROPRIATIONS CLAUSE

- A. Grantee acknowledges and agrees to include a “non-appropriations” clause in all contracts between it and other parties that are (i) funded in whole or part by funds made available under this Agreement and (ii) entered into after the effective date of this Agreement that states:
 - a. “The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the Legislature of the State of New Mexico (“**Legislature**”) for the performance of this Agreement.
 - b. If the Legislature does not make sufficient appropriations and authorization, City of Hobbs may immediately terminate this Agreement by giving Contractor written notice of such termination.
 - c. The City of Hobbs’s decision as to whether sufficient appropriations are available shall be final and accepted by the Contractor. Contractor hereby waives any rights to assert an impairment of contract claim against the City of Hobbs or the State of New Mexico in the event of immediate or Early Termination of this Agreement by the City of Hobbs or the State Department of Finance and Administration.”

XVII. REQUIRED TERMINATION CLAUSE

- A. Grantee acknowledges and agrees to include the following termination clause in all contracts that are (i) funded in whole or part by funds made available under this Agreement and (ii) entered into after the effective date of this Agreement:
 - a. “This contract is funded in whole or in part by funds made available by the State of New Mexico (“**State**”). Should the State terminate its Agreement with the City of Hobbs, the City of Hobbs may terminate this contract immediately by providing Contractor written notice of such termination.
 - b. In the event of termination pursuant to this paragraph, the City of Hobbs’s only liability to Contractor shall be for goods and services delivered and accepted prior to the termination date.”

XVIII. COMPLIANCE WITH UNIFORM FUNDING CRITERIA

- A. Throughout the term of this Agreement, Grantee shall:
 - a. Submit all reports of annual audits and agreed-upon procedures required by § 12-6-3(A)-(B), NMSA 1978 by the due dates established in § 2.2.2 NMAC, reports of which must be a

public record pursuant to § 12-6-5(A), NMSA 1978 within forty-five (45) days of delivery to the State Auditor;

- b. Have a duly adopted budget for the current fiscal year approved by its budgetary oversight agency (if any);
- c. Timely submit all required financial reports to its budgetary oversight agency (if any); and
- d. Use accounting methods and procedures consistent with Generally Accepted Accounting Principles and the State's Model Accounting Principals to expend the Appropriated Amount in accordance with applicable law and account for and safeguard Project funds and assets acquired with Project funds.

B. In the event Grantee fails to comply with the requirements of subparagraph A of this Article XVIII, Department may take one or more of the following actions:

- a. Suspend new or further obligations pursuant to Article VI(A) of this Agreement;
- b. Require the Grantee to develop and implement a written corrective action plan pursuant to Article VI(D) of this Agreement to remedy the non-compliance;
- c. Impose special conditions to address the non-compliance by giving Grantee notice of such special conditions in accordance with Article III of this Agreement;
 - i. The Parties agree that any special conditions imposed to address non-compliance shall be incorporated into this Agreement, through **Exhibit C**, upon notice to Grantee, without need for formal amendment of this Agreement;
 - ii. Special conditions shall be binding and effective on the date that notice is deemed to have been given pursuant to Article III or
- d. Terminate this Agreement pursuant to Article V(A) of this Agreement.

XIX. SEVERANCE TAX AND GENERAL OBLIGATION BONDS

A. Grantee acknowledges and agrees that the underlying appropriation for the Project may originate from the issuance of tax-exempt severance tax bonds or general obligation bonds by the State. Proceeds from such bonds are administered by the New Mexico State Board of Finance ("**SBOF**"), an entity separate and distinct from the Department.

- a. Grantee acknowledges and agrees:
 - i. It is Grantee's responsibility to determine through SBOF what (if any) conditions are currently imposed on the Project;
 - ii. Department's failure to inform Grantee of an SBOF-imposed condition does not affect the validity or enforceability of the condition;
 - iii. The SBOF may in the future impose further or different conditions upon the Project;
 - iv. All SBOF conditions are attached to the Project and Appropriation Amount without the need for formal amendment of this Agreement;
 - v. All applicable SBOF conditions must be satisfied before the SBOF will release to the Department funds subject to the condition(s) and
 - vi. The Department's obligation to reimburse Grantee from the Project is expressly contingent upon the satisfaction of the then-current SBOF conditions.

B. Grantee acknowledges and agrees SBOF may, at its sole and absolute discretion, require reimbursement or remove eligibility for bond proceeds for the Project if the Project doesn't

proceed sufficiently.

- a. Grantee must comply with the requirement to encumber five percent (5%) of Project funds within six months of bond issuance as certified by Grantee in the Bond Questionnaire and Certification documents submitted to the SBOF.
 - b. Failure to comply may result in the reassignment of the bond proceeds. Upon reassignment of bond proceeds, this Agreement will be suspended until the entity has demonstrated readiness as determined by the SBOF and the Department.
- C. Grantee acknowledges and agrees that this Agreement is subject to the SBOF's Bond Project Disbursements rule, § 2.61.6, NMAC, as may be amended from time to time or re-codified.

XX. GENERAL PROVISIONS

- A. Assignment: Grantee's rights and obligations under this Agreement are personal and may not be transferred or assigned without the prior written consent of the State. Any attempt at assignment or transfer without such consent shall be void. Any assignment or transfer of Grantee's rights and obligations approved by the State shall be subject to the provisions of this Agreement.
- B. Subcontractors: Grantee shall not enter any subgrant or subcontract in connection with its obligations under this Agreement without the prior written approval of the State. Upon request, Grantee shall submit to the Department a copy of each such subgrant or subcontract.
- C. Binding Effect: Except as otherwise provided, all provisions of this Agreement, including the benefits and burdens, shall extend to and be binding upon the Parties' respective successors and assigns.
- D. Authority: Each Party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such Party's obligations have been duly authorized.
- E. Captions and References: The captions and headings in this Agreement are for the convenience of reference only and shall not be used to interpret, define, or limit its provisions. All references in this Agreement to sections (whether spelled out or using the § symbol), subsections, exhibits, or other attachments are references to sections, subsections, exhibits, or other attachments contained herein or incorporated as a part hereof, unless otherwise noted.
- F. Counterparts: This Agreement may be executed in multiple, identical, original counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute the same agreement.
- G. Digital Signatures: If any signatory signs this agreement using a digital signature in accordance with the State Policies regarding the use of digital signatures, then any agreement or consent to use digital signatures within the electronic system through which that signatory signed shall be incorporated into this Agreement by reference.
- H. Modification: Except as otherwise provided in this Agreement, any modification to this Agreement shall only be effective if agreed to in a formal amendment, properly executed and approved in accordance with applicable New Mexico law and State fiscal policies and rules.

Modifications permitted under this Agreement, other than Agreement amendments, shall conform to the policies issued by the State.

- I. Statutes, Regulations, Fiscal Rules, and Other Authority: Any reference in this Agreement to a statute, regulation, policy, or other authority shall be interpreted to refer to such authority then current, as may have been changed or amended after the Effective Date of this Agreement.
- J. External Terms and Conditions: Notwithstanding anything to the contrary herein, the State shall not be subject to any provision included in any terms, conditions, or agreements appearing on Grantee's or a subcontractor's website or any provision incorporated into any click-through or online agreements related to the Work unless that provision is specifically referenced in this Agreement.
- K. Severability: The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect, provided that the Parties can continue to perform their obligations under this Agreement in accordance with its intent.
- L. Survival of Certain Agreement Terms: Any provision of this Agreement that imposes an obligation on a Party after the termination or expiration of this Agreement shall survive the termination or expiration of this Agreement and shall be enforceable by the other Party.
- M. Third Party Beneficiaries: Except for the Parties' respective successors and assigns described in this Agreement, it does not and is not intended to confer any rights or remedies upon any person or entity other than the Parties. Enforcement of this Agreement and all rights and obligations hereunder are reserved solely to the Parties. Any services or benefits that third parties receive as a result of this Agreement are incidental to this Agreement and do not create any rights for such third parties.
- N. Waiver: A Party's failure or delay in exercising any right, power, or privilege under this Agreement, whether explicit or by lack of enforcement, shall not operate as a waiver, nor shall any single or partial exercise of any right, power, or privilege preclude any other or further exercise of such right, power, or privilege.
- O. Standard and Manner of Performance: Grantee shall perform its obligations under this Agreement in accordance with the highest standards of care, skill, and diligence in Grantee's industry, trade, or profession.
- P. Licenses, Permits, and Other Authorizations: Grantee shall secure, prior to the Effective Date, and maintain at all times during the term of this Agreement, at its sole expense, all licenses, certifications, permits, and other authorizations required to perform its obligations under this Agreement and shall ensure that all employees, agents, and subcontractors secure and maintain at all times during the term of their employment, agency or subcontractor, all license, certifications, permits and other authorizations required to perform their obligations in relation to this Agreement.
- Q. Publicity: Any Publicity regarding the subject matter of this Agreement may not be released without prior written approval from the Department. For purposes of this agreement, "**Publicity**"

means notices, informational pamphlets, press releases, email responses, research, reports, signs, and similar public notices prepared by or for the Grantee or jointly with others.

- a. Grantee shall obtain written approval prior to issuing any press release or making any public announcement regarding this agreement. Grantee agrees to obtain approval of the Department in advance with respect to all Public Relations, all communications with media, or all communications with any other member of the public with respect to this agreement, except to acknowledge that an agreement does exist.
 - b. For purposes of this agreement, "Public Relations" includes community relations and means those activities dedicated to maintaining the Department's image or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.
 - c. Violations of either Article XX (Q)(a) or (b) shall constitute a material Breach of Agreement.
- R. Data Sharing: The State intends to secure and collate specific data generated by Grantee under this Agreement to use in support of the State's organizational, policy-making, and management of public resource functions. State, in accordance with **Exhibit E**, attached hereto and incorporated herein by reference, reserves the right to require Grantee and/or its subcontractors to provide specific data relevant to the above-listed functions. Data provided by Grantee may be incorporated into existing or future developed State integrated analysis tools or databases, including but not limited to geographic information system (GIS) networks and databases accessible by the public. Dissemination of data collected may include historical data and projections based on such historical data.
- a. To the extent any data transferred as part of this Agreement is legally determined to be the property of Subrecipient or its subcontractors, Subrecipient and/or its subcontractors grants State a nonexclusive, fully paid-up right and license to reproduce, use, distribute, do derivative works based on, and archive data transferred as part of this Agreement.
- S. Venue and Choice of Law: This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico, without regard to any conflict of law provisions. Any legal suit, action, or proceeding arising out of or related to this Agreement shall be instituted exclusively in the district courts located in Santa Fe, New Mexico. The Parties hereby irrevocably submit to the exclusive jurisdiction and venue of such courts in any such suit, action, or proceeding. The Parties waive any objection to the laying of the venue of any such suit, action, or proceeding in the district courts of Santa Fe, New Mexico, and irrevocably waive and agree not to plead or claim in any such court that any such suit, action, or proceeding brought in any such court has been brought in an inconvenient forum.

[SIGNATURE PAGE AND EXHIBITS FOLLOW]
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IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Department's date of execution.

APPROVED BY DEPARTMENT:

Cabinet Secretary, Wayne Propst:

Signature

Date

Chief Financial Officer, Mackie Romero:

Signature

Date

Local Government Division Director, Cecilia Mavrommatis:

Signature

Date

AS TO LEGAL FORM AND SUFFICIENCY

General Counsel's Office:

Signature

(Print Name)

(Title)

APPROVED BY GRANTEE:

Entity Name

Official with Authority to Bind Grantee:

Signature

(Print Name)

(Title)

Date

Fiscal Officer or Chief Financial Officer:

Signature

(Print Name)

(Title)

Date

As To Legal Form And Sufficiency

Signature

(Print Name)

(Title)

Date

EXHIBIT A

Request for Payment Form and Certification

STATE OF NEW MEXICO GRANT APPROPRIATION Request for Payment Form Exhibit A			
I. Grantee Information (Must match your DFA Substitute W-9 Form)		II. Payment Computation	
A.	Grantee:	A.	Payment Request No.
B.	Address:	B.	Grant Amount: \$ 0.00
	(Complete Mailing, including Suite, if applicable)	C.	AIPP Amount (if Applicable): \$ 0.00
	City, State, Zip	D.	Funds Requested to Date: \$ 0.00
C.	Contact Name/Phone #:	E.	Amount Requested this Payment:
D.	Grant No:	F.	Reversion Amount (if applicable): \$ 0.00
E.	Project Title:	G.	Grant Balance: \$ 0.00
F.	Grant Expiration Date:	H.	<input type="checkbox"/> Final Request for Payment (if applicable)

III. Fiscal Year : 2026 (July 1, 2025-June 30, 2026)
(The State of NM Fiscal Year is July 1, 20XX through June 30, 20XX of the following year)

IV. Certifications

☐ I hereby certify that all conditions and requirements for Payments outlined in the Agreement have been met, including but not limited to:

- a. Submission and approval of a Project Budget as per Article IV, Section A of the Agreement.
- b. Compliance with the Project Budget and expenditure of funds in accordance with the State Procurement Code and the State's Model Accounting Practices.
- c. Submission of supporting documentation as required by the Agreement.
- d. Maintenance of all necessary records and documentation as stipulated in the Agreement.

☐ I attest that the information provided is correct; expenditures are properly documented and valid or actual receipts, and that the activity fully complies with Article IX, Sec. 14 of the New Mexico Constitution, known as the "anti-donation" clause.

☐ I hereby certify that all representations and warranties made in the Agreement remain true, accurate, and complete as of the date of this request, and will continue to be so throughout the term of the Agreement. I acknowledge that these representations and warranties are a material inducement for the Department to approve this pay request.

Grantee Fiscal Officer or Fiscal Agent (if applicable)	Grantee Representative
Printed Name	Printed Name
Date:	Date:

(State Agency Use Only)

Vendor Code:	Fund No.:	PO #	Loc No.:
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I certify that the State Agency financial and vendor file information agree with the above submitted information.

ASD Officer	Division Grant Manager
Date	Date

Revised 7/2025

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EXHIBIT B
Notice of Department's Obligation Form

**NOTICE OF OBLIGATION TO REIMBURSE GRANTEE
EXHIBIT B**

Notice of Obligation to Reimburse Grantee # _____

DATE: _____

TO: Department Representative: _____, Grant Manager

FROM: Grantee Entity: _____

Grantee Official Representative: _____

SUBJECT: Notice of Obligation to Reimburse Grantee

Grant Number: _____

Grant Termination Date: _____

As the designated representative of the Department for Grant Agreement number _____ entered into between Grantee and the Department, I certify that the Grantee has submitted to the Department the following third party obligation executed, in writing, by the third party's authorized representative:

Vendor or Contractor: _____

Third Party Obligation Amount: _____

Vendor or Contractor: _____

Third Party Obligation Amount: _____

I certify that the State is issuing this Notice of Obligation to Reimburse Grantee for permissible purposes within the scope of the project description, subject to all the terms and conditions of the above referenced Grant Agreement.

Grant Amount (Minus AIPP if applicable): _____

The Amount of this Notice of Obligation: _____

The Total Amount of all Previously Issued Notices of Obligation: _____

The Total Amount of all Notices of Obligation to Date: \$ 0.00

Note: Contract amounts may exceed the total grant amount, but the invoices paid by the grant will not exceed the grant amount.

Department Rep. Approver: _____

Title: Grant Manager

Signature: _____

Date: _____

1 Administrative and/or Indirect Cost – generally, the legislation authorizing the issuance of bonds prohibits the use of its proceeds for indirect expenses (e.g. penalty fees or damages other than pay for work performed, attorney fees, and administrative fees). Such use of bond proceeds shall not be allowed unless specifically authorized by statute.

Revised 7/2025

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EXHIBIT C

Special Conditions (If Fiscal Agent Required or Anti Donations Issues Exist)

OPTIONAL EXHIBIT C SPECIAL CONDITIONS

The capital outlay oversight requires grantees' accounting methods and procedures, including their internal control framework, to be scrutinized, so as to safeguard State capital outlay appropriations and assets acquired with such appropriations.

This Capital Outlay Special Grant Condition(s) **Exhibit C** is necessary pursuant to § 6-3b-1 et seq., NMSA 1978 (Public Finance Accountability Act) and MAPS Fin 9.2, due to the Grantees' material weaknesses, significant deficiencies, or findings that raised concerns as to the ability to expend grant funds in accordance with applicable law in the organization's FY[20XX] audit. The Special Conditions identified below apply to the authorized agent, [insert the Grantee or Fiscal Agent name].

Procurement - All purchases or contracts the Grantee enters that shall use funding from the Department capital appropriations grant must be approved by the Department prior to the initiation of implementing purchasing documents. The Grantee shall receive such prior approval via official correspondence from the Department, which may be through letter or email. The Grantee shall submit the following to the Department in pursuit of prior approval: purchasing policies and procedures, CFO certification, documentation of management and program approval, policies and procedures governing purchasing and contracting, a copy of the current procurement and contracting policies, and documentation regarding informing staff responsible for purchasing and contracting on such policies and procedures.

Budget - Provide documentation of approval of your current budget from DFA Local Government or other authoritative agency. Provide policies and procedures on who is responsible for and how annual budgets (expenditures and revenue) are established, monitored and adjusted. Provide a corrective action plan on how budget issues identified in your audit will be/have been addressed. Also include documentation on how staff responsible for budgeting is informed on budget policies and procedures.

Capital Assets - Provide a complete list of inventory including inventory control numbers and current location. Provide policies and procedures on capital assets and inventory and specify how the proposed purchased items will be included, tagged, and tracked in capital asset inventory. Also include documentation on how staff responsible for capital assets is informed on capital asset policies and procedures.

Travel and Per Diem - Provide policies and procedures on travel and per diem. Also include how staff who travel and those responsible for travel reimbursement are informed on travel and per diem policies and procedures.

Timely Audits - Provide policies and procedures on annual audits. Provide documentation on how and who is responsible for insuring that annual audits are completed timely. Also include documentation on how staff responsible for the annual audit is informed on audit policies and procedures.

Cash Management - policies and procedures on cash management of federal funds. Provide procedures used to draw and disburse federal funds. Provide procedures to reconcile draw amounts, deposits and disbursements; and to prepare federal cash reporting documents to ensure compliance with federal regulations.

The <Grantee> was required to, and has provided sufficient documentation regarding [insert specific names of the Special Condition(s)], as referenced in the <Grantee>'s [20XX] Audit file. Therefore, the criteria to enter into this agreement have been met.

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EXHIBIT D

Project Budget Worksheet *

*(Provided separately when grant agreement issued to Grantee)

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EXHIBIT E
Data Sharing Provisions

Exhibit E

Data Sharing Provisions for New Mexico Capital Outlay Agreements

I. Introduction:

This Data Sharing Provisions Exhibit ("Exhibit") is incorporated into the New Mexico Capital Outlay Agreements ("Agreements") between the State of New Mexico ("State") and [Insert Partner Name] ("Partner"). This Exhibit outlines the terms and conditions under which data will be shared between the Parties to ensure compliance with New Mexico state laws and regulations, focusing on data privacy, security, and compliance.

II. Definitions:

- a. **Authorized User:** An employee, agent, assign, representative, independent contractor, or other person or entity authorized by Partner or State to access, use, or disclose information through this exhibit.
- b. **Confidential Information:** All data or information shared in confidence, with the expectation that it will not be disclosed in an identifiable form. This includes data that is exempt from public disclosure under the New Mexico Inspection of Public Records Act (§ 14-2-1 et seq. NMSA 1978) or other relevant laws.
- c. **Data Storage:** Electronic media that hold recorded information.
- d. **Data Transmission:** The process of moving information over a network from its source to one or more destinations.
- e. **Direct Identifier:** Records or data containing personal identifiers such as names, addresses, and social security numbers.
- f. **Disclosure:** Permission to access, release, transfer, or otherwise communicate confidential information by any means to any third party, except as authorized by the Party that controls the record.
- g. **Encryption** involves using algorithms to encode data, rendering it unreadable without a specific key. It may be necessary during data transmission and/or storage.
- h. **Information:** Any data, figures, statistics, or other facts provided or learned about someone or something, including Confidential Information, that may be legally transmitted under this Exhibit.
- i. **Limited Dataset:** A data file that omits Direct Identifiers.
- j. **Protected Personally Identifiable Information:** Sensitive personal details such as social security numbers and financial account numbers, with specific exclusions as outlined in the Agreements.

III. Purpose:

The purpose of this exhibit is to promote transparency, facilitate information sharing between the parties, support better policy and decision-making, and enhance public services through collaborative

1 of 2

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data analysis from various sources.

IV. Use of Information:

- a. Use of Information obtained or created under this exhibit shall be strictly limited to the purposes stated herein and in the agreements. The parties agree not to sell Information to third parties or use it for commercial, solicitation, or political purposes.
- b. Each Party shall serve as the custodian of the Information and comply with all conditions for its use, including security measures to prevent unauthorized access.
- c. The Parties shall follow all relevant federal and state laws and regulations governing the use of such Information.

V. Safeguarding Information:

- a. Confidentiality: Access to Confidential Information shall be limited to the minimum necessary to accomplish the purposes of this Exhibit. Authorized Users must adhere to the confidentiality requirements.
- b. Security: Security practices shall comply with the requirements of the New Mexico Department of Information Technology Act and related regulations. The Parties agree to notify each other within three business days of any suspected or actual security breach.
- c. Information Storage and Transmission: Data Storage and Transmission shall take place on an encrypted server with appropriate security controls.

VI. Re-Disclosure of Information:

The Parties agree not to disclose Information except as required by law or with prior written approval of the other Party. If there is a public records request, the Party receiving it shall notify the other Party within three business days.

VII. Ownership of Information:

Legal title to Information shall remain with the provider. The Partner grants the State a royalty-free, non-exclusive, non-transferable license to use the Information in furtherance of the purposes outlined in this Exhibit.



CITY OF HOBBS

STAFF SUMMARY FORM

MEETING DATE:
August 25, 2025

SUBJECT: Resolution No. 7666 - Authorizing the Mayor and City Manager to Accept \$100,000 in Appropriation from Lea County District 3 for Fiscal Year 2026 for the City of Hobbs' Public Art Initiative Along the Lovington Highway Trail

DEPT OF ORIGIN: Legal

DATE SUBMITTED: 8/7/2025

SUBMITTED BY: Medjine Desrosiers-Douyon, Deputy City Attorney

Summary:

The Lea County Board of Commissioners values its ongoing partnership with the City of Hobbs and remains committed to supporting projects that improve the quality of life, foster community engagement, and promote place-making efforts throughout the County. In alignment with these goals, District 3 Lea County Chairman Commissioner Gary Eidson is proposing the allocation of \$100,000 from his discretionary funds to support the City of Hobbs' Art Initiative.

This initiative focuses on installing both rotating and permanent public art along the Lovington Highway Trail, a key community asset. The proposed funding would directly assist with the planning, development, and installation of these art pieces, which are intended to enhance the visual landscape of the area, encourage public use of the trail, and foster a deeper sense of community pride and cultural identity.

Fiscal Impact:

The City of Hobbs will need a BAR adjustment in October 2025 to recognize the revenue appropriation and offsetting capital expenditure within Fund 22 (Intergovernmental Fund).

Attachments:

Resolution - Accepting \$100,000 from County for art initiative

25-JUL-171R

20250724 MOA the Hobbs Public Art Initiative Along the Lovington Highway Trail.

LCBCC Signedpdf

Recommendation:

The Commission should adopt the Resolution as presented.

Approved By:

Medjine Desrosiers-Douyon, Deputy City Attorney	08/07/2025
Toby Spears, Finance Director	08/07/2025
Medjine Desrosiers-Douyon, Deputy City Attorney	08/07/2025
Manny Gomez, City Manager	08/07/2025

CITY OF HOBBS

RESOLUTION NO. 7666

A RESOLUTION AUTHORIZING THE MAYOR AND CITY MANAGER TO ACCEPT
\$100,000 IN APPROPRIATION FROM LEA COUNTY DISTRICT 3 FOR
FISCAL YEAR 2026 FOR THE CITY OF HOBBS' PUBLIC ART INITIATIVE
ALONG THE LOVINGTON HIGHWAY TRAIL

WHEREAS, Lea County wishes to assist the City of Hobbs, as a local governmental entity, on projects that enhances the quality of life, promote community engagement, and support placemaking efforts within the County; and

WHEREAS, funds are budgeted for each of the five County Commissioners for the purpose of community partnerships and improvements; and

WHEREAS, the City of Hobbs has developed a Public Art Initiative to place rotating and permanent art installations along the Lovington Highway Trail to enhance visual appeal and foster community pride and engagement; and

WHEREAS, funding may be used for the lease or purchase of artwork, design and fabrication, site preparation, installation, lighting, and related supporting infrastructure; and

WHEREAS, Lea County and the City of Hobbs shall enter into a Memorandum of Agreement (MOA) outlining the terms, conditions, and reporting requirements for the use of the allocated funds; and

WHEREAS, District Three (3) County Commissioner Gary Eidson wishes to use a portion (\$100,000.00) of his budgeted discretionary funds to support the City of Hobbs Public Art Initiative.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the governing body of the City of Hobbs, New Mexico, that the Commission accepts Lea County District 3's gift of

\$100,000.00 awarded to the City of Hobbs for the Hobbs Public Art Initiative to enhance the Lovington Highway Trail corridor.

BE IT FURTHER RESOLVED that the City Manager may finalize and sign any documents consistent with the terms of this resolution; and

PASSED, ADOPTED AND APPROVED this 25th day of August, 2025.

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk

STATE OF NEW MEXICO
COUNTY OF LEA
RESOLUTION NO. 25-JUN-171R

A RESOLUTION APPROVING A \$100,000 APPROPRIATION FROM DISTRICT 3 FISCAL YEAR 2025-2026 DISCRETIONARY FUNDING TO THE CITY OF HOBBS FOR THE HOBBS PUBLIC ART INITIATIVE ALONG THE LOVINGTON HIGHWAY TRAIL

WHEREAS, Lea County wishes to partner with local governmental entities, school districts, and community organizations on projects that enhance quality of life, promote community engagement, and support placemaking efforts within the County; *and*

WHEREAS, funds are budgeted for each of the five County Commissioners for the purpose of community partnerships and improvements; *and*

WHEREAS, the City of Hobbs has developed a Public Art Initiative to place rotating and permanent art installations along the Lovington Highway Trail to enhance visual appeal and foster community pride and engagement; *and*

WHEREAS, funding may be used for the lease or purchase of artwork, design and fabrication, site preparation, installation, lighting, and related supporting infrastructure; *and*

WHEREAS, Lea County and the City of Hobbs shall enter into a Memorandum of Agreement (MOA) outlining the terms, conditions, and reporting requirements for the use of the allocated funds; *and*

WHEREAS, District Three (3) County Commissioner Gary Eidson wishes to use a portion (\$100,000) of his budgeted discretionary funds to support the City of Hobbs Public Art Initiative.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of County Commissioners of Lea County that an appropriation of \$100,000 from District 3 discretionary funds be awarded to the City of Hobbs for the Hobbs Public Art Initiative to enhance the Lovington Highway Trail corridor.

BE IT FURTHER RESOLVED that the County Manager/Commission Chair may finalize and sign any documents consistent with the terms of this resolution.

PASSED, APPROVED, AND ADOPTED on this 24th day of July 2025 by the Lea County Board of County Commissioners in an open meeting in Lovington, New Mexico.

LEA COUNTY BOARD OF COUNTY COMMISSIONERS



Gary G. Eidson (District 3), Chair

Voted: Yes No Abstain

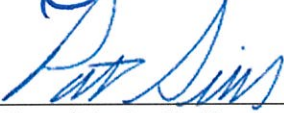


Brad Weber (District 2), Vice Chair

Voted: Yes No Abstain



Dee Ann Kimbro (District 1), Member
Voted: Yes ☒ No ☐ Abstain ☐



Pat Sims (District 5), Member
Voted: Yes ☒ No ☐ Abstain ☐



Tyson Pierce (District 4), Member
Voted: Yes ☐ No ☐ Abstain ☐

ATTEST: Carrie Sandoval
Lea County Clerk

By: 
Cynthia Ramirez, Deputy Clerk

APPROVED AS TO FORM:


John W. Caldwell, County Attorney



**MEMORANDUM OF AGREEMENT BETWEEN
LEA COUNTY, NEW MEXICO AND THE CITY OF HOBBS
FOR THE HOBBS PUBLIC ART INITIATIVE ALONG THE LOVINGTON
HIGHWAY TRAIL**


This Memorandum of Agreement is made this 24th day of July, 2025, by and between Lea County, New Mexico, (hereinafter "County") and the City of Hobbs (hereinafter "City").

The City has 24 months from the date of this agreement to utilize the funds. The City agrees to submit progress reports to the County on June 15 and December 15 each year, detailing how the funds have been used.

Upon completion of the project for which the funds were allocated, the City must provide a Letter of Completion to the County. If any funds remain after the completion of the initial project, the City must submit a Request Letter to the County for approval before utilizing the remaining funds for a different project.

By signing below, both parties agree to the terms outlined in this agreement.

LEA COUNTY, NEW MEXICO

BY:  Date: 07/24/2025
Gary G. Edison
Lea County Chair

THE CITY OF HOBBS, NEW MEXICO

BY: _____ Date: _____
Sam Cobb,
Mayor



CITY OF HOBBS

STAFF SUMMARY FORM

MEETING DATE:
August 25, 2025

SUBJECT: Resolution No. 7667 - Approving a Professional Services Agreement Between the City of Hobbs and the Hobbs Municipal Schools Regarding Middle School Athletic Programs

DEPT OF ORIGIN: Legal

DATE SUBMITTED: 8/7/2025

SUBMITTED BY: Medjine Desrosiers-Douyon, Deputy City Attorney

Summary:

Historically, the City of Hobbs operated a winter basketball program for both boys and girls. In 1999, the City entered into an agreement with the Hobbs Municipal Schools (HMS) to continue funding the program, which HMS assumed responsibility for operating. Since then, HMS has expanded the program to include additional sports such as volleyball and football.

All athletic programs supported under this agreement are staffed by coaches certified through the New Mexico Activities Association (NMAA). Hobbs Municipal Schools will provide the City of Hobbs with documentation verifying each coach's certification and will submit regular reports detailing program activities and participation. In accordance with the agreement, the City reserves the right to request and review these records.

Fiscal Impact:

\$75,000.00 budgeted for FY25 from the Recreation budget.

Attachments:

Hobbs Municipal Schools Middle School Athletic Programs Resolution - 2025
HMS PSA For Middle School Athletic Programs - 2025 MDD edits

Recommendation:

Consider approving the Resolution authorizing the Professional Services Agreement.

Approved By:

Medjine Desrosiers-Douyon, Deputy City Attorney	08/07/2025
Toby Spears, Finance Director	08/07/2025
Medjine Desrosiers-Douyon, Deputy City Attorney	08/07/2025
Manny Gomez, City Manager	08/07/2025

CITY OF HOBBS

RESOLUTION NO. 7667

A RESOLUTION APPROVING AN AGREEMENT
BETWEEN THE CITY OF HOBBS AND THE HOBBS MUNICIPAL SCHOOLS
REGARDING MIDDLE SCHOOL ATHLETIC PROGRAMS.

WHEREAS, beginning in 1999 the City of Hobbs has funded a community basketball program which was operated by the Hobbs Municipal Schools; and

WHEREAS, the Middle School Athletic Program has since expanded to include basketball, volleyball, and football programs for 6th and 7th grade students; and

WHEREAS, the Hobbs Municipal Schools will use New Mexico Activities Association certified coaches for these programs and will provide documentation of such training to the City of Hobbs; and

WHEREAS, the Hobbs Municipal Schools will also provide a report of activities and participation, and the City has the right to request and/or examine these records as provided in the Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF HOBBS, NEW MEXICO, that the Mayor be and hereby is, authorized and directed to execute this Professional Services Agreement between the City of Hobbs and the Hobbs Municipal Schools, a copy of which is attached hereto and incorporated herein.

PASSED, ADOPTED AND APPROVED this 25th day of August, 2025.

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk

PROFESSIONAL SERVICES AGREEMENT

This Agreement is made and entered into on the ____ day of ____, 2025, by and between the CITY OF HOBBS, NEW MEXICO, a municipal corporation, (hereinafter referred to as "CITY") and the local School Board of Hobbs Municipal School District, (hereinafter referred to as "SCHOOLS").

NOW, THEREFORE, THE PARTIES HERETO HEREBY DO COVENANT AND AGREE AS FOLLOWS:

I.

SCHOOLS shall operate football, volleyball, and basketball programs for 6th and 7th grade students (hereinafter referred to as "Middle School Athletic Program"). SCHOOLS shall perform the necessary services toward promoting these activities in the community, and such services shall include, but not be limited to, the following:

- A. Provide facilities to operate the Middle School Athletic Program;
- B. Provide necessary equipment as needed to fulfill requirements of the Middle School Athletic Program. This includes, but is not limited to employee uniforms, balls, helmets, jerseys, pants, protective equipment, whistles and awards associated with the program. Equipment shall be the property of SCHOOLS;
- C. Hire and maintain a program coordinator and adequate staff to service the Middle School Athletic Program. Program coordinator and staff shall be employees of SCHOOLS and shall not be employees of CITY and are not entitled to any City of Hobbs benefits, including, but not limited to, insurance, leave, worker's compensation, and/or retirement;
- D. Design and place news releases and advertising in the appropriate media, naming CITY as co-sponsor;
- E. Maintain daily records of activities and the number of participants in the program and submit a report of actual expenses at the conclusion of the program;
- F. Coordinate with City's Recreation Department on an as needed basis on any issues arising from program;
- G. Maintain all trash and general cleanliness of the facility. Maintain and operate all concession stands, restroom facilities, bleachers and other gym amenities;
- H. Ensure all coaches for all football, basketball and volleyball teams are New Mexico Activities Association certified coaches and SCHOOLS shall provide documentation of such certification for all coaches to the CITY. SCHOOLS shall also ensure all coaches and associated staff receive regular training related to safety of all

participants;

I. Perform such other related services as mutually agreed upon by both parties and requiring no additional cost as anticipated by the scope of this Agreement including a final written evaluation of the total program;

J. Provide the program free of charge to all participants, excluding equipment deposits.

II.

CITY shall not be obligated to expend funds in excess of **Seventy-five Thousand Dollars (\$75,000.00)** during the term of this Agreement. The term of this Agreement is one (1) year, commencing September 6, 2025, and terminating June 30, 2026.

CITY agrees to pay SCHOOLS for approved and accepted expenses in connection with the Middle School Athletic Program, not to exceed **Seventy-five Thousand Dollars (\$75,000.00)** for the term of this Agreement.

III.

SCHOOLS agree to expend, at a minimum, an amount equal to the amount expended by CITY under this agreement, on improvements to facilities that are used jointly by both SCHOOLS and CITY such as Hobbs High School Tennis Courts, Veterans Memorial Baseball/Softball Complex and others during the term of this agreement.

SCHOOLS agree to maintain documentation regarding the amount expended by SCHOOLS on improvements to facilities that are used jointly by both SCHOOLS and CITY and SCHOOLS further agree to provide said documentation to CITY in a timely manner.

SCHOOLS and CITY shall agree on each project, the scope of the project, and the details of the improvements to be made to the facilities that are used jointly by both SCHOOLS and CITY prior to any expenditure of money by SCHOOLS under this agreement.

SCHOOLS shall have the exclusive right to implement programs as deemed necessary. As such, SCHOOLS shall be solely responsible for any actions, inactions, or potentially tortious conduct of its personnel involved with implementing the sports programs contemplated herein.

IV.

SCHOOLS agree to hold CITY free and harmless from any costs determined ineligible by proper audit and SCHOOLS will not enter into any obligation which purports to be binding on CITY in any manner.

At such times and in such form as the City Manager may require, there shall be furnished to CITY such statements, records, reports, data and information as CITY may request pertaining to matters covered by this Agreement. Furthermore, at any time during normal business hours and as often as CITY may deem necessary, there shall be made available to CITY for examination, all records maintained by SCHOOLS with respect to all matters covered by this Agreement; any requested excerpts of transcripts from such records and audits of all data relating to all matters covered by this Agreement subject to the limitations set out above.

SCHOOLS covenants and agrees that it will hold and save CITY harmless from any and all liability, damage, expense, cause of action, suits, claims or judgments arising from injury to person(s) or damage to property arising out of this Agreement of which are not a result of CITY actions or inactions.

SCHOOLS shall treat all participants with respect and will not subject anyone to discrimination or harassment because of the person's race, color, sexual orientation, national origin, age, religion, gender, gender identity, disability, or any other legally protected classification.

SCHOOLS shall maintain general liability insurance in the minimum amount of \$1,000,000.00 per occurrence covering any liability, damage, expense, cause of action, suits, claims or judgments arising from injury to person(s) or damage to property during the course of execution of this agreement. SCHOOLS shall cause CITY to be named as an additional insured on said policy and shall provide a copy of said coverage to CITY. The parties agree said SCHOOLS policy shall be primary coverage in the event of a claim against SCHOOLS or CITY.

If any part or portion of this Agreement shall be in violation of the laws or Constitution of New Mexico, only such part or portion hereof shall be invalidated thereby, and any monies paid by CITY thereunder shall be repaid to it by SCHOOLS, but all other portions hereof shall remain valid and enforceable. This Agreement shall not be effective without the written approval of the Hobbs City Commission and the Hobbs ISD School Board.

This Agreement shall continue in force until the date of expiration as outlined herein, or until all funds contemplated herein are expended, whichever is sooner. This Agreement may be canceled by either party after giving sixty (60) days' written notice delivered to the other parties' Chief Administrative Officer.



CITY OF HOBBS

STAFF SUMMARY FORM

MEETING DATE:
August 25, 2025

SUBJECT: Resolution No. 7668 - Determining that Certain Properties are Ruined, Damaged and Dilapidated Requiring Remediation or Removal from the Municipality (2001 East Clinton)

DEPT OF ORIGIN: Police

DATE SUBMITTED: 8/21/2025

SUBMITTED BY: Jessica Silva, Community Services Superintendent

Summary:

In its continuing promotion of safety and clean-up efforts within city limits, the Hobbs Police Department-Community Services Division has identified properties which present health, life and safety hazards, which warrant remediation. The properties are in dire need of repair. The properties located at 2001 E. Clinton are ruined, damaged and dilapidated and a menace to the public comfort, health and safety. Attachment A contains the information for the properties.

Fiscal Impact:

The demolition and clean-up of these properties will cost approximately \$55,977.28 The current budget in the "Professional Services" line item of the Community Services Budget (01340-42601) has an adequate balance to sustain this expenditure.

Attachments:

RESOLUTION APPROVING CONDEMNATION-FINAL DRAFT-8-4-2025
ATTACHMENT A FOR COMMISSION SUBMITTAL 08-20-2025-(CLINTON ONLY)
Consideration of condemnations Powerpoint 8-4-2025 (2001 E CLINTON)

Recommendation:

The City Commission approve the adoption of the Resolution determining 2001 E. Clinton as ruined, damaged and dilapidated and a menace to public health and safety, which require remediation.

Approved By:

August Fons, Police Chief	08/21/2025
Toby Spears, Finance Director	08/21/2025
Medjine Desrosiers-Douyon, Deputy City Attorney	08/21/2025
Manny Gomez, City Manager	08/22/2025

CITY OF HOBBS

RESOLUTION NO. _____

A RESOLUTION DETERMINING THAT CERTAIN PROPERTIES THAT ARE RUINED,
DAMAGED AND DILAPIDATED, ARE A MENACE TO PUBLIC COMFORT, HEALTH
AND SAFETY AND REQUIRE REMEDIATION OR REMOVAL FROM THE
MUNICIPALITY

WHEREAS, pursuant to Section 8.24.010 of the Hobbs Municipal Code, and
Section 3-18-5 NMSA as amended, the City has inspected the premises described in
Attachment "A", attached hereto and incorporated herein by reference, and finds that
the structure thereon are ruined, damaged, and dilapidated, are a menace to the public
comfort, health and safety and requires removal from the municipality.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE
CITY OF HOBBS, NEW MEXICO, that the structures described in Attachment "A" are
found to be ruined, damaged and dilapidated, are a menace to the public comfort,
health and safety, and should be removed.

BE IT FURTHER RESOLVED that a copy of this Resolution be served on the
owner, occupant or agent in charge of such premises; and that a copy of the same be
published as required by law.

BE IT FURTHER RESOLVED that unless the owner, occupant or agent in
charge of such premises, within ten (10) days from such service or posting and
publication of this Resolution, has commenced removing such structures from the real

property or has filed written objection with the City, the City shall cause the removal of such structures at the cost and expense of the property owner.

BE IT FURTHER RESOLVED that in cases where the City removes a structure so condemned, a lien shall be levied by the City against the real property involved in an amount equal to the reasonable cost of the services rendered, which lien may be foreclosed in default of satisfaction.

PASSED, ADOPTED AND APPROVED this 25th day of August, 2025

SAM D. COBB, Mayor

ATTEST:

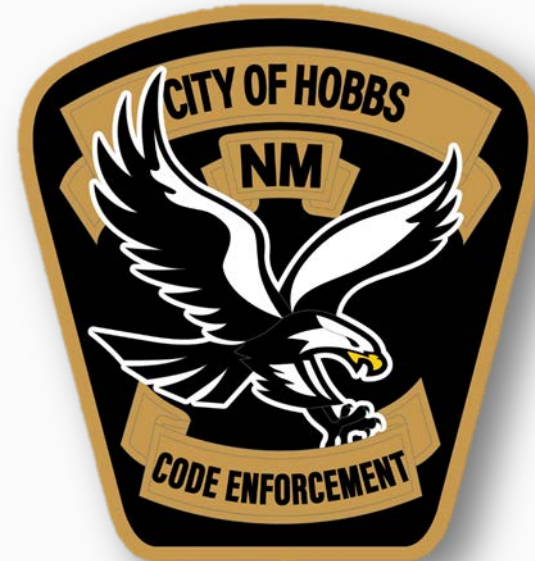
JAN FLETCHER, City Clerk

Attachment A

	Address	Owner	Owner's Address	Estimated Cost of Demolition
1	<p>2001 E. Clinton Hobbs, Lea County, NM, 88240</p> <p>***All structures on second floors of the property excluding the following: Building D 66 & 68; Building E 78 & 80; Building J 130 & 132***</p> <p>* Block One (1), less the East 150 feet thereof, Gale Addition to the City of Hobbs, Lea County, New Mexico, as referenced on that certain Plat filed June 26, 1967.</p>	<p>- Hobbs Limited Partnership</p> <p>-Monarch Properties</p>	<p>-881 Alma Real Dr. Suite 205 Pacific Palisades, CA, 90272</p> <p>-1720 Louisiana Blvd. STE 402 Albuquerque, NM, 87110</p> <p>-2001 E. Clinton Hobbs, NM, 88240</p>	\$55,977.28

Consideration of Condemnations

August 25, 2025



2001 E. Clinton Hobbs Apartments



Stairwell Information

- Building A – 4 Stairwells
- Building B – 4 Stairwells
- Building C - 5 Stairwells
- Building D – 4 Stairwells
- Building E – 1 Stairwell
- Building F – 2 Stairwells

Building G – 2 Stairwells

Building H – 2 Stairwells

Building I – 2 Stairwells

Building J – 4 Stairwells

Building K – 4 Stairwells

- 34 Total Stairwells

Building A



Building A



Building A



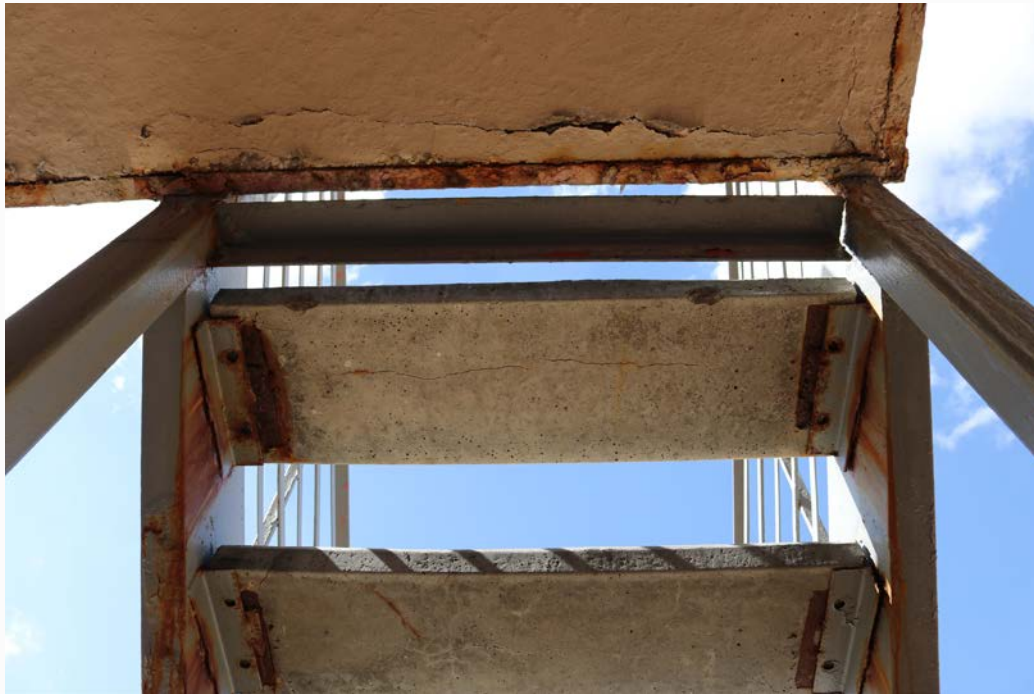
Building A



Building A



Building A



Building B



Building B



Building B



Building B



Building C



Building C



Building C



Building C



Building C



Building C



Building C



Building C



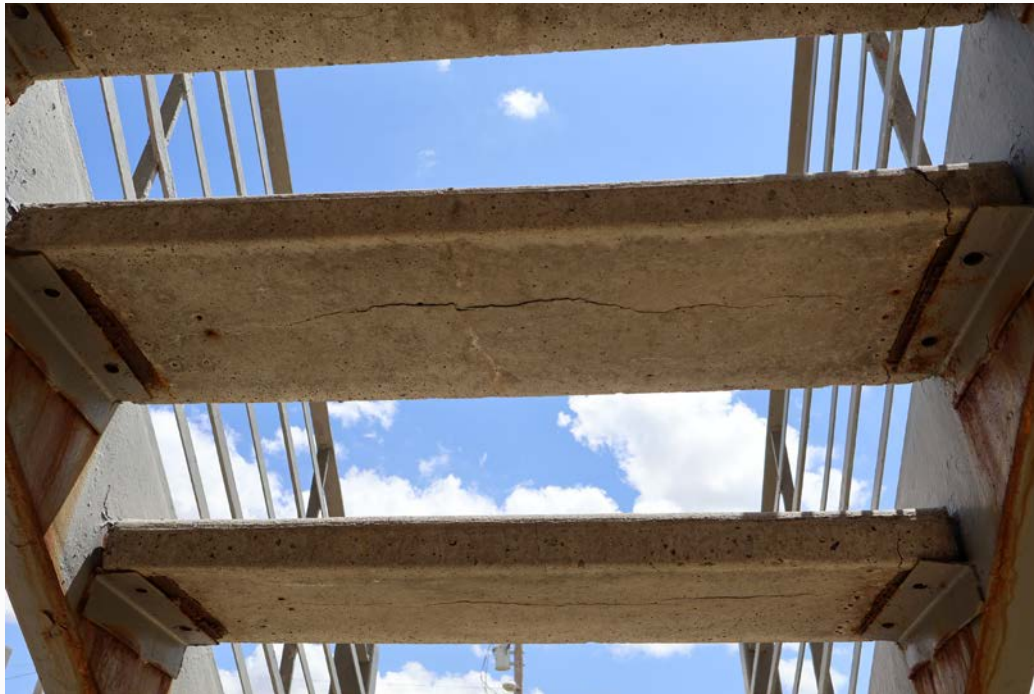
Building D



Building D



Building D



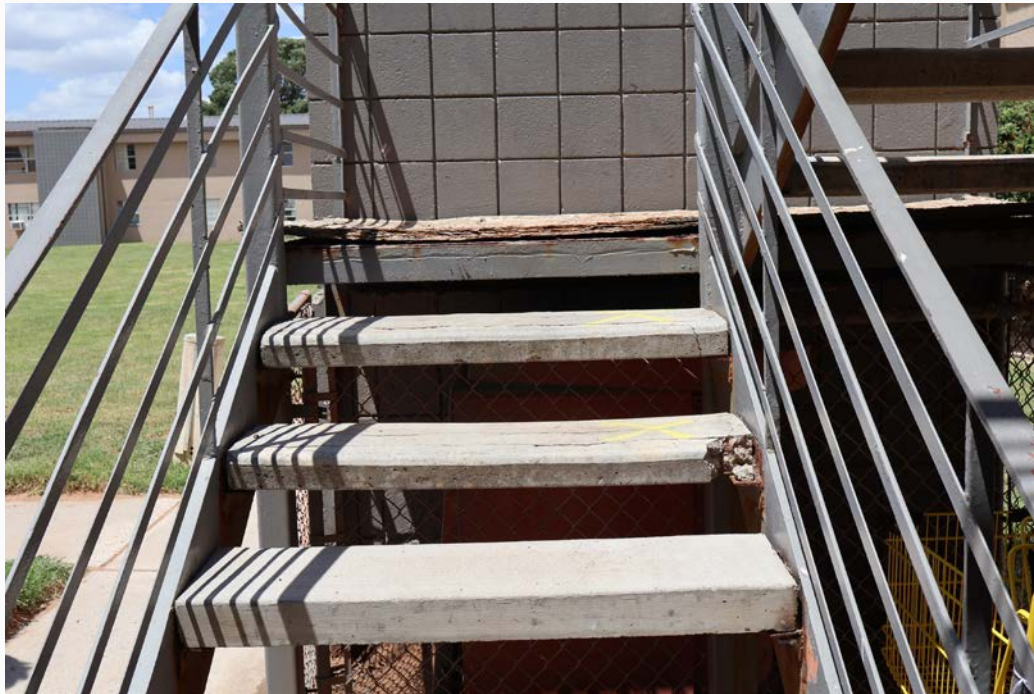
Building D



Building D



Building D



Building D



Building E



Building E



Building E



Building F



Building F



Building F



Building F



Building F



Building G



Building G



Building G



Building G



Building G



Building G



Building G



Building H



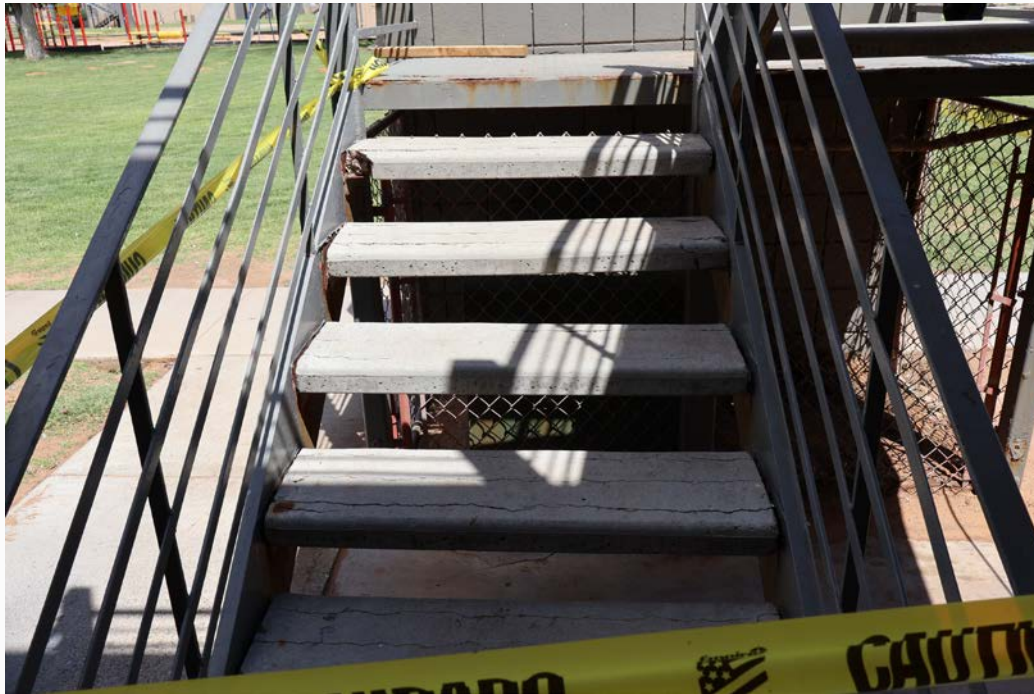
Building H



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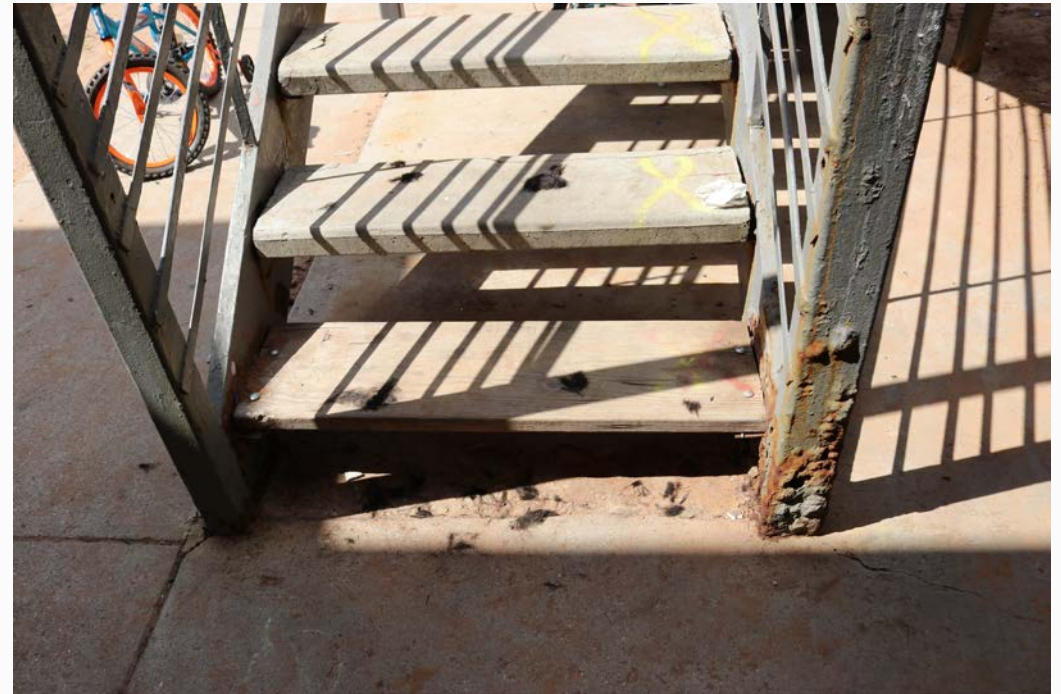
Building K



Building K



Building K



Questions?

