

Commission Meeting Agenda



Mayor

Samuel D. Cobb

City Commission

Marshall R. Newman

Jonathan Sena

Patricia A. Taylor

Joseph D. Calderón

Garry A. Buie

John W. Boyd

City Manager

J. J. Murphy

October 19, 2015



**Hobbs City Commission
Regular Meeting
City Hall, City Commission Chamber
200 E. Broadway, 1st Floor Annex, Hobbs, New Mexico**

Monday, October 19, 2015 - 6:00 p.m.

Sam D. Cobb, Mayor

Marshall R. Newman
Commissioner - District 1

Jonathan Sena
Commissioner - District 2

Patricia A. Taylor
Commissioner - District 3

Joseph D. Calderón
Commissioner - District 4

Garry A. Buie
Commissioner - District 5

John W. Boyd
Commissioner - District 6

A G E N D A

CALL TO ORDER AND ROLL CALL

INVOCATION AND PLEDGE OF ALLEGIANCE

APPROVAL OF MINUTES

1. Minutes of the October 1, 2015, Special Commission Meeting
2. Minutes of the October 5, 2015, Regular Commission Meeting

PROCLAMATIONS AND AWARDS OF MERIT

PUBLIC COMMENTS *(For non-agenda items.)*

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.)*

3. Resolution No. 6367 - Determining that Certain Structures are Ruined, Damaged and Dilapidated Requiring Removal from the Municipality (110 North Dal Paso) *(Raymond Bonilla)*

DISCUSSION

4. Public Art Committee Update (*Charley Smith*)

ACTION ITEMS (Ordinances, Resolutions, Public Hearings)

5. FINAL ADOPTION: Ordinance No. 1091 - Approving a Real Estate Purchase Agreement to Sell and Convey a Parcel of Land Comprised of Lot 2 within the Hobbs Industrial Airpark South Subdivision, Containing 3.49 Acres +/- to Bridgeway Properties, LLC, for the Purchase Price of \$80,400.00 (*Kevin Robinson*)
6. Resolution No. 6368 - Approving an Affordable Housing Development Agreement with Parkside Terrace CIC, LLLP, for an Affordable Housing Complex Upon Block 47 of the Original Hobbs Addition (*Kevin Robinson*)
7. Resolution No. 6369 - Authorizing the Renewal of Medical, Teladoc, Dental, Life, Short Term Disability and Vision Insurance; Modifying Long-Term Disability; and Adding Benefit Value Advisor (*Nikki Sweet*)
8. Consideration of Approval of Bid No. 1538-16 for Renovations at Fire Station No. 2 and Recommendation to Accept Bid from Lasco Construction, Inc., in the Amount of \$244,264.00 (*Ronny Choate*)

COMMENTS BY CITY COMMISSIONERS, CITY MANAGER

9. Next Meeting Date:
 - ▶ Regular Meeting - **Monday, November 2, 2015** at 6:00 p.m.

ADJOURNMENT

If you are an individual with a disability who is in need of 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) 397-9207 at least 72 hours prior to the meeting or as soon as possible.



CITY OF HOBBS

COMMISSION STAFF SUMMARY FORM

MEETING DATE: October 19, 2015

SUBJECT: City Commission Meeting Minutes

DEPT. OF ORIGIN: City Clerk's Office
DATE SUBMITTED: October 14, 2015
SUBMITTED BY: Jan Fletcher, City Clerk

Summary:

The following minutes are submitted for approval:

- ▶ Special Meeting of October 1, 2015
- ▶ Regular Meeting of October 5, 2015

Fiscal Impact:

Reviewed By: _____
Finance Department

N/A

Attachments:

Minutes as referenced under "Summary".

Legal Review:

Approved As To Form: _____
City Attorney

Recommendation:

Motion to approve the minutes as presented.

Approved For Submittal By:


Department Director

City Manager

CITY CLERK'S USE ONLY
COMMISSION ACTION TAKEN

Resolution No. _____ Continued To: _____
Ordinance No. _____ Referred To: _____
Approved _____ Denied _____
Other _____ File No. _____

Minutes of the special meeting of the Hobbs City Commission held on Thursday, October 1, 2015, in the City Commission Chambers, 200 East Broadway, 1st Floor Annex, Hobbs, New Mexico.

Call to Order and Roll Call

Mayor Cobb called the meeting to order at 6:00 p.m. and welcomed everyone in attendance to the meeting. The City Clerk called the roll and the following answered present:

Mayor Sam D. Cobb
Commissioner Marshall R. Newman
Commissioner Jonathan Sena
Commissioner Joseph D. Calderón
Commissioner Garry A. Buie
Commissioner John W. Boyd (*via telephone*)

Also present:

J. J. Murphy, City Manager
Mike Stone, City Attorney
Efren Cortez, Assistant City Attorney
Chris McCall, Police Chief
Eric Enriquez, Fire Chief
Paul Thompson, Fire Captain
Manny Marquez, Building Official
Toby Spears, Finance Director
Ronny Choate, General Services Director
Ron Roberts, Information Technology Director
Tim Woomeer, Utilities Director
Kevin Robinson, Development Coordinator
Doug McDaniel, Parks and Recreation Director
Matt Hughes, Golf Superintendent
Nikki Sweet, Human Resources Director
Sandy Farrell, Library Director
Meghan Mooney, Director of Communications
Nicholas Goulet, Benefits & Safety Coordinator
Ann Betzen, Executive Assistant/Risk Manager
Sandra Boltshauser, Clerk Record Specialist
Jan Fletcher, City Clerk
55 Citizens

Commissioner Sena gave the invocation and Commissioner Calderón led the Pledge of Allegiance.

Mayor Cobb explained the process for appointment of a City Commissioner to fill the vacancy in District 3. He stated that the City Commission has received six resumes and letters of interest from the following citizens:

Rev. B. J. Choice, Sr.
Joseph Cotton II
John B. Hassen
Diane Henry
Patricia A. Taylor
Charles Whitley

Mayor Cobb expressed appreciation to all of the candidates for their willingness to serve the community. He stated that each applicant will be allowed five minutes to address the Commission. Once all of the applicants have addressed the Commission, they will be escorted to the conference room behind the Commission Chamber. Mayor Cobb stated the City Clerk will draw names and each applicant will be invited to come before the Commission to answer two questions. He stated after all of the candidates have addressed the Commission, an open discussion will begin and a simple majority vote will be required by the Commission to appoint a City Commissioner to the vacant seat.

In response to Mayor Cobb's inquiry, Ms. Jan Fletcher, City Clerk, stated all of the applicants meet the requirements set forth in the City Charter to fill the position of City Commissioner.

Rev. B. J. Choice, Sr., Mr. Joseph Cotton II, Mr. John B. Hassen, Ms. Diane Henry, Ms. Patricia A. Taylor and Mr. Charles Whitley addressed comments to the Commission.

Mayor Cobb thanked all of the candidates for their comments. He asked the six applicants to adjourn to the conference room behind the Commission Chamber and stated the City Clerk will draw names to determine the order for questioning. Mayor Cobb stated each applicant will have three minutes to answer each of the two questions and when finished, they may be seated in the Commission Chamber.

Each applicant was asked the following questions:

1. "Your predecessor brought consensus-based leadership to this position, how would you continue her legacy?"; and
2. "Are you familiar with the time commitment for this position and are you prepared to dedicate the time necessary to serve in this position?"

Mayor Cobb stated the term for the appointee for District 3 ends in March of 2016, at which time a candidate must seek election to the office. Mayor Cobb stated this is a very difficult choice for the Commission as all of the candidates are very qualified for the position.

Commissioner Sena nominated Mr. Joe Cotton II to serve as City Commissioner for District 3. Commissioner Calderón seconded the motion and the vote was recorded as follows: Newman no, Sena yes, Calderón yes, Buie no, Boyd no, Cobb yes. The motion failed.

Commissioner Newman nominated Ms. Patricia A. Taylor to serve as City Commissioner for District 3. Commissioner Buie seconded the motion and the vote was recorded as follows: Newman yes, Sena yes, Calderón no, Buie yes, Boyd yes, Cobb yes. The motion carried.

Ms. Fletcher administered the oath of office to Ms. Taylor.

Comments by City Commissioners, City Manager

In response to the inquiry by Commissioner Newman, more than half of the audience stood indicating they were residents of District 3.

Commissioner Boyd welcomed Commissioner Taylor and stated he believes she will serve the City and her district well.

Commissioner Sena expressed gratitude to all of the applicants for being a part of the process. He stated he is honored to serve with Commissioner Taylor.

Commissioner Taylor expressed her thanks to everyone who supported her during the appointment process.

Commissioner Buie welcomed Commissioner Taylor and stated the decision was not an easy one as all of the applicants were qualified to serve District 3. He added that prayer and several calls from the residents of District 3 influenced his vote. Commissioner Buie encouraged those present to continue their voice in the upcoming election by heading to the polls.

Commissioner Newman echoed Commissioner Buie's comments and welcomed Commissioner Taylor. He stated he also received quite a few calls from citizens in Districts 1, 2 and 4 as well as the residents of District 3. Commissioner Newman expressed his appreciation to everyone for being a part of the application process.

Mayor Cobb thanked everyone in attendance and all of the applicants for showing their commitment to the City of Hobbs. He added this meeting shows how the citizens of Hobbs can work together to create a better community.

There being no further discussion, Commissioner Taylor moved that the meeting adjourn. Commissioner Newman seconded the motion. The vote was recorded as follows: Newman yes, Sena yes, Taylor yes, Calderón yes, Buie yes, Boyd yes, Cobb yes. The motion carried. The meeting adjourned at 6:50 p.m.

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk

Minutes of the regular meeting of the Hobbs City Commission held on Monday, October 5, 2015, in the City Commission Chamber, 200 East Broadway, 1st Floor Annex, Hobbs, New Mexico.

Call to Order and Roll Call

Mayor Cobb called the meeting to order at 6:00 p.m. and welcomed everyone in attendance to the meeting. The City Clerk called the roll and the following answered present:

Mayor Sam D. Cobb
Commissioner Marshall R. Newman
Commissioner Jonathan Sena
Commissioner Patricia A. Taylor
Commissioner Joseph D. Calderón
Commissioner Garry A. Buie
Commissioner John W. Boyd

Also present: Todd Randall, Acting City Manager
Mike Stone, City Attorney
Eric Enriquez, Fire Chief
Barry Young, Deputy Fire Chief
Shawn Williams, Fire Marshal
Paul Thompson, Fire Captain
Chris McCall, Police Chief
Raymond Bonilla, Community Services Director
Freddie Salgado, Community Engagement Representative
Ron Roberts, Information Technology Director
Toby Spears, Finance Director
Tim Woomeer, Utilities Director
Doug McDaniel, Parks and Recreation Director
Matt Hughes, Golf Superintendent
Britt Lusk, Teen Center Supervisor
Meghan Mooney, Director of Communications
Nicholas Goulet, Benefits and Safety Coordinator
Ronny Choate, General Services Director
Sandy Farrell, Library Director
Mollie Maldonado, Deputy City Clerk
Jan Fletcher, City Clerk
15 citizens

Invocation and Pledge of Allegiance

Commissioner Sena delivered the invocation and Commissioner Buie led the Pledge of Allegiance.

Approval of Minutes

Commissioner Boyd moved that the minutes of the regular meeting held on September 21, 2015, be approved as presented. Commissioner Sena seconded the motion and the vote was recorded as follows: Newman yes, Sena yes, Taylor yes, Calderón yes, Buie yes, Boyd yes, Cobb yes. The motion carried.

Proclamations and Awards of Merit

Proclamation Proclaiming the Week of October 5, 2015, as "Fire Prevention Week". Mayor Cobb presented the proclamation to Fire Marshal Shawn Williams. Fire Marshal Williams stated the Hobbs Fire Department will be working at all thirteen elementary schools and a few daycare centers this week to educate students on the importance of fire safety. He stated the Fire Department will also be presenting fire safety education to seniors at the Hobbs Senior Center. Fire Marshal Williams reminded those present that when changing clocks on November 1, 2015, for daylight savings time, it is a good habit to change the batteries in smoke alarms.

Mayor Cobb expressed appreciation to Hobbs Fire Department for all it does in the community.

Commissioner Newman stated the Hobbs Fire Department has been receiving good publicity on Facebook and he expressed his appreciation to the department.

Public Comments

Mr. Andrew Akufo, Executive Director of Lea County Commission for the Arts (LCCA). He stated LCCA hosted the "Celebracion II" Hispanic Heritage Month Celebration held August 22, 2015, through October 3, 2015. He stated 1,129 people visited the event and 77 attended the reception held in honor of th Hispanic Heritage Month Celebration. Mr. Akufo stated LCCA also hosted a Flamenco event which was composed of Mexican dancers. He stated 110 heads in beds were confirmed for this event.

In response to Commissioner Newman's question, Mr. Akufo stated LCCA will host the Estacado Art Association Fall Open Art Show on Saturday, October 10, 2015, at 5:00 p.m. and November 14, 2015, at 7:00 p.m. He stated the annual event features artwork by local and regional artists.

Commissioner Sena stated the Flamenco event was really good.

Mayor Cobb stated the LCCA is doing good work in the community.

Mr. Mike Stone, City Attorney, expressed appreciation to Mr. Akufo for reporting the outcome of the events partially funded by lodgers' tax. He stated lodgers' tax funds are intended for these exact events that bring overnight visitors to the community.

Pastor Winfred Gipson expressed appreciation to the Commission for selecting Commissioner Patricia Taylor as Commissioner for District 3. He congratulated Commissioner Taylor.

Pastor Benny Greenlee invited the Commission and the public to the "Back the Badge" event to be held on Saturday, October 17, 2015, at the Event Center.

Consent Agenda

Mayor Cobb explained the Consent Agenda and the process for removing an item from the Consent Agenda and placing it under Action Items.

Commissioner Boyd moved for approval of the following Consent Agenda Item(s):

Resolution No. 6361 - Authorizing the Removal of Outstanding Returned Checks Determined to be Uncollectible.

Commissioner Boyd seconded the motion and the vote was recorded as follows: Newman yes, Sena yes, Taylor yes, Calderón yes, Buie yes, Boyd yes, Cobb yes. The motion carried. Copies of the resolutions and supporting documentation are attached and made a part of these minutes.

Discussion

There were no items presented for discussion.

Action Items

Mayor Cobb stated Agenda Items No. 4, 5, 6 and 7 are the same in nature, and he would like to discuss them as a group.

Resolution No. 6362 - Authorizing a 2015 Capital Appropriation Grant Agreement No. 15-0512-STB with the New Mexico Environment Department in the Amount of \$100,000.00 for the Hobbs Wastewater Treatment Facility Digester.

Resolution No. 6363 - Authorizing a 2015 Capital Appropriation Grant Agreement No. 15-0509-STB with the New Mexico Environment Department in the Amount of \$100,000.00 for the Hobbs Effluent Pipeline Hydrants/Irrigation Improvements.

Resolution No. 6364 - Authorizing a 2015 Capital Appropriation Grant Agreement No. 15-0510-STB with the New Mexico Environment Department in the Amount of \$350,000.00 for the Hobbs Rockwind Golf Course Effluent Pipeline Improvements.

Resolution No. 6365 - Authorizing a 2015 Capital Appropriation Grant Agreement No. 15-0511-STB with the New Mexico Environment Department in the Amount of \$150,000.00 for the Hobbs Sewer System and Trunk Line Improvements.

Mr. Tim Woomer, Utilities Director, explained each of the 2015 Capital Appropriations. He stated a total of \$700,000.00 was awarded as follows: (1) \$100,000.00 for the Wastewater Treatment Facility Digester; (2) \$100,000.00 for the Effluent Pipeline Hydrants/Irrigation Improvements; (3) \$350,000.00 Rockwind Golf Course Effluent Pipeline Improvements; and (4) \$150,000.00 Sewer System and Trunk Line Improvements.

Commissioner Sena expressed his appreciation to Mr. Woomer for all his hard work in receiving the appropriation funds. He recommended Mr. Woomer utilize local contractors, when feasible, for these projects.

Commissioner Boyd also expressed his appreciation to Mr. Woomer for all his hard work in receiving \$700,000.00 in legislative funding. Mr. Woomer thanked the Engineering Department and his staff for all of their efforts. He stated the Utility Board is in favor of the appropriations received by the Legislature.

There being no further discussion, Commissioner Boyd moved that Resolutions No. 6362, 6363, 6364 and 6365 be adopted as presented. Commissioner Newman seconded the motion and the vote was recorded as follows: Newman yes, Sena yes, Taylor yes, Calderón yes, Buie yes, Boyd yes, Cobb yes. The motion carried. Copies of the resolution is attached and made a part of these minutes.

Consideration of Approval of a Task Order with Molzen-Corbin & Associates to Perform Professional Engineering Services for the Underground Storage/Recovery Feasibility Study in the Amount of \$246,301.98. Mr. Woomer stated, as a component of the City of Hobbs Effluent Reuse Professional Engineering Report (PER), the engineering firm of Molzen-Corbin, Inc., developed water balance models that projected 2015 reclaimed water availability and demand based upon historical reclaimed water usage, minimum contractual requirements to S&H Farms, and estimated usage at Rockwind Golf Course. He stated for calendar year 2015, at an average daily wastewater flow of 3.2 MGD (million gallons/day), the model projects a reclaimed water deficit of 13.8 MG (million gallons) occurring during the summer months when irrigation is at its peak, with an excess volume of 316 MG not beneficially utilized during the remaining months. Mr. Woomer stated to efficiently

manage the excess volume of reclaimed water produced annually and allow for additional irrigation opportunities in the future, future storage capacity in either surface ponds or underground via aquifer recharge are briefly evaluated in the PER.

He stated a scope of work has been developed by the firm of Molzen-Corbin to conduct a feasibility study, including pilot testing, to determine the potential of aquifer recharge via surface infiltration on City owned property adjacent to the treatment facility. Mr. Woomer stated all infiltration testing will be conducted with potable water and hydrological models will be developed to determine the suitability of the site including the effects of recharge activity on local/regional water levels. He stated as formal regulations are not currently in place regarding aquifer recharge operations, engineers will coordinate a meeting with the State of New Mexico Office of the State Engineer (OSE), the New Mexico Environmental Department (NMED) and City to discuss project objectives, goals, and obtain feedback on potential regulatory requirements for a future aquifer recharge facility. Mr. Woomer stated prior to finalization, a presentation of feasibility study and pilot testing results will be made to the Commission for comments and inclusion in the final report.

In reply to Commissioner Boyd's inquiry, Mr. Woomer stated the testing performed by Molzen-Corbin will use plain water. He stated the testing will be conducted in the winter when farmers do not need effluent water.

Commissioner Buie expressed appreciation to Mr. Woomer for being pro-active in regard to underground storage/recovery. He stated this will greatly assist the City 20 to 30 years from now.

There being no further discussion, Commissioner Calderón moved to approve the Task Order with Molzen-Corbin as presented. Commissioner Sena seconded the motion and the vote was recorded as follows: Newman yes, Sena yes, Taylor yes, Calderón yes, Buie yes, Boyd yes, Cobb yes. The motion carried. A copy of the Task Order is attached and made a part of these minutes.

Resolution No. 6366 - Authorizing an Increase of the Investment Transfer Limit from LGIP (Local Government Investment Pool) to Public Trust Advisors - US Bank. Mr. Toby Spears, Finance Director, stated the City Commission established a US Bank trust account on March 17, 2014, with a transfer limit of up to \$40 million. He stated the current yield from the Local Government Investment Pool (LGIP) is .1073% as compared to .3600% Public Trust Advisors. Mr. Spears stated by increasing the investment transfer to \$53 million it establishes more potential earning power for the City of Hobbs investments. He stated all investments are subject to the City's current investment policy and there is no risk associated with investments.

There being no discussion, Commissioner Boyd moved that Resolution No. 6366 be adopted as presented. Commissioner Newman seconded the motion and the vote was recorded as follows: Newman yes, Sena yes, Taylor yes, Calderón yes, Buie yes, Boyd yes, Cobb yes. The motion carried. A copy of the resolution is attached and made a part of these minutes.

Consideration of Approval to Purchase a New Street Sweeper from Tymco, Inc., through the Houston Galveston Area Council (HGAC) Purchasing Co-Op in the Amount of \$221,140.00. Mr. Ronny Choate, General Services Director, stated the City desires to purchase a new Tymco Street Sweeper which is available through the HGAC Purchasing CO-OP. He stated the sweeper will replace a 2007 Elgin Broom Bear Sweeper which is a mechanical sweeper. The new sweeper being purchased is a Regenerative Air Sweeper.

In reply to Commissioner Buie's inquiry, Mr. Choate stated there is not a local company that carries street sweepers. He stated the sweeper will be purchased from a company that is based in Arizona. Mr. Choate stated two City employees will be assigned to pick up the street sweeper and they will be trained to use the street sweeper by Tymco, Inc., employees.

Commissioner Buie moved to approve the purchase from Tymco, Inc., in the amount of \$221,140.00 for a new street sweeper which also includes training and delivery, as presented. Commissioner Newman seconded the motion and the vote was recorded as follows: Newman yes, Sena yes, Taylor yes, Calderón yes, Buie yes, Boyd yes, Cobb yes. The motion carried. A copy of the agreement and supporting documentation is attached and made a part of these minutes.

Consideration of Approval to Purchase a New Backhoe for Use at the Cemetery and a New Skid Steer Loader for Use in Parks from 4 Rivers Equipment of Hobbs, New Mexico, through Cooperative Educational Services (CES) in the Total Amount of \$133,016.22. Mr. Doug McDaniel, Parks and Recreation Director, stated the backhoe that is currently in service at Prairie Haven Memorial Cemetery was purchased in 2007 and maintenance logs show that \$5,226.00 has been spent on a total of 25 repairs. He stated there are funds available in the Cemetery's current budget to purchase a new backhoe. Mr. McDaniel stated the backhoe and skid steer loader were the Cemetery Board's priority items for equipment and projects at the Cemetery for the FY16 Budget. He stated the skid steer loader that is currently in service by the Parks Division was purchased in 2000 and is currently at the City Garage ready for auction. Mr. McDaniel stated that a CES discount of \$15,405.22 applies on this purchase for a total purchase price of \$53,924.77.

In reply to Commissioner Newman's inquiry, Mr. McDaniel stated the backhoe will only be utilized for cemetery purposes.

Commissioner Buie moved to approve the purchase from 4 Rivers Equipment in the amount of \$133,016.22 for a backhoe and a new skid steer loader as presented. Commissioner Sena seconded the motion and the vote was recorded as follows: Newman yes, Sena yes, Taylor yes, Calderón yes, Buie yes, Boyd yes, Cobb yes. The motion carried. Copies of the supporting documentation are attached and made a part of these minutes.

In response to Mayor Cobb's inquiry, Mr. McDaniel stated there are a total of 79 elm trees at Prairie Haven Cemetery that are being removed due to the age of the trees and having been determined unsafe to the public. He stated 18 trees have been removed thus far and it has made a huge difference in the appearance of the Cemetery. Mr. McDaniel stated the remaining trees will be removed within 45 days.

Consideration of Approval to Purchase a New John Deere Backhoe Loader for the Utilities Department from 4 Rivers Equipment of Hobbs, New Mexico, through Cooperative Educational Services (CES) in the Amount of \$156,412.30. Mr. Woomer stated the Utilities Department requests to purchase a new 710 John Deere Backhoe Loader. He stated this backhoe loader will replace the unit that was purchased in 2007 which will be sold at an upcoming auction.

In reply to Mayor Cobb's question, Mr. Woomer stated the new John Deere Backhoe Loader will be utilized by the Utilities Department for water and sewer replacement.

Commissioner Boyd moved to approve the purchase of a new John Deere Backhoe Loader from 4 Rivers Equipment in the amount \$156,412.30 as presented. Commissioner Buie seconded the motion and the vote was recorded as follows: Newman yes, Sena yes, Taylor yes, Calderón yes, Buie yes, Boyd yes, Cobb yes. The motion carried. Copies of the supporting documentation are attached and made a part of these minutes.

Consideration of Approval to Purchase a New Combination Sewer Cleaning Truck for the Utilities Department from Vac-Con, Inc., through the Houston Galveston Area Council (HGAC) Purchasing Co-Op in the Amount of \$351,053.80U. Mr. Woomer stated the Utilities Department is requesting to purchase a new combination sewer cleaning truck. He stated this new unit will be utilized as an additional sewer cleaning truck when the other truck is at the City Garage for repairs.

In response to Commissioner Newman's inquiry, Mr. Woomer stated contractors utilize their own sewer cleaning trucks when bidding on City jobs.

Commissioner Newman moved to approve the purchase of a new sewer cleaning truck from Vac-Con, Inc., in the amount \$351,053.80 for a new sewer cleaning truck as presented. Commissioner Boyd seconded the motion and the vote was recorded as follows: Newman yes, Sena yes, Taylor yes, Calderón yes, Buie yes, Boyd yes, Cobb yes. The motion carried. Copies of the supporting documentation are attached and made a part of these minutes.

Comments by City Commissioners, City Manager

Mayor Cobb stated Mr. J. J. Murphy, City Manager, is not present at tonight's meeting because he is on military leave.

There being no further discussion or business, Commissioner Newman moved that the meeting adjourn. Commissioner Calderón seconded the motion. The vote was recorded as follows: Newman yes, Sena yes, Taylor yes, Calderón yes, Buie yes, Boyd yes, Cobb yes. The motion carried. The meeting adjourned at 6:45 p.m.

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk



CONSENT AGENDA



CITY OF HOBBS
COMMISSION STAFF SUMMARY FORM

MEETING DATE: October 19, 2015

SUBJECT: Condemnation Recommendation Structure Contained on Attachment "A"

DEPT. OF ORIGIN: Community Services
DATE SUBMITTED: October 12, 2015
SUBMITTED BY: Jose Marquez, Building Inspection

Summary:

In its continuing promotion of safety and clean up efforts in the City of Hobbs, the Environmental Division of the Hobbs Community Services has identified one structure which presents safety and fire hazards which warrant its destruction. This structure is in dire need of repair. Attachment A contains information of the property.

Fiscal Impact:

Reviewed By: *Deborah Corral*
Finance Department

The demolition and clean up of this property will cost approximately \$15,000.00. The current budget in the "Professional Services" line item of the Environmental Budget (01340-42601) has an adequate balance to sustain this expenditure.

Attachments:

- 1. Resolution
- 2. Photo of Structure contained in Attachment A.

Legal Review:

Approved As To Form: *M. H. Stone*
City Attorney

Recommendation:

The City Commission approve the adoption of the Resolution determining the structure is ruined, damaged and dilapidated and a menace to public health and safety and it requires removal from the real property.

Approved For Submittal By:

Raymond Buillo
Department Director

J. J. [Signature]
City Manager

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COMMISSION ACTION TAKEN**

Resolution No. _____ Continued To: _____
Ordinance No. _____ Referred To: _____
Approved _____ Denied _____
Other _____ File No. _____

CITY OF HOBBS

RESOLUTION NO. 6367

A RESOLUTION DETERMINING THAT CERTAIN
STRUCTURES ARE RUINED, DAMAGED AND DILAPIDATED,
ARE A MENACE TO PUBLIC COMFORT, HEALTH AND
SAFETY AND REQUIRES 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 structures 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; or, if such service cannot be had, that a copy of this Resolution be posted on the 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 19th day of October, 2015.

ATTEST:

SAM D. COBB , Mayor

JAN FLETCHER, City Clerk

Attachment A

	Address	Owner	Owner's Address	Estimated Cost of Demolition
1	110 N. Dal Paso Lot 6-8, Unit C All Hobbs Addition Hobbs, Lea County, New Mexico	Franco, Anita	3212 Marie Lane Fort Worth, TX 76123	\$ 15,000.00

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10.02.2015



ACTION ITEMS



CITY OF HOBBS
COMMISSION STAFF SUMMARY FORM

MEETING DATE: October 19, 2015

SUBJECT: AN ORDINANCE APPROVING A REAL ESTATE PURCHASE AGREEMENT TO SELL AND CONVEY A PARCEL OF LAND COMPRISED OF LOT 2 WITHIN THE HOBBS INDUSTRIAL AIRPARK SOUTH SUBDIVISION, CONTAINING 3.49 ACRES, MORE OR LESS, TO BRIDGEWAY PROPERTIES, LLC FOR THE PURCHASE PRICE OF \$80,400.00.

DEPT. OF ORIGIN: Planning Division
DATE SUBMITTED: October 12, 2015
SUBMITTED BY: Kevin Robinson - Planning Department

Summary: Adoption of an Ordinance to authorize the sell of a parcel of land comprised of lot 2 within the Hobbs Industrial Airpark South Subdivision, containing 3.49 acres, more or less, to Bridgeway Properties, LLC. The City of Hobbs is proposing to sell a municipally owned parcel comprised of Lot 2 in the Hobbs Industrial Air Park South Subdivision to Bridgeway Properties, LLC for the purchase price of \$80,400. A plat of the Industrial Subdivision with the parcel highlighted is attached. The purpose of the sale is Economic Development.

Fiscal Impact:

Reviewed By: [Signature]
Finance Department

The revenue from this sale will be booked against the Land Acquisition Fund. Any future development of HIAP Projects will be budgeted in the Capital Projects Fund when identified.

Attachments: Ordinance; Site Map, Real Estate Purchase Agreement, Protective Covenants and Affidavit of Publication.

Legal Review:

Approved As To Form: [Signature]
City Attorney

Recommendation:

Staff recommends consideration to approve final adoption of the Ordinance.

Approved For Submittal By:

[Signature]
Department Director

[Signature]
City Manager

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COMMISSION ACTION TAKEN

Resolution No. _____ Continued To: _____
Ordinance No. _____ Referred To: _____
Approved _____ Denied _____
Other _____ File No. _____

CITY OF HOBBS, NEW MEXICO

ORDINANCE NO. 1091

AN ORDINANCE APPROVING A REAL ESTATE PURCHASE AGREEMENT TO SELL AND CONVEY A PARCEL OF LAND COMPRISED OF LOT 2 WITHIN THE HOBBS INDUSTRIAL AIRPARK SOUTH SUBDIVISION, CONTAINING 3.49 ACRES, MORE OR LESS, TO BRIDGEWAY PROPERTIES, LLC FOR THE PURCHASE PRICE OF \$80,400.00.

WHEREAS, the City of Hobbs, a municipal corporation, is the owner of a parcel of land comprised of lot 2 within the Hobbs Industrial Airpark South Subdivision, containing 3.49 acres, more or less, in the Hobbs Industrial Air Park South Subdivision; and

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

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

WHEREAS, inclusive in this Ordinance are the following:

1. **Terms of Sale:** The City proposes to sell a parcel of land comprised of lot 2 within the Hobbs Industrial Airpark South Subdivision, containing 3.49 acres, more or less for the purchase price of \$80,400.00.

The Sale of the City owned Real Property must be approved by City Ordinance pursuant to NMSA Section 3-54-1 et. seq., as amended.

An Agreement for the Purchase of Real Estate concerning terms of the sale and Protective Covenants for the property are part of the Proposed Ordinance.

2. **Appraised Value of Municipally Owned Real Property:** The property has a new appraisal placing value at \$25,070 per acre or \$87,494 for the 3.49 acre parcel. The municipality has received a viable offer at 92% of appraised value and 9% higher per acre of past sales.
3. **Schedule of Payments:** The Purchase Price is to be paid with an earnest money deposit (escrowed upon acceptance of purchase agreement) with the balance to be paid as follows:

Earnest Money Deposit:	\$ 10,000
At Closing Balance of Cash	\$ 70,400
Total Payments	\$ 80,400

4. **The Amount of Purchase Price:** \$ 80,400

5. **Purchaser of Property:** Bridgeway Properties, LLC

6. **Purpose of Municipal Sale:** Industrial and Economic Development - Site acquisition for company providing Bus Services to the Hobbs School District.

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 sale of the Property as described as follows:

LEGAL DESCRIPTION

A parcel of land comprised of lot 2 within the Hobbs Industrial Airpark South Subdivision, containing 3.49 acres, more or less.

Subdivision Plat is attached hereto to this Ordinance as Exhibit #1, and made a part of this Ordinance. Subject to the conditions and terms in Exhibit "2", Agreement for The Purchase of Real Estate, which is attached hereto and made a part of this Ordinance.

(II)

That this Ordinance has been published prior to its adoption and shall be published at least once after adoption, pursuant to Sections 3-2-1, et. seq., and 3-54-1, et. seq., NMSA 1978, as amended.

(III)

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.

(IV)

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 19th day of Oct., 2015.

CITY OF HOBBS, NEW MEXICO

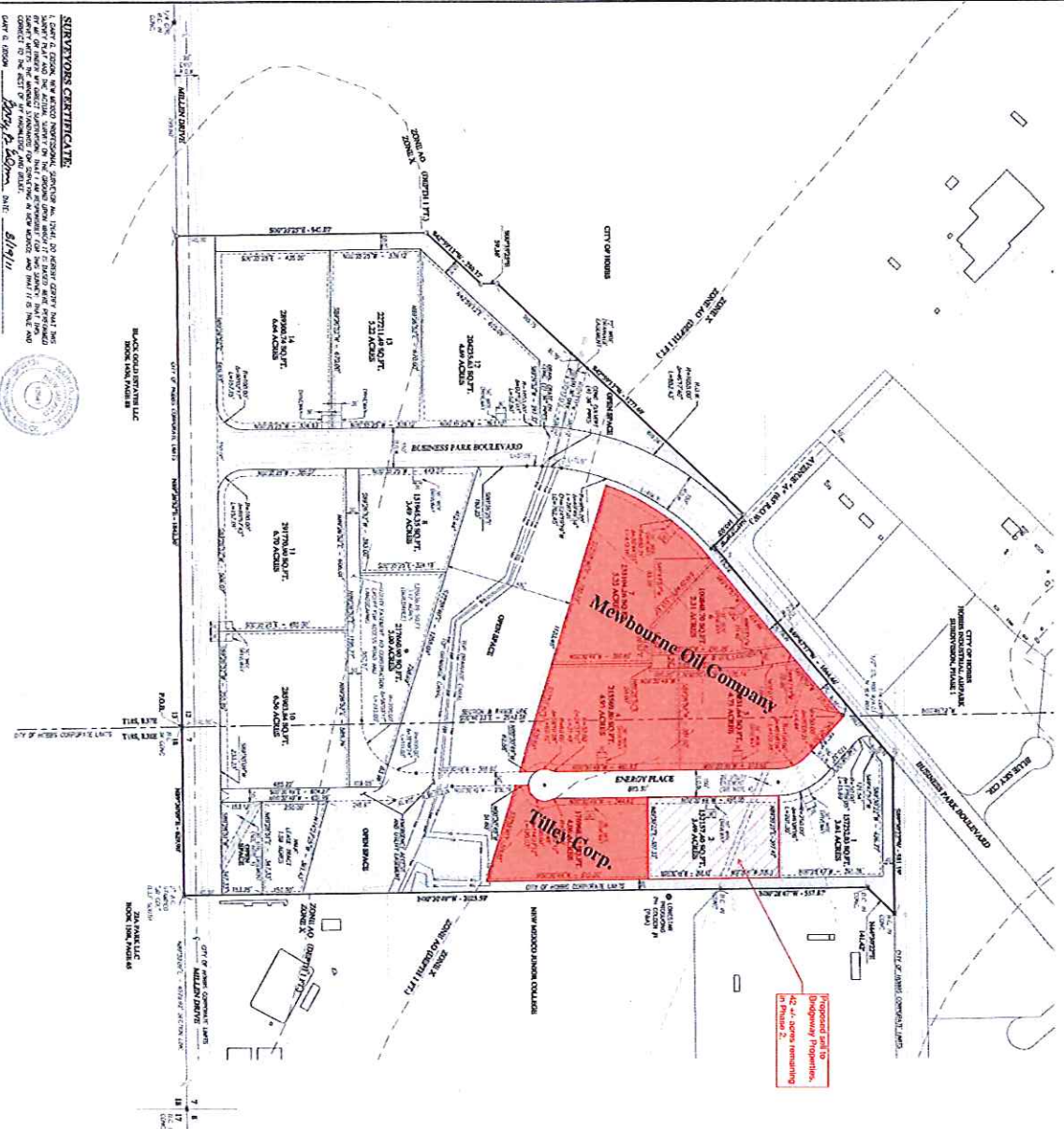
By _____
Sam D. Cobb, Mayor

ATTEST:

By _____
JAN FLETCHER, City Clerk

HOBS INDUSTRIAL AIRPARK SOUTH SUBDIVISION

SITUATED IN THE SE/4 OF SECTION 12, TOWNSHIP 18 SOUTH, RANGE 37 EAST AND THE SW/4 OF SECTION 7, TOWNSHIP 18 SOUTH, RANGE 38 EAST, N.M.P.M.
CITY OF HOBS, LEA COUNTY, NEW MEXICO



Proposed split to
Melbourne Oil Company
42.44 Acres remaining
in Parcel 2

LEGEND

- SHADED BOUNDARY LINES AND ALL OTHER LINES TO BE REMOVED
- EXISTING LOT BOUNDARIES
- EXISTING LOT AREAS
- EXISTING LOT DIMENSIONS
- EXISTING LOT IDENTIFICATION
- EXISTING LOT OWNERS
- EXISTING LOT USES
- EXISTING LOT ZONING
- EXISTING LOT RECORDS
- EXISTING LOT TAXES
- EXISTING LOT UTILITIES
- EXISTING LOT EASEMENTS
- EXISTING LOT ENCUMBRANCES
- EXISTING LOT DEFICIENCIES
- EXISTING LOT DISCREPANCIES
- EXISTING LOT CONFLICTS
- EXISTING LOT VIOLATIONS
- EXISTING LOT PENALTIES
- EXISTING LOT FINES
- EXISTING LOT JUDGMENTS
- EXISTING LOT LIENS
- EXISTING LOT MORTGAGES
- EXISTING LOT DEEDS
- EXISTING LOT CONTRACTS
- EXISTING LOT AGREEMENTS
- EXISTING LOT COVENANTS
- EXISTING LOT RESTRICTIONS
- EXISTING LOT EASEMENTS
- EXISTING LOT ENCUMBRANCES
- EXISTING LOT DEFICIENCIES
- EXISTING LOT DISCREPANCIES
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- EXISTING LOT DEEDS
- EXISTING LOT CONTRACTS
- EXISTING LOT AGREEMENTS
- EXISTING LOT COVENANTS
- EXISTING LOT RESTRICTIONS

PERVA ROAD ZONE DISCREPANCIES

THESE DISCREPANCIES ARE THE RESULT OF THE DISCREPANCIES BETWEEN THE RECORDS OF THE CITY OF HOBS AND THE RECORDS OF THE LEA COUNTY CLERK'S OFFICE. THE DISCREPANCIES ARE AS FOLLOWS:

- 1. THE RECORDS OF THE CITY OF HOBS SHOW A LOT AREA OF 1.2 ACRES, WHILE THE RECORDS OF THE LEA COUNTY CLERK'S OFFICE SHOW A LOT AREA OF 1.1 ACRES.
- 2. THE RECORDS OF THE CITY OF HOBS SHOW A LOT AREA OF 0.8 ACRES, WHILE THE RECORDS OF THE LEA COUNTY CLERK'S OFFICE SHOW A LOT AREA OF 0.9 ACRES.
- 3. THE RECORDS OF THE CITY OF HOBS SHOW A LOT AREA OF 0.5 ACRES, WHILE THE RECORDS OF THE LEA COUNTY CLERK'S OFFICE SHOW A LOT AREA OF 0.6 ACRES.

NOTE

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LEGAL DESCRIPTION AND DEDICATION

THE FOLLOWING IS A LEGAL DESCRIPTION OF THE LAND SHOWN WITHIN THE BOUNDARIES OF THE HOBS INDUSTRIAL AIRPARK SOUTH SUBDIVISION, AS SHOWN ON THE ATTACHED MAP, TOGETHER WITH THE DEDICATION OF THE LAND TO THE CITY OF HOBS, LEA COUNTY, NEW MEXICO, FOR THE USE AND BENEFIT OF THE CITY OF HOBS, LEA COUNTY, NEW MEXICO, AS A PUBLIC AIRPARK. THE LAND IS DESCRIBED AS FOLLOWS:

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ACKNOWLEDGMENT

I, the undersigned, being duly qualified and sworn, do hereby certify that the foregoing is a true and correct copy of the original records of the City of Hobbs, Lea County, New Mexico, and that the same are in accordance with the original records of the City of Hobbs, Lea County, New Mexico.

CERTIFICATE OF MUNICIPAL APPROVAL

I, the undersigned, being duly qualified and sworn, do hereby certify that the foregoing is a true and correct copy of the original records of the City of Hobbs, Lea County, New Mexico, and that the same are in accordance with the original records of the City of Hobbs, Lea County, New Mexico.

CERTIFICATE OF APPROVAL BY THE CITY PLANNING BOARD

I, the undersigned, being duly qualified and sworn, do hereby certify that the foregoing is a true and correct copy of the original records of the City of Hobbs, Lea County, New Mexico, and that the same are in accordance with the original records of the City of Hobbs, Lea County, New Mexico.

SUBDIVISION CERTIFICATE

STATE OF NEW MEXICO, COUNTY OF LEA, CITY OF HOBS, LEA COUNTY, NEW MEXICO.

BEFORE ME, the undersigned authority, on this day personally appeared _____, 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.

Given under my hand and seal of office this _____ day of _____, 20____.

Notary Public in and for the State of New Mexico.



LEA COUNTY SEAL

STATE OF NEW MEXICO COUNTY OF LEA

September 11, 2011

At _____, County of _____, State of New Mexico.

Notary Public in and for the State of New Mexico.

**REAL ESTATE PURCHASE AGREEMENT
CITY OF HOBBS AND BRIDGEWAY PROPERTIES, LLC**

THIS REAL ESTATE PURCHASE AGREEMENT (hereinafter "Agreement"), entered into this _____ day of _____, 2014, between Bridgeway Properties, LLC, P.O. Box 247, Hobbs, New Mexico 88241 (hereinafter "Purchaser"); and the City of Hobbs, New Mexico, a New Mexico Municipal Corporation (hereinafter "City").

RECITALS:

A. The City, in consideration of the mutual covenants herein contained, agrees to sell and convey, and Purchaser agrees to purchase the real estate described below, together with all buildings and improvements and all rights, hereditaments, easements and appurtenances thereunto belonging, located in the Hobbs Industrial Airpark South Subdivision, more particularly described as follows, and referred to hereinafter as "Property, " on the terms and conditions set forth herein.

B. The City entered into that 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 Property (as hereinafter defined).

C. The City entered into that 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 a portion of the Property (as hereinafter defined).

D. The interests of the EDC in the 1973 Ground Lease and the 1983 Ground Lease with respect to the Property have been relinquished to Owner, or, prior to the Closing Date, will be relinquished to Owner.

PARCEL DESCRIPTION – BRIDGEWAY PROPERTIES, LLC PARCEL:

Lot 2 of the Hobbs Industrial Airpark South Subdivision, City of Hobbs, Lea County, New Mexico. Subdivision Plat is attached hereto as Exhibit #1.

NOW THEREFORE THE FOLLOWING IS AGREED BY THE PARTIES:

1. **Earnest Money Deposit.**

Purchaser will make an earnest money deposit with the Closing Agent in the sum of Ten Thousand Dollars (\$10,000.00), within 24 hours of Commission Approval of this agreement.

2. Purchase Price.

A. The purchase price for the Property shall be Eighty Thousand Four Hundred Dollars (\$80,400.00) of which the amount paid as earnest money shall be a part.

B. The Purchase Price includes standard City Industrial Park infrastructure and utility services pursuant to the City Utility Service Policy as adopted November 2014.

3. Property Survey.

Within thirty (30) days following the execution of this Agreement, the City will provide Purchaser with a current survey of the Property prepared by a surveyor licensed in the State of New Mexico.

4. Closing Date.

Closing for the sale of the Property shall occur on a mutually agreeable date, at least forty-five (45) days, but not more than one hundred eighty (180) 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 parties may extend the Closing Date by mutual agreement, not to exceed 365 days following the date of the ordinance.

5. 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 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 date for closing 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 his 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, the earnest money deposit shall be returned to the Purchaser, and neither party shall have any rights or liabilities under this Agreement.

6. Environmental Assessment.

If requested by Purchaser, City shall furnish Purchaser within 40 days following the execution of this agreement, a Phase I Environmental Site Assessment Report, prepared by a licensed environmental professional engineer or geologist on the Property proposed for purchase. 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 cost of the Phase I Environmental Assessment shall be paid by Purchaser in addition to the purchase price noted above. The Site Assessment Study will not include soil boring and soil analysis, unless requested by Purchaser. Purchaser shall have fifteen (15) days from receipt of the Environmental Assessment Report to advise City of any disapproval of any exceptions or environmental conditions indicated in the Report.

7. Title.

At closing, the City shall execute and deliver a Special Warranty Deed conveying the Property 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 as noted above.

8. Oil and Gas Activities.

The parties acknowledge and understand seller does not own any mineral interest in the property being conveyed. The extraction of any mineral interest shall be subject to all federal, state and municipal rules, regulations and Ordinances concerning such.

9. Risk of Loss.

All risk of loss or damage to the Property 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 Property by Purchaser shall occur at closing. Before closing, Purchaser shall be solely responsible to insure Purchaser's interest in the Property if Purchaser so chooses.

10. 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.

11. Costs and Fees.

The closing costs shall be paid as follows:

A. The City shall pay for survey, title insurance binder for the value of the purchase price, title company closing fees and recording fees.

B. All other closing costs shall be paid by the Purchaser, including title insurance premium costs up to or in excess of the purchase price, additional survey costs, if Purchaser requests an ALTA survey, and environmental assessment cost, if an environmental assessment is requested by Purchaser.

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

12. 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: City Manager, 200 East Broadway, Hobbs, NM 88241; and to Purchaser, at P.O. Box 247, Hobbs, NM 88241, or to such other address as

requested by either party. Notice shall be deemed to be received on the fifth day following posting.

13. 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, including the costs of a City Attorney as a staff person.

14. 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.

15. Successors and Assigns.

This Section refers to assignability of this Purchase Agreement and not to assignability of the Property after the land purchase has been completed. 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.

16. 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.

17. 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 contract 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.

18. 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 industrial facility expansion on the Property. 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 property.

19. Protective Covenants.

Purchaser agrees to comply with terms and conditions as stated in the previously recorded Protective Covenants for the Property. These Protective Covenants are attached hereto as Exhibit "2", and made a part of this agreement.

20. Termination.

This agreement shall be terminated on the closing date for sale of property, unless either party ends the agreement prior to that date pursuant to Section 9 of this Agreement. All of the City's warranties, representations, certifications, and agreements contained herein shall be and remain true at the time of closing.

21. City Permits.

Purchaser must be responsible to apply for all required City permits, including a City Business Registration or License Fee and building permits.

22. Rights of the City and Conditions and Requirements of the Purchaser.

A. Right of Repurchase If Development (Permit and Construction) Has Not Started Within Six Month Period Following Closing Date.

Subject to the rights of any mortgagees under any mortgages on the Property, the City retains the right to repurchase the property, for the same price paid by the Purchaser, if Purchaser has not begun development within six (6) months of the date of purchase, or if Purchaser defaults prior to completing development within eighteen (18) months following the closing date. Development is hereby defined as the Purchaser's completion of construction of the complete main building suitable to Purchaser's needs including on-site improvements of paved access street and parking areas, utility service lines, landscaping, and foundations, according to City Design Standards and Building Code Ordinances. Development also includes Purchaser's operation of an industrial development on site suitable to Purchaser's needs, which meets agreed upon minimum economic development goals of job creation. The Purchaser must make a good faith effort to begin and continue development. Upon compliance with the development responsibility of Purchaser and at Purchaser's request, the City shall provide a written, recordable release or certificate of compliance with this

paragraph, and a waiver of its right to re-purchase. In the event that the City does not exercise any right to repurchase the Property within three years of the date of such right arises, then that right to repurchase shall lapse and expire.

B. HIAP Property – Real Estate Purchase & Long Term Lease. Agreement Provisions: To ensure creation of new jobs to Lea County, to attract new industry to Lea County and to guard against speculation, the following provisions are required by the City Commission to be incorporated into all new land purchase agreements and long term leases:

1) No re-sale of the Property is to be allowed for the five (5) year period following the date of closing, except Purchaser may transfer the Property to a wholly owned corporation or entity for the specific purpose of financing improvements on the property.

2) Pursuant to the recorded Protective Covenants, the main building must be completed within eighteen (18) months, and be equal in value to at least four times the purchase price of the land.

3) To provide security for enforcement of these covenants, purchaser agrees to a municipal lien to be filed by the City in second position, but in no case no later than six months from closing, equal to one hundred fifty percent (150%) of the purchase price paid to the city, until Purchaser has expended four (4) times the purchase price developing the industrial site. Purchaser agrees that this lien shall remain enforceable and be subject to foreclosure if the covenants and/or purchase agreement are violated at any time within the first five (5) years following the date of closing.

C. Building and Site Development Policies:

1) Completion of the building and site improvements, including the main building, shall be completed and placed in service within eighteen (18) months of the purchase. The purpose of this requirement is to insure the property is sold to someone that intends to utilize the industrial park and create jobs and not hold the property for speculation.

2) Retail uses are not permitted except for a factory outlet store as a minor part of the industrial operations to sell goods manufactured on site. Residential uses are not permitted.

3) As the specific property in the Industrial Park is a highly visible site, appropriate landscaping should be required as part of the building permit, such that the appearance of the industrial park is enhanced in an effort of attract other HIAP users. If truck parking is proposed adjacent to Energy Place frontage, the site design must include buffering and screening according to City policy.

D. The proposed sale is subject to approval by the City Commission. The sale is subject to the approval of a partial release of the leasehold interests currently held on the property by the EDC of Lea County. The sale is also subject to HUD Economic Development Initiative grant conditions.

E. Purchaser shall be required to construct access driveway(s) to the site boundary on City right-of-way to meet applicable City regulations for property access. Typical drawings showing detail for drainage piping are available for review.

F. Purchaser must be responsible for acquiring all local, state and federal permits and licensing. City staff will assist purchaser in processing appropriate permits for the site. Front setback landscaping treatments of a xeriscape landscape planting theme is recommended in the frontage on Energy Place and around the main building and customer service parking areas. A suggested plant list can be provided. A "caliche" yard of compacted crusher fines or compacted gravel will be allowed if the area is treated to reduce blowing dust.

G. All activities must meet all local, state and federal regulations, including those related to environmental issues.

23. 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 issue as specified in 3-54-1 et. seq., NMSA, as amended.

B. Purchaser must have received, reviewed and approved the survey prior to Closing. Purchaser shall have survey documents for review 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. If a request for a Phase I Environmental Site Assessment, Purchaser must have received, reviewed and approved the Phase I Environmental Assessment Report for the Property prior to Closing. Purchaser shall have the Environmental Assessment Report for review at least thirty (30) calendar days prior to the intended date of Closing; and Purchaser shall have twenty (20) days from receipt of the Report to raise any objections with City.

D. The EDC shall have executed a relinquishment of the 1973 Ground Lease and 1983 Ground Lease, as related to this property, prior to closing.

E. There shall be no material adverse change in the condition of the Property as of closing.

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

G. 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.

24. Representations and Certifications Made By The City 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 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 Property.

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

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

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

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

To the best knowledge of the City, there are no past or present investigations, proceedings, litigation or regulatory hearings with respect to the 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 Property. To the City's actual knowledge, the 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 Property are 1) open range grazing by local ranches from 1880 through the 1940's time period; and 2) use of the area as a portion of the Hobbs Army Airfield operation during W.W.II.

The complete environmental record and clean-up report of City remediation projects is available for review by the Purchaser. To the best knowledge of the City, the Property presently is not and has never been used for any other storage, manufacture, disposal, handling, transportation or use of any hazardous substances in violation of any law, other than those connected with the Hobbs Army Airfield.

H. The City is not a party to any contracts relating to the Property, except for this Agreement.

25. Representations and Certifications Made By The Purchaser As Part Of This Agreement.

The Purchaser 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:

A. The Purchaser is a viable company with its corporate offices in Hobbs, New Mexico.

B. The Purchaser intends to construct an industrial complex with structures within the eighteen (18) months following closing.

C. Purchaser shall obtain a City Building Permit and begin building on the site at closing or as soon as possible following closing.

D. The Purchaser agrees to all economic development goals within this Agreement for economic development in Hobbs for the five (5) year period following closing. Purchaser has sufficient financial resources available to complete all of the above building, development and operation goals.

26. Time of Essence.

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

27. Additional Documents.

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

28. 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.

Done and approved on the date first written above.

THE CITY OF HOBBS

PURCHASER
BRIDGEWAY PROPERTIES, LLC

Mayor Sam Cobb



By: Mike Whitehead
Title: President

ATTEST:

APPROVED AS TO FORM:

Jan Fletcher, City Clerk

Mike H. Stone, City Attorney

15-
14

35256

PROTECTIVE COVENANTS AND DESIGN STANDARDS FOR THE HOBBS
INDUSTRIAL AIR PARK SOUTH SUBDIVISION PROPERTY.

GENERAL CONDITIONS PART I

This Declaration, made the 11th day of July, 2011, by the City of Hobbs, hereafter referred to as "Declarant" or "City".

1. Purpose.

A. Declarant is the owner of certain real property in the within the City limits of Hobbs in the County of Lea, State of New Mexico, referred to as "HOBBS INDUSTRIAL AIRPARK SOUTH SUBDIVISION", described as follows and more particularly in "Exhibit A" which is attached hereto and by reference made a part hereof, more commonly known as a portion of the Hobbs Industrial Air Park, (hereafter referred to as the Property.)

LEGAL DESCRIPTION - "HOBBS INDUSTRIAL AIRPARK SOUTH SUBDIVISION:

THE FOREGOING SUBDIVISION OF A CERTAIN TRACT OF LAND SITUATED WITHIN THE CORPORATE BOUNDARIES OF THE CITY OF HOBBS, LEA COUNTY, NEW MEXICO, LYING IN THE SOUTHWEST QUARTER OF SECTION 7, TOWNSHIP 18 SOUTH, RANGE 38 EAST AND THE SOUTHEAST QUARTER OF SECTION 12, TOWNSHIP 18 SOUTH, RANGE 37 EAST, N.M.P.M., AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A BRASS CAP IN CONCRETE FOUND FOR THE SOUTHWEST CORNER OF SAID SECTION 7 AND THE SOUTHEAST CORNER OF SAID SECTION 12, THEN N89°30'09"E ALONG THE SOUTH LINE OF SAID SECTION 7 A DISTANCE OF 629.90 FEET; THEN N00°30'49"W A DISTANCE OF 2023.59 FEET TO A BRASS CAP IN CONCRETE; THEN N00°28'47"W A DISTANCE OF 557.87 FEET TO A BRASS CAP IN CONCRETE; THEN N44°30'22"E A DISTANCE OF 141.42 FEET TO A BRASS CAP IN CONCRETE ON THE SOUTH BOUNDARY OF PHASE ONE OF THE HOBBS INDUSTRIAL AIRPARK SUBDIVISION TO THE CITY OF HOBBS; THEN S89°30'22"W ALONG SAID BOUNDARY A DISTANCE OF 581.19 FEET; THEN S49°47'57"W ALONG SAID BOUNDARY A DISTANCE OF 1044.46 FEET; THEN N45°25'39"W ALONG SAID BOUNDARY A DISTANCE OF 165.03 FEET; THEN S42°59'13"W A DISTANCE OF 1277.69 FEET; THEN S00°35'25"E A DISTANCE OF 59.36 FEET; THEN S42°59'13"W A DISTANCE OF 280.35 FEET; THEN S00°35'25"E A DISTANCE OF 943.07 FEET TO A POINT ON THE SOUTH LINE OF SAID SECTION 12, TOWNSHIP 18 SOUTH, RANGE 37 EAST; THEN N89°26'52"E ALONG THE SOUTH LINE OF SAID SECTION 12 A DISTANCE OF 1842.36 FEET TO THE POINT OF BEGINNING AND CONTAINING 116.90 ACRES MORE OR LESS.

B. The purpose of these Protective Covenants is to establish and maintain a planned business and industrial center with certain design standards which may be in addition to those development regulations imposed by the City of Hobbs, and other governmental entities having jurisdiction over the Property.

C. In order to establish general rules and guidelines for the improvement and development of the Property, Declarant desires to impose upon it mutual and beneficial restrictions for the benefit of all lands in the Property and for the benefit of all future

owners of lands in the Property.

2. General Provisions.

A. Declarant, owner of the Property, hereby declares that the Property is now held, and shall be transferred, sold, leased, conveyed, and occupied subject to the Protective Covenants herein set forth, each and all of which shall inure to the benefit of and pass with each and every parcel of the Property, and apply and bind the heirs, assignees, and successors in interest of each and every owner of a parcel or parcels of the Property.

B. Each purchaser of any parcel of the Property covenants and agrees with Declarant, its successors and assigns to use the property only in accordance with the Protective Covenants herein set forth, and to refrain from using the Property in any way inconsistent with or prohibited by the provisions of this Declaration.

C. Each purchaser or user of any parcel of land in the Property shall comply with all applicable laws of the City of Hobbs, Lea County, the State of New Mexico and the United States of America.

D. Building and Development Performance Goals. The purpose of these requirements is to insure the Property is sold to and developed by someone that intends to utilize the industrial park and create jobs and not hold the property for speculation. Each initial purchaser of any parcel of the Property directly purchasing from the Declarant covenants and agrees with Declarant, its successors and assigns to develop each parcel or property within eighteen (18) months following the date of purchase. Building construction shall be started on each parcel within six (6) months of the date of closing for all parcels. The main building on each parcel shall be completed within 18 months. For developments on multiple lots exceeding 12.0 acres total, the City Manager is authorized to consider and may grant variances to allow a time extension of the completion date to 30 months for larger buildings and complexes; or if an owner experiences unforeseen problems during the construction which cause serious and unavoidable delays.

E. Economic Development and Private Investment Performance Goals. For all Real Estate Purchase & Long Term Leases in excess of 5 years in the Property, each initial Purchaser or Lessee of any parcel of the Property directly purchasing or leasing from the Declarant covenants and agrees that in order to ensure creation of new jobs to Hobbs and Lea County, to attract new industry to the area and to guard against speculation, that some or all of the following provisions may be incorporated by the City into all new land purchase agreements and long term leases:

To provide security for enforcement of these covenants, purchaser agrees that a municipal lien shall be filed by the City in second position, within six months following the purchase of the Property, in an amount equal to one hundred fifty percent (150%) of the purchase price paid to the city, until Purchaser has expended a minimum threshold of four (4) times the purchase price in developing

the industrial site, at which time the lien shall be released by the City. Said lien shall be foreclosed should the aforesaid four (4) times threshold of capital investment is not satisfied within thirty-six (36) months of possession of a property.

F. Land speculation and holding vacant parcels off the market is not permitted and is inconsistent with the City's goals to develop a vibrant industrial area to promote economic development of Hobbs.

G. Right of Repurchase. If any owner does not comply with the above covenants, the City may exercise re-purchase powers or take other legal actions as necessary. The purchase agreements will contain re-purchase clauses if development and building has not started according to the requirements. The City shall also specify conditions regarding economic development and job creation; private investment; prohibition of land speculation; inflating future sale prices; etc. in each real estate purchase agreement.

H. Variances to Specific Requirements Herein This Section 2. For good cause shown, the City Manager is authorized to consider and may grant variances to the requirements of Section 2 above, if unforeseen problems may occur on a Property.

3. Design Review Board.

A. Declarant hereby designates the Hobbs Planning Board of not less than six (6) persons, to function as the Design Review Board, hereafter referred to as the "Board". Composition of and membership of the Hobbs Planning Board shall be determined and appointed by the City of Hobbs City Commission. Declarant shall appoint all members of the Board, and may expand the number of members, possibly including other land owners, as may be decided in the future solely by the Declarant, for purposes limited solely to HIAP Design Review Board agenda items.

B. Declarant shall establish rules and procedures for the Board, including but not limited to procedures for the submittal and review of plans. Declarant may amend these procedures and rules, but shall publish any amendment according to Section 3-1-2, et. seq. NMSA 1978, as amended. The approval and consent of the Board shall not be unreasonably withheld on matters properly coming before the Board.

C. The Board shall exist as long as Declarant owns any parcel or portion of the Hobbs Industrial Air Park, within which the Property is encompassed.

D. There shall be no charge for services rendered and reviews undertaken by the Board.

E. All decisions of the Board shall be rendered in written format to the applicant.

F. Except with respect to land owned by the City of Hobbs, no building site or parcel of land within the Property may be divided, subdivided or fractional part thereof sold, leased or conveyed so as to create a new parcel, or combined with any building site or

parcel of land without the prior written consent of the Board.

G. All Site Development Plans, subdivision plats, and construction plans requiring a building permit or fence permit upon the Property shall be submitted to the Board for review and approval, prior to review by the appropriate City office and other reviewing agencies. Except that the Declarant may file subdivision plat revisions and City infrastructure plans, which are exempt from the Board's review. All Site Development Plans shall include all drainage structures, building locations, access driveways, truck loading and parking facilities and any other proposed facilities on the site. A conceptual grading and drainage plan shall be submitted to the City Engineer for review and approval at the same time the Site Development Plan is submitted. Plans submitted for review by the Board, if submittal is complete, accurate and in compliance with submission requirements of the Board, shall be deemed approved by the Board, if no action shall be taken within thirty (30) working days from the date of submittal. All plans to be submitted for review by the Board shall be submitted to the Planning Department of the City of Hobbs, at 200 E. Broadway, Hobbs, NM 88240.

H. Decisions by the Board shall not be construed as professional expertise and no warranty or liability for construction according to such plans shall be placed on the Board or Declarant.

I. No building permit, subdivision of land or any other type of development permit shall be approved for any parcel in the Property, unless said Site Development Plan submittal has first been submitted to the Hobbs Planning Department and presented to the Board for review and recommendations.

J. For good cause shown, the Board may approve variances to these Protective Covenants, except for Section 2 above in its entirety.

K. The City Commission may also approve variances to these protective covenants, in the exercise of its discretion to approve plans, to permit, or to consent to approve a variance from the specific requirements or effect of a particular covenant herein contained.

L. Any aggrieved person that is affected by an administrative decision of any City Board or official may appeal that decision to the City Commission. The appeal must be presented in writing to the City within fifteen (15) days of the action causing the appeal. Appeals of the City Commission must be filed with the District Court.

4. Permitted, Regulated and Non-Permitted Uses.

A. The Board may impose any reasonable condition on activities, such as landscaping, or regulation of grading during certain months of the year, to mitigate the effects of the activity's appearance, noise, traffic, dust and similar impact(s). Any aggrieved person affected by such a decision may file an appeal with the City Commission pursuant to Section 3L above.

B. Activities and uses on the Property shall be constructed, used or occupied to insure that there is no excess noise, vibration, toxic or noxious matter, humidity, heat or glare, liquid or solid waste, at or beyond any lot line of the parcel on which it is located. No activity or use shall emit air pollutants to such an extent that such use is classified as a "Major Stationary Source" by New Mexico Air Quality Control Regulation #707 and/or 40 CFR Part 51 of the U. S. Environmental Protection Agency.

C. No parcel or structure on the Property shall be used for any heavy manufacturing use and the following specific uses listed below:

- ** Smelting of Ores.
- ** Glue Manufacture.
- ** Fertilizer Manufacture.
- ** Airport or Heliport.
- ** Fat Rendering.
- ** Explosive Manufacture or Storage of large quantities of explosives.
- ** Junk Yards, Salvage or Wrecking Yards.
- ** Cement, Lime, Gypsum or Plaster Manufacturing.
- ** Raw Materials Extraction.
- ** Exterior Storage of Raw Materials without sight buffers.
- ** Excavation, Grinding, or Extraction of Gravel, Road Base, Pit Run, or Operation of a Quarry.
- ** Stockyards or Slaughter of Animals.
- ** Telecommunications Towers for rental to off-site operators.
- ** Acid Manufacture or Storage of large quantities of Acid on site (In excess of 500 gallons), or those industries with large quantities of hazardous chemicals, liquid fuel, compressed elements or gases or other similar uses.
- ** Wastewater Treatment Facilities.
- ** Truck Stop.
- ** Recycling or Abatement Facilities.
- ** Dry-cleaning Establishments or Industrial Cleaning Operations.
- ** Any industry or use that generates excess noise, vibration, toxic or noxious matter, humidity, heat or glare, at or beyond any lot line of the parcel on which it is located.

D. No on-site billboard for either off-premise or on-premise advertising, and other outdoor advertising for off-premise advertising shall be permitted on any parcels in the Hobbs Industrial Air Park.

5. Construction of Improvements.

A. After plans for construction are submitted and approved by the Board and other appropriate reviewing agencies, owner shall begin construction of buildings and improvements in a timely manner, not to exceed six (6) months after approval, unless further time for construction is requested and approved by the Board.

B. If any owner fails to complete construction of required and approved improvements, including but not limited to utility lines, paved streets, parking areas, landscaping, Declarant may, after giving due legal notice, construct the required improvements. The costs for Declarant's construction activities shall be recovered by Declarant in accordance with New Mexico State Statutes. After the start of construction, each project should be completed in a timely manner normally within 12 months, except for unusually large buildings, when the Board may allow additional construction time.

C. The City is responsible for maintaining cultural resources in the Industrial Park and certain parcels on the Property may require set-a-side preservation easements.

D. The City requires all property owners to limit grading and clearing activities on a site to the actual physical area planned for development to limit soil erosion.

6. Maintenance of Premises.

A. All owners and other users of the Property are obligated to keep and maintain the buildings, structures, parking areas, landscaping, signs and other entities of the parcel in an orderly and well maintained condition.

B. All landscaped areas shall be appropriately irrigated with an automated system and plants, grasses and trees shall be orderly and well maintained. Any areas of newly disturbed earth not in landscaped areas shall be planted with appropriate plant materials to reduce blowing dust. As an option, an owner may also construct and use a truck parking and storage yard area with a caliche material base or gravel base, with compaction of materials as required to support the stored vehicles.

C. All waste, rubbish or surplus materials shall be stored in properly screened enclosures and removed regularly. No materials, supplies, equipment, finished or semi-finished products are permitted to be stored outdoors, except in areas approved on the Site Development Plan.

D. If any owner or other user of a parcel on the Property fails to adequately maintain a building, structure, landscaping, parking lot or other premises, Declarant may, after giving appropriate legal notice, undertake maintenance of that parcel. The cost of Declarant's maintenance activities shall be recovered by Declarant in accordance with New Mexico State Statutes and City Ordinances.

7. Enforcement of Covenants.

In the event of a violation of these Protective Covenants, it shall be lawful for Declarant to prosecute proceedings at law, or in equity, according to New Mexico State Statutes and City Ordinances, against any owner or user of a parcel in the Property who is violating or attempting to violate any such restriction and covenant, either to prevent any owner or user of a parcel from so doing, or to correct such violation, or to recover damages or other relief for such violation.

8. Severability.

Invalidation of any one or part of any one of these covenants and restrictions by court order shall in no way affect any of the other provisions or parts of provisions which shall remain in full force and effect.

DESIGN STANDARDS PART II

A. The following standards are conditions for the allowed placement, use and occupancy of parcels and structures erected on the parcels within the Property (see Exhibit A, attached) to be followed in conjunctions with the Protective Covenants, and applicable ordinances of the City of Hobbs.

These standards can only be amended or revised by the Declarant or their successors and assigns. All parcels in the Property shall meet minimum City standards for infrastructure construction, including water, waste water, streets, drainage, signs, landscaping, private utilities for natural gas, electric power and telecommunications, and other construction; building code, if applicable; subdivision regulations; and any other regulations, as required by the Hobbs Municipal Code.

B. Noise Levels:

1. Noise level emissions for all parcels in the Property shall not exceed New Mexico State Occupational, Health and Safety Standards and City of Hobbs standards per the City Noise Ordinance.

2. All owners and users of parcels in the Property are hereby notified that a private airport exists in the nearby vicinity, and that noise levels consistent with an airport, and occasional aircraft operations may exist in the vicinity of their Property. This disclosure statement shall be placed on the deed as a matter of notice for all parcels in the Hobbs Industrial Air Park.

C. Development Standards:

1. Parcel Area:

There shall be the following minimum lot area requirements for parcels in the Hobbs Industrial Air Park:

Category:	Minimum Lot Size:
Commercial/All Categories	0.4 acre
Light Industrial/All Categories	1 acre
All lots fronting on major Arterials and Collectors	1 acre

Other Uses

Minimum lot size to be
determined by Board

No parcel shall have a lot depth that is greater than 4 times its width, unless specifically approved by the Board.

2. Building Setbacks:

Minimum street frontage setback from property lines for the placing of structures shall be twenty-five (25) feet. No uses shall be made of said setback except for driveways; steps and walkways; landscaping and planters; flag poles; roof overhangs, and entrance signage for larger properties. Visitor parking areas are permitted within the front setback area, except these shall have a minimum fifteen (15) foot setback from the front property line.

The setback line shall be fifteen (15) feet from all rear and side property lines. No six (6) foot height security fences or walls are to be placed within the twenty-five (25) foot front setback. The Board may approve decorative fencing not to exceed three (3) feet in height in the front setback. Regarding Business Park Boulevard and Millen Drive, there shall be a twenty-five (25) foot side yard setback on corner lot frontages for all buildings.

3. Landscaping Requirements:

A. All landscaping shall be defined per City Code. All landscaping shall be in setbacks, parking lots according to City ordinance, and other areas, as necessary. The City requires the use of plant landscaping materials and/or structural walls to buffer parcels and land uses in the Park.

Landscaping requirements for all parcels in the Hobbs Industrial Air Park shall be as required in the City Landscaping Ordinance for Industrial parcels, unless a commercial use is proposed. The City encourages that the full front setback for all parcels fronting on arterials and collectors be landscaped and permanently maintained. In addition, that portion of any building facing a side street other than the street on which the building fronts is also to be landscaped in an attractive manner. The parkway area shall be landscaped and permanently maintained, if a parkway area exists between the front set back of the parcel and the constructed street.

B. Landscaping Standards For Industrial Parcels: At a minimum, all general industrial parcels shall maintain landscaping in the customer service areas, front parking lots and in the front of the main site buildings.

4. Screening and Building Site Appearance.

The purpose of the screening rules is to avoid placement of trash receptacles or other unsightly equipment in the front or visible side yards of buildings. The Site Development Plan must show that all rubbish, trash, garbage, debris and other wastes, all loading

docks and garbage collection facilities, and all other articles, goods, materials, incinerators, trash bins, storage tanks or like equipment open or exposed to public view or to a view from adjacent buildings, are stored at the side or rear of the building and the improvements with which same are associated; and these shall be screened from view. Screening materials shall be constructed and designed in such a manner so that they equal a height equal to that of the materials or equipment being stored. The screening should shield said material and equipment from both public view and view from adjacent buildings as much as possible. After construction, such screening must be maintained in a sound condition with acceptable visual appearance for so long as screening shall be required under the terms hereof. All trash and debris must be contained in enclosed containers to prevent blowing trash.

5. Signage and Lighting Standards:

A. Signage Standards. All temporary and permanent signs and graphics shall be of a size and nature so as to preserve the quality and atmosphere of the Property. The design, material, location and placement of all signs shall be approved as such in writing by the Board prior to their erection. Further, all temporary signs must comply substantially, in the sole judgment of the Board, with the standards and criteria therefor promulgated by the Board.

A single sign shall be permitted on the front of each facility (facing the roadway), stating only the name or identification of the occupant and street address of that facility. One company or product trademark or company logo design is also permitted but not to exceed a total of 60 square feet.

Directional Signs for parking lots, entrances, exits, etc., shall not exceed 30 inches in height and 10 square feet maximum, except for truck entrances, where the directional signs shall be allowed up to 48" in height and 32 square feet maximum.

Free standing signs will be permitted only upon written approval of the Board, and only for Commercial Land Uses. Signs located other than on the main building (gateways, concrete or masonry yard enclosures) shall be subject to the written approval of the Board, but are encouraged in landscaped setback areas for larger industrial and commercial parcels.

Indirect lighting of signs may be permitted, subject to approval by the Board. All indirect lighting shall be constructed so that illumination is at the top of the sign, to reduce reflected light emitted into the atmosphere. Except as may be approved in writing by the Board, no sign shall be painted on any building wall or placed on any building so as to extend above the top of the roof or parapet wall, whichever is higher. Painted corporate logos or trademarks may be approved by the Board, based on size and designs submitted.

Real estate broker signs advertising any premises shall be permitted, with the following exceptions: 1) there shall be only one (1) sign per parcel; 2) there shall be no off premise

real estate signs; 3) for parcels less than 10 acres in size, the maximum size shall be 8 square feet; 4) for parcels greater than 10 acres, the maximum size shall be 32 square feet; and 5) the height of all real estate signs shall not exceed 7 feet.

The City as owner and developer of the Industrial Park Property may erect a sign or signs identifying, describing or advertising the Hobbs Industrial Air Park or any of its available land or buildings, including listings of individual lessees and owners, subject to approval of the Board.

B. Illumination Standards.

1) Exterior illumination, if such is to be provided, shall be designed to light only buildings, parking areas and walkways and shall not produce glare on adjacent streets or building sites. All floodlighting fixtures shall be depressed ground level or screened from public view in a manner approved by the Board. Parking area lighting units, arcade lighting and other illumination of a "Pedestrian Scale" shall be in a style approved in writing by the Board. Flood light fixtures mounted on the building to shine away from the building are prohibited.

2) Flood light fixtures mounted on the building to shine away from the building are not permitted unless wall pack lighting fixtures are installed with appropriate glare shields. 400 Watt lighting and greater wattage bulbs are not permitted. All parcels must comply with the New Mexico Night Sky Act.

6. Off-Street Parking and Loading.

Off-street parking shall be required according to the City of Hobbs Municipal Code or Building Code, as applicable. No truck loading or unloading area shall be located on a building wall fronting on a major arterial or collector, or in the front setback of the parcel.

7. Utility Construction.

All Utilities to be constructed in the Hobbs Industrial Air Park, including telephone, electric and cable TV, shall be constructed underground, unless approved in writing by the Board.

D. Architectural Guidelines:

1. Site and Building Design Guidelines.

In general terms, the Board's overall goal for building and site standards is to achieve a unified site and building design concept which will be an asset to the Industrial Park. At the same time, the building must function in an efficient manner for its intended purpose; the design should be cost effective; and the facility will help improve the economy of Hobbs. The Board does not impose specific building or site details and enhancements, leaving specifics up to the owner/builder. However, some of the possible design improvements and architectural details available to consider are:

The site plan including landscaping placement and materials should present "a unified site and building concept" in such a manner that the overall site appearance is consistent with the Hobbs Industrial Air Park development guidelines. For all parcels on HIAP Entrance Road, the intent is for design and use of an industrial design and uses on the frontage of HIAP Entrance Road. The front of the building and the portion of the side exterior walls adjoining the front that will be easily visible from HIAP Entrance Road shall contain design and architectural features meeting these design standards.

Architectural details such as screening or parapet walls; contrasting color trim areas for trim areas, roof canopies, exterior doors; etc. should be utilized. Building trim and design features such as orientation to the visible side of the site for the building(s), with these areas allowed to be constructed of a pre-finished color metal should be considered. The exterior building color(s) and roof color should blend with the natural environment, with bright and shiny materials discouraged. Parapet or screening walls are encouraged to screen roof or ground mounted equipment easily visible from the street. The use of highly reflective roofing material is not acceptable unless screened from view by parapet walls.

For any specific site development, the building entryway should be visible with architectural accents from the street. Design features should be oriented to the visible side of the site. The visible side of the structures should be addressed with refinements constructed of a pre-finished color metal exterior material(s) or stucco or masonry with landscaping enhancements or screening walls encouraged along to shield any stand alone metal equipment buildings, transformers or trash dumpsters which are visible from the perimeter streets. Truck loading areas and employee parking areas greater than 10 parking spaces should be located on the least visible side if possible. Landscaping is not required in truck parking and storage areas.

2. Standards for Construction on Major Arterials and Collectors Streets.

The front of all buildings located on parcels on and fronting on a major arterial or a collector street, as defined by the Circulation Plan, shall be of brick, masonry, stone, stucco or a pre-finished color metal or other material approved by the Board.

3. Standards for Construction on Minor Streets.

The front of all buildings-that is, the side facing the street on which the building is deemed to front-shall be faced with concrete or brick masonry, stone, or other material approved by the Board. The facing shall be to a minimum height of four (4) feet and extend across the full front of the building. That portion of any building facing a side street other than the street on which the building fronts shall be finished in an attractive manner in keeping with the accepted standards used for industrial buildings, but need not be finished in a like manner as that portion of the building referred to as the front. It is the intent of this provision that all structures shall be designed and constructed in such a manner as to provide an aesthetically pleasing and harmonious overall development of the industrial park. Except as otherwise provided herein, the sides and rear of all buildings shall be

finished in an attractive manner in keeping with the accepted standards used for industrial buildings subject to the approval of the Board.

3. Height of Buildings.

Buildings shall normally not exceed 50 feet in height, except in airport height zoning areas. The Board may consider reasonable requests for height variances, depending on the need of the particular industrial application or building requirement.

4. Exceptions.

Exceptions to the above construction standards shall be made for parcels serving the agri-business light industrial (green houses) and for airplane hangers to be constructed on Air Oriented Parcels.

5. Temporary Structures.

No temporary building or structure other than construction offices and structures for related purposes during the construction period shall be installed or maintained on any Building Site without the prior written approval of the Board. All temporary structures used for construction purposes must receive approval by the Board with regard to location and appearance, and must be removed promptly upon completion of construction and that portion of the Building Site from which same are removed, restored to its original condition or to such condition as is otherwise required by this Declaration.

6. FAA Regulations.

All construction must comply with Federal Airport Authority regulations.

E. Submission Requirements For Plan Submission.

The Site Development Plan shall include:

- Parcel boundaries;
- North Arrow;
- Graphic scale;
- Existing topography at one-foot contour intervals;
- Proposed building locations, identities, drawings and square footages;
- Locations of walls and fences;
- Location of screening or buffering and type;
- Parking location, arrangement, aisles, number or spaces;
- Driveways, entrances, and exits;
- Grading plan (proposed topography and drainage courses);
- Streets (Right of Way, pavement widths) if any proposed;
- Sidewalk and paths;
- Existing and proposed utilities;
- Existing and proposed easements;

Landscaped areas outlined with general description
Type of plant materials and irrigation system proposed;
Drainage Plans as required by the City Engineer; and
Traffic Plans or Study, if deemed necessary by the City Engineer.

F. Design Standards for Specific Land Use Categories

1. Industrial - General

A. Land Use: Most common light industrial and manufacturing activities permitted in the City of Hobbs Industrial Air Park. As applicable, the City of Hobbs HIAP Industrial Park may specify additional parameters. The following uses are permitted, including but not limited to the following:

Oil Field Services; Assembly of Electronic or Mechanical Parts and Equipment; Electrical Construction and Electrical Service Facilities; Fabrication Shop; Freighthouse or Truck Terminal; Warehouse; Laboratory; Manufacturing of Consumer Goods to include but not be limited to appliances, garments, and similar products; furniture manufacturing, including finishing of furniture products; packaging of consumer goods as follows, but not limited to food products, cosmetics, pharmaceuticals, toiletries, etc.; processing and manufacture of food products to include bakery goods, candy, beverages, etc.; storage of products including but not limited to merchandise, domestic goods, raw materials, etc.; warehousing or wholesale distribution of goods; metal work and machine shops; heavy equipment sales, service and repair; telecommunications towers and structure, except that these shall only be located within areas that do not conflict with Airport Zoning Regulations and for on-site communication use only – no rental tower facilities are allowed; newspaper, printing shop and distribution of printed materials; sign construction and sales; and plant nursery; and all other types of light industry and warehousing.

Commercial uses may be allowed by the Board, however, each industrial parcel and activity may contain up to twenty percent (20%) of the gross floor area of the building to be used for associated commercial purposes to the specific industrial use. These uses could include, but are not limited to a sales office; factory outlet store; commercial sales of products manufactured or housed on the industrial site.

Residential uses are not permitted. All other uses or activities not specifically listed herein must be approved by the Board.

THE CITY OF HOBBS

Gary Don Reagan
MAYOR GARY DON REAGAN

ATTEST:

APPROVED AS TO FORM:

Jan Fletcher
JAN FLETCHER, City Clerk

Mike H. Stone
Mike H. Stone, City Attorney

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

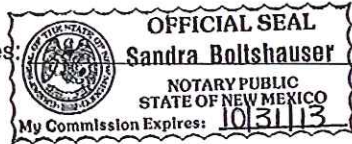
The foregoing instrument was acknowledged before me on this day of July 11, 2011, by Gary Don Reagan, as Mayor, of the City of Hobbs, to me personally known, who being by me duly sworn did say that he is the duly elected Mayor and signing officer of the City of Hobbs, and that said instrument was signed on behalf of said City, and Gary Don Reagan 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.

Notary Public

Sandra Boltshauser

My Commission Expires:



STATE OF NEW MEXICO
COUNTY OF LEA
FILED

SEP 21 2011

at 10:48 o'clock A M
and recorded in Book _____
Page _____
Pat Chappelle, Lea County Clerk
By CS Deputy



35256



CITY OF HOBBS
COMMISSION STAFF SUMMARY FORM

MEETING DATE: October 19, 2015

SUBJECT: RESOLUTION TO APPROVE AN AFFORDABLE HOUSING DEVELOPMENT AGREEMENT WITH PARKSIDE TERRACE CIC, LLLP FOR AN AFFORDABLE HOUSING COMPLEX UPON BLOCK 47 OF THE ORIGINAL HOBBS ADDITION.

DEPT. OF ORIGIN: Planning Division
DATE SUBMITTED: October 12, 2015
SUBMITTED BY: Kevin Robinson - Planning Department

Summary: Chelsea Investment Corporation has formed a Limited Liability Limited Partnership, Parkside Terrace CIC, LLLP, in order to utilize the allocation of Low-Income Housing Tax Credits received from the New Mexico Mortgage Finance Authority to finance the development of a 65 unit affordable multi-family housing complex, to be named "Parkside Terrace", upon Block 47 of the Original Hobbs Addition. The Developer was also allocated a Local Contribution of \$2,200,000.00 in financial assistance per Resolution #6234 passed by the Commission on December 15, 2014. The local contribution is to be used for on and off-site improvements necessary to support the development. The Resolution attached hereto approves the Development Agreement between the City of Hobbs and Parkside Terrace CIC, LLLP, guiding the development of the complex. The Development agreement allows for the creation and execution of restrictive covenants upon the real property to assure the units produced shall remain affordable units for a period of 45 years. As per the Development Agreement 40% of the available funds shall be disbursed to the Developer when the project is "dried-in" and the remaining 60% shall be made available after the Developer has obtained Certificates of Occupancy for the development.

Fiscal Impact:

Reviewed By: [Signature] Finance Department

The City incurred an expense of \$2,200,000.00 in fund 01-0100-44901-00169 upon approval of Resolution #6234 on December 15, 2014.

Attachments: Resolution, Development Agreement with Exhibits.

Legal Review:

Approved As To Form: [Signature] City Attorney

Recommendation:

Staff recommends consideration of the Resolution to approve the Development Agreement.

Approved For Submittal By:

[Signature] Department Director

[Signature] City Manager

CITY CLERK'S USE ONLY
COMMISSION ACTION TAKEN

Resolution No. _____ Continued To: _____
Ordinance No. _____ Referred To: _____
Approved _____ Denied _____
Other _____ File No. _____

CITY OF HOBBS

RESOLUTION NO. 6368

A RESOLUTION TO APPROVE A DEVELOPMENT AGREEMENT BETWEEN PARKSIDE TERRACE CIC, LLLP AND THE CITY OF HOBBS CONCERNING THE DEVELOPMENT OF AN AFFORDABLE HOUSING COMPLEX, PARKSIDE TERRACE, UPON BLOCK 47 OF THE ORIGINAL HOBBS ADDITION.

WHEREAS, the City amended Municipal Code Chapter 3.14 by adopting Ordinance #1050 on December 5, 2011 allowing a local contribution to developers providing for the affordable housing needs of working families; and

WHEREAS, the City has adopted a Resolution adopted December 15, 2014, Resolution #6234, appropriating \$2,200,000 to the Developers project; and

WHEREAS, the Development includes a low income, affordable rental project located upon Block 47 of the Original Hobbs Addition, located within the corporate limits of the City; and

WHEREAS, the Developer has received an allocation of Low-Income Housing Tax Credits from the New Mexico Mortgage Finance Authority which will fund a significant portion of the overall cost of the Project; and

WHEREAS, the Developer has the necessary construction, and marketing expertise to develop and market the Development; and

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

1. The City of Hobbs hereby approves the Development Agreement for the Low Income Multi-Family Housing Project, and the Mayor is hereby authorized to sign the same and all attachments thereto, a copy of which is attached hereto as Exhibit "1" and made a part of this Resolution.

2. That City staff and officials are authorized to do any and all deeds to carry out the intent of this Resolution.

PASSED, ADOPTED AND APPROVED this 19th day of October, 2015

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk

DEVELOPMENT AGREEMENT

**By and between the
City of Hobbs, New Mexico
a municipal corporation,**

and

**Parkside Terrace CIC, LLLP
5993 Avenida Encinas, Suite 101
Carlsbad, CA, 92008**

October __, 2015

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DEVELOPMENT AGREEMENT

THIS AGREEMENT is entered into this _____ day of _____ 2015, by and between the City of Hobbs, New Mexico, a municipal corporation, (hereinafter "City") Parkside Terrace CIC, LLLP, a New Mexico limited liability limited partnership (hereinafter "Developer"). City and Developer are sometimes hereinafter referred to collectively as "the Parties" and individually as "a Party."

RECITALS

WHEREAS, the City of Hobbs published RFP #447-15 on November 6, 2014 seeking proposals from qualified low income housing developers to develop affordable housing on land owned by the City (the "Real Property");

WHEREAS, the City has adopted Resolution #6234 on December 15, 2014, appropriating up to Two Million Two Hundred Thousand Dollars (\$2,200,000), for on and off-site improvements related to the project, less the value of the contributed Real Property to the Developer;

WHEREAS, Chelsea Investment Corporation ("Chelsea"), submitted a statement of qualifications for planning, designing, financing, and building 65 affordable housing units in the City of Hobbs (the "Project"), and has sought pre-qualification and a financing commitment in the amount of up to Two Million Two Hundred Thousand Dollars (\$2,200,000) for on and off-site improvements related to the project, less the value of contributed Real Property for the Parkside Terrace affordable housing project (the "Project");

WHEREAS, the City of Hobbs identified Chelsea as a Qualifying Grantee under the City's requirements in conformance with Municipal Code Chapter 3.14;

WHEREAS, Chelsea and Lea County Housing, Inc., a New Mexico nonprofit corporation ("LCHI") formed the Developer as the entity to develop, construct, own and operate the Project. CIC Parkside Terrace, LLC, an affiliate of Chelsea is the managing general partner of the Developer, and LCHI is the co-general partner of the Developer;

WHEREAS, Chelsea and the LCHI submitted an application to the New Mexico Mortgage Finance Authority ("NMMFA") for Low Income Housing Tax Credits ("LIHTCs") and other gap financing by the February 2015 deadline;

WHEREAS, Municipal Code Chapter 3.14 allows the City to provide public resources to affordable housing development in accordance with the State of New Mexico Affordable Housing Act;

WHEREAS, the City of Hobbs certifies that the Parkside Terrace project and contribution have been analyzed by the City and the contribution meets the requirements of the State of New Mexico Affordable Housing Act and Rules Section 5.4;

WHEREAS, the City of Hobbs desires to contribute to the Developer an amount not to exceed the lesser of the amount needed to finance the difference between all sources of debt and equity financing committed to the Project excluding the financial contribution from the City and the total cost, including all hard and soft costs, to develop the Project (the "Funding Gap"), in an amount up to Two Million Two Hundred Thousand Dollars (\$2,200,000) for on and off-site improvements related to the project, less the value of contributed Real Property;

WHEREAS, the City of Hobbs desires to contribute the Real Property to Developer through a sale of the fee simple interest for consideration in the amount of One Dollar (\$1.00);

WHEREAS, the City of Hobbs desires to grant the Developer the right to use a City-owned parcel adjacent to the Real Property for Project on terms and for consideration to be negotiated between the Parties;

WHEREAS, NMMFA's 2015 Qualified Allocation plan requires evidence of the agreement to contribute funds to the Developer to meet the threshold requirements in order for a project to be considered for a reservation of 2015 LIHTCs;

WHEREAS, the Developer has received a preliminary reservation of \$1,087,936 of LIHTCs (the "Tax Credit Award") from NMMFA which will fund a significant portion of the overall cost of the Project; and

WHEREAS, the City Commission of the City of Hobbs delegate to the City Manager full authority to modify this Agreement as needed to ensure compliance with regulatory requirements of financial stakeholders provided that the modification(s) do not result in a material adverse impact on the City as determined by the City Attorney or cause an increase in the City's financial contribution to the Project; and

WHEREAS, the Developer has the necessary construction and marketing expertise to develop and market the Development.

NOW, THEREFORE, and in consideration of the premises and the mutual covenants hereinafter, set forth, the Parties formally covenant and agree as follows:

ARTICLE I

Definitions

Section 1.1 The Definitions in the City's Municipal Code Chapter 3.14, if any, as they exist at the time of the execution of this Agreement or as amended during the term of this Agreement are adopted by reference and incorporated herein as though set forth in full in this paragraph.

ARTICLE II

Project Purpose and Description

Section 2.1 Purpose of Project. The Project is an affordable, rental housing development designed to serve low-income tenants. Rents shall be restricted for low-income households.

Section 2.2 Project Term. The development of the Project and the provision of the Affordable Housing Units (as defined below) shall be undertaken and completed in such sequence as to assure their expeditious completion in light of the purposes of this Agreement but, in any event, the obligation to provide the Affordable Housing Units required hereunder shall be continued for forty five (45) years from the completion of the Project (“Affordability Period”).

Section 2.3. Project Description. The Project named Parkside Terrace is located in downtown Hobbs, as legally described in Exhibit A. The community will consist of 22 one-bedroom units, 28 two-bedroom units, 15 three-bedroom units, and community space. LEED certification rating is anticipated and their criteria will be used in order to keep the site sustainable, provide for efficient use of water and energy, and keep the community healthy for residents. The site is ideally located close to community facilities such as parks, groceries, public schools, a library and downtown Hobbs. All units in this development will have rents at or below 60% of AMI (“Affordable Housing Units”) and be compliant with the affordability requirements of the New Mexico Mortgage Finance Authority Low Income Housing Tax Credit Qualified Allocation Plan.

ARTICLE III

Funds Committed to the Project

Section 3.1 Description of City Loan. To assist with the Development, the City shall lend to the Developer an amount not to exceed Two Million Two Hundred Thousand Dollars and Zero Cents (\$2,200,000.00), for on and off-site improvements related to the project, less the value of contributed Real Property, of Municipal Funds (the “Funds”) subject to the terms and conditions contained herein. Funds loaned to the Developer will be evidenced by a City Note in the form attached as Exhibit B (the “City Note”) and secured by a Mortgage, Assignment of Rents and Security Agreement (the “City Mortgage”) on the Project. Notwithstanding anything in the Development Agreement to the contrary, the City Note is not forgivable and requires payment in full by the maturity date stated therein. In order to ensure that the terms of the Development Agreement are met, the Developer shall execute the Restrictive Real Estate Covenants attached hereto as Exhibit C. The Funds proceeds shall be subject to repayment, including interest at the rate set forth in the City Note, to the City by the Developer in full on the Maturity Date or in the event of an uncured violation of the Restrictive Real Estate Covenants or the Development Agreement (the “City Repayment Obligation”).

Section 3.2 Project Budget. The Project Budget is attached hereto as Exhibit D.

Section 3.3 Other Loans/Subsidies. Other loans and subsidies, if applicable, are listed on the attached Exhibit D and incorporated herein as though set forth in full in this paragraph. Without the prior knowledge and written approval of the City, the Developer shall not encumber either the Project or the Developer as a whole with obligations which could impede the success of the Project.

Section 3.4 Tax Credits. The Tax Credit financing is listed on the attached Exhibit D and incorporated herein as though set forth in full in this paragraph.

ARTICLE IV

Commencement and Completion of the Project

Section 4.1 Agreement to Construct and Complete the Project. Developer agrees that:

A. It shall construct the Project in accordance with the Plans, Specifications and Elevations (the "Plans") prepared by Developer, including any and all supplements, amendments and additions or deletions thereon or therein, as approved by the City.

B. It shall construct the Project with all reasonable dispatch and according to the Development Schedule attached as Exhibit D. An updated Development Schedule shall be provided within sixty (60) days after execution of the Agreement and shall be provided as part of the subsequent quarterly reports.

C. Developer shall have sole responsibility for construction of the Project and shall perform the responsibilities by itself or through affiliates, agents, contractors, subcontractors or others selected by it in whatever lawful manner it deems necessary or advisable provided it is in conformance with all applicable funding sources. Developer shall procure from the appropriate state, county, municipal and other authorities and corporations appropriate building permits and certificates of occupancy, connection arrangements for the supply of water, electricity and other utilities and discharge of sewage and industrial waste disposal for the operation of the Project.

Section 4.2 Establishment of Completion Date.

A. The Developer shall complete the construction of the Project no later than December 31, 2017.

B. The completion date shall be evidenced to the City by a permanent Certificate(s) of Occupancy issued by the City; (ii) if applicable, a certificate of completion and acceptance by the City accepting public infrastructure required to be constructed; and (iii) release of liens by contractors, subcontractors and suppliers employed in the Project. Such documents shall be delivered to the City promptly but not later than thirty (30) days after the completion of the Project, unless an extension of such date has been agreed to in writing by the parties to this Agreement. Notwithstanding the foregoing, such certificates of occupancy shall be given without prejudice to any rights of the City against any third party existing at the date of such documents or which may subsequently come into being.

C. City may conduct inspections of the Project during normal business hours after giving 48 hours prior written notice to Developer. Notwithstanding the above, Developer shall arrange for a Project walk through within five (5) days after substantial completion of the Project with the Developer's Authorized Representative, City's Authorized Representative, the Developer's general contractor and Project architect.

Real Property Acquisition

Section 5.1 Real Property Acquisition. As a condition to the effectiveness of this Agreement, the Real Property will be sold by the City to the Developer pursuant to that certain Option to Purchase Agreement dated January 20, 2015 between the City and Chelsea ("Purchase Option"), which shall be assigned by Chelsea to the Developer. The value of the Real Property will be determined by an independent third party real estate appraisal to be engaged by the Developer and approved by the City.

Section 5.2 Parking Area Use. The City owns a parcel of land adjacent to the Real Property and desires to make a portion of such property available to the Developer to use for Project parking ("Parking Area"). The terms of the development and use of the Parking Area shall be set forth in a separate ground lease agreement or license agreement to be negotiated between the City and the Developer.

Section 5.3 Project Plans. The Developer shall submit one complete set of the Plans, Specifications and Elevations for the Project to the City. The City shall review and approve the proposed Plans, Specifications and Elevations prior to the commencement of any construction work pursuant hereto. In a case of material change, the Authorized Developer Representative shall certify to the City that such revised Plans, Specifications and Elevations (not to be confused with plans for building permits) will not materially affect the purpose of the Project as a 'livable' affordable housing project, provided that no such material change shall be made without the prior written consent of the City.

Section 5.4 Construction Financing. The Developer shall submit, or cause to be submitted to the City evidence of the Tax Credit Award and commitments to the Developer to provide the balance of all construction financing for this Project reflected on Exhibit C. In the event that the Developer does not receive the Tax Credit Award, this Agreement shall terminate and the City shall have no obligation to make the Affordable Housing Loan commitments for the project financing.

ARTICLE VI

Usage and Disbursement of City Funds

Section 6.1 Use of Loan Proceeds, Repayment, Discharge. The City Funds shall be an amount not greater than TWO MILLION TWO HUNDRED THOUSAND DOLLARS AND NO CENTS (\$2,200,000.00), for on and off-site improvements related to the project, less the value of contributed Real Property, which includes all City funds allocated for this Project, and shall be used for the development and construction of the Project. The City Funds shall be repayable to the City by the Developer in accordance with the terms and conditions of the Promissory Note and this Agreement.

Section 6.2 Disbursement of City Loan Proceeds Authorized Under This Agreement. The City Loan authorized under this Agreement in the amount of TWO MILLION TWO HUNDRED THOUSAND DOLLARS AND NO CENTS (\$2,200,000.00), for on and off-site improvements related to the project, less the value of contributed Real Property, shall be loaned to the Developer to pay actual costs incurred by the Developer for purposes authorized under this Agreement and per the project budget attached hereto and incorporated herein as Exhibit D.

A. In addition to any other requirements herein, the City Funds shall only be disbursed in the event Developer meets the criteria set forth herein.

B. Developer agrees to provide City with a Request for City Loan Disbursement, in a form acceptable to City and substantially similar to Exhibit F, not less than ten (10) days prior to the disbursement date.

C. Plans and Specifications. Developer shall submit one complete set of the Plans and Specifications for the units to the City. The City shall review and approve the proposed Plans and Specifications prior to the commencement of any construction work pursuant hereto. In a case of material change, the Authorized Development Representative shall certify to the City that such revised Plans and Specifications will not materially affect the purpose of the development Project as set forth herein, provided that no such material change shall be made without the prior written consent of the City.

Section 6.3 Loan Documentation. Developer shall execute and deliver the City Note to the City in order to evidence the obligation to repay to the City the City Loan.

Section 6.4 Subordination and Release. The Mortgage shall be subject and subordinate to any mortgage or bond securing the construction loan(s), and the New Mexico Mortgage Finance Authority Land Use Restriction Agreement, and City shall execute documents as may be necessary to effectuate such subordination.

ARTICLE VII

Warranties and Obligations

Section 7.1 Warranties and Obligations by the City. The City makes the following warranties as the basis for the undertakings on its part contained herein.

A. The City is a municipal corporation organized and existing under and pursuant to the laws of the State of New Mexico and is authorized by the Act to provide financing for, acquire, construct, own, lease, rehabilitate, improve, sell and otherwise assist projects for the purpose of providing adequate residential housing including residential housing for individuals and families of low and moderate income by inducing private enterprise to locate, develop and expand such residential housing facilities in the City.

B. Consistent with the Purchase Option, the Property will be conveyed to the Developer for the sole purpose of developing the Project. This Project, specifically, includes an affordable rental project located on the Real Property within the corporate limits of the City so that adequate residential housing is available within the City and promoting the public health, safety, welfare, convenience and prosperity thereby.

Section 7.2 Warranties and Obligations by Developer. Developer makes the following warranties as the basis for the undertakings on its part herein contained.

A. Developer is a limited liability limited partnership duly organized and validly existing as such under the laws of the State of New Mexico with authority to perform the transactions set forth herein, has the power to enter into this Agreement and by proper action has duly authorized the execution and delivery of this Agreement.

B. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the compliance with the terms and conditions of this Agreement violate or will violate the terms of Developer's Articles of Organization or Partnership Agreement or conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement or any instrument to which Developer is now a party or by which it is bound or constitutes or will constitute a default under any of the foregoing or will result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the Real Property or assets of Developer under the terms of any instrument or agreement.

C. There are no pending or threatened legal or administrative proceedings against Developer or affecting the Project which, if determined adversely, would have a material adverse effect on Developer or the Project.

D. The Real Property shall be used for the development of the Project.

E. The Restrictive Real Estate Covenants attached hereto as Exhibit C shall be binding on the Project

and the Developer who shall comply therewith upon recordation.

F. The Developer shall comply with the following laws and regulations (as applicable) and requirements:

1. Requirements of the Uniform Relocation and Real Property Acquisition Policies Act of 1970 (49 CFR Part 24) and Section 104(d) of the Housing and Community Development Act of 1974.
2. Regulations of the Uniform Administrative Requirements as described in 24 CFR Part 92.505.
3. Federal laws and regulations as described in 24 CFR Part 92, Subpart E.
4. Maintain accurate records which document and verify affirmative marketing efforts.
5. Maintain the Project as an affordable rental housing project as required by the Real Property Restrictive Covenants.

G. None of the units in the Project shall at any time be utilized on a transient basis; and none of the Project nor any portion thereof shall ever be used as a hotel, motel dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park.

H. At all times material hereto, the Project shall comply in all material respects with all applicable municipal codes, planning ordinances, building codes, Federal Model Energy Code, flood regulations, environmental laws, ordinances, statutes, rules and regulations relating to the Project.

I. Developer shall not, during the term of this Agreement, amend or change its Partnership Agreement or Articles of Organization in any manner if such amendment or change would result in a conflict with the terms of this Agreement.

J. The Developer shall comply with the provisions of, and act in accordance with, all federal laws, rules and regulations, and Executive Orders related to equal employment opportunity, affirmative action, equal access to programs and services, and the enforcement of Civil Rights, including, but not limited to, Section 3 of the Housing and Urban Development Act of 1968, Sections 103 and 109 of the Housing and Community Development Act of 1974, as amended, Title VI and Title VII of the Civil Rights Act of 1964, as amended, Title VIII of the Civil Rights Act of 1968, Sections 502, 503, 504 and 505 of the Rehabilitation Act of 1973, Equal Pay Act of 1963, Age Discrimination in Employment Act of 1967, as amended, the Vietnam Era Veterans Readjustment Act of 1974, the 1986 U.S. Immigration Reform and Control Act, Americans With Disabilities Act of 1990, Executive Order 11063 of 1962 and Executive Order 11246 of 1965, as amended, and the Nontraditional Employment for Women Act of 1991; the New Mexico Human Rights Act, and as well as all rules and regulations pertaining to each such statute or ordinance; and will not discriminate against any person or applicant because of race, color, religion, sex, age, family status, national origin or ancestry, physical or mental handicap, sexual orientation, gender identity, disability, or Vietnam-era or disabled veteran status, and will make reasonable accommodation to the known physical or mental handicap or disability of an otherwise qualified applicant for

tenancy.

K. Required Assurances: During the performance of this Agreement, the Developer agrees as follows:

1. Compliance with Civil Rights Laws and Executive Orders:

a. The Developer will comply with the provisions of, and act in accordance with, all federal laws, rules and regulations, and Executive Orders related to equal employment opportunity, affirmative action, equal access to programs and services, and the enforcement of Civil Rights, including, but not limited to: Section 3 of the Housing and Urban Development Act of 1968, Sections 103 and 109 of the Housing and Community Development Act of 1974, as amended, Title VI and Title VII of the Civil Rights Act of 1964, as amended, Title VIII of the Civil Rights Act of 1968, Sections 502, 503, 504 and 505 of the Rehabilitation Act of 1973, Equal Pay Act of 1963, Age Discrimination in Employment Act of 1967, as amended, the Vietnam Era Veterans Readjustment Act of 1974, the 1986 U.S. Immigration Reform and Control Act, Americans With Disabilities Act of 1990, Executive Order 11063 of 1962 and Executive Order 11246 of 1965, as amended, and the Nontraditional Employment for Women Act of 1991.

b. The Developer will not discriminate against any employee or applicant for employment because of race, color, religion, gender, sexual preference, sexual orientation, age, national origin or ancestry, physical or mental handicap, disability, or Vietnam era or disabled veteran status.

c. The Developer will make reasonable accommodation to the known physical or mental handicap or disability of an otherwise qualified employee or applicant for employment.

d. The Developer will ensure and maintain a working environment free of sexual harassment and other unlawful forms of harassment, intimidation, and coercion in all facilities at which the Developer's employees are assigned to work.

e. The Developer will in all solicitations or advertisements for employees placed by or on behalf of the Developer, state that all qualified applicants will receive consideration of employment without regard to race, color, religion, gender, sexual preference, sexual orientation, age, national origin or ancestry, or physical or mental handicap or disability.

L. The provisions contained herein shall be binding on the successors and assigns of Developer.

M. Adhere to initial rents for Affordable Units as published by NMMFA annually. Any rent increases of the Affordable Units must be approved in writing by the NMMFA prior to implementation.

N. At all times material hereto, the Project shall comply in all material respects with all applicable municipal codes, planning ordinances, building codes, Federal Model Energy Code, flood regulations, environmental laws, ordinances, statutes, rules and regulations relating to the Project.

ARTICLE VIII

Monitoring /Reports Required

Section 8.1 The Developer shall report, in writing, at least quarterly during the construction and lease-up phases of the Project. The quarterly report shall include the progress of construction as a percentage complete, construction funds expended with remaining balance, and, if applicable, number of units completed.

Section 8.2 The City, at its discretion, may require a reasonable Administrative Fee from the Developer for the purpose of monitoring the project in accordance with this Agreement. [If it is required, it must be stated here.]

Section 8.3 The Developer shall comply with all applicable monitoring provisions of the NMMFA as determined by NMMFA.

Article IX

Fees, Taxes, Insurance and Other Amounts Payable

Section 9.1 Payment. Fees and Other Amounts Payable. Developer shall promptly pay or cause to be paid, as the same become due, all governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any interest therein or other property constructed, installed or bought by Developer therein or thereon which, if not paid, will become a lien on the Real Property prior to or on a parity with the City Mortgage including all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project, provided that with respect to governmental charges that may lawfully be paid in installments over a period of years, Developer shall be obligated to pay only such installments as are required to be paid during the term of this Agreement when due. Developer may, in good faith, contest any such charges and in the event of any such contest may permit the charges so contested to remain unpaid during the period of such a contest and any appeal therefrom, provided that during such period, enforcement of any such contested item shall be effectively stayed. If Developer shall fail to pay any of the foregoing items required herein to be paid by Developer, the City may (but shall be under no obligation to) pay the same and any amounts so advanced therefore by the City shall become an additional obligation of Developer to the City, which amounts, together with interest thereon at statutory judgment interest rate from the date thereof, Developer agrees to pay as set forth in the City Note. Any such amounts so advanced by the City shall be secured by the City Mortgage.

Section 9.2 Payments Required. The obligations of Developer to make the payments required in Section 9.1 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional without offset or counterclaim for claims against the City or any other party.

Section 9.3 Maintenance of Project. Developer agrees that, during the term of this Agreement, it shall, at its own expense, keep, or cause to be kept, the Project in as reasonably safe condition as its operations shall permit and

keep the buildings and all other improvements forming a part of the Project in good repair and in good operating condition making, from time to time, all necessary repairs thereto and renewals and replacements thereof. Developer shall not permit any mechanic's lien, security interest, or other encumbrance to be established and remain undischarged against the Project for labor or materials furnished in connection with the construction or installation of the Project or any additions, modifications, improvements, repairs, renewals or replacements made by it.

Section 9.4 Insurance Required. During the construction period and throughout the term of this Agreement, Developer itself through its contractors, subcontractors or agents shall keep the Project insured against loss or damage by maintaining policies of insurance and by paying, as the same become due and payable, all premiums with respect thereto including but not necessarily limited to the following coverage:

A. **COMPREHENSIVE GENERAL LIABILITY INSURANCE.** Developer shall obtain comprehensive general liability insurance with liability limits in amounts not less than \$1,000,000 aggregate limit of liability for bodily injury, including death, and property damage in any one occurrence. Said policies of insurance must include coverage for all operations performed on or about the Project, including coverage for collapse, explosion and underground liability coverage, coverage for the use of all owned, non-owned, hired automobiles, vehicles and other equipment and contractual liability coverage. The above requirement shall include but shall not be limited to protection against damage or destruction of public and private property, including telephone conduit, telegraph conduit, power conduit, telephone signal cables, fiber optics cables, television cables, computer cables, fire alarm circuits, gas mains, water service connections, sanitary sewer, sewer, house or building connections, water mains, water service connections, steam lines, petroleum products pipelines, storm drains, storm inlet lines including all appurtenances thereto while located below the surface of the ground including injury or death to person or persons caused by Developer's operations and destruction of or damage to other public or private property resulting therefrom including injury or death to person or persons and all causes by Developer's operations in the removal of other building structures including their supports, trees and utility poles or by excavation including blasting and trenching, backfilling, tamping with or without use of mechanical equipment. Other public and private property as used above shall include but not be limited to lawns, plants, flowers, trees, fences, yards, walls.

B. **WORKER'S COMPENSATION INSURANCE.** Developer shall comply with the provisions of the Worker's Compensation Act, the Subsequent Injury Act and the New Mexico Occupational Disease Disablement Law. Developer shall procure and, maintain, during the life of the Project or causes its contractor and subcontractor's to procure complete Worker's and Employer's Liability Insurance in accordance with New Mexico law and regulations. Such insurance shall include coverage permitted under NMSA 1978, §52-1-10 for safety devices. With respect to worker's compensation insurance, if Developer elects to be self-insured, it shall comply with the applicable requirements of law. If any portion of the construction of the Project is to be subcontracted or sublet, Developer shall require the contractor and subcontractor to similarly provide such coverage (or qualify as self-insured) for all latter's employees to be engaged in such work. It is agreed with respect to all worker's compensation insurance, Developer and its surety shall waive any right of subrogation they may acquire against the City, its officers, agents and employees by reason of any payment made on account of injury, including death, resulting therefrom sustained by any employee of the insured arising out of performance of this Agreement. Neither the Developer nor its employees are considered to be employees of the City of Hobbs for any purpose whatsoever. The Developer is considered to be an independent contractor at all times in the performance of this Agreement. The Developer further agrees that neither it nor its employees are entitle to any benefits from the City under the provisions of the Worker's Compensation Act of the State of New Mexico, nor to any of the benefits granted to employees of the City.

C. BUILDER'S RISK INSURANCE. Developer shall procure and maintain, until completion of the construction, builder's risk, vandalism and malicious mischief insurance. Alternatively, Developer shall procure and maintain insurance against loss or damage to the Project by fire, lightning, vandalism, and malicious mischief with the uniform extended coverage endorsement limited only as may be provided in the standard form or extended coverage endorsement at the time in use by the State of New Mexico to provide for not less than 90% recovery of the market value of the buildings and other improvements, but in any event no less than the cost of fully paying the City Note.

D. INCREASED LIMITS: The City may require Developer to reasonably increase the maximum limits of any insurance required herein and Developer shall promptly comply.

E. PROOF OF INSURANCE: Prior to any funding and during the term of this Agreement, not less than once each year, on or before May 31, Developer shall provide to the City without demand, or more frequently upon demand, proof of all required insurance coverages.

Section 9.5 Performance. Payment and Other Bonds. Developer or Contractor shall cause certain subcontractors determined by the Developer's investor limited partner and senior lender to furnish, performance and payment bonds, or other security such as an irrevocable letter of credit, as required by the investor limited partner and senior lender, as security for the faithful performance and payment of all its obligations pursuant to the construction of the Project. These bonds shall be in amounts equal to such subcontractor's contract amount and shall be issued by sureties that are named in the current list of surety companies acceptable on federal bonds as published in the Federal Register by the Audit Staff of Accounts, U. S. Treasury Department. Developer shall cause the City to be named a joint obligee on such bonds. If the surety on any bond furnished by Developer is declared bankrupt or becomes insolvent or its right to do business in the State of New Mexico is revoked, Developer shall substitute or cause to be substituted another bond and surety within ten (10) days thereafter. If the Developer's investor limited partner and senior lender waive such bonding requirements, the City's requirement hereunder shall likewise be waived.

Section 9.6 Application of Net Proceeds of Insurance. Subject to the rights of the Project's senior lender, the Net Proceeds of builder's risk insurance and of fire and other hazard and casualty insurance, carried pursuant to the provisions of this Agreement hereof, shall be applied as provided in this Agreement and the Net Proceeds of liability insurance carried pursuant to the provisions of this Agreement hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid. The net proceeds of the bonds provided pursuant to this Agreement shall be applied to curing the defect in performance or payment.

Section 9.7 Additional Provisions Respecting Insurance. All insurance required to be taken out by Developer pursuant to this Agreement shall be taken out and maintained in generally recognized responsible insurance companies authorized to do business in the state of New Mexico selected by Developer. All applicable policies evidencing such insurance shall name the Developer as named insured and the City as additional insured.

Section 9.8 Advances by City. If Developer shall fail to maintain the full insurance coverage required by this Agreement or shall fail to keep the Project in as reasonably safe condition as its operating condition shall permit or shall fail to keep the buildings in good repair and good operating condition, the City may, but shall be under no obligation to, obtain the required policies of insurance and pay the premiums on the same or make the required repairs, renewals and replacements and all amounts so advanced therefore by the City shall become an additional obligation of Developer to the City which amounts, together with any interest thereon at the statutory judgment

interest rate thereof, Developer agrees to pay as an additional obligation under the City Note.

ARTICLE X

Damage, Destruction and Condemnation

Section 10.1 Damage, Destruction, and Condemnation. In the event the Project is destroyed or damaged, in whole or in part, by fire, or other casualty or title to or the temporary use of the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or any person, firm or corporation, acting under governmental authority, the terms of the senior loan shall control.

ARTICLE XI

Special Covenants

Section 11.1 City's Right of Access to the Project. Developer agrees that the City and any of its duly authorized agents shall have the right at all reasonable times upon 48 hours prior written notice, and subject to the rights of the tenants, to enter upon and examine and inspect the Project provided that any such inspections shall be conducted in a manner that will minimize any intrusion on the operations of the Project.

Section 11.2 Good Standing. Developer warrants and represents that it has executed, filed and recorded all certificates and other documents and has done and shall continue to do throughout the term of this Agreement such other acts as may be necessary or appropriate to comply with all applicable requirements for the formation, qualification and operation of a limited liability limited partnership and the operation and ownership of the Project under the laws of the State of New Mexico.

Section 11.3 Granting of Easements. Developer may at any time grant easements, licenses, rights-of-way including the dedication of public roads, streets or highways, and other rights or privileges in the nature of easements with respect to any Real Property included in the Project, consistent with the purposes of the Project or Developer may release existing easements, licenses, rights-of-way and other rights or privileges with or without consideration in its sole discretion.

Section 11.4 Release and Indemnification Agreement. Developer releases the City from, and covenants and agrees that the City shall not be liable to the Developer for any loss or damage to property or any injury to or death of any person or persons occasioned by any cause whatsoever pertaining to the Project or the use thereof.

Developer shall defend, indemnify and hold harmless the City from any loss, claim, damage, acts, penalty, liability, disbursement, litigation expense, attorney's fees and expense or court costs arising out of or in any way relating to this Agreement, the City Note, the City Mortgage or any other cause whatsoever pertaining to the Project, subject to the limitations found in NMSA 1978 § 56-7-1. The City shall promptly, after receipt of notice of the existence of a claim in respect of which indemnity hereunder shall be sought or of the commencement of any action against the City in respect of which indemnity hereunder may be sought, notify Developer in writing of the existence of such claim or commencement of such action. This section shall not apply to the negligent acts,

willful misconduct or failure to act of the City or of its officials, employees and agents.

This indemnification agreement shall survive the term or termination of this Agreement.

Section 11.5 Sale, Assignment or Encumbrance of Project. Except as otherwise expressly permitted herein including the financing referenced in Exhibit C and the City Mortgage, the Developer shall not sell, assign, dispose of, mortgage or in any way encumber the Project or any part thereof without the prior written consent of the City. Any conveyance of the Project during the term of this Agreement shall incorporate the covenants found in Exhibit B and agreements contained herein.

Section 11.6 Exceptions. Notwithstanding the foregoing, the following (each, a "Permitted Transfer") shall not constitute a sale or conveyance or cause a default under this Agreement or require the consent of the City: (A) the withdrawal, removal, and/or replacement of a General Partner of the Developer pursuant to the terms of the Partnership Agreement of the Developer, provided that City is notified of any required substitute General Partner and the same is reasonably acceptable to the City; (B) an admission of a Limited Partner into the Developer, or a transfer of a Limited Partner's interest in the Developer; (C) the execution and delivery of a purchase option and right of first refusal agreement (the "Option"), as described in the Partnership Agreement of the Developer; and (D) the exercise of the Option by the project sponsor identified therein.

Section 11.7 Authority of Authorized City Representative. Whenever, under the provisions of this Agreement, the approval of the City is required or Developer is required to take some action at the request of the City, such approval or such request shall be made by the Authorized City Representative unless otherwise specified in this Agreement and Developer shall be authorized to act on any such approval or request.

Section 11.8 Authority of Authorized Developer Representative. The Developer represents and warrants to the City that the Authorized Developer Representative is empowered to take all actions contemplated herein and that reliance by the City on the authority of the Authorized Developer Representative shall not give rise to a complaint against the City as a result of any action taken by the City.

Section 11.9 Financial Statement of Developer. During the term of this Agreement, Developer agrees to furnish the City a copy of its audited annual financial statements at least annually within ninety (90) days of the end of the Developer's fiscal year.

ARTICLE XII

Events of Default Defined and Remedies Upon Default

Section 12.1 Events of Default Defined. The following shall be "material events of Default" under this Agreement, also referred to as "Events of Default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

A. Failure by Developer to pay within fifteen (15) days of the receipt of notice of monies due any amount required to be paid pursuant to the City Note.

B. Failure by Developer to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, for a period of thirty (30) days after written notice from City to Developer specifying such failure and requesting that it be remedied. Provided, however, if the default in question is not reasonably susceptible to cure within such thirty (30) day period Developer shall not be in default if, within such ten day period, Developer notifies City that it has undertaken reasonable measures to cure the default and specifies the nature of such measures. If Developer fails to take corrective action or to cure the default within a reasonable time, the investor limited partner of the Developer may remove and replace the managing general partner with a substitute managing general partner reasonably acceptable to the City who and shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions.

B. Developer agrees that as long as this Agreement is in effect, it shall maintain its existence as a New Mexico Limited Liability Limited Partnership and shall not dissolve or otherwise dispose of all or substantially all of its assets and shall not consolidate with or merge into another entity.

C. The occurrence of an "Event of Default" under the City Note or Restrictive Real Estate Covenants.

Any cure of any default by the Developer hereunder that is made or tendered by the Developer's limited partner shall be accepted or rejected on the same basis as if made or tendered by the Developer.

Section 12.2 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City nor any remedy conferred upon or reserved to the City pursuant to the City Note is intended to be exclusive of any other available remedy or remedies but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice other than such notice as may be herein expressly required.

Section 12.3 Agreement to Pay Attorneys' Fees and Expenses. If Developer defaults under any of the provisions of this Agreement, the City Note or the Restrictive Real Estate Covenants and the City employs attorneys, in house or outside, or incurs other expenses for the enforcement of performance or observance or any obligations or agreement on the part of Developer herein contained in this Agreement, the City Note or the Restrictive Real Estate Covenants, Developer agrees that it shall on demand therefore pay to the City the reasonable fees of such attorneys and such other reasonable expenses incurred by the City.

Section 12.4 No Additional Waiver Implied by One Waiver. If any agreement contained in this Agreement should be breached by any Party and thereafter waived by the Party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach.

Section 12.5 Remedies Upon Default.

A. Upon any Event of Default ("Default") and regardless of any other notices previously provided, the City may send a Final Notice of Default to Developer describing the Default and requiring cure within thirty (30) days from the date of the mailing or delivery of the Notice.

B. If the Default is not cured or arrangements satisfactory to the City made to cure the Default, the City may elect to (1) accelerate, impose interest and call due the City Note; and (2) sue for compensatory and consequential damages suffered by the City due to the Default as well as, if appropriate, punitive damages.

ARTICLE XIII

Miscellaneous

Section 13.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the City: Authorized City Representative
 Legal & Planning Department
 City of Hobbs
 200 E. Broadway
 Hobbs, NM 88240

If to Developer: Parkside Terrace CIC, LLLP
 5993 Avenida Encinas, Suite 101
 Carlsbad, CA, 92008

The City, Grantee and Developer may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificate or other communication shall be sent.

Section 13.2 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the City, Grantee and Developer, and their respective successors and assigns, subject however to the limitations contained herein.

Section 13.3 Severability. In the event any covenant, condition or provision herein is held to be invalid, illegal, or unenforceable by any court of competent jurisdiction, such covenant, condition or provision shall be deemed amended to conform to applicable laws so as to be valid or enforceable or, if it cannot be so amended without materially altering the intention of the parties, it shall be stricken. If stricken, all other covenants, conditions and provisions of this Agreement shall remain in full force and effect provided that the striking of such covenants, conditions or provisions does not materially prejudice either the City of, or the Developer in its respective rights and obligations contained in the valid covenants, conditions or provisions of this Agreement.

Section 13.4 Amendments, Changes and Modifications. Except as otherwise provided in this Agreement, this Agreement shall not be effectively amended, changed, modified, altered or terminated except by mutual written agreement of the Parties. The City Manager is authorized to enter into amendments to this Agreement which do not materially adversely impact the City's rights or obligations pursuant to this Agreement.

Section 13.5 Execution of Counterparts. This Agreement may be executed in several counterparts, each of which

shall be an original and all of which shall constitute but one and the same instrument.

Section 13.6 Other Instruments. Developer and the City covenant that they shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such instrument, supplemental hereto and further acts, instruments and transfers as may be required hereunder.

Section 13.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico.

Section 13.8 Recording. This Agreement as well as the Restrictive Real Estate Covenants and every assignment and modification thereof shall be recorded in the office of the County Clerk of Lea County New Mexico, by the Planning Department.

Section 13.9 No Pecuniary Liability of City. No provision, covenant or agreement contained in this Agreement or any obligations herein imposed upon the City or the breach thereof shall constitute an indebtedness of the City within the meaning of any constitutional provision or statutory limitations of the State of New Mexico or shall constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

Section 13.10 Officials, Agents and Employees Not Personally Liable. No official, agent or employee of the City and no member of the City Council shall be personally liable on this Agreement.

Section 13.11 Waiver. No provisions of this Agreement shall be deemed to have been waived by either party unless such waiver is in writing, signed by the party making the waiver and addressed to the other party, nor shall any custom or practice which may evolve between the parties in the administration of the terms of this Agreement be construed to waive or lessen the right of either party to insist upon the performance of the other party in strict accordance with the terms of this Agreement. Further, the waiver by any party of a breach by the other party or any term, covenant, or condition hereof shall not operate as a waiver of any subsequent breach of the same or any other term, covenant, or condition thereof.

Section 13.12 Gender, Singular/Plural. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

Section.13.13 Captions and Section Headings. The captions, section headings, and table of contents contained in this Agreement are for convenience of reference only, and in no way limit, define, or enlarge the terms, scope, and conditions of this Agreement.

Section 13.14 Relationship of Contract Documents. All documents attached to this Agreement or incorporated into this Agreement are complementary, and any requirement of one contract document shall be as binding as if required by all. Any inconsistency among the various documents shall be resolved in favor of the language in this Development Agreement which, along with its amendments, if any, is deemed to be the primary document.

Section 13.15 Exhibits, Certificates, Documents Incorporated and Attachments. Incorporation by Reference: All

certificates, documents, exhibits, attachments, riders, and addenda referred to in this Agreement are hereby incorporated into this Agreement by reference and made a part hereof as though set forth in full in this Agreement to the extent they are consistent with its conditions and terms.

Section 13.16 Governmental Rights and Powers. Nothing in this Agreement shall be construed or interpreted as limiting, relinquishing, waiving, or defining governmental rights and the police powers of the City or abrogating the requirement of any ordinance.

Section 13.17 Cross References. References in the text of this Agreement to articles, sections, or exhibits pertain to articles, sections or exhibits of this Agreement unless otherwise specified.

Section 13.18 Time is of the Essence. Subject to the qualifications otherwise set forth herein, time is of the essence in the performance of this Agreement.

Section 13.19 Assignment and Subletting. The Developer shall not delegate, assign, sublet, mortgage or otherwise transfer, in whole or in part, any of the rights or responsibilities granted in this Agreement or the Restrictive Real Estate Covenants without the prior written approval of the City. The City has no obligation to and shall not be required to approve any assignment or other transfer of this Agreement that would result in the services required in this Agreement being performed by any other person or entity other than the Developer.

Section 13.20 No Partnership or Agency. Nothing contained in this Agreement is intended or shall be construed in any respect to create or establish any relationship other than that of the owner and grantor, and nothing herein shall be construed to establish any partnership, joint venture or association or to make Developer the general representative or agent of City for any purpose whatsoever.

Section 13.21 Force Majeure. Except as expressly provided in this Agreement, neither City, nor Developer shall be deemed to be in default hereunder if either party is prevented from performing any of the obligations, other than payment of rental, fees and charges hereunder, by reason of strikes, boycotts, labor disputes, embargoes, shortages of energy or materials, acts of the public enemy, weather conditions and the results of acts of nature, riots, rebellion, sabotage, or any other similar circumstances for which it is not responsible or which are not within its control. After the termination of any such event of Force Majeure forbearance shall terminate, and the obligation to perform shall recommence with an appropriate and reasonable extension to any deadlines.

Section 13.22 Forum Selection. Any cause of action, claim, suit, demand, or other case or controversy arising from or related to this Agreement shall only be brought in a state district court located in Lea County, New Mexico or in a federal district court located in New Mexico. The parties irrevocably admit themselves to, and consent to, the jurisdiction of either of both said courts. The provisions of this section shall survive the termination of this Agreement.

Section 13.23 Compliance with Laws. The Developer shall comply with all applicable laws, ordinances, regulations and procedures of Federal, State, and local governments in the development, construction, maintenance and management of the Project

Section 13.24 Savings. City and Developer acknowledge and agree that they have thoroughly read this

Agreement, including all exhibits thereto, and have sought and received whatever competent advice and counsel was necessary for them to form a full and complete understanding of all rights and obligations herein. City and Developer further acknowledge that the Agreement is the result of negotiations between them and this Agreement shall not be construed against either party by reason of that party's preparation of all or part of this Agreement.

Section 13.25 Survival. All obligations, covenants and agreements contained herein which are not performed at or before the closing but which are to be performed after the closing as provided in this Agreement shall survive the closing of this transaction.

Section 13.26 Approval Required. This Agreement shall not become effective or binding until approved by the City of Hobbs Commission. The effective date of this Agreement shall be the date of the Commission's approval.

Section 13.27 Agreement Binding This Agreement and all parts contained herein shall be binding upon each party and such transferees, their successors, assigns and all parties claiming by, through or under any of them. It is further agreed that each and every conveyance of any portion of the Project shall contain the covenants specified in this Agreement and those contained in Exhibit I, Restrictive Real Estate Covenants, attached hereto.

[signature pages follows]

WITNESS WHEREOF the City and Developer have caused this Agreement to be executed in their respective names and all as of the date first written above.

DEVELOPER:

PARKSIDE TERRACE CIC LLLP, a New Mexico limited liability limited partnership

By: CIC Parkside Terrace, LLC, a New Mexico limited liability company, its managing general partner

By: Chelsea Investment Corporation, a California Corporation, its manager

By: _____
Cheri Hoffman, President

By: Lea County Housing, Inc., a New Mexico nonprofit corporation, its co-general partner

By: _____
Russ Doss, Executive Director

CITY

CITY OF HOBBS, a New Mexico municipal corporation:

Sam D. Cobb - Mayor

ATTEST:

Jan Fletcher, City Clerk

APPROVED AS TO FORM:

Michael Stone, City Attorney

LEGAL DESCRIPTION

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned PARKSIDE TERRACE CIC, LLLP, a New Mexico limited liability limited partnership ("Maker") promises to pay to the order of the CITY OF HOBBS ("Holder"), a New Mexico municipal corporation, organized and existing under the Constitution and laws of the State of New Mexico and its charter, and having an office at 200 E. Broadway, Hobbs, New Mexico 88240, or its assigns, the principal sum of [_____], Affordable Housing Funds Loan, or so much thereof as shall have been advanced to Maker by Holder from time to time, together with all charges as provided herein and in the Mortgage, as hereinafter defined, and accrued interest on the principal balance thereof outstanding from time to time at the applicable rate of interest as hereinafter specified.

On _____, 2015, the Maker and the Holder entered into a certain Development Agreement (the "Development Agreement") which provided for the above referenced loan and grants by the Holder to the Maker of an amount not to exceed the Principal Sum of this Note. All capitalized terms used in this Note have the meaning provided in the Development Agreement.

Interest shall accrue on this Note at a simple rate of [7.5]% per annum.

The proceeds of the loan evidenced by this City Note may be assigned, with prior written City approval, to any successors, assignees or purchasers of the Project who agree in writing to assume all of the obligations of Maker, its successors and assigns under the Agreement, this City Note and the Maker shall thereupon be released from all future liability hereunder.

No payments shall be due and payable hereunder until the Maturity Date, except that the outstanding principal balance of this Note shall become immediately due and payable, to the extent and if permitted by federal bankruptcy law, upon: (i) the dissolution or liquidation of the Maker prior to the permitted assignment of Maker's rights and assumption of its obligations hereunder; and (ii) Maker's default in any warranty, obligation or other material term or condition, of the Development Agreement.

The obligations under this Note are secured by the City Mortgage.

The principal amount of this Note along with all accrued and unpaid interest and/or other amounts due shall be due and payable on the forty-fifth (45) anniversary of the date of issuance of certificates of occupancy for the Project (the "Maturity Date"); *provided, however*, that the Maturity Date may be accelerated in accordance with the terms and provisions of this Note.

Prepayments of all or any part of the principal balance of this City Note may be made at any time and from time to time by Maker. No premium or penalty shall be charged in connection with such prepayment.

The proceeds of this City Note shall be disbursed or applied by the Holder to or for the benefit of the Maker for the construction and development of the improvements on the Project site as provided in the Development Agreement, and for costs related thereto. Disbursements of principal hereon shall be made in accordance with the terms of the

Agreement.

Subject to the terms and conditions of Section 12.1(B) of the Development Agreement, the following are a breach of the terms of the Note: (i) default be made, and not timely cured, under the terms of any mortgage loan; (ii) Maker shall dissolve or otherwise fail to maintain its status as a New Mexico limited liability limited partnership; (iii) Maker sells or conveys the Project to a third party who does not agree in writing to assume all of obligations of Maker, its successors and assigns under the Development Agreement, or this City Note; or (iv) default be made in the performance of any of the other covenants contained in this City Note. After any applicable cure period, the whole unpaid principal balance hereof shall, upon ten (10) days written notice to the Maker, at once or at any time thereafter during the continuance of such default, at the option of the Holder thereof, become due and payable, and thereafter all of the unpaid principal shall bear interest until paid at an annual interest rate of twelve percent (12%), and the undersigned Maker hereof shall pay on demand to the Holder of this Note all costs and expenses incurred by such Holder in pursuing its remedies under this Note to collect any and all sums due under this City Note, all of which shall include, without limitation, such reasonable attorney's fees incurred in taking any and all such actions.

The Maker waives presentment for payment, protest notice of protest and notice of dishonor. The Maker consents to any number of renewals or extensions of the time of payment hereof. Any such renewals or extensions may be made without notice to Maker and without affecting its liability.

This Note shall be a nonrecourse obligation of the Maker and the partner of Maker, except as a direct result of such partner's gross negligence and/or willful misconduct.

Failure to accelerate the indebtedness evidenced hereby by reason of default in the payment of an installment of principal, interest, or principal and interest, or the acceptance of a past due installment of the same, shall not be construed as a novation of this City Note or as a waiver of the right of the Holder to thereafter insist upon strict compliance with the terms of this City Note without previous notice of such intention being given to the Maker. This City Note shall not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

As used herein, the terms "Maker" and "Holder" shall be deemed to include their respective successors, legal representatives and assigns, whether voluntary by action of the parties or involuntary by operation of law. This City Note shall be construed according to the laws of the State of New Mexico.

Any and all references in the City Note to any other document or documents shall be references to such document or documents as the same may from time to time be modified, amended, renewed, consolidated or extended.

Subject to the qualification otherwise set forth herein, time is of the essence in the performance of this Note.

The representative of Maker subscribing below represents that he has full power, authority and legal right to execute and deliver this Note and that the debt evidenced hereby constitutes a valid and binding obligation of Maker.

IN WITNESS WHEREOF, the said Maker, Parkside Terrace CIC LLLLP, a New Mexico limited liability limited partnership, hereunto duly authorized, has caused this instrument to be executed on this the _____ day of _____, 2015.

RESTRICTIVE REAL ESTATE COVENANTS

Made in Hobbs, New Mexico

Date _____

These Restrictive Real Estate Covenants are made by Parkside Terrace CIC LLLP, a New Mexico limited liability limited partnership (the "Developer") in favor of the City of Hobbs whose address is 200 E. Broadway, Hobbs, New Mexico 88240, a municipal corporation ("City"), and shall run with the land until modified or released by the City.

1. Recitals:

A. The Developer is the fee simple owner of the Project on that certain real estate ("Real Property") in Lea County New Mexico, which is located in Hobbs, NM and whose legal description is set forth on Exhibit A attached hereto.

B. In consideration of the assistance given by the City for the benefit of the Developer, the Developer has agreed to restrictions on the use and rental of the Real Property.

2. Definitions

"AMI" means Area Median Income which is the annual income figure for a specific geographic area which is determined annually by the Department of Housing and Urban Development and adjusted for family size.

"Annual Income" means the anticipated total income from all sources, as defined in 24 CFR 5.609, to be received by the Family Head and spouse and each additional member of the household during a twelve month period.

"Low Income" families means households earning Family Income of 80% or less of the City's median income for the area, as determined by the U.S. Department of Housing and Urban Development.

"Very Low-Income" families means households earning Family Income of 50% or less of Median Family Income.

"Family" means one or more individuals residing in a household.

"Family Income" means the gross annual income earned or received through all sources by a Family.

"HUD" means the U. S. Department of Housing and Urban Development.

"Project" means the residential apartment development to be constructed upon the Real Property, including related on-site and off-site improvements, equipment and related rights therein.

"Special Needs" households means homeless people and/or people with physical or developmental disabilities or chronic mental illnesses as defined in HUD's Handbook 4571.2, Section 1-5, Parts A.2. and A.3.

"Utility Allowance" is the amount established by a schedule that is appropriate for a specific rent to cover the cost of utilities that are paid to the utility company as approved by the City.

3. Restrictive Covenants

A. Use of Property. The Real Property shall be used as and only for the Project. The Project shall consist of sixty-five (65) units; all units shall have rents at or below 60% of AMI, and shall remain compliant with affordability requirements of the NMMFA throughout the term of this covenant.

B. Income Qualifications. The Developer shall determine the annual income of a household occupying or seeking to occupy the Affordable Units, in accordance with 24 CFR Part 5.609. The income of the household shall not exceed sixty percent (60%) of AMI for the Affordable Units.

(1) The Partnership shall determine whether the annual income of household(s) occupying or seeking to occupy the Affordable Units, exceeds the applicable income limit prior to admission of the household(s) to occupancy.

(2) The Developer shall annually re-examine and document the income of households residing in the Affordable Units to ensure compliance with Sections B of these covenants.

C. Rent Determination. Rents charged occupants of the affordable units must not exceed 30% of the imputed income limit applicable to such unit.

1) Affordable Units continue to qualify as affordable housing despite a temporary noncompliance caused by increases in the income of existing tenants, if actions are being taken to ensure that a vacancy is filled in accordance with B above, until the noncompliance is corrected.

2) In the event a tenant's income exceeds 60% of median income following initial occupancy, the tenant must pay 30% of tenant's adjusted income as rent.

3) The Developer shall ensure that each household occupying the affordable units will have an executed lease with the Owner in compliance with 24 CFR Part 92.253.

4) Any increases to the targeted rent levels of the affordable units must be approved in writing by the City

prior to implementation. If utilities are not included in the rent, an allowance must be made using the City's established utility allowance.

5) Encumbrances. The Developer covenants and agrees that it shall not refinance, mortgage, suffer or allow the creation of a lien, nor otherwise encumber the Real Property, without the prior written consent of the City, which consent shall not be unreasonably withheld, conditioned or delayed; however the Developer may enter into a Land Use Restriction Agreement with the New Mexico Mortgage Finance Authority without the consent of the City and the Developer may encumber the Real Property with the mortgages securing the construction and permanent financing of the Project.

6) Property Standards Requirements. The project will meet all Housing Quality Standards, or other physical property standards regulated by HUD, and local building code requirements, and allow the City to inspect the property, for the duration of this Agreement.

7) Monitoring/Reporting Requirements

a) During the construction and lease-up phases, the City may request a report on a quarterly basis which will be prepared and delivered in writing to the City by the Developer. The quarterly report shall include the process of construction as a percentage complete, construction funds expended with remaining balance, and number of units completed. Following completion of construction and the lease-up of 65% of the units, income, the City, at its discretion, may require an Administrative Fee from the Developer for the purpose of monitoring the project, if monitoring is so requested.

b) At any time during normal business hours and as often as the City and/or the appropriate funding entity may deem necessary, there shall be made available to the City for examination, all of the Owner's records with respect to all matters covered by this Agreement. The Developer shall permit the City, at the City's expense, and/or the appropriate funding entity to audit, examine, and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment, and other data relating to all matters covered by this Agreement.

9) Term. The Developer's obligations designated herein are to commence upon the execution of this Restrictive Real Estate Covenants by the last party to sign ("Commencement Date"), and shall be undertaken and completed in such sequence as to assure their expeditious completion in light of the purposes of this Agreement but, in any event, the provision of the Affordable Units required hereunder shall be continued for forty five (45) years from the completion of the Project ("Affordability Period"). These Restrictive Real Estate Covenants shall be and constitute covenants running with the Real Property during the term of these Covenants and shall be enforceable by the City by legal and equitable action, including an action for injunctive relief.

10) The City has loaned the sum of \$[_____].00 to the Developer to be used towards the development of the Project on the Real Property. The Funds must be repaid to the City in the event of an uncured violation of the Affordable Unit obligations pursuant to these Restrictive Real Estate Covenants by the Developer (the "Funds Repayment Obligation") during the forty-five (45) year term of these Restrictive Real Estate Covenants. In the event of a violation of this Restrictive Real Estate Covenant, the City shall give written notice to the Developer, the Developer's tax credit investor, (the "Investor") and all holders of financial encumbrances against the Real Property, and these parties shall have thirty (30) days to cure the violation (or if the violation cannot reasonably be cured within thirty (30) days, then to commence to cure the violation and diligently pursue to cure the violation) before the Funds Repayment Obligation shall become due. The addresses for the Developer and the Tax Credit Investor are as follows:

Developer: Parkside Terrace CIC, LLLP
5993 Avenida Encinas, Suite 101
Carlsbad, CA 92008

Limited Partner: The Richman Group
340 Pemberwick Road
Greenwich, CT 06831
Attn: Director of LIHTC Asset Management

11) Binding Effect.

Upon execution of these Restrictive Real Estate Covenants by the Developer, the terms, conditions and covenants under these Restrictive Real Estate Covenants shall be binding and inure to the benefit of the parties and their representatives, successors and assigns.

12) Construction and Severability. If any parts of these Restrictive Real Estate Covenants are held to be invalid or unenforceable, the remainder of the Restrictive Real Estate Covenants will remain valid and enforceable if the remainder is reasonably capable of completion.

IN WITNESS WHEREOF, the said Developer hereunto duly authorized, have caused, this instrument to be executed on this the _____ day of _____, 2015.

DEVELOPER:

PARKSIDE TERRACE CIC LLLP, a New Mexico limited liability limited partnership

By: CIC Parkside Terrace, LLC, a New Mexico limited liability company, its managing general partner

By: Chelsea Investment Corporation, a California Corporation, its manager

By: _____
Cheri Hoffman, President

By: Lea County Housing, Inc., a New Mexico nonprofit corporation, its co-general partner

By: _____
Russ Doss, Executive Director

REQUEST FOR CITY LOAN DISBURSEMENT

As of this date, _____, Parkside Terrace CIC, LLLP a New Mexico limited liability partnership ("Borrower") hereby requests disbursement of Loan Proceeds from CITY OF HOBBS, a New Mexico municipal corporation ("Lender") as per supporting documents and authorities contained within Resolution # _____ and ratified by the local governing authority on _____.

Said disbursement request is for:

[_____], draw down available to Developer when the Project is "dried-in". Attach hereto documentation from the City of Hobbs Chief Building Inspector of dried in status. Dried in status is hereby defined as a complete water tight envelope of each structure including rough in of all electrical and mechanical.

[_____], less the value of contributed Real Property, is available to Developer upon issuance of Municipal Certificate of Occupancy. Attach hereto documentation from the City of Hobbs Chief Building Inspector.

DEVELOPER:

PARKSIDE TERRACE CIC LLLP, a New Mexico limited liability limited partnership

By: CIC Parkside Terrace, LLC, a New Mexico limited liability company, its managing general partner

By: Chelsea Investment Corporation, a California Corporation, its manager

By: _____
Cheri Hoffman, President

By: Lea County Housing, Inc., a New Mexico nonprofit corporation, its co-general partner

By: _____
Russ Doss, Executive Director



CITY OF HOBBS
COMMISSION STAFF SUMMARY FORM

MEETING DATE: October 19th, 2015

SUBJECT: Resolution for the City to renew benefit plans including Medical, Dental, Short Term Disability, Long Term Disability, Life Insurance and Teladoc and add Benefit Value Advisor.

DEPT. OF ORIGIN: Human Resources

DATE SUBMITTED: October 13th, 2015

SUBMITTED BY: Nicole Sweet, HR Director

Summary: During the preparation of the FY16 budget, the City anticipated an increase to insurance costs of 5%. Budget was based on enrollment during Q1-2015. The renewal offer with Blue Cross/Blue Shield currently is at an increase of 9.0%. AON worked directly with Blue Cross/Blue Shield staff to review the renewal methodology and negotiate the renewal pricing.

MEDICAL – BLUE CROSS/BLUE SHIELD

Current funding ratios for Medical are as follows :(76% employer/24% employee >\$30,000 and 86% employer/14% employee < \$30,000). The City intends to share the increase in premiums based on these funding ratios. The projected 2016 savings of operating as a self-funded plan are \$725,416.

BENEFIT VALUE ADVISOR – BLUE CROSS/BLUE SHIELD

Benefit Value Advisor (BVA) is a program offered by BCBS which assists participants and their covered dependents with health care decision-making to help improve quality of care and achieve cost savings for both participants and plan sponsor (City). Assuming 15% utilization in year 1, the City can anticipate a medical cost savings of \$33,000 per year or \$6.54 per employee per month (PEPM). The 2016 cost based on October 2015 enrollment is \$13,410 or \$2.50 PEPM.

DENTAL – DELTA DENTAL

Delta Dental Plan of NM renewal resulted in no changes year-over-year.

TELEMEDICINE - TELADOC

Teladoc will remain a 100% City provided benefit for Blue Cross/Blue Shield participants for calendar year 2016. The anticipated cost for calendar year 2016 is \$21,686 based on October 2015 enrollment. 2015 projected savings to our medical plan as of September 2015 based on year 1 utilization is \$22,533.

VISION - VSP

VSP renewal resulted in no changes year-over-year.

SHORT TERM DISABILITY – HARTFORD

Short Term Disability (STD) renewal is at a decrease of \$2.18 PEPM or \$12,018 less year-over-year. We will continue with the Hartford STD plan with no changes and a projected cost of \$24,035 for 2016.

LONG TERM DISABILITY – HARTFORD

Long Term Disability (LTD) will be modified. LTD with Hartford will be offered with 100% of the premium paid for by the participant. The City will not contribute to the cost of premiums. This change will save the City \$65,323 year-over-year.

LIFE INSURANCE - HARTFORD

Life Insurance renewal resulted in no changes year-over-year.

RECOMENDATION

We will continue the Blue Cross/Blue Shield self-funded program with the City sharing the 9% premium increase at the current funding ratios as noted above. We will add the BVA analytical tool at no cost to the participants. We will continue the self-funded plan with Delta Dental with no changes to premiums. We will continue the Teladoc program at no cost to the participants. We will continue with VSP with no changes to premiums. We will continue Hartford STD at no cost to benefit eligible employees. We will continue Hartford LTD at 100% funding by the participant. We will continue with Hartford Life Insurance with no changes to premiums.

Fiscal Impact:

Reviewed By: *Carboran Corral*
Finance Department

Current 2016 budgeted premiums for the City and employee/retiree Medical/Dental/Teladoc/STD/LTD/Life Insurance portion are currently \$6,670,344. City portion of the premiums are \$4,756,511 and employee/retiree portion are \$1,892,605, respectively.

The overall fiscal impact, if the City renews as recommended above, would result in an approximate recurring increase of \$ 369,430 for medical/dental/Teladoc premiums, a decrease of \$77,341 for STD/LTD/life insurance premiums and an increase of \$13,410 for the addition of benefit value advisor.

Attachments:

Insurance premium increase spreadsheet broken out bi-weekly, monthly and yearly.

Legal Review:

Approved As To Form: *M. H. Stone*
City Attorney

Recommendation:

The Commission approves the 2016 benefit renewal of BCBS, BVA, Delta Dental, VSP, Teladoc. Hartford Life Insurance, STD, and LTD.

Approved For Submittal By:

[Signature]

Department Director

[Signature]

City Manager

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Resolution No. _____ Continued To: _____
Ordinance No. _____ Referred To: _____
Approved _____ Denied _____
Other _____ File No. _____

CITY OF HOBBS

RESOLUTION NO. 6369

A RESOLUTION AUTHORIZING THE MAYOR TO APPROVE RENEWALS OF MEDICAL, TELADOC, DENTAL, LIFE, SHORT TERM DISABILITY AND VISION INSURANCE, MODIFY LONG TERM DISABILITY AND ADD BENEFIT VALUE ADVISOR

WHEREAS, The City's medical, dental, telemedicine, life, disability and vision insurance coverages are due to expire and must be renewed; and

WHEREAS, premium costs to renew these insurance coverages have been researched so that they are within the anticipated amounts include in the budget preparation process; and

WHEREAS, it is City staff's recommendation that medical insurance coverage be renewed with Blue Cross/Blue Shield, dental insurance coverage be renewed with Delta Dental of NM, telemedicine coverage be renewed with Teladoc, life insurance coverage be renewed with Hartford, short term disability coverage be renewed with Hartford, long term disability coverage be modified and renewed with Hartford, vision insurance coverage be renewed with VSP and benefit value advisor be added with Blue Cross/Blue Shield.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor be and hereby is authorized and directed to approve on behalf of the City of Hobbs the following:

1. Awarding the City's medical insurance coverage to Blue Cross/Blue Shield as outlined in the staff summary, renewal of the City's telemedicine coverage with Teladoc, renewal of the City's dental coverage with Delta Dental of NM, and renewal of the City's voluntary vision coverage with VSP.
2. The City renews the agreement with Hartford to provide life insurance and short term disability coverage.
3. The City modifies the agreement with Hartford to provide long term disability coverage as outlined in the staff summary.
4. The City enters into an agreement with Blue Cross/Blue Shield to provide benefit

value advisor.

PASSED, ADOPTED AND APPROVED this 19th day of October, 2015.

SAM D. COBB, Mayor

ATTEST:

JAN FLETCHER, City Clerk

BiWeekly 2016 BCBS Medical & Delta Dental & Teladoc										
2015		BCBS				Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 72.68	\$ 230.15	\$ 302.83	24%	76%	\$ 2.14	\$ 7.20	\$ 9.34	23%	77%
Employee + 1	\$ 138.09	\$ 437.29	\$ 575.38	24%	76%	\$ 4.14	\$ 14.53	\$ 18.66	22%	78%
Family	\$ 210.77	\$ 667.43	\$ 878.20	24%	76%	\$ 6.94	\$ 29.61	\$ 36.55	19%	81%
2016		BCBS				Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 79.22	\$ 250.87	\$ 330.09	24%	76%	\$ 2.14	\$ 7.20	\$ 9.34	23%	77%
Employee + 1	\$ 150.52	\$ 476.64	\$ 627.16	24%	76%	\$ 4.14	\$ 14.53	\$ 18.66	22%	78%
Family	\$ 229.74	\$ 727.50	\$ 957.24	24%	76%	\$ 6.94	\$ 29.61	\$ 36.55	19%	81%
Y-o-Y Change		BCBS				Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 6.54	\$ 20.71	\$ 27.25	0%	0%	\$ -	\$ -	\$ -	0%	0%
Employee + 1	\$ 12.43	\$ 39.36	\$ 51.78	0%	0%	\$ -	\$ -	\$ -	0%	0%
Family	\$ 18.97	\$ 60.07	\$ 79.04	0%	0%	\$ -	\$ -	\$ -	0%	0%

*Delta Dental premium is rounded to the nearest cent

Monthly 2016 BCBS Medical & Delta Dental & Teladoc										
2015		BCBS				Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 145.36	\$ 460.31	\$ 605.67	24%	76%	\$ 4.29	\$ 14.40	\$ 18.68	23%	77%
Employee + 1	\$ 276.18	\$ 874.57	\$ 1,150.75	24%	76%	\$ 8.27	\$ 29.06	\$ 37.33	22%	78%
Family	\$ 421.54	\$ 1,334.86	\$ 1,756.40	24%	76%	\$ 13.89	\$ 59.22	\$ 73.10	19%	81%
2016		BCBS				Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 158.44	\$ 501.73	\$ 660.18	24%	76%	\$ 4.29	\$ 14.40	\$ 18.68	23%	77%
Employee + 1	\$ 301.04	\$ 953.28	\$ 1,254.32	24%	76%	\$ 8.27	\$ 29.06	\$ 37.33	22%	78%
Family	\$ 459.47	\$ 1,455.00	\$ 1,914.47	24%	76%	\$ 13.89	\$ 59.22	\$ 73.10	19%	81%
Y-o-Y Change		BCBS				Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 13.08	\$ 41.43	\$ 54.51	0%	0%	\$ -	\$ -	\$ -	0%	0%
Employee + 1	\$ 24.86	\$ 78.71	\$ 103.57	0%	0%	\$ -	\$ -	\$ -	0%	0%
Family	\$ 37.94	\$ 120.14	\$ 158.08	0%	0%	\$ -	\$ -	\$ -	0%	0%

*Delta Dental premium is rounded to the nearest cent

Annual 2016 BCBS Medical & Delta Dental & Teladoc										
2015		BCBS				Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 1,744.32	\$ 5,523.67	\$ 7,267.99	24%	76%	\$ 51.46	\$ 172.75	\$ 224.21	23%	77%
Employee + 1	\$ 3,314.17	\$ 10,494.87	\$ 13,809.05	24%	76%	\$ 99.24	\$ 348.69	\$ 447.93	22%	78%
Family	\$ 5,058.43	\$ 16,018.35	\$ 21,076.78	24%	76%	\$ 166.63	\$ 710.62	\$ 877.24	19%	81%
2016		BCBS				Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 1,901.31	\$ 6,020.80	\$ 7,922.10	24%	76%	\$ 51.46	\$ 172.75	\$ 224.21	23%	77%
Employee + 1	\$ 3,612.45	\$ 11,439.41	\$ 15,051.86	24%	76%	\$ 99.24	\$ 348.69	\$ 447.93	22%	78%
Family	\$ 5,513.68	\$ 17,460.00	\$ 22,973.69	24%	76%	\$ 166.63	\$ 710.62	\$ 877.24	19%	81%
Y-o-Y Change		BCBS				Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 156.99	\$ 497.13	\$ 654.12	0%	0%	\$ -	\$ -	\$ -	0%	0%
Employee + 1	\$ 298.28	\$ 944.54	\$ 1,242.81	0%	0%	\$ -	\$ -	\$ -	0%	0%
Family	\$ 455.26	\$ 1,441.65	\$ 1,896.91	0%	0%	\$ -	\$ -	\$ -	0%	0%

*Delta Dental premium is rounded to the nearest cent

BiWeekly 2016 BCBS Medical & Delta Dental & Teladoc										
2015	BCBS					Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 43.67	\$ 259.17	\$ 302.83	14%	86%	\$ 1.28	\$ 8.07	\$ 9.34	14%	86%
Employee + 1	\$ 82.54	\$ 492.84	\$ 575.38	14%	86%	\$ 2.50	\$ 16.16	\$ 18.66	13%	87%
Family	\$ 126.20	\$ 752.00	\$ 878.20	14%	86%	\$ 4.19	\$ 32.37	\$ 36.55	11%	89%
2016	BCBS					Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 47.59	\$ 282.49	\$ 330.09	14%	86%	\$ 1.40	\$ 8.82	\$ 10.22	14%	86%
Employee + 1	\$ 89.97	\$ 537.19	\$ 627.16	14%	86%	\$ 2.74	\$ 17.68	\$ 20.42	13%	87%
Family	\$ 137.56	\$ 819.68	\$ 957.24	14%	86%	\$ 4.58	\$ 35.41	\$ 39.99	11%	89%
Y-o-Y Change	BCBS					Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 3.93	\$ 23.33	\$ 27.25	0%	0%	\$ 0.12	\$ 0.76	\$ 0.88	0%	0%
Employee + 1	\$ 7.43	\$ 44.36	\$ 51.78	0%	0%	\$ 0.24	\$ 1.52	\$ 1.75	0%	0%
Family	\$ 11.36	\$ 67.68	\$ 79.04	0%	0%	\$ 0.39	\$ 3.04	\$ 3.44	0%	0%

*Delta Dental premium is rounded to the nearest cent

Monthly 2016 BCBS Medical & Delta Dental & Teladoc										
2015	BCBS					Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 87.33	\$ 518.34	\$ 605.67	14%	86%	\$ 2.55	\$ 16.13	\$ 18.68	14%	86%
Employee + 1	\$ 165.08	\$ 985.68	\$ 1,150.75	14%	86%	\$ 5.00	\$ 32.32	\$ 37.33	13%	87%
Family	\$ 252.41	\$ 1,503.99	\$ 1,756.40	14%	86%	\$ 8.37	\$ 64.73	\$ 73.10	11%	89%
2016	BCBS					Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 95.19	\$ 564.99	\$ 660.18	14%	86%	\$ 2.79	\$ 17.65	\$ 20.44	14%	86%
Employee + 1	\$ 179.93	\$ 1,074.39	\$ 1,254.32	14%	86%	\$ 5.47	\$ 35.36	\$ 40.84	13%	87%
Family	\$ 275.12	\$ 1,639.35	\$ 1,914.47	14%	86%	\$ 9.16	\$ 70.82	\$ 79.98	11%	89%
Y-o-Y Change	BCBS					Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 7.86	\$ 46.65	\$ 54.51	0%	0%	\$ 0.24	\$ 1.52	\$ 1.76	0%	0%
Employee + 1	\$ 14.86	\$ 88.71	\$ 103.57	0%	0%	\$ 0.47	\$ 3.04	\$ 3.51	0%	0%
Family	\$ 22.72	\$ 135.36	\$ 158.08	0%	0%	\$ 0.79	\$ 6.08	\$ 6.87	0%	0%

*Delta Dental premium is rounded to the nearest cent

Annual 2016 BCBS Medical & Delta Dental & Teladoc										
2015	BCBS					Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 1,047.96	\$ 6,220.03	\$ 7,267.99	14%	86%	\$ 30.63	\$ 193.58	\$ 224.21	14%	86%
Employee + 1	\$ 1,980.90	\$ 11,828.15	\$ 13,809.05	14%	86%	\$ 60.03	\$ 387.90	\$ 447.93	13%	87%
Family	\$ 3,028.86	\$ 18,047.92	\$ 21,076.78	14%	86%	\$ 100.47	\$ 776.78	\$ 877.24	11%	89%
2016	BCBS					Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 1,142.28	\$ 6,779.83	\$ 7,922.10	14%	86%	\$ 33.51	\$ 211.78	\$ 245.29	14%	86%
Employee + 1	\$ 2,159.18	\$ 12,892.68	\$ 15,051.86	14%	86%	\$ 65.68	\$ 424.36	\$ 490.04	13%	87%
Family	\$ 3,301.46	\$ 19,672.23	\$ 22,973.69	14%	86%	\$ 109.91	\$ 849.79	\$ 959.70	11%	89%
Y-o-Y Change	BCBS					Dental				
Insurance Type	EE Portion	City Portion	TTL	EE	City	EE Portion	City Portion	TTL	EE	City
Employee	\$ 94.32	\$ 559.80	\$ 654.12	0%	0%	\$ 2.88	\$ 18.20	\$ 21.08	0%	0%
Employee + 1	\$ 178.28	\$ 1,064.53	\$ 1,242.81	0%	0%	\$ 5.64	\$ 36.46	\$ 42.11	0%	0%
Family	\$ 272.60	\$ 1,624.31	\$ 1,896.91	0%	0%	\$ 9.44	\$ 73.02	\$ 82.46	0%	0%

*Delta Dental premium is rounded to the nearest cent



CITY OF HOBBS
COMMISSION STAFF SUMMARY FORM

MEETING DATE: October 19, 2015

SUBJECT: Renovations at Fire Station #2

DEPT. OF ORIGIN: General Services
DATE SUBMITTED: October 13, 2015
SUBMITTED BY: Ronny Choate, Director of General Services

Summary:

Bids were opened on October 8, 2015 for Renovations at Fire Station # 2. Bids were received from Dalco Construction of Hobbs and Lasco Construction of Hobbs. Bid packets were also mailed to HB Construction of Hobbs and CDR Construction of Alamogordo, NM.

The results of the two bids received are as follows.

	Base Bid	Alt. #1	Alt.#2	Alt.#3
Dalco	\$286,000	\$17,000	\$6,000	no bid
Lasco	\$230,000	\$9,164	\$5,100	no bid

City Staff recommends awarding the project and Alt.#1&2 to the low bidder Lasco Construction of Hobbs NM. Alt #3 was for additional communication work for the notifier system which is being added onto in this project. Neither bidder was able to get information from the equipment supplier on bid day. The work can be taken care of through the modification allowance for the project which is set at \$50,000 and included in the Base Bid.

Fiscal Impact:

Reviewed By: Deborah Corral
Finance Department

Total cost of the bid not including Design and GRT will be **\$244,264**. The project budget is set at \$320,000 in Account #01-0220-43013 of the Fire Department.

Attachments:

Legal Review:

Approved As To Form: M. H. Stee
City Attorney

Recommendation:

Award bid to Lasco Construction, Inc., of Hobbs, NM.

Approved For Submittal By:

EJE
Department Director

99. May
City Manager

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Resolution No. _____
Ordinance No. _____
Approved _____
Other _____

Continued To: _____
Referred To: _____
File No. _____
Denied

