

CITY OF HOBBS, NEW MEXICO

ORDINANCE NO. 1164

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

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

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

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

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

WHEREAS, inclusive in this Ordinance are the following:

1. TERM OF SALE.

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

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

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

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

4. PURCHASE PRICE. \$730,000

5. NAME OF PURCHASER. Stag Amazon, LLC, Attn: Steven Willis, 6905 82nd Street, Suite 300, Lubbock, Texas, 79424

6. PURPOSE OF PURCHASE. The building on the property and currently owned by Covenant Health Hobbs is utilized for an Amazon warehouse.

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

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

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

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

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

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

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



JOSEPH D. CALDERON, Mayor Pro Tem

ATTEST:



JAN FLETCHER, City Clerk



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

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

RECITALS:

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

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

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

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

NOW THEREFORE, the parties agree as follows:

1. Purchase and Sale.

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

2. Purchase Price.

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

3. Earnest Money.

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

4. Closing.

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

5. Title and Deed.

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

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

6. Assignment of Ground Lease

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

7. Survey.

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

8. Environmental.

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

9. Closing Costs.

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

10. Termination and Default.

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

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

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

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

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

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

12. Miscellaneous.

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

13. Exhibits.

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

13. Entire Document.

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

[Signatures on following page.]

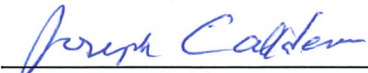
IN WITNESS WHEREOF, the parties execute this Agreement effective as of the date first written above.

CITY:

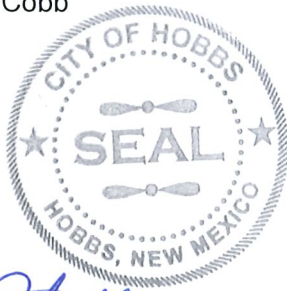
THE CITY OF HOBBS

PURCHASER:

STAG AMAZON, LLC,
a Texas limited liability company



Mayor Sam Cobb



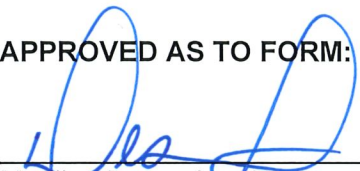
ATTEST:



Jan Fletcher, City Clerk

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

APPROVED AS TO FORM:



Medline Desrosiers-Douyon
Deputy City Attorney

Joinder:

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

COVENANT:

COVENANT HOSPITAL HOBBS,
a Texas nonprofit corporation

By: _____
Name: _____
Its: _____

EXHIBIT 1
LEASED BOUNDARY DESCRIPTION

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

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

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

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

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

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

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

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

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

Exhibit 2
Assignment of Option to Purchase

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

RECITALS:

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

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

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

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

1. Assignment.

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

2. Assumption.

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

3. Consent.

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

4. Binding Effect.

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

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

ASSIGNOR:
COVENANT HEALTH HOBBS

By: _____

Name: _____

Title: _____

Address: _____

Phone: _____

ASSIGNEE:
Stag Amazon, LLC

By: _____

Name: Steven Willis

Title: _____

Address: 6905 82nd St. Suite 300


Email: steven@rebuscap.com

THE CITY OF HOBBS



Sam D. Cobb, Mayor

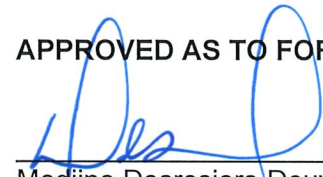
ATTEST:



Jan Fletcher, City Clerk



APPROVED AS TO FORM:



Medjine Desrosiers-Douyon
Deputy City Attorney

EXHIBIT 3
ESTOPPEL CERTIFICATE

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

RECITALS

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

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

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


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

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

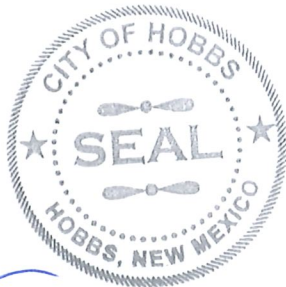
7. **No Deposits or Prepaid Rent.** No deposits or prepayments of rent have been made.
8. **No Other Assignment.** Ground Lessee has received no notice, and is not aware of, any other assignment of Ground Lessor's interest.
9. **Consent to Transaction.** Ground Lessor hereby consents to the Transaction.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

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

GROUND LESSOR:
CITY OF HOBBS
A New Mexico municipal corporation



Sam D. Cobb, Mayor

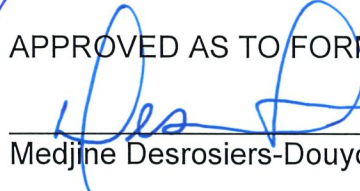


ATTEST:



Jan Fletcher, City Clerk

APPROVED AS TO FORM:



Medjine Desrosiers-Douyon, Deputy City Attorney