

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

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

### RECITALS:

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

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

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

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

NOW THEREFORE, the parties agree as follows:

### 1. Purchase and Sale.

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

### 2. Purchase Price.

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

### **3. Earnest Money.**

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

### **4. Closing.**

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

### **5. Title and Deed.**

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

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

## **6. Assignment of Ground Lease**

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

## **7. Survey.**

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

## **8. Environmental.**

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

## **9. Closing Costs.**

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

## **10. Termination and Default.**

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

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

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

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

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

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

**12. Miscellaneous.**

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

**13. Exhibits.**

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

**13. Entire Document.**

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

[Signatures on following page.]

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

**CITY:**

THE CITY OF HOBBS

**PURCHASER:**

STAG AMAZON, LLC,  
a Texas limited liability company

\_\_\_\_\_  
Mayor Sam Cobb

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Jan Fletcher, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Medjine Desrosiers-Douyon  
Deputy City Attorney

**Joinder:**

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

**COVENANT:**

COVENANT HOSPITAL HOBBS,  
a Texas nonprofit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_