

CITY COMMISSION SPECIAL MEETING MINUTES
CITY OF TRUTH OR CONSEQUENCES, NEW MEXICO
CITY COMMISSION CHAMBERS, 405 W. 3RD St.
TUESDAY, JULY 2, 2024

A. CALL TO ORDER:

The meeting was called to order by Mayor Rolf Hechler at 9:00 a.m., who presided and Angela A. Torres, City Clerk-Treasurer, acted as Secretary of the meeting.

B. INTRODUCTION:

1. ROLL CALL:

Upon calling the roll, the following Commissioners were reported present.

Hon. Rolf Hechler, Mayor
Hon. Amanda Forrister, Mayor Pro-Tem
Hon. Destiny Mitchell, Commissioner
Hon. Merry Jo Fahl, Commissioner
Hon. Ingo Hoepfner, Commissioner

Also Present: Angie Gonzales, City Manager
Traci Alvarez, Assistant City Manager
Jay Rubin, City Attorney
Angela A. Torres, City Clerk-Treasurer
Luis Tavizon, Chief of Police
Chris Muirhead, Modrall Sperling

There being a quorum present, the Commission proceeded with the business at hand.

1. PLEDGE OF ALLEGIANCE:

Mayor Hechler called for Mayor Pro-Tem Forrister to lead the Pledge of Allegiance.

2. APPROVAL OF AGENDA:

Mayor Pro-Tem Forrister made a motion to approve the agenda. Commissioner Hoepfner seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

C. NEW BUSINESS:

1. Discussion/Action: Purchase of Real Property located at 210 Main Street.

Jay Rubin, City Attorney: This item for me creates a dilemma because we are here to discuss the property purchase at 210 Main Street. Our usual philosophy of always trying to be open and try to be transparent, I would like us to have an actual discussion about the terms that are being discussed, but I am told that the seller wants us to keep the terms confidential. They have asked us to sign something that says that. I would rather we be transparent and discuss really what is being proposed here. It's up to the commission to make that decision, but I think that's what we should do. If you do that, I'll be more willing to disclose what is on the table here.

Mayor Hechler: What our attorney is alluding to, the letter we received offering us the property did have in it listed that they would like to keep the price and some other things confidential at this time. I understand the reasoning behind this. If for any reason we weren't able to consummate this deal or whatever else then people would know what the terms were, and it would take the bids down the road. I think that would be the reason they would offer that. What I am confidently able to say is that we all know that the asking price is \$550,000 and our settlement price would be, if we get through this, it would be substantially below that. I thought it was a wonderful deal. We made an unbinding offer because the commission had to approve it. The unbinding offer was substantially below the asking price with the intention of thinking they were going to counter, and there was no counter. They accepted the unbinding offer, and it was well below the asking price, so I thought it was a wonderful deal.

Jay Rubin, City Attorney: I understand the banks position, but we are a governmental entity. I just feel more comfortable disclosing what we are talking about.

Mayor Pro-Tem Forrister: I don't want to jeopardize it though.

Angie Gonzales, City Manager: Can you do this? Could you move that staff negotiate our purchase price, along with creating a purchase agreement not to exceed the asking price because Mr. Mayor you very clearly just said that the price is substantially less than the asking price. So, we are telling the public that we are not purchasing at the asking price. We are purchasing underneath that amount.

Mayor Hechler: The timeline is this, by July 30th there is some action required on our part, and by then we can fully disclose all the details, can't we?

Angie Gonzales, City Manager: Yes. We will be going through another item on your agenda which is the New Mexico Finance Authority application resolution. We will go through the New Mexico Finance Authority for financing for this transaction.

Mayor Pro-Tem Forrister: I think at that time after we do what is being asked on our part, then maybe we could come at and say exactly what the price is after we have

sealed the deal. I think what Mayor Hechler said is allowing the public to know that it's way under the asking price, and we are doing our due diligence, but that's asked of us, and I think we should honor what they are asking. I know that kind of goes against what you are saying Attorney.

Jay Rubin, City Attorney: Well, I'm here to give you it the way I see it, and certainly the commission can do whatever you feel, and it's fine. I guess I'm not really clear on how this would jeopardize the agreement, but I don't know. I will say I was not involved in direct discussions with the bank. The advice I was given was just through city officials. I don't really know what was discussed between the city and the bank on that issue, so I don't know.

Mayor Hechler: The other thing we could do Jay, if you're ok with this, we do have a call to the realtor Mr. Jones, and we have asked him to call us back, but we have not heard back from him yet. I could ask him specifically if he is ok with us releasing the asking price.

Jay Rubin, City Attorney: Why don't you do that. I like that. You can tell him that our City Attorney showed up to this meeting, and here is what he said, and see what his reasoning is, that's fine.

Commissioner Fahl: We could still start this process?

Jay Rubin, City Attorney: Yes.

Mayor Pro-Tem Forrister: I think what more concerning is that we are so much below the asking price and if we announce what offered somebody could go in and counteroffer easily above us.

Jay Rubin, City Attorney: I could turn you the other way, and if we actually said what the price was, and we say we are agreeing to it, then I think we would be in a stronger position than someone else coming in with a higher number. I understand I get what you are saying, and I understand your concerns. Again, I have not spoken with the bank so don't really know what their action would be. Mayor, I like what you just said, maybe just talk to Mr. Jones and find out what we could do here.

Commissioner Fahl: We could release it as soon as feasible. Let's still move forward and at least get these steps in motion so we can get within the deadline of the closing cost, and then at the earliest point possible, we can tell the public after you guys have conferred with them.

Angie Gonzales, City Manager: I have been in contact with the realtor Mr. Jones who is representing the property, and of course it's not simple. He has to get ahold of PNC. We have been going back and forth, and they are just really adamant about it.

Commissioner Fahl: You could understand their point.

Angie Gonzales, City Manager: I do. I hate it, but I do understand their point, and I also understand it for us too. I know this gets done all the time. I don't know why I'm having such a trip up over it.

Commissioner Fahl: I think we gave them enough information, and we are being smart. When it's allowed, we will tell the public, but we need to get this process going or we are going to lose this opportunity, so let's just move forward.

Jay Rubin, City Attorney: Also, to be clear about what I'm saying here, I'm not giving the advice that you can't go forward with what you are talking about. Let's be clear about that. I would just maybe approach it from a different angle. It's up to you to make that decision, and my legal opinion is yes you can proceed with what you are talking about.

Mayor Hechler made a motion to approve the Purchase of Real Property located at 210 Main Street and allow the full details of the transaction to make those things public as soon as we are released to do so from the owner. Mayor Pro-Tem Forrister seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

2. Discussion/Action: NMFA Application:

Angie Gonzales, City Manager: Whenever you do financing with NMFA you have to fill out the application then Mr. Mayor will be the one who signs it as the highest elected official. It's all filled out, but you have to have a resolution that goes with it, so that the NMFA governing body understands that we didn't just do it willy nilly. So, the resolution is for your consideration.

Commissioner Fahl made a motion to approve the NMFA Application. Commissioner Mitchell seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

3. Discussion/Action: Publication of Ordinance No. 767:

Chris Muirhead, Modrall Sperling: Just to follow up on what Ms. Gonzales said, she hit it on the head. It's just to make sure that the Finance Authority board knows that she is not running crazy and buying stuff without your approval. This does not bind you to close on financing with the Financial Authority. What you are going to look at today is this document, and when you consider that at the end of July. This is the one that we are going to say yes let's proceed with this financing and let's do this. This is required by the NMFA, but it doesn't bind you to see this through the end if you don't want to. The report that you have in front of you would authorize borrowing up to \$2 million for the project which is defined in here and in the title as acquiring, constructing, renovating, furnishing, equipping, beautifying and improving a public safety building for the benefit of the community. That would include purchasing the property and

renovating it with the department needs, and with the city needs. The pledge here is consistent with what we have done in the past which is the state shared gross receipt Tax which is the 1.225% GRT. That is the largest lump of gross receipt tax that comes to the city in addition to some local municipal options. There are also a couple debts outstanding that the city also has with the Finance Authority with the pledge that, but there is plenty of coverage under that number to take on this debt. The ordinance approves a loan agreement with the Finance Authority. What we have done in the past, most recently, whether it's USDA or G.O. Bonds, is to issue bonds as a public body. This is a loan agreement. It is the same concept. It's just a debt document that you're entering into and agreeing to repay over a term of years the amount of money pledged solely by the state shared gross receipt tax. Unlike the G.O. Bond which is any available revenue. This is limited to the state shared gross receipt tax. The Finance Authority is just a lender. There isn't anything different in that than an investor. Someone is giving you money for this project, and you agree to repay it with this revenue source. This is a much shorter ordinance because the loan agreement really is going to have everything in there, so when we come back on the 24th we will have a drafted loan agreement. It will be consistent with what you already have in place, and it won't add any new requirements on the city. That's what this is, and it gets the ball rolling.

Mayor Pro-Tem Forrister: The terms will come back to us with interest rates and so on?

Chris Muirhead, Modrall Sperling: Yes, before you take action, you will have a much better idea, and I'll be here to walk through that. You will know at that time. This is an intro so it could be in the paper Friday, and then we will move forward. So, nothing will happen at the regular meeting next week, it will then be lined up for the 24th for you to consider this. You will have more information about the purchase and the financing. This is as you mentioned commissioner just to get the ball rolling and see where we are going.

Mayor Hechler: We are proposing that we want a bond up to \$2 million which includes the interest that we expect to pay, is that right?

Chris Muirhead, Modrall Sperling: No, that's just the principal. So, I put it out to a higher number. I think the number that Mark was showing me was closer to \$1.68 million. I put it up high enough, so when you adopt this in the payment, we don't want to have a situation which has happened in the past where you have a perimeter, and ultimately the project comes in a little higher. The \$2 million is definitely above the paramount, so if you borrow \$1.5 over 15 years, the interest cost may not be much over \$2 million when you put the whole thing together, so it could practically come in and be within that, but this is just a paramount for the bonds, but no one anticipates it reaching that number and you can lower it if you think there is an interest in lowering it for public impression or whatever. That is the number I came up with to give a conservative cushion.

Commissioner Fahl: I agree. We need to have up to that amount. It doesn't say we are getting that, but we have that opportunity if something happens.

Mayor Hechler: That's fine, but our full intent is to come in as low as we can obviously, and to do what is necessary to build a decent Police Department. What is nice about this particular building is that it does meet initially the needs of the Police Department. It's still located downtown. I think that is important. It has some beneficial amenities already including a vault and things of that nature which will really help the Police Department. There is a conference room, and it's in a pretty good shape, the HVAC seems like it's in good shape, and things of that nature, so I think it's a great deal for our community, and at the price that we are able to land this thing, I think it's a great benefit that will help all of us.

Commissioner Fahl: I think we need to reiterate again to the public about the need for the building. The evidence room is a severe problem. The flooding, the size, we need to move forward and grow. We need to provide this wonderful opportunity for our Police Station is a great thing, and we need to take advantage of it.

Mayor Pro-Tem Forrister: I think it's awesome that they still get to stay in our downtown area.

Commissioner Mitchell: I think their direct location will hopefully have a positive impact on the traffic down there.

Commissioner Hoepfner: On top of it, also for me is that we did what the public wanted. They showed us clearly that they did not want the first option, and we listened. We said it's too expensive we found a better solution and it saves us a lot of money. The location is downtown, and I think it absolutely amazing for me as a business owner and for safety all together. I'm glad that we were able to find something option b pretty much and we have listened to the word of the community and that is one big part of it as well. I am happy to support it and to go forward with it. It is something we could give back to the community in a positive way.

Chris Muirhead, Modrall Sperling: The Finance Authority will pass on the best possible rates that the city could get, because they borrow their money at AAA rates, which is the best credit rating entity. They borrow at the lowest rates, and then they pass that on to the city, so for financing of this size, it would be cost prohibitive to do some of the other things that have been structured in the past, which makes sense. Here with financing this size, you get the AAA rates, and it does make a significant benefit to the community.

Mayor Pro-Tem Forrister made a motion to approve Publication of Ordinance No. 767. Commissioner Fahl seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

4. Discussion/Action: Approval of Purchase Requisitions over \$20,000.

Angie Gonzales, City Manager: In the way of purchasing any building, you always do an escrow. We will make a purchase order and check to PNC for the \$40,000 deposit. I'm asking for your approval of the Purchase Requisition over \$20,000. It will be for a \$40,000 escrow.

Commissioner Fahl made a motion to approve the Purchase Requisition over \$20,000. Commissioner Mitchell seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

D. ADJOURNMENT:

Mayor Hechler adjourned the meeting at 9:20 a.m.

Passed and Approved this 24th day of July, 2024.



Rolf Hechler, Mayor





Angela A. Torres, CMC, City Clerk