

**Regular Meeting of the Legal Committee
Held in the Roswell City Hall Conference Room
Thursday, March 24, 2022**

Notice of this meeting was given to the public in compliance with Section 10-15-1 through 10-15-4 NMSA and Resolution 22-14.

ROLL CALL

The meeting convened at 4:01 p.m. with Chair Stubbs presiding, Councilor Perry via GoTo, Councilor Foster present and Councilor Lopez present.

Staff present: Joe Neeb, Christopher Josh Nairn-Mahan, Jessica Collier, Amalia Martinez, Parker Patterson, Steve Christopher and Scott Stark.

Guests present: Rita Kane-Doerhoefer, Ed Heldenbrand, Andrew Cobos, Robert Corn, Savino Sanchez, Beto Bejarano and Cristina Arnold.

Public present via GoToMeeting: Peter Kelton with Admiral Beverage and Keith Hartnett.

APPROVAL OF AGENDA

Councilor Barry Foster moved to approve the March 24, 2022, Legal Committee meeting agenda and addendum. Councilor Daniel Lopez as a second. A voice vote was 4-0, and the motion passed.

APPROVAL OF MINUTES

The Thursday, February 24, 2022, Legal Committee minutes were approved as written.

REGULAR ITEMS

1. RFP-22-010 Security Guard Services – Steve Christopher discussed RFP-22-010 seeking proposals from qualified firms to provide security guard services for the Roswell Air Center (ROW) and any City of Roswell owned or leased property. The RFP was opened for proposals on January 16 through February 8, 2022. Three proposals were received. The Evaluation Committee completed their review and it is their recommendation to award this contract as a Multi-Source Award to Crusader Protective Services, Imperium Risk, Inc. and S.C.P. Security, LLC based on the evaluation criteria (average) scores provided in the award recommendation report. **For the Record**, Parker Patterson made notice Beto Bejarano is married to the City Payroll Administrator. Councilor Foster moved to recommend approval to full City Council to authorize the City Manager to enter into negotiation with all three offers. Councilor Lopez as the second. A voice vote was 4-0, and the motion passed.
2. Admiral Beverage IRB Indenture – Peter Kelton discussed the Indenture. The City Council will consider adoption of proposed Ordinance 22-05 at its April 14, 2022 regular meeting, to issue an Industrial Revenue Bond in an amount of \$9 million for the construction of a facility by Admiral Beverage Company at its facility located on

Brasher Rd. The proposed Indenture has been submitted by Admiral's bond counsel for approval by the City Council in connection with the issuance of the IRB, as contemplated by proposed Ord. 22-05. **For the Record**, page 17 of the indenture has been replaced with a new signature page. Councilor Foster moved to recommend approval to full City Council of a proposed Indenture in connection with the proposed Admiral Beverage IRB with page 17 and A-4 of the Indenture being replaced with a new signature page and to include Exhibit A, B and C, with all other conditions. Councilor Lopez as the second. A voice vote was 4-0, and the motion passed.

3. Admiral Beverage IRB BPA – Peter Kelton discussed the BPA. The City Council will consider adoption of proposed Ordinance 22-05 at its April 14, 2022 regular meeting, to issue an Industrial Revenue Bond in an amount of \$9 million for the construction of a facility by Admiral Beverage Company at its facility located on Brasher Rd. The proposed BPA has been submitted by Admiral's bond counsel for approval by the City Council in connection with the issuance of the IRB, as contemplated by proposed Ord. 22-05. Councilor Foster moved to recommend approval to full City Council of a proposed Bond Purchase Agreement in connection with the proposed Admiral Beverage IRB with exhibits A, B, C and D and with the change of the signature page on page 10 of the BPA, with all other conditions. Councilor Lopez as the second. A voice vote was 4-0 and the motion passed.
4. Admiral Beverage IRB Lease Agreement – Peter Kelton discussed the Lease Agreement. The City Council will consider adoption of proposed Ordinance 22-05 at its April 14, 2022 regular meeting, to issue an Industrial Revenue Bond in an amount of \$9 million for the construction of a facility by Admiral Beverage Company at its facility located on Brasher Rd. The proposed Lease has been submitted by Admiral's bond counsel for approval by the City Council in connection with the issuance of the IRB, as contemplated by proposed Ord. 22-05. Councilor Foster moved to recommend approval to full City Council of proposed Lease Agreement in connection with the proposed Admiral Beverage IRB with exhibits A and B and with the change of the signature page on page 26 of the Lease Agreement, with all other conditions. Councilor Lopez as the second. A voice vote was 4-0 and the motion passed.
5. Department Reports – City Clerk, Safety and Legal Department. Discussion only, no action taken.

CHAIR COMMENTS, REPORTS, ANNOUNCEMENTS



Chair Stubbs expressed her appreciation to staff and the Committee for the past 4 years of good work and urged the new committee to work closely with staff.

PUBLIC PARTICIPATION

Rita Kane-Doerhoefer



ADJOURN

The meeting adjourned at 5:14 p.m.



**Meeting of the
City of Roswell Legal Committee**

March 24, 2022 4:00 PM



**RFP-22-010
Security Guard Services**

ITEM NO: 1
STUBBS/CHRISTOPHER

RFP-22-010 Approval of Award Recommendation



- RFP 22-010 – proposals for security guard services at ROW and other City of Roswell properties/events
- Opened for proposals January 16 through February 8, 2022
- 3 proposals received
 - Imperium Risk of Lubbock, TX, S.C.P.
 - S.C.P. Security of Roswell, NM
 - Crusader Protective Services of Roswell, NM
- Evaluation Committee recommends a multisource award to all 3 vendors
- NOTICE: a family member of a City employee is the owner of S.C.P. Security (NMSA § 10-16-7)

Thank you!



Item 4 Department Reports

Discuss and consider Department Reports.



Admiral Beverage Corporation IRB

Keith Hartnett – Admiral Beverage Corporation CFO

Industrial Revenue Bonds – Background and Structure



- Industrial revenue bonds are an economic development tool widely utilized by municipalities and counties
- Tens of billions of dollars in industrial revenue bonds have been issued for projects across New Mexico
- Industrial revenue bonds provide tax incentives for developers in the form of tax abatements and exemptions for property, gross receipts and compensating taxes
- In exchange, developers make certain commitments to the issuer, which may include obligations such as payments in lieu of taxes



Industrial Revenue Bonds – Background and Structure

- For an industrial revenue bond transaction, the developer transfers legal title to the project site and all associated equipment, structures, facilities, etc. to the issuer
- The issuer then leases the project site and all associated equipment, structures, facilities, etc. back to the developer, effectively resulting in the developer maintaining full economic interest in these items
- The issuer and developer also enter into an indenture and bond purchase agreement relating to the bonds



Industrial Revenue Bonds – The Bonds

- The bonds do not represent an obligation of the issuer, and the issuer does not provide any direct money to the developer
- Rather, the aggregate principal amount of the bonds represents a rough estimate of how much the developer plans to spend on the project and relates to the gross receipts and compensating tax abatements sought by the developer
- The bonds are sold to and held by an affiliate of the project company through a bond purchase agreement, and the bonds are secured by an indenture



Admiral Beverage Corporation Project Information

- The project as proposed consists of the acquisition, construction, equipping and installation of a facility for the warehousing and distribution of alcoholic and non-alcoholic products (the “Project”) by Admiral Beverage Corporation (the “Company”)
- The Project will be located in the City of Roswell (the “City”) at 515 East Brasher Road, and construction is ongoing
- Requested bond size for the Project is \$9,000,000
- The Company’s Roswell operation currently employs 68 employees and anticipates hiring 7 additional employees following the completion of the Project



Recent Roswell IRB PILOT – Leprino Foods Company Project

- Aggregate bond size of \$150,000,000
- Annual PILOT payments (2023):
 - \$200,000 to Chaves County (38.7% of what would be due without IRB)
 - \$90,000 to the Roswell Independent School District (the “District”) (22.1% of what would be due without IRB)
 - \$66,667 to the City (nothing would have been due to the City without IRB)
 - \$356,667 total (32.7% of what would be due without IRB)



Proposed pilot for Admiral Beverage corporation project

- Requested bond size of \$9,000,000
- Proposed PILOT payments (2023):
 - \$4,888 to the District (20% of what would be due without IRB)
 - \$4,891 to the City (20% of what would be due without IRB)
 - \$9,779 total (11% of what would be due without IRB)



Tax payments for undeveloped project site

- If the Company does not complete the Project, the value of the undeveloped project site is approximately \$250,000
- Estimated tax payments for undeveloped project site:
 - \$679 to the District
 - \$679 to the City
- In effect, the proposed PILOT payments to the District and the City are approximately 720% more than what the District and the City would otherwise receive if the Project is not constructed



Industrial revenue bonds – timing and next steps

- Next step in process would be consideration of the bond ordinance, which could occur as soon as the April 14th, 2022 City Council meeting
- If the bond ordinance is adopted, closing for the industrial revenue bond transaction could occur as soon as 30 days after publication of the adopted bond ordinance

Thank you