

**Regular Meeting of the Finance Committee
City Hall – Mike Mathews Conference Room
425 N. Richardson Ave.
Thursday, September 3, 2026, at 2:00 PM**

Notice of this meeting was given to the public in compliance with Sections 10-15-1 through 10-15-4 NMSA 1978 and Resolution 26-12.

ROLL CALL

This meeting convened at 2:01 PM with Councilor Gass presiding. Councilor Heldenbrand, Councilor Johnson, Councilor Armstrong, and Councilor Halvorson were present.

An invocation was given by Councilor Gass.

STAFF PRESENT

Mac Rogers, Toni Gomez, Tammi Smith, Mike Taylor, Alberto Aldana, Caroline Brooks, Hess Yntema, Justin Jones, Jim Burress, Ted Garcia, Angela Garcia, Amalia Martinez, Mayor Timothy Z. Jennings, James MacCornack, Debbie Reyer, Abraham Chaparro, Enid Costley, Josh Nairn-Mahan, Amanda Dickerson, TJ Conyers, Becky Hicks, Chris Moore, Ray Mendoza, and Ron Garcia.

GUESTS PRESENT

Rita Kane-Doerhoefer, Richard McKinley, Councilor Arnold, Councilor Corn, and Judy Scharmer

GUESTS ONLINE

Ben, (19) guests, HH, Lanie Pantuso, PA, Roswel infrastructure, SU, T, VB, Vicki, VRV, and VS.

APPROVAL OF AGENDA

Councilor Heldenbrand made a motion to approve the agenda. Councilor Halvorson seconded the motion. The motion passed 5-0.

NON-ACTION ITEMS

1. Golf July Report – The Committee reviewed the July Golf Report. A question was raised regarding information contained in the report that appeared to be incorrect. Staff acknowledged the discrepancy and indicated it would be addressed.
2. Roswell Visitor Center – The Committee reviewed the July Visitor Center Report. No questions or additional discussion were presented
3. Public Affairs – The Committee reviewed the Public Affairs Report. Staff explained that a recent photo shoot was conducted to update photographs used for tourism marketing. No additional discussion was presented.

4. Museum Monthly Report – The Committee discussed the status of relocating the Museum to the Air Center and was advised that the move is currently paused due to delays obtaining parts for the fire suppression system. Staff also reported that a tentative offer had been received regarding the Museum’s current building and, if appropriate after review, would be brought to the City Council for consideration. The current Museum location remains available, although staff continues to evaluate more cost-effective long-term options.

Staff noted that rent at the current location is presently being reimbursed through insurance. The Committee was also advised that Museum Day will be held October 3, 2026, with free admission to participating area museums; the Roswell Museum will participate at 400 Penn Plaza.

5. Roswell Public Library – Staff reported unexpected expenses resulting from two power outages and changes to fire and alarm inspection requirements. Discussion included a future request to direct Library fines and fees, which currently go to the General Fund, back to the library to help fund required inspections. Staff reported approximately \$11,000 in fines and fees collected last year, approximately \$9,000 the prior year, and slightly more than \$2,000 collected so far this year.

Staff also provided an update on the library improvement project, stating that decking work was underway, materials had been ordered, and the project was progressing without significant issues. The two power outages were unrelated to the construction project but resulted in damage to lighting and the fire alarm system.

6. Lodgers Tax – The Committee discussed differences between the occupancy information reported for branded hotels and the City’s broader lodging data, which also includes available short-term rental information. Staff explained that the broader report likely provides a more accurate overall picture, although not all short-term rentals are captured.

Discussion also addressed hotels and short-term rentals that are not reporting Lodgers’ Tax or maintaining required business licenses. Staff advised that the city is pursuing compliance and is still seeking an outside auditor to perform a previously budgeted review. The Committee requested that a discussion regarding past-due Lodgers’ Tax and related business-license issues be placed on a future Legal Committee agenda.

7. Cannabis Excise Tax / Gross Receipts Tax – Staff reported that August revenues were above budget for both Cannabis Excise Tax and Gross Receipts Tax. Gross Receipts Tax collections were approximately \$5.7 million compared with a budget of approximately \$5.4 million, resulting in a positive variance of approximately \$291,000.

Staff also advised that an ambulance billing report is expected at the next meeting. Preliminary information indicated collections were performing ahead of expectations and potentially approximately 25% above the amount budgeted, and Committee members commented positively on the new ambulance service.

8. Study options/possibilities for the City to create an internal LEDA Fund – Councilor Arnold requested discussion regarding the possibility of establishing a locally funded Local Economic Development Act (LEDA) program to support economic development and job creation. Staff explained that the City may establish its own LEDA funding mechanism and dedicate City revenues to eligible economic development projects.

Discussion included whether City revenues, including Cannabis Excise Tax revenue, could be set aside over time for economic development purposes versus continuing to rely on State LEDA funding and the Roswell-Chaves County Economic Development Corporation. Members also discussed the importance of attracting higher-wage employers, particularly at the Roswell Air Center, expanding available hangar space, and considering incentives that could encourage businesses to locate or expand in Roswell.

The Committee further discussed the importance of broader community development, including family-oriented activities and amenities that could assist with attracting and retaining businesses and employees.

9. Internal Auditor Discussions – Internal Auditor Judy Scharmer presented the results of her review of the June 24, 2026, telephone-based fraud incident involving an individual impersonating a representative of Pioneer Bank. The incident resulted in two unauthorized ACH transactions totaling \$375,000; \$25,000 had been recovered, leaving \$350,000 unrecovered at the time of the meeting.

The Internal Auditor reviewed corrective actions already implemented by the City, including dual approval of ACH transactions, consolidation of the City's bank accounts from thirteen to four, implementation of positive pay, and adoption of a Banking Verification and Suspected Fraud Response Protocol. The protocol prohibits employees from providing or entering usernames, passwords, authentication codes, or tokens at the direction of anyone over the telephone.

The Internal Auditor reported that substantial corrective action had been completed, with employee training and confirmation of debit-block settings on all four bank accounts remaining to be finalized. The unrecovered funds continue to be tracked, and banking and law-enforcement investigations remain ongoing.

FLOOD DISASTER UPDATES

10. Flood Disaster Updates – Staff reported that the city has more than \$67 million in FEMA claims approved to date. Remaining items include two street projects awaiting FHWA classification, a citywide contents claim completing administrative review, the firearms claim, a landfill project awaiting approval of certain state emergency expenditures, and the Museum substantial-damage claim. The city also received just over \$1 million in state reimbursement for sewer repairs during the month, bringing total state reimbursements received to approximately \$7.3 million.

Staff reported that the city is pursuing CDBG-DR funding for four projects: the local share of river-channel repairs, the local share of walking-trail repairs, the Brasher Road detention structure, and Air Center perimeter-road reconstruction and flood drainage. A required resolution associated with the applications was expected to be presented to the City Council the following week.

Staff also reported that the City's GRT bond pricing resulted in an all-in rate of approximately 4.15%, with approximately \$24 million in bond proceeds expected to become available for flood-related repair work. Refinancing of the smart-meter bonds was projected to result in approximately \$703,670 in present-value savings.

Discussion included the State revolving-loan program and funding previously approved for design and construction of the Adult Center project. Staff discussed delays in the State's processing and disbursement of awarded funds.

The Committee also discussed options for repairing or mitigating the Convention Center, including the FEMA substantial-damage threshold, future flood risk, insurance requirements and costs, and the City's remaining debt on the facility. Members emphasized the importance of restoring a large community event space while considering the financial and flood-related risks of rebuilding at the existing location.

ACTION ITEMS

11. Consider recommending for approval of a budget adjustment in the amount of \$55,757.83 and approval to purchase a new septic system from TLC for the amount of \$105,757.83 utilizing state contract 30-00000-23-00084BA. Presented by Abraham Chaparro.

Currently, the septic system at the landfill needs to be pumped almost every month to keep it from backing up into the building. This is a significant health and safety hazard.

City Council approved \$50,000 in the FY27 budget for the Solid Waste Department to

replace its septic system. After talking with other contractors and getting quotes, we found TLC, which has a state pricing agreement 30-00000-23-00084BA. Staff explained that the existing septic system at the landfill requires frequent pumping to prevent sewage from backing up into the building, creating a health and safety concern. The city budgeted \$50,000 in FY27 to replace the system; however, under the available State pricing agreement with TLC, the cost is \$105,757.83, requiring an additional budget adjustment of \$55,757.83.

The Committee clarified that the additional funding would come from the Solid Waste enterprise fund rather than the General Fund.

Councilor Heldenbrand made a motion recommending approval of a budget adjustment in the amount of \$55,757.83 and approval to purchase a new septic system from TLC for the amount of \$105,757.83 utilizing state contract 30-00000-23-00084BA to the consent agenda. Councilor Halvorson seconded the motion. The motion passed 5-0.

12. Consider recommending to full Council adoption of Resolution 26-XX to dispose of certain surplus property listed on the attachment. Presented by Becky Hicks.

This request covers old/obsolete equipment and vehicles currently owned by the City of Roswell.

These items are in a state of disrepair and/or repair costs would exceed the value of the item and/or they have exceeded their life expectancy.

Staff presented a list of obsolete and surplus City property proposed for disposal. The Committee asked for clarification on several listed items, including a 2016 vehicle and peafowl/chicks from the Zoo, and staff provided additional information.

Councilor Johnson made a motion recommending the adoption of Resolution 26-XX to dispose of certain surplus property listed on the attachment to the consent agenda. Councilor Armstrong seconded the motion. The motion passed 5-0.

13. Consider recommending approval of a budget adjustment in the amount of \$2,000,000 and approval to purchase FEMA claims consulting from DRS, Disaster Recovery Services. Presented by Mac Rogers.

This item is requesting a budget adjustment and approval of the Letter of Engagement for DRS, Disaster Recovery Services, for phase III FEMA claims recovery consulting. This is a multi-year agreement extending through December 2027 in the amount of \$2,000,000. These Services will be procured through HGAC Contract #HP08-21. The first phase of the DRS services was provided through a grant from SENMEDD, and City Council approved Phase II on May 8th, 2025. All of the Services for Phase II have been approved by FEMA and we expect to receive reimbursement for these services soon. Category Z management costs are the only damages eligible for 100% reimbursement by FEMA, making this item revenue neutral. DRS has an in-depth understanding of the

City's damages and has played a critical role in helping the city secure funding from FEMA's public assistance program.

Staff explained that Phase II of the Disaster Recovery Services (DRS) agreement was approved by City Council in May 2025 and that the related expenses have been approved by FEMA for reimbursement. State reimbursement has been delayed but is expected to be received. Staff discussed the importance of DRS in assisting the City with FEMA recovery, including navigating insurance proceeds, NFIP requirements, relocation of property within special flood hazard areas, and the FEMA claims process.

The proposed \$2 million agreement would continue DRS FEMA claims consulting services through Phase III. Staff noted that FEMA disaster closeout is a multi-year process and that DRS would continue assisting with claims management, closeout, and audit-related matters.

Councilor Halvorson made a motion recommending approval of a budget adjustment in the amount of \$2,000,000 and approval to purchase FEMA claims consulting from DRS, Disaster Recovery Services to the consent agenda. Councilor Johnson seconded the motion. The motion passed 5-0.

14. Consider adoption of Resolution 26-XX Roswell Transit FY2028 Financial Commitment.
Presented by Becky Hicks.

On August 17, 2028, the NMDOT opened the Transit Section 5311 grant application for FY2028. The application process includes a Resolution from the governing body of the City of Roswell for financial support. The application is due by October 2, 2026. Due to this unusual timeline, we were unable to present the request to Infrastructure Committee prior to Finance and City Council. This Resolution is required by NMDOT every year.

Staff explained that NMDOT requires the city to submit its FY2028 funding request in advance of the City's normal budget process. The information provided included prior expenditures, anticipated FY2026 expenditures, the FY2027 award, the FY2028 request, and the current bus inventory. The FY2028 request includes four replacement vehicles consisting of two vans and two buses. Staff clarified that adoption of the resolution does not obligate the city to the FY2028 budget, which will still be considered through the City's regular budget process.

The Committee also discussed transit service and safety concerns associated with the Walmart bus stop. Staff explained that an attempt had been made to relocate the stop during construction, but an alternate location was not approved by Walmart. The Committee requested that staff develop a revised plan for safe bus and pedestrian access at Walmart and bring the matter back to the Finance Committee the following month.

Councilor Halvorson made a motion to recommend the adoption of Resolution 26-XX, Roswell Transit FY2028 Financial Commitment, to the consent agenda. Councilor Heldenbrand seconded the motion. The motion passed 5-0.

15. Recommend Resolution 26-XX Regarding A New Multi-Generational Area, the Spring River Zoo, Roswell Adult Center, and Peppermint Park. Presented by Hess Yntema.

This resolution would provide direction to wind down operations of the Spring River Zoo by the end of FY27. In its place, the City Manager is instructed to provide a plan to the Governing Body for replacement of the Roswell Adult Center and other facilities at the location of the Spring River Zoo and old Peppermint Park utilizing available FEMA, state revolving loan funds, and Flood Bond funds, as necessary, for the betterment of Roswell consistent with, but not bound by the attached map.

The Committee discussed the proposed resolution and the future of the Spring River Zoo. Staff discussed reduced staffing levels and operational challenges at the Zoo and expressed concern regarding the ability of current staffing levels to safely maintain existing operations. Staff suggested reducing the number of animals while potentially retaining a smaller petting-zoo-type component that would continue to provide an opportunity for children to see animals and allow existing zookeeper positions to be maintained.

Discussion also addressed the age of the Zoo's animal population, with a committee member reporting that the majority of the animals are geriatric. Members discussed the possibility of reducing or closing Zoo operations as part of the broader redevelopment of the area for the Adult Center and other community uses.

No action was taken due to the lack of a motion.

16. Consider recommending the adoption of Resolution 26-XX for disclosing unauthorized disbursements and corrective action. Presented by Councilor Gass.

As of August 31, 2026, the City of Roswell has experienced a loss of \$350,000 resulting from a fraudulent withdrawal from the City's banking accounts. The matter has been reported to local, state, and federal law enforcement authorities for investigation and possible recovery of the funds. The investigation remains ongoing, and at this preliminary stage, there is no indication of criminal wrongdoing by City personnel.

Resolution No. 26-XX formally discloses the loss and directs the Finance Department and Office of the City Treasurer to coordinate with the City's External Auditors and Internal Auditor to develop and approve a comprehensive Banking Verification and Suspected Fraud Response Protocol. The protocol will include an Immediate Incident Checklist and Institutional Escalation Contacts and Procedures. All affected employees will be formally trained on the adopted protocol.

Following the earlier Internal Auditor discussion, the Committee considered the resolution formally disclosing the \$350,000 unrecovered unauthorized disbursement and directing corrective action. The resolution incorporates the corrective measures discussed by the Internal Auditor and directs implementation of the Banking Verification and Suspected Fraud Response Protocol and related employee training.

Councilor Johnson made a motion to recommend the adoption of Resolution 26-XX for disclosing unauthorized disbursements and corrective action to the consent agenda. Councilor Halvorson seconded the motion. The motion passed 5-0.

17. Consider recommending the adoption of Resolution 26-XX approving a budget adjustment for the fiscal year ending June 30, 2027. Presented by Toni Gomez.

The New Mexico Department of Finance Administration (DFA) requires governing body approval for any budget adjustment that increases or decreases revenue or expenditures in the approved budget. The Finance Department is requesting approval of a budget adjustment, as summarized in Exhibit "A", to align the City's FY2026-2027 budget with current funding allocations. These adjustments include updates to various grants, transfers, and departmental budgets.

Staff presented an amended budget adjustment and explained that an expense approved at the Special City Council meeting for a TANA Shark DT Waste Shredder in the amount of \$1,248,845.90 had inadvertently been omitted from the version included with the agenda. The amendment did not change the \$2 million revenue adjustment but increased the total expenditure adjustment to \$3,661,090.88; transfers remained net zero. The Committee considered the resolution as amended.

Councilor Armstrong made a motion to recommend the adoption of Resolution 26-XX approving a budget adjustment for the fiscal year ending June 30, 2027, as amended, to the consent agenda. Councilor Halvorson seconded the motion. The motion passed 5-0.

18. Consider approval of the August 10, 2026, Regular Finance Committee Minutes.

Councilor Johnson made a motion to approve the August 10, 2026, Regular Finance Committee Minutes. Councilor Heldenbrand seconded the motion. The motion passed 3-0, with Councilor Halvorson and Councilor Armstrong abstaining.

PUBLIC PARTICIPATION

None

ADJOURN

The meeting adjourned at 3:32 PM.