

STATE OF NEW MEXICO)
COUNTY OF CURRY) ss.

The City of Clovis Economic Incentive Board met in regular session at 7:30 a.m., Wednesday, March 15, 2017 in the Assembly Room of the Bert Cabiness City Government Center, 321 N. Connelly, Clovis, New Mexico, in full conformity with the laws of the State of New Mexico and the ordinances and resolutions of said city with the following members present:

Larry Fry, Chairman
John D. Gutierrez, Utility Service Provider
Raymond, Mondragon, District 4
Johnnie Jones, County Representative
Brett Johnson, County Representative
Megan Palla, Bank/Finance/Accountant
Vince Tyson, CIDC
Mike Hamilton, District 2
Kyle Snider, District 1

ABSENT: Brian Harris, Industry Representative
Linda Robles, District 3

ALSO PRESENT: Larry Fry, City Manager
Chase Gentry, CIDC
Vicki Reyes, Administration
Gene Hendrick, Chamber of Commerce
David F. Richards, City Attorney
Clint Bunch, Public Works
Durwood Billington, Public Works
Becky Rowley, CCC
Bill Riggle, CFO Ag Power
Sean Schooley, Ag Power

Mr. Fry called the meeting to order at 7:31 a.m. and established the presence of a quorum.

Agenda Item No. 3 - Approval of minutes

Mr. Mondragon made a motion to approve the minutes of October 5th, 2016 as presented; Mr. Gutierrez seconded the motion, which passed by acclamation.

Agenda Item No. 4 - Discussion & action regarding Ag Power Project

Mr. Gentry stated they met with Ag Power in May of last year. They are looking at two projects - one north of Clovis and one south of Clovis. DFA, Dairy Farmers of America, put them in touch with Southwest Cheese regarding their wastewater. The site they are talking about today is a mile south of the wastewater treatment plant.

In 2005 the City of Clovis, in cooperation with Southwest Cheese, built a high pressure wastewater line to from Southwest Cheese to the City of Clovis wastewater plant. There was an agreement reached of a certain level of contaminants in that water. When the first line was sent, the City became aware there was a high level of phosphorous that no one mentioned in the contract. The line was used one time and has not been used since then.

Ag Power is proposing the lease of the line to be used for this project, which would bring in \$140 million capital investment and 55 jobs into the community. The only involvement the City would have is the sewer line lease, and an amendment to a treated wastewater agreement that the City has with Southwest Cheese. The delivery point and ownership of the water becomes the City's responsibility when it hits the pipeline and a draft amendment would allow that delivery point ownership to take place. Southwest Cheese is in line to make this work and will have their discharge permit. They took out a clean water revolving loan fund ten years ago and they have 10 more years of payments. If they were able to lease this line they could recover some of that outstanding debt.

Mr. Gentry advised there is an introduction of ordinance to approve the project and a draft project agreement. There were some amendments that were made Monday. Item Number 18 A, B & C are to protect the City if the project doesn't go forward.

Mr. Hamilton asked if Ag Power would tie into the line and use all the water from SWC. Mr. Gentry stated in the agreement they are looking at approximately 800,000 gallons a day, and the goal is that they would use the line 100%, but if the City chooses to take water from SWC there is 600,000 - 800,000 gallons a day, in addition to what they will use and it will be a shared line.

The agreement would temporarily suspend the ownership of the water from the Southwest Cheese plant side to the wastewater treatment plant side, and once the lease no longer exists the original agreement would go back into place with Southwest Cheese. Mr. Billington asked what would happen to the water if they closed. Mr. Richards stated as long as the lease is in effect it is Ag Power's responsibility.

Mr. Richards asked if SWC reimbursed all of the debt service payment. Mr. Gentry stated they have been making payments for the last 10 years every month. Mr. Richards asked if Southwest Cheese complied with the wastewater purchase agreement, what the revenue difference would be between the \$50,000 off the lease, and what the City would receive. Mr. Gentry stated he thought it was \$.35. Mr. Richards asked if he knew how much SWC was receiving for the water. Mr. Gentry stated he did not, but wanted to set up a meeting with them before they finalize the contract. Mr. Richards felt until they get Southwest Cheese's concurrence on any changes to the treated wastewater, they need both to coexist.

Mr. Mondragon asked what changes were made to the EIB application or ordinance since February 23rd. Mr. Gentry stated the amendments were handed out to the board this morning. Mr. Mondragon asked if it was \$50,000 for the lease of the pipe. Mr. Riegel stated they have people inspecting it. Mr. Mondragon asked if that was a normal price. Mr. Gentry stated they are creating 55 jobs and are investing \$140 million into Curry County as well as take an asset that was degrading and repair it.

Mr. Mondragon asked if Net Lease Capital advisors have been sued. Mr. Riegel stated they have probably been sued by a number of people. They are the largest landlords for a number of properties. Mr. Mondragon stated there was a court case with interest in California. He asked why this item was not on the commission agenda. Mr. Fry stated there was a 10 day notice that this did not meet so it was determined that it could not be placed on the agenda. Mr. Gentry stated any agreements needed to be shared with the commission, but there isn't a timeline.

Mr. Mondragon made a motion to table this item until issues can be resolved. Mr. Johnson asked Mr. Mondragon why he wanted to table. Mr. Mondragon stated until the commission has their questions answered they should table it and bring this back to another meeting. Mr. Gentry stated there was no obligation that this has to be on the agenda for the next meeting. They cannot move forward until this board makes a recommendation. He recommended moving forward with the introduction of ordinance.

Mr. Gentry stated there is an IRB subcommittee that looks at IRB incentives. He asked if this board would consider activating that committee to look at the agreements and work things out with the city commission. They could then bring that back for approval to this board.

Mr. Mondragon asked if they were having the pipe inspected by the Environment Department. Mr. Riegel stated they will hire someone to inspect it. Depending on if this board moves forward they will then hire locally to have the pipe inspected. Mr. Mondragon asked if they table this and get the issues resolved, could they still have this on the next commission agenda. Mr. Fry stated the requirements are 72 hours notice, so anything beyond that is workable as far as the notice period.

Mr. Hamilton asked if SWC was on line with all of this. Mr. Riegel stated they are fine with everything, but they are just waiting for approval. Mr. Gentry stated this will help alleviate some of the issues that Southwest Cheese has and they are very interested in this. They want to make sure the city is on board to do this. Mr. Hamilton asked if the extra phosphorus would be a benefit to Ag Power. Mr. Riegel stated it would be.

Mr. Mondragon asked if they needed to do the testing before they entered into the lease agreement. Mr. Gentry stated it doesn't limit the ability to introduce the ordinance. Mr. Mondragon stated for them to do due diligence they need to table this item.

Mr. Fry stated there was a motion on the floor to table. He stated the motion died due to lack of a second.

Mr. Mondragon asked about the 15 day period. Mr. Gentry stated once this was introduced they would have at least 15 days to adopt. Mr. Richards stated 14 days after publication so in a regular cycle it takes a month. Mr. Fry stated one recommendation was that this should go before the city's Water Policy Board as well.

Mr. Tyson asked what they were looking for from this board. Mr. Gentry stated he would like to move forward so that they can place this on the commission agenda. They hope to come back

for approval to move forward with the agreements and would have about 3 weeks to work on all of this.

Mr. Johnson asked if they were okay to move forward with this. Mr. Richards stated the ordinance is something that has to be done to move forward and does not commit the City to any specific action. Ms. Jones stated she liked the idea of having a few people look over the agreement and bring recommendations back to the board. Mr. Gentry asked who would like to be involved. He asked if they could include Ms. Jones and Mr. Snider on the IRB subcommittee. Mr. Fry stated it would be up to the board.

Mr. Tyson made a motion to move the ordinance forward and appoint Mr. Snider and Ms. Jones to the IRB subcommittee; Mr. Johnson seconded the motion, which passed by acclamation.

Agenda Item No. 5 - Discussion & action regarding renewal of statistical data service and website property database

Mr. Gentry stated the last two years the EIB has invested in a real estate data service. They hoped the NM Partnership would allow them to piggyback off of theirs, but that is not something they can do. Ms. Palla asked how much this cost. Mr. Gentry stated it is \$9,000 a year. Mr. Tyson asked if they had money for this. Mr. Gentry stated it is in the economic development tax fund. Ms. Palla asked if this lists residential or just commercial. Mr. Gentry stated it is a commercial industrial.

Ms. Palla asked how someone would find industrial property if they didn't have this website. Mr. Gentry stated they would go to a realtor's website. They are in the process of integrating the CIDC website with the Chambers.

Mr. Mondragon moved for approval; Mr. Snider seconded the motion, which passed by acclamation.

Agenda Item No. 6 - Economic Development Fund Financial Report

Mr. Fry stated they have a fund balance of \$2.736 million and the GRT input into that for the year is \$648,000. There have been limited receipts within the month of February, but year to date is \$77,000. The only disbursement that was made in January was to Mr. Richards firm for legal fees for \$870, which year to date is \$56,792 and that includes payments to CIDC and the mowing at the industrial park.

Agenda Item No. 7 - Update regarding CIDC

Mr. Gentry stated they have been working on quite a few projects. Natural Chem purchased the plant in Portales and will meet with the trucking industry later this month. This will only be a distribution facility in Portales. Pattern Energy is completing Broadview one and two. Tres Amigas let the land go back and have an option to purchase land close to that facility. SWC were funded for 12 positions and are working on their second application now. They have three

wind energy projects that they are currently working with. They have been working a local manufacturer that is looking to expand and are looking at property sites for a new building.

They have been working with Mr. Fry, Ms. Burroughes and Mr. John Ryan on a bill that went through the legislature regarding industrial revenue bonds. This was sponsored by the Association of Counties and they were trying to limit the authority of cities to issue industrial revenue bonds outside of their borders.

Mr. Richards asked if there was a timeline for Natural Chem. Mr. Gentry stated they haven't given him one.

Agenda Item No. 8 - For the good of the order

None.

Agenda Item No. 9 - Adjournment

There being no further business to come before the board the meeting adjourned at 8:41 a.m.