

STATE OF NEW MEXICO)
CITY OF CLOVIS) ss.

The City of Clovis Finance Committee met in regular session Wednesday, May 4, 2022 in the Small Conference Room, Bert Cabiness City Government Center, 321 N. Connelly, 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:

Mayor Mike Morris, Chairman
Commissioner George Jones
Commissioner David Bryant
Ms. Leighann Melancon, Finance Director

ABSENT: Mayor Pro Tem Chris Bryant, Vice Chair

EX-OFFICIO PRESENT: Justin Howalt, City Manager

ALSO PRESENT: Vicki Reyes, Assistant City Clerk

Mayor Morris called the meeting to order at 2:05 p.m. and established the presence of a quorum.

Agenda Item No. 3 – Approval of minutes of January 19, 2022

Commissioner Jones made a motion to approve the minutes of January 19, 2022; Commissioner Bryant seconded the motion, which passed by acclamation.

Agenda Item No. 4 – Finance Report

Ms. Melancon gave the finance report as follows:

General Fund 1 - \$5,835,159.85
Solid Waste Fund 2 - \$2,868,260.55
Environmental Tax Fund 6 - \$8,607,539.16
Wastewater Fund 10 - \$4,681,208.95
Econ Develop GRT Fund 64 - \$3,945,976.55
Water ¼% GRT Fund 66 - \$5,821,136.83
Special Streets Fund 75 - \$1,060,831.55
Capital Projects Fund 87 - \$2,586,439.97
American Rescue Plan Fund 94 - \$4,741,498.45

Beginning cash and investments was \$55,816,439.15 and ending cash and investments was \$57,341,358.77. The breakdown is \$31,943,526.84 Cash in Bank and \$25,397,831.93 in the State Investment Pool. Interest earned for the month was \$4,163.13 and for the year to date \$35,820.80. The state pool for March was 0.1249%.

Mayor Morris advised the capital projects was for the airport. He advised that was state local economic development grant money that is being used to install the transmission line extending the city water system to the airport. Ms. Melancon advised they are also using \$500,000 from the American Rescue Plan for part of the design and match. Mr. Howalt advised they are getting \$9.4 million that came in two allocations from the American Rescue Fund. Originally, there were certain qualifications you could utilize the money for. Since then, they have said if someone is \$10 million or less in grant funding they can count it as lost revenue, which allows the city to utilize it for whatever they need it for. There are a lot of infrastructure projects and that \$9.4 million doesn't go far.

Mayor Morris advised an ideal point of reference is the grant the commission approved for MLK. If they could get \$4.7 million from DOT they would want to do that versus dipping into this. Ms. Melancon advised they have until 2026 to spend it all.

Mr. Howalt advised fund 6 is the financial assurance for the landfill. They are required to maintain funds in case they had to close the landfill and shut it down. They are in the process of closing cells 1-4 and these funds will be utilized for CDM Smith to close one of the cells.

Ms. Melancon advised fund 63 is revenue that is generated by the zoo, aquatic center, traffic fines, rentals, etc. and then designated for budget changes for that particular function. Mayor Morris asked if that was a normal amount for that fund. Ms. Melancon advised it was increasing. Municipal Court has said their collections were down and zoo revenue was also down.

Mr. Howalt advised they have haven't changed fees or fines for municipal court in 20 years. He asked Judge Kelley to look at other municipalities to see what their fees are. Commissioner Jones advised it was justified to look at again.

Mr. Howalt advised since internet sales are being taxed, HB 6 has gone away and they don't have the guaranteed funding. They are going to look at September, October and November to do their revenue projections. Commissioner Bryant asked how that was tracked. Ms. Melancon advised it was all listed in retail. They have asked and TRD has said they would have to redo programming. Mayor Morris advised it would be handy to know how much was generated, but if a new retail establishment opened up the city wouldn't get a projected GRT from them. Ms. Melancon advised they would budget conservatively.

Commissioner Bryant asked if that was the same for cannabis sales. Ms. Melancon advised cannabis sales would be within retail and then they received a report that there would be a report on just cannabis sales. Mayor Morris advised the problem is that there was no way for the city to determine that the growth was coming from somewhere else. Commissioner Jones advised if the GRT is going up then cannabis is supporting no matter where they are coming from. Mr. Howalt advised they were told by TRD to not budget for cannabis. Commissioner Jones advised there was nothing to go off right now if they did.

Mayor Morris advised Fund 64 has \$3.9 million and is building predictably. Those funds are traditionally used to incentivize industry and now can be used to incentivize retail development. They will see a plan come before the commission for a plan for supporting retail development

without dipping into those funds. Fund 66 is important as they see increased membership dues to the Water Authority. Mr. Howalt advised they spoke with Erik Harrigan and Daniel Allsup and they discussed introduction and increasing their mil levy and shifting the police and fire operational services costs to be paid for out of the mil levys. That frees up GRT to be bonded against for \$15 million as a contribution to the Water Authority.

Agenda Item No. 5 – For the good of the order

Mr. Howalt advised they have \$25 million invested in the state investment pool. This is a very conservative approach to the city's investments and 100% are going into the local government investment pool. The pool is all short-term strategy. From a cash flow standpoint they can get money out in 24 hours.

When they started to look at the policy and make changes they looked at making it more of a format that looks like everyone else's. Theirs is less restrictive than some of the other communities. He wanted to bring this back to the groups attention. They may also want to look into their CD's. Ms. Melancon advised they were investing around \$6 million in local CD's.

Mr. Howalt advised they also looked at the makeup of this committee. They have taken staff out of voting positions on their committees and this is the last committee where Leighann is the sole city employee that is on a committee that votes. They are there to advise and recommend, but not to vote. He advised he was not a financial planner and neither is Leighann so they spoke to NM Bank & Trust who have employees in house that can manage and invest those funds for the city based off of their policies. There is a fee involved with this, but that may be an avenue that they could take. Mayor Morris advised he would ask the commission to remove the staff voting member from this committee.

Agenda Item No. 6 – Adjournment

There being no further business to come before the committee the meeting adjourned at 2:48 p.m.