

STATE OF NEW MEXICO )  
COUNTY OF CURRY ) ss.

The City of Clovis Economic Incentive Board met in regular session at 7:30 a.m., Tuesday, April 12, 2022 in the North Annex, Clovis-Carver Library, 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:

Brett Johnson, County resident, Chairman  
Raymond Mondragon, District 4, Vice Chairman  
David Robinson, Utility Service Provider  
Gail Tarson, District 2  
Alan Kinlund, Bank/Finance/Accountant  
Joseph Blaschke, Bank/Finance/Accountant

ABSENT: Kevin Cass, District 3  
Matthew Glenn, Industry

EX-OFFICIO PRESENT: Lee Malloy, CIDC  
Justin Howalt, City Manager

EX-OFFICIO ABSENT: Ernie Kos, Chamber Director

ALSO PRESENT: Claire Burroughes, Assistant City Manager  
Vicki Reyes, Assistant City Clerk  
Mayor Morris  
Commissioner Jones

Mr. Johnson called the meeting to order at 7:34 a.m. and established the presence of a quorum.

### **Agenda Item No. 3 – Approval of minutes of February 23, 2022**

Mr. Howalt advised Ms. Tarson was present but was not mentioned in the minutes. Mr. Mondragon made a motion to approve the minutes of February 23, 2022 as amended; Mr. Blaschke seconded the motion, which passed by acclamation.

### **Agenda Item No. 4 – Discussion and action regarding proposed policies and procedures for LEDA for Retail**

Mr. Howalt thanked the members of the EIB subcommittee for their assistance with the LEDA policies and procedures. They took everything they had in place for industrial development and adapted it for retail. He pointed out the highlights of the major changes. Instead of naming the organization they changed it to agent so if there is a name change, they don't have to go back and change the policies and procedures, but they are named in the index.

Mr. Mondragon asked what other potential incentives included. Mr. Howalt advised if the business doesn't fit within the box but the city still wants to work with them this would allow that.

Page 5, line 16, discusses the gap analysis. Everything they do with retail is based on the gap analysis that will be approved by the City Commission. Retail Strategies looked at the amount of demand for the market, the supply for the market and the difference is how they generated a gap. Mr. Mondragon asked if they should add "the chairperson or designee of EIB" on page 4, line 13.

Mr. Mondragon asked if they could change line 29 on page 6 to read "the Economic Incentive Board ordinance, the Policies and Procedures manual." Mr. Blaschke advised if they change "this policies and procedures manual" to "the policies and procedures manual" they have to reference which one it is. It should say "the LEDA for Retail policies and procedures manual." Mr. Howalt advised they could add that.

Mr. Mondragon asked what type of long-term commitment they were looking at. Mr. Howalt advised they don't define long term commitment because it can change in retail. The max they can receive the retail incentive for is 10 years depending on how they perform. If they wanted to define a long-term commitment it could all be worked out in the PPA.

Ms. Burroughes asked if they wanted to add "Make a long-term commitment to the community for the lifetime of the agreement with the City of Clovis" on line 39. Mr. Mondragon advised he was fine with the way it was as long as it is defined in the PPA. Mr. Howalt advised they may not want to define how long they will be here. Ms. Burroughes advised this is also in the policies and procedures for industry.

Mr. Mondragon asked if the productive life of the proposed improvements also went back to the PPA. Mr. Blaschke advised when a business comes into town and they approve parking lots, roads or the area they go and they are looking at something that has a five year window then will have to be redone because of the quality. That would be a consideration of their incentive and they may not want to incentive the business for up to 10 years. It's trying to map the impact they are trying to make to the community. Mr. Kinlund asked who was determining the life time of that asset. Mr. Howalt advised the life of a building is going to be more than 10 years and the life of a parking lot is going to be longer. If they got into industrial projects then the life of the assets may start coming into play.

Mr. Howalt advised page 8, line 21 & 22, states "developers of projects for retail shall not be eligible for consideration for incentives under this program." The developer as a stand alone would not be eligible. Mr. Mondragon asked if a developer rents a retail space would they qualify. Mr. Howalt advised rent is a qualifying expense. They could recruit the tenant by saying they are eligible for the rebate on their rent. Mr. Mondragon asked if they should change it to "shall" instead of "may submit a business plan." Mr. Howalt advised if they are able to provide a pro forma and financial statements versus a business plan the city could potentially accept those and not have a business plan in place. If they change it to "shall" they have to provide a business plan.

Mr. Howalt advised the gap analysis is the leading component of the policies and procedures. Mr. Mondragon asked at what point an applicant would be required to pay for the economic retail gap as listed on line 16, page 9. Mr. Howalt advised in order for the city to continue with scoring they may require the applicant to provide that information.

Mr. Howalt advised fees for industrial are \$5,000 and scales up. They narrowed it down to a \$1,000 fee. They want to make sure the applicant is willing to put in a good application.

Mr. Howalt advised the purchase, lease, grant, construction, reconstruction, improvements other acquisition or conveyance of lands, buildings or other infrastructure is from the state statute. He advised the board should have a spreadsheet that summarizes what this language says. The task force made the recommendation to go up to 50% of that value. For example, someone purchases a piece of land for \$500,000, they had another \$3 million worth of building improvements so the total value is \$3.5 million. The applicant is able to receive up to 50% of that value back for a maximum period of up to 10 years. They also felt that 10 years was the maximum time they wanted to expose themselves to a particular contract.

Mr. Howalt advised the city's overall tax rate is 8.1875%. Out of that the city receives 3.4%, the county receives .875% and the state receives 3.9%. Out of the 3.4% they decided up to 2.5% would go back to the retailer. They will be required to provide proof of receipt of payment before they can receive any funds back. Mr. Kinlund asked what the remaining .9125% was. Mr. Blaschke advised that was the remaining portion that the city collects.

Commissioner Jones asked if they need to change the first item on the pass/fail criteria since there is a possibility that the applicant would have to bring in their own gap analysis. Ms. Tarson suggested adding "or as determined by the applicant." at the end of number 1. Mr. Blaschke advised he didn't think they needed to change it. If a retailer brings a gap analysis to demonstrate their own eligibility the city commission would have to approve that gap analysis. Commissioner Jones advised if they don't add that in then it is an automatic fail because they don't meet the one target approved by the City Commission. Mr. Blaschke asked if they need to put a period after "retail gap analysis" because it is referenced throughout the document where that comes from. Mr. Howalt advised if an applicant is not currently under the gap analysis and they are paying for their own they could add "a gap analysis provided by a third party." Mayor Morris advised they wouldn't someone to be kicked out on the first pass/fail question because the city's gap analysis may have missed a gap that they have found. They need to recognize that the city commission adopts the gap analysis that they are using for determination so they could ask city management to have whoever performed the approved gap analysis refresh that data and confirm what the applicants analysis says. Ms. Burroughes suggested it read "Project addresses the retail gap analysis as adopted by the Clovis City Commission or provided by a third party and adopted by the Clovis City Commission."

Mr. Howalt advised regarding the Retail Scored Evaluation they set a minimum threshold of 50 points. Mr. Blaschke advised there was a total of 120 points available. They mocked up a number of scenarios in the task force meetings.

Mr. Robinson asked regarding item number 2, how could they not be locally operated and generate gross receipts tax. Ms. Tarson advised Target was not locally owned. Mr. Robinson advised it was locally operated though. Mr. Blaschke advised the “or operated” should be deleted.

Mr. Howalt advised most retailers don’t like to give out their gross receipts that they are reporting or whether or not they have aid them. However, if they are coming to the City of Clovis asking to be a part of this program, they are going to required to provide them that information. Mr. Kinlund asked who would have access that. Mr. Howalt advised the city’s finance department and himself. That information stays in the hands of the CED so from an IPRA standpoint that is not in the City of Clovis’ hands.

Mr. Kinlund made a motion to recommend the policies and procedures as amended; Ms. Tarson seconded the motion, which passed by acclamation.

**Agenda Item No. 5 – Discussion and action regarding proposed changes to Ordinance Number 2052-2015 pertaining to economic development**

Mr. Howalt advised the ordinance has to be revised, introduced and adopted to give the city the authority to implement these policies and procedures. They took the existing ordinance and modified it to allow them to address the retail sector within the local ordinance. They also made some changes in regards to business and changed it to qualifying entities.

In the past, this board has discussed changing “fifty percent of business revenue coming from a customer base outside the State of New Mexico.” This was not up to the task force to address this so he asked the board to keep that in mind as something that would need to be addressed in the future.

They added parking lots and site improvements under infrastructure and references to the gap analysis. They created the definition for retail on page 5 item I as defined under the State Statute.

Mr. Mondragon made a motion to recommend the ordinance with changes to the City Commission; Mr. Blaschke seconded the motion, which passed by acclamation.

**Agenda Item No. 6 – Update on CED projects**

Mr. Malloy advised they had three potential recruitment opportunities from the New Mexico Partnership. One is a healthcare telemedicine headquarters and they have been sent data on the call center. The other is a data crypto currently type center and they have been offered a suite in the industrial park. The third is a manufacturing facility related to rail who are looking for 30 acres in the industrial park.

They have been working on a brochure with Layton Moon that will be available in hard copy and digital and highlights various demographics of the city.

They have been working with a solar manufacturing company that is building prototypes in Germany and will potentially partner with Texas Tech and ENMU. They are looking at the All Tech facility. They have been working with another solar company what would like to partner with SWC. They have been working one other solar energy project that is working on numerous parcels for lease. They should have the lease finalized on CED property by the landfill by the end of the week.

They are working with Natural Chem who would like to apply for LEDA funds. They want the funding for engineering. They are also working with a food processing facility.

A call center prospect came in early last week and they have been offered the call center. They are working on the annual audit reports and will have that available shortly.

Ms. Kos advised they continue to work on branding, Clovis Remote and the gigabit promotion.

#### **Agenda Item No. 7 – For the good of the order**

Mayor Morris thanked the LEDA task force and the EIB for their work and recommendation to the City Commission.

Mr. Mondragon advised EPCOG would be engaged in the 2022 Economic Development Week. They are partnering with the Chamber of Commerce, CED, Clovis MainStreet, Department of Workforce Solutions, Curry County and the City of Clovis. The mayor will present a proclamation on May 5<sup>th</sup>. May 10<sup>th</sup>, Deputy Secretary John Clark from the Economic Development Department will be in Clovis and they will have a business roundtable.

#### **Agenda Item No. 8 – Adjournment**

There being no further business to come before the board the meeting adjourned at 8:56 a.m.