

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, 2023 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:

Raymond Mondragon, District 4, Vice Chairman
Joseph Blaschke, Bank/Finance/Accountant
Gail Tarson, District 2
Kevin Cass, District 3
Alan Kinlund, Bank/Finance/Accountant
Matthew Glenn, Industry
Danny Jariwala, District 1
Brett Johnson, County resident, Chairman
Jason Gonzales, Industry

EX-OFFICIO PRESENT: Tina Dziuk, CED
 Justin Howalt, City Manager
 Ernie Kos, Chamber Director

ALSO PRESENT: Vicki Reyes, Assistant City Clerk
 Mayor Morris
 Leeann Glenn, North Plains Mall

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

Agenda Item No. 3 – Approval of minutes of November 9, 2022

Mr. Mondragon made a motion to approve the minutes of November 9, 2022; Mr. Kinlund seconded the motion, which passed by acclamation.

Agenda Item No. 4 – Discussion regarding financial requirements for LEDA for retail reimbursement applicants.

Ms. Dziuk advised speaking with investors they don't want to open their financial data. Ms. Leeann Glenn, North Plains Mall, advised Big R is a regional company out of Colorado and will be moving into the old Sears building. They are a private company and feel they are satisfying their requirements.

Ms. Glenn advised the new owner is very interested in the mall and the community. He is a commercial developer and builder. Big R will open in September or October. They are working on redeveloping the old Dillard's space. They are working on Marshalls, Michaels and Burlington, which is a concept design. They will each have their entrance and their own façade. The former Stage building is also being worked on, but the main focus is the old Dillard's space. They have some local businesses that are coming in as well. Dark & Company, an eyelash and

hair extension vending machine and a new food establishment will be coming into the mall. They will have a Jurassic Dinosaur Drive through event at the Dillard's parking lot next month.

In 2021 they had their highest sales ever from all of their sales and in 2022 was a tough year due to Covid. They had double digits in the mall for January.

Mr. Mondragon advised he read some economic impacts on smaller malls and that they are doing more outside entrances. Ms. Glenn advised they will be "de-malling" the Dillard's spot and by doing this they will make the mall a lifestyle center, but still a mall. Mr. Mondragon advised they will welcome any business and now he's hearing that there are enough restaurants, but that they need more clothing stores.

Mr. Kinlund asked what the timeline was for the major retailers. Ms. Glenn advised they have letters of intent and are at lease preparation for one of the retailers. Construction will be the biggest time frame lag. Mr. Kinlund asked if the mall pays for the construction and redesign. Ms. Glenn advised it was all negotiated. Most of the retailers prefer to do their own.

Mr. Gonzales asked what the requirements were for major retailers. Ms. Glenn advised a lot of it is the demographic. They met with Dillard's and they were not interested in the area. Target will not give specifics. Mr. Mondragon advised he and Chase sent a package to Target in 2009 and they looked at the demographics. Cannon took them over the 50,000 in demographics, but it still wasn't enough.

Mr. Howalt advised they provided a Policies & Procedures manual and he wanted to discuss the decision making and application process. He advised this is a reimbursement type application so they may not need those financials. If they don't perform than the city would not back them on the financial end. They will require the gross receipts report that they provide to the State. The discussion opinion today is do they need those financials upfront to determine funding. They have to determine how much of the gap the business is going to fill so they may just a plan for that particular store instead of back financials.

Mr. Mondragon advised he would support easing up on the financials. Mr. Howalt advised if this is the direction of the board, staff can modify the policies based off that direction. They can bring back a recommendation on the revised language.

Mr. Johnson asked what other communities are doing. Mr. Howalt advised they haven't gone back to other communities because this is so new. Carlsbad doesn't have policies and procedures like Clovis. Mr. Johnson asked what the downside was of them not seeing financials. Mr. Howalt advised it gives them an opportunity to see how financially stable they are, but they also allow start up companies to apply and they don't have those financials. Mr. Johnson asked if a business plan would be more suitable. He asked what they were comfortable with sharing. Ms. Glenn advised Big R is the only one they are talking to at this point. Mr. Gonzales asked if Big R has given a proposal on what they would consider sharing. Ms. Glenn advised they only mentioned that they are a private company.

Mr. Mondragon advised he hasn't heard of any other communities pushing retail ordinances. Mayor Morris advised Hobbs and Rio Rancho have made changes to their policies, but he has

not heard of anyone establishing policies like they have. Mr. Mondragon advised as they learn from experiences they can make corrections as they go. He recommended administration make the recommended changes and come back to the board. Ms. Tarson asked if they would be required to submit a business plan. Mr. Mondragon advised most established companies already have a business plan. Mr. Howalt advised if someone is going to a bank for a loan they will want to know how they are going to execute and that was the same idea the city had.

Mr. Kinlund advised he wouldn't want to give his personal financials to this board either, but he didn't know how the board could look at a projected plan and make a viable decision on if that business has any sort of sustainability. He is worried about them working back the "teeth" piece. Mr. Mondragon advised they have a good frame work but it is their responsibility to protect the tax payers money that they pay in the economic development fund. They have to start somewhere.

Mr. Glenn advised any business that takes out a loan will have a bank require financials. He asked if a bank could issue some sort of letter or documentation stating that a business is a qualified. Then the business wouldn't feel that their financials are out in the public. Mr. Johnson advised them getting a loan would show that the bank accepts them. Mr. Glenn advised they would have a financial institution stating that they qualify. Ms. Tarson liked the idea of removing the required verbiage because they are being treated differently than a start-up. She advised every business has a business plan and should be equipped to provide that. She suggested taking the word "required" out.

Mayor Morris advised they started with the idea that it would be a reimbursement or rebate of the gross receipts. They are going to earn their own incentive. When they consider the basis for considering a retail project is the gap analysis and how much of the gap they will fill. It comes down to how clearly does that retail project articulate what they are going to do. The only way the City would lose is if the retailer changes on them. They shouldn't be concerned about the companies financials and ask them to articulate how they are filling a gap.

Mr. Johnson asked how the reimbursement worked. Mr. Howalt advised they have to submit their copy of their gross receipts tax return that is submitted to the state. No matter what they will have to provide what they pay in taxes. Mr. Johnson asked if they get the entire gross receipts tax back. Mr. Howalt advised they would only get the city's portion.

Mr. Jariwala agreed with the Mayor that the idea is just them being reimbursed. He advised the time and money a business put in is a big risk. There is a lot that goes into it from the business prospective. If a business is willing to take the risk the City needs to partner with them. Some money is better than nothing.

Mr. Mondragon advised they are covered under attorney reviews and the criteria talks about the retail gap analysis which would be reviewed by CED and this board.

Mr. Howalt advised they have examples of developers providing letters of credit from a bank and when they have not bid a project they can submit that letter of credit. Mr. Jariwala asked if they

could provide a letter from their CPA. He has provided a letter from his CPA in the past. Mr. Howalt advised they could draft the letter to state that it could come from a CPA or bank.

Mr. Gonzales asked if there was a time restraint from Big R. Ms. Glenn advised they were coming regardless, but it would be a good incentive for them to know sooner.

Agenda Item No. 5 – Update on CED projects

Ms. Dziuk advised CED co-hosted the legislative breakfast and attend the legislative appreciation dinner in Santa Fe. They attended Ag Fest in Santa Fe and Lee Malloy, CED Board chairman, was recognized as the Chamber's Volunteer of the Year. They participated in the Clovis Hires Youth Job Fair. They had 8 manufacturers in the last four months looking for land and buildings. They have two green energy companies that are still moving forward. They have been meeting regarding the TIP strategy plan with the City, Clovis Schools, Clovis Christian School and MainStreet. She spoke with 8 retailers that have requested LEDA applications, but she hasn't heard back from them. She has been speaking to legislators regarding CED's legislative priorities.

Agenda Item No. 6 – Economic Development Fund Financial Report

Mr. Howalt advised total year to date revenues is \$1,083,000. They have received \$251,000 in revenues, \$129,000 in expenditures, \$4.7 million in ending cash, \$4.1 million invested and \$3.6 million cash in bank.

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

Mr. Mondragon advised on March 28th at 10:00 A.M. they will host the Eastern New Mexico Roadshow at the Business Enterprise Center.

Mr. Glenn asked what struggles CED was facing to bring in companies. Ms. Dziuk advised New Mexico is almost out of industrial space. Retailers are having supply chain issues. Larger companies don't need the incentive to come here, but they need to keep all things equal.

Agenda Item No. 8 – Adjournment

There being no further business to come before the board the meeting adjourned at 8:28 a.m.