

MINUTES
LINCOLN COUNTY REGIONAL DEVELOPMENT AUTHORITY (LCRDA)
February 22, 2016
Teleconference Meeting

The teleconference meeting was called to order by Chairman Pyatt at 4:34pm.

Determination of Quorum: The following Board members were present at the meeting:

Mr. Carl Pyatt
Mr. Dave Hurd
Mr. Jay Schofield
Ms. Alice Rodowick
Mayor Stana Hurlburt
Dr. Holly Gatzke

It was determined that a quorum of the Authority was present at the meeting.

Also participating in the meeting was Dr. Mike Baughman, LCRDA Executive Director.

Public Comment: None.

Discussion and Action on Minutes of January 11, 2016 Meeting: Mr. Hurd noted one editorial change required on Page 4 of the draft minutes which was reviewed with the Board. Following review of the minutes, Ms. Rodowick moved and Mayor Hurlburt seconded a motion to approve the minutes of the January 11, 2016 LCRDA meeting as amended. The motion was approved unanimously.

Discussion and Action on Financial Matters: Dr. Baughman reviewed the February 10, 2016 LCRDA financial report. He reported that total micro loan payments during the fiscal year through February 10, 2016 were \$527.24; that payments by the Governor's Office of Economic Development (GOED) for the basic grant had totaled \$27,500.00; that payment by GOED for the supplemental grant had totaled \$3,500.00; that reimbursement payments from USDA RDA had totaled \$6,059.42 and that reimbursements from NV Department of Agriculture had been \$1,000.00 bringing total revenues on the year to \$148,701.44. He reviewed one invoice submitted by Intertech Services Corporation for Executive Director services dated February 9, 2016 (\$7,645.97) and an invoice from Battelle Energy Alliance, LLC for pinyon and juniper wood chip chemical and performance analyses dated February 2, 2016 (\$16,000.00). He noted that if said invoices were approved for payment, total LCRDA expenditures through February 10, 2016 would be \$65,218.02. Mr. Hurd moved and Ms. Rodowick seconded a motion to accept the February 10, 2016 financial report and to approve the aforementioned two invoices for payment. The motion was approved by all.

Dr. Baughman next reviewed the proposed FY 2017 LCRDA budget dated 2/22/16. He went over the various revenue and expenditure categories with a comparison between the adopted FY 2016 LCRDA budget and that proposed for FY 2017 noting those revenue and expenditure categories not available in FY 2017. He reported that Lincoln County had not provided any funding to LCRDA during FY 2016 but that the proposed FY 2017 budget again requests County funding of \$10,000.00. He noted that he would be presenting the FY 2017 LCRDA budget at the

March 7, 2016 Board of Lincoln County Commissioners meeting and encouraged LCRDA Directors to attend said Commission meeting and to support LCRDA's request for County funding. Dr. Baughman reported that the FY 2017 proposed budget does not anticipate any USDA RBEG or RBDG funding as those grant funds would be fully expended during FY 2016. Dr. Gatzke pointed out that the NV Dept. of Ag Value Added Grant budget amount for FY 2016 should be \$33,450.00 and for FY 2017 \$32,450.00. She indicated that all or a portion of the remaining amount of \$32,450.00 might be expended during FY 2016 but that billing to and reimbursement by the NV Dept. of Ag to LCRDA might not occur until the first quarter of FY 2017. Total revenues proposed for FY 2017 then would be \$199,640.00 compared to FY 2016 total revenue of \$234,550.00.

With regard to expenditures proposed for FY 2017, Dr. Baughman reported that most categories are budgeted at levels consistent with FY 2016. One exception is Target Industry Analysis, Marketing and Prospect Development which has been reduced from \$11,000.00 in FY 2016 to \$10,000.00 in FY 2017. In addition, Website Maintenance has been reduced from \$3,400.00 in FY 2016 to \$1,200.00 in FY 2017 as the agreement with NV Central Media calls for such an amount to maintain and host the LCRDA website in FY 2017. Mr. Hurd expressed frustration with the seeming lack of support for LCRDA by the Board of Lincoln County Commissioners in the past and wondered what success LCRDA would have in securing County funding of \$10,000.00 for FY 2017. Mayor Hurlburt noted that during the March 7th presentation to the County Commission, it would be important to note that the LCRDA Executive Director would be participating in the CDBG Advisory Committee making recommendations to Governor Sandoval regarding FY 2016 CDBG grant applications to be funded by the Governor's Office of Economic Development.

Mr. Hurd moved and Ms. Rodowick seconded a motion to approve the proposed FY 2017 LCRDA budget including the revisions suggested by Dr. Gatzke concerning the NV Dept. of Ag Value Added Grant. The motion was approved unanimously. The proposed FY 2017 LCRDA budget approved by the Board of Directors is included as Exhibit 1.

Update on FY 14 USDA RBEG Grant Activities: Dr. Baughman reported that USDA, RDA had processed a request for reimbursement of 80 percent of the incurred travel expenses associated with his attendance on behalf of LCRDA at the Solar Power International Conference amounting to \$1,892.02. The balance of the 20 percent of said expenses was incurred by LCRDA as a matching expense.

Dr. Baughman next reported that he had registered to attend and had made air and hotel travel arrangements to attend the April 11-13, 2016 International Biomass Conference in Charlotte, NC. He reminded the Board that USDA, RDA had previously approved LCRDA's request that a portion of the balance of the remaining unspent RBEG grant funds awarded to LCRDA be allowed to be spent to cover up to 80 percent of the travel expenses associated with his attendance at the Conference.

Exhibit 1
FY 2017 Budget
Lincoln County Regional Development Authority

Adopted 2/22/16

	FY16 Adopted	FY17 Proposed
	<u>Budget</u>	<u>Budget</u>
<u>Revenues</u>		
Capital Projects/Grant Match Fund	\$ 112,000.00	\$ 95,940.00
Governor's Office of Economic Development (Basic)	55,000.00	55,000.00
Governor's Office of Economic Development (supplemental)	3,500.00	0.00
Lincoln County	0.00	10,000.00
Building Lincoln County Revolving Micro Loan Repayments	2,800.00	2,250.00
City of Caliente	1,000.00	1,000.00
USDA RDA RBEG Grant	8,000.00	0.00
USDA RDA RBDG Grant	15,800.00	0.00
NV Dept. of Ag Value Added Grant	33,450.00	32,450.00
Corporate Support	<u>3,000.00</u>	<u>3,000.00</u>
Total Revenue	\$234,550.00	\$199,640.00
<u>Expenditures</u>		
University of Nevada Small Business Development Center (small business counseling)	3,000.00	3,000.00
P.O. Box Rental	65.00	70.00
Travel	300.00	300.00
Contract Services (Exec. Director.)	70,000.00	70,000.00
Trade Show Expenses (Exec. Director)	2,000.00	2,000.00
Target Industry Analysis, Marketing and Prospect Development	11,000.00	10,000.00
Website Maintenance (NV Central Media)	3,400.00	1,200.00
Capital Projects/Grant Match Fund	84,085.00	80,120.00
Tara West – Value Added Ag Contract	7,000.00	6,000.00
UNR Cooperative Extension-Value Added Ag Grant	26,450.00	26,450.00
Caliente Redevelopment Strategy	7,000.00	0.00
PJ Biomass Availability Assessment	3,750.00	0.00
Pinyon-Juniper Chemical Analysis	16,000.00	0.00
Host Fund	<u>500.00</u>	<u>500.00</u>
Total Expenditures	\$234,550.00	\$199,640.00

Discussion and Action on FY 15 USDA RBDG Grant Activities: Dr. Baughman reminded the Board that LCRDA had been awarded a \$15,800.00 Rural Business Development Grant (RBDG) by USDA, RDA to be matched by LCRDA with \$3,950.00 for a total grant project budget of \$19,750.00. These funds will be used to complete two tasks including 1) assessment of accessible PJ biomass within 50 miles of central Lincoln County located in Utah and 2) chemical and performance analysis of PJ wood chip samples.

Dr. Baughman reported that the assessment of accessible biomass was nearly complete with finalization expected by mid to late March 2016. He also reported that work by Battelle Energy Alliance, LLC at the Idaho National Laboratory (INL) to complete the chemical and performance analysis of PJ biomass was also underway and scheduled for completion by mid to late March 2016. Dr. Baughman noted that both the Beck and INL analyses should be available for use by him in meetings he intends to schedule with biomass industries while he attends the International Biomass Conference in April 2016.

Discussion and Action on Building Lincoln County Revolving Micro Loans: Dr. Baughman next provided an overview of payments on each of the outstanding micro loans through February 10, 2016. He reported that of the total \$78,500.00 in loans made, LCRDA had received loan payments (including principal, interest and late fees) totaling \$53,531.39. He next reviewed a letter sent to Mr. Gary Barnett dated February 1, 2016 outlining the delinquent status of Mr. Barnett's micro loan and discussing actions which LCRDA might take during its February 22, 2016 meeting regarding said loan. Dr. Baughman reported that in response to said letter he had received a phone call from Mr. Barnett who during the call expressed his continuing commitment to repay said loan through the delivery of firewood to the Caliente City yard. Mr. Barnett stated during the call that he was continuing to face serious health issues and his health coupled with wet conditions in the County has limited the amount of firewood he had been able to cut to 3-4 cords over the past several months. Mr. Barnett indicated to Dr. Baughman that he was hopeful of resuming firewood cutting very soon and planned to begin deliveries to the benefit of LCRDA to the Caliente City yard in the near future.

Dr. Baughman indicated that he had discussed with Mr. Gary Elmer, another Lincoln County firewood cutter, the possibility of LCRDA securing a USDA RBDG to purchase a firewood processor which could then be leased at a competitive rate to Mr. Elmer to enable expansion of his firewood cutting business. Dr. Baughman noted that Mr. Elmer has worked with Mr. Barnett in the past and has assisted Mr. Barnett in travel to his medical appointments in Las Vegas. Dr. Baughman expressed his opinion that Mr. Barnett may have responded to the February 10, 2016 LCRDA letter out of interest in seeing LCRDA pursue a grant for a wood processor.

Mayor Hurlburt observed that other area woodcutters had been cutting and delivering firewood. Mr. Hurd stated he had no confidence that Mr. Barnett would repay his loan and felt that LCRDA should explore whether the Barnett Promissory Note could be sold at a discounted rate to a collection agency. He then made that suggestion in the form of a motion which was seconded by Mayor Hurlburt. The motion was approved unanimously. Mr. Hurd also suggested that the LCRDA Executive Director explore with USDA the possibility of securing a grant for a firewood processor and place that item on the next LCRDA agenda for possible action.

Dr. Baughman next discussed the January 19, 2016 letter he had sent to Mr. Randall Alfano regarding the delinquent status of his micro loan and an offer to restructure said loan. Dr. Baughman noted he had followed the letter up with a recent call and that Mr. Alfano was considering how he might proceed to make a required good faith payment as a means to have LCRDA proceed with preparing restructured loan documents. A decision from Mr. Alfano is expected soon.

The Board next discussed the Cortez micro loan. Dr. Baughman observed that without signage along U.S. Hwy 93 it was doubtful that the Cortez restaurant would be successful. He noted his intent to continue to assist the Cortez's to resolve the signage issue. Mayor Hurlburt noted that another Mexican restaurant has moved into the space vacated by the Cortez's in Alamo. It was observed that the lack of signage coupled with competition from the new restaurant in Alamo would make success difficult for the Cortez's.

The Board next discussed progress by the Mehring's to resolve product transportation costs and achieve a scale of production which would render their operation financially viable and enable them to repay the \$5,000.00 micro loan provided to them. Mr. Hurd reported that he had heard that MGM Resorts International had purchased the Mehring's refrigerated truck to provide them with some cash for needed equipment and that MGM had arranged for U.S. Foods to pick up the Mehring's produce once a week for delivery to Las Vegas. These actions are expected to assist the Mehring's to overcome their product transportation issues. In addition, it was reported that the Mehring's are adding hoop-house capacity to increase the volume of commodities they can produce and have delivered to Las Vegas. Dr. Gatzke confirmed these positive outcomes and actions had occurred for the Mehring's.

Update on Status of Industrial Clients: Dr. Baughman and Mr. Hurd reviewed the status of the Vortex Power, Inc. project being proposed for Caliente. Mr. Hurd reported that the firm was in the process of negotiating with suppliers of the various components required to fabricate the energy production unit to be installed and operated in Caliente. In response to a question from Dr. Gatzke, Mr. Hurd noted that given the lead time required to fabricate the unit and the many other tasks to be completed including state and local permitting; securing agreements for feedstock supplies; and negotiating a power purchase agreement, the facility is not likely to be operational until sometime in 2017. The Board discussed the status of the Wilkin Perlite Popping Plant and its planned move to the Panaca area and what to extent, if any, the loss of this source of demand for the thermal energy produced by the Vortex Power, Inc. would bear upon the feasibility of the project. Mayor Hurlburt noted that the Wilkin plant was being relocated in part due to the ever-increasing annual rent being charged by BLM for the site (reported to be \$35,000/year) and the need for the plant to be expanded to meet the growing demand for its product. Mayor Hurlburt further noted that a BLM representative had indicated to her that the Bureau did not intend to lease the Wilkin site for industry use in the future. Dr. Gatzke suggested that LCRDA follow up with BLM to find out what BLM's plans are for the Perlite Popping plant site and learn why BLM may be unwilling to have other industry be located at that location.

Dr. Baughman next discussed his coordination with representatives of Union Pacific Railroad (UPRR) and AgriRecycle, a mid-western U.S. biomass firm whose representatives he had met with at last year's International Biomass Conference. He noted that he had been contacted by UPRR industrial development staff out of Salt Lake City seeking information on potential industrial development opportunities in Lincoln County which might result in rail traffic. Dr. Baughman reported that he had shared information regarding the possible industrial utilization of pinyon and juniper biomass among other possible projects with the UPRR staff. He also noted that he had provided UPRR staff with a contact list for biomass companies he had met with at the 2015 International Biomass Conference. He noted that UPRR staff had contacted the biomass companies and had entered into discussions with AgriRecycle staff about the potential for

developing a biomass project in Lincoln County using pinyon and juniper as feedstock and shipping the product by rail to the Port of Los Angeles. He relayed a business concept he had shared with the UPRR staff involving shipment of municipal solid waste from the Los Angeles area by rail to the Recology landfill site at Crestline and shipping pinyon and juniper-based biomass products in the empty rail cars back to the Los Angeles area. Dr. Baughman reported that a teleconference call has been scheduled among staff at UPRR, AgriRecycle and himself for February 29, 2016 to further discuss opportunities for industrial utilization of pinyon and juniper biomass derived from Lincoln County.

In response to a questions from Mr. Hurd, Dr. Baughman described the meeting he had had with representatives of Coyote Springs and the Governor's Office of Economic Development (GOED) to discuss the potential for Coyote Springs to host both industries required to support the Faraday Future plant and to house employees of Faraday Future and its support industries. Dr. Baughman reported that he felt Mr. Steve Hill, Director of GOED was very impressed with the level of private investment already made at the Coyote Springs project and that GOED would be very willing to cooperate with LCRDA and Coyote Springs to identify and make support industries to Faraday aware of opportunities at Coyote Springs.

Discussion and Action on 2015 Annual Report: Lincoln County Comprehensive Economic Development Strategy: Dr. Baughman reviewed the purpose of the 2015 Annual Report and asked if LCRDA Directors had any suggested revisions to the document which had been provided to them for review in advance of the February 22, 2016 LCRDA meeting. Mr. Hurd commented that the 2015 Annual Report was an attractive document and had gotten better since the last report was prepared. No suggestions for revisions to the document were offered by LCRDA Directors. Mayor Hurlburt moved for adoption by LCRDA of the 2015 Annual Report: Lincoln County Comprehensive Economic Development Strategy and a Recommendation for Adoption by the Board of Lincoln County Commissioners and Caliente City Council and Submission of the document to the U.S. Economic Development Administration. The motion was seconded by Mr. Hurd and passed unanimously.

Discussion and Action on BLM Proposed Regional Mitigation Strategy for the Dry Lake Valley North Solar Energy Zone: Dr. Baughman reviewed the February 9-11, 2016 email exchange between Mr. Mike Herder, District Manager for the BLM's Ely District, and himself regarding the extent of per acre mitigation fees being proposed by BLM for solar development within the Dry Lake Valley North Solar Energy Zone. He noted that in the BLM's Draft Regional Mitigation Strategy for the Dry Lake Valley North Solar Energy Zone had proposed a mitigation fee of \$7,696 per acre, a level of fee opposed by the Board of Lincoln County Commissioners as excessive in comments to BLM on the Draft Strategy. Dr. Baughman noted that he had assisted in developing said comments for the Lincoln County Commission. As indicated in the email exchange, the BLM is getting ready to release a final version of the Regional Mitigation Strategy for the Dry Lake Valley North Solar Energy Zone and that the per acre mitigation fee to be included in the final strategy has been reduced by BLM to \$3,900 per acre. Dr. Baughman expressed his concern that the reduced fee may yet render solar development within the Dry Lake Valley North Solar Energy Zone infeasible, observing that the mitigation fee for development within the BLM's Dry Lake Valley Solar Energy Zone (in the Apex area of Clark County) is only \$2,800 per acre. Dr. Baughman reported that he intends to undertake a back of the envelope analysis of the feasibility of developing solar at the Dry Lake Valley North Solar Energy Zone given BLM's proposed mitigation fee of \$3,900 per acre and to communicate the results of said analysis to BLM. No action was taken on this item.

Public Comment: None.

Board Member Reports: Mayor Hurlburt and Mr. Hurd reported on the visit to Caliente by a representative of BetterCity on February 2, 2016 for the purpose of gathering information for a downtown redevelopment strategy for the City of Caliente. Meetings were held with many Caliente business owners and managers as well as elected officials from the community. Mr. Hurd noted that many of those with whom BetterCity staff met with suggested that the addition of 25-30 new jobs to the Caliente economy would make a tremendous difference to the vitality of the community. Mayor Hurlburt reported that BetterCity will next gather additional secondary information and will begin compiling their report to the City.

In response to a question, Dr. Baughman reported that H.R. 1815, Lincoln County requested amendments to the Lincoln County Land Act and the Lincoln County Conservation, Recreation and Development Act, had passed the House Natural Resources Committee and was awaiting action on the floor of the House of Representatives. Once passed by the House, H.R. 1815 will be taken up by the Senate. Dr. Baughman expressed his optimism that H.R. 1815 may actually pass the Congress this year.

In response to a question, Dr. Baughman reviewed a U.S. Census Bureau training he attended in Reno regarding accessing and using a wide variety of economic and demographic data available on the Census Bureau website.

Next Meeting Date: The next meeting of the LCRDA Board of Directors will be held on March 28, 2016 at 4:30pm. at the Caliente City Hall.

Adjournment: There being no further business to come before the Authority the meeting was adjourned at 6:17pm.