

MINUTES
LINCOLN COUNTY REGIONAL DEVELOPMENT AUTHORITY (LCRDA)
April 25, 2016
Teleconference Meeting

The teleconference meeting was called to order by Chairman Pyatt at 4:31pm.

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

Mr. Carl Pyatt
Mr. Jay Schofield
Ms. Alice Rodowick
Mayor Stana Hurlburt
Dr. Holly Gatzke
Mr. Kyle Donohue
Mr. Cody Christensen
Commissioner Varlin Higbee

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

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

Public Comment: None.

Discussion and Action on Minutes of March 28, 2016 Meeting: Following review of the draft minutes, Ms. Rodowick moved and Mr. Schofield seconded a motion to approve the minutes of the March 28, 2016 LCRDA meeting. The motion was approved unanimously.

Discussion and Action on Financial Matters: Dr. Baughman reviewed the LCRDA financial report dated April 18, 2016. He reported that in addition to the beginning balance in the Capital Projects/Grant Match Fund, total micro loan payments during the fiscal year through March 17, 2016 were \$4,080.24 (reflecting an April 18, 2016 loan payment by the Mehrings' in the amount of \$3,533.02); that payments by the Governor's Office of Economic Development (GOED) for the basic grant had totaled \$55,000.00; that payment by GOED for the supplemental grant had totaled \$3,500.00; that reimbursement payments from USDA RDA RBEG had totaled \$6,059.00 and USDA RDA RBDG \$12,800.00, respectively and that reimbursements from NV Department of Agriculture had been \$1,000.00 bringing total revenues on the year to \$194,439.68. He reviewed one invoice submitted by Intertech Services Corporation for Executive Director services dated April 8, 2016 (\$6,216.42; an invoice dated March 21, 2016 from The Beck Group (\$3,750.00) pertaining to the update of the Lincoln County Biomass Supply Analysis and an April 5, 2016 Request for Reimbursement from Dave Hurd for LCRDA PO Box rental in the amount of \$68.00. He noted that if said invoices were approved for payment, total LCRDA expenditures through March 21, 2016 would be \$86,320.39. Ms. Rodowick moved and Mr. Schofield seconded a motion to accept the April 18, 2016 financial report and to approve the aforementioned invoices for payment. The motion was approved by all.

Update on FY 14 USDA RBEG Grant Activities: Dr. Baughman reported that he had attended 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. Dr. Baughman indicated that he had met with representatives of 11 biomass using industries while at the conference and reviewed a list of said companies with the Board. He reviewed the information document that he had used in the meetings. He reported that he had followed said meetings up with emails to each of the persons met with in which he provided in electronic version of the information document. Dr. Baughman stated his intent to further follow up with calls to each of the persons he had met with at the conference. In response to a question from Ms. Rodowick, Dr. Baughman indicated that the company reps he had met with were each impressed with the detailed information characterizing the pinyon and juniper biomass provided by LCRDA. He noted that his attendance at the International Biomass Conference was the final activity associated with the FY 14 USDA RBEG grant and that he would be preparing and submitting a final request for reimbursement to USDA RDA in the near future.

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 reviewed the assessment of accessible biomass prepared by The Beck Group of Portland, Oregon which was included in the information document he had used in meetings at the International Biomass Conference. He described the acres and tons of accessible biomass estimated for the Lincoln County and Utah portions of the 50-mile radius area of analysis. 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 had been completed and was also included in the information document he had used in meetings at the Conference. He reported that the industry reps he had met with had reacted favorably to the chemical and performance analyses of Lincoln County derived pinyon and juniper biomass. He noted the high heating values of the biomass determined by INL. He also reported that some company reps had noted that the ash content (in excess of 2 percent) of the pinyon and juniper samples might make their use in producing wood pellets for domestic home heating use tricky (as the firms prefer biomass with less than 1 percent ash). However, these same reps noted that the ash content would not be an issue for use of the biomass as industrial wood pellets to be used in power plants as an alternative to supplement to coal. He also reported that some of the industry reps he had met with expressed interest in learning the chlorine content of the PJ samples as this was a factor in corrosion when used as wood pellets for power plants.

He noted that the work completed by The Beck Group and INL was the final activity under the FY 2015 RBDG and that he would be preparing and submitting a final request for reimbursement to USDA RDA in the near future.

Discussion and Action on Industry Attraction and Marketing Initiatives: Dr. Baughman reported that in response to questions from some biomass industry reps at the International Biomass Conference regarding the chlorine content of PJ biomass and suggestions that industrial wood pellets manufactured from PJ biomass derived in Lincoln County might be exportable to Europe, he had, at the recommendation of said reps obtained a proposal from Biomass Energy Labs to complete further analyses of Lincoln County derived PJ biomass samples. He noted that the BEL proposal would test the samples according to European standards to supply the data needed to determine whether wood pellets made from PJ would be exportable. He reviewed the costs associated with said proposal and noted that all additional testing could be completed for a cost not to exceed \$3,000.00. In response to a question from Ms. Rodowick, Dr. Baughman stated that he felt that the samples of biomass from Lincoln County could be sourced from Mr. Gary Elmer and shipped to the BEL facility in Georgia within the \$3,000.00 cost.

Ms. Rodowick moved and Mr. Higbee seconded a motion to engage Biomass Energy Lab to undertake testing of Lincoln County derived pinyon and juniper biomass samples using European standards and to include assessment of chlorine content of said samples for a cost not to exceed \$3,000.00 including procuring the samples from Gary Elmer and shipping same to the BEL facility in Georgia. The motion was approved unanimously.

Dr. Baughman observed that he had included possible biomass industry attraction on the agenda in the event that such assistance might be desired. However, at this time he is following up with the contacts he met with at the biomass conference and no further assistance is required at this time. No action was taken on this item.

Discussion and Action on Building Lincoln County Revolving Micro Loans: Dr. Baughman next provided an overview of the letters he had sent, at the suggestion of the Board, to delinquent borrowers (Alfano, Barnett, Cortez, Mehring, Scoville and Volk) and the intent of the Board to consider referring said loans to collection agencies during the April 25th LCRDA meeting. Dr. Baughman noted that because the most LCRDA might recover from a collection agency was 65 percent of the amounts owed each said letter included an offer for each borrower to pay LCRDA 65 percent of the total amounts owed by April 21, 2016 to avoid the loan being referred to collection. He reported that the letters were sent via Certified Mail and that all were received except the Cortez letter. In response to the letters, the Mehrings had accepted the LCRDA offer to pay off their loan at 65 percent of the total amounts owed or \$3,533.02. He noted he had received a call from Mr. Scoville who stated he was on the verge of obtaining employment, could begin making payments and asking that his loan not be referred to a collection agency. Dr. Baughman stated he had also received a call from Mr. Volk who stated he had been unable to raise the amount required to pay off his loan at the discounted rate by April 21st but that he would like to be able to make \$500.00 per month payments beginning in May 2016 and pay said amount monthly until his loan was paid off at the discounted rate. Dr. Baughman noted he had also had a call from Mr. Barnett who indicated he did not have the funds to pay off his loan at the discounted rate but that he would like to begin making firewood deliveries to the Caliente City Yard beginning with 6 cords by May 25, 2016 and 6 cords each month thereafter until he had met his obligation to provide 24 cords of firewood to LCRDA, delivered to the Caliente City Yard. Dr. Baughman reported that he had not heard from Mr. Alfano, a receipt for delivery of his letter

having been received. Dr. Baughman noted that the Cortez letter had not been delivered and that he would check to see the reason why.

Following a brief period of discussion, Mr. Christensen moved and Mayor Hurlburt seconded a motion to allow the aforementioned delinquent borrowers another 60 days to make their committed to payments within 30 days and a follow up payment in the various amounts discussed and to defer action to refer the loans to a collection agency pending the outcome of follow through by the borrowers to make payments during the next 60 days. The motion was approved by all.

Update on Status of Industrial Clients: Dr. Baughman noted that he had provided the updated assessment of available biomass and the chemical and performance analyses of Lincoln County derived biomass to Jim Vanatta, of Vortex Power, Inc. in an email but had not heard back from Mr. Vanatta. Mayor Hurlburt reported that Mr. Vanatta had been ill and was now recovering. Dr. Baughman also noted that he had sent the updated information on biomass availability and analyses to representatives of various biomass firms he had met with at the 2014 and 2015 International Biomass Conferences. As a result he indicated he had gotten a reply back from Mr. Gil Scott of E2G, who had previously toured Lincoln County and was interested in arranging a meeting with Dr. Baughman during May in the Reno area to further discuss biomass opportunities in Lincoln County.

Discussion and Action on FY 17 Application for USDA RDA Rural Business Development Grant (RBDG): Dr. Baughman reviewed options for securing USDA grant funds for use in assisting Mr. Gary Elmers in acquiring a firewood processing machine which would be subsequently leased by LCRDA to firewood businesses in Lincoln County. He noted that the options included a combination of LCRDA matching funds and USDA RBDG or REAP grant funding involving LCRDA lending funds to Mr. Elmers to purchase the equipment or LCRDA both lending funds and leasing the equipment to Mr. Elmers. The cost of the equipment is estimated at \$30,000.00. Dr. Baughman noted that the grant applications are due by May 17, 2016 to USDA.

On discussion, Ms. Rodowick stated that given the cost of the equipment scale of a possible loan, that Mr. Elmer should be required to contribute 10 to 15 percent of the cost. In addition, she suggested that a credit check should be completed and that Mr. Elmers be required to submit a business plan demonstrating that the business use of the equipment will prove feasible and enable servicing of related LCRDA issued debt. In response to a question from Mr. Pyatt, Mr. Higbee indicated that one can watch a demonstration of how a wood processor works on You Tube.

Mr. Donohue and Mr. Higbee concurred with the need for a business plan. The group also voiced concern with the uncertainty of the business relationship between Mr. Elmer and Mr. Barnett and the fact that Mr. Barnett has a non-performing micro loan from LCRDA. Mr. Christensen observed that the scale of this loan would be such that there is much higher risk and more information would be required from the applicant before LCRDA could make such a loan. It was suggested that Mr. Elmer obtain a business plan for the equipment and that he present same to

LCRDA after which the Board could reconsider the merits of obtaining USDA grant funds to help finance the wood processor. Dr. Baughman indicated that the deadline for submission of grant applications to USDA RDA was May 17, 2016 which would not allow time for a presentation by Mr. Elmer followed by development and submission of a competitive grant application. Dr. Baughman suggested that Mr. Elmer be encouraged to compile the needed business plan and other information and be prepared to review same with LCRDA next year.

No action was taken on this item.

Discussion and Action on Better City, LLC Prepared Revised Draft Redevelopment Strategy for the City of Caliente: Dr. Baughman reviewed the purpose and funding of the project noting that the Governor's Office of Economic Development had provided LCRDA with a \$3,500.00 grant, matched by \$3,500.00 in Authority funding for a \$7,000.00 budget for the project. The purpose of the strategy is to provide an initial plan for what the City might do to position itself to expand and diversify its economy, including capture of anticipated economic benefits associated with the planned mountain bike trail network being constructed in and around the City. He reported that following discussion of the draft strategy during the March 28, 2016 LCRDA meeting the April 7, 2016 Caliente City Council meeting, a teleconference was held with Better City staff on April 18, 2016 to discuss LCRDA and City comments to the draft strategy. As a result of that call, Better City prepared a revised draft of the strategy which is before the LCRDA Board today for discussion.

Both Ms. Rodowick and Dr. Gatzke commented that the revisions to the strategy made it a better document. However, Dr. Gatzke and Mayor Hurlburt noted several concerns with the revised draft as follows:

1. A discussion of the need for and priority of completing streetscape improvements on Clover Street is needed as they address safety issues.
2. The proposed gateway project includes many private parcels including occupied private homes and existing businesses. Not sure this is a viable site for the gateway project.
3. An alternative site for the gateway project might be located on vacant land owned by UPRR near the end of Company Row.
4. The figure depicting the location of the gateway project may anger owners of occupied private homes and existing businesses in the area who might fear losing their property.
5. An estimate of the cost for home owners and businesses to access locally available broadband services needs to be obtained by the consultants by a call to Lincoln County Telephone and included in the document.
6. Hunting and outfitter/guide services are a big deal in Caliente and needs to be mentioned in the document.
7. The document needs to recognize that in addition to electricity, many people heat their homes with firewood and propane.
8. The document should note that the availability of nicer homes in Caliente would encourage more retirees to locate in the community.
9. The indoor bike park is located in major cities and would not likely be viable in Caliente given its limited population.
10. All the positive information on the school district has been removed and needs to be put back in the document. Lincoln County has very good and highly rated schools and this

needs to be reflected in the document. Language describing the Lincoln County schools on the LCRDA website might be considered for inclusion in the document.

No further action was taken on this item.

Discussion and Action on LCRDA Recommendations to the Board of Lincoln County Commissioners Regarding Comments to the Final BLM Regional Mitigation Strategy for the Dry Lake Valley North Solar Energy Zone: Dr. Baughman reported that he and other Lincoln County staff had been working on proposed Lincoln County comments to the Final BLM Regional Mitigation Strategy for the Dry Lake Valley North Solar Energy Zone largely to address the high cost of the BLM proposed mitigation fee and the need to minimize impacts to livestock grazing within the allotment. During that time, grazing permit for the Ely Springs Cattle Allotment was sold by Vidler to Shane Mathews. Mr. Mathews learned the County Commission was considering submitting a letter to the BLM and asked that said letter withdraw the County's support for solar development within the SEZ.

Dr. Baughman expressed concern with the lost economic opportunity which might result from the County withdrawing its support for utility-scale solar development within the SEZ. He observed that Mr. Mathews should have been aware that the Ely Springs Cattle Allotment was encumbered by the BLM-designated Dry Lake Valley North SEZ and that the price he paid for the grazing permit to said allotment should have been discounted to reflect said encumbrance. He further expressed concern that should Mr. Mathew's request that the County withdraw its support for the SEZ be granted and the BLM eliminate the SEZ, Mr. Mathews would profit from County's action at the expense of all other County tax payers whom might not benefit from possible millions of dollars in utility-scale solar investment in the SEZ.

Commissioner Higbee suggested that at this time the best thing for the County Commission to do might be nothing. He expressed concern that the mitigation fees proposed by BLM for the SEZ were way too high. Dr. Baughman noted that is a solar developer became interested in the SEZ in the future the parties could work together to address Mr. Mathews concerns and seek a win-win development proposal. Mr. Schofield agreed that LCRDA working on biomass projects made sense and the County taking a wait and see approach to the SEZ and not throwing it away made sense.

No action was taken on this item.

Board Member Reports: Dr. Gatzke reported that she was proposing to have LCRDA contract with Molly Romer to assist her with completing the scope of work for the NV Department of Agriculture Value Added grant which LCRDA was managing. The contract term would go through June 2017 and would be for \$13,000.00. Dr. Baughman indicated he had reviewed a draft version of the proposed agreement and intended to execute same on or before April 30, 2016.

Mayor Hurlburt reported that it was her understanding that Recology was proposing to pull out of Lincoln County and that the County was considering its options for solid waste management, including engaging Western Elite to provide solid waste management services in the County. Mayor Hurlburt noted this is an important issue for the City of Caliente which currently has its

waste disposed of at the Recology operated landfill site. She noted that a meeting of County officials and staff was planned for the next week or so to further discuss options. Dr. Baughman suggested that the Vortex Power project might be of assistance with City management of its solid waste in the long term. Mr. Schofield observed that this may be an opportunity for a new business to be developed in Lincoln County.

Public Comment: None.

Next Meeting Date: The next meeting of the LCRDA Board of Directors will be held on June 13, 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 6:25pm.