

New Mexico Renewable Energy Transmission Authority

**Minutes of Board Meeting
February 14, 2017
1:30 p.m.**

**1st Floor, Porter Hall
Wendell Chino Building
1220 S. St. Francis Drive
Santa Fe, New Mexico, 87505**

Present

Bob Busch, Chairman
Dr. James Miller
Brian Moore
Louise Martinez
Cindy Cordova
Jonathan Elms
Robert Apodaca

RETA Staff

Lynn Mostoller – General Counsel, Sutin Thayer & Browne
Ginny Selvin – Consultant
Angela Gonzales - Consultant

1. Call to Order and Roll Call

Chairman Busch called the meeting to order at 2:05 p.m. A quorum was present for the meeting.

2. Approval of Agenda

Member Apodaca made a motion to accept the agenda as presented. Member Elms seconded the motion. There being no further discussion, Chairman Busch called for a vote and it passed unanimously.

3. Approval of October 5, 2016 Board Meeting Minutes

Member Moore made a motion to approve the Board Meeting Minutes as presented. Member Miller seconded the motion. There being no other discussion, corrections, additions or updates to the minutes, Chairman Busch then called for a vote and it passed unanimously.

4. Report of the Chairman

Chairman Busch began with a discussion on the 2017 legislative session. RETA was included in the State Budget for \$50,000 but needs approval from the Legislature and Governor. The Chairman stated that he is unaware of other legislation that affects RETA's statute.

Chairman Busch informed the Board that Ms. Gonzales has been asked to work more hours for RETA. As the Western Spirit Project starts to move into the land acquisition phase they will need to be able to interface with RETA more frequently and Ms. Gonzales will be able to provide that assistance.

Ms. Selvin is RETA's accounting consultant and continues her work on financial matters for the Board. RETA continues to operate off continuing infusions of cash from Clean Line Energy. The money received from Clean Line Energy is for the sole use of RETA and is not dedicated to any specific organization or project. Chairman Busch informed the Board members that a JDC meeting was held before the RETA Board Meeting. Mr. Sparks gave an update of the Western Spirit Project during the JDC meeting. Mr. Sparks will also update the Board during the next agenda item. The Project itself from a RETA standpoint is moving forward and is making progress. Chairman Busch informed the Board members that he had been contacted by a couple of different people to think about projects they are involved with. Chairman Busch had an informal meeting with Hunt on its Verde Project. Hunt did not ask for a letter of support or any help from RETA at this point and there have been no formal discussions with SunZia on its project.

5. Update on Western Spirit Project

Mr. Keith Sparks, Director of Development with Clean Line Energy Partners, updated the Board on the current progress of the Western Spirit Clean Line Project. Mr. Sparks began with the potential funding from the State. Mr. Sparks informed the Board that regardless of whether or not RETA receives funding from the State, Clean Line Energy is prepared to continue its support of RETA financially as Clean Line Energy finds RETA essential to the Project. The arrangement is not unusual and is similar to the BLM environmental NEPA process where they require the developer to fund the NEPA process.

Mr. Sparks informed the board members that the Western Spirit Project is making progress and doing quite well due in large part to RETA and the Board. Currently its focus is on land acquisition and acquiring easements. Clean Line Energy has created a pamphlet that introduces the Project and explains the compensation for an easement for landowners. The feedback has been very positive for the most part, but there has been some resistance. Mr. Sparks said that there will be some challenges in the negotiations but none that are fatal.

Clean Line Energy is still engaged in the BIA process. Mr. Sparks informed the Board members that Clean Line Energy received a decision memo from the BLM approving the right of way agreement with Isleta Pueblo. There is a 30-day comment period that began on January 27, 2017, the date when the decision memo was published in the Albuquerque Journal and also in the Pueblo of Isleta's Governor's Office. To date no comments have been received. Clean Line Energy is cautiously optimistic about this process being approved once the comment period is over.

The next regulatory step will be to begin the Bureau of Reclamation rights to cross the Rio Grande River or the levees of the Rio Grande River. Mr. Sparks explained that they are currently working with the Bureau of Reclamation to begin the permit process.

Chairman Busch enquired as to how long the Rio Grande crossing is. Mr. Sparks stated that the river crossing is less than a quarter mile and that it will cross up to 9 different levees, with one actual crossing over the Rio Grande.

Mr. Sparks then turned the boards attention to the interconnection process with PNM. In terms of interconnection, Clean Line Energy is close to completing its system impact study with PNM. Clean Line Energy submitted an application to PNM for a wires to wires study to connect the Western Spirit Project going from Torrance County to the Rio Puerco substation. This process is conducted by PNM to study the effects of all impacts the wires to wires connection will have on the existing system. Once the study is complete, PNM will create a report which will have recommendations to not negatively impact the existing system.

Mr. Sparks discussed the commercial opportunities Clean Line Energy is seeing within the Western US. He stated there are a lot of opportunities that exist in that 2020 range which will coincide with the commercial operation date of the Project. Clean Line Energy is hoping to capitalize on what is called Production Tax Credit (PTC) qualified turbines. The PTC qualified turbines are wind turbines that were purchased in large quantity during 2016 in order to receive 100% benefit of the PTC. Other economic opportunities include the Community Consolidation Act passed in CA, existing municipalities and coops that are always seeking renewable energy and commercial and industrial groups such as Facebook and Apple which are wanting renewable energy. Clean Line Energy continues to keep in contact with entities to generate continued interest for the Western Spirit Project. Chairman Bush discussed the ongoing engineering of wind turbines and how the technology continues to improve.

Ms. Mostoller informed the Board that as the land acquisition process begins, RETA Board Members may start to receive calls. Ms. Mostoller stated that Clean Line Energy and RETA created a very organized procedure manual that streamlines this process. If a RETA Board Member is contacted they can refer the landowner to Ms. Gonzales who will then refer them to the appropriate land agent that is working their specific land quadrant. Chairman Busch stated that as the project becomes more visible there may be more interest by reporters and the media. Chairman Busch said that no Board Member is restricted to speaking to anyone however please speak for yourself do not speak for RETA. The Board as a whole would have to agree about the opinion of RETA.

Mr. Sparks ended his update by introducing his colleagues that were in attendance. Mr. Hans Detweiler is a Vice President from Chicago and Matt Desmond, a new employee, is the local Outreach Manager. Mr. Elms enquired about the Renewable Tax Credit and asked if Mr. Sparks knew what the new extension was to qualify for the tax. Mr. Sparks informed Mr. Elms that in order to qualify for 100% usage of the tax the project had to start in 2016. That could have been accomplished by a number of things called safe harbors. One of the safe harbors was to purchase wind turbines in 2016. There are several other things that could have been accomplished such as grading and creating roads. If you start your project in 2017 you qualify for 80% and it continues from there down to 0%.

Member Moore introduced former Senator John Ryan that was sitting in the audience. Mr. Moore thanked Senator Ryan for attending the meeting. Senator Ryan stated he now represents SunZia and would be appreciative if SunZia could present its progress to the RETA Board at a later date.

6. Review and Approval of Financial Statements for the Period ending January 31, 2017.

Ms. Selvin called the Boards attention to the January 31, 2017, financial statements. Ms. Selvin explained that the majority of expenses have been from audit, legal, accounting and administrative services.

Member Elms made a motion to approve the financial statements for the period ending January 31, 2017. Member Apodaca seconded the motion. There being no further discussion, Chairman Busch called for a vote and it passed unanimously.

7. Consideration and approval of resolution authorizing Member Moore to sign agreements on behalf of RETA for the Western Spirit Project.

Ms. Mostoller informed the Board members that the proposed resolution authorizing Member Moore to sign agreements on behalf or RETA for the Western Spirit Project has come about due to the increased progress of the Project. Under the lease agreement it is RETA who signs all the real estate agreements. RETA does not pay for the acquisition of the right of way lease agreements but it does sign the agreements and hold them in RETA's name per the lease agreement. Because there are a large number of parcels of land along the route there needs to be an additional signer other than the Chairman. This resolution will give Member Moore signing authority on behalf of RETA for the Western Spirit Project.

Member Miller made a motion to accept the resolution authorizing Member Moore to sign agreements on behalf of RETA for the Western Spirit Project. Member Cordova seconded the motion. There being no further discussion, Chairman Busch called for a vote and it passed unanimously.

8. Discussion of new 2017 State Auditor Rule and Approval of RETA IPA Procurement in accordance with the 2017 State Auditor Rule.

Ms. Mostoller explained the need to procure for a new external auditor for 2017 and the new Audit rules. Challenges occurred last year with the audit due to the Boards early approval of the auditor. The State Auditor changed the rules that stated an entity could not use the same external auditor for 6 consecutive years. Ms. Mostoller worked with the State Auditor's Counsel and received a onetime exception of this rule. RETA will need to procure for a new external auditor the 2017. Ms. Mostoller stated that RETA does not need to do the full Request for Proposal process. RETA can solicit 3 bids and will need to have a system in place to evaluate the bids fairly to select a new auditor. This system falls within the States procurement code of a small purchase. Mr. Apodaca asked if the auditor will be selected based on cost or qualifications. Ms. Mostoller stated that the selection does not need to be selected solely based on cost. The selection can be based off skill, experience with RETA and the State, etc. The criteria will be approved by the Audit Committee.

Chairman Busch made a motion to authorize Angela Gonzales and Ginny Selvin to start soliciting bids in anticipation of approval of the state audit rule and commencement of the State Audit process for the 2017 Audit. Member Martinez seconded the motion. There being no further discussion, Chairman Busch called for a vote and it passed unanimously.

9. Public Comments

Mr. Elliott, President of the Corona South Landowners Association requested that a mass email be sent out to interested parties about the upcoming dates of the RETA Board Meetings. Chairman Busch directed Ms. Gonzales to go through old lists that were used in the past to create a new list to send out. Ms. Gonzales informed Mr. Elliott that the RETA website has been updated and will also have meeting notices and agendas posted.

Mr. John Ryan, representing SunZia, stated SunZia would like to make a presentation to RETA and introduce Pattern Energy as its partner. SunZia is working on state permits and FERC order.

10. Next Meeting – TBD

11. Adjournment

Chairman Busch adjourned the meeting.