



Torrance County Commission

AGENDA

Monday October 22nd, 2018

9:00 A.M.

Please Silence All Electronic Devices

Special Meeting to be Held at:

Administrative Offices of Torrance County

Commission Chambers

205 9th Street

Estancia, NM 87016

Call Meeting to Order
Pledge of Allegiance
Invocation
Approval of Meeting Agenda

Public Requests:

At the Discretion of the Commission Chair. For Information Only (No Action Can Be Taken). Comments are limited to three (3) minutes per person on any subject.

ACTION ITEMS*:

ITEMS TO BE CONSIDERED AND ACTED UPON

(Public Comment, each item: At the Discretion of the Commission Chair. Comments are limited to one (1) minute per person.)

* Commission Matters:

1. Consider and act upon request by NextEra Energy Resources, LLC to renegotiate and extend Payments in Lieu of Taxes for the High Lonesome Mesa Wind Re-Power Project.

EXECUTIVE SESSION:

As Per Motion and Roll Call Vote, Pursuant to New Mexico State Statute Section 10-15-1, the Following Matters Will be Discussed in Closed Session:

- a) Discussion regarding the purchase, acquisition or disposal of real property for Torrance County operations, Sec. 10-15-1 (H) (8)

*Reconvene from Executive Session:

Pursuant to Open Meetings Act, Section 10-15-1(J), Commission Report from Closed Meeting:

- b) Consider and Act upon, if necessary the purchase, acquisition or disposal of real property for Torrance County operations

*Adjourn

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact the Torrance County Manager's Office at 205 9th Street Room 12 Estancia, NM 87016 (505) 544-4700 at least one week prior to the meeting or as soon as possible. Public documents, including the agendas and minutes, can be provided in various accessible formats. Please contact the Torrance County Clerk's Office at 205 9th Street Room 1 Estancia, NM 87016 (505) 544-4350 if a summary or other type of accessible format is needed.

NextEra Energy Resources (NEER)

**High Lonesome Mesa Wind, LLC (HLM)
100MW Re-Power**

Torrance County, NM

October 22, 2018

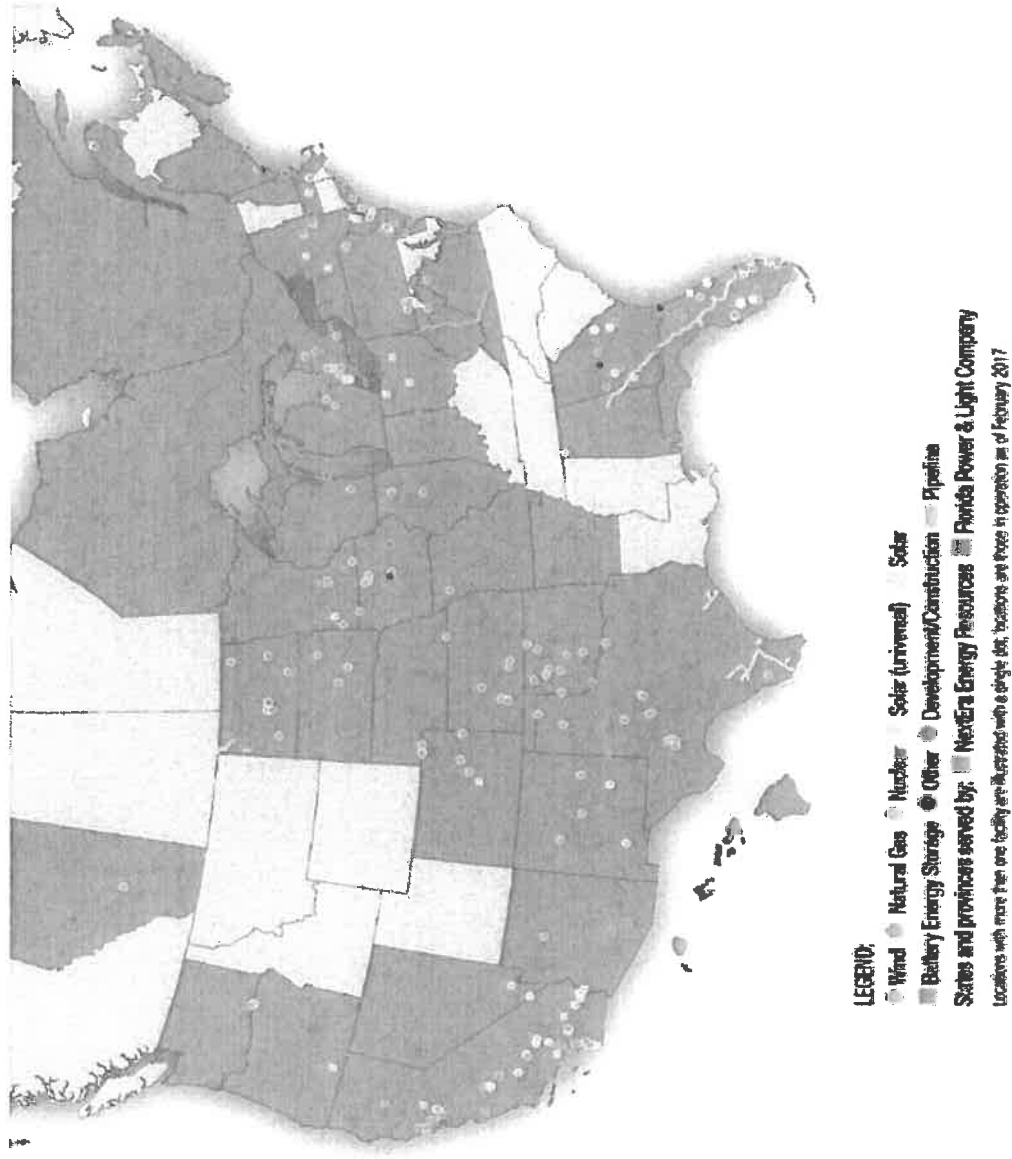
- **Company Overview**
 - **Project History**
 - **What is a “Re-Power”?**
 - **Industrial Revenue Bonds (IRBs)**
 - **Questions?**
-



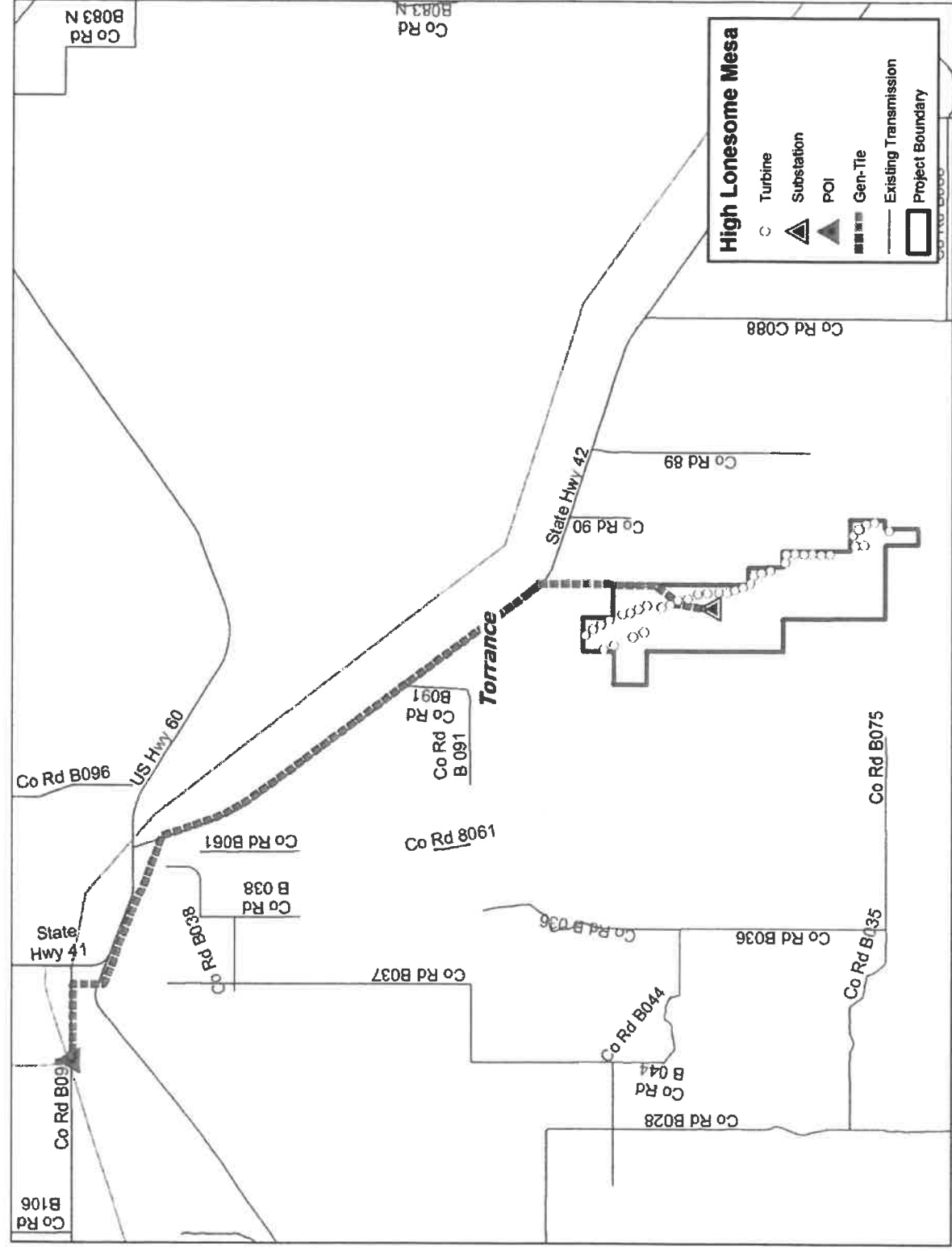
NextEra Energy Overview

One of the largest power companies in the U.S. comprised of two main subsidiaries, Florida Power & Light and NextEra Energy Resources.

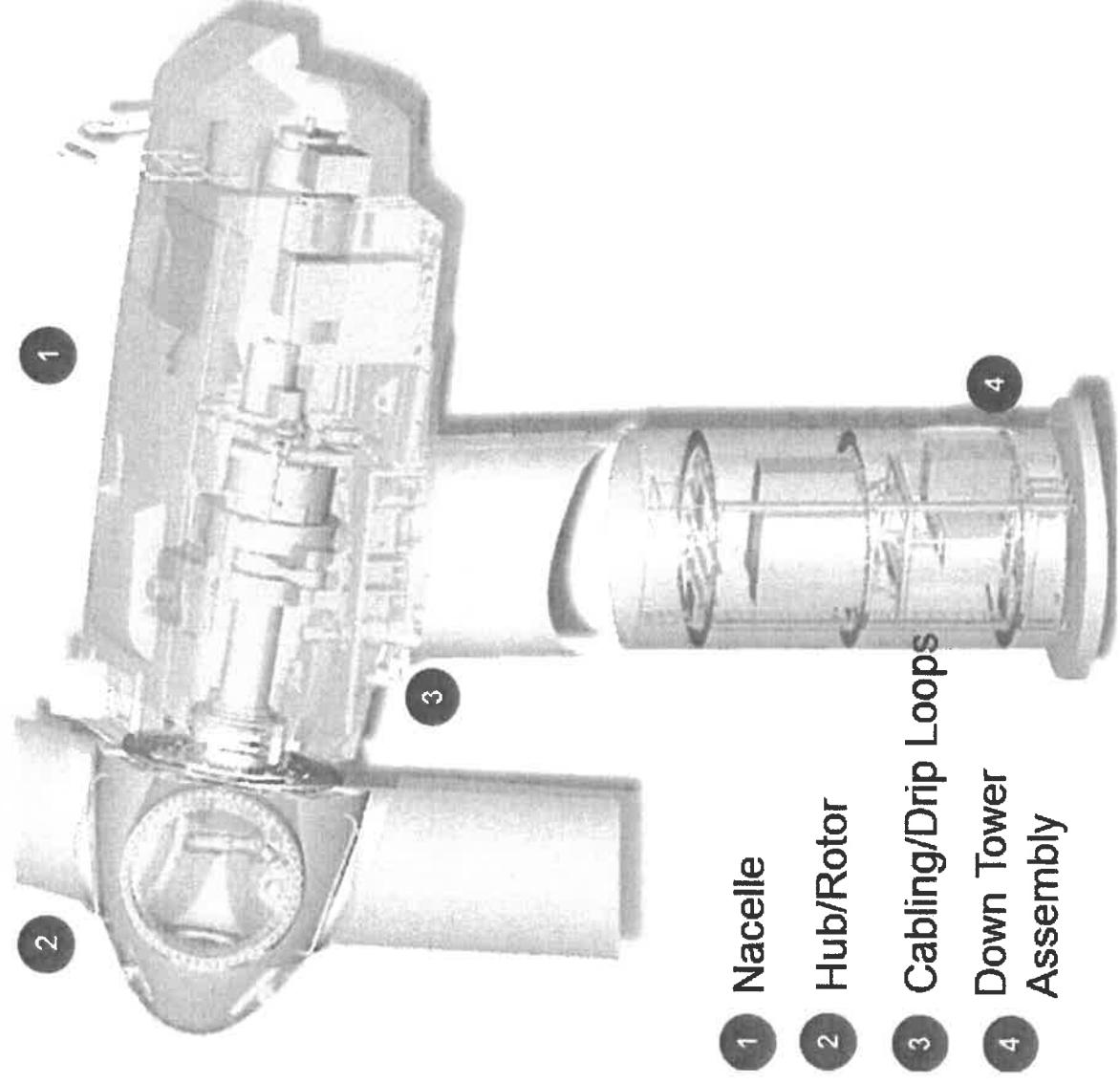
- World's largest generator of renewable energy from the wind and sun.
- Over 2,600 MW of solar energy and 14,000 MW of wind energy operational.
- Ranked among top 25 companies worldwide based on social impact, business results, innovation and integration in Fortune's 2018 list of companies that "Change the World".



- 100 MW Wind facility originally developed by Edison Mission Energy (EME) that began operating in July 2009.
 - NRG Energy acquired the project in 2014 from a bank after EME declared bankruptcy in December 2012.
 - NEER acquired the project from NRG in April 2016 and has been operating it since then.
 - The project utilizes 40-Clipper 2.5 MW wind turbines with a 96m rotor diameter and 80m hub height.
 - NextEra is proposing to re-power the project with 37-GE 2.5 MW and 3-GE 2.3 MW wind turbines with a 116m rotor diameter and 80m hub height.
 - Interconnection point, generation transmission line, collector substation, internal collection infrastructure will all remain in place.
 - Total capital investment of approximately \$75 million.
 - Targeting Q2/Q3 2019 start of construction with a 4-6 month construction schedule.
-

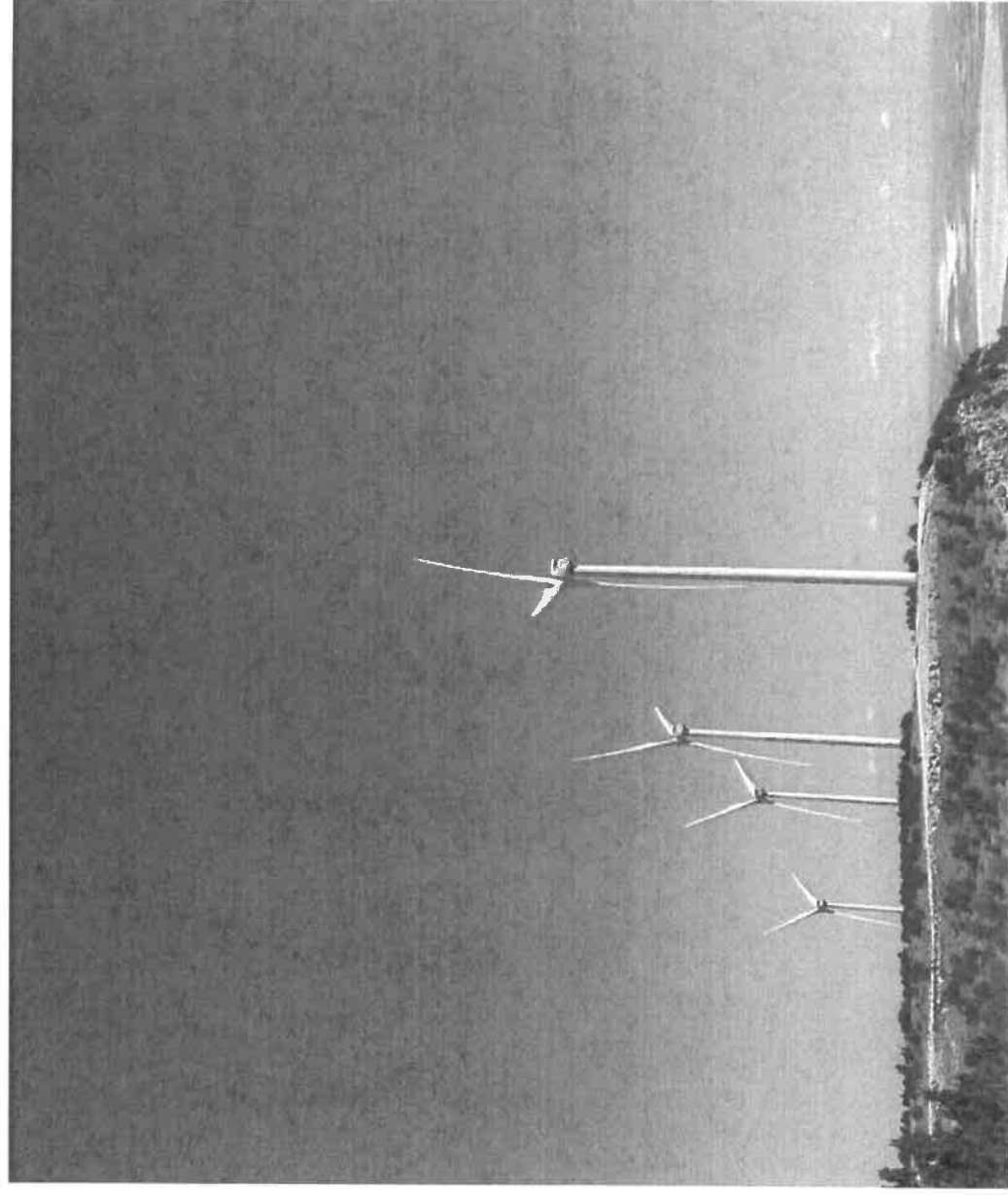


- Replace 40 existing Clipper C2.5 MW, 96m Rotor and 80m Hub with 40 proposed GE 2.5 MW, 116m Rotor and 80m Hub.
- Down Tower Assembly (DTA) will be replaced within each tower.
- Each Tower will be de-stacked for DTA assembly and then re-stacked on same foundations.



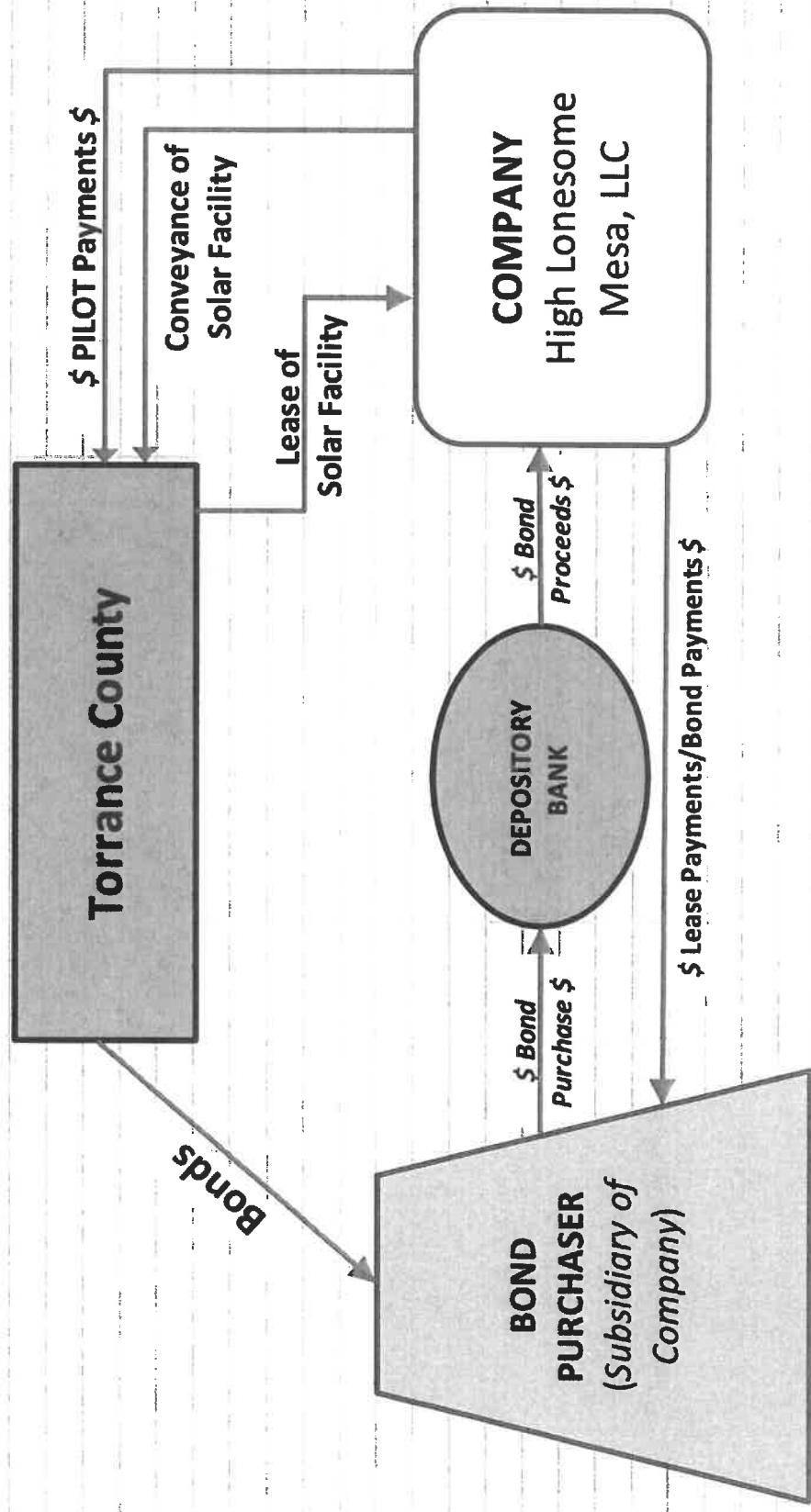
- 1 Nacelle
- 2 Hub/Rotor
- 3 Cabling/Drip Loops
- 4 Down Tower Assembly

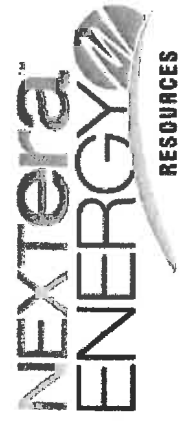
- We are here to request a new Industrial Revenue Bond (IRB) for the re-power portion of the HLM wind project.
- Existing 30 year IRBs run through 2038 at an average rate of \$4,750 / MW.
- We are seeking to replace the current IRB Payment in Lieu of Taxes (PILOT) with a flat rate of \$5,000 / MW for 30 more years resulting in \$3.2 Million more revenue for the county.



High Lonesome Mesa Repower IRB Structure

(For Illustrative Purposes Only)



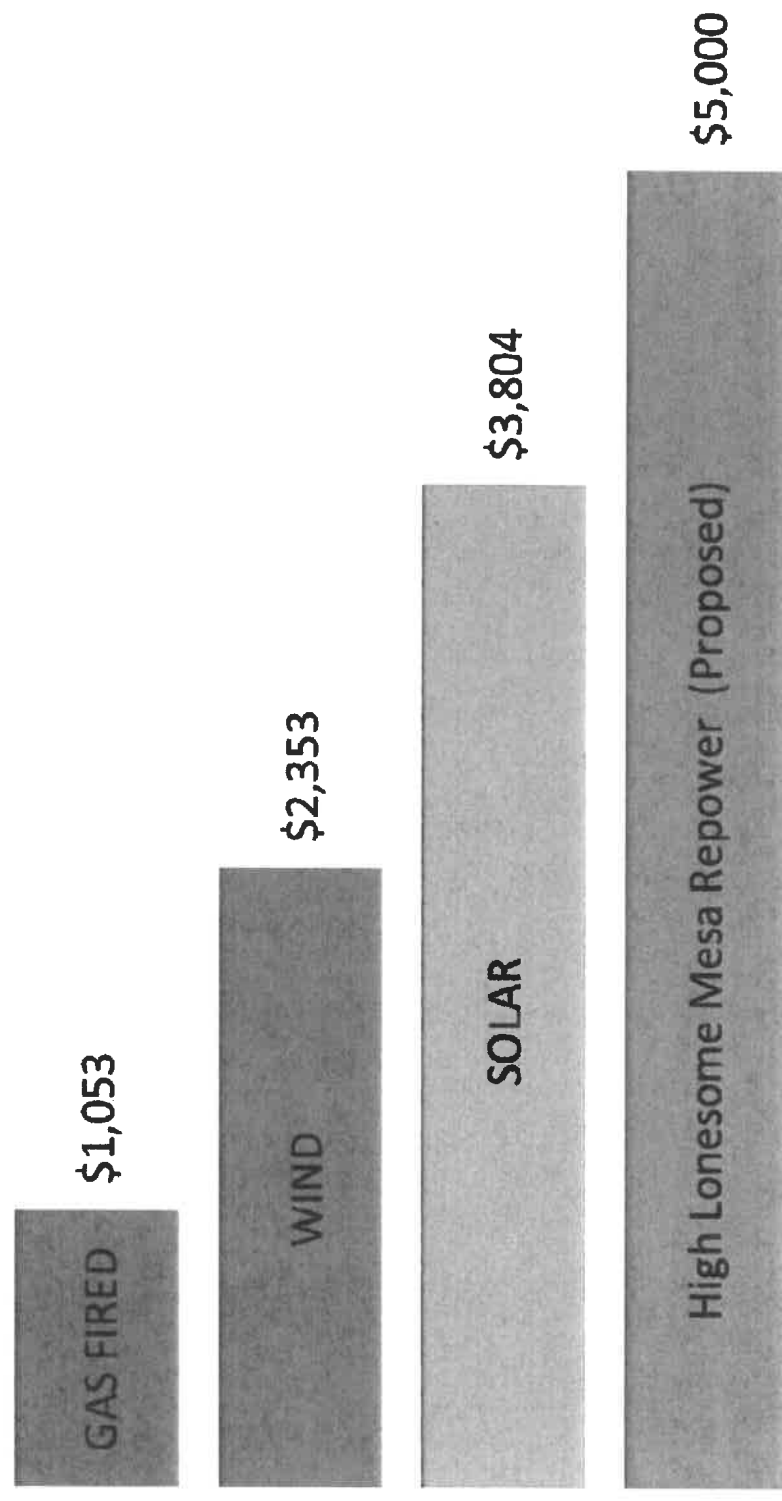


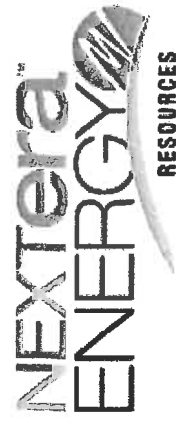
Proposed PILOT

- Total tax revenue from 2019 to 2048 with existing PILOT = **\$11.8 MM.**
- Total tax revenue from 2019 to 2048 with NextEra proposal = **\$15.0 MM.**
- Total additional tax revenue going into the community of Torrance County = **\$3.2 MM.**

Existing PILOT		Proposed PILOT	
Year	\$/Year	Year	\$/Year
2019	\$ 500,000	2019	\$ 500,000
2020	\$ 500,000	2020	\$ 500,000
2021	\$ 500,000	2021	\$ 500,000
2022	\$ 500,000	2022	\$ 500,000
2023	\$ 500,000	2023	\$ 500,000
2024	\$ 500,000	2024	\$ 500,000
2025	\$ 500,000	2025	\$ 500,000
2026	\$ 500,000	2026	\$ 500,000
2027	\$ 500,000	2027	\$ 500,000
2028	\$ 500,000	2028	\$ 500,000
2029	\$ 600,000	2029	\$ 500,000
2030	\$ 600,000	2030	\$ 500,000
2031	\$ 600,000	2031	\$ 500,000
2032	\$ 600,000	2032	\$ 500,000
2033	\$ 600,000	2033	\$ 500,000
2034	\$ 600,000	2034	\$ 500,000
2035	\$ 600,000	2035	\$ 500,000
2036	\$ 600,000	2036	\$ 500,000
2037	\$ 600,000	2037	\$ 500,000
2038	\$ 600,000	2038	\$ 500,000
2039	\$ 77,396 Straight Taxes	2039	\$ 500,000
2040	\$ 77,589 Straight Taxes	2040	\$ 500,000
2041	\$ 77,783 Straight Taxes	2041	\$ 500,000
2042	\$ 77,978 Straight Taxes	2042	\$ 500,000
2043	\$ 78,173 Straight Taxes	2043	\$ 500,000
2044	\$ 78,368 Straight Taxes	2044	\$ 500,000
2045	\$ 78,564 Straight Taxes	2045	\$ 500,000
2046	\$ 78,760 Straight Taxes	2046	\$ 500,000
2047	\$ 78,957 Straight Taxes	2047	\$ 500,000
2048	\$ 79,155 Straight Taxes	2048	\$ 500,000
Total	\$11,782,722	Total	\$15,000,000

**New Mexico IRBs Approved 2001 through 2015 by Generation Type in
Average \$/MW**





Industrial Revenue Bonds

Municipality	Project Name	Year	Generation Type	IRB	Avg Annual			
					PILOT	Term	MW	PILOT \$/MW
City of Deming		2001	Gas Fired	\$ 400,000,000	\$ 600,000	30	570	\$ 1,053
					\$ 600,000		570	\$ 1,053

Chaves County		2006	Wind	\$ 48,000,000	\$ 94,203	20	120	\$ 785
Roosevelt County		2006	Wind	\$ 112,000,000	\$ 288,805	20	250	\$ 1,155
Guadalupe County		2007	Wind	\$ 155,000,000	\$ 202,499	30	90	\$ 2,250
Torrance County	NextEra Energy	2008	Wind	\$ 195,000,000	\$ 475,000	30	100	\$ 4,750
Cibola County	NextEra Energy	2010	Wind	\$ 215,000,000	\$ 591,667	30	102.4	\$ 5,778
Luna County		2010	Wind	\$ 110,000,000	\$ 268,044	30	50	\$ 5,361
Chaves County		2012	Wind	\$ 25,000,000	\$ 51,667	30	25	\$ 2,067
Village of Grady		2012	Wind	\$ 27,500,000	\$ 27,277	20	20	\$ 1,364
Roosevelt County		2014	Wind	\$ 430,000,000	\$ 700,000	30	550	\$ 1,273
Torrance County	Cabo Wind	2014	Wind	\$ 575,000,000	\$ 1,009,355	30	298	\$ 3,387
New Mexico Wind Energy Center	NextEra Energy	2017	Wind	\$ 170,000,000	\$ 540,000	30	200	\$ 2,700
				\$ 4,248,517			1805	\$ 2,353

Village of Hatch	NextEra Energy	2010	Solar	\$ 15,000,000	\$ 28,933	30	5	\$ 5,787
Dona Ana County	Road Runner Solar	2011	Solar	\$ 81,610,000	\$ 48,500	20	50	\$ 970
Luna County		2013	Solar	\$ 140,000,000	\$ 175,000	30	50	\$ 3,500
Chaves County	NextEra Energy	2015	Solar	\$ 120,000,000	\$ 330,000	30	70	\$ 4,714
Chaves County	NextEra Energy	2015	Solar	\$ 120,000,000	\$ 330,000	30	70	\$ 4,714
Chaves County	NextEra Energy	2015	Solar	\$ 50,000,000	\$ 140,000	30	30	\$ 4,667
Quay County		2015	Solar	\$ 116,500,000	\$ 143,000	30	55	\$ 2,600
Cibola County	NextEra Energy	2017	Solar	\$ 75,000,000	\$ 250,000	30	50	\$ 5,000
				\$ 1,445,433			380	\$ 3,804

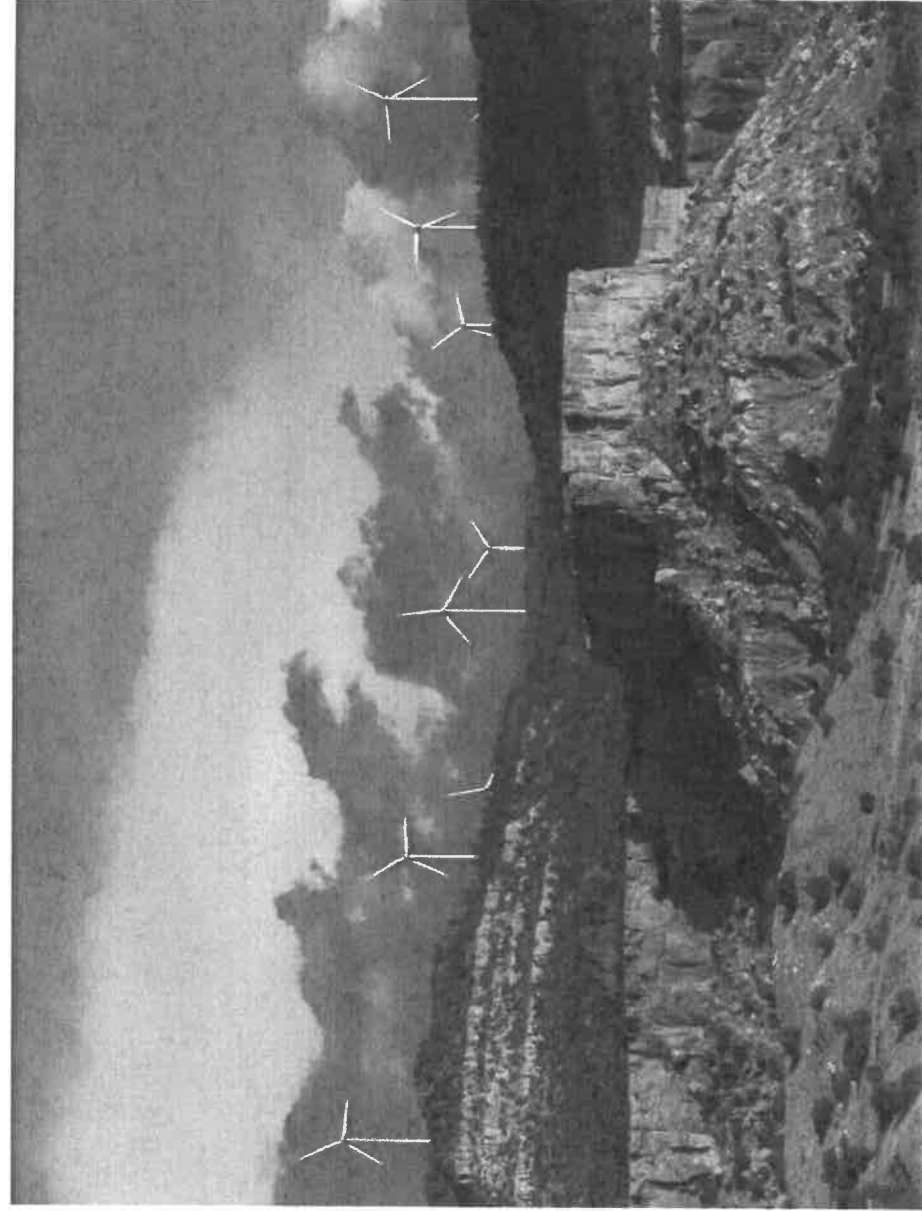


Questions?

Gabe Henehan, P.E.
Project Director
NextEra Energy Resources

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(561) 304-5709

NextEra Energy Resources
E5E/JB
700 Universe Blvd.
Juno Beach, FL 33408



<u>Year</u>	<u>\$/Year</u>		<u>Year</u>	<u>\$/Year</u>	
2019	\$ 500,000	IRB	2019	\$ 500,000	New IRB
2020	\$ 500,000	IRB	2020	\$ 500,000	New IRB
2021	\$ 500,000	IRB	2021	\$ 500,000	New IRB
2022	\$ 500,000	IRB	2022	\$ 500,000	New IRB
2023	\$ 500,000	IRB	2023	\$ 500,000	New IRB
2024	\$ 500,000	IRB	2024	\$ 500,000	New IRB
2025	\$ 500,000	IRB	2025	\$ 500,000	New IRB
2026	\$ 500,000	IRB	2026	\$ 500,000	New IRB
2027	\$ 500,000	IRB	2027	\$ 500,000	New IRB
2028	\$ 500,000	IRB	2028	\$ 500,000	New IRB
2029	\$ 600,000	IRB	2029	\$ 500,000	New IRB
2030	\$ 600,000	IRB	2030	\$ 500,000	New IRB
2031	\$ 600,000	IRB	2031	\$ 500,000	New IRB
2032	\$ 600,000	IRB	2032	\$ 500,000	New IRB
2033	\$ 600,000	IRB	2033	\$ 500,000	New IRB
2034	\$ 600,000	IRB	2034	\$ 500,000	New IRB
2035	\$ 600,000	IRB	2035	\$ 500,000	New IRB
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2047	\$ 78,957	Straight Taxes	2047	\$ 500,000	New IRB
2048	\$ 79,155	Straight Taxes	2048	\$ 500,000	New IRB
Average	\$ 392,757		Average	\$ 500,000	
Total	\$ 11,782,722		Total	\$ 15,000,000	

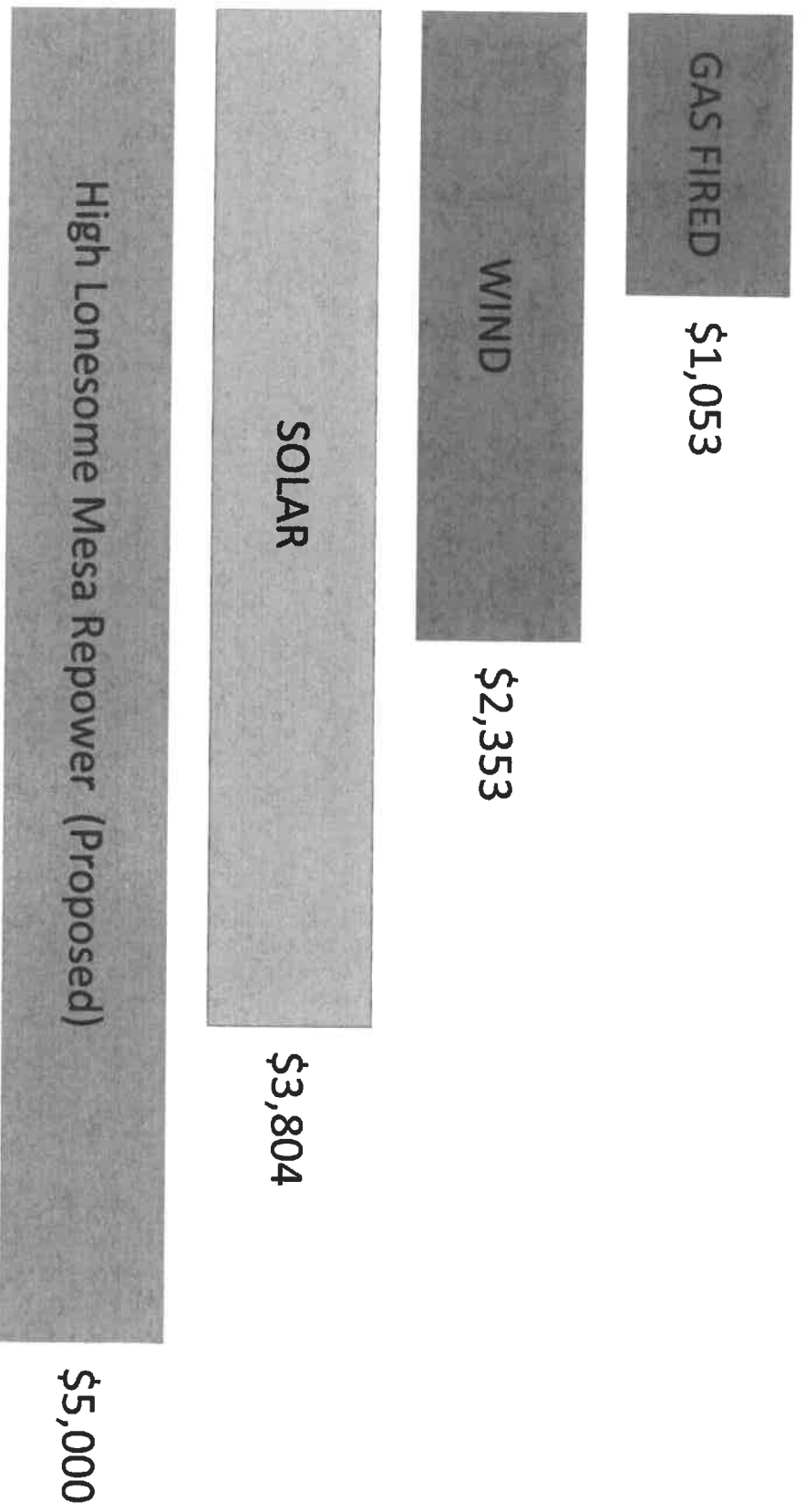
Municipality	Project Name	Year	Generation Type	IRB	Avg Annual PILOT	Term	MW	PILOT\$/MW
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Quay County		2015	Solar	\$ 116,500,000	\$ 143,000	30	55	\$ 2,600
Cibola County	NextEra Energy	2017	Solar	\$ 75,000,000	\$ 250,000	30	50	\$ 5,000
				\$ 1,445,433		380	\$ 3,804	

High Lonesome Mesa Repower (Proposed) \$ 5,000

**New Mexico IRBs Approved 2001 through 2017 by Generation Type in
Average \$/MW**



Torrance County
PILT Payment Analysis

\$13,472 2008 County Tax Rate
\$ 195,000,000 Original IRB

\$12,651 2018 County Tax Rate
\$ 75,000,000 Repower Amount

Original 2008 Structure					Existing 2008 Structure			Existing 2008 Structure + Repower					Proposed New Structure					Split the Difference ¹⁾					
Date	Project Amortization	Potential Revenue @ County Tax Rate	PV @ 4.00%	Torrance Co. Existing PILT Payments	PV @ 4.00%	Date	Torrance Co. Existing PILT Payments	PV @ 4.00%	Date	Project Amortization	Torrance Co. Existing PILT Payments	Potential Repower Payments @ County Tax Rate	Total Potential Revenue	PV @ 4.00%	Date	Project Amortization	Torrance Co. Proposed PILT Payments	PV @ 4.00%	Breakeven PILT Payment	PV @ 4.00%	PILT Payment	PV @ 4.00%	
2008	\$ 195,000,000	\$ 875,680	\$ 875,680	\$ 375,000	\$ 375,000	2019	\$ 500,000	\$ 500,000	2019	\$ 75,000,000	\$ 500,000	\$ 288,272	\$ 786,272	\$ 786,272	2019	\$ 75,000,000	\$ 600,000	\$ 500,000	\$ 604,782	\$ 604,782	\$ 552,381	\$ 552,381	
2009	187,200,000	840,653	808,320	375,000	360,577	2020	500,000	480,769	2020	72,000,000	500,000	274,821	774,821	745,020	2020	72,000,000	500,000	480,769	604,782	581,502	552,381	531,130	
2010	179,400,000	805,626	744,846	375,000	346,709	2021	500,000	462,278	2021	69,000,000	500,000	263,370	763,370	705,778	2021	69,000,000	500,000	462,278	604,782	559,139	552,381	510,707	
2011	171,600,000	770,598	685,059	375,000	333,374	2022	500,000	444,498	2022	66,000,000	500,000	251,919	751,919	668,453	2022	66,000,000	500,000	444,498	604,782	537,831	552,381	481,065	
2012	163,800,000	735,571	628,789	375,000	320,552	2023	500,000	427,402	2023	63,000,000	500,000	240,468	740,468	632,955	2023	63,000,000	500,000	427,402	604,782	516,853	552,381	472,178	
2013	156,000,000	700,544	575,798	375,000	308,223	2024	500,000	410,964	2024	60,000,000	500,000	229,017	729,017	599,199	2024	60,000,000	500,000	410,964	604,782	497,070	552,381	454,017	
2014	148,200,000	665,517	525,968	375,000	296,388	2025	500,000	395,157	2025	57,000,000	500,000	217,568	717,568	567,103	2025	57,000,000	500,000	395,157	604,782	477,952	552,381	438,555	
2015	140,400,000	630,490	479,120	375,000	284,999	2026	500,000	379,959	2026	54,000,000	500,000	206,116	706,116	538,590	2026	54,000,000	500,000	379,959	604,782	459,589	552,381	419,784	
2016	132,600,000	595,462	435,099	375,000	274,009	2027	500,000	365,345	2027	51,000,000	500,000	194,665	694,665	507,585	2027	51,000,000	500,000	365,345	604,782	441,894	552,381	403,619	
2017	124,800,000	560,435	393,754	375,000	263,470	2028	500,000	351,293	2028	48,000,000	500,000	183,214	683,214	480,017	2028	48,000,000	500,000	351,293	604,782	424,898	552,381	388,098	
2018	117,000,000	525,408	354,947	375,000	253,337	2029	500,000	337,339	2029	45,000,000	500,000	171,763	671,763	452,375	2029	45,000,000	500,000	337,339	604,782	408,556	552,381	373,169	
2019	109,200,000	490,381	318,542	500,000	324,790	2030	500,000	323,387	2030	42,000,000	500,000	160,312	660,312	424,884	2030	42,000,000	500,000	323,387	604,782	392,842	552,381	358,616	
2020	101,400,000	455,354	284,413	500,000	312,299	2031	500,000	309,435	2031	39,000,000	500,000	148,861	648,861	407,737	2031	39,000,000	500,000	309,435	604,782	377,733	552,381	345,016	
2021	93,600,000	420,326	252,437	500,000	300,287	2032	500,000	295,483	2032	36,000,000	500,000	137,410	627,410	386,689	2032	36,000,000	500,000	295,483	604,782	363,204	552,381	331,748	
2022	85,800,000	385,299	222,501	500,000	288,738	2033	500,000	281,531	2033	33,000,000	500,000	125,959	606,470	365,540	2033	33,000,000	500,000	281,531	604,782	349,235	552,381	318,988	
2023	78,000,000	350,272	194,494	500,000	277,632	2034	500,000	267,579	2034	30,000,000	500,000	114,509	591,970	344,691	2034	30,000,000	500,000	267,579	604,782	335,803	552,381	306,718	
2024	70,200,000	315,245	168,312	500,000	266,954	2035	500,000	253,627	2035	27,000,000	500,000	103,058	576,912	324,802	2035	27,000,000	500,000	253,627	604,782	322,887	552,381	294,921	
2025	62,400,000	280,218	143,856	500,000	256,887	2036	500,000	239,675	2036	24,000,000	500,000	91,607	561,845	304,913	2036	24,000,000	500,000	239,675	604,782	310,489	552,381	283,578	
2026	54,600,000	245,190	121,033	500,000	246,814	2037	500,000	225,723	2037	21,000,000	500,000	80,156	546,770	285,024	2037	21,000,000	500,000	225,723	604,782	298,528	552,381	272,671	
2027	46,800,000	210,163	99,752	500,000	237,321	2038	500,000	211,771	2038	18,000,000	500,000	68,705	531,705	265,135	2038	18,000,000	500,000	211,771	604,782	287,048	552,381	262,183	
2028	39,000,000	175,136	79,930	500,000	228,193	2039	500,000	197,819	2039	15,000,000	500,000	57,254	516,650	245,246	2039	15,000,000	500,000	197,819	604,782	276,005	552,381	252,099	
2029	39,000,000	175,136	78,856	500,000	228,193	2040	500,000	183,867	2040	15,000,000	500,000	57,254	516,650	245,246	2040	15,000,000	500,000	183,867	604,782	265,390	552,381	242,403	
2030	39,000,000	175,136	77,783	500,000	228,193	2041	500,000	170,000	2041	15,000,000	500,000	57,254	516,650	245,246	2041	15,000,000	500,000	170,000	604,782	255,183	552,381	233,080	
2031	39,000,000	175,136	76,710	500,000	228,193	2042	500,000	156,133	2042	15,000,000	500,000	57,254	516,650	245,246	2042	15,000,000	500,000	156,133	604,782	245,368	552,381	224,116	
2032	39,000,000	175,136	75,637	500,000	228,193	2043	500,000	142,266	2043	15,000,000	500,000	57,254	516,650	245,246	2043	15,000,000	500,000	142,266	604,782	235,931	552,381	215,498	
2033	39,000,000	175,136	74,564	500,000	228,193	2044	500,000	128,400	2044	15,000,000	500,000	57,254	516,650	245,246	2044	15,000,000	500,000	128,400	604,782	226,858	552,381	207,207	
2034	39,000,000	175,136	73,491	500,000	228,193	2045	500,000	114,533	2045	15,000,000	500,000	57,254	516,650	245,246	2045	15,000,000	500,000	114,533	604,782	218,131	552,381	199,238	
2035	39,000,000	175,136	72,418	500,000	228,193	2046	500,000	100,667	2046	15,000,000	500,000	57,254	516,650	245,246	2046	15,000,000	500,000	100,667	604,782	209,741	552,381	191,575	
2036	39,000,000	175,136	71,345	500,000	228,193	2047	500,000	86,800	2047	15,000,000	500,000	57,254	516,650	245,246	2047	15,000,000	500,000	86,800	604,782	201,875	552,381	184,207	
2037	39,000,000	175,136	70,272	500,000	228,193	2048	500,000	72,933	2048	15,000,000	500,000	57,254	516,650	245,246	2048	15,000,000	500,000	72,933	604,782	193,918	552,381	177,122	
2038	39,000,000	175,136	69,199	500,000	228,193																		
2039	39,000,000	175,136	68,126	500,000	228,193																		
2040	39,000,000	175,136	67,053	500,000	228,193																		
2041	39,000,000	175,136	65,980	500,000	228,193																		
2042	39,000,000	175,136	64,907	500,000	228,193																		
2043	39,000,000	175,136	63,834	500,000	228,193																		
2044	39,000,000	175,136	62,761	500,000	228,193																		
2045	39,000,000	175,136	61,688	500,000	228,193																		
2046	39,000,000	175,136	60,615	500,000	228,193																		
2047	39,000,000	175,136	59,542	500,000	228,193																		
2048	39,000,000	175,136	58,469	500,000	228,193																		
Total		14,536,288	9,478,899	15,907,723	8,572,906	Total	11,782,723	7,937,918	Total	11,782,723	4,122,310	15,905,033	10,875,867	Total	15,000,000	8,991,857	18,142,860	10,875,867			16,671,430	9,933,862	

1) - Split the Difference is the average of the PV of cashflows for the Existing 2008 Structure + Repower Structure and PV of cashflows for the Proposed New Structure