Delay in scientific ghost town stirs skepticism

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ALBUQUERQUE, N.M. (AP) -- Pegasus Global Holdings' surprise announcement that it was pulling out of plans to build a $1 billion scientific ghost town in eastern New Mexico is stirring skepticism of the private firm's grandiose plans for transforming 15 square miles of this largely rural state into a next-generation research center.

Lea County had been working closely with the company after winning the bid to house the Center for Innovation, Testing and Evaluation. But "when we started pressing for details, that's when they decided to look elsewhere," county manager Mike Gallagher said.

Hobbs Mayor Sam Cobb said he didn't even know the group was abandoning its plans until he read a news report that followed a late -evening announcement on Friday, July 13.

Cobb said he was told the group cited problems with mineral rights on the private land it was trying to acquire. But he said third parties hold mineral rights underneath a lot of New Mexico's land and there are solid legal protections for financial reimbursement if someone decides to exercise them.

"From a practical standpoint it's a non-issue," Cobb said.

The selection of Lea County was announced with much fanfare at a news conference in May with Gov. Susana Martinez and her economic development secretary, Jon Barela. Plans called for an uninhabited replica of an average, mid-size American city to help researchers test everything from intelligent traffic systems and next-generation wireless networks to automated washing machines and self-flushing toilets.

But while state and local officials have worked closely with the group to identify sites, no one asked for financial information or otherwise did due diligence on the project because it was seeking no tax breaks, incentives or other public funding.

"If you are not going to ask me for money, I'm not going to ask you for your financial statements," Cobb said. "If you start asking me for money or gifting of land, that's when I am going to start getting in your business."

State land office general counsel Harry Relkin, who worked with the group to help identify potential plots of state land, says his office did not get far enough along to request anything other than a standard application. But he noted Pegasus has worked on other large deals, "some of which worked, some of which haven't.

"It is such a wild - or if you want to be positive - innovative idea, I can understand the skepticism," he said.

Pegasus officials have declined requests for interviews since announcing they were pulling out of Lea County due to "some very complicated and unforeseen issues with acquiring the land for this specific project."

But they insist they remain committed to the project and are reevaluating other sites in New Mexico. And Pegasus Managing Director Robert Brumley has said in the past that the group has secured the necessary funding commitments to proceed with phase one, and defense contracting giant SAIC has certified the feasibility of the project.

Because the group is private, information about their dealings is scarce. Pegasus Global Holdings' web site says it is a 10-year-old firm that is "a recognized leader in telecommunications in North America and Europe. Pegasus is also a U.S. Government authorized prime vendor and manufacturer of defense equipment and technologies."

The group has offices in London, Washington, D.C., and Reston, Va. But they are not all staffed full-time. Principals include Charles Warner, a former Commerce Department official in the Reagan Administration who has also served on the board of the International Monetary Fund, Brumley and several others, all with resumes citing extensive experience in the venture capital and aerospace, defense and technology investment and research.

Barela this week said he remains confident about the project.

"The key thing," he said, "is to make sure that they stay in New Mexico."

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