

New Mexico Spaceport Authority
Special Meeting
September 10, 2009
NM Spaceport Authority Office
Las Cruces, NM

The meeting was called to order by Chair Fred Mondragón. Roll call was taken with six members present. Quorum confirmed.

Officials and guests present included: Steve Landeene, NMSA, Mary Ann Myers, NMSA, NMSA, Steve Amland, NMSA, Aaron Prescott, NMSA, Chad Rabon, NMSA, D. Kent Evans, Steve Traver, Cong. Teague, William Gutman, Jennifer Kozlowski, Justin West, Rob Campbell, Martin Birch, NMSU, John Robert and Rob Spence.

Members Present:

Fred Mondragón
Brent Westmoreland
Ben Woods
Jim Manatt
Richard Holdridge
Eric Vasquez – Lt. Gov. Designee (by phone)

Members Not Present:

Toots Green

Chair Mondragón announced that Bill Loomis has resigned the board and will be official after the Governor accepts this resignation. His resignation is concerned for any conflict of interest of the spaceport and of this board and resigned from this board. Chair Mondragón requested a resolution for Mr. Loomis and thanked Mr. Loomis for his outstanding service to the board.

The Chair commented on the timely distribution of material to the board five days in advance and not later than three days in advance and offered assistance by EDD staff. Mr. Landeene acknowledged the comments and stated information to be distributed in five days and no later than three days.

Approval of Agenda:

Mr. Landeene requested a change in the agenda to remove Item 8, Approval of the Site Electrical Bid Package and a special meeting will be schedule for the approval. Motion by Director Holdridge with the elimination of Item 8, second by Director Manatt, motion carried.

Approval of Special Meeting Minutes of August 5 & August 26, 2009:

Motion by Director Woods for the Minutes of August 5, 2009, Second by Director Manatt, motion carried. Motion by Director Woods for the Minutes of August 26, 2009, Second by Director Manatt, motion carried.

Spaceport America Overview/FY2011 Budget Overview:

The chair opened commenting on the presentation by Mr. Landeene to the NM Finance Oversight committee and budget overview which was very well received.

Mr. Landeene welcomed Secretary Mondragón as the new chair and expressed thanks to Daniela Glick as chair and she will continue to support the Spaceport and New Mexico in Washington DC. Mr. Landeene continued noting the objectives of the agency along with construction and operation of the Spaceport being economic development, tourism, and education. He further stressed the importance of the budget for the upcoming year to insure work with the Partnership, EDD, MVEDA, SCEDO and others to attract customers to the Spaceport and industry to New Mexico to create job growth and education. Mr. Landeene continued stating the exciting things over the course of the last month in industry. Virgin Galactic WhiteKnight flew over Las Cruces noting Virgin's safety consciousness and this being the first out of state flight. Au Dhabi has taken a 32% stake in Virgin Galactic and the implication is very positive, which means is not only are there vehicles, but funding is solidly in place. This provides funding for light satellite launch capability which will be supportive of Kirkland Air Force Base and their Operationally Responsive Space. Now without U.S. Government dollars, we not only have a vehicle that will take people on first tourism, beginning of transportation point to point but we will have a light satellite capable launcher. Mr. Landeene briefed on the Augustine report executive summary which evaluates NASA and is very positive for commercial space. In R&D, MOOG FDS test systems group out of Florida launched a vehicle that was well publicized and is another customer coming and doing their test work at Spaceport America prior to that they were doing their testing in California.

Looking back in 2008, NMSA and the board got through the key legislative mandates and 2009 has not been short of accomplishment in terms in getting engaged in that educational process, working with Space Grant and NMSU to develop that differentiated learning experience, and the ground breaking was phenomenal experience for all who participated. Setting up the Tax district and working with NM Finance Authority to issue bonds and receiving the \$58 Million given the economic climate and interest rates. Establishing the lunar lander pads gave us more capabilities to attract more companies to the Spaceport.

Moving to the construction stage NMSA has challenges and uncertainty with the southern road the biggest challenge. NMSA is working with Congressman Teague leading the charge on the transportation bill on how to raise those funds for the road. It is a requirement to have a multi-modal access to the Spaceport to attract customers and industry. The terminal is coming along, with a 95% design review and anticipating a bid October 15th.

Vertical launch: The lunar lander pads were added, educational launch, MOOG activity and additional launches this year and will accelerate this year as Armadillo continues to develop their vehicles in Texas. They will be going for the lunar lander prize in their own back yard shooting for the \$1 million prize. Dave Matson will be going for level 1 and 2 –

Centennial NASA challenge at Mojave. FAA changed the guidelines for the amateur rules. Welcome Center we have not focused in those areas concentrating on construction of spaceport. We are 18 month away.

Funding status, we are at 96% funding level we still have \$7.5 M remaining and we will pursue that in the next session. Director Holdridge asked about the Sierra Electric MOU and Mr. Landeene replied it was signed in April 2008 and decided Spaceport could be a demonstrator for renewable energy and will work together to try and attract renewable companies to the area. Director Wood stated with the state facing challenging time, requested Mr. Landeene to comment on funding status. Mr. Landeene stated the funding request stands at \$7.5 planning to the \$198M budget and had to leave certain things off like the southern road and we don't have parallel taxi ways. Given the economic times bids are coming in much lower than estimates and has given us a little bit of breathing room in terms of lower risk on construction. Until we are through November of this year we will know better in terms of how we are sitting and not sitting will determine on how important this \$7.5M becomes.

The Chair commented that there is some saving on some project around the state up to 20-40% because of the lower economy. With the support of Daniela in Washington actively pursuing federal money and the increase in oil prices might provides potential sources for funding.

Mr. Landeene recognized the Regional Tax District board being very key working with the Authority and NMFA to accomplish the sale of the bonds in a relatively short time..

Mr. Landeene continued stating AO13 Road is complete, the road and bridge structure to the Spaceport, Enabling works and Airfield team are on site. FY11 is the year of realization, not only doing construction but a grand opening and has implications on organizational structure and operating. We have capital budget and a NMSA operating budget, but we don't have is the funding when Spaceport becomes live. Ahead of a grand opening we have to hire and train people and make sure we have our processes and procedures and a staff that is fully functional. We are looking at a November 2010 time table and we need to start hiring and putting people in place. That creates a gap and NMSA doesn't have operating monies for this, which covers fire, security, janitorial, electricity, insurance and all of the things that set up a major facility. The Virgin lease will not kick in at this point and time and will be 120 days to get their operations set up. We are going to have to ask the legislature to support this gap as a special appropriation. Our goal as the Authority is to develop a self sustaining operation. The Virgin lease in its own right can do that but it is going to take this preparation period.

Budget Overview/Staffing: The Technical Director position is open and a candidate has been identified and it at the Governor's office right now. With this position filled will be a huge help to the organization of getting us ready to accept the Virgin operation and have processes and procedures in place. Early part of July Chad Rabon and Aaron Prescott; two huge assets moved from professional services contractors to employees.

Request for new positions: The first position is Financial/Development Director to work with Spaceport Institute. Without the guidance of that team to work with grant writers to bring in funds, merchandizing and take advantage of our strong line and is a key business line and need someone focused to attract additional programs, grants through private or corporate investment. This position is critical to deliver on the promise of our objectives. Industry and Business Development, we do not today have the staff to go out to bring industry. Without focus on what and who the Spaceport is targeting the companies and putting together the value propositions from a knowledge based perspective this industry business development we will not deliver on jobs. Program management of a small agency and the efficiency of what we do and how we do it is required. Because of the amount of activity and those levels are increasing daily as we move towards more recognition. We need someone who is organizing and actually plans and keeping us operating at peak performance. That organizational discipline needs to be installed and run that operation kind of like a chief of staff.

The grand opening when we go live is a huge opportunity to spotlight New Mexico just like the ground breaking but several notches up and we need to hold a big X Prize like type event with people around the world celebrating this opening of commercial space.

The budget breaks down into categories: In Category 200, Personnel is a 47% increase and the bulk is the three new positions and some salary adjustment. Category 300, Professional Services, a large percent increase but half of that is in two programs, the annual student launch program and the Super Loki program. To create sustainability educational benefit it can only occur when teachers have it in their curriculum. These two programs are fundamental and \$175,000 is needed for the student launch to have that rocket. Space Grant has already been raising funds for this program. WSMR has offered 80 – 90 surplus Super Loki rockets and launcher. Holloman AFB offered to develop the middle school curriculum around these rockets; the issue is the cost to launch these so it is a highly leveraged \$100,000 in terms of gaining access to all of these assets which translate to a highly beneficial program for students.

Growth in PR services: Wilson Binkley has done a very good job supporting the position of Spaceport America brand and New Mexico in the press. As things accelerate there is more and more press and PR activity. Wilson Binkley has been wonderful, but has also written off a lot of money because of the demands. They have been a tremendous asset to us, so the likelihood is we have to go for a RFP on PR marketing services and that is an increase in budget.

Legal support for construction activities: Steve Amland is the general counsel for the authority, but we still need experts for specialized legal situations. Currently we don't have funding in place in the operating budget, and when we move from construction to operating, there will be an on-going need for expert counsel.

Category 400, Other Costs: As the Agency has grown there is other associated cost. A large piece of this increase is the rancher payments. The land payments to date have been coming out of the capital budget. It now needs to convert to operating just like the

State Land Office land rent, we are now asking and that is \$175,000 to co-exist in that arena. Conference and Symposium: To attract business, NMSA partnered with MVEDA, WSMR and City of Las Cruces in a collective effort pitching all of the value and assets of New Mexico at the March Colorado national conference. We need to step up our activity in the industry as we become a major player in commercial space, so there is some increase in advertising and marketing. Now is the time to promote ourselves to attract industry and customers. Included is some office expense to replace computers as they age, etc.

Spaceport America is already having a very positive impact looking at some of the things that have happened, over the next year and a half there will be 400-600 jobs created constructing Spaceport America. The educational launch had 400 people attend and the ground breaking brought people from all over the world, 400 on site and many others looking at New Mexico.

2010 Spaceport Legislation: Mr. Amland briefed the board on the importance of the informed consent legislation for people choosing to go up to space. The legislation is trying to mirror the federal legislation of 2004 in that space travelers are not passengers, but participants that choose after full disclosure to participate in space flight. It is important by allowing people the right to choose based on full disclosure to participate in this activity and the NM legislation will provide that. Florida and Virginia have passed similar pieces of legislation and now NM needs to do the same to remain competitive. This legislation will be presented to the NM Finance Authority Oversight committee on October 1st. Mr. Amland continued stating there is no money attached to the legislation, we need to get the legislators to agree and evaluate the value of passing it. NMSA is working with GSD Risk Management regarding the necessity for this legislation for both the State and NMSA. A draft of the legislation will be sent to the board. Mr. Amland requested the members read the legislation and respond with any questions and be ambassadors of this legislation, noting that NMSA and New Mexico must remain competitive. Mr. Landeene added that the Virgin Galactic board did inquire on the status of this legislation as they are seeking insurance on their space flight activity and asked if New Mexico had this type of legislation like Virginia and Florida. It is a competitive issue and it is important that we stay on the leading edge of commercial space. Director Holdridge questions if there was anyone against it, with Mr. Landeene responding that on the surface everyone understands but will be challenging whenever looking at liability limitation type issues and people are very cautious and it is very specific to a participant of these activities. We need to successfully communicate it is very narrow to participants and not to third parties.

Steve Trevor commented on the 2004 federal legislation and will request a letter be written to the Governor and legislators for support of this legislation.

Approval of FY2011 NMSA Budget: Mr. Landeene stated a full budget details were provided to the board. Mr. Landeene reviewed and summarized from the previous budget overview explanation. Director Woods commented on the operational spaceport having a different flavor and thanked staff for establishing the planning session in

November. Mr. Woods expressed his individual concerns funding, unknown needs that will exist in 2011, the business of launching and recovery of flights. Director Woods requested clarification on the request for \$1.2M is coupled with capital request for \$7.5M and then recurring funds of additional \$1.12M start up/operational. Mr. Landeene and explained the \$1,12M was for a six month GAP period and will be a request for a special appropriation as well as the grand opening. Director Woods requested specifics on operational and current cost, with Mr. Landeene stating that first and foremost was to become self sufficient and not have to ask the legislature for educational funding. Mr. Landeene referenced Huntsville, Alabama successful chamber and volunteer organization raising approximately \$3-\$4M a year. Mr. Landeene provided information on the Gates Foundation needing programs to sponsor that NMSA is exploring, this being a function that a financial director would handle. Mr. Landeene further noted staff changes moving toward the technical side.

The Chair commented that the agency has certain vital functions and these activities need to prioritize expressing that the prioritization needs to take place and there is a time table for budget submission.

Director Manatt, requested explanation on the \$140M State appropriation and why the \$7.5M was not appropriated. Mr. Landeene explained that the funding came in different appropriations. Director Manatt further questioned the \$1.35M gap funding and being new funds. Discussion was held on expansion request and special appropriation. Director Manatt requested a high level one page bullet page expenditure vs. appropriated. Mr. Landeene stated that information would be sent out to the board.

Director Holdridge questioned the operating budget, special appropriation and capital budget. Brief discussion was held and information on special appropriations submission date will be forwarded to the board.

Motion by Director Manatt to approve the FY11 budget, second by Director Woods, motion carried.

Resolution: Board Authorization for Executive Director to Issue Notice of Awards: Mr. Amland briefed the board on the resolution to delegate authority to the executive director to issue Notice of Awards on contracts after bid. Due to the fast timeline for construction which required the board to meet, in cases where the selection committee identify the low bidder, would authorize the executive director approve the bid award and issue Notice of Award, this would be subject to requirements of the procurement code. In those instances where the Spaceport Selection committee does not recommend the apparent low bidder, the selection be taken to the board at a special meeting. The delegation of this authority under this resolution would be effective through the end of this calendar year. Question on members of the selection committee, Mr. Rabon responded two staff members, representatives from AECOM and two Gerald Martin representatives.

Discussion and comments by the Chair and Directors on the necessity of the resolution, awarding of bids to the apparent low bidder according to the procurement code, rapid succession of bids, utilization and convenience of the members time. Chair Mondragón stated he would like to hear from the rest of the board and then resolve this issue. Director Westmoreland stated he appreciated this and the rationale behind it, but fundamentally it is the responsibility of the board to oversee the money and in the interest of public reception and accountability to the legislature and the taxpayer, that burden has been on the board's shoulders and should remain there. Director Manatt question the third part of the resolution, will be effective thru December 31, of this year and the intent to have an annual renewal and the board needs to retain its fiduciary obligation. Mr. Landeene noted the only issue is with the open meeting act public notification of meetings. Director Holdridge stated according to the procurement code apparent low bidder is awarded and unless there is a special circumstances. Director Woods commented there are institutions in the state that have delegated the award of contracts to staff level, however in so doing most governing bodies have retained control of the purse strings by adding specific control of the budget for the work element and was uncomfortable in supporting as it is presented.

Director Westmoreland offered that board consider this issue at planning session and take action subsequent to that. Noting that as the clock ticks it becomes less and less relevant and less needed. The Chair offered an alternative suggestion. In terms of the timing, he recognized the staff and construction manager needs to move quickly on certain things, but at this stage the board has some responsibility and make sure they meet their fiduciary responsibilities and since they don't have a detailed budget on what has been allocated by category or proposed bid, it might be easier to delegate. Director Holdridge commented that it could be set up as a once a week meeting and cancel it if there is not something to do in the next few months. The Chair suggested that Directors Wood and Westmoreland co-chair and come back with a board resolution that is appropriate. The chair considered the resolution withdrawn.

Construction Update: Mr. Rabon gave the update noting FAA approval from cultural mitigation data recovery efforts by Zia Engineering doing an excellent job by access to the site handling all of our requirements from FAA. FNF New Mexico is the site enabling contractor and they have fully mobilized and are providing access to the site. They have fenced cultural sites and provided a fast line that will supply water to the site for the airfield contractor and others. They also have temporary road installation that has occurred and it is near completion. They have put in a culvert across Aleman Draw which is a needed aspect of the process to access the site. They have put in a staging yard with site trailers and they are currently setting up security and detours are being established around the facility. David Montoya Construction is the airfield contractor and they have fully mobilized and brought in their testing company and are grubbing and clearing the runway. Note to mention that Romero Excavating was substituted for Guzman as earthwork subcontractor by Montoya. The first on-site construction meeting was held with attendance by the airfield contractor, site enabling, AUI, Smithco were all in attendance and was very productive.

The Water, Wastewater and Fuel Storage contracts have been signed and the pre-cons are scheduled for next week as well as notice to proceed. Internal Roads will be the next bid going out. Mr. Landeene commented on the bid strategy and NMSA has realized a tremendous amount of saving due to the economic times and more packages has allowed more companies to bid them.

NMDOT has completed AO13, very nice access to the site. Also our construction management firm, Gerald Martin/HDR is an intricate part of the team as well as EIS data recovery. On the SEC agreement, we are in final approval status with the SEC board. Mr. Landeene commented that they should signatures on the documentation at their next meeting and will start that process of the substation. We will be setting up the joint account to receive those funds. The Lunar Lander pads were installed and we have been marketing to bring in clients.

Director Manatt asked about the X prize competition. Mr. Landeene responded that after last year nobody had funds to do a major X Prize event and X Prize changed their rules since FAA changed the rules and they will come to your home base. In the future we need to look at a Spaceport America event that bolsters the education and bring them on sight, which will require some fundraising.

Chair Mondragón asked about the status on the State Engineer regard to the use of the temporary /emergency water system? Mr. Landeene responded that he had not heard back. The Chair requested Mr. Landeene explain the situation. Mr. Landeene stated that water is always a key element and working with Gerald Martin, it was deemed that contractors would have to find their own water. There is this railroad water well that hasn't been opened in forty or fifty years, but this was a mythical well that produced tons of water that was perfect water for those steam engines. FNF took the initiative to open the well, install a pump and understand 395 feet of agricultural water rights go with that well. So they have agricultural water rights and trying to convert to commercial / construction. They had interim using their one to 3 acre feet per year and are working with the Wallins separately to get other water rights, so they have run a fast line about 6 to 7 miles so we don't need water trucks going up and down AO13, a huge benefit for the project and the longevity of AO13 in terms of driving water a long way. They have run a fast line along the earth work of BLM and we have water now dumping out right on the site. Montoya has signed a contract with FNF to provide water for the airfield, a huge water consumer along with FNF needing it for dust control. It is at the State Engineer's office with a couple of protest although these water rights exist. Diverting them to construction to support this project is very important, and fully endorse and support the State Engineer allowing this conversion. It is a temporary activity, construction is a short 18 month duration and using this water to help us not to haul water will lower the cost and it is the right thing to do for the state of New Mexico. The Chair asked if he wanted the help of the board. Mr. Landeene responded he would accept any assistance from the board or what ever anybody can do. He had signed an affidavit for support. Montoya has already questioned FNF about the water rights and it has impacted the project.

Mr. Loomis stated that there is a precedent and to check with NMDOT that every project that they bid they has a notice in their bid documents that if a contractor gets a job, they can transfer any kind of water rights to that project as long as they go through the allocation that is allowed to that project. It is allowed to transfer to that project only; it is not a renewable source of water. It is a little economic benefit for whoever has the water rights, but also excellent to keep the contractor moving.

Chair Mondragón requested a copy of the affidavit be sent to all of the board members so they can follow up with the State Engineer. The Chair asked for questions from the board. Director Holdridge directed his question to Mr. Landeene and Mr. Traver on money for the southern road with a cost of \$25 million and if it was in the GRIP proposal. Mr. Landeene stated when they evaluated the overall budget the bids came in more favorable than anticipated and estimated, so that may free up some money. Mr. Traver commented that the transportation appropriation has not come to the floor and the committees have not released their reports. Money is somewhat fungible at the discretion of the Governor, as it is money given by the federal government to the state.

The Chair commented we need to keep this in the forefront as the need to Dona Ana County is critical. Mr. Landeene recommended this be an item put on agenda for the Board Planning Session to discuss options.

Spaceport America Groundbreaking video was played for all to enjoy. Mr. Landeene stated the video is on Spaceport America website. The ground breaking was a great couple days. The Governor spent the full two days and spoke at every event. The attention and spotlight for a ground breaking that this drew was the marketing by Wilson Binkley. There were 310 stories and in the month of June nearly 100,000 website hits, 60,000 hits in a three day period which showed the power of what this can be in the interest level on a global scale. It is all about brand and what we can do with it, and this was a small case, so that is the grand opening will be phenomenal. This is about raising New Mexico in terms of prominence on a global scale. This is about elevating New Mexico and all of the assets and will market and promote everything so it is bigger than itself in terms of what it can do for the state. The video was put together by Kay and Dave part of the National Geographic crew doing the mega structures series.

Director Westmoreland commented that Steve, Chad and the staff did an awesome job putting the ground breaking and makes you look forward to the grand opening, pretty exciting. Chair Mondragón expressed thanks to David Wilson.

Public Comment: Mr. Jim Hayhoe asked about an article in the newspaper that made reference to BP Solar and power at the Spaceport and any implication. Mr. Landeene stated there was an energy conference in Las Cruces and an announcement was made with BP and Tri-State at the T or C airport region, 22 megawatt exploratory solar to connect to the 115 KV line on that site. If the Spaceport were to have that power it would be Sierra Electric Co-op purchasing from Tri-State. Mr. Landeene stat there is no relationship with BP.

Executive Session: Personnel and Real Estate Status Briefing. Motion by Director Westmoreland to enter into executive session pursuant to Section 10-15-1 (H), Section (8) of the Open Meetings Act for the purpose of discussion of limited personnel matters including hiring decision and purchase, acquisition or real estate.

Roll Call Vote:

Chair Mondragón – Yes

Director Holdridge – Yes

Director Manatt – Yes

Director Westmoreland – Yes

Director Woods - Yes

Back in Open Session: Motion by Director Manatt to open the meeting, second by Director Woods, motion carried. Chair Mondragón stated that the matters discussed in executive session were limited only to those specified in the motion for closure.

The Chair asked Mr. Loomis to make a comment. Mr. Loomis stated he has never been associated with a more stellar group and very proud to have been part of the board. He did not want a shadow cast or potential of perception with his association with a subcontractor. He stated he was proud to see this project to the construction state and supports the Spaceport 100%. Director Manatt commented that he had not seen a more enthusiastic and dedicated volunteer to the state of New Mexico and to the Governor and thanked Mr. Loomis. Chair Mondragón requested staff prepare an appropriate resolution. Mr. Landeene commented that Mr. Loomis was a staunch supporter in Sierra County and was a pivotal vote required a very critical time and there has not been anybody with more support or dedication in serving this board and this final act is another testament to his love for the Spaceport and Spaceport Authority and commended him for taking this action and appreciated all of his service.

Motion to adjourn by Director Westmoreland, second by Director Manatt, motion carried.

Approved:

Fred Mondragón, Chairman

Date: _____