

NEW MEXICO SPACEPORT AUTHORITY
Regular Meeting
June 18, 2009 10:00 AM
Las Cruces, NM

The meeting was called to order by Chairman Daniela Glick. Roll call was taken with eight members present. Quorum confirmed. Officials and guest present included Steve Landeene, NMSA, Aaron Prescott, Spaceport America, Lou Gomez, NMSA, Mary Ann Myers, NMSA, Steve Amland, NMSA, Matthew Jaramillo, NMFA, Richard Virtue, NMFA, Christine Logan, City of Las Cruces, John Roberts, Gerald Martin Construction, Wayne Savage, AECOM, and twenty six other guests.

Members Present:

Daniela Glick
Brent Westmoreland
Eric Vasquez (Designee)
Jim Manatt
Ben Woods
Toots Green
William Loomis
Richard D. Holdridge

Members Not Present:

NA

Approval of Agenda:

Motion:

Brent Westmoreland moved to approve the agenda. Rick Holdridge seconded on the motion. Motion carried.

Approval of the April 15, 2009 and June 9, 2009 Minutes.

Motion: Brent Westmoreland moved to approve the minutes. Bill Loomis seconded on the motion. Motion carried.

Spaceport America Overview: Steve Landeene reported the Spaceport was progressing noting that the road AO13 had some issues which have been resolved and should be completed by the end of July. Power options great progress meeting with Sierra Electric, extensive negotiations on the agreement and taken to SED Board on June 19th. Status of things since last board meeting AECOM working diligently to update the final configuration where the terminal hanger facility will be, the internal roads, the electrical. We went for a concrete alternate so that was a new design AECOM had to produce, so those bids were let on May 5th and bid were opened and we are seeking approval of Notice to Award to FNF or Site Enabling and Montoya Construction on the airfield. The concrete alternate is the recommendation that war are moving forward with it is a much more capable runway to taking various types of vehicles in the future, fuel compatibility, etc. The economic times have helped in this

regard with commodity prices coming down since last fall where we were planning to have a potentially bad situation with pricing, we have been helped. Those are some of the key highlights. The wastewater treatment plant, fuel storage and water bids have been released so we are looking at the first part of July to open those bids. We are doing the environmental work those folks are doing their work to get the road into the spaceport complete. We have had to do biological surveys for any night flowering cactus, special migratory birds species, etc. That work is being completed by Zia Environmental. There are some bird nests with eggs in the thousand acres they have done the biological survey for and we are now coordinating with them exactly what we need to do to close proximity to those nest until the birds have fledged and left.

The GRT Bond issuance we are working with NMFA – that work is progressing and later this month we will be seeking to issue those bonds at \$58 million bond issuance which will provide us the funds we need to fund the various projects at hand.

Near term focus area – now we have equally aggressive future. We are doing things in getting the reaming bids out – AECOM is finishing up their work on internal roads and electrical. Finishing cultural mitigation issues. WE are putting in lunar lander pads and there are several reasons for that and work will start next week. X Prize and NASA have gotten together to open the season for the lunar lander pads on July 1 thru October. That means the prize money \$2 million award of which Armadillo won \$350,000 last October in Las Cruces and it is now open season and they have changed the rules due to economic times. FAA has changed amateur class rocket rules and X Prize has thus changed top allow people to fly from their back yards. So if they want to invest in putting in pads, they can invite the judges and teams to come out to do that. What we are doing is we are putting in the pads at the Spaceport for a couple of reasons: 1) To encourage those teams and welcome them to come to New Mexico to win that prize money and 2) we will need those launch pads for Armadillo later this fall. We are being proactive to attract those customers versus just the UP Aerospace launch pad and this give us additional vertical launch infrastructure ready for customers to come out and experience it along with providing education opportunities for kids to go out and do much small class type amateur rocketry as well. We will be amending our license to include horizontal capability. The vertical license we received had the framework for the horizontal and Lou is leading that effort. Working on air space issues working with White Sands trying to develop where we are going. We are looking forward to the next couple of days where we will all celebrate the historic moment of Spaceport America becoming a reality. Questions by Director Loomis if the lunar lander pads are being constructed by NM contractors. Mr. Landeene stated Bartoo is providing the concrete and rocks is a veteran owned Freedom Construction a veteran owned construction company from Albuquerque will be constructing the forming a three day process.

Director Manatt commented that he noted the Sierra Electric agenda item had been taken off the agenda, whereas staff was suggesting the need for a near term focus on the Agreement, asking Mr. Landeene elaborate on it. Mr. Landeene stated we spent 12.5 hours going over the agreement by paragraph and the work in process of why it is

not in front of you today is Steve Gee and Sierra Electric have a bunch of schedules to complete, how the rate going to be built up and all of these things. He is working diligently and that is why he is not here this morning. He is focused getting those schedules ready so they are ready for his board tomorrow and then we have the board meeting scheduled to discuss bonding and we will be adding to our agenda for that meeting. Hopefully by tomorrow we will be forwarding. Mr. Manatt asked if Mr. Landeene's plan was to try to approve something on the 25th. Mr. Landeene stated that was his hope and plan but until the Sierra Electric board comes up with the specifics and until he sees the actual schedules that have been produced, he wouldn't know for sure whether it would be a formal recommendation or a discussion of the topic and follow up action, before an approval can be given. Director Manatt addressed the chair requesting the board be given sufficient/adequate time to carefully scrutinize the agreement, as he has concerns based on their previous comments to the commission regarding timeline, regarding ownership of facilities and regarding who pays for what. He indicated a desire to take a careful look at the proposal. Both the Chair and Mr. Landeene agreed. Mr. Landeene stated there will not be any pressure at that meeting to have the board approve and he would feel much more comfortable about their timeline after sitting thru their scheduled with them so the timeline is not as such a critical nature as it appeared to be. The board needs to do the due diligence. The Chair highlighted a couple of exciting things, the concrete runway will be awesome and will advance all the capabilities that we will be able to do at Spaceport America and will be an excellent advancement for us. Another thing is the bond issuance and Aaron and Steve Amland have been working round the clock to get the back to us to discuss on the 25th.

Mr. Stephen Attenborough expressed his thanks and gave an update on Virgin Galactic noting an extremely complex and expensive project and noting the biggest recession since the beginning of time they have carried thru the period and have continued to pursue the milestones. This year more than any other year the project has been a year of very physical milestones, rolling out the first of commercial vehicle, White Knight aircraft the carrier aircraft and the worlds largest carbon composite aircraft every built and most fuel efficient and quite a unique bit of equipment in its own right which will have many ancillary uses although it has been primarily designed to carry the spaceship from the ground to 50, 000 feet. Just before Christmas Virgin was able to get the plane in the air for the first time which was a huge milestone, very tangible evidence that things are progressing. And since that date in December Scale Composite has carried out nine test flights gradually expanding the envelope with the aircraft and the tenth test flight weather permitting will be tomorrow. The aircraft has been performing flawlessly and it is an unusual aircraft and we need to start slowly and expand the flight envelope. The ninth flight actually took the aircraft to its maximum speed of its launch altitude to 51,000 feet slightly above the altitude of the launch spacecraft. Virgin will take the aircraft to the air show in Oshkosh Air Show in July and then we aim to and next milestone in the project is get Spaceship II on a glide flight from White Knight II to glide down to the runway by the end of this year. Mr. Attenborough noted the day the spaceship rolls out will be another big milestone because it is very tangible evidence. The development of the rocket motor is progressing in a very tangible and positive way

and with several hot test fires, noting it is the largest nitrous hybrid rocket and it will be capable of taking spaceship II to just under mock 4. Noting the recession hasn't affected their ability to attract customers. All of their customers have refundable deposits and Virgin has returned no more than 3 or 4, which is a normal rate of refund they see on a regular basis and Virgin continues to make sales through this difficult time. Virgin has sold tickets to about 320 people and has about \$40 million dollars in deposit in the bank account. Which is very important to continue to justify their decision to do this project and they have started to see other markets develop which is very important for the future of the business in New Mexico. The tourism business is the supporting reason, but the non-tourism business is equally exciting. Mr. Attenborough continued stating this sub-orbital product we've got the spaceship and the aircraft as providing a very usual test platform for microgravity research to high atmospheric research and a whole range of application. Also stating just this year we have taken over the services of Dr. Allen Stern who was the director of head of mission director of NASA and he is starting to push this part of our business plan to the scientific community. His estimates to the US alone are that we should support equivalent seat sale of 1,000 a year in the first three to four year of operating. We are also pursuing other outside the U.S. and underwrite to some extent the business plan in terms in jobs education being to put scientists in space, bringing a lot of possibilities to the Spaceport. A film of the first flight of White Knight II was shown.

Director Loomis asked Mr. Attenborough since the altitude was 51,000 feet would he divulge the top speed? Mr. Attenborough responded that he will have to check on that as they try to give enough information without giving too many trade secrets.

Director Holdridge asked who the test pilots were. Mr. Attenborough responded they were Pete Seabolt who was very involved in Spaceship I project as well as Brian Benny who was actually part of the White Knight II flight. Virgin Galactic has its own initial quarry of pilots as test flight progress will be reintegrated into the program so when commercial operations begin they will have sufficient pilots. The Chair thanked Mr. Attenborough.

Mr. Landeene recognized Mr. Stephen Attenborough commercial director for Virgin Galactic, Stephen Attenborough and Will Whitehorn to support and celebrate the ground breaking events. Mr. Landeene stated it is thrilling to have such a wonderful partner to bring this technology to New Mexico and have all of these benefits to the United States and the world.

Approval of Site Enabling and Airfield Contract: Mr. Landeene stated the directors have a summary of all the bids. The procurement was through the GSD office state procurement invitation to bid process. That is a low bid process and what the selection team had done on receiving the bids was to review those low bids and ensure they were compliant with the procurement code. With that what we are bringing forward today is following that process and is to have board approval and selection and notice of award of these two parties. FNF New Mexico on the Enabling Works and Montoya Construction on the Airfield.

Motion by Director Loomis to approve FNF New Mexico and David Montoya Construction be awarded the projects, second by Director Green, motion carried.

Mr. Aaron Prescott reported the Spaceport America Regional Spaceport District is the body created by statute to oversee the public funds and their use towards Spaceport infrastructure. This is 75% of the gross receipts tax levied in Dona Ana and Sierra Counties that are earmarked for this infrastructure purpose. The directors three from Dona County and three from Sierra County have done their due diligence and engaged with the New Mexico Finance Authority (NMFA) as a partner for bonding and financial advice, a process that has led us to realize \$58 million tax exempt bond issuance over a 20 year period. The proceeds from these bonds should be available per State Board of Finance requirement by mid July. Mr. Prescott reviewed the milestone of getting on the State Board of Finance agenda by submitting a financing plan document, getting on the State Board of Finance meeting the 23rd, next step to put a Intercept Agreement with the entities involved in the transaction that being the Spaceport America Regional Spaceport District, Dona Ana County, Sierra County, NMFA and the State of New Mexico Taxation and Revenue Department. A succession of meeting as an efficiency measure to make sure the money is paid toward debt service as quickly as possible to avoid potential default on debt service. Next the Spaceport Authority Bond Resolution approved last week, approving the issuance of the \$58 million tax exempt bonds. The State Board of Finance then takes these parameters of maximum, the interest rate, the terms and principal of the bond issuance and gives the State Board of Finance approval. We conferred with NMF staff earlier this week and they made a few changes as to the maximum interest rate down from 7 to 6 % and made sure the Authority was comfortable with that and we amended our Memo and that has been received by the State Board of Finance. Next step is the actual sale of the bonds on the 23rd thru the 24th, we have the retail institutional pricing period where the actual bonds are priced and sold and between the meeting of the Authority and the NMFA will sign the bond purchase agreement and the bond sale resolution. Finally we file final documentation with the State Board of Finance confirming the exempt status of the bonds and other compliance required documentation and the sale will close approximately July 16th with filing with IRS. It has been a long ride to this point and this is the first bonds sold and should we decide to go forth, this process will be repeated,

Director Holdridge asked is the actual interest rate to be paid determined on the date of sale based on market conditions. Mr. Prescott confirmed that we are expecting a conservative 4.85% interest, but recent issuance have been in the high 3% range, there may be some flexibility. Mr. Prescott also stated that there is a 1.28 times coverage ratio; we have a very conservative partner in NMFA. Director Holdridge asked if we got into 3% do we get a chance to sell more bonds. Mr. Prescott stated we would pay down the debt and we would not sell more at this time. Mr. Prescott stated that we will be getting four kinds of reporting for audit purposes delivered to the district, to the counties, and at the Authority that all funds are used as described in the financing plan and are accounted for properly.

John Robert gave a construction update, noting we are on moving forward on the runway, and a portion of this as well is the site enabling works. The horizontal infrastructure bids are to take place between May and August 2009, AECOM has been working diligently to break those package out from the original four bid package that we had in December into the 13 so we could get them out on the street. Mr., Roberts thanked the board for taking action on the Airfield and Site Enabling. Mr. Robert continued, stating he was looking forward to June 23rd pre-bid conference for the Water, Wastewater and Fuel Storage, and expect a robust turnout for those package and then moving into the remaining packages and hoping to see the THF bidding partners with URS and Foster moving sometime late in August or early September to remain on schedule on construction and bidding processes. Field mitigation is taking place right now with Zia and they are moving at a good pace and I don't anticipate a delays. Biological survey will see some movement on that this next week, but we still have several weeks to put our contractors under contract and give them a Notice to Proceed. AO13 as reported had some issues, we owe a public thanks to Ben Keary (??last name) who entered into negotiations with the contractor on site as an uninterested third party to resolve issues and took it back to Frank Guzman with DOT and they were able to get back under construction at an accelerated pace. They are also now entertaining a look at the cut off road of AO23 to help us with our construction traffic. The corridor study is still on hold for the southern access until we find some funding to work on that portion. We have been here since 2008 and out office is beginning to ramp up in personnel in trying to take into consideration that we h=may have 12 to 13 separate contractor on site. NM Dolt, the New Mexico fiber optic service is moving forward. The electric service agreement with Sierra County Co-op is eminent at this point and hopefully we will have approval thru the board. The Chair commented that on the southern road Spaceport America is petitioning Congressman Harry Teague to make that a number one priority in the reauthorization bill where we try to get the most amount of money that we possibly could to move that forward.

Director Loomis asked where the lunar lander pads will be located in relation to the launch pads. Mr. Robert stated they would be in the vertical launch area. Mr., Landeene stated they are in the current fencing area of the current UP Aerospace pad.

Educational Launch: Mr. Prescott highlighted a very successful launch attended with 400 folks, and accomplished our educational goals with 10 schools: 5 high schools, 3 community colleges and 2 universities with students built payloads, integrated into the rockets and launched that morning. The differentiated component of this is that it is an academic program within the classroom, not an after school expensive babysitting type activity. More schools signed up for next year, with the goal of course to have this program expand throughout the entire state. Video of the launch was shown. Director Holdridge asked if we had a chance to talk to the students or talk to the legislators – Mr. Prescott responded absolutely. Director Holdridge asked how may educational launches we are trying to do this next academic year, Mr. Prescott responded the next annual event is in planning and looking at other vehicles, potentially Super Lokis for more frequent educational launch vehicles. Director Holdridge asked how a school would get connected with this. Mr. Prescott responded if a school wanted to get

involved, we are working the NM Space Grant Consortium on the student side and to direct them to their website: Spacergrant@nmsu.edu or to contact Pat Hynes. Mr. Landeene commented that these are not inexpensive and so funding is an issue and Pat Hynes and the Space Grant has extended discussion outside of New Mexico so we can fund the rocket while keeping a space for NM students to minimize the cost but not only to schools but to potentially folks like Kirtland Air Force Base, which also had a mission on this launch. We are seeking additional funding and then the frequency can increase.

Lou Gomez reported all launch procedures were flawless and launch criteria were met. During the flight there was a premature separation with the payload on the launch vehicle that occurred at approximately 10 seconds. The booster and payload landed in prescribed area. UP Aerospace is looking at the anomaly and expect a report by mid July. Mr. Gomez reported as of December we became a licensed Spaceport and as a result we have to look at annual inspections. The first inspection occurred on April 30, of this year. Two representatives from FAA handled the inspection looking at agreements with WSMR, launch facilities at Spaceport, mitigation plans on EIS and then participated in a dress rehearsal and also participated in our flight review. As a result we passed with flying colors and we will have an inspection every year.

Director Loomis commented he saw the letters and FAA recognized Lou for his outstanding performance. Director Loomis recognized Casey Loomis, Kent Evans, and Todd Dickson as founders of the whole space adventure and they are still with us, we lost Len Sugarman and Lonnie Sumpter.

Mr. Chad Rabon reported on the ground breaking events beginning today and tomorrow with visitors from all over the world. A great committee was formed primarily volunteered based, with Aaron Prescott and Mr. Rabon as co-chairs on the committee, with 12 different Sub-committees. Tonight is event at NMSU at 5 to 8 PM, then the VIP reception at the Farm & Ranch museum. Tomorrow June 19, the T or C public event and then the VIP ground breaking event on site. Logistics lined out, buses are scheduled to leave promptly from Hotel Encanto at 7 AM, so VIPs that have RSVP to attend the event to show up at 6:00 AM for a complimentary breakfast for the guest at the hotel and we will leave at 7AM. Buses will arrive at 8:30 at Ralph Edwards Park and will have the check in for the VIPs and the buses will leave promptly at 9:30. The Chair summarized every person who has been invited must be on a bus, so you have two options arrive at Hotel Encanto at 6:00 AM, we expect 200-300 people to register there or you come to Ralph Edwards Park and load on the bus at 9:15 AM. Be prepared to load on the buses and should be a fine ride with good things happening on the buses. A reminder for guest from outside of the US to bring passports buses will travel thru a Border Patrol checkpoint. Mr. Rabon expressed thanks to Virgin Galactic and noted White Knight is trying to fly in. Mr. Rabon noted VIP invitation were put together very comprehensively some reason someone was not included, we apologize, however the list continued to grow being close to 400 RSVPs. Mr. Landeene stated we hit a wall logistically with a bus limitation and we are actually turning people away. Mr. Rabon continued with confirmation that Governor Richardson and Will Whitehorn and George

Nield from FAA that will be attending. Mr. Rabon acknowledged the chairs of all of the committees and Thanked the sponsors, and communities for their support.

Public Comment: Mr. Wayne Savage, AECOM, representing the Las Cruces Chamber Commercial Space Committee was started as a task force a year ago. Mr. Savage gave a brief history on the committee believing in the emerging technology and Spaceport America and our community could make a difference. Moving forward to reach out to local business community and started recruiting to grow our business base. Plans to work with the military communities to maximize and work with corporate partners and promote to other corporate partners. The group started with 8 members and now grown to over 31 members representing 24 different groups within our region. Accomplishments include ISPCS , 20 presentations to businesses, Las Cruces Day in Santa Fe for support by the legislature, publications, pushed for construction briefings and corporate outreach. They have reached out to Huntsville and their chamber to do what they have in terms of working the space and military community to grow. Mr. Savage reviewed the brochure that highlights the partners and the assets we have in southern New Mexico and the space history in NM.

Mr. Savage continued stating Sierra County has had three meetings to highlight the Spaceport and their community, now kicking off that process in Dona Ana with first meeting on July 21st. Governor Carruthers will be the moderator, with Mr. Landeene speaking with an update on the Spaceport and a Q&A for the public. The idea is to bring the reality of this to the community. With quarterly we will overlay with the Len Sugarman Forum at the Space symposium in October. Future events will be focused on education, economic development, tourism and continue to get that message to the community. Will look at futuristic projections, business settings and supply chain information. Continue to get the message out on Spaceport America and southern New Mexico assets, working on awareness, advertising and getting a blog, working with the chamber, with Military Affairs committee and small business committees to maximize efforts. The Chair thanked Mr. Savage and the organization for their efforts and the communities for taking this effort forward.

Mr. James Webb, Dona Ana Community College stated he became aware of a Spaceport associate involved to further advance the educational outreach for the Spaceport Institute. Noting it is important as a body to take positive steps to make certain this individual do his magic so to speak so the educational not just the technical continue long term outreach for Las Cruces and southern New Mexico market. The chair recommended Mr. Prescott follow up with Mr. Webb.

Director Woods requested the consideration of the board for scheduling a strategic planning retreat, noting we are at a critical point and questions that come forward now with the celebration of all the activities that has brought us to this point. Where do we want to be 2, 3, or 4 years down the road and how do we need to position our operation so we begin to move from planning and design to construction to operations. It is timely that we sit down and take a day and asked for support of the board member to participate and schedule one. The Chair agreed.

Mr. Steve Traver commented with a new NASA administrator and several people in the queue for confirmation in the Air Force that will be new leaders in this administration and all looking to make their mark but all thinking about 10, 20 and 50 years down the road and very timely to do strategic planning.

Mr. Roberts publicly recognized Director Loomis for his assistance to Gerald Martin and all contractors.

Next meeting is scheduled for June 25, 2009.

Motion to adjourn by Director Westmoreland, second by Director Green, motion carried

Approved: _____ Date: _____
Daniela Glick, Chairwoman