

New Mexico Spaceport Authority

August 20, 2010
700 N. Main Street
Las Cruces, NM

The meeting was called to order by Chairman Ben Woods at 1:00PM.

Roll call was taken with eight members present: quorum confirmed.

Guests and officials present included: Rick Homans, NMSA Executive Director; Chad Rabon, NMSA; Lou Gomez, NMSA; Aaron Prescott, NMSA; Bill Gutman, NMSA; Belinda Lucero, NMSA; Sandra Franco, NMSA; Josh Cantrell, NMSA; David Wilson, Wilson-Binkley; Beverly Luna; Max Kriehne; Jim Hayhoe; Rod Idilee; John Roberts; Ruben Olivas; Michele Garcia; Mike Holston; Wayne Savage; Claire Manatt; Traci Davis; Jeffrey Mann; Dudley Goetz; Cindy Goetz; Rob Spence; Steve Finch; Lee Peters; Erik Fuchs.

Members Present:

Ben Woods (Chairman)
Pat Beckett
Jerry Stagner
Toots Green
Gary Whitehead
Kent Evans
Casey Luna
Eric Vasquez-Designee (conference call)

Introductions: Chairman Ben Woods introduced and welcomed Director Pat Beckett to the NMSA board.

Approval of Agenda:

Motion: Director Stagner moved to approve the agenda. Director Evans seconded the motion and the motion was unanimously approved.

Approval of Minutes:

Motion: Director Luna moved to approve the NMSA Board minutes of June 15, 2010 and Director Evans seconded the motion. The motion was unanimously approved, with one abstention: Pat Beckett was not on the NMSA Board June 15, 2010 and abstained from the vote.

Financial Disclosure Act- NMSA General Counsel Josh Cantrell (Discussion Item).

NMSA General Counsel Josh Cantrell provided copies of and a general review of the New Mexico Financial Disclosure Act for the Members and advised Members

that he was available to discuss any issues that might arise for any of the Members under the Financial Disclosure Act.

Government Conduct Act-Josh Cantrell (Discussion Item)

Josh Cantrell provided copies of and a general review of the Government Conduct Act for Board Members and advised Members that he was also available to discuss any issues that might arise for the Members under the Government Conduct Act.

Report on Water Issues- Chad Rabon, NMSA (Discussion Item)

Jornada Del Muerto Basin Water Overview

Mr. Rabon discussed the Regional Hydrology Analysis and the water supply for Spaceport America. The regional water breakdown is in three major segments: Northern Jornada Basin, Central Jornada Basin and Southern Jornada Basin. The Spaceport site sits within the Central Jornada Basin.

The Office of the State Engineer (OSE) has issued a water rights permit to NMSA and proof of beneficial use of the water rights must be provided to the state within the first 2 years of issuance, which date would be Dec. 31, 2012. There are five protestants to the NMSA Water Right Application: Cutter Cattle Company, Inc.; Alan and Elizabeth Horschak; John D. & Helen E. Tate; Hazel Johnson; James M. Taylor.

Mr. Rabon made note that all NMSA contract documents state the following for each project: "The contractor shall be responsible for acquiring, furnishing and installing all water necessary for the execution of this contract."

The NMSA site enabling contract was awarded to FNF New Mexico, which has independently secured the right to lease temporary use water rights from the City of Las Cruces. OSE has approved the transfer of water to the Romero Well. Cutter Cattle Company are protestants to the FNF Water rights and a public meeting to address issues related to these water rights has been set for August 25, 2010 -11am at he Engle County Church. Discussion items for this meeting include: actions taken to date; water level findings; and future action and plans.

Chairman Woods asked for any public comment on this issue: Dudley Goetz stated: 1) that he was not contacted by OSE; 2) there is a settlement agreement between himself and NMSA, not OSE; and 3) no monitoring was done before pumping. Chairman Woods then asked if the public had been notified of the August 25th meeting and if the commitments had been fulfilled. Mr. Rabon stated that FNF is transporting water directly to Cutter residents and the situation will be evaluated on a case-by-case basis in six (6) months.

Director Whitehead asked if NMSA were in any violation and whether NMSA is following through on the agreement. Lee Peters responded that a permit has been issued and NMSA is in compliance and is following through on the agreement.

Approval of FNF Water Sales Agreement-Josh Cantrell, Chad Rabon, and Lee Peters (Outside Legal Counsel-Water Issues)-Action Item

Josh Cantrell and Lee Peters discussed the NMSA Water Sales Agreement with FNF. Spaceport agrees to allow FNF access to the production wells, solely for the purpose of producing water for use in Spaceport construction and related activities. FNF shall pay NMSA \$1.43 per 1,000 gallons of water produced from the wells.

Director Luna asked a number of questions regarding the contract and stated that he was not prepared to vote on the Water Sales Agreement until the questions had been answered. Director Luna then moved to table this item until such time as his questions had been answered. Chairman Woods then made a motion to approve water sales agreement. Director Evans reminded all that a motion to table takes precedence over approval motion and must be voted on before the approval motion could be made. NMSA General Counsel concurred. Chairman Luna made a motion to table. There was no second and the motion to table died.

Chairman Woods then made a motion to approve the FNF Water Sales Agreement, Director Evans seconded and the motion was approved, with Director Luna voted no and all other Directors voting in favor.

NMSA General Counsel will prepare a document responding to Director Luna's questions related to this contract for the next meeting of the NMSA Board of Directors.

Report from NMSA Executive Director Rick Homans-(Discussion Item)

Mr. Homans thanked all NMSA staff and contractors.

Mr. Homans then discussed: 1) the progress of the Spaceport generally; 2) the quarterly meetings between the NMSA and the FAA; 3) plans for September 16, 2010 meetings with WSMR, with Col. Krumm (Commander, Holloman AFB) and Gen. Regan (Commander, WSMR) to attend.

Mr. Homans indicated there has been great support for the Spaceport from the New Mexico Congressional Delegation, in particular Senator Tom Udall and Representative Ben Ray Lujan. Amendments to protect CRuSR program in both

House and Senate bills have been successful, but larger commercial space industry transition have been delayed by Congressional opposition.

Mr. Homans also made note that New Mexico has won the FAA Center of Excellence, which is further validation that the State of New Mexico is the epicenter of the commercial spaceflight industry. He encouraged everyone to attend the International Symposium for Personal and Commercial Spaceflight on October 20 & 21 at the New Mexico Farm and Ranch Museum in Las Cruces.

The October 22, 2010 Runway dedication at Spaceport America will be an opportunity to christen the new runway and to celebrate the commercial space legacy of Governor Richardson. This event will draw global media attention to this industry milestone event.

Sun Zia plans to develop new electric power transmission infrastructure to improve transmission of New Mexico harvested wind and solar energy to markets in California and Arizona. Wind energy is most abundant in northeastern NM and solar energy in southwestern NM. An Environmental Impact Statement (EIS) is under development. It was recommended that the Board adopt a resolution to encourage development compatible with the spaceport and military installations, which resolution will be developed and presented at the next NMSA Board meeting.

Finally, Mr. Homans indicated that the NMSA Staff is looking into acquire new, larger office space and that the lease at current location is up Nov. 16, 2010

FY11 Financial Report-Aaron Prescott, Chad Rabon, Wanda Helms (Discussion Items)

Mr. Homans thanked the NMSA Staff and Wanda Helms from Taxation and Revenue for their hard work on the preparation of the budget.

The NMSA operating budget is as follows: \$932,262 Personnel; \$145,500 Contractual Services; \$158,000 Operating. Total budget of \$1,235,762, which includes a mandated 3.2% budget cut.

NMSA currently is searching for a Deputy Director and hopes to fill that vacancy by Jan.2011. The ideal candidate will have strengths in Engineering/Technical, space-related disciplines, Financial Management, Operations and Organizational Development.

FY12 Budget Proposal-Rick Homans-(Action Item)

NMSA requested Board approval for the FY12 Budget and Expansion Request. FY12 Budget Request is as follows: \$739,746 Personnel; \$175,789 Contractual Services; \$177,725 Operational Budget. This includes a state mandated across-the-board 3.2% budget cut. Director Evans made a motion to approve the FY12 Budget. The motion was seconded by Director Green. The motion was unanimously approved.

Spaceport America Project Budget-Rick Homans (Action Item)

NMSA requested Board approval for the Spaceport America Project Budget. Mr. Homans discussed the Financial Report thus far. It is broken down into three phases: Phase I = \$112 million; Phase II = \$55.8 million; Other project costs = \$44.3 million for a total budget of \$212.1 million. NMSA has put together a budget sub-committee to identify budget. Chairman Woods and Director Whitehead are part of that committee. Motion by Director Stagner, seconded by Director Whitehead. The motion was unanimously approved.

Spaceport Tour Contract (Authorization to enter negotiations with selected vendor)-Aaron Prescott (Action Item)

Follow the Sun, Inc. was one of two respondents to the RFP for the Spaceport Tour Contract and was the respondent awarded the contract. A motion to enter into negotiations with the selected vendor to begin tours late Sept. early Oct. was made by Director Evans and seconded by Director Green. The motion was unanimously approved.

Southern road MOU-Motion to approve, subject to approval by the Doña Ana County and Sierra County Commissions -Josh Cantrell, Chad Rabon, Rick Homans (Action Items).

The MOU provides for the design and construction of the Southern Roadway to the Spaceport. Dona Ana County will have responsibility to design and build the entire Roadway as well as maintain the Roadway within their jurisdiction once completed. Sierra County will maintain the Roadway within their jurisdiction once completed. NMSA will be responsible for paying the cost of building the Roadway via reimbursement to Dona Ana County. The MOU is scheduled for discussion and vote by the Dona Ana County Commission at its meeting on August 24, and by the Sierra County Commission at its September 2 meeting. A motion to approve the MOU was made by Director Evans, which was seconded by Director Green. The motion was unanimously adopted.

NMFA Bond Application-Approval of resolution directing submission of bond application-Josh Cantrell, Rick Homans, Claire Manatt and Traci Davis (NMFA Financial Advisors) (Action Item)

Claire Manatt and Traci Davis discussed the submission of the bond application (get figures for GRT Analysis). Director Whitehead made a motion to adopt the resolution. The motion was seconded by Director Luna and was unanimously adopted.

Fifth Amendment to the Electric Service Agreement (ESA) with Sierra Electric Cooperative (SEC)-Josh Cantrell—(Discussion Item)

Mr. Cantrell explained that the purpose of this amendment is to revoke the Third Amendment to the ESA, which had changed the placement of certain electrical lines from above ground to below ground; to provide for the return of \$1,450,000 paid by NMSA to SEC in anticipation of constructing the lines per Third Amendment; and to provide for the visual mitigation for the Frontier electrical substation. The mitigation will consist of constructing a wall of native colored rock around three-quarters of the substation. The Fifth Amendment is currently being drafted by Sunny Nixon of the Rodey Firm in Santa Fe (outside counsel for SEC).

Updated NMSA Certificate of Incumbency—Josh Cantrell (Action Item)

An updated Certificate of Incumbency was required due to both a new NMSA Board Chairman and also because of a new NMSA Board Member. A motion was made to approve the updated Certificate of Incumbency by Director Stagner. The motion was seconded by Director Luna, and the motion was unanimously approved.

Public Comment

Cutter residents, Dudley Goetz and Cindy Goetz stated that they are upset at the OSE and that OSE have not provided them any service regarding water issues.

Adjourn

Director Whitehead moved to adjourn the meeting. Director Green seconded the motion and the motion was unanimously approved.

Approved: _____
Ben Woods, Chairman

Date: _____

