

DRAFT

New Mexico Spaceport Authority Regular Board Meeting 3/29/17

The meeting was held at the Elephant Butte Municipal Building. The meeting was called to order by Chairman Holdridge at 1000.

Chairman Holdridge led the Pledge of Allegiance.

Roll call of members was conducted by the Chairman.

Chairman Rick Holdridge present
Director Laura Conniff present
Director Nathan LaFont present
Director Michelle Coons present
Director Davin Lopez not present
Director Rebecca Latham not present
Ex Officio Member Lt Gov Sanchez present

Quorum was established (4 of 6 current voting members present)

Staff present: Executive Director Hicks, Sandra Franco, Belinda Benavidez, Zach DeGregorio, Tammara Anderton, Bill Gutman, Dave Mathews (EDD General Counsel)

Members of the public present: Sophie Peron, Ron Fenn, Vince Pokluda Randy Ashbaugh, Steve Green, Paul Deason, Fuentes, Sheriff, Klaus Wittern, Vanessa Bartoo, Howard Bartoo,

The chairman asked for a motion to approve the agenda. A motion to approve the agenda of was made by Director Conniff, seconded by Director LaFont. The vote to approve was unanimous.

The chairman asked for a motion to approve the minutes from the December 16 regular board meeting. A motion was made by Director Lopez and seconded by Director Coons. The vote to approve was unanimous.

The chairman asked for a motion to approve the minutes from the September 22 board meeting. A motion was made by Director Coons and seconded by Director Conniff. The vote to approve was unanimous with the correction that Director LaFont's name does not contain an "e."

Chairman Holdridge asked Executive Director Hicks to introduce new staff members. Melissa Force is the new General Counsel. She has extensive experience in space law. He also introduced Dave Mathews who is EDD's General Counsel that we share to some degree.

Mr. Hicks started his presentation.

Slide: Commercial Spaceflight Federation Conference, Feb 6-9, numerous industry leaders were present who presented their approach and technologies for getting to space. We're getting ready for improved space access as a nation and finding our place in the world.

Slide: U.S. Commercial Spaceports

Slide: National Air Traffic: This is a snapshot of aircraft in flight showing the WSMR shadow

Slide: Spaceport America Status showing WSMR airspace complex

Slide: Current and Future Growth. Near-term focus is suborbital. We have 3 of the 4 viable providers. A critical goal of suborbital providers is to attain 2 minutes of microgravity. VG is pursuing research markets in addition to human participants. The spaceport is looking to develop a payload integration facility. After suborbital launches, our next logical goal is low earth orbit (LEO). Emerging technologies from Blue Origin, SpaceX, and even ARCA will enable orbital flight from Spaceport America. We are busy planning for the future

Chairman Holdridge asked for a description of the spaceport master plan. Mr. Hicks described the AECOM master plan drawing. We already have the runway, THF, SOC, and north hangar with the Denali hangar under development. We have a master plan of how we would lay out the facility in the future. Mr. Hicks: His first four slides showed where we are and where we want to go.

Slide: Spaceport America Status. Summary of customers, launches, missions, revenue, jobs. It is a team effort with the state to bring new customers.

Slide: Financial audit results. A brief presentation was made by Monique Vigil of Axiom. Axiom's audit duties were to provide a reasonable opinion of status of the agency and to find any issues. The audit results were satisfactory. This was a "yellow book audit" and it found no items. No difficulties were found. Financial input and statements were well done. No adjustments were required. Two previous findings were resolved. It was "clean and unmodified."

Mr. Hicks stated that he is really impressed with the status of the spaceport and audit results and thanked the team.

Slide: Update from Legislative Session: Legislative Finance Committee had zeroed our budget from \$440k. Working with LFC, it was raised to \$200k and in the Senate back to \$376k. Much hard work was required to achieve this.

Slide: Update from Legislative Session—Spaceport Confidential Records Act. Even the name influenced the narrative. We have always intended to remain fully open. Our intent was to protect customers' proprietary information. Sometimes, companies do not even want competitors to know where they're testing. Other states protect that kind of information, but not NM. We want to protect the companies rights. With improved strategy, we will try again.

Mr. Hicks asked Mr. DeGregorio to present the financial information. Mr. DeGregorio thanked Monique Vigil of Axiom and staff members Sandra Franco and Belinda Benavidez for their work in general, and in particular on the audit.

Slide: FY17 Budget versus Actuals. Chart shows original budget and actuals. Chairman Holdridge asked for explanation of fiscal year, which is July 1-June 30. We reduced spending by deferring some maintenance and improvements. Mr. Hicks gave an example that some of the requirements for VG's IT needs are being deferred.

Slide: Proposed FY18 Operating Budget. Bottom Line: Flat request from General Fund. 92% of the budget is self-funded.

Slide: Self Funding in FY19. There will be a small request in FY 18, but none in FY19 (goal). Mr. Hicks: Goal has been to be self-funded, but additional customers will not come if we cannot satisfy their infrastructure needs. We need to work with legislature, state and federal agencies, etc. to find funding for VLA improvements and in other areas. Money would not necessarily all come from general fund, but we would look for matching of capital expenditure funding. We are looking for partnerships. Mr. DeGregorio stated that his slides only cover the operating budget, not capital expenditures such as southern road.

Slide: Customer Revenue—Actual and projected. Future jumps in revenue are largely driven by contracts that are in place today. For example, VG's rent is slated to increase.

Slide: Funding Sources Comparison—We anticipate that operating costs will grow but not as fast as revenue grows.

Chairman Holdridge: Are we spending toward a \$5M level? Mr. DeGregorio: Yes, but as revenue increases, we will go back to the previous spending level and stop deferring maintenance costs.

Chairman Holdridge: asked for board comments on budget. None were offered.

Presentation went back to Mr. Hicks.

Slide: Southern Road Map. This has been caught up in an easement issue between the State Land office and the counties. We hope to get it resolved in a week or two. Currently, the RFP is expected in May-June, construction to begin in July.

Slide: Southern Road Schedule: We anticipate that it will require about a year to complete construction.

Question from Lt Gov Sanchez: What sort of road will it be? Like northern road? Mr. Hicks: It will be built to NMDOT standards so that the state can adopt it in the future. We trying to ascertain how far we'll get with available money. It may have to be done in phases, but the funding that has been reserved is \$14M. NMDOT wants to adopt road.

Question from Director Conniff: Is fencing the right-of-way included? Mr. Hicks: Yes, it will be fenced like the railroad.

Mr. LaFont: Are improvements to the interchange with I-25 included? Mr. Hicks: No. Strategically we know increases in traffic will result from increases in activity at the spaceport, we will start working with the correct authorities to enhance the interchange.

Slide: High Visibility Space Testing: WSMR came to us to assist with Boeing contract. Boeing already has selected its primary and backup landing sites for CST-100. The primary and first backup are both on WSMR. As they develop their system, the parachute recovery system must be tested. To reach the required altitude, the test package is lofted with a very large helium balloon to the required altitude and released. This testing is being done at WSMR. During parts of the year, the winds typically would not carry the test package over the designated target area from any launch point within WSMR. WSMR came to us about the possibility of launching from our airfield, which is much more favorably positioned for launches at those time. The first such launch took place on February 22.

Slide: Video of test.

Lt Gov: Am I correct that this is similar to how the Russians recover their vehicles? Mr.Hicks: Yes, recovery on land is what the Russians have always done.

Slide: WSMR partnership— We hosted a site visit by Gen Sanchez on 2/15/17. There is significant synergy between the spaceport and WSMR.

Slide: USC Launch—The University of Southern California conducted its second student launch from Spaceport America on March 4. Their apogee, 144,000 ft, is the college record for single stage rocket launched from the spaceport.

Slide: USC Launch video. This is an exciting part of our activity.

Slide: The Space Between Us. The Las Cruces premiere event had 225 attendees.

Slide: Virtual Education Platform—Field Trip Zoom. Takes content to the classroom with live discussion. We negotiated a deal under which FTZ's full content is free for NM schools this year, not just spaceport content, but all content.

Slide: Field Trip Zoom has Launched—pictures.

Slide: Spaceport America Relay Race along El Camino Real de Tierra Adentro—Demonstrates NM's historical position in transportation.

Slide: Relay Race El Paso Press Conference—Mr. Hicks fielded questions. In addition, Rosa was interviewed in Spanish by the Telemundo network.

Slide: Beth Moses, VG's director of astronaut training, was both a relay racer and the guest speaker for the closing ceremony.

Slide: Laguna Acoma High School Senior—A group of students made a STEM education visit.

Slide: \$100k Media Sponsorship—2017—Top Channel to the Commercial Space Industry

SA Cup: June 20-24: Over 100 collegiate teams, 2000 student participants, 175 rockets 6 continents, 11 countries. Judging will be based on oral presentation, accuracy, safety, design.

Hotels are filling up and are very happy. This event will expose much of the future space workforce to SA.

Slide: Cup video: This competition was previously held (11 years) in a fairly remote area in Utah. It has grown steadily and likely will continue to grow at an accelerated rate given that SA provides a more conducive environment for the activity.

Chairman Holdridge: This will be June madness for the geek world.

Slide: Future events—Drone Summit Sept. 22-24, goal is to triple the size of last years' event. The annual Open House is currently schedule for Oct. 21.

Chairman Holdridge: Reference the signature events, we must remember that the spaceport was created for economic development. Bringing in all these people is economic development. Mr. Hicks: we want to be an economic development engine - create jobs and grow the economy. We're doing great with the aerospace industry. Space will always be the focus, but we need broader partnerships, and bringing events such as these serve that need.

Slide: Economic Impact. There is substantial value on the legislature's general fund. The small amount of general fund revenue that we receive every year returns about 20X that amount in economic activity.

Slide: Board Vote on Open Meeting Act resolution. The resolution is the same as in the past year, but with telephone participation specifically added. Director LaFont noted an error on the printed material provided to the board regarding the resolution. This meeting at which the resolution is under consideration is being held in Elephant Butte, NM on 3/29, not as stated.

A motion to adopt the resolution was made by Director LaFont, and seconded by Director Coons. The vote was by roll call and all directors present voted in favor or adoption.

Chairman Holdridge opened the floor for Board comments and questions: Mr. LaFont asked for an update on the TorC Visitor Center. Mr. Hicks: We're looking for a legal opinion on whether we need a lease or an agreement. As soon as this issue is resolved, we'll move on implementation. If it is determined that an agreement will suffice, it will be a quick process. Getting a tour operator also is important. We have a potential operator and we're working on an agreement. We hope to relaunch tours around 4/22. There is considerable interest inside and outside the community in getting the tours reestablished.

Director Conniff: This has been a good meeting, the audit results were good, I'm pleased we're doing outreach.

Director Coons: I appreciate the staff's hard work and that this meeting is being held in a venue that broadens our contact with the communities.

Chairman Holdridge then solicited public comments.

Randy Ashbaugh: He thanked board for the great appointment of Mr. Hicks, who has a good down-to-earth approach. He looks forward to opportunities to help with spaceport development. He is sponsoring a leg in the relay.

Paul Deason: His comments are in the context of representing the CARTA, the El Camino Real de Tierra Adentro trail association. He chairs the trail protection committee. The spaceport contains a portion is of a Federal trail. Mr. Deason wants to be kept informed of our events. He was concerned that announcements of the relay race indicated that the race would be on the trail. He wants clarification of effects of the race on the trail. Ms. Anderton provided information: The race will be run on portions of the trail in El Paso in the earliest legs of the race that are in a highly transformed urban environment. South of the spaceport, the race will divert from the actual trail and follow paved roads. CARTA is welcome to bring a booth to the race endpoint at the spaceport. The National Park Service will be there with a booth. Mr. Hicks: We see this as an opportunity to educate about the trail, but the race will not actually be on trail in in the spaceport. Mr. Deason: CARTA wants a strong partnership with the spaceport and wants to preserve the remaining parts of the trail.

Ron Fenn: Stated that he is Co-CEO of Truth or Consequences. He is here to protest Memorandum of Understanding with TorC on the recreation center. He believes that taxpayers will be subsidizing tourism. TorC has the highest cost of government in the state at \$1592 per person per year. More of their wealth goes to government than anywhere else in the state. Under the MOU, the recreation center will bring in no rent for 5 years. In contrast, the agency is paying \$212k over 5 years in rent for the Las Cruces office. The agency should be renting commercial space for the visitor facilities. It is not even paying for electricity. Mr. Fenn will pass this information to relevant organizations. He will call for boycott of the visitor center because it is unfair to poor people of TorC. He claimed that each person in TorC will effectively subsidize the visitor center in the amount of \$43.28. He wants his comments to be on the record, and accordingly, gave a written copy to Mr. DeGregario.

Sophia Peron: Agrees with Mr. Fenn on the Senior Center. The previous manager of the visitor center did it poorly. Many people were burned on tours. We need to be sure new operator is well vetted. She is a space supporter. We need some good printed hand-out material in Sierra County. She recently watched a space station orbital pass over, but we passed up an opportunity in that we had no party or other celebration of the event. Her group is looking into alternative places for the visitor center. She supported a location near I-25, but it was too expensive. She recently wrote to the astronauts on the space station.

Steve Green: Gave the agency a copy of the issue of the local newspaper with the article about the Boeing test. This is the future. He will not refute the previous speakers point by point, but when tourism has come up for discussion before, it has been realized that putting the visitor center downtown maximizes its value. Concern in community, led to a vote with an overwhelming vote in favor of keeping the visitor center. The city leadership looked for other places in downtown TorC, and with careful thought, a city building was selected. However, previous senior activities were not terminated but rather transferred to another building. He wishes he were younger so that he would to be able to see the space future come to fruition. He thanked agency staff and the board for fighting for the future of the spaceport. TorC is a proud partner and will work with us to improve the outcome.

Mayor Kemp for Elephant Butte: She applauds the agency's efforts. This was a good presentation. She is working to get Elephant Butte on the map. She has feedback that indicates visitors are pleased with the visitor experience.

No other comments were offered.

Chairman Holdridge indicated that the business of the meeting appeared to be complete and invited a motion to adjourn. The motion to adjourn was made by Director LaFont, seconded by Lt Gov Sanchez.

The meeting adjourned at 1147.