

NM Spaceport Authority Board Meeting

Meeting Minutes

10:00 am Thursday, August 30, 2018
Dona Ana County Government Center
Commission Chambers
845 N Motel Blvd
Las Cruces, NM 88007

Rick Holdridge: [00:10:08](#) It being 10:00 on August 30th, 2018. I'll call this board meeting of the New Mexico spaceport authority to order. Let's do the pledge of allegiance please. Thank you for attending. First thing I'll do now is the roll call.

Attendees:

- Rick Holdridge
- Rebecca Latham
- Michelle Coons
- Nathan LaFont
- Laura Conniff
- Davin Lopez
- Abenicio Baldonado

Rick Holdridge: [00:12:43](#) Great. We have all our board members. So at this point I'll entertain a motion to approve the agenda. First: Davin Lopez. Second: Laura Conniff. All those in favor? Aye. Opposed? [None]. Motion carries. Thank you. The next thing we've got our minutes from the last three meetings that have been special meetings or one regular in two specials. Are there any questions or comments on those minutes? If not, I'll entertain a motion to approve those. First: Laura Conniff. Second: Davin Lopez. All in favor? Aye. Opposed? [None] Motion carries to approve the minutes on April 11th, May 24th and June 28th. Okay. At this point, I'm going to entertain a motion to move into a closed session. The next item on the agenda concerns a discussion of the perspective lease of office space for the spaceport and pursuant to open meetings act, I'll entertain a motion to enter into executive session pursuant to state statute 10 dash 15, dash one slash eight to discuss the details of a real estate matter. And this will be a roll call vote. First: Nathan LaFont. Second: Laura Conniff. I have a motion and a second to enter

into closed session. This will be a roll call vote. Holdridge? Yes. Latham? yes. Conniff? Yes. LaFont? Yes. Lopez? Yes. Coons? Yes.

Rick Holdridge: [00:14:47](#) Okay. We have a unanimous approval to move into an executive session. At this point. I'll have to ask the public and those not required to be in the discussion to step outside. This shouldn't take very long. [CLOSED SESSION]

Rick Holdridge: [00:28:10](#) [OPEN SESSION] We are now going to reenter the open session of the spaceport authority meeting. I'll just make the comment that there were no actions taken in the matters discussed only related to the real estate as the topic. So at this point, Dan, if you'll summarize what the study was in your recommendation.

Dan Hicks: [00:29:15](#) Yes. Mr. Chairman, members of the board. So working with the Santa Fe GSD division for leasing authority. We had four bidders, for our office lease. We had four good choices to choose from. Two or more expensive and kind of exceeded our cost budget allocation. Two were within that cost allocation based on functionality and based on the strategic focus of the mission and the closeness to an academia research institute with PSL. Then the final selection was ultimately at Arrowhead, which is what we had recommended to the board to have an approval of. Also, what was submitted up to the state is the report of the selection process we went through and looking at these four. And so that's been submitted up to GSD and approved by the GSD leasing office. So with that, we're entering the final stages of the contract signing and at this time would need an approval from the board to go forward with this lease.

Rick Holdridge: [00:30:33](#) Good. Thank you. Dan. I think it's unanimous from the board that the process that you guys used working with GSD in Santa Fe resulted in a very good selection that could take us forward with a lot of flexibility. So with that I'll entertain a motion to approve the recommendation to select the new office site at the Arrowhead Center at New Mexico State University grounds. (Resolution 2018-008) First: Davin Lopez. Second: Laura Conniff All those in favor? Aye. Opposed? [None]. Motion carries.

Dan Hicks: [00:31:03](#) Based on the rest of the agenda, it looks like we'll go through a number of additional votes. Normally in a quarterly board meeting. What I'd like to do is kind of discuss some of the background and set up of what the space industry is doing, what we're doing out of the space port. Some recent successes. In the interest of some of the members time, the recommendation from the board members was to do some of the votes at the beginning of the meeting and then we'll get

into some great successes and things we'll be doing at the spaceport and where the space industry is.

Rick Holdridge:

[00:32:05](#)

Yeah, that's fine. That's what's on the agenda.

Dan Hicks:

[00:32:10](#)

The next one up is for board approval, is the infrastructure capital improvement plan that we submitted to the state on October 24th. I'll be going up there to testify to the capital outlay bureau our capital outlay plan. And so at this point what we would like to do is go through the capital outlay projects with the board leadership, answer any questions and get your approval of our plan. At this point in time, on the outline of this plan, you'll notice that we have some additional projects. And so with your approval, I'll go ahead and quickly go through these charts. Uh, any questions please, uh, on any of these projects, feel free to ask as I go through them. These charts, these projects reflect

Dan Hicks:

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what we see as our immediate needs to support the space industry to support some of our current tenants and also some of our future tenants that we're working with right now. We have about seven NDAs, actually eight as of yesterday with various companies and that's a reflection of what I'll get into at the end of the meeting where the space industry is. This an exciting time, but going directly into the capital outlay projects that you can see the list right there. This does not include the two projects we're working that were already approved, the fuel farm expansion and a horizontal launch area and actually the three projects that were approved this last legislative legislative session, the fuel farm expansion, the horizontal launch area improvements, 500 k and the 500 k for the design concept for the payload processing integration facility. What this is, our Fy, 20 to 24 plan that we see today based on the needs of the industry.

Dan Hicks:

[00:34:03](#)

The first item up there is a vertical launch area, and what I'll do is go through a chart for each one of these on this list that you can see that the vertical launch area improvements or a \$500k in Fy 20. What the vertical launch area improvements entail is to get power out there. Those of you that were able to come and enjoy the spaceport America Cup, we've got a couple of trailers that are out there that rely on generator fuel. One of the key things in this VLA upgrade is to get the power drop. There's a power that goes to the space x facility, but we want to up pull off that line and actually get a transformer in place. There's also some, a little bit of Roadwork, part of that is some infrastructure that will support some communication hardware. Project number two is our taxiway. As you know, we have a

beautiful 12,000 foot long spaceway 200 foot wide that's ideally suited for a lot of horizontal spacecraft, horizontal launch and reentry spacecraft. One of the things we're looking at as we go forward with various customers that come to utilize Spaceport America is we don't have a taxi way and that's not strategically good. As you can imagine, just from a safety perspective, when we do the open house, have fly ins, we have to have people off the runway before someone else can land. You have to do a turnaround. So it's without a taxi way. We're kind of limited in our ability to support customers, so what we're looking at is a two phased approach to doing a taxiway, 10 million in one year and then 10 million next year.

Dan Hicks:

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So we do half of it down to the gateway for one year and then the other half the following year you can see from the next chart a chart number 14, kind of the current layout. If you look at the little, image to the right in your chart, you'll notice that the little orange is the taxiway that goes kind of north and south. You will also notice on that chart that there's a cross wind runway with a taxi way that is of course is not yet constructed strategically. We're looking at that to see what makes the most sense, but we do need a taxi way for the existing space way to be able to support the activity that we see on our plate coming up. So this is one of our high priority projects that we want to get in place.

Dan Hicks:

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The perspective on this is I'm working close with the air force leadership, particularly out there at Holoman air force base. The two F 16 additional squadrons that are going to be coming to Holoman are looking at us as a divert field capability. There's different requirements. I'm not necessarily sure that they would require a taxi way, but if they do have to land there with multiple aircraft, it's kinda hard to be able to support them and get them off. So they're looking potentially at what they need. A divert is mostly just for a weather situation or an incident at home and where they can't land, they would divert to us from a safety perspective. But as an auxiliary field, it's more of a capability that they would need us to actually put in their training plan to do certain pattern work or different type of a flame out exercises to train the pilots if an engine goes out. So there's a certain training that would require a capability like ours going forward. So as we work with the air force, there's a potential to even look at them for some additional funding or maybe department of transportation, but right now we're going to request this funding from the state in our capital outlay projects with that. Any questions?

Rick Holdridge: [00:38:32](#) Yeah. Dan, when working with them for an auxiliary field, do they want a taxi way for an auxiliary field?

Dan Hicks: [00:38:43](#) So not necessarily. Depends on what they're looking at doing. If it's just pattern work where they don't do any landing, then they can come in and even potentially do a touch and go without a real requirement. But if it's something where they're gonna be doing landings, then that would drive them to look at more capacity or certainly a taxiway and getting some salary support, gse type of ground support equipment out there to support. If they're going to be landing the initial focus with these two additional squadrons. It's just to help their pattern work as an auxiliary fuel to be able to do that. But as we go forward in time, there may be something that drives them to actually have a requirement, but right now initially it's kind of negotiation phase.

Rick Holdridge: [00:39:34](#) would approach navigation electronics be part of that?

Dan Hicks: [00:39:38](#) So that's, that's one of the things that they're looking at. Not necessarily the runway lights, but the ILS, the landing instrumentation that they train on. They may require that in order to do some of the pattern. There will be probably some potential upgrades. One of the things is just a barrier across the runway. Whenever you're doing pattern work like that, there's a requirement in case of a landing to have a safety, a hook or cable across the runway. We're looking at a Dr Bill, and his team is looking at the right type of a cable that would go across. There's various versions that you can use for the air force in an airfield. And so there is a team that will actually be coming out. They've been out a couple times and they will be bringing out more of the civil engineering team of the air force leadership to come out and look at what exactly their minimum requirements are to be able to do pattern work at Spaceport America. If we can get matching funds, that would be great. So we'll push that, but we're not waiting for it.

Davin Lopez: [00:41:08](#) Dan, thank you. About the matching funds, how would you book that later on? Is it actually, would you book it as matching funds or would that be booked as revenues or usage fees at a later date? If it's going to be already built, are they going to be willing to pay an infrastructure cost at that point in time?

Dan Hicks: [00:41:32](#) So to actually come over and utilize the airspace and to utilize the ground facilities such as landing, then there would certainly be a memorandum of understanding with a funding line support. None of that has been negotiated and that would be kind of separate of, of what their initial capital outlay that they

would require. So if they require a taxiway then there would be a part of it that they don't require a tax away for just doing pattern work than we would have a different Moa with a different cost structure. It would just be for supporting their tactical operations control tower that they would bring in as a pilot. You're doing touch and go's or doing pattern work, not necessarily touch and gos and we would provide them support and that would be a cost recovery for that minimal support that they would require. So that MOU is yet to be negotiated. But it may be different than what their capital outlay that they would require. In other words, they may just require an ILS, just the instrument landing to be able to do approaches and departures.

Davin Lopez:

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And the second question, are there any actual infrastructure grants offered by the government that the federal government that might assist in building the taxi way in the first place?

Dan Hicks:

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So as a spaceport, that's kind of a dynamic discussion going on at the federal level right now. If we were an airport, there's a lot of department of transportation matching grants, but since it's not a public airport open to public general aviation, we don't qualify for any of that. And so there isn't quite a grant opportunities strictly for spaceports. There's discussion at the federal level to see as the space industry grows. What is the federal government's arm that would support infrastructure? There's been various language from different spaceports around the nation trying to put in the language and the right places. That hasn't really formalized yet. There's been a few things under grant opportunities that either come down through NASA for certain infrastructure that they may need but right now from department of transportation that normally would do things like this. It's more for general aviation, commercial aviation where there's a need. The space industry is still working through that process at the federal level. And I'd like to turn to my staff and Melissa who has some expertise in that and ask if there's anything that we would add.

Dan Hicks:

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So if there's no other questions on the taxi way we will move into the next capital outlay project.

Dan Hicks:

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The advent of not only virgin galactic's flights coming up very soon with us and the ability to have a microgravity environment of about a four or so minutes. The microgravity environment that, exos, started to demonstrate with their launches last Saturday and up aerospace that they're going to demonstrate later this month with their launches in support of NASA. There's beginning to be more of a need. The more customers we get that are not only doing suborbital microgravity experiments,

with their payloads, but also with the low earth orbit, a potential that we have a payload integration capability or facility like that to be able to support customers as they bring their payload, get integrated into their launch operators and our launch vehicles. We're finding is a need that needs to happen now instead of later when these companies are here and find out they've got no place to do the final, whether it's arming sequence, whether it's just a bus checks on their payload to ensure that they can still access information, data, information control, information of their payload. So it goes up in microgravity and operates. They need to have a facility to be able to support that. So we submitted it last year at the good advice of the capital Outlay Bureau and Debbie Romero, we pulled a 500 k to do a design concept that was approved. So over the course of this year, we should have a good design to be able to go back to the Fed, to the legislature with a project that we would get funded

Dan Hicks:

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The next chart, is just kind of a visual image of what it could look like and give some more information on what this integration facility would look like. This will be set up for multiple companies, right? So potentially it would. And there's a lot of approaches that we're looking forward with this type of facility. Um, I know as our solutions director and our operations aerospace, we start more networks with the New Mexico Tech, New Mexico state. UNM, I just got back from Denver yesterday at a conference at Sierra Nevada Corporation. But Boulder engineering leadership, the dean of engineering and Arizona State University were there and looking at their research and aerospace and what they're doing. There's a potential to have them help partner and operate a facility like this where they would bring in payloads.

Dan Hicks:

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And look at various research that they were trying to do real time, particularly in a microgravity, suborbital environment. So as we go forward with this, it's not going to be just for one company. It's going to be a processing facility that not only does academic research but also supports commercial customers with their payloads that are getting integrated into either a suborbital or orbital. The focus of this facility is going to be a small sat. If you look around the nation, there's a great integration capabilities at the Cape. There's even one being built at the at Mars and Virginia and there's one in Vandenberg. Those are for the big huge heavy lift and bigger payloads. This facility would be a down scope of those types of integration of facilities, but it's more towards focused on a small sat, a community and some of the experiments that go on suborbital.

- Dan Hicks: [00:48:21](#) I think this is probably as critical as anything that we have on this list other than what we've funded already in terms of drawing customers. We'll go over prioritization in a minute, but is that what you guys are aiming for? So we've heard from a couple of our customers having this in place when they are doing more of the suborbital payloads is important. We've heard from some of the customers under the NDA that when they start doing leo lower earth orbit flights, this is critical to have in place. So I think to your point, Mr. Chair, we agree this is a capability that's better to get built before the need arises and these customers are flying with certain capabilities. So if there's no additional questions on the integration facility. We'll go to the next capital outlay project. And this project is for a ground support equipment aviation facility. It's a facility that will be able to support various types of aircraft flying in
- Dan Hicks: [00:49:45](#) some of the trainers at VG would operate some of the aviation, support that a horizontal launch capability, whether it's a virgin orbit type capability would need a just a general hanger to be able to support maintenance activities for vehicles that they come and bring here as they're getting ready. So this type of hanger gives us flexibility to support a number of other customers. Right now we have a small sprung hanger as most of you have seen that supporting some of the boeing star liner, cst 100 that small fabrication, seems to be getting utilized. They quite often need having a larger, more permanent permanent facility that allows more flexibility is what we're seeing at the spaceport. And that's what we were request with this, that's termed a ground support equipment aviation, that'd be for multiple customers, to be able to come in and use.
- Dan Hicks: [00:50:43](#) A number of the projects that come to us, requested access to the hangar. Of course we can't give them access to the terminal hangar facility because that's being totally outfitted and is totally 100 percent utilized. So this would, say, yes, you're able to come in and use this for the next two months, support your schedule and that's Kinda what this is.
- Rick Holdridge: [00:51:07](#) Has Virgin Galactic expressed or we talked at all about some cost sharing since they're probably going to be having a lot of their trainers and stuff and the VIP airplanes coming in a lot.
- Dan Hicks: [00:51:20](#) So they would definitely be paying a lot of rent for this facility right off the bat. They will be one of the customers that would help do the cost recovery. But not just them.
- Dan Hicks: [00:51:33](#) The focus would be some other customers coming in that their area in this hangar would recoup costs. Maybe they pay for half

and they get half or then that would reduce the cost for us to. That's exactly another perspective that we're coordinating with virgin. This could be something that, they may pick up even like you say, half the cost, a portion of the cost and then we would just rent that part of the facility back that they're utilizing to the half of it.

Davin Lopez: [00:52:07](#) Mr Chairman, Mr Hicks, has there been any, reaching out to the business community to see if anybody would want to build a project like this and be an independent contractor out there basically leasing space.

Dan Hicks: [00:52:23](#) So like not a state owned facility but just an FBO? So we haven't, not that we wouldn't entertain that or go down that path. The initial perspective is as a state facility, we would be able to recoup and recover all the costs and do all the rent. With an fbo operation, They would lease some state land, they'd be able to get all the rent and we'd have a third party working with requirements from a customer. It would be better I think under our control. Similar how we do with the THF at the facility. That was our initial thought going in that makes more sense for us to be able to provide those services with a hangar facility. But as we grow in time that's an option that we can look into. What it would make more sense if it's a gse hanger to have someone else come in and build it and run it out. We haven't gone down that path yet. They'd probably be more interested in general aviation, if it was an airport type, but being a spaceport that's kind of more of a speculative side. They wouldn't

Dan Hicks: [00:53:46](#) necessarily understand some of the space engineers' requirements. So if it's an FBO hanger type, there may be a little bit of a disconnect just in the mission set that would have to work through.

Davin Lopez: [00:54:11](#) How many square feet are you guys looking at for this one?

Dan Hicks: [00:54:19](#) So we haven't identified an exact square footage. What we're looking at is more of design options based on the RFP, looking at some of the higher dollar, Higher Bay, structures, so we haven't limited to have 10,000 square feet. We kind of want to look at the initial package to say based on various space capabilities that could come back, whether it's a 747 like virgin orbit, whether it's something bigger is to have that flexibility in there where you have a higher door and a capability, but you may have a smaller square footage or you can do something more of a capability that a lot of the trainers and just general lear jets or aviation that would come in, but we want that flexibility. So we haven't really thought through what the square

footage is, it is more of here's a list of potential customers we would have. Where would you design that and what size would you give us based on these door openings?

Dan Hicks: [00:55:42](#) So moving to the next project, and again, this is just an image of what a potential hanger could look like on chart 18. Looking at the next project is some infrastructure development in the boot heel, what we need are certain capabilities. Everything from a company that wanted to look at some combustion sciences and have a cleared area about the size half of a football field where they would set up various mixes of liquid oxygen with some oxidizer and look at the initial combustion to an area that would be more suitable to support a lot of the Heliostat, the high altitude balloon work that's coming on our plate right now. We're supporting the Boeing starliner right on the end of the runway. That's probably not the optimal place to support that going forward.

Dan Hicks: [00:56:36](#) So we're looking at developing a place in the boot heel to be able to do high altitude balloon work and to do certain combustion. To do certain other types of maybe explosives that you'd want to separate a thrust test stand capability, but where you'd want to separate that activity from the vertical launch area and from the horizontal launch area. So strategically what we're looking at is some upgrades initially down to the boot heel area that you see outlined in getting the roads a little bit more suitable down to that area. Also just looking at the, maybe some fencing and potentially get a launch pad in place to do some initial, a balloon type launch activity. It's interesting just this week we've had three companies come to us that are interested in various forms of a high altitude balloon work where they lift certain payloads to do certain things, up in the high altitude, 100,000 and above.

Dan Hicks: [00:57:52](#) So the next chart gets into another project. The rocket motor test stands. This is a capability looking strategically at some of our customers, whether it's Up Aerospace and their motors or whether it's a variance of the heavier motors that up is developing. Or even some of the, academia students that want to come and test out certain capabilities. We're seeing a need for a facility to be able to do some rocket motor test stands. And so this is a project that's, you'll notice it's a little bit spread out to 21, 22. It's not the immediate need right now. What we do know is the partnership with Ceseroni and Up Aerospace and their smaller rockets that they're pouring there on the site. This would be a capability in an area that we might be able to help them move to strategically when we get more work right there

at the vertical launch area. So this is the next project we're looking at.

Dan Hicks: [00:59:35](#) This next project, and I believe this is the last of the seven on that list. Is the spaceport America welcome center.

Dan Hicks: [00:59:44](#) What we've noticed, what I've noticed, I think over the last 22 months of my tenure is looking at a facility that not only welcomes the public but also has an auditorium type, a training room, conference room capability right now when we bring customers in, as you noticed for some of the Legislative Committee meetings that we've hosted out there, doing it in the High Bay for the firefighters with all their trucks. Moving them out is not a good facility to be able to host meetings. We're seeing a need for more companies coming in that want to either have an initial, whether it's a readiness review or whether it's an event to actually be able to train some of their operators. Or their potential customers with payloads or to be able to look at just a conference and connection with the local communities and just do some nice welcomes.

Dan Hicks: [01:00:52](#) We don't have a facility out there. So strategically this will be important to us. That's probably not as critical as say, the taxiway, but there's some potential customers coming to us that this will be very critical, is having a place to greet the public and to do certain venues with them. The welcome center is something that we initially envisioned. I say we, the leadership at the time before me envision having something, at the beginning of the entrance to the spaceport to be able to bring them in to have a cafeteria. It'll have displays. It'll be kind of, you know, spaceport America has door to the public coming in. When you go to other facilities, particularly, you go to Kennedy and many of you have been to Kennedy, you know, the beautiful welcome center that they have to all the space activity. Of course they've had six decades of federal funding. We'll look back on this project and say what a smart decision that was to get that in place early on to be able to ensure that there is an opportunity to celebrate

Rick Holdridge: [01:01:59](#) An Fyi, Dan, over the last 15 years or so, we have called the facilities that we had initially thought we would have both at TorC and Hatch. We were going to call those welcome centers and the one on the space port was always called the visitor center. And then we always discuss that order.

Dan Hicks: [01:02:21](#) I had it backwards. So visitor centers on the space port. Right. Okay. Is it, is this the one? This is on the spaceport and this next chart kind of shows the initial drawings that we had back about

seven years ago. Yes. We changed that to visitor center, just so it jives with the history over the last few years of how we've advertised the visitor experience process. Okay. So the, the visitor's center is right there at the spaceport. The welcome centers are in TRC and Hatch.

Rick Holdridge: [01:02:54](#) That's the way all that was, how we talked about it in the past. Might avoid confusion if we keep using the same terms.

Dan Hicks: [01:03:07](#) Mr. Chair, thanks for catching that. We'll fix that on this chart going forward into the capital outlay brief. So it's clear that this is the visitor center onsite. Um, similar to what you find at other space ports, whether it's Mars or Kennedy or a Vandenberg, they got one in Virginia like this, not like this. They do have a visitor center as you get into a facility, of course it's more visitor center for the navy and NASA facility than it is for the site. Similar to the Kennedys. The Kennedys visitor center isn't there for spaceport, Florida. It's really for the whole complex spaceport Florida is utilized is just excess capacity there at the Kennedy and complex. So with that, that kind of completes our initial strategic kind of thought process on what are the initial capital outlay projects that'll help us.

Rick Holdridge: [01:04:18](#) Could we go back to the chart that summarize some of the projects?

Dan Hicks: [01:04:26](#) It's a little bit of an eye chart looking on this. Hopefully on your packages. It's a little clearer to see, but it shows the seven projects that we've listed.

Davin Lopez: [01:04:35](#) So I'm talking to a lot of the legislators and I know it looks like this year could be one of the best capital outlay years in a long time. So now's the chance to do something if we can bring our message properly to the legislature. So what's the priority here?

Dan Hicks: [01:05:00](#) This is kind of close to the priority and looking at a recent venture that approached us last week, the visitor center may actually move up in priority because there's some matching funds that we may get them to make. But looking at these, I think this is fairly close to our priority. We're still going to vet that internal with the management team before the capital outlay board. This is our initial projection to you to this priority with that one exception, the visitor's center, if we get matching funds for an effort that's going to start in 2020, because there's going to be some shared, maybe conference rooms or shared amphitheater type things and it'd be silly for us not to leverage that and get that moved up in a priority. But really it looks to me like it's either a taxiway or the payload processing building.

Rick Holdridge: [01:05:55](#) Which is it right now? I doubt if we'll get 10 million for each of them this year.

Dan Hicks: [01:06:03](#) So we are optimistic that we would probably want to push. And what's interesting is last year they told us your top three, this year they're telling us your top five. So that's good news as we go to the meeting, as I go present on October 24th to the capital outlay bureau, I think, you hit it right on the head. We will have funding this year that, we probably haven't had in quite some time, some additional capital outlay funding to be able to get after a lot of projects in the state. And so I think, looking at whether we go with the top five, the top six, the top four. I think right now the request is we're supposed to go present our top five. Um, so whether that visitor's center between now and October 24th pushes into that and the rocket thruster stays out. That's kind of, I think the only change from today that based on your guidance, we would, we would entertain

Davin Lopez: [01:07:12](#) Mr. Chair, Dan, it's a question on this and you'll have to help me understand the legislative process in terms of their decision making as well. But I mean, I see you're asking for most of these to be broken up into multiple years. Um, I think except for the boot heel infrastructure development, that's all in one year ask. But, so my first question is when you do the ask and if the legislature commits to it, are they committing for the full, for the full funding amount or they just committing for that given year? And then next year we're going to have to ask for that other nine or 10 or \$5 million?

Dan Hicks: [01:07:54](#) I think it's, once they approve the project, it's for the full funding even though your allocation, is that initial set. But Zach, can you clarify that?

New Speaker: [01:08:09](#) I think what we've found this last go around because this last time was the first time in a while we got capital projects approved at all. The capital outlay bureau didn't sign on to guarantee you would get all the funding in future years. They would guarantee that you would get the first year and then you have to come back and request a second year. But they understand that this is a part of a phase of a larger project. So what they're asking for is for you to chunk your projects into phases, distinct phases that you could do one phase a year and present that to them. Then they'll guarantee you the year that you're asking for and then they'll look at it moving forward in future years.

Davin Lopez: [01:08:49](#) Okay. So then my second question would be, as an example, let's say the payload processing center, if you're looking for a 20

million allocation, I'm assuming the 20 million is to get the entire facility built. Um, so under that scenario, what do you do with 10 million? If you only get 10 million, you start building it and then you hope the other 10 million comes in next year. And then what if it doesn't? How are we addressing that? And if that, if that is the case, why are we just asking for the entire 20 million and just get it built upfront and maybe forego some of the other projects going forward depending on what's priority of course.

Dan Hicks: [01:09:23](#) And Mr. Chairman, member Lopez, I think you hit it right on the head when the design concept comes back. If it's not able to be built in a design approach of it really as a, here's your integration facility. It's one project. The design concept could be broken out into where you do the initial integration of the lab facilities of the initial conference room area, and then you have multiple labs that can be added on if the concept or payload or integration added on, into this complex. If the design coming back, it says, now here's the best useful design. And so it's a one building, it's going to cost about 18, 19, or 22 million, whatever it comes back. And it's design concept. That's what we'd go to them. What guidance that we received from the capital bureau, Debbie Romero, is that you have to present a project that can request that year. So if it can be phased in where the first phase is a functional building, then that's good. If it's like a gray shell, well that's not good because just to your point, what if you don't get the funding, then you're stuck with a facility that can't be used.

Davin Lopez: [01:10:35](#) Then my third question leads to, I've heard priority in terms of, for example, the welcome center may take priority if you find matching funds, but I haven't heard priority into, I understand a handful of these, maybe all but I think a handful of these are meant to draw new customers and new revenue if that were the priority. And if you were to prioritize it in that manner, what would be the priority number one of these projects? And number two, has anyone on your team really kind of put together a five year outlook as to how quickly those costs can be recuperated based on what, you know, the clients are out there and what they need.

Dan Hicks: [01:11:19](#) So the recruitment plan really hasn't been a focus of ours. It's more to your point of getting companies to come with jobs, with economy, with growth. That's really been our focus on a lot of the infrastructure, whether it's roads or whether it's stuff that's not what you had paid for the highway or the airport or these types of facilities. It's what customers can you bring in the economy you can bring in to do that. So that's kind of what

we've really focused on. And to your question, I think the priority with the runway and a processing facility are probably the two highest priorities based on needs of the customers that we have ndas with right now. There's some right now that just need that. So that's why it's a small amount, but it's probably the number one priority. And then the two bigger projects of the payload processing and a runway are based on companies that have signed ndas with us and say, here's my requirements. This is what I will need in order to bring additional jobs and a more robust space economy to New Mexico.

Davin Lopez:

[01:12:31](#)

Thank you Mr. Chair, Dan. And this gets to my point of, you know, there's, you're right, there's probably no better year and I'm a long time where there's an opportunity to ask for funding from the state just based on the gas and oil and of course a new governor coming in and some of them, what they want to accomplish down the line and the victories they want to see take place in terms of economic development. But I just know every year when we get them from the legislature, they're going to start asking, where is the business model? And they're going to be asking when are the revenues coming in? And I think this board needs to have the knowledge on how to answer that question. So for example, whether it's a vertical launch improvements, while those might be improvements that are needed to maintain the facility and existing revenues.

Davin Lopez:

[01:13:16](#)

And that's a completely understood. But when we get into all these other things, it's nice to say we, you know, we, we want to build them out because it just seems like it's going to take us in the right direction. I don't think is going to be the right answer. I think we're going to need to know, you know, the staff has looked at these things, they've talked to customers, the payload processing center, there's a line out the door of that type of need and here's what it's going to be worth. And here's the cost recovery and here the revenues downstream, five, 10 years I think we need to be. We need to have that type of ammunition to have strong conversations with the legislators down the road in terms of justifying the request coming out.

Dan Hicks:

[01:13:53](#)

Mr Chairman and member Lopez. Thank you. That's excellent. And as we go through some of the charts that I'll get into after this, part of that comes into what are the current and the future needs of some of the customers, but direct to your point, that's more of a concise, a white paper. That we need to put together to help you advocate as a board member when questions come to you like, why did you approve the capital outlay like this? You can say, well here's the four projects that are on the books right now with a requirement that we're trying to bring in with

additional jobs and based on this, the revenue expected could be something like this and that's a couple of charts that would be very helpful to you going forward into us as we get not only the capital outlay but next year session. Thank you for that guidance. We'll put that together.

- Rick Holdridge: [01:14:44](#) And just to follow up on what Zach said, one of the reasons the state doesn't generally fund absolutely fun multiyear projects is because so many projects never get started in New Mexico, especially smaller communities. If we prove and we have proven we get stuff done, then generally the next year will be there, but I mean there's. There's kind of a risk. You know what I'm saying? How there's all these shovel ready things that we're supposed to have been done and there's two, six, eight years ago and they're still not even started in some counties and stuff. So part of the way to get the following year funding is to get the first year's funding done with a purpose. So just something to think about from the staff perspective.
- Rick Holdridge: [01:15:57](#) So at this point, uh, if there's no more questions, I'll entertain a vote to improve the staff recommended infrastructure capital improvement plan for this fiscal year, and the coming fiscal years. (Resolution 2018-009) First: Davin Lopez. Second: Laura Conniff. All in favor? Aye. Opposed? [None] Motion Carries.
- Rick Holdridge: [01:16:36](#) I think we all like to plan, but we're going to have to have some ammunition. These are big numbers for what they normally see in capital improvement plans.
- Dan Hicks: [01:16:50](#) So Mr. Chairman, members of the board. With that, we'll move to the next item. On the list, which is the financial plan, and Mr Gregorio Zach will come up and quickly go through these charts.
- Zach DeGregorio: [01:17:08](#) Thank you chairman. Members of the board. I'm going to briefly go through the FY 19 FY 20 financial plan.
- Zach DeGregorio: [01:17:19](#) This first chart is an overview of what happened in Fy18. This is the FY18 budget update. And in this chart you'll see two lines. The Blue Line is our budget if you just straight lined our budget throughout the year and the orange line is our actual costs by month. And the takeaway from this chart is that Fy 18 was a very difficult year for us in terms of finances. So you can see right off the bat we were pretty dramatically under spending our funding and it continued. We continued to control costs throughout the year and the biggest driver of that is an issue that you all are aware of is our, our continuing conversations with NMFA and understanding whether or not we were going to get the excess pledged revenue. So I'm looking at that chart and

midway through the year we had the legislative session and at the legislative session we went there and we asked the legislature to give us the funds that NMFA wasn't giving us, and that's helped us get through the rest of the year.

Zach DeGregorio: [01:18:27](#)

But this kind of story is a story of a lot of cost controls that we put into place to manage our agency with the money that we had. Um, so we actually ended the year a million dollars under budget of what we had expected to spend and the Blue Line for the budget is really, you know, we put forward those numbers of, that's what we needed to operate, but we basically just put drastic cost controls in place to make it through the year. And we ended the year \$1,000,000 under budget, but cash neutral, which means we spent just the amount of cash that we brought in.

Zach DeGregorio: [01:19:10](#)

So looking forward on our situation is looking more promising. So now that we got through this year, we're going to talk about the NMFA resolution with the next resolution. But NMFA, this last go around at the meeting, they just had agreed to give all the excess revenue to us for this coming year. That's a huge help for us in Fy 19. In addition to that, in Fy 19, we're expecting a significant increase in customer revenue, a significant meaning, an increase above what we had originally projected for FY19. So we had voted on the FY 19 budget six months ago with the legislative session. Since then, our revenue projections are going up, we're forecasting bringing in more revenue. And so you can see on this chart, there's multiple columns. The first column is our original budget. What we've, what we're changing in the forecast is we're saying our customer revenues are going to increase by one point \$2, million dollars more than we thought they were going to be. Um, so that creates our adjusted budget and we're going to have to go back to the legislature in six months and request that they increase our budget authority by the one point 2 million just saying we're going to bring in an additional one point \$2 million. They need to give us permission to spend that.

Zach DeGregorio: [01:20:35](#)

So it's a very positive news story. One of the things is we're going to start operation of our new fuel farm, in about six months. That's a whole other revenue stream that we hadn't planned on that we also believe that virgin galactic is going to be increasing operations that's going to drive a whole other segment of business. We're talking with a whole bunch of new companies which Dan is going to be talking about. And so we were very solidly confident that those revenues are going to come up, but we do have to go to the legislature and report this and asked for a budget to be adjusted.

Zach DeGregorio: [01:21:17](#) So, moving onto FY20, this is the new budget that we're going to be requesting. We actually have to send this budget in on Friday, so, tomorrow. So when we look at what we think is going to happen in FY20, we're targeting 20 percent growth from what we feel is going to happen in FY19. So we start with the FY 19 numbers with the budget adjustment we're requesting. We're very confident that we're going to hit those numbers. And then from there we think we're going to grow 20 percent in FY 20. The majority of that increase is going to come from customer revenues again. But we are requesting an increase from general appropriation of 700 k. and so that's really the big asset we're going to the legislature for

Rick Holdridge: [01:22:05](#) Zach, is that a permanent change of 700 carriers or a one time?

New Speaker: [01:22:10](#) That would be a request going forward that our general appropriation ask would be 700 k more. That extra money would be spread across all of our categories. We need to grow 20 percent across the whole agency and so those funds would be spread throughout our budget.

Zach DeGregorio: [01:22:40](#) And this is the last slide in this section, which is just to report to you what's happening with our cash. So this chart is a chart looking at our year end fund balance every year for the last four years. And Fund balance is basically our available cash minus their liabilities. So how much cash we really have to operate. And so if you go all the way back to FY 15, we had essentially a savings account. We had cash to help us get through what was happening and it's been difficult for since FY 15 to FY 17 in terms of virgin experienced some massive delays that no one was expecting. It kind of put the whole project on hold a little bit. Um, so basically what this chart is showing is that we basically been funding space port for the last couple of years with our own savings account. Um, and we have spent down our cash from FY15.

Zach DeGregorio: [01:23:34](#) We had over \$2,000,000 to FY 17, which was a year ago. We ended the year with 383 k. What you see from within the last year from 17 to 18, is that we were cash neutral, which means our cash was essentially flat. That means that the revenues that we brought in is how much we spent. So that's a pretty good news story because, you know, in previous years we basically had to use our own savings account to stay afloat. This is the, this has been the first year where we've been able to just exist on the money that we brought in for the year. So, um, there's a couple of takeaways of this. Number one, we don't really have a savings account anymore. 350 k is really nothing for us. So moving forward we expect to continue to operate in this

manner where the money that comes in is the money that we will spend so our our cash should stay flat going forward. That's a little bit of a risky way to operate, but that's how most other state agencies operate. And the legislature,

Zach DeGregorio: [01:24:54](#)

the legislature kind of prefers that you operate in that manner. Now. I think longterm we should think about approaching the legislature and asking, you know, it makes sense that a spaceport would have a million dollars in a reserve account somewhere if we experienced some cash flow problems. Now looking forward, I don't foresee any kind of cash flow problems coming up. I think that our revenues, we've been experiencing pretty steady revenues each month. So this allows us to keep a very low balance in our cash accounts. But there is a risk there of not having a reserve account that we can access readily. Basically if something ever were to happen, which is unlikely, we would have to go to the governor's office or the legislature and immediately asked for some support. So basically I like to come to you every year and just say what's going on with our cash. This is kind of what's going on. We really don't have any savings account. Things had been stable for the last year and I foresee it continuing to be stable. One piece of the financial plan that we're asking you to vote on is to assign the available fund balance to operations. So it's not just sitting on out there unassigned

Davin Lopez: [01:26:17](#)

So you're talking about 350k more or less ongoing cash in the bank.

Zach DeGregorio: [01:26:23](#)

Yeah. So our, our goal is to keep roughly 400 K in our bank account at all times and that if you watch our bank account it kind of bounces between \$400 and zero and then bounces back up and down. That's just managing the business.

Davin Lopez: [01:26:38](#)

And how many, how, how many months of operation does that? Four, 3:50 or 400 k allow for, if the worst were to happen?

New Speaker: [01:26:48](#)

Two months of payroll,

Davin Lopez: [01:26:49](#)

two months of payroll... with your projections ongoing in increased revenues, is there a plan to put some of those, taper, some of those revenues into a cash balance to build that up as well?

Zach DeGregorio: [01:27:06](#)

That's currently not in the budget projection. We would have to the, the budget projection that we presented for FY19 and FY20 is just to respond to the growing customer needs. So we've

looked at what operations are going to be needed out there in terms of staffing, in terms of contract support. And that's what's in the budget. There's nothing extra to build that savings account up again,

Davin Lopez: [01:27:33](#)

but more contract, more support that 400,000 is not going to mean two months. It's gonna mean maybe one month in a year or two. It's just gonna become a worsening situation.

Zach DeGregorio: [01:27:43](#)

Yeah, you're right. There will be. We will feel a squeeze there.

Davin Lopez: [01:27:48](#)

I think it's something to think about, but I don't always think the legislature is the answer. I think there's a balance between asking them but also making sure some revenues are put on the side for growth going forward. My thought,

Rick Holdridge: [01:28:05](#)

I totally agree. The problem is with our open books, the legislature sees any of that and they'll, oh, well you've got a million dollars, we'll use that for this building or something. It's kind of a catch 22 to have a lot of a reserve now. And cities and counties, I believe there's a law that says, I don't remember the number. There's some percentage they have to have in reserve. Are you familiar with that?

Davin Lopez: [01:28:30](#)

I thought it was one year, but I'm not sure.

Rick Holdridge: [01:28:34](#)

I don't think it's, no, it's not one

Davin Lopez: [01:28:36](#)

because the city of Las cruces just went through this. They talked about being a two times above the requirement, but I forget what that is.

Davin Lopez: [01:28:43](#)

We'd have to look into that, but apparently that doesn't apply to the spaceport.

Zach DeGregorio: [01:28:48](#)

Yeah. The difficult thing for us is we're a state agency and an executive office and what usually happens with state agencies is they look at that number 350 k and they take it at the end every year. Now we're a special case because we, in our statute, we're non reverting so they can't take our money, but they do look at it from that lens to say if you have money leftover, we should be able to take it. And so it puts us in a difficult spot.

Nathan LaFont: [01:29:23](#)

Could you explain a little bit more about the increased general appropriation, the 700 k, the rationale behind that?

Zach DeGregorio: [01:29:36](#) we can go back to FY20. Um, so you'll see the growth in our budget basically is to go from an a budget of eight point 8 million to 10 point 5 million. That's a 20 percent growth. And what, what we say when we look at that, what we're saying is we believe that there's enough operational need out there to grow our agency by 20 percent. We think that we can do that by generating our own revenues of a million dollars. We can get to the million dollars, but that leaves us, that leaves us a whole of 700 k that we need additional help to do to achieve that 20 percent growth that we know we can achieve and can generate jobs. And so what we're doing is we're going to the legislature and saying that it's, we think that it's a smart investment for you to put in 700 k whereas we think we can bring in a million. But that's kind of the basis of where that 700 k comes from is that we think that we can grow 20 percent but we can't do it all on our own.

Rick Holdridge: [01:30:42](#) I see. What a Nathan talking about. We did a study here while back. Somebody did this study that showed for every. Let's see, how did it go? Every dollar of general fund revenue. You got 10, 20 back. Do you remember that Dan?

Zach DeGregorio: [01:31:00](#) iHe's talking about the economic study.

Dan Hicks: [01:31:03](#) When I first got on board, that was every dollar from the general fund, there was a 20 times return.

Rick Holdridge: [01:31:11](#) Yeah, they're going to look at this and I know why Nathan asked the question. You're saying 20 percent. That's about an 80 percent increase or 70 percent increase at \$700,000. So you want to make it clear that in the end there's a \$10,000,000 budget. One point seven is all this money from the taxpayers, but that \$10,000,000 generates some number of million, 20 or 30 million or \$40,000,000 of economic vitality to the state.

Nathan LaFont: [01:31:50](#) When we try to sell this budget increase, especially the permanent general funding increase, we need to have that information handy and also tie in the capital outlay increase. I mean, trying to do both with general appropriation and capital outlay simultaneously. Just gonna need to be a good message.

Dan Hicks: [01:32:09](#) Mr. Chairman and members of the board of. I could just add real quick that. So the task really for us, it's kind of reflective of member Lopez's comment too. It's says providing that analysis that says not only here is a projected jobs and revenue based on capital outlay, but here's also the existing income that we're seeing, whether it's the additional 40 jobs virgin has or the 15 million that they're spending or it's more than that. Now here's

what the economic second, third order effects and the appropriate way to go that is get Dr Jim Peach or Erin Ward or somebody like that with an economic analysis that says, here's what you know. You take the one week, the spaceport America Cup, for example, 1500 students from around the world coming in hotels and spending. What was that basic impact just for that one event. And then take the additional workload that we're doing at the spaceport in trying to show what is our economic analysis. What is their economic impact of this operation today? And what we see happening. That's a message that's important for the legislatures to say, got it. That's why this additional 20 percent creates a second and third order.

- Rick Holdridge: [01:33:19](#) We need to get that in place fairly soon so that we could say, hey, yeah, we're asking for 20 million, but they will pay that back the first year in a sense by the economic input into the state that would have not been there
- Dan Hicks: [01:33:34](#) Mr Chairman, members of the board. Going forward, the, and maybe it's semantics and words, but the connotation of paying something back, I'd rather be, here's what the economic bandwidth, here's the additional growth, here's the additional tax base, here's the additional revenue. Another good example is, spaceport Florida that you've seen that one chart there, their revenue that they get is two point 1 million in revenue coming just direct to the spaceport and rent and fees like that. We've exceeded that, but they've got 56 people on staff. They're a broker for excess NASA facilities. And they're getting \$50 million in directly from the state and transportation and other things because they know that it's not really being paid back as much as the aerospace jobs in Florida with blue and with space x is huge. And so it's showing that economic benefit, which I think is more important than, hey, we'll pay this 2 million back, or we'll pay this capital outlay project back. So as we go forward, I hope this analysis shows why the growth in jobs and aerospace is really the value added.
- Rick Holdridge: [01:34:56](#) That's the reality. But the other reality is when we step in there in a committee meeting with the legislature, they will ask when are you going to get paid back? And you can say, well, it'll take us three years or five years, but then you can come in and says, our Arrowhead Center studies show that this investment by the state results in an estimated this many jobs and this many millions of dollars of new money into the state. I think we're going to have to have both answers.
- Davin Lopez: [01:35:33](#) Absolutely. I think based on what you're saying, and the model you talked about with spaceport Florida have to look at both

the revenues generating side of your business, but also the impact analysis in terms of the new grt being created. We need to shout those figures out. And making sure that we have strong justification for what's presented in that analysis I think is important as well.

Laura Conniff: [01:36:02](#)

Well, and I think that virgin bringing in a hundred new families, that type of thing is a long term type of commitment rather than just for an event. I think those things really need to be emphasized as well.

New Speaker: [01:36:18](#)

Mr. Chairman and a member Conniff. Yes, that's exactly the point that the other states believe in is it's not an event or it's not the return on an investment, it's what are the jobs, what are the families, what are the schools, what are the grocery stores, hotels, what is that impact because that's what the economy is based on in a local area and that's what they're focused on. And Mr Chairman, we'll certainly get that. One of my goals is to try and hopefully in some of these legislatures to kinda change that narrative a little bit more towards not a quick payback as much as it is. We're really growing the economy and getting more jobs and families here and we'll get there, but I understand your point. We'll have some data to show that.

Rick Holdridge: [01:37:09](#)

Thank you. Any other questions? And you haven't done the NMFA resolution yet. That's next.

Zach DeGregorio: [01:37:19](#)

So with that, we'll recommend that the board approves the next resolution which the FY19-FY20 financial plan. (Resolution 2018-010) There's four pieces to this. The first piece is the overall plan that we're looking at heading into a more positive territory than we've been in FY18. The second piece is FY19. We're expecting more revenues than in our original budget. We need to go to the legislature and ask for that permission to spend that money. The third piece is FY20 budget which we're going to be submitting to the legislature. And the fourth piece is to assign our current fund balance to spaceport operations and not just leave it unassigned.

Rick Holdridge: [01:38:03](#)

Okay. With Zach's recommendation, if there's no more questions, I'll entertain a motion to approve the financial plan. First: Laura Conniff. Second: Nathan LaFont. All in Favor? Aye. Opposed? [None] Motion carries.

Zach DeGregorio: [01:38:52](#)

The last vote is the NMFA resolution. I already mentioned this. NMFA had in their last board meeting last month voted to release the full amount of excess pledge revenue for Fy 18 to us. So that's \$1.3M. What this vote does and the resolution that

we sent you would be just approving to accept that money essentially.

Rick Holdridge: [01:39:17](#) So if there's no more questions, I have a motion to approve. First: Laura Conniff. Second: Davin Lopez. All in favor? Aye. Opposed? [None]. Motion carries. We will take a ten minute break and then Dan can do the summary.

Rick Holdridge: [01:52:47](#) Okay. We will go ahead and get started again.

Dan Hicks: [01:53:49](#) Mr. Chairman, members of the board, I quickly want to go through some of these charts. This kind of gives a little bit of a background about some of the votes and we just did and it'll help us pull together the story that we want to take up too the legislature and various committees throughout this fall and next year.

Dan Hicks: [01:54:14](#) So quickly go through some of these, you've seen this chart, right? One hundred 98 vertical launches now at the spaceport, but there's three key takeaways. The first one, real quickly from the last meeting, I don't know if you were tracking, I was invited to the White House for the third National Space Council meeting there in 18th June and at that meeting, after each council meeting, there's been a key policy decision made. After this one it was the department of Commerce handling the space traffic and situation awareness. And the task was to get something in place within a year, which is a huge challenge for secretary Ross, to be able to pull off. That's important from a lot of perspectives and how it affects the space industry particularly. Yes, it is going into small sat launch capabilities, how we integrate into that traffic management situational awareness, a system that doc will be managing it. And of course there's a space force announcement, that was announced at that meeting too. There's a lot of activity going on at the federal level, but the perspective that's important for us to take away is for the first time since maybe Johnson now, you now have a fairly united, not only the president and vice president, but the cabinet secretaries and the NASA administrator all in sync with a with a clear path forward in many ways. And, and that's nice to be in this

New Speaker: [01:55:44](#) setting. And as I mentioned to you at my last council, I mean at the last quarterly meeting we hadn't had this space council in 25 years and now you have a strong leader and Mike pence kind of guiding the federal government and the agencies to do certain things. So this is just a quick example. We're going to have a permanent presence on the moon and go on to Mars and you've seen that before. But this chart I've kind of want to get

into now that we have the federal level kind of clearly focused. Here's what the commercial side is doing in some studies that are out there. You have seen this one before about the two point 7 trillion in a few decades of Merrill Lynch study and in a lot of investors coming in, what we're seeing at this last study that just came out, about a month ago by the space foundation it showed in FY17, 393 billion.

New Speaker:

[01:56:28](#)

So that's like a \$44 million just in a year of growth in the space industry around the world. Kind of a validation point, if you will, for the growth that's happening. One thing I might add to that, it's relative to a question a little bit earlier about the kind of rate on return that the financial industry is looking at this the same way many states are as it's not what you return as much as growth. They're focused on pure growth. And so you see a lot of these companies that aren't making money and won't make money for probably another 10, 15, 20 years. But the investment in the growth potential in this market is huge. And that's what we as kind of a smaller microcosm of that as a spaceport here. It's all about growth. It's about getting jobs and companies coming in, not as much a return.

New Speaker:

[01:57:22](#)

That's why we now have another licensed spaceport that you can see on this chart. Good old front range of Colorado. It's right there seven miles outside of Denver International. They were licensed by the FAA last week. So now there's 11 licensed spaceports and there's about another nine or so applications in process. What that is doing is driving a lot of federal policies and a push by the commercial space industry to get quicker access to space, get quicker licensing of whether it's launch operators or spaceports and that's part of the National Space Council. And Pence' guidance to the various cabinet secretaries to help streamline and certain areas. But to also put in processes in place that don't exist today. So this kinda leads to, well, we've seen that we have advantage and I'm not going to go too much in these two charts. I'm going to jump to this one.

New Speaker:

[01:58:23](#)

A lot of my staff and our time is focused at working with our partner industry, whether it's a launch operators or whether it's other spaceports and we're working with the FAA in some very important rule-making committees, what they call rule making committee arcs. The first one of the national aerospace access that really came out, over the last few months, and it wants to get after the current way we're launching like at Florida when Elon Musk did his launch and they blocked off the traffic from coming to the eastern coast of Florida for about four and a half hours with millions of dollars of impact of commercial aviation. They're looking at, hey, how can we do that more streamlined?

How can we get better at that? And what are the things that the FAA should put in rules making to allow that to happen. The second one is just spaceport categorization and that's kind of defining what is a spaceport and what it does.

New Speaker:

[01:59:24](#)

And I think this one really came from a concern from airlines. When you talked to a lot of the commercial companies and more, you talk to the aviation industry, whether it's airline pilots, association to the air traffic controllers, a labor union, or you talk to any of them in the commercial aviation. Suddenly they outside of Denver, here's this spaceport and there was a big concern because what that impact as an airport manager in Denver, if there's now right next to him, a spaceport that has access to the airspace, that limits their ability to grow that general commercial aviation industry and Airways. Wait a second, we don't want that. What are you doing? So there's a big focus that we've been working for the last six or seven months and defined what a spaceport really is and what we're seeing is it's just mostly at this point, information education.

New Speaker:

[02:00:17](#)

The airline industry doesn't understand spaceports and how we use the national airspace system. They don't understand that a flight that goes quickly through the airspace isn't as impactful as maybe the way the process is currently working. And so the type of space port you are, is important to get them to understand if you were horizontal launch capability or vertical launch capability or both, what does that really mean and what's the impact on the airspace? More importantly, what projects can you bring? So that's that second spaceport categorization arc. And then of course, the third one is just looking at how you really streamline certain licensing with the FAA. I was in Denver, like I said, a little bit early. I just got back yesterday. It was for the interim, CSF spaceport commercial spaceflight federation, a meeting where I took over the chair of the spaceport committee that is dealing with the other spaceports.

New Speaker:

[02:01:16](#)

And so we're working through some issues that deal with the infrastructure, from the federal government, you know, what makes sense with the spaceport, around the nation. Should the department of commerce get involved and started funding us, should it be a funding mechanism and how do we orchestrate that? That's part of what the committee wants to work on over the course of this next year. And then of course, many of you have heard about our spaceport ambassadors. We've kind of been advertising them. There's also another group that just started a couple months ago about new space, New Mexico and the intent of that group and is based primarily in Albuquerque,

but it's focused on the whole state is to look at, whether it's the payload companies that are working at AFRL, the commercial companies or whether it's the construction companies that have a space background or whether it's a certain launch operators even or solar energy capabilities for small set.

New Speaker:

[02:02:25](#)

There's a lot of companies in Albuquerque and a focus of this group is to kind of say, hey, as a state, how do we all work together and bring in a space industry. This is similar to something that Colorado has been doing an exceptional job on for the last 10 years in their outreach around the state and advertising and marketing themselves as a space state and aerospace state in doing things. And I think this group is, it's really cool that if we want to bring more space, aerospace industries to New Mexico, how do we market ourselves? How do we really understand what the various four corners of New Mexico offer in new ways? What does the space port, what do we do as a state and how can we market more, and more consistently so that just started.

New Speaker:

[02:03:12](#)

We're working with them so when you look at the request as we grow the small staff that I have and the amount of bandwidth that I in our solutions director and Bill and some of us have been able to participate at the federal level and at the state level. It takes time and it's important and we need to do it. We should do it, we want to do it. It's just that we also have a business and an operation to run too. So this is just the perspective of there's a lot of importance at Spaceport America has now outside the state and this getting more notoriety because of the efforts that we're working. So real quick on the current workload that you see, we're continuing to support the White Sands missile range and the project, the Boeing CST Starliner. Right now they're getting ready to finish another flight there at White Sands.

New Speaker:

[02:04:02](#)

We'll come back to this over the course of this fall to do some additional flights. Exos just launched last Saturday. Their new system, a great success in getting it launched. They've got a lot of good data that they've learned from it. Up is getting ready to have two flights. Bill and his team have been very busy along with Chris' support. They're at the spaceport to be able to support these three launches within about a month timeframe. New Mexico tech, as you see, has launched recently. The Cup I'm going to get to that. And of course, we've even done some non aerospace commercial activity that a TV commercial type activity that a recorded some things out at the spaceport near term effort. I'll talk quickly on this chart. The big prep for Virgin Galactic. We're doing a lot of, I say we collectively, the outfitting

for the terminal hangar facility is starting, their gas farm, which is next to our fuel farm expansion, the liquid gases that they're going to need.

New Speaker:

[02:05:07](#)

They started construction on that to get ready for their flights. Uh, you'll probably see some information from Jonathan at these upcoming committee meetings of the staff that they've already moved here. Additional staff that they plan on moving here when they finished their flights at Mojave, the reliability flights, they'll get another boost phase flight, maybe a second one, but then they'll quickly go onto reliability flights to prove to the FAA that their system is operational. And then of course after they finished that, they'll make a decision to come here and the exact timeframe of that of course will come from the virgin leadership. And not from me. The base 11 challenge that is the unique opportunity that we had with a nonprofit out of California. It's a liquid rocket to space developed by a university competition. Our initial input to this nonprofit was to phase it and to focus on safety, which is what they're attempting to do now.

New Speaker:

[02:06:07](#)

We've worked with them to go to the right contacts and Bill and Karen have reached out to ensure that they bring in some NASA expertise, some real liquid rocket expertise from the department of Defense as they go forward with their safety plan. In working with these universities, having a liquid rocket to the Karman line with a \$1,000,000 prize as a neat challenge. The concern of course is even commercial companies have a difficult time to develop projects like that. The goal of this, the reason why it was a good partnership for us is the goal for base 11 challenge is to get 11,000 new stem in high talent, under resourced areas. Various communities that wouldn't normally go into stem, whether it's under resourced the population demographics. There's a chart that I think I'm going to show in a little bit that gets into that a little bit more detail. And then of course the prep for hyper sciences and their capability.

New Speaker:

[02:07:09](#)

We're getting ready to renew the contract with them. We will perform master planning of everything from the capital outlay from looking at what's on our plate. And then of course quickly staff up so we can look at the now eight NDAs that we have in place. Getting these additional aerospace companies. This is base 11, and it shows what their goal is. You look at the race and ethnicity of the aerospace engineers, predominantly white. So when they look at high talent areas, but under resourced, the focus is, it's probably because a lot of these communities don't have the mentorship or the resources to maybe look at stem as a career path. So this challenge wants to focus more on

that. And to get that to happen. The other thing is just from an age of the aerospace engineers, just overall there's a gonna be a dearth of aerospace engineers going forward and the focus of efforts like this is to get more into the stem fields to be able to help. Know the aerospace engine industry, but just that technical fields that need more stem talent.

New Speaker:

[02:08:33](#)

Exos, we just talked to that. They had a good successful launch. Bill and his team were there. Chris did a great job of supporting out there on the 25th last Saturday. We've talked about additional thrust testing and we know that Up aerospace has continued to do some of their rocket motor pours to get ready for their flights. New Mexico tech completed their launch on the 25th of April. There's a neat thing about this project because there's a spinoff that we think may be a viable to New Mexico tech, a commercial capability from this rocket launch. This is our hiring plan that we got approved from the state legislature. You've met actually at the last meeting, Alan Turk. He was just on a phone call. We introduced him. He's not here today, but we do have Keri Fresquez. The other ones, there's a letter going out to an aerospace engineer and to a second flight control specialist. That one spot is getting ready to send out today. One, will start on the 22nd of September. The other one will start hopefully a little bit earlier in September, and then we'll quickly go through these other hiring actions.

New Speaker:

[02:10:03](#)

This chart just kind of gives a perspective of right now as we finished up FY 18 what the job growth is and FY19. And this is just, the spaceport and vgn in our contractors. This doesn't account for all of the additional full time equivalent from like operations, like boeing out there or up or exos and their staff that they bring in. When they come and do the operations, particularly in the vertical launch area, they'll come in, they'll work 12 or 24 people that'll come in for a week or two weeks, set up, do their operations and then leave. So you look at their impact from an fte perspective. This doesn't include that Virgin Galactic, I kind of just talked about that, but I want to show you a quick video. If you have a moment to go look at that video, their third powered flight that they just completed on July 26.

New Speaker:

[02:13:20](#)

So this is exciting for the space industry, not just for us that the space port in New Mexico, the whole space industry is looking at at what's happening. So within the next 12 months we'll have suborbital human rated capabilities, we think, and we'll have a couple of real human rated capabilities to be able to go up and back to the ISS. That's exciting when you think about it because that really sets the tone for where we're going as the industry. Virgin has got a bunch of jobs out on the street that they're

hiring here locally, and they have an additional 100 or so coming. Not all of them will transfer, some of them will stay with the spaceship company, but they need the support out here to do their operations. What I want to end with is the spaceport America Cup. But before Zach loads that up, let me just hit these two charts real quick.

- New Speaker: [02:14:10](#) That shows that we had 133 teams actually register, 124 who are competing. But then we had another nine teams that were just doing high altitude demonstrations during this cup where they wanted to get a little higher. But from a number of countries around the world in a number of states it is just a wonderful event. Of course mcgill university from Canada was the second awardee of the spaceport America Cup, University of Michigan last year and now mcgill university from Canada. This video that we're going to show is kind of a neat compilation of some of the activity and it focuses on a wonderful university called New Mexico state and their first attempt at the their launch. So you'll see what my alma mater did a lot throughout this video. So with that, Zach, you want to come load the video?
- Dan Hicks: [02:19:10](#) This is the first time I saw it too, I just got back in town. They were going to edit it and smooth it out a little bit, but it's a good message. And the message is collaboration. The message is the incredible learning potential that you have right now is students going through, don't give up, keep going.
- New Speaker: [02:19:28](#) So it's a great opportunity. We look forward to continue with this cup and you learn more from things like that, like New Mexico state than if they had a success. So it's pretty good and we'll continue this video to polish it up and get ready for the legislative committee. But we did want to share that with you today where it's at. They are committed to come back. In fact, what was really exciting is we had a number of legislatures and then board members able to come, but we had AJ Forte from DFA and he's actually working, an initiative to get funding for NMSU, UNM and tech to actually do a rocket competition. He'd kind of have an internal state competition which will be kind of cool here at the cup, to give them a little bit of a state funding to be able to pull something together. So that's a good idea where all four, we're not sure who will sponsor that, but it's a super idea.
- New Speaker: [02:20:39](#) So with that, we'll transition to the southern road. Another wonderful news story. It's completed. It's a nice image of it with a nice striping on it. Uh, we're working with the governor's office right now for a ribbon cutting / launching ceremony for the southern road. Hopefully we'll get that scheduled sometime

in September, but hats off to, Dona Ana County and their management of the contract. Certainly Chris Lopez and his efforts and team pulling up working with mountain states. They did built a super road. They did a great job of pulling this off, getting it together. We've had great comments from virgin and some other people that have been up and down the road, even the students because it was pretty much done when they were here. Just love the fact that the road was nice. So we have two good access roads. One from the TRC area now one from the Las Cruces area into the spaceport. Yeah. Just some more pictures of this

New Speaker: [02:21:58](#)

Mr. Chairman, members of the Board, that completes this quarterly update. We do have a couple actions from you about finalizing more about the white paper information for the capital outlay and just our budget increase. Why that makes sense right now. There's a lot of, I think excitement in the space industry. There's a lot of companies that are getting ready to because of the investors. And do some great things and our goal of course is to bring more of those companies to spaceport America. Certainly appreciate all of your support, everything from working with NMFA, working with the southern road and getting all of the licenses and property. I'm just all your support and then working through. We appreciate everything the board does for us and keeping us going. But with that, that completes the presentation Mr. Chair and members.

Rick Holdridge: [02:22:55](#)

Thank you Dan. At this point we will open the meeting up for public comment.

Ron Fenn: [02:24:11](#)

Okay. Good afternoon. I guess. I'll try to keep this short. One of the things that I want to talk about is something that I hold very near and dear and that is, we need you guys to please vacate our recreation center. The amount of activity that's generated by spaceport America in our center is so minuscule as to be ridiculous. One day a week there are maybe up to 24 people coming to that building for tours to the spaceport and I doubt very seriously that is anywhere close to what's accurate. But I'm also having problems getting information through IPRA requests. It just keeps getting delayed more and more all the time, but what I wanted to share with you today is a photograph that I took last week. This is what has been generated for the people of truth and consequences. Our beautiful billiard room in our in facility has now been moved to the basement of the civic center down 12 concrete steps into a windowless spare room storage room.

Ron Fenn:

[02:25:38](#)

This is how the city of truth or consequences is treating a third of our population which are retirees with scorn and disdain. Fortunately, we are going to be looking for a new city manager, as Mr. Fuentes was fired on Monday and have to say that I put a lot of pressure on the city to do that and I don't take all the credit for it, but I do know that I have to some of the credit for it and I just want this to be put into your record. Please look at it. This is shameful and spaceport America is not talking about building a visitors center in truth or consequences, which means what? Our interim is going to be permanent? We get no rent and I'm sure your new rent at Arrowhead or wherever you're moving into is going to be more than you're paying now for space and we get nothing but this. Come on. You could operate the space tours out of the hotels. Maybe you could talk Mr Turner into letting you use Sierra grande as a gathering spot for people wanting to go to the space port. It does not have to be our recreation center. Thank you.

Rick Holdridge:

[02:27:15](#)

Thank you, Ron. Any other questions or comments? A board staff hearing? None. I'll entertain a motion to adjourn. First: Nathan LaFont. Second: David Lopez. All in favor? Aye. Opposed? [None] Motion carries. We're adjourned.



Approved

17 Dec 2010

Date