

LOBO DEVELOPMENT

PARTNERSHIP + INVESTMENT + COMMUNITY

Minutes of the July 13, 2017 Annual Meeting of the Board of Directors

Board Members Present: Marron Lee, *Vice Chair*; Chris Vallejos, *Secretary/Treasurer*; Chaouki Abdallah; Louis Abruzzo; Stephen Ciepiela; David W. Harris; Paul Roth; Janice Ruggiero

Board Members Absent: Robert Doughty, III; Maria Griego-Raby

Also present: Tom Neale, Harry Relkin, Keelie Garcia

MINUTES

I. Call to Order

- a. Marron Lee, Vice Chair, called the meeting to order at 9:33 am in the UNM Student Union Building, Cherry Silver Room, Albuquerque, NM.
- b. Vice Chair Lee established that a quorum was present.

II. Approval of 02/14/17 Minutes

- a. Draft Minutes of the February 14, 2017 meeting were presented. A motion to approve the 02/14/17 Minutes as presented was made by Stephen Ciepiela with a second by Chris Vallejos. All agreed.
- b. **RESOLVED: The Board unanimously approved the 02/14/17 Meeting Minutes as presented.**

III. Financial Report

- a. FY 2016-17 4th Quarter Financials
 - i. Chris Vallejos reported on the 4th Quarter Financials for fiscal year 2017. Included in the Board packets were Balance Sheets and Profit & Loss Statements. Net income for the 4th quarter was \$9,775. He reported that the overall net income for the fiscal year was \$2,352,679. Cash was at \$3,551,254 between two accounts, Compass Bank and UNM.
 - ii. No questions or comments.
- b. Audit by Moss-Adams beginning 08/14/17
 - i. Chris Vallejos reported that the audit for fiscal year 2016-17 will be completed by Moss-Adams.
 - ii. Vice Chair Lee asked if the audit is put out to bid. David Harris explained that LDC is included in the single audit of UNM. UNM advertises the RFP and the scope includes the component units. It was awarded to KPMG last time.
 - iii. No further questions or comments.

IV. FY 2017-18 Budget

- a. Chris Vallejos presented the 2017-18 operating budget for approval. It is similar to prior year's budget. Major income is from the ground lease with ACC for Lobo Village student housing.

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There has been less income from Mesa del Sol as those properties have been sold. Additional income is rent from 933 Bradbury, 1312 Basehart, and a transfer in from Innovate ABQ for operational support. Expenses include the administrative budget, which has stayed the same, with only two employees. A project expense is included for money that may be needed for studies, surveys. Expenses also include interest and principal on buildings that were purchased. Additional money is allocated to ISS for their operating budget.

- b. Interim President Abdallah asked about the decrease in the student housing income. Mr. Vallejos answered that based upon the agreement with ACC, the first five years payments were based on a set amount. In the sixth year and going forward, it is based on occupancy.
- c. No further questions or comments.
- d. A motion to approve the FY 2017-18 Budget as presented was made by Chaouki Abdallah with a second by David Harris. All agreed.
- e. **RESOLVED: The Board unanimously approved the FY 2017-18 Operating Budget as presented.**

V. FY 2016-17 URPEDA Compliance Document

- a. Chris Vallejos presented the annual compliance report for the University Research Park Economic Development Act (URPEDA). It is a document prepared for submittal to the state for various compliance topics. LDC's external auditors do not review compliance, so it is necessary to prepare a statement of compliance.
- b. A motion to approve the FY 2016-17 URPEDA Compliance Document as presented was made by David Harris with a second by Louis Abruzzo. All agreed.
- c. **RESOLVED: The Board unanimously approved the 2016-17 URPEDA Compliance Document as presented.**

VI. Elections of FY 2017-18 Chair and Vice Chair

- a. David Harris nominated Marron Lee as Chair, with a second by Chaouki Abdallah. All agreed.
- b. Marron Lee nominated Stephen Ciepiela as Vice Chair, with a second by Louis Abruzzo. All agreed.
- c. **RESOLVED: The Board unanimously elected Marron Lee as Chair and Stephen Ciepiela as Vice Chair of the Lobo Development Corporation Board of Directors for 2017-18.**

VII. Forward Request for Reappointment of three Non-Positional Directors to Board of Regents

- a. Keelie Garcia explained that Maria Griego-Raby, Louis Abruzzo, and Stephen Ciepiela are non-positional board members whose terms are up for renewal.
- b. Dr. Paul Roth asked the maximum term each can serve. This was not known, so this matter is held subject to review of the Bylaws.

LOBO DEVELOPMENT

PARTNERSHIP + INVESTMENT + COMMUNITY

Minutes of the July 13, 2017 Annual Meeting of the Board of Directors

- c. A motion to reappoint Maria Griego-Raby, Stephen Ciepiela, and Louis Abruzzo as non-positional board members and to forward the reappointment request to the Board of Regents was made by Dr. Paul Roth with a second by David Harris. No discussion. All agreed.
- d. **RESOLVED: The Board unanimously approved the reappoint of Maria Griego-Raby, Stephen Ciepiela, and Louis Abruzzo as non-positional board members and to forward the reappointment request to the Board of Regents.**
- e. **Note:** According to the bylaws, there is no maximum term for non-positional board members. Review satisfied. Resolution forwarded to UNM Board of Regents.

VIII. Project Updates

- a. UNM Sports & Entertainment District
 - i. Thomas Neale introduced Kyle Bodhaine and his team, 54 Development. Mr. Bodhaine introduced Dekker, Perich, Sabatini and John Sergi, the professional feasibility consultant who participated via phone call.
 - ii. The team provided a 40-minute PowerPoint presentation and discussion on their feasibility study and insight on the Stadium West project.
 - iii. David Harris asked for information on when the project gaining traction. It has been two years. Chris Gunning presented the timeline in the PowerPoint.
 - iv. No other questions from the board.
- b. Market Conditions and Inquiries
 - i. Thomas Neale introduced Trevor Hatchell of CBRE to discuss activity and retail overview.
 - ii. Trevor explained that they are commercial land brokers. They have represented UNM in the past with other projects. He provided a handout of their Albuquerque Retail, Q1 2017 newsletter, "Tenant closures impact retail markets locally and nationally."
 - iii. Amanda reported that there have been 30 big boxes close in Albuquerque in 2016. At ICSC, they learned that the trend is called "omni-channel," which is retailers having to adjust to the consumer. Retail is not dead, but it is definitely changing. It is changing to what the consumers are asking for; they want the experience: to be able to pick up their mobile device, go into the store and then go back to their computer and order it.
 - iv. For Lobo Development, Trevor explained that they are going to box users and then trying to find a use that is more experience-related, entertaining. They tried to get Top Golf with Lobo Development, but they want to be on north I25. It might come back to Lobo Development. They have received offers for pads and small retailers. They need to find that entertainment anchor or that big box. Walmart is available.
 - v. Amanda reported that they are not limiting the big box altogether, but they are going back out and talking to outlet groups.

LOBO DEVELOPMENT

PARTNERSHIP + INVESTMENT + COMMUNITY

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- vi. Chair Lee asked about a grocery store. Trevor answered that they have talked to the grocery stores and they are waiting to see what happens with Amazon and Whole Foods and how it affects Albuquerque.
- c. South Campus TIDD
 - i. Thomas Neale explained that the team has met with the City, presented to the Debt Committee, and is working with the City staff. He introduced Harry Relkin to report.
 - ii. Mr. Relkin reminded the board that in order to be created, a TIDD has to start with the city of Albuquerque. The City Council is the ultimate decider so the team has been working both sides: the administration side with the Mayor's office and the City Council. They had a very positive meeting the Mayor's office, the Debt Committee, and City Councilor's Office. The Debit Committee is the committee of the key city staff who evaluate the TIDD. They are very intrigued by the potential additional job creation.
- d. Innovate/Rainforest Building
 - i. Thomas Neale provided a brief status update of the Lobo Rainforest Building. It is 160,000 sq. ft., \$35M project, six stories, approximately 16-17,000 sq. ft. of rental space on the ground floor and the balance on the upper floors. Floors 2-6 have 155 two bedroom, two bath apartments. They are currently in the initial lease stage. They have 77 of the 310 beds leased, which is 25%. He has approached an apartment marketing company to help open up a floor or two to corporate and market-based housing to test whether it is a feasible option to soften the financial blow.
 - ii. The ground floor began with a \$600,000 commitment from the University for two programs to lease the ground floor. This was Innovation Academy and UNM STC. AFRL has taken space, General Atomics has taken ground floor space, and they are working with Sandia National Labs.
 - iii. David Harris asked about the rent subsidiary with the City. Mr. Neale answered that he has corresponded with Gilbert and he says the agreement is with their legal counsel. This is a two-year subsidiary of \$384,000 and would cover approximately one floor.

IX. Adjournment

- a. Meeting adjourned by Vice Chair Lee at 11:20 am.

Minutes prepared from recording by Keelie Garcia.

Approved by Board of Directors: March 2, 2018


Chris Vallejos, Secretary/Treasurer