

Minutes of the August 15, 2019 Annual Meeting of the Board of Directors

Board Members Present: Marron Lee, *Chair*; Stephen Ciepiela, *Vice Chair*; Chris Vallejos, *Secretary/Treasurer*; Louis Abruzzo; Eddie Nunez; Garnett Stokes; Rick Siegel, Kim Sanchez-Rael (via phone)

Board Members Absent: Dr. Paul Roth, Maria Griego-Raby, Teresa Costantinidis

Also present: Keelie Garcia, Lisa Marbury, Loretta Martinez, Kim Murphy, Tom Neale, Mallory Reviere, Ariadna Vazquez

MINUTES

I. Call to Order

- a. Marron Lee, Chair, called the meeting to order at 1:00 pm in the Lettermen's Lounge of the Dreamstyle Arena, Albuquerque, NM.
- b. Chair Lee established that a quorum was present.

II. Approval of 06/05/19 Minutes

- a. Draft Minutes of the June 5, 2019 meeting were presented. A motion to approve the 06/05/19 Minutes as presented was made by Garnett Stokes with a second by Rick Siegel. All agreed.
- b. **RESOLVED: The Board unanimously approved the 06/09/19 Meeting Minutes as presented.**

III. Audit by Moss-Adams began 08/12/2019

- a. Chris Vallejos explained that the audit began on August 12. They will finish their fieldwork tomorrow, August 16, and the final audit will be issued later this fall. Reminder that Lobo Development will have to wait until UNM releases their final audit so we can release ours.
- b. No questions.

IV. FY 2019-20 Budget

- a. Chris Vallejos presented the 2019-20 operating budget for approval. The format was changed to compare to actual. Note: the actuals are not audited, they are draft. There are notes explaining variances. Chris reviewed the document with the Board.
- b. Kim Sanchez-Rael asked how the ending deficit will be covered. Chris Vallejos explained that Lobo Development has money in reserves to cover a possible loss.
- c. A motion to approve the FY 2019-20 Budget as presented was made by Rick Siegel with a second by Stephen Ciepiela. All agreed.
- d. **RESOLVED: The Board unanimously approved the FY 2019-20 Operating Budget as presented.**

V. Annual Compliance Documents

- a. FY 2018-19 URPEDA Compliance Document
 - i. Chris Vallejos presented the annual compliance report for the University Research Park Economic Development Act (URPEDA). LDC's external auditors do not review non-financial compliance, so it is necessary to prepare a statement of compliance with the

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University Research Park Economic Development Act. The board is responsible for approving the document, which is included with the audited financial statements.

- ii. Stephen Ciepiela pointed out that the document is based upon a legal memorandum from 1999. Loretta Martinez explained that UNM Legal Counsel will review the document for updates.
 - iii. Kim Sanchez Rael asked if UNM Legal Counsel has reviewed and signed off on the document. Loretta Martinez answered that, no, not to her knowledge. Ms. Martinez asked Mr. Vallejos how this document is prepared and approved. Mr. Vallejos explained that since it has been status quo, it has not been reviewed by University Counsel. To his knowledge, there has not been any changes to the 1999 recommendation. He recommends that it be evaluated and updated, if necessary, by counsel. Each Research Park Corporation prepares this document with the same language.
 - iv. A motion to table the approval of the FY 2018-19 URPEDA Compliance Document was made by Eddie Nunez with a second by Louis Abruzzo. All agreed.
 - v. **RESOLVED: The Board unanimously approved tabling the 2018-19 URPEDA Compliance Document.**
- b. FY 2019-20 Conflict of Interest Policy Forms
- i. Chris Vallejos explained that each Board Member has a Conflict of Interest policy and declaration in their packet that needs to be signed.
 - ii. Kim Sanchez Rael mentioned that this document needs to be reviewed with the updated Bylaws. Chair Lee agreed and asked the Board to sign today, but review for changes and possibly re-sign.
 - iii. A motion to sign the declarations today and then review for possible changes with the updated Bylaws was made by Stephen Ciepiela, with a second by Garnett Stokes. All agreed.
 - iv. **RESOLVED: The Board unanimously agreed to sign the declarations today and then review for possible changes with the updated Bylaws.**

VI. Elections of FY 2019-20 Chair, Vice Chair, and Secretary/Treasurer

- a. Rick Siegel made a motion to re-nominate Marron Lee as Chair of the Board and Stephen Ciepiela as Vice Chair of the Board, with a second by Garnett Stokes. No other nominations or discussion. All agreed.
- b. Stephen Ciepiela made a motion to nominate Chris Vallejos as Secretary/Treasurer of the Board, with a second by Louis Abruzzo. No other nominations or discussion. All agreed.
- c. **RESOLVED: The Board unanimously approved the reelection of Marron Lee as Chair of the Board, Stephen Ciepiela as Vice Chair of the Board, and Chris Vallejos as Secretary/Treasurer, for 2019-20.**

VII. Appointment of President of Lobo Development Corporation

- a. Chair Lee suggested that the UNM CFO maintain its position as President of Lobo Development Corporation.

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- b. Kim Sanchez Rael made a motion to approve Teresa Costantinidis as the President of Lobo Development Corporation, with a second by Rick Siegel. No discussion. All agreed.
- c. **RESOLVED: The Board unanimously approved the appointment of Teresa Costantinidis as the President of Lobo Development Corporation.**

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

- a. Chair Lee explained that Maria Griego-Raby, Louis Abruzzo, Stephen Ciepiela, and Louis Abruzzo are non-positional board members whose terms are up for renewal.
- b. A motion to reappoint Maria Griego-Raby, Stephen Ciepiela, Louis Abruzzo, and Rick Siegel as non-positional board members and to forward the reappointment request to the Board of Regents was made by Eddie Nunez with a second by Garnett Stokes. No discussion. All agreed.
- c. **RESOLVED: The Board unanimously approved the reappointment of Maria Griego-Raby, Stephen Ciepiela, Louis Abruzzo, and Rick Siegel as non-positional board members and to forward the reappointment request to the Board of Regents.**

IX. Renewal of contract for development services

- a. Chris Vallejos explained that he is asking for approval to extend the contract to Altura Real Estate, LLC for another year. Kim Murphy has been the development consultant for the past year, primarily working on the TIDD.
- b. Louis Abruzzo made a motion to approve the one-year renewal of the contract to Altura Real Estate, LLC for development services, with a second by Garnett Stokes. No further discussion or comments. All agreed.
- c. **RESOLVED: The Board unanimously approved the one-year renewal of the contract to Altura Real Estate, LLC for development services.**

X. Approval of Second Loan Revision Agreement for 933 Bradbury

- a. Tom Neale explained that the next two agenda items are related, so he will provide historical background. Prior to the creation of Lobo Development, there was an initiative coming out of the administration that required quick action on a project to be built, partnered with Sandia Foundation, 2006-2010. Between 2006 and 2010, we built several projects in partnership with Sandia Foundation, typical construct was a ground lease to Sandia and they would get site control, build the building or renovate, and seek bank financing. Rent payments were a combination of bank financing plus some profit to Sandia Foundation. In 2013, some of the leases were going to roll over and there were some interest risks on refinancing with Sandia Foundation and the administration realized that there could be significant savings if we took out Sandia Foundation using the now-created Lobo Development Corporation. Lobo Development, in 2013, bought out three of these buildings – UNM West in Rio Rancho, 1312 Basehart which was UNM Press, and 933 Bradbury which became the UNMH Hope Building. Lobo Development took Sandia Foundation out through a \$27,800,000 loan they acquired from the Regents from their reserve balances. The great thing about the conversion is the rent payments were 6%-7%, the interest that we payback to the University is 3%, so there is about \$740,000 per year savings to the

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University by doing this. At the time of the transaction, the reserve funds were getting 1% or less than 1% return, so it benefits the University, they get a greater return on their cash reserves of 3% and then we made a significant dent in our debt service or rent payments. All this happened in 2013. In 2016, SRMC and HSC took over UNM West and that debt service was carved out of the Lobo Development obligation and then that reduced the debit obligation for the corporation.

- b. What he is asking for today is a second amendment to the promissory note. Part of the original promissory note was amortized at 3% over 30 years with a balloon payment in year seven. Mr. Neale, Keelie Garcia, and Liz Metzger met regarding this amendment and Teresa Costantinidis has been briefed. The amendment is to extend the balloon payment out another seven years without changing the debt payments or the amortization. He is requesting Board approval to move that balloon payment another seven years to May 2027.
- c. A motion to approve the Second Loan Revision Agreement for 933 Bradbury was made by Louis Abruzzo, with a second by Garnett Stokes. All agreed.
- d. **RESOLVED: The Board unanimously agreed to approve the Second Loan Revision Agreement for 933 Bradbury.**

XI. Approval of Amendment No. 2 to Occupancy Lease Agreement for 933 Bradbury

- a. Tom Neale explained that this agenda item relates to the prior item. It relates to the obligation of the University to pay for the occupancy of 933 Bradbury. The lease between Lobo Development Corporation and the Regents was coterminous with the original balloon payment and he is asking to extend the term for seven years.
- b. A motion to approve Amendment No. 2 to the Occupancy Lease Agreement for 933 Bradbury was made by Rick Siegel, with a second by Garnett Stokes. No discussion. All agreed.
- c. **RESOLVED: The Board unanimously agreed to approve Amendment No. 2 to the Occupancy Lease Agreement for 933 Bradbury.**

XII. Project Updates

- a. South Campus TIDD Update
 - i. Kim Murphy provided an update on the status of the TIDD regarding the Preliminary TIDD Application. The application was submitted to the City of Albuquerque in mid-June. Shortly thereafter, he started getting positive feedback from the City's administration and met with administration officials in the middle of July and got confirmation that the Mayor is supportive of the TIDD and felt like the Non-Binding Resolution request to City Council would be an appropriate next step. Following that information, they met with Councilors Benton and Davis and the Chief of Staff. These two Councilors are the ones that are most immediately affected by this. South Campus is in Councilor Benton's district and Councilor Davis' district is just a short distance to the east and includes all those neighborhoods that are back towards Yale. They have both been supportive of the TIDD since day one and they felt like the Non-Binding Resolution was also as a good next step. There was discussion about getting the Resolution before council this coming Monday. Councilor Benton told him that it will not be this Monday as they still need to complete

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some internal work. It will probably be in two weeks, Sept. 2. The way they function is that these resolutions are introduced at one meeting then will referred to a governmental affairs committee for more consideration and then it will go back to the council for final action. That process may take a month to get through. They feel like this is a good way to get fairly concrete input from both the City's administration and the council because in the resolution, they can identify a few things that they would like to look at. There has already been a few that are very doable that will not compromise the integrity of the business plan for the TIDD. The City appears to be very supportive and with the Non-Binding Resolution and their list of items they would like to change or consider in the final documents, there is a good shot at getting approval by the end of the year.

- ii. Rick Siegel asked if any of the changes are major. Mr. Murphy explained that they are very minor such as trails and right-of-ways. In the future, there may be some things on that list that will be more challenging, but we need to wait and evaluate those as they come in. Mr. Siegel requested that Mr. Murphy disseminate the information as the challenging items come up. Mr. Murphy will make sure that is done.
- iii. No other questions or comments.

b. AIMS Relocation

- i. Tom Neale explained that in June a lease was signed to relocate the UNM Hospital employees to a location downtown in order to be out of the pathway of the AIMS expansion. They are scheduled to vacate the space on August 26, 2019. The working conditions for the employees at 933 Bradbury is less than comfortable. They are in very small work cubicles. The new location will provide bigger work stations, leased at approximately what the hospital currently pays at 933 Bradbury. The contractor for the AIMS expansion has been selected – Enterprise Builders. They will take possession of the space as soon as the hospital vacates. Their delivery is over the winter break so AIMS can occupy the new space for the spring semester and then they will vacate 1155 at the same time.
- ii. President Stokes asked Mr. Neale for the number of employees moving from 933 Bradbury to the new location. Mr. Neale reported that initially it will be 185 and then the space contains about 255 work stations, so they will fill that up as they need it. The address is 400 Tijeres, which is west of the Hyatt. There will be 270 parking spaces for them between the Convention Center parking garage and a parking structure off of Gold.
- iii. No other comments or questions.

Executive Session

1. Chair Lee requested a motion to close the meeting and proceed in Executive Session. Motion made by Eddie Nunez with a second by Chris Vallejos. All in favor. Meeting was closed at 1:51 pm.
2. Discussion and determination, where appropriate of potential purchase, acquisition or disposal of real property pursuant to Section 10-15-1H(8), NMSA (1978).
3. Discussion and determination, where appropriate, of limited personnel matters pursuant to Section 10-15-1.H(2), NMSA (1978).

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4. Chair Lee requested a motion to reopen the meeting. Garnett Stokes made a motion to reopen the meeting with a second by Rick Siegel. All in favor. Meeting was reopened at 2:27 pm.

Certification that only those matters described in Item 2 and 3 above were discussed in executive session and, if necessary, ratification of actions, if any, taken in executive session.

XIII. Action Items from Executive Session, if any

- a. None

XIV. Next Meeting

- a. It was decided that the next regular meeting of the Board will be on November 14, 2019 at 9:00 am, in the Lettermen's Lounge of the Dreamstyle Arena.

XV. Adjourn

- a. Meeting adjourned by Chair Lee at 2:32 pm.

Minutes prepared from recording by Keelie Garcia.

Approved by Board of Directors: November 14, 2019

/s/ Chris Vallejos
Chris Vallejos, Secretary/Treasurer