



**Minutes of the June 2, 2020 Meeting of the Board of Directors  
Via Zoom <https://zoom.us/j/98490150657>**

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Board Members Present: Marron Lee, *Chair*; Stephen Ciepiela, *Vice Chair*; Chris Vallejos, *Secretary/Treasurer*; Louis Abruzzo; Teresa Costantinidis; Maria Griego-Raby; Eddie Nunez; Paul Roth; Kim Sanchez-Rael; Rick Siegel; Garnett Stokes

Board Members Absent: None

Also present: Keelie Garcia, Lisa Marbury, Loretta Martinez, Ari Vasquez, Kim Murphy, Tom Neale, Harry Relkin, Ken Levandoski, Margie Levandoski, Angela Hernandez, Amy Coburn, Regent Doug Brown, Harry Relkin, Steve Carr

**MINUTES**

I. Call to Order

- a. Marron Lee, Chair, called the meeting to order at 10:03 am.
- b. Chair Lee established that a quorum was present.
- c. Chair Lee asked the group to introduce themselves.

II. Approval of 11/14/19 Minutes

- a. The draft Minutes of the November 14, 2019 meeting were presented.
- b. Steve Ciepiela asked about the information in the Minutes regarding the amended and restated bylaws. The Minutes state that per University Counsel, the amended and restated bylaws would be forwarded to the Regent's prior to submittal. He asked whether that had been done. Chair Lee said that she does not believe it has and asked Regent Doug Brown for clarification. He confirmed that it has not been through F&F. Chair Lee said that it needs to be done.
- c. A motion to approve the 11/14/19 Minutes as presented was made by Rick Siegel with a second by Louis Abruzzo. All agreed.
- d. **RESOLVED: The Board unanimously approved the 11/14/19 Meeting Minutes as presented.**

III. Financial Report

- a. The 3<sup>rd</sup> Quarter Summary was presented by Angela Hernandez. She reviewed the financial summary and pointed out the information for the second quarter because the numbers are higher than the other quarters. The income in the second quarter, Lobo Development received a payment regarding Casas del Rio. On expense line, it shows a large expense due to a \$1.0M loan made to UNM Real Estate Dept. for the AML project. Everything else has been stable throughout the other quarters. In April, we will see a rise in income for the internal payments for Casas del Rio and Lobo Village.
- b. Kim Sanchez-Rael asked for clarification of the \$1.0M loan. She asked what it was for and why it's captured as an expense and not a loan. Keelie Garcia explained that she classified it as an expense because it was out of the cash balance, but at the end of June, you will see it on the Balance Sheet as a loan to UNM Real Estate Dept. She will confirm with the auditors on how it should be classified.
- c. Rick Siegel suggested that the quarterly financial summary be sent with the Minutes prior to each meeting for review. Chair Lee agreed. Keelie will make sure this is done.
- d. No other questions or comments.

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IV. Branding – Lobo Development

- a. Chair Lee added this agenda item to discuss why there is a disconnect between our branding at the University and the branding with Lobo Development.
- b. Keelie Garcia mentioned prior questions about the colors used on the Lobo Development website and explained that the colors were taken from the UNM Communication and Marketing website. She showed a page from their website with the colors that departments are allowed to use. She continued to explain that although Lobo Development is part of UNM, we still want to be separate, such as Lobo Energy and STC.UNM who have their own logo and website colors.
- c. Keelie asked Kim Sanchez-Rael for clarification on the branding issue. She responded that she did not want to take up the Board's time for this discussion. She is happy to provide feedback offline from a design perspective.
- d. Keelie introduced Ken and Margie from Lion Sky. They helped get the website up and running after not having a website for so long. They also manage Innovate ABQ's website. Ken Levondoski gave a quick overview of the organizations they work with, including the Albuquerque Sunport and New Mexico Trade Alliance. They would be happy to join any conversation about the design and make it fit to what is needed.
- e. No other questions or comments.

V. Project Update

- a. UNM South Campus TIDD
  - i. Kim Murphy reported to the Board. "Since last December, when the city council approved a non-binding resolution of their intent to form the district, we have (even through this COVID-19 disruption) maintained pretty good contact with the City and their representatives, as well as through Teresa and the President's Office. Teresa has asked that Harry and I give her bi-weekly briefings where we have an opportunity to discuss things that we are working on and get input from her and other leadership at the University. President Stokes has created a task force on the TIDD under the direction of Teresa that includes other leaders at the University. Those meetings are continuing on a monthly basis. We have been trying to keep some momentum going for this project and, under the circumstances, have been successful. There are specifically a couple of things I would like to mention. One is that we brought a new member to our team, Jill Sweeney. She is a bond counsel at Sherman and Howard and is well known in the Public Finance arena in New Mexico. She has agreed to provide assistance and guidance on the process and documentation that is needed in order to push this project forward and get a formal application to the City that can be acted upon by the administration in the in the City Council. A lot of the materials that we provided already are relevant, but there are some things that need to be repackaged. With the other things that need to be added to the application, we will look to her and Harry Relkin to provide guidance on those items. There was a brief teleconference with the City's Bond Counsel Chris Morehead with the Modrall firm and their financial advisor George Wilfred in late February and advised them of the overall strategy on the project and I believe some of the materials that we have submitted to the City have been transmitted to them.

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- ii. In terms of engagement, it is continuing and most recently, we had a teleconference with the Chief Operating Officer in mid-May about the actual steps that we need to take to move forward. He is aware of Jill's involvement in the project and fully supports it. At that meeting, we discussed that Jill would help us develop a roadmap and a schedule for the process. We just received it a few days ago and Harry and I are reviewing it right now. We have a teleconference with Jill on Wednesday to review that material. The City wants to make sure that that we are all on board with the financial feasibility of the district, so we have made our financial advisor and analyst, Brent Dupes, available to them.
- iii. The next step is to schedule individual or small group meetings with department heads at the City to inform them about the project and the content process that we are expecting. Sidebar note: at every opportunity, we make sure that we are communicating that our original intent several years ago, when we started this project and got the initial Memorandum of Understanding with the City, is that this is a partnership arrangement; this is two governmental entities working together to create an important tool for economic development and that we need to reinforce that this is the collaborative nature of this process. Fortunately, the Mayor's transmittal to the City Council on the Non-Binding Resolution and the Resolution itself that was approved by the City Council, reinforce this collaborative nature.
- iv. So it is a different approach; a very unique kind of approach in many cases. It is the private sector that usually drives these requests and the City is more in a 'review and analysis and critique' posture. We want that kind of analysis and focus. But we are also trying to emphasize the fact that this is really a joint effort and a collaboration. At the end of the day, we expect that the City and the University would be co-applicants on this application as it moves forward to other governmental entities.
- v. One final thing that came out of the May 15th meeting with the Chief Operating Officer was the idea that perhaps there are some other University lands that could be included in a TIDD. Whether it's this TIDD or a separate TIDD-like process, those properties could include the Central corridor, which may be tied to an expansion of the South Campus TIDD. The Lomas Corridor has some potential for development, as well as the North Campus environment. I wanted to bring this to the attention of the University leadership and this Board that there are other lands that could be looked at in this way. Hopefully without impeding the process that we are making on South Campus."
- vi. Regent Doug Brown asked how much flexibility or leeway there is on timing. Also, given this economic slump, it might be really difficult to find leasehold interest who would be interested in signing up for the space we could develop. Once we establish a TIDD, how much slack do we have to wait for a better marketplace?
- vii. Kim Murphy explained that he can answer those questions and there are a couple of items to follow that will touch on the changes in the market and the whole drive for greater diversification in our state economy.
- viii. "The TIDD is really a tool that is available to us and how we use that/when we use that, particularly in this environment, is still subject to some determination. Now is the time to

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proceed to get this tool available to us so that when opportunities do emerge, whether they're in the private sector area or whether they're in collaborations with industry, that we're ready to respond."

- ix. Regent Brown asked that once it's established, is there a short-term time frame to get that property leased or can we sit on it for a while until the market is right.
  - x. Harry Relkin explained that we can bank it. "The only thing is if we issued a bond, which we wouldn't do unless we had reoccurring gross receipts tax revenue or property tax revenue, there's a twenty five-year limit, but until that happens, we can bank it and wait until the opportunities present themselves. As Kim mentioned, there may be other opportunities other than straight retail that that are on the horizon, that we're going to talk about a little bit further down. But as far as straight retail, we don't have to do anything immediately, as long as we're not issuing a bond. Also, there has been a change in State law that if there was construction GRT, you no longer have to issue a sponge bond. So, with that 25-year clock, you can do a 'pay-as-you-go.' Basically on GRT on construction, it goes into the district and once you've accumulated enough money to make it worthwhile, you can take it out without having to issue that one day short-term sponge bond. Therefore, you're not starting your 25-year clock."
  - xi. Kim reported on a few sub-items related to the TIDD. "One is, and we're not ready for this yet but I just wanted to advise the board, that at some point (hopefully in the near future) we will be in a position where we can start to engage other partners in the TIDD. That would include other governmental entities like the County and the State. I know that the City Councilors that represent this area are interested, at the appropriate point, in us engaging the community and involving them. So again, we're not ready for that right now, but hopefully in a matter of a few months, we could begin that process.
  - xii. We understand that the market opportunities are changing and they may be changing in just the short term, but I think we all probably recognize that there are going to be some pretty profound long-term adjustments in how businesses do their business. That's going to reflect on what the opportunities are moving forward and we're trying to stay up on those kinds of things. We'd like the Board to feel free to reach out to us either as a group or individually if you see something that we should be aware of. We would welcome that kind of input.
  - xiii. One of the things that I've been looking at from a real estate professional's perspective is how our grocery store is going to change. If we can understand what those trends are going to be and what the new designs of stores might be, then we might be in a position to attract businesses in and provide an environment that that meets those new requirements. Another one is the whole area of e-commerce and fulfillment centers. How does that play into the retail environment? We're just trying to be informed so that we can be intelligent in in responding to new opportunities as they as they arise."
- b. Economic & Job Opportunities
- i. Kim Murphy reported on the issue of diversification of the economy in New Mexico and what trends are likely to emerge in that area. "Board input in this area is equally important. This is a bigger picture than specific market opportunities, but we would welcome Board input in this

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- area as well.” Kim asked Harry Relkin to comment because he has been contacted by a national consulting firm, PFM Group Consulting, who is working with the Rockefeller Foundation on diversification in New Mexico, and he has been brought into that study for advice.
- ii. Harry Relkin explained that PFM Consulting Group is a national consulting firm most notably for large organizations, whether it's state governments or large corporations on broad-based financial matters. “They've been contracted by the Rockefeller family Foundation, who has been in contact with State leaders and State government in order to study the concept of the need in New Mexico to diversify our economy. They started their study prior to the crash in the oil and gas market, but that has heightened the interest in the State. Diversification of our economy is something we've talked about in New Mexico for as long as I can remember, but we haven't been very successful in major diversification to date. This group was attempting to do that and attempting to look at State revenues and how can they be generated in ways that aren't totally dependent upon the oil and gas. In that regard, they were recommended to reach out to me particularly in regard to the state permanent funds and the revenue sources for that. But that gave me the opportunity to talk about things other than maybe some of the typical concepts that are out there, such as the use of State lands for renewable energy. It's a good idea and could bring in some monies, but there's no way that if every single square foot of New Mexico public land was turned into renewable energy, it could come close to replacing oil and gas so there needs to be others. In that light, I was able to talk about the collaborative government / government and government/private sector concepts in our TIDD district and the idea of tech transfer and tech development within our TIDD district and how we would be leveraging our own resources, State resources, to facilitate those like the efforts that Tom will talk about with our National Labs, the university, and then to the private sector. Hopefully continuing the discussions with this group that could become a part of their report that will be disseminated throughout all State leaders when they're done, adds to the benefit of leveraging our University's unique position and creating a collaboration with our National Labs and then with the private sector, in order to develop multiple areas of diversification. That's been an opportunity I have had to dialogue with this group and, hopefully, we'll get some traction out of that as well on the state level.”
  - iii. Kim Murphy thanked Harry and began explaining another subcategory under this area, focus on catalytic projects at the University and how they may be able to tie into the TIDD or how their Economic Development benefits can be articulated. “One of the projects that is moving along fairly well across the leadership at the University is a collaborative research building that would involve the UNM, Sandia National Labs and the Air Force Research Lab at South Campus at the Research Park, which again is part of the TIDD/within the TIDD area. I've asked Tom, since he's involved in that project, to provide a few details.”
  - iv. Tom Neale reported on the renewal of the lease for the Advanced Materials Lab operated by Sandia at the UNM Science and Tech Park. They currently lease about 32,000 square feet from the University. The loan that Lobo Development granted was to correct some air quality deficiencies in the building and some mechanical deficiencies. That lease runs for seven years at

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which time, due to DOE procurement policies, Sandia can no longer lease that specific space. They approached UNM and said that they really like the location and the partnership that has been created at the Science and Tech Park and they would like to continue in a new facility that is more modern and more flexible for the kind of science that they are going to do in the future. With that conversation, he started looking at how a collaborative research and development facility can be better defined and built to house some of their current science projects and target some of the science that they intend to do in the future. He brought in the Air Force Research Lab and then UNM researchers and all the aligned departments that have research activity primarily in collaboration with Sandia National Labs and the Air Force Research Labs. Teresa pulled together a leadership committee at UNM that includes the OVPR, the Provost, and key academically leaders around the institution to vet the needs of UNM. Over the last nine months, they have gone through a programming process to identify the needs of Sandia National Labs, Air Force Research Labs, and UNM with the idea that the research done in this building would be in close partnership with the University. Currently, AML engages about 40 of UNM's graduate students for research and there's a number of joint hires and joint appointments with our faculty and our own researchers, alongside with Sandia personnel. This is an expansion of that collaboration. As it stands today, they have just gone through the programming demand and are up to this final stage of the preliminary program where they are going to vet that back with the UNM team, Sandia National Labs, and Air Force Research Labs. It falls in the area of about a 100,000-125,000 square foot research facility with approximately 50,000 of that occupied by Sandia National Labs, another 10,000-15,000 by the Air Force Research Labs, approximately 20,000 square feet by UNM, and the balance would be shared lab space and collaborative space to facilitate joint research. It is a fairly expensive building; \$45M-\$55M dollar facility. They are at that stage where they are going to validate the programming to make sure it's sized appropriately. They are going to revisit the collaboration space in light of COVID and how the schematic design and the programming changes based on what is known today. They are at the point where they need to figure out how to fund a project of this magnitude. The economic impact is pretty significant. It will employ over 200 full-time staff in the facility as well as generate a lot of additional opportunities for UNM students to collaborate with AFRL, Sandia, and certainly with our own researchers. They are at the cusp of revalidating the program and then provide some more specific cost estimates. With Teresa's guidance, they will look to funding models and how they might execute.

- v. Louis Abruzzo asked about general, upfront guidelines. What kind of lease term arrangements can these other entities do or do they come up with funding themselves? Tom answered that the Sandia component, which is probably the most expensive component of this proposed build, have traditionally done 10 year leases and they have been in our building for 30 years, with five-to-ten year lease extensions. He has been told that they have the ability to go up to 10 years under a lease structure. So beyond that, there is probably some risk that they may terminate at that point in time. But experience tells us that this type of facility is very rare and in high demand and the likelihood that any of our partners, once they're embedded in the facility,



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would opt out probably is fairly small. There's potential deal structures other than where the University or Lobo Development constructs the facility and leases components to Sandia or AFRL, such as leasehold condominium structures that will allow purchase of discrete pieces of this. They are going to explore, along with Sandia and AFRL, what the most viable options to deliver the building and what works within their procurement parameters.

- vi. Rick Siegel asked what would have changed in their procurement procedure that would not allow them to continue in a new lease in the current facility, but yet move into a new facility with a lease. Tom Neale explained that they tie their ability to stay and lease space to the economic life of the facility and they have (and I'm not a hundred percent sure this is accurate) something like 75% of the economic life, they can occupy the space. They also have some caps on their ability to the rental rates that they play relative to the value of the particular asset. This is what they just bumped up against in this last renewal with Sandia. There was a valuation issue and a remaining economic life of the building issue that butted up against the very stringent procurement code that Department of Energy has. Rick asked that even with a major expenditure to refurbish the location, that wouldn't lift the ceiling. Tom explained that as they propose to renovate the facility, the argument was they are extending the economic life of this asset. They had an appraisal that didn't agree with the argument.
  - vii. Kim Murphy asked to make one final comment about catalytic projects. "This is not directly related to the TIDD, but we're certainly aware and I think we all need to be aware, that when the University undertakes any major construction projects, we need to make sure that we are communicating to our wider community about what the economic benefits of those projects are. Much like during the financial meltdown, construction jobs are very important to our community and we just need to be mindful of those economic benefits."
  - viii. Teresa Costantinidis reported that Jeff Todd of the UNM Foundation is investigating to see if there's any capacity for philanthropy to help with the UNM portion of this building. It seems that this might be a great opportunity to give something to the University as well as to the City of Albuquerque and State of New Mexico. She doesn't want to promise any money until it is actually received, but it's something that is being looked at.
  - ix. Chair Lee agreed that this is great news and it's good that we have that synergy with the Foundation on these projects.
  - x. No other questions or comments. Chair Lee confirmed that they have discussed items a. and b. and asked Kim if he has touched on c.
- c. UNM North Campus TIDD
- i. Kim Murphy explained that he did touch on it briefly, but wanted to highlight the fact that leadership at the University may be in ongoing discussions on this item. However, he thinks that the possibility of a TIDD that would incorporate Lomas Corridor, North Campus, or portions thereof is probably something that would be timely to analyze and could be done within a matter of three or four months to determine whether it makes sense or not internally and decide a course of action relative to that as well.
  - ii. Chair Lee agreed that it seems wise to do and asked for any other comments.

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- iii. Louis Abruzzo commented that having them, as a tool, on the shelf is a need and it always gets back to the cost and the real purpose. If you don't have it on the shelf, it's of no value. Historically in the private sector, such as Uptown, there was a grand effort to put TIDDs in place that would help and enable ABQ Uptown, the current location of the Target store at Louisiana and Indian School, and the revitalization of the Winrock project and that TIDD process went on a very, very long time ago. The portion that went to the Target store was not used. When that site was originally planned for multi-use hotel/office/retail/high vertical component, the market changed and the then-owner sold it to Target. They wanted to control their parking and did not utilize the TIDD. Now the TIDD components are being used for Winrock or parking structures and parks and amenities. So having it on the shelf, the market is going to determine what can go. You can do all the research you want, but the market, and sometimes private sector, are going to determine what can be developed and what makes sense. If you have the TIDD on the shelf that's great and if you don't, it's a very long process to get one in place.
- iv. Kim Sanchez-Rael commented that she agrees with the other comments and wants to emphasize that she really believes there's a long history here of business and innovation and that the time to invest is during a downturn so we are ready for the economic return. She applauds the team for laying the groundwork for an integrative approach and integrated strategy for the TIDD for all of the campuses and surrounding areas. She believes this can be a really exciting game-changing asset for the University and for the City and community of Albuquerque. She applauds the work and encourages the team to continue. She added that, going back to the conversation about branding and marketing for Lobo Development, Lobo Development has been a bit behind the scenes. As we look at projects such as the TIDD and these catalytic projects, what is the vision for Lobo Development and how can we continue to build our capacity to be a catalyst for economic development for University and the City. That should guide our branding and how we run our website and other publicly facing assets so that they become available in an informative way. For example, to economic development professionals across the country, would they find Lobo Development Corporation's if they were search for a site selection in Albuquerque? It's really a bigger question than what are the colors on the website. What is the public face for Lobo Development going forward with these big projects? Keelie explained that Ken and Margie of Lion Sky have the ability to go into Google and point Google towards our website. So once we get the vision and get it pointed to where we want it to, they can certainly manage that. This is one of the reasons they were hired, because they can get more traffic to our website as we get it built up.
- v. President Stokes commented that she shares Regent Rael's enthusiasm for expanding what we are looking at and having something ready. She believes that there is so much future for both UNM and the City here and that this is an opportunity for us to really think that through and be ready to move when we can. She is really happy about this possibility.
- vi. Chair Lee agreed. She reported to Keelie that when she Googles Lobo Development, it comes up as the old website. So we need to get them to work on the Google analytics. Also, to find our



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development where our maps are, you have to search for that. This needs to be discussed. She asked for any additional information on the North Campus TIDD.

- vii. Kim Murphy responded the he has concluded the project updates.
- viii. Chair Lee asked for a motion to go into Executive Session. She also asked Keelie to explain how it will be done to ensure that it is a private session.
- ix. Keelie Garcia explained that she will ask anybody that is not invited to leave and then after everybody has left, she will “lock” the meeting and then no one else can join the meeting. If someone does not leave, they can be removed.

Executive Session

- 1. Chair Lee requested a motion to close the meeting and proceed in Executive Session. Motion made by Teresa Costantinidis with a second by Paul Roth. All in favor. Meeting was closed at 11:02 am.
- 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).
- 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 12:04 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.

- VI. Action Items from Executive Session, if any  
a. None

- VII. Next Meeting  
a. The next meeting of the Board will be on August 13, 2020, 9:00 am-10:30 am.

- VIII. Adjourn  
a. Meeting adjourned by Chair Lee at 12:06 pm.

Minutes prepared from recording by Keelie Garcia.

Approved by Board of Directors: August 13, 2020

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Chris Vallejos, Board Secretary/Treasurer