

**New Mexico Bioscience Authority (BSA) Board of Directors
Regular Meeting**

April 16, 2021 11:30 am – 1:00 pm

317 Commercial St. NE, Suite 311, Albuquerque, NM*

Draft Meeting Minutes

Present: Richard Larson (Chair), Ken Prokuski, Scott McLaughlin, Dale Dekker, Tom Kieft, Suzanne Quillen, Sheryl Arvizu; Greg Byrnes, Christos Christodoulou, Myrriah Tomar

Absent: Immo Hansen, Jennifer Gifford, Stuart Rose,

Staff Present: Ryan Cangioli, Sterling Nichols

#	Agenda Items	Board Actions
1.	Call to Order and Confirmation of Quorum	The Chair called the meeting to order at 11:38 am. A Quorum was confirmed, and all board members were present, except Directors Gifford, Hansen and Kieft. Director Kieft later joined the meeting.
2.	Approval of Minutes: March 26, 2021 BOD Meeting	<p>The Chair called a motion to approve the March 26, 2021 minutes which were motioned by Sheryl Arvizu and seconded by Suzanne Quillen</p> <p>Amendment from 3/26/21 meeting: Director Dale Dekker raised a point of order that Director Tomar's attendance was recorded as present and absent simultaneously in the meeting minutes. Tomar's attendance for the 3/36 BOD meeting will be changed to absent.</p> <p>A Roll call vote of all board members was called with eight in the affirmative, none in opposition, one in abstention and four absent. The vote was as follows:</p> <p>Arvizu-Affirm, Byrnes-Affirm, Christodoulou-Affirm, Dekker-Affirm, Gifford-Absent, Hansen-Absent, Kieft-Absent, Larson-Affirm, McLaughlin-Affirm, Prokuski-Affirm, Quillen-Affirm, Rose-Absent, Tomar-Abstain</p>

3.	Announcements and Chair's Report	<p>A correction was made by the Chair from his announcement at the 3/26/21 meeting that the state allocated more funding. He mentioned that the NMBSA did not receive an increase in funding, but received an authorization to carry forward the \$62,000 in funds from last year's House Bill 2. The Chair also added that the total General fund appropriation for the fiscal year is \$286,400 and not \$285,000.</p> <p>In accord with the Carry forward of funds, the chair mentioned that an onus for preparing a budget before fiscal year end will be placed on the Finance committee to present at the BOD annual meeting in May.</p>
4.	Code of Conduct policy	<p>The Chair explained to the board that the Code of Conduct originated at the Executive Committee as the committee wanted to enhance our current conflict of interest policy. It was then followed by a discussion at the Finance Committee. Director Prokuski of the Finance Committee kindly took on the task of drafting a coherent and comprehensive policy to be submitted to the Executive Committee for review. Chair Larson and Cangioli provided further enhanced the policy, and it was submitted, reviewed and approved by the Executive Committee and legal.</p> <p>Ari Vazquez from UNM's Office of Legal Counsel and Strategy Policy Director, Ryan Cangioli provided clarity on the Code of Conduct policy and fielded questions from the board.</p> <p>Mr. Cangioli provided a background on the policy, as it originated at the NMBSA and not from the university legal counsel's office. Cangioli explained that the policy was adopted from the State Investment Council's Code of Conduct policy, and Director Prokuski was assigned to draft a document that was applicable to the NMBSA with more enhancement. Cangioli communicated that the policy included the NM Bioscience Development fund, as well as other operational funds that may be used in co-investment with partnering entities through an LLC or similar entity. The policy makes</p>

	<p>clear that disclosure is needed to ensure that there are no perceived or actual conflicts with companies we would partner with in co-investing, or the companies we would invest in. He explained it would be incumbent upon any board members or staff to disclose any perceived or actual conflicts that may exist with any co-investment funds, companies invested in, family members and/or business partners.</p> <p>Ari Vazquez followed Cangiolosi's introduction by reviewing the document via screen share.</p> <p>Vazquez stated that board members are in a trust position and that the policy outlines the need to disclose any perceived or potential conflicts. This is due to the authority handling legislative funds, as well as public/private funds of a variety of types and is charged by the legislature to manage these funds. As the role of a fiduciary or trust, Vazquez clarified that is important for the board to understand its obligation of raising any concerns of possible conflicts. She clarified that the board would function as the body that would investigate any potential conflicts and that members should sign the Code of Conflict document each year. Ms. Vazquez explained that more disclosure is better than less.</p> <p>Director Christodolou raised a concern with how the word 'perceived' is used throughout the policy in that it would present a challenge with interpretation. Vazquez articulated that with regards to a 'perceived' conflict, perception is incredibly important. The interpretation of a 'perceived' conflict would rest on the board to decide, not individual members, if the information that is disclosed or nondisclosed information presents a conflict. She explained that if it is determined that a conflict was present and wasn't disclosed, what enforcement would occur. Possibly a referral to the AG or the State Auditor if it rises to fraudulent or illegal activity. Perception is important because the public might perceive something as a conflict and it would be incumbent upon the board to make that determination, however Vazquez maintained that perception does not signify conflict. She explained one duty of the board is to avoid perception of conflict. She pointed to the 'perception' qualifiers in the document to disclose all information pertaining to potential conflicts. The chair followed Vazquez' statement that the</p>
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		<p>disclosure of information is for protection of each member and the authority to which Vazquez asserted that they should disclose everything and let the board determine if it a potential or actual conflict.</p> <p>The Chair called for a motion to approve the Code of Conduct policy which was motioned by Greg Byrnes and seconded by Dale Dekker.</p> <p>A Roll call vote of all board members was called with ten in the affirmative, none in opposition, none in abstention and three absent. The vote was as follows:</p> <p>Arvizu-Affirm, Byrnes-Affirm, Christodolou-Affirm, Dekker-Affirm, Gifford-Absent, Hansen-Absent, Kieft-Affirm, Larson-Affirm, McLaughlin-Affirm, Prokuski-Affirm, Quillen-Affirm, Rose-Absent, Tomar-Affirm</p> <p>Director Dekker inquired when would each BOD member be required to disclose information. The Chair responded that Mr. Cangioli will distribute the code of conduct policy to the board to be completed before the NMBSA annual meeting.</p>
5.	Committee Restructuring Proposal	<p>The Chair began the discussion on the committee restructure proposal by stating that at the previous BOD meeting he would meet with the Executive committee to put together a schematic of 'four' proposed committee structures in response to the one committee structure presented at the 3/26/21 BOD meeting.</p> <p>The Chair and Executive committee member, Dekker presented the four proposed Committee structures via screen share:</p> <p><u>Structure #1</u> Executive Committee Finance Committee Audit & Compliance Committee</p> <p><u>Structure #2</u> Executive Committee Finance Committee Audit & Compliance Committee</p>

		<p>Governance Committee</p> <p><u>Structure #3</u> Executive Committee Finance Committee Audit & Compliance Committee Mission Accomplishment Committee</p> <p><u>Structure #4</u> Executive Committee <ul style="list-style-type: none"> • Audit & Compliance Sub Committee Finance Committee Mission Accomplishment Committee</p> <p>Upon presenting the proposed structures Dekker confirmed that this approach is more streamlined in comparison to the former structure. He explained that in order to move the organization forward, the introduction of the Mission Accomplishment Committee was presented, which is a strategic committee, making sure that the NMBSA is moving forward in concert with the enabling legislation and ensuring the NMBSA is accomplishing the goals it was created to do. He explained that the Executive Committee recommended <u>Structure #3</u> in which the Executive Committee will be responsible for the duties formerly conducted by the Governance Committee.</p> <p>A motion was made by the chair to approve of proposed committee <u>Structure #3</u>. The motion to approve was made by Dale Dekker and seconded by Ken Prokuski.</p> <p>A Roll call vote of all board members was called with ten in the affirmative, none in opposition, none in abstention and three absent. The vote was as follows:</p> <p>Arvizu-Affirm, Byrnes-Affirm, Christodolou-Affirm, Dekker-Affirm, Gifford-Absent, Hansen-Absent, Kieft-Affirm, Larson-Affirm, McLaughlin-Affirm, Prokuski-Affirm, Quillen-Affirm, Rose-Absent, Tomar-Affirm</p> <p>The chair explained that with the four proposed committee structures presented by Dekker each BOD member will have an opportunity to serve on at least one committee and will not</p>
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		<p>have to serve on two committees. He explained that we will poll each member to ascertain their interest in certain committees and that the chair, by default, serves on the Executive Committee.</p>
6.	Signature Authority Matrix	<p>The amended Signature Authority Matrix was presented to the board by the Executive committee with Mr. Cangioli providing an explanation of the minor edits from the previous document.</p> <p>Mr. Cangioli explained first and foremost that on the right-hand side of the document you will see that many of the items still requires full board approval. He shared that in the previous document the signature authority of the chair and the president were shared on one column. He further explained that in the new matrix the two have been divided, one for the president and the other for the chair. He walked through that with regards to travel expenses, reimbursement and per diem, that would be handled by UNM Financial services as prescribed by New Mexico law and UNM policies.</p> <p>Chair Larson explained that this version has been reviewed and approved by the Executive Committee.</p> <p>Director Tomar asked for an update of other changes to which Cangioli provided a summary.</p> <ul style="list-style-type: none"> - Separation of the Chair and president into two columns - A line item was added for termination of contracts - Added other contract less than \$5,000 - Additional expenditures line items were added - For Travel and Reimbursement Cangioli certified that UNM accounting offices will satisfy all requests for reimbursement and expenses following state guidelines and UNM policy - Cleaned up under tax matters items that did not pertain to the authority - Many items of the items require the board's approval, except for some agreements and legal/corporate matters. <p>A motion was called by Ken Prokuski to approve the Signature Authority Matrix with a second from Scott McLaughlin.</p>

		<p>A Roll call vote of all board members was called with ten in the affirmative, none in opposition, none in abstention and three absent. The vote was as follows:</p> <p>Arvizu-Affirm, Byrnes-Affirm, Christodolou-Affirm, Dekker-Affirm, Gifford-Absent, Hansen-Absent, Kieft-Affirm, Larson-Affirm, McLaughlin-Affirm, Prokuski-Affirm, Quillen-Affirm, Rose-Absent, Tomar-Affirm</p> <p>The chair explained that as a matter of practice the signature authority matrix shall be reviewed annually by the board.</p>
7.	<p>Finance Committee Report</p> <ul style="list-style-type: none"> Monthly Financial Statement Review Status of Investment Partners 	<p>The Finance committee report was presented with no major changes except for salary increase and Legal fees. There was an increase in salary by 50% for the Strategy and Policy Director which covers duties while the search committee conducts the search for the vacant Executive Director position. The committee is hoping to have a new Executive Director in place by May 31st, 2021. With the authority now having UNM Legal support, \$8,000 was forecasted, which is 2,000 per month from April-July 2021. He also explained that we still have our carry forward funds and Dr. Larson shared that the Finance Committee might want to recommend some of those funds for co-investment in bioscience companies.</p> <p>Mr. Cangioli addressed the board stating that there had been some changes with both investors since the initial selection as communication with both remains.</p> <p>HD3 – The director of HD3 communicated that they were not looking for capital in particularly, but looking for a partner to participate in discovery events to source deals to co-invest in. The finance committee agreed that it was not in the purview of the authority to participate in discovery events to source deals and that this activity was not the intent of the original RFI/RFP.</p> <p>Arrowhead – In discussion with their director, he communicated that they would like to partner with the</p>

	<ul style="list-style-type: none"> • Role of NMBSA in Co-Investment model 	<p>NMBSA, but with a 1-1 match, instead of the 2-1 match that was originally communicated at the start of the RFP process. The director also communicated that he did not think that Arrowhead Investment would be the right partner at this time to set up an LLC with the NMBSA for co-investment, but suggested that we partner with another entity that he runs. Cangioli suggested the NMBSA bring forth a new RFP that the director of Arrowhead could respond to and to advertise it to other investment firms.</p> <p>Director Prokuski concluded that there have been no investments for the year and that a change of approach was needed. He communicated that the Finance Committee members had contacted 100 investors with 90% having no response, a few saying no and only three investors saying yes. Director Prokuski stated that the new approach should be to connect with local, New Mexico private investors and investment firms to ascertain whether the NMBSA could participate in upcoming investment deals. He also communicated that it would be good and more practical if interested entities would contact the NMBSA with possible deals in the future that we could participate in. Director Prokuski stated that he doesn't believe chase and entry is a very practical way of partnering in co-investment.</p> <p>Chair Larson brought up that this should be viewed as a demonstration project, as we need to demonstrate to the state that co-investment can be done. He said it is really hard to ask for a lot of money if you haven't demonstrated you can do it with a little money.</p> <p>The chair communicated that unfortunately the review of the financial statement was noticed as informational on the agenda, thus we would have to delay the acceptance of the financial statement at the May 21 BOD meeting. He also reminded that the Finance Committee that it is incumbent upon them to build a budget to present to the board and that they should anticipate the hiring of an executive director as they are formulating the expenditures of the authority.</p>
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8.	NM Economic Development Department Update	<p>Director Tomar provided an update on the State's 20-year plan addressing long and short-term strategic goals within the economic sectors the governor is focusing on and also Covid-19 recovery, as well as the EDA grant that the department has received.</p> <p>Director Tomar disclosed that the NM Economic Development Department has entered into an agreement with the Stanford Research Institute (SRI) sourcing information on assets around New Mexico. EDD is seeking input on the strategic planning process from the public. Director Tomar shared that EDD would be holding a virtual summit on April 19th to give the opportunity to people to engage with SRI and the strategic planning team at EDD. At the webinar SRI and the EDD team will be sharing how they will source information from NM companies in the specific sectors through interviews, as well as by working with the New Mexico COGs.</p> <p>Director Arivizu asked how many sectors have they identified and Director Tomar share that they have identified eight or nine and bioscience is definitely one that has been identified.</p> <p>Tomar stated that she is not leading the initiative however several EDD representatives will coordinate with SRI. She referenced the NM EDD website if members desired more information and encourage members to attend the April 19th EDD-SRI webinar. She also suggested that if anyone had information that would be helpful to the strategic planning to provide it to SRI.</p> <p>In response to Tomar's update, Director Dekker pointed to the NMBSA's expertise in bioscience and that they could greatly assist in the project providing SRI with vital bioscience information, as we have the GrowBio report (which he said he believed was helpful, but possibly out of date) and NMBSA strategic planning materials developed with ESI. He would like the NMBSA to help accelerate SRI's efforts with the hopes that they could give meaningful suggestions on how the bioscience industry can move forward. He continued to explain that we have incredible assets in our state, but we have never been very good at connecting the dots and he hopes that this could be the catalyst for that synergy.</p>
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9.	Officer Election Process	<p>Chair Larson informed the BOD of the positions up for election at the at the annual meeting in May, which are:</p> <p>President Vice President Secretary</p> <p>The president and vice president have to come from UNM and secretary can be any member on the board. The chair explained that we do not know what the UNM president is going to do with his appointment, whether it will be renewed or not, but we do know that Direct Christodolou has two more years on his term.</p> <p>For the position of secretary nominations will be accepted as the current secretary will transition. He explained that Mr. Cangioli would contact everyone individually to gage their interest in the secretary position.</p>
10.	Procedure on Noticing Meetings	<p>Chair Larson explained that there is a requirement for our organization to have an Open Meetings document that should be reviewed by the board annually.</p> <p>Ari Vazquez from the UNM Office of Legal Counsel presented an amended resolution for noticing meetings document to the board via screen share.</p>

		<p>Continuing from the previous Open Meetings Act (OMA) training at the February 19th BOD meeting Vazquez shared the need for a formal document to be reviewed annually as required under the Public Meetings Act for compliance. Ms. Vazquez explained that the document should include the notice procedures for BOD meetings within the OMA compliant proscribed procedures that the entity follows.</p> <p>Ms. Vazquez explained that she took the material that's within this resolution directly from the AG's guidance on OMA procedures and we filled the applicable pertinent information for the authority. She went on to summarize the document.</p> <p>The chair requested a change be made to the resolution in Item Number 4 and 5 to change the word 'Chairmen' to 'Chair' in respect to non-gender specificity.</p> <p>The board approved the amended resolution on the contingency of changes to Item Number 4 and 5.</p> <p>A motion to approve was made by Suzanne Quillen and seconded by Christos Christodolou.</p> <p>A Roll call vote of all board members was called with ten in the affirmative, none in opposition, none in abstention and three absent. The vote was as follows:</p> <p>Arvizu-Affirm, Byrnes-Affirm, Christodolou-Affirm, Dekker-Affirm, Gifford-Absent, Hansen-Absent, Kieft-Affirm, Larson-Affirm, McLaughlin-Affirm, Prokuski-Affirm, Quillen-Affirm, Rose-Absent, Tomar-Affirm</p> <p>Director Tomar requested if in future meetings the chair would not use the Roll Call procedure, but just poll the board as a whole when voting on items. The chair and Ms. Vazquez explained that with web-based meetings during the Covid restrictions the OMA and Attorney General's office requires that Roll Call voting be used to remain in compliance.</p>
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11.	Adjourn	<p>The meeting adjourned at 12:50 PM</p> <p>A motion was made to adjourn the meeting by Christos Christodolou and seconded by Tom Kieft.</p> <p>A Roll call vote of all board members was called with ten in the affirmative, none in opposition, none in abstention and three absent. The vote was as follows:</p> <p>Arvizu-Affirm, Byrnes-Affirm, Christodolou-Affirm, Dekker-Affirm, Gifford-Absent, Hansen-Absent, Kieft-Affirm, Larson-Affirm, McLaughlin-Affirm, Prokuski-Affirm, Quillen-Affirm, Rose-Absent, Tomar-Affirm</p>
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Respectfully submitted by Sterling Nichols