



Industry Day
Pacific Spaceport Complex-Alaska
Future Lodging Requirements

June 21, 2017
Homewood Suites – Anchorage Alaska
Minutes of Discussion

Attendees

- Kayla MacDonald Kodiak Narrow Cape Lodge
- Seth Johnson Kodiak Narrow Cape Lodge
- John G Coats Kodiak Narrow Cape Lodge
- Bernie Karl Kodiak Narrow Cape Lodge
- Mike Matteucci UIC Corporation
- Justin Shields Valley General Energy Services
- Jim Arlingon Afognak Native Corp.
- Chris Adamson PRL Logistics
- Russell Sell PRL Logistics
- McHugh Pierre Goldbelt, Inc.

Campbell, CEO and President Introduced staff:

Todd Steigerwald, Finance Office
John Cramer, Chief of Staff and Facilities
Art Isham, Contracting and Procurement Consultant

Art Isham would be taking questions, develop answers and email within a week.

Alaska Aerospace has a contract with Missile Defense Agency as well as smaller companies that will be active in Kodiak for the next 5 to 10 years.

Campbell said at this time, there are 150 soldiers and another 60 government contractors on a mission that will happen next month. We expect to see this for the next few years and require a long-term lodging solution for customers. Would you be interested in proposing on a project to

provide 150 to 200 rooms on the private sector market that? We would provide some guarantees and maybe some funding. There is a long-term commitment to Alaska Aerospace Corporation (AAC) from Missile Defense Agency (MDA), and the future is bright.

AAC has secured multiple, multi-year commercial and government contracts for launches from the Pacific Spaceport Complex – Alaska (PSCA) that require a long term lodging solution for customers.

We need a lodging solution 150 – 200 beds – MDA wants them with a 20 minute, or 15-mile drive from PSCA.

The commercial customer will go downtown, wherever the rooms are. The government customer is the one requiring this. They cannot afford to have an hour plus on the road each way for 200 people. The drive needs to be short between lodging, food and the site.

The government customers will have 60 days per person per mission on site,

The commercial customers are the opposite; they do not want to spend any more time here than to launch the rocket. All mission planning has been done at their home base and they will send one or two people to make sure the preps are being done. They will come in, launch the rocket and go home, twenty-day average. They want two to three weeks for a launch window – government wants two months.

What you are looking at now is how many customers and for how long – this is a general idea.

All the commercial operators would like to launch four to eight times a year from Kodiak. More realistically you will have eight to twelve commercial launches in a year.

Question: Can you be working with two customers on separate pads?

Yes, you can do processing and preparations for launch simultaneously. It could be as close as two weeks, some facilities you use are the same though. Commercial will try to do two to three launches in one deployment.

Question: If it is built as a commercial facility, what is the guarantee that anybody is going to stay there because when these people come TDY, they want to stay in a cheaper place and take the cash home?

For the military side (MDA), part of the requirement of the staff is response time, they are not going to be permitted to be off site.

We are going to do a RFI, then an RFP then go back to MDA. We will show them we have the capability but this is what is required. If they cannot commit to it, we cannot commit to doing it. You would tell me what parameters you would expect to make this financially viable, and I would bring the proposal to MDA and they need to agree to those terms.

MDA is going to focus their launches on the April to September period.

I believe we can leverage the government to be a partner in financing this project. If you build inside the circle, with their investment and their savings. If they go somewhere else they are going to have to pay more.

Campbell expects the Israelis to require a fenced facility with a security entrance point. Noting you may not have the fence all the time but when the Israelis are here you will need to be able to fence and provide the security.

You will see some of those requirements that MDA is going to include and I want you to be aware so as you are looking to price it right. You will recognize that is something unusual.

This is just a guideline, introducing you to the concept. It can be new construction or rehabilitated. As long as it meets general hotel requirements, that will be accepted.

A timeline was reviewed; the intended occupancy is May 1. However that may move up to 10 days as you decide if you want to respond to this or not.

A kosher kitchen, food and delivery will be required during Israeli time. Comments were made it would be a separate kitchen costing twice as much as the other kitchen. Campbell added because of the strict requirements you may be able to get to 75% financing. Structure to meet the requirements, then demonstrate the cost and allow him the opportunity to leverage what the government match could be.

You can say here is how I would do it, then I would find out what MDA is willing to do. I put out the RFP and that is what you would propose to.

Question: Asked on a scale of 1 to 10, how real is this, will we spend a lot of time for nothing?

Campbell said it was real, they are coming and they want that facility. If you don't respond or have a reasonable solution they may bring in something of their own, possibly an army type kitchen that they drive it in and drive it out. It is a lot of money and Alaska gets nothing out of that.

Question: Is July 5 a hard date to issue the RFI?

We would like to get it by July 1, we now have the requirement documents from MDA which means I can create the RFI and get it out

Question: Is there a matrix you are going to use to select who will do this work?

Campbell said cost was very important but value of the dollar is going to be added. It will be a measure against what are you providing for the dollar you are providing.

Question: You will allow a score from whatever you pick from different phases of the cost?

We will have a selection team that does the scoring on established criteria. It will be more than just cost.

Possibly at top of the list would be timeframe, can it be completed on time?

Yes, that is really critical

Question: What do you think of the possibility to launch commercial with the Israelis on site?

I don't think there is a requirement that we are precluded from doing commercial. I asked the Test Director from MDA, General Hughes that question. He said no, I am here because you are commercial not government so I need to allow you to be commercial. When they roll in, they occupy almost everything. The only thing MDA is not using is the Launch Support Structure and the SCAT. It would be more not that it is restricted but by how much they contracted for. What areas are not contracted for the commercial could us, there could be some commercial. I expect there would not be a lot.

Question: Will the launch provide their own transportation to and from your facility?

You could do that as an enhancement, it is not a requirement. Avis and budget both have rental offices, what they were able to provide wasn't necessarily what MDA wanted. We did an enhancement under this contract and purchased five fifteen passenger vans.

Question: Permitting, Borough and Community Assembly will they go along with the construction, we would not be stonewalled. Will they work with the group and go forward?

Campbell said the town hall meeting held in Kodiak last week was well received. He has a very good relationship with both the city and borough assemblies, and believes it would be considered favorably. We have political support on our side now that we are providing economic value to the community.

It was noted that this would be competing with town. The obvious answer is they cannot meet the requirements; we need something close to the site.

Question: Do you require public input to do this?

Yes, we will have to follow the public process, the zoning. This is a big deal in Kodiak and you cannot just do it. There may be exceptions, maybe this land is already zoned and you do not have to go for zoning.

Question: Do you expect to be through the public process prior to the selection and notice to proceed?

No, we will not start it until we know somebody is going to do it and have a number. Public process starts with the award of the RFP.

MDA is tasking us to find a solution, we have to provide back to them what that solution looks like. We understand this proposed timeline is most likely going to get compressed even more. We will have to hurry up to get a proposal back to them to evaluate before we can move forward. There is a process that has to be followed. We are not the lead on whoever is going to build and run the facility, AAC is not in the hotel business. You need to keep that in mind as you prepare and submit. Campbell said we would be there to help support you in going to the borough and the city.

It will be extremely challenging, if you cannot do it we, will tell MDA they will have to provide their own. It is expensive and provides no value to Alaska. Campbell has not talked to MDA about what we are doing today, although General Hughes agrees it is better to have one solution than have to do a solution every year under the program.

We are stepping up as Alaska Aerospace by offering this to the Alaska community to see if this will work. We have an option that is good for Alaska and meets your solution. I wanted to give you a chance before we just give it away.

Question: If this gets pushed back, would they be willing to still work with us on it and have their own solution until we could provide a permanent solution?

There is a possibility if we could not make this year, then 2018 is a possibility they may go for. I believe their interest would be significantly diminished at that point because they would have done the LSA this year and next year for THADD plus having to do accommodations for Israelis and THADD and they may at that point now they now have a rhythm going and just continue to use facilities.

Question: What if you could meet 100 rooms on their timeline, then add new rooms on, every couple weeks you add another 10 – 15 rooms? You will get up to the 200 rooms but you might run over three weeks. Write that down Art.

Question: Can we add additional rooms after Mid april date to meet 200 rooms?

When the 200 Israelis are here they need the rooms – I don't know if they come in over a two week or four week period. We will identify that.

Cramer said in your proposal you should write that in, we may not have an answer back that far in advance to be able to satisfy the question. In your proposal, that is where you sharpen your pencil.

When the mission is fully active, there will be around 200 Israelis that have to have rooms. It maybe 50 are coming in for advance team, two weeks later. You can create it with two options, if you have to have all 200 rooms available by April 15, here's what it is, and if I can do 100, 50 and 50 from now to the first of June here is what it is.

Question: Is the road maintained daily, year around?

It is paved all the way; it was maintained year around by DOT until we had financial problems. It is more “on call”. Mark Lukin said when we get missions in the winter that have heavy activity he will put us on priority after the school bus and make sure our road is clear. Mission would coordinate that, most missions will be in the summer. If you are moving modules, we would work with DOT to clear the road.

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ADDITIONAL QUESTIONS NOT ANSWERED ABOVE

QUESTION: Is 5 July 2017 the hard date for the Request for Information (RFI)?

This has been overcome by events because the federal government provided a requirement that AAC respond to their housing requirements request by 24 July 2017. To meet this date required the deletion of the RFI phase.

QUESTION: What is time frame on MDA answer on per cent financing?

This has been overcome by events. The RFP is asking for a price to perform the services with the federal government providing all the financing.