



Official Minutes
ALASKA AEROSPACE CORPORATION
Board of Directors Meeting
November 12, 2015 - Anchorage, Alaska

1. Call to Order

Chairman Dr. Robert McCoy called a meeting of the Board of Directors of the Alaska Aerospace Corporation (AAC) to order at the Alaska Aerospace Corporation Office in Anchorage Alaska on November 12, 2015 at 9:00 a.m. Roll call was taken and a quorum established.

The following Board members were present:

Dr. Robert McCoy; Chair, University of Alaska Fairbanks Geophysical Institute
Drue Pearce, Vice Chair; Senior Policy Advisor, Crowell & Moring
Dr. James Johnsen, President, University of Alaska Statewide System
Lindsay Knight; Owner, Powerhouse Gym Kodiak
Robert Doehl; Deputy Commissioner - DMVA
Senator Gary Stevens (Alaska State Legislature), Non-Voting

Via Telephone:

Bruce Abel; CEO, Don Abel Building Supply
Dr. Ronald M. Segal; Director, Systems Engineering at CSU
Representative Louise Stutes (Alaska State Legislature), Non-Voting

Also present were Craig E. Campbell, President and CEO; Mark Greby, Sr. Vice President and COO; Matt Steele, Vice President, Business Development; Judith Godin, Finance Division Lead; John W. Cramer, Finance and Administration; John Zbitnoff, Business Development & Launch Services; Barbara Bruggenkamp, Administrative Manager; Tom Klinkner, Legal Counsel, Birch Horton Bittner & Cherot.

2. Approval of the Agenda

McCOY asked for a motion to approve the agenda, Knight made a motion, Johnsen seconded, approved with unanimous consent.

3. Approval of the Minutes

McCOY asked for a motion to approve minutes, Knight motioned, seconded by Johnsen to approve minutes from the August 6, 2015 Board Meeting, and October 7, 2015 Executive Work Session, hearing no objections minutes are approved.

4. Old Business

None

5. New Business

CAMPBELL introduced Jeff Roberts, AAC Chief Engineer. Roberts has been with AAC for nine years and has been instrumental in most every issue to come before the board. Roberts has accepted a job with Space Flight Industries in Seattle Washington. Campbell believes it will be good for us as we work with them on a number of initiatives with satellite and rocket launches in the future. He congratulated Roberts on the future ahead; Roberts thanked Campbell and the board for the opportunities he has been given at AAC.

6. President and Chief Executive Officer Report

a. *DC Trip – September 28-30, 2015*

- 2016 Federal Spaceport Funding Request
- 2017 Federal Spaceport Funding Initiative

CAMPBELL and Cramer traveled to Washington DC to learn the status of the federal appropriation process for this and next year. FY2015 we received \$2.6 M and requested that become a baseline. We asked for \$10M, \$5M for us and \$5M for Virginia. It was reduced to \$7M in committee, and dropped to \$6M before passing. We pay a processing fee and ended up with \$2.6M. Through the process and sequestration, we were dropped from the 2016 budget.

We explored ways to get us reinserted. When they passed the Continuing Resolution our position was that since it continued the budget level of 2015, money that was allocated to us should have been included in that Continuing Resolution. It is about \$250K/month, so for at least two months we should get funding in the 2016 budget, which is really part of the 2015 CR. We got the \$2.6M in 2015, the plan goes to September of 2016, and the federal budget will start in October 2016. If we are successful in getting money in the 2017 budget we will actually just roll from the 2015 money to the 2017 money. We will ask for \$5M again and hopefully we will get that – I will continue pursuing Washington to provide some limited funding to make sure our facilities are available for federal needs in the future.

b. *AFSPC/CC Meeting – October 16, 2015*

CAMPBELL and Sega met with General Hyten in Colorado Springs. Campbell thanked Sega for his efforts and suggesting a visit from AAC so the General could have a better appreciation of what we do. Vandenberg is the only west coast facility, the U.S. needs an alternative, and you have it with Kodiak. The Air Force needs to start using PSCA in their planning processes for future missions and to incorporate how they use it as opposed to being an after-thought.

HYTEN is aware they have Spaceport 3 contract and up to \$48M in launch funding available. It was clearly designed for Kodiak on the IDIQ. There have been no missions from the Air Force to support the use of the Spaceport 3. The Air Force would use PSCA if there were any missions identified. They are looking for small missions, more capability and that may align for future use of a spaceports contract.

I briefed him on expanding our commercial capabilities, wanting him to be aware that we are leaning forward to identify capabilities with new, smaller, rocket companies that would allow them to launch from Alaska to polar, and our interest in equatorial capabilities.

We spoke about the FY15 Federal Appropriations – we told him specifically why we are investing is to have the ability to have autonomous flight termination. They were appreciative that we, as a private company, were working primarily with Rocket Lab and could make it available at Kodiak to lower the cost. The Air Force ultimately wants us to have that capability.

CAMPBELL invited Hyten and his staff to visit Kodiak in the spring, and will advise the board once he has a date. Campbell also invited board members to Kodiak to meet the General. He wants to see this change to be more affordable, resilient, adding capabilities, and with no single points of failure. Campbell feels confident we have an Air Force leader who understands the value of Alaska.

SEGA added that he believes the vision of DoD space is consistent with the option that PSCA provides, and encouraged a visit to the commander of Space Missile Systems Center (SMC).

c. 2015 Annual Report Development

CAMPBELL said the annual report theme is “The Year of the Phoenix”. It is not so much that we might be privatizing in 2016, but that we had a large explosion and we are rebuilding a state of the industry launch complex. Campbell would like to add the board’s feedback to the annual report and asked each Board member for a statement. We still have the theme we are working for the board, the board is giving us direction, and you can put that direction in the annual report by having it public for everyone to see.

d. Kincaid Elementary Student Science Technology Engineering Math (STEM) Project

The class had a project where students chose a structure, built a model of it, and told the story of that structure. On her own, Tatym Doucet chose the Kodiak Launch Complex – she went to our website and built it. It is exactly what we have in Kodiak. We have agreed to do their STEM night next spring. We will have a booth and show this display and what we do. We want to continue STEM, something I do not want the board to forget about as we go to privatization. We are still very interested in exciting youngsters on space.

e. Ed Allen Launch Operations Control Center Dedication – August 24, 2015

Ed was rock-solid in what he provided to Alaska and to aerospace. We appreciated everyone that could be at the dedication and participate, and sent his or her words and comments. It was a very positive day.

7. Senior Vice President and Chief Operations Officer Report

a. Pacific Spaceport Complex Alaska (PSCA) Reconstruction Status Report

- **PSCA Rebuild Contract Update**
GREBY said most of his report was about PSCA reconstruction run by Program Manager Barry King. The contract was released on September 4, 2015 to Davis Constructors and Engineers, an Alaska firm. All major contracts have gone to Alaska firms.
- **Insurance Payments**
We continue working with insurance adjustors and Scott Jordon from the State of Alaska Risk Management office is supporting us through the process.

STEVENS asked if we might lose the state insurance umbrella and would it be more expense. Greby said they are working through that process now. There will be some baseline insurance the state will keep on the infrastructure. We will most likely buy “per-launch” insurance and roll that into the cost of launch, adding it is not as expensive as we thought it would be. Cramer confirmed the state would continue to insure the structure except during launch and that responsibility would be with Alaska Aerospace. Campbell said it was consistent with insurance across the country. Our uniqueness of being a state owned facility and having this damage has caused all spaceports and the FAA to look at the liability issue. We want to make sure everybody is properly protected when a launch occurs. We are helping the country address an issue they were not looking at until our situation.

b. Rocket Lab USA Update

- **FAA Pre-Consultation Meeting**

We have partnered with Rocket Lab to provide the Range Safety and Telemetry Systems to support to their launches in New Zealand to further the development of the autonomous flight termination system. We have the reconfiguration nearly done and will ship to New Zealand early next year to start getting ready for onsite set up to support their first four launches scheduled in 2016.

CAMPBELL added the Rocket Lab contract is the beginning of a long-term relationship. While the contract is specifically to support four launches, the demonstration that will lead

them to certification to support the autonomous flight termination development. Campbell said Rocket Lab CEO Peter Beck has the long vision of launching from Alaska to provide commercial operations starting as early as 2017 or 2018. We have started the process I promised two years ago and I think it is only going to grow.

KNIGHT asked if they were well funded, Campbell said yes, for the four launches. However, they must be successful to get more funding; NASA just gave them a contract for \$6.5M.

McCOY said Beck is committed to the small launch market. Beck expects he can launch a rocket each week for \$5M. McCoy believes he is right and has an excellent business model. McCoy applauds Campbell for getting in touch with him and lining up something early on in the process.

c. *FY 2015 Federal Funding Contract Status*

We received \$2.6M from the federal government to cover Operations and Sustainment costs. We are focusing on three projects. The main project is the upgrade of our Telemetry and Flight Termination Systems and supporting Rocket Lab on their autonomous flight termination system.

Another project is establishing a sustainable launch processing support team. Currently every launch in the U.S. is conducted and controlled by the Department of Defense as the flight launch team. They are expensive and because they are DoD personnel you follow their rules, not FAA rules that allows more leeway. Our goal is to get FAA safety approval for a process to identify, train and qualify the launch support ground team, which will lower our cost and increase availability. The FAA is excited because it opens the way for more commercial launch practices. We will be the first in the U.S. to do this. We are working with the FAA for approval and expect it to come within a couple months.

CAMPBELL said Greby, Roberts and King met with the FAA and explained we are a commercial spaceport, licensed as a commercial spaceport but we are hindered by always having to apply DoD standards and we need to use FAA commercial standards. The FAA has not done this before, and the message received was we need to have this standard. There are other spaceports coming on that are truly commercial and they also need these approvals.

The third project is an enhanced Security and Communication System for AAC and PSCA. Infrastructure improvements are required to keep site security current. Since the last board meeting we have received authorization to spend and have sent our first invoice for approximately \$350K. We will complete this by the end of September 30, 2016.

d. *FAA UAS Certificate of Authorization (COA) Update*

We received permission to apply for unmanned aircraft systems (UAS) operations in Alaska and all contiguous waters up to 200 miles out. We will be flying Fairweather LLC missions over the Chukchi Sea for surveying sea ice and marine mammals in June/July. It is expected to be 12 missions over two weeks. This is a self-development project with Fairweather LLC, using funds from several organizations.

8. Vice President for Business Development

a. *National Federal Direct Investment Exposition – Los Angeles October 26-28, 2015*

CAMPBELL, Steele and Cramer attended the exposition. The exposition brought aerospace companies into Los Angeles to meet with foreign investors. Campbell served as a speaker on panel, and we had good one-on-one meetings. Although it was lightly attended, we got some key exposure. Campbell added we attended to support the Aerospace States Association; it is a good association and is very states focused.

b. *Space and Missile Symposium – August 10-13, 2015*

This event is very close to our customer base in Huntsville, Alabama, the Army, NASA and Missile Defense Agency. Campbell said we are trying to demonstrate to the senators in Alabama that we are not asking for anything – other than for them to be aware when you see Alaska and Aerospace there is most likely a connection to Huntsville. Perhaps the Alabama senators could contact our senators and be favorable to it – it will be of value to you. Campbell met with the staff of Senator Shelby; Shannon Cantwell who is very important in appropriations. The message to her is we are trying to make that tie so there are more advocates on the hill.

PIERCE suggested contacting Senator Murkowski to reach out to the Missile Defense Agency. Pierce recommended we host an event to showcase the importance of the arctic and help Senator Murkowski in her eternal quest to make other senators understand why it should be important to them. We can make sure they are invited early and often, and the Alaska Aerospace Corporation is a part of that.

c. *Super Strypi October 29, 2015 Launch Report*

CAMPBELL, Steele and Zbitnoff attended the launch; the Strypi is designed to be a low cost rocket. Our work on that is on hold until we know the reason for the failure, there is a strong market to commercialize this rocket and we do not expect the failure to deter that.

d. *Business Development Pursuits*

STEELE reported we have one contract funded and have submitted four proposals, he believes we are where we need to be and expects to see some contracts coming in the next year.

9. **Financial and Administrative Report**

a. *FY15 Budget Closeout Report*

CRAMER reported we have spent approximately \$1.1M less than was appropriated.

b. *FY15 Deferred Maintenance Status*

CRAMER said of the total \$2.8M funds we received in both 2014 and 2015 we still have \$1.25M remaining. The deferred maintenance dollars will be spent this fiscal year, using all Alaska firms to do the work.

c. *FY16 Budget Status*

These are non-state dollars, it is money we have in the bank, and we are where we should be for the budget and dollars spent at this time of year. Our spend rate is less than anticipated when the budget was developed. Campbell added the staff is being very cautious with no state funding. We review this every couple of weeks to track our spend rate. We need to improve our efficiencies and get below \$5M for the budget to be able to operate with the revenues that we are getting. Campbell is pleased where we are and noted the staff is doing exceptionally well.

Insurance proceeds to date are \$11,518,687. Campbell said State Risk Management and Scott Jordon, Risk Management Director have been doing a phenomenal job in making sure what the insurance companies are doing stays in line with what we need done. This team has also done a tremendous job of getting best value, when we said it is going to be about \$30M and it will be rebuilt correctly.

d. *BDO Audit Report*

CRAIG CAMPBELL introduced Eric Campbell from BDO USA, LLP; BDO has been performing our audits that are submitted to the state agencies. Eric reported due to major events and GASB 68 changes that occurred this year the process was delayed and final audited numbers are not yet available. The anomaly led to complicated accounting on how much of the assets were destroyed, how much is written off or stays on. The other item is the underfunding of the net pension liability and how the liability is calculated and booked. We show approximately \$85M in assets, \$23M of that is cash. Craig Campbell noted that for two years in a row we have not lost money in a very challenging time. A telephonic board meeting to approve the financials will be called when the audit is final.

e. Update on Federal Audits

We have three federal audits ongoing: the FY2008, FY2009 AND FY2010. The FY2008 we protested their ruling and are at the appeal stage. Birch Horton Bitter & Cherot are representing us in trying to get the federal government to recognize the funds we believe they owe us. We anticipate a ruling after the first of the year and that ruling will affect FY2009 and FY2010.

CAMPBELL noted we have reduced our financial staff from five to three; they are managing operations, reconstruction budgets, and still have been inundated with audits. He warned we might have to do something in the accounting office to relieve some of the pressure.

f. Reconstruction Report

The funding estimate has been set at \$30M, Cramer believes that figure will come in around \$31M or \$32M – we are doing everything we can to keep costs in control, and expense to date is \$6M.

g. Procurement Report

There have been 149 procurement actions, valued at \$24M, including the Davis Constructors contract. During the time, 52% of our procurements have been awarded to small businesses. We try to award local as much as we can and will continue to do so.

h. BlackBridge Sales Report

BlackBridge is a contract with the RapidEye constellation that allows Alaska Aerospace to sell Alaska imaging from satellites. We entered into this contract believing there would be a tremendous amount of sales potential and we have been somewhat disappointed. We have tried to market this imaging to a number of sources around the state. We have had some sales but have not seen the interest for a number of reasons. BlackBridge –Rapid Eye was purchased by Planet Lab - good acquisition and good prospects as we move forward.

STEVENS asked McCoy if the Board could discuss the Letter to the Editor in the Kodiak Daily Mirror regarding Cost of Living Allowances (COLA) and Bonus's for staff. Campbell said he had no problem discussing in public session prior to entering Executive Session. Stevens said he had always been a fan of the rocket launch facility through several governors and legislators and he did not want to be in a position he could not defend AAC. Stevens read highlights of the letter citing COLA raises for AAC Executives.

CAMPBELL stated a similar request had been made by Representative Gara to the DMVA citing almost the same allegations. He had sent a response to DMVA and the facts are there have been no pay raises or cost of living allowance to any employee at Alaska Aerospace since he has been CEO in 2012. The state has allocated cost of living allowances under the DMVA budget, but it was not passed on to employees. Our staff is about half the size it was in 2012, our expenses have been reduced significantly, and have received no pay raises, merit

pay, cost of living pay, or any of those types of things on the record. Campbell said his pay is the same as it was when he started in February 2011. Greby concurred his pay was the same as when he started in September 2012.

DOEHL said the DMVA has answered Representative Gara and there is another part they are still working on, Stevens believes it is a political statement that needs answered. Campbell said he would wait for the DMVA and their response to Representative Gara before providing any information to the public.

CRAMER said these are outright lies, these people do not call for facts, have never asked for documentation – they come to these conclusions in their own world. This board has been brought information each time the state has offered a COLA and this board has directed, and this President and CEO through his leadership has decided not to allocate those COLA increases to employees in the three years he has been Present and CEO. This board has been aware of it, each year those COLA's have been implemented in the state and he has chosen not to provide that to employees. I wanted to get it on the record, so everyone knows it never happened. These are total lies that are presented in a way to try to misrepresent the public about the good efforts this company and this board takes on behalf of Alaska.

STUTES said there was another article in the Kodiak Daily Mirror that printed some total inaccuracies about the rocket launch site and she remembered at the last board meeting it was agreed there would be a response to the Kodiak Daily Mirror, and she has not seen it. She agrees with Stevens, believes it is crucial to respond.

KNIGHT reported the Kodiak Daily Mirror Editor had resigned and they are searching for a new one. Stutes said that maybe this is an opportunity to respond to all the inaccuracies that have been printed. Knight agreed it needed to go in the Kodiak Daily Mirror.

STEVENS told Campbell he would be glad to respond to it, he has defended the rocket launch in the past and would in the future.

CAMPBELL said he would always take on a challenge; however, he would defer to the DMVA and follow their leadership. Doehl said before he would respond to Representative Gara they would copy Campbell and talk to his boss, and for the record DMVA did not take the COLA increase, it was deferred elsewhere. He believes Campbell has three years of already doing what the other entities that are just struggling to get to now.

STEVENS said he appreciated discussing this in an open meeting where the public can hear it instead of Executive Session.

10. Executive Session

“The Board of Directors goes into Executive Session in accordance with the provisions of AS 44.62.310 and may discuss personnel issues and matters of the immediate knowledge of which would clearly have an adverse effect upon the finances of AAC and matters which involve the trade secrets and confidential information of third parties. The session shall include members of the Alaska Aerospace Corporation and such other staff members as the Chairman may designate and shall last approximately 2 hours. Thus, the open session of the Board of Directors shall resume in this room at approximately 1:00 p.m. This motion is effective 11:00 a.m. on November 12, 2015.”

KNIGHT motioned, seconded by Doehl, hearing no objection the Board of Directors went into Executive Session at 11:00 a.m. and returned to Public Session at 1:00 p.m.

KNIGHT motioned, seconded by Doehl, hearing no objection the Board of Directors extended Executive Session to 3:00 p.m.

PIERCE motioned, seconded by Johnsen, hearing no objection the Board of Directors came out of Executive Session at 2:45 p.m.

11. Resolutions for Action

a. Resolution #15-06 – Passed As Amended

JOHNSON motioned, seconded by Pierce to authorize the Chairman to review the revised text of **Amended Resolution 15-06** and approve the revision. Roll call vote was taken; the resolution was adopted unanimously as amended.

A Resolution recommending to the Governor that he pursue the transfer of the Alaska Aerospace Corporation to a public private partnership using the process laid out in this Resolution.

WHEREAS, the purpose of this Resolution is to recommend the restructuring of Alaska Aerospace Corporation to provide flexibility to ensure that the capability to launch government and commercial space vehicles is sustained; and

WHEREAS, Alaska Aerospace Corporation (AAC) is a state-owned company of the State of Alaska which was established by Alaska statute as the Alaska Aerospace Development Corporation (AADC) in 1991 located, for administrative purposes, within the Alaska Department of Commerce, Community, and Economic Development (DCCED); and

WHEREAS, AADC transitioned to AAC in 2009 as a reflection of market changes and recognition of the fully operational aspect of the Kodiak Launch Complex (KLC) located at Narrow Cape, Kodiak, Alaska; and

WHEREAS, AAC operates as an independent corporation under a nine person board of directors, appointed by the Governor; and

WHEREAS, on 1 July 2011, AAC was moved from DCCED to the Department of Military and Veteran's Affairs (DMVA) by Administrative Order signed by Governor Sean Parnell; and

WHEREAS, AAC owns and operates the Pacific Spaceport Complex – Alaska (PSCA), formerly named (KLC); and

WHEREAS, PSCA is situated on 3,717 acres of state owned land, under lease to AAC by the Department of Natural Resources (DNR); and

WHEREAS, AAC has conducted seventeen (17) launches from PSCA, since 1996; and

WHEREAS, AAC has received nearly \$300 Million in revenues from Federal grants and customer launch fees; and

WHEREAS, the State of Alaska has provided \$26 Million in operating and sustainment (O&S) funding since 2011; and

WHEREAS, in December 2014, the Walker Administration ceased State O&S funding to AAC and advised AAC there would be no future State O&S funding; and

WHEREAS, the State of Alaska Executive Branch (Administration) desires that AAC be divested from its current State ownership to an organization which operates independently from the State of Alaska, operating as a private commercial business no longer dependent upon State operations and sustainment funding; and

WHEREAS, on January 28, 2015, AAC provided the Administration a framework proposal for privatizing AAC; and

WHEREAS, on February 12, 2015, the AAC Board of Directors (Board) initiated a process to evaluate and recommend to the Administration an alternative business model for a future AAC that would not be dependent on State funding; and

WHEREAS, in March 2015, AAC hired Nossaman, LLP to develop potential AAC business model alternatives; and

WHEREAS, at the May 18, 2015 AAC Board meeting, Nossaman briefed the Board on potential alternatives; and

WHEREAS, Nossaman presented an analysis of options for restructuring AAC to the Board at the August 6, 2015 meeting; and

WHEREAS, the Board held an Executive Work Session on October 7, 2015 to conduct a comprehensive review of alternatives with staff and Nossaman; and

WHEREAS, the Board directed Nossaman to present their final recommendation to the Board on November 12, 2015; and

WHEREAS, the Board has fully evaluated potential alternative options and concluded that a public-private partnership model has the best potential for making the PSCA financially successful, attracting private investment and financing, preserving and expanding jobs in the Alaska aerospace industry, ceasing dependence on State O&S funding, providing the most optimistic potential to repay the State, and minimizing potential financial exposure to the State; and

WHEREAS, such public-private partnership model involves the transfer of the infrastructure at PSCA and the land lease with DNR to DCCED, the lease of the PSCA infrastructure to the new private company, a right of entry for the private company over the land under the land lease, and the transfer of other assets from AAC to the private company.

THEREFORE, BE IT RESOLVED, that the Board recommends the following structure:

That AAC be changed from a wholly state-owned corporation with formation of a public-private partnership under which:

- A new private for-profit company (“Company”) is formed, with flexibility to diversify its aerospace business geographically and functionally;
- The State retains ownership of fee title to the PSCA land and facilities;
- The Narrow Cape, Kodiak Island, land lease and launch facility infrastructure are transferred to the DCCED;
- The Company receives a long-term right of entry onto the land subject to the lease and an exclusive long-term lease of the PSCA facilities;
- AAC transfers to the Company all other AAC assets, including licenses, cash balances, re-appropriated funds, contracts, accounts receivable, office leases, furniture, furnishings, equipment and supplies;
- The Company receives the exclusive right, and assumes the responsibility, to operate and maintain the PSCA;
- The State ceases future O&S funding;
- The State receives participation in future revenues of the Company in consideration for the transfer of assets to the Company and the right to operate the PSCA facilities;
- Appropriate financial safeguards are included in the agreements with the Company to prevent undue enrichment of its founders;
- Appropriate measures are implemented to address federal interests in the assets of the PSCA and to protect the interests of the State in its investment in the company;
- Other commercially reasonable terms are included in the transaction; and
- The Administration establish an Interagency Transition Committee (ITC) to oversee the transition of AAC from a state-owned corporation into the new public private partnership with membership to include, as a minimum, representation from:
 - Office of the Governor and/or OMB
 - Department of Commerce, Community, and Economic Development
 - Department of Administration
 - Department of Revenue
 - Department of Law
 - Department of Military and Veterans Affairs
 - The Alaska Industrial Development and Export Authority
 - Alaska Aerospace Board of Directors
 - Staff support from AAC, Nossaman LLP, Northern Economics, and Birch, Horton, Bittner, and Cherot

FURTHERMORE, the Board recommends that the Administration introduce legislation in the second session of the Alaska 29th Legislature re-appropriating \$2.3 million of the FY2013 medium lift appropriation to fund all transitional expenses - i.e. legal, financial, accounting, financial advisory and administrative services; AAC’s PERS buy-out plan, and any other actions necessary to complete the above-referenced steps.

FURTHERMORE, that the ITC return to the Board the agreed-upon structure and then request that the Governor introduce legislation authorizing the new structure to the Alaska Legislature (special or regular session) that follows.

FURTHERMORE, that each of the President and CEO or the Senior Vice President and COO hereby is authorized, empowered and directed to do all such acts and things and to execute all documents as may be necessary to carry out and comply with the provisions of this resolution and that this resolution be transmitted to Governor Walker once approved and signed.

b. Resolution #15-07

PEARCE motioned to adopt the Resolution #15-07, seconded by Knight - roll call vote was taken, the resolution was adopted.

A Resolution Authorizing each of the President and Chief Executive Officer (CEO), or the Senior Vice President and Chief Operating Officer (COO) to proceed with evaluating equatorial orbit launch capabilities that support the small satellite market

WHEREAS, Alaska Aerospace Corporation (AAC) currently provides polar, sun-synchronous, high-inclination orbit launch services for small launch vehicles from the Pacific Spaceport Complex – Alaska (PSCA); and

WHEREAS, there exists a strong market for equatorial, geostationary, and geosynchronous orbits to serve the commercial satellite industry; and

WHEREAS, there is an emerging market for low cost, small launch vehicles specifically designed to provide cost-effective commercial launch capabilities for communications, imaging, and navigation satellites that require both polar and equatorial orbits; and

WHEREAS, AAC has an established history of seventeen launches from PSCA supporting small lift launch vehicles; and

WHEREAS, AAC is currently proceeding with development of polar orbit launch capabilities to meet this new emerging market of low cost, small launch vehicles from PSCA; and

WHEREAS, providing equatorial orbital launch capabilities would enhance AAC's ability to serve all orbit requirements of potential customers; and

WHEREAS, AAC is currently supporting Rocket Lab USA in the initial launches of the Electron rocket and intends to provide polar orbit launch capabilities for the Electron rocket once it is certified for commercial operations; and

WHEREAS, the emerging small satellite launch vehicle market is rapidly developing and will require both polar and equatorial orbit capabilities and

WHEREAS, the AAC Board of Directors has previously supported development of launch capabilities that would enhance AAC's launch services capabilities by being able to handle smaller, new technology launch vehicles; and

WHEREAS, it is the intention of AAC management to be able to offer both polar and equatorial launch capabilities in the commercial market to enhance the Company's ability to attract new launch customers.

THEREFORE, BE IT RESOLVED: it is the intent of the AAC Board of Directors that the Company should expand launch capabilities to include equatorial orbits as well as polar orbits and that each of the President and Chief Executive Officer (CEO), or the Senior Vice President and Chief Operating Officer (COO) is authorized to proceed with evaluating equatorial orbit launch capabilities that support the small satellite market and to present a recommended course of action to the Board at the Spring 2016 Board meeting.

FURTHERMORE, the President and CEO or the Senior Vice President and COO is hereby authorized, empowered and directed to do all such acts and things as may be necessary to carry out and comply with the provisions of this resolution.

c. Resolution #15-08

PEARCE motioned to adopt the Resolution #15-08 providing staff has followed sole source procedure, seconded by Knight - roll call vote was taken, the resolution was adopted.

Resolution Authorizing each the President and Chief Executive Officer or the Senior Vice President and Chief Operating Officer to enter into a Professional Services Agreement with DLH Services relating to procurement, inventory, property management, and imaging services for Alaska Aerospace Corporation in an Aggregate Amount that Cause the original Contract Amount for AAC-150041-OC Not To Exceed \$140,000.

WHEREAS, the State of Alaska Executive Branch desires that the Alaska Aerospace Corporation (AAC) be divested from its current state ownership structure to an organization which operates in a more independent relationship with the State of Alaska, operating more as a private commercial business no longer dependent upon state operations and sustainment funding; and

WHEREAS, AAC management has initiated a number of personnel steps to start the transition from state government by reducing the workforce through retirements, resignations and a non-voluntary Reduction-In-Force (RIF) designed to position AAC for an easy and cost effective transition to the private sector; and

WHEREAS, AAC requires procurement, inventory, and property management to maintain operations of the Company and manage the transition to the private sector; and

WHEREAS, AAC senior management concluded that many aspects of the procurement, inventory, and property management functions did not require state employees to be properly handled, but rather to facilitate any transition to the private sector many of the responsibilities in these areas could be handled by a contractor, and

WHEREAS, imaging services to support the distribution contract AAC has with BlackBridge can be effectively done by a contractor; and

WHEREAS, the total amount of all work required to meet the procurement, inventory, property management, and imaging services requirements during this period of transition from a state-owned corporation to a private sector company is expected to exceed \$100,000; and

WHEREAS, AS 26.27.100(a)(5) authorizes AAC to “make and execute contracts”; and

WHEREAS, AAC Regulation 1.090(b) requires Board approval of all contracts for non-construction related supplies, services or professional services in an amount exceeding \$100,000.

THEREFORE, BE IT RESOLVED, that each of the President and CEO or the Senior Vice-President and COO to Enter into a Contract(s) with DLH Services relating to procurement,

inventory, property, and imaging services for Alaska Aerospace Corporation in an Aggregate Amount that Cause the original Contract Amount for AAC-150041-OC Not To Exceed \$140,000 and that each of the President and CEO or the Senior Vice President and COO hereby is authorized, empowered and directed to do all such acts and things and to execute all documents as may be necessary to carry out and comply with the provisions of such contract as executed for a total duration not to exceed nine months from date of the initial contract. Thereafter, the President and CEO and Senior Vice-President and COO may extend this agreement at one-year increments not to exceed \$140,000 per year for up to three years from approval of this resolution.

12. Any Other Matters to Properly Come Before the Board

a. *None*

13. Public Comment

a. *None*

14. Board Member Comments

STUTES said she is a real fan of AAC and is delighted now to be part of it McCoy replied it was great to have her here.

15. Proposed Future Board Meeting Dates

a. February 11, 2016 (Juneau)

b. May 12, 2016 (Anchorage)

16. Adjournment

A motion was made by Pearce, seconded by Knight to adjourn, no objections, meeting adjourned at 2:51 PM.