



Official Minutes
ALASKA AEROSPACE CORPORATION
Board of Directors Meeting August 12, 2016
Pacific Spaceport Complex–Alaska, Kodiak, Alaska

1. Call to Order

Chairman Dr. Robert McCoy called the meeting of the Board of Directors of the Alaska Aerospace Corporation (AAC) to order at the Pacific Spaceport Complex – Alaska Conference Room in Kodiak Alaska on August 12, 2016 at 10:05 a.m.

2. Roll Call

Roll call was taken and a quorum established. The following Board members were present:

- Dr. Robert McCoy; Chairman, University of Alaska Fairbanks Geophysical Institute
- Dr. Ronald M. Sega; Director, Systems Engineering at CSU
- Thomas Walters; Owner, Maritime Helicopters
- Lindsay Knight; Owner, Kodiak Athletic Club
- Bruce Abel; CEO, Don Abel Building Supply
- Lee Ryan; Vice President, Ryan Air
- Representative Louise Stutes (Alaska State Legislature), Non-Voting

Via Telephone:

- Dr. James Johnsen, President, University of Alaska Statewide System

Also present were Craig E. Campbell, President and CEO; Mark J. Greby, Sr. Vice President and COO; John W. Cramer, Finance and Administration; Barry King, Director Range Operations; John Zbitnoff, Facility and Construction Consultant; Barbara Bruggenkamp, Administrative Support; Tom Klinkner (Telephone) & Leila Kimbrell, Legal Counsel, Birch Horton Bittner & Cherot; Jay Sterne, Attorney, Nossaman LLP.

3. Approval of the Agenda

McCOY asked for a motion to approve the agenda. Campbell requested approval to add in Executive Session “Potential property purchase”. Knight motioned, Abel seconded, hearing no objections the amended agenda was approved.

4. Approval of the Minutes

McCOY asked for a motion to approve the minutes of the May 12, 2016 Board Meeting. Knight moved to approve, seconded by Abel. Hearing no objections, minutes were approved as corrected. Campbell confirmed that future minutes will be in more of a summary format.

5. Old Business

a. Review of PSCA Reconstruction Dedication Ceremony – August 13, 2016

CAMPBELL briefed the board on plans for the ceremony and presented mementos to each board member. Campbell believes this is a good chance for the community to see who we are now, not the Alaska Aerospace from ten years ago.

CAMPBELL introduced new board member Lee Ryan, Vice President of Ryan Air Cargo.

RYAN is excited to be on the board and likes the direction the corporation is going. Governor Walker re-appointed Knight, a Kodiak local, and did not reappoint Pearce. There is one vacant seat on the board, waiting for the Governor to appoint.

6. New Business

a. None

7. President and Chief Executive Officer Report

a. Japanese Delegation PSCA Visit – June 14-15, 2016

A delegation from Japan toured the site. PSCA is on their radar and they are comfortable with the site, but it will be a couple years before we expect any results. We have agreed to initiate a Memorandum of Understanding outlining potential areas where Japan and Alaska may be able to coordinate activities.

b. Lockheed Martin/United Kingdom Vertical Launch Sutherland Team PSCA Visit June 28-29, 2016

Lockheed Martin is working with Highlands and Island Enterprise (HIE) to develop an aerospace launch site and business in the UK. LM believes it is compatible with their interest in Alaska so they contacted AAC. Campbell and Greby toured the site and are negotiating a Memorandum of Agreement with LM and HIE. Campbell expects to see a small consulting contract within the next few months.

c. Avio PSCA Site Visit July 15-16, 2016

Avio is the Italian company that makes the Vega rocket (similar in size to the Minotaur). They are tied with a contract to be launched out of French Guiana. If they can market the rocket and it goes commercial, there may be too many customers so they will need another launch site. They liked PSCA and believe it is a good alternative for them.

d. DC Congressional Visit: May 24-26, 2016

CAMPBELL travels to Washington DC at least twice a year. While there, he meets with Alaska's Congressional offices to update them on our government business. His latest trip was specifically to talk about the Missile Defense Agency, and pursuing commercial and other government agencies as well.

In the 2016 Defense Appropriation, we got \$2.5M for site upgrades. The upgrade projects support both the Air Force and Missile Defense Agency, even as we work on commercial launches.

AAC is requesting an FAA Safety Approval of our Flight Safety System. With that, customers can use the system anywhere without having to go back to the FAA to approve the system for every launch.

CAMPBELL said Rocket Labs initial launch is scheduled for 2016. AAC has a support contract and it is growing. King will support as the Launch Director for the first few missions. Because their test and qualification launches will not be completed in 2016, they need to use the RSTS in 2017. They also want to train their people to do some of the functions in telemetry and safety. We have agreed on a contract for 2017, \$2M to continue the support in New Zealand. We are also in contract discussions for launches from Alaska, which could happen a year from now, late 2017 to 2018. There are Rocket Lab customers that want to launch from the United States. By the next meeting, we should be able to announce a larger contract of their services launching from Alaska over a number of years, for a number of missions.

e. SMC Launch Systems Enterprise Directorate Visit – June 6, 2016

CAMPBELL met with Colonel Kent Nickels, the Enterprise Director of Space and Missile Center (SMC). The Air Force had put out a Ultra-Low Cost Access To Space RFI, asking the rocket people to develop a low cost rocket. We responded by saying it is more than just the rocket, you need the launch facility. Campbell expects future business for PSCA as they start refining lower cost launches.

f. Equatorial Site Selection Update

CAMPBELL continues to look to the Pacific. Rocket Lab would like to have a facility available by late 2017. Hilo is good a good site, as well as Saipan. Saipan may need more infrastructure and is further out. Campbell and Cramer traveled to Saipan to brief the Governor.

Hawaii is still a likely choice – it is close to everything and has a good industrial base. The concern is the political and environmental process can be lengthy, and the customers cannot wait until to launch. It may drive us to a place that may cost more and is further away but is available when the customer needs it.

We are continuing to engage with Hilo, Guam, and Saipan. Our next step will most likely be a pre-decisional proposal to the board. Funding will come from federal, customer, and financial markets. It will not involve Alaska money, but it will have a tie back to Alaska and add value to our state.

g. Personnel Changes

Business Development Vice President Matt Steele is no longer with AAC. Steele was hired to have outreach across the country, and the customer base did not materialize in this area. Chris Sibrel, PSCA Site Supervisor, is no longer with AAC and we will not backfill that position.

8. Senior Vice President and Chief Operations Officer Report

a. FAA Commercial FSS Safety Approval Application Update

AAC is requesting a Safety Approval of our Flight Safety System, pre-accepting hundreds of requirements that normally the FAA and the launch operator would have to accept for each mission. It is more cost effective, and we are updating components to make it more marketable beyond AAC.

Rocket Lab is working their launch license approvals with the FAA. We expect the formal safety application by the end of August, utilizing our FY2015 Federal Appropriation.

b. Ultra Low Cost Access to Space (ULCATS) Submittal

AAC responded to a Request for Information (RFI) from the Space Office of the Air Force on the Ultra Low Cost Access to Space (ULCATS). We used the opportunity to highlight PSCA and our business, in contrast to Vandenberg AFB or Cape Canaveral. They asked if they could share our RFI with their subcontractors doing the detailed analysis. This might lead to future business.

c. Business Development Pursuits

Federal Appropriation was \$2.5M for improvements to the site to be completed by end of September. The team has done very well and the success of this will help our 2017 appropriation request.

The AAC team has been developing a Statement of Work for Vector Space Systems, and expect to be working with both Vector and Rocket Lab.

WALTERS asked about the risk of a smaller customer conflicting with the current mission. King said the design included future growth and multi customer.

SEGA asked what the turn time is on the range. King said using different pads it could be a week.

PSCA hosted four visits from potential customers, from three countries.

PSCA also had our current customers on site multiple times, and expect more visits from their launch and business teams.

AAC sent a team of three to the Strategic Missile Defense Symposium in Huntsville, one of two major marketing events we attend.

9. Director Range Operations Report

a. MDA THAAD Program Update

AAC has signed an Indefinite Delivery/Indefinite Quantity (IDIQ) and Task Order 1 for site preparations. Negotiations on two other Task Orders are ongoing. We expect to have two missions in late spring.

b. PSCA Reconstruction Status Report

The repairs are 90% complete with the commissioning and testing. The Davis Constructors contract is around \$20M, overall contracts included the tear down, clean up and anticipate around \$35M, we expect to be just under that.

The Spacecraft Assemblies and Transfer (SCAT) was pulled from the Davis contract, they were struggling with the design aspects. The complex should be fully complete by the end of the year.

McCOY asked who would be doing the SCAT work. King said that AAC will act as the General Contractor instead of Davis Constructors and noted we are using some of the same sub-contractors.

c. Rocket Lab USA Update

Rocket Lab is almost complete building their launch site in New Zealand. The official date for launch is September 30. King or one of the AAC personnel will be there to receive the equipment and transport to the site. The team will not deploy until Rocket Lab is 30 days out from launch.

CAMPBELL added that AAC now have the contract for 2017 for over \$2M. Rocket Lab has eight launches planned for 2017. The first-launch delay has given us time to get our RSTS in better condition. Campbell believes this will set us up to be known internationally for our capabilities in doing what nobody else does.

McCOY noted the timing was important. AAC got in at the right time and are sharing their success.

d. FAA Commercial Launch Team Certification Update

AAC is submitting a Safety Approval Application to the FAA to approve our process for selecting, training and certifying the Range Safety team. Currently all flight safety officers are government employees. To be truly commercial, you must get away from the government. We have identified the positions, how they would be selected, trained and certified as well as the experience required. We need FAA approval to market that team, we hope by the end of the year to have that.

10. Financial and Administrative Report

a. FY16 Budget Status

CRAMER reported we had a total FY 2016 budget of \$5.1M, and spent \$4.3M, just 84% of what we projected we would spend.

CAMPBELL added that when he started with Alaska Aerospace in 2012, the budget was well over \$8M and AAC had over 40 employees. We are down to \$4M and 15 employees, plus some contractors. \$4M is the target it takes to operate this company. We are balanced, and have done this in 2016 with no state funding.

CRAMER said we are into an audit cycle again, and auditors are finding the exact same thing they have found since 2010. The issue is how AAC took credit for state contributions to the Public Employees Retirement System (PERS) relief. We have had spoken to legal counsel,

and have been through Defense Contract Audit Agency (DCAA), Defense Contract Management Agency (DCMA) and now at the Military Board of Appeals trying to get resolution on whether or not they are going to allow the PERS relief as an expense. That was for 2008, 2009 and 2010. They are now auditing 2010 and the finding they have is “PERS relief”. Our auditors start next week for the annual audit for the Legislature and the Governor.

b. Deferred Maintenance Funding Status

The all of the \$2.8M in Deferred Maintenance funding provided by the legislature has been spent or obligated.

c. FY 2017 Federal Funding Request

STERNE credits the work that the AAC board and staff in building support with Alaska’s Congressional delegation. It has translated into including \$10M in the Senate Defense Appropriation for commercial vertical launch sites. Sterne believes this will go through before the end of the year.

CAMPBELL said the Air Force is looking for improvements that they can use in the future, and there will be more infrastructure upgrades with the 2017 Appropriation. There is a desire to purchase Rocket Lab launches for Department of Defense missions from the United States. Campbell plans to have what is needed so when DoD buys a launch, it will be from Alaska.

d. Reconstruction Insurance Report

AAC is doing well with the funding, and things are progressing nicely. There will be discussions with the insurance company soon.

e. Procurement Report

Since last May, we have had 132 procurement actions valued \$1.5M.

CAMPBELL added we are financially healthy. Our numbers are smaller, we have fewer employees and have refined how we do business. We are operating on contract money, confirming this is a self-sustaining company. Campbell thanked the board for their support in getting us to this point.

11. **Executive Session**

President and CEO request for Executive Session:

I request that the Chair now entertain a motion that the Board of Directors convene in Executive Session to discuss the following topics:

- *Missile Defense Agency Contract Executive Brief*
- *Aurora Launch Services Draft Business Plan Review*
- *Planet/Blackbridge Contract Negotiations Update*
- *Potential property purchase (as recently added to amended agenda)*

McCOY asked for a motion to convene in executive session to discuss the topics requested by the President and CEO.

KNIGHT moved, seconded by Abel that the Board of Directors convene in Executive Session. The session shall include such members of the Corporation staff as the Chair may designate.

A Roll Call vote was taken and passed. The Executive Session shall last approximately 2 hours. Thus, the public session of this Board meeting shall resume in this room at approximately 3:00 PM.

KNIGHT motioned, seconded by Abel, hearing no objection the Board of Directors came out of Executive Session at 3:00 p.m. to return to Public Session.

CAMPBELL told the group the meeting was being recorded. He had neglected to announce that at the beginning of the meeting. He then told the group if there were any objections we could erase the record and begin the meeting again. No action was taken by the board related to the delayed announcement about recordings.

12. **Resolutions for Action**

None

13. **Any Other Matters to Properly Come Before the Board**

None

14. **Public Comments**

None

15. **Board Member Comments**

RYAN said it was great to be here. He is on other boards, and has spoken with Boards and Commissions and they do not see conflict of interest. Campbell added if there was ever an issue that dealt with any of the other boards he is on, he could recuse himself from specific activities on our board.

16. Proposed Future Board Meeting Dates

- a.* November 10, 2016 (Anchorage/Teleconference)
- b.* February 23, 2017 (Juneau)

17. Adjournment

A motion was made by Knight, seconded by Abel to adjourn, Hearing no objections the meeting adjourned at 3:30 PM.