



Official Minutes
ALASKA AEROSPACE CORPORATION
Board of Directors Meeting May 25, 2017
Alaska Aerospace Office – Anchorage, 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 Alaska Aerospace Corporate Office, Anchorage Alaska on May 25, 2017 at 9:00 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
- Lindsay Knight; Vice Chairman, Owner, Kodiak Athletic Club
- Bruce Abel; CEO, Don Abel Building Supply
- Robert Doehl, Deputy Commissioner DMVA
- Lee Ryan; Vice President, Ryan Air
- Senator Gary Stevens (Alaska State Legislature), Non-Voting

Via Telephone:

- Dr. Ronald M. Segal; Director, Systems Engineering at CSU
- Thomas Walters; Owner, Maritime Helicopters
- Representative Louise Stutes (Alaska State Legislature), Non-Voting

Also present were Craig E. Campbell, President and CEO; John W. Cramer, Finance and Administration; Barbara Bruggenkamp, Administrative Support; Leila Kimbrell, Legal Counsel, Birch Horton Bittner & Cherot. Barry King, Director Range Operations (Telephone)

The operator announced the meeting would be recorded, excluding Executive Session.

3. Approval of the Agenda

McCOY asked for a motion to approve the agenda. Knight motioned, Abel seconded. Hearing no objection, the agenda was approved.

4. Approval of the Minutes

McCOY asked for a motion to approve minutes from the February 23, 2017 Board Meeting. Knight moved to approve, seconded by Abel. Hearing no objections, minutes were approved as written.

5. Old Business

a. *None*

6. New Business

a. CAMPBELL presented the Rocket Lab video of the May 25, 2017 launch.

7. President and Chief Executive Officer Report

a. *Chief Financial Officer Report*

CAMPBELL hired Steve Jordan, due to personal issues Jordan is unable to work full time, however AAC plans to retain him as a consultant to realign finance. Campbell expects to hire additional staff and a full time CFO by the next meeting.

b. *Personnel Changes and Organization Alignment*

Mark Greby has retired from AAC, but he will continue to serve as consultant for administrative functions, federal appropriations, FAA licenses and commercial launch. Campbell plans to restructure the Chief Engineer position.

Operations and Facilities have been separated; John Cramer will lead Facilities and Barry King Launch Operations. Bruce Walter is onsite managing the day-to-day work at PSCA.

Barry King will lead Aurora Launch Services. There will be a Board of Directors for ALS. The AAC CEO will be on the Board of Directors with one vote, it will be a five member board.

c. *Federal FY 2017 Appropriation Update*

AAC was successful in FY15 to have \$3M included in the Defense Appropriations Bill for capital investments at PSCA. We upgraded the facilities by improving security with cameras and fencing. We did a study on the Range Safety Telemetry System commercialization and paid to ship it to New Zealand for Rocket. The Air Force are comfortable with what we have identified in 2017 for more infrastructure improvements that will allow us to install liquid capability and additional improvements.

We have developed a FY18 capital investment list and presented it to the Alaska Congressional Delegation. It includes further expansion of liquid capability and upgrading telemetry and mission control. With the FY18 Appropriation and beyond we plan to build more interoperability between Virginia Space and PSCA by cross training their team at PSCA.

d. State FY 2012 Appropriation Update

AAC had \$25M appropriated for medium lift, \$3M was deposited and of that amount we spent \$700K. Governor Walker issued Administrative Order (AO) 271, and froze our project. We petitioned the governor to release the remaining \$2.3M to support current infrastructure at the site with MDA and liquid capability. It still meets the intent of medium lift, and it will be done to support the contract we have. Chairman McCoy and Deputy Doehl met with the governor and persuaded him to release the funds. Doehl added it was not an easy sell, however the governor sees we are turning the corner.

e. Alaska State Legislature Operating Budget Amendments

In the DMVA budget, there is oversight from the Military and Veterans Subcommittee in the House. In the process, one of the representatives brought forward two direction amendments, and we objected to both.

The first one recommended the statute be changed to allow the authority for Alaska Aerospace to pay dividends to the State of Alaska. The second was recommending that AAC be realigned to the Department of Commerce, Community and Economic Development. The State Department of Revenue already has the ability to collect money from AAC, Campbell believes there could be an effort for mandatory dividends next year to be paid by AAC.

AAC was moved from Department of Commerce, Community, and Economic Development, (DCCED) six years ago because our customers were primarily the Department of Defense. We are housed inside the Military and Veterans Affairs Department for administrative purposes, giving us ties to the military. It was suggested moving us to DCCED because that is where other public corporations are held. Our primary customer is still the Missile Defense Agency. Moving forward on the policy change to get dividends, it may appear to the military that they are not considered our primary customer. That could impact our ability to receive future contracts.

RYAN suggested that a couple of board members go to Juneau as advocates and make a presentation to the legislature. Ryan believes the public does not understand the impact of AAC to the economy and future. Stutes recommended appearing before the House Transportation in January. Campbell agrees the board leading the charge could be beneficial and he will make the arrangements, possibly with both the House and Senate Committees.

f. Rocket Lab USA New Zealand Operations Update

CAMPBELL commended the dedicated AAC team that supported the Electron Launch. He believes it may be 2019 before Rocket Lab is autonomous, noting they plan to launch every three to four weeks from September to January. AAC has other customers for December and more MDA missions in 2018. We have to make certain our equipment is ready for the long term in New Zealand as well as support our customers in Kodiak. We need more people trained in telemetry. That is part of Aurora Launch Services, getting the commercial license so we can train, certify and utilize people for launch services instead of going to the federal government to hire them.

g. Rocket Lab USA 2017 Contract Update

CAMPBELL's goal is for Rocket Lab to train their crew to minimize the people we send to New Zealand. The contract stated they would have two people shadowing our crew on this launch and there was no one. It will depend on Rocket Lab's ability to provide their people to be trained before we can relinquish any authority.

The 2017 contract is \$2.2M, and 2 weeks per launch. Campbell does not expect there will be four launches without additional personnel support.

h. East Hawaii Equatorial Launch Site Evaluation Update

The Hawaii State Legislature appropriated \$250K to support the evaluation of spaceport development in the state. Campbell participated in the first teleconference with the FAA and they have now started the environmental process for East Hawaii. There will be a meeting held in D.C. in June that will be the consultation period to kick off the Environmental Assessment for Hawaii.

i. Saipan Equatorial Launch Site Evaluation Update

CAMPBELL said AAC has a Temporary Land Use Authorization Permit and has completed the environmental analysis and surveying. He said it is a brownfield site that has not been remediated since WWII. The Corp of Engineers will move this to a high priority for cleanup, however funding is an issue. AAC cannot go forward with the environmental assessment until it is cleaned up and will not sign any document until it is a greenfield site.

CAMPBELL will continue working the Saipan project, however it is questionable due to the issues of the land, and Hawaii may not get through the environmental process timely. AAC will pursue equally both options based on the issues presented. Campbell does not expect either site to be ready for construction until 2019 at the earliest.

j. 33rd Space Symposium Participation

CAMPBELL, Mark Greby and John Cramer staffed the booth. Several people stopped by, everybody knew us and said you are reopening for operations. We shared a booth with Virginia Space and by just being in the main hall it tells a story.

k. Japan Space Symposium Presentation and site visit to Hokkaido launch site

Japan Space Systems conducted a Space Symposium on April 17, 2017 in Tokyo to discuss commercial small lift. AAC was invited to participate, the hosts gave the message they are serious about commercial space.

The group then traveled to Hokkaido where they are building a small spaceport. Interstellar Technologies, a Japanese start-up company are developing a small liquid rocket for the commercial market. If Japan is successful in commercial operations, and the customers are U.S. based, there is an opportunity to provide services from the United States.

They are also interested in equatorial because Hokkaido is polar. Saipan became of interest to them that the trilogy could possibly be Hokkaido is their primary for polar, Saipan is their primary for equatorial. Campbell offered Japanese technicians could shadow our team on the commercial side.

l. ENSCO Joint Venture Report

In the past AAC has looked at several alignments, the idea was while we were rebuilding we could use the RSTS in other places. Our interest was to have the equipment part of the Joint Venture and ENSCO would provide the people. After a meeting with ENSCO where Campbell explained Aurora Launch Services would now contract with the Joint Venture and use the RSTS. ENSCO said “we are going to build the launch team”. After much discussion ENSCO and AAC had different visions of what the Joint Venture was going to look like. Their president & Campbell mutually agreed they are not going anywhere with it, bringing closure to the board.

8. Administrative Report

a. Reconstruction Insurance Update

CRAMER reported AAC has settled for \$33.25M, all funds have been received. AAC, along with insurers are going into subrogation, we will sue the federal government. The state wants to recover funds, we have over \$1M in labor alone for reconstruction which was not paid with insurance funds. Everything for betterments to the facility was paid for

with AAC funds. Cramer believes our claim when paid will be somewhat less than the \$1M but is worth pursuing.

b. Aurora Launch Services, LLC Implementation Update

CRAMER reported that not a lot of progress has been made, there have been changes in leadership by adding Barry King.

CAMPBELL said ALS must be in place by the end of the year. With the demands on the commercial side, we need the FAA license. By placing people under Aurora for the operation, becoming part time and full time employees it will limit contractors and consultants that are considered by the IRS as employees. We want to establish a subsidiary at lower cost without violating any IRS or State Workman's Compensation rules.

CAMPBELL presented the logo for Aurora Launch Services and believes the commonality between the two logos and the branding concept is important.

RYAN asked where AAC looks for applicants, and if outreach programs are conducted. Cramer said there are a small number of candidates that could fill the roles, mostly retiring military that have the experience. He noted Barry King has a wealth of knowledge in the aerospace industry and has a portfolio of areas he can tap the resources and bring them on.

RYAN noted there is an operational age gap and believes looking beyond the traditional realm of where we get employees could be beneficial.

Discussion followed on methods to find new recruits.

c. Current Fiscal Year Financial Review

CRAMER reported we are on budget at 85% spent, and 83% of the State fiscal year is complete.

d. BDO Audit Finding Update

Audit finding of delayed posting to accounts have been rectified internally by posting on a consistent timeline.

e. Procurement

Since February 23, we have had 205 procurement actions valued \$2.5M.

9. Director Range Operations Report

a. *MDA Program Update*

KING reported the Life Support Area (LSA) is set up with PRL as prime subcontractor. Troops are expected to arrive mid-June.

Task Order 4 was completed, Program Management for a foreign customer. We are negotiating a new task order to support the same customer. Most likely, it will be TO6 for Mission Planning and Support over the next 15 months.

Task Order 5 is the actual Mission Planning for the two upcoming missions FTT 18 & 15 that will run through the end of August. There are two other programs in negotiations to come to PSCA. We expect to have two more MDA missions in 2018.

b. *FAA Commercial Launch Team Safety Approval Application Update*

KING said AAC has three action items to submit and they have held a number of telecons. He expects the review and approval will not take long, they can then move forward in selecting personnel. Finding the launch operations team is not the hard part, the flight safety officers are the ones we have to identify, train and certify.

SEGA asked about future activity with MDA. King said they are working two potential new programs that have a high probability of launching in 2018 and THAAD comes back with a major mission in the middle to late part of 2019.

CRAMER added that on the commercial side, we are under contract to one company for four launches, and another four they want an agreement on. The second customer, other than Rocket Lab, is Vector Space whom we are currently under contract with. They are projecting up to four launches next year. We are under contract but it does not mean we are going to get all of those. However it gives a view of what we see coming.

SEGA asked if the demand increases from small to something bigger, is the Saipan site able to accommodate a larger rocket.

CAMPBELL said Saipan could be designed for any size rocket; the rocket has not been identified. When the environmental application is submitted, we would have the design category for the rocket at that point. Campbell plans to make it as broad as possible.

10. Executive Session

CAMPBELL, President and CEO read the 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 and as set forth on the agenda approved for today's meeting:

- MDA THAAD Executive Report, which includes matters required by law to be kept confidential; and
- Compensation Committee Report, which includes matters the immediate knowledge of which would have an adverse effect the finances of the Corporation.

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

DOEHL moved, seconded by Knight 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 at 12:19 p.m. to move to Executive Session. The Executive Session shall last approximately 1 hour. Thus, the public session of this Board meeting shall resume in this room at approximately 1:20 PM.

The Board of Directors came out of Executive Session at 1:43 p.m. to return to Public Session.

11. Resolutions for Action

a. Resolution #17-01 – Passed

DOEHL motioned, seconded by Ryan. Roll call vote was taken and the resolution unanimously passed.

A Resolution Authorizing the President and CEO to Award a Sole Source Contract to Telemetry and Communications Systems, Inc. (TCS) for the Purchase and Installation of Two Telemetry Antennas and a Sole Source Contract to Indefinite Technologies Inc (IT) for the Purchase and Installation of Two Antenna Protection Radomes at a Total Cost Not To Exceed \$1,725,000 to Support Medium-Lift Launch Capabilities at PSCA.

WHEREAS, in 2012, AAC received a State capital investment appropriation to support development of medium-lift launch capability from Pacific Spaceport Complex-Alaska (PSCA), however, due to an inability to secure medium-lift launch contracts at that time by AAC's primary medium-lift customer, the medium-lift facility at PSCA has not yet been developed; and

WHEREAS, in December 2014, the State Administration issued Administrative Order 271 (AO 271), which essentially halted further development of the medium-lift project at PSCA; and

WHEREAS, AO 271 required AAC to return \$22.0 million in unspent capital funds for medium-lift development to the State, withholding \$3.0 million for work that was already on-going or could reasonably be accomplished to maintain the potential for medium-lift development should the market develop in future years; and

WHEREAS, in June 2016, AAC was issued a multi-year, multi-launch Indefinite Delivery Indefinite Quantity (IDIQ) contract from the Missile Defense Agency (MDA) to support missions from the PSCA; and

WHEREAS, in August 2016, AAC also signed a multi-launch contract with Rocket Lab USA to provide range safety and telemetry service support the test and development launches of the Electron rocket from Rocket Lab's Mahia Launch Facility; and

WHEREAS, market conditions have improved and the medium-lift market is slowly developing to the point that AAC is once again in discussions with a potential customer for medium-lift operations from PSCA; and

WHEREAS, currently, one of AAC's full range safety and telemetry system is deployed to Mahia New Zealand to support Rocket Lab's 2017 operations and full utilization of AAC's second range safety and telemetry systems is committed to both commercial and government customers at PSCA; and

WHEREAS, the robust activities at PSCA, with no less than three launches scheduled for 2017, coupled with supporting another 4-8 launches for Rocket Lab from the Mahia Launch Facility in

2017 has created a demand for additional telemetry antennas at PSCA that also meet the technical requirements for support of future medium-lift operations; and

WHEREAS, AAC selected Telemetry and Communications Systems, Inc. (TCS) for acquisition of two new, upgraded telemetry antennas for installation at PSCA; and

WHEREAS, AAC has selected Infinite Technology, Inc. (IT) for purchase of two Sandwich Wall Radomes for antenna protection required for the TCS antennas; and

WHEREAS, total projected cost of purchase and installation of the two telemetry antennas and protective radomes is estimated at \$1,725,000; and

WHEREAS, AAC has used equipment from these vendors on numerous other upgrades to the PSCA, including its Antenna Control Units (ACUs), and AAC has an excellent working relationship with TCS, who has proven to provide historically higher reliability hardware than other vendors on previous purchases. TCS is a known vendor to AAC, which reduces risk in acquiring critical hardware of this magnitude. Therefore, in an effort to maintain commonality in the instrumentation, equipment and software systems at the PSCA, the CEO has determined there is only one source for the equipment necessary to achieve PSCA's medium-lift launch capability and through his designee has negotiated a contract advantageous to AAC pursuant to AAC regulation 1.040(b); and

WHEREAS, AAC regulation 1.040(a) permits the award of a sole source contract when the CEO or his designee determines there is only one source for the procurement; and

WHEREAS, AAC Regulation 1.090(b) requires Board approval of all contracts for construction related supplies, services, or professional services in an amount exceeding \$1,000,000; and

WHEREAS, AAC management requested Executive release from AO 271 for the remaining \$2.23 million capital appropriation to purchase and install the necessary telemetry antennas and support infrastructure and received the release of these funds on April 10, 2017 to make this upgrade to PSCA facilities in support of medium-lift launch market development and to be available for use by other customers at PSCA.

THEREFORE, BE IT RESOLVED, the President and CEO is hereby authorized to issue a contract for the purchase and installation of two telemetry antennas and protective radomes from Telemetry and Communications Systems, Inc., and Infinite Technology, Inc. at a total cost not to exceed \$1,725,000; and that from and after execution and delivery of the contract the President and CEO 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.

b. Resolution #17-02 – Passed

DOEHL motioned, seconded by Knight, roll call vote was taken and the resolution unanimously passed, after making the correction that Deputy Doehl holds a secret clearance.

A Resolution to the Defense Security Service Alaska Aerospace Corporation Board Members who maintain a Federal security clearance and confirming to the same that those members that do not have a Federal security clearance shall not require, shall not have, and can be effectively excluded from access to CLASSIFIED information in the possession of the Corporation.

WHEREAS, Alaska Aerospace Corporation (AAC) has a multi-year, multi-launch Indefinite Delivery Indefinite Quantity (IDIQ) contract from the Missile Defense Agency (MDA) to support missions from the Pacific Spaceport Complex – Alaska (PSCA); and

WHEREAS, in compliance with the terms of the contract, AAC personnel may be required to have access to CLASSIFIED information; and

WHEREAS, any individual required access to CLASSIFIED material must have a current Federal security clearance; and

WHEREAS, a current Department of Defense regulation contains a provision making it mandatory that certain members of AAC, to include the Board Chair, a Senior Management Executive, and the Facility Security Officer meet the personnel clearance requirements established for a contractor's facility clearance; and

WHEREAS, said Department of Defense regulations permit the exclusion from the personnel clearance requirements by other members of the Board of Directors and Corporate officers, provided that this action is recorded in the corporation minutes.

THEREFORE, BE IT RESOLVED, that the following members of the AAC Board of Directors shall not require, shall not have, and can be effectively excluded from access to CLASSIFIED information in the possession of the corporation at this time. However, it may be determined that some or all of the AAC Board of Directors may need clearances at a later date. If so, the requisite paperwork shall be submitted requesting the required clearance.

Lindsay Knight	Board Vice Chair
Tom Walters	Board Member
Jim Johnsen	Board Member
Bruce Abel	Board Member
Gary Stevens	Ex-officio Board Member
Louise Stutes	Ex-officio Board Member

BE IT FURTHER RESOLVED, that the following personnel have valid and current security clearances.

Robert McCoy	Board Chair (Secret)
Laurie Hummel	Board Member (TS-SCI)
Ron Sega	Board Member (TS-SCI)
Lee Ryan	Board Member (TS)
Robert Doehl	Board Alternate Member (Secret)
Craig E. Campbell	President and Chief Executive Officer (TS-SCI)
Joseph Francisco	Facility Security Officer (TS-SCI)

12. Any Other Matters to Properly Come Before the Board

None

13. Public Comments

None

14. Board Member Comments

Comments were made and the board looks forward to the future of AAC.

15. Proposed Future Board Meeting Dates

- a. August 24, 2017 (Anchorage)*
- b. November 2, 2017 (Anchorage)*

17. Adjournment

A motion was made by Ryan, seconded by Knight to adjourn, hearing no objections the meeting adjourned at 2:30 PM.