



Official Minutes  
ALASKA AEROSPACE CORPORATION  
Board of Directors Meeting November 2, 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 to order on November 2, 2017 at 9:01 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
- Thomas Walters; Owner, Maritime Helicopters
- Lee Ryan; Vice President, Ryan Air

Via Telephone and video conference:

- Dr. Ronald M. Sega; Director, Systems Engineering at CSU
- Representative Louise Stutes (Alaska State Legislature), Non-Voting

Also present were Craig E. Campbell, President and CEO; Amy Hillenbrand, Executive Financial Manager; John W. Cramer, Chief of Staff; Barbara Bruggenkamp, Administrative Support; Tom Klinkner, Legal Counsel, Birch Horton Bittner & Cherot. Barry King, Director Range Operations and Bruce Walter, Director PSCA Facilities Via Telephone.

Guests included from Siemens were Leverette Hoover, Doug Schutte and Merrick Jackinsky; PRL Logistics Russell Sell; and Rotary Deputy District Governor Lamar Anderson.

**3. Approval of the Agenda**

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

## **Approval of the Minutes**

McCOY asked for a motion to approve minutes from the August 17, 2017 meeting. Knight moved, seconded by Doehl, hearing no objections minutes were approved.

### **4. Old Business**

*a. None*

### **5. New Business**

*a. DMVA Commissioner Comments*

DOEHL reported Commissioner Hummel would attend the February meeting to give comments.

*b. New Hire Introduction – Contracts*

CAMPBELL said AAC has hired Maggie Fletcher as Contracts and Acquisition Manager. Fletcher comes from the Missile Defense Agency in Huntsville and knows the contract world. Campbell expects to hire more positions in the next six months, and they will be a combination of State of Alaska employees, Aurora Launch Services and contract.

### **7. President and Chief Executive Officer Report**

*a. PSCA Systems Upgrade Initiative*

CAMPBELL said that with reconstruction PSCA now has several different control systems. In an effort to standardize and save money Campbell contacted Siemens. Siemens has a statewide contract with the ability to self-finance and offer credits under their federal program, adding AAC has FY18 federal grant money.

CAMPBELL introduced Leverette Hoover, Siemens General Manager. Hoover presented a cost and service proposal to the board. Hoover and his team traveled to PSCA to inspect the facilities.

WALTERS inquired what the savings could be. Hoover said anywhere between 30 to 40%. The savings will come from minimizing employees and energy costs. Siemens would train the workforce, thereby reducing cost, and modernize the facilities.

RYAN asked the timeline of the Siemens proposal. Campbell said he expected to bring a resolution to the February meeting. The implementation would be September of 2018.

*b. Washington DC Trips – September 21-22 and October 24-25, 2017*

CAMPBELL and Cramer traveled to Washington DC. While there, they met with Congressional Staffers updating them on Missile Defense Agency (MDA) activities. General Hughes had recently visited PSCA and provided MDA plans for the range.

CAMPBELL and Cramer also met with Representative Jim Bridenstine, NASA Administrator Nominee to provide a briefing of PSCA capabilities. NASA has upcoming missions and could utilize smaller satellites that would be beneficial from Alaska. We asked that he look at future missions and how we could provide services and savings. He was very receptive, and if approved Campbell will again talk to him about NASA missions at PSCA.

The second trip October 24-25, Campbell, Cramer and Greby were at Wallops for the kick off meeting for FY2017 appropriations. Air Force is the sponsor, NASA the administrator, and LJT is the contractor who will get the money from NASA to us.

Wallops Flight Facility and Alaska Aerospace each presented plans to the Air Force and NASA with both approving the projects, timing and pricing. They have agreed to expedite the \$4.2M allocated and we anticipate having all projects completed by the end of March for next year's mission.

CAMPBELL and Cramer met with the congressional delegation to confirm the money is available for FY17 and to present the FY18 project list. The funds are still in the Senate Defense Appropriations Committee and the delegation expects they will be approved.

*c. University of Hawaii Future Focus Forum – October 4-5, 2017*

CAMPBELL was invited to Hawaii and served on two panels, one was “Opportunities for a Small Satellite and Launch Sector in Hawaii” and the other “What’s Needed for a Small Satellite/Small Launch Sector”. AAC activities on equatorial is catching interest in Hawaii and they want to know if it is viable. Campbell stressed that location is important to capture the market for both polar and equatorial launches with one company.

*d. East Hawaii Equatorial Launch Site Evaluation Update*

The Legislature in Hawaii appropriated \$250,000 for the East Hawaii site study. The University of Hawaii has contracted KSF Engineering to do the Environmental Assessment. Alaska Aerospace will not go through the Environmental Impact Statement process. The Environmental Assessment (EA) clarification can be done with the FAA. The consultant understands the objective is to secure a Finding of No Significant Impact (FONSI) for the EA. If it is a good site, and the EA appears successful, we will begin looking for funding to build the facility in Hawaii with Alaska Aerospace as the lead company.

CAMPBELL said the transition in Hawaii has started and we now need technical support, and Barry King will be leading operations as we go forward. King was on the latest trip when we met with the landowner and stakeholders.

*e. Saipan Equatorial Launch Site Evaluation Update*

The Marpi Point location is no longer considered a viable option due to being a Formerly Used Defense Site (FUDS). Adjacent to that is the landfill site, and issues found there may preclude development on it as well.

There is a location further south, however the lack of infrastructure may result in high development costs. Saipan has slid to number two behind Hawaii. Campbell continues to work with Saipan because if Hawaii fails we need an alternative that is affordable and could be built. We will not be doing any further work other than hiring engineers to confirm we have the right site and the last rounds of public engagement to let the governor and legislature know our status.

*f. Aurora Launch Services, LLC Implementation Report*

AAC has refined the Business Plan to reflect the changing market with increased potential for commercial small launches. Tom Klinkner has returned as legal counsel and has developed Terms of Agreement and Articles of Incorporation to establish Aurora Launch Services. There will be more discussion and a resolution later in the meeting on Aurora.

*g. Alaska Command (ALCOM) PSCA Visit – September 19, 2017*

Lieutenant General Kenneth Wilsbach, Commander of Alaska Command (ALCOM), and his delegation visited PSCA. The group included members of the Alaska NORAD Region staff, USCG Kodiak Commanding Officer and staff, Senior ALCOM SES's, The Alaska Air National Guard Commander and staff and the Alaska Army National Guard Commander and staff. Campbell said they came away with a clearer understanding and appreciation of PSCA's capabilities.

*h. Public Outreach*

CAMPBELL said AAC is making money and launching and it is time to address the public. He has spoken to Anchorage Hillside Rotary, Juneau Chamber of Commerce and Kodiak Island Borough Assembly. Abel said he appreciated Campbell speaking at the Juneau Chamber and it was well received.

## 8. Director Range Operations Report

### *a. MDA International Program Updates*

AAC is continuing to work Task Order 6 for long-range mission planning and program management. Proposals are being evaluated for the Life Support Area (LSA), and the Alpha and Radar site proposal has been submitted to MDA.

KING anticipates a mission execution Task Order in December for long range planning to support the mission and launch next year.

### *b. Rocket Lab New Zealand Operations*

The second launch is scheduled for early December, two AAC personnel are in Mahia to perform equipment modifications.

Our contract was for eight launches in 2017, we might only have one launch, pushing launches into 2018. We have international and commercial customers that are interested in using our site and equipment, we need a contract to know what our 2018 obligations are.

KNIGHT asked if Rocket Lab had paid AAC. Campbell said he had split the bill from the one launch that had two mobilizations. Rocket Lab believes there are discrepancies regarding the amount charged and what they owe. Brad Schneider, Rocket Lab Vice President assures us they are talking about it. If we do not have a 2018 contract we will return our equipment to Alaska after the beginning of the year.

### *c. Astra PSCA Launch Program*

Astra is moving forward with weekly planning telecoms and have submitted a draft Operations Requirements (OR) for our review. Astra will bring their Launch Operations Control Center (LOCC) to PSCA and will be as independent as possible. They have made a \$100K deposit to secure the launch date, possibly February or later.

### *d. FAA Commercial Launch Team Safety Approval Application Update*

The Commercial Launch Team certification was submitted on August 1. We continue to press the FAA to obtain approval quickly.

## 9. Director, Facilities Management/Operations

### *a. PSCA Site Development Projects*

WALTER reported the crew set new antennas and the Radomes will be installed in December. Refurbishment of the bridge cranes and Konecranes is scheduled for November. Two 5-Ton AC units will be installed in November. The rocket display will be set next to the welcome sign, enhancing the entrance to the site.

Astra Launch Control Center has developed a modular conex combined with a VIP booth on the 2<sup>nd</sup> floor that will be staged nearby our facilities with a clear line of site to LP2 for their launch.

### *b. Spacecraft and Assembly Transfer Facility Reconstruction Update*

The Spacecraft Assembly Transfer Facility (SCAT) reconstruction completion date is December. The steel structure, siding and folding fabric door have been installed.

## 10. Executive Financial Manager Report

### *a. BDO Annual Audit, FY17 Balance Sheet*

HILLENBRAND presented the yearend financial statements and expects to have the final audit in November.

RYAN asked if there was a dividend policy in place to return dollars to the state. Campbell said the state statute dictates that the Board of Directors will determine what dividend will be returned to the state. Ryan suggested a 5-year dividend policy based on 5-year average net or give back 5-10%. Campbell believes there will be a point when a dividend is expected and AAC needs a means to quantify it. Doehl asked what the dividend policy are for other public corporations. Hillenbrand will follow up.

BDO Eric Campbell presented the Financial Statements and reported a clean audit with no findings and added last year's finding was resolved. Craig Campbell noted the capital contributions shown from the State of Alaska of \$2.6M. \$2.2M of that amount the Governor released at our request to install antennas for the upcoming MDA missions. AAC no longer has deferred revenue. Campbell praised Hillenbrand and her team for their tremendous effort as the audit was completed on time with no findings.

McCOY asked for a motion to approve the Draft FY17 Audit as presented by BDO, Doehl moved to approve, seconded by Abel. Hearing no objections, the audit was approved.

*b. Indirect Cost Rate Audit Resolutions with DCMA*

HILLENBRAND reported the Defense Contract Management Agency (DCMA) has audited all indirect cost rate agreements from FY08 through FY14. DCMA has agreed there will be no future financial liabilities. Audits were not required for FY15 or FY16, the next anticipated audit will be for FY17.

*c. PSCA Facility Rental Rates and Charges Study*

AAC has been exploring a facility lease rate plan. The ability to rent facilities a la carte has potential for increased revenues and recouping utility costs. AAC issued an RFP for professional analysis on facility and land rental rates in the area. Spring of 2018 is the anticipated implementation of new rates.

*d. FY 18 Cash Position*

Our projected inflow from all sources is \$23M in and \$22.5M out. Hillenbrand added these are conservative numbers.

RYAN said as we move forward with commercializing he would like to see the breakdown of big categories in the General and Administrative expenses (G&A). This will enable board members to better understand how we are operating as a commercial entity.

## **11. Chief of Staff – Administrative Report**

*a. Federal FY2017 Appropriation*

AAC has identified several projects to utilize the appropriation. Liquid fueling capabilities \$540,000; Upgrade communication, processing and security of the Launch Operations Control Center (LOCC) \$1,120,000; RSTS upgrades \$2,271,000; Upgrade computer network and systems for cybersecurity \$203,000.

*b. Federal FY2018 Appropriation*

Funding of \$10M has been included in the Air Force FFY2018 budget and is nearing authorization vote in Congress and we expect the President will sign into law. The appropriation is again split with Virginia Space and dispersal will follow a similar pattern as FY17. The list of projects has been developed and priority assigned.

*c. PSCA Lodging RFP*

AAC received a Statement of Work from MDA and issued the RFP on October 3. The evaluation process ends on November 8 and we expect to submit to MDA on November 15. MDA award is likely no later than December 3.

*d. Procurement Report*

114 procurement actions were completed for goods and services between July 31 and October 19, 2017 valued at approximately \$1,827,825.

## 12. 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:

- MDA Five Year Plan - to discuss matters within the contract required by law to be kept confidential, matters involving consideration of records that are not subject to public disclosure and involving trade secrets [AS 44.62.310(c)(3), (4), AS 26.27.130, and AAC regulation 1.220]
- MDA International Program Update – to discuss matters within the contract required by law to be kept confidential, matters involving consideration of records that are not subject to public disclosure and involving trade secrets [AS 44.62.310(c)(3), (4), AS 26.27.130, and AAC regulation 1.220]
- Congressional Inquiry – to discuss specific confidential issues with launch customer contracts, matters the immediate public disclosure of which would have an adverse effect on the finances of AAC and/or within the contract are required by law to be kept confidential, involving consideration of records that are not subject to public disclosure [AS 44.62.310(c)(3), (4), AS 26.27.130, and AAC regulation 1.220]
- MDA Contracts - to discuss specific confidential contracts with launch customers the immediate public disclosure of which would have an adverse effect on the finances of AAC [AS 44.62.310(c)(1), AS 26.27.130, and AAC regulation 1.220]
- Rocket Lab May 25, 2017 Launch Failure Report Review - to discuss confidential/proprietary information concerning the launch failure report that was submitted to the Federal Aviation Administration by Rocket Lab USA the immediate public disclosure of which would have an adverse effect on the finances of AAC [AS 44.62.310(c)(1)]

Chair's Response:

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 at 12:25 p.m. to move to Executive Session. The Executive Session shall last approximately 2 hours. Thus, the public session of this Board meeting shall resume in this room at approximately 2:30 PM.

The Board of Directors came out of Executive Session at 1:18 p.m. to return to Public Session.

### 13. Resolutions for Action

#### a. Resolution #17-04 (Revised) – Passed

RYAN motioned, seconded by Knight. Roll call vote was taken and the resolution unanimously passed.

#### **A Resolution Approving the Operating Agreement for Aurora Launch Services, LLC , and Authorizing the President and CEO to proceed with filing Articles of Organization for said company with the State of Alaska.**

WHEREAS, The Alaska Aerospace Corporation (AAC) Board of Directors approved Resolution #16-01 on February 11, 2016 authorizing AAC to create a new AAC wholly-owned subsidiary for the purpose of providing commercial launch services worldwide; and

WHEREAS, AAC staff presented an Aurora Launch Services LLC Business Plan to the Board in Executive Session of the August 12, 2016 meeting; and

WHEREAS, Based on board membership recommendations and refinement of the financial projections favorable to the business model, a revised Aurora Launch Services Business Plan was presented to the Board in Executive Session at the December 1, 2016 meeting; and

WHEREAS, the timeline for implementation of Aurora Launch Services LLC was presented to the Board at the February 23, 2017 board meeting; and

WHEREAS, AAC legal counsel developed the Operating Agreement and Articles of Organization for Aurora Launch Services, LLC, which were submitted to the Board for review and approval,

THEREFORE BE IT RESOLVED, that the Operating Agreement and Articles of Organization for the establishment of Aurora Launch Services as a wholly-owned Alaska subsidiary to Alaska Aerospace Corporation hereby are in all respects authorized, approved and confirmed in substantially the form and content that now are before this meeting, and the President and CEO hereby is authorized, empowered and directed to execute and deliver said documents on behalf of AAC, with such changes, modifications, additions and deletions therein as shall to him seem necessary, desirable or appropriate, the execution thereof to constitute conclusive evidence of approval of any and all changes, modifications, additions or deletions therein from the form and content of said documents now before this meeting, and from and after the execution and delivery of said documents, the President and CEO hereby is authorized, empowered and directed to do all acts and things and to execute all documents as may be necessary to carry out and comply with the provisions of said documents as executed .

FURTHER RESOLVED, that to complete this action, AAC management is authorized to conduct all actions necessary to organize Aurora Launch Services, LLC as an Alaskan limited liability company, headquartered in Anchorage, Alaska with the parent company, AAC, being sole owner of all interests in the subsidiary.

FURTHER RESOLVED, that the President and CEO 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.

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

*None*

**15. Public Comments**

*None*

**16. Board Member Comments**

The Directors comments and all look forward to the positive future of AAC.

**17. Proposed Future Board Meeting Dates**

- a. February 1, 2018 (Anchorage)*
- b. May 10, 2018 (Anchorage)*

**18. Adjournment**

A motion made by Abel, seconded by Knight to adjourn, hearing no objections the meeting adjourned at 1:51 PM.