



Official Minutes

Board of Directors Meeting December 6, 2018
Alaska Aerospace Office in Anchorage Alaska

1. Call to Order

Chairman Dr. Robert McCoy called the meeting of the Board of Directors of Alaska Aerospace Corporation (AAC) to order on December 6, 2018 at 9:30 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
- Dr. James Hemsath

Via Telephone and video conference:

- Thomas Walters, Owner Maritime Helicopters
- Dr. Ronald M. Sega, Director Systems Engineering at CSU
- Lee Ryan, Vice President Ryan Air

Also, present were Craig E. Campbell, President and CEO; Mark D. Lester, President; 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 via Telephone.

Public attending was Russell Sell, PRL Logistics; and Russell Pounds, Pacific Rim Media.

3. Approval of the Agenda

McCOY asked for a motion to approve the Agenda. Doehl motioned, Seconded by Abel, hearing no objections the Agenda was approved.

4. Approval of the Minutes

McCOY asked for a motion to approve the minutes from the September 13, 2018 meeting. Abel motioned, Seconded by Knight, hearing no discussion or objections the minutes were approved.

5. Public Comments

None

6. Old Business

None

7. New Business

a. Transition Chair resignation request letter dated November 10, 2018

CAMPBELL reviewed the letter received from Tuckerman Babcock, Governor-Elect Dunleavy Transition Chair dated November 16, 2018. The letter was sent to 800 state employees including board and commission members requesting their resignations. Staff responded to the DMVA on November 18 stating we believe we are exempt and will continue business as normal. At this meeting time – December 6, we have not received a response.

8. Action Items

a. Resolution #18-03: A Resolution Authorizing the Chief Executive Chief to Extend the Existing Purchase Order #180282 with Pacific Rim Media that Causes the Contract Amount to Not Exceed \$150,000 through June 19, 2019.

Motion by Hemsath, Seconded by Doehl to Approve Resolution 18-03. Campbell said Pacific Rim Media was hired to develop a new concept to present AAC publicly. As the media work is increasing, the team is crafting our vision and getting the message out. Roll call vote was taken, and Resolution 18-03 was approved without objection.

b. Resolution #18-04: A Resolution Authorizing the Chief Executive Officer or President to execute a Purchase Order in the amount of \$114,936.00 to Procure one (1) Genie GTH-844 Telescopic Forklift.

Motion by Abel, Seconded by Hemsath to Approve Resolution 18-04. Campbell explained that PSCA has been operating an old forklift and it is expensive to maintain. After research the procurement team found the cost of buying new versus used was minimal and made the

decision to buy new. Roll call vote was taken, and Resolution 18-04 was approved without objection.

c. Approval of the 2017 Alaska Aerospace Audit

HILLENBRAND advised the board that the annual audit was performed by BDO was complete and was a clean audit with no findings. Alaska Aerospace did not meet the State October first submission deadline because the State of Alaska Division of Retirement and Benefits Administration did not provide final numbers until November 20 due to the new accounting standards. Motioned by Doehl, Seconded by Hemsath to approve the audit. Roll Call vote was taken and the 2017 AAC Audit was approved.

9. Chief Executive Officer Report

a. USG Rideshare Working Group Meeting – September 19-20

CAMPBELL said The United States Government Rideshare Working Group is an inter-agency organization established to maximize government and non-government launch opportunities for government payloads. The USGRWG met at Moffitt Field on September 19-20 and Alaska Aerospace was invited to attend and present a 45-minute overview of the Pacific Spaceport Complex – Alaska. Campbell reported there was interest in the emerging small launch vehicle market and operations from PSCA.

b. ATCA/FAA Commercial Space Conference, Washington DC, October 29-30, 2018

The Air Traffic Control Association (ATCA) and the Federal Aviation Administration (FAA) conducted their fourth annual conference to discuss air traffic management and the integration of commercial space transportation issues into the National Airspace System. AAC participated in the Commercial Space Perspective on Operating in the NAS Panel. The presentation centered on how Alaska Aerospace interacts with the FAA on air traffic management of the north Pacific air routes during launch operations. Recommendations are to have shorter, more predictable launch windows and to develop a system approach for predicting launch requirements was a center point for discussion. AAC will to continue to be involved in the evolution of air traffic control.

c. 2018/2019 NASA Space Grant High-Power Rocket Competition

The Minnesota Space Grant Consortium Midwest High-Power Rocket Competition is intended to supply student teams from colleges and universities the opportunity to

demonstrate engineering and design skills through practical application. This year's competition is to design and fabricate a launch vehicle capable of supersonic flight and to fly the vehicle twice on the competition date. University of Alaska – Anchorage Engineering students are participating in this year's competition. Alaska Aerospace is a member of the Alaska Space Grant Program and is providing Wyatt Rehder as a mentor to the UAA team. Pacific Rim Media is creating a short media product to highlight AAC's STEM outreach competition held on May 18-19, 2019 at North Branch, MN.

d. Old Harbor Temporary Flight Restriction Letter and Response

CAMPBELL reported Alaska Aerospace received a co-sponsored letter from the City of Old Harbor, Alutiiq Tribe of Old Harbor, and the Old Harbor Native Corporation concerning the Temporary Flight Restrictions (TFR) imposed during launches from the Pacific Spaceport Complex – Alaska. They gave an example of how it could be solved, and staff concurred. However, the FAA came back stating the boundaries shown are set analytically by the safety analysis, algorithms and can't be arbitrarily changed. Campbell notified Old Harbor that we would not be able to change the TFR for the last launch, however we will continue working with the FAA and the community to find a solution.

e. PSCA Master Plan

CAMPBELL said at the September 13, 2018 Board of Directors meeting staff was directed to complete a Spaceport Master Plan for the Pacific Spaceport Complex – Alaska. Initial work has started on the Master Plan with completion no later than the March 2020 Board Meeting. A Spaceport Advisory Group (SPAG) list has been created and invitations have been sent to intended participants. Initial collection of materials and information for development of the Master Plan has been completed. The next step is to conduct a SPAG kick-off meeting followed by development of the Inventory of Existing Facilities and Demand Forecasts chapters.

f. Chief Executive Officer Selection Process

MARK LESTER started as the Alaska Aerospace President on October 8, 2018. Craig Campbell, Alaska Aerospace Chief Executive Officer, announced his retirement, effective May 31, 2019. Alaska statutes delegates to the Alaska Aerospace Board of Directors the authority to select the Chief Executive Officer. Campbell added the Board of Directors need a process for selecting the next Chief Executive Officer and ideas were discussed.

The CEO Selection Sub-Committee priorities the most qualified candidates and presents a hiring recommendation to the full Board of Directors prior to the September board meeting. The board directed Campbell to draft the Chief Executive Officer job description and circulate to board members. After concurrence the position will be posted.

HEMSATH added the selection is a six-month process and recommended starting the end of January. Hemsath will Chair the CEO Selection committee. The subcommittee will consist of the committee of the whole and will report to the Board at the next meeting.

10. President Report

a. East Hawaii Launch Site Environmental Assessment and Spaceport Licensing Update

LESTER said the objective is to create a commercial spaceport to enable low-inclination/equatorial launches for commercial orbital customers. A team meeting was held on November 15 in Hilo, Hawaii where staff toured the site and met with Shipman leadership (land owner), an interested commercial launch vehicle operator, University of Hawaii, and PISCES. AAC has formally started the FAA licensing process.

b. PSCA Environmental Assessment Update

LESTER said the PSCA Environmental Assessment Update has been initiated to increase the allowable 12-month launch number. Documentation is underway and public engagement meetings will be scheduled.

c. Facility Damage Report from July 20, 2018 Update

The environmental remediation of contaminated soil was completed October 2018 per State and Federal requirements. The soil was transported to Anchorage for treatment where ADEC confirmed that all soil samples are below the ADEC Migration to Groundwater (MGW) cleanup levels. Restoring the excavated hillside at LP2 will take place in December.

Restoration of the IPF siding panels are underway, replacement panels are on-site and will be installed in late December or early spring.

d. Spacecraft Assembly and Transfer Facility Structural Issue

LESTER reported the Spacecraft Assembly and Transfer Facility (SCAT) a rail issue was diagnosed, and resolution plans were identified. An onsite assessment conducted by BRPH determined the SCAT rail deformation was caused by the increased building weight with use of indexed rollers. The immediate fix is to use a double-indexed roller with existing rails, enabling time to implement a permanent fix. The permanent fix is to replace deformed rails, use similar wide-flange rails but at a heavier weigh that minimizes site construction and provides additional load margin. Staff is working with State Risk Management to identify the funding approach. The engineering peer review staff has contracted will confirm causal factors and immediate as well as a permanent fix solution.

11. Director, Range Operations Report

a. Government Programs Update

KING reported that AAC continues to execute the long-range mission planning contract for 2019.

Army Command will conduct a program at PSCA sometime during CY19. Currently they are awaiting funding for the mission execution contract in January.

Raytheon - AAC expects to be awarded a contract in late 2018, it is a 15-month baseline program with a 48-month option.

KING reported AAC has been notified of selection for a new federal government agency program. Staff is awaiting the official award notification and funding; the program is planned for late 2019/2020.

b. Commercial Customer Programs Update

KING said a commercial customer has attempted 2 launches since the July 21st launch. Another launch window is scheduled for November 28-30, 2018. Discussions are continuing regarding this customer building a dedicated launch pad in Area 3.

A second commercial customer is planning their 1st launch from PSCA in 2019. Construction is on-going to make Pad C a multi-user pad for use by both the government and this customer. Berm protection is being funded as part of the FY2018 Federal Spaceport Enhancement Project.

c. Off-Site Launch Customer Programs Update

KING said Rocket Lab has transitioned to commercial payloads with the successful Flight #3 launched on November 11, 2018. Flight #4 is currently scheduled for December 11, 2018. AAC will continue to support telemetry operations through June 2019. Rocket Lab continues to express interest in launching polar / high-inclination orbit payloads from PSCA. Campbell added Rocket Lab would like to launch each month and have autonomous operations by March or April.

KING added Rocket Lab had selected Wallops for their low-inclination / equatorial launch site.

12. Executive Financial Manager Report

a. *FY 2018 Financial Presentation*

HILLENBRAND stated that the changes to the financial statements from the last board meeting were all related to the new Net Pension reporting and GASB Requirement to report OPEB (Other Post-Employment Benefits). The changes included an increase in the Other Post-Employment Benefits (OPEB) asset of \$12K, a decrease in the deferred outflow of resources from \$900K to \$436K, A decrease in the Net pension liability from \$4.3M to \$3.7M which included the increase in the OPEB liability of \$528K. An increase in the deferred inflow of resources from \$47K to \$729K which included \$294K in OPEB. There was an adjustment of \$772K to beginning Net Assets due to the change in GASB for OPEB assets.

AAC ended with a net operating loss of \$1.7M. Depreciation increased significantly with capitalization of building repairs of \$37M. This will increase annual depreciation approximately \$750K as a non-cash item. Overall, we took a net loss of \$2.3M.

b. *FY 2019 Budget to Actual Report*

FY19 Budget to Actuals shows \$10.2M with depreciation. Personnel services of \$2.3M is total cost without contracts, we are estimating approximately \$500K recouped through contracts. The annual budget shows what we would need to stay in business given no launches, which is slightly higher at \$4.5M. Personnel services to date are below budget. Supplies over budget reflects annual payments already made in the year. Overall AAC is right on budget for the year.

13. Administrative Report

a. *Federal FY 2018 Appropriation Implementation Report*

CRAMER reported the Authorization to Proceed was received on September 12, and contracts were signed on October 18 for \$4,290,406. On November 7, AAC was directed to reduce the contract by \$58,000 due to a NASA accounting error. Formal adjustments to contracts were made by reducing the scope to total contract value of \$4,232,406. In the next week staff will present contract numbers to NASA and we expect approval.

b. Federal FY 2019 Appropriation Request

CRAMER said the projects include: On-site Rocket Consumable Availability, Legacy TM and CDS System Upgrades, Area 3 Liquid Fuel and Support Systems, Security Enhancements and Digital Connectivity Study.

CRAMER added the capital projects requests are made in collaboration with NASA, Air Force and our customers in an open review process. Projects are designed to enhance PSCA so the government can use our facilities. It can change based on government requirements. Cramer added our Congressional Delegation and Virginia's Delegation have all been excellent on supporting us.

c. Procurement Report

CRAMER reported 102 procurement actions were completed for goods and services between September 13, 2018 and November 16, 2018 valued at approximately \$900,557.

d. 2014 Insurance Claim Subrogation Settlement Agreement

CRAMER said the Settlement Agreement with insurers should be received in early 2019. Staff expects to receive around \$570,000.

14. Aurora Launch Services

a. Aurora Launch Services, LLC Stand-Up Status Report

CRAMER stated Aurora Launch Services is operational, the first board meeting was held, and hiring has started. Staff is building a cadre of people with talents that are required for any type of launch, not only in Kodiak but anyplace in the world. At this time 14 positions have been filled and Aurora will continue to advertise additional positions.

CAMPBELL added two other board members are needed and staff has spoken to three individuals. A board meeting will be held when additional members are added, and we can begin executing Aurora Launch Services.

15. Executive Session

None

16. Any Other Matters to Properly Come Before the Board

Status of the Flight Safety Officer Certification was discussed, Campbell said staff continues to work with the FAA for certification.

17. Board Member Comments

The timeline and process of the CEO recruitment was reviewed. Members expressed support noted it's encouraging to see a healthy business that will affect a positive future.

CAMPBELL distributed AAC jackets to board members.

18. Proposed Future Board Meeting Dates

- a. March 14, 2019 (Juneau) There is a conflict with the State Legislature and Anchorage Schools Spring Break, Campbell will poll for a different date.
- b. June 27, 2019 (Anchorage)

19. Adjournment

HEMSATH motioned, Seconded by Knight, hearing no objections the meeting was adjourned at 1:45 PM.