



Official Minutes
Board of Directors Meeting March 12, 2019
AJ Conference Room, Baranof Hotel, Juneau, Alaska

1. Call to Order

Vice Chairman Lindsay Knight called the meeting of the Board of Directors of Alaska Aerospace Corporation (AAC) to order on March 12, 2019 at 11:00 a.m.

2. Roll Call

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

- Lindsay Knight, Owner Kodiak Athletic Club
- Bruce Abel, CEO Don Abel Building Supply
- B.G. Torrence Saxe, Commissioner DMVA
- Dr. Jim Johnsen, President, University of Alaska
- Thomas Walters, Kodiak Beach Enterprise
- Dr. James Hemsath

Via Telephone:

- Dr. Ronald M. Sega, Director Systems Engineering at CSU
- Lee Ryan, Vice President Ryan Air

Excused:

- Dr. Robert McCoy, Chairman, University of Alaska Fairbanks Geophysical Institute

Also, present were Craig E. Campbell, CEO; Mark D. Lester, President; Amy Hillenbrand, Executive Financial Manager; John W. Cramer, President, Aurora Launch Services, LLC; Barbara Bruggenkamp, Administrative Support.

Tom Klinkner, Legal Counsel, Birch Horton Bittner & Cherot; via Telephone.

Public attending was Vicky Joe Kennedy.

3. Approval of the Agenda

KNIGHT asked for a motion to approve the Agenda. Abel motioned, seconded by Johnsen, hearing no objections the Agenda was approved.

4. Approval of the Minutes

KNIGHT asked for a motion to approve the minutes from the December 6, 2018 meeting. Walters motioned, Seconded by Hemsath, hearing no objections the minutes were approved.

5. Public Comments

Vicky Joe Kennedy, formerly of Kodiak expressed her concerns regarding Kodiak Island and PSCA, specifically road maintenance to Fossil Beach.

6. Old Business

a. Chief Executive Officer Selection Process

CAMPBELL said he will be retiring April 1, 2019, and at the December meeting a discussion was held regarding the process to hire a new Chief Executive Officer. Campbell recently distributed a memo recommending staff not hire a CEO at this time. Hemsath stated he concurred with the memo and believes the selection of a new CEO should be tabled. This will give the Board additional time thereby making the process more transparent. Action tabled.

HEMSATH moved that Mark Lester be appointed as Interim CEO, seconded by Abel. Roll call vote was taken and the motion unanimously passed.

7. New Business

- a.* CAMPBELL reminded the board the Alaska Public Officials Commission Financial Disclosure Reports are due NLT March 15, 2019.

8. Action Items

- a.* None

9. Chief Executive Officer Report

- a.* FAA Commercial Space Transportation Conference, Washington DC, February 12-13, 2019

CAMPBELL said that due to the government shut down the FAA did not participate, and the Commercial Spaceflight Federation chaired the conference. Investing in a space economy in the commercial industry was one of the discussions.

CAMPBELL stated airspace integration in the next decade was a significant topic. PSCA created conflicts with commercial launches last year in both waterways and airspace. Air Traffic Control management is actively working on ideas to resolve the issue with real time tracking.

Brigadier General Wayne Monteith (ret) - Associate Administrator for the FAA Office of Commercial Space and VIP Keynote Speaker and Presenter James Morhard, Deputy Administrator at NASA are friends of Alaska. Campbell noted that PSCA has not had NASA activities in over a decade, however there could now be opportunities.

While in D.C. staff introduced Mark Lester to the Alaska Delegation.

b. World Trade Center Anchorage Presentation – February 20, 2019

CAMPBELL presented at the World Trade Center monthly member update luncheon. His presentation focused on commercial space launch activities, future changes, and privatization efforts at AAC.

c. Space Symposium – April 8-11, 2019

AAC has participated in the Space Symposium for 10 years and will again have a booth in the main exhibit hall. Campbell said Symposium keynote speakers included Patrick M. Shanahan, Acting Secretary of Defense, U.S. Department of Defense. James Bridenstine, Administrator, NASA and Gen. David L. Goldfein, Chief of Staff, U.S. Air Force. Campbell invited Alaska Aerospace board members to attend, Lindsay Knight, Bruce Abel, Jim Hemsath, Tory Saxe and Ron Sega have confirmed.

d. PSCA Spaceport Master Plan Update

CAMPBELL reported the first Spaceport Advisory Group meeting was held in Kodiak on January 30, 2019. Staff addressed goals and objectives, the next meeting is planned for the end of April and will cover the Inventory of Existing Conditions and Demand Forecasts. Campbell added all meetings are open and the public is encouraged to attend.

10. President Report

a. AAC Vision and Values

LESTER said Senior Staff adopted a Vision and Value Statement for AAC to be used in all aspects of our business: Alaska Aerospace Corporation expertly operates spaceports

and provides related services for customers in a manner that is safe, respectful of the environment, collaborative with surrounding communities, the best value for customers, and financially sustainable.

b. Kodiak Outreach, Community Relations, and Fisheries Interaction Report

LESTER has met with several groups in the Kodiak community and staff will continue to build community relationships and develop processes to deconflict launch windows from the needs of other shared resource users.

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

LESTER said AAC is pursuing an Environmental Assessment and Spaceport Licensing for the East Hawaii site. KFS, the environmental firm hired by the University of Hawaii Spaceflight Laboratories held an open house on February 6, 2019 in Hilo that was well attended.

d. PSCA Environmental Assessment Update

LESTER said currently PSCA is permitted nine launches in a year. Staff is in the process with the FAA to increase the number of approved smaller rocket launches. AAC is engaging the community in the processes for sea/air/land closures with increased launch operations tempo.

e. Launch Damage Report from November 29, 2018

LESTER reported the impact site is in a grassy area downslope from LP2. The team continues to restore the area and it will remain fenced until clearance of future soil testing. The customer is reimbursing all clean-up costs.

f. Government Programs Update

LESTER reported staff continues to support MDA through IDIQ contract task orders. There is other potential government customer interest in conducting operations at PSCA. Two new government missions are tentatively targeted for late 2019 (possible early 2020), and missions for 2020 and 2021 are also being discussed. The use of LP1 and increased off-site telemetry support is expected in the future. The increased PSCA use is driving review at how we conduct operations with multiple new customers and getting AAC personnel accustomed to operating simultaneous operations and sharing resources.

g. Commercial Customer Programs Update

LESTER expects commercial launches to surge in 2nd half 2019, starting mid-August through December possibly up to 6 launches. Staff is negotiating User Agreements with two customers and three additional commercial customers have expressed interest in future operations.

h. Off-Site Launch Customer Programs Update

Deployments for telemetry tracking are now occurring approximately monthly. AAC is expanding staff's operations to provide deployment resiliency, we expect support will be required through June 2019, and may extend a quarter into September. After that the antennas will be packed, returned to the U.S. and refurbished under the Spaceport Enhancement FY19 project.

i. Federal FY 2018 Appropriation Implementation Report

LESTER said the partial shutdown in the government caused AAC to pause project implementation, however all projects have re-started. The partial shutdown has delayed reimbursement of payments; however this has not caused delays in our work progress.

j. Federal FY 2019 Appropriation Request

LESTER reported the FY2019 Appropriation projects have been approved by USAF and NASA.

k. 2019 Summer Internship Program

AAC received six applications for the Space Grant Intern program. Initial interviews have been conducted and Lester anticipates a selection in mid-March after a discussion with the University Space Grant Program.

11. Executive Financial Manager Report

a. FY 2019 Financial Presentation

HILLENBRAND reported due to the Federal Government Shutdown the receivables are up with the delay in processing. There was no change in Other Post-Employment Benefits (OPEB), and a decrease in current liabilities. Campbell added Lester is working to standardize a program for unearned revenue, that tracking will become very important with the number of launches forecast. Lester noted it must be applied in a consistent transparent way with both commercial and government customers.

Revenues are consistent with last year and are expected to remain steady. Operating expenses show a net loss of \$1M – noting depreciation of \$2.75M is included, resulting in a positive cash flow.

b. FY 2019 Cash Position

Cash position inflow/outflow is \$600K and ending operating year anticipated to be \$2.3M. Total General & Administrative is \$4.54M. Lester said staff would like to see that number reduced to \$4M and less.

c. 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 expect to recoup approximately \$500K of that. Personnel services are below budget, supplies are over budget and reflects annual payments already made this year. Hillenbrand expects to be right on budget for year end.

12. Administrative Report

a. Procurement Report

CRAMER reported 158 procurement actions completed for goods and services between December 6, 2018 and February 20, 2019 valued at approximately \$3,322,136.

b. 2014 Insurance Claim Subrogation Settlement Agreement

CRAMER said the Settlement Agreement distribution with insurers has been delayed due to the government shutdown. Staff expects to receive the funds in the next 30-45 days.

13. Aurora Launch Services

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

CRAMER said there is continued interest in Aurora positions, however mostly from outside of Alaska. ALS has 16 employees and will soon be up to 30. Cramer is focusing on Kodiak residents to cut costs and dependency on the “Lower 48”.

Staff will be scheduling an Aurora Board of Directors meeting in the coming weeks, and the Aurora Website has been created.

14. Executive Session

LESTER - President and Interim 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:

- **AAC Organization Issues** – To discuss matters related to AAC organization, staffing and privatization the immediate knowledge of which clearly would have an adverse effect on the finances of AAC [AS 44.62.310(c)(1)].
- **Spacecraft Assembly and Transfer Facility** – To discuss potential claims arising from SCAT structural issues, the immediate knowledge of which clearly would have an adverse effect on the finances of AAC [AS 44.62.310(c)(1)].

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

HEMSATH moved, seconded by Walters 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 12:30 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 2:30 p.m. to return to Public Session.

15. Any Other Matters to Properly Come Before the Board

a. Election of Chairman and Vice Chairman

A motion was made by Abel, seconded by Johnsen to postpone the Election of Chairman and Vice Chairman to the June board meeting. Hearing no objection, the motion was approved.

16. Board Member Comments

SEGA said we have navigated some tough waters over the past years and looks forward to the future. Walters noted with the moves in the market each month we are becoming a more viable business. Johnsen thanked Campbell for leading AAC through the challenging times to a time of opportunity. Abel thanked the Board for coming to Juneau. Hemsath looks forward to the opportunities for Alaska. Knight welcomed Saxe and looks forward to working with the

National Guard. Saxe likes the Alaska perspective view and looks for clarification to work together.

17. Proposed Future Board Meeting Dates

- a.* June 27, 2019 (Anchorage)
- b.* September 26, 2019 (Kodiak)

18. Adjournment

HEMSATH motioned, seconded by Abel, hearing no objections the meeting was adjourned at 2:45 PM.