



Official Minutes
Board of Directors Meeting June 27, 2019
Alaska Aerospace Conference Room
Anchorage, Alaska

1. **Call to Order**

Chairman McCoy called the meeting of the Board of Directors of Alaska Aerospace Corporation (AAC) to order on June 27, 2019 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, Owner Kodiak Athletic Club
- Bruce Abel, CEO Don Abel Building Supply
- B.G. Torrence Saxe, Commissioner DMVA
- Dr. Ronald M. Segal, Director Systems Engineering at CSU
- Lee Ryan, Vice President Ryan Air
- Dr. James Hemsath

Via Telephone:

- Thomas Walters, Kodiak Beach Enterprise

Also, present were Craig E. Campbell, CEO; Mark D. Lester, President; Amy Hillenbrand, Executive Financial Manager; Barbara Bruggenkamp, Administrative Support.

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

Public attending was Russell Sell.

3. Approval of the Agenda

McCOY asked for a motion to approve the Agenda. Knight 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 March 12, 2019 meeting. Knight motioned, seconded by Abel, hearing no objections the minutes were approved.

5. Public Comments

None

6. Old Business

Chief Executive Officer Position

McCOY: The Chair now will entertain a motion that the Board of Directors convene in Executive Session to discuss the following topic:

- **Chief Executive Officer Selection Process** – to discuss whether to hire the current interim CEO permanently to the position of CEO or to solicit additional applications for the position, involving matters that tend to prejudice the reputation and character of any person [AS 44.62.310(c)(2)].

McCOY: Is there a motion that the Board convene in executive session to discuss this topic?

Motion by Hemsath, seconded by Ryan. Roll call vote taken, and motion passed to move to Executive Session. The Executive Session shall last approximately 30 minutes; Thus, the public session of this Board meeting shall resume at approximately 10:10.

CAMPBELL confirmed with Legal Counsel there should be no personnel from Alaska Aerospace in the room during this time. However, if discussions are negative regarding an individual, it is required that individual be invited to be part of the discussion.

The AAC Board returned to public session at 10:00.

McCOY asked for a motion to approve Mark Lester as the permanent Chief Executive Officer and President of Alaska Aerospace. Motion by Hemsath, seconded by Abel. Roll call vote was taken and passed unanimously.

7. New Business

a. *Government Indemnification for launch activities*

LESTER reported that the State of Alaska insurance does not cover launches. Customers are responsible for any loss or damage caused by launch failures. The current customer does not have coverage in-place. Senator Sullivan's office is working with the government customer to find solutions and government contracting is reviewing their process.

8. Action Items

None

9. Chief Executive Officer Report

a. *Personnel Changes and Staffing Update*

LESTER said the organization is changing as the customers base grows. Staff are bringing positions in-house to reduce the administrative burden and align interests by increasing staffing on Kodiak to improve collaboration.

Recent changes were promoting Maggie Minton to Contracts & Acquisition Manager, hiring two Mission Integrators and staff is currently interviewing for the Director of Finance position. Candidates are being interviewed for security, contracts and finance roles on Kodiak. Craig Campbell is now Aurora Launch Services President and John Cramer transitioned to Executive Advisor. Upcoming retirements include Doug Hunter & Art Isham from the contracts team.

Judy Godin and Rich McKinney were both recognized for their 15 year of service to AAC and presented a pin and certificate.

LESTER reported splitting his time between the Corporate office and the PSCA site, adding the increased presence at PSCA is creating shorter approval cycles, higher interaction level with operational customers, and increased staff engagement.

b. *Space Symposium – April 8-11, 2019*

LESTER reported a successful Symposium and several high-impact meetings on both the government and commercial side were conducted. Lester added AAC Board member participation provided opportunities for better industry understanding and presentations from senior leaders. AAC is confirmed for 2020 in the same booth location with Virginia.

c. *PSCA Spaceport Master Plan Update*

LESTER said the first public informational meeting was held June 25th at Kodiak Convention Center and was well attended. Spaceport Planning Advisory Group (SPAG) participation has been light but is progressing well with good community engagement and feedback.

d. *Kodiak Outreach and Community Relations*

LESTER has participated in several native community events and presented at the Koniag/KANA Regional Roundtable as well as coordinating with the fishing and air taxi communities on launch closures.

e. *PSCA Environmental Assessment Update*

Senior Staff met with the FAA/AST on June 6th for status update. The noise report was passed, and the seal survey has been completed. AAC continues to gain public feedback on closures with increased launch operations tempo.

f. *PSCH Environmental Assessment Update*

LESTER met with FAA/AST regarding the environmental assessment in Hawaii and reviewed the launch site licensing analysis. The PSCH team is evaluating project requirements and the need to harness the interest of commercial vehicle operators.

g. *Government Programs Update*

AAC continues to support the Missile Defense Agency through IDIQ contract task orders. Several non-space lift test missions are being discussed with a steady pace of one to three missions over the next several years. Tom Steele was hired as new Mission Integrator out of Huntsville, Steele is a retired Air Force Colonel with years of launch experience.

h. *Commercial Customer Programs Update*

LESTER reported PSCA was selected by the FAA to be first spaceport to host Space Data Integrator (SDI). The System reduces the airspace needed, responds to unplanned events, and releases airspace when not needed. This selection puts PSCA on the leading edge of discovering how best to integrate space launch with other airspace users, including local air traffic and international flights.

Senior Staff attended the first meeting of FAA Office of Spaceports in Virginia on April 25th they provide congressional reporting and will work to solve spaceport issues.

Rocket Crafters, a new company has contacted AAC, their launch interest is at both Poker Flat and Kodiak.

LESTER said the commercial launch manifest is starting to firm up for late 2019 into 2020. Two to three commercial launches are expected in 2019 and approximately four to six in 2020.

DARPA Launch Challenge announced the finalists: Vector, “Stealth Team” and Virgin Orbit. DARPA is targeting “early 2020” the locations TBA.

There is interest in establishing more satellite telemetry, tracking, and control (TT&C) sites. The topic was introduced at the Spaceport Advisory Group (SPAG) meeting and it was recommended to exploring the area near USCG LORAN station.

i. Off-Site Launch Customer Programs Update

AAC Range Safety and Telemetry System (RSTS) team has supported two Rocket Lab missions in 2019. Flight 05 - DARPA launch on 28 March 19, Flight 06 – USAF R&D launch on 5 May 19. Team is currently deployed to support Flight 07 for late June launch. The contract for services extended through September 2019 and the T3 system will return and undergo upgrades.

j. 2019 Space Grant Internship Program

LESTER introduced Space Grant engineering interns Helen Segura and Nicole Sola from the University of Alaska. They are spending time in both the Corporate office and PSCA in the 12-week program. Interns are gaining experience and participating in a variety of topics, range operations and new commercial customer vehicles, government customer interests, range safety systems, and developing STEM Education kits to teach rocket principles.

k. Federal FY 2018 Appropriation Implementation Report

LESTER reported all projects are well underway and nearing completion. New system hardware is starting to arrive for installation, some project schedules have adjusted to accommodate range system configuration freezes; Upgraded marine surveillance, Flight Analysis Workstation (FAWS), and Command Destruct System (CDS) systems supports public safety; Weather radar improves ability to determine launch commit criteria; Modified Rocket Motor Storage Facility expands use to new customers; Two new commercial pads in Area 3 expands business portfolio; Pad C is ready for operations and maintained compatibility for government use; Pad B is quickly developing for August readiness review.

l. Federal FY 2019 Appropriation Request Report

AAC continues to await release of FY19 funding from NASA, funding was held up due to the partial government shutdown. NASA recently announced change in award of Range Operations Contract II (ROC II) contract, from LJT to KBRWyle and funding will not be released until August.

10. Executive Financial Manager Report

a. *FY 2019 Financial Presentation*

HILLENBRAND said the numbers were of May 31. Cash investment account is up \$2M from last year, that includes the \$781K in subrogation money received. Accounts receivables is average and expect to be double that at year end. There will be a slight uptick in capital assets at year end for projects finalized with the federal appropriation money. There is no change in Other Post-Employment Benefits (OPEB), that is determined at the end of September.

b. *FY 2019 Cash Position*

Operating revenue is \$20M with less than a month left in the fiscal year, and Hillenbrand expects to close the year at \$23M. AAC will show a net operating loss with depreciation. A net operating Cash position inflow/outflow is \$700K.

c. *FY 2019 Budget to Actual Report*

FY19 Budget to Actuals projected is \$10.2M, currently through the end of May we are at \$9M and \$10.2M with depreciation. Personnel services of \$2.3M is total cost without contracts and expect to recoup \$500K of that. Personnel services are below budget, supplies are over budget and reflects annual payments already made this year. Hillenbrand expects to be on budget for year end.

11. Administrative Report

a. *None*

12. Aurora Launch Services

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

CAMPBELL said he has transitioned to President of Aurora Launch Services and John Cramer has returned to executive support for both Aurora and AAC. Campbell added ALS is an active fully functioning prime sector wholly subsidiary of Alaska Aerospace hiring Alaskans and lowering launch costs.

13. Executive Session

a. *Potential Claim for Damage to SCAT Rail System at Pacific Spaceport Complex-Alaska*

Request for Executive Session:

The Chair now will entertain a motion that the Board of Directors convene in Executive Session to discuss the following topic:

Potential Claim for Damage to SCAT Rail System at PSC-A – to discuss a potential claim for damage to the SCAT rail system at the PSC-A, involving matters the immediate knowledge of which clearly would have an adverse effect on the finances of AAC [AS 44.62.310(c)(1)], and confidential attorney-client communications.

Chair's Response:

Is there a motion that the Board convene in executive session to discuss this topic?

Motion that the Board Convene in Executive Session:

MOTION by Hemsath, seconded by Knight that the Board of Directors convene in Executive Session to discuss the topic requested by the Board Chair. The session shall include such members of the Corporation staff as the Chair may designate.

Chair's Response:

It has been moved and seconded that the Board convene in executive session. May we have a roll call vote? Roll Call vote was taken and passed unanimously.

Following the Vote - Chair's Response:

The motion that the Board convene in executive session has been approved. The executive session shall last approximately 45 minutes. Thus, the public session of this Board meeting shall resume in this room at approximately 1:20 pm.

LESTER requested Alaska Aerospace staff be included in the meeting.

The Board of Directors came out of Executive Session at 1:10 p.m. to return to Public Session.

A motion by Abel, seconded by Hemsath to direct management to pursue recovery costs associated with the repair/replacement of the SCAT rail system, including any necessary litigation. Roll call vote taken and passed unanimously.

14. Any Other Matters to Properly Come Before the Board**a. *Election of Chairman and Vice Chairman***

A motion by Abel, seconded by Ryan to retain the current Chairman and Vice Chairman. Roll call vote taken and passed unanimously.

15. Board Member Comments

McCOY thanked Dr. Sega for his ten years serving on the board of directors, adding he has made significant contributions to PSCA. Sega said it was an honor and believes the best is yet to come for Alaska Aerospace, as he moves to serve the Army Futures Command as the HQE. Sega thanked the State of Alaska and Alaska Aerospace for the opportunity to serve on the board

RYAN said it would be beneficial to the Board members to have a packet with the information for board members, by laws, statues, policy and procedures, policy on dividend would make them more knowledgeable in general. Hemsath suggested a work session for the board.

16. Proposed Future Board Meeting Dates

- a. *September 26, 2019 (Kodiak)*
- b. *December 12, 2019 (Anchorage)* – Dr. McCoy has a conflict, follow up with alternate date
- c. *March 12, 2020 (Anchorage)*
- d. *June 18, 2020 (Anchorage)*

17. Adjournment

HEMSATH motioned, seconded by Abel, hearing no objections the meeting was adjourned at 1:39 PM.