



## **Official Minutes**

**Board of Directors Special Meeting November 8, 2019  
Alaska Aerospace Conference Room  
Anchorage, Alaska**

### **1. Call to Order**

Chairman McCoy called the special meeting of the Board of Directors of Alaska Aerospace Corporation (AAC) to order on November 8, 2019 at 2:30 p.m.

### **2. Roll Call**

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

- Commissioner Tory Saxe, DMVA

Via Telephone:

- Dr. Robert McCoy, Chairman
- Lindsay Knight, Vice Chair
- Bruce Abel
- Jack Anthony
- Lee Ryan
- Dr. James Hemsath
- Thomas Walters

Also, present were Mark D. Lester, President and CEO; Craig Campbell, Aurora Launch Services President; Shanna Bloom, Director of Financial Management; Judith Godin, Controller; and John Cramer, Executive Consultant.

### **3. Approval of the Agenda**

McCOY asked for a motion to approve the Agenda. SAXE motioned, seconded by ABEL, hearing no objections the Agenda was approved.

#### 4. Action Item

##### a. *Alaska Aerospace 2019 Annual Audit*

SAXE motioned to approve the 2019 Annual Audit. KNIGHT seconded. Bickey Swetzer, BDO, provided an overview of the independent 2019 Annual Audit. The audit is substantially complete. The purpose of the audit was to obtain reasonable assurance that the financial statements are accurate. This year's focus was a risk assessment on capital assets and revenues. BDO stated that all records were provided and that staff cooperated with the auditors to resolve issues in a timely manner. Accounting policies and practices did not require new accounting pronouncements for this year. As Alaska Aerospace is a government company, the audit procedures followed Government Accounting Standards (GAS).

Significant estimate was on fixed price contracts and the proper application of revenues to show that revenues follow the costs. The other estimate in the report relates to the pension plan contribution as defined by the state. Since Alaska Aerospace is a state corporation, the State of Alaska provides the allocation on an annual basis.

During the audit there were some misstatements identified and corrected. There is one minor uncorrected misstatement pertaining to a revenue that was not posted to the account but will be included in next year's statement.

Under GAS, BDO conducted a review of internal controls and compliance with regulations. One material weakness was identified and concurred with by staff relating to the corrections that needed to be made to the financial statement during the course of the audit.

For this year, BDO included Aurora Launch Services in the financial statement with Alaska Aerospace, as it is a wholly-owned subsidiary of Alaska Aerospace. BDO then presented the Statement of Net Position. This statement shows total assets for 2019 increased nearly \$3.0 million from 2018. Liabilities also increased in 2019 with the net position for 2019 increased over 2018. The year-end net position for Alaska Aerospace increased by approximately \$749,000 in 2019.

BDO concluded by stating that an Unmodified Opinion on the corporation finances would be issued, with one material weakness, mainly related to reporting and reconciliations being delayed due to rehiring of vacated staff positions. Alaska Aerospace management provided BDO with a corrective action plan. This plan included rehiring of vacated positions in the accounting office and quarterly financial closeouts, which should ensure all matters are completely closed out in future years. LESTER explained that in the past few months a new Director of Financial Management was hired, along with adding two new full-time accounting staff personnel to the accounting office. BLOOM confirmed that in addition to rectifying the personnel shortage, closer adherence to policies and procedures were also being instituted to bring more financial discipline into the accounting process.

Board members continued discussion on the impact to the company. The motion to approve the 2019 Annual Audit was unanimously approved upon a roll call vote.

## 5. Any Other Matters to Properly Come Before the Board

### a. *Pacific Spaceport Complex – Hawai`i*

SAXE requested an update on the status of the Pacific Spaceport Complex – Hawai`i. LESTER informed the board that W.H. Shipman Board of Directors had decided to not pursue development of the spaceport concept on their lands. Discussion between board members centered around next steps. LESTER advised that the environmental process would be stopped but the material completed to date would be archived for use if another site was selected in the future. LESTER stated that for this project to be successful, it required a Hawai`ian lead. LESTER commended all parties for the effort to pursue development of a spaceport in East Hawai`i.

### b. *2020 Space Symposium Abstract*

HEMSATH suggested Alaska Aerospace develop an abstract to submit to the National Space Foundation which would present the aspects of the Pacific Spaceport Complex – Alaska and how Alaska Aerospace operates as a financially independent state-corporation without any financial support from the state. He felt this could be submitted for consideration as a presentation topic at the 2020 Space Symposium. McCOY asked who should develop the abstract. HEMSATH volunteered to come in and visit with Alaska Aerospace leadership to discuss development of the abstract. McCOY felt this would be a positive approach, compliments the Alaska Aerospace booth at the Space Symposium. HEMSATH volunteered to lead the project. There were no objections from board members.

## 6. Public Comments

None

## 7. Board Member Comments

WALTERS appreciated the update on the financials and felt comfortable with the results.

SAXE advised he was going to visit Kodiak in two weeks. KNIGHT said he would be available.

HEMSATH appreciated the special meeting to allow Alaska Aerospace to meet the state submission deadline.

Other board members thanked BDO for the update.

**8. Adjournment**

HEMSATH motioned to adjourn, seconded by SAXE, hearing no objections the meeting was adjourned at 3:19 PM.