

House Finance Budget Subcommittee
Department of Military and Veterans Affairs
Alaska Aerospace FY19 Operating Budget Presentation

January 25, 2018

Presented by: Craig E. Campbell, Alaska Aerospace President and CEO

The future for Alaska Aerospace is very promising. I want to thank our Board of Directors for their leadership over this past year that allowed the corporation to diversify our business model which helped stabilize our financial position and create a commercially competitive company that now serves both the US government and commercial launch vehicle market.

In 2017, Alaska Aerospace:

1. Conducted two successful launches for the US Government from our Pacific Spaceport Complex – Alaska (PSCA).
2. Successfully completed a number of infrastructure improvements at PSCA to enhance our capabilities to support additional US Government programs. These included:
 - a. Development of an area for use by the military for temporary housing of military members during launch missions,
 - b. Constructing a new road and installing three gravel pads for use by the government in supporting launch vehicles during operations,
 - c. Development of a support area for both mission and ancillary equipment that included extending power, as well as communications and data lines.
3. Signed a contract for a US Government mission in 2018. The customer's name, program, dates, and objectives are classified.
4. Provided Range Safety and Telemetry System (RSTS) Services to Rocket Lab USA for their first launch of the commercial Electron rocket from Launch Complex One in New Zealand on May 25, 2017.
5. Signed a contract with Rocket Lab USA to continue providing RSTS services throughout 2018. Their first launch for 2018 was successfully completed just this week, with an expected additional nine to twelve launches this year.

6. Signed our first purely commercial contract with a California small launch vehicle company for multiple launches from PSCA in 2018.
 - a. Started mission planning and site development work in 2017,
 - b. First launch is scheduled for the March – May 2018 timeframe.
7. Signed a commercial launch contract with Vector to initiate the planning process towards an eventual commercial launch at PSCA in late 2018.
8. Signed a multi-year lease contract with SpaceX for installation and maintenance of a tracking antenna system at PSCA.
9. AAC is supporting the University of Hawaii, Space Flight Laboratory in the environmental process towards developing an equatorial launch site in East Hawaii to support the emerging small launch vehicle market. AAC would be the spaceport operator of that site, should it be developed.
10. As part of our modernization and upgrade program, installed two new telemetry tracking antennas for both government and commercial customer use at PSCA.
11. Received \$4.1 Million in Federal Appropriated funds for additional facility upgrades and improvements that increase our capability to serve US government customers in the future. This funding supported four programs:
 - a. Liquid fuel capabilities at PSCA,
 - b. Upgraded communications and processing capabilities at PSCA,
 - c. Upgraded Network and Computing System at PSCA, and
 - d. Improved Cybersecurity systems at PSCA.
12. Established **Aurora Launch Services, LLC**. Aurora is an AAC wholly-owned subsidiary that is designed to offer launch team services on the commercial market, world-wide.
13. Initiated a *Lease and Rental Rates Study* to establish commercial rates for use of PSCA land and facilities.
14. Expanded our Public Outreach program.

15. Financial Position

- a. As a reminder, AAC has received no state general funds for operations and sustainment since 2014.
- b. Completed our 2017 external audit by BDO with no deficiencies or findings.
- c. Total Assets and Deferred Outflows of Resources for 2017 remained stable at \$93.7 Million.
- d. Current Liabilities decreased from \$6.1 Million in 2016 to \$1.5 Million in 2017.
- e. Net Position Increased \$3.2 Million, from \$82.5 Million in 2016 to \$85.7 Million in 2017.
- f. Total Net Position saw an \$11.3 Million increase from \$76.3 Million in 2016 to \$87.7 Million in 2017. The majority of this increase was due to the increased value of assets with the reconstruction of the damaged facilities, improvements completed for the US government missions, and the federal appropriations upgrades.
- g. AAC ended the year with \$3.0 Million in Cash and Cash Equivalents for 2017.
- h. The AAC Financial Office is developing a *Dividend Distribution Plan* with the intent of establishing an equitable formula for distribution of earned profits between required retained earnings, capital improvement and deferred maintenance requirements, and providing the State of Alaska with a Return on Investment for ownership of Alaska Aerospace. Once approved by the Board of Directors, this plan will be implemented by AAC.

16. I want to thank you for your attention and am available to answer any questions.