



# STATEMENT

## Global SuperTanker Ceasing Operations

April 26, 2021

On April 19, 2021, the management of Alterna Capital Partners LLC (“Alterna”), the Investment Manager for Alterna Core Capital Asset Fund, L.P. (the “Fund”), owner of Global Supertanker Services LLC (“GSTS”), announced that it was ceasing operations of GSTS, effective immediately. Subsequently, the company began briefings with federal and state government officials to notify them of the action.

Prior to a planned public announcement by GSTS, details of the action were provided to a number of news outlets without GSTS knowledge. Some of the resulting news coverage includes a number of inaccurate and incomplete elements. The following statement from Roger Miller, Alterna Managing Partner, is provided as an on-the-record clarification for news outlets.



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### **Roger Miller**

Managing Director  
Alterna Capital Partners LLC

Aerial firefighting continues to be the best tool available to support our heroic firefighters on the ground in the containment of wildland fires, before they explode into massive fire disasters. Global warming, climate change and land management practices remain core causes behind the need for new approaches to policy, budget and regulatory practices.

Every aerial platform plays a vital role in the fire containment mission, from helicopters, single-engine air tankers (“SEATs”) and all the way up to large air tanker (“LAT”) and very large air tankers (“VLATs”).

An Alterna-managed fund (“The Fund”), via its investment in GSTS, entered the aerial firefighting business to address the growing need for aerial firefighting resources in response to the increased number and intensity of global wildland fires. GSTS developed a modern, cost-effective aerial firefighting VLAT – the Global SuperTanker, with a 19,000+ gallon system integrated into a Boeing 747-400 freighter.

Alterna recognized that large aerial firefighting platforms are an obvious solution to the demand for best-of-class, Environmental, Social, and Corporate Governance (“ESG”) assets, given the threat wildfires pose to national and economic security. The \$250 billion annual, negative impact of wildfires on America’s gross domestic product (“GDP”) demands that both wildfire prevention and suppression budgets, including aerial resources, be increased significantly. Further, the environmental and health risks created by wildfire emissions,

particularly given the COVID-19 crisis, warrant far greater focus on elevating the nation's commitment to aerial containment of fires.

In late 2018, the Alterna/GSTS vision was accelerated with the hiring of Dan Reese, former Chief, Tactical Air Operations at CAL FIRE as President of GSTS. Reese's initial priorities were to build out a professional firefighting organization and to re-engineer the Supertanker to meet and exceed all requirements defined by the federal Interagency Airtanker Board ("IAB").

By 2019, the GSTS team had made significant enhancements to the SuperTanker drop system and conducted two months of successful missions in Bolivia. In 2020, further refinements to the drop system were completed and GSTS was granted a "call when needed" contract by the U.S. Forest Service (USFS) for the first time. Additionally, California (CAL FIRE), Oregon and Colorado "call when needed" contracts were awarded. In 2020, the GSTS strategy and technology upgrade progress was validated by mission assignments from both CAL FIRE and the USFS.

Partnering with renowned professionals in the field of computational fluid dynamics, aeronautical, structural and electrical engineering, the drop system has been significantly upgraded to meet and exceed all state and federal contracting specifications. In-flight communications, retardant trail off, capacity, ease of loading, drop programming, and coverage level concerns have all been addressed with new technology, including a digital retardant control system.

The GSTS team was supported throughout the process of integrating the new digital system by our U.S. federal customers responsible for aerial system requirements, as well as the Federal Aviation Administration (FAA). The U.S. National Wildfire Coordinating Group (NWCG) and IAB officials were instrumental in recent years in assuring that the SuperTanker's technology upgrade roadmap aligned with prescribed drop system requirements and safety protocols to support the wildfire suppression mission.

Further, the scientific lens through which the GSTS team and its partners developed this innovation provides a new paradigm that can serve as a future benchmark for the aerial firefighting industry and our customers. The creation of this 21<sup>st</sup> century aerial tanker will, we believe, have lasting benefits for the industry and government agencies as a tool to more effectively adjudicate the allocation of resources.

The Fund made a significant investment in GSTS to bring the vision to fruition and all GSTS investments in research, development, testing and evaluation ("RDT&E") were 100% company-funded. The financial commitment by GSTS demonstrates our commitment to build a resource that mitigates the threat mega (>100,000 acre) wildfires pose to America's economic and national security. Unlike other federal contracting related to national security, such as defense and cyber, the RDT&E cost burden leading to this now-proven, American innovation was funded solely by our company.

**Over the past three years, GSTS has made enormous strides in making the 19,000-gallon SuperTanker a valuable tool in the arsenal of the USFS, CAL FIRE and numerous states, and is operationally cash flow positive.**

**However, the technology investment to upgrade the drop the system and the 747-400 aircraft was very significant. The economics under the company's current federal "call when needed" contract are such that the investment will take longer to realize profitability than previously expected.**

**Unfortunately, the 2009 vintage Alterna fund that owns GSTS has a 10-year finite life and does not have the resources to see the vision to come to fruition. Accordingly, the decision has been made to immediately cease all GSTS operations and look for alternatives to maximize the value of the team, the drop system and the 747-400 aircraft.**

**Alterna is actively pursuing various options, including, but not limited to, the recapitalization of GSTS as an aerial firefighting business, the sale of GSTS to strategic or other investors and/or the sale of the aircraft as a freighter. The option to sell the aircraft as freighter has been in part driven by the COVID-19 crisis, which has led to a significant increase in value for freighter aircraft.**

On behalf of the entire GSTS and Alterna leadership teams, we would like to thank our world class team of pilots, firefighting professionals, mechanics and support personnel for the countless lives and properties they have saved. We would like to thank the IAB for their advice and encouragement as the GSTS team re-engineered the original SuperTanker system to meet federal guidelines.

Additionally, we would like to thank:

- USFS and CAL FIRE for their support, advice, and utilization of Global SuperTanker
- Washington, Oregon and Colorado officials for their support
- The governments of Bolivia and Israel, for engaging GSTS
- Many other constituents and the tens of thousands of supporters who have articulated their support for GSTS via social media and other means

As America heads into the 2021 wildfire season, with another year of compounded challenges stemming from the COVID-19 crisis, we regret not being able to continue our vision and serve as a resource for our heroic firefighters on the ground.