



**Space Florida Board of Directors
Meeting Agenda
October 26, 2021
3:00 p.m. – 5:00 p.m.**

Call-in Number: 866-528-2256 Guest Code: 4875556 #	Hyatt Regency Riverfront City Terrace 9 225 East Coastline Drive Jacksonville, FL
Agenda Items	
Call to Order and Pledge of Allegiance	Lt. Gov. Nuñez
Roll Call	Elizabeth Loving
Welcome & Introductions	Lt. Gov. Nuñez
Public Comments	Lt. Gov. Nuñez
<u>Board of Directors</u>	
<u>Board Committees</u>	
1. APPROVAL OF MINUTES <ul style="list-style-type: none"> • <u>August 18, 2021 Board Retreat</u> • <u>August 19, 2021 Board Meeting</u> 	Lt. Gov. Nuñez
2. COMMITTEE REPORTS <ul style="list-style-type: none"> • Audit & Accountability Committee <ul style="list-style-type: none"> • <u>Interim Financials June 30, 2021</u> • <u>Fiscal Year 2022 Budget</u> • Required Communications & Financial Statements for the years ended September 30, 2020 and 2019 (Attached) • Investment Committee • Marketing Committee • Governance and Compensation Committee <ul style="list-style-type: none"> • <u>Executives Performance Documentation</u> • <u>Proposed Workshop Topics</u> 	Denise Swanson Jay Beyrouti Sonya Deen-Hartley Jesse Biter
3. <u>BUSINESS BEFORE THE BOARD – PROJECT AND CONTRACT ACTIVITIES</u> <ul style="list-style-type: none"> • Project Lait • Project Upgrade • University of Central Florida’s - Florida Space Grant Consortium • 2022 Facilities and Subleases • Pivotal Utility Holdings, Inc., d/b/a Florida City Gas • Volkert, Inc. • Florida Department of Transportation/Jacksonville Aviation Authority 	Frank DiBello And Howard Haug
4. PRESIDENT’S REPORT <ul style="list-style-type: none"> • Presidential Brief • Business Unit Reports (Ron Lau and Todd Romberger) • Guest Presentation (Matt Bocchino, Managing Director, Cecil Spaceport) • Other Partner/Agency Updates; Space Force, NASA KSC, FAA, FDOT • Recent Activities 	Frank DiBello
Closing Remarks / Adjournment	Lt. Gov. Nuñez

Board of Directors



SPACE FLORIDA BOARD OF DIRECTORS

Lieutenant Governor Jeanette Nuñez -Chairman of the Board
Executive Office of the Governor

Jay Beyrouiti
President, Monicarla, Ltd.

Jesse Biter
President/CEO, Biter Enterprises, LLC.

Dean Cannon
President & CEO, Gray Robinson

Daniel Davis
President & CEO of JAX Chamber

Sonya Deen-Hartley
Vice President of Government Relations, JM Family Enterprises, Inc.

Barbara Essenwine
Owner, Above & Beyond Group

Danny Gaekwad
Founder, CEO NDS USA

Mori Hosseini
Chairman & CEO, ICI Homes

Cody Khan
Chairman & CEO of Oasis Resorts, Vice Chairman of Hilton, Inc. and President & CEO of Holiday Golf Course

Scott Ross
Partner, Capital City Consulting

Katherine San Pedro
Partner, Ballard Partners, Inc

Board Committees



SPACE FLORIDA BOARD OF DIRECTORS

Committee Assignments

**AUDIT & ACCOUNTABILITY
COMMITTEE**

Cody Khan

Chairman & CEO of Oasis Resorts,
Vice Charmin of Hilton, Inc &
CEO of Holiday Golf Course

Scott Ross

Partner, Capital City Consulting

INVESTMENT COMMITTEE

Jay Beyrouti (Chair)

President
Monicarla, Ltd.

Dean Cannon

President & CEO, Gray Robinson

Cody Khan

Chairman & CEO of Oasis Resorts,
Vice Charmin of Hilton, Inc &
CEO of Holiday Golf Course

Mori Hosseini

Chairman/CEO
ICI Homes

**GOVERNANCE & COMPENSATION
COMMITTEE**

Jesse Biter (Chair)

President/CEO
Biter Enterprises, LLC.

Barbara Essenwine

Owner
Above & Beyond Group

Mori Hosseini

Chairman/CE
ICI Homes

MARKETING COMMITTEE

Sonya Deen-Hartley (Chair)

Vice President of Government Relations
JM Family Enterprises, Inc.

Jesse Biter

President/CEO
Biter Enterprises, LLC.

Katherine San Pedro

Partner
Ballard Partners, Inc

August 18, 2021 Board Retreat



Minutes of a Special Meeting of the Space Florida Board of Directors

A Corporate Retreat Workshop of the Space Florida Board of Directors was held on August 18, 2021 at the Hyatt Hotel Orlando International Airport, Orlando, FL

BOARD MEMBERS PRESENT:

Lieutenant Governor & Space Florida Chair, Jeanette Nuñez
Jay Beyrouti
Dean Cannon
Sonya Deen-Hartley
Mori Hosseini
Ken Kahn
Katherine San Pedro

SPACE FLORIDA SENIOR MANAGEMENT PRESENT:

Frank DiBello
Howard Haug
Ron Lau
Todd Romberger
Denise Swanson

SPECIAL GUEST:

Tony Cavajal, Facilitator
Tom Wilkes, Space Florida General Counsel
Jim Ball, Spaceport Strategies, Consultant

WELCOME & INTRODUCTIONS:

Lieutenant Governor Jeanette Nuñez, called the meeting to order at 1:02 p.m. (EST), and welcomed the Board members and Space Florida staff. She stated the importance of the Board Directors engagement in the Board and Committee meetings.

There were no Public Comments.

1. AGENDA WORKSHOP ACTIVITIES:

Frank DiBello and Facilitator Tony Cavajal reviewed the purpose and the process of the Corporate Retreat Workshop.

2. OVERVIEW OF ADVANCED MATERIALS:

- Vision Mission and Objectives presented by Ron Lau and Todd Romberger
- Market Segment Charts presented by Emma Newsham
- Geographic Depiction of Projects presented by Matt Chesnut
- Financial and Business Development Impact presented by Howard Haug
- Enterprise Risk Management presented by Ron Lau



3. PREDETERMINED WORKING GROUPS:

- Board of Directors in attendance participated in two breakout groups

4. TOTAL GROUP SESSION: The Board of Directors, Senior Management and Special Guests reconvened for discussion of the following ideas and themes expressed during the Workshop:

- Politics
- Footprint
- Infrastructure
- Marketing
- Governance
- Segments
- Dollars
- Culture Clash
- Staffing
- Story Telling

CLOSING REMARKS & ADJOURNMENT

Lieutenant Governor Jeanette Nunez requested any further questions or comments from the public or board members. There being none, the Chair thanked the Board for the discussion and participation and adjourned the meeting at 5:00 p.m. (EST)

Lieutenant Governor Jeanette Nuñez, Chair

BOARD OF DIRECTORS MEETING

August 18, 2021

I, Frank DiBello, the undersigned President of Space Florida, do certify and declare that the attached is an accurate copy of the Minutes as approved by the Board of Directors of Space Florida in accordance with the Space Florida Governance Policies, and recorded in the minutes of the meeting of the Board of Directors held on August 18, 2021, and not subsequently amended or modified.

Frank A. DiBello, President

August 19, 2021 Board Meeting



Minutes of a Regular Meeting of the Space Florida Board of Directors

A Regular meeting of the Space Florida Board of Directors was held on August 19, 2021 at the Hyatt Regency Hotel in the Orlando International Airport.

BOARD MEMBERS PRESENT:

Lieutenant Governor & Space Florida Chair, Jeanette Nuñez
Jay Beyrouti
Dean Cannon (via phone)
Daniel Davis
Sonya Deen-Hartley
Barbara Essenwine (via phone)
Scott Ross (via phone)
Katherine San Pedro

SPACE FLORIDA SENIOR MANAGEMENT PRESENT:

Frank DiBello
Howard Haug
Ron Lau
Todd Romberger
Denise Swanson

WELCOME & INTRODUCTIONS:

A quorum being present, Lieutenant Governor Jeanette Nuñez, called the meeting to order at 9:06 a.m. (EST), and welcomed Board members. The Lieutenant Governor thanked outgoing board member Ken Kahn.

There were no Public Comments.

1. APPROVAL OF MINUTES:

- *Katherine San Pedro made a motion to approve the minutes for April 22, 2021 Board of Directors meeting, which was seconded by Daniel Davis and approved unanimously.*
- *Sonya Deen-Hartley made a motion to approve the minutes for June 18, 2021 Board of Directors meeting, which was seconded by Jay Beyrouti and approved unanimously.*

2. COMMITTEE REPORTS:

Audit and Accountability Committee Report - Was presented by Denise Swanson with a review and recommendation for approval of the March 31, 2021 Interim Financials.

- *Sonya Deen-Hartley made a motion to approve the issuance of Space Florida's quarterly interim financial statements for the period ended March 31, 2021 which was seconded by Daniel Davis and approved unanimously.*



Governance & Compensation Committee Report - The committee did not meet during the last quarter. The committee will meet September 28th in Sarasota. Items on the agenda are the performance review process for the two officers: President & Chief Executive Officer and the Executive Vice President, Treasurer & Chief Investment Officer. They will also review the Policy on Securities Trading.

Investment Committee Report - Was presented by Jay Beyrouti and included the August 4, 2021 Investment Committee activities consisting of the review, discussion, and recommendations for the business before the board items to be presented at the August 19, 2021 Board meeting. The committee reviewed Five (5) Business Deal items, three (3) Spaceport activity action items and three (3) operational related action items.

Marketing Committee Report - Was presented by Sonya Deen-Hartley and included the August 10, 2021, Marketing Committee activities consisting of the review and discussion of:

- Inbound & Outbound Marketing Activities over 186% increase in performance over last year
- Outbound/Digital Ad Campaign with Site Selector Newsletter – 123,000 impressions since January

3. BUSINESS BEFORE THE BOARD ITEMS:

Contracts, Business Development and Project Activities provided to the board in advance were briefed by Howard Haug and Frank DiBello. The following items were recommended for approval:

1. **Project Davinci:** Management requests authority for approval to negotiate and enter the following activities in conjunction with Project Davinci:

Item A: Approval to enter the Term Sheet in conjunction with a debt financing structure consisting of facilities, equipment and tooling in Milton, FL, in the amount of up to Forty Million Dollars (\$40,000,000). The Company expects to create approximately fifty (50) new jobs by end of calendar year 2025 with annual estimated wages in the amount of up to Eighty Thousand Dollars (\$80,000), plus benefits.

Item B: Approval of the attached Resolution #21-36 regarding reimbursement from financing proceeds of various costs and expenditures in conjunction with Project Davinci.

Jay Beyrouti made a motion for approval to enter the Term Sheet as described as well as Resolution #21-36 regarding Project Davinci activities. The motion was seconded by Katherine San Pedro and approved unanimously.



2. **Project Rising Tide**: Management requests authority for approval to negotiate and amend the Term Sheet regarding Project Rising Tide in conjunction with a conduit debt financing structure consisting of facilities, equipment, and tooling in the amount of up to Eighty-Nine Million Dollars (\$89,000,000), as well as conditional eligibility evaluation of Spaceport Improvement Program Florida Department of Transportation (FDOT) Matching Grant Funds. The company anticipates the creation of four hundred (400) jobs by 2025 with estimated annual wages in the amount of up to One Hundred Ten Thousand Dollars (\$110,000), plus benefits. The amendment will include an update regarding Space Florida's equity investment participation in the form of a Convertible Note in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) previously expected to close in Fiscal Year 2021, now anticipated to close in Fiscal Year 2022, to be funded by financing appropriations.

Sonya Deen-Hartley made a motion to authorize Space Florida Management to negotiate and amend the Term Sheet regarding Project Rising Tide as described. The motion was seconded by Jay Beyrouiti and approved unanimously.

3. **Project Thunderbird**: Management requests authority for approval to negotiate and enter into the Term Sheet Agreement with Project Thunderbird in conjunction with a conduit debt financing structure consisting of facilities, equipment and tooling in the amount of up to Seven Hundred Ten Million Dollars (\$710,000,000). The company anticipates the creation of over one thousand nine hundred (1,900) jobs by 2025 with estimated annual wages in the amount of up to Ninety-Eight Thousand Dollars (\$98,000.00), plus benefits.

Daniel Davis made a motion to authorize Space Florida to negotiate and into the Term Sheet Agreement with Project Thunderbird as described. The motion was seconded by Katherine San Pedro and approved unanimously.

4. **Project Ironwood**: Management requests authority for approval to negotiate and enter the Term Sheet in conjunction with a conduit debt structure consisting of facilities, equipment and tooling in the amount of up to Twenty-Five Million Dollars(\$25,000,000). The company anticipates the creation of seventy-five (75) new jobs by 2023 in addition to fifty (50) retained jobs with estimated annual wages of Seventy-Five Thousand Dollars (\$75,000), plus benefits.

Katherine San Pedro made a motion to authorize Space Florida to negotiate and enter the Term Sheet as described. The motion was seconded by Sonya Deen-Hartley and approved unanimously.

5. **2022 FDOT Five Year Master Plan Amendment**: Management requests authority for approval to amend the 2017 Space Florida Cape Canaveral Spaceport Master Plan to include Fiscal Year 2022 recommend projects to meet commercial, national and state space transportation needs in accordance with Florida Statutes Chapter 331.360 and the Space Florida Space Transportation Improvement Program Funding Summary as attached.

Jay Beyrouiti made a motion to authorize Space Florida to amend the 2017 Master Plan to include Fiscal Year 2022 recommended projects. The motion was seconded by Sonya Deen-Hartley and approved unanimously.



6. **2022 FDOT Program Management, Planning and Engineering**: Management requests authority for approval to negotiate and enter contract activities with FDOT in the amount of up to Four Million Three Hundred Dollars (\$4,000,300) in conjunction with Fiscal Year 2022 Spaceport Program, Management Planning, and Engineering Funding.

There was a brief board discussion. Katherine San Pedro made a motion to authorize Space Florida to complete negotiations and enter an agreement with FDOT in the amount of up to Four Million Three Hundred Dollars (\$4,000,300). The motion was seconded by Jay Beyrouti and approved unanimously.

7. **United States Department of Transportation (USDOT) INFRAGrant**: Management requests authority for following activities in conjunction with INFRAGrant related activities:

Item A: Approval to negotiate and enter Memorandum of Agreement (MOA) with FDOT to establish the roles, responsibilities, funding and procedures between FDOT and Space Florida for: (a) the construction of a bridge replacement and demolition of the existing Indian River Bridge; (b) improvements to Space Commerce Way and NASA Parkway West, both within the John F. Kennedy Space Center (KSC); and (c) the administration of the federal grant assistance supporting the Cape Canaveral Spaceport Indian River Bridge Replacement & Space Commerce Way Connector INFRAGrant.

Item B: Approval of the attached Resolution #21-37: rescinding and superseding Resolution #30 previously approved and entered into on March 4, 2019; ratifying the INFRAGrant Term Sheet entered into January 25, 2021 between the USDOT, FDOT, Space Florida and the National Aeronautics and Space Administration; and the MOA between FDOT and Space Florida referenced in Item A above.

After a brief board discussion, Daniel Davis made a motion to authorize Space Florida to negotiate and enter a Memorandum of Agreement with FDOT and approval of Resolution #21-37; rescinding and superseding Resolution #30 as described. The motion was seconded by Katherine San Pedro and approved unanimously.

8. **Project Tiberius**: Management requests authority for approval to negotiate and enter contract activities with R-Squared Solutions, LLC., in the not to exceed contract value of One Hundred Seventy-Seven Thousand Dollars (\$177,000) in conjunction with continuing Space Force related consulting services.

Sonya Deen-Hartley made a motion to authorize Space Florida to negotiate and enter contract activities with R-Squared Solutions, LLC., as described. The motion was seconded by Daniel Davis and approved unanimously.



9. **Titan Aviation Fuels:** Management requests approval for authority to negotiate and enter contract activities with Eastern Aviation Fuels, Inc., d/b/a Titan Aviation Fuels, Inc., in the amount of up to Six Hundred Thousand Dollars (\$600,000) in conjunction with Launch and Landing Facility (LLF) Commercial Aviation Fuel Supply Services. Space Florida purchases fuel on a continual basis to replenish fuel sold at the LLF and has issued an Intent to Award for RFP-SF-01-0-2021 for a one-year agreement plus three successive option periods for the provision of commercial fueling operations to include the purchase of Jet-A-Aviation Fuels, leasing of two mobile 5,000 gallon refueling vehicles and related services.

Katherine San Pedro made a motion to authorize Space Florida to negotiate and enter contract activities with Titan Aviation Fuels as described. The motion was seconded by Jay Beyrouiti and approved unanimously.

10. **Department of Economic Opportunity:** Management requests approval for authority to negotiate and enter contract activities with the Department of Economic Opportunity in conjunction with Space Florida’s performance and program funding agreements for the period of July 1, 2021 through June 30, 2022 in conjunction with Specific Space Florida Appropriations 2253 and 2254 for Fiscal year 2022 as following:

Item A: Space Florida Operations	\$11,500,000
Item B: Space Florida State of Israel Collaborative Efforts	\$ 1,000,000
Item C: Space Florida Aerospace Industry Financing, Business Development and Infrastructure needs	\$ 6,000,000

Sonya Deen-Hartley made a motion to authorize Space Florida to negotiate and enter contract activities with the Department of Economic Opportunity as described. The motion was seconded by Katherine San Pedro and approved unanimously.

4. PRESIDENT’S REPORT:

Frank DiBello expressed his gratitude to exiting Board member Ken Kahn for his service and engagement while serving on the Space Florida Board followed by the President’s Report which included a review of recent activities including:

- Setting the Stage for Growth
 - Growth Drivers
 - Market / Industry Focus
 - Business Outlook – Florida
- Unit Reports:
 - Todd Romberger – Spaceport Business Unit
 - Ron Lau – Corporate Development and Capital Programs
- Guest Presentation – Janet Petro, Director Kennedy Space Center
- Retreat Themes and A Look Ahead

Frank thanked the Board for the approval of action items and reminded the Board of the upcoming events.



CLOSING REMARKS & ADJOURNMENT

Lieutenant Governor Jeanette Nunez requested any further questions or comments from the public or board members. There being none, the Chair thanked the Board for the discussion and involvement and adjourned the meeting at 11:00 a.m. (EST)

Lieutenant Governor Jeanette Nuñez, Chair

BOARD OF DIRECTORS MEETING

August 19, 2021

I, Frank DiBello, the undersigned President of Space Florida, do certify and declare that the attached is an accurate copy of the Minutes as approved by the Board of Directors of Space Florida in accordance with the Space Florida Governance Policies, and recorded in the minutes of the meeting of the Board of Directors held on August 19, 2021, and not subsequently amended or modified.

Frank A. DiBello, President

- **Interim Financials June 30, 2021**

SPACE FLORIDA



Total Compiled Statement of Revenues and Expenses
Period Ending June 30, 2021
Unaudited
In 000's

	Total Budget	Q1 Actual	Q2 Actual	Q3 Actual	Committed	Total Actual and Commitments	Budget Remaining
Operating Revenues							
State Appropriated Revenue - OPS	\$ 11,500	\$ 2,875	\$ 2,875	\$ 2,875	\$ 2,875	\$ 11,500	\$ -
Other Revenue	\$ 2,740	\$ 796	\$ 1,458	\$ 684	\$ 615	\$ 3,554	\$ (814)
Total Operating Revenues	\$ 14,240	\$ 3,671	\$ 4,333	\$ 3,559	\$ 3,490	\$ 15,054	\$ (814)
Operating Expenses							
Salaries & Other Related Costs	\$ 7,203	\$ 1,300	\$ 1,485	\$ 1,683	\$ 1,826	\$ 6,295	\$ 908
Contract & Subcontract Services	\$ 1,181	\$ 208	\$ 194	\$ 145	\$ 255	\$ 802	\$ 379
Utilities & Maintenance	\$ 3,564	\$ 854	\$ 777	\$ 828	\$ 1,393	\$ 3,852	\$ (287)
Travel & Entertainment	\$ 293	\$ 11	\$ 14	\$ 27	\$ 43	\$ 95	\$ 198
Business Recruitment & Investment	\$ 361	\$ 115	\$ 17	\$ 20	\$ 124	\$ 277	\$ 84
General & Administrative	\$ 1,639	\$ 361	\$ 250	\$ 187	\$ 182	\$ 981	\$ 658
Total Operating Expenses (Excluding Depreciation)	\$ 14,240	\$ 2,850	\$ 2,736	\$ 2,891	\$ 3,823	\$ 12,300	\$ 1,940
Change in Net Assets Due to Operations	\$ 0	\$ 822	\$ 1,597	\$ 669	\$ (333)	\$ 2,754	

Fiscal Year 2022 Budget

SPACE FLORIDA



Fiscal Year 2022 Budget
October 1, 2021 to September 30, 2022
In 000's

	<u>Total Budget</u>
Operating Revenues	
State Appropriated Revenue - OPS	\$ 11,500
Other Revenue	\$ 3,030
Total Operating Revenues	<u>\$ 14,530</u>
Operating Expenses	
Salaries & Other Related Costs	\$ 7,405
Contract & Subcontract Services	\$ 1,296
Utilities & Maintenance	\$ 3,523
Travel & Entertainment	\$ 248
Business Recruitment & Investment	\$ 361
General & Administrative	\$ 1,698
Total Operating Expenses (Excluding Depreciation)	<u>\$ 14,530</u>
Change in Net Assets Due to Operations	<u>\$ 0</u>

SPACE FLORIDA



Fiscal Year 2021 and 2022 Budget Comparison Unaudited In 000's

	FY21 Budget Total	FY21 Total Actuals & Commitments	FY21 Budget to Actual Variance	FY22 Budget Total	FY21 to FY22 Budget Variance
Operating Revenues					
State Appropriated Revenue - OPS	\$ 11,500	\$ 11,500	\$ -	\$ 11,500	\$ -
Other Revenue	\$ 2,740	\$ 3,554	\$ (814)	\$ 3,030	\$ (290)
Total Operating Revenues	\$ 14,240	\$ 15,054	\$ (814)	\$ 14,530	\$ (290)
Operating Expenses					
Salaries & Other Related Costs	\$ 7,203	\$ 6,295	\$ 908	\$ 7,405	\$ (202)
Contract & Subcontract Services	\$ 1,181	\$ 802	\$ 379	\$ 1,296	\$ (115)
Utilities & Maintenance	\$ 3,564	\$ 3,852	\$ (287)	\$ 3,523	\$ 41
Travel & Entertainment	\$ 293	\$ 95	\$ 198	\$ 248	\$ 45
Business Recruitment & Investment	\$ 361	\$ 277	\$ 84	\$ 361	\$ -
General & Administrative	\$ 1,639	\$ 981	\$ 658	\$ 1,698	\$ (59)
Total Operating Expenses (Excluding Depreciation)	\$ 14,240	\$ 12,300	\$ 1,940	\$ 14,530	\$ (290)
Change in Net Assets Due to Operations	\$ 0	\$ 2,754	\$ (2,754)	\$ 0	\$ 0

**Space Florida
Fiscal Year 2022 Budget Compared
to Fiscal Year 2021 Budget
Budget Narrative**

Revenue:

State Appropriated Revenue for Fiscal Year 2022 for Operations will remain the same as compared to Fiscal Year 2021 Budget. Other revenue, which is comprised of Space Florida assisted financing projects and lease revenues, is expected to increase for Fiscal Year 2022 by \$290 thousand as compared to Fiscal Year 2021. This increase is primarily due to an increase in facility and financing revenue.

Expenses:

Salary & Other Related Costs for Fiscal Year 2022 is expected to increase by \$202 thousand as compared to Fiscal Year 2021 Budget. The increase is primarily due to new staff positions.

Contract & Subcontract Services for Fiscal Year 2022 is anticipated to increase by \$115 thousand as compared to Fiscal Year 2021 Budget. The increase is primarily due to an increase in consulting service expenses. Contract & Subcontract Services consist of legal, business development services & project support, facility services, and general operating services.

Utilities & Maintenance for Fiscal Year 2022 is expected to decrease by approximately \$41 thousand as compared to Fiscal Year 2021 Budget. The decrease is primarily due to reduced repairs and maintenance costs.

Travel & Entertainment for Fiscal Year 2022 is anticipated to decrease by \$45 thousand as compared to Fiscal Year 2021 Budget. The decrease is primarily due to reduced travel related activities because of the impacts of COVID-19.

Business Recruitment & Investments for Fiscal Year 2022 is anticipated to remain the same as compared to Fiscal Year 2021 Budget. Expenses included in this category include business recruitment and investment activities, promotional, advertising, and project expenses.

General & Administrative for Fiscal Year 2022 is anticipated to increase by \$59 thousand as compared to Fiscal Year 2021 Budget. The increase is primarily due the increase in insurance expenses. Expenses included in this category are loan service expenses, rentals & leases, insurance, capital purchases/improvements, and other general operating expenses.

SPACE FLORIDA



Fiscal Year 2022 Budget Detail
October 1, 2021 to September 30, 2022
 In 000's

	FY21 Budget Total	FY21 Total Actuals & Commitments	FY21 Budget to Actual Variance	FY22 Budget Total	FY21 to FY22 Budget Variance
Operating Revenues					
State Appropriated Revenue	\$ 11,500	\$ 11,500	\$ -	\$ 11,500	\$ -
Facility Revenue					
SLSL	\$ 1,024	\$ 1,110	\$ (86)	\$ 1,131	\$ (107)
RLV Hangar	\$ -	\$ 11	\$ (11)	\$ 25	\$ (25)
South Campus	\$ 25	\$ 26	\$ (1)	\$ 24	\$ 1
Area 57	\$ 240	\$ 259	\$ (19)	\$ 247	\$ (7)
AOS	\$ 522	\$ 632	\$ (109)	\$ 522	\$ -
	\$ 1,811	\$ 2,037	\$ (226)	\$ 1,950	\$ (139)
Financing Revenue					
Orion Admin Fee	\$ 74	\$ 298	\$ (224)	\$ 300	\$ (226)
Loan Administration Fee	\$ -	\$ -	\$ -	\$ -	\$ -
Interest/Dividend Income	\$ 200	\$ 337	\$ (137)	\$ 200	\$ -
OPF3 Admin Fee	\$ 580	\$ 580	\$ (0)	\$ 580	\$ -
	\$ 854	\$ 1,215	\$ (361)	\$ 1,080	\$ (226)
Other Revenues					
Franchise Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Other SF Services	\$ 75	\$ -	\$ 75	\$ -	\$ 75
Miscellaneous Revenues	\$ -	\$ 302	\$ (302)	\$ -	\$ -
	\$ 75	\$ 302	\$ (227)	\$ -	\$ 75
Total	\$ 14,240	\$ 15,054	\$ (814)	\$ 14,530	\$ (290)

SPACE FLORIDA



Fiscal Year 2022 Budget Detail
October 1, 2021 to September 30, 2022
 In 000's

	FY21 Budget Total	FY21 Total Actuals & Commitments	FY21 Budget to Actual Variance	FY22 Budget Total	FY21 to FY22 Budget Variance
Salary & Other Related Costs					
Salary & Wages	\$ 5,202	\$ 4,629	\$ 573	\$ 5,366	\$ (164)
Payroll Taxes	\$ 75	\$ 66	\$ 9	\$ 62	\$ 14
Retirement	\$ 780	\$ 742	\$ 38	\$ 826	\$ (46)
Life & Health Insurance	\$ 984	\$ 709	\$ 275	\$ 984	\$ 0
Other	\$ 161	\$ 148	\$ 13	\$ 167	\$ (6)
	\$ 7,203	\$ 6,295	\$ 908	\$ 7,405	\$ (202)
Contract & Subcontract Services					
Legal	\$ 300	\$ 195	\$ 105	\$ 275	\$ 25
Business Development Services & Project Support	\$ 110	\$ 83	\$ 27	\$ 110	\$ -
Facility Services	\$ 75	\$ 47	\$ 28	\$ 75	\$ -
General Operations Services	\$ 696	\$ 478	\$ 218	\$ 836	\$ (140)
	\$ 1,181	\$ 802	\$ 379	\$ 1,296	\$ (115)
Utilities & Maintenance					
Utilities					
SLSL	\$ 700	\$ 737	\$ (37)	\$ 750	\$ (50)
RLV Hanger	\$ 10	\$ 17	\$ (8)	\$ 15	\$ (5)
Other	\$ 88	\$ 55	\$ 33	\$ 89	\$ (1)
Repair & Maintenance					
SLSL	\$ 2,600	\$ 2,326	\$ 274	\$ 2,500	\$ 100
RLV Hanger	\$ 117	\$ 115	\$ 2	\$ 120	\$ (3)
Other	\$ 50	\$ 602	\$ (553)	\$ 50	\$ -
	\$ 3,564	\$ 3,852	\$ (287)	\$ 3,523	\$ 41
Travel & Entertainment					
Travel & Entertainment	\$ 293	\$ 95	\$ 198	\$ 248	\$ 45
	\$ 293	\$ 95	\$ 198	\$ 248	\$ 45
Business Recruitment & Investment					
Promotional & Project Expenses	\$ 154	\$ 59	\$ 94	\$ 154	\$ -
Sponsorships/Other Grants & Aid	\$ 208	\$ 218	\$ (10)	\$ 208	\$ -
	\$ 361	\$ 277	\$ 84	\$ 361	\$ -
General & Administrative					
Rental & Leases	\$ 448	\$ 425	\$ 22	\$ 444	\$ 4
Insurance	\$ 170	\$ 193	\$ (23)	\$ 210	\$ (40)
Other General Operating Expenses	\$ 446	\$ 294	\$ 152	\$ 450	\$ (4)
Capital Purchases/Improvements	\$ 508	\$ -	\$ 508	\$ 508	\$ -
Loan Service	\$ 66	\$ 68	\$ (2)	\$ 86	\$ (19)
	\$ 1,639	\$ 981	\$ 658	\$ 1,698	\$ (59)
Total	\$ 14,240	\$ 12,300	\$ 1,940	\$ 14,530	\$ (290)

SPACE FLORIDA



Travel Profile

Fiscal Year 2022 Budget

Title	Total Trips	Domestic Travel	International Travel	Annual Travel Budget
President	12	13,272	34,728	48,000
VP Spaceport Operations	3	3,318	-	3,318
EVP, Treasurer & Chief Investment Officer	3	3,318	-	3,318
Sr Vice President Corporate Development & Capital Programs	6	6,636	-	6,636
VP Special Projects	6	6,636	-	6,636
Sr Vice President Spaceports Business Unit	6	6,636	-	6,636
Senior Project Manager	3	3,318	-	3,318
Manager, Commercial Space	3	3,318	-	3,318
Director Business Economic Development	18	19,908	-	19,908
Information Technology & Business Processes Manager	1	1,327	-	1,327
VP Research & Innovation	3	3,318	13,891	17,209
Contracts Manager	3	3,318	-	3,318
EVP, CFO, & Corp Admin Officer	3	3,318	-	3,318
Director of Marketing & Communications	3	3,318	-	3,318
Public Relations Manager	3	3,318	-	3,318
Property Manager	1	1,327	-	1,327
Staff Accountant	3	3,318	-	3,318
Executive Assistant	3	3,318	-	3,318
Project Manager	3	3,318	-	3,318
Manager of Government Relations & External Affairs	3	3,318	-	3,318
VP Government Relations	3	3,318	-	3,318
Spaceport Development Program Manager	1	1,327	-	1,327
Environmental Health & Safety Director	1	1,327	-	1,327
Spaceport Operations Project Administrator	1	1,327	-	1,327
Director Facility Management	2	2,654	-	2,654
Director Human Resources	3	3,318	-	3,318
Total	101	112,148	48,619	160,768

SPACE FLORIDA



Employees

October 01, 2020 - September 30, 2021

Employee Name	Beginning of Period	Added	Attrition	End of Period
Bailey, Gail	1			1
Bargas, Carrie	1			1
Beerman, Theodore	1			1
Bonjawa, Jamie	1			1
Bontrager, Mark	1			1
Burke, Wilhel	1			1
Chesnut, Mathew	1			1
Coates, Roberta	1			1
Cody, Ellen	1			1
Corder-Jensen, Heidi	1			1
Courtney, Beth	1			1
Daniel, Danielle	1			1
DiBello, Frank	1			1
Donoro, Nancy	1			1
Eggert, Peter	1			1
Farrell, Lauren	1			1
Gannon, Anthony	1			1
Haug, Howard	1			1
Ireland, Terrie	1			1
Ketcham, Dale	1			1
Kuzma, James	1		1	-
Lau, Ronald		1		1
Loving, Elizabeth	1			1
Mason, Mark	1			1
Masse, Jacob	1			1
Mayfield, Desiree	1			1
McCarthy, Patrick	1			1
Moffitt, James	1			1
Newsham, Emma	1			1
O'Donnell, Annette	1			1
Pierce, Jillianne	1			1
Pierce, Lindsay	1			1
Robertson, Ryan	1			1
Romberger, Todd	1			1
Rosa, Rhonda	1			1
Shell, Sara	1			1
Siltman, Erin	1			1
Spratt, Sharon	1			1
Sun, Annie	1			1
Swanson, Denise	1			1
Szabo, Steve	1			1
Wilkerson, Gene	1			1
Willhardt, Debra	1			1
Williams, Keevin	1			1
Zheng, Ivy	1			1
Total	44	1	1	44

Executives Performance Documentation

SPACE FLORIDA



*Performance & Compensation
Package for the President & the
EVP, Treasurer & CIO*

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SPACE FLORIDA EXECUTIVE PERFORMANCE HIGHLIGHTS REVIEW PERIOD PY 2018 - PY 2020

This Report highlights the performance of Space Florida’s Executive Leadership for the three-year period beginning July 1, 2017. It summarizes notable achievements accomplished through the leadership of Mr. Frank DiBello, President and Chief Executive Officer, and Mr. Howard Haug, Executive Vice President, Treasurer, and Chief Investment Officer.

Game-changing Growth in Florida’s Position as a Global Leader in the Space/Aerospace Industry

Under the Executive Leadership of Mr. Frank DiBello, President and Chief Executive Officer, and Mr. Howard Haug, Executive Vice President, Treasurer, and Chief Investment Officer, Space Florida accomplished game-changing growth in Florida’s world renown space and aerospace industry by its performance from July 1, 2017, to June 30, 2020.

In that 36-month period, Space Florida:

- Created 4,518 high-salary jobs through the recruitment, retention, and/or expansion of 51 companies, including industry leaders in the global markets for commercial space transportation and aviation systems and services.
- Attracted, facilitated, and invested in capital improvements to Florida’s world-leading Spaceport System, enabling unprecedented growth in Florida’s space transportation capabilities and capacity. The value of new commercial space and aerospace manufacturing, operations, and support infrastructure in Florida grew to more than \$2.7 Billion through leveraged public-private investments and other capital formation arranged and facilitated by Space Florida.
- Enabled 59 commercially provided space launchesⁱ and 32 associated land or ocean-barge landings as Cape Canaveral Spaceport continued to be redeveloped and modernized as the world’s busiest and most capable commercial spaceport. Highlighting these metrics was the initiation of commercial human spaceflight capabilities, supported by Space Florida. Approximately 1,500 metric tons of customer cargo was delivered to orbit during this period.ⁱⁱ
- Substantially strengthened Florida’s competitive edge in attracting state-of-art technology aerospace manufacturing, operations, and the associated commercial supply chain by effectively growing statewide awareness and deployment of Space Florida’s unique business recruitment/capital formation tool kit.
- Constructed in partnership with the industry’s leading technology innovators more than 1 million square feet of new manufacturing facilities for advanced space vehicles and spacecraft production at Space Florida’s Exploration Park.
- Expanded its statewide reach and economic development impacts by initiating, facilitating, and supporting job-creating projects in commercial space or commercial/defense aerospace activities in Jacksonville, Pensacola, and Tampa.

OUTCOMES

4,518
High Salary Jobs

51
Space/Aerospace
Companies

\$2.7 B
New Infrastructure
(Since July 2011)

59
Commercial
Service Launches

32
Landings

1,500
Approx. Metric Tons
Delivered to Orbit

104
Research Projects,
Partnerships, Grants

\$20.2M
R&D Funding



- Significantly increased Florida’s standing and influence on national space policy of critical importance to the future growth and competitiveness of Florida’s aerospace industry. Space Florida leaders assumed high-level advisory roles and informed Government reviews of commercial space transportation needs and regulations.
- Florida secured two additional commercial spaceport licenses from the FAA through the efforts of Space Florida, increasing the number of FAA-licensed spaceports in Florida to four – one third of the FAA-licensed sites in the nation. Florida’s number and share of FAA-licensed commercial launches continued to grow, representing more than half of the FAA’s licensing workload. The focus on Florida as the nation’s primary host site for current and future commercial space transportation sharpened across the US Government, particularly in NASA, the US Space Force, and the US Departments of Defense, Transportation, and Commerce.

These achievements have substantially strengthened Florida’s position as a global leader in the highly competed space and aerospace marketplace. Specific notable accomplishments of this review period are summarized below.

Milestone Deals Further Increased International Recognition of Florida’s Competitive Advantages

- Made-In-Space relocated its headquarters and satellite manufacturing operations from Silicon Valley to Jacksonville with a 20,000 square foot campus that will enable the manufacture, test, and control of spacecraft and in-space manufacturing equipment. The move resulted from a years-long effort, resulting in a first-of-its-kind financing structure where Space Florida utilized space-bound hardware as security.
- Firefly Aerospace, Inc., a provider of economical and dependable launch vehicles, spacecraft, and in-space services, executed a binding term sheet with Space Florida to establish business and launch operations at Cape Canaveral Spaceport. The company plans a mass-production manufacturing facility in Exploration Park for its Alpha vehicles with a launch pad at Space Launch Complex 20.
- Blue Origin took up occupancy in the office area of its 650,000-square-foot launch vehicle manufacturing facility in Exploration Park as full fit-out of the manufacturing area continued along with a complete reconstruction of Space Launch Complex 36. The former Government-used site will support launch operations for the company’s New Glenn Orbital Launch Vehicle, planned to have a lift capacity comparable to the NASA Space Launch System Block 1B. Blue Origin expanded their partnership with Space Florida to grow the company’s manufacturing campus and launch control at Exploration Park to 230 acres, with a planned build-out of 1.2 million square feet.
- Space Florida broke ground at Tampa International Airport with partners Hillsborough County Aviation Authority and the Tampa Hillsborough Economic Development Commission on a new aerospace training campus. The deal secured Florida the CAE USA, Inc. headquarters and expanded its operations to train U.S. Department of Defense and allied defense forces, resulting in the retention of 500 employees and the addition of 150 new employees. Space Florida is employing several aspects of its business financing tool kit to enable it to construct the campus facilities at Tampa International to CAE USA’s needs and provide those facilities under a synthetic lease to the company.
- OneWeb Satellites, a joint venture of OneWeb and Airbus, opened the first high-volume, high-speed advanced satellite production facility at Exploration Park. OneWeb’s constellation of satellites is enabling high speed internet access and providing global connectivity. The outcome of a partnership deal between Space Florida and the satellite manufacturer, the facility can produce up to 15 satellites per week.



Business Innovation & Agility Created Economic Development Opportunities Across State

Space Florida continued to excel at deploying and orchestrating the use of its unique set of tools and expertise in capital formation to fund space and aerospace projects throughout Florida. Proactive engagement enabled Space Florida leadership to extend the organization’s effective participation in the funding of new projects in cooperation with local and regional economic development entities.

- In Santa Rosa County, Space Florida used its tools to meet the needs of Leonardo Aerospace for a 100,000 square-foot customer support center adjacent to Naval Air Station Whiting Field. The facility will support the company’s execution of its Navy contract for services advanced rotary aircraft training equipment used by all Navy, Marine Corps, and Coast Guard pilots in training. Working in cooperation with Santa Rosa County, Space Florida offered its conduit financing capability to secure site and funding commitments. Space Florida will construct and own the facility, leasing it to Leonardo Aerospace.
- Space Florida leadership actively sought deal opportunities to assist Florida’s space, aerospace, and defense clusters position for post pandemic recovery and growth. This business recruitment strategy seeks to address new opportunities resulting from companies looking to reduce operating costs by facility consolidation and modernization; well-positioned maintenance, repair, and overhaul companies looking to capitalize on market share and expansion opportunities; and as US companies move to recapture critical supply chains from overseas.
- The expanded reach of Space Florida in statewide impact is the result of its widening reputation for successfully executing complex business and economic development deals, and through increased marketing and sales efforts to grow marketplace awareness, particularly among Florida’s local and regional economic development communities beyond Florida’s space coast.
- Space Florida initiated economic development partnerships with the Beacon Council in southeast Florida, the Hardee County Industrial Development Authority in Florida’s Heartland region, and the Okaloosa County Economic Development Office in Florida’s Great Northwest region. These partnerships are all working towards closing significant economic development projects in communities within those regions.

Funded Projects Accelerated Industry Innovation, Diversification, and Research to Fuel Growth

Over the three-year review period, Space Florida reported supporting a total of 104 research projects, partnerships, and grants with funding totaling \$20.2 million.

- Space Florida continued to fund research, innovations, and special projects designed to fuel the growth of Florida’s space and aerospace industry. These included the annual Florida Aerospace Capital Forum and Space Florida’s \$100,000 “Accelerating Innovation” awards; continuing the \$2 million joint funding of the Space-Florida Israel Innovation Partnership; and its partnership with the Florida Space Grant Consortium to provide matching grants to Florida’s public and private academic institutions. These programs promote and assist technology innovation in start-up and young companies. They encourage research and development that will help diversify Florida’s space and aerospace industry. Since inception, Space Florida venture capital programs have helped aerospace-related technology companies throughout Florida attract over \$300 million in capital.
- Of special note is the Space Florida partnership with Florida Agricultural & Mechanical University (FAMU) – Florida’s preeminent public historical black university – to collaborate on two NASA-funded initiatives. These seek to develop new programs, resources, facilities, and networks to increase space R&D by universities and companies; promote technology commercialization; and develop innovative workforce



programs/industry partnerships. Also noteworthy are the spaceflight experiment activities of the University of Central Florida's (UCF) Center for Microgravity Research, established through joint funding of Space Florida and UCF. The Center is now taking advantage of flight opportunities on new suborbital platforms offered by Blue Origin's New Shepard vehicle and Virgin Galactic's SpaceShipTwo.

Policy Engagement Substantially Increased Space Florida's Standing and Impact

Space Florida leadership substantially increased the organization's engagement in policy decisions that will have lasting influence on U.S. commercial space leadership and Florida's ability to successfully compete in the global marketplace. The following examples of this policy engagement during the review period highlight the success in growing Space Florida's standing and policy impact:

- Space Florida leadership directly engaged the cabinet-level National Space Council and its Users Advisory Group (UAG) after the Council's re-establishment in 2017. Space Florida served as a host to the Council in its meeting held at the Kennedy Space Center in February of 2018. Space Florida's Board Chair – Lt. Gov. Jeanette Nuñez – was later named by the Vice President to serve on the Council's UAG. The UAG serves to provide analysis and input to the Council on development of space policy direction and guidance to be implemented across all Federal Departments and Agencies. Space Florida executive leadership and staff advised and supported the Lt. Gov. in this role.
- Space Florida President and CEO Frank DiBello was appointed by the US Secretary of Commerce to serve on the US Department of Commerce Investment Advisory Board. The appointment provides Space Florida a role in advising the Secretary on how Government policies and programs affect the nation's ability to attract and facilitate business investments from domestic and international firms. The appointment underscores the value of Space Florida's expertise to assist national strategies promoting space as a US technology and market priority.
- Space Florida's Vice President of Government & External Relations was appointed by US Department of Transportation Secretary Elaine Chao to serve as a member of the FAA's Commercial Space Transportation Advisory Committee (COMSTAC). COMSTAC was established in 1984 to provide information, advice, and recommendations to the FAA Administrator on critical matters concerning the U.S. commercial space transportation industry. As a member of the COMSTAC Infrastructure and Innovation Committee, he participates in providing input and addressing issues as requested by the FAA.
- Serving by invitation, Space Florida was represented on three FAA Aviation Regulatory Committees (ARC) established to provide stakeholder input to FAA regulatory actions. The tasked areas for the three ARCs were to advise on streamlining commercial launch and reentry licensing regulation; evaluate airspace access priorities; and provide input on how to categorize spaceports. Working with industry colleagues in addressing FAA questions and data requests for the high-profile updating of commercial space transportation licensing regulations, Space Florida made substantive recommendations, and led certain topics that were incorporated into the ARC's final report to the FAA. Following that ARC's work, Space Florida remained engaged individually and with industry teams to respond to the FAA's Notice of Proposed Rulemaking that led to new Part 450 Rules affecting all commercial operators at the Cape and elsewhere.
- Throughout the review period, Space Florida was represented on the Executive Committee of the Commercial Spaceflight Federation (CSF) and supported many of the CSF committees and task forces working to address common issues. Space Florida chaired the Spaceports Committee for a year and worked to define common regulatory and policy issues affecting commercial spaceports nationwide.



- Space Florida responded to a request to evaluate US Air Force strategic studies for modernizing the Eastern and Western federally operated ranges into a “Range of the Future,” including reviewing and commenting on a notional construct to establish an independent “National Spaceport” to operate the ranges in a commercial manner.
- Space Florida was asked by the General Accounting Office (GAO) to assist their assigned tasks to evaluate commercial space infrastructure needs (GAO-21-154), including funding options, and a broader review of developments in the commercial space transportation industry (GAO-19-437). Space Florida was one of several stakeholders engaged by GAO, and it supported extensive GAO interviews and data gathering, hosting a site visit to Cape Canaveral Spaceport in June of 2020.
- Space Florida served the leadership role in mobilizing Florida’s effort to win the headquarters site selection for the new US Space Command, hosting a statewide summit in 2019 and subsequently coordinating the efforts of communities across Florida. In June 2020, these efforts led to the Governor’s endorsement of prospective sites proposed by City of Jacksonville, City of Pensacola, Hillsborough County-Tampa, Miami-Dade County, Orange County and Seminole County (later combined), Palm Bay-Melbourne-Titusville, and Pinellas County with all making it into the Space Command’s evaluation process.

Efforts Modernize and Redevelop Infrastructure to Preserve the Unique National Role served by Cape Canaveral Air Force Station and the John F. Kennedy Space Center

Several major accomplishments of the review period directly responded to Space Florida’s statutory responsibility in *“seeking federal support and developing partnerships to renew and upgrade infrastructure and technologies at the Cape Canaveral Air Force Station, the John F. Kennedy Space Center, and the Eastern Range that will enhance space and military programs of the Federal Government and improve access for commercial launch activities.”*

These included:

- A winning proposal to the US Department of Transportation securing a \$90 million highway infrastructure grant to fund the majority cost for replacing the 1964 Indian River Bridge that provides the primary access to the Cape Canaveral Spaceport. Space Florida also sought grant funds in the project to widen the Space Commerce Way connector through Exploration Park, and to reconstruct a stretch of the NASA Parkway West leading to the bridge. In partnership with the Florida Department of Transportation (FDOT), the improvements will be constructed with match funding from FDOT, NASA, and Space Florida. They will be owned and operated by FDOT, becoming part of the State Highway System. Designed to accommodate increased capacity needed for current and future industry requirements and spaceport traffic, these improvements modernize a critical piece of transportation infrastructure to meet the statutory objective and enable continuing commercial growth.
- To support launch providers at the Cape Canaveral Spaceport, Space Florida began constructing roadway improvements to link Space Florida’s Exploration Park to most launch complexes, allowing intermodal transportation of oversized launch vehicle stages, payloads, and flight hardware. Such roadway upgrades include removing obstructions such as signals, lights and signs and improving roads for turning movements. These improvements will, for example, enable Blue Origin to transport their flight hardware, including the first stage, which will be longer than a football field, wider than the average road and as tall as a four-story building. In addition to the roadway improvements from Exploration Park to SLC-36, Space Florida is also enabling infrastructure upgrades for transportation of recovered launch vehicles from Port



Canaveral to SLC-36, approximately nine miles. The New Glenn rocket will feature a reusable first stage built for 25 missions. These infrastructure improvements are necessary for the transport of launch vehicle stages, payloads, and flight hardware along planned routes within the Cape Canaveral Spaceport and various areas at Port Canaveral.

- Space Florida reactivated its SLC 46 facilities to support Orbital ATK (now Northrop Grumman Innovation Systems) Minotaur launches that supported missions for both the US Air Force and NASA Johnson Space Center. The common use infrastructure enhancements to Space Florida's FAA-licensed site involved a \$6.6 million investment by federal, state, and local partners to upgrade multi-use capabilities. Following the August 2017 launch, Space Florida and NASA funded a \$4.5 million Lightning Protection System prior to NASA's Ascent Abort-2 test of the critical Orion Launch Abort System conducted in July 2019.
- Space Florida secured an FAA Launch Site Operator's License (also commonly known as a commercial spaceport license) for its Launch and Landing Facility (LLF), the former Space Shuttle landing runway. Space Florida increased support capabilities at the LLF by installing a fuel farm and in PY 2020 continued work to initiate major infrastructure enhancements at the LLF that will open runway and near runway sites for development opportunities.
- Space Florida continued to work closely with the Florida Department of Transportation to execute Cape Canaveral Spaceport infrastructure upgrades, planning, and program support projects. These activities supported multiple Spaceport Improvement Projects including Blue Origin's Rocket Testing Complex, SpaceX's Space Vehicle Operations Facility, launch complex upgrades to United Launch Alliance's SLC-41 and helium and electrical infrastructure expansion at the Cape Canaveral Spaceport. In PY 2019, Space Florida participated in the implementation of 11 infrastructure projects totaling more than \$112 million of Spaceport Improvement Fund investment in Florida infrastructure.

ⁱ Only two launches during the 36-month period – a submarine missile test and an L-1011 launched Pegasus – were not conducted from Cape facilities that have been privately redeveloped with capital investment or Spaceport Improvement Program assistance facilitated through Space Florida. The 59 launches by SpaceX, ULA, and Orbital ATK included 39 flown under an FAA launch license, and 20 that were flown under commercial services contracts procured by NASA or other Government agencies.

ⁱⁱ This approximation is derived from the total payload lift capacity of the various launch vehicles flown, based on published capacities in kilograms delivered to low earth orbit.

SPACE FLORIDA
JOB DESCRIPTION

Job Title:	President & Chief Executive Officer
Department:	President's Office
Reports To:	Board of Directors
FLSA Status:	Exempt
Pay Grade:	26 (\$339,189 - \$484,555 - \$629,922)
Approved By:	Board of Directors
Approved Date	April 2, 2018

BASIC PURPOSE:

The President and CEO establishes, interprets and communicates Space Florida's vision and mission as the global leader in aerospace research, investment, and space industry development and commerce, to all constituencies, employees and all market sectors, Civil, Military and Commercial. The President also serves as the chief administrative and operational officer for the Board of Directors and is responsible for setting strategic direction and leadership for the organization.

ESSENTIAL ACCOUNTABILITIES or TASKS:

- Serve as chief spokesperson of the organization and provides leadership and direction in the development of the organization's statement of vision, mission, and goals and the corresponding strategies to achieve them.
- Ensure the organization meets statutory responsibilities pursuant to Florida Statute 331.3051.
- Drive the fulfillment of Space Florida's purpose: "Foster growth and development of a sustainable and world-leading aerospace industry" (per statute).
- Promote aerospace development by facilitating business financing, spaceport operations, research and development, innovative education and capital formation programs.
- Establish strategies and goals related to attracting and expanding the next generation of space industry businesses.
- Collaborate with the Board and key constituents statewide, especially the state's industry, Legislature, regional and local community, and public-sector leadership, to build commitment and develop resources for the overall goals of the organization and business plan.
- Drive shape the State ecosystem to ensure Florida as the ideal location for aerospace businesses to locate and thrive. Drive and shape the talent and programs of Space Florida to ensure its position as the perfect partner to help ensure the success of the aerospace business in Florida.
- Develops innovative and focused business attraction, retention, and creation strategies to capture a larger share of activity in space research, technology, production, and commercial operations, while maintaining historical leadership in space launch activities.
- Drive and collaborate on programs to build, retain and communicate the benefits of Florida's highly trained workforce, proven infrastructure and unparalleled record of achievement in the aerospace industry.
- Provide strategic, financial, and leadership guidance on decision making issues affecting the organization, i.e., evaluation of potential alliances, partnerships, collaboration agreements and investments.

SPACE FLORIDA JOB DESCRIPTION

- Recommends annual budget for Board approval and prudently manage the organization's resources in accordance with approved policies, procedures, laws, and regulations.
- Support operations and administration of the Board by advising and informing Board members, interfacing between Board and staff, and supporting the Board's evaluation of the President and Executive Vice President.
- Enhance and/or develop, implement and enforce policies and procedures of the organization through systems that improve operation and effectiveness of the corporation.
- Ensures the development of priority plans, organizational and employee performance measurements and evaluation instruments, management controls, and critical success factors.
- Lead the human resources of the organization, developing and maintaining an effective, diverse staff to carry out the organizational objectives.
- Establish the organizational culture and provide direct supervision to Space Florida's management team.

SUPERVISION:

- Treasurer, and Executive Vice President Chief Investment Officer
- Chief Financial Officer & Executive Vice President Administration
- Senior Vice President Spaceports Business Unit
- Senior Vice President Corporate Development & Capital Programs
- Vice President Government & External Relations
- Vice President Government Affairs & Regulatory Compliance
- Executive Assistant to the President

MINIMUM QUALIFICATIONS REQUIRED:

- A Bachelor's degree from an accredited college or university is required; an advanced degree from an accredited college or university is preferred.
- Ten years' experience as functional head of a company, major department and /or division.
- Seven to ten years' experience as spokesperson and relationship building in a wide range of business and government sectors.
- Seven to ten years' experience managing a staff.

DESIREABLE COMPETENCIES:

- Proven track record of effectively communicating with key stakeholders, businesses, media, and customers to include but not limited to, federal, state, and local government structures and the processes of each.
- Display thorough knowledge of challenges facing the space industry, including NASA and DoD, within the state of Florida.
- Demonstrated ability to work within the political, cultural, and legislative landscape necessary to further the organizational mission.
- Demonstrated ability to understand the public-private partnership structure and the importance of cooperation with other economic development and workforce development partnerships.

SPACE FLORIDA JOB DESCRIPTION

- Proven ability to develop initiatives to advance education in science, mathematics, engineering, and technology in relation to aviation and space.
- Proven ability to develop and retain critical workforce skills most relevant to space and aeronautics companies by integrating industry needs into Florida workforce development programs with particular attention to workers who will be needed to support the nation's post-Space Shuttle launch vehicle and exploration programs.
- Demonstrated capability to develop and manage development and execution teams with diverse skills.
- Thinking and Problem-solving Skills: Develops plans, evaluates alternatives, and takes logical and systematic approaches to accomplishment of tasks. Ability to develop a strategic vision for the organization and generate break-through ideas,
- Achievement Orientation: Competes against a standard of excellence, either self-defined or against a predetermined goal. Demonstrates success in leading a dynamic, volatile environment. Capable of leading culture shifts and highly complex business on day one.
- Persistence: Action-oriented in overcoming obstacles. Drives for results.
- Client, Market, and Bottom-Line Orientation: Is focused on effective and efficient operations of the organization and prudent "Cost-Benefit" results from expenditure and investment decisions.
- Analytical Thinking: Has ability to understand a situation by breaking it apart into smaller pieces in a step-by-step way.
- Initiative: Demonstrates competence in taking action and doing more than is expected or requested; acts to extend the organization into new areas, products or services.
- Teamwork and Cooperation: Works cooperatively as part of a team rather than working separately or competitively; is a consensus builder. Promotes collaboration.
- Organizational Awareness: Demonstrates ability to understand the power of relationships in his or her own organization or other organizations and the position of the organization in the larger world.
- Communications Skills effectively communicates verbally and in writing with confidence, clarity, credibility and regularity with all constituent groups economic development professionals, business leaders, federal, state, and local government officials, and customers.
- Networking Skills: Works to build or maintain networks of contacts with people who might be useful in achieving work-related goals.
- Conflict Resolution: Demonstrates ability to resolve conflicts / negotiate disagreements.
- Interpersonal Understanding: Demonstrates ability, desire to listen / understand others.
- Personal Maturity: Demonstrates self-confidence/ recognition of own limitations. Demonstrates credibility, integrity and sincerity.

SPACE FLORIDA JOB DESCRIPTION

Job Title: Executive Vice President, Treasurer & Chief Investment Officer
Department: Business Development
Reports To: Board of Directors and President & Chief Executive Officer
FLSA Status: Exempt
Pay Grade: 23 (\$238,288-\$340,411-\$442,534)
Approved By: President & Chief Executive Officer
Approved Date: June 1, 2020

BASIC PURPOSE:

This job is responsible for the leadership and management of the strategic business of the Space Florida organization. In addition, this job directs initiatives and strategic projects for the Board of Directors and the President.

ESSENTIAL ACCOUNTABILITIES or TASKS:

- General Manager of the investment process and business models for Space Florida.
- Responsible for review and approval of significant business/investment structures, pricing/offer strategy and investment proposals
- Develops asset allocation levels aimed at creating a balanced portfolio.
- Conducts traditional investment research and technical analysis to identify industry trends
- Design and direct collaborative process for the development of Space Florida's Long-Term Business and Financial Strategic Plan and Budget. Identify top contributors to participate in specific planning and budgeting processes. Direct collection and development of research and business intelligence in preparation for sessions, chair sessions, engage participants in creation and contribution of plan elements as assignments where appropriate.
- Direct determinations of financial and capital raises over the term of Programs and Plans. Lead top contributors through the process to the creation of Space Florida's initial three to five-year Strategic Plan and Budget and subsequent updates.
- Participate as a member of Executive Management team of Space Florida responsible for Entity Leadership, Governance, Board Action Management, Market Mix, Resource Allocation, Risk Management, Delegation and Empowerment.
- Assess and define resource requirements and allocation across Space Florida's Projects, Systems and those required for approaching programs and initiatives.
- Develop directions and secure support regarding resource requirements, allocations, and potential resources for specific programs from the President & CEO and the Board of Directors and, research the availability and probability of acquisition of additional resources through initiation of relationships with potential partners.
- Ensures finances are managed and expended proficiently so finances fall into policy and standard accounting procedures.
- Responsible to maintain market, business, and economy awareness for Space Florida

SPACE FLORIDA JOB DESCRIPTION

SUPERVISION:

- Director Marketing & Communications
- Director Business Economic Development
- Business Development Coordinator
- Senior Project Manager

MINIMUM QUALIFICATIONS REQUIRED:

- Bachelor's degree in Business Administration or any business discipline.
- Ten years' experience as functional head of a company, department and /or division.
- Ten years' experience in Financial Management, Debt and Equity transactions, Corporate Development, Mergers and Acquisitions.
- Ten years' experience in Business Development
- Seven to ten years' experience managing multiple staff.
- Demonstrated ability to communicate effectively via presentations, public speaking, and the written word.
- Demonstrated ability to plan, organize and direct multiple projects and activities with varied deadlines; utilize sound judgment and be a strategic thinker.
- Can maintain discretion and confidentiality in all matters.

PREFERRED QUALIFICATIONS:

- Master's degree in Finance or related field.
- Knowledge of government operations and processes.
- Experience with economic development principles and practices.

July 1, 2017 -
June 30, 2020

Space Florida Annual Performance Evaluation Form

Self Assessment Yes No

Employee Name: Frank A. DiBello Date Hired: May 2008
Title: President and Chief Executive Officer Review Period: July 1, 2017 - June 30, 2020
Reviewer: Governance & Compensation Committee Date: August 20, 2021

INTRODUCTION

This Form is used in providing performance feedback to employees. It consists of two key areas of assessment: Core Behaviors and Individual Job Performance. This Form is the instrument used to facilitate dialogue between the Reviewer and Reviewee with respect to these areas.

INSTRUCTIONS

- Reviewer:** Complete the Performance Evaluation Form based on the Reviewee's performance over the entire review period. Do not focus solely on recent events, but consider all activities of the employee during the period. At the end of the Form, transfer all of your ratings to the appropriate sections on page 3 in order to calculate the Reviewee's overall performance score.
- Reviewee:** Complete a self-assessment using this Form. Complete sections I, and II; do not complete sections III and higher. Submit the self-assessment to your Reviewer at least one week prior to your performance review meeting.

EXPLANATION OF RATINGS

Ratings are used to evaluate the employee under each section of this Form. An explanation of the alpha and numeric ratings is presented below.

Appraisal Rating
SEE (Substantially Exceeds Expectations) = 5 Consistently performs above expectations and is recognized by customers and/or peers as a leader and positive example for others.
EE (Exceeds Expectations) = 4 Performs above expectations in some areas and consistently meets all other expectations.
ME (Meets Expectations) = 3 Performs at expected level in all areas and consistently meets performance expectations.
MSE (Meets Some Expectations/Developing) = 2 Needs to improve in one or more areas to be at the expected level of performance.
NME (Not Meeting Expectations) = 1 Needs significant improvement in one or more areas. A job performance plan is required.

I. CORE BEHAVIORS

A. Space Florida has identified certain behaviors that it believes are required of all employees. These “core” behaviors reflect the values and mission of Space Florida and should manifest themselves through our actions on a daily basis. The Reviewer should rate the employee on each behavior area based on the performance exhibited during the review period.

	Rating (5-1)		Rating (5-1)
Initiative - Seeks new challenges and responsibility. Self-starter and finisher. Persistent in overcoming obstacles. Does not procrastinate and is highly motivated	4	Creativity - Develops and applies practical, innovative ideas and approaches. Thinks “outside the box.” Able to find new solutions to old problems.	5
Action Oriented - Eagerly seeks new challenges and opportunities for growth. Diligent in performing tasks and produces timely results.	3	Judgment - Consults with others in dealing with difficult situations. Considers alternatives and consequences before making a decision. Acts decisively when required.	4
Customer Focus - Goes above and beyond to ensure that customers are satisfied. Shares information and knowledge through relevant networks to enhance the organization’s service capabilities.	4	Responsibility - Takes responsibility for work completed and/or directed. Follows up on problems and decisions. Documents actions as appropriate. Adheres to organization policies.	3
Teamwork - Willingly helps and provides resources to others’ endeavors. Participates in joint goals and projects. Places team before personal interests. Gives credit to others. Avoids “playing politics.”	4	Integrity and Trust - Does the right thing. Demonstrates courage, even in the face of strong opposition. Worthy of trust from colleagues. Maintains independence and objectivity in dealing and communicating with customers.	5

B. Supervisor’s have additional behaviors for which they are accountable. The Reviewer is to rate the employee on each of these core areas in addition to those presented in section A.

	Rating (5-1)		Rating (5-1)
Leadership - Provides purpose, values, and vision. Willing and able to make tough decisions and then take responsibility for related actions. Earns trust and loyalty and inspires others to greater performance.	5	Strategic Agility - Able to look into the future to anticipate consequences and trends accurately. Can envision and articulate future possibilities. Can create competitive breakthrough strategies and plans.	5
Directing Others - Able to establish clear direction and to set objectives. Distributes workloads appropriately. Maintains two-way dialogue with others on work and results. Ensures that reports adhere to organization policies.	3	Developing Direct Reports - Provides challenging tasks and assignments. Routinely holds development discussions. Works with reports to develop career plans and execute them. Is considered a “people builder.”	3
Motivating Others - Creates a climate in which people want to do their best. Able to motivate diverse reports and/or teams. Empowers others and values their input. Makes others feel that their work is important.	4	Conflict Management – Addresses conflicts head on; views them as opportunities. Can effectively settle disputes. Able to find common ground and get cooperation with minimal disruption.	4

II. INDIVIDUAL JOB PERFORMANCE

Enter up to five key accomplishments for the prior year which you were responsible for. In this section, the Reviewer rates the employee’s level of achievement for each accomplishment.

	Rating (5-1)
<u>Accomplishment #1</u> see extended notes on last page	5
<u>Accomplishment #2</u> Achieved Big Wins for the state with - Made-In-Space, Firefly, CAE, GKN and Leonardo. Developed Kraken from personal relationship with leadership ... close potential - 2100 jobs and \$300 M capital investment - 2021.	4
<u>Accomplishment #3</u> see extended notes on last page	3
<u>Accomplishment #4</u> see extended notes on last page	4
<u>Accomplishment #5</u> Set Strategic Goals for the next decade to establish and drive initial framework for scaling the organization to achieve 'Florida as the Global and Interplanetary Center for Enabling Aerospace and In-space Commerce.'	4

III. PERFORMANCE EVALUATION RESULTS

The Overall Performance Rating for the Reviewee is calculated by aggregating the performance scores from the two previous sections using the tables below.

Performance Evaluation Conversion Scale	
SEE	= 5
EE	= 4
ME	= 3
MSE	= 2
NME	= 1

I. CORE BEHAVIORS: Transfer the numeric ratings from each core behavior. Average all scores for behaviors as appropriate. This is the Overall Score for Section I.

Initiative	<u>4</u>
Creativity	<u>5</u>
Action Oriented	<u>3</u>
Judgment	<u>4</u>
Customer Focus	<u>4</u>
Responsibility	<u>3</u>
Teamwork	<u>4</u>
Integrity and Trust	<u>5</u>

For supervisory personnel only.

Leadership	<u>5</u>
Strategic Agility	<u>5</u>
Directing Others	<u>3</u>
Developing Direct Reports	<u>3</u>
Motivating Others	<u>4</u>
Conflict Management	<u>4</u>

Total Score
(sum of above scores) 56

Number of Behaviors
(8 for employee, 14 for supervisor) 14

Divide TOTAL SCORE by NUMBER OF BEHAVIORS to calculate the **Overall Score for Section I.**

4.00

II. INDIVIDUAL JOB PERFORMANCE: Transfer the numeric ratings for each accomplishment. Average all scores. This is the Overall Score for Section II.

Accomplishment #1	<u>5</u>
Accomplishment #2	<u>4</u>
Accomplishment #3	<u>3</u>
Accomplishment #4	<u>4</u>
Accomplishment #5	<u>4</u>

Total Score
(sum of above scores) 20

Number of Accomplishments 5 ¹⁻⁵

Divide TOTAL SCORE by NUMBER OF ACCOMPLISHMENTS to calculate the **Overall Score for Section II.**

4.00

Calculate the **Overall Performance Rating** by

- 1) Transferring the overall numeric score from the two sections to the appropriate box below;
- 2) Applying the appropriate weighting;
- 3) Adding the Weighted Scores; and
- 4) Converting the Overall Performance Score back to an Alpha Rating using the scale below.

Overall Score for Section I.	Weighting	=	Weighted Score	Overall Performance Rating Scale 4.30 to 5.00 = SEE 3.51 to 4.29 = EE 2.50 to 3.50 = ME 1.26 to 2.49 = MSE 1.00 to 1.25 = NME
4.00	40%		1.60	
Overall Score for Section II.	Weighting	=	Weighted Score	
4.00	60%		2.40	

Total Score (sum of two Weighted Scores)	4.00	Overall Alpha Rating (overall performance rating)	
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IV. DEVELOPMENT OF ACTION STEPS

Based on the assessment components above, the Reviewer will indicate below the areas in which the employee excels (“Strengths”) and the areas that may require developmental attention (“Areas for Improvement”). Action steps should be prepared for areas that need improvement or development.

Strengths	Areas for Improvement
Ability to think strategically and create alternative accomplishment paths to stay in front of trends and industry needs.	Continue process improvement for scaling the organization, improved efficiency and greater responsiveness in the environment of dramatically increased workload.
Creativity in defining new initiatives for positioning the organization and Florida in required for strategic markets Florida's leadership in space.	Need to focus on succession planning to ensure smooth organizational evolution for scaling and achieving growth potential in the industry.
Ability to motivate staff through communication of Vision and goals to drive the organization and achieve business objectives.	Continue to drive the organization toward a more metrics managed organization for improved efficiency and responsiveness.
Ability to establish "brand" for Florida through communication with industry and strong personal / capital markets network to establish Florida as "The Leading Place for Space"	Improve the relationship with KSC through enhanced communication and coordination of activities

Action Steps	Time Frame
Further develop and refine the recommendations and themes coming out of the Board Retreat and translate them into actionable initiatives for implementation.	Q3 / Q4 2021
Continue emphasis on process improvements for scale ... focus on procurement, contracting and project management.	Q3 2021 - Q2 2022
Translate next-decade Strategic Goals to the next level for implementation - Focus on strategies/actions for 1, 3, and 5 year goals	Q3 / Q4 2021
Complete/Communicate Plan for Organizational Evolution to ensure clear vision for succession plan implementation.	Q1 / Q2 2022

V. SIGNATURES

Performance Evaluation Review and Discussion: The signatures below indicate that the employee's performance has been reviewed and discussed with the employee.

Reviewer's Signature

_____ **Date** _____

Employee Signature

Francis DiBello **Title** Frank DiBello
2021.09.14
12:15:33
-04'00' **Date** _____

Signature indicates that evaluation has been reviewed with the employee but does not necessarily reflect agreement.

**Reviewing Official
Signature**

_____ **Date** _____

The evaluation is not complete until the Reviewing Official has reviewed and signed the evaluation form.

Annual Performance Evaluation

for

Frank DiBello

Extended Notes

Accomplishment #1

Through network lead generation and effective organizational response, recruited, retained, or expanded projects with 52 space/aerospace companies, creating over 12,135 jobs. Initiated a statewide outreach increasing new aerospace presence in 11 counties, and through expanding capital relationships and tight governance, built the corporate asset value on the balance sheet to \$347m.

Accomplishment #3

Set strategic goal for expansion of capital network; value of asset portfolio financed raised to \$2.7B. Successfully engaged with Florida venture community and advanced capital acceleration programs in the state. (Over \$600m raised for presenting companies on \$1+M invested.)

Accomplishment #4

Set Vision for Florida as Spaceport System Ground Node and Leading Enabler for Evolution of a Commercial Space Economy. Solidified partnership with FDOT enabling over \$1b capital investment in new spaceport infrastructure; Secured \$90m federal INFRA Grant for replacement of Indian River Bridge.

July 1, 2019 -
June 30, 2020

Space Florida Annual Performance Evaluation Form

Self Assessment Yes No

Employee Name: Howard Haug Date Hired: July 2007
Title: EVP, Treasurer and Chief Investment Off Review Period: July 1, 2019 - June 30, 2020
Reviewer: Frank A. DiBello Date: October 29, 2020

INTRODUCTION

This Form is used in providing performance feedback to employees. It consists of two key areas of assessment: Core Behaviors and Individual Job Performance. This Form is the instrument used to facilitate dialogue between the Reviewer and Reviewee with respect to these areas.

INSTRUCTIONS

- Reviewer: Complete the Performance Evaluation Form based on the Reviewee's performance over the entire review period. Do not focus solely on recent events, but consider all activities of the employee during the period. At the end of the Form, transfer all of your ratings to the appropriate sections on page 3 in order to calculate the Reviewee's overall performance score.
- Reviewee: Complete a self-assessment using this Form. Complete sections I, and II; do not complete sections III and higher. Submit the self-assessment to your Reviewer at least one week prior to your performance review meeting.

EXPLANATION OF RATINGS

Ratings are used to evaluate the employee under each section of this Form. An explanation of the alpha and numeric ratings is presented below.

Appraisal Rating
SEE (Substantially Exceeds Expectations) = 5 Consistently performs above expectations and is recognized by customers and/or peers as a leader and positive example for others.
EE (Exceeds Expectations) = 4 Performs above expectations in some areas and consistently meets all other expectations.
ME (Meets Expectations) = 3 Performs at expected level in all areas and consistently meets performance expectations.
MSE (Meets Some Expectations/Developing) = 2 Needs to improve in one or more areas to be at the expected level of performance.
NME (Not Meeting Expectations) = 1 Needs significant improvement in one or more areas. A job performance plan is required.

I. CORE BEHAVIORS

A. Space Florida has identified certain behaviors that it believes are required of all employees. These "core" behaviors reflect the values and mission of Space Florida and should manifest themselves through our actions on a daily basis. The Reviewer should rate the employee on each behavior area based on the performance exhibited during the review period.

	Rating (5-1)		Rating (5-1)
Initiative - Seeks new challenges and responsibility. Self-starter and finisher. Persistent in overcoming obstacles. Does not procrastinate and is highly motivated	5	Creativity - Develops and applies practical, innovative ideas and approaches. Thinks "outside the box." Able to find new solutions to old problems.	4
Action Oriented - Eagerly seeks new challenges and opportunities for growth. Diligent in performing tasks and produces timely results.	4	Judgment - Consults with others in dealing with difficult situations. Considers alternatives and consequences before making a decision. Acts decisively when required.	5
Customer Focus - Goes above and beyond to ensure that customers are satisfied. Shares information and knowledge through relevant networks to enhance the organization's service capabilities.	4	Responsibility - Takes responsibility for work completed and/or directed. Follows up on problems and decisions. Documents actions as appropriate. Adheres to organization policies.	5
Teamwork - Willingly helps and provides resources to others' endeavors. Participates in joint goals and projects. Places team before personal interests. Gives credit to others. Avoids "playing politics."	4	Integrity and Trust - Does the right thing. Demonstrates courage, even in the face of strong opposition. Worthy of trust from colleagues. Maintains independence and objectivity in dealing and communicating with customers.	5

B. Supervisor's have additional behaviors for which they are accountable. The Reviewer is to rate the employee on each of these core areas in addition to those presented in section A.

	Rating (5-1)		Rating (5-1)
Leadership - Provides purpose, values, and vision. Willing and able to make tough decisions and then take responsibility for related actions. Earns trust and loyalty and inspires others to greater performance.	5	Strategic Agility - Able to look into the future to anticipate consequences and trends accurately. Can envision and articulate future possibilities. Can create competitive breakthrough strategies and plans.	4
Directing Others - Able to establish clear direction and to set objectives. Distributes workloads appropriately. Maintains two-way dialogue with others on work and results. Ensures that reports adhere to organization policies.	5	Developing Direct Reports - Provides challenging tasks and assignments. Routinely holds development discussions. Works with reports to develop career plans and execute them. Is considered a "people builder."	5
Motivating Others - Creates a climate in which people want to do their best. Able to motivate diverse reports and/or teams. Empowers others and values their input. Makes others feel that their work is important.	4	Conflict Management - Addresses conflicts head on; views them as opportunities. Can effectively settle disputes. Able to find common ground and get cooperation with minimal disruption.	4

II. INDIVIDUAL JOB PERFORMANCE

Enter up to five key accomplishments for the prior year which you were responsible for. In this section, the Reviewer rates the employee's level of achievement for each accomplishment.

	Rating (5-1)
<u>Accomplishment #1</u> see extended notes on last page	5
<u>Accomplishment #2</u> Review and assessment of corporate performance, leading to strengthened functional responsibilities and enhanced position/ responsibility descriptions to set the stage for organizational evolution of Space Florida.	4
<u>Accomplishment #3</u> see extended notes on last page	5
<u>Accomplishment #4</u> Provides an executive oversight role, contributing counsel and/or addition of skills and experience to situations that arise in everyday execution of Space Florida's responsibilities. (Ensures organizational performance).	4
<u>Accomplishment #5</u> Brings true C-suite level treasury and investment thinking and insights to Space Florida and the marketplace we serve, enhancing credibility as a viable capital markets partner.	4

III. PERFORMANCE EVALUATION RESULTS

The Overall Performance Rating for the Reviewee is calculated by aggregating the performance scores from the two previous sections using the tables below.

Performance Evaluation Conversion Scale	
SEE	= 5
EE	= 4
ME	= 3
MSE	= 2
NME	= 1

I. CORE BEHAVIORS: Transfer the numeric ratings from each core behavior. Average all scores for behaviors as appropriate. This is the Overall Score for Section I.

Initiative	<u>5</u>
Creativity	<u>4</u>
Action Oriented	<u>4</u>
Judgment	<u>5</u>
Customer Focus	<u>4</u>
Responsibility	<u>5</u>
Teamwork	<u>4</u>
Integrity and Trust	<u>5</u>

For supervisory personnel only.

Leadership	<u>5</u>
Strategic Agility	<u>4</u>
Directing Others	<u>5</u>
Developing Direct Reports	<u>5</u>
Motivating Others	<u>4</u>
Conflict Management	<u>4</u>

Total Score
(sum of above scores) 63

Number of Behaviors
(8 for employee, 14 for supervisor) 14

Divide TOTAL SCORE by NUMBER OF BEHAVIORS to calculate the Overall Score for Section I.

4.50

II. INDIVIDUAL JOB PERFORMANCE: Transfer the numeric ratings for each accomplishment. Average all scores. This is the Overall Score for Section II.

Accomplishment #1	<u>5</u>
Accomplishment #2	<u>4</u>
Accomplishment #3	<u>5</u>
Accomplishment #4	<u>4</u>
Accomplishment #5	<u>4</u>

Total Score
(sum of above scores) 22

Number of Accomplishments 5 1-5

Divide TOTAL SCORE by NUMBER OF ACCOMPLISHMENTS to calculate the Overall Score for Section II.

4.40

Calculate the **Overall Performance Rating** by

- 1) Transferring the overall numeric score from the two sections to the appropriate box below;
- 2) Applying the appropriate weighting;
- 3) Adding the Weighted Scores; and
- 4) Converting the Overall Performance Score back to an Alpha Rating using the scale below.

Overall Score for Section I.		Weighting		Weighted Score	Overall Performance Rating Scale 4.30 to 5.00 = SEE 3.51 to 4.29 = EE 2.50 to 3.50 = ME 1.26 to 2.49 = MSE 1.00 to 1.25 = NME
4.50	X	40%	=	1.80	
Overall Score for Section II.		Weighting		Weighted Score	
4.40	X	60%	=	2.64	

Total Score (sum of two Weighted Scores)	4.44	Overall Alpha Rating (overall performance rating)	SEE
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IV. DEVELOPMENT OF ACTION STEPS

Based on the assessment components above, the Reviewer will indicate below the areas in which the employee excels ("Strengths") and the areas that may require developmental attention ("Areas for Improvement"). Action steps should be prepared for areas that need improvement or development.

Strengths	Areas for Improvement

Action Steps	Time Frame

V. SIGNATURES

Performance Evaluation Review and Discussion: The signatures below indicate that the employee's performance has been reviewed and discussed with the employee.

Reviewer's Signature  2020.10.30
08:40:53
-04'00' Date _____

Employee Signature Title **Howard Haug** Digitally signed
by Howard Haug
Date: 2020.10.29
14:27:10 -04'00' Date _____

Signature indicates that evaluation has been reviewed with the employee but does not necessarily reflect agreement.

Reviewing Official Signature _____ Date _____
The evaluation is not complete until the Reviewing Official has reviewed and signed the evaluation form.

Annual Performance Evaluation
for
Howard Haug

Extended Notes

Accomplishment #1

Operational / process improvements which contribute to strengthening of needed capabilities to drive increasing levels of performance for the entity as a whole ... due diligence sophistication, risk management, financial modeling and deal structure execution, planning, and marketing/sales enhancement.

Accomplishment #3

Team development and skills advancement for the Business Development and Marketing functions, including individual coaching, growth in confidence and assumption of increasing responsibilities and increasing sophistication of the functions they perform.



PROCESS EXPLANATION: 2021 BASE COMPENSATION RANGE DETERMINATION FOR SPACE FLORIDA EXECUTIVE POSITIONS

Harrington & Associates, Inc. (HAI) has been honored to be contracted to define both the internal and external value of work for Space Florida for many years. The following is meant to convey our process as used for the Base Compensation Study of Executive Compensation covering the two executive positions that report directly to the Board of Directors: President and Chief Executive Officer and Executive Vice President, Treasurer and Chief Investment Officer, that was carried out along with a market assessment of the base pay ranges for the organization as a whole, in early 2021.

- **Job analysis** is the initial step in determining both the internal and external value of any role in an organization. It is the process of determining the job duties, responsibilities, requirements, nature, and extent of a role.
- **Job descriptions** are developed based on information gleaned from the job analysis process, but in this case each of these executives created their own job description. We reviewed them to ensure they were consistent with our understanding of their roles and the work performed by those reporting through them at Space Florida
- **Job evaluation is a formal process of assigning value based on the entire scope of a role using a set of** quantitative, weighted factors to assess the requirements for skill, effort, responsibility, and job conditions for each role. The process used is known as the National Position Evaluation Plan is the most widely used plan in the country for differentiating between levels of work in an organization.
- **Philosophy of pay** is defined next. We seek to identify how the organization views the purpose and value of base compensation and what it wishes to convey to all constituencies through its base compensation program. Additionally, we seek to define the organization's preferred model for how employee pay rates will adjust over time (individual, team, or organizational performance, length of service, any combination of this, or other methods). In tandem with this question, we identify where the organization prefers to position its base compensation program in the overall scheme of its rewards offerings and in relation to how other employers in the same markets are paying like and similar work. Therefore, we must also identify the other forms of cash compensation for which the employees in these roles may be eligible.



- **Market pricing** is the process of researching the value of work in the markets from which the organization would typically seek to fill the jobs, should they become vacant. This research is confined to published compensation data provided to well-respected survey publishing firms that receive inputs through Human Resource departments of organizations only. When recommending and selecting compensation surveys, we seek to identify those where participating organizations are similarly positioned in markets from which Space Florida would seek to fill vacancies in their workforce. The data is typically provided by scope factors related to financial size (revenue, assets under management, or operating budget), employment size, industry sector, and in some cases geography. The surveys used for this process covering the Executive positions are:
 - Culpepper Complete Compensation Survey
 - CompData Executive Positions Report
 - CompData Benchmark Survey
 - Economic Research Institute (ERI) Executive Positions Report

- **Base pay range development** is accomplished using regression analyses to identify the overall market trend of pay. This enables the prediction of the specific market value for any role where market data and job content worth (job evaluation points or grade) for roles across the organization have been included in a universe of data. Since roles are positioned into grades of work as part of the job evaluation process, the value of the middle of each grade, at market is defined through this method and pay ranges are developed around that market value at distances that meet with best practice standards for the type of system the organization seeks as defined by its philosophy of pay.

The same process is utilized for determining base compensation levels for all roles at Space Florida. There are three “Units” into which work is segmented for the purpose of establishing base compensation ranges at Space Florida:

- Unit II Nonexempt Administrative, Clerical, Technical and Service Roles
- Unit III Managerial and Professional Roles
- Unit IV Executive Roles

While there is a Unit of the plan to cover manual nonexempt work, there are no Unit I Nonexempt Production, Service, and Warehousing Roles at Space Florida.

When assessing the market for the value of work at Space Florida, we collect market medians from the market surveys and analyze them in relation to the internal value of the work (grade or point level) and calculate the market value for each grade of work with the regression formula. We then use that market value at the middle point value for each grade to establish the (midpoint value) control point for each grade range. Ranges are developed by establishing appropriate values equidistant on either side of each range control point to create the minimum and maximum levels for each grade of work.



The Executive ranges consist of minimums and maximums that are set equidistant from the range control point (midpoint) and blend into the ranges for the Management and Professional segment of the base compensation system at grades 19 and 20. The non-executive compensation ranges are established with minimums and maximums set beginning at plus and minus 20% of the control points and escalating to plus and minus 30% of the control points, escalating as roles become more responsible to provide greater latitude to distinguish in pay between levels of performance and individual contribution against plan. The plus and minus 30% range model begins at grade 20 and continues throughout the Executive ranges. In this way, the base compensation ranges are tied together across the organization at all levels but are based on market values for the roles included in their specific level of the organization.

• **Findings:** Through processes described above, the Executive Level positions were analyzed, evaluated, priced in the market and ranges were constructed to ensure compensation for these roles meets the organization’s philosophy of pay including the goals of internal equity and external competitiveness while stewarding the assets provided through their private public partnership model in service to the citizens of the State of Florida. The resulting ranges are depicted in **Table 1** below.

- The President & Chief Executive Officer role was assigned to Grade 26 at 835 points.
- His current salary is \$325,000 or 67.1% of the range control point for the grade.
- The Executive Vice President, Treasurer & Chief Investment Officer role was assigned Grade 23 at 745 points.
- His current salary is \$275,000 or 80.8% of the control point of the grade to which his job is assigned.

EXECUTIVE AND EXEMPT RECOMMENDED BASE COMPENSATION RANGES			
GRADE	MINIMUM	CONTROL POINT	MAXIMUM
26	\$339,189	\$484,555	\$629,922
25	\$301,528	\$430,755	\$559,981
24	\$268,049	\$382,928	\$497,806
23	\$238,288	\$340,411	\$442,534
22	\$211,830	\$302,615	\$393,399
21	\$188,311	\$269,015	\$349,720
20	\$167,402	\$239,146	\$310,890
19	\$150,639	\$212,602	\$274,379

Table 1.



• **General Pay Positioning Guidelines in a pay-for-performance model:**

- Rates paid to an incumbent **around the control point** of the range indicate that they are paid at a level commensurate with employees being **fully functional in all parts of the role and performing at the expected level.**
- Rates paid in the **bottom portion of the range** are generally in response to employees who are **in an entry and learning phase of their role or are not yet accomplishing all parts of the role at the expected level of performance.**
- Rates paid **near the top of the range** are meant to be indicative of **truly superior performance on all parts of the role.**
- See **Table 2** below for an example of language an employer may adopt to provide guidance on establishing position in range based on job performance.

BOTTOM 1/3 OF RANGE	MIDDLE 13 OF RANGE	TOP 1/3 OF RANGE
EXECUTIVE BASE COMPENSATION PERFORMANCE POSITIONING GUIDE		
Functioning in the "entry and learning" phase of the role OR not able to perform all parts of the role to the expected standard for quality and quantity, requiring improvement in at least some parts of the role.	Functioning in all parts of the role at a level that consistently meets, and in some cases exceeds expectations, having a clear grasp on all facets of the work, and continually seeking to ensure the organization's successful achievement of its goals.	Clearly superior performance across all areas of the role. Functions as a model for others, possesses vision that identifies what, where and how, and the energy to tirelessly move the organization forward beyond current expectations.

Table 2.

Harrington & Associates, Inc. representatives are pleased to respond to questions that those reviewing these documents may have. We appreciate and greatly value our long relationship with Space Florida and its Board of Directors.

Respectfully,

Judy Harrington

Judith Harrington, CCP
 Founder & Principal Consultant

 **HAI - Harrington & Associates, Inc. •**
 O: 321.733.3331 • C: 321.432-0319 •
 W: www.harrington-hr.com •

RESOLUTION
of the
Space Florida
Board of Directors
pertaining to
Appointment of President

WHEREAS, Space Florida is an independent special district, a body politic and corporate, and a subdivision of the State of Florida created by Chapter 2006-60, Laws of Florida, for the purpose of strengthening the state's leadership in civil, commercial, and military aerospace activity; and

WHEREAS, Space Florida's purpose is to foster the growth and development of a sustainable and world-leading aerospace industry within the state of Florida and to promote aerospace business development by facilitating business financing, spaceport operations, research and development, workforce development and innovative education programs; and

WHEREAS, the Space Florida Board of Directors desires to employ Frank A. DiBello as its President upon the terms and conditions as set forth in that Employment Agreement attached hereto as Attachment A; and

WHEREAS, Frank A. DiBello is willing to accept employment and enter into that Employment Agreement attached hereto as Attachment A under the terms and conditions identified therein; and

WHEREAS, the Board of Directors of Space Florida intends now to exercise the appointment of Frank A. DiBello, to act as the President of Space Florida, in conjunction with Section 331.310(2)(c), *Florida Statutes*, having such official title, functions, duties, powers and salary as described in that Employment Agreement attached hereto as Attachment A.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SPACE FLORIDA, that Frank A. DiBello is hereby appointed as President of Space Florida under the terms and conditions identified in that Employment Agreement attached hereto as Attachment A, effective as of November 19, 2009.

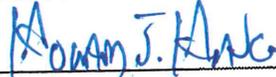
RESOLVED this 19th day of November, 2006.

SPACE FLORIDA

By: Its Board of Directors

By: 
Chair

ATTEST:

By: 

Title: Senior VP & CFO

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") has been entered into and effective on November 19, 2009, between Space Florida, an independent special district, body politic and corporate, and a subdivision of the State of Florida with its business operations located at Kennedy Space Center, Brevard County, Florida, (hereinafter referred to as the "District"), and Frank A. DiBello, whose address is 100 Riverside Drive, Cocoa, FL 32922 (the "Executive").

RECITALS

WHEREAS, the District is an independent special district, body politic and corporate, and a subdivision of the State of Florida, which was established in accordance with the Space Florida Act, as amended (Part II of Chapter 331; Sections 331.301 – 331.369, Florida Statutes) (the "Space Florida Act"), for the purpose of strengthening the state's leadership in civil, commercial and military aerospace activity.

WHEREAS, the District's purpose is to foster the growth and development of a sustainable and world-leading aerospace industry within the state of Florida and to promote aerospace business development by facilitating business financing, spaceport operations, research and development, workforce development, and innovative education programs.

WHEREAS, the District desires to employ Executive as its President upon the terms and conditions set forth herein, and Executive is willing to accept employment and enter into this Agreement under the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth in this Agreement and for such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Executive and District agree as follows:

Section 1. **RECITALS.** The Recitals set forth above are incorporated fully herein are true and correct and form a material part of this Agreement.

Section 2. **NATURE OF EMPLOYMENT AND DUTIES OF EXECUTIVE.** In accordance with the Space Florida Act, Executive is designated by the District's Board of Directors (the "Board") to serve as the President. Executive acknowledges that he meets the requirements to serve as the President and agrees to perform his duties consistent with the requirements of the Space Florida Act. Executive will report to the Board. As President, Executive will serve as the Chief Operating Officer, Chief Administrative Officer and Chief spokesperson of District, and shall have charge and custody of, and be responsible for performing all duties pursuant to The Space Florida Act, the District's Governance Policies, and as otherwise assigned by the Board including the entering into and execution of agreements as set out in the Resolution attached as Exhibit "A" hereto on behalf of District. Executive acknowledges and agrees that the Resolution may be modified from time to time by the Board at its sole discretion without the approval of the Executive, and without requiring an amendment to this Agreement. In the performance of his duties, Executive shall at all times comply with District customs, practices, policies and customs, personnel and governance policies, and nondisclosure agreements, whether currently in existence or as may come into existence and whether or not in written form. Examples of such District practices and policies include, but are not limited to its: Code of Ethics; Travel and Expense Reimbursement Policies; Nondiscrimination Policies; and Drug Free Work Place Policy. In addition, Executive agrees to perform such other or additional powers and duties as the Board may deem appropriate, or as may be delegated to him by the Board.

Section 3. **EFFECTIVE DATE OF AGREEMENT.** The effective date of this Agreement is November 19, 2009, and it shall remain effective and continue in force and effect as provided hereafter during Executive's employment and for the periods of time thereafter as set forth in this Agreement.

Section 4. **TERMINATION OF EMPLOYMENT.**

Section 4.1. Termination by the District upon Dissolution. It is specifically agreed and understood that Executive's employment and this Agreement may be terminated by the District at any time in the event the District ceases to exist. In that event, Executive's employment and this Agreement will terminate immediately upon delivery of written notice to Executive. In that event, the District shall have no further obligations to Executive, except that any salary or accrued vacation benefits, which have been earned but have not been paid as of the date of the termination, shall be paid to Executive by the District in accordance with the District's regular payroll practices and policies. No severance will be provided to Executive. Under these circumstances, Executive will be relieved from his post-termination obligations under Subsection 8.1 of this Agreement.

Section 4.2 Termination by the District with Reason. At any time the District may immediately, upon written notice to Executive, terminate Executive's employment and this Agreement "with reason" at the sole discretion and judgment of the Board. Executive has no right to challenge the Board's determination of the "with reason" termination, or the reasons provided in support of such termination. For purposes of this Agreement, Executive's employment shall be considered terminated "with reason" if Executive's employment is terminated by the District on account of the occurrence of one or more of the following, or similar, events:

- (a) Executive's: (i) failure or refusal to comply, with the policies and procedures of the District, as established from time to time by the Board and communicated to Executive; (ii) failure to adequately perform his duties whether under this Agreement or as otherwise determined by the Board; or, (iii) engaging in behavior unbecoming to an officer of the District (as determined in the sole discretion of the Board).
- (b) Executive's commission of any act of dishonesty, fraud, violation of law or any act which subjects the District, its officers, directors, or employees, to ridicule, humiliation or disrepute, including with out limitation Executive engaging in a transaction in which he received an improper personal benefit.
- (c) Executive's engaging in conduct deemed a crime under Florida or federal law, whether or not it results in a conviction.
- (d) Executive's: (i) violations of any law, rule regulation, constitutional provision, policy, by-law or interpretation of the District, which violation may, in the judgment of the District, reflect adversely upon the District; or, (ii) violation of Florida's Code of Ethics, Chapter 112, Part III of Florida Statutes.
- (e) Executive's misfeasance, malfeasance, nonfeasance, negligence, willful misconduct or conscious disregard for the interests of the District.

Upon any termination "with reason," after the termination date is communicated to Executive, the District shall have no further obligations to Executive under this Agreement, except that any salary that is earned and unpaid through the date of termination shall be paid to Executive by the District in accordance with the District's regular payroll practices. Executive will continue to receive any health insurance benefits through the date of termination. No other monies, compensation, or benefits, including any bonus, will be due or owing to Executive. No severance will be provided to Executive. Notwithstanding provisions to the contrary herein, at all times the Board retains discretion to provide a severance package to Executive at the time of termination subject to and in exchange for a full waiver and release (to be prepared by the District) of all claims (known or unknown) against the District arising out of or relating to his employment with the District or termination thereof, and provided Executive fully complies with any restrictive covenants that survive post-termination of his employment.

Section 4.3. Termination by the District without Reason. The District may terminate Executive's employment and this Agreement "without reason" by giving Executive thirty (30) days written notice of such termination. Executive must continue to report to work each day and fully perform his duties during this notice period and is not permitted to take vacation or other time off during this notice period, unless permitted by the Board. District shall have the option of accelerating the notice and relieving Executive of his duties immediately, or at any time during the notice period, but Executive shall be paid any earned salary and accrued vacation benefits through the termination effective date in accordance with the District's regular payroll practices and policies. No other monies, compensation, or benefits, including any bonus, will be due or owing to Executive. Executive will continue to receive any health insurance benefits through this notice period.

Where a termination occurs pursuant to this Subsection 4.3, provided Executive signs (and does not revoke) a separation, waiver and release agreement (to be prepared by the District) of all claims (known or unknown) against the District arising out of or relating to his employment with the District or termination thereof as well as any other terms and conditions required by the District, and provided Executive fully complies with any restrictive covenants that survive post-termination of his employment, Executive shall be entitled to receive as severance an amount equal to twelve (12) weeks of pay (calculated based on the salary in effect at the time of termination) to be paid in accordance with normal payroll practices. There shall be no set-off of the severance if Executive obtains alternate employment prior to the end of the twelve (12) week severance period. During the time period for which severance pay is provided, if Executive breaches any of the post-termination restrictive covenants then Executive agrees and understands that the District has the right to cease all further severance payments immediately upon written notice to Executive and that Executive has no right to any further severance payments.

Section 4.4. Resignation upon Notice by Executive. Executive may resign his employment and terminate this Agreement at any time by providing the District with thirty (30) days written notice of such resignation. Executive must continue to report to work each day and fully perform his duties during this thirty (30) day notice period and is not permitted to take vacation or other time off during this notice period, unless permitted by the Board. Upon Executive providing notice of resignation to the District, District shall have the option of accelerating the notice and relieving Executive of his duties immediately or at any time during the notice period, but Executive shall be paid any earned salary through the resignation effective date in accordance with the District's regular payroll practices. Executive will continue to receive any health insurance benefits through this notice period. No other monies,

compensation, or benefits, including any bonus, will be due or owing to Executive. No severance will be provided to Executive.

Section 5. SALARY AND DISCRETIONARY BONUS.

Section 5.1. Salary. The District shall pay to Executive and Executive shall accept from the District for the services described hereunder, an annual salary, of One Hundred Seventy-Five Thousand and NO/100 (\$175,000.00), less applicable taxes and other legal withholdings, payable only as earned on a bi-weekly basis during the employment year. It is specifically agreed and understood that any increase in Executive's salary will be made at the sole discretion of the Board or any District committee to which such responsibility may be delegated. The Board, through its Executive Committee, shall conduct a performance evaluation for Executive on an annual basis.

Section 5.2. Discretionary Incentive or Bonus Payment. The award of any incentive or other bonus, which will not be considered a part of Executive's salary, will be provided only in the sole discretion of the Board or the Executive Committee to which such responsibility may be delegated. Any bonus or incentive awarded shall be paid from unappropriated funds. Bonus or incentive compensation shall be determined on a quarterly basis throughout the District's fiscal year (presently June 30th). Executive must be employed by District on the date the bonus or incentive is paid, otherwise the bonus or incentive is not earned and executive will have no right to any incentive or bonus. The incentive or bonus will be paid bi-weekly or as a lump sum at the discretion of the District of the Executive Committee to which such determination may be delegated.

5.2.1. Tier 1 Exclusive Annual Incentive or Bonus. Executive is eligible to participate in an annual incentive or bonus exclusive to Executive and set annually at the discretion of the District of the Executive Committee, and expected to be within the Fifty Thousand and NO/100 (\$50,000.00) range. The requirements for, and the amount of, any incentive or bonus payment will be determined by the District with the objectives, goals and terms of the incentive or bonus plan to be developed by the Board, through its Executive Committee, and outlined in a separate writing that will be revised on at least an annual basis to address the current goals and needs of the District. These requirements and other terms of this incentive or bonus do not require an amendment to this Agreement or approval of the Executive. In all cases, the incentive or bonus will also take into consideration the financial resources (unappropriated funds) of the District, the performance of the District and the Executive, as well as such other factors as the District shall reasonably deem appropriate. The District has the right to discontinue this incentive or bonus at any time.

5.2.2. Tier 2 Other Discretionary Incentive or Bonus. In addition to the Tier one bonus, Executive shall be eligible to participate in and receive bonuses in accordance with any discretionary bonus plan established by the District from time to time for all District employees.

Section 6. BENEFITS. Executive shall be eligible to participate in the District's employee health benefit plans, and any retirement and other benefit plans, which are provided to other employees. Executive understands that he must meet any and all eligibility requirements of the particular benefit plan(s) as a condition of Executive's participation in any such plan. The District may, in its sole discretion, change, modify, amend or terminate any of the benefits provided to its employees, including Executive, at any time in a manner which does not

discriminate between Executive and other employees of District who are eligible to participate in such benefits and as otherwise permitted by law.

Section 6.1. Vacation. Executive shall accrue and be eligible to use vacation time in accordance with the District's personnel policies. For the determination of vacation accrual and benefits, Executive will receive service credit beginning from May 21, 2009, the date Executive began his service to the District as the Interim President. At the time of Executive's employment termination, the District will calculate how many days of vacation Executive accrued through the date of separation and on Executive's last date of employment, regardless of the reason, if it is determined that Executive took more vacation than he would have accrued, the District will deduct from his final paycheck one full day pay for each full day of vacation previously taken and paid, to the extent permitted by law. Executive is permitted to carry over from year to year any earned unused vacation time in accordance with District policy limitations. Accrued unused vacation will be paid to Executive upon separation from employment, consistent with the District's personnel policies in effect at the time of Executive's termination from employment and the terms of this Agreement, which may limit the pay out of vacation upon certain conditions of termination.

Section 6.2. Sick and Holiday. Executive shall receive sick days and shall be eligible for all holidays consistent with the District's policies and practices as they currently exist or maybe amended from time to time.

Section 6.3. Place of Residence. Executive must at all time reside in Florida and report to work to the District offices currently located at Cape Canaveral, Kennedy Space Center.

Section 6.4. District Property/Equipment. District shall allocate an allowance or provide Executive with the use of a mobile phone/blackberry, laptop computer and wireless card and other property, to be operated in accordance with District policy and for the purpose of fulfilling Executive's duties under this Agreement. Executive understands and agrees that personal communications using the mobile phone/blackberry and laptop computer devices provided (including, but not limited to emails, text messaging, instant messaging, telephone calls, etc.) are to be limited and at all times professional, and that communications via such devices are subject to disclosure in compliance with Florida's Public Records Law. Executive agrees to return all property and all documents and/or electronic media related to Space Florida (and including all copies thereof) upon termination of employment and/or upon request at any time. Such property includes but is not limited to contracts, financing, research and development, business development plans, education programs, training materials and manuals, policy manuals, personnel manuals, keys, equipment, files, documents, copies of documents, computer printouts or software, electronic media, unpublished advertisements, brochures, business plans, records, drawings, materials, papers and copies thereof. It is specifically agreed that any documents, card files, notebooks, rolodex, electronic media, etc. containing Space Florida information are the property of Space Florida regardless of by whom they were compiled.

Section 6.5. Use of Corporate Credit Card. Executive shall be provided use of a District corporate card solely for business expenses incurred pursuant to District policy, practices and customs. Executive may only use this corporate card for business (not personal) expenses pursuant to District policy, practices and custom. Expenses charged must relate to District business and expenses will be reimbursed consistent with District policies, practices and customs. Executive's corporate card must be immediately returned by Executive to District at

the sole discretion and demand of District and may be canceled at any time by the District and for any reason.

Section 7. **BUSINESS TRAVEL.** The District will reimburse Executive for reasonable and necessary actual out-of-pocket expenses that are incurred by Executive in the performance of services for the District pursuant to this Agreement and that are in accordance with the budget and policies of the District. Upon presentation to the District of such supporting information as the District may reasonably require and provide, the actual expenses are reported to the District as soon as practicable after each trip. Executive agrees to comply with any District policy, practices and customs that apply to business travel and the reimbursement of expenses.

For local travel related to Executive's employment activities, Executive shall initially receive a monthly travel allowance in the amount of Six Hundred Fifty and NO/100 Dollars (\$650.00) (less any required taxes). Changes to this amount may be made by the District to Executive, effective upon written notice to Executive. Executive will not receive a mileage reimbursement for business travel conducted when using Executive's automobile for local travel as consistent with the District policies, practices and customs. At all times, Executive agrees to maintain (at his expense) insurance coverage on the automobile and, upon request provide proof of the insurance coverage to the District. If at any time Executive's license is suspended or revoked, he must immediately (within two (2) business days) notify the Chairman of the Executive Committee of this event.

Section 8. **RESTRICTIVE COVENANTS.**

Section 8.1 Non-competition and Non-solicitation. Executive may not, during the term of his employment and for a one (1) year period following the termination of his employment (regardless of the reason for termination, and whether terminated by District or Executive) solicit the business of any person or entity other than the District, nor become employed by or engaged or affiliated in any manner (whether as a consultant, agent, advisor, owner, officer, director) with any commercial or governmental entity that competes (as determined solely by the Board or its designee) with the District. This restrictive covenant applies to the geographical territory covering the United States of America. The parties agree and acknowledge that this restriction is not contrary to public policy and is neither overbroad, nor overlong and is otherwise reasonably necessary to support and protect the District's legitimate business interests, including but not limited to protecting its business relationships. Executive acknowledges that a violation of this provision would cause irreparable harm to the District.

Upon Executive's termination from employment, the Board, in its sole discretion, may modify or limit this restriction, in whole or in part, in a writing, to assist Executive in his future endeavors, but only after Executive has made a full and complete disclosure to the Board of Executive's intended activities and the Board has had an opportunity to fully assess the impact of Executive's future employment, engagement and/or affiliation, on the District. This provision survives the termination of Executive's employment and this Agreement.

Section 8.2 Non-Disclosure and Confidentiality. Executive shall not at any time, in any fashion, form or manner, either directly or indirectly, divulge, disclose, or communicate to any person, firm, or corporation, or other entity, or utilize for his own benefit, in any manner whatsoever, any trade secrets, or confidential business or professional information, of any kind, nature, or description concerning any matters affecting or relating to the research, development, or business affairs of the District (collectively referred to as the "Confidential Information"). Confidential Information does not include information, which is generally known or easily

ascertainable by non-parties of ordinary skill. Confidential Information is not to be disclosed to any third person or entity except those authorized by the District. This prohibition is effective during the term of this Agreement and for one (1) year following the termination of Executive's employment (regardless of the reason for termination, and whether terminated by District or Executive).

All such Confidential Information, including all copies thereof, and any other information not specifically designated by the District for release to the public, that may come into the possession of Executive during the term of this Agreement and during his prior term of employment as Interim President, including all copies thereof, shall be delivered to the District upon the District's request. Executive shall not make, download or retain copies of or excerpts of such Confidential Information in violation of this Agreement.

The parties agree and acknowledge that this restriction as to the District's protection of its "Confidential Information" is not contrary to public policy and is neither overbroad, nor overlong and is otherwise reasonably necessary to support and protect the District's legitimate business interests, including but not limited to protecting Confidential Information. Executive acknowledges that a violation of this provision would cause irreparable harm to the District.

Executive understands that it is the District's intention to maintain the confidentiality of this information notwithstanding that employees of the District may have free access to the information for the purpose of performing their duties with the District, and notwithstanding that employees who are not expressly bound by agreements similar to this agreement may have access to such information for job purposes. Executive acknowledges that it is not practical, and shall not be necessary, to mark such information as "confidential," nor to transfer it within the District by confidential envelope or communication, in order to preserve the confidential nature of the information. This provision survives the termination of Executive's employment and this Agreement.

Section 9. EXCLUSIVITY OF EXECUTIVE'S SERVICES; CONFLICT OF INTERESTS & SELF DEALING RESTRICTIONS.

Section 9.1. Exclusive Services. Executive shall perform all duties under this Agreement on a full-time and exclusive basis. During the Employment Term, Executive shall not participate in, render services to, become employed by, or otherwise receive remuneration for any services rendered from any business or entity, unless approved in writing by the Board.

Section 9.2. Conflicts of Interest/Self Dealing Restrictions. Executive must report any real, potential or perceived conflict of interest to the Board immediately upon learning of such conflict of interest, whether involving himself or others. Executive is prohibited from becoming employed by or engaged in any manner with any entity that has a contractual relationship (including without limitation grants, purchase orders and formal contracts) with the District while Executive is employed with the District, within six (6) months after the entity enters into the contractual relationship, or after the end of Executive's employment with District, whichever is later. This provision survives the termination of Executive's employment and this Agreement.

Section 10. TOLLING AND SURVIVAL. In the event Executive shall breach any of the provisions of Section 8 or Subsection 9.2 of this Agreement, the running of the period of the restrictions set forth in those Sections or Subsections shall be tolled during the continuation(s) of any such breach or breaches, and the running of the period of such restrictions shall commence or commence again only upon compliance by Executive with the terms of the

applicable Section or Subsection that have been breached. Executive agrees the covenants and agreements contained in Section 8 and Subsection 9.2 of this Agreement shall be fully enforceable irrespective of how long Executive has been in the employment of the District and irrespective of the reasons for the termination of Executive's employment with the District and without regard to which party terminated the employment. Notwithstanding any language contained in this Agreement to the contrary, the covenants and agreements contained in this Agreement beginning with Section 8 and continuing through the end of this Agreement, shall survive the termination of Executive's employment and this Agreement hereunder for the periods set forth in the covenants contained in Section 8 and Subsection 9.2 or as allowed by law, and subject to any tolling as set out herein.

Section 11. **REPRESENTATIONS AND WARRANTIES.** The District and Executive mutually represent and warrant that each party has the full right and power to enter into and fully perform this Agreement. Furthermore, the District and Executive mutually represent and warrant that they have not made (nor will they make) any contractual or other commitments which would conflict with the performance of their obligations under this Agreement or the full enjoyment by the other party of the rights granted by the Agreement.

Section 12. **MISCELLANEOUS.**

Section 12.1. Applicable Law. This Agreement is made in the State of Florida, shall be governed, construed and regulated under and exclusively by the laws of the State of Florida (without giving regard to its choice of law provisions). Jurisdiction for any suit, action or legal proceeding arising out of or related to this Agreement shall be brought in the courts of the State of Florida, in Brevard County.

Section 12.2. Modification, Change and Waiver. No modifications or change shall be made to the terms and conditions of this Agreement, except as mutually agreed upon in writing by the parties. Any agreement on the part of a party to any waiver of any provision of this Agreement will be valid only if set forth in an instrument in writing signed on behalf of such party. A waiver by a party of the performance of any covenant, agreement, obligation, condition, representation or warranty will not be construed as a waiver of any other covenant, agreement, obligation, condition, representation or warranty. A waiver by any party of the performance of any act will not constitute a waiver of the performance of any other act or an identical act required to be performed at a later time.

Section 12.3. Entire Understanding. This Agreement represents the entire understanding of the parties regarding the subject matter of this Agreement and neither party is relying upon any representation not contained in the Agreement. This Agreement supersedes and replaces the interim Employment Agreement, as amended, between he parties.

Section 12.4. Severability. In the event that any provision of this Agreement shall be deemed invalid, unreasonable or unenforceable by a court of competent jurisdiction, such provision shall be stricken from the Agreement or modified so as to render it reasonable, and the remaining provisions of this Agreement or the modified provision shall continue in full force and effect and be binding upon the parties so long as such remaining or modified provisions reflect the interest of the parties at the date of this Agreement.

Section 12.5. Headings. The headings at the beginning of each paragraph and sub-paragraph of this Agreement are for convenience only and shall not in any way affect the interpretation of any paragraph of this Agreement or the entire Agreement.

Section 12.6. Execution in Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same Agreement.

Section 12.7. Remedies, Attorney Fees and Costs. In the event on one party's breach of this Agreement, the other party shall be entitled to any remedies and damages available in law or equity, including injunctive relief for the District in the event of a breach by Executive of Section 8 or Subsection 9.2. In the event of any action brought under this Agreement, each party will bear its own costs and attorney's fees, including any appellate proceedings. The remedies provided for herein or otherwise available to the parties shall be cumulative and no one such remedy shall be exclusive of any other and the exercise of any one shall not preclude the exercise or be deemed a waiver of any other remedy nor shall the specification of any remedy exclude or be deemed to be a waiver at law or in equity which may be available to a party, including any rights to damages or injunctive relief.

Section 12.8. Additional Documents. The parties shall execute and deliver any and all additional papers, documents and other instruments and shall do any and all further acts and things reasonable and necessary in connection with performance of their obligations hereunder to carry out the intent of this Agreement.

Section 12.9. Notice. All notices, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and will be deemed to have been given: (a) on the date of personal delivery; or (b) (i) three (3) days after the date of deposit in the United States Mail, postage prepaid, by registered or certified mail, return receipt requested, (ii) on the date of transmission by facsimile or electronic transmission, or (iii) the day following the date of delivery to a nationally recognized overnight courier service, in each case addressed as follows, or to such other address or person or entity as the parties may designate by notice to each party in accordance with this Subsection 12.9:

To the District: Space Florida
 Attention: Chair of the Board of Space Florida
 Mail Stop SPFL, Bldg. M6-306, Room 9030
 Kennedy Space Center, Florida 32899

To Executive: Frank A. DiBello
 100 Riverside Drive
 Cocoa, FL 32922

Section 12.10. Assignment and Successors. The rights and obligations of Executive under this Agreement are not assignable. The rights and obligations of the District under this Agreement inure to the benefit and, to the extent permitted by law, shall be binding upon the successors and assigns of the District.

Section 12.11. Set Off. The District shall be entitled to set off against any amounts it owes to Executive, any amounts Executive owes to the District, consistent with applicable law, including all such costs, damages, or liability against any payments otherwise owed to the District by Executive.

Section 12.12. Jury Trial. **THE PARTIES HEREBY KNOWINGLY, WILLINGLY AND VOLUNTARILY WAIVE IRREVOCABLY ANY AND ALL RIGHTS TO DEMAND A TRIAL BY**

JURY IN CONNECTION WITH THIS AGREEMENT AND EXECUTIVE'S EMPLOYMENT WITH THE DISTRICT.

Section 12.13. Certificate of Understanding. Executive represents and agrees that Executive received a copy of this Agreement for review and study before being asked to sign it; read this Agreement carefully; had sufficient opportunity before the Agreement was signed to ask questions about the provisions of the Agreement; understands his rights and obligations under the Agreement and voluntarily signed this Agreement.

IN WITNESS WHEREOF, the parties have executed this Employment Agreement on the dates indicated below and to be effective on the day and year specified herein.

"Executive"

The "District"

By: 
Frank A. DiBello

Date: November 19, 2009

SPACE FLORIDA an independent special district, body politic and corporate, and a subdivision of the State of Florida

By: 
Jeff Kottkamp
Lt. Governor
State of Florida

As Its: Co-Chairman

Date: November 19, 2009

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

The Employment Agreement dated November 19, 2009, between Space Florida ("District") and Frank A. DiBello ("Executive"), is amended as follows:

1. Section 4.3 is hereby amended to read:

Section 4.3. Termination by the District without Reason. The District may terminate Executive's employment and this Agreement "without reason" by giving Executive thirty (30) days written notice of such termination. Executive must continue to report to work each day and fully perform his duties during this notice period and is not permitted to take vacation or other time off during this notice period, unless permitted by the Board. District shall have the option of accelerating the notice and relieving Executive of his duties immediately, or at any time during the notice period, but Executive shall be paid any earned salary and accrued vacation benefits through the termination effective date in accordance with the District's regular payroll practices and policies. No other monies, compensation, or benefits, including any bonus, will be due or owing to Executive. Executive will continue to receive any health insurance benefits through this notice period.

Where a termination occurs pursuant to this Subsection 4.3, provided Executive signs (and does not revoke) a separation, waiver and release agreement (to be prepared by the District) of all claims (known or unknown) against the District arising out of or relating to his employment with the District or termination thereof as well as any other terms and conditions required by the District, and provided Executive fully complies with any restrictive covenants that survive post-termination of his employment, Executive shall be entitled to receive as severance an amount equal to twenty (20) weeks of pay (calculated based on the salary in effect at the time of termination) to be paid in accordance with normal payroll practices. There shall be no set-off of the severance if Executive obtains alternate employment prior to the end of the twenty (20) week severance period. During the time period for which severance pay is provided, if Executive breaches any of the post-termination restrictive covenants then Executive agrees and understands that the District has the right to cease all further severance payments immediately upon written notice to Executive and that Executive has no right to any further severance payments.

2. Section 5.1 is hereby amended to read:

Section 5.1. Salary. Effective July 1, 2013, the District shall pay to Executive, and Executive shall accept from the District for the services described hereunder, an annual salary of \$267,952, less applicable taxes and other legal withholdings, payable only as earned on a biweekly basis during the employment year. It is specifically agreed and understood that any increase in Executive's salary will be made at the sole discretion of the Board or any District committee to which such responsibility may be delegated. The Board, through its Executive Committee, shall conduct a performance evaluation for Executive on an annual basis.

3. Except as amended above, the Employment Agreement will remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Employment Agreement on the dates indicated below and to be effective on execution by both Executive and The District.

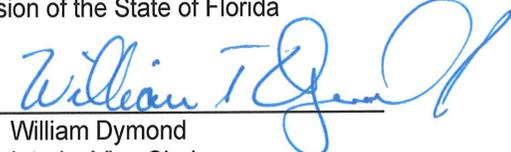
Executive

The District

By: 
Frank A. DiBello

Date: 8/7/13

SPACE FLORIDA an independent special District, body politic and corporate, and a Subdivision of the State of Florida

By: 
William Dymond
Interim Vice Chair

Date: 8-7-13

MELBOURNE:34833.1

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

THIS SECOND AMENDMENT to the Employment Agreement (“Agreement”) dated November 19, 2009 and Amendment #01 dated August 7, 2013, between Space Florida (“District”) and Frank A. DiBello (“Executive”), is amended as follows:

1. The parties hereby agree to amend the Agreement as set forth below. All provisions of the Agreement that are not specifically amended by this Amendment #02 shall remain in full force and effect.
2. Section 5.1. Salary is amended as of October 1, 2018 as follows:

5.1. Salary. The District shall pay to Executive and Executive shall accept from the District for the services described hereunder, an annual salary, of Three Hundred Twenty-Five Thousand Dollars (\$325,000.00), less applicable taxes and other legal withholdings, payable only as earned on a biweekly basis during the employment year. It is specifically agreed and understood that any increase in Executive’s salary will be made at the sole discretion of the Board. The Board, through its Chair or designated committee, may conduct a performance evaluation for Executive on an annual basis.
3. Section 5.2. Discretionary Incentive or Bonus Payment, shall be deleted in its entirety and replaced with the following:

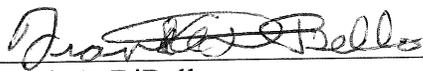
5.2. Discretionary Incentive or Bonus Payment. Executive shall be eligible to participate in and receive bonuses in accordance with any discretionary bonus plan established by the District from time to time for all District employees.
4. Section 12.9. Notice, shall be revised to update the following Notice Addresses of the District and Executive:

To the District: Space Florida
 Chair of the Board of Directors of Space Florida
 505 Odyssey Way, Suite 300
 Exploration Park, FL 32953

To Executive: Frank A. DiBello
 7028 Sevilla Court, #201
 Cape Canaveral, FL 32920

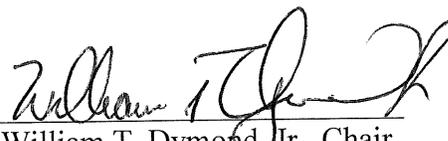
IN WITNESS WHEREOF, the parties have executed this Second Amendment to Employment Agreement on the dates indicated below and to be effective as of October 1, 2018.

EXECUTIVE:

By: 
Frank A. DiBello

Execution Date: 4/27/18

DISTRICT:

By: 
William T. Dymond, Jr., Chair

Execution Date: 11-07-18

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") has been entered into and effective on August 7, 2013, between Space Florida, an independent special district, body politic and corporate, and a subdivision of the State of Florida with its business operations located at Kennedy Space Center, Brevard County, Florida, (hereinafter referred to as the "District"), and Howard J. Haug, whose address is 37 Caribbean Way, Ponce Inlet, Florida 32127 (the "Executive").

RECITALS

WHEREAS, the District is an independent special district, body politic and corporate, and a subdivision of the State of Florida, which was established in accordance with the Space Florida Act, as amended (Part II of Chapter 331; Sections 331.301, et seq., Florida Statutes) (the "Space Florida Act"), for the purpose of strengthening the state's leadership in civil, commercial and military aerospace activity.

WHEREAS, the District's purpose is to foster the growth and development of a sustainable and world-leading aerospace industry within the State of Florida and to promote aerospace business development by facilitating business financing, spaceport operations, research and development, workforce development, and innovative education programs.

WHEREAS, the District desires to continue to employ Executive as its Executive Vice President, Treasurer and Chief Investment Officer upon the terms and conditions set forth herein, and Executive is willing to accept such continued employment under the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth in this Agreement and for such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Executive and District agree as follows:

Section 1. **RECITALS.** The Recitals set forth above are incorporated fully herein are true and correct and form a material part of this Agreement.

Section 2. **NATURE OF EMPLOYMENT AND DUTIES OF EXECUTIVE.** Executive is designated by the District's Board of Directors (the "Board") to serve as the Executive Vice President, Treasurer and Chief Investment Officer. Executive acknowledges that he meets the requirements to serve in these capacities and agrees to perform his duties consistent with the requirements of the Space Florida Act. Executive will report to the President and the Board. As Executive Vice President, Treasurer and Chief Investment Officer, Executive is responsible for the oversight of the District's assets and investments and is responsible for performing all duties pursuant to the Space Florida Act, the District's Governance Policies, and as otherwise assigned by the President or the Board. In the performance of his duties, Executive shall at all times comply with District customs, practices, policies and customs, personnel and governance policies, and nondisclosure agreements, whether currently in existence or as may come into existence and whether or not in written form. Examples of such District practices and policies include, but are not limited to, its: Code of Ethics; Travel and Expense Reimbursement Policies; Nondiscrimination Policies; and Drug Free⁴³ Work Place Policy. In addition, Executive

agrees to perform such other or additional powers and duties as the Board may deem appropriate, or as may be delegated to him by the Board.

Section 3. **EFFECTIVE DATE OF AGREEMENT.** The effective date of this Agreement is August 7, 2013, and it shall remain effective and continue in force and effect as provided hereafter during Executive's employment and for the periods of time thereafter as set forth in this Agreement.

Section 4. **TERMINATION OF EMPLOYMENT**

Section 4.1. Termination by the District upon Dissolution. It is specifically agreed and understood that Executive's employment and this Agreement may be terminated by the District at any time in the event the District ceases to exist. In that event, Executive's employment and this Agreement will terminate immediately upon delivery of written notice to Executive. In that event, the District shall have no further obligations to Executive, except that any salary or accrued vacation benefits, which have been earned but have not been paid as of the date of the termination, shall be paid to Executive by the District in accordance with the District's regular payroll practices and policies. No severance will be provided to Executive. Under these circumstances, Executive will be relieved from his post-termination obligations under subsection 8.1 of this Agreement.

Section 4.2. Termination by the District with Reason. At any time the District may immediately, upon written notice to Executive, terminate Executive's employment and this Agreement "with reason" at the sole discretion and judgment of the Board. Executive has no right to challenge the Board's determination of the "with reason" termination, or the reasons provided in support of such termination. For purposes of this Agreement, Executive's employment shall be considered terminated "with reason" if Executive's employment is terminated by the District on account of the occurrence of one or more of the following, or similar, events:

- (a) Executive's: (i) failure or refusal to comply with the policies and procedures of the District, as established from time to time by the Board and communicated to Executive; (ii) failure to adequately perform his duties whether under this Agreement or as otherwise determined by the Board; or, (iii) engaging in behavior unbecoming to an officer of the District (as determined in the sole discretion of the Board).
- (b) Executive's commission of any act of dishonesty, fraud, violation of law or any act which subjects the District, its officers, directors, or employees, to ridicule, humiliation or disrepute, including without limitation Executive engaging in a transaction in which he received an improper personal benefit.
- (c) Executive's engaging in conduct deemed a crime under Florida or federal law, whether or not it results in a conviction.
- (d) Executive's: (i) violations of any law, rule regulation, constitutional provision, policy, by-law or interpretation of the District, which violation may, in the judgment of the District, reflect adversely upon the District; or, (ii) violation of Florida's Code of Ethics, Chapter 112, Part III of Florida Statutes.

- (e) Executive's misfeasance, malfeasance, nonfeasance, negligence, willful misconduct or conscious disregard for the interests of the District.

Upon any termination "with reason," after the termination date is communicated to Executive, the District shall have no further obligations to Executive under this Agreement, except that any salary that is earned and unpaid through the date of termination shall be paid to Executive by the District in accordance with the District's regular payroll practices.. Executive will continue to receive any health insurance benefits through the date of termination. No other monies, compensation, or benefits, including any bonus, will be due or owing to Executive. No severance will be provided to Executive. Notwithstanding provisions to the contrary herein, at all times the Board retains discretion to provide a severance package to Executive at the time of termination subject to and in exchange for a full waiver and release (to be prepared by the District) of all claims (known or unknown) against the District arising out of or relating to his employment with the District or termination thereof, and provided Executive fully complies with any restrictive covenants that survive post-termination of his employment. Any such severance package shall be subject to the restrictions set forth in Section 215.425(4)(a)(1) and (2), Florida Statutes, which restrictions are incorporated herein by reference.

Section 4.3. Termination by the District without Reason. The District may terminate Executive's employment and this Agreement "without reason" by giving Executive thirty (30) days' written notice of such termination. Executive must continue to report to work each day and fully perform his duties during this notice period and is not permitted to take vacation or other time off during this notice period, unless permitted by the Board. District shall have the option of accelerating the notice and relieving Executive of his duties immediately, or at any time during the notice period, but Executive shall be paid any earned salary and accrued vacation benefits through the termination effective date in accordance with the District's regular payroll practices and policies. No other monies, compensation, or benefits, including any bonus, will be due or owing to Executive. Executive will continue to receive any health insurance benefits through this notice period.

Where a termination occurs pursuant to this Section 4.3, provided Executive signs (and does not revoke) a separation, waiver and release agreement (to be prepared by the District) of all claims (known or unknown) against the District arising out of or relating to his employment with the District or termination thereof, as well as any other terms and conditions required by the District, and provided Executive fully complies with any restrictive covenants that survive post-termination of his employment, Executive shall be entitled to receive as severance an amount equal to twenty (20) weeks of pay (calculated based on the salary in effect at the time of termination) to be paid in accordance with normal payroll practices. There shall be no set-off of the severance if Executive obtains alternate employment prior to the end of the twenty (20) week severance period. During the time period for which severance pay is provided, if Executive breaches any of the post-termination restrictive covenants, then Executive agrees and understands that the District has the right to cease all further severance payments immediately upon written notice to Executive and that Executive has no right to any further severance payments.

Section 4.4. Resignation upon Notice by Executive. Executive may resign his employment and terminate this Agreement at any time by providing the District with thirty (30) days' written notice of such resignation. Executive must continue to report to work

each day and fully perform his duties during this thirty (30) day notice period and is not permitted to take vacation or other time off during this notice period, unless permitted by the Board. Upon Executive providing notice of resignation to the District, District shall have the option of accelerating the notice and relieving Executive of his duties immediately or at any time during the notice period, but Executive shall be paid any earned salary through the resignation effective date in accordance with the District's regular payroll practices. Executive will continue to receive any health insurance benefits through this notice period. No other monies, compensation, or benefits, including any bonus, will be due or owing to Executive. No severance will be provided to Executive.

Section 5. SALARY AND DISCRETIONARY BONUS

Section 5.1. Salary. The District shall pay to Executive, and Executive shall accept from the District for the services described hereunder, an annual salary of \$200,511.00, less applicable taxes and other legal withholdings, payable only as earned on a biweekly basis during the employment year. It is specifically agreed and understood that any increase in Executive's salary will be made at the sole discretion of the Board or any District committee to which such responsibility may be delegated. The Board, through its Executive Committee, shall conduct a performance evaluation for Executive on an annual basis.

Section 5.2. Discretionary Incentive or Bonus. Executive shall be eligible to participate in and receive bonuses in accordance with any discretionary bonus plan established by the District from time to time for all District Employees.

Section 6. BENEFITS. Executive shall be eligible to participate in the District's employee health benefit plans, and any retirement and other benefit plans, which are provided to other employees. Executive understands that he must meet any and all eligibility requirements of the particular benefit plan(s) as a condition of Executive's participation in any such plan. The District may, in its sole discretion, change, modify, amend or terminate any of the benefits provided to its employees, including Executive, at any time in a manner which does not discriminate between Executive and other employees of the District who are eligible to participate in such benefits and as otherwise permitted by law.

Section 6.1. Vacation. Executive shall accrue and be eligible to use vacation time in accordance with the District's personnel policies. For the determination of vacation accrual and benefits, Executive will receive service credit beginning from July 30, 2007, the date Executive began his service to the District. At the time of Executive's employment termination, the District will calculate how many days of vacation Executive accrued through the date of separation and on Executive's last date of employment, regardless of the reason, if it is determined that Executive took more vacation than he would have accrued, the District will deduct from his final paycheck one full day pay for each full day of vacation previously taken and paid, to the extent permitted by law. Executive is permitted to carryover from year to year any earned unused vacation time in accordance with District policy limitations. Accrued unused vacation will be paid to Executive upon separation from employment, consistent with the District's personnel policies in effect at the time of Executive's termination from employment and the terms of this Agreement, which may limit the payout of vacation upon certain conditions of termination.

Section 6.2. Sick and Holiday. Executive shall receive sick days and shall be eligible for all holidays consistent with the District's policies and practices as they currently exist or may be amended from time to time.

Section 6.3. Place of Residence. Executive must at all times reside in Florida and report to work to the District offices currently located at Cape Canaveral, Kennedy Space Center.

Section 6.4. District Property/Equipment. District shall allocate an allowance or provide Executive with the use of a mobile phone/PDA, laptop computer and wireless card and other property, to be operated in accordance with District policy and for the purpose of fulfilling Executive's duties under this Agreement. Executive understands and agrees that personal communications using the mobile phone/PDA and laptop computer devices provided (including, but not limited to emails, text messaging, instant messaging, telephone calls, etc.) are to be limited and at all times professional, and that communications via such devices are subject to disclosure in compliance with Florida's Public Records Law. Executive agrees to return all property and all documents and/or electronic media related to Space Florida (and including all copies thereof) upon termination of employment and/or upon request at any time. Such property includes but is not limited to contracts, financing, research and development, business development plans, education programs, training materials and manuals, policy manuals, personnel manuals, keys, equipment, files, documents, copies of documents, computer printouts or software, electronic media, unpublished advertisements, brochures, business plans, records, drawings, materials, papers and copies thereof. It is specifically agreed that any documents, card files, notebooks, Rolodex, electronic media, etc. containing Space Florida information are the property of Space Florida regardless of by whom they were compiled.

Section 6.5. Use of Corporate Credit Card. Executive shall be provided use of a District corporate card solely for business expenses incurred pursuant to District policy, practices and customs. Executive may only use this corporate card for business (not personal) expenses pursuant to District policy, practices and custom. Expenses charged must relate to District business and expenses will be reimbursed consistent with District policies, practices and customs. Executive's corporate card must be immediately returned by Executive to District at the sole discretion and demand of District and may be canceled at any time by the District and for any reason.

Section 7. BUSINESS TRAVEL. The District will reimburse Executive for reasonable and necessary actual out-of-pocket expenses that are incurred by Executive in the performance of services for the District pursuant to this Agreement and that are in accordance with the budget and policies of the District. Upon presentation to the District of such supporting information as the District may reasonably require and provide, the actual expenses are reported to the District as soon as practicable after each trip. Executive agrees to comply with any District policy, practices and customs that apply to business travel and the reimbursement of expenses.

For local travel related to Executive's employment activities, Executive shall initially receive a monthly travel allowance in the amount of Six Hundred Fifty and No/100 Dollars (\$650.00) (less any required taxes). Changes to this amount may be made by the District to Executive, effective upon written notice to Executive. Executive will not

receive a mileage reimbursement for business travel conducted when using Executive's automobile for local travel as consistent with the District policies, practices and customs. At all times, Executive agrees to maintain (at his expense) insurance coverage on the automobile and, upon request provide proof of the insurance coverage to the District. If at any time Executive's license is suspended or revoked, he must immediately (within two (2) business days) notify the Chairman of the Executive Committee of this event.

Section 8. RESTRICTIVE COVENANTS

Section 8.1. Non-competition and Non-solicitation. Executive may not, during the term of his employment and for a one (1) year period following the termination of his employment (regardless of the reason for termination, and whether terminated by District or Executive) solicit the business of any person or entity other than the District, nor become employed by or engaged or affiliated in any manner (whether as a consultant, agent, advisor, owner, officer, director) with any commercial or governmental entity that competes (as determined solely by the Board or its designee) with the District. This restrictive covenant applies to the geographical territory covering the United States of America. The parties agree and acknowledge that this restriction is not contrary to public policy and is neither overbroad, nor overlong and is otherwise reasonably necessary to support and protect the District's legitimate business interests, including but not limited to protecting its business relationships. Executive acknowledges that a violation of this provision would cause irreparable harm to the District.

Upon Executive's termination from employment, the Board, in its sole discretion, may modify or limit this restriction, in whole or in part, in a writing, to assist Executive in his future endeavors, but only after Executive has made a full and complete disclosure to the Board of Executive's intended activities, and the Board has had an opportunity to fully assess the impact of Executive's future employment, engagement *and/or* affiliation, on the District. This provision survives the termination of Executive's employment and this Agreement.

Section 8.2. Non-Disclosure and Confidentiality. Executive shall not at any time, in any fashion, form or manner, either directly or indirectly, divulge, disclose, or communicate to any person, firm, or corporation, or other entity, or utilize for his own benefit, in any manner whatsoever, any trade secrets, or confidential business or professional information, of any kind, nature, or description concerning any matters affecting or relating to the research, development, or business affairs of the District (collectively referred to as the "Confidential Information"). Confidential Information does not include information which is generally known or easily ascertainable by non-parties of ordinary skill. Confidential Information is not to be disclosed to any third person or entity except those authorized by the District. This prohibition is effective during the term of this Agreement and will survive the termination of Executive's employment (regardless of the reason for termination, and whether terminated by District or Executive).

All such Confidential Information, including all copies thereof, and any other information not specifically designated by the District for release to the public, that may come into the possession of Executive during the term of this Agreement and during his prior term of employment as Interim President, including all copies thereof, shall be delivered to the District upon the District's request. Executive shall not make, download

or retain copies of or excerpts of such Confidential Information in violation of this Agreement.

The parties agree and acknowledge that this restriction as to the District's protection of its "Confidential Information" is not contrary to public policy and is neither overbroad, nor overlong and is otherwise reasonably necessary to support and protect the District's legitimate business interests, including but not limited to protecting Confidential Information. Executive acknowledges that a violation of this provision would cause irreparable harm to the District.

Executive understands that it is the District's intention to maintain the confidentiality of this information notwithstanding that employees of the District may have free access to the information for the purpose of performing their duties with the District, and notwithstanding that employees who are not expressly bound by agreements similar to this agreement may have access to such information for job purposes. Executive acknowledges that it is not practical, and shall not be necessary, to mark such information as "confidential," nor to transfer it within the District by confidential envelope or communication, in order to preserve the confidential nature of the information. This provision survives the termination of Executive's employment and this Agreement.

Section 9. EXCLUSIVITY OF EXECUTIVE'S SERVICES; CONFLICT OF INTERESTS & SELF-DEALING RESTRICTIONS

Section 9.1. Exclusive Services. Executive shall perform all duties under this Agreement on a full-time and exclusive basis. During the Employment Term, Executive shall not participate in, render services to, become employed by, or otherwise receive remuneration for any services rendered from any business or entity, unless approved in writing by the President. This approval requirement shall apply to Executive serving on the board of directors of any business, organization or entity, regardless of remuneration.

Section 9.2. Conflicts of Interest Self-Dealing Restrictions. Executive must report any real, potential or perceived conflict of interest to the Board immediately upon learning of such conflict of interest, whether involving himself or others. Executive is prohibited from becoming employed by or engaged in any manner with any entity that has a contractual relationship (including without limitation grants, purchase orders and formal contracts) with the District while Executive is employed with the District, within six (6) months after the entity enters into the contractual relationship, or after the end of Executive's employment with District, whichever is later. This provision survives the termination of Executive's employment and this Agreement.

Section 10. TOLLING AND SURVIVAL. In the event Executive shall breach any of the provisions of Section 8 or subsection 9.2 of this Agreement, the running of the period of the restrictions set forth in those Sections or subsections shall be tolled during the continuation(s) of any such breach or breaches, and the running of the period of such restrictions shall commence or commence again only upon compliance by Executive with the terms of the applicable Section or subsection that have been breached. Executive agrees the covenants and agreements contained in Section 8 and subsection 9.2 of this Agreement shall be fully enforceable irrespective of how long Executive has been in the employment of the District and irrespective of the reasons for the termination of Executive's employment with the District and without regard to which party terminated the

employment. Notwithstanding any language contained in this Agreement to the contrary, the covenants and agreements contained in this Agreement beginning with Section 8 and continuing through the end of this Agreement, shall survive the termination of Executive's employment and this Agreement hereunder for the periods set forth in the covenants contained in Section 8 and subsection 9.2 or as allowed by law, and subject to any tolling as set out herein.

Section 11. REPRESENTATIONS AND WARRANTIES. The District and Executive mutually represent and warrant that each party has the full right and power to enter into and fully perform this Agreement. Furthermore, the District and Executive mutually represent and warrant that they have not made (nor will they make) any contractual or other commitments which would conflict with the performance of their obligations under this Agreement or the full enjoyment by the other party of the rights granted by the Agreement.

Section 12. MISCELLANEOUS

Section 12.1. Applicable Law. This Agreement is made in the State of Florida, shall be governed, construed and regulated under and exclusively by the laws of the State of Florida (without giving regard to its choice of law provisions). The exclusive venue for any suit, action or legal proceeding arising out of or related to this Agreement shall be the courts of the State of Florida, in and for Brevard County.

Section 12.2. Modification, Change and Waiver. No modifications or change shall be made to the terms and conditions of this Agreement, except as mutually agreed upon in writing by the parties. Any agreement on the part of a party to any waiver of any provision of this Agreement will be valid only if set forth in an instrument in writing signed on behalf of such party. A waiver by a party of the performance of any covenant, agreement, obligation, condition, representation or warranty will not be construed as a waiver of any other covenant, agreement, obligation, condition, representation or warranty. A waiver by any party of the performance of any act will not constitute a waiver of the performance of any other act or an identical act required to be performed at a later time.

Section 12.3. Entire Understanding. This Agreement represents the entire understanding of the parties regarding the subject matter of this Agreement and neither party is relying upon any representation not contained in the Agreement. This Agreement supersedes and replaces the interim Employment Agreement, as amended, between the parties.

Section 12.4. Severability. In the event that any provision of this Agreement shall be deemed invalid, unreasonable or unenforceable by a court of competent jurisdiction, such provision shall be stricken from the Agreement or modified so as to render it reasonable, and the remaining provisions of this Agreement or the modified provision shall continue in full force and effect and be binding upon the parties so long as such remaining or modified provisions reflect the interest of the parties at the date of this Agreement.

Section 12.5. Headings. The headings at the beginning of each paragraph and subparagraph of this Agreement are for convenience only and shall not in any way affect the interpretation of any paragraph of this Agreement or the entire Agreement.

Section 12.6. Execution in Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same Agreement.

Section 12.7. Remedies, Attorney Fees and Costs. In the event of one party's breach of this Agreement, the other party shall be entitled to any remedies and damages available in law or equity, including injunctive relief for the District in the event of a breach by Executive of Section 8 or subsection 9.2. In the event of any action brought under this Agreement, each party will bear its own costs and attorney's fees, including any appellate proceedings. The remedies provided for herein or otherwise available to the parties shall be cumulative, and no one such remedy shall be exclusive of any other and the exercise of anyone shall not preclude the exercise or be deemed a waiver of any other remedy nor shall the specification of any remedy exclude or be deemed to be a waiver at law or in equity which may be available to a party, including any rights to damages or injunctive relief.

Section 12.8. Additional Documents. The parties shall execute and deliver any and all additional papers, documents and other instruments and shall do any and all further acts and things reasonable and necessary in connection with performance of their obligations hereunder to carry out the intent of this Agreement.

Section 12.9. Notice. All notices, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and will be deemed to have been given: (a) on the date of personal delivery; or (b) (i) three (3) days after the date of deposit in the United States Mail, postage prepaid, by registered or certified mail, return receipt requested, (ii) on the date of transmission by facsimile or electronic transmission, or (iii) the day following the date of delivery to a nationally recognized overnight courier service, in each case addressed as follows, or to such other address or person or entity as the parties may designate by notice to each party in accordance with this subsection 12.9:

To the District: Space Florida
 Attention: Chair of the Board of Space Florida
 Mail Stop SPFL, Bldg. M6-306, Room 9030
 Kennedy Space Center, Florida 32899

To Executive: Howard J. Haug
 37 Caribbean Way
 Ponce Inlet, FL 32127

Section 12.10. Assignment and Successors. The rights and obligations of Executive under this Agreement are not assignable. The rights and obligations of the District under this Agreement inure to the benefit and, to the extent permitted by law, shall be binding upon the successors and assigns of the District.

Section 12.11. Set Off. The District shall be entitled to set off against any amounts it owes to Executive, any amounts Executive owes to the District, consistent with applicable law, including all such costs, damages, or liability against any payments otherwise owed to the District by Executive.⁵¹

Section 12.12. Jury Trial. **THE PARTIES HEREBY KNOWINGLY, WILLINGLY AND VOLUNTARILY WAIVE IRREVOCABLY ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY IN CONNECTION WITH THIS AGREEMENT AND EXECUTIVE'S EMPLOYMENT WITH THE DISTRICT.**

Section 12.13. Certificate of Understanding. Executive represents and agrees that Executive received a copy of this Agreement for review and study before being asked to sign it; read this Agreement carefully; had sufficient opportunity before the Agreement was signed to ask questions about the provisions of the Agreement; understands his rights and obligations under the Agreement and voluntarily signed this Agreement.

IN WITNESS WHEREOF, the parties have executed this Employment Agreement on the dates indicated below and to be effective on the day and year specified herein.

“Executive”

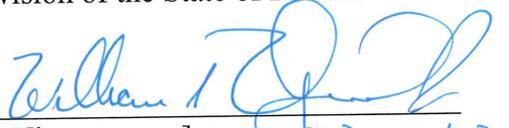
The “District”

By:


Howard J. Haug

SPACE FLORIDA, an independent special District, body politic and corporate, and a subdivision of the State of Florida

By:


[insert name] William T. Dymond, Jr.
[insert title] Vice-Chair
State of Florida

Date:

10-8-13

As Its:

Date:

9-25-13

MELBOURNE:34339.1

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT to the Employment Agreement (“Agreement”) dated August 7, 2013, between Space Florida (“District”) and Howard J. Haug (“Executive”), is amended as follows:

1. The parties hereby agree to amend the Agreement as set forth below. All provisions of the Agreement that are not specifically amended by this Amendment #01 shall remain in full force and effect.

2. Section 5.1. Salary. is amended as of October 1, 2018 as follows:

5.1. Salary. The District shall pay to Executive, and Executive shall accept from the District for the services described hereunder, an annual salary, of Two Hundred Seventy-Five Thousand Dollars (\$275,000.00), less applicable taxes and other legal withholdings, payable only as earned on a biweekly basis during the employment year. It is specifically agreed and understood that any increase in Executive’s salary will be made at the sole discretion of the Board. The Board, through its Chair or designated committee, may conduct a performance evaluation for Executive on an annual basis.

3. Section 12.9. Notice. shall be revised to update the following Notice Addresses of the District:

To the District: Space Florida
Chair of the Board of Directors of Space Florida
505 Odyssey Way, Suite 300
Exploration Park, FL 32953

IN WITNESS WHEREOF, the parties have executed this First Amendment to Employment Agreement on the dates indicated below and to be effective as of October 1, 2018.

EXECUTIVE:

DISTRICT:

By: Howard J. Haug
Howard J. Haug

By: William T. Dymond, Jr.
William T. Dymond, Jr., Chair

Execution Date: 11/21/18

Execution Date: 11-27-18



September 17, 2020

COMPENSATION OVERVIEW Prepared for the Space Florida Board of Directors

Compensation Philosophy: The Foundation of our program

Space Florida's Compensation Philosophy is based on the principles of competitive and fair compensation for sustained performance. Our Board of Directors believe that Space Florida's program should:

- be aligned with Stakeholders Interests,
- be aligned with the organization's mission, vision, and strategy,
- be competitive and market-based,
- pay for performance,
- balance both short- and long-term focus, and,
- be aligned with generally accepted industries approaches.

To that end, Space Florida incorporates many best practices in its compensation program and avoid elements that are not aligned with Space Florida's Guiding Pay Principles.

Competitive and Fair Compensation

The compensation philosophy of Space Florida is to establish and maintain employee rewards at levels that reflect job responsibilities and individual performance and ensure that the organization is well positioned to hire, keep and fully engage qualified, competent employees. To ensure that cash compensation is competitive, Space Florida's compensation practices are compared with those of other entities in Space Florida's market sectors on a periodic basis (approximately every three years). In January of this year, Harrington & Associates, Inc. was engaged to conduct an internal study to determine how the relationship of job duties across the organization currently relate to each other, based on job content and requirements, and to conduct a market analysis. The market analysis is derived from published surveys that reflect compensation practices of peer entities and includes data related to base cash compensation and incentive compensation targets for position descriptions (i.e., PDs or Jobs) that are equal to or substantially like those at Space Florida. Peer entities that provide the best comparisons include airports, seaports and other highly regulated transportation environments of similar size and multiple use that correspond to Space Florida's Spaceport activities. For Space Florida's Aerospace / Space Business Development activities peer entities that provide the best comparison with corresponding revenue levels and investment portfolios included boutique investment banks and real estate investment entities that handle complex, innovative financing arrangements, and state / regional wide economic and workforce development organizations.

Guiding Pay Principles

Space Florida's Compensation Program is designed to encourage its employees to: (1) Produce outstanding results in fulfilling Space Florida's Spaceport Authority Mission and Space Florida's Funding & Program Agreement with the State of Florida: (2) Create sustainable long-term value for Space Florida's Stakeholders: and (3) Consistently fulfill their roles and responsibilities in an ethical manner. Space Florida's Guiding Pay Principles are:



- **Alignment with Stakeholders Interests:** Provide compensation elements and set expectations targets that closely align with those of stakeholders. For example, to foster the growth and development of a sustainable and world leading industry in the State of Florida, and to generate positive benefits for the state without uniquely benefitting any entity.
- **Competitive and Market Based:** to attract and retain world-class talent with abilities and experience necessary to develop and execute spaceport authority strategies, obtain superior results, and build long-term value for stakeholders within a government environment as large and complex as the State of Florida
- **Pay for Performance:** Though generally accepted as a fundamental component of a competitive compensation package among the vast majority of Space Florida’s peer group, some stakeholders have expressed concerns that the Pay for Performance component is inappropriate for Space Florida. A substitute component should be implemented to comply with Space Florida’s Principles and offer a competitive and market-based compensation plan.
- **Balanced Short - and Long - Term Focus:** Ensure that the compensation program provides an appropriate balance between the achievement of short- and long-term objectives, with a clear emphasis on managing the sustainability of the spaceport authority and mitigating risk.
- **Alignment with Generally Accepted approaches;** Provide policies and programs that fit within the framework of generally accepted approaches adopted by leading similar entities

Sustained Performance

Employees are rewarded based upon Space Florida’s performance and individual performance. Appraisal ratings are graded on a 1 to 5 scale where 5 is “Substantially Exceeds Expectations” and 1 is “Not Meeting Expectations.” Overall score is a combination of weighted components consisting of 40% on core behaviors, and 60% on performance. Space Florida’s corporate performance is evaluated by reviewing the extent to which strategic goals and performance metrics are met. Individual performance is evaluated and documented by the employee, their supervisor and a reviewing official.

Compensation Objectives

There are three primary objectives of our current compensation program.

First, we must attract and retain superior talent to lead and execute our statutorily defined roles and responsibilities to foster growth and industry leadership while controlling the costs associated with this mission. The high-profile nature of the Space / Aerospace Industry and Space Florida’s interconnection with the State of Florida adds complexity to this challenge.

Second, the compensation program must effectively tie pay and benefits to broad responsibilities and performance against measurable targets. Specific performance targets are set for Space Florida by the State and our Board of Directors each year. The combination of base and performance pay must motivate employees to take the actions necessary to meet the targets on a quarterly and annual basis, without affecting our longer-term viability.

Finally, the compensation program must properly energize employees to fulfill the mission of Space Florida, deliver returns to its stakeholders and strengthen the position of the State within the Global Space / Aerospace Industry.



Compensation Components

To meet these three objectives annual compensation is currently divided into three elements for employees; *base salary*; *pay for performance*; and *employee benefits*. The Governance and Compensation Committee determines the optimal mix of compensation components, as well as total targeted compensation, based on market analysis by a Compensation Consultant.

Base Salary. Base pay is distributed on a periodic basis and recognizes the daily performance required of the employee’s position. The base salary was set using broad industry information, as well as peer entity analysis. Annual base salaries will continue to reflect appropriate market data, as well as individual performance of assigned responsibilities and changes in the scope of responsibilities. Targeted performance criteria vary for each employee based on his or her respective area of responsibility.

Pay for Performance. Are generally paid annually and are tied to exceeding agreement and budgeted targets. Pay for performance potential is based on market and peer group analysis.

Employee Benefits. All employees are provided with a benefit package that includes health care, and life and disability insurance, with dental, a GAP Insurance Plan, a vision care option, and cafeteria plan options. Space Florida pays 100% for the employee only coverage, and 75% for family coverage of medical, dental, and vision. Employees may participate in either of two health plan options that are provided and can enroll in a healthcare flexible spending account. Space Florida has a Simplified Employee Pension Plan (the “Plan”). The Plan eliminates the taxation required for the social security element of the Federal Insurance Contribution Act (FICA) for all participants and for Space Florida. All employees of Space Florida participate in the Plan. Space Florida also offers an employee only contribution deferred compensation plan (457b).

Compensation of President & CEO, and the Executive Vice President Treasurer & Chief Investment Officer

The Governance & Compensation Committee will separately review the annual compensation for these executives and will recommend to the full board a level that is competitive with peer entities, based on industry comparisons and taking into consideration the effectiveness of their leadership and success in fulfilling the mission of Space Florida. The process will be administered by Harrington & Associates, Inc. whereby annual performance evaluation documents will be completed by the executives and presented to the committee for review and assessment. Based on the results of this review and market analysis results the committee will present their recommendations to the full board for approval. The committee expects to present their recommendations at the Boards TBD scheduled meeting.

Current pay to market analysis and recommendations

The organization’s aggregate current Base Pay compared to the final results of the market analysis conducted this May, is 90 % of the mid-point of the market. The lack of a Pay for Performance component places the organizations overall total cash compensation below its peer groups. It is noteworthy that over the calendar year period of 2017 through 2020 to date, the overall Consumer Price Index (CPI)-Bureau of Labor Statistics has accumulatively increased 6.39%.

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For several years, Space Florida has endeavored to maintain its workforce aggregate base pay at Ninety-Five Percent (95%) of the market mid-points of its various grade levels for employee positions. In other words, the market mid-point is an amount where Fifty Percent (50%) of the market is paid less than that amount, and Fifty Percent (50%) is paid more. The reasoning for this policy had been that Space Florida was an emerging entity within a new, fast growing and burgeoning industry, our peer groups primarily reflect more mature and stable growth industries where experience in grade is common and often requires a premium. Recent hires by Space Florida indicate the industry is maturing whereby 100% of mid-market Base Pay is required to be competitive. Management with advice and counsel of the Board will have to address creating a substitute component of Pay for Performance to comply with Space Florida's Principles and offer a competitive and market-based compensation.

Proposed Workshop Topics

SPACE FLORIDA



October 11, 2021

Dear Space Florida Governance and Compensation Committee:

The following advanced materials are being provided for the October 18, 2021 Governance and Compensation Committee Meeting:

- **Attachment A - Proposed Draft Environmental, Social, and Governance Policy Statement**
- **Attachment B - Proposed Draft of Directive on Securities Trading**

Additionally, and in conjunction with retreat and other organizational considerations a document titled: **Positioning Space Florida to Capture Scalable Growth** is included as **Attachment C** in association with **Space Florida Board of Directors Governance Enhancement Considerations**, included as **Attachment D**. To better position Space Florida and respective governance, growth, social and public responsibilities, Space Florida is proposing a **Public Policy and Corporate Reputation Committee** as more described in **Attachment E**.

We look forward to the upcoming Committee discussions on October 18, 2021.



Draft of Proposed Environmental, Social, and Governance Policy Statement (Attachment A)

At Space Florida's August 19, 2021 Board Meeting management requested that the Board authorize Space Florida to develop a white paper for consideration on an Environmental Social and Governance ("ESG") policy statement, for possible presentation to the Board. ESG policy statements and in many cases self-defined ESG metrics are being reported by more and more companies. ESG considerations appear to have the positive effect of increasing a company's enterprise value. The negative aspect is that no common standard for ESG accountability currently exists. The ultimate objective is measuring elements related to sustainability, social impact of a company or business, and stewardship of nature to help mitigate certain risk factors. Management believes this topic will continue to evolve over the next few years, beginning with current significant disclosures by traded companies which includes many of our Client Companies. The following is a proposed policy statement draft that communicates to our Stakeholders and Clients Space Florida's reason and approach to this emerging category of performance and reportability:

Space Florida's Core Values (We Pursue Growth, We Embrace New Thinking, We Champion Collaboration, We Strive for Excellence, and We Encourage Balance) establish the foundation upon which Space Florida carries out its responsibility that business be conducted in a sustainable manner to meet its Stakeholders' priorities and goals of long-term industry growth within the State of Florida. This focus promotes a legislatively established long-term value creation for Florida Stakeholders. Space Florida is committed to working with its Stakeholders to manage Environment, Social, and Governance ("ESG") issues that are deemed significant to the aerospace space industry and commerce within the State of Florida. The Board will provide oversight to ESG related policies and issues affecting Space Florida, its Stakeholders, Employees, Clients, Suppliers, and the Communities in which it serves and conducts business. Possible instances of ESG issues may include:

ENVIRONMENT: Focus on mitigation and resilience. Issues include Carbon Footprint Management, Utilization of Renewable Energy, Managing Climate-related Risks, Total Cost of Ownership Policies, Hazardous Chemical and Materials Management, Resource and Substance Supply Vulnerability, and Water and Land Use Management.

SOCIAL: Support of work force by valuing diversity, equity, and inclusion. Issues include work force training for tools needed for continued success. Encourage benefit plans to maintain competitive packages that reflect needs of the industry workforce in Florida. Promote fair and inclusive pay packages across the industry, including pay equity for the same job performance. Recognize the value of diversity and inclusion that embraces differences in race, color, religion,

SPACE FLORIDA



disability, veteran's status, gender identity, and ethnicity. Promote Workforce safety and harassment free workplaces.

GOVERNANCE: Overseeing the performance of Space Florida. Reporting progress and protecting Space Florida and our client's data and confidentiality. Business integrity controls and oversight, defined Board roles, responsibilities, and accountability, quality and transparent governance, management controls, and accounting. Defined management structure, business processes and procedures. Compliance with governance, rules, and regulations.



Draft of Proposed Policy Directive on Securities Trading (Attachment B)

Due to recent trends, which we have reason to believe will continue, in capital funding into the Aerospace Space Industry, Space Florida sees a need to consider a Directive concerning securities trading. The policy's fundamental principles are (1) Compliance with Laws and (2) Avoidance of Conflict of Interest either in fact or in appearance.

Directive Statement:

Any Space Florida Director, Officer, Employee, and their family members, who have access to material nonpublic information respective to a Client Company that has securities traded in public markets, will be considered an "insider" and it will be a violation of Space Florida Policy for such individuals to (a) trade in securities of a Client Company while aware of "material nonpublic information" concerning the Client Company or (b) communicate, "tip" or disclose material nonpublic information to anyone so that they may trade in securities of the Client Company based on that information. "Material Nonpublic Information" is defined as any information about a Client Company that a reasonable investor would consider important in making an investment decision to buy or sell the Client Company's Securities. Information will be considered "nonpublic" unless such information has been widely disseminated to the public through SEC filings, major newswire services, national news services and financial news services and there has been enough time for the market to digest that information. "Client Company" means any company or legal entity with whom Space Florida has entered either a Letter of Confidentiality or a Non-Disclosure Agreement.



POSITIONING SPACE FLORIDA TO CAPTURE SCALABLE GROWTH (Attachment C)

Vision and Mission

Space Florida's Vision is "Florida is the leading global and interplanetary center for sustainable aerospace commerce". Space Florida's Missions to reach that Vision are: (1) Increase Investment Activity in Florida's Aerospace Ecosystem; (2) Maximize Capacity and Capability of Florida's Spaceport Systems; (3) Accelerate Innovation in Commercial Aerospace Applications; and (4) Enable Statewide Aerospace Industry Growth. To accomplish the Vision and Missions, Space Florida must transition to a sustainable, scalable model, or risk its ability to continue to grow the aerospace and space industry in the state which would represent a catastrophic lost opportunity with statewide impact.

Scaling Up

The scaling up phase of growth occurs after an entity has emerged from the start-up phase in which governance, process, and resources are initially put into place and traction in an addressable market is established. Scaling up occurs prior to an entity reaching a phase of full maturity in which period over period growth rate is very minor, but important. Simply put, to enter a scaling-up phase an entity cannot be a start-up, nor can it be large.

Growth often is linear. It takes a great deal of resources and planning to sustain consistent growth. The key to scaling-up is to increase results without a substantial increase in resources. In scaling-up the operational aspects of an entity, the primary stakeholder is the client. The organization must stand out from the crowd by differentiating itself via agility, flexibility, and speed, while reliably and consistently delivering for its customers. An organization must develop a culture that aligns with market facing stakeholders and assemble the right team to build the foundation upon which to scale, with the necessary skills and experience, and the ability to work together as one towards common goals.

With over \$2.7 Billion Dollars in conduit finance transactions and a balance sheet of \$329 Million Dollars, Space Florida is currently the size of a publicly traded mid-cap (defined as mid-size companies with between \$2 billion and \$10 billion in market capitalization). Space Florida has transitioned from start-up mode by establishing itself in the market with its product and services. Fortunately, current, and near-term expected opportunities exceed Space Florida's current resources. There is also now a need for succession planning to become an important part of Space Florida's overall planning. Space Florida is not yet large enough to have reached full maturity or static growth and operates in an industry that is experiencing exponential growth. Thus, the time is favorable for Space Florida to shift to the scaling-up phase of its evolution through various measures of organizational enhancement.

To scale-up, strong governance is a must to meet regulatory and oversight requirements mandated by clients, investors, and regulators. Space Florida maintains that the building blocks required for a strong corporate governance framework are: (1) a functional Board of Directors comprised of independent experienced business experts; (2) business-oriented Financial and Internal Control Systems to provide assurance of accurate and complete financial reporting of financial transaction and disclosures for



transparency of expectations; and (3) Ethics & Regulatory Compliance that ensures the organization is doing the right things beyond legal requirements.

The Path Forward

To address these issues management began implementing organizational changes in 2020 to better leverage developed processes, procedures, and technology, provide a pathway to develop executive management, and create economy of scale capacity to capture more market share.

To scale its operations and results, Space Florida must focus on the following areas, all critical to its ability to meet the challenges and opportunities of the current aerospace and space market:

- 1) **Refine the role and responsibilities of the Board of Directors:** Leveraging the Board's business expertise and ability to engage with stakeholders is a critical asset for the organization. Space Florida must establish mechanisms for increased engagement by the Board of Directors, and expand and focus the efforts of Board Committees, to provide regular and active direction and input into Space Florida's strategies.
- 2) **Establish a strong brand identity:** Space Florida's efforts to date have established Florida as a leading place for aerospace and commercial space activity, however the Space Florida brand could be strengthened to enhance and differentiate the business brand of Florida as well as effectively reinforce Space Florida's roles in the aerospace and space capital markets and as the statewide spaceport system development authority.
- 3) **Enhance financial and internal control systems:** Space Florida continues to implement additional levels of internal control, primarily via technology, to ensure compliance with its process and procedures. In addition, Space Florida has expanded its professional staff to address and resolve the increasing complexities of its business results.
- 4) **Expand in-place the right team:** Space Florida has much of the right team in place and has recently undertaken an organizational re-alignment to establish Business Units with distinct responsibility for the products and services provided by Space Florida. Strategic growth of staff will be necessary in certain functional areas, and Space Florida will also lose certain senior executives to retirement in the next several years. Therefore, the establishment and implementation of a staffing and succession plan is critical.



SPACE FLORIDA BOARD OF DIRECTORS GOVERNANCE ENHANCEMENT CONSIDERATIONS (ATTACHMENT D)

Space Florida Board of Directors Governance Enhancements considerations to growth issues and certain stakeholders' requests.

Reasons for Thinking:

- Space Florida's Business has grown significantly both in size and volume of activities, and complexity of deals.
- Request by governmental spaceport landholders to re-assess industry representation at the Board Level.
- Request by state elected individuals to have Board Role.
- Enhancements/Advancements in Board Governance across Traded and High-Profile Non-Profit and Government Entities to better define Directors Roles and Responsibilities, Transparency, Risk Management, and Accountability.

Business Growth Challenges:

- Space Florida has entered within the last year a scaling-up phase (See attached Paper on "Positioning Space Florida to Capture Scalable Growth"). Its Governance Policies were last updated in December 2016 and defined the exercise of authority to direct and control a smaller emerging organization (www.spaceflorida.gov/wp-content/uploads/2021/02/Space-Florida-Governance-Policies.as-of-12.16.16-Final.pdf). Increased business activities and greater profile within the industry now requires a Functional Board of Directors with capacity and capabilities to control and direct the greater volume, complexity of the business, and oversee the management of risks relevant to Space Florida's structure as an Independent Special District, a Body Politic and Corporate, and a component unit of the State of Florida. Space Florida's Financial and Internal Control Systems provide assurance of complete financial reporting of financial transactions and disclosures for transparency, and Ethics and Regulatory compliance now require greater oversight of the boards role and responsibilities. Thus, the roles and responsibilities of the individual Directors, The Board, and the Board Committees need definition and exactness as to their engagement including engagement with the stakeholders who they represent. Examples of enhanced governance include requirement of independence, director selection criteria and process, equal voting authority, reporting of attendance at meetings, summary of board member skills, attributes, experience, and tenure on Board.

Request for Industry Representation at the Board Level:

- Aerospace and space industry representation on the Board could provide great value to Space Florida. Such representation has been pursued in the past without success, as individuals with desirable industry expertise currently employed in the industry face issues of lack of independence in fact and appearance when addressing any board item that involves their current employer, competitor, or customer. Additionally, board members are frequently provided with confidential client information to fulfill their roles and responsibilities, which



would create a conflict in the case of entities competing with a Board member's employer. In such instances, Space Florida's clients will not tolerate a non-related industry party with a director role having insight to their dealings with Space Florida. A board member that cannot debate or vote on several board items is an ineffective board member and dilutes the quality and effectiveness of the board. In addition, when industry representation on Space Florida's board was discussed with industry executives, they often preferred to avoid such conflicts of interest to be, or keep the option open to become, a Space Florida Client as opposed to having direct representation via a board director. One possible alternative, that is often applied in industry, is to recruit retired Industry "C-Level" Officers. These individuals who have significant senior executive experience and broad industry knowledge, and no longer have the challenges of independence are the most desirable. Also desirable are retired senior government officials with industry involvement or oversight such as Former NASA Administrators, or FAA Administrators. Do note most likely these individuals will require compensation for their time and travel expenses. In addition, to best add industry representation to the board given Space Florida's Global focus of marketing Florida, representatives that have recognizable and respected individual global brands and experience for at least three such positions would provide for optimum balance of personal opinions and should be added. A nomination and selection process must be developed to affect the addition of such retired C-Level industry officers to the board.

Request by State Elected Officials to have Board Role:

- Space Florida believes that Ex-Officio representation on the board could provide value provided that any Ex-Officio members share the same defined roles and responsibilities as the rest of the board including voting responsibility and offer statewide representation consistent with Space Florida's Charter.
- Prior governance structure defined such role as Ex-Officio without voting responsibilities. Ex-Officio meaning because of one's status or position. Such positions frequently clashed with voting board members in debates and topics during public meetings on non-Space Florida business issues, often frustrating voting directors. The power of Ex-Officio to express opinions without voting responsibilities or accountability is inconsistent with the Board's role and responsibilities.
- In the past, voting Directors often expressed concern that non-voting Ex-Officio members brought political agenda items to board meetings which were unrelated to Space Florida's business agenda. In addition, Ex-Officio representation was primarily Space Coast based and did not demonstrate appropriate statewide focus as defined in Space Florida's Charter. Such a structure has in the past caused several board members to resign rather than be a part of such a board. The Ex-Officio role as defined above was eventually eliminated by the Executive Office of the Governor and in a matter of form all current Space Florida Board Directors became Board Members via their position as a EFI Board member.
- To add several additional statewide Board Members via their elected positions with the same role and responsibilities of current directors would bring value and not be inconsistent with the Board's role and responsibilities and should be sought from representatives of varied regions across the state consistent with Space Florida's statewide charter.



Enhancements/Advancements in Board Governance across traded and high-profile non-profit and government entities to better define directors roles and responsibilities, transparency, risk management, and accountability.

- Space Florida believes that Board governance will be enhanced along with credibility in the market by adding the following elements to Board Governance:
 - Add a Lead Director Role to support the Chair
 - Formalize Board's role and responsibilities respective to risk management for Space Florida
 - Report annually a matrix of board members skills, attributes, and experience
 - Annually conduct Multi-Step Board Evaluations including one-on-one director peer evaluations, committee self-evaluations, and board self-evaluation survey
 - Report annually board member attendance at meetings
 - Annual report of Board engagement with stakeholders
 - Requirement of in-person attendance and reimbursement of travel expenses



**Draft of Roles and Responsibilities
For Proposed Public Policy and Corporate Reputation Committee (Attachment E)**

Assists the Board in its oversight of policies related to corporate social responsibility, including public policy issues affecting the Space Florida, its stakeholders, employees, clients, and the communities in which it operates. Oversees Space Florida’s management of its brands and reputation.

Public Policy Engagement:

- Participate in public policy dialogues related to our mission and business priorities, our employees, our stakeholders, and the communities we serve.
- Engage with organizations and individuals to make our views clear and uphold our mission for the State to help support the communities in which we operate.
- Provide input to candidates to take reasonable positions on policies that promote Aerospace/Space Industry growth as well as affect Space Florida’s long-term mission objectives.

Stakeholder Engagement:

- Cycle Year-Round Engagement with Stakeholders.
- Solicit feedback on governance best practices and trends, Board composition and refreshment, executive compensation, human capital management, ESG matters and other topics of interest to stakeholders.
- Respond to stakeholder inquiries and requests for information or engagement at Board and Committee Meetings. As appropriate, continued discussions with stakeholders as to enhancements to policies, practices, and disclosures.
- Publish Annual Report.
- Use stakeholder feedback to enhance disclosures, governance practices and compensation programs. Evaluate board and committee meeting results for the Board’s ongoing process of continually enhancing governance and other practices.

BUSINESS BEFORE THE BOARD – PROJECT AND CONTRACT ACTIVITIES



**Space Florida Board of Directors Meeting
October 26, 2021**

Project and Contract Activities

(Florida Statutes: 331.305; 331.3051; 331.310; 331.312; 331.316; 331.323; 331.324; 331.331; 331.360 and 331.371)

1. **Project Lait:** Management requests authority for approval to negotiate and enter a Term Sheet regarding Project Lait in conjunction with a conduit debt financing structure consisting of facilities, equipment and tooling in the amount of up to Seventy-Five Million Dollars (\$75,000,000), as well as eligibility evaluation of Spaceport Improvement Program Florida Department of Transportation (FDOT) matching grant funds. The Company expects to create approximately one hundred (100) jobs by 2026 with annual estimated annual wages in the amount of up to Eighty-Five Thousand Dollars (\$85,000), plus benefits.

2. **Project Upgrade:** Management requests authority for approval to negotiate and enter the following activities in conjunction with Project Upgrade:
 - Item A:** Term Sheet Amendment to increase the conduit financing capital investment to Seventy Million Dollars (\$70,000,000) and other project related updates

 - Item B:** Approval of Resolution #21-38

 - Item C:** RFQ-SF-01-0-2021 Award to Barr & Barr, Inc., for Construction Management as Constructor services to be funded from the conduit loan with TD Bank in conjunction with Project Upgrade activities

3. **University of Central Florida's - Florida Space Grant Consortium:** Management requests authority for approval to negotiate and enter agreement in the amount of One Hundred Thousand Dollars (\$100,000) for the 2022 Florida-NASA Matching Grant Programs Titled: The Florida Space Research Program and the Technology Development and Commercialization Program. Our current agreement will be amended for a not to exceed contract value in the amount of Two Hundred Thousand Dollars (\$200,000).

4. **2022 Facilities and Subleases:** In conjunction with the operations of Exploration Park, the Space Life Sciences Lab, and the Landing, Launch and Storage Facilities, Management requests authority for approval for management to negotiate and enter agreements for the following:
 - Item A:** Facility and property management activities, premises fees, operations and maintenance, utilities, insurance, and service commodity needs at market terms for Fiscal Year 2022 in the budgeted amount of up to Seven Million One Hundred Forty



Thousand Dollars (\$7,140,000). (Primary Vendors/Contracts include but are not limited to: The State of Florida Armory Board [through the Department of Military Affairs], The Washington Consulting Group, Inc., the Air Force, Eastern Aviation Fuels, Inc., [DBA Titan Aviation Fuels], NASA, Consolidated Safety Services, Inc., Presidio Technology Capital, LLC., Florida Municipal Insurance Trust, Brevard Achievement Center, Trane U.S., Inc., Barto’s Lawn Care Service of Brevard, Inc, Waste Management Inc of Florida, W.W. Gay Mechanical Contractor, Inc, W.W. Gay Fire & Integrated Systems, Inc, Level 3 Telecom Holding, LLC [DBA CenturyLink], Florida High Speed Internet, AmeriLEC, HostDime, Comcast, Cummins Power South, Advance Security & Communications, Advance Disposal, Florida Pest Control, Alachua Fire Extinguisher, Board of Bradford County Commissions, and Comp-Air Service Co.)

Item B: Fiscal Year 2022 Subleases for the above referenced facilities at Space Florida’s established market rates.

5. **Pivotal Utility Holdings, Inc., d/b/a Florida City Gas:** Management requests authority for approval to negotiate and enter a sole source agreement in the amount of up to Five Hundred Sixty-Nine Thousand Dollars (\$569,000) for study and design of a natural gas system expansion that will support future on-site production of liquified natural gas at the Cape. Efforts will be funded through FDOT funds previously approved by the Board.

6. **Volkert, Inc.:** Management requests authority for approval to negotiate and amend the Agreement with Volkert, Inc., for the Space Commerce Way Connector additional project activities associated with INFRAGrant efforts in the amount of up to an additional Five Hundred Thousand Dollars (\$500,000) for a total not to exceed contract value in the amount of up to Two Million Five Hundred Thousand Dollars (\$2,500,000). Funding will be through FDOT funds previously approved by the Board.

7. **Florida Department of Transportation/Jacksonville Aviation Authority:** Management requests authority for approval to negotiate and enter the following agreements in conjunction with project activities:

Item A: Funding agreement with FDOT for Spaceport Improvement Program matching grant funds in the amount of up to Three Million Dollars (\$3,000,000) for Cecil Spaceport Phase 1 Utility Corridor development activities.

Item B: Jacksonville Aviation Authority reimbursement agreement in the amount of up to Three Million Dollars (\$3,000,000) for Cecil Spaceport Phase 1 Utility Corridor development activities.

**ATTACHMENT: Required Communications & Financial
Statements for the years ended September 30, 2020 and
2019**



Required Communications



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September 22, 2021

To the Board of Directors
Space Florida

We are pleased to present the results of our audit of the 2020 financial statements of Space Florida for the year ended September 30, 2020.

This report to the Board of Directors summarizes our audit, the report issued and various analyses and observations related to Space Florida's accounting and reporting. The document also contains the communications required by our professional standards.

Our audit was designed, primarily, to express an opinion on Space Florida's 2020 financial statements for the fiscal year ended September 30, 2020. We considered Space Florida's current and emerging needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you, the Board of Directors, expect. We received the full support and assistance of Organization personnel.

At Carr, Riggs & Ingram, LLC (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This information is intended solely for the use of the Board of Directors and management of Space Florida and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at 321.426.3039 or cnollrhan@cricpa.com.

Very truly yours,

Christine E. Noll-Rhan, CPA
Partner
Carr, Riggs & Ingram, LLC



As discussed with management during our planning process and communicated to the Board of Directors in our engagement letter to you dated October 30, 2020 our audit plan represented an approach responsive to the assessment of risk for Space Florida. Specifically, we planned and performed our audit to:

- Perform an audit in accordance with auditing standards generally accepted in the United States of America, in order to express an opinion on Space Florida's financial statements for the year ended September 30, 2020. Additionally, we have audited Space Florida's compliance with the types of compliance requirements described in *Chapter 10.550, Rules of the Auditor General* that could have a direct and material effect on each of Space Florida's major state projects for the year ended September 30, 2020.
- Communicate directly with the Board of Directors and management regarding the results of our procedures;
- Address with the Board of Directors and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board of Directors and management; and
- Other audit-related projects as they arise and upon request.



We have audited the financial statements of Space Florida for the year ended September 30, 2020, and have issued our report thereon dated September 22, 2021. Professional standards require that we communicate to you the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Auditors' responsibility under Generally Accepted Auditing Standards</p>	<p>As stated in our engagement letter dated October 30, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>Required supplementary information, such as management's discussion analysis and schedule of travel, entertainment and incidental expenses is required by general accepted accounting principles and will be subjected to certain limited procedures, but will not be audited.</p> <p>As part of our audit, we considered the internal control of Space Florida, and internal controls related to major state projects and issued an opinion on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have direct and material effect on each state project in accordance with the Single Audit Act Amendments of 1996 and <i>the Florida Single Audit Act, and Chapter 10.550, Rules of the Auditor General</i>. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p>
<p>Client's responsibility</p>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with the applicable framework. Management, with oversight from those charged with governance, is responsible for the design and implementation of programs and controls to prevent and detect fraud.</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Planned scope and timing of the audit</p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<p>Management judgments and accounting estimates <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditor's conclusion regarding the reasonableness of those estimates.</i></p>	<p>Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."</p>
<p>Potential effect on the financial statements of any significant risks and exposures <i>Major risks and exposures facing Space Florida and how they are disclosed.</i></p>	<p>No such risks or exposures were noted.</p>
<p>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditor's judgment about the quality of accounting principles</p> <ul style="list-style-type: none"> • <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i> • <i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor.</i> 	<p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Space Florida are described in Note 1 to the financial statements.</p> <p>We noted no transactions entered into by Space Florida during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p>
<p>Significant difficulties encountered in the audit <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	<p>None.</p>
<p>Disagreements with management <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditors' report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>	<p>None.</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Other findings or issues <i>Matters significant to oversight of the financial reporting practices by those charged with governance.</i></p>	<p>None.</p>
<p>Matters arising from the audit that were discussed with, or the subject of correspondence with, management <i>Conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	<p>None.</p>
<p>Corrected and uncorrected misstatements <i>Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.</i></p>	<p>Please see the following section titled "Summary of Audit Adjustments"</p>
<p>Major issues discussed with management prior to retention <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	<p>We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Space Florida's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>
<p>Consultations with other accountants <i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	<p>In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Space Florida's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.</p>
<p>Written representations <i>A description of the written representations the auditor requested (or a copy of the representation letter).</i></p>	<p>See "Management Representation Letter" section.</p>



MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Fraud and illegal acts <i>Fraud involving senior management or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditor's attention involving senior management and any other illegal acts, unless clearly inconsequential.</i></p>	<p>We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.</p>
<p>Other information in documents containing audited financial statements <i>The external auditor's responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact.

Accounting Policies, Judgements and Sensitive Estimates and CRI Comments on Quality



We are required to communicate our judgments about the quality, not just the acceptability, of Space Florida’s accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The Board of Directors and management may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Capital Assets	Depreciation method	Yes	Assets having an original acquisition cost of at least \$1,000 are capitalized and depreciated. Capital assets are carried at cost when purchased or at fair value when donated. Depreciation is computed for financial statement purposes on a straight line basis over the estimated useful lives of the assets.	We evaluated the key factors and assumptions used to develop the useful lives in determining that they are reasonable in relation to the financial statements taken as a whole.
Investments	Evaluation of investments for impairment	Yes	Investments are valued at cost, as permitted by the Governmental Accounting Standards Board (GASB) 62 Codification of Account and Financial Report Guidance as the investments are not held for the primary purpose of income or profit, therefore they do not meet the requirements as defined by GASBS 72 Fair Value Measurement to be valued at fair value. Space Florida is allowed to invest in common stock and warrants under Florida Statute 331.305. Management evaluates investments annually for impairment based upon financial data provided by the companies.	We evaluated the key factors and assumptions used to develop the allocation of expenses in determining that they are reasonable in relation to the financial statements taken as a whole.

Accounting Policies, Judgements and Sensitive Estimates and CRI Comments on Quality



AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Allowance for Doubtful Accounts	Estimation of Allowance	Yes	Space Florida relies on historical trends for the estimation of the allowance amount, based on a detailed management review of receivable balances.	Space Florida's policies are in accordance with all applicable accounting guidelines.
Loans receivable	Evaluation of loans receivable for impairment	Yes	Management reviews each loan and based on the timeliness of payments estimates an allowance.	Space Florida's policies are in accordance with all applicable accounting guidelines.
Prepaid Rent	Valuation of in-kind rent payment	Yes	Space Florida prepaid some of the rent with capital improvements to Exploration Park. The value of in-kind rent payments and were valued by NASA. The prepaid rent is being expensed on a straight-lined basis over the life of the lease.	We evaluated the key factors and assumptions used to develop the allocation of expenses in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of investments in Note 2 to the financial statement describes the types of investments Space Florida is invested in.

The disclosure of conduit debt in Note 7 to the financial statements describes the limited-obligation debts of Space Florida.

The disclosure of rights and access in Note 12 to the financial statements describes the unique rights and access Space Florida has to use, occupy or develop certain assets affiliated with Florida's space industry.



September 22, 2021

Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, FL 32940

This representation letter is provided in connection with your audits of the financial statements of Space Florida, which comprise the respective financial position of the business-type activities and the major fund, as of September 30, 2020 and the respective changes in financial position and, where applicable, cash flows for the period then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP)

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 22, 2021, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 30, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.



- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which Space Florida is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters [and all audit or relevant monitoring reports, if any, received from funding sources].
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within Space Florida from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Space Florida or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures State Financial Assistance.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects Space Florida and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting Space Florida's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the names of Space Florida's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.



- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 20) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 21) Space Florida has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 25) As part of your audit, you assisted with preparation of the financial statements and disclosures, and the schedule of travel, entertainment and incidental expenses, and formatted schedule of expenditures of state financial assistance. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating Denise Swanson, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures, schedule of travel, entertainment and incidental expenses and schedule of expenditures of state financial assistance.
- 26) Space Florida has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 27) Space Florida has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 28) The financial statements properly classify all funds and activities in accordance with [GASBS No. 34](#), as amended.
- 29) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 30) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 31) Investments, are properly valued. We do not believe that the stocks and warrants should be impaired, other than what has been adjusted.



- 32) Provisions for uncollectible receivables have been properly identified and recorded.
- 33) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 34) Revenues are appropriately classified in the statement of activities within program revenues, general revenues.
- 35) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 36) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 37) We have appropriately disclosed Space Florida's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 38) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 39) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 40) With respect to the Schedule of Travel, Entertainment, and Incidental Expenses.
 - a) We acknowledge our responsibility for presenting the Schedule of Travel, Entertainments, and Incidental Expenses in accordance with accounting principles generally accepted in the United States of America, and we believe the Schedule of Travel, Entertainment, and Incidental Expenses, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Schedule of Travel, Entertainment, and Incidental Expenses have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the Schedule of Travel, Entertainment, and Incidental Expenses is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 41) With respect to state programs:
 - a) We are responsible for understanding and complying with and have complied with, the requirements of Chapter 10.550, (Florida Single Audit Act) including requirements relating to preparation of the schedule of expenditures of state financial assistance.
 - b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of state financial assistance (SESFA) and related notes in accordance with the requirements of the Florida Single Audit Act, and we believe the SESFA, including its form and content, is fairly presented in accordance with the Florida Single Audit Act. The



methods of measurement or presentation of the SESFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SESFA.

- c) We have identified and disclosed to you all of our government programs and related activities subject to the Florida Single Audit Act compliance audit, and have included in the SESFA, expenditures made during the audit period for all awards provided by state agencies in the form of state awards, state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance and state financial assistance.
- d) We are responsible for understanding and complying with, and have complied with, the requirements of state statutes, regulations, and the terms and conditions of state awards related to each of our state programs and have identified and disclosed to you the requirements of state statutes, regulations, and the terms and conditions of state awards that are considered to have a direct and material effect on each major program.
- e) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for state programs that provides reasonable assurance that we are managing our state awards in compliance with state statutes, regulations, and the terms and conditions of state awards that could have a material effect on our state programs. We believe the internal control system is adequate and is functioning as intended.
- f) We have made available to you all state awards (including amendments, if any) and any other correspondence with state agencies or pass-through entities relevant to state programs and related activities.
- g) We have received no requests from a state agency to audit one or more specific projects as a major project.
- h) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *Chapter 10.550 Rules of the Florida Auditor General*, relating to state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of state projects.
- i) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- j) Amounts claimed or used for matching were determined in accordance with relevant guidelines in *the Florida Single Audit Act*.
- k) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- l) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to compliance requirements, including information related to state project financial reports and claims for advance and reimbursements.
- m) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.



- n) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
 - o) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
 - p) State program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
 - q) The copies of state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective state agency or pass-through entity, as applicable.
 - r) We have monitored subrecipients, as necessary, to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of *Chapter 10.550 Rules of the Florida Auditor General*.
 - s) We have taken appropriate action, including issuing management decisions, on a timely basis after recipient of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements and have ensured that subrecipients have taken the appropriate and timely corrective action on findings.
 - t) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records. We have charged costs to state awards in accordance with applicable cost principles.
 - u) We have charged the cost of state projects in accordance with applicable cost principals.
- 42) Space Florida is in compliance with Florida Statute 218.415, *local government investment policies*, in all respects.
- a) We are responsible for establishing and maintaining effective internal control over compliance.
 - b) We have performed an evaluation of the Space Florida's compliance with Florida Statute 218.415, local government investment policies.
 - c) All relevant matters are reflected in the measurement or evaluation of Space Florida's compliance with the specified requirements.
 - d) We are responsible for selecting the specified requirements and for determining that the specified requirements are appropriate for our purposes.
 - e) We have provided you with all relevant information and access to information and personnel in connection with your examination of compliance with Florida Statute 218.415, local government investment policies.
 - f) We have disclosed to you all known matters that may contradict Space Florida's compliance with the specified requirements and we have disclosed to you all communications from regulatory agencies, internal auditors, other independent accountants or consultants, and others regarding possible noncompliance with Florida Statute 218.415, local government investment policies, including communications received between September 30, 2020 and the date of the examination report.
 - g) We have responded fully to all inquiries made to us by you during the engagement.
- 43) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.



Signature: _____
Title: _____

Signature: _____
Title: _____

S P A C E F L O R I D A



**(A Component Unit Of
The State Of Florida)**

FINANCIAL STATEMENTS

For the Years Ended September 30, 2020 and 2019

Space Florida
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For the years ended September 30, 2020 and 2019

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Carr, Riggs & Ingram, LLC
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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Space Florida
Cape Canaveral, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Space Florida, a component unit of the State of Florida, as of and for the years ended September 30, 2020 and 2019 and the related notes to the financial statements which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors' consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Space Florida as of September 30, 2020 and 2019 and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 7 to 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Space Florida's basic financial statements. The schedule of travel, business meals and incidental expenses and the schedule of expenditures of state financial assistance for the year ended September 30, 2020 and 2019, required by Chapter 10.550 of the Rules of the Auditor General of the State of Florida, are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of travel, business meals and incidental expenses has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2021 on our consideration of Space Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Space Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Space Florida's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

Melbourne, Florida
September 22, 2021

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Space Florida Management's Discussion and Analysis

As management of Space Florida, we offer readers of Space Florida's financial statements this narrative overview and analysis of the financial activities of Space Florida for the years ended September 30, 2020, 2019 and 2018.

Effective September 1, 2006, Pursuant to Chapter 2006-60, Laws of Florida, a law enacted by the Florida Legislature during its 2006 Regular Session, Space Florida was created as an independent special district and subdivision of the State. Space Florida serves as the State's principal government space entity, responsible for space related infrastructure development, industry recruitment and education/research in partnership with federal agencies and private industry; for providing leadership for development of space transportation infrastructure; and for implementation of space commercialization and development programs.

Space Florida utilizes various funding sources to operate programs that retain, attract and expand new business to Florida, and to promote Florida as the world's premier space business destination. Space Florida is responsible for accelerating the growth of space related industry within Florida's economic goals through targeted space business retention, expansion, and diversification efforts in addition to providing leadership in innovative educational, research and development and workforce development programs and space related infrastructure development projects. A key competitive advantage for Florida in the market is the multiple year relationships it creates with entities that choose Florida for their base of growth.

As a result of the dynamic nature of Florida's space industry, Space Florida has developed a strategic plan that targets a number of diversified commercial market segments for integration of space technology that has not been previously pursued with a focused state effort (i.e. life sciences/pharmaceuticals, agriculture/climate monitoring, cyber security and robotics, clean energy, adventure tourism, civil protection and crisis management). These markets receive direct benefit through utilization of the current space program, or have shown great interest in the potential for benefitting from opportunities in next-generation space initiatives and utilization of microgravity environments. Space Florida has already gained significant interest from major players in these markets, and will continue to increase its efforts to attract and secure these businesses. It will do this, in part, by utilizing its operational budget to focus staff efforts on business development opportunities in these emerging sectors.

Financial Highlights

- The assets of Space Florida exceeded its liabilities for the years ended September 30, 2020, 2019 and 2018 by \$148,501,989, \$152,267,803 and \$142,397,595 (net position), respectively. Of this amount, \$34,252,780, \$31,912,030 and \$25,677,971 (unrestricted net position), respectively, may be used to meet Space Florida's ongoing obligations to citizens and creditors.
- Space Florida's total net position decreased by \$3,765,814 and increased by \$9,870,208 and \$32,214,195 for the years ended September 30, 2020, 2019 and 2018, respectively.
- Space Florida's state appropriated revenue for operations for the years ended September 30, 2020, 2019 and 2018 was \$17,961,732, \$17,776,028 and \$21,126,767, respectively.

Space Florida Management's Discussion and Analysis

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Space Florida's basic financial statements. Space Florida's basic financial statements are comprised of two components: financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements report information using the full accrual accounting methods as utilized by similar business activities in the public sector. The financial statements include a Statement of Net position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows.

The Statement of Net Position presents information on all of Space Florida's assets and liabilities, with the difference between the two reported as net position. Over time, changes in net position may serve as an indicator of the financial status of Space Florida.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how Space Florida's net position changed for the years ended September 30, 2020 and 2019. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Statement of Cash Flows presents changes in cash and cash equivalents from operational, financing and investing activities. This statement presents cash receipt and disbursement information without consideration of the earnings event, when an obligation arises or depreciation of capital assets.

The basic financial statements can be found on pages 16-20 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and thus are an integral part of these financial statements. The notes to the financial statements can be found on pages 21-42 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information. This supplementary information can be found on page 45 of this report and the Schedule of the Expenditures of State Financial Assistance on page 53.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an entity's financial status. Assets exceeded liabilities as of September 30, 2020, 2019 and 2018 by \$148,501,989, \$152,267,803 and \$142,397,595, respectively.

Space Florida Management's Discussion and Analysis

The following table reflects the condensed Statement of Net Position.

Space Florida Net Position

	9/30/2020	9/30/2019	9/30/2018
Cash	\$ 28,516,601	\$ 30,019,974	\$ 42,474,180
Receivables	38,226,765	28,541,543	19,913,468
Investments	3,825,675	3,696,595	3,778,774
Other current assets	902,400	891,844	1,036,583
Capital assets	241,365,926	252,892,467	126,855,874
Prepaid rent	13,269,906	4,878,573	5,261,206
Other assets	3,188,852	3,230,477	3,526,742
Total assets	329,296,125	324,151,473	202,846,827
Accounts payable	35,898,595	33,866,357	32,549,855
Payable from restricted assets	2,288,395	1,141,550	2,715,978
Notes payable	7,402,725	7,985,456	15,536,156
Deferred rent liability	10,499,249	1,449,237	1,173,192
Capital lease payable	179,250	231,247	-
Other liabilities	124,525,922	127,209,823	8,474,051
Total liabilities	180,794,136	171,883,670	60,449,232
Net position:			
Invested in capital assets, net of related debt	110,088,572	118,276,193	111,048,630
Restricted	4,160,637	2,079,580	5,670,994
Unrestricted	34,252,780	31,912,030	25,677,971
Total net position	\$ 148,501,989	\$ 152,267,803	\$ 142,397,595

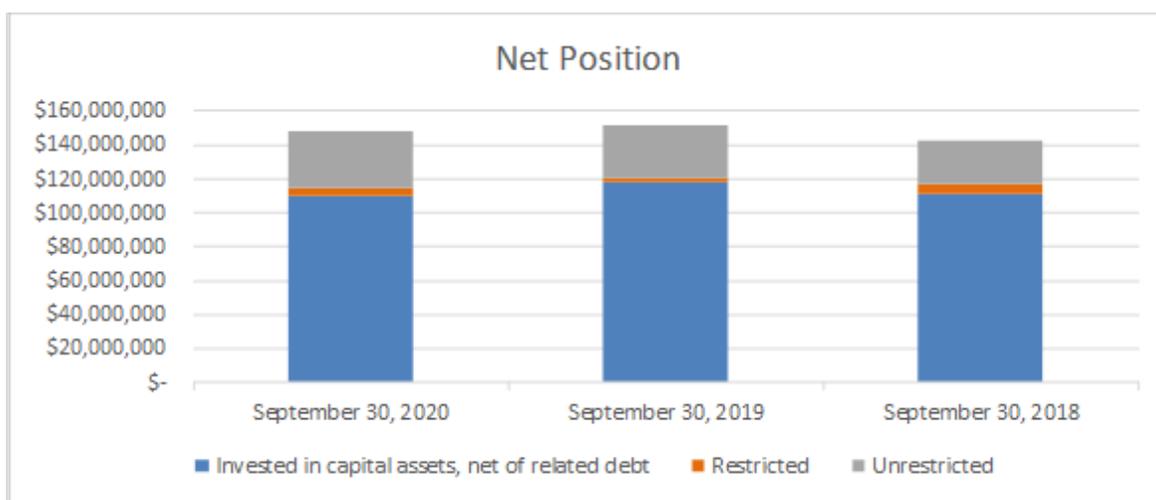
The largest portion of Space Florida's net position as of September 30, 2020 (74 percent), as of September 30, 2019 (78 percent) and as of September 30, 2018 (78 percent) reflects its investment in capital assets (e.g., buildings, equipment and construction in progress), less any related debt used to acquire those assets that are still outstanding.

The increase in deferred rent liabilities is due to the establishment of prepaid rent liability for improvements accepted as in kind by NASA to offset future rent payments.

The increase in other liabilities is due to the establishment of a prepaid rent liability for a long-term tenant at a facility transferred to Space Florida in fiscal year 2019.

As of September 30, 2020, September 30, 2019, and September 30, 2018, Space Florida was able to report positive balances in all three categories of net position.

Space Florida Management's Discussion and Analysis



The following table shows condensed revenue and expense data.

Space Florida Changes in Net Position

	For the year ended September 30, 2020	For the year ended September 30, 2019	For the year ended September 30, 2018
Operating revenues:			
Fees and charges for services	\$ 9,808,691	\$ 8,316,887	\$ 5,735,020
State appropriated funding	17,961,732	17,776,028	21,126,767
Grant revenue- operating	39,593,121	22,127,636	46,823,593
Total operating revenue	67,363,544	48,220,551	73,685,380
Non-operating revenues:			
Other	413,893	221,554	119,913
Grant revenue- capital	-	2,173,755	12,880,636
Capital contributions	999,000	11,996,674	20,457,307
Total non-operating revenues	1,412,893	14,391,983	33,457,856
Total revenues	68,776,437	62,612,534	107,143,236
Operating expenses:			
Business development activities	49,419,052	32,562,600	66,020,093
General, administrative, and depreciation	20,776,493	19,553,579	7,894,446
Total operating expenses	70,195,545	52,116,179	73,914,539
Non-operating expenses			
Total non-operating expenses	2,346,706	626,147	1,014,502
Total expenses	72,542,251	52,742,326	74,929,041
Change in net position	(3,765,814)	9,870,208	32,214,195
Net position – beginning	152,267,803	142,397,595	110,183,400
Net position – ending	\$ 148,501,989	\$ 152,267,803	\$ 142,397,595

Space Florida Management's Discussion and Analysis

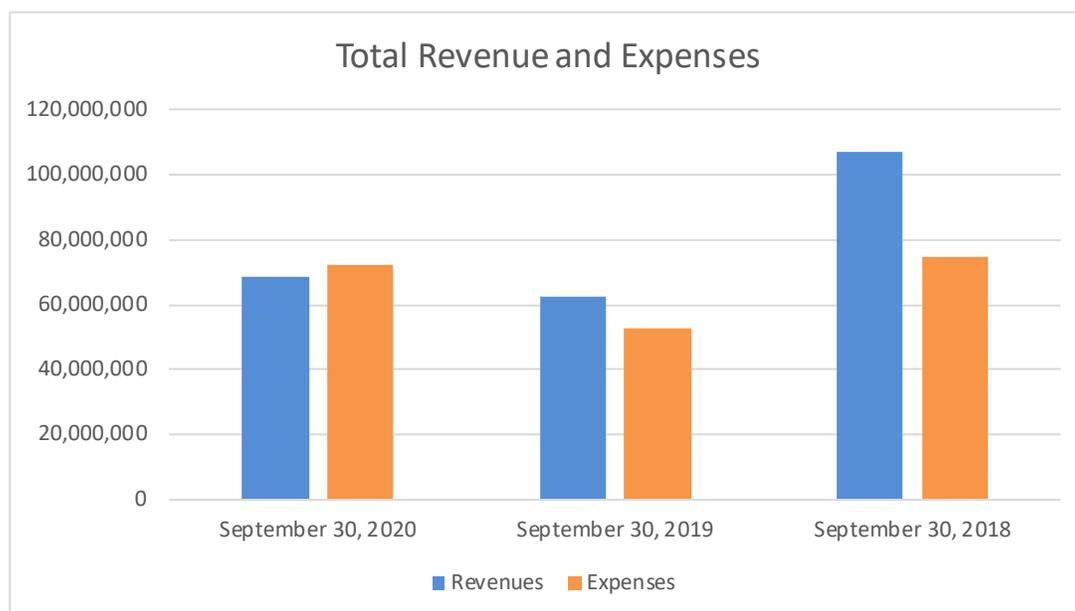
Changes in Net Position. The net position balance decreased by \$3,765,814 and increased by \$9,870,208 and \$32,214,195 for the years ended September 30, 2020, 2019 and 2018, respectively. For the year ended September 30, 2020, the decrease in net position consisted of \$2,832,001 net decrease from operating activity with a \$933,813 net decrease from non-operating activity that included \$222,593 in interest income, \$999,000 in capital contributions, \$191,300 from gain on disposal of capital assets, less \$440,010 in interest expense, \$419,939 in impairment loss and \$1,486,757 in capital contributions to other governments. For the year ended September 30, 2019, the increase in net position consisted of \$3,895,628 net decrease from operating activity with a \$13,765,836 net increase from non-operating activity that included \$2,173,755 in state grant capital revenue, \$168,659 in interest income, \$11,996,674 in capital contributions, \$6,705 from gain on investment, and \$46,190 from gain on disposal of capital assets, less \$491,791 in interest expense and \$134,356 in impairment loss. For the year ended September 30, 2018, the increase in net position consisted of \$229,159 net decrease from operating activity with a \$32,443,354 net increase from non-operating activity that included \$12,880,636 in state grant capital revenue, \$119,763 in interest income, and \$150 from gain on disposal of capital assets, less \$453,106 in interest expense and \$561,396 in impairment loss.

Operating revenues totaled \$67,363,544, \$48,220,551 and \$73,685,380 for the years ended September 30, 2020, 2019 and 2018, respectively. Of this amount, 27 percent, 37 percent and 29 percent, respectively, were from State appropriated funding. Grant revenue - operating was provided by spaceport infrastructure development grants from State appropriations with the remaining being generated from fees and charges for services. In addition, Space Florida reported non-operating revenues of \$1,412,893, \$14,391,983 and \$33,457,856 for the years ended September 30, 2020, 2019 and 2018, respectively. State grant revenue - capital was provided by the spaceport infrastructure development grants from State appropriations.

Operating expenses were \$70,195,545, \$52,116,179 and \$73,914,539 for the years ended September 30, 2020, 2019 and 2018, respectively. Of those totals, 13 percent, 19 percent and 2 percent, respectively, were related to general operations, which consist of support for the execution of Space Florida's responsibilities as a state-created entity, facilities management and policy-related responsibilities. In addition and related to ownership and management of the operation and its facilities, depreciation totaled \$11,444,324, \$9,616,707 and \$6,165,802 for the years ended September 30, 2020, 2019 and 2018, respectively.

As directed by statute, Space Florida is also responsible for fostering the growth and development of a sustainable and world-leading aerospace industry in the State and thus is responsible for accelerating the growth and diversification of aerospace-related economic development throughout the State. Space Florida is partnering with other State entities to accomplish these directives. For the years ended September 30, 2020, 2019 and 2018, Space Florida expended 70 percent, 62 percent and 89 percent, respectively, of its operating expenditures to create and direct activities and programs that retain, attract and help expand aerospace businesses in Florida.

Space Florida Management's Discussion and Analysis



Capital Asset and Debt Administration

Capital assets. Space Florida's investment in capital assets as of September 30, 2020, 2019 and 2018, amounted to \$110,088,572, \$118,276,193 and \$111,048,630 (net of accumulated depreciation and debt), respectively. This investment in capital assets includes buildings, improvements, construction in progress and equipment. The balance in Construction in progress as of September 30, 2020 consisted primarily of building design drawings for a facility at Pensacola Technology Park. The balance in Construction in progress as of September 30, 2019 consisted primarily of manufacturing assembly for a facility at Exploration Park. The September 30, 2018 balance in Construction in progress consisted primarily of construction of a new facility at Exploration Park.

Space Florida Capital Assets (net of depreciation)

	9/30/2020	9/30/2019	9/30/2018
Buildings and improvements	\$ 224,676,566	\$ 236,862,796	\$ 78,751,312
Furniture, fixtures, vehicles, and equipment	16,003,028	1,409,903	2,232,377
Construction in progress	686,332	14,619,768	45,872,185
Total	\$ 241,365,926	\$ 252,892,467	\$ 126,855,874

Additional information on Space Florida capital assets can be found in Note 5 on page 29 of this report.

Space Florida Management's Discussion and Analysis

Space Florida entered into agreements in fiscal year 2011 to purchase prototypes from third parties to test the technology and capabilities of the prototype. Upon completion of the testing period of one of the prototypes in fiscal year 2012, Space Florida leased back the prototype for a nominal lease rate. At the end of the lease the prototype can be purchased for a nominal value by the third party.

As consideration for the lease and option to purchase, the third party issued ownership interest in the third party through common stock and/or warrants. Upon completion of the remaining prototypes, the same lease back and ownership interest agreement will take place. Additional information can be found in Note 13 (Seller 1, 2 & 3) on page 38 of this report. Warrants were executed during fiscal year 2020.

Rights and Access. Space Florida has agreements with the Cape Canaveral Air Force Station Center for the right to use Space Launch Complexes 36 and 46 for the development of multi-use vertical launch capabilities related to governmental, educational and commercial initiatives. In November 2019 Space Florida did not renew the license for Space Launch Complex 36 and the facility was transferred to an unrelated entity. Space Florida also has an enhanced use lease agreement with NASA's John F. Kennedy Space Center for 199 acres to develop a mixed-use multi-tenant technology and commerce park referred to as "Exploration Park and a 30-year master property agreement for the Shuttle Landing Facility. Additional information can be found in Note 12 on pages 37-38 of this report.

Long-term debt. Space Florida entered into a loan agreement with a bank in the amount of \$17,500,000 in fiscal year 2014. The note was scheduled to mature on January 30, 2015, however, the note was converted on January 30, 2015, to a 3-year repayment term, amortized over a 20-year term. The interest rate is equal to the Note Rate that was in effect on the date immediately preceding the Conversion Date. Subsequent amendments were executed extending the maturity date with the same terms. In fiscal year 2019 renegotiated the terms of the loan with a new maturity date of July 1, 2027, and an interest rate of 3.021% per annum. Payments of principal and interest are due quarterly beginning on October 1, 2020.

Space Florida also entered into another loan agreement with a bank in the amount of \$17,500,000 in fiscal year 2017. The interest rate is 3.17% per year with interest due monthly with a mandatory prepayment of the loan for pledged revenues received. This loan was satisfied during fiscal year 2019.

Space Florida Total Outstanding Debt

	9/30/2020	9/30/2019	9/30/2018
Notes payable	\$ 7,402,725	\$ 7,985,456	\$ 15,536,156

Requests for Information

This financial report is designed to provide a general overview of Space Florida's finances for all those with an interest in Space Florida's financial operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Space Florida, 505 Odyssey Way, Exploration Park, FL 32953.

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BASIC FINANCIAL STATEMENTS

**Space Florida
Statements of Net Position**

<i>September 30,</i>	2020	2019
ASSETS		
Current assets		
Cash:		
Unrestricted	\$ 22,067,569	\$ 11,366,018
Restricted	6,449,032	18,653,956
Accounts receivable, net of allowance for uncollectible accounts of \$76,872 and \$19,770 as of September 30, 2020 and 2019, respectively	177,393	167,050
Due from other governments	38,049,372	28,374,493
Accrued interest receivable on loans receivable, net	8,377	8,377
Loans receivable, net of allowance of \$92,696 and \$30,426 as of September 30, 2020 and 2019, respectively	-	72,000
Prepaid rent, current	815,999	382,633
Other current assets	902,400	891,844
Total current assets	68,470,142	59,916,371
Noncurrent assets		
Capital assets:		
Construction in progress	686,332	14,619,768
Buildings and improvements, net	224,676,566	236,862,796
Furniture, fixtures, vehicles, and equipment, net	16,003,028	1,409,903
Accrued interest receivable on loans receivable, noncurrent, net	30,575	-
Loans receivable, net of allowance of \$1,704,553 and \$1,717,249 as of September 30, 2020 and 2019, respectively	3,148,800	3,148,800
Investments, net	3,825,675	3,696,595
Prepaid rent, noncurrent	12,453,907	4,495,940
Other noncurrent assets	1,100	1,300
Total noncurrent assets	260,825,983	264,235,102
Total assets	\$ 329,296,125	\$ 324,151,473

The accompanying notes are an integral part of these financial statements.

Space Florida
Statements of Net Position (Continued)

<i>September 30,</i>	2020	2019
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 35,898,595	\$ 33,866,357
Salaries payable	240,413	190,167
Unearned revenue	2,659,137	2,921,590
Compensated absences	185,181	159,471
Capital lease payable	55,695	51,997
Deposits	141,774	118,526
Notes payable, current portion	1,004,105	720,650
Payable from restricted assets		
Accounts payable	487,574	-
Customer advances	1,800,821	1,141,550
Total current liabilities	42,473,295	39,170,308
Noncurrent liabilities		
Deferred rent liability	10,499,249	1,449,237
Compensated absences	167,673	124,690
Capital lease payable	123,555	179,250
Notes payable, less current portion	6,398,620	7,264,806
Unearned revenue	121,131,744	123,695,379
Total noncurrent liabilities	138,320,841	132,713,362
Total liabilities	180,794,136	171,883,670
NET POSITION		
Net Investment in capital assets	110,088,572	118,276,193
Restricted for:		
Special purpose	4,160,637	2,079,580
Unrestricted	34,252,780	31,912,030
Total net position	\$ 148,501,989	\$ 152,267,803

The accompanying notes are an integral part of these financial statements.

Space Florida
Statements of Revenues, Expenses, and Changes in Net Position

<i>For the years ended September 30,</i>	2020	2019
Operating revenues		
Fees and charges for services	\$ 9,808,691	\$ 8,316,887
State appropriated funding	17,961,732	17,776,028
Other grant revenue - operating	39,593,121	22,127,636
Total operating revenues	67,363,544	48,220,551
Operating expenses		
Business development	49,419,052	32,562,600
General and administrative	9,332,169	9,936,872
Depreciation	11,444,324	9,616,707
Total operating expenses	70,195,545	52,116,179
Loss from operations	(2,832,001)	(3,895,628)
Non-operating revenues (expenses)		
Capital contributions	999,000	11,996,674
State grant revenue - capital	-	2,173,755
Interest income	222,593	168,659
Interest expense	(440,010)	(491,791)
Gain on investment	-	6,705
Impairment loss on investment	(419,939)	(134,356)
Gain on disposal of capital assets	191,300	46,190
Capital contributions to other governments	(1,486,757)	-
Total non-operating revenues (expenses)	(933,813)	13,765,836
Change in net position	(3,765,814)	9,870,208
Net position, beginning of year	152,267,803	142,397,595
Net position, end of year	\$ 148,501,989	\$ 152,267,803

The accompanying notes are an integral part of these financial statements.

Space Florida Statements of Cash Flows

<i>For the years ended September 30,</i>	2020	2019
Cash flows from operating activities:		
Cash received from customers and users	\$ 10,431,898	\$ 8,386,670
Cash paid to suppliers for goods and services	(53,729,731)	(37,438,620)
Cash payments to employees for services	(4,550,329)	(4,559,015)
Operating grant receipts	47,879,974	31,073,963
Net cash provided by (used in) operating activities	31,812	(2,537,002)
Cash flows from capital and related financing activities:		
Capital related grant receipts	999,000	6,725,179
Purchase and construction of capital assets	(1,404,540)	(7,632,198)
Proceeds from issuance of note payable	137,919	-
Principal paid on note payable	(720,650)	(7,550,700)
Proceeds from the sale of capital assets	191,300	438,075
Deposit for construction of capital assets	-	(1,574,428)
Payments on capital lease	(51,997)	-
Net cash used in capital and related financing activities	(848,968)	(9,594,072)
Cash flows from investing activities:		
Interest received	222,593	168,659
Interest paid	(440,010)	(491,791)
Execution of warrants	(468,800)	-
Net cash used in investing activities	(686,217)	(323,132)
Net decrease in cash	(1,503,373)	(12,454,206)
Cash, beginning of year	30,019,974	42,474,180
Cash, end of year	\$ 28,516,601	\$ 30,019,974

Cash for the purposes of this statement consists of the following

<i>September 30,</i>	2020	2019
Cash	\$ 22,067,569	\$ 11,366,018
Restricted cash	6,449,032	18,653,956
Total cash	\$ 28,516,601	\$ 30,019,974

The accompanying notes are an integral part of these financial statements.

Space Florida
Statements of Cash Flows (continued)

Reconciliation of income (loss) from operations to net cash provided by (used in) operating activities:

Income (loss) from operations	\$ (2,832,001)	\$ (3,895,628)
Adjustment to reconcile Income (loss) from operations to net cash provided by operating activities		
Depreciation expense	11,444,324	9,616,707
In-kind payment of rent, increase in unearned revenue	(2,826,088)	382,633
Bad debt expense	106,676	(22,547)
Non cash contribution, increase in prepaid rent	(8,391,333)	-
Non cash contribution, increase in deferred rent liability	8,773,967	-
(Increase) decrease in assets:		
Accounts receivable	(59,312)	21,431
Due from other governments	(9,674,879)	(8,701,394)
Accrued interest receivable	(118,927)	54,356
Loans receivable	22,426	270,872
Other assets	(10,356)	144,739
Prepaid rent	-	(1,922,726)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	2,519,812	1,316,502
Compensated absences	68,693	50,852
Salaries payable	50,246	5,467
Unearned revenue	-	(128,307)
Deposits	23,248	(6,004)
Customer advances	659,271	-
Deferred rent liability	276,045	276,045
Total adjustments	2,863,813	1,358,626
Net cash provided by (used in) operating activities	\$ 31,812	\$ (2,537,002)

Summary of noncash investing activities	2020	2019
Increase in investment impairment	\$ 419,939	\$ 134,356
Gain on investment	-	(6,705)

Summary of noncash capital financing activities	2020	2019
Accrued interest converted to notes receivable	\$ 88,352	\$ 82,179
Increase in capital assets, acquired through contributions from tenants	-	135,626,990
Increase in capital assets, acquired through capital lease	-	299,691

The accompanying notes are an integral part of these financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Space Florida is an independent special district, a body politic and corporate, and a component unit of the State of Florida, which was created pursuant to the Space Florida Act, Sections 331.301-331.369, Florida Statutes, as amended. Space Florida's purpose is to foster the growth and development of a sustainable and world-leading aerospace industry in the State of Florida. Space Florida accomplishes its purpose by promoting aerospace business development, facilitating business financing, spaceport operations, research and development, workforce development, and innovative education programs. Space Florida is not considered an "agency" of the State for budgeting, as defined in Florida Statutes 216.011 and 287.012.

Space Florida is governed by a 13-member independent board of directors that consists of the members appointed to the board of directors of Enterprise Florida, Inc., by the Governor, the President of the Senate, and the Speaker of the House of Representatives pursuant to s. 288.901(5)(a)7. and the Governor, who shall serve ex officio, or who may appoint a designee to serve, as the chair and a voting member of the board.

Space Florida has the authority to purchase or construct facilities, to set rates, fees and charges for the use of facilities and to undertake joint financing with municipalities or private sector entities for projects. Space Florida also has the power to issue bonds and other instruments of indebtedness. The full faith and credit of the State of Florida does not secure any bonds issued by Space Florida.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Space Florida's financial statements are reported using the economic resources measurement focus, which is concerned with the inflow and outflow of resources that affect an entity. The Statement of Net Position reflects those resources available to meet current obligations and to be used in the delivery of goods and services in subsequent periods. The Statement of Revenues, Expenses and Changes in Net Position summarize those resources received and those consumed during the current period. The statement distinguishes between operating and non-operating revenues and expenses. Operating revenues generally result from leases, administrative fees and operating grants. Operating expenses include the costs for space business development activities, educational research development and workforce activities, operations, administrative expenses and depreciation. All revenues and expenses not meeting the definition of operating are reported as non-operating revenues and expenses.

Space Florida accounts for all of its activities within one enterprise fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Upon settlement, actual results may differ from those estimates.

Cash

Consists of cash on hand and demand deposits that are restricted and unrestricted.

Investments

Investments are valued at cost, as permitted by Governmental Accounting Standards Board Standard (GASBS) 62 Codification of Account and Financial Report Guidance, as the investments are not held for the primary purpose of income or profit and therefore do not meet the requirements as defined by GASBS 72 Fair Value Measurement to be measured at fair value. Space Florida is allowed to invest in common stock and warrants under Florida Statute 331.305. Management has reviewed the investments and recognized an impairment of \$1,115,692 and \$695,753 (see custodial credit risk in Note 2) as of September 30, 2020 and 2019, respectively.

Accounts Receivable

The receivables are funds due to Space Florida from customers. Space Florida charges interest based on contract terms. An allowance of \$76,872 and \$19,770 was recorded at September 30, 2020 and 2019, respectively, based on management's estimate of the collectability of outstanding accounts receivable balances.

Loans Receivable

Consists of loans due from several companies (See Note 4). Management reviews each loan and based on timeliness of payments estimates an allowance.

Other Assets

Consists of deposits, receivables from capital leases and prepaid expenses.

Restricted Assets

Consists primarily of cash received and unexpended in connection with specific private-funded projects.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Are defined as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Capital assets are recorded at cost when purchased or at fair market value when donated. Additions, improvements and expenditures for repairs and maintenance that extend the lives of assets are capitalized. Other expenditures for repairs and maintenance are charged to expense as incurred. The carrying amount and accumulated depreciation of assets that are sold or retired are removed from the accounts in the year of disposal and any resulting gain or loss is included in results of operations.

Depreciation is provided using the straight-line method over the useful lives of the various classes of depreciable assets. The estimated useful lives of the building improvements is 27 years, and furniture, fixtures, vehicles and equipment range from 1 to 27 years.

Accrued Compensated Absences

Space Florida's reporting of accrued compensated absences has been recorded in accordance with GASB Codification C60. A liability is accrued for an employee's right to receive compensation for future absences when certain conditions are met.

Unearned Revenues

Include amounts invoiced or collected before the revenue recognition criteria are met and includes advanced payments received from grantor agencies that are unearned and recognized over the periods to which the payments relate. See Note 11.

Deposits

Consist of amounts held for tenants of leased facilities.

Customer advances

Consists of assets provided to Space Florida before the related expense is incurred.

Long-term obligations

In the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the proprietary fund statement of net position. In accordance with GASB Codification I30: *Interest Costs – Imputation*, debt issuance costs are expensed in the period incurred except for prepaid insurance costs.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of debt, or other liabilities that are attributable to the acquisition, construction or improvement of those assets.

Net position is restricted when constraints placed on funds are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. At September 30, 2020 and 2019, restricted net position consists primarily of cash received and unexpended in connection with specific State-funded projects and unearned revenue. When both restricted and unrestricted resources are available for use, generally it is Space Florida's policy to use restricted resources first, then unrestricted resources as needed.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 22, 2021. See Note 18 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

Reclassifications

Certain reclassifications were made to the prior year statement of net position and statement of revenues, expenses, changes in net position, and footnotes to conform with the current year presentation. The reclassifications did not change net position in total.

Note 2: CASH AND INVESTMENTS

At September 30, 2020 and 2019, the carrying amount of Space Florida's deposits was \$28,516,601 and \$30,019,974, respectively, and the bank balance was \$30,277,179 and \$30,935,475, respectively. These deposits consist of demand accounts that are covered by the federal depository insurance corporation (FDIC) up to \$250,000. Monies invested in amounts greater than FDIC limits are secured by collateral held by Space Florida's agent, pursuant to the Florida Security for Public Deposits Act (the "Act"). The Act requires that Space Florida maintain deposits only in "qualified public depositories." All qualified public depositories must deposit with the State Treasurer eligible collateral in such amounts as required by the Act. Should a default or insolvency occur, the State Treasurer would implement procedures for payment of losses according to the validated claims of Space Florida. Therefore, Space Florida's deposits are considered to be fully insured.

Florida Statute 331.309 authorizes Space Florida to select as a depository any qualified public depository as defined in Florida Statute 280.02. Space Florida may also deposit funds with the State Treasury.

Space Florida
Notes to the Financial Statements

Note 2: CASH AND INVESTMENTS (Continued)

Cash consists of the following:

<i>September 30,</i>	2020	2019
Demand deposits	\$28,516,601	\$30,019,974
Classified as:		
Cash	\$22,067,569	\$11,366,018
Restricted cash	6,449,032	18,653,956
	\$28,516,601	\$30,019,974

Credit risk

Florida Statute 331.348 authorizes Space Florida to invest in funds backed by the federal and local governments, or any investment authorized in Florida Statute 17.57.

Interest rate risk

Space Florida's investment policy and Florida Statutes do not limit the maturities of investments to reduce the interest rate risk.

Foreign currency risk

Space Florida is not exposed to foreign currency risk. All of the holdings of Space Florida are denominated in US Dollars.

Concentration of credit risk

Space Florida's investment policy and Florida Statute 331.348 do not limit the concentration of types of investments.

At September 30, 2020 and 2019, Space Florida had the following cost method investments that were greater than 5% of their total investments, net of impairments:

<i>September 30,</i>	2020	2019
Investment 1 - 25,000 shares of common stock *	\$ 400,000	\$ 500,000
Investment 1 - warrants to purchase 25,000 shares of common stock *	559,440	699,300
Investment 2 - 20,000 shares of common stock *	199,720	249,650
Investment 2 - warrants to purchase 20,000 shares of common stock *	199,720	249,650
Investment 3 - 60,000 shares of common stock	1,966,800	-
Investment 3 - warrants to purchase 60,000 membership units	-	1,498,000
Investment 4 - 55,555 shares of series A preferred stock	499,995	499,995
Total	\$ 3,825,675	\$ 3,696,595

Investment 1 common stock is net of an allowance of \$100,000 and \$0 and investment 1 warrants are net of an allowance of \$139,860 and \$0 at September 30, 2020, and 2019, respectively. Investment 2 common stock is net of an allowance of \$49,930 and \$0 and investment 2 warrants are net of an allowance of \$49,930 and \$0 at September 30, 2020, and 2019, respectively.

Note 2: CASH AND INVESTMENTS (Continued)

Custodial credit risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, Space Florida will not be able to recover the value of the investments that are in the possession of an outside party. Space Florida does not have a formal policy for custodial credit risk. Space Florida's investments of \$3,825,675 and \$3,696,595 as of September 30, 2020 and 2019, respectively, are for securities uninsured, unregistered and are held by the individual companies that have issued the stock. Space Florida incurred an impairment loss of \$419,939 and \$134,356 during the years ended September 30, 2020 and 2019, respectively.

Investments in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Note 3: DUE FROM OTHER GOVERNMENTS

Due from other governments is comprised of \$38,049,372 and \$28,374,493 of State appropriations and grants for operations and capital improvements at September 30, 2020 and 2019, respectively.

Note 4: LOANS RECEIVABLE

Space Florida entered into several loan agreements with a company (Company 1) totaling \$1,036,925 through June 30, 2011 charging 1% interest per annum. During February 2012, the previous loans were refinanced and an additional \$399,076 was loaned to the Company. The loan is secured by collateral in an engine. Interest only payments are due monthly beginning March 2013 and a balloon payment due in 2022. Accrued interest at both September 30, 2020 and 2019 was \$8,377. During the years ended September 30, 2020 and 2019, interest payments were made in accordance with the terms of the agreement. Space Florida's management has estimated a portion of the note receivable will most likely not be collected and has recorded an allowance of \$287,200 at September 30, 2020 and 2019.

During September 2017, Space Florida entered into an additional promissory note agreement with Company 1. The terms of the note included an additional \$90,000 in principal, interest accrues at 6.49% per annum. The note matured on December 31, 2019. Space Florida estimated a portion of the note receivable would most likely not be collected and recorded an allowance of \$18,000 as of September 30, 2019. The note and accrued interest, including the amount allowed for, were paid in full during the year ended September 30, 2020.

Note 4: LOANS RECEIVABLE (Continued)

During March 2017 Space Florida entered into a promissory note agreement with a company (Company 2). The terms of the note included an original principal of \$1,000,000, interest accrues at 2% per annum, and requires 48 monthly interest only payments of \$1,666 followed by 12 monthly principal and interest payments of \$83,333. The note was collateralized by personal property and equipment. The note and accrued interest were paid in full during the year ended September 30, 2020.

During December 2018, Space Florida entered into an additional promissory note agreement with Company 2. The terms of the note included an original principal of \$1,000,000, interest accrues at 5% per annum, and requires 48 monthly interest only payments followed by 12 monthly payments of principal and interest of \$83,333. The loan was collateralized by equipment and land of the Company. There is no accrued interest as of September 30, 2019. The note and accrued interest were paid in full during the year ended September 30, 2020.

During October 2019, Space Florida entered into an additional promissory note agreement with Company 2. The terms of the note included an original principal balance of \$1,000,000, interest accrues at 5% per annum, and requires 48 monthly payment of interest, and subsequently 12 monthly payments of principal and interest maturing on October 1, 2024. The note was collateralized by specific assets of the Company. The note and accrued interest were paid in full during the year ended September 30, 2020.

During March, 2017, Space Florida entered into a promissory note agreement with a company (Company 4). The terms of the note include an original principal balance of \$74,480, interest accrues at 2.10% per annum, and requires 72 regular monthly payments of principal and interest of \$1,101 maturing in February 2023. The note is collateralized by the assets of Company 4. Space Florida has estimated the remaining outstanding balance of the note will most likely not be collected and has recorded an allowance of \$30,048 and \$42,475 at September 30, 2020 and 2019, respectively.

During January 2018, Space Florida entered into an unsecured convertible promissory note agreement with Company 4. The terms of the note include an original principal balance of \$1,000,000, interest accrues at 8% per annum, and does not require regular payments. The note and all accrued interest are due during January 2023. Space Florida has elected to convert all accrued unpaid interest into equity holdings in Company 4. If the note is not paid in full by the maturity date, or upon change in control of the company, Company 4 may elect to convert the debt to equity based on a conversion factor, but has not elected to convert any of the principal. Space Florida has estimated the note will most likely not be collected and has recorded an allowance of \$1,000,000 at September 30, 2020 and 2019.

Space Florida
Notes to the Financial Statements

Note 4: LOANS RECEIVABLE (Continued)

During November 2019, Space Florida entered in a unsecured promissory note agreement with Company 4. The terms of the note include an original principal balance of \$80,000, interest accrues at 2.10% per annum, and requires 12 regular monthly payments of interest only. The principal balance and any accrued unpaid interest are due at maturity in November 2020.

Management has estimated the note will most likely not be collected and has recorded an allowance of \$80,000 at September 30, 2020.

During October, 2018 Space Florida entered into a promissory note agreement with a company (Company 5). The terms of the note include an original principal balance of \$400,000, interest accrues at 2% per annum, and requires 20 quarterly interest only payments with a balloon payment of the remaining balance upon maturity during October 2023. The note is secured by certain personal property of Company 5.

Management has estimated that the receivable will most likely not be collected and has recorded an allowance of \$400,000 as of September 30, 2020, and 2019.

During June 2020, Space Florida entered into an unsecured convertible promissory note agreement with a company (Company 6). The terms of the note include an original principal balance of \$2,000,000, interest accrues at 6% per annum, and requires payment of unpaid principal and accrued interest at maturity on December 28, 2021. The note agreement included 598,533 detachable warrants in Company 6's series B-1 Preferred Stock. Additionally, the note includes a conversion feature based upon terms of a subsequent equity issuance, or upon a change in control of Company 6. Accrued interest related to Company 6 at September 30, 2020 was \$30,575.

Loans receivable are as follows:

<i>September 30,</i>	2020			2019	
Name	Long-term Principal	Accrued Interest	Current Portion	Principal	Accrued Interest
Company 1	\$ 1,436,001	\$ 8,377	-	\$ 1,526,001	\$ 8,377
Company 2	-	-	-	2,000,000	-
Company 4	1,017,352	-	92,696	1,042,474	-
Company 5	400,000	-	-	400,000	-
Company 6	2,000,000	30,575	-	-	-
Less allowance	(1,704,553)	-	(92,696)	(1,747,675)	-
Totals	\$ 3,148,800	\$ 38,952	\$ -	\$ 3,220,800	\$ 8,377

Space Florida
Notes to the Financial Statements

Note 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 and 2019 was as follows:

	Balance September 30, 2019	Increases	Decreases	Balance September 30, 2020
Capital assets, not being depreciated				
Construction in progress	\$ 14,619,768	\$ 350,454	\$ (14,283,890)	\$ 686,332
Total capital assets not being depreciated	14,619,768	350,454	(14,283,890)	686,332
Capital assets, being depreciated:				
Buildings and improvements	283,318,256	-	(1,864,745)	281,453,511
Furniture, fixtures, vehicles, and equipment	10,160,167	15,338,363	(3,002,639)	22,495,891
Total capital assets being depreciated	293,478,423	15,338,363	(4,867,384)	303,949,402
Less accumulated depreciation for:				
Buildings and improvements	(46,455,460)	(10,699,086)	377,601	(56,776,945)
Furniture, fixtures, vehicles, and equipment	(8,750,264)	(745,238)	3,002,639	(6,492,863)
Total accumulated depreciation	(55,205,724)	(11,444,324)	3,380,240	(63,269,808)
Total capital assets, being depreciated, net	238,272,699	3,894,039	(1,487,144)	240,679,594
Capital assets, net	\$ 252,892,467	\$ 4,244,493	\$ (15,771,034)	\$ 241,365,926
Capital assets, not being depreciated				
Construction in progress	\$ 45,872,185	\$ 7,119,350	\$ (38,371,767)	\$ 14,619,768
Total capital assets not being depreciated	45,872,185	7,119,350	(38,371,767)	14,619,768
Capital assets, being depreciated:				
Buildings and improvements	116,505,807	166,812,449	-	283,318,256
Furniture, fixtures, vehicles, and equipment	10,753,591	485,152	(1,078,576)	10,160,167
Total capital assets being depreciated	127,259,398	167,297,601	(1,078,576)	293,478,423
Less accumulated depreciation for:				
Buildings and improvements	(37,754,495)	(8,700,965)	-	(46,455,460)
Furniture, fixtures, vehicles, and equipment	(8,521,214)	(915,741)	686,691	(8,750,264)
Total accumulated depreciation	(46,275,709)	(9,616,706)	686,691	(55,205,724)
Total capital assets, being depreciated, net	80,983,689	157,680,895	(391,885)	238,272,699
Capital assets, net	\$ 126,855,874	\$ 164,800,245	\$ (38,763,652)	\$ 252,892,467

Note 6: LONG-TERM DEBT

Notes Payable

During October 2013, Space Florida entered into a loan agreement with a bank in the amount of \$17,500,000. The note was to mature on January 30, 2015; however, it was converted, on January 30, 2015, to a note payable with a 3 year repayment term maturing on May 31, 2019. The note was issued with a floating rate of interest equal to 72% of the one month London Interbank Offered Rate (LIBOR) plus 250 basis points (2.50%) per annum. During 2019 and 2020 Space Florida entered into multiple short term extensions before renegotiating the terms of the loan which established a new maturity date of July 1, 2027, accruing interest at 3.021% per annum. Payments of principal and interest are due quarterly beginning on October 1, 2020.

The outstanding principal balance as of September 30, 2020 and 2019 was \$7,402,725 and \$7,985,456, respectively. Payment of principal and interest is to be paid by pledged future appropriations from the State through the State Economic Enhancement and Development Fund. Annual principal and interest payments on the note payable are expected to require approximately 15% of appropriations for the year ending September 30, 2019, and will require approximately 11% of appropriations for the year ending September 30, 2020.

Future minimum payments at September 30, 2020 are as follows:

<i>Year Ending September 30,</i>	Principal	Interest	Total
2021	\$ 1,004,105	\$ 214,175	\$ 1,218,280
2022	1,034,785	181,653	1,216,438
2023	1,066,402	150,036	1,216,438
2024	1,098,985	117,453	1,216,438
2025	1,132,562	83,875	1,216,437
2026 - 2027	2,065,886	62,880	2,128,766
Total	\$ 7,402,725	\$ 810,072	\$ 8,212,797

Capital lease payable

On April 1, 2019, Space Florida entered into a capital lease agreement for equipment. The capital lease agreement requires annual payments of principle and interest of \$68,444 for up to 5 years. The annual imputed interest rate is 7.1125%. The leased equipment is depreciated over straight-line basis over 5 years.

The following is a summary of Space Florida's assets under capital lease at September 30:

<i>September 30,</i>	2020	2019
Equipment at cost	\$ 299,691	\$ 299,691
Less: accumulated depreciation	(89,907)	(29,969)
Total	\$ 209,784	\$ 269,722

Space Florida
Notes to the Financial Statements

Note 6: LONG-TERM DEBT (Continued)

Future minimum lease payments at September 30, 2020 are as follows:

<i>Year Ending September 30</i>	Principal		Interest		Total
2021	\$	55,695	\$	12,749	\$ 68,444
2022		59,656		8,788	68,444
2023		63,899		4,545	68,444
Total	\$	179,250	\$	26,082	\$ 205,332

Changes In Long-Term Liabilities

Long-term liability activity for the years ended September 30, 2020 and 2019, was as follows:

	Balance September 30, 2019	Additions	Reductions	Balance September 30, 2020	Due Within One Year
Notes from direct borrowings:					
Notes payable	\$ 7,985,456	\$ 137,919	\$ (720,650)	\$ 7,402,725	\$ 1,004,105
Total notes from					
Direct borrowings	7,985,456	137,919	(720,650)	7,402,725	1,004,105
Compensated absences	284,161	330,770	(262,077)	352,854	185,181
Capital Lease payable	231,247	-	(51,997)	179,250	55,695
Total	\$ 8,500,864	\$ 468,689	\$ (1,034,724)	\$ 7,934,829	\$ 1,244,981

	Balance September 30, 2018	Additions	Reductions	Balance September 30, 2019	Due Within One Year
Notes from direct borrowings:					
Notes payable	\$ 15,536,156	\$ -	\$ (7,550,700)	\$ 7,985,456	\$ 720,650
Total notes from					
Direct borrowings	15,536,156	-	(7,550,700)	7,985,456	720,650
Compensated absences	233,309	347,236	(296,384)	284,161	159,471
Capital Lease payable	-	299,691	(68,444)	231,247	51,997
Total	\$ 15,769,465	\$ 646,927	\$ (7,915,528)	\$ 8,500,864	\$ 932,118

Note 7: CONDUIT DEBT

As defined by GASBC Section C65, conduit debt obligations are certain limited obligation debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. Although the conduit debt obligations bear the name of the governmental entity, the entity has no

Note 7: CONDUIT DEBT (Continued)

obligation to repay the conduit debt beyond the resources provided by a lease or loan to the third party. GASBC has concluded that conduit debt does not create a liability for the governmental entity and, therefore, is not reflected on the entity's basic financial statements.

Space Florida has participated in the issuance of conduit debt projects that are not reflected on the statement of net position of its basic financial statements.

The conduit debt transactions discussed below are limited obligation debts of Space Florida and are payable solely from the pledged revenues described in the respective debt agreements. Neither the faith nor credit, nor the taxing power of Space Florida, the State of Florida nor any subdivision thereof is pledged for the payment of the debts.

During January 2000, the Florida Space Authority entered into an agreement to assist in the financing and modification of Launch Complex 41 for use of the Atlas V rocket. This project was completed during the year ended June 30, 2003. The original value of the Florida Space Authority assisted financing on this project was approximately \$294,117,000. With the dissolution of the Florida Space Authority on September 1, 2006, the conduit debt was assigned to Space Florida. The debt was refinanced in November 2010 with a principal balance of \$100,000,000. As of September 30, 2020 and 2019, the outstanding balance was approximately \$10,235,732 and \$19,372,830, respectively. Lease revenue received on the Atlas V facility is being used to pay off the debt, and debt payments are made by United Launch Alliance.

During July 2005, the Florida Space Authority entered into an agreement to assist in the financing related to the construction of a Shuttle Launch Experience facility to be located at the Kennedy Space Center. With the dissolution of the Florida Space Authority on September 1, 2006, the conduit debt was assigned to Space Florida. The project was completed during the year ended June 30, 2009, at which point the total value of the Florida Space Authority assisted financing on this project was approximately \$35,000,000.

During March 2007, Space Florida entered into an agreement to assist in additional financing related to the construction of a Shuttle Launch Experience facility to be located at the Kennedy Space Center. The project was completed during the year ended June 30, 2009, at which point the total value of the Space Florida assisted financing on this project was approximately \$5,000,000.

During March 2012, Space Florida entered into an agreement to assist with financing related to the construction of the Space Shuttle Atlantis Exhibit. This was attached to the Shuttle Launch Experience facility. The \$35,000,000, and \$5,000,000 were refinanced into one loan with an additional \$22,500,000 of funding provided. The total amount of assisted financing was \$62,500,000.

As of September 30, 2020 and 2019, the outstanding balance on Space Florida assisted financing was approximately \$0 and \$9,721,375, respectively. The debt was repaid from a percentage of ticket sale revenues at the Kennedy Space Center Visitor Complex.

Note 7: CONDUIT DEBT (Continued)

During December 2014, Space Florida entered into a multi-phase agreement with a company to provide with financing related to the sale and leaseback of personal and real property for up to \$250,000,000. As of September 30, 2020 and 2019, the outstanding balance on Space Florida assisted financing was \$84,788,781 and \$62,324,232, respectively. The debt will be repaid with proceeds from the lease of the personal property. The loan is collateralized by the lease.

During November 2017, Space Florida entered into an agreement with a company to provide financing relating to the sale and leaseback of personal property for up to \$27,200,000. As of September 30, 2020 and 2019, the outstanding balance on Space Florida assisted financing was \$0 and \$20,283,789, respectively.

Note 8: ENGINEERING & TECHNOLOGY CENTER

On November 7, 2012, Space Florida entered into an operating lease agreement with the Melbourne Airport Authority for the right to sublease facilities. The term of the lease is for 360 months with an option to extend this lease for up to 4 additional terms of 5 years. The lease began in August 2014. During the years ended September 30, 2020 and 2019, Space Florida recorded a lease expense of \$166,605 and \$154,271, respectively. The future minimum straight-line lease payment is \$170,716 each year through November 7, 2042.

On September 18, 2014, Space Florida signed a sublease with a company for period of 20 years. The tenant is responsible for maintenance, operations, and improvements of the facilities. During the years ended September 30, 2020 and 2019, Space Florida recorded lease revenue of \$166,605 and \$154,271, respectively. The straight line future minimum rental income is \$170,716 each year through November 7, 2042.

Note 9: SRMU STORAGE FACILITY

The SRMU storage facility was constructed on land owned by the State of Florida Armory Board. The annual land use fee for the years September 30, 2020 and 2019 is approximately \$297,946 and \$292,821, respectively, and is payable by Space Florida in monthly installments of approximately \$25,174. The future minimum lease payments totaling \$1,816,680 through May 31, 2026.

On May 15, 2007, Space Florida entered into an agreement to lease the Titan IV Solid Rocket Motor Upgrade (SRMU) storage facility constructed at Camp Blanding, Florida. The lease is currently extended through May 31, 2023, and may be extended for up to one additional three year periods. However, the tenant may terminate the lease with a 90-day written notice. During the years ended September 30, 2020 and 2019, Space Florida recorded lease revenue of \$152,184 and \$149,200, respectively.

Note 9: SRMU STORAGE FACILITY (Continued)

If the current tenant chooses not to renew the lease and no suitable lease agreement is secured with another tenant, management believes the service utility of the facility would be significantly reduced. Under such circumstances, and in accordance with GASB Cod. Section 1400, *Reporting Capital Assets and for Insurance Recoveries*, Space Florida would be required to report an impairment loss, not to exceed the then carrying value of the facility, which was \$2,576,907, and \$3,009,628 as of September 30, 2020 and 2019, respectively. However, management believes the current tenant will continue to renew the lease. Accordingly, no impairment loss has been recorded as of September 30, 2020 and 2019.

Note 10: COMMERCIAL CREW AND CARGO PROCESSING FACILITY

On July 19, 2011, Space Florida entered into a use lease agreement with NASA's John F. Kennedy Space Center for the right to use the Commercial Crew and Cargo Processing Facility "C3PF" f/k/a/ Orbiter Processing Facility 3 "OPF-3", Space Shuttle Main Engine Processing Facility, K6-0696 building, and the processing Control Center. Space Florida needed to fund an escrow account for the demolition, which is estimated to be \$4,850,000 by October 6, 2016; however, Space Florida requested that NASA waive the specific establishment and funding of the Escrow Account Requirement and NASA granted the request.

On April 1, 2015, Space Florida entered into a sub-use agreement with a Company to lease the C3PF and Processing Control Center. The lease terminates in December 31, 2021 with an option to extend for up to two additional terms of three years, but shall not extend beyond the user permit term expiration date of June 1, 2027. During the years ended September 30, 2020 and 2019, Space Florida recorded administrative fee revenue of \$580,022. The future minimum administrative fees are \$580,022 each year through December 31, 2021.

During the years ended September 30, 2020 and 2019, Space Florida recorded operations and maintenance expenses related to the C3PF facility of \$772,900 and \$985,863, respectively. The facility is sub-licensed to a company that is responsible for all of the operations and maintenance costs of the facilities.

Note 11: EXPLORATION PARK

On January 1, 2009, Space Florida entered into a 60 year enhanced use lease agreement, including additional extension options, with NASA's John F. Kennedy Space Center for 60 acres and an optional 139 additional acres located adjacent to the SLSL. The intended purpose of this property, with certain limitations as described in the lease agreement, is for the development of a mixed-use, multi-tenant technology and commerce park referred to as "Exploration Park." The park is intended to host diverse aerospace-related activities for commercial, civil and military tenants.

Note 11: EXPLORATION PARK (Continued)

Phase 1

There were no cash lease payments initially required under the lease agreement until Phase 1 was available to be utilized, and rental fees began on July 1, 2014 and escalate 2.5% annually. Beginning on January 1, 2039 the rent expense shall escalate on the anniversary using the consumer price index or, if greater, shall be 5% of gross revenues derived from subleases in Phase 1.

Space Florida made capital improvements to the leased area during the first three years of the use agreement and upon completion of the improvements, NASA accepted the improvements in lieu of \$6,887,396 of future rent payments. There is \$382,633 of current prepaid rent as of September 30, 2020 and 2019, and \$4,113,306 and \$4,495,940 of noncurrent prepaid rent, as of September 30, 2020 and 2019.

The prepaid rent was accepted by NASA for rent covering 18 years; therefore, it is allocated and expensed evenly across the 18 years and \$382,633 is applied annually. During the years ended September 30, 2020 and 2019, the straight-line rent expense was \$658,678. The difference between the annual rent expense and the prepaid rent applied results in a cumulative deferred rent liability of \$1,725,282 and \$1,449,237 as of September 30, 2020 and 2019, respectively.

Space Florida will make cash payments totaling \$40,580,340 for the use lease agreement, and will begin making payments in 2032.

Space Life Sciences Lab

The Space Life Sciences Lab (SLSL) was constructed within Phase 1 of Exploration Park and the building is owned by Space Florida. Space Florida leases space within the SLSL to various tenants, the use agreement with NASA requires Space Florida to make regular lease payments if NASA is not the primary tenant. During the years ended December 31, 2020 and 2019 NASA was not the primary tenant and Space Florida recorded lease payments to NASA of \$276,480 and 74,200, respectively.

The carrying value of the facility at September 30, 2020 and 2019 was \$12,972,506 and \$14,043,195, respectively. During the years ended September 30, 2020 and 2019, Space Florida recorded operations and maintenance expenses, including rent, related to the SLSL facility of \$3,796,111 and \$3,340,492 respectively. During the years ended September 30, 2020 and 2019, Space Florida recorded lease and service revenue of \$749,730 and \$990,141, respectively. Leases to tenants within the SLSL have rental periods of varying duration through December 2021. Space Florida will collect future minimum lease revenue as follows:

Year ending September 30,	
2021	241,927
Total	\$ 241,927

Note 11: EXPLORATION PARK (Continued)

Phase 1 Building D-F

Space Florida owns a building within exploration park which it leases to a spacecraft manufacturing tenant. The lease began on occupancy of the building which occurred on April 1, 2019 and requires regular monthly payments of \$43,537 for 20 years, plus quarterly common area maintenance fees, and a prepayment for quarterly projected utility usage. The lease has renewal options for up to an additional 15 years via three 5 year lease renewal periods. During the year ended September 30, 2020, Space Florida recorded lease revenue of \$522,444. Future minimum lease payments under the lease are \$522,444 per year through March 2039.

At September 30, 2019 Space Florida had recorded \$7,445,250 in unearned revenue related to the estimated value of the improvements pending approval from NASA. Based on changes in circumstances, NASA has indicated they will not accept additional in-kind payments for rent related to Phase 1. Therefore, during 2019, the improvements were recognized as a contribution and the rent expense will be passed on to the lessee.

Phase 2

During December 2015, Space Florida signed an amended use agreement with NASA's John F. Kennedy Space Center to exercise the option to lease Exploration Park Phase 2 for sixty years. from the commencement date in exchange for in-kind rent and non-monetary considerations. Rental payments were scheduled to begin on the date the improvements to Phase 2 were accepted by NASA. On September 17, 2020 NASA accepted and valued the improvements at \$8,773,967, and Space Florida recorded \$340,601 in prepaid rent noncurrent and \$433,366 in prepaid rent, current.

There were no cash lease payments initially required under the lease agreement until Phase 2 improvements were accepted by NASA, and rental fees began on October 1, 2020 and escalate 2.5% annually. Beginning on January 1, 2046 the rent expense shall escalate on the anniversary using the consumer price index or, if greater, shall be 5% of gross revenues derived from subleases in Phase 2.

The prepaid rent was accepted by NASA for rent covering approximately 21 years; therefore, it is allocated and expensed evenly across the 21 years and \$412,894 is applied annually. During the years ended September 30, 2020 and 2019, the straight-line rent expense was \$433,366. The difference between the annual rent expense and the prepaid rent applied results in a cumulative deferred rent liability of \$8,773,967 and \$0 as of September 30, 2020 and 2019, respectively.

Space Florida will make cash payments totaling \$13,931,699 for the use lease agreement, and will begin making payments in 2042.

Note 11: EXPLORATION PARK (Continued)

Phase 2 Site A

During the year ended September 30, 2019, an unrelated company transferred to Space Florida buildings and ancillary support structures constructed within Exploration Park Phase 2 valued at \$128,181,740. Space Florida intends to lease these back to the contributor and has recorded the transfer as prepaid rent which will be used to offset all future lease payments. The prepaid rent related to the contributed building is included in the current and noncurrent unearned revenue. Space Florida recorded \$2,563,635 and \$1,922,726 of lease revenue for the year ended September 30, 2020 and 2019, respectively. The future minimum rental income is \$2,563,635 each year for 50 year lease term which ends in December 2069. As of September 30, 2020 and 2019, \$2,563,635 was included in current unearned revenue plus additional advances from tenants in the amount of \$95,502 and \$357,955, respectively. As of September 30, 2020 and 2019, \$121,131,744 and \$123,695,379, respectively, were included in unearned revenue noncurrent.

Note 12: RIGHTS AND ACCESS

Area 57 - East

During August 2015, Space Florida was granted a license (right to use) to Area 57 – East at Cape Canaveral Air Force Station from the Secretary of the Air Force for a period of five years retroactively beginning in March 2014 and ended in February 2019. The license is currently being renegotiated. Space Florida shall pay all direct costs associated with the use of the facility. Additionally, Space Florida will need to fund the demolition, which is estimated to be \$100,000.

Additionally, during March 2016, Space Florida signed a sublease agreement with a company whereby the company will pay rental payments of \$16,763 per month, and all costs to operate the Area 57 facilities, with a three percent annual escalator through January 31, 2019 with renewal options through 2025.

During the years ended September 30, 2020 and 2019, Space Florida recorded operations and maintenance expenses, related to Area 57, of \$54,699 and \$25,864, respectively.

Launch Complex 36

Space Florida was granted a license (right to use) to Space Launch Complex 36 at Cape Canaveral Air Force Station from the Secretary of the Air Force for a period of five years commencing in November 2014 and ending November 2019 with a one year extension. The intended purpose of the complex, with certain limitations as described in the license agreement, is for the construction and operation of a multi-use vertical launch complex capable of supporting several launch vehicle configurations ranging from light to medium lift. The license is revocable at the will of the Secretary of the Air Force. In November 2019, Space Florida did not renew the license and the facility was transferred from Space Florida control to a different unrelated entity.

Note 12: RIGHTS AND ACCESS

Launch Complex 46

Space Florida was granted a license (right to use) to Space Launch Complex 46 (SLC-46) at Cape Canaveral Air Force Station from the Secretary of the Air Force for a period of five years from September 2008 and ending September 2013, which was subsequently extended to September 2024. The intended purpose of the complex, with certain limitations as described in the license agreement, is for the construction and operation of a launch complex that is capable of supporting space launches and other directly related activities for government, education and commercial purposes. Through an agreement with the Air Force and Navy, Space Florida shares SLC-46 site with the Naval Ordnance Test Unit (NOTU). The license is revocable at the will of the Secretary of the Air Force.

Shuttle Landing Facility

On June 23, 2015, Space Florida entered into a 30 year agreement with NASA's John F. Kennedy Space Center for the management, development, improvement, operation, and sustainment of the Shuttle Landing Facility to support Government and commercial users engaged in horizontal space launch and recovery, aerospace vehicle flight testing and operations, and mission-related or otherwise compatible aviation. Space Florida will provide, at no cost to NASA, flight operations services associated with landings and take-offs of NASA aircraft at a value of \$45,045 per year with a three percent annual escalator.

Additional Minor Rights and Access

Space Florida has been granted several additional minor licenses or rights to use for real property by either the Secretary of the Air Force or NASA's John F. Kennedy Space Center. These rights, which are deemed immaterial in total, are transferred to third parties who are responsible for all related requirements. However, access rights are retained by Space Florida for inspection purposes to ensure contract compliance. All rights have terms ranging from one to five years with limited option to extend.

Note 13: PROTOTYPE TESTING AGREEMENTS

During June 2010, Space Florida entered into an agreement to purchase an ultra-efficient vehicle prototype from a third party entity (Seller 1) for \$500,000, for the purpose of testing the technology and capabilities of the prototype. Seller 1 delivered the prototype on October 15, 2010, and the testing period began.

Under the terms of the agreement, upon expiration of the testing period, Space Florida was to lease back the prototype to the seller. The sales lease back began on October 15, 2010 at the rate of \$100 per year for 10 years. At the end of the lease, Seller 1 has the option to repurchase the prototype for \$100.

Note 13: PROTOTYPE TESTING AGREEMENTS (Continued)

During March 2011, Space Florida entered into an additional and separate agreement with Seller 1 to purchase three vehicles for \$1,000,000. The vehicles have been completed as of June 30, 2014, and the lease commenced on September 30, 2014. The vehicle is being leased back to Seller 1 at \$100 per year for 10 years. Seller 1 has an option to purchase the vehicle at the end of the lease for \$100. Seller 1 issued Space Florida a warrant with a 10 year term to acquire 200 shares of the Seller's common stock. The warrants were executed during the year ended September 30, 2020.

Also, in March 2011, Space Florida entered into an agreement to purchase a hydrogen fueled vehicle prototype from Seller 2 for \$1,200,000, for the purpose of testing the technology and capabilities of the vehicle prototype. Of the \$1,200,000, \$500,000 was a loan convertible into common stock of Seller 2. Space Florida converted the loan during the fiscal year ended June 30, 2012 and obtained 25,000 shares of common stock of Seller 2. A sales lease back will begin on the completion of the construction of the prototype. Seller 2 will lease the vehicle for 7 years for \$100 a year, and at the end of the lease can purchase the prototype for \$100. As additional consideration for the lease, Seller 2 gave Space Florida warrants to purchase 25,000 shares of common stock in Seller 2, this is an estimated ownership of 2.5% in Seller 2. The warrants can be exercised for \$0.01 a share.

In June 2011, Space Florida entered into an agreement to purchase a vehicle prototype from a third party (Seller 3) for \$500,000, for the purpose of testing the technology and capabilities of the vehicle prototype. A sales lease back began in February 2013. Seller 3 will lease the vehicle for 7 years for \$100 a year, and at the end of the lease can purchase the prototype for \$100.

As additional consideration for the lease, Seller 3 gave Space Florida warrants to purchase 20,000 shares of common stock in Seller 3, this is an estimated ownership of 2% in Seller 3. The warrants can be exercised for \$0.01 a share.

As of September 30, 2020 and 2019, the warrants and common stock are recorded in investments, and the receivables for the capital leases are included in other assets.

Note 14: RETIREMENT PLAN

Effective September 1, 2006, Space Florida established a Simplified Employee Pension Plan (the "Plan"). The Plan eliminates the taxation required for the social security element of the Federal Insurance Contributions Act (FICA) for all participants and for Space Florida.

All employees of Space Florida are eligible to participate in the Plan immediately. Participants vest at 100% upon entering the Plan and retirement eligibility is set at age 65.

Note 14: RETIREMENT PLAN (Continued)

The Plan is non-contributory for employees and, therefore, all contributions are the obligation of Space Florida. Contributions to the Plan for the years ended September 30, 2020 and 2019 were \$703,081 and \$708,924, respectively, and represented 15% of total eligible employee gross compensation for each period.

Note 15: COMMITMENTS AND CONTINGENCIES

Commitments

Contract commitments at September 30, 2020 were \$46,081,659 and related to the design and construction for various launch sites and capital assets and certain other consulting agreements.

Economic Dependency

Space Florida received approximately 85% and 79% of its total revenues from State legislative appropriations and grants during the years ended September 30, 2020 and 2019, respectively.

State Appropriated Funds & Federal Contracts

Amounts received from State and Federal agencies are subject to audit and adjustment at the discretion of these entities. If expenditures are disallowed as a result of these audits, the claims for reimbursement to the agency would become a liability of Space Florida.

Note 16: RISK MANAGEMENT

Space Florida purchases commercial insurance for worker's compensation, health and property insurance for their major capital assets. Therefore all risks of loss are fully insured up to policy maximums.

Note 17: RECENTLY ISSUED AND IMPLEMENTED ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020 after adoption of GASBS 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*.

Note 17: RECENTLY ISSUED AND IMPLEMENTED ACCOUNTING PRONOUNCEMENTS (Continued)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform;

Note 17: RECENTLY ISSUED AND IMPLEMENTED ACCOUNTING PRONOUNCEMENTS (Continued)

(2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

Space Florida is evaluating the requirements of the above statements and the impact on reporting.

Note 18: SUBSEQUENT EVENTS

In October 2020, Space Florida entered into a convertible promissory note agreement with Company 6. The terms of the note include an original principal balance of \$2,000,000, interest accrues at 6% per annum, and requires payment of unpaid principal and accrued interest at maturity during April, 2022. The note agreement included 598,533 detachable warrants in Company 6's series B-1 Preferred Stock. Additionally, the note includes a conversion feature based upon terms of a subsequent equity issuance, or upon a change in control of Company 6.

Note 19: UNCERTAINTY

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic which is still going on. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the District. The occurrence and extent of such an impact will depend on future developments, including: (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

SUPPLEMENTARY INFORMATION

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Space Florida

Schedule of Travel, Business Meals and Incidental Expenses

<i>For the years ended September 30,</i>	2020	2019
Domestic:		
Travel and incidental (1)	\$ 119,319	\$ 187,836
Business meals	14,272	26,952
Total domestic	133,591	214,788
Foreign:		
Travel and incidental (1)	13,456	73,660
Business meals	232	1,847
Total foreign	13,688	75,507
Total	\$ 147,279	\$ 290,295

(1) Incidental expenses consist of telephone charges and gratuities.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Space Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Space Florida, as of and for the year ended September 30, 2020 and the related notes to the financial statements, which collectively comprise Space Florida's basic financial statements, and have issued our report thereon dated September 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Space Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Space Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of Space Florida's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Space Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caru, Riggs & Ingram, L.L.C.

Melbourne, Florida
September 22, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL

The Board of Directors
Space Florida

Report on Compliance for Each Major State Project

We have audited Space Florida's compliance with the types of compliance requirements described in *Chapter 10.550, Rules of the Auditor General* that could have a direct and material effect on each of Space Florida's major state projects for the year ended September 30, 2020. Space Florida's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the state statutes, regulations, contracts and grants applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Space Florida's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Those standards, Chapter 10.550, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about Space Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of Space Florida's compliance.

Opinion on Each Major State Project

In our opinion, Space Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of Space Florida is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Space Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Space Florida's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Carly Riggs & Ingram, L.L.C.

Melbourne, Florida
September 22, 2021

Space Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2020

Section I-Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over major financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Noted |
| c. Noncompliance material to the financial statements noted? | No |

State Projects

- | | |
|---|-------------------------------|
| 1. Type of auditors' report issued on compliance for major state projects | Unmodified |
| 2. Internal control over major state projects: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified? | None Noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550? | No |
| 4. Identification of major state projects: | |
| <u>CFDA Number</u> | <u>Federal Program</u> |
| 55.037 | Spaceport Improvement Program |
| 5. Dollar threshold used to distinguish between type A and B projects : | \$1,687,785 |



Space Florida
Schedule of Findings and Questioned Costs (continued)
For the year ended September 30, 2020

Section II—Financial Statement Findings

No matters were reported.

Section IV—State Project Findings and Questioned Costs

No matters were reported.

Section V—Prior Findings and Questioned for State Projects

No matters were reported in the prior year.

Space Florida

Schedule of Expenditures of State Financial Assistance
For the year ended September 30, 2020

State Agency Pass-through entity, State Project	CSFA Number	Contract/Grant Number	Expenditures	Transfer to Subrecipients
Florida Department of Economic Opportunity				
Direct Projects				
Economic Development Partnership, Israel	40.040	SB20-009	\$ 1,000,000	-
Economic Development Partnership, Operations	40.040	SB20-008	8,376,161	-
Economic Development Partnership, Operations	40.040	SB21-008	3,062,613	-
Economic Development Partnership, Financing Project	40.040	SB20-011	5,123,179	-
Economic Development Partnership, Financing Project	40.040	SB21-011	399,780	-
Total CSFA number 40.040			17,961,733	-
Total Florida Department of Economic Opportunity			17,961,733	-
Florida Department of Transportation				
Direct Projects				
Economic Development Transportation Fund	55.032	FM#439053-1-54-01	1,161,113	-
Spaceport Improvement Program	55.037	FM#430254-1-14-01	559,205	-
Spaceport Improvement Program	55.037	FM#435257-1-14-01	56,744	-
Spaceport Improvement Program	55.037	FM#435257-1-14-02	1,376,433	-
Spaceport Improvement Program	55.037	FM#435257-1-14-03	44,061	-
Spaceport Improvement Program	55.037	FM#435320-1-94-04	(17,265)	(17,265)
Spaceport Improvement Program	55.037	FM#435320-1-94-05	(19,468)	(19,468)
Spaceport Improvement Program	55.037	FM#435320-1-94-06	4,972	-
Spaceport Improvement Program	55.037	FM#435322-1-94-05	1,739,061	1,739,061
Spaceport Improvement Program	55.037	FM#435321-1-94-01	15,308	-
Spaceport Improvement Program	55.037	FM#436863-1-94-06	4,728,565	4,728,565
Spaceport Improvement Program	55.037	FM#436863-1-94-04	81,216	-
Spaceport Improvement Program	55.037	FM#436863-1-94-05	532,603	532,603
Spaceport Improvement Program	55.037	FM#437070-1-94-03	355,265	355,265
Spaceport Improvement Program	55.037	FM#437069-1-94-03	5,000,000	5,000,000
Spaceport Improvement Program	55.037	FM#435257-1-14-04	784,100	-
Spaceport Improvement Program	55.037	FM#436863-1-94-07	5,800,000	5,800,000
Spaceport Improvement Program	55.037	FM#435322-1-94-07	16,095,868	16,095,868
Total Florida Department of Transportation			38,297,781	34,214,629
Total Expenditures of State Financial Assistance			\$ 56,259,514	\$ 34,214,629

Space Florida
Schedule of Expenditures of State Financial Assistance
For the year ended September 30, 2020

Note A - Significant Accounting Policies:

The Schedule of Expenditures of State Assistance is a summary of Space Florida's state assistance programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

Grant monies received and disbursed by Space Florida are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, Space Florida does not believe that such disallowance, if any, would have a material effect on the financial position of Space Florida.



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Board of Directors
Space Florida

Report on the Financial Statements

We have audited the financial statements of Space Florida as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated September 22, 2021.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accounts' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated September 22, 2021 should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(l)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no corrective actions to be taken as there were no findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(l)(i)4, Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of Space Florida is disclosed in the footnotes. There are no component units.

Financial Condition and Management

Section 10.554(l)(i)5.a., and 10.556(7) Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether or not Space Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that Space Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Space Florida. It is management's responsibility to monitor Space Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.5534(1)(i)2, Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.544(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Cam, Riggs & Ingram, L.L.C.

Melbourne, Florida
September 22, 2021



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

The Board of Directors
Space Florida

We have examined Space Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management of Space Florida is responsible for Space Florida's compliance with the specified requirements. Our responsibility is to express an opinion on Space Florida's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Space Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Space Florida complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on Space Florida's compliance with specified requirements.

In our opinion, Space Florida complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
September 22, 2021

RESOLUTION NO. 21-38

RESOLUTION

of the

**SPACE FLORIDA
BOARD OF DIRECTORS**

regarding

**NOT-TO-EXCEED \$70,000,000
CONSTRUCTION LOAN**

for

**CAE USA Inc.
(Project Upgrade)**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SPACE FLORIDA:

Section 1. Authority. This resolution is adopted pursuant to (i) the Constitution of the State of Florida, (ii) the Space Florida Act, which is Chapter 331, Part II, of Florida Statutes, (iii) Chapter 189, Florida Statutes, and (iv) other applicable provisions of law.

Section 2. Findings. The Board of Directors of Space Florida finds and declares the following:

A. CAE USA Inc. (“CAE USA”) is a subsidiary of CAE Inc., a Canadian corporation. CAE USA has its headquarters in Tampa, Florida for CAE Inc.’s defense and security sector. CAE USA also owns and operates a training center in Tampa and provides modeling and simulation technologies, integrated training solutions, and training-system support services for various defense and government agencies in the USA and other countries worldwide. CAE USA has more than 40 years’ experience in training the United States Air Force, Navy and Coast Guard, as well as international military and commercial operators who fly the Hercules aircraft.

B. CAE USA is looking to expand its business and plans to relocate to a larger

facility to be constructed at the Tampa International Airport to be used as its US headquarters for the manufacture, integration and testing of flight training devices, as the location of its training center for training aircraft operators, and to house the employees comprising its aerospace simulation engineer workforce (the “Training Center”).

C. To lower its costs for such expansion, CAE USA, among other measures, has asked Space Florida to use a conduit-financing structure to construct a new Training Center to be located at the Tampa International Airport. The proposed Training Center will be located on real property owned by the Hillsborough County Aviation Authority, leased to CAE USA pursuant to a ground lease, which ground lease has been assigned to Space Florida. The Training Center will be owned by Space Florida and subleased to CAE USA.

D. The financing of the construction will be in an aggregate borrowing amount of up to, but not exceeding, Seventy Million Dollars (\$70,000,000), to be issued on a taxable basis (the “Loan”). Space Florida has received a proposal (the “Proposal”) for the Loan financing from TD Bank, N.A. (the “Lender”) a copy of which attached hereto as **Exhibit A**.

E. CAE USA has options other than investing in Hillsborough County. The company can choose to move its facilities and operations out of the State of Florida and relocate cost-effectively to another state. The decision whether to remain in Hillsborough County will depend on, among other things, whether Space Florida will finance and lease to CAE USA the new Training Center needed by the company.

F. The total capital investment projected by CAE USA to be undertaken, if it elects to remain and expand its operations in Hillsborough County, will be Seventy Seven Million Dollars (\$77,000,000) of which Seventy Million Dollars (\$70,000,000) will be for the construction of the new Training Center. Finally, the capital investment and business expansion will result in the creation of 100 net new company jobs in Hillsborough County, with an average annual wage of Seventy Four Thousand Five Hundred Dollars (\$74,500).

G. Space Florida has determined that (i) under the Space Florida Act, this CAE USA project will constitute a “project” and an “aerospace business proposing to expand ... its business in this state,” (ii) CAE USA’s Training Center to be located in Hillsborough County will support the promotion of aerospace business development, which satisfies the purposes and duties for which Space Florida was established under the Space Florida Act, and (iii) the project will assist both in achieving Space Florida’s stated mission of fostering a business environment that encourages the development of the state’s position as a global leader in aerospace research, investment, exploration and commerce and in creating high-value-added businesses and jobs in the State.

H. A negotiated financing for the construction of the Training Center for CAE USA is required and necessary and is in the best interest of Space Florida for the following reasons:

1. the lease financing will be a special and limited obligation of Space Florida payable solely from sublease revenues received from CAE USA;

2. a lease financing of this type is not suitable for a public offering and competitive bids, which is why such a transaction is rarely attempted; and
3. there is no basis to expect that the terms and conditions of a lease financing arrived at by a public offering and competitive bids would be any more favorable to either Space Florida or CAE USA than through a negotiated transaction with the Lender.

I. The principal amount of the debt under the Loan and the premium, if any, and the interest thereon shall not be deemed to constitute (i) a general debtor obligation of the State of Florida, Hillsborough County, or any other political subdivision within the meaning of the Constitution of the State of Florida, or (ii) a pledge of the faith and credit of Space Florida, the State of Florida, Hillsborough County, or any other political subdivision, but shall be payable solely from the sublease revenues received from CAE USA for the Training Center, amounts derived by recourse to the mortgage on the Sublease Agreement (as defined herein) and other amounts on deposit in connection with or derived from the Loan. Space Florida has no taxing power.

J. The Lender shall provide Space Florida with a disclosure statement containing the information required by Section 218.385(6), Florida Statutes, and the truth-in-bonding information required by Section 218.385(2), Florida Statutes, prior to the execution of the Loan documents. Space Florida does not require any further disclosure from the Lender.

Section 3. Authorization of Transaction. To fund the cost of a portion of the CAE USA Training Center, Space Florida is authorized to enter into of the Loan for the Training Center for CAE USA in accordance with the terms of the Proposal, as follows:

- A. The principal amount of the Loan shall not exceed \$70,000,000;
- B. The interest rate on the Loan shall not exceed a per annum rate equal to the one month London Interbank Offered Rate (“LIBOR”) (which index may be replaced as set forth in the Loan Agreement) plus 1.75% (175 basis points), subject to adjustment upon certain events;
- C. The principal of the Loan shall be repaid in monthly installments (after an initial interest-only period);
- D. The Loan shall mature and be finally payable no later than ten (10) years after the date of the Loan;
- E. The Loan may prepaid at any time without penalty after the fifth anniversary of the Loan; provided, however, that the Lender shall have the option to call the Loan at any time after the conclusion of the 24-month interest-only period if CAE Inc.'s unpublished debt rating is lower than BBB-; and
- F. The proceeds of the Loan shall be used only for the following purposes:

1. to pay the costs of the loan transaction, including points; fees, including brokers fees CAE USA desires to capitalize as part of the loan transaction; any outstanding expenses incurred by Space Florida in implementing this project; and other borrowing expenses, up to an aggregate amount of the principal amount agreed to by CAE USA and the Lender;
2. to capitalize interest on the principal for an initial period; and
3. to pay the capital costs of planning, designing, permitting, and constructing the Training Center.

No recourse shall be had against Space Florida or its properties or revenues for payment of the principal of, premium, if any, and interest on the owed amounts under the Loan agreements and instruments other than the Sublease Agreement for the Training Center paid by CAE USA and received by or on behalf of Space Florida under the Sublease Agreement authorized below, amounts derived by recourse to the mortgage on the Sublease Agreement and other amounts on deposit in connection with or derived from the Loan.

Section 4. Sublease Agreement. The form of the Sublease Agreement (the “Sublease Agreement”) attached as **Exhibit B** to this resolution is hereby approved by the Board of Directors. The Chair of the Board, the other members of the Board, the President and CEO, the Executive Vice President and Treasurer, and the other officers of Space Florida (the “Authorized Signatories”) are authorized and directed to execute and deliver the Sublease Agreement, in substantially the form contained in **Exhibit B**, and all other agreements, certificates, schedules, and other instruments necessary or useful to consummate the transactions contemplated by the Sublease Agreement. The Sublease Agreement and other related instruments may be executed and delivered by Space Florida upon the occurrence of the following:

A. Execution and delivery to the Lender by both CAE USA and CAE Inc. of the unconditional Continuing Guaranties of the payment, when due, of all amounts owed under the Sublease Agreement and related instruments; and

B. Execution and delivery by the Lender and Space Florida of a Loan Agreement, in form and substance satisfactory to the Lender and to Space Florida (the Authorized Signatories of which are hereby authorized to review and approve the same pursuant to the terms of this Resolution), all in accordance with the terms of the Proposal; and

C. Execution and delivery by Space Florida and the Lender of a leasehold mortgage on the Sublease Agreement, in form and substance satisfactory to the Lender and to Space Florida (the Authorized Signatories of which are hereby authorized to review and approve the same pursuant to the terms of this Resolution), all in accordance with the terms of the Proposal; and

D. Execution and delivery by Space Florida of a collateral assignment of rents and leases with respect to the Sublease Agreement, in form and substance satisfactory to the Lender (the Authorized Signatories of which are hereby authorized to review and approve the same pursuant to the terms of this Resolution), all in accordance with the terms of the Proposal; and

E. Delivery to Space Florida of the opinion of counsel to CAE USA, in form and substance acceptable to Space Florida officers, to the effect that the Sublease Agreement and all other related instruments are legally valid, binding and enforceable against CAE USA in accordance with their terms.

F. Execution and delivery of any other opinions, certifications, and/or documents required by the Lender, in form and substance satisfactory to the Lender and Space Florida (the Authorized Signatories of which are hereby authorized to review and approve the same).

Section 5. Severability. If any provision of this resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable in any context, the same shall not affect any other provision herein or render any other provision (or such provision in any other context) invalid, inoperative or unenforceable to any extent whatever. To that end, this resolution is declared to be severable.

Section 6. Governing Law. This resolution shall be governed by and construed in accordance with the laws of the State of Florida.

Section 7. Authorizations. The Chairman of the Space Florida Board of Directors, the other members of the Board, and the officers of Space Florida are authorized, collectively or individually, to execute and deliver all other instruments, documents, and contracts on behalf of Space Florida and to take all other actions, as may be necessary or useful, in connection with the Loan and the transactions contemplated thereunder.

Section 8. Superseding Clause. All resolutions or parts thereof in conflict herewith are hereby superseded.

Section 9. Effective Date. This resolution shall take effect immediately upon its adoption.

APPROVED this 26th day of October, 2021.

[signature page follows]

SPACE FLORIDA

By: its Board of Directors

By: _____
Honorable Jeanette Nunez,
Lt. Governor of Florida
Chair, Board of Directors

ATTEST:

By: _____

Exhibit A

TD Bank, N.A. September 16, 2021 Proposal



TD Bank, N.A.,
301 East Pine Street, Suite 1000
Orlando, FL 32801
Tel: 407-622-3563
Fax: 407-423-0070
Sterling.Harrell@td.com

September 16, 2021

Mr. Howard Haug
Treasurer, EVP and Chief Investment Officer
Space Florida
505 Odyssey Way, Suite 300
Exploration Park, FL 32953

Mr. Jonathan Bromby
Manager, Treasury
CAE Inc.
8585 Cote-de-Liesse
Saint-Laurent, Québec
H4T 1G6 Canada

RE: Space Florida & CAE USA Non-Bank Qualified Financing for Project Upgrade

Dear Mr. Haug and Mr. Bromby,

TD Bank, N.A. (the "Bank") is pleased to submit the following Expression of Interest to Space Florida (the "Borrower") and CAE USA, Inc. (the "Co-Borrower") for up to \$70,000,000 Non-Bank Qualified Financing for Project Upgrade.

The structure of the proposed Credit Accommodation is outlined in the attached (Exhibit A) which provides a statement of suggested terms, but under no circumstance shall such statement be construed as a complete summarization of terms necessary for consummation of the proposed Credit Accommodation. PLEASE NOTE THIS PROPOSAL IS SUBJECT TO FORMAL CREDIT REVIEW AND UNDERWRITING IN ACCORDANCE WITH THE BANK'S INTERNAL POLICY AND NOTHING HEREIN SHALL CONSTITUTE A BINDING COMMITMENT TO LEND. Further, we expressly advise you that the Bank has not approved the Credit Accommodation. The Bank shall not be liable to the Borrower or Co-Borrower or any other person for any losses, damages or consequential damages which may result from the Borrower or Co-Borrower's reliance upon this proposal letter, the proposed Credit Accommodation, the proposed expression of interest or any transaction contemplated hereby.

This letter, including the terms contained within the proposed Credit Accommodation, is delivered to you on the condition that its existence and its contents will not be disclosed without our prior written approval, except (i) as may be required to be disclosed in any legal proceeding or as may otherwise be required by law and on a confidential and "need to know" basis, to your directors, officers, employees, advisors and agents.

We appreciate this opportunity and are delighted to provide this proposal. We look forward to working with you to successfully complete this transaction. My contact information is noted above.

Very truly yours,

TD BANK, N.A.

By: 
Sterling Harrell
Director

ACCEPTED on this ____ day of _____, 20__:

Space Florida

By: _____
Print:

ACCEPTED on this ____ day of _____, 20__:

CAE Inc.

By: _____
Print:

ACCEPTED on this ____ day of _____, 20__:

CAE Inc.

By: _____
Print:

ACCEPTED on this ____ day of _____, 20__:

CAE USA

By: _____
Print:

ACCEPTED on this ____ day of _____, 20__:

CAE USA

By: _____
Print:

TD BANK, N.A. ("BANK" OR "LENDER")

TERMS AND CONDITIONS OF CREDIT ACCOMMODATION DATED 9/16/2021 ("LOAN")

THIS IS AN EXPRESSION OF INTEREST AND NOT A COMMITMENT TO LEND. ALL CREDIT ACCOMMODATIONS ARE SUBJECT TO FORMAL CREDIT UNDERWRITING AND APPROVAL.

1. Loan.

- (a) Borrower/ Lessee: Space Florida (the "Borrower") and lessor under Ground lease with CAE USA, Inc. (the "Lessee")
- (b) Guarantor: CAE Inc. ("CAE Inc."). Unlimited, Unconditional Guaranty of all the obligations of Lessee's sublease obligations, which are pledged as security for this Credit Facility.
- (c) Facility: Up to \$70,000,000 not to exceed 100% of the real estate project cost. Tax-Exempt, Non-Bank Qualified Note (the "Building Project Note" or "Building Project Term Loan"), pursuant to the terms of a Credit Facility between the Borrower and the Bank (the "Credit Facility") secured by lease payments payable. Any amount that does not qualify for financing as a tax-exempt obligation will be considered financed on a taxable basis, up to \$70,000,000. Soft costs are reimbursable, not to exceed 5% of the loan amount.
- Lease agreement to be entered into between Borrower as sub-lessor and CAE USA as lessee with lease payments made by sublessee in an amount at least equal to all required payments under the lease, including, but not limited to, principal, interest, taxes, insurance and any other requirements costs. Since the ground lease already in place between Borrower and Hillsborough County Aviation Authority, this will need to be accomplished through either an assignment of the ground lease to Space Florida or a series of leases which are not described in this term sheet, under either scenario Space Florida would be the lessor under the ground lease.
- (d) Purpose: Approximately \$70,000,000 to construct a new domestic headquarters building in Tampa, FL.
- (e) Maturity: Two (2) year construction period followed by Eight (8) year mini-permanent financing.
- Upon conclusion of the construction period, Lender shall have option to call the loan at any time that CAE Inc.'s unpublished debt rating is lower than BBB-.
- (f) Repayment Terms: Principal on the Loan shall be repaid in monthly principal installments, (after a 24-month interest-only period), based on a Twenty (20) year amortization schedule). Accrued interest on the Loan shall be paid monthly.
- (g) Interest Rate: The following variable and fixed interest rate options are offered.

The loan shall bear interest at a per annum rate equal to 1.75% Percent above the One Month "LIBOR" (i.e., the London Interbank Offered Rate) means the rate of interest in U.S. Dollars (rounded upwards, at the Lender's option, to the next 1/8th of one percent) equal to the Intercontinental Exchange Benchmark Administration Ltd. ("ICE," or the successor thereto if ICE is no longer making a London Interbank Offered Rate available) ("ICE LIBOR") for the equivalent Interest Period as published by Bloomberg (or such other commercially available source providing quotations of ICE LIBOR as designated by Lender from time to time) at approximately 11:00 A.M. (London time) two (2) London Business Days prior to the commencement of each interest period.

Contracts will be subject to LIBOR fallback contract terms based upon recommendations of the Alternative Reference Rate Committee of the New York Federal Reserve Bank providing for a benchmark replacement.

Tax-exempt variable rate of interest equal to 81.5% of the sum of One Month LIBOR plus 1.75%. ($81.5\% \times (\text{One Mo. LIBOR} + 1.75\%)$). The current equivalent rate based on the LIBOR floor rate of 0.25% is equal to 1.63%. Taxable variable rate of interest equal to One Month LIBOR plus 1.75%. The current equivalent rate based on the LIBOR floor rate of 0.25% is equal to 2.00%.

A hedging instrument ("Swap") may be available through the Bank's affiliate, The Toronto Dominion Bank ("TD"), subject to TD's approval, to synthetically convert the floating rate to an indicative fixed rate. As of 9/16/2021, the indicative all-in tax-exempt fixed rate for an 8-year Swap starting 2 years forward is 2.78% (this rate includes a Swap credit spread of 0.15% above the "mid-market" Swap rate). As of 9/16/2021, the all-in taxable fixed rate for an 8-year Swap starting 2 years forward is 3.37%. The Swap rates are merely indicative and will not be fixed until a Swap transaction is executed.

A LIBOR Floor of 0.25% shall be applied to any portion of the Facility not subject to a hedging arrangement through the Construction Period. Any tax-exempt adjustment shall be applied to the Floor Rate for tax exempt portions of the Facility.

Interest shall accrue based on the actual days elapsed during the period based on a 360-day year.

The Borrower is being offered a loan with a variable interest rate based upon the London Interbank Offered Rate (LIBOR). Please be aware that, like financial institutions worldwide, TD Bank will be transitioning away from LIBOR because it will cease to be published as a benchmark. LIBOR for all currencies other than US dollar (USD) and for USD LIBOR for 1-week and 2-month tenors will cease to be published effective December 31, 2021 and all other USD LIBOR tenors will cease to be published effective June 30, 2023. Accordingly,

LIBOR may cease as a published benchmark rate prior to the maturity date of the loan being offered. The loan documents will contain provisions outlining a replacement process for the LIBOR-based rate. If the loan will be impacted by the cessation of LIBOR publication, TD will notify the Borrower about LIBOR replacement rates in advance of the final LIBOR publication date in accordance with the loan documents.

- (h) Default Rate of Interest: The highest rate of interest permitted by Law
- (i) Late Charges: If any payment due the Bank is more than fifteen (15) days overdue, a late charge of two percent (2%) of the overdue payment shall be assessed.

- (j) Payments: During the 2-year advance period, consecutive monthly payments of accrued unpaid interest on the outstanding principal balance as of the monthly statement date. Thereafter, consecutive monthly installments comprised of principal and interest (on the basis of the actual number of days elapsed and a 360-day year) calculated by the Bank in the Bank's sole discretion at the time of closing based upon the interest rate, followed by principal plus interest based on a 20-year amortization schedule.

Borrower's final payment due on the Maturity Date will be for all principal, accrued interest and all other applicable fees and expenses if any, not yet paid.

- (k) Prepayment Privilege: Prepayment of the Credit Facilities shall be permitted at any time without penalty after the 5th anniversary of the facilities.

Termination of a Swap prior to maturity will be settled at the market value of any such Swap and may result in a payment from or a payment to the Borrower, to be determined at the time of termination.

2. Fees and Expenses:

The Borrower shall pay to the Bank on demand any and all costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements, court costs, litigation and other expenses) incurred or paid by the Bank in connection with the loan.

Additionally, Borrower shall pay the following fees: 25 basis points (0.25%) upfront fee on the facility.

3. Collateral: The following shall be given as collateral to secure the performance and payment of all obligations respecting the Credit Accommodations:

- CAE Inc. would enter into a guaranty to guaranty the lease payments of CAE USA under the lease agreement.
- First leasehold mortgage on buildings and improvements to be constructed on the Tampa International Airport on 4100 George J. Bean Parkway, Tampa, FL under lease agreement

between Borrower and CAE USA. Hillsborough County Aviation Authority to agree to subordinate and attorn if lease foreclosed.

- An assignment of rents and leases between CAE USA and Space Florida for the benefit of Lender under Credit Facility
- CAE USA would enter into a guaranty and credit agreement (the “Guaranty Agreement”) which would provide that regardless of any invalidity of the lease or the financing it would agree to continuing making lease payments directly to the Bank. Guaranty Agreement to be secured by leasehold mortgage of sublease and shall commence with the origination of this Facility. During the construction period, if the project is stopped, unreasonably delayed, or if the lease if invalidated, that would constitute an event of default, subject to all remedies to include acceleration.
- CAE Inc. would enter into a guaranty of the Guaranty Agreement from CAE USA and shall commence with the origination of this Facility.

4. Financial Reporting:

a) CAE USA, Inc. shall furnish the following financial reports:

<u>Type of Report(s)</u>	<u>Frequency</u>	<u>Due Date</u>
Internally prepared Financial Statement in such form as previously provided to Lender for periods ending 2019, 2018, 2017.	Annually	Within 120 days of fiscal year end

b) CAE Inc. shall furnish the following financial reports:

<u>Type of Report(s)</u>	<u>Frequency</u>	<u>Due Date</u>
Audited Financial Statements	Annually	Within 120 days of fiscal year end
Management-prepared consolidated financial statement	Quarterly	Within 60 days of each quarter end

c) The Bank reserves the right to request additional financial information to supplement or verify certain financial assumptions or verify the creditworthiness of the Borrower(s) and if applicable, any Guarantor(s).

5. Financial Covenants to be placed in Guaranty Agreements among Lender, CAE USA and CAE Inc.

a) EBITDA to Interest Ratio of 3.50x, defined as EBITDA /Interest Expense, as further defined in the Amended and Restated Credit Agreement made as of April 1, 2019 among CAE Inc., CAE (US)

Inc., CAE USA Inc. and CAE Verwaltungsgesellschaft mgH, as Borrowers and the Co-Lead Arrangers, the Administrative Agent, the Lenders and the Guarantors

- b) Maximum Consolidated Debt to EBITDA, per IFRS 16, of 4.25x, as defined in the Amended and Restated Credit Agreement made as of April 1, 2019, among CAE Inc., CAE (US) Inc., CAE USA Inc. and CAE Verwaltungsgesellschaft mgH, as Borrowers and the Co-Lead Arrangers, the Administrative Agent, the Lenders and the Guarantors.

The covenants in A&B above are subject to amendment from time to time as such amendments are made to the Amended and Restated Credit Agreement.

- c) In addition to the terms and conditions outlined herein, the documents will contain affirmative and negative covenants and events of default appropriate for a borrower and a financing of this type and generally consistent with those set forth in the Borrower's Amended and Restated Credit Agreement made as of August 16, 2019, among CAE Inc., CAE (US) Inc., CAE USA Inc. and CAE Verwaltungsgesellschaft mgH, as Borrowers and the Co-Lead Arrangers, the Administrative Agent, the Lenders and the Guarantors.

The Bank reserves the right to amend, alter, or revise the above referenced covenant(s) and to add additional covenants upon completion of its final credit underwriting and approval process.

Legal Opinion: Prior to closing, there shall be delivered to the Bank an opinion of Bond Counsel and counsel to the Borrower, the Lessee and the Guarantor, in case, acceptable to the Bank covering matters customary for a transaction of this type and nature and which shall, without limitation, opine that: (1) the Borrower is duly formed; (2) all loan documents have been validly authorized and executed by and on behalf of the Borrower, Lessee, Guarantor, as applicable; (3) all loan documents are valid, binding, enforceable in accordance with their terms and do not violate any legal requirements, including without limitation, organizational documents, laws and material agreements; (4) the Credit Facility, Note and sublease are each exempt from documentary stamp and intangibles taxes (in lieu of such opinion receipt of payment of such taxes will be acceptable), (5) the loan and loan documents are exempt from registration and qualification under the Securities Act of 1933 and Trust Indenture Act of 1939, and (6) as applicable, the interest on the Facility is excludable from the gross income of the Bank. Opinions and certificates on ground lease of Hillsborough County Aviation Authority, as ground lessor may additionally be requested by Lender.

Insurance: Receipt by the Bank of a prepaid builder's risk completed value fire and extended coverage insurance policy insuring the buildings, improvements, furnishings, fixtures, machinery and equipment constituting part of the Real Property against physical damage by fire and other risks generally covered under the broadest available form of extended coverage in an amount satisfactory to Bank naming the Bank as First Mortgagee/Lender Loss Payee requiring a 30 day notice of cancellation or amendment. Receipt by the Bank of certificates of insurance in favor of Bank evidencing that comprehensive general public liability insurance protecting Borrower are in full force and effect. In addition, evidence of public liability insurance coverage on any general contractor shall be provided to Bank. All insurance shall be satisfactory to Bank as to amount, form, issuer and notice. Bank shall have the right to require additional types and amounts of coverage, including but not limited to workers' compensation insurance and/or umbrella coverage.

Construction Loan Requirements. Prior to the closing the Bank shall have received evidence satisfactory to the Bank (i) that the construction of the improvements on the Commercial Property and the use of the Commercial Property after construction of such improvements shall comply with all laws, ordinances, rules and regulations of all governmental authorities having jurisdiction over the same and with all covenants and restrictions governing the same, including but not limited to all zoning, subdivision and environmental protection laws, ordinances and regulations; and (ii) that all required approvals have been validly and irrevocably granted without qualifications and that there are no actions or proceedings pending or threatened before any court or administrative agency or governmental body at the time of closing, relating

to the proposed or actual use of the Commercial Property. All rights to appeal from any decision or determination must have expired prior to the date of closing of the loan.

Prior to the closing there shall have been delivered to the Bank:

- i) Two (2) copies of the current development and/or construction plans and specifications for the improvements which among other things shall: be marked "Approved" by the appropriate governmental authorities ("Approved Plans and Specifications"); be approved in writing by the supervising architect and/or engineer, the Bank and the Borrower; and thereafter, shall not be changed without the prior written approval of the Bank and the appropriate governmental authorities;
- ii) the certification by the Borrower's architect and/or engineer stating that: the development and/or construction of the improvements, as shown in the Approved Plans and Specifications, is in compliance with all applicable governmental requirements; and the Bank is authorized, in the event of default, to use the Approved Plans and Specifications without cost to the Bank;
- iii) copies of all permits required for the development of the project and/or construction of the improvements; at permits and approvals shall be conditionally assigned to the Bank by an instrument in form and substance satisfactory to the Bank, which assignment shall be acknowledged and consented to by the architect
- iv) For the State of Florida: proof, satisfactory to the Bank and its counsel of compliance with Chapter 713, Florida Statutes (Mechanic's Lien Law), including, without limitation, evidence that a Notice of Commencement satisfactory to the Bank has been filed in the public records of the county where the mortgaged real property is located;
- v) Copies of the Borrower's contract with the architect, and the general contractor, if applicable; at closing all contracts shall be conditionally assigned to the Bank by an instrument in form and substance satisfactory to the Bank, which assignment shall be acknowledged and consented to by the architect;
- vi) copies of all Agreements of Sale affecting the Commercial Property; at closing all such agreements shall be conditionally assigned to the Bank by an instrument in form and substance satisfactory to the Bank; and
- vii) a complete trade payment cost breakdown and construction budget (the "Budget") showing the general contractor and all subcontractors and materialmen who will perform services upon or supply materials for the improvements and the amounts certified by the Borrower to be due to each in connection with their service, which Budget shall be approved in writing by the supervising architect and/or engineer, the Bank and the Borrower.

Prior to any advance of the Construction Loan there shall have been delivered to the Bank:

- i) a complete and accurate list, satisfactory to the Bank, of the names and addresses of the general contractor, sub-contractors with contracts in excess of \$250,000.00, and suppliers of \$250,000.00 or more of materials, goods, etc.;
- ii) written certification by Borrower's architect or engineer for the project and the Bank's inspecting engineer hired by the Bank at Borrower's expense that the work that is the basis of the requested advance has been completed to his satisfaction within the approved Budget, and in accordance with the Approved Plans and Specifications (The person making such certification shall furnish periodic reports to the Bank on the progress of the work. On the completion of the improvements, such person shall certify to the Bank that all of the work was performed to his satisfaction and in accordance with the Approved Plans and Specifications and within the approved Budget, and that all necessary certificates required to be obtained from any board, agency or department, governmental or otherwise, have been obtained.); and
- iii) evidence satisfactory to the Bank that there are no mechanics' or other liens in respect of the Commercial Property along with receipt of releases executed by the general contractor,

subcontractors and materialmen when applicable.

Advances of the Construction Loan will be made, in form and substance acceptable to the Bank in its sole discretion, to be executed and delivered at the closing, provided that, in any event, advances shall only be made if the Bank is satisfied that the undisbursed amount of the loan will be sufficient to complete the improvements and to pay or provide for all other reasonable construction-related costs through the maturity of the loan. Any difference between the total cost of completion, as determined by the Bank, and the amount of the loan shall be paid by the Borrower before the Bank shall be required to advance any funds hereunder. The Construction Loan Agreement may also require updating of the survey and of the title insurance policy without further exceptions as conditions of each advance and shall contain such other terms and conditions, including commencement and completion dates and provision for damage or destruction during construction by fire or other casualty, as the Bank may require.

The Bank will only release money for work-in-place. The Bank will not pay for materials on site or for deposits on any items.

Other Conditions:

- a) The implementation of certain terms, conditions, covenants or other non-material changes to the proposed Credit Accommodation required as part of the Bank's formal credit approval shall be deemed an approval in substantially the form outlined in this proposed Credit Accommodation.
- b) All legal matters and documentation to be executed in connection with the contemplated proposed Credit Accommodation shall be satisfactory in form and substance to the Bank and counsel to the Bank.
- c) Delivery of properly executed opinions of counsel (including Bond counsel, Issuer's counsel and Borrower's counsel) satisfactory to the Bank and its counsel.
- d) Delivery to the Bank of all requested corporate diligence items, including but not limited to, licenses, articles of incorporation, borrowing resolutions, or other documentation as may be reasonably requested by the Bank.
- e) Execution of documentation in form and substance satisfactory to the Bank and its counsel.
- f) Satisfactory review of ground lease between Space Florida and Hillsborough County Airport Authority in a form acceptable to the Bank, and any applicable subleases in connection therewith.
- g) Satisfactory review of triple-net lease between CAE USA and Space Florida. Required rents shall be in an amount sufficient to cover all debt service payments and ground lease payments.
- h) If CAE USA or CAE Inc. grant any future indebtedness which contains more restrictive covenants or conditions or events of default or remedies, then those provisions and rights shall automatically apply to the Bank's facility.
- i) The CAE USA and CAE Inc. Guaranty Agreements shall have Cross Acceleration provisions to CAE, Inc.'s Senior Unsecured revolver, and Cross Default provisions for uncured defaults in Financial Covenants, Change of Control, Financial Reporting and accuracy of Representations and Warranties.
- j) CAE Inc.'s Legal Counsel to provide a legal opinion as to enforceability of the Lease Guarantee and Financing Agreement.
- k) Borrower's Legal Counsel to provide a legal opinion as to the enforceability of a leasehold mortgage pursuant to which it shall be a lessor or lessee.
- l) All standard construction loan and monitoring requirements including but not limited to a plan & cost review, survey, permits, guaranteed fixed price contract with 10% retainage requirement,

inspections by third party engineer, etc. subject to the Bank review and approval. General contractor shall be acceptable to the Bank and Borrower shall provide copies of plans/specs, itemized budgets, etc., prior to closing. Prior to closing, the Plan & cost review shall be completed by a third-party engineer engaged by the Bank and shall be reviewed and accepted by the Bank's Construction Administration Department.

- m) Contractor payment and performance bond shall be required and shall name the Bank as beneficiary and dual obligee.
- n) Subject to a real estate appraisal acceptable to and engaged by the Bank, to be completed on an as is and as completed basis.
- o) Satisfactory 3rd party reports including but not limited to satisfactory environmental due diligence of real estate collateral.

CAE, Inc. to provide Lender access to S&P data room in order to access the private S&P rating report on an annual basis. Such rating shall be maintained throughout the life of the Facility. In the event CAE Inc. has a debt rating lower than BBB-, the interest rate on the Loan shall increase by 0.75% until such time as rating returns to BBB- or better, and the Lender has the option to terminate the credit facility.

- p) The Bank shall not be required to enter the proposed Credit Accommodation until the completion of all due diligence inquiries, receipt of approvals from all requisite parties and the execution and receipt of all necessary documentation reasonably acceptable to the Bank and its counsel.
- q) **Patriot Act Notice.** Lender is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56) (signed into law October 26, 2001)) (the "Act") and hereby notifies the Borrower and Guarantor that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Borrower and Guarantor, which information includes the name and address of the Borrower and Guarantor and other information that will allow Lender to identify the Borrower and Guarantor in accordance with the Act.

Exhibit B
Form of Sublease Agreement

SUBLEASE AGREEMENT

by and between

SPACE FLORIDA

as Landlord

and

CAE USA INC.,

a Delaware corporation, as Tenant

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SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT (hereinafter referred to as the "Lease" or "Agreement"), is made and entered into this _____ day of _____, 2018 (the "Effective Date," as defined below), by and between **SPACE FLORIDA**, created by the State of Florida as a Special District, whose address is 505 Odyssey Way, Suite 300, Exploration Park, Florida 32953 ("Landlord"), **CAE USA INC.**, a Delaware corporation authorized to do business in Florida, whose address is 4908 Tampa West Blvd., Tampa, Florida 33634 ("Tenant").

RECITALS:

WHEREAS, Landlord is the tenant (by assignment from Tenant hereunder) under that certain Ground Lease Agreement (the "Prime Lease") dated _____, 2018 by and between the Hillsborough County Aviation Authority (the "Prime Landlord" or the "Authority") and the Landlord (as the "Prime Tenant"). A true and correct copy of the Prime Lease and the Assignment of Lease is attached hereto as Exhibit "E."

WHEREAS, Landlord has the exclusive right, power and authority to sublease the real property described in on Exhibit "A" attached hereto and incorporated herein (the "Real Property"), which real property is located in Hillsborough County, Florida. The Real Property consists of approximately 19.33 acres of land (approximately 842,015 square feet) subject to potential enlargement pursuant to the Expansion Right set forth in Section 3.02 of the Prime Lease, located at the Tampa International Airport (the "Airport"). The Real Property does not include subsurface rights (other than the right of use for structural support and other subsurface uses necessary to build the improvements as described in this Agreement), specifically excluding any subsurface potable water, oil, gas, or mineral rights underlying any portion of the Real Property.

WHEREAS, Landlord has agreed to construct certain improvements on the Real Property, as more particularly described on Exhibit "B" attached hereto and incorporated herein (the "Improvements"). The Improvements, which have been approved by the Prime Landlord as required by the Prime Lease, will be constructed in accordance with the plans and specifications described on Exhibit "B-1" attached hereto ("Landlord's Work"). A site plan depicting the Improvements is attached hereto as Exhibit "C" (the "Site Plan"). The Real Property and the Improvements shall be collectively referred to herein as the "Property" or the "Premises." The facility to be located on the Property is anticipated to consist of approximately 260,000 square feet of built out space, with related parking and other site amenities (the "Facility" or "Facilities").

WHEREAS, the capital cost of the Improvements will be paid solely from the following sources of funds: (i) the net proceeds of a loan from _____ in an amount not to exceed \$ _____ (the "Loan") and (ii) the remainder from funds supplied by the Tenant pursuant to Section 1.06.4 below (the "Tenant Funding").

WHEREAS, consistent with the Prime Lease and consistent with the immunity from ad valorem taxation of Landlord's leasehold interest in the Real Property, Landlord will retain both legal and equitable title to the Improvements Landlord designs and constructs (or causes to be designed and constructed) under this Sublease, and Tenant will possess no indicia of ownership, as follows:

- (a) Tenant will have no right to perpetual renewal of this Lease;

- (b) The Improvements shall be leased to Tenant for a term that is materially less than 99 years;
- (c) At the end of the Term all the rights to the Improvements revert to the Landlord pursuant to this Lease, and to the Prime Landlord pursuant to the Prime Lease, and Tenant must surrender occupancy of the Property;
- (d) At the end of the Term, Tenant will have no right to acquire title to the Property and has no right to purchase the Property, either at fair-market value or for nominal consideration;
- (e) Landlord does not hold legal title of the Property merely as security for a debt or other obligation of the Tenant;
- (f) Tenant has no right to sell, assign, convey, or transfer any of the Property, except as may be set forth in this Sublease;
- (g) Tenant has no right to make substantial alterations to the Property, except as may be set forth in this Sublease;
- (h) Tenant has the duty to maintain the Property, to obtain and maintain insurance, and pay property taxes and assessments (if any) thereon;
- (i) Landlord will retain the right to inspect the Property from time to time and to ensure and demand that levels of maintenance and repair are consistent with standards set in this Lease, subject to the terms and conditions of this Lease; and
- (j) Tenant otherwise has no "perpetual dominion" over, or equitable ownership of, the Property.

WHEREAS, Tenant will use the Facility to house its U.S. headquarters for its defense and security sector of operations. The Tenant will use the Facility to operate a training center and provide modeling and simulation technologies, integrated training solutions, and training-system support services for various defense and governmental agencies in the United States and other countries worldwide. Tenant will also use the Facility to manufacture flight training devices and to train aircraft operators and provide office space for its aerospace simulation engineer workers. The Facility will contain office space, storage space, flight training simulators and training devices, classrooms, and space for manufacturing and related ancillary uses.

WHEREAS, Landlord has the authority and power to foster the growth and development of a sustainable and world-leading aerospace industry in the State of Florida and to promote aerospace business development by facilitating business financing, spaceport operations, research and development, workforce development, and innovative education programs.

WHEREAS, Landlord and Tenant also entered into that certain _____ Agreement dated _____ (the "Master Equipment Agreement"), a true and correct copy of which is attached hereto as Exhibit "C-1," whereby Landlord agreed to purchase and pay the costs of certain equipment, furniture and tangible personal property to be used by Tenant at the Facility.

WHEREAS, the engineering research, design, development and manufacturing activities conducted by Tenant at the Facility are designed to support the promotion of aerospace business development, the purpose for which Landlord was established, formed, and created by Section 331.302 of Florida Statutes, and will also assist in achieving Landlord's stated mission of fostering a business climate and environment in Florida that encourages the development of Florida's position as a global leader in aerospace research, investment, exploration and commerce.

WHEREAS, in order to facilitate the promotion of aerospace business development in Florida, Landlord desires to sublease to Tenant, and Tenant desires to sublease from Landlord, the Property upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the promises, covenants, terms and conditions herein set forth, the parties have agreed as follows:

ARTICLE 1
LEASE AGREEMENT, TERM AND RENTAL

Section 1.01. Property. Subject to the terms and conditions set forth hereinafter, and subject to the permitted title exceptions set forth in Exhibit "M" attached hereto, Landlord subleases to Tenant and Tenant subleases from Landlord the Real Property described on Exhibit "A" attached hereto, consisting of approximately 19.33 acres, together with any and all rights of way necessary to permit ingress and egress from the Property and all Improvements located thereon, and together with all rights and privileges (including, without limitation, easements for access, ingress and egress) which have been granted to Landlord under the Prime Lease. Landlord hereby partially assigns to Tenant during the term of this Lease any representations and warranties made by the Prime Landlord to the Prime Tenant under the Prime Lease which relate to the condition of the title to the Property, ingress and egress, and other matters relating to the overall condition of the Real Property, including but not limited to environmental representations and warranties; provided, however, nothing herein shall prohibit Landlord hereunder from enforcing such rights partially assigned in the event Tenant fails or refuses to do so.

(a) Storm Water Retention Ponds. As described in Section 12.01 of the Prime Lease, the Tenant shall have the right to use certain common area shown on Exhibit E to the Prime Lease which is comprised of a portion of South Street from N. Westshore Blvd. to the boundary of the Premises, and storm water ponds located near the west boundary corner of the Premises (hereinafter referred to as the "Common Area"). Tenant will design and construct the storm water pond near the southwest corner of the Premises, but not on the Premises, as part of the Improvements to be constructed hereunder. The storm water pond will be designed so it can be expanded in the future to accommodate surrounding sites. The design and location of the storm water pond will be subject to Authority approval. Tenant will be solely responsible for maintenance of the storm water pond until another building site located on property owned by the Authority begins using the storm water pond. At such time the storm water pond will become part of the Common Area and the Authority will then maintain said Common Area and will invoice Tenant for its proportionate share of the reasonable costs of maintenance, any applicable real estate taxes, insurance and utility costs related to the Common Area ("Tenant's Proportionate Share of CAM").

Tenant agrees to observe and abide by such stormwater rules and regulations as may be applicable to the Premises, and, if applicable, Tenant hereby expressly covenants, warrants, and represents to Landlord and the Authority, in connection with Tenant's operations on the Premises, the following:

A. Tenant is required to submit a Notice of Intent to use the State of Florida Multi-Sector Generic Permit for Stormwater Discharge Associated with Industrial Activity. Tenant acknowledges further that it may be necessary to undertake actions to minimize the exposure of stormwater to "significant materials" (as such term may be defined by applicable stormwater rules and regulations) generated, stored, handled, or otherwise used by Company by implementing and maintaining "best management practices" (BMPs) (as such term may be defined in applicable stormwater rules and

regulations). Tenant will establish a BMP plan for the Premises and submit a copy to Landlord and to the Authority.

B. Tenant will be knowledgeable of any stormwater discharge permit requirements applicable to Tenant and with which Tenant will be obligated to comply. The submittal of a Notice of Intent will be made by Tenant to the FDEP; a copy will be submitted to Landlord and the Authority. Tenant is required to comply with the following requirements including but not limited to: certification of non-stormwater discharges; collection of stormwater samples; preparation of a Stormwater Pollution Prevention Plan or similar plans; implementation of BMPs; and maintenance and submittal of necessary records. In complying with such requirements, Tenant will observe applicable deadlines set by the regulatory agency that has jurisdiction over the permit. Tenant agrees to undertake, at its sole expense, those stormwater permit requirements for which it has received written notice from the regulatory agency and that apply to the Premises, and Tenant agrees that it will hold harmless and indemnify Landlord and the Authority for any violations or non-compliance with any such permit requirements.

In connection with the construction of the Facility, a water management district permit # _____ (a copy of which is attached hereto as Exhibit "L") was issued by the Southwest Florida Water Management District on _____ (the "WMD Permit"). Tenant, at its expense, hereby agrees to comply with all conditions and requirements of the WMD Permit and the water management district and apply for a renewal of the permit prior to its expiration on _____. The Tenant, at its expense, also agrees to comply with all conditions and requirements of that certain Stormwater Maintenance Agreement regarding Airport Property by and between the Tenant and the City of Tampa.

Section 1.02. Subject To Prime Lease. This Lease is subject to ~~all~~ terms, conditions and requirements of the Prime Lease. In the event there is a conflict between this Agreement and the Prime Lease, as between Landlord and Tenant only, this Agreement will control. Tenant agrees to fully and timely perform, according to the terms of the Prime Lease, all of the duties, covenants, agreements and obligations of tenant (referred to as "Company") under the Prime Lease (except to the extent expressly assumed by Landlord pursuant to this Agreement), including, without limitation, the duty to make payments to the Prime Landlord of ground rent and all other charges due and payable to the Prime Landlord under the Prime Lease.

Tenant hereby represents, warrants and covenants that, from and after the Commencement Date hereof and throughout the Term hereof, as same may be extended, so long as this Lease is in effect, Tenant shall timely perform (i) all obligations required of Prime Tenant (referred to as "Company" in the Prime Lease) pursuant to the Prime Lease, except to the extent expressly set forth otherwise herein, and (ii) all obligations required of Tenant pursuant to this Agreement. If, after the expiration of any applicable notice and cure provisions hereunder, Tenant fails to perform or initiate a commercially reasonable cure or corrective action for any such obligation, Landlord upon fifteen (15) business days' prior written notice (except in the case of an emergency where providing such notice would prejudice Landlord), may perform using commercially reasonable efforts, such obligations or enforce such rights on Tenant's behalf, unless Tenant has sent written Notice to Landlord of its confirmation and intent to commence corrective action of Tenant's failure to perform within such fifteen (15) business days' time frame above. If, in such event, Landlord incurs any commercially reasonable expense in performing such obligations or enforcing such rights on Tenant's behalf, such expense shall be repaid to Landlord by Tenant promptly when invoiced therefor, plus interest at the rate of 18% per annum (the "Default Rate").

Section 1.03. Rent During Initial Term.

During the Initial Term, the term “rent” shall be defined as the sum of items (a), (b) and (c), below (to the extent applicable”) and paid by Tenant as follows:

(a) Prime Lease Rent and Charges. Tenant shall pay, when due, all amounts owed to the Authority under Article 6 of the Prime Lease (plus all applicable sales tax due thereon). Further, Tenant shall pay, when due, all other amounts payable to the Authority under the Prime Lease, including specifically (but not limited to) the “CAM Charges” set forth in Article 12 of the Prime Lease. All such payments (collectively, the “Prime Lease Rent”) shall be made directly to the Authority, with copies of the payment documentation delivered simultaneously to the Landlord.

(b) Financing Component. Next, Tenant shall pay to Landlord an amount equal to the sum of the debt service plus all other amounts payable or coming due under and in connection with the Loan (the “Financing Component”), which component of rent shall be paid on the dates and in such amounts as set forth in the financing documents, all of which Tenant specifically acknowledges will be due and payable by Tenant without regard to the completion of construction or Tenant’s occupancy of the Facility or other Improvements. If negotiated with the lender, such payments shall be made directly to the lender or its agent, and Landlord may collaterally assign to the lender the right to receive the Financing Component of rent so long as any portion of the financing remains unpaid.

(c) Administrative Fee Reimbursement. Subject to the provisions of this Section 1.03(c), Tenant shall also reimburse Landlord for reasonable out-of-pocket expenses incurred by Landlord from time to time during the term of this Lease for the benefit of the Tenant (collectively, the “Administrative Fee”), such as consulting and engineering fees and legal fees and costs. Reimbursement for such costs shall be made within ninety (90) days of receipt by Tenant of an itemized invoice therefor plus all underlying invoices to Landlord and other supporting documentation reasonably required to determine the accuracy and appropriateness of the particular installment of the Administrative Fee; provided, in the event Tenant disputes such invoice or any item thereon in writing prior to the expiration of such ninety (90) day period, the payment of the installment of the Administrative Fee to which Tenant is objecting shall be stayed, and no default shall exist under this Lease pending the outcome of the review and audit procedure set forth below. If Tenant terminates this Sublease for any reason, all such out-of-pocket expenses, if any, incurred by the Landlord on or before the effective date of termination shall be reimbursed by Tenant to Landlord no later than ten business days after Tenant’s delivery of its notice of termination or ten days after Landlord delivers to Tenant its itemized invoice for all such unpaid expenses, whichever is later, subject to the review and audit procedure set forth below.

In the event Tenant disputes the accuracy or appropriateness of a particular installment, or installments, of the Administrative Fee, or any component or components thereof (as applicable, the “Disputed Administrative Fee”, whether a single installment or multiple installments, and whether the same has previously been paid or is then pending), Tenant, an officer of Tenant or Tenant’s certified public accountant shall have the right after reasonable notice and at reasonable times to inspect Landlord’s accounting records at Landlord’s accounting office. If, after such inspection, Tenant still disputes such Disputed Administrative Fee, upon Tenant’s written request therefor, a certification as to the proper amount of the Administrative Fee payable by Tenant for the period in question shall be made by an independent certified public accountant mutually agreed to by Landlord and Tenant. Such certification shall be final and conclusive as to all parties. If the certification reflects that Tenant has overpaid the Disputed Administrative Fee for the period in question, then Landlord shall credit such excess to Tenant’s next payment of rent or, at the request of Tenant, refund such excess to Tenant within thirty (30) days of Tenant’s request. If the Disputed Administrative Fee is pending and has not yet been paid, then in the event the certification reflects that the Disputed Administrative Fee is accurate, Tenant shall pay the same within thirty (30) days of the certification, or if the certification reflects that the Disputed Administrative Fee is inaccurate, then Landlord shall correct the particular invoice accordingly

and re-submit the same for payment in the manner set forth above. Tenant agrees to pay the cost of such certification and the investigation with respect thereto unless it is determined that Landlord's invoice with respect to the Disputed Administrative Fee was in error in Landlord's favor by more than three percent (3%), in which event Landlord shall pay the cost of the certification.

Section 1.04. Initial Expenses.

Separate and apart from the Administrative Fee set forth in Section 1.03(c) above, which is intended to reimburse Landlord for ongoing expenses from time to time as described in said Section 1.03(c), within thirty (30) days of submittal of an invoice from Landlord to Tenant, together with such other documentation as Tenant may reasonably require, Tenant shall reimburse Landlord for all reasonable and documented out-of-pocket costs and expenses incurred by Landlord in connection with (i) the preparation and administration of this Lease, (ii) the administration of the Prime Lease, and (iii) the preparation and administration of the financing documents and all other agreements contemplated by the Amended and Restated Term Sheet between Landlord and Tenant dated October 25, 2017 (the "Term Sheet"). Such out-of-pocket costs and expenses are intended to reimburse Landlord for initial, up-front costs and expenses incurred in connection with the initial establishment of this Lease, the Prime Lease and the financing documents and include, but are not limited to, attorneys' fees and other expenses directly benefitting the Facility or the Tenant or required in connection with the financing of the Facility.

The Tenant also agrees to reimburse Landlord for all construction costs, consulting and engineering costs and fees, design and engineering costs and fees, site-preparation costs, permitting costs, and other costs ancillary to the design, permitting, and construction of the Facility, all of which costs shall be paid out of the Construction Fund, as hereinafter defined in Section 1.06.3.

The cost of the Site Preparation, as defined in Section 3.01(D) of the Prime Lease, shall also be payable out of the Construction Fund. To the extent that any costs for the Facility (including change orders and increases in the guaranteed maximum price under the agreement with the Construction Manager), or the furniture, fixtures and equipment located therein, exceed the funds available in the Construction Fund, such costs shall be paid solely by Tenant.

Section 1.05. Term of Lease and Option To Extend.

Subsection 1.05.1. Term of Lease. The base term of this Lease shall commence on the Commencement Date under the Prime Lease (the "Commencement Date") and shall terminate at midnight on the twentieth (20th) anniversary of the Rent Commencement Date under the Prime Lease (the "Termination Date"), subject to extension as hereinafter provided.

Subsection 1.05.2. Option to Extend. Landlord hereby grants to Tenant the right, privilege and option to extend this Lease for up to three (3) additional terms of ten (10) years each, from the date of expiration of the base term hereof upon the terms and conditions as herein contained, provided notice in writing to Landlord of Tenant's intention to exercise said option is given at least twelve (12) months prior to the expiration of this Lease and provided that Tenant shall not be in default under the terms of this Lease beyond any applicable cure period at the time of such notice and provided further that this Lease is then in effect. Whenever reference is made herein to the "Term" of this Lease, it shall include the base term described above and the renewal terms described in this section. In no event, however, will the Term of this Lease extend beyond the term of the Prime Lease.

Subsection 1.05.3. Effect of Expiration or Earlier Termination of the Prime Lease. If the Prime Lease is terminated by the Prime Landlord before the expiration of its term, or is not extended, renewed or otherwise continued after its expiration, or a replacement or extension agreement is for any

reason not successfully negotiated between Landlord and the Prime Landlord, then this Lease shall terminate between the Parties as of midnight local time at the end of the term of the Prime Lease. If the Prime Lease is terminated by the Landlord before the expiration of its term, or is not extended, renewed or otherwise continued after its expiration, or a replacement or extension agreement is for any reason not successfully negotiated between Landlord and the Prime Landlord, then so long as Tenant is not in default hereunder and Tenant agrees to formally assume the Prime Lease in writing, then Tenant shall have the right to become the tenant under the Prime Lease under the same terms and conditions so long as Prime Landlord shall agree to recognize and attorn to Tenant as Tenant's landlord. Consistent with the foregoing, if the Prime Lease is terminated due to no default or breach of this Lease by Landlord or Tenant, then neither Party shall have any responsibilities or liabilities to the other Party hereunder as of the end of the term of the Prime Lease, with the exception of any and all liabilities accruing prior to such date. The Parties agree that in the event the Landlord's right to conduct business is terminated, canceled or abated for any reason, Tenant shall look solely to Landlord's successor-in-interest or the Prime Landlord for relief or for any continuance of its rights as established in this Lease.

Section 1.06. Design, Construction, and Funding of Improvements

Subsection 1.06.1. Architect and Construction Manager. The Tenant will engage an architect and, as needed, an engineer, both at no cost to Landlord, to design the Facilities and other Improvements and will provide to Landlord a complete set of construction plans and specifications for the Facility and other Improvements, except for civil-engineering, fire-protection engineering, and MEP (mechanical, electrical and plumbing) engineering drawings. The Tenant is responsible for all costs and expenses associated with providing the set of construction plans and specifications for the Facility and other Improvements, including costs associated with construction administration by the architect. As the owner of the Improvements, Landlord will select and contract with the construction manager that will construct the Facilities and other Improvements, and the construction manager will engage the engineers to prepare the civil, fire protection, and MEP (mechanical, electrical and plumbing) drawings and provide construction administration of such engineering drawings during construction. The amounts payable by the Landlord for the Improvements, whether as periodic payments to the construction manager or otherwise, shall be paid by the Landlord solely from, and only to the extent of funding available in, the Construction Fund.

Subsection 1.06.2. Owner's Representative. Landlord will enter into an Owner's Representative Agreement with a third-party whereby the Landlord may direct the third-party to provide consulting, value engineering, owner representative services, project management services, and equipment purchasing for the project and the Improvements, including, without limitation, to arrange for Owner's insurance coverage, all necessary entitlements and permits, maintenance of books and records relating to the Improvements and other functions typically undertaken in similar developments by owner's representatives. The Owner's Representative shall interface with Tenant and Tenant's Agents as needed to perform his or her duties (which duties will be further defined in the separate agreement with the Landlord); provided that the Owner's Representative is not authorized to change the scope of the Improvements. Further, the Owner's Representative shall perform such duties in a timely manner so as not to cause a delay in the construction schedule.

Subsection 1.06.3. Construction Fund. All proceeds of the Loan or other financing (if any) undertaken by the Landlord for the project, net of the costs of the financing, shall be deposited by the Landlord when received into a fund or account of the Landlord separate from all other funds and accounts of the Landlord (the "Construction Fund") and thereafter held by the Landlord in trust and accounted for on the books of Landlord as restricted cash. Moneys in the Construction Fund may be commingled with other Landlord funds for investment purposes, but all investment income derived from those moneys shall itself be deemed moneys of the Construction Fund and shall be deposited in and

remain with the Construction Fund and shall be subject in all respect to the requirements, restrictions, and other provisions of this Lease governing the Construction Fund.

Subsection 1.06.4. Tenant Funding. From time to time Tenant shall deposit with Landlord funds in an aggregate amount equal to no less than (i) the sum of (a) the amounts then payable and to be paid by Landlord under the contracts between Landlord and the construction manager and owner's representative for the design and building of the Improvements plus (b) all other costs of the Improvements then payable and projected to be paid by the Landlord minus (ii) the amounts then on deposit in the Construction Fund. For the avoidance of doubt, the parties agree that the Landlord is not liable for costs, design, permitting and of construction of the Improvements, the completion of punch-list Items, and the correction of defects in the work, or for any other costs of the Improvements, in excess of amounts available in the Construction Fund.

Subsection 1.06.5. Expenditures from Construction Fund. Moneys in the Construction Fund shall be expended by Landlord, in consultation with Tenant, only to fund (i) costs of the project incurred by the Landlord under the contract with the construction manager and (ii) costs of the project incurred by the Landlord other than under the contract with the construction manager. All disbursements shall require the approval of the Chief Financial Officer of both the Landlord and the Tenant, except that if such disbursements are due and payable under the contract with the construction manager, and failure to make such payment would be a default under or breach of that contract, the approval of the CFO for the Landlord will be sufficient.

Subsection 1.06.6. Insufficient Funds. The Landlord may refrain from notifying the construction manager to proceed with the work, and otherwise may order the construction manager at any time to halt the work, if the Landlord determines that funding in the Construction Fund is inadequate for the projected costs to be incurred by the Landlord in connection with the project. If amounts in the Construction Fund are insufficient to complete construction of the Facility or other Improvements, or to correct punch-list Items as described below, or to correct other deficiencies in the Improvements, or if Tenant desires to make material modifications to the Improvements in excess of the funds available in the Construction Fund, the Tenant may determine in its discretion how it will provide the needed additional funding.

Subsection 1.06.7. Substantial Completion and Punch List. The Improvements shall be considered substantially complete when all the requirements for completion set forth in the construction contract are met, including the issuance of a certificate of occupancy or completion by the local governmental authority, and the delivery of an Architect's certificate of substantial completion. Landlord shall give Tenant at least ten (10) days notice prior to the date Landlord reasonably determines the Facility and other Improvements will be substantially complete, as determined pursuant to the preceding sentence, whereupon the parties shall jointly inspect the Property. If the inspection discloses an item or items, excluding punch-list Items, which is not in accordance with the requirements of the plans and specifications, Landlord shall correct such items before the Facility or other Improvement shall be deemed substantially complete. At such time as the parties determine that the Facility and other Improvements are substantially complete, the parties shall together prepare the final list of punch-list Items, and Landlord shall proceed diligently to complete the punch-list items within 30 days of substantial completion of the Facility or other Improvement. After the 30-day period has expired, punch-list Items or other deficiencies shall be corrected by the Tenant, using the warranties assigned under subsection 1.06.8, below, or funds (if any) then remaining in the Construction Fund, or such other funding as the Tenant in its sole discretion may elect then to provide to pay the cost thereof.

Subsection 1.06.8 Warranties. Promptly following the substantial completion of the Facility and other Improvements, Landlord shall deliver to Tenant Landlord's executed assignments to Tenant of all warranties existing with respect to the construction.

Subsection 1.06.9. Remaining Funding. Moneys remaining in the Construction Fund, if any, upon substantial completion and not required to pay for punch-list items or construction defects shall be paid to Tenant or its designee.

Section 1.07. Use of Property.

Subsection 1.07.1. Use of Property. Tenant will use the Premises for its aerospace business described in the Recitals set forth above, and to provide offices, storage, training, and light manufacturing and related ancillary uses related to such business. Tenant will not use the Premises for any other purpose or use.

Tenant agrees to abide by all of the exclusions, restrictions and obligations of "Company" set forth in Sections 4.03 and Article 7 of the Prime Lease and understands and agrees that all exclusions, restrictions and obligations set forth in Section 4.03 and Article 7 of the Prime Lease are specifically made a part of this Lease.

Subsection 1.07.2. Improvements to the Property. Landlord acknowledges that Tenant is leasing the Property for the purpose of maintaining and operating on the Property engineering, training and administration offices and facilities employing approximately 500 full time, and serving Tenant's present and future related business operations and United States headquarters. Landlord is constructing the Improvements upon the Property to service Tenant's use of the Premises as stated in this Agreement. Tenant may make future alterations and renovations thereto at Tenant's sole cost and expense, except, however, all such alterations and renovations shall be in compliance with the requirements of this Lease and all attachments hereto and the Prime Lease. Tenant agrees to comply with all applicable rules, laws, regulations and requirements pertaining to its construction of the Improvements and the use of the Property, including, but not limited to, applicable building codes and zoning ordinances of state and local governments, and the Authority's Land Use Standards and Sustainable Design Criteria Manual.

Each improvement, change, alteration, and addition to be constructed by the Tenant on the Property, for which a permit must first be issued by the local-government building-permit authority, whether under the Florida Building Code or other applicable building code, is subject to approval by the Landlord, which approval shall not be unreasonably withheld, delayed, or conditioned. Tenant, subject to approval by Landlord, which approval shall not be unreasonably withheld, shall, upon obtaining any and all necessary government permits or approvals, have the right to add improvements other than the initial Improvements made by the Landlord to the Premises, and change, alter or add to any Improvements on the Property so long as Landlord has agreed to changes, all of which must be consistent with the design of the Improvements and consistent with the quality of workmanship as the original Improvements.

Landlord, pursuant to the Master Equipment Agreement, will also be funding the installation of certain items of personal property (the "Landlord's Personalty") on the Premises. Landlord and Tenant acknowledge and agree that legal and equitable title to all current and future Improvements, and legal and equitable title to all Landlord's Personalty funded by the Landlord under the Master Equipment Agreement, shall be in the name of the Landlord during and after the term of this Lease. To the extent reasonably possible, all items of Landlord's Personalty shall be tagged or marked by Landlord or Tenant as "**PROPERTY OF SPACE FLORIDA – DO NOT REMOVE.**" The initial list of items of Landlord's Personalty (inclusive as of the Commencement Date) is attached hereto as Exhibit "C." The parties shall

from time to time confer with each other in order to confirm any subsequent additions to Landlord's Personalty. The parties acknowledge that the Master Equipment Lease provides Tenant with certain rights to purchase Landlord's Personalty, and that, upon such purchase (if it occurs), the provisions of this Lease pertaining to Landlord's Personalty shall not be applicable, as such property will then become the property of the Tenant.

Tenant shall not use the Premises in any manner that will result in a cancellation of any insurance policy maintained by Tenant hereunder, even if such use may be in furtherance of Tenant's business purposes. Tenant shall not keep, use, or sell anything prohibited by any policy of fire insurance covering the Premises maintained by Tenant hereunder, and Tenant shall comply with all reasonable requirements of the insurers whose policies maintained by Tenant cover the Premises which are necessary to keep in force the fire and liability insurance maintained by Tenant hereunder. Tenant shall not allow any waste or nuisance on the Premises in violation of applicable laws, rules and regulations. Tenant shall neither use nor occupy the Premises or any part thereof for any unlawful purpose. Tenant shall immediately, on discovery of any unlawful, disreputable, or ultrahazardous use, take action to halt such activity.

Subsection 1.07.3. Licenses and Permits. The Tenant shall pay for all licenses and permits required by law for the operation by the Tenant of its business on the Premises during the continuance of the term of this Lease or any renewal or extension thereof, and the Landlord shall not be liable or responsible for any part thereof. Tenant shall provide evidence of such licenses and permits to Landlord upon Landlord's request.

Subsection 1.07.4. Payment and Performance Bond. Upon approval of Landlord (if required under this Lease) and prior to commencement of the construction, improvement or repair of any building or structure, or for any other construction project, on the Property, Tenant shall require its contractor(s) to execute an unconditional payment and performance bond ("Bond") with a surety insurer authorized to do business in the State of Florida as surety. Upon execution, Tenant shall record the Bond in the Public Records of Hillsborough County, Florida and deliver a copy of the Bond to Landlord. The Bond shall be conditioned upon the contractor's performance of the construction work in the time and manner prescribed in the contract and promptly making payments to all persons defined in Florida Statutes Section 713.01 who furnish labor, services, or materials for the accomplishment of the work provided for in the contract. The Bond shall not contain any provision that restricts the classes of persons defined in Florida Statute Section 713.01, or that purports to affect the venue of any proceeding relating to the Bond. The amount of the Bond shall equal the contract price. The Bond must state on its front page: (1) the name, principal business address and phone number of the contractor, the surety, and the Landlord as owner of the Property; (2) the contract number if applicable; and, (3) a description of the project sufficient to identify it. The Bond shall in all other respects meet the requirements of Florida Statutes Section 255.05, regardless of whether the Landlord is party to the contract or whether the project constitutes a public work. In lieu of the Bond required by this subsection, a Contractor may file with the Landlord, an alternate form of security in the form of cash or irrevocable letter of credit in an amount equal to the contract price.

Section 1.08. Construction Liens. The Tenant shall not do or suffer anything to be done whereby the land, building, Improvements or Landlord's Personalty located on the Premises are a part may be encumbered by any construction lien, and shall, whenever and as often as any construction lien is filed against the said property purporting to be for labor or materials furnished or to be furnished to the Tenant, discharge the same of record (including by bond in accordance with Florida Statutes Section 713.24) within ten (10) days after receipt of written notice of the filing. Notice is hereby given that the Landlord shall not be liable for any labor or materials furnished or to be furnished to the Tenant, and that no construction or other lien for any such labor or materials shall attach to or affect the reversionary or

other estate or interest of the Landlord in and to the land and building of which the Premises herein demised are a part.

Section 1.09. Intentionally Deleted.

Section 1.10. Holding Over. The failure of Tenant to surrender the Premises on the termination of the lease Term, any renewals thereof, and the subsequent holding over by Tenant, with or without the consent of Landlord, shall result in the creation of a tenancy at will at a monthly rental of one hundred ten percent (110%) of the monthly rent as determined under Section 1.03, which shall be payable on the first day of each month in which the Tenant holds over. Should a tenancy at will be created under the provisions of this section, the tenancy may subsequently be terminated by either party hereto by that party giving ninety (90) days' written notice to the other of its intention to terminate the tenancy. This provision does not give Tenant any right to hold over at the expiration of this term, and all other terms and conditions of this Lease shall remain in force during any tenancy at will created by any holding over by Tenant.

Section 1.11. Rent and Adjustments to Rent.

Subsection 1.11.1. Initial Term.

Rent during the Initial Term shall be paid as set forth in Section 1.03 of this Lease.

Subsection 1.11.2. Renewal Terms. During each renewal term, the Prime Lease Rent shall be determined in accordance with the provisions of the Prime Lease, including without limitation, the negotiation and appraisal processes set forth in Section 6.02 of the Prime Lease.

(i) In the event that Tenant exercises the option to extend pursuant to Subsection 1.05.2 of this Lease, Tenant agrees to enter into an amendment to this Lease incorporating the applicable renewal term and the rent applicable during said renewal term, which "rent" shall consist of only the Prime Lease Rent, as adjusted pursuant to Section 6.02 of the Prime Lease, the Administration Fee as defined in Section 1.03(c) of this Lease, and any additional rent and fees expressly set forth in this Lease.

(ii) In addition to the rent to be paid by Tenant pursuant to this Section 1.11, Tenant shall pay to Landlord, as additional rent, as long as required by Florida Law, at all times during the renewal term of this Lease, any and all sales tax on all rent payable hereunder (plus any other consideration hereunder that is considered rent) at the rate prescribed by Florida or local law from time to time. Landlord agrees to remit such sales tax to the State of Florida or the Prime Landlord as required by law.

(iii) In order to preserve the rent payable to Landlord under this Lease being equal to the Administrative Fee as set forth in subsection (i) above and sales tax as set forth in subsection (ii) above, Tenant's use of the Premises must remain consistent with Space Florida's purpose as now set forth under Part II of Chapter 331 of the Florida Statutes or as amended and applicable at the time such option to extend is exercised. If such use is not consistent, rent shall be due in an amount equal to the Market Rental Rate, the Administrative Fee, and sales tax, with the "Market Rental Rate" defined as the rental, as of the date for which such Market Rental Rate is being calculated, per annum, per rentable square foot, that a tenant under no duress to lease, and a landlord under no duress to lease, would determine as rental for the Premises and Property, taking into consideration the size and quality of the Premises (in a comparable condition, as was the case when the Premises were delivered to Tenant at the beginning of the initial term of the Lease), rent for a comparable facility of comparable size in the applicable market, taking into account prevailing market conditions without any tenant improvement

allowance or concessions, and whether or not Tenant is using a real estate broker in connection with the renewal, as determined by Landlord.

Subsection 1.11.3. Property Taxes.

A. The Property. The Landlord and the Tenant agree that, under Florida law, (i) the Landlord's leasehold interest in the Real Property under the Prime Lease is immune from ad valorem taxation ("Property Taxes"), (ii) the Real Property is either exempt or immune from Property Taxes, and (iii) the Improvements are immune from Property Taxes.

B. Tenant's Leasehold Interest. If the Tenant's leasehold interest in the Real Property or the Improvements, or both, becomes subject to Property Taxes, the Tenant shall pay all such taxes timely and in full and shall not allow them to become delinquent. Tenant shall also pay, if and as required by Florida law, sales tax on the leasehold interest hereunder and on the rents payable pursuant thereto. Landlord shall timely remit, or cause to be remitted, such sales tax directly to the State of Florida as required by law.

C. Payment of Taxes. Regardless of the foregoing, Tenant shall pay timely all property taxes, sales taxes, and other assessments, if any, lawfully levied or imposed against the Real Property, the Facility, and the other Improvements, or against Landlord's leasehold interest in the Real Property, or against Tenant's leasehold interests in the Property and Improvements and Personalty, or against Tenant's operations under this Lease; provided, however, Tenant shall not be deemed to be in default of its obligations hereunder for failure to pay such taxes pending the outcome of any legal proceedings instituted timely by Tenant to determine the validity of such taxes or related assessments. Failure to pay the taxes upon the adverse ultimate conclusion of such legal proceedings against Tenant and the continuation of that failure for more than the applicable grace period established herein shall constitute a default.

Subsection 1.11.4. Pro-Rata Rent Payments. Rent payments made by Tenant hereunder, to the extent due, shall be prorated for any partial months during the Term hereof, as same may be extended.

Subsection 1.11.5. Ultimate Liability by Tenant. Notwithstanding anything in this Sublease to the contrary, it is the intention of the parties that Landlord shall have no financial liability for, and Tenant shall be responsible for (i) payment of any charges, fees or-costs to the Prime Landlord pursuant to the Prime Lease, (ii) ad valorem taxes due on the Real Property, the Improvements, and any leasehold interest therein, and (iii) any costs, expenses, charges or other obligations which arise on and after the Commencement Date with respect to the operation, use, maintenance and repair of the Facility and the Premises, including but not limited to the cost of maintenance, repair and upkeep of the Facility.

Section 1.12. Delinquent Payments. All rent and other charges due hereunder which are overdue shall bear interest at the rate of eighteen percent (18%) per annum after it has been due and payable for ten (10) days. Further, Tenant shall pay a late fee of five percent (5%) of such payment for any rent payment which is made more than ten (10) days after the date it becomes due.

Section 1.13. Option to Expand. Under Section 3.02 of the Prime Lease, Landlord hereunder has the option to lease additional land contiguous to the Property and containing approximately 1.2 acres MOL (the "Expansion Area"). A diagram of the Expansion Area is attached hereto as Exhibit "A-1".

Landlord hereby grants to Tenant the right to exercise the expansion option (the "Expansion Right") during the initial Term of this Agreement and during the first (1st) renewal term, if such rights are

available under the terms of the Prime Lease. If exercised by Tenant, the Expansion Area would be added to the existing Premises under this Agreement. The rent for the Expansion Area would be the Ground Rent due at the applicable rental rate per square foot under the Prime Lease. If Tenant desires to exercise the Expansion Right with respect to only a portion of the Expansion Area, Tenant's notice shall identify the portion of the Expansion Area to be leased, and the remainder of the Expansion Area shall remain subject to the Expansion Right. If the Expansion Right is exercised, the final southern boundary line of the Expansion Area will be an east-west straight line. If Landlord receives notice from the Authority under the Prime Lease that the Authority intends to lease all or a portion of the Expansion Area and Tenant has not already exercised the Expansion Right, Landlord will provide notice to Tenant no later than the fifth (5th) business day following Landlord's receipt. Tenant will then be required to exercise the Expansion Right within the time frames set forth in the Prime Lease, in the event Tenant elects to exercise such right.

ARTICLE 2 **TENANT OBLIGATIONS**

Section 2.01. Compliance with all Laws. Tenant agrees that the business to be operated by it on the Property will not be operated in such a manner as to constitute a nuisance or a hazard and that in connection with the operation of the business, Tenant will observe and comply with all applicable laws, ordinances, orders and regulations applicable to the business operated by Tenant on the Property.

Section 2.02. Utilities. From and after the Commencement Date, Tenant shall be responsible for charges for phone, internet, electricity, water, sewer, solid waste, heat, janitorial, pest control or any other service or utility consumed in connection with the occupancy of the Property by Tenant. Installations and all work performed by Tenant or at its direction shall be in accordance with applicable laws, rules, regulations, ordinances, and codes and in a good and workmanlike manner. Tenant shall also be responsible for the payment of any hook-up connection fees and any impact fees associated with these utilities. Any additional utility extensions required by Tenant for further improvements on the Property shall be at Tenant's sole cost.

Without Landlord's (and Prime Landlord's) written approval, which shall not be unreasonably withheld, conditioned or delayed, Tenant shall not have the right to grant any easements, rights of way, and licenses required by any public or quasi-public utility company with respect to the construction, operation and use of the Improvements and Personalty. Landlord shall review, within ten (10) business days after request by Tenant all such instruments, documents, agreements or applications which such public or quasi-public utility or telecommunications companies may reasonably request or require from Landlord; provided, however, that in each case such easement, right of way or license (i) does not materially impair the value, utility and remaining useful life of the Property, (ii) is reasonably necessary in connection with the construction, operation or use of the Improvements and the Personalty, and (iii) does not cause the Property or any portion thereof to fail to comply with all material requirements of law.

Section 2.03. Impact Fees. Tenant shall be responsible for all transportation, utility and other impact fees and costs, including, without limitation, connection fees, reservation fees and meter fees, associated with Property, the Improvements and Landlord's Work, levied by the City of Tampa or Hillsborough County, Florida, or by any other governmental or quasi-governmental agency or authority.

Section 2.04. Signage and Naming of Facility. Upon receiving the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, Tenant shall have the right to install any and all signage on the Property and Premises that it deems appropriate and allowed under applicable law. Landlord and the Authority shall have the right to approve all exterior signage on the

Property, which approvals shall not be unreasonably withheld, conditioned or delayed, and shall meet all local permit and signage requirements. Landlord, at its own costs and expense, shall maintain the right to place its own signage on the Premises, so long as such signage does not obstruct or displace Tenant's signage nor consume more than ten percent (10%) of Tenant's allotment for such signage from the applicable government authority. With regard to Tenant's signage, no rent(s) shall be due from Tenant to Landlord for the use of any signage.

Section 2.05. Acceptance of Premises. Subject to the other terms and provisions of this Lease (including, without limitation, those relating to Landlord's correction of Punchlist Items and Landlord's warranty of workmanship and materials), acceptance of the Premises by Tenant shall be construed as recognition that the Premises are in a satisfactory state and that Tenant will accept the Premises in their condition as of the Commencement Date. Upon the Commencement Date, the parties will sign a Commencement Date Certificate in the form attached hereto as Exhibit "J."

Section 2.06. Statement of Expectations and Intentions. In return for the consideration under this Lease and the other related agreements to which it is a party, the Tenant expects and intends to make the Property its headquarters in North America for its business operations. As such, if and when the Tenant or its parent company, or one of their respective subsidiaries and affiliates, desires to expand its engineering, research, and design capabilities in the United States, whether through internal growth, acquisition, or other method ("Expanded Activities"), it will consider locating the Expanded Activities at the Property (but is not legally obligated to do so) and, accordingly, will give all due consideration to locating the Expanded Activities on the Property.

Nevertheless, if the Tenant has a business reason or reasons, in its reasonable business judgment, to locate the Expanded Activities elsewhere, it may do so, but first will notify the Landlord and, to the extent reasonable without divulging trade secrets or confidential business information, will explain to the Landlord the reason(s) for locating the Expanded Activities elsewhere.

ARTICLE 3 **REPAIRS AND MAINTENANCE**

Section 3.01. Repairs and Maintenance of the Premises. Landlord shall not be obligated to maintain the Property, the Improvements or the Personalty thereon during the Lease Term or any renewal hereof unless required due to the negligence or willful act of Landlord, its agents, employees, contractors, licensees or invitees. Subject to the foregoing, Tenant agrees, at its sole cost and expense, to maintain, repair, and replace all of the Improvements (including additional improvements made by Tenant as provided herein), including any parking and service areas, and the Landlord's Personalty in a good state of repair and to keep the Property and Personalty in a reasonably clean, neat and orderly condition. Without limiting the coverage of the previous sentence, it is understood that Tenant's responsibilities therein include the repair and replacement of all lighting, heating, air conditioning, plumbing and other electrical, mechanical and electromotive installation, equipment and fixtures and also include all utility repairs in ducts, conduits, pipes and wiring, and any sewer stoppage located in, under and on the Premises. All repairs, replacements and improvements shall be made using substantially the same or similar quality of materials and supplies as were installed originally by Landlord. Subject to applicable notice and cure provisions hereunder, if any repairs required to be made by Tenant hereunder are not made when required, Landlord may at its option and upon not less than ten (10) business days' notice, make such repairs, without liability to Tenant for any loss or damage which may result to its stock or business by reason of such repairs; and Tenant shall pay to Landlord upon demand, as additional rent hereunder, the cost of such repairs plus interest at the Default Rate, such interest to accrue continuously from the date of payment is due from Tenant to Landlord until repayment by Tenant.

Section 3.02. Maintenance Contracts. Tenant agrees to keep in force a maintenance agreement (subject to Landlord's reasonable approval) on all heating and air conditioning equipment and provide a copy of said maintenance agreement to the Landlord, which maintenance agreement shall require a semi-annual inspection of such equipment. Tenant further agrees to furnish Landlord semi-annually, upon request, with written certifications by the company performing said inspections that such equipment is in good repair.

Section 3.03. Maintenance Standards. Tenant shall, at its expense, and during the entire Lease term, operate and maintain the facility in a manner consistent with the plans and specifications when the Facility was built or subsequently approved alterations, which shall require the Tenant to take appropriate actions as follows:

- (a) maintaining, repairing, and replacing (as needed) the Facility's exteriors and interiors (including painting exterior and interior walls from time-to-time, updating floorings, etc.).

Tenant expressly represents and warrants that it will provide all of the maintenance and repair services required under this Lease (i) in a timely, safe and proficient manner, when and as required pursuant to the express provisions of this Lease, and in a manner anticipated to keep any applicable construction warranties in force, (ii) in accordance with the applicable standards of the aviation industry, (iii) consistent with all applicable laws, ordinances, rules and regulations and all applicable aircraft manufacturers' and industry-accepted standards and guidelines, (iv) utilizing sufficient and properly trained personnel and equipment in Tenant's reasonable business judgment.

Section 3.04. Indemnification By Tenant. In furtherance of the provisions of this Article, Tenant hereby indemnifies and holds Landlord harmless from any actual monetary loss, damage, liability, claim, suit, action or the like, arising from a breach of any of Tenant's representations and warranties contained in this Article.

ARTICLE 4 **ADDITIONAL RENT – TAXES**

Section 4.01. Property Taxes.

Property Taxes, if any, that ever become due on the Real Property, the Improvements, or a leasehold interest therein shall be paid by the Tenant, either directly to the pertinent taxing authority or to the Landlord as Additional Rent, plus any penalties and interest due thereon. Also, Tenant shall pay to Landlord, as additional rent, at all times during the term of this Lease and any option term, applicable sales tax on the leasehold interest or rent payments hereunder, plus any penalties and interest due thereon.

It is asserted and understood by the Landlord and Tenant that Tenant's leasehold interest in the Property and Landlord's Personalty is exempt from Property Taxes as provided under Florida Statutes, Sections 196.199 and 196.012. However, if during the term of the Lease Property Taxes should be levied or assessed against Tenant's leasehold interest in the Property or in the Personalty, whether the billing is addressed to Landlord or Tenant, together with all taxes levied against any stock of merchandise, furniture, furnishings, equipment and other property of Tenant located in, at, or on the Property, Tenant shall pay all such amounts as set forth above.

Landlord shall cooperate fully with all efforts by the Tenant to defend or protest the imposition of Property Taxes or assessments against the Improvements, the Landlord's leasehold interest in the Real Property under the Prime Lease, or the Landlord's Personalty funded under the Master Equipment Agreement. Upon request by Tenant, Landlord shall provide assistance necessary to support Tenant in connection with any such challenge (administrative or otherwise) to the taxability of the Property, the Landlord's leasehold interest, or the Landlord's Personalty. Further, Tenant, at its option, shall also have the right (at its sole cost and expense) to contest the validity or amount of any Property Tax or assessments imposed against its leasehold interest in the Property and the Improvements. Upon request by Tenant, Landlord shall provide reasonable assistance (without the necessity of engaging an attorney or advisor) if requested by Tenant to support Tenant in connection with any such challenge (administrative or otherwise) to the taxability of the Property, the Landlord's leasehold interest, or the Landlord's Personalty.

At Landlord's sole cost and expense, Landlord (with Tenant's reasonable cooperation, if necessary) shall undertake all reasonable actions to cause the Hillsborough County Property Appraiser to identify and assess the Property as a separate parcel on the county's property-tax roll.

Section 4.02. Solid Waste Fees. From and after the Commencement Date, Tenant shall pay all solid waste service fees (including transportation, utility and other impact fees and costs, connection fees, reservation fees and meter fees) assessed against the Property from and after the Commencement Date by the appropriate governmental authorities as a result of Tenant's occupancy or use of the Property pursuant to this Lease, whether the billing is addressed to Landlord or Tenant.

Section 4.03. Storm Water Fees. From and after the Commencement Date, Tenant shall pay all storm water service fees (including transportation, utility and other impact fees and costs, connection fees, reservation fees and meter fees) assessed against the Property from and after the Commencement Date by the appropriate governmental authorities as a result of Tenant's occupancy or use of the Property pursuant to this Lease, whether the billing is addressed to Landlord or Tenant.

Section 4.04. Emergency Ambulance Fees. From and after the Commencement Date, Tenant shall pay all emergency ambulance service fees (including transportation, utility and other impact fees and costs, connection fees, reservation fees and meter fees) assessed against the Property from and after the Commencement Date by the appropriate governmental authorities as a result of Tenant's occupancy or use of the Property pursuant to this Lease, whether the billing is addressed to Landlord or Tenant.

Section 4.05. Other Taxes and Fees. From and after the Commencement Date, Tenant shall pay as a result of Tenant's occupancy or use of the Property pursuant to this Lease, according to the method hereinabove described, any and all taxes, fees, or assessments.

ARTICLE 5 INSURANCE AND INDEMNITY

Section 5.01. Liability Insurance. In addition to such insurances as may be required by law, Tenant shall maintain, without lapse or material change, for so long as it occupies the Property and Improvements, the following insurance:

- (A) Commercial General Liability Insurance, including Contractual Liability, to cover Tenant's operations, in an amount not less than \$5,000,000 combined single limit per occurrence for bodily injury and property damage. Landlord must be shown as an additional insured with respect to

this coverage. Coverages shall be for each occurrence, with either no aggregate or an annual policy aggregate of no less than twice the amount of coverage required for each occurrence. In the event that Tenant's available coverage falls below the per occurrence amount shown above, Tenant shall immediately secure a new certificate of insurance evidencing the required coverage.

(B) Automobile Liability Insurance covering all owned, non-owned and hired vehicles (including ground or mobile equipment) used by Tenant in connection with its operations under this Agreement in an amount not less than:

(1) \$1,000,000 combined single limit per occurrence for bodily injury and property damage covering all vehicles and ground and mobile equipment used by Tenant in connection with its business operation.

(2) \$300,000 combined single limit per occurrence for bodily injury and property damage covering such vehicles and ground and mobile equipment when being used by Tenant off of the Tampa International Airport.

The insurance coverages required shall include those classifications, as listed in standard liability insurance manuals, which most nearly reflect the operations of Tenant under this Agreement. All insurance policies required pursuant to the terms of this Agreement shall be issued in companies approved to do business under the laws of the State of Florida. Such companies must be rated no less than "B" as to management, and no less than "V" as to strength in accordance with the latest edition of "Best's Insurance Guide", published by A.M. Best Company, Inc., or its equivalent, subject to approval of Landlord.

Section 5.02. Property Insurance.

(A) Hazard Insurance and Builder's Risk Insurance: Tenant, at its sole cost and expense, throughout the term shall keep the Improvements and insured on an "All Risk" basis in an amount not less than 100% of the full replacement value of the Improvements and Personalty against loss or damage (in excess of a reasonable per occurrence deductible amount which shall not exceed \$1,000,000.00, which shall be the responsibility of Tenant) by fire, lightning, tornado, hurricane, windstorm, hail, flood, earthquake, explosion, riot, riot attending strike, civil commotion, vandalism and malicious mischief, sprinklers and sprinkler leakage, aircraft, vehicles and smoke, or any other casualty. The Landlord's Personalty shall be insured under insurance as required by and provided in the Master Equipment Lease. Tenant shall also maintain insurance on its personal property on the Premises as it from time to time elects. It is acknowledged that the property insurance for the Improvements required by this paragraph may include a commercially reasonable deductible not to exceed \$1,000,000.00 (except for damage by hurricane and windstorm, which may have a greater deductible, not to exceed 5% of the value of the Improvements and Personalty which are the subject of the insurance), and that, in the event of a loss, Tenant shall be responsible for any such deductible amounts. Tenant's insurance for the Improvements may be provided by Tenant or by an affiliate under a policy which includes multiple or other properties, so long as the Property is specifically described in such policy. The full replacement value of the Improvements shall be established as of the Commencement Date of this Agreement and may be re-established at the request of either Landlord or Tenant at intervals of not more than three (3) years thereafter. Such revised valuations of the Improvements shall be completed by a professional property evaluator used by Landlord for establishing replacement values for Landlord's property. Any deficiency in the amount of the proceeds from such property insurance resulting from a failure by Tenant to re-establish the full replacement value of the Improvements and Personalty shall be the sole responsibility of Tenant. Landlord and Prime Landlord shall be shown on the policies as a loss payee, in accordance with their

respective interests in the Property. For clarification, the Builder's Risk Policy to be provided by Tenant shall be maintained during the construction phase of the Improvements.

(1) Damage or Destruction and Restoration of the Improvements and Personalty:

In case of damage to or loss of all or a portion of the Improvements or Personalty, Tenant shall give immediate notice thereof to Landlord; and, with the use of all insurance proceeds (if such insurance proceeds are paid directly to Landlord, Landlord agrees to make them available for disbursement to Tenant for this purpose, so long as Landlord can be assured that such funds will be used in accordance with the requirements of this Lease), and subject to issuance of applicable permits, licenses and approvals, Tenant shall promptly commence and use commercially reasonable efforts to complete with due diligence (subject only to delays beyond its reasonable control and matters of Force Majeure), the restoration of the damaged or destroyed portion of the Improvements and Personalty as nearly as reasonably practicable to the condition thereof immediately prior to such damage or destruction. In the event of such damage or destruction, the proceeds of all property insurance policies shall be used to restore the Facility in accordance with its original plans and specifications. Tenant shall receive-reimbursement from the proceeds of all property insurance policies for the Improvements and Personalty and Tenant shall be obligated to provide any additional monies required in connection with the rebuilding of the Facility.

Section 5.03. Insurance Certificates and Requirements. [SF Comptroller to Review] Prior to the Lease Commencement Date and thereafter upon request, but not more frequently than annually, Tenant shall furnish or cause to be furnished certificates of insurance to Landlord (on standard ACCORD forms used in Florida) which certificates shall clearly indicate that:

(A) Tenant has obtained insurance in the types, amounts and classifications as required for compliance with this Lease and the Prime Lease;

(B) The policy cancellation notification provisions specify at least 30 days advance written notice of cancellation to Landlord. Provided, however, in the case of non-payment for the policy, the cancellation notifications provisions shall specify at least 10 days advance written notice of cancellation to Landlord. Further provided, that Tenant shall provide written notice to Landlord 30 days following renewal of any insurance policy required hereunder, which notice shall certify to Landlord and Prime Landlord that the full premium has been paid for the applicable insurance policy for the upcoming renewal term of such policy. A default under this provision shall constitute a default under the Sublease;

(C) Landlord and Prime Landlord are named as additional insureds with respect to Tenant's commercial general liability policies;

(D) Landlord is named as a loss payee with respect to Tenant's builders risk and property insurance policies, and the Prime Landlord is named as an additional insured, as their interest may appear, subject to Tenant's right to use the insurance proceeds as provided in this Lease; and

(E) On said insurance certificates, liability coverage shall include contractual liability and notification of cancellation.

All policies of insurance shall be subject to the reasonable approval of the Landlord and Prime Landlord, and shall be issued by recognized, responsible companies or other programs which are qualified or authorized under the laws of Florida to assume the risks covered by such policy or policies. Such companies must be rated no less than "B" as to management, and no less than "V" as to strength in accordance with the latest edition of "Best's Insurance Guide", published by A.M. Best Company, Inc.,

or its equivalent. All certificates of insurance shall be on standard ACCORD forms in use in Florida. All policies of insurance must conform at all times with Exhibit B of the Prime Lease, which sets forth the Authority's Standard Procedure S250.06, Contractual Insurance Terms and Conditions, which may be amended from time to time.

Section 5.04. Additional Insurance. In addition to the types and levels of coverage provided in this Article, Landlord reserves the right to require Tenant to provide additional types of coverage or different or higher levels of coverage from time to time during this Agreement, but not more than one (1) time in any five (5) year period, upon issuance of notice in writing to Tenant, which notice shall automatically amend this Agreement effective 90 days after such notice.

Section 5.05. Waivers of Subrogation. Anything in this Lease to the contrary notwithstanding, Landlord and Tenant hereby waive any and all rights of subrogation for themselves and any insurer against each other, their respective agents, officers and employees for any loss or damage that may occur to the Premises, and to all property, whether real, personal or mixed, located in or at the Premises or the Building, by reason of any peril to be insured under this Lease regardless of cause or origin, including negligence of the parties hereto, their respective agents, officers and employees. Since the above mutual waiver will preclude the assignment of any aforesaid claim by way of subrogation (or otherwise) to an insurance company (or any other person), each party hereto agrees immediately to give each insurance company which had issued to it property insurance policies, written notice of the terms of said mutual waivers, and to have said insurance policies properly endorsed, if necessary, to prevent the invalidation of such coverage by reason of said waivers.

Section 5.06. Right to Examine. Landlord reserves the right, upon reasonable prior notice, to examine true copies of applicable portions of policies of insurance (including but not limited to binders, amendments, exclusions, riders and applications) to determine the extent of coverage. Tenant agrees to permit such inspection at the offices of Landlord.

Section 5.07. Personal Property. Any personal property of Tenant or of others placed on the Property shall be at the sole risk of Tenant or the owners thereof, and Landlord shall not be liable for any loss or damage, except to the extent such loss or damage was caused by the gross negligence or willful misconduct of the Landlord, its agents, employees, contractors, invitees and licensees, as limited by applicable sovereign immunity laws. The initial list of personal property to be placed on the Property and to be acquired by Tenant under the Master Equipment Agreement or Incentive Agreement is attached hereto as Exhibit "C-1." Such list shall be updated by Tenant no later than the anniversary date of each year during the Term or any renewal term of this Lease. Tenant shall pay for any and all damage to the Premises and damage to or loss of any of the Landlord's Personalty or any other property of Landlord resulting from the activities or use of the Premises by the Tenant or Tenant's employees, agents, contractors, licensees, or invitees to the extent that such damage or loss is not covered by insurance. Any property owned by Tenant and brought onto the Premises shall be at the sole risk of Tenant. By signing this Lease the Tenant agrees that upon surrender or abandonment of the Premises, as defined by the Florida Statutes, the Landlord shall not be liable or responsible for the storage or disposition of the Tenant's personal property.

Subsection 5.07.1. Tenant's Right to Remove Personal Property. So long as Tenant is not in default hereunder, upon the expiration or other early termination of this Lease, Tenant shall have the right to remove all of its fixtures (installed by Tenant and not Landlord) and its other personal property from the Facility which are customarily deemed to be removable (i.e., which are not permanently affixed to the Facility) and which belong to Tenant, as well as all of Tenant's equipment and personal property.

Section 5.08. Indemnity by Tenant. To the extent permitted by law, and except to the extent arising from the negligence or willful misconduct of Landlord, Tenant shall indemnify and hold harmless Landlord and its officers, employees and agents from any and all liability, losses or damages, including attorneys' fees and costs of defense, that Landlord or its officers, employees, and agents may incur as a result of claims, demands, suits, causes of action or proceedings of any kind or nature arising out of, relating to or resulting from the acts or omissions of Tenant or its agents or employees on or with respect to the Property. Tenant shall pay all claims and losses in connection therewith and shall investigate and defend all claims, suits or action of any kind or nature in the name of Landlord, where applicable, including appellate proceedings. Tenant shall pay costs, judgments and attorney's fees which may issue thereon. Tenant expressly understands and agrees that any insurance protection required by this Agreement or otherwise provided by Tenant shall in no way limit the responsibility to indemnify, keep and save harmless and defend Landlord or its officers, employees, agents, and instrumentalities as herein provided. The obligations of Tenant hereunder shall survive the termination of this Agreement.

Section 5.09. Indemnity by Landlord. To the extent permitted by law, and except to the extent arising from the negligence or willful misconduct of Tenant, Landlord shall defend, indemnify and hold harmless Tenant and, its officers, agents, employees, from any and all liability, losses or damages, including attorneys' fees and costs of defense, that Tenant or, its officers, agents, and employees may incur as a result of claims, demands, suits, causes of action or proceedings of any kind or nature arising out of, relating to or resulting from the acts or omissions of Landlord or its agents or employees with respect to the Property. Landlord shall pay all claims and losses in connection therewith and, shall investigate and defend all claims, suits or action of any kind or nature in the name of Tenant, where applicable, including appellate proceedings. Landlord shall pay costs, judgments and attorney's fees which may issue thereon. Landlord expressly understands and agrees that any insurance protection required by this Agreement or otherwise provided by Landlord shall in no way limit the responsibility to indemnify, keep and save harmless and defend Tenant or its officers, agents, employees, agents, officers, directors and instrumentalities, shareholders as herein provided. The obligations of Landlord hereunder shall survive the termination of this Agreement. Provided however, notwithstanding anything to the contrary herein, Landlord's limits of liability are set forth in Section 768.28 of Florida Statutes, and nothing herein shall be construed to extend the liabilities of Landlord beyond that provided in Section 768.28 of Florida Statutes, as amended from time to time. Nothing herein is intended as a waiver of Landlord's sovereign immunity under the Constitution and laws of the State of Florida, as amended from time to time. Nothing hereby shall inure to the benefit of any third party for any purpose, including but not limited to anything which might allow claims otherwise barred by sovereign immunity or by operation of law.

Section 5.10. Extent of Liability. NOTWITHSTANDING THE PROVISIONS OF THIS ARTICLE, FOR PURPOSES OF THIS LEASE AGREEMENT, TENANT ACKNOWLEDGES THAT ITS POTENTIAL LIABILITY HEREUNDER IS NOT LIMITED TO THE AMOUNT OF LIABILITY INSURANCE IT MAINTAINS NOR TO THE LIMITS REQUIRED HEREIN.

Section 5.11. Sovereign Immunity. Landlord's limits of liability are set forth in Section 768.28 of Florida Statutes, and nothing herein shall be construed to extend the liabilities of Landlord beyond that provided in Section 768.28 of Florida Statutes, as amended from time to time. Nothing herein is intended as a waiver of Landlord's sovereign immunity under the Constitution and laws of the State of Florida, as amended from time to time. Nothing hereby shall inure to the benefit of any third party for any purpose, including but not limited to anything, which might allow claims otherwise barred by sovereign immunity or by operation of law.

ARTICLE 6 **SECURITY**

Section 6.01. Security. Tenant, at its expense, shall observe and comply with all applicable security requirements of (i) all governmental agencies having jurisdiction over such matters, including, but not limited to the Transportation Security Administration ("TSA"), the Hillsborough County Aviation Authority, and the Federal Aviation Administration ("FAA"), and (ii) applicable Federal Aviation Regulations and the prevailing Airport Security Program. Tenant shall take such steps as may be reasonably necessary or as may be reasonably directed by the Prime Landlord under the Prime Lease to ensure that all of Tenant's employees and agents observe these requirements.

If Landlord or the Prime Landlord incur any fines and/or penalties imposed by the TSA or the FAA, or otherwise incur any expense in enforcing federal regulations or the Airport Security Program, as a result of the acts or omissions of Tenant or Tenant's agents, Tenant agrees to pay and/or reimburse all such fines and penalties, as well as any reasonable costs and expenses related thereto. Tenant further agrees to promptly rectify any security deficiency caused by the acts or omissions of Tenant or Tenant's agents. If Tenant fails to remedy any such security deficiency within the time period prescribed to do so by the controlling governmental agency(ies) in charge of such matters, then Landlord may, after the expiration of any applicable notice and cure periods hereunder, take whatever reasonable action it deems to be reasonably necessary to rectify any such security deficiency.

ARTICLE 7 **DESTRUCTION OF PREMISES**

A. Major Destruction.

(i) Reconstruction by Tenant. In the event the Premises shall be destroyed or damaged by fire or other casualty during the term of this Lease or any renewal term, to the extent that said Premises shall be unfit, in whole or in part, for the occupancy thereof by Tenant, the Tenant shall have the right to rebuild and repair the leased Premises, to substantially conform to the Premises as were in existence prior to the damage or destruction, and to apply the proceeds of insurance provided by Tenant against the costs thereof. In such event Tenant shall prosecute the work with diligence to completion, the same in any event to be completed within a reasonable time.

In the event of total destruction of the Improvements or such damage thereto as shall render the same unfit for the carrying on of Tenant's business on the Premises, the payment of rent and all other payment obligations as set forth in this Lease shall cease from the date of such casualty until the building is rebuilt or until both parties elect not to rebuild. Rent and all other payment obligations under this Lease shall again commence in full if and when the improvements shall have been substantially completed.

B. Partial Destruction.

In the event of partial destruction or such damage that the business of Tenant may continue to be carried on without substantial interruption, and with or without temporary repair, the rent and all other payment obligations under this Lease shall continue and not be abated. In the event of the partial destruction or damage to the Premises so that the business of Tenant may be carried on but with substantial impairment, as reasonably determined by Tenant, rent and all other payment obligations under this Lease shall be adjusted pro-rata to abate that part of the rent attributable to the unfit portion of the building for that period of time.

ARTICLE 8 **CONDEMNATION**

A. Total Condemnation.

If the whole or any material portion of the Premises is acquired by a condemning authority, either by sale in lieu of condemnation or by the exercise of the power of eminent domain rendering use of the remaining Premises commercially infeasible, then in and as a direct result of that event, this Lease will terminate from the date of sale or title vesting, and Tenant will have no claim whatsoever, including claims of apportionment, against Landlord either for the value of any unexpired term of this Lease or for the value of the Facilities. However, nothing in this provision will limit or destroy any right of Tenant to file a separate claim for damages arising from such condemnation including specifically, without limitation, for the value of the unexpired leasehold interest, the unamortized cost of constructing the Facilities, moving costs and/or business loss, solely against the condemning authority where statutes or other applicable law apply. Landlord shall apply any award received by Landlord in connection with such condemnation toward payment of the Loan.

B. Partial Condemnation.

If a portion of the Premises is acquired by a condemning authority, either by sale in lieu of condemnation or by the exercise of the power of eminent domain rendering use of the remaining Premises commercially feasible, then in and as a direct result of that event, this Lease will terminate from the date of sale or title vesting as to the portion so condemned only, with the Ground Rents reduced by the proportionate reduction in square footage, and Tenant will have no claim whatsoever, including claims of apportionment, against Landlord either for the value of any unexpired term of this Lease or for the value of leasehold improvements taken. However, nothing in this provision will limit or destroy any right of Tenant to file a separate claim for damages arising from such condemnation with respect to the portion of the Premises so taken including specifically, without limitation, for the value of the unexpired leasehold interest, the unamortized cost of constructing the Facilities, moving costs and/or business loss, solely against the condemning authority where statutes or other applicable law apply.

ARTICLE 9 **DEFAULT BY TENANT**

Each of the following events shall constitute a default or breach of this Lease by Tenant:

(a) If Tenant shall file a petition in bankruptcy or insolvency or for reorganization under any bankruptcy act, or shall voluntarily take advantage of any such act by answer or otherwise, or shall make an assignment for the benefit of creditors.

(b) If involuntary proceedings under any bankruptcy law or insolvency act shall be instituted against Tenant, or if a receiver or trustee shall be appointed for all or substantially all of the property of Tenant, and such proceedings shall not be dismissed or the receivership or trusteeship vacated within ninety (90) calendar days after the institution or appointment.

(c) On more than one (1) occurrence during any calendar year and upon receiving written notice that said rent had not been received If Tenant shall fail to pay Landlord any rent due or additional rent when the rent has been invoiced by Landlord during the initial term (and when rent shall become

due in any renewal term) and shall not make the payment within ten (10) business days after the date said rent has been invoiced or shall be due.

(d) If Tenant shall fail to perform or comply with any of the material conditions under this Lease other than the nonpayment of rent and if the non-performance shall continue for a period of thirty (30) days after written notice thereof by Landlord to Tenant, or, if the performance cannot be reasonably had within the thirty (30) day period, Tenant shall not in good faith have commenced performance within the thirty (30) day period and shall not have used commercially reasonable efforts to pursue completion of performance. Provided, however, the time frame for cure as to Tenant's obligations under Section 5.03 of this Sublease (regarding insurance certificates and requirements) shall be 10 days from the date of such notice by Landlord to Tenant and not 30. Further, if any policy of insurance required to be provided by Tenant hereunder is canceled for any reason then Landlord shall not be required to give written notice of a default and Landlord shall have the right, but not the requirement, to procure replacement insurance, which insurance payments advanced by the Landlord shall be reimbursed by Tenant to Landlord upon 10 days written notice and such sums advanced shall be considered Additional Rent hereunder and shall be bear interest at the Default Rate from the date such payment was made by the Landlord.

(e) If Tenant shall, other than temporarily, or due to casualty, or lack of operating utilities, or repairs or renovation, or matters of Force Majeure, vacate or abandon the Premises for more than ninety (90) consecutive days

(f) If this Lease or the estate of Tenant hereunder shall be transferred to or shall pass to or devolve on any other person or party, except in the manner herein permitted.

(g) Coupled with failing to pay any rents due, if Tenant fails to take possession of the Premises within thirty (30) days after the issuance of the Certificate of Occupancy.

(h) If Tenant is dissolved either pursuant to the terms of its Articles of Incorporation or Operating Agreement, by operation of law, or in any other manner, voluntarily or otherwise and is not reinstated within ten (10) days after written notice thereof by Landlord to Tenant.

(i) If shareholders or members owning 51% or more of the shares or membership interests of Tenant withdraw or transfer their shares or membership interests, unless such shares are transferred to an affiliate, subsidiary or parent company, whether voluntarily, involuntarily or by operation of law, and excepting the transfer of shares on a public stock exchange.

(j) If Tenant is in default of any provision under the Master Use Agreement or any other agreements with Landlord, and the aforementioned agreements are terminated as a result of such default.

(k) If Tenant is in violation of Florida Statute Section 287.133 concerning criminal activity on contracts with public entities.

(l) Notwithstanding anything in this Lease to the contrary, and so long as no event of default then exists, Tenant may vacate the Premises prior to the expiration of this Lease; provided this Lease shall remain in full force and effect, and all of Tenant's obligations hereunder, including, without limitation, Tenant's obligation to pay rent, shall remain in full force and effect.

ARTICLE 10
REMEDIES OF LANDLORD

Section 10.01. Remedies of Landlord. Subject to any applicable notice and cure provisions set forth herein, following the occurrence of a default or breach by Tenant under this Lease, Landlord may, at any time thereafter, in addition to all remedies available to it at law or equity, exercise any of the following remedies in its sole discretion:

(i) Bring suit for the breach which has occurred without affecting the obligations of the parties to perform the balance of the Lease.

(ii) Without terminating this Lease, declare the remaining principal balance/unamortized amount due, along with all reasonable fees associated with pursuing such default, within ninety (90) days, in which event Landlord shall apply said accelerated rental balance toward payment of the Loan. Once said Loan is paid in full, title to the Facility and any other Improvements shall automatically convey to Tenant; provided Landlord agrees to memorialize such conveyance by delivery of a commercially reasonable deed.

(iii) Reenter the Premises without being liable for damage therefor, and relet the Property, or any part thereof, or operate the same, with or without the Tenant's furnishings, for the balance of the existing term and receive rents therefor and apply the same first to the payment of reasonable actual out-of-pocket expenses of redecorating and making necessary repairs to the Premises, reasonable attorneys' and paraprofessionals' fees, brokers' commissions, advertising and all other reasonable actual out-of-pocket expenses of the Landlord in reentering the Premises and reletting the Premises; and second, to the payment of the rent due hereunder. Landlord agrees to use commercially reasonable efforts to mitigate its damages.

(iv) Terminate this Lease by giving the Tenant written notice of termination which shall not excuse breaches of this Lease which have already occurred. Termination may occur only by written notice given in accordance with applicable law and legal procedure.

(v) Undertake and perform the obligations of Tenant under this Lease, in which event Tenant shall, reimburse Landlord upon demand for any reasonable actual out-of-pocket expenses and costs, including, without limitation, reasonable attorneys' fees, which Landlord incurs in effecting the performance of or compliance with Tenant's duties and obligations under this Lease. Tenant agrees to pay, and Landlord shall be entitled to recover, all reasonable costs and expenses incurred by Landlord, including reasonable attorneys' fees and costs, in connection with collection of rent or any other sum due to Landlord hereunder or damages for enforcing other rights of Landlord in the event of a breach of this Lease by Tenant.

(vi) In the event of a breach or threatened breach by Tenant of any of the covenants or provisions hereof, Landlord shall have the right of injunction and the right to invoke any remedy allowed in law or in equity as if re-entry, summary proceedings and other remedies were not provided for herein.

(vii) Landlord shall have the right to offset its damages against any and all sums due Tenant by Landlord under this Lease or any other agreement.

Section 10.02. Liability of Tenant. If this Lease or Tenant's possessory interest pursuant thereto is terminated by Landlord pursuant to this Article 10, Tenant shall remain liable for:

(a) all rent (including rent as described in Section 1.11.1 above), and all reasonable costs, fees and expenses, including reasonable attorneys' fees, incurred by Landlord in pursuit of its remedies hereunder and in connection with any bankruptcy proceedings of Tenant or Tenant's Guarantor, and in connection with renting the Premises to others from time to time (collectively, "Termination Damages") plus any and all damages or remedies allowed under this Lease or in accordance with Florida law.

If this Lease is terminated on account of a default by Tenant, Landlord may relet the Premises or any part thereof for such period or periods (which may be greater or less than the period which otherwise would have constituted the balance of the Term) and on such terms and conditions (which may include concessions for free rent and alterations of the Premises) as Landlord, in its discretion, may determine. Provided, however, Landlord shall (except Landlord shall use commercially reasonable efforts to mitigate damages) have no duty to relet the Premises and (except Landlord shall use commercially reasonable efforts to mitigate damages) shall not be liable for, nor shall Tenant's obligations hereunder be diminished by reason of, any failure by Landlord to relet the Premises or any failure by Landlord to collect any rent due upon such reletting. Notwithstanding the foregoing, Landlord shall use commercially reasonable efforts to relet the Premises at the then fair market rental rate, if possible. All actual out-of-pocket costs, including but not limited to reasonable attorneys' fees, incurred by Landlord in reletting the Premises and enforcing payment of any such rental shall be deducted from amounts otherwise reimbursable to Tenant hereunder.

ARTICLE 11 **DEFAULT BY LANDLORD**

If Landlord fails to perform any of its covenants, agreements or other obligations under this Lease, and, except in the event of emergency or as necessary to prevent or limit damage to persons and property, such failure continues for a period of thirty(30) days after receipt by Landlord of written notice of such failure (and, in the event of emergency or as necessary to prevent or limit damage to persons and property promptly, after written notice or such other notice as is commercially reasonable under the circumstance), then Tenant shall have the right (but not the obligation) to take such actions, and to expend such monies as is reasonably necessary and appropriate to perform Landlord's covenants, agreements or obligations, and Landlord shall reimburse Tenant for all reasonable and documented out-of-pocket costs and expenses incurred by Tenant in connection therewith within thirty (30) days of demand.

ARTICLE 12 **REAL ESTATE COMMISSION**

Tenant represents to Landlord that, other than CBRE, Inc. ("CBRE"), it has employed no real estate broker or dealt with no real estate broker in regard to this Lease, and Tenant shall hold Landlord harmless and indemnify Landlord from any claims by any real estate broker, other than CBRE, claiming a real estate commission on account of this Lease as a result of being employed by Tenant or having represented Tenant in regard to this Lease. As such and subject to funds being made available via the Loan, Landlord shall compensate CBRE a real estate commission equivalent to four percent (4%) of the total capital cost (the aggregate of the net proceeds of the Loan plus Tenant Funding but before estimated real estate commission for the Facility contemplated here) of the Improvements for the anticipated Facility. Fifty percent (50%) of said real estate commission based on the estimated total capital cost shall be due and payable upon full execution of this Sublease Agreement. The balance, subject to final reconciliation but estimated to be fifty percent (50%) of total capital cost, shall be due and

after the time it is deposited in the United States mail in the manner prescribed herein. Nothing herein shall be construed to preclude personal service of any notice in the manner prescribed for personal service of a summons or other legal process.

ARTICLE 15
MEMORANDUM OF LEASE

Landlord, at Landlord's expense, shall file a Memorandum of Lease in the Hillsborough County, Florida Public Records in the form attached hereto as Exhibit "K."

ARTICLE 16
ENTRY OF LANDLORD

Landlord may enter the Property during business hours with reasonable advance written notice (not less than five (5) business days, subject to Tenant's Premises security rules and regulations (which must be reasonable and not designed as a deterrence to keep the Landlord off of the Premises), and where it will not disrupt Tenant's business, (except in emergencies constituting an immediate threat to life or property), only as is reasonable under the circumstances):

(A) To inspect or protect said Property;

(B) To determine whether Tenant is complying (as required under this Lease) with the applicable laws, orders or regulations of any lawful authority having jurisdiction over the Property or any business conducted therein; or

(C) To exhibit the said Property to any prospective purchaser when Tenant is in default of this Lease following the expiration of applicable notice and cure periods or has notified Landlord of intention to terminate this Lease (other than for reasons due to Landlord's default) or during the last twelve (12) months of the term of this Lease.

Due to the nature of the business to be conducted by Tenant on the Premises, any and all individuals to enter the Premises on behalf of Landlord shall be approved by Tenant prior to entry on the Premises, such approval shall not be unreasonably withheld or delayed.

No authorized entry by Landlord, as described in this Article 16, shall constitute an eviction of Tenant or a deprivation of its rights or alter the obligation of Landlord or create any right in Landlord adverse to the interest of Tenant hereunder.

ARTICLE 17
SURRENDER OF PREMISES AND OWNERSHIP OF IMPROVEMENTS AT LEASE EXPIRATION.

At the expiration of the Lease, all Improvements erected on the Property and the Landlord's Personality (to the extent not acquired by Tenant pursuant to the Master Equipment Agreement) shall become the sole property of Landlord without any payment provided to Tenant and without any further documentation being required. Landlord acknowledges and agrees that Tenant will not be required to demolish and remove the Improvements. Any and all trade fixtures, signs, moveable trailers, and other personal property placed on the Premises by Tenant shall remain Tenant's sole property, and Tenant shall have the right to remove the same on or prior to expiration of the Lease, with the exception of the Landlord's

Personalty and any items of personal property purchased by Tenant with funding from the Landlord. Any damages caused by such removal shall be repaired by Tenant at the time of removal. In the event Tenant fails to remove its personal property within forty five (45) days following the expiration of the Lease, unless prevented by Landlord, its agents or employees, said failure to remove shall be deemed to be an abandonment of the property. In the event of such abandonment, Landlord shall have the right to remove and sell or dispose of the personal property without providing Tenant with any notice of removal, sale or disposal of the personal property, and without any liability to the Tenant. All monies received from any sale or disposal of the personal property by Landlord shall first be used to reimburse Landlord for any expenses incurred, including without limitation, reasonable attorney's fees and costs of all kind and nature, and the balance remaining after setting off any sums still owed by Tenant to Landlord (if any) shall be remitted to the Tenant.

Notwithstanding anything to the contrary contained in the Lease, upon the termination of the Term, by lapse of time or otherwise, the Tenant shall surrender the Property in the condition Tenant is required to maintain and repair the Property pursuant to this Lease, and in the condition it was received, reasonable use and wear and tear, damage by casualty, and condemnation, excepted.

ARTICLE 18 **QUIET ENJOYMENT**

Subject to the provisions of this Lease, Landlord covenants that Tenant, on paying the rent due and performing the covenants of this Lease on its part to be performed, shall and may peaceably and quietly have, hold and enjoy the Property for the term of this Lease. Landlord represents that it has authority to execute this Lease and that it has obtained all necessary governmental authorizations or approvals to execute this Lease and that this Lease constitutes a valid and binding obligation of Landlord, enforceable against Landlord in accordance with its terms.

ARTICLE 19 **HEIGHT RESTRICTIONS**

Tenant expressly agrees for itself, its successors and assigns, to restrict the height of structures, objects of natural growth and other obstructions on the Property to such a height so as to comply with the United States Federal Aviation Regulations, Part 77, as existing on the date of this Lease.

Tenant expressly agrees for itself, its successors and assigns, to prevent any use of the Property by, through or under Tenant which would interfere with or adversely affect the operation or maintenance of the airport, or otherwise constitute an airport hazard as set forth in the Prime Lease or pursuant to applicable law and regulations.

Landlord reserves for the use and benefit of the public a right of flight for the passage of aircraft in the airspace above the surface of the Property over the Improvements, together with the right of the public to cause in such airspace such noise as may be permitted by law and inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the airspace, and for use of said airspace for landing on, taking off from, or the operation of, the airport.

ARTICLE 20
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ARTICLE 21
LANDLORD'S WARRANTIES

Landlord represents and warrants to Tenant on the Effective Date and during the term of this Lease:

(a) The Prime Lease is in full force and effect without default by Landlord; and there are no events or conditions which, with notice or the passage of time, or both, would result in a default under the Prime Lease.

(b) This Lease does not violate the provisions of any instrument binding on Landlord including, without limitation, the Prime Lease.

(c) Landlord shall take all actions required to keep the Prime Lease in full force and effect during the Lease Term (with the exception of those actions required of Tenant as specifically set forth herein).

(d) To the best of Landlord's knowledge, there is no action, proceeding (zoning, environmental or otherwise), governmental investigation or litigation pending or threatened against the Premises or Landlord, which could, in any manner, adversely affect the transactions contemplated in this Lease, the Prime Lease or operation for Tenant's intended use of the Premises.

ARTICLE 22
ASSIGNMENT AND SUBLETTING

Except as otherwise provided herein, Tenant shall not assign or sublease the Premises or any portion thereof, or any right or privilege connected therewith, or allow any other person to occupy the Premises or any part thereof without first obtaining the written consent of Landlord which shall not be unreasonably withheld, conditioned or delayed, so long as the use of the Premises by the proposed assignee or sublessee is consistent with the use permitted under this Lease. A consent by Landlord shall not be a consent to a subsequent assignment, sublease, or occupation by other persons. An unauthorized assignment, sublease, or license to occupy by Tenant shall be void and shall, subject to applicable notice and cure provisions, terminate the lease at the option of Landlord. Except as otherwise provided herein, the interest of Tenant in this Lease is not assignable by operation of law without the written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed.

ARTICLE 23
ENVIRONMENTAL REPRESENTATIONS, WARRANTIES, AND INDEMNIFICATION

Section 23.01. Environmental Representations and Warranties by Tenant. Tenant represents and warrants that it will comply and will be in compliance in all material respects with all applicable environmental laws, ordinances, orders or decrees of all state, federal, municipal, or other governmental body or agency, as it relates to the subject Property. Tenant further warrants that no hazardous or toxic waste or hazardous substances ("Hazardous Waste"), as defined in the Comprehensive Environmental Compensation and Liability act of 1980, as amended, the Resources Conservation and Recovery act of 1986, as amended, or any successor or similar law) will be processed, discharged, stored, treated, disposed of or managed by Tenant, its assigns, subtenants, agents or contractors at the Property subject to this Lease other than in accordance with all federal, state and local environmental laws, regulations, codes or ordinances.

Section 23.02. Environmental Indemnification by Tenant. Tenant hereby indemnifies and agrees to defend and hold Landlord harmless from and against any and all claims, lawsuits, losses, liabilities, damages, and expenses (including without limitations cleanup costs and reasonable attorney's fees arising by reason of the aforesaid or an action against Tenant under this indemnity) resulting directly or indirectly from, out of or by reason of (i) any Hazardous Waste being located on the Property which is attributed to Tenant, its officers, directors, employees, agents, assigns, subtenants, guest, invitees, contractors, or subcontractors, or (ii) any breach of **Section 23.01**, above, or (iii) an Environmental Complaint occurring as a result of occupancy of the Property by Tenant, its subtenants or assigns. "Environmental Complaint" as used in the Lease means any complaint, order, citation or notice from an governmental or private person or entity with regard to any federal, state or local environmental and safety laws, regulations, codes or ordinances. The foregoing indemnities shall survive the termination or expiration of this Lease.

Section 23.03. Environmental Testing.

(a) If, during the Term hereof, as same may be extended, the Prime Landlord or any other governmental agency having jurisdiction over such matters, requires Landlord to undertake environmental testing of the Property for reasons due to the acts and omissions of Tenant (or its agents), then Tenant, at its sole cost and expense, shall undertake, or cause to be undertaken, and completed in the time frame specified by the Prime Landlord or such other governmental agency, an updated Phase I environmental audit of the Property and, if required by the Prime Landlord or such other applicable governmental agency after submission of an updated Phase I environmental audit of the Premises, a Phase II environmental audit (or then prevailing similar testing) of the Premises and a remediation program.

(b) A Phase I Report reflecting the condition of the Premises is attached to this Lease as Exhibit "G" and shall be incorporated herein by reference and shall serve as evidence of the presumed base line environmental condition of the Property as of the date of the report.

Section 23.04. Remediation. If, at any time during the Term hereof, as same may be extended, any contamination of the Property by Hazardous Waste shall occur as a result of the act or omission of Tenant or Tenant's agent's ("Tenant Contamination"), then Tenant at its sole cost and expense, shall promptly and diligently remediate such Tenant Contamination in accordance with and to the extent of the requirements of all applicable environmental laws. However, Tenant shall not take any required remedial action in response to any Tenant Contamination in or about the Property, or enter into any settlement agreement, consent, decree or other compromise in respect to any claims relating to any Tenant Contamination without first notifying Landlord of Tenant's intention to do so and affording Landlord a

reasonable time to appear, intervene or otherwise appropriately assert and protect Landlord's interest with respect thereto, it being understood and agreed that Landlord's failure to respond within fifteen (15) business days of Tenant's delivery of such notice (except, with respect to remedial actions which must, in Tenant's reasonable judgment, be taken in the event of emergency or to protect persons or property, in which case Tenant may take such actions without first receiving Landlord's consent and shall provide Landlord with such notice as is reasonable under the circumstances), time being of the essence with respect thereto, shall be deemed to be a consent by Landlord to the proposed settlement agreement, consent, decree or other compromise. In addition to all other rights and remedies of Landlord hereunder, if Tenant does not promptly and diligently take all steps to prepare, and seek to obtain all necessary approvals of, a remediation plan for any Tenant Contamination, and thereafter commence the required remediation of such Tenant Contamination, within ninety (90) days after Landlord has reasonably approved, or has been deemed to have approved, Tenant's remediation plan and all necessary approvals and consents have been obtained, and thereafter continue to prosecute said remediation to completion in accordance with the approved remediation plan, then Landlord, upon not less than fifteen (15) days prior written notice to Tenant (and Tenant's failure to take appropriate action), in its sole discretion, shall have the right, but not the obligation, to cause said remediation to be accomplished, and Tenant shall reimburse Landlord within fifteen (15) business days of Landlord's demand for reimbursement of all amounts reasonably paid by Landlord (together with interest on said amounts at the Default Rate), provided said demand is accompanied by proof of payment by Landlord of the amounts demanded. Upon request, Tenant shall promptly deliver to Landlord copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Waste removed from the Property as part of Tenant's remediation of any Tenant Contamination, all as certified to Tenant, Landlord, and the Prime Landlord.

ARTICLE 24 **SUBORDINATION**

Section 24.01. Subordination. Subject to the other provisions of this Section 24.01: (i) this Lease is and shall be subject and subordinate to any and all mortgages, deeds of trust, deeds to secure debt and related documents now or at any time hereafter covering the Premises (including all advances made thereunder), and to all extensions, increases, amendments, renewals, replacements and restatements thereof (collectively, a "Mortgage") for the benefit of any and all holders of any notes, guaranties, indebtedness or other obligations secured by any such Mortgage (each such holder, together with its successors and assigns and any nominees or designees thereof, a "Mortgagee"). Tenant agrees that such subordination shall be self-operative and that no documentation other than this Lease is required to evidence such subordination, provided, however, Tenant agrees to execute such reasonable documents as may be required by Mortgagee. Tenant hereby agrees to attorn to each successor owner of the Property and recognize such successor owner as Tenant's landlord under this Lease as if this Lease was a direct lease between such successor owner and Tenant, whether such ownership is acquired by sale, foreclosure of a Mortgage, transfer in lieu of foreclosure or otherwise.

Section 24.02. Notice. In the event of any alleged default by Landlord under this Lease, Tenant shall give written notice thereof to any Mortgagee, provided that prior to such notice Tenant has been notified (by way of notice of an Assignment of Rents and Leases, or otherwise) of the name and address of such Mortgagee.

Section 24.03. Remedy. Tenant's sole remedy for any default by Landlord hereunder will be equitable relief (including but not limited to specific performance) or actual damages, and in no event shall Landlord or any Mortgagee be responsible for any special, consequential, incidental or punitive damages or lost profit incurred by Tenant as a result of any default by Landlord hereunder.- If a

Mortgagee or any transferee following any foreclosure of any Mortgage or transfer in lieu of foreclosure succeeds to Landlord's interest as a result of foreclosure, transfer in lieu of foreclosure or otherwise, then such party shall not be: (i) liable for any default or accrued obligation of Landlord unless same is continuing, nor subject to any claim, counterclaim, setoff or defense that Tenant may have against Landlord unless same is continuing; (ii) bound by any amendment, waiver or modification (including an agreement for early termination) of this Lease entered into or given without such party's consent at any time after notice to Tenant that such party requires such consent; (iii) bound by any payment of rent more than thirty (30) days in advance; (iv) liable for any security deposit or other monies not actually received by such party, or (v) liable beyond such party's interest in the Premises. Tenant agrees to pay rent (and will receive credit under this Lease) as directed in any notice from any Mortgagee holding a first Mortgage on the Premises which states that Landlord is in default under such Mortgage and that such Mortgagee is entitled to collect rent, and Landlord hereby consents to any such payment by Tenant.

Section 24.04. Estoppel Certificates. Each party agrees at any time upon receipt of not less than fifteen (15) business days' notice to execute and deliver to the other a written statement certifying that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified stating the modifications); that, to the actual knowledge of the party giving the statement (a) there have been no defaults by Landlord or Tenant which remain uncured, and (b) there is no event which with the giving of notice or passage of time, or both, would constitute such a default (or, if there have been defaults not cured, setting forth the nature thereof); the date to which Rent has been paid in advance and such other reasonable information as the requesting party may reasonably request. Such statement may be relied upon by a prospective purchaser of Landlord's interest or Mortgagee. A party's failure to timely deliver such statement is conclusive upon such party that: (i) this Lease is in full force and effect without modification except as may be represented by the requesting party in the request for the statement; (ii) there are no uncured defaults in the other party's performance; and (iii) not more than one (1) month's Rent has been paid in advance. Upon request, each party will furnish to the other an appropriate resolution or other reasonable evidence confirming that the party signing the statement is authorized to do so.

Section 24.05. Cooperation by Tenant. Currently, Landlord's leasehold interest in the Property is unencumbered. It is contemplated, however, that Landlord will obtain financing for the Facility, at which time, Tenant agrees to fully cooperate with Landlord and any Mortgagee in connection with requests to provide information about this Lease or to provide any further reasonable documentation reasonably required by the lender to recognize the subordinated nature of this Lease.

Section 24.06. No Mortgaging of Property by Tenant. Tenant shall not have the right to mortgage the Property or Tenant's interest therein.

ARTICLE 25 **AMERICANS WITH DISABILITIES ACT**

Tenant agrees to comply with the applicable requirements of the Americans with Disabilities Act; the Florida Americans with Disabilities Accessibility Implementation Act; Florida Building Code, Florida Accessibility Code for Building Construction; and any similar or successor laws, ordinances, rules, standards, codes, guidelines, and regulations and will cooperate with Landlord and Prime Landlord concerning the same subject matter.

ARTICLE 26
NON-DISCRIMINATION

These provisions apply to all work performed under this Agreement. Failure to comply with the terms of these provisions may be sufficient grounds to:

- A. Terminate this Agreement following 60 days' notice from Landlord and Tenant's failure to cure same, or such longer period as may be required if the applicable cure can't be completed in 60 days;
- B. Seek suspension/debarment following 60 days' notice from Prime Landlord and Tenant's failure to cure same, or such longer period as may be required if the applicable cure can't be completed in 60 days; or
- C. Any other action determined to be appropriate by Landlord or the FAA.

Section 26.01. Civil Rights – General – 49 USC § 47123.

A. Compliance:

Tenant agrees that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person will, on the grounds of race, creed, color, national origin, sex, age, or handicap, be excluded from participating in any activity conducted with or benefitting from Federal assistance.

B. Duration:

(1) This provision binds Tenant from the effective date through the completion of this Agreement. This provision is in addition to that required of Title VI of the Civil Rights Act of 1964.

(2) This provision also obligates Tenant or its transferee for the period during which Federal assistance is extended to the Airport through the Airport Improvement Program, except where Federal assistance is to provide, or is in the form of, personal property, real property or interest therein, structures or improvements thereon. In these cases, the provision obligates Tenant or any transferee for the longer of the following periods:

(a) The period during which the property is used by Prime Landlord or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or

(b) The period during which Prime Landlord or any transferee retains ownership or possession of the property.

Section 26.02. Civil Rights – Title VI Assurances.

A. Compliance with Non-Discrimination Requirements:

During the performance of this Agreement, Tenant, for itself, its assignees, successors in interest, subcontractors and consultants agrees as follows:

(1) Compliance with Regulations: Tenant will comply with the Title VI List of Pertinent Non-Discrimination Statutes and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this Agreement.

(2) Non-Discrimination: Tenant, with regard to the work performed by it during this Agreement, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. Tenant will not participate directly or indirectly in the discrimination prohibited by the Acts and the Regulations, including but not limited to those listed at Section 25.02(B) below, including employment practices when this Agreement covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

(3) Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding or negotiation made by Tenant for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier will be notified by Tenant of Tenant's obligations under this Agreement and the Acts and the Regulations relative to Non-Discrimination on the grounds of race, color, or national origin.

(4) Information and Reports: Tenant will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by Prime Landlord or the FAA to be pertinent to ascertain compliance with such Acts, Regulations, and directives. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, Tenant will so certify to Prime Landlord or the FAA, as appropriate, and will set forth what efforts it has made to obtain the information.

(5) Sanctions for Non-compliance: In the event of Tenant's non-compliance with the Non-Discrimination provisions of this Agreement, Prime Landlord will impose such Agreement sanctions as it or the FAA may determine to be appropriate, including, but not limited to, cancelling, terminating, or suspending this Agreement, in whole or in part.

(6) Incorporation of Provisions: Tenant will include the provisions of paragraphs one through six of this Article in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. Tenant will take action with respect to any subcontract or procurement as Prime Landlord or the FAA may direct as a means of enforcing such provisions including sanctions for non-compliance. Provided, that if Tenant becomes involved in, or is threatened with, litigation by a subcontractor or supplier because of such direction, Tenant may request Prime Landlord to enter into any litigation to protect the interests of Prime Landlord. In addition, Tenant may request the United States to enter into the litigation to protect the interests of the United States.

B. Title VI List of Pertinent Non-Discrimination Authorities:

During the performance of this Agreement, Tenant, for itself, its assignees, and successors in interest agrees to comply with the following non-discrimination statutes and authorities:

(1) Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);

(2) 49 CFR Part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);

(3) The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);

(4) Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 et seq.), as amended (prohibits discrimination on the basis of disability); and 49 CFR Part 27;

(5) The Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 et seq.) (prohibits discrimination on the basis of age);

(6) Airport and Airway Improvement Act of 1982 (49 USC § 471, Section 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);

(7) The Civil Rights Restoration Act of 1987 (PL 100-209) (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);

(8) Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR Parts 37 and 38;

(9) The FAA’s Non-Discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);

(10) Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations);

(11) Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, Tenant must take reasonable steps to ensure that LEP persons have meaningful access to Tenant’s programs (70 Fed. Reg. at 74087 to 74100); and

(12) Title IX of the Education Amendments of 1972, as amended, which prohibits Tenant from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq.).

C. Duration:

Tenant must comply with this Article during the period during which Federal financial assistance is extended to Prime Landlord, except where the Federal financial assistance is to provide, or is in the form of, personal property or real property, or interest therein, or structures or improvements thereon, in which case this provision obligates Tenant for the longer of the following periods:

(1) So long as the Airport is used as an airport, or for another purpose involving the provision of similar services or benefits; or

(2) So long as Prime Landlord retains ownership or possession of the Property.

ARTICLE 27
ANTI-TERRORISM

Tenant represents and covenants that:

(i) Tenant is not, and shall not during the Term become, a person or entity with whom Landlord is restricted from doing business with under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, H. R. 3162, Public Law 107-56 (commonly known as the "USA Patriot Act") and Executive Order Number 13224 on Terrorism Financing, effective September 24, 2001 and regulations promulgated pursuant thereto (collectively, "Anti-Terrorism Laws"), including without limitation persons and entities named on the Office of Foreign Asset Control Specially Designated Nationals and Blocked Persons List (collectively, "Prohibited Persons").

(ii) To the best of its knowledge, Tenant is not currently engaged in any transactions or dealings, or otherwise associated with, any Prohibited Persons in connection with the use or occupancy of the Premises. Tenant will not in the future during the Term of this Lease engage in any transactions or dealings, or be otherwise associated with, any Prohibited Persons in connection with the use or occupancy of the Premises.

Subject to applicable notice and cure provisions, Tenant's breach of any representation or covenant set forth in this paragraph shall constitute a breach of this Lease on behalf of Tenant, entitling Landlord to any and all remedies hereunder, at law or in equity.

ARTICLE 28
OTHER PROVISIONS

Section 28.01. Force Majeure. Except as provided below, any prevention, delay or stoppage attributable to strikes, lockouts, labor disputes, acts of God, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform (collectively, the Force Majeure) will excuse the performance of that party for a period equal to the duration of the prevention, delay or stoppage. If, therefore, this Agreement specifies a time period for performance of an obligation of either party, a delay that a Force Majeure causes will extend the period within which the party must complete its performance. The foregoing provisions of this section will not apply to (i) the obligations imposed with regard to rent and other monetary charges Tenant or Landlord must pay in accordance with the terms of this Agreement, and (ii) the obligations imposed upon Landlord to pay any amount becoming due to Tenant under the terms of this Agreement.

Section 28.02. Headings. Any headings preceding the text of any articles, paragraphs or sections of this Agreement shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

Section 28.03. Binding Effect. The terms, conditions and covenants of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their successors and assigns. This provision shall not constitute a waiver of any conditions prohibiting assignment or subletting.

Section 28.04. Authority. Tenant represents that (a) Tenant is authorized to do business in the State of Florida to enter into and perform its covenants under this Lease, and (b) Tenant's signatories

hereto have all requisite power and authority to execute this Lease on Tenant's behalf. Upon Landlord's request, Tenant's signatories hereto will furnish satisfactory evidence of Tenant's authorization and their authority to execute this Lease on behalf of Tenant.

Section 28.05. Federal Subordination. This Agreement shall be subordinate to the provisions of any existing or future agreements between Landlord and the United States of America relative to the operation and maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal funds for the development of the Airport. All provisions of this Agreement shall be subordinate to the right of the United States of America to lease or otherwise assume control over the Airport, or any part thereof, during time of war or national emergency for military or naval use, and any provisions of this Agreement inconsistent with the provisions of such lease to, or assumption of control by, the United States of America shall be suspended.

Section 28.06. Rights Reserved. Rights not specifically granted Tenant by this Agreement are reserved to Landlord.

Section 28.07. No Waiver. There shall be no waiver of the right of either party to demand strict performance of any of the provisions, terms and covenants of this Agreement nor shall there be any waiver of any breach, default or non-performance hereof by either party, unless such waiver is explicitly made in writing by the other party. Any previous waiver or course of dealing shall not affect the right of either party to demand strict performance of the provisions, terms and covenants of this Agreement with respect to any subsequent event or occurrence of any subsequent breach, default or nonperformance hereof by the other party.

Section 28.08. Severability. If any provision of this Agreement or the application thereof to either party to this Agreement is held invalid by a court of competent jurisdiction, such invalidity shall not affect other provisions of this Agreement which can be given effect without the invalid provision, and to this end, the provisions of this Agreement are severable.

Section 28.09. Payment of Taxes. Tenant shall pay all taxes and other costs lawfully assessed against Tenant as to its leasehold interests in the Property and Improvements and Personalty, as well as its improvements and its operations under this Agreement; provided, however, Tenant shall not be deemed to be in default of its obligations hereunder for failure to pay such taxes pending the outcome of any legal proceedings instituted to determine the validity of such taxes or related assessments. Failure to pay the taxes upon the adverse ultimate conclusion of such legal proceedings against Tenant and the continuation of that failure for more than the applicable grace period established herein shall constitute a default.

Section 28.10. Interpretation of Agreement. This Agreement is the result of negotiation between the parties hereto and has been drafted by one party for the convenience of both parties, and the parties covenant that this Agreement shall not be construed in favor of or against any of the parties hereto.

Section 28.11. No Agency. Nothing contained herein shall be deemed or construed by the parties hereto or by any third party as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship between the parties hereto. It is understood and agreed that neither the method of computation of rentals, fees and charges, nor any other provisions contained herein, nor any acts of the parties hereto creates a relationship other than the relationship of landlord and tenant.

Section 28.12. Rights Non-Exclusive. Notwithstanding anything herein contained that may be or appear to the contrary, the rights, privileges and licenses granted under this Agreement, except in the

Property and Improvements, are "nonexclusive" and Landlord reserves the right to grant similar privileges to other persons, firms or corporations

Section 28.13. Applicable Law; Jurisdiction and Venue. The parties acknowledge that a substantial portion of negotiation, anticipated performance and execution of this Agreement occurred or shall occur in Hillsborough County, Florida, and that, therefore, each of the parties: (a) agrees that this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Florida; (b) agrees that any suit, action or legal proceeding arising out of or relating to this Agreement shall be brought exclusively in the courts of record of the State of Florida in Hillsborough County; (c) consents to the jurisdiction of each such court in any such suit, action or proceeding and expressly waives removal to a federal court; and (d) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts.

Section 28.14. Entirety of Agreement. The parties hereto agree that this Agreement sets forth the entire agreement between the parties as to the subject matter hereof, and there are no promises or understandings other than those stated herein. None of the provisions, terms and conditions contained in this Agreement may be added to, modified, superseded or otherwise altered, except as may be specifically authorized herein or by written instrument executed by the parties hereto. This Lease and the terms and conditions hereof apply to and are binding upon the successors and assigns of both parties.

Section 28.15. Radon Gas Notification. Radon is a naturally-occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

Section 28.16. Waiver of Jury Trial. Landlord and Tenant each hereby waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other in connection with any matter arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant: hereunder, Tenant's use or occupancy of the Premises, and/or any claim of injury or damage.

Section 28.17. Time of the Essence. Time is of the essence in all provisions of this Lease.

Section 28.18. Effective Date. The Effective Date shall be the date the last Party signs or initials this Lease. The Effective Date shall be filled in on the first page of this Lease.

Section 28.19. Recitals. The Recitals set forth at the beginning of this Lease form a material part of this Lease and are incorporated by reference.

Section 28.20. Good Standing. Tenant represents and warrants to Landlord that it is in good standing under the laws of Delaware and Florida as of the Effective Date of this Lease, and Tenant covenants to the Landlord that it will remain in good standing under the laws of Delaware and Florida at all times during the Term hereof, as same may be extended. Tenant's breach of the foregoing representation or covenant shall constitute an Event of Default hereunder.

Section 28.21. DISCLAIMER OF WARRANTIES. EXCEPT AS PROVIDED IN THIS LEASE, TENANT ACKNOWLEDGES THAT LANDLORD HAS MADE OR WILL MAKE ANY WARRANTIES TO TENANT WITH RESPECT TO THE CONSTRUCTION OF THE IMPROVEMENTS ON THE PREMISES. EXCEPT AS PROVIDED IN THIS LEASE, LANDLORD EXPRESSLY DISCLAIMS ANY EXPRESS OR

IMPLIED WARRANTY THAT THE PREMISES ARE OR WILL BE SUITABLE FOR TENANT'S INTENDED COMMERCIAL PURPOSES.

Section 28.22. DISCLAIMER OF LIABILITY. NOTWITHSTANDING THE INDEMNIFICATION PROVISIONS SET FORTH IN THIS LEASE AGREEMENT, THE PARTIES HEREBY EXPRESSLY AGREE THAT UNDER NO CIRCUMSTANCES SHALL ANY SIGNATORY PARTY BE LIABLE TO ANY OTHER SIGNATORY PARTY (OR ANY PARTY CLAIMING THEREUNDER THROUGH A SIGNATORY PARTY, INCLUDING, BUT NOT LIMITED TO CONTRACTORS, SUBCONTRACTORS, SUBTENANTS, INVITEES OR CUSTOMERS) FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY DAMAGES, WHETHER IN CONTRACT OR TORT (INCLUDING STRICT LIABILITY AND NEGLIGENCE), SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE, LOSS OF USE, DIMINUTION OF VALUE, LOSS OF ANTICIPATED PROFITS.

Section 28.23. Limitation on Liability. Anything contained in this Lease to the contrary notwithstanding, Tenant agrees that it shall look solely to the estate and property of Landlord in the Property for the collection of any judgment requiring the payment of money by Landlord for any default or breach by Landlord of any of its obligations under this Lease, and no other assets of Landlord shall be subject to levy, execution or other judicial process for the satisfaction of Tenant's claim.

Section 28.24. Relationship of Parties. None of the provisions of this Lease are intended to create, nor shall they be deemed or construed to create, any relationship between Landlord and Tenant, other than that of independent entities contracting for the purpose of effecting the provisions of this Lease. Except as expressly provided herein, neither Party shall be construed by virtue of this Lease, any of the provisions hereof or otherwise to be the agent, partner, co-venturer, employee or representative of any other Party.

Section 28.25. Counterparts and Facsimile and Electronic Transmission. This Lease may be executed in any number of counterparts, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same instrument. Each counterpart may be delivered by facsimile or electronic transmission, and will have the same force and effect as an original signature page. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto.

[SIGNATURE PAGE FOLLOWS NEXT.]

IN WITNESS WHEREOF the parties hereto have set their hands and seals as of the Effective Date.

Signed, Sealed and Delivered
in the presence of:

LANDLORD:

SPACE FLORIDA

By: _____

Name: _____

Title: _____

Witness

Witness

Date signed: _____, 2018

(Corporate Seal)

TENANT:

CAE USA INC., a Delaware corporation

By: _____

Name: _____

Title: _____

Witness

Witness

Date signed: _____, 2018

(Corporate Seal)

List of Exhibits for Sublease

- A – Legal Description of the Real Property
- A-1 – Diagram showing Expansion Area
- B – Description of the Improvements to be built
- B-1 – Plans and Specifications
- C – List of Personal Property Owned by Landlord, if any
- C – 1 – Master Equipment Agreement, if any
- D – Site Plan
- E – Prime Lease and Assignment of Lease
- F – Intentionally Deleted
- G - Phase I Environmental Assessment
- H – Intentionally Deleted
- I – Intentionally Deleted
- J – Commencement Date Certificate
- K – Form of Memorandum of Lease
- L – Copy of Water Management District Permit
- M – List of Permitted Title Exceptions

Consent of Hillsborough County Aviation Authority

EXHIBIT "A"

LEGAL DESCRIPTION OF PREMISES

A TRACT OF LAND LYING IN SECTION 5, TOWNSHIP 29 SOUTH, RANGE 18 EAST CONSISTING OF PORTIONS OF LOTS 7 AND 9, ALL OF LOT 8, AIR CARGO ROAD SUBDIVISION, AS RECORDED IN PLAT BOOK 117, PAGE 111 OF THE PUBLIC RECORDS OF HILLSBOROUGH COUNTY, FLORIDA; ALSO CONSISTING OF LOTS, OR PORTIONS THEREOF, LYING IN BLOCKS 58, 59, 70, 71 AND PORTIONS OF A VACATED STREET RIGHT-OF-WAYS FOR RENELLIE DRIVE, NORTH RENELLIE DRIVE, COOPER PLACE AND WEST SOUTH AVENUE AS SHOWN ON THE RE-PLAT OF DREW PARK, A SUBDIVISION, AS RECORDED IN PLAT BOOK 29, PAGE 70, OF THE PUBLIC RECORDS OF HILLSBOROUGH COUNTY, FLORIDA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHWEST CORNER OF LOT 16, BLOCK 58 OF SAID RE-PLAT OF DREW PARK, SAID POINT LYING ON THE EAST RIGHT-OF-WAY LINE OF WEST SHORE DRIVE (A 40' WIDE PUBLIC R/W, PER PLAT); THENCE ALONG SAID EAST RIGHT-OF-WAY LINE, N 00°52'32" E, 500.34 FEET TO THE POINT OF BEGINNING: THENCE CONTINUE ALONG SAID EAST RIGHT-OF-WAY LINE, N 00°52'32" E, 319.92 FEET TO ITS INTERSECTION WITH THE SOUTH RIGHT-OF-WAY LINE OF WEST SOUTH AVENUE (AN 80' WIDE PUBLIC R/W); THENCE LEAVING SAID EAST RIGHT-OF-WAY LINE OF WEST SHORE BOULEVARD AND ALONG THE SOUTH RIGHT-OF-WAY LINE OF SAID WEST SOUTH AVENUE S 89°08'33" E, 145.00 FEET; THENCE LEAVING SAID SOUTH RIGHT-OF-WAY, N 00°52'16" E, 617.68 FEET TO ITS INTERSECTION WITH THE NORTH LINE OF LOT 9, OF THE ABOVE DESCRIBED AIR CARGO ROAD SUBDIVISION; THENCE ALONG SAID NORTH LINE, ALSO BEING THE EASTERLY RIGHT-OF-WAY LINE OF WEST CREST AVENUE (A DEDICATED PUBLIC R/W) THE FOLLOWING CALLS: SOUTH 60°56'28"E, 2.14 FEET TO ITS INTERSECTION WITH A CURVE CONCAVE TO THE NORTHWEST, WHOSE CENTER BEARS N 34°55'49" W, 220.00 FEET; THENCE IN A NORTHEASTERLY DIRECTION, ALONG THE ARC OF SAID CURVE, HAVING A RADIUS OF 220.00 FEET AND A CENTRAL ANGLE OF 16°51'13", 64.71 FEET TO THE POINT OF TANGENCY; THENCE N 38°12'58" E, 74.73 FEET TO ITS INTERSECTION WITH THE SOUTHERLY RIGHT-OF-WAY LINE OF AIR CARGO ROAD (A PUBLIC R/W); THENCE LEAVING THE EASTERLY RIGHT-OF-WAY LINE OF SAID WEST CREST AVENUE AND ALONG THE SOUTHERLY RIGHT-OF-WAY OF SAID AIR CARGO ROAD THE FOLLOWING CALLS: SAID POINT LYING ON THE ARC OF A CURVE CONCAVE TO THE NORTHEAST, WHOSE CENTER BEARS N 35°16'21" E, 778.75 FEET; THENCE IN A SOUTHEASTERLY DIRECTION ALONG THE ARC OF SAID CURVE, HAVING A RADIUS OF 778.75 FEET AND A CENTRAL ANGLE OF 14°43'25", 200.12 FEET TO A POINT OF TANGENCY; THENCE S 69°27'04" E, 197.08 FEET TO THE BEGINNING OF A CURVE TO THE RIGHT; THENCE IS A SOUTHEASTERLY DIRECTION ALONG THE ARC OF SAID CURVE, HAVING A RADIUS OF 762.00 FEET AND A CENTRAL ANGLE OF 33°56'53", 451.49 FEET TO ITS INTERSECTION WITH THE WESTERLY RIGHT-OF-WAY LINE OF ANDERSON AVENUE (A 50' PUBLIC R/W); THENCE S 32°14'53" E, 262.27 FEET TO THE SOUTHEAST CORNER OF SAID LOT 8 OF AIR CARGO ROAD SUBDIVISION, SAID CORNER LYING ON THE NORTH RIGHT-OF-WAY LINE OF SAID WEST SOUTH AVENUE; THENCE LEAVING SAID CORNER, S 00°51'27" W, 80.00 FEET TO ITS INTERSECTION WITH THE SOUTH RIGHT-OF-WAY LINE OF SAID WEST SOUTH AVENUE ALSO INTERSECTING THE WEST RIGHT-OF-WAY LINE OF SAID AIR CARGO ROAD; THENCE LEAVING SAID SOUTH RIGHT-OF-WAY LINE AND ALONG THE WEST RIGHT-OF-WAY LINE OF SAID AIR CARGO ROAD, SAID POINT LYING ON THE ARC OF A CURVE CONCAVE TO THE WEST, WHOSE CENTER BEARS S 77°53'56" W, 786.25 FEET; THENCE IN A SOUTHERLY DIRECTION, ALONG THE ARC OF SAID CURVE AND WEST RIGHT-OF-WAY LINE HAVING A RADIUS OF 786.25 FEET AND A CENTRAL ANGLE OF 12°58'57", 178.16 FEET TO THE POINT OF TANGENCY; THENCE CONTINUE ALONG SAID WEST RIGHT-OF-WAY LINE, S 00°52'51" W, 143.37 FEET; THENCE LEAVING SAID WEST RIGHT-OF-WAY LINE, N 89°08'03" W, 1123.15 FEET TO THE POINT OF BEGINNING AND CONTAINING 19.33 ACRES, MORE OR LESS.

EXHIBIT "A-1"

LEGAL DESCRIPTION OF EXPANSION AREA

AN (18' WIDE) STRIP OF LAND LYING IN SECTION 5, TOWNSHIP 29 SOUTH, RANGE 18 EAST CONSISTING OF A PORTION OF LOT 7, AIR CARGO ROAD SUBDIVISION, AS RECORDED IN PLAT BOOK 117, PAGE 111 OF THE PUBLIC RECORDS OF HILLSBOROUGH COUNTY, FLORIDA; ALSO CONSISTING OF LOTS, OR PORTIONS THEREOF, LYING IN BLOCKS 58 AND 59, AND PORTIONS OF A VACATED STREET RIGHT-OF-WAYS FOR NORTH RENELLIE DRIVE, COOPER PLACE AND (NON-VACATED R/W) OF WEST SOUTH AVENUE AS SHOWN ON THE RE-PLAT OF DREW PARK, A SUBDIVISION, AS RECORDED IN PLAT BOOK 29, PAGE 70, OF THE PUBLIC RECORDS OF HILLSBOROUGH COUNTY, FLORIDA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHWEST CORNER OF LOT 16, BLOCK 58 OF SAID RE-PLAT OF DREW PARK, SAID POINT LYING ON THE EAST RIGHT-OF-WAY LINE OF WEST SHORE DRIVE (A 40' WIDE PUBLIC R/W, PER PLAT); THENCE ALONG SAID EAST RIGHT-OF-WAY LINE, N 00°52'32" E, 500.34 FEET; THENCE LEAVING SAID EAST RIGHT-OF-WAY LINE OF WEST SHORE BOULEVARD, S 89°08'03" E, 178.46 FEET TO THE POINT OF BEGINNING; THENCE CONTINUE S 89°08'03" E, 944.67 FEET TO ITS INTERSECTION WITH THE WEST RIGHT-OF-WAY LINE OF AIR CARGO ROAD (A PUBLIC R/W) AS SHOWN ON THE AFOREMENTIONED AIR CARGO ROAD SUBDIVISION PLAT; THENCE ALONG SAID WEST RIGHT-OF-WAY LINE, S 00°52'51" E, 18.00 FEET; THENCE LEAVING SAID WEST RIGHT-OF-WAY LINE, N 89°08'03" W, 944.67 FEET; THENCE N 00°52'51" E, 18.00 FEET TO THE POINT OF BEGINNING AND CONTAINING 0.39 ACRES, MORE OR LESS.

EXHIBIT "B"

DESCRIPTION OF INITIAL IMPROVEMENTS TO BE BUILT ON THE REAL PROPERTY

EXHIBIT "B-1"

DESCRIPTION OF THE PLANS AND SPECIFICATIONS FOR THE IMPROVEMENTS

EXHIBIT "C"

LIST OF PERSONALTY OWNED OR TO BE OWNED BY LANDLORD

EXHIBIT "C-1"

MASTER EQUIPMENT AGREEMENT

EXHIBIT "D"

SITE PLAN



EXHIBIT "E"

ATTACH PRIME LEASE AND ASSIGNMENT OF LEASE

EXHIBIT "F"

INTENTIONALLY DELETED

EXHIBIT "G"

ATTACH PHASE I ENVIRONMENTAL ASSESSMENT

EXHIBIT "H"

INTENTIONALLY DELETED

EXHIBIT "I"

INTENTIONALLY DELETED

EXHIBIT "J"

LEASE COMMENCEMENT DATE CERTIFICATE

THIS LEASE COMMENCEMENT DATE CERTIFICATE is entered into by **SPACE FLORIDA** and **CAE USA, INC.**, a Delaware corporation, relating to that certain Sublease Agreement dated as of _____, 2018, executed among Landlord and Tenant (the "Lease").

1. Definitions. In this Certificate, the following terms have the meanings given to them:
2. Landlord: Space Florida, created by the State of Florida as a Special District.
3. Tenant: CAE USA, INC., a Delaware corporation.
4. Lease: Sublease Agreement dated _____, 2018, between Landlord and Tenant.
5. Premises: See Exhibit A.
6. Confirmation of Term. Landlord and Tenant confirm that the Lease Commencement Date is _____, and the Termination Date is _____, with options to renew as set forth in the Lease.

Landlord and Tenant have executed this Lease Commencement Date Certificate on this ____ day of _____, 2018.

LANDLORD:

SPACE FLORIDA

By: _____

Name: _____

Title: _____

Date signed: _____, 2018

(Corporate Seal)

TENANT:

CAE USA, INC., a Delaware corporation

By: _____

Name: _____

Title: _____

Date signed: _____, 2018

(Corporate Seal)

EXHIBIT "K"

FORM OF MEMORANDUM OF LEASE

EXHIBIT "L"

ATTACH COPY OF WATER MANAGEMENT DISTRICT PERMIT

EXHIBIT "M"

LIST OF PERMITTED TITLE EXCEPTIONS

1. Taxes and assessments (if any) for the year 2018 and subsequent years, which are not yet due and payable.
2. Any lien provided by County Ordinance or by Chapter 159, Florida Statutes, in favor of any city, town, village or port authority for unpaid service charges for service by any water, sewer or gas system supplying the insured land.
3. List other title documents appearing in title search.

CONSENT OF HILLSBOROUGH COUNTY AVIATION AUTHORITY

The Hillsborough County Aviation Authority, a public body corporate existing under the laws of the State of Florida, having an address of 4160 George J. Bean Parkway, Suite 2400, Administration Building, Tampa, Florida 33607 (the "Authority") does hereby consent to the foregoing Sublease Agreement (the "Sublease") between Space Florida, as Landlord (or Sublandlord) and CAE USA, Inc., as Tenant (or Subtenant), and its terms and provisions, and hereby consents to Tenant's proposed use of the Property and further agrees as follows:

1. The Authority agrees that if the Prime Lease is terminated then, in such event, and so long as Tenant is not default under any provisions of the Prime Lease or the Sublease: (i) the Authority shall not terminate or disturb Tenant's possession of the Premises under the Sublease, except in accordance with the terms of the Sublease; (ii) the Authority shall be bound to Tenant under all the terms and conditions of this Sublease; (iii) Tenant shall recognize and attorn to the Authority as Tenant's direct landlord under the Sublease; and (iv) this Sublease shall automatically continue in full force and effect as a direct lease, in accordance with its terms, between the Authority and Tenant.

2. The Authority warrants and represents to Tenant that the Prime Lease is in full force and effect without amendment or modification, and that no default exists thereunder, nor does any condition exist that with the passage of time or giving of notice would constitute a default.

3. The Authority, as landlord under the Prime Lease, shall give Tenant written notice of any default by Space Florida (as "Tenant" under the Prime Lease) simultaneously with the giving of any notice of such default to Space Florida under the Prime Lease, and no notice by the Authority to Space Florida under the Prime Lease shall be deemed to have been duly given unless and until a copy thereof has been provided to Tenant. The Authority agrees that Tenant shall have the right, but not the obligation, within the period allowed Space Florida to cure such default under the Prime Lease and otherwise as provided in the Prime Lease, to correct or remedy, or cause to be corrected or remedied, each such default of Space Florida under the Prime Lease before the Authority under the Prime Lease may take any action by reason of such default, and Prime Landlord shall accept such performance by or on behalf of Tenant as if the same had been made by Space Florida under the Prime Lease. Notwithstanding anything to the contrary herein, in no event shall Space Florida be relieved of its obligations under the Prime Lease without an express written consent signed by the Authority, which consent may be granted or withheld in the Authority's sole discretion.

Dated this ____ day of _____, 2018.

WITNESSES:
HILLSBOROUGH COUNTY AVIATION AUTHORITY

By: _____
Name: _____
Title: _____

Legal Form Approved:

By: _____
David Scott Knight,
Assistant General Counsel

Attest:

Name: _____
Title: _____

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