

SPACE FLORIDA



**INVESTMENT COMMITTEE MEETING
Agenda**

**Wednesday, January 19, 2022
10:30 a.m. ET**

**By Teleconference
Call-in Number: 866-528-2256
Guest Code: 4875556#**

Agenda Items	Vote	
Call to Order		Mori Hosseini
<p>Agenda</p> <ul style="list-style-type: none"> • Public Comments • Approval of Meeting Minutes <ul style="list-style-type: none"> ○ October 13, 2021 ○ November 18, 2021 Workshop • Review Investment Committee Charter <ul style="list-style-type: none"> ○ Operating Principles • Project and Contract Activities • Introduction Draft of Investment Policies and Procedures 	<p>✓</p>	<p>Mori Hosseini</p> <p>Mori Hosseini</p> <p>Howard Haug</p> <p>Howard Haug</p> <p>Howard Haug</p>
Closing Remarks/Adjournment		Mori Hosseini

October 13, 2021



Minutes of a Regular Meeting of the Space Florida Investment Committee

A Regular meeting of the Space Florida Investment Committee was held by teleconference on October 13, 2021. The meeting was called to order at 9:02 a.m. (ET).

COMMITTEE MEMBERS PRESENT:

Jay Beyrouti (Chair)
Mori Hosseini
Cody Khan

SPACE FLORIDA STAFF PRESENT:

Frank DiBello
Howard Haug
Denise Swanson
Todd Romberger
Ron Lau
Matt Chesnut
Desiree Mayfield
Sharon Spratt
Keevin Williams
Elizabeth Loving

Jay Beyrouti welcomed the committee members and stated that the meeting is being conducted in accordance with the Sunshine and Public Record laws of Florida.

There were no public comments.

Frank DiBello provided an update of the current space market and economy to the committee.

Jay Beyrouti requested approval of the August 4, 2021 Investment Committee Minutes.

Mori Hosseini made a motion to approve the minutes of August 4, 2021 Investment Committee which was seconded by Cody Khan and passed unanimously.

Mr. Haug reviewed the proposed business before the board deal related items to be presented at the October 26, 2021 Board Meeting in conjunction with the following projects:

Project Lait, Project Upgrade, University of Central Florida's-Florida Space Grant Consortium 2022 Programs, Space Florida's 2022 Facilities, Property Management and Sublease related activities, Pivotal Utility Holdings, Inc., d/b/a/Florida City Gas, Volkert, Inc., and the Florida Department of Transportation and Jacksonville Aviation Authority (JAA) Cecil Spaceport Phase 1 Utility Corridor activities.



The Committee provided advice and thoughts relative to the business matters and had no concerns with the deal related items to be presented to the Board.

The Committee reviewed the Investment Committee Charter. No changes were requested.

The Committee reviewed the proposed Agenda Topics for the Investment Committee Workshop scheduled for November 18, 2021. They requested the meeting be held in Daytona from 9:00 a.m. - 1:00 p.m.

CLOSING REMARKS & ADJOURNMENT:

Mr. Beyrouti thanked Management and the Committee for their time. The meeting adjourned at 9:24 a.m. (ET).

November 18, 2021 Workshop



Minutes of a Special Workshop of the Space Florida Investment Committee

A Special workshop of the Space Florida Investment Committee was held in-person and by teleconference on November 18, 2021 in Daytona Beach, Florida at Embry Riddle University. The meeting was called to order at 9:10 a.m. (ET).

COMMITTEE MEMBERS PRESENT:

Jay Beyrouti (Chair)
Mori Hosseini
Dean Cannon

BOARD MEMBERS PRESENT:

Rodney Cruise

SPACE FLORIDA STAFF PRESENT:

Frank DiBello	Ron Lau
Howard Haug	Keevin Williams
Denise Swanson	Desiree Mayfield
Todd Romberger	Elizabeth Loving

Jay Beyrouti thanked the Committee Members for attending. Howard Haug stated that the meeting is being conducted in accordance with Sunshine and Public Record laws of Florida. There were no public comments.

The Space Florida Executive Team and Investment Committee reviewed and discussed the following:

- Space Florida as a Financially Independent Entity
 - Enterprise Risk Management
 - Governance Enhancement Considerations (e.g., Board)
 - Blended Component Unit Accounting in CAFR
- Scaling up Space Florida’s Financial Business volume
 - Positioning Space Florida to Continue to Enable Industry Growth & Capture Share.
 - Financial and Business Development Impact
 - Space Florida 5-Year Growth Activity Recap
- VMOST Objectives
 - Future Target Markets
 - Market Focus and Impact Trends
- VMOST Mission
 - Pathway to Future; Capital Access as a Competitive Edge

The Investment Committee suggested creating a roadmap plan on how to move forward including: Where to go first; New Business; Human Resources; New Horizons, and Promotion of the best in Space Florida’s toolbox. The Committee will review the plan at the next regularly scheduled Committee Meeting for consideration of presentation to the to the full Board.

CLOSING REMARKS & ADJOURNMENT:

The meeting adjourned at 1:00 p.m. (ET)

Review Investment Committee Charter

Space Florida Investment Committee Charter

Role: The Committee's role is to be charged with the responsibility of advising the board on investment policy and implementing such policy. Monitor the investment activities, policies, guidelines and risk limits...and that Space Florida's investment programs are consistent with clearly defined objectives to foster the growth and development of a sustainable and world-leading aerospace industry in Florida.

Membership: The Investment Committee shall consist of three or more Directors, each of whom is to be free of any relationship that, in the opinion of the Board, would interfere with his or her exercise of independent judgement. The Investment Committee shall include people who have the following attributes: (i) Knowledge of Space Florida's purpose, powers, and tool box for investment, (ii) Knowledge of current financial market/investment trends and best practices, (iii) Critical Thinking, (iv) Analytical and Technical Skills, and (v) receptive on implementing new and creative investment philosophies. The members of the committee shall be appointed by the Board Chair and will serve for two years. The Board Chair will also recommend the chairperson of this committee for board approval.

Operations: The Investment Committee will meet at least two times during each year. Additional meetings may occur as the Committee Chair or the Board Chair deem advisable. The Investment Committee will keep adequate minutes of all its proceedings, and will report its actions at the next meeting of the Board via consent agenda whenever possible. The Investment Committee will be governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment) as are applicable to the Board. The Investment Committee members will be furnished with copies of the minutes of each meeting.

Authority: The Investment Committee will have the resources and authority necessary to discharge its duties and responsibilities, including the authority to retain outside experts or consultants, within Space Florida's procurement policy, as it deems appropriate.

Responsibilities: Subject to applicable governance laws, the principal responsibilities and functions of the Investment Committee are as follows:

- Assist Space Florida to achieve its objective to foster the growth and development of a sustainable and world-leading aerospace industry in Florida;
- Review the investment strategy and tools of Space Florida;
- Review investment activities and performance;
- Assist Space Florida in developing relationships with key decision makers in the lending, financing and capital markets;

The Investment Committee is a Space Florida Standing Committee and reports directly to the Board of Directors through the Committee Chair or its designee.

Staff Support: Primary staff contact for the Committee is:

Primary staff contact for the Committee is:

Howard Haug, Treasurer, EVP & Chief Investment Officer
Phone: 321-730-5301 Ext. 227
Email: hhaug@spaceflorida.gov

Additional support is provided by:

Denise Swanson, CFO & Vice President of Administration
Phone: 321-730-5301 Ext. 250
Email: dswanson@spaceflorida.gov

Operating Principles



Establish Operating Principles for the Investment Committee

July 17, 2019

The introduction of Space Florida Governance policies states, "Governance is the exercise of authority to direct and control an organization in order to ensure its purpose is achieved." The role and responsibility of the committee is to advise the board on investment policy and implementation of such policy. The committee monitors investment activities, policies, guidelines and risk limits...and ensure that Space Florida's investment programs are consistent with clearly defined objectives to foster the growth and development of a sustainable and world-leading aerospace industry in Florida.

The following are operating principles to aid the committee in the fulfillment of their Role and Responsibilities.

- Obtain an in-depth understanding of the detail of proposed investment project or policy. Specifically:
 - What is the Project's need or policy purpose?
 - What is Space Florida's proposal and how does it meet the need or purpose?
 - How does this project or policy contribute to Space Florida fulfilling its mission?
 - What are the risks of fulfillment and realization of the objectives of each party within the project or policy?
- Conduct vetting debate of options being considered.
- Review Projects in the terms of Space Florida's offer, acceptance of the offer, and the consideration to be provided.
- Review Policies in terms of a clear and concise statement of the course or principle of action, its purpose, and its cost and benefit to Space Florida fulfilling its mission.
- Select investment projects and policies to be presented to the full board. Do note that the committee plans that material terms will be presented to the full board for their consideration and approval of the requested action, with the reservation if requested that the details of supporting logic and analysis will be presented.

Introduction Draft of Investment Policies and Procedures



Space Florida Investment Policies and Procedures (Draft as of 01/12/2022)

Purpose

This document provides guidance regarding investment criteria and portfolio management of Space Florida's investments. The objective of Space Florida's investment criteria and portfolio management policies are to maintain focus on Space Florida's mandate and mission to drive growth of the aerospace industry and to provide a framework that reduces or eliminates deviations or decisions driven by emotional or political factors.

This document establishes governance, return and risk objectives, types of investments, and risk management by Space Florida for the purpose of executing its government mission. In doing so the policy defines:

- 1) The delegation of duties and responsibilities concerning the management of Space Florida investments.
- 2) The criteria for investment and performance.

Through the definition of these elements, the policy serves to inform the Board, staff, clients, stakeholders, and other interested parties that may have an interest in the execution and management of Space Florida's investments. This policy also serves as a review document to guide the ongoing oversight of the management of the organizations' investments procedures and processes.

1) Delegation of Responsibilities

The Board of Directors via its Investment Committee has a direct oversight role regarding all decisions that impact Space Florida's investments. The Board has delegated supervisory responsibility for the management of Space Florida's investments to its' Investment Committee. Specific responsibilities of the various bodies and individuals responsible for the management of investments are set forth below:

Responsibilities of the Board:

The Board shall ensure its responsibilities concerning the management of Space Florida's Investments are fulfilled through appropriate investment structure and management consistent with its policies and procedures. Based on the advice and recommendations of the Investment Committee, the Board shall:

- Select, appoint, and remove members of the Investment Committee.
- Approve investment policies and objectives that reflect the long-term investment-risk orientation of Space Florida's Mission.

Responsibilities of the Investment Committee:

Members of the Investment Committee are held accountable for adherence to procedural prudence, or the process by which decisions are made in respect to the Investment. Members of the Investment Committee are not held accountable for the outcome of specific investments including less than desirable outcomes. In consideration of the foregoing, the Investment Committee is responsible for the development, recommendation, implementation, and maintenance of all policies relative to Space Florida's Investments and shall:



- a) Develop and/or propose policy recommendations to the Board regarding the management of all Space Florida investments.
- b) Recommend long-term and short-term investment policies and objectives, including the study and selection of asset classes, determining asset allocation ranges, and setting performance objectives.
- c) Ensure that investments are prudently and effectively managed with the assistance of Space Florida management and any necessary investment consultants and/or other outside service professionals, if any.
- d) Monitor and evaluate the performance of Space Florida management and staff responsible for the management of investments.
- e) Convene regularly to evaluate whether this policy, investment activities, risk management controls and processes continue to be consistent with meeting the goals and objectives set for the management of investments.

Responsibilities of Management:

Management shall be responsible for day-to-day administration and implementation of policies established by the Board and/or the Investment Committee concerning the management of Space Florida's Investments. Specifically, management shall:

- a) Oversee day-to-day operational activities of all investments subject to policies established by the Board and/or the Investment Committee.
- b) Regularly meet with any outside service providers to evaluate and assess compliance with investment guidelines, performance, outlook, and investment strategies; monitor asset allocation and rebalance assets, as directed by the Investment Committee and in accordance with approved asset allocation policies, among asset classes and investment styles; and tend to all other matters deemed to be consistent with due diligence with respect to prudent management of Space Florida's investments.
- c) Comply with official accounting and auditing guidelines regarding due diligence and ongoing monitoring of investments.
- d) Prepare and issue periodic status reports to the Board and the Investment Committee.

2) Investment Considerations

In accordance with Florida Statutes 331.305 (5) & (6), 331.310(1d) and Space Florida's Vision, Mission, Objectives, Strategies and Tactics (VMOST), the Investment Committee must consider the purposes of managing and investing for Space Florida. ***Space Florida investment assets are held because of its mission activities and not primarily for the purpose of income or profit.*** All individuals responsible for managing and investing must do so in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. In making any decision relative to investment, the following qualities of value within an investment opportunity should be considered and subject to due diligence. Due diligence meaning investigation, audit, and review to confirm facts, details of a matter, and representations made that a reasonable businessperson would normally expect to take place before entering into an agreement.

Qualities of Value in Considering Investment Opportunities:

- Skilled entrepreneur with team and industry experience (business/company history) (Organizes and operates a business taking on greater than normal risk to do so)



- Clear and achievable Mission or Vision for the entity (helps define and direct the timeline and core competencies and capabilities the entity must develop and hone)
- Problem solving experience (the demonstrated ability to solve, not just debate, real business and technical problems)
- Feasible and effective business model
- Large addressable market with favorable market conditions
- Fair valuation of the entity based on industry and market benchmarks
- Experience and demonstrated ability to handle rejections and keep the business going
- Investors with industry expertise
- Established and effective safety nets and viable exit plan (including a doomsday plan)
- Established and beneficial relationships in the company's niche
- Low competition / high barrier to entry (uniqueness of the entity or offering)
- Detailed business and operations plan with focus on fundamental resources available to an entity (i.e., those resources an entity can fully manage, manipulate, or control) including Human, Information, Financial, Material, and Time
- Time in business (meaning the amount of time a company has engaged (1) in the identification and satisfaction of the desires of its customers, by (2) way of planned and coordinated efforts of employees and team for (3) a reasonable profit available to owners)
- Monthly revenue as indication of a Going Concern; meaning to have the resources to continue making enough money with no immediate concern of liquidation or remain active for the foreseeable future until a show of evidence to the contrary.
- Credit score as an indication of creditworthiness; meaning whether a lender considers an entity willing, able, and responsive enough to make loan payments as agreed until loan is repaid
- Availability and quality of collateral (for leverage)
- Evaluation of the purpose of loan/investment (e.g., use of funds)
- Evaluation of source and use of funds needed to accomplish objectives
- Evaluation of personal information of key individuals including credit history, criminal history, employment roles and responsibilities, professional certificates, citizenship, and other factors
- Evaluation of outstanding loans/debts/obligations of key individuals (personal guarantees or other guarantees)

Guidelines for Investing:

Good investments have a “high probability” of success. Success for Space Florida is achievement of the organizational Vision, Mission, and Objectives as defined in Space Florida’s VMOST. Qualities for successful investment that Space Florida intends to demonstrate are: Contrary Thinking, Patience, Composure, Flexibility, and Decisiveness. Successful investment constraints that Space Florida must consistently address are time, risk tolerance, economic conditions; and the ongoing capabilities and competencies of the target entities’ technology, business model, and management (e.g., governance, management team).

Performance Measurements Standards:

The benchmarks to be used to evaluate the performance of the investments will be first and foremost to demonstrate that the investment is enabling Space Florida to fulfill its mission to grow and diversify the aerospace industry in Florida, and, secondarily to meet the performance target (to be determined with the Investment Committee). It is the responsibility of the Investment Committee of the Board



of Directors to regularly review the performance of the investments and investment policy guidelines, and report to the Board of Directors annually with updates and recommendations as needed.

Reserve Investment Fund:

The Board of Directors and the Investment Committee are responsible for the establishment of a Reserve Investment Fund (RIF) to: (a) ensure that over the medium-to-long term, sufficient investment return shall be redeemed and reinvested to preserve and grow the RIF as a priority; and (b) provide funds for the annual operating budget in an amount as recommended by the Investment Committee to the full board for approval. Space Florida may make investments under this policy using a combination of funds from the RIF to leverage up aerospace financing appropriations with the goal of achieving at least a ratio of X:X (to be determined by the Investment Committee).

Annually, Space Florida is authorized to withdraw up to (to be determined by the Investment Committee) % of the total Fair Value per Governmental Accounting Standards Board (GASB) Statement No. 72 of the RIF for the organization's organic growth purposes. The withdraw percentage is applied to the trailing thirty-six-month Fair Value to smooth fluctuations that may occur in total Fair Value. The dollar amount and timing of any distribution(s) from the investment account will be the responsibility of the Chief Executive Officer and the Treasurer.

DRAFT