

SPACE FLORIDA



**INVESTMENT COMMITTEE MEETING
Agenda**

**Monday, July 18, 2022
10:00 a.m. EDT**

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

Agenda Items	Vote	
Call to Order		Mori Hosseini
Agenda <ul style="list-style-type: none">• Public Comments• Approval of Meeting Minutes<ul style="list-style-type: none">○ January 19, 2022• Project and Contract Activities• Investment Policies and Procedures• Roadmap	✓	Mori Hosseini Mori Hosseini Howard Haug Mori Hosseini Howard Haug
Closing Remarks/Adjournment		Mori Hosseini



Draft Minutes of the Space Florida Investment Committee

A Regular meeting of the Space Florida Investment Committee was held by teleconference on January 19, 2022. The meeting was called to order at 10:30 a.m. (ET).

COMMITTEE MEMBERS PRESENT:

Mori Hosseini (Chair)
Dean Cannon
Scott Ross

BOARD MEMBERS PRESENT:

Rodney Cruise

SPACE FLORIDA STAFF PRESENT:

Frank DiBello	Ryan Robertson
Howard Haug	Matt Chesnut
Denise Swanson	Erin Siltman
Todd Romberger	Desiree Mayfield
Ron Lau	Elizabeth Loving
Sharon Spratt	

Mori Hosseini thanked the committee members for attending. Mr. Hosseini stated that the meeting is being conducted in accordance with Sunshine and Public Record laws of Florida. There were no public comments.

Mr. Haug requested review and approval of the October 13, 2021, Investment Committee Minutes and the November 18, 2021, Investment Committee Workshop Minutes.

Scott Ross made a motion to approve the minutes of October 13, 2021, Investment Committee Meeting and the November 18, 2021, Investment Committee Workshop which was seconded by Dean Cannon and passed unanimously.

Mr. Haug reviewed the Investment Committee Charter and stated the role of the committee is charged with the responsibility of advising the board on the investment policy and implementing such policy 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.

The committee reviewed the Operating Principles for the Investment Committee. The operating



principles 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.
- 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.

The committee did not have additions or corrections to the Charter or Operating Principles. Board Chair Hosseini recommended integration of a future road mapping for ranking improvement and strategy to execute on performance.

Mr. Haug reviewed the proposed business before the board deal related items to be presented at the January 26, 2022, board meeting in conjunction with the following projects: Project Comet, Project Alpha, Project Amp II, Project Morgan, Project Craft, Project Wright, Project Flame, Project Davinci, Project Griffin, Project Beach House, and the Titusville-Cocoa Airport Authority.

The committee had discussion and provided advice relative to the business before the board items and had no concerns with the deal related items to be presented to the board during the January 26, 2022 meeting.

Lastly, management introduced proposed Space Florida Investment Policies and Procedures with the intent to present a clear, concise, and comprehensive statement of Space Florida's governance, return and risk objectives, types of investment, and risk management to the market. Management requested committee review for follow on detailed discussions with the goal of formalizing the statement for the market.

CLOSING REMARKS & ADJOURNMENT:

The meeting adjourned at 11:00 a.m. (ET)



Space Florida Investment Policies and Procedures (Draft as of 07/08/2022)

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 of 1.5 times greater than cost (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 1:10 (to be determined by the Investment Committee).

Annually, Space Florida is authorized to withdraw up to 10% (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

SPACE FLORIDA ROADMAP

Grow Space Florida's Infrastructure/Investment Portfolio from \$2B to \$10B by 2030
Move Florida's rank among States for aerospace/space workforce from 7th place to 4th place or better
Drive/Achieve both market perception and reality of Florida as an Aerospace Capital Center (Significantly Expanded Capital Base)

Category	Objective	Implementation	Assessment	Roadmap Index of Performance
Governance: The exercise of authority with responsibility to direct and control an organization in order to ensure its purpose is achieved.	1. Board member representation and engagement with capacity and capabilities to direct the business	Refine roles and responsibilities of the board of directors and committees: - Enhance board and committee responsibilities for active input/direction into strategies - Develop matrix of director skills, experience and board tenure - Annually conduct multi-step director evaluations including one on one director peer evaluations, self evaluations, Space Florida activity participation attendance and engagement with stakeholders	Self Assessment & Evaluations	Capacity and capabilities
	2. Financial and internal control systems; Ethics and Regulatory Compliance	Enterprise Risk Management responsibilities for board and management: - Rules and policies review/updates (including insurance, safety, compliance, and contingency)	Professional independent and internal examinations & reviews	Compliant Reliable Useful
Brand and Messaging: Activities and processes for creating, communicating, delivering, and exchanging offerings and information that have value for clients, stakeholders and Florida at large. Brand: Product, services, and mission provided by Space Florida for Florida. Messaging: Communications to trigger action.	1. Stakeholder Engagement Plan(s)	Determine exactness as to engagement with stakeholders for public dialogue participation that promote mission and industry growth: - Develop communication strategy for internal and external stakeholder engagement/activities	Combination Of: Independent Professional Evaluation Customer Satisfaction Survey	Engagement Activities
	2. Space Florida Brand Identity	Differentiate Space Florida brand/roles/mission positions and objectives	Annual Report	Brand Awareness
	3. Business and Political Messaging	Communication Objectives: - Monthly newsletters content and distribution - Enhance website and web blog related efforts - Raise awareness and disseminate public policy positions	In-bound/out-bound marketing activities	Effectiveness and efficiency to produce action
Business Operations: Harvesting of value from organizational assets.	1. Strategic staffing/expansion of professional staff and succession planning	Human resources stewardship: - Expand and accelerate talent acquisition - Board and staff succession plan	Organization Chart and succession plan	Management plans/Board grades
	2. Organizational resources including funding streams	Determine and prioritize business operational resources. - Define services, products and deal structure roles - Refine synchronization of internal communications - Secure funding/revenue streams/capital access - Secure and procure TBD resources (software, professional and contractor support)	VMO of VMOST, annual performance metrics and benchmarking	Management plans/Board grades
	3. Ability to work together for foreseeable future towards common goals (Collaborative Stakeholder Goals)	Identify synergetic goals for Florida's aerospace industry. - Clients - Strategic Sources	Governance & Statutes (connection to state/competitive advantage)	Board grades

SPACE FLORIDA ROADMAP

❖ **Category**

▪ **Objective**

✓ **Index of Performance**

❖ **Business Operations:**

- Strategic Staffing/Succession Planning
 - ✓ Management Plans/Board Grades
- Resources/Funding Streams
 - ✓ Management Plans/Board Grades
- Collaborative Stakeholder Goals
 - ✓ Management Reports/Board Grades

❖ **Governance:**

- Board Member Representation
 - ✓ Capacity and Capabilities
- Control Systems and Compliance
 - ✓ Compliant, Reliable, Useful

❖ **Brand and Messaging:**

- Stakeholder Engagement Plan(s)
 - ✓ Engagement Activities
- Space Florida Brand Identity
 - ✓ Brand Awareness
- Business and Political Messaging
 - ✓ Effectiveness and Efficiency to Produce Action

ASSESSMENT RESOURCES

- Self Assessments and Evaluations
- Professional Independent and internal examinations, measurements and reviews
- Customer Satisfaction Survey
- Annual Report
- State and Federal Space Policy Reports
- In-bound/Out-bound Marketing Activity Metrics
- Organizational Chart and Succession Plan
- Vision, Mission and Objectives (VMO of VMOST)
- Annual Performance Metrics
- Benchmarking

EVALUATION RATINGS

Governance

Exceeds Expectations

Business Operations

**Annual Progress
Review of
Assessment Resources**

Meets Expectations

Brand and Messaging

Below Expectations