

SPACE FLORIDA



GOVERNANCE AND COMPENSATION COMMITTEE MEETING

Tuesday, January 10, 2023

4:00 p.m. EST

By Teleconference:

Call-in Number: 855-758-1310

Guest Code: 627 763 6389#

Passcode: 567768

Agenda Items	
Call to Order	Rodney Cruise
Agenda	
• Public Comment	Rodney Cruise
• Minutes September 26, 2022	Rodney Cruise
• Legislative Updates	Howard Haug
○ Board Process Update	
○ Spaceports IRC 142/146	
○ Governance of Space Based Assets	
• Compensation Study	Howard Haug
Closing Remarks	Rodney Cruise

September 26, 2022 Minutes



Draft Minutes of a Regular Meeting of the Space Florida Governance and Compensation Committee

A Regular meeting of the Space Florida Governance and Compensation Committee was held by teleconference on September 26, 2022. The meeting was called to order at 2:00 p.m. (EDT)

COMMITTEE MEMBERS PRESENT:

Rodney Cruise (Chair)

SPACE FLORIDA STAFF PRESENT:

Frank DiBello
Howard Haug
Denise Swanson
Desiree Mayfield

Rodney Cruise stated that the meeting is being conducted in accordance with the Sunshine and Public Record laws of Florida.

There were no public comments.

The first order of business was the approval of the June 21, 2022 Governance & Compensation Committee meeting minutes.

Rodney Cruise made a motion to approve the Governance and Compensation Committee Minutes from June 21, 2022.

The next item was a discussion on three possible legislative actions to be brought before the Board. The first action is to enhance the Board selection process via direct appointment to the Space Florida Board by the Governor, the President of the Senate and the Speaker of the House. The second action is for the State to request the Federal Government update sections 142 and 146 of the Internal Revenue code to add Spaceports as an Exempt Private Activity Bond category (EPABs). The third action is a proposed financing governance regime that provides a terrestrial sovereign entity for the space sector based in Florida.

CLOSING REMARKS & ADJOURNMENT

The meeting adjourned at 2:10 p.m. (EDT)

Spaceports IRC 142/146

SPACE FLORIDA



January 2023

Proposed State Legislative Action

Proposed Legislation by the State to call to action the Federal Government to update section 142 and 146 of the Internal Revenue Code (IRC) by adding SPACEPORTS alongside airports as an Exempt Private Activity Bond (EPABs) category. Including spaceports as a qualifying facility will encourage investment in such facilities, ensuring the United States remains at the forefront of the space industry.

Today, commerce, travel, science, and communications all rely on space assets. The \$415B+ global space economy employing over 1 million people has grown with amazing speed over the last decade, with private-sector companies often taking the lead. Many analysts expect that the global space economy will surpass \$1 trillion over the next twenty years and growth from new space markets will be enabled by the infrastructure being built now and soon. In Florida alone, there are approximately 17,000 aerospace-related companies that employ more than 130,000 people. The United States is the space capital of the world, and Florida is the space capital of the U.S.

The ability to finance spaceports with EPABs is critical to their development - interest from these bonds is exempted from federal income tax, making them attractive to investors. However, while the United States continues to dominate innovation driving the growth in space, tax laws that could further incentivize a critical part of our space infrastructure – spaceports – is instead stuck in 1972.

It's time to change that - spaceport projects furthering the country's dominance in space can be accelerated with proven incentives from other industries. EPABs are a critical source of financing infrastructure that benefits the entire public of the United States. Because interest from EPABs is exempted from federal income tax, borrowing rates are substantially lower than interest rates on conventional borrowings. This means that infrastructure can be built with substantial cost savings, savings that carry down through to users of the infrastructure.

Governance of Space Based Assets



January 2023

Proposed Financing Governance Regime for the Space Sector

Today, commerce, travel, science, and communications all rely on space assets. The \$415B+ global space economy employing over 1 million people has grown with amazing speed over the last decade, with private-sector companies often taking the lead. Many analysts expect that the global space economy will surpass \$1 trillion over the next twenty years and growth from new space markets will be enabled by the infrastructure being built now and soon. In Florida alone, there are approximately 17,000 aerospace-related companies that employ more than 130,000 people. The United States is the space capital of the world, and Florida is the space capital of the U.S. Florida is uniquely positioned to enhance its business and legal environment to enable capital investment in Space Based Assets.

The level of capital asset investment opportunities in the space sector will soon rival other capital intense industries. However, the space sector growth will be dependent on a terrestrial sovereign entity (e.g., State of Florida) to provide a system of governance that serves investment in and financing space-based assets. Space based assets are not earth based, thus remedies for owners and creditors' claims are difficult to impossible to apply, confusing, and lead to disorder.

To provide a system of governance to address the challenges of such investment, whether equity or debt, tangible or intangible, begin with a data base (e.g., Blockchain; defined as a shared, immutable ledger that facilitates the process of recording transactions and tracking assets in a business network. An asset can be tangible or intangible.) of financed asset identification, location, record of title in due course, liens, use, encryption keys, etc. Then the legal system/regime pathway to provide owners and creditors with process and procedures to secure the rights associated with their securities. This effort could continue the shift in Florida towards the global financial center for the space industry.

Proposed action is to request legislative evaluation of this opportunity. If deemed worthy of further action, direct such action including as recommended or other possible strategies to seize a competitive edge.