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Northwest Florida Briefing

Triumph Gulf Coast
March 17, 2016

Bryan Parker
FGNW Executive Committee &
PowerSouth Economic Development Representative
Florida’s Great Northwest

• A regional economic development organization comprised of public and private partnerships.
  – Local EDO’s
  – Workforce Boards
  – Higher Education
  – Utilities
  – Private Companies

• Working together to market and brand as a globally competitive location for business
Economic Development

- Product Development
- Retention/Expansion of existing business
- Attractions
- New Business Development

Northwest Florida is strategically located to serve the growth markets of the Southeastern United States.

Florida’s Great Northwest
Northwest Florida Target Industries

• Advanced Manufacturing
• Aerospace & Defense
• Health Sciences
• Renewable Energy
• Transportation, Distribution and Logistics
• Information Technology/Engineering Services as support industries
Throughout the years, we have sent out postcards and other mailings highlighting our success stories and facts about our area.

- 500 Aviation, Aerospace and Defense Companies
- Available buildings and sites to meet industry needs
- An environment for strategic partnership opportunities
- Competitive wage rates, typically lower than the national average
- Excellent highway, rail, air and sea-based infrastructure connecting you to the world
- State and local business incentives to reduce your cost of doing business
- University-based research focused in Aero-Propulsion, Robotics, Commercial Space Flight and Composite Materials and Systems
Advanced Manufacturing

– 850 traditional & advanced technology manufacturing companies

Example: Ascend Performance Materials Expansion
Aerospace & Defense

- 6 military bases
- Almost 44,000 active duty
- More than 19,000 civilians employed

Example: Fort Walton Machining
Health Sciences

- Manufacture/Distribute medical devices, pharmaceutical and nutraceutical products
- Customer Service and back office operations in the health industry

Example: Nanthealth
Renewable Energy

- One of world’s largest plantation-style pine forests

Example: Enviva
Transportation, Distribution and Logistics

The region is home to numerous manufacturers and distributors, as well as specialized transportation companies serving those customers.

Example: FedEx Distribution facility
NWFL Regional Transformation

- UWF Haas Center and FGNW are co-applicants on US Dept of Commerce EDA grant to build a Regional Economic Development Strategy.
- Strategically collaborating to market and brand as a globally competitive location for business.
- Emphasis on job creation and asset building.
- Key components will include targeted industry development with supporting supplier network and cluster development strategies.
- 13 County analysis
Florida State Board of Administration

Ash Williams
Executive Director & CIO
SBA Mission

Our mission is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary, and professional standards.

SBA Vision

Our vision is to be the best public sector investment and administrative service provider, while exemplifying the principles of trust, integrity, and performance.
SBA Assets Under Management
34 Separate Mandates

$172.0 Billion

- FRS Pension Plan 79.6%
- Other 2.7%
- FRS Investment Plan 4.9%
- Florida Hurricane Catastrophe Fund 7.4%
- Lawton Chiles Endowment 0.3%
- Florida PRIME 5.1%
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<tr>
<th>Year</th>
<th>Real Estate</th>
<th>Fixed Income</th>
<th>Strategic Investments</th>
<th>Global Equity</th>
<th>Real Estate</th>
<th>Global Equity</th>
<th>Global Equity</th>
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<tr>
<td>FY 07-08</td>
<td>Real Estate</td>
<td>Fixed Income</td>
<td>Strategic Investments</td>
<td>Global Equity</td>
<td>Real Estate</td>
<td>Global Equity</td>
<td>Global Equity</td>
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<td>FY 08-09</td>
<td>Private Equity</td>
<td>Cash</td>
<td>Private Equity</td>
<td>Strategic Investments</td>
<td>Fixed Income</td>
<td>Strategic Investments</td>
<td>Private Equity</td>
<td>Real Estate</td>
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<td>FY 09-10</td>
<td>Fixed Income</td>
<td>Real Estate</td>
<td>Global Equity</td>
<td>Real Estate</td>
<td>Private Equity</td>
<td>Real Estate</td>
<td>Real Estate</td>
<td>Strategic Investments</td>
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<td>FY 10-11</td>
<td>Cash</td>
<td>Private Equity</td>
<td>Fixed Income</td>
<td>Private Equity</td>
<td>Strategic Investments</td>
<td>Private Equity</td>
<td>Strategic Investments</td>
<td>Fixed Income</td>
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<td>FY 11-12</td>
<td>Strategic Investments</td>
<td>Global Equity</td>
<td>Cash</td>
<td>Fixed Income</td>
<td>Cash</td>
<td>Fixed Income</td>
<td>Fixed Income</td>
<td>Global Equity</td>
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<td>FY 12-13</td>
<td>Global Equity</td>
<td>Strategic Investments</td>
<td>Real Estate</td>
<td>Cash</td>
<td>Global Equity</td>
<td>Cash</td>
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<td>FY 13-14</td>
<td>Strategic Investments</td>
<td>Real Estate</td>
<td>Cash</td>
<td>Global Equity</td>
<td>Cash</td>
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<tr>
<td>FY 14-15</td>
<td>Global Equity</td>
<td>Strategic Investments</td>
<td>Real Estate</td>
<td>Cash</td>
<td>Cash</td>
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The table above shows the relative asset class performance for the Florida Pension Plan. The table is organized by fiscal year (FY) and includes columns for different asset classes such as Real Estate, Fixed Income, Strategic Investments, etc. The performance is indicated by a color-coded scheme with a legend that helps interpret the data. The chart also includes a vertical arrow labeled 'Better Performing' to highlight the relative performance over the given years. The chart uses a color-coded scheme to indicate the performance of different asset classes over the fiscal years from FY 07-08 to FY 14-15.
At 39.4 basis points (0.394%), the SBA's all-in cost for managing the FRS Pension Plan was the lowest in its peer group for calendar year 2014.
Cash Management Solution for Florida Public Entities
Florida PRIME provides eligible participants a cost-effective investment vehicle for their surplus funds. Its investment strategy emphasizes, in order of importance, preservation of capital, liquidity and competitive yield.
Conservative Management Consistent With State Statutes and Best Industry Practices

- Invests exclusively in short-term, high-quality fixed-income securities rated in the highest short-term rating category by one or more nationally recognized statistical rating organizations.

- Rated AAAm by Standard & Poor's, the highest rating available for a local government investment pool.
Florida PRIME
Portfolio Composition

$8.8 Billion

- Corporate Notes - Floating, 7.1%
- ABCP - Fixed, 12.2%
- Mutual Funds - Money Market, 18.2%
- Repo, 5.5%
- ABCP - Floating, 1.3%
- Bank Instrument - Fixed, 19.0%
- Bank Instrument - Floating, 10.6%
- Corporate CP - Fixed, 23.3%
- Corporate CP - Floating, 2.8%
Management by a World-Class Firm That Understands Public Finance

• Since February 13, 2008, Federated Investors has managed the assets of Florida PRIME to the exact specifications of its investment policies.

• Founded in 1955, Federated is a market leader in providing investment management and administrative services to public sector cash investors. Federated is also one of the largest institutional investment managers in the U.S.
The Highest Level of Support Through Superior Technology

- Pool participants can efficiently and accurately initiate transactions and obtain account information through online systems.
INVESTMENT POLICY STATEMENTS
Scope and Purpose

• Define the investor

• Define the structure
Governance

- Specify responsibility for investment policy
- Describe the review process for the IPS
- Describe the responsibility for engaging/discharging external advisers
- Describe the roles and responsibilities of boards and staff
- Assign responsibility for determination of asset allocation
- Assign responsibility for risk management
INVESTMENT POLICY STATEMENT

Investment, Return, and Risk Objectives

• Describe the overall investment objective
• State the return and risk requirements
• Define the risk tolerance of the investor
• Describe relevant constraints
• Describe other relevant considerations
Risk Management

- Establish performance measurement accountabilities
- Specify appropriate metrics for risk measurement
- Define a process for rebalancing portfolios
Questions?
Transformational Regional Economic Development
Examples and Keys to Success
Presenting Partners

- At the request of Trustee Connally at the October 2015 Triumph Gulf Coast meeting, Florida’s Great Northwest convened the following to create this presentation

Professional Economic Developers (from 8 disproportionately affected counties)
- Florida West
- Santa Rosa EDO
- Okaloosa EDC
- Walton County EDA
- Bay EDA
- Gulf EDC
- Franklin BoCC
- Wakulla BoCC

Regional Partners
- Utilities
- Opportunity Florida
- UWF
- Regional Workforce Boards
- Regional Planning Councils

State Partners
- Enterprise Florida
- CareerSource Florida
- FL Department of Transportation
- SpaceFlorida
- FL Department of Economic Opportunity
Economic Development is Wealth Generation for an Economy
"The process of improving the economic health of a city, region, county or the state by bringing together its assets, resources and political action into a strategy to bring wealth and prosperity to that area."

- Ensure a bright economic future for our Citizens
- Ensure job opportunities for all citizens
- Increase wealth and prosperity for our communities
- Expand the tax base for local and county government to better serve our citizens and for our school system to support education
- Improve the quality of life for citizens by increasing the standard of living through enhanced employment opportunities
Economic Development Through the Years...
The Era of Industrial Recruiting

- Emphasized financial incentives
- Focused investments in physical infrastructure

The Era of Cost Competition

- Began providing more aggressive incentives
- Focused on reducing costs and creating a favorable business and regulatory climate

The Era of Regional Competitiveness

- Leverage public and private investments to exploit region’s advantages
- Blurs the lines between economic and workforce development

Until 1980

1980 – late 1990’s

Current Era
Transformational economic development is about more than just a project...
KEY is to look at ALL ways to grow the economy as part of a regional strategy.
Can build an economy many ways...

- Traditional economic development attraction projects (KIA, Airbus)
- Building an entrepreneurial/creative community/innovation ecosystem (Tampa)
- Growing what you already have (Huntsville)
- Maximizing talent & workforce development (AIDT)
Case Studies for Transformational Economic Development
Traditional Economic Development Attraction
Kia Motors Manufacturing Georgia

- 3,000 jobs
- $1.2 Billion capital investment
- Produces 300,000 vehicles a year
KIA

- 2006 – Broke ground in West Point, Georgia
- Kia’s first manufacturing operation in North America
- Effort led by Governor Sonny Perdue and the staff of the Georgia Department of Economic Development.
- Local organizations included the Valley Partnership, city/county development authorities, city/county chambers of commerce, city/county governments
- 3,300 acre total site (35 individual land owners!)
- 3,000 direct jobs with average salaries of $50,000/year plus benefits
- An additional 10,000 jobs in Georgia and Alabama with the growth of the supplier network.
KIA – The Deal

- State purchased the site and performed all site preparation (Kia has enough property to double the footprint of existing facility)
- Department of Transportation provided road improvements including a new interstate interchange and access road (also received funding from federal sources)
- Required a CSX rail spur
- State built and staffed a 70,000 square foot training center on the Kia site to provide customized training
- Additional tax incentives, training and utility incentives, and infrastructure were provided
- **Total incentive package: $300,000 million**
- It’s not just Kia! All OEMs require a similar amount of resources and commitment.
Kia Supplier Map

Airbus/Brookley Field – Mobile, AL

- 1,000 new manufacturing jobs
- $600 million, 53 acre facility
- Produces 40–50 aircraft per year by 2018
1982
Mobile Airport Authority gained control of Brookley Complex and began its focused effort to recruit aviation business

1989
First success came from Singapore Technologies with its first US venture – Mobile Aerospace Engineering

2003–2004
Brookley was finalist for Boeing projects but lost

2005
EADS (now Airbus) chose Brookley for the KC–30 tanker project. EADS also chose Brookley for its Airbus Engineering Center. While EADS lost the tanker bid, the Airbus Engineering Center moved forward

2012
Brookley was selected to become home of Airbus’ first US final assembly line, manufacturing the A320 family aircraft
Airbus/Brookley Field Incentives

- State of Alabama $124.9M
- City, County, & Mobile Airport Authority $33.6M
- Total Incentive Package $158.5M

The money is being spent to build Airbus' plant as well as improve roads and regrade soil at the company's location at Mobile Aeroplex at Brookley. Airbus also will benefit from significant tax breaks while the manufacturing operation grows out of its infancy.

Airbus also received the same breaks that all new industries receive (State sales, property, and income taxes) worth almost $19M.
Building an Entrepreneurial Community/Innovation Ecosystem
Building an Innovation Ecosystem: Spotlight Tampa, Florida

- Emerging research university & centers – USF Center for Advanced Medical Learning & Simulation, US SOCOM
- Multiple business incubators and accelerators – Tampa Bay Innovation Center
- Wide array of programs and events focused on business creation & growth – SMARTstart, Startup Xchange, Florida Venture Forum, etc.
- Affordable housing
- Downtown redevelopment
- Building Innovation District

THIS ECOSYSTEM ATTRACTS ENTREPRENEURS!
Building an Innovation Ecosystem: Spotlight Tampa, Florida

- **Tampa Is...**
  - 2\textsuperscript{nd} Best City in the US for young entrepreneurs
  - Largest City in Growth in Tech Jobs according to Bloomberg
  - USF Graduate Entrepreneurship Programs – 11\textsuperscript{th} best in US by Entrepreneur Magazine

- **Home to:**

  ![Wikipedia](image1)
  ![Eventjoy](image2)
  ![Ocean](image3)
  ![Made for Wufoo](image4)
  ![TechData](image5)
Growing What You Already Have
Huntsville’s Robotics Cluster

- Reviewed the federal investments in the area to determine business growth opportunities

- 5 Focus Areas emerged:
  - Small spacecraft, airships & nanosats
  - Environmental monitoring & security
  - Intelligence–Surveillance–Reconnaissance
  - Robotics–interoperable systems (such as unmanned ground vehicles, unmanned aerial vehicles, etc.)
  - Innovative energy applications

- Moved forward with building a Robotics Cluster
Robotics Technology Park

- Built in 2010 to serve entire state of Alabama as robotics research and training center
- Designed to bring DoD, contractors, academia and commercial businesses together
- Includes three facilities:
  - **Robotics Maintenance Center** – training in industrial safety, robotics and PLC’s – offered at no cost to Alabama companies
  - **Advanced Technology Research and Development Center** – research and test facility for existing companies
  - **Integration, Entrepreneurial and Paint/Dispense Training Center** – allows new and existing companies to build and adapt automation
Maximizing Talent & Workforce Development
Alabama Industrial Development Training – known as “AIDT”

- Since 1971, AIDT has served as the state of Alabama’s talent solution for economic growth

- AIDT has a unique infrastructure that allows for a total, upfront commitment of the state’s resources to hire and grow the talent needed for companies as they make selection/expansion decisions

- These talent solutions include comprehensive pre-employment selection and training, leadership development, on-the-job training, continuous/process improvement assessments, maintenance assessments, industrial safety assessments and training and sometimes even creation of advanced training centers for companies

- 2014 AIDT operating budget was $51 million (from Alabama General Revenue – largely funded by state income tax)

“Alabama’s Number One Incentive!”
Common Elements of Successful Regional Economic Transformations

- Visionary leadership with the will to follow through
- Public/private committed partnership
- Regional common vision/priorities
- Developed product, and the ability to demonstrate an available, capable workforce
- Clear understanding of regional assets, unique features and connective tissues on which to build a regional economy
- Clear understanding that this takes time
Regional Economic Transformation

- Product: Sites & Buildings
- Workforce
- Education
- Research & Development
- Intermodal Connectivity
- Innovation & Entrepreneurial Development
- Supplier Networks
- Military

- Tourism
- Regional Image
- New Assets, Resources & Programs
- Residential Housing
- Healthcare
- Safety & Livability
- Culture & Amenities

All are key components to connect to strategy
Transformational economic development is a PROCESS, not a project.
NWFL Regional Economic Development Strategy

- We are moving forward with the development of OUR regional economic transformation strategy
- We look forward to working with you as we continue down this path
- We firmly believe that a strong regional economic development strategy will yield the economic outcomes we all desire
QUESTIONS?