

# Florida Growth Fund Program Investments Provided More Than \$432 Million in FRS Distributions

Report No. 20-01

January 2020



# OPPAGA

Office of Program Policy Analysis and Government Accountability

# Florida Growth Fund Program 2020

## EXECUTIVE SUMMARY

As of June 30, 2019, the Florida Growth Fund Program had committed to invest \$721.1 million in 53 technology and growth companies and 37 private equity funds. Since our previous report, the two fund managers made new investments totaling \$83.6 million in six technology and growth companies and four private equity funds. Florida investments were dispersed across 14 counties, with amounts ranging from \$6.8 million in Manatee County to \$177.5 million in Palm Beach County. From fund inception to June 30, 2019, the program had distributed \$432.9 million to the Florida Retirement System trust fund.

Since its inception, both the Florida Growth Fund I and Florida Growth Fund II have exceeded benchmarks set for each of these funds. Net internal rates of returns since inception range from 12.2% to 9.1%, varying by tranche.

The Florida Growth Fund Program's investments also resulted in reported economic benefits to the state. Companies that received investments reported creating 20,906 jobs as of June 30, 2019. Fund managers reported that current investments created jobs that paid average salaries of \$55,116. These salaries exceed the state's 2018 annual mean income of \$50,092. One fund manager reported that companies and private equity funds receiving investments reported making \$111.0 million in capital investments between July 1, 2018 and June 30, 2019, bringing total capital expenditures to \$865.6 million since the fund's inception.

### REPORT SCOPE

State law directs OPPAGA to annually review the State Board of Administration's Florida Growth Fund Program, which invests in technology and high-growth industries. The review must include

- the dollar amount of fund assets invested in state technology and growth industries and the investments' percentage share of the system's trust fund net assets;
- a list of investments in state industries the board identified as technology and growth investments within each asset class; and
- an analysis of the direct and indirect economic benefits to the state resulting from the investments.

This 12th annual report addresses the board's progress in managing the Florida Growth Fund program and presents information on the economic impact of fund investments.

## BACKGROUND

The State Board of Administration (SBA), composed of the Governor, Chief Financial Officer, and the Attorney General, is constitutionally authorized to oversee state funds, including investing state and local government assets. The largest fund that SBA manages is the Florida Retirement System (FRS) Trust Fund, which had a net value of \$163.1 billion in assets as of June 30, 2019.<sup>1</sup>

Section 215.47, *Florida Statutes*, authorizes the SBA, consistent with its fiduciary duties, to invest up to 1.5% of net trust fund assets in technology and high-growth businesses either domiciled in Florida or that have a principal address in Florida. Growth and technology investments may include space technology, aerospace and aviation engineering, computer technology, renewable energy, and medical and life sciences. Under this statute, the SBA makes investments both directly (co-investments in companies) and indirectly through private equity funds such as buyout and venture capital that are based in or target investments in Florida. The SBA makes these investments through the Florida Growth Fund Program, which was established for this purpose.

The Florida Growth Fund Program is divided into separate funds that include multiple tranches. (See Exhibit 1.)

- Florida Growth Fund I – Consists of three tranches. One tranche is used solely for credit opportunities.<sup>2</sup> The remaining two tranches of capital are invested in private equity funds and growth and technology companies.
- Florida Growth Fund II – Consists of two tranches to be invested in private equity funds and growth and technology companies.
- Florida Sunshine State Fund – Consists of one tranche to be invested in private equity funds and growth and technology companies.

### Exhibit 1

#### The Tranches of the Florida Growth Fund Program Were Established Over Several Fiscal Years

	Year Established	Fund Size at Inception (in millions)	Fund Manager
<b>Florida Growth Fund I</b>			
Tranche I	2009	\$250	Hamilton Lane
Tranche II	2012	\$150	Hamilton Lane
Credit Tranche	2014	\$100	Hamilton Lane
<b>Total</b>		<b>\$500</b>	
<b>Florida Growth Fund II</b>			
Tranche I	2015	\$250	Hamilton Lane
Tranche II	2019	\$125	Hamilton Lane
<b>Total</b>		<b>\$375</b>	
<b>Florida Sunshine State Fund</b>			
Tranche I	2019	\$125	J.P. Morgan Asset Management
<b>Total</b>		<b>\$125</b>	

Source: State Board of Administration.

<sup>1</sup> For the purposes of this program, the SBA defines the FRS Trust Fund as composed solely of the FRS Pension Plan Fund, not the Investment Plan Fund.

<sup>2</sup> A tranche is a portion of a larger security.

SBA contracts with two vendors to manage the Florida Growth Fund Program.<sup>3</sup> The program consists of two entities: the Florida Growth Fund is managed by Hamilton Lane and the Florida Sunshine State Fund is managed by J.P. Morgan Asset Management. Hamilton Lane was the sole Florida Growth Fund Program manager until December 2018, when the board contracted with J.P. Morgan Asset Management.<sup>4</sup> At that time, the SBA split the \$250 million in the Florida Growth Fund II, Tranche II into two separate parts, with each firm responsible for investing \$125 million. The SBA anticipates that having two managers could present several advantages, including additional sourcing capacity, differentiated investment opportunities, diversifying risk, and more competitive investment fees. In addition to the location and industry criteria noted above, the SBA's contracts require the managers to provide quarterly and annual investment reports. Further, the managers must annually update information the SBA uses to assess fund performance, including due diligence information, summary reports about each investment, and fund financial performance data.

## FINDINGS

### The Florida Growth Fund Program has committed to invest \$721.1 million in technology and growth companies and private equity funds

As of June 30, 2019, the Florida Growth Fund Program had committed to invest \$721.1 million in 53 technology and growth companies and 37 private equity funds. (See Exhibit 2.) Compared to June 30, 2018, this is an \$83.6 million increase in total commitments and includes investments in six additional technology and growth companies and four private equity funds made by the two fund managers.

#### Exhibit 2

As of June 30, 2019, the Florida Growth Fund Program Had Committed to Invest \$721.1 Million in 53 Companies and 37 Private Equity Funds

Direct Investments- Technology and Growth Companies	Date Invested	Amount Invested (millions)	Private Equity Funds	Date Invested	Amount Invested (millions)
<b>Florida Growth Fund I</b>			<b>Florida Growth Fund I</b>		
Telecommunications	9/18/2009	\$4.5	Healthcare/Technology	10/1/2009	\$15.0
Waste Management	11/3/2009	\$7.1	Technology/Services	5/17/2010	\$15.0
Advertising Services	12/30/2009	\$1.5	Diversified	7/2/2010	\$6.2
Aircraft Parts and	5/26/2010	\$10.0	Diversified	7/2/2010	\$1.4
Medical Devices	7/16/2010	\$20.4	Defense/Commercial	7/20/2010	\$7.5
Financial Services	8/16/2010	\$2.4	Biotechnology	1/21/2011	\$15.0
Software	9/28/2010	\$6.5	Distressed/Growth	4/26/2011	\$5.0
Medical Products	12/22/2010	\$8.2	Distressed/Growth	4/26/2011	\$5.0
Biotechnology	1/18/2011	\$5.4	Diversified	4/26/2011	\$11.3
Mobile Technology	1/20/2011	\$8.9	Growth/Buyout	6/30/2011	\$10.0
Chemicals	2/2/2011	\$5.0	Defense/Commercial	8/24/2011	\$4.1
Marketing	2/24/2011	\$14.5	Early Stage	2/20/2012	\$10.0

<sup>3</sup> Hamilton Lane is a Philadelphia-based investment company that has a Florida office in Miami. J.P. Morgan Asset Management is a wealth management company located in New York.

<sup>4</sup> J.P. Morgan Asset Management activated this fund in February 2019.

Direct Investments- Technology and Growth Companies	Date Invested	Amount Invested (millions)	Private Equity Funds	Date Invested	Amount Invested (millions)
Telecommunications	2/24/2011	\$15.1	Technology/Healthcare	2/28/2012	\$10.0
Communications	4/11/2011	\$5.0	Technology/Healthcare	3/23/2012	\$7.5
Technology	6/17/2011	\$10.4	Manufacturing/Distribution	9/25/2012	\$7.5
Restaurants	2/13/2012	\$6.8	Diversified Buyout	2/28/2013	\$7.5
Food Services	4/9/2012	\$4.8	Healthcare	3/15/2013	\$7.5
Security	5/24/2012	\$10.0	Growth	4/12/2013	\$5.0
Packaging	8/20/2012	\$10.0	Life Sciences	7/16/2013	\$7.5
Distribution	3/15/2013	\$15.2	Healthcare/Industrial/Aerospace	12/23/2013	\$7.5
Restaurants	11/19/2013	\$6.3	Diversified/Mezzanine	3/24/2014	\$4.4
Healthcare IT	12/26/2013	\$5.1	Healthcare/Technology	4/1/2014	\$15.0
Clinics	3/26/2014	\$5.0	Diversified/Mezzanine	4/3/2014	\$5.0
Healthcare	5/16/2014	\$2.0	<b>Florida Growth Fund II</b>		
Mobile Technology	6/11/2014	\$3.0	Diversified Buyout	12/30/2014	\$10.0
E-learning	5/8/2014	\$6.0	Aerospace	12/22/2015	\$5.0
Healthcare	6/26/2014	\$3.8	Diversified/Mezzanine	12/30/2015	\$4.6
Travel Technology	11/5/2014	\$4.0	Technology/Healthcare	12/31/2015	\$7.5
Healthcare	2/26/2015	\$3.0	Technology/Services	4/28/2016	\$10.0
Restaurants	6/15/2015	\$6.1	Healthcare	6/17/2016	\$7.5
Healthcare	5/10/2016	\$7.4	Diversified/Mezzanine	10/31/2016	\$7.5
Telecommunications	5/16/2016	\$10.0	Diversified/Mezzanine	11/9/2016	\$7.5
Healthcare	2/17/2016	\$5.4	Manufacturing/Distribution	9/8/2017	\$10.0
Packaging	12/29/2016	\$10.0	Defense/Commercial	12/29/2017	\$7.5
Software	11/29/2017	\$11.8	Growth/Buyout	9/25/2018	\$7.5
Healthcare	2/16/2018	\$7.4	Industrial Services	12/18/2018	\$7.0
Industrials	6/15/2018	\$7.5	Healthcare/Industrial/Aerospace	3/29/2019	\$7.5
Data Processing	10/11/2018	\$10.0	Customer Services	6/14/2019	\$4.9
Security Services	10/25/2018	\$10.0			
<b>Florida Growth Fund II</b>					
Industrials	7/6/2015	\$5.5			
Building Materials	8/17/2015	\$7.5			
Consumer Products	8/31/2015	\$10.0			
Security	4/27/2016	\$15.0			
Automotive Parts	7/20/2016	\$10.0			
Telecommunications	3/24/2017	\$8.0			
Healthcare	1/30/2017	\$10.0			
Healthcare	11/9/2017	\$5.9			
Staffing	2/16/2018	\$8.0			
Industrial Launderers	6/28/2018	\$15.1			
Food Manufacturing	9/6/2018	\$10.5			
Industrial Services	12/18/2018	\$7.0			
Food Merchant	3/22/2019	\$6.3			
Technology Services	2/4/2019	\$4.9			
Healthcare IT	6/21/2019	\$15.0			
<b>Subtotal Direct Investment</b>		<b>\$427.2</b>	<b>Subtotal Private Equity</b>		<b>\$293.9</b>
<b>Total</b>					<b>\$721.1 million</b>

Source: State Board of Administration, Hamilton Lane, and J.P. Morgan Asset Management.

**Most Florida Growth Fund Program investments are made in companies with a Florida presence.** The SBA requires that all direct investments (made by co-investing with a general partner) be based in Florida or have a significant portion of their business generated in the state. However, private equity fund investments are managed by general partners who may or may not be domiciled in the state.

The fund managers report that most Florida Growth Fund Program investments are in companies that are based in Florida or have a significant Florida presence. This can range from being headquartered in the state to having a substantial portion of employees and core divisions or business functions in the state.

- Florida Growth Fund I made 100% of its technology and growth company investments in Florida-based companies, and all of its private equity investments are in funds with a Florida office.
- Florida Growth Fund II also made 100% of its technology and growth company investments in Florida-based companies, and 12 of 13 private equity fund investments are in companies with a Florida office. The one private equity fund without a Florida office is located in North Carolina.

Direct investments were made in a wide range of industries, from restaurants to medical device manufacturers to telecommunications companies. However, 67.5% of total direct investments are in five industries.<sup>5</sup>

- Administrative and Support Services—15.2%
- Information—14.5%
- Wholesale trade—13.9%
- Manufacturing—12.2%
- Professional, Scientific, and Technical Services—11.8%

**Five counties account for a significant portion of fund investments.** Florida Growth Fund Program direct and private equity investments are dispersed across 14 counties, with the majority of these counties located in the Central and South Florida area. (See Exhibit 3.) Investment amounts range from \$6.8 million in Manatee County to \$177.5 million in Palm Beach County. Direct and private equity investments in five counties—Broward, Hillsborough, Miami-Dade, Orange, and Palm Beach—account for 77.2% of all investments made in Florida since the program’s inception. Since Fiscal Year 2017-18, only one additional county (Lake) received direct technology and growth investments.

The economic impact of the private equity fund commitments differs from that of the direct investments in technology and growth companies domiciled in Florida. The intention of investing in a private equity fund is that the general partner will invest in a significant number of Florida-based companies. Given the SBA’s fiduciary responsibilities, the Florida Growth Fund Program cannot invest in a private equity fund just because it is located in the state. While the private equity funds have offices in specific Florida counties, they may invest in other counties, states, and countries. Beyond the

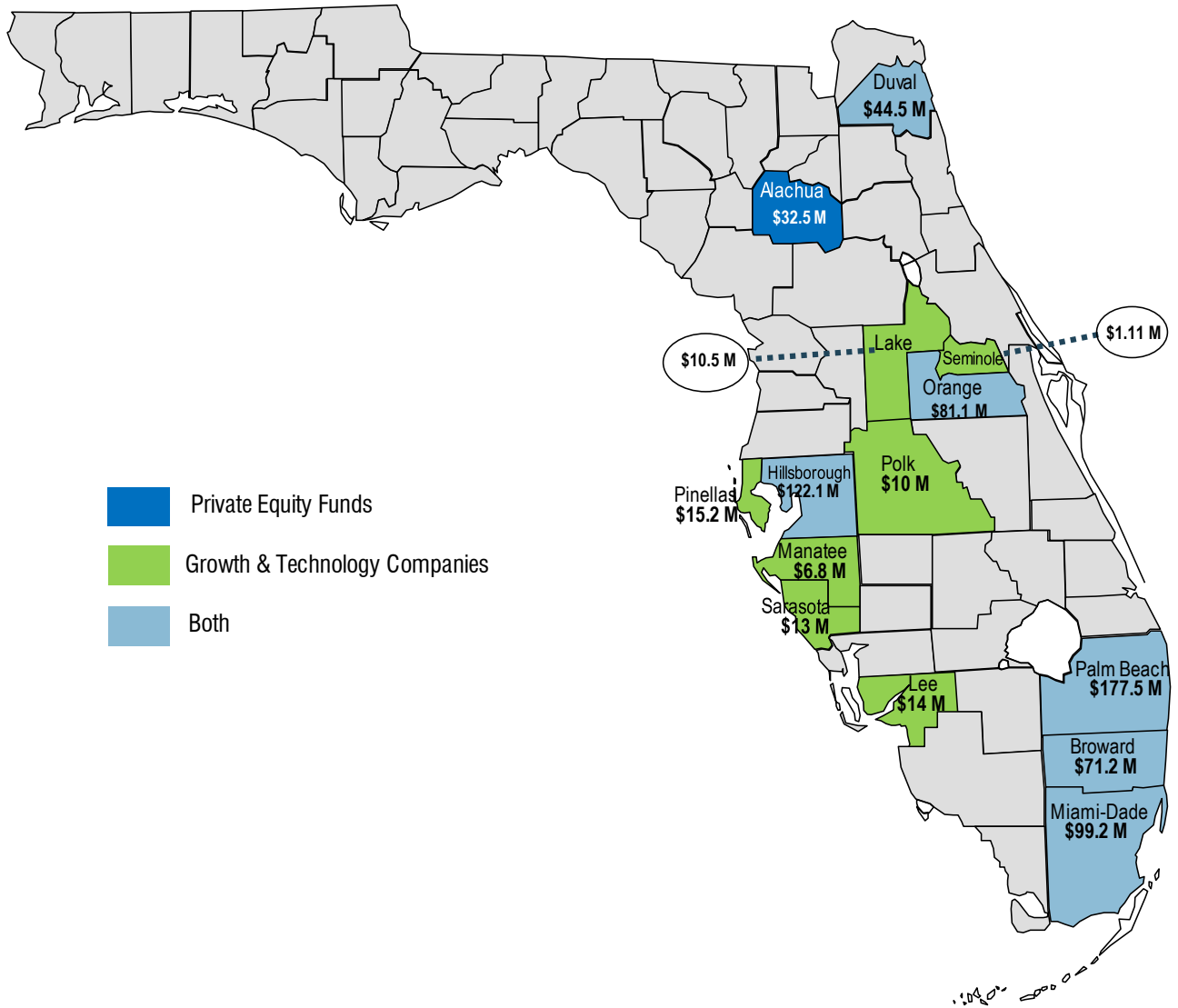
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<sup>5</sup> Businesses’ industry sectors were determined using North American Industry Classification System codes. The following codes encompassed the five largest: Wholesale Trade (e.g., motor vehicles, machinery, durable goods) (42); Information (e.g., wireless telecommunications) (51); Professional, Scientific, and Technical Services (e.g., marketing consulting services and engineering services) (54); Administrative and Support and Waste Management and Remediation Services (e.g., facility support services and waste collection) (56); and Manufacturing (e.g. Foundries and Machine Shops) (31, 32, and 33).

North Carolina example noted above, fund managers reported that in Fiscal Year 2018-19, they have made no commitments to private equity funds outside of Florida.

**Exhibit 3**

**The Majority of \$713.6 Million in Florida Growth Fund Program Commitments Made in Florida Are Located Within Central and South Florida<sup>1</sup>**



<sup>1</sup> Two investments are not presented—a \$4.9 million investment across multiple Florida counties and a \$7.5 million investment in North Carolina. Source: OPPAGA analysis of data provided by the State Board of Administration, Hamilton Lane, and J.P. Morgan Asset Management.

# The Florida Growth Fund Program continues to demonstrate positive returns to the FRS Trust Fund

The Florida Growth Fund Program has provided positive returns to the FRS Trust Fund.<sup>6</sup> SBA managers reported that the fund distributed \$432.9 million to the FRS Trust Fund as a result of its investment activity from inception to June 30, 2019. This is a \$69.5 million increase in total distributions to the FRS Trust Fund since Fiscal Year 2017-18.

This liquidity has been the result of full company exits, ongoing dividends, partial recapitalizations, and interest payments from underlying portfolio companies. As of June 30, 2019, 18 investments had been exited. This resulted in more than \$253.7 million of the \$432.9 million total distributions to the FRS Trust Fund from inception through the end of Fiscal Year 2018-19. (See Exhibit 4.)

## Exhibit 4

### Exited Investments Have Distributed \$253.7 Million to the FRS Trust Fund

Industry	Distributions (in millions)	Gross Internal Rate of Return <sup>1</sup>
Marketing	\$49.4	40.5%
Food Services	\$40.5	80.1%
Restaurants	\$28.5	33.1%
Security	\$21.8	12.8%
Chemicals	\$21.2	74.3%
Technology	\$18.0	18.4%
Waste Management	\$17.5	20.1%
Technology	\$14.1	30.2%
Biotechnology	\$13.4	27.8%
Healthcare	\$8.5	16.7%
Advertising Services	\$7.3	68.1%
Travel Technology	\$5.2	38.7%
Healthcare IT	\$3.4	22.6%
Healthcare	\$3.4	17.1%
Healthcare	\$0.7	23.7%
Financial Services	\$0.5	-21.0%
Medical Devices	\$0.3	n/a
Communications	\$0.0	n/a
<b>Total</b>	<b>\$253.7</b>	<b>23.2%</b>

<sup>1</sup> As of March 31, 2019.

Source: State Board of Administration and Hamilton Lane.

In addition to exited investments, distributions to the FRS Trust Fund are also affected by recapitalizations and write-offs. The liquidity in a fund may be complemented by the recapitalizations of existing portfolio companies. In the case of the Florida Growth Fund Program, this would include situations when a company re-negotiates its current debt or takes on new debt to pay off an existing obligation. From July 1, 2018 to June 30, 2019, four recapitalizations took place, resulting in \$5.9 million in distributions to the FRS Trust Fund.<sup>7</sup> During Fiscal Year 2018-19, there were no realized write-offs.

<sup>6</sup> The SBA uses the internal rate of return (IRR) and the multiple of invested capital to measure the performance of these types of investments.

<sup>7</sup> This figure does not include realizations, which are defined as recognizing revenues only after they have been earned. For example, if an investor bought a stock for \$1,000, held it for a number of years, and its current value is \$10,000, then the increase is just theoretical until the investor sells the stock and realizes the \$9,000 gain.



**Since the Fund's inception, net returns have exceeded benchmarks.** To measure investment performance against comparable investments, the fund managers have established benchmarks for each of the tranches of capital based on market indices.<sup>8</sup> Since inception, the fund's older tranches have exceeded the benchmarks used to evaluate the net performance of such investments by 1.3% to 5.0%. (See Exhibit 5.)

## Exhibit 5

### Net Returns for the Florida Growth Fund Program Have Exceeded Market-Based Investment Benchmarks Since Inception

Benchmark Date	Time Period	Net Internal Rates of Return	SBA Benchmark	Difference
		<b>Florida Growth Fund I Tranche I</b>	<b>Russell 2000 HL/Bison PME<sup>1</sup></b>	
7/1/2018	1 year	4.4%	(4.1%)	
7/1/2016	3 year	18.1%	13.2%	
7/1/2014	5 year	8.6%	3.8%	
	Since Inception	12.2%	10.9%	<b>1.3%</b>
		<b>Florida Growth Fund I Tranche II</b>	<b>Russell 2000 HL/Bison PME<sup>1</sup></b>	
7/1/2018	1 year	4.9%	(6.7%)	
7/1/2016	3 year	11.0%	11.7%	
7/1/2014	5 year	11.2%	6.5%	
	Since Inception	11.7%	9.3%	<b>2.4%</b>
		<b>Florida Growth Fund I Credit</b>	<b>Credit Suisse LLI HL/Bison PME<sup>1</sup></b>	
7/1/2018	1 year	11.8%	3.8%	
7/1/2016	3 year	9.8%	5.0%	
7/1/2014	5 year	9.8%	4.2%	
	Since Inception	9.1%	4.2%	<b>5.0%</b>
		<b>Florida Growth Fund II Tranche I</b>	<b>Russell 2000 HL/Bison PME<sup>1</sup></b>	
7/1/2018	1 year	2.1%	(3.1%)	
7/1/2016	3 year	11.3%	9.3%	
7/1/2014	5 year	--	--	
	Since Inception	10.0%	8.5%	<b>1.5%</b>

<sup>1</sup> The benchmarks used are modified public market benchmarks that allow investors to make direct comparisons between private market funds and public benchmarks. We did not independently assess the reliability of the benchmark selections.

Note: Given the funds' recent inception, fund managers did not provide data for Florida Growth Fund II, Tranche II, or the Florida Sunshine State Fund.

Source: OPPAGA analysis of State Board of Administration data.

## Companies receiving investments reported creating 20,906 jobs and making \$865.6 million in capital investments since program inception

While Florida statutes require the Florida Growth Fund Program to maximize the financial return to the FRS trust fund consistent with the risks incumbent in each investment, the same law acknowledges that the Florida Growth Fund Program may generate additional benefits. These benefits include the potential for high-growth, high-wage jobs that will provide significant benefits to state residents and a

<sup>8</sup> Fund benchmarks are set using versions of common market indices. A market index tracks changes in stocks, bonds, or other investments from a specific starting date. For example, the Russell 2000 tracks the 2,000 smallest companies in the whole-market-tracking Russell 3000 index, which is a measure of the performance of smaller, domestically focused businesses. The benchmarks used by the Florida Growth Fund use public market equivalents (PMEs) methodology. The goal of PMEs is to translate the public market return into an internal rate of return-like metric that accounts for the timing of cash flows and fluctuating capital-at-work of a private market fund. PME analysis allows investors to make direct comparisons between private market funds and public benchmarks.

variety of business sectors. As of June 30, 2019, fund managers reported that companies currently receiving investments and exited investments created 20,906 jobs and made \$865.6 million in capital investments since program inception.

As of June 30, 2019, current Florida Growth Fund Program direct investments and private equity investments generated 17,567 jobs, an increase of 3,562 jobs from the prior fiscal year. (See Exhibit 6.) Many of the jobs created from current investments were in diversified industries, healthcare, and health care technology; 10 investments resulted in no job growth or a loss. In addition, during the same timeframe, exited direct investments created 3,339 net jobs, an increase of 170 from the prior fiscal year. The majority of jobs created by exited investments were in marketing, waste management, and restaurant companies.

Overall, the jobs generated by current Florida Growth Fund Program investments paid above average salaries. Jobs created by current investments pay an overall average annual salary of \$55,116. This exceeds the state's average annual wages of \$50,092 for 2018.<sup>9</sup> However, reported incomes for these jobs vary, ranging between \$27,608 and \$181,000. Jobs created by exited investments paid an overall average salary of \$50,087, which was slightly less than the state average annual wages for 2018.<sup>10</sup>

## Exhibit 6

### Current Florida Growth Fund Companies Reported Creating 17,567 Jobs Since Inception

Industry	Date Invested	Reported Jobs Created	Reported Average Salary
<b>Technology and Growth Companies</b>			
Healthcare	11/9/2017	1,146	n/a
Building Materials	8/17/2015	773	\$181,000
Healthcare	2/16/2018	739	\$37,200
Industrial Launderers	6/28/2018	524	\$72,500
Staffing	2/16/2018	446	\$56,000
Healthcare	1/30/2017	332	\$129,034
Software	11/29/2017	239	\$45,000
Distribution	3/15/2013	230	\$45,000
Packaging	8/20/2012	171	n/a
Aircraft Parts and Leasing	5/26/2010	151	\$63,881
Engineering Services	7/6/2015	133	n/a
Restaurants	11/19/2013	124	\$61,584
Telecommunications	3/24/2017	95	\$98,576
Software	9/28/2010	92	n/a
Healthcare	2/17/2016	66	\$110,264
Consumer Products	8/31/2015	50	\$118,098
E-learning	5/8/2014	42	\$100,000
Restaurants	6/15/2015	38	\$61,685
Medical Products	12/22/2010	25	\$54,981
Healthcare	6/26/2014	17	\$70,851
Food Merchant Wholesalers	3/22/2019	17	\$45,183
Food Manufacturing	9/6/2018	12	\$30,000
Automotive Parts	7/20/2016	11	\$61,753
Clinics	3/26/2014	5	\$79,400
Technology Services	4/2/2019	2	\$120,000
Industrials	6/15/2018	1	\$27,608
Security Services	10/25/2018	0	\$85,000
Mobile Technology	1/20/2011	-1	\$37,810
Healthcare IT	6/21/2019	-1	\$67,500

<sup>9</sup> Florida Department of Economic Opportunity.

<sup>10</sup> We received information on 18 exited investments. The salary number presented is an overall average calculated for 13 exited investments that had positive job growth and salary data.

Industry	Date Invested	Reported Jobs Created	Reported Average Salary
<b>Technology and Growth Companies (Continued)</b>			
Telecommunications	2/24/2011	-16	\$65,000
Mobile Technology	6/11/2014	-70	\$50,000
Telecommunications	5/16/2016	-105	\$45,000
Packaging	12/29/2016	-157	\$86,375
Data Processing Services	10/11/2018	-180	\$56,500
Security	4/27/2016	-639	\$45,000
<b>Subtotal</b>		<b>4,312</b>	
Industry	Date Invested	Reported Jobs Created	Reported Average Salary
<b>Private Equity Funds</b>			
Diversified <sup>1</sup>	7/2/2010	8,572	\$50,500
Healthcare/Technology <sup>1</sup>	10/1/2009	1,010	\$71,219
Life Sciences	7/16/2013	892	\$17,000
Technology/Services <sup>1</sup>	5/17/2010	773	\$49,243
Healthcare	3/15/2013	300	\$84,796
Consumer Services	6/14/2019	288	\$47,785
Growth/Buyout	1/21/2011	284	\$59,474
Growth	4/12/2013	278	\$48,075
Aerospace	12/22/2015	258	\$71,384
Manufacturing/Distribution <sup>1</sup>	9/25/2012	234	\$73,906
Healthcare/Industrial/Aerospace	12/23/2013	218	\$45,677
Distressed/Growth	4/26/2011	84	\$56,394
Defense/Commercial	7/20/2010	48	\$82,104
Early Stage <sup>1</sup>	2/20/2012	26	\$51,486
Industrial Services	12/18/2018	20	\$49,742
Diversified/Mezzanine	10/31/2016	3	\$54,267
Technology/Healthcare <sup>1</sup>	2/28/2012	-3	n/a
Technology/Healthcare <sup>1</sup>	3/23/2012	-30	n/a
<b>Subtotal</b>		<b>13,255</b>	
<b>Total/Overall Average</b>		<b>17,567</b>	<b>\$55,116</b>

<sup>1</sup> Data for these funds does not include information on companies that have exited the Florida Growth Fund Program.

Source: State Board of Administration. Data as of June 30, 2019.

Hamilton Lane reported that the Florida Growth Fund's investments have also resulted in increased capital expenditures in Florida.<sup>11</sup> Specifically, direct investments and private equity companies reported making an estimated \$111.0 million in capital investments between July 1, 2018 and June 30, 2019, bringing total reported capital investments to \$865.6 million since the fund's inception. This includes capital investments by companies that have exited the Florida Growth Fund (both equity co-investments and credit co-investments) and that reported making \$191.5 million in Florida capital expenditures from inception through June 30, 2019.

## AGENCY RESPONSE

In accordance with the provisions of s. 11.51(2), *Florida Statutes*, a draft of OPPAGA's report was submitted to the State Board of Administration for review. See Appendix A for the SBA's written response.

<sup>11</sup> Given its brief time as a vendor, J.P. Morgan Asset Management could not provide capital expenditures for the previous fiscal year but will be able to in the future.

# APPENDIX A



STATE BOARD OF ADMINISTRATION  
OF FLORIDA

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EXECUTIVE DIRECTOR &  
CHIEF INVESTMENT OFFICER

January 14, 2020

Mr. R. Philip Twogood  
Coordinator  
Office of Program Policy Analysis & Government  
Accountability (OPPAGA)  
Claude Pepper Building, Room 312  
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Tallahassee, Florida 32399-1475

Dear Mr. Twogood:

We have reviewed the preliminary and tentative OPPAGA report titled: *Florida Growth Fund Program Investments Provided More Than \$432 Million in FRS Distributions*. We have no objection or questions in regard to the information presented in the report.

We welcome OPPAGA's efforts and, as always, we appreciate your diligence and professionalism.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ashbel C. Williams".

Ashbel C. Williams  
Executive Director & CIO



# OPPAGA

Office of Program Policy Analysis and Government Accountability

OPPAGA provides performance and accountability information about Florida government in several ways.

- [Reports](#) deliver program evaluation and policy analysis to assist the Legislature in overseeing government operations, developing policy choices, and making Florida government more efficient and effective.
- Government Program Summaries (GPS), an online encyclopedia, [www.oppaga.state.fl.us/government](http://www.oppaga.state.fl.us/government), provides descriptive, evaluative, and performance information on more than 200 Florida state government programs.
- [PolicyNotes](#), an electronic newsletter, delivers brief announcements of research reports, conferences, and other resources of interest for Florida's policy research and program evaluation community.
- Visit OPPAGA's website at [www.oppaga.state.fl.us](http://www.oppaga.state.fl.us).

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OPPAGA supports the Florida Legislature by providing data, evaluative research, and objective analyses that assist legislative budget and policy deliberations. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475).

**OPPAGA website:** [www.oppaga.state.fl.us](http://www.oppaga.state.fl.us)  
Project supervised by Emily Leventhal (850/717-0525)  
Project conducted by Richard Woerner  
R. Philip Twogood, Coordinator