

Florida Growth Fund Program Investments Provided More Than \$168 Million in FRS Distributions in Fiscal Year 2021-22

Report 23-01

January 2023



OPPAGA

Office of Program Policy Analysis and Government Accountability

Florida Growth Fund Program Provided More Than \$168 Million in FRS Distributions in Fiscal Year 2021-22

EXECUTIVE SUMMARY

The State Board of Administration is authorized to invest up to 1.5% of Florida Retirement System Pension Fund assets in Florida technology and high-growth businesses. As of June 30, 2022, the program had made 143 investments totaling \$902.8 million in 75 technology and growth companies and 68 private equity funds with a Florida presence. This includes new investments in 17 technology and growth companies and 21 private equity funds totaling \$55.9 million made in Fiscal Year 2021-22. Most of these new investments were in four industry sectors.

The majority of direct investments made since inception are largely concentrated in five Florida counties located in Central and South Florida. During the review period (July 1, 2021, through June 30, 2022), Florida Growth Fund Program direct investments were also made in companies with a Florida presence.

From fund inception through June 30, 2022, the program distributed \$830.7 million to the Florida Retirement System Pension Fund. During the review period, the amount distributed was \$168.3 million. Since inception, funds within the Florida Growth Fund Program have generally met or exceeded benchmarks set for each fund.

The Florida Growth Fund Program's investments resulted in economic benefits. As of June 30, 2022, investment managers reported that companies currently receiving investments and exited investments created 5,480 jobs and made \$974.4 million in capital expenditures during the review period, \$404.3 million of which were made in Florida.

REPORT SCOPE

Section 215.474, *Florida Statutes*, directs OPPAGA to annually review the State Board of Administration's Florida Growth Fund Program, which invests in technology and 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 the state which 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 15th annual report addresses the board's progress in managing the program and presents information on the economic impact of fund investments. The review period for this report is July 1, 2021, through June 30, 2022.

INTRODUCTION

The State Board of Administration (SBA) is a constitutionally created organization authorized to invest funds for state agencies, state universities and colleges, and local governments. The SBA is governed by a three-member board of trustees composed of the Governor as chair, the Chief Financial Officer, and the Attorney General. The trustees appoint the SBA's executive director to provide the strategic direction and execution of day-to-day operations. Of the funds managed by the SBA, the largest is the Florida Retirement System (FRS) Pension Fund, which had an unaudited market value of \$180 billion in assets as of June 30, 2022.

The Florida Growth Fund Program was established to invest a portion of the FRS Pension Fund. Specifically, consistent with its fiduciary duties, the SBA is authorized by Florida law to invest up to 1.5% of net system trust fund (FRS Pension Fund) assets in technology and growth businesses either domiciled in Florida or that have a principal address in Florida.¹ Technology and growth investments may include, but are not limited to, aerospace and aviation engineering, computer technology, medical and life sciences, space technology, and renewable energy. As of June 30, 2022, Florida Growth Fund Program investments were 0.29% of the unaudited value of the FRS Pension Fund assets.

The program is divided into three separate funds that include seven tranches of capital totaling \$1.25 billion in commitments.² (See Exhibit 1.) The SBA contracts with two vendors to manage program funds: Hamilton Lane manages Florida Growth Funds I and II, and J.P. Morgan Asset Management manages the Florida Sunshine State Fund. Hamilton Lane was the sole manager of program funds until December 2018, when the board also contracted with J.P. Morgan Asset Management. On April 14, 2022, the SBA re-appointed J.P. Morgan Asset Management as the manager for a second tranche for the Florida Sunshine State Fund.

Exhibit 1

Since Inception, the Florida Growth Fund Program Has Committed \$1.25 Billion for Investments

	Year Established	Fund Commitment at Program Inception (millions)	Investment Manager
Florida Growth Fund I			
Tranche I	2009	\$250	Hamilton Lane
Tranche II	2012	\$150	Hamilton Lane
Credit Tranche	2014	\$100	Hamilton Lane
Sub-total		\$500	
Florida Growth Fund II			
Tranche I	2015	\$250	Hamilton Lane
Tranche II	2019	\$125	Hamilton Lane
Sub-total		\$375	
Florida Sunshine State Fund			
Tranche I	2019	\$125	J.P. Morgan Asset Management
Tranche II	2022	\$250	J.P. Morgan Asset Management
Sub-total		\$375	
Total		\$1,250	

Source: State Board of Administration.

¹ Section 215.47(7), F.S. For the purposes of this program, the SBA defines the FRS Trust Fund as composed solely of assets from the FRS Pension Plan Fund.

² A tranche is a portion of a larger security.

Investment managers make program investments directly by co-investing alongside a private equity fund with a general partner or indirectly through private equity funds, such as buyout and venture capital. Direct investments are made in companies based in or that have a significant portion of company business generated in Florida. General partners that manage private equity funds may or may not reside in the state, but intend to invest in Florida-based companies.

FINDINGS

The Florida Growth Fund Program invested \$55.9 million in technology and growth companies and private equity funds with a Florida presence in Fiscal Year 2021-22

Since its inception, the Florida Growth Fund Program has made 143 investments with a Florida presence in 75 companies (i.e., direct investments) and 68 private equity funds; the total amount invested has been \$902.8 million. During the review period (July 1, 2021, through June 30, 2022), program investment managers made 38 investments with a Florida presence totaling \$55.9 million.³ Of these investments, 17 were direct investments (\$34.5 million) and 21 were private equity fund investments (\$21.4 million). (See Appendix A for detailed holdings data for the Florida Growth Fund Program.)⁴

Most Florida Growth Fund Program direct investments made during the review period were in four industry sectors. Since program inception, investment managers have made direct investments in a wide range of industries, from restaurants to electronic product manufacturers to telecommunications companies. During the review period, however, 53.6% of the 17 direct investments made were in four industries.⁵ (See Exhibit 2, highlighted rows.) All program private equity investments are made in a family of funds, which are a group of mutual funds that share administrative and distribution systems. Each fund in a family may be in a different industry, have different investment objectives, and follow different investment strategies. Thus, OPPAGA was unable to report program investments in private equity funds by distinct industry sector.

Exhibit 2

During the Review Period, Most In-State Direct Investments Were in Four Technology and Growth Industry Sectors

Industry Sector	Amount Invested (millions)	Percentage of Total Invested
Offices of Other Health Practitioners	\$5.500	15.9%
Cement and Concrete Product Manufacturing	\$5.000	14.5%
Services to Buildings and Dwellings	\$4.000	11.6%
Soap, Cleaning Compound, and Toilet Preparation Manufacturing	\$4.000	11.6%
Automotive Repair and Maintenance	\$3.850	11.1%
All Other Telecommunications	\$2.989	8.7%
Other Food Manufacturing	\$2.085	6.0%
Other Transportation Equipment Manufacturing	\$1.750	5.1%
Other Amusement and Recreation Industries	\$1.500	4.3%

³ OPPAGA considers that an investment has a Florida presence if one or more of the following conditions have been identified by the investment manager: the company receiving the investment is headquartered in Florida; the company receiving the investment has a substantial portion of employees, core divisions, and/or business functions in Florida.

⁴ This year's report adds data specific to the review period, July 1, 2021, through June 30, 2022.

⁵ OPPAGA used the North American Industry Classification System to determine industry sectors.

Industry Sector	Amount Invested (millions)	Percentage of Total Invested
Radio and Television Broadcasting Stations	\$1.250	3.6%
Motor Vehicle and Motor Vehicle Parts and Supplies Merchant Wholesalers	\$1.021	3.0%
Other Professional, Scientific, and Technical Services	\$0.980	2.8%
Communications Equipment Manufacturing	\$0.562	1.6%
Agencies, Brokerages, and Other Insurance-Related Activities	\$0.030	0.1%
Grocery and Related Product Merchant Wholesalers	\$0.008	<0.1%
Software Publishers	\$0.006	<0.1%
Computer Systems Design and Related Services	\$0.003	<0.1%
Total	\$34.5	100%

Source: OPPAGA analysis of Hamilton Lane and J.P. Morgan Asset Management data.

Most Florida Growth Fund Program investments were made in companies and private equity funds with a Florida presence; the Florida presence of private equity fund investments can vary.

As noted above, state law authorizes the SBA to invest up to 1.5% of system trust funds in technology and growth businesses domiciled in Florida or with a principal address in the state, while also requiring such investments to be made consistent with the SBA’s fiduciary duties.⁶ Thus, while the SBA does review the investment managers’ proposed investments, financial merits, and the Florida presence of investments, investment managers are not required under law to invest a certain percentage of Florida Growth Fund Program assets in Florida and may pursue the best financial opportunities for the state. Consequently, not all Florida Growth Fund Program investments have a Florida presence.

OPPAGA’s analysis of program investment data indicates that most program direct investments are in companies that are headquartered in Florida and/or have a substantial portion of employees or business functions in Florida. Since inception, 97.4% of program investments have been in companies and private equity funds with a Florida presence. The investment managers reported making 38 new investments in companies and private equity funds with a Florida presence totaling \$55.9 million during the review period; this represents 85.5% of total Florida Growth Fund Program investments made during the review period. However, OPPAGA’s analysis of program investment data also found that an additional 31 investments totaling \$9.5 million, which did not have a Florida presence, were made during the review period.

Because private equity funds are composed of multiple companies, investment manager determinations of the funds’ Florida presence are less certain both at the outset of the investment and during its term.^{7, 8} One investment manager reported their company uses the general partner’s history of performance and investments in Florida-based companies and in-state sourcing networks as criteria for making a fund commitment. Private equity funds, however, are a blind pool, meaning investments are not known upon commitment to the fund; thus, if the general partner does not find attractive investments in the state, the fund may end up with little or no exposure in the state. Specifically, while the investment manager may intend to invest primarily in Florida, that could change depending on the opportunities during the investment period. Further, SBA officials and investment managers reported that the general partners managing private equity funds investments may not be domiciled in the state. One investment manager reported taking actions for general partners not headquartered in the state,

⁶ Sections 215.47(7) and (10), F.S.

⁷ SBA and investment managers reported that in some instances, the amount of Florida exposure at the inception of the private equity fund investment may be low because the general partner may have laid out a plan to make a significant number of Florida based add-on acquisitions to the company that would increase the Florida exposure of the deal.

⁸ One investment manager, who has confidentiality agreements with companies within the private equity funds, did not disclose the specific Florida presence for each fund but did provide an assessment of parent fund-level Florida presence.

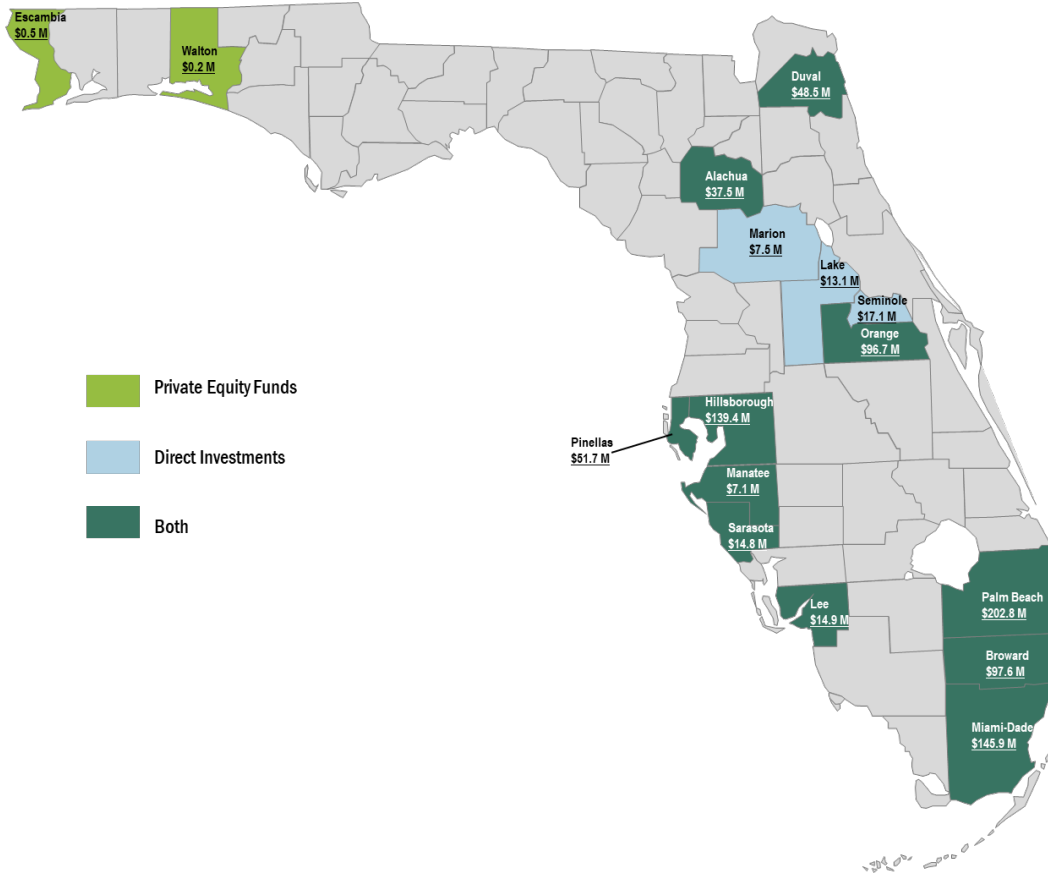
such as seeking to have general partners maintain a Florida presence by opening an office in the state and entering into a covenant that they maintain a meaningful percentage of deal sourcing days in Florida.⁹

Program investments since inception are largely concentrated in five Florida counties. The majority of program investments are located in counties in Central and South Florida. (See Exhibit 3.) Investment amounts since inception have ranged from \$246,255 in Walton County to \$202.8 million in Palm Beach County. Program investments are concentrated in five counties—Broward, Hillsborough, Miami-Dade, Orange, and Palm Beach—and account for 75.6% of all program investments made in Florida.

From July 1, 2021, through June 30, 2022, investment managers made 38 new investments in 15 Florida counties. Investment amounts ranged from \$2,671 to \$5.5 million. Three counties—Miami-Dade, Palm Beach, and Pinellas—accounted for 57% of the total investment amount during the review period.

Exhibit 3

Since Inception, the Majority of the \$902.8 Million in Florida Growth Fund Program In-State Investments Are Located in Central and South Florida¹



¹ Counties with investment amounts underlined denote additional investments that were made during the review period. The amount reported for each county does not equal the total amount (\$902.8 million) because one investment was made in Georgia, but had a significant Florida presence. Source: OPPAGA analysis of Hamilton Lane and J.P. Morgan Asset Management data.

⁹ For example, as a condition for investment, one of the investment management firms required a fund manager to make a minimum of four unique deal sourcing trips per quarter to Florida, which the firm deemed to be a reasonable and substantial percentage of time sourcing deals in Florida relative to other dedicated sourcing trips the manager makes annually. In another instance, the same firm required a manager to spend a minimum of 40 days per year in Florida to encourage greater Florida deal flow.

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

The FRS Pension Fund benefits from Florida Growth Fund Program positive returns. Investment managers reported that the FRS Pension Fund has received \$830.7 million from Florida Growth Fund Program investments since the program's inception through June 30, 2022. These distributions were the net result of investments exiting the program.¹⁰

Since program inception, net returns have generally met or exceeded benchmarks. To measure investment performance against comparable investments, investment managers have established benchmarks for each tranche of capital using market indices. Since inception, six tranches met or exceeded the benchmarks by 0.9% to 31.5% of the benchmark used to evaluate the net performance. (See Exhibit 4.)

Exhibit 4

Since Inception, Florida Growth Fund Program Net Returns Have Generally Met or Exceeded Market-Based Investment Benchmarks

Benchmark Date	Time Period	Net Internal Rates of Return	Benchmark ²	Difference
Florida Growth Fund I				
		Tranche I	Russell 2000 HL/Bison PME	
7/1/2021	1-year	-3.5%	-22.9%	
7/1/2019	3-year	4.0%	6.1%	
7/1/2017	5-year	3.9%	5.9%	
	Since inception	11.3%	10.4%	0.9%
Florida Growth Fund I				
		Tranche II	Russell 2000 HL/Bison PME	
7/1/2021	1-year	6.4%	-22.2%	
7/1/2019	3-year	13.9%	7.1%	
7/1/2017	5-year	13.6%	6.3%	
	Since inception	12.2%	8.8%	3.5%
Florida Growth Fund I				
		Credit	Credit Suisse LLI HL/Bison PME	
7/1/2021	1-year	-6.3%	-1.4%	
7/1/2019	3-year	3.0%	2.3%	
7/1/2017	5-year	6.7%	3.2%	
	Since inception	7.0%	3.6%	3.4%
Florida Growth Fund II				
		Tranche I	Russell 2000 HL/Bison PME	
7/1/2021	1-year	8.6%	-21.9%	
7/1/2019	3-year	11.3%	8.8%	
7/1/2017	5-year	11.8%	7.6%	
	Since inception	12.2%	8.7%	3.6%
Florida Growth Fund II				
		Tranche II	Russell 2000 HL/Bison PME	
7/1/2021	1-year	26.5%	-23.3%	
7/1/2019	3-year	N/A	N/A	
7/1/2017	5-year	N/A	N/A	
	Since inception	30.9%	-0.6%	31.5%

¹⁰ Distributions to the FRS Trust Fund may also be negatively affected by some exit mechanisms, such as write-offs, because the trust fund would not receive the proceeds from the written-off investment. However, the Florida Growth Fund Program realized no write-offs during Fiscal Year 2021-22.

Benchmark Date	Time Period	Net Internal Rates of Return		Difference
		Florida Sunshine State Fund ¹	Benchmark ² Russell 2000/Direct Alpha PME	
7/1/2021	1-year	18.0%	-41.6%	
7/1/2019	3-year	29.2%	2.7%	
7/1/2017	5-year	N/A	N/A	
	Since inception	27.4%	3.4%	24.0%

¹ OPPAGA did not report performance for Florida Sunshine Tranche II because the first investment was made in May 2022. In the early years of any private equity investments, investors are providing capital for startup costs while also paying management fees. As the fund uses the capital, returns may not be high enough to overcome costs, which may temporarily result in a negative return.

² The SBA uses a modified public market equivalent benchmark methodology to present fund performance, which allows stakeholders to compare private equity fund activity to that of a public market index. OPPAGA did not independently assess the reliability of the benchmark selections.

Source: Hamilton Lane and J.P. Morgan Asset Management.

Florida Growth Fund Program investments that have exited provide investment returns.¹¹ As of June 30, 2022, 32 Florida Growth Fund Program investments have exited since program inception, providing \$427.5 million in distributions to the FRS Pension Fund. (See Appendix B for all exited investments since program inception.) Of these investments, three were exited during the review period, providing \$26.4 million in distributions since program inception. The Florida Growth Fund Program invested \$16.1 million in these three investments. These exited investments were in three industry sectors—Software Publishers; Death Care Services; and Architectural, Engineering, and Related Services industries.

Companies receiving investments reported creating 5,480 jobs and making \$974.4 million in capital expenditures during the review period

While the 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 law also acknowledges that the program may generate other economic benefits to the state.¹² To measure these economic benefits, OPPAGA analyzed data on reported jobs and capital expenditures created by companies receiving Florida Growth Fund Program investments.

As of June 30, 2022, investment managers reported that companies with a Florida presence, which are currently receiving investments or which had exited investments, created 5,480 jobs and made \$974.4 million in capital expenditures during the review period.¹³ Of the \$974.4 million in capital expenditures made by companies with a Florida presence, \$404.3 million were made in Florida. Specifically, investment managers reported that during the review period, current Florida Growth Fund Program direct investments created 3,116 new jobs and made \$919.7 million in capital expenditures. Investments in two communication companies accounted for \$723 million of these capital expenditures. Additionally, the program’s private equity fund investments created 2,364 new

¹¹ Companies receiving investments provide earnings to investors through “exit” events, such as a public offering, acquisition, or merger that allow investors to obtain the return on their investment.

¹² Sections [215.47\(10\)](#) and [215.474\(3\)](#), F.S.

¹³ Capital expenditures may include expenses such as acquiring, repairing, or improving physical assets (such as equipment or property), including starting new businesses and adapting property to a different use. The specific location of reported jobs is unknown beyond association with investments with a Florida presence. (See footnote 3 for discussion of Florida presence.) Investments having a Florida presence may or may not have created jobs in the state.

jobs and made \$54.7 million in capital expenditures. (See Appendix A for all jobs and capital expenditures during the review period.)

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. The board's written response has been reproduced in Appendix C.

APPENDIX A

Florida Growth Fund Program Holdings as of June 30, 2022

As of June 30, 2022, the Florida Growth Fund Program had 185 direct and private equity fund investments totaling \$926.5 million since inception.

Exhibit A-1 provides information on the direct investments made since inception. Not all investments created jobs and capital expenditures, and investment managers did not provide jobs and capital expenditures for investments without a Florida presence.

Exhibit A-1

As of June 30, 2022, Florida Growth Fund Program Directly Invested Holdings Were \$559.6 Million in 76 Technology and Growth Companies

Direct Investments— Technology and Growth Companies (by Industry Name)	Amount Invested Since Inception (millions)	Amount Invested in Fiscal Year 2021-22 (millions)	Reported Jobs Created in Fiscal Year 2021-22	Reported Capital Expenditures in Fiscal Year 2021-22 (millions)
Navigational, Measuring, Electromedical, and Control Instruments Manufacturing	\$20.4	\$0.0	N/A	N/A
Dry cleaning and Laundry Services	\$16.3	\$0.0	165	\$0.7
Professional and Commercial Equipment and Supplies Merchant Wholesalers	\$15.2	\$0.0	-16	\$1.2
All Other Telecommunications	\$15.1	\$0.0	-11	\$32.1
Software Publishers	\$15.0	<\$0.1	-34	\$0.5
Investigation and Security Services	\$15.0	\$0.0	-56	\$62.6
Management, Scientific, and Technical Consulting Services	\$14.5	\$0.0	N/A	N/A
Other Food Manufacturing	\$13.1	\$2.1	19	\$3.0
Motor Vehicle and Motor Vehicle Parts and Supplies Merchant Wholesalers	\$11.8	\$1.0	30	\$0.1
Software Publishers	\$11.8	\$0.0	-123	N/A
Offices of Physicians	\$11.5	\$0.0	16	\$0.9
Radio and Television Broadcasting Stations	\$11.4	\$1.3	0	N/A
Management, Scientific, and Technical Consulting Services	\$10.4	\$0.0	N/A	N/A
Agencies, Brokerages, and Other Insurance Related Activities	\$10.0	<\$0.1	1051	N/A
Support Activities for Air Transportation	\$10.0	\$0.0	48	\$3.2
Couriers and Express Delivery Services	\$10.0	\$0.0	-49	N/A
Investigation and Security Services	\$10.0	\$0.0	0	N/A
Personal Care Services	\$10.0	\$0.0	4	\$0.8
Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services	\$9.9	\$0.0	0	N/A
Glass and Glass Product Manufacturing	\$9.9	\$0.0	30	\$5.9

Direct Investments— Technology and Growth Companies (by Industry Name)	Amount Invested Since Inception (millions)	Amount Invested in Fiscal Year 2021-22 (millions)	Reported Jobs Created in Fiscal Year 2021-22	Reported Capital Expenditures in Fiscal Year 2021-22 (millions)
Investigation and Security Services	\$9.6	\$0.0	0	N/A
Employment Services	\$9.2	\$0.0	69	<\$0.1
Grocery and Related Product Merchant Wholesalers	\$8.9	\$0.0	81	\$0.2
Wired and Wireless Telecommunications (except Satellite)	\$8.9	\$0.0	N/A	N/A
Specialty Food Retailers	\$8.5	\$0.0	0	N/A
Professional and Commercial Equipment and Supplies Merchant Wholesalers	\$8.5	\$0.0	-10	N/A
Warehousing and Storage	\$8.4	\$0.0	0	N/A
Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services	\$8.0	\$0.0	-385	N/A
Employment Services	\$8.0	\$0.0	0	N/A
Building Material and Supplies Dealers	\$7.9	\$0.0	0	N/A
Employment Services	\$7.5	\$0.0	-2	N/A
Grocery and Related Product Merchant Wholesalers	\$7.5	<\$0.1	-5	\$0.1
Agencies, Brokerages, and Other Insurance Related Activities	\$7.5	\$0.0	11	N/A
Individual and Family Services	\$7.4	\$0.0	N/A	N/A
Offices of Physicians	\$7.4	\$0.0	0	N/A
Outpatient Care Centers	\$7.3	\$0.0	0	N/A
Waste Treatment and Disposal	\$7.1	\$0.0	N/A	N/A
Management, Scientific, and Technical Consulting Services	\$7.1	\$0.0	0	N/A
Restaurants and Other Eating Places	\$6.8	\$0.0	N/A	N/A
Software Publishers	\$6.7	\$0.0	9	\$0.2
Restaurants and Other Eating Places	\$6.3	\$0.0	644	\$33.0
Outpatient Care Centers	\$6.1	\$0.0	6	<\$0.1
Home Health Care Services	\$6.0	\$0.0	237	\$13.8
Other Schools and Instruction	\$6.0	\$0.0	0	N/A
Communications Equipment Manufacturing	\$6.0	\$0.6	14	\$533.3
Other Professional, Scientific, and Technical Services	\$6.0	\$0.0	7	\$0.0
Other Professional, Scientific, and Technical Services	\$6.0	\$1.0	249	\$6.0
Offices of Other Health Practitioners	\$5.5	\$5.5	300	\$3.5
Navigational, Measuring, Electromedical, and Control Instruments Manufacturing	\$5.4	\$0.0	N/A	N/A
Software Publishers	\$5.1	\$0.0	0	N/A
Basic Chemical Manufacturing	\$5.0	\$0.0	N/A	N/A
Other Miscellaneous Manufacturing	\$5.0	\$0.0	57	\$0.9

Direct Investments— Technology and Growth Companies (by Industry Name)	Amount Invested Since Inception (millions)	Amount Invested in Fiscal Year 2021-22 (millions)	Reported Jobs Created in Fiscal Year 2021-22	Reported Capital Expenditures in Fiscal Year 2021-22 (millions)
Cement and Concrete Product Manufacturing	\$5.0	\$5.0	N/A	\$0.2
Advertising, Public Relations, and Related Services	\$5.0	\$0.0	N/A	N/A
Radio and Television Broadcasting Stations	\$4.9	\$0.0	0	\$0.0
Computer Systems Design and Related Services	\$4.9	<\$0.1	0	N/A
Special Food Services	\$4.8	\$0.0	N/A	N/A
Newspaper, Periodical, Book, and Directory Publishers	\$4.5	\$0.0	N/A	N/A
Travel Arrangement and Reservation Services	\$4.0	\$0.0	N/A	N/A
Soap, Cleaning Compound, and Toilet Preparation Manufacturing	\$4.0	\$4.0	9	\$0.4
Services to Buildings and Dwellings	\$4.0	\$4.0	81	\$0.6
Automotive Repair and Maintenance	\$3.9	\$3.9	N/A	\$0.6
Offices of Dentists	\$3.8	\$0.0	-16	\$4.6
Professional and Commercial Equipment and Supplies Merchant Wholesalers	\$3.8	\$0.0	-3	N/A
Pharmaceutical and Medicine Manufacturing	\$3.6	\$0.0	30	\$6.0
Computer Systems Design and Related Services	\$3.6	\$0.0	0	N/A
Death Care Services	\$3.4	\$0.0	252	\$13.6
Home Health Care Services	\$3.0	\$0.0	N/A	N/A
All Other Telecommunications	\$3.0	\$3.0	342	\$190.0
Nondepository Credit Intermediation	\$2.4	\$0.0	N/A	N/A
Software Publishers	\$2.0	\$0.0	0	N/A
General Merchandise Retailers	\$1.9	\$0.0	39	\$0.5
Other Transportation Equipment Manufacturing	\$1.8	\$1.8	21	\$0.3
Other Amusement and Recreation Industries	\$1.5	\$1.5	5	\$0.7
Advertising, Public Relations, and Related Services	\$1.5	\$0.0	N/A	N/A
Other Professional, Scientific, and Technical Services	\$1.1	\$0.0	0	\$0.0
Total	\$559.6	\$34.5	3,116	\$919.7

Source: OPPAGA analysis of Hamilton Lane and J.P. Morgan Asset Management data.

Exhibit A-2 provides similar information for the 109 private equity funds made since inception; holdings are listed by fund because the companies comprising a fund may be in several industries. Furthermore, OPPAGA received jobs and capital expenditure data from one investment manager by parent fund, not individual funds. The 10 shaded rows at the bottom of this exhibit represent 10 parent funds consisting of 38 individual funds. Many of the 109 individual funds reported creating jobs and making capital expenditures; however, if the individual funds are associated with a parent fund, the jobs and capital expenditures are noted with an asterisk and the count is presented within 1 of 10 parent funds.

Exhibit A-2

As of June 30, 2022, the Florida Growth Fund Program Private Equity Holdings Were \$367.0 Million in 109 Private Equity Funds

Amount Invested Since Inception (millions)	Amount Invested in Fiscal Year 2021-22 (millions)	Reported Jobs Created in Fiscal Year 2021-22	Reported Capital Expenditures in Fiscal Year 2021-22
\$15.02	\$0	*	*
\$15.00	\$0	*	*
\$15.00	\$0	*	*
\$15.00	\$0	*	*
\$11.31	\$0	*	*
\$10.00	\$0	*	*
\$10.00	\$0	0	N/A
\$10.00	\$0	*	*
\$10.00	\$0	1	N/A
\$10.00	\$0	*	*
\$10.00	\$0	*	*
\$7.52	\$0	*	*
\$7.51	\$0	*	*
\$7.50	\$0	*	*
\$7.50	\$0	*	*
\$7.50	\$0	*	*
\$7.50	\$0	*	*
\$7.50	\$0	*	*
\$7.50	\$0	*	*
\$7.50	\$0	*	*
\$7.50	\$0	*	*
\$7.50	\$0	*	*
\$7.50	\$0	*	*
\$7.50	\$0	*	*
\$7.50	\$0	*	*
\$7.50	\$0	-20	N/A
\$7.50	\$0	27	\$5.15
\$7.50	\$0	*	*
\$7.00	\$0	*	*
\$6.80	\$0	*	*
\$6.20	\$0	*	*
\$5.02	\$0	*	*
\$5.00	\$0	0	N/A
\$5.00	\$0	*	*
\$5.00	\$0	*	*
\$5.00	\$0	*	*
\$5.00	\$5.00	*	*
\$5.00	\$0	0	N/A
\$5.00	\$0	*	*
\$5.00	\$0	-9	\$0.69
\$5.00	\$5.00	*	*
\$5.00	\$0	*	*

Amount Invested Since Inception (millions)	Amount Invested in Fiscal Year 2021-22 (millions)	Reported Jobs Created in Fiscal Year 2021-22	Reported Capital Expenditures in Fiscal Year 2021-22
\$4.38	\$0	*	*
\$4.10	\$0	*	*
\$2.50	\$0	*	*
\$2.50	\$2.50	*	*
\$2.34	\$2.34		
\$1.92	\$1.92	6	\$0.15
\$1.73	\$1.73	9	\$0.10
\$1.59	\$0.70		
\$1.49	\$0.37	139	\$0
\$1.44	\$0	*	*
\$1.27	\$0.59	46	\$0.01
\$1.13	\$1.13	-2	\$0.26
\$0.93	\$0		
\$0.93	\$0		
\$0.87	\$0		
\$0.85	\$0.36	75	\$6.15
\$0.80	\$0.12		
\$0.75	\$0.15	3	\$0.05
\$0.71	\$0		
\$0.70	\$0.07		
\$0.68	\$0.68		
\$0.65	\$0.18	3	\$0.03
\$0.60	\$0.60	7	\$0
\$0.55	\$0		
\$0.55	\$0		
\$0.51	\$0.07	5	\$0.20
\$0.50	\$0.20		
\$0.49	\$0.43		
\$0.47	\$0	2	\$0
\$0.47	\$0.41	12	\$0.19
\$0.46	\$0.46		
\$0.46	\$0.42		
\$0.41	\$0.37		
\$0.39	\$0	24	\$0.10
\$0.37	\$0.37		
\$0.36	\$0		
\$0.34	\$0.34	12	\$0
\$0.33	\$0.05		
\$0.33	\$0.33		
\$0.33	\$0		
\$0.32	\$0.28		
\$0.31	\$0.31	3	\$0.06
\$0.31	\$0.31		
\$0.30	\$0	65	\$0.21
\$0.30	\$0		
\$0.30	\$0.30		
\$0.29	\$0.04		
\$0.26	\$0.26		
\$0.26	\$0.23		
\$0.25	\$0.25	4	\$0
\$0.24	\$0.04		
\$0.22	\$0.19	43	\$0.20
\$0.22	\$0.20		

Amount Invested Since Inception (millions)	Amount Invested in Fiscal Year 2021-22 (millions)	Reported Jobs Created in Fiscal Year 2021-22	Reported Capital Expenditures in Fiscal Year 2021-22
\$0.22	\$0.22		
\$0.21	\$0	12	\$0.85
\$0.20	\$0.19		
\$0.20	\$0.20		
\$0.20	\$0.02	13	\$0
\$0.19	\$0.04		
\$0.19	\$0.19		
\$0.17	\$0		
\$0.16	\$0.16		
\$0.16	\$0.16		
\$0.15	\$0.15	110	\$1.87
\$0.15	\$0.15	7	<\$0.01
\$0.07	\$0.07		
\$0.07	\$0.07		
<\$0.01	<\$0.01		
\$0.00	\$0	88	\$0.17
		58	\$0.20
		-40	\$2.77
		245	N/A
		-1	N/A
		168	\$2.48
		150	\$8.01
		0	N/A
		5	\$2.05
		972	\$19.47
		122	\$3.29
\$366.97	\$30.92	2,364	\$54.71

Source: OPPAGA analysis of Hamilton Lane and J.P. Morgan Asset Management data.

APPENDIX B

Florida Growth Fund Program Exited Investments

Florida Growth Fund Program investments that have exited provide investment returns. Since inception, exited investments accounted for \$427.5 million in distributions to the FRS Pension Fund, of which, three investments were exited during the review period (July 1, 2021, through June 30, 2022), accounting for \$26.4 million of that total. Each row of Exhibit B-1 is an individual investment presented by its industry; highlighted rows denote the three investments that were exited during the review period.

Exhibit B-1

Exited Investments Have Distributed \$427.5 Million to the FRS Trust Fund Since Florida Growth Fund Program Inception

Exited Investments (by Industry Name)	Distributions (millions)	Date Exited
Management, Scientific, and Technical Consulting Services	\$49.4	9/30/2014
Special Food Services	\$40.5	10/19/2016
Restaurants and Other Eating Places	\$28.6	7/27/2017
Management, Scientific, and Technical Consulting Services	\$23.5	8/31/2016
Investigation and Security Services	\$22.2	12/5/2018
Outpatient Care Centers	\$21.9	1/7/2021
Basic Chemical Manufacturing	\$21.4	1/7/2016
Building Material and Supplies Dealers	\$20.7	1/11/2021
Waste Treatment and Disposal	\$17.5	10/20/2014
Software Publishers	\$16.7	10/20/2021
Management, Scientific, and Technical Consulting Services	\$15.1	6/11/2021
Newspaper, Periodical, Book, and Directory Publishers	\$14.1	7/9/2013
Specialty Food Retailers	\$14.0	11/18/2019
Other Schools and Instruction	\$14.0	6/19/2020
Software Publishers	\$13.6	6/21/2019
Navigational, Measuring, Electromedical, and Control Instruments Manufacturing	\$13.4	1/13/2016
Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services	\$11.7	2/10/2021
Investigation and Security Services	\$10.8	7/12/2019
Offices of Physicians	\$8.9	6/12/2020
Individual and Family Services	\$8.5	5/9/2017
Advertising, Public Relations, and Related Services	\$7.3	12/28/2012
Death Care Services	\$6.3	9/15/2021
Computer Systems Design and Related Services	\$5.4	9/24/2019
Travel Arrangement and Reservation Services	\$5.3	5/19/2015
Software Publishers	\$4.8	4/2/2018
Other Professional, Scientific, and Technical Services	\$4.2	6/1/2021
Home Health Care Services	\$3.4	12/31/2015
Architectural, Engineering, and Related Services	\$3.4	8/31/2021
Nondepository Credit Intermediation	\$0.7	3/31/2016
Navigational, Measuring, Electromedical, and Control Instruments Manufacturing	\$0.3	3/31/2016
Advertising, Public Relations, and Related Services	<\$0.1	6/30/2016
Total	\$427.5	

Source: OPPAGA analysis of Hamilton Lane data.

APPENDIX C

Agency Response



STATE BOARD OF ADMINISTRATION
OF FLORIDA

1801 HERMITAGE BOULEVARD, SUITE 100
TALLAHASSEE, FLORIDA 32308
(850) 488-4406

POST OFFICE BOX 13300
32317-3300

RON DESANTIS
GOVERNOR
CHAIR

JIMMY PATRONIS
CHIEF FINANCIAL OFFICER

ASHLEY MOODY
ATTORNEY GENERAL

LAMAR TAYLOR
INTERIM EXECUTIVE DIRECTOR &
CHIEF INVESTMENT OFFICER

January 9, 2023

Ms. PK Jameson, Coordinator
Office of Program Policy Analysis & Government
Accountability (OPPAGA)
Claude Pepper Building, Room 312
111 West Madison Street
Tallahassee, Florida 32399-1475

Dear Ms. Jameson:

We have reviewed the preliminary and tentative OPPAGA report titled: *Florida Growth Fund Program Investments Provided More Than \$168 Million in FRS Distributions in Fiscal Year 2021-22*. We have no objection or questions regarding 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 "Lamar Taylor".

E. Lamar Taylor
Interim Executive Director & CIO

ELT/apw

This page is intentionally left blank



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, 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.

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).

Project supervised by Emily Leventhal (850/717-0525)
Project conducted by Tim MacGregor (850/717-0516) and Alex Regalado (850/717-0506)
PK Jameson, Coordinator