



1           (a) "Company" means the Florida Opportunity Fund.

2           (b) "Florida Opportunity Fund Allocation Manager" or

3 "allocation manager" means one or more fund-of-funds

4 investment managers hired by the Florida Opportunity Fund to

5 invest assets of the company in venture capital funds.

6           (3) FLORIDA CAPITAL INVESTMENT ACCOUNT.--

7           (a) The Governor's Office of Tourism, Trade, and

8 Economic Development shall account for the funds separately

9 within the Economic Development Trust Fund created in s.

10 288.095 for moneys transferred under this section. The office

11 shall make all funds available for investment by the State

12 Board of Administration or its investment manager as requested

13 by the State Board of Administration. The State Board of

14 Administration or its designated investment manager shall

15 invest and reinvest the moneys in accordance with s. 215.47

16 and subject to the terms of any trust agreement between the

17 State Board of Administration and the office. Fees and

18 expenses incurred by the State Board of Administration for

19 investing the moneys shall be deducted as provided in a trust

20 agreement. Upon request of the office, the State Board of

21 Administration shall liquidate investments and advance the

22 proceeds to the company as required to fund its investments

23 pursuant to this section as well as its reasonable and

24 necessary operational expenses. The exercise by the State

25 Board of Administration or its designated investment manager

26 of powers conferred by this section shall be deemed and held

27 to be the performance of essential public purposes.

28           (b) The State Board of Administration or its

29 designated investment manager shall invest and reinvest any

30 funds returned to the account by the company in accordance

31 with s. 215.47 and subject to the terms of any trust agreement

1 between the State Board of Administration and the office. The  
2 company shall maintain necessary working capital moneys;  
3 obtain funding from the account for its investments,  
4 reasonable and necessary operating costs, or replenishment of  
5 working capital balances; and return for liquidity investment  
6 any moneys received in excess of its working capital needs.

7 (4) FLORIDA OPPORTUNITY FUND; CREATION; POWERS AND  
8 DUTIES.--

9 (a) Enterprise Florida, Inc., shall organize the  
10 Florida Opportunity Fund as a wholly owned, private,  
11 not-for-profit limited liability Florida company. The Florida  
12 Opportunity Fund is not a public company or instrumentality of  
13 the state.

14 (b) The Florida Opportunity Fund shall be governed by  
15 a board of directors consisting of five members who have  
16 expertise in the area of the selection and supervision of  
17 early-stage investment managers or in the fiduciary management  
18 of investment funds or who have expertise in other areas  
19 considered appropriate by the appointment committee. The vice  
20 chair of Enterprise Florida, Inc., shall select from among its  
21 board of directors a five-person appointment committee to  
22 appoint the company's initial board of directors. After  
23 selection of the initial board of directors, vacancies on the  
24 board of directors shall be filled by appointment by  
25 Enterprise Florida, Inc. The board of directors shall be  
26 appointed to serve terms in accordance with the company's  
27 organizational documents. Members of the board of directors  
28 are subject to any restrictions on conflicts of interest  
29 specified in the organizational documents and may not have an  
30 interest in the Florida Opportunity Fund Allocation Manager or  
31 in any investments made by the company. Members of the board

1 of directors shall serve without compensation, but members,  
2 the president, and staff may be reimbursed for all reasonable,  
3 necessary, and actual expenses, as determined by the board.

4 (c) The company shall have all powers granted under  
5 chapter 608 and may indemnify directors to the broadest extent  
6 permissible under state law. However, the directors and  
7 investment staff shall have a fiduciary duty with respect to  
8 the management of company assets and selection and oversight  
9 of its allocation manager.

10 (d) The company shall select a Florida Opportunity  
11 Fund Allocation Manager who has a demonstrated expertise in  
12 the successful management and fund allocation of investments  
13 in venture capital funds. In selecting a manager, the company  
14 shall consider, among other pertinent factors, each  
15 candidate's level of experience, quality of management,  
16 investment philosophy and process, prior investment fund  
17 results, and potential for achieving the purposes of this  
18 section.

19 (e) The company shall invest on a fund-of-funds basis  
20 in seed and early-stage venture capital funds having  
21 experienced managers or management teams with demonstrated  
22 experience, expertise, and a successful history in the  
23 investment of venture capital funds, focusing on opportunities  
24 in this state. The company may not make direct investments in  
25 individual businesses. While not precluded from investing in  
26 venture capital funds that have investments outside this  
27 state, the company must require a venture capital fund to show  
28 a record of successful investment in this state, to be based  
29 in this state, or to have an office in this state staffed with  
30 a full-time, professional venture investment executive in  
31 order to be eligible for investment. The company may negotiate

1 any and all terms and conditions for its investments,  
2 including the claw back of management fees and other  
3 provisions that maximize investment in seed and early-stage  
4 Florida-based companies.

5 (f) The company may not invest in a venture capital  
6 fund unless that venture capital fund has raised capital from  
7 other sources in an amount at least equal to the investment of  
8 the company, such that the total invested in Florida-based  
9 companies by the receiving venture capital fund totals at  
10 least twice the investment of the company. Investments must be  
11 made in Florida-based companies, including, without  
12 limitation, enterprises in life sciences, information  
13 technology, advanced manufacturing processes, aviation and  
14 aerospace, and homeland security and defense, as well as other  
15 strategic technologies.

16 (5) ANNUAL REPORT.--The company shall submit an annual  
17 report of its activities to the Governor, the President of the  
18 Senate, and the Speaker of the House of Representatives within  
19 3 months after the end of its fiscal year. The annual report  
20 must include a copy of the independent audit of the company  
21 and a valuation of the assets of the company, a review of the  
22 progress of the Florida Opportunity Fund Allocation Manager in  
23 implementing its investment plan, the rate of return, and the  
24 benefits to the state resulting from this program. The annual  
25 report must also include a list of venture capital funds in  
26 which investments were made and the number of Florida  
27 businesses created and their associated industry. The annual  
28 report must include the number of jobs created if such  
29 information is available.

30 Section 2. For the 2006-2007 fiscal year, the sum of  
31 \$300,000 is appropriated from the General Revenue Fund to the

1 Economic Development Trust Fund in the Office of Tourism,  
2 Trade, and Economic Development to be used for start-up  
3 activities necessary to implement this act, including creation  
4 of the Florida Opportunity Fund and the solicitation, and  
5 related due diligence, required for contracting the services  
6 of the Florida Opportunity Fund Allocation Manager.

7 Section 3. For the 2006-2007 fiscal year, the sum of  
8 \$ \_\_\_\_\_ is transferred from nonrecurring moneys in the  
9 General Revenue Fund to the Economic Development Trust Fund in  
10 the Office of Tourism, Trade, and Economic Development for  
11 subsequent investment in the Florida Opportunity Fund as  
12 described in this act. Notwithstanding s. 216.301, Florida  
13 Statutes, and pursuant to s. 216.351, Florida Statutes, any  
14 balance in the account at the end of any fiscal year shall  
15 remain in the account at the end of the year and shall be  
16 available for carrying out the purposes of the account. The  
17 transferred amount and any earnings thereon are appropriated  
18 and may be used for the purposes of this act until July 1,  
19 2020, at which time \$ \_\_\_\_\_ or the balance of funds,  
20 whichever is less, shall be returned to the General Revenue  
21 Fund. The Florida Opportunity Fund shall continue to  
22 administer its investments after July 1, 2020, until such  
23 investments are liquidated. Proceeds from liquidation of  
24 investments and any proceeds in excess of \$ \_\_\_\_\_ may be  
25 retained for continuous reinvestment by the Florida  
26 Opportunity Fund, if an amount of not less than \$ \_\_\_\_\_ has  
27 been returned to the General Revenue Fund on or before July 1,  
28 2020. If at any time the Florida Opportunity Fund dissolves,  
29 all assets of the Florida Opportunity Fund and any funds  
30 remaining for the purpose of this section shall revert to the  
31 General Revenue Fund.

1           Section 4. This act shall take effect July 1, 2006.

2

3                           STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
4   COMMITTEE SUBSTITUTE FOR  
5   Senate Bill 2668

6

6 The committee substitute differs from the bill in the following ways:

7

8 -       Appropriates an unspecified dollar amount from the  
9       General Revenue Fund to be invested by the Florida  
10       Opportunity Fund in private venture capital funds, rather  
11       than providing \$75 million in contingent tax credits as a  
12       source of value for guaranty of return on investment in  
13       the Florida Opportunity Fund.

10

11

11 -       Provides that, on July 1, 2020, the unspecified dollar  
12       amount appropriated to the Economic Development Trust  
13       Fund for purposes of this act must be returned to the  
14       General Revenue Fund and any proceeds in excess of that  
15       amount may be retained for continuous reinvestment by the  
16       Florida Opportunity Fund.

12

13

14

14 -       Creates only one entity, the Florida Opportunity Fund, to  
15       carry out the provisions of the act, rather than creating  
16       three entities, the Florida Capital Investment Trust, the  
17       Florida Opportunity Management Corporation, and the  
18       Florida Opportunity Fund.

15

16

17

17 -       Appropriates \$300,000 rather than \$750,000, to the Office  
18       of Tourism, Trade, and Economic Development to be used  
19       for start-up activities necessary to implement the act.

18

19

20

21

22

23

24

25

26

27

28

29

30

31