



Retirement News Highlights

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Florida terminates BlackRock from \$2 billion because of ESG

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Florida Chief Financial Officer Jimmy Patronis announced the state's Treasury department is terminating BlackRock from the management of \$2 billion in the state's long-duration portfolio and its short-term investment fund.

Mr. Patronis, who sits on the \$217.5 billion Florida State Board of Administration, Tallahassee, along with Gov. Ron DeSantis and Attorney General Ashley Moody, said in a news release Thursday that he is terminating BlackRock due to what he terms as CEO Lawrence Fink's "campaign to change the world" in utilizing environmental, social and governance standards.

"Using our cash, however, to fund BlackRock's social-engineering project isn't something Florida ever signed up for," Mr. Patronis said in the news release. "It's got nothing to do with maximizing returns and is the opposite of what an asset manager is paid to do. Florida's Treasury Division is divesting from BlackRock because they have openly stated they've got other goals than producing returns."

BlackRock managed \$1.4 billion of the state's long-duration portfolio and was the sole manager of the Treasury department's \$600 million short-term investment fund, a cash-sweep vehicle the department uses to assist fixed-income managers in managing their daily cash needs, according to the news release.

BlackRock said in a statement Thursday, that as a fiduciary, everything the firm does is with the "sole goal of driving returns for our clients."

"We are surprised by the Florida CFO's decision given the strong returns BlackRock has delivered to Florida taxpayers over the last five years. Neither the CFO nor his staff have raised any performance concerns," the statement said. "We are disturbed by the emerging trend of political initiatives like this that sacrifice access to high-quality investments and thereby jeopardize returns, which will ultimately hurt Florida's citizens. Fiduciaries should always value performance over politics."

"BlackRock is proud to have invested more than \$65 billion into the Florida economy on behalf of our clients. We also look forward to continuing to invest in and serve our clients in Florida," the statement said.

The Florida State Board of Administration in August passed a resolution that all decisions related to the investment management of the \$170.9 billion Florida Retirement System will not include ESG considerations.

A news release from Mr. DeSantis' office Aug. 24 said the trustees passed the resolution to update the fiduciary duties of the board's investment managers and consultants, and it "clearly defines the factors fiduciaries are to consider in investment decisions and states that ESG considerations will not be included in the state of Florida's pension investment management practices."

BlackRock is currently an underlying manager for the FRS U.S. Enhanced Bond Index Fund and FRS Inflation Sensitive Fund, two white-label investment options offered by the \$12.3 billion Florida Retirement System Investment Plan.

SBA spokeswoman Emilie Oglesby could not be immediately reached for comment.

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