

T H E C A B I N E T
S T A T E O F F L O R I D A

Representing:

DIVISION OF BOND FINANCE

FINANCIAL SERVICES COMMISSION, OFFICE OF
INSURANCE REGULATION

DEPARTMENT OF LAW ENFORCEMENT

ADMINISTRATION COMMISSION

BOARD OF TRUSTEES, SOUTH FLORIDA WATER
MANAGEMENT DISTRICT

BOARD OF TRUSTEES, INTERNAL IMPROVEMENT TRUST FUND

STATE BOARD OF ADMINISTRATION

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Bush
presiding, in the Cabinet Meeting Room, LL-03, The
Capitol, Tallahassee, Florida, on Tuesday, February
14, 2006, commencing at approximately 9:15 a.m.

Reported by:

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Representing the Florida Cabinet:

JEB BUSH
Governor

CHARLES H. BRONSON
Commissioner of Agriculture

CHARLIE CRIST
Attorney General

TOM GALLAGHER
Chief Financial Officer

* * *

I N D E X

DIVISION OF BOND FINANCE
(Presented by BEN WATKINS)

ITEM	ACTION	PAGE
1	Approved	5
2	Approved	5
3	Approved	6
4	Approved	7

FINANCIAL SERVICES COMMISSION, OFFICE OF
INSURANCE REGULATION
(Presented by DON SAXON)

ITEM	ACTION	PAGE
1	Approved	8
2	Approved	8
3	Approved	9
4	Approved	9
5	Accepted	9

DEPARTMENT OF LAW ENFORCEMENT
(Presented by GUY TUNNELL)

ITEM	ACTION	PAGE
1	Approved	10
2	Approved	14
3	Approved	14

ADMINISTRATION COMMISSION
(Presented by TERESA TINKER)

ITEM	ACTION	PAGE
1	Approved	16
2	Approved	32

CONTINUED INDEX

BOARD OF TRUSTEES, SOUTH FLORIDA
 WATER MANAGEMENT DISTRICT
 (Presented by BOB BROWN)

ITEM	ACTION	PAGE
1	Approved	33
2	Deferred	33
3	Approved	34

BOARD OF TRUSTEES, INTERNAL IMPROVEMENT TRUST FUND
 (Presented by COLLEEN CASTILLE)

ITEM	ACTION	PAGE
1	Approved	35
2	Approved	36
3	Approved	38
4	Approved	39
5	Approved	44
6	Approved	47
7	Approved	48

STATE BOARD OF ADMINISTRATION
 (Presented by COLEMAN STIPANOVICH)

ITEM	ACTION	PAGE
1	Approved	49
2	Approved	49
3	Approved	49
4	Approved	50
CERTIFICATE OF REPORTER		51

1 P R O C E E D I N G S

2 (The agenda items commenced at 9:42 a.m.)

3 GOVERNOR BUSH: Division of Bond Finance.

4 CFO GALLAGHER: Motion on the minutes.

5 GOVERNOR BUSH: Dr. Watkins.

6 MR. WATKINS: Good morning, Governor.

7 GOVERNOR BUSH: How are you doing? There's

8 a motion on Item 1.

9 ATTORNEY GENERAL CRIST: Second.

10 GOVERNOR BUSH: And a second. Without

11 objection, the item passes.

12 GOVERNOR BUSH: Item 2.

13 MR. WATKINS: Item 2 is a resolution

14 authorizing the competitive sale of up to

15 200 million in Lottery Revenue Bonds and the

16 issuance and competitive sale of 67 million in

17 Lottery Refunding Bonds.

18 CFO GALLAGHER: Motion on 2.

19 COMMISSIONER BRONSON: Second.

20 GOVERNOR BUSH: There's a motion and a

21 second. Without objection, the item passes.

22 MR. WATKINS: Item number 3 is a resolution

23 authorizing the solicitation of proposals for a

24 master equipment financing program administered

25 through the CFO's office for the consolidated

1 lease-purchasing of equipment in the state.

2 CFO GALLAGHER: Motion on 3.

3 COMMISSIONER BRONSON: Second.

4 GOVERNOR BUSH: There's a motion and a
5 second. Without objection, the item passes.

6 MR. WATKINS: And item number 4 is a report
7 of award of the negotiated sale of 100 million in
8 Everglades Restoration Bonds.

9 There are two firsts involved in this
10 particular transaction. It's the first time
11 we've financed the State's contribution to
12 Everglades restoration; and secondly, it's the
13 first time we've incurred variable rate debt.

14 So the bonds were priced initially at
15 3.08 percent, and we are working with the
16 Legislature to ascend the lien status of this
17 particular program to be on a parity with our
18 existing environmental program, the P2000 and
19 Florida Forever programs, because documentary
20 stamp taxes will support this because of the
21 growth in doc stamp taxes and using cash in lieu
22 of bonding for the environmental programs.

23 CFO GALLAGHER: Motion on 4.

24 ATTORNEY GENERAL CRIST: Second.

25 GOVERNOR BUSH: There's a motion and a

1 second. Without objection, the item passes.

2 MR. WATKINS: Thank you, sir.

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1 GOVERNOR BUSH: Financial Services
2 Commission, Office of Financial Regulation. Don,
3 how are you doing?

4 MR. SAXON: Good morning, Governor and
5 members of the Cabinet. I have several action
6 items today.

7 Item 1, adoption of amendments to Rule
8 69W-301.002.

9 CFO GALLAGHER: Motion on 1.

10 COMMISSIONER BRONSON: Second.

11 GOVERNOR BUSH: There's a motion and a
12 second. Without objection, the item passes.

13 MR. SAXON: Adoption of amendments to Rule
14 69W-600.001, .002, .004, .007, .008, .0092, and
15 .0093.

16 CFO GALLAGHER: Motion on 2.

17 COMMISSIONER BRONSON: Second.

18 GOVERNOR BUSH: There's a motion and a
19 second. Without objection, the item passes.

20 MR. SAXON: We're also asking for the
21 approval of publication in the Florida
22 Administrative Weekly a notice of proposed
23 rulemaking for Rule 69W-600.013.

24 CFO GALLAGHER: Motion on 3.

25 COMMISSIONER BRONSON: Second.

1 GOVERNOR BUSH: There's a motion on 3 and a
2 second. Without objection, the item passes.

3 MR. SAXON: And we would also ask approval
4 for publication in the Florida Administrative
5 Weekly of a notice of proposed rulemaking for
6 Rule 69W-600.0131.

7 CFO GALLAGHER: Motion on 4.

8 COMMISSIONER BRONSON: Second.

9 GOVERNOR BUSH: There's a motion on 4 and a
10 second. Without objection, the item passes.

11 MR. SAXON: Also, 69W-600.132.

12 CFO GALLAGHER: That was included in 4.

13 MR. SAXON: Well, there's three separate
14 rules. I wanted to make sure we covered them.

15 CFO GALLAGHER: They're all included in 4.

16 GOVERNOR BUSH: They're all included in 4.

17 MR. SAXON: And lastly, for your
18 information, we've included a copy of the
19 quarterly report for information purposes.

20 CFO GALLAGHER: Motion to accept the report.

21 COMMISSIONER BRONSON: Second.

22 GOVERNOR BUSH: There's a motion to accept
23 the report and a second. Without objection, it
24 is accepted.

25 MR. SAXON: Thank you, sir.

1 GOVERNOR BUSH: Florida Department of Law
2 Enforcement.

3 CFO GALLAGHER: Motion on the minutes of
4 November 22nd.

5 COMMISSIONER BRONSON: Second.

6 GOVERNOR BUSH: There's a motion and a
7 second. Without objection, Item 1 passes.

8 Item 2.

9 MR. TUNNELL: Good morning Governor and
10 members of the Cabinet.

11 GOVERNOR BUSH: Commissioner Tunnell, good
12 morning.

13 MR. TUNNELL: I think if I waited a little
14 longer, you would be through and I could sit back
15 down again.

16 GOVERNOR BUSH: No, we've got some good
17 stuff coming up for the Board of Trustees if
18 you're interested.

19 MR. TUNNELL: Item number 2 is our second
20 quarterly performance report and our contracts,
21 agreements, and purchases over \$100,000 for the
22 same period.

23 A few notes. Overall, we are on track. I
24 did want to briefly mention a few highlights. I
25 talked at the last Cabinet meeting about our 20

1 new scientists. They're now on board in our
2 crime labs. They'll be training for the next 10
3 to 12 months. These certainly are much needed
4 resources to add to our growing demand for
5 forensic analysis. Once out of training, we
6 expect that these additional positions and
7 personnel should help us make a consider dent in
8 our turnaround times.

9 As you can see, the volume of requests that
10 we've received thus far this year is very high.
11 We have some 39,000-plus as we reach the midyear
12 point. I would like to add that that is
13 10 percent higher than last year at this time.
14 We are also performing at a rate of about
15 4 percent above last year's figures, so we are
16 seeing some progress.

17 But in addition to these 20, we have 20 more
18 in training, new hires due to retirements and
19 separations. So we're still in that role of
20 catch-up, but we see some light at the end of the
21 tunnel.

22 On the investigative side of the house, in
23 November our child abduction response teams again
24 put Florida in the spotlight. These teams were
25 selected to be a national training model by the

1 Department of Justice, quite a credit for those
2 people involved in our CART process.

3 We're also working now very quickly to try
4 to implement the provisions of the new slot
5 machine gaming bill. Law enforcement duties for
6 those casinos will fall with local law
7 enforcement and to FDLE. We are in the process
8 of hiring 39 new positions that will help us
9 fulfill this new responsibility, and certainly
10 we're entering it with a bit of excitement, not
11 knowing what to expect. The bulk of these new
12 positions will be located in South Florida,
13 certainly, and will primarily be sworn and
14 investigative personnel, as well as a small
15 number for intelligence analysis.

16 CFO GALLAGHER: Commissioner, let me ask you
17 a question.

18 MR. TUNNELL: Yes, sir.

19 CFO GALLAGHER: On the gaming enforcement,
20 are we going to bring in some expertise from
21 Nevada or something that knows what they're doing
22 in this area?

23 MR. TUNNELL: Well, we haven't gone out
24 west. We've gone up north. We have folks coming
25 down in this next month to present --

1 CFO GALLAGHER: Atlantic City?

2 MR. TUNNELL: New York City. And they're
3 meeting -- I'm sorry. The State of New York and
4 I think New Jersey are helping us put on a
5 training seminar in the next -- I think next
6 month for law enforcement as well as prosecution
7 and those folks that are going to be involved in
8 this gaming issue down in South Florida. It's
9 imminent, the training session. I don't have the
10 exact dates, but we are -- and we've been plugged
11 in with those folks throughout this process.
12 They wish us well.

13 CFO GALLAGHER: I'm sure they do. Also, I
14 want to congratulate you on keeping these hires
15 going and getting the lab ahead, because I know
16 it's been a major stress.

17 MR. TUNNELL: Oh, it really has. You know,
18 we talk about the hurricanes over and over again.
19 Certainly that has had an impact, particularly
20 when we lost one of our entire crime labs. Just
21 shutting that down and setting up a temporary
22 facility with limited services available, and
23 then trying to get prepared to move into the new
24 one, it's a real challenge for us. Plus we went
25 through our accreditation process this past year,

1 as you know, so that in and of itself was a
2 pretty big hurdle to overcome, but we're getting
3 there. I'm proud of the folks. Thank you very
4 much. I'll pass that on to them.

5 CFO GALLAGHER: I'll move to approve the
6 report.

7 ATTORNEY GENERAL CRIST: Second.

8 GOVERNOR BUSH: There's a motion and a
9 second. Without objection, the report is
10 approved. Item 2 is approved.

11 MR. TUNNELL: Our third item, we
12 respectfully submit rules for final adoption.
13 The bulk of these proposed rules relate to
14 officer standards and training. They include
15 changes recommended by the Commission relating to
16 the transition to the new curriculum, the
17 addition of an active officer firearm
18 qualification standard, revisions to the moral
19 character offenses, and some housekeeping
20 changes.

21 CFO GALLAGHER: Motion on 3.

22 ATTORNEY GENERAL CRIST: Second.

23 GOVERNOR BUSH: There's a motion and a
24 second. Without objection, the item passes.

25 MR. TUNNELL: Thank you very much.

1 GOVERNOR BUSH: Thank you, Guy.

2 MR. TUNNELL: Thanks for receiving my
3 report. We appreciate it.

4 GOVERNOR BUSH: Thank you very much.

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1 GOVERNOR BUSH: Administration Commission.

2 CFO GALLAGHER: Motion on the minutes from
3 January 31st.

4 COMMISSIONER BRONSON: Second.

5 GOVERNOR BUSH: There's a motion and a
6 second. Without objection, the item passes.

7 Item 2.

8 MS. TINKER: Item 2 is the thirty-second
9 annual report and annual performance contract
10 submitted by the Division of Administrative
11 Hearings. Executive Director and Chief Judge Bob
12 Cohen will speak to the report and the
13 performance contract.

14 GOVERNOR BUSH: Good morning, Bob. How are
15 you doing?

16 MR. COHEN: Fine, Governor. How are you?

17 CFO GALLAGHER: This is first time you've
18 been here since you started, isn't it?

19 GOVERNOR BUSH: Second.

20 MR. COHEN: No, it's the second. It's not
21 always easy to get here.

22 GOVERNOR BUSH: Come back more often.

23 MR. COHEN: Anytime.

24 GOVERNOR BUSH: I believe you should
25 probably come, like, in all seriousness, maybe

1 twice a year rather than once a year, if that's
2 okay.

3 MR. COHEN: I would like that very much.

4 CFO GALLAGHER: It's good to hear how things
5 are going, keep things moving.

6 GOVERNOR BUSH: So what's happening?

7 MR. COHEN: Well, good morning, everyone.

8 This year was one of both changes and
9 improvements in the way DOAH conducts its
10 business. First of all, office automation, and
11 we've talked about this in the past, but we've
12 had a lot of improvements to the electronic
13 filing program. In 2004, we first launched the
14 electronic filing for the OJCC, the Office of
15 Judges of Compensation Claims, and for the
16 Adjudication of Disputes program. In October of
17 2005, we launched ACCESS, which is the second
18 version of the electronic filing. This allows
19 Florida Bar members to view a list of pending
20 cases, request subpoenas, update their profile
21 information, and file pleadings in active cases.
22 This year we're adding a dedicated login for
23 agency general counsels which will provide access
24 to all active cases for the agency in one place,
25 allow the agencies to file the initial pleadings

1 electronically instead of by hand as they do now,
2 and will also give a dedicated server to support
3 the electronic issuance of orders from the ALJs
4 to the agencies so they'll have them immediately
5 upon them being entered.

6 The Office of Judges of Compensation Claims
7 in 2005 upgraded and now has most of the
8 functionality of the ACCESS program like we have
9 on the Adjudication of Disputes side. This year,
10 2006, we will launch the eJCC application and
11 enhance it to ensure the electronic service of
12 all orders. And then once the First District
13 Court of Appeal gets online with their electronic
14 filing, we'll be able to transmit the actual
15 records on appeal directly from us to the court
16 instead of going through the whole manual
17 process, which takes a lot of time and effort
18 now.

19 We're furthering the expansion of our
20 contract work for non-state agencies, water
21 management districts, school boards, cities, and
22 counties around the state who need adjudication
23 of their local disputes. We have had a slight
24 increase this past year in agency referrals. We
25 had about a 2 percent increase this year in the

1 number of matters that were referred over to
2 DOAH, and we really haven't noticed any issues in
3 terms of personnel and problems there. We're not
4 looking for any money or additional people to
5 handle the adjudication of disputes.

6 On the workers' comp side -- I know everyone
7 is interested in that -- the 2003 amendments to
8 Chapter 440 are really in full swing now. There
9 are far fewer petitions for benefits being filed.
10 The number was only 107,000 this past year.
11 That's way down from about 155 or so thousand in
12 the previous years.

13 The interesting thing, though, is that the
14 -- two things. One, the medical-only cases,
15 which were really targeted in those 2003
16 amendments, the simple cases appear to be
17 settling and not being filed, which is a good
18 thing. They don't even get into our system.
19 They're gone before we even know about them.

20 The complex cases, however, where there's
21 temporary total disability or permanent total
22 disability issues, are still coming, and those
23 are still going to hearing at a slightly lower
24 rate, but still a comparable rate to where it has
25 been in the past. So the judges are still -- at

1 least the judges now are focusing on the more
2 complex cases and not all these run-of-the-mill
3 type cases that don't need to be there before
4 them anyway.

5 GOVERNOR BUSH: Bob, do you measure the
6 workload per judge, and are there performance
7 criteria that you can nudge them along if --

8 MR. COHEN: Absolutely, Governor. In fact,
9 the targeted district for this year -- and we're
10 in kind of an interim period right now, because
11 we have an interim deputy chief judge of
12 compensation claims, because our former deputy
13 chief was appointed by Your Honor to the
14 Thirteenth Circuit.

15 So we are in that interim period, but even
16 so, we are working on the Miami office. The
17 Miami district is the one that has had the most
18 issues in terms of getting the cases through.
19 And it's not because the caseload is heavier
20 there. It's not because the judges there are
21 less experienced or less qualified to handle the
22 caseload. We really identified some physical
23 plant issues, some of which we've been able to
24 correct in the plant, and others of which may
25 force us to look at a better space arrangement or

1 a better configuration of the office.

2 But for some reason, the Miami office still
3 runs behind the other districts. Broward, Palm
4 Beach, no problems in terms of scheduling
5 hearings and getting cases to hearing, but Miami
6 is still behind the curve, so that's really our
7 focus this year.

8 GOVERNOR BUSH: But do you have a -- is
9 there an intellectually honest, valuable means of
10 measuring each judge's workload?

11 MR. COHEN: Well, I think, Governor, what we
12 can measure is the time it takes to get from the
13 filing of the petition until the final order is
14 issued by the judge. And that really -- that
15 seems to be the most objective --

16 GOVERNOR BUSH: So you can measure that?

17 MR. COHEN: -- measure for us. And we do
18 that. We have that, and that's part of our
19 report.

20 Miami is a little slower than the other
21 districts, and that brings it down statewide.
22 But we still meet our performance standards.
23 We're well under our performance standards in
24 terms of those days.

25 CFO GALLAGHER: How many work comp judges do

1 we have in Miami?

2 MR. COHEN: In Miami, five.

3 CFO GALLAGHER: Well, I wanted to go sit in
4 on a hearing once, and I picked Miami because I
5 figured they were the busiest. And not only were
6 there no hearings, there were no judges. You
7 know, I didn't know they did much out of the
8 office work, but nobody was there.

9 MR. COHEN: Well, I've heard that anecdote
10 before, Mr. Treasurer, and I know it was before
11 my time there. As far as -- whenever I go down
12 there, they're in the office and working.

13 CFO GALLAGHER: It was before your time.

14 MR. COHEN: I mean, I certainly don't know
15 what time that was when they weren't in the
16 office and working, but --

17 CFO GALLAGHER: It wasn't lunch time.

18 MR. COHEN: -- they are working. It was
19 lunch time?

20 CFO GALLAGHER: It was not lunch time.

21 MR. COHEN: It was not lunch time. Well,
22 this year --

23 GOVERNOR BUSH: As long as the trend lines
24 are showing improvement in terms of just the
25 process, because the uncertainty and the delays

1 don't benefit the worker, and they don't benefit
2 the business. They only, frankly, benefit the
3 intermediaries. And the workers' comp system
4 ought to be about workers and the businesses that
5 hire them than the lawyers and the doctors and
6 everybody else in between.

7 And I think we've made pretty good progress,
8 and the net result is that there's been some
9 dramatic decreases in premium. But your part of
10 the responsibility -- and I think there has been
11 improvement across the state -- is to continue to
12 make sure there's access to justice, but it
13 shouldn't be delayed and denied by just
14 inefficiency.

15 MR. COHEN: Absolutely. Our number one goal
16 is getting the benefits that are appropriately --
17 should be appropriately paid to claimants into
18 their hands as quickly as possible.

19 GOVERNOR BUSH: Exactly.

20 MR. COHEN: The statutory standard is 210
21 days. Our statewide standard is -- our
22 performance is 136 days. That's from the date of
23 filing the petition till the day that they go to
24 hearing.

25 GOVERNOR BUSH: What's the percentage of

1 cases that you achieve that?

2 MR. COHEN: The percentage of cases on that?
3 Well, let's see.

4 GOVERNOR BUSH: That you get over -- that
5 you get less than 136 days.

6 MR. COHEN: That is -- 86 percent of our
7 mediations get there within 130 days. That's the
8 first standard. About half of the cases are
9 actually getting their final order within 240
10 days.

11 CFO GALLAGHER: Well, you know, I hate to
12 say it, but that to me -- when you're talking
13 about an injured worker trying to get his
14 benefits and it taking that long for a final
15 adjudication, it's just -- I don't know what's
16 wrong. I mean, we don't have enough judges? Are
17 we giving everybody too much time to come up with
18 their side of the story? Why does it take so
19 long?

20 MR. COHEN: Well, Mr. Treasurer, you can see
21 this in the state court system too. Just because
22 we want to set the case within 210 days doesn't
23 mean the parties want to go to their hearing
24 within that time period. Sometimes -- more than
25 sometimes. Frequently they're close to the

1 hearing, they require some additional medical
2 benefits, so they're not ready for a hearing
3 then, and the hearing is continued. That's a
4 common occurrence. You're dealing with people in
5 these hearings who -- many of whom have severe
6 injuries. So there are a lot of delays.

7 What we can take out of the system is any
8 delays being created by judges not being able to
9 schedule the cases. We've gone to auto
10 scheduling of the mediations. At the time they
11 file the petition for benefits, they get a card
12 with their mediation schedule. That's done. So
13 none of this we want to schedule when and --

14 CFO GALLAGHER: Scheduled how far out?

15 MR. COHEN: Well, within the 130-day period.

16 CFO GALLAGHER: Yes, but think about that.
17 You've got two parties ready for mediation, and
18 they're going to have 130 days before it happens?

19 MR. COHEN: If they were ready for
20 mediation, they could have mediation in a week.
21 But they're not ready for mediation, because when
22 they file this petition, this is because -- all
23 that has happened is that the carrier has denied
24 payment of the benefit. They file the petition,
25 and then it comes into the system. This person

1 is still -- they still have to meet with experts,
2 have to have an independent medical examination.
3 Sometimes they have to bring in an expert medical
4 adviser to review the case. So there are still a
5 lots of steps. So that 130 days pushes -- it
6 really pushes the parties to get to mediation.

7 CFO GALLAGHER: Now, are you tracking the
8 carriers that you're handling on these denials
9 that come through as cases?

10 MR. COHEN: Really, the only mechanism we
11 have for tracking the carriers is as to how much
12 they pay in attorney's fees. We don't have a
13 mechanism that has been given to us, a statutory
14 mechanism for us to track the carriers and see
15 where these cases are going. Really, a lot of
16 this is anecdotal from talking to representatives
17 of the major carriers in terms of what the change
18 is --

19 CFO GALLAGHER: Well, I think we're tracking
20 it at the Division of Workers' Comp, and we're
21 going to start making some of these things
22 public. You know, there may well be certain
23 carriers that -- they have a propensity to deny
24 everything on the front end, which builds up your
25 workforce. And I guess they take a look over the

1 130 days or whatever and figure, "Okay. Well,
2 we're going to get busted on this one, so we
3 better pay it," as opposed to, you know, it's a
4 legitimate case, pay it. And when there's one
5 that they don't think is legitimate, those are
6 the ones that ought to be, you know, coming into
7 your jurisdiction.

8 MR. COHEN: Well, we know if it weren't for
9 the mediation program, if there weren't state
10 required mediation, that -- because half the
11 cases are settling at mediation or immediately
12 before mediation when they cancel it because
13 they've resolved it. So at least half the cases
14 have gone away. If those half didn't settle,
15 then we would be talking about a severe workload
16 issue.

17 But if anything, what we're working for is
18 to help the mediators, give them more tools to
19 have more time to mediate, because a lot of these
20 mediations are set in 30-minutes increments, and
21 that's not a lot of time to mediate.

22 CFO GALLAGHER: Are these mediations --
23 they're not done by your judges? These are
24 outside mediators?

25 MR. COHEN: For every JCC, there is a

1 mediator, a state mediator. So we have 35 JCCs
2 and 35 state mediators. Also, if the parties
3 choose to, and it's at the expense of the
4 carrier, they can go to private mediation instead
5 of that. If they want to go quicker or if for
6 some reason they want private mediation instead
7 of the state mediator, if they think they need
8 more time than we can allot --

9 CFO GALLAGHER: Are these mediators
10 full-time state employees?

11 MR. COHEN: They are full-time.

12 CFO GALLAGHER: Okay. Just for what it's
13 worth, the system is moving in the right
14 direction. You know, it's always a pendulum in
15 workers' comp. It's either moving in the wrong
16 direction or the right direction. And prior to
17 this year, after Senate Bill 50A, we saw a
18 22 percent savings for our employers. January
19 1st, another 13 and a half. So we've basically
20 seen a \$1 billion savings over three years from
21 the -- that employers don't have to pay. It's a
22 billion dollars less. So we're moving definitely
23 in the right direction on our workers' comp
24 costs. And, of course, what you all do is
25 important to that whole end.

1 MR. COHEN: Thank you. The only other
2 things I'll mention is, we have been engaged in
3 the rulemaking process on the workers' comp side
4 for the past year. We have developed -- we
5 appointed a committee made up of judges,
6 claimant's attorneys, defense attorneys, and an
7 adjuster, and we have developed a set of rules.
8 These are amendments to the existing rules which
9 we think will help streamline the process, which
10 incorporate some forms into the process to try
11 and maintain some consistency.

12 One of the things I inherited was a system
13 where you could go to Miami and things are
14 handled one way, and you go to Fort Myers and
15 things are handled a different way. We're
16 getting away from that. We have uniform rules
17 that are in place. So if a lawyer from Miami has
18 a case that ends up in Fort Myers, they can walk
19 in there and it's not -- they're not supposed to
20 wear a clown suit that day.

21 And those rules are in the process now where
22 they are ready for -- they'll be published within
23 the next couple of weeks, and they'll actually be
24 in front of JAPC and moving on through the
25 process.

1 We also had an attack on the integrity of
2 some of our JCCs this year. There were some
3 complaints filed against our deputy chief judge
4 as well as some judges who were up for
5 reappointment. And these attacks all led to
6 internal investigations being done, as I'm
7 required to by statute, and findings being made.
8 In some cases, we actually took depositions of
9 these lawyers who made these allegations and
10 found that they were all really sour grapes type
11 of allegations against judges. They didn't like
12 the ruling, they didn't appeal it, so let's try
13 this approach. It's a less expensive approach to
14 file a complaint with DOAH and see where it goes.
15 But we've stood behind our judges, and all those
16 judges who were under the gun were either
17 reappointed or are waiting to hear from the
18 Governor's Office on their reappointments.

19 Well, I've been honored to serve as director
20 of DOAH this past year and hope to continue our
21 good work in the future and make the process and
22 system even better.

23 GOVERNOR BUSH: Thanks, Bob.

24 CFO GALLAGHER: Well, I know that you would
25 like to eliminate some of these performance

1 measures that you've marked little deletes on in
2 your report, and I understand why, because you
3 don't have direct control over some of these
4 issues. But I think it's important that we get
5 to see those issues, you know, like the number of
6 final merit hearings held and lump sum settlement
7 orders. Even though that's not something that
8 you running your office have a lot of direct
9 control over, I think those numbers are important
10 for us to see.

11 MR. COHEN: And we agree they're important
12 numbers. It's just that it's hard to call
13 something a performance standard when it's really
14 -- for example, petitions for benefits filed, I
15 think we exceeded that standard, because we had
16 fewer petitions filed this year, thanks to a
17 statutory change. But it looks like we didn't
18 meet our goal of having 147,000, whatever that
19 number was, petitions. We had far fewer this
20 year, which is a good thing, because people are
21 still getting injured, and hopefully they're
22 still getting paid the benefits.

23 GOVERNOR BUSH: I think if you want to call
24 them something different, the ones you're
25 proposing to delete, but still provide them to

1 us, call them benchmarks or something. I don't
2 know. You can call them whatever you want. But
3 I think the treasurer's point is a good one, that
4 we want to just follow this, and we appreciate
5 the progress that has been made. And the billion
6 dollars, that's real money. It starts adding up
7 after a while.

8 And this is not at the expense of workers.
9 Again, this is reforming the system so the
10 intermediaries by and large aren't the organizing
11 principle for a very important program for a lot
12 of people when they need it.

13 Any questions?

14 CFO GALLAGHER: I'll move to approve the --

15 COMMISSIONER BRONSON: Second.

16 ATTORNEY GENERAL CRIST: Second.

17 GOVERNOR BUSH: There's a motion and a
18 second. Without objection, the item passes.
19 Thank you Bob.

20 MR. COHEN: Thank you.

21 GOVERNOR BUSH: We'll see you in about six
22 months. How about that?

23 MR. COHEN: Okay. Very good.

24

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1 GOVERNOR BUSH: Board of Trustees, South
2 Florida Water Management District.

3 CFO GALLAGHER: Motion on the minutes from
4 October 28th, '03.

5 COMMISSIONER BRONSON: Second.

6 GOVERNOR BUSH: There's a motion and a
7 second. Without objection, the item passes.

8 Good morning.

9 MR. BROWN: Good morning. It's a pleasure
10 to be here, Governor and members of the Cabinet.
11 I'm Bob Brown. I'm director of regulation with
12 the South Florida Water Management District.

13 Item 2, a request has been made of the
14 applicant to defer this project indefinitely.
15 Some issues have been raised between the Fish and
16 Wildlife Commission and local government that --

17 CFO GALLAGHER: Motion to defer Item 2.

18 MR. BROWN: Thank you.

19 COMMISSIONER BRONSON: Second.

20 GOVERNOR BUSH: There's a motion to defer
21 and a second. Without objection, the item is
22 deferred.

23 MR. BROWN: And our third item today is a
24 request for modification of three existing leases
25 in Martin County.

1 CFO GALLAGHER: Any speakers on that?

2 GOVERNOR BUSH: No speakers?

3 CFO GALLAGHER: Motion on 3.

4 COMMISSIONER BRONSON: Second.

5 GOVERNOR BUSH: There's a motion and a
6 second. Any conversation? No speakers? Without
7 objection, the item passes.

8 MR. BROWN: Thank you very much.

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1 MS. CASTILLE: Good morning. Board of
2 Trustees of the Internal Improvement Trust Fund.

3 GOVERNOR BUSH: Thank you, Colleen.

4 MS. CASTILLE: Item 1.

5 CFO GALLAGHER: Motion on the minutes from
6 December 31st.

7 COMMISSIONER BRONSON: Second.

8 GOVERNOR BUSH: There's a motion and a
9 second. Without objection, Item 1 passes.

10 MS. CASTILLE: Item 2 is confirmation of the
11 Department of Environmental Protection
12 representative for sanctuary oversight. There's
13 a co-management agreement that we have with the
14 Federal Government on the Florida Keys Marine
15 Sanctuary. The request is to permanently confirm
16 the position of the director of the Office of
17 Coastal and Aquatic Managed Areas to be that
18 representative.

19 But I would like to take a moment to
20 introduce Stephanie Bailenson, who is new to us
21 in the Office of Coastal and Aquatic Managed
22 Areas. And Stephanie worked with us when she was
23 at NOAA as the senior policy adviser to Vice
24 Admiral Lawton Parker, and so she had taken Kathy
25 Andrews' place.

1 GOVERNOR BUSH: Good morning, Stephanie.

2 MS. BAILENSON: Good morning. I'm thrilled
3 to be here. My background is in marine biology,
4 but I've spent the last eight years in the
5 Federal Government working on issues related to
6 the National Marine Sanctuaries, so I was pleased
7 to come down to Florida and work for the best
8 sanctuary in the system.

9 GOVERNOR BUSH: Where are you based? Where
10 will you be based?

11 MS. BAILENSON: I'll be in Tallahassee. I
12 know. I know.

13 MS. CASTILLE: It's a position that travels
14 a lot.

15 GOVERNOR BUSH: Well, once you get settled
16 in, I recommend going to Paradise.

17 MS. BAILENSON: I'm going next week.

18 GOVERNOR BUSH: If you can afford it.

19 CFO GALLAGHER: Motion on 2.

20 COMMISSIONER BRONSON: Second.

21 ATTORNEY GENERAL CRIST: Second.

22 GOVERNOR BUSH: There's a motion and a
23 second. Without objection, the item passes.

24 Thank you, Stephanie. Thank you, Colleen.

25 MS. CASTILLE: Thank you. Item 3 is the

1 St. Lucie Marine Marina, which is a recommended
2 consolidated intent, and it's consideration of a
3 ten-year sovereignty submerged land lease for a
4 new 100-slip commercial marina and the
5 authorization to dredge 24,000-plus cubic yards
6 of sovereignty material.

7 CFO GALLAGHER: Motion on 3.

8 COMMISSIONER BRONSON: Second.

9 GOVERNOR BUSH: There's a motion and a
10 second. No speakers?

11 MS. CASTILLE: It's consistent with the
12 Martin County manatee plan, and there's also no
13 seagrasses that are being dredged.

14 GOVERNOR BUSH: Okay. I just -- I'm still
15 haunted by the Cabinet meeting several times ago
16 where people wanted to speak and I blew right by
17 them. It wasn't in your subject area. So I'm --
18 it looks like there are a lot of people here for
19 something no one wants to talk about.

20 Okay. There's a motion and a second.
21 Without objection --

22 COMMISSIONER BRONSON: There must be a real
23 big one coming up.

24 GOVERNOR BUSH: I guess.

25 MS. CASTILLE: Item 4 is --

1 GOVERNOR BUSH: Wait a second. The motion
2 passes.

3 MS. CASTILLE: Item 4 is the 2006 Florida
4 Forever annual report/priority list. The annual
5 report includes the priority list for the
6 acquisition of projects which have been approved
7 by the Acquisition and Restoration Council. ARC
8 has recommended the removal of two projects
9 because they are complete, Letchworth mounds and
10 the Searcy Estate.

11 GOVERNOR BUSH: Well, why would you mention
12 that? We sold it, or we paid for it, we bought
13 it.

14 CFO GALLAGHER: Well, that's why you remove
15 it. It's automatically removed.

16 MS. CASTILLE: That's why we're removing it.

17 GOVERNOR BUSH: You're rubbing it in when
18 you keep bringing that up.

19 CFO GALLAGHER: You got it.

20 MS. CASTILLE: We're amending the boundaries
21 of the Yellow River Ravines project. We moved
22 the Pine Island Slough Ecosystem project from
23 Group A to Group B because of unwilling sellers.
24 And we moved one project, Pumpkin Hill Creek, and
25 phase 1 of the Clear Creek/Whiting Field project

1 from Group B to Group A because of willing
2 sellers.

3 GOVERNOR BUSH: Any discussion?

4 CFO GALLAGHER: Motion on 4 -- or 3.

5 COMMISSIONER BRONSON: Second.

6 MS. CASTILLE: Four.

7 CFO GALLAGHER: Four. I'm sorry. Motion on
8 4.

9 GOVERNOR BUSH: There's a motion and a
10 second. No one wants to speak? Without
11 objection, the item passes.

12 CFO GALLAGHER: Now that it's done, I think
13 everybody knows what the parameters are on Harris
14 School.

15 MS. CASTILLE: Yes, sir, they do. They are
16 very clear on that.

17 CFO GALLAGHER: Good. Thank you.

18 MS. CASTILLE: And we're trying to make sure
19 that --

20 GOVERNOR BUSH: And even then, you know,
21 life goes on. At some point we move on. We've
22 got huge opportunities that come our way, and
23 unfortunately rising land prices. So I would
24 suggest to you that the Harris School does not
25 meet the conservation criteria that many other

1 worthy properties do. It's just -- over time, my
2 views have become hardened on that subject. I'm
3 willing to keep an open mind, though, barely.

4 MS. CASTILLE: Okay. I'm glad to hear that.

5 CFO GALLAGHER: Hint, hint, hint, School
6 Board in Monroe County.

7 MS. CASTILLE: Well, should I talk about it
8 now, since we've all sort of talked about it just
9 a little bit behind the scenes, and I said I was
10 going to give you a briefing? Let me just tell
11 you where we are right now.

12 The Harris School is a historic building.
13 You know, history in Florida is not always as
14 long as we would like it to be. Yesterday,
15 Governor, we had the opportunity --

16 GOVERNOR BUSH: Yeah, yeah, yeah.

17 MS. CASTILLE: -- to be at Fort Mose for a
18 groundbreaking of the first --

19 GOVERNOR BUSH: Did you use Florida Forever
20 money to purchase that property?

21 MS. CASTILLE: It was joint Florida Forever
22 money and Florida --

23 GOVERNOR BUSH: State park?

24 MS. CASTILLE: State park. It is a state
25 park, yes. And we're using state park money to

1 build the visitor's center as well.

2 GOVERNOR BUSH: This will be a state
3 building, not a state piece of land.

4 MS. CASTILLE: Yes, sir. This particular
5 piece of property, Harris School, is -- historic
6 properties are part of the goal of Florida
7 Forever. It is a smaller part of our goal, but
8 it is definitely part of our goal.

9 Secondly, when we entered into the agreement
10 with the Florida Keys that was on the agenda last
11 week and we talked about the accomplishments of
12 what we would commit to, part of what we
13 committed to was helping them with affordable
14 housing. Now, this program is not the affordable
15 housing program, and I hope that people will
16 remember that. But what we can do is meet two
17 goals at once, and that would be to buy a
18 historic property, partner with a nonprofit who
19 will pay for the renovations and restoration of
20 the building, and use it for a community center
21 teaching culinary arts for the local community.

22 And then secondly, the School Board has
23 committed to taking the money and furthering --
24 they have finally come to understand that
25 affordable housing for their teachers and their

1 workers in the School Board is hard to come by in
2 the Florida Keys, and so they are committed now
3 to buying properties and renovating -- generally
4 existing properties and renovating them for --

5 GOVERNOR BUSH: Right, but now you're way
6 off the --

7 MS. CASTILLE: The goal for Florida Forever.

8 GOVERNOR BUSH: I mean, you've wandered --
9 exactly.

10 CFO GALLAGHER: That one's doing good.
11 Let's move on to the next issue.

12 GOVERNOR BUSH: You know, I want to find a
13 cure for cancer too, but I don't think we should
14 be veering off as it relates to public policy to
15 solve another problem, particularly when we
16 rejected it, as I recall, twice.

17 MS. CASTILLE: Once.

18 CFO GALLAGHER: I'll move Item 4, if we
19 didn't do it already, so we can move on.

20 GOVERNOR BUSH: There's a motion.

21 ATTORNEY GENERAL CRIST: Second.

22 GOVERNOR BUSH: And a second. Without
23 objection, the item passes.

24 CFO GALLAGHER: Item 5.

25 MS. CASTILLE: So I'll bring an item to you

1 on this or not?

2 CFO GALLAGHER: Item 5.

3 GOVERNOR BUSH: Well, you better check your
4 eight-ball before you do it.

5 MS. CASTILLE: Okay. I will.

6 GOVERNOR BUSH: Typically when I do it, I
7 look up, and it says I look not so good.

8 CFO GALLAGHER: But yours is fixed.

9 GOVERNOR BUSH: Colleen, I respect you a
10 lot, and I respect your department, and I'm
11 always willing to hear pleas. But I just -- you
12 know, I just think about all the properties, the
13 missed opportunities that we have and properties
14 that are in the path of development, where we've
15 made some incredible purchases that have
16 protected properties that otherwise would have
17 been developed, and I compare that to this, I'm
18 telling you, I've just got a hard time with it.

19 MS. CASTILLE: It certainly doesn't meet the
20 environmental protection goal, which is the
21 number one goal of Florida Forever.

22 GOVERNOR BUSH: Okay. Well, ladies and
23 gentlemen of the jury, I rest my case.

24 ATTORNEY GENERAL CRIST: Colleen, lawyers
25 say to judges when they make a point, they say

1 "noted" and move on.

2 MS. CASTILLE: Noted. Thank you, sir. I'll
3 move on to Item 5, another Keys item.

4 This is the Favalora purchase agreement for
5 the Florida Keys Ecosystem Florida Forever
6 project. The purchase price on this is \$396,000,
7 which is 100 percent of approved value, based on
8 the potential -- on the sale as a rate of growth
9 ordinance point.

10 GOVERNOR BUSH: Now we're talking. Now
11 we're talking.

12 CFO GALLAGHER: Motion on 5.

13 COMMISSIONER BRONSON: Second.

14 ATTORNEY GENERAL CRIST: Second.

15 GOVERNOR BUSH: There's a motion and a
16 second. Without objection, the item passes. And
17 purchased at a good price for the Keys, a very
18 good price. Congratulations.

19 MS. CASTILLE: Can I give you an update on
20 our total Keys --

21 GOVERNOR BUSH: Yes.

22 MS. CASTILLE: -- acquisitions? In 2003
23 when we brought to you the agreement with Monroe
24 County to help purchase some of those lands that
25 they're putting in the tier system that would be

1 nondevelopable properties, in respect for the
2 properties that -- property ownership, you know,
3 we pay a fair value for that land. We promised,
4 committed \$93 million in acquisitions for those
5 projects. We have spent in actual acquisition
6 costs \$37 million in actual acquisition costs.
7 And that comes to about \$21,000 per parcel, and
8 those are some, you know, smaller parcels. It
9 comes to \$49,000 per acre in the Keys.

10 GOVERNOR BUSH: That's good.

11 MS. CASTILLE: Which is a pretty good cost.

12 Now, the unfortunate part is that our costs
13 for land closings, our survey costs, our
14 appraisals and management costs and environmental
15 assessment costs in the Keys are twice as high as
16 what we pay statewide. We pay about 10 percent
17 of the average price for land, 10 percent of the
18 total acquisition costs around the state, but in
19 the Keys we're having to pay 20 percent for those
20 very same services.

21 GOVERNOR BUSH: Well, that's because you're
22 buying smaller parcels, I assume.

23 MS. CASTILLE: Buying smaller parcels and --

24 GOVERNOR BUSH: In a more expensive place.

25 MS. CASTILLE: But the actual cost for

1 surveys is twice as much than a surveyor anywhere
2 else in the state.

3 CFO GALLAGHER: Have they got only one
4 surveyor down there?

5 MS. CASTILLE: They have limited surveyors
6 down here.

7 CFO GALLAGHER: He can't afford a house down
8 there yet.

9 MS. CASTILLE: And the total parcels, we've
10 bought 1,755 parcels.

11 GOVERNOR BUSH: That's great.

12 MS. CASTILLE: Thank you very much.

13 GOVERNOR BUSH: That just goes to show that
14 I love Monroe County and want to make sure that
15 no one takes my word about Harris School in the
16 wrong way.

17 Congratulations on a job well done.

18 MS. CASTILLE: Thank you. And I'll also
19 send you an update on how much we've done on
20 wastewater too so that you'll know how much we've
21 facilitated that.

22 GOVERNOR BUSH: Item 6.

23 MS. CASTILLE: Item 6 is the Berman
24 conveyance to Marjorie Harris Carr, Cross Florida
25 Greenway. The purchase price is 185,000, which

1 is 100 percent of approved value.

2 CFO GALLAGHER: Motion on 6.

3 ATTORNEY GENERAL CRIST: Second.

4 GOVERNOR BUSH: There's a motion and a
5 second. Without objection, the item passes. We
6 sold something -- we bought something -- we sold
7 something.

8 MS. CASTILLE: We sold something.

9 GOVERNOR BUSH: We sold something for 100
10 hundred percent of appraised value. Eva, good
11 work. That's two in a row, by the way,
12 Treasurer, that we've been at or over appraised
13 value when we sell something.

14 CFO GALLAGHER: As opposed to buying it high
15 and selling it low.

16 GOVERNOR BUSH: I want you to give kudos to
17 Eva and to Colleen.

18 MS. CASTILLE: And to the staff who worked
19 it.

20 Item 7, the Vecellio & Grogan, Inc./White
21 Rock Quarries mining lease/determination. This
22 is a consideration of a request to determine that
23 the direct negotiations with Vecellio & Grogan is
24 in the public interest, and we're asking to waive
25 the competitive bid requirements and to enter

1 directly into a commercial limerock mining lease
2 with White Rock Quarries, and lastly, to approve
3 a proposed memorandum of agreement between the
4 Board of Trustees, the South Florida Water
5 Management District, and White Rock Quarries.

6 In your item, it also asks for delegation of
7 authority to negotiate the final terms, but
8 that's not needed. The final terms for us are
9 actually in the memorandum of agreement.

10 CFO GALLAGHER: Motion on 7 with the final
11 terms.

12 COMMISSIONER BRONSON: Second.

13 GOVERNOR BUSH: There's a motion and a
14 second. Any discussion? Does anybody want to
15 speak? Without objection, the motion passes.

16 MS. CASTILLE: Thank you, sir. And that
17 concludes our items.

18 GOVERNOR BUSH: Thank you. Why was
19 everybody here?

20 CFO GALLAGHER: Just here observing. They
21 all came for the State Board of Administration.

22 GOVERNOR BUSH: Exactly.

23

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1 GOVERNOR BUSH: State Board of
2 Administration.

3 CFO GALLAGHER: Motion on the minutes.

4 ATTORNEY GENERAL CRIST: Second.

5 GOVERNOR BUSH: There's a motion and a
6 second. Without objection, the item passes.

7 Item 2.

8 MR. STIPANOVICH: Is a request for approval
9 of fiscal sufficiency of an amount not exceeding
10 \$200 million State of Florida, State Board of
11 Education Lottery Revenue Bonds.

12 ATTORNEY GENERAL CRIST: Motion on 2.

13 CFO GALLAGHER: Second.

14 GOVERNOR BUSH: There's a motion and a
15 second. Without objection, the item passes.

16 MR. STIPANOVICH: Item 3, request for
17 approval of fiscal sufficiency of an amount not
18 exceeding \$67 million in State of Florida, State
19 Board of Education Lottery Revenue Refunding
20 Bonds.

21 CFO GALLAGHER: Motion on 3.

22 ATTORNEY GENERAL CRIST: Second.

23 GOVERNOR BUSH: There's a motion and a
24 second. Without objection, the items passes.

25 MR. STIPANOVICH: And Item 4 is the cat fund

1 requests the trustees approve the filing of a
2 notice of proposed rulemaking, five rules. The
3 rules were subject to a rule workshop and have
4 been approved by the Advisory Council.

5 If you have any questions or would like the
6 rules explained --

7 GOVERNOR BUSH: Is there a motion?

8 CFO GALLAGHER: It's your turn. I'll make a
9 motion if you don't want to.

10 GOVERNOR BUSH: There's a motion. Is there
11 a second?

12 ATTORNEY GENERAL CRIST: Second.

13 GOVERNOR BUSH: And a second. Any
14 discussion? Without objection, the motion
15 passes.

16 Thank you, Coleman.

17 MR. STIPANOVICH: Thank you, Governor.
18 Thank you, members.

19 (Proceedings concluded at 10:24 a.m.)
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1 CERTIFICATE OF REPORTER

2

3 STATE OF FLORIDA:

4 COUNTY OF LEON:

5 I, MARY ALLEN NEEL, Registered Professional
6 Reporter, do hereby certify that the foregoing
7 proceedings were taken before me at the time and place
8 therein designated; that my shorthand notes were
9 thereafter translated under my supervision; and the
10 foregoing pages numbered 1 through 50 are a true and
11 correct record of the aforesaid proceedings.

12 I FURTHER CERTIFY that I am not a relative,
13 employee, attorney or counsel of any of the parties,
14 nor relative or employee of such attorney or counsel,
15 or financially interested in the foregoing action.

16 DATED THIS 21st day of February, 2006.

17

18

19 _____
MARY ALLEN NEEL, RPR
20 2894-A Remington Green Lane
Tallahassee, Florida 32308
21 (850) 878-2221

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