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THE CABINET  
STATE OF FLORIDA

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Representing:

FINANCIAL SERVICES COMMISSION, OFFICE OF  
INSURANCE REGULATION

DEPARTMENT OF ENVIRONMENTAL PROTECTION  
SITING BOARD

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 Friday, April 21,  
2006, commencing at approximately 9:40 a.m.

Reported by:

JO LANGSTON  
Registered Professional Reporter  
Notary Public

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APPEARANCES:

Representing the Florida Cabinet:

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JEB BUSH  
Governor

CHARLES H. BRONSON  
Commi ssi oner of Agri cul ture

TOM GALLAGHER  
Chi ef Fi nanci al Offi cer

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I N D E X

FI Nanci al SerVi ces Commi ssi on, Offi ce of  
I NSURANCE REGULATI ON  
(Presented by KEVIN McCARTY)

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DEPARTMENT OF ENVIRONMENTAL PROTECTION  
SITING BOARD  
(Presented by COLLEEN CASTILLE)

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1 P R O C E E D I N G S  
2 GOVERNOR BUSH: Financial Services Commission,  
3 Office of Insurance Regulation.  
4 CFO GALLAGHER: Motion on the minutes.  
5 COMMISSIONER BRONSON: Second.  
6 GOVERNOR BUSH: There's a motion and a second on  
7 Item 1. Without objection, Item 1 passes. Hello,  
8 Kevin.  
9 MR. McCARTY: Good morning, Governor. How are  
10 you?

11 GOVERNOR BUSH: I'm doing well.

12 MR. McCARTY: Item Number 2 is adoption of  
13 amendments to Rules 690-149.205, 6 and 7, proposed  
14 amendments to the rules adopting standard risk premiums  
15 for conversion policies.

16 CFO GALLAGHER: Motion on 2.

17 COMMISSIONER BRONSON: Second.

18 GOVERNOR BUSH: There's a motion and a second.

19 Without objection, the motion passes.

20 MR. McCARTY: Agenda Item Number 3 is adoption of  
21 a Rule 690-179, 70, a reasonable degree of competition  
22 for Monroe County. This proposed rule became for the  
23 Financial Services Commission on January 31st. The  
24 proposed rule sets forth the criteria for determining  
25 whether there's a reasonable degree of competition for

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1 personal lines residential property homeowners'  
2 insurance in Monroe County.

3 Among other indications that were used were the  
4 Herfindahl Index, an index to determine how much  
5 competition there exists there. Section 627.351 of the  
6 Florida Code requires the Financial Services Commission  
7 to adopt rules for the purpose of determining the  
8 degree of competition in Monroe County.

9 We do have Heather Caruthers here from a grass  
10 roots organization FIRM, Fair Insurance Rates for  
11 Monroe, who would like to provide some comments with  
12 regard to this rule.

13 GOVERNOR BUSH: Absolutely.

14 CFO GALLAGHER: Before they speak, because I'd  
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15 like to just have some information, and they can maybe  
16 comment on it. As you may know, Kevin, Steve Burgess,  
17 consumer advocate in the Department of Financial  
18 Services, independently reviewed the filings that were  
19 done from Citizens.

20 And as a result of that review, we communicated  
21 with you all on two factors used to justify the higher  
22 rates that we question the statutory authority for  
23 Citizens. One was using administrative expense factor  
24 of private carriers rather than Citizens' actual  
25 expenses. And the other was using a rapid cash buildup

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1 factor to avoid future assessments. And, obviously,  
2 all of us would like to not have future assessments.  
3 But the question is, is that a justified expense. And  
4 my understanding is that you all have been in contact  
5 with Citizens on these?

6 MR. McCARTY: Yeah. Those factors are not  
7 specific to Monroe County. Those factors are in the  
8 general actuarial filing that was provided by Citizens  
9 in their second filing. And we did question the  
10 validity of those as actuarial standards by using  
11 expense factors that weren't their own, as well as the  
12 rapid cash buildup.

13 However, nonetheless, the statutory requirement  
14 for Citizens' rates in Monroe County and elsewhere are  
15 to be the highest and not to be competitive with the  
16 voluntary market. We're in the process of reviewing  
17 that at this time and certainly are calling into

18 question those factors that you just raised.

19 CFO GALLAGHER: So the rule you're bringing to us,  
20 basically your office found that there's no private  
21 market existing in Monroe County?

22 MR. McCARTY: That is correct.

23 CFO GALLAGHER: And does that -- does this rule  
24 prohibit Citizens from charging top of the market rates  
25 when there is no market?

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1 MR. McCARTY: Well, no. Actually, in Citizens,  
2 the law requires -- it's different than the laws for  
3 other insurance carriers -- provides that the office  
4 can order them to make a filing at a time specific for  
5 those rates to become in compliance with our order. We  
6 will be doing that next week.

7 CFO GALLAGHER: And the Citizens rate filing is  
8 being amended because of those two factors that I just  
9 talked about, the two factors of the expense ratio and  
10 the --

11 MR. McCARTY: No. That's not what's currently in  
12 place. There are two rate filings in place. One is  
13 the top 20 carriers, which is the one that -- the rule  
14 that we're addressing today specifically provides that  
15 if the -- there is not competition and you cannot use  
16 those top 20 carriers to determine the rates.

17 There's also at the same time in the filing before  
18 the office a filing with regard to the actuarially  
19 sound rates.

20 CFO GALLAGHER: So the law is specific, I believe,  
21 on actuarially sound rates from last year; is that

22 right? Is that what we're dealing with?

23 MR. McCARTY: Well, the provision for actuarially  
24 sound rates has been in the law since Citizens has been  
25 in effect.

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1 CFO GALLAGHER: So then there were two criteria,  
2 actuarially sound and highest.

3 MR. McCARTY: Yes, that's correct.

4 CFO GALLAGHER: Whichever is the highest or  
5 whichever is the lowest?

6 MR. McCARTY: Well, presumably the statutory  
7 intent was for the rates to be the highest so that it's  
8 not competitive with the voluntary market.

9 CFO GALLAGHER: Just so I know, what rates are  
10 legally able to be charged in Monroe County at this  
11 point?

12 MR. McCARTY: Citizens can charge the rates that  
13 they have filed. We can prospectively disapprove their  
14 filing, and they will be ordering them to make a filing  
15 compliant with the order that we would intend to issue  
16 next week. Citizens has a use and file provision in  
17 their statute that they can require the counties to  
18 charge -- or that Citizens can charge within every  
19 county a rate based upon the top 20 carriers.

20 Based upon this and the statutory requirement as  
21 well as this rule, we will be disapproving the use of  
22 the top 20. However, Citizens was also obligated to  
23 file a rate with the actuarially sound, and we're in  
24 the process of determining the accuracy of that filing

25 at this time.

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1 We pointed out two criteria that are used in the  
2 filing that we believe are suspect in terms of that.  
3 Nevertheless, the rates that will be promulgated in the  
4 next week or so hopefully will be consistent with  
5 Florida law and the rule.

6 CFO GALLAGHER: That you are going to approve?

7 MR. McCARTY: Yes.

8 CFO GALLAGHER: They're use and file, so they're  
9 already in effect.

10 MR. McCARTY: You can't go back to the old rates  
11 under the law with regard to Citizens. Citizens' rates  
12 can only be adjusted prospectively.

13 CFO GALLAGHER: So you're going to require them to  
14 make a new filing? Is that what I understand?

15 THE WITNESS: That is correct.

16 CFO GALLAGHER: And you'll be doing that?

17 MR. McCARTY: Next week.

18 CFO GALLAGHER: Next week, okay. And so then --  
19 but the rates are where they are until they do the new  
20 filing?

21 MR. McCARTY: That is correct.

22 CFO GALLAGHER: How long do they get to do that?

23 MR. McCARTY: Well, we'll determine that in the  
24 order, but a minimum of 30 days.

25 CFO GALLAGHER: Okay. Obviously, for the people

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1 that are getting their bills, the sooner the better.

2 MR. McCARTY: Yes, sir.

3 CFO GALLAGHER: Thank you.

4 MR. McCARTY: I'm limited under the law, though,  
5 in terms of what the rates are. The legislative intent  
6 is for the rates to be noncompetitive with the private  
7 marketplace. The rates have to be high enough so that  
8 we can encourage capital to come in Florida so we have  
9 a private sector solution as opposed to Citizens.

10 CFO GALLAGHER: Well, I think we're going to hear  
11 from these people how high theirs are compared to  
12 everywhere else.

13 GOVERNOR BUSH: Let's hear from the --

14 MR. McCARTY: Thank you very much. Heather?

15 GOVERNOR BUSH: Good morning.

16 MS. CARUTHERS: Good morning. I'm Heather  
17 Caruthers, a resident of Monroe County, the Florida  
18 Keys. According to the latest Yankelovich Travel  
19 Monitor, it's the second most favorite destination for  
20 vacation in America. And I'm representing FIRM, Fair  
21 Insurance Rates in Monroe County. We're a grassroots  
22 organization that was founded in February, when  
23 everybody started getting their new windstorm premium  
24 bills. And we already have nearly 2,000 members  
25 through the Keys.

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1 And I'd like to begin by thanking you, Governor  
2 and Cabinet, for allowing us this opportunity and this  
3 honor to address the State.

4 GOVERNOR BUSH: Thank you for being here.

5 MS. CARUTHERS: We're happy to do it. We love our  
6 home. We'd also like to thank Commissioner McCarty for  
7 taking time with his staff to meet with us yesterday.  
8 We know this is a very difficult situation for him.

9 We're here because our windstorm premiums that are  
10 being charged by Citizens, the only insurer, for all  
11 practical purposes, in the Florida Keys, are destroying  
12 our community.

13 As of March 1st we pay \$20.91 for \$1,000 of  
14 coverage A and B for residential properties alone.  
15 That's the highest in the state. Escambia County, the  
16 Pensacola area, the panhandle pays between five and ten  
17 dollars.

18 Charlotte County, slammed in 2004, pays seven  
19 dollars in windstorm. Palm Beach County pays around  
20 \$12 in windstorm. The increase that Citizens just  
21 passed that went from the 2005 to the 2006 rates equals  
22 a loss of \$35 million in disposable income in Monroe  
23 County.

24 They're suggesting proposing another increase of  
25 up to 37 percent, which would equal another \$79 million

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1 out of our pockets in Monroe County. On average, as of  
2 March 1st, Monroe residential property owners pay \$610  
3 a month for windstorm insurance alone, \$610 a month.  
4 That equals 17 percent of the median income in Monroe  
5 County.

6 This is devastating our county. It's exacerbating  
7 our affordable housing crisis, both from a rental

8 perspective and also from an entry level home ownership  
9 perspective. It's going to cripple our strong vacation  
10 home and tourist industry.

11 It's most importantly squeezing out our middle and  
12 our working class, those home owners who have mortgages  
13 and are forced to carry windstorm insurance. We're  
14 losing teachers, nurses, firefighters, small business  
15 owners, waitresses, fishing guides, families. Our  
16 churches are losing congregations as well as pastors.  
17 There's nobody to pay the weekly tithe.

18 When people receive windstorm premium bills that  
19 were unexpected that have doubled in a year, when they  
20 receive bills of \$6,000, of \$11,690, of \$18,000 just  
21 for windstorm, they can't afford to stay there anymore.  
22 And we're not talking about extravagant mega-mansions.  
23 We're talking about reasonable homes, homes -- the  
24 average home size, just so everyone knows, in Monroe  
25 County is 1200 square feet. They're not big

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1 properties.

2 Our population is shrinking. We are the only  
3 county in the state with a declining school enrollment.  
4 And this is exacerbating that.

5 But it's not only an economic hardship. We feel  
6 it's neither fair nor justifiable. Despite the fact  
7 that CNN loves to play those shots of people leaving  
8 the Keys every time there's a hurricane threat, there  
9 are eight other counties in the state that endure the  
10 same number of tropical systems as we do in the Keys.

11 Tropical storms hit Deerfield Beach more than they  
12 hit Key West. They hit Jacksonville and Pensacola more  
13 than they hit Marathon in the heart of the Keys. And  
14 when we are hit by storms, we're better able to weather  
15 them than other coastal areas.

16 First, we have an extremely low population  
17 density. Ours is about 79 people per square mile  
18 versus a statewide average of 296 people per square  
19 mile. We have a history of sturdy construction and  
20 reinforcement. We've got buildings that have weathered  
21 storms for well over a century in the Keys. Key West  
22 has the largest historic architectural district in the  
23 nation.

24 Plus, we have the strictest building codes in the  
25 entire state, and we have for a much longer time period

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1 than any place else in the state. We built homes to  
2 withstand winds of 150 miles per hour. When storms do  
3 hit us, we are far more likely to be damaged by flood  
4 and surge than by wind. There are technical reasons  
5 for this that have to do with wave heights, our low  
6 elevation, friction levels. But Wilma certainly bore  
7 this out this summer.

8 This is not just anecdotal evidence. It's also  
9 verifiable. We've examined Citizens' claims in light  
10 of wind strength that was provided to us by the  
11 National Weather Service. Where there were similar  
12 wind strengths, in Wilma for instance, similar wind  
13 speeds in Miami, Dade and in Monroe, in Monroe County  
14 Citizens paid \$931 per claim, but in Dade County they

15 paid \$2,322 per claim.

16 In Katrina we had similar wind speeds in Monroe,  
17 Collier and St. Lucie Counties as well as Palm Beach.  
18 In Monroe County they paid \$915 per claim. In Collier  
19 County they paid \$3,300 per claim. And in St. Lucie  
20 they paid \$5,600 per claim.

21 We believe that the insurance rates must account  
22 for accurate vulnerability, construction as well as  
23 meteorological factors for the Keys in order to be  
24 actuarially sound.

25 We think that you have an adequate rationale to

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1 address the crisis in Monroe County. First, the real  
2 dollar impact of the Citizens rates is more devastating  
3 in Monroe on a per dollar, per capita basis than  
4 anyplace else in the state. Monroe County represents  
5 less than one percent of all the property insurance  
6 policies in force throughout the state. This is not  
7 going to topple the insurance industry.

8 The state has historically treated Monroe  
9 differently. We are an area of critical state concern.  
10 And although some people have differing opinions about  
11 that, I think it's served us well. And the pilot  
12 program provides the state with a precedent and a  
13 mechanism for addressing our windstorm rates.

14 The Keys are a very unique environmental, historic  
15 and cultural resource for the state as a whole, and  
16 they are an important part of our tourism economy.  
17 They're also our home. And it's not always an easy

18 place to live, but it's a home that we love.

19 You all have the respect, the authority and the  
20 influence to do something about this. So, please, help  
21 us today. Help provide us relief. Bring our rates  
22 back in line and help us remain in the place that we  
23 love.

24 GOVERNOR BUSH: Thank you very much. And  
25 specifically what are you proposing?

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1 MS. CARUTHERS: There are actually three things  
2 that we would like to see happen. First we would like  
3 to see -- and I know that under the current law this is  
4 not possible.

5 GOVERNOR BUSH: We have a bill that's -- we have  
6 two weeks to get the property insurance reform bill  
7 done.

8 MS. CARUTHERS: We would like to see rates rolled  
9 back to the 2005 rates in Monroe County. We would like  
10 to see a real actuarial study that takes into account  
11 all of the factors that are unique to our building code  
12 and to our history in Monroe County. And we would like  
13 to see a portion of the sales tax windfall from the  
14 hurricane reconstruction address the deficit and the  
15 high rates for Monroe and for the state.

16 GOVERNOR BUSH: I think number three, you can be  
17 pretty confident that that's going to happen. Number  
18 one, we're going to ask Kevin to give his opinion. And  
19 number two, anything that just -- we've got really this  
20 next week of a lot of hard work to reach consensus  
21 between the House and the Senate on the bill that has

22 to be passed before they leave. This has to be  
23 addressed not just as relates to the Keys but the  
24 entire state. We have a serious crisis.

25 So I know it's a pain to come all the way up here

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1 from the beautiful Keys, but while you're here, if you  
2 could visit with our office, if that's possible, with  
3 Paul Whittfield, we can organize that. And I know  
4 you've met with Kevin and perhaps with the treasurer's  
5 office. Take some time to give your input, and it  
6 would be helpful.

7 MS. CARUTHERS: We'd be happy to do that. Thank  
8 you, Governor.

9 GOVERNOR BUSH: When were you planning to leave?

10 MS. CARUTHERS: Excuse me?

11 GOVERNOR BUSH: Can y'all meet with the person  
12 that's in my office that's handling this?

13 MS. CARUTHERS: Sure. Yes, we can. Right now,  
14 whenever he's ready.

15 GOVERNOR BUSH: You can either come up with me  
16 or -- all right. Great. Thank you.

17 MS. CARUTHERS: Thank you very much.

18 GOVERNOR BUSH: Kevin, could you respond to the  
19 question of how rates, just the actuarial soundness of  
20 the rates when they're double per thousand in the Keys?

21 MR. McCARTY: I've had an opportunity, Governor,  
22 to see 27 minutes of their 33-minute video articulating  
23 their concerns, both on a --

24 GOVERNOR BUSH: What happened to the other six?

25

MR. McCARTY: We decided to get into a dialogue

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1 with regard to the issues. But Ms. Caruthers makes a  
2 very compelling point. I think that adoption of this  
3 rule gives us the process and procedure to put in place  
4 to allow for a hearing on this issue.

5 We would propose having a hearing for Citizens to  
6 demonstrate the soundness of the principles that  
7 they're applying and then have that meeting in Monroe  
8 County to avail the people of Monroe County the  
9 opportunity to express their concerns on a technical  
10 level as well as the issues that were brought up today.

11 GOVERNOR BUSH: I don't understand what you said  
12 but --

13 MR. McCARTY: Well, we're going to ask Citizens to  
14 make a specific filing as it relates to Monroe County,  
15 and in that filing they will have to go through and  
16 justify the building codes, the standards,  
17 vulnerability curves, geographic curves, some of the  
18 issues that Ms. Caruthers has raised as to why perhaps  
19 they have not been treated fairly. And I think that  
20 certainly is under the auspices of the pilot program.

21 GOVERNOR BUSH: The other thing that I think would  
22 help as it relates to the building code is this --  
23 hopefully in the bill that will pass will be this  
24 grading system, so buildings that have been built to  
25 the new building code should receive the benefit in

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1 lower premiums per thousand dollars than buildings that  
2 are substandard. And that process, hopefully, is going  
3 to be part of this bill. It appears, looks like it  
4 will be. So that will help for the buildings that are,  
5 you know, have all of the -- they're hardened, in  
6 essence.

7 CFO GALLAGHER: And there's also -- it looks like  
8 the House and Senate both agree on some amount of  
9 money, I don't know how much, for mitigation, where  
10 people can get loans that we're going to hopefully make  
11 available for them to strengthen their homes and, by  
12 that, get in the lower rate. And that has to be part  
13 of it, too.

14 GOVERNOR BUSH: The Senate has 50 million, which  
15 was our recommendation, and the House has 550 or  
16 something like that, except the problem with that is  
17 that money is taken out of the rebates that need to go  
18 to the -- I mean, it's just a different approach.

19 CFO GALLAGHER: I don't want it to come out there.

20 GOVERNOR BUSH: I know you don't, but that's why  
21 I'm saying that when you have to balance the budget,  
22 it's a little bit harder to make these priorities. But  
23 the fact is there will be mitigation dollars, and that  
24 will be helpful as well.

25 MR. McCARTY: And on that note, certainly Monroe

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1 County has been a pioneer in improving the quality of  
2 the building code and building code enforcement.

3 GOVERNOR BUSH: I can tell you anecdotally, and if

4 history is -- you know, if you're making these rates,  
5 creating these rates based on the past, which I assume  
6 is an important part of this, that as was mentioned,  
7 the flood damage was the significant damage in the  
8 Keys, not wind damage, even though the Keys got hit by  
9 three or four tropical storms last year.

10 CFO GALLAGHER: Governor, if I may.

11 GOVERNOR BUSH: Yes.

12 CFO GALLAGHER: It used to be, when it was the old  
13 windstorm pool, Kevin -- and you may be aware of this  
14 and may not. They required flood insurance to buy wind  
15 insurance. And then when Citizens was merged and the  
16 windstorm pool was merged in, that was still in the  
17 law.

18 That got changed and said that you didn't have to.  
19 Now, that created a problem for Citizens because we had  
20 some judges that were making the insurance company, in  
21 this case Citizens, pay for what everybody considered  
22 to be flood damage through the windstorm policy. Where  
23 are we on that issue at this point?

24 MR. McCARTY: Well, individuals still have the  
25 option to purchase wind policies if they choose to

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1 purchase wind policies with flood. You're referring to  
2 the insurance and value law, the Mierzwa decision in  
3 Florida, which required policyholders -- companies to  
4 pay for flood damage even though it wasn't caused by  
5 wind. And that issue has been reconciled by the  
6 Legislature last year.

7 But the requirement is really more of a

8 requirement of the mortgage companies in terms of  
9 whether or not you have to have flood insurance.

10 CFO GALLAGHER: So Citizens will sell a wind  
11 policy without a mandate of a flood policy in the Keys.

12 MR. McCARTY: To the best of my knowledge, that's  
13 correct.

14 CFO GALLAGHER: Now, the new law would say that if  
15 you don't have a flood policy and you have flood  
16 damage, you can't collect from Citizens' wind policy;  
17 is that right?

18 MR. McCARTY: Assuming the courts interpret it  
19 that way.

20 CFO GALLAGHER: Because my gut tells me that the  
21 reason -- one of the reasons that these rates have gone  
22 up is because -- and I could be wrong -- is that if you  
23 actuarially figure that they don't have flood and  
24 they're going to get hit with the damage on the wind  
25 policy, that that's one of the reasons I think we've

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1 seen this rate go up. And we need to look actuarially  
2 and see if that's what they figured in there.

3 If they have, that would be the justification for  
4 these rates being so much higher than places where they  
5 do have to have both.

6 MR. McCARTY: Well, once again, the rates have  
7 been historically based on what carriers are charging  
8 in Florida, based on the top 20 carriers.

9 GOVERNOR BUSH: It doesn't justify it. It may  
10 explain it. That's what you meant, right?

11 CFO GALLAGHER: Well, you know, that would be  
12 their actuarial explanation.  
13 UNIDENTIFIED SPEAKER: We all have flood.  
14 CFO GALLAGHER: Y'all have flood.  
15 MS. CARUTHERS: Our mortgage requires it.  
16 GOVERNOR BUSH: All right. Do we have a motion?  
17 CFO GALLAGHER: That should not be an issue then.  
18 I'll move the rule.  
19 COMMISSIONER BRONSON: Second.  
20 GOVERNOR BUSH: There's a motion and a second.  
21 Without objection, the motion passes.  
22 MR. McCARTY: Thank you, Governor.  
23 GOVERNOR BUSH: Is that --  
24 MR. McCARTY: We've got one more item. Adoption  
25 of Rule 690-189, Filing Procedures for Workers'

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1 Compensation Classifications. This proposed rule sets  
2 forth procedures for the Office of Insurance Reg to  
3 approve Workers' Comp rates through electronic filing  
4 system.  
5 CFO GALLAGHER: Motion on the floor.  
6 COMMISSIONER BRONSON: Second.  
7 GOVERNOR BUSH: Motion and a second. Without  
8 objection, the item passes.  
9 MR. McCARTY: Thank you.  
10 GOVERNOR BUSH: Thank you.  
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1 GOVERNOR BUSH: Si ti ng Board.  
2 CFO GALLAGHER: Moti on on the mi nutes.  
3 COMMI SSI ONER BRONSON: Second.  
4 GOVERNOR BUSH: There' s a moti on and a second.  
5 Wi thout obje cti on, the i tem passes. I really love your  
6 hai r, Colleen.  
7 MS. CASTILLE: Thank you, Governor.  
8 CFO GALLAGHER: She' s fancy.  
9 MS. CASTILLE: Good morni ng, members of the  
10 Cabi net. I tem 2 is the Fl ori da Power & Li ght  
11 transmi ssi on li ne project i n St. Johns County. It' s  
12 cal led the St. Johns-Pel li cer-Pringl e Transmi ssi on  
13 Li ne. We recommend approval of the fi nal order to  
14 adopt the admi ni strati ve l aw judge' s order approvi ng  
15 the transmi ssi on li ne.  
16 CFO GALLAGHER: Moti on on 2. Do we have speakers?  
17 MS. CASTILLE: And we do have Fl ori da Power &

18 Light here if you would like to -- if you have any  
19 questions of them.

20 CFO GALLAGHER: Motion on 2.

21 COMMISSIONER BRONSON: Second.

22 MS. CASTILLE: Or representatives.

23 GOVERNOR BUSH: There's a motion and a second.

24 Without objection, the item passes.

25 MS. CASTILLE: That's the end of that Sitting Board

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1 agenda.

2 GOVERNOR BUSH: Thank you.

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1 GOVERNOR BUSH: Board of Trustees.

2 CFO GALLAGHER: Motion on 1, minutes.

3 COMMISSIONER BRONSON: Second.

4 GOVERNOR BUSH: There's a motion and a second.

5 Without objection, Item 1 passes.

6 MS. CASTILLE: Item 2 is the South Florida Water

7 Management District, Everglades Construction Project.

8 We recommend approval of a determination that the

9 conveyance of two parcels of land totaling 15.74 acres

10 provides a greater benefit to the public than retaining

11 ownership by the Board of Trustees.

12 The land will be conveyed to the South Florida

13 Water Management District for use in the Everglades

14 Construction Project, the Everglades Agricultural Area

15 Reservoir.

16 CFO GALLAGHER: Motion on 2.

17 COMMISSIONER BRONSON: Second.

18 GOVERNOR BUSH: There's a motion and a second.

19 Without objection, the item passes.

20 MS. CASTILLE: Item 3. Item 3 is a Jackson County

21 Greenways and Trails project. We recommend approval of

22 an option agreement to acquire approximately 4.09 acres

23 within Jackson County Greenways and Trails. This will

24 add additional property to an area that we have bought

25 that is a canoe launch for the spring run of Merritts

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1 Millpond that connects up to the Chipola River, and  
2 there's a canoe trail that goes to the Chipola River.

3 COMMISSIONER BRONSON: Motion on 3.

4 CFO GALLAGHER: Second.

5 GOVERNOR BUSH: Motion and a second. Without  
6 objection, the item passes.

7 MS. CASTILLE: And that concludes our agenda for  
8 today.

9 GOVERNOR BUSH: Thank you, Colleen.

10 MS. CASTILLE: Thank you.

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1 GOVERNOR BUSH: How are we going to do this now?  
2 State Board of Administration.  
3 CFO GALLAGHER: We can -- we have two.  
4 GOVERNOR BUSH: I can second.  
5 CFO GALLAGHER: You're going to have to, I think.  
6 GOVERNOR BUSH: Coleman.  
7 CFO GALLAGHER: You give it to me. I recognize  
8 you. That's technically the way you have to do it.  
9 GOVERNOR BUSH: Should we do it that way?  
10 COMMISSIONER BRONSON: I think I may stick around  
11 and watch this.  
12 CFO GALLAGHER: Motion on the minutes. I  
13 recognize you for a second, Governor.  
14 GOVERNOR BUSH: I second.  
15 CFO GALLAGHER: Back to you.  
16 GOVERNOR BUSH: There's a motion and a second on  
17 the minutes. Without objection, the item passes.  
18 MR. STIPANOVICH: Thank you, Governor.  
19 GOVERNOR BUSH: Item 2.  
20 MR. STIPANOVICH: Item 2 is request for fiscal  
21 determination in amount of not exceeding 100 million  
22 Florida Housing Finance Corporation homeowner mortgage  
23 revenue bonds.  
24 CFO GALLAGHER: Motion on Item 2. I recognize the  
25 governor.

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1 GOVERNOR BUSH: There's a second.  
2 CFO GALLAGHER: Back to the governor.  
3 GOVERNOR BUSH: Back to me? Motion and a second.

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Without objection, the item passes. Thank you,  
Coleman.

MR. STIPANOVICH: Thank you, Governor. Thank you,  
Treasurer.

(Proceedings concluded at 10:00 a.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA )  
COUNTY OF LEON )

I, Jo Langston, Registered Professional Reporter,  
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8 do hereby certify that the foregoing pages 1 through 29,  
9 both inclusive, comprise a true and correct transcript of  
10 the proceeding; that said proceeding was taken by me  
11 stenographically and transcribed by me as it now appears;  
12 that I am not a relative or employee or attorney or counsel  
13 of the parties, or a relative or employee of such attorney  
14 or counsel, nor am I interested in this proceeding or its  
15 outcome.

16 IN WITNESS WHEREOF, I have hereunto set my hand  
17 this 1st day of May 2006.

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JO LANGSTON  
Registered Professional Reporter

ACCURATE STENOGRAPHY REPORTERS, INC.