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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:

FINANCIAL SERVICES COMMISSION, OFFICE OF
FINANCIAL REGULATION

DEPARTMENT OF REVENUE

FLORIDA LAND AND WATER ADJUDICATORY COMMISSION

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, May 2,
2006, commencing at 9:35 a.m.

Reported by:

JO LANGSTON
Registered Professional Reporter
Notary Public

ACCURATE STENOGRAPHY REPORTERS, INC.
2894 REMINGTON GREEN LANE
TALLAHASSEE, FLORIDA 32308
(850) 878-2221

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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

CHARLIE CRIST
Attorney General

TOM GALLAGHER
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I N D E X

FI N ANCI AL SERVI CES COMMI SSI ON, OFFI CE OF
FI N ANCI AL REGU LATI ON
(Presented by DON SAXON)

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DEPARTMENT OF REVENUE

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(Presented by JIM ZINGALE)

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FLORIDA LAND AND WATER ADJUDICATORY COMMISSION
(Presented by TERESA TINKER)

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

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STATE BOARD OF ADMINISTRATION
(Presented by WAYNE CONNER)

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CERTIFICATE OF REPORTER

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P R O C E E D I N G S

(The agenda items commenced at 9:35 a.m.)

GOVERNOR BUSH: We have an item that I'd like to present to the Cabinet. I'd ask that the Cabinet approve my appointment of Gerald Bailey as interim executive director of the Florida Department of Law Enforcement. Jerry has more than 30 years of law enforcement and investigative experience.

Since 1999 he's been serving as the inspector general at the Department of the Lottery. Before that Jerry spent more than 20 years at FDLE, including serving as the deputy executive director, director of criminal investigations and the chief of the crime laboratories.

15 I'm confident that Jerry's professionalism and his
16 familiarity with FDLE's responsibilities and operations
17 will serve our state well, as the men and women of the
18 Department continue their great work in hurricane
19 preparedness, domestic security and law enforcement
20 investigations.

21 CFO GALLAGHER: Governor, I move that we hire
22 Gerald M. Bailey at a starting salary of 125,000 a
23 year.

24 COMMISSIONER BRONSON: Second.

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

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1 Any discussion? All in favor say aye.

2 ATTORNEY GENERAL CRIST: Aye.

3 CFO GALLAGHER: Aye.

4 COMMISSIONER BRONSON: Aye.

5 GOVERNOR BUSH: Aye. All opposed?

6 CFO GALLAGHER: Congratulations.

7 GOVERNOR BUSH: Thank you, Jerry. Do you want to
8 come up?

9 (Applause)

10 MR. BAILEY: Governor and Cabinet, good morning,
11 and good morning to Secretary Mattingly and executive
12 staff of the Lottery. I appreciate you coming this
13 morning. As you know, I first became an agent with
14 FDLE in 1970 and subsequently served, approaching 25
15 years with that agency and over 25 good years. The
16 quality and professionalism of the men and women at
17 FDLE are unsurpassed.

18 As you know, recent events have raised some
19 questions, some issues. But I assure you that FDLE is
20 strongly grounded in professionalism and integrity.
21 It's an honor to be chosen to lead the agency over the
22 next several months, and I look forward to working with
23 you.

24 GOVERNOR BUSH: Thank you, Jerry. Thank you. I
25 know you'll do a great job and you have a great team to

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1 work with. And maybe we should discuss, since I'm sure
2 this question will come up, the process to find a
3 permanent commissioner, and my thought is that we take
4 our time and go through this in a deliberative way.

5 For those that might be curious about this, this
6 requires the unanimous vote of the Governor and
7 Cabinet. When the Cabinet was restructured, some of
8 the things that should have been done I guess weren't.
9 Maybe it was designed to have a unanimous vote, but
10 clearly this will be a consensus process. And I think
11 for the Department's sake, it's important to take our
12 time to do it. And I guess we'll set up a process.

13 CFO GALLAGHER: Probably should set some dates
14 where people can apply.

15 GOVERNOR BUSH: Absolutely.

16 CFO GALLAGHER: We'll do some advertising. I
17 don't know that we need to do one of these national
18 advertisements so we can find some Floridian, spend a
19 lot of money and get nowhere. But I do think that we
20 should advertise. And, of course, with the Internet
21 now, it becomes international. So open it up and maybe

22 let our Cabinet aides come up with a set of dates that
23 we'll close off the applications. We'll go through a
24 vetting process, then an interview process. And they
25 can let the Cabinet aides figure out what the time line

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1 ought to be.

2 GOVERNOR BUSH: How about if I have a report back
3 to the Cabinet next meeting about the time lines?

4 CFO GALLAGHER: Good.

5 GOVERNOR BUSH: Thank you all. Thank you, Jerry.
6 Thank you, Secretary.

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1 GOVERNOR BUSH: Financial Services Commission,
2 Office of Financial Regulation.

3 MR. SAXON: Good morning, Governor.

4 GOVERNOR BUSH: Good morning, Don. How are you
5 doing?

6 MR. SAXON: I'm doing fine. Members of the
7 Cabinet, approve for publication in the Florida
8 Administrative Weekly a Notice of Proposed Rulemaking
9 for Rule 69V-560.303 Florida Administrative Code.

10 CFO GALLAGHER: Motion on 1.

11 ATTORNEY GENERAL CRIST: Second.

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

14 MR. SAXON: Thank you.

15 GOVERNOR BUSH: You've got Item 2.

16 CFO GALLAGHER: I'll move to accept the report,
17 quarterly report.

18 ATTORNEY GENERAL CRIST: Second.

19 GOVERNOR BUSH: You have another item there, Don.

20 CFO GALLAGHER: I move to accept the quarterly
21 report.

22 MR. SAXON: It's not for action. It's the
23 quarterly report.

24 GOVERNOR BUSH: There's a motion to accept the
25 report and a second. Without objection, the item

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1 passes. Thank you for your eloquent presentation.
2 MR. SAXON: I appreciate that. Thank you.
3 GOVERNOR BUSH: Thank you.
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1 GOVERNOR BUSH: Department of Revenue.
2 CFO GALLAGHER: Motion on the minutes.
3 ATTORNEY GENERAL CRIST: Second.

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

6 MR. ZINGALE: Item Number 2, request approval for
7 the Department to enter into a contract with Baca,
8 Stein, White and Associates to host our \$28 billion
9 electronic filing Web site. Went through an invitation
10 to negotiate, got 11 bidders, narrowed it down to two.
11 The winner on an annual basis is about a \$300,000
12 savings, a million dollars down the 700,000.

13 It's a six-year contract, three-year at a flat
14 level, basically per transactions, going down from 44
15 cents to 33 cents. The out three years are an option.
16 There's a three percent escalator in the out three
17 years.

18 CFO GALLAGHER: Now, let me ask a question.

19 MR. ZINGALE: Sure.

20 CFO GALLAGHER: We've been requiring electronic
21 filing at, what, \$50,000, and now we're going to drop
22 it to --

23 MR. ZINGALE: We have been at 30 for quite a
24 while.

25 CFO GALLAGHER: We've been 30?

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1 MR. ZINGALE: Went from 50 down to 30 back in --
2 well, a few years back. Baca had the old contract. It
3 expired. This bid, they happen to be the winner of the
4 new contract at less money. Nothing is taking place
5 that's changing the threshold level the taxpayers are
6 filing through.

7 It's a \$28 billion filing business. We have five
Page 10

8 options. They participate in two of them, the direct
9 file and the debit file. Big business, a lot of
10 security for 700,000, a lot of risk. A lot of money is
11 going through the door electronically. Some data is
12 getting posted directly to the accounts.

13 We're actually getting a number of more services
14 with it. We'll be bringing up the remaining few taxes
15 into the integrated tax administration system by the
16 end of this next fiscal year. And all of that is
17 being -- more money, less money, more services, upfront
18 process.

19 CFO GALLAGHER: We get the money quicker and he
20 gets the accounting almost done automatically.

21 MR. ZINGALE: That's true.

22 CFO GALLAGHER: I move Item 2.

23 COMMISSIONER BRONSON: Second.

24 GOVERNOR BUSH: There's a motion and a second.
25 Without objection the item passes. Jim, how is your

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1 building, the budget for the building?

2 MR. ZINGALE: Other than, you know, a lot of those
3 things are in the black hole, they say, "Trust us," and
4 we think it's going to happen.

5 GOVERNOR BUSH: Okay. I'll leave that one alone.
6 You don't need 24 votes; do you?

7 CFO GALLAGHER: Just 21.

8 COMMISSIONER BRONSON: That's almost like it's in
9 the mail.

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1 GOVERNOR BUSH: Florida Land and Water
2 Adjudicatory Commission.
3 CFO GALLAGHER: Motion on the minutes.
4 ATTORNEY GENERAL CRIST: Second.
5 GOVERNOR BUSH: There's a motion and a second.
6 Without objection, Item 1 passes. Item 2?
7 MS. TINKER: Item 2, request approval of the
8 establishment of the Madeira Community Development
9 District in St. Augustine.
10 CFO GALLAGHER: Motion on 2.
11 COMMISSIONER BRONSON: Second.
12 GOVERNOR BUSH: There's a motion and a second.
13 Without objection, the item passes.
14 MS. TINKER: Item 3, request approval of the
Page 12

15 boundary amendment of the Arborwood Community
16 Development District in Fort Myers.

17 CFO GALLAGHER: Motion on 3.

18 COMMISSIONER BRONSON: Second.

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

21 MS. TINKER: Thank you.

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1 GOVERNOR BUSH: Board of Trustees. Secretary
2 Castille, how the heck are you?

3 MS. CASTILLE: Good morning, sir, gentlemen. I'm
4 doing great. Thank you. And you?

5 GOVERNOR BUSH: Good. I like your hairdo.

6 MS. CASTILLE: Thank you very much. I get a lot
7 of compliments from it.

8 CFO GALLAGHER: Before we start, if I may,
9 Governor.

10 GOVERNOR BUSH: Yes.

11 CFO GALLAGHER: I'd like to have a -- set a policy
12 directive for DEP to include DMS in the strategic
13 management on all the issues involving the State's
14 non-conservation real estate assets that are owned by
15 the Board of Trustees. That will assist them in having
16 one other agency assist them in leases and anything
17 that would be tied to those leases, help them manage

18 those non-conservation lands and leases.

19 MS. CASTILLE: We would welcome that, sir.

20 CFO GALLAGHER: And so I'd like to make that as a
21 motion.

22 GOVERNOR BUSH: As a motion?

23 CFO GALLAGHER: Yes.

24 GOVERNOR BUSH: This would be to act as a -- this
25 is a policy directive?

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1 CFO GALLAGHER: Yes.

2 GOVERNOR BUSH: Is there a second?

3 COMMISSIONER BRONSON: Second.

4 GOVERNOR BUSH: Any discussion? In fact, this is
5 what we are doing. So to make it -- to formalize it I
6 think would be a good thing. There was a little
7 resistance at the beginning. But through the able
8 leadership of Secretary Castille, I think there's an
9 openness to this concept now.

10 MS. CASTILLE: Yes, sir, there is.

11 GOVERNOR BUSH: Are there any objections?

12 CFO GALLAGHER: And this is probably the right way
13 to do it.

14 GOVERNOR BUSH: There's a motion and a second.
15 Without objection, the item passes, the resolution
16 passes, the policy directive passes. Okay. Item 1.

17 MS. CASTILLE: Item 1 is the City of Pahokee
18 Everglades Ventures Company, LLC. This is a
19 recommended consolidated intent for a five-year
20 sovereignty submerged land lease containing 535,309
21 square feet. It adds five new piers with 108 docking

22 slips, making it a 224-slip facility for vessels up to
23 four feet -- 50 feet, excuse me.

24 ATTORNEY GENERAL CRIST: Motion on 1.

25 CFO GALLAGHER: Second.

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

2 Any discussion? Without objection, the item passes.

3 MS. CASTILLE: Governor, Members of the Cabinet, I
4 would like to give kudos to Mr. John Sprague, who I
5 believe is here.

6 GOVERNOR BUSH: Why do you want to do that?

7 MS. CASTILLE: I'll tell you, because Mr. Sprague
8 entered into this venture with the City of Pahokee that
9 had very little economic development activity in it.
10 And he took this park, built it, spent many years
11 coming here, building the park and the tourism
12 facility. And it was completely ruined by the
13 Hurricanes Charley, Jeanne and Frances.

14 He rebuilt frantically before the next hurricane
15 season. And then Wilma came along and completely
16 demolished the whole facility. And once again
17 Mr. Sprague is back here working with the City of
18 Pahokee to bring an economic development destination to
19 the City of Pahokee. And that means he's been through
20 our permitting process twice.

21 GOVERNOR BUSH: That's the main reason why you
22 want to recognize him.

23 CFO GALLAGHER: That's the reason he deserves it
24 for sure.

25

COMMISSIONER BRONSON: The red badge of courage.

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1 GOVERNOR BUSH: Thank you for doing that. Thank
2 you, sir.

3 GOVERNOR BUSH: Item 2.

4 MS. CASTILLE: Item 2, this is the Mobro Marine,
5 Inc. lease. This is consideration of an application
6 for a five-year sovereignty submerged land lease
7 containing approximately 606,161 square feet to operate
8 an existing commercial barge facility.

9 Gentlemen, we recommend a one-year term lease on
10 this. If you remember, last year we came before you to
11 approve a one-year lease due to Mobro Marine's failure
12 over a 15-year period to appropriately obtain a
13 sovereignty submerged land lease for all of the lands
14 that they were using.

15 While they have successfully complied with the
16 lease's conditions in the past year, what we have done
17 is we -- we have something called a multimedia
18 inspection that we have instituted in the department
19 where all of our regulatory folks go at the same time
20 to inspect a facility so that there's good
21 communication across the stovepipes in the agency to
22 determine the compliance levels of a facility.

23 In this case we had a number of compliance
24 failures that we have worked out a consent decree with
25 Mobro Marine. But we would again like to recommend a

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1 one-year lease on this location.

2 CFO GALLAGHER: Motion on 2.

3 ATTORNEY GENERAL CRIST: Second.

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

5 Without objection, the item passes.

6 MS. CASTILLE: Thank you. Item 3, which is the
7 Board of Trustees, Florida International University
8 declaration of restrictive covenants. We are
9 requesting to impose a declaration of restrictive
10 covenants on 194.991 acres of the Board of
11 Trustees-owned property, which is currently under lease
12 to the Florida International University.

13 Currently the leases -- the university leases 539
14 acres. Three hundred forty-three acres were obtained
15 from the County, and they comprise the main campus of
16 the FIU branch in North Miami, which is subject to the
17 deed restriction that requires the property be used for
18 the operation of a state university.

19 Four deeds by the City of Miami, of North Miami
20 and Inter-American Center Authority and the remaining
21 194 acres were deeded to the Board of Trustees and make
22 up the rest of the Biscayne Bay campus.

23 Three of the deeds have a restriction requiring
24 the use to benefit a state university.

25 GOVERNOR BUSH: Which deeds are you referring to

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1 when you say three? You have a map here. Is it the
2 purple, the blue and the green?

3 MS. CASTILLE: I can't see colors on mine.

4 GOVERNOR BUSH: Or whatever that color is, kind of
5 dolphin aqua.
6 MS. CASTILLE: This here is the 194 acres.
7 CFO GALLAGHER: Light green, dark green.
8 GOVERNOR BUSH: The ones that have deed
9 restrictions right now is my question.
10 MS. CASTILLE: Right here. Scott, where are you?
11 MR. WOOLAM: This parcel to the north, there's a
12 couple of deeds here that have a deed restriction
13 already on it. The middle one does as well, but it's
14 not as firm for education purposes as the main campus
15 deed. And this bottom third area has got no deed
16 restriction whatsoever. So we were trying to get those
17 all in line with the same deed restrictions that's on
18 the main campus.
19 GOVERNOR BUSH: Okay.
20 CFO GALLAGHER: I move Item 3.
21 ATTORNEY GENERAL CRIST: Second.
22 GOVERNOR BUSH: There's a motion and a second.
23 Without objection, the item passes. Thank you.
24 MS. CASTILLE: Thank you.
25 GOVERNOR BUSH: This will bring a degree of -- if

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1 there's any misunderstandings that might exist or --
2 this just brings State policy into a consistent
3 position. Don't want to have any inconsistencies
4 regarding the use of State land. Do you know what I
5 mean?

6 MS. CASTILLE: Yes, sir.
7 GOVERNOR BUSH: Okay.

8 MS. CASTILLE: Item 4, this is a five-year -- I'm
9 sorry. This is a five-year sublease with four
10 additional renewal terms for Verizon and DMS to place a
11 wireless communications tower adjacent to the emergency
12 operations center in Southwood.

13 ATTORNEY GENERAL CRIST: Motion.

14 CFO GALLAGHER: Second.

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

16 Without objection, the item passes.

17 MS. CASTILLE: And Item 5 --

18 CFO GALLAGHER: I move to defer to May 16th Item
19 5.

20 MS. CASTILLE: Thank you.

21 GOVERNOR BUSH: There's a motion to defer Item 5
22 to May 16.

23 ATTORNEY GENERAL CRIST: Second.

24 GOVERNOR BUSH: And a second. Without objection,
25 the item is deferred. Hopefully we will be here May

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1 16th to deal with this. A lot depends on what happens
2 today in the county commission meeting discussing the
3 Scripps contract.

4 MS. CASTILLE: That concludes our agenda. Thank
5 you.

6 GOVERNOR BUSH: Thank you.

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1 GOVERNOR BUSH: State Board of Administration.
2 ATTORNEY GENERAL CRIST: Motion on 1.
3 CFO GALLAGHER: Second.
4 GOVERNOR BUSH: There's a motion and a second.
5 Without objection, Item 1 passes.
6 MR. CONNER: Good morning.
7 GOVERNOR BUSH: Good morning.
8 MR. CONNER: The second item is a request for
9 approval of a fiscal determination in connection with
10 the issuance of an amount not exceeding \$14,170,000 tax
11 exempt --
12 CFO GALLAGHER: Motion on 2.
13 MR. CONNER: -- Florida Housing
14 Finance Corporation --

15 ATTORNEY GENERAL CRIST: Second.

16 GOVERNOR BUSH: A motion and a second. Without
17 objection, Item 2 passes.

18 MR. CONNER: Third item, request approval for
19 fiscal determination in connection with issuance of an
20 amount not exceeding \$9,200,000 tax exempt Florida
21 Housing Finance Corporation multi family revenue bonds.

22 ATTORNEY GENERAL CRIST: Motion.

23 CFO GALLAGHER: Second.

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

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1 MR. CONNER: And the fourth item is request
2 approval for fiscal determination in connection with
3 issuance of an amount not exceeding \$5,700,000
4 tax-exempt Florida Housing --

5 CFO GALLAGHER: Motion on 4.

6 ATTORNEY GENERAL CRIST: Second.

7 GOVERNOR BUSH: There's a motion and a second.
8 Without objection, the item passes. Thank you, Wayne.

9 MR. CONNER: Thank you very much.

10 GOVERNOR BUSH: Have a good day.

11 (Proceedings concluded at 9:55 a.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, Jo Langston, Registered Professional Reporter,
do hereby certify that the foregoing pages 3 through 24,
both inclusive, comprise a true and correct transcript of
the proceeding; that said proceeding was taken by me
stenographically and transcribed by me as it now appears;
that I am not a relative or employee or attorney or counsel
of the parties, or a relative or employee of such attorney
or counsel, nor am I interested in this proceeding or its
outcome.

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

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JO LANGSTON

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Registered Professional Reporter

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