

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
FINANCIAL REGULATION

FINANCIAL SERVICES COMMISSION, OFFICE OF
INSURANCE REGULATION

DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES

DEPARTMENT OF LAW ENFORCEMENT

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, October 3,
2006, commencing at 9:05 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

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

2 (Agenda items commenced at 9:25 a.m.)

3 GOVERNOR BUSH: Division of Bond Finance.

4 CFO GALLAGHER: Motion on the minutes.

5 ATTORNEY GENERAL CRIST: Second.

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

7 Without objection, the item passes. Item 2. Hello,

8 Ben. How are you?

9 MR. WATKINS: Good morning, Governor. I'm fine.
10 Thank you, sir.

11 GOVERNOR BUSH: Ben, Joanie James asked me about
12 the AAA bond rating today. I hope we're going to have
13 a lengthy discussion about that.

14 MR. WATKINS: We can talk about it as long as you
15 would like to, Governor, as long as you can stand it or
16 as long as the audience can stand it.

17 ATTORNEY GENERAL CRIST: Governor, can I take a
18 moment of personal privilege?

19 GOVERNOR BUSH: Yes.

20 ATTORNEY GENERAL CRIST: Since you mentioned
21 Joanie James, both of us attended Wake Forest
22 University. And the Demon Deacons are 5 and 0, Joanie.
23 I told you they would. Thank you, Governor. You're
24 kind.

25 CFO GALLAGHER: On an important issue.

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1 GOVERNOR BUSH: That is important. Particularly
2 for them. That doesn't happen often. I thought you
3 were an FSU man.

4 ATTORNEY GENERAL CRIST: I am. I transferred.

5 GOVERNOR BUSH: When you're running for office,
6 you've got to be --

7 ATTORNEY GENERAL CRIST: The U.

8 GOVERNOR BUSH: Not this year. All right, Ben.

9 MR. WATKINS: Item 2 is a resolution authorizing
10 the issuance and competitive sale of up to \$25 million
11 in Dormitory Revenue Refunding Bonds for Florida
12 Atlantic University.

13 CFO GALLAGHER: Motion.

14 ATTORNEY GENERAL CRIST: Second.

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

17 MR. WATKINS: Item Number 3 is a resolution
18 authorizing the issuance and competitive sale of up to
19 \$104 million of Lottery Revenue Refunding Bonds.

20 COMMISSIONER BRONSON: Motion on Item 3.

21 ATTORNEY GENERAL CRIST: Second.

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

24 MR. WATKINS: And Item Number 4 is the report of
25 award on the competitive sale of \$400 million in PECO

1 bonds. The bonds were awarded to the low bidder at a
2 true interest cost of 4.41 percent.

3 CFO GALLAGHER: Motion.

4 COMMISSIONER BRONSON: Second.

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

6 Without objection, the item passes.

7 MR. WATKINS: Another item of interest, which
8 isn't on the agenda, which you've already mentioned,
9 that you should know about is that Standard & Poor's
10 has affirmed the State's AAA rating after completing
11 their annual review.

12 And S & P in the credit report was very
13 complimentary of the financial management of the State.
14 And some of the factors that they cited in their
15 rationale in affirming the State's AAA rating are first
16 the strong and conservative financial and budget
17 management practices utilized in the State.

18 Secondly --

19 GOVERNOR BUSH: Reporters, stop reading the paper
20 and start taking notes. They're reading the sports
21 page back there. I'm sorry, Ben.

22 MR. WATKINS: That's okay. The S & P report also
23 talks about the State's strong economy and revenue
24 growth. And more importantly, consistently, the State
25 has generated operating surpluses, which has enabled

1 the creation of significant reserves, which provides
2 financial flexibility to deal with true financial
3 challenges confronting the State, like hurricanes, the
4 cost of insurance, and enables the State to make
5 substantial investments using cash in State
6 infrastructure.

7 Thirdly, moderate debt burden and a stable debt
8 burden going forward, along with well-defined debt
9 management policies and legal guidelines relating to
10 the debt affordability of the State were cited as
11 credit strengths in affirming the AAA rating.

12 Also embedded within the credit report is a
13 financial management assessment, which S & P is really
14 formalizing and providing transparency to how they
15 evaluate the criteria of a governmental body in terms
16 of how they manage the State financially.

17 And with respect to the financial management
18 assessment, they indicated the State's financial
19 management practices are strong. So, again, consistent
20 with the State's AAA rating, that's the highest
21 category available pursuant to the financial management
22 assessment.

23 So this is very good news on the State's rating.
24 And more importantly it's a validation of the State's
25 conservative budgetary and financial management

1 practices, which helps lower the overall cost of
2 financing infrastructure in the State.

3 GOVERNOR BUSH: Wow, that was just inspirational,
4 Ben. There's one part of this that I'm not sure -- I
5 think they mentioned in the report, but you may have
6 avoided it, which is that they also spoke very highly
7 of the talented team that manages the debt for the
8 State, which you head, and I appreciate your service.

9 MR. WATKINS: Thank you, sir. I appreciate it.
10 This is exciting only to us bond nerds, Governor. The
11 rest of the people it leaves, in terms of the
12 significance of that.

13 GOVERNOR BUSH: We're all bond nerds right now.
14 Great work.

15 MR. WATKINS: Thank you, sir.

16 GOVERNOR BUSH: Kudos to the Legislature as well.
17 They don't get credit, but they -- this year they did
18 something pretty extraordinary. This will be really
19 nerdy, Ben, so listen carefully. This year the budget
20 had more recurring revenue than recurring expenses. We
21 had not just a surplus of generating extra monies that
22 were put in reserve, but we underspent, based on what
23 the continuation budget, what the base budget is.

24 And I don't believe that that's happened in at
25 least -- I know going back in the nineties, past the

1 eighties. It hasn't happened in the last 15 years.
2 That requires an incredible amount of discipline. And
3 Representative Negron and Senator Carlton and their
4 teams deserve a lot of credit for that because that's
5 just extraordinary. It means the next governor and
6 next legislature will have more money than they
7 envisioned or than what's typical. Thank you, Ben.

8 (Applause)

9 GOVERNOR BUSH: Thank you, Dennis.

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

3 MS. MORELAND: Good morning.

4 GOVERNOR BUSH: Good morning. How are you?

5 MS. MORELAND: Fine, thank you. I'm Andrea
6 Moreland. I'm the legislative director for the Office
7 of Financial Regulation. Commissioner Saxon sends his
8 apologies that he couldn't be here this morning. He is
9 a guest speaker in Jacksonville at a conference for
10 state securities regulators. So he has asked me to
11 present our agenda items for him today.

12 GOVERNOR BUSH: Happy to have you.

13 MS. MORELAND: The first item is adoption of
14 amendments to Rule 69W-600.013, which relates to
15 prohibited business practices for dealers and their
16 associated persons.

17 CFO GALLAGHER: Motion on 1.

18 ATTORNEY GENERAL CRIST: Second.

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

21 MS. MORELAND: The second item is adoption of
22 amendments to Rule 69W-600.0131, prohibited business
23 practices for investment advisors and their associated
24 persons.

25 CFO GALLAGHER: Motion on 2.

1 ATTORNEY GENERAL CRIST: Second.

2 GOVERNOR BUSH: There's a motion and a second.
3 Without objection, the item passes. Thank you very
4 much.

5 MS. MORELAND: Thank you.

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

3 CFO GALLAGHER: Motion on the minutes of August
4 15th.

5 COMMISSIONER BRONSON: Second.

6 GOVERNOR BUSH: There's a motion and a second.
7 Without objection, Item 1 passes. Kevin, how are you?

8 MR. McCARTY: Good morning, Governor. A point of
9 personal privilege. On behalf of Commission Saxon and
10 myself, we'd like to point out that the Florida Gators
11 are also undefeated and 5 and 0.

12 (Applause)

13 MR. McCARTY: Governor, as you are aware, in
14 Pensacola this past week, our office, your office --

15 GOVERNOR BUSH: As a point of personal privilege,
16 I'd like to tell you that the Miami Hurricanes are two
17 and two this year, after eking out a 14-13 victory
18 against the University of Houston.

19 MR. McCARTY: Well, I'm a fan of all of Florida
20 state universities.

21 GOVERNOR BUSH: That just didn't seem sincere,
22 Kevin.

23 MR. McCARTY: Let's put it this way. I'm rooting
24 for Wake Forest to stay undefeated.

25 GOVERNOR BUSH: All right. Item 2.

1 MR. McCARTY: Governor, as you are aware, in
2 Pensacola this past weekend, our office and your
3 office, Department of Financial Services, conducted a
4 second in our series for Fortify Florida Fairs. These
5 fairs are targeted towards educating Florida homeowners
6 about mitigating their homes and how important that is,
7 not only in reducing potential losses but in providing
8 a safe environment for their families in the event of a
9 catastrophic event.

10 These fairs have brought in experts and resources
11 under one roof to educate and assist policyholders by
12 providing information on how to better mitigate their
13 homes. At the Pensacola fair there were about 50
14 exhibits and eight workshops were conducted on
15 construction, experts in mitigation techniques,
16 insurance companies and representatives from across the
17 industry.

18 I think that this was an overall success. The
19 first one was held in St. Pete. We had several hundred
20 show up. Unfortunately, it was a very rainy day, but
21 we had a beautiful day in Pensacola, and there were
22 about 2,500 people who attended that mitigation fair.

23 We're expecting even a better turnout in our third
24 fair, which is scheduled in Pensacola. The culmination
25 of this really dovetails with --

1 GOVERNOR BUSH: Where is the third one? I'm
2 sorry.

3 MR. McCARTY: In Palm Beach. What did I say?

4 GOVERNOR BUSH: Pensacola. Thought it was so
5 successful you were just going to go back.

6 MR. McCARTY: Palm Beach. I beg your pardon.
7 This really dovetails with our next two agenda items,
8 in educating consumers about mitigation programs. Item
9 Number 2 specifically is providing for notice of
10 premium discounts for hurricane mitigation.

11 As you approved for publication in the August 15th
12 meeting, the office, in an effort to assist
13 policyholders to better understand the various premium
14 discounts available, has developed a new
15 consumer-friendly forum that provides information on
16 how these credits are calculated.

17 Now policyholders can take advantage of credits
18 and discounts and provide information in a plain
19 English form.

20 This form differs than the past. As you remember,
21 the past form was a range from three percent to 45 or
22 60 percent. And this form requires the companies to
23 provide policyholder-specific information about the
24 various discounts.

25 GOVERNOR BUSH: Is this a standard form for

1 everybody now?

2 MR. McCARTY: Yes, it will be. Now, by operation
3 of law, the Administrative Procedures Act, that will
4 take effect at the 21 days after publication of the
5 rule, which would be the end of this month. We held a
6 workshop yesterday, finalization of the rule. The
7 industry has expressed some concern about their ability
8 to implement it on such a short time frame.

9 They have requested an implementation date of July
10 1st. We believe that that probably would be -- didn't
11 think it would meet with your approval. We would
12 suggest as a maximum that it would be March 1st. The
13 reason we're suggesting March 1st is all the companies
14 are going to be required to file the new discounts in
15 the next rule that we're going to discuss by January
16 1st. And that's 90 days for the approval process,
17 which dovetails with March 1st.

18 GOVERNOR BUSH: Actually, that's 60 days from
19 January 1st.

20 MR. McCARTY: Yes, it is. It doesn't dovetail as
21 well; does it?

22 GOVERNOR BUSH: But, I mean, the point here is
23 that there's an estimated premium discount, so it will
24 be a single number.

25 MR. McCARTY: Yes.

1 GOVERNOR BUSH: Although it could change, but it's
2 a single number. And then the annual premium is
3 reduced by a dollar amount, so you have both. And it's
4 in English. I can verify that. The form is in English
5 not in insurance --

6 MR. McCARTY: We worked with your office and
7 consumer groups to make sure that this was put in plain
8 English.

9 GOVERNOR BUSH: One of the questions I had --
10 kudos for getting this done this quickly, or at least
11 where we are right now. One of the questions I had
12 was, there's not a total on this form. It's just a
13 series of different things that you can do to create
14 savings.

15 Is it true that -- I mean, could you total it?
16 Could you take at the end and have a total and have,
17 under the column estimated annual premiums reduced by,
18 and have a total amount? Or is there something in
19 contradiction? There was some discussion in one of our
20 meetings that these things can be contradictory to one
21 another.

22 MR. McCARTY: The credits are not necessarily
23 discrete credits for each number amount. So sometimes
24 they're taken in combination. If you take a hip roof
25 with a shutter discount, individually they may be one

1 number. Collectively, they would be -- and that might
2 be multiplicative. It would be a different number. So
3 it's potential that the companies would be able to.
4 But there is a caveat at the end that says that it's
5 estimated. And I don't think it would vary by a
6 significant amount.

7 The other option is the companies could file the
8 discount so that they're discrete discounts for each
9 one, so it could be added up at the end and be
10 cumulative.

11 GOVERNOR BUSH: I think it's important if this --
12 the whole focus of this is to make this consumer
13 friendly so people can know about it and take advantage
14 of it, and they're not going to care so much, at least
15 I wouldn't care, about each individual savings.

16 I want to know what the total amount is. I want
17 to know how much I have to put up, how much I get in
18 return. And most people can say, well, that's a
19 two-year payout or a three-year payout, and it's worth
20 doing because I want to have a safer home.

21 But if you don't give them the total estimated
22 amount of savings, are you going to create some
23 frustration?

24 CFO GALLAGHER: This rule is very helpful, but
25 what actually the plan is, is on the My Florida Safe

1 Homes, which is the inspection program that the
2 Legislature funded with a quarter of a billion dollars,
3 is that that inspector will check with the company and
4 that particular policy and get that information on that
5 policy.

6 So his report to the homeowner will be, here are
7 the things of the seven that count, could be roof,
8 could be windows, et cetera, shutters. If you do
9 these, here is how much you're going to save from your
10 insurance, spelled out exactly, and here is how much
11 it's estimated for it to cost, so that at the end of
12 that form, you will get to see your cost benefit. That
13 will be done on the individual home.

14 The problem that Kevin is having and the
15 Department is having and the insurance companies are
16 having is that when you really look at it, each home
17 being different with how many windows it may have or
18 whether it has a tie-down on the roofs or not, how
19 large it is, all those things make a difference. So to
20 put an actual percentage or an actual amount for all
21 houses doesn't work.

22 GOVERNOR BUSH: I'm not asking for that because
23 that -- you also could have an insurance company that
24 has a lower premium, so the discount may not be as
25 high. But the question here is the mitigation program

1 is great and the inspections that would come with it, I
2 could see how that could bring some clarity, but that's
3 50,000 homes out of four million or whatever.

4 MR. McCARTY: Right.

5 GOVERNOR BUSH: So how do we get without -- all
6 I'm saying is it could be misleading if people look at
7 each individual element and because the combinations
8 may yield a higher or lower credit, I don't know --

9 CFO GALLAGHER: Could be either way.

10 GOVERNOR BUSH: It could be either way. If there
11 was a way -- I don't know how to do it. I know this
12 isn't an easy request. But what we don't want to do is
13 to put this in plain English so people can understand
14 and make it confusing at the end. I mean, the whole
15 point of this is to make it easy for people to
16 understand so that their interests are aligned with the
17 State's interest to harden their homes. Am I --

18 MR. McCARTY: Very clearly. But my concern is
19 that if we do have a tallied number at the end, it may
20 vary by more than a little bit, in which case I think
21 it could cause some --

22 GOVERNOR BUSH: Then you need to put something in
23 the form itself so that there's a degree of consumer
24 protection about this. And maybe get an --

25 CFO GALLAGHER: One of the things you have to do

1 in real life is you've got to get an inspection. If
2 you're a homeowner in Dade or Broward County, primarily
3 Dade, you probably already should get discounts that
4 you may or may not be getting, because if your home was
5 built to the code or been improved to the code because
6 it's had some improvements on it, you qualify for
7 discounts that you may not have gotten.

8 And almost every inspection that we've done has a
9 two to three to eight percent that already could be
10 just because of the construction, and then the things
11 that you could do would go on top of that. And they're
12 finding that out because they're getting an inspection.
13 So many people pay them to, if they're not part of the
14 50-some-thousand that have already signed up and locked
15 down, to go get an inspection on their own and see what
16 it would cost, because there is some pretty good
17 savings already there plus what you can get.

18 GOVERNOR BUSH: Is there a way to put something
19 into the form itself that does say -- you know, that
20 encourages people to get an inspection --

21 MR. McCARTY: Yes.

22 GOVERNOR BUSH: -- or gives them some information
23 just to deal with this one issue that I wasn't aware
24 of. This is kind of new turf for me so --

25 CFO GALLAGHER: Here's the thing. Are the people

1 ever going to see this form?

2 MR. McCARTY: Yes. The form is required to be
3 sent on issuance of a new policy and on every renewal.
4 So it comes in your -- it generally comes in your
5 renewal notice, and they're widely distributed and
6 widely read. And we've received a number of inquiries
7 and your office has received a number of inquiries.
8 But the problem has been is that there's been such a
9 wide degree of variation with regard to -- within each
10 of those different mitigation prospects.

11 So they would be between three and 45 percent.
12 They'd go out and make the investment. And you read
13 the occasion where somebody gets a 16 or 18 dollars,
14 and we clearly want to make that not the case.

15 CFO GALLAGHER: What needs to be the form that
16 gets sent out is that there's a wide variation, but if
17 you'd like to know exactly what you can save, you can
18 get your home inspected, and basically tell them how.

19 GOVERNOR BUSH: But we're also eliminating the
20 wide variation.

21 MR. McCARTY: Right.

22 CFO GALLAGHER: Well, that too.

23 MR. McCARTY: The purpose here was to move away
24 from the form that was not only difficult to understand
25 but really didn't provide very specific information

1 with regard to the structure to the homeowner. And
2 what we're attempting to do here is to provide plain
3 language, but also focus on those things that are being
4 targeted by Senate Bill 1980, the \$250 million
5 mitigation program, and then also give specific
6 discrete credits for those with the specific
7 policyholders, with the obvious caveat that that is an
8 estimate and that there might be a small variation on
9 that, as we work through this system to perfect it.

10 CFO GALLAGHER: Well, obviously, there's a way.
11 Unfortunately, it's probably underwrite one policy at a
12 time, when it comes to what -- I mean, okay, look, I've
13 got all my windows covered with shutters. They've got
14 to give you a number how much you save. The problem
15 is, I guess, each one has to be looked at.

16 MR. McCARTY: And there's also consideration. You
17 might shutter your windows, but if you fail to fortify
18 your garage, you're still going to compromise the
19 building, so you might not get as much credit as you
20 want. So it's an ongoing process of education and a
21 better way to communicate the way to mitigate homes to
22 make Florida's homes safer.

23 GOVERNOR BUSH: General?

24 ATTORNEY GENERAL CRIST: Thank you, Governor.
25 Kevin, I guess it's along the lines or maybe analogous

1 to, you know, if you're a safe driver, you get a
2 discount on your auto insurance. So if you harden your
3 home, you should get a discount on your homeowner's
4 insurance. Is that fair to say?

5 MR. McCARTY: Absolutely, General. And as you
6 know, when you get your auto insurance, they'll
7 specifically say, seat belt, passive restraints,
8 antilock brakes, and they'll accumulate those. So it's
9 very analogous to what we've done with regard to
10 promoting safety in automobile driving as well.

11 GOVERNOR BUSH: Except there's an asterisk, which
12 is that the combination of these things may not yield
13 the logical, you do four things and you add them up and
14 you get a discount of X.

15 MR. McCARTY: Another one of the responsibilities
16 under the provisions of 1980 was to require the Office
17 to go back and revisit the credits that we're currently
18 using. And one of the things we can do is separate
19 those out and give discrete numbers with regard to each
20 of those. And, therefore, when we republish the rule
21 in the future, we can be more specific and not have so
22 much of a variance with regard to those credits and
23 discounts.

24 GOVERNOR BUSH: All right.

25 CFO GALLAGHER: Motion on 2.

1 ATTORNEY GENERAL CRIST: Second.

2 GOVERNOR BUSH: There's a motion and a second.
3 Any other discussion? Without objection, the item
4 passes. Thank you, Kevin. Item 3.

5 MR. McCARTY: I would like your guidance,
6 Governor, and members of the Commission, with regard to
7 effective date. As I established when we first started
8 our discussion it was by operation of the
9 Administrative Procedures Act. It would take effect at
10 the end of October, which was within our time frame.

11 Unfortunately, the industry, through challenges
12 with putting this in their system, because we are now
13 going from a general statement to a policy specific,
14 will have to obviously do a number of programming
15 changes in their system.

16 They've requested until July 1st. I think that
17 that probably is probably way too long. January 1st is
18 when we're going to require them to make the filing.
19 Certainly we were originally contemplating a January
20 effective date. The two of them can be together.
21 Somewhere in between would be a March date, which we
22 originally suggested. We await your guidance.

23 GOVERNOR BUSH: You wanted 90 days after January
24 1st, March 1st, or 60 days after?

25 CFO GALLAGHER: He likes March 1st. He doesn't

1 care --

2 MR. McCARTY: I like March 1st, but not for the
3 reasons previously stated, but we certainly could -- my
4 concern is --

5 GOVERNOR BUSH: The December date is really the
6 earliest that it can be done?

7 MR. McCARTY: Because, remember, they have to give
8 the time for the renewals. So if they put it in March,
9 you still have to put it in the renewal dates earlier
10 than that.

11 GOVERNOR BUSH: Okay.

12 MR. McCARTY: So suggest a March 1st effective
13 date.

14 CFO GALLAGHER: I move -- this is for 3 now,
15 right?

16 MR. McCARTY: No. That's Number 2. Number 3 is
17 actually January 1st.

18 GOVERNOR BUSH: We don't need a motion. You're
19 just looking for guidance?

20 MR. McCARTY: Yes, because we're going to --

21 CFO GALLAGHER: March 1st.

22 MR. McCARTY: -- publish the rule with the
23 effective --

24 GOVERNOR BUSH: Item 3.

25 CFO GALLAGHER: Motion on 3.

1 ATTORNEY GENERAL CRIST: Second.

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

3 Would you like to --

4 MR. McCARTY: Briefly, Governor.

5 GOVERNOR BUSH: There are people that are actually
6 listening to this, unlike the S & P thing maybe. Maybe
7 they were right about this.

8 MR. McCARTY: I think you're right, Governor.
9 This is where we're providing -- previously, with
10 regard to mitigation discounts and credits, we provided
11 a publication of a memorandum, suggestions. We are now
12 going to the full actuarial indications as published by
13 the Department of Community Affairs in their study,
14 which effectively, for most companies, would double
15 those discounts and credits.

16 In conjunction with what was previously adopted,
17 the doubling of the credits, along with a better
18 education program, we believe will provide
19 policyholders with incentives to mitigate their homes,
20 not only to reduce losses but to provide a safe
21 environment for their families.

22 GOVERNOR BUSH: Thank you. Any discussion?
23 There's a motion and a second. Without objection, Item
24 3 passes. Item 4.

25 MR. McCARTY: Before I go to Item 4, Governor, I'd

1 like to ask the Interim Executive Director Dan Sumner
2 to give you an update on the Property and Casualty
3 Joint Underwriting Association that was established by
4 emergency rule.

5 GOVERNOR BUSH: All right.

6 MR. SUMNER: Good morning. The Property and
7 Casualty JUA --

8 GOVERNOR BUSH: Good morning.

9 MR. SUMNER: Good morning. -- received its rate
10 and policy form approval on September 15th. So we've
11 had 13 days of being eligible to write coverage. The
12 policy form that was approved calls for a maximum
13 structural value limit of \$1 million and covers the
14 perils of wind and hail.

15 Since that time 343 insurance agents have been
16 appointed to write business with the Property and
17 Casualty JUA. In those 13 business days, there have
18 been 521 quotes for coverage. Under the requirements
19 for the JUA, once a quote is made, there is a ten-day
20 period where the quote has to be shopped in the private
21 market with the Florida Market Assistance Plan so that
22 only --

23 GOVERNOR BUSH: Speak English now.

24 MR. SUMNER: I'm sorry?

25 GOVERNOR BUSH: English. No acronyms, so we can

1 understand it.

2 MR. SUMNER: With the Florida Market Assistance
3 Plan --

4 GOVERNOR BUSH: Thank you.

5 MR. SUMNER: -- to make sure that the coverage is
6 unavailable in the private market. Some basic
7 information on the quotes so far, the total value of
8 the buildings quoted to this point is 179,321,000.
9 That would be for the total for the 521 quotes. The
10 average property value is 344,000. The total quoted
11 premium is 5.7 million, and the average quoted premium
12 is \$10,897.

13 The most significant risk characteristic of the
14 quotes is that 44 percent of the quotes are for
15 structures that are less than one mile from the coast.
16 Of the quotes, 84.6 percent are for structures that are
17 less than five miles from the coast.

18 There has been one risk that has been shopped by
19 the Market Assistance Plan. There was no private
20 market coverage and a policy has been bound for that
21 one risk. It is a building in Naples, Florida, with a
22 value limit of \$1 million and the premium was 19 --

23 GOVERNOR BUSH: Does that mean all the rest found
24 private insurance or it's still working --

25 MR. SUMNER: They're still in the ten-day period.

1 CFO GALLAGHER: Ten-day period, and we've only had
2 13 days.

3 MR. SUMNER: And I'll be happy to answer any
4 questions.

5 GOVERNOR BUSH: How do you price it?

6 MR. SUMNER: There was a rate filing which was
7 submitted to the Office of Insurance Regulation. Very
8 similar to any other property coverage that is based
9 upon hurricane risk. There were two hurricane models
10 used, which presumed a one- and 250-year storm
11 potential, which is a very conservative estimate.

12 We are also, to make sure that the rates are
13 appropriate, going to do an independent actuarial peer
14 review of the rates within the first 30 days after that
15 September 15th date so that we have not only the rate
16 filing that was submitted but an independent second
17 opinion to make sure that the rates are, in fact,
18 actuarially sound.

19 GOVERNOR BUSH: What is your insurance agent
20 commission?

21 MR. SUMNER: Seven percent.

22 GOVERNOR BUSH: Good lesson for Citizens.

23 CFO GALLAGHER: These policies are limited to \$1
24 million.

25 MR. SUMNER: Yes, sir.

1 CFO GALLAGHER: And it's wind only.

2 MR. SUMNER: Yes, sir.

3 CFO GALLAGHER: And the mile, it must be the areas
4 where Citizens obviously has just a very small area of
5 the coastal. So we've got a lot of these coming from
6 the panhandle? Because I think 98 is the line for
7 Citizens, if I remember correctly, or somewhere close
8 to that.

9 MR. SUMNER: You are correct that the Property and
10 Casualty Joint Underwriting Association cannot write in
11 the areas that Citizens writes, including the Citizens
12 high risk area, which is their coastal product.
13 Actually, the quotes are very evenly distributed around
14 the state. There are quite a few from southwest
15 Florida and also from Tampa Bay. But we are getting a
16 number from the panhandle as well.

17 GOVERNOR BUSH: Thank you.

18 MR. SUMNER: Thank you.

19 CFO GALLAGHER: Motion on 4.

20 COMMISSIONER BRONSON: Second.

21 GOVERNOR BUSH: Is this -- that's what we just
22 discussed?

23 CFO GALLAGHER: Rule adoption, yes.

24 MR. McCARTY: Four is the adoption of -- this is
25 the regular non-emergency rule adoption of the

1 formation of the Property and Casualty Joint
2 Underwriting Association.

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

5 MR. McCARTY: And I just want to show the
6 distinction in that it just provided for how you would
7 apportion the losses of the company. That's the only
8 change from the emergency rule.

9 GOVERNOR BUSH: Thank you, Kevin.

10 MR. McCARTY: Thank you, Governor.

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1 GOVERNOR BUSH: Department of Highway Safety and
2 Motor Vehicles.

3 CFO GALLAGHER: Motion on the minutes of 16 May.

4 ATTORNEY GENERAL CRIST: Second.

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

6 Without objection, the item passes. Item 2.

7 MR. DICKINSON: Good morning, Governor and

8 Cabinet. Item 2 is the quarterly report for the

9 quarter ending June of '06.

10 CFO GALLAGHER: Motion on accepting the report.

11 ATTORNEY GENERAL CRIST: Second.

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

13 Without objection, the item passes.

14 MR. DICKINSON: Governor, can I mention one thing

15 that is going on right now? We're trying to make

16 technology work a little better for us.

17 GOVERNOR BUSH: Sure.

18 MR. DICKINSON: Yesterday we unveiled something

19 down at Representative Bill Galvano's office. A young

20 lady whose daughter had been killed, unfortunately, in

21 a motorcycle crash some time ago had -- the law

22 enforcement, it took them about six hours to notify

23 her. She knew something had happened, but she was

24 frantically going around the hospitals.

25 We have put together a Web-based application for

1 you, anybody, to go onto our site and go ahead and put
2 in personal information to where law enforcement or
3 emergency people can contact you in the event of an
4 emergency, free to the public, and it can only be
5 accessed by law enforcement through a certified system.

6 CFO GALLAGHER: Now, is the information one would
7 put in about who to contact if something happens to
8 them?

9 MR. DICKINSON: Correct.

10 CFO GALLAGHER: And that information is public?

11 MR. DICKINSON: No. That information is only
12 available to what we call the DAVID system. I know I'm
13 going to hear about that. But the DAVID system is the
14 driver system that is available only to law enforcement
15 or somebody that FDLE has a certification through, for
16 them to access the system. Nobody would be able to get
17 into that information, unless you're law enforcement or
18 a firefighter, first responder.

19 CFO GALLAGHER: How are we going to -- are we
20 going to start asking people when they get a renewal on
21 their driver's license to give us that person so that
22 that will help?

23 MR. DICKINSON: We will ask -- it's all voluntary,
24 and at this point we will ask them if they want to
25 involve themselves in that.

1 CFO GALLAGHER: I know it's voluntary, but we
2 really should push that when you renew. Otherwise
3 people aren't -- it's hard to get --

4 MR. DICKINSON: Well, we'll push it when we renew,
5 but it's not mandatory yet. Yes, we are asking the
6 question or we're making it available when they come in
7 for renewal. We're still working out the kinks on this
8 thing, and we want to get it fine-tuned before we open
9 the doors wide open to advertising.

10 CFO GALLAGHER: I think it's a great idea.

11 GOVERNOR BUSH: All right. Thank you, Fred. Item
12 3.

13 MR. DICKINSON: Item 3 is a rule amendment to
14 adoption of the Florida Administrative Code with regard
15 to noise coming from vehicles. We're changing it by
16 statute. We're just conforming to the statute, which
17 changes from 100 feet plainly audible to 25 feet.

18 CFO GALLAGHER: Motion on 3.

19 COMMISSIONER BRONSON: Second.

20 GOVERNOR BUSH: You're changing the rules to
21 comply with the new statute.

22 MR. DICKINSON: Correct.

23 GOVERNOR BUSH: There's a motion and a second.
24 Without objection, the item passes. I thought you were
25 going to bring -- like the license plates, they always

1 bring the big plate. I thought you'd bring your big
2 boom box.

3 CFO GALLAGHER: You could bring a little tiny one
4 at 25 feet.

5 MR. DICKINSON: I left it on the tractor this
6 morning, Governor.

7 GOVERNOR BUSH: Item 4.

8 MR. DICKINSON: Item 4 is our annual performance
9 report from '05-'06.

10 CFO GALLAGHER: Approve the item for the
11 performance report.

12 ATTORNEY GENERAL CRIST: Second.

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

15 MR. DICKINSON: Do you want any comments on the
16 performance last year, Governor?

17 CFO GALLAGHER: Sure. You can tell us how great
18 you did.

19 MR. DICKINSON: Well, we hit about 75 to 80
20 percent of our goal. The one thing is, we have -- 85
21 percent of the folks that are standing in our driver
22 license offices are waiting 30 minutes or less. So
23 that is a substantial improvement over previous years.
24 And I thank you and the Legislature for helping us.
25 You gave us some resources there that certainly picked

1 up the slack.

2 CFO GALLAGHER: But how many are being done
3 through the mail?

4 MR. DICKINSON: About 25 percent on the vehicle
5 side and about 13 percent on the driver license side.
6 And when you say "mail," I mean mail, voice or
7 Internet. They have three different ways other than
8 coming in the office. And that has improved roughly 25
9 percent a month since we got rid of the convenience
10 fee. So we're seeing substantial improvement there.

11 CFO GALLAGHER: And is there an age at which we
12 want to -- that somebody starts taking a driver's test
13 again?

14 MR. DICKINSON: We require a vision test on
15 everyone now if you come in the office. If you apply
16 through mail, phone or Internet and are over -- are 80
17 years old or over, you have to submit an eye test at
18 that age. There's only a written test if you come
19 under some kind of medical scrutiny or law enforcement
20 requests it.

21 GOVERNOR BUSH: All right. Did we do a motion on
22 that?

23 CFO GALLAGHER: Yes.

24 GOVERNOR BUSH: I think we did; didn't we? Item
25 5, please.

1 MR. DICKINSON: Item 5 is the '06-'07 annual
2 performance contract.

3 CFO GALLAGHER: Motion on 5.

4 ATTORNEY GENERAL CRIST: Second.

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

7 MR. DICKINSON: Item 6 is the Department's '07
8 legislative package, which is basically to conform to a
9 federal Attorney General or Justice Department's
10 request that we tailor the law a little bit. We are
11 already doing the Driver Privacy Protection Act, which
12 means we're holding Social Security, personal
13 information, your name, your address, things of that
14 nature, at a high scrutiny. And this would change the
15 law a little bit at their suggestion. We don't think
16 it will change any operation in Florida.

17 CFO GALLAGHER: Motion on 6.

18 ATTORNEY GENERAL CRIST: Second.

19 GOVERNOR BUSH: There's a motion and a second.
20 I'm going to maintain my posture of abstaining from the
21 vote, to keep the seat warm for the next governor. All
22 in favor say aye.

23 COMMISSIONER BRONSON: Aye.

24 ATTORNEY GENERAL CRIST: Aye.

25 CFO GALLAGHER: Aye.

1 GOVERNOR BUSH: And one abstention.

2 MR. DICKINSON: Item 7, Governor, is our --

3 GOVERNOR BUSH: No. You just did that, I think.
4 Didn't you?

5 CFO GALLAGHER: Seven is budget. The other was --

6 GOVERNOR BUSH: I'm sorry. Okay. My bad. I
7 didn't have to abstain on that.

8 MR. DICKINSON: Item 7 is the legislative budget
9 request for '07-'08.

10 GOVERNOR BUSH: Is there a motion?

11 COMMISSIONER BRONSON: Motion on 7.

12 GOVERNOR BUSH: And a second?

13 CFO GALLAGHER: Second.

14 GOVERNOR BUSH: All in favor?

15 COMMISSIONER BRONSON: Aye.

16 CFO GALLAGHER: Aye.

17 ATTORNEY GENERAL CRIST: Aye.

18 GOVERNOR BUSH: All right. There's three ayes and
19 an abstention. The Governor abstains.

20 MR. DICKINSON: Governor, I did want to mention in
21 there -- and I know there's some interest amongst you.
22 We went ahead with a pay raise request for law
23 enforcement. We have met with the new union, which is
24 the Police Benevolent Association. And the suggestion
25 is for a five -- well, up to a \$5,000 pay raise. It

1 would be \$500 a year per year of service up to ten
2 years. That is in there. There's also an item in
3 there, a one-dollar item on our Real ID Act, which is a
4 federally sanctioned program that I know you've read
5 about, that you've been involved with the Governors'
6 Association and some others.

7 They're requiring us to amend some of our driver
8 license procedures in order to gain access not only at
9 federal buildings but also aircraft after '08. I
10 suspect that they're going to delay that, relax those
11 rules a little bit because the feds have been a little
12 bit slow in coming to us with some rule-making. But we
13 should know a lot more about that.

14 I have been before you before, or before before
15 before, and said that we are trying to get Real ID --
16 we're trying to be compliant with some of the things
17 that Real ID, we thought were coming forward. We have
18 done that, but it looks like they may be going even
19 further.

20 One of the things they're doing is trying to put a
21 polycarbonate card together. Our card currently costs
22 a buck fifty. This card by itself, without the
23 security features, is anywhere from five to seven
24 dollars. So you can see what kind of impact that may
25 have. We are working with them, and we've been on the

1 ground floor, so we've reserved that in there, just in
2 case they come forward with rule-making before next
3 session.

4 GOVERNOR BUSH: Thank you, Fred. Item 8.

5 MR. DICKINSON: Item 8, what we've all waited for.
6 We have four tags today, and these are the four that
7 were passed by our Legislature. I think, if I can,
8 Governor, I know there are people here in the audience.
9 Representative Baxley and his son Jeffrey are here on
10 the State of Vision tag. And I'd like to just talk
11 about them individually, let them come up and have
12 their thing, and then you want to roll the whole -- all
13 the tags together?

14 GOVERNOR BUSH: We can do them individually and
15 we'll get a picture and we'll keep it rolling that way.

16 MR. DICKINSON: First is the State of Vision tag.
17 Senator Baker couldn't be here. Do y'all want to go on
18 up for a photo op, or you want to go through the --
19 which way do you want to do it?

20 MS. GOODSON: We can do it all at the end or --

21 GOVERNOR BUSH: Whatever you want to do, Fred.
22 Why don't you go through all of them and then we'll do
23 the pictures.

24 MR. DICKINSON: All right, sir.

25 CFO GALLAGHER: By the way, just for whatever it's

1 worth, if you count the local government tags and all
2 the other tags, this will put us at 185 tags that are
3 allowed to be on vehicles in this state.

4 GOVERNOR BUSH: It's a great state. I overcame my
5 concerns about that about year three. My position has
6 evolved on this a long time ago. And, Jeffrey, are you
7 going to --

8 REPRESENTATIVE BAXLEY: Thank you. I'm going to
9 ask Jeff to join me.

10 GOVERNOR BUSH: Tell us about the bill, too,
11 because it's pretty historic.

12 REPRESENTATIVE BAXLEY: Absolutely. And if I
13 could, just an aside for a minute, I don't make a lot
14 of these Cabinet meetings. You folks do this work
15 without the legislators needing to be here usually.
16 And I just want to tell you how grateful I am to serve
17 in the Florida House during the tenure of these Cabinet
18 officials.

19 Each of you, I'm just incredibly -- when I came in
20 here today and just thought about the privilege of
21 serving in the time that you've been here, and I know
22 you don't have a lot more meetings together, I'm just
23 extremely grateful. I'm extremely grateful that I've
24 been able to serve with each of you.

25 GOVERNOR BUSH: Thank you, Dennis.

1 REPRESENTATIVE BAXLEY: And I'm very proud of you
2 and how you serve this state and how fortunate we are
3 to have the integrity that we have at this Cabinet
4 level, and I'm very grateful to you.

5 GOVERNOR BUSH: Thank you, Dennis.

6 REPRESENTATIVE BAXLEY: Today, Jeffrey has been
7 through this experience with me. He's testified in
8 committee. He's been before the press, the media. And
9 I want to tell you that the specialty plate --

10 GOVERNOR BUSH: Sorry to hear that.

11 REPRESENTATIVE BAXLEY: He's worked hard. And
12 he's also a good campaigner if you need one for
13 anything, Charlie. But I can't think of a better tool
14 for visually impaired people than this specialty plate
15 because the specialty plate and the marketing of it is
16 a self-help mechanism. It's not a handout. It's a
17 mechanism by which they can actually go out and
18 encourage people to help the agencies that help blind
19 people.

20 So the independent nature of this plate and the
21 way that they can use this to raise funds is very
22 exciting.

23 I'm also very proud of this, of having started the
24 Vision Caucus, that this is the first project of the
25 Vision Caucus to do something for visual impairment.

1 And we have so many people who are living longer in our
2 state, thankfully, who are going to have vision
3 problems. And the more we can keep people living
4 independently, their quality life individually is so
5 much improved, and the budget is a lot easier to handle
6 when we keep people living independently instead of
7 them feeling that they've become a dependent on the
8 State.

9 So for all those reasons and because I'm very
10 grateful for the association and all of our
11 professionals that have worked so hard on this, we're
12 grateful to come and stand in support of it and
13 grateful for your support of this opportunity today.

14 GOVERNOR BUSH: Dennis, you forgot to mention the
15 bill that we signed.

16 REPRESENTATIVE BAXLEY: Yes, I do want to mention
17 that bill. There was an historic moment at which
18 Jeffrey received the first brailled bill, this bill
19 signed by the governor. And to our knowledge, that's
20 never happened in history. And for that, we're
21 extremely grateful. He's just telling me I should have
22 brought the bill with me. Do you want to thank the
23 governor?

24 JEFFREY BAXLEY: Thank you, Governor, for bringing
25 the bill.

1 GOVERNOR BUSH: You bet. It was a joy to see it.
2 Okay. If you guys sit down, we'll get our pictures in
3 a little bit.

4 MS. NASEHI: Good morning, Governor and members of
5 the Cabinet. My name is Lee Nasehi. And I'm the
6 president of the association that Representative Baxley
7 was talking about, the Florida Association of Agencies
8 Serving the Blind. We also want to thank you very
9 much. We're very excited about the State of Vision
10 license plate.

11 And just wanted to mention that the proceeds from
12 the license plate will be used for our day-to-day
13 hands-on direct support services to blind and visually
14 impaired Florideans. We serve people throughout the
15 state through 14 local nonprofit organizations, like
16 Lighthouse Central Florida, my organization, the Tampa
17 Lighthouse for the Blind, the Lighthouse of Pinellas,
18 the Miami Lighthouse and others from Pensacola to
19 Jacksonville to Miami and Naples.

20 I'd like to ask my colleagues to stand. Cliff
21 Olstrom, Sheryl Brown, both from Tampa Lighthouse. Dan
22 Mann from the Pinellas Lighthouse. Robert Kelly from
23 the Conklin Center for the Blind. And I think
24 that's -- and there's Barbara Ross, who is with the
25 agency right here in Tallahassee called the Florida

1 Institute for Rehabilitative Education. Also here is
2 Jim Montgomery, who designed our lovely plate. Jim,
3 would you please stand, too. We just think it's
4 beautiful.

5 And of course we want to thank Dennis and Jeffrey
6 Baxley for all your support and involvement. This
7 would not have happened without him and Senator Carey
8 Baker, who was our Senate bill sponsor. And I'd also
9 like to thank Craig Kiser. He's the director of our
10 Division of Blind Services, who has been very
11 supportive. We are a team. And I don't believe this
12 would have happened without that team spirit. Craig is
13 a tremendous advocate for the blind and a man of great
14 vision.

15 FAASB is already the point of delivery for many
16 State-funded blind services through the Division of
17 Blind Services. With voluntary proceeds from this
18 license plate, we'll be able to add to what money the
19 State provides for blind services.

20 I'd also like to mention, in view of the Auditor
21 General's report, that our plate did pass all the
22 requirements. I want to thank you for your support of
23 this license plate. And I'd like to close by inviting
24 all of you to attend the first ever Florida Vision
25 Summit, which we hope will happen sometime this

1 January. Thank you.

2 GOVERNOR BUSH: Thank you very much.
3 Congratulations. Well done. All right, Fred.

4 MR. DICKINSON: Governor, the second tag is the
5 agricultural education tag. And, Commissioner, I don't
6 know if you wanted to say anything about that.

7 COMMISSIONER BRONSON: Well, Governor and Cabinet
8 members, this has been something that's been in the
9 making for quite some time, and we have some of our
10 vocational agriculture educators here to support this
11 that have been working on this for a long time, and
12 that's why the FFA State officers stayed for this
13 event, in hopes that this is going to help their
14 educational purposes.

15 I know it's kind of unusual to look at education
16 from this standpoint. But for what FFA gets or what
17 the educators get in their support from the school
18 system, almost everything else that goes with FFA is
19 raised through parents, grandparents and the kids
20 themselves.

21 GOVERNOR BUSH: Where is the plate?

22 COMMISSIONER BRONSON: We've got it here. It's a
23 smaller -- there you go. But it's an effort that
24 they've put together.

25 GOVERNOR BUSH: Is that a grapefruit? What is

1 that thing?

2 UNIDENTIFIED SPEAKER: That's our FFA emblem.

3 COMMISSIONER BRONSON: I think that they may want
4 to speak on it briefly.

5 GOVERNOR BUSH: I can't see it very well. That's
6 great. It's pretty. I just want to make sure, when
7 I'm back driving again and I'm getting close to a
8 license plate, I know --

9 CFO GALLAGHER: Do you have a driver's license?

10 GOVERNOR BUSH: I have one, yeah.

11 MS. BURLESON: Commissioner Bronson introduced me
12 earlier. But my name is Sarah Burleson, and this year
13 I'm the state president for the Florida FFA
14 Association.

15 GOVERNOR BUSH: Where are you from?

16 MS. BURLESON: I'm from Osteen, Florida, southwest
17 of Daytona.

18 GOVERNOR BUSH: Yes.

19 MS. BURLESON: And we just wanted to say thank you
20 for the approval of our tag because this license plate
21 will continue to further agriculture education and FFA
22 students here in Florida for years to come. And this
23 is going to give students some amazing opportunities
24 and some chances to help better agriculture and
25 continue to make it one of the top industries in our

1 nation, or in our state, so thank you.

2 GOVERNOR BUSH: Thank you very much.

3 MS. GEIGER: My name is Jodi Geiger, and I'm an
4 agriculture teacher in Volusia County in Deltona. And
5 I'm here representing the teacher association. I have
6 some colleagues here with me, Robert Philpot, who is
7 from Williston, and Perry Byars from Escambia County.

8 GOVERNOR BUSH: Welcome.

9 MS. GEIGER: And we're very thankful for you for
10 approving this tag. The funds will help ensure the
11 future of agriculture in our state. As well, some of
12 the funds generated are going to be used to help to
13 recruit and retain agriculture teachers so that we
14 ensure that the future is there for many years to come.
15 And once again, thank you so much for your support.

16 GOVERNOR BUSH: Thank you. All right. You guys
17 wait and we'll get a picture after we go through the
18 other two.

19 MR. DICKINSON: The third tag is the organ
20 donation, Donate Organs, Pass It On. This was
21 Representative Anne Gannon and Senator Margolis' bill.
22 And the fees are distributed to the transplant
23 foundation to provide statewide grants for patient
24 services, including preoperative, rehabilitative and
25 housing assistance, organ donor education awareness

1 programs and statewide medical research. Ms. Compton.

2 MS. COMPTON: Good morning. I'm Eli Compton. I'm
3 the executive director for the Transplant Foundation,
4 and I really appreciate all that you have done to help
5 promote organ donation. I am the mother of a heart
6 transplant -- he's a heart transplant recipient, had
7 his transplant when he was 12 years old. He is now 26
8 and he is a professional golfer. So he is a prime
9 example that transplantation works.

10 I have with me here today two of the individuals
11 that have been --

12 GOVERNOR BUSH: The guy with the big sign.

13 MS. COMPTON: -- behind the effort. Jeff
14 Goldstein, who is a double lung transplant recipient,
15 and Alan Tolsky who is a liver transplant recipient.
16 There are 90,000 Americans currently waiting for a
17 life-saving organ transplant. And we hope that this
18 license plate is going to make the difference,
19 particularly in the state of Florida.

20 I would also like to take this opportunity to
21 introduce a young lady that I have with me. Imani
22 Jones is 14 years old, and she's waiting for a
23 life-saving transplant.

24 GOVERNOR BUSH: Welcome.

25 MS. JONES: Thank you. I am waiting for a liver

1 transplant, and I hope this license plate will help
2 bring my transplant closer.

3 GOVERNOR BUSH: I hope so, too. Where are you
4 from?

5 MS. JONES: Florida, here. I'm from here.

6 GOVERNOR BUSH: I was guessing Florida, but what
7 part?

8 MS. JONES: Fort Lauderdale.

9 GOVERNOR BUSH: Fort Lauderdale? Great. Good
10 luck to you. Thank you for being here. Thank you all.
11 And we're going to get a picture with you in a little
12 bit. You brought the largest license plate.
13 Congratulations.

14 MS. COMPTON: Thank you.

15 GOVERNOR BUSH: Thank you all. Okay. And last
16 but not least.

17 MR. DICKINSON: The last tag, Governor, is Support
18 Home Ownership For All. It was a bill by
19 Representative Smith and Senator Aronberg, and the fees
20 are distributed to Home Ownership For All, Inc., to
21 provide, promote and otherwise support affordable
22 housing.

23 GOVERNOR BUSH: It looks like it's on the beach,
24 which means that I hope it's to the land side of the
25 coastal development line, and I hope that inspectors

1 come to already harden the home to make sure that you
2 get your insurance credit because it's going to be very
3 expensive to live there.

4 MS. RILEY: Good morning. Governor, General,
5 Chief and Commissioner, my name is Nancy Riley, and I'm
6 the president-elect of the Florida Association of
7 Realtors. And I brought with me today our treasurer,
8 Maggie Morris, our secretary, Bob Hudgens, and our
9 legislative management team from Tallahassee for the
10 Florida Association of Realtors.

11 We're very proud of this license plate. This
12 plate was designed by one of our members.

13 GOVERNOR BUSH: It's beautiful.

14 MS. RILEY: We currently have -- our new numbers
15 are 161,000 members in the state of Florida who are
16 Realtors. It probably will go down next year, but
17 currently that's our numbers. And we're very proud --

18 GOVERNOR BUSH: There are no fees. When you renew
19 your license, you won't have to pay a fee, so maybe it
20 will keep people in the game.

21 MS. RILEY: Hopefully that will give them an
22 incentive to stay in there. We're proud of this
23 additional stream of revenue that has been afforded for
24 affordable housing. It's not the total answer, but
25 every little bit helps our teachers, our police,

1 firefighters, in addition to that, the service people
2 in the state of Florida who are so important to our
3 economy in this state.

4 So we'd like to thank you for that, and we are
5 going to go out there and we're going to market this
6 license plate, as we're good in doing. And we're going
7 to beat that panther license plate and we are going to
8 become the number one license plate in the state of
9 Florida. Thank you.

10 GOVERNOR BUSH: Competition is good. Yes,
11 Commissioner.

12 COMMISSIONER BRONSON: Governor, if I could, I'd
13 like to dovetail something that we heard earlier when
14 we heard about the potential for increases due to
15 various factors of our law enforcement personnel with
16 salary and compression issues. And it goes right along
17 with this plate.

18 There are, as you are aware, areas in the state
19 where the growth is so high and the cost of buying
20 property and a home is so high now that a lot of our
21 law enforcement officers that we have in those areas of
22 the state are having a tough time even trying to find a
23 home that they can forward. And I think that that
24 needs to be part of the consideration when we look at
25 those issues coming up in the next legislative session,

1 that along with compression, that we do look at those
2 areas of the state that we are requiring our law
3 enforcement officers to be in, as trying to help them
4 afford to have a place.

5 GOVERNOR BUSH: Commissioner, when you started, I
6 knew where you were going, and I looked over to General
7 Crist, who is not used to your unbelievably eloquent
8 advocacy on behalf of your department. I said, "He's
9 lobbying you." And I noticed when you were making your
10 remarks and we were both looking, that you were looking
11 at him, not me. And I can't tell you how that warms my
12 heart.

13 ATTORNEY GENERAL CRIST: Governor and
14 Commissioner, I will caution you that your lobbying me
15 will have no effect unless things go well November 7th.
16 Stay focused.

17 GOVERNOR BUSH: I promise you, if your opponent
18 was here, he would be lobbying him, too. Anyway,
19 appreciate the comments, Commissioner. Should we start
20 the --

21 CFO GALLAGHER: Motion on 8.

22 ATTORNEY GENERAL CRIST: Second.

23 GOVERNOR BUSH: There's a motion and a second.
24 Without objection, the item passes. It's all one
25 motion, right, Fred?

1 (Applause)
2 (Photographs taken.)
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1 GOVERNOR BUSH: Florida Department of Law
2 Enforcement.

3 CFO GALLAGHER: Motion on the minutes of August
4 15.

5 ATTORNEY GENERAL CRIST: Second.

6 GOVERNOR BUSH: There's a motion and a second.
7 Item 1 is approved. Item 2. Jerry, how are you doing?

8 MR. BAILEY: Doing well, Governor. Thank you.
9 Good morning. Gentlemen, I have a very special guest
10 with me today, Kevin Barrett. Kevin is our 2006
11 gubernatorial fellow. He's a criminology major at the
12 University of Florida.

13 GOVERNOR BUSH: Go Gators.

14 MR. BAILEY: And he'll be working this school year
15 in our sexual predator unit, helping them track down
16 absconders.

17 GOVERNOR BUSH: Good seeing you.

18 MR. BAILEY: Our remaining item is our proposed
19 legislative budget request for '07-'08. You have the
20 full packet before you. And our issues are in priority
21 order. We've put together a request that I think shows
22 a continuation of the delivery of our critical services
23 and provides resources to our core mission. I want to
24 briefly highlight a few of those priorities.

25 We have a continuation of our two currently funded

1 pay plans, both of which are essential for us to
2 recruit and retain key personnel. You'll see that
3 we're also seeking funds for our crime laboratories and
4 their backlogs. As I have briefed you on before, we're
5 now working with the sheriffs, chiefs and prosecutors
6 to modify our submission and acceptance guidelines.
7 We're also requesting funds to outsource a portion of
8 our backlogged DNA to a private lab, and that will
9 allow us to work in our labs on incoming cases.

10 Also we want the ability to send newly hired
11 scientists to private institutions for their basic
12 training rather than taking our scientists off casework
13 to train those individuals.

14 Now, that DNA I've been talking to you about is
15 the incoming casework, the evidence submitted by our
16 sheriffs and chiefs. The other side of our DNA program
17 is the database. We're asking funds to help expand
18 that, as the Legislature has required. Three months
19 ago we started adding theft-related felonies to the
20 database.

21 GOVERNOR BUSH: Is that done by the Legislature,
22 Jerry?

23 MR. BAILEY: Sir?

24 GOVERNOR BUSH: The additional crime categories?

25 MR. BAILEY: Yes. Like I say, July 1 we started

1 with the theft-related. And this year's request will
2 complete that legislative mandate by adding
3 drug-related crimes and the remaining felonies.

4 GOVERNOR BUSH: How many -- if fully implemented,
5 how many samples would that mean, how many people?

6 MR. BAILEY: How many people are in the database
7 now?

8 GOVERNOR BUSH: No. Well, how many are in now and
9 how many would be once your --

10 MR. BAILEY: Another 87,000 will go in this year,
11 and the other figure will add another 110,000.

12 GOVERNOR BUSH: So how many do we have now? Turn
13 around and they'll tell you.

14 MR. BAILEY: Roughly a third of a million in there
15 now.

16 GOVERNOR BUSH: 300,000?

17 MR. BAILEY: Yes.

18 GOVERNOR BUSH: Which is the most extensive of any
19 state in the country?

20 MR. BAILEY: We're the leader.

21 GOVERNOR BUSH: It's a great tool for crime
22 fighting.

23 MR. BAILEY: Another priority is the continuation
24 of our FALCON project. As you know, just yesterday we
25 implemented the Rapid ID function. And that system

1 allows our probation officers using the portable
2 fingerprint devices to identify probationers when they
3 report in. And it also allows our sheriffs to confirm
4 the ID of sexual offenders as they register and
5 reregister.

6 It's the first of a kind in the nation. We have
7 plans to open this technology to a variety of criminal
8 justice customers, including our officers on patrol,
9 our courts and our jails.

10 Finally, we're requesting additional resources to
11 meet a skyrocketing demand for criminal history records
12 checks. Gentlemen, this is a system that pays for
13 itself. Our customers are paying anywhere from \$23 to
14 \$47 per hit, and the money is there, and for us to
15 maintain the exemplary service, we need an increase in
16 the funding for that system. We believe our request
17 supports our continued resource needs and we appreciate
18 your support.

19 CFO GALLAGHER: Motion on Item 2.

20 ATTORNEY GENERAL CRIST: Second.

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

22 All in favor, say aye.

23 ATTORNEY GENERAL CRIST: Aye.

24 CFO GALLAGHER: Aye.

25 COMMISSIONER BRONSON: Aye.

1 GOVERNOR BUSH: Three ayes and an abstention.

2 MR. BAILEY: Thank you.

3 GOVERNOR BUSH: Thank you.

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1 GOVERNOR BUSH: Board of Trustees.

2 MS. CASTILLE: Good morning, Governor, members of
3 the Cabinet. How are you this morning?

4 GOVERNOR BUSH: Doing well.

5 MS. CASTILLE: Great.

6 GOVERNOR BUSH: You're pretty cheery today,
7 Colleen. That's good.

8 MS. CASTILLE: I am cheery today. I always try to
9 be cheery, look on the bright side of things. I am
10 very excited today to talk to you about a benchmark
11 that we have made in the Department of Environmental
12 Protection, Division of State Lands. It is our five
13 billionth celebration. We just recently surpassed a
14 land acquisition for our environmentally sensitive
15 lands, and we've got \$5 billion worth of lands that we
16 have acquired over the last 15 years or so.

17 And exactly we have \$5,582,553,000 in lands that
18 we have purchased. And that equates to 2,308,175 acres
19 of land throughout all of Florida. And we prepared a
20 top ten list for you of all of the acquisitions that we
21 have purchased over the years.

22 And let me talk about our pride and joy, which is
23 Babcock Ranch. You've all been to Babcock Ranch and
24 have seen the incredible cultural history that remains
25 as part of old Florida at Babcock Ranch. The South

1 Walton County Ecosystem is a very long coastal parcel
2 of land that has freshwater lakes that are found
3 nowhere else in the northern hemisphere of the world.
4 The only others are found in coastal Africa.

5 The Levy County Forest, some of the largest swaths
6 of state forest that we have throughout Florida, the
7 Goethe Forest, many of you have been, if you've been to
8 some of our trips through the Cross Florida Greenway,
9 you've gone through the forest on those bike rides with
10 us.

11 The Pinhook Swamp, the 15-year deal that we
12 consummated earlier this year with the U.S. Forestry
13 Service. Green Swamp, Green Swamp is the headwaters of
14 four of Florida's major rivers, the Ocklawaha, the
15 Hillsborough, the Withlacoochee and Peace River.

16 Fisheating Creek, Fisheating Creek, of course, was
17 the culmination of a decade-long lawsuit, with our
18 friends the Lykes Brothers, who have come to help us
19 protect those lands and to keep them in their wonderful
20 natural state.

21 GOVERNOR BUSH: Was that a fee simple? Did we buy
22 all that, or was there some conservation easement?

23 MS. CASTILLE: There was some conservation
24 easement, and we're working on further conservation
25 easement.

1 GOVERNOR BUSH: Phase three or whatever. We kind
2 of had a slow-down there. We had a disagreement on
3 value?

4 MS. CASTILLE: We're back in discussions with the
5 Lykes brothers. In fact, they've invited me down to
6 see the property that they would like us to purchase.

7 Catfish Creek, which is in Polk County, Catfish
8 Creek is not a place that I've ever been personally.
9 But many of the folks who have been in land acquisition
10 have been on that property. We bought that from
11 Mr. Andy Machata. And it is an incredible piece of
12 property where wildlife still abounds to this day. No
13 matter what time of day you're on the property, you can
14 see numerous different types of flora and fauna that we
15 strive to protect.

16 And Tate's Hell State Forest, the story of Tate's
17 Hell, Tate went in for two weeks and couldn't find his
18 way out and came back, and he said he was going through
19 Tate's Hell. And there's a lot of historical songs,
20 folk songs that were written about Tate.

21 GOVERNOR BUSH: Is that where that bird is that we
22 found?

23 MS. CASTILLE: It is not.

24 GOVERNOR BUSH: It's not near there?

25 MS. CASTILLE: No. It's in the Choctawhatchee

1 Basin, which is on the western side of Panama City.

2 GOVERNOR BUSH: I was figuring if there was going
3 to ever be an endangered bird that was finally going to
4 be found, it would be found in Tate's Hell.

5 MS. CASTILLE: Well, it's really hard to go
6 through Tate's Hell.

7 GOVERNOR BUSH: One man's hell could be a bird's
8 paradise.

9 MS. CASTILLE: I am sure that it is plenty of
10 birds' paradises. It's an incredible piece of
11 property.

12 GOVERNOR BUSH: It is unbelievable.

13 MS. CASTILLE: Twelve-mile Swamp over in the
14 St. Johns County area, an incredible acquisition that
15 we've had through there that protects water resources
16 in perpetuity. And, lastly, Kissimmee River Prairie,
17 which has become a state park. It's the Latt Maxcy
18 parcel. Many of you in the back row there have been on
19 that parcel with us and have seen the absolutely
20 gorgeous stands of oak trees that are in the middle of
21 the plains of this prairie.

22 GOVERNOR BUSH: Colleen, the Treasurer has pointed
23 out that this seems to be a warmup for Item 6.

24 CFO GALLAGHER: It's the early warmup.

25 MS. CASTILLE: But I'm going to keep you waiting

1 on that one.

2 CFO GALLAGHER: Charles Lee has even shown up
3 again, two times in a row. Tell you what, he's going
4 to burn up all his tires driving up here.

5 MS. CASTILLE: Something else worthy of note,
6 Governor, last week you asked us to compare our land
7 acquisition program with other states because we always
8 make the claim that we are the largest land acquisition
9 program in the United States and quite frequently the
10 world.

11 CFO GALLAGHER: In the rest of the world they just
12 take the land.

13 MS. CASTILLE: That's true. They do. They have
14 ownership and sometimes sell it to private industry for
15 development.

16 GOVERNOR BUSH: So how do we compare, Colleen?

17 MS. CASTILLE: We compare very well. California
18 in 1996, following on our tail in the early nineties,
19 authorized a \$4 billion land acquisition program over
20 ten years, not quite our 6 billion over a 20-year
21 period, so they are trying to catch up dutifully.

22 However, they are going back to the voters this
23 fall in another land acquisition and in 2008 for
24 additional land buying authority. They do not,
25 however, have a dedicated stream of revenue, and their

1 program is competing in an annual budget of \$132
2 billion.

3 GOVERNOR BUSH: How do they -- if they have debt,
4 they have a dedicated source of revenue. You better go
5 check, because there's no way that the bond holders
6 would --

7 MS. CASTILLE: They pay cash out of the budget.

8 GOVERNOR BUSH: It's junk bond debt.

9 CFO GALLAGHER: But they can do full faith and
10 credit, the State, but their credit has been a little
11 shaky in the past years.

12 GOVERNOR BUSH: All right. So we have a
13 competitor.

14 MS. CASTILLE: We have a competitor. And
15 Pennsylvania has a keystone fund which receives, again,
16 from the legislature 125 million and sometimes 200
17 million on an annual basis. And Massachusetts spends
18 about \$110 million per year.

19 GOVERNOR BUSH: Thank you.

20 MS. CASTILLE: So those are our top competitors.
21 On a final note --

22 GOVERNOR BUSH: So we're still number one.

23 MS. CASTILLE: We're still number one. All 50
24 states, with the exception of Hawaii, Florida has a
25 greater diversity of species which we protect, both

1 flora and fauna, than any other state. We also have a
2 greater number of endangered species in our state that
3 need additional protection. And people visit us to see
4 them, so it creates quite a tourism element of the
5 economic development for us. So as you see, we are
6 number one in the state -- in the United States.

7 GOVERNOR BUSH: Okay. Item 1.

8 CFO GALLAGHER: Motion on Item 1.

9 ATTORNEY GENERAL CRIST: Second.

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

11 MS. CASTILLE: Item 1, City of Key West?

12 GOVERNOR BUSH: Yes. I would like to make an
13 amendment to this motion that we buy this property but
14 only with a deed restriction that Allison DeFoor, any
15 time he comes in front of the Cabinet, must wear --

16 CFO GALLAGHER: Real clothes?

17 GOVERNOR BUSH: -- real clothes and a coat and
18 tie. Could you please stand?

19 MS. CASTILLE: We'd like to make sure that Mr.
20 DeFoor has met that criteria.

21 GOVERNOR BUSH: Let me see. I've got to see the
22 full --

23 CFO GALLAGHER: He's got the real clothes.

24 MS. CASTILLE: Shoes and socks.

25 GOVERNOR BUSH: I withdraw my amendment. There's

1 a motion and a second. Without objection, the item
2 passes.

3 MS. CASTILLE: Item 2 is the Brevard Coastal Scrub
4 Ecosystem and the Grissom Parkway. This is
5 consideration of an assignment to acquire 79.55 acres
6 within the Brevard Coastal Scrub/Grissom Parkway
7 Florida Forever Project.

8 CFO GALLAGHER: Motion on 2.

9 COMMISSIONER BRONSON: Second.

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

12 MS. CASTILLE: Item 3 is the Florida Keys
13 Ecosystem Florida Forever Project. This is
14 consideration of a purchase agreement for .69 acres
15 within the Florida Keys Ecosystem Florida Forever
16 Project for \$406,250.

17 CFO GALLAGHER: Motion on 3.

18 MS. CASTILLE: You'll note that this acquisition
19 is more expensive than the next acquisition, which is
20 also in the Keys, and the Item 3 has ROGO development
21 units approval for it.

22 COMMISSIONER BRONSON: Second.

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

25 MS. CASTILLE: Item 4 is the Florida Keys

1 Ecosystem purchase of a parcel of 5.54 acres from
2 Marianne Jansa for \$315,000.

3 CFO GALLAGHER: Motion on 4.

4 ATTORNEY GENERAL CRIST: Second.

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

6 Without objection, the item passes.

7 MS. CASTILLE: Item 5 is Peacock Springs Division
8 of Recreation and Parks' Additions and Inholdings.
9 This is consideration of an option agreement to acquire
10 481.7 acres within Peacock Springs State Park.

11 CFO GALLAGHER: Motion on 5.

12 COMMISSIONER BRONSON: Second.

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

14 Without objection, the item passes.

15 MS. CASTILLE: Item 6, Joshua Creek property in
16 the Econ - St. Johns Ecosystem Florida Forever Project.
17 Governor, members of the Cabinet, we do have two
18 speakers here, including the seller, three including
19 the seller. And I would like to ask Charles Lee to
20 come up and --

21 GOVERNOR BUSH: Charles, before you come up,
22 there's a -- you must not have heard about the 15-yard
23 penalty and loss of down when you use the word "legacy"
24 and my name in the same sentence.

25 CFO GALLAGHER: He's not taking credit for that.

1 GOVERNOR BUSH: Were you in charge of the headline
2 in the paper? Okay. Please come up and speak then.

3 CFO GALLAGHER: At least read it so the audience
4 -- let them know what it says.

5 GOVERNOR BUSH: I'm not going to do that. That
6 encourages bad behavior.

7 MR. LEE: Governor, I have long since lost the
8 thought that I could ever be in charge of anything in a
9 newspaper. Thank you very much. Governor, we stand
10 here again strongly in favor of this project. We think
11 that it is a crucial piece in the mosaic of remaining
12 ecosystems in East Orange County. We believe the
13 pressures are there and we also believe the value is
14 there.

15 I simply want to leave you with a thought in
16 comparison to this project. I think your judgment on
17 this project ultimately rests in the appraisals that
18 you have and the requirements for those appraisals
19 under the law that governs the Florida Forever Program.

20 There are, however, some important comparisons I
21 would ask you to think about. Earlier this year you
22 also bought another stellar piece of property. This
23 property was known as the Overstreet parcel. It was
24 located in the Green Swamp, the Green Swamp area of
25 critical concern.

1 It was located some 15 miles from the city of
2 Lakeland. It was purchased, the entire 5,118 acres for
3 \$54,370,000, \$10,623 an acre, zoned agricultural. The
4 permissible density on that tract was one unit per five
5 acres.

6 We think it's a good property to look at when you
7 examine this one, which is within a half a dozen miles
8 of the new Burnham Institute, which is within a half a
9 dozen miles of the University of Central Florida, is
10 within about the same distance of the proposed new
11 medical school, is within a very close proximity to a
12 corridor study area for a new expressway linking the
13 east coast of Florida to the 417 beltway in Central
14 Florida.

15 We think the appraisers have it right. We think
16 the property, if you buy it today -- and we pray that
17 you will -- will be bought for 21 percent less than
18 it's worth, and we hope that this ecosystem could be
19 protected by you today. And I thank you for your time.

20 GOVERNOR BUSH: Thank you, Charles. Colleen, who
21 is the other speaker?

22 MS. CASTILLE: Howard Pardue from the Florida
23 Trails Association.

24 MR. PARDUE: Governor and honorable members of the
25 Cabinet, it's my pleasure to be here today. Y'all know

1 about the Florida Trail. I don't have to talk about
2 it, the statewide non-motorized trail in the state of
3 Florida. I just mention that this is an absolutely
4 critical piece for the Florida National Scenic Trail.

5 As you look on the screen, this is the Joshua
6 Creek property. We're working to make a connection
7 between the Orlando Wetlands Park and the Little Big
8 Econ State Forest. The federal government, U.S. Forest
9 Service, has acquired this piece here, as well as a
10 connecting pathway, footpath area from a private
11 agricultural owner, connecting all the way to the park.

12 So if this acquisition can be completed, we will
13 convert what is now about 11 to 12 miles of road walk
14 to about 1.75 miles of road walk, making it a much
15 safer and of course scenic and appropriate hiking
16 experience for the Florida National Scenic Trail.

17 We urge your favorable consideration of this. In
18 our experiences in acquisitions in the area, it's
19 reasonable. Thank you very much.

20 GOVERNOR BUSH: Thank you for coming up.

21 MS. CASTILLE: We do have Brian Philpot here, the
22 seller. And if you'd like to move into a discussion of
23 value, I'd be happy to do that.

24 ATTORNEY GENERAL CRIST: Motion on 6.

25 CFO GALLAGHER: Second.

1 COMMISSIONER BRONSON: Second.

2 GOVERNOR BUSH: Okay. I'm interested in value.
3 And the reason is just because I call you occasionally
4 to see how some very important land purchases are going
5 on in our state. And the last time we talked I was
6 told that our allocation for this year is already
7 taken.

8 And so it only reinforces the necessary point to
9 be good stewards with the public money because there
10 are many properties like this one that are really
11 important to protect from development. And it just
12 seems to me we better figure out a better way of doing
13 this because it competes, this money competes with
14 other things that are equally important.

15 So I'm going to continue to be the stern godfather
16 here or stepfather, whatever he is, that demands that
17 we have a system that makes us buy at the lowest
18 possible price. And I just reject the notion that this
19 is 79 percent of appraised value. I don't believe it.
20 So tell me about value.

21 MS. CASTILLE: Okay. We have had a couple of
22 e-mails and discussions with the Development Review
23 Committee and Planning Committee in the Orange County
24 government. And the first one we got was from someone
25 who works there, one of the planners, and he e-mailed

1 back and said that he did not believe that he himself
2 would believe that the County would approve such a
3 subdivision increase in this area.

4 GOVERNOR BUSH: Subdivision increase or --
5 increase in density from what --

6 MS. CASTILLE: Increase in density. The land now
7 is one unit per ten acres. And so what they were
8 looking at is if there was anything greater than that,
9 that there would certainly have to be certain
10 development criteria that the developer would agree to.

11 In order to get a full, a more full understanding
12 of what process that was, we actually asked the
13 director of the planning division what would have to
14 happen. And in order -- and this is his response to
15 us. His name is Chris Testerman.

16 In order to develop the site for 137 units, which
17 is a compilation of 10-, 20- and 50-acre lots, the
18 property would have to be rezoned from A2 to planned
19 development. PD zoning is required because the
20 proposed development would have 116 unvested units that
21 would increase the school age population by 47
22 children. This assumes that 21 units would be vested
23 based on the number of parcels of record.

24 This would require the applicant to get a school
25 agreement, not difficult to get, with the Orange County

1 Public Schools. And the PD application has to have a
2 preapplication meeting with staff to review the
3 proposal, which generally takes two to three weeks.
4 After the pre-ap a rezoning application is submitted
5 and a land use plan is submitted to the Development
6 Review Committee. And the DRC staff does a sufficiency
7 review to see if the plan has all of the sufficient
8 information.

9 If the plan is sufficient, it is scheduled to the
10 DRC in four to six weeks. The DRC reviews the plan and
11 makes a recommendation and if it is recommended for
12 approval, it is then scheduled for the planning and
13 zoning commission, another six to eight weeks. After
14 the planning and zoning public hearing, the LUP, land
15 use plan, is scheduled for a second public hearing
16 before the Board of County Commissioners, another four
17 to six weeks. And if the Board of County Commissioners
18 approves the request, then the applicant can submit a
19 preliminary subdivision plan.

20 So it is possible to do. It is something that has
21 been done in two other locations, Christmas Estates and
22 Heelo (phonetic) planned unit development, with
23 approximately 100 units in Christmas Estates and 400
24 total acres in Heelo. So the other question is, how
25 much would it cost to do this development.

1 GOVERNOR BUSH: Treasurer.

2 CFO GALLAGHER: Let me ask you a question,
3 Colleen. If we were buying this to develop it, this
4 would be really important stuff. How about getting me
5 to -- how many units can be put on it right now? My
6 understanding is a lot of it is already one per ten
7 acres. And how many units are there like that, and if
8 you sold it the way it's zoned right now, what does the
9 appraisal say?

10 GOVERNOR BUSH: It's one per ten. This is what
11 they have to go through, whether it's one per ten or if
12 there's --

13 CFO GALLAGHER: And how much is it per -- I mean,
14 what are we talking about per 10-acre site?

15 MS. CASTILLE: The 350 -- the 4,569-acre parcel
16 has a total of 357 units with the one per ten
17 agricultural zoning, while it takes into account also
18 that easement, the conservation easement on 992 acres
19 on the eastern side of it.

20 So what we did was we did a proposed development
21 that would have to go in and get approvals which would
22 actually decrease the density.

23 CFO GALLAGHER: I want to know what it is without
24 decreasing it, just where it is right now, sell lots,
25 ten acres, and you've got the part that's conservation.

1 How many 10-acre lots are there that could be sold
2 today?

3 GOVERNOR BUSH: Let's be real concise. We're
4 about ready to get into confusion land here.

5 MR. HERRAN: Mike Herran, Division of State Lands.
6 The property was zoned as is with agricultural zoning.
7 All the comparable sales have agricultural zoning, with
8 no plan developments at this point in time. So it's
9 based upon raw land, what you pay for raw land.

10 CFO GALLAGHER: What I'm asking is, can you put
11 10-acre lots on it right now without changing anything?

12 MR. HERRAN: An investor would buy this without
13 even --

14 GOVERNOR BUSH: We're asking a different question.
15 You guys base -- you do comparable sales based on
16 market. The question that I asked, which is why
17 Colleen called the Orange County, the zoning folks,
18 which should be part of your process, with all due
19 respect.

20 MS. CASTILLE: It is.

21 GOVERNOR BUSH: Well, then we should have had this
22 answer before approval of this, at this date. It
23 should have been at the time that you were looking to
24 buy the property. Ultimately -- yes, it's zoned
25 agricultural. But ultimately values are established by

1 what the property can be redeveloped for.

2 CFO GALLAGHER: Exactly.

3 GOVERNOR BUSH: So it's not the market price.
4 That's one element of this. But comparable sales also
5 need to -- you need to take into consideration what the
6 cost of developing, you know, whatever the zoning is
7 that allows for -- this property has development rights
8 embedded in it. And in order to develop it, there are
9 development costs and there are things that you've got
10 to go do to mitigate with local governments for
11 schools, roads and water. It may be very little, but
12 there may be some extra cost.

13 The fact that it's outside the urban service
14 boundary, my guess is, means that the cost would be
15 greater there because the County is not going to be as
16 interested in putting up additional money.

17 So all I wanted was a simple explanation of that,
18 and I haven't gotten it in two days, three days. I'm
19 still not getting it.

20 MR. HERRAN: That's the risk that investors take
21 into consideration. That's why comparable sales are
22 the ideal way to look at it, because that's the risk
23 that they take when they buy other tracts of land, that
24 as they go through the development process, they may
25 get 9,000 units, they may get 6,000 units. They don't

1 even know that when they first invest in these tracts.

2 GOVERNOR BUSH: That's not the question here. The
3 existing development rights, assume that that's the
4 case.

5 MR. HERRAN: One unit per ten acres, but you still
6 have to go through the development process. So they
7 don't even know if they get that.

8 MS. CASTILLE: Governor, the situation when you
9 have a land use and zoning that is not consistent, you
10 have to go through the zoning process in order for it
11 to become consistent with the land use designation.
12 And that's what we have here. We have an agricultural
13 land use, but we have a -- I mean we have a
14 agricultural zoning but we have a land use development
15 of one unit per ten acres.

16 CFO GALLAGHER: Fine. The question is, that's the
17 easy slam-dunk one to get, right, because you have that
18 inherent in that agricultural and where the land is, et
19 cetera?

20 MS. CASTILLE: Right.

21 CFO GALLAGHER: The question I had is how many
22 10-acre sites can be out of that on a slam-dunk with no
23 special anything.

24 MS. CASTILLE: I can tell you there are 357 units
25 that can be built on it, but it is not -- they don't

1 have vested rights for those 357 units.

2 COMMISSIONER BRONSON: I have another question, if
3 I could, Governor. I'd like to know, I can't tell from
4 the topographical -- there's no topographical
5 information on here. But the elevation or the water
6 flow, the sheet flow, does it flow directly to the
7 St. Johns River? Does it flow south? Where is the
8 sheet flow of water off of this property?

9 MS. CASTILLE: There are two creeks that flow into
10 the St. Johns, so I would guess that the water flows
11 into those creeks and then into the St. Johns.

12 GOVERNOR BUSH: Can we ask the developer? Maybe
13 he has an understanding of what the rights are embedded
14 in this property. I'm pretty confident he does.

15 MR. SMITH: Good morning. My name is Matt Smith.
16 I'm a real estate and land use lawyer at Baker,
17 Hostetler. I represent Land South Holdings and Land
18 South Hunters and have done so for years. My client
19 Brian Philpot is here in the audience. We're happy to
20 answer any questions.

21 GOVERNOR BUSH: Answer mine.

22 MR. SMITH: And pardon me, but we've talked about
23 several different issues in the last couple of minutes.
24 If you could just restate your specific question.

25 GOVERNOR BUSH: My question is this. We're buying

1 something and we use comparable sales. Mention was
2 made of the Overstreet property and the appraisals that
3 we used -- we didn't use the property itself, which is
4 a little unusual since it was -- you know, the property
5 was accumulated over time. But we used property in
6 Sarasota, and we just said, well, property is going up,
7 so we need to pay more.

8 And then high number, and lo and behold, the 50
9 million comes out to be 79 percent of appraised value
10 and we're all supposed to pat ourselves on the back.
11 And up to a point that's fine, except that there are
12 some properties that are more difficult to develop than
13 others because of their location.

14 And this is outside the urban service boundary,
15 which in some jurisdictions makes it very difficult to
16 develop. So assume for a moment the one per ten on
17 existing -- on the properties that can be developed.
18 Not all of it can, as I understand it. How many lots
19 can be developed and what would be the time and
20 infrastructure cost that would be required to develop
21 this low density development?

22 And the way I look at things would be the way you
23 guys look at it, which is you take the amount of money
24 for raw land. You take the costs of development in
25 order to get to the point where you actually could sell

1 something. You take the present value of the time it
2 takes to sell those lots. You factor all that into an
3 amount and you get to a cost. We don't do that.

4 You guys buy it for that purpose and you're going
5 to make -- if we purchase this, you're going to make a
6 great profit without any development risk. We're
7 buying it from you and we don't factor that into our
8 appraisal. I think that's just wrong.

9 So that's why I'm frustrated at the Department.
10 But maybe you can answer the question about what the
11 embedded development rights are and how long it would
12 take to get the development done and what would be the
13 costs of developing it if it was to be developed.

14 MR. SMITH: Absolutely. First, with respect to
15 the number of lots, we've all heard that the underlying
16 future land use is one per ten. The current zoning is
17 A2, which doesn't allow residential uses. So in order
18 to put houses on that site, you've got to rezone it,
19 and the County, like most counties these days, would
20 want you to rezone it to PD. Secretary Castille --

21 GOVERNOR BUSH: Speak in English. Planned unit
22 development, is that --

23 MR. SMITH: I'm sorry. Planned development in
24 Orange County. That's their nomenclature. Given that
25 one per ten future land use, it's based on upland

1 acres, we've got about 1,700, 1,750 upland acres, so
2 you're talking about 170 or 175 units.

3 GOVERNOR BUSH: That's the third number that I've
4 heard.

5 MR. SMITH: Bear in mind, one of our issues here,
6 Mr. Governor, is that we don't have a development plan
7 for this property. Frankly, Land South Hunters, Land
8 South Holdings, they buy a lot of agricultural land.
9 They're not developers. They're not KB Home buying
10 this. They're not Centex buying this. They're not
11 Newland Communities buying this. So bear in mind that
12 we have not valued the land in the way that you did.

13 GOVERNOR BUSH: Hang on a second. That's not true
14 because you're going to -- the assertion was made that
15 if we don't buy it, this can easily be sold to someone
16 that does that, and you're going to want to know the
17 exact same formula to determine what the proper price
18 is to sell it for.

19 MR. SMITH: Mr. Governor, we've never asserted
20 that if this deal does not go forward as proposed, that
21 we would walk down to Orange County and begin the
22 development process.

23 GOVERNOR BUSH: No. You would sell it to someone
24 that would.

25 MR. SMITH: Absolutely.

1 GOVERNOR BUSH: Okay. And so, therefore, you
2 would have to go through the same process, maybe not as
3 a purchaser for development but as a seller to someone
4 who is going to develop it.

5 MR. SMITH: Again, Mr. Governor, this is a
6 longer-term --

7 GOVERNOR BUSH: You don't have an answer to my
8 question?

9 MS. CASTILLE: No. We do.

10 MR. SMITH: The first question was the number of
11 lots. And I think we have addressed that.

12 GOVERNOR BUSH: Thank you.

13 MR. SMITH: With respect to the infrastructure
14 cost, Mr. Governor, we simply have not been through
15 that analysis because that's not on the table for us
16 right now. That's not our intent right now, to develop
17 that property. One of the issues I think that you're
18 facing -- and I understand your frustration here
19 because I represent developers for a living. I do.
20 But one of the problems we have is that this property
21 is probably a couple of years out, that my guys will
22 probably hold onto it for two to five years. They're
23 not really sure what they're going to do with it.

24 GOVERNOR BUSH: Your client is right behind you.

25 MR. PHILPOT: Just to answer --

1 GOVERNOR BUSH: Can you say who you are for the
2 record?

3 MR. PHILPOT: Brian Philpot, owner of the
4 property.

5 GOVERNOR BUSH: Thank you, Brian.

6 MR. PHILPOT: Based on the existing land use on
7 that property, if a deal doesn't go through today,
8 we're going to figure out what we're going to do with
9 it. If we were going to sell it tomorrow to a private
10 investor, if we weren't going to take it through the
11 process, we'd have to evaluate it on 175 lots that
12 could be approved under the one per ten right now.

13 And that's going to come in somewhere -- I think
14 your staff put some numbers together, discounted cash
15 flow, 80 million, 70 million. It comes in somewhere in
16 that ballpark on a discounted cash flow basis.

17 So to answer your question, we would evaluate it
18 that way, and that's sort of the range that it comes in
19 at. The price that we put on this property before this
20 whole process started was around 63, 64 million,
21 basically using that process.

22 CFO GALLAGHER: Let me ask a question here. I was
23 under the impression from various people that the
24 lots -- that we'd be buying these lots at about 130,000
25 per lot. And I myself figured, well, if you were

1 selling individual lots, I mean, I can't imagine a
2 10-acre lot, and maybe some of them larger, but
3 averaging out, I would think, two, three hundred
4 thousand dollars, three easy, in that area for ten
5 acres.

6 I was led to believe that we were buying it for
7 130,000. Maybe that's what was paid for it. I don't
8 know. Maybe I got the wrong side of that. What we're
9 doing right now, I mean, it's going to be at least, in
10 my opinion, I don't know how you'd develop those lots,
11 with the infrastructure you'd need, for less than --
12 I'm probably being kind at \$10,000 a lot.

13 GOVERNOR BUSH: Very kind.

14 MR. PHILPOT: I saw some range -- what did y'all
15 put on it?

16 MS. CASTILLE: Well, 10 to 20.

17 MR. PHILPOT: I was on the higher end of that
18 range. If asked, I'd be on the higher end. Yeah,
19 you'd want to put in some lakes, make it an equestrian,
20 outdoor type community. We've done it on a smaller
21 scale over in the Polk County market, and we're getting
22 250- to \$330,000 on those lots, five to tens. There's
23 a demand for that.

24 CFO GALLAGHER: And that probably makes some
25 sense. What I'm concerned about is -- I'll use your

1 number, 20,000 max, and that's probably what I'd do it
2 at if I was going to do it myself. You've got \$285,000
3 that we're paying for these lots. And if you were
4 going to develop and sell them, you're going to be in
5 there, you've got another \$20,000 to put on top of
6 them. That would be 305,000.

7 MR. PHILPOT: I don't think anybody -- I'm not
8 saying that any investor is going to come in
9 necessarily and buy it tomorrow based on the current
10 land use. I think a legitimate option for us, if y'all
11 decide not to buy this today, is that we bank it for
12 five years and let that continuing growth that's
13 happening over there come to it.

14 I think down the road that a lot more dense
15 development will be ripe for that piece. And at that
16 point it's not worth 50, 60, whatever the range is on
17 it now. It's worth more, I believe.

18 CFO GALLAGHER: Well, it may or may not.

19 GOVERNOR BUSH: It doesn't matter because you got
20 a pretty good basis in the deal. Kudos to your
21 entrepreneurial efforts. Wish we could have been the
22 guy that bought that at that price.

23 MR. PHILPOT: And I would like to add that at the
24 same time that we had this deal, we had a similar size
25 piece in Hardee County, down between Wauchula and

1 Arcadia, and sold it the first part of this year for
2 \$9,200 an acre. And I heard just the other day that he
3 had it under contract for a little over 11,000.

4 So, you know, the big land business, it's sort of
5 turned the economics upside down. You've got buyers in
6 -- or sellers in coastal areas that are 1031-ing their
7 money into the central counties. And they're moving to
8 North Florida and they're moving to Georgia, and it's
9 increased the value, not based on the number of lots.
10 It's based on the number of acres. They just can't buy
11 big tracts anymore.

12 CFO GALLAGHER: But I'm looking at it on the
13 matter of lots, where it is today, and we're paying
14 \$285,000 per lot.

15 MS. CASTILLE: Per 10-acre lot?

16 CFO GALLAGHER: Well, I'm going to guess they're
17 ten acres, or some of them may be more than ten.

18 GOVERNOR BUSH: It's 137 lots or units.

19 CFO GALLAGHER: 175 lots into 50 million bucks is
20 285,000.

21 MR. PHILPOT: I mean, the appraisals are based on
22 one per ten, though. That's the way we went in
23 evaluating -- we go in evaluating any of these
24 purchases to buy in the big pieces. We didn't go into
25 this thing -- we would to sell it, but we didn't go in

1 based on, we can get 100-, 200-, \$150,000 a lot off of
2 this piece.

3 It's a big tract. It's in a great location. It's
4 got great potential over the next two, five, seven
5 years, whatever it is, irregardless of the land use.
6 And that's why the appraisal process relies on
7 similarly situated pieces with one to ten land use or
8 such.

9 CFO GALLAGHER: But we're still sitting at
10 \$285,000 a lot we're paying. Now, you're saying you
11 can get it down to one acre in some cases? Is that --

12 MR. PHILPOT: Well, you don't know. If the
13 growth -- I think you look at the maps and see what has
14 happened out in that area over the last five years, you
15 can project that out over the next five to ten, this is
16 going to be a great piece. We want to sell it to the
17 State. We want it preserved. I mean we --

18 CFO GALLAGHER: Of course.

19 MR. PHILPOT: At the outset our price on this was
20 above 60 million. It was around 63 million. And your
21 staff came in and said this is not a negotiable number.
22 This is it. And we did some soul searching and are
23 willing to take it. But whether it's -- whether it
24 happens or not, I think over the next two to five years
25 we will all be looking back and wish we tried to put

1 the deal together today.

2 GOVERNOR BUSH: All right. Colleen.

3 MS. CASTILLE: When we were asked to determine how
4 much we thought it would cost to develop the property
5 and how much the seller could potentially get if they
6 developed the property, we worked with Brian to say, if
7 you were going to develop the property, what would you
8 do. And we came up with a mixture of 10-, 20- and
9 50-acre lot sizes, which came out to about 137 lots in
10 the developable property.

11 And the prices per acre range from 20,000 to
12 82,000 for various lot sizes. And what we did was a
13 financial analysis. Did your folks just hand you that?
14 And what we estimated is that with the discount factor,
15 that over a five-year development time frame, that
16 there would be -- that the property, the sales would be
17 worth about \$80 million in present value.

18 When somebody develops something like this, they
19 develop it with septic tanks. They develop it with
20 well water. They don't have to put -- they have
21 something called a rural road in Orange County. It's
22 not the same type of road with curb and gutter and
23 stormwater drains. They would have to have some
24 stormwater ponds and lakes that would handle the
25 stormwater. But that's something that Brian talked

1 about.

2 And we estimated that the estimated costs would be
3 about -- anywhere from three to four million dollars
4 for development costs on that. And we're buying the
5 property for \$50 million, together with St. Johns.

6 GOVERNOR BUSH: Okay.

7 MS. CASTILLE: In today's net present value,
8 today's dollars.

9 GOVERNOR BUSH: It would have been nice to have
10 this evaluation and thinking on all properties that are
11 purchased because ultimately, if there is no market for
12 development, you're not going to have the speculators
13 speculating and making sizable sums on the upswing.

14 If there's no development, you end up having the
15 bet be wrong. So I just -- I'm urging that when you
16 guys look at valuing properties for purchase, that you
17 include this in the evaluation, that you don't just
18 say, well, some guy in Sarasota sold a piece of
19 property or some guy in Hardee sold a piece of
20 property, because we end up being the buyer half the
21 time on these properties. And so we're participating
22 in something where there's an upswing. And then when
23 the downturn happens -- and, you know, here's my
24 prediction. It won't be newsworthy for a lot of people
25 in the real estate business. There's going to be a

1 downturn, and it's already starting to happen. Somehow
2 we'll end up with a different evaluation and we won't
3 be taking advantage of that either.

4 And how much money do we have to purchase
5 additional lands right now for Florida Forever, for
6 this fiscal year?

7 MS. CASTILLE: We have none. We have committed
8 all of our dollars.

9 GOVERNOR BUSH: I rest my case.

10 CFO GALLAGHER: Including this 50 million?

11 MS. CASTILLE: Including this.

12 CFO GALLAGHER: Does this finish us out for the
13 whole year?

14 MS. CASTILLE: Yes.

15 CFO GALLAGHER: So the new administration gets
16 zero to spend?

17 MS. CASTILLE: Come July 1 they get another 300
18 million.

19 GOVERNOR BUSH: Yes, for six months.

20 CFO GALLAGHER: July what, next year?

21 GOVERNOR BUSH: Yeah.

22 MS. CASTILLE: July of 2007.

23 CFO GALLAGHER: Like I said, the new
24 administration this fiscal year gets zero.

25 MS. CASTILLE: Well, if you recall about four

1 years ago, we were highly criticized for having a cash
2 balance in the bank and so --

3 GOVERNOR BUSH: Criticized by the Legislature, not
4 by us.

5 MS. CASTILLE: Yes, criticized by the Legislature.
6 And not only do we have contracts for this year, but we
7 are anticipating contracts for next year as well.

8 GOVERNOR BUSH: Again, just making my point that
9 this is something that's important, and if it requires
10 a change in the law, then we ought to change the law.
11 If it requires a change of law and management of how
12 it's done, then it ought to be changed. If it just
13 requires a change in rule, then you ought to submit
14 that to us. I don't know which one it is so --

15 MS. CASTILLE: I don't really think it requires a
16 change. I mean, if you look at the appraisal, the
17 appraisal has done what we --

18 GOVERNOR BUSH: No. I mean, Charles brings it up,
19 the holy grail of appraisal world, we have to do it a
20 certain way. Well, I just don't buy that.

21 MS. CASTILLE: Under appraisal, I understand that.

22 CFO GALLAGHER: So we're buying half of this?

23 MS. CASTILLE: The Trustees are purchasing half of
24 it.

25 CFO GALLAGHER: So we're spending 25 million.

1 MS. CASTILLE: We're spending 25 million.

2 GOVERNOR BUSH: And the county and district --

3 MS. CASTILLE: And the County is spending
4 2 million and the Water Management District is spending
5 the balance.

6 CFO GALLAGHER: And who gets the title to this?

7 MS. CASTILLE: We're splitting the land halfway,
8 so that we get title to part of it and the St. Johns
9 River gets title to the other part of it.

10 CFO GALLAGHER: And the County gets nothing, just
11 puts money in?

12 MS. CASTILLE: They're sharing title with the
13 Water Management District.

14 CFO GALLAGHER: And how are we getting half? Like
15 a half of the whole or are we getting half as a piece
16 of property, and if so, how do we do the bond?

17 MS. CASTILLE: We're splitting the property in
18 half, and we're getting 100 percent of half.

19 CFO GALLAGHER: Okay. That's the only way you
20 could do the bonds.

21 MS. CASTILLE: Yes.

22 CFO GALLAGHER: We've got to have a hundred
23 percent ownership.

24 MS. CASTILLE: But we're paying cash this year.

25 CFO GALLAGHER: And which half is ours, the part

1 that's already conservation area?

2 MS. CASTILLE: No. We're excluding the
3 conservation easement.

4 CFO GALLAGHER: So we're getting everything but
5 that?

6 GOVERNOR BUSH: Why don't you show it to us on the
7 map.

8 MS. ARMSTRONG: This dotted line -- get this right
9 on the map. This dotted line is the dividing line.
10 The Trustees will retain the north part and the Water
11 Management District will retain the south part. Here
12 is the conservation easement area. And we have
13 access -- can you raise that camera just a little bit
14 more, please? There you go. We have access across the
15 conservation easement area --

16 MS. CASTILLE: To the river.

17 MS. ARMSTRONG: -- to the river because the St.
18 Johns River is over here.

19 CFO GALLAGHER: Tell me about the conservation
20 easement. Who is it with? How is it working? What's
21 the whole deal on that?

22 MS. ARMSTRONG: There's a mitigation bank on the
23 easement area that was in existence. It's the one that
24 was in bankruptcy that Mr. Philpot had to resolve the
25 bankruptcy, and they are working to extinguish that

1 bank as well.

2 CFO GALLAGHER: They're working to what?

3 MS. ARMSTRONG: To extinguish the bank as well.

4 MS. CASTILLE: The mitigation bank.

5 CFO GALLAGHER: So it's never been used by
6 anybody.

7 MS. ARMSTRONG: Yes, sir. It was in use for a
8 while.

9 CFO GALLAGHER: Well, how do you do it for a while
10 on a mitigation?

11 MS. ARMSTRONG: To mitigate for projects
12 elsewhere. Could you give an update on the bank?
13 We'll get Mr. Philpot to give an update on the bank.

14 GOVERNOR BUSH: Thank you, Eva.

15 MR. PHILPOT: Back in '96, I believe, the previous
16 owners permitted that 950 acres for, I think it was
17 somewhere around 300 mitigation credits. They sold
18 about half of them prior to my involvement with it and
19 then sold maybe another 50 since that time, since the
20 bankruptcy situation has been resolved. So there's 100
21 credits left that are supposed to be sold out by
22 September of '07, that the old mitigation bank manager
23 is selling out. And at that point there will be no
24 more further obligations. I mean, the obligations
25 under the bank are that you just basically keep the

1 property in its present native state.

2 CFO GALLAGHER: I got that.

3 MR. PHILPOT: Right.

4 CFO GALLAGHER: So what I want to know is, who has
5 the title to that land?

6 MR. PHILPOT: Well, I do right now, and that title
7 will be, I guess, deeded to the District. The District
8 will be taking it.

9 CFO GALLAGHER: The District will take it.

10 MR. PHILPOT: Yeah. The bank is a separate
11 economic entity.

12 CFO GALLAGHER: I know it is. And we're paying
13 money for this thing? Is the District paying money for
14 this?

15 MR. PHILPOT: For the credits or for the bank?
16 For the property, I think the property was put in an
17 appraisal for like 2,000 an acre or something. They
18 appraised the easement, appraised the easement
19 property.

20 CFO GALLAGHER: And is that the value of the
21 mitigation credits that are left?

22 MR. PHILPOT: No. The mitigation credits, it's a
23 cash flow stream of -- I think there's probably
24 \$700,000 left that are supposed to be paid out over the
25 next year and a half.

1 CFO GALLAGHER: Of one-time money?

2 MR. PHILPOT: Yeah, just one-time money.

3 GOVERNOR BUSH: Which is what you did when you --

4 MR. PHILPOT: Yeah. That whole thing was tied up
5 in bankruptcy and, you know --

6 GOVERNOR BUSH: You cleaned all that up.

7 MR. PHILPOT: Cleaned it up and made -- it was
8 taken over by a creditor, and now there's a guaranteed
9 stream.

10 CFO GALLAGHER: Well, who gets the 700,000?

11 MR. PHILPOT: Right now I do. I have been working
12 with the District on them taking that over. They're
13 looking for a use for those credits.

14 CFO GALLAGHER: Okay. So the Water Management
15 District pays \$2,000 an acre. How many acres is that?

16 MS. ARMSTRONG: 947, I think.

17 MR. PHILPOT: Something like 950, right.

18 CFO GALLAGHER: So they're going to pay --

19 MS. ARMSTRONG: \$2,000 an acre because there's an
20 easement on it.

21 CFO GALLAGHER: So that's \$2 million?

22 MR. PHILPOT: About 2 million.

23 CFO GALLAGHER: And you're getting 700,000 out of
24 it? Take that off -- what does that come to? What are
25 they actually net paying?

1 MR. PHILPOT: Those credits are dealt with outside
2 of this purchase. Those credits were not included in
3 it. I think y'all wanted it to make the appraisal
4 clean. They wanted them outside.

5 CFO GALLAGHER: Outside means --

6 MR. PHILPOT: We negotiated \$50 million for the
7 land, and the credits are out here. And I have told
8 Robert, you can take these at a very deep discount
9 outside, and he knows that number, and he's out trying
10 to, I guess, go make the District some money on them.

11 CFO GALLAGHER: But the price we're paying for
12 those, does that --

13 MR. PHILPOT: You're not paying for them right
14 now, no.

15 MS. CASTILLE: What we're paying for is the
16 underlying land.

17 MR. PHILPOT: You're paying for the land.

18 MS. CASTILLE: The bundle of rights excluding
19 development.

20 MR. PHILPOT: When the bank was permitted, a
21 conservation easement was put on that 950 acres, and
22 those credits are out there.

23 CFO GALLAGHER: I guess I'm trying to figure out
24 how it has any value whatsoever after --

25 MR. PHILPOT: It's recreational value. You can

1 hunt and fish and ATV. I mean, for a developer it
2 would be a great amenity. Riding trails, it fronts on
3 the St. Johns River. You can't build a house on it,
4 but you can play on it. It's got a lot of pretty
5 critters, bears and that sort of thing on it.

6 CFO GALLAGHER: I don't see the St. Johns River
7 going through this thing.

8 MR. PHILPOT: It touches up on the northeast, the
9 north --

10 CFO GALLAGHER: Over here?

11 MR. PHILPOT: Yeah, the northeast end there.

12 MS. ARMSTRONG: The river is up here.

13 CFO GALLAGHER: But that's nowhere near the --

14 GOVERNOR BUSH: It's close.

15 MR. PHILPOT: Oh, yeah. You can get right up
16 there. The Seminole County piece, the 80 acres on the
17 north end there, it's up in Seminole County, that
18 touches on it.

19 CFO GALLAGHER: We're getting that part.

20 MR. PHILPOT: Yeah. Are y'all getting that?

21 MS. ARMSTRONG: Yeah. The Board of Trustees gets
22 this. Water Management District will get this in the
23 southern part and over here. And if you look at it
24 this way, they're paying 2,000 an acre for what is
25 appraised at \$17,000 an acre. So it's a substantially

1 reduced amount, but they're getting the underlying fee
2 with the conservation easement on top, took the
3 development rights off.

4 MR. PHILPOT: Does that answer your question?

5 CFO GALLAGHER: Yes.

6 GOVERNOR BUSH: Any other questions? Any other
7 discussion? Colleen, would you like to finish us off
8 here or are you finished?

9 MS. CASTILLE: We would respectfully request your
10 approval of the acquisition of Joshua Creek.

11 ATTORNEY GENERAL CRIST: Motion.

12 CFO GALLAGHER: Second.

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

14 All in favor say aye. Aye.

15 COMMISSIONER BRONSON: Aye.

16 ATTORNEY GENERAL CRIST: Aye.

17 CFO GALLAGHER: Aye.

18 GOVERNOR BUSH: All opposed?

19 CFO GALLAGHER: You got it.

20 MS. CASTILLE: Thank you, Governor, members of the
21 Cabinet. We truly appreciate your vote.

22 GOVERNOR BUSH: Yeah. I hope that you'll tolerate
23 me for another three or four Cabinet meetings on this
24 issue, or solve it.

25 MS. CASTILLE: Yes, sir, absolutely.

1 GOVERNOR BUSH: State Board of Administration.

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. Item 2. Good

6 morning, Coleman.

7 MR. STIPANOVICH: Good morning, Governor. Good

8 morning, members. Item 2 is request for approval of

9 fiscal sufficiency of amount not exceeding 104 million

10 State of Florida State Board of Education Lottery

11 Revenue Refunding Bonds.

12 ATTORNEY GENERAL CRIST: Motion two.

13 CFO GALLAGHER: Second.

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

15 Without objection, the motion passes.

16 MR. STIPANOVICH: Item 3 is request for approval

17 of fiscal sufficiency of an amount not exceeding 25

18 million State of Florida Board of Governor's Florida

19 Atlantic University Dormitory Revenue Refunding Bonds.

20 CFO GALLAGHER: Motion.

21 ATTORNEY GENERAL CRIST: Second.

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

23 Without objection, the item passes.

24 MR. STIPANOVICH: Item 4 is request for fiscal

25 determination to issue an amount not exceeding 200

1 million Florida Housing Finance Corporation Homeowner
2 Mortgage Revenue Bonds.

3 ATTORNEY GENERAL CRIST: Motion.

4 CFO GALLAGHER: Second.

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

7 MR. STIPANOVICH: Item 5 is the request for
8 approval of a resolution designating the State Board of
9 Administration as trustee for all grant funds to be
10 awarded by the Office of Tourism, Trade and Economic
11 Development to approved applicants in the Innovation
12 Incentive Program created by Section 288.1089 Florida
13 Statutes.

14 ATTORNEY GENERAL CRIST: Motion.

15 CFO GALLAGHER: Second.

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

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

20 (Whereupon, the proceeding was concluded at 11:20
21 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 1 through 103,
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 23rd day of October, 2006.

JO LANGSTON
Registered Professional Reporter

