

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:

STATE BOARD OF ADMINISTRATION

DIVISION OF BOND FINANCE

FINANCIAL SERVICES COMMISSION, OFFICE
OF INSURANCE REGULATION

DEPARTMENT OF REVENUE

DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES

BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Crist presiding,
in the Cabinet Meeting Room, LL-03, The Capitol,
Tallahassee, Florida, on Tuesday, December 18, 2007,
commencing at approximately 9:13 a.m.

Reported by:

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Representing the Florida Cabinet:

CHARLIE CRIST
Governor

CHARLES H. BRONSON
Commissioner of Agriculture

BILL McCOLLUM
Attorney General

* * *

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(Presented by BOB MILLIGAN)

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P R O C E E D I N G S

(The agenda items commenced at 9:26 a.m.)

GOVERNOR CRIST: Our next Cabinet meeting will be Tuesday, January the 15th, 2008.

We will take up the State Board of Administration first, because I know General Milligan has a travel commitment. General, good morning, sir.

GENERAL MILLIGAN: Good morning, Governor.

GOVERNOR CRIST: How are you?

GENERAL MILLIGAN: I'm fine, thank you. This is a tough act to follow, the Marine Corps.

GOVERNOR CRIST: Well, only you can do it. You are Marine One.

GENERAL MILLIGAN: Well, you know, I get really choked up when I see those young men and women and the really super job they do every day in support of our country and the freedoms we enjoy.

But I'm pleased to be here. This is my first State Board of Administration meeting. And I would like to, before I get to the agenda, just maybe give you a little "how goes it" over the past five days now that I've been dealing with this.

First of all, you asked, the Trustees asked that we really look for a -- search for an

1 executive director, and we're in the process of
2 pulling that together. We are talking to a number
3 of search firms so we can do a really effective
4 national search. We're rewriting the position
5 description to really put more emphasis on that
6 position description in the area of the investment
7 side of the house, to really think of this
8 executive director now as executive director,
9 probably slant CIO, and really pump up that side of
10 the responsibility.

11 In reviewing what it might cost us to do it,
12 the mean for somebody in that position around the
13 country is around 300 to \$350,000. I'm not asking
14 for any decision today, but just to give you a
15 heads-up. But I'll be coming back to you with what
16 that position description should look like and what
17 I think we ought to be willing to pay. And it's
18 important, of course, before we go to a search
19 group to be able to tell them what our salary range
20 is.

21 We will also have a search committee, and I
22 anticipate recommending to you --

23 GOVERNOR CRIST: Would you like a little
24 feedback on that?

25 GENERAL MILLIGAN: Sir?

1 GOVERNOR CRIST: Would you like a little
2 feedback on that?

3 GENERAL MILLIGAN: Well, I would. I'm
4 planning on submitting to you a recommendation that
5 will probably use three of the Trustees' persons
6 that are on the Investment Advisory Council, and
7 probably ask the director of the Division of
8 Retirement to sit on it, and then I probably would
9 recommend that I chair it, try to keep it to about
10 five people, maybe go as high as seven if there are
11 some particular folks that you might think would be
12 helpful to share the --

13 GOVERNOR CRIST: Sure. I understand your
14 call. I think the number is high, was my point.

15 GENERAL MILLIGAN: On the --

16 GOVERNOR CRIST: Compensation.

17 GENERAL MILLIGAN: Well, I understand that.

18 GOVERNOR CRIST: It's a little high.

19 GENERAL MILLIGAN: I've already got some
20 feedback.

21 GOVERNOR CRIST: I know it's Christmas and all
22 that.

23 GENERAL MILLIGAN: But, you know, I've got to
24 put out there what I think is important, and we'll
25 work with that as we get closer. I anticipate the

1 first part of the year to come back with really
2 solid recommendations on that.

3 GOVERNOR CRIST: Great.

4 GENERAL MILLIGAN: We are pushing very hard to
5 improve our communications, our ability to get out
6 with the public affairs side of the house. We're
7 already working on our website to make it more
8 friendly, user-friendly, and so there's a lot of
9 progress in that particular area.

10 We had a meeting which I attended. The
11 Standard & Poor's folks were in town meeting with
12 the BlackRock people and ourselves, and they have
13 prescribed some fairly stringent requirements in
14 terms of whoever we bring on board to follow on
15 with BlackRock. And we are moving forward with an
16 invitation to negotiate with a number of firms, and
17 we should have in place and ready for a
18 recommendation to you the follow-on to BlackRock
19 probably sometime toward the end of January.

20 One of the things that we've had to do to meet
21 Standard & Poor's requirements is, we've had to
22 shift two of the products that were in the pool or
23 in the A part of the pool to the B part, and shift
24 one item that was in the B pool into the A pool,
25 but the dollar values have remained the same. It

1 was an equal dollar tradeoff. Again, we are in a
2 heavy process to go to an invitation to negotiate
3 for the follow-on to BlackRock, and I plan on
4 coming back to you with not just a follow-on to
5 BlackRock as we know it today in managing the Local
6 Government Investment Pool, but also an option to
7 look at managing all of the short-term investments
8 with an outside management operation. So we'll see
9 where that leads, but I'll have that for you --
10 we're working that during January, and I'll have it
11 for you toward the end of January.

12 I am working with the Audit Committee, met
13 with the chairman of the Audit Committee, and will
14 provide whatever support is necessary to help the
15 Audit Committee. One of the things that I think
16 they understand and I made clear to them, we do
17 not, SBA, want to be involved in that audit at all.
18 We will facilitate the acquiring of an appropriate
19 audit capability that will report directly to the
20 Audit Committee and support the Audit Committee.
21 But I think the SBA has got to be out of it, and
22 it's got to be as open and in the sunshine as it
23 can be, and we don't need to have our fingerprints
24 on it at all other than to make sure they've got
25 the support they need.

1 With that, sir, if you have no questions, I'll
2 get to the agenda. The first item is the request
3 for approval of the minutes of December 4, 2007.

4 ATTORNEY GENERAL McCOLLUM: I move the
5 approval of the minutes.

6 GOVERNOR CRIST: I second it. It is done.

7 GENERAL MILLIGAN: The second item is request
8 approval of a fiscal sufficiency of an amount not
9 exceeding \$250 million State of Florida, Department
10 of Transportation Turnpike Revenue Bonds, Series
11 2008A.

12 ATTORNEY GENERAL McCOLLUM: I move Item 2,
13 Governor.

14 GOVERNOR CRIST: And I second it. Show it
15 approved without objection.

16 GENERAL MILLIGAN: You have been provided with
17 a copy of the update from BlackRock on the Local
18 Government Investment Pool. It is up on the
19 website for anybody that wishes to see it. I think
20 the most significant item in that report is that
21 yesterday we had more money coming into the pool
22 than going out of the pool.

23 GOVERNOR CRIST: That was a great day.

24 GENERAL MILLIGAN: That was a great day. It
25 is the first day that we've had a positive flow,

1 and I anticipate that over the next few weeks, I
2 think people will gain confidence and we will
3 begin, I hope, to see a strengthening of the pool
4 again.

5 That's a discussion item only.

6 Item 4 is a request for approval of the SBA
7 quarterly report required by the Protecting
8 Florida's Investments Act. And basically, it
9 includes a list of scrutinized companies with
10 activities in Sudan and Iran, and we are moving
11 along with that program quite expeditiously. We
12 have been cleaning up the numbers of companies that
13 are involved. We've seen a slight drop in the
14 dollar value from about 1.27, I think, down to
15 about 1.23 billion. And we are on target, I
16 believe, to meet what is the ultimate goal date of
17 next September, but we are moving as expeditiously
18 as we can, but we need to be judicious as we move
19 these securities off of our rolls.

20 ATTORNEY GENERAL McCOLLUM: General, if I
21 could ask a question. For those companies that
22 failed to respond in the 90-day period, I know they
23 have 12 months or whatever to move them into the
24 category where you sell those securities. But are
25 you planning if they fail to respond to do

1 something sooner than 12 months? That seems like
2 an unnecessarily long period of time if they're not
3 giving you any rationale why they shouldn't be
4 removed.

5 GENERAL MILLIGAN: Well, I don't think there's
6 any intention to not move any of those prior to
7 next September, but I think you have to look at
8 when is it really the best time to sell that
9 particular item. So it's the judiciousness of when
10 you sell them that works in the best interest of
11 the fund, really, of the State Board, of the fund.

12 ATTORNEY GENERAL McCOLLUM: Well, we certainly
13 concur in that, but I just wanted to be sure we
14 weren't going to intentionally wait 12 months to do
15 it.

16 GENERAL MILLIGAN: No intention, General, to
17 hold back moving those items. It's just a question
18 of when is it most appropriate to do it.

19 ATTORNEY GENERAL McCOLLUM: I would move Item
20 Number -- 4, is it?

21 GENERAL MILLIGAN: It is. It is.

22 GOVERNOR CRIST: I will second it, but I want
23 to comment too. I agree with General McCollum,
24 General. You know, this is a law that I feel very
25 strongly about and many of us feel very strongly

1 about. It is intended to send a very clear message
2 about how Florida feels about these issues.

3 I know you understand all of this. I'm just
4 sharing this with the public at large, if you will,
5 and to Senator Deutch too, who worked very, very
6 hard on getting this passed. You know, the
7 statement it makes about how we feel and about
8 fundamental fairness and doing what's right and
9 standing up for it is really what this is about.

10 So let me also echo my colleague's comments.
11 And we know you're not holding back, but we need to
12 honor the law and honor the intent of the law as it
13 relates to its purpose, and we appreciate you
14 hearing it.

15 GENERAL MILLIGAN: The message is loud and
16 clear. Thank you.

17 GOVERNOR CRIST: Thank you so much. It's
18 moved and seconded, and without objection, adopted.
19 Thank you.

20 GENERAL MILLIGAN: Thank you, sir. That's it.

21 GOVERNOR CRIST: Thank you, General. Merry
22 Christmas to you. Happy holiday.

1 GOVERNOR CRIST: Division of Bond Finance, Ben
2 Watkins. Good morning, Ben.

3 MR. WATKINS: Good morning, Governor and
4 Cabinet members. Item 1 are the minutes, approval
5 of the minutes from the November 14th meeting.

6 GOVERNOR CRIST: Is there a motion on the
7 minutes?

8 COMMISSIONER BRONSON: Motion on the minutes.

9 ATTORNEY GENERAL McCOLLUM: Second.

10 GOVERNOR CRIST: Moved and seconded. Show the
11 minutes approved without objection.

12 MR. WATKINS: Item 2 is an authorizing
13 resolution, a resolution authorizing the sale of up
14 to \$250 million in Turnpike Revenue Bonds.

15 ATTORNEY GENERAL McCOLLUM: I move Item 2.

16 COMMISSIONER BRONSON: Second.

17 GOVERNOR CRIST: Moved and seconded. Show it
18 approved without objection.

19 MR. WATKINS: Item 3 is a resolution
20 authorizing the issuance of up to \$650 million in
21 Lottery Revenue Bonds for the continued funding of
22 class size reduction.

23 COMMISSIONER BRONSON: Motion on Item 3.

24 ATTORNEY GENERAL McCOLLUM: Second.

25 GOVERNOR CRIST: Moved and seconded. Show it

1 approved without objection.

2 MR. WATKINS: Item Number 4 is a report of
3 award on the competitive sale of \$250 million in
4 Public Education Capital Outlay Bonds. The bonds
5 were awarded to the low bidder at a true interest
6 cost of approximately 4.52 percent.

7 ATTORNEY GENERAL McCOLLUM: I move Item 4.

8 COMMISSIONER BRONSON: Second.

9 GOVERNOR CRIST: Moved and seconded. Show
10 Item 4 approved without objection.

11 MR. WATKINS: And lastly, Item 5 is a report
12 of award on the competitive sale of \$141.4 million
13 in Florida Forever Revenue Bonds for the continued
14 implementation of the Florida Forever program to
15 acquire conservation land. The bonds were awarded
16 to the low bidder at a true interest cost of
17 approximately 4.26 percent.

18 COMMISSIONER BRONSON: Motion on Item 5.

19 ATTORNEY GENERAL McCOLLUM: Second.

20 GOVERNOR CRIST: Moved and seconded. Show it
21 approved without objection. Ben, thank you.

22 MR. WATKINS: Thank you very much.

23 GOVERNOR CRIST: Happy holiday.

24 MR. WATKINS: Thank you, sir.

25

1 GOVERNOR CRIST: Financial Services
2 Commission, Office of Insurance Regulation.
3 Commissioner McCarty, good morning, sir.

4 MR. McCARTY: Good morning, Governor.

5 GOVERNOR CRIST: How are you?

6 MR. McCARTY: Doing well, sir. How are you?

7 GOVERNOR CRIST: Good, thank you.

8 MR. McCARTY: The number 1 item is the -- good
9 morning.

10 ATTORNEY GENERAL McCOLLUM: Good morning.

11 MR. McCARTY: Approval of the publication for
12 proposed Rule 690-144.007. The purpose of this
13 draft rule is to implement changes to House Bill 1A
14 concerning collateralization for reinsurers. This
15 is an attempt to modernize our current process and
16 procedures for credit for reinsurance.

17 As you know, reinsurance is the insurance
18 companies buy to protect themselves from
19 catastrophic losses. Currently, under our Florida
20 rules, foreign reinsurers must post 100 percent
21 collateral in order for them to do business in
22 Florida. What this attempts to do is to modernize
23 that rule so for very strong, financially sound
24 companies, it would free them from having to
25 provide that 100 percent collateral and would

1 hopefully free up more capital in the worldwide
2 marketplace.

3 ATTORNEY GENERAL McCOLLUM: Can I --

4 GOVERNOR CRIST: Go ahead, General. I'm
5 sorry.

6 ATTORNEY GENERAL McCOLLUM: Go ahead. You're
7 the Governor.

8 GOVERNOR CRIST: That's okay. I just -- well,
9 all right. I'll put it out there. Sometimes
10 that's not always smart. But I was just -- I'm not
11 sure I understand, I guess is my point. Why would
12 we not want them to be 100 percent capitalized?

13 MR. McCARTY: Well, there's two sets of rules,
14 and I would agree. There are two sets of rules.
15 There are those rules for those companies that are
16 licensed to do business in Florida or those that
17 are licensed in another state.

18 About 80 percent of our catastrophic
19 reinsurance is foreign, and under the current rules
20 of the National Association of Insurance
21 Commissioners, if you're accredited or doing
22 business in the United States, you do not have to
23 post collateral, regardless of your financial
24 stability or strength. But if you're a foreign
25 company, regardless if that's a Lloyd's or a Munich

1 Re or a Swiss Re with billions of dollars in
2 capital, you have to post -- for every liability
3 you assume in Florida, you have to post a letter of
4 credit or collateral for that amount of money of
5 your exposure. Now, that's --

6 GOVERNOR CRIST: Why is that not a good thing?

7 MR. McCARTY: Well, it would be a good thing
8 if you had the rules apply to everyone the same.
9 And the problem is that when you tie up that much
10 capital, there's that much less capital that will
11 be available to provide for additional coverage for
12 other risks. So for every dollar of risk that is
13 in Florida, they have a dollar in collateral. But
14 that only applies to foreign reinsurers. That does
15 not apply. So what we're trying to do is create a
16 level playing field so that companies that are
17 strong, viable, financially sound reinsurance
18 companies that do global reinsurance, well known
19 reinsurance names --

20 GOVERNOR CRIST: So you're trying to create
21 more competition?

22 MR. McCARTY: Yes, sir.

23 GOVERNOR CRIST: I got it.

24 ATTORNEY GENERAL McCOLLUM: Governor --

25 COMMISSIONER BRONSON: Well --

1 GOVERNOR CRIST: General first, then
2 Commissioner.

3 ATTORNEY GENERAL McCOLLUM: Well, I was just
4 going to say that I think this is a good proposal
5 based on what you've explained and what I
6 understand it is, but I am still concerned with the
7 foreign reinsurers in terms of their transparency.
8 Many of them are abroad, they're in the Bahamas,
9 they're elsewhere, and I don't know if you're
10 looking into the prospects of getting them or
11 requiring them to provide more data on their
12 profits, how they're making money, what their rate
13 of return is, in addition to just the information
14 we generally get about the quality of what they're
15 doing. And I would hope, Kevin, that you would do
16 that.

17 You're giving them the opportunity to do
18 business here. We want them to do business. But
19 they don't come under the same rules in other ways
20 that American companies do. So can you assure us
21 that your office is in the future going to proceed
22 to give us more transparency on these companies'
23 business?

24 MR. McCARTY: Right. We're in the drafting
25 process of this rule, and we're working with our

1 colleagues to bring more transparency in this
2 process. And I would agree with you, General, that
3 overall, the transparency in American companies is
4 much greater than you would see, particularly those
5 companies in Europe. But as a term and condition
6 of receiving this credit, we will certainly make
7 that part of our regulatory framework.

8 ATTORNEY GENERAL McCOLLUM: Well, I know the
9 Commissioner wants to ask a question, but in due
10 course, I will move this. But --

11 GOVERNOR CRIST: Commissioner.

12 COMMISSIONER BRONSON: Well, thank you,
13 Governor and General. You know, I want to make
14 sure here that -- for some of the same reasons the
15 General mentioned, that we're not putting ourselves
16 from the reinsurers' standpoint and transparency
17 out there, that we're not doing in this vein the
18 same thing that we got caught up in in the subprime
19 mortgage situation, where everybody thought
20 everything was just fine until they started asking
21 the right questions and found out maybe we were
22 overextended a little bit. And I'm not sure
23 whether we can get our hands around foreign
24 investors quite as -- foreign companies quite as
25 well as we can get our hands around state and U.S.

1 Government firms.

2 So I'm very cautious here myself, because I
3 don't want us to get into the same type of
4 situation on the reinsurer side that we've gotten
5 in on our financial. You know, everybody loves to
6 make that high profit, but all of a sudden that
7 high profit doesn't look so good, and you've got
8 some situations that don't look good at all if you
9 dig deep enough, and I want to make sure we protect
10 ourselves. So I agree with the General. We need
11 to be very careful here.

12 GOVERNOR CRIST: I would agree. But I would
13 like to add -- I have a question, I guess,
14 Commissioner. U.S. reinsurance companies
15 currently, they do not have to 100 percent
16 capitalize; is that correct?

17 MR. McCARTY: Yes, sir, that is correct.

18 GOVERNOR CRIST: So this offers, as you put it
19 very well, a level playing field for some other
20 companies to compete on an equal footing for
21 Florida customers?

22 MR. McCARTY: Yes, sir. And I'm cognizant of
23 the issues that have been raised by Commissioner
24 Bronson. We would require companies to subject
25 themselves to the jurisdiction of Florida courts.

1 We will proceed very cautiously. Again, we're not
2 expanding this very broadly. We're looking at
3 companies that are well known names, that have
4 established reputations, that have had
5 relationships with Florida companies for many, many
6 years. As I like to emphasize, most of our
7 reinsurance is offshore today, so the more that we
8 can do to untrap capital that's currently there, I
9 think it's better for markets.

10 GOVERNOR CRIST: And let me offer a little
11 more support for what you're trying to do. Some of
12 these U.S. companies have not been very good to
13 Florida, and we know the names of them. I won't
14 embarrass them today. Maybe later. But just
15 because they may be a U.S.-based company doesn't
16 give me the assurance that they have a good ethic
17 about how they do business with our people. So,
18 you know, expanding competition I think is a very
19 good thing. And, General, if you're reading to
20 make a motion --

21 ATTORNEY GENERAL McCOLLUM: I move Item 1.

22 MR. McCARTY: Thank you.

23 COMMISSIONER BRONSON: And I'll second it.

24 GOVERNOR CRIST: Moved and seconded. Show it
25 approved without objection.

1 MR. McCARTY: And we will proceed with
2 caution, Governor.

3 GOVERNOR CRIST: Oh, I know.

4 MR. McCARTY: Thank you.

5 GOVERNOR CRIST: But also get her done. Thank
6 you very much. Happy holidays.

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1 GOVERNOR CRIST: Lisa, Department of Revenue.

2 Good morning.

3 MS. ECHEVERRI: Good morning.

4 GOVERNOR CRIST: How are you?

5 MS. ECHEVERRI: I'm good. How are you?

6 GOVERNOR CRIST: Great, thanks.

7 MS. ECHEVERRI: Item 1 is --

8 COMMISSIONER BRONSON: Excuse me.

9 GOVERNOR CRIST: Sure, Commissioner. I'm
10 sorry.

11 COMMISSIONER BRONSON: Governor, did we
12 approve the minutes for -- I think we went straight
13 to Item 2, if I'm not mistaken. I don't think we
14 ever approved the minutes.

15 GOVERNOR CRIST: Were there any?

16 COMMISSIONER BRONSON: No minutes.

17 GOVERNOR CRIST: There were no minutes.

18 COMMISSIONER BRONSON: Okay.

19 GOVERNOR CRIST: Nice catch, though. I'm
20 sorry, Lisa.

21 MS. ECHEVERRI: I request approval of our
22 minutes, Item 1.

23 ATTORNEY GENERAL McCOLLUM: I'll move the
24 minutes.

25 GOVERNOR CRIST: It makes us feel good to do

1 that.

2 COMMISSIONER BRONSON: Second.

3 MS. ECHEVERRI: For the meeting of November
4 14, 2007.

5 GOVERNOR CRIST: Moved and seconded. Show it
6 approved without objection. Thank you.

7 MS. ECHEVERRI: Item 2 requests approval of
8 rule amendments. This is actually the adoption of
9 the revised communications services tax form. We
10 revised this form frequently to update it for new
11 rates and new jurisdictions, so we recommend
12 approval of Item 2.

13 COMMISSIONER BRONSON: Motion on Item 2.

14 ATTORNEY GENERAL McCOLLUM: Second.

15 GOVERNOR CRIST: Moved and seconded. Show it
16 approved without objection.

17 MS. ECHEVERRI: We request approval of Item 3.
18 Item 3 are rule amendments related to our corporate
19 income tax returns. We are adding provisions for
20 electronic signatures. We recommend approval of
21 Item 3.

22 ATTORNEY GENERAL McCOLLUM: I move Item 3.

23 COMMISSIONER BRONSON: Second.

24 GOVERNOR CRIST: Moved and seconded. Show it
25 approved without objection.

1 MS. ECHEVERRI: Item 4, we are requesting
2 approval of rule amendments. These amendments will
3 repeal provisions of the intangible tax that were
4 repealed by the Legislature effective January 1,
5 2007. The amendments also reorganize those rules
6 for the remaining provisions that are still in
7 effect.

8 COMMISSIONER BRONSON: Motion on Item 4.

9 ATTORNEY GENERAL McCOLLUM: Second.

10 GOVERNOR CRIST: Moved and seconded. Show it
11 approved without objection.

12 MS. ECHEVERRI: Finally, we request approval
13 of Item 5. Item 5 are rule amendments. These are
14 statutory changes expanding an exemption for
15 certain advertising materials that were adopted by
16 the Legislature. Recommend approval.

17 ATTORNEY GENERAL McCOLLUM: I move Item 5.

18 COMMISSIONER BRONSON: Second.

19 GOVERNOR CRIST: Moved and seconded. Show it
20 approved without objection. Happy holidays.

21 MS. ECHEVERRI: Thank you. Merry Christmas.

22 GOVERNOR CRIST: You too.

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1 GOVERNOR CRIST: Highway Safety and Motor
2 Vehicles. Electra. You're not Electra. Good
3 morning.

4 MS. KORST: Not Electra. LeeAnn Korst. Good
5 morning.

6 GOVERNOR CRIST: What? Say your name again.

7 MS. KORST: LeeAnn Korst.

8 GOVERNOR CRIST: Hi, LeeAnn. Thank you.

9 MS. KORST: Good morning.

10 GOVERNOR CRIST: Good morning.

11 MS. KORST: Our first agenda item is approval
12 of the minutes from the September 19th, 2007
13 meeting.

14 ATTORNEY GENERAL McCOLLUM: I move the
15 minutes.

16 COMMISSIONER BRONSON: Second.

17 GOVERNOR CRIST: Moved and seconded. Show the
18 minutes approved without objection.

19 MS. KORST: Our second item is approval of the
20 October 2nd, 2007 meeting minutes.

21 COMMISSIONER BRONSON: Motion on Item 2.

22 ATTORNEY GENERAL McCOLLUM: I'll second.

23 GOVERNOR CRIST: Moved and seconded. Show
24 them approved without objection.

25 MS. KORST: Thank you. Our third agenda item

1 is an informational item. It is the fifth and last
2 specialty plate passed in the 2007 legislative
3 session, and it states, "Protect Florida Springs."
4 The proceeds --

5 GOVERNOR CRIST: Good idea.

6 MS. KORST: The proceeds support the Wildlife
7 Foundation of Florida and will be used for
8 community-based springs research, education, and
9 outreach and springs conservation.

10 Please join me in recognizing representatives
11 from the Wildlife Foundation of Florida. Please
12 stand as your name is called. Daniel Bourg, donor
13 relations manager. Cindy Taylor, director of the
14 aquatics program.

15 And at this time, Mr. Bourg would like to say
16 a few words, with your permission.

17 GOVERNOR CRIST: Certainly.

18 MR. BOURG: Governor and Cabinet, thank you
19 very much for this incredible opportunity to
20 partner with the State of Florida, local
21 government, and local community-based
22 non-government organizations to work together
23 cooperatively to protect Florida's springs and to
24 provide much needed research about these great
25 areas in Florida. Thank you.

1 GOVERNOR CRIST: Of course. Thank you. Are
2 you going to get a -- go ahead.

3 MS. KORST: That concludes the Department's
4 agenda items.

5 GOVERNOR CRIST: Are you going to get a
6 picture?

7 MS. KORST: Yes, please.

8 GOVERNOR CRIST: Would you like a picture?
9 Okay.

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1 GOVERNOR CRIST: Board of Trustees, Secretary
2 Sole. Good morning, Secretary. How are you?

3 MR. SOLE: Governor and Cabinet, good morning.

4 GOVERNOR CRIST: Great day yesterday.

5 MR. SOLE: Yes, sir.

6 GOVERNOR CRIST: Thanks for your tremendous
7 work on the water issue between Florida and Alabama
8 and Georgia.

9 MR. SOLE: I truly am grateful for your
10 leadership on that issue, Governor. That worked
11 out well.

12 ATTORNEY GENERAL McCOLLUM: But before you get
13 started, Mike, I've got something to point out,
14 Governor, because we just did a license plate about
15 protecting Florida's springs, and I gather that you
16 have some at least optimistic good news about Weeki
17 Wachee Springs. I understand we might be along the
18 way where we can't nail it quite yet, but you're
19 close to acquiring that for the Park Service. And
20 that's kind of exciting to me, since I grew up in
21 that county and know quite a bit about that spring.
22 So why don't you tell us about what has happened
23 this week?

24 MR. SOLE: General, thank you. Today, or
25 actually yesterday, we received a letter of intent

1 from Weeki Wachee which agrees basically to convert
2 Weeki Wachee to a state park and donate that park,
3 or donate that facility to the State. It is
4 subject to some ongoing negotiations with the
5 Southwest Florida Water Management District, but
6 clearly, this is a great opportunity not only for
7 Florida state parks, but the local area as well, to
8 help continue to operate that historical facility
9 in a great way.

10 ATTORNEY GENERAL McCOLLUM: Well, it's a big
11 springs. I'm sure, Governor, you and the
12 Commissioner are aware that it's one of the great
13 natural wonders of Florida and has been around for
14 a long time as a tourist attraction, but has not
15 been managed particularly the way we would like.
16 In the last few years, it went through -- I think
17 ABC at one time owned it, and it provided water for
18 the City of St. Petersburg, which I think is your
19 hometown.

20 GOVERNOR CRIST: It is.

21 ATTORNEY GENERAL McCOLLUM: But it's a
22 beautiful river that comes out of it. And I just
23 commend you for the work you've been doing on that
24 and keep my fingers crossed that we do complete
25 this and that your work with the water management

1 districts resolve whatever those issues are and we
2 get to execute on that letter of intent.

3 GOVERNOR CRIST: Yes, that's great. That's
4 great.

5 MR. SOLE: And General, I do thank you for
6 your leadership on this as well. This has been
7 three years of ongoing discussions, and hopefully,
8 again cross our fingers, we can bring this to a
9 resolution.

10 ATTORNEY GENERAL McCOLLUM: I was glad to play
11 a small role in that, but it's you all who did it,
12 so I'm just aware of it because of some of the
13 negotiations.

14 MR. SOLE: Thank you.

15 GOVERNOR CRIST: Are we going to keep the
16 mermaids?

17 MR. SOLE: Yes, sir.

18 GOVERNOR CRIST: Excellent. That's great.

19 MR. SOLE: We'll need to create a new position
20 title, though.

21 GOVERNOR CRIST: Okay. What? No, we have to
22 stop. This is going down a bad slope. Please
23 continue the agenda.

24 MR. SOLE: Item Number 1, Governor.

25 ATTORNEY GENERAL McCOLLUM: You can go down

1 and swim with the mermaids.

2 GOVERNOR CRIST: No, no, no. I'll let you do
3 that, General. Item 1.

4 MR. SOLE: Item Number 1, the Department
5 requests withdrawal of this item.

6 GOVERNOR CRIST: Is there a motion to
7 withdraw?

8 COMMISSIONER BRONSON: Move withdrawal.

9 ATTORNEY GENERAL McCOLLUM: Second.

10 GOVERNOR CRIST: Moved and seconded. Show it
11 withdrawn without objection.

12 MR. SOLE: Thank you. Item Number 2 is
13 consideration of an application for a five-year
14 sovereignty submerged lease to ECAA, LLC. This is
15 for a 84-slip commercial marina located on the
16 St. Johns River in Clay County. It's technically a
17 redevelopment of a previous marina, and the project
18 meets all the Department and Board rules and
19 requirements.

20 ATTORNEY GENERAL McCOLLUM: Move it.

21 GOVERNOR CRIST: Is there a motion?

22 ATTORNEY GENERAL McCOLLUM: I move it.

23 COMMISSIONER BRONSON: Second.

24 GOVERNOR CRIST: Moved and seconded. Show it
25 approved without objection.

1 MR. SOLE: Thank you. Item Number 3 is
2 consideration of an application for a five-year
3 sovereignty submerged land lease to Harborwalk, LLC
4 for a 100-slip mixed use commercial marina located
5 in Destin Harbor, Okaloosa County. This lease will
6 modify and combine two previous Board leases and
7 also meets all Board and DEP rules.

8 COMMISSIONER BRONSON: Motion on Item 3.

9 ATTORNEY GENERAL McCOLLUM: Second.

10 GOVERNOR CRIST: Moved and seconded. Show
11 Item 3 approved without objection.

12 MR. SOLE: Thank you. Item Number 4 is
13 consideration of an option agreement to acquire
14 from CSX 12.22 acres of abandoned rail corridor
15 which extends through the downtown Gainesville
16 area. This trail will connect to an existing
17 22-mile trail network, including the
18 Gainesville-Hawthorne Trail. The purchase price of
19 this acquisition is 1,745,000, which is 100 percent
20 of the approved value. And funding for trail
21 development, the City has already secured almost
22 \$2 million to improve the trail and develop it.

23 And with that, I would like to recognize Mayor
24 Hanrahan, the mayor of Gainesville.

25 GOVERNOR CRIST: Madam Mayor, good morning.

1 How are you? This sounds pretty cool.

2 MS. HANRAHAN: It's very cool, very cool.
3 Thank you, Governor Crist, and thank you, General
4 McCollum and Commissioner Bronson. I'm very
5 pleased to be here this morning.

6 And I want to indicate to you how very
7 important this trail is to us by letting you know
8 who we have with us. First, our police chief, Norm
9 Botsford, is here. Chief Botsford. Captain Rick
10 Hannah, Sergeant Art Adkins, and Teresa Scott, who
11 is our public works director.

12 And I really want to recognize each of you and
13 your wonderful staff for guiding us through this
14 process. Believe it or not, it's a very
15 complicated project, and so it has taken almost 10
16 years. It's probably a record for the poor Office
17 of Greenways and Trails, who have been working
18 their hearts out to make it happen. And it was
19 really the Trust for Public Land that swooped in
20 and helped us in our relationship with CSX and
21 worked through some very complicated issues, which
22 I won't bore you with.

23 But it's been a very exciting project. It's
24 about -- just over two miles long. It's along
25 Sixth Street, which, as a Gator, General, you know,

1 is -- it's really right between the edge of the
2 University of Florida campus and the downtown, and
3 it really needs to bring together those two areas.
4 It's an area that's in need of redevelopment. It
5 goes right by Santa Fe Community College, along the
6 edge of the college, and we have a number of
7 projects under construction.

8 And then just to put it in a big context, it
9 connects to our regional trail network, which I
10 know the Office of Greenways and Trails is working
11 very hard on. This trail connects to the Depot
12 Trail, which connects to the Gainesville-Hawthorne
13 Trail, and also connects to the Waldo Trail. Now,
14 the Depot Trail will eventually connect to the
15 Archer Trail, and then those will connect to some
16 trails further out. So through this project, you
17 can bring all of North-Central Florida together
18 through rail trails.

19 And with that, I'll be happy to answer any
20 questions, and I want to again thank each of you
21 and wish you a very happy Christmas.

22 COMMISSIONER BRONSON: Motion on Item 4.

23 ATTORNEY GENERAL McCOLLUM: Well, I will
24 second it, but I want to also make a comment, if I
25 could. I have a former classmate in the mayor, but

1 your iteration of the various trails it connects to
2 reminds of that movie about one bone connected to
3 the other bone. I was getting really into the
4 swing of things here this morning.

5 GOVERNOR CRIST: Get it going.

6 ATTORNEY GENERAL McCOLLUM: But, yes, I am a
7 Gator, and I do know this area very well, and I
8 think it will be a tremendous addition to our trail
9 system. I also am a member of the Florida Trail
10 Association, so this is exciting to see for a whole
11 host of reasons, and I'm very happy to second it.

12 GOVERNOR CRIST: It is a great project, and
13 thank you for your tenacity, Mayor, and those that
14 were so helpful with the project, and the Trust.
15 Maybe you should name it Tebow Trail.

16 MS. HANRAHAN: Oh, would you like to talk
17 about Tim Tebow?

18 GOVERNOR CRIST: I love to talk about Tim
19 Tebow. He's a great Floridian and a great American
20 and has represented Florida very, very well.

21 MS. HANRAHAN: Well, I have a Tim Tebow story.

22 GOVERNOR CRIST: Okay.

23 MS. HANRAHAN: You know, like you, Governor
24 Crist, my husband, he has only one flaw, which is
25 that he went to Florida State.

1 GOVERNOR CRIST: Ouch.

2 MS. HANRAHAN: I guess I should have waited
3 for them to vote before I said that.

4 GOVERNOR CRIST: Easy, Mayor.

5 MS. HANRAHAN: But anyway, for her birthday,
6 we bought her --

7 GOVERNOR CRIST: And I'm a Gator fan.

8 MS. HANRAHAN: Okay. Yes, you are. I've seen
9 you cheering.

10 GOVERNOR CRIST: That's true.

11 MS. HANRAHAN: We bought her a little
12 Mr. Potato Head with a Gator football uniform, and
13 my husband overheard her talking, and he peeked in,
14 and she was saying to Mr. Potato Head, "You're a
15 potato, not Tim Tebow."

16 GOVERNOR CRIST: Okay. Thank you for sharing
17 that.

18 MS. HANRAHAN: Two years old. You've got to
19 share what you've got.

20 GOVERNOR CRIST: Yes. Nothing is more
21 important.

22 MS. HANRAHAN: Thank you so much. We
23 appreciate everything you do, and we look forward
24 to bringing you to the ribbon cutting. We have set
25 aside \$2 million for the construction, and we're

1 looking forward to it.

2 GOVERNOR CRIST: That's going to be a big
3 ribbon.

4 MS. HANRAHAN: Well, we've really worked hard
5 to bring together lots of partners, Governor.

6 GOVERNOR CRIST: I know. Congratulations.
7 Happy Christmas to you and your family.

8 So we moved it, we seconded it, and it's
9 approved without objection.

10 MR. SOLE: Thank you, Governor. Item number
11 5, the Department is requesting withdrawal of this
12 item.

13 COMMISSIONER BRONSON: Move to withdraw.

14 ATTORNEY GENERAL McCOLLUM: Second.

15 GOVERNOR CRIST: Show it withdrawn without
16 objection.

17 MR. SOLE: Our last item, Item Number 6 is
18 consideration to authorize the secretary of the
19 Department or a designee to negotiate a new lease
20 with Miami-Dade County to provide for workforce
21 housing.

22 ATTORNEY GENERAL McCOLLUM: I move Item 6.

23 COMMISSIONER BRONSON: Second.

24 GOVERNOR CRIST: Moved and seconded. Show it
25 approved without objection.

1 MR. SOLE: Governor and Cabinet, thank you.

2 GOVERNOR CRIST: Secretary, thank you. Thank
3 you again very much for your great work yesterday
4 and great work all year.

5 And before we all leave, and I want to wish
6 you a very happy holiday, a very merry Christmas,
7 and I want to thank our staff publicly for the
8 great work that you do. You make us really look
9 good up here, but it's really your great work that
10 does that, and we are most appreciative and
11 grateful for it. Thank you so much.

12 (Proceedings concluded at 9:59 p.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA:

COUNTY OF LEON:

I, MARY ALLEN NEEL, Registered Professional Reporter, do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter translated under my supervision; and the foregoing pages numbered 1 through 40 are a true and correct record of the aforesaid proceedings.

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

DATED THIS 31st day of December, 2007.

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