

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 REVENUE

DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES

DEPARTMENT OF LAW ENFORCEMENT

POWER PLANT AND TRANSMISSION LINE SITING BOARD

BOARD OF TRUSTEES, INTERNAL IMPROVEMENT TRUST FUND

STATE BOARD OF ADMINISTRATION

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Crist
presiding, in the Cabinet Meeting Room, LL-03, The
Capitol, Tallahassee, Florida, on Tuesday, August 12,
2008, commencing at 9:05 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

ALEX SINK
Chief Financial Officer

* * *

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P R O C E E D I N G S

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(Agenda items commenced at 9:20 a.m.)

GOVERNOR CRIST: Thank y'all very much. In March we appointed a new Parole Qualifications Committee to provide us with three names to fill the current vacancy on the Commission. I'd like to thank the committee for all their time and hard work.

The committee has forwarded the following names for our consideration: Fred Dunphy, Lotta Vinson, Curtis Richardson, who has withdrawn. We have votes in front of you, my fellow Cabinet members. Please make your selection on the ballot in front of each of you.

CFO SINK: Governor, could I make a motion, please, before we start with the election?

GOVERNOR CRIST: You certainly may.

CFO SINK: It's my understanding that Curtis Richardson, who was one of the nominees, has withdrawn his name from consideration. And this is the second candidate that we've had withdrawn from the list provided to us from the qualifications committee.

We already asked the committee once to

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1 reconvene and submit another name when a previous
2 candidate dropped off. And I think that we should
3 reopen the entire application process in hopes of
4 generating additional candidates. We have the
5 option of rejecting this list of candidates and
6 instructing the committee to reinitiate the
7 application process.

8 And the reason that I present this option to
9 the other members of the Commission is because I
10 believe that our commissions, to the extent we
11 possibly can, ought to reflect the diversity of the
12 population in Florida.

13 And so what we have before us today is only an
14 option of selecting a commission that has either no
15 gender diversity or no racial diversity. And we
16 know that approximately 55 percent of the applicants
17 that come before the Parole Commissioner -- the
18 Parole Commission represent -- are members of our
19 minority communities.

20 And so we would be faced with continuing an
21 environment in which all three of the commissioners
22 are not representative of this racial diversity that
23 appears before the -- appears before the Commission.

24 So I would like to make a motion to reject this
25 list of candidates and ask the Parole Qualifications

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1 Committee to reinstitute the application process and
2 ensure that we have a diverse group of applicants
3 from which to choose.

4 GOVERNOR CRIST: Is there any discussion on the
5 motion? Is there a second? It appears to fail for
6 lack of a second. If the members would please vote.
7 Who collects the ballots? I guess we could get the
8 Secretary of State.

9 MS. GLEASON: We have four votes for Fred
10 Dunphy. We have four votes for Commissioner Dunphy,
11 Governor.

12 GOVERNOR CRIST: Thank you. At this time we
13 need to select, as I understand it, a chair and a
14 vice-chair for the current term that will end July
15 30, 2010, as well as approve the list of retired
16 commissioners for temporary duty. Is there a
17 motion?

18 ATTORNEY GENERAL McCOLLUM: Governor, I would
19 make a motion. I would move to appoint
20 Commissioners Dunphy and Pate as chair and
21 vice-chair respectively and to approve the list of
22 retired commissioners who have previously been
23 approved and could be called upon for temporary
24 duty. They are Charles J. Scriven, Charles H.
25 Lawson, E. Guy Revell, Jr., Kenneth W. Simmons and

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1 Judith A. Wolson.

2 COMMISSIONER BRONSON: Second.

3 GOVERNOR CRIST: Moved and seconded. Is there
4 any discussion? All in favor please say aye. Aye.

5 COMMISSIONER BRONSON: Aye.

6 ATTORNEY GENERAL McCOLLUM: Aye.

7 GOVERNOR CRIST: All opposed say no.

8 CFO SINK: No.

9 GOVERNOR CRIST: Motion carries. Thank you
10 very much.

11 Our next Cabinet meeting is Tuesday, September
12 16th.

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1 GOVERNOR CRIST: Division of Bond Finance.

2 Good morning, Ben.

3 MR. WATKINS: Good morning, Governor.

4 GOVERNOR CRIST: How are you?

5 MR. WATKINS: Cabinet members. Very well,
6 thank you. Item Number 1 is approval of the minutes
7 of the July 29th meeting.

8 GOVERNOR CRIST: Is there a motion on the
9 minutes?

10 COMMISSIONER BRONSON: Motion on the minutes.

11 ATTORNEY GENERAL McCOLLUM: Second.

12 GOVERNOR CRIST: Moved and seconded. Show the
13 minutes approved without objection.

14 MR. WATKINS: Item 2 is a resolution which does
15 two things. It authorizes the issuance of up to
16 \$924.2 million in Public Education Capital Outlay
17 Bonds, or PECO Bonds, for the current year
18 appropriation, and secondly it authorizes the
19 competitive sale of \$200 million of that \$924
20 million authorization.

21 GOVERNOR CRIST: Is there a motion on Item 2?

22 COMMISSIONER BRONSON: Motion on Item 2.

23 ATTORNEY GENERAL McCOLLUM: Second.

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

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1 MR. WATKINS: Item Number 3 is a resolution
2 authorizing the competitive sale of up to 37 and a
3 half million dollars of Florida Facilities Pool
4 Revenue Bonds. The bonds are being issued to
5 finance construction of a new courthouse for the
6 First District Court of Appeal out at Southwood.

7 ATTORNEY GENERAL McCOLLUM: I move Item 3.

8 COMMISSIONER BRONSON: Second.

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

11 MR. WATKINS: And, lastly, Item 4 is a
12 resolution authorizing the issuance and competitive
13 sale of up to \$60 million in Capital Improvement
14 Revenue Bonds for the State University System. The
15 bond proceeds will be used to construct various
16 facilities for students at the universities across
17 the state.

18 COMMISSIONER BRONSON: Motion on Item 4.

19 GOVERNOR CRIST: Is there a second?

20 ATTORNEY GENERAL McCOLLUM: Second.

21 GOVERNOR CRIST: Moved and seconded. Show Item
22 4 approved without objection. Thank you, Ben.

23 MR. WATKINS: Thank you, sir.
24
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1 GOVERNOR CRIST: Office of Financial
2 Regulation. Don Saxon. Morning, Don.

3 MR. SAXON: Morning, Governor, members of the
4 Cabinet. Today we have Items Number 1 and 2, which
5 are proposed rules to codify the policies that our
6 office will follow when processing a mortgage broker
7 application of a person who faces criminal
8 backgrounds.

9 Item 1 will address the emergency rules, which
10 will be effective for 90 days if approved today.
11 Item 2 contains the identical rules that will be
12 filed and proceed through the regular rule-making
13 process.

14 For the mortgage broker license applications,
15 the Office has classified crimes into four
16 categories. These classifications reflect the
17 Office's evaluation of various crimes in terms of
18 moral turpitude, the seriousness of the crime as
19 such factors relate to the prospective threat to
20 public welfare typically posed by a person who would
21 commit such a crime, and the standards for licensure
22 set forth in the SAFE Mortgage Licensing Act of
23 2008.

24 For crimes that we have designated as Class A
25 crimes, the applicant will not be eligible for

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1 licensure. These crimes include all felonies
2 involving an act of fraud, dishonesty or a breach of
3 trust or money laundering. Such examples would be
4 robbery, grand theft, extortion, bribery and
5 embezzlement.

6 For crimes that we have designated as Class B
7 crimes, the applicant would not be granted a
8 licensure until 15 years have passed since the
9 conviction date for crimes listed as a Class B
10 crime.

11 The crimes listed in this category do not
12 necessarily involve financial transactions but are
13 particularly egregious crimes. Examples would be
14 murder, arson, drug trafficking, aggravated assault
15 and aggravated battery.

16 The next category is a Class C crime. For
17 these crimes the applicant will not be granted
18 licensure until seven years have passed since the
19 conviction. These crimes include all felonies that
20 involve any other act of moral turpitude and are not
21 classified as Class A or Class B crimes. An example
22 would be a felony drunk driving offense or
23 alteration of food, such as food poisoning.

24 The final category is a Class D crime, which
25 addresses misdemeanors. The applicant will not be

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1 granted licensure until five years have passed since
2 the conviction. Crimes include any misdemeanor that
3 involves fraud, dishonest dealing or any other act
4 of moral turpitude.

5 I would also add that for each additional crime
6 a person may have, five years would be added to the
7 waiting period for the most severe crime that person
8 has committed.

9 We've also included some mitigating factors.
10 Mitigating factors would be situations where
11 reductions would include one year from the time that
12 they would be available to make application to the
13 Office.

14 A mitigating factor would include a
15 recommendation from the probation officer or
16 prosecuting attorney, full payment of restitution to
17 victims, the person was under 21 years of age at the
18 time and has only one offense, or at the time of the
19 offense, they were under the influence of alcohol or
20 drugs and are now in remission as documented by a
21 physician. The maximum reduction any person can get
22 would be three years.

23 I would also add that, and no person will be
24 eligible for licensure if they are currently under
25 supervision for a felony or any misdemeanor crime

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1 involving fraud, dishonest dealing or moral
2 turpitude. Supervision would include being on
3 probation, on parole or a conditional release
4 supervision.

5 I would also add that we are in the process of
6 exploring various options to run criminal checks on
7 all licensees. We are not going to be waiting for
8 the renewal process to look into the criminal
9 backgrounds of individuals who are currently
10 licensed with us. The renewal period for those
11 individuals is every two years, which means we would
12 not be reviewing them until August of 2009.

13 We are currently going through those licensees
14 to see if they have criminal backgrounds and to see
15 whether or not they complied with the law by
16 notifying us of any new arrests. And, of course, if
17 they have, we'll take appropriate action to revoke
18 those licenses. We will also be going into firms
19 who have a propensity for hiring individuals with
20 criminal backgrounds.

21 The other part of the rule goes to mortgage
22 broker businesses and lenders. And although the
23 federal law does not address that issue, we felt
24 that it was important that if we were going to be
25 having higher standards for individuals getting

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1 licensed as mortgage brokers, we should have similar
2 standards for people who would be the owners,
3 directors, officers or control persons of mortgage
4 broker companies.

5 The Office makes a general classification of
6 crimes with these types of occupations into three
7 classes, Class A, B and C. A Class A crime, the
8 applicant would not be granted a license until 15
9 years have lapsed since the conviction. Class A
10 crimes will include felonies which involve fraud,
11 dishonest dealing or moral turpitude.

12 Class B crimes would be the applicant will not
13 be allowed -- granted a license until seven years
14 have elapsed. All felonies that involve any other
15 act of moral turpitude and are not a Class A crime
16 will be subject to this condition.

17 And then finally we have a Class C crime,
18 misdemeanors. The applicant will not be granted a
19 license until five years have lapsed. Crimes
20 include any misdemeanor that involves fraud,
21 dishonest dealing or any other act of moral
22 turpitude.

23 GOVERNOR CRIST: Is there a motion?

24 ATTORNEY GENERAL McCOLLUM: I would move we
25 approve these rules. But I'd also like to discuss

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1 it, assuming there's a second to it.

2 GOVERNOR CRIST: Of course, sure.

3 CFO SINK: I second it.

4 GOVERNOR CRIST: Moved and seconded. General.

5 ATTORNEY GENERAL McCOLLUM: If I might. First
6 of all --

7 GOVERNOR CRIST: I'm sorry. Pardon my
8 interruption. I don't know if you wanted to do
9 Items 1 and 2 concurrent.

10 ATTORNEY GENERAL McCOLLUM: I can do them
11 together if you'd like, or separately. I'll move
12 Items 1 and 2 to be approved together.

13 CFO SINK: I'll second Item 1 and 2.

14 GOVERNOR CRIST: Thank you, General.

15 ATTORNEY GENERAL McCOLLUM: First of all, I
16 want to commend you, Don, for this. This is a
17 tremendously good work product, in my opinion, in
18 terms of trying to address the problems that we had
19 you present to us a couple of weeks ago. But I do
20 want to ask a couple of questions related to this to
21 make sure I'm clear on it.

22 First of all, I assume, based on what I've read
23 and the law, that while this covers mortgage brokers
24 and some other folks, it doesn't cover loan
25 originators because they're not eligible under the

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1 law for us to cover them. Is that correct?

2 MR. SAXON: Mr. General, that is actually
3 correct. Currently Florida law provides a specific
4 exemption for loan originators. To do that, we
5 would need a statutory change. If the Florida
6 Legislature does not enact legislation in the time
7 frames prescribed under federal law, then it's
8 possible that the federal government will take the
9 licensure of these individuals away from us.

10 And so we need to at the next session make sure
11 that we have adequate authority whereby we can do a
12 review of all loan originators as well as mortgage
13 brokers.

14 ATTORNEY GENERAL McCOLLUM: The second thing
15 I'd like to get clarification on, under the
16 provision of law we discussed, again, two weeks ago
17 about the way the law reads with respect to civil
18 rights restoration and how it applies to licensing,
19 as I recall, and we discussed this before, the crime
20 has to be directly related to the occupation once
21 civil rights are restored, which as you know, occurs
22 by virtue of either Clemency Board vote or pretty
23 much an automatic restoration under many of these.
24 And many of the ones that you have here, that would
25 apply to.

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1 So let's assume for a moment that civil rights
2 have been restored, for the purposes of my
3 clarification question. You have concluded that
4 quite a wide range of crimes are directly related,
5 or we're going to be concluding that as a commission
6 today, to the occupation of a mortgage broker; is
7 that correct?

8 MR. SAXON: Yes.

9 ATTORNEY GENERAL McCOLLUM: And you've taken
10 into account that some of these, particularly in
11 Class B and Class C, murder, arson, aggravated
12 assault, sale, distribution of controlled
13 substances, sexual battery and so forth, are
14 directly related to a mortgage broker license?

15 MR. SAXON: For purposes of civil rights, we do
16 not believe that they would be. My evaluation would
17 be that anything under a Class A where they've had
18 their civil rights restored would be directly
19 related to mortgage broker activity.

20 ATTORNEY GENERAL McCOLLUM: Well, the question
21 I have then, Don, is are what we're doing today, is
22 it going to take effect with regard to Class B if
23 it's not directly related and civil rights have been
24 restored?

25 In other words, if they've been restored, do

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1 we -- are we going to be -- are you going to be
2 allowed under this rule to deny an applicant the
3 license, the way it's described in this rule?

4 MR. SAXON: If civil rights have been restored
5 for a Class B crime, we would have the authority to
6 deny that application, because it's not directly
7 related to the activities of a mortgage broker.

8 ATTORNEY GENERAL McCOLLUM: You would or would
9 not have the authority?

10 MR. SAXON: We would have the authority to deny
11 them.

12 ATTORNEY GENERAL McCOLLUM: You would have the
13 authority?

14 MR. SAXON: I believe so, yes, sir.

15 ATTORNEY GENERAL McCOLLUM: But if it's not
16 directly related, I thought the law kept you from
17 having that authority.

18 MR. SAXON: My understanding under 112, if
19 they've had their civil rights restored, we can only
20 deny them if the offense they committed is directly
21 related to the type of license that they're trying
22 to acquire.

23 ATTORNEY GENERAL McCOLLUM: I understand. I'm
24 confusing myself or I'm confused by what you're
25 saying. I trust some other people might be, too.

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1 Let's take Class B crimes for a minute, and let's
2 look at those and say, are they directly related, in
3 your opinion, or are we saying they are in this
4 rule, to a mortgage broker license?

5 MR. SAXON: We're saying they are not.

6 ATTORNEY GENERAL McCOLLUM: We're saying they
7 are not.

8 MR. SAXON: Yes.

9 ATTORNEY GENERAL McCOLLUM: And let's assume
10 that civil rights have been restored for people who
11 have committed Class B crimes. You've got rules in
12 here that would, on their face, deny them a license.
13 Can we deny them a license under this rule?

14 MR. SAXON: If they have not had their civil
15 rights restored?

16 ATTORNEY GENERAL McCOLLUM: If they have had
17 them restored.

18 MR. SAXON: Either they have or they haven't
19 had their civil rights restored, we believe we would
20 have the authority to deny them.

21 ATTORNEY GENERAL McCOLLUM: Well, I'm all for
22 this, but I do think there is some ambiguity here,
23 and I'm still somewhat confused. I just wanted to
24 put that on the record. That's one concern I do
25 have.

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1 The second thing I want to praise you for is
2 the effort in paragraph 14 because you say here,
3 "Further, the Office shall not license any applicant
4 who has been released from imprisonment until the
5 later of the period otherwise set out in these rules
6 or five years after the date of release."

7 The rules you've set out for Class B would be
8 15 years after the date of conviction. That's the
9 trigger date, as I read it.

10 MR. SAXON: Yes.

11 ATTORNEY GENERAL McCOLLUM: Or, with this
12 provision, if somebody has got more than 15 years in
13 prison presumably, a minimum of five years after
14 they're released from prison. So you're taking into
15 account in this rule, or we are if we pass it,
16 something that's concerned me all along, and that is
17 that the rate of recidivism and return to prison in
18 five years is almost 50 percent.

19 So by this catchall provision, you're saying
20 regardless of anything else we've done in here,
21 regardless of whatever we pass in this rule today,
22 nobody who has committed any of the crimes in any of
23 these classes is going to get a mortgage broker's
24 license until at least they've been out of prison
25 for five years. Is that correct?

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1 MR. SAXON: That's correct.

2 ATTORNEY GENERAL McCOLLUM: And then we've got
3 a chance to see, you've got a chance to see whether
4 or not they've gone back to a life of crime.

5 MR. SAXON: That is the thought process we went
6 through, yes.

7 ATTORNEY GENERAL McCOLLUM: Well, I think
8 that's very important, and I think it's good that
9 it's in here, and I frankly think, fellow
10 commissioners, that it ought to be the provisions
11 that are in a number of the rules related to
12 different professions that have sensitivity to
13 criminal behavior, considering the rate of -- high
14 rate of return to prison we have, the recidivism
15 rate.

16 So I think this is a great provision in this
17 rule and hope that your interpretation that we're
18 engaging in today on "directly related" is accurate.
19 And, anyway, I've moved it and I support it. But
20 that's my reason for asking the questions, Governor.

21 GOVERNOR CRIST: Thank you, General. Any other
22 discussion? Commissioner?

23 COMMISSIONER BRONSON: Not being an attorney or
24 anybody who deals in these day-to-day issues, I'm
25 still concerned are we making a rule that's counter

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1 to the current law of the State of Florida, or do we
2 need to have that law changed to incorporate what
3 we're doing in a rule here so that it says basically
4 the same thing.

5 I'm trying to -- I thought the way I read it
6 one time was under certain conditions, which I'm not
7 sure it counted the C and B classification here,
8 that it said, you shall issue a license, which I
9 thought meant we had to have the law changed for us
10 to even be able to consider this rule.

11 ATTORNEY GENERAL McCOLLUM: Commissioner.

12 GOVERNOR CRIST: General.

13 ATTORNEY GENERAL McCOLLUM: That's the reason I
14 asked Commissioner Saxon those questions. I'm not
15 sure that we have the authority to do this today
16 with regard to these, but I think we ought to pass
17 it. I think we ought to try it. It may be legal.
18 It may not be legal.

19 GOVERNOR CRIST: We have it until somebody says
20 we don't.

21 ATTORNEY GENERAL McCOLLUM: But let's -- it
22 would be a court challenge, I suppose.

23 GOVERNOR CRIST: And it protects the people.

24 ATTORNEY GENERAL McCOLLUM: That would be some
25 court challenge. Let me suggest to you that I would

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1 prefer we didn't have a court challenge. But let's
2 assume for the moment that it's not sufficient. We
3 have no power to remedy it. Only the Legislature
4 did, unless we did what I suggested last time we
5 met, and that is that we go in and address this on
6 an occupation-by-occupation basis under the rules as
7 the Clemency Board for civil rights restoration.

8 And I think that's the only way we can truly
9 protect ourselves with respect to this provision,
10 the ones that go to Class B and Class C. That's my
11 judgment.

12 COMMISSIONER BRONSON: If I may, Governor.

13 GOVERNOR CRIST: Just a moment. Excuse me, if
14 I might. Thank you. I think where we are is this
15 Commission -- as I understand it, it's been moved,
16 it's been seconded. I'm looking forward to your
17 discussion, CFO. But we're trying to do what we can
18 in order to alleviate a current situation.

19 The Legislature is not in session. I think
20 your motion is well placed, General, as is, I think,
21 the second. And I think further study is what we
22 should be about. We have an ongoing investigation.
23 And Melinda will update us on that momentarily. But
24 I think we also have an obligation to work with our
25 friends in the Florida House and the Florida Senate

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1 to make this as ironclad as possible. But, you
2 know, I think to act is important by this
3 Commission. CFO.

4 CFO SINK: I'd just like to add here, we do
5 have some -- I know I have a couple of lawyers from
6 the Department of Financial Services right here who
7 worked very closely, as we agreed when we met two
8 weeks ago about this rule-making.

9 And they are very confident, General, that we
10 are acting within our authority and in conjunction
11 with the way the law is written. And they're here
12 in the audience today if you want to get a
13 clarification from them, a legal clarification as to
14 what our authority is as a board to promulgate these
15 rules.

16 They believe that we're standing on very firm
17 legal ground. And, in fact, in the Department of
18 Financial Services, where we do insurance agency
19 licensing, this is exactly the way we promulgate
20 rules and ensure that it's clear when licenses can
21 be denied.

22 So, Bill, I assume you're there saying we're on
23 firm legal ground.

24 MR. THARPE: I believe we are, yes.

25 ATTORNEY GENERAL McCOLLUM: If I would, would

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1 you --

2 GOVERNOR CRIST: General.

3 ATTORNEY GENERAL McCOLLUM: I think that -- I
4 don't know what your interpretation of your counsel
5 is on this, but I assume the conclusion is that all
6 of these crimes are directly related, that is, that
7 robbery and everything else is related to the job of
8 mortgage broker. That would have to be the
9 interpretation in order to get around the civil
10 rights restoration language in that law. May I ask
11 counsel if that is your interpretation?

12 GOVERNOR CRIST: Bill, why don't you come to
13 the microphone.

14 CFO SINK: This is Bill Tharpe, who is one of
15 the attorneys on the legal staff of Department of
16 Financial Services, has been working very closely
17 with the OFR legal counsel in the last two weeks.
18 Thank you, Bill.

19 MR. THARPE: Good morning. We have looked at
20 this as closely as we could over the last two weeks
21 to try to help the situation. Clearly, the Class A
22 crimes are directly related. And there's a long
23 list of them. And those clearly are outside of
24 112.011 because they are directly related.

25 The other crimes, in my view, are not directly

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1 related, that is, non-fiduciary crimes. However, I
2 do believe that the -- that OFR could still deny an
3 application based on those other crimes, not solely
4 based on the crimes, because 112.011 says you cannot
5 base it solely on the crime, but on other factors
6 that might be considered, underlying factors, other
7 factors involved that might mean that that person is
8 not fit or trustworthy for some other reason.

9 The case law, we believe, supports that. And
10 that's something that we have looked at closely.
11 112.011 has been in place for a long time. But
12 there have been cases over the years that have said
13 that other factors can be considered by a licensing
14 agency in determining whether or not to grant a
15 license, even if civil rights have been restored.

16 ATTORNEY GENERAL McCOLLUM: Well, I appreciate
17 your clarification on that. And I hope that that
18 will be the way this pans out. That's why I made
19 the motion. But it is, in my way of thinking, the
20 plain language of that one statute, the "directly
21 related" would contravene all the rest of them. And
22 the court decisions I've looked at don't clarify it
23 enough. But I appreciate that. Thank you.

24 GOVERNOR CRIST: Thank you, Bill. Any other
25 discussion on the motion? All in favor say aye.

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1 Aye.

2 CFO SINK: Aye.

3 ATTORNEY GENERAL McCOLLUM: Aye.

4 COMMISSIONER BRONSON: Aye.

5 GOVERNOR CRIST: Opposed, like sign. Motion
6 carries. Item 3. Thank you, General. Morning,
7 Melinda.

8 MS. MIGUEL: Good morning, Governor. Good
9 morning, members of the Financial Services
10 Commission. Thank you for the opportunity to appear
11 before you today. At the last meeting of the
12 Financial Services Commission, you requested that a
13 team of inspectors general determine if the Office
14 of Financial Regulation is regulating the mortgage
15 industry in a manner that protects the people of
16 Florida.

17 Today I'm here to present to you an action plan
18 and to provide a status report on our progress.
19 First, I applaud the efforts already undertaken by
20 you and the members of your staff to develop these
21 emergency rules.

22 Regarding our review, a main objective is to
23 determine if the governing laws and rules regarding
24 mortgage brokers and lenders are sufficient to
25 protect the people. Another is to assess the Office

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1 of Financial Regulation's compliance with these
2 laws.

3 In the past two weeks, we have met with
4 Commissioner Saxon and staff of the Office of
5 Financial Regulation. The commissioner and staff
6 are cooperating with us and have made available
7 documents, access to systems and information from
8 employees and others that is needed for us to
9 complete our work.

10 We are also working with the Florida Department
11 of Law Enforcement. We have initiated a review of
12 the licensing and enforcement activities of the
13 Office of Financial Regulation to have a complete
14 understanding of the organizational structure, the
15 work flow and the data that is captured.

16 We will assess what discretion may be exercised
17 in licensing decisions and what happens when
18 licensees report information to the Office of
19 Financial Regulation that may require further action
20 be taken.

21 We will review a sample of licensing files to
22 assess compliance with the laws that the Office of
23 Financial Regulation has the duty to uphold. We
24 will also evaluate the systems to ensure appropriate
25 action and enforcement regarding complaints.

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1 Our review will include an assessment of
2 legislative budget requests, a brief history of
3 legislation sponsored regarding changes to the
4 regulation of the Florida mortgage industry and
5 review of pertinent changes to laws at the state and
6 federal level.

7 Allow me to acknowledge the team of
8 professionals working on this important initiative.
9 Bob Clift, inspector general for CFO Sink; Joe
10 Martelli, inspector general for Commissioner
11 Bronson; Jim Varnado, inspector general for Attorney
12 General McCollum; and of course myself, chief
13 inspector general for Governor Charlie Crist.

14 I sincerely would like to also thank the staff
15 from each of these offices for their work on this
16 project as well. I can report to you with
17 confidence that we are committed to these goals and
18 take our responsibilities very seriously. We pledge
19 that our review will be objective and conducted with
20 a sense of urgency.

21 As such, please expect our results to you in 30
22 days, at the next meeting of the Florida Financial
23 Services Commission. Governor and members of the
24 Financial Services Commission, thank you for your
25 time and for your leadership. And my colleagues and

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1 I welcome your questions and comments.

2 GOVERNOR CRIST: Any questions? Commissioner?

3 COMMISSIONER BRONSON: Thank you, Governor.

4 I'm looking forward to seeing how this is going to
5 come out with all of the paperwork that's going to
6 have to be gone through.

7 What I -- having asked the question to the --
8 before the vote a while ago, one of the things,
9 after reading through this and talking to my own
10 inspector general of my impression of what I thought
11 the law said -- of course, neither one of us are
12 lawyers.

13 But having the rule goes into being as of
14 today, that's the way I understand it, those people
15 in classes -- all classes that we just voted on that
16 have not met their years of time under that rule
17 that are currently holding a license in the state of
18 Florida but have not committed any crimes since they
19 were issued, does this new rule now say that those
20 people will have their license taken or not renewed
21 until such time that they meet those criteria even
22 though they have not committed any crime since
23 they've had their license?

24 Is that some of what you're looking at or is
25 that -- because this is kind of like going back and

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1 starting over again instead of going forward, the
2 way I read the rule. So I needed that to be
3 clarified.

4 MS. MIGUEL: Thank you, Commissioner. I think
5 that we will certainly factor that into our review.
6 One of the things that we could do is expand the
7 scope of our review, which we have yet to talk about
8 with our colleagues and our team.

9 But one of the things that we could include
10 would be a comparison of the licensees to those new
11 rules. In the event that we have time to do so, we
12 may want to first address these objectives I just
13 reported, but we could certainly factor that in for
14 that comparison and then obtain appropriate legal
15 review and interpretation.

16 GOVERNOR CRIST: I have a suggestion, if I
17 might, Commish. You all have a lot to do already by
18 focusing on if there was any wrongdoing done here.
19 It might be -- it's up to you, General. But we have
20 a great attorney general that might be able to have
21 his staff review the rule we adopted today, see if
22 it is retroactive or not, and rely on the Attorney
23 General's interpretation, to relieve you of
24 additional stuff so you can finish in 30 days, if
25 that's appropriate to you, General.

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1 ATTORNEY GENERAL McCOLLUM: We'd be glad to do
2 that, Governor. I have no problem with our staff
3 looking at the rule in that light. And if
4 Commissioner Bronson has other questions or if CFO
5 Sink, we'd be glad to take them and have our team
6 analyze them and obviously work with your counsel,
7 CFO Sink.

8 GOVERNOR CRIST: Great, thanks. I'd like you
9 to stay focused.

10 MS. MIGUEL: Yes, sir. Thank you.

11 GOVERNOR CRIST: Thank you. Thank you,
12 Commissioner, very much. Yes, Don.

13 MR. SAXON: One thing I would add to that is
14 that we do not believe under current law that we
15 have any authority to do anything retroactive for
16 those people that are currently licensed.

17 However, we are doing a review of all of our
18 current licensed people to see if, in fact, any new
19 events have occurred and if they failed to disclose
20 those to us. And if they did, we are going to go
21 back and take the appropriate action.

22 We will also use that information to target
23 future examinations of mortgage broker companies,
24 the fact that they are hiring convicted criminals.

25 At the same time, I would also add that it is

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1 our intention to come back to the Legislature during
2 the next session and do a variety of things. And
3 one of those is going to be the ability to do
4 denials during the renewal process.

5 We've been talking to a number of vendors.
6 We've been talking to DLE and trying to figure out
7 what is the best and most economical way of being
8 able to do backgrounds on individuals at the time of
9 their renewal.

10 It's not going to be an easy task inasmuch as
11 we have roughly 50,000 mortgage brokers that are out
12 there. But we believe that is the right thing to do
13 to make sure that if anybody who has gotten a
14 license goes on and does something that is bad, that
15 we have the authority to come back and to take that
16 license away from them.

17 GOVERNOR CRIST: Item 4.

18 MR. SAXON: Item 4, request approval to publish
19 a Notice of Proposed Rulemaking for Chapter 69U-100,
20 Florida Administrative Code, relating to financial
21 institutions. The proposed rules authorize
22 financial institutions to offer debt cancellation
23 products in connection with loans, leases and
24 similar extensions of credit made by a financial
25 institution.

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1 GOVERNOR CRIST: Is there a motion on Item 4?

2 COMMISSIONER BRONSON: Motion on Item 4.

3 CFO SINK: Second.

4 GOVERNOR CRIST: Moved and seconded. Show it
5 approved without objection. I'll move to the next
6 agenda.

7 CFO SINK: Governor.

8 GOVERNOR CRIST: CFO, you're recognized.

9 CFO SINK: I'd like to make a motion, please.

10 GOVERNOR CRIST: Certainly.

11 CFO SINK: This is the second meeting that
12 we've had of the Financial Services Commission over
13 this issue, and the bad news has kept coming. And,
14 in fact, I thought the most recent revelations about
15 the lack of responsiveness to complaints was in many
16 respects more damning than the first reporting that
17 we read.

18 And I don't -- even though our inspector
19 generals are hard at work to identify flaws in the
20 environment or the system at the Office of Financial
21 Regulation, as a board member of this Commission, I
22 feel that I have put on notice -- I have been put on
23 notice that one of our agencies is not operating
24 very well.

25 There are systemic issues. We have seen today

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1 that even in the action that we've taken in the
2 rule-making, these are rules that could have been
3 put in place years ago, and we could -- it could
4 have been brought to our attention that there were
5 flaws, that perhaps there was an inability, in the
6 opinion of the OFR, not to be able to act to protect
7 consumers.

8 They've -- this agency has known for years that
9 complaints have been coming in about the actions of
10 mortgage brokers. And yet here we are years later
11 finally putting some rules in place that would
12 protect Floridians. And think about all the people
13 who haven't been protected because our board hasn't
14 been asked to act in what I believe is an
15 appropriate matter.

16 I think we've seen very passive management. I
17 think that the -- while the banking and credit union
18 regulation seems to have performed very well in the
19 past number of years, we've had real failures, real
20 failures as identified in a damning report by a
21 Grand Jury who sat for over a year on money
22 service -- looking at the oversight of money service
23 businesses, who the Grand Jury said there are
24 billions of dollars being filtered, illegal money,
25 dirty, tainted money that are being filtered through

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1 some of these money transmission businesses that are
2 inadequately -- there is inadequate oversight of
3 them.

4 These issues were never brought to the
5 attention of us as the overseeing board. We've had
6 this issue about the mortgage brokers. There are --
7 when we had the problems with the SBA back last
8 December, it was months before we became aware that
9 our own Office of Financial Regulation could have
10 been in there, investigated under their powers to
11 oversee securities firms, that months later we were
12 made aware that we had the authority to do these
13 investigations.

14 And so I believe that we have to have new
15 leadership and leadership that is proactive and not
16 reactive, leadership that will keep us, as board
17 members, informed about where the failings and the
18 opportunities are to protect our Florida citizens.
19 And I have yet to be convinced that this is the kind
20 of leadership we have there.

21 So I am going to make a motion that we, the
22 Financial Services Commission, ask the commissioner
23 to resign effective September the 30th, and for us
24 to proceed with identifying interim leadership and
25 identifying a new type of leadership culture and

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1 attitude and mentality for our Office of Financial
2 Regulation.

3 GOVERNOR CRIST: I'll second it. Is there any
4 discussion?

5 MR. SAXON: Governor, if I may.

6 GOVERNOR CRIST: Of course.

7 MR. SAXON: It was my intention to hopefully
8 see through the audit that is currently being done.
9 I recognize that things could have been done better.
10 It was always my hope that once that audit is
11 complete, it will demonstrate that our office has
12 not acted as recklessly, if you will, as the Miami
13 Herald might suggest.

14 The CFO has made some very pointed comments.
15 And certainly you always wish that you could do
16 better, if you will. I have to say, though, that
17 our staff are dedicated, they're loyal, they're
18 selfless, they're totally committed to trying to do
19 the right thing. And I believe, with some of the
20 changes that we're going to be making, that the
21 Office is going to be moving forward.

22 But as of September 1st, I will have had 33
23 years of service with the State. I've enjoyed being
24 a public servant, and it is my hope that I would be
25 allowed an opportunity to see through that audit.

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1 The CFO mentioned September 30th. That is gracious.

2 But, you know, if I would be allowed, I'd go
3 ahead and submit a letter to you today indicating my
4 desire to leave and go into other areas, if you
5 will.

6 GOVERNOR CRIST: I didn't hear the last part.

7 MR. SAXON: I'd be willing to submit a letter
8 today indicating my desire to resign and to go into
9 other areas of my career.

10 GOVERNOR CRIST: Okay. Thank you. Any
11 discussion?

12 CFO SINK: Well, perhaps I should change my
13 motion to accept Commissioner Saxon's -- his intent
14 to resign effective September 30th.

15 GOVERNOR CRIST: I'll second that also. Is
16 there any discussion on that motion? All in favor
17 say aye. Aye.

18 CFO SINK: Aye.

19 ATTORNEY GENERAL McCOLLUM: Aye.

20 COMMISSIONER BRONSON: Aye.

21 GOVERNOR CRIST: All opposed, like sign.
22 Motion carries. Thank you.

23 MR. SAXON: Thank you.

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1 GOVERNOR CRIST: Office of Insurance
2 Regulation, Commissioner McCarty.

3 MR. McCARTY: Good morning, Governor, members
4 of the Financial Services Commission.

5 GOVERNOR CRIST: Good morning.

6 MR. McCARTY: Agenda Item 1 is request for
7 approval to repeal Rule 69P-2.001, .002, relating to
8 the Commercial Property Joint Underwriting
9 Association.

10 As you know, in the 2007 special session, the
11 Legislature merged the policies from the commercial
12 JUA into Citizens. This rule merely deactivates
13 Citizens -- the PCJUA plan of operation.

14 CFO SINK: Move it.

15 COMMISSIONER BRONSON: Second.

16 GOVERNOR CRIST: Moved and seconded. Show Item
17 1 approved without objection.

18 MR. McCARTY: Item Number 2 is request for
19 approval to adopt Proposed Rule 690-149.0025, .005,
20 .006, relating to health insurers. The Florida
21 Insurance Code authorizes the Financial Services
22 Commission to establish rules for determining the
23 reasonableness of the rates of health insurers.
24 This rule modifies the current methodology for
25 determining credibility for health insurers.

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1 GOVERNOR CRIST: Is there a motion on Item 2?

2 CFO SINK: Move it.

3 ATTORNEY GENERAL McCOLLUM: Second.

4 GOVERNOR CRIST: Moved and seconded. Show it
5 approved without objection.

6 MR. McCARTY: Agenda Item Number 3 is request
7 for approval to repeal Rule 690-220.001, .051, .201.
8 And this relates to adjustors. When the
9 reorganization occurred for the Department of
10 Financial Services, Office of Insurance Regulation,
11 we had parallel rules as it relates to adjustors.
12 Adjustor regulation is under the purview of the CFO.
13 This merely repeals the parallel rule.

14 CFO SINK: Move it.

15 ATTORNEY GENERAL McCOLLUM: Second.

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

18 MR. McCARTY: Agenda Item Number 4 is request
19 for approval to adopt a rule relating to Medicare
20 supp rate collection system. In 2007 the Florida
21 Legislature appropriated funds to the Office of
22 Insurance Regulation for us to establish a database
23 for shop and compare rates for our senior citizens
24 to purchase Medigap policies.

25 This rule will allow us to collect that

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1 information from the insurers and an easy tool for
2 our seniors to use to shop and compare rates for
3 Medigap.

4 GOVERNOR CRIST: Is there a motion on Item 4?

5 COMMISSIONER BRONSON: Motion on Item 4.

6 ATTORNEY GENERAL McCOLLUM: Second.

7 GOVERNOR CRIST: Moved and seconded. Show it
8 approved without objection.

9 MR. McCARTY: Agenda Item Number 5 we request
10 to withdraw.

11 GOVERNOR CRIST: Is there a motion to withdraw?

12 CFO SINK: Motion.

13 GOVERNOR CRIST: Is there a second?

14 COMMISSIONER BRONSON: Second.

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

17 MR. McCARTY: Thank you, Governor. Agenda Item
18 Number 6 is request for approval for publication of
19 proposed rule on hurricane loss methodology fee
20 schedule. Senate Bill 2860, passed in the 2008
21 legislative session, made changes to the laws
22 relating to Florida insurers, property insurers.

23 One of the changes allows companies to use the
24 public model that's been developed in cooperation
25 with the Florida State University System, headed by

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1 Florida International, and this authorizes a fee
2 schedule so that companies can use the public model.

3 COMMISSIONER BRONSON: Motion on Item 6.

4 GOVERNOR CRIST: Is there a second?

5 CFO SINK: Second.

6 GOVERNOR CRIST: Moved and seconded. Show it
7 approved without objection. Thank you,
8 Commissioner.

9 MR. McCARTY: Thank you, Governor, members of
10 the Commission.

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1 GOVERNOR CRIST: Department of Revenue. Hi,
2 Lisa. How are you?

3 MS. ECHEVERRI: Good morning. Item 1, request
4 approval of the minutes from the April 29th meeting.

5 COMMISSIONER BRONSON: Motion on Item 1.

6 CFO SINK: Second.

7 GOVERNOR CRIST: Moved and seconded. Show the
8 minutes approved without objection.

9 MS. ECHEVERRI: Item 2 requests approval to
10 initiate rule-making for Rule 12B-8.006. This rule
11 relates to the percentages that are set to assess
12 the state fire marshal regulatory assessment and
13 surcharge on policies.

14 ATTORNEY GENERAL McCOLLUM: Move Item 2.

15 CFO SINK: Second.

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

18 MS. ECHEVERRI: Item 3 requests approval to
19 adopt Rule 12E-1.032 related to child support
20 electronic remittances. This rule will reduce the
21 electronic filing threshold for employers and tie it
22 to the thresholds that are set in statute for taxes.

23 GOVERNOR CRIST: Is there a motion on Item 3?

24 COMMISSIONER BRONSON: Motion on Item 3.

25 ATTORNEY GENERAL McCOLLUM: Second.

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1 GOVERNOR CRIST: Moved and seconded. Show it
2 approved without objection.

3 MS. ECHEVERRI: Item 4 requests approval to
4 adopt and certify rules related to the registration
5 of secondhand dealers and secondary metals
6 recyclers. These rules provide the registration
7 requirements for these dealers.

8 COMMISSIONER BRONSON: Motion on 4.

9 CFO SINK: Second.

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

12 MS. ECHEVERRI: Item 5 requests approval to
13 adopt and certify rules related to the gross
14 receipts tax. These rules relate to a law change
15 that changed the incident of imposition of the tax
16 from the sale of these utilities to the
17 distribution.

18 ATTORNEY GENERAL McCOLLUM: Move Item 5.

19 CFO SINK: Second.

20 GOVERNOR CRIST: Moved and seconded. Show it
21 approved without objection.

22 MS. ECHEVERRI: Item 6 requests approval to
23 adopt and certify rules related to sales and use tax
24 in the area of research and development, alternative
25 reporting periods and service warranties, and are

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1 related to case law changes and legislative changes.

2 GOVERNOR CRIST: Is there a motion on Item 6?

3 COMMISSIONER BRONSON: Motion on Item 6.

4 CFO SINK: Second.

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

7 MS. ECHEVERRI: And finally Item 7, request
8 approval to adopt and certify rules related to farm
9 equipment. These rules are related to legislative
10 changes providing additional exemptions on
11 agricultural equipment.

12 COMMISSIONER BRONSON: Motion on Item 7.

13 ATTORNEY GENERAL McCOLLUM: Second.

14 GOVERNOR CRIST: Moved and seconded. Show it
15 approved without objection. Thanks very much, Lisa.

16 MS. ECHEVERRI: Thank you.

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1 GOVERNOR CRIST: Highway Safety and Motor
2 Vehicles. Electra, good morning.

3 MS. BUSTLE: Good morning.

4 GOVERNOR CRIST: How are you?

5 MS. BUSTLE: Very well, thank you. How are
6 you?

7 GOVERNOR CRIST: Great.

8 MS. BUSTLE: We have five agenda items today,
9 and understanding you have a big agenda, there's
10 only one item that I'm going to speak to. The first
11 item is we request approval of the minutes from the
12 February 26 meeting.

13 COMMISSIONER BRONSON: Motion on Item 1 for
14 approval.

15 ATTORNEY GENERAL McCOLLUM: Second.

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

18 MS. BUSTLE: Item Number 2, we are requesting
19 approval of our third quarter performance report.

20 ATTORNEY GENERAL McCOLLUM: I move Item 2.

21 COMMISSIONER BRONSON: Second.

22 GOVERNOR CRIST: Moved and seconded. Show it
23 approved without objection.

24 MS. BUSTLE: Item Number 3, we request approval
25 of our annual performance report. And if I could

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1 just take a minute to talk about a couple of things
2 in there, and if you have questions, I'm happy to
3 answer them, of course.

4 We've been busy this last fiscal year, and we
5 are proud that we have continued our focus on being
6 a service-driven department. We've made some great
7 strides in the use of technology.

8 For instance, we started accepting credit cards
9 in all of our offices. We started with a pilot
10 project in April, and July 1st we went to all
11 offices. And we're showing now about 11 percent of
12 our transactions are credit card related, which is
13 great, less money coming through, easier obviously
14 to reconcile.

15 We've also developed a one-stop shop for our
16 customers. When they come to our website, if they
17 have to do motor vehicle and driver's license
18 related work, they actually can do both at the same
19 time as opposed to having these independent systems.

20 We rolled out a two-year renewal notice. And
21 I'll use this as a little bit of an advertisement to
22 encourage folks to take advantage of that. When you
23 register your vehicle, you can register it now for
24 two years rather than one year. And it saves you
25 from coming through on an annual basis, and it's a

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1 good customer service tool.

2 On the education and enforcement front, we've
3 done a lot of work with motorcycle safety,
4 aggressive driving, DUI, teen drivers. There's been
5 quite a discussion on distracted driving. We're
6 going to be focusing on some educational efforts on
7 texting and driving and things to that effect, to
8 encourage folks to think about driving when they're
9 driving.

10 We've done a move over law, protecting our
11 emergency personnel, statewide campaign. And we've
12 continued our emergency contact information. We
13 actually have 1.3 million drivers registered in our
14 emergency contact database.

15 And if you remember the I-4 crashes in Polk
16 County months ago, one of the folks there that were
17 injured had his emergency contact information in the
18 system and law enforcement was immediately able to
19 notify the family to go to the hospital. So it
20 worked in a real life situation, which is great.

21 On the performance measures, we are proud that
22 we have --

23 GOVERNOR CRIST: Electra, can you hold on a
24 second?

25 MS. BUSTLE: Sure.

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1 GOVERNOR CRIST: Sorry. Gentlemen? Thanks.
2 Go ahead.

3 MS. BUSTLE: On the performance measures, we
4 are proud that we have met the majority of the
5 standards. We've decreased the FHP response time
6 from last year. We've resolved additional criminal
7 investigations.

8 And we've decreased the wait times in our
9 driver's license offices. 84.4 percent of the folks
10 are waiting less than 15 minutes, up from 80
11 percent, and our standard is only 50 percent. So we
12 are significantly above the standard.

13 And, General, we've received dollars to get a
14 queuing system, electronic queuing system. So we'll
15 be implementing that so we can have realtime
16 information regarding what's going on in our
17 driver's license offices.

18 I just want to thank you for your leadership
19 and your support this last year, and we're
20 continuing to make strides and we're going to
21 continue to focus on being a service-driven
22 department and being proactive.

23 GOVERNOR CRIST: Thank you.

24 ATTORNEY GENERAL McCOLLUM: I move Item 3.

25 CFO SINK: Second.

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1 GOVERNOR CRIST: Moved and seconded. Show it
2 approved without objection. CFO?

3 CFO SINK: Thank you, Governor. In the
4 interest of full disclosure, given our previous
5 agenda items, this is your opportunity to give us an
6 annual report. And just as a board member
7 overseeing your agency, would you share with us what
8 your two or three -- what you believe your two or
9 three biggest challenges are and whether or not
10 there are issues or concerns that you're concerned
11 about that we as board members ought to be aware of,
12 Electra. Thank you.

13 MS. BUSTLE: Sure. I think, from the agency
14 perspective, our biggest issues are going to be some
15 of the budget issues coming up, at the same time as
16 implementing the Real ID that's coming, going to be
17 effective 2010.

18 And I think, in terms of customers coming into
19 driver's license offices, we're going to see an
20 increase there significantly, because everyone, as
21 they come in for their renewal cycle, will not be
22 able to use the Internet this next time.

23 They'll be coming into our offices and they'll
24 be bringing what we call breeder documents, for lack
25 of a better term. They have to prove who they are

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1 and where they're living. So each of the
2 transactions, as someone comes to a driver's license
3 counter, is going to take longer.

4 So as we're proud about reporting that our wait
5 times are down, there is some concern, as that law
6 becomes -- is implemented in 2010, those years of
7 people coming in, we're going to see some increases.

8 At the same time, we closed 13 offices last
9 year in order to accommodate some of the budget
10 reductions. So balancing that is going to be, I
11 think, one of our focus areas. But I think we're
12 going to have a very heavy public education campaign
13 to let people know what they need to bring into the
14 driver's license offices so they're not frustrated
15 when they come and we say you need X, Y and Z and
16 they don't have it.

17 So I think that's going to be a focus area.
18 And I can't think of -- I really am not concerned in
19 any of the other areas. Law enforcement, Florida
20 Highway Patrol, retaining and recruiting those
21 folks, very important. Thank you for your support
22 last year, for their five percent increase, October
23 1.

24 We have seen some positive results already
25 there. But a continued focus on making sure that we

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1 recruit and retain the best folks, not only for the
2 Florida Highway Patrol, but I know you all have
3 state law enforcement as well that needs to be
4 focused on.

5 So those would be really sort of the two major
6 areas. Standing here today, I really can't think of
7 anything else to raise the flag on for y'all.

8 CFO SINK: Thank you.

9 GOVERNOR CRIST: Next item. Thank you.

10 MS. BUSTLE: Item Number 4, we request approval
11 for our annual, my annual performance contract.

12 GOVERNOR CRIST: Is there a motion on Item 4?

13 COMMISSIONER BRONSON: Motion on Item 4.

14 ATTORNEY GENERAL McCOLLUM: Second.

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

17 MS. BUSTLE: One more item. Sorry.

18 GOVERNOR CRIST: Go ahead.

19 MS. BUSTLE: Item Number 5, we respectfully
20 request authorization for the Department of Highway
21 Safety and Motor Vehicles to settle Mary Ann
22 Collier, et al., versus Dickinson -- I have a case
23 number -- in accordance with the mediated settlement
24 agreement, and I believe you have the details as
25 part of the package.

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1 ATTORNEY GENERAL McCOLLUM: I move Item 5.

2 COMMISSIONER BRONSON: Second.

3 GOVERNOR CRIST: Moved and seconded. Show it
4 approved without objection. Thank you.

5 MS. BUSTLE: Thank you.

6 GOVERNOR CRIST: Again.

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1 GOVERNOR CRIST: Department of Law Enforcement.
2 Commissioner Bailey, good morning, sir.

3 MR. BAILEY: Good morning. FDLE has four items
4 on your agenda this morning. The first is the
5 minutes of our April 29 Cabinet meeting.

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

8 COMMISSIONER BRONSON: Motion on Item 1.

9 ATTORNEY GENERAL McCOLLUM: Second.

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

12 MR. BAILEY: Secondly, we have our third
13 quarter performance report and contracts over
14 100,000 for third quarter.

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. BAILEY: The third item is our '07-'08
20 annual performance report and contracts over
21 100,000. And I would like to point out several
22 accomplishments there, if I could, please.

23 First of all, in recognition of our laboratory
24 performance, we received the 2008 Excellence in
25 Forensic Science award by the International

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1 Association of Chiefs of Police.

2 Secondly, our DNA database grew by 134,000
3 samples. That puts us at well over half a million
4 samples totally in that database. And I can tell
5 you with every day, that becomes a more important
6 tool as to what we all want to do.

7 As we speak, in Southwest Florida, the North
8 Port Police Department and FDLE is announcing an
9 arrest in the rape, murder and abduction of
10 six-year-old Coral Rose Fullwood. And you'll
11 remember that has been quite a sensational case in
12 that area.

13 Now, despite scores of investigative hours,
14 this arrest is based upon a DNA hit. The individual
15 that has been arrested just entered Avon Park
16 Correctional Institute, and it hit. And, again,
17 they're announcing that arrest right now down there.
18 We alone put over five man years in that one case,
19 so -- but, again, I'm trying to point out the
20 importance of that DNA database.

21 The Missing Children Information Clearinghouse
22 was recently expanded to include persons between the
23 ages of 18 and 25 and those persons 26 and older
24 that law enforcement sees to be missing and at risk.
25 As you know, Governor, you will be signing that into

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1 law later this week.

2 In partnership with local law enforcement we
3 implemented the Sex Offender Alert System, which
4 allows our citizens to sign up and receive e-mails
5 when an offender or a predator moves around our
6 state. Currently 37,000 of our citizens have signed
7 up for that service, and we've sent out over 200,000
8 alerts on these sexual offenders and predators.

9 In conjunction with DOT and the Florida Highway
10 Patrol, we established the Florida LEO Alert System,
11 which allows alerts to go out when a law enforcement
12 officer is killed or injured in the line of duty and
13 that perpetrator is fleeing.

14 We unveiled BusinessSafe, which is a
15 counter-terrorism initiative that provides Florida
16 businesses with timely important domestic security
17 alerts, and 2,700 business interests have taken
18 advantage of that service.

19 Along with the Attorney General and the
20 Department of Corrections, we introduced the Cold
21 Case Playing Cards. So far those cards have led to
22 the arrests of two murderers in our state. And in
23 just a few weeks we're going to be issuing the third
24 edition of those Cold Case Playing Cards. These
25 will be directed at the county jails rather than the

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1 state prison system.

2 And I would be happy to answer any question
3 about Item 3.

4 GOVERNOR CRIST: Any questions? General?

5 ATTORNEY GENERAL McCOLLUM: The laboratories
6 that you've been working on -- and I know this last
7 budget cycle wasn't pleasing in many respects. Have
8 those laboratory backlogs been still worked through
9 or, Commissioner, how is that going?

10 MR. BAILEY: We've made great progress. As you
11 know, our backlogs are down over half at this point.
12 But we are starting -- we saw no growth last year,
13 and we tried to hold the laboratories harmless, but
14 we did lose a few positions as part of the 56
15 positions that were cut. We're almost holding our
16 own.

17 Some of the areas, for instance, computer
18 evidence recovery, are starting to creep back up.
19 Firearms and tool marks are starting to creep back
20 up. But we're managing it.

21 With some of the things that we're facing with
22 the possible budget cuts that are to come, we're to
23 the extent possible going to hold the laboratory
24 harmless in those issues.

25 But to answer your question directly, we're

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1 still in good shape, but we're starting to see a
2 little bit of turnaround. We're not filling any of
3 the vacancies that come right now until we can get a
4 good handle on just where we are.

5 ATTORNEY GENERAL McCOLLUM: My impression,
6 considering your budget constraints, is you've been
7 doing a remarkably good job, and I want to commend
8 you for that. But I am concerned about the lab, as
9 you were, and I have been for some months now. The
10 labs, I should say.

11 And that's not for want of trying on your part,
12 as far as I can determine. But your resources are
13 very restricted, and that makes being timely with
14 all of the things you described very difficult, it
15 would appear to me.

16 I'm also concerned about the non-child-predator
17 Internet crime situation. I know you have limited
18 resources over there, too. What are your personnel
19 over there now? Six working Internet crimes?

20 MR. BAILEY: We have -- we do two things with
21 Internet crime. We have the actual people that work
22 with the crimes. And as you know, just about every
23 crime we have now, the computers are an
24 instrumentality of that crime. We also have the
25 computer evidence recovery that will go in and help

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1 the sheriffs and chiefs extract the data from the
2 computer.

3 But, yes, we have the six or seven in
4 Tallahassee. We have one that we recently brought
5 in from another area and have assigned to the FBI
6 task force in Tampa, which I know you're very
7 familiar with. And then we have two in Miami that
8 do that.

9 And then we do have that separate forensic
10 function of the evidence recovery. We don't have
11 enough in that area. But budget being what it is,
12 our increases, which we know we need to do, will
13 have to be incremental.

14 I don't see any large increase simply because
15 it fits in with a lot of other priorities of things
16 that we're doing.

17 ATTORNEY GENERAL McCOLLUM: No, I understand,
18 and I just wanted to make a point to my fellow
19 Cabinet members that this is a growing area of
20 crime, that we work -- my statewide prosecutor and
21 our office works with you and your team all the time
22 in these areas.

23 But there are so many scams. Some of them can
24 be addressed non-criminally. Our Unfair and
25 Deceptive Trade Practice, we call it economic crimes

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1 division, a civil division of the Attorney General's
2 Office, works this area with tremendous focus.

3 But the criminal side of this, it's very
4 difficult to prove these cases, to get to the bottom
5 of them. It takes manpower, which frankly you don't
6 have enough of. And that's, again, not your fault.
7 But I want to be sure that everybody understands
8 that that's a weakness in our criminal justice
9 system.

10 And as soon as we can possibly get the
11 budgetary support for you, I would assume you would
12 concur that needs to be expanded. And I just wanted
13 to point that out.

14 MR. BAILEY: I thank you for that. And I think
15 we agree that that is a growth area for us.

16 ATTORNEY GENERAL McCOLLUM: Thank you. Thank
17 you very much, Governor.

18 GOVERNOR CRIST: Thanks, General. CFO?

19 CFO SINK: Yeah, Governor. I'd just like to
20 add onto that, Commissioner. You heard my line of
21 questioning with Secretary Bustle. What are the
22 kind of big picture items that you see that cause
23 you to be awake at night and that we need to be
24 aware of and be thinking about going forward?

25 MR. BAILEY: Well, the overriding concern is

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1 the budget cuts, the four percent holdback. We're
2 in a situation now where we have frozen 134
3 positions as of yesterday. And that's of our about
4 1,900. They're frozen. We've frozen internal
5 promotions. We've frozen hiring.

6 There are some areas, entry level, that we're
7 having to make exception to that. For instance, the
8 firearms purchase program. But even with freezing
9 these positions, when we cut the four percent that's
10 coming, I'm looking, according to the level of
11 position, of somewhere between 40 and 50 live
12 bodies.

13 Now, I think we've taken care of the fat
14 already with those 56 that we cut earlier. As a
15 matter of fact, we got into some muscle with that
16 one. And it's a difficult task on these that we're
17 about to earmark because almost everything we do has
18 a constituency.

19 So we're very carefully going through the
20 process now of prioritizing the things that we do,
21 because to be honest, CFO, we've done a lot of
22 fine-tuning. But I think we're past that and to the
23 point where there's something that we're doing today
24 that we're going to have to stop doing.

25 So that's my overriding concern. Also, as you

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1 know, we're involved in FALCON, which is bringing
2 our computerized criminal history into this era.
3 Florida arrests about 3,000 people a day, seven days
4 a week, and that feeds into the system.

5 And to be able to handle the growth, to be able
6 to handle some of the technology, such as tying the
7 fingerprints to those files, we're having to, at
8 great expense, to increase that program. So far we
9 have got the support that we need to do that.
10 That's the same program that has the Rapid ID for
11 the troopers that are stopping people out there on
12 the highway, so they can be -- if need be, they can
13 be identified immediately. That part is going to be
14 expanded.

15 We will be able to, when a person is arrested,
16 tell the arresting officer or the bailiffs at the --
17 or the jailers at that time that they already have a
18 DNA profile in the FDLE file. That will be an
19 efficiency measure there.

20 In that same area, as you know, we're working
21 on the warrants issue. Florida's whole -- we have
22 about 300,000 warrants in our system now, but only
23 about a thousand -- about a third of those are
24 available nationally.

25 So you could in effect have a Florida fleeing

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1 felon that is stopped in North Carolina and they
2 wouldn't know about it. And that's primarily
3 because right now the warrant system is a
4 paper-intensive, labor-intensive system. So we're
5 working, we've started a process to bring that --
6 the warrant system into the digital age.

7 CFO SINK: Well, are you proposing, as you go
8 through this decision-making process for what you're
9 going to have to stop, to come back and share that
10 thinking with the board?

11 MR. BAILEY: Yes. We will --

12 CFO SINK: Because we may have a different
13 opinion.

14 MR. BAILEY: And, again, a lot of people will
15 have different opinions. I can just tell you that
16 there are no decisions that I will be able to make
17 there that I will be roundly applauded for because
18 most of what we do has a strong constituency.

19 But, yes, we will -- we're working with our
20 constituents now. I have meetings this week with
21 the Florida sheriffs. I have meetings next week
22 with the Florida chiefs, the people that are our
23 primary upfront constituents. And obviously --
24 well, this afternoon I have a meeting with Senator
25 Crist to go over, at least as a starting point, of

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1 what it looks like we're going to have to do. But,
2 yes, that will be staffed through you and your
3 staff.

4 CFO SINK: Good. Thank you.

5 GOVERNOR CRIST: Commissioner?

6 COMMISSIONER BRONSON: I guess this is the
7 annual "we also" speech that I give every time that
8 the Highway Patrol and the FDLE and others come up
9 to give their reports.

10 We are also having and have had and it hasn't
11 changed one bit the last two or three years, we're
12 losing people to other agencies. We're losing them
13 at the same rate that Highway Patrol is losing
14 theirs. We just don't have as many of them as
15 Highway Patrol.

16 And we are a specialized agency, as most of you
17 know. As a matter of fact, we've already been
18 contacted by some of the county sheriffs in the
19 state that because of their budget crunch, they're
20 going to want us to pick up and handle more
21 ag-related crimes in our unit, which I'm not sure
22 how we're going to do that since we're right at the
23 breaking point of being able to man our 23
24 interdiction stations right now. And it's getting
25 very serious.

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1 So our problem, I guess, is it all relates to
2 the same thing. We can't go out and raise money as
3 a law enforcement agency. I don't think most people
4 would think very highly of that, as you go out and
5 write a lot of tickets and do things to raise the
6 money to operate on. So we're operating on general
7 revenue. That's the only thing we have.

8 The same thing holds true for our firefighters.
9 And we are losing people there still at 25 percent
10 every two years, and we're having to spend \$77,000
11 training them. So we're losing big time on those as
12 well.

13 So it's going to be tough, and I know this
14 budget year probably won't be much better than last,
15 it appears. But I think there needs to be some
16 consideration as to what's important. And I would
17 think firefighting and law enforcement would be
18 important to just about anybody in the state.

19 And I know saying to hold them harmless sounds
20 good. I'm not sure that we ever totally get a
21 chance to hold them harmless. There's something
22 that has to go. And as the commissioner says, he
23 may have to make some decisions, I'm sure with the
24 help of us and the Legislature and everybody else.

25 And, Commissioner, I wish you luck because

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1 every time I cut, they ask me to cut, it always
2 seems the things that I think need to be the first
3 to go are the first ones to get back on the list and
4 the ones I don't think need to be cut are the ones
5 under the gun, which creates a problem since I
6 happen to know a little bit about what needs to be
7 done in our department and what's important and
8 what's going to be the outcome of those cuts.

9 So good luck. You just heard, we may have a
10 different opinion based on our viewpoint of that,
11 and that's the same thing I go through. So good
12 luck in this year's budget.

13 MR. BAILEY: Well, thank you. We want to work
14 closely with you on that.

15 GOVERNOR CRIST: Thank you, Commissioner.

16 MR. BAILEY: I have one other item.

17 GOVERNOR CRIST: Please continue.

18 MR. BAILEY: Item 4 is the performance contract
19 for the current year. That contract mirrors what we
20 had in '07-'08. However, we are working to refine
21 and condense that. I believe that some of the
22 measures on there are obsolete, and they do not
23 really tell you anything.

24 So we will be presenting your staff with a --
25 probably a somewhat condensed version of the

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1 measures for FDLE for the current year.

2 ATTORNEY GENERAL McCOLLUM: I would move Item
3 4. And, Governor, I'm not sure we did Item 3.

4 GOVERNOR CRIST: Did we vote on it?

5 ATTORNEY GENERAL McCOLLUM: I don't think we
6 did.

7 GOVERNOR CRIST: I think it was moved and
8 seconded. Why don't we show it approved without
9 objection, unless there is one.

10 ATTORNEY GENERAL McCOLLUM: And Item 4 I do
11 move.

12 GOVERNOR CRIST: Thank you.

13 COMMISSIONER BRONSON: Second.

14 GOVERNOR CRIST: Moved and seconded on Item 4.
15 Show it approved without objection. Commissioner,
16 thanks for your good work.

17 MR. BAILEY: Thank you.

18 GOVERNOR CRIST: I appreciate you.

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1 GOVERNOR CRIST: Siting Board, power plants.
2 Secretary Sole, how are you?

3 MR. SOLE: Governor, good morning. I'm doing
4 well this morning.

5 GOVERNOR CRIST: Good morning. Give us some
6 juice.

7 MR. SOLE: Actually, that's what we're about
8 today. Item Number 1, the applicant is Progress
9 Energy of Florida. They're requesting final
10 certification of their Crystal River Energy Complex
11 Unit 3 Uprate Project.

12 This project entails increasing the overall
13 megawatts from 900 megawatts of the Unit 3 facility,
14 which is a nuclear reactor facility, to over 1,080
15 megawatts. The exciting thing about this item is
16 that it does not change the footprint of the
17 facility. This improvement or uprating is being
18 accomplished through efficiencies and improvements
19 into the internal infrastructure.

20 GOVERNOR CRIST: Thank you. Is there a motion
21 on Item 1?

22 COMMISSIONER BRONSON: Motion on Item 1.

23 GOVERNOR CRIST: Is there a second?

24 CFO SINK: Second.

25 GOVERNOR CRIST: Moved and seconded. Show it

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1 approved without objection.

2 MR. SOLE: Thank you.

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1 GOVERNOR CRIST: Board of Trustees.

2 Mr. Secretary, welcome back.

3 MR. SOLE: Thank you, Governor. Item Number 1,
4 submittal of the minutes of the May 13th, 2008,
5 Cabinet meeting.

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

8 COMMISSIONER BRONSON: Motion on Item 1.

9 ATTORNEY GENERAL McCOLLUM: Second.

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

12 MR. SOLE: Item Number 2, the applicant is
13 Nextel South Corporation. This is a request for
14 consideration of a five-year lease, with four
15 additional five-year renewals to Nextel South Corp.

16 This is for an existing tower that is a
17 freestanding 130-foot-high tower in Broward County
18 on some five acres of property. They will be
19 leasing this with a \$34,000 per year lease rate,
20 with a four percent escalation rate.

21 ATTORNEY GENERAL McCOLLUM: I move Item 2.

22 CFO SINK: Second.

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

25 MR. SOLE: And I do want to apologize,

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1 Governor. I should have pointed this out. There is
2 also a request for delegation by the agency for
3 similar projects that are on existing state
4 infrastructure non-conservation lands. So thank
5 you.

6 GOVERNOR CRIST: Thank you.

7 MR. SOLE: Item Number 3, the applicant is
8 Florida Power and Light. This is request for a
9 memorandum of agreement for the relocation of an
10 existing FPL electrical transmission right-of-way in
11 which they propose to relocate that right-of-way to
12 a preferred environmental footprint.

13 The existing right-of-way is a combined
14 right-of-way that is currently on Everglades
15 National Park land, as well as within Board of
16 Trustees-owned property and Water Conservation Area
17 3A.

18 This memorandum of agreement would move that to
19 an alignment along an existing impacted area, an
20 existing canal, thereby improving the environment.
21 This is a time-sensitive issue with this MOA because
22 as part of this memorandum of agreement they're
23 working to actually improve the project at Tamiami
24 Trail, and this is a key element to getting that
25 approved.

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1 GOVERNOR CRIST: Great. Is there a motion on
2 Item 3?

3 CFO SINK: Move it.

4 ATTORNEY GENERAL McCOLLUM: Second.

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

7 MR. SOLE: Thank you. Item Number 4, this is
8 performance day. The Department of Environmental
9 Protection is proposing its annual performance
10 measures to the Board of Trustees. As you recall,
11 we brought these forward originally last year.

12 We have got some high points. There are 23
13 performance measures. If you'll allow me a brief
14 opportunity to hit some of the high points. It's
15 worth noting that again this year the Division of
16 Recreation and Parks have actually set another
17 record in attendance at our state parks. We've had
18 over 20 million visitors to our state parks this
19 year.

20 You can see that trend annually improving. And
21 it's just fantastic to see folks getting outdoors
22 and enjoying our state parks.

23 GOVERNOR CRIST: What do you attribute that to,
24 Secretary?

25 MR. SOLE: I think that it's a combination of

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1 issues, Governor. We do really have a wonderful
2 state park system. We're award-winning. We have
3 national gold medals. We're the only state that has
4 won two national gold medal awards for our state
5 parks. Florida is a great place to visit, and it is
6 just great to get folks to the outdoors. And I
7 think people are recognizing that more and more.

8 GOVERNOR CRIST: How many state parks do we
9 have?

10 MR. SOLE: We have 161 state parks here.

11 GOVERNOR CRIST: And over 20 million people
12 visited last year.

13 MR. SOLE: Absolutely.

14 GOVERNOR CRIST: And how much do we charge to
15 visit a state park?

16 MR. SOLE: It ranges from park to park. Some
17 are very low, depending upon the intensity of the
18 use. Some are in the five- to eight-dollar range.
19 I know it's usually around the five-dollar range,
20 depending upon the park.

21 GOVERNOR CRIST: So it's a good deal.

22 MR. SOLE: It's a great deal.

23 GOVERNOR CRIST: It's beautiful, and it's in
24 Florida. What else do you want?

25 MR. SOLE: We have camping. We have cabins.

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1 We have water access. It's gorgeous.

2 COMMISSIONER BRONSON: I think that ought to be
3 an advertisement.

4 GOVERNOR CRIST: Well, if the Ethics Commission
5 would make another ruling, we'd do it. It's
6 frustrating.

7 CFO SINK: Well, Governor, also there's a lot
8 of -- there's been a lot of focus over the past six
9 to nine months on this staycation idea --

10 GOVERNOR CRIST: Yes.

11 CFO SINK: -- of people, because of the high
12 price of gas. And I don't know if you've ever
13 calculated this out, but it would be interesting to
14 see how close a state park is on an average within
15 five miles of 80 percent of the Floridians' homes,
16 something like that, Michael, because I know that a
17 lot of families are electing to scale back and not
18 spend so much money on vacations. And we're very
19 indebted to our state parks.

20 GOVERNOR CRIST: Floridians visiting Florida.
21 It's a beautiful thing.

22 MR. SOLE: It is a beautiful thing.

23 GOVERNOR CRIST: I plan to honeymoon in
24 Florida, not that you asked.

25 MR. SOLE: We have some great cabins, Governor.

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1 GOVERNOR CRIST: Thank you, Secretary, I
2 appreciate the advice.

3 MR. SOLE: Let me move on.

4 GOVERNOR CRIST: Moving along.

5 MR. SOLE: I think it's also worth pointing out
6 that our Division of State Lands, as part of its
7 land acquisition, has brought to the Board of
8 Trustees several land acquisitions, but it's worth
9 noting that on average it's 92 percent of the
10 appraised value.

11 And by negotiating in the way they do, they've
12 saved, I think, the Board of Trustees and the State,
13 some \$10.8 million.

14 Also we frequently talk about conservation
15 easements and whether or not we're inspecting them.
16 It's worth noting that we do have a program to go
17 through and inspect them on an 18-month renewal
18 period or review period. And this year 100 percent
19 of those inspected were found to be in compliance.

20 Finally, I do want to just note a little bit on
21 our invasive plant program. The State of Florida
22 has had a robust invasive plant program. I know we
23 talk about the concerns of invasive plants, both
24 uplands and those that are in our water.

25 But I think if you look at the trends that

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1 we've accomplished, there are some probably 1.65
2 million acres of public land, that's state and
3 federal land, that is impacted by invasive exotics.

4 However, we continue to improve and identify
5 that we've done some -- 60 percent of that land has
6 been put under a maintenance control program. And
7 if you look at the trend, that continues to grow.

8 So, to me, while it's not 100 percent, I think
9 the trend is demonstrating that this is a worthwhile
10 program and we are making headway in controlling
11 invasive exotics on our public lands. Again, this
12 is our public lands. Unfortunately, private lands
13 are a different issue. Any questions on the
14 measures?

15 CFO SINK: Yeah. What keeps you awake at
16 night? What do we need to be worried about?

17 MR. SOLE: One of the things that keeps me
18 awake is adequate funding for the management of
19 these lands. We continue to work on this effort.
20 And actually in the Florida Forever bill that was
21 passed last year, there was some headway made in
22 trying to address improvement in management and
23 funding for management of our lands. And this is
24 both the Department, the Fish and Wildlife
25 Conservation Commission and the Department of

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1 Agriculture and Consumer Services.

2 But the trust funds that we have that fund that
3 are areas that we need to look at. Our conservation
4 acquisition, restoration lands trust fund is
5 expected to not be able to support even the
6 management level that we have come the year 2014.

7 So we need to look at how we're funding that
8 resource so that we can ensure that in perpetuity we
9 have sufficient funding to address management of
10 these great assets that the State of Florida has
11 invested in.

12 GOVERNOR CRIST: Commish.

13 COMMISSIONER BRONSON: Well, I guess I'm
14 usually the guy who throws bad news in with all the
15 good news that's coming out.

16 GOVERNOR CRIST: Why is that, Commissioner?

17 COMMISSIONER BRONSON: I guess I see more
18 diseases and bugs than most people. And let me tell
19 you, not only from the environmental standpoint, but
20 from the agriculture and food supply standpoint, all
21 commissioners, directors across the country in
22 agriculture are very, very concerned about the level
23 and the damage of some of the pests and diseases
24 that are coming on our shore from offshore that are
25 going to cause us major, major damage in the

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1 environmental as well as our food supply.

2 And I hate to say it, but it's a fact. It's
3 here. We're looking at it. I'm meeting right now
4 with -- I'm on an advisory council, if you will,
5 with USDA and Customs border protection on some of
6 these critical issues. They're serious. They're
7 very, very serious.

8 I haven't found a federal, state agency
9 anywhere in the country that's not worried about
10 what's happening to us. And it's not getting
11 better. It's actually getting worse.

12 So it's really going to take a lot of
13 cooperation between DEP, Division of Forestry and
14 our agriculture, environmental services division to
15 tackle this thing because Florida is right in the
16 pipeline of some of the most potential devastation
17 because of how many offshore ships that are coming
18 in bringing a lot of this stuff to us.

19 And we're going to have to work very closely on
20 that. And hopefully we can do that, and I know
21 we're going to be short of funds, but we're going to
22 have to find a way to tackle this. It's very
23 serious.

24 We have diseases that virtually could destroy
25 every oak tree in Florida, not to mention the

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1 nursery industry, which is our number one industry
2 in the state for agriculture. And it could
3 devastate the state of Florida.

4 So we'll be working together on those issues
5 because with all the state forests, state parks and
6 everything else, we have a lot to lose in this
7 state.

8 GOVERNOR CRIST: Well, we'll work with you,
9 too, not let Florida be devastated. Won't we,
10 Secretary?

11 MR. SOLE: Yes, sir, absolutely.

12 GOVERNOR CRIST: Thank you. Thank you,
13 Commissioner.

14 CFO SINK: Did we vote?

15 GOVERNOR CRIST: Was there a motion? We
16 haven't gotten there yet.

17 MR. SOLE: Did we finish Item 4? I apologize?

18 GOVERNOR CRIST: Is there a motion on Item 4?

19 COMMISSIONER BRONSON: Motion on Item 4.

20 GOVERNOR CRIST: Is there a second?

21 CFO SINK: Second.

22 GOVERNOR CRIST: Show it approved without
23 objection. Item 5. We get so deep in our
24 conversation.

25 MR. SOLE: We're requesting withdrawal of this

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1 item, Governor.

2 GOVERNOR CRIST: Is there a motion to withdraw
3 Item 5?

4 COMMISSIONER BRONSON: Motion to withdraw Item
5 5.

6 ATTORNEY GENERAL McCOLLUM: Second.

7 GOVERNOR CRIST: Moved and seconded. Show Item
8 5 withdrawn. Thank you, Secretary. Appreciate it.
9 Keep up the good work.

10 MR. SOLE: Yes, sir.

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1 GOVERNOR CRIST: State Board of Administration.
2 General Milligan. Thanks, Commish. See you soon,
3 buddy.

4 MR. MILLIGAN: Good morning.

5 GOVERNOR CRIST: Good morning, General.

6 MR. MILLIGAN: Item 1, request approval of the
7 minutes of July 29, 2008.

8 GOVERNOR CRIST: Is there a motion on the
9 minutes?

10 ATTORNEY GENERAL McCOLLUM: So move.

11 GOVERNOR CRIST: Is there a second?

12 CFO SINK: Second.

13 GOVERNOR CRIST: Moved and seconded. Show the
14 minutes approved without objection.

15 MR. MILLIGAN: Item 2, request approval of
16 fiscal sufficiency of an amount not exceeding
17 200 million State of Florida, Full Faith and Credit,
18 State Board of Education Public Education Capital
19 Outlay Bonds.

20 GOVERNOR CRIST: Is there a motion on Item 2?

21 CFO SINK: Move it.

22 GOVERNOR CRIST: Is there a second?

23 ATTORNEY GENERAL McCOLLUM: Second.

24 GOVERNOR CRIST: Moved and seconded. Show Item
25 2 approved without objection.

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1 MR. MILLIGAN: Item 3, request approval of a
2 fiscal sufficiency of an amount not exceeding
3 60 million State of Florida, Board of Governors,
4 University System Improvement Revenue Bonds.

5 ATTORNEY GENERAL McCOLLUM: Move Item 3.

6 CFO SINK: Second.

7 GOVERNOR CRIST: Moved and seconded. Show Item
8 3 approved without objection.

9 MR. MILLIGAN: Item 4, request approval of a
10 fiscal sufficiency of an amount not exceeding
11 37,500,000 State of Florida, Department of
12 Management Services, Florida Facilities Pool Revenue
13 Bonds.

14 CFO SINK: Move it.

15 ATTORNEY GENERAL McCOLLUM: Second it.

16 GOVERNOR CRIST: Moved and seconded. Show Item
17 4 approved without objection.

18 MR. MILLIGAN: Request approval of a fiscal
19 determination of an amount not exceeding 250 million
20 Florida Housing Finance Corporation Homeowner
21 Mortgage Revenue Bonds.

22 ATTORNEY GENERAL McCOLLUM: Move Item 5.

23 CFO SINK: Second.

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

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1 MR. MILLIGAN: Item 6, just quickly for
2 discussion, we've had a lot of requests here
3 recently from the media on our performance last
4 year, the State Board of Administration performance.
5 You will have a full performance report when we get
6 all the numbers collected, including actuarial
7 information.

8 But basically we've had a minus 4.4 percent
9 managed return on the pension fund this year, which
10 is about average, right on the average, for all of
11 the information I have right now on public pension
12 funds. So we're right on the average.

13 The good news, though, is the surplus is still
14 positive, and it's at five percent. So that's --
15 we're in pretty good shape.

16 GOVERNOR CRIST: General, thanks for your good
17 work. CFO.

18 CFO SINK: Yeah. General, I had an opportunity
19 briefly over the weekend to review your last
20 financial report. And I did note in there, as part
21 of the introduction, that we have an overall
22 objective over a period of time to have a return of
23 five percent plus the rate of inflation. And
24 clearly we didn't accomplish that last year.

25 So I'd just like to ask if maybe at our next

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1 meeting you could come back and explain to us what
2 the impact is on having these down years in terms of
3 the bigger picture, because we clearly didn't make
4 our five-percent-plus goal for the last year or two
5 actually.

6 MR. MILLIGAN: I certainly can and I will. I
7 can say that our five-year return has been nine
8 percent. So over the five-year period -- and we do
9 look at things, obviously, over the long haul, at
10 kind of a 15-year outlook.

11 I heard you ask what some of my concerns were,
12 or concerns of others. And I might comment that
13 clearly in this global financial crisis that we see,
14 we have to be very careful in ensuring that we
15 retain and hire quality managers of our portfolios.

16 And you all, I think, made a great step forward
17 with Ash Williams, bringing Ash in with his vast
18 experience in the investment world as well as a
19 public fund.

20 And we continue to work on the compliance and
21 risk management. So those are the two big areas
22 that I'm concerned about and I will be talking to
23 Ash a lot about as we bring him on board here in
24 another couple of months. That's it, sir.

25 GOVERNOR CRIST: Thank you, General.

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1 MR. MILLIGAN: Thank you.

2 GOVERNOR CRIST: Stand adjourned.

3 (Whereupon, the meeting was concluded at 10:45
4 a.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

Reporter,

counsel

I, Jo Langston, Registered Professional

do hereby certify that the foregoing pages 5 through 86,
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
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 22nd day of August 2008.

JO LANGSTON
Registered Professional Reporter

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