

T H E C A B I N E T
S T A T E O F F L O R I D A

Representing:

FINANCIAL SERVICES COMMISSION, OFFICE
OF FINANCIAL REGULATION

DEPARTMENT OF REVENUE

DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES

ADMINISTRATION COMMISSION

BOARD OF TRUSTEES OF THE 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, September 30, 2008,
commencing at approximately 9:15 a.m.

Reported by:

MARY ALLEN NEEL
Registered Professional Reporter
Florida Professional Reporter
Notary Public

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

APPEARANCES:

Representing the Florida Cabinet:

CHARLIE CRIST
Governor

BILL McCOLLUM
Attorney General

ALEX SINK
Chief Financial Officer

* * *

I N D E X

FINANCIAL SERVICES COMMISSION, FINANCIAL REGULATION

ITEM	ACTION	PAGE
VOTE	Approved	5

DEPARTMENT OF REVENUE
(Presented by LISA ECHEVERRI)

ITEM	ACTION	PAGE
1	Approved	6
2	Approved	6
3	Approved	7

DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES
(Presented by ELECTRA BUSTLE)

ITEM	ACTION	PAGE
1	Approved	8
2	Withdrawn	9
3	Approved	9
4	Approved	9
5	Approved	10
6	Approved	10
7	Approved	17
8	Approved	22
9	Approved	25
10	Approved	28

ADMINISTRATION COMMISSION
(Presented by LISA SALIBA)

ITEM	ACTION	PAGE
1	Approved	29
2A	Approved	56
2B	Approved	58

BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND
(Presented by MIKE SOLE)

ITEM	ACTION	PAGE
1	Approved	59
2	Discussed	59
3	Deferred	72
4	Approved	73
5	Approved	73
6	Approved	77

STATE BOARD OF ADMINISTRATION
(Presented by GENERAL BOB MILLIGAN)

ITEM	ACTION	PAGE
1	Approved	79
2	Discussed	79
CERTIFICATE OF REPORTER		87

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

P R O C E E D I N G S

(The agenda items commenced at 9:37 a.m.)

GOVERNOR CRIST: We have to address an acting Commissioner of the Office of Financial Regulation. Is there a motion to appoint Alex Hager, Deputy Commissioner, as the Acting Commissioner of the Office of Financial Regulation until October 14th, 2008?

ATTORNEY GENERAL McCOLLUM: Governor, I move that we appoint Alex Hager to serve as Acting Commissioner of the OFR as you've just described.

CFO SINK: Second.

GOVERNOR CRIST: Moved and seconded. Show it approved without objection. Mr. Hager will serve as Acting Commissioner until October 14th.

Our next Cabinet meeting is Tuesday, October the 14th.

1 GOVERNOR CRIST: And now we go to the
2 Department of Revenue, Lisa Echeverri.

3 MS. ECHEVERRI: Good morning.

4 GOVERNOR CRIST: Ms. Echeverri, how are you?

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

6 GOVERNOR CRIST: I'm good.

7 MS. ECHEVERRI: Item 1 on our agenda is to
8 request approval of the minutes from the August
9 12th meeting.

10 ATTORNEY GENERAL McCOLLUM: So moved.

11 CFO SINK: Second.

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

14 MS. ECHEVERRI: Item 2 requests approval to
15 move forward with rulemaking in the area of fuel
16 tax in Chapter 12B-5. The purpose of this proposed
17 rulemaking is to address litigation that requires a
18 change to some of our fuel tax refund rules.

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

20 CFO SINK: Move it.

21 ATTORNEY GENERAL McCOLLUM: Second.

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

24 MS. ECHEVERRI: Item 3 is also a request to
25 move forward with proposed rulemaking. This

1 proposed rulemaking covers Chapters 12-6, 12-1, and
2 12A, B, and C. This proposed rulemaking makes
3 needed updates to various forms and rules, adopts
4 plain language in many cases, adopts new CST,
5 communication service tax rates adopted by local
6 governments, and implements 2008 law changes.

7 ATTORNEY GENERAL McCOLLUM: I move it.

8 CFO SINK: Second.

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

11 MS. ECHEVERRI: Thank you.

12 GOVERNOR CRIST: Lisa, thank you very much.

13

14

15

16

17

18

19

20

21

22

23

24

25

1 GOVERNOR CRIST: Highway Safety and Motor
2 Vehicles. Electra, good morning. How are you?

3 MS. BUSTLE: Pretty well. How are you?

4 GOVERNOR CRIST: Very well.

5 MS. BUSTLE: I have a mere ten items on the
6 agenda.

7 GOVERNOR CRIST: Ten?

8 MS. BUSTLE: Yes. And I'll be as quick as
9 possible.

10 GOVERNOR CRIST: Take your time.

11 MS. BUSTLE: Item 1, we respectfully request
12 approval of the minutes from the August 12th
13 meeting.

14 GOVERNOR CRIST: Is there a motion?

15 ATTORNEY GENERAL McCOLLUM: Second.

16 GOVERNOR CRIST: I think you did both.

17 CFO SINK: Move it.

18 GOVERNOR CRIST: Moved and seconded. Show it
19 approved without objection. Thank you.

20 MS. BUSTLE: Item Number 2 we are withdrawing,
21 but I do need a motion or approval.

22 GOVERNOR CRIST: Is there a motion to
23 withdraw?

24 CFO SINK: Move it.

25 ATTORNEY GENERAL McCOLLUM: Second.

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

3 MS. BUSTLE: Item Number 3, we respectfully
4 request approval to initiate rulemaking for Rule
5 15A-7.001, which relates to commercial driver's
6 license and third party testing and conforms the
7 rule to federal law and current department
8 practice.

9 GOVERNOR CRIST: I move Item 3.

10 CFO SINK: Second.

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

13 MS. BUSTLE: Item 4, we respectfully request
14 approval to initiate rulemaking for Rule 15B-2.016,
15 which relates to the testing of speed measuring
16 devices.

17 CFO SINK: Move it.

18 ATTORNEY GENERAL McCOLLUM: Second.

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

21 MS. BUSTLE: Item 5, we respectfully request
22 approval to initiate rulemaking for Rule 15B-2.013,
23 which relates to newly approved speed measuring
24 devices. We need to expand and update the current
25 list of approved vendors.

1 ATTORNEY GENERAL McCOLLUM: I move Item 5.

2 CFO SINK: Second.

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

5 MS. BUSTLE: Item 6, we respectfully request
6 approval for final adoption of Rule 15C-16, which
7 requires license plate issuers to electronically
8 report the issuance of temporary license plates to
9 the Department.

10 GOVERNOR CRIST: Is there a motion?

11 CFO SINK: Move it.

12 ATTORNEY GENERAL McCOLLUM: Second.

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

15 MS. BUSTLE: Item Number 7, we respectfully
16 request approval for the Department's 2009-2010
17 legislative budget request. And I'll just take a
18 moment to highlight a couple of things and then ask
19 for the approval.

20 As you can see, our request is focused only on
21 our department's critical needs. We have broken
22 our request into five components: A continued
23 focus on developing our workforce areas that are
24 continuation issues, meaning they are
25 mission-critical to our operations; issues that we

1 call "Driving Our Future;" requesting some nominal
2 dollars for areas we see as critical in the next
3 several years and will keep us ahead of the curve;
4 issues that need filing that have been mandated by
5 state or federal law; and only the highest critical
6 fixed capital outlay projects.

7 I'm happy to discuss any of them, but I do
8 want to just point out two for you. One is the
9 continuation of our discussion last year on finding
10 ways to keep our law enforcement officers with the
11 State and professionalizing our sworn workforce,
12 and the second is part of Driving Our Future.

13 Our first priority, you can see, is the FHP
14 leadership plan. And as you all remember, we
15 discussed competitive pay last year, and I know we
16 are all in the same boat as it relates to
17 competitive pay. What we wanted to do this year
18 was look at a program that would incentivize our
19 troopers, not only from a dollar standpoint, but
20 also from a professionalism and career development
21 standpoint. And that's why you'll see the
22 leadership development plan as our number one
23 priority.

24 The plan focuses on investing in our officers
25 through training and education, but also demands

1 expectations and work performance and
2 self-motivation, which in turn we believe would
3 create -- will create a more professional
4 workforce, an area that I know, Governor and
5 Cabinet, you all have supported and focused on as
6 well. I believe this is a win-win for our
7 department and our state, for cultivating our
8 workforce will produce better results for our
9 state.

10 The only other item I wanted to point out is
11 our GIS, which is part of our Driving Our Future.
12 GIS stands for Geographic Information System. What
13 we would like to do is to have some funding to
14 purchase a GIS system that would allow us to
15 globally and electronically map crashes on our
16 roadways. What that does is, it would allow us to
17 see from a global perspective where things are
18 happening, why they're happening, and we can then
19 focus resources in those areas as opposed to trying
20 to anecdotally decide, well, this is where
21 resources should go. And as staffing is slim, we
22 need to be more targeted and more focused in where
23 we put our resources.

24 What's I think neat about that particular
25 program is, I think it's scratching the surface.

1 If we can get something like this stood up
2 statewide -- right now, FHP files all their crashes
3 electronically, so it's very easy. As more and
4 more local agencies start submitting their crashes
5 electronically, we'll have a statewide picture as
6 to where crashes are and why they're occurring,
7 whether that's leaving the roadway or whether
8 that's running red lights or things to that effect.
9 And, of course, we're going to work with all
10 departments, the Department of Transportation,
11 because they are heavily involved in this and are
12 interested in this as well.

13 So again, I would be happy to answer any
14 questions on that, but if there are none, I would
15 like to respectfully move that, our legislative
16 budget request.

17 GOVERNOR CRIST: CFO.

18 CFO SINK: Thank you, Governor.

19 GOVERNOR CRIST: And then General.

20 CFO SINK: We did have an opportunity,
21 Electra, to look over your proposed 4 percent
22 reduction. And I know that you, as all of us have,
23 have tried to find dollars that would minimize the
24 impact upon the services we provide to the
25 citizens. But I noticed that you had to offer up

1 some significant cuts in the driver's license
2 division, freezing 67 positions, and 40 of those
3 are examiner positions. So I'm curious to know
4 what impact that it will have on the service levels
5 that are provided, and also, maybe more
6 importantly, how will you communicate to the public
7 what their expectations should be as a result of
8 taking these actions.

9 MS. BUSTLE: CFO Sink, I appreciate that
10 question. And we reviewed this quite thoroughly
11 prior to submitting the 4 percent. Right now, our
12 folks believe that we can handle the volume without
13 significant impact to customer service, 4 percent.
14 If we go beyond that, I think we will be having an
15 impact as we -- if we have to close offices and
16 things to that effect. But right now, we have been
17 able to allocate our resources and move folks
18 around, and we feel like we can handle the incoming
19 customers.

20 The other pieces, our partnership with tax
21 collectors, for instance, as we are closing offices
22 based on last year's budget reductions, tax
23 collectors are actually opening additional offices.
24 So they've moved up to about 103 offices statewide.
25 We're down to 80, just a little over 80. So

1 effectively, it's balancing out. So right now, we
2 feel fairly confident there would not be an impact
3 on services. Beyond the 4 percent, for an ongoing,
4 you know, permanent type situation, we would be
5 seeing it, and then we would have to be
6 communicating longer lines and things to -- I don't
7 want to say longer lines, because I don't think we
8 don't have lines now, but potential lines and wait
9 times that they're not seeing today. But
10 currently, I think we -- we believe we're okay.

11 CFO SINK: Okay. Good. And when will the
12 Real ID provisions take hold? Because I know we're
13 all concerned about the impact of such dramatically
14 different requirements for issuing driver's
15 licenses.

16 MS. BUSTLE: January 2010 is when we have to
17 -- when the first grouping of folks that are coming
18 in for their renewals, they can't do it online.
19 They all have to come in, and they have to bring
20 their -- bring their documents. And we are going
21 to expend some dollars, some funding and some time
22 on community outreach and education so that folks
23 aren't frustrated when they come to a driver's
24 license office. We want to get ahead of that.

25 CFO SINK: Thank you.

1 GOVERNOR CRIST: Thank you. General.

2 ATTORNEY GENERAL McCOLLUM: Thank you,
3 Governor.

4 I've looked over your budget as well, and the
5 CFO has asked a couple of the same questions I
6 might have had. But I am interested, of course, in
7 the SAVE program that you have with regard to alien
8 verification. I think that's important. I assume
9 that's something we have to do and need to do. And
10 a number of these others are programs that I
11 strongly support. I mean, you didn't outline
12 anything I don't.

13 However, I've got to say that I'm very
14 cautious, and I think all of our agencies have to
15 be with the economic environment we're going into.
16 While you have a 4 percent holdback, and I guess
17 that's what you're referring to that you've saved
18 here, I think for the next fiscal year, when the
19 Legislature meets, there's going to be,
20 unfortunately, Governor, a significant additional
21 need for us to make reductions. And I would
22 encourage you, and I know you must be doing this,
23 but to look at some of these programs in that
24 light.

25 What I'm doing and what I hope you're doing is

1 looking at your operational budget, how can you
2 keep the manpower we need out there on the streets
3 when we need to have it there, how can we do the
4 basic services, and be prepared to hold back, if
5 that's necessary, some of the programs you want to
6 do, because I just think that that's going to
7 become the critical component, is how do we just
8 keep things going in the next year and be able to
9 keep the public safe and provide basic services.

10 So I'll move your budget, but I just want to
11 put it with the caveat that I'm really cautious
12 about what the future holds for some of the items
13 you're requesting for the near term.

14 I would move the budget, Governor.

15 CFO SINK: Second.

16 GOVERNOR CRIST: Thank you. Moved and
17 seconded. Show it approved.

18 I have to abstain. Florida law requires the
19 Governor to independently submit budget proposals.
20 Accordingly, I am therefore abstaining from the
21 vote on this item. Therefore, the record should
22 reflect that this item is approved with one
23 abstention, being mine. Thank you.

24 MS. BUSTLE: Thank you. Item 8 is our
25 substantive legislative package for the upcoming

1 session. Again, I'm happy to answers any questions
2 you have. I'm going to just talk in general terms.

3 Generally, you will see in there that the
4 proposal clarifies areas of law that are confusing
5 for implementation, creates consistency between
6 sections of law within our governing statutes, and
7 proposes law changes to use technology to save
8 state dollars. And I think, General, this goes to
9 your point in terms of looking at this globally,
10 broadly, and not just saying we want X number of
11 dollars.

12 What we are asking for is authority to send
13 notices, renewal notices and things to that effect,
14 via e-mail, start collecting e-mail addresses. We
15 spend anywhere from 600,000 on the motor vehicle
16 side and a half a million on the driver's license
17 side in U.S. postage. So if we effectively could
18 create a system that allows us to send notices via
19 e-mail -- for instance, your driver's license needs
20 to be renewed. Rather than pushing that out via
21 U.S. Mail, sending an e-mail to folks that are
22 willing to accept that, we could save significant
23 dollars. So you'll see that as a proposed change.

24 We also look to some proactive opportunities
25 in making our roadways safer and targeting drivers

1 that should not be on the road, drivers that don't
2 have a valid license and drivers that are
3 overrepresentative -- represented, goodness
4 gracious, in causing crashes.

5 First, we are proposing some additional
6 penalties for drivers who continue to drive even
7 though their licenses are suspended or revoked.
8 Last year we had over 200,000 citations for driving
9 while license suspended or revoked. And
10 effectively, that happens when you get stopped for
11 speeding and then the law enforcement officer finds
12 out that you have your license suspended or
13 removed. Nationally, one in five crashes are
14 caused by unlicensed drivers. So we are
15 recommending some language there to add some
16 additional penalties to change the driving habits,
17 so folks aren't out there driving.

18 Secondly, we're proposing to require drivers
19 who demonstrate they're a risk to other motorists
20 by having at least three at-fault crashes in a
21 three-year period to take a behind-the-wheel skills
22 assessment type test to determine whether they
23 should be driving at all or change their driving
24 habits that are causing them to crash.

25 In analyzing our statistics, the current

1 drivers who would fit this description, we found
2 about 3,600 drivers were involved in over 12,000
3 crashes in a three-year time period. And right now
4 we don't have a system to get them behind the wheel
5 for some testing and to teach them some good
6 driving habits. And remember, these are all
7 at-fault drivers.

8 Again, I'm happy to answer any questions, but
9 with that, I'll respectfully ask approval of the
10 substantive legislative request.

11 CFO SINK: I do have --

12 GOVERNOR CRIST: Is there a motion?

13 CFO SINK: Sorry to interrupt you here, but in
14 this one -- well, my notes say that if you have a
15 driver that doesn't have a license, then you can
16 impound his vehicle; is that correct?

17 MS. BUSTLE: It would be via a court order,
18 similar to what they do for DUI today. It would
19 not be on the side of the road, but it actually
20 would go through a process, allow for a hardship
21 hearing. It would be through a court order.

22 CFO SINK: But then the important thing to me
23 is then that the driver ought to make the payment
24 to the State to cover the cost of our performing
25 that action of impoundment. Is that contemplated?

1 MS. BUSTLE: What we would do -- what's
2 contemplated is they would actually -- they would
3 pay the private sector. Whether it's a towing, a
4 boot or towing, they would pay for that. We would
5 not pick up those costs. So it would be paid for
6 by the individual, the violator.

7 CFO SINK: Okay. I just continue to be
8 concerned, Governor, that there are many actions
9 that the State Government takes that are
10 enforcement actions that end up costing us money.
11 And I think -- I would encourage the Legislature to
12 go back and look at all of these actions that the
13 State takes, particularly when people have broken
14 the law, whether it's a misdemeanor or otherwise,
15 to ensure that the State's cost is covered in those
16 cases. I think would help our revenue situation
17 pretty dramatically.

18 GOVERNOR CRIST: I think we've made some moves
19 in that regard already this past year, but we've
20 got to keep looking at it. General.

21 ATTORNEY GENERAL McCOLLUM: One question,
22 Governor, for you, Electra. It regards the record
23 access item that provides customers with online
24 access to the National Vehicle Title Information
25 System to get a vehicle history. That's a great

1 thing to do, but why does that require legislation?

2 You can't do that just now on your own authority?

3 MS. BUSTLE: I think it's -- there would be a
4 fee involved once we get that established, so that
5 would be the piece that we need legislation on.

6 ATTORNEY GENERAL McCOLLUM: Okay, the fee. I
7 figured there was a catch in there somewhere. All
8 right. You've answered that.

9 MS. BUSTLE: Nominal fee.

10 ATTORNEY GENERAL McCOLLUM: I would move Item
11 8, then.

12 GOVERNOR CRIST: Great. Is there a second?

13 CFO SINK: Second.

14 GOVERNOR CRIST: Moved and seconded. Show it
15 approved without objection. Item 9.

16 MS. BUSTLE: Okay. Agenda Items 9 and 10
17 relate to new specialty plates that will soon be
18 ready for distribution. Governor, if it's okay
19 with you, I'll ask representatives from each
20 organization to stand with me while I talk about
21 their plate, request your approval, and then take
22 photos.

23 GOVERNOR CRIST: It is okay with me.

24 MS. BUSTLE: Thank you. Agenda Item Number 9
25 relates to the new Visit our Lights specialty

1 plate. Will Mr. Stan Farnham, president of the
2 Florida Lighthouse Association, join me at the
3 podium.

4 The proceeds from the sale of this plate will
5 be administered by the Florida Lighthouse
6 Association and will be used for preservation,
7 restoration, and protection of the 29 historic
8 lighthouses remaining in our state. This plate was
9 sponsored Representative Proctor and Senator
10 Fasano, and we respectfully request approval of
11 this plate.

12 GOVERNOR CRIST: Sure. Would you like to
13 speak, sir?

14 MR. FARNHAM: Excuse me for putting on the
15 hat, but this is the uniform of the United States
16 Lighthouse Service of nearly a hundred years ago.

17 I want to thank you particularly, Governor,
18 not only for the support of the license, but the
19 budget initiative a year ago, more than a year ago,
20 that resulted in the rebuilding of Cape St. George,
21 which collapsed in October of 2005, and the
22 restoration of Crooked River at Carrabelle. And
23 our next meeting will be there to celebrate those
24 two things.

25 I would also like to thank an outstanding

1 state employee, Paula Stanfield, for her help. We
2 really appreciate that. And I would like to tell
3 you just a little bit about the Florida Lighthouse
4 Association that is very important for everyone to
5 realize. We're a complete volunteer outfit. We
6 have no paid staff. We have no reimbursement of
7 personal expenses for officers. So Mary and I, my
8 wife who's sitting back here, and I came up here at
9 our own expense, as do other officers.

10 Now, the reason to highlight this is that that
11 means that donations to the Florida Lighthouse
12 Association and money from the license plate, the
13 maximum dollars will go for the purpose intended,
14 which is preserving and restoring the remaining 30
15 historic lighthouses in Florida. And when you
16 think about it, that's a chapter in American
17 history of maritime travel, maritime traffic that
18 is in the -- the strength of our nation in the
19 past.

20 Thank you.

21 GOVERNOR CRIST: Thank you very much. So you
22 say we have 30 historic lighthouses?

23 MR. FARNHAM: Yes, sir, there are 30. One is
24 a private residence, six are publicly open, and in
25 October, two more will open, which will be Cape

1 St. George and Crooked River.

2 GOVERNOR CRIST: That's great. Thank you very
3 much. It's a beautiful plate.

4 MR. FARNHAM: Thank you.

5 MS. BUSTLE: With that, I would --

6 GOVERNOR CRIST: Oh, you want us to do them
7 separately?

8 MS. BUSTLE: Uh-huh, request approval.

9 GOVERNOR CRIST: Is there a motion to approve?

10 CFO SINK: I move it.

11 ATTORNEY GENERAL McCOLLUM: Second.

12 GOVERNOR CRIST: Moved and seconded. Show it
13 approved without any objection whatsoever.

14 MS. BUSTLE: Do you want to do a photo?

15 GOVERNOR CRIST: Yes, let's do a photo, sure.

16 Let's get a picture.

17 (Pause while photographs taken.)

18 MS. BUSTLE: Item 10 relates to the Play
19 Tennis specialty plate, for which I have a soft
20 spot in my heart. If I could have the following
21 representatives for the --

22 GOVERNOR CRIST: Are you a tennis player?

23 MS. BUSTLE: I am, since very little.

24 GOVERNOR CRIST: Okay. I'm not going to
25 challenge you. Said with conviction. God bless

1 you.

2 MS. BUSTLE: If I could have the following
3 representatives for the Play Tennis plate come
4 forward: Cecelia Rehm, president of the USTA
5 Tennis Association Florida; Jean Mills, president
6 of USTA Florida Section Foundation; and Linda
7 Curtis, director of community development for USTA
8 Florida.

9 GOVERNOR CRIST: It's a great plate.

10 MS. BUSTLE: Proceeds from the sale of this
11 plate will be used for grants to operate youth
12 tennis, adaptive tennis programs, and building,
13 renovating, and maintaining public tennis courts,
14 and will be administered by the Florida Sports
15 Foundation. Representative Proctor and Senator
16 Baker sponsored the bill. And I believe Linda
17 Curtis is going to be speaking.

18 GOVERNOR CRIST: Good morning.

19 MS. CURTIS: Good morning, Governor and
20 members of the Cabinet. On behalf of the USTA
21 Florida Section Foundation and USTA Florida, we
22 just thank you so much for the opportunity to be
23 here. This is a really special day in the history
24 of Florida tennis. We're really excited about the
25 possibilities that the license plate will bring to

1 both the citizens of Florida as well as the
2 visitors to our state for many, many years to come.

3 With the foundation's mission being to improve
4 the health and quality of life of all Floridians
5 through tennis, we'll now have more opportunities
6 for children and adults of all ages and all
7 abilities to learn and play the game of tennis at
8 quality tennis facilities across the state. As you
9 know, the proceeds of the Play Tennis license plate
10 will allow the foundation to give 90 percent of the
11 proceeds to assist other nonprofit organizations so
12 that they can provide programs for our Florida
13 youth, they can provide programs for people of
14 special needs of all ages, and also to improve and
15 to build quality public tennis facilities so that
16 the tennis growth can continue.

17 Right now, in case you didn't know, tennis is
18 the fastest growing traditional support in the
19 United States, and that growth is clearly evident
20 in the state of Florida. We've got beautiful
21 weather most of the time, so you can play tennis a
22 lot. With 2 million players right now in Florida
23 and that number climbing, it's imperative that we
24 help provide the infrastructure with the courts and
25 also the programs on the courts so that we can

1 match this growth in the future. These funds will
2 help us ensure that community tennis thrives at a
3 time when Floridians, more now than ever, need
4 recreational outlets so that they can get lots of
5 exercise, feel healthier, spend time with their
6 families, and deal with the stresses of everyday
7 life that we're all feeling now anyway.

8 Being in a tennis town like Tallahassee, and I
9 know that she plays, Tallahassee has tons of tennis
10 players, and you know probably that they are very,
11 very passionate about the sport, not only just the
12 tennis players, but the spectators. And the
13 license plate will give them an opportunity
14 individually to promote the sport that they love as
15 well as to give back to their communities.

16 So again, thank you for helping us help others
17 learn to play tennis so that they can enjoy a
18 healthier, happier lifestyle on and off the court.
19 So in accordance with the bottom line on the
20 Florida tennis license plate, play tennis. Thank
21 you.

22 GOVERNOR CRIST: Great. Thank you.

23 (Applause.)

24 (Pause while photographs taken.)

25 GOVERNOR CRIST: Thank you, Electra.

1 GOVERNOR CRIST: Administration Commission,
2 Lisa Saliba. Good morning, Lisa.

3 MS. SALIBA: Good morning, Governor.

4 GOVERNOR CRIST: How are you?

5 MS. SALIBA: Good. Thank you. And good
6 morning to the members of the Cabinet.

7 The first item on our agenda is recommend
8 approval of the minutes from the September 16th
9 meeting.

10 GOVERNOR CRIST: Is there a motion on the
11 minutes?

12 CFO SINK: Move it.

13 ATTORNEY GENERAL McCOLLUM: Second.

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

16 MS. SALIBA: Item Number 2 has several
17 actions, and I would like to provide the framework
18 in which we can address the issue today. The
19 issues that are before you represent a two-step
20 process. We will act today on reports submitted by
21 the Department of Community Affairs as it relates
22 to the Florida Keys Area of Critical State Concern.
23 Then as part of step 2, we will ask the Commission
24 for direction related to actions that we will bring
25 back to the Commission in the form of a report and

1 direction for suggested rule changes to provide the
2 local governments with clarity related to the Area
3 of Critical State Concern.

4 Procedurally, the way that we would like to
5 address it today is to hear from speakers that we
6 have on hand and then return to the action items
7 for Commission vote. The speakers that we have
8 today -- unfortunately, the secretary of the
9 Department of Community Affairs, Mr. Pelham, had a
10 prior commitment. He could not be here today. He
11 has sent to us his Deputy Secretary, Michael
12 Richardson, and Mr. Charles Gauthier, the Director
13 of Community Planning. We will hear from
14 Mr. Gauthier. We will follow that by the Honorable
15 Mario DiGennaro, the Mayor of Monroe. He's here
16 today.

17 GOVERNOR CRIST: Yes, he is. Mayor, good to
18 see you.

19 MS. SALIBA: We'll hear from Honorable George
20 Neugent, Commissioner from Monroe County. We will
21 follow with that with interested parties, to
22 include the Honorable Ron Saunders, representative
23 from District 120.

24 GOVERNOR CRIST: Representative, good morning,
25 sir.

1 MS. SALIBA: And then Mr. Richard Grosso, who
2 represents the Florida Keys Citizens Coalition,
3 Last Stand, World Wildlife Fund, and 1000 Friends
4 of Florida; Ms. Debbie Harrison representing the
5 World Wildlife Fund; and Mr. Charles Patterson
6 representing 1000 Friends of Florida.

7 Again, we're dealing with a very sensitive and
8 important issue to a lot of people, not only in the
9 Florida Keys, but in the state as well. And first
10 I want to invite Mr. Charles Gauthier to come up
11 and present to you a synopsis of the two reports
12 that have been submitted for your consideration.

13 GOVERNOR CRIST: Lisa, do you have a time
14 frame for each speaker?

15 MS. SALIBA: We could limit that to three to
16 five minutes if you would like. We've spoken with
17 each person, and we don't anticipate that they
18 would exceed that amount of time. We've done a
19 great deal -- they've all contributed a great deal
20 leading up to this process. We're encouraged by
21 their participation and cooperation.

22 GOVERNOR CRIST: Great. Thanks so much.

23 MR. GAUTHIER: Good morning, Governor.

24 GOVERNOR CRIST: Good morning.

25 MR. GAUTHIER: And members of the Cabinet.

1 It's a great personal honor to appear here before
2 you. I do serve under Secretary Pelham at the
3 Department of Community Affairs. And at the
4 outset, let me share his regrets. He was unable to
5 be here. Assistant Secretary Michael Richardson is
6 with me, as well as program staff. I promise to be
7 very brief.

8 The Removal of Designation Report for the
9 Florida Keys Area of Critical State Concern is
10 required under Chapter 380 of the Florida Statutes.
11 This was a 2006 legislative requirement that tied
12 the potential for dedesignation as a critical area
13 to the substantial completion of the work program
14 that the Administration Commission adopted for the
15 Florida Keys area.

16 I guess at this point, I do want to recognize
17 the tremendous effort and work and resources that
18 have been allocated by the local governments over
19 the last 11 years into this work program. It's
20 been a long haul. There's a lot of work yet to be
21 completed, though.

22 The reports we have provided to you and your
23 staff evaluate progress under the 10-year work
24 program. It has been our finding that none of the
25 tasks have been ignored or not acted on within the

1 overall work program. Consequently, we see that
2 each task is either complete or in progress.
3 However, out of the 65 individual work plan tasks,
4 13 are yet to be completed, and these include some
5 very significant areas where additional work is
6 needed. Let me highlight just two of those areas,
7 if I could.

8 First, regarding wastewater, wastewater
9 improvements in the Florida Keys constitute the
10 greatest share of the remaining responsibilities.
11 While the Keys communities, the cities and the
12 county have made significant financial and planning
13 commitments, we have serious funding shortfalls.
14 There's a long way to go. County-wide, including
15 the cities, approximately 12 percent of all
16 proposed connections to central wastewater
17 treatment have been completed, so only 12 percent
18 as opposed to a completion of the overall work
19 plan.

20 Under current funding levels, it's going to
21 take us several more years to complete the sanitary
22 sewer wastewater master plan. And as well, this is
23 all geared to achieve the water quality standards
24 that the Legislature created for the Florida Keys
25 under Chapter 99.395 of the Laws of Florida. So

1 wastewater is a major area of outstanding work.

2 Secondly, I would like to highlight habitat
3 protection. The Keys certainly contain tropical
4 hardwood hammocks and other habitat needed to
5 protect 30 endangered species. The State has made
6 a tremendous commitment, as well as the local
7 governments. More than 33,000 acres have been
8 acquired for public ownership habitat areas within
9 the Keys. Another 8,000 acres are targeted for
10 acquisition under the Florida Forever program.
11 However, acquisition will take us so far. There
12 are also -- part of the work plan is a Carrying
13 Capacity Study that calls for protection of habitat
14 areas. We see that additional work is necessary
15 for the County to adopt tier overlay maps as part
16 of their Comprehensive Plan that would identify
17 Tier 1, 2, and 3 and give the greatest protection
18 to those habitat areas, as well as parallel work by
19 the cities of Marathon and Islamarada. So
20 wastewater and habitat protection are the two
21 biggest areas.

22 The reports that we provided include two basic
23 recommendations, that the Administration Commission
24 accept the Department's Year 10 Annual Assessment
25 Report that was submitted to you in January of

1 2008. Within that report, we recommended a finding
2 that substantial progress had not been accomplished
3 in year 10. The second report is the overall
4 Removal of Designation Report. That includes a
5 list of tasks to be completed. Within it, we have
6 made our recommendation that substantial progress
7 again has not been achieved.

8 So while there's much work to be done, we feel
9 like there's a potential now to gain momentum. The
10 Department very much wants to work closely in
11 partnership with Monroe County and the cities
12 within the county to achieve the work program
13 goals.

14 Our immediate focus, as Lisa laid out for you,
15 is to come back to you October 28th at your next
16 Cabinet meeting with the actual recommended actions
17 to carry us forward to fulfill the work program.
18 So the report we have for you today is focused more
19 on the findings as opposed to the prospective
20 direction.

21 And with that, I'll conclude. Thank you.

22 GOVERNOR CRIST: I think -- thank you very
23 much. I think our next meeting is the 14th. I
24 think you may have said the 28th.

25 MR. GAUTHIER: I'll defer to Lisa.

1 MS. SALIBA: We intend to bring it back at the
2 meeting on the 28th.

3 GOVERNOR CRIST: Thank you.

4 MS. SALIBA: Our next speaker is the Honorable
5 Mario DiGennaro.

6 GOVERNOR CRIST: Mr. Mayor, good morning.
7 It's always good to see you, my friend.

8 MR. DiGENNARO: How are you?

9 GOVERNOR CRIST: I'm doing fine. How are you?
10 Great tie.

11 MR. DiGENNARO: I live in the Florida Keys, a
12 beautiful place.

13 GOVERNOR CRIST: Don't I know it.

14 MR. DiGENNARO: Good morning, Governor Crist.
15 Good morning, distinguished Cabinet. Before I
16 begin my remarks, I would like to take a moment to
17 personally thank you, Governor, for all of your
18 assistance and constant communications while we
19 prepared for Hurricane Ike. Your involvement and
20 help provided great comfort to me and our citizens.
21 Thank you, thank your staff, and thank Secretary
22 Sole for the marvelous job you did helping us. We
23 felt very secure having you behind us, knowing that
24 if a tragedy did come, you would be there for us.

25 GOVERNOR CRIST: Well, so would my colleagues

1 on the Cabinet. We're a good team, thank God.

2 MR. DiGENNARO: You work well together.

3 GOVERNOR CRIST: That's very kind of you.

4 MR. DiGENNARO: It's a tremendous honor for
5 me, the mayor of Monroe County, to be here
6 representing an unprecedented partnership and
7 agreement. Monroe County supports the two
8 recommendations before you today finding that we as
9 a county and a community have not satisfied all of
10 the work program objectives for the year 2010, and
11 also, at the end of the work program, we are not
12 currently ready from removal from the Area of
13 Critical State Concern program. I am confident
14 that we as a united Commission will continue to
15 make significant progress in the coming years on
16 issues of wastewater, affordable housing, habitat
17 protection, land acquisition, and implementation of
18 the Carrying Capacity Study.

19 This progress led by myself and my colleagues
20 on the Commission will eventually end in a proud
21 day in front of the same honorable body declaring,
22 in agreement with our friends at DCA and that
23 within the environment community, we are indeed
24 ready for dedesignation. It is with that goal that
25 I am here with my fellow Commissioner George

1 Neugent, County Administrator Roman Gastesi, Growth
2 Manager Andrew Trivette, and Assistant County
3 Attorney Derrick Howard, to provide details on
4 Monroe County's vision for meeting the challenges
5 placed before us.

6 Monroe County has developed an initiative
7 called "Planning the Balance," which identifies a
8 method of addressing our constant struggle with
9 balancing the economics of development and the
10 liability of conservation. It's a challenge, like
11 I said, balancing the economics of development and
12 the liability of conservation. This initiative is
13 designed to complete the outstanding work program
14 tasks concerning habitat protection, land
15 acquisition, and the implementation of the Carrying
16 Capacity Study.

17 I would like to first address the seemingly
18 impossible tasks of wastewater and the provision of
19 affordable housing. Wastewater improvements, with
20 the Florida Keys to meet the state mandate,
21 complete date, design criteria, would cost
22 approximately \$1 billion. Local commitments and
23 expenditures to date exceed \$350 million. And with
24 the State's assistance, we will meet the needs and
25 complete the necessary project.

1 I wish to personally offer our sincere thanks
2 to the legislative body of the State of Florida,
3 especially to my very good friend, Representative
4 Mayfield, who is in our prayers, and Representative
5 Saunders for their assistance in recognizing the
6 statewide importance of water quality along this
7 nation's only coral reef in the provision of
8 \$200 million to secure the wastewater projects.

9 I further request that this body sitting as
10 the Administration Commission offer their support
11 here today for the state appropriation of
12 \$50 million per year for the next four years to
13 ensure this tremendous resource is protected. I
14 and Monroe County, all of our local partners
15 recognize the importance of this mission and will
16 not falter in its completion. This is my personal
17 guarantee to you, as this issue is very close to my
18 heart, having worked very hard to solidify the
19 County, the State, and our municipal partners as
20 one. We are determined to complete this mission.

21 Affordable housing is an unmatched crisis
22 facing the Florida Keys, and we are diligently
23 pursuing the solutions. Currently, our task force
24 has taken a new form as the State required,
25 Affordable Housing Advisory Committee. This

1 advisory committee will reach beyond state mandate
2 requirements and consider local funding
3 alternatives for potential buyers, a buyout program
4 designated to keep affordable housing in the
5 market, and an additional impact piece for
6 construction. I am confident that the work with
7 our growth management division, they will meet
8 state mandate required and will begin to curb the
9 growing deficiencies of quality, affordable
10 ownership and rental housing for the backbone of
11 our paradise and our working families.

12 Before I render the podium to my fellow
13 Commissioner of Monroe County, Commissioner George
14 Neugent, I would like to thank you, Governor, for
15 your continued support of our paradise, the Florida
16 Keys, and for your personal attention to the
17 problems we face locally. Thank you, Governor.

18 GOVERNOR CRIST: Thank you, Mayor.
19 Commissioner?

20 MR. DiGENNARO: Thank you.

21 GOVERNOR CRIST: Thank you, Mario. Thank you
22 for your leadership during not only --

23 MR. DiGENNARO: Thank you for being our
24 leader, Governor.

25 GOVERNOR CRIST: Not at all. The people are

1 the leader. But thank you for your leadership as
2 it relates to Ike and Faye and everything you do
3 for the citizens of the Keys. We appreciate it
4 very much.

5 Commissioner.

6 MR. NEUGENT: Thank you, Mario, and thank you,
7 Governor and Commissioners. I think it's very
8 important today. This is a red letter day for me.
9 I think we've really done some things to turn
10 around under Mario DiGennaro's leadership. We're
11 going to address some issues. We're going to pick
12 up the ball and run with it and really turn some
13 things around that we've been dragging.

14 Although arguments can be made that we've made
15 substantial progress in some areas, implementation
16 of wastewater infrastructure is not one. I will
17 make a promise to this Commission today that next
18 year and the years following, I will proudly stand
19 before you with my fellow Commissioners, County
20 Administrator, and Growth Management Director and
21 say to this Commission that Monroe County has made
22 significant and substantial progress in the
23 implementation of wastewater infrastructure and
24 establishing environmental habitat protection.

25 In these times when literally before our eyes

1 the depletion of quality animal resources and plant
2 species in the marine and upland areas of our
3 county, which Monroe County is a part of, must
4 stop. In Monroe County, a unique asset of the
5 state of Florida and this nation, substantial
6 progress should be the only acceptable measure we
7 should accept.

8 Governor Crist and Commissioners, we the
9 representatives of the residents of this great
10 state must have the wisdom to understand and the
11 strength to protect the public's interest and say
12 no to mediocrity. Being of a earlier generation
13 than my Growth Management Director, and one who
14 grew up under a strict disciplinarian dad and one
15 who was educated under the watchful eyes of Jesuit
16 brothers, I don't need anyone to explain to me what
17 substantial progress is. We have failed to a large
18 degree in making that substantial progress.

19 The State through its Department of Community
20 Affairs and the Army Corps of Engineers at a cost
21 of \$6 million produced a Carrying Capacity Study
22 that was peer-reviewed by the National Academy of
23 Science. The study stated in no uncertain terms,
24 we have exceeded the sustainable capacity of the
25 terrestrial uplands in Monroe County. Governor and

1 Commissioners, you and me as elected
2 representatives individually and collectively can
3 no longer allow the loss of these sensitive lands.
4 With your approval, at this time next year, we will
5 present you with a document, a plan that will have
6 been designed by the truly interested parties at
7 the local, state, and federal levels to protect the
8 remaining environmentally sensitive habitat and
9 resources which make the archipelago of the Florida
10 Keys so unique and valuable to the ecosystem in
11 which it exists.

12 Mr. Trivette, our Growth Management Director,
13 and his staff have proposed a tremendously
14 proactive plan, Planning the Balance, to provide
15 for the protection of these remaining parcels. To
16 go from an idea to an acceptable program, the plan
17 needs work and vetting. It is still a work in
18 progress, but a work in progress of the highest
19 priority. If accepted to this Commission, we will
20 be back in one year with our partners and a
21 completed plan and a request for this Commission's
22 endorsement. With every fiber of my being, and as
23 a County Commissioner of a political subdivision of
24 this great state, I truly believe we've overcome in
25 a tremendous way the removal of impossible

1 distractions to our task. The air is cleared, we
2 see the ball, and with your permission, we're
3 coming aboard, sir.

4 Thank you.

5 GOVERNOR CRIST: Thank you, Commissioner.

6 MR. DiGENNARO: Governor Crist and your
7 Honorable Cabinet, Monroe County thanks you for the
8 opportunity to talk and for the continued support
9 of our efforts to meet the challenges we face. Our
10 Commission is devoted to bring success for our
11 residents, and I, with my staff, are here to answer
12 any questions you may have.

13 Thank you very much for listening to me today.
14 Thank you.

15 GOVERNOR CRIST: Thank you, Mario. Appreciate
16 it.

17 MS. SALIBA: Next is Honorable Ron Saunders,
18 Representative.

19 GOVERNOR CRIST: Representative, how are you?

20 MR. SAUNDERS: Governor Crist, General
21 McCollum, CFO Sink, it's a pleasure to be here and
22 to confirm to you that something is different in
23 the Keys. Times are a-changing. We're actually
24 agreeing on things. In the Keys, it's hard to
25 achieve consensus, but on this issue, I think we

1 finally have achieved it. We agree that the
2 designation is to remain in effect, at least in the
3 near future. We know that we've made substantial
4 progress on some things, but things are left to be
5 done, and with your help, we're going to get there.

6 I do want to thank Secretary Tom Pelham of DCA
7 for being a partner in this process. They've
8 worked very well with us, and we appreciate that.

9 Also, I want to thank Secretary Mike Sole and
10 DEP. They've been very good with us, and in
11 particular, they were very helpful in the bond
12 program we were able to get through the Legislature
13 this year. As Mayor DiGennaro said, Stan Mayfield,
14 my colleague and friend, was very helpful, and did,
15 as the Governor is fond of saying, reach across the
16 aisle and work with us in getting 200 million
17 approved in bonding over the next four years. And
18 we're looking forward to working with DEP and
19 making sure that budget request that Mike has
20 confirmed to me will be asked for this year for the
21 debt service will be in this year's budget. And
22 hopefully I'll have something to do with the
23 budget, and we'll get that in there somewhere.

24 Also, one other thing we're going to work with
25 DEP on is land purchases. I know the state budget

1 is very tight, but in the Keys, this is a rare
2 opportunity to come in and purchase some properties
3 that have willing sellers, that we can perhaps come
4 in and get a reasonable price finally, and so we're
5 also going to try to work with you on trying to get
6 some land purchased.

7 We are facing substantial lawsuits on our Bert
8 Harris takings issues, and if we do not start
9 stepping up to the plate and buying some more of
10 this property and work hand in hand with the
11 Federal Government also to try and purchase these
12 properties, the State and the County are facing
13 potential damages. So I just want to bring that to
14 your attention, that we need to work on these
15 issues. I look forward to working with the
16 Governor and Cabinet and the Legislature and the
17 County to get these things done.

18 And once again, I want to thank you and all
19 the state agencies for your assistance.

20 GOVERNOR CRIST: Representative, thank you
21 very much. We appreciate all your hard work in
22 this area. You've been a great partner.

23 MS. SALIBA: Next is Mr. Richard Grosso.

24 MR. GROSSO: Good morning, Governor Crist, CFO
25 Sink, and Attorney General McCollum. I'm Richard

1 Grosso with the Everglades Law Center, and I'm
2 representing, as I have for many years, the Florida
3 Keys Citizens Coalition and Last Stand.

4 I have worked on the Florida Keys since I
5 started with my career with the State in 1986. Our
6 organizations have worked on these planning issues
7 since the modern era of planning in the state
8 began. It has actually been from our perspective
9 very tragic and very disappointing how much of the
10 found-nowhere-else-in-the-world tropical hardwood
11 hammocks we have lost, how much water quality has
12 continued to degrade since the late '80s, early
13 '90s when we realized we can't handle any more.

14 There is a new attitude with the County, and
15 we have nothing but praise for the Department of
16 Community Affairs under the current leadership. We
17 think we backslid a lot over the last several years
18 here, the State unwilling to do what it needed to
19 do under the critical area designation, a lot of
20 infighting and fighting with the County. But I
21 sense an opportunity now to maybe make up for some
22 lost time, but there should be no question that we
23 do need to make up for some lost time.

24 The Keys are so different from anything that
25 you do. The scale at which the State is involved,

1 really on a lot-by-lot basis, the small island
2 geography of the Keys, the unique evacuation
3 setting, everything is so different. This
4 Commission doesn't deal with things at the minute
5 level anywhere else in the state. But the point I
6 want to make is, it is necessary given the endemic
7 species that are found nowhere else, given the
8 nature of that ecosystem, the level of detail that
9 the Department of Community Affairs brings to you,
10 the level of detail which you are required as the
11 stewards of the state to deal with these in the
12 Keys is absolutely necessary.

13 We support the staff recommendation. I think
14 the Department has done a terrific job of bringing
15 to you the realities and the status on the ground
16 of planning efforts in the Keys.

17 But a very important point that we want to
18 make to you is that, you know, we've had this
19 mechanism where if progress wasn't made every year,
20 the rule says we've got to cut next year's permits
21 by 20 percent. The reason for that is to kind of
22 stop the bleeding a little bit. The recommendation
23 at this point for you not to enforce that rule we
24 support, if the framework that we have developed
25 over the last few days does get adopted next month.

1 The details in there about reworking the overlay
2 system to protect habitat, the tier maps, renewed
3 hurricane evacuation analysis, the water quality
4 things, if those things are done and we're actually
5 going to make that tangible progress that we've
6 known we need, that's more important than cutting
7 permits by 20 percent. That gets us real results.

8 But we are hoping that the framework that has
9 been developed, and we look forward to refining
10 that over the next three weeks with DCA, will be
11 approved, that rulemaking will move forward, that
12 specific direction to do those very specific things
13 will come forward from this Commission. And under
14 those circumstances, we think that the approach
15 would be very, very appropriate here.

16 With that, I just simply want to say we
17 support the staff recommendation on insubstantial
18 progress. We think that the Keys will not be ready
19 for a number of years for dedesignation. We think
20 there's an awful lot of work to be done, and we're
21 very thankful for the State's renewed attention to
22 these irreplaceable Florida Keys.

23 I'm happy to answer any questions, but I thank
24 you very much for your attention.

25 GOVERNOR CRIST: Thank you, Richard. We

1 appreciate that.

2 MS. SALIBA: And Debbie Harrison with the
3 World Wildlife Fund.

4 GOVERNOR CRIST: Good morning, Debbie.

5 MS. HARRISON: Thank you. It's a pleasure to
6 be here before you, Governor and members of the
7 Cabinet.

8 It's been a long road. As someone who has
9 been in the Keys for decades, who has raised my
10 family there, who has fought these battles for an
11 insurmountable amount of time, I can't tell you how
12 much I appreciate you sitting as the Administration
13 Commission. Without the Governor and Cabinet over
14 the years, we would not be anywhere but destroyed
15 today in the Florida Keys. It's because of your
16 leadership here at the state level and the
17 oversight that you unfortunately have to provide
18 that we are able to make step-by-step progress.

19 And has it been substantial? No. But
20 hopefully now what you're hearing from the parties
21 involved is that we hope we have an opportunity to
22 move forward in a positive fashion.

23 It makes me almost miss the days of the
24 demonstrations, of the bumper stickers, "DCA,
25 Department from Hell." You know, we had a saying

1 in the Keys that you were nobody unless you've been
2 hung in effigy. And of course, that included
3 notables like the late George Barley, Billy Causey,
4 formerly the Secretary of the Department of
5 Community Affairs, Tom Pelham and others, Allison
6 DeFoor. I was always a little bit chagrined that I
7 never made it to be hung in effigy. I tried.

8 GOVERNOR CRIST: Don't let it break your
9 heart.

10 MS. HARRISON: But let me say, many people --

11 UNIDENTIFIED SPEAKER: You're getting there,
12 Debbie.

13 MS. HARRISON: It hopefully is a new day in
14 Monroe County. I want to believe that. And I
15 believe the partnerships that we've created today
16 through the leadership of the Department of
17 Community Affairs have brought us much closer.

18 But, please, don't let us loose, because many
19 times we come forward a grand plan and with
20 optimism, only to turn around and go home to
21 infighting and pressure and resistance from some of
22 the local constituents that makes us backpedal.
23 And unfortunately, that means that you need to
24 provide that oversight, you need to maintain that
25 ability to guide us in the right direction to make

1 sure that we are taking it step by step.

2 The Florida Keys are a special place. That's
3 why we have four national wildlife refuges within
4 our boundaries. That's why we have three national
5 parks adjacent to our borders. That's why we have
6 the second largest national marine sanctuary in the
7 country. That's why we had the first water quality
8 protection program as a part of that sanctuary the
9 first time in the country. It is the State of
10 Florida's. It is not the individuals of the
11 Florida Keys who should have all of the benefits.

12 We live in one of the most important,
13 impressive, and expensive places in the country.
14 Our property values are some of the highest in the
15 state. That doesn't mean that we are entitled to
16 destroy those resources. They belong to everyone
17 in this nation. And it is because of your
18 leadership and your continued oversight that we
19 have something left to pass on to future
20 generations. Thank you.

21 GOVERNOR CRIST: Thank you very much, Debbie.

22 MS. SALIBA: And next is Mr. Charles
23 Patterson.

24 GOVERNOR CRIST: Good morning.

25 MR. PATTERSON: Good morning, Governor and

1 General McCollum and CFO Sink. Thank you.

2 I'm here to represent 1000 Friends of Florida.
3 Our organization since 1986 has been involved with
4 the Keys issues. I personally lived and worked as
5 a planner in the Keys for six years for both the
6 County and DCA and had another six years with DCA
7 watching Keys issues like you are doing today.

8 We fully support your staff's recommendation.
9 We think that's a positive thing to move forward.
10 And that, of course, then means recognizing that
11 substantial progress has not been made and that the
12 Area of Critical State Concern designation needs to
13 be continued.

14 Richard Grosso mentioned the working draft. I
15 think that's an excellent basis for moving forward.
16 I hope the Commission will direct the parties
17 involved to focus on several of the key issues that
18 are in there, habitat issues that clearly need
19 attention. The Carrying Capacity Studies looked at
20 hurricane evacuation times. That's crucial.
21 Affordable housing continues to need attention.
22 Land acquisition itself definitely needs more work.

23 But we are here to thank you, the Department
24 of Community Affairs, the Department of
25 Environmental Protection, and Monroe County for all

1 the good work to get us to this point. We hope
2 that you will stay the course and follow the
3 recommendations that are in that draft working
4 paper. Thank you.

5 GOVERNOR CRIST: Thank you, Charles.

6 MS. SALIBA: If there aren't any questions,
7 Governor, I recommend that we move to the action
8 items.

9 GOVERNOR CRIST: Any questions, comments?

10 Go ahead, Lisa.

11 MS. SALIBA: Thank you. In addition to those
12 that you had the pleasure to hear from today, we
13 had a few behind-the-scenes staff that were
14 critical to this process, and I just wanted to
15 mention them so that you know that there are good
16 people in State Government that assist us in
17 resolving issues.

18 GOVERNOR CRIST: There's a lot of good people
19 in State Government.

20 MS. SALIBA: Yes, there are. Especially at
21 DCA, I just wanted to mention Craig Diamond,
22 Rebecca Jetton, and Mayte Santa Maria that were
23 critical in assisting us formulate the staff
24 position.

25 GOVERNOR CRIST: Thank you very much.

1 MS. SALIBA: What we would like to do is take
2 up first the Year 10 Annual Assessment Report as
3 Item 2A and vote on it. Our staff recommendation
4 includes -- we recommend that you accept the DCA
5 revised report and the finding that substantial
6 progress was not achieved in year 10. We also
7 recommend and ask you to direct staff to process
8 Monroe County's petition for variance or waiver of
9 the 20 percent ROGO allocation reduction. We're
10 recommending that no reduction in the unit
11 allocations be taken pending a determination by the
12 Commission on that waiver. And we also recommend
13 extension of the designation of Area of Critical
14 State Concern for another year. And that would
15 relate to the 10 year report, those actions.

16 GOVERNOR CRIST: So you want a motion on 2A
17 now?

18 MS. SALIBA: 2A, yes, sir.

19 GOVERNOR CRIST: Is there a motion?

20 CFO SINK: I move it.

21 GOVERNOR CRIST: Is there a second?

22 ATTORNEY GENERAL McCOLLUM: I'll second it,
23 Governor, but I would like a question, if I could.

24 GOVERNOR CRIST: Go ahead, General, of course.

25 ATTORNEY GENERAL McCOLLUM: I would just like

1 to say that I think obviously the progress is slow.
2 It is being made. I commend you, Mayor and
3 Commissioner and the others who are doing this.
4 But if anybody needs prodding along the way for
5 some wayward stragglers to support what you're
6 doing, I for one am willing to put on the record
7 that while I'm willing to do the waiver and the
8 variance for the ROGO requirements this time, if we
9 don't see the progress that you have indicated that
10 you expect, in terms of the plans at least -- I
11 realize there's money for the wastewater, but for
12 at least the plans going forward, the next time
13 this appears before this Commission, I'm not going
14 to feel so compelled to agree to that.

15 So at least one member of the Commission is on
16 record as letting you know -- and that's not for
17 your benefit, Mayor. It's for the benefit of any
18 of the ones who might be dissident somewhere along
19 the way to understand that. I think it is
20 important that we lay down a mark and we not be
21 disappointed next time in the outcome of your
22 efforts on the plans.

23 Thank you. Thank you, Governor.

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

1 MS. SALIBA: Item 2B relates to the Department
2 of Community Affairs Florida Keys Area of Critical
3 State Concern Removal of Designation Report.
4 That's a mouthful. We recommend that you accept
5 the DCA report and the finding that substantial
6 progress was not achieved. We are recommending the
7 change in the status of year 8 Task Q -- that's
8 related to hurricane evacuation to in-progress
9 status -- because of its relationship to the
10 ongoing study of carrying capacity and its
11 implementation. That's --

12 GOVERNOR CRIST: Is there a motion? Go ahead.
13 Please continue.

14 MS. SALIBA: Yes. I'll roll it all together
15 for you.

16 GOVERNOR CRIST: You took a breath, and I
17 thought you were done.

18 MS. SALIBA: I apologize.

19 The second part to this relates to our future
20 action. We ask you to direct staff to prepare and
21 present the 30-day report required under
22 380.0552(4), and we'll return to the October 28th
23 Commission meeting for your consideration. In that
24 report, we will provide direction to the local
25 governments and any clarification that we need to

1 make in the rules to assist them in implementing
2 the actions of the Commission.

3 GOVERNOR CRIST: Are you done?

4 MS. SALIBA: And that is a motion for -- I'm
5 sorry.

6 GOVERNOR CRIST: Don't be sorry. Is there a
7 motion on 2B?

8 ATTORNEY GENERAL McCOLLUM: I move 2B to be
9 approved.

10 GOVERNOR CRIST: Is there a second?

11 CFO SINK: Second.

12 GOVERNOR CRIST: Moved and seconded. Did you
13 have a question on that, General McCollum?

14 ATTORNEY GENERAL McCOLLUM: No.

15 GOVERNOR CRIST: Show it approved without
16 objection.

17 MS. SALIBA: Thank you very much.

18 GOVERNOR CRIST: Thank you, Lisa. And, Mayor,
19 again, thank you very much for your leadership.
20 Commissioner, Representative Saunders, and all
21 concerned with DCA, great work.

22

23

24

25

1 GOVERNOR CRIST: Board of Trustees. Secretary
2 Sole, good morning, sir.

3 MR. SOLE: Good morning, Governor.

4 GOVERNOR CRIST: How are you?

5 MR. SOLE: I'm well, sir.

6 Item Number 1, submittal of the minutes from
7 the August 12, 2008 Cabinet agenda.

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

10 ATTORNEY GENERAL McCOLLUM: So moved. Second.

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

13 MR. SOLE: Governor and Cabinet members, Item
14 Number 2 is a request for a discussion, actually,
15 on value of Florida's ocean and coastal ecosystems.
16 And 2007 and 2008, the Florida --

17 GOVERNOR CRIST: Does anyone dispute the value
18 thereof?

19 MR. SOLE: The great thing that we're about to
20 present to you, Governor, is --

21 GOVERNOR CRIST: Go ahead. I'm sorry.

22 MR. SOLE: -- it is actually giving you some
23 tangible figures.

24 GOVERNOR CRIST: Beautiful, beautiful. Thank
25 you.

1 MR. SOLE: In fact, that was a priority
2 research initiative that the Florida Oceans and
3 Coastal Council identified.

4 GOVERNOR CRIST: Why don't we let things quiet
5 down so we can actually hear you, because this is
6 good stuff.

7 MR. SOLE: This is some good stuff.

8 GOVERNOR CRIST: Yes, sir.

9 MR. SOLE: Governor, the Oceans Council was
10 created in 2005 by the Oceans and Coastal Resource
11 Act. Each year, this group of scientists volunteer
12 their time to set research priorities and also
13 establish a statewide ocean research plan. One of
14 the key elements of that plan was to identify and
15 quantify the economic value of our ocean and
16 coastal resources. This report is second only to
17 California in coming up with a comprehensive
18 analysis of the economic vitality and benefits of
19 the coastal and ocean industries that support
20 Florida.

21 This morning we're joined by members of the
22 Florida Oceans and Coastal Council, and I would
23 like them to stand as I announce their names, just
24 to give you a flavor of some of the membership.

25 Dr. Karl Havens, director of Florida Sea

1 Grant; Dr. Peter Ortner, who is a professor at the
2 University of Miami and associate director of the
3 Cooperative Institute for Marine and Atmospheric
4 Sciences, or Studies; our friend Dr. Billy Causey,
5 southeast regional director, National Marine
6 Sanctuary Program; Holly Greening, executive
7 director, Tampa Bay Estuary Program; Jane Davis,
8 aquarium curator for The Living Seas at Walt Disney
9 World's Epcot; Dr. Ernest Estevez, director of Mote
10 Marine Laboratory's Center for Coastal Ecology; Jim
11 Gray, Coastal Conservation Association member and
12 representative on the Wildlife Foundation of
13 Florida Salt Water Hatchery and Habitat Initiative;
14 Jerry Sansom, executive director of the Organized
15 Fishermen of Florida; Jody Thomas, director of the
16 Nature Conservancy's South Florida Region; and
17 finally, Dr. Jim Cato, who is the senior associate
18 dean and director of the School of Natural
19 Resources and Environment at the University of
20 Florida.

21 Governor, briefly, I just want to give these
22 scientists our thanks for their volunteer hours
23 that they have presented to develop this work and
24 effort. For the last three years, they have put
25 Florida on a path to better understand our ocean

1 resources so we can preserve them and protect them.

2 .

3 And I think today I would like to ask Dr. Cato
4 to come to the podium to give us a brief
5 presentation on the recently completed study,
6 Florida's Ocean and Coastal Economies Report.

7 GOVERNOR CRIST: Before he speaks, why don't
8 we all publicly thank them very much for their hard
9 work and what they've done for Florida.

10 (Applause.)

11 DR. CATO: Good morning.

12 GOVERNOR CRIST: Good morning.

13 DR. CATO: Thank you for the opportunity to
14 make this brief presentation to you on the value of
15 Florida's ocean and coastal economy. This is a
16 project that was conducted by the National Ocean
17 Economics Program, which is -- there's only one in
18 the U.S. It's located at the Monterey Bay Aquarium
19 Research Institute in California. They were
20 assisted by university economists here in the state
21 at Florida Atlantic University and at the
22 University of Florida.

23 As Secretary Sole indicated, the Oceans
24 Council was created in 2005 to create an annual
25 science plan that the state agencies use to come to

1 you with their budget recommendations on high
2 priority research. We're building a web-based
3 resource assessment tool for citizens, for research
4 organizations and agencies to use. We are also
5 creating data standards across that we anticipate
6 state agencies will use to optimize their data use
7 in research and management. We have funded some
8 projects that enhance our state's ocean observing
9 capabilities. And the project that we're talking
10 about today, The Value of Our Ocean and Coastal
11 Economy, was one of our higher priority projects
12 that is now completed.

13 Just a moment to say that when I talk about
14 the coastal economy, I'm talking about economic
15 activity that occurs in our 35 coastal counties, of
16 which -- of our 67 counties, 35 actually touch the
17 coast. When I talk about the ocean economy, I'm
18 talking about ocean resources, or economic
19 activities that use ocean resources as inputs into
20 the production process or the economic -- to create
21 economic activity.

22 If you look at the results of this study,
23 Florida's ocean economy contributed \$25 billion in
24 revenue, and what I'm referring to is gross state
25 product or the net value of goods and services that

1 were produced in the state of Florida in 2006, and
2 that includes the multiplier effect, the direct,
3 indirect, and end use effects. If you look at the
4 coastal economy that occurs in our 35 coastal
5 counties, that figure is \$562 billion. 79 percent
6 of our state's economic --

7 GOVERNOR CRIST: I'm sorry. I'm sorry. Could
8 you say that again?

9 DR. CATO: 562 billion in revenue that's
10 occurring in our state's coastal counties.

11 GOVERNOR CRIST: \$562 billion annually in
12 revenue?

13 DR. CATO: Correct.

14 GOVERNOR CRIST: That's rather stunning.

15 DR. CATO: That's all economic activity that
16 occurs in the 35 coastal counties, and about 79
17 percent --

18 GOVERNOR CRIST: That's a ginormous number.

19 DR. CATO: It's huge. 79 percent of our
20 state's economic activity occurs in those 35
21 counties.

22 GOVERNOR CRIST: Excellent. Thank you.

23 DR. CATO: So 21 percent occurs in the
24 counties that --

25 GOVERNOR CRIST: It's a great way to stimulate

1 the economy, and no better time to try to do it
2 than right now, and enjoy Florida in the process.

3 DR. CATO: The perfect time.

4 If you look at the two most important sectors
5 that contribute to our ocean economy, and here I'm
6 talking about activity using resources of the
7 ocean, tourism and recreation represent 72 percent
8 of that activity. Transportation represents
9 18 percent. When we talk about tourism and
10 recreation, we're talking about such things as
11 marinas, hotels that have tourists on the beach,
12 any kind of recreation services. An example for
13 marine transportation would be the cruise lines,
14 container shipping, things that are transported on
15 the ocean.

16 So the take-home message here is, any kind of
17 activity that enhances those two sectors or harms
18 those two sectors really has a huge impact on our
19 ocean economy, because they're the very large ones.

20 Our tourism and recreation economy, ocean
21 economy in the state of Florida also represents
22 15 percent of our nation's economic activity in
23 that sector. It's huge. It represents 10 percent
24 of marine transportation on a nationwide basis.
25 Our ocean economy created 511,000 jobs, 13-1/2

1 billion in wages, and we're second only to
2 California in terms of ocean economic activity.

3 We have 20 major population centers in our
4 state. Fifteen of them are located in our coastal
5 counties around a bay, an estuary, or at the mouth
6 of a river that flows into the sea. So as we have
7 these huge population centers that are creating
8 economic activity, it's also very important that
9 those population centers act in a way that don't
10 harm our ecosystems around which they lie.

11 Just a few numbers from the coastal economy.
12 The 562 billion we've spoken about, 226 billion in
13 wages, and almost 6 million jobs. From 2003 to
14 2006, our coastal economy grew almost 18 percent.
15 Obviously, the last couple of years, that same
16 growth has not occurred. Of the 79 percent of our
17 economic activity that occurs in our coastal
18 counties, 50 percent occurs on the Atlantic side,
19 and 29 percent on the Gulf of Mexico side.

20 We're number one -- everyone likes to be
21 number one in something. We're number one in
22 cruise passengers. About half of our nations
23 cruise passengers embark from a Florida port.
24 We're number one in recreational salt water
25 fishing. We're number one in beach visits, and 16

1 percent of our nation's seasonal homes are in the
2 state of Florida.

3 GOVERNOR CRIST: Could you go back to that
4 last one for a second? I'm sorry. There it says
5 beach visits peaked at about 120 million
6 person-days.

7 DR. CATO: Yes.

8 GOVERNOR CRIST: Could you sort of define that
9 a little bit?

10 DR. CATO: What that means is, a person might
11 go to the beach 10 times a year. That's 10
12 person-days, so this one person going to beach one
13 day a number of times summed over all the people
14 that do that activity.

15 GOVERNOR CRIST: Thank you.

16 DR. CATO: The number has sort of peaked in
17 '05 and '06, probably due to the hurricane
18 activity, but that's a huge contributor to our
19 ocean economy, beach-going visits.

20 GOVERNOR CRIST: Thank you.

21 CFO SINK: Governor, are you a 200 person-day
22 beachgoer?

23 GOVERNOR CRIST: No. I would like to be, but
24 I'm not.

25 CFO SINK: Well, you were when you were a kid.

1 GOVERNOR CRIST: Well, yeah, just about, after
2 school, of course.

3 CFO SINK: Yes.

4 DR. CATO: The numbers I've spoken about now
5 are numbers that are actually created by economic
6 activity in the marketplace, but our ocean and
7 coastal resources create other kinds of economic
8 value that's a little more difficult to measure
9 that's called the non-market value. When we go to
10 the beach, when we go to a park, when we snorkel on
11 a reef or we go to a marine sanctuary, we actually
12 get economic value from that activity. We don't
13 have to pay sometimes to do that, but we do create
14 value that we wouldn't pay for, for example. So I
15 want to make the point that the numbers I've given
16 you don't include those non-market value estimates.
17 In our report --

18 GOVERNOR CRIST: Wait. I'm sorry. Say that
19 again, please.

20 DR. CATO: The numbers I gave you earlier
21 include only the actual dollar transactions that
22 occurred from economic activity, from doing that
23 activity. It doesn't include what we call
24 non-market value, the value we get from
25 participating in some of these activities. But in

1 our report --

2 GOVERNOR CRIST: Such as? Such as?

3 DR. CATO: The value someone might get from
4 snorkeling on a reef, for example. You don't have
5 to pay for that, but you might pay for that. It
6 has a value.

7 GOVERNOR CRIST: I got it. I understand.

8 DR. CATO: If you had to pay for it --

9 GOVERNOR CRIST: So the value, you know, if I
10 have a bay day instead of a beach day and I go out
11 in my boat, it costs me \$300 to fill it, you're
12 counting that as part of it. But the enjoyment you
13 get from being on it and how much --

14 DR. CATO: Yes. You get additional value from
15 fishing or doing whatever else you're doing --

16 GOVERNOR CRIST: Yes, sir. I got it.

17 DR. CATO: -- on that boat. It wouldn't
18 include that kind of value.

19 Some of the transitions that are ongoing in
20 the state, our seafood sector is transitioning from
21 a domestic harvesting and processing sector to one
22 where we import seafood for processing from other
23 countries and then retransport it to consumers
24 nationwide. We're number one in the cruise
25 industry, as I mentioned, but other regions are

1 beginning to gain some market share there. Our
2 cargo ports are very important, I'm talking about
3 marine transportation, but Savannah and Charleston
4 are actually larger ports of entry in the southeast
5 than any of the ports in Florida.

6 We did two things in this study that is the
7 first time they've ever been attempted. We tried
8 to measure the investment that our universities,
9 our laboratories, and our state and federal
10 agencies invested in marine research and education
11 in 2007. Of 55 institutions that we surveyed, 38
12 gave us data, and we're investing about
13 \$273 million of the budgets of those reporting
14 institutions, \$273 million in 2007. So that's a
15 big sector that's not only contributing valuable
16 research results, but also, it's an investment in
17 our state that's creating economic activity.

18 We also attempted to measure the value of
19 shoreline real estate stock. We took the nearest
20 shore parallel road around the state of Florida and
21 went to the Florida property tax records and
22 estimated the value of the real estate from that
23 road to the coast or to the beach, to the
24 shoreline. In 2007, the average single-family
25 residence by that definition was valued at

1 \$913,000, \$427,000 for condominiums, and 244,000
2 for other kinds of properties, residential
3 properties. The bottom line is, that's why we have
4 our insurance problem, hurricanes beating our
5 shorelines. That's extremely valuable property
6 ringing our shoreline.

7 The highest value is in South Florida, but
8 North Florida is picking up. You can see that
9 between 2002 and 2007, the Northwest grew at a
10 faster rate, as did the Big Bend, in terms of real
11 estate values.

12 So this is the first time we know of that this
13 attempt had been made to measure the stock of our
14 real estate value.

15 Some final observations. We have national
16 leadership in some of our key ocean and economic
17 sectors, and we have a strong asset base. Economic
18 cycles, anything that affects tourism and
19 recreation and marine transportation really affects
20 the ocean economy, as well as do the effect of
21 natural hazards. So these will be some of the
22 challenges I know that you face every day, but
23 they'll be even more significant in the future.

24 Thank you.

25 GOVERNOR CRIST: Doctor, thank you very much.

1 That's a great report.

2 MR. SOLE: Thank you, Governor and Cabinet.
3 Item Number 3 is being deferred at the request of
4 the applicant.

5 GOVERNOR CRIST: Do you need a motion on that,
6 Secretary?

7 MR. SOLE: Yes, sir.

8 GOVERNOR CRIST: Is there a motion to defer
9 Item 3?

10 CFO SINK: I move it.

11 ATTORNEY GENERAL McCOLLUM: Second.

12 GOVERNOR CRIST: Moved and seconded. Show it
13 deferred without objection.

14 MR. SOLE: Thank you. Item Number 4 is a
15 request for consideration of an option agreement to
16 acquire 19.5 acres within the Division of
17 Forestry's Point Washington State Forest located in
18 Walton County. The purchase price is 1,440,000,
19 which is 78 percent of the approved value. The
20 property consists of two lots to be managed by the
21 Division of Forestry and the Point Washington State
22 Forest. And this purchase and inholding will
23 provide for habitat for several threatened and
24 endangered species.

25 ATTORNEY GENERAL McCOLLUM: I so move it.

1 CFO SINK: Second.

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

4 MR. SOLE: Item Number 5, request for
5 consideration of an option agreement to acquire
6 80 acres within the Florida Fish and Wildlife
7 Conservation Commission's Andrews Wildlife
8 Management Area. This is located in Levy County.
9 The consideration is \$616,000, which is 96 percent
10 of the appraised value. This will be managed by
11 the Fish and Wildlife Conservation Commission as an
12 addition to the Andrews Wildlife Management Area.

13 GOVERNOR CRIST: Is there a motion on Item 5?

14 CFO SINK: Move it.

15 ATTORNEY GENERAL McCOLLUM: Second.

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

18 MR. SOLE: Thank you. My last item, Item
19 Number 6, requests consideration of a purchase
20 agreement to acquire 384.71 acres within the
21 Wekiva-Ocala Greenway Florida Forever project.
22 This is an A list project located in Orange County
23 that probably looks familiar to you, since we
24 brought it before you last Cabinet agenda.

25 Based upon the guidance of the Cabinet, the

1 seller has agreed to reduce the purchase price to
2 \$27,930,303. Because of that reduction in price,
3 there's a reallocation of the participants. The
4 Board of Trustees will be providing \$9,930,000, a
5 little over that, and will obtain 100 percent of
6 the fee title interest but for a 40,000-acre
7 allocation to Orange County. The Department of
8 Transportation will be providing \$15 million, and
9 finally, the Orlando-Orange County Expressway
10 Authority will be providing \$3 million, and they
11 will obtain 40,000 -- excuse me, 40 acres to be
12 conveyed to Orange County.

13 In addition to the purchase price, the
14 Expressway Authority is providing 2.5 million to
15 the seller for considerations of the seller's
16 attorneys, consultant fees, and costs relating to
17 the property or transaction.

18 ATTORNEY GENERAL McCOLLUM: I move Item 6.

19 CFO SINK: I second it.

20 GOVERNOR CRIST: Moved and seconded. I have a
21 question. Is the 27 million, 900-so thousand, is
22 that instead of 125 percent of value now down to
23 100 percent of valuation?

24 MR. SOLE: Governor, that is 100 percent of
25 the approved value, yes, sir.

1 GOVERNOR CRIST: CFO? No, I'm done. Go
2 ahead. Go ahead.

3 CFO SINK: I do understand that the plans are
4 that are in order to close this transaction, that
5 DEP will be advancing approximately \$15 million for
6 the Department of Transportation piece of this, and
7 I just would like to request that the Department of
8 Transportation or some other entity reimburse the
9 Florida Forever Fund for our interest lost.

10 MR. SOLE: Thank you.

11 CFO SINK: It will probably be about \$20,000,
12 I would think.

13 MR. SOLE: That's correct, CFO. Because of
14 the need to close based upon the purchaser's -- or
15 excuse me, the seller's request, we need to go
16 ahead and provide a bridge loan for the \$15 million
17 that DOT is providing that's expected to be
18 received within 14 days of closing. The title --
19 excuse me, the interest on that loan will be some
20 \$17,260, and the Expressway Authority has agreed to
21 reimburse the Board of Trustees for that.

22 CFO SINK: Thank you. And the second thing is
23 that this \$10 million that we're providing from the
24 Florida Forever funds, those represent 10 percent
25 of our total annual allocation of about

1 \$100 million to spend, so this is a pretty big
2 chunk. Ten percent of our total amount, our
3 allocation, is going to this one particular
4 property. And although some people do believe it
5 was important, and it was in the legislation that
6 we were required to buy this piece of property, we
7 do have other -- we're in an environment where
8 there are many, many willing sellers of properties
9 that are actually on our top 21 list that we have.

10 And so I think we just -- as we go forward, we
11 don't want to be taking these big huge chunks and
12 then come up at the end of the day and have some
13 fantastic, wonderful opportunity that we miss out
14 on because we haven't been thinking far enough
15 ahead. And, Mike, I assume that you'll be working
16 with us to determine what these priorities are,
17 because I know there are many fantastic
18 opportunities out there, Governor, that we would
19 all be proud to put into the inventory of Florida
20 Forever.

21 GOVERNOR CRIST: Sure.

22 MR. SOLE: Yes, ma'am. And without question,
23 this is a top 21 priority project under Florida
24 Forever, as the CFO identified. And clearly, under
25 Wekiva Protection Act or Parkway Protection Act,

1 this was identified as a critical parcel for the
2 State to acquire. I know Senator Constantine, who
3 worked on that act, is here in support of that.
4 And this has been an important project, I think,
5 for all of Central Florida, and I'm grateful for
6 the Cabinet's direction for \$10 million. We've
7 contributed only some 35 percent, but we're getting
8 100 percent of the title interest, so this is a
9 good deal for the Board of Trustees, and I do
10 appreciate your guidance.

11 GOVERNOR CRIST: Thank you. General, did you
12 have a comment?

13 ATTORNEY GENERAL MCCOLLUM: I would just like
14 to commend you for the negotiations. And I don't
15 know the motive of the seller, but I'm certainly
16 pleased that he chose to come down with his price.
17 That was a very good result. Congratulations.

18 MR. SOLE: Yes, sir.

19 GOVERNOR CRIST: So we have a motion and a
20 second, and it looks like it is approved without
21 objection, so please show it as such.

22 MR. SOLE: Thank you.

23 GOVERNOR CRIST: I'm very pleased with this
24 result, Mr. Secretary. Thank you on behalf of the
25 taxpayers of not only Central Florida, but all of

1 Florida.

2 MR. SOLE: Yes, sir. Thank you.

3 GOVERNOR CRIST: Thank you.

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 GOVERNOR CRIST: State Board of
2 Administration, Bob Milligan. General.

3 GENERAL MILLIGAN: Top of the morning.

4 GOVERNOR CRIST: Top of the day.

5 GENERAL MILLIGAN: Item 1 is a request of
6 approval of the minutes of September 16.

7 ATTORNEY GENERAL McCOLLUM: So move. So move
8 to approve.

9 CFO SINK: Second.

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

12 Senator Constantine, I wanted to thank you for
13 your presence today. Hope you're doing well, sir.

14 I'm sorry, General. Forgive me.

15 GENERAL MILLIGAN: We need to let it quiet
16 down a little bit anyway.

17 Item 2, I thought it was important with what
18 has happened over the past week or 10 days that
19 both Ben Watkins and I be here this morning, really
20 to address any issues that you may have regarding
21 both the bond finance side of the house as well as
22 the retirement fund.

23 Let me just make a couple of comments first.

24 As a result of really the policies that the
25 Trustees have provided to the Retirement Fund, we

1 have, obviously, a long-term view, and so you go up
2 and you go down, and over time, it pretty much all
3 evens out. We are, for example, today rebalancing
4 because some of the funds -- fixed income, for
5 example, is overweight in domestic, and foreign
6 equities are underweight, and we're rebalancing,
7 which is part of the policy that you established
8 for us to operate within asset classes.

9 What that means, though, in the long run --
10 and this was really kind of a very pleasant
11 surprise yesterday. And this is a preliminary
12 result, so it may change slightly. But it's a
13 preliminary result of the actuarial assumptions of
14 the Estimating Conference. This is the conference
15 that is held by the Department of Financial --
16 excuse me, the Department of -- DMS, Department of
17 Management Services.

18 GOVERNOR CRIST: Management Services, yes,
19 sir.

20 GENERAL MILLIGAN: The Retirement System,
21 really, to determine what the contribution rate
22 should be by governments that are participating in
23 our Retirement System in preparation for the
24 Legislature's activity. And per the Milliman,
25 which is the actuarial group that does this work,

1 they indicate a funding ratio effective July 1,
2 2008 -- this is after a very tumultuous year, and
3 it is up through July 1, 2008 -- that the ratio is
4 still at 107.1 percent. That means we are still
5 with a surplus of 7.1 percent and a surplus of
6 \$8.7 billion. What that reflects, really, is the
7 fact --

8 GOVERNOR CRIST: I'm sorry. Could you say
9 that last number again, General?

10 GENERAL MILLIGAN: \$8.7 billion.

11 GOVERNOR CRIST: Surplus.

12 GENERAL MILLIGAN: Surplus.

13 GOVERNOR CRIST: Thank you.

14 GENERAL MILLIGAN: What that -- and this is
15 preliminary, and it may change slightly.

16 GOVERNOR CRIST: I understand.

17 GENERAL MILLIGAN: But what that reflects
18 really is the policy that you all have established
19 that is a long-term, a long-run policy for the
20 retirement fund, that we take the ups and we take
21 the downs, and we're able to work our way through
22 them. So there's not really good news. Obviously,
23 the past three months have not been particularly
24 worthwhile, and who knows what the effect may be
25 over this next year. But clearly, the policies

1 that are in place enable us to withstand down times
2 and obviously benefit from up times.

3 So with that, maybe you've got some issues
4 with -- Ben? Where is Ben? Come up here, Ben.
5 Don't get too far away. Perhaps on the credit side
6 of the house particularly.

7 GOVERNOR CRIST: Sure. I wanted to thank you
8 for that, General. And as you know, and I
9 discussed with the CFO, I visited BlackRock in New
10 York last week, and they hold just in excess of
11 about \$7 billion in our pension fund and reported
12 to me at that time that they were doing well, they
13 were in the black, and very conservative
14 investments that they have made. So you're right.
15 It's consistent with the philosophy of the -- of
16 this panel.

17 GENERAL MILLIGAN: Any questions, comments?

18 CFO SINK: Well, I think Ben --

19 GOVERNOR CRIST: CFO, please.

20 CFO SINK: -- should give us kind of an
21 outlook, particularly with what kind of borrowings
22 do we have kind of coming up, Ben, and are we going
23 to be impacted by this current freeze out in the
24 credit markets?

25 GOVERNOR CRIST: Ben Watkins. Good morning,

1 sir.

2 MR. WATKINS: Thank you, sir.

3 GOVERNOR CRIST: How are you?

4 MR. WATKINS: Very well, thank you.

5 As you all are well aware, we have been -- are
6 confronted with historical and unprecedented events
7 in the credit markets, and the impact has been that
8 the credit markets are not functioning efficiently
9 and not functioning properly. And we are a very
10 small component of the other overall market, and
11 there is collateral damage to the municipal market,
12 the tax-exempt market, which is the market that
13 state and local governments borrow money through.

14 Currently, the municipal market for all
15 practical purposes is frozen. It's closed. Local
16 governments in the state, we have delayed any
17 financings just in general. There are no new money
18 borrowings of significance that have been taking
19 place over the last couple of weeks.

20 In the short-term market, in the variable rate
21 market where interest rates are reset each week,
22 the interest rates two weeks ago reset at
23 5 percent, and normally they've been between 1-1/2
24 and 2. They reset at 5, and then last week it
25 reset at 8 percent. And this is all indicative of

1 the liquidations occurring by investors, investors
2 going to the tax-exempt money market funds and
3 saying, "I want to withdraw funds."

4 And we have -- see, this is not -- this is
5 another chapter in a long book. It's been a year
6 and a month since the credit crisis started to
7 impact the municipal market. We have experienced
8 this before, this temporary freezing of the credit
9 markets where issuers didn't have access to borrow
10 money. It occurred back in February with the
11 collapse of the auction rate securities market and
12 the illiquidity that resulted in the tax-exempt
13 market from that market phenomenon. It took a
14 couple of weeks in that instance for the market to
15 regain its footing and for stability to return to
16 our market, and then our ability to then be able to
17 access the credit markets to borrow for the bond
18 programs that we administer.

19 We are beginning our third week of the
20 freezing of the municipal market. Because of the
21 way we implement financings, we borrow as we need
22 money, and we normally stay at least a quarter
23 ahead of the game, if you will. So we're not in a
24 position where we're having to delay things that
25 will cause a delay in the projects that are being

1 funded by the borrowings. And I have confidence in
2 the resiliency of our markets and that they will in
3 fact return to normal at some point.

4 The uncertainty is, I don't see clearly what
5 the catalyst for stability and the return to
6 normalcy will be. It's not an acute situation for
7 us currently, but it will be if this persists, the
8 problem persists for an extended period of time.

9 On the short-term debt, fortunately, we only
10 have 100 million out of \$21 billion in variable
11 rate debt outstanding, so that component of the
12 portfolio is very manageable financially. But
13 there are other issuers who may have a greater
14 proportion of their debt in variable rate, and they
15 will experience more significant financial
16 consequences for the increase in borrowing costs.

17 So the bottom line is, I'm confident in the
18 resiliency of the markets. It's not creating a
19 problem for us currently. But if this goes on for
20 an extended period of time, we will be challenged
21 to have access to the credit markets to borrow
22 money to fund the projects for schools and roads
23 and acquiring environmentally sensitive lands. So
24 I'm hopeful in looking for a solution, hopefully
25 from Washington, to provide some stability to our

1 markets.

2 CFO SINK: Thank you.

3 GOVERNOR CRIST: Any questions? Thank you,
4 Ben.

5 GENERAL MILLIGAN: Unless you have further
6 questions or comments, that concludes the State
7 Board of Administration.

8 GOVERNOR CRIST: Thank you, General. We stand
9 adjourned.

10 (Proceedings concluded at 11:10 a.m.)

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE OF REPORTER

STATE OF FLORIDA:

COUNTY OF LEON:

I, MARY ALLEN NEEL, Registered Professional Reporter, do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter translated under my supervision; and the foregoing pages numbered 1 through 86 are a true and correct record of the aforesaid proceedings.

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

DATED THIS 16th day of October, 2008.

MARY ALLEN NEEL, RPR, FPR
2894-A Remington Green Lane
Tallahassee, Florida 32308
(850) 878-2221

