

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

Representing:

STATE BOARD OF ADMINISTRATION
DIVISION OF BOND FINANCE
FINANCIAL SERVICES COMMISSION, FINANCIAL REGULATION
DEPARTMENT OF REVENUE
AGENCY FOR ENTERPRISE INFORMATION TECHNOLOGY
FLORIDA LAND AND WATER ADJUDICATORY COMMISSION
POWER PLANT AND TRANSMISSION LINE SITING BOARD
BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Crist presiding,
in the Cabinet Meeting Room, LL-03, The Capitol,
Tallahassee, Florida, on Tuesday, January 27, 2009,
commencing at approximately 9:06 a.m.

Reported by:

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APPEARANCES:

Representing the Florida Cabinet:

CHARLIE CRIST
Governor

CHARLES H. BRONSON
Commissioner of Agriculture

BILL McCOLLUM
Attorney General

ALEX SINK
Chief Financial Officer

* * *

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(Presented by ASH WILLIAMS)

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CERTIFICATE OF REPORTER 61

*Non-agenda item - Florida Forever

P R O C E E D I N G S

(The agenda items commenced at 9:19 a.m.)

GOVERNOR CRIST: Our next cabinet meeting will be Tuesday, February the 10th. And now we get to our agenda. State Board of Administration, Ash Williams. Good morning, Ash.

MR. WILLIAMS: Good morning, Governor and Trustees. Item 1 is approval of the minutes from January 13th.

CFO SINK: Move approval.

ATTORNEY GENERAL McCOLLUM: Second.

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

MR. WILLIAMS: Item 2 is a fiscal sufficiency, Florida education, public education capital outlay bonds.

GOVERNOR CRIST: Is there a motion on Item 2?

CFO SINK: I move it.

ATTORNEY GENERAL McCOLLUM: Second.

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

MR. WILLIAMS: Item 3 is a fiscal determination for the Florida Housing Finance Corporation homeowner mortgage revenue bonds.

ATTORNEY GENERAL McCOLLUM: Move Item 3.

1 CFO SINK: Second.

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

4 MR. WILLIAMS: Item 4, a fiscal determination,
5 another Florida Housing Finance Corporation
6 transaction, multifamily mortgage revenue bonds.

7 CFO SINK: I move it.

8 ATTORNEY GENERAL McCOLLUM: Second.

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

11 MR. WILLIAMS: Item 5, request approval for
12 the draft letter to Joint Legislative Auditing
13 affirming that the Trustees have reviewed and
14 approved monthly Local Government Investment Pool
15 management summary reports.

16 ATTORNEY GENERAL McCOLLUM: I move Item 5.

17 CFO SINK: Second.

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

20 MR. WILLIAMS: Item 6, request authority to
21 file a notice of proposed rulemaking, and for
22 adoption if no member of the public requests a rule
23 hearing, for five rules relating to the Florida
24 Hurricane Catastrophe Fund.

25 ATTORNEY GENERAL McCOLLUM: Move Item 6.

1 CFO SINK: Second.

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

4 MR. WILLIAMS: Thank you.

5 GOVERNOR CRIST: Thank you, Ash. Appreciate
6 it. Thank you very much.

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

3 MR. WATKINS: Good morning, Governor and
4 Cabinet members.

5 GOVERNOR CRIST: How are you?

6 MR. WATKINS: Good morning. Item Number 1 is
7 minutes from the December 9th meeting.

8 COMMISSIONER BRONSON: Motion on Item 1.

9 ATTORNEY GENERAL McCOLLUM: Second.

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

12 MR. WATKINS: Item Number 2 is a resolution
13 authorizing the competitive or negotiated sale of
14 up to \$200 million in public education capital
15 outlay bonds for the continued funding of school
16 construction.

17 ATTORNEY GENERAL McCOLLUM: Move Item --

18 COMMISSIONER BRONSON: Motion on Item 2.

19 ATTORNEY GENERAL McCOLLUM: Second.

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

22 MR. WATKINS: Item Number 3 is a report of
23 award on the competitive sale of \$60 million in
24 university system improvement bonds. The bonds
25 were submitted for bid on December 16th and awarded

1 to the low bidder at a true interest cost of
2 approximately 6.16 percent.

3 ATTORNEY GENERAL McCOLLUM: Move Item 3.

4 COMMISSIONER BRONSON: Second.

5 CFO SINK: Governor, can I just ask a
6 question?

7 GOVERNOR CRIST: Of course.

8 CFO SINK: Do you want to go ahead and pass
9 it?

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

12 CFO SINK: Would you just make a comment on
13 this 6.15 percent rate? It just seems so high.
14 Did we have to -- of course, I know what was going
15 on in the markets, but did we have to do this
16 particular one at this given time? Did you think
17 about delaying it and waiting? Just comment, Ben,
18 please, about that rate.

19 MR. WATKINS: We had 6.1. We've experienced
20 both favorable market conditions as well as very
21 unfavorable market conditions over the course of
22 the last three months. And in fact, as you all are
23 aware, there have been periods of time where the
24 market has been closed entirely.

25 We maintain the discipline -- the way we

1 administer these bond programs, our discipline is
2 to execute financings when the agencies need money
3 to fund the projects. And this financing was
4 actually approved in August, and so it had been
5 substantially delayed already because of the credit
6 crisis and the lack of access to the market. So we
7 had an opportunity to sell it in December. Even
8 though the market conditions were not favorable, we
9 did have market access, and so we went ahead and
10 sold it.

11 And so over the course even of the last month,
12 we've experienced both unfavorable market
13 conditions towards the end of -- well, for the
14 month of December. Even though the market was
15 functioning, market interest rates were higher than
16 they normally had been. And we've also experienced
17 very favorable market conditions. The first two
18 weeks in January, interest rates improved
19 dramatically. And so it's really a reflection of
20 how fragile the credit markets are and how volatile
21 the credit markets are. And so --

22 CFO SINK: What would you ordinarily expect an
23 AA-rated revenue bond like this to go out at? A
24 year ago, what would it have been?

25 MR. WATKINS: A year ago, it would have been

1 5 percent, 5 to 5 1/2 percent.

2 CFO SINK: And do we have the option on these
3 bonds to refinance them, or would there be
4 penalties involved?

5 MR. WATKINS: We will have --

6 CFO SINK: In some later year if the rates get
7 more normalized.

8 MR. WATKINS: We always have the opportunity
9 to refinance them if interest rates move lower.

10 COMMISSIONER BRONSON: Governor, if I might.

11 GOVERNOR CRIST: Yes, of course, Commissioner.

12 COMMISSIONER BRONSON: One of the things
13 that's bothering me, considering that I think the
14 American people with their tax dollars are taking a
15 big chance of putting money back into some of these
16 groups that -- you know, I only know what I read in
17 the newspaper, but if some of these groups are out
18 spending the money the way I've been hearing, the
19 tax dollars that are being put in to try to help
20 get our economy back, that scares me more about
21 some of our investments and whether these companies
22 really understand the gravity of -- you know,
23 somebody has got to make this up at some point.
24 It's not like a freebie. Somebody has got to make
25 it up. And if their actions continue, to buy jet

1 airplanes and do other stuff with this money
2 instead of concentrating on getting the best out of
3 the economy that we can, I'm really concerned about
4 that, because I'm not sure they're learning a whole
5 lot from this process.

6 And it doesn't appear that there were at least
7 enough strings attached to that money to force the
8 issue of coming back and telling people how this
9 money is being spent and whether it's being used in
10 a more frugal way than it was before. That scares
11 me about our investment with the same companies who
12 have almost gone, if you will, belly-up in this
13 process. So if they're doing the same thing over
14 again and nobody has gotten a handle on it, I'm not
15 sure in the end that we're in any better shape than
16 we were just a few months ago with the attitude of
17 some of these lending institutions, because their
18 actions put us in jeopardy, and I'm a little
19 concerned about that. Do you know of anything that
20 the Feds are doing to control the actions of
21 these --

22 MR. WATKINS: Congress is taking a hard look
23 at how the money, how the first leg of TARP was
24 utilized and making some judgments about the
25 appropriate checks and balances and accountability

1 and transparency, and that clearly is front and
2 center in terms of the debate that's taking place
3 in Washington. There's a second leg of TARP and
4 the use of second half of the money where Congress
5 has waded in and made some judgments about -- and
6 expressed the same concerns that you are
7 expressing.

8 On the first leg, in my opinion, it's a sign
9 of how desperate they felt the situation was with
10 respect to getting capital into these financial
11 institutions in order to protect the stability or
12 to keep the financial markets from collapsing,
13 quite honestly. And so I think they're probably
14 getting better as they go, but there's still some
15 shortcomings and difficulties in getting the
16 results that they would like to get with how
17 they're using the money under the Troubled Asset
18 Recovery Program.

19 CFO SINK: Governor, could I just ask --

20 GOVERNOR CRIST: Yes, of course.

21 CFO SINK: Commissioner Bronson, I absolutely
22 share with you this concern about the
23 accountability and how the money is being spent.
24 This morning on the way in I heard an NPR report
25 about some of the concerns about how this next

1 stimulus package is going to be spent. And, you
2 know, it's easy for people in the public eye just
3 to pick out one particular project and criticize
4 it, but Representative Boehner is criticizing a
5 proposal to resod the National Mall. And we would
6 like for there to be a proposal to resod the
7 National Mall, because it creates jobs and it's
8 good for Florida. And maybe you could ask
9 Representative Boehner to pick another project in
10 there that he doesn't like, because if we resod the
11 National Mall in Washington, it's going to create
12 good things for Florida farmers and a lot of things
13 for our workers too.

14 ATTORNEY GENERAL McCOLLUM: If I can ask just
15 one question.

16 GOVERNOR CRIST: Attorney General.

17 ATTORNEY GENERAL McCOLLUM: Is the interest
18 rate coming down? I know this is a 6.125 cost. My
19 impression is that rates are getting better even as
20 we speak. Is that correct?

21 MR. WATKINS: Yes, sir. Interest rates
22 improved dramatically between December and January,
23 and it's reflected on the next report of award,
24 which is a PECO transaction where the -- this is a
25 30-year loan that we sold at a true interest cost

1 of 4.71 percent as opposed to the 6.15,
2 6.15 percent on the university financing. And that
3 reflects a tremendous improvement in interest
4 rates, actually unprecedented. We just have not
5 seen that -- a 1 1/2 percent change in interest
6 rates in the course of a month is highly unusual
7 for our markets. In fact, I haven't seen --

8 ATTORNEY GENERAL McCOLLUM: We're locked into
9 this higher interest rate in this particular
10 proposal because of the agreement that already
11 exists or that we're about to approve; is that
12 right?

13 MR. WATKINS: Yes, sir. The commitment has
14 already been made and the bonds have been sold.

15 CFO SINK: Governor, let me just point out, if
16 my information is correct, there is a little bit of
17 a difference between the item we're discussing and
18 the next one, because this item is a AA-rated, and
19 I think the next item was a AAA-rated.

20 MR. WATKINS: Yes, ma'am.

21 CFO SINK: So there would be a little spread
22 in there, a quality spread, if you will.

23 MR. WATKINS: Absolutely.

24 GOVERNOR CRIST: Very good.

25 MR. WATKINS: So interest rates have improved.

1 Market conditions have become more favorable.
2 We've taken advantage of those, both with the PECO
3 sale as well as with an item that's not on the
4 agenda because it is not before this Board. But in
5 the first week in January, we sold \$250 million in
6 revenue bonds to fund the State Revolving Loan Fund
7 program, which is loans to local governments for
8 water and sewer projects. And that was a
9 \$250 million transaction, and the interest rate on
10 those bonds was 4.42 percent.

11 ATTORNEY GENERAL McCOLLUM: So whether it's
12 the AA or the AAA, they're coming down or have come
13 down substantially?

14 MR. WATKINS: They have come down. The
15 appetite has been there. The strength in the
16 market has been there. And so we will continue to
17 be opportunistic in taking advantage of favorable
18 market conditions as they are presented to us.

19 ATTORNEY GENERAL McCOLLUM: Thank you.

20 GOVERNOR CRIST: Thank you.

21 MR. WATKINS: Item Number 4 is a report of
22 award on the competitive sale of \$200 million in
23 PECO bonds. The bonds were sold on January 14th
24 and awarded to the low bidder at a true interest
25 cost of approximately 4.71 percent.

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

2 CFO SINK: Move it.

3 ATTORNEY GENERAL McCOLLUM: Second.

4 GOVERNOR CRIST: Moved and seconded. Show it
5 approved without objection. Thank you, Ben.

6 MR. WATKINS: Thank you, sir.

7 GOVERNOR CRIST: Appreciate it.

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1 GOVERNOR CRIST: Office of Financial
2 Regulation, Alex Hager. Good morning.

3 MR. HAGER: Good morning, Governor and
4 Commission members.

5 Item Number 1 are several sets of minutes for
6 your approval, beginning with the minutes of
7 September 30, October 14th, October 28th,
8 November 20th, and December 9th.

9 ATTORNEY GENERAL McCOLLUM: I move the
10 approval of these minutes.

11 COMMISSIONER BRONSON: Second.

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

14 MR. HAGER: Item Number 2, the Office requests
15 approval to file for final adoption amendments to
16 Rule Chapter 69B-40, Florida Administrative Code,
17 relating to Florida mortgage brokerage and mortgage
18 lending. Section 494.0033, Florida Statutes,
19 requires the Office of Financial Regulation to make
20 available an electronic version of the mortgage
21 broker's test. Persons required to take the test
22 are required to bear the actual cost for the
23 electronic version. The proposed rule implements
24 these statutory requirements.

25 CFO SINK: Move it.

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COMMISSIONER BRONSON: Second.

GOVERNOR CRIST: Moved and seconded. Show
Item 2 approved without objection. Thank you very
much.

MR. HAGER: Thank you.

1 GOVERNOR CRIST: Department of Revenue, Lisa
2 Echeverri. Good morning.

3 MS. ECHEVERRI: Good morning. We have two
4 items for approval. The first item requests
5 approval of the minutes from the December 9th, 2008
6 meeting.

7 ATTORNEY GENERAL McCOLLUM: I move Item 1.

8 COMMISSIONER BRONSON: Second.

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

11 MS. ECHEVERRI: Item 2 requests permission to
12 begin the rulemaking process for several rules
13 related to sales tax, fuel and pollutants tax,
14 secondhand dealers, and general administrative
15 procedures. These rules will update to reflect
16 legislative changes, provide better guidance for
17 taxpayers, improve the language of the rules to
18 provide for plain language, and to make some
19 technical corrections. There will be ample
20 opportunity for public comment and changes to these
21 rules as a result of hearings and comments from the
22 public before you see them again. We request
23 approval to move forward with rulemaking.

24 ATTORNEY GENERAL McCOLLUM: Move Item 2.

25 COMMISSIONER BRONSON: Second.

1 GOVERNOR CRIST: Moved and seconded. Show
2 Item 2 approved without objection. Thank you,
3 Lisa.

4 MS. ECHEVERRI: Thank you very much.

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1 GOVERNOR CRIST: Enterprise Information
2 Technology, Dave Taylor.

3 MR. TAYLOR: Good morning.

4 GOVERNOR CRIST: Good morning. How are you?

5 MR. TAYLOR: I'm doing fine. Thank you.

6 The first item is to respectfully request
7 approval of the minutes of July 31, 2007.

8 COMMISSIONER BRONSON: Motion for approval of
9 Item 1.

10 CFO SINK: Second.

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

13 MR. TAYLOR: Thank you. Item Number 2, the
14 Agency for Enterprise Information Technology
15 requests the approval of its annual operational
16 work plan. This 2008-2009 operational work plan
17 outlines only the deliverables defined in statute
18 and the Laws of Florida. The plan details
19 deliverables in three major areas:

20 First, agency administrative and operational
21 activities. Those are the activities that we're
22 required to do to stand up a brand new agency.

23 The second area is information security. The
24 Office of Information Security is responsible for
25 assisting state agencies in identifying and

1 mitigating threats to all data and information
2 technology resources.

3 And third, the Enterprise Office of Strategic
4 Policy and Planning develops strategies for the
5 monitoring and design and delivery of Enterprise
6 Information Technology services that are
7 established in law, to make recommendations to the
8 agency heads and the Legislature on other
9 Enterprise Information Technology services that
10 should be established in law, and plan and
11 establish policies for proposed statutorily
12 authorized Enterprise Information Technology
13 services.

14 This work plan was presented to the Chief
15 Information Officers Council in their monthly
16 public meeting for review and comment on
17 November 17, 2008. No significant comments have
18 been received to date. AEIT also posted the plan
19 on its agency's website and invited public comment
20 from others, from citizens and other IT
21 professionals. We're now respectfully submitting
22 this plan to the Governor and Cabinet for approval,
23 after which the plan will be submitted to the
24 President of the Senate and the Speaker of the
25 House of Representatives.

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

3 COMMISSIONER BRONSON: I have a question.

4 GOVERNOR CRIST: Commissioner.

5 COMMISSIONER BRONSON: Thank you, Governor.
6 We've had the opportunity to meet and talk about a
7 number of things concerning the consolidation, and
8 it is clear that under certain circumstances -- and
9 I think the Gartner report showed that of all the
10 agencies, 11 had short-term savings based on some
11 things that have already been accomplished, but
12 some of the others, including the Department of
13 Agriculture, have had a little tough time. I think
14 it has cost us almost \$2 million more so far simply
15 because we do a number of things that no other
16 agency does, and we have to have some specialized
17 networking with federal agencies in our IT issues,
18 as well as county and other groups.

19 So I just -- I wanted to bring that up to let
20 everyone know that David and our group have been
21 talking, and his people, about how do we get to the
22 point to where we can meet all the needs of all the
23 agencies. And my concern all along was, we have
24 some very time sensitive issues concerning Homeland
25 Security, food safety, those types of things that

1 we have to get that information to other agencies
2 as quick as possible, as well as to be able to talk
3 to one another between our laboratories doing
4 testing, our law enforcement agency, and/or our
5 firefighters if they're involved in some process,
6 and others.

7 So I have great hopes that this is going to
8 work to everybody's satisfaction, but I'm also
9 concerned, Governor, that because of the cost of IT
10 and because of unexpected costs, such as the last
11 two years, almost 2 million extra dollars in fuel
12 costs that I didn't have in, although I requested
13 it in the budget, and nobody accounted for that,
14 and that was 2 million right off the top. If I get
15 enough of those, I've got a real problem on my
16 hands trying to run the office of the Department of
17 Agriculture and Consumer Services. So I'm still
18 antsy.

19 And I'm not a computer person. I let David
20 know that right off the bat. I'm so secure with
21 computers, I won't even have one on my desk. I'm
22 afraid somebody will put something on it that I
23 don't know how to either take it off or do anything
24 with, so I don't -- I let other people worry about
25 those problems, and I worry about running the

1 Department.

2 But I am concerned, as a novice in this field,
3 as to where our final picture is going to be. And
4 I guess that's the point of having this being
5 worked on all the time, is to get all those nuances
6 figured out, and I hope we get there.

7 MR. TAYLOR: That's our plan, sir. Thank you.

8 CFO SINK: Governor.

9 GOVERNOR CRIST: Yes, CFO.

10 CFO SINK: This was a good report that Dave
11 presented, and since he doesn't come before us very
12 often, but he is a direct report of the Cabinet, I
13 just want to read something that struck me in his
14 report. It says, "An enterprise approach to IT for
15 state government has been attempted over the last
16 three decades with little success. While there are
17 many reasons for past failures, the need is more
18 urgent than ever. Consistency, consolidation, and
19 a comprehensive approach all yield the same result,
20 a cost savings for Florida's taxpayers."

21 And so we're at a point now where we can't
22 afford to have, in my opinion, yet another decade
23 of failed efforts to really think strategically
24 about how we do IT in the state. And Dave has just
25 been a critical part of a task force that our

1 office is running to discuss successor systems for
2 our accounting and our cash management system,
3 which impact all areas of state government, so I
4 have seen firsthand the type of leadership that we
5 can have in this AEIT position.

6 But one of the things that struck me about
7 your report that I would just like for you to
8 comment on is the issue of information security,
9 because I know just in the evaluation of our own
10 department, and particularly since we're moving
11 billions of dollars worth of money around every day
12 almost, and we've seen just in the past week these
13 enormous breaches that have occurred with other
14 companies who have let people or have been subject
15 to hacking. What -- give us a flavor for what the
16 state of information security is in the State of
17 Florida for what you've been able to see so far.

18 MR. TAYLOR: Thank you. That's a very good
19 question. Information technology security or
20 protecting the citizens' information has always
21 been very, very important, but it hasn't been
22 elevated to the awareness that we have today with
23 the various large-scale breaches that you've read
24 in the newspaper and heard on NPR. I think we're
25 finally at the point now where that awareness may

1 lead to some concerted effort, directed effort, be
2 it budget issues or specific agency focus that we
3 haven't had in the past. We've recently had
4 training for many of the agency inspector generals,
5 and we've raised information technology security as
6 a risk mitigation issue that needs to be forefront
7 on their radar. It was very well received, and I
8 think we now have the support of a lot of the IGs
9 that just hadn't had that awareness before of how
10 critical it is to the mission of the agency.

11 We are pursuing funding for a cyber center for
12 Florida. Florida does not have a cyber center.
13 And basically what that is is a small group of
14 individuals in technology that will be able to look
15 across the entire information technology system in
16 Florida and give use an early awareness of the
17 potential for breaches that may occur in agencies,
18 and that way we can work with the agency heads and
19 the agency CIOs to let them know that they have
20 potential risks that they might not be aware of.

21 If every agency individually seeks funding to
22 secure their own networks, we will vastly duplicate
23 the amount of cost associated with it. If we work
24 together, we can do it at a very reasonable price,
25 and that's our intention to pursue those goals.

1 CFO SINK: And so you'll be -- what kind of
2 money are we talking about?

3 MR. TAYLOR: We're looking for approximately
4 about a half a million dollars to set up the
5 facility. We did get a federal grant. We have a
6 couple hundred thousand dollars in seed money,
7 which if approved from the Feds, and we believe we
8 have that approval, we will begin establishing that
9 cyber center. We're also asking the Legislature
10 for some additional funding to increase that
11 capacity. If the funding is not available, we'll
12 make do with what we have, but it's certainly
13 better than not having a cyber center.

14 CFO SINK: Well, I know that we've all gotten
15 the word that the Legislature is not going to
16 entertain any or many requests for increases in
17 funding, but I think it's really important -- I
18 don't want to speak for the -- I'm not going to
19 speak for all four of us, but I think if all four
20 of us would get our staffs together and our
21 legislative staffs together also and help promote
22 this kind of expenditure, in my opinion, it's
23 really critical that we move way far ahead on these
24 issues of information security. And I think there
25 -- I would like for you to talk to the staffs of

1 us, if it's all right with you, Governor, and see
2 how we might be a little more aggressive about
3 encouraging the Legislature to provide this funding
4 for this really critical area in which we're back
5 in the 20th Century, I think, wouldn't you say,
6 Dave?

7 MR. TAYLOR: Well, I would be cautious to take
8 a position on it in general, but we have a long way
9 to go.

10 COMMISSIONER BRONSON: Governor, one more
11 thing, if I could.

12 GOVERNOR CRIST: Yes, Commissioner, sure.

13 COMMISSIONER BRONSON: I can't remember if we
14 released this yesterday afternoon late or if it's
15 being released this morning, but since security and
16 computers have come up, let me say that there is
17 a -- and for the General, because we don't know
18 where all this is going yet, but there is an
19 official-looking AOL site that has popped up on
20 people's computers. This one happened to pop up on
21 my wife's while she was on -- my wife was on the
22 computer. And it looks very much official, except
23 for one thing. My law enforcement nose picked up
24 something that didn't look right. And it is a
25 bogus using the logo of AOL. It looks very

1 official, asking for information about the account,
2 which she already knew our account was through
3 another carrier, for AOL. And they shouldn't be
4 asking for that kind of information online to start
5 with.

6 We contacted AOL. Their security people said,
7 "We do not ask for that information online." It's
8 a bogus request trying to get key information for
9 identity theft and/or other things that they can
10 use against the people online that get in a hurry
11 and don't check their security procedures, and the
12 next thing you know, they've got someone who has
13 stolen their identity, or they have a killer worm
14 or something that comes into that system that
15 totally eats up the system. So just so everybody
16 will know, that is a bogus AOL official-looking
17 request. Don't fall for it. They're looking for
18 your specific identity information.

19 ATTORNEY GENERAL McCOLLUM: Governor,
20 Commissioner Bronson has brought up something that
21 he found himself, and I'm very pleased you did find
22 that and bring it back to the public's attention.
23 But it's representative of often many things that
24 we see in my office as Attorney General in terms of
25 bogus things that pop up on the Internet asking

1 people to verify their bank account numbers or to
2 verify whatever it is with data using your social
3 security number.

4 And we can't repeat too often, Commissioner,
5 you and I doing consumer affairs, or for that
6 matter, the rest of the Cabinet, the need for
7 people to be vigilant. Do not fall for that sort
8 of stuff. If you have a bank account or you have
9 an account with any one of these type of folks like
10 the AOL people, you do not ever see them going to
11 you to ask you to verify your account numbers or
12 your social security number. That is not the way
13 it works. The chances are that's bogus from the
14 minute it goes up, no matter how realistic it
15 looks.

16 So I think you've made a very good point here.
17 If you have a secure site and you've gone on there
18 with a code and you're doing business with your own
19 account, that's one thing. If you're up there and
20 somebody is just asking you to verify, either by an
21 e-mail or by something that pops up on your screen,
22 boy, oh, boy, don't ever do that. So I think
23 you're doing a great public service bringing it up
24 this morning.

25 I would -- I don't have any more questions on

1 Item 2. We've discussed it, but I would move it if
2 that's appropriate.

3 GOVERNOR CRIST: Is there a second?

4 CFO SINK: Second.

5 GOVERNOR CRIST: Moved and seconded. Show it
6 approved without objection. Item 3.

7 MR. TAYLOR: The final item I have today to
8 submit is, we respectfully request approval and
9 authority to publish a notice of intended action in
10 the Florida Administrative Weekly to begin the
11 rulemaking process related to creating a delegated
12 authority for the executive director of the Agency
13 for Enterprise Information Technology.

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

15 CFO SINK: Move it.

16 COMMISSIONER BRONSON: Second.

17 GOVERNOR CRIST: Moved and seconded. Show it
18 approved without objection. Thank you very much.

19 MR. TAYLOR: Thank you.

20 GOVERNOR CRIST: Appreciate it.

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1 GOVERNOR CRIST: Next agenda item, Florida
2 Land and Water Adjudicatory Commission, Lisa
3 Saliba.

4 MS. SALIBA: Good morning, Governor and
5 Cabinet members.

6 GOVERNOR CRIST: Good morning. How are you?

7 MS. SALIBA: Good, thank you. We have two
8 items today. The first is to request your approval
9 of the minutes from the July 29th, 2008 meeting.

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

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

14 ATTORNEY GENERAL McCOLLUM: Second.

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

17 MS. SALIBA: And the second item, we request
18 approval to publish notice of a proposed rule. We
19 want to engage in rulemaking to amend the
20 boundaries of the Fleming Island Plantation
21 Development District in Clay County. This will
22 initiate a rule which amends that boundary.

23 ATTORNEY GENERAL McCOLLUM: I move Item 2.

24 COMMISSIONER BRONSON: Second.

25 GOVERNOR CRIST: Moved and seconded. Show it

1 approved without objection. Thank you, Lisa.

2 MS. SALIBA: Thank you.

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1 GOVERNOR CRIST: Power Plant and Transmission
2 Line Siting Board, Secretary Sole. How are you,
3 Mike?

4 MR. SOLE: Governor, I'm well this morning.
5 Good morning.

6 Item Number 1 is submittal of the minutes for
7 the October 28, 2008 Cabinet meeting, or Siting
8 meeting.

9 COMMISSIONER BRONSON: Motion on Item 1 for
10 approval.

11 CFO SINK: Second.

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

14 MR. SOLE: Thank you. Item Number 2 requests
15 consideration of a final order adopting the
16 administrative law judge's recommended order for
17 final certification of Tampa Electric Company's and
18 Progress Energy Florida's location, operation, and
19 construction of the Lake Agnes-Gifford 230-kilovolt
20 transmission line. The project is located in Polk,
21 Orange, and Osceola County and runs roughly 27 1/2
22 miles. It runs primarily along I-4 and SR 429,
23 which is also referred to as the Daniel Webster
24 Western Beltway.

25 COMMISSIONER BRONSON: Motion on Item 2.

1 ATTORNEY GENERAL McCOLLUM: Second.

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

4 MR. SOLE: Governor, I need to --

5 CFO SINK: Can I --

6 MR. SOLE: -- make a clarification on this.

7 CFO SINK: Yes. Are you --

8 GOVERNOR CRIST: CFO.

9 MR. SOLE: One of the issues -- and I
10 apologize for the long pause.

11 GOVERNOR CRIST: Excuse me. Secretary Sole.

12 CFO SINK: That's all right, Governor. He
13 knows what I'm getting ready to ask, I think.

14 MR. SOLE: One of the issues in this
15 certification package --

16 GOVERNOR CRIST: Go ahead, Mike.

17 MR. SOLE: Thank you, Governor.

18 GOVERNOR CRIST: Let us in on it.

19 MR. SOLE: I gave that pause, and it was my
20 fault. Was that there was an alternative corridor
21 proposed by the Oak Island Cove Community
22 Association to avoid some of the right-of-way
23 actually going along and adjacent to their
24 community. The Department and the administrative
25 law judge did recommend that the preferred corridor

1 was that which was proposed by the applicants.
2 However, the applicants, which is Progress Energy
3 Florida and Oak Island Cove Community, have agreed
4 to some additional certification conditions which
5 helps encourage that the right-of-way be on the
6 western side. So I would like to ask authorization
7 for approval for those additional certification
8 conditions which were just agreed to last night.

9 ATTORNEY GENERAL McCOLLUM: I move it, if
10 that's what's required.

11 COMMISSIONER BRONSON: I'll second.

12 GOVERNOR CRIST: I think it's approved without
13 objection.

14 MR. SOLE: Thank you, Governor. I appreciate
15 it. That's Siting.

16 GOVERNOR CRIST: Good job. Great.
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1 GOVERNOR CRIST: Board of Trustees, Secretary
2 Sole again.

3 MR. SOLE: Good morning. Item Number 1,
4 submittal of the minutes for the October 28th,
5 2008, November 20th, 2008, and December 9th, 2008
6 Cabinet meetings.

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

9 COMMISSIONER BRONSON: Motion for approval of
10 Item 1.

11 ATTORNEY GENERAL McCOLLUM: Second.

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

14 MR. SOLE: Thank you. Item Number 2 requests
15 consideration to approve a contract for sale and
16 purchase of a life estate for Donald L. Harmon.
17 The life estate for Mr. Harmon is located on one
18 acre of State-owned upland in Fakahatchee Strand
19 Preserve State Park, which is located in Collier
20 County. The appraised value of the life estate is
21 \$20,700, and those funds would go to the Florida
22 Forever Trust Fund. In addition, Mr. Harmon is
23 also proposing to donate approximately five acres
24 worth of property within the Strand which are
25 currently pristine swamplands.

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

2 ATTORNEY GENERAL McCOLLUM: Move Item 2.

3 COMMISSIONER BRONSON: Second.

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

6 MR. SOLE: Thank you. Item Number 3 requests
7 consideration of the joint application from the
8 City of Pahokee and Everglades Ventures Company,
9 LLC for renewal of a five-year sovereignty
10 submerged lands lease containing some 535,000
11 square feet for a 125-slip public marina located on
12 Lake Okeechobee in Pahokee.

13 The issue on this item is, we are also
14 requesting consideration for maintaining the
15 existing fee structure of 6 percent on the annual
16 rent revenue of the wet slips. This was approved
17 by the Board of Trustees in 2003. The Board did
18 ask us to bring that back to the Cabinet just to
19 evaluate the current economic conditions.

20 Since then, the marina was damaged by
21 Hurricanes Jeanne and Frances in 2006. Lake
22 Okeechobee has gone through a tremendous drought,
23 which has similarly reduced its economic vitality,
24 and the City is still designated as a Rural Area of
25 Critical Economic Concern. Therefore, the

1 Department similarly recommends that the Board
2 approve the five-year lease renewal with the
3 existing fee structure of 6 percent.

4 COMMISSIONER BRONSON: Motion on approval for
5 Item 3.

6 ATTORNEY GENERAL McCOLLUM: Second.

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

9 MR. SOLE: Thank you. Item Number 4 is a
10 request for consideration of an application for
11 Marine Max for a renewal and a modification of a
12 five-year sovereignty submerged lands lease to
13 increase the preempted area from 9,200 square feet
14 to a little over 191,000 square feet for a 50-slip
15 commercial docking facility. They're also
16 requesting a 25-year private access channel
17 easement. And finally, the consideration is for
18 \$109,731. The project is located in Martin County
19 adjacent to the Palm City bridge at the South Fork
20 of the St. Lucie River.

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

22 ATTORNEY GENERAL McCOLLUM: Move Item 4.

23 COMMISSIONER BRONSON: Second.

24 GOVERNOR CRIST: Moved and seconded.

25 CFO SINK: Governor, could I just make a

1 couple of comments before we vote?

2 GOVERNOR CRIST: Certainly.

3 CFO SINK: Clearly, this is a commercial
4 business that's going to create, we hope, a lot of
5 economic activity in this area.

6 But it was brought to my attention that this
7 lessee had built two illegal structures on this
8 property, and they did remove one of the structures
9 when the violation was discovered. But because of
10 our budget considerations, we don't have, in my
11 opinion, sufficient enforcement personnel to keep
12 up with these violations on a timely basis, and so
13 their fine for this illegal action was \$1,500.

14 And I just think it sends a terrible message
15 to other law-abiding marina owners and others who
16 are operating on our waterways that they can
17 actually build and do whatever they want to because
18 we don't have enough enforcement, and when the
19 State finally catches up with them, if we do, you
20 know, they get a slap on the hand at a time when
21 we're in terrible financial difficulty in our
22 state. And I just think it begs the issue of
23 revisiting penalties for people who don't follow
24 the law. I guarantee you, if they thought that
25 they were going to have to pay a \$20,000 penalty,

1 they might have thought twice before they just
2 decided to build a facility out in our lease.

3 So I know that the DEP -- it's my
4 understanding, Secretary Sole, that the DEP is
5 looking at all the issues of the fines and the
6 penalties. And heaven knows, we could take these
7 increased penalties for these law-breaking people
8 and put them and invest them directly back into
9 enforcement actions. Commissioner Bronson, you
10 probably -- I'm sitting here thinking you probably
11 have them too.

12 So I just want to encourage us to look very
13 carefully at a report or presentation that the DEP
14 is putting together, Governor, because, you know,
15 it's one thing -- Governor, I know how you feel
16 about fees, but when people break the law, they
17 ought to be having to pay penalties that are
18 somewhat reflective of what the action is, and I
19 just think this \$1,500 is ridiculous.

20 COMMISSIONER BRONSON: Governor, if I might.

21 GOVERNOR CRIST: Commissioner.

22 COMMISSIONER BRONSON: I don't know if --
23 unless I'm missing something, what the incident
24 was, according to my document I'm looking at, was a
25 finger pier. Are you saying there was housing or

1 some other type of structure built? Mine says it
2 was a finger pier that was built.

3 MR. SOLE: Real quick, the violations that
4 occurred prior to 2007 were the identification of a
5 floating dock that was not authorized in their
6 lease. They did remove the floating dock
7 immediately upon identification.

8 And, Commissioner, you're right. The other
9 issue was a finger pier. Now, there is a little
10 history on this finger pier, because the finger
11 pier was previously approved by the Board on a
12 prior lease which was provided, but for some
13 unknown reason, was accidentally omitted from the
14 subsequent renewal of that lease.

15 The great news on this issue is that all the
16 structures that were associated with this were all
17 within the existing lease footprint, so there was
18 no reduction in revenue for the Board of Trustees
19 from this. We got all the revenue that was
20 appropriate because everything was in the lease
21 area.

22 And the floating dock, the one significant
23 violation, which I would argue is a significant
24 violation, the floating dock was constructed
25 without approval by the Board of Trustees or a DEP

1 permit. That dock was removed immediately by the
2 applicant, and thus, the \$1,500 penalty was
3 assessed.

4 ATTORNEY GENERAL McCOLLUM: Governor.

5 GOVERNOR CRIST: General.

6 ATTORNEY GENERAL McCOLLUM: Mike, how
7 frequently do you see this type of violation?

8 MR. SOLE: It does happen, General. I mean,
9 we do see minor modifications to some of the lease
10 area on occasion when we do inspection. Primarily,
11 they are corrected upon inspection, and a fine is
12 assessed.

13 I do agree with the CFO that unfortunately, as
14 it relates to the lease fee penalties, they haven't
15 been updated for some time, and it is potentially
16 time to take a look at trying to discourage these
17 -- and they are smaller, in many cases, infractions
18 that should be discouraged.

19 ATTORNEY GENERAL McCOLLUM: Is this almost
20 every time you go out to look at something you find
21 something wrong, or is this three times a year, or
22 what?

23 MR. SOLE: General, I would definitely say
24 it's not every time, but I would say it's
25 definitely more than three times a year that we

1 find violations of the leases.

2 ATTORNEY GENERAL McCOLLUM: And some them
3 substantial?

4 MR. SOLE: Some of them have been substantial.
5 Most of them are very minor, and most of them are
6 easily corrected upon identification, and we
7 encourage that, obviously.

8 ATTORNEY GENERAL McCOLLUM: Well, I don't know
9 if the \$20,000 figure that the CFO suggested I'm
10 ready to accept or buy, but it does sound to me
11 like there should be a little greater penalty for
12 some of this, and maybe significantly greater for
13 those that are significant, whatever that
14 determination is, if people are grossly doing this
15 and doing it in a significant way. I would love to
16 have you present something to us about that. Thank
17 you.

18 MR. SOLE: Thank you. I appreciate it.

19 GOVERNOR CRIST: We have a motion and a
20 second. All in favor say aye.

21 (Affirmative responses.)

22 GOVERNOR CRIST: Opposed, like sign. Show it
23 approved.

24 MR. SOLE: Thank you. Item Number 5 requests
25 consideration of an application from Prom Queen-II,

1 LLC for a modification of an existing 10-year
2 sovereignty submerged lands lease to increase the
3 preempted area from roughly 74,000 square feet to
4 236,000 square feet. This is for a 101-slip marina
5 or commercial docking facility which will be
6 90 percent open to the public. The consideration
7 is for \$45,477. It's located in Pensacola Beach in
8 Escambia County on Santa Rosa Sound. And it's
9 worth noting that this is a property that was
10 impacted by, I think, Hurricane Ivan and Dennis and
11 has been out of commission, so we look forward to
12 them improving this facility.

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

14 COMMISSIONER BRONSON: Motion for approval
15 Item 5.

16 ATTORNEY GENERAL McCOLLUM: Second.

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

19 MR. SOLE: Finally, Item Number 6, Ocean
20 Development, LLC, requests consideration of an
21 application for a modification of 10-year
22 sovereignty submerged lands lease to combine three
23 existing leases into one new lease. Prior, there
24 was a 94-slip facility, a 27-slip facility, and a
25 fishing pier. They're proposing to modify that to

1 one 150-slip docking facility which will be a
2 private yacht club. The project is located in
3 Choctawhatchee Bay in Okaloosa County, and the
4 consideration is for \$69,894.

5 One issue worth noting is, we did ask the
6 applicant to reduce the size of the structure
7 because of the encroachment that the commercial
8 facility had on existing navigation, and they have
9 made a reduction in that facility. One of the
10 conditions in this lease is also waiting for the
11 Coast Guard's final recommendation that they
12 approve the amended facility location.

13 CFO SINK: Governor, let me just --

14 GOVERNOR CRIST: CFO.

15 CFO SINK: -- point out for the record the
16 economics of the deal as I understand them.
17 Certainly this is going to improve this area.

18 MR. SOLE: Yes, ma'am.

19 CFO SINK: And I've looked at the pictures
20 here, and this is a very fine development. But we
21 will be receiving about 84,000 annually for the
22 lease amount, and the development company is
23 projected to earn about a million -- at least a
24 million dollars annually from the lease agreement
25 that we're getting ready to engage in. And they

1 are going to be doing quite a bit of building, but
2 again, it just -- I just for the record have to say
3 that there's something wrong with the -- a little
4 wrong with the economics here, but I am supportive
5 of the grant of the lease.

6 GOVERNOR CRIST: Thank you.

7 ATTORNEY GENERAL McCOLLUM: I have one
8 question.

9 GOVERNOR CRIST: General, sure.

10 ATTORNEY GENERAL McCOLLUM: I notice that
11 there is seagrass out here, and you've got
12 mitigation efforts around it, but that always
13 concerns me. You're confident that this is
14 sufficient protection for that seagrass?

15 MR. SOLE: General, I am. Actually, the way
16 this authorization was designed was actually to
17 avoid the impacts to the seagrass, and they're
18 doing so by creating two structures to reduce the
19 loss of sediment. There are growing type
20 structures that will help stabilize that area so we
21 don't see adverse impacts to the seagrass.

22 ATTORNEY GENERAL McCOLLUM: I move the item.

23 GOVERNOR CRIST: Is there a second?

24 COMMISSIONER BRONSON: Second.

25 GOVERNOR CRIST: Moved and seconded. Show it

1 approved without objection.

2 MR. SOLE: Governor, I don't have this as a
3 specific item, but at the last Board of Trustees
4 meeting, there was a request that -- some questions
5 raised about the bonding process for Florida
6 Forever, also about the effects of the recent
7 proposed special session reduction on Florida
8 Forever. And if it's the Cabinet's pleasure, I
9 would be glad to answer those questions now, if
10 you --

11 GOVERNOR CRIST: Sure.

12 MR. SOLE: One of the things that was raised
13 at the last Cabinet meeting is an understanding of
14 the bonding process. And one of the things that I
15 think is worth noting is that specific to the
16 special session reduction, there was a proposal to
17 reduce the debt service payment for those bonds for
18 roughly \$4.26 million. Our original appropriation
19 was just a little under \$8 million.

20 Now, some folks got confused, and I'm talking
21 throughout the State of Florida, where when we
22 acquire \$300 million worth of bonds, which is the
23 amount that's acquired for Florida Forever, it
24 roughly equates to a \$25 million a year debt
25 service payment. Why is the appropriation, the

1 original appropriation only a little under 8? And
2 I want to explain the way we operate Florida
3 Forever, and I wish Ben Watkins was still here,
4 because he would support me and back me up on this.

5 One of the things, as we've operated Florida
6 Forever, we've operated on a cash needs basis. We
7 don't pursue those bonds until we know that we have
8 projects in the queue, and when get the money, that
9 money will go out the door quickly. So there's a
10 delay, and especially in that first year, in
11 actually getting all \$300 million worth of bonds
12 received possibly in that first year. So that's
13 why in this first year, you only see an original
14 appropriation of roughly a little under \$8 million,
15 and the reduction proposed by the Legislature was
16 roughly 4.2 million, which addressed the amount of
17 bonds that we had not gotten yet.

18 Does that -- hopefully that helps explain how
19 we manage the debt service and the bonds for
20 Florida Forever.

21 GOVERNOR CRIST: Any -- Commissioner.

22 COMMISSIONER BRONSON: Mike, now, set me
23 straight here if I'm wrong. So if you spend
24 300 million a year, which is the pot that's
25 available to acquire land, you pick up roughly a

1 \$25 million debt service, but over the life of the
2 10 years, you're picking up every year an
3 additional \$25 million in debt service for every
4 year of the project. So it's really not just 25.
5 It's whatever -- the accumulation per year of
6 25 million. So I want to make sure that we don't
7 get confused here and think it's only a 25-million
8 deal, because if we're five years into this thing,
9 we're talking about some real serious money here.

10 And I know with times the way they are,
11 including myself, we're starting to think, well,
12 unless somehow this land is going disappear or
13 something, that we might want to take a look at
14 what we're doing and where that money can be used
15 for other critical issues until we get back on our
16 feet from a financial standpoint in the State of
17 Florida.

18 And I've got to tell you, tell my Cabinet
19 members -- and I don't know that I've publicly
20 announced this. I may have. But I'm very
21 concerned that under these conditions, if we keep
22 doing this, knowing that we do have an accumulation
23 of 25 million a year every time we do 300 million
24 worth of bonding, that there are other major issues
25 that we may not be able to pay for over the next

1 couple of years that may be a little more important
2 than just continuing to purchase land because it's
3 there or because someone sees a need. We've got
4 quite a few million acres that we have protected in
5 the State of Florida that are there. Between the
6 federal government and the state and local
7 governments, there's a lot of land out there that's
8 under protection now.

9 So I can tell you, my concern is that this
10 is -- even though people think land is going to get
11 cheap, I'm not too sure that these pieces of land
12 are going to get that cheap, but I am concerned as
13 to whether we have enough money for schools or
14 health care facilities for the poor and indigent
15 and others that need to get the health care and
16 whether we have the ability to build those or to
17 improve those facilities with this money.

18 So I'll let you all know right now, that's my
19 concern as to where this money is going to be used
20 over the next short term while we're in a financial
21 downturn.

22 GOVERNOR CRIST: Thank you. CFO.

23 CFO SINK: Governor. So you're talking about
24 the \$300 million, but we had already issued
25 150 million in bonds.

1 MR. SOLE: Yes, ma'am. 100 million --

2 CFO SINK: So we're paying interest --

3 MR. SOLE: Absolutely.

4 CFO SINK: -- on those bonds, and all of that
5 money had not been paid out to the sellers yet.

6 MR. SOLE: That's correct.

7 CFO SINK: So the thing that -- just to go
8 back to what I said last time, I personally don't
9 have much of an argument necessarily on not issuing
10 the other 150 million and incurring that --
11 whatever you said the bonding was.

12 MR. SOLE: Debt service.

13 CFO SINK: That debt service.

14 MR. SOLE: Yes, ma'am.

15 CFO SINK: But just to go back to the
16 150 million we had already issued, part of that was
17 done in anticipation of these last few purchases
18 that we all voted on agreeing to consummate. And
19 so somehow, some of the things that -- some of the
20 transactions that were in the hopper, so to speak,
21 a few of them were exempted. These last two were
22 not. And some horse trading went on by somebody
23 somewhere, I'm sure. And it just still continues
24 to disturb me that the last two projects that we
25 had approved, the money had already been bonded out

1 and is sitting there, and we're paying interest on
2 it. And it still bothers me that -- you know, a
3 deal is a deal, and these were projects that the
4 Cabinet approved, and yet they got hung up somehow
5 in the Legislature just arbitrarily, it seemed to
6 me, just removing them.

7 And I understand -- I hope I'm correct -- that
8 you were able to find some way, by hook or crook,
9 to get the Rakestraw property done. Is that
10 correct? And then the other property, which was
11 the conservation easement, which is something that
12 we've talking about a lot about how we should do
13 more conservation easements to keep these
14 properties on the property tax rolls and the owners
15 still have got an interest there and they're still
16 going to be looking after the property, got hung
17 up. And I'm just wondering whether we're going to
18 make a commitment to have that property be the
19 first one to come up in the next fiscal year, if
20 you want to speak to some those rambling comments.

21 MR. SOLE: It would be my pleasure. First,
22 just a little clarification. Yes, we did recently
23 receive \$150 million worth of bond proceeds.
24 Roughly, and these are round numbers, 100 million
25 covered last year's activities, and there was

1 50 million that was available for our current
2 fiscal year. The Legislature did take and
3 reappropriate and specify for those bonds where
4 those moneys would go.

5 And the CFO is correct. Several of the
6 projects that the Board of Trustees had recently
7 approved were not included in the Legislature's
8 allocation. Fortunately, for the Rakestraw
9 property, which is one that was recently approved
10 by the Board, we have been able to find ways of
11 using inholdings and additions funds which were
12 appropriated by the Legislature to take care of
13 that. Obviously, that will displace other
14 inholdings and additions projects that we had
15 planned to pursue.

16 Also, as it relates to Mr. Panuska, who is
17 with Promise Ranch and is here to speak on this
18 item, we have talked about working to renegotiate
19 that contract as quickly as possible so if Florida
20 Forever funding was restored during 2009-2010, we
21 would be ready to close upon receipt of those
22 funds.

23 But again, there were roughly four projects
24 that the Board of Trustees approved recently that
25 we now have to renegotiate as a result of the

1 special session. We have to work with each of the
2 buyers, hope that they're still willing to
3 participate, because of the delays. And we also
4 have some 30 contracts that the Department has
5 worked under delegation that we will go back and
6 have to renegotiate those deals and hope that these
7 sellers are still willing sellers and are willing
8 to work with us, whether it be under this year or s
9 subsequent year's Florida Forever funds.

10 I'll be glad to answer any questions on this.
11 I know these are complicated issues, a lot of
12 numbers floating out there. I also want to remind
13 you that Mr. Panuska is here to speak to the Board
14 as it relates to this issue.

15 GOVERNOR CRIST: Thank you.

16 MR. SOLE: Mr. Panusko -- Panuska. I'm sorry.

17 MR. PANUSKA: Good morning.

18 GOVERNOR CRIST: Good morning.

19 MR. PANUSKA: Governor Crist, thank you for
20 this chance to explain why your commitment to
21 acquire the Promise Ranch conservation easement is
22 a long-term benefit for the people and wildlife of
23 Florida that should be honored.

24 First, this easement has overwhelming local
25 support, including the Lake County Board of County

1 Commissioners, the Lake County Soil and Water
2 Conservation District, the Lake County Water
3 Authority, Senator Paula Dockery, Senator Carey
4 Baker, and Representative Alan Hays. Lake County's
5 Comprehensive Plan has identified the ranch as part
6 of the Emerald Marsh Protection Area, being an
7 area with regional environmental significance.

8 Bernie Yokel, recently retired president and
9 CEO of the Florida Audubon Society, states, "I have
10 out of necessity developed a sense of relative
11 values of environmental lands statewide. In my
12 opinion, the acquisition of Promise Ranch would be
13 highly valuable for northern Lake County and enrich
14 the environmental, wildlife, and recreational
15 assets for all of Lake County and Central Florida.
16 I strongly urge the State to proceed with the
17 purchase of the Promise Ranch property."

18 Second, it was the hope of many in this
19 chamber and myself that the educational provisions
20 of this easement would serve as a template and
21 enhance the benefits to the people from future
22 Florida Forever acquisitions. I've committed to 18
23 scheduled educational visits per year on my
24 property. To this end, two retired college
25 professors, both Ph.D's in the natural sciences,

1 are already designing programs appropriate for
2 students from kindergarten to the graduate level.
3 I am planning construction of a small lab and means
4 of transport for visitors. Results of restoration
5 efforts and the benefits of prescribed fire are
6 part of this program.

7 Third is to value. DEP first designated
8 Promise Ranch a new Florida Forever project in
9 2004, and it was ranked second place of new
10 projects in the Acquisition and Restoration
11 Council's "A" list in January of 2005. In 2006,
12 three appraisers from DEP valued the ranch at
13 21.2 million, and DEP offered me 11.2 million for
14 the easement, which I accepted. In the summer of
15 2008, three appraisers from DEP value the ranch at
16 over 17 million and offered me 7 million, which I
17 accepted. On last December 9th, the acquisition
18 was unanimously approved in this chamber.

19 During the years of this process, I could have
20 sold this property for three times the value of the
21 funding of this easement, but I feel that Florida
22 Forever and the Promise Ranch conservation easement
23 are far more important to me than the State of
24 Florida -- and the State of Florida than short-term
25 gains. Funding this easement, in addition to

1 preserving 1,500 acres of pristine wilderness in
2 the heart of Central Florida, will keep in
3 perpetuity three good jobs and an economic engine
4 that pumps over \$300,000 annually into the economy
5 of Umatilla and central Lake County. This easement
6 at this price is a real bargain for the people of
7 Florida, but it cannot remain on the table forever.

8 Thank you for your time and consideration.

9 GOVERNOR CRIST: Thank you, sir. Thanks for
10 being there.

11 MR. SOLE: Governor, that concludes the Board
12 of Trustees items, if there are no questions.

13 GOVERNOR CRIST: Very good. Thank you. We
14 stand adjourned.

15 (Proceedings concluded at 10:17 a.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA:

COUNTY OF LEON:

I, MARY ALLEN NEEL, Registered Professional Reporter, do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter translated under my supervision; and the foregoing pages numbered 1 through 60 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 9th day of February, 2008.

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