

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

Representing:

DIVISION OF BOND FINANCE
FINANCIAL SERVICES COMMISSION, INSURANCE REGULATION
AGENCY FOR ENTERPRISE INFORMATION TECHNOLOGY
FLORIDA DEPARTMENT OF LAW ENFORCEMENT
ADMINISTRATION COMMISSION
DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES
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, June 9, 2009,
commencing at approximately 9:09 a.m.

Reported by:

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Registered Professional Reporter
Florida Professional Reporter
Notary Public

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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 BEN WATKINS)

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P R O C E E D I N G S

(The agenda items commenced at 9:24 a.m.)

GOVERNOR CRIST: Our next Cabinet meeting will be Tuesday, July 28th.

On to our agenda. Bond Finance, Ben Watkins. Good morning, Ben.

MR. WATKINS: Good morning, Governor.

GOVERNOR CRIST: How are you, sir?

MR. WATKINS: Very well. Thank you. Cabinet Members.

Item Number 1 is approval of the minutes of the May 13th meeting.

COMMISSIONER BRONSON: Motion for approval of Item 1.

CFO SINK: Second.

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

MR. WATKINS: Item Number 2 are resolutions authorizing the issuance and competitive or negotiated sale of \$13.5 million of capital outlay bonds for school construction.

COMMISSIONER BRONSON: Motion on Item 2.

ATTORNEY GENERAL McCOLLUM: Second.

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

1 MR. WATKINS: Item 3 is a resolution -- are
2 resolutions authorizing the issuance and
3 competitive or negotiated sale of up to \$46 million
4 of capital outlay refunding bonds. These bonds
5 would be used to achieve debt service savings
6 because of lower interest rates. Should the
7 prevailing market rates at the time that we sell
8 the capital outlay bonds -- if it would give us
9 debt service savings, we'll execute the refunding
10 as well.

11 ATTORNEY GENERAL McCOLLUM: Move Item 3.

12 COMMISSIONER BRONSON: Second.

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

15 MR. WATKINS: And Item Number 4 is a
16 resolution authorizing the competitive or
17 negotiated sale of up to \$154,695,000 in Lottery
18 revenue bonds. This is the final piece of the
19 outstanding authorization for bonds to finance
20 school construction for class size reduction. This
21 brings the total debt used to finance school
22 construction for class size reduction to
23 approximately \$2.4 billion that we've executed over
24 the last five years or so.

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

1 CFO SINK: Move it.

2 ATTORNEY GENERAL McCOLLUM: Second.

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

5 Thank you, Ben. Good to see you.

6 MR. WATKINS: Thank you, Governor.

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

3 MR. McCARTY: Good morning, Governor.

4 GOVERNOR CRIST: How are you?

5 MR. McCARTY: Doing well, sir. Thank you.
6 Good morning, members of the Commission.

7 Agenda Item 1 is to request for adoption, for
8 final adoption of proposed standard risk rates.
9 The Office is required under the Florida Insurance
10 Code to conduct an annual survey for determining
11 the standard risk rates. The standard risk rates
12 is the average charged by the individual market
13 from all carriers. The standard risk rates are
14 then used to establish the maximum that can be
15 charged for conversion policies, which is
16 200 percent of the standard risk rate.

17 The current rates that are in effect include a
18 company that has been suspended in the State of
19 Florida and is in receivership. By removing those
20 from determining these rates, you actually reduce
21 the rates. The Office proposes the adoption of the
22 standard risk rates without the inclusion of the
23 suspended company.

24 GOVERNOR CRIST: Is there a motion?

25 CFO SINK: Move it.

1 GOVERNOR CRIST: Moved. Is there a second?

2 COMMISSIONER BRONSON: Second.

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

5 MR. McCARTY: Agenda Item Number 2 is a
6 request for publication of Proposed Rule 690-189 on
7 workers' compensation for the application and audit
8 procedures. Pursuant to Chapter 440, the Financial
9 Services Commission is to promulgate rules that
10 affect the application for workers' comp coverage
11 and for audits and payroll classification of
12 workers.

13 This rule is based on a submission by the
14 NCCI, National Council on Compensation Insurance,
15 which does rating and data collection. It's also
16 the State contractual statistical agent for
17 workers' compensation.

18 The proposed rule is twofold. One is to allow
19 for electronic signatures so long as in compliance
20 with Florida law; and number two, it raises the
21 threshold for onsite audits from 5,000 in premium
22 to 10,000. These audits will still be conducted,
23 but the audits will be moved from 5,000 to 10,000
24 for onsite, and they'll do mail or desk audits for
25 those under 10,000.

1 ATTORNEY GENERAL McCOLLUM: Move Item 2.

2 CFO SINK: Second.

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

5 MR. McCARTY: Agenda Item Number 3 is a
6 request for approval for publication of Proposed
7 Rule 690-156, Part 1, specific requirements under
8 the federal Medicare supplement insurance. This
9 rule implements Florida requirements for federal
10 legislation regarding medical sup policies.

11 The Congress enacted two bills, the Medicare
12 Improvements for Patients and Providers Act of
13 2008, known as MIPPA, and the Genetic Information
14 Nondiscrimination Act of 2008. States are required
15 to implement these new standards by September 24,
16 2009, in order maintain authority over the Medigap
17 program in their state.

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

19 CFO SINK: Move it.

20 ATTORNEY GENERAL McCOLLUM: Second.

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

23 Thank you very much, Commissioner.

24 MR. McCARTY: Thank you, Governor. Thank you,
25 members of the Commission.

1 GOVERNOR CRIST: Agency for Enterprise
2 Information Technology, Dave Taylor. Good morning,
3 Dave.

4 MR. TAYLOR: Good morning, Governor. Good
5 morning, Cabinet. We have two items today. First,
6 we respectfully request approval of the minutes of
7 January 27, 2009.

8 CFO SINK: Move it.

9 COMMISSIONER BRONSON: Second.

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

12 MR. TAYLOR: Thank you. The next item is, we
13 respectfully request adoption and approval to file
14 a new rule relating to delegation of authority.
15 This rule establishes the delegation of authority
16 from the Governor and Cabinet to the executive
17 director of the Agency for Enterprise Information
18 Technology for those duties and responsibilities
19 outlined in Chapter 14 and Chapter 282, as well as
20 those related to the day-to-day administration of
21 this new agency.

22 CFO SINK: I move it.

23 ATTORNEY GENERAL McCOLLUM: Second.

24 GOVERNOR CRIST: Moved and seconded. Show it
25 approved without objection. Thank you, Dave.

1 GOVERNOR CRIST: Florida Department of Law
2 Enforcement, Commissioner Bailey. Good morning,
3 Commissioner. How are you?

4 MR. BAILEY: Good morning, Governor and
5 Cabinet. We have three items on the agenda this
6 morning. The first is the minutes of our March 10
7 Cabinet meeting.

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

10 COMMISSIONER BRONSON: Motion on Item 1.

11 ATTORNEY GENERAL McCOLLUM: Second.

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

14 MR. BAILEY: The second item is our
15 performance report and purchases over \$100,000 for
16 the third quarter. During this quarter, I trust
17 you've seen that our performance remained strong
18 over all the key issues.

19 I do want to bring one issue to your
20 attention. Because of the budget challenges that
21 have been not just facing FDLE, but facing local
22 law enforcement, we are looking at ways to
23 re-engineer some of our services. A prime example
24 is our electronic surveillance support teams that
25 we've now installed in four regions.

1 This concept originated in Orlando, where the
2 law enforcement resources were being severely taxed
3 by violent crime. Many of these violent criminals
4 were both elusive and mobile. And the cutting edge
5 surveillance equipment is expensive, and top-notch
6 surveillance and tracking expertise was at a
7 premium.

8 The solution was a multi-agency team to
9 approach this by pooling both equipment and
10 manpower. And while the technology is law
11 enforcement sensitive, I can say that what we have
12 there in place now is state-of-the-art, and it's
13 allowing to us stay ahead of this particular breed
14 of mobile criminal.

15 So far these teams have conducted 450
16 missions, and they resulted in the arrest of over
17 250 violent criminals. Because of the success of
18 this concept, they have been -- these four teams
19 have been nominated for the International
20 Association of Chiefs of Police award for
21 excellence in criminal investigation and our
22 Department's superior unit designation.

23 I would be happy to answer any question on any
24 other aspects of Item 2.

25 ATTORNEY GENERAL McCOLLUM: I move Item 2.

1 COMMISSIONER BRONSON: Second.

2 GOVERNOR CRIST: Moved and seconded. Show it
3 approved. Show it approved, excuse me, without
4 objection.

5 MR. BAILEY: Our last item is a notice on
6 proposed rule changes. Six of these have to do
7 with the Criminal Justice Standards and Training
8 Commission, one with our information program. They
9 will be published in the Administrative Weekly on
10 June 26, and if all goes as we expect, I'll be
11 bringing it back for your approval at the August 25
12 Cabinet meeting.

13 Because this process is just beginning, I will
14 defer giving a lot of details unless you have
15 specific questions on these proposed rule changes.

16 COMMISSIONER BRONSON: Motion on Item 3.

17 ATTORNEY GENERAL McCOLLUM: Second.

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

20 CFO SINK: Governor?

21 GOVERNOR CRIST: Yes, CFO.

22 CFO SINK: Can I just make a comment?

23 GOVERNOR CRIST: Please.

24 CFO SINK: I hope this is right, Commissioner
25 Bailey, but as part of your report, I just wanted

1 to point out that I was struck by this positively,
2 so relax, by this report that the -- we've had a
3 lot of conversation about the Public Assistance
4 Fraud Unit, because in the difficult priority
5 setting that we've all had to go through for the
6 last two years, that was one of your units that was
7 potentially going to get some pretty severe cuts.

8 But according to my information, last quarter,
9 they've almost doubled the number of cases that
10 they've been able to investigate. And my
11 information said that almost \$11 million in
12 fraudulent benefits that would have been disbursed
13 were not because of the action of this particular
14 investigation unit.

15 And I just want to encourage you to keep
16 encouraging them, because we know that there are
17 millions and millions of dollars of fraud embedded
18 in the public assistance system that need to be
19 addressed. And please convey my thanks to the
20 people in the unit.

21 MR. BAILEY: I will. And if I may, I will
22 comment that not only have those cases increased in
23 number, but they've increased in the quality of the
24 cases. As you mentioned, they're bringing in more
25 money.

1 That is one of the things that, as you know,
2 was an issue during the session. However, there
3 were no losses there. But we are doing some
4 re-engineering there, where we're going to
5 consolidate intake, which we think will even make
6 it more efficient.

7 CFO SINK: Thank you.

8 GOVERNOR CRIST: Thank you. General.

9 ATTORNEY GENERAL McCOLLUM: As you know,
10 Governor, Commissioner Bailey's Florida Department
11 of Law Enforcement officers do most of the
12 investigations for our Office of Statewide
13 Prosecution. And mortgage fraud is a big part of
14 that, and you've spent a lot of energy on that, and
15 it has been very successful.

16 But I want to particularly highlight the
17 investigation that resulted in the arrest of 18
18 members of the Westside Gang down in Orlando. You
19 mentioned the gang violence there a few minutes
20 ago. This occurred just a couple of weeks ago.
21 That was a huge gang takedown, and our office will
22 be prosecuting those 18 members.

23 But the law enforcement work was done and the
24 coordination of that by your office. And it's just
25 one example of many unheralded moments where the

1 team over there that you have gets out there in the
2 field and really produces the protective efforts
3 for our state citizens deserve, so we want to thank
4 you for that.

5 I just wanted to highlight for the Cabinet
6 that particular arrest, because that was a big
7 arrest. That was a big gang takedown.

8 MR. BAILEY: Well, I don't have to tell you,
9 those are very long-running, meticulously
10 investigated cases. They take a lot of resources
11 and a lot of manpower. But we see that that's one
12 of the prime reasons that our department has been
13 created, is that type of long-range, complex,
14 high-level case.

15 ATTORNEY GENERAL McCOLLUM: Well, we really
16 appreciate it. And again, thank you for the
17 service of the many men and women that don't get
18 acknowledged every day.

19 MR. BAILEY: Thank you.

20 ATTORNEY GENERAL McCOLLUM: Thank you,
21 Governor.

22 GOVERNOR CRIST: Thank you, General.
23 Commissioner.

24 COMMISSIONER BRONSON: Thank you, Governor.

25 Commissioner Bailey, let me publicly thank you

1 and your staff for helping us get out of a real
2 tight fix on our applications for gun permits.

3 Governor, we were very concerned that we would
4 accidentally have to under law give a license to
5 someone who did not qualify. Commissioner Bailey
6 has put a number of people to help us certify the
7 background checks so that we don't make a mistake
8 and give a permit to somebody who does not quality
9 under the laws of the State of Florida to have a
10 concealed weapons permit.

11 We have over 600,000 weapons permit holders in
12 the State of Florida. Let me say, because of the
13 efforts of FDLE, we have had very few incidents of
14 anyone misusing their authority to carry a
15 concealed weapon in the State of Florida because of
16 these background checks to make sure that the
17 public is secure and safe. They have done that. I
18 think people have shown that they will responsibly
19 carry a weapon for their self-protection for
20 various reasons and not misuse that authority.

21 And on behalf of our Department, thank you
22 very much for all your effort.

23 MR. BAILEY: Thank you for your comments.

24 GOVERNOR CRIST: I think there may have been a
25 line item veto that may have helped, \$6 million

1 worth, for your agency too. And you're welcome.

2 COMMISSIONER BRONSON: And let me publicly
3 thank you, Governor, for that.

4 GOVERNOR CRIST: You're quite welcome. I'm
5 happy to do it. It was an honor.

6 COMMISSIONER BRONSON: I appreciate the help
7 in that, simply because, as you know, and what most
8 people didn't know and they were wondering why the
9 Governor would take such an effort to veto that,
10 those licenses now will be a seven-year license,
11 and so the amount of money coming in after this
12 flush of permitting is going to get very slim after
13 we catch up. Hopefully we catch up. But the money
14 coming in to support the whole organization of
15 concealed weapons investigations for those who may
16 violate and those types of things will be very
17 short over the next seven years, and we appreciate
18 that veto.

19 GOVERNOR CRIST: Well, thank you for the
20 letter regarding it. I appreciate that,
21 Commissioner.

22 Commissioner, thank you very much.

23 MR. BAILEY: Thank you. Good morning.

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1 GOVERNOR CRIST: Administration Commission,
2 Lisa Saliba. Good morning, Lisa. How are you?

3 MS. SALIBA: Good morning, Governor and
4 members of the Commission.

5 Today we have one agenda item. We present for
6 your consideration a recommended order issued in
7 the proceeding of the Department of Community
8 Affairs and listed parties vs. the City of
9 Jacksonville and listed parties. At issue is a
10 future land use amendment to the City of
11 Jacksonville's Comprehensive Plan, as well as a
12 text amendment.

13 We have representatives of the parties here
14 today. They're available to answer questions. We
15 are not scheduling them to speak. But they are
16 Shaw Stiller, the general counsel of the Department
17 of Community Affairs, Shannon Eller representing
18 the City of Jacksonville, and Gary Sams
19 representing M.D. Moody & Sons.

20 The first order of business for the Commission
21 is enter a memo into the record that addresses an
22 ex parte communication in the proceeding. We
23 understand the Commission members themselves did
24 not read the memo. However, there were several
25 staff that did, and we ask for your approval to

1 enter that document into the record.

2 GOVERNOR CRIST: Is there a motion?

3 ATTORNEY GENERAL McCOLLUM: So move.

4 COMMISSIONER BRONSON: Second.

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

7 MS. SALIBA: The second order of business,
8 staff requests authorization to enter the Second
9 Amended Draft Final Order finding the map amendment
10 not in compliance and the text amendment in
11 compliance.

12 The parties listed that we discussed earlier
13 have agreed to the contents of the final order as
14 well as remedial and other actions listed. We also
15 are recommending sanctions in the event of
16 noncompliance.

17 If you have any questions at this time, we
18 would be happy to take those.

19 GOVERNOR CRIST: Any questions?

20 MS. SALIBA: And we ask for your approval of
21 the Second Amended Draft Final Order.

22 ATTORNEY GENERAL McCOLLUM: I would move the
23 approval.

24 COMMISSIONER BRONSON: Second.

25 CFO SINK: Second.

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

MS. SALIBA: Thank you.

GOVERNOR CRIST: Thank you, Lisa.

1 GOVERNOR CRIST: Department of Agriculture and
2 Consumer Services, Sherman Wilhelm. Good morning,
3 Sherman.

4 MR. WILHELM: Good morning, Governor and
5 Cabinet.

6 Item Number 1, staff is requesting the Board
7 of Trustees to adopt the proposed amendments to
8 Chapter 18-21 to give permission for staff to
9 publish the notice of change and to authorize the
10 Commissioner of Agriculture to submit on behalf of
11 the Board the certification documents to the
12 Secretary of State.

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

14 CFO SINK: Move it.

15 COMMISSIONER BRONSON: Second.

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

18 MR. WILHELM: Thank you very much.

19 GOVERNOR CRIST: Thank you very much.

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

3 MR. SOLE: Good morning, Governor and Cabinet.
4 I'm doing well this morning.

5 GOVERNOR CRIST: Good.

6 MR. SOLE: Item Number 1 is submittal of the
7 minutes from the April 14, 2009 Cabinet meeting.

8 CFO SINK: Move it.

9 ATTORNEY GENERAL McCOLLUM: Second.

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

12 MR. SOLE: Thank you. Item Number 2 is a
13 request for consideration of an option agreement to
14 acquire almost 1,400 acres in Santa Rosa County.
15 This is near the City of Milton and is within the
16 Clear Creek/Whiting Field Florida Forever project.
17 It's an A list project. Acquisition is from the
18 Nature Conservancy, and the consideration is for
19 \$5.1 million.

20 I do want to brag a little bit about this
21 acquisition, if you'll let me, Governor.

22 GOVERNOR CRIST: Please do.

23 MR. SOLE: One, I want to give great kudos to,
24 Commissioner, your staff in the Division of
25 Forestry. They have negotiated and organized this

1 acquisition in a great way.

2 We have several partners for this acquisition.
3 \$1.2 million of the Off-Highway Vehicle Fund is
4 going to be used as part of this acquisition to
5 actually develop on 620 acres an off-highway
6 vehicle site. That's seriously needed for this
7 region, because we don't have any established
8 off-highway vehicle opportunities, recreational
9 opportunities west of the Apalachicola River.

10 In addition, we also have a partner with the
11 U.S. Navy. The U.S. Navy has agreed to contribute
12 some 25 percent of this, which is \$1.275 million,
13 as part of their effort to ensure adequate
14 buffering to the Navy facilities within the region.
15 This has been a great partnership with the Navy.
16 We have a longstanding MOU with the Navy on how we
17 do this. And this is also something that I think
18 is very important to them, as it is to the people
19 of Florida.

20 Finally, the rest of this acquisition will be
21 funded out of the Inholdings and Additions Fund
22 within the Division of Forestry.

23 We have Commander Vincent here with the U.S.
24 Navy here to speak, I think, in support. And I'm
25 not sure if Commissioner Salter was able to attend.

1 He was hoping to be able to get here also in
2 support.

3 GOVERNOR CRIST: Commander, did you wish to
4 speak? You don't have to. It's just an
5 opportunity. It's not a command.

6 MR. SOLE: Before I give it to the commander,
7 there's one other partner I forgot to mention.
8 Excuse me. We're also working with the Department
9 of Justice. The Department of Justice is
10 contemplating providing some \$400,000 to this
11 acquisition using funds that they have obtained
12 through penalties of other projects. So we have
13 several partners on this project, which makes it
14 greatly worthwhile.

15 Commander.

16 GOVERNOR CRIST: Good morning, Commander.

17 COMMANDER VINCENT: Good morning, sir. Good
18 morning, Cabinet members. It's not that I didn't
19 want to come up, but I have to wear my glasses.
20 There's nothing worse than a pilot going blind.

21 GOVERNOR CRIST: I know the feeling.

22 COMMANDER VINCENT: Sir, my name is Commander
23 Tom Vincent. I'm the operations officer at your,
24 the State of Florida's national treasure in the
25 Panhandle, NAS Whiting Field. And on behalf of

1 Captain Sadsad. our commanding officer, and the
2 several thousand men and women who serve there
3 daily, I would like to thank you for the
4 opportunity to speak to you today.

5 I'm going to read real quick a letter that the
6 captain wrote, if you don't mind. I'll just read
7 the ending of it.

8 "Naval Air Station Whiting Field enjoys a
9 tremendous relationship with the State of Florida,
10 Santa Rosa County, the Nature Conservancy, and the
11 Division of Forestry in its continued efforts to
12 encourage compatible land development and
13 encroachment partnering initiatives. The
14 established agreements and statutes allow for such
15 cooperation to share in the acquisition of
16 environmentally sensitive tracts for conservation
17 purposes."

18 There's that part. The other part, sir, we
19 started business in 1943, so we've been forging
20 wings for the fleet for about 66 years now. We put
21 about 700 a year out there. Just for a point of
22 reference, if you see a Navy, Marine, or Coast
23 Guard helicopter pilot out there, they got their
24 wings at NAS Whiting Field. And without these
25 partnerships that I mentioned and the Commissioner

1 mentioned, we cannot continue our mission.

2 Sixty-five percent of all naval aviators -- as
3 a matter of fact, 20 years ago, I was a student at
4 NAS Whiting Field. Sixty-five percent of all naval
5 aviators start flying, learn how to fly airplanes
6 at Whiting. This is a huge, huge win for us, and I
7 appreciate your considerations.

8 GOVERNOR CRIST: Thank you, Commander. I
9 appreciate your being here.

10 ATTORNEY GENERAL McCOLLUM: I move Item --

11 CFO SINK: Governor --

12 GOVERNOR CRIST: I was going to move Item 2,
13 that's all.

14 COMMISSIONER BRONSON: Second.

15 GOVERNOR CRIST: CFO.

16 CFO SINK: Governor, could we just take a
17 minute. I think we're running a little ahead of
18 schedule.

19 I'm aware that the representatives of the
20 Nature Conservancy are here, and they've also been
21 integral partners. And maybe Debbie Keller or Andy
22 McLeod -- because this is part of a bigger picture
23 of this partnership that has been developed. It's
24 not just this one project. It's --

25 MR. SOLE: I agree.

1 CFO SINK: And I would like to give them the
2 opportunity to give us an idea of what the bigger
3 picture is of all the work that they've been doing
4 for seven or eight years now.

5 MR. McLEOD: Thank you very much, CFO Sink.
6 I'm Andy McLeod, Director of Government Affairs for
7 the Florida Chapter of the Nature Conservancy.

8 And you are correct. This is part of a
9 national relationship that the Nature Conservancy
10 has with DOD working on base buffering across the
11 country in many different states. I would defer to
12 my colleague, Callie DeHaven, who has worked
13 specifically with the military in the Panhandle on
14 a number of different projects, buffering several
15 facilities.

16 GOVERNOR CRIST: Good morning.

17 MS. DEHAVEN: Thank you. Good morning.

18 I've got a big plan and big picture here that
19 we can put up on the map. And we're so thankful
20 for all the partners that worked on this, Santa
21 Rosa County, the military, the Nature Conservancy,
22 just very grateful for the support and all the
23 continued work in this area. Division of Forestry,
24 just a wonderful partner to work with. Thank you
25 so much.

1 MS. KELLER: I'm Deborah Keller. I work with
2 the Department of Defense throughout the State of
3 Florida. And I wanted to mention that the
4 Department has been an incredible partner to the
5 environment, not just for buffering projects, but
6 also on how they manage this land. And so I think
7 it's important that we look at them not only as
8 someone who can help us protect land from future
9 development and make sure that it buffers their
10 activities and creates corridors for conservation,
11 but also how they will take care of that land and
12 work with the surrounding neighborhoods and
13 landowners to make sure that that land stays viable
14 for the ecology for future generations. Thank you.

15 GOVERNOR CRIST: Any other comments?

16 MR. SOLE: Did we vote?

17 ATTORNEY GENERAL McCOLLUM: Well, we moved it.

18 GOVERNOR CRIST: We moved it.

19 CFO SINK: And it was seconded.

20 GOVERNOR CRIST: And got a second. It's
21 approved without objection.

22 MR. SOLE: Thank you, Governor.

23 GOVERNOR CRIST: Of course. Item 3.

24 MR. SOLE: Item Number 3. This is a request
25 by Vanderbilt Partners for a five-year sovereignty

1 submerged lands lease. This will be for a private
2 residential marina containing 49 slips. The
3 consideration is \$31,279.

4 It's worth noting that this item was presented
5 to the Board of Trustees on October 16th in 2007,
6 but was not approved. Since that time, the
7 applicant has provided several other issues to
8 address concerns expressed at the October 2007
9 meeting.

10 They've amended their application to provide
11 some additional public interest, and that includes
12 adding a provision to the lease which would
13 specifically establish that as sovereignty
14 submerged land lease fees go up, they would clearly
15 have to pay those added lease fees, and in
16 addition, if there's a new surcharge or an
17 additional surcharge that is applied for new
18 marinas, that they would too also pay that new
19 surcharge.

20 Finally, the applicant has also agreed to deed
21 some 54 acres of Water Turkey Bay and South
22 Channel. These are acres that are, I think, a
23 cloud on title that the Board of Trustees owns, and
24 this will clear that cloud.

25 And additionally, they also want to provide 66

1 acres of mangrove wetlands to the Board of
2 Trustees. This 66 acres is currently protected by
3 a conservation easement, but obviously, conveying
4 title to the Board of Trustees will provide that
5 additional benefit to ensuring protection.

6 Finally, the maintenance of that 66-acre
7 parcel will still be retained by the applicant.
8 However, so will the responsibility also go to
9 Dehor-Wiggins State Park that will partner with
10 them on that.

11 We have five speakers on this issue, and I
12 would like to go ahead and introduce those now. We
13 have a speaker, Mr. Bill Hyde. I'll help you,
14 Bill.

15 MR. HYDE: Good morning, Governor and members
16 of the Cabinet. My name is William Hyde. I'm here
17 today on behalf of the Vanderbilt Beach Residents
18 Association.

19 As Secretary Sole mentioned to you, you've
20 heard this before. This is the fourth time I've
21 been before either this Board or the Water
22 Management District Governing Board. This has been
23 a controversial purchase or proposal from the
24 beginning.

25 I would note for your benefit that this is a

1 project that is opposed not by just a few people,
2 but by the members of my association, 900-plus,
3 plus a petition that was submitted to you in the
4 past of over a thousand-plus signatories, and the
5 Conservancy of Southwest Florida, which recently on
6 June 1st sent to your respective offices a very
7 detailed letter of opposition. This is certainly
8 no casual, slight, or NIMBY type of opposition.

9 This overhead that's before you right now is
10 the area as it appears today. You can see a very
11 detailed, a very expansive area of high quality
12 contiguous wetlands, and I think that that's the
13 area that we're trying to preserve. You see that
14 channel along there that is fringed with mangroves
15 all the way from the south to the north is
16 currently unburdened with anything. It's a natural
17 shoreline. It looks beautiful. It's the way it
18 should be, the way nature intended it to be, and
19 that's the area that's going to be changed.

20 If you could switch to the next one. This is
21 Wiggins Pass, which is very nearby. We put this up
22 just to show you that this is a very shallow area.
23 The pass itself has a control depth of, I believe,
24 three feet. The channel itself leading up to and
25 past this property is three feet max control depth.

1 And I can assure that, having boated in that area
2 on some very small boats, skiffs, we kicked up mud
3 within 50 feet of the shore, and that's something
4 that needs to be kept in mind here.

5 The next site here -- slide is -- and I'm
6 going to just hit on this real quickly. You can
7 read it. This site is just unsuitable for a
8 marina. I think it should be evident just from
9 looking at the overhead, but let me just highlight
10 some of the reasons why.

11 There's the need for extensive dredging.
12 They've got to do a lot of dredging just to make it
13 deep enough for these boats to get in there in the
14 first place.

15 The distance from the boardwalk entrance to
16 the waterfront, that is, cutting a path from the
17 developed areas of uplands to the waterfront
18 through the mangroves, is 900 feet. That's going
19 to be a 12-foot-wide swath for an 8-foot-wide, more
20 or less, boardwalk. The distance from the
21 boardwalk entrance to the end of the southernmost
22 dock, almost 1,900 feet. The distance from the
23 sewage pumpout facility, which is kept away on the
24 uplands, 2,000 feet. The need for such a long,
25 wide boardwalk through the mangroves. The

1 associated destruction and fragmentation of a
2 healthy, high quality mangrove community.

3 The shallowness and the meandering nature of
4 the channel through this Outstanding Florida Water,
5 which Vanderbilt Channel and Water Turkey Bay are,
6 through the Gulf of Mexico. And the shallowness
7 and ever-shifting nature of the pass itself, which
8 really limits the size of boats that can use it.
9 And the size of boats is important, because you can
10 have boats here up to 30, maybe even 35 feet
11 utilizing this, and we just think it's unsuitable.

12 Next slide. We have a very real concern about
13 manatees, because there are seagrasses there, and
14 they propose to dredge before the seagrasses --
15 without even really knowing by recent survey where
16 the seagrasses are, and we think that's not a good
17 idea.

18 They propose to protect the seagrasses by
19 extending the docks farther out into the channel
20 and then putting riprap in front of them, that is,
21 on the waterward side of the seagrasses, supposedly
22 to protect them from prop wash and the like. I
23 think this is a bad idea.

24 You know, the manatees feed on the seagrass.
25 This is one of the few areas of seagrass in this

1 community where they are still available to feed.
2 I don't think they're going to have easy access
3 anymore, especially when you consider the pilings,
4 the docks, and the boats, in addition to the
5 riprap. It's going to pretty well effectively bar
6 them from feeding in those areas. It's going to
7 push them into the narrow channel, and it's going
8 to increase the boat traffic in the area, I think
9 all to their detriment.

10 Finally, a major issue, water quality.
11 There's poor existing water quality at the site
12 already. Turbidity is a major problem. And when
13 you have a shallow-bottomed area like this, boats
14 are constantly kicking up and resuspending the
15 solids and sediments that have -- you know, over
16 time, they sink and get down to the bottom, but the
17 prop wash kicks them back up again. And you're
18 just going to have this constant resuspension, and
19 you're going to have oils and greases associated
20 with these additional boats.

21 And I think that the distance of the sewage
22 pumpout facilities from the boats, 2,000 feet at
23 maximum, especially those southernmost slips, does
24 increase the likelihood of illegal sewage holding
25 tank discharges by boaters. I mean, let's be real.

1 That does happen, and I think that that's something
2 that is another concern that we all have.

3 I know that the standard today is whether this
4 is not contrary to the public interest. But this
5 is an Outstanding Florida Water, and I think that
6 that Outstanding Florida Water status should inform
7 your decision on what the public interest is here
8 today. This is a private ownership oriented marina
9 for the private benefit of this developer and boat
10 owners. There's no public access. And I don't
11 think there's any demonstration that this is
12 clearly in the public interest, or for that matter,
13 not contrary to the public interest.

14 This is the channel as it looks today. It's
15 pretty neat. I mean, one side, the west side of
16 the channel is typical of what you see throughout
17 Florida, especially South Florida. You have a
18 bulkheaded seawall and grass right down to the
19 bulkhead. On the other hand, on the other side,
20 you have this really beautiful, essentially
21 undisturbed, high quality mangrove community that
22 -- next slide -- you are proposing to convert to
23 this. That's what it's going to look like. That
24 was Photoshopped. We put the 49 boats in the best
25 way we could to show you what it's going to look

1 like.

2 And I think you have to make the judgment as
3 to whether that's in the public interest or
4 contrary to the public interest. I think it is
5 contrary to the public interest, and I hope you
6 will agree. Thank you.

7 MR. SOLE: Before I go to the next speaker,
8 there are a couple of things I just want to clear
9 the record on. One, the dredging is 3,400 cubic
10 yards, which is not considered significant. Number
11 two, a seagrass survey was done on June 6th of this
12 year recently to verify locations of the seagrass.
13 Controlling depths of Wiggins Pass is about five
14 feet. And finally, the boardwalk that was referred
15 to is not 12 foot. It's an 8-foot-wide boardwalk.

16 Our next speaker is Ms. Kathy Robbins.

17 MS. ROBBINS: Good morning. My name is Kathy
18 Robbins. I am secretary of the Vanderbilt Beach
19 Residents Association, which, as Bill mentioned,
20 consists of over 900 households in the Vanderbilt
21 Beach area. I am speaking to you today to urge you
22 not to approve the request for this sovereign
23 submerged lands lease.

24 As was mentioned earlier, part of the
25 situation includes various conservation easements

1 that have been granted on the lands, and I'm going
2 to cover that today. What you're looking at now is
3 an October of 2000, the PUD Master Plan for Collier
4 County. This land was identified as a conservation
5 easement wetland/upland preserve, so gifting this
6 land to the State serves no further public
7 advantage.

8 On the next map, we will see that a
9 conservation easement for this area was deeded to
10 South Florida Water Management in July of 2000.
11 Okay. That's this yellow area right there.

12 Now, in the next slide, you'll see that they
13 partially released part of the land, and actually,
14 the part that they released is identified in red.
15 It's the part that they intend to put the boat
16 slips on. So they deeded the land to the Southwest
17 Florida Management District, and then they took it
18 back because they realized they needed it for the
19 boat docks.

20 Now, on the next map, you'll see that on March
21 17th of 2008, just last year, they deeded the same
22 underwater land to the Board of County
23 Commissioners of Collier County.

24 So the point of this is that a further deeding
25 of the land -- this is the same land, the same

1 submerged land and the same upland land that they
2 have covered now by three agencies, three different
3 conservation easements. And I don't think giving
4 the same land to three different public agencies
5 adds anything at all to the public interest.

6 That's all I have to say. Thank you.

7 GOVERNOR CRIST: Thank you.

8 MR. SOLE: And just so we don't let that go
9 unanswered --

10 CFO SINK: Yes, would you clarify that,
11 please.

12 MR. SOLE: Clearly, the Board of Trustees and
13 the Department of Environmental Protection believes
14 that actually, especially the Water Turkey Lake
15 region, that we do have clear title. There is some
16 title dispute there, and this action would actually
17 eliminate that title dispute and would specifically
18 -- not a conservation easement, specifically clear
19 title, quit-claim that title to the Board of
20 Trustees of the Internal Improvement Trust Fund.
21 And we think that's in the best interest of the
22 State to ensure that we obtain and retain title to
23 that property.

24 Our next speaker is Mr. Steve Lewis.

25 MR. LEWIS: Governor and members of the Board,

1 my name is Steve Lewis. I'm with the law firm of
2 Lewis, Longman & Walker. We represent the
3 applicant and have been working on this project,
4 obviously, for quite some time.

5 I'm really here to tell you why we think this
6 project should be approved. The last time there
7 was, I would say, somewhat of a concern about the
8 adequacy of the public benefit, and also a little
9 bit about the fees and, you know, trying to
10 maximize revenue to the State.

11 As was pointed out by Secretary Sole, we are
12 giving 66 acres of uplands, privately owned uplands
13 to the State of Florida, which ultimately will end
14 up in Wiggins Pass. And we will continue to
15 maintain that for the benefit of the public and
16 enjoyment of the public and remove exotics and
17 things of that nature in perpetuity, which brings
18 value, clear value to the State.

19 The issue of ownership in that area is
20 complex. It goes back almost to statehood. And
21 what we have suggested to our clients is that we
22 just simply quit-claim all of our interest in that
23 area, the Vanderbilt Channel as well as the Water
24 Turkey Bay area. It consists of about 54 acres,
25 and we think this is again something that really

1 just benefits the public.

2 As far as revenue, you know, we suggested
3 adding a condition into the lease that would
4 capture these future fees should they be adopted.
5 Again, that would also be beneficial to the State.
6 You know, conservatively, I estimate that this will
7 probably generate over the life of the project kind
8 of a minimum of a quarter million, maybe as much as
9 a half a million dollars of revenue to the State.
10 And theoretically, this goes on in perpetuity as
11 long as those structures are there.

12 You know, as to the project itself, you've
13 heard a lot about different environmental issues.
14 Your rules suggest that the Board should take into
15 consideration the regulatory standards applied by
16 the Department and the Water Management District in
17 analyzing a proposed activity in waters of the
18 State. They have concluded that we meet all the
19 standards as it relates to any impacts on water
20 quality, even navigation resources. You know, we
21 have designed everything to meet or exceed those
22 regulatory standards, which your rule says you need
23 to take into consideration. We are well below,
24 well below what's allowable under the manatee
25 protection plan, significantly below it.

1 We are clearly not going to create any kind of
2 navigational problems. The Vanderbilt Lagoon area
3 south of us, including the bridge, typically the
4 passageways are in the neighborhood of 100 to
5 125 feet. Our setback is 171 feet. And just to
6 give you some perspective, if you were to go to the
7 foyer here and walk all the way down to the
8 cafeteria, that's the open water area that will
9 continue to be open to the navigable public.

10 A couple of other things that I would like to
11 mention. You know, we have almost two miles of
12 riparian shoreline, yet we're only asking for 49
13 docks. If you look right across the way -- Tim,
14 just that one -- if you would, show that one of the
15 facility across the way. If you look right across
16 the way from us, there is a facility there that
17 berthed the last time we met 47 docks. They've
18 since received permits to add another 12 docks, and
19 they now have, you know, 59 slips. You know, we're
20 asking for 49, you know, and I would suggest that,
21 you know, we're not even remotely overreaching.

22 We have done everything that everyone has
23 asked to us do and more. You know, I think under
24 any objective standard, you know, we meet the
25 requirements under Chapter 18-21. Clearly, this

1 project is not contrary to the public interest.

2 The control depth, like the Secretary said, is
3 really minus 5. It was designed by the Corps of
4 Engineers when they did the pass. You know, we're
5 putting a restriction on our drafts of 2 1/2 feet
6 to address any kind of sedimentation or water
7 quality problems raised here today and in the past.

8 We've clearly designed this to avoid the
9 minimal amount of seagrasses that are in that area.
10 This is not an area frequented by manatees. In
11 fact, I'm told -- and I'm not an expert in this
12 area, but I do have a minor in biology -- that this
13 is not the type of -- this ephemeral type grass is
14 not even fed upon by manatees. You know, that's
15 what I hear.

16 You know, we have 635 residents. They
17 desperately would like to have some docks, not a
18 lot, considering they have two miles, almost two
19 miles of riparian shoreline. You know, we
20 respectfully request that you approve this. It's
21 not unreasonable, and like I said, I think we meet
22 all of your standards.

23 We have a couple of other folks just briefly
24 that would like to speak.

25 MR. SOLE: Our next speaker is Ms. Pam

1 Mac'Kie. Pam?

2 MS. MAC'KIE: Good after -- no, good morning.
3 I'm Pam Mac'Kie, and I'm a resident of The Dunes,
4 and I'm here simply to say that we, the
5 600-and-some-odd residents of The Dunes, would very
6 much like to have access to the waterway that we
7 look out over.

8 I have a boat, but I have to keep it somewhere
9 else. I may or may not be able to get one of these
10 few boat slips. But my neighbors across the way
11 who are opposing this have, I don't know, hundreds,
12 900-some-odd boat slips. And we would like at
13 least to have access to the waterway too. And we
14 are the public, and we would appreciate your
15 approval of this application. Thank you.

16 MR. SOLE: Our last speaker is Justin Finch.

17 MR. FINCH: Good morning. My name is Captain
18 Justin Finch. I have lived in this area of North
19 Naples-Vanderbilt Beach, for 24 years now. Eight
20 years of that, I've actually lived on the water at
21 the southern end of this waterway, which we call
22 Vanderbilt Lagoon.

23 While most kids were contemplating a paper
24 route, I spent my weekends on a little Jon boat
25 practicing being a fishing guide. At the age of

1 16, I started crewing on commercial fishing boats,
2 and by the age of 18, I had obtained the
3 requirements to achieve my master captain's
4 license. I've been licensed now for 16 years. All
5 of this experience has been on the waterway that
6 we're talking about today.

7 For the past six years, I've been the
8 owner-operator of South Bay Marina, which is
9 located at the southern end of Vanderbilt Lagoon.
10 Our primary business is boat rentals and fishing
11 charters, so you can imagine it's extremely
12 important to me, the issue of navigation. We
13 already have a half-hour travel time one way just
14 to get out to Wiggins Pass. So through the course
15 of a day, that adds up to two, possibly three hours
16 of my time is going through this waterway. I
17 estimate my travel through that particular waterway
18 is in excess of 600 times per year.

19 I have no concerns about this project that's
20 being proposed today. For the past six months,
21 we've actually been sharing this waterway with
22 several construction barges as new docks were being
23 built on the west side of this channel. The
24 largest of these barges is 35 by 70 feet, and we
25 never -- me and the other 1,500 boaters in the area

1 never had any issues working around them or through
2 their construction area.

3 I was impressed with this project when I found
4 out they were not going to propose floating docks.
5 For the past 10 years, all of the projects that
6 have been brought forth have been floating docks.
7 And for me, I saw that as a big environmental
8 concession, because there's a lot of convenience,
9 especially with most of community of The Dunes
10 being older.

11 I am not -- I don't have a Ph.D. in any
12 biology, but I can tell you about the manatees in
13 our area. I can tell you -- I can't tell you where
14 they come from or where they go, but when they're
15 in our area, they use it like a rest stop. They're
16 only there for a day or two. I've been able to
17 find three areas where they tend to congregate when
18 they do stay overnight. This area where the
19 proposed docks are going to be is not one of them.
20 The channel does favor the seawall side, which
21 would be the westward side of the channel, and that
22 tends to be the highway for the manatee when they
23 do come through.

24 I keep hearing the issue about this boardwalk.
25 We have a mile-long boardwalk that's utilized by

1 the County, and it is actually kind of a gem for
2 our area. People really like it, and it has been
3 very functional for 20-plus years, as long as I can
4 remember.

5 Also, we've lost several marinas in the six
6 years that I've been in business, and we have a
7 serious overcrowding situation at our boat ramps.
8 So any effort to give the folks at The Dunes docks
9 will take some of the load off our already
10 overcrowded boat ramps.

11 I came here today to volunteer my time, and I
12 feel that -- if I felt that this ecosystem, which I
13 depend on for my livelihood, was remotely going to
14 be affected by this project, I would be the first
15 person to stand here and object, and I am for this
16 project. Thank you.

17 GOVERNOR CRIST: Thank you.

18 MR. SOLE: Governor and Cabinet, as you can
19 see, this has been a longstanding project. I think
20 it started, believe it or not, in 1998, so this
21 unfortunately has been doing on for some time.

22 I know there may be questions. I'm sure
23 myself, Mr. Hyde, or Mr. Lewis will be able to
24 answer those.

25 GOVERNOR CRIST: Any questions?

1 ATTORNEY GENERAL McCOLLUM: I do have one,
2 Governor. It seems to me the Nature Conservancy
3 opposed this, Andy, last time. Did you not oppose
4 this project last time?

5 MR. McLEOD: I don't think so, Attorney
6 General, no.

7 ATTORNEY GENERAL McCOLLUM: Okay. I thought
8 you had. Perhaps not.

9 CFO SINK: The Conservancy of Southwest
10 Florida.

11 MR. SOLE: Yes, I think it was the Conservancy
12 of Southwest Florida.

13 ATTORNEY GENERAL McCOLLUM: The Conservancy of
14 Southwest Florida came and did that. All right. I
15 knew somebody had come in here and testified who
16 wasn't here today doing that.

17 CFO SINK: I'll move it, Governor.

18 GOVERNOR CRIST: I'll second it. Is there any
19 objection?

20 ATTORNEY GENERAL McCOLLUM: I'm going to
21 object. I don't see the change. I see some things
22 that have changed, but not enough to change my
23 vote.

24 GOVERNOR CRIST: Okay. It passes three to
25 one.

1 GOVERNOR CRIST: State Board of
2 Administration. Ash. Item 1.

3 MR. WILLIAMS: Good morning. Item 1 is
4 requesting approval of the minutes from the May 27
5 meeting.

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

8 CFO SINK: Move it.

9 ATTORNEY GENERAL McCOLLUM: Second.

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

12 MR. WILLIAMS: Item 2 is a fiscal sufficiency
13 for State Board of Education Lottery revenue bonds.

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

15 ATTORNEY GENERAL McCOLLUM: I move Item 2.

16 CFO SINK: I second.

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

19 MR. WILLIAMS: Item 3, fiscal sufficiency for
20 full faith and credit, State Board of Education,
21 capital outlay refunding bonds.

22 CFO SINK: Move it.

23 ATTORNEY GENERAL McCOLLUM: Second.

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

1 MR. WILLIAMS: Item 4, another fiscal
2 sufficiency, State Board of Education capital
3 outlay bonds, 2009 Series A.

4 ATTORNEY GENERAL McCOLLUM: I move Item 4.

5 CFO SINK: Second.

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

8 MR. WILLIAMS: Item 5, I would like to request
9 a motion to defer. This is a rule adoption
10 relating to revisions of investment policy for the
11 Local Government Pool. We'll have the Local
12 Participant Advisory Council meeting on the 18th.
13 We would like to get the benefit of their guidance
14 on this and come back to you with a completely
15 updated version of this reflecting the current
16 changes.

17 ATTORNEY GENERAL McCOLLUM: I move to defer
18 Item 5.

19 CFO SINK: Second.

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

22 MR. WILLIAMS: Thank you. Item 6 is relating
23 to the reimbursement formula for the Cat Fund. It
24 simply conforms the formula to House Bill 1495. At
25 the last meeting we approved this direction, and

1 now we have the benefit of the bill, and this just
2 completes the action.

3 ATTORNEY GENERAL McCOLLUM: Move Item 6.

4 CFO SINK: Second.

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

7 MR. WILLIAMS: Item 7 is likewise to reflect
8 changes in House Bill 1495 and handles things
9 relating to insurer reporting requirements for the
10 Cat Fund.

11 GOVERNOR CRIST: Is there a motion on Item 7?

12 CFO SINK: Move it.

13 ATTORNEY GENERAL McCOLLUM: Second.

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

16 MR. WILLIAMS: Item 8 is a similar issue,
17 different rule, insurer responsibilities, but
18 again, it's a conformance issue with the
19 legislation.

20 ATTORNEY GENERAL McCOLLUM: I move Item 8.

21 CFO SINK: Second.

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

24 MR. WILLIAMS: Item 9 is going ahead with
25 normal rulemaking reflecting the provisions of

1 House Bill 1495.

2 CFO SINK: I move it.

3 ATTORNEY GENERAL McCOLLUM: Second.

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

6 MR. WILLIAMS: Thank you. Item 10 relates to
7 the budgets for the State Board of Administration.
8 We have five different entities here. We have the
9 State Board itself, we have the Public Employee
10 Optional Retirement Program, the Cat Fund, Florida
11 Prepaid, and the Division of Bond Finance.

12 What I would like to do today, with the
13 Board's concurrence, is divide these and take up
14 the budgets of all the entities except the SBA
15 itself. And with regard to the SBA, what I would
16 like to do there is have the benefit of the
17 guidance of your appointees to the Investment
18 Advisory Council and also the Local Participant
19 Advisory Council, both of which are meeting here in
20 Tallahassee on the 18th of this month.

21 We have essentially moved ahead in our
22 preliminary budget recommendation with a number of
23 initiatives that were commenced last year, and we
24 have introduced new ones, with a very strong focus
25 on safety, soundness, independent compliance, open

1 communications, and transparency.

2 These things involve people and consulting
3 dollars primarily. Over 80 percent of our budget
4 is in fact consulting dollars used for various
5 investment and compliance-related activities.
6 Recognizing the times we're in, we want to strike
7 the right balance between properly attending to
8 safety and soundness and a quality investment
9 effort, but also keeping costs under control to the
10 maximum extent possible, sharpening our pencil
11 wherever we can.

12 So what I would like to do is request a motion
13 for a continuation budget for the SBA, with the
14 understanding that we will come back to you
15 subsequent to the meeting of the Investment
16 Advisory Council and the Local Participant Advisory
17 Council on 18 June with revisions reflecting our
18 ability to sharpen our pencil and cut overhead a
19 bit.

20 If that's agreeable to you, what I would also
21 like to do is go ahead today and walk you quickly
22 through the budgets of the Public Employee Optional
23 Retirement Plan, the Cat Fund, Prepaid, Bond
24 Finance, and get those handled. And we have
25 representatives from all of those organizations

1 here today to provide backup if you would like
2 to --

3 ATTORNEY GENERAL McCOLLUM: And you would like
4 those approved today? The continuation is strictly
5 the State Board of Administration budget?

6 MR. WILLIAMS: Yes, sir.

7 ATTORNEY GENERAL McCOLLUM: I would move to do
8 that.

9 CFO SINK: I second.

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

12 MR. WILLIAMS: Thank you. Why don't we then
13 move ahead with the individual budgets that we are
14 going to cover today.

15 With regard to the Public Employee Optional
16 Retirement Program or the defined contribution
17 plan, we basically have a decrease of 7.7 percent
18 in that budget. The contribution rate has remained
19 the same that's set by the Legislature at
20 5 percent. And we've been able to hold the line on
21 a variety of other things so that the net change is
22 a decrease of 7.7 percent.

23 CFO SINK: Governor, we have separate -- do we
24 need separate motions?

25 GOVERNOR CRIST: I think that's the request.

1 MR. WILLIAMS: I think we do.

2 CFO SINK: Okay. I'll move approval of the
3 Public Employee Optional Retirement Program.

4 ATTORNEY GENERAL McCOLLUM: Second.

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

7 MR. WILLIAMS: Thank you. The Florida
8 Hurricane Catastrophe Fund has an increase of 1.44
9 percent if you set aside the huge decrease in their
10 budget that results from not having a financial
11 product to purchase in the budget this year.

12 The actual number when you look at their
13 budget document shows a decrease that's absolutely
14 huge. It's 90-some-odd percent. That's somewhat
15 misleading, because it shows the nonexistence of a
16 financial product. But if you drill down past that
17 and look at the actual overhead, it's a
18 1.44 percent increase. And I would recommend your
19 adoption.

20 ATTORNEY GENERAL McCOLLUM: I move the
21 adoption of the Florida Hurricane Catastrophe Fund
22 budget.

23 CFO SINK: Second.

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

1 MR. WILLIAMS: Thank you. On the Florida
2 Prepaid Tuition Program budget, there is a net
3 decrease of 0.53 percent there. The Florida
4 Prepaid Board, which, of course, is an independent
5 statutory body, has met and approved this budget.

6 CFO SINK: I move approval.

7 ATTORNEY GENERAL McCOLLUM: Second.

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

10 MR. WILLIAMS: Thank you. The Division of
11 Bond Finance is primarily a transaction-driven
12 budget, and it's anticipated that, given the number
13 of transactions that will take place next year, the
14 level of financial advisory services, bond rating
15 services, and advertising costs, together with the
16 increase in negotiated transactions versus
17 competitive transactions, will increase costs for
18 the Division of Bond Finance over the coming year.
19 Their budget, which is solely driven by multiplying
20 the number of transactions times those estimated
21 costs, provides a net increase of 13.34 percent.

22 ATTORNEY GENERAL McCOLLUM: I move that item.
23 I move the Division of Bond Finance budget.

24 GOVERNOR CRIST: Is there a second?

25 CFO SINK: Just a second. I'm just making

1 sure I don't have a question about this.

2 GOVERNOR CRIST: Take your time.

3 CFO SINK: I second it.

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

6 MR. WILLIAMS: Thank you.

7 GOVERNOR CRIST: We're done.

8 (Proceedings concluded at 10:21 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 58 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 26th day of June, 2009.

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