

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:

FLORIDA DEPARTMENT OF LAW ENFORCEMENT
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, April 27, 2010,
commencing at approximately 9:09 a.m.

Reported by:

MARY ALLEN NEEL
Registered Professional Reporter
Florida Professional Reporter
Notary Public

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

APPEARANCES:

Representing the Florida Cabinet:

CHARLIE CRIST
Governor

CHARLES H. BRONSON
Commissioner of Agriculture

BILL McCOLLUM
Attorney General

ALEX SINK
Chief Financial Officer

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I N D E X

FLORIDA DEPARTMENT OF LAW ENFORCEMENT
(Presented by MARK ZADRA)

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

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STATE BOARD OF ADMINISTRATION
(Presented by ASH WILLIAMS)

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P R O C E E D I N G S

(The agenda items commenced at 9:39 a.m.)

GOVERNOR CRIST: The next Cabinet meeting will be Tuesday, May 11th.

The Florida Department of Law Enforcement, Mark Zadra. Mark, how are you this morning? I look forward to your presentation.

MR. ZADRA: Good morning, Governor and members of the Cabinet. We have two items on the agenda today. The first is the minutes of the February 24, 2010 Cabinet meeting, and we respectfully request approval of those minutes.

CFO SINK: Move it.

COMMISSIONER BRONSON: Second.

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

MR. ZADRA: The next item is our nine sets of rules which are being submitted for final approval.

I would like to point out that there were no public hearings that were requested to discuss the proposed changes. And essentially they incorporate just cleanup language, changes in -- statutory changes in past sessions, and there are no major policy shifts associated with any of the rules. I'll quickly summarize the proposed changes to you.

1 11B-18 and 11B-20 expand the role of training
2 center director designees where they can act on
3 behalf of their directors. It also includes name
4 changes for the training centers.

5 11B-27 includes the revising of moral
6 character violations and penalties, revising
7 requirements for employment background
8 investigations, revising requirements for officers
9 who do not pass firearms qualifications standards,
10 limits probable cause determination hearings
11 regarding specific misdemeanor charges, and expands
12 training center director designee roles.

13 11B-30 involves technical housekeeping changes
14 as well.

15 11B-35 exempts specific medical professionals
16 from the first aid portion of their auxilliary
17 officer training and expands training center
18 designee roles as well.

19 11C-6 and 11C-7 involve technical housekeeping
20 changes.

21 11D-6 revises definitions and procedures for
22 the collection of DNA samples due to recent
23 legislation regarding the arrestees, and also the
24 technological advances with our rapid
25 identification devices.

1 And lastly, 11G-2 involves technical
2 housekeeping changes as well.

3 I'll be happy to answer any questions that you
4 have about any of those items.

5 ATTORNEY GENERAL McCOLLUM: I move Item 2.

6 COMMISSIONER BRONSON: Second.

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

9 GOVERNOR CRIST: Thank you very much, Mark.

10 MR. ZADRA: Thank you.

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1 GOVERNOR CRIST: Board of Trustees, Secretary
2 Sole. Good morning, Mr. Secretary.

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

5 Item Number 1, submittal of the minutes from
6 the February 24, 2010 Cabinet meeting.

7 CFO SINK: Move it.

8 COMMISSIONER BRONSON: Second.

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

11 MR. SOLE: Thank you. Item Number 2, this is
12 a request to proceed with final adoption of our
13 proposed amendments to the Department's or the
14 Board's state land acquisition procedures. This is
15 Rule 18-1. The amendments update and modify the
16 appraisal requirements for the Board of Trustees'
17 land acquisitions. These amendments are primarily
18 due to legislative changes, and we're implementing
19 the legislation.

20 GOVERNOR CRIST: Is there a motion?

21 CFO SINK: Move it.

22 ATTORNEY GENERAL McCOLLUM: Second.

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

25 MR. SOLE: Item Number 3, this is Southern

1 Keys Cemetery encroachment. This is a request to
2 determine that a .019-acre parcel of state-owned
3 lands is no longer needed for conservation
4 purposes. The site is located in Monroe County.
5 And the request is that we surplus and sell this to
6 Southern Keys Cemetery.

7 The ramifications of this issue are, bottom
8 line, in 2007 the Board authorized us to move
9 forward with the Florida Forever acquisition.
10 There was an encroachment that was identified
11 subsequent to closing. We've identified that
12 encroachment as roughly an 8-foot by 150-foot long
13 segment of property, and we're requesting to sell
14 that to the adjacent property.

15 The consideration is \$300, and that's based
16 upon comparable sales.

17 GOVERNOR CRIST: Is there a motion?

18 COMMISSIONER BRONSON: Motion on Item 3.

19 ATTORNEY GENERAL McCOLLUM: Second.

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

22 MR. SOLE: Thank you. Item Number 4, this is
23 a request to the Board to determine that it's in
24 the public interest to sell 4.2 acres of filled,
25 formerly submerged lands to -- in Bay County to the

1 Panama City-Bay County Airport Authority and
2 Industrial District. The consideration is 210,000,
3 which is 100 percent of the appraised value.

4 The situation is, we've got 4.2 acres of
5 formerly filled lands that were part of an easement
6 that the Board provided in 1970. In light of the
7 changes in land use anticipated with the old
8 airport authority, the DEP recommends that we do
9 consider it to be in the public interest to convey
10 this parcel because it's landlocked. Our ability
11 to manage this small piece of property within this
12 landlocked area would be very difficult and costly,
13 and the cost to restore it would also be
14 significant.

15 One of the key issues involved is that there
16 is currently an easement that the Board granted in
17 1970 to the Airport Authority. As part of this
18 proposal, we would ask that they obviously release
19 the easement, that the property go back total
20 interest to the Board of Trustees, which is -- some
21 of it is actually in the submerged land itself.

22 Finally, we need a final survey on this
23 parcel. And one request to the Board which is not
24 in the item -- and I apologize for that -- is, I'm
25 requesting that the Board give us authorization to

1 adjust the purchase price based upon the final
2 surveyed acreage. We don't expect to see any
3 significant change. Currently, it's roughly
4 \$50,000 per acre.

5 ATTORNEY GENERAL McCOLLUM: I move Item 4.

6 CFO SINK: Second.

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

9 MR. SOLE: Thank you.

10 GOVERNOR CRIST: Thank you, Secretary.

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

3 Thanks, Commish.

4 Good morning.

5 MR. WILLIAMS: Good morning, Governor and
6 Trustees.

7 Item 1, request approval of the minutes of our
8 March 4, 2010, and March 9, 2010 meetings.

9 ATTORNEY GENERAL McCOLLUM: I move Item 1.

10 CFO SINK: Second.

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

13 MR. WILLIAMS: Item 2, request approval of the
14 SBA Quarterly Report required by the Protecting
15 Florida's Investments Act.

16 With regard to this report, in relation to
17 Sudan, we have no new scrutinized companies. We
18 have one company removed from the scrutinized list.
19 And on the continued examination list, we have two
20 removed and four added.

21 With regard to Iran, we have no adds or
22 removals from the scrutinized list and no changes
23 in the continued exam list.

24 ATTORNEY GENERAL McCOLLUM: I move Item 2.

25 CFO SINK: Second.

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

3 MR. WILLIAMS: Item 3, request approval of a
4 draft letter to the Joint Legislative Auditing
5 Committee affirming that the SBA Trustees have
6 reviewed and approved the monthly LGIP management
7 summary reports and actions taken, if any, to
8 address material impacts. There were no material
9 impacts.

10 CFO SINK: I move it.

11 ATTORNEY GENERAL McCOLLUM: Second.

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

14 GOVERNOR CRIST: CFO, I think you have a
15 question?

16 CFO SINK: Yes. Thank you, Governor.

17 Ash, as you know, I'm curious and have made
18 some inquiries over the past couple of days about
19 the apparently serious nature of the Goldman Sachs
20 SEC charges of fraud. And I'm curious to know
21 whether or not our retirement system or the SBA had
22 under management any of the subject investments,
23 and also, the impact as a result of this fraud --
24 obviously, their stock price declined by probably a
25 double-digit amount -- and what our positioning is

1 as a shareholder in the company, Goldman Sachs.

2 Will you update us?

3 MR. WILLIAMS: Several answers to your
4 question, CFO. You're not alone in your concern,
5 and we appreciate the vigilance of the Trustees on
6 this matter.

7 First of all, the SBA did not own any of the
8 securities that are in question with regard to the
9 SEC action. We do not own them currently, and we
10 have not owned them in the past.

11 Secondly, with regard to the share price, I
12 think it's early days in this whole matter. We
13 have allegations that have only recently been
14 revealed, and I think those need to play through.
15 We don't really know where the share price
16 situation will be longer term.

17 In terms of our exposure to Goldman Sachs
18 equity, we certainly have some. We, as you know,
19 own the Russell 3000 index, which is the broadest
20 market index there is of equity, so we would have a
21 proportional exposure to Goldman. To my knowledge,
22 we don't have any significant active bets on that
23 would give us more exposure to Goldman than we
24 would otherwise have.

25 We also do business with Goldman on a couple

1 of other fronts. We have two different fixed
2 income management relationships with them. Both of
3 them are performing close to or ahead of benchmark,
4 and we're happy with the job that has been done
5 there.

6 In addition, last week I spoke with one of the
7 most senior members of the Goldman management team
8 and asked the question whether there were other
9 facts not yet public that might be revealed
10 prospectively that should be of interest to us as
11 fiduciaries. The answer was no. The assertion was
12 that Goldman is very comfortable with their
13 position. They have posted on their website the
14 notice they received from the SEC. They have also
15 posted the many, many, many documents they have
16 provided to the SEC in response thereto.

17 I also asked the question as to whether there
18 are any aspects of this matter or any other matters
19 ongoing at Goldman that will have a bearing on the
20 other asset management relationships we have with
21 the firm, and the answer again was negative.

22 CFO SINK: Well, I hope you'll stay in close
23 touch with our securities litigation firms, because
24 my office became aware that some other states are
25 looking at possible action. I agree with you it is

1 a little bit early in the process, but in our
2 position as the fourth largest pension fund, I'm
3 sure you're going to be in close touch with our
4 outside advisors.

5 MR. WILLIAMS: Agreed.

6 CFO SINK: Thank you.

7 MR. WILLIAMS: Thank you.

8 GOVERNOR CRIST: Thank you very much. We
9 stand adjourned.

10 (Proceedings concluded at 9:50 a.m.)
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CERTIFICATE OF REPORTER

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3 STATE OF FLORIDA:

4 COUNTY OF LEON:

5 I, MARY ALLEN NEEL, Registered Professional
6 Reporter, do hereby certify that the foregoing
7 proceedings were taken before me at the time and place
8 therein designated; that my shorthand notes were
9 thereafter translated under my supervision; and the
10 foregoing pages numbered 1 through 15 are a true and
11 correct record of the aforesaid proceedings.

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

16 DATED THIS 25th day of May, 2010.

17
18
19 _____
20 MARY ALLEN NEEL, RPR, FPR
21 2894-A Remington Green Lane
22 Tallahassee, Florida 32308
23 (850) 878-2221
24
25