IN RE: MEETING OF THE GOVERNOR AND CABINET

CABINET MEMBERS:
GOVERNOR RON DESANTIS
ATTORNEY GENERAL ASHLEY MOODY
CHIEF FINANCIAL OFFICER JIMMY PATRONIS
COMMISSIONER OF AGRICULTURE NIKKI FRIED

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PROCEEDINGS

GOVERNOR DESANTIS: Well, good morning, everybody. Welcome to the March 12th meeting of the Governor and Cabinet.

Before we begin our meeting, I'd like to recognize Major Graham Glover from the Chief of Chaplains Office to lead us in an invocation. Please remain standing after the invocation for the Pledge of Allegiance led by Sheriff Mark Hunter of Columbia County.

*     *     *     *     *

C & N REPORTERS  850-697-8314
GOVERNOR DESANTIS: At our last Cabinet meeting, the CFO requested an update on hurricane recovery from DEP. Barbara Goodman from DEP and Director Jim Karels of the Florida Forest Service are here to give us an update.

Are you guys ready? You want to go first?

MS. GOODMAN: Good morning, Governor, Attorney General Moody, CFO Patronis, and Commissioner Fried.

My name is Barbara Goodman. I'm the Deputy Director for State -- okay, I should know that -- for Lands and Recreation in the Department of Environmental Protection. It's my first time before you because this is my only -- my third week in the position, so bear with me.

We have a few pictures to show you, and they said just press -- that button, all right.

Okay. In contrast to Hurricanes Matthew and Irma, waterway debris from Hurricane Michael impacted mostly our smaller rivers, streams, and creeks; and this has caused major flooding issues. As you can see from this picture of the Chipola River, there are a significant number of trees and
other vegetative debris that have fallen into the waterways in the impacted area.

We're finding that the debris is not limited to the few trees that you see visible on the surface, but it also includes a layer of submerged trees. It's much like an iceberg where these visible twigs are just the tip of something much larger below. Waterway debris is acting as a beaver damn would and is causing flooding that is impacting critical infrastructure.

This is an example of Highway 20. The darker part you can see is where it's flooded. This is an aerial image from the day after the Hurricane Michael.

This is a picture taken on Blue Hole Road, which is located in Florida Caverns State Park in Marianna.

So the state administers all of our state-owned lands, including our state-owned waterways and submerged lands associated with them. There is an estimated 9,020 cubic yards of debris in the state-owned waterways as a result of Hurricane Michael.

As shown in the previous picture, flooding from waterway debris is posing a risk to structures
and roadways. Downed trees have also restricted navigation of waterways, posing safety hazards and limiting recreational activities.

To expedite recovery efforts, the Department secured cleanup contractors immediately following landfall. Contractors are currently working to remove debris on the Chipola River and the Econfina Creek.

To date, more than 110,000 cubic yards of debris has been removed from these state-owned waterways. To remove debris, contractors are using boats equipped with an excavator. And once removed from the water, the debris is piled on the uplands and then ground into mulched-sized pieces to be hauled to the disposal -- for disposal in the landfills.

As you can see, the volume of debris and cost of removal from Hurricane Michael far exceeds that of Hurricanes Matthew and Irma combined. To date, the Department has spent approximately 19.4 million on debris removal in state-owned waterways; however, the total debris cleanup in state-owned waterways from Hurricane Michael is estimated to cost 167 million.

This figure is evolving somewhat because, as
the contractors are pulling up the trees that have fallen, they are discovering more and more details and giving us more data about how much is actually there. So that is not a solid figure.

This is an image of Three Rivers State Park prior to the hurricane, and this is the same area after landfall. In some parts, 75 to 80 percent of the trees were knocked down, snapped, or severely twisted.

The greatest threat to state parks, the public, and our natural resources is downed vegetation, mainly because this vegetation will dry out and become a fire hazard if it's not removed. The firebreaks have been eliminated in many areas, and there's no access for emergency response vehicles. Our team is working to establish restoration plans for the parks that are still closed as a result of the hurricane.

Okay. This picture shows a dock at Three Rivers State Park prior to the hurricane landfall, after the landfall, and now showing the work that we have completed. But as you can see, we're making progress to remove the trees.

To date, approximately 126 cubic -- thousand cubic yards of vegetative debris in state parks
have been removed. The downed vegetation in our parks far exceeds anything previously experienced.

As seen with the state-owned waterways, the debris removal costs for Hurricane Michael recovery activities at state parks far exceed that of Hurricanes Matthew and Irma combined. To date, the Department has spent approximately 8.6 million on recovery activities at state parks; however, the estimated total cost is 55 million. In comparison, park-response efforts for both Hurricanes Matthew and Irma combined equaled 40 million or so.

And that's it. Thank you for the opportunity to speak. And I am available for any questions if you have them.

CFO PATRONIS: Thank you.

And thank you, Governor.

More just a comment. I don't know if the audience realizes it as much as I know, because I get to travel every weekend back to Panama City, but the paralysis and the uncertainty that communities have faced with just the looming, overwhelming costs that are associated with it.

And, Governor, I just wanted to tell you thank you for your efforts. The announcement that was made by the Whitehouse early this week would not
have happened without your efforts. To know that these communities have a safety net that is working behind them, that a Governor that is listening to the needs of those communities, now those leaders can prioritize and focus knowing that there is a light at the end of the tunnel. And the fear of uncertainty is a little more certain; that they know that they have a pathway to start rebuilding.

So thank you for your presentation, and thank you for your leadership.

MS. GOODMAN: Thank you.

GOVERNOR DESANTIS: Any other -- anybody have questions?

(NO RESPONSE).

GOVERNOR DESANTIS: Okay. Thank you.

Jim.

DIRECTOR KARELS: Good morning, Governor DeSantis.

GOVERNOR DESANTIS: Good morning.

DIRECTOR KARELS: General Moody, CFO Patronis, Commissioner Fried. That's the toughest part for me. I'm used to -- this is probably my third Cabinet group over the many years I've been with it. So the first time I say all the names is usually the first time I mess it all up.
Let me see if I can get this going. I'm Jim Karels. I'm the Director and State Forester for the Florida Forest Service.

Barbara did a good job. I'm going to talk a little bit more about the rural impact of this storm. I'm going to go all the way -- not public, but private, public, everything, and really show you, as the CFO said, the tremendous impact that Hurricane Michael did to Florida, did to Georgia.

In Florida alone -- start out with this map. This map shows catastrophic, severe, and what we call moderate damage, almost three million acres of forest resources damaged. This map maps the forest resource, almost three million acres damaged in Florida alone from Hurricane Michael.

Dollar values. And those dollar values are still being adjusted as they better get a handle on how much impact. Almost $1.5 billion in agricultural losses, with forestry taken by far the biggest hit, almost 1.3 billion in Florida alone.

Cotton, significant impact to cotton and its infrastructure because much of its infrastructure, as is forestry, flows between Georgia and Florida and impacted Georgia almost as bad as it impacted Florida. So the crops across the board, the rural
economy of this area received a significant impact from Hurricane Michael.

This is a map that we're in the process of updating right now. It better maps the forest resource damage. We're doing it jointly with Georgia. This is five million acres. This is the size of the State of New Jersey, the impact of forest resources; and then you throw everything in there: If there was pecans in there, if there was cotton in there, if there were peanuts in there. The ag industry of this very rural economy that it hit was a tremendous, tremendous setback to the landowners of the state.

Looking at Florida, breaking it down by catastrophic, severe, and moderate. A 20-mile swath of about 350,000 acres that you will see in the next picture that is total devastation to -- whether it be forestry, whether it be really just about any ag out there.

And as the CFO said, tremendous devastation, not only to the rural economy, but to the homes, the schools, the infrastructure of that whole area, a 40-mile swath of severe; and then an 80-mile swath of moderate. And then you say some of the driving force economy of that area is agriculture,
and especially the forestry end; and then you say there's really a 40-mile swath there that will not have any timber for the next 15, 20 years. And how does that economy continue? How do those mills from Panama City all the way up to the state line continue to operate? And what do we need to do in the future to ensure that economy stays strong?

This is a picture of Bay County. This is a picture of -- that many of you've seen numerous times, but that's a hundred percent devastation within that area. And the worst part about it is -- the good thing for timber is you can salvage. You've got about six months. We're right at the end of that six-month salvage window. Blue stain is setting in; the bark is slipping. That wood only has probably a few weeks to a month left that it has some quality to still pick up in most cases.

Here, almost nothing salvaged, and the reason is it was so broken up, the storm put it in that severe and catastrophic areas into multiple directions. It didn't lean anything; it broke everything. It didn't break it in one direction; it broke it in multiple directions. Very dangerous situations for loggers to even work in; very low productivity; very, very low amount that was
salvaged. So the vast majority of what you're seeing in those worst-hit areas will not be removed to go to a mill in the future; it's going to sit there.

I spoke at the beginning and said this is -- we're talking about the entire area, but this is a -- this storm, Hurricane Michael, is a private lands event. 85 percent of the impact of this storm hit private lands.

Public lands, state parks got hit, state forests got hit just a little bit, minor. Some of the national forest -- Tyndall got hit very bad. But everything else was private lands, 16 thousand landowners across Florida were impacted by this storm, whether they had forests or whether they had cotton, whether they had peanuts, whether it was a landowner that was cattle, or whatever they're growing. But a huge impact to the private landowners and really to the rural economy of this area.

Let's talk now, as I get ready to close out, is really: What's next? And I think this is the -- to me this is the most important part of this thing. We've done a wildfire threat analysis already within the Florida Forest Service of this
area. We've sent teams in, and we're looking at 233 communities with significant fire threat.

The fire breaks, the defensible space around those communities is gone. The trees are there. You've seen it in the pictures. It overlaps right up to the houses. Most of the landowners have been able to clear the area around their homes, but then that hundred tons of fuel per acre is laying right up against their homes, their businesses, their livelihood.

Fire equipment access significantly reduced where in this area of well-managed forest, we were able to, on a fire, be able to get our equipment, get those dozers in there, handle those fires fairly, fairly easily through this area. That is all but impossible right now.

What we call that jackstraw timber is like taking a box of wood matches and throwing them down, and that's what that timber looks like; it's every different direction. And think about trying to drive equipment through that to break fire lines in it and try and not to get your firefighters hurt, extremely dangerous situations.

Fuel loadings that are more than ten times
what they were. This area, from the fire
perspective, we say -- we've done tests where it's
about four and a half to five tons per acre on the
ground. That's the fuel that normally would burn;
that's above the timber. Now you're looking at
anywhere to a hundred to 120 tons per acre on the
ground.

And I talked about that salvaged, less --
probably 10 percent, maybe 11 percent, 12 percent
of that entire devastation is going to be salvaged.
The rest of it is going to stay on the ground and
become a tremendous fire threat.

Without really doing something in the debris
removal land, without trying to get this economy
going, without being able to clear that land, the
fire threat is -- California doesn't have this kind
of fire threat. This is what we're looking at. If
we have three weeks -- if we have three weeks
without rain and a windy day, we're ready to go;
it's that quick.

The great thing is for six weeks, six months,
good or bad, because it's been bad for the salvage,
it's rained quite a bit. The minute that rain
stops, the threat to fire through this entire three
million acres is huge. And I say that from the
standpoint of we're in there, we're working now, we're breaking fire lines. We've opened 720 miles of roads and fire lines so far, the vast majority of that on private land as well as supporting some of the public agencies. But that's only a small, small portion of what we need to be able to get access and to be able to deal with this coming threat.

And then you look on top of it, and I threw the pest threat in: Southern pine beetle. Southern pine beetle is a species that attacks pines, pine beetle, and it attacks trees that have received some kind of damage or under stress.

So this three million acres is under stress. Those trees that didn't fall down took a significant beating in the winds all the way to Tallahassee. And that southern pine beetle, we're beginning to fly for it; we're looking for it; and if it starts spreading, it has the potential to take all of that moderate as well. We're going to do everything we can to fight and push back that pest and that insect, because not only does it further impact rural economy, it further increases the fire threat and all the things we deal with after this storm.
That's a picture of what you look at and you think about -- think about a fire that's rolling in on that picture, rolling in on those homes; and you look at that and say: That's probably Bay County. That's Jackson County; that's up towards the state line. That isn't right down on the southern end. And it's just a tremendous fire threat, and how we deal with it will be critically important: Having the heavy equipment; dealing with the aerial suppression that we're going to need because we don't have the ability to access this stuff; and having our -- supporting our partners from our federal agencies as well.

And we appreciate the Commissioner. Governor, we appreciate you and all the support working with Washington as well as we try to look and work to solve some of these problems.

We're continuing to work this. We've got strike teams -- we sent another strike team in there yesterday, into north Gadsden County, which you wouldn't think you would do; but we're opening those roads and opening those fire lines. We'll continue that; we've been doing it since October 11. And we're going to continue that with the idea that we've got to open up access;
we've got to help these landowners get back on their feet; help the rural economy; help the forestry; and prevent the next catastrophe that has a real high potential of being a significant fire event.

With that, I'll open it to any questions.

COMMISSIONER FRIED: Jim, thank you for your presentation; and more importantly, thank you to the men and women who work for the Forestry. So many of our men and women that were actually living in that area during the hurricane and immediately got out of their own homes that were damaged significantly to go out and to rescue their neighbors and to immediately start working.

What you all have been able to do day in and day out to serve the community and the State of Florida needs to be commended. You all are putting your literally lives in harm's way to protect the communities and our state.

So thank you for all of your tireless work that the men and women in that area are putting forth.

And thank you, Governor, for your hard work on getting those dollars down from the federal government. This area has been decimated. I have
been out there quite a few times, including this past weekend; and to see people's lifesavings, their retirement funds, the funds for their children's college funds, all laying on the ground and not having the ability -- none of them had insurance, don't have lifesavings and bank accounts; and to know that this has got to be a state, a county, a community, a federal involvement to make sure that this community is back on its feet and know that you have the complete commitment of every power I have in my office to do what is necessary to get this community back up on its feet.

I talk about this every day, because unfortunately in the rest of our state it's been out of sight, out of mind on a lot of these issues. So we need the help and support of our entire state to come up and give whatever is necessary as we move through these times and getting ready for, unfortunately, the dry season.

DIRECTOR KARELS: Thank you.

GOVERNOR DESANTIS: In terms of the fire threat, obviously this is an extraordinary amount of debris, wood everywhere. I mean I think it's like 10 times more than Irma was for the whole
state just in that one area. So I was really
congrated about that.

What more can you do to mitigate this threat?
What more can the rest of the state government do
to help? And then what can we do maybe to get
the federal government to help us as well?
Because I want to be as proactive as possible as
we can.

DIRECTOR KARELS: Governor, about two weeks
after the event, and I think you've seen it, we
submitted a request to congress -- to USDA that
went on to congress for help in this arena. It
included debris removal; it included helping in
reforestation, putting that rural economy back.

The debris removal is going to be huge,
having the funding to help them do that; because
what you've got out there is -- you've got a
landowner the Commissioner talked about, somebody
with either retirement or their college fund,
200 acres in mature timber, it was probably -- and
mature timber got hit, by far, the worst in this
event, that big stuff. And it might have been
$1,500 an acre to them, getting ready to harvest,
many of them. Many of them have talked to me and
cried on a shoulder. And today it's a liability;
today it might cost them 1,500 to clean it up, and it has no value at all. So it's huge on that end.

And then debris removal will be critical because -- from the fire threat end, not only for the rural economy of helping get that thing going, but the fire threat, if we don't get breaks in there, if we don't start to remove that debris, we're going to see catastrophic fire.

And that catastrophic fire in these kind of events is going to mean big aircraft that I've got to bring in under federal contracts that we do on a normal basis around the nation. But you could see fires that are running ten to a hundred million dollars, similar to the west, if we don't get rid of the debris. So in many cases -- we're looking at this. We're going to -- it's going to cost us one way or another.

And the biggest step I think is all of you helping to push congress and to look at what the state does, because it's going to be -- as one of the senators said, it's bigger than any one of us. It's bigger than the feds; it's bigger than just the state. It's going to be all of us working together.

GOVERNOR DESANTIS: All right. Thank you.
CFO PATRONIS: Appreciate it.

* * * *
DIVISION OF BOND FINANCE


EXECUTIVE DIRECTOR WATKINS: Excuse me. Good morning, Governor, Cabinet members.

It's not often that the bond guy gets to bring good news; but after all this, this is what the tenor of our report is today.

Item Number 1 is approval of the minutes of the December 4th meeting.

GOVERNOR DESANTIS: Is there a motion on the item?

CFO PATRONIS: So move.

GOVERNOR DESANTIS: Second?

ATTORNEY GENERAL MOODY: Second.

GOVERNOR DESANTIS: Hearing no objection, the motion carries.

EXECUTIVE DIRECTOR WATKINS: Before I get into the reports of award, Governor, if I could, just by way of background and to lay the -- give you a sense of the lay of the land in terms of what we've been doing and what we expect to do going forward, it has been just an overview of sort of current market conditions.

So over the last year, ten years, we've
enjoyed historically low interest rates. Ever since the financial crisis and the great recession, we've had stimulative federal monetary policy, both low -- you know, zero-percent interest rates, as well as QE1 -- QE, QE1, QE, and QE Forever.

We have -- we've been able to take advantage of that through refinancing our debt at lower interest rates. And that's what we've been focused on; that's what we've been doing; that's the primary activity we've been engaged in.

So interest rates have been extraordinarily favorable for a very long time. I've been looking for rates to go up for the last seven or eight years, and that hasn't happened. I have people who work for me who think a three-year -- a three-percent long bond, so a 30-year treasury at three percent is normal. I'm here to tell you, it's not.

But we have been fortunate, like I say, through refinancing our debt at lower interest rates. We've taken advantage -- but we have refinanced over 75 percent of our debt portfolio over the last ten years, lowering the interest rate, lowering the interest cost, and lowering the debt service requirements on our existing
outstanding indebtedness.

And the lay of the land has changed somewhat; the complexion has changed somewhat over the last 12 months. So we have the fed moving into a more restricted monetary policy. They've raised rates four times since last year, over the course of 2018. Due to slowing global growth both in China and the EU, now the fed is on pause. The conventional wisdom had been 12 months ago we'd have another three rate increases during 2019, but the fed is on pause now waiting to see what the impact of slowing growth is going to be on the U.S. domestic economy.

And the European Central Bank has announced a continuation of their bond buying program. So they're moving to a more stimulative environment. So that's what we've got going on from a macro perspective.

In the muni space specifically, we've also enjoyed extraordinarily favorable market conditions in that we have money flowing into our space, money being invested in municipal bonds. So we've had growth and demand, and at the same time, a more restricted supply as state and local governments have borrowed more.
So within the muni space specifically, we've also enjoyed very favorable market conditions, and I expect that to -- I'm hopeful that that continues indefinitely, but at some point that will change. And that sort of sets the stage for the reports of award that you're going to see here and the activities we've been engaged in.

So Item 2A is a report of award on the competitive sale of $299.9 million of Turnpike revenue bonds. The bonds were sold to the low bidder on November 28th, so a little after Thanksgiving, at a true interest cost of 3.75 percent. That's the only new money issue we have on the agenda, was for Turnpike bonds for transportation infrastructure.

Item 2B was a competitive sale of $119.3 million of Florida Forever revenue refunding bonds. The bonds were awarded to the true -- to the low bidder at a true interest cost of 2.42 percent. That's allowed us to reduce the interest rates on outstanding bonds of 4.43 percent to 2.42 percent; generating gross debt service savings of 22.5 million; present value savings of 16.3 million, or 10.2 percent of the principal amount of the refunded bonds.
Item 2C, competitive sale of $8.5 million of capital outlay refunding bonds. The bonds were awarded to the low bidder at a true interest cost of 2.28 percent, allowing us to reduce the interest rate on outstanding bonds of 4.11 percent to 2.28 percent; generating gross debt service savings of 940 thousand; present value savings of 831 thousand, or 8.5 percent of the principal amount of the bonds being refunded.

Item 2D was a competitive sale of 224.5 million of Turnpike refunding bonds. The bonds were awarded to the low bidder at a true interest cost of 3.2 percent, allowing us to reduce the interest rate on outstanding bonds of 4.39 percent to 3.2 percent; generating gross debt service savings of 40.6 million; present value savings of 27.8 million, or 10.9 percent of the principal amount of the bonds being refunded.

Item 2E was the competitive sale of $74.7 million of Lottery refunding bonds. The bonds were awarded to the low bidder at a true interest cost of 2.16 percent, allowing us to reduce the interest rate from 4.12 percent to 2.16 percent; generating gross debt service savings of 13.4 million; present value savings of 10.2
million, or 10.3 percent of the principal amount of
the bonds being refunded.

And lastly, report of award on the competitive
sale of $240.7 million of right of way refunding
bonds. The bonds were sold at competitive sale and
awarded to the low bidder at a true interest cost
of 2.78 percent, allowing us to reduce interest
rates of 5 percent to 2.78 percent; generating
gross debt service savings of 52.2 million; present
value savings of 41.3 million, or 15.4 percent of
the principal amount of the bonds refunded. So you
see we've been busy.

And the next two items are items requesting
your approval for additional refundings.

Item 3 is a resolution authorizing the
issuance and competitive sale of $500 million of
PECO refunding bonds for debt service savings.

And I need a motion and approval on that item.

CFO PATRONIS: So move.

COMMISSIONER FRIED: Second.

GOVERNOR DESANTIS: All right. The motion has
been approved.

EXECUTIVE DIRECTOR WATKINS: And, lastly,
Item Number 4 is a resolution authorizing the
issuance and competitive sale of $28 million in
Everglades restoration refunding bonds for debt service savings.

GOVERNOR DESANTIS: Can we get a motion?
ATTORNEY GENERAL MOODY: So move.
GOVERNOR DESANTIS: Second?
ATTORNEY GENERAL MOODY: Second.
GOVERNOR DESANTIS: Hearing no objections, the motion carries.

Thank you, Ben.

EXECUTIVE DIRECTOR WATKINS: Thank you, sir.

GOVERNOR DESANTIS: Have you got a question?

CFO PATRONIS: One quick question.

Ben, thank you for your hard work.

I'm curious, you've -- 129, almost $130 million worth of savings through refinance.
Is there much fruit left to take advantage of?

EXECUTIVE DIRECTOR WATKINS: Well, so we -- one of the unfortunate consequences of action taken at the federal level in connection with the Tax Reform Act was one of the pay-fors was the elimination of advanced refundings of state and local governments.

So that limits our flexibility tremendously to be able to do refinancings. We have to wait until the call date, until the loans are pre-payable. It
used to be that we could advance refund bonds, which means we could lock in rates today if they were favorable and working to our advantage, allowing us to reduce the interest rates for a bond that was pre-payable in the future. We can no longer do that. We can no longer do advance refundings, so we have to wait until the call date and look at interest rates that exist on that date.

So what that does is shrink the population of loans in our portfolio that are subject to refunding and puts us at -- so we can't lock in rates today because they're favorable. And it's an unfortunate consequence, but it was a pay-for and is something, at least from my perspective, that makes our job more difficult and eliminates our flexibility to save money for the citizens and taxpayers of the State of Florida for the infrastructure that we build.

So it's going to be harder, and I feel fortunate that rates have stayed as low as they have for as long as they have. At some point that will change. It is not a straight line to anywhere, but we've been able to -- we've been able to save a lot of money over the last decade and
continue to do so.

So for the current fiscal year, we've executed eight transactions totaling 1.1 billion; generating gross debt service savings of nearly $200 million in the current fiscal year only, where on a present value basis 150 million. And we will continue to aggressively pursue refundings as those opportunities become available.

GOVERNOR DESANTIS: Thank you.

EXECUTIVE DIRECTOR WATKINS: AG Moody, did you have anything? It looked like you wanted to ask a question.

ATTORNEY GENERAL MOODY: No, sir, I'm impressed. As a former -- trained in accounting, obviously I am impressed with your ability to take advantage of these refundings. So, thank you.

EXECUTIVE DIRECTOR WATKINS: Yeah. Well, sorry to force feed you guys with a bunch of facts and figures, but we will continue to move forward; and hopefully our agendas will be a little lighter from this point forward.

GOVERNOR DESANTIS: Thank you.

EXECUTIVE DIRECTOR WATKINS: Thank you.

* * * * *
OFFICE OF INSURANCE REGULATION

GOVERNOR DESANTIS: Insurance Regulation. Commissioner Altmaier, you're up.

COMMISSIONER ALTMAIER: Good morning, Governor, Attorney General, CFO, Commissioner. It's good to see you each this morning. We have, obviously, an agenda in front of you this morning.

The first item up is approval of the minutes from our December the 4th, 2018 meeting. And we respectfully request your approval of those minutes.

GOVERNOR DESANTIS: Is there a motion?

CFO PATRONIS: So move.

GOVERNOR DESANTIS: Second?

ATTORNEY GENERAL MOODY: Second.

COMMISSIONER FRIED: Second.

GOVERNOR DESANTIS: Any objections? (NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

COMMISSIONER ALTMAIER: Excellent. Thank you. Governor and Cabinet, if it's okay with you, Agenda Items 2, 3, 4 and 5 can likely be bundled
together. We're taking the same action on each of those rules.

Those are rules that we are publishing for input from stakeholders. And for the most part, most of those are clarifying in nature. We're updating manuals that have been updated that those rules reference.

No interested stakeholder requested a workshop on these, and so the process now is to publish those for additional feedback. And in light of the feedback that we do or don't receive, we will bring these back to the Cabinet for final adoption at a later date.

GOVERNOR DESANTIS: Is there a motion on these items?

CFO PATRONIS: Move 2, 3, 4 --

GOVERNOR DESANTIS: Second?

ATTORNEY GENERAL MOODY: Second.

GOVERNOR DESANTIS: Any objections?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

COMMISSIONER ALTMAIER: Thank you very much.

And similarly, Governor and Cabinet, if there are no objections, Items Number 6, 7, 8, 9 and 10
can also likely be bundled together. We're taking the same action on those rules.

They have -- these are rules that have been here already previously. They have been noticed; they have been published. We have not received any feedback on those.

Three of those are simply conforming these rules to amended statutes. Two of them are just simply updating manuals that are referenced by the rules, so noncontroversial events there.

We'd respectively ask for your approval on those agenda items.

GOVERNOR DESANTIS: Is there a motion on the items.

COMMISSIONER FRIED: So moved.

GOVERNOR DESANTIS: Second?

ATTORNEY GENERAL MOODY: Second.

GOVERNOR DESANTIS: Any objections?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

COMMISSIONER ALTMAIER: Thank you very much.

And then, finally, we have included in your materials our second quarter report for the fiscal year 2018/'19.
I'll allow you to look through that at your pleasure. I hope that you find it helpful. The only thing that I will mention is that what we have primarily been working on, as you can imagine, is the insurance industry's response to Hurricane Michael.

We have been publishing every couple of weeks claims information on our website. The most up-to-date information as of this morning is about 143,000 filed claims. That number has stabilized generally over the past four to six weeks.

The amount of insured losses, estimated insured losses is approximately 5.8 billion. That's a number that we do expect to continue to fluctuate upwards as the claims settlement process continues. We're obviously working very hard with our insurance industry.

We've appreciated the partnership, CFO Patronis, with the Department of Financial Services as we work with your Consumer Services Division. I know you've been very active in the community. We appreciate that, and we look forward to working with each of you as we continue to see to it that the insurance industry makes good on the promises that they've made to these consumers in that area.
With that, Governor and Cabinet, I'm available for any questions.

GOVERNOR DESANTIS: On the report, is there a motion to approve the report?

CFO PATRONIS: So move.

GOVERNOR DESANTIS: Second?

ATTORNEY GENERAL MOODY: Second.

GOVERNOR DESANTIS: All right. Any objections?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

Do you have some questions?

CFO PATRONIS: Just a comment. Governor, I just wanted to brag on David, the efforts that he's been pushing forward with AOB reform this past legislative session. It's not easy.

He comes from a perspective where he's got to fight for the consumer and also fight for what is fair in making sure that we have a robust, healthy, you know, competitive market in the State of Florida. And he has been really working his tail off.

So, David, thank you for everything you're doing.
COMMISSIONER ALTMAIER: Thank you, CFO. I appreciate those comments. And likewise, thank you for your partnership. And to each of your offices, thank you for your availability to us as we work those tough issues.

GOVERNOR DESANTIS: Any other questions or comments.

(NO RESPONSE).

GOVERNOR DESANTIS: Okay. Thank you, Commissioner. Appreciate it.

COMMISSIONER ALTMAIER: Thank you. Have a great day.

* * * * *
GOVERNOR DESANTIS: All right. Mark Kruse for the Administration Commission.

EXECUTIVE DIRECTOR KRUSE: Good morning.

GOVERNOR DESANTIS: Good morning.

EXECUTIVE DIRECTOR KRUSE: We have four items on the agenda.

Item 1, request approval of the minutes of the November 30th, 2018 meeting.

GOVERNOR DESANTIS: Is there a motion?

ATTORNEY GENERAL MOODY: So moved.

GOVERNOR DESANTIS: Second?

CFO PATRONIS: Second.

GOVERNOR DESANTIS: Any objections?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

EXECUTIVE DIRECTOR KRUSE: Item 2, request approval of proposed amendments to Rule 60L-40.002, FAC, relating to equal employment opportunity and affirmative action.

The rule amendments codify an existing practice across state government requiring affirmative action planning for individuals with
disabilities; clarify requirements for affirmative action planning for women minorities; and add provisions for the voluntary self identification of individuals who have a disability.

GOVERNOR DESANTIS: Is there a motion on the item?

CFO PATRONIS: So move.

GOVERNOR DESANTIS: Second?

ATTORNEY GENERAL MOODY: Second.

GOVERNOR DESANTIS: Any objections?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

EXECUTIVE DIRECTOR KRUSE: Item 3, request approval of Proposed Rule 60P-6.011, FAC, relating to a shared savings program.

The proposed rule details the process by which members of the state's group health insurance or state contracted HMO may participate in a shared savings program.

GOVERNOR DESANTIS: Is there a motion on the item?

CFO PATRONIS: So move.

GOVERNOR DESANTIS: Second?

COMMISSIONER FRIED: Second.
GOVERNOR DESANTIS: Any comments or objections?
(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

EXECUTIVE DIRECTOR KRUSE: Thank you.

Item 4, a letter from Robert Cohen, Chief Judge, Executive Director of the Division of Administrative Hearings is presented to the Commission for discussion.

To help facilitate the discussion, a suggested process for moving forward on this item could be, one, open an application process, which includes a resume and cover letter, through April 1st at 5 p.m. Applications would be sent to the Administration Commission either through mail or electronically.

Upon receipt, applications would be distributed to each Cabinet Affairs' office for Governor and Cabinet member review. Additionally, the applications would be posted for public review on the Governor and Cabinet's website, and then individual members could begin meeting with those candidates.

At the April 2nd Cabinet meeting, the
Administration Commission could either extend the application period or could outline the process if the application period is considered closed.

And that's a potential process, Governor.

GOVERNOR DESANTIS: Does anyone have any comments on the process or objections as he laid out?

COMMISSIONER FRIED: Governor, I just want to support the open process. Obviously the DOAH administrative process are checks and balances. So as much transparency and public involvement as possible would be appreciated.

GOVERNOR DESANTIS: Is there a motion to open applications for the position of Chief Judge and Executive Director starting tomorrow and ending April 1st?

ATTORNEY GENERAL MOODY: So moved.

GOVERNOR DESANTIS: Is there a second?

CFO PATRONIS: Second.

COMMISSIONER FRIED: Second.

GOVERNOR DESANTIS: Any comments or objections?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.
Thank you, Mark.

EXECUTIVE DIRECTOR KRUSE: Thank you. That concludes the agenda.
GOVERNOR DESANTIS: Revenue. Good morning.

EXECUTIVE DIRECTOR ZINGALE: Good morning, Governor and Cabinet. Short agenda today. I hope it's that way in the future.

First, there are three items on the agenda today. The first is the approval of the minutes: December 4th, 2018; January 11th, 2019; and January 29th, 2019, Cabinet meeting.

Request approval.

GOVERNOR DESANTIS: Is there a motion?

CFO PATRONIS: So move.

GOVERNOR DESANTIS: Second?

ATTORNEY GENERAL MOODY: Second.

GOVERNOR DESANTIS: Any comments or objections?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

EXECUTIVE DIRECTOR ZINGALE: The next two items on the agenda are similar in they're proposed rules. The first one deals with general tax administration.

Request authority to publish notice of
proposed rules in the Florida Administrative Registry for tax administration.

Request approval.

GOVERNOR DESANTIS: Is there a motion on the item?

ATTORNEY GENERAL MOODY: So moved.

GOVERNOR DESANTIS: Second?

CFO PATRONIS: Second.

COMMISSIONER FRIED: Second.

GOVERNOR DESANTIS: Any comments or objections?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

EXECUTIVE DIRECTOR ZINGALE: The last item on the agenda is to request approval of the authority to publish a notice of proposed rules in the Florida Administrative Registry for property tax oversight.

Request approval.

GOVERNOR DESANTIS: Is there a motion?

COMMISSIONER FRIED: So moved.

GOVERNOR DESANTIS: Second?

CFO PATRONIS: Second.

GOVERNOR DESANTIS: Any comments or
objections?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

Thank you.

EXECUTIVE DIRECTOR ZINGALE: Thank you very much. Appreciate it.

ATTORNEY GENERAL MOODY: Good to see you.

*          *          *          *

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GOVERNOR DESANTIS: SBA.
EXECUTIVE DIRECTOR WILLIAMS: Good morning, Governor.

GOVERNOR DESANTIS: Good morning.
EXECUTIVE DIRECTOR WILLIAMS: Trustees, Cabinet members.

As an opener, performance update, fiscal year to date as of the close on March 11, the Fund is plus 1.82 percent. That is 84 basis points ahead of target. The balance in the Fund is down 1.8 billion from the beginning of the fiscal year, and that is net of approximately $5.6 billion in benefit payment distributions.

I also wanted to share with you some information that came to us last Friday, I believe it was. We had a firm called Cost Effectiveness Management in. They are a private third-party cost analysis and performance analysis firm that covers pension funds across north America. And we have them in every year to analyze our cost structure and validate where we are in our efficiency relative to our peers and how our performance is in terms of value added relative to risk taken,
et cetera.

And they gave us a trailing five-year number that breaks out as follow -- numbers and qualifications as follows: Five years trailing, net return, 9.8 percent; policy return target, which is if we had simply hit what our benchmarks provide for the exposures we choose and you approve, 8.8 percent for a net value added of 1.0 percent over five years.

The context on that is where the real message is. I'll read directly from the report: Your five-year net value added of 1.0 percent compares to a median of 0.1 percent for your peers -- Meaning other very large U.S. funds. -- and 0.2 percent for the U.S. public fund universe.

That's all of the public pension funds in the U.S.

Your 1.0 percent five-year value added translates into approximately $9.3 billion of cumulative value added over five years or 7.7 billion more than if you had earned the U.S. public fund median of .2 percent.

So if we had performed like all of the other public funds in the country, we'd be 7.7 billion
poorer, is the conclusion I take from that. I just thought you might find that of interest.

So absent any questions, I'll go on into the agenda.

(NO RESPONSE).

EXECUTIVE DIRECTOR WILLIAMS: Item 1, a resolution of the State Board of Administration approving the fiscal sufficiency of an amount not exceeding $28 million, State of Florida, Department of Environmental Protection, Everglades restoration revenue refunding bonds.

Request approval.

GOVERNOR DESANTIS: Is there a motion?

CFO PATRONIS: So move.

GOVERNOR DESANTIS: Second?

ATTORNEY GENERAL MOODY: Second.

GOVERNOR DESANTIS: Any comments or objection?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 2, a resolution of the State Board of Administration approving the fiscal sufficiency of an amount not exceeding $500 million, State of Florida, full faith and credit, State Board of
Education, public education capital outlay
refunding bonds.

Request approval.

GOVERNOR DESANTIS: Is there a motion?
CFO PATRONIS: So move.
GOVERNOR DESANTIS: Second?
ATTORNEY GENERAL MOODY: Second.
GOVERNOR DESANTIS: Any objections?
(NO RESPONSE).
GOVERNOR DESANTIS: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Items 3 and 4 are both appointments to the State Board of Administration's Investment Advisory Council or IAC.

The individuals who are here, Bobby Jones and Vinny Olmstead, are both serving currently and have done so with distinction and have extraordinarily strong backgrounds for this work. Both of them would be confirmed or appointed effective 12, March, and they're both subject to Senate confirmation.

I would request approval of both appointments.

GOVERNOR DESANTIS: A motion to approve both appointees?
CFO PATRONIS: So move.

GOVERNOR DESANTIS: Second?

ATTORNEY GENERAL MOODY: Second.

GOVERNOR DESANTIS: Any comments or objection?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries for both Items 3 and 4.

Anything else?

EXECUTIVE DIRECTOR WILLIAMS: No, sir, we're good. Thank you.

GOVERNOR DESANTIS: All right. Thank you very much.

And that concludes today's Cabinet meeting. Our next meeting is scheduled for Tuesday, April 2nd.

(WHEREUPON, THE MEETING WAS ADJOURNED).

* * *
CERTIFICATE

STATE OF FLORIDA   }
COUNTY OF LEON    }

I, NANCY S. METZKE, RPR, FPR, certify that I was authorized to and did stenographically report the foregoing proceedings and that the transcript is a true and complete record of my stenographic notes.

DATED this 20th day of March, 2019.

[Signature]

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Court Reporter
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