

THE CABINET

STATE OF FLORIDA

Representing:

FINANCIAL SERVICES COMMISSION
OFFICE OF INSURANCE REGULATION

DEPARTMENT OF REVENUE

DEPARTMENT OF HIGHWAY SAFETY & MOTOR VEHICLES

BOARD OF TRUSTEES, INTERNAL IMPROVEMENT TRUST FUND

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Bush presiding,
in the Harborside Events Center, 1375 Monroe Street, Fort
Myers, Florida, on Thursday, June 16, 2005 commencing at
approximately 9:15 a.m.

Reported by:
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Representing the Florida Cabinet:

JEB BUSH
Governor

CHARLES H. BRONSON
Commissioner of Agriculture

CHARLIE CRIST
Attorney General

TOM GALLAGHER
Chief Financial Officer

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I N D E X

FINANCIAL SERVICES COMMISSION,
OFFICE OF INSURANCE REGULATION:
(Presented by David Foy)

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(Present by Dr. Jim Zingale)

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CERTIFICATE OF REPORTER

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1 P R O C E E D I N G S

2 (The agenda items commenced at 9:15 a.m.)

3 GOVERNOR BUSH: Financial Services Commission,
4 Office of Insurance Regulation.

5 Why don't we let David describe a little bit
6 for our friends what the Office of Insurance
7 Regulation does.

8 MR. FOY: Governor and Members of the Cabinet,
9 thank you. I appreciate the opportunity to present
10 this morning. Commissioner McCarty is at the
11 National Association of Insurance Commissioners
12 meeting, and is doing the joint forum on banking and
13 insurance and security issues, and he was not able
14 to be here today.

15 GOVERNOR BUSH: Where is the convention this
16 year?

17 CFO GALLAGHER: In Boston?

18 MR. FOY: The convention is actually in Europe.

19 GOVERNOR BUSH: No, it isn't. Is it really?

20 It better not be Europe.

21 CFO GALLAGHER: Is it in France?

22 MR. FOY: Representing the United States. He's

23 doing a good job.

24 CFO GALLAGHER: It's in Europe? International;

25 did you say international?

1 MR. FOY: Yes.

2 CFO GALLAGHER: The national is in Boston. The

3 national is in Boston.

4 MR. FOY: I was asked to present to you some

5 differences between the Department of Financial

6 Services and the Office of Insurance Regulation. As

7 you know in November of 1998, the voters of Florida

8 approved a constitutional amendment to the state

9 constitution which merged two cabinet positions; the

10 comptroller and the treasurer and the chief

11 financial officer position. This became effective

12 January 7, 2003. Because the comptroller is the

13 head of the Department of Banking and Finance and

14 the treasurer was the head of the Department of

15 Insurance, the structure of the departments were

16 changed by the legislature in 2002.

17 In 2002, the Department of Financial Services
18 was created and currently headed by Chief Financial
19 Officer Tom Gallagher. The Department of Insurance
20 and Department of Banking and Finance are
21 independent divisions housed under the Department of
22 Financial Services, which are respectfully known as
23 the Office of Insurance Regulation and the Office of
24 Financial Regulation. Each Office is headed by a
25 commissioner appointed by the governor in

1 consultation with the Chief Financial Officer,
2 subject to a unanimous vote by the Governor and the
3 Cabinet.

4 The Department of Financial Services oversees
5 the following areas: Consumer services, treasury,
6 risk management, the State Fire Marshal's Office,
7 insurance fraud, rehabilitation and liquidation,
8 agent and agency services, workers' compensation,
9 funeral and cemetery services, and unclaimed
10 property.

11 The Office of Financial Regulation headed by
12 Commissioner Don Saxon is dedicated to safeguarding
13 the interests of private citizens for chartering,
14 examining, and regulating financial institutions and
15 financial service companies in the State of Florida.

16 The Office of Financial Regulations strives for

17 consumers to protect them from illegal activities

18 while preserving the integrity of the financial

19 services marketplace in Florida.

20 The Office of Insurance Regulation is headed by

21 Commissioner Kevin McCarty, and our primary

22 responsibility is for the regulation of insurance

23 companies and the insurance industry marketplace in

24 the State of Florida. The Office is responsible for

25 form and rate filing submitted by insurers. Form

1 filing includes what we call policy contracts, new
2 products or changes to existing products in the
3 marketplace. These policies and these forms and
4 these rates deserve a rigorous review and they get
5 them from the office. What the Office does,
6 determine compliance with Florida law and ensures
7 products are offered at a fair and equitable price
8 and that they do not unfairly discriminate against
9 the buying public in the state of Florida. In
10 addition, the Office monitors market investigations
11 and market compliance of our insurance companies
12 here in the state.

13 What I wanted to mention to you, Governor and
14 Cabinet Members, today, is the Office in Florida,
15 the Office of Insurance Regulation is the first
16 State insurance department to come up with a

17 business development and marketing unit, and that
18 business and development and marketing unit is
19 geared toward bringing new companies that are not
20 working here in the state of Florida and trying to
21 redomesticate them to Florida, to bring in their
22 business, to bring in their capital, which of course
23 brings new products to the marketplace for
24 Floridians so they have more choices in the
25 marketplace.

1 GOVERNOR BUSH: It also means that lower
2 premiums, or premiums don't go up as fast. If you
3 have scarcity of capital, scarcity of insurance,
4 rates go up; if you have an abundance of capital,
5 rates go down.

6 MR. FOY: Absolutely.

7 GOVERNOR BUSH: And we need it.

8 CFO GALLAGHER: I might also add that --

9 GOVERNOR BUSH: Big time.

10 CFO GALLAGHER: -- we have four new companies
11 that have been approved to write homeowner's
12 insurance, which is one place you really need it and
13 one there's two applications pending. So, there is
14 capital coming to Florida to write homeowner's
15 insurance, and that's a good thing.

16 MR. FOY: And at the recent National

17 Association of Insurance Commissioners meeting in
18 Boston - not in Europe - we had our first business
19 development booth set up at the national meeting and
20 it was a very good success.

21 One other thing I wanted to mention is
22 Commissioner McCarty is a believer in using
23 technology and one of the other things that improves
24 our marketplace, Members, is in 2004, we processed
25 342 new company applications to the Florida

1 marketplace. We did that in 51 days. In 2002, it
2 took the office approximately 75 days to get those
3 applications processed for reduction of over
4 20 days. The statute requires us to do it in 180
5 days, and we're very proud of the efforts of the
6 Office and the staff.

7 That concludes my synopsis of the Office --

8 CFO GALLAGHER: Let me mention one other thing
9 that, form and rate filings in Florida must be made
10 electronically, and so paperwork has been totally
11 eliminated within the Office of Insurance
12 Regulation. This is something that we started way
13 back but it's now actually happened. And it's
14 distributed through the people that review it all
15 electronically, it's approved or additional
16 questions are asked for electronically, and we have

17 a pact with Texas and California, where certain
18 products can apply for approval through our system.
19 They share our system with us, and when the approval
20 comes through, they're approved in all three states
21 at once and they can pick up 24 percent of the
22 market with that. And a couple of other states have
23 applied to join us in that, which will help globally
24 in the battle with whether the Federal Government
25 should regulate insurance or whether it should be

1 done by State.

2 GOVERNOR BUSH: Excellent.

3 There's a motion on item one, the minutes.

4 ATTORNEY GENERAL CRIST: Second.

5 GOVERNOR BUSH: And a second. Without

6 objection, the item passes.

7 Item two?

8 MR. FOY: Item two is adoption of a new rule of

9 Workers' Compensation Insurer Reporting of

10 Significant Underwriting Changes. In 2004, Governor

11 and Members, the legislature passed Senate Bill 1926

12 which required insurers to report significant

13 underwriting changes to the office. The impetus of

14 this legislation was a company in the marketplace

15 cancelled approximately 4,500 policies upon

16 nonrenewals and the legislature felt it was

17 important that the Office have information about

18 these nonrenewals of policies in the workers'

19 compensation marketplace.

20 The Legislation however did not define what a

21 significant underwriting change is, however it

22 allowed the Financial Service Commission to adopt a

23 rule to define what those are and what the reporting

24 requirements are for insurers.

25 So, this rule outlines what is a significant

1 underwriting change in the reporting requirements
2 for insurers, and it's a result of extensive work
3 that we have with the industry and input from the
4 general public.

5 And one thing I wanted to piggyback on the
6 Treasurer Gallagher commented on is, what we did
7 when we built this rule, we also built the
8 technology system for insurance companies to send
9 their significant underwriting changes to the Office
10 via the Web, so it's all electronic and they don't
11 have to do any paper filings for this rule.

12 GOVERNOR BUSH: Thank you.

13 CFO GALLAGHER: Motion on two.

14 GOVERNOR BUSH: Is there a motion?

15 ATTORNEY GENERAL CRIST: Second.

16 GOVERNOR BUSH: Motion and a second. Without

17 objection, I am to pass this good cause.

18 Item three?

19 MR. FOY: Thank you, Governor.

20 Item number three is a request of approval for

21 three rules, one new rule and two proposed

22 revisions.

23 The Office recently received an adverse

24 decision from the Division of Administrative

25 Hearings that found that rule-making procedures

1 delegated to the office by the Financial Services
2 Commission were not in accord with the
3 Administrative Procedures Act. Specifically, DOAH
4 found that the Financial Services Commission's
5 delegation to the Office to publish a proposed rule
6 without specific prior approval from you for
7 publication of the rule, rendered the challenge rule
8 invalid even though the rule cannot be adopted
9 without your final approval.

10 CFO GALLAGHER: This is one of those
11 bureaucratic things, it's the dumbest thing I've
12 ever seen, where we have to vote for them to propose
13 a rule, and then after they propose it and it goes
14 through all the hearings and everything else, it has
15 to come back to us to approve it.

16 Well, at the end we have to approve it; why do

17 we have to approve it in the front first? This just
18 doesn't make any sense. But we had a hearing
19 officer, DOAH, that said, I'm not going to approve
20 this because it didn't get approved by the Cabinet
21 prior to it being brought up and the hearings taking
22 place, and rather than have all these
23 go-through-hearings, this will stop that and we're
24 doing this just because of one hearing officer, I
25 think, made a mistake but we don't want these to

1 hold up. So, I'll move three.

2 ATTORNEY GENERAL CRIST: Second.

3 GOVERNOR BUSH: There's a motion and a second.

4 Any other discussion?

5 COMMISSIONER BRONSON: Governor?

6 GOVERNOR BUSH: Yes?

7 COMMISSIONER BRONSON: One thing that I would

8 like to remind everybody here, from the consumer

9 side, the Federal Government has made it possible

10 now for you to be able to check your credit ratings

11 and your credit that has been put together by all

12 these organizations who set the standard on credits.

13 And let me remind you, that if for some reason,

14 someone has stolen your identity or there's somebody

15 else in the country with the same name, that you

16 could have on a credit report that could affect your

17 insurance, you want to make sure that you check your
18 personal credit as often as possible, so that you
19 don't get mixed up when you start to apply for a
20 home or insurance or some of the bigger cost items
21 that you have.

22 So, take advantage of the new Federal law and
23 make sure that your credit is straight before you go
24 ask for insurance agencies to look at your credit
25 ratings.

1 GOVERNOR BUSH: There's a motion and a second.

2 Without objection, the item passes.

3 Thank you, David.

4 MR. FOY: Thank you, Members.

5 Thank you, Governor.

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1 GOVERNOR BUSH: The Department of Revenue.

2 I want a show of hands to say, ask if you like

3 your tax collector. I like my tax collector.

4 Dr. Zingale is a great public servant, and

5 we're really privileged to have him in a leadership

6 role. He runs the Department of Revenue. He

7 actually loves to talk about what the Department of

8 Revenue does, so he will hopefully talk a little bit

9 about that before we get to the agenda items.

10 Dr. Z, all yours.

11 DR. ZINGALE: Thank you.

12 He did say talk a little bit, didn't he?

13 GOVERNOR BUSH: A little bit.

14 CFO GALLAGHER: By the way, before you -- if I

15 may, when you do that, I think it might be

16 interesting to mention the Crescent case?

17 DR. ZINGALE: No.

18 CFO GALLAGHER: No? You don't want to do that

19 one?

20 DR. ZINGALE: No.

21 CFO GALLAGHER: Okay. You're afraid somebody

22 might take advantage of it?

23 DR. ZINGALE: We have a legislative session

24 coming up, so -- big time.

25 Department of Revenue, we are a cabinet agency.

1 This is our Cabinet. They are the head of the
2 Department of Revenue. People don't realize that
3 all the time when we're back in Tallahassee.

4 If you would sit here and see the twelve months
5 that are coming in front of the Governor and
6 Cabinet, we have to bring the Department's
7 recommended budget in front of the Governor and
8 Cabinet, any legislative concepts, our strategic
9 plan for both operations, capital facility,
10 technology is brought in front of the Governor and
11 Cabinet for a vote. All of our legislative
12 concepts, the rules which are primarily what we're
13 bringing up today, have to be adopted by the
14 Governor and Cabinet. They have a performance
15 contract with us. We have accountability measures.
16 Every year, we have to come in front of the Governor

17 and Cabinet and review progress in terms of what

18 we've done.

19 So, they're our CEO, they're our board of

20 directors. They really have the final say on the

21 running of the Department of Revenue, which has

22 three primary programs. The one I like to talk

23 about, we're going to hit second. But on the tax

24 side, now the Governor kind of teases us a little

25 bit about, you know, who really wants a great

1 learned Department of Revenue, put your hands up,
2 you know. And we should all put our hands up.

3 The Department of Revenue is the one that funds
4 and brings in the money that funds education,
5 criminal justice, social service, environmental
6 protection. The healthy economy that we have in
7 Florida to a small degree has to do with the
8 Department of Revenue, who is working really hard to
9 level the playing field for honest businesses. We
10 have 36 taxes that we administer. Those 36 taxes
11 this last year will bring in \$34 billion dollars.

12 That money primarily comes in from businesses
13 serving as your conduit.

14 If you're sitting there paying sales tax, the
15 money comes from the public, but all the retailers
16 in the state of Florida have the responsibility of

17 remitting the taxes that you pay to the Department
18 of Revenue. \$34, \$33 billion dollars is a big
19 business. If you would look across the world, we
20 are larger than almost all but twelve countries in
21 terms of the amount of money that comes in. I think
22 if you look at the economy of Florida, you'll find
23 that it ranks very similar in terms of size. So,
24 it's a very, very compelling responsibility.
25 We have made major strides in the last five to

1 six years in terms of making the taxpayer more
2 completely understand their tax responsibility and
3 help them in terms of compliance. We have gone
4 through a major -- two major transformations over
5 this five years. The first deals with taking all
6 the business in Florida, assigning a single business
7 identifier to them and allowing them to deal with
8 the Department of Revenue through a one-stop system.
9 If you're a brand new business and come into Florida
10 today through that single business identifier, you
11 only have to register across those 36 taxes once.
12 You pick up our toll-free, where you can really
13 get a human being on the other end at some industry
14 standard response rates, and that free one-hundred
15 number can get you direct questions answered on any
16 tax questions that you might have.

17 Our Web site is a working Web site. If you're
18 a tax practitioner, you can access our entire tax
19 law library through our Web site. You not only can
20 do the standard getting forms, you can pay by credit
21 card. We've tried to make our Web site very, very
22 user friendly for the practitioners that are trying
23 to pay their legal tax due.

24 We do have a big computer system. It's called
25 Sun Tax. We have integrated all the taxes but two.

1 93 percent of all the money coming into the State of
2 Florida comes in electronically. 90 percent of all
3 the money that comes in is integrated.

4 We received the Governing Magazine's Technology
5 Agency of the Year award. We were rated by
6 Governing Magazine the top four in the country.
7 We're pretty proud of the success that we made.

8 But the reality is, is that citizens of the
9 State of Florida pay taxes. It's our job to make
10 sure that those taxes get to the right place, the
11 right amount. Because we have such a robust economy
12 in the last few years, we've been fortunate that our
13 Cabinet's leadership, Governor's leadership,
14 legislative leadership, we may actually get rid of a
15 tax next year. Intangible tax is down to very
16 little, and there's plans on the horizon to repeal

17 that.

18 The program I like the best though, 11 years
19 ago, the legislature, the Governor transferred child
20 support enforcement over to the Department of
21 Revenue. It's not a program you would kind of
22 associate with the Department of Revenue, child
23 support enforcement. A million children in Florida
24 have the need to have their legal father
25 established, to have a legal obligation established

1 in terms of child support, to identify medical
2 support, and then go about holding that father
3 accountable for that support.

4 When the program came over 11 years ago, we
5 were rated 48th in the nation. The Feds have a very
6 sophisticated system for putting performance
7 accountability measures on us and annually they let
8 us evaluate our performance against the other 50
9 states.

10 Slugging at it about two years ago, we achieved
11 the performance of about 26th, 27th, 25th. It's an
12 average complexed measure. I want to report to the
13 Governor and Cabinet, that last year's preliminary
14 came out through September, we are now 21st. Okay?
15 But Governor challenged me personally when I got
16 reappointed and said to us, What would it take

17 within the remaining period of his administration to

18 get to top five. We spent a good 20 months putting

19 a strategic plan together.

20 And this last session, a combination of new

21 technology, some of which is going to be rolled out

22 in a couple of months in the Beckhand (phonetic)

23 System, but \$100 million computer system was

24 approved, and the most comprehensive change in the

25 way we administer child support enforcement was

1 enacted. The Governor's recommendation by the
2 legislature, it's going to enable us to achieve the
3 top five in the country in the next three years.

4 What it's going to do, we're not going to go in
5 a lot of detail, but it enables us to establish
6 paternity earlier, more cost effectively. It's
7 going to enable our very cumbersome paperwork system
8 to be electronic. It's going to make our call
9 center as good on the child support side as it
10 currently is on the tax side.

11 We have enforcement tools, and I'll just add
12 one little one of the piece. Today when we try to
13 locate a dad who was chosen to leave his obligation
14 and flee, we have human beings working diligently,
15 sometimes ten hours a day, five days a week trying
16 to locate that parent. Under the new system that's

17 going to be rolled out, phase one December, fully
18 rolled out by March, 24 hours a day, seven days a
19 week, 365 days a year, that computer is going to be
20 out there searching for that dad. That's a major,
21 major, major leap forward in terms of administrating
22 our child support enforcement system.

23 So, we kind of like the kids. We generate the
24 money for all of State Government. We're big
25 business. We try to run as professional an

1 organization as we can because we've got great
2 bosses and we love them.

3 So, that's the overview.

4 GOVERNOR BUSH: Why don't you -- every time I
5 hear the fact that there are a million children that
6 should be receiving or are receiving child support,
7 a million children in our state, we should pause and
8 reflect on that number. It's an incredible burden
9 that we place as a society on Government to collect
10 that money and to deal with all of the imperfections
11 of adults that impact children. But how much money
12 is uncollected that should be collected, and what's
13 your aspirations in the next three or four years
14 based on the technology and the law changes that
15 we've done to put it in perspective?

16 DR. ZINGALE: The program came over at under

17 \$200 million, that was probably under \$100 million
18 back then. A year and a half ago, we achieved the
19 first billion dollar amount of
20 child-support-enforced collection. This year,
21 ending in June, we will bring in a billion, one
22 hundred and fifty million. That's about a 13-,
23 14-percent increase in the prior year, with no
24 growth in the size of the caseload.
25 So, the money is coming in. In terms of the

1 obligation owed, we used to be at 34 percent of the
2 obligation collected. We, today, had 70 percent
3 orders, which is up substantially and we are at
4 60 percent of the amount collected.

5 When we finish three years from now, we expect
6 to see 80 percent of all cases with orders and we
7 expect to approach 78 percent of that money
8 collected.

9 GOVERNOR BUSH: So, over a decade of time,
10 we're talking about billions of dollars of monies
11 that will go to support children that before, when
12 it was in the Department of Children and Families or
13 HRS back then I guess, they were not capable of
14 doing it. And that's why I like my tax collector,
15 not because he collects taxes, but because he
16 collects child support.

17 (Applause.)

18 GOVERNOR BUSH: By the way, Dr. Zingale, that

19 will probably be the first and last time that you'll

20 ever get a round of applause for what you do.

21 CFO GALLAGHER: Motion on the minutes.

22 COMMISSIONER BRONSON: Second.

23 GOVERNOR BUSH: There's a motion on the

24 minutes, and a second. Without objection, the item

25 passes.

1 Item two?

2 DR. ZINGALE: Item two contains two rules. One
3 deals with the investment tax credit that was
4 enacted in 1998. The rule clarifies for the
5 investment tax credit company who wants to create a
6 project whose purpose is to create jobs, and to
7 enable that company to identify the taxable income
8 that is generated from a unique project. They have
9 to create a pro forma tax return, so we can estimate
10 the amount of impact that that project is going to
11 have. There had been no previous ability to do a
12 pro forma tax return to support this, and this rule,
13 the first piece of it will put that in place.

14 The second one is a small little glitch that
15 deals with political organization's filing and what
16 is the actual triggering event, and this clarifies

17 it and makes it clear, and then upon requiring to

18 file a Federal return, it would trigger this.

19 These are two fairly simple rules and we

20 request your permission on that.

21 ATTORNEY GENERAL CRIST: Motion on two.

22 COMMISSIONER BRONSON: Second.

23 GOVERNOR BUSH: There's a motion and a second.

24 Any discussion?

25 Without objection, the item passes.

1 DR. ZINGALE: Thank you.

2 GOVERNOR BUSH: Thank you, Dr. Zingale.

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1 GOVERNOR BUSH: Department of Highway Safety
2 and Motor Vehicles.

3 Fred, how are you?

4 MR. DICKINSON: Good, Governor, Cabinet.

5 Great to be down here in the sixteenth day of
6 non-hurricane season.

7 GOVERNOR BUSH: If we all twitch, start
8 twitching, it's for obvious reason.

9 MR. DICKINSON: I've lost my dock for the third
10 time since September up in North Florida. So, we
11 feel for you guys down here.

12 GOVERNOR BUSH: Well, we have a lot of
13 residents, Fort Myers got hit but thankfully not as
14 hard as their neighbors to the north. And we have a
15 lot of, I think we have a lot of people here from
16 Charlotte County. I saw the Mayor of Punta Gorda

17 here and others. The turquoise shirts, I think some
18 of those folks must be from Charlotte County. And
19 we're still at work to work on the recovery and
20 we're glad that you all came.

21 Maybe, Fred, you can tell us what your fine
22 Department does.

23 MR. DICKINSON: Thank you, Governor.

24 My name is Fred Dickinson. I'm the executive
25 director of the Florida Department of Highway Safety

1 and Motor Vehicles. And you probably know the
2 Department, but you may not know what we're about.
3 But the Florida Highway Patrol is probably our
4 flagship program area. And when you need them,
5 they're there. Sometimes you see them in the
6 rearview mirror with those blue lights on and you
7 may not want to talk to them as long as they want to
8 talk to you. But Colonel Knight runs the Highway
9 Patrol, and we're certainly please to have him.

10 Commissioner, Colonel Knight came home from a
11 vacation last night and his identity had been stolen
12 and his credit cards had been charged up pretty
13 good. So, he hears you and I'm sure he'll be
14 checking his credit regularly.

15 Captain Eddie Johnson runs this area down here,
16 Lee and Collier County, and does a fine job.

17 Probably the most important guy of the day, our
18 chief pilot, Matt Walker, is here from Tallahassee,
19 and Major Becky Tharpe, who runs Troop F which is
20 all of Southwest Florida. They do a great job and
21 very proud to work with them. There are other
22 troopers around, you'll see, but like I said, if you
23 need one, it's great to have one.

24 Florida Highway Patrol is, as I said, our
25 flagship. We are having a little bit of a crisis

1 this year, not only in Southwest Florida, not only
2 in Florida, but the nation as a whole. I've told
3 the Governor and Cabinet this many times, there
4 seems to be an inverse correlation between
5 unemployment and traffic fatalities. When
6 unemployment drops, traffic fatalities skyrocket;
7 when the economy does well, we see fatalities creep
8 up. That's what you're seeing here in Florida, here
9 in the nation, and specifically here in Southwest
10 Florida.

11 I think you all are aware of what we're doing.
12 Troops have gotten together. I think Eddie told me
13 this morning, you've got a community response team
14 that has written over 5,000 tickets in, what, three
15 months, two months? So, we're getting after it a
16 little bit. Unfortunately, it's a little painful

17 for some of you that get the tickets, but that's
18 part of our mission is to make those highways safe.
19 Of course, you know, generally what the Patrol
20 does, but they investigate a lot more. Let me tell
21 you one of the great things that happened in this
22 session, and know there's some legislators in here
23 and I want to thank them - I know the Governor
24 supported this - but we finally got a mandatory seat
25 belt enforcement law passed. Now, unfortunately for

1 those of us that wanted it, it's for seventeen and
2 under, but every little bit helps. And I think in
3 talking with the captain and the major this morning,
4 fatalities are up in a number of areas, but wearing
5 that seat belt increases your chances of surviving a
6 crash about eight times, and that is the one thing
7 you can do to really help.

8 And I appreciate the legislature passing that
9 law and the Governor signing it in the last couple
10 of weeks. So, that has been helpful. He --

11 GOVERNOR BUSH: You know what else can help, I
12 think, is to widen I-75 probably.

13 (Applause.)

14 GOVERNOR BUSH: We're working on it with your
15 local officials. It is crowded.

16 MR. DICKINSON: And busy out there in the

17 construction zones, which is another highlighted
18 area here in Florida. We have a problem with
19 crashes in construction zones. So, just slow down a
20 little bit; it really doesn't make much of a
21 difference in your arrival time.

22 One of the bright times here in Southwest
23 Florida is your DUIs, alcohol-related fatalities are
24 not creeping up. About a third of the crashes are
25 alcohol related and we don't see that creeping up as

1 much in Southwest Florida as it is in others. So, I
2 commend you on that.

3 Another part of our department is driver's
4 licenses, and we license the fifteen and a half
5 million drivers in our state, and I know we've got a
6 little bit of an increase in popularity in our
7 driver's license offices; translated, that means
8 we've got lines.

9 9/11 changed the way we do our business in the
10 driver license world. The Congress and the
11 President just signed a Bill called the Real ID Act,
12 which is going to exacerbate the situation even
13 further. I would like to report to you that in
14 cooperation and partnership with Cathy Curtis, your
15 local tax collector, you're going from two driver
16 license offices to seven driver license offices in

17 this, probably within a calendar year.

18 So, we're increasing -- we've heard you. We

19 know there's a problem down here. Representative

20 Kottkamp I think was here earlier, I don't know if

21 he's still here, Jeff was very instrumental in

22 getting these new offices and we certainly

23 appreciate his support in that regard.

24 So, like I said, when you come to Florida,

25 we're kind of a registration desk. We're the first

1 place you go, and we affect every family in Florida
2 if you have a car, mobile home, driver, whatnot.

3 The motor vehicle side has also been a little
4 bit prominent in the Charlotte County area the last
5 year. We oversee the regulation and installation of
6 mobile homes. And it sounds, as Dr. Zingale said, a
7 little out of place for Highway Safety, but the
8 mobile home is actually a motor vehicle for the
9 purposes of our statute, and it has a title just
10 like a car title, and the double wide has two
11 titles, and the triple wide has three titles.

12 But after the storms, we always come in and do
13 a little survey and analysis. And since the laws
14 were changed in '99 on the installation, we've got
15 probably one of the strongest laws in the nation.

16 Any home manufactured in the last 15 years that's

17 installed under our new install regulations, have
18 been much safer through the storms, flooding, winds,
19 surge, you name it; there's documented evidence of
20 it. And we work closely with your local officials
21 in that regard.

22 GOVERNOR BUSH: Why don't you tell us how many
23 driver's license -- how many infinity plates,
24 whatever we're calling them, speciality plates we
25 have?

1 MR. DICKINSON: We're up to 100 specialty
2 plates, Governor. You can get one at your local tax
3 collector's office for a nominal extra fee.

4 GOVERNOR BUSH: The specialty plate now has
5 turned into the one with the orange on it.

6 MR. DICKINSON: Yeah, really.

7 CFO GALLAGHER: I'd like to know who can name -
8 that would be a great question - who can name all
9 the plates? Because I sure can't. I think I've
10 been here to approve most of them, but I don't --
11 can you do it?

12 MR. DICKINSON: I can read them off to you.

13 GOVERNOR BUSH: No, that's all right.

14 CFO GALLAGHER: Please don't.

15 GOVERNOR BUSH: Is there a motion on item one?

16 COMMISSIONER BRONSON: Yes.

17 ATTORNEY GENERAL CRIST: Second.

18 GOVERNOR BUSH: Motion and a second. Without

19 objection, item one passes.

20 MR. DICKINSON: Item Two is our quarterly

21 report for the quarter ending March '05.

22 ATTORNEY GENERAL CRIST: Motion on the

23 quarterly reports.

24 COMMISSIONER BRONSON: I second.

25 GOVERNOR BUSH: There's a motion and a second.

1 Without objection, the item passes.

2 Thank you, Fred.

3 MR. DICKINSON: Thank you, Governor.

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1 GOVERNOR BUSH: Board of Trustees.

2 Secretary Castille, how are you doing?

3 SECRETARY CASTILLE: Good morning, Governor,

4 Members of the Cabinet. I'm doing great, thank you.

5 I'm Colleen Castille, Secretary for the Florida

6 Department of Environmental Protection. In the

7 tradition of all of the other secretaries, I'll tell

8 you a little bit about what we do.

9 The Department of Environmental Protection is

10 one of the Governor's agencies. However, we house a

11 very important part of the State's functions known

12 as the Board of Trustees of the Internal Improvement

13 Trust Fund, which is the Governor and Cabinet.

14 We had an interesting shift in the history of

15 this State earlier in mid-century, as everyone likes

16 to say nowadays. When the Governor and Cabinet were

17 first created as the Board of Trustees of the
18 Internal Improvement Trust Fund, it was their
19 mission to support and promote development within
20 the State of Florida. Many of the canals that you
21 find here in Southwest Florida have been created by
22 the Board of Trustees in their mission.

23 In the 1968 Constitution, that shifted their
24 mission to protection of Florida's lands and
25 protection of Florida's waterways, and they became

1 the holders and protectors of the public trust.

2 And so now, the mission has been cemented in

3 many of our statutes. The land acquisition that we

4 bring to the Governor and Cabinet is their primary

5 mission. But they also have a mission of supporting

6 and protecting sovereignty submerged lands, and

7 those are the lands under the state's waters. And

8 so through those two entities, that is the primary

9 purpose of the Board of Trustees.

10 The Department of Environmental Protection of

11 course has numerous other programs in regulating the

12 quality of the State's air, land, and waters. And

13 through our partnership with the Water Management

14 Districts and our local districts, we have -- we

15 handle permitting in those two entities.

16 And I'd like to take a moment, Governor and

17 Cabinet, to introduce Jon Iglehart - where are you

18 Jon - in the very back, who is the director of our

19 Fort Myers office here.

20 And Jon, did you just get the Punta Gorda

21 office back up and running?

22 MR. IGLEHART: Yes. The Punta Gorda office is

23 open and running. We're one block from where we

24 were before.

25 SECRETARY CASTILLE: It was destroyed by

1 Hurricane Charley and now it's up and running.

2 GOVERNOR BUSH: Very good.

3 Colleen, you want to give us just, people might

4 be interested in knowing about what we did last

5 cabinet meeting as it relates to the coastal

6 petroleum.

7 SECRETARY CASTILLE: I was going to finish with

8 that.

9 GOVERNOR BUSH: Oh, I'm sorry.

10 SECRETARY CASTILLE: One of the -- back in the

11 former Governor and Cabinet's life, with their

12 previous mission, there were two leases that were

13 established for drilling for oil in Florida's

14 waters. And last cabinet meeting, the Governor and

15 Cabinet authorized a purchase of the last two

16 remaining leases for oil drilling within state

17 waters. And that was twelve --

18 (Applause.)

19 GOVERNOR BUSH: You make it sound like it was

20 kind of a trivial thing, but since this was done in

21 1940 or something like that --

22 SECRETARY CASTILLE: 1947.

23 GOVERNOR BUSH: -- and the leases go from

24 Pensacola all the way down to --

25 SECRETARY CASTILLE: To the Keys.

1 GOVERNOR BUSH: -- to the Keys. So, it wasn't
2 a small tract of water. It was all the sovereigned
3 submerged lands, which are at least three miles or a
4 three-mile swath all the way --

5 SECRETARY CASTILLE: Nine miles on the west
6 coast.

7 GOVERNOR BUSH: Nine miles on the west coast,
8 so we're talking about several million acres, I
9 believe. We - we and you as taxpayers - will be
10 thankful for this, purchased that sovereigned
11 submerged land lease for -- for the life of me, I
12 can't imagine what the conditions were that would
13 have -- someone in the government thought this was
14 be a great idea to give this lease out, but it was a
15 property right that this company had and we
16 purchased it for how much?

17 SECRETARY CASTILLE: Twelve and a half million
18 dollars.

19 GOVERNOR BUSH: Twelve and a half million
20 dollars. They were looking for several billion
21 dollars, I think at one point.

22 So, sometimes the Government gets it right.
23 This was one of those times, and I appreciate the
24 work of the Attorney General and his staff, and a
25 lot of our predecessors who have worked hard on this

1 to right a really ugly wrong.

2 So, you got to toot your horn a little bit

3 more, Colleen.

4 SECRETARY CASTILLE: Well, let's talk about

5 some of our parks in the area.

6 GOVERNOR BUSH: Okay.

7 SECRETARY CASTILLE: One of the most beloved

8 parks we have in this area is the Lover's Key State

9 Park. And we have -- I see everyone shaking their

10 head. Has anyone in the room been married at

11 Lover's Key? Nobody? We have -- that is one of the

12 most active sites that we have rented for weddings.

13 There's a gazebo on the beach. We recently

14 renourished the beach and rebuilding our walkways

15 that were destroyed by the hurricane. So, we should

16 be up and running in full very shortly, within

17 weeks.

18 GOVERNOR BUSH: We also appreciate Lee County's

19 commitment to conservation lands. It has a very

20 aggressive program to purchase lands.

21 (Applause.)

22 GOVERNOR BUSH: We have the largest

23 conservation program in the United States, Florida

24 does. We've purchased more land, we spend more

25 money. We have a little bit of a challenge, I know

1 our friends from Babcock Ranch are here. The real
2 estate boom has created a real estate appreciation
3 that is a real challenge to us, but we do invest
4 more money through our Water Management Districts
5 and through the State.

6 And when you have the local commitment more
7 than any State in the Country, more than the Federal
8 Government I might add, whether it's the Everglades
9 or these other large projects that we're working on
10 that you might hear something about soon, it makes
11 it easier when the local communities vote for their
12 commissions to also participate in preservation
13 programs. Those partnerships are very, very
14 valuable for us and we encourage local commissions
15 to ask their voters. Voters typically vote for
16 these programs, and if it's voter-approved, even a

17 good conservative like me thinks it's a good idea.

18 So, that's why it's called conservation.

19 And we encourage it, because the growth of our

20 State is such that a lot of very valuable properties

21 that we want to save from development have to be

22 done, it has to be done now. And which is why I'm

23 glad so many citizens are interested in the Babcock

24 Ranch; It is an incredible opportunity that we need

25 to continue to work on. So, with that --

1 (Applause.)

2 GOVERNOR BUSH: I'm finishing my little

3 editorial comments.

4 General Crist?

5 ATTORNEY GENERAL CRIST: Thank you.

6 I just wanted to mention recently on a visit to

7 Southwest Florida, I had the opportunity to go to

8 Ding Darling Park, which I commend to you, if you

9 haven't been there, it's beautiful, it's

10 extraordinary, it's a great part of Southwest

11 Florida as well. So, beautiful part of the state.

12 Always a pleasure to be here. Thank you for hosting

13 us very much.

14 CFO GALLAGHER: Governor, I move the minutes

15 for April 19th and May 3rd.

16 ATTORNEY GENERAL CRIST: Second.

17 GOVERNOR BUSH: There's a motion and a second.

18 Without objection, the item passes.

19 SECRETARY CASTILLE: Governor, Members of the

20 Cabinet, item two, is an option agreement to

21 purchase a parcel on Coupon Bight/Key Deer Florida

22 Forever Project. This is Big Pine Key. We've had

23 this acquisition on the acquisition list for

24 approximately 15 years. And we have -- we actually

25 expanded it recently when you directed us to buy all

1 of the conservation lands, all of the high-quality
2 conservation lands that are left in the Keys.

3 We have 1,489 acres which have been acquired.
4 59 percent remains to be acquired. This particular
5 parcel is \$29,189 per acre, and it's 9.25 acres.

6 CFO GALLAGHER: Motion on two.

7 COMMISSIONER BRONSON: Second.

8 GOVERNOR BUSH: There's a motion and a second.

9 Without objection, the item passes.

10 SECRETARY CASTILLE: Item three. This is the
11 Warner Option Agreement. This is the St. John's
12 River Blueway in the northeast section of our state.

13 Okay. This is a consideration of option
14 agreement to acquire 231 acres in the St. John's
15 River Blueway adjacent to the St. John's River. The
16 State is paying \$4,800 per acre, which is 93 percent

17 of appraised value. The property is 90-percent

18 uplands with a zoning of open rural. The zoning

19 establishes a minimum lot size of one unit per acre.

20 CFO GALLAGHER: Motion on three.

21 COMMISSIONER BRONSON: Second.

22 GOVERNOR BUSH: There's a motion and a second.

23 Without objection, the item passes.

24 SECRETARY CASTILLE: Item four. This is the

25 Morgan Family Limited Partnership Option Agreement

1 to purchase a conservation easement in Lake Wales
2 Ridge Ecosystem on Lake Walk-In-The-Water. The
3 price per acre is \$1,440 per acre, which is
4 91 percent of the easement value. Total price being
5 \$1,264,000 and change.

6 GOVERNOR BUSH: Colleen, why don't you
7 describe -- you know, these aren't random purchases.
8 We have experts that give us a sense of what
9 ecosystems have the highest value and we purchase
10 inside of those ecosystems. So, it may look random
11 if you look at an agenda item. But why don't you
12 describe this one, why is the Lake Wales Ridge
13 important to purchase conservation lands?

14 SECRETARY CASTILLE: I'm going to go to the
15 second map that we have here. This is the map that
16 was created with all of the conservation agencies

17 taking leave by Fish and Wildlife Conservation
18 Commission. This map shows -- this is the
19 foundation for which we choose all of our
20 acquisitions. So, we put it into a computer system
21 that is called the ATrack System and it gives it a
22 score based on the number of species that the land
23 supports.
24 So, what you see here is, the darker the land,
25 the more species the land supports. So, this

1 particular property, the Lake Wales Ridge state
2 forest property that butts up to the lake and to
3 Tiger Creek Preserve has significant species habitat
4 for it. And so, this little parcel here, the Morgan
5 parcel has a little bit less than the high priority
6 but it's still on the higher range and is a part of
7 the whole Carl project.

8 CFO GALLAGHER: Let me also mention that Lake
9 Wales Ridge is an area in Florida's history that was
10 the only part that was not under water and there are
11 species there, both plant and animal, that don't
12 exist anywhere else in the world.

13 SECRETARY CASTILLE: That's correct.

14 CFO GALLAGHER: So, that's one of the reasons
15 we've worked so hard to buy the property on that
16 ridge and save it for the future.

17 GOVERNOR BUSH: If you're driving down U.S. 27,
18 you say, "What the heck, why are these mounds? What
19 is all this sand?" It's very un -- it's very
20 unusual. That's the ridge.
21 It's also where the citrus likes to be grown
22 because it has incredible drainage. But it's also
23 where a lot of people like to live now, because it's
24 a lower cost and we have huge growth challenges and
25 this is what we do. We try to identify all these

1 ecosystems. You all as taxpayers allow us to spend
2 \$300 million a year to purchase properties in these
3 ecosystems to protect it from development and
4 protect these very unique species that exist only in
5 these areas.

6 CFO GALLAGHER: Let me -- I'm going to move
7 this, but I'd like to mention that the conservation
8 easement value that we're paying here is 60 percent
9 of the fee value. I'll just mention that because it
10 might be of interest later.

11 COMMISSIONER BRONSON: I'll move item four.

12 GOVERNOR BUSH: There's a motion and --

13 ATTORNEY GENERAL CRIST: A second.

14 GOVERNOR BUSH: A second. Any other discussion?

15 Without objection, the item passes.

16 You may want to -- maybe you can describe again

17 what a conservation easement is, Colleen.

18 SECRETARY CASTILLE: Okay. Conservation

19 easement is a way of helping sort of extend the

20 capability of the State's money. Rather than buying

21 the property in full fee value, which would give us

22 all rights that are associated with property

23 ownership, we buy the development rights off of a

24 property. Typically, each conservation easement is

25 different as to how much public access it allows,

1 but what it allows us to do is to keep the land in
2 conservation. We work with typically the
3 landowners, we buy these from our good stewards of
4 the land and continue to manage the land and pay for
5 the management of the land in perpetuity. We also
6 generally have a right of first refusal when a
7 property owner decides to sell the underlying fee
8 value in the future.

9 GOVERNOR BUSH: So this is a way that we try to
10 extend our reach to assemble with a little more
11 urgency to secure these properties before they are
12 developed, we can extend our reach by paying 50 to
13 60 percent of the full value for a conservation
14 easement that protects, protect -- allows --
15 typically allows the farmer or someone to continue
16 to use the property, and they are very good stewards

17 of the land, and it also allows us to maintain,

18 protect it for the resource that exists there.

19 So, we have more conservation easements, I

20 believe, than any -- any political entity in the

21 United States, am I correct?

22 SECRETARY CASTILLE: We do. We do.

23 GOVERNOR BUSH: Okay.

24 SECRETARY CASTILLE: Item five. This is --

25 this is a Conservation Fund Assignment of an option.

1 The conservation easement, it's a full fee
2 acquisition as well as a conservation easement
3 acquisition. This is adjacent to Letchworth Mounds
4 Florida Forever Project.

5 Going back in our State's history, Treasurer
6 Gallagher, as you mentioned, early in our history in
7 AD 200 to 900, we had a Native American culture
8 established, very well established in Florida with a
9 trading system between the various villages. What I
10 have here is a book called -- do we have a map of
11 the property? Okay.

12 What I have in front of me is a book called The
13 Archeology of Northern Florida. This book was
14 written by scientists in conjunction with our
15 archeologists that are housed at the Division of
16 Historical Resources in the Department of State.

17 This book lays out the whole process with finding
18 the MeKethan/Weedon Island Culture, which is in the
19 Lake City area. Would you put the next map up?
20 The MeKethan/Weedon Island Culture goes from
21 this area from Manasota County (sic) all the way
22 over to Alabama. You can see where the number three
23 is and the number five. The number five is where
24 this particular book lays out all of the artifacts
25 that were found with the arch -- with the

1 MeKethan/Weedon Island Culture.

2 This Native American Culture had significant
3 development with pottery, with a whole society, and
4 with a village system that was particularly unique.

5 Each of the villages -- if you'll give me the next
6 map.

7 Well, let me show you where this particular
8 property is.

9 CFO GALLAGHER: It's in Tallahassee.

10 UNIDENTIFIED SPEAKER: It's just west of --
11 east of Tallahassee.

12 CFO GALLAGHER: Jefferson.

13 COMMISSIONER BRONSON: Better off just
14 pointing.

15 SECRETARY CASTILLE: East of Tallahassee, along
16 what used to be a rivering system that has been much

17 diminished because of a weir that we put in that
18 Lake Miccosukee to enlarge Lake Miccosukee, but it
19 still, in high water areas, it still flows through
20 the property.

21 This is to show you what we have found in the
22 MeKethan/Weedon Island Culture. The reason why I'm
23 showing you another village rather than the one in
24 Tallahassee, is because we've only just begun the
25 excavation of the Tallahassee parcel.

1 This is a particular -- you can see the two
2 primary mounds and as you go around the circle, you
3 see the village that has been established in there.

4 There are burial mounds. There are cooking hearths.
5 There are ceremonial mounds that are all surrounding
6 the major mounds.

7 And I'm going to allow Ryan Wheeler, who is the
8 State archeologist, to come up and give you more of
9 the details about this particular Letchworth Mounds
10 site. And unfortunately we didn't have the right
11 technology here, but Ryan is going to -- I'm going
12 to bring this book up and Ryan, you'll see the large
13 mounds that we already have in state ownership, and
14 where we've been able to excavate and determine that
15 we do have burial mounds and other ceremonial
16 mounds, making this one of the largest Weedon Island

17 Culture villages in this whole Big Bend, Southeast

18 Florida area.

19 Ryan?

20 MR. WHEELER: Thank you, Secretary Castille.

21 It's a pleasure to be here and to speak on behalf of

22 this proposed acquisition.

23 Our Agency has been involved with this site for

24 about six or seven years when the Florida Park

25 Services first started developing their park access

1 facilities. What's interesting is, and most people
2 probably have never heard of the Weedon Island
3 Culture, so to put it in sort of a broader context,
4 most of you -- most of us that are from the
5 Tallahassee area are familiar with the Lake Jackson
6 Mounds. This is sort of the culture that existed in
7 Northern Florida before people were building the
8 mounds in Lake Jackson.

9 What's interesting about this culture is, there
10 was really not a lot going on in the Southeastern
11 United States. But in Florida, this culture was
12 thriving, and it developed a network of exchange
13 systems, it developed these very sophisticated
14 architectural features.

15 One of the projects that our Agency did with
16 this, with the large Letchworth Mound, which is on

17 the current state park property, was we worked with

18 an engineering company, so you can sort of

19 see where --

20 GOVERNOR BUSH: Can you move the mike up so

21 everybody can hear?

22 MR. WHEELER: Oh, I'm sorry.

23 We worked with an engineering company who made

24 a detailed topographic map of the site and we've

25 also done projects with Florida State University to

1 investigate the other parts of the State Park
2 property.

3 One thing that we have recognized though is the
4 real significance of this adjacent property, because
5 it really is where the rest of the site is.

6 Essentially what we're looking at is a prehistoric
7 city. This was a site that was composed of one big
8 giant mound that's got a lot of architectural
9 detail, surrounded by plazas, open spaces and
10 smaller mounds where people were buried, where
11 people lived. It was probably a place that was sort
12 of an elite center. Probably not a lot of people
13 lived here. Probably had sort of a resident
14 caretaker population. And people came here. People
15 probably came here to get married. People probably
16 came here to be buried. And other things happened

17 here like, oh, probably the big exchange-type

18 events.

19 But this site is extremely significant. It's

20 really probably one of the only examples of a Weedon

21 Island site like this that's in public ownership and

22 it's really an opportunity to own basically an

23 entire prehistoric city.

24 I know before the Cabinet meeting began,

25 Secretary Castille and I spoke a little bit about

1 the Miami Circle site, which probably you all
2 remember, I was very involved in as sort of a more
3 junior archeologist at that time, investigating the
4 site. In that case, the State wound up buying
5 2.2 acres of what was also a prehistoric city, the
6 City of Tequesta, which was ultimately about a
7 60-acre area that is in what is now covered by
8 downtown Miami. This is essentially an opportunity
9 to own an entire prehistoric city instead of just
10 the town center, which is what we have in the case
11 of the Miami Circle.

12 GOVERNOR BUSH: Let me ask you a question.

13 MR. WHEELER: Sure.

14 GOVERNOR BUSH: What happens if you're a
15 property owner and you wake up one day and you want
16 to develop the property and want to use it for

17 whatever you do, and lo and behold there's an indian

18 mound on it. What -- what do you do?

19 MR. WHEELER: It sort of depends on what

20 permitting process might be involved. If it's a

21 site that has human remains in it, you'd probably

22 wind up working with our office. There's a State

23 Statute, 872.05, that protects unmarked human

24 burials, whether they're on public property or

25 private property.

1 GOVERNOR BUSH: So, I mean, you can't develop
2 it?

3 MR. WHEELER: No, you could. In fact, it's
4 pretty common for sites like that to be developed.
5 You just have to go through a process of making sure
6 that you respectfully treat the human remains.

7 GOVERNOR BUSH: So, you can develop it being
8 respectful of the asset that you're describing here?

9 MR. WHEELER: That's true.

10 GOVERNOR BUSH: Okay.

11 MR. WHEELER: I think that's about it, if
12 anyone else has any questions.

13 GOVERNOR BUSH: How is the Miami Circle doing?

14 That was a classic.

15 MR. WHEELER: Miami Circle is doing very well.

16 Our Agency is in the process of repairing the

17 seawall of the Miami Circle. We are ready to start

18 that construction project in the next month or so.

19 And we're also working with the National Parks

20 Service on their special resources study which was

21 authorized by the President and Congress several

22 years ago to investigate whether or not the Miami

23 Circle should become part of Biscayne National Park.

24 That was based on a bill introduced by Senator

25 Graham several years ago.

1 GOVERNOR BUSH: Work for that so we can get
2 money to fix it up.

3 MR. WHEELER: Well, it's coming along.
4 Actually, we've also been involved in a lot of
5 research and we've published two publications that
6 detail sort of all of the excavations and scientific
7 analysis that has been conducted, so --

8 SECRETARY CASTILLE: Thank you, Ryan.

9 MR. WHEELER: Thank you very much.

10 CFO GALLAGHER: Thank you.

11 SECRETARY CASTILLE: Just a little bit of
12 description of the map. The Letchworth Mounds
13 property that has the diagonal green lines on it,
14 that's the existing state park where the -- what's
15 the height of the --

16 MR. WHEELER: The big mound is almost 50 feet

17 tall.

18 SECRETARY CASTILLE: Almost 50 feet tall.

19 MR. WHEELER: The smallest is -- (inaudible).

20 SECRETARY CASTILLE: And just east of it is

21 where additional excavation was taking place last

22 year when we went to look at the property. And

23 subsequently, the engineering work that had been

24 done across, the whole matrix across the entire

25 parcel to the east and to the south, has been done

1 and we have determined that there are various mounds
2 there, different types of mounds; the hearth mounds,
3 the burial mounds and the religious mounds.

4 So, let's talk about price.

5 GOVERNOR BUSH: We have the applicant here,
6 don't we?

7 SECRETARY CASTILLE: We do. Does the applicant
8 wish to speak, or an applicant's representative?

9 GOVERNOR BUSH: It looked like they were raring
10 to go, so.

11 SECRETARY CASTILLE: George Willson, who also
12 represents the Conservation Fund here, who has
13 donated money for this site as well, a nonprofit
14 group, is here to speak.

15 MR. WILLSON: Governor, Members of the Cabinet.
16 George Willson with the Conservation Fund, it's

17 great to be back as a negotiator on one of your

18 transactions. My last one was your Fisheating

19 Creek, your first less-than-fee deal.

20 The Conservation Fund is very, very pleased to

21 bring you a project within the appraised value. We

22 very much enjoyed working with the Division of

23 Historic Resources, the Division of Recreation and

24 Parks, and Colleen Castille's professional real

25 estate staff and the Division of State Lands.

1 If you'll -- one, this is a very good
2 transaction for many points of value, from
3 ecological, archeological, economic values and I'd
4 like to just briefly walk through them. This
5 property is one of the type of properties that's
6 difficult to bring to the Trustee's agenda anymore.
7 It's a property 71 percent upland, in an area of
8 diminished availability for subdivisions.
9 Tallahassee is surrounded by half a million acres of
10 a national forest on one side, 300,000 acres of
11 plantations on the other side, some large timber
12 company lands and we're running out of space.
13 This property has a mile frontage on U.S.
14 Highway 90. It has grandfathered subdivisions. And
15 the difference between this less-than-fee and the
16 previous less-than-fee that you just approved, the

17 previous less-than-fee in a rural area without
18 subdivision was 69 percent wetlands. This is 71
19 percent uplands with the uplands on the hill. The
20 same reason the Indians liked this property for
21 10,000 years --

22 GOVERNOR BUSH: Hang on a second, George.

23 That's a -- that doesn't change the percentage.

24 That changes the value, that changes --

25 MR. WILLSON: Yes, sir.

1 GOVERNOR BUSH: Okay. So --

2 MR. WILLSON: On a national --

3 GOVERNOR BUSH: I had to stop there, I was --

4 MR. WILLSON: On a national standard, when

5 you're buying a conservation easement, you are --

6 when you're buying a subdivision's rights away, you

7 end up at a higher percentage range, up to, and a

8 national range, between 60 and 80 percent is a norm.

9 I've worked on over 100,000 acres of

10 conservation easements in Florida. And this

11 project, we have you down into the 60 percentiles,

12 which is phenomenal for a property where we're

13 buying away grandfathered subdivisions, on a place

14 that has embedded values that are different than a

15 rural land. When you buy a rural land conservation

16 easement, you're buying away rural rights, the

17 agriculture and things; so you're buying away a
18 lesser percent of the value of the fee. And so the
19 typical range on a rural land is 40 to 60.

20 CFO GALLAGHER: What usually happens is they
21 get their zoning changed and then they bring it to
22 us to buy, is what usually happens.

23 MR. WILLSON. Right. And this --

24 CFO GALLAGHER: Then we pay the 68 percent.

25 MR. WILLSON: This one has had none of those

1 changes. They are grandfathered subdivisions.

2 And one of the other points that I think also

3 is important to bring up is that for, in perpetuity,

4 you require the property where on 92 percent of your

5 purchase, all of the management costs are paid

6 privately and that private buyer is paying, on

7 92 percent of the area that you preserved in

8 perpetuity, they are paying the ad valorem and

9 they're paying school board taxes, which is very,

10 very important to the majority of this property in

11 Jefferson County, which you have acquired many tens

12 of thousands of acres who lay off the tax roll in

13 this same county.

14 One of the messages from the Jefferson County

15 Commission is that less-than-fee is the way they'd

16 like to go.

17 This also fits the collected area that is
18 adjacent to this. I've worked on thousands of acres
19 within a mile of this on the plantation community.
20 What you're doing here is a public investment to a
21 greater private and national effort to preserve the
22 Red Hills. This purchase helps to put together a
23 greenway that almost reaches from Thomasville to the
24 Gulf of Mexico, from the public lands to the south,
25 to the private lands to the north, and we're at very

1 little cost to the public for a majority of that
2 effort. It has -- it is one of the highest ranked
3 archeological sites in the Florida Forever lists.

4 And it has, as Audubon and the National
5 Wildlife Federation asked me to speak for them who
6 couldn't be here today, it's a very, very important
7 ecological site for wildlife and watershed values.

8 So, based on -- at this podium, I've worked
9 with you all and through many administrations on
10 over a thousand square miles of conservation land,
11 and in my experience, you are getting a very good
12 deal because, two points, the owner's donating 1.6
13 million from the fair market value. The
14 Conservation Fund, which netted this real estate
15 deal and the archeological and ecological values
16 brought in a quarter of a million dollars to help

17 acquire the conversation easement.

18 We're a sophisticated buyer like you, and this

19 deal passed every smell test for value, for

20 ecological issues, and it is like, in closing,

21 saying this is a very good transaction for every

22 element of value that we can examine this for. You

23 have had a lot of professionals look at this and

24 this is a good deal, well within your range of

25 appraised values.

1 GOVERNOR BUSH: Thank you.

2 MR. WILLSON: Thank you.

3 SECRETARY CASTILLE: And we have Mr. Jon

4 Kohler, real estate attorney and real estate

5 specialist from -- representing Mr. Booth, the

6 owner.

7 MR. KOHLER: Thank you. I'm an attorney and

8 real estate consultant. I primarily represent

9 buyers and sellers of large recreational tracts,

10 investment properties in the Red Hills. In the last

11 24 months, I've probably been a part of over \$100

12 million in transactions in the Red Hills.

13 What I'd like to talk about is the marketplace

14 and what's happening there. In the last 12 months,

15 we've seen more transactions probably than the last

16 24 months combined in terms of appreciation of

17 value. In the last eight months, since some of
18 these appraisals you have has occurred, I've been a
19 part of a lot more transactions. I want to talk
20 about that as well.

21 Recently, I'm not sure if you've been given the
22 Lou Clark appraisal, which was just done this month.
23 Lou Clark was a dean of conservation easements and
24 appraisals in the Red Hills. He's valued this
25 property at \$9.7 million unencumbered. In my

1 opinion, this property right now in the open market
2 will sell for eleven and a half to \$12 million
3 unencumbered. This is an extremely good buy for the
4 State.

5 What we're seeing now, is buyers from Central
6 and South Florida coming up here, which is usually,
7 historically a local market. What we're finding is
8 buyers coming up here and land banking North Florida
9 land. They're also utilizing the 1031 Exchange
10 provisions quite well. That's causing land that was
11 historically in the \$4 to \$5,000 an acre range in
12 your rural areas with development potential, now
13 would be upwards in the 8,500 to \$13,000 range.
14 That's also been found by Professor Wood at the
15 University of Florida in his recent study.

16 Just a few months ago, another plantation in

17 this area has been under contract for a price we
18 believe in the \$8,300 an acre range. The 747 Ranch
19 in rural Jefferson County, a little bit further
20 south than your ranch, is under contract now at
21 \$9,000 an acre. We're finding this throughout the
22 area. In addition, another plantation in this area
23 has been offered upwards of \$7,800 an acre.

24 One point I want to make sure has been picked
25 out and understood here, is that the property when

1 Mr. Booth bought it was already vested 24 lots in
2 Leon County. As it is right now with the density
3 cluster provision, we can get about 150 to 160 units
4 on this property.

5 GOVERNOR BUSH: Hang on a second. You said
6 it's vested, the old -- whatever, George mentioned
7 the term, it had old -- it had development rights
8 that it vested. That's the 24 units.

9 MR. KOHLER: 24 units on the Leon County side,
10 and then it crossed the entire property -- part of
11 this property, I don't know the number of acres are
12 in Leon County, part of it is in Jefferson.

13 GOVERNOR BUSH: Right.

14 MR. KOHLER: But combined, you can have a total
15 of units of 150 to 160.

16 GOVERNOR BUSH: Are the units in Jefferson

17 County vested as well, the density?

18 MR. KOHLER: That would be, if you get a

19 density -- without going through any type of more

20 land-use zoning, if you get a hundred -- if you

21 could cluster the units, do what is called a

22 conservation neighborhood, which instead of having

23 say one house per ten acres, you take the density

24 and you have one house on two acres, eight acres in

25 common, and you cluster provision, you'll get a

1 bonus for that.

2 GOVERNOR BUSH: In Jefferson County?

3 MR. KOHLER: Yes.

4 GOVERNOR BUSH: Automatically, even though

5 you've got Indian mounds on it?

6 MR. KOHLER: Well, if you respect those. I

7 think we brought that up.

8 GOVERNOR BUSH: Okay.

9 MR. KOHLER: That's one of the benefits of --

10 CFO GALLAGHER: Use the microphone, so

11 everybody can hear you, please.

12 MR. KOHLER: I'm sorry.

13 I also want to point out for the record, and

14 clarify that when Hurley Booth purchased old fields,

15 he did not purchase it with the intent to sell it to

16 the State. I was a representative of that

17 transaction. He purchased it to enjoy it
18 recreationally, improve the esthetics and then
19 develop it. He's already put in over \$1 million
20 towards that endeavor alone.

21 In summation, I just want to point out that I
22 think the DEP and the Conservation Fund has done an
23 incredible job of getting this property under
24 contract. This is a very, very extreme seller's
25 market. It's very difficult to purchase land in the

1 Red Hills at that time.

2 GOVERNOR BUSH: Thank you, sir.

3 CFO GALLAGHER: On that, I have a question.

4 GOVERNOR BUSH: Treasurer?

5 CFO GALLAGHER: How long have we been looking
6 at this piece of property?

7 SECRETARY CASTILLE: It's been on the
8 acquisition list for fifteen years.

9 CFO GALLAGHER: Fifteen years. And --

10 SECRETARY CASTILLE: It was previously owned by
11 Carl Pennington of the Pennington Law Firm and they
12 used it as a quail plantation.

13 CFO GALLAGHER: I understand.

14 SECRETARY CASTILLE: It was not well managed as
15 a quail plantation. And when Mr. Booth bought it,
16 he intended to use it as that and started the

17 excavation that was necessary to bring it back to a
18 long leaf pine, wild grass community. And as they
19 started the excavation, they started finding pottery
20 shards. And because of the proximity to the
21 Letchworth Mounds and Jon's knowledge of the Weedon
22 Island Culture, they stopped that excavation and
23 asked the archeologist from FSU to come in and look
24 at it.

25 And so Mr. Booth approached me last year,

1 saying, you know, I've got this property. I bought
2 it at -- I intended to use it as a quail plantation,
3 but it seems to have some archeological resources on
4 it. And as we were talking about price, you know,
5 the price has increased over the past year and a
6 half that we've been talking on this issue.

7 CFO GALLAGHER: Right, but that's not my
8 problem. My problem is that this kind of thing
9 happens to us a lot. Fifteen years we were watching
10 this site, and there's a transaction at a pretty
11 decent price - according to what you all are telling
12 me - and we're nowhere to be seen. We're not -- we
13 don't pay any attention that somebody's trying to
14 sell it, we're not out there trying to buy it, we're
15 not doing anything. It's just, I guess, sitting on
16 our list somewhere. And they continually, somebody

17 knows it's on our list, somebody goes and buys it,
18 and all of a sudden it comes to us; they own it
19 eighteen months and we're supposed to buy it from
20 them at a good deal. And I don't know why we keep
21 doing this.

22 SECRETARY CASTILLE: Well, Treasurer, in
23 fairness, it doesn't happened a lot. It happens
24 every once in a while. And in this particular case,
25 we had an appraisal process that we were going

1 through, and I think we cancelled the appraisals in
2 December of '03 because we had heard that Mr. Booth
3 had entered into an acquisition agreement with
4 Mr. Pennington, and they were scheduled to close in
5 January of '04. And then we've certainly thought it
6 was off the list at that time.

7 CFO GALLAGHER: Well, I guess if it was off the
8 list at that time, why is it on now?

9 SECRETARY CASTILLE: Not off the list, I'm
10 sorry. We thought that we no longer had a willing
11 seller.

12 GOVERNOR BUSH: Secretary, how -- the
13 conservation easement allows for what public access?

14 SECRETARY CASTILLE: In particular, it allows
15 up to 12 scientists at a time to come in and
16 excavate the property, but I have negotiated with

17 Mr. Booth to allow the public to access the property
18 several times a year. We have celebrations in
19 Tallahassee to recognize our Native American Culture
20 and our Spanish American Culture with the DeSoto
21 site, which was similarly begun development,
22 started -- started the development, found it was the
23 DeSoto Christmas camp site. They excavated all of
24 the materials and then ultimately built on the
25 facility, or built a business center on the

1 facility. And then we have adjacent to that, we
2 have a -- I guess you call it a museum, but it's an
3 area where some of the artifacts are displayed at
4 that site.

5 GOVERNOR BUSH: So, very limited access?

6 SECRETARY CASTILLE: It is limited access.

7 GOVERNOR BUSH: Very limited.

8 SECRETARY CASTILLE: Well, it's more access --

9 the public access is more access than we have in
10 most conservation easements.

11 CFO GALLAGHER: Here's the thing. Mr. Booth
12 buys the land, finds us, sells us the mounds, fee
13 simple. We give -- we buy the other -- he gives us
14 a conservation easement for 68 percent of the value,
15 whatever it might be, more than what he paid.

16 GOVERNOR BUSH: Not quite.

17 CFO GALLAGHER: And he can hunt on it all the
18 time, private hunting preserve for he and his
19 friends, and we pay all that money and the public
20 can't do anything on it except, you know, have some
21 celebration about it when, you know, Indians are
22 celebrating something.

23 SECRETARY CASTILLE: Well, Treasurer, that's
24 what we do with all of our conservation easements.
25 If you remember the Brahma Island in Lake

1 Tohopekaliga. They maintained a family hunting
2 lodge on that property, and continue to hunt on that
3 as well.

4 It's in all of our conservation easements. You
5 know, I can give you a list of them. Apalachicola
6 River site, we continue to allow the family to
7 engage in limited farming on the 400 of the 2,000
8 acres that we purchased.

9 CFO GALLAGHER: But we weren't paying
10 68 percent.

11 SECRETARY CASTILLE: No, sir, we weren't.

12 GOVERNOR BUSH: You're getting a sense of the
13 dilemma we're facing in a fast appreciating real
14 estate market.

15 Here's a property, the guy owns it for a short
16 period of time. He is going to get 91 percent of

17 what he paid for it, I believe, and be able to use

18 it in perpetuity for a beautiful quail hunting

19 facility, and we get some Indian mounds.

20 SECRETARY CASTILLE: It isn't --

21 GOVERNOR BUSH: I'm not -- that's not a fair --

22 that's not particularly a fair way of framing it,

23 but I just said that out loud. That was the owner

24 in my head. I shouldn't have said it. That's a

25 problem I have.

1 (Laughter with applause.)

2 COMMISSIONER BRONSON: Well, Governor, if I
3 can, too, and Colleen's right, this type of
4 agreement has been done many times before. There is
5 a big difference between the conservation easement
6 and the outright buy or purchase of total fee
7 purchase of the property.

8 The question is, and I guess what we've got to
9 make a decision on, other than the money itself, is
10 they do have, down the road, the potential of
11 developing part of this, a good chunk of this
12 actually, and however which way they want to divide
13 it up, as to whether this site, other than the
14 dark-colored section, which connects to the big
15 mound, I guess that's where the two mounds are in
16 the darker colored section. And I would assume that

17 we still don't know how much more could be there

18 that hasn't been uncovered yet as far as, if this

19 was a village site of 1,800 years ago, whatever.

20 So, the dilemma that we have is, do we want to

21 basically, we're not doing conservation easement in

22 my mind, what we're doing is anti-building

23 acquisition to this to make sure there's not going

24 to be any little small town built out there at some

25 point in time.

1 So, there's where we're really at. And the
2 question is, are we going to pay the price that's
3 been offered to do that or not. Is this a step
4 further than we think we want to go or do we want to
5 go ahead and make sure that it's under perpetual
6 easement so there won't be any building of any large
7 degree.

8 I realize the amount of money is a little
9 higher than we normally do these easements for, but
10 certainly it is historically, it's the Mississippi
11 Mound Builders, I guess it's the same overall group
12 that's in Macon, Georgia and all the way up to
13 Mississippi. And this happens to be a small version
14 of that. So, depends on how much of the history we
15 want to save.

16 GOVERNOR BUSH: How the heck do you know that?

17 Mississippi Mound Builders?

18 COMMISSIONER BRONSON: I know the Indian

19 cultures.

20 CFO GALLAGHER: He's our historian. There's no

21 doubt about that.

22 SECRETARY CASTILLE: Six generations.

23 CFO GALLAGHER: Six generations of history in

24 Florida right here.

25 SECRETARY CASTILLE: Governor, Members of the

1 Cabinet, for the audience's benefit, I don't think
2 we've talked about the price here and I don't know
3 if they really know anything and whether they have
4 agenda items. I'd like to lay that out --

5 GOVERNOR BUSH: Sure.

6 SECRETARY CASTILLE: -- so that they kind of
7 know what we're doing.

8 GOVERNOR BUSH: Okay.

9 SECRETARY CASTILLE: The land that we're buying
10 consists of 1,391 acres at a purchase price, a total
11 purchase price of \$5,216,500. 109 acres of that
12 will be purchased in fee simple. That's the dark
13 yellow outline at \$5,000 an acre, and that's
14 \$548,000, less the option price, which is typically
15 a fee that we pay for nonprofits that bring us these
16 parcels, which is the \$66,500. That leaves 1,280

17 acres that we would purchase in conservation
18 easement for a total \$4,602,000, which comes to
19 about three hundred -- \$3,591 an acre. If you --
20 and that gives us 72 percent of value, of fee value.

21 When the Doris Duke Foundation supporting this
22 and supporting these efforts was approached, they
23 have offered \$250,000 to help with the acquisition,
24 and that brings down the conservation easement value
25 to 68 percent of the full fee appraised value.

1 The part of the issue has been what Mr. Booth
2 has purchased the property for and what we are now
3 purchasing the property for 18 months later. It's
4 approximately 17 percent increase in price, which is
5 a one-percent increase in value.

6 If you remember, when we were talking about the
7 Babcock property --

8 CFO GALLAGHER: One percent per month.

9 SECRETARY CASTILLE: One percent per month.

10 When we were talking about the Babcock
11 property, the appraisers for the Babcock property -
12 it's a different market here, I will concede - the
13 Babcock property, the appraiser indicated that
14 properties down here were increasing at three
15 percent per month. So, it's a significant reduction
16 in -- it's a significant reduction in the typical

17 increase in price.

18 As I was standing here talking to - I don't

19 have her card - Roz, from one of the local realtors,

20 who was telling me that property values in this area

21 are increasing at 25 percent a year.

22 GOVERNOR BUSH: Is that forever?

23 SECRETARY CASTILLE: So, the appraised value

24 for this -- the appraised value for this

25 particular --

1 GOVERNOR BUSH: Secretary, are you saying
2 that's going to happen, just keep going like that
3 forever, 25 percent a year?

4 SECRETARY CASTILLE: Well, according to --

5 GOVERNOR BUSH: Mr. Willson, you think that's
6 going to happen? Can anyone tell us that's going to
7 continue to happen?

8 SECRETARY CASTILLE: According to Alan
9 Greenspan --

10 GOVERNOR BUSH: Oh, come on, you're pulling out
11 Alan Greenspan on me?

12 CFO GALLAGHER: When's the last time you talked
13 to him?

14 SECRETARY CASTILLE: I listen intently when he
15 talks about the Florida real estate market.

16 But the appraised value indicated that prices

17 for properties, similar like-kind properties in the
18 Tallahassee area, were going anywhere from 3,000 to
19 \$12,000 an acre, a very wide range. So, at an
20 appraised value of \$5,000 an acre, we are in the
21 lower part of that range.

22 Our conservation easements, we typically buy
23 from anywhere from 50 percent to 75 percent of
24 value. We rarely go to the 75 percent of value, but
25 we have done that in the green swamp and those are

1 only for 30-year conservation easements.

2 COMMISSIONER BRONSON: Governor, I would like

3 to add that, you know, I just purchased some land in

4 Madison County on a like-kind exchange actually,

5 and --

6 GOVERNOR BUSH: Has it gone up 25 percent?

7 COMMISSIONER BRONSON: Well, actually,

8 considering that I bought the land almost a year

9 ago, it has -- the estimation is I can get

10 40 percent more right now for it than I paid for it.

11 GOVERNOR BUSH: Sell it.

12 COMMISSIONER BRONSON: I'm not going to sell

13 it.

14 CFO GALLAGHER: That's because you planted all

15 those peanuts on there.

16 COMMISSIONER BRONSON: But my point is, there

17 are a lot of people moving out of Dade, Broward,
18 Palm Beach, and some of the more heavy populated
19 areas, and that, along with Ted Turner who bought a
20 lot of property up there a few years ago, has helped
21 this land value go up. We are moving from 17
22 million, fast toward 18 million people in this
23 state, unless there's a volcano somewhere off of
24 this state, there's not going to be any more land,
25 and there's the dilemma we're in. And we're kind of

1 caught in the middle on this thing knowing that
2 we're trying to preserve historic sites and other
3 things. Here we were again, back to the --

4 GOVERNOR BUSH: So, do you have a motion?

5 COMMISSIONER BRONSON: I, actually, because of
6 wanting to know about more what's on the property, I
7 almost -- my recommendation at this time would be to
8 ask that we --

9 GOVERNOR BUSH: Punt?

10 COMMISSIONER BRONSON: -- yeah, that we punt on
11 this one.

12 No, I would really like to get a better picture
13 of what else is there on the property before we make
14 a final decision. This is the largest amount, I
15 think the biggest percentage for this type that
16 we've paid, that maybe we postpone the vote on this

17 issue and bring it back and get some more

18 information on the property.

19 GOVERNOR BUSH: You all have a timing issue as

20 it relates to the --

21 CFO GALLAGHER: What is the time of the option?

22 SECRETARY CASTILLE: August. August.

23 CFO GALLAGHER: August what?

24 MR. WILLSON: Your option expiration period is

25 the end of this month, closing, which was a very

1 tight element of the negotiation, was that the
2 closing occur in August.

3 COMMISSIONER BRONSON: Well, that kind of kills
4 that obviously.

5 CFO GALLAGHER: Well, go get an extension, I
6 guess, or he can develop it.

7 Does the owner want to speak on whether he
8 wants to extend or not? We'll go on to another
9 meeting if he doesn't.

10 SECRETARY CASTILLE: Jon, do you want to take a
11 risk?

12 MR. KOHLER: No, I don't. I guess we'll have
13 to extend it. I'm not able to talk about that. I'm
14 not able to -- I'm not sure what his response will
15 be. I doubt -- candidly, I doubt he'd want to
16 extend it in this marketplace but that's just my

17 opinion.

18 GOVERNOR BUSH: All right. So, there's no

19 motion? There's no motion to defer? There's no

20 motion?

21 COMMISSIONER BRONSON: I will make a motion to

22 defer.

23 GOVERNOR BUSH: To the next cabinet --

24 COMMISSIONER BRONSON: Well, the only problem

25 is the next cabinet meeting is the 9th of August, I

1 think. So, but rather than kill the whole project
2 to get more information, I'd make a motion to defer
3 rather than to vote against the project itself.

4 GOVERNOR BUSH: All right. There's a motion to
5 defer item five. Is there a second?

6 CFO GALLAGHER: I'll second that.

7 GOVERNOR BUSH: There's a second.

8 CFO GALLAGHER: Also, I'd just like the owner
9 to know that if we get more information, I think
10 there's a real good chance that we can go through
11 with this transaction, but we're all a little
12 nervous about it just now.

13 GOVERNOR BUSH: Any objections to the motion to
14 defer? Without objection, item is deferred until
15 August 9th, and hopefully the owner will extend the
16 option and we will look at purchasing it then.

17 Thank you.

18 SECRETARY CASTILLE: Mr. Kohler is going to

19 call and get an answer by the time we finish these

20 next couple of items.

21 GOVERNOR BUSH: Well, we don't have many left,

22 so --

23 SECRETARY CASTILLE: I know. I'm going to talk

24 slowly.

25 GOVERNOR BUSH: Item six.

1 SECRETARY CASTILLE: Item six is the City of
2 Pahokee/Everglades Ventures Company. It is a
3 consolidated intent for an ERP -- submerged lands
4 environmental resource permit. The item is a
5 consideration of an application to modify a
6 five-year sovereignty submerged lands lease in the
7 City of Pahokee. Mr. -- oh, gosh.

8 CFO GALLAGHER: Spray?

9 SECRETARY CASTILLE: George Spray. Thank you.
10 Old friend.

11 Mr. George Spray has been in partnership with
12 the City of Pahokee to establish a recreational
13 location on the banks of the Lake Okeechobee. He
14 was up and running very successfully when one --
15 when three hurricanes came through and destroyed the
16 marina.

17 So, what we're requesting here is to construct
18 a permeable lock breakwater for the protection of
19 the marina that he is going to be building,
20 rebuilding, I should say.

21 CFO GALLAGHER: Motion on six.

22 COMMISSIONER BRONSON: I second six.

23 GOVERNOR BUSH: There's a motion and a second.

24 Without objection, the item passes.

25 CFO GALLAGHER: Move to withdraw number seven.

1 ATTORNEY GENERAL CRIST: Second.

2 GOVERNOR BUSH: There's a motion to withdraw

3 and a second. Without objection --

4 SECRETARY CASTILLE: Item seven, let me just

5 tell you about item seven. This was a consolidated

6 intent again for a dock and one of the things that

7 we had been looking at is when we have islands and

8 rivers, we're trying to see if we can get the owners

9 to give conservation easements as we did with the

10 River Wilderness at the last cabinet meeting.

11 When we asked on this particular piece of

12 property, the owner was not ready to consent, so

13 he's asked to withdraw the property.

14 GOVERNOR BUSH: All right. The item is

15 withdrawn without objection.

16 SECRETARY CASTILLE: Item eight is the St.

17 John's Center. This is another consolidated intent.

18 This is an application for a ten-year sovereignty

19 submerged land lease containing 202,291 square feet

20 for the pressure of constructing a 75-slip

21 commercial marina in downtown Jacksonville on the

22 south bank of the St. John's River.

23 GOVERNOR BUSH: Motion on it?

24 ATTORNEY GENERAL CRIST: Motion made.

25 GOVERNOR BUSH: There's a motion. Is there a

1 second?

2 COMMISSIONER BRONSON: Second.

3 GOVERNOR BUSH: Second. Without objection, the

4 item passes.

5 SECRETARY CASTILLE: For the record, the marina

6 will have at least 90 percent of the slips available

7 to the public.

8 GOVERNOR BUSH: Excellent.

9 SECRETARY CASTILLE: Item nine. This is Basil

10 Street Partners, another submerged land consolidated

11 intent. This is a consideration of an application

12 to modify a five-year land lease along the Gordon

13 River in Collier County. The plan is to reduce the

14 number of authorized boat slips at the

15 ownership-oriented docking facility from 16 to 14,

16 increase the preempted area from 36,000 plus square

17 feet to 38,000 plus square feet, and to convert the
18 use of the docking facility to a private yacht club
19 facility. And there's a modification in the
20 additional special lease conditions.

21 This particular piece of property -- this
22 particular project was brought before you and we
23 found that the -- some of the activity had already
24 occurred prior to getting approval.

25 CFO GALLAGHER: Is that, the fine's been paid

1 and everything's been straightened out on that?

2 SECRETARY CASTILLE: Yes, sir. We have -- we

3 have -- there's a number of concessions that the

4 owner has given, including \$45,000 for a marine

5 compliance staff person in Collier County.

6 Additionally, there's \$3,000 in regulatory

7 penalties, \$2,732 in administrative fines, \$546 of a

8 corrected additional administrative fine, and a

9 thousand dollars -- and to cover the cost of \$1,000

10 of additional costs incurred by the Department of

11 Environmental Protection.

12 CFO GALLAGHER: And how many extra square feet

13 did he get for all those fines?

14 SECRETARY CASTILLE: 3,000, I think.

15 GOVERNOR BUSH: Fewer slips, more feet.

16 SECRETARY CASTILLE: Fewer slips, larger boats.

17 GOVERNOR BUSH: More compliance.

18 SECRETARY CASTILLE: But about 2,100 additional

19 feet.

20 COMMISSIONER BRONSON: Motion on nine.

21 CFO GALLAGHER: Second.

22 GOVERNOR BUSH: There's a motion and a second.

23 Without objection, item number nine passes.

24 Secretary, I think we got news that the

25 applicant for the property up in North Florida is

1 willing to extend the option; is that what you're
2 confirming? I thought that's what Eva said.

3 SECRETARY CASTILLE: I don't see Eva.

4 GOVERNOR BUSH: Well, it doesn't matter.

5 Hopefully they have.

6 SECRETARY CASTILLE: Okay.

7 GOVERNOR BUSH: Thank you.

8 SECRETARY CASTILLE: Thank you very much.

9 GOVERNOR BUSH: Thank you all very much.

10 (Proceedings concluded at 10:39 a.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)

COUNTY OF LEE)

I, MARGARET W. MILLER, Registered Professional Reporter, do hereby certify that I was authorized to and did stenographically report the foregoing proceedings at the time and place therein designated; that the foregoing pages numbered 1 through 81 inclusive are a true and accurate record of my stenographic notes.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in this action.

DATED THIS 30th day of June, 2005.

MARGARET W. MILLER, RPR

BILLING WORKSHEET

REPORTER: Maggie Miller

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