

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

Representing:

DIVISION OF BOND FINANCE
FSC OFFICE OF INSURANCE REGULATION
DEPARTMENT OF REVENUE
DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES
STATE BOARD OF ADMINISTRATION

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Bush presiding, in the
Cabinet Meeting Room, LL-03, The Capitol, Tallahassee, Florida,
on the 22nd day of September, 2005, commencing at approximately
9:30 a.m.

Reported by:

KRISTEN L. BENTLEY
Certified Court Reporter

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

APPEARANCES:

Representing the Florida Cabinet:

JEB BUSH
Governor

CHARLES H. BRONSON
Commissioner of Agriculture

CHARLIE CRIST
Attorney General

TOM GALLAGHER
Chief Financial Officer

* * *

I N D E X

DIVISION OF BOND FINANCE
(Presented by BEN WATKINS)

ITEM	ACTION	PAGE
1	Approved	4
2	Approved	4

FINANCIAL SERVICES COMMISSION OFFICE OF INSURANCE REGULATION
(Presented by KEVIN McCARTY)

ITEM	ACTION	PAGE
1	Approved	10
2	Approved	10
3	Approved	10

DEPARTMENT OF REVENUE
(Presented by JAMES ZINGALE)

ITEM	ACTION	PAGE
1	Approved	30
2	Approved	31
3	Approved	32

DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES
(Presented by FRED DICKINSON)

ITEM	ACTION	PAGE
1	Approved	34
2	Approved	38
3	Approved	44
4	Approved	44
5	Approved	66
6	Approved	74

STATE BOARD OF ADMINISTRATION
(Presented by COLEMAN STIPANOVICH)

ITEM	ACTION	PAGE
1	Approved	75
2	Approved	75
3	Approved	75
4	Approved	76

1 PROCEEDINGS

2 THE GOVERNOR: The next cabinet meeting is Tuesday,
3 October 4th. We'll now move to the agenda.

4 Division of Bond Finance. Bond boy, how are you
5 doing?

6 Ben walks at least 15,000 steps a day.

7 CFO GALLAGHER: Motion on the minutes, September 7th.

8 ATTORNEY GENERAL CRIST: Second.

9 THE GOVERNOR: There is a motion and a second.
10 Without objection, Item 1 passes.

11 MR. WATKINS: Item No. 2 is adoption of resolutions
12 authorizing the issuance and competitive sale of up to
13 \$30 million in state university system improvement revenue
14 refunding bonds.

15 CFO GALLAGHER: Motion.

16 ATTORNEY GENERAL CRIST: Second.

17 THE GOVERNOR: There's a motion and a second.
18 Without objection, the motion passes.

19 MR. WATKINS: Governor, if I may digress for a moment
20 and ad lib here a little bit. I juts got back in keeping
21 with the theme on hurricanes and doing what we can do to
22 help our brethren on the Gulf Coast. Just got back from
23 the National Association of Treasurers' meeting where I
24 was on a panel with Treasurer Tate Reeves from the state
25 of Mississippi. And the purpose of it was to demonstrate
ACCURATE STENOTYPE REPORTERS, INC.

1 by way of example the systems and framework we have in
2 place in Florida for planning and executing, responding
3 and recovery for disasters. And to sort of get the word
4 out, if you will, about how we do it in Florida and
5 serving as an example to other states to have them revisit
6 their preparedness in responding to emergencies and to
7 highlight for people, because contrary to what you're
8 getting, the general public is getting, and the
9 understanding they have about the response to Hurricane
10 Katrina. There are very positive things happening on the
11 ground notwithstanding what the talking heads are spewing
12 out over the airways. And that is Florida's contribution
13 to Katrina, we had 36 -- this is as of last week -- 3600
14 people and advanced over \$100 million in personnel and
15 supplies and responding in a very meaningful way to what's
16 going on in Mississippi and the systems and the dedicated
17 personnel that we have in place here at the state to do
18 what they need to do to help people. And prepositioning
19 assets and pushing them out and Craig Fugate and his
20 people and the first responders were on the ground in
21 Mississippi within 12 hours of Katrina clearing, providing
22 food, water, ice and law enforcement. And that message
23 has really not gotten out to the general public, but
24 that's sort of a lesson to be learned, if you will.

25 And so it culminated and one last thing is sending
ACCURATE STENOGRAPHY REPORTERS, INC.

1 the -- formulating a message to Washington with respect to
2 how federal assistance comes down to the state and how the
3 federal government can assist state and local governments
4 in their rebuilding efforts and how through changes in the
5 tax law or what they can do to assist was adopted in the
6 form of a resolution. But the underlying policy was what
7 the treasurers are looking for is a hand up and not a hand
8 out in terms of the assistance that they get from
9 Washington in their efforts to rebuild the infrastructure
10 and the businesses affected in the Gulf Coast region. So
11 I just wanted to let you know that's what I've been doing
12 over the last couple of days.

13 CFO GALLAGHER: One of the things that we did after
14 Hurricane Andrew in the Treasury, which we haven't had to
15 do since because there's lots of other programs, but we
16 had some banks that really didn't have the capital to lend
17 out money for rebuilding the businesses primarily in the
18 Homestead area. And so we did some reverse repos with
19 them to give them cash in order to relend it out to small
20 businesses, et cetera, with a very reasonable payback and
21 they could only make a very small spread on that to handle
22 the administration. And that worked pretty well with them
23 and I don't know if you had a chance to mention that to
24 some of those treasurers or not. We haven't had to do
25 that since. But because that storm was the first big one
ACCURATE STENOGRAPHY REPORTERS, INC.

1 and it's totally unusual sort of the way they're being hit
2 now, it was helpful.

3 THE GOVERNOR: Joe Canizaro, the head of the
4 reconstruction effort, I believe, in New Orleans, he's
5 been asked by the mayor to do this. And their biggest
6 concern was bank liquidity. Maybe it might be a good idea
7 for you to contact him just to talk about that experience
8 because he was looking at all of our -- he wanted to steal
9 our experience and not have to reinvent the wheel, if you
10 will. So if you could speak to him about it because it
11 might be very helpful.

12 CFO GALLAGHER: If you'll give me his number, I'll
13 have Guy from Treasury talk with him.

14 THE GOVERNOR: You bet.

15 MR. WATKINS: And the nerdy part of this, Governor,
16 that I laughed at, the whole point of it, what we
17 concluded with was basically issues that are going to be
18 confronted by treasurers in terms of cash flow and
19 liquidity and how to deal with that and the financial
20 challenges. And so -- and suggesting to them techniques
21 that they can use and issues they were going to confront
22 and developing credible financial information, access to
23 the credit markets, having a methodology for communicating
24 directly with rating agencies and investors and analysts
25 so that they maintain their ability to access the capital
ACCURATE STENOGRAPHY REPORTERS, INC.

1 markets which is going to be critical. So we -- what our
2 experience had been with respect to having the resources
3 available because how we'd been managed financially, both
4 from a reserve standpoint as well as liquidity because the
5 way the treasurer is managing the overall state assets was
6 significant in helping us minimize the economic and
7 financial disruption in the state. So that message was
8 delivered and that was sort of a conclusion of what we
9 were talking about.

10 CFO GALLAGHER: Well, we do deliver a higher yield in
11 Florida than about everybody else in the country. They
12 always talk to us about how to do it but they never really
13 want to go that far. But we are the first state to ever
14 have passed legislation that allowed us to issue bonds to
15 pay claims after Hurricane Andrew which set the precedent
16 for how we ended up setting up the residential property
17 JUA, the Cat Fund. Of course Citizens which is the
18 combination of windstorm pool and the residential property
19 JUA.

20 Louisiana is an interesting situation. They
21 basically took Citizens Property Insurance legislation
22 here and passed the identical legislation in Louisiana and
23 have their own insurer of last resort there and we've
24 offered to assist them in any way from the lessons that we
25 learned, especially last year, and the problems that we

1 had getting things taken care of. They had 112,000 claims
2 which was unprecedented to be handled by state quasi
3 insurers of last resort and lots of issues like that.
4 They are totally unprepared to handle the huge number of
5 claims that they have. And I think what we learned and --
6 now we can handle it a lot better than we could before
7 because we found out what you need to do and we're going
8 to be assisting them in some of those ways.

9 MR. WATKINS: Well, there's lots to be done and we've
10 had a lot of practice, more than we deserve.

11 CFO GALLAGHER: We have 60 more days. Sixty -- more
12 than 60 days left in hurricane season.

13 THE GOVERNOR: All right, Ben, thank you. Welcome
14 back home.

15 MR. WATKINS: Thank you.

16

17

18

19

20

21

22

23

24

25

1 THE GOVERNOR: Financial Services Commission. Office
2 of Insurance Regulation.

3 CFO GALLAGHER: Motion on the minutes.

4 THE GOVERNOR: Butterbean, how are you?

5 MR. McCARTY: Good morning, Governor and members of
6 the cabinet.

7 CFO GALLAGHER: Minutes.

8 COMMISSIONER BRONSON: Second.

9 THE GOVERNOR: There's a motion and a second.
10 Without objection, Item 1 passes.

11 MR. McCARTY: Item 2 is adoption of amendments to
12 Rule 690-137, Annual Audited Financial Reports. This
13 addresses the recommendations by the Joint Administrative
14 Procedures Committee to remove conflicting language
15 relating to reporting exemptions and technical changes.

16 CFO GALLAGHER: Motion on 2.

17 ATTORNEY GENERAL CRIST: Second.

18 THE GOVERNOR: There's a motion and a second.
19 Without objection, the item passes.

20 MR. McCARTY: Regarding Item 3 is provide
21 clarification of the current language referencing lender's
22 mortgage title insurance and proposes technical amendments
23 to the rule.

24 CFO GALLAGHER: Motion on 3.

25 COMMISSIONER BRONSON: Second.

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

2 Without objection, the motion passes.

3 MR. McCARTY: If I may give an update on hurricane
4 reporting for 2004 and 2005.

5 THE GOVERNOR: Be honored to receive it.

6 MR. McCARTY: This will be the last reporting with
7 regarding insurance company. We currently require
8 companies to report on a monthly basis regarding the 2004
9 hurricane season. We will have a final report in December
10 for the total losses for 2004. Current status is combined
11 2004 hurricanes of Charley, Frances, Ivan and Jeanne as of
12 August 15th. There's 20.8 billion in total property
13 losses for all four storms; 1.5 billion in estimated
14 policyholder deductible; and 1.6 million policy claims.

15 THE GOVERNOR: I'm sorry, what was the last --

16 MR. McCARTY: 1.6 million policy claims.

17 THE GOVERNOR: So it's a little less than we
18 anticipated?

19 MR. McCARTY: That's correct.

20 CFO GALLAGHER: What was --

21 MR. McCARTY: 1.5 billion. We also had breakdown
22 regarding --

23 THE GOVERNOR: Just to make sure that everybody
24 understands. People went out of pocket just for their
25 property insurance to access the insurance \$1.5 billion.

1 MR. McCARTY: That is correct.

2 THE GOVERNOR: 18.5 was paid out.

3 MR. McCARTY: That's correct.

4 CFO GALLAGHER: Twenty --

5 MR. McCARTY: That's the total property losses. So
6 paid out would be 18 --

7 CFO GALLAGHER: Is 1.5 deducted from that on top of
8 that?

9 MR. McCARTY: No, that's what the companies paid out,
10 the 20.8.

11 CFO GALLAGHER: 1.5 is on top of that.

12 THE GOVERNOR: So 20 billion was paid out?

13 MR. McCARTY: That's correct. Just shy of that
14 because there's about 96 percent of the claims are paid.
15 Some of those are in litigation. Most of that is due to
16 Mierzwa.

17 CFO GALLAGHER: So it ends up being like 21.5 paid
18 out?

19 MR. McCARTY: That's correct.

20 CFO GALLAGHER: 1.5 on top of that puts you at 23.

21 THE GOVERNOR: Unfortunately though, it's the 1.5
22 that I worry about because you got -- that's just the
23 deductible to access your insurance. But there's other
24 costs that wouldn't be insured that people went out of
25 pocket for as well. So everybody -- occasionally, I'm
ACCURATE STENOGRAPHY REPORTERS, INC.

1 asked, Is this hurricane stuff is good for the economy.
2 And it's good for some people, I guess, in economy in
3 terms of economic activity. But it's bad for a whole lot
4 of people that are out of pocket and that's not going to
5 go away because our insurance -- the way we structure our
6 insurance now allows for greater deductibles.

7 CFO GALLAGHER: What really concerns me is if you
8 have a real, real profitable year there may be, for the
9 total industry \$500 million. And if you look at that as,
10 There's the amount of money that's available and you have
11 a \$21.5 million payout in one year, that's 40 years before
12 you can have that much saved up again. Of course it's all
13 taxed every year also. So it makes a tough business for
14 somebody to want to get into.

15 THE GOVERNOR: How are we doing on that, Kevin?

16 MR. McCARTY: Fortunately in Florida we'd not
17 experienced what they experienced in Katrina where a great
18 number of people, particularly in Mississippi, did not
19 purchase flood insurance because they were not in a flood
20 zone. Florida, as you know, has a very high takeup rate
21 for flood insurance. Most of our claims are not paid
22 because of dispute between flood and the all perils policy
23 but there are hundreds of thousands of people that have
24 been affected by Hurricane Katrina that are uninsured,
25 that are not insured at all.

1 THE GOVERNOR: Kevin, I'll tell you an interesting
2 story. We were -- last Wednesday I went to Mississippi
3 and from Waveland, we were heading back to the I-10 exit
4 to go to Stennis to go back home and the storm surge on
5 I-10, which my guess is like five miles, maybe more than
6 that, six, seven miles off the coast, was up, on the
7 overpass, was up almost all the way to the top of the
8 overpass. So you think about, people don't think --

9 CFO GALLAGHER: Was it 29, 39?

10 THE GOVERNOR: No, it was probably 15 to 20 feet
11 high, 15 to 20.

12 CFO GALLAGHER: Five miles in?

13 THE GOVERNOR: And you're thinking --

14 CFO GALLAGHER: Well, you saw that there was no
15 houses all the way in. It was pads and that's it.

16 THE GOVERNOR: So it is a lesson, the power of these
17 direct hits. Now maybe the surge behaves differently in
18 different places.

19 MR. McCARTY: It does.

20 THE GOVERNOR: I think I was told in Mississippi it's
21 very prone to massive surge because of how the water is in
22 the Gulf. But it's -- we got to take these things really
23 seriously.

24 MR. McCARTY: Yes, there are parts of Florida at the
25 coastline too that are susceptible to surges we saw with
ACCURATE STENOGRAPHY REPORTERS, INC.

1 Dennis in Wakulla County. That surge came up rather
2 quickly.

3 THE GOVERNOR: Well, that was a wind issue as much
4 as --

5 MR. McCARTY: Regarding Dennis --

6 THE GOVERNOR: Commissioner?

7 COMMISSIONER BRONSON: Well, one thing I wanted to
8 bring up, and I've been in contact with the Secretary of
9 Agriculture over this issue and that's insurance for
10 agricultural structural damage. We're in a little bit of
11 a kind of a middle limbo between what FEMA and what USDA
12 is responsible for and our people are getting hit pretty
13 hard on paying the bulk of their reconstruction above the
14 average of what homeowners are paying and we need to
15 restructure the insurance that comes with crop and
16 property on farm because a lot of these farms now are
17 going to have to pay some very high reconstruction rates.
18 And so we're working and asked the secretary to meet with
19 the four states that are most highly impacted over this
20 issue which I think he's going to be in town early next
21 week. Well, I think he's going to be in Orlando,
22 actually. We're doing a listening session unless there is
23 a hearing on the hill about the storm damage which he
24 would be a part of.

25 But there's got to be a filling in of some of these
ACCURATE STENOGRAPHY REPORTERS, INC.

1 loopholes -- I won't say loopholes, but it's just like we
2 didn't catch everything that needs to be caught.

3 MR. McCARTY: Is that the crop insurance and the farm
4 owner's insurance?

5 COMMISSIONER BRONSON: The crop insurance isn't high
6 enough to start with. It doesn't cover enough when you've
7 got people down there losing millions of dollars in actual
8 crops. But the biggest headache so far has been the
9 structural damage. The nursery industry, which is our
10 number one industry in the state now, every time a storm
11 comes through, it just clips all of their greenhouses.
12 And then, of course, once that happens, all their crop is
13 gone because they can't sell it.

14 And so somehow we've got to help them rebuild to the
15 point of knowing that they can get their hands on some
16 money coming back in quickly through insurance. And I'll
17 tell you how critical it is. One of the biggest growers
18 down there has over 1500 workers working for them and they
19 had just enough cash reserves to be able to pay them for
20 cleanup and everything for about three weeks. That was
21 going to wipe them totally out of their reserve money if
22 they didn't get their insurance money in quick enough to
23 get them back on their feet. So it's real tenuous with
24 agriculture in keeping their personnel. So we've got to
25 work those issues out and whether we as a state can kind
 ACCURATE STENOTYPE REPORTERS, INC.

1 of get involved with and maybe work with you on some ideas
2 of how we can do that.

3 MR. McCARTY: I'd be more than happy to do that.

4 COMMISSIONER BRONSON: We need to get our heads
5 together because they are caught in a loophole that they
6 have no way out of right now.

7 MR. McCARTY: I understand, Commissioner. Thank you.

8 Regarding Hurricane Dennis, an estimated gross
9 property loss for all counties, all 67 counties were
10 affected in Dennis. It was 1.2 billion. So far today
11 total number of claims is 49,900. Closed claims -- those
12 that have been -- claims that have been closed as of this
13 date are 28,900. And the total loss claims are 948.

14 THE GOVERNOR: Kevin, that sounds faster than last
15 year.

16 MR. McCARTY: Well, I think that it is. I think that
17 there is the -- part of the problem from last year, I
18 think, was the multiple storms that hit that caused this
19 thing to slow down and delay. I think we're also,
20 overall, better responsiveness. I think we put in place
21 measures that work with insurance companies to improve --

22 THE GOVERNOR: That's a significantly high percentage
23 after a month. I just -- I remember how hard it is to
24 even get a report.

25 MR. McCARTY: Yes. And as a matter of fact, our
ACCURATE STENOGRAPHY REPORTERS, INC.

1 reporting system is now the model of the nation. We are
2 using our system --

3 THE GOVERNOR: So you now thank me for pestering you.

4 MR. McCARTY: I do thank you. But, actually, it's a
5 tremendous cost savings to the industry because every
6 state and policymakers in every state as well as the
7 regulators for solvency are going to want to have those
8 numbers. So as a result, we're replicating our system
9 through the National Association of Insurance
10 Commissioners so that they don't get 40 data calls at one
11 time. There is one data call. The system is going to be
12 made available to all states, all policymakers so that we
13 reduce the amount of paperwork, frankly. And our system
14 is electronic and we're constantly improving that in
15 cooperation with Department of Financial Services who
16 provides the infrastructure.

17 THE GOVERNOR: Treasurer.

18 CFO GALLAGHER: Another thing that we are sharing
19 with the rest of the country that nobody else had, we were
20 in beta testing of our E-storm system which is the way in
21 which we'd take consumer questions and complaints and get
22 them out to the companies and returned back within 72
23 hours to us and to the consumer. Prior to that, it was
24 done by mail. And you can imagine how long that would
25 take. Put it in the computer, a letter was generated, it
ACCURATE STENOGRAPHY REPORTERS, INC.

1 went out to the company, the company got it, researched
2 it, got around to answering it in two or three weeks, sent
3 it back and it just was unacceptable in today's world. So
4 we had -- just as Charlie came, we were beta testing with
5 two or three companies. That beta became alpha very
6 quickly and we sort of took care of the glitches as we
7 went and that system, obviously after a year, we got
8 pretty well perfected. And that we are also sharing and
9 maybe even hosting for other states right now.

10 MR. McCARTY: Yes. You have 11 states now that have
11 requested your E-storm system.

12 THE GOVERNOR: Just out of curiosity, would that
13 system apply for helping the commissioner and General
14 Crist as relates to gasoline complaints?

15 CFO GALLAGHER: Doesn't exist for gasoline. It's
16 strictly insurance because what we do is we --

17 THE GOVERNOR: Does it matter? I mean, could you use
18 the same system to get information to suppliers, oil
19 companies, wholesalers or whatever, whoever the complaint
20 is against? Because they're a little slow on the uptake,
21 aren't they, to get information?

22 CFO GALLAGHER: Well, here's the thing. I think you
23 could probably adapt it to -- in other words, if you got a
24 call on an APS station or something like that then you
25 could adapt the thing so it would go electronically to the
 ACCURATE STENOGRAPHY REPORTERS, INC.

1 gas station or if you knew who supplier was, their
2 supplier, and ask for information back. It could probably
3 be adapted to that. But this is strictly set for
4 insurance issues and insurance complaints. In other
5 words, all coded for every type of issue that could be an
6 insurance complaint and it goes to the company where there
7 is encodings. They have encodings they use to answer
8 those questions to let them know when and what.

9 So it's really designed around insurance issues.
10 It's really not made for something else although there may
11 be a possible way to adapt it. What we have, and Kevin
12 will tell you, is other commissioners are looking at this
13 because it works and the companies like it. The companies
14 get to answer those questions right away and get them back
15 without having piles of mail somewhere that they can't get
16 to because they're handling claims.

17 MR. McCARTY: That's correct. The E-storm system was
18 demonstrated for the National Association of Insurance
19 Commissioners as well as our filing system which has been
20 adopted by all states. And it's going to make it a lot
21 easier particularly since so many of these displaced
22 residents are spread across the country which allows the
23 database that allow that information to flow from out of
24 the different jurisdictions. So it's a very helpful
25 system. And, again, Florida is the first in the nation to
ACCURATE STENOGRAPHY REPORTERS, INC.

1 have the E-storm system as well as I-portal system. So
2 we're very proud to be able to lend those systems to our
3 sister states during this crisis. The reason we do not
4 have updated Katrina data is because we are coordinating
5 on a national effort. The data call went out yesterday.
6 It's on our web page today. So it's coordinated among the
7 states of Alabama, Mississippi, Louisiana and Florida.

8 CFO GALLAGHER: So they basically take down the
9 request from our web site, fill it out, and it's sent back
10 in and all categorized automatically, electronically.

11 MR. McCARTY: And that information will be shared
12 with all 50 jurisdictions to reduce the duplication of
13 demands. We want our insurance companies not filling out
14 forms but actually out there paying claims and helping
15 rebuild the Gulf.

16 With regard to other activities, in cooperation with
17 the Department of Financial Services, our office has been
18 working with the affected areas providing them guidance
19 with regard to emergency rules and orders to assist them
20 in their relief efforts. As I mentioned, we played a
21 leadership role at the NAIC with our E-storm system and
22 our I-file system as well as our financial analysis, which
23 we fortunately perfected over the years because of our
24 experience with hurricanes.

25 Currently, Katrina datas are estimated to be between
ACCURATE STENOGRAPHY REPORTERS, INC.

1 40 and 60 billion. That would include the flood damage of
2 New Orleans. And our thoughts and prayers are with the
3 people of Texas and southwest Louisiana bracing for Rita.

4 Any questions?

5 CFO GALLAGHER: Kevin, also while you're talking, you
6 might inform the Financial Services Commission on the MOU
7 that we have in regards to filings and approvals among the
8 large states. Just let them know some of the things we're
9 doing that they might not know about.

10 MR. McCARTY: We recently just added the states of
11 Louisiana and the District of Columbia along with states
12 of California, Texas, Florida, Georgia joined last month.
13 We have four other states pending. Florida created a
14 system using our I-portal system, I-file system, a
15 national filing system which allows companies to make a
16 single filing and review it by the collective states so
17 that we have now 30 percent of the population can be
18 reviewed within a 45 or 60-day period.

19 Instead of making individual filings with individual
20 states waiting for them to be approved, you have one-stop
21 shopping and collective resources are used. And when it's
22 approved, it's then approved in all those jurisdictions.
23 So we're really trying to remove the barriers, protect
24 consumers but remove a lot of the impediments.

25 THE GOVERNOR: It's going to save -- in terms of the
 ACCURATE STENOGRAPHY REPORTERS, INC.

1 productivity of that, just the savings on the --

2 CFO GALLAGHER: On the company's side.

3 THE GOVERNOR: Yes.

4 CFO GALLAGHER: What's interesting is these are done
5 in basically health, life -- well, life filings, I'll say,
6 and annuity filings. It was -- correct me if I'm wrong --
7 at least two years to get approval in California.

8 MR. McCARTY: Yes, I don't want to talk about any of
9 my sister states, but 18 months to two years to get a
10 filing.

11 CFO GALLAGHER: Well, they would admit it. I mean,
12 they knew what it was. But because of the system that we
13 did, it's electronic, and the ability for them to look
14 right into our system and to see the files at the same
15 time we do, each state takes a turn in every filing that
16 comes in with all the data and they take their turn and
17 they -- of course have 45 days or 60 to do it instead of
18 18 months. And the return is back to the company for
19 additional information if necessary on a pretty immediate
20 basis. And then the approval is electronic also. So
21 there is no incentive at all for a company to do anything
22 except use the E-file system if they want to sell in
23 Texas, California, and Florida plus four or five other
24 states.

25 THE GOVERNOR: Commissioner.
ACCURATE STENOGRAPHY REPORTERS, INC.

1 being shown and what actually is, it may be two different
2 things for different reasons. But that they get full
3 credit for that as they try to rebuild. Or what's going
4 to happen, you're going to have some agriculture people
5 who are either going to get out and not rebuild, which I
6 don't think that's what we want because that means that's
7 more acreage up for tin roofs and houses. We've got to
8 find a way to make sure their full damages are recorded in
9 some way or another even if we have to do it as the State
10 of Florida and if USDA doesn't record the whole issue.
11 They've got to be able to recoup or they're going to get
12 out of business.

13 So I'm concerned about that and I'm hearing about it
14 right now in some areas. So I want to make sure we put a
15 plan together that we support an actual, I don't mean so
16 people can inflate their losses, I think it ought to be
17 actual losses so we can show what the actual losses really
18 are between the two issues.

19 CFO GALLAGHER: Well, it may be that because these
20 are agriculture losses, and if we can help you with it,
21 set up a database that would be based on individual
22 agricultural corporations or individuals, to be able to
23 file what their losses are into that database and then you
24 can have it there and you can do an annual report both by
25 gross numbers, which would be important, and individual
ACCURATE STENOGRAPHY REPORTERS, INC.

1 numbers so that that database can be used in their
2 justification and it's probably something, a database
3 you-all should control instead of --

4 MR. McCARTY: We'll be happy to lend our expertise we
5 have to assist you in that endeavor, yes, sir.

6 The other last thing I'd like to report, Governor, is
7 we are dispatching a team of experts from Department of
8 Financial Services as well as the Office of Insurance
9 Regulation Consumer Services and Solvency as well as
10 rehabilitation fraud team to Mississippi to help them next
11 week in their recovery efforts with their insurance
12 department as well.

13 THE GOVERNOR: Are the green T-shirt people going?

14 CFO GALLAGHER: We are green T-shirt. And here in
15 Florida for many of the people that are local here, we're
16 green shirt and down in Key West already. These are
17 Department of Consumer Services people.

18 THE GOVERNOR: We may want to be more specific.

19 CFO GALLAGHER: In case you're wondering what that
20 was, they have green shirts that say, Insurance
21 Assistance. So they are moving and I'm going to talk to
22 the Governor about transportation for some of our people.

23 MR. McCARTY: Okay. Thank you very much. Appreciate
24 it.

25 THE GOVERNOR: Thank you, Kevin. We're also -- I
ACCURATE STENOGRAPHY REPORTERS, INC.

1 think it's a good time to push for the national Cat Fund
2 issue since people are getting hit left and right all over
3 the place now. Looks like there might be more people
4 willing to share the risk.

5 CFO GALLAGHER: Well, we really had good cooperation
6 from Texas and Louisiana in our last efforts in 1993 to
7 get a national Cat Fund. We sort of had push back from
8 the whole Congress. But I think we were looking back then
9 for \$25 billion and higher. I mean this wasn't -- so
10 we've not even had -- even the four storms weren't 25
11 billion so we wouldn't have hit it. If we had that in
12 place since 1993, the money that's paid in by the
13 insurance industry was the theory and there would probably
14 be billions of dollars in that account right now. And now
15 you're sitting with 30 some billion dollars and talking
16 about -- on Katrina -- God knows the next one. The money
17 would be there in that national Cat Fund to go ahead and
18 back up -- could be Cat Funds or whatever else in those
19 other states but it just never happens.

20 So I think looking back, if we'd done it back then we
21 could say, Here's where we would have been. And I really
22 do think, Governor, with your support we can probably work
23 Congress again to see if they will set up one of these Cat
24 Funds so the nation can use it. And it's good for
25 earthquakes too. It's good for other major disasters,
ACCURATE STENOGRAPHY REPORTERS, INC.

1 floods and things that could happen that can be huge.

2 THE GOVERNOR: And I also think it's a good time
3 to -- it would be a good way to reform, state by state,
4 some of the things we've learned that are important. For
5 example, you can't -- maybe you wouldn't be able to opt
6 into this unless you had a building code that was real.
7 Or there are things that relate to personal responsibility
8 that could be included in this that isn't just an
9 entitlement but that we, as a nation, we upgrade our
10 preparedness so we keep the federal system intact but have
11 that national insurance. Because if not, I mean not every
12 state, I assume, has a Cat Fund.

13 CFO GALLAGHER: They don't but they should.

14 THE GOVERNOR: Thank God we did. Maybe they should,
15 exactly. So you put those criteria in in return for this
16 national reinsurance and I think we have a policy that
17 will gain some momentum this time.

18 CFO GALLAGHER: And just talking about reinsurance, I
19 can tell you that the worldwide reinsurance market, prior
20 to the storm that's on its way, is showing some major
21 reduction in stomach for storm coverage which means the
22 price goes up and the coverage goes down. So I'm very
23 concerned about that worldwide reinsurance market
24 affecting our homes and businesses here in Florida. And
25 of course in the rest of the Southeast, but certainly I'm
ACCURATE STENOGRAPHY REPORTERS, INC.

1 most concerned about Florida. It's going to be a major
2 challenge for us.

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 THE GOVERNOR: Dr. Z.

2 CFO GALLAGHER: Motion on the minutes.

3 ATTORNEY GENERAL CRIST: Second.

4 THE GOVERNOR: Department of Revenue. There's a
5 motion on Item 1 and a second. Without objection, the
6 item passes.

7 Jim, how are you doing?

8 DR. ZINGALE: Great. We've got two really nerdy
9 rules this morning.

10 THE GOVERNOR: We can only -- we expect no less from
11 you.

12 CFO GALLAGHER: Ph.D. type deals, huh?

13 DR. ZINGALE: Well, no, those are the geeky rules.
14 We'll save those for the fall.

15 THE GOVERNOR: Why didn't you bring your pocket
16 protector, Dr. Zingale?

17 CFO GALLAGHER: It's there.

18 THE GOVERNOR: I'm sorry, I didn't see it.

19 DR. ZINGALE: We put them in the inside pocket. The
20 first one is a rule that when the Legislature allowed
21 local governments on a local option sales tax to go to
22 quarter cent sales tax rates. We have to -- we had a
23 couple of local governments recently exercise that option.

24 THE GOVERNOR: Who did it?

25 DR. ZINGALE: Well, just kind of out there from the
ACCURATE STENOGRAPHY REPORTERS, INC.

1 half cent that they were allowed before and to effectively
2 communicate to all the retail establishments out there, we
3 have to establish breaks in rounding conventions.

4 So the first rule puts in place breaks in rounding
5 conventions for a quarter cent sales tax local option.
6 Request approval of amendment to Rule Chapter 12-A1 and
7 Chapter 12-A15 related to these brackets and rounding
8 convention. Request approval.

9 THE GOVERNOR: Is there a motion?

10 CFO GALLAGHER: Are we doing to do -- he's got a
11 bunch more.

12 THE GOVERNOR: Oh, this isn't Item 2.

13 DR. ZINGALE: No, that's 1.

14 CFO GALLAGHER: You did them all on that?

15 DR. ZINGALE: No, that would get all -- Item No. 2,
16 request approval of Item 2.

17 CFO GALLAGHER: Motion.

18 ATTORNEY GENERAL CRIST: Second.

19 THE GOVERNOR: There's a motion and a second.
20 Without objection, the item passes. Let's go to Item 3.

21 DR. ZINGALE: Does the agriculture commissioner not
22 like me? He's nerdy.

23 THE GOVERNOR: Don't be too sensitive, Jim. The last
24 thing we need is a tax collector that is sensitive.

25 CFO GALLAGHER: I'm more worried about one that's
ACCURATE STENOGRAPHY REPORTERS, INC.

1 insensitive.

2 THE GOVERNOR: Joking.

3 DR. ZINGALE: Item No. 3, in 2001 the Legislature
4 went to consolidated communication service tax, good
5 thing. They took the communication service tax database
6 into law and resided it in the Department of Revenue,
7 allowed both the State and local governments to attach
8 their own rates to it. To make this work, we needed to
9 create a cytosine database to be able to take a
10 communication transaction and apply it to a local taxing
11 jurisdiction so we would be allowed to effectively
12 distribute communication service taxes to the right local
13 government. When the bill was passed, it operated under
14 an emergency rule. This is simply to take small
15 refinements to that emergency rule and make it a permanent
16 rule. So Item No. 3, we are requesting approval and
17 adoption of Rule 12A-19.070 through blah, blah 12A-19.100.
18 Item No. 3.

19 CFO GALLAGHER: Motion on 3.

20 ATTORNEY GENERAL CRIST: Second.

21 THE GOVERNOR: There's a motion and a second.
22 Commissioner Bronson, do you have any -- without
23 objection, the item passes.

24 DR. ZINGALE: I have been undertaking my own personal
25 exercise trying to reduce weight but mine is to do laps
ACCURATE STENOGRAPHY REPORTERS, INC.

1 around the pool table and so far it's not been very
2 effective. So I'm listening to our leaders and we're
3 going to try to find some new exercises.

4 THE GOVERNOR: Expand your horizons, Mr. Secretary --
5 Mr. Director.

6 CFO GALLAGHER: I want you to know that a good pool
7 player is a sign of a misspent youth.

8 DR. ZINGALE: I can certainly attest to that.

9 THE GOVERNOR: Thank you, Jim.

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

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

3 CFO GALLAGHER: Motion on the minutes, 16.

4 ATTORNEY GENERAL CRIST: Second.

5 THE GOVERNOR: There's a motion and a second.
6 Without objection, Item 1 passes.

7 MR. DICKINSON: Thank you, Governor. Item 2 is our
8 quarterly report. I will tell you fatalities were down --
9 excuse me, fatalities during this quarter were up a little
10 which is the trend we're seeing throughout, not only the
11 year, but also the nation. We continue to see growth on
12 the Internet based motorist services. We had almost a
13 half a million transactions last quarter. We're still
14 pushing to do more. We've about doubled it, Governor,
15 since we were able to do away with that convenience fee
16 last October.

17 THE GOVERNOR: So what percentage now is renewed by
18 the Internet?

19 MR. DICKINSON: I'm sorry?

20 THE GOVERNOR: What percentage of your overall?

21 MR. DICKINSON: Probably 12 percent. It's still not
22 where we want it but it's rising. It's going in the right
23 direction. We're not pleased with where we are at this
24 point.

25 FHP enforcement numbers were solid, which they had
ACCURATE STENOGRAPHY REPORTERS, INC.

1 not been the last quarterly report. I was a little
2 dismayed and the guys reacted to our challenge, especially
3 DUI felony and crash investigations. And our last
4 hurricane season, we saw a spike in mobile home inspection
5 activity and mobile home sales and registrations. So
6 they're all sky high right now.

7 Our MBE figures, minority business enterprise, we're
8 showing at 149 percent, Governor. We readjusted those to
9 about 250 percent because one of our biggest vendors came
10 in to show us where they were spending in the areas that
11 the contract actually called for. And I'd like to also
12 point out that the Florida Highway Patrol was given the
13 top award. It's called the Martha Erwin Distinguished
14 Award for Safety from our trade association, the American
15 Association of Motor Vehicle Administrators, last month in
16 Texas. And next Tuesday at IACP in Miami, where I'm sure
17 most of you are going, they're picking up the top award
18 for state patrol for their category and their size.

19 THE GOVERNOR: Fantastic.

20 MR. DICKINSON: And I think you all know, I agree
21 with Ben, the world doesn't know how we turned out over
22 there and I've shared this with the Governor, but
23 Waveland, since you mentioned it, we showed up within
24 about eight hours of the storm. And I say "we", I mean
25 state law enforcement. So all of you have a piece of this
ACCURATE STENOGRAPHY REPORTERS, INC.

1 action.

2 CFO GALLAGHER: We -- what people don't understand,
3 and those of us who've been over and visited, we were law
4 enforcement in southern Mississippi. There was no other.
5 Their law enforcement both the chief of police in the city
6 and the county sheriffs were totally blown way. Their
7 offices were gone, their cars were gone. There was no law
8 enforcement. And our folks went in and basically were the
9 law enforcement over there.

10 THE GOVERNOR: I got to tell you a funny story. Did
11 you meet the chief of police in Waveland?

12 CFO GALLAGHER: I did not.

13 THE GOVERNOR: He's a big ole boy. This storm is
14 coming, Waveland is on the coast. It's raging and the 26
15 police officers of the Waveland Police Department, but for
16 the police chief who couldn't get up on the top of the
17 roof because he needed to take a few more steps, I think,
18 he was holding on to a tree, literally for dear life.
19 These guys were on -- they were on top of their roof.
20 They had to swim to safety. They lost all of their cars.
21 They had no police department, as you said. And highway
22 patrol and everybody came in and then in a week they got
23 surplus cars from different sheriffs' departments around
24 the state. So you can go to Waveland now where the city
25 police are back up and working in Florida cars. You'll

1 see City of Lakeland or Polk County. It's a pretty
2 bizarre experience when you go there because it's as
3 though it's an extended part of our state. And it's very
4 gratifying to see they're all volunteers.

5 The hard part, we're starting to get word that some
6 of these guys and gals over there are enjoying their work
7 and they don't want to come back when they are told to.
8 That's giving me a little concern because we got halfway
9 to go for hurricane season.

10 CFO GALLAGHER: Also, we really led the search and
11 rescue operation over there too because of our experience
12 and the people that came in from Florida coordinated with
13 Mississippi folks. But there were literally a handful of
14 Mississippi folks and hundreds of Florida folks doing all
15 the search and rescue. We were finding people in trees,
16 husband and wife separated in the water, both thought the
17 other were dead and we got them back together. One down
18 in the woods, one in a tree. Some amazing stories of what
19 came out of that effort.

20 THE GOVERNOR: You-all know the E Force, the TV show?
21 That's our Fish and Wildlife Commission officers down in
22 the Keys. It's the second most watched show on whatever
23 the movie channel is or whatever, outdoor channel, I
24 guess. They were in Mississippi and they are filming and
25 they were doing search and rescue so it will be on TV.

1 MR. DICKINSON: I'll shoot you a picture of the
2 Waveland police chief, what he sent us back. He's got his
3 flag pole out in front of the police department.

4 THE GOVERNOR: I've got it already.

5 MR. DICKINSON: He's got America, Florida flag, and a
6 Mississippi flag under it.

7 THE GOVERNOR: I told him not to send that to
8 Governor Barber, that may be taking it too far.

9 MR. DICKINSON: Their highway patrol contacted
10 Waveland police about 48 hours after Florida had arrived
11 and asked if they needed any help and they said, We've
12 already been taken care of, thank you.

13 THE GOVERNOR: Well, they got enough problems.

14 MR. DICKINSON: Quite an effort.

15 Item 3.

16 THE GOVERNOR: I don't know if we -- is there a
17 motion on 3 -- I mean on --

18 CFO GALLAGHER: -- accept the report, the quarterly
19 report.

20 ATTORNEY GENERAL CRIST: Second.

21 THE GOVERNOR: There is a motion and a second to
22 accept the report. Without objection, Item 2 passes.

23 Now, Item 3.

24 MR. DICKINSON: Item 2, Governor, is our annual
25 performance report. The performance standards for our
ACCURATE STENOGRAPHY REPORTERS, INC.

1 2004/2005 fiscal year were established by the Legislature
2 and approved by this governor and cabinet last year. Good
3 news, many of the standard -- most of the standards were
4 met or exceeded. Our death rate, which is probably the
5 biggest one we don't have the biggest impact on but
6 certainly the biggest factor we can seize on, regular and
7 alcohol related crashes were under our goal which means we
8 had fewer people die per 100 million miles. The lowest
9 it's been since World War II. And we're finally getting a
10 lot closer to the national average which is substantially
11 below ours. And these are rates of the function of miles
12 driven so it's good news. And there were 11 billion more
13 miles driven last year than the previous year.

14 THE GOVERNOR: Eleven how many?

15 MR. DICKINSON: Billion. That's a DOT figure. So
16 that's lot of miles.

17 THE GOVERNOR: On a base of what, do you know? What
18 percentage increase?

19 MR. DICKINSON: The bottom line is, and I've told you
20 this before, the economy stimulates most everything --

21 THE GOVERNOR: 11 billion more than what?

22 MR. DICKINSON: Than the previous year, miles driven.
23 All vehicles on the Florida highway.

24 CFO GALLAGHER: Not 11 billion more.

25 MR. DICKINSON: 11 billion more.

1 THE GOVERNOR: But what is the base?

2 MR. DICKINSON: We can get that for you. I'm not
3 sure. It's a lot.

4 CFO GALLAGHER: Is 11 billion 10 percent or
5 50 percent?

6 MR. DICKINSON: I wouldn't think it's that much.

7 CFO GALLAGHER: Is it 5 percent?

8 MR. DICKINSON: We'll find that out for you.

9 CFO GALLAGHER: Motion on 3.

10 ATTORNEY GENERAL CRIST: Second.

11 THE GOVERNOR: There's a motion and a second.

12 Can you talk to us about the delays in the drivers
13 license?

14 MR. DICKINSON: Yes, sir.

15 THE GOVERNOR: I read about it in the paper. I'm
16 just curious.

17 MR. DICKINSON: Yes, sir.

18 The bottom line is, there are delays. We all know
19 it, we read about it in the paper. We've known about it
20 for years. Back in '99 the law changed to say Florida
21 will not license people that are not here legally. We
22 changed our attitude after the law changed and we started
23 vetting those that came in the door with a little more
24 stringent rule. We also, today, scan every source
25 document that a nonimmigrant, who are the foreign
ACCURATE STENOGRAPHY REPORTERS, INC.

1 month in Dade County got a drivers license or ID card.
2 And over half of those had an appointment. Now we've
3 moved the appointments, the people that were sitting down
4 in south Florida, we've moved those positions up here and
5 put those folks also on the front line. So we should have
6 close to 130. We ought to have about half of the cut that
7 was taken some years ago back in force and we're hoping.

8 We've been to Publix and Disney to ask them about
9 some of our consumer -- the thing that bothers me more
10 than anything is the rudeness. And we're hearing these
11 reports constantly. And that one is not getting it with
12 me. And we have contacted Publix and Disney, two of the
13 companies we feel like are outstanding in that particular
14 area and they're helping us with our public service. And
15 we've got five new, up to five new mobile units that we've
16 ordered. Two will be delivered this calendar year and we
17 hope to get the additional three in the fiscal year. So
18 I'm hoping to report in to you in a matter of weeks. We
19 also got auditors in the office these last two weeks and
20 next week to get a better feel for how much. But the
21 bottom line is about 25 percent of the folks that came in
22 our office last quarter waited an additional 15 minutes to
23 get waited on. We don't find that acceptable. So I'll be
24 coming to you with more information.

25 THE GOVERNOR: General?
ACCURATE STENOGRAPHY REPORTERS, INC.

1 ATTORNEY GENERAL CRIST: Thanks, Governor.

2 Yeah, Fred, I'm just curious. What are Publix and
3 Disney doing for you?

4 MR. DICKINSON: They're helping us with our customer
5 service. Greeting people with a smile instead of snarl.
6 We've been out there and our people, quite frankly --

7 ATTORNEY GENERAL CRIST: We don't have people that
8 can tell people how to be nice?

9 MR. DICKINSON: Yes, sir, we do. But the bottom line
10 is our folks are working four-day workweeks ten hours a
11 day. And if you're in line at any of our offices, you're
12 going to be served that day. We changed that several
13 years ago. A lot of our folks don't get home until 9:00.
14 They're getting back in there at 7:00 the next morning.
15 They can't see the light at the end of the tunnel and
16 we've just got to change a little culture out there.

17 CFO GALLAGHER: Fred, we're also -- we've been able
18 to get a license for like 18 years without ever seeing a
19 licensed person. In other words, you can do it by phone,
20 do it by computer, whatever else. And I think a lot of us
21 think that might be a little long for waiting to get
22 somebody to see if you can still see or drive or anything
23 else. Eighteen years is a long time. It looks to me like
24 you're about to change it to 16 years instead of three
25 6-year renewals, you're going to do eight years, eight

1 years. Want to tell us a little bit about how that's
2 going to work?

3 MR. DICKINSON: Yes, sir, you want to talk about that
4 now or you want to talk about it --

5 CFO GALLAGHER: Move 3.

6 ATTORNEY GENERAL CRIST: Second.

7 THE GOVERNOR: There's a motion on 3.

8 ATTORNEY GENERAL CRIST: Second.

9 THE GOVERNOR: And a second. Without objection, the
10 item passes.

11 Item 4.

12 MR. DICKINSON: Item 4 annual performance contract
13 for next year. And basically it's similar to the one we
14 just discussed. We've updated some things and put some
15 workload figures in there and we've continued to raise the
16 bar on our expectations. This is also approved in the
17 General Appropriations Act.

18 CFO GALLAGHER: Motion on 4.

19 ATTORNEY GENERAL CRIST: Second.

20 THE GOVERNOR: There's a motion and a second.

21 Without objection, the item passes.

22 Just as it relates to the waiting 15 minutes or more,
23 is it the same threshold that you're --

24 MR. DICKINSON: Yes, sir, that's one we did not meet,
25 Governor.

1 THE GOVERNOR: I know. That's why I'm bringing it
2 up. So for this year, it's the same. It's 75 percent?

3 CFO GALLAGHER: The goal is 18 percent or less that
4 wait for 30 minutes?

5 MR. DICKINSON: Where are we, Dave?

6 THE GOVERNOR: No, it's the percent of customers
7 waiting 15 minutes or less for driver's license services
8 that is 75 percent --

9 (Off-the-record discussion.)

10 CFO GALLAGHER: They didn't meet the goal.
11 Percentage of customers waiting 15 minutes or less was
12 50 percent, standard was 75. The percentage of customers
13 waiting 30 minutes or more was 35 percent. The standard
14 is 18.

15 THE GOVERNOR: Is that the same as last year?

16 MR. DICKINSON: It's the same standard as last year,
17 yes.

18 THE GOVERNOR: Okay. Thank you. Let's see if we can
19 achieve it.

20 MR. DICKINSON: We shall.

21 THE GOVERNOR: Okay.

22 MR. DICKINSON: Okay. Legislative package is -- did
23 you-all move?

24 THE GOVERNOR: Yes, we did.

25 MR. DICKINSON: No. 5, is the Department's
ACCURATE STENOGRAPHY REPORTERS, INC.

1 legislative package. And it's the one that we've had the
2 most interaction on, I think, with your offices. The
3 first item -- or do you-all want to start the question and
4 answer or do you want me to go through them, Governor? I
5 think I know pretty much what some of the questions might
6 be. Do you want to start on motorcycles?

7 THE GOVERNOR: Why don't you talk about your
8 legislative package.

9 MR. DICKINSON: All right, sir.

10 THE GOVERNOR: We're ready to listen.

11 MR. DICKINSON: First item is settlement of taxes and
12 penalties on interest. This will help our truckers where
13 they come in and pay some of their penalties on an
14 installment method instead of coming and having to pay the
15 whole thing so we don't keep them out of order, off the
16 road.

17 Duval, this is a technical change to reflect some
18 legal opinions to where we can actually take the
19 administrative license at the time we stop the car as
20 opposed to putting them under arrest if they are in
21 physical control.

22 Third item is motorcycle riders. What we'd like to
23 do, as you're aware, Judge -- I mean, Governor.

24 (Laughter.)

25 CFO GALLAGHER: Where have you been?
ACCURATE STENOGRAPHY REPORTERS, INC.

1 MR. DICKINSON: The last couple of years, we have had
2 a tremendous increase in motorcycle fatalities and there
3 was a report that came from the feds earlier this year
4 that stimulated some interaction and thought. The bottom
5 line is we have had an increase in fatalities and it's
6 pretty commensurate with the increase in registrations.
7 Obviously during that time we did away with the
8 requirement to wear a helmet and that has also become an
9 issue. To me, the bigger issue is the fact that we got so
10 many more motorcycles out there on the highway.

11 THE GOVERNOR: Phenomenal increase, it's 80 percent
12 in three years' time or something.

13 MR. DICKINSON: And it started before the helmet law
14 kicked in. So this is a trend. As I have told you
15 before, my theory is that a lot of folks are getting out
16 there, 50 years old, and buying their first motorcycle and
17 it's the big boy. And they're not used to 125 or a 250
18 that we all grew up on. And it's changed some things.
19 And in an effort to combat that, we would like to require
20 everybody that gets a motorcycle endorsement on their
21 driver's license to go through the course that currently
22 only those under 21 if they seek to get a motorcycle
23 endorsement on their driver's license have to go through.

24 The bottom line also is that nobody since '02, '03,
25 or '04 have been killed on the highways of Florida on a
ACCURATE STENOGRAPHY REPORTERS, INC.

1 motorcycle that graduated from this course.

2 THE GOVERNOR: That's a phenomenal statistic.

3 MR. DICKINSON: It's beyond us. It's a small
4 population, but the bottom line is that nobody --

5 THE GOVERNOR: Is that because there are so few?

6 CFO GALLAGHER: How many?

7 MR. DICKINSON: About 15 percent.

8 ATTORNEY GENERAL CRIST: How many graduated?

9 MR. DICKINSON: Numbers, gross numbers?

10 THE GOVERNOR: 15 percent of the total --

11 MR. DICKINSON: There are 600,000 -- I think it's
12 about 150,000. And what we would like to do is say
13 everybody from date forward, let's grandfather in those
14 that are riding now. But everybody from date forward have
15 to successfully complete this course.

16 THE GOVERNOR: And how long is the course?

17 MR. DICKINSON: The course is two eight-hour
18 sessions.

19 ATTORNEY GENERAL CRIST: What's it cost?

20 MR. DICKINSON: The cost runs anywhere from about
21 \$190 to \$300. We have the community colleges involved.
22 We have our own program. And also some of the motorcycle
23 manufacturers have a program. If they're -- all of them
24 teachers qualify and are certified, then they can take
25 that course and it applies towards their -- they can get
ACCURATE STENOGRAPHY REPORTERS, INC.

1 the endorsement at that point.

2 Anyway, we've heard from the industry and this is
3 just the start of the dialog. I don't think that one they
4 had a whole lot of beef over. But one of the next ones
5 they certainly did. We'd also like to say the under 21s
6 who currently cannot ride without a helmet, we'd like to
7 change the color of their tag so law enforcement knows
8 this guy should be wearing a helmet, this gal should be
9 wearing a helmet.

10 THE GOVERNOR: Because if not, it's not an
11 enforceable --

12 MR. DICKINSON: Well, I'm sure it is.

13 THE GOVERNOR: I mean, unless you got Bill
14 Cotterell's hair or my hair, we would clearly not be --
15 they would know that Bill and I are not under 18.

16 MR. DICKINSON: Bill and I are going to the same
17 barber, I think.

18 THE GOVERNOR: Okay. Coleman and me.

19 MR. DICKINSON: The third item is the insurance item.
20 And this came really from Dr. Agwunobi before he flew
21 north on us.

22 THE GOVERNOR: Yeah, he left.

23 COMMISSIONER BRONSON: 50,000 and then he leaves.

24 MR. DICKINSON: Currently in Florida to buy either a
25 motorcycle, a taxi cab or limousine, you do not need to
ACCURATE STENOGRAPHY REPORTERS, INC.

1 show proof of insurance. Now if you look at that, the
2 cabs and limousines are running in metropolitan areas or
3 cities, generally county, where they have to get a
4 medallion or some kind of a certification to roll. They
5 require the insurance at that point and it's a high dollar
6 quite frankly.

7 Motorcycles have never been able to really get
8 insured when we did the law years ago, Governor, and I
9 know you've been a proponent of this and tried to do
10 something about the insurance. The insurance industry has
11 really never, across the board, written this risk and it's
12 something we're going to have to work on with them and I
13 think, hearing from some of your offices, you're
14 interested in trying to tie that to the motorcycle
15 registrations. That's easier said than done. This will
16 be a work in progress. This is the one that the
17 motorcycle industry is most concerned about.

18 Doc called me last night and said if you're going to
19 raise all the cars, you know everybody who drives a car up
20 to 50,000, then we don't mind it but why the
21 discrimination. And I said I don't think it's really
22 discrimination. We're trying to get to an issue and we
23 will work on it, you know, work in progress, Doc, and
24 we're committed to that.

25 CFO GALLAGHER: You know, the 10,000 PIP, personal
ACCURATE STENOGRAPHY REPORTERS, INC.

1 injury protection, and property damage is around from the
2 early '70s.

3 MR. DICKINSON: Correct.

4 CFO GALLAGHER: So it's a very low number when you
5 think about it. And one side of me says it ought to be
6 increased and I wouldn't have any problem with it. The
7 problem that exists with fraud right now makes me
8 concerned that there is a \$50,000 opportunity instead of
9 an \$8- to \$10,000 opportunity for fraud which just -- if
10 we're paying -- right now, each family is paying about
11 \$250 to \$200 a year to cover insurance fraud in their
12 premium bill, then I'd hate to think what it would be if
13 we went to 50,000. So there's a lot of issues that have
14 to be looked at for automobiles on that. Even though
15 we've had a tremendous inflation on the cost of medical
16 care since 10,000 was put in.

17 And if you look at the head, brain skull injury
18 treatment cost, we've seen it, you know, a tremendous
19 increase in that that's been reported as far as
20 motorcycles are concerned. And just for the 30 months
21 prelaw change, it was \$35,000 average per case. Thirty
22 months after the law it's \$45,000 per case. They reported
23 about 21 million prior to the law, 50 million since the
24 law. So there is some tremendous costs that are probably
25 being picked up by the public hospitals and the emergency
ACCURATE STENOGRAPHY REPORTERS, INC.

1 rooms without getting reimbursed for it.

2 THE GOVERNOR: Well, some of it, some of you have
3 your own health care insurance, you get covered. To me,
4 the concern and you have this huge increase in the number
5 of motorcycles. An 80 percent increase -- we've had an
6 80 percent increase in accidents and an 80 percent
7 increase in -- they're symmetry because of the volume.

8 To require higher insurance on the one hand and on
9 the other hand to say there is no insurance company
10 writing the insurance, that kind of seems like a
11 contradiction to me.

12 MR. DICKINSON: Can I address that?

13 THE GOVERNOR: Yeah, sure. It's really kind of a
14 question, not a statement.

15 MR. DICKINSON: The insurance companies are not
16 writing the traditional PIP like we see on the car side
17 and we accept, in addition to your motorcycle car PIP type
18 insurance, we'll also accept health insurance. If you
19 just show us you're insured in some, way, shape or
20 fashion --

21 THE GOVERNOR: On medical coverage?

22 MR. DICKINSON: Yes, sir, that is going to satisfy.
23 So not all of this is going to be borne in the traditional
24 automobile insurance area. But I'll be honest with you,
25 Treasurer, your people are a lot more expertise in this
ACCURATE STENOGRAPHY REPORTERS, INC.

1 area than we are. We threw this out there to get some
2 dialog going. Health is very interested in it and we
3 understand where they're coming from. Most of the
4 companies that we talked to would cover up to -- I mean,
5 the 50,000 is not an issue on the pure health insurance
6 side. It is certainly an issue if you go back to the PIP
7 type traditional insurance.

8 CFO GALLAGHER: It's a huge issue because of fraud.

9 MR. DICKINSON: Well, they're not going to find
10 anybody to write it, quite frankly. I see GEICO all of a
11 sudden showing motorcycle insurance. It's about the first
12 company I've seen advertise any kind of motorcycle
13 insurance.

14 THE GOVERNOR: So you think, I mean, your proposal
15 here you think would have -- there would be a market,
16 there -- we're not proposing something that's impossible
17 to --

18 MR. DICKINSON: I can assure you that it's a work in
19 progress and we're going to go back and start meeting with
20 everybody and try to figure this thing out. The
21 enforcement of any of these insurance plans are key to
22 whether or not it works. We're the only state that has
23 PIP. We're also the only state that has anything close to
24 the uninsured rate that we do, i.e., we're lower by
25 half -- the closest state to us is about 14 percent and
ACCURATE STENOGRAPHY REPORTERS, INC.

1 we're sitting between 6 and 5 percent.

2 THE GOVERNOR: Of?

3 MR. DICKINSON: Of uninsured on the road.

4 ATTORNEY GENERAL CRIST: What?

5 THE GOVERNOR: We only have 6 or 5 percent?

6 MR. DICKINSON: We can match up 88 percent but we
7 know that there are another 7 percent out there that have
8 insurance policies.

9 THE GOVERNOR: How come I always get hit -- at least
10 when I was driving -- by people that were uninsured?

11 CFO GALLAGHER: Fred has these statistics and I can
12 tell you this --

13 THE GOVERNOR: I'm always being that 6 percent when
14 I'm on the road.

15 CFO GALLAGHER: I don't concur with those numbers and
16 of course he's got all the statistics to prove it. But I
17 can just tell you that people won't buy insurance to cover
18 somebody else's assets. And there are a large number of
19 people in this state that cannot afford to buy insurance.
20 And it's a choice of whether they're going to feed the
21 family or buy insurance. You know, they're going to buy
22 it because they have to get it filed with Fred. And as
23 soon as it's all filed, Fred thinks they have insurance
24 and then they don't make the payments. There's a
25 tremendous amount of that. They don't do it again until
ACCURATE STENOGRAPHY REPORTERS, INC.

1 it comes time to renew. So on the record book, you know,
2 it looks like they have it. But the bottom line is
3 there's a large percentage of people who don't have
4 coverage.

5 THE GOVERNOR: Commissioner.

6 COMMISSIONER BRONSON: Governor, and I'm concerned
7 about a few things too. We all know what the fuel costs
8 are going to. And we also know there's going to be
9 probably more people buying motorcycles of whatever sizes
10 to get around on especially young people. And so the
11 helmet situation with them is going to be -- still going
12 to be factor on enforcement. But as far as requiring
13 people to get 50,000, we already know there's a lot of
14 insurance companies that don't want to cover that.

15 We're almost creating our own monster here without
16 coming to some agreement with the industry. And quite
17 frankly, I think they do have an argument, I would assume,
18 unless I see some figures that distinctly gives me another
19 opinion, with the total number of people driving cars and
20 as bad as some of the accidents are on the road and some
21 of the hospital costs for them has got to be just as high,
22 that we don't unduly force that situation especially on a
23 low income family who's trying to get their child either
24 to high school or to college or whatever that we cause
25 some dire consequences. We just need to work these issues

1 out to come up with some workable solution. And I think
2 you're going to see a lot more motorcycles on the highway
3 with the cost of fuel and all.

4 THE GOVERNOR: Maybe hybrid. Hybrid motorcycles.

5 MR. DICKINSON: I think I hear the message. I think
6 I hear the message, Governor. If I may, I want to go
7 ahead and try to get this legislative package out. I just
8 as soon excise -- if you-all want to either tell us to
9 excise the insurance work or work on it?

10 THE GOVERNOR: My support would be, on that
11 particular item, I think the education item is right on
12 target based on the data that you have. My -- I'm just
13 not big on supporting legislation that won't -- that's not
14 relevant to solving the problem that it's trying to do.
15 So I'd be -- it doesn't sound like you have enough
16 information yet to determine whether there is a robust
17 market and what the impacts of that would be.

18 MR. DICKINSON: I hear you. We'll let down a little
19 bit.

20 CFO GALLAGHER: I think you ought to pursue the study
21 of it.

22 MR. DICKINSON: We're going to study it but we'll
23 come back to you with --

24 CFO GALLAGHER: Some solid numbers on what exists out
25 there.

1 MR. DICKINSON: As I said, the issue really came from
2 Department of Health. We can't figure a way to tie it to
3 the registration which is the only way you're going to
4 make it work. The Treasurer, you know, he knows the
5 industry. He knows what's happening in the car world.
6 We've tried to beef up that car side but it's a tough
7 issue for us.

8 THE GOVERNOR: General?

9 ATTORNEY GENERAL CRIST: I'm good.

10 THE GOVERNOR: Okay. Is there a motion?

11 CFO GALLAGHER: You want to talk about driver's
12 license fee?

13 MR. DICKINSON: Yes, sir.

14 THE GOVERNOR: Oh, I'm sorry.

15 MR. DICKINSON: Also, we're going to allow kids five
16 years old -- right now we do it for youngsters 12 and up
17 to get an ID card. And we would like to allow five to 12
18 years old to also get an ID card.

19 THE GOVERNOR: That will look like a driver's
20 license? That would be cool.

21 MR. DICKINSON: Well, it's an ID card. Yes, sir.
22 They have to prove everything you would have to prove.

23 THE GOVERNOR: As long as they're not driving a
24 motorcycle.

25 (Laughter.)

1 MR. DICKINSON: No motorcycle endorsements for under
2 the age of 12.

3 We had what we called a modification of our driver's
4 license fee structure. And I know this has got some
5 people's attention. The bottom line is we would like to
6 expand from four or six years to eight years the term of
7 your driver's license. We would also like to change some
8 fees around.

9 Right now, you have to pay \$10 to change your
10 address. We had a million people in the last couple of
11 years that paid \$10 to comply with that. We know there
12 are more than a million that are changing around. It is
13 apparent and also mandatory from the new Real ID Act that
14 we be a little better at getting addresses. So we'd like
15 to do away with the \$10 fee. But to keep that
16 all-important revenue stream alive, it caused us to have
17 to go in another direction. What we'd like to do is
18 increase the \$15 renewal fee to \$20, the \$20 original fee
19 to \$27 to make up that revenue stream and give some breaks
20 around.

21 Now what this is going to do and I hear you, we
22 already heard from your staffs. What this will do, will
23 take the price of a driver's license from \$3.75 a year and
24 reduce it to \$2.63 a year. So I think if you look at it
25 in total, it makes more sense. Again, this is one of

1 those discussion items, Governor. We're going to have to
2 tackle this Real ID Act between now and '08. That's the
3 time line they have set. There are provisions to extend
4 that time line for the individual states. And at some
5 point we're going to have to come up with some ideas.

6 CFO GALLAGHER: There is no doubt that a \$10 fee is a
7 disincentive for somebody to tell you they have a new
8 address and it is imperative that we know where people
9 live. So I don't think any of us have a problem with that
10 side of it. I guess the makeup side is where the issue
11 is.

12 THE GOVERNOR: General?

13 ATTORNEY GENERAL CRIST: Yeah, I'm just curious. Why
14 do you want to up the fee?

15 MR. DICKINSON: To make up the difference. The
16 bottom line is the \$10 million that comes in every year
17 goes into the general revenue pot. We've tried this the
18 last three years and we've been cut off so they told us,
19 Go find some way to supplement that income stream and
20 we'll talk to you.

21 THE GOVERNOR: Is it a dollar-for-dollar rebalancing?

22 CFO GALLAGHER: It's actually less if you look at
23 three-year license --

24 (Off-the-record discussion.)

25 MR. DICKINSON: Over the period of time, I'm told
 ACCURATE STENOGRAPHY REPORTERS, INC.

1 that it is.

2 THE GOVERNOR: What's that mean? How about the next
3 year?

4 MR. DICKINSON: That means over eight years. It's
5 front end loaded and then at the rear it catches up with
6 itself. The bottom line is you're going to have an
7 increase --

8 ATTORNEY GENERAL CRIST: What do you mean it catches
9 up?

10 MR. DICKINSON: Because of growth and some other
11 factors, you're not going to see the bulge -- you're going
12 to see a couple million dollar increase right now
13 increasing the 15 to 20 and the 20 to 27. You'll see
14 2.8 million in the first couple of years and then it goes
15 down towards the end of the 8-year cycle and it balances
16 out. So you're not raising all fees if you consider the
17 \$10 million a year that we're chopping away for the
18 address change and extending the life of the driver's
19 license.

20 THE GOVERNOR: Well, on that basis, you're increasing
21 fees by 2.9 million for the first year. And then over the
22 next eight years it's equal.

23 MR. DICKINSON: That's correct.

24 CFO GALLAGHER: Figure out how to do it the other way
25 around where it stays equal and then it goes up at the
ACCURATE STENOTYPE REPORTERS, INC.

1 end.

2 THE GOVERNOR: Or it just stays equal.

3 MR. DICKINSON: I'd love to. If you would help us
4 with some of the appropriations people, I think it would
5 be helpful but that's where we get stopped.

6 CFO GALLAGHER: If you take it to them that way, it's
7 a lot easier to help you with it than it is if you take it
8 the other way.

9 THE GOVERNOR: There is typically two reasons to
10 increase fees. One is to increase revenue and the other
11 is to accomplish a policy objective. You're presenting
12 this as an effort to accomplish implementation of the
13 national law and a good policy of making sure that we know
14 where people are and that there is no disincentive for
15 people to change their address.

16 So seems to me, if that's the motive of this, not to
17 increase revenue but to do that, then it ought to be --
18 there ought to be a way to do this where it's basically
19 revenue neutral from the get-go, I mean from the
20 beginning. That would be -- if you're looking for
21 guidance, that would be my --

22 COMMISSIONER BRONSON: Governor, I think I know where
23 Fred is coming from. I look at my own agency and some of
24 the fees and things that we've been using have been there
25 since we've had a population of 13, 14 million people or
ACCURATE STENOGRAPHY REPORTERS, INC.

1 less and now we're trying to do enough to serve 17 million
2 people and you can use computers, you can update all your
3 equipment, you can do everything you can do. But when it
4 takes manpower essentially still and people to go out and
5 investigate and do things, it's costing more to handle
6 those 17 million people than it did the 12 or 13 million
7 that the rates were originally set at. And every agency
8 is going through this. We're doing the same thing in our
9 agency, we're running people ragged trying to do all their
10 investigations and all their inspection programs and all
11 based on figures that are probably out of date by at least
12 ten years or more.

13 THE GOVERNOR: Well, if Fred wanted to come here and
14 say, I got a funding -- I got a revenue problem, I can't
15 operate my -- this Division because we don't have enough
16 money, then he can do that but that's not what he's done.
17 So I'm taking you at face value that this is not a revenue
18 issue like maybe what you're facing in the Department of
19 Agriculture. It is related to a problem that we face
20 which there are a ton of people that don't have their
21 driver's license address correct and there is disincentive
22 to go get it changed.

23 MR. DICKINSON: Governor, to compound the situation,
24 the \$15 and the \$20, the renewal fee and the origination
25 fee, in the driver's license world all goes to general
ACCURATE STENOGRAPHY REPORTERS, INC.

1 revenue. Our fees are made up to service that particular
2 function in our agency. Our fees are made up in the DUI
3 problems, the point problems. When people come in and pay
4 a reinstatement fee, that's where we make the money to pay
5 for the front line folks that handle -- to bring in this
6 \$100 million.

7 THE GOVERNOR: So you're not even trust funded on
8 this?

9 MR. DICKINSON: Yes, sir. That's all trust funded by
10 the \$15 and \$20, where we're actually seeking an increase,
11 that money --

12 THE GOVERNOR: You're not even getting it?

13 MR. DICKINSON: No, sir.

14 CFO GALLAGHER: Why are you putting your neck out for
15 general revenue? Let the Legislature get stuck with doing
16 that.

17 MR. DICKINSON: We haven't exactly had much success
18 in that arena either.

19 CFO GALLAGHER: Well, but that's not your -- I mean,
20 come on, Fred, why should we be -- that's not our jobs or
21 yours.

22 MR. DICKINSON: I hear you.

23 THE GOVERNOR: But you're not even getting the
24 revenue to operate --

25 CFO GALLAGHER: No, he's all trust fund.
ACCURATE STENOGRAPHY REPORTERS, INC.

1 MR. DICKINSON: We're all trust funded but that
2 particular income on the driver's license itself goes to
3 the general revenue --

4 THE GOVERNOR: So you lose the ten bucks.

5 MR. DICKINSON: That goes to general revenue also in
6 a split.

7 THE GOVERNOR: Oh, it does. Okay. All right.

8 MR. DICKINSON: It's a split.

9 THE GOVERNOR: Well, now I got a headache.

10 COMMISSIONER BRONSON: I stand by my statements.

11 THE GOVERNOR: What's your statement? You're just
12 saying you wanted more fees for your department to
13 operate.

14 (Laughter.)

15 CFO GALLAGHER: And we don't vote on that.

16 THE GOVERNOR: I heard your statement. This was
17 related to another meeting.

18 COMMISSIONER BRONSON: But we have some of the same
19 constraints that Fred and so it's the same --

20 THE GOVERNOR: He's not claiming it.

21 CFO GALLAGHER: This money isn't going into his trust
22 fund. It's going in general revenue. You at least get to
23 keep the money you raise.

24 COMMISSIONER BRONSON: Not all of it we don't.

25 CFO GALLAGHER: Need to raise your trust fund again?
ACCURATE STENOGRAPHY REPORTERS, INC.

1 COMMISSIONER BRONSON: We can go over that later.
2 That is a legislative issue of cutting the general revenue
3 and living off the trust fund until the trust funds are
4 gone and then nobody can figure how we're going to operate
5 after that. But it's some of the same basis. And I know
6 that they're handling a lot more people using the same
7 basic money situation they've had and we're doing the same
8 and so are other agencies.

9 ATTORNEY GENERAL CRIST: I think we have a consensus.
10 I don't think we're warm and fuzzy about this last item.

11 MR. DICKINSON: I understand.

12 THE GOVERNOR: Well, I'm open to --

13 MR. DICKINSON: Can I ask to bring you some language?
14 Can we bring some language to you?

15 THE GOVERNOR: Absolutely. I'm more than open to
16 look at it.

17 MR. DICKINSON: This is more conceptual than
18 anything. Let us see if we can make it revenue neutral on
19 the front end and see if that might be more palatable.

20 THE GOVERNOR: That would make me a happy camper.

21 CFO GALLAGHER: I'll move the issue with the
22 exception of the license fees until you bring us some
23 language.

24 ATTORNEY GENERAL CRIST: If I could offer a friendly
25 amendment to that. The insurance issue discussed about
 ACCURATE STENOGRAPHY REPORTERS, INC.

1 the motorcycles, could we sort of carve that one out too?
2 I think that was a concern, Governor. I mean, Treasurer,
3 I assume you're talking about all of Item 5 that you're
4 moving with the exception you mentioned about the fee
5 structure.

6 CFO GALLAGHER: Right.

7 ATTORNEY GENERAL CRIST: I think the Governor
8 expressed a concern about the motorcycle license issue.

9 THE GOVERNOR: Well, just insurance.

10 CFO GALLAGHER: Carve out 316.211 --

11 THE GOVERNOR: All right. There is a motion.

12 ATTORNEY GENERAL CRIST: Second.

13 THE GOVERNOR: As amended and seconded. Any
14 discussion?

15 Without objection, the item passes.

16 MR. DICKINSON: The last item, Governor, is our
17 budget request.

18 THE GOVERNOR: Subject to --

19 MR. DICKINSON: This represents an increase of about
20 5 percent over our prior year, majority of the request
21 comes from the need to address growth. The only personnel
22 issues are law enforcement, highway patrol. Those are
23 split evenly between the DOT side which wants to pay for
24 some Alligator Alley and Turnpike area increase. And then
25 about 50 troopers that we are requesting to handle
ACCURATE STENOTYPE REPORTERS, INC.

1 statewide issues. I told you years ago we would not be
2 before you again asking for FHP personnel until we got our
3 vacancy under control. We were sitting on about 200 plus
4 law enforcement vacancies. We are now down in the 70 to
5 80 range. We really made some strides there. Thank you
6 for supporting the pay raise; that has helped. Quite
7 frankly, I think more it's the whole aging -- the baby
8 boomers, we're influencing all statistics all the way
9 through. We went through that first drop group and we've
10 kind of, I think, hit pay dirt after that.

11 THE GOVERNOR: So recruitment has gone --

12 MR. DICKINSON: Yes, sir. We're holding more
13 recruits. We've still got a bad situation with the first
14 three years, losing about 14 percent of those. But the
15 older guys are staying with us now and that's been
16 helpful. We're also making the new recruits sign a
17 contract where they pay us back for those fees that we put
18 out to equip them, train them and --

19 THE GOVERNOR: Is that an enforceable contract? Oh,
20 I shouldn't say that publicly.

21 MR. DICKINSON: If they believe it is, it works,
22 Governor.

23 THE GOVERNOR: I know, that's my point. I think a
24 good lawyer could tear that apart in a heartbeat.

25 MR. DICKINSON: All of our funding is out of our
ACCURATE STENOGRAPHY REPORTERS, INC.

1 operating trust fund except for the patrol and we're about
2 two-thirds versus one-third out of general revenue. The
3 one-third being the patrol. Two-thirds the rest of the
4 department.

5 CFO GALLAGHER: That's why you want a little more
6 money in general revenue. I figured it out.

7 THE GOVERNOR: Well, if it goes to general revenue,
8 how does it go to you?

9 CFO GALLAGHER: It comes back around.

10 MR. DICKINSON: If what goes to general revenue?

11 THE GOVERNOR: Back to the license increase. When
12 you said you're not even benefitting from it, I assume
13 that meant it went into general revenue --

14 MR. DICKINSON: It does.

15 CFO GALLAGHER: But when he goes and talks to the
16 Legislature he has to say to them, I need this out of
17 general revenue. And, by the way, the license is going to
18 put this much in so you can get this much out and it makes
19 it easier to sell. Am I right?

20 THE GOVERNOR: Everybody else has the same bite at
21 the apple.

22 MR. DICKINSON: My poker days are over, thank you,
23 Treasurer. No, you're right. I mean, that's exactly the
24 way it works.

25 ATTORNEY GENERAL CRIST: I guess the question would
ACCURATE STENOGRAPHY REPORTERS, INC.

1 be, Does this proposed budget contemplate that we would
2 have adopted your license fee issue?

3 MR. DICKINSON: No, sir.

4 CFO GALLAGHER: No, but it certainly makes it easier
5 to sell.

6 THE GOVERNOR: Well, I don't know. It's the same
7 as --

8 MR. DICKINSON: We haven't had a license fee increase
9 in about 30 years. And every year we go to Legislature.
10 I can remember probably a handful of years in the 20 years
11 I've been there where we've actually come out with less
12 than we went in. So the budget has grown and I think
13 we've gotten our fair share along the way.

14 CFO GALLAGHER: Fred, the reason you haven't had an
15 increase is look how many driver's licenses you're
16 processing. There's lines. You can't get to all the
17 people.

18 MR. DICKINSON: That's correct.

19 CFO GALLAGHER: It's producing a ton of money.
20 That's the way it is.

21 THE GOVERNOR: Any discussion about --

22 CFO GALLAGHER: And you're a lot more efficient with
23 technology in issuing these licenses than you were way
24 back.

25 COMMISSIONER BRONSON: Governor, the law enforcement
ACCURATE STENOGRAPHY REPORTERS, INC.

1 recruitment retention program, which two years ago when
2 Fred was here, I mentioned that our department along with
3 others are having the same problem. Part of their
4 situation was addressed last year in the Legislature.
5 Ours was not. And we're certainly going to request again
6 this year that that be looked at. We're losing too many
7 people. We don't have cars for them to take home or any
8 of that stuff. They have to come in with their own
9 vehicle, pick up their vehicle, and we all know what gas
10 and all has gone to in the past year. And really, it's a
11 hit on their income, if you will.

12 And so from our law enforcement side, we're losing
13 too many good, qualified people. We don't have a training
14 academy. We pick up fully qualified trained law
15 enforcement officers and we put them in our law
16 enforcement division. And to hold those trained officers,
17 it's going to take some type of adjustment to hold some of
18 them. Same thing in our firefighters. We're still losing
19 almost 25 percent of our firefighters because cities and
20 counties recognize that they're trained for woodland fires
21 as well as structural fires and it's like saving money to
22 the cities and counties to be able to steal our
23 firefighters because they don't have to put them through
24 school. We've already paid \$77,000 apiece to do that.

25 THE GOVERNOR: You may want to get the director's
ACCURATE STENOGRAPHY REPORTERS, INC.

1 contract. See if the language works --

2 COMMISSIONER BRONSON: I don't think we'll have as
3 many takers as these guys on a situation like that. But
4 these guys know this and it makes them more attractive to
5 come after by the cities and counties so they can save
6 money and we keep paying it out the front door and the
7 back door. And we just have to really sit down and
8 address this. It's becoming a real problem for us and
9 we -- you know, I've got enough problems on my hands
10 without having to worry about losing my good law
11 enforcement and firefighters.

12 CFO GALLAGHER: Let me mention something. This is
13 not a new issue. This has been around for almost as long
14 as I have. And every group of law enforcement throughout
15 the state comes in with the same issue. They are losing
16 people and we fix this one. And then, of course, when we
17 fix this one, then they start recruiting from everywhere
18 else and it's a continual battle. They have it over at
19 Highway Safety with the Highway Patrol. We have it in
20 ours and we only hire experienced law enforcement so we're
21 out there stealing from people that train like Highway
22 Patrol and local.

23 This is an issue that I think you need to get all the
24 law enforcement issues together and see where the pay is
25 on all of them and it needs to be a State issue to sort of
ACCURATE STENOGRAPHY REPORTERS, INC.

1 look at all of them and try to balance it out so everybody
2 isn't stealing from everybody else. And then everybody --
3 somebody always ends up with the worse problem and the
4 Legislature fixes the worst one. Highway Patrol was
5 certainly the worst one for awhile, it gets fixed. Well,
6 then all of a sudden other people are suffering because
7 people are moving over to Highway Patrol. And we need to
8 look at this on a global basis instead of individual law
9 enforcement little niches.

10 THE GOVERNOR: I agree with that and that's what
11 we're doing. I was going to tell the commissioner that
12 the key to this though is not just to say, Well, we're
13 having problems. The key is to say, Here's the vacancies
14 because we can't recruit and people are leaving. And if
15 that vacancy is above a certain amount, that's the best
16 evidence that there is a problem. Patrol had that problem
17 and maybe it was part of kind of a culprit in that our
18 budget recommendation included recommendations for
19 increasing pay for the patrol because of that and we
20 didn't do it for the other law enforcement officers in
21 other agencies.

22 So we're definitely going to propose this from a
23 global perspective. But not on just hearsay, but really
24 based on the fact that if you are losing your folks and
25 you can't recruit, the best way to deal with that

1 typically -- it might be different, by the way, for every
2 agency. There are compression issues in some places.
3 Fred's agency has the three-year -- up to three-year
4 problem. Other agencies have problems where, you know,
5 it's eight years, five through ten, or five through 15.
6 So it may not be a one-size-fits-all approach, but we are
7 looking at it globally because it's come up for the last
8 year on a regular basis by every agency.

9 MR. DICKINSON: Governor, I kind of feel like -- you
10 may have heard me say this before -- we're responsible.
11 We pay our athletes who can't control their time or money
12 or, you know, relationships up here. And we pay our
13 teachers and law enforcement down here and it's just not
14 right. I mean, they're responsible for the biggest part
15 of our society. But we will pay a lot of money to go
16 watch those guys. And that being said, I still wish I
17 could jump a little higher and run a little faster. But
18 the bottom line is, we created this --

19 THE GOVERNOR: You're too old.

20 MR. DICKINSON: You've been serious about the
21 teachers. You've been very serious about law enforcement.
22 It's the only time in my tenure where we've had multiple
23 pay raises every three years. That is more to the issue.
24 We'll go fix it one year, and then two years go by and
25 these counties and cities are raising 20 and 30 percent

1 and we're behind farther than we were when we tried to fix
2 it before. So if we get to some standard where we can
3 keep addressing this and you've certainly kept the dialog
4 going and I appreciate that for your leadership. All of
5 you have done everything for law enforcement. It's a
6 great group of people out there and we appreciate the
7 support.

8 THE GOVERNOR: Any other discussion about the budget?
9 Is there a motion?

10 COMMISSIONER BRONSON: I move we accept the budget as
11 presented.

12 THE GOVERNOR: Is there a second?

13 ATTORNEY GENERAL CRIST: Second.

14 THE GOVERNOR: There is a motion and a second. I'm
15 going to abstain so that I can submit my own budget to the
16 Florida legislature. My last budget to the Florida
17 legislature.

18 Without objection, the motion passes, three zip.
19 Well, three, whatever.

20

21

22

23

24

25

1 THE GOVERNOR: Coleman.

2 CFO GALLAGHER: Motion on the minutes.

3 ATTORNEY GENERAL CRIST: Second.

4 THE GOVERNOR: There is a motion and a second.

5 Without objection, Item 1 passes.

6 Item 2. State Board of Administration.

7 MR. STIPANOVICH: Thank you, Governor, and members.

8 Item No. 2, request approval of fiscal sufficiency of
9 an amount not exceeding 30 million State of Florida
10 Florida Education System University System improvement
11 revenue refunding bonds.

12 ATTORNEY GENERAL CRIST: Motion on 2.

13 CFO GALLAGHER: Second.

14 THE GOVERNOR: There is a motion and a second.

15 Without objection, the item passes.

16 MR. STIPANOVICH: Item No. 3 is a request for
17 approval of the fiscal determination of an amount not
18 exceeding 130 million, Florida Housing Finance Corporation
19 homeowner mortgage revenue bonds.

20 CFO GALLAGHER: Motion on 3.

21 ATTORNEY GENERAL CRIST: Second.

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

23 Without objection, the item passes.

24 MR. STIPANOVICH: Item No. 4 is a request for
25 approval of reappointment of Mr. James Dahl to the
ACCURATE STENOGRAPHY REPORTERS, INC.

1 Investment Advisory Council.

2 ATTORNEY GENERAL CRIST: Motion on 4.

3 CFO GALLAGHER: Second.

4 THE GOVERNOR: There's a motion and a second.

5 Without objection, the item passes.

6 MR. STIPANOVICH: Thank you, Governor.

7 Governor, I'm one of those --

8 THE GOVERNOR: Motorcycle drivers?

9 MR. STIPANOVICH: I'm one of those people that Fred
10 made reference to, 50 and over, got one of those big boys.
11 I took that two-day training course and it was phenomenal.
12 I rode motorcycles from 1963 to the mid '70s. I thought I
13 knew how to ride a motorcycle and I took that course and
14 it is really something. That statistic does not surprise
15 me.

16 THE GOVERNOR: Well, you're my personal advisor on
17 the subject, Coleman. Now before we leave, I want to make
18 sure, is there any member of the Chrome Diva group here
19 that is having a -- Coleman, you might be interested in
20 this.

21 MR. STIPANOVICH: I rode with a Chrome Diva last
22 weekend.

23 THE GOVERNOR: You're a Chrome Diva?

24 MR. STIPANOVICH: No, just happened to be with one.

25 THE GOVERNOR: You have a Chrome Diva, your beautiful
ACCURATE STENOTYPE REPORTERS, INC.

1 wife. There is the breast cancer poker run on October
2 2nd, 2005, the fourth annual that proceeds will go to
3 fight breast cancer and it starts at 8:30 at Capital City
4 Harley Davidson and first out at 9:00 and ends at the Moon
5 sometime -- how long is it going to be?

6 THE COURT REPORTER: Until 2 or whenever the party
7 ends.

8 THE GOVERNOR: There you go. That's it. I wanted to
9 make sure that's on the record. Thank you.

10 (Thereupon, the proceedings concluded at 10:50 a.m.)

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1

2

CERTIFICATE OF REPORTER

3

4 STATE OF FLORIDA)

5 COUNTY OF LEON)

6

7

I, KRISTEN L. BENTLEY, Court Reporter, certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter translated under my supervision; and the foregoing pages numbered 1 through 77 are a true and correct record of the aforesaid proceedings.

13

14

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 the action.

18

19

DATED this 4th day of October, 2005.

20

21

KRISTEN L. BENTLEY, RPR
Court Reporter
Notary Public
850-878-2221

22

23

24

25

ACCURATE STENOGRAPHY REPORTERS, INC.

