

TRANS0118.txt

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

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Representing:

FINANCIAL SERVICES COMMISSION, OFFICE OF  
INSURANCE REGULATION  
DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES  
STATE BOARD OF ADMINISTRATION

The above agencies came to be heard before  
THE FLORIDA CABINET, Honorable Governor Crist  
presiding, in the Cabinet Meeting Room, LL-03, The  
Capitol, Tallahassee, Florida, on Thursday, January  
18, 2007, commencing at 9:00 a.m.

Reported by:  
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Registered Professional Reporter  
Notary Public

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APPEARANCES:

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Representing the Florida Cabinet:

CHARLIE CRIST  
Governor

CHARLES H. BRONSON  
Commissioner of Agriculture

BILL McCOLLUM  
Attorney General

ALEX SINK  
Chief Financial Officer

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

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

2 GOVERNOR CRIST: Thank you. Members, we have two

3 appointments before us requiring Cabinet approval this

4 morning. I'd like to ask the Cabinet to approve our

5 appointments. First Mr. Mike Sole as secretary of the

6 Department of Environmental Protection. Come on up,

Page 3

7 Mike, Mr. Secretary. Mr. Sole has been dedicated, has  
8 dedicated, rather, more than 16 years with the  
9 Department of Environmental Protection. He's  
10 previously served in several positions, including  
11 deputy secretary for regulatory programs, chief of  
12 staff, division director for the Division of Waste  
13 Management and chief of the Bureau of Beaches and  
14 Wetland Resources.

15 Mr. Sole served as a communications officer in the  
16 United States Marine Corps during operation Desert  
17 Shield, Desert Storm. Is there a motion on his  
18 appointment?

19 CFO SINK: I move approval.

20 COMMISSIONER BRONSON: Second.

21 GOVERNOR CRIST: Moved and seconded. Any  
22 objections? Without any, you are approved.  
23 Congratulations, Mike. Would you like to say a few  
24 words?

25 (Applause)

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1 MR. SOLE: Governor, Cabinet, I'll be very brief.  
2 What a great honor to be appointed to this position.  
3 I'm grateful for the opportunity. I look forward to  
4 serving you in Florida in this capacity to protect our  
5 natural resources. Thank you.

6 GOVERNOR CRIST: Thank you, Mr. Secretary. We  
7 also have -- the second appointment is Admiral LeRoy

8 Collins, Jr., as executive director of the Department  
9 of Veterans' Affairs. Please come forward, Admiral.  
10 Admiral Collins serves on the boards of Tampa General  
11 Hospital and the Armed Services Financial Network. He  
12 served in the United States Navy for 34 years and  
13 retired as a two star admiral. Admiral Collins  
14 formerly worked as the president of Financial  
15 Transaction Systems, Incorporated, and served as the  
16 assistant deputy chief of naval operations during  
17 operation Desert Shield. He graduated from the United  
18 States Naval Academy. Is there a motion?

19 ATTORNEY GENERAL McCOLLUM: I move the approval of  
20 Admiral Collins.

21 COMMISSIONER BRONSON: Second.

22 GOVERNOR CRIST: Thank you very much. And without  
23 objection, the motion is approved. Admiral, would you  
24 like to address us?

25 ADMIRAL COLLINS: Governor Crist, thank you so

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1 much for this appointment. I look forward to this  
2 service. And the first thing I'll have to do is get  
3 accustomed to calling a naval officer general.

4 GOVERNOR CRIST: It will be easy.

5 ADMIRAL COLLINS: But it's a special honor and  
6 privilege to be able to serve the people of Florida and  
7 especially 1.8 million veterans in this state. We have  
8 the second largest population of veterans of any state,  
9 exceeded only by California, who has 2.2 million. So I

10 look forward to working with you, and I look forward to  
11 seeing and getting around the state and meeting more of  
12 our veterans. Thank you.

13 GOVERNOR CRIST: Thank you, Admiral. God bless  
14 you.

15 (Applause)

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1 (Agenda items commenced at 9:15 a.m.)

2 GOVERNOR CRIST: We have our agenda. First is  
3 Financial Services Commission, Office of Insurance  
4 Regulation, Commissioner Kevin McCarty. Welcome,  
5 Commissioner. It's a busy week.

6 MR. McCARTY: Good morning, Governor. It's a busy  
7 week, sir, very busy week.

8 GOVERNOR CRIST: Item 1, the minutes of the  
9 Financial Services Commission dated December the 5th,  
10 2006. Is there a motion?

11 COMMISSIONER BRONSON: Motion on the minutes.  
12 GOVERNOR CRIST: Second?  
13 ATTORNEY GENERAL McCOLLUM: Second.  
14 GOVERNOR CRIST: Any objection? Without  
15 objection, show them approved. Item Number 2, Kevin.  
16 CFO SINK: Governor.  
17 GOVERNOR CRIST: Excuse me. CFO. I'm sorry.  
18 CFO SINK: We did have an issue about -- a  
19 discussion about minutes yesterday. And since I was  
20 not present at the meeting, I would typically abstain,  
21 except that my counsel informs me that I'm not  
22 permitted to abstain. So, Kevin, are the minutes  
23 accurately reflective of what went on before our vote?  
24 MR. McCARTY: Yes, ma'am, they are.  
25 CFO SINK: Thank you. I'll vote to approve.

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1 GOVERNOR CRIST: Great. Thank you very much.  
2 Item Number 2. Kevin.  
3 MR. McCARTY: The office is requesting permission  
4 that the Commission give approval for us to publish a  
5 series of rules, 690-149.205, 206 and 207. Pursuant to  
6 Florida law, the office is required to conduct an  
7 annual survey to establish a standard risk premium,  
8 which is a maximum allowed to charge for conversion  
9 policies.  
10 Conversion policies are the policies that are  
11 required to be offered by law for those who terminate  
12 their policies with a small group or a large group for

13 certain specified reasons.

14 COMMISSIONER BRONSON: Motion on Item 2.

15 GOVERNOR CRIST: Second?

16 CFO SINK: Second.

17 GOVERNOR CRIST: Thank you. Without objection,  
18 show it approved. Item Number 3.

19 MR. McCARTY: Governor, we're requesting approval  
20 for publication of Rule 690-203.202, standards for  
21 medical discount cards. This rule establishes  
22 standards that the Office of Insurance Regulation will  
23 use to review and approve medical discount cards that  
24 are in excess of \$30.

25 The Legislature established that for medical

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1 discount companies, they have a safe harbor up to \$30.  
2 After that they have to seek our approval. We're  
3 establishing those standards by rule by which they can  
4 have those approved.

5 GOVERNOR CRIST: Any questions?

6 CFO SINK: Move approval.

7 ATTORNEY GENERAL McCOLLUM: Second.

8 GOVERNOR CRIST: Thank you. Any objections? Show  
9 it approved without any objection. Kevin, before you  
10 step down, I want to thank you for your help in getting  
11 us prepared for the special session. You and your  
12 staff did some great work at our request and the CFO's  
13 request, and we appreciate that very much. I think



14 there's a gentleman in your department by the last name  
15 of Foy.

16 MR. McCARTY: David Foy?

17 GOVERNOR CRIST: Yeah. If you could have him give  
18 me a call later this morning, that would be great. I  
19 heard he gave some great testimony yesterday.

20 MR. McCARTY: Thank you, sir. Thank you very  
21 much. Appreciate the opportunity to serve.

22 GOVERNOR CRIST: Thank you, Commissioner.

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1 GOVERNOR CRIST: The next item would be Department  
2 of Agriculture and Consumer Services. Sherman Wilhelm.  
3 Good morning, Sherman.

4 MR. WILHELM: Good morning, Governor. How are  
5 you?

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

7 COMMISSIONER BRONSON: Motion on the minutes.

8 GOVERNOR CRIST: Second?

9 ATTORNEY GENERAL McCOLLUM: Second.

10 GOVERNOR CRIST: Any objection? Show them  
11 approved. And on to Item Number 2.

12 MR. WILHELM: Item Number 2, staff is requesting  
13 permission to maintain the current aquaculture lease  
14 fee and fee structure.

15 GOVERNOR CRIST: Any discussion?

16 COMMISSIONER BRONSON: Yes.

17 GOVERNOR CRIST: Commissioner.

18 COMMISSIONER BRONSON: Governor, if you would  
19 allow me, with our new Cabinet members here. At one  
20 point we had discussed in the past possibly going up on  
21 these fees because they had not changed for a number of  
22 years.

23 However, during that period of time, with eight  
24 major hurricanes in the state of Florida, much of that  
25 industry has been devastated. They've got to rebuild

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1 the docks and platforms based on some regulation with  
2 DEP and others to try to work out those issues.

3 Their cost has just gone up tremendously. The  
4 amount that they're able to pull back out of the water  
5 has been miniscule the last couple of years.

6 And while I did vote to increase the last time, I  
7 would like to be the one to say that I believe it's  
8 justified that we maintain the current figures until  
9 they get a chance to get back on their feet. We're  
10 relying on these aquaculture industry people to help us  
11 clean up our waters in the state by planting clams and  
12 so forth that actually clean water as they grow,  
13 oysters and other aquaculture crops, if you will,  
14 foodstuffs that they bring in.

15 And it would be justifiable, I believe, even  
16 though I did vote the other way last time, to remain --

17 keep those same fees this time.

18 GOVERNOR CRIST: Thank you, Commissioner. Any  
19 further discussion?

20 CFO SINK: You're going to --

21 GOVERNOR CRIST: CFO?

22 CFO SINK: -- cover the shortfall out of your own  
23 budget, is my understanding.

24 COMMISSIONER BRONSON: I thought I'd come over to  
25 you and get some help from the money department. I

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1 don't think there will be a shortfall, but I understand  
2 where you're coming from, and I believe that if we can  
3 get aquaculture back on its feet, they will begin to  
4 produce enough foodstuffs that they themselves will be  
5 able to help us out when we need to increase those fees  
6 down the road. But we need to get them back on their  
7 feet.

8 CFO SINK: Okay. I agree.

9 GOVERNOR CRIST: Any further questions? Do we  
10 have a motion?

11 ATTORNEY GENERAL McCOLLUM: I move to approve.

12 GOVERNOR CRIST: Second?

13 CFO SINK: Second.

14 GOVERNOR CRIST: Show it approved without  
15 objection.

16 MR. WILHELM: Thank you very much.

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1 GOVERNOR CRIST: State Board of Administration.  
2 Coleman.  
3 MR. STIPANOVICH: Good morning, Governor.  
4 GOVERNOR CRIST: Good morning. How are you, sir?  
5 MR. STIPANOVICH: Very well, sir. Good morning,  
6 members.  
7 ATTORNEY GENERAL McCOLLUM: Good morning.  
8 GOVERNOR CRIST: Is there a motion on the minutes?  
9 ATTORNEY GENERAL McCOLLUM: I move the approval of  
10 the minutes.  
11 GOVERNOR CRIST: Second?  
12 CFO SINK: Second.  
13 GOVERNOR CRIST: You're the only one left. Thank  
14 you.  
15 CFO SINK: I'm the only one left. I know that.  
16 GOVERNOR CRIST: All right. Without objection,  
17 show them approved. Coleman, Item Number 2.  
18 MR. STIPANOVICH: Yes, sir.  
19 GOVERNOR CRIST: Good to see you. How are you

20 doing?

21 MR. STIPANOVICH: Doing very well, Governor.  
22 Thank you very much. Item Number 2 is the fiscal year  
23 2006 Corporate Governance Annual Report and the  
24 Perspectives on Executive Compensation Report. This is  
25 an information only item. It's something that the

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1 staff submits to you each year that you move to accept.  
2 This year we have an addition of the Executive  
3 Compensation Report because that's been our major issue  
4 in the area of corporate governance for the past year.

5 So we wanted to show you the work that has been  
6 done in that specific area dealing with executive  
7 compensation over the past year.

8 The SBA voted on approximately \$80 billion in  
9 publicly exchanged securities and represents over 3,500  
10 U.S. and non-U.S. company proxies during the year.  
11 During the year we voted 79 percent of the time for, 20  
12 percent against, and abstained less than one percent of  
13 the time. We aggressively voted against improvements  
14 of -- lack of improvements in the area of executive  
15 compensation.

16 The report that you have before you today for the  
17 first time, the executive compensation report is  
18 something that we set out to do to -- and we did a  
19 five-year study, looking back five years on  
20 compensation efficiencies. And we found that, of  
21 course, there are many abuses out there that everybody

22 is well aware of.

23 And in our analysis we calculated 16 distinct  
24 compensation efficiency ratios for each company based  
25 on different calculations of total compensation using

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1 two different measures. And what we're attempting to  
2 do there is develop a matrix that maybe companies can  
3 use to adopt so that we can do paid for performance.  
4 We just simply want people -- we don't mind them being  
5 paid, but we want it to be based on performance, and  
6 there's not much of that going on in corporate America.

7 So that's our number one issue, and kind of our  
8 number two issue is majority voting. So staff is  
9 working very hard in the area of corporate governance,  
10 and we will continue to do that for the upcoming year.

11 GOVERNOR CRIST: I have a question. How can you  
12 affect corporate salaries? You said that there's not  
13 necessarily a good nexus between performance and the  
14 compensation.

15 MR. STIPANOVICH: In terms of the pay executives  
16 are receiving and --

17 GOVERNOR CRIST: I mean, I've read the stories. I  
18 know what you're talking about.

19 MR. STIPANOVICH: Right. And the bonuses they're  
20 receiving and even the exits that they get in terms of  
21 when there's poor performance and they're leaving --  
22 Home Depot is a good example -- and they're getting

23 these millions of dollars, hundreds of millions of  
24 dollars in bonuses. It's not tied to performance.

25 For example, the Home Depot stock was down over

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1 the period the CEO was there, and there was a big  
2 performance. Performance simply isn't tied --  
3 performance of the executive, of the chief investment  
4 officer, chief executive officer, simply isn't tied to  
5 performance of the stock.

6 GOVERNOR CRIST: I understand that, Coleman, and  
7 we certainly have the right to opine on those things.  
8 I'm just trying to figure out if there's a way we can  
9 have a positive impact upon it.

10 MR. STIPANOVICH: Well, that's exactly what we're  
11 doing. For example, Governor, we have met with --  
12 because this comes out of the rulemaking that takes  
13 place. The Securities Exchange Commission has a lot of  
14 authority in terms of governing these things, the New  
15 York Stock Exchange. I've met with Chairman Cox with  
16 the Securities Exchange Commission. I've met with  
17 Chief Executive Officer John Thain on a couple of  
18 different occasions, the New York Stock Exchange.

19 We are actively involved with the Council of  
20 Institutional Investors. We're on the Executive  
21 Compensation Task Force to research and promote better  
22 executive practices with the council. The council is a  
23 three trillion dollar organization that has hundreds of  
24 members from public funds, corporate funds and labor to

25 address these issues. It's at the top of our list at

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1 the council in terms of executive compensation and  
2 majority voting.

3 We serve on numerous committees that I won't go  
4 into. I'm on two committees with the New York Stock  
5 Exchange. My director of corporate governance is on a  
6 couple of very important committees. We're working  
7 with the business round table. So we're working with  
8 groups in addressing, in going to companies and  
9 visiting companies directly.

10 So there are a lot of those kind of activities  
11 going on, specifically having to do with -- and it's  
12 pretty much summarized in the reports to do with --

13 CFO SINK: Coleman, ultimately can't you actually  
14 vote -- when you're voting the proxy of our pension  
15 fund, couldn't you vote against the directors who serve  
16 on the compensation committees of specific companies  
17 that you think are the most egregious?

18 MR. STIPANOVICH: Yes, ma'am. That's a great  
19 question. And that's exactly what we do. This year we  
20 voted 50 percent more than the last -- the previous  
21 year on that exact issue, and that is board of  
22 directors, because of executive compensation issues and  
23 what they allowed to happen as directors, we voted  
24 against directors, and we increased the against vote by  
25 50 percent over the previous year.



1 CFO SINK: Good.

2 MR. STIPANOVICH: Because that's exactly right,  
3 CFO Sink. That's the root of the cancer, in our view,  
4 is that if you can get the board of directors right --  
5 and that's sort of what majority voting is about. If  
6 we can get the right board of directors, you won't have  
7 these type of abuses.

8 If we can get independency, which is what's  
9 happening on these boards, certainly independencies on  
10 the audit committees and the compensation committees in  
11 terms of independent directors, and you can get that  
12 taken care of, they're going to oversee management and  
13 management is going to do the right thing.

14 CFO SINK: Good.

15 GOVERNOR CRIST: Thank you, Coleman. Great  
16 report. Motion on Item 2?

17 CFO SINK: I move it.

18 GOVERNOR CRIST: Second?

19 ATTORNEY GENERAL McCOLLUM: Second.

20 GOVERNOR CRIST: Without objection. Item Number  
21 3.

22 MR. STIPANOVICH: Item Number 3 is a rule having  
23 to do with the Insurance Capital Build-Up Incentive  
24 Program. As you know, emergency rules were immediately  
25 implemented when the legislation was passed in May of

1 '06, and then we began the process of permanent  
2 rulemaking immediately thereafter.

3 The rule now we're bringing before you today is  
4 ready for adoption. JAPC rejected the rule, and that's  
5 why we're back before you today, because we had in the  
6 rule a five percent late penalty. And so the way we've  
7 taken care of that is we removed it from the rule and  
8 we now have it in the supplemental agreements as a  
9 negotiated item, which the law allows for. JAPC does  
10 not object to that.

11 So we will be putting that five percent late  
12 penalty, and all the contracts have to date, with the  
13 contracts that have been implemented, and we will be  
14 doing that moving forward.

15 GOVERNOR CRIST: Any questions? Motion on 3?

16 ATTORNEY GENERAL McCOLLUM: I move the approval.

17 GOVERNOR CRIST: Second?

18 CFO SINK: Second.

19 GOVERNOR CRIST: Show it approved without  
20 objection. Item Number 4.

21 MR. STIPANOVICH: Item Number 4 is the  
22 reaffirmation of the executive director of the State  
23 Board of Administration.

24 GOVERNOR CRIST: Motion on Coleman Stipanovich?

25 ATTORNEY GENERAL McCOLLUM: I move the approval.

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CFO SINK: Second.

GOVERNOR CRIST: Without objection. Coleman, you're doing a great job. We appreciate it very much. Stay on that director issue. I think that's a great one that the CFO indicated a keen interest in, and we appreciate what you --

MR. STIPANOVICH: We will do, Governor and members, and we'll keep you informed. Thank you so much.

GOVERNOR CRIST: Thank you, sir.

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GOVERNOR CRIST: We have some guests, our bosses, actually, citizens from Brevard County, I think,

3 Representative Allen.

4 REPRESENTATIVE ALLEN: Yes, sir.

5 GOVERNOR CRIST: We welcome you here. Thank you  
6 for coming. "Insurance Reform Now," we're with you.  
7 Appreciate you being here. And, Representative, maybe  
8 you'd like to speak first, and then we can add some  
9 commentary if desired.

10 REPRESENTATIVE ALLEN: Sure.

11 GOVERNOR CRIST: Representative Bob Allen, thank  
12 you, sir, for being here.

13 REPRESENTATIVE ALLEN: Governor, members of the  
14 Cabinet, I can tell you this is a great day, a  
15 refreshing day to look at this Cabinet and see you  
16 sitting in your jobs. I'm very proud for you and very  
17 proud of you in Florida.

18 Your leadership has brought a momentum to the  
19 legislative process, to I think almost an historical  
20 pace, to have such a complicated issue being seized  
21 upon and the progress that we're making.

22 I explained to our good people from Brevard  
23 County, you have two groups here today, citizens of  
24 course of Brevard County, and you've got a group that  
25 organized in a statewide network called Voices of

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1 Floridian Voters and a Brevard chapter.

2 And about a hundred people today took the effort  
3 to get up at 3:00 in the morning, go to a parking lot

4 in Brevard County and load on buses just so they could  
5 be here to see you today. That's an effort in all of  
6 our books. And so we really appreciate their extra  
7 effort to do that.

8 I explained to them that the Senate and the House  
9 have completed their legislation now toward the  
10 conference process, and some of the differences there  
11 that are focused on both the Citizens insurance and  
12 also the private sector that we're hoping to make money  
13 conditions right for them to join us in our effort to  
14 fix Florida's insurance crisis.

15 So they're going to be leaving this after today  
16 and going through the Capitol to meet with the  
17 legislative leaders just to remind them that it's not  
18 over till it's over and they need to keep on going.

19 GOVERNOR CRIST: I want to thank you,  
20 Representative, for bringing some of your constituents  
21 into our Cabinet meeting today. It raises the level of  
22 importance of your issue. And I can assure you that  
23 all of us here are very concerned about your concerns.

24 And the representative is too kind in giving  
25 praise to us, but the real praise belongs to you. You

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1 and your activism is why this issue is moving as well  
2 as it is. And I would encourage you to remain  
3 vigilant. It's great of you to be here today. But I  
4 would encourage you over the next five days -- this  
5 officially doesn't end until Monday. It may be sooner.

6 We don't know. But at any rate, please remain  
7 vigilant. Please stay in touch with your members of  
8 the House and Senate. Encourage them because they're  
9 working very hard in trying to gain relief for you.

10 And I know that the CFO shares that, the  
11 Commissioner does and the General does. And if any of  
12 you would like to speak to that, please feel free.

13 ATTORNEY GENERAL McCOLLUM: I'd just like to  
14 comment, we do welcome you up here. Usually, when I  
15 think of getting up at 3 o'clock in the morning, it's  
16 to go to Brevard County for a space shot. And to have  
17 you all get up this early to come up here, I know how  
18 dedicated you are. And I just wish that there were  
19 more Florida citizens as dedicated as you are to get  
20 out and let their representatives and their elected  
21 officials know what you feel because it's an important  
22 part of the way we work, and I'm very proud of you for  
23 doing that. And you're setting a good example not only  
24 for other voters but hopefully for the next generation  
25 coming along.

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1 GOVERNOR CRIST: You know, Representative, we had  
2 a group come up yesterday from Dade County. They left,  
3 I think, at 4 o'clock in the morning. You have  
4 apparently eclipsed that by leaving at 3 o'clock in the  
5 morning. I would invite, if any of you would like to  
6 speak, we'd love to hear from you.

7 REPRESENTATIVE ALLEN: Thank you, Governor. We  
8 have Mr. Bill Shepherd.

9 GOVERNOR CRIST: Representative, go ahead.

10 REPRESENTATIVE ALLEN: We have Mr. Bill Shepherd.  
11 He's been selected by his group to come up and say a  
12 few words on behalf of the citizens. If I could ask  
13 all the citizens that are in the room to please stand  
14 so you can be seen, because we all came in in different  
15 buses. Thank you very much. Mr. Shepherd, if you  
16 would, please come on up.

17 MR. SHEPHERD: Thank you, sir. Governor Crist,  
18 members of the Cabinet, other honored guests, we are  
19 here today from Brevard County representing thousands  
20 of property owners and residents who have been  
21 adversely affected by recent increases in property  
22 insurance premiums. And our plight in Brevard County  
23 is no different from that faced by our fellow  
24 Floridians throughout the state.

25 Many of us have experienced the ravages and

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1 destruction of hurricanes upon our property and have  
2 rebuilt our homes because we love this state and the  
3 quality of life it provides to us and our families.

4 However, our recovery has been dealt a severe blow  
5 that threatens our future. That blow is in the form of  
6 property insurance premium increases. Even more  
7 threatening has been the mass cancellation of policies  
8 of folks that suffered little or no damage and may

9 never have filed a claim. Their trust in their  
10 insurance companies came to an abrupt halt with a form  
11 letter informing them of the cancellation action.

12 For most citizens, especially our senior citizens,  
13 this seriously impacts their ability to manage and to  
14 make other arrangements for their future. What help is  
15 available to them and who will step forward to provide  
16 leadership in restoring normalcy to their lives?  
17 Certainly not the insurance companies.

18 And for those of us fortunate enough to retain  
19 property insurance coverage, we have been inundated  
20 with rate increases beyond comprehension or fairness.  
21 We are told that such increases are necessary for the  
22 insurance companies to remain solvent, purchase  
23 reinsurance or stabilize risk.

24 These are the same companies that willingly  
25 accepted our premium payments during the non-hurricane

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1 years without sharing their good fortune with their  
2 policyholders. Truly, fairness and equity are not  
3 foundations of their business or their relationships  
4 with their customers. So we turn to you, our elected  
5 officials, for help and a solution to the crisis that  
6 threatens all of us.

7 We understand that the challenges are complex and  
8 are not all solvable overnight. But we have faith that  
9 if capable minds with a commitment for fairness put



10 their wills to the task, a solution can and will be  
11 found.

12 In many ways your actions will have a permanent  
13 impact on the future of our state for generations to  
14 come. Do not waver in your efforts or accept the easy  
15 way out, for such will not meet the challenge that we  
16 all face.

17 At the beginning of my military career I was told  
18 by a very senior officer of the difference between  
19 leaders and managers. A manager does things right. A  
20 leader does the right things. We have placed our faith  
21 in you, our leaders, to do what is right. Thank you  
22 for allowing us to meet with you today.

23 And, sir, as a symbol, we have accumulated a bunch  
24 of petitions. I shouldn't say a bunch, but a number  
25 of, and in the short period of two weeks we've managed

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1 to get over 3500 signatures of our fellow citizens.  
2 And as a symbol I would like to present these to you or  
3 whoever is appropriate.

4 GOVERNOR CRIST: Please bring them up, please,  
5 sir. We'd appreciate it. We appreciate you taking the  
6 time.

7 COMMISSIONER BRONSON: Governor, if --

8 GOVERNOR CRIST: Commissioner.

9 COMMISSIONER BRONSON: If I may, this group,  
10 having lived down in --

11 GOVERNOR CRIST: Yeah, that's near home for you.

12           COMMISSIONER BRONSON: -- Brevard County and  
13           representing them in the Florida Senate, is a group of  
14           people who have been through a lot. At one time, I  
15           lived in Satellite Beach for 20 years, great place to  
16           bring up my children and all. Every time a little  
17           storm would come anywhere near us, they'd empty us all  
18           off the beaches. And I finally bought a place in  
19           Melbourne so I didn't have to evacuate every time one  
20           came through.

21           But this group of people have been through a lot  
22           over the years. The growth patterns in that area are  
23           tremendous right now. And I would imagine, for those  
24           that are retired and on limited incomes, this is having  
25           a big effect on them, as well as growing families whose

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1           incomes with children are being very limited by the  
2           cost of raising children.

3           So this is an issue that I very much hope that the  
4           House and Senate will come to at least some help at  
5           this week's meetings and maybe, as the session goes on,  
6           work out some stronger issues.

7           And I know the General there represented a good  
8           bit of Brevard County or at least helped the veterans  
9           over there with the move on that hospital that they  
10          were trying to get in the Orange County area. So we're  
11          very much concerned about not only Brevard County  
12          citizens.

13 But I can tell you that my insurance rates alone  
14 doubled on me, and I've got a little place out here on  
15 a hill that's 175 feet above anything. If it floods  
16 over there, everybody is going to get flooded. And  
17 mine doubled. So those of us sitting up here are  
18 having the same situation that you're having, and we  
19 understand your plight, I guarantee you.

20 GOVERNOR CRIST: Thank you, Commissioner.  
21 General?

22 ATTORNEY GENERAL McCOLLUM: I'd just like to  
23 comment that I agree wholeheartedly with what the  
24 Commissioner said. I think all of us feel the same way  
25 you do about it. I don't know any part of the state

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1 that's not affected. I certainly know Brevard from the  
2 neighbor you've been to my congressional district when  
3 I served those years. And I know how many people live  
4 there and do live, as the Commissioner describes, on  
5 the coast.

6 Our state has miles and miles of coast. There are  
7 thousands and thousands, hundreds of thousands of  
8 people who you really represent today beyond the group  
9 that you are here, you know, from Brevard,  
10 Representative Allen. And I think that it's a very,  
11 very critical moment for us. Hopefully, this week's  
12 session will bear fruit and we'll see some rate  
13 adjustments go down.

14 But I know I for one -- and I'm sure I speak for  
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15 the whole Cabinet -- I'm prepared to do whatever it  
16 takes to go forward, to assist, to provide support for  
17 those who are going to help us find the longer-term  
18 solutions to this beyond this week.

19 So, believe you me, we're going to be vigilant. I  
20 know those of us elected to statewide offices feel a  
21 special responsibility because it isn't just Brevard  
22 County. Let me assure you. It is the whole state of  
23 Florida.

24 GOVERNOR CRIST: CFO Sink. Thank you, General.

25 CFO SINK: Thank you for coming here this morning.

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1 And I want to assure you that your presence here in  
2 Tallahassee does make a difference, when we look out  
3 our windows and we see everyday Florida citizens who  
4 care so deeply to come and talk to your  
5 representatives. We have plenty of lobbyists walking  
6 around the halls, trust me. Those are the guys in the  
7 suits. We pay more attention to the people in the  
8 T-shirts.

9 And I want to just comment that I think we're very  
10 encouraged about the progress that the House and the  
11 Senate are making, some good proposals on the table  
12 that are going to result in rate relief for Floridians.

13 As the Chief Financial Officer, I want to be sure  
14 that we're making these changes in a fiscally  
15 responsible way because none of us want to create an

16 environment in which we're bankrupting the State in the  
17 future.

18 But I'm very encouraged that we are going to be  
19 able to find that balance between immediate rate relief  
20 and ensuring that the fiscal health and well-being of  
21 our state down the road is still as strong as it is  
22 today. Thank you for coming.

23 GOVERNOR CRIST: Thank you very much. Again,  
24 Representative Allen, we are grateful that your  
25 constituents have joined us today, as I said earlier,

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1 our bosses. You are literally our boss. And we thank  
2 you for being here and giving us the opportunity to  
3 serve you. And that's really what democracy is all  
4 about.

5 So as all of my colleagues have said, your  
6 willingness and your taking the time to come here means  
7 a great deal to all of us. And, again, I would  
8 encourage you to remain vigilant and continue to  
9 express your concerns and your worry to members of the  
10 House and Senate. It's extremely important that they  
11 hear from you.

12 REPRESENTATIVE ALLEN: Thank you, Governor. I  
13 know we've extended our time here, but I want to make  
14 sure that I just make a few quick introductions to  
15 close --

16 GOVERNOR CRIST: Of course.

17 REPRESENTATIVE ALLEN: -- if I could. First off,  
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18 I wanted to make sure that you knew that we have not  
19 just Brevard but from the Tampa area Ms. Anne Voss of  
20 the Federation of Republican Women, who also joined  
21 with the Duval chapters of the Republican Women to help  
22 us with this. Anne, thank you for coming.

23 GOVERNOR CRIST: Good morning.

24 REPRESENTATIVE ALLEN: She's working with our  
25 group today, and her ladies are also all throughout,

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1 going to be through the Capitol process. And it's not  
2 a party issue. This is a Floridian issue. But we're  
3 just glad that they're here with us on this  
4 bipartisan --

5 GOVERNOR CRIST: We want Republicans and Democrats  
6 and Independents. We need everybody to help us on  
7 this.

8 REPRESENTATIVE ALLEN: It's working well. The  
9 other one is, Mr. Vincent Vurro wanted to give a  
10 five-second hello and one emphasis. And I also wanted  
11 to introduce George Mangus. If you'll stand, George.  
12 This is the petition king.

13 GOVERNOR CRIST: Good morning, George.

14 REPRESENTATIVE ALLEN: He's dedicated his home,  
15 his vehicle and his own shirt to letting people know  
16 that they've got to speak out if they want to be heard,  
17 and the petitions have been worked hard through George,  
18 and we wanted to make sure, George, you were thanked

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for that today. Thank you.

GOVERNOR CRIST: George, thank you.

(Applause)

GOVERNOR CRIST: George, did you want to say something? Would you like to speak?

MR. MANGUS: Can I say something?

GOVERNOR CRIST: Yes.

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MR. MANGUS: Well, I'd like to.

GOVERNOR CRIST: Please do then.

REPRESENTATIVE ALLEN: And then we'll have Mr. Vincent Vurro speak.

GOVERNOR CRIST: You paid for that microphone.

REPRESENTATIVE ALLEN: Mr. Mangus.

MR. MANGUS: Well, I would like to thank the Governor and the Cabinet for having us up here in the town of Tallahassee. I'd also like to thank all the people that have worked with me, and John Whalen also. I just can't believe that people would come together like they did. But as you said, they have to be vigilant, and that's what we want to do.

We'd like to see The Voices of Floridian Voters across the whole state. That's what our purpose is and that's what we want to do. And I hope we can make it. And I'm sure people will respond.

GOVERNOR CRIST: They better.

MR. MANGUS: Right.

GOVERNOR CRIST: They better.

21 MR. MANGUS: Thank you for the chance to talk.

22 GOVERNOR CRIST: Thank you, George. God bless  
23 you, sir. Thank you.

24 (Applause)

25 REPRESENTATIVE ALLEN: Governor, if I'm here in my

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1 eighties, I want to be leading the charge like George  
2 is.

3 GOVERNOR CRIST: Oh, I don't think he's in his  
4 eighties.

5 REPRESENTATIVE ALLEN: Mr. Vincent Vurro.

6 MR. VURRO: Governor, everybody, I'm not a very  
7 educated person as far as talking, but I have a message  
8 to give you. I am 66 years old. I'm a hairdresser,  
9 and I'm still working for a living. Today I had to fit  
10 in 27 of my customers to be here, which means I didn't  
11 go to bed at all. I haven't slept an hour, just two or  
12 three hours on the bus.

13 And my message is that for the past two months,  
14 actually for the past two years, since the hurricane  
15 hit us, Jeanne and Frances, every single one person I  
16 cut their hair have a complaint. Some are  
17 millionaires, have little complaints. Some are like  
18 me, we have big complaints.

19 So I went from \$1,300 a year in insurance and  
20 taxes to \$6,000. I need to sell my property because if  
21 this continues, I cannot afford to live there. And I'm



22 the one that pulled the weeds. There was nothing  
23 there. I bought the property for no money. But see  
24 all the rich people around me now, so the insurance  
25 says, well, everybody is rich. So you need to put an

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1 eye on who pays and why they're paying for it.

2 And my message is, I am happy to be here. I'm  
3 happy to have sacrificed that. I maybe am going to  
4 lose some customers, but the message is out here. It's  
5 not only that we have 80 people to 100 people here.  
6 There's 100,000 that cannot come and they don't --  
7 they're not like me. I'm from the old country, but I'm  
8 an American citizen.

9 GOVERNOR CRIST: Where are you from originally?

10 MR. VURRO: Milan, Italy. I have two grown sons.  
11 They are in the military today, don't even know where  
12 they are. I have a son serving in the Marine Corps.  
13 And I would like to bring that up front because people  
14 always think, if you have an accent, you're not an  
15 American.

16 GOVERNOR CRIST: Well, I don't feel that way.

17 MR. VURRO: So I had to bring that up. I have had  
18 many times in my own salon them tell me, go back where  
19 you come from because I don't like this or that. I  
20 would like to say there is something that we can do,  
21 and it's very simple. Stop everybody from ripping  
22 people off. That's it.

23 GOVERNOR CRIST: Thank you.

24 (Applause)

25 REPRESENTATIVE ALLEN: You can see why the Space

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1 Coast is fun to represent.

2 GOVERNOR CRIST: Absolutely. You're blessed.

3 REPRESENTATIVE ALLEN: It's a great melting pot of  
4 folk. And we have folks here from Barefoot Bay, a  
5 large community that got impacted greatly. Governor, I  
6 know you went through that area and saw it. All of you  
7 are familiar with it. And they're here in a large  
8 group also, and they came from the far south part of  
9 our county, our 70-something-mile-long county.

10 If I could, one last introduction and we'll wrap  
11 it up for you, sir.

12 GOVERNOR CRIST: Certainly.

13 REPRESENTATIVE ALLEN: The beauty of our district  
14 is most of our nation's greatest achievements in  
15 technology, which led the world in commerce in the  
16 space area, happened through the labor and hard labor  
17 of true rocket scientists and true rocket managers.  
18 And they happen to live all over my district. And  
19 they're what I think Former President Nixon called the  
20 silent majority. They do their jobs. They pay their  
21 taxes. They support their families. They support the  
22 community. They don't ask much of government. But  
23 they do keep track.

24 And when these people come out in droves to speak

25 up, then you know there's something going on. And they

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1 show up with graph paper and protractors, and they can  
2 plot and show you exactly where the problem is and  
3 where it's going. They're very, very informed people  
4 when they get onto an issue.

5 So I was very pleased when Mr. Bob Buckley, who is  
6 a former high ranking member of NASA's executive corps  
7 and a logistics expert with them, was able to join and  
8 help put together a group to join us. And he has a  
9 thank you presentation to make.

10 GOVERNOR CRIST: Good morning, Mr. Buckley.

11 MR. BUCKLEY: Thank you, Governor. Congressman  
12 Allen said one thing I want to correct. I was the head  
13 of operations, shuttle operations, not logistics.  
14 That's important to me.

15 Anyway, being a Miami graduate and born in Miami,  
16 having served as a veteran in the Korean War, Navy,  
17 also being a veteran of NASA since 1961 until just the  
18 last five years, I've seen a number of you and I'm sure  
19 you might have seen me because I've escorted many, many  
20 congressmen and congresswomen through KSC and the like.

21 Why am I here? My wife says because I'm retired  
22 now, trying to be retired. And ironically my neighbor,  
23 John Whalen, was supporting me on trying to get  
24 together all the associations in the Suntree area to  
25 form a coalition. I didn't realize at the time that he

1 had a coalition called The Voices of Floridian Voters.

2 We merged together. And somehow or another I got  
3 caught with the belly in the fire again, and I'm going  
4 to turn it off pretty soon. But what I've got is I've  
5 got, I think, over 5,000 Suntree homeowner associates  
6 that are going to be one. We will have this petition  
7 of 5,000 here. In fact, it's in the works now. That's  
8 just to join in with the rest of Brevard County because  
9 we're a team down there.

10 I do have something I want to present to you,  
11 though. This is going to be on behalf of all of  
12 Brevard County. It was thrown together rather quickly  
13 with a lot of support. I'd like to read it to you and  
14 then present it to you. It's not coincidence that I'm  
15 wearing red, white and blue today. My wife made sure I  
16 did that. And I'll read you the top of this and then  
17 read you the rest and then present it, sir.

18 It's an American flag with a special wood box,  
19 very special. If you look at the back, it's special  
20 wood and special engraved. And what it says is, I  
21 pledge allegiance to the flag of the United States of  
22 America and to the republic for which it stands, one  
23 nation under God, indivisible with liberty and justice  
24 for all. Governor Charlie Crist, you are our insurance  
25 governor.

1           And on the inside it says, from your friends in  
2           Brevard County, Suntree Country Club, best of luck and  
3           godspeed.

4           GOVERNOR CRIST: Thank you.

5           MR. BUCKLEY: And there's a pen in here with your  
6           name on it, which I hope you use to sign those  
7           insurance reforms.

8           GOVERNOR CRIST: Well, I hope so, too. We'll do  
9           it.

10          (Applause)

11          COMMISSIONER BRONSON: Governor, also --

12          GOVERNOR CRIST: Commissioner.

13          COMMISSIONER BRONSON: I think it needs to be  
14          said -- and I think I may have mentioned this briefly  
15          at the last Cabinet of the old Cabinet, but since we  
16          have two new members. One of the things that has  
17          caught my attention is a lot of people are now  
18          downsizing. They've raised their families. They're  
19          trying to go back now and save a little money by  
20          downsizing into a smaller place.

21          And I've even heard firsthand of people who  
22          thought they had their house sold so they could move in  
23          a smaller place, only to find out, because of insurance  
24          and property taxes, that the sale didn't go through  
25          with the people who were trying to buy the bigger home

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2 extra cost of the taxes and insurance.

3 And that's going to have even a broader impact on  
4 our total economy and our infrastructure in the state  
5 of Florida. And that's something -- I know you're  
6 working on that other issue as well. And it's  
7 something that I don't think we ought to take very  
8 lightly because it's affecting, greatly affecting the  
9 people who can afford it the least, those that are on  
10 limited retirement incomes.

11 And so I hope that you'll be able to address both  
12 of those issues so that we can maintain a strong  
13 Florida economy and help our senior citizens. I think  
14 they're downsizing so that the children that they got  
15 married off and are grown don't move back. But,  
16 anyway, it is a problem for them.

17 GOVERNOR CRIST: I know. I know. You're  
18 absolutely right. Insurance is the issue of the day,  
19 there's no question about it, the issue of this week.  
20 We all understand that the property tax issue is  
21 equally impactful. Believe me, it's sort of the twin  
22 towers, if you will, of challenges that we have.

23 And the Commissioner is exactly right. In order  
24 to have Florida be able to continue to prosper and  
25 flourish, we need to do everything we can to address

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1 this issue first of insurance and then move on to  
2 property taxes and get reductions there, too. They're

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both very, very important.

Representative, are we --

REPRESENTATIVE ALLEN: Yes, sir. I wanted to thank you, Governor. Thank you, members of the Cabinet, for allowing us to interrupt your meeting and be able to speak to that.

GOVERNOR CRIST: It was not an interruption. It was an addition to it. And we want to thank you all again. Representative, thank you for your leadership, and make sure you get up there and make sure the conference is going well. And, ladies and gentlemen, thank you again for coming. God bless you for being here.

(Whereupon, the meeting was adjourned at 9:50 a.m.)

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5 COUNTY OF LEON )

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7 I, Jo Langston, Registered Professional Reporter,  
8 do hereby certify that the foregoing pages 4 through 41,  
9 both inclusive, comprise a true and correct transcript of  
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11 stenographically and transcribed by me as it now appears;  
12 that I am not a relative or employee or attorney or counsel  
13 of the parties, or a relative or employee of such attorney  
14 or counsel, nor am I interested in this proceeding or its  
15 outcome.

16 IN WITNESS WHEREOF, I have hereunto set my hand  
17 this 29th day of January, 2007.

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Registered Professional Reporter

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