

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:

STATE BOARD OF ADMINISTRATION

DIVISION OF BOND FINANCE

FINANCIAL SERVICES COMMISSION, OFFICE OF
FINANCIAL REGULATION

FINANCIAL SERVICES COMMISSION, OFFICE OF
INSURANCE REGULATION

DEPARTMENT OF REVENUE

DEPARTMENT OF VETERANS' AFFAIRS

DEPARTMENT OF LAW ENFORCEMENT

ADMINISTRATION COMMISSION

BOARD OF TRUSTEES, INTERNAL IMPROVEMENT TRUST FUND

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Crist
presiding, in the Cabinet Meeting Room, LL-03,
The Capitol, Tallahassee, Florida, on Tuesday,
December 9, 2008, commencing at 9:05 a.m.

Reported by:

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Registered Professional Reporter

Notary Public

ACCURATE STENOGRAPHY REPORTERS, INC.

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

2 * * *

3 (Commenced at 9:25 a.m.)

4 GOVERNOR CRIST: Executive director of the
5 Agency for Enterprise Information Technology, we
6 have a vote on that. We have an appointment before
7 us requiring Cabinet approval. I'd like to ask the
8 Cabinet to approve our appointment of David Taylor
9 as Executive Director of the Agency for Enterprise
10 Information Technology.

11 COMMISSIONER BRONSON: Governor?

12 GOVERNOR CRIST: Yes, sir, Commissioner.

13 COMMISSIONER BRONSON: I would like to make the
14 motion to confirm David Taylor as Executive Director
15 of the Agency for Enterprise Information Technology.

16 GOVERNOR CRIST: Is there a second?

17 CFO SINK: Second.

18 GOVERNOR CRIST: Moved and seconded. Show it
19 approved without objection.

20 CFO SINK: Governor, I would like to say --

21 GOVERNOR CRIST: CFO.

22 CFO SINK: -- that this is a very important
23 appointment on our part, and of course we've been
24 through almost a year of trying to decide what to do
25 with this position. And I'm just glad that David

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1 agreed to come in as the interim, and I'm very
2 confident that he's going to be a terrific leader
3 for our enterprise technology needs in the state.

4 It's something that we've needed to do for a
5 long time. And it's not an easy job because he has
6 to deal with all of us and different agencies and --

7 GOVERNOR CRIST: We're not that bad, are we?

8 CFO SINK: Well, it's a lot of coordination
9 required, and it's going to take a lot of strategic
10 vision and leadership, and I've just been able to
11 work with him a little bit more closely over the
12 past couple of months because he's helping on a few
13 task forces that we have in our department. And I'm
14 just so glad that you've agreed to take on the job
15 in a permanent fashion, David.

16 GOVERNOR CRIST: Congratulations, David. Would
17 you like to say a few words?

18 MR. TAYLOR: Governor, members of the Cabinet.
19 I just would like to say thank you very much for
20 this opportunity to serve the citizens of Florida.
21 I do appreciate it.

22 GOVERNOR CRIST: Thank you, sir.
23 Congratulations again.

24 CFO, did you have something you wanted to
25 address?

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1 CFO SINK: Yes, I do. Thank you, Governor.
2 Can I call up to the podium Jimmy Peters and his
3 family. I've just been sitting here enjoying, the
4 past few meetings, these beautiful black and white
5 photographs on exhibit, and they were all taken by a
6 Florida native, Florida homegrown artist, Jimmy
7 Peters, and they're going to be on display until the
8 end of January.

9 And Jimmy and his family are with us this
10 morning; his wife, Kathy, Jennifer, their daughter,
11 and her friend Pete Walrath, and Jimmy's sister
12 Shirley Taylor and her husband Elmer.

13 This collection called "Florida Cowboys"
14 captures a way of life that's a significant part of
15 our culture. And I have the -- where is the
16 photograph? I have one specific photograph here
17 called "Cracker Pack." And this was taken on the
18 Strickland Ranch down in Manatee County.

19 And I have all sorts of notes about Tango, the
20 cowboy dog. And the cows, as Mr. Bronson would
21 instruct us, are all direct descendents of the -- of
22 Ponce De Leon. And this is Renee Strickland on top
23 of the steed.

24 And, Governor, we know you have something
25 special happening in your life on Friday.

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1 GOVERNOR CRIST: Yes, ma'am.

2 CFO SINK: And so the Commissioner and I and
3 the Attorney General have pitched in together and
4 purchased this photograph. We can't give it to you,
5 of course. But we are going to -- we've inscribed
6 it, and we're going to give it to the Mansion
7 Foundation for you and Carole to enjoy in your
8 Tallahassee home. So congratulations, and we're
9 really, really happy for you.

10 GOVERNOR CRIST: Thank you very much.

11 (Applause)

12 (Photographs taken)

13 GOVERNOR CRIST: I want to thank my colleagues
14 on the Cabinet. I always -- I wince when many times
15 wonderful pastors and ministers and rabbis come
16 before us and give us a prayer and they always pray
17 for the Governor and his Cabinet. It's not my
18 Cabinet. They're the people's Cabinet. These are
19 independently elected friends. And, you know, it's
20 an honor to serve on this Cabinet with each and
21 every one of you. I thank you very much for your
22 kindness.

23 Our next Cabinet meeting is Tuesday, January
24 13th, 2009. So this is the last one of the year.

25

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

3 MR. WILLIAMS: Good morning, good morning.
4 Item 1 is approval of the minutes from 20 November.

5 GOVERNOR CRIST: Is there a motion to approve?

6 CFO SINK: Move it.

7 GOVERNOR CRIST: Is there a second?

8 ATTORNEY GENERAL McCOLLUM: Second.

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

11 MR. WILLIAMS: Item 2 is a fiscal sufficiency
12 for the Board of Education Lottery Revenue Bonds.

13 GOVERNOR CRIST: Is there a motion on Item 2?

14 CFO SINK: Move it.

15 ATTORNEY GENERAL McCOLLUM: Second.

16 GOVERNOR CRIST: Moved and seconded. Show it
17 approved without objection.

18 MR. WILLIAMS: Item 3 requests approval of the
19 October 2008 Local Government Investment Pool
20 Management Summary Report. A couple of points I
21 would like to make there. First of all, there were
22 no material exceptions. Secondly, the Pool A
23 balance is currently at \$6.6 billion. We had a net
24 \$700 million increase in the month of November.

25 Likewise, Pool B is declining in size. Its

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1 original size was 2.1 billion at amortized cost.
2 It's currently down to 800 million, as we've
3 continued to distribute interest receipts from Pool
4 B over to Pool A.

5 And perhaps most importantly, we're very
6 pleased that on the 23rd of December, Pool A will go
7 to full liquidity. This is ahead of schedule. We
8 were targeted to reach full liquidity by 12/31.
9 We'll be there 12/23. Request approval.

10 ATTORNEY GENERAL MCCOLLUM: Move Item 3.

11 CFO SINK: Second.

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

14 MR. WILLIAMS: Thank you. Item 4 is revisions
15 to the Retirement System Investment Policies for
16 both the Defined Benefit and Defined Contribution
17 Plans. By way of background on this, when the
18 Clifton Gunderson external audit was done to review
19 all of the investment policies of the State Board of
20 Administration, one of the findings was there should
21 be an independent review of the investment policies
22 conducted for the benefit of you, the Trustees.

23 Ennis, Knupp & Associates, a major consultancy
24 based in Chicago, Illinois, was retained for the
25 purpose of that review. They have completed it.

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1 Their recommendations were embraced by the staff at
2 the Board. They were presented to the Investment
3 Advisory Council in a public meeting last Thursday
4 and unanimously adopted.

5 We have with us this morning Steve Cummings,
6 who is the president and chief executive of Ennis,
7 Knupp, and Kristen Hanto, a senior investment
8 analyst there. And I thought, because of the nature
9 of the independent review that was recommended by
10 the audit, rather than my summarizing their findings
11 to you, better you should hear that straight from
12 the horse's mouth and have the ability to ask any
13 questions you may have directly of Ennis, Knupp,
14 independent of me as staff to the State Board. So
15 if I may, let me introduce Steve Cummings.

16 MR. CUMMINGS: Thank you, Ash. Good morning,
17 Governor Crist, Cabinet Members.

18 GOVERNOR CRIST: Good morning.

19 MR. CUMMINGS: Thank you for inviting me to be
20 with you. My colleague, Kristen Hanto, is sitting
21 in the second row there, and she was the team member
22 that led our work on behalf of the SBA.

23 In addition to reviewing the policies, the
24 guidelines at the portfolio levels, we also looked
25 at asset class level guidelines and procedures and,

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1 at the end of the day, reviewed over 100 documents
2 on behalf of the SBA for consistency with not only
3 best practices but also internal consistency.

4 Overall, we found the documents to be concise,
5 comprehensive and indeed consistent with best
6 practices among institutional investors.

7 We rendered a written report, as Ash mentioned,
8 that was discussed with staff. We subsequently made
9 that presentation to the Investment Advisory Council
10 last week, answered their questions. And then today
11 I would like to just highlight for you a few of the
12 key recommendations for changes that were made in
13 that report.

14 If I could ask you to advance two slides, to
15 recommendations to the Defined Benefit Plan. There
16 were a couple of key recommendations we made here.
17 The first was to expand the upper boundary of the
18 permitted asset allocation to the private equity
19 asset class from its current maximum of five percent
20 of the portfolio to seven percent of the portfolio.

21 The key reason for this recommendation was to
22 avoid what is often referred to as the adverse
23 consequences of the denominator effect. As we all
24 know, the publicly traded equity markets have
25 experienced significant downdrafts in valuations

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1 over the last several quarters. The private equity
2 asset class has a much more delayed mark to market
3 process.

4 So by virtue of the publicly traded assets
5 declining in value, the percent of the portfolio
6 represented by private equity increases, not due to
7 appreciation of that asset class, but by virtue of
8 it failing to depreciate the way the marketable
9 securities have.

10 The adverse consequence of this type of effect
11 is occasionally to force liquidation of these
12 illiquid assets to maintain compliance with policy
13 limits. So as a result, we are recommending that
14 the upper boundary on this asset class be expanded
15 from five percent of the portfolio to seven percent.

16 The second significant recommendation for
17 change we made in the Defined Benefit Investment
18 Policy Statement was to modify the benchmark for a
19 relatively new component of the program, the
20 strategic investments. Currently the guidelines
21 allow for zero to ten percent of the portfolio to be
22 invested in these assets.

23 This part of the portfolio is designed to
24 accommodate esoteric, eclectic opportunities that
25 SBA identifies for added value. And by design, it's

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1 going to have a variety of different types of
2 strategies embodied within it.

3 Currently, the benchmark for this portion of
4 the program is Consumer Price Index plus five
5 percent. To the extent marketable securities find
6 their way into this part of the investment program,
7 as they have historically, there will be very large
8 deviations between the actual performance of the
9 underlying strategies and this inflation-linked
10 benchmark.

11 So our recommendation was to move the inflation
12 plus five percent to a long-term benchmark and to
13 adopt a more contemporaneous benchmark that is made
14 up of the benchmarks of the underlying investment
15 strategies. And then to be consistent, we're
16 recommending that that change be applied
17 retroactively to the inception of that investment
18 strategy, June 1st of 2007.

19 The next slide I'm just going to summarize
20 generally. Most of the recommendations we have on
21 the Defined Contribution Plan fall into one of three
22 categories. We suggested the addition of a few
23 details as to what would be done in monitoring these
24 investments.

25 We suggested a few clarifications in the

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1 language to maintain internal consistency and then
2 recommended that a few disciplines in terms of the
3 frequency of review be added formally into the
4 document.

5 The other investment programs whose policies we
6 reviewed on behalf of the SBA also included several
7 minor administrative recommendations that, in the
8 interest of time, I'm not going to go over with you
9 today, but either me or my colleague Kristen would
10 be happy to answer any questions you might have on
11 this report or our conclusions.

12 GOVERNOR CRIST: Any questions?

13 ATTORNEY GENERAL McCOLLUM: I just -- I don't
14 know that I have a question so much as the overall
15 objective of this investment portfolio is a five
16 percent return plus inflation.

17 MR. CUMMINGS: That's correct.

18 ATTORNEY GENERAL McCOLLUM: And my
19 understanding, from talking to Mr. Williams in the
20 past and others, is that, of course, with the market
21 going up and down, this is a long-term objective, by
22 that meaning multiple years, maybe this is a 10-,
23 15-year horizon to achieve this, but it's on balance
24 where we need to be. Is that consistent with your
25 understanding and what this plan envisions?

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1 MR. CUMMINGS: It is. Indeed, over the
2 long-term, it is the expectation that the program
3 will produce a long-term return that is five percent
4 above inflation.

5 ATTORNEY GENERAL McCOLLUM: And the five
6 percent that you just described to us with the
7 strategic portfolio would be consistent with that
8 overall objective for all of the portfolios, right?

9 MR. CUMMINGS: That's correct.

10 ATTORNEY GENERAL McCOLLUM: Thank you. Thank
11 you, Governor.

12 GOVERNOR CRIST: CFO?

13 CFO SINK: Governor, I just have a question.
14 This may be for Ash more. But the comment in here
15 that the executive director is going to review and
16 monitor the fees related to the plan, of course, as
17 we all know, one big item that could really eat away
18 at long-term returns are fees.

19 So does this suggest that the executive
20 director has not been reviewing the fees, or what
21 has been going on up to now, or what are your plans
22 for the future, I guess, going forward?

23 MR. WILLIAMS: No, it does not suggest that,
24 CFO. In fact, there has been a structured, formal
25 review of fees to date. There is an outside firm

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1 that's used specifically for looking at the economic
2 efficiency of how the Board does business, both on
3 the defined benefit and defined contribution sides.

4 And I want to say, if not this week, next week
5 we've got several hours of briefings coming from
6 this firm doing analysis on exactly where we are.
7 And I would summarize by saying -- and, Steve,
8 correct me if I'm wrong here -- I believe that our
9 fees in aggregate are extremely low, both on the
10 defined benefit and the defined contribution side.

11 Your point is exactly correct, that fees are a
12 certainty. Market performance is not. So to the
13 extent one can hold down fees, there is a very real
14 benefit. That is part of the reason that the
15 majority of our assets are passively managed,
16 because that is by far and away the cheapest way to
17 manage assets.

18 Roughly 80 percent of our U.S. equity exposure
19 is passively managed, and we do that internally.
20 We're not paying anyone else to do it. And roughly
21 60 percent of the aggregate Florida Retirement
22 System Trust Fund is passively managed. Again,
23 holds down costs, greatly reduces the possibility of
24 lagging a benchmark.

25 CFO SINK: Okay. And one other question, Ash,

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1 which is back to the move that we're making to
2 increase the private equity percentage. I know that
3 the reason that we're doing this is so that we -- I
4 would imagine we're up against the five percent or
5 we're over the five percent in that particular asset
6 class, primarily because all the other asset classes
7 have declined in value.

8 But I just want to clarify, this is not an
9 attempt to increase holdings in that class
10 necessarily, or does this stay at the level we are
11 now in those investments?

12 MR. WILLIAMS: You are correct. The motivation
13 for this is to correct the denominator effect, as
14 Mr. Cummings outlined. Having said that, you may
15 have read that there are many, many endowments,
16 foundations and other institutional investors who
17 are now forced sellers of private equity assets, in
18 many cases at discounts of 50 cents on the dollar or
19 more.

20 Frankly, to the extent we can opportunistically
21 buy some of those assets that are quality assets at
22 fire sale prices, it's a wonderful time to do that.
23 But I want to be very clear. Our purpose here is
24 not a tactical bet on a material increase in private
25 equity exposure.

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1 GOVERNOR CRIST: I shared that concern, too,
2 CFO, when I heard you present it, Steve. I mean,
3 you know, I believe in plain language, and a lot of
4 what you said doesn't mean a whole lot to me. And
5 so what I want to know is what the CFO was asking
6 about. Are you recommending that we buy more stock?

7 MR. CUMMINGS: No, sir. We're recommending
8 that the discipline that is embodied in the policy
9 statement, which is to ensure that the portfolio
10 remains relatively closely invested to the long-term
11 policy target allocations across these asset
12 classes, doesn't result in some adverse action.

13 And in particular, this particular
14 recommendation is to avoid having the SBA force a
15 sale of illiquid investments, namely, private equity
16 securities, as a result of actions that have
17 occurred in the publicly traded markets, quite apart
18 from the publicly traded securities market.

19 So it's not to increase the allocation or the
20 long-term target allocations or the long-term
21 objectives of the investment program, but rather to
22 provide some relief from forcing the SBA to do what
23 Mr. Williams just mentioned many large endowments
24 are finding themselves forced to do, which is to
25 offer up these illiquid investments in the secondary

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1 markets, often at very significant discounts to
2 value because of the current distress in the
3 markets.

4 GOVERNOR CRIST: So you're advising that we go
5 from five percent to seven percent in private
6 equities. Can you give further definition to what
7 you mean by private equity?

8 MR. CUMMINGS: Yes. These are primarily
9 limited partnership investments and privately held
10 corporations. So these are businesses that are
11 seeking to become capitalized from the private
12 markets as opposed to going to the publicly traded
13 securities markets.

14 The program is very well diversified across
15 multiple industries in the U.S. And I don't know if
16 we have any of your private equity team here today
17 to go into more detail about the asset class.

18 MR. WILLIAMS: We don't. But I'd like to offer
19 a point of clarification, Governor, if I could. The
20 change we're making is not a recommendation that we
21 move to seven percent. What we're doing is simply
22 giving ourselves headroom --

23 GOVERNOR CRIST: Maybe I misread it.

24 MR. WILLIAMS: We're at five percent currently.

25 GOVERNOR CRIST: That's what it says.

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1 MR. WILLIAMS: We want to move the target to
2 seven --

3 GOVERNOR CRIST: Okay.

4 MR. WILLIAMS: -- which gives us the headroom.
5 It doesn't mean we're going to go out and buy
6 additional private equity assets to move to that
7 level. That's not the plan at all.

8 GOVERNOR CRIST: Okay.

9 MR. CUMMINGS: I apologize. The target
10 allocation, the point of centrality that the SBA
11 will be managing to is remaining four percent. What
12 we're recommending is that the range at which they
13 must rebalance out of that asset class be expanded
14 from its current maximum of five percent, which is
15 only one percentage point above the long-term target
16 of four, to seven percent, to provide that
17 additional headroom, if you will, for market
18 conditions.

19 GOVERNOR CRIST: That's all great. My concern
20 and my recommendation as a trustee would be that we
21 not invest in a lot of stock, whatever the percent
22 is. I think as a fiduciary duty, we have an
23 obligation to provide advice, too. And my advice,
24 for whatever it's worth, is that, realizing the
25 state of the market currently and the fluctuations

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1 that exist, you know, further investing in equities,
2 stock, would seem imprudent to me at this time.

3 I know, Ash, you talked about maybe some were
4 at 50 percent or some notion along those lines in
5 private equities that Steven has talked about. It
6 may be a different kettle of fish.

7 But if you're talking about stock, even if
8 you're not, I am, and I would not recommend that we
9 increase our investment in the stock market, for
10 whatever that's worth.

11 CFO SINK: Governor?

12 GOVERNOR CRIST: And it may relate to a
13 different investment, but I'm concerned about the
14 pension and I'm concerned about my fellow Floridians
15 who work or have worked for the State and count on a
16 lot of that for their existence in their senior
17 years. And I just want us to be prudent, is all
18 I'm advocating. CFO, I'm sorry.

19 CFO SINK: I just want to say that this whole
20 notion about -- the term "private equities" is
21 really -- is a little bit misleading because when
22 you hear the word "equity," you think of stocks.
23 But actually the way they've evolved the terms is
24 private equity really is an investment in actual
25 companies. It's not a stock investment. It's like

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1 we actually are an -- you know, like a stockholder
2 in the public market, but we have pieces of
3 different companies.

4 And you could make an argument that we're all
5 concerned about the declining value of our pension
6 fund in this horrible market time, and we've done
7 better than most other pensions have, and we're
8 really fortunate that we started out from a way
9 overfunded position.

10 GOVERNOR CRIST: I just want us to stay
11 fortunate. I agree.

12 CFO SINK: Yeah. And you could also make an
13 argument that there are a lot of -- because the
14 stock market is so depressed right now, now might be
15 the time to be making strategic investments in
16 stocks because they've got to be about as low as
17 they're going to get and we don't want --

18 GOVERNOR CRIST: From your lips to God's ears.

19 CFO SINK: We don't want to miss the
20 opportunity when the market does come back up. So
21 that's why we have this approved investment policy
22 and guidelines, and we have to remember that the SBA
23 is receiving -- I don't know if you have it on the
24 top of your head, but how much inflows do you
25 receive every month to be invested from the

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1 employees? I mean, it's got to be tens of millions
2 of dollars.

3 MR. WILLIAMS: Flows are actually negative on a
4 net basis because we pay a lot of benefits out. So,
5 yes, we do have inflows, but we're also paying
6 benefits out.

7 CFO SINK: And we have to figure out where to
8 put that money to work. And so I think we have --
9 my advice would be to just continue to go along
10 within the framework and the structures of the
11 investment policy and the asset allocations that we
12 have.

13 GOVERNOR CRIST: Thank you, CFO. General?

14 ATTORNEY GENERAL McCOLLUM: I'd just like for
15 you, Ash, if you could, if you have it on the top of
16 your head, maybe you don't, to remind us of what we
17 do have in the stock allocation generally right now.
18 We reduced it last year, this trustee board did,
19 before this downturn.

20 I think it was a prudent thing to have done
21 that for a host of reasons. Do you have that? It's
22 like 70 percent or something like, I think,
23 historically, really low for us, or 80 percent?

24 MR. WILLIAMS: I'll tell you, yes, just a
25 moment. Where we are on the current total fund in

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1 domestic equities is -- this is as of yesterday's
2 close -- roughly 42 percent, 42.2 percent, to be
3 precise. Foreign equities would be an additional
4 16.2 percent.

5 ATTORNEY GENERAL McCOLLUM: That gives us an
6 idea where we are with that. And I would comment
7 that I think one of the most respected trade
8 publications that follow such things in a very
9 conservative way is Value Line. And I notice that
10 within the past month, I think in October, having
11 been very conservative on their asset allocation in
12 the common stocks, actually increased their
13 allocation by several percentage points in their
14 recommendation to the subscribers.

15 And I would say that while, with all due
16 respect to the Governor's prudence over here, which
17 I am, too, I think we were prudent last year to cut
18 back, and we would be prudent to watch when the
19 right time is to slightly increase that allocation
20 rather than decrease it.

21 But obviously that's a choice that you will
22 make and recommend to us, not something I wish to
23 tamper with today.

24 MR. WILLIAMS: Yes. I think the key here,
25 Trustees, is that we're not recommending increasing

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1 our equity allocation. And I used the term "target"
2 incorrectly earlier. The word I should have used
3 was "boundary," because as Mr. Cummings pointed out,
4 the target is unchanged. What we're altering is the
5 boundary, which avoids forcing moves during the
6 highly volatile period in the market.

7 I think one of the things that's gotten
8 everyone's attention is the volatility. And I'd
9 like to share a little bit of data with you that
10 will illustrate just how extreme the volatility is
11 that we've seen lately. I saw some analysis
12 yesterday going back to 1950. Since 1950 there have
13 been roughly 15,000 trading days. Of those, only 70
14 have seen moves in the S&P 500, either up or down,
15 of four percent or more.

16 Thirty, fully 30 of those 70 days have occurred
17 within the past three months, over 15,000 trading
18 days. That gives you an idea what sort of an
19 extraordinary, extraordinary environment we've been
20 in in the past few months.

21 So, in that sort of whipsaw environment, one
22 doesn't want to be rebalancing in a slavish manner,
23 a mechanical manner, if you will, simply because you
24 could be pushed by extreme volatility on one day
25 outside of a boundary, rebalance, incur the

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1 transaction cost, the effort, et cetera. And then
2 the following day, if the volatility moves the
3 opposite way, which it does -- and these four
4 percent moves over these days are roughly evenly
5 divided between up and down moves. They're not all
6 one way or the other.

7 So what we did -- and this is follow-up to CFO
8 Sink's question at the last meeting. In early
9 October there was a suspension of rebalancing done.
10 And the CFO asked me at the last meeting was this a
11 temporary move or a long-term move. And I said I
12 would check up and follow up. I've done that. And
13 what we have done is we have not effected another
14 rebalance since that time.

15 What we've been doing for the past two months
16 is, in the class that we're overweight, which is
17 fixed income -- and, again, it is the denominator
18 effect that has gotten us overweight, not an active
19 bet, but stocks have gone down. So to the extent
20 that fixed income assets have gone down less, the
21 proportion of the aggregate portfolio that is fixed
22 income has increased.

23 So rather than rebalance, what we have done
24 thus far is raise roughly \$500 million per month out
25 of fixed income for last month and again this month

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1 to fund benefit payments, to fund capital costs for
2 other investments and to provide us a cash cushion.

3 What we're currently working on is a plan that
4 I think will allow us to correct a significant part
5 of our, if not all of our underweight to equities,
6 U.S. and foreign, without incurring transaction
7 costs. We're working on the details of that, and
8 I'll be happy to provide you further information at
9 a later date. But we're working on a way to get
10 that exposure corrected.

11 The reason, Governor, to your point, one might
12 buy equities in this environment would not be that
13 you're making an additional bet on equities, that
14 you're choosing to actively increase your exposure
15 to equities. The reason you might buy equities in
16 this environment is in the context of a portfolio
17 rebalancing.

18 The reason you do that is the way institutions
19 are managed is we develop what's called an asset
20 allocation that is a mix of various classes of
21 investments that over the long-term, based on the
22 analysis we have done, with Ennis, Knupp's help and
23 others, absolutely minimizes the probability that we
24 will have the shortfall that we're all so concerned
25 about having. And it maximizes the probability we

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1 will have enough or more than enough money to meet
2 all future benefit payments over the long-term.

3 It is this discipline that over the history of
4 the State Board, going back many, many decades, has
5 closed the gap between the original underfunded
6 status of the State Board of Administration and the
7 Florida Retirement System Trust Fund to the
8 overfunded status that it achieved earlier and we
9 want to maintain.

10 GOVERNOR CRIST: I understand. Just whenever
11 somebody comes before us -- and glad to have you
12 down from Chicago, if that's where you're based --
13 and starts talking about increasing private equity
14 or at least it's written on a piece of paper to go
15 from five to seven percent of our total investment,
16 you know, equity to many of us means stock.

17 And as a prudent public servant, I think that I
18 have an obligation to share with you that I don't
19 agree, and that's why I'm here.

20 MR. WILLIAMS: Point well taken. Thank you.

21 ATTORNEY GENERAL McCOLLUM: I would move the
22 Item 4 that is before us.

23 CFO SINK: Second.

24 GOVERNOR CRIST: Show it approved without
25 objection.

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1 MR. WILLIAMS: Thank you very much.

2 GOVERNOR CRIST: Executive director update, is
3 that off now?

4 MR. WILLIAMS: We essentially covered the items
5 that I was going to cover in that update.

6 GOVERNOR CRIST: Thank you. Happy Holidays to
7 you.

8 MR. WILLIAMS: Thank you, sir.

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1 GOVERNOR CRIST: Division of Bond Finance, Ben
2 Watkins. Good morning, Ben.

3 MR. WATKINS: Good morning, Governor --

4 GOVERNOR CRIST: How are you, sir?

5 MR. WATKINS: -- Cabinet members. Very well,
6 thank you. Item 1 is approval of the minutes from
7 the November 20th meeting.

8 COMMISSIONER BRONSON: Motion on Item 1.

9 CFO SINK: Second.

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

12 MR. WATKINS: Item 2 is a resolution
13 authorizing the competitive or negotiated sale of up
14 to \$300 million in Lottery Revenue Bonds, and this
15 is for the continued funding of the constitutional
16 amendment requiring class size reduction.

17 GOVERNOR CRIST: Is there a motion on Item 2?

18 COMMISSIONER BRONSON: Motion on Item 2 for
19 authorization.

20 ATTORNEY GENERAL McCOLLUM: Second.

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

23 MR. WATKINS: And lastly, Item Number 3 is a
24 report of award on the competitive sale of 36 and a
25 half million dollars of Facilities Management

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1 Revenue Bonds that provided funding for construction
2 of a First District Court of Appeals building out at
3 Southwood. The bonds were awarded to the low bidder
4 at a true interest cost of approximately 5.44
5 percent.

6 ATTORNEY GENERAL MCCOLLUM: I move Item 3.

7 COMMISSIONER BRONSON: Second.

8 GOVERNOR CRIST: Moved and seconded. Show it
9 approved without objection. Thank you, Ben.

10 CFO SINK: Governor, can I ask a question?

11 GOVERNOR CRIST: CFO. Excuse me.

12 CFO SINK: It just continues to stun me that
13 we've got tax-free interest rates of 5.43 percent.
14 Any sign of any relief? That's incredibly -- what
15 would be the taxable equivalent on that?

16 MR. WATKINS: Six and a half to seven percent.

17 CFO SINK: Pretty amazing. So I'm presuming
18 the demand for this was probably -- should have been
19 pretty high.

20 MR. WATKINS: It was -- when I look at it, when
21 I back up and look at it from a macro perspective, I
22 was very pleased to get this transaction done.
23 We've actually gotten two transactions done since
24 the credit markets were frozen starting the second
25 week in September.

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1 Since we got these two transactions done,
2 market conditions have deteriorated. The credit
3 markets continue to be challenged in general, in the
4 municipal market specifically, because of two
5 things. One, the increased supply in many issuers
6 who had delayed transactions and delayed financings
7 wanting to come to market. And, secondly, a lack of
8 institutional demand for buying bonds.

9 The only real demand for municipal bonds is
10 from retail and individual investors. And it is, I
11 would a say, a great investment. We just talked
12 about the volatility in the stock market. This is
13 an opportunity to get a good rate of return, with
14 safety and security as the primary objective.

15 And so these bonds were primarily distributed
16 through retail. When you get up into the larger
17 size transactions, which we routinely do, 100, 200,
18 300 million, then it becomes challenging to have
19 enough buyers to generate enough demand to get these
20 kinds of interest rates.

21 So, although this is a good sale and I'm very
22 pleased to get it done because of the size of the
23 transaction and we got good retail demand, when we
24 get into the larger amounts, issuers are being
25 challenged and having to offer a higher interest

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1 rate in order to attract sufficient demand to get
2 those transactions done. So it remains very
3 uncertain going forward.

4 CFO SINK: And it's very concerning. Excuse me
5 for interrupting. But it's very concerning because
6 the ability to issue these bonds all over the
7 country relates to job creation in many respects.
8 For instance, this is related to the construction of
9 the court building out at Southwood.

10 So there's all this pent-up demand for all
11 these municipalities. And I have had an opportunity
12 to talk to a couple of the senators who serve on the
13 Banking and Finance Committee in Washington. And I
14 guess I felt positive that they are very aware of
15 the situation, and I certainly have encouraged them
16 to look at the ways, either through guarantees or
17 liquidity programs, that the federal government can
18 intervene with all these billions of dollars we're
19 giving to everybody else, so that we can begin to
20 reissue bonds at more favorable rates and get
21 projects underway in our states. So I'm very
22 hopeful. They're certainly aware of the problem.

23 MR. WATKINS: Thank you very much.

24 GOVERNOR CRIST: Thank you, Ben.

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1 GOVERNOR CRIST: Office of Financial
2 Regulation, Alex Hager. Good morning, sir.

3 MR. HAGER: Good morning, Governor and Cabinet.
4 Since this is the last Cabinet meeting before the
5 holidays, a special holiday wish to you, your staffs
6 and your family from all of us at OFR.

7 The Office requests approval to file for final
8 adoption with the Department of State amendments to
9 Rule Chapter 69V-560 relating to the money services
10 businesses. The proposed rule implements Senate
11 Bill 2158, which was passed during the 2008 regular
12 legislative session. Senate Bill 2158 was signed
13 into law June 17th and will take effect July 1st,
14 2009.

15 The new law enhances the regulatory framework
16 by providing better tools for the detection,
17 referral and prosecution of crimes, such as money
18 laundering and fraud. The proposed rules implement
19 various provisions of the new law, including
20 imposing additional recordkeeping requirements for
21 money services businesses, increasing bonding
22 requirements, requiring compliance with federal
23 anti-money laundering regulations and specifying
24 reimbursement rates for examinations conducted by
25 state examiners and third party contractors.

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1 Request approval.

2 ATTORNEY GENERAL McCOLLUM: I move --

3 CFO SINK: Move it.

4 ATTORNEY GENERAL McCOLLUM: Second.

5 GOVERNOR CRIST: Moved and seconded. Show it
6 approved without objection.

7 MR. HAGER: The next item, the Office requests
8 approval to publish a Notice of Proposed Rule for
9 Rule 69V-560.1000, relating to the disciplinary
10 guidelines for money services businesses. Senate
11 Bill 2158, which was referred to in the first item,
12 requires the Commission to adopt disciplinary
13 guidelines for each ground for which disciplinary
14 action may be imposed by the Office against the
15 money services business. The proposed rule
16 implements this requirement.

17 CFO SINK: Move it.

18 COMMISSIONER BRONSON: Second.

19 GOVERNOR CRIST: Moved and seconded. Show Item
20 2 approved without objection.

21 MR. HAGER: The Office requests approval to
22 publish a Notice of Proposed Rule for Rule
23 69V-560.1021, relating to the effect of law
24 enforcement records on applications for money
25 services business licensure.

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1 This is a new rule that sets forth the policies
2 of the Office with respect to processing license
3 applications for persons who have been found guilty
4 or who have pled guilty or nolo contendere to
5 certain crimes.

6 These policies address applications for
7 licensure as money services businesses, which
8 includes money transmitters, payment instrument
9 sellers, foreign currency exchangers, check cashers,
10 and deferred presentment providers. This, in
11 effect, does the same thing for these businesses as
12 we did for the mortgage broker issues back in
13 November.

14 ATTORNEY GENERAL McCOLLUM: Move Item 3.

15 COMMISSIONER BRONSON: Second.

16 GOVERNOR CRIST: Moved and seconded. Show it
17 approved without objection.

18 MR. HAGER: The fourth item, the Office
19 requests approval to file for final adoption with
20 the Department of State amendments to Rule
21 69W-600.013, .0131 and .0133, relating to securities
22 regulation. The proposed rule prohibits the
23 misleading use of "senior" or "retiree" designations
24 by associated persons, or stock brokers, and
25 investment advisers.

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1 The proposed rule implements the model rule
2 adopted by the North American Securities
3 Administrators Association, better known as NASA.

4 COMMISSIONER BRONSON: Motion on Item 4 for
5 approval.

6 CFO SINK: Second.

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

9 MR. HAGER: And the last item, the Office
10 requests approval to publish a Notice of Proposed
11 Rule for Rule 69W-500.018. This is a new rule that
12 will exempt from securities registration
13 requirements the retail sale of framed single-share
14 stock certificates that are offered for or sold as
15 decorative gift items.

16 ATTORNEY GENERAL McCOLLUM: Move Item 5.

17 COMMISSIONER BRONSON: Second.

18 GOVERNOR CRIST: Moved and seconded. Show it
19 approved without objection. Thank you, Alex. Happy
20 holidays to you.

21 MR. HAGER: Same to you, sir.

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1 GOVERNOR CRIST: Office of Insurance
2 Regulation. Good morning.

3 MR. STEVENS: Good morning, Governor, members
4 of the Commission. My name is Monte Stevens. I'm
5 the Cabinet Director for Commissioner McCarty. He
6 regrets that he's not able to be here today. Some
7 good news, though. He was elected over the weekend
8 in Dallas as secretary/treasurer of the National
9 Association of Insurance Commissioners.

10 As you know, this is a national organization
11 made up of regulators throughout the 50 states and a
12 few territories, and we're excited that he is able
13 to serve in that capacity and represent the people
14 of Florida on national and international regulatory
15 issues relating to insurance.

16 GOVERNOR CRIST: Please share our
17 congratulations with him.

18 MR. STEVENS: Yes, sir, I sure will. Item 1 is
19 approval for the minutes of the October 14th meeting
20 of the Financial Services Commission.

21 COMMISSIONER BRONSON: Motion for approval of
22 Item 1.

23 CFO SINK: Second.

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

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1 MR. STEVENS: Items 2 and 3, Governor and
2 Commission, relate to the use of informal
3 conferences by the Office of Insurance Regulation
4 when dealing with examinations of insurers. At the
5 request of your staff, we would like to make a
6 motion that that item be withdrawn so that we can
7 work on clarifying the rule. We expect to bring it
8 back sometime at the beginning of 2009.

9 GOVERNOR CRIST: Is that true of Items 2, 3 and
10 4?

11 MR. STEVENS: Yes, sir.

12 GOVERNOR CRIST: Is there a motion to withdraw?

13 COMMISSIONER BRONSON: Motion to withdraw Items
14 2, 3 and 4 from the agenda.

15 GOVERNOR CRIST: Is there a second?

16 ATTORNEY GENERAL McCOLLUM: Second.

17 GOVERNOR CRIST: Moved and seconded. Show
18 those items withdrawn.

19 MR. STEVENS: Thank you.

20 GOVERNOR CRIST: Thank you.

21 CFO SINK: Governor?

22 GOVERNOR CRIST: Yes, CFO.

23 CFO SINK: Let me just ask Monte if you would,
24 I think Steve Parton had a death in his family.

25 MR. STEVENS: Yes, ma'am, he did.

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1 CFO SINK: Express our condolences, please.

2 MR. STEVENS: I will. Thank you.

3 CFO SINK: Thank you.

4 GOVERNOR CRIST: On all our behalf, please.

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1 GOVERNOR CRIST: Department of Revenue. Lisa,
2 good morning.

3 MS. ECHEVERRI: Good morning.

4 GOVERNOR CRIST: You've been working hard.

5 MS. ECHEVERRI: We hope we always are working
6 hard. Item 2 (sic) requests approval of the minutes
7 from the November 20th meeting, recommend approval.

8 GOVERNOR CRIST: Is there a motion on the
9 minutes?

10 ATTORNEY GENERAL MCCOLLUM: I move Item 1.

11 COMMISSIONER BRONSON: Second.

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

14 MS. ECHEVERRI: Item 2 requests approval to
15 publish notices of proposed rule-making for various
16 tax rules. The changes to these rules will
17 incorporate law changes, make annual rate updates,
18 remove obsolete language, update the rules to
19 incorporate recent court decisions and provide for
20 better administration. This is the beginning
21 process of rule-making, and we request approval to
22 start that process.

23 GOVERNOR CRIST: Is there a motion on Item 2?

24 COMMISSIONER BRONSON: Motion on Item 2 for
25 approval.

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1 ATTORNEY GENERAL McCOLLUM: Second.

2 GOVERNOR CRIST: Moved and seconded. Show Item
3 2 approved without objection.

4 MS. ECHEVERRI: Item 3 requests approval to
5 adopt, file and certify general amendments to our
6 tax forms. The purpose of these amendments are to
7 update with annual rate changes. Recommend
8 approval.

9 COMMISSIONER BRONSON: Motion for approval of
10 Item 3.

11 CFO SINK: Second.

12 GOVERNOR CRIST: Moved and seconded. Show Item
13 3 approved without objection.

14 MS. ECHEVERRI: Item 4 requests approval to
15 adopt, file and certify amendments to Rule
16 12B-5.130. This rule update incorporates a recent
17 court decision in the Pritchett Trucking, Inc., case
18 and provides for more accurate administration of the
19 motor fuel tax for refund purposes.

20 GOVERNOR CRIST: Is there a motion on Item 4?

21 ATTORNEY GENERAL McCOLLUM: Move Item 4.

22 COMMISSIONER BRONSON: Second.

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

25 MS. ECHEVERRI: Item 5 is a good cause item

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1 that was placed on the agenda by the Governor on
2 December 5th. This is a little bit of an unusual
3 item because it is a request to approve an emergency
4 rule. I'd like to give you a little background on
5 the rule.

6 This is actually an issue that came up at the
7 last Cabinet meeting. CFO Sink asked about the
8 Department's administration of a recent law change
9 on bonus depreciation. In 2008 Congress passed the
10 2008 economic stimulus package, which included bonus
11 depreciation and expensing provisions for taxpayers
12 to try and stimulate investment.

13 The Florida Legislature, in looking at the
14 bonus depreciation provisions and adopting their
15 annual corporate income tax piggyback, determined
16 that the State did not want to couple to those
17 provisions, it did not want to adopt the provisions
18 of the stimulus package.

19 The impact was estimated to be about \$146
20 million on the State, and it was determined that
21 because of the revenue situation, Florida was not
22 going to pick up those changes.

23 So as a result, the Legislature passed House
24 Bill 5065. The purpose of this bill was to adopt
25 all other changes to the federal code except those

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1 federal stimulus provisions. Unfortunately, it was
2 discovered after the legislation was passed that
3 because certain adjustments were not added to the
4 language, the effect, if literally read, of that
5 bill was to not only decouple from those federal
6 provisions but actually to impose additional tax on
7 Florida businesses if they elected the bonus
8 depreciation provisions.

9 Many businesses came forward to say that this
10 would have a very harmful impact on businesses and
11 the economy in Florida. They were really faced with
12 a choice between not taking the bonus depreciation
13 and, therefore, losing the benefit of those federal
14 provisions and having higher taxes or electing the
15 bonus depreciation provisions and having higher
16 Florida taxes, which was also undesirable.

17 The Florida Legislature sent a letter, through
18 the Speaker of the House and the President of the
19 Senate, to the Department of Revenue, explaining
20 that it had not been the intent of the Florida
21 Legislature for this result, that they had intended
22 to only have a neutral impact on taxpayers by
23 backing out the federal stimulus provisions.

24 They asked the Department to provide for
25 penalty waivers if businesses chose to go ahead and

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1 take the bonus depreciation, file according to how
2 they believe the Legislature would address this
3 issue in an upcoming session, and that if in the
4 unlikely event those changes were not made, the
5 Department would not penalize the taxpayers.

6 This is sort of the normal way things are
7 handled when there might be a glitch or a need for
8 clarification in the law, because typically the
9 taxpayers are just looking for certainty. And if
10 the Legislature comes back, they just want to know
11 that if they were wrong in the interim, that they
12 will not be penalized.

13 We didn't really understand at the last Cabinet
14 meeting that that fix was not going to be enough or
15 sufficient for taxpayers to feel comfortable in
16 selecting bonus depreciation. So after the last
17 Cabinet meeting, we met with taxpayers again, got a
18 lot of input, and began to realize that the real
19 impact was immediate, in that if taxpayers elected
20 to take bonus depreciation and the increased
21 expensing, they had to report the tax liability on
22 their current financial statements, that that would
23 have an immediate impact to earnings per share,
24 would have an immediate impact to their ability to
25 obtain capital. And so it was an undesirable

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1 result.

2 We began trying to look at other options, was
3 there anything that the Department of Revenue could
4 do to address the situation. Our interpretation of
5 the law, there had been court cases and situations
6 where the Legislature had decoupled from federal
7 provisions or did not pick up federal provisions,
8 and the case law was pretty explicit that you could
9 not create additions and subtractions or adjustments
10 without explicit legislative authority.

11 So we began to go back and try to look at the
12 issue, because clearly this was going to impact
13 Florida businesses in a negative way. In fact, I
14 think Tax Watch has recently done a study or an
15 analysis of several companies and has determined
16 that, if interpreted literally, these provisions
17 would cost Florida jobs and have economic impact in
18 terms of companies not being able to obtain capital.

19 So when we looked at it, we realized that the
20 case law that had previously interpreted the
21 inability to create these adjustments were in very
22 different situations than the one that we were faced
23 with today.

24 In those cases, the Legislature clearly would
25 have had an opportunity to know what the federal

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1 provisions were and what the impacts of their
2 changes were. And the Court said that without
3 explicit authority, the State couldn't come in and
4 create adjustments.

5 In this situation, we have a very different set
6 of facts. The Legislature has come to us and said
7 that they didn't realize the result of not adding
8 those adjustments, that they didn't intentionally
9 want to impose additional taxes on taxpayers and
10 that it was never their intent to have this result.
11 So we think the current situation could be
12 distinguished from the prior cases in this same
13 area.

14 Because of the short time frame, because of the
15 emergency situation, we felt that the best way to
16 proceed with a policy departure of that type would
17 be to come to the Governor and Cabinet with an
18 emergency rule to address the issue, to basically
19 give full force and effect to the Legislature's
20 intent in this provision.

21 And so we've provided in today's Item 5 an
22 emergency rule, the purpose of which is to simply
23 provide that taxpayers can get the benefit of
24 depreciation that they would have had under the
25 existing law prior to the economic stimulus package.

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1 It's really a timing issue. Depreciation,
2 under the new federal economic stimulus package,
3 basically allows businesses to depreciate more of
4 the asset's value earlier but then less over time.
5 It's not really a -- it doesn't provide any benefit
6 over the course of the entire life of the asset. It
7 just provides that benefit earlier to reduce tax
8 liabilities earlier.

9 So basically we put it back into the condition
10 where Florida taxpayers would be able to fully
11 depreciate assets that they purchased in 2008.

12 GOVERNOR CRIST: Thank you very much, Lisa.
13 Commissioner?

14 COMMISSIONER BRONSON: Governor, in the
15 interest of the business and economy of the state
16 and the private citizen's ability in this economic
17 time, I'd like to move for approval of Item 5 for
18 good cause reasons to this board.

19 GOVERNOR CRIST: Thank you. Is there a second?

20 ATTORNEY GENERAL McCOLLUM: Second.

21 GOVERNOR CRIST: Moved and seconded. Show it
22 approved without objection. Thank you very much for
23 your hard work. Appreciate it.

24

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1 GOVERNOR CRIST: Department of Veterans'
2 Affairs, Admiral Collins. I guess you were happy
3 with the result of the Army-Navy game.

4 MR. COLLINS: Yes, sir, absolutely.

5 CFO SINK: What about the upcoming Navy versus
6 Wake Forest game? Maybe we have to have a little
7 side bet here.

8 GOVERNOR CRIST: You know, I won a bet this
9 weekend with the governor of Alabama, and he is
10 going to be sending us some wonderful barbecue, so
11 if you like barbecue, come on by.

12 CFO SINK: I'll be there.

13 GOVERNOR CRIST: Admiral, good morning.

14 MR. COLLINS: Morning Governor and members of
15 the Cabinet. The Florida Department of Veterans'
16 Affairs has four items for the agenda. We
17 respectfully request withdrawal of a fifth item, our
18 rules revision, and plan to present it at a future
19 meeting of the Cabinet. Attachment 1, the minutes
20 of the October 28th meeting.

21 GOVERNOR CRIST: Is there a motion on the
22 minutes?

23 COMMISSIONER BRONSON: Motion on Item 1.

24 CFO SINK: Second.

25 GOVERNOR CRIST: Moved and seconded. Show it

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1 approved without objection.

2 MR. COLLINS: Thank you, sir. Attachment
3 Number 2 is our quarterly report for the period of
4 July the 1st through September the 30th, 2008. If I
5 may, I'd like to draw your attention to page number
6 seven of that report. The chart under Bureau of
7 Field Services shows a continued increase in
8 numbers, reflecting our returning younger veterans
9 from the global war on terrorism.

10 You'll see the number of issues resolved
11 increased from 2,231 last year at this time to 3,504
12 this year. And the number of veterans served is up
13 30 percent, from 2,910 at this time last year to
14 4,081 in the first quarter of this year.

15 Under the Homes Program on page number eight,
16 you'll notice revenues up slightly and expenses up
17 significantly, from \$10 million to 12 million. It
18 is further broken down by individual homes in the
19 second charge -- in the second chart, also on page
20 eight. Comparing the same quarter last year also
21 showed expenses exceeding revenues in the early part
22 of the fiscal year. So the revenue-to-expense
23 relationship is not new for this time of the fiscal
24 year.

25 Of the \$4 million overage, about one million,

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1 one and three-quarter million has to do with the lag
2 time in the billing cycle from federal per diem in
3 the fourth quarter of the federal fiscal year.

4 A significant amount, about two million, is
5 related to expenses incurred at the end of last
6 fiscal year and paid during this year. And the
7 third component has to do with increased cost of
8 food, fuel and supplies. Over the course of the
9 year, the revenue and expense columns tend to work
10 themselves out.

11 However, we plan to ask the Legislative Budget
12 Commission to give us additional spending authority
13 this year. We have the money in our trust funds.
14 We just need the additional authority to spend it,
15 to reflect cost increases and to address accounting
16 procedures. I recommend approval.

17 ATTORNEY GENERAL McCOLLUM: I move the item.

18 CFO SINK: Second.

19 GOVERNOR CRIST: Moved and seconded. Show Item
20 2 approved without objection.

21 MR. COLLINS: Thank you, sir. The next item
22 concerns our legislative policy initiatives. We are
23 proposing three items that are essentially
24 amendments to current law. As such, they're all
25 drafted into one bill with three component sections.

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1 It is entitled an Act Related to Veterans' Affairs.

2 In your packet, you should find a page called
3 the Legislative Proposal Chart, which will provide
4 an overview of the issues. There's also a draft
5 bill with proposed language provided to staff as
6 support documentation.

7 Item 1 amends 320.089 of the Florida Statutes,
8 directing all funds generated by the sale of
9 military and veteran stamped vehicle tags to be
10 deposited in the Veterans' Home Trust Funds. It
11 does not create any new tags.

12 As you know, the nursing homes are the biggest
13 component of our budget. The more homes we build
14 and the older they become, the greater the cost in
15 operating and maintaining them.

16 Item Number 2 amends 295.16 of the Florida
17 Statutes, addressing the waiver of building and
18 permitting fees for honorably discharged, 100
19 percent permanently and totally service-disabled
20 veterans. They have to be residents in Florida and
21 be making safety or accessibility improvements to
22 their dwelling.

23 Item Number 3 is a technical amendment to
24 address the newly passed Post-9/11 GI Bill, allowing
25 Florida Statute to reflect changes in federal law,

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1 specifically Chapter 33 of the Code of Federal
2 Regulations relating to tuition deferments. I'd
3 like to comment about the new GI Bill later in my
4 remarks.

5 GOVERNOR CRIST: Is there a motion on Item 3?

6 ATTORNEY GENERAL MCCOLLUM: I move Item 3.

7 COMMISSIONER BRONSON: Second.

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

10 MR. COLLINS: Our final item is the legislative
11 budget request for fiscal years 2009 and '10. We
12 are acutely aware of the budget difficulties and
13 we've agonized in the submission, but these are
14 needs which I feel it's my duty to identify, and we
15 must do the best we can with them.

16 The first page of the budget slides shows a
17 continuation budget of 59 million and proposed
18 issues totaling 13 million. In both cases the
19 majority of funding is trust fund dollars generated
20 by the Veterans' Homes, and you can see that in the
21 appropriate columns.

22 The single largest general revenue item is the
23 cost for startup staffing for the
24 soon-to-be-constructed state veterans' nursing home
25 in St. Johns County. The number of dollars in FTEs

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1 are fluid and will depend upon the construction
2 timeline.

3 Land clearing has been completed, and the
4 permitting process is progressing. Actual
5 construction should begin in January and should be
6 completed in about 14 months. It is that uncertain
7 completion date that is driving the staffing
8 estimates. On the second and third pages, all the
9 other items are requests for increases in trust fund
10 authority.

11 The fourth slide requests IT based budget and
12 staffing increase. It is a repeat request that fell
13 to the budget ax last year. We are requesting three
14 additional staff, costing \$207,000. I know this is
15 a very tough budget year, and next year may be
16 worse. We have staff in 28 facilities, mostly
17 veteran health care facilities located throughout
18 our state.

19 The need for a capable IT infrastructure is
20 critical for us to do our job. The number of FDVA
21 staff using IT services has increased from 400 in
22 year 2003 to over 900 in 2008, but our IT staff is
23 still ten and has remained the same since 2004.

24 With the opening of the new veterans' nursing
25 home, an additional 145 users will be added. That's

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1 in 2010, the same fiscal year as this request.
2 Industry standards show staffing for our number of
3 end users to be from a low of 22.9 FTEs, which are
4 in the Forrester study, to a high of 47 FTEs in the
5 Gartner study, which these were done in the past two
6 to three years. FDVA is at the bottom, when
7 compared with other health and human service
8 agencies, at just ten.

9 Our current budget base is \$758,000. That has
10 remained unchanged for the past two years. This has
11 adversely affected staff productivity. Furthermore,
12 the lack of funding has delayed or restricted the
13 capability to maintain and update primary database
14 applications. We are requesting a base budget
15 increase of \$372,000.

16 Our next budget request affects our Division of
17 Benefits and Assistance. This division has
18 experienced an increase in work flow commensurate
19 with the return of our Operation Iraqi Freedom and
20 Operation Enduring Freedom veterans. That's Iraq
21 and Afghanistan.

22 The ratio of federal dollars brought into
23 Florida's economy relative to the Benefits and
24 Assistance staff cost is over 70 to one. The
25 federal VA has increased claims staff for the past

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1 two years. We are requesting one new staff
2 assistant, totaling \$46,000, to help expedite the
3 flow of veterans' benefits.

4 Furthermore, we are requesting a \$71,000
5 increase in the Division's recurring base budget to
6 fund the expansion of the bureau field service
7 activities. This includes the Seamless Transition
8 Program, which ensures that severely injured service
9 members are identified quickly when they are moved
10 from military hospitals to VA facilities in our
11 state, so they and their families can be linked up
12 with existing state and federal programs offering a
13 variety of educational, employment, health care and
14 family assistance.

15 The other large item is a placeholder request
16 for a proposed new program called the Florida Campus
17 Veterans' Representative Program, or the Vet Rep
18 Program. Let me emphasize, this is a placeholder
19 request subject to our finding a source of ongoing
20 funding totally outside of state government. The
21 Legislature this past year gave us the vehicle with
22 which to do that.

23 This is based upon the fact that President Bush
24 has recently signed the largest and most
25 comprehensive GI Bill since World War II. This

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1 26 billion Post-9/11 GI Bill will become effective
2 on August the 1st, 2009. As you know, Florida has
3 158,000 OIF and OEF veterans, mostly young men and
4 women. Ready or not, we can expect a tidal wave of
5 new college students entering Florida's colleges and
6 universities by this time next year, even more so
7 now, with the downturn in the economy making job
8 prospects dimmer.

9 The Campus Vet Rep Program is designed to
10 ensure these veterans are receiving not only the
11 educational benefits they are entitled, but the
12 myriad of other, health care, housing, employment
13 and mental health services they have earned by their
14 service to us.

15 On the plus side, the flow of federal dollars
16 will be a significant boost to our state's economy.
17 After Vietnam, 23 percent of eligible veterans
18 utilized their educational benefits under the Vet
19 Rep Program at that time. After the Vet Rep Program
20 began, 76 percent used their GI Bill benefits.

21 So you can see the historic return on
22 investment. These veterans will be coming to school
23 with their fully paid college costs. If we don't
24 prepare, we'll leave federal dollars on the table or
25 they will go to other states that have had the

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1 foresight to plan.

2 The 39 requested FTEs is a soft figure, based
3 upon 28 state and community colleges and 11 state
4 universities. The 2.49 million figure is a
5 placeholder and should not reflect trust fund
6 dollars because funding is dependent upon non-state
7 sources. Thank you for your consideration of these
8 matters.

9 GOVERNOR CRIST: Thank you, Admiral.

10 ATTORNEY GENERAL MCCOLLUM: Move Item 4.

11 GOVERNOR CRIST: Is there a second?

12 COMMISSIONER BRONSON: Second.

13 GOVERNOR CRIST: Moved and seconded. Show it
14 approved without objection. Item 5 I think the
15 Admiral requested that we withdraw. Is there a
16 motion to withdraw Item 5?

17 CFO SINK: Move it.

18 COMMISSIONER BRONSON: Second.

19 GOVERNOR CRIST: Moved and seconded. Show Item
20 5 withdrawn without objection. Admiral, thank you
21 very much. Happy holidays to you and your family.

22

23

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1 GOVERNOR CRIST: Department of Law Enforcement,
2 Commissioner Bailey. Good morning, Commissioner.

3 MR. BAILEY: Good morning, Governor.

4 GOVERNOR CRIST: How are you, sir?

5 MR. BAILEY: I have five items for you this
6 morning. The first is the minutes of our August
7 12th Cabinet meeting.

8 COMMISSIONER BRONSON: Motion to accept the
9 minutes.

10 ATTORNEY GENERAL MCCOLLUM: Second.

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

13 MR. BAILEY: The second item is our performance
14 report and purchases over 100,000 for the first
15 quarter. Our performance in that quarter is
16 consistent with previous quarters, but I do want to
17 highlight one issue, and that's the continued
18 progress in our DNA operations. It continues to be
19 a valuable tool.

20 When I appeared before you in August, we had
21 just learned of the arrest of Patrick Murphy for the
22 kidnap, rape and murder of Coralrose Fullwood. We
23 now know that that would not be solved today if it
24 were not for FDLE's DNA database. Murphy was in
25 prison on charges of grand theft and burglary, but

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1 DNA that he surrendered upon entering the system was
2 matched with DNA found on the six-year-old's body.

3 That's only one example. A day does not go by
4 that we do not get a hit on that DNA database.
5 Today there's over 500,000 samples in that database,
6 90 of which have been surrendered upon
7 incarceration. Since the inception, we've had 9,500
8 hits. We lead the nation in hits and make up 12
9 percent of the national hits.

10 We continue to make strides in DNA on the other
11 side, which is the analysis. Since 2006 we've
12 reduced the backlog by one-third. And when we
13 started there, it was taking us 200 days to return a
14 sample to our law enforcement constituents. Today,
15 we're at the end of this quarter that I'm talking
16 about, it's taking us 57 days to return those same
17 samples. I'd be happy to answer any questions on
18 our first quarter.

19 ATTORNEY GENERAL McCOLLUM: I just, if I could,
20 Governor.

21 GOVERNOR CRIST: Yes, please, General.

22 ATTORNEY GENERAL McCOLLUM: I'd just like to
23 comment that you didn't highlight it, but the cold
24 case results from these playing cards is really
25 good, too, even though it might not have the same

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1 significance as DNA. I'm really proud of that
2 partnership you and I have on that.

3 MR. BAILEY: That is continuing to pay
4 dividends, and we continue to get both national and
5 international requests on how that system is done.
6 We're working on yet another deck that's going to
7 highlight other missing persons as well as the
8 murders. This will be primarily on missing persons,
9 the next deck.

10 ATTORNEY GENERAL McCOLLUM: And I didn't
11 explain it. Lest anybody watching this doesn't
12 understand, we're putting playing card decks with
13 missing persons and cold cases into the hands of
14 prisoners and jail inmates in the state in hopes
15 that they will generate somebody putting up for
16 reward --

17 MR. BAILEY: Yes.

18 ATTORNEY GENERAL McCOLLUM: -- some tip that
19 leads to the capture or the identification of a
20 missing person, one of the two, capture of the
21 criminal.

22 MR. BAILEY: That's in conjunction with your
23 agency, Corrections and, of course, Florida Crime
24 Stoppers, that helped --

25 ATTORNEY GENERAL McCOLLUM: Great program.

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1 MR. BAILEY: It's working.

2 ATTORNEY GENERAL McCOLLUM: I don't have a
3 question. I just wanted to comment on it. And,
4 again, I think you-all are doing a great job. I
5 don't know if anybody else has a comment, but I
6 would move Item 2.

7 COMMISSIONER BRONSON: Second.

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

10 I need to go back to Item 4 of the previous
11 section with Veterans. Florida law requires the
12 Governor to independently submit a budget proposal.
13 Accordingly, I will abstain from a vote on that
14 item. And the record should reflect that this item
15 is approved with one abstention. Thank you.

16 Next item, Commish.

17 MR. BAILEY: Item 3 is our '09-'10 legislative
18 budget request. We provided this document to you
19 earlier and appreciate your input on this request.
20 You've seen that it's very conservative and includes
21 funding for two recurring issues, totaling \$1.3
22 million, all of which is operating trust funds.

23 First we're requesting \$300,000 to maintain and
24 improve the sexual offender, sexual predator
25 database. And this appropriation will assure our

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1 continued compliance with Adam Walsh and Jessica
2 Lunsford Acts.

3 The second part of this LBR is \$1 million to
4 complete repairs on our Tampa facility. This is for
5 a leaky roof. And it's a phase -- it's the last
6 phase of a four-phase process to bring that building
7 up to standards.

8 COMMISSIONER BRONSON: Motion for approval of
9 Item 3.

10 CFO SINK: Second.

11 GOVERNOR CRIST: Moved and seconded. Show the
12 item approved. Again, Florida law requires the
13 Governor to independently submit a budget proposal.
14 Accordingly, I am abstaining from a vote on Item 3.
15 Item 4.

16 MR. BAILEY: Item 4 is our proposed legislation
17 for the upcoming session. We're anticipating
18 proposing two bills. First, the Firearms Purchase
19 Program, which was established in '91, is due to
20 sunset next October. This program runs criminal
21 history checks on our citizens that are attempting
22 to buy firearms.

23 We are one of 13 states that acts on behalf of
24 the FBI, and in effect we do our own checks. In
25 '07-'08 we processed 425,000 of these applications.

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1 As a point of interest, November that just passed
2 was 73 percent higher than November last. This
3 proposed legislation will simply remove the sunset
4 date in the current bill.

5 GOVERNOR CRIST: Is there a motion?

6 ATTORNEY GENERAL MCCOLLUM: I would move Item
7 4, and I would comment, as I do, that this firearm
8 purchase program is really important on criminal
9 history. So I move Item 4.

10 MR. BAILEY: There is one other segment, one
11 other issue that we are proposing for the -- for
12 legislation. And that's the DNA database, which we
13 talked about earlier, established in '89. What we
14 are introducing there is a cleanup bill that is
15 constructed to conform with the federal law and
16 recommendations from the FBI. It adds no new
17 offenses to the database. And with that, those are
18 our two pieces of legislation.

19 GOVERNOR CRIST: There's been a motion. Is
20 there a second on Item 4?

21 CFO SINK: I'll second it. And I have a
22 comment, though.

23 GOVERNOR CRIST: Sure, CFO.

24 CFO SINK: Commissioner Bailey, my
25 understanding, because when we were having our

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1 briefing, as you're probably aware, you're proposing
2 to increase the fee from five to eight dollars. And
3 I'm always concerned, in this time of tight budget
4 times, that all of our agencies in state government
5 are covering our cost of issuing various licensing,
6 doing background checks. And am I correct that my
7 staff has confirmed that this eight dollars will
8 cover the cost?

9 MR. BAILEY: No, there's a misunderstanding
10 there. The fee does not increase. Although the
11 statute does allow us to charge up to eight
12 dollars --

13 CFO SINK: Okay.

14 MR. BAILEY: -- we're recommending that the fee
15 stay at the current five dollars.

16 CFO SINK: And does that five dollars -- it
17 seems pretty low to me. We have a whole list of
18 other states here; Nevada, \$25, California, \$19.
19 We're the lowest of the bunch. Is that covering our
20 cost?

21 MR. BAILEY: Yes, it is. Two states, Nevada
22 charges the most. You should look at that one.
23 They charge, I think, \$25.

24 CFO SINK: Right.

25 MR. BAILEY: Colorado, I know the taxpayers --

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1 it's general revenue funded. But other than that,
2 we're the lowest. The five dollars covers it. I
3 don't think four would be enough and six would
4 generate a surplus.

5 The way the statute is set up is if in fact
6 there is a surplus, that is to be used for
7 protective vests for law enforcement. But right
8 now --

9 CFO SINK: That's not a bad cause either.

10 MR. BAILEY: No. But five dollars seems -- I
11 think should not be changed. I think it should stay
12 right where it is.

13 CFO SINK: Okay. Thank you.

14 COMMISSIONER BRONSON: Governor?

15 GOVERNOR CRIST: Go ahead, Commissioner.

16 COMMISSIONER BRONSON: If I might as well, as
17 we mentioned earlier with our IT potential for the
18 State, there is a continuing problem of trying to
19 identify those people who may be currently
20 potentially viable to have their license suspended
21 and/or revoked on concealed weapons permits because
22 of the way we have to try to match information
23 coming in from the courts, from FDLE, from the
24 myriad of aspects that we have. And then I think
25 some of this is going to take definitely legislative

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1 changes, and especially those items where medical
2 records could be a part of acquisition by the
3 general public under freedom of information, which
4 as we know, doctors and other people can't give out
5 medical records. So it kind of puts us in a little
6 bit of a quandary.

7 And I'm hoping we can work with Commissioner
8 Bailey and others as to how we get to the root of
9 that problem as well, because it does -- our people
10 are trying to do the best job possible over at
11 Licensing. But as you probably are aware, we handle
12 licensing of not only concealed weapons permits but
13 also private investigators and anybody who is in the
14 security avenue.

15 So they're doing a lot of work over there.
16 Last year alone we had 111,000 applications for
17 concealed weapons permits and roughly ten people
18 trying to process all those people. It's a tough
19 job. We're trying to get a few more people on
20 board.

21 But hopefully with this technology and with the
22 help of the Legislature, we can come up with a way
23 that this all works. There are people who probably
24 should have their license revoked or suspended
25 immediately, upon notice. And sometimes we don't --

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1 we're not able to get that.

2 And I know how critical this item is, is the
3 reason why I want to help Commissioner Bailey by
4 asking for approval of the motion. But I think it's
5 going to take a lot of work between now and the end
6 of session to get this worked out, Governor.

7 GOVERNOR CRIST: Yes, sir.

8 MR. BAILEY: And if I may, you're exactly right
9 because, again, hardly a day goes by that someone is
10 not trying to buy a weapon that has an outstanding
11 warrant, and we're in touch with the sheriffs around
12 the state about that.

13 Further, hardly a day goes by that someone is
14 not trying to buy a weapon that has a domestic
15 violence injunction already placed upon them by our
16 courts. So it is an important issue, and it's one
17 that we will definitely look forward to working with
18 you and the Legislature on.

19 COMMISSIONER BRONSON: Well, Governor, if I
20 might make another statement publicly here as a
21 member of the Cabinet whose responsibility is these
22 permits and so forth. And I know there's been a
23 national, supposedly some kind of study that
24 somebody ran, and I never have figured out exactly
25 who paid for it or how the study came out, that

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1 indicates that when crimes across America are
2 committed, that somehow all these guns come directly
3 back to the state of Florida.

4 Commissioner, I want to get with you on that
5 because there's something smelly about this report,
6 and I want to get to the bottom of it. I would say
7 to you and for public notice here on my behalf, if
8 the crime situation was that bad, you would see the
9 crime figures in Florida much higher, considering
10 that we do have a concealed weapons permit, probably
11 bar none to any other state in the country, but yet
12 we're not seeing the people who have these permits
13 that are involved in those situations.

14 It's still criminals who could care less what
15 the law says, what the penalties are, whether they
16 get their guns -- they don't want to get them
17 legally. Most of them want to acquire them from
18 anywhere illegally, if they can. And those are the
19 ones we're trying to put in jail as fast as we can
20 to get them off the street.

21 But I find that whole report a little bit
22 disturbing, that there are some indications here,
23 and I think Georgia and Florida were implicated for
24 some reason in that report, but yet our crime
25 statistics are not as high as some of the areas of

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1 the country who are trying to indicate that Florida
2 is the big problem.

3 So I -- on behalf of members of this Cabinet
4 and to our legislative delegation, we're going to
5 hopefully get to the bottom of what that's all about
6 because until we do, it's going to be hard getting
7 these issues worked out as well.

8 I just wanted to make that a public statement.
9 I took offense at some of the statement that was
10 made because it's a little bit like the food crisis
11 we went through this summer. If Florida was the
12 problem, we'd have people sick all over Florida.
13 And Florida was not the problem. There were people
14 trying to point the finger, but it was not the
15 problem. And I think maybe in some cases this is
16 going to work out the same way.

17 GOVERNOR CRIST: Very good. Thank you,
18 Commissioner. Appreciate that. It's been moved and
19 seconded. Are there any objections? Show the item
20 approved without objection.

21 MR. BAILEY: Our final item is a notice of
22 proposed rules. We're noticing you with five.
23 There will be -- this is just the start of the
24 process. They will be published in the
25 Administrative Weekly in January. If there are

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1 hearings requested, that will be February. And we
2 anticipate bringing these five rules back to you at
3 the March 10 Cabinet meeting.

4 Since it is the start, unless you have specific
5 details, I won't -- specific questions, I won't go
6 into the details on these at this time.

7 ATTORNEY GENERAL McCOLLUM: Move Item 5.

8 CFO SINK: Second.

9 GOVERNOR CRIST: Moved and seconded. Show it
10 approved without objection. Commissioner, thank
11 you.

12 MR. BAILEY: Thank you.

13 GOVERNOR CRIST: Have a great holiday.

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1 GOVERNOR CRIST: Administration Commission,
2 Lisa Saliba. Good morning, Lisa.

3 MS. SALIBA: Good morning, Governor, Cabinet
4 members. We have two items for you today. The
5 first, we request approval of the minutes from the
6 October 28th meeting.

7 GOVERNOR CRIST: Is there a motion on the
8 minutes?

9 COMMISSIONER BRONSON: Motion on the minutes.

10 CFO SINK: Second.

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

13 MS. SALIBA: Item Number 2, we request approval
14 of proposed amendments to Rule 60L-33.004, and it is
15 related to layoffs and employee transitions. The
16 rule is proposed by the Department of Management
17 Services. We do have Division Director of Human
18 Resource Management Sharon Larson on hand for any
19 questions you may have.

20 GOVERNOR CRIST: Can you tell us what it does?

21 MS. SALIBA: It revises the rule and sets up
22 criteria in the event that an agency has to lay off
23 so that years of service and other measurable
24 criteria will be considered in an evaluation
25 process.

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1 GOVERNOR CRIST: We don't do that now?

2 MS. SALIBA: We do. Sharon, I don't know if
3 you want to answer it. We do to some extent. There
4 are some provisions added to that.

5 GOVERNOR CRIST: I'm just curious what the
6 change would be.

7 MS. LARSON: Actually -- Governor and Cabinet,
8 good morning. I'm Sharon Larson. I'm director of
9 the Division of Human Resource Management. This
10 rule change comports with the recent statutory
11 change last session, House Bill 887, which added
12 length of service to one of the factors that's taken
13 into consideration.

14 So previously, no, Governor, length of service
15 was not one of the factors that the agency was
16 required by law to consider when making these
17 determinations.

18 GOVERNOR CRIST: Is there a motion on Item 2?

19 CFO SINK: I move it.

20 COMMISSIONER BRONSON: Second.

21 GOVERNOR CRIST: Moved and seconded. Show it
22 approved without objection. Thank you very much.

23 MS. LARSON: Thank you.

24 GOVERNOR CRIST: Happy Holidays.
25

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1 GOVERNOR CRIST: Board of Trustees, Mike Sole,
2 Secretary. How are you, buddy?

3 MR. SOLE: Sir, I'm well this morning.

4 GOVERNOR CRIST: Doing great work as always.
5 Thank you.

6 MR. SOLE: Thank you. You're too kind.

7 GOVERNOR CRIST: I'm honest.

8 MR. SOLE: Item Number 1, submittal of the
9 minutes for the October 14th, 2008, Cabinet meeting.

10 CFO SINK: I move it.

11 COMMISSIONER BRONSON: Second.

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

14 MR. SOLE: Thank you. Item Number 2 requests
15 consideration for an application from Gulf Power for
16 its Crist Plant located in Escambia County. This
17 application requests an expansion of an existing
18 lease area and a new lease area. This expansion is
19 needed to help address additional coal coming to the
20 Crist Electric Plant, as well as, more importantly,
21 one of the issues that the Gulf plant is doing is
22 upgrading its air emissions infrastructure, putting
23 in scrubbers. And as part of that, there's a need
24 to off-load and bring in limestone to the facility.
25 The consideration is for \$94,275.

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1 ATTORNEY GENERAL McCOLLUM: I move Item 2.

2 COMMISSIONER BRONSON: Second.

3 GOVERNOR CRIST: Moved and seconded. Show it
4 approved without objection.

5 CFO SINK: Governor, can I just ask some
6 clarifying questions here?

7 GOVERNOR CRIST: Please.

8 CFO SINK: It's my understanding that this is
9 another example of an entity that was using excess
10 submerged lands. So did we -- how many years were
11 they -- did they use the extra?

12 MR. SOLE: We identified, based upon our
13 enforcement case, that they had anticipatedly been
14 using or been mooring outside -- not mooring, but
15 tying up outside a lease area since 2001. As part
16 of that enforcement case, we got into a temporary
17 use agreement with Gulf Power and required them to
18 pay lease fees in arrears plus interest associated
19 with that activity.

20 CFO SINK: But they were not penalized at all
21 for the infraction?

22 MR. SOLE: They were not, CFO. And I'm just
23 going to --

24 CFO SINK: Why not?

25 MR. SOLE: And I'm going to say I think they

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1 should have been, and I've had a conversation with
2 my district director about that. And in this case,
3 I've given guidance that if we identify areas that
4 are not in compliance with their existing easements,
5 that not only do we pursue those lease fees, or in
6 this case lease fees in arrears, we should also
7 pursue appropriate penalties. They've gotten the
8 message and I'm sure will do the right thing in the
9 future.

10 CFO SINK: Well, I'm glad you have that
11 philosophy. Thank you.

12 MR. SOLE: Yes, ma'am.

13 GOVERNOR CRIST: Thank you, Secretary. Item 3?

14 MR. SOLE: Sorry. I got lost. I forgot if we
15 voted.

16 GOVERNOR CRIST: Teamwork.

17 MR. SOLE: Yes, sir. Thank you, Governor,
18 appreciate your help. Item 3 requests consideration
19 of an application from the City of Naples for two
20 mooring fields totaling some 4.21 acres located in
21 Naples Bay.

22 Because this is a government entity, there is
23 no -- and they are using the revenues for purposes
24 of operation and maintenance of the facility, there
25 is no consideration. Similar to the last item,

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1 unfortunately, this is also under a temporary use
2 agreement, in which City of Naples installed these
3 eight buoys currently in 2005.

4 The Department got into an enforcement case
5 with the City of Naples. Some \$13,000 in fees and
6 penalties were assessed. This puts them back in
7 square by getting an appropriate sovereignty
8 submerged lands lease for these two mooring areas.

9 GOVERNOR CRIST: Is there a motion on Item 3?

10 CFO SINK: Governor.

11 GOVERNOR CRIST: CFO.

12 CFO SINK: I'd like to make a motion with an
13 amendment to it, please.

14 GOVERNOR CRIST: Sure.

15 CFO SINK: Again, a long history of
16 noncompliance on the part of the City of Naples.
17 And you answered the last question with the right
18 answer, in my opinion. I presumed you would have
19 the same answer in this one.

20 But we are getting ready to -- because this is
21 a public entity, we're not going to receive any
22 lease fees --

23 MR. SOLE: Correct.

24 CFO SINK: -- which is our policy. But we are
25 getting ready to enter into a ten-year lease term

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1 with an entity that has a long history of
2 noncompliance and infractions.

3 And so, Governor, I would like to move approval
4 with the contingency that the DEP report back to the
5 Cabinet in two years and assure us that the City of
6 Naples is meeting the permit conditions this time.

7 GOVERNOR CRIST: Okay. Is there a second?

8 COMMISSIONER BRONSON: Second.

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

11 MR. SOLE: Thank you. Item Number 4 requests
12 consideration to issue a quitclaim deed of .06 acres
13 of filled, formerly submerged, sovereignty lands
14 located in Broward County, Fort Lauderdale.
15 Consideration is for \$2,000. And this quitclaim
16 deed will resolve an overfill encroachment.

17 ATTORNEY GENERAL McCOLLUM: I move it.

18 COMMISSIONER BRONSON: Second.

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

21 MR. SOLE: Thank you. Item Number 5 requests
22 consideration for an option agreement to purchase
23 ten acres of nonconservation lands in Lafayette
24 County to benefit the Florida Department of
25 Corrections. Consideration is 110,000, which is 100

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1 percent of the appraised value. Funds for this
2 project were appropriated during the 2008-2009
3 legislative session, and this will complete their
4 perimeter expansion.

5 GOVERNOR CRIST: Is there a motion on Item 5?

6 COMMISSIONER BRONSON: Motion on Item 5.

7 ATTORNEY GENERAL MCCOLLUM: Second.

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

10 MR. SOLE: Thank you. Item Number 6 requests
11 consideration for an option agreement to acquire
12 37.6 acres within the Florida Fish and Wildlife
13 Commission's Babcock-Webb Wildlife Management Area.
14 This is an addition and inholding, and the
15 acquisition will be from Allcoat, Incorporated. The
16 consideration is for \$298,000, which is 99 percent
17 of the appraised value.

18 GOVERNOR CRIST: Is there a motion on Item 6?

19 COMMISSIONER BRONSON: Motion on Item 6.

20 CFO SINK: Second.

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

23 MR. SOLE: Thank you. Item Number 7, this item
24 was previously withdrawn in the May 13, 2008,
25 Cabinet agenda. This item requests consideration of

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1 an option agreement to acquire a perpetual
2 conservation easement over 1,489 acres within the
3 Promise Ranch Florida Forever Project from Robert T.
4 Panuska.

5 This is located in Lake County. The
6 consideration is \$7 million, which is roughly 55
7 percent of the appraised conservation easement
8 value, or 39 percent of the full fee value. This is
9 a Florida Forever Project A List, and the property
10 has over one mile of frontage on Lake Yale, which is
11 an impaired water body.

12 I think it's worth noting, after this was
13 withdrawn in May of 2008, a new appraisal was
14 accomplished in light of the current conditions,
15 which resulted in a lower identified value. And, in
16 fact, this item comes to you roughly a little over
17 \$4 million cheaper or less expensive than was
18 considered roughly six months ago.

19 We have two speakers, Eric Draper with Florida
20 Audubon, and Mr. Panuska. Eric.

21 GOVERNOR CRIST: Morning, Eric.

22 MR. DRAPER: Morning. Thanks, Mike.

23 MR. SOLE: You bet.

24 MR. DRAPER: Eric Draper with Audubon of
25 Florida. And I'm coming here today, I raised some

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1 concerns about this project through a letter to you,
2 one that's before you, the Trustees, the last time,
3 and had talked to the representative for the owner
4 and considered not raising an issue here.

5 But when I thought about it and looked at the
6 deal again, I just like wanted to put it in
7 perspective of the entire Florida Forever program
8 and the changes that were made statutorily to the
9 program last year, and just raise a couple of
10 concerns that I think are worth noting.

11 First of all, I just want to say that this
12 project is one of a lot of projects that are on the
13 Florida Forever list. This is the list. I need to
14 get my reading glasses to look at it. And it's
15 backed up by this document, which is a 500-page
16 document.

17 The good thing about the Florida Forever list
18 is we're just loaded with beautiful lands in Florida
19 that are important refuges for wildlife and well
20 managed when put into state ownership, but in many
21 cases, we've got -- it has been noted at this
22 meeting so many times, there is way more land on
23 that list that can possibly be purchased with the
24 money that we have available.

25 There's probably \$105 million allocated from

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1 Florida Forever for the Trustees' purchases this
2 year by the Legislature. Of that, you will not
3 spend all of that on direct land acquisition because
4 there are some other capital costs that are worked
5 into it.

6 So a \$7 million purchase reflects a serious
7 commitment of what is a very small amount of money
8 and a small amount of money that may be more
9 complicated next year, depending on what the
10 Legislature does, depending on what you, Governor,
11 do in terms of creating a budget for the State of
12 Florida that is financially responsible and
13 recognizes the limits that we have.

14 Lake County is a beautiful place. This is a
15 beautiful place. My colleague, Charles Lee, who you
16 all know, went out and visited the property after we
17 raised objections before, took a look at it. He
18 said it's a real pretty place.

19 There are other Florida Forever projects in
20 Lake County that are also beautiful. We've got a
21 long-standing responsibility to protect the Green
22 Swamp there. There's a lot of unbought land in the
23 Green Swamp. We've got the Lake Wales Ridge, which
24 contains a number of very important endangered
25 species and has always been a very high biological

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1 priority. And there's the Wekiva-Ocala Greenway
2 system. So all those are Lake County projects.

3 I went into this list and I looked at the
4 F-TRAC scores, which is a scoring system that is
5 used by the -- before projects go to the ARC, and
6 there's a biological ranking, a conservation
7 ranking. And the thing that bothers me about this
8 project is it doesn't really rank that high from an
9 ecological point of view.

10 Yes, it's an A List project, but when you
11 compare it to the real ecological gems that are out
12 there and on the Florida Forever list, this project
13 just doesn't quite match up to the other things.

14 Now, last year the Florida Forever Coalition,
15 which Audubon is a partner with six other major
16 conservation organizations, we were concerned that
17 projects didn't always come to you that were from
18 the top of the priority list. And so we recommended
19 changes in the Legislature -- to the Legislature,
20 which were adopted, in a version of, but calling for
21 an annual work plan.

22 The Legislature did say that, and they said the
23 work plan would prioritize projects and then kind of
24 allocate funding or set a priority for funding
25 within those project areas. And the five categories

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1 that were put into law were critically important
2 lands, natural lands, partnerships, substantially
3 complete projects, projects that deal with climate
4 change, and less-than-fee projects.

5 So this would theoretically go into that
6 less-than-fee project category work plan, except
7 that the Legislature did another thing, which is
8 they suggested that the less-than-fee projects
9 primarily be driven over to the Department of
10 Agriculture and Consumer Services, for the Rural and
11 Family Lands Protection Program.

12 Now, I just wanted to make sure that you had
13 all of this information. I don't want to come
14 here -- I know that the applicant has made a very
15 strong push and has worked very hard to bring this
16 project before you. I know that you've become --
17 well, you've always been -- prudent with the
18 public's money. I've seen that even more so in
19 listening to some of the discussions here. I urge
20 you to be that, that situation -- I mean that you be
21 prudent in this situation, too.

22 Just because someone brings a project to you
23 and you don't take it up and goes back and cuts the
24 price and comes back to you again with the project,
25 it still doesn't mean that you necessarily have to

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1 approve the project. There are many things that
2 recommend this particular project, but I ask you to
3 consider it in the context of everything else that's
4 on the Florida Forever list and ask yourself the
5 question, which of Florida's really important and
6 highly ranked biological gems is not going to get
7 purchased if, in fact, you decide to buy this today.

8 I want to make one other note. In discussions
9 with a few of the staff, I should note that, you
10 know, we as a conservation community will make a
11 mistake, and I want to take ownership for it right
12 now, which is every time something comes to the
13 Acquisition Resource Council to go on the Florida
14 Forever list, we stand up and say, great, the more
15 land the better.

16 And I'm just making a personal pledge to you
17 that I'm going to back off doing that right now and
18 start taking the same fiscal message to the
19 Acquisition Resource Council as I'm giving to you
20 right now, because I think that we put you in a
21 difficult position sometimes when we just bring
22 projects here without consideration about what the
23 most important priorities are. Thank you very much
24 for listening to me.

25 GOVERNOR CRIST: Thank you, Eric, appreciate

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1 your time.

2 MR. SOLE: Mr. Panuska.

3 GOVERNOR CRIST: Good morning.

4 MR. PANUSKA: Good morning. Promise Ranch is
5 located in Lake County, bordering Umatilla, with
6 over a mile of shoreline on Lake Yale. It is
7 ecologically diverse. Every Florida ecosystem is
8 represented except saltwater systems and red hills.
9 Twenty listed species have been documented on the
10 ranch, either with breeding permanent residents or
11 visiting migrants. Inventory research is continuing
12 daily with assistance from Tall Timbers, the Florida
13 Native Plant Society and our own staff of graduate
14 researchers.

15 The long-term goal of the forestry stewardship
16 plan for the ranch is a restoration of the fire
17 dependent ecological communities that existed here
18 before European arrival. And the first stage is
19 just about complete.

20 To this end, I've invested over \$2 million
21 during the last few years into access roads,
22 equipment and fire break infrastructure, timber
23 thinning, 85 acres of longleaf pine restoration,
24 exotic vegetation control, implementation of a
25 prescribed fire regimen, and restoration of over 270

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1 acres of overgrown wetlands. We have preserved over
2 107 acres of cypress and bay swamps. And we have
3 two, soon to be three, certified prescribed burners
4 on the site.

5 In 2005 Promise Ranch was ranked second on the
6 A List of new projects for acquisition by the
7 Florida Acquisition and Restoration Council. The
8 acquisition of the Promise Ranch Conservation
9 Easement is also supported by the Lake County Board
10 of Commissioners, the Lake County Soil and Water
11 Conservation District, the Lake County Water
12 Authority, Senator Paula Dockery, Senator Carey
13 Baker, Representative Alan Hays and many
14 conservation groups.

15 Promise Ranch is a valued contributor to the
16 economy of Lake County. The ranch has brought three
17 good-paying, full-time jobs to central Lake County
18 and annually contributes over \$300,000 to the
19 economy. The acquisition of this conservation
20 easement will allow the funding of this economic
21 engine in perpetuity.

22 Our public access program will benefit both the
23 public at large and the scientific study of
24 endangered Florida ecosystems and how they can be
25 protected and enhanced by committed, long-term

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1 restoration efforts.

2 I want to focus more on education. Future
3 stewards of the land, like Future Farmers of America
4 and 4H, they need to see what the land used to look
5 like. They need to see what Florida used to be.
6 They need to have a goal to try to achieve. It's
7 difficult to find in Florida today.

8 Already two friends of mine who have Ph.D.s in
9 the natural sciences and they also have college
10 teaching experience, they volunteered to conduct
11 seminars to youth groups on a regular basis on the
12 ranch. These kids need something they can see and
13 smell and touch. They need something they can feel
14 in their guts and remember.

15 Do you remember a field trip to a wild place
16 when you were in school? Well, I do. I remember it
17 a lot more than other things. If a picture is worth
18 a thousand words, then the experience at Promise
19 Ranch must be worth at least 100,000. Also, youth
20 needs to know it's possible to restore the
21 environment, and that's what they'll be seeing at
22 Promise Ranch.

23 I think acquisition of the Promise Ranch
24 Conservation Easement fully embodies the spirit of
25 the Florida Forever Program. Thank you.

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1 GOVERNOR CRIST: Thank you, sir. Appreciate
2 you being here.

3 MR. PANUSKA: Thank you.

4 GOVERNOR CRIST: Anything further, Secretary?

5 MR. SOLE: No, sir.

6 GOVERNOR CRIST: Any comments, questions,
7 motions?

8 CFO SINK: Yeah, I have a couple.

9 GOVERNOR CRIST: CFO.

10 CFO SINK: First of all, Mr. Panuska, thank you
11 very much for being here, and it's my understanding
12 from the Department that you've just been an
13 outstanding steward of this beautiful land. And the
14 fact that you would consider putting a conservation
15 easement on it which would prohibit development is
16 really important to the people of Florida.

17 I just want to be sure I've got my numbers
18 right. You bought the property in 2004; is that
19 correct?

20 MR. PANUSKA: Right. That was the final part
21 of it, yes.

22 CFO SINK: Oh, the final part of it.

23 MR. PANUSKA: Right, right.

24 CFO SINK: And then you commented that you have
25 invested about \$2 million in various improvements --

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1 MR. PANUSKA: Yes, ma'am.

2 CFO SINK: -- to the property.

3 MR. PANUSKA: In fact, I think it's more than
4 that. The beat goes on, shall we say.

5 CFO SINK: Right, right. Okay. Thank you. I
6 want to go back and ask Secretary Sole and back to
7 the -- I don't have any more questions for you,
8 Mr. Panuska. But just this whole issue that's
9 brought up of the price that we are being asked to
10 pay for the conservation easement, \$7 million. And
11 I am a -- you've heard me say many times up here,
12 I'm a very firm believer in conservation easements,
13 and I think that ultimately that's the way we go and
14 agree with Commissioner Bronson that that's the way
15 we keep our properties on the tax rolls and require
16 the owners of the properties as opposed to the State
17 to maintain good stewardship, and it's just a
18 fantastic concept for us going further.

19 But I am a little concerned about the points
20 that Eric Draper brought up because in the past
21 we've kind of looked at these projects one by one.
22 But yet there is a lot of uncertainty about the
23 funding availability. Although we've extended the
24 Florida Forever Program, we still have to go and
25 fight for the funding every year.

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1 And I am -- I'm conflicted about the idea that
2 we have so many other worthy projects on the list.
3 I would almost love to have the ARC come back and
4 say, all right, here are the 25 projects on the A
5 List, they represent different opportunities,
6 different values. And rather than just plucking
7 them off as they might happen to come along, to have
8 some kind of -- have some kind of a frame for us to
9 make -- have better decision-making in really tight
10 budget times going forward.

11 And I just won't make any more comments right
12 now and see what the other members of the Board are
13 thinking about this particular project.

14 MR. SOLE: Governor, if I could just briefly
15 respond.

16 GOVERNOR CRIST: Of course.

17 MR. SOLE: One of the things that I think the
18 Acquisition and Restoration Council does try to do
19 is provide that ranking. We have the top 21 now, to
20 try to help prioritize those areas that we need to
21 pursue. We have the A List and the B List.

22 One of the things that I think makes this still
23 worthy of a favorable vote is that, as part of that
24 ranking, we're looking at how to save the State
25 money. And, CFO, as you point out, here we're

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1 moving forward with an acquisition of just the
2 perpetual conservation easement.

3 In lieu of a full fee acquisition, which would
4 be upwards of \$17 million, in this case we're trying
5 to get that resource protection value for the State
6 of Florida at the least cost possible. And at 55
7 percent of that appraised value, I still think this
8 is a good value for the people of Florida.

9 CFO SINK: Okay. Thank you.

10 GOVERNOR CRIST: Any other comments?
11 Commissioner?

12 COMMISSIONER BRONSON: Well, I've looked at
13 those numbers and all, too. And you really -- you
14 know, it's tough for my staff and myself and others
15 to sit down and look at what's on each of these
16 lists and how do you determine whether one area of
17 the state is more worthy than another, when you're
18 really mostly talking about the same type of
19 wildlife species in Florida. There's a little bit
20 of difference between the Panhandle and Central and
21 South Florida. But there's -- the majority of the
22 bird species and so forth are pretty much across the
23 state.

24 However -- and I've made this statement many
25 times and I'm going to make it again, and I know it

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1 aggravates a lot of the environmental community when
2 I say this, but so be it. We have a lot of land in
3 the state of Florida that's off the tax rolls.
4 There are no jobs there. There's no gross domestic
5 product being produced. We're taking it off at fee
6 simple rate.

7 It's having an impact on Florida's economy.
8 Whether people want to agree with that or not, it's
9 definitely having an impact when we're taking gross
10 domestic product out, taking the jobs away and
11 calling it a great deal.

12 However, we have turned around, Governor, and
13 done something that makes a lot of sense, and that
14 is take a look at, whether you're going to purchase
15 easements for the environment, whether you're going
16 to purchase somebody's potential development right
17 that they've already vested money in to get those
18 development rights set up in their county, so that
19 the development won't take place in those areas,
20 that's all worth something.

21 And if we can do something less than fee, still
22 pay the taxes on the land to support schools and
23 roads and all those things, still keep jobs there
24 and produce a gross domestic product of some type,
25 whether it's vegetables, the timber industry,

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1 potential fuel process, biomass and other energy
2 product, whatever that is, it's a much better deal
3 than taking it off the tax roll with nothing of
4 benefit other than the fact that we're going to see
5 wildlife and natural resources. In some cases we're
6 going to see non-native wildlife and natural
7 resources that we may not want to see.

8 But I think it's important that we take a
9 strong look -- and quite frankly, with today's
10 economy, I'm about ready to make a decision that
11 buying fee -- straight fee property anymore without
12 some regard to producing that gross domestic product
13 and jobs for people of the state of Florida and even
14 in some cases, Governor -- and I mentioned this to a
15 bunch of the ag community this morning.

16 The ag community itself, which is where most of
17 this land comes from one way or another, because
18 that's where the private lands are owned anymore, is
19 by agricultural, timber and other people, is that if
20 you take a look at the potential for value added
21 businesses that go with this -- the sugar industry
22 has plenty of capability to also put in ethanol
23 plants, on site, on their facilities, as long as
24 they can get the approval and do all the permitting
25 with DEP and others.

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1 That's the same -- and I mentioned this this
2 morning. If you were saying that consideration on
3 these items ought to be something different than
4 what I'm talking about and because you can do this,
5 it ought to be -- somehow we ought to give more
6 deference to it, would be like saying to the timber
7 industry, because I sent your timber over to this
8 miller and this cabinet maker because they make fine
9 cabinets, then you ought to owe the timber industry
10 more money because they're making fine cabinets out
11 of the timber.

12 Well, that's not the way business goes. And
13 the fact that we can double up and triple up the
14 business opportunity on these same properties makes
15 it more valuable for the State from an economic
16 standpoint to do these less-than-fee purchases of
17 whichever way we want to go, the environmental
18 aspect side or development side, but as long as
19 we're doing something besides straight fee simple,
20 because over 50 percent of this state -- and I know
21 I get arguments about this -- is owned by government
22 at all levels.

23 Now, that doesn't mean 50 percent of the state
24 is in environmental sensitive lands that's owned.
25 But if you take every piece of school ground,

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1 whether it's elementary through college, every
2 governmental building in the state of Florida that's
3 right next door to a private business that's paying
4 quite a substantial tax on their building that the
5 State, City, local, federal is not paying on their
6 piece of property, there's a lot of property off the
7 tax rolls of this state.

8 And those of us who may be in business are
9 picking up and are having to pay higher taxes to
10 make up for the taxes that are being lost to the
11 people of the state of Florida, for all these good
12 and wonderful things that we do for the state.

13 So I am in full belief that less-than-fee
14 programs are the way to go to keep the jobs there,
15 gross domestic product being produced and value
16 added jobs that may come with it and businesses that
17 may come with those very same locations.

18 And so I know this has been a little bit of a
19 stump speech that I tend to do from time to time,
20 but I'm in full agreement. And under today's
21 economic conditions, I'm more a believer that we
22 need to look at these types of acquisition programs.
23 And as these areas have a chance to do value added,
24 they're talking educational now, but it could be
25 other issues that would benefit not just the owners

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1 of the property but would benefit the people of the
2 state in return for those efforts, then I think we
3 should make that a major consideration, rather than
4 just running out every year and buying \$300 million
5 worth of fee simple land and taking it off the tax
6 roll.

7 You know, I've never made it quite that
8 distinct to this Cabinet body or the previous
9 Cabinet body, but I am a firm believer that we've
10 got to go that way for the economy of the state and
11 for the future of Florida. And we're accomplishing
12 the same thing, Governor. We're keeping it from
13 either being developed or we're putting it into a
14 distinct category for environmental reasons.

15 And if the real goal is not to develop the
16 whole state of Florida, we can accomplish that
17 without having to buy every piece of land at fee
18 simple. I'd just like for the Cabinet to take that
19 into consideration.

20 MR. SOLE: Governor, can I point out one brief
21 clarification?

22 GOVERNOR CRIST: Sure.

23 MR. SOLE: And I'm grateful for the
24 Commissioner's points. One of the things that I do
25 want to remind the Cabinet is that Amendment 4,

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1 which was passed by the people of Florida, actually
2 has a provision in which, if a conservation easement
3 is put on the land, that it gives them a tax
4 exemption.

5 One of the things that I'm not clear on is
6 something that we do need to look at, is how that
7 affects scenarios where the State has acquired that
8 conservation easement versus voluntary. And that's
9 something we'll probably have to work with our
10 Legislature to make sure it's clear.

11 COMMISSIONER BRONSON: Governor, for
12 clarification.

13 GOVERNOR CRIST: Commissioner.

14 COMMISSIONER BRONSON: And I do know that that
15 amendment did pass, and there was a reason for that.
16 However, as we know with amendments today can be
17 changed tomorrow by vote and so forth and so on,
18 depending on how -- what the issue is and how it's
19 being presented.

20 Just for example, if I had known that the pigs
21 in the crate amendment was going to come out and be
22 labeled the way it was, I could have run ads that
23 would have shown people why that was not a very good
24 amendment, even though we don't have very many hog
25 farmers in the state of Florida.

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1 But you can come back and address those issues
2 for those specific reasons. And while there may be
3 a land tax deduction, if that's the way Amendment 4
4 stays, it still does not negate the fact that you
5 can do legitimate business, hiring people, creating
6 jobs, producing a gross domestic product, and that
7 alone can help the economy of the state of Florida.
8 It's not like you've lost everything on fee simple
9 programs as we've done in the past.

10 And not that we've lost it. We have the land.
11 We just haven't been able to take care of it quite
12 the way it was being taken care of before, and the
13 benefits of value added jobs are not there. I just
14 want to make sure we don't confuse the two things.
15 And what can be passed today can certainly be dumped
16 tomorrow and vice versa.

17 GOVERNOR CRIST: Thank you, Commissioner. So
18 we are on Item 7.

19 CFO SINK: I'll make the motion.

20 GOVERNOR CRIST: Okay. So moved. Is there a
21 second?

22 COMMISSIONER BRONSON: I second it.

23 GOVERNOR CRIST: Moved and seconded. Is there
24 any objection? Show it approved without objection.

25 MR. SOLE: Thank you, Governor. Item Number 8,

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1 the applicant has requested that we withdraw this
2 item.

3 GOVERNOR CRIST: Is there a motion to withdraw?

4 COMMISSIONER BRONSON: Motion to withdraw.

5 ATTORNEY GENERAL McCOLLUM: Second.

6 GOVERNOR CRIST: Moved and seconded. The item
7 is withdrawn.

8 MR. SOLE: Item Number 9, the applicant has
9 also requested that we withdraw.

10 GOVERNOR CRIST: Is there a motion to withdraw?

11 CFO SINK: Move it.

12 COMMISSIONER BRONSON: Second.

13 GOVERNOR CRIST: Moved and seconded. Show it
14 withdrawn without objection. Thank you very much.

15 MR. SOLE: Governor, Cabinet, thank you.

16 GOVERNOR CRIST: Merry Christmas, happy
17 holidays.

18 CFO SINK: Happy holidays. See you tonight.

19 (Whereupon, the meeting was concluded at 11:20
20 a.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

Reporter,

counsel

I, Jo Langston, Registered Professional

do hereby certify that the foregoing pages 3 through 101,
both inclusive, comprise a true and correct transcript of
the proceeding; that said proceeding was taken by me
stenographically and transcribed by me as it now appears;
that I am not a relative or employee or attorney or
of the parties, or a relative or employee of such attorney
or counsel, nor am I interested in this proceeding or its
outcome.

IN WITNESS WHEREOF, I have hereunto set my hand
this 29th day of December 2008.

JO LANGSTON
Registered Professional Reporter

ACCURATE STENOGRAPHY REPORTERS, INC.

