

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

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Representing:

FINANCIAL SERVICES COMMISSION, FINANCIAL REGULATION  
FINANCIAL SERVICES COMMISSION, INSURANCE REGULATION  
DEPARTMENT OF REVENUE  
DEPARTMENT OF VETERANS' AFFAIRS  
ADMINISTRATION COMMISSION  
DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES  
BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND  
STATE BOARD OF ADMINISTRATION

The above agencies came to be heard before  
THE FLORIDA CABINET, Honorable Governor Crist presiding,  
in the Cabinet Meeting Room, LL-03, The Capitol,  
Tallahassee, Florida, on Tuesday, July 28, 2009,  
commencing at approximately 9:05 a.m.

Reported by:

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## APPEARANCES:

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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## I N D E X

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

(The agenda items commenced at 9:16 a.m.)

GOVERNOR CRIST: At this time, we have the Financial Services Commission, Office of Financial Regulation, Linda Charity. Good morning, Linda.

MS. CHARITY: Good morning, Governor, CFO, and Commission members. We have a fairly short agenda today.

The first item, the Office requests the approval of the Financial Services Commission minutes of the May 27, 2009 meeting.

COMMISSIONER BRONSON: Motion for approval of Item 1.

ATTORNEY GENERAL McCOLLUM: Second.

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

MS. CHARITY: Thank you. Item Number 2, the Office requests approval to file for final adoption Rules 69V-85.006 and 69V-160.036 relating to the electronic filing of forms and fees.

This rule is a new rule that -- what it does is, it requires electronic filing into our new licensing system, our regulatory enforcement and licensing system, REAL, for licensees under Chapter 520, which are retail installment sales, and 516,

1 consumer finance companies.

2 Based on some comments from the Small Business  
3 Regulatory Council, we have made some adjustments  
4 to the rule to allow certain individuals to request  
5 an exemption from the mandatory electronic filing.  
6 So we request that you approve for final  
7 adoption --

8 COMMISSIONER BRONSON: Motion for approval of  
9 Item 2.

10 ATTORNEY GENERAL McCOLLUM: Second.

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

13 MS. CHARITY: Thank you. Item Number 3, the  
14 Office would like to request withdrawal for  
15 approval to file the notice identified, Rule  
16 69V-40.0311, 69V-40.0511, 69V-40.201, and  
17 69V-560.1021. We would like to take this up at a  
18 later time, please.

19 GOVERNOR CRIST: Is there a motion to  
20 withdraw?

21 ATTORNEY GENERAL McCOLLUM: I move to allow  
22 the withdrawal.

23 COMMISSIONER BRONSON: Second.

24 GOVERNOR CRIST: Moved and seconded. Show it  
25 withdrawn without objection. Thank you.

MS. CHARITY: Thank you very much.

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1                   GOVERNOR CRIST: Office of Insurance  
2 Regulation, Commissioner McCarty. Good morning,  
3 Commissioner.

4                   MR. McCARTY: Good morning, Governor and  
5 members of the Commission.

6                   Agenda Item 1 is a request for approval for  
7 adoption of the minutes of the Financial Services  
8 Commission for May 13, 2009.

9                   ATTORNEY GENERAL McCOLLUM: I move Item 1.

10                  COMMISSIONER BRONSON: Second.

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

13                  MR. McCARTY: Agenda Item Number 2 is a  
14 request for approval for publication of proposed  
15 Rule 690-138.001. This is the financial condition  
16 handbook. Section 624 of the Florida Insurance  
17 Code requires the Office to examine the books and  
18 records of licensed insurance companies. This  
19 merely adopts the 2009 edition of the examination  
20 handbook.

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

22                  CFO SINK: Move it.

23                  COMMISSIONER BRONSON: Second.

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



1           MR. McCARTY: Agenda Item Number 3 is a  
2 request for approval of proposed Rule 690.137.001.  
3 The requires the Office of Insurance Regulation to  
4 provide annual -- quarterly and annual financial  
5 statements. This adopts the 2009 edition over the  
6 2008.

7           COMMISSIONER BRONSON: Motion on Item 3.

8           CFO SINK: Second.

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

11          MR. McCARTY: The next agenda item is a  
12 request for approval for Citizens Property  
13 Insurance Plan of Operation changes. As you are  
14 aware, there have been legislative changes, and the  
15 Financial Services Commission is tasked by Florida  
16 law to adopt changes to the Plan of Operation. We  
17 have Mark Castil here today from Citizens Property  
18 Insurance to review changes, proposed changes to  
19 Citizens' Plan of Operation.

20          GOVERNOR CRIST: I think that was your cue,  
21 Mark. Good morning.

22          MR. CASTIL: These are changes from the 2008  
23 session, Senate Bill 2860 and House Bill 1495 from  
24 the 2009 session. Many of these changes are  
25 sections that were taken out of the law. They

1 changed -- the Legislature changed our assessment  
2 stages. We changed -- staggered our term on the  
3 board. That was from the 2009 session. We had a  
4 board that was coming off all at once. Many of  
5 these changes were just to make the operation  
6 really run easier and clearer for the operation,  
7 and we would request your approval.

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

9 COMMISSIONER BRONSON: Motion for approval of  
10 Item Number 4.

11 ATTORNEY GENERAL McCOLLUM: Second.

12 GOVERNOR CRIST: Moved and seconded. Show it  
13 approved without objection. Thank you, gentlemen.

14 Department of Revenue.

15 CFO SINK: Governor?

16 GOVERNOR CRIST: Yes, CFO. Forgive me.

17 CFO SINK: Excuse me. Commissioner McCarty is  
18 aware that I wanted to bring up something that just  
19 came to my attention yesterday.

20 Let me pass out to the Commission members what  
21 I'm going to be referring to.

22 COMMISSIONER BRONSON: I've got to get  
23 somebody to hold this out.

24 CFO SINK: Yes, it's just -- I know. You need  
25 magnifying glasses, but it's for you to take back

1 to your offices.

2 GOVERNOR CRIST: Thank you.

3 CFO SINK: At any rate, the reason I bring  
4 this up is that yesterday when I got back in the  
5 office, I had a letter from one of the members of  
6 the Legislature making a request of me as a member  
7 of the Financial Services Commission to get a  
8 clarification on comments that have been reported  
9 in the press attributed to Commissioner McCarty  
10 that Florida had been the beneficiary of  
11 approximately 40 new insurance companies bringing  
12 about \$4 billion in capital into the Florida  
13 property market. And he referenced this particular  
14 spreadsheet and has asked for some clarification as  
15 to whether or not in fact these are the companies  
16 with this amount of capital that Commissioner  
17 McCarty has been referring to.

18 And as we've looked in more detail, what you  
19 have is, basically 1 through 17 look to be the new  
20 Florida domestic admitted market insurers with  
21 about \$328 million in capital. And then you'll see  
22 dropping down to lines 29 through 40 are companies  
23 that are writing surplus lines insurance, which is  
24 not in the admitted market, and these are companies  
25 that can charge whatever rate their market will

1 bear, and they've committed over \$3 billion in  
2 capital.

3 And certainly it's a great thing to have any  
4 form of new capital coming into Florida, but some  
5 of these companies are writing residential, some  
6 are writing what's called commercial residential,  
7 which is the condo market, and others are writing  
8 more commercial insurance.

9 And since we're going to need to respond back  
10 to the legislator, Commissioner McCarty, I was just  
11 going to ask you if before the next Cabinet  
12 meeting, could you come back and kind of reorder  
13 the list and show us the divisions between the  
14 commercial, the commercial residential, and the  
15 residential, and also delineate, as you really have  
16 already here, the surplus lines company versus the  
17 ones who are subject to the rate filings at the  
18 Office of Insurance Regulation so we can get this  
19 clarified, because there has been a lot of noise  
20 around this whole \$4 billion issue over the last  
21 four to six weeks.

22 MR. McCARTY: There has indeed. I'll be happy  
23 to. Is this the list that we provided to your  
24 office? I don't have the list before me that  
25 you're referring to.

1 CFO SINK: Oh, I'm sorry. You need to see it  
2 too.

3 MR. McCARTY: Yes.

4 CFO SINK: If somebody wants to --

5 GOVERNOR CRIST: We'll make sure you get one.

6 CFO SINK: Yes. Sorry.

7 GOVERNOR CRIST: Worry not.

8 CFO SINK: Maybe the Commissioner ought to  
9 look at the list too. This was the one that was  
10 attached to the letter, the first one that I  
11 received asking for further clarification.

12 MR. McCARTY: We'll be more than happy to  
13 provide that information, Madam CFO.

14 CFO SINK: Great. Thank you.

15 MR. McCARTY: Thank you.

16 GOVERNOR CRIST: Thank you, Commissioner.

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

3 MS. ECHEVERRI: Good morning.

4 GOVERNOR CRIST: How's revenue?

5 MS. ECHEVERRI: It's doing well. I think you  
6 know --

7 GOVERNOR CRIST: Glad to hear it.

8 MS. ECHEVERRI: -- that we are hoping to make  
9 an estimate this month. It's looking a little  
10 close on sales tax, maybe slightly below, but we're  
11 not quite finished out for the month. But the  
12 other taxes seem to be coming in strong. Corporate  
13 and doc stamp are over estimate, the communications  
14 services tax just right there at estimate. So, you  
15 know, we're crossing our fingers. It's been  
16 looking good for the last three months.

17 GOVERNOR CRIST: Really? Can you tell us  
18 about that?

19 MS. ECHEVERRI: Well, I mean, since November  
20 of 2006 --

21 GOVERNOR CRIST: People might like to hear  
22 that.

23 MS. ECHEVERRI: Since November of 2006, the  
24 State has not been making estimate on the revenues.  
25 So a couple of months ago when we finally made

1 estimate, after the Revenue Estimating Committee  
2 had gone back and adjusted those revenues, those  
3 estimated revenues, I think they've finally  
4 adjusted the estimates to be a little more  
5 realistic for Florida's picture. And the revenues  
6 have been coming in consistent with the estimate,  
7 which is really good news, because that's what we  
8 all budget off of. So as long as we make those  
9 estimates, you know, we should be in good shape.

10 GOVERNOR CRIST: Consistent with estimate or  
11 over estimate?

12 MS. ECHEVERRI: We've been slightly, slightly  
13 over. This month it looks like we may be just at  
14 estimate.

15 GOVERNOR CRIST: So how many months have we  
16 been over estimate now?

17 MS. ECHEVERRI: I think the last two months  
18 we've just been just slightly -- I mean, I wouldn't  
19 even call it over, but just at estimate.

20 GOVERNOR CRIST: Would you call it under?

21 MS. ECHEVERRI: No, I would not call it under.

22 GOVERNOR CRIST: Okay. Good. Halleluiaah.

23 MS. ECHEVERRI: I have to be pretty  
24 conservative since I'm the one that counts the  
25 money. But I think the big issue was, you know,

1 really getting those estimates on track, because I  
2 think no one could quite predict the economic  
3 future. And so when we weren't making estimate and  
4 the State had budgeted off of those numbers, you  
5 know, it required the State to come back and do a  
6 lot of adjustment. But right now we look to be  
7 meeting estimate, so we've budgeted appropriately.

8 GOVERNOR CRIST: Great. Thank you, Lisa.

9 MS. ECHEVERRI: Okay. Item Number 1, request  
10 approval of the minutes from the April 28, 2009  
11 meeting.

12 CFO SINK: Move it.

13 COMMISSIONER BRONSON: Second.

14 GOVERNOR CRIST: Moved and seconded. Show the  
15 minutes approved without objection.

16 MS. ECHEVERRI: Item Number 2, request  
17 approval and authority to publish notice to begin  
18 rulemaking to establish procedures for the  
19 adjustment of distribution of communications  
20 services taxes.

21 ATTORNEY GENERAL McCOLLUM: Move it.

22 COMMISSIONER BRONSON: Second.

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

25 MS. ECHEVERRI: Item Number 3, request



1 approval to adopt and file with the Secretary of  
2 State rule amendments to simplify and clarify sales  
3 tax revisions, implement law changes and  
4 clarifications for the insurance premium tax, and  
5 conform the corporate income tax code to federal  
6 and Florida law.

7 GOVERNOR CRIST: Is there a motion?

8 CFO SINK: Move it.

9 ATTORNEY GENERAL McCOLLUM: Second.

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

12 Thank you, Lisa.

13 MS. ECHEVERRI: Thank you very much.

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1                   GOVERNOR CRIST: Department of Veterans'  
2                   Affairs, Admiral Collins.

3                   ADMIRAL COLLINS: Good morning, Governor and  
4                   members of the Cabinet. The Florida Department of  
5                   Veterans' Affairs has two items on the agenda.

6                   Item 1, the minutes of the May 27th Cabinet  
7                   meeting. Recommend acceptance.

8                   COMMISSIONER BRONSON: Motion on Item 1 for  
9                   approval.

10                  ATTORNEY GENERAL McCOLLUM: Second.

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

13                  ADMIRAL COLLINS: Item 2, we respectfully  
14                  request approval of the notice of proposed rule  
15                  development for three rules related to veteran  
16                  service officers and continued GI bill eligibility  
17                  for educational institutions.

18                  Rule 55A-3.006 relates to continuing  
19                  certification of city and county veteran service  
20                  officers. Rule 55A-3.007 also relates to veteran  
21                  service officers, specifically the consequences of  
22                  failure to attend training and refresher courses  
23                  provided by the Department of Veterans' Affairs.  
24                  Rule 55A-5.008, Supervisory Inspection Review,  
25                  relates to programmatic and institutional

1 eligibility to offer courses of study under the  
2 federal GI bill.

3 Currently, these rules provide discretion to  
4 the Florida Department of Veterans' Affairs  
5 regarding training requirements for veteran service  
6 officers and suspension of educational institutions  
7 from participating in GI bill programs. At the  
8 request of the Joint Administrative Procedures  
9 Committee, the JAPC, we are proposing to remove  
10 this discretion, making the rule requirements  
11 mandatory by amending the rules from "may" to  
12 "shall" in each instance.

13 Should there be any questions, our general  
14 counsel is here with me today and can speak to the  
15 details.

16 GOVERNOR CRIST: I move Item 2.

17 CFO SINK: Second.

18 GOVERNOR CRIST: Moved and seconded. Show it  
19 approved without objection. Thank you, Admiral.

20 ADMIRAL COLLINS: Thank you, sir.  
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1                   GOVERNOR CRIST: Administration Commission,  
2                   Lisa Saliba. Hi, Lisa.

3                   MS. SALIBA: Good morning, Governor and  
4                   Commission members. We have four items today.

5                   Item 1 is the approval of minutes from the May  
6                   13th meeting.

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

9                   COMMISSIONER BRONSON: Motion for approval of  
10                  Item 1.

11                  ATTORNEY GENERAL McCOLLUM: Second.

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

14                  MS. SALIBA: The second item is recommend  
15                  approval of the minutes from the June 9th meeting.

16                  COMMISSIONER BRONSON: Motion for approval of  
17                  Item 2.

18                  CFO SINK: Second.

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

21                  MS. SALIBA: The third item relates to two  
22                  future land use amendments adopted by the City of  
23                  -- Miami-Dade County, and at issue are whether  
24                  these amendments are in compliance.

25                  We have with us today -- to answer questions

1 for any technical or expert questions you may have,  
2 we have Jerry Curington, who is in our general  
3 counsel's office, as well as Dave Jordan, who  
4 assisted us in writing the order.

5 To differentiate for you, we have two  
6 amendments that are being reviewed. The first one  
7 we refer to as the Lowe's amendment that  
8 encompasses two parcels totaling 52 acres. The ALJ  
9 found this amendment as not in compliance for  
10 several reasons, some of which include that there  
11 is insufficient proof of need for the amendment,  
12 they lack consistency between the amendment and the  
13 State Comprehensive Plan and the Strategic Regional  
14 Policy Plan, and a failure to demonstrate that the  
15 amendment would discourage urban sprawl.

16 The second amendment for your consideration we  
17 refer to as the Brown amendment. The Brown  
18 amendment was found in compliance by the ALJ. It  
19 encompasses a 42-acre parcel. The ALJ found it in  
20 compliance because the petitioner failed to refute  
21 the need for the amendment and failed to prove that  
22 the amendment is inconsistent with the State  
23 Comprehensive Plan and the Strategic Regional  
24 Policy Plan and failed to show that the amendment  
25 did not discourage urban sprawl.

1           So today for you we will have -- we have staff  
2           recommendations in the form of a Third Amended  
3           Draft Final Order. There are some revisions to the  
4           amendment.

5           The Commission, however, is limited in the  
6           actions that it can take on a final order and are  
7           bound by the findings of fact of the administrative  
8           law judge that sits as the trier of fact on the  
9           case. And unless there is competent -- unless we  
10          find that there is a more reasonable or as  
11          reasonable reason or conclusion than the ALJ, we do  
12          not substitute the ALJ's findings of fact or  
13          conclusions of law.

14          Accordingly, the staff recommends the order  
15          with slight modifications on the findings and  
16          conclusions, but the final result is the same as  
17          that recommended by the ALJ.

18          If you have any questions, again, we have  
19          legal staff here.

20          We do have presenters today. They have made  
21          extensive presentations before the Cabinet aides  
22          and meetings with the Cabinet aides, so therefore,  
23          they have agreed to keep their comments limited  
24          today.

25          The presenters include the petitioner, Shaw

1           Stiller, representing the Department of Community  
2           Affairs. The Department supports the staff  
3           recommendation.

4           The respondent, Dennis Kerbel with Miami-Dade  
5           County. Miami-Dade adopted the amendments, and he  
6           supports the conclusion on the Brown amendment,  
7           however, not the Lowe's amendment.

8           We have a list of intervenors that would like  
9           to present as well. They are Mr. Richard Grosso  
10          representing 1000 Friends of Florida. They do  
11          support the staff recommendation. Mr. Charles  
12          Pattison, also representing 1000 Friends, supports  
13          the staff recommendation.

14          Martha Harrell Chumbler, representing Lowe's  
15          Home Center, does not agree with the conclusion on  
16          the Lowe's amendment.

17          Linda Shelley, representing David Brown,  
18          supports the staff recommendation, and Patricia  
19          Davis, representing the West Kendall Community  
20          Council, is in support of the staff recommendation.

21          At this time, Governor, I would like to start  
22          with our list of speakers. All right. First up we  
23          have Mr. Shaw Stiller with the Department of  
24          Community Affairs.

25          GOVERNOR CRIST: Good morning.

1 MR. STILLER: Good morning, Governor and  
2 members of the Cabinet. Again, I'm Shaw Stiller,  
3 general counsel for the Department of Community  
4 Affairs.

5 And first off, I want to commend your staff  
6 and your aides for all their hard work in this  
7 matter. This is a very important case. It's a  
8 very complex case. It's important because we're  
9 talking about the expansion of Miami-Dade's urban  
10 development boundary by approximately 100 acres  
11 westward towards the Everglades.

12 The consideration of this order not only  
13 involves the factually specific findings with  
14 respect to these two amendments, but it does  
15 establish precedent, as recognized in the Third  
16 Amended Draft Final Order, and sets policy  
17 directive for what will happen with the next  
18 amendments that come to expand the urban  
19 development boundary.

20 The primary issue, of course, is the  
21 importance of the Everglades. And with the Lowe's  
22 amendment, that amendment was found not in  
23 compliance because it's inconsistent with the local  
24 plan, the regional plan, and the state plan on this  
25 issue, very important.



1           With the Brown amendment, we recognize that  
2           this is an extremely limited exception to an  
3           otherwise steadfast rule. The Miami-Dade plan does  
4           allow for expansions of the urban development  
5           boundary in limited circumstances. And on the  
6           record before the administrative law judge and the  
7           Commission, the applicant for the Brown amendment  
8           proved that they met that limited exception.

9           Again, we've briefed your aides, and I'll be  
10          here for any questions, but I just want to be clear  
11          that the Department fully supports the Third  
12          Amended Draft Final Order.

13          ATTORNEY GENERAL McCOLLUM: I have a question.

14          GOVERNOR CRIST: General, sure.

15          ATTORNEY GENERAL McCOLLUM: What is that very  
16          limited exception for that amendment?

17          MR. STILLER: There are two policies in the  
18          Miami-Dade plan that guide how to expand the  
19          boundary. The first policy says, first off, we  
20          want to know is there a need, do we need to bump  
21          out, because Miami-Dade, throughout their plan,  
22          they encourage intense urban infill and  
23          redevelopment. So first off, they want to be sure  
24          that there's a need to bump out and get more vacant  
25          land for development.

1           And then the policy that follows is, okay, if  
2           there's a need, here's where you go. You avoid  
3           wetlands, and that's why the Lowe's amendment was  
4           found not in compliance. You avoid coastal high  
5           hazard areas. You avoid areas that are subject to  
6           Everglades restoration plans.

7           The Lowe's -- I'm sorry. The Brown amendment  
8           met all of those exceptions. And in fact, at the  
9           end of that policy, there's locational criteria  
10          about where you should encourage or allow or prefer  
11          expansions, and the Brown amendment is consistent  
12          with that portion of the policy also.

13          GOVERNOR CRIST: Thank you.

14          MR. STILLER: You're very welcome. Thank you.

15          MS. SALIBA: Mr. Dennis Kerbel with Miami-Dade  
16          County representing the respondent.

17          MR. KERBEL: Good morning, Governor Crist and  
18          members of the Commission. Again, my name is  
19          Dennis Kerbel. I'm an assistant county attorney.

20                 I also want to thank yourselves and your staff  
21                 for all the consideration that they have given  
22                 these amendments. We appreciate all the time and  
23                 effort that it took to wend their way through a  
24                 complex issue.

25                 Some of our local officials wanted to be here,

1 but they were unable to make the trip because of  
2 budget considerations. I do, however, have a  
3 letter from Commissioner Joe Martinez, who is the  
4 district commissioner for the Brown amendment, that  
5 I would like to introduce into the record, and I  
6 have copies if anybody would be like to see it.

7 Commissioner Martinez's letter addresses in  
8 particular the Brown amendment, but goes generally  
9 to the local considerations that the County  
10 Commission took, took up with these amendments.  
11 And particularly, with the Brown amendment,  
12 Commissioner Martinez talks about the need for an  
13 additional roadway, which this amendment will  
14 provide. It talks about addressing the needs of  
15 the population that's already in the area, and it  
16 stresses the fact that the residents of the local  
17 community, the ones that immediately surround the  
18 Brown parcel, spoke in favor of it. And you will  
19 also briefly hear from the chairman of the  
20 Community Council for the area, who was one of the  
21 local elected officials.

22 What I really want to stress to you is that  
23 ultimately, these are issues of local concern, and  
24 the Board of County Commissioners reviewed a  
25 complete record. They had the recommendations of

1           their staff, but they also heard from the community  
2           councils in both the areas, which take testimony  
3           from the residents in the immediate area and hold  
4           public hearings. They heard the recommendations of  
5           their local planning agency, the Planning Advisory  
6           Board, which also took considerable public  
7           testimony about both amendments. And they  
8           themselves had two public hearings, a transmittal  
9           and an adoption.

10           And so it was after hours of citizen testimony  
11           and considering a complete record and the entirety  
12           of their Comprehensive Plan, which includes not  
13           only the policies for expansion that Mr. Stiller  
14           referenced, but also the recognition that there's a  
15           designated urban expansion area where urban  
16           expansion has been contemplated and where both of  
17           these amendments are located.

18           After taking all of that into consideration,  
19           they concluded that it was appropriate to move the  
20           urban development boundary to serve the commercial  
21           needs of the populations in these immediate areas.  
22           Nevertheless, we understand the ruling of the  
23           administrative law judge, and we understand the  
24           Draft Final Order that is before this Commission,  
25           and we will take up the proposed remedial actions

1 for consideration with all deliberate speed.

2 I'm here if you have any questions. Thank  
3 you.

4 MS. SALIBA: Next on the list of intervenors,  
5 Mr. Richard Grosso representing 1000 Friends.

6 GOVERNOR CRIST: Good morning.

7 MR. GROSSO: Good morning, Governor and  
8 members of the Commission. Richard Grosso with the  
9 Everglades Law Center.

10 These cases are about where growth goes, not  
11 about whether we're going to have growth. Counties  
12 like Dade and Palm Beach County, because of  
13 existing problems with how they grew, have adopted  
14 these urban boundary strategies so those problems  
15 aren't repeated. And, of course, those are  
16 counties that are front and center in the effort to  
17 restore the Everglades in terms of whether they're  
18 going to leave us enough land available to restore.  
19 So maintaining those boundaries is absolutely  
20 crucial.

21 This law doesn't say you can't grow. It's  
22 about where. And this law doesn't say you can  
23 never develop in farmlands or Everglades lands or  
24 those sorts of things, but it's about not  
25 unnecessarily doing so.

1           And that's where this need analysis comes in  
2           that you hear so much about. Where need comes  
3           in -- and what happens at the planning level is,  
4           you hire someone to kind of show that there's a  
5           need for your project, whatever it is. What  
6           happens is, that analysis gets gerrymandered; well,  
7           if I look at it this way, there may be a need, if I  
8           make these assumptions, there may be a need, and  
9           that kind of thing.

10           The law judge on the Lowe's project said some  
11           of their assumptions were unreasonable and biased  
12           the results towards finding a need. That can't be  
13           the way we plan. We either have to have the facts  
14           straight up and objective, or it's just you hire a  
15           consultant, and they gerrymander a needs analysis.  
16           That cannot be the way we do planning. You're  
17           rightfully finding that amendment doesn't comply  
18           with the law for those reasons.

19           The burden of proof is on DCA and on us when  
20           we challenge one of these. It's hard to win those.  
21           When an administrative law judge says a plan  
22           amendment is not in compliance and you've met the  
23           burden of proof, that means there's a lot wrong  
24           with it. There was a lot wrong with the Lowe's  
25           amendment, where, the lack of need, just about

1 everything that's involved here. We appreciate the  
2 staff recommendation.

3 On the Brown amendment, this is a unique piece  
4 of earth. Where the boundary was written the law  
5 judge found really didn't make a lot of sense.  
6 This would make sense now for the urban boundary,  
7 sandwiched between an urban development and a major  
8 road, not real appropriate for farming. He said  
9 this isn't going to be a precedent for others.  
10 This is a rare, unique piece of land. I think  
11 that's a huge, important aspect of your ruling  
12 here. There are lots of projects waiting in the  
13 wings, and they'll be reading this final order and  
14 wanting to match themselves up to it.

15 What the staff has done in a very thoughtful  
16 way, I think, is make it clear that these should be  
17 rare expansions of an urban boundary, and the Brown  
18 parcel is different than most of the parcels that  
19 are going to be at play in the next few years in  
20 Dade County. That's why we support the staff  
21 recommendation and we really appreciate all the  
22 work that has gone into it.

23 This is a crucial time in South Florida for  
24 Everglades restoration. The role of this  
25 Commission and the Department of Community Affairs

1 in making sure that urban redevelopment is a  
2 reality and we don't continue to do what we did in  
3 the last 50 years that have caused the need to  
4 restore the Everglades is going to be very crucial.

5 I thank you very much for your support of the  
6 staff recommendation. I'm happy to answer any  
7 questions that you might have. Thank you.

8 GOVERNOR CRIST: Thank you, sir.

9 MS. SALIBA: Mr. Charles Pattison representing  
10 1000 Friends of Florida.

11 GOVERNOR CRIST: Good morning.

12 MR. PATTISON: Good morning, Governor and  
13 members of the Commission.

14 I'll be very brief. We want to echo the good  
15 comments that you've heard from Mr. Stiller and  
16 Mr. Grosso. And we too want to underscore the  
17 importance of this needs analysis that's the crux  
18 of this case that's before you today. That's a key  
19 for how this plan is to be implemented. It's key  
20 that professional planners have looked at this and  
21 how they measure it and how they decide when and  
22 where it's appropriate to make changes to a  
23 comprehensive plan.

24 This has key significance for agricultural  
25 protection and Everglades restoration as well, and



1 the important urban development boundary policies  
2 that are here as well as in other plans throughout  
3 Florida. There will be other cases in front of you  
4 very shortly in Palm Beach County and Marion County  
5 that look at urban development boundaries and needs  
6 analysis. We think those are crucial.

7 We applaud the good work of your staff. We  
8 think they did an excellent job with a complicated  
9 case.

10 And I'll just end by saying our members and  
11 the public expect to see these comprehensive plans  
12 and their policies implemented the way they're  
13 written on a piece of paper. These were legally  
14 adopted. They do not believe they should be  
15 subject to interpretations. And we again support  
16 the third draft of this good recommended order.  
17 Thank you.

18 MS. SALIBA: Martha Chumbler representing  
19 Lowe's Home Center.

20 MS. CHUMBLER: Good morning. I'm Martha  
21 Harrell Chumbler with the Carlton Fields law firm  
22 here representing Lowe's Home Centers.

23 I think it's interesting that you've heard  
24 them talk about the Brown amendment being different  
25 and that expansion should only occur on rare

1 occasions. There was evidence admitted in this  
2 case indicating that over the approximate 20-year  
3 period since Miami-Dade County has created the  
4 urban development boundary, there have been few  
5 expansions. The county government has been very  
6 conservative in granting these expansions.

7 And in this instance, not only did they find  
8 that the Brown amendment was an exception to the  
9 rule against advancing the boundary, they found  
10 that the Lowe's amendment was an exception, and it  
11 is.

12 Let me give you an example or tell you a  
13 little bit about where the Lowe's amendment  
14 actually is. It is not in a rural area. It's at  
15 the intersection of two six-lane highways. 137th  
16 Avenue is a northwest major arterial. Tamiami  
17 Trail is a major east-west arterial, both six-lane  
18 highways. Immediately to the east across 137th is  
19 a very dense residential development. Immediately  
20 to the south across Tamiami Trail is strict  
21 commercial that extends several miles further to  
22 the west from our property. Immediately behind  
23 that residential strip is dense residential  
24 development. It's not rural. It's not  
25 conservation.

1           It's an area in which mining is permitted.  
2           They talk about it should be denied because of  
3           protection of wetlands. Mining doesn't protect the  
4           wetlands, and that's permitted on that property  
5           today.

6           Also, as the record will show, as the judge  
7           found, this is highly degraded wetlands. It's also  
8           in an area of the county that the Comprehensive  
9           Plan specifically says is highly degraded wetlands,  
10          and therefore, more appropriate for development. A  
11          very small exception, and the Lowe's amendment fits  
12          within it.

13          Now, there has been some talk about the  
14          analysis that was done. I think it's important for  
15          you to know that the judge only talked about one of  
16          the analyses that Lowe's submitted. He talked  
17          about the analysis showing the need for a home  
18          improvement store. And Lowe's did that analysis  
19          because this Comprehensive Plan Amendment limits  
20          the use of that property not just to commercial,  
21          but to a home improvement store, so we felt the  
22          need to show that there is a need for that specific  
23          use.

24          But that's not all we did. We also did an  
25          analysis showing there was a need for general

1 community commercial, and we did it as general  
2 community commercial because the Comprehensive Plan  
3 divides commercial into three types, neighborhood,  
4 community, and regional. The ALJ doesn't mention  
5 that. He completely ignored that evidence, and  
6 therefore, his finding that only rules on one of  
7 the analyses submitted is contrary to the evidence  
8 and not supported.

9 Now, let me just mention one other thing.  
10 We're not waiving any of the exceptions that we  
11 filed, but I don't want to go through all the  
12 details of that. But I think there's one very  
13 important flaw that carries throughout the  
14 Recommended Order here and throughout the draft  
15 Third Final Order, and that's that the wrong  
16 standard of review has been applied. Much of the  
17 Recommended Order, much of the Final Order depends  
18 on an interpretation of the Comprehensive Plan,  
19 whether this amendment is internally consistent  
20 with the Comprehensive Plan.

21 The standard of review there is "fairly  
22 debatable." If the interpretation put on its own  
23 Comprehensive Plan by the County is within the  
24 range of reasonable interpretation, you must accept  
25 it. The judge must accept it. That's the standard

1 the Legislature has adopted. The administrative  
2 law judge did not do that. He picked the  
3 interpretation that he preferred. And the Draft  
4 Final Order does not do that.

5 That's a major flaw. It's directly contrary  
6 to the statute, and therefore, the Final Order  
7 should not be adopted, and instead a Final Order  
8 should be adopted finding the Lowe's amendment in  
9 compliance, as was determined after careful  
10 consideration by the county government.

11 Thank you. And if there's any questions, I'll  
12 be glad to answer them.

13 GOVERNOR CRIST: Thank you.

14 MS. SALIBA: We have Linda Shelley  
15 representing David Brown.

16 MS. SHELLEY: Governor and members of the  
17 Commission, David Brown is also fully in support of  
18 the staff-recommended Third Revised Proposed Final  
19 Order.

20 The findings of fact in the Brown amendment  
21 are fully supported by competent and substantial  
22 evidence in the record. And the Brown parcel is  
23 indeed different, as Mr. Grosso pointed out, both  
24 physically in its shape -- it's an odd-shaped  
25 triangular piece -- and locationally. It is

1           between a very intense part of the urban  
2           development boundary, a residential development to  
3           the south and Kendall Drive, and it fills in that  
4           triangular area.

5           And so from that standpoint, we believe that  
6           you should not be concerned about the precedent of  
7           the Brown amendment. Your staff in the Proposed  
8           Final Order has been very careful to enunciate  
9           several times that the Brown amendment will not  
10          serve as precedent for additional expansions of the  
11          urban development boundary, because each of these  
12          cases has to stand on its own merits. In fact, the  
13          most resent expansion of the urban development  
14          boundary in the area of the Brown amendment was in  
15          1993, and that's the area right below us, the  
16          residential area.

17          We support the staff recommendation and the  
18          Proposed Final Order and are available to answer  
19          any questions regarding the Brown amendment. Thank  
20          you.

21                 GOVERNOR CRIST: Thank you.

22                 MS. SALIBA: The final presenter is Patricia  
23                 Davis representing West Kendall Community Council.

24                 MS. DAVIS: Good morning. I'm Patricia  
25                 Shannon Davis. I'm the current chairwoman of the

1 West Kendall Community Council 11. I want to thank  
2 Governor Crist and the Cabinet for allowing me to  
3 appear on behalf of the Brown amendment.

4 I'm a longtime resident of West Kendall and  
5 have lived near the subject property since 1997.  
6 My family and I have been in the area west of the  
7 turnpike since the early '70s. I've been  
8 supporting this application since it first came up,  
9 first as a private citizen. And it was indeed this  
10 application that got me more actively and directly  
11 involved in local politics.

12 The Miami-Dade Home Charter, in an effort to  
13 fulfill its tenets, created the community councils  
14 in an effort to help the communities preserve the  
15 right to self-determination. The councils are  
16 structured to have six elected members and one  
17 appointed by the Board of County Commissioners.  
18 Due to resignations and pending the next election,  
19 we have three elected and three appointed members.

20 Each community council is focused on the needs  
21 of its own neighborhoods and is very familiar with  
22 the county Comp Plan and zoning code and how to  
23 apply those within the district and the  
24 availability of public services and facilities.

25 I can report that my council voted

1           unanimously, 7-0, in its recommendation for  
2           approval of this application. The former and  
3           current board have approved this application both  
4           times it was presented. This strong support is due  
5           to the community's recognition of how badly we need  
6           the infrastructure and the services that only  
7           approval of this application can provide.

8           This is the second time there has been an  
9           application for a UDB expansion for this site. In  
10          the prior amendment cycle, over 6,000 local  
11          residents signed a petition in support of this  
12          amendment because we desperately need the  
13          connection from Kendall Drive -- to Kendall Drive  
14          through this property.

15          During the Community Council hearing for the  
16          current application, many local residents showed  
17          up. No one from our area directly was opposed to  
18          this application. And I think that that's what's  
19          really important for us. We want to shop, we want  
20          to work, we want to receive services in our own  
21          neighborhood, in our own area.

22          The Council's unanimous vote was to recommend  
23          approval of the Brown amendment, and the Board of  
24          County Commissioners agreed. The administrative  
25          law judge agreed later that there is a need for the



1 amendment and recommended the approval, and we  
2 really appreciate your support of the Brown  
3 amendment.

4 Thank you.

5 GOVERNOR CRIST: Thank you.

6 MS. SALIBA: Governor, at this time, staff is  
7 prepared to take questions of the Commission  
8 members.

9 ATTORNEY GENERAL McCOLLUM: If I could, we had  
10 quite a few presenters who talked about the Brown  
11 amendment, and it appears to be in order. We had  
12 one presenter talk about the Lowe's amendment. And  
13 I would like for staff to address the questions  
14 raised, if you could, by the presenter on the  
15 Lowe's amendment with regard to the fact that --  
16 the allegation is that the administrative law judge  
17 exceeded his authority, that he didn't consider  
18 certain things he should have, that, I gather, the  
19 city -- the county government, I guess, in this  
20 case had the authority to do this and didn't exceed  
21 it, and the judge has no right to differ from that  
22 in interpreting it, or whatever. But I would like  
23 to hear some argument or rebuttal to the arguments  
24 that were made.

25 MS. SALIBA: Yes, sir. I would like to ask

1 Mr. Dave Jordan, who served as counsel writing the  
2 order.

3 GOVERNOR CRIST: Thank you.

4 MR. JORDAN: Good morning.

5 GOVERNOR CRIST: Good morning.

6 MR. JORDAN: The standard in the statute is  
7 that for interpretation of the county plan, the  
8 standard of proof is "fairly debatable," that is,  
9 it must be proven beyond fair debate that the  
10 County's interpretation of its plan is incorrect.

11 The ALJ looked at the words of the plan and  
12 reached that conclusion. When I read the plan  
13 again in preparing this Proposed Final Order, I  
14 felt he was correct.

15 The plan clearly states in Policy LU-8F, which  
16 is described in the Recommended Order and in the  
17 Final Order here, that the first thing you do when  
18 you address the need -- an application to expand  
19 the urban development boundary is to look at the  
20 need for the plan, for the plan amendment. It  
21 describes that for non-residential uses like the  
22 Lowe's property, you look at (a) is there a need  
23 county-wide; and is there a need in a tier, that  
24 is, there are six tiers in the county; and is there  
25 a need in the immediate MSA, which is something

1           like a municipal statistical area.  It's a  
2           collection of census tracts.

3           The ALJ found that the county staff report  
4           analyzed the need for the Lowe's amendment on that  
5           basis and concluded there is no need on a  
6           county-wide basis, no need on a tier basis, and no  
7           need in the municipal -- in the MSA in which the  
8           Lowe's amendment is located.  That wording in the  
9           plan is clear, and I felt that -- I think the ALJ  
10          found that the County's interpretation just was  
11          beyond fair debate.

12          ATTORNEY GENERAL McCOLLUM:  In other words,  
13          the staff of the County had not found need, but the  
14          County nonetheless went forward with this.  Is that  
15          basically what --

16          MR. JORDAN:  That's correct.  In contrast, in  
17          the Brown case, the county staff report found, at  
18          least in the part that the ALJ accepted, that there  
19          was a need in the immediate MSA for the Brown  
20          amendment.

21          ATTORNEY GENERAL McCOLLUM:  Thank you.

22          GOVERNOR CRIST:  Commissioner.

23          COMMISSIONER BRONSON:  I do have a question.  
24          I happen to know that area fairly well, since I  
25          worked down there for seven years.

1           Is there -- by the statements that were just  
2           made, is that to indicate -- the one resident we  
3           heard from talking about wanting to shop in their  
4           own area without having to -- and I know how  
5           traffic is down there, and you can get run over  
6           pretty quick if you're not paying attention in that  
7           part of Dade County. But she had stated that, you  
8           know, the residents want to shop in their own area.  
9           Of course, she was supporting the Brown amendment  
10          the way that the administrative law judge gave it,  
11          which I tend to generally do myself when we hear  
12          these.

13           But in deference to Lowe's, is there another  
14          shopping area with the potential for those people  
15          in that area to go to a center such as Lowe's  
16          Center to be able to shop to pick up those items?  
17          I notice that it's right next to a developed area.  
18          It's not like it's totally separated. It's right  
19          up next to the area. And the County approved it.  
20          I'm trying to get a grasp of why one fits the bill  
21          and the other one doesn't at this time.

22           MR. JORDAN: The finding of fact in the  
23          Recommended Order that described the analysis I  
24          just mentioned, which is by the MSA, the tier, and  
25          the county-wide analysis, and said the county staff

1 report found no need for the Lowe's amendment, that  
2 finding of fact was not challenged by any exception  
3 to this Recommended Order, so it's the established  
4 law of the case.

5 More importantly, I believe that a second  
6 answer is that the analysis the County did was not  
7 for whether there's another home improvement store  
8 already nearby. It was whether there's a general  
9 amount of commercial development in the area. And  
10 their analysis showed that there was, and it was  
11 sufficient to carry it well beyond 2015 in terms of  
12 the needs of the immediate community.

13 And I did read the total record. It's three  
14 cardboard boxes. I don't remember it all, but I  
15 believe there's analysis in there that shows that  
16 there are some home improvement stores nearby  
17 already.

18 MS. SALIBA: Governor, to complete the  
19 question, Mr. Kerbel has asked to respond.

20 GOVERNOR CRIST: Sure.

21 MR. KERBEL: Thank you.

22 GOVERNOR CRIST: Of course.

23 MR. KERBEL: I would like to correct one thing  
24 that Mr. Jordan and the administrative law judge I  
25 do believe got wrong. The Policy LU-8F that has

1           been referred to that talks about need specifically  
2           refers to the need to review business and  
3           commercial uses at a neighborhood and community  
4           level. There are actually two different analyses.  
5           There's one for regional commercial uses, which  
6           would be like a giant mall -- if you know the area,  
7           like Dolphin Mall would be a regional use -- and  
8           then there's for neighborhood and commercial  
9           serving uses.

10                   And what the ALJ we believe got wrong is, he  
11           simply ignored the statement in our plan that  
12           community-oriented and neighborhood-serving  
13           commercial uses do not require consideration of the  
14           county-wide supply of land. They talk about the  
15           local -- the localized sub-area geography, such as  
16           census tracts, minor statistical areas, and  
17           combinations thereof. The analyses for both the  
18           Brown and the Lowe's amendment were done at the  
19           level of joint minor statistical areas, because  
20           both of them were on something of a border.

21                   And when you look at that local geography,  
22           there was testimony in the record at the final  
23           hearing that there was in fact a need for  
24           additional commercial land in both areas. There  
25           were different experts that testified for Brown and

1           for Lowe's, and so they gave slightly different  
2           testimony, but the end result was that if you were  
3           going to build a shopping center that was  
4           sufficient to serve the local area, you needed  
5           something on the order of 10 up to 24 acres of land  
6           for something that would have as an anchor, say, a  
7           home improvement store, or a Publix, even, and then  
8           a few other shops, and that there weren't  
9           sufficient parcels in either area of that size to  
10          build such a commercial development.

11                 And I do want to add that what we're talking  
12          about here is commercial development to serve an  
13          existing population. You may have heard about the  
14          Parkland amendment that has been discussed in  
15          reference to this case and in some editorials.  
16          Parkland is a residential development and subject  
17          to completely different standards, and I just  
18          wanted to make that clear for the record.

19                 Commissioner Bronson, I'm not sure if that  
20          completely addressed your question, but I  
21          appreciate the opportunity. Thank you.

22                 MS. SALIBA: Any final questions? If the  
23          debate is complete, we do recommend your approval  
24          of the staff recommendation.

25                 GOVERNOR CRIST: Any final questions?

1           Comments?   Motion?

2           CFO.

3           CFO SINK:   I'll move approval of the staff  
4           recommendation, Governor.

5           GOVERNOR CRIST:   Is there a second?

6           I'll second it.

7           All in favor, please signify by saying "aye."

8           CFO SINK:   Aye.

9           GOVERNOR CRIST:   Aye.

10          All opposed, please say "no."

11          COMMISSIONER BRONSON:   No.

12          GOVERNOR CRIST:   General, did I not hear you?

13          ATTORNEY GENERAL McCOLLUM:   I didn't say  
14          anything.

15          GOVERNOR CRIST:   Okay.   Great.   The motion  
16          carries.

17          MS. SALIBA:   Thank you, Governor.

18          GOVERNOR CRIST:   Thank you, Lisa.   Well done.

19          MS. SALIBA:   We have one last item, Item  
20          Number 4.   Sorry.   It's a little bit anticlimactic.  
21          We are recommending --

22          GOVERNOR CRIST:   We're not worried about  
23          drama, just doing the business.

24          MS. SALIBA:   Absolutely.   We recommend -- we  
25          have a case before us where one of the parties is



1           ill and under extended rehabilitation and asked us  
2           to grant an order moving the hearing of that  
3           particular case to September 15th, and we ask your  
4           approval of that motion.

5                   GOVERNOR CRIST: Is there a motion to  
6           accommodate that? To what did you say? September  
7           15th?

8                   MS. SALIBA: September 15.

9                   CFO SINK: Governor, I'm sorry. I didn't  
10          really even hear what she said because there was so  
11          much noise in the room.

12                   GOVERNOR CRIST: Could you repeat it?

13                   MS. SALIBA: Absolutely. I will. Thank you.  
14          We are recommending the motion to continue this  
15          case until September 15th. One of the parties is  
16          ill and under extended rehabilitation, but would  
17          like to attend the hearing, and all parties have  
18          agreed to September 15th as the date.

19                   CFO SINK: Okay. I'll move it.

20                   COMMISSIONER BRONSON: Second.

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

23                   MS. SALIBA: Thank you.

24                   GOVERNOR CRIST: Thank you, Lisa.

25

1                   GOVERNOR CRIST: Department of Agriculture and  
2                   Consumer Services, Jim Karels. I hope I pronounced  
3                   that right. I almost don't recognize you outside  
4                   your uniform.

5                   MR. KARELS: Good morning, Governor,  
6                   Commissioner, and members of the Cabinet. And you  
7                   did pronounce it right.

8                   GOVERNOR CRIST: Thank you.

9                   MR. KARELS: I have two short items today.  
10                  The first one is for approval of submittal of the  
11                  minutes from the April 28th and June 9th Cabinet  
12                  meeting.

13                  COMMISSIONER BRONSON: Motion for approval of  
14                  Item 1.

15                  CFO SINK: Second.

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

18                  MR. KARELS: Item Number 2 is the acquisition  
19                  of the Evans Ranch, Rural and Family Lands  
20                  Protection Easement. The Evans Ranch is listed in  
21                  the top tier of the approved projects for the Rural  
22                  and Family Lands program as approved by the Board  
23                  of Trustees on April 28th of this year. This is a  
24                  690-acre easement in Flagler County that is a  
25                  cooperative effort between the St. Johns River

1 Water Management District and the Division of  
2 Forestry, Department of Agriculture.

3 The total purchase price of the easement is  
4 \$2,749,650. The Trustees' purchase price is  
5 \$1,374,825, a 50-50 split with the Water Management  
6 District.

7 Recommendations by the Cabinet aides from the  
8 meeting of July 22nd are being incorporated into  
9 this document.

10 The Evans Ranch was chosen as the initial  
11 Rural and Family Lands project because of its  
12 varied agricultural operations, the connectivity of  
13 the ranch with public lands in Flagler County, the  
14 commitment of the landowners to seek new and  
15 innovative agricultural uses for conserving -- and  
16 conserving the landscape, and the opportunity to  
17 partner with the St. Johns River Water Management  
18 District, to help in furthering their objectives as  
19 well as sharing in the acquisition cost.

20 The property supports agriculture, cattle, and  
21 aquaculture. And the aquaculture is kind of that  
22 innovative end of it. They grow Caspian Sea  
23 sturgeon and harvest Caspian Sea caviar. And from  
24 our understanding, it is the only one in Florida  
25 and I think the only one in this country growing

1           that sturgeon.

2           This easement prohibits conversion of existing  
3           natural areas, cutting of cypress, and construction  
4           of commercial water wells.

5           I would like to give special thanks to the  
6           Evans family, to the St. Johns River Water  
7           Management District, to the Division of State Lands  
8           and to DEP, and to the many people that helped  
9           bring this initial Rural and Family Lands easement  
10          to this stage and hopefully to approval.

11          Right now I would like to introduce Ray  
12          Bunton, assistant director of real estate with the  
13          St. Johns Water Management District, for brief  
14          comments and to introduce the Evans family.

15          GOVERNOR CRIST: Good morning.

16          MR. BUNTON: Good morning, Governor and  
17          Cabinet. It's a pleasure to be here today. We're  
18          very excited about this acquisition. Several years  
19          ago we met with Mr. and Mrs. Evans for the first  
20          time on their ranch, and Mr. and Mrs. Evans are  
21          sitting right here on the front row.

22          GOVERNOR CRIST: Good morning.

23          MR. BUNTON: Hopefully, you all can meet them  
24          today. And we were very impressed with what we  
25          saw. They are excellent stewards of the land in

1 everything they do, whether it's game management  
2 for hunting, for cattle, for hay, for row crops.

3 And then they introduced us to their  
4 aquaculture operation. I mean, they're on the  
5 cutting edge of science. They're developing that  
6 science daily, and people from the universities  
7 here in Florida and from around the world come to  
8 see what they're doing to figure out what's going  
9 on in the world. It's just very impressive.

10 And they are hands-on people. Rarely will you  
11 see Mr. and Mrs. Evans in this setting. Normally  
12 it's going to be with jeans and boots on and their  
13 shirt sleeves rolled up, and they're working on  
14 this property every day.

15 So we're, like I said, very excited to be  
16 here. We do think this proposal meets all of the  
17 criteria for the Rural and Family Lands Protection  
18 program. There are four major criteria. We think  
19 it meets every one of them. The program  
20 requirements are that it meet one of them, so I  
21 think this is a great first proposal for this great  
22 program, great new program.

23 And again, we're very proud to work with the  
24 Department of Agriculture in this process, and  
25 again, for the perseverance of the Evans in working

1 through this program. It's a new program, and it  
2 takes a little while to get it up and running, and  
3 they have stayed with us through this process.

4 If you have any questions, I'll be glad to try  
5 and answer them. Otherwise, we would sure  
6 encourage your support.

7 GOVERNOR CRIST: I think General McCollum  
8 might have a question.

9 ATTORNEY GENERAL MCCOLLUM: I don't have a  
10 question. I just want to comment that I think this  
11 is a terrific program, and I think the acquisition  
12 is appropriate, and since it's appropriate, I would  
13 move it. I move Item 2.

14 COMMISSIONER BRONSON: Second.

15 CFO SINK: Governor, I do have a question.

16 GOVERNOR CRIST: CFO.

17 CFO SINK: I want to echo the feeling, and I  
18 want to thank the Evans family, because this is a  
19 big commitment on the part of any family to agree  
20 to put a perpetual easement on their land. It's  
21 beautiful.

22 But one of the things that I think we as a  
23 state as we begin to engage in the awarding of more  
24 of these easement opportunities is the assurance  
25 that the property will be maintained as the owners

1           have agreed. And so I would just like whoever is  
2           appropriate to describe what are the provisions and  
3           who -- what authorities will be visiting the  
4           property, what will the frequency be, to just  
5           assure the taxpayers who are investing and  
6           purchasing this easement that the requirements are  
7           being met on into the future, with even future  
8           generations understanding what the requirements are  
9           of the activities that cannot be performed on  
10          the -- on any property.

11           MR. KARELS: CFO Sink, I'm going to introduce  
12          our administrator of the Rural and Family Lands  
13          program, John Brown, and he'll kind of go over  
14          that, what we will do after and if the easement is  
15          approved.

16           CFO SINK: Thank you.

17           MR. BROWN: Good morning, Governor and  
18          Cabinet.

19           The basis of our easement document requires  
20          that lands be managed in agriculture in perpetuity.  
21          That will be part of the conservation deed. Prior  
22          to closing this, we'll do an easement documentation  
23          report, in which we'll actually go on the property  
24          and document the uses there. Annually we will go  
25          back and update that report and look to ensure that

1 the agricultural operations are going on.

2           Secondarily, the easement precludes any  
3 selling of rights that would undermine those  
4 agricultural uses. You can't come back at a later  
5 date and maybe overlay another easement that would  
6 preclude agriculture or preclude some agriculture  
7 uses, so it's pretty tight in that regard.

8           The gist of Rural and Family Lands was to keep  
9 lands in agriculture, not that they would lay  
10 fallow or go to some other use. So we do have some  
11 built-in checks that they would stay in  
12 agriculture, their rights would be preserved, and  
13 there is an encouragement to continue it in  
14 agriculture.

15           CFO SINK: And, Governor, what will be the  
16 reporting back to the Cabinet, for example, who is  
17 the keeper or the ultimate overseer of the  
18 easements? The reporting back, are you  
19 proposing -- this is the first one we've done,  
20 so --

21           MR. BROWN: It's the first one. There's  
22 nothing structured, but we would be more than happy  
23 to come back on an annual basis and give the  
24 Cabinet an update on what we have in our inventory.  
25 As I said, we will go out and evaluate these



1           annually to ensure compliance with the easements.  
2           The Division of Forestry is going to manage all of  
3           these easements, so we can bring those back.  
4           There's nothing in rule or statute that would  
5           compel us to do that, but we would be more than  
6           happy to do that.

7           CFO SINK:    Could I just defer to Commissioner  
8           Bronson, because these easements are going to be  
9           managed by the Division of Forestry --

10          COMMISSIONER BRONSON:    Yes.

11          CFO SINK:    -- going forward?  What do you  
12          think?

13          COMMISSIONER BRONSON:    Well, I -- of course,  
14          I'm sure the Department, even long after I'm gone,  
15          are going to be willing to make those suggestions  
16          on those issues that you might deem necessary to be  
17          brought back to the Cabinet.  However, I would also  
18          like to have that same thing done by all easements,  
19          not just the Rural and Family Lands easements, as  
20          to what we're doing with state lands that the State  
21          is paying a lot of money to maintain those  
22          easements.

23          The good thing about this type of easement is,  
24          it will be perpetually in agriculture.  It will be  
25          paying taxes.  It will be creating jobs and all the

1 things we need to help the economy of the Volusia  
2 County area, especially since that's where a good  
3 bit of this is. It's on that border line. And so  
4 you've got jobs. You've got taxes being paid. You  
5 have an agricultural/aquaculture production area.

6 And we would be more -- I'm sure the  
7 Department would be more than happy to come back  
8 and tell you some of the world-breaking, exciting  
9 things that are going on on the Evans property,  
10 because I happened to be there. I was invited to  
11 be there the day that the first artificial  
12 insemination of Russian sturgeon took place ever in  
13 the history of the world. They did it on this  
14 farm. That's how far ahead they are in their  
15 production activities.

16 And I can tell you the commitment I know that  
17 Gene and Marilyn have given me directly as I've  
18 visited their properties. They are fully committed  
19 to this easement. I'm glad to see -- this is the  
20 very first one. I didn't know at the time that I  
21 was talking to the Evanses at the time they would  
22 be the first one, but this is the very first Rural  
23 and Family Lands easement that has been done. And  
24 especially after we vote on this, I would certainly  
25 like to have a picture for the historical aspects

1 of this easement process.

2 GOVERNOR CRIST: I assume that's if we pass  
3 it.

4 COMMISSIONER BRONSON: That's if we pass it.

5 GOVERNOR CRIST: I'm being funny.

6 COMMISSIONER BRONSON: And I'm going to  
7 recommend highly that we pass it. But this is a  
8 great start to keeping lands in agriculture  
9 perpetually and making sure that the economy is  
10 going to benefit and the people in the State of  
11 Florida are going to benefit.

12 MR. BROWN: Well, we would be more than happy  
13 to develop something in the form of an annual  
14 report to the board or actually come and make a  
15 presentation. We can certainly do that.

16 CFO SINK: Thank you. I think that should  
17 just be standard procedure to have an annual report  
18 of compliance on behalf of all the owners of these  
19 rural lands. Thank you.

20 MR. BROWN: Thank you. Any other questions?

21 ATTORNEY GENERAL McCOLLUM: I do have another  
22 comment, if I might, Governor.

23 GOVERNOR CRIST: Of course, General.

24 ATTORNEY GENERAL McCOLLUM: I just wanted to  
25 say that I concur with the Commissioner that this

1 is very, very precedent-setting and important. It  
2 seems to me that we've been talking about this a  
3 long time, you have, Commissioner Bronson, our  
4 needing to do these kind of programs and these  
5 easements, and the Evanses' property and their  
6 program is ideally suited for this. And I  
7 certainly want to see reports, and I think the CFO  
8 is right to ask for some accountability here. But  
9 it's just a great program, and we ought to adopt  
10 it, hopefully unanimously.

11 MR. KARELS: One last comment --

12 GOVERNOR CRIST: Certainly.

13 MR. KARELS: -- on the hidden value that I  
14 wanted to add to it. You know, one of the things  
15 we're doing is preserving it in agriculture and  
16 keeping it from being developed. And this area,  
17 from my standpoint, is one of the worst, or the  
18 worst wildfire condition areas in the state. The  
19 more homes we put in that not real dense setting in  
20 those type conditions, the much tougher it is to  
21 fight those fires, and the more money it is to the  
22 State in cost. So it is a hidden benefit from the  
23 wildfire end as well. We're keeping this in  
24 agriculture, and when I keep it in agriculture, I  
25 have a great opportunity to stop that fire, because

1 he gives me a great firebreak when it's coming  
2 through that area.

3 What I would like to do is give the Nature  
4 Conservancy a very quick comment. Andy?

5 GOVERNOR CRIST: Certainly.

6 MR. McCLOUD: Thank you very much, Director  
7 Karels. Andy McCloud with the Nature Conservancy.

8 We very much support the project. The  
9 resource value is protected. We applaud  
10 Commissioner Bronson for your long efforts to fund  
11 Rural and Family Lands. It's very, very important.  
12 It's a good project, a Tier 1 ranked project.

13 We would also observe -- and this is preaching  
14 to the converted in many respects -- that this  
15 represents the first month that Florida Forever is  
16 not funded anew, given the Legislature's failure to  
17 fund Florida Forever for the current fiscal year.  
18 This program benefits from funds from last year,  
19 and we're cognizant that this is an unfortunate  
20 precedent and that this program and others like it  
21 under Florida Forever will be increasingly rare  
22 because of the lack of new funding this year.

23 We're heartened to hear that revenues, doc  
24 stamp revenues are on target, slightly increased.  
25 We're heartened by the Fitch ratings taking Florida

1 Forever and P 2000 bonds off of the unstable  
2 ranking. We're watching doc stamp revenue  
3 continually. We search, as does the State, for new  
4 revenue sources, federal revenue sources, carbon  
5 sequestration potential, which you'll hear about  
6 shortly from the Department.

7 So we're encouraging it in all directions, but  
8 for the record, we wish to note for the people of  
9 Florida and for members of the Legislature that  
10 this good project unfortunately may not be  
11 replicated in the near future because of the lack  
12 of funds in this fiscal year.

13 Thank you very much.

14 GOVERNOR CRIST: Thank you. We're ready for a  
15 motion.

16 CFO SINK: We did that.

17 GOVERNOR CRIST: We did that?

18 ATTORNEY GENERAL McCOLLUM: I moved it.

19 COMMISSIONER BRONSON: I seconded.

20 CFO SINK: Second.

21 GOVERNOR CRIST: Does anybody object? It's  
22 unanimous. Congratulations.

23 (Applause.)

24 (Photographs taken.)

25

1           GOVERNOR CRIST: Yes. I would like to give  
2           the General an opportunity to express his vote on  
3           the Administration Commission Item Number 3.

4           ATTORNEY GENERAL McCOLLUM: Thank you very  
5           much, Governor. I had intended to vote aye or yes,  
6           and I think I just said I didn't vote no, and that  
7           isn't good enough for the record. And I want to  
8           explain it as well just so the record is clear.

9           I have grave doubts about which way that  
10          ruling ought to ultimately go, and that's why I was  
11          hesitant a bit. Commissioner Bronson had voted the  
12          way he did on it, and I didn't choose to vote no.  
13          I intended to vote yes, which I did, and I'm now  
14          clarifying that.

15          But I think there's some legal questions  
16          there, and I don't know that we're going to resolve  
17          them today. I resolved them in my mind for the  
18          purpose of today's vote on the basis of the staff  
19          recommendation, and that's what I took, and that's  
20          why I voted with the majority. And it wasn't  
21          clear, I'm told, on the record, so I want to make  
22          it clear it was a yes vote.

23          GOVERNOR CRIST: Thank you, General, very  
24          much.

25

1 GOVERNOR CRIST: Board of Trustees, Secretary  
2 Sole. Good morning, sir.

3 MR. SOLE: Good morning, Governor and Cabinet  
4 members.

5 Item Number 1 is submittal of the minutes from  
6 the April 28th, May 13th, and May 27th, 2009  
7 Cabinet meetings.

8 CFO SINK: Move approval.

9 ATTORNEY GENERAL McCOLLUM: Second.

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

12 MR. SOLE: Thank you. Item Number 2, this is  
13 a request by co-applicants Marco Island Yacht Club  
14 and Marco Island Marina Association. This is for a  
15 five-year sovereignty submerged lands lease for a  
16 31-slip private yacht club. It's located on the  
17 Marco River in Collier County.

18 The preempted area is a little over 99,000  
19 square feet. There is some proposed dredging for  
20 the marina area, but there are no resources within  
21 the dredge footprint. The consideration is  
22 \$21,916. This facility is located next to or  
23 adjacent to the Rookery Bay Aquatic Preserve and  
24 Rookery Bay National Estuarine Research Reserve.

25 We sent out some 71 notices to private



1 individuals. There were no objections, and the  
2 Department recommends approval.

3 GOVERNOR CRIST: Is there a motion?

4 ATTORNEY GENERAL McCOLLUM: I move Item 2.

5 GOVERNOR CRIST: Is there a second?

6 COMMISSIONER BRONSON: Second.

7 CFO SINK: Governor, I have --

8 GOVERNOR CRIST: CFO, of course.

9 CFO SINK: I think my question is for  
10 Mr. Gardner. Is he here representing --

11 MR. SOLE: He was here.

12 CFO SINK: You want to introduce yourself and  
13 clarify who you're representing?

14 MR. GARDNER: My name is Tom Gardner, and I  
15 represent Marco Island Yacht Club.

16 CFO SINK: I do have a question, Mr. Gardner.  
17 Some of the recent requesters have agreed, since  
18 we're all aware that the DEP is working on new  
19 lease rules. If your client would be willing to  
20 commit to the payment of the new lease amounts when  
21 the new rules -- in the future if and when the new  
22 rules are approved.

23 MR. GARDNER: I believe the lease instrument  
24 that the Yacht Club would have to sign provides for  
25 the acceptance of all rule changes implemented by

1 the Department, which would include that fee  
2 adjustment, fee rule change whenever it takes  
3 place. And the applicant is aware of that  
4 provision and is willing to abide by whatever rule  
5 the Department does implement whenever it's  
6 implemented. Is that the question?

7 CFO SINK: Yes, yes. Is that correct,  
8 Secretary Sole?

9 MR. SOLE: Let me try to -- without question,  
10 we have a standard lease condition in leases that  
11 we issue that basically say if lease fees change,  
12 annual lease fees change, you will be subject to  
13 those. So without question, in this case, the  
14 Marco Island Yacht Club would be subject to the new  
15 lease fees, the annual lease fees.

16 What would not -- and I want to be clear.  
17 What they would not be subject to, and it's  
18 something that we're contemplating in the rule, is  
19 whether or not a one-time impact fee would apply.  
20 And in this case, it would not apply because they  
21 have already built it. But the new lease fees, if  
22 and when they went into effect, would apply in this  
23 case.

24 CFO SINK: And would you -- and what's the  
25 term of this lease?

1 MR. SOLE: This is a five-year lease.

2 CFO SINK: So it will come back?

3 MR. SOLE: Yes, ma'am.

4 CFO SINK: In five years. Mr. Gardner, would  
5 you -- I heard, I think, from our staff. Would you  
6 just clarify what the amount of the investment  
7 would be to construct this?

8 MR. GARDNER: It's estimated right at  
9 3 million.

10 CFO SINK: \$3 million?

11 MR. GARDNER: Yes, ma'am.

12 CFO SINK: Okay. Thank you.

13 GOVERNOR CRIST: Thank you. All in favor,  
14 please say "aye."

15 (Affirmative responses.)

16 GOVERNOR CRIST: All opposed, like sign. Show  
17 it carried. Thank you.

18 MR. SOLE: Thank you. Item Number 3, this is  
19 a presentation and hopefully a discussion on the  
20 carbon capture and sequestration study that we  
21 prepared for Board of Trustees lands. This study  
22 was accomplished in light of legislation last year  
23 in 2008 to move forward and do an inventory of all  
24 of our Board of Trustees conservation lands to  
25 identify both the sequestration potential as well

1 as even some of the emissions on these lands.

2 It's fairly technical information. And with  
3 that, we had to clearly go out and seek some  
4 expertise, so we went out and did an invitation to  
5 negotiate and selected, I think, a fantastic team  
6 consisting of EcoAsset Solutions, Land and Timber  
7 Services Group, and the University of South Florida  
8 to prepare the study.

9 Without question, I think they've done a  
10 fantastic job, and I want to introduce briefly the  
11 team. Of EcoAsset Solutions, we have Sandra Kling  
12 and Emily Zupo. With Land and Timber Services, we  
13 have Jeff Main and Kevin Pope. And finally, with  
14 the University of South Florida, with us today is  
15 Dr. Robert Brinkmann. And also, Dr. Steve Reader  
16 was part of that team, but was unable to  
17 participate today.

18 With that brief introduction, I look forward  
19 to turning this over to the chief environmental  
20 scientist and project manager, Sandra Kling with  
21 EcoAsset Solutions, to give you a brief 10-minute  
22 PowerPoint presentation on the study. Sandra?

23 MS. KLING: Thank you. Good morning, Governor  
24 -- he left the room -- and members of the Cabinet.

25 We are so pleased and excited to be here today

1 to present the results of our study. Again, my  
2 name is Sandra Kling. I'm with EcoAsset Solutions,  
3 and I was the project manager and lead scientist on  
4 the study. In the next 10 minutes, I'll be  
5 presenting to you what we did, why we did it, what  
6 we found, and what it might mean for the State of  
7 Florida.

8 As Secretary Sole indicated, the study was  
9 authorized in response to Senate Bill 542, and the  
10 objectives of the study were to conduct a carbon  
11 sequestration study and greenhouse gas inventory of  
12 all Board of Trustees lands acquired under  
13 Preservation 2000 and Florida Forever. In addition  
14 to this scope, the project team expanded the study  
15 to include all owned and co-owned lands of the  
16 Board of Trustees, which currently encompasses  
17 about 4.7 million acres and is comprised of about  
18 472 land units.

19 Secondly, we were tasked to identify and  
20 determine the value, potential value of these state  
21 lands in terms of carbon offset projects. We also  
22 provided the FDEP with a geographic information  
23 system database that ties carbon sequestration and  
24 greenhouse gas emissions to each land unit. The  
25 study was completed over a two-month period, and we

1           used readily available data that was provided by  
2           multiple state agencies.

3           Using the best available scientific  
4           methodology, we estimated both carbon sinks and  
5           carbon stocks in addition to estimating the  
6           greenhouse gas emissions on all state lands.

7           First we'll look at the carbon sinks and  
8           stocks side of things. First some quick  
9           definitions. By carbon sink, I mean the amount of  
10          carbon removed from the atmosphere and stored on an  
11          annual basis. The stock represents the total  
12          carbon currently stored in forests and soils.  
13          Please note that these are our best estimates based  
14          on the information that was provided to us. We did  
15          no additional field work.

16          Since almost half of the Board of Trustees  
17          lands are forested, it is no surprise that forests  
18          represent a significant carbon pool, with a total  
19          carbon stock of about 120 million metric tons of  
20          carbon dioxide equivalents. Our best estimate  
21          indicates that Board of Trustees forest sequesters  
22          about 3.4 million metric tons of carbon dioxide  
23          equivalents a year, and this represents about 12  
24          percent of the total state's annual carbon  
25          sequestration in the forests. It's important to

1 note that state forests are managed for  
2 conservation purposes and that the annual carbon  
3 sequestration on state lands would be anticipated  
4 to be much less than in commercial plantations.

5 Other significant carbon pools include urban  
6 forests, grassland soil carbon, wetlands, seagrass,  
7 and mangroves, as well as salt marshes. However,  
8 mostly due to data gaps and a lack of  
9 methodologies, annual carbon sequestration  
10 estimates in some of these pools were just not  
11 possible.

12 On the emissions side, prescribed fire and  
13 wildfire represents the largest source of  
14 greenhouse gas emissions. However, ongoing  
15 research suggests that specific prescribed fire  
16 cycles may actually enhance the carbon  
17 sequestration in these forests. And it is well  
18 known that prescribed fire prevents forest fires,  
19 which could result in a significant release of  
20 greenhouse gas emissions. The other greenhouse  
21 gases that we measured were relatively small in  
22 comparison.

23 In addition to estimating the carbon sinks and  
24 greenhouse gas emissions on state lands, we also  
25 identified potential carbon offset projects. A

1 carbon offset project is defined as a stand-alone  
2 project that's used to compensate for greenhouse  
3 gas releases in another location.

4 The projects we focused on were, first and  
5 foremost, in line with the State's conservation and  
6 restoration goals and those that are clearly  
7 additional. Now, by additionality, I mean that  
8 these projects go above and beyond current land  
9 practices. The largest opportunity for the State  
10 is in its forests, and there are three general  
11 categories for forest carbon offset projects.

12 First, the State could plant trees where no  
13 trees have been before, a practice called  
14 afforestation, or the State could replant where  
15 there was once a forest that has been converted to  
16 some other land use. This is known as  
17 reforestation. We've identified about 200,000  
18 acres of state lands on which these projects could  
19 possibly be developed.

20 Secondly, improved forest management practices  
21 could be implemented to enhance carbon. Forest  
22 restoration projects are one such project in this  
23 category. For example, in certain soil types,  
24 replacing offsite pine plantation forests with  
25 native longleaf has the potential to yield



1 additional carbon storage over the long term. In  
2 one scenario, we found about a 400 percent increase  
3 in carbon sequestration when comparing offsite  
4 slash pine with native longleaf over a 100-year  
5 period, for example.

6 The last project type, avoided deforestation,  
7 are projects that prevent deforestation and are  
8 found in areas that have a high risk of land  
9 conversion. There may be potential for avoided  
10 deforestation credits in some of the State's land  
11 acquisitions, since conservation is a primary goal  
12 of the Florida Forever programs.

13 Other offset projects that we identified  
14 include urban forests, grassland soil carbon, and  
15 energy efficiency, and are further elaborated in  
16 the report.

17 We also identified the value of carbon offset  
18 projects in terms of their environmental, social,  
19 and economic factors. For the environment, these  
20 benefits include reduced greenhouse gas emissions.  
21 And that can happen under two scenarios, one by  
22 removing additional carbon from the atmosphere  
23 through carbon sequestration, or by reducing the  
24 greenhouse gas emissions from occurring. Other  
25 environmental values include improved air and water

1 quality and, of course, improved wildlife habitat.

2 Social values might include a better quality  
3 of life for residents of the state and improved  
4 health, as well as an increased state pride and  
5 leadership on issues related to climate change.

6 In terms of economic value, the obvious  
7 benefit includes potential new revenue streams for  
8 the state. This benefit depends on many factors,  
9 including supply and demand of carbon credits,  
10 project types, and project quality.

11 This chart shows a range of carbon credit  
12 prices for 2008, which ranged from \$1.20 to over  
13 \$50 for a carbon credit. As the chart indicates,  
14 there is a wide range of pricing depending on these  
15 project types. The project types are listed along  
16 the bottom. The chart also shows that there's a  
17 large range of pricing within each project type,  
18 and those are the blue bars, the top and bottom  
19 bars.

20 For example, in forest projects, the range of  
21 forest management projects is much less in improved  
22 forest management projects than it is for  
23 afforestation projects. National, and to some  
24 extent, international climate policy has influenced  
25 and will continue to influence the price of a

1 carbon credit.

2 Other economic benefits include increasing the  
3 number of highly technical green jobs and could  
4 potentially attract business to the state.

5 And lastly, the development of carbon offset  
6 projects will require partnerships through our  
7 academic and research institutions, and there's an  
8 opportunity to bolster research and other related  
9 jobs related to carbon credits.

10 From this study, we concluded that  
11 conservation lands are a net sink. If we subtract  
12 the greenhouse gas emissions from the carbon sinks  
13 -- remember from a few slides ago -- the estimated  
14 annual net reduction is on the order of about  
15 2 million metric tons of carbon dioxide  
16 equivalents.

17 Secondly, there is a potential for the State  
18 to participate in carbon offset markets,  
19 particularly those that are in line with  
20 conservation and restoration goals. Future  
21 opportunities will likely expand with national  
22 policy. However, the specifics of this opportunity  
23 are uncertain at this point with Waxman-Markey.

24 We concluded that there are significant data  
25 gaps which would need to be filled in order to

1 fully develop carbon offset projects on state  
2 lands. We also concluded that we need more  
3 scientific research to fully understand the carbon  
4 sinks and sources that are important to Florida,  
5 particularly those related to soil carbon, fire,  
6 and aquatic ecosystems like wetlands, seagrass,  
7 mangroves, and salt marshes.

8 This study really represents baseline  
9 conditions which the State can use to consider  
10 potential projects in the future and identify some  
11 next steps. And we also identified some next steps  
12 in our report, and they're included there.

13 In closing, there's a great opportunity for  
14 Florida to lead the nation and potentially the  
15 world as we begin to transition toward a  
16 carbon-constrained economy. This study provides  
17 additional information that betters our  
18 understanding of greenhouse gas emissions as well  
19 as carbon sequestration on state lands.

20 Finally, our team would like to thank the  
21 Board of Trustees, the Florida Department of  
22 Environmental Protection, the Division of State  
23 Lands, and all the state agencies that participated  
24 and provided us data. We truly appreciate their  
25 help, and we also appreciate the opportunity to be

1 of service to the State of Florida. Thank you.

2 GOVERNOR CRIST: Thank you very much.

3 General, please.

4 ATTORNEY GENERAL McCOLLUM: I have a question.

5 In the carbon release area that you had, the very  
6 early slides, you showed that the forest fires I  
7 guess caused a release of about 1.3 million,  
8 whatever, parts a year, and electricity was about  
9 19,000 plus. Is that in a defined area that's  
10 rural, or is that overall?

11 In other words, it looked to me like  
12 electricity, or I presume the consumption of  
13 carbons in the process of producing electricity,  
14 might be in your data about 1 1/2 percent of the  
15 amount that's released by forest fires. Forest  
16 fires release a lot of carbon into the air, carbon  
17 dioxide, I assume. Is that correct?

18 MS. KLING: Yes, that's correct. And  
19 actually, that number does not include the carbon.  
20 That number includes the methane and nitrous oxide.  
21 Carbon is not included in that calculation because  
22 it's assumed to be recaptured in the following  
23 year, and thus it would be double-counted. So  
24 that's really only for the methane and for the  
25 nitrous oxide. And you're right -- well,

1 electricity usage is --

2 MR. SOLE: Let me just clarify, because I  
3 think I understand where the question is coming  
4 from. The electricity usage that was identified is  
5 just the electricity usage in association with  
6 managing those plots of land, not the state's  
7 electricity usage. I mean, we emit some almost --  
8 a little over 300 million metric tons of carbon  
9 here in the State of Florida, and probably -- I  
10 think some 40 percent of that is associated with  
11 electricity usage. It really is the place-based  
12 electricity use on those lands just to manage them.

13 ATTORNEY GENERAL McCOLLUM: Okay. That helped  
14 clarify that, because I was wondering --

15 MS. KLING: I'm sorry. I was actually coming  
16 to that.

17 ATTORNEY GENERAL McCOLLUM: -- if forest fires  
18 were producing so much more, but that's not  
19 correct. All right. That's a misleading figure,  
20 and I thought it might be. Thank you.

21 GOVERNOR CRIST: Good question, General.  
22 Commissioner.

23 COMMISSIONER BRONSON: Could I make a comment?

24 GOVERNOR CRIST: Yes, sir, of course.

25 COMMISSIONER BRONSON: We have -- our Division

1 of Forestry along with the forest resource, the  
2 private landowners in the state, which is about  
3 14 million acres, have been looking at carbon  
4 sequestration, cap-and-trade, and a number of those  
5 issues for probably about five years now and trying  
6 to coordinate how that's going to work with the  
7 production of ethanol and methanol and biodiesel,  
8 and all the things that we're doing in the  
9 production side of green fuels.

10 There are some pitfalls we need to be careful  
11 about as we begin to look at checks and balances.  
12 Number one, yes, when we have a forest fire, it  
13 does release quite a bit during that forest fire.  
14 We also know now that a wildfire, where we're not  
15 doing prescribed burns to keep that fuel loading  
16 down, actually releases more, much more than our  
17 controlled burns do, because you have so much more  
18 fuel loading down in those wildfire areas. So  
19 there is somewhat of an offset there.

20 Which is better or which is worse? I can tell  
21 you our state firefighters will tell you it's much  
22 better to have controlled and prescribed burns to  
23 keep the state from catching on fire in a wildfire  
24 state that could have all kinds of implications.

25 The other issue that I would like for the

1 Cabinet to think about is, a lot of this carbon  
2 sequestration and some of those issues have been  
3 talked about in Europe quite a bit longer than in  
4 the U.S., and right now they control more or less  
5 some of these actions on carbon sequestration, what  
6 is it worth, who can qualify.

7 I will tell you I was concerned after I found  
8 out -- I thought it had great application for  
9 Florida, and I was very concerned when I found out  
10 that if you, such as in a timber operation,  
11 maintain your timber operation the way you always  
12 have, you may not qualify under that condition.

13 In other words, right now, since the State of  
14 Florida has quite a few million acres of land and a  
15 lot of it's in forest and so forth, unless there's  
16 some major changes, we may not qualify in this  
17 carbon sequestration. Even though our forests are  
18 doing quite a bit to take the carbon out of the air  
19 and releasing oxygen, we may not qualify under  
20 those plans.

21 And that's why I was very skeptical about the  
22 cap-and-trade issue, because if you're going to use  
23 American farmers and American foresters and all of  
24 the states and federal government that has kept  
25 land in a natural resource state and not be able to



1 allow them to compete in that market, then what  
2 you're doing is artificially setting up a  
3 cap-and-trade where we wouldn't qualify, and our  
4 people would not be able to compete in that market.  
5 And we actually would allow our competitors around  
6 the world to create a lot more, while they're  
7 forcing us to do a lot less, and therefore  
8 basically affecting our economy, along with some of  
9 these other issues.

10 So it's a very complicated set of formulas  
11 right now, and I'm not sure I agree with how these  
12 formulas are going to be adopted, simply because I  
13 think it shuts -- all the good work we've done in  
14 natural resource protection, it kind of shuts us  
15 out of that picture right now unless they change  
16 some of the definitions and how they're going to  
17 consider this. And I just want to make sure that  
18 the Cabinet is aware of that. I believe that the  
19 Secretary is very much aware of it, and it is a  
20 very delicate set of issues right now.

21 But at the federal level, we've still got some  
22 work to do. And I think Jim Karels is going to  
23 have to do some more work going up there talking to  
24 the federal people on these issues, because I will  
25 tell you, to my dying day, I'm going to fight to

1 keep prescribed burning as part of Florida's  
2 protection of forests and natural resources and  
3 schools, businesses, and homes, because if we don't  
4 have it, if we jump too far to the other side here,  
5 we're going to really jeopardize the State of  
6 Florida.

7 So I hope y'all will -- this Cabinet, as long  
8 as I'm on it, will help us manage this discussion  
9 to Florida's benefit as best we can. I just wanted  
10 to make you aware of some of those offsets. They  
11 may not be true positive offsets. There could be  
12 some negative offsets here.

13 MR. SOLE: Governor, could I respond to the  
14 Commissioner, because he raises some good points,  
15 and I did just want to make sure the Cabinet was  
16 aware as well.

17 GOVERNOR CRIST: No.

18 (Laughter.)

19 MR. SOLE: Thank you.

20 GOVERNOR CRIST: I'm kidding. Of course you  
21 can.

22 MR. SOLE: I have nothing else, sir.

23 GOVERNOR CRIST: Of course you can.

24 MR. SOLE: One of the things -- the  
25 Commissioner is right. This is complex, and what's

1           exciting -- and when we started this -- and this is  
2           not new to the Trustees either. We've had the  
3           Action Team, Governor, your Action Team look at  
4           these issues and clearly identify the benefit of  
5           our conservation lands. The same thing with the  
6           Board of Trustees conversations on climate. We  
7           identified this as something that needs to be  
8           looked at.

9           What we're seeing, though, is that there are  
10          some unanswered questions, both from a policy  
11          standpoint as well as from a science standpoint.  
12          Sandra and her team did a great job in identifying  
13          especially some of those scientific challenges, for  
14          example, the sequestration value of our wetlands or  
15          our seagrasses, because currently we don't have the  
16          science to do a good job of quantifying it. They  
17          did a fantastic job on our forests.

18          And it's good to know -- and I want to make  
19          sure the Cabinet at least walks away with this  
20          number -- that including the burning that we do,  
21          which is, I 100 percent agree with the  
22          Commissioner, something that's essential, not only  
23          to sustain our forests, but also our ecology, we do  
24          have a net sequestration of some 2.1 million metric  
25          tons of carbon on an annual basis. And that's a

1 positive number with our current business-as-usual  
2 management.

3 The policy questions that get a little complex  
4 are from an economic standpoint. Sandra pointed  
5 out, you know, "Hey, we may be able to get some  
6 credits out of this deal." When you look at  
7 Waxman-Markey and what has been passed out of the  
8 U.S. House of Representatives, the answer is,  
9 "Probably not." You will probably not get a credit  
10 for that 2.1 million metric tons of sequestration  
11 because they are not an additive sequestration  
12 value, as the Commissioner pointed out.

13 So we need to keep a very close eye, and  
14 hopefully, as the Commissioner pointed out, Jim  
15 Karels -- and, Governor, your Washington office is  
16 engaged in tracking this legislation now in the  
17 Senate. Keep a strong eye on how they shape that  
18 U.S. policy, because without question, that's what  
19 we are going to have to play by, that U.S. policy,  
20 in my mind.

21 Fortunately, in Waxman-Markey, it was in the  
22 later weeks of that legislation that this whole  
23 issue really at least got elevated to a need for  
24 determination. The south U.S., southeast U.S., we  
25 have a great biomass potential, and this is

1 something that I think is very important to  
2 Florida, that we ensure we keep a very strong point  
3 on.

4 I also from a policy standpoint think that we  
5 as your staff also need to bring up the purpose of  
6 the conservation lands that we've acquired them  
7 for, whether they were acquired for recreation,  
8 forestry management, wildlife. We need to be  
9 cautious in ensuring that, yes, we recognize our  
10 carbon sequestration potential, but we don't let  
11 the tail wag the dog, because believe it or not, in  
12 some cases you can improve your carbon  
13 sequestration, but actually reduce the conservation  
14 value of that land.

15 So I think we need to be very cautious as we  
16 approach this to make sure that the original  
17 purpose of these lands are sustained, and at the  
18 same time we maximize our carbon sequestration  
19 value, you know, in compliance with those original  
20 conservation values that we acquired the land.

21 So this is something that I think we need to  
22 continue to track. We need to continue to track  
23 the federal policy on this before we pull any  
24 strong triggers and move ahead, because the one  
25 last thing I wanted to raise to the Board of

1 Trustees is, one of the unfortunate scenarios is  
2 that the cost that it would take to actually  
3 certify these credits is about equal to the cost of  
4 the credit itself.

5 So if we ran out today and tried to certify  
6 this 2.1 million metric tons so that we can go  
7 to -- whether it's a voluntary market or  
8 potentially a future federal market, we would  
9 probably get about the same amount of money it cost  
10 us just to certify it back. So it's something that  
11 we need to really stay very focused on, where the  
12 policies are and also where the economics are,  
13 before we pull any triggers.

14 And with that, I'll answer any questions.

15 CFO SINK: Governor, I do have one thing that  
16 came up in my staff briefing. There is a  
17 possibility that seagrasses and mangroves can  
18 absorb carbon. Would you speak to that? We have a  
19 lot of mangroves in Florida.

20 MS. KLING: Yes. There is research that  
21 indicates that these aquatic ecosystems are hot  
22 spots for carbon sequestration. And there are some  
23 preliminary estimates on what the potential is, but  
24 we lack the methodologies and specific data to  
25 fully develop carbon offset projects from that.

1 But there certainly is a potential, and there is  
2 research ongoing, but it's an area that needs more  
3 research and more data to be collected to fully  
4 understand those carbon sinks and the potential for  
5 Florida.

6 CFO SINK: Maybe we can inspire some of our  
7 university professors and researchers to take this  
8 on as a project.

9 MS. KLING: Absolutely.

10 CFO SINK: Thank you.

11 GOVERNOR CRIST: Thank you very much.

12 MR. SOLE: Thank you, Governor and Cabinet  
13 members.

14 MS. KLING: Thank you.

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

3 MR. WILLIAMS: Good morning, Governor,  
4 Trustees.

5 GOVERNOR CRIST: How are you?

6 MR. WILLIAMS: Fine, thank you. How are you?

7 GOVERNOR CRIST: Good, wonderful.

8 MR. WILLIAMS: Item 1 today is approval of the  
9 minutes from the June 9 meeting.

10 GOVERNOR CRIST: Is there a motion on the  
11 minutes?

12 ATTORNEY GENERAL McCOLLUM: So move.

13 CFO SINK: Second.

14 GOVERNOR CRIST: Moved and seconded. Show the  
15 minutes approved without objection.

16 MR. WILLIAMS: Item 2, request approval of the  
17 Quarterly Report from the Protecting Florida's  
18 Investments Act. I would note on this report that  
19 we added several companies to the list of those  
20 being monitored, and we have no exposure to any of  
21 them.

22 ATTORNEY GENERAL McCOLLUM: Could I --

23 GOVERNOR CRIST: General, please, of course.

24 ATTORNEY GENERAL McCOLLUM: I just want to  
25 commend you for proceeding. I think this has been



1 a very effective program. We now see in Iran a lot  
2 of reasons why we did this in the first place, Iran  
3 acting less friendly and continuing to develop its  
4 nuclear programs, and we saw what happened with the  
5 recent elections over there. And I think the  
6 concern that we expressed to you and the concern  
7 the Legislature expressed when it passed the law  
8 encouraging companies to divest -- or encouraging  
9 us to divest from companies that were doing  
10 business with Iran and Sudan is more than justified  
11 now. So I'm very pleased that you've added some  
12 companies. And I assume it's progressing very  
13 well, so I would move Item 2.

14 GOVERNOR CRIST: I would second that and echo  
15 the General's comments. We were -- correct me if  
16 I'm wrong, Ash, but I think the first state in the  
17 nation to pass legislation along these lines, and I  
18 think that's a point of pride for Florida in doing  
19 what's right to protect freedom.

20 CFO SINK: Governor, could I just --

21 GOVERNOR CRIST: CFO.

22 CFO SINK: I was told, and would you confirm  
23 this, that the -- obviously, when you're divesting  
24 yourselves of any assets, there are potential  
25 costs. But the returns on this new portfolio are

1           around six basis points less than what another  
2           model portfolio would be. Could you expand on  
3           that?

4           MR. WILLIAMS: That's exactly correct. On a  
5           total fund basis, the impact of the Protecting  
6           Florida's Investments Act has been a bit under six  
7           basis points. And there's some --

8           CFO SINK: Well, let me just interrupt. It's  
9           .06 percent.

10          MR. WILLIAMS: It's 6/100 of 1 percent, to be  
11          clear.

12          CFO SINK: Yes, .06, 6/100 of 1 percent.

13          MR. WILLIAMS: It's very small, is the short  
14          answer.

15          CFO SINK: Everybody --

16          MR. WILLIAMS: And the other point to note is,  
17          depending on when you measure that, it can go the  
18          other way. When I first reported to you on the  
19          progress on this act, it actually was positive to  
20          performance, which is counterintuitive. But the  
21          reason was that it led to an underweight in energy  
22          companies at a time when energy companies'  
23          valuations were going down. So it can go either  
24          way, but overall, the effect is quite small.

25          GOVERNOR CRIST: Okay. Moved and seconded.

1 Show it approved without objection. Item 3.

2 MR. WILLIAMS: Thank you. Item 3, we request  
3 approval of a draft letter to the Joint Legislative  
4 Auditing Committee for the annual certification of  
5 legal compliance and best investment practices for  
6 the Local Government Investment Pool.

7 By way of background on this, this item was  
8 taken up with the Local Government Participant  
9 Advisory Council in a public meeting on 18 June at  
10 the State Board and reviewed in some depth, and  
11 they were quite pleased with our progress. We are  
12 in fact in full legal compliance, and all of our  
13 practices are either at or approximate to best  
14 industry practice in the Local Government Pool.

15 CFO SINK: Move it.

16 ATTORNEY GENERAL McCOLLUM: Second.

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

19 MR. WILLIAMS: Thank you. Item 4, request  
20 approval of updated investment policy guidelines  
21 for the Local Government Surplus Funds Trust Fund.  
22 This relates to Item 3, in that to the extent we  
23 had any practices that were not in keeping with the  
24 investment policy guidelines of the Investment  
25 Company Institute, we are moving to adopt these.

1           These were done, again, consistent with working  
2           with Ennis, Knupp & Associates and Federated  
3           Investment Counseling, the outside asset manager  
4           that manages the pool assets. We also took these  
5           up with the Local Government Advisory Committee in  
6           their June 18 meeting.

7           And again, these are very consistent  
8           guidelines with the priority for the Local Pool,  
9           priorities to the Local Pool, which are, in order,  
10          safety, liquidity, and yield.

11          CFO SINK: Move it.

12          ATTORNEY GENERAL McCOLLUM: Second.

13          GOVERNOR CRIST: Moved and seconded. Show  
14          Item 4 approved without objection.

15          MR. WILLIAMS: Thank you. Before we leave the  
16          Local Government Pool, let me add that we  
17          distributed \$7.1 million in additional liquidity  
18          from Pool B on the 8th of July.

19          We've also extended the hours of our operation  
20          for daily transactions clearing. We previously  
21          closed at 11:00 a.m. That has been extended out to  
22          1:00 to be a little more consumer-friendly.

23          We have continued building, I think,  
24          confidence in the local investor community. We've  
25          added several significant new mandates recently,

1 and we look forward to continuing to grow the pool.

2 ATTORNEY GENERAL McCOLLUM: What's left in  
3 that investment pool?

4 MR. WILLIAMS: In Pool B, the current balance  
5 is -- I want to say right around \$300 million.  
6 I'll tell you exactly. \$273 million. And to put  
7 that in perspective, I believe when I first  
8 reported to you on that, it was between 5 and 600  
9 million.

10 GOVERNOR CRIST: Thank you. Item 5.

11 MR. WILLIAMS: Item 5, request a draft letter  
12 to the Joint Legislative Auditing Committee  
13 affirming that the Trustees have reviewed and  
14 approved the monthly Local Government Investment  
15 Pool summary reports and taken action to identify  
16 any material impacts. This covers Q2. There were  
17 no material impacts, and therefore, there are no  
18 associated actions required.

19 GOVERNOR CRIST: Is there a motion?

20 CFO SINK: Move it.

21 ATTORNEY GENERAL McCOLLUM: Second.

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

24 MR. WILLIAMS: Thank you. Item 6, request  
25 approval for appointment of the chair for the

1 Florida Commission on Hurricane Loss Projection  
2 Methodology. This would be Associate Professor  
3 Randy Dumm.

4 ATTORNEY GENERAL McCOLLUM: I move Item 5 --  
5 or Item 6, excuse me.

6 CFO SINK: Second.

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

9 MR. WILLIAMS: Thank you. A little update on  
10 the Hurricane Catastrophe Fund. We recently had  
11 subscriptions for the temporary increase in  
12 coverage layer for the current hurricane season.  
13 These came in at roughly \$4.4 billion below the  
14 maximum they could have been at. In addition to  
15 that, we had a \$2 billion reduction in TICL  
16 exposure because of the passage of the legislation,  
17 Committee Substitute for House Bill 1495.

18 And those two changes, together with the  
19 \$5 billion increase in issuance capacity for debt  
20 that we reported to you on back in May,  
21 collectively put the CAT fund in a position that's  
22 \$11.4 billion stronger than it was when we first  
23 reported at the beginning of 2009. So I think  
24 we're moving in the right direction there.

25 Item --

1 GOVERNOR CRIST: Thank you, Ash. I'm sorry.

2 MR. WILLIAMS: Item 7, we request authority to  
3 amend the approved fiscal 2009-2010 budget. You  
4 will recall at our last meeting, we brought forward  
5 a budget and requested that you adopt a  
6 continuation budget, which you did. We then went  
7 back and sharpened our pencils, cut costs wherever  
8 we could, went through our budget line by line,  
9 held public hearings with our Investment Advisory  
10 Council, our Local Participant Government Advisory  
11 Council, and our Audit Committee. We trimmed  
12 things quite significantly, reduced the budget  
13 request by more than half. And of the increase we  
14 are requesting, roughly 76 percent of it is  
15 directly related to audit and compliance  
16 activities.

17 ATTORNEY GENERAL McCOLLUM: I move Item 7.

18 CFO SINK: Second.

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

21 MR. WILLIAMS: Thank you.

22 GOVERNOR CRIST: Thank you, Ash. We're done.

23 (Proceedings concluded at 11:01 a.m.)

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2 CERTIFICATE OF REPORTER

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4 STATE OF FLORIDA:

5 COUNTY OF LEON:

6 I, MARY ALLEN NEEL, Registered Professional  
7 Reporter, do hereby certify that the foregoing  
8 proceedings were taken before me at the time and place  
9 therein designated; that my shorthand notes were  
10 thereafter translated under my supervision; and the  
11 foregoing pages numbered 1 through 95 are a true and  
12 correct record of the aforesaid proceedings.

13 I FURTHER CERTIFY that I am not a relative,  
14 employee, attorney or counsel of any of the parties, nor  
15 relative or employee of such attorney or counsel, or  
16 financially interested in the foregoing action.

17 DATED THIS 14th day of August, 2009.

18

19

20 \_\_\_\_\_  
21 MARY ALLEN NEEL, RPR, FPR  
22 2894-A Remington Green Lane  
23 Tallahassee, Florida 32308  
24 (850) 878-2221  
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