

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

Representing:

DEPARTMENT OF VETERANS AFFAIRS
GULF REGIONAL AIRSPACE STRATEGIC INITIATIVE
BOARD OF TRUSTEES
DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES
DEPARTMENT OF REVENUE
FLORIDA DEPARTMENT OF LAW ENFORCEMENT
OFFICE OF INSURANCE REGULATION
DIVISION OF BOND FINANCE

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Scott
presiding, in the Cabinet Meeting Room, LL-03,
The Capitol, Tallahassee, Florida, on Tuesday,
December 11, 2012, commencing at 9:00 a.m.

Reported by:
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APPEARANCES:

Representing the Florida Cabinet:

RICK SCOTT
Governor

ADAM H. PUTNAM
Commissioner of Agriculture

PAM BONDI
Attorney General

JEFF ATWATER
Chief Financial Officer

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P R O C E E D I N G S

(Agenda items commenced at 10:20 a.m.)

GOVERNOR SCOTT: Now, I would like to recognize Executive Director Mike Prendergast with the Department of Veterans' Affairs.

EXECUTIVE DIRECTOR PRENDERGAST: Good morning, Governor Scott, General Bondi, CFO Atwater, and Commissioner Putnam. Before we begin our presentation a special thanks to all four of you from all of your state's veterans for taking time out of your busy schedules today to pay honor and respect to Staff Sergeant Robert Miller the most recent recipient of the Medal of Honor to be installed on the Medal of Honor Wall here in the Capitol Complex. That was just a fantastic opportunity for the Miller family to be here for that presentation today, and we are deeply honored by your presence and attendance.

For over 236 years the freedoms and liberties we hold most sacred in this country have been earned by our fellow citizens from the Minutemen at Bunker Hill to our warriors in Iraq and Afghanistan, men and women just like Staff Sergeant Robert Miller, our history is

1 filled with stories of individuals sacrificing
2 their own lives to secure the profound gift of
3 peace and liberty for others.

4 For Staff Sergeant Millers' family and
5 friends we know that no words can ease the ache
6 in their hearts, but we also know, and we know
7 this now as of today, that Robert Miller's life
8 and legacy endures in the Capitol of the great
9 State of Florida in the hearts and minds of all
10 of its citizens.

11 Members of the Cabinet, I'm pleased today
12 to introduce the seven members of Florida
13 Veterans Hall of Fame Council. The Council was
14 established by the 2012 Legislature for the
15 propose of identifying nominees for selection
16 by the Governor and Cabinet to the Florida
17 Veterans Hall of Fame.

18 Appointments were made by the Governor,
19 each Member of the Cabinet, the President of
20 the Senate, the Speaker of the House of
21 Representatives, and the Executive Director of
22 the Department of Veterans Affairs. They are
23 here in the Capitol today for their
24 organizational meeting and with your
25 permission, Governor Scott, I would like to

1 introduce them to you and the Members of the
2 Cabinet as well as to the rest of the state.

3 State Representative Larry Metz is
4 Governor Scott's appointee. Representative
5 Metz served in the United States Marine Corps.

6 Attorney General Bondi appointed
7 Chris Hart. Lieutenant Colonel Hart is a
8 veteran of the United States Army.

9 Chief Financial Atwater appointed
10 James Harrell. Dr. Harrell served in the
11 United States Army during the Vietnam War.

12 Commissioner Putnam appointed
13 Adrian Jackson. Admiral Jackson served in the
14 United States Navy and his last assignment in
15 the service was at the United States Central
16 Command.

17 President Haridopolos appointed
18 Raymond Quinn. Sergeant Major Quinn served in
19 the United States Army.

20 Speaker Cannon appointed Bruce Host a
21 fixture here in Tallahassee, and Colonel Host
22 served in the United States Air Force.

23 I appointed Marlana Carter. Lieutenant
24 Colonel Carter served in the United States Army
25 and is a veteran of Operation Iraqi Freedom.

1 With your concurrence the Florida Veterans Hall
2 of Fame Council will now depart so they can now
3 get to work, Governor Scott

4 (Applause.)

5 EXECUTIVE DIRECTOR PRENDERGAST: The
6 Florida Department of Veterans Affairs has four
7 agenda items for your consideration this
8 morning. Item 1 consists of the minutes from
9 the September 18th Cabinet meeting and we
10 respectfully request approval of these minutes.

11 GOVERNOR SCOTT: Is there a motion to
12 approve?

13 ATTORNEY GENERAL BONDI: So moved.

14 GOVERNOR SCOTT: Is there a second?

15 CFO ATWATER: Second.

16 GOVERNOR SCOTT: Any comments or
17 objections.

18 (No response.)

19 GOVERNOR SCOTT: Hearing none, the motion
20 carries.

21 EXECUTIVE DIRECTOR PRENDERGAST: Thank
22 you, gentlemen. Item 2 contains the
23 Department's Annual Report for Fiscal Year 2011
24 and 2012 and our Quarterly Report for the
25 period ending September 30th, 2012. Each of

1 your offices has a copy of our Annual Report as
2 far as the Cabinet material. Subject to your
3 approval today, bound copies will be delivered
4 to your offices and as well as the Members of
5 the Legislature later this week.

6 Some of the major trends noted in our
7 Annual Report include services provided to
8 veterans by our Division of Benefits and
9 Assistance at the VA Regional Office in Bay
10 Pines experienced a 28-percent increase over
11 the past three years. What this amounted to
12 was more than 578,000 of the Sunshine State's
13 veterans came to your Department of Veterans
14 Affairs for support and assistance over the
15 past one year.

16 The value of issue resolution has
17 increased by 52 percent over the past three
18 fiscal years. Last year's results exceeded
19 57.8 million for our veterans. These included
20 assisting our veterans in obtaining
21 medications, durable medical equipment, eye
22 glasses, hearing aid, some of their documents
23 that may have been lost times, and other things
24 that the veterans have requested our support
25 and assistance in obtaining.

1 The Annual Report also documents that the
2 return investment for our veterans' claims
3 examiners has averaged a hundred-and-forty
4 dollars to the dollar over the past several
5 years, we spiked last year to a hundred-and-
6 eighty dollars to the dollar. This large
7 increase was due to the federal VA's
8 initiatives to expedite processing of the
9 class-action lawsuit claims pertaining to *Nemer*
10 that are the result of veterans exposure during
11 the Vietnam War, to Agent Orange, and other
12 herbicides. I'll talk a little bit more about
13 that in a moment.

14 As we highlight in our report, it's
15 important to note the significance of these
16 efforts and the result and direct infusion of
17 more than \$13.7 billion annually in Florida's
18 economy.

19 Briefly I'd like to highlight our
20 legislative accomplishments last session which
21 included bills that provide for early course
22 registration of our veterans to obtain access
23 to their Post-9/11 GI Bill benefits so that
24 they're on an equal footing with our scholar
25 athletes at our colleges and universities.

1 We also had legislation that passed and
2 the Governor signed into law that provides
3 college credit for education and training that
4 our veterans received on active duty. We as a
5 nation spend a lot of money training and
6 ensuring that our veterans who are then on
7 active duty on our Guard and Reserve have
8 world-class opportunities to be educated,
9 perform their duties to the standards of
10 excellence for their military occupational
11 specialty.

12 We as a nation and certainly as a state
13 owe it to ourselves to harvest this training
14 and education for the good of our veterans but
15 also for the good of our taxpayers when these
16 veterans enter the workforce upon completion of
17 their education and training. Both of these
18 bills will ultimately enhance degree of
19 completion, reduce attrition, and put our
20 veterans back into the workforce more
21 expeditiously.

22 Briefly I'd also like to highlight the T.
23 Patt Maney Veterans' Treatment Intervention Act
24 that was passed through the last session. And
25 this is a pretrial intervention in veterans --

1 pretrial veterans and service members'
2 treatment intervention program for veterans or
3 service members still serving on active duty
4 suffering from posttraumatic stress disorder,
5 traumatic brain injury, or alcohol or drug
6 dependency. Elements of this act are now being
7 implemented in courts across the state.

8 Finally working with our colleagues at the
9 Department of Business and Professional
10 Regulation legislation was passed waiving the
11 application of licensing fees for returning
12 veterans in many trades and professional
13 careers. And earlier back in the summertime
14 Governor Scott signed a bill and also signed
15 the first license that was issued to one of our
16 state's veterans to go to work down in
17 Highlands County. A detailed 2012 legislation
18 session wrap-up was sent to each of your
19 offices earlier this spring.

20 According to our Quarterly Report, for the
21 period ending on September 30th -- this has
22 also previously been delivered to your
23 office -- and I would just to like to highlight
24 performance measures continue to be met or
25 exceeded by Department of Veterans Affairs.

1 I would like to draw your attention to one
2 aspect of the Quarterly Report, however. On
3 page 5 of the report under the heading of
4 Bureau of Claims Services, you will note a
5 slight drop in the retroactive compensation
6 from 66 million to 46 million for last year.
7 That drop was due to the velocity of the *Nemer*
8 claims being settled, and most of those now
9 have been adjudicated by the Department of
10 Veterans Affairs, but we continue to see new
11 claims coming in. Nevertheless, for the first
12 quarter we had a return on investment of \$203
13 to the dollar for the bureau of -- our veterans
14 claims out of Benefits and Assistance Division.

15 The first quarter data report outstanding
16 levels of census in our six state veterans
17 nursing homes. We've averaged 99 percent since
18 we reported out to you earlier this summer when
19 we eclipsed our goal much earlier than
20 anticipated with a hundred-percent occupancy in
21 all six of our state's veterans nursing homes.
22 Ninety-nine percent is unprecedented. The
23 industry average across the state is only 86
24 percent.

25 Subject to your questions we respectfully

1 request approval of our annual and quarterly
2 reports.

3 GOVERNOR SCOTT: Is there -- is there a
4 motion to approve?

5 ATTORNEY GENERAL BONDI: So moved.

6 GOVERNOR SCOTT: Is there a second?

7 CFO ATWATER: Second.

8 GOVERNOR SCOTT: Any comments or
9 objections?

10 (No response.)

11 GOVERNOR SCOTT: Hearing none, the motion
12 carries.

13 EXECUTIVE DIRECTOR PRENDERGAST: Thank
14 you, Governor. Item 3 consists of two
15 legislative policy proposals for your review
16 and consideration. And from my distinguished
17 colleague Mr. Dave Wilkins and other
18 colleagues, I got a couple of things here I
19 want to incorporate in my comments.

20 We strive daily to execute our mission
21 with a standard bearing model of best practices
22 and a relentless pursuit of excellence in
23 delivering world-class services and support for
24 our veterans. We captured our lessons learned,
25 and those lessons learned permit us to deploy

1 innovative solutions to challenges in an
2 environment that is in a persistent state of
3 transformation.

4 The one constant in our model that we have
5 to adapt to is change, and we're doing that
6 while we're seamlessly delivering this world-
7 class support for the nation's third largest
8 population of veterans. This is in that
9 operational environment where we have veterans
10 who range in age from prior to World War II
11 residing in state's veterans nursing homes to
12 veterans all the way up to the contemporary war
13 in Afghanistan.

14 Ninety plus years, we will have a hundred-
15 year-old veteran in one of our homes, and I
16 hope to be there for his birthday later this
17 month. And it's just an awesome thing to see
18 those veterans when they celebrate those
19 centennials like that. And we got some younger
20 veterans from the Desert Storm Era as well in
21 some of our homes.

22 Therefore, we can ill-afford to allow
23 ourselves to become complacent or rely on our
24 present successes in predicting future
25 outcomes. We must transform and we must

1 continually look forward to working with
2 colleagues here in Tallahassee to innovate and
3 reinvent the processes so that we can stay
4 abreast of the model that's made us successful
5 but also use some of those best practices that
6 are out there in the industry.

7 Having laid this great background
8 information before you, I'd like to brief our
9 concern on two policy initiatives. We've
10 requested two proposals. The first one relates
11 to exempting the Veterans' Homes Trust Funds
12 from the state management fee. In the Fiscal
13 Year ending on June 30th, 2012, the agency was
14 assessed \$235,000 in management fees. Over the
15 past five years these fees amounted to in
16 excess of a million dollars. Currently there
17 are 17 state agency trust funds that are exempt
18 from state management fees.

19 Proposal 2 relates to the exempting of the
20 Veterans' Homes Trust Funds from budget
21 sweeps. Veterans' Homes Trust Funds are
22 generated primarily by long-term care services
23 we provide for our veterans. They are also
24 generated by voluntary contributions of our
25 citizens in the state who purchase the

1 veterans-related license plates which help us
2 with in excess of \$2 million of operational
3 funds.

4 We have those on our own vehicles and I
5 know a lot of our citizens across the state do
6 as well. And I would still like to point out,
7 gentlemen, that the Marine Corps leads the way
8 with the most license plates purchased during
9 the fiscal year that ended on June --

10 GOVERNOR SCOTT: That's part of the Navy,
11 right?

12 EXECUTIVE DIRECTOR PRENDERGAST: Yes, sir,
13 it is. As you all know, our state veterans
14 homes are renovated, built of course, and
15 maintained with a 35-percent state fund and
16 65-percent federal matching fund. We
17 respectfully request approval of the agency
18 legislative policy proposals for the 2013
19 Session of the Legislature.

20 GOVERNOR SCOTT: Is there a motion to
21 approve?

22 CFO ATWATER: So moved.

23 GOVERNOR SCOTT: Is there a second?

24 COMMISSIONER PUTNAM: Second.

25 GOVERNOR SCOTT: The Florida Constitution

1 requires me to independently act on all
2 legislation passed by the Florida Legislature,
3 therefore, I'm abstaining from voting on this
4 item and the record should reflect my
5 abstention. Are there any other comments or
6 objections?

7 (No response.)

8 GOVERNOR SCOTT: Hearing none the motion
9 is approved with one abstention.

10 EXECUTIVE DIRECTOR PRENDERGAST: Thank
11 you, Governor. Item 4 contains the
12 Department's Legislative Budget Request for
13 fiscal year of 2013 through 2014. Our original
14 legislative budget request contained 16 items
15 on a prioritized list. Two of those items have
16 subsequently been rolled into the base budget
17 leaving 14 items for your review and
18 consideration.

19 Overwhelmingly these items fall within the
20 Operations and Maintenance Trust Fund or state
21 Veterans Homes Trust Funds for sourcing. As
22 you know, and we're very proud to announce
23 again, the Department of Veterans Affairs
24 provides world-class, unmatched across the
25 United States long-term health care for its

1 state's veterans and we do it at zero general
2 revenue appropriations to the taxpayers of
3 State of Florida.

4 The purpose of our general revenue
5 requests are better reach approximately 60
6 percent of Florida's veterans who are not yet
7 enrolled with the US Department of Veterans
8 Affairs and yet who may be not -- may not be
9 aware of the benefits or services they have
10 earned by their military service. The result
11 of this knowledge have -- that the state of
12 Florida is leaving unknown millions of earned
13 federal VA benefit dollars unused by our
14 state's veterans while equally unknown number
15 of eligible veterans are receiving state social
16 services for perhaps Medicaid dollars, and we'd
17 like to close that gap for the good of the
18 constituents of the state, Governor.

19 We've had the opportunity to brief each of
20 your offices on our original Department's
21 Legislative Budget Request for the upcoming
22 fiscal year and will be pleased to have further
23 discussions and we desire to develop a budget
24 for the Governor. We respectfully recommend
25 approval of our budget request.

1 GOVERNOR SCOTT: Is there a motion to
2 approve?

3 ATTORNEY GENERAL BONDI: So moved.

4 GOVERNOR SCOTT: Is there a second?

5 CFO ATWATER: Second.

6 GOVERNOR SCOTT: Florida law requires me
7 to independently submit budgets proposals.
8 Accordingly I'm abstaining from a voting on
9 this item and the record should reflect my
10 abstention. Are there other comments or
11 objections?

12 (No response.)

13 GOVERNOR SCOTT: Hearing none the motion
14 is approved with one abstention. Thank you and
15 thanks for all the things you're doing for
16 veterans, Mike. Do you need to add something
17 else?

18 EXECUTIVE DIRECTOR PRENDERGAST: Governor
19 Scott and Members of the Cabinet: on behalf of
20 all the state's veterans, we'd like to wish you
21 all a very merry Christmas, a great New Year,
22 great success. We really do appreciate all
23 that you do on behalf of our state's veterans
24 and we are a world-class leaders when it comes
25 to taking care of veterans. Thank you and

1 happy holidays.

2 ATTORNEY GENERAL BONDI: Thank you,
3 colonel.

4 GOVERNOR SCOTT: Thank you, bye, bye.
5 Tell Naomi hi.

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1 GOVERNOR SCOTT: All right. Next we have
2 a presentation on the Gulf Regional Airspace
3 Strategic Initiative. Florida is home to 20
4 major military installations and three unified
5 combatant commands, as well as many of the
6 nation's leading defense companies and a large
7 pool of highly skilled workers and veterans.

8 I would now like to recognize Secretary
9 Herschel Vinyard of Florida of Department of
10 Environmental Protection and Assistant
11 Secretary Terry Yonkers of the United States
12 Air Force, and Brigadier General David Harris
13 with Eglin Air Force Base to provide an update
14 on GRASI.

15 This important project is both a benefit
16 to our military and to our economy.
17 Defense-related spending is responsible for 7.5
18 percent of Florida's gross state product and
19 over 686,000 jobs. Defense-related spending in
20 northwest Florida alone is responsible for 25
21 percent of the gross regional product and over
22 118,000 jobs.

23 This collaborative effort with the Air
24 Force will help ensure the continued
25 sustainability of military readiness, testing,

1 and training in northwest Florida. Good
2 morning.

3 SECRETARY VINYARD: Good morning, Governor
4 and Members of the Cabinet. Congratulations on
5 a very memorable Cabinet meeting. I think it's
6 been -- been terrific. If the Governor will
7 please, we have the Air Force with us. This is
8 a collaboration between the Department of
9 Environmental Protection, the Department of
10 Agriculture, and Fish and Wildlife along
11 obviously with the Air Force.

12 I want to thank Commissioner Putnam for
13 your great leadership on the partnership, as
14 well as Nick Wiley with Fish and Wildlife. As
15 you mentioned, Secretary Yonkers is here and
16 I'm going to turn it over to him. I will tell
17 you that he's been a great partner. We're
18 working on a number of issues. And the
19 Lieutenant Governor also is working with
20 Secretary Yonkers on a number of items to bring
21 more Air Force presence to the State of
22 Florida.

23 GOVERNOR SCOTT: Good morning.

24 THE HONORABLE TERRY YONKERS: Good
25 morning. Thank you, Secretary Vinyard. I'm

1 really amazed at what I've seen this morning.
2 And first of all I want to say, thanks, it's a
3 privilege and an honor to be here. But after
4 seeing what's going on in this Cabinet meeting
5 this morning, I'm also very humbled. Anytime
6 you can be in the presence of a family that a
7 recipient of a medal of honor is awesome. Let
8 alone the veterans, let alone the state highway
9 troopers and what are you going to do about the
10 kids. I mean, I am convinced that the good
11 Lord put us all on this earth to have kids and,
12 Governor, more importantly to have grandkids,
13 where you get to spoil them and then hand them
14 back to mom and dad.

15 I also want to say thank you to all of the
16 Cabinet and Governor to you and your entire
17 staff. As Secretary Vinyard has talked about,
18 this has become an awesome partnership, not
19 only on GRASI but on everything that the
20 military is doing in the State of Florida in
21 conjunction with all Floridians and certainly
22 with the members of your administration and the
23 Cabinet members in front of me. We could not
24 be doing this without you.

25 And General Harris behind me here, the

1 commander out at Eglin, you know, he will tell
2 you that many years ago we didn't spend a lot
3 of time outreaching in our communities. Today
4 that has turned around because we realize the
5 significance of being able to get out amongst
6 the community, and 65 percent of our airmen let
7 alone our other military members are part of
8 the community. They go to your schools, they
9 work in the community, and their spouses work
10 in your community. So we are integral to the
11 community.

12 But this GRASI effort as you already
13 articulated is something that's a bit special.
14 One of the things that I deal with on a regular
15 basis is encroachment in our military
16 installations and particularly around our air
17 bases. And as encroachment pulls us in, our
18 options for training, test, evaluation, and
19 just doing obligations in and around our air
20 bases are also somewhat prudent.

21 So this Gulf Regional Airspace Strategic
22 Initiative is a forward-looking opportunity to
23 be able to preserve airspace, to be able to
24 reserve ground for special operations like the
25 7th Special Operations Group out of Eglin, and

1 it's in concert with multiple-use initiatives
2 and objectives of the state, private
3 developers, The Nature Conservancy, and others
4 are very much interested in.

5 And so this is a win/win across the
6 board. And I just can't say enough about how
7 great this initiative is and a tremendous
8 support that we're getting from everybody here
9 in Florida. Not just at Eglin, the cape,
10 Patrick, MacDill, Tyndall, you name it, every
11 air base we have here in the State of Florida.

12 Now, I'm going to turn this over to
13 Mr. Penland, a/k/a Pappy, whom I think most of
14 you know as, he's been working this for about
15 the last eight years. And I would just offer
16 one thing that I already sort of directed Pappy
17 in what he's going to do now is: we've
18 initiated a memorandum of understanding, we're
19 moving down the path towards closure on GRASI.
20 I've asked him to lay out a schedule of the
21 tasks, and the events that need to occur over
22 the course of the next two, three, or four
23 years so that he can get on a path to create or
24 to make this concept come to fruition. And I
25 would really ask for your again support on

1 making that happen. And thank you very much.

2 GOVERNOR SCOTT: Thank you for being
3 here.

4 MR. PENLAND: Thank you. I appreciate you
5 taking the time. I'm Mike Penland, all your
6 staff know me as Pappy. That's my call sign.
7 I spent 25 years in the Air Force, so I now
8 work at Eglin Air Force chief of operation
9 base.

10 As the Secretary said, this is something
11 new we tried. Typically we have not gone out
12 and done a lot of collaborative planning in the
13 beginning. So this is something new we tried.
14 I just wanted to echo, the State of Florida has
15 been awesome. They bent over backwards when we
16 first approached them with this, and have
17 really bent over backwards to try to help us
18 out and address this challenge.

19 So what I want to review real quick is
20 kind of give you kind of a quick little
21 overview what the purpose was, kind of some of
22 our challenges, and then what really grew out
23 of the original GRASI program was this
24 landscape initiative, which was really the
25 focus of what we're going to talk about today

1 real quick and our next steps.

2 For GRASI really is kind of born out of a
3 BRAC 2005. As you know, there was a lot of
4 things that came into northwest Florida
5 specifically, the joint strike fighter, there
6 was also a bunch of things from going into
7 Pensacola and some other places, and it started
8 us thinking that we really need to see are we
9 using the airspace efficiently, are we doing
10 the right things in northwest Florida to make
11 sure that all of this works the way it should.

12 So we started this thing called GRASI, the
13 Gulf Regional Airspace Strategic Initiative,
14 had SAIC as my main contractor to help me out,
15 Mr. John Mathers, he represents SAIC today.
16 And we had an executive steering council, which
17 we had folks at the general officer level and
18 also on the -- on the civilian side we had
19 folks at the kind of general officer level
20 helping us out there as well, to kind of steer
21 this collaborative effort.

22 And it was really all about coming up with
23 a collaborative effort and vision for what
24 northwest Florida would look like with the
25 military in the middle there. We need to take

1 in account the economic impact, because
2 obviously there's a lot of tourism and a lot of
3 things that -- and as you pointed out, sir, we
4 have very big economic impact, we the military
5 in this particular part of the region. So I
6 want to make sure that we took that into
7 account and make sure that it was a
8 collaborative effort. And for us, really, the
9 bottom line was could we get our mission done
10 and could we do it effectively. So that's
11 really kind of what GRASI was about.

12 When we started into this, there was a lot
13 of regional growth, not just from BRAC but also
14 other things there. Headquarters, Air Force
15 Special Operations Command was growing beyond
16 just BRAC kind of growth, we were also getting
17 stuff from -- like I said Pensacola was getting
18 munitions from Texas and some of those kinds of
19 things.

20 And you see on the right-hand side of that
21 slide there, there was also a lot of growth
22 just from in the region there. That big green
23 blob, 724 square miles of the Eglin land range
24 in the middle of that picture you can see on
25 the top right, what it is a snapshot of 2005,

1 the State of Florida projected by 2060, all
2 that red kind of surrounding the Eglin range.

3 So that was another emphasis for us to
4 look at how can we do this smartly and make
5 sure that we get the mission done and get
6 everything that we need to get done in this
7 area. And you can see there on the bottom,
8 obviously everybody's got plans to grow,
9 civilian as well as military. So we need to
10 make sure we take all of that into account.
11 And that's really what it's all about.

12 The economic impact, you've already kind
13 of outlined, is a very deep economic impact of
14 the military of northwest Florida, but we also
15 need to make sure that whatever we did,
16 whatever kind of options we came up with didn't
17 negatively impact the other economy in
18 northwest Florida being the tourism and those
19 kinds of things.

20 So what we did is we put this group
21 together with whole lot of folks from the
22 economic side of the house, from the local
23 counties, civilian airports, all the military
24 users in the region, we brought all those folks
25 together and we said, what is it you need to do

1 in this region, here's what we need to do in
2 the region. Are there ways that we could sit
3 down and work together and make sure that you
4 get what you need, while we still get what we
5 need. And that was really kind of a first for
6 us to do it in that manner.

7 And since then, I will tell you, it's kind
8 of become a model of how we're going to
9 approach this in the future across country.
10 We're going to sit down from now on and
11 actually do this as opposed to just coming out
12 with plans and trying to figure out why we
13 can't do it.

14 So our challenge, like I said, BRAC 2005,
15 lots of things coming into northwest Florida
16 started us thinking it might have some -- it
17 was already a very complicated airspace set up
18 in the northwest Florida region so we knew that
19 these additional missions were going to be
20 something we need to look at just make sure
21 that we can do this the right way. And then
22 what we found was not only was the airspace
23 challenge, but there was a land challenge and
24 I'll talk to that here in just a second.

25 Right now in this northwest Florida region

1 and really southern Alabama there's a bathtub
2 kind of going on. A lot of the missions that
3 were there, the old F-15s that aren't around,
4 those have moved off, we're slowly starting to
5 ramp up the F-35 and as we see that start to
6 build up, we need more and more missions, and
7 the airspace is getting more and more crowded,
8 and we'll see things start to get busier and
9 busier.

10 During this bathtub, we've also have had a
11 lot of growth in the AFSOC, the Air Force
12 Special Operations Command. They are for the
13 Air Force the point and the spirit. A lot of
14 special op stuff is over in theater right now
15 obviously. A lot of what they do is very, very
16 important, we need to be sure that we have the
17 places for them to train and be able to do what
18 they need to do to be ready to go at a moment's
19 notice.

20 So a lot of that was going on. So what we
21 did is we hired -- through SAIC we hired
22 Virginia Tech to do some modeling for us. We
23 had gone around to NASA, some other folks and
24 found out Virginia Tech really was one of
25 leaders in airspace modeling. So they helped

1 us with trying to put down what all the
2 military requirements, what are the civilian
3 aviation requirements, what are all the
4 different things that can happen in the
5 airspace, and put them into a model and figure
6 out where some of our chokepoints were. And
7 I'll show you some of that here in just a
8 second

9 What our modeling kind of showed us was is
10 we got a few areas there that there are
11 potential chokepoints, potential areas that
12 could cause a mission impact, and that we
13 needed to make sure that we look at and see
14 what's really going on there and figure out a
15 way to figure that out.

16 One of the things that northwest Florida
17 really offers us, you know, for the military,
18 there's a lot of things in northwest Florida
19 that we can't do in other places. I mean,
20 having all the water, airspace that's adjoined
21 to the 724 square miles of the Eglin land
22 range, having littoral access, riverine, there
23 are lots of different things that we can do
24 here that we can't necessarily do in other
25 places. So it's really one of those things we

1 want to protect our ability to use this
2 region.

3 One of the things that is unique here also
4 is the conservation community is very -- one of
5 their priorities is to set aside areas, to
6 conserve areas, to limit growth and
7 residential, those kinds of things. Well,
8 those are areas that we also target as well as
9 areas that we would like to use because we
10 don't want to -- obviously with the
11 encroachment and things -- we don't want, you
12 know, impact the community more than we really
13 need to.

14 So what we found when we sat down with the
15 conservation folks, is really there's a
16 win/win. Those kinds of priority areas that
17 they're looking at are really our priority
18 areas as well. So we sat down with them and
19 said let's see if we can identify areas and
20 figure out where those win/wins really occur.
21 And that's kind of what we did.

22 Now, we did the modeling -- and this is a
23 snapshot of the western side of the Eglin
24 range. If you're familiar with the Eglin
25 range, Highway 285 -- 85 runs right down the

1 middle there. So we're kind of segregated, the
2 western, the eastern part of the range. The
3 airspace associated with that land range is
4 restricted airspace.

5 One of the things I'll point out to you
6 which you may not be aware of is the restricted
7 airspace that sits over the Eglin land range
8 represents 66 percent of the restricted
9 airspace surface to unlimited east of the
10 Mississippi. So 66 percent of restricted
11 airspace is right over that part of northwest
12 Florida. That's a big deal for us because
13 restricted airspace is required for testing,
14 bombing, or shooting, lasing, and now UAS
15 operations all have to occur in restricted
16 airspace. So to have 66 percent of that east
17 of Mississippi in one spot is a big deal so we
18 need to make sure we preserve that.

19 So what you see here is a snapshot. We
20 put all those requirements into the Virginia
21 Tech model, what we found was there was a lot
22 of congestion, a lot of folks trying to use the
23 western part of the range, and that was a big
24 flag to us. You'll see the red line going
25 across the 10 hours. That kind of represents

1 our schedule and flexibility and where our
2 schedulers need to be able to schedule around
3 that hour to basically have flexibility. You
4 can see that far exceeds that.

5 What the model did was it allowed us to be
6 able to dig down and peel back the onion and
7 figure out what kind of stuff was actually
8 going in here. What we found was a lot of
9 things that were trying to go into that region,
10 into that area were nonhazardous type
11 activity. And really that restricted airspace,
12 that range is really designed for restricted
13 hazardous type activity.

14 So we decided what we could look for other
15 areas or we could do these compatible
16 nonhazardous type missions. And when I talk
17 about those, I'm talking about CV-22 landing
18 sites, I'm talking about areas for ground teams
19 of 12 to 15 guys to maneuver, maybe be dropped
20 off by helicopter, do some ground maneuver, get
21 picked up by a helicopter. Those kinds of
22 activities are the kinds of things we're
23 talking about that don't need to be on Eglin
24 range, don't need to be in restricted airspace,
25 but they do need someplace to go.

1 So we started reaching out to folks in the
2 US -- or the Florida Forest Service, DEP, Fish
3 and Wildlife, all different folks. And we
4 said, hey, just what if, are there
5 opportunities. And what we found was there are
6 a lot of opportunities out there that we think
7 exist where we could do compatible military
8 operations that will not impact the
9 conservation priorities or the other priorities
10 of those particular regions. So here again we
11 think there's this win/win that exists.

12 So our approach here was really a
13 two-pronged approach. Really what we're
14 talking about today is kind of the state and
15 public lands approach, there's also the
16 private/conservation approach. I met with
17 folks in the DC -- at The Nature Conservancy at
18 the DC level and also here at the state level,
19 and other private landowners, timber people,
20 those type of folks to talk about where some of
21 the opportunities lie within that private arena
22 as well.

23 I will tell you that the just recently
24 passed RESTORE Act under the Transportation
25 Bill and the Natural Resource Damage Assessment

1 Act, moneys that exist out there because of the
2 BP Oil Spill present an opportunity that the
3 state -- I know the State of Florida, a certain
4 group of counties are going to have a lot of
5 say of where that money goes.

6 One thing I would add just from the Air
7 Force side is when they started looking at
8 areas to conserve, and areas that they want to
9 put aside, whatever, please keep in mind we
10 think there are military benefits to some of
11 those areas as well. A lot of those areas that
12 protect watersheds would also be areas that we
13 think we could do compatible type nonhazardous
14 operations. And like I said we've already
15 worked with The Nature Conservancy and
16 identified a bunch of different areas that have
17 a very high priority in nature that just so
18 happen to have a very high priority in the
19 military side. So when those -- when that
20 starts happening, we would like to at least be
21 at the table.

22 So one of the things I want to do is
23 leverage some of these partnerships, especially
24 on the state and public sides. I know you're
25 all familiar with the Florida Greenway. One of

1 the things we started with was the partnerships
2 that were built with the Florida Greenway back
3 in the earlier 2000s. We approached the folks
4 that were part of that, were signatories of
5 that agreement, and we started there and we
6 found that there's a lot of interest in this
7 thing that we're trying to do.

8 We think that there is an opportunity for
9 a mix of partnerships, permits, acquisitions.
10 The kind of areas that we've identified so far
11 with the Forest Service, and DEP, and Fish and
12 Wildlife, every place is going to be a little
13 different. Some areas offer them opportunities
14 for maybe CV-22 landing sites, some areas offer
15 more opportunities for maneuver space. We've
16 even found some areas that offer some realistic
17 training environments that I'll show you here
18 in a second. So that's where opportunities lie
19 really in the ranges, on the parks and state's
20 forest land, conservation lands, and some
21 private lands with willing partners that we
22 think are out there as well.

23 One thing we decided to do was this is
24 kind of a map here obviously you know Florida,
25 but this is going to show we need -- with

1 fifth-generation pilots, the F-22s and the
2 F-35s, they really need a realistic threat
3 environment, simulated realistic threat
4 environment to operate in. One of the things
5 that we're finding is that our old paradigm of
6 what an air force range is just doesn't fit
7 this fifth-generation paradigm.

8 So what we've done is we decided to look
9 and say what if we were to take the Eglin range
10 and set up a scenario where you have a
11 strategic target on one side of the range that
12 was really designed for those fighter kind of
13 targets and on the other side of the range you
14 have a target that was really designed for
15 those special operators, since we now have all
16 those folks operating in this area. What would
17 that simulated threat environment look like.

18 So what we did I had some guys at the --
19 at Eglin that do nothing except -- like except
20 come up with training -- training scenarios,
21 and one of the things they do is they come up
22 with this scenario here that looks like this is
23 what a realistic threat environment should look
24 like if you were going in to attack these
25 particular targets. What this does is then set

1 the stage for what we would like to do to set
2 up a realistic threat environment in northwest
3 Florida. And one of the -- these rings that
4 you see here, the outer rings are early
5 detection radars, the inner rings are different
6 types of surface-to-air missiles that are guys
7 are training against and looking for. A lot of
8 it kind of radio emitters and the -- invisible
9 to folks on the ground.

10 So what this does is start to define where
11 we want to put realistic threat emitters. One
12 of the things we've worked with DEP is areas
13 for putting threat emitters, because right now
14 a lot of our threat emitters are concentrated
15 right on the Eglin range. So what happens is a
16 lot of guys that need to train with those all
17 have to go on the Eglin range. Well, those
18 guys will never come out 20 to 50,000 feet, so
19 you will never see them or hear them for that
20 matter. So what we've looked at is try to find
21 opportunities, where could we place these
22 emitters in a more realistic threat scenario to
23 set up this kind of training spot for folks to
24 operate in.

25 So we sat down with the Florida service --

1 Forest Service folks. They were very, very
2 forthcoming and basically told us, they throw
3 the -- they threw this map on the table and
4 said, where do you want to operate, tell us
5 what you want to do, let's get it done. So one
6 of the things, like I just said, is the
7 placement of these threat emitters. One of the
8 things the Forest Service offered up was
9 there's lots of different lookout towers, the
10 fire watch towers, those are fenced in, for the
11 most part fenced in areas have power, and those
12 would really lend themselves as major placement
13 of these emitters. So that's something to
14 really look at is the placement of these
15 emitters.

16 Other areas we're looking at is Blackwater
17 State Forest and also Tate's Hell State
18 Forest. A lot of those areas offer
19 opportunities for clear-cut areas that would
20 make very good CV-22 landing sites. It's very
21 good training because those clear-cut areas
22 move from time to time. Where they'll clear-
23 cut, they'll come in and plant, and then
24 they'll move to another area. So as these
25 things are moving, it offers us an opportunity

1 to add different places to go to train with our
2 guys to be able to maneuver around. So it
3 really offers realistic training, not the same
4 old thing everyday where the guys get used to
5 doing the same thing everyday.

6 So I got a couple of examples to kind of
7 show you, these are -- I don't know if it's
8 dark enough, but -- this is one of the -- this
9 is one of the watch towers. I put a couple of
10 pictures there of the emitters we're talking
11 about, they're mobile. We would move these
12 things around so they wouldn't be used in the
13 exact same place every single time. So these
14 would be things that would be moved on a
15 periodic basis to set up more realistic
16 scenarios for our guys to train in.

17 Over in the Blackwater State Forest area,
18 one of the things -- well, we found several
19 places like I talked about the clear-cut
20 areas. We also found, we came across a couple
21 of areas that really offer our guys a unique
22 training opportunity. I'll show you those in
23 just a second. Here's another example of a
24 clear-cut area. This could be an awesome
25 opportunity for our guys in CV-22s to be able

1 to come in, insert troops, let those troops go
2 do something else, those guys take off, go do
3 something else for a while. So these areas
4 like I said they would move from time to time
5 based on the clear-cutting schedule. So these
6 offer a real good opportunity for us to be able
7 to get realistic training.

8 Here's another area where we could insert
9 troops and do different things, it's a logging
10 area. And these things are dotted all over
11 place we found. I've had survey teams go out
12 with the Forest Service guys, and they've been
13 giddy about all the different places they
14 found. So we had to tell them to settle down.

15 This is one of the unique things we found,
16 this is the -- and I hope I get this right --
17 this is the Short-Term Offender Program
18 facility that I understand is basically
19 abandoned out on Forest Service lands. This is
20 an opportunity for our special service --
21 special forces guys --

22 GOVERNOR SCOTT: It would shock some
23 people if it wasn't.

24 MR. PENLAND: Right. This is an
25 opportunity for our special forces guys to do

1 some unique training off of the Eglin range
2 that will be very valuable for them. They're
3 very excited about this, this is something
4 that -- we found another place, I think just
5 recently, another juvenile detention facility
6 getting ready to give up a lease. These are
7 perfect training sites for our guys, it's the
8 kinds of things they do right now in theater.
9 So this is a great opportunity for us.

10 Not too far away from that stockade
11 facility is this grass strip that the Forest
12 Service owns but they don't -- I don't think
13 they use all that often. This would offer a
14 very good training scenario where our guys
15 would be able to be inserted into a -- into a
16 logging area, maneuver to that STOP camp,
17 accomplish some objectives in that STOP camp,
18 and then maneuver to this grass runway to then
19 be airlifted out. Very realistic scenario,
20 very good training, something they can't do on
21 Eglin range right now because there are so many
22 other things going on the Eglin range. So this
23 great, great training opportunity and we're
24 very, very excited about it.

25 So really our next step is to continue

1 our -- defining our concept of operations
2 here. What we're really trying to do is
3 provide flexibility. It has a couple of
4 different things, it really -- it enhances the
5 mission for the F-22, the F-35, for the special
6 forces guys while it also preserves the ability
7 to do test and training which is really Eglin's
8 bread and butter is the test training thing
9 that's going on right now. By getting some of
10 these folks off the Eglin range and providing
11 other areas of opportunities for them, it then
12 frees up the Eglin range for the really truly
13 hazardous things that are being tested and done
14 at Eglin that war fighter needs as well. So
15 that's something we're really trying to do.

16 We are working right now with your staffs
17 on finalizing operations plan. I think we're
18 very close to being done -- I was hoping to
19 have it down so we could announce today that we
20 have it done, but we got a few little more
21 things to tie up on that. But we hope to have
22 that finalized. In that operations plan is
23 really going to designate, it's going to say
24 this area is used for this kind of training,
25 and we use this often, here's the notification

1 procedures that are in place, and here's how
2 we're going to use it. So it's going to be a
3 very detailed plan and we hope to be -- we're
4 working very closely with your staffs on
5 getting that done.

6 And obviously we're here today to
7 obviously get your support to get move
8 forward. We've already signed some MOAs
9 with -- with the -- some of the agencies, and
10 we're looking to finalize an operations plan to
11 move forward and really help create a realistic
12 training environment for northwest Florida that
13 is really a showplace, and really kind of a
14 first step in what we're trying to do to
15 redefine how we look at an Air Force range. So
16 we really do appreciate the time.

17 GOVERNOR SCOTT: Do you use Camp Blanding
18 at all?

19 BRIG. GEN. HARRIS: Camp Blanding is used
20 for National Guard training.

21 GOVERNOR SCOTT: Is it almost all National
22 Guard?

23 BRIG. GEN. HARRIS: Yes, sir

24 GOVERNOR SCOTT: Thank you.

25 CFO ATWATER: That was a good question.

1 Thanks for all the presentation and for your
2 sensitivity to all the values there, and all
3 the outways that are important to us as
4 Floridians and frankly as Americans. Thank
5 you.

6 Curious. A couple of years ago it came
7 very quickly and was discussed very quickly,
8 was near off-shore oil drilling, and didn't
9 know if there would be any commentary as to the
10 sensitivity of that kind of activity taking
11 place that might be in -- that might be of any
12 concern to the flight patterns or
13 confidentiality of resources or anything of
14 that nature. Was there anything -- the concern
15 was raised but we never got to hear it
16 directly.

17 BRIG. GEN. HARRIS: Yes, sir. Excellent
18 question. Eglin Air Force Base, one of its
19 primary missions is test and evaluation of new
20 weapons, so bombs, bullets, and missiles, the
21 smart bombs and missiles that come off of our
22 modern aircraft. Many of those are tested over
23 the Gulf of Mexico waters and one of our
24 concerns, since it's a test environment, many
25 times these missiles or bombs are fired for the

1 very first time off of our airplanes and they
2 often don't go exactly where we intend them to
3 go because they're developmental.

4 So we are very scrupulous in our
5 sanitization of the area that we scientifically
6 determine in a potential area based on the
7 energy of the weapon that they could fall. And
8 we clear those areas very carefully before we
9 conduct a mission. If we have permanent
10 platforms and manned sites out on the water,
11 that complicates our mission. That said, I
12 don't want to send the message that Eglin Air
13 Force Base is closed for any economic
14 development, any kind of compatible development
15 we're open for that business.

16 CFO ATWATER: Thank you, Governor. And
17 maybe the question was more for another
18 occasion. I just didn't want to miss the
19 opportunity given what you were talking about
20 the value of the entire geographic area is, and
21 I would say being a part of that quick
22 conversation, you know, a couple of years ago,
23 all the conversation that came from the Air
24 Force and military was very respectful and
25 appreciative but it was also -- I think it was

1 clearly a sensitivity to what might happen if
2 we didn't we think it through carefully and
3 what we may have ultimately obstructed from
4 your abilities to do if we weren't careful.
5 Thank you.

6 THE HONORABLE TERRY YONKERS: And if I can
7 just add to that, if I could: we do these
8 kinds of hazardous mission sets, for example,
9 at Vandenberg. There are off-shore well
10 drilling platforms out there. And it's an
11 inconvenience when we launch a missile that
12 could be hazardous or you have to abort halfway
13 through mission set, we clear platforms. So
14 it's a tremendous inconvenience for the guys
15 that are out there trying to extract oil from
16 the Pacific Coast. And that's another
17 sensitivity that doesn't make this as a simple
18 scenario as it might otherwise appear.

19 GOVERNOR SCOTT: All right. Well, thank
20 you very much. I'm sorry.

21 COMMISSIONER PUTNAM: I want to thank you
22 for the cooperation, Mr. Secretary, that you've
23 given our Forest Service. We signed the
24 memorandum about two months ago and we think
25 that this is an extraordinary opportunity not

1 only to expand our multiuse philosophy of state
2 lands, but to protect an economic engine in the
3 Panhandle. A lot of the drivers behind your
4 airspace crunch is the fact that Florida
5 benefited in the last round of BRAC. And
6 Florida benefited in the last round of BRAC
7 because other states didn't do what Florida has
8 done and they lost opportunities because of
9 encroachment.

10 Beginning prior to 9/11 when the Navy lost
11 Vieques as a training range and we offered up
12 Avon Park Air Force Range and it had become a
13 highly utilized naval training facility along
14 with Pinecastle as carriers make the rounds,
15 and we see this as an extension of Florida's
16 commitment to manage our state lands for
17 multiple uses including allowing our service
18 men and women to train there.

19 And the fact that we have in the Panhandle
20 alone several hundred thousand acres that lend
21 themselves very well to the types of special
22 operations training is very exciting, you know,
23 making sure that we eliminate the mundane
24 nature of the training, and keep it fresh with
25 the roving harvest of our -- of our forest for

1 the landing strip, the facilities, insertion,
2 extraction, ATV use, all of those things, and
3 we can do it in a way that it doesn't impact
4 the hunters, doesn't impact the value of the
5 forest, and doesn't impact the environmental
6 benefits that come from that forest, it's very
7 exciting. There should never be the day that
8 the State of Florida loses a military mission
9 because we failed to prevent encroachment.

10 And we're very sensitive about that in the
11 Panhandle, we're very sensitive to that in
12 Pinecastle, and we're very sensitive to that in
13 Avon Park. And I hope that the federal
14 partners, the federal land agencies will be as
15 accommodating to the military mission as the
16 state has been because the federal government
17 is also a significant landowner in the state,
18 and there are similar opportunities at the
19 Cape, and in Big Cypress, and in other places
20 to continue this training regimen for other
21 types of scenarios.

22 And so I certainly hope that your brothers
23 and sisters in the federal agencies will view
24 this as a model for the nation of ways to have
25 compatible uses on public-owned lands to extend

1 our training mission. What keeps our men and
2 women safe, what keeps them at the top of their
3 game, what keeps America one of -- well, the
4 preeminent military fighting forces in the
5 world is the quality of our training and the
6 quality of our people.

7 And so we're very excited from the Forest
8 Service perspective to play a role in this and
9 look forward to a very long relationship. It's
10 kind of come full circle. Eglin started as a
11 national forest, and then was -- President
12 Roosevelt put it back in use during the war.
13 So we've come full circle and we're all in this
14 thing together and we're very excited about
15 this relationship. Mr. Secretary, thank you
16 for making your trip down from Washington to be
17 with us.

18 THE HONORABLE TERRY YONKERS: Thank you,
19 sir, and thank you for your observations and
20 your comments and your heart-felt support of
21 our military. I mean, our special operations
22 guys, our explosive ordnance, explosive guys,
23 our security forces guys out of military and
24 the United States Air Force are the ones that
25 suffer the greatest casualties in wounded

1 warriors in the theater. So this is going to
2 tremendously help them get ready to prosecute
3 that war wherever it is.

4 So thank you. I can't emphasize enough,
5 Governor and Cabinet Members and your entire
6 staff, how much we appreciate this, this
7 attitude, this willingness to look at these
8 options that are win/win. And what I found
9 most intriguing about this idea when Pappy
10 talked to me about it two-and-a-half years ago
11 was nobody is saying no, everybody is in on
12 this, even our federal partners, as you say
13 Commissioner Putnam, back there which are often
14 times at different objectives, but we're all
15 in.

16 GOVERNOR SCOTT: Secretary, we do -- about
17 every 90 days we do base commander meetings,
18 Lieutenant Governor comes, I come, some of the
19 Cabinet Members come with their -- somebody
20 with their staff, other agencies come, and our
21 whole agenda is to make sure that there's no
22 question that we're the most military friendly
23 state in the country. The goal is led by our
24 General with the National Guard, if there's an
25 issue, whether it's schools, whether it's

1 transportation, whether it's encroachment,
2 anything that we try to solve within 90 days.

3 So if you have anything that you hear of
4 with regard to any bases that you have issues,
5 all of us are ready to try to solve them. But
6 to that I just want to thank you each of you
7 for the partnership we have, our Lieutenant
8 Governor's very focused on this also, she
9 couldn't be here today, but we've been very
10 appreciative. So if you all would like to come
11 up, we'd love to get a picture with you.

12 THE HONORABLE TERRY YONKERS: Thank you,
13 sir.

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1 GOVERNOR SCOTT: Secretary Vinyard, please
2 begin the Board of Trustees agenda items.

3 SECRETARY VINYARD: Yes, sir. Governor
4 and Members of the Cabinet: we have six items
5 today here for your consideration. Item number
6 1 is the submittal of minutes from September
7 18, 2012 cabinet meeting. The Department
8 recommends approval.

9 GOVERNOR SCOTT: Is there a motion to --
10 is there a motion to approve?

11 ATTORNEY GENERAL BONDI: So moved.

12 GOVERNOR SCOTT: Is there a second.

13 CFO ATWATER: Second.

14 GOVERNOR SCOTT: Any comments or
15 objections?

16 (No response.)

17 GOVERNOR SCOTT: Hearing none the motion
18 carries.

19 SECRETARY VINYARD: The second item is to
20 request confirmation Susan Grandin to run our
21 State Lands Division. I've known Susan for a
22 number of years. She has a successful private
23 law practice, she had a company that actually
24 assembled parcels of land around Defense
25 installations in the State of Florida to

1 provide a buffer zone that Secretary Yonkers
2 was discussing. She also ran a regional office
3 for Trust for Public Lands and the Department
4 recommends approval.

5 GOVERNOR SCOTT: All right. Is there a
6 motion to approve?

7 ATTORNEY GENERAL BONDI: So moved.

8 GOVERNOR SCOTT: Is there a second?

9 COMMISSIONER PUTNAM: Second.

10 GOVERNOR SCOTT: Any comments or
11 objections?

12 (No response.)

13 GOVERNOR SCOTT: Hearing none the motion
14 carries. Congratulations.

15 SECRETARY VINYARD: Governor, Susan would
16 like to just say hello to you all again.

17 GOVERNOR SCOTT: Good morning.

18 DIRECTOR GRANDIN: Good morning, Governor
19 and Members of the Cabinet. Thank you so much
20 for this opportunity to serve as the Director
21 of the Division of State Lands. I am honored
22 and humbled to be able to do this for you, to
23 serve you as well as the citizens of this great
24 and beautiful State of Florida. Thank you.

25 GOVERNOR SCOTT: Thank you for your

1 service.

2 SECRETARY VINYARD: Thank you all for that
3 vote and thank you, Susan. Item number 3 is
4 asking for rulemaking authority. We're
5 requesting to publish proposed revisions to
6 18-1 in the *Florida Administrative Code*.
7 Essentially it changes the reference -- we're
8 going to delete the reference to "Uniform
9 Standards of Professional Appraisal Practice,"
10 and add the Appraisal Institute as an approved
11 appraisal organization, and then finally we
12 will adopt the revised supplemental appraisal
13 standards for the Board of Trustees. The
14 Department recommends approval.

15 GOVERNOR SCOTT: Are there any speakers on
16 this item?

17 SECRETARY VINYARD: No, sir.

18 GOVERNOR SCOTT: Is there a motion to --
19 is there a motion to approve?

20 CFO ATWATER: So move.

21 GOVERNOR SCOTT: Is there a second?

22 COMMISSIONER PUTNAM: Second.

23 GOVERNOR SCOTT: Any comments or
24 objections?

25 (No response.)

1 GOVERNOR SCOTT: Hearing none the motion
2 carries.

3 SECRETARY VINYARD: Item number 4 is
4 consideration of the 2012-13 Annual Florida
5 Forever Work Plan. This work plan focus on 21
6 projects that protect Florida's water
7 resources, those projects that have funding
8 partnerships. We have partnered routinely with
9 Department of Defense to acquire buffer lands,
10 ones that have conservation easement
11 opportunities, and finally those that are
12 substantially complete. The ARC adopted this
13 work plan in August of 2012. The Department
14 recommends approval.

15 Governor, we do have a few speakers though
16 and we'll start with Ms. Janet Bowman with your
17 permission from The Nature Conservancy.

18 GOVERNOR SCOTT: Great. Good morning.

19 MS. BOWMAN: Good morning. Good morning,
20 Governor Scott, General Bondi, CFO Atwater, and
21 Commissioner Putnam. I was back -- I was here
22 in April when this particular list first came
23 up and required you to approve it twice a year
24 under the current rule. But I think one of the
25 things that's different this time is there's a

1 success story on the list, and that's Escribano
2 Point. So I wanted to take this opportunity to
3 thank the Secretary and the Governor for taking
4 this Deep Water Horizon settlement money and
5 translating it into a fabulous acquisition
6 opportunity that both supports the military and
7 provides conservation value.

8 I would note that on the list there are
9 many opportunities for partnerships both with
10 Florida Forever money and with, you know, any
11 other resources that they can bring to bear to
12 purchase and protect these properties
13 including, you know, Federal Farm Bill money,
14 REPI money with the military, and I think it's
15 important, you know, in these lean times to be
16 creative and to really leverage the money
17 that -- that, you know, isn't in the bank
18 account you have to really purchase these
19 properties. And thanks again and we're
20 supportive of this.

21 GOVERNOR SCOTT: Thank you.

22 COMMISSIONER PUTNAM: Janet -- Governor?

23 GOVERNOR SCOTT: Go ahead.

24 COMMISSIONER PUTNAM: I just want to thank
25 you for all the work you all have put into the

1 encroachment issues on the Ridge and in the
2 Panhandle. TNC has just been a great partner
3 in that and we appreciate it.

4 MS. BOWMAN: Well, thank you. And
5 certainly the military folks are still here,
6 but they've been a great conservation partner
7 for many, many years, and it's important that
8 we do what we can to support that relationship,
9 including match -- providing matching funding
10 for the federal REPI money. Thanks.

11 SECRETARY VINYARD: Thank you, Janet. Our
12 next speaker is Mr. Eric Draper with Audubon.
13 As he's approaching, I see in my notes I'm
14 supposed to allow speakers two minutes or
15 less.

16 MR. DRAPER: Thank you very much,
17 Mr. Secretary, and thank you also for your
18 excellent staffing throughout your agency,
19 we're seeing good leadership within the
20 Division of State Lands and your deputies.
21 Thank you very much for being here, for
22 allowing me to speak today.

23 I am speaking on behalf of the Florida
24 Forever Coalition which is a network of
25 organizations that have been working for

1 decades to advance our conservation of lands.
2 I'm so excited to see military use of
3 conservation lands. Also, we want to join
4 Janet in thanking you, and applauding your
5 purchase of Escribano Point, one of the items
6 on your -- on the priority list that you're
7 looking to approve today.

8 Conservation lands is one of Florida's
9 great success stories. Two-and-a-half-million
10 acres and a network of state parks and other
11 public lands. Of course, you've heard the
12 management discussion at the last Cabinet
13 meeting. We think that the agencies are doing
14 a good job in managing land.

15 Our conservation lands program has
16 extended over four decades with legislatures
17 approving a whole series of land acquisition
18 programs, including you, Mr. Chief Financial
19 Officer, you did a great job there in the
20 Legislature advancing these programs.

21 These provide of course places for us to
22 recreate, to be able to go to the beach to fish
23 and swim, and they're so important as the
24 economy is starting to recover, it is our
25 interest and we would urge you to be advocates

1 for expanding our public lands. You know, we
2 got 19 million people now. I was out over
3 Thanksgiving weekend at a couple of our
4 different state parks, we're starting to get
5 crowded so it's time, with 25 million people
6 visiting our state parks annually, let's add a
7 few more parks to our list and get some more
8 people out there.

9 People do come to Florida to visit our
10 parks, and our forests, and our public lands to
11 hunt and fish and to do other stuff. It is a
12 part of our economy, the return on the
13 investment is absolutely there. I was down in
14 Naples recently, and some of developers that I
15 work with down there, landowners were saying,
16 hey, our housing stock is falling, we're
17 starting to build again. So with the return of
18 the economy, I think it's time that we go back
19 and start our lands program again.

20 I just want to conclude again by
21 commending DEP for this excellent work plan.
22 Right on top of the list is Adams Ranch. I'm a
23 friend of Bud Adams. Adams, he's -- that --
24 that land is there because the ranching
25 community in the Lake Okeechobee watershed done

1 a good job of protecting the land. So if we do
2 nothing else this year let's make sure that Bud
3 Adams gets a conservation easement put on the
4 ranch so that family, that fine farming family
5 can continue to be in business. Thank you very
6 much.

7 GOVERNOR SCOTT: Thank you.

8 SECRETARY VINYARD: Governor, the last
9 speaker that I have on my list is
10 Mr. George Wilson, representing Dixie County.

11 GOVERNOR SCOTT: Good morning, George.

12 MR. WILSON: Thank you, Secretary. Thank
13 you, Governor and Members of the Cabinet. I'm
14 George Wilson today representing the
15 Conservation Fund. It's America's quiet
16 partner on working agricultural landscapes,
17 farms, forest, and ranching. Something that
18 Secretary Putnam knows a lot about.

19 Today following the tradition of more than
20 30 years of communities coming to talk to their
21 Governor and their Cabinet, we have a brief
22 presentation by Dixie County, a rural Gulf
23 Coast county who -- basically its economy is
24 based on natural resources. One of the
25 projects on this list is a highly ranked

1 conservation easement, but their economy, their
2 jobs and everything is tied to this.

3 So some of the leaders of the community
4 wanted to come talk to you about the measure
5 that's really not found on the -- when the ARC
6 committee views something, the tie of large
7 working landscapes to a community, and to jobs,
8 and the economy, it's not a measure. So today
9 they wanted me to come talk to you about what
10 this means to them. So I'm pleased to
11 basically introduce the County Manager
12 Mike Cassidy of Dixie County. Thank you, sir.

13 GOVERNOR SCOTT: Good morning.

14 MR. CASSIDY: Governor Scott, and
15 Honorable Cabinet: it's a special time to be
16 here today. I'll tell you as it continues in
17 the history and the heritage that goes on
18 within our state and our country and the great
19 people being honored today so I appreciate the
20 opportunity to be before you.

21 We had the privilege of coming about a
22 year ago on a similar matter and you supported
23 us on the Freeman Tract. Today we're here to
24 support the work program that DEP has in place,
25 and more specifically for our area, the Lower

1 Suwannee River and Gulf Watershed easement.

2 I would like to -- I have a couple of
3 speakers here with me as well to help out. Our
4 chamber president -- well, first of all,
5 traveling with us today, I would like to share
6 that we have Commissioner Gene Higginbotham,
7 District 1 Commissioner from Dixie County;
8 Commissioner Jody Robson; we also have
9 Commissioner Jason Holifield; and as I
10 mentioned Commissioner Edmonds with our Chamber
11 of Commerce, President.

12 So at this time they just have a few brief
13 comments they would like to share with you
14 relative to our economy. And also with us
15 today as far as Clerk of Court Dana Johnson;
16 Finance Officer Cindy Dey; and Mr. Mark Rains,
17 Superintendent of Schools; and Mr. Glenn Osteen
18 with The Campbell Group. So at this time I'd
19 just like to have Chamber of Commerce President
20 Mr. Edmonds share a few comments and then he'll
21 be followed by the superintendent. Thank you.

22 GOVERNOR SCOTT: Good morning

23 COMMISSIONER EDMONDS: Good morning,
24 Governor and Cabinet. Thank you for allowing
25 us to be here today. I would like to speak --

1 express -- tell you the importance of the
2 timber industry in Dixie County. Dixie County
3 has depended on the timber industry for over a
4 hundred years, which is a little further back
5 than I remember, but I remember a lot of it.
6 Many of our local citizens depend on this
7 industry to support their families.

8 Manufacturing and processing jobs include
9 Suwannee Lumber Company, which is the largest
10 employer of people in our county; Oldcastle
11 which is a landscaping facility, that what's
12 they produce, landscaping products, they employ
13 about 50 people; Gourmet Grill Wood employs
14 around 40; and Cross City Energy, L.L.C., which
15 is a pellet fuel mill soon to be up and
16 running, anticipates 50 or more employees. And
17 the harvesting part of this industry employs an
18 additional probably hundred workers.

19 The loss of these lands due to private
20 sales would have negative effect on our economy
21 and the future of our citizens. We appreciate
22 your support and thank you for your
23 consideration of this conservation easement.
24 And after that I'd like to introduce to you the
25 superintendent of our schools Mark Rains.

1 SUPERINTENDENT RAINS: Thank you, Ronnie,
2 and thank you for giving me a few moments to
3 speak today. Governor Scott, I would like to
4 say thank you on behalf of all Florida school
5 superintendents for your tour around Florida
6 this past few months and listening to public
7 educators. We appreciate that very much.

8 I am here today to talk a little bit about
9 the timber industry and how it affects the
10 school system in Dixie County. You see timber
11 is not what we do in Dixie County, timber is
12 who we are, it's part of our heritage. My
13 wife, her father for 40 years worked in our
14 timber industry. My grandchildren are fed by
15 my son-in-law who works for a local logging
16 company.

17 We had a local mill, seven years ago,
18 Georgia-Pacific closed down and we lost over 12
19 percent in our FTE in our schools -- in our
20 public schools in Dixie County. Any loss of
21 any timber industry would be devastating not
22 only to our community, but to our schools as
23 well.

24 Many times our business partners in our
25 school systems come from timber industry our

1 logging production. Also the yearbook ads, the
2 support for our sports teams, all those
3 extracurricular activities are heavily
4 supported by the timber industry in our
5 schools.

6 You know, as most of you know in public
7 education we survey everything it seems and
8 several years ago we ran a survey on employment
9 by our students' parents. And over half of our
10 students in Dixie District Schools are affected
11 and touched by the timber industry in someway
12 with one or both parents involved.

13 So in closing today I just want to say,
14 you know, the timber industry is not important,
15 it's not just important to our schools, but
16 it's part of our very existence. And we thank
17 you for listening to us today and may you have
18 a happy holiday. Thank you.

19 GOVERNOR SCOTT: Thank you.

20 MR. CASSIDY: I thank Commissioner Edmonds
21 and Superintendent Rains. Just in summary, if
22 you think about this, there are two key
23 components or opportunities we have here, a
24 perpetual working forest. This will be a
25 perpetual working forest and protection of some

1 hardwood wetlands.

2 And this area -- basically it neighbors,
3 as Mr. Gude will cover in just a couple of
4 moments from our Wildlife Refuge, Lower
5 Suwannee National Wildlife Refuge, it borders
6 our whole coastal line from the little fishing
7 community of Suwannee all the way over to
8 Jena. So there's close to 46,000 acres, will
9 preserve wetlands, will protect our watershed
10 on the south of the county -- south end of the
11 county, and we also will mirror some of the
12 projects we have in the northern end of the
13 county as well.

14 And along with perpetual working forest it
15 will continue to provide key opportunities for
16 ecotourism. As I shared with you before, these
17 are rural coastal communities, they don't have
18 the white -- you know, the beautiful Panama
19 City beaches, we have mud and we have marsh,
20 but we have bald eagles, and we have a lot of
21 wildlife and a lot of opportunities. In
22 October we had just over 100 canoe and
23 kayakers, vessels in the Suwannee area, the
24 mouth of the Suwannee River for our Third
25 Annual Canoe and Kayak Festival. So we have

1 opportunities, we have great things to come and
2 visit, we have great things to preserve.

3 And just as Superintendent Rains shared, I
4 heard this story quite often from my
5 grandfather. In the early part of the last
6 century, education wasn't always emphasized.
7 He had to get out and go to work. So he went
8 to work with the lumber company building the
9 railroad spurs as a -- hired as a water boy at
10 11 cents an hour in Dixie County, then
11 Lafayette County, when most of the average wage
12 across the nation was 40 or 50 cents per hour.
13 So he was proud of that job. He got promoted
14 and advanced up to girdle and worked a crosscut
15 saw for cypress. So it was key.

16 And in the later years, he worked for many
17 years in the timber industry, later he retired
18 as a contractor, a general contractor. And at
19 that time he saw these public access lands
20 waning away, going into hunting clubs, private
21 clubs, private development. And he was a
22 little conscientious when he saw that first
23 6,000 acres down in Shired Island going to a
24 national conservation for a bird sanctuary, in
25 fact, his words was bird situation. But if he

1 could see now what we've been able to preserve
2 and still utilize for business and economic
3 opportunity and see that you can access this
4 land freely, he would certainly be proud of
5 what we have and done. I think Mr. Gude is
6 going to speak now.

7 We just appreciate all your consideration
8 for our rural areas, our ecotourism, and also
9 our economic development. And we have jobs.
10 Governor, in the last 12 to 18 months, we've
11 added close to 100 jobs and 80 to 90 percent of
12 these are timber related in Dixie County. It's
13 just happening. And we're staying in touch
14 with Enterprise Florida, North Florida Economic
15 Development Partnership, and others as well and
16 some great opportunities coming down. But
17 we're proud we see -- we see positive movements
18 so...

19 GOVERNOR SCOTT: Thank you.

20 MR. CASSIDY: And one thing, Commissioner
21 Putnam, the last time we were here you
22 mentioned mullet dip. Well, we didn't forget
23 that. We have special delivery from Mr. Ed
24 Ellison, it's probably some of the world's
25 greatest mullet dip fresh from Horseshoe

1 Beach. And we did bring enough to share with
2 the Governor and all the Cabinet Members.

3 ATTORNEY GENERAL BONDI: Whoa, whoa, whoa,
4 we all get some, right?

5 MR. CASSIDY: There's a card in there.
6 Attorney General Bondi, there's a card in
7 there, so it's for the Commissioner and for the
8 Governor and Cabinet and the aides. So we --
9 Mr. Ellison, he's very generous, and if he
10 didn't send enough for everyone, he wouldn't
11 send it. So we appreciate that.

12 (Laughter.)

13 MR. CASSIDY: He's a special person. We
14 can guarantee it is the world's best mullet
15 dip.

16 COMMISSIONER PUTNAM: Well, thank you.

17 GOVERNOR SCOTT: Thank you.

18 MR. CASSIDY: Well, just present this
19 after --

20 ATTORNEY GENERAL BONDI: Did you hear
21 that, Commissioner? You have to share that.
22 Did you hear that?

23 COMMISSIONER PUTNAM: In accordance with
24 our gift law, I will accept this on behalf of
25 the State of Florida and --

1 (Laughter.)

2 COMMISSIONER PUTNAM: -- as the food
3 safety inspector for seafood, I'll look forward
4 to personally testing the quality and safety.
5 From a monetary standpoint it's priceless, it's
6 priceless. Thank you.

7 GOVERNOR SCOTT: Good morning.

8 MR. GUDE: Good morning, Governor and
9 Cabinet Members. I'm Andrew Gude. I'm the
10 manager of the Lower Suwannee and Cedar Keys
11 National Wildlife Refuge in Lee and Dixie
12 counties.

13 On behalf of the Fish and Wildlife
14 Service, we view this landscape conservation
15 project with great interest. The Lower
16 Suwannee River and Gulf Coast Conversation
17 Easement is an example of a lasting investment,
18 economic and conservation investment, for
19 present and future generations.

20 At the U.S. Fish and Wildlife Service we
21 seek to support landscape conservation
22 cooperatives enhanced local communities, their
23 economies, lifestyles, and cultures to share
24 conservation values. This Dixie County
25 conservation project will perpetuate a valuable

1 working landscape, a natural resource-based
2 economy, public recreation, an ecosystem
3 services through a public-private partnership.
4 One of the Lower Suwannee Refuge's role is
5 contingent on internal administrative
6 processes, we support this conservation
7 partnership. Thank you.

8 GOVERNOR SCOTT: Thank you very much.

9 SECRETARY VINYARD: Again, Governor, we
10 recommend approval.

11 GOVERNOR SCOTT: Okay. Is there a motion
12 to accept the work plan?

13 COMMISSIONER PUTNAM: So moved.

14 GOVERNOR SCOTT: Is there a second?

15 ATTORNEY GENERAL BONDI: Second.

16 GOVERNOR SCOTT: Any objections?

17 (No response.)

18 GOVERNOR SCOTT: Hearing none the motion
19 carries. Thank you.

20 SECRETARY VINYARD: Thank you, Governor.

21 Item number 5 is the request the acceptance of
22 the April 2012 five-year plan, and reapproval
23 of the April 2012 Florida Forever priority
24 list.

25 The department is also requesting

1 authorization to initiate rulemaking to submit
2 this report when we get the ARC report. ARC
3 meets and comes up with this plan once a year.
4 Our rules require us to submit this same plan
5 to you twice a year. It didn't make a lot of
6 sense, so we would ask permission to initiate
7 rulemaking where we would submit this
8 annually. The Department recommends approval.

9 GOVERNOR SCOTT: So is there a motion to
10 accept the work plan and approve the
11 rulemaking?

12 COMMISSIONER PUTNAM: So move.

13 CFO ATWATER: Second.

14 GOVERNOR SCOTT: Is there -- any comments
15 or objections?

16 (No response.)

17 GOVERNOR SCOTT: Hearing none the two
18 motions carry.

19 SECRETARY VINYARD: Thank you, sir. And
20 our final item: this matter is to cleanup some
21 title issues and transfer a parcel of land
22 located in Orange County to Iota Hickory
23 Hammock. The Department has identified about
24 five of this 10.6-acre parcel, it may be owned
25 by the state. The state, the Board of Trustees

1 would be paid \$200,000.

2 The Department believes that this
3 conveyance is in the public interest because
4 it's not currently managed, and it's isolated,
5 the size is very small, and it's located in an
6 area not suitable for management by the state;
7 there are no environmental resources on the
8 parcel, there's currently no public use, nor is
9 public use feasible, and the sale will
10 eliminate liability for the Board of Trustees.
11 And the Department recommends approval, sir.

12 GOVERNOR SCOTT: Is there a motion to
13 approve?

14 CFO ATWATER: So moved.

15 GOVERNOR SCOTT: Is there a second?

16 ATTORNEY GENERAL BONDI: Second.

17 GOVERNOR SCOTT: Are there any comments or
18 objections?

19 (No response.)

20 GOVERNOR SCOTT: Hearing none the motion
21 carries.

22 SECRETARY VINYARD: That's it for us,
23 sir.

24 GOVERNOR SCOTT: Thank you -- thank you
25 very much. Have a great holiday. Bye-bye.

1 GOVERNOR SCOTT: I would like to welcome
2 Executive Director Julie Jones of the
3 Department of Highway Safety and Motor
4 Vehicles. Welcome back.

5 EXECUTIVE DIRECTOR JONES: Governor and
6 Cabinet Members. Thank you for having me
7 again. You did get good stuff this morning.
8 It's really important to continue to carry the
9 fight and push the public safety message. We
10 did a lot of good work this morning, General
11 Bondi, thank you.

12 I have six agenda items for consideration
13 and approval this morning. Item number 1,
14 respectfully request approval for the minutes
15 from the October 9th, Cabinet meeting.

16 ATTORNEY GENERAL BONDI: So moved. I am
17 sorry.

18 GOVERNOR SCOTT: Is there a motion to
19 approve?

20 ATTORNEY GENERAL BONDI: So moved.

21 GOVERNOR SCOTT: Is there a second?

22 CFO ATWATER: Second.

23 GOVERNOR SCOTT: Any comments or
24 objections?

25 (No response.)

1 GOVERNOR SCOTT: Hearing none the motion
2 carries.

3 EXECUTIVE DIRECTOR JONES: Item 2
4 respectfully requests for approval for the
5 appointment -- or appointment to our medical
6 review board. These board members volunteer
7 their time and expertise to review the status
8 of at-risk drivers for Florida on behalf of the
9 Department and we appreciate your willingness
10 to serve. Dr. Ethan Kass has been recommended
11 by the Florida Osteopathic Association to serve
12 a four-year term.

13 GOVERNOR SCOTT: Is there a motion to
14 approve?

15 COMMISSIONER PUTNAM: So move.

16 GOVERNOR SCOTT: Is there a second?

17 CFO ATWATER: Second.

18 GOVERNOR SCOTT: Any comments or
19 objections?

20 (No response.)

21 GOVERNOR SCOTT: Hearing none the motion
22 carries.

23 EXECUTIVE DIRECTOR JONES: Item 3 the
24 Department respectfully requests the creation
25 of a Chapter 15C-21, Certificates of Title, and

1 request approval to file for final adoption if
2 no request for rule hearings are received as a
3 result of the notice. This establishes a rule
4 and incorporates the application for a
5 certificate for a title. And this is something
6 that we found, as we've been doing our rule
7 repeals, it was a glitch, we need this form.
8 This was a form that all our business partners
9 use to process and issue titles for vehicles
10 and vessels.

11 GOVERNOR SCOTT: Is there a motion to
12 approve?

13 ATTORNEY GENERAL BONDI: So moved.

14 GOVERNOR SCOTT: Is there a second?

15 CFO ATWATER: Second.

16 GOVERNOR SCOTT: Any comments or
17 objections.

18 (No response.)

19 GOVERNOR SCOTT: Hearing none the motion
20 carries.

21 EXECUTIVE DIRECTOR JONES: Thank you,
22 Governor. Item 4, Rule 15A-6.009 related to
23 venue, I respectfully request to withdraw -- to
24 withdraw this item.

25 GOVERNOR SCOTT: Is there a motion to

1 withdraw?

2 CFO ATWATER: So moved.

3 GOVERNOR SCOTT: Is there a second?

4 ATTORNEY GENERAL BONDI: Second.

5 GOVERNOR SCOTT: Any comments or
6 objections?

7 (No response.)

8 GOVERNOR SCOTT: Hearing none the item is
9 withdrawn.

10 EXECUTIVE DIRECTOR JONES: Thank you,
11 Governor. Item 5, we're seeking approval to
12 repeal three rules. 15-2.001, relating to
13 agency indexing final orders; 15-3.001,
14 relating to standards for disciplinary action;
15 15C-7.005, relating to unauthorized additions
16 of motor vehicle dealers and unauthorized
17 supplemental dealership locations. These rules
18 have been identified for repeal, they're either
19 obsolete or invalid. And with this request I
20 also seek to approve for final repeal with no
21 request for rule hearing is received as a
22 function of this notice.

23 GOVERNOR SCOTT: Great. Is there a motion
24 to approve?

25 ATTORNEY GENERAL BONDI: So moved.

1 GOVERNOR SCOTT: Is there a second?

2 COMMISSIONER PUTNAM: Second.

3 GOVERNOR SCOTT: Any comments or
4 objections?

5 (No response.)

6 GOVERNOR SCOTT: Hearing none the motion
7 carries.

8 EXECUTIVE DIRECTOR JONES: Thank you,
9 sir. My last item, item 6 seeks approval of
10 the Department's legislative package for the
11 upcoming session. We have several proposed
12 legislative changes to combat impaired
13 driving. The first addresses ignition airlock
14 devices which are mandatory for multiple DUI
15 offenders. The current standard in Florida to
16 activate the device is 0.05, we're asking to
17 lower that to 0.025.

18 We are proposing changes to auto
19 insurance. We continue to look for ways to
20 reduce the pool of uninsured motorists in the
21 state. Last year the Legislature reduced the
22 amount of time that a consumer has to notify
23 the Department if they have lapsed their
24 insurance. I now want to work on business
25 partners. And we've been working with

1 insurance companies and am going to propose to
2 change from 45 to 10 days the reporting time
3 that companies have to report new policies and
4 changes in policies.

5 We're seeking changes to modernize and
6 streamline our licensing and motor vehicle
7 registration business. These changes will
8 clarify what identification requirements are
9 for registering a motor vehicle, allow
10 electronic transfer of titles for casual sales,
11 allow the department to collect lost revenues
12 from insufficient checks, and it also requests
13 to eliminate unnecessary license reinstatement
14 hearings for habitual traffic offenders.

15 As you're aware, the Department regulates
16 and licenses automobile dealers. The dealers
17 have asked us that they be able to have a
18 two-year license instead of register with us
19 annually. And we're also proposing to
20 eliminate an unnecessary process related to
21 repossessions of vehicles.

22 Several of our proposed changes in the
23 legislative package brings us into compliance
24 with the federal rules associated with DOT.
25 This ensures the state continues to receive its

1 share of federal DOT dollars. We work very
2 closely with the Florida Trucking Association
3 to make sure that they are in agreement with
4 these rules, they know they're coming, and they
5 have worked on the federal level to get
6 comfortable with this new federal law.

7 Lastly the Joint Administrative Procedures
8 Committee has asked the Department to clarify a
9 rulemaking authority related to advanced driver
10 improvement and traffic law, substance abuse
11 education courses that the Department oversees
12 and is in charge of delivery for our at-risk
13 drivers. The curriculum -- we do the
14 curriculum summaries, the rulemaking authority
15 is vague so they have asked that we clarify.

16 GOVERNOR SCOTT: Is there a motion to
17 approve?

18 CFO ATWATER: So move.

19 GOVERNOR SCOTT: Is there a second?

20 ATTORNEY GENERAL BONDI: Second.

21 GOVERNOR SCOTT: The Florida Constitution
22 requires me to independently act on all
23 legislation passed by the Florida Legislature,
24 therefore, I'm abstaining from voting on this
25 item and the record should reflect my

1 abstention. Are they any other comments or
2 objections?

3 ATTORNEY GENERAL BONDI: No.

4 GOVERNOR SCOTT: Hearing none the motion
5 is moved with one abstention.

6 EXECUTIVE DIRECTOR JONES: Thank you,
7 Governor, by way of just a quick update thus
8 far in 2012, the Patrol has now succeeded in
9 hiring 21 former military members into the
10 ranks.

11 GOVERNOR SCOTT: Congratulations.

12 EXECUTIVE DIRECTOR JONES: And we got
13 three more classes coming up so we're going to
14 continue to push forward with that initiative.

15 GOVERNOR SCOTT: I think the unemployment
16 data is for -- for veterans is now two percent
17 less than the average Floridian. You've done a
18 lot and a lot of companies have done a lot of
19 good jobs. Thank you.

20 EXECUTIVE DIRECTOR JONES: Thank you,
21 Governor and Cabinet Members.

22 GOVERNOR SCOTT: Have a nice holiday.

23

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1 GOVERNOR SCOTT: I now would like to
2 recognize the Interim Executive Director
3 Marshall Stranburg of the Department of
4 Revenue. Good morning, Marshall.

5 INTERIM EXEC. DIR. STRANBURG: Good
6 morning, Governor and Members of the Cabinet:
7 General Bondi, CFO Atwater, and Commissioner
8 Putnam. Our first agenda item is we
9 respectfully request approval of the minutes of
10 the September 18, 2012 meeting.

11 GOVERNOR SCOTT: Is there a motion to
12 approve?

13 ATTORNEY GENERAL BONDI: So moved.

14 GOVERNOR SCOTT: Is there a second?

15 COMMISSIONER PUTNAM: Second.

16 GOVERNOR SCOTT: Any objections?

17 (No response.)

18 GOVERNOR SCOTT: Hearing none, motion
19 carries.

20 INTERIM EXEC. DIR. STRANBURG: Thank you.
21 Our second item is -- and again we respectfully
22 request approval and we are submitting to you
23 the Department's legislative budget request for
24 2013-2014. The two major items -- well, three
25 major items actually in that request are:

1 first of all, continued funding for the
2 Department's work in developing the one-stop
3 business registration portal for the state.

4 The second item is additional funding, a
5 trust funding authority to continue to develop
6 our computerized -- or excuse me -- Child
7 Support Enforcement Automated Management System
8 known as our CAM system. We brought that up
9 this past year and we have some operational and
10 maintenance items that we will need to be
11 assured that system is functioning properly as
12 we are utilizing this program next year.

13 And the third item is to work on an email
14 solution for the Department. We are on an
15 antiquated email system and are in need of a
16 fix of that. And we have been interacting with
17 your staff, Governor, and Members of the
18 Legislature, something that's going to be a
19 little more of a comprehensive solution that we
20 would be a part of. So again we request
21 approval of our legislative budget request.

22 GOVERNOR SCOTT: Is there a motion to
23 approve?

24 ATTORNEY GENERAL BONDI: So move.

25 GOVERNOR SCOTT: Is there a second?

1 CFO ATWATER: Second.

2 GOVERNOR SCOTT: Florida law requires me
3 to independently submit budget proposals,
4 accordingly I'm abstaining from the vote on
5 this item and the record should reflect my
6 abstention. Any other comments or objections?

7 ATTORNEY GENERAL BONDI: No.

8 GOVERNOR SCOTT: Hearing none the motion
9 is approved with one abstention.

10 INTERIM EXEC. DIR. STRANBURG: Thank you.
11 Our third item is we respectfully submit our
12 request for approval of the Department's 2013
13 proposed legislative concepts, child support,
14 our general tax administration programs
15 primarily. Most of these items with one
16 exception are repeats from prior years.
17 Briefly I'll just go over them quickly.

18 In our general tax area include the annual
19 corporate piggyback bill, some corrections,
20 eliminate some issues with a criminal statute
21 that was amended a number of years ago, to
22 clean that up. We're also looking to get a
23 process whereby we can get identity
24 confirmation through use of the DHSMV database,
25 and also the one new item is -- in the general

1 tax area -- is to increase compromise authority
2 for the Department of Revenue.

3 In our child support area to clarify that
4 requests for informal conferences with the
5 Department can be made in writing, and we have
6 a couple of items where we are seeking to
7 change the way in which we provide notice to
8 folks on -- for those captions, to collect
9 support and deleting a requirement that we send
10 those notices by registered mail and do that by
11 regular mail.

12 GOVERNOR SCOTT: All right. Is there a
13 motion to approve?

14 COMMISSIONER PUTNAM: I have a question.

15 GOVERNOR SCOTT: Go ahead.

16 COMMISSIONER PUTNAM: Governor, two
17 questions. The first one, you're deleting the
18 registered mail requirement so there will --
19 there will not be any registered mail
20 requirement or you will be allowed to use
21 regular mail after you've sent one registered
22 mail letter.

23 INTERIM EXEC. DIR. STRANBURG:

24 Commissioner Putnam, it would be to delete the
25 requirement to do the registered mail at all.

1 So it would not be, as you point out, a second
2 letter following the registered mail, it would
3 be by like regular mail. This would eliminate
4 the requirement to do the registered mail and
5 we would just do it by regular mail.

6 COMMISSIONER PUTNAM: So there would never
7 be a paper trail that you attempted to contact
8 the person before the consequences of that
9 would take place.

10 INTERIM EXEC. DIR. STRANBURG: There would
11 be a paper trail in that we would -- the burden
12 still would be on the Department to show that
13 we did provide notice. We would have to show
14 that we did have what we believed to be a
15 current address on file for that particular
16 child support obligor, that our processes were
17 followed in order to send that, that we have a
18 system in place whereby this is a way in which
19 those notices are sent. So the burden still
20 would be upon us to show that we made an
21 attempt to provide that notice to that obligor,
22 it's just the fact that it would not be
23 verified by a registered mailing process, it
24 would be our normal process for handling the
25 notifications.

1 COMMISSIONER PUTNAM: So how many times
2 would you attempt to contact somebody before
3 you start taking their money?

4 INTERIM EXEC. DIR. STRANBURG: We would
5 utilize this one time, that this one mailing is
6 what we would be using to contact them. And we
7 also do have in place a process whereby if we
8 have sent out a notice, if we have proceeded to
9 levy on that account, because this is dealing
10 with garnishment and levies.

11 Whereby if someone would come in after we
12 had provided that notice and after we've taken
13 steps to execute on that levy, if they would
14 come to us there is a process whereby,
15 essentially after the fact they could come to
16 us and say, Department, we think you're
17 mistaken, and your action here, we think you
18 need to stop the process or either return the
19 money to us and make sure that I am either the
20 right person, or that this is actually money
21 that you should be garnishing. So there is an
22 additional after-the-fact protection that is
23 built in place here as well as a notice
24 provided for that we would send them before the
25 action is to be taken.

1 COMMISSIONER PUTNAM: I'm not -- this
2 seems inadequate to me for a government taking
3 somebody's hard-earned wages given the
4 uncertainty of the U.S. Postal Service and
5 given the -- the opportunity for there to be
6 name duplication and things like that.

7 INTERIM EXEC. DIR. STRANBURG: I
8 understand your concern and we are very -- we
9 are very cautious in taking these actions. We
10 have in our databases a wide breadth of
11 information that we gather so that we want to
12 be certain. We are not looking to levy on
13 someone who is not that person that has that
14 child support obligation that they're owed.

15 You know, we see this on a couple of
16 different fronts and one is: yes, it would be
17 cost savings to the state, but as you point
18 out, Commissioner, we have to balance that
19 against making sure that we are adequately
20 notifying them that the state is proposing to
21 take this action.

22 And in a number of instances, we have
23 found this to be true in the other areas of
24 agencies, you know, a lot of times actually
25 sending them both registered mail, and

1 certified mail notices, people won't pick them
2 up. People limit when they're going to get
3 registered mail or certified mail delivery,
4 they usually know it's no good news coming your
5 way. So a lot of times they won't sign for
6 that letter, they won't pick up that letter,
7 and regular mail is probably a better way to
8 reach out to them for them to actually receive
9 a notice that there is a proposed action there
10 because they won't -- they'll look at that as
11 being bad news coming in the mail.

12 ATTORNEY GENERAL BONDI: Commissioner,
13 it's funny because I discussed this with my
14 staff at great length too because I was
15 troubled by it. But we discussed the same
16 thing about the registered letter, and these
17 are all people who have been deemed to be
18 behind child support by a court. So they're
19 probably the least likely people who are going
20 to pick up registered letter. And it's really
21 not -- it's unclaimed money, but these people
22 are behind in their child support and this is
23 money that shouldn't be theirs, it should go to
24 the --

25 COMMISSIONER PUTNAM: If they got the

1 right person.

2 ATTORNEY GENERAL BONDI: If -- right. If
3 they have the right person. And I agree with
4 you there.

5 GOVERNOR SCOTT: So let's go through --
6 where -- what money are we talking about?

7 INTERIM EXEC. DIR. STRANBURG: Well, we're
8 talking about -- this is money that's in hand
9 of a third party, say a bank, say someone else
10 of that nature is holding that obligor's money,
11 assets, things of that nature. We find that
12 there is money that is in the obligor's name in
13 that -- whether it's a mother or a father that
14 is due to pay child support and has, as General
15 Bondi points out, a delinquent account with the
16 Department.

17 So we are going to that third party saying
18 we need that money that belongs to this obligor
19 to have an unsatisfied child support case with
20 us, we are looking to get that money and take
21 that money and apply it to that child's support
22 that you're behind in paying.

23 GOVERNOR SCOTT: So the first thing is
24 it's not money that the individual is claiming
25 themselves. It's a third party that you

1 believe has money that's owed to somebody and
2 that person doesn't know it.

3 INTERIM EXEC. DIR. STRANBURG: No. I want
4 to correct that, Governor. That third -- that
5 obligor probably does say yes, that is my
6 money, they are recognizing that it is my
7 money. As I said, it could be some type of
8 bank account, you know, it could be another
9 asset held by a third party. It's just we know
10 that third party has that asset.

11 In order for us to try to make sure that
12 child is receiving adequate amount of support,
13 we have this information that has come to us
14 that we determined. Here's the bank account.
15 Instead of paying us that money, he's trying to
16 keep that money in the bank account and we're
17 looking to take it and apply it for that child
18 support debt.

19 ATTORNEY GENERAL BONDI: If it's
20 unclaimed, I don't think they currently know
21 they have the money. Because I got a letter
22 from CFO Atwater saying I have \$43 from
23 something in an account. So it's unclaimed.
24 But if you can answer Commissioner Putnam's
25 question: do you confirm that is the correct

1 individual before you take that money?

2 INTERIM EXEC. DIR. STRANBURG: We do. To
3 the best of our information, yes, that is what
4 we try to do. We try to confirm that it is
5 that individual. As I mentioned, we have
6 multiple sources of information. We are
7 checking, double checking, and triple checking
8 that he is that right person.

9 I don't think it would be right for me to
10 sit here and say to you that there isn't a
11 possibility that it could be the wrong
12 individual identified in some point in time, or
13 it could be in the name of someone and they
14 could say, well, that really isn't my money.
15 That's my mother's money, or that's another
16 child's money, so you shouldn't be taking money
17 that isn't my money to apply to my obligation
18 because it's someone else's money. So yes,
19 there could be some circumstances where that
20 might happen. But we do take every, every step
21 we can to ensure that we're getting the right
22 person before we take this kind of action.

23 GOVERNOR SCOTT: Any other comments or
24 questions?

25 COMMISSIONER PUTNAM: My second question

1 is your request to double your compromise
2 authority from a quarter-of-a-million to a
3 half-million dollars without -- essentially at
4 your discretion. How many instances per year
5 is that size compromised or forgiveness
6 utilized?

7 INTERIM EXEC. DIR. STRANBURG: I don't
8 have a specific number that I can tell you
9 right now, Commissioner, but we are seeing that
10 it's a growing number. There used to be not
11 very many cases where someone would come to us
12 and we would have a dispute with them about
13 whether taxes are owed or a refund is owed, and
14 the dollar amount now continues to climb in
15 some of those disputes.

16 So what businesses are telling us -- and
17 this is something actually we've had a number
18 of folks from outside the agency approach us
19 and suggest we come forth with, is they're
20 looking for a way to try to resolve that
21 dispute they have with the Department at the
22 earliest point in the process as possible so
23 that they're not having to spend funds,
24 resources, time in order to get this dispute
25 with the Department of Revenue behind them. So

1 we can look and see what kind of numbers that
2 possibly would generate, but I do know, I mean,
3 if you look at that number historically, it's
4 going this way.

5 COMMISSIONER PUTNAM: What's the
6 process -- what's the transparency of knowing
7 how often you do it, the factors that go into
8 that, I mean, there's a potential for...

9 INTERIM EXEC. DIR. STRANBURG: We have
10 within our rules in the Department of Revenue
11 that is based off of the statute two grounds
12 that we can do a compromise: (1) is where is
13 the status of liability, the other where there
14 is doubt as to the status of collectability.
15 And we have delegated within the agency varying
16 levels of approval for signing off on these
17 compromises.

18 So basically we would not have someone who
19 is the field agent signing off on large dollar
20 amounts without there being some level of sign-
21 off on that that goes above them. We have then
22 a process whereby our Inspector General's
23 Office on a periodic basis will come in and
24 review our internal approvals of these
25 compromises to make sure that we are including

1 in memorandums where we document those actions,
2 what was the basis for taking that action, and
3 was the requisite level of approval up the
4 chain and within the agency signed off on.

5 So that again we're verifying it's both
6 supported by the grounds that are in the
7 statute for compromising as well as is the
8 appropriate person is ultimately saying this
9 compromise is one that meets those statutory
10 grounds.

11 COMMISSIONER PUTNAM: So you believe you
12 need it doubled, but you don't know how often
13 you did it last year.

14 INTERIM EXEC. DIR. STRANBURG: I -- again
15 I don't have that number with me. I can
16 probably give you that number fairly quickly.
17 I don't have it off the top of my head,
18 Commissioner. But again I'm -- I'm -- the
19 Department did not generate this. We received
20 external comments from some of the folks that
21 we deal with, the Florida Institute of
22 Certified Public Accountants, the Tax Section
23 of The Florida Bar who have been supportive and
24 saying yes, they believe it would facilitate
25 the increased speed with which we can eliminate

1 a lot of these disputes which become burdensome
2 for taxpayers the longer they linger on the
3 books.

4 GOVERNOR SCOTT: All right. Any other
5 comments or questions?

6 ATTORNEY GENERAL BONDI: No.

7 GOVERNOR SCOTT: All right. Is there a
8 motion to approve?

9 CFO ATWATER: So moved.

10 GOVERNOR SCOTT: Is there a second?

11 ATTORNEY GENERAL BONDI: Second.

12 GOVERNOR SCOTT: The Florida Constitution
13 requires me to independently act on all
14 legislation passed by the Florida Legislature,
15 therefore, I'm abstaining from voting on this
16 item and the record should reflect my
17 abstention. Hearing none the motion is
18 approve --

19 COMMISSIONER PUTNAM: Whoa, whoa, I
20 oppose. There's one voted in the neg --
21 there's two in the affirmative and one in the
22 negative.

23 GOVERNOR SCOTT: So hearing none the
24 motion is approved, with one abstention and one
25 objection.

1 INTERIM EXEC. DIR. STRANBURG: Thank you.
2 Item number 4 is we respectfully request
3 adoption and the approval to file and certify
4 with the Secretary of State under Chapter 120,
5 *Florida Statutes*, rules to reflect 2012 law
6 changes in the above general forms in the area
7 of general tax administration. These rules,
8 when we went through the hearing process, we
9 received no comments upon the rules and we
10 request approval.

11 GOVERNOR SCOTT: Is there a motion to
12 approve?

13 ATTORNEY GENERAL BONDI: So moved.

14 GOVERNOR SCOTT: Is there a second?

15 CFO ATWATER: Second.

16 GOVERNOR SCOTT: Any comments or
17 objections?

18 (No response.)

19 GOVERNOR SCOTT: Hearing none the motion
20 carries.

21 INTERIM EXEC. DIR. STRANBURG: Thank you.
22 Item number 5. We respectfully request
23 approval to publish notice of proposed rule
24 activity in the *Florida Administrative Register*
25 to repeal 39 rules that were identified during

1 our rule review found to be unnecessary or
2 obsolete.

3 GOVERNOR SCOTT: Is there a motion to
4 approve?

5 ATTORNEY GENERAL BONDI: So moved.

6 GOVERNOR SCOTT: Is there a second?

7 CFO ATWATER: Second.

8 ATTORNEY GENERAL BONDI: Any comments or
9 objections?

10 (No response.)

11 GOVERNOR SCOTT: Hearing none the motion
12 carries.

13 INTERIM EXEC. DIR. STRANBURG: Thank you.
14 Item 6, our last item, is we respectfully
15 request approval and authority to publish
16 notice of proposed rule activity in the *Florida*
17 *Administrative Register* to amend 35 rules which
18 were identified during that same comprehensive
19 rule review process that either had updates,
20 clarifications, revisions, or removals of
21 obsolete materials that were necessary.

22 GOVERNOR SCOTT: Is there a motion to
23 approve?

24 ATTORNEY GENERAL BONDI: So moved.

25 GOVERNOR SCOTT: Is there a second?

1 CFO ATWATER: Second.

2 GOVERNOR SCOTT: Any comments or
3 objections?

4 (No response.)

5 GOVERNOR SCOTT: Hearing none the motion
6 carries. Thank you, Marshall.

7 INTERIM EXEC. DIR. STRANBURG: Thank you.

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1 GOVERNOR SCOTT: Now, I'd like to
2 recognize Jerry Bailey the from the Department
3 of Law Enforcement.

4 COMMISSIONER BAILEY: Good morning,
5 Governor, Cabinet. FDLE has four items on your
6 agenda this morning. The first is the first
7 quarter performance report. You see that we
8 continue high-level performance, but there are
9 several things I would like to point out to
10 you.

11 We're seeing an uptick in lab turnaround
12 times especially in four key areas: Automatic
13 Fingerprint Identification, drug chemistry,
14 latent prints, and DNA. Primarily there are
15 two issues: one is staff retention, and one is
16 there's an increase of evidence submissions
17 from law enforcement.

18 Let me give you DNA for example. Our
19 standard calls for 111-day turnaround back to
20 the contributing law enforcement agency for
21 DNA. During this quarter, you had a
22 respectable 96-day turnaround, under that 111.
23 But the same quarter last year our turnaround
24 on that was only 69 days. So you are seeing an
25 uptick. Hopefully the legislative budget

1 request that I'll talk to you about in a few
2 minutes will address that to some extent;
3 however, I do not expect to see any decrease,
4 probably an increase in the submissions coming
5 in from the local law enforcement agencies.
6 I'll keep you up to date on our efforts in the
7 forensics area.

8 Three quick highlights. Last month we
9 reported the state's crime volume to be the
10 lowest it's been in four decades down almost
11 four percent from what it was for the same time
12 last year.

13 FDLE was reaccredited by the Commission on
14 Accreditation for Law Enforcement Agencies.
15 And this honor also included the Accreditation
16 with Excellence Award which acknowledges key
17 achievements and the professionalism of law
18 enforcement agencies.

19 And finally we set a single-day record by
20 processing 6800 firearms background requests on
21 the Friday after Thanksgiving. This is 56
22 percent more than we had on the previous black
23 Friday. And on the previous black Friday we
24 had 15-minute hold time. On this one the hold
25 time was only 20 seconds per -- for the vendors

1 that were calling in. The key to this is our
2 knew automated system where about half of the
3 applications of those 6,800 firearms purchases
4 were done online. Request approval on item 1.

5 CFO ATWATER: So move.

6 GOVERNOR SCOTT: Is there a second?

7 ATTORNEY GENERAL BONDI: Second.

8 GOVERNOR SCOTT: Any comments or
9 objections?

10 (No response.)

11 GOVERNOR SCOTT: Hearing none the motion
12 carries.

13 COMMISSIONER BAILEY: Second item is our
14 '13-14 legislative budget request. Our
15 objective in this budget request is to maintain
16 our core competency. To do so it's necessary
17 to increase our commitment in three key areas:
18 forensics, information, and workload. Each of
19 these is woven into the budget request and it
20 reflects about a two-percent increase over our
21 current operating budget.

22 Earlier I had noted that we have
23 challenges in maintaining turnaround times. In
24 addition to requesting additional forensic
25 staffing in DNA and fingerprint ID, we are

1 requesting funds to upgrade and replace
2 laboratory equipment and extend the maintenance
3 contract on that equipment.

4 Our information and data systems are vital
5 to law enforcement, other criminal justice
6 agencies and the public and they're an officer
7 safety issue. Because they're operating in far
8 excess of both capacity, design, and some of
9 them are nearing end of life, we are asking for
10 resources to improve or biometric ID system and
11 to replace our 40-year-old criminal history
12 system. We're also requesting resources to
13 expand our technology opportunities like our
14 electronic surveillance support squads, and the
15 Florida Law Enforcement exchange.

16 And finally we are asking for additional
17 resources to address workload issues as -- such
18 as the seal and expunge unit. Seal and expunge
19 performs vital functions. There are certain
20 criminal offenses that can't be expunged. We
21 have more than doubled requests because of
22 everything from job opportunities, to military,
23 to housing. Since 2006, it's doubled with no
24 corresponding increase in the people that do
25 these seals and expunges. We're heavily --

1 more heavily backlogged in that area than I
2 want to be. Request your approval on item 2.

3 GOVERNOR SCOTT: Is there a motion to
4 approve?

5 CFO ATWATER: So move.

6 GOVERNOR SCOTT: Is there a second?

7 ATTORNEY GENERAL BONDI: Second.

8 GOVERNOR SCOTT: Florida law requires me
9 to independently submit budget proposals,
10 accordingly I abstain from a vote on this, and
11 let the record reflect it. Any comments or
12 objections?

13 ATTORNEY GENERAL BONDI: I would like to
14 comment and this may go to item number 3 as
15 well. I can speak to the DNA equipment, and
16 the technology, and the lab. I lived that
17 backlog with Florida Department of Law
18 Enforcement for many years, and did a
19 remarkable job and that could not be money
20 better spent.

21 Increasing on machines, increasing on
22 technology, we need more scientists. That's
23 how -- that's how we arrest rapists, child
24 molesters, murderers; and you got to have quick
25 turnaround on that. And, I mean, your agency

1 has been remarkable, working all night long
2 sometimes to get us these results that we
3 need. Because often we can't make the arrest
4 without DNA results, so I'm all for that,
5 technology, anything we can do to enhance our
6 DNA technology in this day and age.

7 GOVERNOR SCOTT: All right. Hearing none
8 the motion is approved with one abstention.

9 COMMISSIONER BAILEY: Third item is our
10 2013 proposed legislation. We have two items
11 of legislations that we'll be working with in
12 the upcoming session. The first I will be
13 working with Attorney General Bondi to combat
14 harmful substance and adding more synthetic
15 stimulants to schedule I. A lot happened with
16 this last session, but the rogue chemists have
17 kept ahead of us. They've made those
18 modifications. Again, we'll working very
19 closely on that issue.

20 The other issue is Chapter 943. 943 is
21 the FDLE charter and we're going to be revising
22 it. Noncontroversial but there are both
23 administrative and technical issues that need
24 to be corrected in 943. Request your approval
25 on item 3.

1 GOVERNOR SCOTT: Is there a motion to
2 approve?

3 ATTORNEY GENERAL BONDI: So moved.

4 GOVERNOR SCOTT: Is there a second?

5 CFO ATWATER: Second.

6 GOVERNOR SCOTT: Florida Constitution
7 requires me to independently act on all
8 legislation passed by the Florida Legislature,
9 therefore, I'm abstaining from voting on this
10 item. Any other comments or objections?

11 (No response.)

12 GOVERNOR SCOTT: Hearing the motion is
13 approved with one abstention.

14 COMMISSIONER BAILEY: Our final item is a
15 notice for proposed rules. We're proposing 11
16 sets of rules. The Office of Fiscal
17 Accountability and Regulatory Reform has also
18 received this package. We anticipate returning
19 these for your final approval in February.

20 Seven of these 11 involve the Criminal
21 Justice Standards and Training Commission, they
22 involve technical and nonsubstantive issues
23 such as changing the requirements for breath
24 testing instructors and revising advance
25 specialized training programs. The other four

1 are for FDLE information program, the DNA
2 database, Criminal Justice Grants Office, and
3 they are purely housekeeping and statutory
4 mandated changes. I rest -- I request for
5 approval on item 4.

6 GOVERNOR SCOTT: Is there a motion to
7 approve?

8 ATTORNEY GENERAL BONDI: So moved.

9 CFO ATWATER: Second.

10 GOVERNOR SCOTT: Any comments or
11 objections?

12 (No response.)

13 GOVERNOR SCOTT: Hearing none the motion
14 carries.

15 COMMISSIONER BAILEY: Thank you.

16 GOVERNOR SCOTT: Thank you very much.
17 Have a good holiday.

18 COMMISSIONER BAILEY: You too.

19 COMMISSIONER PUTNAM: Governor, Jerry,
20 Commissioner Bailey. I just want to echo
21 everything the attorney general says
22 remarkable, what the crime rate is, and the
23 good things you all do on DNA. This Dozier
24 incident and the difference between what USF
25 has found and what your study found, FDLE study

1 found a couple of years ago, I'd like to know
2 more about that. I mean, I think this is a
3 real scar on our history and there was some
4 significance discrepancy in the two findings.

5 And we've had family members reach out to
6 our office who would like to exhume loved ones'
7 bodies and put them with the family. And this
8 just a -- this is just a real black mark on the
9 history of Florida. I'd like at some point to
10 meet with some of your folks to understand
11 better what we're looking at here as we peel
12 back this investigation.

13 COMMISSIONER BAILEY: We would be more
14 than happy to meet with you and bring you up to
15 date on what we know. I have only seen the
16 release from the press conference yesterday. I
17 have not actually seen the report that was put
18 together by the University of South Florida.

19 COMMISSIONER PUTNAM: Thank you.

20 COMMISSIONER BAILEY: Again when we do
21 have access to that, we will set up something
22 and give you or this body a brief review.

23 GOVERNOR SCOTT: Thank you.

24

25

1 GOVERNOR SCOTT: Next I would like to
2 recognize Commissioner Kevin McCarty with the
3 Office of Insurance Regulation. Good
4 afternoon.

5 COMMISSIONER McCARTY: Good afternoon,
6 Governor and Members of the Commission. Agenda
7 item number 1 is approval of the minutes for
8 June 26 and August 7, 2012.

9 GOVERNOR SCOTT: Is there a motion to
10 approve?

11 ATTORNEY GENERAL BONDI: So move.

12 GOVERNOR SCOTT: Is there a second?

13 CFO ATWATER: Second.

14 GOVERNOR SCOTT: Any comments or
15 objections?

16 (No response.)

17 GOVERNOR SCOTT: All in favor say aye.

18 CFO ATWATER: Aye.

19 ATTORNEY GENERAL BONDI: Aye.

20 COMMISSIONER PUTNAM: Aye.

21 GOVERNOR SCOTT: Opposed. Opposed say
22 nay.

23 (No response.)

24 GOVERNOR SCOTT: The ayes have it, the
25 motion carries.

1 COMMISSIONER McCARTY: Okay. Agenda item
2 number 2 is request approval for repeal of rule
3 690-164.030, and the application of this rule
4 is to various product designs. This rule
5 relates to actuarial guideline 38 which is a
6 reserving approach used for universal life
7 products with guarantees. The current rule is
8 inconsistent with the recently adopted NAIC
9 changes to the deserving practices and we would
10 request repeal of the rule.

11 GOVERNOR SCOTT: Is there a motion to
12 approve?

13 ATTORNEY GENERAL BONDI: So moved.

14 GOVERNOR SCOTT: Is there a second?

15 COMMISSIONER PUTNAM: Second.

16 GOVERNOR SCOTT: Any comments or
17 objections?

18 (No response.)

19 GOVERNOR SCOTT: All in favor say aye.

20 ATTORNEY GENERAL BONDI: Aye

21 GOVERNOR SCOTT: Any opposed say nay.

22 (No response.)

23 GOVERNOR SCOTT: The ayes have it.

24 COMMISSIONER McCARTY: The third agenda
25 item is request for approval for adoption of

1 proposed amendments to rules 690-137.001 and
2 138.001. These are referring to NAIC annual
3 and quarterly reporting requirements and NAIC
4 *Financial Condition Examiners Handbook* of
5 reporting requirements. These rules adopt the
6 most recent versions of the NAIC standards and
7 they explored and it's consistent with national
8 standards and other states.

9 GOVERNOR SCOTT: Is there a motion to
10 approve?

11 CFO ATWATER: So moved.

12 GOVERNOR SCOTT: Is there second?

13 COMMISSIONER PUTNAM: Second.

14 GOVERNOR SCOTT: Any comments or
15 objections?

16 ATTORNEY GENERAL BONDI: No.

17 GOVERNOR SCOTT: All in favor of approving
18 say aye.

19 ATTORNEY GENERAL BONDI: Aye.

20 CFO ATWATER: Aye.

21 GOVERNOR SCOTT: All opposed say nay.

22 (No response.)

23 GOVERNOR SCOTT: The ayes have it. The
24 motion carries.

25 COMMISSIONER McCARTY: The agenda item

1 number 4 is a request for approval for repeal
2 of Rule 690-143.045, which is part of the
3 definition section. This rule was originally
4 promulgated in the 1970s. It defines a list of
5 insurance terms some of which are inconsistent
6 with current law and certain portions of
7 administrative code. As a result of these
8 inconsistencies, the Office recommends that
9 this rule should be repealed.

10 GOVERNOR SCOTT: Is there a motion to
11 approve?

12 COMMISSIONER PUTNAM: So move.

13 GOVERNOR SCOTT: Is there a second?

14 ATTORNEY GENERAL BONDI: Second.

15 GOVERNOR SCOTT: Any comments or
16 objections?

17 (No response.)

18 GOVERNOR SCOTT: All in favor say aye.

19 ATTORNEY GENERAL BONDI: Aye.

20 COMMISSIONER PUTNAM: Aye.

21 GOVERNOR SCOTT: Any opposed say nay.

22 (No response.)

23 GOVERNOR SCOTT: The ayes have it.

24 COMMISSIONER McCARTY: Agenda item number
25 4 [sic] is a request for approval for repeal

1 rules the rights to return policy-free look,
2 advertisement of mortgage insurance, failure to
3 comply provisions, refund of premium rule, and
4 license requirement, and sinkhole insurance.
5 These rules are being -- or requested to be
6 repealed because the rules and statutes have
7 been modified, repealed, or the rules simply
8 misstate the law, and are not necessary making
9 them obsolete or redundant.

10 GOVERNOR SCOTT: Is there a motion to
11 approve?

12 CFO ATWATER: So move.

13 ATTORNEY GENERAL BONDI: Is there a
14 second?

15 COMMISSIONER PUTNAM: Second.

16 GOVERNOR SCOTT: Any comments or
17 objections?

18 (No response.)

19 GOVERNOR SCOTT: All in favor say aye.

20 ATTORNEY GENERAL BONDI: Aye

21 COMMISSIONER PUTNAM: Aye

22 GOVERNOR SCOTT: All opposed say nay.

23 (No response.)

24 GOVERNOR SCOTT: The ayes have it.

25 COMMISSIONER McCARTY: With regard to

1 agenda item number 6, at this time, Governor, I
2 would request that we withdraw this for further
3 review.

4 GOVERNOR SCOTT: All right. Is there a
5 motion to withdraw?

6 COMMISSIONER PUTNAM: So move.

7 GOVERNOR SCOTT: Is there second?

8 CFO ATWATER: Second.

9 GOVERNOR SCOTT: Any comments or
10 objections?

11 (No response.)

12 GOVERNOR SCOTT: All in favor of approval
13 say aye.

14 ATTORNEY GENERAL BONDI: Aye.

15 COMMISSIONER PUTNAM: Aye.

16 GOVERNOR SCOTT: All opposed say nay.

17 (No response.)

18 GOVERNOR SCOTT: The ayes have it.

19 COMMISSIONER McCARTY: Agenda item number
20 7 is a request for approval of adoption of
21 proposed amendments to Rule 690-149.022
22 regarding forms. The purpose of this rule is
23 to update and edit the contents of the
24 universal standardized data letter which is
25 form instructions used by licensed life and

1 health insurers to make electronic filings via
2 the IFile system. The proposed revisions will
3 streamline the process to submitting data and
4 information to the Office by insurers.

5 GOVERNOR SCOTT: Is there a motion to
6 approve?

7 CFO ATWATER: So moved.

8 GOVERNOR SCOTT: Is there a second?

9 ATTORNEY GENERAL BONDI: Second.

10 GOVERNOR SCOTT: Any comments or
11 objections?

12 (No response.)

13 GOVERNOR SCOTT: All in favor say aye.

14 CFO ATWATER: Aye.

15 ATTORNEY GENERAL BONDI: Aye.

16 GOVERNOR SCOTT: Opposed say nay.

17 (No response.)

18 GOVERNOR SCOTT: The ayes have it.

19 COMMISSIONER McCARTY: Agenda item number
20 8 is a request for approval for publication of
21 proposed amendments to rules 690-170.0155
22 176.013. Notification of insurance rights and
23 standard disclosure from and the personal
24 injury protection benefits.

25 As we are all aware in the last session,

1 the Legislature enacted House Bill 119 which
2 made significant changes to the provisions of
3 our PIP benefits in Florida. Rules -- one
4 rule, 0155, adopts a new form called the health
5 care provider certification of eligibility
6 which requires health care professionals
7 provided PIP benefits to certify they are
8 eligible PIP providers. The amendments to this
9 form are technical in nature and are designed
10 to conform the form with the language of the
11 statute.

12 The next rule is 176.013 which adopts
13 modifications to the notification of personal
14 injury protection benefits which is required
15 notice to be given to PIP claimants upon filing
16 a claim. This form explains the rights and
17 benefits claimants are entitled to under the
18 Florida no-fault law as being revised in
19 accordance with changes in the House Bill 119.
20 Specifically the form is revised to reflect
21 that PIP benefits are now allocated for
22 emergency medical treatment. The form was also
23 revised to incorporate technical edits
24 regarding fraud and billing disclosures.

25 GOVERNOR SCOTT: Is there a motion to

1 approve?

2 ATTORNEY GENERAL BONDI: Can I just ask a
3 question on this?

4 GOVERNOR SCOTT: Absolutely.

5 ATTORNEY GENERAL BONDI: Kevin, can you --
6 as chief legal officer, I agree with what you
7 want to do. My concern is just enacting --
8 enacting on rule 9, an emergency rule -- item
9 9. Can you just give us a justification --

10 COMMISSIONER McCARTY: Sure.

11 ATTORNEY GENERAL BONDI: -- because for an
12 emergency rule -- for an emergency rule, for us
13 to agree to an emergency rule, you have to show
14 that there's an immediate danger to the health,
15 safety, and welfare of Florida. And if you can
16 just point that out legally to document for us,
17 as the Cabinet, before we vote on that, I would
18 appreciate it.

19 COMMISSIONER McCARTY: Certainly. We are
20 approaching this on a parallel path.

21 ATTORNEY GENERAL BONDI: Right.

22 GOVERNOR SCOTT: Right now we're voting on
23 a --

24 ATTORNEY GENERAL BONDI: Right.

25 GOVERNOR SCOTT: In other words, just

1 going to discuss 9.

2 COMMISSIONER McCARTY: We're running in a
3 parallel path, we're asking for an emergency
4 rule. The PIP version of a notification of PIP
5 benefits describe the PIP benefits under the
6 old law, which is going to be inconsistent. So
7 you run the risk that a claimant will be
8 notified of benefits that they don't have, and
9 they go out and get medical services for which
10 they won't get paid. So this really makes --
11 codifies, makes it legally binding that
12 consumers are advised of their rights and
13 benefits under the law.

14 GOVERNOR SCOTT: What's the standard?

15 ATTORNEY GENERAL BONDI: The standard is
16 an immediate danger to the health, safety, and
17 welfare of Floridians.

18 COMMISSIONER McCARTY: We believe that it
19 is -- can be construed that it is in the
20 immediate risk to the welfare of the people of
21 Florida for claimants to be notified the
22 benefits that are not covered under their PIP
23 policy.

24 ATTORNEY GENERAL BONDI: And, I mean, I
25 agree with the concept fully of what you want

1 to do. It's just whether we believe that falls
2 somewhere in the emergency rule. I mean, is
3 that your legal opinion that it's a danger to
4 Floridians?

5 COMMISSIONER McCARTY: We have legal --
6 that's not my legal opinion. We confer with a
7 number of members of industry to present this.
8 This is an issue that has kind of emerged over
9 the last five to seven days.

10 Ordinarily the companies would be
11 permitted to use the first path under 8, which
12 would be during the regular rule promulgation,
13 they could use the form in the process of being
14 adopted. In abundance of caution for the
15 industry as well as protect consumers, you want
16 to make sure that consumers are advised of
17 their benefits specifically with regard to the
18 new policies after January 1st.

19 ATTORNEY GENERAL BONDI: If perhaps they
20 could put some cases on record before we vote
21 on that one for documentation, I think that
22 would help me.

23 GOVERNOR SCOTT: Sorry. We'll finish the
24 vote on 8. So there's a motion and a second --
25 all right. Let's do it again. Is there a

1 motion to approve number 8?

2 CFO ATWATER: So move.

3 GOVERNOR SCOTT: Do I hear a second?

4 COMMISSIONER PUTNAM: Second.

5 GOVERNOR SCOTT: Any objections, any
6 comments?

7 ATTORNEY GENERAL BONDI: No.

8 GOVERNOR SCOTT: All right. Okay. The
9 motion carries. Now we're on 9 and so the
10 request is, is there anybody -- Kevin, is there
11 anybody that can cite any case law?

12 COMMISSIONER McCARTY: Yes. There are a
13 couple of cases that were provided to the
14 Office, and I would request that Ms. Tunnicliff
15 will give you a background with record to those
16 cases, and the precedence for the emergency
17 rule. Thank you.

18 MS. TUNNICLIFF: Thank you, Governor,
19 Members of the Cabinet: I'm Cynthia Tunnicliff
20 and I'm here today representing the Personal
21 Insurance Federation of Florida. PIF members
22 write over 45 percent of all auto insurance in
23 Florida today.

24 The Legislature, as you know, requires
25 this form to be enacted and in place by January

1 1. That doesn't give them sufficient time for
2 a permanent rule. There are two cases,
3 Attorney General, that as you said that this
4 was an appropriate use of emergency rule power
5 when there wasn't sufficient time. One is
6 *Little vs. Coler* --

7 ATTORNEY GENERAL BONDI: Is that the
8 elections case?

9 MS. TUNNICLIFF: No, that's AFDC case.

10 ATTORNEY GENERAL BONDI: AFDC.

11 MS. TUNNICLIFF: Uh-huh. And the *Florida*
12 *Democratic Party vs. Hood*.

13 ATTORNEY GENERAL BONDI: The elections
14 case.

15 MS. TUNNICLIFF: The elections case. And
16 both of those cases said that the fact there
17 wasn't sufficient time for the enactment of
18 permanent rule was appropriate -- it was
19 appropriate under those circumstances to use
20 the emergency rulemaking power. *The Florida*
21 *Democratic Party vs. Hood* case went a step
22 further said, if there was confusion that it
23 was going to be created by the lack of
24 criteria, that it was an appropriate emergency
25 for the emergency rulemaking power.

1 What happened here is a tremendous
2 confusion in the marketplace that will require
3 insurers to use the old form or a new form
4 that's not been adopted, or some form that they
5 maybe have created. And given the litigious
6 nation -- the litigious nature of the PIP
7 marketplace, it would create great confusion
8 and harm to insurers. That's our position.

9 ATTORNEY GENERAL BONDI: Thank you for
10 putting that on the record.

11 MS. TUNNICLIFF: Thank you.

12 GOVERNOR SCOTT: Okay. So, Kevin, the
13 issue is hundreds of Floridians are going to be
14 misinformed of their medical benefits, right?

15 COMMISSIONER McCARTY: We have that
16 potential, yes, sir.

17 GOVERNOR SCOTT: And so they're going
18 to -- they might go out and believe they're
19 going to be paid for treatment and they're not.

20 COMMISSIONER McCARTY: That's a real
21 risk.

22 GOVERNOR SCOTT: And do you believe
23 citizens ought to get accurate information?

24 COMMISSIONER McCARTY: Yes. I believe
25 this will make it mandatory that insurers

1 provide accurate information to the claimants
2 under the new law and under the old law
3 depending on what policy that's issued or
4 renewed.

5 GOVERNOR SCOTT: Is there any other
6 questions on number 9?

7 ATTORNEY GENERAL BONDI: No.

8 GOVERNOR SCOTT: Is there a motion to
9 approve item 9?

10 ATTORNEY GENERAL BONDI: So moved.

11 GOVERNOR SCOTT: Is there a second?

12 COMMISSIONER PUTNAM: Second.

13 GOVERNOR SCOTT: Any objections?

14 (No response.)

15 GOVERNOR SCOTT: Hearing none the motion
16 carries.

17 COMMISSIONER McCARTY: Thank you,
18 Governor. Happy holidays. Thank you very
19 much.

20 GOVERNOR SCOTT: Thank you.

21

22

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24

25

1 GOVERNOR SCOTT: Next I would like to
2 recognize Director Ben Watkins with the
3 Division of Bond Finance.

4 DIRECTOR WATKINS: Good morning,
5 Governor --

6 GOVERNOR SCOTT: Good morning.

7 DIRECTOR WATKINS: -- and Cabinet
8 Members. Item 1 is approval of the minutes of
9 the September 18th, October 23rd Cabinet
10 meeting.

11 GOVERNOR SCOTT: Is there a motion to
12 approve?

13 ATTORNEY GENERAL BONDI: So moved.

14 CFO ATWATER: Second.

15 GOVERNOR SCOTT: Any comments or
16 objections?

17 (No response.)

18 GOVERNOR SCOTT: All in favor say aye.

19 COMMISSIONER PUTNAM: Aye.

20 GOVERNOR SCOTT: Opposed say no.

21 (No response.)

22 GOVERNOR SCOTT: The ayes have it.

23 DIRECTOR WATKINS: Item number 2 are
24 reports of reward of two separate solicitation
25 of bond sales. The first is \$89.8 million of

1 lottery revenue bonds. The bonds were sold at
2 competitive sale and awarded to the low bidder
3 at true interest cost of 2.75 percent.

4 And item B is the award of \$10 million
5 credit facility for the state's consolidated
6 equipment financing program. We also solicited
7 competitive proposals for that. The
8 represented interest rate on the day of bids
9 was approximately 1.35 percent and this
10 provides up to \$10 million of credit available
11 for the financing program.

12 GOVERNOR SCOTT: All right. Is there a
13 motion to approve?

14 ATTORNEY GENERAL BONDI: So moved.

15 CFO ATWATER: Second.

16 GOVERNOR SCOTT: Any comments?

17 (No response.)

18 GOVERNOR SCOTT: All in favor say aye.

19 ATTORNEY GENERAL BONDI: Aye.

20 CFO ATWATER: Aye.

21 GOVERNOR SCOTT: The ayes have it.

22 DIRECTOR WATKINS: Item number 3 is a
23 resolution authorizing the issuance and
24 competitive sale of up to \$560 million in PECO
25 refunding bonds for debt service savings.

1 GOVERNOR SCOTT: Is there a motion to
2 approve?

3 ATTORNEY GENERAL BONDI: So moved.

4 COMMISSIONER PUTNAM: So moved.

5 GOVERNOR SCOTT: Is there a second?

6 CFO ATWATER: Second.

7 GOVERNOR SCOTT: Any comments or
8 objections?

9 (No response.)

10 GOVERNOR SCOTT: Hearing none the motion
11 carries.

12 DIRECTOR WATKINS: Item number 4 is a
13 resolution authorizing the issuance and
14 competitive sale of up to \$125 million for the
15 Department of Transportation Turnpike revenue
16 refunding bonds, again for debt service
17 savings.

18 GOVERNOR SCOTT: Is there a motion to
19 approve?

20 ATTORNEY GENERAL BONDI: So moved.

21 GOVERNOR SCOTT: Is there a second?

22 CFO ATWATER: Second.

23 GOVERNOR SCOTT: Any comments or
24 objections?

25 (No response.)

1 GOVERNOR SCOTT: Hearing none the motion
2 carries.

3 DIRECTOR WATKINS: On item number 5,
4 there's actually two items embedded in item
5 number 5, and I would like to request a
6 withdrawal. The first item which is \$15.6
7 million for a parking facility revenue bonds,
8 new money issued, but would like to proceed
9 with a request for authorization for issuance
10 and sale of up to \$10-and-a-half million of
11 parking facility refunding bonds for debt
12 service savings.

13 GOVERNOR SCOTT: Is there a motion to
14 approve?

15 CFO ATWATER: So move.

16 GOVERNOR SCOTT: Is there a second?

17 COMMISSIONER PUTNAM: Second.

18 GOVERNOR SCOTT: Any comments or
19 objections?

20 COMMISSIONER PUTNAM: Do we know what
21 the -- why we're pulling the parking garage?

22 GOVERNOR SCOTT: In my case I've asked for
23 information about whether they looked for an
24 outside bid.

25 COMMISSIONER PUTNAM: Got you. This is a

1 PG project, is that what it is?

2 GOVERNOR SCOTT: That's not my
3 understanding.

4 COMMISSIONER PUTNAM: Oh, it's not.

5 DIRECTOR WATKINS: This is pretty
6 straightforward parking revenue bond issue
7 secured by transportation access fees imposed
8 on the students.

9 GOVERNOR SCOTT: So any comments or
10 objections?

11 (No response.)

12 GOVERNOR SCOTT: All in favor say aye.

13 ATTORNEY GENERAL BONDI: Aye.

14 COMMISSIONER PUTNAM: Aye.

15 GOVERNOR SCOTT: Motion carries.

16 DIRECTOR WATKINS: Item number 6 is a
17 resolution authorizing the defeasance and
18 redemption of Tampa-Hillsborough County
19 Expressway Authority revenue bonds. These are
20 bonds that previously issued by the state, by
21 this board on behalf of Tampa-Hillsborough
22 County Expressway Authority, and they are
23 requesting authorization for a retention and
24 defeasance of those bonds.

25 GOVERNOR SCOTT: Is there a motion to

1 approve?

2 CFO ATWATER: So moved.

3 GOVERNOR SCOTT: Is there a second?

4 ATTORNEY GENERAL BONDI: Second.

5 GOVERNOR SCOTT: Any comments or
6 objections?

7 COMMISSIONER PUTNAM: Question. What does
8 this -- what does this mean in the context of
9 the conversation the legislatures had and we
10 briefly had in here about what expressway
11 authorities do or don't go back to the state
12 DOT?

13 DIRECTOR WATKINS: They were given,
14 Tampa-Hillsborough County Expressway Authority
15 and another expressway authority in central
16 Florida, the Orlando-Orange County Expressway
17 Authority, the bonds used to be issued by the
18 state, and they were given independent bonding
19 authority by the Legislature. They have not
20 exercised that independent bonding authority to
21 date. This is an effort to eliminate the
22 state's responsibility, continuing
23 responsibility to support the operation and
24 maintenance expenses of the Tampa-Hillsborough
25 County Express Way Authority.

1 So in order to do that, in order to
2 eliminate that huge an obligation, which the
3 state has under a lease-purchase agreement,
4 they -- this would -- is an agreement to
5 discharge the indebtedness that we had
6 previously issued, repay Department of
7 Transportation for some of the loans they have
8 outstanding, all but a long-term receivable,
9 which is accumulation of many years of advances
10 to support that system. So all of those debts
11 will be paid off. The only debt that won't be
12 repaid off to the state is a long-term
13 receivable that's scheduled to commence
14 repayment in 2026.

15 COMMISSIONER PUTNAM: And what's the
16 amount of that receivable?

17 DIRECTOR WATKINS: 158 million.

18 COMMISSIONER PUTNAM: For this expressway
19 authority.

20 DIRECTOR WATKINS: Correct. And so just
21 speculating about the -- the legislative
22 proposal was to pull all of these expressway
23 authorities, restructure them and put them
24 under the Turnpike Enterprise. That did not --
25 that did not pass last year. This will

1 presumably preclude that restructuring or
2 reorganization. There was an effort to
3 streamline and provide a more efficient way to
4 manage the expressway authorities.

5 COMMISSIONER PUTNAM: This ends that
6 conversation.

7 DIRECTOR WATKINS: Correct.

8 GOVERNOR SCOTT: Any other comments or
9 objections?

10 (No response.)

11 GOVERNOR SCOTT: Okay. All in favor say
12 aye.

13 ATTORNEY GENERAL BONDI: Aye.

14 COMMISSIONER PUTNAM: Aye.

15 GOVERNOR SCOTT: Any nos?

16 CFO ATWATER: Aye. Sorry.

17 GOVERNOR SCOTT: Motion carries.

18 DIRECTOR WATKINS: Thank you. So the --
19 the next item on the agenda, item number 7 is
20 presentation of the 2012 debt affordability
21 report. We do an annual report on the state's
22 to provide the legislative leadership with the
23 most current information in connection with
24 their consideration of -- and formulation of
25 the state's budget. And this presentation is

1 intended to highlight some of the key aspects
2 of the debt affordability report.

3 Just by way of review, the purpose of the
4 debt affordability report is to provide a
5 framework for measuring, monitoring, the
6 state's debt. And most importantly it
7 establishes a benchmark debt ratio, and that
8 annual debt ratio is our annual debt service
9 payments divide by the revenues that we have
10 available to pay. And the legislatively
11 established guidelines for that are a
12 six-percent target and seven-percent cap.

13 ATTORNEY GENERAL BONDI: Is there a motion
14 to approve?

15 COMMISSIONER PUTNAM: So moved.

16 ATTORNEY GENERAL BONDI: Second?

17 CFO ATWATER: Second.

18 ATTORNEY GENERAL BONDI: So moved. Next
19 item.

20 DIRECTOR WATKINS: Are we going to roll
21 on?

22 ATTORNEY GENERAL BONDI: Yes, we can go
23 on. When he takes a restroom break, I fill
24 in. We're okay. We don't stop.

25 DIRECTOR WATKINS: The next item is item

1 number 8, which is an addition to the state's
2 debt management policy. Am I misunderstanding
3 we're going to skip over the report?

4 GOVERNOR SCOTT: I don't know we want to
5 do that. I don't know that --

6 DIRECTOR WATKINS: Continue on.

7 GOVERNOR SCOTT: I would think we'd want
8 to cover it. Yeah, absolutely. You're talking
9 or going through the debt affordability
10 report?

11 DIRECTOR WATKINS: Right. Okay. Good
12 enough. We are going to -- continuing on then
13 the debt affordability analysis, it requires
14 several steps in terms of the information
15 provided. First thing we do is we calculate
16 the state's debt, we calculate the state's
17 indirect debt, we evaluate debt service
18 requirements, and the growth and changes in
19 debt, and the debt service requirements for a
20 10-year period.

21 We update the projections for future
22 expected date, we're going to send that to
23 revenue projections change, in order to inform
24 to calculate the projected benchmark debt
25 ratio. We also evaluate the levels of reserves

1 as well as review the state's credit ratings.

2 In -- this is simply a chart that
3 aggregates all of the state's direct debt
4 that's outstanding. So the state has \$26.2
5 billion in direct debt outstanding, and shows
6 how money that's been borrowed has been used.
7 And you can see that the 57 percent is debt
8 used for education, second is debt used for
9 transportation, and third is debt used for
10 conservation land or environmental purposes.
11 And this picture is fairly static, it doesn't
12 change from year to year, but it gives you a
13 sense of what investments have been made with
14 debt that has been incurred by the state.

15 This second slide shows indirect debt.
16 Indirect debt is debt that is not secured by
17 revenues that are part of state's budgeting
18 process. And probably the best example of
19 that, or most significant example of that are
20 Citizens Property Insurance Corporation and
21 Florida Hurricane Catastrophe Fund. Those are
22 quasi governmental entities that obviously have
23 some impact on the state, but they're not part
24 of the traditional functioning of the state --

25 GOVERNOR SCOTT: And we're not on the

1 hook. The state is not on the hook.

2 DIRECTOR WATKINS: The state proper
3 through its budget is not on the hook. The
4 implications of catastrophic events can have an
5 impact on the state. So it is not a direct
6 obligation of the state to the point which is
7 why we have characterized as indirect debt.

8 GOVERNOR SCOTT: The state is not --
9 there's no legal obligation on behalf of the
10 citizens of the state other than what Citizens
11 under the assessment authority.

12 DIRECTOR WATKINS: That's a correct. The
13 next is simply combining direct debt and
14 indirect debt so give a picture of what the
15 combined liability profile looks like, and it's
16 43.7 billion with 60 percent being direct debt
17 and approximately 40 percent being indirect
18 debt. Although there's been no increase in
19 indirect debt or this number actually over the
20 last year, it has indirect debt, it has become
21 an increasingly significant part of the state's
22 overall liability profile.

23 So even though we as a state are not
24 legally obligated with state revenues to
25 support any debt of either of these entities,

1 to your point, Governor, the rating agencies
2 are recognizing the contingencies for the
3 economic fiscal challenges that these entities
4 represent and are blending that into
5 consideration of the state's overall credit
6 rating.

7 The next slide is -- shows the change in
8 direct debt outstanding for the last 10 years.
9 And what it shows is over the eight years
10 between 2002 and 2010 the direct debt increased
11 approximately \$9 billion from 19.2 billion to
12 28 billion. And most importantly is over the
13 last two years debt has decreased by -- direct
14 debt of the state has decreased by \$2 billion.

15 And this reverses a long-term trend of
16 increasing indebtedness and is the most
17 important point demonstrated by this. This is
18 the first consecutive yearly decline in debt
19 that we've had for at least the last 30 years.
20 So it reverses a long-term trend of annual
21 increases in indebtedness.

22 The next is a history of annual debt
23 issuance. And what we can see by this chart in
24 looking back over the last 10 years and more
25 recently over the last two years, is that we've

1 averaged about \$2 billion in new money issuance
2 every year for the 10-year period under
3 consideration. And we've had a dramatic
4 decrease in new money issuance in the last two
5 years, 2011 and 2012.

6 The next slide shows the refundings that
7 we executed for debt service savings. Even
8 though new money issuance to finance new
9 projects is down significantly as we just seen,
10 the refundings to lower rates and to achieve
11 debt service savings on our outstanding
12 indebtedness is up significantly over the last
13 three years.

14 And as you can see we've been very, very
15 busy in executing refunding for this period of
16 time, executing refundings approximating \$7
17 billion and saving the state some \$975 million
18 in avoided interest cost. Translated on a
19 present value basis that's 790 million. And
20 those are significant by any measure.

21 What it doesn't show is in 2013 so far
22 we've executed 778 million refundings
23 generating another \$210 million in gross debt
24 service savings or 158 million on a present
25 value basis. So we've been very, very busy in

1 executing refundings in order to take advantage
2 of historically low interest rates.

3 The next chart is a growth in annual debt
4 service. This is the annual payment on the
5 debt that's currently outstanding. After
6 growing for over the last -- for eight years
7 from approximately 1.4 billion to 2.2 billion
8 annually, over the last two years the annual
9 payment obligation has flattened out at
10 approximately \$2.2 billion a year.

11 So this is important from a budgetary
12 perspective because this is the embedded
13 long-term fixed cost to repay money that we've
14 already borrowed and spent for investing in
15 infrastructure. And I showed this because it's
16 important from a budgetary perspective, but
17 also because it feeds directly into calculation
18 of what our benchmark debt ratio is.

19 And this graphic simply plots the
20 benchmark debt ratio both historically and
21 projected against the six-percent target, which
22 is the green horizontal line, and against the
23 seven-percent cap which is the red horizontal
24 line. And what it shows is that historically
25 we have had a significant increase in our

1 benchmark debt ratio, but over the last two
2 fiscal years, 2011-2012, we have an improvement
3 in our benchmark debt ratio.

4 It's gone from 7.46 percent last year to
5 7.14 percent this year, the end of 2012, while
6 still in excess of the seven-percent cap, it
7 has been an improvement. In looking forward
8 into the current fiscal year we expect
9 improvement again and a reduction to below the
10 seven-percent cap for the first time since
11 2008. And then in 2014, which is next fiscal
12 year we also expect a significant improvement
13 because of decrease in the annual debt service
14 payments that are going to be required because
15 of final payment of Preservation 2000 bonds are
16 going to reduce our aggregate debt service
17 requirements by over \$200 million. And so we
18 expect improvements in this benchmark to
19 continue.

20 This chart is -- compares Florida's
21 benchmark debt ratio and other relevant debt
22 ratios to the 10 largest states, or actually
23 the 11 largest states, which is what we
24 consider our peer group. This chart probably
25 best serves as an eye test, but in any case the

1 three primary debt ratios is debt service to
2 annual revenues available to pay, debt per
3 capita, debt as a percentage of personal
4 income.

5 Those are the three primary debt ratio
6 used in muni market and there's been a fourth
7 new debt metric added this year which combines
8 pension liabilities with our direct debt in
9 order to calculate that as a percentage of
10 state GDP. And so what we see relative to
11 national averages is that Florida is below the
12 national means for three of the four debt
13 ratios.

14 But because of the disparity in the 50
15 states, we also look at smaller subset, which
16 is the 11 largest states defined as our peer
17 group relative to has debt ratios. And we find
18 that Florida relative to our peer group is in
19 the middle of the pack of the three primary
20 debt ratios ranking either fifth or sixth, and
21 for the fourth debt ratio, which combines
22 pension liabilities with debt, we actually have
23 one of the lowest because of our relatively
24 well-funded pension plan and we are the eighth
25 lowest, eight out of 11, which would put us in

1 the top quartile when looking at it from a
2 ranking perspective.

3 One of the most important metrics used by
4 rating analysis in muni markets is the level of
5 reserves. The level of reserves is an
6 indicator of fiscal health and also reflects
7 prudent financial and budget management
8 practices. The traditional measure used by
9 rating analysts is reserves as a percentage of
10 general revenues. So we plotted the historical
11 evolution of our reserves on this chart, and
12 when we're -- when we're plotting, when we're
13 defining results for these we're talking about
14 unspent general revenues and we're talking
15 about budget stabilization fund. So this is a
16 combined balance of those two funds.

17 What we see is a run up during the boom
18 years, and then a use of reserves, balanced the
19 budget in 2007, eight, and nine and now
20 rebuilding of relatively healthy or strong
21 level of reserves. We ended 2012 with \$2
22 billion in combined budget stabilization fund
23 and unspent general revenues. That's about
24 eight-and-a-half percent of our general
25 revenues. And we expect that to increase

1 towards the end of 2013, the current fiscal
2 year, to 2.6 billion or approximately 10.6
3 percent of general revenues. And so the key
4 from a ratings perspective is going to be able
5 to maintain this healthy level of reserves
6 because there will be a lot of pressure to
7 spend those moneys.

8 Florida's credit rating. This simply
9 lists factors that the rating reviews in
10 evaluating the state's credit rating. The
11 state's credit ratings are very high. They
12 have not changed this year. We're AAA by S&P
13 and Fitch and Aa1 by Moody's with a stable
14 outlook for S&P, a negative outlook from Fitch,
15 and a stable outlook from Moody's. Like I say
16 these ratings have remained unchanged over the
17 last year, and Florida is only one of nine
18 states with a AAA credit rating from both Fitch
19 and Standard & Poor's.

20 This is simply a listing of the credit
21 strengths and the challenges identified in the
22 rating reports that we received over the course
23 of the year. The strengths include
24 conservative budget and financial management
25 practices, significant progress in restoring

1 structural balance, strong or satisfactory
2 reserves, depending on which grading report
3 you're looking at, moderate debt burden with
4 clear guidelines, and a relatively well-funded
5 pension system.

6 The things that have been identified as
7 challenges are a housing market that's
8 challenged by foreclosures and price
9 depreciation. Maintaining that structural
10 balance that we made so much progress on,
11 maintaining adequate reserves. The potential
12 for budget pressure caused by the fiscal cliff
13 in pushing the cost cutting down to state and
14 local governments. And the fiscal and economic
15 risks associated with the hurricane entities or
16 insurance entities.

17 Pension liabilities and the management of
18 pension liabilities and the funded status of
19 the long term is becoming increasingly
20 important in rating agency's overall analysis
21 of the state's credit. A material reduction in
22 reserves caused by fiscal developments could
23 create pressure for a downgrade, and the
24 state's ratings remain vulnerable to economic
25 and budget developments and rating agencies

1 will be closely monitoring as we proceed
2 through this economic cycle and economic
3 recovery.

4 So concluding and hitting the high points
5 June 30, 2012, direct debt \$26.2 billion, \$2
6 billion less than at the end of 2010. A
7 reduction in debt reverses a long-term trend of
8 annual increases. Indirect debt and direct
9 debt are significant factors in this state's
10 overall liability profile. The annual
11 recurring obligation to repay debt that's
12 currently outstanding stands at \$2.2 billion.
13 The benchmark debt ratios at 7.14 percent,
14 slightly above the benchmark cap but showing
15 improvement relative to prior years, and we
16 expect further improvement to the end of the
17 current year and end of next fiscal year

18 Pension liabilities and management of
19 long-term funded status is coming to be
20 increasingly important factor in the rating
21 agencies credit analytics, and the state's
22 ratings remain very strong but are vulnerable
23 due to budgetary challenges going forward. And
24 with that I'll conclude and be happy to answer
25 any questions anyone has.

1 GOVERNOR SCOTT: Are there any questions
2 or comments?

3 ATTORNEY GENERAL BONDI: Governor, we
4 approved this in your absence already.

5 GOVERNOR SCOTT: Okay.

6 CFO ATWATER: With a few other motions.
7 Governor, I just think that it was well worth
8 the time for Mr. Watkins to walk us through
9 this.

10 ATTORNEY GENERAL BONDI: That's right.

11 CFO ATWATER: It is extraordinary. And I
12 don't know when 2012 numbers will be available
13 on a state comparison basis. When would that
14 be? Summer or would it be sometime next year?

15 DIRECTOR WATKINS: It usually lags about a
16 year. They're usually -- the state's CAFRs --
17 until the state's CAFRs are available, it's
18 usually the spring of the year.

19 CFO ATWATER: Well, I'll hustle and get
20 ours out. But I just think that -- I don't
21 think anybody else probably moved 30 basis
22 points in the last year in the right direction,
23 you know, and, Governor, with the economic
24 trends, top line revenue is growing is part of
25 this equation, and on the debt going down. All

1 the right way. I really think that this is --
2 I think we're going to be well below that
3 guideline faster than the projected. I think
4 it's a real success story. I think it's been
5 important. A debt is a tax on people of
6 Florida just as much as a tax, you're taxing
7 people of Florida. So it's a real credit.

8 GOVERNOR SCOTT: All right. Thank you.
9 Thank you, Ben.

10 DIRECTOR WATKINS: So the last item for
11 your consideration is an addition to the
12 state's debt management --

13 GOVERNOR SCOTT: Hang on for just a
14 second. One thing that the CFO does is he has
15 to go up and talk the rating agencies, and so
16 this is important to him. We don't deal
17 with -- I mean, the biggest -- we're doing the
18 right thing on debt, but the biggest issue we
19 got is our pension liability. I mean, that's
20 the biggest risk right now. Is the -- is the
21 pension liability growing, and it's not coming
22 down. So the -- whenever they -- whenever that
23 becomes their biggest issue, that will be the
24 biggest issue in the state, keeping our credit
25 rating. And if the credit rating goes up, it

1 will be very expensive to borrow money. And
2 so -- I'm sorry.

3 DIRECTOR WATKINS: No doubt, Governor.
4 It's become -- obviously it's a national issue,
5 it's an issue for Florida, historically it's
6 been managed very well, but during budgetary
7 crisis there's been a stepping away from
8 discipline that had normally been demonstrated
9 in terms of funding the liability currently.
10 And that's gotten people attention at the
11 national level and the rating agencies are
12 monitoring it very closely. So what you say is
13 spot on, Governor.

14 So the last item to be considered is
15 suggested change to our debt policy, and
16 basically what it is, is to evaluate some more
17 standard protocols for how projects are going
18 to be evaluated. And what it says on
19 revenue-producing projects, we're going to
20 evaluate, or those based on return on
21 investment or internal rate of return and for
22 things that are funded by tax-supported debt,
23 we're going to look at the appropriate metric
24 for where the project is financed.

25 We're going to ask the agencies who are

1 requesting information to bring that
2 information to us to do that analysis before it
3 comes to this body, and then require a report
4 book from those agencies relative to how they
5 perform against the criteria established when
6 we were requesting authorization. So this is
7 an effort to increase or enhance the
8 transparency and accountability, funding
9 projects and using debt. And this is a
10 suggestion of a change in framework, bringing
11 metrics and quantitative analysis to informed
12 he decision making.

13 GOVERNOR SCOTT: So when somebody wants to
14 do a project, they have to show a return on
15 investment; and if we approve it, before they
16 can project, they're going to show us how the
17 first project did.

18 COMMISSIONER PUTNAM: Correct. That's how
19 it's envisioned this will operate, Governor.

20 GOVERNOR SCOTT: Are there any comments or
21 questions?

22 (No response.)

23 GOVERNOR SCOTT: All right. Is this
24 motion to approve?

25 ATTORNEY GENERAL BONDI: So move.

1 CFO ATWATER. Is there a second?

2 CFO ATWATER: Second.

3 GOVERNOR SCOTT: Any objections?

4 (No response.)

5 GOVERNOR SCOTT: Hearing none motion
6 carries. Thank you, Ben.

7 (Cabinet meeting concluded at 11:48 a.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA:
COUNTY OF LEON:

I, CAROLYN L. RANKINE, do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter translated under my supervision; and the foregoing pages numbered 1 through 153 are a true and correct record of the aforesaid proceedings.

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

DATED THIS _____ day of January, 2013.

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