

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

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Representing:

ELECTIONS CANVASSING COMMISSION  
DIVISION OF BOND FINANCE  
BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND  
DEPARTMENT OF REVENUE  
FINANCIAL SERVICES COMMISSION, INSURANCE REGULATION  
STATE BOARD OF ADMINISTRATION

The above agencies came to be heard before  
THE FLORIDA CABINET, the Honorable Governor Scott  
presiding, in the Cabinet Meeting Room, LL-03, The  
Capitol, Tallahassee, Florida, on Tuesday, June 25,  
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Reported by:

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## APPEARANCES:

Representing the Florida Cabinet:

RICK SCOTT  
Governor

PAM BONDI  
Attorney General

JEFF ATWATER  
Chief Financial Officer

ADAM PUTNAM  
Commissioner of Agriculture

\* \* \*

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(Presented by KEN DETZNER)

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P R O C E E D I N G S

(The agenda items commenced at 10:30 a.m.)

GOVERNOR SCOTT: All right. Now we're going to convene the meeting of the Elections Canvassing Commission.

MR. DETZNER: Good morning. I'm Ken Detzner, Florida Secretary of State. And it is 10:30 on Tuesday, June 25th, 2013, and I call to order the meeting of the Elections Canvassing Commission.

For the record, the Elections Canvassing Commission for the 2013 special general election for State House District Number 2 consists of The Honorable Rick Scott, Governor; The Honorable Pam Bondi, Attorney General; and The Honorable Jeff Atwater, Chief Financial Officer.

The purpose of this meeting is to certify the official results for Florida's 2013 special general election for State House District 2 held on June 12th, 2013. The Department of State has received and placed before you the official returns for that election. The official returns reflect that Mike Hill received the most votes in the special general election.

At this time, I would request that a member of the Commission make a motion to certify those

1 returns.

2 ATTORNEY GENERAL BONDI: So moved.

3 MR. DETZNER: Thank you, Attorney General  
4 Bondi. Is there a second to the motion?

5 CFO ATWATER: Second.

6 MR. DETZNER: Second by CFO Atwater. All  
7 those in favor say yea.

8 CFO ATWATER: Yea.

9 ATTORNEY GENERAL BONDI: Yea.

10 GOVERNOR SCOTT: Yea.

11 MR. DETZNER: The motion carries. I have the  
12 official certificate -- Terry, if you would, please  
13 -- of the Elections Canvassing Commission for the  
14 2013 special general election, and would you please  
15 affix your signatures where indicated.

16 (Signatures affixed to certificate.)

17 MR. DETZNER: Do the Commissioners have any  
18 other business or questions at this time?

19 GOVERNOR SCOTT: None.

20 MR. DETZNER: If not, I thank you for your  
21 time and adjourn the meeting of the Elections  
22 Canvassing Commission. Thank you. Good morning.

23 GOVERNOR SCOTT: Thank you, Secretary.  
24  
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1                   GOVERNOR SCOTT: Now I would like to recognize  
2                   Director Ben Watkins with the Division of Bond  
3                   Finance to present his agenda. Good morning.

4                   MR. WATKINS: Good morning, Governor and  
5                   Cabinet members.

6                   Item number 1 is approval of the minutes of  
7                   the April 23rd meeting.

8                   GOVERNOR SCOTT: Is there a motion to approve?

9                   ATTORNEY GENERAL BONDI: So moved.

10                  GOVERNOR SCOTT: Is there a second?

11                  CFO ATWATER: Second.

12                  GOVERNOR SCOTT: Any comments or objections?

13                  (No audible response.)

14                  GOVERNOR SCOTT: Hearing none, the motion  
15                  carries.

16                  MR. WATKINS: Item number 2 are two reports of  
17                  award. Item 2A is a report of award on the  
18                  competitive sale of \$183.1 million in Turnpike  
19                  refunding bonds. The bonds were sold at  
20                  competitive sale and awarded to the low bidder at a  
21                  true interest rate of approximately 1.85 percent.  
22                  That allowed us to reduce the interest rate on  
23                  outstanding bonds from 4.91 percent to the 1.85  
24                  percent, which will generate gross debt service  
25                  savings of approximate 46.3 million and present

1 value savings of 40.8 million, or 18.8 percent of  
2 the principal amount of the bonds being refunded.

3 And item 2B is a report of competitive sale of  
4 approximately 297.9 million in Public Education  
5 Capital Outlay refunding bonds. The bonds were  
6 awarded to the low bidder at a true interest cost  
7 of approximately 2.99 percent. That allowed us to  
8 reduce the interest rate on outstanding bonds from  
9 4.88 percent to 2.99 percent, generating expected  
10 debt service savings, gross debt service savings of  
11 65.8 million, or on a present value basis,  
12 48.9 million, or 15.2 percent of the principal  
13 amount of the bonds being refunded.

14 So with those two transactions completed, for  
15 the fiscal year, we've sold 10 refunding issues  
16 aggregating about \$2 billion, generating gross debt  
17 service savings of \$516 million, or on a present  
18 value basis, 406 million.

19 GOVERNOR SCOTT: That's great.

20 MR. WATKINS: Lastly, item 3 is a resolution  
21 authorizing the issuance and competitive sale of  
22 245 million in Turnpike revenue refunding bonds.  
23 And these bonds are also being authorized to and  
24 refunded to achieve debt service savings.

25 GOVERNOR SCOTT: Is there a motion to approve

1           this item?

2           ATTORNEY GENERAL BONDI:   So moved.

3           COMMISSIONER PUTNAM:   Second.

4           GOVERNOR SCOTT:   Any comments or objections?

5           (No audible response.)

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

8           MR. WATKINS:   Thank you, sir.

9           GOVERNOR SCOTT:   Ben, how much money have we  
10 paid down on debt in the last -- since we were  
11 inaugurated?

12           MR. WATKINS:   Well, it's been \$3 billion over  
13 the last two fiscal years, so that's the amount the  
14 aggregate state debt outstanding overall has been  
15 reduced.

16           GOVERNOR SCOTT:   That's great.

17           MR. WATKINS:   And about 3-1/2 billion over the  
18 last three years.

19           GOVERNOR SCOTT:   That's great.

20           Congratulations.

21           MR. WATKINS:   Thank you, sir.

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1                   GOVERNOR SCOTT: Now I would like to recognize  
2                   Secretary Herschel Vinyard with the Department of  
3                   Environmental Protection to present his agenda.  
4                   Good morning, Herschel.

5                   MR. VINYARD: Good morning, Governor Scott,  
6                   General Bondi, CFO Atwater, and Commissioner  
7                   Putnam.

8                   We only have one item on today's agenda. It's  
9                   the Spring Creek Oyster Company aquaculture lease.

10                  Each one of y'all have been trying to help the  
11                  people in Franklin County, whose life is being  
12                  impacted by the lack of fresh water coming from  
13                  Georgia. And hopefully, this item will help the  
14                  folks in that county until we can come up with a  
15                  more permanent solution.

16                  This item is a request to modify two existing  
17                  aquaculture leases in Alligator Harbor in Franklin  
18                  County. This will authorize the lessee, Leo  
19                  Lovell, for the use of the full water column. And  
20                  it's to allow him to cultivate oysters in floating  
21                  cages away from the traditional oyster predators.  
22                  No other terms of the lease will change.

23                  Our first speaker is with Commissioner  
24                  Putnam's office. It's Kal Knickerbocker with the  
25                  Division of Aquaculture, and he's here to discuss

1           this new and innovative practice.

2           GOVERNOR SCOTT: Good morning.

3           MR. KNICKERBOCKER: Good morning, Governor  
4           Scott and fellow Cabinet members.

5           As Secretary vineyard said, we have a request  
6           this morning to modify an existing lease, two  
7           leases, actually, in Alligator Harbor Aquaculture  
8           Use Zone that's located in the Alligator Harbor  
9           Aquatic Preserve just near the small community of  
10          St. Teresa Beach in eastern Franklin County.

11          The request, it's a unique request. The  
12          current lease conditions limit the use to the  
13          bottom and the first six inches of the bottom. And  
14          our applicant today has been testing for the last  
15          couple of years, a year and a half, on different  
16          shellfish husbandry practices to try and find a new  
17          mousetrap, so to speak.

18          They've come upon some interesting dynamics in  
19          the culture of oysters, primarily moving them off  
20          the bottom in small, low-profile cages. They've  
21          found that death loss has been almost eliminated.  
22          Growth rates are phenomenal, much, much better than  
23          what we're hearing every day in the wild.

24          We've heard nothing but issues with the wild  
25          crop. High salinity is impacting them, predators,

1 parasites, diseases. They've found that moving up  
2 off the bottom, many of those factors are being  
3 eliminated. And so their request today is to be  
4 able to utilize the full water column and let those  
5 cages float from surface to bottom and try to  
6 identify the ideal growth environment.

7 We think this is an excellent opportunity, may  
8 be the first step forward in a new way of culturing  
9 oysters here in Florida. It is practiced in other  
10 parts of the United States and the world. And it's  
11 a good first step.

12 The oyster industry is larger than many people  
13 believe. It's about a \$138 million  
14 landings-per-year business. Florida represents  
15 about \$8.7 million of that. We think this step can  
16 move Florida up that line, and we look for your  
17 approval on this request.

18 I'm going to -- I would like to introduce Leo  
19 Lovell. He's the owner of Spring Creek Oyster  
20 Company. Leo and his two sons, Clay and Ben, are  
21 the applicants on this item. And he'll share with  
22 you some of the things that he has found. Thank  
23 you.

24 GOVERNOR SCOTT: Thank you.

25 ATTORNEY GENERAL BONDI: Thank you.

1 GOVERNOR SCOTT: Good morning.

2 MR. LOVELL: Good morning. First I want to  
3 thank the Governor and Cabinet for considering our  
4 request. I want to thank Kal Knickerbocker and the  
5 Department of Agriculture and Aquaculture for their  
6 wonderful help and support on this project. And I  
7 want to thank Jim Murdaugh and Bob Ballard with TCC  
8 and their environmental institute, who have given  
9 us great support and moral support in this. And I  
10 also want to thank my two sons, Ben and Clay.  
11 Without their hard work and dedication, we wouldn't  
12 be here before you today.

13 And then I want to introduce some of the stars  
14 of the show, really. These are some oysters that  
15 we planted August the 22nd, 2012, in homemade cages  
16 as an experiment. They were probably about this  
17 big. We planted some directly on the bottom. That  
18 didn't work too well. They kind of got smothered,  
19 but then we got some of them off the bottom just a  
20 little bit in cages. And these animals are 10  
21 months old. I mean, it's phenomenal to us how fast  
22 these creatures are growing.

23 ATTORNEY GENERAL BONDI: Excuse me, Governor.  
24 May I ask a question?

25 GOVERNOR SCOTT: Yes.

1           ATTORNEY GENERAL BONDI: That's a 10-month-old  
2 oyster, that huge one?

3           MR. LOVELL: Yes. Now, like I say, this is  
4 all an experiment. We've got -- those are  
5 10-month-old animals. Now, we've got some that  
6 aren't this big. You know what I'm saying? They  
7 haven't grown, but we have since in our research  
8 have discovered why.

9           This is something else that's got us extremely  
10 excited. This is a bay scallop. We've been  
11 talking to our seed supplier about possibly  
12 planting bay scallops and growing them in cages.  
13 He has done restoration projects for the state.  
14 They're down in Tampa.

15           Well, as soon as we started talking to him  
16 about that, we bring out baskets of oysters back to  
17 work them, and we start finding these animals which  
18 have volunteered in with our oysters. And this --  
19 you know, like I say, this has got us real excited  
20 about perhaps that this is just one of maybe dozens  
21 of other animals that we can grow in aquaculture.

22           And this was all done by the seat of our  
23 pants. This was all an experiment. Then once we  
24 planted -- because we got an opportunity to get  
25 some oyster seeds just out of the blue, and we had

1 to either take them right then or leave them, and  
2 we took them.

3 Since we have started researching how we  
4 really need to grow oysters, talking to people from  
5 Canada to Maryland to Maine to the West Coast, we  
6 discovered that what they find so successful is  
7 growing these animals in the top 24 inches of the  
8 water column. That's where all your phytoplankton  
9 is, all your algae, all the things that these  
10 animals love to eat are. And I won't even go into  
11 all the other advantages getting them off the  
12 bottom gets them into.

13 And to quote you, Governor, from an interview  
14 I saw a few months ago, you said, "If we want to  
15 compete with the rest of the world, we've got to  
16 level the playing field." Well, floating cages is  
17 how Spain and Italy and Australia are growing their  
18 animals. That's how they're doing it on the West  
19 Coast. Canada, Massachusetts, and Maine, this is  
20 what they're doing. And we're very excited. This  
21 is going to be a new experiment when we start  
22 floating these, but from what we can find out, it  
23 will give a great advantage to what we're doing.

24 And we see -- we want to get this started in  
25 Wakulla County, which is our home county.

1           Currently the only leases available are in Franklin  
2           County where ours are. But we see this as the  
3           opportunity to jump-start a whole new industry in  
4           not only Wakulla and Franklin, but all the coastal  
5           counties of Florida.

6           You know, we've been blessed for so many years  
7           with such an abundance of wild stock, but as we all  
8           know, something has changed and happened to that.  
9           I think this is the future. I think with the  
10          involvement of the institutes and aquaculture that  
11          we can see hundreds of new jobs over the next few  
12          years come out of this.

13          So I just -- again, I want to thank you for  
14          your consideration. We look forward to maybe next  
15          year bringing you back some other results that we  
16          have grown, you know, in our top water cages.

17          GOVERNOR SCOTT: That's great.

18          COMMISSIONER PUTNAM: Don't bring those empty  
19          shells next time.

20          MR. LOVELL: Y'all need to come down and eat  
21          some. We started serving these animals in our  
22          restaurant two weeks ago. I mean, and we had no  
23          clue this was happening, but we planted -- as far  
24          as we know, we're one of the first to plant,  
25          cultivate, harvest, and sell an oyster in the state

1 of Florida.

2 And our customers are crazy about them.  
3 They're so salty. When you open them up, they're  
4 just snow white on the inside. I think we've got a  
5 few folks in here that have eaten some.

6 But we just see it as an opportunity for  
7 Florida and Wakulla County and Franklin County to  
8 get back at the top in the seafood industry again.

9 GOVERNOR SCOTT: You want to advertise your --  
10 you ought to advertise your restaurant while you're  
11 doing it.

12 MR. LOVELL: Well, we own Spring Creek  
13 Restaurant down on the coast. We've been there 36  
14 years. So if y'all get a chance, come try some of  
15 these animals.

16 COMMISSIONER PUTNAM: It's a special place,  
17 Governor. I was devastated when the New York Times  
18 put it in their travel section. It was good for  
19 you, but bad for the rest of us.

20 MR. LOVELL: You know, we've gotten -- it's  
21 crazy, the press we've gotten. We've been  
22 contacted by Aquaculture magazine in western  
23 Canada, the New York Times. I understand there  
24 were some stories in the Miami Herald and the Tampa  
25 Tribune. Everyone has kind of taken an interest in



1           this because it's something brand new.

2           Do y'all have any questions?

3           GOVERNOR SCOTT: Yes, Attorney General.

4           ATTORNEY GENERAL BONDI: I've been intrigued  
5           by this technology, and I've been reading about it.  
6           And now to see that 10-month-old oyster that size,  
7           that's unbelievable. How much are the scallops --

8           MR. LOVELL: I would say 20 percent of our  
9           oysters are probably up to that size and then  
10          lower.

11          ATTORNEY GENERAL BONDI: And they're pure  
12          because of the way they're grown.

13          MR. LOVELL: Yes. It's a whole different  
14          animal. I mean, it doesn't even look like the  
15          regular wild oyster that's evidently not growing  
16          right now too well in Apalachicola. But we're  
17          excited about it.

18          ATTORNEY GENERAL BONDI: Thank you for your  
19          innovation.

20          MR. LOVELL: Uh-huh. You're welcome.

21          GOVERNOR SCOTT: Any other questions?

22          COMMISSIONER PUTNAM: Governor, I just want to  
23          thank the Lovell family for their commitment to  
24          doing new things. You know, that's the story of  
25          agriculture, and it's the story of aquaculture.

1           You've got an old mullet boat in front of your  
2           restaurant that's sort of a testimony to how things  
3           change. And we've got to keep our working  
4           waterfronts, and this is an example of -- we're not  
5           taking our eye off the ball on saving the wild  
6           oyster at all.

7           MR. LOVELL: Oh, no, sir.

8           COMMISSIONER PUTNAM: But this is an  
9           opportunity for our country and our state to catch  
10          up, because we're way behind the rest of the world  
11          in aquaculture, and so I strongly urge this Cabinet  
12          to adopt this lease. And our aquaculture folks may  
13          be bringing future opportunities as we continue to  
14          adapt and be aggressive at new ways to grow  
15          aquaculture and keep our working waterfront jobs.

16          And I appreciate the team approach DEP has  
17          brought to this and that FWC has brought to this to  
18          work through the navigational issues and boating  
19          issues and things that are inherent in doing  
20          something new. But we're going to keep doing new  
21          things, and we're going to keep pushing the  
22          envelope to keep our watermen on the water and in a  
23          fashion that they can feed their families.

24          MR. LOVELL: Yes, sir. It's a very -- I meant  
25          to mention this earlier, but in talking with

1 different biologists and different -- my seed  
2 suppliers and so forth -- these are oysters. When  
3 they reach like an inch and a half long that we're  
4 growing in these cages, they start producing spat.  
5 In other words, not only will we be growing oysters  
6 for the market in cages, but those oysters that  
7 we're growing will be reseeding the wild stock.

8 And we currently have -- this sounds so crazy.  
9 We have sent brood oysters from Apalachicola Bay to  
10 the hatchery, and they're going to spawn -- these  
11 are Tampa Bay oysters, but they're going to spawn  
12 Apalachicola Bay oysters to send us back this fall  
13 as the seed that we're going to plant. So it just  
14 seems like such a win-win deal all the way around.

15 But again, I thank you for considering our  
16 request.

17 COMMISSIONER PUTNAM: And we're moving  
18 forward, Governor, also because of the legislation  
19 that you signed, with the support of FWC and  
20 Highway Safety, that allocates a certain portion of  
21 boater revenues. We're going to commission the  
22 National Academies of Science to develop a research  
23 plan for all of us to live with as we try to save  
24 Apalachicola Bay.

25 And it's an all-hands-on-deck effort to get

1 Georgia to do what they need to do and the Corps of  
2 Engineers to do what they need to do. But this is  
3 one example of some pretty neat technology and neat  
4 new techniques that are going to allow us to keep  
5 these jobs and continue to keep the seafood  
6 industry in Florida.

7 MR. LOVELL: Yes, sir.

8 GOVERNOR SCOTT: All right. I think we have a  
9 motion.

10 COMMISSIONER PUTNAM: I move. I so move.

11 GOVERNOR SCOTT: Is there a second?

12 ATTORNEY GENERAL BONDI: Second.

13 GOVERNOR SCOTT: Any comments or objections?

14 (No audible response.)

15 GOVERNOR SCOTT: Hearing none, the motion  
16 carries.

17 Thank you very much, and congratulations and  
18 good luck.

19 MR. LOVELL: Thank you, sir.

20 GOVERNOR SCOTT: Thanks, Herschel.

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

4                   MR. STRANBURG: Good morning, Governor Scott,  
5 General Bondi, Commissioner Putnam, and CFO  
6 Atwater.

7                   Our first agenda item this morning is to  
8 respectfully request approval of the minutes of the  
9 April 2nd, 2013, and April 23rd, 2013 meetings.

10                  GOVERNOR SCOTT: Is there a motion to approve?

11                  CFO ATWATER: So moved.

12                  GOVERNOR SCOTT: Is there a second?

13                  ATTORNEY GENERAL BONDI: Second.

14                  GOVERNOR SCOTT: Any comments or objections?

15                  (No audible response.)

16                  GOVERNOR SCOTT: Hearing none, the motion  
17 carries.

18                  MR. STRANBURG: Thank you. Our second item is  
19 to respectfully request adoption of and approval to  
20 file and certify with the Secretary of State under  
21 Chapter 120, Florida Statutes, the following rules  
22 with respect to documentary stamp tax, rules that  
23 clarify the application of the documentary stamp  
24 tax in bankruptcy proceedings. These are Rules  
25 12B-4.013, 12B-4.014, and 12B-4.054.

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

3 CFO ATWATER: So moved.

4 GOVERNOR SCOTT: Is there a second?

5 ATTORNEY GENERAL BONDI: Second.

6 GOVERNOR SCOTT: Any comments or objections?

7 (No audible response.)

8 GOVERNOR SCOTT: Hearing none, the motion  
9 carries.

10 MR. STRANBURG: Thank you. And our third item  
11 is to respectfully request approval and authority  
12 to publish notice of proposed rules in the Florida  
13 Administrative Register for the following rules.

14 The first area is compromise and settlement  
15 rules. These rules will clarify and update rules  
16 relating to the Department of Revenue's authority  
17 to compromise and settle tax assessments.

18 The second area is with respect to consent  
19 agreements. These rules will specify how the  
20 Department of Revenue will maintain records of the  
21 positions authorized by the executive director to  
22 enter into consent agreements to extend the period  
23 during which an assessment may be issued or a claim  
24 for refund may be filed.

25 And the third area concerns the administration

1 of the waste tire and lead-acid battery fees.  
2 These would update provisions relating to the  
3 administration of these fees that are imposed by  
4 the Florida Statutes.

5 GOVERNOR SCOTT: Is there a motion to approve?

6 ATTORNEY GENERAL BONDI: So moved.

7 GOVERNOR SCOTT: Is there a second?

8 COMMISSIONER PUTNAM: Second.

9 GOVERNOR SCOTT: Any comments or objections?

10 (No audible response.)

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

13 MR. STRANBURG: Thank you very much.

14 GOVERNOR SCOTT: Thank you, Marshall.

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1                   GOVERNOR SCOTT: Now I would like to recognize  
2 Belinda Miller, General Counsel of the Office of  
3 Insurance Regulation. Good morning.

4                   MS. MILLER: Good morning. Thank you,  
5 Governor and members of the Financial Services  
6 Commission. I'm here on behalf of Kevin McCarty,  
7 who sends his regrets. He usually makes these  
8 meetings, but he was called to a meeting that he  
9 had to attend. So I am a poor substitute, but I'll  
10 try to get through these items.

11                   First I would like to ask for the minutes to  
12 be approved from the March 7th board meeting, March  
13 7th, 2013, of the Financial Services Commission.

14                   GOVERNOR SCOTT: Is there a motion to approve?

15                   CFO ATWATER: So moved.

16                   GOVERNOR SCOTT: Is there a second?

17                   ATTORNEY GENERAL BONDI: Second.

18                   GOVERNOR SCOTT: Any comments or objections?

19                   (No audible response.)

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

22                   MS. MILLER: Thank you. Next I would like to  
23 request approval for publication of a rule for  
24 amending Rule 690-137.001, which defines the annual  
25 and quarterly reporting requirements for insurance



1 companies. The Office is proposing to amend this  
2 rule to adopt the more current versions of the NAIC  
3 annual and quarterly statement instructions and  
4 manuals.

5 Section 624.424 of the Florida Statutes  
6 requires insurers to file these statements with the  
7 Office and allows the Office and the Financial  
8 Services Commission to adopt rules setting  
9 standards for these reports. This enables  
10 companies to file one statement nationally and to  
11 have all of the states use the same statement.

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

14 ATTORNEY GENERAL BONDI: So moved.

15 GOVERNOR SCOTT: Is there a second?

16 COMMISSIONER PUTNAM: Second.

17 GOVERNOR SCOTT: Any comments or objections?

18 (No audible response.)

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

21 MS. MILLER: Thank you. Next, I would request  
22 approval for publication of the proposed amendments  
23 to Rule 690-138.001, the NAIC Financial Condition  
24 Examiners Handbook adopted. The Office is  
25 proposing to amend this rule to adopt the NAIC 2013

1 Financial Condition Examiners Handbook.

2 Section 624.316 of the Florida Statutes  
3 requires the Office to examine the financial  
4 condition of insurance companies using generally  
5 accepted accounting and auditing procedures. This  
6 statute also allows the Office to adopt the NAIC  
7 Financial Condition Examiners Handbook to  
8 facilitate these exams. By adopting the newest  
9 version of the handbook, the rule enables the  
10 procedures used by the Office to be in line with  
11 the accepted accounting principles.

12 GOVERNOR SCOTT: Is there a motion to approve?

13 ATTORNEY GENERAL BONDI: So moved.

14 GOVERNOR SCOTT: Is there a second?

15 COMMISSIONER PUTNAM: Second.

16 GOVERNOR SCOTT: Any comments or objections?

17 (No audible response.)

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

20 MS. MILLER: Thank you. And finally, I would  
21 like to request approval for publication of  
22 proposed amendments to Rule 690-149.022. The  
23 purpose of this rule is to develop a notice of  
24 estimated premium impacts from the federal Patient  
25 Protection and Affordable Care Act required by

1           Committee Substitute for Senate Bill 1842, which  
2           amended Section 627.410, Florida Statutes. This  
3           notice will be required to be sent to all  
4           individual and small group nongrandfathered health  
5           plans and to individuals insured by HMOs.

6           GOVERNOR SCOTT: Is there a motion to approve?

7           ATTORNEY GENERAL BONDI: So moved.

8           COMMISSIONER PUTNAM: So moved.

9           GOVERNOR SCOTT: Is there a second?

10          CFO ATWATER: Second.

11          GOVERNOR SCOTT: Any comments or objections?

12          (No audible response.)

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

15          MS. MILLER: Thank you. That concludes the  
16          agenda for the Office of Insurance Regulation.

17          GOVERNOR SCOTT: Thank you, Belinda.

18          ATTORNEY GENERAL BONDI: And she was a very  
19          good substitute.

20          GOVERNOR SCOTT: Yes. Good job.

21

22

23

24

25

1                   GOVERNOR SCOTT: Now I would like to recognize  
2                   Executive Director Ash Williams with the State  
3                   Board of Administration.

4                   Good morning, Ash.

5                   MR. WILLIAMS: Good morning, Governor and  
6                   Trustees. How is everyone today?

7                   I would like to open as usual, if I may, with  
8                   an update on where the Fund is, or was as of last  
9                   night's close. With a balance standing at  
10                  \$130.7 billion, the Fund fiscal year to date is up  
11                  11.26 percent. That's 122 basis points ahead of  
12                  target.

13                  If I may, I would like to move on with our  
14                  agenda at this point. Item 1, I would request  
15                  approval of the minutes of the April 23, 2013  
16                  meeting.

17                  GOVERNOR SCOTT: Is there a motion to approve?

18                  ATTORNEY GENERAL BONDI: So moved.

19                  GOVERNOR SCOTT: Is there a second?

20                  CFO ATWATER: Second.

21                  GOVERNOR SCOTT: Comments or objections?

22                  (No audible response.)

23                  GOVERNOR SCOTT: Hearing none, the motion  
24                  carries.

25                  MR. WILLIAMS: Thank you. Item 2, request

1 approval of a fiscal sufficiency of an amount not  
2 exceeding \$245 million State of Florida Department  
3 of Transportation Turnpike revenue bonds, Series  
4 2013.

5 GOVERNOR SCOTT: Is there a motion to approve?

6 CFO ATWATER: So moved.

7 GOVERNOR SCOTT: Is there a second?

8 ATTORNEY GENERAL BONDI: Second.

9 GOVERNOR SCOTT: Any comments or objections?

10 (No audible response.)

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

13 MR. WILLIAMS: Thank you. The next couple of  
14 items are related to a meeting we had yesterday.  
15 Each year in June we have a joint meeting of our  
16 two investment-oriented advisory councils, the  
17 Participant Local Government Advisory Council,  
18 which advises us on Florida PRIME, and the  
19 Investment Advisory Council, which provides more  
20 broad investment guidance on all our mandates.

21 The statutory responsibilities that are  
22 required to be executed annually by these two  
23 groups include a review of legal compliance,  
24 compliance with best practices, and also the  
25 propriety of the investment policy statement.

1           That meeting took place yesterday. We have  
2           Mark Peterson, who is the chairman of the  
3           Participant Local Government Advisory Council, and  
4           also Martin Garcia, chairman of the IAC, with us  
5           today. Both are available to talk to you. And the  
6           next couple of items relate to that.

7           So item 3 is the independent statutory  
8           compliance review that was presented yesterday by  
9           Lewis, Longman & Walker. And what we need to do  
10          with item 3, I request approval of a draft letter  
11          to the Joint Legislative Auditing Committee for the  
12          annual certification of legal compliance and best  
13          investment practices for the Local Government  
14          Surplus Funds Trust Fund. And Hewitt EnnisKnupp  
15          did the best practices certification, and they're  
16          here this morning.

17          GOVERNOR SCOTT: Is there a motion to approve?

18          CFO ATWATER: So moved.

19          GOVERNOR SCOTT: Is there a second?

20          ATTORNEY GENERAL BONDI: Second.

21          GOVERNOR SCOTT: Any comments or objections?

22          (No audible response.)

23          GOVERNOR SCOTT: Hearing none, the motion  
24          carries.

25          MR. WILLIAMS: Thank you. Item 4 also relates

1 to this. We request approval of investment policy  
2 statements for the Local Government Surplus Funds  
3 Trust Fund, now known as Florida PRIME, as required  
4 under Florida Statutes, and also for the Fund B  
5 Surplus Funds Trust Fund.

6 The only change we made in the investment  
7 policy statement was to codify a previously  
8 implemented improvement in operations that tightens  
9 compliance between the SBA, our external master  
10 custody provider, and the external investment  
11 manager for Florida PRIME.

12 Request approval.

13 GOVERNOR SCOTT: Is there a motion to approve?

14 CFO ATWATER: So moved.

15 GOVERNOR SCOTT: Is there a second?

16 ATTORNEY GENERAL BONDI: Second.

17 GOVERNOR SCOTT: Any comments or objections?

18 (No audible response.)

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

21 MR. WILLIAMS: Thank you. Before I jump into  
22 the other reports that we have, we have the  
23 chairman of the IAC with us, and -- where is  
24 Mr. Peterson? There he is. And the chairman of  
25 the PLGAC.

1           Martin, would you like to come up?

2           GOVERNOR SCOTT: Good morning.

3           MR. GARCIA: Good morning, Trustees, Governor  
4           Scott, General Bondi, and CFO Atwater. This is the  
5           first opportunity as chairman that I have had an  
6           opportunity to address you. And I would like to  
7           tell you a little bit about the good work of the  
8           nine members that the three of you have appointed  
9           to the IAC, and I think you're going to be pleased  
10          to learn about the work that we're doing.

11          I'm honored to serve with the other eight  
12          members that you appointed to the IAC. And I've  
13          been in the investment business for a long time and  
14          have served on a number of investment advisory  
15          councils, but I have to tell you, these  
16          appointments of the other eight that you have made  
17          to the IAC are incredibly impressive and well  
18          qualified to do all of the things that you have  
19          charged us with.

20          And specifically, you've charged us with  
21          making sure that we're making good investment  
22          decisions, evaluating the investment performance,  
23          and making sure that there's good governance in  
24          place. And as you've instructed us, we're doing  
25          this on your behalf and advising you for the



1 benefit of state workers, police officers,  
2 firefighters, and every one of the participants in  
3 the plan. So the work that we're doing is serving  
4 the masses in Florida.

5 And fundamentally what we do in advising you  
6 is evaluate two of the main decisions that drive  
7 investment performance for the Florida Retirement  
8 System, and those two decisions are, one, how  
9 assets get allocated between the asset classes,  
10 which drives 90 percent of the performance. And  
11 then the second decision is how assets get  
12 allocated within the asset classes that drive about  
13 10 percent of the performance. And I wanted to  
14 report to you what the IAC is doing in advising you  
15 on the 90 percent function.

16 The policy of the SBA is to review the  
17 investment plan every three to five years, in other  
18 words, review the decisions on how assets are being  
19 allocated between asset classes. And we're on the  
20 third year anniversary right now. The current --  
21 and evaluating how you allocate between asset  
22 classes is a long-term decision. It's something  
23 that you do periodically and not on a short-term  
24 basis. So we are at the third year anniversary,  
25 because the current plan was constituted in June of

1           2010.

2           And what we are doing, which I'm told is  
3           unparalleled for an IAC in terms of the time that  
4           we're spending on it, we had a workshop in June  
5           dedicated just to the subject. We spent almost the  
6           entire meeting in June on the subject. Yesterday  
7           virtually the entire meeting was dedicated to  
8           evaluating the current plan. And our work is not  
9           yet done. We're scheduled to meet another six  
10          hours in September and dedicating all that time to  
11          this.

12          So you all have not only appointed a very  
13          well-qualified IAC, but one who is deeply engaged  
14          in the important decisions that you've charged us  
15          with.

16          And so that concludes my report. I do look  
17          forward to reporting to you the comprehensive plan  
18          in September. And unless you have any questions,  
19          I'm done.

20          GOVERNOR SCOTT: Attorney General Bondi.

21          ATTORNEY GENERAL BONDI: You know, this is the  
22          first time -- of course, I tapped my predecessor's  
23          appointments, who were wonderful appointments to  
24          the IAC, as well as my fellow members. However,  
25          this is the first time we have an IAC that is

1           entirely recruited and appointed by the three of  
2           us. And I've seen the work that these nine people  
3           are doing, and thank you, Chairman Garcia. They're  
4           working countless, countless hours. I mean, on  
5           Sunday, I was briefed for hours and hours. Like I  
6           said, they are just -- we have, I think, an amazing  
7           group, as we did in the past, a very, very engaged  
8           group. And I cannot thank all nine of you enough  
9           for your dedication and service to our state.

10                   This is what? \$155 billion?

11           MR. GARCIA: Correct.

12           ATTORNEY GENERAL BONDI: Thank you.

13           MR. GARCIA: Well, thank you for honoring me  
14           with the service.

15           GOVERNOR SCOTT: Well, thank you for all that  
16           you're doing, thank all nine members. Y'all do a  
17           great job. It's a lot of hours, and the pay is not  
18           very high.

19           MR. GARCIA: It's worth it, though.

20           GOVERNOR SCOTT: You're right. I mean, you're  
21           doing it for the benefit of everybody that's  
22           relying on that plan, for all those investments for  
23           their retirement.

24           MR. GARCIA: Well, thank you.

25           GOVERNOR SCOTT: All right. Thank you.

1           MR. WILLIAMS: Thank you. And I might add, we  
2           also have Will Harrell with us today, who is also  
3           on the IAC.

4           And Mark Peterson, did you want to say  
5           anything regarding the PLGAC?

6           MR. PETERSON: No, not unless there are any  
7           questions.

8           MR. WILLIAMS: Questions for Mr. Peterson?

9           We also have Gary Price with us, who is a new  
10          member of the PLGAC.

11          GOVERNOR SCOTT: From a great city. Where are  
12          you from, Gary?

13          MR. PRICE: Naples, Florida.

14          GOVERNOR SCOTT: Oh, Naples. We don't get a  
15          lot of people up here from Naples.

16          MR. WILLIAMS: Thank you.

17          Moving on, in item 5, if we could approve a  
18          draft letter to the Joint Legislative Audit  
19          Committee affirming that the SBA Trustees have  
20          reviewed and approved the monthly Florida PRIME and  
21          Fund B summary reports and actions taken, if any,  
22          to address material impacts. As usual, there were  
23          no material impacts.

24          GOVERNOR SCOTT: Is there a motion to approve?

25          ATTORNEY GENERAL BONDI: So moved.

1 GOVERNOR SCOTT: Is there a second?

2 CFO ATWATER: Second.

3 GOVERNOR SCOTT: Any comments or objections?

4 (No audible response.)

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

7 MR. WILLIAMS: Thank you. Item 6, request  
8 approval of the SBA quarterly report required by  
9 the Protecting Florida's Investments Act. This is  
10 the act relating to avoiding investment exposure to  
11 Iran and Sudan. There were no changes relating to  
12 Iran in this period. And those relating to Sudan  
13 were confined to deleting two companies from the  
14 "scrutinized" list and deleting a net of two  
15 companies from the from the "continued examination"  
16 list.

17 Request approval of the report.

18 GOVERNOR SCOTT: Is there a motion to approve?

19 ATTORNEY GENERAL BONDI: So moved.

20 GOVERNOR SCOTT: Is there a second?

21 CFO ATWATER: Second.

22 GOVERNOR SCOTT: Any comments or objections?

23 (No audible response.)

24 GOVERNOR SCOTT: Hearing none, the motion  
25 carries.

1           MR. WILLIAMS: Thank you. Item 7, we get into  
2           the quarterly reports for the quarter we're dealing  
3           with here today. And in addition to the IAC and  
4           PLGAC reports, we have a report from the Audit  
5           Committee. Kimberly Ferrell, who chaired the  
6           committee, is here. Kim, did you want to share  
7           anything with the group?

8           MS. FERRELL: Yes.

9           MR. WILLIAMS: Thank you.

10          GOVERNOR SCOTT: Good morning.

11          MS. FERRELL: Good morning, Governor and  
12          Trustees. Thank you for your time this morning. I  
13          realize you are extremely busy, so I will be very  
14          brief.

15                 There is a detailed report that's found in  
16          your packet that's found in Tab 7 behind the third  
17          green divider. If there's anything presented there  
18          that you would like more information on, please  
19          don't hesitate to contact me. I'm available to you  
20          at any time. But for this morning, I really just  
21          prepared a very high-level overview for you.

22                 There are currently 74 engagements that are in  
23          progress at the SBA. And while that sounds like a  
24          very large number, these include both projects that  
25          are being conducted by the internal audit staff,

1           also engagements by external auditors in addition  
2           to consultants.

3           These engagements range from -- anything from  
4           compliance audits, financial statement audits,  
5           agreed-upon procedures, debt compliance, reports on  
6           internal controls. They also range in a multitude  
7           of different focuses and scopes.

8           But really, the most important thing for you  
9           to know about these is that for the last quarter,  
10          all of the financial statement audits that were  
11          completed received an unqualified opinion. And  
12          that's what most people refer to as a clean  
13          opinion, and that, of course, is exactly what we're  
14          looking for.

15          Now, in addition, all of the agreed-up  
16          procedures that were completed, none of those  
17          resulted in any major findings. In addition,  
18          there's no indication that these results won't  
19          continue in the current quarter.

20          There were no -- in the internal audit area,  
21          there were no significant deviations from the SBA's  
22          audit plan. And that's if you evaluate it both in  
23          terms of audit hours applied and completion dates  
24          of the assignments.

25          Now, overall, there are only 32 open

1           recommendations. Those include recommendations  
2           from both auditors and consultants. Again, only 32  
3           that remain open, that is a very significant drop  
4           from the prior quarter. That's actual a decrease  
5           of 37 from prior.

6           And last but not least, in the enterprise risk  
7           management area, for the quarter there were no  
8           material compliance exceptions reported.

9           And that's all I have for you unless you have  
10          some questions for me.

11          GOVERNOR SCOTT: Are there any questions?

12          (No audible reponse.)

13          GOVERNOR SCOTT: Thank you very much.

14          MS. FERRELL: Thank you.

15          MR. WILLIAMS: I think it goes without saying  
16          our Audit Committee, like our other advisory  
17          groups, the Audit Committee is more than an  
18          advisory group. It is a very integral part of our  
19          operation. They're doing a terrific job, and we're  
20          grateful for their service.

21          Other key reports that I won't go over, but I  
22          will draw your attention to, that are in your  
23          background materials include our general counsel's  
24          report, our corporate governance report. To give  
25          you an idea of the scale of that operation, in the



1 proxy season ended, we voted roughly 9,500 proxies,  
2 85,000-plus different issues in 75 countries around  
3 the world. And every one of those is done in  
4 accordance with some sort of policy, but is also  
5 looked at individually and appropriate logic and  
6 judgment used on it so that we don't blindly follow  
7 policies or models or outside advisors.

8 We also have two other key oversight reports  
9 in here, our inspector general's report and our  
10 chief risk and compliance officer's report. And  
11 I'm pleased to say that in both of those, you'll  
12 find no evidence of any problems. And I would  
13 particularly draw your attention to the compliance  
14 and risk officer's report from the standpoint that  
15 you have risk charts on every asset class and the  
16 aggregate fund, and what you'll see is that we  
17 pulled in risk pretty significantly across the  
18 board on a range of fronts.

19 We also have -- let's see what else do we have  
20 in here. We have -- why don't we go directly to  
21 the performance, which is what really matters. We  
22 have Kristin Doyle with us from Hewitt EnnisKnupp,  
23 who is here to report on her residency status and  
24 also on the performance of the pension fund.

25 GOVERNOR SCOTT: Yesterday Deutsche Bank added

1 -- announced they were adding 300 jobs in  
2 investment banking, trading floor, all sorts of  
3 operations. So we have all these jobs in Florida.  
4 So where are you living?

5 MS. DOYLE: I live in Chicago.

6 GOVERNOR SCOTT: You know, they increased  
7 their income tax rate to 70 percent in 2011.

8 MS. DOYLE: Well, I anticipated you might ask  
9 me this, so the current answer is still no.  
10 However, if I was living vicariously through one of  
11 my best friends, I would have just moved to Palm  
12 Harbor about a year ago, and I would be telling all  
13 my Chicago friends that I'm probably never going to  
14 move back to Chicago, I love my house, my pool, and  
15 no personal income tax. So --

16 GOVERNOR SCOTT: You're still young. You  
17 still have a shot.

18 MS. DOYLE: You're right. They are actively  
19 recruiting all of us to move down here, so you have  
20 someone helping out in that area.

21 So I'm just going to spend a couple of minutes  
22 on performance of the major mandates for the  
23 Florida State Board through March. So if you flip  
24 a couple of pages, looking at the performance of  
25 the FRS -- woops. Did I move too fast?

1           Well, I'll just -- hopefully it will come back  
2           up. If you'll look at the performance of the FRS  
3           Pension Plan, so this is the slide titled, "FRS  
4           Pension Plan Investment Results, Periods Ending  
5           3/31/2013," you'll see that the beige bar is the  
6           FRS Pension Plan performance and the blue bar is  
7           the performance benchmark, which is the passive  
8           representation of the policy allocation. Over all  
9           time periods show, one, three, five, ten, and  
10          fifteen, you'll see that that performance has been  
11          above that of the benchmark.

12           GOVERNOR SCOTT: Great.

13           MS. DOYLE: The second benchmark we show is  
14          the absolute nominal target rate of return, which  
15          is the inflation plus 5 percent return objective.  
16          And you'll see that over most time periods,  
17          performance has been strong as well relative to  
18          that secondary benchmark.

19           And as we've talked in the past, that  
20          benchmark is most relevant for the longer term time  
21          periods, so if you look at the slide just following  
22          that one, you'll see that over the last 20, 25, and  
23          30 years, performance of the FRS has been extremely  
24          strong relative to that real return objective, so  
25          very good news for the performance of the pension.

1           We also look at performance relative to peers.  
2           If you skip a couple of pages to the results  
3           relative to the TUCS top ten defined benefit plans,  
4           this is where we illustrate the performance of the  
5           FRS Pension. This is on a gross basis,  
6           gross-of-fee basis, because the TUCS universe  
7           comparison survey data is on a gross-of-fee basis.  
8           We want to compare apples to apples. And you'll  
9           see that relative to the top ten median defined  
10          benefit plans, performance has either been very  
11          similar to your top ten peers or above that of your  
12          peers, so again, very strong performance on a peer  
13          basis.

14          I'll flip, if there aren't any questions, to  
15          the investment plan, so if you could skip a couple  
16          of pages to the total investment plan returns and  
17          costs page on the investment plan, so this is the  
18          defined contribution plan.

19          Performance through March has been very strong  
20          as well relative to what we call the total plan  
21          aggregate benchmark, which is again a passive  
22          representation of the benchmarks of each of the  
23          underlying fund options. So what this is  
24          representing is that each of the underlying fund  
25          options on an aggregate basis are outperforming

1           their benchmarks, which is what we would want to  
2           see.

3           And then at the bottom, there is some peer  
4           data. I'll just draw your attention to the second  
5           column titled "Five-Year Net Value Added." And  
6           there you'll see that the FRS Pension Plan over a  
7           five-year period on an average basis has added 70  
8           basis points over the aggregate benchmark, whereas  
9           your peers have only added 10. So not only are you  
10          outperforming your own benchmarks, but you're doing  
11          it in a better -- you're doing better than your  
12          peers.

13          Any questions on the investment plan? Okay.  
14          The next one is the --

15          ATTORNEY GENERAL BONDI: Governor, could I ask  
16          a quick question?

17          GOVERNOR SCOTT: Yes.

18          ATTORNEY GENERAL BONDI: Which peers?

19          MS. DOYLE: This is a survey from CEM, which  
20          is -- it's a custom peer universe, and it's made up  
21          of 19 DC plans, both corporate and public plans  
22          between 2 and \$12 billion in size. So these are  
23          very, very large corporate and public defined  
24          contribution plans.

25          Okay. I think we have the wrong slide in

1           here. I apologize. But the Cat Fund investment  
2           results are also similar to both the pension and  
3           the investment plan returns in terms of  
4           outperformance over all trailing periods relative  
5           to the benchmark. Absolute returns have been a  
6           little bit lower because of your short-term bond  
7           funds, but their performance on a relative basis  
8           has been strong.

9           And then the Lawton Chiles Endowment Fund,  
10          here we show asset allocation relative to the  
11          target, so you'll see the blue dot is actually the  
12          -- is the actual allocation. You'll see an  
13          underweight to global equity and an overweight to  
14          cash. That's represented by the fact that there's  
15          a special appropriation out of this fund, so the  
16          SBA made the decision to move it to cash.

17          Regardless, performance has been very strong  
18          over all trailing periods, again outperforming the  
19          performance benchmark, the passive representation  
20          of the policy over all the trailing periods.

21          And then lastly, the Florida PRIME. The  
22          investment results have also been very strong for  
23          the Florida PRIME. Again, this is a shorter term  
24          bond fund, so managed very low risk. The  
25          performance has been on an absolute basis low given

1 the low yielding environment that we're in, but on  
2 an absolute basis has again outperformed its  
3 performance benchmark, which is actually another  
4 large peer universe of other local government  
5 investment plans, and has outperformed that over  
6 all trailing periods.

7 I guess I don't have the slide in here, but  
8 one thing I wanted to point out, we do have a slide  
9 where we compare the performance of the Florida  
10 PRIME relative to other SEC-registered money market  
11 funds. And what you'll notice is that on a  
12 risk-return basis, the Florida PRIME fund is  
13 actually being managed at a higher level of return  
14 with a lower level of risk relative to other  
15 SEC-registered money market funds.

16 And then lastly, in terms of Fund B, the  
17 materials that you have note that through March,  
18 88 percent of Fund B has been returned back to  
19 participants. A more recent number through the end  
20 of May or even through the first part of June is  
21 about 93 percent, so we have about 7 percent left  
22 to go. And there was a very comprehensive report  
23 at the IAC/PLGAC meeting yesterday on the  
24 management of Fund B.

25 Any questions on the performance?

1           MR. GARCIA: Kristen, you gave the performance  
2           for the 20-, 25-, and 30-year for target nominal  
3           rate of return for the FRS. I didn't hear the  
4           15-year.

5           MS. DOYLE: The 15-year is slightly -- the FRS  
6           Pension is slightly below that of the absolute  
7           nominal target rate of return. The 15-year period  
8           includes both the 2001-2002 tech bubble as well as  
9           the 2008 time period, and so -- the global equity  
10          markets obviously struggled over both of those time  
11          periods, and so we see a little bit of a lower  
12          return with the 15-year period relative to that  
13          benchmark.

14          Thank you.

15          GOVERNOR SCOTT: Thank you.

16          MR. WILLIAMS: Thank you. So that covers  
17          really all of our major mandates, and unless there  
18          are any questions on any of those, I'll move ahead.

19          GOVERNOR SCOTT: All right. Thank you.

20          MR. WILLIAMS: Thank you. Item 8, on the  
21          asset-liability and asset allocation review,  
22          Chairman Garcia touched on that a bit already. And  
23          yesterday, with extensive discussion, we concluded  
24          to moving ahead with a couple of actions sooner  
25          rather than later. We'll be coming back to you at



1 a subsequent meeting with some revisions to the  
2 investment policy statement for the Florida  
3 Retirement System Trust Fund.

4 We will draft those in accordance with the  
5 discussion yesterday at the staff level, run them  
6 back through the IAC, and then come to you at a  
7 subsequent meeting after we have that done. My  
8 guess is that we will do that on an interim basis  
9 rather than wait for the September IAC meeting.  
10 But essentially, I think that will put us in the  
11 right place tactically in the short and  
12 intermediate term. And as Martin pointed out,  
13 we'll work on the bigger picture further in  
14 September.

15 The high-level summary in the near term is  
16 that our feeling that our current allocation is  
17 about right. We have Roland Davis with us from  
18 Hewitt EnnisKnupp if you would like to hear  
19 anything further on that point from him.

20 GOVERNOR SCOTT: I'm fine. Do you all need  
21 anything?

22 ATTORNEY GENERAL BONDI: No.

23 MR. WILLIAMS: All right. Very good. Then  
24 the last item, item 9, is a request of approval for  
25 the Florida State Board of Administration's

1           proposed budgets for fiscal 2013 and '14, which --  
2           and these budgets cover the State Board of  
3           Administration, the FRS Investment Plan, the  
4           Florida Hurricane Catastrophe Fund, the Division of  
5           Bond Finance, and the Florida Prepaid College  
6           Board.

7           GOVERNOR SCOTT: Is there a motion to approve?

8           ATTORNEY GENERAL BONDI: So moved.

9           GOVERNOR SCOTT: Is there a second?

10          CFO ATWATER: Second.

11          GOVERNOR SCOTT: Any comments or objections?

12          (No audible response.)

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

15          MR. WILLIAMS: Thank you very much.

16          GOVERNOR SCOTT: Thank you, Ash.

17                 This concludes our Cabinet meeting. Our next  
18          meeting will be Tuesday, August 6th, at 9:00 a.m.

19          We are adjourned.

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

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CERTIFICATE OF REPORTER

STATE OF FLORIDA:

COUNTY OF LEON:

I, MARY ALLEN NEEL, Registered Professional Reporter, 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 50 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 9th day of July, 2013.

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