

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

Representing:

STATE BOARD OF ADMINISTRATION

FINANCIAL SERVICES COMMISSION, INSURANCE REGULATION

ADMINISTRATION COMMISSION

BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Crist presiding,
in the Cabinet Meeting Room, LL-03, The Capitol,
Tallahassee, Florida, on Tuesday, March 25, 2008,
commencing at approximately 9:05 a.m.

Reported by:

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APPEARANCES:

Representing the Florida Cabinet:

CHARLIE CRIST
Governor

CHARLES H. BRONSON
Commissioner of Agriculture

BILL McCOLLUM
Attorney General

ALEX SINK
Chief Financial Officer

* * *

I N D E X

STATE BOARD OF ADMINISTRATION
(Presented by BOB MILLIGAN)

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FINANCIAL SERVICES COMMISSION, INSURANCE REGULATION
(Presented by KEVIN McCARTY)

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(Presented by LISA SALIBA)

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(Presented by MIKE SOLE)

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P R O C E E D I N G S

(The agenda items commenced at 9:47 a.m.)

GOVERNOR CRIST: We have a -- we need to appoint, rather, a Parole Qualifications Committee to consider applications for a vacancy on the Parole Commission that will occur this June. Five names have been submitted for the five-member committee. We also need to select a chair. The following individuals have agreed to be considered. They are James McDonough, Sheriff Grady Judd, State Attorney Jerry Blair, Sheriff Judd -- Jim Coats, rather, mine, and Bishop Holifield. Is there a motion to select the members of the committee and the chairman?

ATTORNEY GENERAL McCOLLUM: Governor, I move that we select these five individuals and that James McDonough be the chairman.

CFO SINK: Second.

GOVERNOR CRIST: Moved and seconded. Are there any objections? Without objection, show it approved. Thank you very much.

Our next Cabinet meeting will be Tuesday, April the 15th, 2008.

1 GOVERNOR CRIST: And I'm going to beg the
2 indulgence of my fellow Cabinet members. In
3 deference to the CFO, if you all wouldn't mind, I
4 think she's going to present a bill this morning
5 that's important, and if we could go ahead and
6 maybe do SBA first. Great. Thank you.

7 Is the General still here? General Milligan.

8 GENERAL MILLIGAN: Well, thank you very much.
9 I appreciate being first, Governor.

10 GOVERNOR CRIST: You're welcome.

11 GENERAL MILLIGAN: Request approval of the
12 minutes of March 11, 2008.

13 GOVERNOR CRIST: Is there a motion on the
14 minutes?

15 CFO SINK: Move it.

16 GOVERNOR CRIST: Is there a second?

17 ATTORNEY GENERAL McCOLLUM: Second.

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

20 GENERAL MILLIGAN: Request approval of the SBA
21 quarterly report required by the Protecting
22 Florida's Investments Act. And let me just quickly
23 comment that we have disposed of approximately
24 350 million worth of scrutinized funds, publicly
25 traded securities, and another 900 million still

1 outstanding. We have developed a policy approach
2 that directs all affected managers to sell their
3 remaining PFIA-related holdings no later than July
4 1, 2008.

5 GOVERNOR CRIST: This is the divestment issue,
6 General?

7 GENERAL MILLIGAN: Sir?

8 GOVERNOR CRIST: This is the divestment issue?

9 GENERAL MILLIGAN: Yes, this is divestment.
10 We have until the 18th of September, but we should
11 clean it up by the 1st of July.

12 GOVERNOR CRIST: Great. General?

13 ATTORNEY GENERAL McCOLLUM: Just one. None
14 have been so far divested, though, at this point?

15 GENERAL MILLIGAN: Yes, sir. \$350 million
16 worth.

17 ATTORNEY GENERAL McCOLLUM: 350 million
18 already have been?

19 GENERAL MILLIGAN: Yes, already have been. We
20 started out with a little over 1.2 million, and
21 we're down to about 900 -- 1.2 billion, and we're
22 down to 900 million.

23 ATTORNEY GENERAL McCOLLUM: And as I recall,
24 there's still another list that you've got besides
25 this group you're still working on to see --

1 GENERAL MILLIGAN: We have completed all the
2 engagement portion of the requirement. We got the
3 last responses this past month. We have 90 days to
4 really solidify that, and that gives us the 1 July
5 date, frankly, and we're able to dispose of
6 everything by 1 July.

7 ATTORNEY GENERAL McCOLLUM: Thank you very
8 much.

9 CFO SINK: Governor?

10 GOVERNOR CRIST: CFO.

11 CFO SINK: General, what kind of reaction are
12 we getting from the -- I guess the investment
13 managers are the ones who would be -- who were
14 asking to divest themselves.

15 GENERAL MILLIGAN: They are always concerned
16 when you tie their hands in the types investments
17 that they think would be the most productive. With
18 that said, they are accepting it and they're moving
19 on and doing what they're directed to do. We have
20 to change the benchmark for these investments, and
21 so that's a task that we will accomplish by the
22 1st of July, so this next fiscal year, we will
23 start with the new benchmark.

24 CFO SINK: Are there independent companies --
25 the independent companies who provide benchmarks,

1 are they calculating, the independent companies
2 calculating benchmarks ex-Iran and Sudan
3 investments? We're not the only ones?

4 GENERAL MILLIGAN: That's what will be done.
5 They will calculate the benchmark with those two
6 excluded. It has not yet been done, but will be
7 done by the 1st of July.

8 CFO SINK: Maybe the benchmarks will increase.

9 GOVERNOR CRIST: General.

10 GENERAL MILLIGAN: I do need --

11 GOVERNOR CRIST: Excuse me.

12 GENERAL MILLIGAN: -- action.

13 GOVERNOR CRIST: I meant the Attorney General.
14 I'm sorry.

15 ATTORNEY GENERAL McCOLLUM: I would just move
16 approval of Item 2 then.

17 GOVERNOR CRIST: Okay. Is there a second?

18 CFO SINK: Second.

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

21 GENERAL MILLIGAN: Item 3, request withdrawal.

22 CFO SINK: Move it.

23 ATTORNEY GENERAL McCOLLUM: Second.

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

1 GENERAL MILLIGAN: Item 4 is a quick summary
2 on where we are on -- within really the SBA, not
3 just the Local Government Investment Pool. But --
4 I'll leave it to Kim Ferrell to address the
5 details, but we are dealing with the Audit
6 Committee and their audit team that is in place,
7 and certainly supporting any efforts on the part of
8 the law team that is in place and cooperating fully
9 with them to provide whatever information they may
10 require.

11 I think some of -- you probably all have seen
12 that the report from Tom Tew and Tanya Beder that
13 was done for the House of Representatives was
14 released yesterday. I understood based on a
15 conversation last week that there would be a press
16 conference tomorrow conducted by Representative
17 Domino. I don't know whether that's going to
18 happen now or not, but that was the word last week.
19 There are many issues addressed, that have been
20 addressed already that are in that report that
21 we've addressed over the past few months and were
22 under way, more under way, and some will require
23 some budget support next year. We've strengthened
24 already risk management and compliance, increasing
25 transparency, increasing communications, and

1 obviously meeting with the Local Government
2 Investment Pool people on a routine basis. There
3 are a couple of areas that we have disagreement
4 with what's recommended by Tom Tew and Tanya Beder,
5 and we're sorting those out with the Legislature,
6 working with the House staff on a draft bill as we
7 speak.

8 This is discussion only. Any questions on
9 this particular item?

10 Let me turn it over then to Kim Ferrell.

11 GOVERNOR CRIST: Good morning.

12 MS. FERRELL: Good morning. I just have a
13 very brief update for you this morning. The audit
14 of investment funds is on schedule. Clifton
15 Gunderson has six to eight auditors onsite. They
16 receive full cooperation from SBA staff. Again,
17 that audit is on schedule. They will issue the
18 draft report on Monday.

19 In addition, the legal firm of Berger
20 Singerman has been engaged. They were briefed by
21 the auditors last week. They're also currently now
22 working on the legal research and analysis in
23 connection with the audit. They're also working
24 directly with the auditors to determine any -- the
25 impact of any potential findings. They are also

1 coordinating the site visits that Clifton Gunderson
2 will conduct at the brokers' offices.

3 Again, we are on schedule to receive a draft
4 report on Monday, and then Clifton Gunderson will
5 deliver the final report on April -- yes, April
6 15th at the next Trustees' meeting.

7 GOVERNOR CRIST: Kim, I just had a question
8 regarding Berger -- what is it? Siegelman?

9 MS. FERRELL: Yes. Singerman, yes.

10 GOVERNOR CRIST: Singerman. Have you
11 instructed them to aggressively pursue why these
12 sales were made and why they were recommended as an
13 independent counsel sort of role?

14 MS. FERRELL: No. We've instructed them to
15 work with the auditors on any issues raised by the
16 auditors. If that's a concern of the auditors,
17 yes, to do the analysis of --

18 GOVERNOR CRIST: Is that the concern of the
19 auditors?

20 MS. FERRELL: I'm sorry?

21 GOVERNOR CRIST: Is that the concern of the
22 auditors? Are you concerned about how this sale
23 came to be?

24 MS. FERRELL: Yes.

25 GOVERNOR CRIST: Okay. So then they are

1 instructed to pursue that line of questioning as
2 well?

3 Here's my point. At least -- I can only speak
4 for myself, but I think the CFO as well, and
5 probably the AG. Back in December, my idea when we
6 asked for an independent counsel to be brought to
7 bear was to look into the sale, why the sale
8 happened, why these recommendations occurred. And
9 it has been a little frustrating to me that that
10 line of inquiry has not to date been pursued. And
11 I tried to be more clear last Cabinet meeting. I
12 hope that that's moving forward now.

13 MS. FERRELL: The auditors are looking
14 specifically at the sales, yes, and what led to the
15 purchase.

16 GOVERNOR CRIST: Great. Thank you, ma'am.

17 CFO SINK: Governor.

18 ATTORNEY GENERAL McCOLLUM: Governor.

19 GOVERNOR CRIST: CFO, then General.

20 CFO SINK: I agree with you. I think the
21 Audit Committee seems to have been -- and maybe we
22 didn't make ourselves clear at the last meeting,
23 but it seems in the intervening time that there has
24 been a little confusion on the part of the Audit
25 Committee.

1 And I would just -- I can't express it any
2 better than you just did, and I hope that the --
3 the three members of the Audit Committee are here.
4 I hope I see some heads nodding that you understand
5 that at least from the -- that I would agree with
6 the Governor that the law firm that you all
7 selected unanimously, I understand, earlier in the
8 year be instructed to be very aggressive in their
9 questioning and looking at the facts behind how
10 these instruments were sold into the SBA.

11 And I would just like to -- I know the General
12 has something to say, but I would just like to have
13 confirmation and clarification, since you all three
14 are here and we three are here, to be sure that the
15 instructions are perfectly clear, that there's no
16 confusion, because I understand in the last two
17 weeks since we met two weeks ago there was a great
18 deal of confusion with the desires of the Board.

19 GOVERNOR CRIST: Yes. I want to -- and then
20 General McCollum. But I want to be crystal clear.
21 I want to you dig in. I really want you to dig in
22 and instruct this law firm to be an independent
23 counsel, to make sure that the rationale, the
24 reason, why the recommendations were made for
25 Florida to purchase were made, you know, all the

1 background facts that may come to bear within that.
2 It's very, very important to me.

3 And the General has graciously offered the
4 services of his office, which I think is a huge
5 support. Don Saxon has as well. I met with Don
6 Saxon on the day of the Cabinet meeting last time
7 to encourage that. So let's move forward, please.

8 ATTORNEY GENERAL McCOLLUM: I just want to
9 make one observation, and that is that I do think
10 we clarified at the last meeting what the desires
11 were. But I do recall that when this law firm was
12 hired, Governor, the audit group that was here was
13 looking for a law firm to advise them, and I think
14 that is the reason why the language, maybe a little
15 of the misinterpretation occurred, not excuse
16 anybody, but to explain how I saw it at the time.

17 And I think they're now, having heard from us
18 this last week, pursuing aggressively -- I'm sure
19 they are -- the law firm to take a broader view
20 than simply advising them and to actually as a part
21 of that advice burrow in and determine, if they
22 can, if there were any improprieties that occurred
23 with respect to any of the advice being given or
24 any of the activities of these securities firms.

25 But I do think that is the reason for the

1 disconnect a couple of weeks ago, and I just wanted
2 to clarify my belief about why the disconnect
3 occurred. But there shouldn't be any now.

4 GOVERNOR CRIST: Thank you for that, General.

5 I really wasn't looking for further advice. I
6 was looking for further aggression on behalf of the
7 people of Florida. Advice is always nice;
8 delighted to have it. But my purpose back in
9 December was to ask for an independent counsel to
10 dig in and get into the roots of this thing. So I
11 appreciate your help.

12 CFO SINK: Governor, can I just --

13 GOVERNOR CRIST: CFO.

14 CFO SINK: Let me just, since we have our
15 three members here of the Audit Committee, ask Doug
16 and Melinda and Kim, do you -- Kim has the floor,
17 but Doug or Melinda, do you have any clarifying
18 questions that you feel that you need to ask to us
19 as board members?

20 MS. MIGUEL: No. I believe we're crystal
21 clear and proceeding forward.

22 GOVERNOR CRIST: Thank you all very much.

23 MS. FERRELL: Thank you.

24 GOVERNOR CRIST: Appreciate it.

25 GENERAL MILLIGAN: That concludes the SBA

1 agenda. And again, thank you all for recognizing
2 Volunteer Month in April.

3 GOVERNOR CRIST: Great. Thank you, General.
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1 GOVERNOR CRIST: We will now revert to
2 Insurance Regulation. Commissioner McCarty. Good
3 morning, Kevin.

4 MR. McCARTY: Good morning, Governor and
5 members of the Commission. Agenda Item Number 1 is
6 approval of the minutes from the January 15, 2008
7 meeting of the Financial Services Commission.

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

10 COMMISSIONER BRONSON: Motion on the minutes.

11 ATTORNEY GENERAL McCOLLUM: Second.

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

14 MR. McCARTY: Agenda Item Number 2 is a
15 request for approval for the Financial Service
16 Commission's final adoption for disclosure of
17 viaticals of disbursement, amendments to Rule
18 204.101. This rule essentially requires viatical
19 companies, which are companies that broker in the
20 sales of insurance policies, to make specific
21 disclosures to policyholders as to how much money
22 is being disbursed to the various parties within
23 that transaction and brings greater transparency in
24 the sales of life insurance policies.

25 ATTORNEY GENERAL McCOLLUM: I move Item 2.

1 COMMISSIONER BRONSON: Second.

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

4 MR. McCARTY: Agenda Item Number 3 is a
5 request for approval for final adoption of rule
6 143.041 and .042. This rule is being adopted to
7 reflect changes in legislation which adopts the
8 most recent changes to the National Association of
9 Insurance Commissioners model regulations on the
10 handling and transfer of securities.

11 CFO SINK: Move it.

12 ATTORNEY GENERAL McCOLLUM: Second.

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

15 MR. McCARTY: Agenda Item Number 4 is approval
16 for publication of amendments to Rule 149.003,
17 .005, and .007 for health filing standards. This
18 proposed amendment provides guidance to insurance
19 companies to ensure that they maintain Florida law.
20 Specifically, it provides for the pooling of cancer
21 claims to prevent death spirals so that all cancer
22 claims are pooled in one policy form, prohibits
23 insurers from knowingly pricing products that are
24 excessive, and lastly, clarifies what has been to
25 be contained in a rate certification to meet

1 Florida law.

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

3 CFO SINK: Move it.

4 ATTORNEY GENERAL McCOLLUM: Second.

5 GOVERNOR CRIST: Moved and seconded. Show
6 Item 4 approved without objection.

7 MR. McCARTY: Agenda Item Number 5 is approval
8 for publication of amendments to Rule 157.004,
9 .104, .114, and .117. And this is a rule for
10 long-term care. This new rule implements changes
11 to Chapter 624 and 626. This legislation was
12 designed to protect seniors who purchase long-term
13 care from excessive rate increases and unfair trade
14 practices.

15 ATTORNEY GENERAL McCOLLUM: I move Item 5.

16 COMMISSIONER BRONSON: Second.

17 GOVERNOR CRIST: Moved and seconded. Show
18 Item 5 approved without objection.

19 MR. McCARTY: Item Number 6 is approval for
20 publication of amendments to Rule 203, annual and
21 quarterly filings. Florida law requires prepaid
22 limited health services organizations to file an
23 annual report. This adopts the report recommended
24 by the NAIC.

25 COMMISSIONER BRONSON: Motion on Item 6.

1 CFO SINK: Second.

2 GOVERNOR CRIST: Moved and seconded. Show
3 Item 6 approved without objection.

4 MR. McCARTY: Agenda Item Number 7 is approval
5 for publication of amendments to Rule 149.0025,
6 .005, and .006. These rules will establish
7 procedures for determining the reasonableness of
8 health care benefits in relation to the rates being
9 charged. The rules being amended is to clarify
10 standards for dealing with credibility. We've
11 recently had some court cases where there was some
12 dispute as to the language and the vagueness of
13 that. This rule clarifies what is meant by
14 credibility.

15 GOVERNOR CRIST: Is there a motion on Item 7?

16 COMMISSIONER BRONSON: Motion on Item 7.

17 ATTORNEY GENERAL McCOLLUM: Second.

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

20 MR. McCARTY: The next agenda item is a brief
21 overview of some of the work that the Office has
22 identified as priorities for this legislative
23 session.

24 Agenda Item Number 1 is dealing with property
25 insurance and consumer protection. We're looking

1 for increased fines in enforcement. Currently the
2 Office has very limited authority to fine insurance
3 companies, as was evidenced in our Allstate
4 hearing. We have a chance of a very small
5 financial fine or revocation of the license of a
6 company. We're seeking greater authority for
7 fining insurance companies for violation of the
8 Insurance Code.

9 Number 2 is the item Cover Florida Access.
10 We're very pleased, the Office of Insurance
11 Regulation, to join the Office of the Governor to
12 work towards ending the crisis of affordability and
13 availability of health insurance in Florida. No
14 matter how you gauge it, Florida is either the
15 third or fourth in the nation in the highest number
16 of uninsured Floridians. We certainly want to do
17 what we can to ensure that people between the ages
18 19 and 64 have access to credible health coverage.
19 We're working for the Florida program that the
20 Governor is advocating and to ensure that
21 Floridians have access to private sector coverage
22 with no increased tax dollars being expended.

23 The next item is suitability of sales for
24 annuities. We would like to commend CFO Alex Sink
25 and her office in her work, and we're joining with

1 her to work to improve the current law. We've
2 recently concluded a series of examinations of
3 companies under the old law, and the old law is
4 woefully inadequate. We are working to ensure that
5 these very complex products that deal with variable
6 annuities, indexed annuities, et cetera, that we
7 have full disclosure and understanding and
8 checklists so that we protect our consumers,
9 particularly those over the age of 65, from being
10 victimized in our marketplace.

11 Also, the Office has identified a number of
12 underwriting practices, the use of credit scoring,
13 education and occupational rating, that
14 discriminates against protected classes of people
15 and we're working to eliminate that as well.

16 And lastly, on title insurance, we're looking
17 at modernizing the title insurance code to make it
18 more competitive so that insurance companies file
19 rates like property and casualty companies so that
20 we can inject some competition in a marketplace
21 that's desperately in need of competition.

22 Governor, that concludes my report.

23 GOVERNOR CRIST: Any questions?

24 ATTORNEY GENERAL McCOLLUM: I just have one,
25 Kevin. I think there was some question about the

1 degree to which, if any, we have authority, or you
2 do, to have oversight of or control over the
3 reinsurance industry. Am I mistaken in that
4 regard, and is there anything in your legislative
5 package dealing with that this year?

6 MR. McCARTY: About 85 percent of reinsurance
7 is what we call alien, which is outside the United
8 States jurisdiction. They choose to do that for a
9 number of reasons. One is a more favorable
10 regulatory framework. Number two is favorable
11 taxes. There is no legislation that I'm aware of
12 pending now that would go extraterritorial beyond
13 that. U.S. reinsurers are governed under U.S law,
14 so there are solvency requirements, et cetera, that
15 are required, but there is no regulation of rates.

16 ATTORNEY GENERAL McCOLLUM: Thank you.

17 GOVERNOR CRIST: Thank you very much, Kevin.

18 MR. McCARTY: Thank you.
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1 GOVERNOR CRIST: Administration Commission,
2 Lisa Saliba. Good morning, Lisa.

3 MS. SALIBA: Good morning. Thank you.

4 GOVERNOR CRIST: How are you?

5 MS. SALIBA: We have two items today. The
6 first item is recommend approval of the minutes
7 from the March 11, 2008 meeting.

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

10 COMMISSIONER BRONSON: Motion on the minutes.

11 CFO SINK: Second.

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

14 MS. SALIBA: Item Number 2, we are
15 recommending acceptance of the 34th annual report
16 and the annual performance report submitted by the
17 Division of Administrative Hearings. We do have
18 with us today the Chief Judge and Executive
19 Director to present a few remarks and highlights,
20 Judge Robert Cohen. He'll make a short
21 presentation.

22 GOVERNOR CRIST: Good morning, Your Honor.

23 MR. COHEN: Good morning, Governor, General,
24 CFO, Commissioner. Thank you for this opportunity
25 to be on such a packed agenda today with a lot of

1 wonderful events and organizations that serve our
2 state so well.

3 I thought that instead of slogging through the
4 reports, I would give kind of a top 10 of
5 accomplishments and then, of course, answer any
6 questions as we're going or afterwards.

7 Number one, our automation and electronic
8 filing, we have made continued strides this year.
9 We have full text retrieval of all public documents
10 now, indexing of all the orders issued by our
11 administrative law judges and workers' comp judges.
12 We have our agency general counsel's screen which
13 allows the agencies and/or the general counsels to
14 review in one place all the litigation matters
15 going on at the Division. We have direct filing of
16 all pleadings now. We are starting electronic
17 service to the parties of pleadings. And in fact,
18 there is a provision that was recently tacked onto
19 the Administrative Procedures Act bill that's
20 moving through the Legislature that would require
21 the Division to keep all final orders for the
22 agency. We would be like the repository for final
23 orders, so in one place, any member of the public
24 or any agency employee or any person would be able
25 to go online and get a copy of any orders issued by

1 any agency.

2 We had over 110,000 electronically filed
3 documents in calendar year 2007. That is about 22,
4 23 percent of all the documents filed. This is
5 with a program that is still a purely voluntary
6 program, the electronic filing. Unlike the federal
7 court system, which requires everything to be
8 electronically filed, ours is just voluntary. If
9 it were a mandatory system, we certainly would have
10 a significant number of additional pleadings filed.
11 And what this does, filing things electronically,
12 it saves everybody in the system money. It saves
13 us money because we don't have somebody scanning
14 those documents in and uploading them onto the
15 dockets. It saves the people who are filing the
16 documents money because they're not printing out
17 documents, stuffing envelopes, mailing them or
18 having a courier deliver them to us. So this is a
19 big savings. It will continue to grow, we think.
20 We're out educating the public, lawyers, claimants
21 groups, different groups around the state, and the
22 agencies to use it more. We want everybody to use
23 it.

24 We continue to service our contract entities
25 to try and take some of the burden off the agencies

1 who have to pay for our operations, the school
2 boards, the water management districts, the
3 counties and cities. We've increased the number of
4 contracts we have this year or this past year, and
5 we're pushing to get more in the coming year.

6 Our agency referral of cases and
7 administrative law cases has increased by
8 10 percent, or increased this last year by 10
9 percent over the previous year. We've had no drop
10 in performance during that time. We have met our
11 -- we have four main performance standards. We met
12 three of them. The one that we missed, we missed
13 by one percentage point, and that's the one where
14 the cases from the -- the medical cases from the
15 Board of Medicine have to be concluded within 120
16 days. We have to have, I think, 76 percent of
17 those, and we hit 75 percent of those were
18 concluded within that time frame.

19 In the workers' comp program, it's still an
20 active program, although there has been a decline
21 since 2003 in the number of actual petitions filed,
22 but we still had over 82,000 last year. The
23 caseload is still greater per judge than it was
24 five years ago. We closed, and this is a big
25 figure for us, 192,000 petitions in the last fiscal

1 year, and our performance standard was 45,000
2 petitions. So the closing of those petitions -- we
3 found finally why some of our numbers were so
4 skewed, our performance numbers, and that's because
5 these ancient petitions and cases that really were
6 completed but for a clerical person inputting that
7 "case closed, finished, we're there." We went
8 office by office, and we got those cases closed to
9 unclog the -- help unclog the system.

10 We are in the middle of the retrofitting and
11 reconstruction of the Miami office. That should be
12 done by the middle of the summer. And we have
13 engaged this year in an intensive training and
14 retraining of our people to make sure that everyone
15 is on the same page in terms of the type of service
16 we're providing to the public, that no one feels
17 that for some reason there's a secret society and
18 you have to have the special key to get into the
19 back room.

20 We have really shown a lot of great of team
21 play on behalf of the judges in the workers' comp
22 program. Some of our districts are slack in terms
23 of cases. Panama City and Pensacola happen to be
24 down in cases. Jacksonville is even down in cases.
25 But Miami, Fort Lauderdale, Palm Beach, Lakeland,

1 Orlando, Daytona are all just booming with cases,
2 and so we have judges who go for a week at a time
3 from the slack districts down and actually sit and
4 hear cases to help keep things moving along.

5 We have made a significant improvement in the
6 one area that is totally within the judges'
7 control, and that is the issuance of the final
8 order after the final hearing has taken place.
9 That's one thing that no outside forces should be
10 able to get involved with. And the statutory
11 requirement is 30 days. We've gotten up this year
12 to 65-1/2 percent of those orders issued in 30 days
13 and 80 percent issued within 60 days, and that's a
14 significant improvement over prior years. We're
15 not finished. We're seeking to get it to nearly
16 100 percent of those issued within 30 days.

17 We work hard with the Statewide Nominating
18 Commission on the workers' comp judges. There have
19 been complaints filed this past year as well as in
20 previous years against certain judges. Every
21 complaint is investigated. They're taken
22 seriously. If the complaint is nothing more than a
23 complaint of, "I don't like the way the judge
24 ruled," and they didn't take an appeal, there's
25 nothing we can do about those. But if the

1 complaint goes to the judge's judicial temperament,
2 the judge's ability to try the case, to listen to
3 the case, to properly weigh the facts and evidence
4 presented, we do investigate those. And in fact,
5 at least one critical report was submitted to you,
6 Governor Crist, this past year that I know is up
7 there in the works, and that's for a judge who up
8 for reappointment.

9 Bearing in mind the fact that travel costs
10 have increased, whether it's use of a personal
11 automobile with fuel costs, and every other type of
12 cost, we have increased our videoconferencing
13 capability. We've gone from four sites a year ago
14 to about two months from now, we'll be up to seven
15 sites around the state. And that will allow not
16 only the judges to stay in place in Tallahassee
17 instead of traveling down to some of the
18 metropolitan areas, but it also allows any
19 Tallahassee-based attorneys, whether they're from
20 the Attorney General's Office or from any of the
21 agencies, instead of having to get in the car and
22 drive someplace, they can sit -- they can come to
23 our offices and be part of the videoconferencing,
24 and we expect that to save travel money on both
25 ends.

1 We had a budget cut last year. It didn't hurt
2 our performance. We expect to have some more cuts
3 this year. And again, I don't expect it to hurt
4 our performance, because in tight times, everyone
5 has to buckle down, tighten the belts, and work
6 harder. And if it means a little more time in the
7 office for judges and hearing more cases, then so
8 be it. We're not going to degrade our performance
9 just because we have fewer personnel or fewer
10 judges maybe to hear the case.

11 Our motto is, "We serve the public." We
12 posted in every one of our offices, the Tallahassee
13 office as well as the 17 workers' comp offices
14 around the state, the public's bill of rights, and
15 it basically lays out -- I know this is something
16 that came from Pat Gleason and from the Governor's
17 Office and from the open government, but it lets
18 the members of the public know that they have the
19 right to get copies of any documents that we have,
20 anything that is available to the public. Some
21 things are confidential. They can't have
22 identities of children and others who are
23 protected, but they can get copies of any
24 documents, and they'll be provided by someone with
25 a smile and in a reasonable amount of time and at a

1 very low cost.

2 We handle some of the most sensitive cases in
3 the State of Florida. We handle the exceptional
4 education cases dealing with children who are
5 suffering from autism and from other learning
6 disabilities who are in the school system. We
7 handle cases for disabled adults from the Agency
8 for Persons with Disabilities, the Vocational Rehab
9 cases. And it is our goal, and I am certain that
10 in virtually every case we treat every person
11 before us with the dignity and respect that they
12 are entitled to. And that is something that is
13 paramount in my mind and is something that if there
14 ever is a problem, it will be dealt with quickly
15 and severely.

16 And finally, it's fortuitous that today was
17 honoring Volunteer Month, because I wanted just to
18 mention how proud I am of our workforce and all the
19 volunteerism involved. We had a Woman of the Year
20 this year honored by Tallahassee Community College.
21 We have mentors in all the schools. We have people
22 involved in Bar activities, whether it's state,
23 local, or national. We have folks involved in the
24 community, in religious activities, in service. We
25 have people who went for board certification this

1 year. And a judge doesn't need to be board
2 certified, because you're not selling your services
3 to the public, but we still had some who went for
4 the board certification and got it. We set records
5 in our United Way contributions. And virtually
6 everybody within our system is volunteering in some
7 way, and we encourage that, and we push them to do
8 more.

9 So, Governor, I appreciate the opportunity
10 serve, and I hope to serve again.

11 GOVERNOR CRIST: Great. CFO. Thank you.

12 CFO SINK: Thank you, Governor.

13 Judge, I just wanted to mention that a couple
14 of weeks ago I attended the end of the campaign
15 celebration for the Florida state employees
16 charitable campaign, and I just want to publicly
17 compliment Judge Cohen. Judge Cohen actually was
18 there in attendance, and DOAH received several of
19 the per capita awards, increases, just the amount
20 of support from an agency of state government that
21 really doesn't get a lot of -- that's so critically
22 important to the work we all do, but doesn't really
23 get a lot of attention.

24 And by the way, I want to thank you, General
25 and Governor and the Ag Commissioner, because each

1 of your departments received some pretty
2 significant awards for participation in the
3 charitable campaign, but DOAH really stuck out.
4 That just shows good leadership, in my opinion.

5 MR. COHEN: Thank you.

6 GOVERNOR CRIST: General McCollum.

7 ATTORNEY GENERAL McCOLLUM: I just want to
8 compliment DOAH. I know we work with you a lot,
9 our team does, and it's very outstanding work
10 product.

11 One of the questions and the only question I
12 really have related to the Baker Act cases. I
13 notice you had a load of them. You gave us 1,558
14 in the last fiscal year.

15 MR. COHEN: Right.

16 ATTORNEY GENERAL McCOLLUM: And the numbers in
17 the back have a little comparison showing the first
18 half of that fiscal year, almost 100 cases more
19 than in the second half. Is that representative of
20 the seasonality, or is this a decline we're getting
21 in Baker Act cases year over year? I have no
22 comparison, of course, on an annual basis here. Do
23 we have any sense of that?

24 MR. COHEN: Well, I hate to think that there's
25 a seasonality to the involuntary commitment, but

1 certainly part of involuntary commitment, the
2 wintertime you would think is a time when there
3 might be more, because wintertime, more homeless
4 people congregate in Florida because of, obviously,
5 the climate. They come down from up north, and
6 that is a time when people come off the street and
7 they get into the system one way or another. But
8 over all, Baker Acts have been fairly consistent
9 for the last several years, so I don't think that
10 100 cases on the first half of the year versus the
11 second half shows any type of trend.

12 ATTORNEY GENERAL McCOLLUM: So it's basically
13 consistent and not a particular change in the
14 volume?

15 MR. COHEN: That's correct, General.

16 ATTORNEY GENERAL McCOLLUM: You've indicated
17 to us that you're expecting a heavier workload for
18 your judges because of the budget constraints here,
19 but in terms of the number of these officers that
20 are adjudicating both in workers' comp and in the
21 regular administrative hearings, those numbers are
22 pretty consistent? Your vacancy isn't very high, I
23 assume, if at all right now. Are you expecting
24 that to remain steady after this budget is over
25 with?

1 MR. COHEN: Well, we have been through several
2 committee meetings in the House and Senate, and
3 there are -- no number has been thrown out at us
4 yet, other than perhaps the transfer of one judge
5 position to the Florida Commission on Human
6 Relations, and those cases would go back to the
7 Commission for them to handle not so much
8 internally independent, but still with the
9 Commission and not with us. Because of the dollar,
10 the templates that we were asked to submit showing
11 cuts, so much of our budget is salary, 80-plus
12 percent on the administrative law side, that the
13 only place we can make any cuts is going to be to
14 judges. I mean, we have three judges for every one
15 administrative staff person. Unlike the county and
16 circuit court system where it's one on one, judge
17 and judicial assistant, we're three judges, one
18 assistant. So if cuts have to be made, it could be
19 a judge or two position.

20 ATTORNEY GENERAL McCOLLUM: Well, I kind of
21 figured that was the case. I just wanted to make
22 sure we all understood that. That's a tough thing
23 to do in this type of -- it's important and
24 difficult, the budget is. It's tough because of
25 the caseload that's involved. If it's one or two

1 judges, I can see the absorption of the workload.

2 MR. COHEN: Right.

3 ATTORNEY GENERAL McCOLLUM: If it's 10 judges
4 or something, you're talking about some real
5 problems for you, and I hope that's not what it is.

6 Thank you.

7 MR. COHEN: Thank you.

8 GOVERNOR CRIST: Thank you very much, Judge.
9 Appreciate your time.

10 MR. COHEN: Thank you, Governor.

11 GOVERNOR CRIST: Keep up the good work.

12 MR. COHEN: Thank you.

13 GOVERNOR CRIST: Board of Trustees, Secretary
14 Sole.

15 CFO SINK: We didn't move the report,
16 Governor.

17 GOVERNOR CRIST: Oh, excuse me.

18 CFO SINK: I'll move it. I'll move the
19 report, General.

20 ATTORNEY GENERAL McCOLLUM: Second.

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

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25

1 MR. SOLE: Governor and Cabinet, good morning.
2 Governor, if you'll indulge me a very brief minute,
3 I just want to thank the Governor and Cabinet again
4 for this morning's resolutions and recognition.
5 The importance of volunteerism is so great, so
6 great to us at DEP. We rely on over 6,000
7 volunteers in our state parks alone. Literacy,
8 water conservation, and even the innovation of the
9 young Floridians at Park Vista Community High
10 School demonstrating that, you bet, we can reduce
11 our reliance on foreign fossil fuels and help
12 protect our environment. That was very
13 inspirational. So I just want to say thank you
14 again.

15 GOVERNOR CRIST: Thank you, Secretary.

16 MR. SOLE: On to business. Item Number 1,
17 request approval of the minutes from the January
18 31st and February 12th, 2008 Cabinet meetings.

19 COMMISSIONER BRONSON: Motion on Item 1.

20 ATTORNEY GENERAL MCCOLLUM: Second.

21 GOVERNOR CRIST: Moved and seconded. Show the
22 minutes approved.

23 MR. SOLE: Thank you. Governor and Cabinet,
24 Item Number 2 requests approval of the confirmation
25 of Deborah Poppell as the director of the

1 Department of Environmental Protection's Division
2 of State Lands. Over the last year, I have come to
3 know the serious work that Deborah is capable of,
4 and her skills and her integrity I've come to rely
5 on. As secretary, I have the pleasure of
6 appointing that director, but also, Florida law
7 requires confirmation by the Governor and Cabinet.

8 ATTORNEY GENERAL McCOLLUM: I move
9 confirmation of Deborah Poppell, Item 2.

10 COMMISSIONER BRONSON: Second.

11 GOVERNOR CRIST: Moved and seconded. Any
12 questions? Show it approved without objection.
13 Thank you. Congratulations.

14 (Applause.)

15 MR. SOLE: Thank you so very much. Item
16 Number 3 requests approval on an option agreement
17 to acquire the Davidson Ranch. This is a 720-acre
18 parcel located in Gilchrist County. It's being
19 acquired for the Fish and Wildlife Conservation
20 Commission using their wildlife habitat acquisition
21 funds. The acquisition purchase price is
22 \$2 million, which is 32 percent of the appraised
23 value.

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

25 COMMISSIONER BRONSON: Motion on Item 3.

1 CFO SINK: Second.

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

4 MR. SOLE: Thank you. That concludes my
5 presentation.

6 GOVERNOR CRIST: Secretary, thank you.

7 MR. SOLE: Yes, sir.

8 GOVERNOR CRIST: We stand adjourned. Thank
9 you very much.

10 (Proceedings concluded at 10:26 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 40 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 1st day of April, 2008.

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