

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:

DIVISION OF BOND FINANCE

FINANCIAL SERVICES COMMISSION, OFFICE OF
INSURANCE REGULATION

DEPARTMENT OF REVENUE

FLORIDA LAND AND WATER ADJUDICATORY COMMISSION

BOARD OF TRUSTEES, INTERNAL IMPROVEMENT TRUST FUND

STATE BOARD OF ADMINISTRATION

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Crist
presiding, in the Cabinet Meeting Room, LL-03,
The Capitol, Tallahassee, Florida, on Tuesday,
May 11, 2010, commencing at 9:10 a.m.

Reported by:
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Registered Professional Reporter
Notary Public

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APPEARANCES:

Representing the Florida Cabinet:

CHARLIE CRIST
Governor

CHARLES H. BRONSON
Commissioner of Agriculture

BILL McCOLLUM
Attorney General

ALEX SINK
Chief Financial Officer

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CERTIFICATE OF REPORTER 130

P R O C E E D I N G S

* * *

(Agenda Items Commenced at 9:45 a.m.)

GOVERNOR CRIST: And now Division of Bond Finance. Ben, there you are.

MR. WATKINS: Good morning, Governor. Very well.

GOVERNOR CRIST: Good to see you. How are you?

MR. WATKINS: Good morning, Cabinet members. Item Number 1 is approval of the minutes of the May 23rd meeting.

GOVERNOR CRIST: Is there a motion on the minutes?

ATTORNEY GENERAL MCCOLLUM: Move it.

CFO SINK: Second.

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

MR. WATKINS: Item Number 2 is resolutions authorizing the issuance and competitive or negotiated sale of up to \$265 million in Public Education Capital Outlay Refunding Bonds.

GOVERNOR CRIST: Is there a motion on Item 2?

COMMISSIONER BRONSON: Motion to approve Item 2.

CFO SINK: Second.

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

3 MR. WATKINS: Item Number 3 is a resolution
4 authorizing the issuance and competitive or
5 negotiated sale of \$31.6 million in Revenue Bonds
6 for community college capital improvements.

7 ATTORNEY GENERAL McCOLLUM: Move it.

8 CFO SINK: Second.

9 COMMISSIONER BRONSON: Second.

10 GOVERNOR CRIST: Moved and seconded. Show Item
11 3 approved without objection.

12 MR. WATKINS: Item Number 4 are resolutions
13 authorizing the issuance and competitive or
14 negotiated sale of \$40 million of Revenue Bonds for
15 a student health and wellness center at Florida
16 State University.

17 CFO SINK: Move it.

18 COMMISSIONER BRONSON: Second.

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

21 MR. WATKINS: Item Number 5 is a report of
22 award of the competitive sale of 211,255,000 of
23 Revenue Refunding Bonds for Florida's Turnpike. The
24 bonds were awarded to the low bidder at a true
25 interest cost of 3.74 percent, and the transaction

1 generated gross interest savings of 24.4 million or
2 \$19.2 million on a present value basis.

3 ATTORNEY GENERAL McCOLLUM: I move Item 5.

4 COMMISSIONER BRONSON: Second.

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

7 MR. WATKINS: And lastly is a report of award
8 of the competitive sale of \$227,160,000 in Florida
9 Forever Revenue Refunding Bonds. The bonds were
10 awarded to the low bidder at a true interest cost of
11 1.17 percent, and the transaction generated gross
12 interest savings of \$19.9 million, or \$19.4 million
13 on a present value basis.

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

15 CFO SINK: Move it.

16 ATTORNEY GENERAL McCOLLUM: Second.

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

19 MR. WATKINS: Thank you.

20 CFO SINK: Governor.

21 GOVERNOR CRIST: Do you have a question, CFO?

22 CFO SINK: Yes.

23 GOVERNOR CRIST: Sure.

24 CFO SINK: I know we're getting ready to go out
25 for the Cat Fund. And I'm just curious to know

1 whether or not the situation, the serious situation
2 in Europe with the Greek financial status is going
3 to impact our ability or the pricing upon our future
4 bonding.

5 MR. WATKINS: We are scheduled to be in the
6 market this week with approximately \$700 million in
7 bonds for the Cat Fund. The events in Europe, the
8 municipal markets was stable, even last week with
9 both the gyrations in the equity market and with
10 respect to the change in the price of Treasury
11 securities.

12 So it's a long-winded way of saying I believe
13 that the situation has stabilized. We're hopeful
14 that the situation has stabilized. In the municipal
15 market we're somewhat insulated from many events
16 which take place in the financial markets. But,
17 clearly, we will be monitoring that.

18 We expect the transaction to go very well. We
19 expect a benefit from the flight to quality and also
20 the high credit ratings of the Cat Fund. So we will
21 be mindful of that. We will be monitoring market
22 conditions. Mondays are typically very quiet days
23 in the municipal market, and so we weren't able to
24 see, gauge any impact on the municipal market.

25 We will monitor events today and make a

1 decision about whether we execute tomorrow. I
2 expect to be able to proceed with the pricing, and I
3 expect the volatility because of the credit crisis
4 in Europe not to have an adverse impact on the
5 pricing of the Cat Fund bonds or our ability to be
6 able to get that transaction done.

7 CFO SINK: Okay. Thank you.

8 GOVERNOR CRIST: Thank you.

9 MR. WATKINS: Yes, sir.

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1 GOVERNOR CRIST: Financial Services Commission,
2 Office of Insurance Regulation, Commissioner
3 McCarty. How are you doing, Kevin?

4 MR. McCARTY: Good morning, Governor.

5 GOVERNOR CRIST: Morning.

6 MR. McCARTY: Good morning, Members of the
7 Financial Services Commission. Thank you for the
8 opportunity to be here. Chief Financial Officer
9 Alex Sink asked me to come here today to talk to you
10 briefly about some specific items as it relates to
11 the Florida property insurance market. I have
12 responded to the CFO's letter dated April 23rd and
13 have placed our response as well as the materials
14 that we're presenting today on our website.

15 In prior appearances I've talked about a myriad
16 of issues dealing with the Florida insurance market,
17 everything from new cat companies to our prudential
18 regulation. Before I get into the specific issues
19 of the day, I'd like to take this opportunity to
20 talk a little bit about our regulatory framework.
21 And I think this is important, as we move to slide
22 one, that we can look at statutory accounting
23 because it's very different than traditional GAAP
24 accounting.

25 To illustrate this point, we have placed a

1 financial statement for you -- this is a
2 hypothetical company -- into a simplified balance
3 sheet, but to show you that traditionally property
4 and casualty insurance companies retain a
5 significant amount of their assets in very liquid
6 investments, or more specifically assets that can be
7 easily converted to cash.

8 The reason is that property and casualty
9 companies have a greater need to access capital
10 relative to other types of insurance, for instance,
11 workers' compensation or medical malpractice, which
12 have long tails. Property insurance claims have
13 short tails, which means they need to access their
14 monies because the development is usually within one
15 or two years. The other types of insurance that I
16 mentioned, med mal, et cetera, may take anywhere
17 from five years to ten years, and in the case of
18 workers' comp, up to 30 years.

19 As a result, P and C companies are required by
20 statutory accounting rules to keep their assets
21 liquid to make claims readily payable. An insurer
22 may hold other non-liquid assets, which you're able
23 to do in GAAP accounting but you're not able to do
24 in statutory accounting. And in that way these
25 assets are not admitted and would not count towards

1 the overall bottom line because they're not
2 sufficiently liquid. These limitations on
3 investments are outlined in every state. In our
4 state it's in Chapter 625, as well as guidance by
5 the National Association of Insurance Commissioners
6 on statutory accounting.

7 There's also a very important distinction, as
8 we've talked about, liabilities of an insurance
9 company relative to liabilities under GAAP
10 accounting. Insurance companies include in their
11 liability sections of their financial statement an
12 estimate of loss reserves. Reported losses include
13 estimates for losses that are known as well as
14 estimates for those losses which the insurance
15 company has incurred but has not received. This is
16 known as incurred but not reported.

17 While a company may meet the definition of
18 statutory impairment, when you hear a company is
19 impaired, these companies do have liquid assets and
20 have the ability to pay expected claims out of their
21 liability sections of their financial statement.

22 The next important area I'd like to discuss is
23 the element of surplus. Surplus is the company's
24 capital that is in excess of its recorded
25 liabilities. It is listed in the financial

1 statement as surplus as regard to policyholders. In
2 other words, the surplus is the amount of the
3 financial cushion that a company has to pay
4 catastrophe losses and for losses that may have
5 exceeded the estimates that were established by the
6 actuary for their overall loss reserves.

7 We have seen assets and capital and surplus and
8 reserves used interchangeably and oftentimes in
9 press reports, which confuses our understanding of
10 statutory accounting and oftentimes contributes to a
11 misunderstanding of actions that are taken by the
12 Office of Insurance Regulation.

13 If we move to slide number two, I'd like to
14 take the opportunity to address the informational
15 memorandum detailing our review of reinsurance
16 contracts. Whoops, no, not that one. And I would
17 like to, let's see, talk about the insurance
18 memorandum, and many of you may have been contacted
19 by reinsurance brokers or reinsurance companies.
20 Some reinsurance brokers are concerned that the
21 Office's action regarding the one in 100 year event
22 may actually cause a lowering of the cost of
23 reinsurance premiums, and therefore potentially
24 lowering commissions. We have provided a full
25 explanation on the letter to the CFO, including a

1 description of how reinsurers have in some ways
2 taken advantage of this inelastic demand and to
3 their negotiating advantage.

4 Much of the discussion about reinsurance today
5 really focuses on the traditional approach of
6 looking at reinsurance, which is vertical coverage.
7 We're looking at a very large storm and a large
8 storm scenario, like a one in 100 year event.
9 Companies focused on this one in 100 year event
10 oftentimes take their eyes off other events that may
11 occur that may be a greater risk of the solvency of
12 the insurance company.

13 Generally speaking, insurers are very well
14 protected against the very big storm, but their
15 insurance almost exclusively with this risk in mind.
16 In reality many companies have a greater exposure to
17 an accumulation of much smaller storms or frequent
18 storms that are relatively unlikely to see the big
19 one. The Office is not discouraging companies from
20 purchasing a one in 100 year event. But what we are
21 doing is encouraging companies to look at the
22 smaller events in addition to the big one.

23 By definition, a one in 100 year event is an
24 event that would happen, a one percent chance during
25 a hurricane season. Hurricane Andrew, depending on

1 which model you use, is anything between a 125 to
2 140 year event. However it's defined, a one in 100
3 year event is a mega, mega storm.

4 It is important to remember that the insurance
5 industry is a private sector industry. Insurance
6 companies have varying appetites and degrees for
7 risk. And the decision of what reinsurance to buy
8 is probably one of the most important decisions that
9 a management team and the directors of a company
10 will make for the hurricane season.

11 Some insurers will insure to a 150 year event.
12 Buying less coverage has trade-offs. It makes the
13 company's product significantly more expensive. It
14 also protects their shareholders and policyholders.
15 However, the less than the one in 100 year event is
16 far more common to occur in Florida, which is best
17 illustrated by the series of storms that we
18 experienced in 2004 and 2005.

19 On this example, there's a tale of two
20 insurance programs. The two reinsurance programs
21 included on this slide demonstrate the need for us
22 to look behind the vertical or the one in 100 year
23 event by analyzing the multiple storm scenario,
24 which is more likely to threaten the solvency of our
25 companies. And many people believe that this

1 hurricane season is going to be one of more
2 frequency and not as much in severity.

3 Both examples are for companies that have
4 approximately 21 to 25 percent -- 21 to 25 million
5 in surplus. When modeled, company A, a one in 100
6 year probable maximum loss, or PML, is approximately
7 380 million, whereas company B had a one in 100 year
8 PML of about 225 million. These two companies have
9 vastly different reinsurance programs.

10 One of the most important things to notice
11 about the two companies is the retention, which is
12 noticed on the bottom of the chart. Retention is
13 the amount the company must pay before they receive
14 any reimbursement from their reinsurance program.
15 Company A has a retention of 7.4 million per event,
16 while company B has retained only 2.5.

17 Now we have established that surplus can be
18 used in an event of a catastrophic loss to pay
19 claims. In the event of the two storms, company A
20 would have about 14.8 million, which would leave
21 them close to the minimum surplus requirement.
22 However, company B would only pay 5 million. Even
23 with four storms, company B would have a total of
24 ten million and would still have over 10 million in
25 surplus. Company A would still be in business after

1 two storms, but it would be critical for it to
2 recapitalize even for one event.

3 It is possible that a regulator would be less
4 concerned about company A that bought one in a 90
5 year event instead of a one in 100 year event if it
6 knew that it had coverage at the lower storm level
7 and be better able to handle a multiple storm
8 scenario.

9 On slide number three, in response to the CFO,
10 the Office gave some historical perspective of the
11 reasons -- okay, that will do it -- of the reasons
12 why we eliminated the three-year requirement for
13 Citizens. This was a very difficult decision
14 because obviously it provides destabilization in the
15 marketplace.

16 The original idea was that Citizens gave out
17 bonuses, and as a term and condition of the bonuses,
18 you had to have the three-year requirement period.
19 This remained in effect even after the bonuses were
20 discontinued and provided stability for
21 policyholders in the take-out. However, as
22 demonstrated by this slide, this is an actual
23 company that came to the Department. By allowing
24 the company to nonrenew 3,700 policies it received
25 from Citizens, the company reduced its one in 100

1 PML by 20 percent. Consequently, this would reduce
2 the reinsurance cost for this company by millions of
3 dollars.

4 The result is that the company may avoid the
5 need for a higher rate increase for all of its
6 policyholders and will be more stable and viable for
7 the policyholders remaining in their portfolio.
8 Like I said, this is not a hypothetical slide. This
9 is an actual case.

10 And the market has changed. We used to have
11 less than five percent of the companies that went to
12 Citizens would turn down the policies. Now that
13 number could be over 50 percent. So it really
14 brings a destabilization to the company in their
15 take-out programs.

16 Slide number four. That's not slide four. The
17 Office has received criticisms about authorized --
18 the Office has received criticism that we have
19 authorized statutorily impaired or companies that
20 have been determined to be insolvent to write new
21 business or to renew business when a company is in
22 unsound financial condition.

23 In fact, an erroneous news report claimed that
24 the Office allowed financially impaired companies to
25 continue to write even though it had not paid its

1 claims. This is not correct. As we have previously
2 pointed out, the Office has not authorized an
3 impaired or insolvent company to write any new
4 business.

5 Northern Capital Insurance Company, as
6 discussed in my response letter, was allowed to
7 renew some existing policies for a limited period of
8 time. Again, we have to remember the balance sheet
9 analysis that we talked about earlier. When a
10 company is found to be impaired, it does not mean
11 the company will fail tomorrow or it does not have
12 the money to pay claims. In fact, the company still
13 has assets, continue as an operating firm and can
14 fund its liabilities.

15 It is important to understand the difference
16 between impairment and insolvency. An impaired
17 company has surplus or a financial cushion that is
18 below the statutorily mandated amounts of \$4 million
19 or ten percent of the liabilities of the companies.
20 Remembering that a company's reserves for losses in
21 the ordinary courses of business is included in the
22 liability calculation, an impaired company should,
23 at the end of the day, have sufficient funds to pay
24 all of its claims in a run-off situation.

25 Northern Capital is an example of a company

1 that was impaired based upon its yearend 2009
2 financial statement. This slide shows that
3 impairment. The main reason for the impairment was
4 a \$7 million reserve adjustment made by the
5 company's actuaries which severely impacted the
6 company's surplus. This can happen any time an
7 actuary reviews reserves and requires the company to
8 increase its reserves for losses, which in turn
9 decreases its amount of surplus.

10 Following this event, the company also
11 sustained a substantial \$2 million loss in January
12 that increased its liabilities and directly impacted
13 surplus as well. This information, however, was not
14 filed with the Office until the financial statement
15 was due March 1st, 2010. Very shortly after
16 receiving the financial statements and the
17 performance of a due diligence by some parties that
18 were initially interested in purchasing the company,
19 the Office then referred Northern Capital for
20 receivership proceedings.

21 If we can proceed to slide number five, we
22 address the case of Magnolia Insurance Company which
23 is another example of the Office's regulatory
24 response to a company that was found to be in
25 unsound financial condition. Magnolia failed to

1 comply with a law which required it to make its 2009
2 third quarter statement. The Office responded by
3 placing the company into a public administrative
4 supervision to ascertain the extent of the company's
5 financial problems and to obtain accurate financial
6 records.

7 During the supervision, the Office was
8 successful in reducing the unearned premium for the
9 company and marshaling its requisite assets to
10 maintain a substantial amount of cash that could be
11 used to cover the unearned premium owed to the
12 policyholders. Consequently, the company's
13 financial resources are available to pay reported
14 claims that otherwise would have been the
15 responsibility of the Florida Insurance Guaranty
16 Association.

17 In summary, with both the case of Northern
18 Capital and the case of Magnolia, they still had
19 over \$30 million of assets when the company referred
20 them to receivership. It is too early in the
21 process to determine if the reserves, including
22 those adjustments made at the end of 2009, were
23 accurate, which ultimately would determine how much
24 FIGA will be on the hook for these two companies.

25 Most of the liabilities for those companies are

1 due to reinsurers that have already collected
2 millions of dollars in premiums and would not be
3 liable for a single claim since there were no
4 hurricanes last year. Reinsurers are generally put
5 as general creditors in receivership, being entitled
6 to payment only after the expenses of the receiver
7 and FIGA, unearned premium of the policyholders and
8 the policyholders are paid in full.

9 I cannot talk about an update right now if I
10 didn't -- failed to talk about a very successful
11 legislative session. We are very pleased to
12 announce the success of Chairman Richter in adopting
13 Senate Bill 2044. The CFO asked what additional
14 things that need to be done. Obviously addressing
15 the cost drivers that we talked about in previous
16 meetings will go a long way in addressing these
17 issues.

18 Whether it's dealing with replacement cost and
19 providing appropriate incentives for people to
20 repair their homes after a storm, increasing the
21 capital and surplus requirements for new companies
22 doing business and ramping up those same
23 requirements for companies in business will
24 certainly go a long way in providing additional
25 cushion in our solvency regime.

1 Another important tool we were given,
2 strengthening our solvency regime over managing
3 general agents, as we discussed previously, and also
4 the ability to cancel policies if a company is found
5 to be financially troubled, also putting reasonable
6 limitations on public adjustor solicitations and
7 disclosure of their fee arrangements. There's a
8 number of other provisions in this bill that I think
9 would make good law.

10 I would like to comment on some
11 misinterpretations or misrepresentations made about
12 Senate Bill 2044. Some have characterized this as a
13 deregulation bill. Nothing could be further from
14 the truth. There are provisions in the law that
15 allow for an accelerated rate review process, but
16 all rates would be reviewed by the Office and prior
17 approval.

18 As a matter of fact, had this bill not passed,
19 the use and file provision would have come back into
20 existence, which would have made it very difficult
21 for us to rein in future rate increases.

22 Governor, that concludes my report.

23 GOVERNOR CRIST: Thank you. Any questions?

24 CFO?

25 CFO SINK: Thank you, Commissioner. I

1 appreciate your response to the letter and your
2 presentation today. The couple of concerns that I
3 have and that you alluded to is the destabilization
4 of the marketplace from the perspective of the
5 Florida consumer.

6 As I travel around the state, over and over
7 people approach me and comment about, oh, I just got
8 a letter that I'm not being renewed. And so there
9 is disruption going on in the marketplace because of
10 some of these actions. And while it might be the
11 fiscally responsible thing to do to return some of
12 these policies back to Citizens or -- I understand
13 that your top priority, which is really important,
14 is to keep these, particularly these domestic, any
15 insurance company operating in the state in strong
16 financial health. I think we do have to acknowledge
17 that there is potential disruption.

18 So I guess I just wish you would address a
19 little bit more this issue of these companies that
20 you put under this administrative supervision prior
21 to putting them in rehab or else prior to finding a
22 purchaser for them.

23 Just clarify for us the renewal process, the
24 writing new insurance. They've permitted people to
25 or agents to renew policies and then 30 days later

1 they have to turn around and give their client a
2 notice that, oh, just joking, you don't have a
3 policy with this company after all. I think that's
4 very disruptive in our market. And how can we
5 improve and eliminate some of that?

6 MR. McCARTY: Yes. And I think that goes to
7 the specific issue of transparency in the process
8 and how much information is available to our
9 consumers. As I mentioned, with the financially
10 troubled company of Magnolia, they were put in
11 public supervision. But we were put on notice that
12 this company is financially unsound, otherwise they
13 wouldn't be in supervision.

14 In the case of Northern Capital, Northern
15 Capital was impaired. We were cautiously optimistic
16 that the company would be able to be purchased.
17 That information came only when they filed their
18 impaired statements. Again, that's public knowledge
19 that it's impaired, certainly not to the general
20 public but to agents, is that it is a filed impaired
21 statement.

22 And we thought it would be prudent. As a
23 company was reviewing, to nonrenew those policies in
24 that three- to four-week period would have been
25 disruptive for them to determine what their probable

1 maximum loss, what their potential might be there.
2 And in that case it was more disruptive than we
3 would like. And it is a very difficult decision
4 when we decide whether to allow companies to
5 nonrenew Citizens policies that have come out.

6 But the market has so dramatically changed. As
7 I addressed in the letter, at one time, only five
8 percent of the people didn't take the take-out
9 policy. Now that number is drastically included.
10 So they went out to the market, purchased
11 reinsurance for a certain amount. And we have the
12 one example of a company who, with only 35-, 3700
13 policies was -- had a 20 percent impact on their
14 PML.

15 And so the companies then have to go back into
16 the market and purchase more reinsurance for those
17 smaller groups of policies. Very cognizant of its
18 disruption in the marketplace, and we do try to keep
19 that to a minimum.

20 CFO SINK: And what is your sense now that --
21 in terms of the profitability of particularly these
22 Florida domestic companies? I know that when you
23 came earlier, a high percentage of the Florida
24 domestics were reporting losses through the first
25 quarter. And it seems to me we just don't want to

1 be in that position of having companies that are
2 reporting losses in an environment where we have no
3 hurricanes. So either there's a revenue problem or
4 there's an expense problem or maybe there's some of
5 both.

6 How are we going to -- how is the State going
7 to get out of this position of having so many of
8 these companies experiencing losses in an
9 environment of no hurricanes?

10 MR. McCARTY: Right. I think the answer to
11 your question, Madam CFO, is really twofold. One
12 is, I identified last year that national companies
13 and domestic companies were losing money, and then
14 what we did is we spent some time, invested time
15 talking with the companies, the claims people, the
16 CFOs, the CEOs, about what are those cost drivers.

17 And I'm pleased to report that Chairman
18 Richter's bill has passed out of the House and
19 Senate, which I think gets at some of those cost
20 drivers. That's prospectively looking. What we're
21 doing now, we have concluded our review of the
22 high-risk companies that have filed their financial
23 statements for the closing of this past year.

24 The real challenge is going into hurricane
25 season. We're going into hurricane season, and

1 right now many of the companies are still in market
2 in Bermuda and in Lloyd's and elsewhere, but
3 primarily in Bermuda and Lloyd's, purchasing their
4 reinsurance.

5 And our first data call came in yesterday with
6 regard to their preliminary indications of their
7 purchasing, and the rest of that will come over the
8 next several weeks. And so the big question coming
9 up is the ability for these companies to purchase
10 reinsurance going into the hurricane season.

11 One thing that I think has been beneficial was
12 passage of a piece of legislation that, Governor,
13 thank you for signing into law, which was Senate
14 Bill 1460, which kind of recalibrates the time
15 period so that perhaps these companies would be able
16 to purchase reinsurance earlier in the year, which
17 may help us to do the analysis of their purchase
18 prior to going in the end of May or into June.

19 GOVERNOR CRIST: General.

20 ATTORNEY GENERAL McCOLLUM: Kevin, you
21 mentioned reinsurance a couple of times here. I had
22 a company I chatted with the other day the executive
23 of, and he told me -- I think I'm hearing him
24 right -- that 80 percent of all his premium dollars
25 are going to reinsurance cost, 80 percent of all his

1 premium dollars are going to reinsurance cost,
2 purchase of reinsurance. Is that normal? Is that
3 high?

4 MR. McCARTY: That's high. That would be high.
5 I would say, on average, it's probably in the -- of
6 all -- catastrophe is probably 50 percent, so it's
7 probably close to 50 percent.

8 ATTORNEY GENERAL McCOLLUM: But it's still very
9 high.

10 MR. McCARTY: Oh, yes.

11 ATTORNEY GENERAL McCOLLUM: In any event, the
12 big driver here of all the costs is reinsurance.
13 It's less predictable for some, and it's way up
14 there, if you say they're going overseas to buy it,
15 which they are, without our being able to look at
16 these reinsurers, right? I mean, we really don't
17 have the authority over them.

18 MR. McCARTY: And one of the things, General,
19 and we talked about this previously, is there are
20 billions -- reinsurance is measured in billions of
21 dollars. Capital markets are measured in trillions
22 of dollars. And one of the challenges I think we
23 have as a state is to see how we can look at
24 alternative risk transfer mechanisms that have the
25 assurances of reinsurance in terms of paying but

1 somehow tapping into these global markets of capital
2 that would bring competition and hopefully more
3 capital into our system. And Florida, once again, I
4 think, has got to be a leader in that regard and a
5 gateway to that capital.

6 ATTORNEY GENERAL McCOLLUM: I'm still very
7 worried about that. And I think you're right, we
8 have to, but we've not found that silver bullet to
9 get this accomplished. That's one of the great
10 challenges in the insurance, property insurance
11 world right now. Thank you.

12 MR. McCARTY: Thank you.

13 GOVERNOR CRIST: Commissioner.

14 COMMISSIONER BRONSON: Kevin, I'm not an
15 insurance person. I pay a pretty good bit of
16 insurance.

17 MR. McCARTY: Yes, sir.

18 COMMISSIONER BRONSON: But going back to some
19 of my original statements about insurance being
20 based on risk -- and I don't care who you're buying
21 reinsurance from. It's all going to be based on
22 potential.

23 It's obvious that to reduce some of the
24 potential for having to pay out large amounts, some
25 of the private companies divested themselves from

1 some of the more expensive pieces of property on the
2 coast so that they didn't have to worry about going
3 back for reinsurance on those issues because those
4 are the most expensive.

5 We came up with the only thing we could come up
6 with in the state, which was Citizens, to try to
7 help out those who were having a tough time. But as
8 most of us who pay our insurance bill knows, we're
9 paying a premium, for those of us who buy our own
10 insurance. We're paying a premium to hold up
11 Citizens' ability to pay in case of disaster. So
12 really and truly the people buying private insurance
13 are also holding up the bottom line, as best we can,
14 for Citizens.

15 But the more I check into it, I don't see that
16 Citizens can pay off, even with the backing of the
17 people of the state of Florida and our premiums that
18 we pay on our own insurance, and if we were to have
19 a major disaster of a large magnitude, there will be
20 other assessments to the people of the state of
21 Florida, on top of what we're already paying in
22 premium, to uphold Citizens. Well, I'm sure some of
23 the private companies would love to have that kind
24 of backing offhand so that they knew that they could
25 count on that.

1 What I'm trying to say is, insurance to me is
2 no different than the law of physics. For every
3 action, there's an equal and opposite reaction,
4 unless there's politics involved, which you multiply
5 it by two and then square it.

6 So, you know, trying to make sense of this, to
7 me, is you're back to square one. It's all about
8 risk and what the potential, and especially on the
9 payments on these expensive pieces of property on
10 the coast and so forth that Citizens is being, I'm
11 going to have to say stuck with, because we're
12 basically being stuck with some of the more
13 expensive pieces of property that have to be insured
14 because these companies don't want to put themselves
15 in that position.

16 Now, I've heard a lot of people argue over
17 time, well, you know, you've got, let's say, Hancock
18 or one of the big companies has invested in land in
19 Florida and so forth. I'm sure they have, because
20 they're using that as part of their portfolio to be
21 able to go out and get reinsurance because they have
22 to show they have the ability to raise the money in
23 case something bad happens, that they've got the
24 assets there. Just like we would do, if we're going
25 to the bank to borrow money, the old saying is, if

1 you don't need the money, they'll lend you all you
2 want, but if you need the money, you can't get it
3 because you don't have the assets there to back it
4 up.

5 I keep following this, and it's like moving a
6 pea under the shell. Instead of having three
7 shells, you've got ten, and you've got to follow
8 that pea. And so, to me, it's not that confusing in
9 a sense because it's back to square one. It's all
10 about risk. It's all about what we've invested in.
11 It's all about the fact that homes that were worth a
12 hundred -- or maybe a half a million dollars two
13 years ago are worth half that today. So people have
14 lost the value of their overall homes. I haven't
15 seen that the taxes have gone down based on the fact
16 that our homes have been reduced, but -- that's the
17 one issue that seems to be constant.

18 But insurance is going to be based forevermore
19 on risk. And whoever is carrying that risk, in the
20 private sector, it's the private companies that have
21 to go out and borrow the money for reinsurance. For
22 the rest of us and the rest of the state of Florida,
23 it's Citizens, whose premium is being paid by
24 everybody else who buys private insurance, along
25 with the premium paid by the people in Citizens.

1 So we keep going around and around and we
2 always come back to square one. And I haven't seen
3 that any of this has changed since we started these
4 conversations. We're at the same rate that we were
5 at before.

6 You've got companies who had to go out of
7 business because they definitely could not pay off.
8 They got in over their head. We had to get them
9 out, which put the burden back on the other private
10 companies and Citizens to pick up the rest of it.

11 So I just want to make sure the public gets a
12 chance to know that, in my opinion anyway, that
13 Citizens is not going to be able to pay off any
14 better than anybody else in a major, major
15 catastrophe.

16 And quite frankly, Commissioner, I'd like to
17 know what is all the problems in Tennessee and all
18 doing the insurance companies. How is it affecting
19 our ability here in Florida because of all the
20 payouts that are going to go on, the billions of
21 dollars in Nashville and other places? That's bound
22 to affect the stability of the companies right here
23 in Florida.

24 MR. McCARTY: Well, you've broached many, many
25 issues. I will address the last one that you have.

1 And I think a lot of people share your concern about
2 the ability of our state to be able to pay, to make
3 good on their claims, but also what happens in the
4 aftermath in terms of the assessment, whether it's
5 short-term or long-term with the bonding.

6 The issue and the unfortunate disaster that
7 happened in the state of Tennessee, which is a one
8 in 500 year event, most all of those properties are
9 not insured. They're not required to be insured
10 under the federal flood program. So those folks are
11 going to be -- have to be paid by virtue of the
12 federal government, through grant programs that are
13 made available, loan programs through the SBA and
14 others where -- other catastrophes where people are
15 uninsured.

16 The flood program in and of itself is a
17 challenge. I mean, as you probably know, we've
18 discussed on previous occasions, Floridians are
19 diligent in buying flood insurance. We account for
20 about 40 percent of the total flood premium in the
21 country.

22 It's interesting that -- I think you raised a
23 larger issue as to, there are natural disasters. We
24 hear about earthquakes in Chile. We have mudslides
25 in California. We have 80 -- 80 percent of the

1 property in California that's mortgaged that doesn't
2 have earthquake insurance. Well, if there's an
3 earthquake in California, Floridians are going to
4 pay their pro rata share. It really goes back to, I
5 think, a very fundamentally flawed federal program
6 when it comes to natural disasters.

7 And I know that Congressman Klein has been out
8 there advocating. It will pass again, but it won't
9 pass out of the United States Senate. But I think
10 we really need to look at the concept -- it may seem
11 radical -- but an all-perils policy, that everybody
12 buys a policy, and it covers all the perils. And
13 then we figure out how we're going to finance that.

14 But there's no way that the folks in Tennessee
15 had any idea they were going to get hit with a
16 500-year flood. But we probably should include in a
17 homeowner's policy whether -- regardless of the
18 cause of the peril of loss, that you get some
19 coverage, you have some deductible, you have some
20 skin in the game. The State might have some skin in
21 the game.

22 But ultimately the federal government is paying
23 it, but it's paying it in the most inefficient,
24 ineffective way that it can do it. It's doing it by
25 lump sums and sums of money, which makes it very

1 difficult for Tennesseans to rebuild their homes or
2 Californians to rebuild their homes, because they're
3 not going to be covered for earthquake.

4 So spreading this risk, understanding that we
5 all, to a greater -- you hit it right on the head.
6 There's a greater risk of being on the coast of
7 Miami Beach than there is to being in Bartow, but we
8 all have a risk of some kind of catastrophic loss,
9 and we all tend to live in a hodgepodge system that
10 was developed 30 years ago that I think is
11 fundamentally flawed and needs to be revisited.

12 CFO SINK: Governor, I do have -- I just have
13 one more line of questioning. It's around this
14 change in your policy decision about the one in 100
15 year storm, because it seemed to have been the
16 standard for a long time, and it's a standard that's
17 adopted by other states. I know Texas is one in
18 250. Now, they're a different situation because
19 they don't have as much coastal exposure.

20 But if you look at a state like Hawaii, who
21 might be considered to be more similar to Florida,
22 their standard is one in 100. We've always had one
23 in 100. So if you are -- first of all, this is a
24 really important and significant policy shift. And
25 I think that it's imperative that your office be

1 more -- a little bit more transparent and
2 accountable back to the Financial Services
3 Commission of when you're contemplating and, in
4 effect, effecting important policy shifts that are
5 so different than what we're accustomed to.

6 But if I think about the companies who are
7 being regulated by your office, how are they going
8 to know what is expected of them? Are they going to
9 have to be in constant communication with you? Are
10 you going to have to approve a plan?

11 I'm just confused myself, thinking from a
12 business perspective, okay, I've always known I've
13 got to go to Bermuda and buy cover for a one in 100
14 year event and also, for the protection of my
15 company, worry about this multiple storm issue. Now
16 it's been taken off the table. How am I going to
17 know what is the right cover for me to get that's
18 going to be accepted by the insurance commissioner?

19 MR. McCARTY: We have an ongoing dialogue with
20 the companies as they go to Bermuda and they're
21 talking in Bermuda. And part of the problem is that
22 last margin of purchasing, for instance, the last
23 ten percent. Let's just say that they have a modest
24 rate on line for their one in 90 year event. That
25 one in 110 year event may cost them 10 or 15 percent

1 more rate on line, which translates to, in one
2 company's case, to 20 percent rate increase. They
3 would rather use that additional capital to purchase
4 some reinstatements on the bottom end to protect
5 their capital.

6 So I think what we need to do is we need to
7 look at it comprehensively and holistically and not
8 have a one-size-fit-all. I think it's -- we've got
9 to make sure that they have enough for a big storm.
10 But you could go from an AIR model to an ARA model
11 and vary your model and get the one in 100 year
12 event.

13 So we're trying not to say, lock down, this is
14 it, bar none, have to have one in 100 year event.
15 We're not discouraging companies to buy to a one in
16 100 year event. We just want them to be cognizant
17 that there are other risk factors that are out there
18 that they do need to be cognizant of that may be
19 more of a risk to the solvency of their company.

20 CFO SINK: Well, the bottom line for me is that
21 the Florida consumer is assured that when a storm
22 occurs or any event occurs, a loss event occurs,
23 that they're going to get their claims paid, number
24 one, and number two, that we, the rest of the people
25 of the state, are not continuing to have to cover

1 the losses and the financial instability of
2 companies that haven't been adequately --
3 potentially adequately supervised by your office.

4 MR. McCARTY: Well, I would say that if we fail
5 to take into account a recurrence of the 2004 and
6 2000 (sic) event that had several repeated storms
7 and focus merely on the one in 90, I think we would
8 not have been properly doing our job supervising the
9 companies.

10 ATTORNEY GENERAL McCOLLUM: One last thing, if
11 I could.

12 GOVERNOR CRIST: General, sure, of course.

13 ATTORNEY GENERAL McCOLLUM: Kevin, you alluded
14 to the Klein bill, and I see all of this focusing
15 around the reinsurance issue that we've had for so
16 long, no federal backstop, the cost of reinsurance
17 being too high. I gather that our prediction is
18 that it will pass the U.S. House of Representatives.
19 And it's the federal backstop, for anybody that
20 doesn't know what we're talking about, something I
21 worked on when I was in Congress and Congressman
22 Klein has taken up the gauntlet on more recently.
23 Is that sort of the case, it's moving through
24 the House again but just hopeless in the Senate? Is
25 that what you see?

1 MR. McCARTY: Yeah. In all likelihood, through
2 the good efforts of Congressman Klein, it will pass
3 again. Congressman Klein's bill does a number of
4 things. It provides one of the things that Ash
5 Williams and I have been working on, was to get the
6 guarantee for the Cat Fund, which was a very
7 important thing as well, which makes those bonds
8 much more sellable.

9 It does a number of things, and it does create
10 a catastrophe layer for our catastrophe fund and
11 other facilities. It creates some things that the
12 California Earthquake Authority has been looking for
13 and the guarantee of bonds issue as well.

14 I think, though, if I were -- had an
15 opportunity to take and cut from whole cloth how we
16 do this, I think I'd go back to the basics of saying
17 what is at risk with our insurance, what is at risk
18 that bleeds over and crosses other financial
19 sectors.

20 We have so many properties in this country that
21 are uninsured from certain perils. So I would say
22 going back to a single-peril policy and figure out
23 the financing throughout -- through a number of
24 mechanisms, with state, federal and personal
25 responsibility.

1 I mean, obviously, mitigation and higher
2 deductibles creates strong incentive for people to
3 mitigate against losses. Florida has done all these
4 things very well.

5 ATTORNEY GENERAL McCOLLUM: That would be a
6 national policy that would have to change in order
7 to accomplish what you just suggested, and different
8 from what Congressman Klein's proposal is.

9 MR. McCARTY: Yes. I'm wholeheartedly in
10 support of what Congressman Klein does, because it
11 would do a lot to bring certainly stability to our
12 marketplace, which ultimately would be reflected in
13 rates, and I think greater capacity, sir.

14 ATTORNEY GENERAL McCOLLUM: I don't think it
15 serves a useful purpose to go down this rabbit hole
16 much further. But I just want to make one last
17 comment, and that is that I would certainly like to
18 see some of our Senators who support this, Florida's
19 but some others do, too, go sit on the doorstep of
20 some of those flood-prone states where our flood
21 insurance dollars are going there for that insurance
22 program, and say to them, hey, wait, if we're going
23 to go renew the flood insurance program in year
24 whatever it comes up for renewal, then you're not
25 going to get our vote for that unless you do

1 something to help Florida with our catastrophe
2 situation and to help the other states with some
3 kind of backstop program, such as Congressman Klein
4 is offering. There's got to be a get-tough policy
5 in the United States Senate, in my judgment, in
6 order for us -- for those who support us, in order
7 for us to achieve this. And then unless we do that,
8 we're going to continue to have these kind of
9 issues.

10 So I commend you for bringing it up, but it is
11 a very difficult cause, for that reason. Thank you.

12 MR. McCARTY: Thank you.

13 GOVERNOR CRIST: General, if I could just say,
14 I think you're exactly right. And it would seem to
15 me that as a result of what's happened in Tennessee
16 recently, you probably would have picked up two
17 additional votes in the U.S. Senate to move forward
18 on something of this nature. And so I applaud your
19 comments and what Representative Klein is trying to
20 do.

21 CFO SINK: Well, Governor, maybe -- it's always
22 been my understanding that it's Senator Shelby who
23 has been the chief blocker. Is that not correct,
24 Kevin?

25 MR. McCARTY: That is correct.

1 CFO SINK: And Senator Shelby is certainly
2 right in the middle of the oil spill situation,
3 Governor. So when you and the attorney general have
4 an opportunity to be in a room with him, maybe you
5 could do some direct lobbying to help him understand
6 that we're -- maybe now he appreciates, with the oil
7 spill situation, maybe he appreciates the critical
8 nature of this problem a little better than he did
9 before.

10 GOVERNOR CRIST: I don't think there's any
11 question about that.

12 CFO SINK: Thank you.

13 GOVERNOR CRIST: Thank you.

14 MR. McCARTY: Thank you very much for the
15 opportunity to address that. And unfortunately, if
16 I may just add on to what you said, General
17 McCollum, unfortunately, as things occur, we see the
18 earthquakes in California, it's a California
19 problem. Things happen in Florida. People don't
20 see that we have working class people. You know,
21 things happen in these different places. Then they
22 say, oh, you know, when it happens in the Gulf of
23 Mexico, well, those are fishermen, those affected.

24 Unfortunately, for it to be a real substantial
25 change of policy in this country, unfortunately I

1 think it's going to take a natural disaster for our
2 public leaders to finally get down and understand
3 that there's something more that needs to be done in
4 the current failed policy of the United States
5 government. Thank you.

6 GOVERNOR CRIST: Well put. Thank you,
7 Commissioner.

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

3 MS. ECHEVERRI: Good morning. Item 1 requests
4 approval of the minutes from the March 23rd meeting.

5 GOVERNOR CRIST: Is there a motion?

6 COMMISSIONER BRONSON: Motion on Item 1.

7 ATTORNEY GENERAL McCOLLUM: Second.

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

10 MS. ECHEVERRI: Item 2 requests approval to
11 adopt amendments to Rule 12A-1.060(5). These rule
12 amendments provide protest procedures for taxpayers
13 to protest our notices of registration. We
14 recommend approval.

15 ATTORNEY GENERAL McCOLLUM: Move Item 2.

16 COMMISSIONER BRONSON: Second.

17 GOVERNOR CRIST: Moved and seconded, show it
18 approved without objection.

19 MS. ECHEVERRI: Item 3 requests approval to
20 begin rulemaking and issue Notices of Proposed
21 Rulemaking on two rules, one related to the
22 Department's authority to settle cases and enter
23 into agreements with taxpayers and the second rule
24 to amend provisions related to the calculation of
25 the communications services tax. We recommend

1 approval.

2 COMMISSIONER BRONSON: Motion on Item 3.

3 ATTORNEY GENERAL McCOLLUM: Second.

4 GOVERNOR CRIST: Moved and seconded, show it
5 approved without objection. Thank you.

6 MS. ECHEVERRI: Thank you.

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1 GOVERNOR CRIST: Florida Land and Water
2 Adjudicatory Commission, Lisa Saliba. Hi, Lisa.

3 MS. SALIBA: Good morning, Governor, members.
4 The Commission item requires no further action. It
5 is provided -- it provides public notice of three
6 appeals being forwarded to the Division of
7 Administrative Hearings for further proceeding.

8 GOVERNOR CRIST: Thank you, Lisa.

9 MS. SALIBA: Thank you.

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1 GOVERNOR CRIST: Why don't we go to SBA first,
2 with your consent, Commissioner. Ash Williams,
3 please, sir. Good morning.

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

6 GOVERNOR CRIST: How are you?

7 MR. WILLIAMS: Good, thank you. A little good
8 news first. As of last night's close, there's
9 certainly been a bit of volatility in the markets in
10 the past few trading days. But I wanted to let you
11 know the Florida Retirement System Trust Fund
12 balance stands at \$114.9 billion.

13 Fiscal year to date we're up 19.73 percent.
14 That's 199 basis points ahead of target. Calendar
15 year to date we're up 2.9 percent, 44 basis points
16 ahead of target.

17 Item 1, request approval of the minutes of the
18 March 23 meeting.

19 GOVERNOR CRIST: Is there a motion?

20 ATTORNEY GENERAL McCOLLUM: Move it.

21 CFO SINK: Second.

22 GOVERNOR CRIST: Moved and seconded, show the
23 minutes approved without objection.

24 MR. WILLIAMS: Item 2, request approval of a
25 fiscal sufficiency in an amount not exceeding

1 \$265 million State of Florida, Full Faith and
2 Credit, State Board of Education PECO Refunding
3 Bonds.

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

5 CFO SINK: Move it.

6 ATTORNEY GENERAL McCOLLUM: Second.

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

9 MR. WILLIAMS: Thank you. Item 3, request
10 approval of a fiscal sufficiency of an amount not
11 exceeding \$40 million State of Florida, Board of
12 Governors, Florida State University Health and
13 Wellness Center Revenue Bonds.

14 ATTORNEY GENERAL McCOLLUM: I move it.

15 CFO SINK: Second.

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

18 MR. WILLIAMS: Thank you. Item 4, request
19 approval of a fiscal sufficiency of an amount not
20 exceeding 31,600,000 State of Florida, Department of
21 Education, Community College Capital Improvement
22 Revenue Bonds.

23 ATTORNEY GENERAL McCOLLUM: Move --

24 CFO SINK: Move it.

25 ATTORNEY GENERAL McCOLLUM: Second.

1 GOVERNOR CRIST: Moved and seconded, show it
2 approved without objection.

3 MR. WILLIAMS: Item 5, request approval of, and
4 authority to file, five emergency rules, along with
5 incorporated documents for adoption. These five
6 rules implement Committee Substitute for Senate Bill
7 1460, which became law on 15 April 2010. And
8 essentially what these do is adopt the rules
9 previously approved by the Board to reflect the date
10 change on the catastrophe fund contracts.

11 ATTORNEY GENERAL McCOLLUM: I move Item 5.

12 CFO SINK: Second.

13 GOVERNOR CRIST: Moved and seconded, show it
14 approved without objection.

15 MR. WILLIAMS: Thank you. Item 6, request
16 approval of, and authority to file, a Notice of
17 Proposed Rulemaking for Rule 19-8.028, Florida
18 Administrative Code, Reimbursement Premium Formula.
19 This, again, is to correct and align the dates with
20 the legislation.

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

22 CFO SINK: Move it.

23 ATTORNEY GENERAL McCOLLUM: Second.

24 GOVERNOR CRIST: Moved and seconded, show it
25 approved without objection. Thank you, Ash, very

1 much, sir.

2 MR. WILLIAMS: Thank you.

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1 GOVERNOR CRIST: Board of Trustees, Internal
2 Improvement Trust Fund, Secretary Sole.

3 MR. SOLE: Good morning, Governor.

4 GOVERNOR CRIST: How are you doing?

5 MR. SOLE: I'm doing well, sir.

6 GOVERNOR CRIST: Good, good.

7 MR. SOLE: Thank you. Item Number 1, submittal
8 of the minutes for the March 9th, 2010, Cabinet
9 meeting.

10 ATTORNEY GENERAL McCOLLUM: I move it.

11 COMMISSIONER BRONSON: Second.

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

14 MR. SOLE: Thank you. Item Number 2, this is a
15 consideration of an option agreement to acquire a
16 perpetual conservation easement over a little over
17 1,300 acres in Levy County. This is within the
18 Goethe State Forest optimum boundary.

19 The acquisition or the option agreement would
20 be with L.L. and Jodie Hiers. This is designation
21 of the Department of Agriculture and Consumer
22 Services, Division of Forestry monitoring as the
23 conservation easement -- for the conservation
24 easement. Consideration of the conservation
25 easement would be \$2,125,000, which is 89 percent of

1 the appraised conservation easement value and
2 roughly 39 percent of a full fee appraised value.

3 The Department recommends approval of this
4 item. It's worth noting that as part of the
5 conservation easement, the Hiers will work with the
6 Division of Forestry to create a management plan for
7 the property. While light silviculture is allowed,
8 harvesting for cypress trees is prohibited. They
9 cannot subdivide the land, although there is
10 authorization for one new residential structure to
11 be built on the property. And, finally, mitigation
12 banking is prohibited.

13 ATTORNEY GENERAL McCOLLUM: Is there a motion
14 on Item 2?

15 CFO SINK: Move it.

16 COMMISSIONER BRONSON: Second.

17 ATTORNEY GENERAL McCOLLUM: Without objection,
18 it's approved.

19 MR. SOLE: Thank you, sir. Item Number 3, this
20 is consideration of an option agreement to acquire
21 106 acres of land in Putnam County as an addition to
22 the Etoniah Creek State Forest. This is, again,
23 acquired through the Division of Forestry's
24 additions and inholdings provision and is part of
25 the Florida Forever A List for that project.

1 Consideration is for \$405,000.

2 This will help bridge a gap to the Florida
3 Forever Project, providing a continuous wildlife
4 corridor through the public land and also reduce
5 development pressures within the area. The
6 Department recommends approval.

7 ATTORNEY GENERAL McCOLLUM: Is there a motion
8 on Item 3?

9 CFO SINK: Move it.

10 ATTORNEY GENERAL McCOLLUM: I'll second it.
11 Without objection, so approved. No? There's
12 objection?

13 COMMISSIONER BRONSON: I'm going to stick to
14 what I said before, General. As far as acquisition
15 of state lands, when there are other options, such
16 as easements, I'm going to vote no on buying of any
17 more state land when there are easement
18 opportunities available. So I'm going to vote no.

19 ATTORNEY GENERAL McCOLLUM: I would suggest we
20 withhold the final vote of this until the Governor
21 returns and let him have an opportunity to vote on
22 it. Is there any objection to that?

23 CFO SINK: No.

24 ATTORNEY GENERAL McCOLLUM: If not, we'll do
25 that. Let's move on to Item 4 then.

1 MR. SOLE: Thank you, General. Item Number 4
2 is also a consideration of an option agreement to
3 acquire 552 acres within the Apalachicola River
4 Florida Forever Project from Plum Creek Timberlands.
5 This is an addition to Torreya State Park. It
6 encompasses two parcels. It will be purchased from
7 Plum Creek Timberlands and is also part of the
8 Florida Forever top 21 full fee.

9 The consideration is \$1.418 million. That's 87
10 percent of the appraised value, and again would be
11 part of the Department of Environmental Protection's
12 Division of Recreation and Parks inholdings and
13 additions provision.

14 These parcels are immediately south of I-10 and
15 adjacent to the park. The other parcel is also two
16 miles southwest of the parcel. And it really will
17 help provide that additional water quality
18 protection in the Apalachicola River as well as
19 provide a buffer to the I-10 area.

20 CFO SINK: I move it.

21 ATTORNEY GENERAL McCOLLUM: Second.

22 GOVERNOR CRIST: Show it approved without
23 objection.

24 COMMISSIONER BRONSON: I object to the
25 acquisition of state lands without an easement

1 program.

2 GOVERNOR CRIST: Okay. Show it passed.

3 ATTORNEY GENERAL McCOLLUM: We have to move
4 back to Item 3 now.

5 GOVERNOR CRIST: Item 3, please.

6 ATTORNEY GENERAL McCOLLUM: It's been moved.
7 In your absence, Governor, I believe CFO Sink moved
8 it and I seconded Item 3, but we did not have a vote
9 on it.

10 GOVERNOR CRIST: Could you --

11 MR. SOLE: I'd be honored, Governor --

12 GOVERNOR CRIST: -- review it?

13 MR. SOLE: -- to go through that again. Item
14 Number 3, this is a consideration of an option
15 agreement to acquire 106 acres of land in Putnam
16 County as an addition to the Etoniah Creek State
17 Forest. This is part of the Division of Forestry's
18 additions and inholdings program. It's roughly --
19 excuse me. The 106 acres has a consideration of
20 \$405,000. This will help bridge a gap within the
21 Florida Forever Project boundary and also reduce
22 development pressures adjacent to the state forest.
23 The Department recommends approval.

24 CFO SINK: Move it.

25 ATTORNEY GENERAL McCOLLUM: Second.

1 GOVERNOR CRIST: Moved and seconded. All in
2 favor say aye.

3 ATTORNEY GENERAL McCOLLUM: Aye.

4 GOVERNOR CRIST: Aye.

5 CFO SINK: Aye.

6 GOVERNOR CRIST: Opposed, like sign.

7 COMMISSIONER BRONSON: Aye.

8 GOVERNOR CRIST: Thank you. Motion carries.

9 MR. SOLE: I'm moving on to Item Number 5.

10 This is a request consideration for the City of
11 Miami for approval of a priority list of proposed
12 land acquisitions. And we need to go back in
13 history a little bit on this one. An agreement was
14 entered into between the Board of Trustees and the
15 City of Miami in 1985 as a result of a reverter
16 clause actually being executed as a result of them
17 providing a -- basically a commercial relationship
18 with 12.9 acres for a private entity on waterfront
19 property in front of basically Biscayne Bay.

20 As a result of that reverter and agreement,
21 there was a provision that authorized them to
22 release them of that reverter but required them to
23 pay back into a trust fund 7.4 percent of the lease
24 fees that they received, into a trust fund which
25 then would be used to identify additional properties

1 that would support the public purpose of providing
2 access to waterfront property within Biscayne Bay
3 and the Miami River.

4 Believe it or not, 25 years later they have
5 come to us. They have such a list. They have
6 identified two parcels that they would like to
7 acquire using that trust fund. The trust fund has
8 basically built up to roughly a \$1.5 million current
9 balance.

10 The two properties on the list is one located
11 on the Little River, which is within the Biscayne
12 Bay Aquatic Preserve, and it does have direct access
13 to Biscayne Bay. The other is located on the Miami
14 River. The City approved the allocation of funds
15 for both of these projects in March of 2010, and
16 they've made application as well to Florida Inland
17 Navigation District for 25 percent to aid in the
18 acquisition of these parcels.

19 The Department is recommending the approval of
20 this list and then subsequent acquisition by the
21 City of Miami.

22 CFO SINK: I move it.

23 ATTORNEY GENERAL McCOLLUM: Second.

24 GOVERNOR CRIST: Moved and seconded, show it
25 approved without objection. Is that right,

1 Commissioner?

2 COMMISSIONER BRONSON: I don't mind lists.

3 GOVERNOR CRIST: Okay.

4 MR. SOLE: Thank you. Item Number 6.

5 GOVERNOR CRIST: Yes. Before we get there,
6 though, I think the General would like to discuss
7 the legal team.

8 ATTORNEY GENERAL McCOLLUM: If I could,
9 Governor, and before, Secretary Sole, you elaborate,
10 get us up to date, which I think Item 6 is, on the
11 oil spill situation, I want to first of all commend
12 the Governor yesterday for taking the leadership. I
13 joined him in announcing that we now have gotten the
14 cooperation and volunteering of both former Attorney
15 Generals Bob Butterworth and Jim Smith to head an
16 advisory council, legal advisory council that will
17 help all of us in Florida better have the resources
18 available to understand and completely vet all of
19 the technicalities and legal issues surrounding
20 potential claims from this spill and from the
21 tremendous problems that we may have out there.

22 The belief is that we -- bringing the best of
23 minds together in the state, best lawyering we have,
24 we're going to be able to give good advice to
25 citizens about how they can best make sure that they

1 have the records they need to have in order to be
2 able to make claims and to ultimately, if they have
3 to, pursue legal actions. It will also allow the
4 State of Florida to have that and our local
5 governments that valuable information.

6 I met about a week and a half ago now out in
7 Mobile with all of the attorneys generals from the
8 states that are affected, as you well know, and
9 you've been doing a great job of keeping us up to
10 speed. We listened to the BP folks explain the
11 technicals of this. We discussed among ourselves
12 the issues of the claims process that were still at
13 that time unclear to most of us.

14 And then as recently as last Friday the same
15 group of attorneys generals from this area I joined
16 on a telephone conference to talk with the BP
17 general counsel, Mr. Lynch. He laid out a very open
18 and suggestively open-ended process of claims
19 filings for fishermen, for people who have had
20 economic damages, be they the owners of hotels or
21 restaurants or other properties that might be
22 affected by the loss of revenue and impact upon our
23 state and the potential environmental claims.

24 As you know, we're proud to represent the
25 Department of Environmental Protection on this

1 issue. And it looks very promising from the
2 standpoint of their openness, but I think that we
3 need to be sure that the process is clear. And
4 right now, in my conversations of the past few days
5 since the meeting on Friday, it's not at all clear
6 the time table is going to be met.

7 The claims adjustors out there right now are
8 not all on the ground, and when they are, they're
9 indicating privately to people it's going to take
10 significantly longer than the 48 hours that was
11 represented in that telephone conversation.

12 We've asked -- I personally asked for the BP
13 counsel to memorialize the actual terms that he was
14 proposing or that they're offering to pay these
15 claims in some written form. And that has been
16 promised. They said they were going to produce
17 that. We've yet to see it.

18 And it's going to be our task and the advisory
19 council's task that was formed yesterday to hold
20 BP's feet to the fire and to provide the necessary
21 information to the people of Florida. And I wanted
22 to make sure that we clarified that that was an
23 ongoing effort before you made a presentation
24 overall.

25 We're all obviously indebted to you, and we're

1 also very concerned -- I'm sure I express the views
2 of everyone up here -- with the efforts that are
3 ongoing to stop the flow. If that doesn't stop, of
4 course, the ultimate damage could be much greater
5 than if it can be stopped sooner rather than later.

6 But, anyway, we're working to be as prepared as
7 possible, as we are for all management areas. And
8 right now the thing, besides setting booms out
9 there, I'm hearing the most about have been the
10 difficulties with this claims process. And we do
11 have a structure, Governor, as you well know and you
12 initiated it. Again, I want to thank you for that
13 partnership and thank Attorney Generals Butterworth
14 and Smith for heading up that team.

15 MR. SOLE: Thank you, General.

16 GOVERNOR CRIST: CFO?

17 CFO SINK: Could I ask the Attorney General a
18 question? Because I'm curious about the
19 communication with the other attorneys general,
20 because somebody just commented to me that there was
21 a public notice that all of you attorneys general
22 were meeting together but then that the meeting was
23 closed.

24 And, obviously, we have broad open -- open
25 government laws here in Florida. So how do you see,

1 going forward, the communication in terms of the
2 public being able to know what the conversations are
3 amongst the attorneys general? I heard some concern
4 about, well, they were meeting behind closed doors
5 with the BP folks. And it just raises a lot of
6 questions. And I'm just curious to know how you're
7 thinking through open communication with the public,
8 who is very skeptical and very interested and very
9 concerned about the situation.

10 ATTORNEY GENERAL McCOLLUM: Well, as you
11 perhaps are aware, CFO Sink, the laws regarding open
12 government are effectively different in each of the
13 states. And at the time we had the meeting in
14 Mobile, it was governed by the rules of the State of
15 Alabama. And the meeting was not open. And one
16 attorney was very upset, but it was the decision of
17 the Alabama attorney general, who called the
18 meeting, that the meeting be closed.

19 We, however, had a press conference afterwards.
20 We had a lot of opportunity to talk to the media.
21 In fact, I agree with you. Openness is very, very
22 important. That's why I'm reporting today, why
23 we've reported every day that I've been out there in
24 some fashion on this.

25 And this advisory council that we've got, we

1 want everybody to be aware it's there. It's not
2 fully functioning. We do have the two leaders
3 there. And we will be reporting on that as well.
4 But there is nothing that anybody is trying to keep
5 secret. However, as we get through legal processes,
6 there may be technically times where there will be
7 confidentiality that's involved in this. The law is
8 not as open as everything else.

9 And I'm not suggesting that anything up until
10 now isn't freely open. In fact, I'm letting
11 everybody know everything I can. But there may be
12 and probably will be at some point down the road
13 things that would not be, even under our laws,
14 public.

15 MR. SOLE: Governor, Cabinet members.

16 GOVERNOR CRIST: Secretary.

17 MR. SOLE: I want to thank you for the
18 opportunity to give the Cabinet basically an update
19 and overview of where we are and what's transpired.
20 There's a lot of information that I'm going to try
21 to convey, but I also want to make sure the Cabinet
22 members know there's also a lot of people here today
23 that have been a tremendous level of support and
24 effort. As we go through some of the issues, I'm
25 going to point out some of those folks that are here

1 today as well.

2 Just so you know that without question, it
3 really has been a group effort for Florida. I
4 really do appreciate Representative Bembry's
5 comments at the beginning this morning because there
6 are so many folks here in Florida moving this issue.
7 It's an all-hands-on-deck effort, through the
8 leadership of Dave Halstead at the EOC. It's been
9 tremendous and I'm grateful. So let me jump right
10 into it.

11 GOVERNOR CRIST: If I could first, before you
12 do, Secretary.

13 MR. SOLE: Absolutely, Governor, you bet.

14 GOVERNOR CRIST: I want to first thank you, you
15 and Dave Halstead, frankly. Dave, you're in the
16 back. Please raise your hand. These two gentlemen
17 have done, I would say, extraordinary work as it
18 relates to this entire scenario. And all of Florida
19 is enormously grateful to you both. So first and
20 foremost thank you for your service.

21 I also want to thank my fellow Cabinet members
22 because this is a unique situation. Florida has
23 never faced something like this before, and I'm
24 grateful for their support and their assistance and
25 their concern and how much they care. And all of us

1 are trying to do everything possible that we can in
2 order to comfort our fellow Floridians.

3 And whether there are people at local
4 government, state government, the federal
5 government, I want to thank the administration in
6 Washington for their vigilance on this front,
7 particularly Secretary Janet Napolitano for her
8 visits here to Florida and other Gulf Coast states.

9 You're right, Secretary, it has been an
10 all-hands-on-deck approach, literally. And I'm,
11 frankly, amazed that we haven't been touched by it
12 directly yet and really have to thank God for that,
13 because I think the weather has been a major factor
14 in the fact that we have over 200,000 gallons of oil
15 spewing into the Gulf of Mexico every single day,
16 24/7, for almost three weeks now, and it hasn't
17 gotten here yet.

18 So the winds and the currents have been in our
19 favor. And as we state virtually every day, we have
20 to prepare for the worst and hope for the best. And
21 so far we've been blessed, but we can't count on
22 that forever. But I think that the efforts of the
23 emergency management offices throughout the state,
24 particularly the coastal counties, David, has been
25 extraordinary.

1 And it's not surprising to me, because frankly
2 I think we have the best emergency management
3 offices on the planet because of the experience we
4 have had with hurricanes in particular recently. So
5 we have the best of the best in Florida. And they
6 are geared up and ready to go.

7 After signing the executive order originally
8 that stood up our Florida National Guard, we have
9 2,500 National Guardsmen at the ready for us under
10 the leadership of General Burnett. I'm very
11 grateful for that. Every resource possible has been
12 dedicated to this mission, and we will continue to
13 do so in a vigilant, thoughtful, careful, prudent
14 way.

15 And I just want to thank everybody for doing so
16 much for so many in a situation that we've never
17 faced in the history of this state. And so with
18 that, thank you and let's keep doing good work, and
19 if you could take us through it, Secretary, that
20 would be great.

21 MR. SOLE: Governor, will do. As everyone
22 knows, April 20th was the day that the explosion
23 occurred at the Deepwater Horizon. This is a mobile
24 offshore drilling unit. They call it a MODU. And
25 that explosion was the precipice of actually having

1 this spill occur.

2 As a result of the explosion, the Deepwater
3 Horizon eventually sank to the bottom of the ocean,
4 which is roughly a mile down, and subsequently
5 thereafter it was identified that there was a
6 continuing or ongoing spill from the drilling well
7 itself.

8 What's frustrating is, as we initially learned,
9 the level of that spill was thought to be much less.
10 Later on it was identified that the spill is
11 estimated to be roughly 5,000 barrels. Governor,
12 just like you pointed out, that's some 200,000
13 gallons a day. It's continuing to discharge and
14 continues to discharge at that level.

15 And here is a reminder. While we definitely
16 have the infrastructure here at the State of Florida
17 through emergency management, we're used to dealing
18 with the natural disasters, whether it be
19 hurricanes, tornadoes, wildfires, and our
20 relationship with FEMA is just tremendous, this is a
21 different event. This is a man-made event. And
22 it's actually covered under, not FEMA, but the Oil
23 Pollution Act of 1990.

24 And under this configuration, the responsible
25 party is the one who is the action entity

1 responsible to abate and clean up any damages to our
2 nation's resources, our state's resources. We're so
3 used to at the state level being the action entity
4 with our partners at the counties that it's somewhat
5 different under this circumstance. So we've had to
6 kind of learn some new paradigms, as they like to
7 say.

8 It's also worth noting that the U.S. Coast
9 Guard is the actual oversight authority over the
10 spill under the act. And I wanted to give you a
11 current overview of the command and staging
12 locations here. Robert, Louisiana, you can see a U
13 in Louisiana, and Robert, Louisiana, is the unified
14 area of command. That is the overarching command
15 center that's looking at not only activities here in
16 Florida, but Mississippi, Alabama and Louisiana, and
17 to a lesser degree in Texas.

18 If you see in Mobile, Alabama, you'll see the
19 Mobile Incident Command Center. That is where much
20 of Florida's recent activities have been coordinated
21 out of. Governor, you've been there. I think
22 actually most of the Cabinet members have gone to
23 Mobile and had briefings with Captain Poulin with
24 the U.S. Coast Guard, a fantastic leader, and is
25 definitely trying to protect our shores.

1 And I wanted to give you a little bit more
2 detail on this Coast Guard infrastructure because
3 in -- Mobile runs basically through Taylor County.
4 But as things begin to develop in our peninsular
5 area and big bend area, we are in the process of
6 spinning up our sector St. Pete command center,
7 which is going to be headed by Captain Close with
8 the U.S. Coast Guard.

9 And I'm showing you this slide just to give you
10 the sense of the infrastructure that we will be
11 following, since this is a Coast Guard led effort.
12 The Coast Guard will actually stand up these command
13 centers, depending upon the extent of the impact
14 here in the state of Florida. Governor, as you
15 pointed out on earlier --

16 CFO SINK: Excuse me.

17 GOVERNOR CRIST: CFO.

18 MR. SOLE: Yes, ma'am, CFO.

19 CFO SINK: I'm not going to interrupt very
20 much. But in looking at this map, it was pointed
21 out to me today by the representatives here from
22 Taylor County that they're operating under a split
23 command. So I just want to put a bug in your ear
24 that somehow that's got to be straightened out.
25 That's inefficient.

1 MR. SOLE: Absolutely. And we have already
2 communicated with Taylor County on that issue and
3 trying to make sure that both sector St. Pete and
4 sector Mobile have that responsibility, to ensure
5 that it's one unified solution for Taylor County.

6 CFO SINK: Well, why don't we just put Taylor
7 County under one or the other?

8 MR. SOLE: It ends up being a Coast Guard
9 issue, but we at the State will help lead that in a
10 simplified manner.

11 CFO SINK: Good.

12 GOVERNOR CRIST: That's right. All of Taylor
13 is under Florida.

14 MR. SOLE: Yes, sir. Governor, as you pointed
15 out, originally, April 30th we -- you signed an
16 executive order declaring a shoreline emergency for
17 the original, what I call the initial six counties.
18 As we looked at the scope of this problem and I
19 think through your wisdom we expanded that because
20 of the concern that the spill could have a much
21 larger effect. And that was expanded all the way
22 through Sarasota County.

23 And it was a smart effort on two levels.
24 Number one, as we began to get prepared in the
25 original six, I will tell you there were challenges.

1 There were challenges in making sure that booming
2 strategies were developed, that counties had gone
3 through the area contingency plan, understood it.
4 And giving some of these other counties, the big
5 bend and the peninsular counties, more heads up,
6 give them time to prepare and plan, was really
7 important because this is something that, as you
8 said, Governor, this state has not faced in a
9 significant level in a long time.

10 To give you a sense of what's on the ocean
11 floor, I wanted to present this picture because
12 you've seen much in the news as to what is trying to
13 be accomplished to stop the discharge there some 50
14 miles away from Venice, Louisiana. You've heard
15 that the blowout prevention device is still leaking
16 and that much of the discharge is still coming up
17 from -- as a result of the failure of the blowout
18 prevention device. They still do have remotely
19 operated vehicles trying to fix that. Unfortunately
20 they've been relatively unsuccessful.

21 Also, in light of the need to stop this
22 discharge, they have already deployed the other
23 drill rig to the site to begin drilling. And
24 actually that's underway as we speak, including
25 having a second drill rig come out to deploy and

1 start drilling to actually complete the pressure
2 relief well.

3 This is the blowout prevention device, just to
4 give a schematic of it. This is the fail-safe piece
5 of equipment that unfortunately failed. And the
6 biggest thing that we could see as a quick success
7 is having this actually get operated so it would
8 immediately stop the discharge. Again, it's been
9 going for three weeks, and unfortunately there's
10 been very little success.

11 You heard over the weekend and there was some
12 optimism that the doming procedure or the placement
13 of the cofferdam would be installed by -- and it was
14 estimated to be by today. Unfortunately, they did
15 run into technical difficulties as a result of
16 basically the depth. It's cold and very -- a lot of
17 atmospheric pressure when you're a mile below the
18 surface of the sea. And as a result they had ice
19 formation or formation of hydrate ice, which blocked
20 the port to allow product to go up to the surface.

21 The technical folks at BP, Coast Guard and
22 others are currently working on a solution to this.
23 I'm hopeful and we continue to see potential that
24 they may try this again later this week. And what's
25 important is if this was successful, it would

1 basically cut down the amount of discharge by 85
2 percent, which is a significant reduction in the
3 amount of product that's currently being discharged
4 to the Gulf of Mexico.

5 This is just another schematic of the efforts
6 that they are currently underway to drill the
7 pressure relief wells. Again, the key thing is this
8 is a timely issue. This is something that takes two
9 to three months for them to be able to complete. So
10 as we look at this effort -- I know and I've made
11 reference to this at the EOC, this is not a sprint,
12 it's a marathon. Actually, it was better said by
13 some folks in Mobile. This is a siege. What we are
14 doing is continually trying to find ways to prevent
15 and stop this discharge from occurring.

16 They will continue to try efforts, whether the
17 doming procedure is successful or not. If not,
18 they're going to move to another option to try to
19 shut this down. And they will continue to push that
20 effort until they finish.

21 The difficulty here is we don't know when they
22 will be finished, whether that will be two months
23 from now as a result of a successful pressure relief
24 well or that will be one day from now because they
25 finally get the blowout prevention devices to

1 succeed. Regardless, it is an ongoing effort to
2 stop the discharge.

3 Now, let's talk about the effects as a result
4 of the discharge. This is the current forecast
5 today and expected to be throughout today. And
6 fortunately you can see there's been significant
7 migration to the west compared to previous
8 discharges. Again, the expected location of this
9 today, this is tomorrow, you can see that there's a
10 westerly flow to the plume. And I'm going to go
11 back to today and then tomorrow.

12 And then, finally, the most important thing to
13 recognize is this slide, because while we're pretty
14 excited to see -- and although we feel for our
15 neighbors in Louisiana and Mississippi, we're very
16 happy to see this moving away from Florida. I want
17 to remind the Cabinet that as of April 28th, which
18 was last -- a week and a half ago, we expected
19 landfall by today a week ago in Florida. That was
20 the projection, that we would have landfall here in
21 Florida by Monday last week.

22 Now, as, Governor, you pointed out, Mother
23 Nature has been very kind to us. They have moved,
24 through currents and wind, that product away from
25 Florida's shore to a significant extent. And as it

1 stands, even as an estimate through Friday of this
2 week, there is not an expectation that Florida will
3 have an impact. So, so far, we are continuing to be
4 unscathed by this from a physical standpoint.

5 This gives you a better reference to the
6 overall state of Florida, as to the extent of this
7 plume and how far it is from Florida's shore. You
8 can see that it's roughly 100 to 129 miles away from
9 Pensacola, roughly 178 miles far away from St. Joe
10 and, finally, 340 miles away from Pinellas County,
11 St. Pete.

12 Another item that has been discussed and we
13 continue to track is the relationship to the spill
14 and the plume to the loop current. Now, the loop
15 current is our standard -- basically, I've always
16 referred to it as the Gulf Stream. But as it comes
17 into the Gulf of Mexico, it makes a heavy U-turn.
18 And fortunately, as it stands today, the plume is
19 very distant from the loop current. It's some 99
20 miles, roughly 100 miles away from the loop current.
21 And that's good news.

22 The bad news is the loop current moves. The
23 loop current is not stationary in its location. It
24 migrates into the Gulf and it migrates around a
25 little bit. It's in its, what I would call its

1 normal configuration for this time of year. So it's
2 not surprising. The other thing that moves is so
3 does the spill. We've seen quite a bit of movement
4 of the spill over the last three weeks.

5 So we need to continually keep track on the
6 correlation of the spill and the loop current,
7 because if the product gets entrained in the loop
8 current, it can bring product to the straits of
9 Florida within a week, because this is a fast moving
10 body of water. Again, the good news is so far
11 there's good separation between the two, and we'll
12 continue to track that.

13 CFO SINK: Secretary Sole.

14 MR. SOLE: Yes, ma'am.

15 CFO SINK: Has NOAA done any work in terms of
16 looking at the movement of the loop current in
17 previous years, for this time of the year, where
18 does it typically -- where is it typically in June
19 or July? Is there science around that?

20 MR. SOLE: We have looked at that in trying to
21 identify, like I said, is this normally the location
22 this time of year and trying to look at previous
23 years as it relates to the current location of the
24 loop current. So, yes, ma'am, we continue to look
25 at not only where it is today but historically where

1 it's been. Also it's worth noting --

2 CFO SINK: What's the answer?

3 MR. SOLE: What's that?

4 CFO SINK: What's the answer?

5 MR. SOLE: It's currently in its normal
6 location right now.

7 CFO SINK: But I mean, going forward over the
8 course of the next 30 days, for example, does it
9 tend to move north, south, east, west?

10 MR. SOLE: In the next 30 days not
11 significantly. But let me get back to you because I
12 think the longer term projection is the one that I
13 need to make sure I give you up-to-date information.

14 CFO SINK: All right. Thank you.

15 MR. SOLE: But I will tell you that NOAA is
16 also releasing several buoys to actually mark at the
17 edge of the plume and trying to make sure not only
18 in relationship to the pictures here that we're
19 showing but actually, through buoy trackers, whether
20 or not we're getting entrainment in the loop
21 current. So far, the results have been favorable
22 that we're not.

23 CFO SINK: Can I ask one more question?

24 MR. SOLE: Absolutely.

25 CFO SINK: Well, I'm going to ask one more

1 question about the loop current. If you look at
2 this map then, if it were, God forbid, to get kind
3 of sucked up into that loop current, does that put
4 the northwest and west coast of Florida down through
5 Sarasota, Manatee more in the clear or at less risk?

6 MR. SOLE: I understand the question. The loop
7 current is probably a friend to the southwest
8 peninsular part of the state, because if it gets
9 entrained in the loop current, it's going to
10 primarily direct it to the straits of Florida more
11 so than the southwest beaches. If it bounces away
12 from the loop current, that's where the potential
13 for a southwest impact would be, if it continued to
14 stay north and just was driven by winds and currents
15 to the east.

16 CFO SINK: Thank you.

17 MR. SOLE: You're welcome. In addition, I just
18 want to give you a brief overview of some of the
19 removal strategies that are occurring on surface,
20 primarily at what I call the incident site, the
21 location of the incident.

22 Primarily, there's three efforts underway; use
23 of dispersants, both aerial and there's recently
24 been efforts to do what we call the deepwater
25 dispersement efforts. That is still, I will call it

1 under a testing mode. There's still a lot of
2 questions about the impacts of deepwater use of
3 dispersants. EPA and the Coast Guard are having a
4 very close look at that effort to make sure they
5 understand the benefits and ramifications of using
6 dispersants in the deepwater condition because of
7 the toxic nature of both substances.

8 Finally, there's continuing to be skimming done
9 on the surface to remove the product. And you've
10 heard a lot about the fire booming efforts and how
11 that is a successful removal. The challenges that I
12 want to raise to the Cabinet is all three of these
13 are excellent solutions. Unfortunately, they are
14 very weather-dependent. And if Mother Nature is not
15 cooperating, basically these efforts stop. When
16 seas get calm and the winds are acceptable, these
17 efforts are employed. And they really do only touch
18 a small percentage of the actual plume.

19 So I'm thrilled to death that they continue to
20 do these efforts, but I want to just be pragmatic
21 about it and know it's good source removal. It is
22 not the solution. Until they stop the discharge, we
23 will continue to see product. Commissioner?

24 COMMISSIONER BRONSON: Governor?

25 GOVERNOR CRIST: Yes, Commissioner.

1 COMMISSIONER BRONSON: Secretary, what -- you
2 know, for years, I've read and seen where they've
3 been working with oil-eating microbes around the
4 world. Is there any chance whatsoever they can use
5 these microbes in this situation to help displace
6 this oil and maybe help our situation a little bit?
7 Are they considering that at all?

8 MR. SOLE: Commissioner, the answer is a
9 question I actually asked the Coast Guard originally
10 when I went to Mobile, Alabama, as to why they
11 weren't using the microbes. And I got a couple of
12 responses back. And --

13 GOVERNOR CRIST: Can you explain first what
14 that is --

15 MR. SOLE: Yes, sir.

16 GOVERNOR CRIST: -- for our edification?

17 MR. SOLE: Absolutely.

18 GOVERNOR CRIST: Please.

19 MR. SOLE: There are basically, in the natural
20 environment, microbes that do consume and digest oil
21 as a product.

22 GOVERNOR CRIST: What is a microbe, Secretary?

23 MR. SOLE: Bacteria.

24 GOVERNOR CRIST: Thank you.

25 MR. SOLE: Yes, sir. These bacteria are

1 actually effective at digesting oil products. And
2 we use that in part of our -- even our upland tanks
3 program. As we do biological remediation, we
4 actually also use microbial efforts or bacteria to
5 go ahead and chew up the oil.

6 Primarily, the things that were identified is
7 these bacteria are already naturally in the system.
8 They're already in the Gulf of Mexico. And I think
9 some of the efficacy issues or the effectiveness
10 issues is, are you really adding much to the
11 solution, because they're already there. These
12 bacteria already have the capacity, without adding
13 bacteria, to chew up these -- the oil.

14 And some of the limiting factors through
15 microbial digestion, or bacteria, is primarily
16 availability of nutrients, not the availability of
17 bugs. You kind of need to have both nutrients in
18 the system as well as the bugs. And the limiting
19 factor seems to be nutrients and other issues versus
20 just throwing microbes into the system.

21 That was the explanation that I received from
22 the Coast Guard. And although it is effective, the
23 question is, does adding bugs provide that much more
24 improvement to the existing situation. So I think
25 they've continued to turn to skimming, dispersants

1 and fire burning as the more effective solution.

2 GOVERNOR CRIST: When I --

3 CFO SINK: Could I follow up?

4 GOVERNOR CRIST: Yeah, sure. You first.

5 CFO SINK: I'd like some guidance on this
6 because my office has been contacted and I presume
7 the other offices have, too, by a number of people
8 or investors or companies who are engaged in this
9 kind of research around these microbes. And, of
10 course, they're frustrated because they don't
11 know -- either they don't know how to get entree or
12 who to talk to or how to make their case. They
13 certainly believe that they have -- they could
14 potentially have one of the answers. There is no
15 one answer.

16 MR. SOLE: Agreed.

17 CFO SINK: And I'd like to know, who makes the
18 final decision on issues like this and how do we
19 advise or guide these inquiries that we're getting?
20 Because we do want to be responsive to them, because
21 who knows, it might be the one that has the answer,
22 so that we don't get wrapped up in the spaghetti
23 factory or the black hole, as I call it.

24 MR. SOLE: Yes, ma'am. Two answers to that.
25 Number one, who do we contact. As it relates to the

1 in situ, the areas that they're primarily fighting
2 some of the surface, most of those decisions are
3 being made out of Houma, Louisiana, and Robert,
4 Louisiana. That's where they're targeting their
5 efforts to focus on surface-related removals of
6 discharge versus the protective areas that we're
7 doing here in Florida.

8 CFO SINK: And is that a Coast Guard decision
9 or a BP decision?

10 MR. SOLE: It's a combination. It's a BP
11 decision and Coast Guard. What BP has set up -- and
12 it's on our website -- is a 1-800 number for folks
13 to go ahead and submit basically these additional
14 options that can be reviewed by BP and to consider.

15 We have actually done the same thing at the
16 state EOC because I'm a big believer, while we get a
17 lot of ideas, out of 100 bad ideas, there may be one
18 that solves the problem. So we're in the same
19 process at the state EOC and DEP, actually
20 collecting these options and ideas and innovative
21 technologies and reviewing them. And if they have
22 promise, we're also trying to forward them to some
23 of the decision-makers in Robert and Houma,
24 Louisiana, from our stance, because if we believe it
25 is an effective technology, we also want to use the

1 State's power to go ahead and say, no, really, you
2 guys need to look at this.

3 CFO SINK: So would it be better for these
4 inquiries that come in to go straight to you at the
5 state EOC?

6 MR. SOLE: I think they should go to both. I
7 will tell you my concerns --

8 CFO SINK: Because I know you'll answer my
9 phone call.

10 MR. SOLE: You betcha.

11 CFO SINK: I don't know about those people in
12 Houma.

13 MR. SOLE: Well, and I'm always fearful of a
14 1-800 number. And you made the inference of a
15 spaghetti factory and it's just going to go in and
16 are they going to get due consideration. I've
17 talked to my folks and have told them, no, I want us
18 to look hard at all these suggestions because, while
19 a lot of them are a little out there -- and I can
20 assure you there's a lot of them that are a little
21 out there -- it only takes one that actually is
22 effective at solving the problem, and I don't want
23 to dismiss anything.

24 So we are trying to take a concerted look at
25 that and try to proffer suggestions. I've got one

1 recently come to us about the use of hay. You may
2 have heard that proposal, where we use hay to absorb
3 the oil and then use either fishing nets or some
4 other technology to scoop that up.

5 Well, we had a great conversation and I
6 explained to him that, you know, in Florida waters,
7 by the time it gets to us, this product is hugely
8 weathered, and it will lose its properties that
9 you're thinking would work with hay. And they say,
10 well, why can't we use it out there where they're
11 doing the skimming? And I said, well, that's a good
12 point. So we need to help push that as a
13 consideration.

14 So I got a little off topic, but I'm trying to
15 answer your question. The second one, again, is
16 they should still, CFO, go ahead and submit to BP.
17 There's both. They're both easy to do. Again, I
18 suggest they submit it to us, and that can be found
19 on our website, and they also should submit it to
20 BP, which is also on our website.

21 Let me talk a little bit about what Florida
22 should expect, and I think this is important because
23 we all talk about oil spill and we worry and we
24 think Exxon Valdez. We think large sheets of oil
25 coming to Florida. And, candidly, based upon the

1 discharges and the way this has performed over the
2 last three weeks, my expectation of what Florida
3 will see is we'll see sheen, by the time winds -- if
4 winds blow it to us, you would see sheen and
5 probably tar balls and some weathered oil in the
6 form of, whether it's a tar mat or even stringers
7 that will actually come across the beach.

8 The consistency of weathered oil is
9 significantly different than what comes out of the
10 ground. It becomes to lose quite a bit of its
11 liquid properties. It basically is weathering. All
12 the volatiles are burning off. It's becoming harder
13 and more of a solid and less of a liquid, and it
14 will have the consistency of chocolate mousse to a
15 consistency of tar or basically Vaseline. And
16 that's a good thing. It's actually easier to
17 actually remove some of this product from our
18 coastal areas, compared to a relatively recent
19 spill, which is going to coat everything and really
20 get soaked into the soil.

21 The other thing that's worth noting, as we see
22 this product coming on shore, it is going to be
23 essential that we also recognize that as it
24 weathers, it also gets more dense. And as density
25 occurs, we're going to begin to see some of this

1 product actually sink and no longer become buoyant.
2 And this is the difficulty that we've had with a lot
3 of these spills that have occurred, is you begin to
4 lose track of where the spill went.

5 We are talking with some folks about ways to
6 continue to keep a watchful eye on our coast to see
7 if we can make sure we look for this submersed oil,
8 because that is something that I expect we'll have
9 to deal with if it comes our way. So we'll continue
10 to work on that.

11 One of the other issues that's really important
12 to Florida is what's our protection strategy. And
13 under the Coast Guard command authority, there is an
14 area contingency plan. That area contingency plan
15 basically identifies those sensitive areas within
16 the coastal regions of the state of Florida,
17 Alabama, Mississippi.

18 As part of that strategy, they've looked to
19 boom much of those sensitive resources. And what
20 you'll see here is basically a booming strategy.
21 Many folks have wondered why we don't boom the
22 entire coast of Florida. Well, I will tell you that
23 that won't work. The bottom line, booms become
24 largely ineffective when you have a lot of chop,
25 which our Gulf of Mexico will do on occasion, or

1 even under currents that are more than a knot.
2 Actually, oil will go under the boom. It doesn't go
3 over in that case. It actually slips underneath the
4 boom when you have high currents.

5 So we need to be smart and strategic at where
6 we place booms, not only to protect our sensitive
7 resources but also to divert oil to areas where we
8 can collect it. This was a bumpy issue at first
9 with BP. We had problems in getting these
10 strategies developed. Fortunately, there's been a
11 lot of improvement of late, to include working with
12 counties on what booming strategies need to be
13 employed and having the county input on these
14 booming strategies. And that's critical because
15 these are the folks that know their waters the best.

16 The counties are the folks that know where
17 there's good currents that are going to be effective
18 for booming and where you can actually divert oil,
19 as well as areas that are sensitive that may have
20 not been contemplated in the original area
21 contingency plan.

22 So we've done a much better job in reaching out
23 to counties up front and trying to have them as part
24 of the development of the booming strategy versus at
25 the tail end.

1 CFO SINK: Do you feel that the decision-making
2 between the proposals coming in from the local
3 counties is more streamlined now and is as
4 streamlined as it could be? I'm particularly
5 concerned, some of us had representatives at the
6 meeting in Panacea yesterday, and we continue to
7 hear -- I know we have some representatives from the
8 smaller counties here who just don't have the
9 infrastructure and the expertise and knowledge to be
10 able to -- to really know what they could or should
11 be doing. Would you please address that?

12 MR. SOLE: Thank you, CFO. One of the things,
13 there's actually several things that we have done to
14 actually improve that process. One of the things
15 that we've done is we've actually hired a contractor
16 to basically give technical assistance to counties
17 that wish it. So I know that Wakulla County has
18 recently asked for that technical assistance. We'll
19 send somebody down there to actually be their
20 subject matter expert.

21 My challenge is, you know, Florida is not
22 frequently impacted by oil spills, so our level of
23 subject matter expertise is limited, so we needed to
24 go out and get some better expertise. So we've done
25 that to help some of the smaller counties or any

1 county that's asking for technical expertise.

2 That's number one.

3 Number two, one of the things that we've
4 proposed is to have, before they develop -- BP
5 develops their final boom plan, that they meet with
6 the counties. And that's occurring in largely the
7 St. Pete sector, which is recently spinning up,
8 because they're beginning their planning effort.

9 That's actually happening tomorrow and
10 Thursday, where they've set up meetings to have the
11 counties work with the folks in St. Pete sector
12 command to develop those and actually have a
13 discourse on what booming strategies need to be
14 employed. This is good upfront effort.

15 Now, on the back end, for those additional
16 booming proposals that counties want to do in
17 addition to what BP is working on, we now have
18 approval level at the state EOC to streamline that
19 effort, so it doesn't have to go all the way to
20 Mobile, Alabama, for a decision. That has
21 significantly streamlined the effort.

22 And we go into meetings. Franklin County
23 yesterday met on their booming strategy. I've been
24 personally involved in working with Santa Rosa on
25 their booming strategy, to get it through and get it

1 out the door so that they feel that they are
2 protected. So it's been significantly streamlined.

3 One of the issues -- we talk about booming
4 strategy. BP, Governor, provided a block grant that
5 we accepted to take those proactive measures. In
6 addition to what BP is doing -- and this is
7 important. I've got to remind everybody. BP is the
8 responsible party. They're responsible for a
9 hundred percent of this. To make sure that our
10 shores are protected and that it's cleaned up.

11 However, we're again so used to taking action
12 in Florida that we want to make sure that we're
13 being proactive in preventing any additional danger
14 or imminent harm to our state. So this money is
15 being used to work with local governments, provide
16 that additional effort of protection, whether it's
17 additional booming strategies or other efforts to
18 try to avoid any impacts to the state of Florida.

19 I will tell you that my expectation is that
20 this money will go quickly. We're in the process
21 working with the counties to get an understanding,
22 and we expected to get that today, of how much they
23 are costing or how much it is costing them to
24 respond to this oil spill. And I expect that we're
25 going to have to go back to BP and explain, here's

1 where we are, here's what we spent, here's what we
2 need. I expect that we'll need to do that soon.

3 ATTORNEY GENERAL McCOLLUM: Mike, I've got a
4 question for you, because as this -- if this comes
5 aboard, comes ashore, BP is responsible for the
6 cleanup in the technical sense, too. Are there
7 plans now for them or contractors or people working
8 for us to go out and pick up these more solid and
9 substantive things you're seeing in the pictures, or
10 are people privately going to be expected to pick
11 this up?

12 MR. SOLE: General, an excellent question. The
13 bottom line, it is BP's responsibility. And, yes,
14 there are plans. And there's actually
15 infrastructure already set up. It depends on what
16 hits Florida's shore as to what action is needed. I
17 refer to it as, oftentimes, if it's just small tar
18 balls hitting the shoreline that occurred, for
19 example, in Dauphin Island, Louisiana, or excuse me,
20 Dauphin Island, Alabama, what may be needed is just
21 a tar ball brigade, and that is human being
22 resources, just picking up tar balls and putting
23 them in a bag and taking them out.

24 If you get a heavier impact, then you will need
25 heavy equipment, and they already have access to

1 heavy equipment to go ahead and remove it from our
2 shorelines. And that is their responsibility,
3 General.

4 ATTORNEY GENERAL McCOLLUM: Right. One of the
5 things I'd like to point out is that there may be
6 scam artists -- we heard early reports on this --
7 suggesting they contract with private owners of
8 beachfront property to clean up after this. And
9 oftentimes those scams involve "pay us money up
10 front."

11 And as you know from our hurricane experiences
12 and others, that that's a no-no. You don't take --
13 don't give people money up front.

14 MR. SOLE: That's right.

15 ATTORNEY GENERAL McCOLLUM: And if somebody
16 proposes things like that, there should be a call to
17 our hotline, 1-866-9-NO-SCAM, to report that,
18 because the cleanup is not going to be something the
19 private beach owner or beachfront property owner is
20 going to have to do, presumably.

21 MR. SOLE: That is correct. And that is an
22 important issue to raise and continue to repeat, is
23 that is something to, one, leave to the
24 professionals. We are dealing with a material that
25 requires appropriate training. A lot of times I

1 know, again, it's in our heart to try to help and we
2 want to take action to clean it up. Unfortunately,
3 in trying to remove this product, you may do more
4 harm than good. The best thing I can ask the
5 private property owners to do is if they have
6 impacts, to report it, so that we can make sure we
7 get BP out there right away to get it cleaned up.

8 And that will be something that we, the State
9 of Florida, the Coast Guard and I expect the county
10 government will be involved in, in determining
11 whether they've cleaned it up adequately to the
12 satisfaction of all of us.

13 GOVERNOR CRIST: And where do they report it,
14 Mike, and how?

15 MR. SOLE: You can report it to the State
16 Warning Point, or you can go to our website, and the
17 numbers are there to report oiling shorelines,
18 report wildlife, report how you can volunteer to
19 help, right there at the DEP website, which is at
20 the end of the presentation.

21 GOVERNOR CRIST: Can you say the site?

22 MR. SOLE: I'd be glad to. If you go to
23 dep.state.fl.us/deephorizon, all of this information
24 is there.

25 GOVERNOR CRIST: Can't we simplify that?

1 MR. SOLE: Well, that's why I like saying go to
2 the DEP website and click on the Deep Horizon
3 button. That's the simplified way.

4 GOVERNOR CRIST: What's the DEP website?

5 MR. SOLE: The Department of Environmental
6 Protection.

7 GOVERNOR CRIST: Dot com?

8 MR. SOLE: Sadly, it's all that other stuff,
9 Governor.

10 GOVERNOR CRIST: It's all that other stuff.
11 Why don't we simplify that?

12 MR. SOLE: I'd be glad to.

13 GOVERNOR CRIST: That seems ridiculous.

14 CFO SINK: Set up a deepwaterhorizon/florida --

15 MR. SOLE: Right.

16 CFO SINK: -- website and click through to
17 there, something like that.

18 MR. SOLE: We'll simplify it, absolutely.

19 GOVERNOR CRIST: That would be great.

20 MR. SOLE: We'll work on that.

21 GOVERNOR CRIST: Commissioner. Thank you.

22 COMMISSIONER BRONSON: Thank you, Governor.
23 One of the things that I did want to do, Secretary
24 Sole, and get with the executive director of Fish
25 and Wildlife Conservation Commission, Nick Wiley and

1 I talked about this a little bit ago, maybe do a
2 joint communique between the three us about the
3 safety of Florida's seafood.

4 I'm very concerned, as we've seen in the tomato
5 industry and freezes and so forth, we've got product
6 coming out our ears and people think that there's
7 some big problem out there. There's been no
8 contamination whatsoever of our seafood. Our
9 seafood industry is worried to death, number one,
10 about where this oil is going to go. Certainly,
11 they need to be.

12 But there's no need to unduly cause them
13 economic disaster here days and weeks before
14 anything even happens, so that they can do their
15 business and we can assure the public that our food
16 supply, our aquaculture and natural wild-caught
17 seafood is still very fresh and very safe to eat.

18 And maybe a joint communique between the three
19 of us needs to go out. And, Governor, I'm concerned
20 about this because the price of seafood is already
21 going up, and I think it's an overreaction in some
22 cases. We have people who are canceling trips to
23 Florida as if there's oil on the beach, and there is
24 no oil on the beach.

25 I've heard from sport fishing captains talking

1 about people calling up and canceling their fishing
2 trips, and there's not even any oil in the waters
3 here in Florida as of yet. And so I just want to
4 make sure we don't overreact to this situation, we
5 handle it as we have to but not overreact to it.
6 Because these fishermen and shellfishermen are
7 scared to death as it is, and we don't need to make
8 the problem worse.

9 GOVERNOR CRIST: You couldn't be more right.
10 This weekend I went to both Apalachicola and Destin.
11 And the waters are beautiful, and hopefully they'll
12 stay that way. And I think that with Visit Florida,
13 we may have an opportunity to market beyond Florida,
14 to those people who may have reservations to come
15 here, and encourage them that the water is fine and
16 the beaches are clean so far, and we want to make
17 sure that we protect our tourist industry. But we
18 can talk about that later, too.

19 CFO SINK: Well, Governor, I --

20 GOVERNOR CRIST: Commissioner, I think --

21 CFO SINK: Sorry.

22 COMMISSIONER BRONSON: I'm sorry. I just
23 wanted to follow up, CFO, that our Division of
24 Aquaculture, working with both Secretary Sole's
25 office at DEP and the Executive Director Nick Wiley

1 of the Fish and Wildlife Conservation Commission,
2 the three groups are constantly taking samples of
3 water, whether it's in the shellfish beds and all of
4 this other. People want to know, is it true that
5 the seafood is safe. We are constantly, every day
6 taking samples to make sure there's no
7 contamination.

8 And so none of the three of us is going to take
9 a chance to put anything on the market that would
10 not be safe for the people of not only Florida but
11 people that are buying our product across the
12 country. And so I think the fact that we would come
13 out with a joint communique might straighten some of
14 those issues out. If we could meet right after this
15 meeting to get that put together, I would appreciate
16 it very much.

17 CFO SINK: Governor --

18 GOVERNOR CRIST: CFO.

19 CFO SINK: -- I just wanted to add -- thank
20 you. I just wanted to add that when I met with the
21 BP representative in St. Petersburg on Saturday,
22 that I made a formal request that BP consider
23 funding a global media campaign for the purpose of
24 promoting our tourism industry.

25 And yesterday I was on Spanish language radio

1 in Miami. And one of the questions was -- which
2 surprised me. One of the questions that the
3 interviewer asked me was whether or not the seafood
4 was safe.

5 MR. SOLE: Yes.

6 CFO SINK: And that was the first time I had
7 gotten that. Of course, yes, I said yes. But it's
8 occurring to me that perhaps we should add onto the
9 request for an active, aggressive media campaign
10 around tourism and visitors, that we ought to ask
11 them to fund a campaign to reemphasize how careful
12 the federal government is and the state government
13 is about the safety of the seafood.

14 GOVERNOR CRIST: We are in the throes of that
15 as we speak, CFO, just so that you're aware of that.
16 I couldn't agree with you more. I think that as the
17 responsible party, they would have an obligation, in
18 my humble opinion, to do just that. And so we're
19 working on that, along with Visit Florida. I know
20 that they are in town today and tomorrow, intend to
21 go to their board meeting in the morning, and talk
22 about additional ways to get the word out about
23 coming to Florida and continuing to visit Florida.

24 MR. SOLE: Just to point out something that the
25 Commissioner was talking about, without question, we

1 continue to work with the Fish and Wildlife
2 Conservation Commission as well as your shellfish
3 group to ensure that we make sure the word gets out
4 that our resources are good, that we continue to
5 monitor water quality. And, in fact, the resources
6 that we have at the state EOC are fantastic in even
7 developing verification processes.

8 I want to thank Nick Wiley and his team. This
9 weekend I asked them to go out and take a boat and
10 get some samples of this product that was expected
11 to be within roughly 50, 60 miles of our coast.
12 They went out there and verified that, son of a gun,
13 it's not there. It actually had moved to the west.

14 I then asked them, "Hey, can you fly that? Can
15 you get a better triangulation on -- here's the maps
16 that we get from NOAA. Can we do some real
17 verification?" They went out there just yesterday,
18 finished their flights and verified that, you bet,
19 this stuff is as predicted in the maps, which is the
20 good news, and the projections that NOAA provided,
21 as well as over a hundred miles offshore from
22 Pensacola. And that's a good thing. So it's been
23 great cooperation.

24 Fish and Wildlife Commission is also
25 cooperating with U.S. Fish and Wildlife Service and

1 Tristate, who is the -- BP's incident responder to
2 deal with impacted wildlife. They continue to
3 coordinate to make sure any impacted wildlife gets
4 taken and recovered effectively. I think, Nick,
5 recently they're going to be doing some releases, I
6 expect, or did they do that yesterday, or is that
7 coming up? So they're actually releasing wildlife
8 impacted in other parts of the Gulf of Mexico and
9 releasing here in the state of Florida. So it's
10 great coordination, and I'm grateful for it.

11 Outreach, one of the biggest things that we want to
12 do --

13 GOVERNOR CRIST: In fact, I saw them released
14 in Vero Beach --

15 MR. SOLE: Yes, sir, Merritt Island.

16 GOVERNOR CRIST: -- on the news, that had been
17 impacted in Louisiana. So that's happening, you're
18 right.

19 MR. SOLE: Outreach is one of the most
20 important things we can do, whether it's outreach to
21 the public to make sure they're aware of what's
22 going on with Florida's response, as well as what
23 the Coast Guard and BP's response is, and finally
24 working with our communities, our local governments.
25 We've talk about the website, Governor.

1 GOVERNOR CRIST: Probably the easiest website
2 to go to is just Myflorida.com --

3 MR. SOLE: And we can post that there.

4 GOVERNOR CRIST: -- and then they can click to
5 DEP and not have to remember all that F-L-S-T,
6 whatever that junk is.

7 MR. SOLE: Yes, sir, absolutely.

8 GOVERNOR CRIST: Myflorida.com.

9 MR. SOLE: We've also set up a way somebody can
10 just subscribe to an e-mail blast. And that's
11 something that I think, we've already got some 1,300
12 people signed up, so basically every time that we
13 have an update, it will automatically be e-mailed to
14 you. And this is something I think is helpful in
15 making sure people are aware of the latest
16 information.

17 We've integrated our operations with Dave
18 Halstead, and I will tell you that it's tremendous
19 infrastructure that he is and I'm grateful for all
20 his team's efforts. We continue to coordinate with
21 the federal government. Governor, you've been to
22 Mobile. I know, CFO, General, you've been to
23 Mobile. We continually have resources in Mobile,
24 Alabama, as well as Robert, Louisiana, to make sure
25 that we are well plugged into the federal response

1 and BP's response.

2 We continue to have a daily teleconference with
3 the counties and their EOCs. We have routine calls
4 with our legislators to make sure they're up to
5 date. And without question, we continue to visit
6 the area.

7 Economic concerns, this is something that I
8 think all of us are concerned about, not only as it
9 relates to the infrastructure of state and local
10 government but also private industry, what is the
11 impact on tourism. While we haven't had a single
12 impact, physical impact from this spill yet, we are
13 today having economic impact as a result of lost
14 businesses. Whether it's a fishing boat charter
15 operator getting lost revenues or whether it's our
16 hotel/motel industry getting cancellations, these
17 are real impacts.

18 BP's claim process is underway. Fortunately
19 they now have seven adjustors here in the state of
20 Florida. That's an improvement. And the good news
21 is they're advising me that they're committed to
22 setting up actual physical offices here in the state
23 of Florida this weekend. Over 500 claims have been
24 requested out of Florida, this is out of Florida,
25 and they've to date paid a little over \$77,000.

1 ATTORNEY GENERAL McCOLLUM: Mike --

2 GOVERNOR CRIST: General.

3 ATTORNEY GENERAL McCOLLUM: -- if I might,
4 while we've been discussing this, my staff reports
5 that the website, Governor, that you and I discussed
6 yesterday regarding the pro bono advisory council on
7 legal affairs, which is also a site for helping
8 people at least get information on claims as the
9 legal counsel develops these and the outside experts
10 to come forward.

11 It's been set up, and it's
12 Myfloridalegal.com/deepwaterhorizon. And notice
13 that's a dot com, Myfloridalegal.com, Governor. But
14 you can go there and find the latest information,
15 the hotlines and so forth. I think a lot of this is
16 up there, but more of it will come in the next few
17 weeks as Generals Butterworth and Smith get
18 information that they share with us. Thank you.

19 MR. SOLE: Thank you. We did talk about
20 briefly that NOAA did have some fishery closures.
21 Again, I want you to just be aware that that really
22 is in the heart of the plume. It does not go into
23 Florida waters to any extent at all and is largely
24 far offshore Florida's waters.

25 We talked about water quality sampling and the

1 fact that we have already employed and deployed our
2 resources to get ahead of the plume, to establish
3 baseline water quality and sediment sampling so that
4 we can identify under a natural resource damage
5 assessment and work with stakeholders to identify
6 any long-term impacts that may occur as a result of
7 a landfall if it occurs.

8 And, finally, we set up in cooperation,
9 actually collaboration with Chancellor Brogan, an
10 oil spill academic task force. This is a group of
11 scientists that are there to help us answer some
12 fairly technical questions and difficult questions.
13 Some of the questions that we've been asking BP and
14 NOAA to try to get to but unfortunately haven't been
15 getting a lot of information, so let's tap into some
16 of our great home-grown expertise that we have in
17 Florida. It's already been tremendous and I'm
18 grateful for Chancellor Brogan and the universities
19 for assistance.

20 Volunteers, this is going to be one of the
21 biggest things that we need to encourage here in the
22 state of Florida. One of the things that I've asked
23 and encouraged folks from a volunteer standpoint, we
24 don't want volunteers trying to do the cleanups.
25 This is something that the professionals need to do.

1 However, what we need is spotters. We need people
2 ready and prepared to identify. If they're on a
3 boat and they see oil, to call it in quickly. If
4 they see it on the shoreline, to call it in quickly.

5 So we're trying to develop, through the great
6 assistance of Wendy and her team, basically a coast
7 watchers program. I'm grateful. This is great
8 outreach, and it's going to help us tremendously to
9 be able to respond quickly to any impacts.

10 And with that, I'll be glad to answer any
11 questions. I do want to point out, we have quite a
12 list of folks here available to answer questions. I
13 also would like to turn it over to David Rainey.
14 He's the vice-president, Gulf Mexico exploration at
15 BP. We have Dave Halstead here. We also have
16 Captain Kevin Gillespie out of the Coast Guard, he
17 is our liaison there at the EOC, and a whole host of
18 folks here if there's any questions that I can't
19 answer. With that, I thank you.

20 COMMISSIONER BRONSON: Governor, if I could,
21 I'd like to remind this group, we do have an ace,
22 kind of like we did when FEMA took our director here
23 in Florida. Dr. Larry Robinson with FAMU has now
24 been appointed the Assistant Secretary of Commerce
25 that's going to be working with NOAA. And I

1 think -- I've worked with Dr. Robinson on a number
2 of issues that we worked with FAMU on, and he's a
3 very capable person. And he is one person that we
4 may be able to go directly to who knows Florida as
5 well as anybody from that standpoint.

6 And I'm even more happy now he got the
7 appointment than I was before all this happened
8 because he does have good knowledge of our issues
9 here in Florida.

10 GOVERNOR CRIST: That's a great point,
11 Commissioner. Any questions?

12 CFO SINK: Yeah, Governor.

13 GOVERNOR CRIST: CFO.

14 CFO SINK: Would you --

15 GOVERNOR CRIST: Great presentation, by the
16 way, Secretary. Thank you very much.

17 CFO SINK: It was very thorough. And I just
18 want to offer my thanks to -- I know, I see Dave
19 Halstead in the back with the EOC, but everybody who
20 has just stepped up, all the people at the local
21 county EOCs that we've seen that have spent time and
22 effort. And I've encouraged all those accountants
23 at the county level to keep up with all the time in
24 the event that we're able to get reimbursed as we do
25 in a hurricane situation.

1 But I did meet Captain Robert Zales from Panama
2 City, who is here in this audience. And I just wish
3 we could give him a couple of minutes to tell from
4 an on-the-ground perspective what is happening in
5 the charter fishing industry throughout the west
6 coast. He drove over here from Panama City this
7 morning.

8 GOVERNOR CRIST: Sure, of course.

9 CFO SINK: Mike, you're a fantastic presenter,
10 but I think it is important for us, we've got some
11 faces of the real impact, the economic impact.

12 MR. SOLE: Absolutely. And we also, again,
13 have BP here as well if there are any questions or
14 information from BP.

15 GOVERNOR CRIST: Morning, Captain.

16 MR. ZALES: Good morning.

17 GOVERNOR CRIST: Thank you for coming over.

18 MR. ZALES: Thank you for the invitation from
19 CFO Sink, and it was nice seeing the Governor and
20 CFO Sink in Pensacola last Thursday with the
21 Secretary of Commerce. Clearly, everything here is
22 good, positive news for us, because the State of
23 Florida, every agency here has been, from our
24 perspective, really jumped out and gone overboard to
25 try to help. When you're talking about -- because

1 we've seen the pretty much almost daily press
2 releases coming out of the Department of Agriculture
3 and whatnot.

4 But, unfortunately, the media is not picking
5 those up. And that's part of our problem. And I
6 don't know how you address that. And when I say the
7 media, I'm talking about major media, CNN, NBC, Fox,
8 all those people. They're focused on, when you
9 showed that map from the Fisheries Service up there,
10 that red area, that's what they focus on. They
11 don't focus on the 95 percent of the Gulf that's
12 open.

13 And that's part of our problem. At the meeting
14 Thursday in which -- because I just got the
15 invitation because I was at a meeting last night
16 with the Vessel of Opportunity thing with the BP
17 folks and fishermen in Panama City. We issued a
18 letter, which y'all have a copy of. I'm going to
19 leave another copy here so y'all can have that. I
20 wasn't able to bring enough of them because I didn't
21 get the thing in time.

22 I also have a copy of the Vessel of Opportunity
23 Charter Agreement from BP. And the reason why I
24 bring this, the folks at BP have changed this
25 several times. It started out initially -- first

1 off, let me back up a minute. I'm president of the
2 local Panama City Boatmen's Association. I'm also
3 president of the National Association of Charterboat
4 Operators.

5 So as that role, I'm involved with fishermen
6 from the entire country and in this instance from
7 Louisiana through the Panhandle. So I'm getting all
8 this information from all these guys. I'm going to
9 leave this for Attorney General Bronson. You need
10 to look through this.

11 GOVERNOR CRIST: McCollum.

12 MR. ZALES: We've sent a copy of this to a law
13 firm in D.C.

14 GOVERNOR CRIST: He's glad he didn't go to law
15 school.

16 MR. ZALES: We've sent a copy of this to a law
17 firm in D.C. this morning to have them look at it.
18 It looks a whole lot better than the initial ones we
19 saw, but we still have concerns. And part of the
20 concern is -- and you were in Destin Sunday and
21 fished with Scott Robinson.

22 GOVERNOR CRIST: Yes. Just sent a big check
23 for that, too.

24 MR. ZALES: I talked to Scott last night. They
25 got different information than we got last night.

1 The guys in Orange Beach got different information a
2 week ago than Destin got, we got. The guys in
3 Louisiana have gotten different information.
4 Somehow somebody has got to get with the BP folks
5 and let's get some consistency here.

6 We need -- you know, Vessel of Opportunity
7 contract needs to be the same for everybody. The
8 terms of that contract need to be the same for
9 everybody. When somebody is told that when they're
10 called and they're immediately starting to get paid
11 and others are saying, well, you're not going to get
12 paid until you go to work, it creates a conflict.

13 And like I said, in my role as president of
14 NACO, I'm getting all this information, and
15 fortunately due to the Internet, it comes pretty
16 quick.

17 One of the other key issues that we have,
18 clearly in the meeting Thursday, the overriding
19 message was the economic problem, because trips are
20 being canceled daily, not only for us in the charter
21 business but in the hotels and the restaurants. And
22 what doesn't show up is the lack of phone calls.
23 Our phone calls are dead. We're not getting any
24 calls. The hotels are not getting any calls. And
25 you can't track that information because I can't

1 tell you how many calls I got this time last year.
2 I had no reason to keep a record of it. Now I can
3 tell you I'm not getting any at all.

4 GOVERNOR CRIST: Captain, may I? I think we
5 talked about this when we saw each other out in the
6 Panhandle and were with the Secretary of Commerce.
7 And we talked about, you know, maybe looking at
8 records from last year. You might be able to pull
9 up those phone records to be able to get at least a
10 sense of it, which probably would be prudent. And I
11 sense that the attorney general has a suggestion
12 along those lines. General.

13 ATTORNEY GENERAL McCOLLUM: I do. I really
14 think it's important, and it's a very good point,
15 because I was on the phone yesterday with fishermen,
16 the afternoon call that comes regularly, as you
17 know, with Fish and Wildlife. And this is the very
18 type thing I got feedback from some of your fellow
19 folks in the industry. We need to have, as you say,
20 consistency. I hope you'll leave your contact
21 information personally as well as that paperwork
22 with me when we leave today, because that's what
23 this legal team is all about.

24 And, secondly, when anybody is looking to
25 document records and they're not always -- you're

1 not always going to have the perfect thing, like
2 maybe the hotels do. If you can find anything to
3 hook into, BP has said so far -- now, their
4 representative is here, but Mr. Lynch has said
5 publicly and to me privately as well, that they're
6 going to honor and they're going to pay up front and
7 they're going to pay with less questions and they're
8 going to do all these things.

9 But they've hired an adjustment company, an
10 adjustor company, just like insurance companies do.
11 And so I think there's some tension and unintended
12 whatever is going on out here. But we need to hold
13 everybody's feet to the fire and get to the bottom
14 and straighten this out so claims are paid.

15 But they will use references that go back to
16 2008 or somewhere else if they have to. They've
17 said all this to us. Now, I realize they haven't
18 performed yet, and you're right to come in here and
19 tell us about it, because we need to know. Thank
20 you for doing that. But we will go to work night
21 and day to try to straighten that part out.

22 MR. ZALES: And we appreciate that. And that's
23 part of my role here, is to try to get that message.
24 From what I understand from talking, the BP people
25 in Panama City showed up sometime last week, and

1 I've been in contact with them, and the claims
2 office is supposed to open in Panama City today.
3 And we've discussed some of these problems.

4 And as a result of the meeting last night,
5 we're going to have another meeting Wednesday night
6 strictly with charter owners so that we can try to
7 get some of this information that's coming from one
8 area one way, another area another way, and try to
9 get everything to where it's standard, because
10 clearly that's part of the problem here.

11 The other part to this is, is when you're
12 looking at records, clearly everybody I think can
13 understand that if you look at records over the past
14 three to four years, that's probably the worst
15 records, that even when we were busy, were the worst
16 that we've ever had, primarily due to storm
17 activity. Then you had the economy kick in, high
18 fuel prices.

19 So what we've suggested to our membership is
20 that they go back and try to pull up their records
21 for the past ten years if at all possible, so that
22 we can try to get an average of when things were
23 reasonably well versus where they've been in the
24 past three or four years, because if you take
25 records for the last three or four years, that

1 doesn't really give an accurate picture of our
2 business.

3 And this has to do the same with the commercial
4 fleet, that we -- because we work well with Bob
5 Jones at Southeastern Fisheries, and we're all on
6 the same page here to get this help for people.
7 We've also suggested that these funds and claims,
8 that something be set up, because all of us have
9 mortgages, and we have daily operating expenses that
10 for me on the water, if I don't get chartered today,
11 I don't make any money. I don't have any money in
12 the bank.

13 And this is happening up and down the coast, to
14 where if people can establish a fund of some type
15 that some of these guys can go make a draw on on a
16 regular basis to get them by, because if I get a
17 settlement three years from now, it's done me no
18 good. I've left the fishery and Florida has lost a
19 fishing family. My family has been in business for
20 45 years in Panama City, and this could end it. And
21 that's how drastic this is.

22 And on top of that, one of the things -- and I
23 just got an e-mail today. It really hasn't occurred
24 to me, but from my membership in Alaska that dealt
25 with the Exxon Valdez, one of the problems -- and

1 I'm not sure anybody has really thought about this.
2 One of the problems from this resulted in the
3 fishing fleets up there, because of the financial
4 stresses that they had, alcoholism was increased,
5 suicides were increased, spousal abuse, typical
6 things like this, bankruptcies. To this day it's a
7 problem.

8 And those are issues that I don't think have
9 been addressed. And these things are coming to
10 Florida and to the Gulf of Mexico, families on this
11 coast, if we don't get a handle on this and get some
12 financial help, because when you're in financial
13 stress, everybody knows, it creates tremendous
14 problems for families. And we're seeking help on
15 all this, and we really need to do what we can.

16 We appreciate everything y'all have done.
17 From -- and I'm going to pick on the National Marine
18 Fisheries Service and Department of Commerce a
19 little bit. At the meeting that we were at on
20 Thursday, you know, because we made it clear we
21 needed somebody to step up to BP, hold their feet to
22 the fire, we haven't gotten that help a whole lot
23 out of the U.S. government. Y'all have tried. And,
24 you know, we've heard all of y'all pretty much say
25 y'all are going to hold them to the fire. We need

1 that help. We can't do it. We've got to have
2 somebody hold them to the fire.

3 ATTORNEY GENERAL McCOLLUM: Well, if you will
4 leave all that information, contact, and the
5 meetings you're going to have with their -- when
6 they set up that shop tomorrow, we'll send somebody
7 from my office out there that works this issue.
8 I'll be very happy to do that, because that's the
9 only way we're going to know, and we'll go right to
10 work with the BP people to see if we can't help get
11 this done.

12 And that's a service -- and by the way, all the
13 legal information that's being given out right now,
14 including the private attorneys, are being donated,
15 they're free, they're pro bono. They're helping us
16 do this, too. And we'll be acknowledging all of
17 that time goes through. We'll do the best we can to
18 keep you from having to worry about the expenses
19 here.

20 MR. ZALES: We appreciate --

21 CFO SINK: Governor, let me thank Captain Zales
22 for coming over from Panama City. I know you didn't
23 get much notice. But let me do share with you that
24 after Pensacola last Thursday, I was on the plane
25 with the NOAA guy, Roy --

1 MR. ZALES: Roy Crabtree.

2 CFO SINK: Yes, yes. And he -- we had a very
3 extensive conversation about getting permission to
4 extend the fishing season and to keep very close
5 counts on the fishing take so that I believe -- I
6 hear that he is the expert and he is very
7 influential, that he'll be able to make some
8 adjustments in terms of the fishing season.

9 And just two more things about this issue
10 about -- getting a claim paid three years from now
11 doesn't help our families who have mortgages to pay
12 tomorrow. So I think having -- if we've
13 activated -- if you've activated this ESF 18, then
14 that is going to trigger the activation of the
15 emergency loan program for small businesses. I know
16 Chris Hart is working on that. And the second thing
17 that we've uncovered is that, Governor, you have a
18 letter from my office yesterday. We're going to
19 need -- the Governor needs to make a request from
20 the Small Business Administration in Washington to
21 activate their emergency program. And that's in
22 your office with Shane or someone. That's how
23 Governor Jindal has already been able to get his
24 state --

25 GOVERNOR CRIST: We got that letter last night,

1 and we've already drafted a request.

2 CFO SINK: -- loan program, which would provide
3 some immediate help. I know a loan is not what you
4 need. You need --

5 GOVERNOR CRIST: Money.

6 CFO SINK: -- compensation, you need cash, but
7 you can get the loan, and then we can deal with
8 getting compensation for you later on down the road.
9 But thank you for coming.

10 MR. ZALES: And we appreciate that. And
11 Dr. Crabtree has worked with us really well. And
12 when it comes to the fishing part of this, the
13 Fishery Service in general has really tried to help.
14 And I think we're going to be seeing more help.
15 That map that you saw up there, that was one of the
16 results of the request, because they show that small
17 area in red versus the big area of the Gulf of
18 Mexico that's open. And that's part of the message
19 we need to get sent out. So we appreciate it.
20 Thank you very much.

21 GOVERNOR CRIST: Captain, thanks for your help.
22 Really appreciate your input and your insight, and
23 keep on us. I wanted to mention, the two attorneys
24 general that we appointed yesterday, the current
25 attorney general and myself, I think will send a

1 very loud -- already has sent a very loud message to
2 BP about the level of seriousness that Florida takes
3 on this issue and that we will hold their feet to
4 the fire. We look forward to their cooperation.

5 But I'm a trust but verify kind of guy. We
6 trust them, but having good lawyers gives us a
7 chance to verify. Secretary.

8 MR. SOLE: Any other questions?

9 GOVERNOR CRIST: Any other questions?

10 CFO SINK: Governor, I just want to make a
11 final comment --

12 GOVERNOR CRIST: Please do.

13 CFO SINK: -- for myself, to applaud you for
14 considering calling the Legislature back into
15 special session. I think it's time for us to let
16 the voters of Florida have their say and put a
17 constitutional amendment to prohibit drilling within
18 Florida state waters, which would be out to the
19 ten-mile mark.

20 I think, as I travel around the state, we've
21 seen enough. And it's time not to be subject to the
22 whims of a future legislature or future governor,
23 that we ought to let the people of Florida speak and
24 prohibit drilling within ten miles of the beach of
25 Florida, and I hope that you'll pursue that option.

1 GOVERNOR CRIST: Thank you. Thank you, CFO,
2 very much. Commissioner?

3 COMMISSIONER BRONSON: Well, Governor, I'm
4 going to take a little bit different approach to
5 that.

6 GOVERNOR CRIST: That's the beauty of
7 democracy.

8 COMMISSIONER BRONSON: There you go. The issue
9 here in my opinion is, is yes, this was a terrible,
10 terrible situation that we're in. I felt a little
11 bit betrayed because I was told that there were
12 three automatic shut-off valves on these types of
13 rigs and that there's absolutely no way all three
14 could possibly not work.

15 That certainly was the case this time. Not one
16 of them worked. But as a bit of caution here, I'd
17 like to remind everybody, until we get all the facts
18 of exactly everything that's happened here and how
19 we're dealing with this, I would like for everybody
20 to remember they've been drilling for, what, 40
21 years or more in the Gulf of Mexico. There's never
22 been a single accident until this time. This one
23 just happened to be a super bad accident. That
24 there is oil leaking naturally in all the oceans of
25 the world at a rate higher than what this one is.

1 This one just happens to be piled up on us all at
2 one time.

3 And the reason why I'm going through this whole
4 effort here is for this reason. We don't know in
5 the future what's going to happen to this country
6 and to this state. We don't know if the Middle East
7 cuts us off in a number of years and we don't have
8 the wherewithal to even fuel our military to protect
9 us, much less run our economy and produce gross
10 domestic product and all the things that makes us a
11 powerful nation.

12 We tend, because of the issue of the day, to --
13 and I've seen this, I've been in the legislative
14 process, over and over. One thing happens out of a
15 two trillion and we react to it maybe a little
16 quicker than we should have. I'd at least like,
17 before we go through this process to possibly ban
18 constitutionally on a vote -- of course, that's up
19 to the people of this state to make that decision,
20 and I'll be the first to agree to that. But I think
21 we ought to know all the facts and everything that
22 goes with it beforehand.

23 I don't think we should cut off every avenue
24 for us to defend ourself, protect ourself, create
25 business, create an economy, by overreacting to this

1 one issue. If we have to do it, it will be done.
2 If the people want to do it, it's going to get done.
3 But I think we ought to know all the facts before we
4 overreact.

5 And I'm very hesitant because of this. I see
6 this as one incident out of the hundreds of oil rigs
7 out there. It was terrible. But I don't think we
8 need to rush to overreact yet until we get a full
9 knowledge of what we're dealing with and what the
10 potential future of this state and this country is
11 going to look like.

12 GOVERNOR CRIST: Thank you, Commissioner.
13 General.

14 ATTORNEY GENERAL McCOLLUM: Well, Governor, I
15 just would respond, just making a point, a comment,
16 and I know that ultimately your decision will be
17 made about calling the Legislature in session. And
18 if it's called, I suspect it will be, a
19 constitutional amendment, because I don't think
20 anybody wants drilling three to ten miles off the
21 coast. I've been opposed to it all along, as
22 perhaps you know, and I would never want to see us
23 do that. I think that's a big mistake in terms of
24 what we know today.

25 But I would caution that whoever is drafting

1 that proposed amendment, A, I don't think it may be
2 necessary in terms of where we are today because
3 everybody is opposed to it. But if you do draft it
4 and we do do it, it needs to be very carefully
5 worded. If we had some new developments in science
6 that allowed us, for example, to do what some have
7 suggested, and that's onshore somewhere be able to
8 go under the bed and take out the natural gas that's
9 there and not have to have one of these rigs, things
10 like that, I would hate to see us restrict in the
11 constitution all kinds of new scientific options
12 that may come along.

13 So if you are doing that and perhaps you're
14 going to be proposing the amendment or whoever is
15 drafting it, it needs to be really well thought out.
16 And as I say, I don't know if it's necessary, but it
17 certainly reflects the feelings that all of us share
18 in opposition to what we know today about
19 traditional drilling like this. We sure don't want
20 it three to ten miles off our coast. There is no
21 way. Thank you.

22 GOVERNOR CRIST: Thank you, General. And I
23 guess, just to conclude, unless you have anything
24 else you want to say, Secretary.

25 MR. SOLE: No, sir.

1 GOVERNOR CRIST: Okay. Just a couple of
2 points. First, again, thank you. And, Captain,
3 thank you for coming over from Panama City and all
4 the agencies that have been involved and so active.
5 I want to express my gratitude to all of you on
6 behalf of all of our fellow Floridians. They're
7 very grateful for the action that you have taken,
8 for the discipline that you have exercised to make
9 sure that we're doing everything possible to protect
10 our beautiful state.

11 As it relates to drilling, obviously not now,
12 no way, I think is fairly obvious to all of us. And
13 I've always said that the only way that I would
14 entertain it or our administration is if it were far
15 enough, clean enough and safe enough. And as the
16 secretary has heard me say ad nauseam the past
17 couple of weeks, I guess, this was not far enough,
18 this was not clean enough and it certainly wasn't
19 safe enough. It just wasn't good enough. And
20 that's unfortunate, but it's also taught us a
21 lesson. And we've learned a lot from it.

22 And I think, Commissioner, your point is well
23 taken. I think that this has really caused a
24 re-emergence, if you will, of the need for a focus
25 on alternative sources of energy for our country

1 and, frankly, the planet. And we've talked about
2 this in this administration for a long time, as you
3 know, Secretary, whether it be wind, solar, natural
4 gas, nuclear, what have you, that to wean ourselves
5 off of this dependence, off of this dirty stuff is
6 the right thing to do.

7 And we can do it in a way that can be
8 efficient, can be effective and can be very
9 powerful, particularly in the nuclear arena. And,
10 obviously, it goes without saying, but I'm going to
11 say it. As it relates to Florida and Florida's
12 economy and our ability to be able to prosper as a
13 state and as a people, we are inextricably linked
14 with our environment and our economy, and probably
15 more than any other state.

16 Florida, I believe -- and I'm very biased about
17 this -- this is the most beautiful place on the
18 planet. We have the most beautiful beaches
19 anywhere. We have the best people anywhere. And a
20 lot of people want to come here, over 80 million
21 every single year, and they continue to come.

22 And I look forward to working with Visit
23 Florida tomorrow and trying to get -- and BP, CFO, I
24 heard you -- to be able to market the fact that
25 Florida is open for business, that it's a beautiful

1 place and that our waters are clean. And we're
2 going to do everything to make sure that that
3 continues to happen. And God bless you all and
4 thank you for what you're doing to protect our great
5 state.

6 MR. SOLE: Thank you, Governor.

7 GOVERNOR CRIST: We are adjourned.

8 MR. SOLE: Thank you, Cabinet members.

9 (Whereupon, the meeting was adjourned at 12:05
10 p.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)

COUNTY OF LEON)

I, Jo Langston, Registered Professional Reporter,
do hereby certify that the foregoing pages 4 through 129,
both inclusive, comprise a true and correct transcript of
the proceeding; that said proceeding was taken by me
stenographically and transcribed by me as it now appears;
that I am not a relative or employee or attorney or counsel
of the parties, or a relative or employee of such attorney
or counsel, nor am I interested in this proceeding or its
outcome.

IN WITNESS WHEREOF, I have hereunto set my hand
this 29th day of May 2010.

JO LANGSTON
Registered Professional Reporter