

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, FINANCIAL REGULATION
DEPARTMENT OF REVENUE
AGENCY FOR ENTERPRISE INFORMATION TECHNOLOGY
FLORIDA DEPARTMENT OF LAW ENFORCEMENT
FLORIDA LAND AND WATER ADJUDICATORY COMMISSION
DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES
BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Crist presiding,
in the Cabinet Meeting Room, LL-03, The Capitol,
Tallahassee, Florida, on Tuesday, June 8, 2010,
commencing at approximately 9:09 a.m.

Reported by:

MARY ALLEN NEEL
Registered Professional Reporter
Florida Professional Reporter
Notary Public

ACCURATE STENOGRAPHY REPORTERS, INC.
2894 REMINGTON GREEN LANE
TALLAHASSEE, FLORIDA 32308
(850)878-2221

APPEARANCES:

Representing the Florida Cabinet:

CHARLIE CRIST
Governor

CHARLES H. BRONSON
Commissioner of Agriculture

BILL McCOLLUM
Attorney General

ALEX SINK
Chief Financial Officer

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I N D E X

DIVISION OF BOND FINANCE
(Presented by BEN WATKINS)

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(Presented by ANDREA MORELAND)

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(Presented by KEVIN McCARTY)

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(Presented by LISA ECCHEVERI)

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(Presented by MIKE RUSSO)

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(Presented by JERRY BAILEY)

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(Presented by MIKE SOLE)

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P R O C E E D I N G S

(The agenda items commenced at 9:36 a.m.)

GOVERNOR CRIST: Division of Bond Finance.
Ben Watkins. Good morning, Ben.

MR. WATKINS: Good morning, Governor, Cabinet
members.

Item Number 1 is minutes from the May 11th
meeting.

COMMISSIONER BRONSON: Motion for approval of
Item 1.

ATTORNEY GENERAL McCOLLUM: Second.

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

MR. WATKINS: Item 2 is a resolution
authorizing the competitive sale of 167.2 million
in public education capital outlay bonds for school
construction.

GOVERNOR CRIST: Is there a motion on Item 2?

CFO SINK: Move it.

COMMISSIONER BRONSON: Second.

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

MR. WATKINS: Item Number 3 are resolutions
authorizing the issuance and competitive or
negotiated sale of up to \$19.1 million in revenue

1 bonds for a student housing facility at Florida
2 State University.

3 CFO SINK: Move it.

4 COMMISSIONER BRONSON: Motion --

5 CFO SINK: Second.

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

8 MR. WATKINS: Item Number 4 are resolutions
9 authorizing the issuance and competitive or
10 negotiated sale of up to \$15 1/2 million in revenue
11 bonds for renovation of two dormitories at Florida
12 A&M University, and the authorization of \$14 1/2
13 million for refinancing existing indebtedness.

14 ATTORNEY GENERAL McCOLLUM: I move it.

15 COMMISSIONER BRONSON: Second.

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

18 MR. WATKINS: And lastly, Item Number 5 is a
19 report of award on the competitive sale of
20 \$31.6 million in capital improvement revenue bonds
21 for community colleges. The bonds were awarded to
22 the low bidder at a true interest cost of
23 approximately 4.06 percent.

24 GOVERNOR CRIST: Is there a motion on Item 5?

25 COMMISSIONER BRONSON: Motion for approval of

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Item 5.

ATTORNEY GENERAL McCOLLUM: Second.

CFO SINK: Second.

GOVERNOR CRIST: Moved and seconded. Show it
approved without objection. Thank you Ben.

MR. WATKINS: Thank you.

GOVERNOR CRIST: Yes, sir.

1 GOVERNOR CRIST: Office of Financial
2 Regulation, Andrea Moreland.

3 MS. MORELAND: Good morning, Governor and
4 members of the Cabinet. The Office has two agenda
5 items this morning.

6 Item Number 1, the Office is requesting
7 approval to file a Notice of Proposed Rule for Rule
8 Chapter 69V-40 relating to mortgage brokering and
9 lending. The proposed rules implement legislation
10 the Florida Legislature passed last year that will
11 bring Florida into compliance with the federal
12 S.A.F.E. Mortgage Licensing Act. The new licensure
13 standards will take effect on October 1st of this
14 year.

15 In summary, the proposed rules require license
16 applicants to submit uniform licensure forms
17 through the National Mortgage Licensing System and
18 Registry, require loan originators to pass a
19 national test, require license applicants to
20 undergo a background screening, which includes a
21 review of the applicant's credit history. The
22 rules also require annual rescreening of licensees
23 to ensure that licensees continue to meet the
24 initial requirements of licensure.

25 GOVERNOR CRIST: Is there a motion on Item 1?

1 COMMISSIONER BRONSON: Motion for approval of
2 Item 1.

3 ATTORNEY GENERAL McCOLLUM: Second.

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

6 MS. MORELAND: Item Number 2, the Office
7 requests approval to publish a Notice of Proposed
8 Rule for Rule 69U-100.045 relating to examination
9 manuals and reference standards. This is the rule
10 that incorporates by reference our examination
11 manuals that we use to examine financial
12 institutions. The Commission approved this at its
13 last meeting. There was, however, a drafting error
14 in the notice, and we have since corrected that.

15 CFO SINK: Move it.

16 COMMISSIONER BRONSON: Second.

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

19 MS. MORELAND: Thank you.

20 GOVERNOR CRIST: Thank you, Andrea.

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

3 Good morning, Kevin.

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

6 Agenda Item Number 1 is adoption of the
7 minutes for the Financial Services Commission for
8 March 9th and March 23rd, 2010.

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

11 COMMISSIONER BRONSON: Motion for approval of
12 Item 1.

13 ATTORNEY GENERAL McCOLLUM: Second.

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

16 MR. McCARTY: Agenda Item Number 2 is request
17 for final adoption and approval of Proposed Rule
18 690-157.302, .303, and .304 on long-term care.
19 This is Chapter 627 of the Florida Insurance Code
20 requiring long-term insurance companies that they
21 not charge existing policyholders higher premiums
22 than their new business rate. This establishes the
23 new business rate for facility only rates, home
24 health care rates, and comprehensive rates.

25 CFO SINK: Move it.

1 COMMISSIONER BRONSON: Second.

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

4 MR. McCARTY: Agenda Item Number 3 is request
5 for approval of publication of amendments to
6 Proposed Rule 690-137.001 regarding annual and
7 quarterly reports.

8 Section 624 of the Florida Insurance Code
9 requires the Office to require quarterly and annual
10 financial reports to the Office. The establishes
11 the new adoption of the 2010 version established by
12 the National Association of Insurance
13 Commissioners.

14 COMMISSIONER BRONSON: Motion for approval of
15 Item 3.

16 ATTORNEY GENERAL McCOLLUM: Second.

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

19 MR. McCARTY: Agenda Item Number 4 is request
20 for approval for publication of amendments to
21 Proposed Rule 690-138, the NAIC Financial Condition
22 Examiners Handbook.

23 Again, 624 requires the Office to examine
24 insurance financial conditions of insurance
25 companies conducting business in the State of

1 Florida. This statute allows the Commission to
2 adopt the latest version of the NAIC to facilitate
3 those examinations.

4 ATTORNEY GENERAL McCOLLUM: Move it.

5 COMMISSIONER BRONSON: Second.

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

8 MR. McCARTY: Agenda Item Number 5 is request
9 for approval for publication of amendments to
10 Proposed Rule 690-200.004, .005, .006, .009, .014,
11 .015, and .016 regarding various service
12 warranties. The Legislature created a new category
13 of motor vehicle service agreements, and this
14 amendment addresses the legislative mandate to
15 modify those rules.

16 COMMISSIONER BRONSON: Motion for approval of
17 Item 5.

18 ATTORNEY GENERAL McCOLLUM: Second.

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

21 MR. McCARTY: And the final agenda item,
22 Number 6, is a request for approval for publication
23 of amendments to Proposed Rule 690-167.024
24 regarding inland marine. The Legislature changed
25 the numbering system. This simply makes technical

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changes to comport with that legislative change.

ATTORNEY GENERAL McCOLLUM: Move the item.

COMMISSIONER BRONSON: Second.

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

MR. McCARTY: Thank you, Governor and members of the Commission.

GOVERNOR CRIST: Thank you.

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

3 MS. ECHEVERRI: Good morning. Item 1, we
4 request approval of the minutes from the May 25th
5 meeting.

6 ATTORNEY GENERAL McCOLLUM: I move it.

7 COMMISSIONER BRONSON: Second.

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

10 MS. ECHEVERRI: Item 2, we request approval
11 for final adoption of Rules 12A-1.020, .021, and
12 .097, repeal of Rules 12A-1.002 and .015, and
13 creation of Rule 12A-1.0215. These rule changes
14 reorganize, update, and provide better guidance to
15 taxpayers on the provisions on exempt medical item
16 and veterinarian products.

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

19 ATTORNEY GENERAL McCOLLUM: Second.

20 GOVERNOR CRIST: Moved and seconded. Show it
21 approved without objection. Thank you, Lisa.

22 CFO SINK: Governor, could --

23 GOVERNOR CRIST: Yes, CFO, please.

24 CFO SINK: Could I -- I want to ask Lisa a few
25 questions. She and I had an opportunity to talk

1 yesterday as a result of visiting particularly with
2 many of the businesses who are being impacted by
3 the oil spill.

4 There's a pretty severe cash problem that some
5 of these businesses are having. And obviously,
6 they are subject to remitting to the State the
7 sales taxes that they have previously collected.
8 But in the ordinary course of business, when you
9 assume that your cash is continuing to come in, you
10 do plan for -- there's a cash flow issue. And
11 there is a great fear on the part of the businesses
12 that they will fall behind in some of the sales
13 taxes that they are due to remit to the State. And
14 once that happens, of course, the penalties and the
15 interest we charge are pretty onerous, and that's
16 understandable in a time of normal circumstances.

17 And Lisa and I spoke about a number of things
18 that through the Department of Revenue, even within
19 the existing power of the Department of Revenue,
20 that might be offered up to assist these businesses
21 in terms of sales tax relief from penalties and
22 interest.

23 Also, there's an issue of property values. If
24 you're valuing a property that's, let's say, a bait
25 and tackle shop business or a marina business, it's

1 usually valued on an income approach. Well, that's
2 as of January the 1st. Here we are in a very
3 serious situation. It looks like it may be
4 extended for a number -- for period of time.

5 There are mechanisms that we've used in
6 previous events of hurricanes and wildfires to go
7 back and retroactively revalue these properties,
8 taking into account the reduced income so that
9 there's not such a heavy property tax burden. And
10 obviously, that would fall back into less revenue
11 for our counties.

12 However, I think as a state and as a
13 governmental entity, we would have good case to
14 argue back to BP, who is supposed to pay the claims
15 resulting as a result of this lower economic impact
16 into our state, to go back and file a claim. So
17 would it be appropriate, if you don't mind, for --

18 GOVERNOR CRIST: Of course.

19 CFO SINK: -- Lisa to kind of review with the
20 Cabinet some of these options we might have within
21 the framework of her office? But also, I believe
22 that if you do in fact call for a special session,
23 as you mentioned yesterday, related to the oil
24 drilling situation, that that would also be an
25 opportunity for the Legislature to pass definitive

1 legislation around relief that can be provided for
2 these businesses.

3 GOVERNOR CRIST: Very good. Lisa, can you
4 share with us?

5 MS. ECHEVERRI: You know, I think CFO Sink has
6 accurately pointed out that, you know, businesses
7 plan for what their revenues are going to look
8 like, just very much the way the State has planned
9 for what our revenues are going to look like.

10 And this has really caught a lot of businesses
11 off guard, especially with respect to May and June.
12 So what we're hearing, and I think some of you are
13 starting to hear, is that some of them have run
14 into difficulties in May. The taxes that they
15 collected that they will be remitting to us by the
16 20th of this month, you know, they may have already
17 paid out in payroll, and now they're not making up
18 that money later in the month so that they can meet
19 their tax obligation.

20 There are a number of things that we can do to
21 help businesses. We individually meet with
22 businesses and have the power to waive penalty. We
23 can put them on stipulated payment plans. Again,
24 that sales tax is money that they collected from
25 the citizens and that they need to remit to the

1 State.

2 Some other things have happened, though, that
3 I think we can take advantage of, and that is, the
4 Legislature passed amnesty for this summer. We're
5 going to have an amnesty program that's going to
6 run from July 1st to September 30th. That allows
7 us to waive not only penalty, but we can also waive
8 up to 50 percent of the interest, depending on the
9 circumstances. So businesses that incurred
10 liabilities prior to July 1 in these two critical
11 months when their cash flows changed, we can help
12 under the amnesty program.

13 They're also going to be facing their second
14 quarterly unemployment tax payment coming up in
15 July, but because of the economic situation that we
16 were already in, the Legislature passed the ability
17 for us to enter into installment payment agreements
18 on unemployment tax, so we'll be able to use those
19 relief mechanisms as well.

20 The other issue that was mentioned regarding
21 the property taxes is one that, Governor, I know
22 you're aware of. The property appraisers from
23 Escambia County and Santa Rosa County wrote to us
24 last week and indicated their concern that the
25 taxes that will be due this year are based on those

1 January 1 values. Of course, next year when we
2 value on January 1, this situation will be taken
3 into account, but January 1 of this year, based on
4 the income approach or even the sales approach of
5 property, it would not have anticipated the
6 situation that we're seeing in the Gulf today.

7 So they're coming over to meet with us this
8 afternoon, or actually at 11:00 this morning, so
9 we're going to discuss those issues. There is
10 precedent in the Legislature. It would have to be
11 done legislatively, but there is precedent for
12 legislation that allows relief payments. We've
13 done that with the wildfires. We've done it with
14 some of the hurricanes and tornadoes.

15 It is either a reduction in taxes, though, to
16 the local government, or in some of those other
17 cases, the State actually funded those relief
18 payments, which would set up some documentation, I
19 would think, for reimbursement through BP. Rather
20 than going back and revaluing the property, it
21 would be some sort of relief payment based on
22 damages.

23 The long-term impact of this, though, is
24 something that the Legislature may want to address
25 in terms of relief. I went out and tried to search

1 situations like this, because the truth is, we're
2 used to dealing with a hurricane or a wildfire or
3 something that's sort of here temporarily, and then
4 things get back to normal. This is going to be a
5 much longer term situation.

6 There is precedent in other countries, in
7 Australia, for example, that dealt with droughts
8 and that impact on the farming industry, and then
9 all those industries that support the agricultural
10 community, for the government to come in and
11 provide relief programs through tax measures to try
12 and help with those industries. So that's
13 something that we'll continue to look at.

14 I was appointed to the task force, and we meet
15 tomorrow, and so some of these financial issues are
16 issues that we will raise and discuss in those
17 meetings.

18 GOVERNOR CRIST: Thank you.

19 CFO SINK: Governor, could I just ask --

20 GOVERNOR CRIST: Sure.

21 CFO SINK: Lisa, would it be possible for you
22 to consider perhaps putting some notices or ads in
23 the newspapers over in the Gulf region to outline
24 for the business owners what some these remedies
25 would be?

1 MS. ECHEVERRI: We actually have more direct
2 contact with taxpayers, so we certainly will be
3 putting information out directly to them.

4 We now have the ability to e-mail the
5 taxpayers, which we didn't prior to this last
6 session. So we will do that through e-mail and
7 through other notices that we provide. If somebody
8 is delinquent and we provide a notice to them, we
9 will include information about, you know, how we
10 can help them get back on track, enter into
11 stipulated payment agreements, and waive penalties.
12 So we will definitely be doing that.

13 ATTORNEY GENERAL McCOLLUM: Governor.

14 GOVERNOR CRIST: General.

15 ATTORNEY GENERAL McCOLLUM: Lisa, you alluded
16 to it. I just want to amplify that you've been
17 very much engaged with our office and with former
18 Attorneys General Smith and Butterworth in
19 preparing what will be claims for the State of
20 Florida for lost revenue. And undoubtedly we want
21 to make those periodic, just as we are encouraging
22 and BP is accepting periodic claims and payments
23 for individuals and businesses that are damaged by
24 what has happened out in the Gulf.

25 So I think it's a little complex, but I really

1 appreciate your office and the time and energy
2 that's going into laying the ground work so that we
3 can make a very valid and important claim for the
4 State of Florida. Thank you.

5 MS. ECHEVERRI: You know, I think the thing
6 that's most frustrating for Floridians and
7 Americans is, you know, we're doers, and I think
8 everybody out there just wants to help any way we
9 can and participate in getting things back to
10 normal and getting our economic activity back. So
11 it is absolutely our first priority to help
12 businesses and do whatever we can.

13 ATTORNEY GENERAL McCOLLUM: Thank you.

14 GOVERNOR CRIST: Thank you, Lisa. Appreciate
15 it very much.

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1 GOVERNOR CRIST: Agency for Enterprise
2 Information Technology, Mike Russo. Good morning,
3 Mike.

4 MR. RUSSO: Good morning. Thank you,
5 Governor, Cabinet.

6 We have two agenda items. The first agenda
7 item is a request for approval of the minutes of
8 the August 25th, 2009 meeting.

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

11 ATTORNEY GENERAL McCOLLUM: Second.

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

14 MR. RUSSO: Item Number 2, we request approval
15 and authority to publish a notice of proposed rule
16 in the Administrative Weekly for Rule Chapter
17 60DD-2 and 71A-1 relating to information security.
18 We are requesting approval to publish a notice to
19 repeal Rule 60DD-2, which was transferred to us in
20 July of 2009, which will be replaced by proposed
21 Rule 71A-1.

22 We also request approval to initiate the
23 rulemaking process on Proposed Rule Chapter 71A-1,
24 known as the Florida Information Technology
25 Resource Security Policies and Standards, which

1 will define a framework consistent with federal
2 standards and guidelines for agencies to use to
3 safeguard information technology resources and
4 data.

5 ATTORNEY GENERAL McCOLLUM: I move Item 2.

6 COMMISSIONER BRONSON: Second.

7 GOVERNOR CRIST: Moved and seconded. Show it
8 approved without objection. Thank you, sir.

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1 GOVERNOR CRIST: Florida Department of Law
2 Enforcement, Commissioner Jerry Bailey.

3 MR. BAILEY: Thank you.

4 GOVERNOR CRIST: Good morning.

5 MR. BAILEY: We have two items on the agenda
6 this morning. The first is our performance report
7 and purchases over \$100,000 for the third quarter.
8 You will see there that our stats remain strong,
9 but I would like to share with you some of the real
10 issues behind those statistics.

11 We received our first hit through the FBI's
12 Repository of Individuals of Special Concern.
13 That's an exclusive repository that allows our law
14 enforcement officers in Florida to identify,
15 arrest, and maybe track individuals who would have
16 otherwise gone undetected. We're one of five
17 states that have access to this database. And as
18 of just after startup here now, we're hitting about
19 12 a month of these individuals.

20 We charged 42 individuals in an elaborate
21 organized fraud to take money from our Central
22 Florida credit unions. When we dismantled that, at
23 that point, they had taken about \$200,000.

24 As a result of our improved fingerprint
25 matching technology and the inclusion of palmprints

1 in what we match, we tripled -- we have tripled the
2 number of hits that are going back to Florida law
3 enforcement on fingerprints that they submit to the
4 Department of Law Enforcement.

5 We arrested 21 retailers for food stamp fraud
6 in Operation Cash Exchange. That was an intensive
7 undercover operation, and our figures and the U.S.
8 Department of Agriculture figures has shown that we
9 short-circuited about \$3 1/2 million in food stamp
10 fraud with that operation.

11 And finally, we were reaccredited for the
12 fourth time by the Commission for Florida Law
13 Enforcement Accreditation.

14 I'll be happy to answer any of your questions
15 on Item 1.

16 GOVERNOR CRIST: Any questions? Is there a
17 motion?

18 ATTORNEY GENERAL McCOLLUM: I move Item 1.

19 COMMISSIONER BRONSON: Second.

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

22 MR. BAILEY: The second item is the Florida
23 Department of Law Enforcement's performance
24 contract for next year. Essentially, it's the same
25 contract that we're operating now, I think with two

1 distinct changes. One is, we've raised the
2 standards on our Silver Alert Notifications. I
3 think we've all been a little bit surprised at the
4 utility of that alert program for our senior
5 citizens, so we've, in effect, doubled the standard
6 on what we expect to do with Silver Alerts.

7 And finally, you'll see a footnote on public
8 assistance fraud. That operation is scheduled to
9 move to the CFO's office. As a matter of fact, we
10 have the first FDLE/CFO transition meeting this
11 afternoon to start moving that very valuable unit
12 to the CFO.

13 I'll be happy to answer your questions on the
14 performance contract.

15 GOVERNOR CRIST: Thank you, Commissioner. Any
16 questions? Is there a motion?

17 CFO SINK: I move it.

18 COMMISSIONER BRONSON: Second.

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

21 MR. BAILEY: Thank you.

22 GOVERNOR CRIST: Thank you, Commissioner.

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1 GOVERNOR CRIST: Florida Land and Water
2 Adjudicatory Commission. Lisa, how are you?

3 MS. SALIBA: Good morning, Governor and
4 Commission members.

5 We have two items today. First, we request
6 approval of the minutes from the meeting held on
7 January 26th, 2010.

8 ATTORNEY GENERAL McCOLLUM: Move --

9 COMMISSIONER BRONSON: Motion on Item 1.

10 ATTORNEY GENERAL McCOLLUM: Second.

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

13 MS. SALIBA: The second item, we request
14 authorization to begin the process of rule repeal
15 to dissolve the Huntington Hammocks Community
16 Development District in Hernando County. The
17 District requested this action, given its newly
18 defined development plan.

19 We have Mr. Roy Van Wyk available representing
20 Huntington Hammocks if you have any questions.

21 GOVERNOR CRIST: Any questions?

22 CFO SINK: Move it.

23 COMMISSIONER BRONSON: Second.

24 GOVERNOR CRIST: Moved and seconded. Would he
25 like to speak anyway? Probably not.

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Show it approved without objection.

MS. SALIBA: Thank you.

GOVERNOR CRIST: You're welcome. Thank you
very much.

1 GOVERNOR CRIST: Department of Agriculture and
2 Consumer Services, John Browne. Hello, John.

3 MR. BROWNE: Good morning, Governor and
4 members of the Cabinet. It's a pleasure to be here
5 this morning.

6 We only have one item for your consideration.
7 We have four option agreements to acquire four
8 perpetual conservation easements over a combined
9 343 acres lying within the Smith Farms Rural and
10 Family Protection Program within the Department of
11 Agriculture and Consumer Services. This deal was
12 negotiated by the Division of Forestry. The
13 consideration for this, these four easements, is
14 \$1,655,554.

15 This is a very unique opportunity for the
16 Department of Agriculture. This series of
17 perpetual conservation easements for the Smith
18 Family Farms is the initial acquisition in what
19 DACS views as the long-term goal of developing
20 numerous rural and family land projects in this
21 region, and it will consolidate larger tracts of
22 arable land in the tri-county area around St. Johns
23 County, preserving valuable resources.

24 Today St. Johns County leads the State of
25 Florida in the production of -- excuse me, in the

1 production acreage of potatoes and cabbage, with an
2 estimated 25,000 acres in the county that are
3 devoted to potatoes, cabbage, broccoli, and other
4 ag products. Those industries are producing over
5 \$171 million in revenue and are providing 2,638
6 jobs. The farms there are relatively small, and
7 we're hoping today that with the Smiths, we're
8 going to convince a lot of these landowners to come
9 on board and start setting aside some of these
10 lands.

11 I'm available to answer any questions for you.
12 And I also have Mr. Wayne Smith, who is soon to be
13 patriarch of the Smith family. He's not quite
14 there yet. But he would like to say a few words to
15 you, Governor.

16 GOVERNOR CRIST: Good morning. Good morning,
17 Mr. Smith.

18 MR. SMITH: Good morning. I especially want
19 to thank you, Governor Crist, for reinstating the
20 funding for this program and, Commissioner Bronson,
21 for your leadership in developing the program
22 through the Department of Ag and the Division of
23 Forestry.

24 It's tough being in ag right now. I can
25 pretty much speak for agriculture in general. We

1 have a lot of issues facing us. But in our
2 community, one of the biggest issues is pressure,
3 or has been pressure from development. A lot of
4 our land is highly sought after because it's clear,
5 level, has drainage, easy to move in and do a
6 development project.

7 What got me started in looking at this
8 particular program was my desire not to have a
9 development right on top of us. We've been faced
10 with that with Mariposa. They proposed to come
11 through my farm with a four-lane highway splitting
12 my farm up in three different places. And with the
13 money that we can have through this program, my
14 intention is to purchase some more land and keep it
15 from future development, some land adjacent to me.

16 I appreciate this opportunity. I think it's a
17 very worthwhile program, not only for our area, but
18 especially for our area. And I thank you for your
19 consideration.

20 GOVERNOR CRIST: Thank you, sir. Thank you
21 for coming.

22 MR. SMITH: Oh, by the way. I have the next
23 two generations -- I'm the fourth generation on our
24 farm, and I've got the fifth and sixth generation
25 there. I didn't bring my dad this morning. He's a

1 little bit incapacitated.

2 But my great-granddad started -- he retired
3 from farming in Illinois in 1920 when he was 60
4 years old and came to Florida and started farming
5 again down here. And we're wanting to stay on that
6 dirt. Thank you.

7 GOVERNOR CRIST: Yes, sir. Thank you so much
8 for being here.

9 CFO SINK: Governor, could I ask a question,
10 please?

11 GOVERNOR CRIST: Of course.

12 CFO SINK: It's not related to this purchase.
13 This is fantastic. But what is the -- and maybe
14 you know. What is the funding status for this
15 program now?

16 MR. BROWNE: Well, we weren't funded in this
17 budget year, and we're not anticipating being
18 funded in the budget year going forward. Two years
19 ago we received \$10 1/2 million, and with the
20 approval of this transaction today, we'll be
21 roughly halfway through it. We have -- excuse me,
22 transactions in the pipeline that would exhaust
23 that money by the end of this calendar year,
24 assuredly.

25 CFO SINK: Excuse me. You have transactions

1 that would expend the --

2 MR. BROWNE: In the pipeline that are being
3 evaluated and negotiated.

4 CFO SINK: -- remainder of the money?

5 MR. BROWNE: Yes, ma'am.

6 CFO SINK: All right. Okay.

7 GOVERNOR CRIST: Any other questions or
8 comments?

9 CFO SINK: Hope for more money.

10 ATTORNEY GENERAL McCOLLUM: I would move
11 Item 1.

12 COMMISSIONER BRONSON: Second.

13 GOVERNOR CRIST: Moved and seconded.

14 COMMISSIONER BRONSON: Governor, this is
15 something, as we talked about on the first two that
16 we've done in this acquisition process, where Rural
17 and Family Lands is going accomplish a lot more
18 than what the original statement says, and that is
19 keep a productive piece of land productive, with
20 jobs availability, paying the local taxes, and
21 keeping the development from happening in an area
22 where we feel that the open green spaces are more
23 important to that area. And this is a perfect way
24 to do it. It's a shame that we didn't get any
25 funding allocated for this coming year.

1 The Department and our employees, John and
2 others, have worked very hard on looking at these
3 properties and where they're located and how
4 they're sitting compared to developed areas, to do
5 this more economically for the State and accomplish
6 the same thing without having to do outright
7 purchases, which would accomplish the end goal, but
8 takes all of that off the tax rolls and all those
9 jobs and everything that goes with it.

10 So I just commend you for the hard work. And
11 to those who are willing to go into this process, I
12 think it's a wonderful thing for the State.

13 CFO SINK: Well, particularly realizing that
14 if you're -- I hope you're successful to take this
15 funding and be able to acquire more property for
16 protection. That's very good.

17 GOVERNOR CRIST: Well, it has been moved and
18 seconded. All in favor, please signify by saying
19 aye.

20 (Affirmative responses.)

21 GOVERNOR CRIST: Opposed, like sign.

22 It passes unanimously. Congratulations, and
23 thank you.

24

25

1 GOVERNOR CRIST: Board of Trustees, Secretary
2 Mike Sole.

3 MR. SOLE: Governor, Cabinet members, good
4 morning.

5 GOVERNOR CRIST: Good morning.

6 MR. SOLE: Item Number 1, submittal of the
7 minutes for the April 13, 2010 Cabinet meeting.

8 ATTORNEY GENERAL McCOLLUM: Move Item 1.

9 COMMISSIONER BRONSON: Second.

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

12 MR. SOLE: Thank you. Item Number 2. This is
13 a consideration of an option agreement for a
14 146-acre acquisition within the Department's
15 Greenways and Trails' Newberry to Trenton
16 rail-to-trail project.

17 The acquisition is from the Trust for Public
18 Lands. It's a 9.3-mile segment of an abandoned
19 rail corridor that's in Gilchrist County. This
20 would help connect the Nature Coast Trail, which is
21 one of the key trails that we have in the southwest
22 portion of our state. The Nature Coast Trail is
23 actually some 31 miles long already. This would be
24 a great addition to it. And one of the neat things
25 about this acquisition is that it helps promote

1 connection to actually Gainesville. Alachua County
2 is also pursuing a trail acquisition which will
3 help connect this and further expand the trail
4 system in that region.

5 The consideration is for \$2,725,000. This is
6 98 percent of the appraised value. And the
7 Department recommends approval.

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

9 ATTORNEY GENERAL McCOLLUM: I move Item 2.

10 GOVERNOR CRIST: Is there a second?

11 CFO SINK: Second.

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

14 COMMISSIONER BRONSON: I'm going to --

15 GOVERNOR CRIST: Commish.

16 COMMISSIONER BRONSON: I'm going to make an
17 objection. I mean, I'm going to not approve
18 because it's an outright purchase instead of a
19 lease agreement.

20 GOVERNOR CRIST: Very good. Item 3.

21 MR. SOLE: Thank you, Governor. Item Number
22 3, this is a request from the City of Punta Gorda
23 for a ten-year sovereignty submerged lands lease.
24 This is a 23-acre lease for a 42-buoy mooring field
25 in the Peace River, Charlotte County.

1 This consideration will be a fee waived lease
2 system because this is a public facility open to
3 the public, and all the revenues generated from the
4 mooring field will actually go back into working
5 and operating the facilitate.

6 The mooring field will be for vessels of up to
7 50 feet long, drafts 5 feet in depth. Similar to
8 the last mooring field, we'll have helical screw
9 anchors that will basically protect the resources.
10 The mooring field is not on top of seagrasses.

11 And this is primarily an economic development
12 initiative for the region to help promote getting
13 vessels, overnight stays, and just some good
14 tourism-based effort for Punta Gorda. The
15 Department recommends approval.

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

17 CFO SINK: Move it.

18 ATTORNEY GENERAL McCOLLUM: Second.

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

21 MR. SOLE: Thank you. That concludes the
22 Board of Trustees agenda items. There was a
23 request that we give a Deepwater Horizon incident
24 update, and I can jump into that now.

25 GOVERNOR CRIST: Sure.

1 MR. SOLE: Can I get the slides for that?

2 Roll with the punches. All right. This is
3 Day 50 since the incident, just to give you some
4 perspective. As a reminder, the way the U.S. Coast
5 Guard has set up Florida protection bases or
6 efforts has been through their Unified Command
7 system. They do have -- Unified Command located in
8 Mobile, Alabama, which is primarily responsible for
9 -- their area of responsibility goes into roughly
10 Taylor County. So most of the actions that have
11 been occurring in our Panhandle have been
12 coordinated through that Unified Command in Mobile.

13 But I do want to, in light of us watching the
14 loop current -- and, Governor, at your suggestion
15 to the Coast Guard, they have spun up what they
16 call the Florida Peninsula Incident Command
17 Structure.

18 GOVERNOR CRIST: Let me interrupt you just for
19 a second, Secretary. I want to take the occasion
20 to thank you. You know, we've spent a lot of time
21 together these past few weeks --

22 MR. SOLE: Yes, sir.

23 GOVERNOR CRIST: -- along with Dave Halstead
24 and our fellow members of the Cabinet. And I want
25 you to know how much I personally appreciate your

1 involvement and your expertise and your hard work.
2 It is a great credit not only to you and your
3 department, but the people of Florida are
4 appreciative of the tremendous effort that has been
5 put forward.

6 This is one of the most challenging and
7 frustrating scenarios that we've ever had to face
8 as a state, certainly environmentally it is. And
9 the leadership that you have exhibited is
10 absolutely extraordinary, and I'm enormously
11 grateful to you for it. Thank you, sir.

12 MR. SOLE: Thank you, Governor. That's very
13 kind. I will say it truly has been a great team,
14 and we'll talk about that as we go on, about just
15 the level of support that all of the State of
16 Florida has really provided to make sure Florida is
17 prepared and ready to respond. It has been
18 impressive. I'm just proud to be a Floridian, and
19 I mean that sincerely. All of Florida has stepped
20 up.

21 GOVERNOR CRIST: Well, I take this pause
22 intentionally, because we're going to be at this
23 for a while.

24 MR. SOLE: Yes, sir.

25 GOVERNOR CRIST: I wish we were not, but I'm

1 pretty confident we will be.

2 And to my fellow members of the Cabinet, some
3 of us have different political affiliations, even
4 more so now than recently. And I'm very proud of
5 this body and its ability to work together. When
6 it comes to Florida, this Cabinet is "Florida
7 First," and I'm enormously proud of that.

8 I mean, two of my colleagues are even running
9 against each other, but in spite of that, the
10 ability to work together on behalf of the people
11 who elected all of us is incredibly important. And
12 I want you to know how proud I am of the service
13 that you all have provided, the Attorney General,
14 the CFO, and the Commissioner, as well as agency
15 heads. Now more than ever, we need to have a
16 unified front to fight for the people of our state,
17 and I think it's important that we continue to have
18 that attitude and fight together in order to win
19 for the people.

20 MR. SOLE: Yes, sir.

21 GOVERNOR CRIST: I'm sorry about that, but I
22 think it's important.

23 MR. SOLE: Thank you, Governor.

24 One of the things, again, we've set up the
25 Florida Peninsula Incident Command. CFO, I think

1 you had a visit down in Miami to see that
2 infrastructure being set up. And that will
3 basically oversee our response actions from Taylor
4 County all the way up the coast, east coast of
5 Florida as we monitor and watch where this plume is
6 going from the Deepwater Horizon incident.

7 CFO SINK: Let me --

8 GOVERNOR CRIST: CFO.

9 CFO SINK: While you're on that topic,
10 though --

11 MR. SOLE: Yes, ma'am.

12 CFO SINK: One of the things that we recognize
13 and that I learned there, of course, was that there
14 is this Coast Guard definition, but it's the
15 Florida Peninsula.

16 It's a little bit concerning to me that the
17 Panhandle is within Mobile. So that's -- isn't
18 that going to make it more difficult for those of
19 us at the state level, specifically you, because
20 you're responsible, or you've been put in charge of
21 the overall coordination, which is great.

22 But is there any hope that maybe or thought
23 that potentially we could put the rest of our
24 Panhandle up under the Miami Command Structure so
25 that we're not -- I just detect there are lots of

1 problems and have been a lot of issues with going
2 back to Mobile, because they're so -- they really
3 have to be so focused on Louisiana right now.

4 And it seems that we're maybe a little bit of
5 an afterthought, as evidenced by the fact there
6 have been so many delays with this tarball
7 situation and getting their attention. So what's
8 your thinking about reorganizing the federal
9 government so that it benefits Florida?

10 MR. SOLE: I'll get right on that.

11 GOVERNOR CRIST: I think the people are going
12 to do that, CFO.

13 MR. SOLE: CFO, you know, this is something
14 actually that we talked about. Dave Halstead and I
15 had a great meeting with Admiral Watson and Admiral
16 Baumgartner. Admiral Watson is the federal
17 on-scene coordinator. He is the one who stepped in
18 as Admiral Landry moved on to take care of getting
19 her region prepared for hurricane season. So he is
20 the -- you know, he's the one guy that reports to
21 the national incident commander, Thad Allen.

22 So both Admiral Watson and Admiral Baumgartner
23 came to our EOC, gosh, two weekends ago, and we had
24 a very robust discussion about what's the best plan
25 for Florida. And in that discussion, one of the

1 things we recognized is, Mobile Command -- if you
2 look at this, Mobile Command has the area of
3 operation of the brown area, and that's it. They
4 do not go all the way to Louisiana. Louisiana, the
5 fight on Louisiana's front is being done out of
6 Houma, Louisiana. Both Houma, Louisiana, and
7 Mobile, and now the Florida Peninsula Incident
8 Command report to a centralized location in Robert,
9 Louisiana.

10 So the coordination that exists here in the
11 brown area, the Sector Mobile, is actually one that
12 I did encourage we continue that effort with
13 Mobile, because right now, there are actually --
14 when we get into a little bit more detail, you'll
15 see some of the fight they're taking to the product
16 that's offshore really at the Florida-Alabama line,
17 and this is a region where I think it actually is
18 working very well.

19 I would have preferred at the very beginning,
20 had we had the capability of changing that
21 infrastructure, that there be a Florida-based
22 effort. But now that they've gone so far through
23 their effort, I think it would be more disruptive
24 to change that.

25 And when you look at the Florida peninsula

1 side, it is almost a different fight. It's the
2 fight that we're looking at primarily as a result
3 of potentially this product getting into the loop
4 current. And we'll talk a little bit more about
5 that.

6 So without question, CFO, this is something
7 that Dave, myself, the two admirals -- and we
8 talked with the Governor about it -- felt that,
9 yes, let's keep our efforts in Mobile alive. I go
10 to Mobile, unfortunately, on an occasion, if not
11 frequently, especially as there are issues that
12 need to be addressed, and I think it is working.
13 It was bumpy at the beginning, but I think they've
14 actually excelled in making sure that Florida is
15 protected. And I would be glad to talk about that.

16 CFO SINK: And I do know that initially we
17 sent about 30 people over to Mobile. Are they
18 still there, or --

19 MR. SOLE: Yes, ma'am.

20 CFO SINK: -- or we redeploying those people
21 back to other parts of the peninsula as there are
22 potential impacts in the rest of peninsula?

23 MR. SOLE: And one of the challenges we had is
24 making sure we staff these resources effectively.
25 They are still in Mobile, Alabama as it stands. We

1 still have a little under 30 now in Mobile,
2 Alabama, actually part of that Unified Command
3 infrastructure. We have folks in the operations
4 section, we have folks in the logistics section,
5 and obviously, folks looking at the environmental
6 issues to make sure we're protecting Florida. And
7 they are Florida centered. We're making sure that
8 we're focusing on making sure Florida is protected.

9 The operational picture off-site -- I would
10 like to start with the off-site issues that are
11 going on. And when I say off-site, I mean at the
12 incident itself, at the well. Here's the Deepwater
13 Horizon wellhead. You can see -- and I'm going to
14 use this mouse. This is the oil recovery system.
15 We've talked about Top Hat, and I'll go into a
16 little bit more details.

17 This is the Top Kill Q4000, and I will talk
18 about what they are considering trying do with
19 that.

20 And again, the most important things that are
21 happening is the relief wells themselves. The
22 relief well out at DD3, this one started earlier.
23 On May 2nd I believe is when they started. And
24 this is the second relief well which was started
25 subsequently thereafter, and I'll go into a little

1 detail of where they're at.

2 Fortunately, because of beginning May 2nd,
3 they've made quite a bit of headway with the first
4 relief well. They're now down roughly, I think, to
5 some almost 13,000 feet below the drilled depth.
6 The goal is 18,000 feet. The last I heard, they
7 were about ten days ahead of schedule, but they're
8 still suggesting it's a three-month process before
9 they can finally put that relief well in and
10 actually, you know, stop up the existing well,
11 which would put us into, unfortunately, August
12 before we would actually see a permanent solution
13 in place, the soonest.

14 The other well, the other relief well really
15 is just a redundant system. You know, as soon as
16 one hits it and it solves it, it will be done. The
17 other relief well that they're operating is just
18 for purposes of redundancy, just to have two
19 systems in place to try to be as aggressive as
20 possible to stop this well.

21 Let's talk a little bit about the Top Hat. We
22 call it -- the Lower Marine Riser Package is the
23 other term that you've heard. You know that we've
24 gotten that deployed, or they got it deployed
25 roughly on June 3rd at 9:30. The good news is,

1 they've actually optimized some of that
2 performance. They're now at roughly 11,100 barrels
3 a day of oil recovered.

4 As a reminder, the scientific team estimated,
5 though, that there's some 12,000 to 19,000 barrels
6 per day being discharged. So you do still have a
7 significant amount of volume being lost to the Gulf
8 of Mexico.

9 They are trying to optimize and continue to
10 try to optimize the recovery of the Top Hat by
11 basically opening and closing some of the vents on
12 the Top Hat itself to see how they can recover as
13 much as possible. And here's a picture giving you
14 at least --

15 GOVERNOR CRIST: Secretary.

16 MR. SOLE: Yes, sir, Governor.

17 GOVERNOR CRIST: If I might. I'm sorry. Did
18 you say collecting about 11,100 barrels a day?

19 MR. SOLE: Yes, sir.

20 GOVERNOR CRIST: And how much is coming out of
21 the well again?

22 MR. SOLE: They estimate anywhere from 12,000
23 to 19,000 barrels per day.

24 GOVERNOR CRIST: Okay.

25 MR. SOLE: And that's roughly -- 11,100 is

1 roughly 460,000 gallons.

2 GOVERNOR CRIST: Yes, sir. Okay. Thank you,
3 you, sir.

4 MR. SOLE: You can see with this photo the Top
5 Hat dry-docked. I was hoping -- unfortunately, the
6 photos didn't come out as well. Here where my
7 mouse is, one of the things I want to point out is,
8 they are doing subsurface use of dispersants. And
9 I know dispersants is an issue we need to talk
10 about as we look at some of the actions that are
11 being taken, both on the surface as well as
12 subsurface.

13 This subsurface use of dispersants is trying
14 to attack it right at its source, and they're
15 showing actually some decent success with its use.
16 One of the things that's also beneficial is, as
17 they're working at the site, one of the things that
18 they always have a challenge right there is the
19 levels of VOCs right there at the wellhead. The
20 use of this dispersant is knocking some of that VOC
21 down so that they continue to work safely at the
22 site.

23 And one of the things that -- and it's
24 unfortunate. These pictures really don't show it.
25 You can see -- you can now at least see a lot of

1 the Top Hat itself in some of these pictures, where
2 before, at the very beginning, it was just a wall
3 of plume. So they are maximizing some of its
4 recovery.

5 This is part of a discussion that BP has had
6 and the area command and the Coast Guard has had
7 about making sure we're prepared for hurricanes,
8 because the system that they have in place right
9 now with the Top Hat, kind of a hard infrastructure
10 system, unfortunately, if a hurricane came in, it
11 would probably be difficult for them to maintain
12 and continue. So right now I'm glad to hear that
13 Unified Command is looking at, "All right. Let's
14 get prepared for the potential for hurricanes in
15 the Gulf of Mexico."

16 And what their concept is is to go ahead and
17 use more of a buoy system recovery instead of the
18 hard recovery that they have on top of the blowout
19 prevention device. That way, if we had a
20 hurricane, they could disconnect, go to safe
21 harbor, and then come in and connect without a lot
22 of infrastructure damage, which unfortunately today
23 I think would be complicated.

24 The other thing that they're looking forward
25 on and hopefully we'll see as soon as the middle of

1 this month is using this Q4000 Direct Connect
2 system. As you recall, the Top Kill -- everyone
3 will remember Top Kill. We were all very hopeful
4 that Top Kill would work, and we were unfortunately
5 disappointed that it didn't.

6 The benefit of the infrastructure they have on
7 Top Kill is, they can actually convert that now to
8 a recovery system as well. So while they have the
9 Top Hat on the top, they're going to use the Top
10 Kill infrastructure and try to recover as much oil
11 as they can throughout the choke and valve systems
12 at the blowout prevention. So hopefully by the
13 middle of June, a week or so from now, they'll
14 begin additional recovery efforts through that
15 system to help reduce the amount of oil that goes
16 into the Gulf. So I am happy that they're looking
17 at some of these aggressive options to get as much
18 of this product out of our Gulf of Mexico.

19 Removal strategies at the site, they continue
20 to do burning. They have gotten, I think, some
21 eight burn groups together, depending upon weather.
22 Unfortunately, over the weekend, weather was really
23 difficult for them to manage burning and skimming
24 on the surface. The good news is, we've got some
25 great weather ahead of us, and so they are going to

1 begin maximizing the amount of burning they're
2 doing offshore as well as the amount of skimming.

3 And this issue of dispersants, I do want to
4 actually bring this up, because this has been a
5 complicated issue for all involved. Obviously,
6 we're concerned about the use of dispersants,
7 because dispersants are obviously toxic in their
8 own right. They do have an adverse impact.

9 However, there's a cost-benefit to the use of
10 dispersants. Because they've been reducing the
11 amount of dispersants, we're actually beginning to
12 see more oil on the surface. And when we see more
13 oil on the surface, we're going to see more impacts
14 to our shorelines.

15 So this is something that Robert, Louisiana,
16 the Coast Guard, BP, EPA, all are trying to get
17 into a healthy dialogue on so that we can balance
18 this issue, because it really is a cost-risk
19 analysis of, if you reduce the amount of
20 dispersants on the surface, unfortunately, you
21 increase the amount of oil that's going impact your
22 shorelines.

23 So as a Floridian, because of the distance,
24 it's something that I do think we need to engage in
25 that debate as to what the best solution is.

1 Now, dispersants in Florida waters, as we
2 talked about last time, are highly unlikely because
3 of distance we are from this wellhead. It is
4 weathered, and dispersant really doesn't work on a
5 weathered product. It's for that fresh product.

6 So this is something that I'm paying very
7 close attention on, trying to get as much research
8 on the dispersants themselves, their effects, and
9 the long-term concerns about the use of
10 dispersants, in light of the very near-term impacts
11 of oil hitting our shorelines.

12 And I raise this just to note this is
13 something that really is a subject of debate, and I
14 expect a lot more discussion on it.

15 GOVERNOR CRIST: General.

16 ATTORNEY GENERAL McCOLLUM: I just wanted to
17 ask you, Mike, while we're on dispersants, the
18 fishermen yesterday I was talking with -- and I've
19 heard this from others before -- are really
20 concerned about the effect of the dispersants on
21 the long-term health of the fishing opportunities,
22 because the oil that is being dispersed is going to
23 ultimately sink, or perhaps fish life could consume
24 some of this, and there's some toxicity in it.
25 Obviously, there are a lot of unknowns here.

1 Can you tell us anything about any plans that
2 you or the federal government have to monitor this,
3 to check scientifically and analyze the effects
4 that this dispersant is having, and what is
5 actually happening to the oil plume that's under
6 the water? I know there was a denial that there
7 was a plume, but there certainly seems to be one
8 down there right now in at least the deeper waters.

9 MR. SOLE: General, absolutely.

10 Two things: The Governor recently reached out
11 and sent a letter to BP basically requesting that
12 some \$100 million be provided to basically our
13 state university system through the Florida
14 Institute of Oceanography to be able to look at and
15 identify more research on both the use of
16 dispersants, fate and transport of this oil, to
17 include what we're seeing on the subsurface plume.

18 The Weatherbird, which is out of St. Pete USF,
19 went out two weeks ago and did some sampling,
20 identifying through fluorescence this underwater
21 plume. And I think it was roughly 22 miles wide --
22 excuse me, long, and a quarter mile wide, which,
23 when you look at the scope of the surface plume,
24 which is thousands of square miles, that's actually
25 a small plume, this subsurface plume.

1 This is still insufficient information on the
2 subsurface plume. I know that they're looking at
3 trying to get additional water quality. We've
4 talked with NOAA about them doing more research out
5 there at the site to get arms around the subsurface
6 plume, the scope, the magnitude. I will tell you,
7 I don't have a good handle on it, General, as to
8 the magnitude of the subsurface plume, whether it
9 exists or whether it's significant enough for great
10 concern.

11 We are, and I have, and the Governor has also
12 challenged BP to do more monitoring in the loop
13 current so that we can understand whether -- while
14 we see the surface plumes that are in this loop
15 ring, which we'll talk about, we're concerned about
16 subsurface plumes that may exist.

17 And the good news is, based upon our request,
18 they have mobilized additional vessels to do
19 additional sentry efforts in the loop current to
20 make sure we don't have this, quote, unquote,
21 subsurface plume surprise us in our Florida Straits
22 area.

23 ATTORNEY GENERAL McCOLLUM: Mike, in addition
24 to the plume, if there is or isn't -- I think there
25 is definitely a subsurface plume.

1 MR. SOLE: Yes, I think there's one too,
2 General.

3 ATTORNEY GENERAL McCOLLUM: The dispersants, I
4 gather the objective of those was to keep the oil
5 underwater and break it into smaller pieces. It
6 may not be a plume. And then the argument we heard
7 when I went to Mobile a couple of times -- and I'm
8 sure all of us here have heard it -- is that when
9 the oil particles or smaller ones would fall to the
10 bottom of the ocean, I suppose, and be relatively
11 harmless.

12 But again, the fishermen rightfully expressed
13 concern about what really happens to all of those
14 many, many particles, because the volume is so
15 great. Is there any testing going on or any
16 anticipation of testing to determine what's
17 happening aside from the plume that may be down
18 there with the dispersed smaller pieces of oil
19 debris?

20 MR. SOLE: I do expect quite a bit of testing
21 to occur after this incident is largely dealt with
22 and get more of an understanding of both the fate
23 and transport in the subsurface environment.

24 I will tell you that the common theory on this
25 issue is, most of that is being consumed by

1 microbial, bacterial activity, which is normal in
2 the Gulf of Mexico. The reminder to everybody, the
3 Gulf of Mexico does have quite a few natural oil
4 seeps as a result of all this oil that's in there.
5 So we do have discharges occurring under natural
6 conditions in the Gulf of Mexico. This natural
7 seep scenario has created a microbial environment
8 for these microbes that actually do eat oil.

9 So in the Gulf of Mexico, you have natural
10 microbes, bacteria that actually go and attack oil.
11 So the question is, in light of that existing
12 scenario, how much of that will be basically dealt
13 with through microbial action versus what we're
14 seeing on the surface?

15 ATTORNEY GENERAL McCOLLUM: We have, Mike, at
16 least two companies that I know of in Florida, two
17 Florida-based companies, one of which I'm sure has
18 had EPA approval, that produces this oil-eating
19 bacteria, and yet they've said nobody in the Coast
20 Guard or nobody in the federal government or
21 whoever has responsibility -- I presume it's
22 somebody you know -- has contacted them or agreed
23 to -- they've tried to contact the government, to
24 enhance this eating activity.

25 They say we could put a lot more bacteria out

1 there, we could destroy a lot more of this oil, and
2 nobody is doing it. Why is that?

3 MR. SOLE: General, I don't have a good answer
4 for that. I asked about that early on in the
5 process, and the simple response -- and I probably
6 didn't ask high enough, candidly, and I need to
7 pursue that some more. The simple response was
8 that these bacteria are naturally already in the
9 Gulf of Mexico. Adding bacteria doesn't seem to
10 promote any additional or more aggressive breakdown
11 of the oil.

12 I don't have enough science to be able to say
13 whether that's a good answer or a bad answer. I
14 will tell you that as far as I'm concerned, as long
15 as we're doing something that doesn't have the
16 potential for harm, there's no reason why we
17 shouldn't try to it move forward as aggressively as
18 possible.

19 ATTORNEY GENERAL McCOLLUM: Well, I realize
20 I'm not the scientist either, but these companies
21 aggressively say, you know, we could enhance this,
22 you know, you don't have enough of these bacteria
23 out there, and we could get the job done more
24 quickly and therefore reduce the risk of potential
25 toxic reaction. I don't know if it's true or not,

1 but they are arguing that. And I know that you're
2 hearing from them as well as I am.

3 MR. SOLE: Yes, sir.

4 ATTORNEY GENERAL McCOLLUM: But it's certainly
5 important that that get to somebody who has the
6 authority besides -- I know you don't yourself --
7 to deal with that.

8 MR. SOLE: And I will push that, General. I
9 agree.

10 GOVERNOR CRIST: I would encourage you,
11 Secretary.

12 MR. SOLE: Yes, sir.

13 GOVERNOR CRIST: Just from a common sense
14 point of view, if you have more of the stuff that
15 can eat it, then you have more of the stuff that
16 can eat it. And it seems, you know, to me we're
17 not scientists. The General is absolutely right.
18 But if you could delve into that more deeply and a
19 little more aggressively, I think that would be
20 great.

21 MR. SOLE: Absolutely.

22 GOVERNOR CRIST: CFO? Thank you, sir.

23 CFO SINK: Mike, could you describe -- because
24 I've heard the same thing, obviously. Tell us what
25 the decision-making process is. How does -- I see

1 the expression on your face. That's what we're all
2 so frustrated about. Here are all these ideas
3 floating around.

4 This one sounds worthy of some serious
5 consideration, because as much as we don't want to
6 see our beaches spoiled, and we don't want to see
7 that oil floating on the surface, this other impact
8 could be generations to come. It could destroy the
9 fisheries in the whole Gulf for tens -- decades.
10 They can figure out a way to clean our beaches, but
11 I'm not sure they can figure out a way to replenish
12 our fisheries stock.

13 So can you tell me as of today, what would
14 your understanding be of -- you have this idea.
15 What happens to this idea? Where does it get to?
16 Who makes the decision? Are you involved in the
17 decision-making process or -- just tell us what it
18 is, because that's what we're all so frustrated
19 about.

20 MR. SOLE: I understand. The decision-making
21 process as it relates to some of the more
22 aggressive, innovative technologies I think are
23 largely being dealt with out of Robert, Louisiana.
24 That's the main central focal point for this
25 effort. You have Admiral Watson there from the

1 Coast Guard. You have senior BP officials there as
2 well that are -- like Doug Suttles, who are looking
3 at how to overall attack this effort.

4 Individually, I think there are options for
5 Mobile Command, for example, to make some other
6 suggestions, but they still get ramped up through
7 Robert, Louisiana, before anything happens.

8 For example, the use of dispersants out of
9 Houma, one of the things, because they were seeing
10 a lot more fresh oil heading towards Louisiana from
11 the site, the Houma operational areas, the folks
12 that are tracking Louisiana's shores, actually
13 requested that they be able to use some level of
14 dispersants to break it down before it hit their
15 marsh shoreline. That decision still had to go
16 through Robert, Louisiana, and in that case, also
17 coordinated with EPA, because you also have the
18 federal government infrastructure there through the
19 Environmental Protection Agency that actually
20 controls dispersants.

21 Now, microbial, I think a lot of these have
22 already been approved through the EPA process,
23 candidly, as well as the Minerals Management
24 Service process. So to me, the decision about
25 whether to use the microbial efforts is probably

1 largely there with Robert, Louisiana, and the
2 infrastructure, the Unified Command at Robert,
3 Louisiana.

4 CFO SINK: But when you leave here this
5 afternoon at the Governor's direction, can you --
6 maybe you're --

7 GOVERNOR CRIST: What do you do?

8 CFO SINK: Yes. Can you just say, "We're
9 going to this place and this place, and this other
10 place, and then this other place, and then it comes
11 back around to this other place, and" --

12 MR. SOLE: My suggestion --

13 CFO SINK: It sounds like a spaghetti factory
14 to me.

15 MR. SOLE: Well, there is good -- I will tell
16 you that I'm on a call twice a day with the entire
17 team, Admiral Watson briefing on everything that's
18 occurring in Louisiana to all the way on the east
19 coast of Florida. And on that call, we can make
20 those suggestions and discuss, and I will do that,
21 because I have the ears of the decision-makers.

22 And that's how we've been able to communicate,
23 whether it's a personal phone call from the
24 Governor to Admiral Watson, which I know he has
25 done on occasion, or Admiral Allen, or whether,

1 when the team is together, talking about some of
2 the things that Florida would like to see. And
3 that is clearly something that I will ask about.

4 ATTORNEY GENERAL McCOLLUM: Mike, I've got to
5 follow up with one thing while we're on this
6 subject, because it just bothers me a lot. I was
7 out there yesterday -- of course, all of us have
8 been out there three or four or five times.

9 But just yesterday, talking about the slowness
10 is one thing, but the absolute absence of some
11 action. You know, last week I was out with the
12 Governor. We flew on the Black Hawk -- you
13 remember, Governor? -- came back in and discussed
14 the absence of seeing any skimming vessels. You
15 and I talked about that on the telephone.

16 MR. SOLE: Yes, sir.

17 ATTORNEY GENERAL McCOLLUM: I raised the
18 question about it. I gather we've got 20 vessels
19 coming our way. Yesterday the BP representative
20 said it's going to be two weeks before the skimming
21 vessels get here.

22 I read some piece in the paper where Admiral
23 Allen said that we're going to not be able to draw
24 down other skimming vessels, although I hear there
25 may be 300 more somewhere else in the coastal

1 waters that are not in the Gulf because maybe there
2 might be some incident that might occur there,
3 might. We've got an incident in the Gulf of
4 Mexico. Incident? It's a catastrophe. And it's
5 just -- I don't see that same fervor. I know there
6 are dedicated men that are there, but there's got
7 to be some passion in the federal government here.
8 I know you're interacting with them every day.
9 We're trying to get their cooperation.

10 The day after we were out there, Governor, on
11 Friday after I mentioned too the idea of looking at
12 alternatives -- why am I the one mentioning this,
13 you know? And I'm not just talking about microbes.
14 And I mentioned one yesterday specifically. I've
15 learned there's a polypropylene sheet that could be
16 put out there to collect oil like a magnet that
17 could be dragged behind boats.

18 There was apparently no real look by the
19 federal government at alternatives, nobody thinking
20 about this in advance. So on Friday I read where
21 they've put out some press release that said we're
22 going to have an interagency work group on this.

23 But this is going to take two weeks to get 20
24 skimmers? How long is it going to take to get, you
25 know, 100 more if we need them? Why aren't we

1 ordering them now? Why aren't we doing something
2 more about the issue of these alternatives? It's
3 not just the one or two I mentioned. There are a
4 bunch of others, as you know, not all of them
5 valid. But 48 days passed before they even looked
6 at this.

7 I'm -- I'm sorry. I'm upset a bit about it.
8 And I just want you to feel my passion about this.
9 I'm sure it's shared by everyone up here, and I
10 know it's shared by everybody out there, with the
11 failure to get their arms around these very
12 fundamental things. It's -- you know, we haven't,
13 fortunately, been hit as hard as we could be, but
14 with the weather patterns, with the hurricane
15 season coming on, you know, waiting two weeks to
16 get skimmers, at some point -- we don't have two
17 weeks to wait -- or for the alternatives that could
18 be out there working besides the booms and besides
19 the little bit of effort we got. It isn't just the
20 dispersant. It's all that other stuff.

21 MR. SOLE: Yes, sir.

22 ATTORNEY GENERAL McCOLLUM: It's really
23 bothering me.

24 CFO SINK: Well, Governor, that's why I asked
25 for BP to have a representative here today at this

1 Cabinet meeting that so we could hear -- they're
2 the responsible party. And rather than have
3 Secretary Sole have to kind of sift through all
4 these issues --

5 ATTORNEY GENERAL McCOLLUM: With all due
6 respect, CFO --

7 CFO SINK: We do need to hear from the BP
8 representative.

9 ATTORNEY GENERAL McCOLLUM: I'm all for
10 hearing from the BP representative, but with all
11 due respect, the federal government is also a
12 responsible party. I'm just -- I'm ticked at both
13 of them. I know you are too. They're both
14 responsible here, it seems to me. It's not one or
15 the other. It's both of them.

16 GOVERNOR CRIST: Well, we will hear from the
17 BP representative, and I think we all look forward
18 to that.

19 Secretary, did you want to continue?

20 MR. SOLE: Yes. Let me briefly give you an
21 update on some additional information. General,
22 just to respond briefly, I hear you loud and clear,
23 and a lot that is part of the frustration. There
24 has been some action taken by Unified Command to
25 try to address some of those concerns, but I will

1 tell you, more is needed, there's no question.

2 The good news is, as you look at the nearshore
3 trajectories -- this trajectory shows the expected
4 area of impact Thursday, so this is a 72-hour
5 outlook. We begin to see actually somewhat of a
6 reduction of some of that larger sheen coming into
7 Florida, and this is primarily due to the expected
8 winds that we see this coming week. We're actually
9 going to get a little north wind for a short period
10 of time, because we have a cool front coming
11 through, which is great.

12 And then instead of the winds, which have been
13 for the last week and a half, sadly, from the
14 south-southwest pushing it towards us, we are going
15 to begin to see winds actually start shifting to
16 the south-southeast, which will help benefit
17 Florida and hopefully reduce the amount of impacts
18 that we see. These winds that come from the
19 south-southeast will actually move it a little bit
20 to our west, unfortunately still promote a landward
21 impact.

22 The other issue that we're constantly looking
23 at is the actual sheen that's in the loop current
24 itself, or in this case, the loop ring.
25 Fortunately, we used to have a fairly large sheen

1 body where the mouse is, almost 100 miles offshore
2 of Florida. That has largely dissipated. And I
3 think a lot of that is because we see this loop
4 current -- excuse me, the loop ring.

5 And you remember our discussion on the loop
6 ring. The loop ring is cut off from the loop
7 current. We've seen this loop ring actually head a
8 little bit to the west, and that's a good thing.
9 We've talked about how the loop ring, if it
10 continues, would actually move west.

11 For the last several days, there has been
12 great concern that the loop ring and the loop
13 current would reconnect in this area and
14 potentially bring some of that very light sheen
15 into the Straits of Florida.

16 However, more recent forecasts actually
17 continue to show -- and you can see June 12
18 forecast -- continue to show the loop ring
19 separated and potentially heading a little bit more
20 west. So this is something that -- I'll call it an
21 optimistic forecast, because I've been very closely
22 watching and monitoring this loop ring and loop
23 current connection. I'm still concerned there
24 could be a connection, but there are other
25 favorable scenarios.

1 The only thing we have currently in this loop
2 ring is some very light sheen. They just did an
3 aerial reconnaissance, and they could see hardly
4 anything but light sheen in the loop ring.

5 And, Governor, as we talked about, we also
6 have sentry boats out there trying to get real and
7 actual samples to see if there are any tarballs in
8 this loop ring. As it stands, there's not been
9 identified any tarballs, but we're going to get
10 some boats out there to verify that.

11 CFO SINK: Mike, when I was there in Miami
12 last week, they were just getting ready to get
13 activated. They only had one identified sentry
14 boat. What's the situation with the sentry boats?

15 MR. SOLE: They now have two, it's my
16 understanding, a NOAA vessel and the USF
17 Weatherbird.

18 CFO SINK: How many should we have out there?

19 MR. SOLE: Well, it depends. You know, I
20 would actually like to see more, CFO, because we're
21 monitoring the loop ring.

22 I will tell you that there was a satellite
23 imagery yesterday that actually showed some
24 potential anomalies in the loop current itself,
25 which would be in this area. Fortunately, when

1 they went out to investigate, they didn't find
2 anything, so fortunately, that was just an anomaly
3 using the satellite interpretation.

4 And my fear is that, you know, we need to
5 monitor in this area. We also need to make sure
6 they have adequate monitoring in the loop ring
7 itself just to understand what's in it, because
8 other than the aerial views, which show the sheen,
9 you don't know -- you really can't get a good
10 strong understanding of what's there unless you get
11 a boat out there, take some samples, and really get
12 hands on.

13 And that has been kind of Florida's stance on
14 it. The aerial is great. It's essential. But
15 you've also got to get eyes on target right there
16 in the water to really get a feel for what's out
17 there.

18 GOVERNOR CRIST: Mike, would USF have that
19 capability out of their facility in St. Petersburg?

20 MR. SOLE: Yes, sir. In fact, I think they
21 did contract -- now that I think, they contracted
22 with USF to do some of this work. And USF has both
23 surface and subsurface capabilities to see -- they
24 deploy -- I forget what they call them. I think
25 they call them manta rays.

1 Basically, it's a towed system which actually
2 dives and is able to through a fluorescence
3 capability actually identify the presence or and
4 absence of potential hydrocarbons. And this will
5 give us a good feeling or an understanding or a
6 potential understanding whether there's any
7 subsurface impacts in that region. That's what
8 they did up into the incident site when they
9 identified the potential of this underwater plume.

10 Now, we're expecting to get the water quality,
11 the actual real samples. We're expecting to see
12 the results hopefully in the next couple of days,
13 because the fluorescence is really a good potential
14 indicator. It's a litmus test type scenario. It's
15 not a factual statement of whether there is
16 hydrocarbons, but it is a good litmus test. We've
17 got to wait to get the lab data back and actually
18 get those results before we can confirm whether
19 there's anything in this region.

20 Just to give you a sense, we looked at these
21 maps close up. I want to pan out. Again, we have
22 been -- through our monitoring, we have been seeing
23 sheen within four miles of the beaches. Governor,
24 you saw it when we flew just the other day right
25 there off of Navarre. We had that very light sheen

1 roughly four and a half miles offshore of Navarre
2 on Saturday.

3 Fortunately, we continue to fly this area
4 through Nick Wiley's group, the Fish and Wildlife
5 Conservation Commission. I'm going to talk about
6 some of our recon efforts. And it still seems to
7 be roughly five to ten miles offshore. We don't
8 seem to have a lot of significant incursions
9 hitting Florida's beaches with respect to the
10 sheen, the surface sheen.

11 You can also get a feel for how far the
12 closest point is to Cape San Blas. And obviously,
13 while you cannot see this because it's really very
14 light, it's roughly 200 -- the part that's in the
15 loop ring itself is roughly 200 miles offshore of
16 Tampa-St. Pete.

17 I'm going to move to some of the actions that
18 we have taken in Florida. Our EOC is at Level 1.
19 We've put some 261,000 feet of boom out already,
20 and that's the Area Contingency Plan that has been
21 done by BP and the Coast Guard.

22 I do want to point out we need more boom.
23 This is something, one of the key issues that we've
24 been talking with the Coast Guard. We have still
25 have roughly 170,000 feet of boom still needed to

1 complete our contingency plans all the way through
2 Franklin County. And I want to be clear. This is
3 just through Franklin County. The good news is, I
4 don't see, based upon projections, any impacts that
5 far east, but it is something we want to be
6 prepared and have on standby.

7 You have also heard that we've been working
8 with counties to provide supplemental booming.
9 This has been essential, because while the Area
10 Contingency Plan is a good document, here are the
11 most sensitive resources, there's nothing better
12 than talking to the local government about what
13 things they want protected as well. So we have
14 worked with these local governments all the way
15 through Jefferson County to identify additional
16 booming needs. We have contracted all the way
17 through Franklin County with providing this boom,
18 and we're just working with Wakulla and Jefferson
19 County to make sure they're prepared and ready.

20 Total boom in the Panhandle would be some
21 811,000 feet if we got all this deployed. And
22 again, the boom is there to protect the resources.
23 That's its large purpose. You can see the
24 sensitive resources here in Perdido Bay where
25 they've boomed -- Governor, these are the same

1 pictures I took when we were on the Black Hawk the
2 other day.

3 ATTORNEY GENERAL McCOLLUM: Mike, while you're
4 talking about booming --

5 MR. SOLE: Yes, sir.

6 ATTORNEY GENERAL McCOLLUM: You know,
7 yesterday, again, I got in a conversation about
8 booming. I understand that Alabama's governor has
9 called for and they have triple boomed out there in
10 some places. Some of the locals I guess in
11 Escambia County are saying, "Well, we've triple
12 boomed inside our area a little bit here, but
13 there's no plan to triple boom or double boom along
14 the perimeter of the marshes and so forth."

15 What is the status of that? Are we looking
16 that this as single boom all along, and that's
17 where you're planning all of this, or are we
18 looking at double boom, or what's the deal?

19 MR. SOLE: One of the things that we -- thank
20 you, General. One of the things that we've tried
21 to approach this from -- and a lot of it is from
22 experience. A lot of it is identifying what works
23 and what doesn't work.

24 I know that Alabama has tried to boom off a
25 lot of their beaches and tried to keep any of this

1 product from hitting their beaches. The
2 expectation was early on that that would not be
3 effective. And candidly, they've had problems in
4 maintaining that boom or some of the other
5 initiatives that they have trying to keep it off
6 their sandy beaches.

7 Unfortunately -- and this is something that
8 we've seen over the years and folks that are in the
9 industry know. Boom is not effective -- and you've
10 heard me say it -- in high currents or high wave
11 environments. You can't boom off your coast. So
12 our aggressive approach has been trying to boom off
13 and double boom the inlet scenarios to try to see
14 if we can keep as much of this product from getting
15 into our bays to begin with.

16 Florida has, fortunately, a little bit better
17 system of inlets, because they're not as wide as
18 you see, for example, in Mobile Bay. I think it
19 would be difficult from them to be very successful
20 in completely booming off Mobile Bay, even though
21 they're trying.

22 Our inlets are smaller, so we have the ability
23 to do some what we call collection booming, trying
24 to divert product into certain areas so we can skim
25 it and get it out of there before it gets any

1 further in the bay, and some deflection booming
2 trying to keep it out of the inlet itself. So
3 that's the approach we've taken.

4 The counties have worked with us both on BP's
5 plan and trying to bolster that. And that's our
6 supplemental booming, that we're trying to get a
7 little bit more aggressive in these inlets to try
8 to keep it out of our bays.

9 Let me talk about -- we talked about skimmers.
10 I will tell you that we have been requesting as
11 much skimming capacity in the State of Florida as
12 possible because, candidly, the more they can get
13 offshore, the least impact we're going to see on
14 our beaches.

15 And the good news is, Mobile Command has
16 actually very much shared that desire to be very
17 aggressive. Originally they had a very small area
18 of operations. I think it was just roughly ten
19 miles offshore for just dealing with nearshore
20 skimmers. They have gone out, further out to some
21 60, 75 miles offshore with their skimming
22 operations to try to collect this material before
23 it hits Florida's or Alabama's or Mississippi's
24 shoreline.

25 These little orange dots are the Coast Guard

1 cutter skimmers, and you see they're deployed in
2 the large areas where there is product. You have a
3 Coast Guard skimmer also out in this region. What
4 you also have -- this is today's -- by the way,
5 this is today's operational condition. These are
6 actual boats deployed in these regions.

7 GOVERNOR CRIST: Secretary.

8 MR. SOLE: Yes, sir.

9 GOVERNOR CRIST: Before you go further, could
10 you sort of, if you would, describe for us what a
11 skimmer is and how a skimmer works.

12 MR. SOLE: I will do my best.

13 GOVERNOR CRIST: Please.

14 MR. SOLE: There are several types of
15 skimmers. There are some larger offshore skimmers
16 that are able to deploy large booms, usually to
17 either side, or actually have a collection system
18 to divert product to a central area, in which this
19 product is actually decanted from the water. The
20 product gets placed in a containment vessel or on
21 the exact vessel, and the water is then decanted
22 off so that you get just the oil, or the majority
23 of it just the oil. And it is surface skimming.
24 You're basically -- it's almost like taking a small
25 net and a scoop and removing the oil as you go.

1 There are other skimmers that are used that
2 are more nearshore, quiet water scenarios, and
3 there are drum skimmers where it's just a drum, and
4 it looks almost like a cement roller, where it's a
5 drum, and because the oil is tacky, it sticks to
6 the drum as it spins, and then it skims the oil off
7 into a containment area. You also have belt
8 skimmers, where they have belts that actually
9 collect the oil from the water and then drop it off
10 into a containment. Most of those are your quiet
11 water or nearshore skimming capacities.

12 They also have something that's called a Big
13 Gulp that they're trying to get into our area. And
14 this is --

15 GOVERNOR CRIST: It's called a what?

16 CFO SINK: A Big Gulp.

17 GOVERNOR CRIST: It's not a Seven-11 --

18 MR. SOLE: It's not a Seven-11 product, I can
19 assure you. I would discourage any consumption of
20 it.

21 And this is where they actually open up a
22 large area of the vessel and really get a lot of
23 oil and water into the vessel and separate it. And
24 this is something that we want to see offshore our
25 waters, because it is able to be more aggressive in

1 getting as much as of this product.

2 Unfortunately, it seems to be bouncing -- and
3 this is kind of the frustration things, General,
4 you raised. It seems to be bouncing back and forth
5 between Louisiana and Florida, and we're hopeful
6 that in this mornings's conversation we'll get that
7 vessel here on station to attack some of this
8 product that is generally in this area of operation
9 that they really need to be aggressive on.

10 GOVERNOR CRIST: Is there only one of these
11 such vessels?

12 MR. SOLE: I think there is only one of these
13 vessels in the Gulf of Mexico right now, Governor.
14 And I don't know how many are throughout the nation
15 or outside of the nation.

16 GOVERNOR CRIST: Right. My question is, who
17 has it? The Coast Guard?

18 MR. SOLE: No, sir. These are private assets,
19 many of these. Now, some of these cutters --

20 GOVERNOR CRIST: I didn't hear what you said.
21 These are what assets?

22 MR. SOLE: Private assets.

23 GOVERNOR CRIST: Private assets.

24 Well, I think, you know, that sounds like a
25 promising possibility.

1 MR. SOLE: Yes, sir.

2 GOVERNOR CRIST: If your staff can endeavor
3 find out, maybe a phone call this afternoon that
4 you have scheduled already, how many others of
5 these ships might be in existence, and we can try
6 to pursue them and bring them here.

7 MR. SOLE: Yes, sir, absolutely.

8 I will tell you right now there's roughly ten
9 offshore skimmers in operation in our area. We've
10 got 12 nearshore skimmers in operation in our area.
11 And a lot of these are assigned in task forces.
12 These little blue dots and red dots show task
13 forces where you have multiple boats working an
14 area.

15 And the good news is, you've got 312 vessels
16 of opportunity. These are your fishermen, your
17 commercial fishermen, your charter boat captains
18 that are out there working our water. These are
19 offshore of Florida's waters, and they're either
20 booming this oil for collection areas so that they
21 can take to it skimmers to centralize that
22 function, or they're actually using snares to snare
23 some of the oil and collecting it that way.

24 So there is an aggressive approach both from
25 using commercial assets, but also using our Florida

1 assets in the state of --

2 ATTORNEY GENERAL McCOLLUM: Mike, wouldn't it
3 be a lot better if they had the propylene sheets so
4 they could go out there and do that? I mean, I
5 don't know the value of that, but listening to
6 that -- and I know you have too. So it just
7 irritates me to think you've got all those vessels
8 of opportunity, and they're out there booming,
9 trying to push it around a little bit. They could
10 be pulling it in. They could be actually -- I
11 mean, that's the way it's described to me.

12 MR. SOLE: And I forgot to bring my sample,
13 and I apologize. You should definitely chastise
14 me.

15 One of the things that's challenging at least
16 in this area of operation -- you've heard me talk
17 about time and distance being our friend, because
18 it's taking what is nasty, crude oil and really
19 weathering that system quite a bit by the time it
20 gets to Florida. And we are seeing mostly
21 weatherized petroleum --

22 ATTORNEY GENERAL McCOLLUM: Here's your
23 sample. This is off the beach at Pensacola this
24 weekend.

25 MR. SOLE: Yes, sir.

1 ATTORNEY GENERAL McCOLLUM: That's what it
2 looks like. I brought that back with me.

3 MR. SOLE: And that is really sticky, and it's
4 more of a physical collection system than it can be
5 -- and I've tried actually some these products to
6 see how they would work with tar, and there's not a
7 lot of collection capability with these products
8 for this tar material.

9 Now, offshore, General, where the spill
10 occurring, or actually in Louisiana, where they
11 seem to be having -- because of their proximity,
12 it's a lot fresher material, absolutely, those
13 products seem to be effective. But here in our
14 waters, it's so weathered, it's more of a physical
15 removal that's successful versus some of these
16 absorption type systems. I've used -- I've got a
17 couple of experiments going on at the EOC as we
18 speak to see if there's any absorption, and it's
19 just too weathered for a lot of this product.

20 GOVERNOR CRIST: Could you explain and
21 elaborate a little bit on the time and the distance
22 advantage Florida has, say, over Louisiana?

23 MR. SOLE: Yes, sir. Let me see if I can get
24 to a better operational picture.

25 You know, from the incident site, you can see

1 that we're roughly over 100 miles away from the
2 closest point to Pensacola and the incident site
3 where the source of oil is occurring. Here we're
4 roughly 35 miles from Louisiana. By the time --
5 it's that time and distance both.

6 You've got currents that have been keeping
7 this product a little bit offshore of Florida for
8 quite some time, so by the time it gets here, you
9 can see that it's largely -- this heavier material
10 has largely broken up. You don't have as much
11 heavier materials beginning to volatilize. It's
12 still a sheen, and it weathers into streamers.
13 You'll see the emulsified streamers I think when
14 you went offshore.

15 GOVERNOR CRIST: Right.

16 MR. SOLE: Early on you saw those orange to
17 red emulsified streamers, not heavy product, but
18 it's kind of beginning to coagulate a little bit.
19 And that's usually in this area that's roughly
20 60 miles offshore, 45 miles offshore that you see
21 those emulsified streamers. And then by the time
22 it gets in to us, it really is weathering to a
23 point where it's tar mats.

24 Now, these tar mats can be quite sizable, you
25 know, 30, 50, 60 feet long, 20, 30 feet wide, and

1 heavy tar as much as three to six inches thick.
2 And it's got sargassum in it, seaweed in it. It
3 really has kind of gotten to that real nasty
4 weathered. For those, you can't even skim it.
5 Most of the skimmers are very difficult. They are
6 actually collecting these with booms.

7 GOVERNOR CRIST: So skimmers work better with
8 a thinner material?

9 MR. SOLE: Yes, sir. They're actually
10 collecting these with booms and trying to corral
11 them with nets and booms using some of the
12 fishermen folks, and they've got a clam shell
13 that's just basically scooping it up, because it's
14 so physical at this point, it's more a solid than
15 it is a liquid. So it's easier for them to do this
16 kind of mechanical removal system with a clam shell
17 than it is with actual skimmers, and they've been
18 having success out there.

19 GOVERNOR CRIST: What causes the change in the
20 consistency with the time and the distance?

21 MR. SOLE: Volatilization.

22 GOVERNOR CRIST: I don't know what that means.

23 MR. SOLE: Evaporation. How's that?

24 GOVERNOR CRIST: That's good.

25 MR. SOLE: Basically, oil is made of many

1 compounds, and it has different phases. Gasoline
2 is your lighter fuel type, and you smell gasoline
3 very quickly because of its volatile nature. Most
4 of that type of crude oil has already been
5 volatilized to the environment. It has evaporated
6 to the environment, so it's now gone from the
7 original crude product that existed. So you lose
8 that lighter fraction. Then you have some of your
9 diesel end fractions that are a slower volatilizer,
10 but they do still volatilize, so that begins to
11 volatilize.

12 GOVERNOR CRIST: So the sun evaporates it.

13 MR. SOLE: The sun is working it. The wave
14 energy is pounding it when there are waves, which
15 we have had some bad weather, will also help work
16 it and break it up and keep it from being as
17 viscous or liquid as it is originally from the
18 crude.

19 And then, of course, you have the microbial
20 action that we talked about. There are the
21 microbes that are attacking it and further
22 degrading the crude to this more solid product.

23 GOVERNOR CRIST: That we may decide to
24 intensify.

25 MR. SOLE: Yes, sir, absolutely.

1 GOVERNOR CRIST: Great. Thank you.

2 MR. SOLE: Let me try to wrap up, because I
3 know we've got several other speakers.

4 We have a -- and we're running out of time,
5 and I don't want to go into this. We have a great
6 website that we are tracking through our
7 reconnaissance efforts.

8 We have some 23 reconnaissance efforts that
9 are out there on our beaches from Gulf County to
10 Escambia County. They're running ATVs constantly
11 looking for impacts of tarballs. Just yesterday I
12 think we had 55 incidents of tarballs that we
13 reported that needed to be cleaned up. These ATVs
14 call them in, and they get to the area command.
15 They get the BP contractor out there, and they are
16 hitting them quickly. This has been hugely
17 successful.

18 In fact, BP has got some -- I want to say 712
19 plus or minus people on the beach in Florida that
20 are cleaning up, and our people are out there
21 identifying it and telling them where to go quickly
22 to get it off our beaches as quick as possible.

23 GOVERNOR CRIST: Let me ask you a practical
24 question. On Saturday I was in Pensacola Beach and
25 woke up early and went out to the beach and saw

1 some of those tarballs you just had up on the
2 screen.

3 MR. SOLE: Yes, sir.

4 GOVERNOR CRIST: And picked them up and threw
5 them away. Now, I feel fine today.

6 MR. SOLE: Glad to hear it.

7 GOVERNOR CRIST: But a question all of us are
8 getting, I am sure -- you know, Floridians want to
9 volunteer, and they want to help out, and they want
10 to put time and energy into protecting our state
11 like all of us do. So if people start to see these
12 come up on the beach, are they of a toxic level
13 that, you know, I'm going to have some kind of
14 disease befall me soon? Or what's the real deal, I
15 guess is what we need to know so we can
16 appropriately inform our citizenry about what they
17 can or should not do.

18 MR. SOLE: Governor, the appropriate response
19 is, you should go ahead and let the clean-up
20 professionals pick up this material. The pragmatic
21 person that I am also has another response, that
22 is, look, I grew up with tarballs growing up on the
23 beaches in Brevard County. Every day I would go
24 out, and when I got back to the parking lot, I took
25 a shell, and I scraped the tar off my feet and

1 cleaned it off.

2 It is not -- the tar itself is not that toxic.
3 It has volatilized most of its really toxic
4 material. It's not something that I would
5 encourage anybody to get in contact, because if you
6 have sensitive skin, you can develop rashes from
7 this material. Obviously, you don't want to
8 consume any of it, because it is still a petroleum
9 product, and it would make you ill.

10 But it is not something that you need to be
11 overly afraid of. If you get it on you, you should
12 wash it off. You should clean it off immediately.
13 It will stain the dickens out of anything it
14 touches, I will tell that, so try to avoid it,
15 because it really will stain any clothes or shoes,
16 things of that nature of.

17 GOVERNOR CRIST: I mean, I can remember in the
18 '70s when I was a student at Florida State and
19 would go down to visit friends on the east coast,
20 you know, in the Delray area or wherever it may be,
21 and there were tarballs all time.

22 MR. SOLE: Yes, sir.

23 GOVERNOR CRIST: And actually, when you would
24 come out of the water, they would have, you know,
25 items to wipe your feet off with as a matter of

1 course.

2 MR. SOLE: Yes, sir.

3 GOVERNOR CRIST: Back in the late '70s this
4 was. And I guess we've been able to get a lot of
5 this dumping or whatever caused it from ships done
6 away with.

7 But I just -- if your department could issue
8 an appropriate statement so that the citizens know
9 what is okay and what is not okay, in terms of
10 volunteering help, what might be dangerous to
11 health, safety, and welfare. We have to be safety
12 conscious first for, you know, for children,
13 et cetera. That would be a great help. And you
14 may be already doing that, sir.

15 MR. SOLE: We have been with our Department of
16 Health. Clearly, they've been engaged in trying to
17 encourage the right activity. It is -- early on
18 right now, it is really best to go ahead and leave
19 the removal of the tar to the cleanup
20 professionals.

21 One of the things when we look down the road,
22 things that I have concerns about, a lot of this
23 oil is hitting us now in tarball form. A lot of
24 those tar mats over time may be sinking, candidly,
25 so we will probably see tarballs for some time even

1 after this incident. So it's something that people
2 are going to have to be prepared to remove on a
3 routine basis, working with municipalities to deal
4 with that. That is a concern that I have.

5 GOVERNOR CRIST: I think the General has a
6 comment.

7 ATTORNEY GENERAL McCOLLUM: Yes, I did, and I
8 wanted you to go to that next slide to make the
9 comment, because it follows on to the Governor's.

10 Being out there yesterday on Pensacola Beach
11 with the County Commission chairman and looking at
12 these guys out there doing this pick-up work, you
13 see the fellow on the lower right on his knees.
14 The size of the tar out there aren't all these big
15 splotches. They're smaller than the end of my
16 finger. And they're literally all over the place
17 in some places, and they're picking these up with
18 gloves on one by one by one and putting them in a
19 bag. This is extremely labor intensive.

20 The county commissioner there wants to get
21 rakes that apparently they don't have. There's
22 some machinery that can come do this much more
23 efficiently. Maybe bigger tarballs you could go
24 out and pick up, but these little things just, you
25 know, hours and hours and man-hours being spent on

1 this that I'm sure could be more productively spent
2 some other way.

3 And I was over in Bay County, and they said,
4 "We've got these rakers. We don't need it. We
5 already have them." There must be real differences
6 between these counties.

7 But there's one other component I want to
8 mention, and that is that there are a lot of
9 volunteers already signed up. I talked to Wendy
10 Spencer yesterday too, Governor, of Volunteer
11 Florida. I think there may be 7,000 they have
12 there, but they don't know quite what to do with
13 them all.

14 And I did talk to some of the folks on
15 contract with BP to do this work, and they said you
16 know, "Gee, we could make them -- in 24 hours, we
17 could take volunteers, and we could train them to
18 do everything these people are doing out here
19 working." But then the BP rep is saying, "This is
20 good for the economy. We need to give Florida
21 workers jobs." You can't argue with that either.

22 So we have lots of volunteers who could be
23 trained to do this. And potentially we don't even
24 need this being done by workers at all if they have
25 rakes; is that right?

1 MR. SOLE: Two answers. On the volunteers, BP
2 does have what they call the qualified community
3 responders, and they're actually hiring local folks
4 to help get this work done. They've trained them;
5 they've hired them; they're paying them.

6 BP originally called them volunteers, and I
7 kept saying, "If you're paying them, they're not
8 volunteers. Call them something else." So they
9 changed it to qualified community responders, which
10 is great.

11 Some 250 or 224 have already been hired just
12 in this area, and it's people working from this
13 region, and that's a good thing.

14 To talk about the rakes, absolutely. In fact,
15 I'm waiting -- they did a test yesterday, and I'm
16 waiting for the results on how well the Barber Surf
17 Rake -- that's the actual type of rake -- did in
18 picking up some of these tarballs. We used it --
19 and I apologize for always referring to Tampa Bay.
20 We used it in Tampa Bay. Over time, as tarballs
21 weather, it becomes more and more successful.

22 I'm a little concerned. I'm curious as to --
23 some of this tar is still fairly light. It's not
24 as hard as a very heavily weathered tarball. So
25 I'm curious how well it worked on some of these

1 lighter tarballs. But hopefully over time, whether
2 earlier or in the weeks to come, the surf rake may
3 be a much quicker way to get this material off our
4 beaches.

5 GOVERNOR CRIST: Thank you, sir.

6 MR. SOLE: With that, I'm going to go ahead
7 and turn it over to Nick Wiley. You've been
8 patient with me.

9 As a reminder, before I do so, we are still
10 doing our natural resource damage assessment
11 sampling. We've done the Keys. That includes fish
12 tissue sampling to make sure we have a good
13 baseline for Florida, and we're coming up to the
14 east coast this week.

15 So with that, Governor and Cabinet, I'm going
16 to turn it over to Nick.

17 GOVERNOR CRIST: Good morning, Nick.

18 MR. WILEY: Good morning, Governor, CFO Sink,
19 and General McCollum. I'm glad to be here. We
20 are -- it's a great pleasure working with Secretary
21 Sole and Director Halstead and that team. We've
22 got great coaches. We've got a lot of people that
23 are really dedicated to this effort and trying to
24 do everything we can.

25 I wanted to just give you a few highlights

1 from a Fish and Wildlife perspective. A lot of
2 people are seeing these images of oiled birds.
3 Fortunately for us, most of that is in Louisiana.
4 We're not seeing the heavily oiled birds that
5 Louisiana is seeing right now. We've had 22
6 confirmed reports of oiled birds that have shown up
7 on our shores in Florida, and about half of those
8 have been rescued and are being released. So
9 fortunately, right now -- and those are limited to
10 birds that spend a lot of their time way offshore,
11 so they're not getting this oil right on the
12 coastline right now. But we're still seeing a few
13 of those birds.

14 BP and the Coast Guard and the Fish and
15 Wildlife Service are working with us to make sure
16 they're brought in and rescued in a timely manner.
17 And our role in this has been to provide the
18 oversight, the verification to make sure they're
19 doing this on time and not risking our precious
20 wildlife. Fortunately, we've not seen any impacts
21 yet to sea turtles and marine mammals. We're
22 keeping a close eye there. We've been in the
23 planning process to make sure we're ready for that.

24 There has been lot of interest in how we're
25 dealing with our fisheries and fishermen and our

1 fishing communities. And that has been a very key
2 part of this effort. We in Florida have, as many
3 of you know, responsibility for state waters out
4 nine miles, and beyond that are federal waters and
5 federal responsibility. NOAA Fisheries is the
6 responsible group for managing the federal waters
7 and determining when waters should be closed or
8 open to fishing.

9 You may be seeing these updated maps coming
10 out every day or so with fisheries closures in
11 federal waters. They are implementing closures to
12 all fishing, commercial and recreational, in big
13 chunks of federal waters where they have verified
14 through satellite imagery that there are forecast
15 impacts from oil. They're being very careful.

16 We have a stretch of federal waters just
17 outside of our nine-mile limit of state waters
18 along our western Panhandle coast over to
19 Choctawhatchee Bay that is currently closed. And
20 it is really impacting our fisheries now, because
21 our people, our people that fish off our
22 coastlines, charter captains, guides, commercial
23 fishermen, do a lot of their fishing in federal
24 waters. And so there are real impacts on our
25 fisheries and fishing community right now, and

1 that's something we're keeping a close eye on right
2 now and trying to work and continue to communicate
3 with those people. I know many of you have been
4 engaged in that process as well. I'm hearing
5 really good reports from those people about the
6 support they're getting.

7 Now, within nine miles, in state waters, and
8 working closely with Commissioner Bronson and his
9 staff, we are not looking to close state waters in
10 the near future. We are not seeing significant
11 impacts. We are seeing some light sheen in state
12 waters. We are seeing tarballs, as you've heard.
13 Our philosophy is to try to keep state waters open
14 for fishing and boating as long as possible and as
15 long as it's safe.

16 And that has been a critical piece of this,
17 working with the Commissioner, to make sure people
18 are safe and get the word out that Florida state
19 waters are open for fishing. Please go out and
20 hire a charter captain. Charter a guide. Get out
21 there. Those people know where to go and how to
22 fish in these waters given these concerns, and
23 we're keeping them updated and posted.

24 But we do have four counties, the western four
25 counties in Florida under what we're calling a

1 fishing advisory, and that's simply just "The water
2 is clear, but we're asking you to look out, be on
3 the alert, stay posted, because these are areas
4 that have begun to see impacts. So we're being
5 very careful with that message and trying to
6 balance the message. We're monitoring this
7 closely, but Florida's waters are open, and we want
8 to encourage people to go fishing, because that's
9 critical to our coastal communities and our
10 fishermen.

11 And with that, I'll welcome any questions.

12 Thank you.

13 GOVERNOR CRIST: Commissioner.

14 COMMISSIONER BRONSON: Governor, this may be
15 the time -- and, Nick, let me personally thank you.
16 We've had an very good working relationship with
17 Fish and Wildlife on these issues. As you're
18 probably aware, Fish and Wildlife, the tuna fish
19 and those types of things they work all the time on
20 their issues. Our responsibility predominantly in
21 our department is on the shellfish, the aquaculture
22 industry, especially the oystermen, the clam
23 industry. As a matter of fact, I'm going down to
24 meet with the oystermen this afternoon about our
25 contingency plan as oil begins to come into parts

1 of the state, where we're going to go.

2 The key here, I think, and to go along with
3 what's being said, is the safety of the food
4 supply, and that does fall under some of our
5 purview. And we're working with FDA, just so the
6 Cabinet is aware. About two or three weeks ago, we
7 worked out a deal with FDA to move their mobile lab
8 to the Conner complex. They are now set up.

9 They're trying to set parameters on water
10 quality, and they're doing this by testing waters
11 that have not been affected by any of the
12 fluorocarbons or any aspects of oil contamination,
13 setting parameters on when we might be able to
14 reopen at some point in time, what that level needs
15 to be.

16 They're also working on various levels of
17 detection of oil-contaminated fishes, shellfish,
18 seafood, that type of thing. And that's being
19 developed as we go. Other than smell and some
20 other things that they might be able to test for,
21 they're going to have to almost redevelop or
22 develop new technologies that helps us determine
23 those factors.

24 The key is, between us and FDA and Nick's
25 group, we are not going to allow any contaminated

1 seafood to be sold anywhere in the State of Florida
2 for consumption. We're going to be monitoring
3 that. We were discussing with Nick's group about
4 how far out from the actual line of knowing where
5 that oil is do we close down fisheries. I mean,
6 NOAA is closing down federal waters based on the
7 criteria they have. But as Nick and I have talked
8 about, why would you close down state waters that
9 hadn't even come into contact at that time -- this
10 was almost three weeks ago -- so you would affect
11 the fisheries.

12 And the fishermen in this state have been
13 affected greatly, just as the hotels and the
14 restaurants have been affected. A lot of fish that
15 they're catching is perfectly good, but they're
16 having to freeze it because there's a scare out
17 there as to whether the fish has been contaminated.
18 Well, I can assure you if it's caught and brought
19 ashore and sold for food product, it has not been
20 contaminated.

21 But we've got to get that message out, and one
22 of the things that I may ask when the BP personnel
23 get up here, we have a program that we're actually
24 doing to help the sport fish and the fishing
25 industry, and that is putting cameras up at key

1 locations where people bring fish in. And it's
2 going to be called "Sea for Yourself," S-e-a for
3 yourself. And it is actually is live catch, live
4 sale of fish so that people see that the fish has
5 not been visibly -- you can tell it hasn't been
6 visibly affected, to try to help the industry out,
7 because this is an industry that brings in about
8 \$200 million a year to the actual fishermen, so
9 it's probably a billion dollars in total impact to
10 the State of Florida in its impact.

11 But between putting money into some of this
12 detection equipment -- we're having to have two
13 pieces of equipment in that we don't have right now
14 that will help us meet the FDA requirements, and
15 FDA and our office are working together on this so
16 that we can ensure the safety of the food supply.
17 I mean, that's a critical issue for us.

18 I mean, all this other stuff as to whether you
19 can collect all this oil floating in the Gulf and
20 all, I'm going to leave that up to Mike Sole and
21 DEP and others, because there's not much I can do
22 about that. But I can make sure that the food
23 supply is safe to eat, and working with our
24 Department of Health, with the Food and Drug
25 Administration, as we do on many other diseases and

1 other types of contamination, we can do that.

2 And I hope that BP will help in this process
3 of getting out the word that not all of the Gulf
4 has been affected, and we actually have a safe food
5 supply still available to the public. It costs
6 money to do that, as everybody knows. I know that
7 BP put money into advertising that the beaches that
8 are still open, the beaches are clean and that type
9 of thing. The seafood industry is going to need
10 some help.

11 And we're probably going to need some extra
12 help as we go along in this detection process in
13 developing new techniques on fluorocarbons and
14 those types of things that it's hard to detect
15 without very sensitive equipment.

16 So those would be some of the issues when they
17 come up that we might want to discuss with them.

18 GOVERNOR CRIST: Thank you, Commissioner.
19 Thank you, Nick. We appreciate it.

20 MR. WILEY: Thank you.

21 CFO SINK: Nick, can I just ask very quickly,
22 when I was down in Miami, they said that they were
23 going to move this no-fish line back up to the -- I
24 couldn't tell whether it's the 39th parallel, but
25 it's just east of Naples. What happened? Because

1 that's not what this map shows.

2 MR. WILEY: Well, they did readjust and move
3 it back up, maybe not as far as you had heard.
4 They had at one time pushed it all the way down
5 near the Dry Tortugas, which created a stir in the
6 Keys. People were very concerned down there. And
7 they took another look at that and brought it back
8 up, maybe not as far as we were hoping, but they
9 have made some adjustments.

10 CFO SINK: It looks like they moved it further
11 west. Okay.

12 MR. WILEY: Okay. Thank you.

13 GOVERNOR CRIST: Thank you. Dave.

14 COMMISSIONER BRONSON: By the way, Governor, I
15 don't know if most people know this, but they have
16 actually opened up 5 percent of the waters,
17 reopened waters that they originally had shut down
18 because the currents and so forth had moved all of
19 that column back off of that area. So as the ebb
20 and flow takes place, they're going to be able to
21 safely open some waters. It's not all closed and
22 closed forever. As this thing moves, they're going
23 to be able to open up waters that could be fished
24 that were once closed, assuming that we find out
25 that all of the hydrocarbons and stuff are not

1 available to contamination.

2 MR. HALSTEAD: Governor and Cabinet, just a
3 couple of quick points to put a period behind the
4 good work that DEP and FWC has done. Your state
5 team has now activated Day 40. We took the team to
6 a Level 1, Governor, at our discussion when we
7 started getting the impacts on the shore to show
8 the concern and also to extend our hours.

9 CFO Sink, to your question, here's kind of a
10 quick look at the people we have scattered. We
11 have the National Guard at Robert, Louisiana. We
12 have more than 20 of our team in Unified Command
13 Mobile. We have folks in Miami. We have liaisons
14 in the impacted counties.

15 And we have a great command post set up by DEP
16 out there handling the recon mission, which again,
17 once we received those impacts, once it started
18 actually hitting our shore, then there was
19 certainly something that Florida could do from a
20 reconnaissance standpoint offshore by air using FWC
21 and National Guard, and certainly in the water
22 using FWC, and on the land using DEP, FWC, and even
23 our Civil Air Patrol folks, making sure that we
24 identified where the tarballs were hitting, and
25 more importantly, making sure DEP followed up.

1 I think, Governor, as you had talked about, we
2 have a responsible party in BP, but we're all held
3 accountable for what happens here in the State of
4 Florida. And your state team is there and has been
5 there and will continue through this event.

6 I'll say the one challenge for the state team
7 is preparing for hurricane season. We are
8 preparing a separate plan of action so that we can
9 run basically two operations at one time, the
10 support for Deepwater Horizon and the hurricane
11 event at the same time. This will probably take me
12 bringing in some folks from out of state and
13 probably some of our county partners that are not
14 activated, depending upon where the hurricane were
15 to happen. But we have a plan that we're
16 developing right now so that we can manage both of
17 those operations. Those are probably my biggest
18 areas of concern.

19 But again, Governor and Cabinet, we're there,
20 and we're going to be there through the event.

21 We also have the Small Business Administration
22 loan office. We have about a quarter million
23 dollars in loans giving out through those
24 operations. We are monitoring that activity. We
25 have 34 applications that they initially took on,

1 and they have 16 really pending for those
2 businesses that are affected that need longer term
3 cash, longer term loans beyond just what is given
4 out. So, Governor, at your direction, those eight
5 offices will remain open in supporting those
6 Panhandle counties and expanded if necessary,
7 depending upon the event.

8 With that, that's all I have, Cabinet and
9 Governor.

10 GOVERNOR CRIST: Thank you. Any questions?

11 CFO SINK: Yes, I have a couple.

12 GOVERNOR CRIST: CFO, please.

13 CFO SINK: Obviously, we've got -- because of
14 hurricane season, you just mentioned that we're
15 going to have to find other resources. And if we
16 didn't have this BP oil situation going on, we
17 wouldn't be doing this.

18 MR. HALSTEAD: Yes, ma'am.

19 CFO SINK: So how are we contemplating keeping
20 up with the incremental cost to the State just from
21 your operations, standing up for this oil spill?
22 Because this is not our fault, and somebody needs
23 to compensate us.

24 MR. HALSTEAD: Yes, ma'am. Right now we are
25 tracking both the county costs and the state costs

1 for managing this event. Right now we're looking
2 at probably through the end of June about
3 \$7 million in local costs, and that is above the
4 booming. That is simply the overtime for law
5 enforcement, the extra monitoring that's going on.
6 Some them have gone into contracting, and obviously
7 the operation of the EOC.

8 For the state team, it looks like, CFO, about
9 \$7 1/2 million by the end of June is our best
10 estimate. That will probably increase a little bit
11 with the extra flying that we're requesting for FWC
12 and the extra seven days a week of work with the
13 boat patrols and so forth offshore.

14 We're fortunate in this event that the
15 National Guard is doing such a great job, because
16 they were brought underneath Title 32, which is
17 federal funding for them, so that's keeping some of
18 our state costs down. But that initial
19 \$25 million, Governor, that we received will help
20 pay some of these costs.

21 We're also working with BP, and there may be a
22 methodology that we work out with them where locals
23 go directly to BP for maybe even an advance of
24 money to be able to handle these costs. I think
25 for me operationally, though, what I'm looking at

1 is, I'm going to have to move the Deepwater
2 operation probably to either the Betty Easley
3 Center or to our Continuity of Operations site at
4 Camp Blanding if a large hurricane were to come so
5 I could have the EOC ready.

6 So our team is working on those plans right
7 now, but I will have the ability to run both
8 operations. But I am going to need some either
9 out-of-state help or again some county assistance
10 actually that we're already getting. We have Duval
11 County in our EOC now supporting us, and we're
12 going to bring up the Orlando team next to assist
13 us and give our folks at least an occasional day
14 off.

15 And also, it is -- we hate to say this, but it
16 is a great training opportunity for folks to be
17 able to go to the Unified Command to work in a very
18 complex operation. The skills that our team is
19 learning on GIS and other points is invaluable.

20 ATTORNEY GENERAL McCOLLUM: I've got --

21 CFO SINK: Would you go back and -- sorry,
22 General. This is a follow-up.

23 ATTORNEY GENERAL McCOLLUM: That's all right.
24 Go ahead.

25 CFO SINK: Would you go back and say -- you

1 said something about requesting additional air,
2 flyovers, or -- what did you say about that?

3 MR. HALSTEAD: Yes, ma'am. Our Fish and
4 Wildlife Commission is flying seven days a week.
5 We've also got our Civil Air Patrol. Basically,
6 they're flying a round robin about five miles off
7 coast and nine miles looking for sheen. We --

8 CFO SINK: So you just -- is that under your
9 direction? You just tell Fish and Wildlife that's
10 what you want them to do?

11 MR. HALSTEAD: Yes, ma'am. That's part of the
12 recon plan that we've worked out with DEP and FWC,
13 yes, ma'am. I have a person that --

14 CFO SINK: You don't have to ask the federal
15 government's permission or --

16 MR. HALSTEAD: No, ma'am.

17 CFO SINK: -- DEP'S permission?

18 MR. HALSTEAD: We're doing that.

19 CFO SINK: You're just deciding that's what
20 needs to be done?

21 MR. HALSTEAD: Yes, ma'am. We, quite frankly
22 -- and the Governor was part of this. We looked at
23 the lessons learned at Louisiana and Alabama and
24 felt that, again, while we have a responsible
25 party, we know how to do reconnaissance here in the

1 State of Florida. We know when the impacts are
2 felt. We have a great tool, an online tool where we
3 take pictures directly, put it on a map, identify
4 where it's at, and show it to our partners, and
5 more importantly, make sure the counties are
6 involved with that information flow, yes, ma'am.

7 CFO SINK: And have any of the counties said
8 that they're about to scrape the bottom of their
9 barrel for their reserves?

10 MR. HALSTEAD: Well, what we did, ma'am, is,
11 we just went out and finished as of yesterday --
12 the six first counties, we did applicant briefings,
13 telling them to get their paperwork in order for
14 the end of May 31st so that we could start
15 reimbursing them. They're certainly ready for us
16 to start that reimbursement process.

17 No one has said that they're at the end of
18 their rope, shall we say. I would say more with
19 what Secretary Sole did, and that is the extra
20 booming. Most of them could not up front those
21 costs, so Secretary Sole's group went ahead and got
22 that funding for them and went ahead and purchased
23 the boom.

24 CFO SINK: So you're going to reimburse them
25 from your own financial resources?

1 MR. HALSTEAD: From the 25 million that was
2 given to us from BP.

3 CFO SINK: The original 25 million?

4 MR. HALSTEAD: Yes, ma'am. That was for the
5 response cost, yes, ma'am.

6 ATTORNEY GENERAL McCOLLUM: Governor, I would
7 just like to use Dave as a guinea pig here a little
8 bit, but to point out -- you're a little bit big
9 for a guinea pig, I know. Just to point out that
10 the Butterworth-Smith team on our efforts to make
11 sure the State's interests are protected are
12 recommending that the agencies of the State
13 collectively put together a periodic claims
14 package, and I know you're working on that.

15 I believe every agency has been contacted --
16 it wasn't just the Department of Revenue -- to ask
17 for whatever it is that your costs are, whether
18 that's the Department of Agriculture or wherever it
19 is, or your office, CFO Sink, and let us then
20 periodically, every 90 days, every 60 days, put a
21 state claim in to BP. That process I understand is
22 under way.

23 MR. SOLE: Yes, sir.

24 ATTORNEY GENERAL McCOLLUM: The structure on
25 it. I believe you're aware of that and we're

1 working on it.

2 MR. SOLE: Yes, sir.

3 ATTORNEY GENERAL McCOLLUM: Thank you,
4 Governor.

5 GOVERNOR CRIST: Thank you, General. Thank
6 you, Dave, very much.

7 MR. SOLE: Thanks, Dave. Well done.

8 I actually did put the website up here that
9 shows some of the reconnaissance efforts that we
10 have put together, and it actually identifies real
11 time when you have --

12 GOVERNOR CRIST: Is it called "Cert Gator"?

13 MR. SOLE: This is --

14 GOVERNOR CRIST: How did it get that name?

15 MR. SOLE: Here's the good news.

16 GOVERNOR CRIST: Ask us, the Nole.

17 MR. SOLE: I'll let Dave explain the gator
18 issue. The good news is that the infrastructure at
19 your state EOC is were tremendous, and the ability,
20 for example, Governor, for to us come into the EOC
21 and work with Dave's team and be able to maximize
22 all the resources of the State of Florida to make
23 sure we are timely and we are responsive has just
24 been to me a tremendous success, and it's really a
25 credit to his team.

1 Nick Wiley's team at the Fish and Wildlife
2 Conservation Commission, I mean, tremendous. All
3 we had to do was ask, hey, we need to get
4 twice-a-day flights up there that watch this
5 coastline so we can identify where that sheen is.

6 That's needed for Nick's team, and also to
7 identify whether we need to do any fishery
8 recommendations. But it's also needed for the
9 public health, so we can tell the public, here's
10 where sheen is. And finally, it's also needed for
11 helping the skimmers. Here's where the product is,
12 we have eyes on scene, and we're able to call this
13 in immediately, get it reported, have somebody to
14 go to it. And we've directed skimmers over the
15 last several days through this great resource of
16 having aerials on-site telling them, "Here's where
17 we found some stuff. Go get it."

18 We have also tapped into our National Guard,
19 Governor, and the Adjutant General, General
20 Burnett's tremendous resource. We've asked him to
21 actually do some additional offshore flights. I
22 talked about how Mobile is trying to aggressively
23 attack some of this stuff 45, 60 miles offshore.
24 They're having problems finding it. So I've asked
25 the general to basically task some resources to go

1 do offshore flights. They're flying in probably
2 another couple of hours to do that. They will be
3 able to tell those Unified Command skimmers, "Hey,
4 here's where it is. Go attack it."

5 So this is how we in Florida are trying to be
6 very aggressive to help the fight to keep this off
7 our beaches.

8 ATTORNEY GENERAL McCOLLUM: Mike, I know you
9 alluded to it here, but there are a lot of
10 individual pilots out there who have volunteered to
11 fly their plane, people that own planes. I know
12 that has to be controlled, and perhaps we have all
13 the assets we need. But I know there are a lot of
14 people who have said -- I think three or four to
15 me, and I'm sure there are a lot more, you know,
16 "We would love to be out there helping. You know,
17 we fly Civil Air Patrol and so forth. We would
18 like to help."

19 MR. SOLE: Well, I will tell you that
20 basically the air boss in the Civil Air Patrol has
21 been also tremendous, and I shouldn't have
22 diminished their efforts, because it really has
23 been great. We've been using them to verify
24 whether the boom is in place and effective. Here
25 I'm trying to zoom in just to show you the flight

1 lines that they fly again every couple of days.
2 You can see that they fly this entire reach and
3 come back at a five-mile and a nine-mile run so
4 that we can know what's going on in state waters,
5 whether there's sheen.

6 This morning they actually reported, yes,
7 there's some sheen still in the same place,
8 Governor, that we saw it before. You know, it
9 doesn't seem to be getting that much closer.
10 That's good news. And again, you've got just a
11 tremendous amount of resources working and
12 coordinating.

13 And I am just so thankful for the EOC, because
14 the coordination effort by using that
15 infrastructure has just been tremendous, so very
16 well done.

17 I'll hush. I do want to introduce Mr. Bob
18 Fryar, who is the senior executive vice president
19 at BP. He's here to also address the Cabinet.
20 Mr. Fryar.

21 MR. FRYAR: Thank you, Secretary Sole.

22 Governor Crist, CFO Sink, Attorney General
23 McCollum, and Commissioner Bronson, I'm Bob Fryar,
24 senior vice president for BP. In April I accepted
25 the role of providing assistance to BP's response

1 efforts established in the wake of the explosion
2 and the fire on board the Transocean Deepwater
3 Horizon drilling rig and the ensuing oil spill.
4 I'm here to share information with you about the
5 claims process and other areas of interest.

6 Let me just start by saying thank you for the
7 opportunity to speak with you today and to answer
8 your questions. I would also like to thank the
9 state emergency response team and all the teams and
10 agencies supporting the State's emergency response
11 across the state, and all the county and city
12 governments, the many workers and volunteers and
13 all the people of the State of Florida for all
14 their efforts in responding to this incident and
15 for their patience and understanding.

16 The horrendous accident, which killed 11
17 workers and injured 17 others, has profoundly
18 touched all of us, and, you know, great sorrow for
19 the lives lost and the injuries sustained.

20 I would like to make one thing very clear. BP
21 will not rest until the well is under control and
22 we discover what happened and why, and in order to
23 ensure that this never happens again.

24 As a responsible party under the Oil Pollution
25 Act of 1990, we carry out our responsibilities to

1 mitigate environmental and economic impact for this
2 incident. For example, we've provided the State of
3 Florida \$50 million for response efforts and for
4 tourism advertising. Following Governor Crist's
5 request, I'm here today to announce a further
6 \$25 million block grant in support of response
7 efforts. We will also be working with the State on
8 additional tourism initiatives.

9 We know that the BP claims process is a matter
10 of great interest, and we understand the importance
11 of being fair and expeditious in responding to
12 claims. We've already paid out nearly \$50 million
13 in claims, and we will continue to operate the
14 claims process for as long as economic losses
15 caused by the oil spill continue.

16 We understand how vital it is to get this
17 right for the people and businesses of Florida, as
18 well as for you and the government.

19 Before describing our process to you, however,
20 I would like to add a personal note just from me.
21 My ties run deep in the Gulf Coast. I'm originally
22 from Louisiana. For more than 15 years -- I was
23 sharing with the CFO this morning, for 15 years I
24 spent time vacationing in Destin, Destin, Florida.
25 I know firsthand the beauty of those beaches, and I

1 wish these circumstances were different.

2 Let me now tell you about our claims process.
3 The explosion occurred late on April 20th. The
4 Transocean Deepwater Horizon rig sank late on the
5 morning of April 22nd. BP initiated the claims
6 process on April 24th and had a toll-free call
7 center in place on April 25th. We've expanded the
8 claims process as quickly as possible, and we're
9 working to make improvements along the way. But I
10 want to be clear that this is a major undertaking.
11 The company that we brought in is ESIS. They have
12 a long history in the claims field, handling over
13 200 incidents, both small and large.

14 Our call center operates 24 hours a day, seven
15 days a week. We have nearly 700 people assigned to
16 handle claims, with over 500 experienced claims
17 adjusters on the ground working in the impacted
18 communities. We have 25 walk-in claims offices
19 that are operating in Florida, Louisiana,
20 Mississippi, and Alabama. In Florida, there are
21 currently eight locations. We've established an
22 online claims filing system to provide another way
23 to file a claim.

24 We will continue to be adding people, offices
25 and resources as required, and we're committing the

1 full resources of BP to make this process work for
2 the people of Florida and for the other Gulf Coast
3 states.

4 Our immediate focus was on individuals and
5 small businesses whose livelihoods have been
6 directly impacted by the spill and who have been
7 temporarily unable work because of it. BP is
8 providing expedited interim payments to those whose
9 income has been interrupted. Within 48 hours of
10 receiving supporting documentation, the claim will
11 be evaluated, and the claimant will be notified if
12 an advance payment will be required.

13 The interim payment is intended to replace
14 roughly one month's lost income based on the
15 documentation provided by the claimant. The
16 interim payment will be adjusted based on
17 additional documentation.

18 Claimants will continue to receive income
19 replacement for as long as they are unable to earn
20 a living as a result of this spill.

21 Over 38,000 claims have been filed, and
22 approximately 18,500 have been paid, totaling right
23 at \$50 million. Most of these are in the form of
24 lost income interim payments. In most cases, the
25 pending claims, we're just awaiting documentation

1 on those so that they can be paid promptly.

2 We intend to continue replacing the lost
3 income for those impacted for as long as the
4 situation prevents them from returning to work.

5 We also recognize that larger businesses have
6 been impacted and have immediate cash flow needs,
7 and they've been impacted by this spill. And by
8 the end of this week, we'll finalize and implement
9 a process for these businesses to receive interim
10 payments on an expedited basis. As with the
11 individual claims, in time we will perform a
12 reconciliation based on complete documentation to
13 cover the actual cost. Of course, these interim
14 lost income payments are just one element of the
15 economic loss for which we are taking
16 responsibility.

17 We've stated clearly and repeatedly that BP
18 will pay all legitimate claims. You may ask what
19 this means. The claims process was established to
20 fulfill our obligations as a designated responsible
21 party under the Oil Pollution Act of 1990, and we
22 are guided by the provisions of this act as well as
23 by the U.S. Coast Guard regulations wherein
24 assessing claims. The law defines the type of
25 claims that a responsible party must cover.

1 The Coast Guard has a significant role in
2 overseeing our claims process, in addition to being
3 responsible for the National Pollution Fund. The
4 Coast Guard has nearly 20 years experience in
5 deciding OPA claims, and it has developed detailed
6 and specific guidance for determining whether a
7 claim is legitimate under OPA. We rely on its
8 experience and its guidance in determining which
9 claims are legitimate. Throughout, our intent is
10 to be efficient, practical, and fair.

11 You may also ask about the documentation we
12 require as part of the claims process. As in any
13 claims process, documentation is needed to help
14 prevent fraudulent claims and to substantiate the
15 amount of money owed for a given claim.

16 The majority of our claims paid to date have
17 related to lost income. For these claims, we have
18 generally requested the previous year's tax returns
19 to estimate the amount. Without question, this is
20 the most reliable verification of income. If
21 documentation is not available, we've accepted
22 other forms of documentation that should be
23 reasonably available, such as fishing license, fish
24 tickets, boat registration in the case of a boat
25 owner, like I said, trip tickets, or some other

1 proof of income. The more complex the claim, the
2 greater the need for appropriate and adequate
3 documentation.

4 We're trying to make sure that people with
5 legitimate claims are paid quickly. Where we make
6 an interim payment for a claim pursuant to OPA, we
7 will not require or request a release or any other
8 waiver of liability.

9 To date, no claims have been denied. Should
10 we ever deny a claim, we have established a process
11 where the claimant can have a claim reviewed by an
12 independent mediator who will be appointed soon.

13 As I mentioned before, the claims process is
14 overseen by the Coast Guard, as required by law.
15 In addition, OPA provides for the National
16 Pollution Fund, which is also overseen by the Coast
17 Guard. Any claim that we deny or that the claimant
18 believes has been underpaid can be submitted to the
19 Federal Oil Spill Liability Trust Fund. If the
20 Coast Guard determines that the claim should be
21 paid, the Coast Guard will pay the claimant out of
22 the NPF, and the Coast Guard will then have the
23 right to seek reimbursement from BP.

24 Second, claimants do not give up the right to
25 pursue litigation or participate in litigation

1 against BP. While we hope to avoid such
2 circumstances, this option also serves as an
3 independent check on our process.

4 How we handle the claims is part of our
5 response this tragedy. Our efforts continue, as
6 was discussed earlier this morning, around the
7 control of the flow at the source and have been
8 broadcast live and in real time.

9 We've made progress in controlling the flow
10 with the lower marine riser containment cap. On
11 Sunday the 24th, as has already been stated, the
12 24-hour recovery was 11,000 barrels, and our plan
13 is to continue to increase the flow through this
14 recovery system.

15 In terms of spill response -- some of this
16 again has been discussed this morning, but we now
17 have over 3,000 vessels operating in multiple
18 areas. As also has been talked about, they're out
19 doing skimming. They're doing in situ burns, boom
20 placement and maintenance. They're doing
21 surveillance and other cleanup activities.

22 The vessels of opportunity program for
23 Florida, Alabama, and Mississippi represents 1,300
24 vessels.

25 With respect to beach cleanup, yesterday

1 approximately 1,200 workers cleaned beaches in
2 Alabama and Florida. Our goal is to arrive on-site
3 as promptly as possible once the landing has been
4 -- once it has occurred and to clean up, clean up
5 the oil as quickly and safely as possible. We will
6 continue to provide as many workers as necessary to
7 protect the Florida beaches.

8 In addition to the response efforts, we are
9 doing environmental monitoring. The Unified
10 Command and NOAA have ongoing sampling efforts.
11 The result can be found on the response website.
12 We have taken over 900 water samples from 76
13 locations. The data are posted on the website
14 within days of collection.

15 On the basis of all known data, there is very
16 -- there is a very disperse low concentration of
17 small drops of oil in a limited deep volume to the
18 southwest of Mississippi Canyon 252. So far there
19 is no evidence to suggest oil accumulations at
20 density bouderies in the water column, and there is
21 no evidence of large scale changes in dissolved
22 oxygen levels. There is no evidence of toxicity in
23 the tests performed on water samples from these
24 cruises.

25 In conclusion, let me just again say thank you

1 to all the people of Florida, and I look forward to
2 taking your questions.

3 GOVERNOR CRIST: Thank you. I have just a
4 couple, practical. You mentioned a -- this is to
5 the claims process issue first. And thank you for
6 being here.

7 You said that there is a toll-free hotline.
8 What is that number?

9 MR. FRYAR: The toll-free hotline number? We
10 can get that for you. I don't have that in my
11 head, but we can certainly provide that for you.

12 We actually have several toll-free numbers.
13 One is for individuals, and we've set up one for
14 local governments as well. We have process which
15 is running -- it was discussed this morning that at
16 the local level, budgets are limited, so one of the
17 things we've established is a process to where we
18 can get interim payments to those at the local
19 level as well. So there's a separate phone number
20 for that, and we can provide you both those phone
21 numbers.

22 GOVERNOR CRIST: And I think you also
23 mentioned that you had an online claims process --

24 MR. FRYAR: That's right.

25 GOVERNOR CRIST: -- now developed?

1 MR. FRYAR: That's right.

2 GOVERNOR CRIST: And where would that be
3 online?

4 MR. FRYAR: If you go to
5 deepwaterhorizonresponse.com, there's a tab on
6 there under claims, and it can be found there.

7 GOVERNOR CRIST: Did the secretary just
8 provide you with the toll-free hotline perhaps?

9 MR. FRYAR: He did.

10 GOVERNOR CRIST: We would like to advertise it
11 in front of our friends. That's why we're here.

12 MR. FRYAR: The claims is 1-800-440-0858.

13 GOVERNOR CRIST: Okay. Some other issues that
14 I wanted to go over with you. And you anticipated,
15 I think, maybe through some discussions with the
16 CFO, some of the concerns that we're hearing and
17 experiencing in Florida. And it does deal with a
18 lot of the larger claims, if you will, as you
19 characterized them.

20 Yesterday I had the occasion to be on the
21 Suncoast of Florida, the St. Petersburg Beach area,
22 and met with some of Chamber of Commerce folks as
23 well as hotel individuals and restaurateurs. And
24 the concern from one particular business called the
25 Trade Winds is that they're experiencing and have

1 experienced a rather significant slowdown in May.
2 And so would they go to this hotline for their
3 claims this process or the online?

4 MR. FRYAR: They would go to that hotline,
5 that's right, the 1-800 number.

6 GOVERNOR CRIST: And then there's an immediate
7 dovetail to that of frustration from a restaurant
8 right across the street from the hotel called Silas
9 Dent's. A young lady was expressing her concern
10 about being able to make the claims. And it's, you
11 know, inextricably linked to the slowdown in
12 business of the hotel as it relates to the
13 restaurant.

14 So how long would the process take? How
15 quickly could their claims be paid? When can they
16 expect compensation? You know, these are family
17 owned businesses that, you know, many of them have
18 employees living paycheck to paycheck, and so what
19 kind of relief can you give them, how soon, and how
20 much?

21 MR. FRYAR: Okay. There were several parts
22 there. I think the first part is really a very
23 valid point. We really are encouraging people to
24 make a claim. If they don't make a claim,
25 obviously, we don't know that they're out there.

1 Once they make a claim, what our turnaround
2 time has been, again, when you look at the
3 individuals, it has been -- from the time they come
4 into the claims office until the time they get a
5 check has been five days. For small businesses,
6 there's a little more paperwork involved, so that
7 takes a bit more time, and that's averaged seven
8 days. And now we're getting into the larger
9 businesses, and again, you know, we want to be as
10 expeditious with those as possible.

11 As you said, there are businesses that are
12 having cash flow issues. This is not just small
13 businesses. This is large. And this is why we
14 want to put in the same process that we've done
15 with the small businesses such that we can make an
16 interim payment to help them with their cash flow
17 issues, and at some point in time, we can come back
18 and we can reconcile with them.

19 GOVERNOR CRIST: Now, I think you also stated
20 in your opening comments that you have about 25
21 claims offices in the affected region.

22 MR. FRYAR: Right.

23 GOVERNOR CRIST: But I think only eight
24 throughout the State of Florida.

25 MR. FRYAR: That's right.

1 GOVERNOR CRIST: Are you anticipating opening
2 more offices?

3 MR. FRYAR: We will open as many as are
4 required to deal with the people that come in. You
5 know, we've got -- we have the claims offices.
6 We've been able to expeditiously bring people in
7 and manage that. If the cycle time to get people
8 in and deal with them gets longer, we certainly are
9 opening more, and that is an important part of it.

10 GOVERNOR CRIST: Well, I have a suggestion.
11 We have almost 30 counties that are on the coast
12 that potentially are directly impacted, certainly
13 already indirectly impacted. It would strike me
14 that it would be appropriate to open an office at
15 least in each of those counties along the Gulf
16 Coast of Florida and then going around the
17 Panhandle to Dade, Broward, and Palm Beach as well.
18 So that's my request to you today, to please do
19 that and take that to heart.

20 MR. FRYAR: We certainly opened some offices
21 in places where there was very low activity. You
22 know, some of the ones that we opened initially,
23 we've had four to five people come in. So I can
24 understand the need just to get that out there.

25 But we continue to monitor the performance and

1 understand the waiting times. We monitor phone
2 calls. It takes about -- typically it takes about
3 12 seconds for somebody to come on the phone. So,
4 you know, we're monitoring that performance as well
5 just to make sure that -- you know, people are
6 frustrated by this, and we want to make sure that
7 we're dealing with them in the right way and an
8 expeditious way. So I think the idea of
9 understanding exactly where we have offices, do we
10 need other ones, you know, we'll continue to
11 monitor that for sure.

12 GOVERNOR CRIST: I know that you're going hear
13 from my colleagues about this issue as well, but,
14 you know, the speed with which the claims are able
15 to be paid relieves a lot of suffering from people.
16 And others have said this, but I will say it as
17 well.

18 Your company does very well. I understand
19 that you may in fact be the fourth largest
20 corporation on the planet as it relates to a
21 private sector company. \$50 million being spent on
22 advertising to help the image of the company,
23 you're probably going to need more.

24 But also recently revealed -- and you can
25 correct this if what I've heard in news accounts is

1 incorrect. Announced a dividend structure for this
2 quarter alone of about \$10.5 billion.

3 So the frustration that all of us hear in our
4 constituents is borne out of the fact that you're a
5 corporation with enormous resources, and, you know,
6 these people don't have enormous resources. You
7 know, those that own some of these hotels and some
8 of these restaurants that have been in their
9 families for generations that I heard about
10 yesterday in St. Pete Beach.

11 So the speed with which you can relieve that
12 suffering is incredibly important. And we
13 respectfully ask for it today, but we also demand
14 it --

15 MR. FRYAR: I understand.

16 GOVERNOR CRIST: -- on behalf of the people we
17 work for. So getting that message across to you
18 today is very important, and it's frankly just part
19 of our duty as people who work for the people of
20 Florida.

21 I want to move on to two other areas, and then
22 I'm sure my colleagues have a lot of questions too.

23 As it relates to additional boom -- I think
24 the Attorney General related to the fact that, you
25 know, if we could have even more boom available to

1 us, to maybe have backup boom, either double or
2 about potentially triple. And I know it has
3 limited effect, and I've been educated by our
4 secretary about that. But it can also have a very
5 positive effect, depending on the type of boom
6 available. And I'm no expert in all this boom
7 stuff, but I have seen a lot of different types
8 over the past month or so. And some is clearly
9 more structurally able to fend off the intrusion of
10 oil or sheen as it's dispersed.

11 And we want to protect our marshes and our
12 estuaries as much as we possibly can. And we also
13 understand that protecting the beaches is a much
14 more difficult prospect, at least as it relates to
15 the boom option, because of the wave action, and it
16 just as a natural consequence will go either over
17 it or under it. But in the more calm waters, that
18 is not the case. And so how soon do you think we
19 can get additional boom to Florida, you know, in
20 order to protect us before this stuff continues to
21 come up?

22 You know, we're very close to the Big Bend
23 area here, and I'm in constant contact with people
24 in that part of the state as well as the Panhandle
25 and throughout the state. It's almost all marsh,

1 almost all of it. And so the question is, how much
2 more boom can we get, and when can we get it?

3 MR. FRYAR: The Unified Command shares exactly
4 in your two points, that we need to continue to
5 bring more boom in. You know, at the Unified
6 Command level, we're bringing in approximately
7 200,000 to 250,000 feet a week, and that's being
8 dispersed across the Gulf Coast. So it's coming
9 continuously. We're getting it from all parts of
10 the country. We're getting some from other
11 countries as well. So that's coming in
12 continuously. You know, this week you'll be
13 continually seeing boom in the Gulf Coast. You'll
14 be continually seeing boom into Florida.

15 We also I think at Unified Command, when you
16 think about the tactics about how you fight this
17 thing, we're in complete agreement with you. Boom
18 in tidal conditions is problematic. We're seeing
19 the boom is getting torn up. We've had to replace
20 quite a bit of it already. So really, you know,
21 from the Unified Command perspective, the thing
22 which we're really pushing is to make sure that we
23 fight this thing as close to the source as
24 possible.

25 GOVERNOR CRIST: Well, then that naturally

1 segues me to the skimmer issue.

2 MR. FRYAR: Right.

3 GOVERNOR CRIST: Which maybe even holds more
4 promise than the boom, because you try to extract
5 it from the water before it even gets near the
6 marshes or the estuaries or the beaches.

7 In terms of additional skimming assets for
8 Florida's benefit, first, let me start -- do you
9 know how many skimmers are at work currently in
10 Florida water or federal water off Florida to
11 protect us?

12 MR. FRYAR: We have approximately -- if you
13 look at the whole response, it's about 130 skimmers
14 that are out there. That doesn't count the
15 volunteers of opportunity, which are doing a huge
16 amount of skimming efforts. And again, that's over
17 2,500 boats involved, but in terms of the skimmers,
18 it's about 130.

19 Across the tri-state area between Florida,
20 Mississippi, and Alabama, it's about in the mid
21 50s. It's changing daily. We continue to bring
22 some on.

23 To the question that came up earlier today, we
24 do have some that will be coming in at the end of
25 this week, and then there will be some coming out,

1 you know, in the weeks ahead.

2 I know there was a conversation this morning
3 as well around Big Gulp. There's a second one
4 that's being put out, I believe, today, but it was
5 custom built. It's called -- you know, I think
6 it's Super Big Gulp. I'm not exactly sure what the
7 name is they've given this thing, but it's quite
8 large, and it's going to be put out as well.

9 So we continue to expand the fleet of
10 skimmers, and we'll continue to do that.

11 Admiral Allen yesterday in his press
12 conference discussed this a bit, and that has been
13 talked about this morning as well, that, you know,
14 a determination has to be made, can the Unified
15 Command bring additional skimmers in from other
16 areas where skimmers do exist? And that decision
17 has to be made.

18 GOVERNOR CRIST: Another question I would have
19 is, you know, we're at war with this oil
20 catastrophe, and we want to have every possible
21 asset available to fight and defend our Florida,
22 whether it's boom or skimmers or microbes, quickly
23 paid claims to try to make our people and our small
24 business owners whole. And so it's all hands on
25 deck in order to fight this thing, and we're being

1 invaded by it. You know, it's like kind of a
2 Normandy invasion on Florida's coast, and we want
3 to do everything we can to stop it. So when you
4 talk about assets that are available, it would
5 occur to me that, given the assets that BP has,
6 that maybe you could be involved in the additional
7 manufacture as it relates to skimmers, new skimmers
8 being produced, new boom being manufactured. Are
9 you in fact already doing that, and if not, why
10 not?

11 MR. FRYAR: We agree. You know, we need to be
12 building things. That's the -- the Super Big Gulp
13 which is coming out was built, was started several
14 weeks ago and was built and is coming out. That's
15 the kind of thing that we have to continue to do,
16 like you said, everything possible to go out and
17 fight this.

18 GOVERNOR CRIST: So you are involved in the
19 actual manufacture?

20 MR. FRYAR: Building -- we're bringing -- you
21 know, we're building skimmers. We're bringing in
22 parts of skimmers and attaching those to boats so
23 that we can get out and we can fight that.

24 So there's a number of things that we're, you
25 know, building as we go, because you're exactly

1 right. That's what we have to be able to do. We
2 want to maximize the fight on this, and so we need
3 as much equipment as we can get our hands on to do
4 that.

5 GOVERNOR CRIST: Okay. Thank you.
6 General.

7 ATTORNEY GENERAL McCOLLUM: Everybody is
8 sitting here wanting to raise their hand. There's
9 some pecking order, I suppose.

10 First of all, I want to compliment you in some
11 respects, because certainly BP has worked with us
12 and the Attorney General's Office recently over the
13 claims process, and there's a claims manual I know
14 that our office helped develop that's out there
15 right now, and you've helped circulate that. So to
16 some degree, that has been very helpful.

17 I also want to thank you for acknowledging the
18 need to go to E-Verify on these workers that come
19 in. I have a very strong aversion to hiring
20 workers, especially illegals that are in this
21 country to do any of these jobs. And you know
22 there was a story early on with that, and the
23 initial response from BP was, "Well, that's the job
24 of these subcontractors or contractors we've got to
25 employ these people," and a failure to acknowledge

1 that it was ultimately BP's responsibility.

2 That subsequently has changed, and my
3 understanding is now that BP has gone to an
4 E-Verify system and is assuring that all the
5 workers that come aboard are checked as best they
6 can be with the federal authorities to determine
7 from the records that we have possible whether
8 they're legitimate or not.

9 I also know that there was a lot of concern at
10 the beginning over whether the people who were
11 being employed were from Florida. And I was out
12 yesterday, and I did hear with my own ears your
13 contract people say they've gone out of their way
14 to replace some of the workers that have come out
15 of the state and now hiring Florida folks. The
16 fishermen are still concerned, even the vessels of
17 opportunity, because everybody wants to have their
18 opportunity to do that. There's still a mess out
19 there on that. I know you know that.

20 In Panama City there is a recordkeeping mess
21 apparently about some of the beginnings. People
22 who thought they were getting these contracts are
23 getting in line to be able to be certified to be
24 vessels of opportunity, and records are missing.
25 And I spent quite a bit of time in a sort of town

1 hall meeting with fishermen last night with one of
2 your representatives, who was very capable. But
3 that's a big issue that I know you know needs to be
4 addressed.

5 To the questions real quickly, is there a
6 reserve on the claims that -- you know, big
7 companies usually reserve something. You've got
8 enormous costs that are here. We talked this
9 morning with Mike Sole and others. You've heard
10 about the various damage claims that may be there
11 for individuals, for small and larger businesses,
12 and then, of course, ultimately for state and local
13 government. Is there a company reserve, and if so,
14 can you tell me how much has been put aside in
15 corporate management for paying claims?

16 MR. FRYAR: We have not done that. We have
17 not put a reserve out there. You know, to date,
18 we've spent just over \$1.2 billion. That number
19 continues to grow. It grows a sizable amount each
20 day. So what the number ultimately will be we
21 don't know, but we have not set a reserve out
22 there. We've just continued to -- as it comes to
23 us, we continue to pay as expeditiously as we can.

24 ATTORNEY GENERAL McCOLLUM: Well, I don't want
25 to beat the horse any further, because you're going

1 to keep hearing it from all of us, but the biggest
2 thing on claims is speed.

3 MR. FRYAR: Sure.

4 ATTORNEY GENERAL McCOLLUM: It is the
5 operative word. All of us, I think, feel that way.
6 You know, I don't want to regurgitate it, but
7 that's what's missing here many times is speed.

8 MR. FRYAR: And we're exactly in the same
9 place. For us it's speed as well. You know, the
10 three words we keep coming back to is being fair,
11 being pragmatic, and being timely, and that's the
12 basis which we have developed our claims process
13 around. You know, we have to continue to push on
14 the speed piece. We know that. That's why I think
15 with these large businesses -- I think on the small
16 businesses -- the small guy was hurting initially,
17 and we had to deal with them first, and we've done
18 that. And I think the speed has been quite good
19 there.

20 ATTORNEY GENERAL McCOLLUM: Well, as you've
21 heard and you already know, former Attorney
22 Generals Butterworth and Smith are working in our
23 office to help with the claims process and help us
24 prepare people, principally for the state claims.
25 But if there's anything we can do in our office or

1 through that team to help better prepare your
2 process or the process of people making these
3 larger claims, to get them expedited, to know
4 they've got the documents out there, you really
5 need to educate them. I think the people down the
6 lower west coast don't know that. I mean, the
7 people in the Panhandle largely are paying
8 attention to this. But you've got a lot of claims
9 elsewhere in Florida, and they just flat out don't
10 know. And BP needs to get that word out. We have
11 no ability to get that out there like you do.

12 And then last but not least on my processes,
13 and then I'll turn it over to the Commissioner and
14 the CFO, do we know how many skimmers exist out
15 there in other parts of the country? I use these
16 terms and figures people give me. I know Admiral
17 Allen has referred to many others that are out
18 there and a reluctance to bring them in. These are
19 private contracted vessels, I gather. I don't know
20 if they're contracted to the oil companies or
21 they're skimmers that are associated with the Coast
22 Guard itself. What are we talking about when we
23 talk about existing, not newly manufactured -- I'm
24 with the Governor. If we manufacture some more of
25 them, fine. But 20 more coming strikes me as

1 little change in the way things are going and
2 aren't going to begin to do the things that Florida
3 needs done. So what can you tell me about existing
4 skimmers?

5 MR. FRYAR: I understand the need to get more
6 here certainly. And with respect to the number, I
7 don't have the number. We can get you that. I
8 feel certain the Coast Guard has that number, and
9 they would look at the inventories that are out
10 there. But we could certainly provide you that
11 number.

12 ATTORNEY GENERAL McCOLLUM: Well, my point to
13 this is that I'm unhappy with the federal
14 government on this right now. But I'm also unhappy
15 a bit with BP, because if these are privately
16 contracted vessels, and it seems to me they are,
17 maybe the Coast Guard can commandeer them under
18 federal law. But it strikes me that you're going
19 to wind up and probably are paying for them, and
20 it's in BP's best interest, just as it is in my
21 best interest and Florida's best interests, to stop
22 this crud from making it to shore. So I would
23 think you would be all over the Coast Guard about
24 this, all over this issue and helping us get them
25 in here.

1 The same thing is true for these alternatives.
2 I am very shocked that BP hasn't stepped up to the
3 plate before now and demanded that there be some
4 pilot experiments with some of these alternatives.
5 Some of them sound -- some of them are off the
6 wall, but many of them sound to me like, you know,
7 major companies. They're real businesses. They
8 can do things like this company that has this
9 sheet, this polypropylene sheet out there that's
10 like a magnet to pick up oil that could be put
11 behind these vessels of opportunity.

12 But I have yet to see BP step up and say a
13 peep about this except for I presume being part of
14 that work group that Admiral Allen mentioned last
15 Friday. But you're not making any noise. I'm
16 making noise. The Governor is making noise. The
17 CFO is making noise. The Commissioner is making
18 noise. Obviously, the local governments are. But
19 where's BP on this?

20 I'm just going to close with that, and you can
21 respond to it. But I'm just concerned. I don't
22 see it.

23 MR. FRYAR: No, it's a great point. I would
24 certainly like to share some information on what's
25 taking place in that space, because we have set up

1 a large team of 40 engineers. We have thousands of
2 ideas that are coming in, and we've set up a team
3 of engineers, 40 engineers, and they triage these
4 ideas as they come in, and they work them through,
5 and they test them with the front line.

6 Likewise, from the front line, from kind of a
7 demand-pull situation, the front line is, saying,
8 "We could use some technologies in these areas."
9 And so there is a marriage that's going on there.
10 We have used many technologies already.

11 The best technology, I think actually the most
12 leveraging action that we've taken perhaps in this
13 fight has been subsea dispersant. That came from
14 the outside. It was not our idea. It's those kind
15 of ideas that are making a huge difference in this
16 fight.

17 We have a number of others going on. Some of
18 them were discussed earlier this morning with the
19 beach cleaners, you know, could you go do something
20 there that's more mechanical instead of people.
21 You know, a large number of these are out there.

22 I think the other thing that's important to
23 note too is that it's not just technologies. It's
24 actually ways of working. When you look at what
25 these vessels of opportunity folks are doing,

1 they're coming up with creative ways of booming up
2 and skimming this oil and bringing it together, and
3 then skimmers come in and actually skim it up. So,
4 you know, we've certainly learned some things from
5 them. You know, these folks know the lay of the
6 land, and they've been great. They've come in and
7 they've said, "Here's some things that can work
8 better than perhaps the way you" --

9 ATTORNEY GENERAL McCOLLUM: Well, let me
10 interrupt to tell you, I agree with you 100 percent
11 on that. Last night in Panama City, there were 120
12 training slots. There were over 1,000 people in
13 line, I was told, to try to get training last night
14 because they wanted to have vessels of opportunity.
15 That's great. What they're doing is great. But if
16 you had -- and again, I'm not promoting this
17 company's product, because there could be many
18 others. But if you had sheets like this of
19 polypropylene that are magnet attractors or
20 something like that, you could have a thousand more
21 vessels out there doing this, and they would not
22 necessarily have to have the skimmers to take the
23 oil up. You would obviously have to have a barge
24 or something to put it onto.

25 There's got to be more that you could be

1 doing. And I'm just -- I'm not saying you haven't
2 done anything. And I'm still questioning the
3 bottom line effect of the dispersants, so I hope
4 you're engaged with our team and EPA and others to
5 study what's happening as a result of this massive
6 dispersal. But nonetheless, you know, I'll give
7 you credit for yes, there has been some work done.
8 But there's a heck of a lot more, in my opinion,
9 that needs to be done. And I'll praise you where
10 you deserve it, but I just don't think you've done
11 enough.

12 And again, speed may be part of this. How do
13 you cut through this stuff? How do you cut through
14 the red tape? And I think BP needs to be in there
15 pushing for the red tape to be put aside so we can
16 get these products out there. You need to be doing
17 that.

18 Anyway, thank you, Governor.

19 GOVERNOR CRIST: You're welcome. CFO.

20 CFO SINK: Thank you.

21 GOVERNOR CRIST: You're welcome.

22 CFO SINK: Thank you for coming. Would you go
23 back. You mentioned that you came to BP in April
24 to accept this role; is that right?

25 MR. FRYAR: That's right.

1 CFO SINK: What were you doing before?

2 MR. FRYAR: I run our business in West Africa,
3 so I'm the --

4 CFO SINK: So you -- I thought you said you
5 joined BP in April.

6 MR. FRYAR: No, no, no. I joined the response
7 effort, the fight here. I've been with BP
8 approximately 25 years.

9 CFO SINK: Twenty-five years. And what's your
10 background? Are you an engineer?

11 MR. FRYAR: I'm a petroleum engineer.

12 CFO SINK: A petroleum engineer?

13 MR. FRYAR: Uh-huh.

14 CFO SINK: And how were you chosen to be so
15 lucky as to come in here in April?

16 MR. FRYAR: I've asked that question several
17 times. No, actually, I wouldn't be any other
18 place, because I think this is really important for
19 the company. What the company is going through,
20 this is a difficult period, but I think it's
21 important for leadership around the world to come
22 together and help them. So that's why I'm here.
23 And so when I got the call, I came straight away.
24 And for me to be part of this, I've been helping
25 out in a number of ways.

1 CFO SINK: And you're up here trying to
2 describe a claims process. You're not an insurance
3 guy. How do you feel about being a petroleum
4 engineer and having to be in the claims business or
5 having to explain claims?

6 MR. FRYAR: Well, you're right, I'm not a
7 claims expert. That certainly is the case. But,
8 you know, we have teams where we have people who
9 are leading in this space who actually have that
10 background, and for -- in the case of myself and
11 other people doing similar roles, you know, our job
12 is about management. It's about management to make
13 sure that these processes are robust and to make
14 sure that they're being done consistent with the
15 goals that we've set out. So a big part of the
16 roles that we have is really in leadership and
17 management, is to make sure that these things are
18 being done well and done consistent with what we
19 want and what the public want as well.

20 CFO SINK: Okay. And describe to me what the
21 reporting structure is. Who do you -- how many
22 people are in between you and the CEO, Mr. Hayward,
23 for example? What's your reporting structure?
24 When you finish here today, who are you going to
25 call? Who's your boss you're going to call to

1 hopefully tell what you did here today?

2 MR. FRYAR: Well, my boss in kind of my day
3 job, my former life before April is the gentleman
4 who runs our exploration and production business,
5 and he reports directly to Tony Hayward. So Tony
6 is my boss's boss.

7 CFO SINK: Okay.

8 MR. FRYAR: And in this situation, I'm
9 actually reporting in to -- in this unique
10 situation that we have, I'm actually reporting in
11 to Doug Suttles, who is our COO.

12 CFO SINK: Who we've all gotten to know very
13 well through all this.

14 MR. FRYAR: Yes, yes.

15 CFO SINK: Okay. So for this project, you're
16 reporting to Mr. Suttles, who --

17 MR. FRYAR: That's correct.

18 CFO SINK: -- we know reports to -- okay.

19 Thank you.

20 Did you say that -- because you said something
21 that I hadn't heard before, that the Coast Guard
22 oversees the claims process?

23 MR. FRYAR: That's right.

24 CFO SINK: Is that how this is supposed to be
25 working? If we're not satisfied with how BP is

1 handling it, it goes to the Coast Guard?

2 MR. FRYAR: The Coast Guard has oversight,
3 yes, ma'am.

4 CFO SINK: All right.

5 ATTORNEY GENERAL McCOLLUM: If I might, CFO,
6 the Coast Guard gets involved because of the
7 federal law that has this backup. And if a claim
8 is not paid and somebody wants to make a further
9 claim, but BP has denied it or they've run out of
10 money or they went bankrupt or something -- I don't
11 think you're going to do that. But you have a
12 pool, a federal pool of money, and I think that's
13 where the Coast Guard gets involved. The Coast
14 Guard is not actually administering the claims
15 process.

16 MR. FRYAR: No, that's right, they're not
17 administering it, but they have -- the Coast Guard
18 -- you can go to the mediator, and then beyond the
19 mediator, you can actually go to the Coast Guard,
20 who can access that fund that's out there. But
21 then BP would reimburse if there's any disagreement
22 between the claimant and BP.

23 CFO SINK: Well, let me just express to you
24 that your definition of speed and mine is two
25 different things, because the process is entirely

1 too slow. The people that -- you may not know
2 this, but I would like to highly recommend that you
3 personally go and sit down with these businesses in
4 Pensacola and do a round-table and hear from them
5 directly the way I have heard from them. Do you
6 know what they call the \$5,000 checks they get?
7 They call it "shut-up money." That's what they're
8 out there calling it.

9 This is giving your company a really, really,
10 really even worse name, because that's nothing
11 compared to the losses that they're experiencing.
12 And they have people -- these are little bait and
13 tackle shops and marinas and the canvas producer
14 who hire people. They have people who have been
15 working for them for years. And I'm getting the
16 impression that you expect these business owners to
17 fire all those people so then those people can go
18 and collect their \$5,000 of hush money, and that's
19 just to the way it needs to be working.

20 And they are expressing that -- I mean, we've
21 got people already out there who are sitting with
22 over \$100,000 in lost business. Their suppliers
23 are waiting for them to pay for their tackle and
24 their rods and reels that they've already bought to
25 get ready for the season. And we're just not

1 seeing the kind of responsiveness that we need.

2 In an insurance -- in a hurricane situation,
3 we know what to do, because we have laws on the
4 book that clearly specify when claims are filed --
5 because this is what my office does. Claims are
6 filed, and then it's clear what the consumer can
7 expect back from that insurance company in terms of
8 X number of days, you'll get a response, if there
9 in fact is some kind of denial, this is what the
10 appeals process is, this is the kind of information
11 that you're expected to have. And I'm hearing
12 stories of people who were asked by your claims
13 adjuster -- I know you're hiring a third-party
14 administrator, but they come back and they ask for
15 thousands of pieces of paper in order to justify
16 their claim. And clearly we don't want fraud in
17 the system, but anybody who's a common sense,
18 logical person can sit and talk to the bait shop
19 owner and understand what an incredible loss
20 they've had.

21 So I don't think speed is in your vocabulary
22 yet, so I hope when you go back and report, you all
23 figure out a way to get -- these people need money
24 in their hand, in their checking accounts, because
25 otherwise, your problem is going to be a lot worse.

1 They're going to be firing all their employees.
2 They're going to be going bankrupt. It's their
3 whole livelihood. And it's not a lot of fun to see
4 grown men crying. That's what I've seen, and I'm
5 sure the rest of us have seen it too. And this
6 thing has to get -- I don't want to go back over
7 there and hear them talk about their little
8 \$5,000 of shut-up money, and they don't know when
9 the next -- and they're told, "Well, just come back
10 next month, and you'll get another \$5,000." This
11 is just not working, and it's heartbreaking.

12 What are you going to do about all the
13 convenience store owners who have BP gas out?
14 People are just driving by. What are you telling
15 your convenience store owners who carry your gas?
16 Are you going to compensate them for that?

17 MR. FRYAR: You're right. The large
18 businesses have cash flow issues just as much as
19 small businesses, and that's why it's important for
20 us to get interim payments to them. We've started
21 with the small businesses. We've gotten them the
22 interim payments, and we're going to get the
23 interim payments out to the big businesses.

24 Last night, for instance, we approved for a
25 shrimp processor 420-some-odd thousand dollars to

1 get money into that company's hands just for this
2 very reason, because they have employees. They
3 have inventory. They have things that they have to
4 pay, and they need to get money in their hands.
5 And that's why it's important to get these interim
6 payments out for these large companies as well, and
7 that's exactly what we intend to do.

8 CFO SINK: Well, you just -- right now, you
9 know, we are sending them to the Small Business
10 Administration, who set up -- thank you, Governor
11 -- the ability to apply for a Small Business
12 Administration loan to carry them over, but that's
13 taking six to eight weeks for approval. And
14 fortunately, you made the order for the bridge loan
15 program that we have.

16 But these people need cash in their checking
17 accounts now so that they don't have to fire their
18 employees, and they can pay their suppliers, and
19 they can make their mortgage payment, and they can
20 pay their bank loan. And my request would be that
21 we get some kind of immediate response as to how
22 you've changed the definition of word "speed."

23 Thank you.

24 COMMISSIONER BRONSON: Well, I think you've
25 probably overheard my earlier comments about our

1 food safety issues and the fact that we're going to
2 have to do some very specific tests on all of the
3 fish species as well as shellfish and shrimp and so
4 forth that are going to be coming into the docks.
5 I've spent the better part of three and a half
6 weeks now trying to convince people that our food
7 supply and our seafood is safe in Florida, but I'm
8 being overdone by the national news media that's
9 showing all that oil flowing. And people don't
10 understand, you know, that it's not the whole Gulf,
11 but it's certain regions of the Gulf.

12 In the end, because of this influx, we are
13 going to have to do a lot more testing, and it's
14 going to have to be tests that are actually being
15 developed as we speak, because we have never had to
16 go through this. We've never had to look for
17 hydrocarbons. And now we're trying to find out the
18 dispersant, what do we need to be looking for with
19 the chemical composition of the dispersant as well
20 as the oil.

21 So our food safety people my Food Safety
22 Division, as well as working with the Federal Food
23 and Drug Administration, are trying to develop all
24 this. It's taking time and it's taking money and
25 new equipment to come in and be able to even

1 detect, because we have to know now what the
2 parameters on health and safety is going to be for
3 the human consumption of any product that could be
4 contaminated.

5 Thank goodness the vast majority of state
6 waters has not been affected, and we're not
7 allowing anybody to bring in fish species from
8 affected waters, so we've got some controls there.
9 But eventually, we are going to have to be testing
10 a lot more than what we're testing now.

11 So I don't know if you have a division that
12 works with food safety personnel or whatever, but
13 we would need to know how to contact them.

14 I know you've helped the Hotel and Restaurant
15 Association and others by trying to get out
16 information that the beaches, the vast majority of
17 the beaches are fine, and come down to Florida. I
18 think you might want to consider that with the
19 fishing industry as well, simply because in the
20 end, it might be cheaper to help them get their
21 supplies out --

22 MR. FRYAR: Absolutely.

23 COMMISSIONER BRONSON: -- than it is to have
24 to pay them because their fishing industry has been
25 devastated. So I would like to work with your

1 people on that as well.

2 MR. FRYAR: That would be great, and we would
3 appreciate that. As you know, we've put the
4 \$500 million out there around long-term research
5 and testing. We've had the proposal from the
6 Florida Institute of Oceanography. That proposal
7 seems very well placed and competitive with respect
8 to this program that's getting set up at this point
9 in time. So I know that our folks will be in touch
10 with the FIO folks with respect to that.

11 GOVERNOR CRIST: Any other questions? Thank
12 you, Mr. Fryar. Appreciate you being here.

13 Secretary?

14 MR. SOLE: Real quick, Governor. I know we're
15 running late. I just wanted to point out that Will
16 Secombe was here from Visit Florida. He is going
17 to be giving a presentation tomorrow at the
18 Economic Recovery Task Force. I just want to
19 remind folks, if you want -- if any of the Cabinet
20 members want to see that, he could do it now, or he
21 can get that information to each of your offices.
22 But I do want to remind everyone --

23 GOVERNOR CRIST: We'll look forward to it
24 tomorrow.

25 MR. SOLE: Yes, sir.

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GOVERNOR CRIST: We have an SBA meeting beginning at one o'clock. Is that enough time for my two colleagues? Commissioner, you're excused from that.

Thank you. We stand adjourned until 1:00.

(Proceedings concluded at 12:18 p.m.)

