

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

STATE BOARD OF ADMINISTRATION

FLORIDA LAND AND WATER ADJUDICATORY COMMISSION

BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Crist presiding,
in the Cabinet Meeting Room, LL-03, The Capitol,
Tallahassee, Florida, on Tuesday, September 14, 2010,
commencing at approximately 9:07 a.m.

Reported by:

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Representing the Florida Cabinet:

CHARLIE CRIST
Governor

CHARLES H. BRONSON
Commissioner of Agriculture

ALEX SINK
Chief Financial Officer

* * *

I N D E X

DIVISION OF BOND FINANCE
(Presented by BEN WATKINS)

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STATE BOARD OF ADMINISTRATION
(Presented by ASH WILLIAMS)

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FLORIDA LAND AND WATER ADJUDICATORY COMMISSION
(Presented by LISA SALIBA)

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BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND
(Presented by MIMI DREW)

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P R O C E E D I N G S

(The agenda items commenced at 9:50 a.m.)

GOVERNOR CRIST: Division of Bond Finance.

Ben, good morning, sir.

MR. WATKINS: Good morning, Governor and Cabinet members. Item number 1 is approval of the minutes of the August 26th meeting.

COMMISSIONER BRONSON: Motion for approval of Item 1.

CFO SINK: Second.

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

MR. WATKINS: Item Number 2 are resolutions authorizing the issuance and competitive sale of \$19.5 million in Capital Outlay Refunding Bonds for debt service savings.

COMMISSIONER BRONSON: Motion on Item 2.

CFO SINK: Second.

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

MR. WATKINS: Item Number 3 is resolutions authorizing the issuance of \$304.8 million and the competitive sale of \$154.8 million of Public Education Capital Outlay Bonds for school construction.

1 CFO SINK: Move it.

2 COMMISSIONER BRONSON: Second.

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

5 MR. WATKINS: Item Number 4 are resolutions
6 authorizing the issuance of 620 -- the issuance and
7 and competitive sale of \$625 million of Public
8 Education Capital Outlay Bonds. This is for
9 refunding for debt service savings.

10 CFO SINK: Move it.

11 COMMISSIONER BRONSON: Second.

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

14 MR. WATKINS: And lastly, Item 5 is a report
15 of award on the competitive sale of \$179.87 million
16 of refunding bonds for the PECO program. The bonds
17 were awarded to the low bidder at a true interest
18 cost of 3.40 percent, and the transaction generated
19 gross debt service savings of \$33.7 million,
20 \$25.1 million on a present value basis, or about
21 12.9 percent of the bonds being refunded.

22 COMMISSIONER BRONSON: Motion for approval of
23 Item 5.

24 CFO SINK: Second.

25 GOVERNOR CRIST: Moved and seconded. Show it

1 approved without objection. Thank you, Ben.

2 CFO SINK: Governor.

3 GOVERNOR CRIST: Yes, CFO.

4 CFO SINK: I just did want to point out that
5 as I was getting prepared for this presentation,
6 that I asked the Bond Finance to go back and
7 identify how many states, how many states are still
8 maintaining a AAA S&P bond rating, and the answer
9 was 11, only 11 states in the country.

10 And some -- we're in a heavy period of
11 commentary here in Florida where some people are
12 leading other people to believe that we're not in
13 such strong financial shape in this state, and
14 we've got to disabuse people of that notion,
15 because having this AAA bond rating -- and in fact,
16 as I'm looking at the list of states, Florida is by
17 far and away the largest state that has a AAA bond
18 rating. So it says a lot for not only the work
19 that Bond Finance does, but you as Governor and our
20 Legislature for just keeping an eye on staying
21 within our means.

22 GOVERNOR CRIST: And you as CFO.

23 CFO SINK: Yeah.

24 GOVERNOR CRIST: Yeah. Great, Ben. Thank
25 you. Appreciate it. Good point.

1 GOVERNOR CRIST: State Board of
2 Administration, Ash Williams. Good morning, Ash.

3 MR. WILLIAMS: Good morning, Governor.

4 GOVERNOR CRIST: Ben was very inefficient in
5 front of you.

6 MR. WILLIAMS: Sorry for the delay there.

7 GOVERNOR CRIST: That's all right. You're
8 fine.

9 MR. WILLIAMS: Good morning. The first thing
10 I want to do is give you a little update on the
11 fund, if I may. As of last evening's close, we're
12 at \$115.9 billion. We're up 4.77 percent net year
13 to date, and that's 99 basis points ahead of
14 target.

15 Moving on to our agenda, Item 1, request
16 approval of the minutes from the 29 July meeting.

17 CFO SINK: Move it.

18 GOVERNOR CRIST: Second. Show it approved
19 without objection.

20 MR. WILLIAMS: Item 2, request approval of a
21 fiscal sufficiency of an amount not exceeding
22 \$625 million State of Florida, full faith and
23 credit, Board of Education Public Education Capital
24 Outlay Refunding Bonds.

25 CFO SINK: Move it.

1 GOVERNOR CRIST: Second. Show it approved
2 without objection.

3 MR. WILLIAMS: Item 3 is another fiscal
4 sufficiency of an amount not exceeding \$154,800,000
5 State of Florida, full faith and credit, Board of
6 Education PECO bonds.

7 CFO SINK: Move it.

8 GOVERNOR CRIST: Second. Show it approved
9 without objection.

10 MR. WILLIAMS: Item 4 is another fiscal
11 sufficiency of an amount not exceeding
12 \$19.5 million State of Florida, full faith and
13 credit, Board of Education Capital Outlay Refunding
14 Bonds.

15 CFO SINK: Move it.

16 GOVERNOR CRIST: Second. Show it approved
17 without objection. Thank you, Ash.

18 MR. WILLIAMS: Thank you.

19 GOVERNOR CRIST: Yes, sir. Have a good
20 flight.

21 MR. WILLIAMS: Thank you.

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

3 MS. SALIBA: Good morning, Governor and
4 members. We have three items today. The first is
5 request your approval of the minutes from the June
6 8, 2010, meeting.

7 CFO SINK: Move it.

8 COMMISSIONER BRONSON: Second.

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

11 MS. SALIBA: Item 2, we have a request from
12 the Huntington Hammocks Community Development
13 District requesting action to dissolve.

14 The district was created in 2008. It's
15 located in Hernando County. It hasn't issued any
16 bonds or incurred any debt. And we request your
17 authorization to file for a rule repeal to dissolve
18 the community development district.

19 COMMISSIONER BRONSON: Motion for approval of
20 Item 2.

21 CFO SINK: Second.

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

24 MS. SALIBA: Item 3, the Commission has
25 received a petition from the Ginn-LA Marina

1 appealing a decision by Flagler County related to
2 proposed changes to the Hammock Dunes Development
3 of Regional Impact Development Order.

4 The Development of Regional Impact has been
5 changed over time. Most recently, the change
6 request included reallocation of 541 dwelling units
7 to an area that's currently designated and used as
8 recreational and golf.

9 The local government did approve some of the
10 requested changes in the Development of Regional
11 Impact. However, the developer's request to
12 reallocate those units was denied, and that is
13 central to the issue of the appeal.

14 What the Commission has before it, we have
15 received the developer's appeal asking for a full
16 evidentiary and de novo hearing. We've received
17 two petitions for leave to intervene, which
18 included two homeowners associations and a citizen.
19 Item 3 we received from the County was a motion to
20 dismiss the appeal due to lack of jurisdiction.

21 What you have in your packet today is a staff
22 recommendation. It's an order transmitting the
23 appeal and pending pleadings to the Division of
24 Administrative Hearings in compliance with Chapter
25 120.

1 Regarding speakers today, we have just one,
2 but I'll go through the list of information that we
3 have for you for those that are not here today to
4 present. The petitioner, Scott Glass representing
5 the petitioner has no objections to the staff
6 recommendation. The County, the respondent,
7 supports the staff recommendation. We did receive
8 feedback from one intervenor. Admiral Corporation
9 does not object to the staff recommendation.

10 Staff is here to answer any questions on the
11 case, and we have one speaker for you. Senator
12 Steve Geller has asked to speak on the case. If
13 there are any questions, we can move right in to
14 the speakers and then address questions thereafter.

15 GOVERNOR CRIST: Great.

16 MS. SALIBA: Senator?

17 GOVERNOR CRIST: Senator, it's a pleasure to
18 have you before us today, my former Florida State
19 University colleague. And may they have better
20 luck this week.

21 MR. GELLER: Yeah, that was pretty depressing,
22 wasn't it?

23 GOVERNOR CRIST: Quite.

24 MR. GELLER: Governor, CFO Sink, and
25 Commissioner Bronson, I'll be very brief. We agree

1 with everything that was said, actually. When we
2 were looking at the order as of yesterday, we had
3 come in front of you -- I represent one of the
4 petitioner homeowner associations. The County did
5 grant all of the DRI-related issues, but denied the
6 zoning issues, which is what the homeowners
7 association I represent preferred.

8 We had asked the Governor and Cabinet wearing
9 your FLAWAC hat to make certain legal rulings.
10 Your latest as of yesterday order was actually
11 ruling specifically against the way we wanted it,
12 and then we reached an agreement last night that
13 we'll just refer the entire matter to the
14 administrative law judge, so you're making no
15 recommendations at all, and we support that.

16 GOVERNOR CRIST: All right. Thank you,
17 Senator.

18 MR. GELLER: Are there any questions?

19 MS. SALIBA: Governor, if there aren't any
20 questions, staff recommends or requests the
21 authorization to enter the Second Amended Draft
22 Order of Transmittal forwarding the case and
23 further proceedings to the Division of
24 Administrative Hearings.

25 CFO SINK: I move approval.

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COMMISSIONER BRONSON: Second.

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

MS. SALIBA: Thank you.

GOVERNOR CRIST: Thank you very much.

1 GOVERNOR CRIST: Board of Trustees, Secretary
2 Drew.

3 MS. DREW: Good morning again, Governor and
4 members of the Cabinet. We have three items on the
5 agenda and then a Deepwater Horizon slide show at
6 the end of that.

7 The first item, we're requesting approval of
8 the minutes from the June 8, 2010, Cabinet meeting.

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

11 CFO SINK: Second.

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

14 MS. DREW: Thank you. Item 2 is basically the
15 DEP's annual performance measures. There's no vote
16 required, but I wanted to tell you a little bit
17 about that.

18 I'm pleased with the performance that I have
19 to report to you today. We're constantly striving
20 for excellence in public service, and I think the
21 numbers reflect that.

22 A few years ago, at the request of CFO Sink,
23 the Department brought these measures to the Board,
24 and since then, they have grown into a valuable
25 leadership management tool for the agency. We've

1 established measures that reflect the standards
2 essential to effectively acquire lands for
3 conservation, management, and the protection of
4 resources, as well as to provide public recreation
5 on state-owned lands.

6 We have 21 measures. I'm not going to go
7 through those today, but I do want to point out two
8 of them. The first one is, during fiscal year
9 '9-'10, the Department tracked over 1.3 million
10 volunteer hours at our state parks, trails, and
11 coastal areas. These hours are the equivalent of
12 653 full-time equivalent staff and had an estimated
13 value of \$28.3 million. We couldn't do what we do
14 for the people of Florida without those volunteer
15 hours. So I just want to point that out and thank
16 everybody who has helped us to get there.

17 The second issue I'm going to point out has to
18 do with lease compliance. As you're aware, we're
19 responsible for leases on behalf of the Board of
20 Trustees, and we have 2,700 sovereign submerged
21 land leases throughout the state. We inspect those
22 on a five-year interval. We completed 100 percent
23 of the 546 sovereign submerged land leases that
24 were due this year.

25 And although we're not where we should be

1 probably in compliance -- I would like to see us do
2 a little better -- we have improved to an 86
3 percent compliance rate on those inspections.

4 But really, the more important thing, I think,
5 is that we have managed -- since November of 2009
6 when we began charging 12 percent interest on
7 overdue accounts and established formal collection
8 procedures, we've collected \$70,000 in interest and
9 \$1.7 million in principal.

10 So with that, I'm happy to answer any
11 questions.

12 GOVERNOR CRIST: Any questions? Is there a
13 motion --

14 CFO SINK: Move it.

15 GOVERNOR CRIST: -- on Item 2?

16 COMMISSIONER BRONSON: Second.

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

19 MS. DREW: Thank you very much.

20 Item 3, donation to the United States of
21 America Castillo de San Marcos National Monument.
22 I'm requesting consideration of a determination
23 that a .22-acre parcel of state-owned property is
24 no longer needed for state conservation or
25 historical purposes and that a donation to the

1 United States of America to be used for a visitor
2 orientation center provides a greater public
3 benefit. The request is to donate the parcel to
4 the United States of America so that it can be used
5 for a visitor operations center adjacent to the
6 Castillo de San Marcos National Monument.

7 The National Park Service has expressed a
8 desire to partner with the University of Florida,
9 which is currently managing that property, and the
10 City of St. Augustine.

11 To protect the Board's interests, the
12 quitclaim deed to the USA includes a restriction
13 and a reverter clause, and I believe Congressman
14 Mica is here today to address that issue.

15 Any questions?

16 GOVERNOR CRIST: Do we have some speakers?

17 MS. DREW: I'm sorry?

18 GOVERNOR CRIST: Like the Congressman.

19 Congressman John Mica. Good morning, sir.
20 Good to have you with us.

21 CFO SINK: Both brothers in the same room on
22 the same day. That's pretty amazing.

23 MR. MICA: I understand it's historic on two
24 occasions to have, I guess, a sitting member, and
25 I'm honored to be here.

1 I'm also honored to sit here and watch you and
2 your work and thank you for the service you
3 provide. You know you've made a special day in the
4 lives of so many people you recognized, state
5 employees and others in the entity that make a
6 difference in our state and our lives, so thank you
7 for that, first of all.

8 Then I would be remiss if I didn't come before
9 you -- I try to be a leader in transportation at
10 the federal level, but let me tell you, the
11 national passenger rail effort that we put forward
12 and the State of Florida effort that you put
13 forward, I couldn't come here without saying thank
14 you for what you did. And I know we had a little
15 bumpy road along the way. But I thought about
16 that, you know, and everybody was educated about
17 what Florida has as far as passenger rail service,
18 about futuristic rail service, high speed rail and
19 other things we dream and think about.

20 But through your efforts and through that
21 process, we came up -- I don't know if you know
22 this, but you came up with the model legislation
23 for the United States of any state. And what's
24 neat is too, that put us as one of the first in
25 line to get the Tampa-Orlando route.

1 So your efforts, again, I just -- I'm off the
2 subject a second, but thank you so much for that
3 effort.

4 GOVERNOR CRIST: Well, you're too humble with
5 your comments too, because a lot of that credit
6 goes to you, Congressman, for your leadership in
7 the Congress. And without that partnership, we
8 would not have been able to do it. There were some
9 bumps. I think it took us three special sessions
10 to get it done.

11 MR. MICA: The third time was our lucky time.

12 GOVERNOR CRIST: Yes, it was. But great
13 credit to you as well. Thank you for your help.

14 MR. MICA: Well, again, and thank you for the
15 staff, too, for working with us.

16 Let me tell you, since redistricting, I've had
17 the great privilege of representing St. Augustine,
18 our nation's oldest city. It's a great treasure, a
19 town of about 15,000 that has 200 structures that
20 predate the Revolutionary War, and the prize in
21 St. Augustine is Castillo de San Marcos.

22 Rusty Roberts, would you want to just pass
23 these out? I'll give you a copy of these. You can
24 see the Castillo on the cover of this little
25 brochure. It highlights the Castillo. And you

1 see, this is the oldest intact monument of its
2 type, over 400 years old, and you see all the
3 National Park Service property.

4 When I came again to represent this community,
5 I never realized it, but the Castillo does not have
6 a visitor's center. We're one of the few national
7 monuments -- and this is part of the National Park
8 Service properties -- that does not have a
9 visitor's center. We have nearly a million
10 visitors here.

11 Now, my committee happens to oversee all of
12 the presidential libraries, for example. I was at
13 the Kennedy Center Library, and they only have
14 about 300,000 visitors a year. Between this
15 monument and Matanzas National Monument in the
16 water right down the way, you have almost a million
17 and a half. It actually exceeds the Everglades and
18 anything else. Jamestown I think has about 400,000
19 visitors.

20 Now, we're about to have our 450th anniversary
21 celebration for St. Augustine, and we have a
22 national commission set up. There are state and
23 other activities that will surround that. But what
24 we're trying to do is by 2015 have the visitor's
25 center done.

1 Now, I started on this project with the
2 community back in around 2004, 2003, when I came
3 into that area as their representative, and I
4 offered a little resolution into Congress to fund a
5 visitor's center and thought it would be a simple
6 deal. Well, I came back, and they said, "No, you
7 have to have special legislation authorized to
8 create it." So then we had to pass an act,
9 actually signed by Bush in 2004. The act is in
10 here. So we have a federal act actually
11 authorizing this project.

12 Then, of course, you can't do anything without
13 a study, so we had to spend three years with
14 studies. This is only one. This is the final
15 study. Hundreds of hearings and trying to figure
16 out where we would place this thing, and it
17 requires just an incredible array of effort, and
18 that brought us to the final decision. And in
19 this, after many hearings, if you notice on the
20 front cover, we end up with a parcel right across
21 the street, of which the State owns less than a
22 quarter acre and the City of St. Augustine owns
23 about a quarter of an acre, which is right across
24 from the Castillo, perfect location, perfect
25 decision. The City has granted their quarter acre,

1 and you are about to, and we appreciate it, donate
2 your .22 percent, I guess, of an acre to the
3 federal government.

4 We do have one little outstanding issue. The
5 staff has recommended that there be two, I guess,
6 reverter clauses in the transfer. Unfortunately,
7 the law which we passed -- and we have \$500,000
8 ready to do the planning and design. That's all
9 set, was appropriated this past year. And the
10 contract I understand was let to go forward with
11 the design.

12 This will be a 10 to \$12 million federal
13 investment in that center. But I'm told that
14 the -- again, the National Park Service and the
15 Department of Justice have no problem with the
16 reverter clause up to the time of construction.
17 But the language that we passed in appropriating
18 the funds for the preliminary design say that with
19 the understanding that construction will not
20 commence until fee simple title of the affected
21 property is conveyed to the federal government by
22 the City of St. Augustine and the State of Florida,
23 pretty specific. So I think the Park Service --
24 and we have no problem with the reverter clause up
25 to construction, and you do want to protect the

1 public interest.

2 But I strongly urge you -- now, you may hear
3 that they say they can get a waiver possibly from
4 DOJ or maybe go back to Congress and try to get a
5 waiver from this provision. But the simplest thing
6 would be to convey with the first reverter clause
7 up to construction, then we're done. We don't have
8 to go back and keep going to different agencies to
9 try to resolve this particular potential problem.

10 I'm telling, you there's nothing in that
11 community that will make a bigger difference for
12 the 450th celebration and far beyond.

13 In this process of -- just finally, in this
14 process of reviewing how this center would be
15 constructed, the visitor's center, one of the most
16 important components will be a museum, an
17 exhibition space. You know, we have no place to
18 display thousands of artifacts, historical
19 documents. You can't put them in a 400-year-old
20 castillo or fortress.

21 And the other thing too is that all these
22 renovations will allow us to have many people in
23 our state and nation who have disabilities --
24 there's no way really to accommodate them in a
25 400-year-old fortress.

1 So we'll put in, again, an opportunity for
2 people to see what we have as state and national
3 treasures. There's no place to exhibit them. You
4 have some in Tallahassee. And this study required
5 a review of all of the artifacts and documents and
6 everything that relate to the Castillo in the
7 National Archives, the Library of Congress, in your
8 reserves and other things that are kept in vaults.
9 So for the first time, people see this, plus an
10 educational center. If you've seen anything the
11 park service does, it's first class.

12 Let me just close by saying too that if you
13 left the reverter clause in there, even if we got
14 that exception and we built the building and you
15 have less than a quarter acre, what good would it
16 be anyway with a structure on it, say, years from
17 now with that reverter clause on it, because the
18 structure will be a permanent edifice.

19 And I would urge you to again consider making
20 this sort of the final stop in this process. I
21 know you're going to convey the property, but that
22 clause does give me a little bit of concern, and I
23 would appeal for your assistance in again
24 protecting the public interest, but also moving the
25 project forward.

1 CFO SINK: Congressman, can I ask a question,
2 please?

3 MR. MICA: I'll be glad too.

4 CFO SINK: I forgot to ask my staff this, and
5 I don't know if you know it or not, but -- first of
6 all, this is really exciting. This is my
7 children's favorite place to go in Florida, and I'm
8 certainly aware that any time you ride by there,
9 there are just hoards of people. Even in the
10 middle of the week --

11 MR. MICA: Thousands.

12 CFO SINK: -- at 10:00 on a Wednesday morning,
13 there are just so many people who are attracted to
14 the castle, and not to have a visitor's center is
15 -- I mean, it just hadn't even hit me.

16 But what has -- that's such a busy road along
17 there. Do you think you're going to be able to go
18 back and maybe get funding for a walkway across the
19 road --

20 MR. MICA: Absolutely.

21 CFO SINK: -- so that people can get back and
22 forth? It's just -- I don't even know whether that
23 has been contemplated or not.

24 MR. MICA: Actually, several years ago I
25 provided -- I think it's about \$850,000 for exactly

1 what you're talking about, for a study. And we're
2 looking at going under or over. So, yes, we have
3 taken that into consideration. But as you know, we
4 also built an intermodal and parking facility just
5 to the north of the Castillo, so they have to come
6 across the street at some point. But you're right
7 on target, because that's something that we have
8 anticipated, and I do have already existing funds
9 for looking at a solution, either over or under.

10 CFO SINK: Oh, good. Well, thank you. And I
11 know the issue here is -- I'm sure other Cabinet
12 members have probably something to say about this.
13 We've all been well briefed. It's the issue about
14 the restriction that we usually have. But I hope
15 if we do take action to follow your request that we
16 make some provision that this doesn't set a
17 precedent for other lands that we may convey to
18 other owners in future years. To me, this is an
19 exception because it is the federal government.
20 We're not donating our land to a private landowner
21 or even a nonprofit organization that may not exist
22 15 or 20 years down the road. And I'm sure,
23 Secretary, you can help us figure that out if we go
24 that route.

25 MR. MICA: Well, thank you. Too, I do think

1 protecting the public interest as the law is
2 written, up to construction, they would consider
3 that. But the federal government, to put 10 to
4 12 million, maybe more, into the project would like
5 fee simple title after construction begins or as it
6 begins.

7 GOVERNOR CRIST: Let me go ahead and put that
8 in the form of a motion, then, essentially to adopt
9 the recommendation of staff, but to go ahead and
10 say that fee simple would be transferred, and the
11 reverter would go away up to the point where
12 construction would begin. Would that accomplish
13 the goal?

14 MR. MICA: You would make my day and the day
15 of many people in St. Augustine.

16 GOVERNOR CRIST: If I said it wrong, the
17 Secretary will fix it for me.

18 CFO SINK: Will she? Good.

19 GOVERNOR CRIST: Oh, of course, yes. She's
20 pretty good at that.

21 Is that it?

22 MR. MICA: Yes.

23 CFO SINK: The reverter goes way after the
24 construction --

25 GOVERNOR CRIST: Yes, after the construction

1 begins.

2 CFO SINK: After construction.

3 GOVERNOR CRIST: Yes, ma'am. Is there a
4 second?

5 CFO SINK: Second.

6 GOVERNOR CRIST: Before we take a vote, were
7 there any other speakers who wished to speak to the
8 issue?

9 MR. MICA: I have Gordie Wilson, Dr. Poppell,
10 and others who have done a great job. The National
11 Park Service, a cooperative effort between the
12 University of Florida, the State of Florida, the
13 City of St. Augustine, everybody has been super to
14 make this happen. Thank you.

15 GOVERNOR CRIST: Of course. Well, show it
16 adopted without objection. Congratulations. Thank
17 you. Well done.

18 (Applause.)

19 GOVERNOR CRIST: Item 4.

20 MS. DREW: Thank you. Item 4 is a status
21 update on the Deepwater Horizon response, and I
22 understand CFO Sink --

23 CFO SINK: Yes, Governor.

24 GOVERNOR CRIST: Yes, of course.

25 CFO SINK: With your pleasure, I do have a few

1 comments to make before the Secretary gets started.

2 I just want to raise this issue about the
3 claims handling process and read for you all an
4 e-mail that we received yesterday from Jeff Elbert.
5 Jeff is the president of the Pensacola Beach
6 Chamber of Commerce and also a small business
7 owner, a tourist-related business along there, and
8 is somebody that my office has been working with.
9 And we also made it possible for him to meet
10 personally with Tim Feinberg over in Destin not too
11 long ago. And I just want to read this and share
12 with you, because it's so compelling.

13 Jeff said, "I was fortunate enough to join you
14 to represent Pensacola Beach's business community
15 at a meeting with Tim Feinberg in July. I am
16 writing to request that you help us express to him
17 our extreme concern over the timetable of claims
18 payments from the Gulf Coast Claims Facility. As
19 of this date" -- and this was, I think, yesterday.
20 "As of this date, I know of no Pensacola Beach
21 business who has received payment from the GCCF.
22 Most of the small businesses have run out of cash
23 reserves and are desperately in need of the prompt
24 relief that was promised by Mr. Feinberg. If it is
25 going to take an additional month to review and

1 process these claims, many businesses will be
2 unable to keep their doors open. I urge you to
3 express to Mr. Feinberg the sheer desperation some
4 of our businesses are facing."

5 When Mr. Feinberg was appointed as the
6 administrator of the fund, he promised Floridians
7 that legitimate claims were going to -- people were
8 going to be made whole, and this is not happening.

9 I know all of you along with the Attorney
10 General has been involved with these issues around
11 the Oil Spill Protection Act, and we've -- you
12 know, we saw this in the Tallahassee newspaper
13 about Wakulla, "Without one drop of oil, the spill
14 still hits Wakulla hard," and it was all about the
15 loss of business that they've experienced because
16 of even the perception of oil. We're all familiar
17 with this.

18 And I just believe that -- I know supposedly
19 Mr. Feinberg is going to make some important
20 announcement in Orlando this afternoon with the
21 Restaurant and Lodging Association, but this is
22 just not right. We ought to express extreme
23 concern about a situation in which we literally, as
24 Jeff Elbert said, have businesses that are about to
25 fail and shut their doors, through no fault of

1 their own. And maybe Mr. Feinberg can come and
2 talk to us at the next Cabinet meeting, or we ought
3 to send some strongly worded letter just imploring
4 him to get on with it, because our people are
5 hurting out there, and he has been at it for two
6 months now.

7 GOVERNOR CRIST: CFO, I want to echo your
8 comments. And I think that it would be more than
9 appropriate for us to co-sign a letter to
10 Mr. Feinberg encouraging increased urgency as it
11 relates to the legitimate claims that business
12 owners have along the coast as it relates to the
13 oil spill, because it's becoming increasingly
14 difficult for them to continue to be able to hang
15 on. You know, \$20 billion is no small sum of
16 change, but it's no good unless it's utilized, so
17 I'm happy to co-sign such a letter with you today.

18 Commissioner.

19 COMMISSIONER BRONSON: Thank you, Governor. I
20 can go along with that, assuming that we do adhere
21 to proper business procedures that I think BP is
22 also looking at. If someone has given all their
23 documentation and it's been pretty much verified,
24 those should be taken care of as quickly as
25 possible.

1 And I know this is going to shock a lot of
2 people, but there are people trying to take
3 advantage of this program as well, and I think
4 that --

5 GOVERNOR CRIST: That's why I intentionally
6 used the word "legitimate claim."

7 COMMISSIONER BRONSON: For BP to recommend
8 that proper documentation be sent in with the
9 request I don't think is unreasonable. But if
10 they're not paying after all that has been done,
11 then I think that's nothing more than foot
12 dragging, and they need to know that everybody is
13 watching this, especially the Legislature and this
14 Board, because we have so many people in the State
15 of Florida that are involved in this.

16 But I do understand, and I have even seen and
17 heard some of the outrageous things that have been
18 going on with people making claims that do not
19 have, in my opinion, based on what I've seen,
20 viable, legitimate claims. And so I want to say
21 right here that I do believe as a business, it's
22 upon them, because they're going to pay a lot -- no
23 matter which way you go, they're going to pay a lot
24 for this disaster that took place.

25 But for them to protect themselves and not pay

1 out hundreds of millions of dollars where they
2 don't need to, but put it where it's needed, is
3 something I don't mind signing a letter that
4 basically has that information in it.

5 CFO SINK: Okay. We'll get our staff to draft
6 something up and pass it around. I just -- I share
7 your concern about the not legitimate claims, but
8 for the maybe 5 percent or small percentage that
9 might be not legitimate, to punish the other
10 95 percent of the people like Jeff Elbert, who I
11 personally got to know -- and he has a business
12 there, and he has lost it.

13 Or our friends in the Tradewinds Hotel in
14 St. Petersburg, there is no question that their
15 business went away because of the publicity around
16 the oil spill. I don't know any more clearer case
17 for them to make than, you know, one day things are
18 booming along, which they were, and the next day
19 they have cancellations. They can prove it. They
20 filed claims. I mean, this is a big business.
21 They're not trying to be out there cheating
22 somebody.

23 And I just don't want that 5 percent to get in
24 the way of doing the right thing for the other
25 95 percent of these small businesses that are

1 desperate. What a shame for these small
2 businesses. They have to just shut their doors,
3 and then they can't recover. It's a very bad
4 situation.

5 GOVERNOR CRIST: Thank you, CFO.

6 CFO SINK: We'll word a letter and send it
7 around. Thank you, Governor.

8 GOVERNOR CRIST: Thank you. Of course.
9 Secretary.

10 MS. DREW: I'm going to move through these
11 slides pretty quickly because I think you know some
12 of this background information, but feel free to
13 interrupt me if you have questions.

14 The Macondo well has been shut in since
15 July 15th. The relief well, which is the last step
16 in permanently killing the well, should be complete
17 in ten days. They have removed the old blowout
18 preventer, the BOP -- you've heard it called the
19 BOP -- and they have put in a new BOP. When they
20 did remove the old blowout preventer, there were no
21 leaks, so that would lead everybody to believe that
22 things are under control.

23 BP has issued a review of operations leading
24 up to the explosion which points out that no single
25 factor caused the explosion and resulting oil

1 spill, but a sequence of failures, including
2 mechanical failures, human judgment, engineering
3 design, operational implementation, and team
4 interfaces, which is a pretty broad spectrum of
5 problems.

6 Just so you know, air monitoring, we've been
7 doing additional air monitoring since the event.
8 EPA has been doing daily monitoring in Pensacola
9 and Panama City, and DEP has been monitoring in
10 Fort Walton Beach and Apalachicola/Eastpoint. The
11 bottom line on that is that we have not had any air
12 exceedances for volatile organic chemicals, which
13 is a good thing.

14 In terms of water monitoring, there are
15 multiple agencies who are continuing to do water
16 monitoring. Water quality samples in August showed
17 no signs of oil products, so DEP stopped routine
18 monitoring. However, we remain poised to move
19 ahead if there is an event that requires water
20 quality monitoring.

21 The Department of Agriculture and Consumer
22 Services continues to collect from primary seafood
23 processors about ten samples per week of seafood
24 harvested from the waters between Pensacola and
25 Apalachicola just to make sure that the seafood

1 safety continues in a good way.

2 The Department of Health is developing a
3 long-term sampling methodology for consideration to
4 sample for chemicals of public concern in beach
5 waters. The Fish and Wildlife Conservation
6 Commission are tracking with a comprehensive
7 monitoring strategy for anything to do with fish
8 and subsurface oil. And the natural resource
9 damage assessment process is ongoing, and I will
10 come back to that in just a minute.

11 In terms of sediment sampling, sediment
12 sampling was conducted in areas where oil had
13 previously been observed on the beach and then
14 subsequently removed. The purpose was to determine
15 if visibly oil-free sands would pose a threat to
16 people in the area. At this point, we have had no
17 problems with sediment in terms of toxicity.

18 We do continue to see at certain levels under
19 the sand that there is oil, and where that is
20 found, manual cleanup is occurring to try to remove
21 that level of oil. We think that will probably
22 stay around for a while. Every time the tides
23 change and the seasons change, we'll see the
24 beaches accumulate and then lose sand, and there's
25 a possibility that that layer of oil will continue

1 to show up, so we'll have to be vigilant about
2 that.

3 I wanted to touch on dispersants again. I
4 know that Secretary Sole talked about this at the
5 last discussion, but there continues to be concern
6 about that. Dispersants were used at the site of
7 the explosion both at the surface and the
8 subsurface to break up the oil. At no time were
9 they used in Florida waters. And in all the
10 sampling we've done, we've not detected any sign of
11 any dispersants, so that's good, and we will
12 continue to watch that.

13 This is the big issue lately, subsea and
14 subsurface oil. You've probably heard and seen
15 that there's a concern about plumes in different
16 parts of the Gulf, and there are a lot of agencies
17 working on that right now. The US Coast Guard has
18 put together an overall plan, a comprehensive plan
19 to look at subsea and subsurface oil. NOAA is
20 leading that effort. EPA, the USGS, and the Gulf
21 states, including us, have been involved in that.
22 And there are multiple methods being used to try to
23 detect the subsurface oil, so hopefully that will
24 be -- it's a long-term process, but with everybody
25 watching it, we'll hopefully be able to see it if

1 it approaches the shoreline or if it looks as
2 though it's going to cause immediate issues.

3 I want to spend a few minutes on this issue,
4 because this is what the Department is mostly
5 engaged in, the natural resource damage assessment.
6 And you'll hear the term "NRDA." That's what it
7 is. It's a process that grew out of the Oil
8 Protection Act of '90, OPA '90, which followed the
9 Exxon Valdez spill. It's basically a process that
10 lays out very specifically under the law how
11 affected parties can assess damages from oil spills
12 and then get appropriate restoration.

13 NOAA coordinates that effort through trustees
14 in four states. The US Department of Interior and
15 BP are all involved in that. We have three
16 trustees in the State of Florida. We have our
17 Coastal and Aquatic Managed Areas director, Lee
18 Edmiston, who is here with us today. We have the
19 DEP deputy general counsel, Larry Morgan, and the
20 FWRI director, Gil McRae. And those three folks
21 deserve an award, because they have been going to
22 Mobile and Biloxi and a whole bunch of other places
23 almost weekly to sit down with the trustees from
24 the other states to try to come up with an overall
25 damage assessment for the NRDA process.

1 And the directions are to return damaged
2 natural resources and services to the condition
3 they would have been had the incident not occurred
4 and then to recover compensation for interim losses
5 of such natural resources and services through the
6 restoration, rehabilitation, replacement, or
7 acquisition of equivalent natural resources and
8 services. I just want to point out the difference
9 here. This is about the natural resource damage.
10 It's not about the economic damage recovery, which
11 is a different process.

12 This just gives you some idea. Florida was
13 lucky because we had a little bit of time to get
14 ahead of the curve when we heard that the oil spill
15 occurred. We went out, and we were able to -- you
16 can see from this map, we did a whole lot of what's
17 called baseline assessment. We did a lot of
18 monitoring to determine what was in the environment
19 before the oil hit, so that gives us a really good
20 head start on being able to determine what damages
21 occurred once that happened. We're currently in
22 what's called the preliminary assessment phase,
23 which is phase 1, trying to determine what damages
24 really did occur in the State of Florida. We're
25 also doing injury assessment. And as I said

1 earlier, the trustees are starting to think about
2 what kind of restoration projects might be suitable
3 in the State of Florida, so that's an ongoing
4 process.

5 I'm going to stop here just in case you all
6 have questions about that process.

7 CFO SINK: Yes, I do, Secretary. Tell me a
8 little bit about the timing aspect of all this,
9 because it's possible from what I've been reading
10 that something could show up three or five or even
11 ten years down the road, particularly with that oil
12 settlement on the sea bed that we can't anticipate
13 right now. Are we going to be able to recover even
14 down the road?

15 MS. DREW: All of the discussions that we've
16 had up to this point recognize the fact that there
17 are going to be some long-term damages. And any
18 agreement we would enter into, whether it's the
19 state or the trustee process, would recognize the
20 need to come back and reassess that and have a
21 reopener clause, if you will, to deal with that
22 issue.

23 CFO SINK: Okay. I think that's very
24 important. And what about interim pay -- will we
25 be eligible for interim payments in the meantime?

1 MS. DREW: At this point, we're not looking at
2 -- we're not at that point yet. I mean, there is
3 some discussion of an early, possible early
4 settlement, but the trustees haven't really come
5 together on that issue yet.

6 And the other thing we're struggling with to
7 try to determine, as you know, under state law,
8 Chapter 376, there's a state process for damage
9 recovery. And our general counsel has been working
10 with Attorney General's Office counsel to try to
11 decide what gives the State the better option,
12 whether we pursue through Chapter 376 our damage
13 assessment process or whether we stay with the NRDA
14 process. Both of those are pretty long term in
15 terms of how long it would take us to get a
16 settlement in either case. And the discussion
17 really eventually has to become which of those
18 processes does the State get the most benefit out
19 of and which is the most efficient.

20 CFO SINK: Are they anticipating a need to
21 change state law in any way?

22 MS. DREW: There was a proposal during the
23 height of the emergency to look at whether we
24 should change state law. It was decided at that
25 point not to do that for a number of reasons. But

1 I suppose we could go back and revisit that. Now
2 that we've been through this disaster and we know
3 the kind of questions that are raised about damage
4 assessment, we could revisit that decision in the
5 next legislative session if that was of interest to
6 someone.

7 CFO SINK: All right. Thanks.

8 MS. DREW: The next thing I want to mention
9 briefly is that the Florida Institute of
10 Oceanography -- this has to do with research
11 efforts. The Florida Institute of Oceanography
12 received a \$10 million grant from BP. And just so
13 you know, the FIO is a consortium of 20 public and
14 private research centers in Florida, including the
15 11 state universities. The University of South
16 Florida serves as the host institution for the
17 consortium. As I said, they received \$10 million.

18 There were over -- well, there were 233
19 projects submitted. They chose 27 projects.
20 \$2 million of that money will also fund ship time
21 to go out and do research on things such as subsea
22 oil. Those projects will move forward, and as soon
23 as we begin to get results, all that information
24 will be widely circulated and posted.

25 Just so you know the current status, we are

1 continuing to see tar balls, mostly in Escambia
2 County. This just gives you within the last 24
3 hours what has been going on over there. We have
4 769 total cleanup workers, and you can see Escambia
5 continues to get the bulk of the tar balls.
6 They're being manually collected, and they're also
7 being mechanically collected. We're fortunate to
8 have Colonel Henry Barnett, who is our incident
9 commander with DEP, who has been traveling back and
10 forth to the Panhandle to try to keep things moving
11 ahead. And he's here with us today if you have any
12 questions about that.

13 Just so you know, when the EOC went back to
14 Level 3, that didn't mean we walked away from the
15 issue. We basically moved to the Florida branch
16 office, we're calling it, in Pensacola, which
17 continues to have both county representatives,
18 Coast Guard representatives, DEP and others to try
19 to manage that issue.

20 And last but not least, we continue to keep
21 our Deepwater Horizon website up, and we try to
22 have as much information as possible on that
23 website.

24 And with that, I'll close, but I'll be happy
25 to take any questions.

1 GOVERNOR CRIST: Any questions?

2 COMMISSIONER BRONSON: Yes.

3 GOVERNOR CRIST: Commissioner.

4 COMMISSIONER BRONSON: A statement more so
5 than a question, Governor. But we've had a chance
6 to sit down with the representative from DEP to
7 talk about some issues, including the potential
8 ten-year assessment of doing food testing by the
9 Department of Agriculture and Consumer Services in
10 conjunction with FDA and others that will continue
11 to need to be done since we don't know the results
12 of whether this deeper hydrolyzated oil is going to
13 remix and show up. So we need to make sure that we
14 have a way to test the food supply, because every
15 so often we're going to be asked the question, "Are
16 you still testing, and what have you found?"

17 And until we get some research data that tells
18 us how far out this oil is going to go and how deep
19 it's going to go and whether it's going to be in
20 the area of fin fish and those types of things
21 where we're having to do food processing testing,
22 then it will give us a better idea of where we need
23 to be.

24 And I did tell them that, you know, within
25 practicality, I understand our program was designed

1 for ten years. If for whatever reason the microbes
2 and other things begin to break this up to the
3 point that it's determined by scientists that it's
4 safer and we don't need to do a ten-year, but maybe
5 a three- to five-year program, then we can adjust
6 to do whatever the scientific community believes we
7 need to do.

8 And I think it has to be based on science, not
9 on somebody's "Well, I think." I hear that a lot,
10 "Well, I think this is what's going on." Well,
11 unless you test and do all the things for it, how
12 do you know that? So we need to leave it in the
13 hands of the scientific community so that we know
14 exactly what we're dealing with.

15 But that proposal is still on the table.
16 We've not heard back from BP as of yet. They are
17 looking at it. We know they have it in hand. And
18 just so, Governor and CFO, that you know,
19 Louisiana, Mississippi, and Alabama and Texas and
20 some of the others have already put in some of the
21 same type of requests. I think the Louisiana
22 request was a 20-year. And, of course, there's
23 more oil being found in the waters of Louisiana,
24 and they may be affected for many more years longer
25 than we would be, so we understand their request.

1 But it is based on scientific information that
2 we have received and the things that we know we're
3 going to have to do to meet food quality standards,
4 and I hope that we get an answer at some point on
5 that as well.

6 GOVERNOR CRIST: Okay. Thanks, Commissioner.
7 We're adjourned.

8 (Proceedings concluded at 10:38 a.m.)
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CERTIFICATE OF REPORTER

STATE OF FLORIDA:

COUNTY OF LEON:

I, MARY ALLEN NEEL, Registered Professional Reporter, do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter translated under my supervision; and the foregoing pages numbered 1 through 46 are a true and correct record of the aforesaid proceedings.

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

DATED THIS 4th day of October, 2010.

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