OIL SPILL
6/2/10 9 A.M.
MOBILE, AL

Disclaimer: This transcript begins with the first mention of the topic and introductions.

RICK: My name is Rick, don't worry about the last name, too hard to pronounce. I'm with the Alabama Cooperative Extension System out of Auburn. I'm in family and consumer sciences. I teach anything that has to do with money. I teach unemployment classes. I teach small business classes. We try to get IRS to come but the representative could not make it tonight. He gave me some handouts and I can try to fill some of those questions on text.

GREG: My name is Greg Dawson. I'm a public information officer, United States Small Business Administration Office of Disaster Assistance. As such it's my job to make sure no stone is unturned in getting out the information on assistance that is available to businesses that have been impacted by this Deepwater BP oil spill. The governor requested and was granted a Small Business Administration Disaster. What we are making available are loans up to two million dollars, interest rates 4%. Terms up to 30 years for those businesses that have been impacted. I've got flyers over there that will give you the facts as it relates to terms and conditions as well as where one can go and get assistance if you need it. A lot of people will tend to shy away from the Small Business Administration's paperwork. If you go to a customer service center, a customer service representative from the Small Business Administration will walk you through the application process. There is no need to fear the paperwork. We also in those centers will have translators in Vietnamese, Laotian and Cambodian languages for people needing that type of assistance. I've been working in disasters for a number of years. I've never worked an oil spill before. This is somewhat new. What my experience tells me is that every disaster I've ever worked on, rumors run rampant. They spread like that oil out there. I tell people as it relates to the Small Business Administration. If you're not getting it from a person that has this SBA Office of Disaster Assistance emblem on their shirt or has these federal credentials around their neck, you're not getting it from the horse's mouth that information is suspect. If you can't get into one of our disaster recovery centers located in either Baldwin or Mobile County, you can call 1-800-659-2955. That number is on that fact sheet over there as well. Also to let people know that you can go online and complete our economic entry loan application online. That information as to the website is on that application. A lot of people, I'm told, are waiting to see what's going to happen with BP.

I would suggest to you that if you're interested in the SBA go in and speak with one of our customer service representatives. You do not need to wait for a settlement with BP. Should BP make you whole as has been indicated then those monies can be used to pay down SBA loan should you take one. The other thing that people need to know is that if you qualify for the loan, you don't have to take it. It is an option that's available to you from the federal government. Thank you.

HERB: Thank you Mr. Dawson. My name is Herb Malone. I'm president and CEO of the Alabama Gulf Coast Commission and Visitors Bureau, it's a mouthful. We're responsible for tourism marketing for the Gulf Shore, Orange Beach, Fort Morgan Peninsula, lower Baldwin County, if you will. We have through the years had strong relationships with our counterparts here in Mobile, the Mobile Convention and Visitors Bureau. We also have a working relationship with the Mississippi-Alabama Sea Grant Program for our nature tourism program. We have worked together on a regional basis with these groups and other groups to help establish such things as the Alabama Coastal Birding Trail, which wraps all the way around Mobile Bay. The Battle of Mobile Bay Civil War Trail, which again wraps around throughout the region recently achieved the national designation for the Alabama Coastal Connection National Scenic Byway that loops through the southern part of Mobile County down to Dauphin Island to cross with a ferry up through southern Baldwin County back to I-10 had been deeply involved in this issue from the marketing and communication standpoint since the day it happened. I'm basically here to answer questions.

(0:07:14.7)
MODERATOR: Does anybody have a question. Yeah, you have to come up to the microphone, sorry.

RESPONDENT 1: This question is for Mr. Malone. This is more of a general fact based question. What do you see in terms of cancellations or vacancies in terms of hotels and other places of business along the coast? I know it's probably an obvious question. I'm curious if you have any statistics on that so far.

HERB: Let me give you some generalizations of what we've see thus far. This all started right about the first of May, the very last couple of days of April. First 10 days, maybe two weeks when the forecast that they predicted or at least the media report that we had eminent presence of oil coming at us any day now kind of thing, we saw a

large number of cancellations of summer vacations. Since that time our businesses have worked deeply with the consumers to want to give them some reassurance by changing their deposit and refund policies internally to make them more customer friendly. We went through a spell of about two to three weeks, three weeks or so of May with most of the oil moving west toward Louisiana and around Louisiana. Not showing much movement up north to our direction. That coupled with some aggressive marketing and some daily updates, we were able to get a good Memorial Day weekend. A lot of last-minute bookings for that. These last few days, once we stared getting southwest wind and all sort moving closer to our coast, we're back in cancelation mode. Media have asked me repeatedly what impact we expect it to be. I've told the media you tell me how much oil we're going to get and how long it's going stay, I can start calculating what we'll have. To give you what's at risk. Baldwin County represents about 2.3 billion in terms of expenditures on an annual basis and about 1.7 billion of that happens in the summer months. We don't expect to lose all of that, but we already have lost quite a bit, it's just too early to quantify what the losses are yet or even to make an accurate prediction what it's going to be. There's too many unknowns.

(0:09:42.6)
MODERATOR: Anyone else? Any more questions?

RESPONDENT 2: I have a question about the money, the application and the money.

(0:10:04.9)
MODERATOR: I'm handing this right to you.

RESPONDENT 2: I would just like to say I'm on Schooner Joshua. My business is basically six months in the summer. That's the big money-making time for me. The rest of the months are spasmodic. Mostly run out of the Grand Hotel and Dog River. There was a small fish kill, I don't know why on Dog River. Very small little fish, little pogies or something. I don't know. Somebody said they think lightning struck a big group of them up in the delta there or something. I don't know. They were coming down. I had cancellations because of that. People thought that was caused from the oil. When the oil hit Dauphin Island, yesterday is when it hit the news, I started getting cancellations. I've got college kids that work for me in the summer. They're paying their way through college, it's really terrible. I don't know anything to get the new out there to people to try to tell them that we're still in business, that we're still working when it's all ready on Dauphin Island. You have to lie to people

and tell them they're not going to see any dead animals. I had one group say they cancelled because they didn't want their kids to see dead birds in the water. I just want an application. I tried to get a small business loan when I started building my boat in 1993. I started construction April 14th, 1993. It took me nine and a half years to build it. I never did get the loan. I was grateful enough SouthTrust Bank stepped forward and gave me a loan for a very small amount of the total construction. I'm looking forward to giving this another try.

GREG: Where are you located?

SCHOONER: In Mobile.

GREG: There's a Disaster Recovery Center that is located at Bayou La Batre Community Center, 12745 Padgett Switch Road. If you go in there as I indicated, somebody will walk you through the process. These loans are for businesses that have been impacted as a result of this oil spill. Don't disqualify yourself by not going. Go in sit down and speak with the customer service representative. As, I indicated they will walk you through the process. It's a relatively, I think, simple process, but again, you got individuals who are going to help you with the application process.

SCHOONER: Is there any way to know what I should carry with me, tax forms?

GREG: Typically we're going to look at the results over the last three years as it relates to your taxes but bear in mind and what we are hearing as I talk to Chamber of Commerce et cetera, they indicate the last three years have not been the norm. You got to get pre-Katrina to get to norm. I would say when you sit down with that customer service representative you want to footnote what the norm is and if that goes back five or six years then you want to go back and get records that show what the norms are.

SCHOONER: Thank you.

HERB: Ma'am have you filed a claim with BP? Have you entered that process?

SCHOONER: I did that today. I didn't want anything to do with them. Plus, I didn't know if I was going to have a loss. I guess, I'm naïve. I thought will maybe it won't get here. Today, I called that number, and I got claim number. I've not taken any money from them, and I don't want to work for them.

HERB: I understand, and I don't blame you for that. I'm not an expert on this but I've sent numerous of these forms down in Orange Beach in the Gulf Shores area. The claims process for people who make their living on the water, meaning the seafood industry, charter boat captains, fishing guys, people like yourself, dolphin tour boats, by some of their actual admission they are giving a priority to people living on the water. I would encourage you to call the 800 number, get a claim number, how soon an adjuster gets to you; I've heard all tales about that.

SCHOONER: I've even heard the checks are bouncing, you don't know if that's true?

HERB: I haven't heard of that one. I know that they have given that quite a bit of checks and they have an advanced process because I heard one of the adjusters say in a meeting full of charter boat captains that they recognize you got a boat note to pay, a house note to pay and what have you. It's small advances, maybe up to 5,000 or something like that. Nobody knows how long it's going to last, how long it's going to affect you. You may or may not qualify for that, I don't know but I'm encouraging you to get in the process. That doesn't preclude you from being in that process either.

SCHOONER: That's thing with the SBA loan, I could possibly make the boat note interest lowered which would make it a lot easier to me the boat note.

GREG: The other caveat that I want to add to that is there will be a straight out 11-month deferment on the first payment should you qualify for the loan and for individuals who have a pre-existing disaster loans, it's going to be on a case by case basis but there will be potential deferments for people who already have loans outstanding with the Small Business Administration, that's office of the Disastrous Assistance now, that's not with the regular SPA.

SCHOONER: That sounds good maybe that will tie me over until I get a job.

RICK: I'll suggest this to you, if you have a seat, I'll give you a phone number that will help you. All of you also, there is a credit counseling service here in Mobile. I can give you their number it's, 251 area code 602-0011. Now, this is a legitimate credit counseling service. They're funded by United Way partially. They're not the scams that you see on TV. You know, you give us a thousand dollars and we'll have you A-1 credit rate, it's not one of those.

This is legitimate. The reason that you may want to talk to them is they can intervene with creditors through no fault of your own, if you can't pay people they can intervene in that situation and either get payments reduced for a short period of time until you can work out a claim with BP possibly. The other thing to keep in mind under the Fair Credit Reporting Act that they just went into effect in February, I believe. You have the right to send the Credit Bureau a letter explaining why you were late on any payment. It won't necessarily change the negative information that gets put on your credit file, but if somebody picks up your credit file for a loan like SBA or if you choose to use another institution, it would explain why you were delinquent during the period of time and that's available to you also for your Credit Bureau file because we are going to have a lot of people down here that may not make boat payments or condo payments or whatever through no file through their own. They probably would be paid if it were not for the oil spill. This credit counseling agency, I just want to let you know they're legit. If any of you get to the point that you just need help, there's some agencies here, Community Action Agency gives emergency money for like electric bills, things like that. Department of Human Resources has food stamps, they also have emergency money available. Good Will Easter Seals here in Mobile also helps out. If any of you get to that point that you need help, a lot of this is taxpayer funded, so we paid forward anyway.

(0:18:15.6)
MODERATOR: Any other questions?

RESPONDENT 3: Can I ask three questions, one for each guy?

(0:18:23.2)
MODERATOR: If that is okay with the audience, sure.

RESPONDENT 3: A comment, I would suggest and that would probably be the same thing we see during hurricane seasons but get a fact sheet about that out to just a variety of places and probably through the interfaith network is one way to do it but if you want to you can even get it down to the BP claims office, that's one thing but certainly make sure that the elected officials know because they are always getting telephone calls about that. Have you heard or are you aware of any beyond, I think what is drafted in the legislation but any IRS modifications dealing with this disaster. And Mr. Dawson, my question to you would be what amount SBA disaster relief loan are you seeing, and Herb I got a question for you all, get to do this.

RICK: The best thing to do, any time Congress is in session, not only the Federal Congress but our state can pass legislation and the only you know about it is if you're a news hound and you follow that 24 hours a day. The best resource that I found is to go IRS.gov on the Internet, click under individual, and they'll have a section that is called what's new. If you check that about every other week, you can expect them to do something. What they will do is anybody's guess at this point. After hurricane Katrina, there were a lot of different things that happened both at the state and the federal level. Some of the things that you might want to keep in mind is to go ahead, there's a thing on this table that is called important papers. If you think that you will ever file a claim due the BP Oil Spill, you can go ahead and start now, accumulating probably three to five years tax returns. One of the things they are seeing already is there's people, a lot of people who work for cash that do not report that on their income tax returns and BP may ask for income tax returns. You may have to support data outside of the income tax returns, and if you do like the gentlemen suggested, maybe looking back past three years, maybe go to five years so that you can. We are kind of in a recession which is not indicative of what a normal business cycle would be. If you could go back probably 2007, 2006, 2005 in that area, you'd probably get a better indication on what to support your claim, but I think the time to go ahead to get your paper work together is now. When you sit down with these people, when they come up with these programs both at the state and federal level, you will be better prepared to get that money or that subsidy. Does that help? Thank you for that suggestion, I'll pass that on.

GREG: As it relates to a number of applications and the interviews that we've had in those two counties as of close of business on yesterday, it's 85, we have issued 85 applications and of those 85, we've received 17 back so to answer your question, the number's not representative of what is the impact and or the potential impact. I think a lot people are waiting to see what is going to happen but again, we're saying to people, you need to get in and get the applications complete, and see if you do qualify and have that option to make available to yourself.

RESPONDENT 3: Thank you, I appreciate that. I'm working with the Mayor's office here. I'm on these conference calls twice a day, and it's been very good to hear the SBA working particularly in Louisiana and other areas with the Cambodian, the Laotian and the Vietnamese communities who are deep in the seafood industry. You'll walk

around here and you're not going to see a whole lot of them up here because it's very uncomfortable for them to come to places. Your outreach going in those areas is greatly appreciated, that's pro-active, that was good.

GREG: Just for your own notification, I was at a meeting in Biloxi yesterday, covering for my counterpart who's working in Biloxi. We got people on the ground in Louisiana, Alabama, Florida and Mississippi, and sometimes I think I'm bouncing between all four but just Alabama, I had a cover meeting on yesterday, but this meeting with BP and several people from the Asian-American for change group, we talked about the fact that we've got the translators and available but again, getting into those communities, because what we find is that for a level of trust, people relate to people they relate to. We've got that issue to overcome, but we are working with them and getting the word out. My job is to make sure again no stone's unturned in getting out our information I'm doing briefing with the mayor's office. We are getting points of contact to make sure that they got our information, the chamber are blasting out our information to all this membership. We're doing out due diligence in terms of making people aware of what's out there. Again, people need to come in and take advantage of the opportunity. One of the things that I did not indicate is that the application deadline goes through to February 14th, and you'll notice the time line is quite a bit extended. typical disasters, we look at a 60-day window, in terms of that. The other thing that I want to say to people is that, in terms of turn-around time, on the SBA loan applications, we look at between 14 and 21 days, in terms of turn-around. In current conditions, any time you hear anyone say that it's taken a normal amount of time to get that application processes because we get an incomplete application, that's why I recommend that people get to a customer service center, all those customers our service representatives can walk through the process, once you bring it back in, they can make sure that the "I"s are dotted and the "T"s are crossed. What takes an application a long drawn out time is that an application starts to bounce back between our processing center in Dallas-Fort Worth and the applicant who has submitted an incomplete application.

RESPONDENT 3: A simple question, have you started working with Leon and Mayor Collier on a regional look at the impact assessment for tourism loss and it's impact around here. Seeing that Joshua's getting it because of rumors of oil in the bay. Sooner or later our entire regional area is going to be looking at, have you all initiated that conversation yet?

HERB: There is cooperation in the cities around the region as you well know. Specifically to that question, we have not yet but as to the Joshua comment, when oil got on the beach on Dauphin Island yesterday, the headline that went national was "oil's on Alabama's beaches," and yes, it affected us as well. There is the state Department of Tourism has a standing relationship with an economist at AUM, Dr. Keivan Deravi. He's been for a long time preparing the economic impact of tourism report decision annually. The state now has retained him to help quantify the impacts throughout the region, not just the tourism but how it ripples up through the line. For example, I was talking to a gentleman who's a friend, who does my personal life insurance, who lives in Robertsdale He told me the moment the oil spill has happened, his phone quit ringing. It's affecting people way beyond the tourism has affected real estate industry, it has done dramatic effects, throughout the economy, that I think is my understanding is Dr. Deravi's challenge, I don't know if he will be doing it alone or a team with other economists. I have a great deal of respect for his work.

RICK: If any of you are business owners and you are going to file claims with BP, you need to know that it's not just your loss of income that will be affected for a long period of time. If you don't mind, let me use you as an example. If you lay off workers for the remainder of the summer, you're unemployment portion will change. Every time you lay someone off, they increase the cost to the business. You can also expect the long-term increase in insurance costs. We've seen that every hurricane, everything that hits, we'll go through it just a short period and they start increasing rates. Something you want to make a note of, those of you who are business owners. Take in to account that it's not just going to be business laws that you may file a claim with BP, it may be an increase in other cost like unemployment insurance and your liability insurances that you have on your businesses. All of those, you can expect those to increase and those increases typically last for number of years. Any of us who are home owners on the Gulf, we've seen that. When you file your claims, kind of think about those added expenses because over the years, that's gonna be a lot of money.

RESPONDENT 4: My name is Dianne Burnet and I'm with the South Alabama Regional Planning Commission and I have a couple of basic questions about SBA, if you don't mind. Herb, I may need some

help from you, how many condominiums are in Orange Beach and Gulf Shores?

HERB: Approximately 16,000

DIANNE: How many are, pardon?

HERB: Approximately 16,000 Units.

DIANNE: About what of those are owned by individuals, not businesses?

HERB: A vast majority.

DIANNE: Do individuals who own condominiums that are not businesses qualify for SBA loans?

GREG: I'm going to use the case-by-case analogy here. I will suggest that people go in to see if they qualify rather than disqualifying themselves. Let me read something to you. "Those businesses eligible to apply for the EIDL include, small businesses engaged in fishing, shrimping, crabbing, oyster fishing in the waters affected by the oil spill. Small businesses dependent on the catching or sale of shrimp, crab and oysters. Suppliers of fishing gear and fuel. Companies that run docks and boat yards. Companies that process, ship and sell, wholesale and retail seafood. Coastal small businesses and businesses involved in recreational and sports fishing. Employees or crew members are not small businesses and not eligible to apply." I read that because I don't like to be misquoted, and I don't want to get expectations. What I'm saying to you is that if an individual who is in business feels that he has been impacted, be he or she a condominium owner, I would suggest that that individual go into a customer service center, go and speak with a customer service representative and see if they qualify. If they can't get in call that 1-800 number so that there is no mistake.

HERB: This may or may not apply or have an impact but those individuals that own those condominiums are required to have a business license. Even if they're renting their unit listed through an agency. As the owner, whatever they're business is at, whether it is sole proprietorship or whatever, they are required about these in the city of Gulf Shores, city of Orange Beach or Baldwin County to hold a business license for the rental of it, for that rental activity.

DIANNE: So that would demonstrate that that is a business?

GREG: I would refer to that.

DIANNE: I'm not sure if it would qualify with what you read. I didn't hear what I was looking for so I'm not sure. But the other thing is, if you'd watch the real estate market, in this particular area, you'll know that there are lot of new condominium owners that may have not have the five years that are necessary. Can they take like information?

GREG: Again, my recommendation is to, I'll use an old acronym, "People come together to see how far apart they are." And that being said, I'd go in, I'd sit down with them and see if I qualified.

DIANNE: I was looking for a general answer because we've been getting a lot of calls from individual people just trying to find out what might be available. So, I'll just send them your way.

HERB: If they would call 1-800-659-2955, they would get that answer.

DIANNE: All right, thank you very much.

RESPONDENT 5: I hope I don't take longer than two minutes, I'll be very brief. This has, basically goes into what she was saying. My family has lived on the Gulf Coast all of my entire life. We've had businesses in Orange Beach; my father started Tacky Jack's many, many moons ago. We live on the water, I have always lived on the water and we own a business here in Mobile and I've had for well over 10 years. We actually had an SBA one, I am very upset because our business, looks like it would not fall under that heading, and it concerns me for people who are not, and I have many friends, our boat is at Dog River Marina. We have boats in our backyard as well, that one just won't fit in our backyard. We're in the recreational vehicle industry. I spend thousands of dollars on billboards on I-10, in campground brochures, thousands of dollars. I have upwards of 15 employees that depend on us. And it horrifies me to think about the real estate agents and people like us who are kind of stuck out there and not listed on a category and this seems to happen. I'll be honest with you; I have never even got a free bag of ice when we had a hurricane. I'm very adamant about standing up and taking responsibility for yourself but my concerns as a home owner, a business owner and someone who is involved with our community and has been for a long time, if there is going to be a lot of people who were kind of less stuck to the side. This is a very long-term issue. This is not going to go away real quick. And I'm very emotional, can you tell?

GREG: It's quite all right. Please understand though that the small business administration operates under the Stafford Act and under that legislation is how we operate. I am simply a messenger in terms of information in terms of information that is available. Those kind of issues that you have to take up with your legislative delegation. But again, I'm saying, go in and see if you are qualified based on what you said and if you said it to me, just now, I thought I heard you say that your business is recreational and I think that category was covered. Again, don't disqualify yourself by standing back saying, well I don't qualify. Go in and get it from the horse's mouth. I can't sit here and go through a hypothesis or anything like that and say that it is yes or that it's not. One thing about me, I'm going to stick with what we call the standard talking points that come out of our office. I'm not going to deviate for them. In those cases, I will read them to you as it was given to me, so there's no question about it and I don't take expectations where they should not be.

RESPONDENT 5: I understand that.

GREG: Yes, Ma'am.

(0:36:35.7)
MODERATOR: Do we have any other questions?

RESPONDENT 6: I have a question. My name is Michael Duri, I'm a boat captain and a small business owner. I missed the first part of her question from the Joshua. But mine is to Mr. Malone, you mentioned that the national media said oil's hit the beaches. Does the CVB have a national plan of ads or programs that you're going to get out there around the country to let people know that there are areas such as Mobile Bay and Mobile Tensaw Delta that are not covered in oil, at least not yet.

HERB: Yes, in fact we have implementing a strategy as far as Gulf Shore and Orange Beach are concerned, we were beneficiaries of about 1.5 million dollars from the first round of grant money that came down from BP to the state, to the counties. In our county leadership allocated that much for tourism marketing. That helped drive the Memorial Day weekend that we had. We're working conjunction with the state office of tourism. As of yesterday at 11:15, we were told to remain at the waters, that waters south of Alabama where had been closed. We pulled all the fish ads, we knew that this was a very challenging situation, so we established this with the media that we place that with, that we know that we

need to stop it on short order, we want to stop and they agree to that. Then the afternoon reports came out about oil on Alabama's beaches and the beach TV ads, the voice over the ad says so far we have oil on Alabama's beaches so we had to pull those ads. We were re- institute that next week as soon as we get those things amended. I know that the Mobile Convention and Visitors Bureau, the attractions of Mobile just like we are in Baldwin County are all working to implement things to tell the world that we are open for business in areas where we are open.

MICHAEL: Okay, thank you.

(0:38:39.2)
MODERATOR: Do anybody have any other questions?

RESPONDENT 7: Anybody if the fish is selling? We're running specials.

(0:38:48.4)
MODERATOR: It's a fun time, I've done it. It's great. Thank you for coming and please be sure to take some information. We'll also be here tomorrow morning from nine to noon, so let people now.

RESPONDENTS: Thank you all very much.

END OF AUDIO.