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**EXXON VALDEZ OIL SPILL SETTLEMENT  
Trustee Council**

**Simpson Building  
645 "G" Street  
Anchorage, Alaska  
May 20, 1992  
6:00 o'clock p.m.**

**IN TELECONFERENCE ATTENDANCE:**

From Fairbanks, Alaska:

State of Alaska                      **MR. CHARLES COLE**  
Attorney General

From Juneau, Alaska:

State of Alaska Department **MR. JOHN SANDOR**  
of Environmental              Commissioner  
Conservation                  Council Meeting Chairman

Alaska Department of Fish **MR. CARL ROSIER**  
and Game                      Commissioner

USDA Forest Service              **MR. TIM WOLFE**  
                                    **MR. DAVE GIBBONS**  
                                    Regional Forester

National Marine                  **MR. STEVEN PENNOYER**  
Fishery Service                  Director

United States Department **MR. CURTIS McVEE**  
of the Interior                  Special Assistant to the  
Secretary

From Anchorage:

Department of Interior              **MS. PAMELA BERGMANN**

Department of Natural              **MS. MARTY RUTHERFORD**  
Resources

**\* \* \* \* \***

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P R O C E E D I N G S

MR. SANDOR: We have with us Dave Gibbons and the Restoration Team -- many of the Restoration Team members. Does everyone on-line have the agenda for this evening?

MS. RUTHERFORD: Would you tell him we can't hear him?

DR. SPIES: I don't have the agenda. This is Bob Spies.

MS. RUTHERFORD: Juneau, this is Anchorage. We can't hear you very well. Could you maybe speak into the mike a little more directly?

MR. SANDOR: Yeah. Can you hear at all now?

MS. RUTHERFORD: Not really. (Pause) Juneau, can you hear us in Anchorage? (Pause - communications problems - phone reconnection) Can you hear us in Juneau?

UNIDENTIFIED SPEAKER: Yes.

MS. RUTHERFORD: That's better. We're doing better. Not good enough.

UNIDENTIFIED SPEAKER: We'll try to speak as loud as we can.

MR. SANDOR: Okay, we will begin again with the May 20, 1992 meeting of the Exxon Valdez Oil Spill Settlement Trustee Council continuation of our meeting -- the last meeting. We have before us the agenda. Dr. Spies, you had indicated you did not have the agenda. The agenda includes one Public Advisory Group Operating Procedures, Financial Operating Procedures, Budget, and a Request of Funds from the Court Registry.

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1 I'd like, at this time, to ask if there are any  
2 additions to the agenda. I was told earlier today, in several  
3 calls, that there are several items that seem to me to be  
4 appropriate to be added. One deals with the Federal and State  
5 Operating Procedures. Curt McVee, would you like to add an  
6 item in that regard to the agenda?

7 MS. RUTHERFORD: Commissioner Sandor?

8 MR. SANDOR: Yes, Marty Rutherford?

9 MS. RUTHERFORD: We have a court reporter here that's  
10 not our normal person, so it's real important for everyone to  
11 give their names before they start speaking.

12 MR. SANDOR: Okay, we will do that.

13 MS. RUTHERFORD: Thank you.

14 MR. SANDOR: Curt McVee will be suggesting an addition  
15 to the agenda.

16 MR. McVEE: The suggestion is that we talk about --  
17 maybe before we talk budget, a request .....

18 MS. EVANS: We can't hear him at all.

19 MR. McVEE: ..... (indiscernible) registry, that we talk  
20 a bit about that process.

21 MS. RUTHERFORD: We need him to talk louder. We can't  
22 hear him. But he's talking.

23 MS. EVANS: Tell him .....

24 MS. RUTHERFORD: We need them to talk louder.

25 MS. EVANS: Marty, you have to tell him that.

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1 MR. McVEE: ..... (indiscernible) may be required. I  
2 know (indiscernible) .....

3 MS. RUTHERFORD: Juneau, this is Marty again. Could I  
4 interrupt again?

5 MS. SANDOR: You certainly may.

6 MS. RUTHERFORD: Anchorage has probably about 15 people  
7 here, and we cannot hear you at all. They tell us that the  
8 signal even coming over the handset is not very good, so  
9 evidently it is Alascom, but if you could speak directly into  
10 the mikes, that would help a great deal. Someone just  
11 suggested, perhaps, we should just redial.

12 MR. SANDOR: Well, I think, Marty, those on the  
13 teleconference line, we have somewhat of a problem with regard  
14 to the speakers. There is really just one speaker and  
15 receiver. What we will try to do is to run this through the  
16 chair and repeat the conversations as much as possible. Can  
17 you hear me any clearer now?

18 MS. RUTHERFORD: A little -- a little clearer.

19 UNIDENTIFIED SPEAKER: Could we try and re-establish the  
20 call, everybody hang up and try again?

21 MR. SANDOR: Well, we will try once again, I guess, to  
22 re-establish contact. I suspect it's the equipment, but we'll  
23 try again. Would you like to hang up and redial?

24 MS. RUTHERFORD: Okay, we'll tell our people here to do  
25 that.

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1 MR. SANDOR: We want you to hang up in Fairbanks. Can  
2 you hear, Charlie?

3 MR. COLE: Very well.

4 MR. SANDOR: Yeah, okay. Charlie hears very well.

5 MS. RUTHERFORD: Could you notify Alascom, it needs to  
6 be re-dialed?

7 UNIDENTIFIED SPEAKER: They're hearing everything you  
8 say.

9 MS. RUTHERFORD: Okay, they're monitoring.

10 MR. SANDOR: Anchorage, can you hear me?

11 MS. RUTHERFORD: Yes, Commissioner.

12 MR. SANDOR: I've been advised that you should call the  
13 Alascom operator and tell them you're having a problem during  
14 this conversation, as Fairbanks and the other sites are  
15 receiving our messages. So can you .....

16 MS. RUTHERFORD: All right. We will do that.

17 MR. SANDOR: While that's being done, can we call this  
18 item Federal/State Processes? Any other items to be added? We  
19 have several under that item.

20 MS. EVANS: What did they just add?

21 UNIDENTIFIED SPEAKER: I think they added  
22 (indiscernible) .....

23 MS. RUTHERFORD: On the agenda? I'm sorry. I don't  
24 know. I couldn't tell you.

25 UNIDENTIFIED SPEAKER: I think they just added the

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1 Trustee Council Operating Procedure discussion; that's what I  
2 understand.

3 MS. RUTHERFORD: The Trustee Council -- yeah.

4 MR. SANDOR: While we're awaiting the connection of  
5 Anchorage again, that the Chair -- and, I believe, I would  
6 speak for the rest of the trustees are appreciative for the  
7 tremendous amount of work that went into the booklet that has  
8 been given to us, and we're certain it must have been done on  
9 short time. And David Gentry, I think, is here. I understand  
10 you had some part in the design of the forms and stuff.

11 MR. GENTRY: Yes, I did.

12 MR. SANDOR: This was done to essentially accommodate  
13 the budgeting processes that we're going to get into, and we  
14 appreciate your efforts in that regard.

15 MR. GENTRY: In that regard, I'd really like to  
16 (indiscernible) we really spent a lot of time on this package.  
17 (Indiscernible) really a lot of (indiscernible) .....

18 MR. SANDOR: And if David -- Dave Gibbons appears to  
19 have a tan and indeed he does have, he was in Greece for what,  
20 one or two weeks, presenting a paper, as I understand it.  
21 Anyway, we're glad we made a space in that part of the world.

22 Is Anchorage back on by now?

23 COMMUNICATIONS TECHNICIAN: We haven't left.

24 MR. SANDOR: You haven't left?

25 MS. RUTHERFORD: We haven't left, but .....

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1 MR. SANDOR: Well, why don't we continue, and we'll  
2 shout as loudly as we can.

3 We're now into the agenda, Federal/State Processes. Any  
4 other additions to the agenda?

5 ALASCOM TELEPHONE OPERATOR: Hello, this is the  
6 conference operator. The Anchorage party, can you hear me?

7 COMMUNICATIONS TECHNICIAN: Yes.

8 ALASCOM TELEPHONE OPERATOR: Okay, hang up. I'm going  
9 to try to call you back.

10 COMMUNICATIONS TECHNICIAN: Okay.

11 MS. RUTHERFORD: Just for everyone's information here,  
12 what they said they added to the agenda was Federal and State  
13 Processes.

14 UNIDENTIFIED SPEAKER: (Indiscernible)

15 MS. RUTHERFORD: I'm not sure. Hopefully, we'll get --  
16 did they indicate that that was McVee's?

17 UNIDENTIFIED SPEAKER: Yes.

18 MS. RUTHERFORD: It is McVee, from Interior's agenda  
19 item. I'm sure he'll explain. I hope we'll be able to hear.

20 COMMUNICATIONS TECHNICIAN: This is Anchorage.

21 ALASCOM TELEPHONE OPERATOR: Okay, sir. I'm going to  
22 connect you with your conference group again.

23 COMMUNICATIONS TECHNICIAN: Okay. Thank you.

24 ALASCOM TELEPHONE OPERATOR: Okay. They're back on the  
25 line again. Can you check this call to see if it's better?

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1 MR. SANDOR: Can you hear Juneau in Anchorage at this  
2 time?

3 MS. RUTHERFORD: Yes, we can hear a little better.

4 MR. SANDOR: You can hear a little better. Well, we'll  
5 continue.

6 We've added to the agenda Federal/State Processes, item  
7 one; number two, Public Advisory Group Operating Procedures;  
8 number three, Financial Operating Procedures; number four  
9 Budget; number five, Request of Funds from the Court Registry.  
10 Are there any additional suggestions of change in the agenda?

11 There being none, is there any objection to the approval  
12 of the agenda? The agenda is approved.

13 We'll begin first with Curt McVee, representing  
14 Interior, outlining several Federal/State Process issues which  
15 he'd like to discuss.

16 (Mr. McVee is away from microphone and indiscernible)

17 MS. RUTHERFORD: Commissioner Sandor, we cannot hear  
18 Mr. McVee at all.

19 MR. McVEE: I'll try it again. I'm about three feet  
20 away from the mike. Can you hear this, Anchorage?

21 MS. RUTHERFORD: We can hear it a little better. If you  
22 could get even closer and speak up, that would help.

23 MR. McVEE: I'm practically sitting on top of it now.  
24 Does that help?

25 MS. RUTHERFORD: Yes, it does. Thank you.

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1           MR. McVEE: Okay. I guess, my proposal for the agenda  
2 change was -- I feel it would be worthwhile to talk about some  
3 of the Federal and possibly State processes before we get into  
4 the full discussion on the Financial Management Plan and the  
5 Budget. And, I guess, speaking about the Federal processes  
6 that -- as I understand it, and, of course, this is still  
7 evolving, is that the Federal agencies will have to take the  
8 Budget to OMB and then 30 days notice to Congress. And one of  
9 the things -- I guess there's been some question among us all  
10 on, and that should be settled soon, is if we can go to the  
11 Registry of the Court before we have done that, and, as I  
12 understand the language in the corporation documents, Dave  
13 pointed out to me this afternoon, that that is possible. I  
14 guess part of the problem -- or one of the problems that we  
15 need, from the Federal standpoint, is to make sure that we  
16 conform to the Federal processes, and some of the things that  
17 we will do tonight, I think, with reference to the Federal  
18 Budget and to the Financial Procedures, will be attempting to  
19 do that, is trying to conform to that process. Hopefully,  
20 recommendations or suggestions that I will make, at least, and  
21 maybe others that -- won't be seen as delay in trying to  
22 achieve a budget for the '92 season. We certainly don't want  
23 to do that. Appreciate the need for funds as soon as possible,  
24 but there's a couple steps that we will be talking about that,  
25 I think, we will have to discuss.

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1           MR. SANDOR: I trust everyone heard the issue at hand  
2 which, essentially, relates to making certain that our actions  
3 are conditional upon approval of -- that our actions approving  
4 anything tonight must be conditioned on being in full  
5 compliance with the Federal and State procedures. And, I  
6 guess, maybe to deal with that, the Chair would ask Curt McVee  
7 if a statement approved at this time that all actions taken  
8 this evening, with respect to the Budget, that are approved,  
9 are approved subject to full compliance with the management and  
10 transfer of funds in accord with Federal and State procedures.

11           MR. McVEE: I think that will help. That will help get  
12 us over the hurdle. We may have some sequencing problems, but  
13 let's deal with those as we get into it.

14           MR. SANDOR: Okay. Is there any objection to that  
15 conditional approval? And we can restate that as we go through  
16 the different agenda items, but make it very clear that the  
17 actions that we take must be refined and adjusted so that  
18 Federal and State budget procedures and financial management  
19 procedures are in accord with Federal and State laws and  
20 regulations. Is there any objection to that?

21           MR. COLE: Mr. Chairman.

22           MR. SANDOR: Yes, Mr. Cole.

23           MR. COLE: I don't have objections, but I want to  
24 register a note of reservation, 'cause I don't know exactly all  
25 of the (indiscernible) to, let me know (indiscernible) and

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1 which are subject (indiscernible). It seems to me that we  
2 should be a little leery about (indiscernible).

3 MR. SANDOR: The objection, Attorney General Cole, is to  
4 go through each of the action items, and where issues of  
5 Federal or State processes that may be in question and may need  
6 refinement, we will identify those. What I was trying to do in  
7 this initial action is to respond to Mr. McVee's concerns and  
8 questions and state that actions taken by the Council this  
9 evening that deals with budget and financial management matters  
10 will be in accord with Federal and State laws and regulations,  
11 And if, in fact, there are problems identified in the course of  
12 the issues covered, there may be some follow-up action that's  
13 identified to clarify that. So we will deal very specifically  
14 with each of these, as they arise.

15 Is that going to be satisfactory, Attorney General Cole?

16 MR. COLE: Let us proceed and see how it works out.

17 MR. SANDOR: Okay. The second item then is the Public  
18 Advisory Group Operating Procedures, and Marty Rutherford is  
19 going to make that presentation. Marty.

20 MS. RUTHERFORD: Yes, Commissioner Sandor. Basically,  
21 there are 15 sections to the Operating Procedures. Do you want  
22 me to go through them section by section or do you want simply  
23 for me to respond to any questions that any of the Trustee  
24 Council has?

25 MR. SANDOR: The members of the Trustee Council received

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1 the book and have had them in their possession for some time.  
2 Mr. Pennoyer, do you have .....

3 MR. PENNOYER: Mr. Chairman, perhaps, Marty could give  
4 us an overview of what the intent is here, (indiscernible) of  
5 the part that we've already adopted, and just kind of introduce  
6 it.

7 MR. SANDOR: Can you accommodate that, Marty?

8 MS. RUTHERFORD: Commissioner Sandor, I could not hear  
9 exactly what Mr. Pennoyer said.

10 MR. PENNOYER: Mr. Chairman, Marty, what I suggested was  
11 that you, basically, go over what this is, how it fits in with  
12 the process we've already engaged in, how it relates to the  
13 charter we've adopted, and what the intent is at this time to  
14 do with this document.

15 MS. RUTHERFORD: Okay, I'll attempt to do that.  
16 Basically, the Operating Procedures are tied very closely to  
17 the charter that was agreed upon and to the nomination and  
18 selection process that you agreed to at your last meeting. The  
19 first section is Membership, and, basically, it says that it  
20 shall consist of 15 official members, that they will be a  
21 balanced representation from the 12 principal interests and the  
22 public at large, and that there will be two ex-officio members,  
23 one from the House and one from the Senate of the Alaska State  
24 Legislature, and that at least the group shall include at least  
25 one local government representative and one representative of

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1 Native interests. The second process is Nomination Selection.  
2 And, again, as previously agreed at the last meeting in the  
3 Nomination and Selection process synopsis memo, you will make  
4 these recommendations -- the Trustee Council will make the  
5 recommendations to the Trustees, based upon the demonstrated  
6 knowledge of the region and its peoples and/or principal  
7 economic and social activities in that region, or by  
8 demonstrated expertise in public lands and resource management.

9 MR. PENNOYER: Marty.

10 MS. RUTHERFORD: Yes.

11 MR. PENNOYER: Can I interrupt you? I don't necessarily  
12 mean you have to go through them one item at a time. What I  
13 meant was introduce the topic, how this relates to the charter,  
14 differences between this and what's in the charter, and what  
15 you intend to do with it and the time to do it in.

16 MS. RUTHERFORD: The membership is exactly as laid out.  
17 In the nomination process, you agreed to last time, you had  
18 agreed -- you had accepted the principal interests, and you had  
19 added the public at large. You had directed us to -- in our  
20 process of going up for the nominations, you had directed us to  
21 request from the public comments about how many seats should be  
22 provided to any of the principal interests, and we are doing  
23 that. The time line for that, I believe, the comments have to  
24 be in by June 4th or 6th -- I'm looking for my time line, right  
25 at the moment. Excuse me, the requests for nominations went

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1 out May 6th, and the deadline for receipt of the nominations is  
2 June 5th, so we will be getting comments on how many seats  
3 should be associated with -- how many of the 15 seats should be  
4 associated with each of the principal interests and the public  
5 at large, as we get the comments on the nominees for the Public  
6 Advisory Group. And, again, those are identical to what you  
7 had agreed to at your meeting of April 27th.

8 MR. SANDOR: Is it the pleasure of the Trustee Council  
9 that we approve or modify each one of these as we go along?

10 MR. McVEE: Mr. Chairman, I guess I have a suggestion.  
11 There are a couple, I guess, and if I could go through them.  
12 There are a couple areas in here where the procedures differ  
13 from the charters, and it will be pretty easy to flag, but I  
14 think that it might be worthwhile to make comments on these  
15 procedures.

16 It seems like until the board is appointed, we really  
17 don't need to have the procedures in place, and that's going to  
18 be some months by the time we go through nominations and  
19 sorting and so on. So it seems like we could actually pick out  
20 those areas we need to change through making written comments  
21 and polish up the procedures and maybe even leave them in draft  
22 until after the board's appointed, and they could even make  
23 recommendations on the procedures -- you know, the procedures  
24 that govern their operations.

25 So, I guess, my recommendation would be to table or

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1 postpone final action on this until maybe our next meeting.

2 MR. SANDOR: Mr. McVee has made a motion to table and  
3 leave in draft form these procedures and covered -- have them  
4 covered at a later meeting. Mr. Pennoyer.

5 MR. PENNOYER: Mr. Chairman, that's what I was trying to  
6 get at with my original question, is not to, basically, go  
7 through and necessarily approve each section, but to maybe  
8 approve this in draft form to be used when people ask us  
9 questions about what the advisory panel is supposed to be  
10 doing. We're getting a lot of those questions, and, I guess,  
11 when I questioned Marty what was the need for this, and, I  
12 guess, the response I was looking for was we did need something  
13 now to use when people ask questions about what the group's  
14 going to do. But my only concern about it was if there's any  
15 significant difference in there, that we wouldn't want to  
16 completely mislead the public in the real difference in the  
17 charters. It wasn't necessarily going through and making final  
18 action, but sort of doing what Mr. McVee was suggesting, making  
19 it available to the Restoration Team to use and us to use in  
20 responding to questions of the public, at least in draft form,  
21 that we think those procedures might look like. And if there's  
22 a need for that now, the nomination process of June 5th, people  
23 asking now what this group would do, and if there's something  
24 in here that's different than the charter that helps explain to  
25 them what this group does, then perhaps we should go ahead and

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1 approve the draft for use as a draft.

2 Is that consistent with what you were saying, sir?

3 MR. McVEE: Yes. I think that is consistent.

4 MR. PENNOYER: (Indiscernible)

5 MS. EVANS: We just lost him over here. There's nothing  
6 over here anymore.

7 MR. SANDOR: Mr. Pennoyer.

8 MR. PENNOYER: Mr. Chairman, as a follow-up question  
9 (indiscernible) ..... some problems, if there are no certain  
10 problems, that you have identified now. Did you have a  
11 specific question?

12 MR. SANDOR: Mr. McVee:

13 MR. McVEE: Mr. Chairman, yes. Under term, as I would  
14 read the sentence in there, members whose terms are expiring  
15 (indiscernible) I understand the charter language will say  
16 members will serve for a period of two years, and it cuts off  
17 at that point. (Indiscernible) part of that paragraph, members  
18 could be removed by unanimous agreement of the Trustee Council.  
19 Actually, the Trustees themselves are making the selections,  
20 the appointments, and it may be erroneous for Trustee Council  
21 to remove members from the Advisory Board that have been  
22 appointed by the Trustees.

23 There's been a question, I guess, on duties and  
24 assignments, and, I think, there we should pull language right  
25 out of the agreement and decree -- maybe I haven't checked this

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1 close enough, but it says that they will make other -- among  
2 other things, comment on the (indiscernible) procedures, et  
3 cetera, and decisions. It seems like that was an addition.

4 The other area, and it's not a question of whether it's  
5 in the charter or not, I guess, but it is paragraph 10. I  
6 guess my question is what the need is there for an advisory  
7 group to have executive sessions. It seems like if it's a  
8 public advisory group, it should operate entirely in a public  
9 forum.

10 MS. RUTHERFORD: Mr. Chairman.

11 MR. SANDOR: Any other questions regarding those  
12 differences? Mr. Pennoyer.

13 MR. PENNOYER: Mr. McVee, are you moving those changes  
14 be made before we send out the draft?

15 MR. McVEE: I think it would help if we made those  
16 changes before we use this information for the public in  
17 response to questions.

18 MR. SANDOR: With those -- with the product in that  
19 form?

20 MR. McVEE: Yes.

21 MR. SANDOR: Do you understand, Mr. Gibbons, the  
22 changes?

23 MS. RUTHERFORD: Mr. Chair, just for your information,  
24 we are having an awful time hearing all the comments that  
25 you're making, so I hope that Dave Gibbons is getting some of

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1 this down, because we're only getting portions of the  
2 sentences.

3 MR. SANDOR: Yes, and I think it's virtually hopeless  
4 with the equipment that we have on-hand to do better than we're  
5 doing. We're virtually shouting as it is, but Mr. Gibbons is  
6 writing, and let me try to summarize the motion on the floor,  
7 which is to:

8 The motion by Curt McVee, seconded by Steve Pennoyer, is  
9 to approve this draft in the draft form with the clarifications  
10 t changes that were enunciated by Mr. McVee, and those would  
11 still be -- after those changes were made, this would still be  
12 in draft form. Is that correct?

13 MR. PENNOYER: That's correct.

14 MR. SANDOR: Is there any question or discussion on that  
15 motion? Is there any objection to the motion? The motion is  
16 approved, and the Public Advisory Group Operating Procedures  
17 are approved in draft form, with the understanding that the  
18 changes in questions that were enunciated by Mr. McVee will be  
19 clarified and corrected, and the product will still be in draft  
20 form, but will be utilized to continue the process.

21 To move on to item three in the agenda, which is  
22 Financial Operating Procedures. And David Gentry is to make  
23 his presentation. My I suggest that you sit here.

24 MR. GENTRY: All right. I didn't realize I'd be face to  
25 face like this with the Trustees. For the record, my name is

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1 David Gentry. I'm here to talk about the draft Financial  
2 Operating Procedure, as chairman of the Finance Group. I was  
3 asked to be chairman after the Trustees last met, two or three  
4 weeks ago. What I'd like to do is go through the operating  
5 procedures briefly, highlighting the sections and a point or  
6 two -- prominent points within those sections. I'll spend just  
7 a couple minutes doing that. Then I'd like to highlight about  
8 half a dozen issues that were resolved at the staff level,  
9 bring them to the attention of the Trustees. Whipping through  
10 the procedures, on a page by page basis here:

11 Page one, the beginning, half a dozen paragraphs is --  
12 essentially acts as a preamble, basic principles upon which  
13 we've proceeded. The section entitled Annual Budget,  
14 indicating that there would be an annual budget, a separate  
15 budget for the administrative director, the Restoration Team,  
16 and working group, and for each field project, for lack of a  
17 better term.

18 Page two, Calculation of Project Costs, these are,  
19 essentially, standard costs that we, as the Finance Committee,  
20 wanted the Restoration Team and agencies to use when developing  
21 project costs.

22 Page three, the Annual Budget Formulation Process, the  
23 point of this section is who develops projects, the sequence of  
24 review, how these things get to the Trustee Council for  
25 approval.

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1           Page four, the Budget Implementation section, this is an  
2 entirely new section, compared to the earlier draft. We're  
3 supposed to state that the Federal Government allows for some  
4 flexibility during the course of a budget year, and we felt  
5 that similar flexibility may be necessary to carry out these  
6 projects.

7           At the bottom of page four, the Transfer of Funds from  
8 the Court to the respective agencies.

9           Page five, Accounting and Reporting. The major point  
10 here is that both State and Federal agencies would use their  
11 existing accounting and auditing systems -- use the same  
12 standard, and report on a regular basis to the Trustee Council.

13           Page six, section Audits, I'll just mention the main  
14 idea there. Finally, Ownership of Equipment, this also is an  
15 entirely new section to address if you rate (ph) by the  
16 Trustees in previous meetings.

17           So that is a quick review. What I'd like to do now,  
18 Mr. Chairman, is highlight a few issues that the Trustees had  
19 raised earlier; issues that were contention at the staff level.  
20 Again, make sure that you folks understand what's in these  
21 procedures.

22           On page number one, the second paragraph, "Maximum use  
23 will be made of existing agency administrative structures."  
24 This is an important point that pervades these whole  
25 procedures. One point that we didn't highlight, that certainly

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1 was my understanding and, I believe, most of the other peoples  
2 on the Committee, was that these operating procedures would not  
3 supersede normal budgetary control measures that may exist both  
4 on the State side and on the Federal side. These simply  
5 supplement and do not supersede any control measures that  
6 exist. I want to make sure that that's clear to the Trustees.  
7

8         The second point, at the last Trustee Council meeting,  
9 there was an issue of how the Restoration Team would present  
10 its budget, and these procedures direct that the RT, the  
11 Restoration Team, would be one project with a number of sub-  
12 projects. Each of those sub-projects would be broken down by  
13 agency so that it's very clear what agency gets what money for  
14 which working group under the Restoration Team. We tried to  
15 make it just as clear as possible. A lot of paper, but it's  
16 clear, it's there.

17         The third major point has been a bone of contention for  
18 some time. It relates to the calculation of project costs.  
19 The way these procedures read, at the moment, 15% of the salary  
20 and benefits costs for all projects, both field projects and  
21 Restoration Team projects, will receive -- or can receive 15%  
22 for general administration. In addition, any direct costs, any  
23 special items that may be necessary to carry out the work of  
24 that group, can be requested on the different line items in  
25 those budgets. Those are subject to discussion and review by

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1 the Trustee Council, clearly laid out. This is how we resolve  
2 this issue, and, again, I want to highlight it. I want to make  
3 sure that you folks understand what's in this package.

4 The fourth issue, I referred to it a moment ago in the  
5 section entitled Budget Implementation, can be allowance for  
6 transfers between projects during the course of carrying out  
7 these projects. This is on page four. We have a number of  
8 projects, some are quite small, some are quite large, some are  
9 contract based, most are staff -- agency staff based, in terms  
10 of how they will be carried out. In any of these projects  
11 there are uncertainties as to what the costs are finally going  
12 to be. We have proposed, in these procedures, flexibility  
13 according to this equation, that the lesser of 10% of a project  
14 or \$25,000.00 can be moved into or out of a project over the  
15 course of a year. And the rationale for this formula was  
16 recognizing, first of all, that some flexibility was necessary.  
17 On the other hand, and this is the very point that I want to  
18 emphasize here, we picked these percentages and dollar amounts  
19 with the idea that such a change would not result in changing  
20 the essential character of the project. The purpose, the  
21 objectives of the project, should still be possible, and will  
22 not be affected by the transfer of money in or out. Only the  
23 Trustees can change the purpose and objectives of these  
24 projects. This is a balancing act we tried to achieve here.

25 The fifth issue is the property section at the end of

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1 the procedures. Again, this is new. This is an issue raised  
2 by the Trustees, and we have explicitly indicated that any  
3 property, any equipment purchased should be used for the  
4 purposes of the Trustee Council, no matter who possesses it and  
5 the funds, also, no matter what agency or project bought the  
6 equipment, the property to begin with. And that there will be  
7 annual reporting so that we know what's out there and  
8 functional and how to get a hold of it if we want to.

9       The sixth and last item, I'd simply like to bring to  
10 your attention, is the forms. The purpose in putting these  
11 forms together is really very simple. Forms seem bureaucratic  
12 and rigid and really dreadful things, and why would we want to  
13 bring them into this process, and the reason is to bring some  
14 consistency of information. The format is incidental. The  
15 important thing is that we have consistency of information, and  
16 when the Trustees who are not full-time Trustees, but, in fact,  
17 have many other responsibilities, that when they see some of  
18 these forms, they'd know what to expect, and they know where to  
19 go for certain types of information. And we feel this is an  
20 important goal, and given, particularly your many and diverse  
21 obligations, we feel that this will make the process work more  
22 simply, more clearly.

23       And there are about five different purposes for these  
24 forms. I'd like to go through them just very, very briefly.  
25 These are in Appendix B of the packet. Again, I won't spend

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1 but a moment. And Mark Brodersen and David Rude spent many  
2 long hours, in particular, putting these things together -- a  
3 number of people in Anchorage, all of whom I don't know who  
4 were working, but there is a great deal of effort put into  
5 bringing the information on the budget onto these forms and  
6 presenting them in a consistent fashion.

7         The first two forms in the lower right-hand corner,  
8 you'll see the first one is Form 1A, the second one is Form 1B.  
9 They're Form 1A and 1B for a reason; they're connected. From  
10 1A is simply a listing of projects, Form 1B simply arranges  
11 those projects by agency. You can see it cuts both ways. The  
12 information is the same; it's simply rearranged.

13         Form 2A and 2B, again, these are related, there will be  
14 a 2A and 2B form for every project. This will be the front;  
15 this will be the face of all the projects that you see. Form  
16 2A presents summary information and, as you see, will allow for  
17 out-year projection of costs. It provides line item  
18 information, and I would like to bring to your attention the  
19 full-time equivalent information provided there. At the bottom  
20 of that form in position information. Form 2B just simply  
21 provides detail on the other lines items.

22         Form 3A and 3B are identical to 2A and 2B but serve a  
23 different purpose. They simply provide the same type of  
24 information, but on a sub-project basis. And the most common  
25 use of a 3A and 3B will be where there is more than one agency

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1 carrying out a single project, so that we have clearly  
2 identified how much money for a project is carried out by one  
3 agency versus another one. In addition, 3A and 3B serve as  
4 sub-projects, highlighting the working group's budget. Again,  
5 working groups will be sub-projects of the Restoration Team.

6 Form number 4 is a quarterly report, a summary of  
7 expenditure information that will be provided every three  
8 months by agency, both Federal and State.

9 Form number 5 and form number 6 are similar in purpose.  
10 They relate to the Budget Implementation section and the  
11 transfer of the projects that I mentioned to you before.

12 Now, I've gone through a lot of material here. I don't  
13 know where the Trustees would like spend time. I can elaborate  
14 further or I can answer questions. How would the Chair like me  
15 to proceed?

16 MR. SANDOR: The Chair would suggest and take the advice  
17 of counsel that we begin to go through -- beginning with the  
18 Financial Operating Procedures and each of the points that  
19 Mr. Gentry outlined, and I know there's going to be some  
20 proposed changes in a couple of these.

21 Do you agree with that process? So we'll begin first  
22 with the Financial Operating Procedures. Any questions with  
23 regard to that section? Mr. McVee.

24 MR. McVEE: Yes, Mr. Chairman. I guess my comment, I  
25 was particularly pleased with the product that has been

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1 developed by the Financial Committee. And as (indiscernible -  
2 feedback) I'm going to be making some comments at the same  
3 time. I guess, I want to recognize the work they've done.  
4 Particularly, I think, the forms are very useful in  
5 establishing a format.

6 In that introductory statement, Mr. Gentry said this,  
7 that the attempt to -- an attempt was to make -- or the  
8 intention is to make the financial procedures compatible or  
9 consistent with procedures that the various agencies have to  
10 function under, and it seems to me like we might add a sentence  
11 to the end of that first -- or second paragraph, something to  
12 the effect, these procedures will be consistent with, you know,  
13 personnel or administrative personnel in financial management  
14 to be used by the various agencies.

15 MR. GENTRY: No problem at all, from our standpoint.

16 MR. SANDOR: Is there a second to that motion?

17 UNIDENTIFIED SPEAKER: Seconded.

18 MR. SANDOR: It's been moved and seconded that we add  
19 that sentence, that these procedures will be in accord with the  
20 operating procedures of the individual agencies. Any objection  
21 to that motion? That change is approved. Would you proceed?

22 MS. BERGMANN: Commissioner Sandor.

23 MR. SANDOR: Anything further, Mr. McVee, on the  
24 Financial Operations Procedures? Any other suggested changes  
25 in Financial Operating Procedures?

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1 MS. RUTHERFORD: Commissioner Sandor.

2 MR. SANDOR: Yes.

3 MS. RUTHERFORD: Could you restate the motion? We could  
4 not hear it here in Anchorage.

5 MR. SANDOR: The motion would be an addition -- an  
6 additional statement added to paragraph two, which would say --  
7 probably the words can be better, you know, at least the idea  
8 is that these financial operating procedures will be consistent  
9 with the individual agency's procedures concerning  
10 administrative personnel and financial management systems.

11 MS. RUTHERFORD: Thank you.

12 MR. SANDOR: And any further questions or comments on  
13 Financial Operating Procedures? If there is no objection, that  
14 section, as amended, will be approved. Is there any objection?  
15 Any comment? Yes, Jerome. This is Dr. Montegue;  
16 Jerome Montegue.

17 DR. MONTEGUE: Oh, I just wanted, for my own  
18 clarification, it's a small point, but if we say that we will  
19 be consistent with individual agency operating procedures, then  
20 the statement in here that we would go to the Federal fiscal  
21 year would be, in itself, an inconsistency with our current  
22 operating procedures. I just wanted to raise that point.

23 MR. SANDOR: The question that has been raised is that  
24 if, in fact, we're to be consistent with the individual agency  
25 procedures, would we not be inconsistent by going to the

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1 Federal budget. I believe the motion and second dealt with the  
2 regular budget, fiscal financial operating procedures other  
3 than the budget year itself. Is that not true? There is no  
4 inconsistency in that regard. Any other comments or questions?  
5 Without objection then, the .....

6 MR. COLE: Mr. Chairman.

7 MR. SANDOR: Yes, Mr. Cole.

8 MR. COLE: I'm not sure that we're square on what that  
9 last sentence means. Does that last sentence mean that every  
10 agency which receives distributions of funds through the  
11 Trustee Council procedures can use its own financial operating  
12 practices with respect to those funds?

13 MR. SANDOR: Mr. Cole has asked the question whether or  
14 not each agency which receives these funds would use them in a  
15 way in which would be consistent with the financial operating  
16 procedures of the agency involved, and the answer, I believe,  
17 is yes. Do you have a problem with that?

18 MR. COLE: Well, I'm not sure that that's good policy,  
19 Mr. Chairman. You know, I stood here and listened to the  
20 operating procedures, and I think of the frequent hand of the  
21 (indiscernible) bureaucracy running the show of Trustee  
22 Council, and in a sense we're coming perilously close to  
23 abdication, in my view, is our responsibility. (Indiscernible)  
24 this financial accounting and the practices (indiscernible)  
25 bureaucratic agencies. I'm not sure that's consistent with our

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1 mandate. I mean, I'm not saying I object to that, but I  
2 certainly want to say it troubles me.

3 MR. SANDOR: Mr. Pennoyer has a reassuring message.

4 MR. PENNOYER: I'm not sure it's reassuring or not.  
5 Mr. Chairman, I think I agree with Mr. Cole, to the extent that  
6 I think we ought to reserve all of this for some  
7 reconsideration when we finally end up with the package. I  
8 have concerns about what the Financial Committee does, the  
9 degree of oversight, how the Trustee Council's objectives are  
10 realized for the program as a whole. I think what is intended  
11 here is that each agency does have certain ways of handling  
12 personnel matters. Each agency has ways established to handle  
13 coding of equipment charges. I don't know what else. But the  
14 mechanics of handling money, I think, is what's intended here,  
15 not the editing of the appropriateness of the expenditures  
16 relative to objectives set out for the project. So if that's  
17 what the sentence means, I concur with it, but as we go through  
18 this, I've got questions about what the Financial Committee  
19 does, what happens in the National Oversight Committee, how  
20 this all gets reported back to the Trustee Council as a unit so  
21 we can assure ourselves that the money is being spent in a way  
22 that satisfies the objectives that were set out. I don't think  
23 Mr. McVee's motion -- I'll let him speak to that, was trying to  
24 say that each agency does its own thing and we sort of push the  
25 money out the door and forget about it. I hope it didn't say

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1 that.

2 MR. SANDOR: Mr. McVee is shaking his head negatively.

3 MR. McVEE: Well, can you hear that? It wasn't intended  
4 to do more than recognize that each agency has the procedures,  
5 processes in which it has to follow, and that on top of that,  
6 you know, there will be certain requirements that the Trustee  
7 Council should impose concerning our oversight of the finances  
8 and the audit functions, and that -- I don't want to pad, you  
9 know, an agency's authority to supplant that responsibility.

10 MR. SANDOR: Any further comment on the Financial  
11 Operating Procedures?

12 MR. COLE: Mr. Chairman.

13 MR. SANDOR: Yes, Mr. Cole.

14 MR. COLE: I would agree with Mr. Pennoyer. We should  
15 defer that subject until we have a better sense of exactly what  
16 will be done. I just think it's our duty to have a consistent  
17 policy about what's done with this money or how it's -- we  
18 certainly know what's done with the money, but how it's  
19 accounted for, what the operating procedures are, not simply  
20 say, well, you know, it's going to these agencies and they have  
21 things that they have to do, so we'll just let them do it. I  
22 think we have a responsibility to have a firm hand and control  
23 over what they do and how they do it and how they account for  
24 it. So, I would object to approving that section until we have  
25 a very close look at it.

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1 MR. SANDOR: Mr. Pennoyer.

2 MR. PENNOYER: Mr. Chairman, as a suggestion, can we go  
3 through this and make our determinations conditional upon the  
4 final approval of the package as a whole, and then come back  
5 and revisit any section we've got a problem with? So we have  
6 Mr. McVee's motion with a suggested wording change, and we  
7 conditionally agree to this section, passing on from this  
8 section, but reserve final approval of the package as a whole  
9 until we look at the whole thing?

10 MR. SANDOR: Any objection to that process?

11 MR. COLE: Mr. Chairman, I'm not prepared to give  
12 conditional approval to it; that's my problem. I think we need  
13 to look at it carefully, and what do we do if we conditionally  
14 approve it? That's, in another sense, granting approval.

15 MR. SANDOR: We will, therefore, defer conditional  
16 approval until we proceed through the entire package here and  
17 see what other bureaucratic growth is taking place.

18 Can we go on to Annual Budget? Any questions or  
19 comments on the Annual Budget section?

20 MR. PENNOYER: Mr. Chairman.

21 MR. SANDOR: Mr. Pennoyer.

22 MR. PENNOYER: The first time the words Finance  
23 Committee appears is in this section, and in reading the  
24 whole -- maybe it's a good time to talk about it, because in  
25 reading the whole package, I was not sure who the Finance

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1 Committee was and exactly how they fit in. Reading the  
2 diagrams, I can't find them, and I'm not clear if they're doing  
3 something here in terms of instructions, but what type of body  
4 is this? They're not really -- they don't have a charter, they  
5 don't have a membership, and I'm not sure who they are and I'm  
6 not sure of all the things they're responsible for. This is  
7 the first time they're mentioned. Maybe Mr. Gentry could give  
8 me a little elaboration on where he's going with this Finance  
9 Committee idea.

10 MR. SANDOR: Mr. Gentry or Mr. Gibbons, do you two want  
11 to address this? Mr. Gentry will address this.

12 MR. GENTRY: This is how I got to be chairman. We --  
13 let me start out this way: The Finance Committee is a working  
14 group of the Restoration Team. Many of the working groups do  
15 not have charters written. Many do not have formal membership.  
16 We have started out that way. So that's point number one.  
17 Point number two, we feel that we should formalize our role and  
18 our membership, and, in fact, we have talked about that. And  
19 in the series of meetings that have led to these procedures,  
20 given the time that we've spent on these procedures, we didn't  
21 want to bite off more than we could chew in order to get ready  
22 for this meeting. We have before this moment agreed, at least  
23 several of us, that the next item of work for the Finance  
24 Committee is to do exactly what Mr. Pennoyer said we should do.  
25 We agree wholeheartedly. It's just not ready for this meeting.

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1 We want to define what our role is and what our membership is  
2 and how we relate to other working groups, how we relate to the  
3 Restoration Team in the budget process and the administrator as  
4 well.

5 I would like to draw your attention to page three, the  
6 second paragraph -- the second full paragraph from the bottom  
7 of the page. It begins with the words, "The Finance  
8 committee..." This paragraph was quite deliberately put here.  
9 This is the bare essence of the Finance Committee, as you will  
10 see here. "The (Finance) Committee will determine..." -- I'm  
11 reading the second line -- "...determine that the standards for  
12 calculating costs...", which we helped develop the procedures,  
13 "...and established budget formats...", which we see in these  
14 procedures, "...have (in fact) been followed." In the force of  
15 the budget preparation cycle here, and that -- here's our  
16 oversight function, and that we will make comments to Trustees  
17 if we feel that, from a management standpoint, an agency that  
18 has proposed to carry out a project is up for review and, in  
19 fact, handle it if we have persistent problems with an agency  
20 in their audit, in their accounting, in their report and  
21 expenditures, we will bring it to the attention of the Trustee  
22 Council before they approve a specific project. Now this, in  
23 our minds, forms sort of the core of our role. Certainly it  
24 does not address membership.

25 MR. PENNOYER: Mr. Chairman.

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1 MR. SANDOR: Mr. Pennoyer.

2 MR. PENNOYER: A final question. And I think that  
3 answers part of my question, and it may answer part of Mr.  
4 Cole's concern if we can formalize, somehow, that group and  
5 somehow indicate they're not simply a sub-group working under  
6 the Restoration Team but are, in some fashion, as we mentioned  
7 at the last meeting, reporting to the Trustee Council. In  
8 other words, if diagrammatically, they're showing -- if they're  
9 not shown on any of the diagrams here at the present time,  
10 shown as reporting to or working with the Restoration Team by  
11 reporting to the Trustee Council. And it's clear you also  
12 mentioned an audit function. And so far, that independent  
13 audit function seems to be missing from the process. It is  
14 mentioned here that you're going to "...comment, if necessary,  
15 on ... adherence to financial procedures..." I've sorted it as  
16 an audit function, but when you come over on the section on  
17 audits, it sort of disappears. Finance's name is not mentioned  
18 there at all. In my view, there needs to be some tie with what  
19 you said you should do and what's in these procedures in the  
20 diagram. And whether it's spelled out now or simply there's a  
21 place held to put it in that indicates it's going to function  
22 in that fashion, I wouldn't care, but I still think there needs  
23 to be some overall audit function that comes back overseeing  
24 all these other separate audit functions that have occurred so  
25 the Trustee Council does receive some type of a group,

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1 semi-independent, whatever, (indiscernible) of what the program  
2 as a whole is looking like financially.

3 MS. BERGMANN: Mr. Chair.

4 MR. PENNOYER: That's what I've clearly spelled out  
5 here.

6 MS. BERGMANN: Mr. Chair.

7 MR. SANDOR: Yes, .....

8 MS. BERGMANN: This is Pamela Bergmann, with DOI, here  
9 in Anchorage. It's so very difficult to hear you, but I'd like  
10 to get some clarifications on what David Gentry said about the  
11 role of the Financial Committee vis-a-vis the Restoration Team.  
12 I thought I heard Mr. Gentry say that the Financial Committee  
13 was a working group for the Restoration Team?

14 MR. SANDOR: Mr. Gentry.

15 MR. GENTRY: Well, that was, just simply, my  
16 understanding of the evolution of it, if that, in fact, isn't  
17 right, then I stand corrected. That was just my understanding.

18 MS. BERGMANN: I wanted to clarify that because, as you  
19 recall, I made the presentation at the last meeting as the  
20 second chair of the Financial working group that was under the  
21 Restoration Team. And one of the issues that I brought forward  
22 to the Trustee Council for their guidance was whether or not  
23 the group providing the Trustee Council with financial advice  
24 would, in fact, report to the RT or they were to report to the  
25 Trustee Council. And the Trustee Council, at that time,

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1 provided specific guidance to us that the financial working  
2 group would no longer be an entity but rather they would evolve  
3 into a group called the Financial Committee, which would no  
4 longer be chaired by myself or a member of the Restoration Team  
5 because they would be reporting directly to the Trustee  
6 Council, but rather they would then have a liaison with the  
7 Restoration Team. And when I passed the baton to that group,  
8 the last meeting I attended, that was the understanding that I  
9 thought we were operating under.

10 MR. SANDOR: Mr. Gentry.

11 MR. GENTRY: If I could, I may have been imprecise in my  
12 language. I was referring, primarily, to the evolution of the  
13 Finance Committee. Clearly, in the discussion that the  
14 Trustees had at their last full meeting, the finance working  
15 group, the Finance Committee, would, in fact, be somewhat  
16 independent or more than somewhat independent of the  
17 Restoration Team itself. So, again, I was referring more to  
18 the origin of the Finance Committee, as opposed to where we are  
19 today or where we will be going in the future.

20 MS. BERGMANN: Okay, thank you. That was just  
21 confusing, the way it was stated previously.

22 MR. SANDOR: Thank you, very much, for that  
23 clarification. Can we ask if there's any additional questions  
24 on this specific subject before moving forward in these  
25 procedures? Yes, Mr. Pennoyer.

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1 MR. PENNOYER: No further questions. As we reach toward  
2 the end of this process, I still would like to see some very  
3 specific layout of what the Finance Committee does and where it  
4 appears and what its role is in audits and that type of thing.  
5 So I don't -- while proceeding on through here, because this  
6 might not be the section to do it, but before we get to the  
7 end, I'd like to see that, and before these are finalized, I'd  
8 like to see something like that.

9 MR. GENTRY: And also visible in the chart.

10 MR. PENNOYER: Also visible on the chart, correct. But  
11 with that notation, we can pass on. This may not be the  
12 section to do that in anyway.

13 MR. SANDOR: Okay, let's move on to the next section  
14 then. Is there anything on Annual Budget, questions or  
15 comments? Anything on Calculation of Project Costs? We have a  
16 question by Mr. McVee.

17 MR. McVEE: This is Curt McVee. If I have a question, I  
18 guess, it seems to me like -- and maybe I don't understand it  
19 with the 15% for each allowance for each project's direct  
20 personnel cost plus a provision that allows for a line item for  
21 in what I would call exceptional costs, why do we need the  
22 \$50,000.00? Could we do away with that and -- the problem I'm  
23 having with that, I guess, is that we don't have a basis for  
24 it, and maybe since it's hard to describe, the reason for  
25 getting rid of it.

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1 MR. SANDOR: Mr. Gentry.

2 MR. GENTRY: Thank you, Mr. Chairman. Mr. McVee, I wish  
3 I had a nickel for every hour that was spent discussing this  
4 section. I think most of the staff members in this room, and I  
5 expect in Anchorage, too, appreciate what I just said about the  
6 amount of time spent in debating this. The essential problem  
7 is that different agencies are in different circumstances.  
8 Some have bigger problems than others, from a financial  
9 standpoint, some have a number of projects that they're  
10 carrying out, some have very few.

11 MR. COLE: Wait a minute, Mr. Chairman. What does  
12 Mr. Gentry mean when he says "that." That's very troubling to  
13 me.

14 MR. SANDOR: Mr. Gentry.

15 MR. GENTRY: Mr. Cole, my -- I can talk about the  
16 details of what I just said, but what I wanted to paint was a  
17 picture of different circumstances faced by different agencies.

18 MR. COLE: Excuse me, just a second. But what does that  
19 have to do with the Trustee Council and the discharge of its  
20 responsibilities, what the circumstances are and the conditions  
21 that are in these various governmental agencies? I mean,  
22 that's what's troubling me. As I see it, that has nothing to  
23 do with our duties and responsibilities.

24 MR. GENTRY: I don't think it does either. I think what  
25 we're talking about is how much of the costs to carry out the

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1 support for the Trustee Council. It certainly does not have a  
2 bearing on the role and, again, objectives, and so on, of the  
3 Trustee Council. I agree with you completely on that. The  
4 question is with the staff that are working to support the  
5 Trustee Council and the Restoration Team and the working  
6 groups, how can we provide financial support for those people  
7 to do what we want them to do, we the Trustee Council.

8 MR. SANDOR: Mr. Pennoyer.

9 MR. PENNOYER: People have different circumstances,  
10 whether some agencies have very few projects, but have a major  
11 role to play in the work groups, and, therefore, do not have  
12 any type of formal funding available to them to support the  
13 people that are supporting those work groups, and that's what  
14 you're talking about, different circumstances. You're not  
15 saying some people should get a different share than others,  
16 you're, basically, saying that to be able to spread their  
17 efforts to support a cost, some of them require a different way  
18 of looking at the funding.

19 MR. GENTRY: That's right. For example, on the State  
20 side, that I know about. The Department of Fish & Game has a  
21 large number of field projects. They can -- and I'm speaking  
22 kind of metaphorically here, so don't pin me down, but the  
23 basic idea is that the cost -- staff costs in supporting  
24 Commissioner Rosier are shared over a large number of field  
25 projects. On the other hand, Commissioner Sandor, sitting

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1 across the table from me here, has very few, and they're just  
2 in a different situation in terms of the dollars coming in to  
3 support their people, spreading their costs. So that's the  
4 notion.

5 MR. SANDOR: What relevance does that have to the  
6 section which Mr. McVee questioned? And his question again  
7 was: Why the 50,000, and why not eliminate it?

8 MR. GENTRY: Yes.

9 MR. SANDOR: Just budget it as a line item, just  
10 recognize that if Commissioner Sandor, you know, has that  
11 problem in an annual budget of not having enough projects to  
12 get enough general administration money, that he identifies as  
13 a line item what his needs are and that's handled in that  
14 manner.

15 MR. GENTRY: Mr. Chairman.

16 MR. SANDOR: Mr. Gentry.

17 MR. GENTRY: That certainly is an option. What we were  
18 trying to do, what we were struggling with was a way to  
19 standardize these costs as much as possible so there would not  
20 be -- you know the difficulty of starting from scratch and  
21 trying to decided well how much exactly does this project need,  
22 what kind of staff support and what are those costs? We get  
23 wrapped up into terrible detail, and that's not what the  
24 Trustee Council wants to do, and it's not what the staff wants  
25 to do. So this was a way to minimize the discussion, the

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1 quarrels, really, is what it boils down to here; trying to  
2 standardize things to make it easier to budget and to reach  
3 decisions on budget.

4 MR. SANDOR: Yes, Mr. McVee.

5 MR. McVEE: Mr. Chairman, I guess what I'm trying to --  
6 maybe what I'm trying to do is maybe keep -- prevent having to  
7 explain the basis for the \$50,000.00, and I've been asked that  
8 question. So maybe approaching it from another angle would be  
9 to footnote that paragraph with some explanation of the basis  
10 for that number.

11 MR. GENTRY: I would be happy to do that.

12 MR. SANDOR: Any further questions on this Calculation  
13 of Project Costs?

14 MR. COLE: Yes. Mr. Chairman.

15 MR. SANDOR: Mr. Cole.

16 MR. COLE: So that I understand how it works, on what is  
17 the 15% calculated, multiplied costs?

18 MR. SANDOR: Mr. Gentry.

19 MR. GENTRY: Attorney General Cole, the idea of the 15%  
20 is this: First of all, what it's multiplied against is the  
21 salary and benefits of a project. That's what it's multiplied  
22 against, 15% of that base figure. Now, why 15% rather than 12  
23 or 20? What that percentage is intended to do is to provide  
24 money for an organization for all those things that really  
25 can't be quantified, all those costs that can't easily be

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1 quantified but which are real. For example, accounting clerks  
2 that have to process your airline ticket. On each ticket it's  
3 not so much really, but when you have a lot of activity, that  
4 gets to be burdensome. It's the miscellaneous office supplies,  
5 it's the personnel officers who are involved in the hiring and  
6 just keeping people on board. It's all these things that are  
7 very difficult to quantify. The secretary who has to type the  
8 memos. We don't want to establish time sheets for all these  
9 people. That in itself is quite costly. So this is termed as  
10 indirect costs. It's a concept and a formula that is well  
11 established both in the Federal Government and the State. And  
12 indirect cost recovery is the term that many of the Trustees  
13 may be familiar with. The Federal Government, for example,  
14 audits and certifies a certain indirect recovery rate for every  
15 State agency that handles Federal projects. I don't know the  
16 percentage for most agencies. I do know that for the  
17 Department of Environmental Conservation, for example,  
18 Commissioner Sandor here, it's between 19 and 20%. And that,  
19 in fact, I know is lower than most. The indirect cost recovery  
20 rate for the University of Alaska is 60%.

21 MR. COLE: How much?

22 MR. GENTRY: 60, 6-0. Now, we are .....

23 MR. COLE: I mean, hold on a second. Is that 60  
24 factored into the money we're appropriating to their projects?

25 MR. GENTRY: No, that's all negotiated. This is a --

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1 everyone's giving the Trustee Council a special deal. It may  
2 not seem like it, but that's what it boils down to.

3 MR. COLE: That's what I'm concerned about. Let me say  
4 this. It depends on what the 15% is a function of and what the  
5 personnel costs are. What is the delineation of direct  
6 personnel costs on one of these projects, just so I understand  
7 where we're going.

8 MR. GENTRY: I'm sorry. You'll have to repeat the  
9 question.

10 MR. COLE: Well, the question is, if -- first let's talk  
11 about the personnel costs. What personnel are attributable to  
12 a certain project? You see, what is the cut-off? I mean of  
13 just the people who are out there on the line?

14 MR. GENTRY: The short answer is yes. To put it a  
15 different way is people or positions are budgeted in a project.  
16 They are explicitly identified in the project, just as we went  
17 through the budget forms, the form 2A and 3A very clearly  
18 identify people and the number of months that those people work  
19 directly on the project. This is where there is a clear  
20 relationship between a person, their work, and the Trustee  
21 Council project. This .....

22 MR. COLE: Does the 15% apply to equipment purchases of  
23 the project?

24 MR. GENTRY: No, it does not.

25 MR. COLE: Okay.

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1 MR. SANDOR: Any further questions on Calculation of  
2 Project Costs? Let's move on to Annual Budget Formulation  
3 Process. Any question or comments? Moving on to Budget  
4 Implementation. Any questions or comments? Carl, do you have  
5 a question?

6 MR. ROSIER: Yes.

7 MR. SANDOR: Mr. Rosier.

8 MR. ROSIER: Thank you, Mr. Chairman. I had a question  
9 in regard to paragraph A and B, in terms of the authority to  
10 move funds between projects.

11 MS. BERGMANN: Mr. Chair.

12 MR. SANDOR: Yes.

13 MS. BERGMANN: Yes, we cannot hear Commissioner Rosier  
14 at all, nor Charlie Cole.

15 MR. ROSIER: Is it any better now?

16 MS. BERGMANN: That's better. Thank you.

17 MR. ROSIER: All right. I think we're there. My  
18 question is in regard to the delegation of authority from the  
19 Trustee Council to the administrative director and the levels  
20 at which we're recommending the approvals be granted from the  
21 administrative director. It seems to me that the agencies,  
22 both the State and Federal agencies that are involved, if the  
23 standard of 25,000, or up to 10% is, in fact, not a level that  
24 influences the project, it would seem to me that it makes sense  
25 that the Trustee Council delegate the authority to move funds

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1 between projects to the contracting agencies. In the case of  
2 the amount above that, and I believe that that should certainly  
3 go to the administrative director. It seems to me that you've  
4 got a fairly high-priced individual -- we're talking about an  
5 \$80,000.00 a year person that is going to be making decisions.  
6 But, I think, also the agencies have got the authority and the  
7 capability to certainly make those kind of decisions with  
8 reporting back to the -- either to the administrative director  
9 or to the Trustee Council in regards to the changes that have  
10 to be made up to the 25,000 or 10%, whichever is applicable.  
11 It would seem to me that this is getting fairly tied up in  
12 bureaucracy here, with running each and every budget change  
13 through the administrative director, and the agencies have that  
14 capability.

15 I would suggest, you know, that it go in paragraph A,  
16 that we would be looking at that authority going to the  
17 contracting State or Federal agencies. Anything above that, in  
18 paragraph B, would be to the administrative director -- with  
19 the reporting requirement under B, the administrative director  
20 report back to the Trustee Council.

21 MR. SANDOR: It's been moved by Mr. Rosier that  
22 paragraph A, the authorization, be delegated to the contracting  
23 agency, and that paragraph B, be to the administrative  
24 director. Is there a second to that motion? The Chair would  
25 second that motion, for discussion purposes. Mr. Pennoyer.

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1           MR. PENNOYER: I guess I'm not sure where we're going  
2 with this. I'm not that concerned with \$25,000.00, per se, but  
3 the concept that agencies move between projects, I guess, I'm a  
4 little concerned with the concept. We don't have an agency  
5 program; we have projects of the Trustee Council that the  
6 agency is empowered to implement. There is not a NOAA program;  
7 we don't have a single program. We have a block of six or  
8 eight or 10 separate projects that we're carrying out, to try  
9 and carry out the objectives of the Trustee Council for a  
10 myriad program. And many of those projects are cooperative  
11 projects that cross agency lines. We're doing a piece of a  
12 project that some other agency is doing a piece of but comes  
13 together to create a whole. So no agency, in my view, has a  
14 body of money. That's specifically, sort of, up for mixed and  
15 matched between the various projects.

16           So there are two points here. First the agency moving  
17 funds, \$25,000.00 or 10%, whichever is less, without doing any  
18 other formal procedures. And the second is, apparently, sort  
19 of a proposal to allow the administrative director to move  
20 funds in sort of any amount between projects or agencies, and  
21 simply check back at some point with the Trustee Council. I  
22 guess I'm less concerned with the movement than I am with how  
23 we assure the guidelines, that project integrity is maintained,  
24 and that agencies aren't simply treating the pot as a pot of  
25 agency money, 'cause it's not. It's a contract between that

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1 agency and the Trustee Council to carry out a whole group of  
2 separate and sometimes diverse projects. And that agency was  
3 chosen because of its particular situation and the ability to  
4 carry it out. Not because of the mix of total project or total  
5 dollars. And I don't think NOAA can, sort of, treat its  
6 package as simply a total pot of money. And I'm not sure that  
7 the motion is consistent with that concept of what guidelines  
8 are built in, either the agency or the administrative director,  
9 to understand within what constraints we feel funds can be  
10 moved.

11 MR. SANDOR: Any other comments or questions on this?  
12 Mr. McVee.

13 MR. McVEE: Mr. Chairman, I guess I have problems with  
14 this paragraph, not with, you know, the limit \$25,000.00, and  
15 recognizing that they've got this language on the first of the  
16 week and tried to do some staffing with it and didn't get quite  
17 to that process, the questions I have is from the Federal  
18 perspective. What we have to do -- what will we have to do in  
19 terms of moving funds from project to project. There are  
20 certain restrictions imposed upon us and, fortunately, you  
21 know, the State members don't have those. So maybe, you know,  
22 we need a separate paragraph on that part of it, but that we  
23 have to get prior clearance from OMB and also Congressional  
24 committees. I don't know quite how Congress is going to react  
25 to this special -- you know, this special fund, this joint

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1 fund. Probably not the same as they would to an appropriation,  
2 but I don't know that yet. And I wanted to staff that out some  
3 more and -- before, you know, I could vote to accept this  
4 language.

5 MR. SANDOR: Mr. Gentry, do you want to comment on any  
6 of the comments made thus far?

7 MR. GENTRY: Mr. Chairman, I would like to address the  
8 comment made by Mr. McVee.

9 MS. RUTHERFORD: Mr. Chair.

10 MR. SANDOR: Yes. Is this Marty?

11 MS. RUTHERFORD: Yes, it is. You folks are fading out  
12 again. If people could speak up as much as possible, we'd  
13 greatly appreciate it.

14 MR. SANDOR: All right. We are on Budget  
15 Implementation, and we are discussing paragraph A and B, and  
16 the motion on the floor was to modify A to, essentially,  
17 delegate the authority for changes of 25,000 or up to 10% of  
18 the annual funding level to the so-called contracting agency,  
19 and to have B delegated to the administrative director. And  
20 we've had comments by Mr. Pennoyer and Mr. McVee, and Mr.  
21 Gentry is now commenting on those comments.

22 MR. GENTRY: Thank you, Mr. Chairman. Just a very brief  
23 comment. And what I'd like to do, simply, is tie together the  
24 points that Mr. McVee just made with the very first point in  
25 our detailed discussion on these operating procedures, and that

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1 is: When we have procedures laid out in this document and its  
2 future edition, what's the relationship of these procedures to  
3 existing agencies', both Federal and State, internal  
4 procedures? And the basic issue that we talked about before  
5 was that those normal operating procedures, those control  
6 mechanisms that are in place, will not be superseded by what's  
7 laid out here. For example, if a State agency or Federal  
8 agency, the normal operating procedures, the reprogramming or,  
9 in our case, the revised program procedures would not allow  
10 this to happen, then those normal agency procedures would, in  
11 fact, supersede these. In other words, they are the operative  
12 rules. But I'd just like to tie together those two issues.  
13 They are, in fact, one. They just appear twice.

14 MR. SANDOR: Mr. Pennoyer.

15 MR. PENNOYER: First, my comments. The way I view the  
16 way the section is laid out now is that the administrative  
17 director is not going to be, sort of, a veto power, that if we  
18 give him guidelines under which the transfers should be  
19 allowed, namely, that the agency simply says that at this  
20 level, if they're still carrying out the mandates of the  
21 project and it's all going to occur and it doesn't change the  
22 Trustee Council's view of the project at all, the  
23 administrative director would be -- would say yes. It's not a  
24 veto power; it's a facilitating, communicating communications.  
25 So I don't know that this -- that the way it's laid out is

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1 contrary to Mr. Rosier's intent except that you have some  
2 direct coordination, more through the administrative director  
3 for the transfers.

4 I would really have a problem with the second part,  
5 which was the administrative director, sort of, authorizing  
6 transfers of any size across the board. I think that puts him  
7 in a terrible position. For one thing, while he is a high-  
8 priced individual, he is carrying out our mandate, and I think  
9 larger transfers are practically, automatically going to have  
10 program impact, and if funds need to be re-transferred, they  
11 may not even be within that agency. It may be some program in  
12 some other agency that doesn't have enough funding to have the  
13 latitude for transfers, who is desperately requiring funds to  
14 reach its appropriate level. And, it seems to me, the  
15 administrative director can facilitate a transfer across  
16 agencies between projects.

17 So I'm not sure that the way it's written now does  
18 Mr. Rosier any disservice. I think it just really implies that  
19 the focus is not within agencies; the focus is to carry out all  
20 the projects between agencies and have an administrative  
21 director who looks across that whole spread of things.

22 I'm afraid I couldn't go along with the concept that  
23 allows it to be simply with an agency up to 25,000, and an  
24 administrative director handling anything above that, without  
25 it coming back to the Trustee Council for approval.

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1 MR. SANDOR: A point of clarification. The Chair  
2 seconded Mr. Rosier's motion on this basis: I've observed that  
3 the Department of Fish & Game has at least a dozen projects,  
4 some of which are in excess of a million dollars, and it would  
5 seem that in the conduct of those projects that the project  
6 manager, even when it's cut across departmental lines and there  
7 might be participation by multi agencies, would have need to  
8 make either the upward or reduction changes that are noted in  
9 that paragraph. It seems that the Department of Fish & Game  
10 has, essentially, that discretion and would need that  
11 discretion and that carrying these relatively minor items to  
12 the administrative director for review might, in fact, even  
13 delay or hold up some project activity. How realistic is my  
14 picture of that, Mr. Rosier?

15 MR. ROSIER: Well, certainly my motion is to address  
16 that type of situation, whether it's the Department of Fish &  
17 Game or some other agency. Where you're dealing with that  
18 number of projects, or a large number of projects on this, I  
19 think that the agencies should certainly have that capability,  
20 and I understood Mr. Gentry's explanation of the standard here,  
21 the 25,000 or 10%, was selected as a non-redirection of the  
22 project themselves. And from a -- as I understand it,  
23 procedurally, we would then, in fact, be required anytime we  
24 wanted to make any size of adjustment in a budget, whether it  
25 was 5,000, 1,000, or whatever within a budget, we would have to

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1 take that back to the administrative director in order to  
2 accomplish that. That seems a little bit minor to me for him  
3 to be having to deal with that type of thing if you've got a  
4 responsible State or Federal agency that's overseeing that.

5 MR. SANDOR: This is John Sandor again. The Chair is  
6 saying that I would presume that there would be a number of  
7 these proposals that would arise in the course of the project  
8 and, in fact, Mr. Gentry, the Financial Committee addressed  
9 this question: Was the belief that the agency's own controls  
10 over financial operating processes which, of course, is an  
11 umbrella, as you pointed out, isn't enough safeguard to grant,  
12 at least, this delegated authority to the contracting agency;  
13 what was the rationale?

14 MR. GENTRY: Mr. Chairman, I understand what Mr. Rosier  
15 is saying, and, in an ideal world, controls are expensive.  
16 Controls are burdensome. They hinder the work being done. At  
17 the same time, we are -- this whole process, the role of the  
18 Trustee Council, we are in the midst of a public controversy,  
19 and with a major public trust, and so this is a balancing act  
20 between, on the one hand, sufficient flexibility that will  
21 allow these projects to go forward in the most expeditious  
22 fashion, from one hand, and on the other, maintaining as much  
23 public accountability as we can. Now, it's a judgment call.  
24 This was our best judgment. There's no hard and fast rule  
25 here.

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1 MR. SANDOR: Any other comments? Mr. McVee.

2 MR. McVEE: I think that, I guess, my feeling is that --  
3 and I won't argue about 25 versus the 50,000, you know, at this  
4 point, but it seems to me like Mr. Gentry touched on something  
5 that is worthwhile, and I would like to suggest -- I know we  
6 have a motion on the floor, but that this paragraph be  
7 reworked, you know, maybe send this paragraph back to the  
8 committee to strengthen the discussion relative to  
9 accountability and how we're going to achieve that. I think  
10 that would help considerably.

11 MR. SANDOR: Mr. McVee, that's a suggestion, not a  
12 motion, and Mr. Pennoyer, do you have a comment?

13 MR. PENNOYER: Oh, sure. I understand Mr. Rosier's  
14 concern, so, I guess, transfers from and to a project, but the  
15 25,000 or 10%, whichever is less, is not a major amount of  
16 money. I think, as Mr. Gentry says, it's a balancing call.

17 If you would separate your motion into part A and part  
18 B, I might be more inclined to go with it. The B part is, sort  
19 of, unlimited discretion for moving funds in the hands of the  
20 administrative director, and even while I certainly trust the  
21 individual, it causes me some concern without coming back to  
22 the Trustee Council.

23 MR. ROSIER: Mr. Chairman, I would be pleased to make  
24 that modification of the motion. But, again, It think we  
25 should have the committee, perhaps, take a look at the sum

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1 level there, that the Trustee Council does not have to look at  
2 everything above 25,000 or do you leave some level there with  
3 the administrative director -- you know, give him some latitude  
4 also on that particular point. It would seem to me that that  
5 would be the desirable way to proceed. Certainly, from my  
6 standpoint, my major problem would certainly be resolved with  
7 the delegation (indiscernible) up to 25 and 10.

8 MR. SANDOR: The amended motion by the mover, Mr.  
9 Rosier, and the second, is to separate the first part of that  
10 motion and for the motion on the floor is to have that section  
11 A apply to the agency. The understanding is that the entire  
12 section needs to be rewritten. However, Dave Gibbons had a  
13 comment, for a question, to make. Mr. Gibbons.

14 DR. GIBBONS: Just a comment. I was thinking, does the  
15 Trustee Council have the authority to delegate the  
16 administrative director amount more, you know, money to move  
17 money between accounts. That's something that we need to look  
18 into, because I'm not sure that delegation is there.

19 MR. SANDOR: Mr. Gentry.

20 MR. GENTRY: Mr. Chairman, one possibility here is --  
21 and this is going to have a nasty ring to it, but something  
22 that amounts to a contingency fund, so there isn't money  
23 subtracted from a project, an increase to another project, but,  
24 in fact, simply an increase to a project, if it needs it. This  
25 is just another option.

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1           MR. SANDOR: Fellow Trustees, this discussion, I think,  
2 suggests that indeed this draft, perhaps, needs redrafting.  
3 Where do we stand, Mr. Rosier, on the motion; do we want to  
4 pursue this or have this considered -- reconsidered by the  
5 Financial Committee? Mr. Pennoyer.

6           MR. PENNOYER: Mr. Chairman, I think I can go along with  
7 paragraph A in Mr. Rosier's motion if the rewrite -- and I  
8 think we could instruct people as to what the rewrite needs to  
9 look like without necessarily waiting for two more meetings to  
10 do it. I'll reserve judgment on that till we see the whole  
11 package, but was written in a way to emphasized what the  
12 rationale for these transfers have to be; no change in project  
13 structure, it doesn't change the achievement of objectives.  
14 The concept is to move funds that aren't needed somewhere where  
15 they are needed while still accomplishing the objectives of  
16 both projects and not creating new objectives on your own by  
17 the agency. I think if the paragraph was rewritten to say  
18 that, I could go along with paragraph A intent, as it is stated  
19 in Mr. Rosier's motion.

20           MR. SANDOR: Is there any objection to or further  
21 comment on the motion? Yes, Tim Wolfe.

22           MR. WOLFE: Mr. Chairman, one additional (indiscernible)  
23 and one additional point of clarification that I would like to  
24 see brought into the paragraph, and that is that this is a one  
25 time reprogramming approval, not 25,000 today and then 25,000

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1 again tomorrow type of thing. I think that's the intent, but  
2 it could be clarified very easily.

3 MR. SANDOR: Any further questions on this motion on the  
4 floor? Is there any objection to the motion on the floor,  
5 which is to rewrite section A to include that delegation and  
6 with restraint and description that Mr. Pennoyer identified?  
7 Any objection?

8 MS. BERGMANN: Mr. Chair. Could you, please, restate  
9 that motion? We couldn't hear it at all in Anchorage.

10 MR. SANDOR: The motion on the floor by Mr. Rosier,  
11 seconded by Sandor, is that the paragraph A on the Trustee  
12 Council's delegation to the administrative director be the  
13 Trustee Council delegate to the contracting agency or the  
14 agency leading the project, have the authority to move funds  
15 between funds, up to the amount specified, and Mr. Pennoyer's  
16 clarification in the sense of the Trustee's is to rewrite that  
17 to define the limits to which these funds are shifted, and that  
18 these are one time shifts to essentially result in the most  
19 efficient use of money, so that the changes to the delegates --  
20 rather through the administrative director to the agencies  
21 leading the project.

22 MR. BERGMANN: Thank you.

23 MR. SANDOR: Any further questions or comments?  
24 Mr. Brodersen?

25 MR. BRODERSEN: Yes, Mr. Chair, maybe you can repeat for

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1 the folks (indiscernible). You might want to think about what  
2 you do when you have a multi-agency project, are you giving  
3 this authority only to the lead agency of the project or are  
4 you giving it to the individual components in each agency?

5 MR. SANDOR: The answer, I'm sure, is the lead agency,  
6 in consultation with the other agency participants. Is that  
7 right, Mr. Rosier?

8 MR. ROSIER: Yes, that's (indiscernible)

9 MR. SANDOR: Yes.

10 MR. BRODERSEN: The receiving agency and the giving  
11 agency, I would presume. Theoretically, you could have one  
12 agency giving up, another receiving. (Indiscernible)

13 MR. SANDOR: Right.

14 MR. BRODERSEN: I was talking about where we have two  
15 multi-agency projects, where one agency has a piece in both of  
16 those projects, it wants to shift money from one multi-agency  
17 project to its own other multi-agency project, it's not a lead  
18 agency in either project, does it have to go to the two lead  
19 agencies of those two projects to get permission? We better  
20 figure this out in this paragraph while we're renewing it.

21 MR. SANDOR: Yeah. With due respect to the agreement of  
22 the Trustees, we will not figure that out; we will direct that  
23 the Financial Committee will rewrite a paragraph that will,  
24 again, be brought before the Trustees. Mr. McVee.

25 MR. McVEE: Yes, Mr. Chairman. Let's allow, you know,

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1 some flexibility among the Financial Management Team -- some  
2 flexibility in its rewrite to strengthen the language relative  
3 to the accountability issues, and maybe even recognize, you  
4 know, the mix of procedures that we're all facing. Maybe we  
5 can handle that in that introductory paragraph, technically. I  
6 think that, -- you know, some of that could be put in there.  
7 That would help us. I know I've got staff people that are  
8 going to make some comments, and while I want to move this  
9 document ahead, I want to see what their comments are going to  
10 be. We just didn't have enough time, and I want to be assured  
11 that we have an opportunity to plug those comments in for  
12 consideration by the Financial Management Committee.

13 MR. SANDOR: Are there any other questions or comments  
14 on the motion on the floor?

15 MR. COLE: Mr. Chairman.

16 MR. SANDOR: Yes, Mr. Cole.

17 MR. COLE: Let's say we should think about the  
18 possibility that an agency having four or five projects might  
19 take 25,000 from each of those projects and transfer them to a  
20 singular project.

21 MR. SANDOR: Mr. Rosier, do you want to address .....

22 MR. ROSIER: Charlie, this would be -- you have to  
23 remember that this standard is applied only to the maintenance  
24 of the objectives of the original project.

25 MR. COLE: Mr. Rosier, I'm not objecting to it, I'm just

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1 saying if they're going to think about it, I mean, like keep  
2 that in mind. I have no objection to where we're going.

3 MR. PENNOYER: Mr. Chairman, this is Steve Pennoyer. I  
4 think that the mechanics and the way it's set up preclude that  
5 because it's giving or receiving 25,000 or 10%, whichever is  
6 less, so you can't take 25,000 out of three large projects and  
7 put it in one project and add 10,000 to start with and make an  
8 \$85,000.00 project out of it, so I think it's covered in the  
9 intent and the way it's set up.

10 MR. SANDOR: Any further questions or comments? Is  
11 there any objection to the motion? It is approved.

12 And we'll move on to Transfer of Exxon's Settlement  
13 Funds from the Court Registry. Any comments or questions?  
14 Moving on to Accounting and Reporting. Any comments or  
15 questions?

16 MR. COLE: Mr. Chairman.

17 MR. SANDOR: Yes, Mr. Cole.

18 MR. COLE: In this receiving one in the Transfer, is any  
19 action required by the Council?

20 MR. SANDOR: Mr. Gibbons, is there any action required  
21 on this at this time?

22 DR. GIBBONS: Yes, the Trustee Council will have to  
23 approve the amount in the format that goes to the court. It  
24 comes through the Trustee Council.

25 MR. SANDOR: This action is needed tonight?

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1 DR. GIBBONS: We'll see how we progress.

2 MR. SANDOR: Okay. Mr. Cole, Mr. Gibbons says --  
3 Dr. Gibbons says we may, as we go through the budget. I guess  
4 the original process is that we will need this approval.

5 MR. COLE: Thank you.

6 MR. SANDOR: Accounting and Reporting. Any questions or  
7 comments on Audit? Yes, Mr. Pennoyer.

8 MR. PENNOYER: Just the same comment. Financial  
9 Committee needs to put its role in there in Audit, that's in  
10 the previous paragraph under Accounting. It needs to be  
11 specified as an audit process. You need to build yourself into  
12 the diagrams again, between the Restoration Team and advising  
13 the Trustee Council, so you are performing audit functions for  
14 the Council. It isn't necessarily true the (indiscernible)  
15 Restoration Team (indiscernible).

16 MR. COLE: Mr. Chairman.

17 MR. SANDOR: Mr. Cole.

18 MR. COLE: On the Audit section, you know, in previous  
19 discussions of public comment, I think that one area in which  
20 we're apt to be criticized most because of the failure to have  
21 a careful audit procedure, and I think we should have some  
22 discussion, at least, as to whether the agencies receiving  
23 these funds should be the sole auditing mechanism or whether we  
24 should have, you might say, an outside auditor.

25 MR. SANDOR: Mr. Pennoyer.

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1           MR. PENNOYER: I completely concur. Mr. Cole, that's  
2 sort of what I was trying to get at, and maybe it wasn't  
3 adequate. The Financial Committee, in another section here,  
4 does, in fact, sort of, audit the accounting and expenditure  
5 functions by the agencies and reports to us as to whether they  
6 can appropriately handle those funds based on their current  
7 performance. That type of concept should come over to the  
8 Audit, and maybe we should additionally say, with words to the  
9 effect, that the Trustee Council will schedule periodic audits  
10 of the process. Now, whether they do that for the Financial  
11 Committee or an independent audit, you know, depending on  
12 costs, may be left up to us, but I agree with you; I think we  
13 need specific inference in here and availability of a separate  
14 audit function. I think each agency carries out audits, but I  
15 think we are going to get questioned as to the total  
16 expenditure of these funds and how it all comes together, and I  
17 think we need that opportunity.

18           MR. SANDOR: Mr. Gentry.

19           MR. GENTRY: Mr. Chairman, an elaboration on this. The  
20 audits that are performed, that, in fact, would be the primary  
21 audit completed would not be those carried out by the  
22 respective agencies; it would be carried out by the -- for the  
23 State, it's the Legislative Audit Office. The independent,  
24 from another branch of government auditor that comes in and  
25 provides the official audit of executive branch agencies, in

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1 the same way the Federal Government, the role of GAO, in regard  
2 to any Federal agency. These are the official, independent  
3 auditors, so we don't have a single agency auditing itself.

4 MR. SANDOR: I thought, perhaps though, Mr. Gentry, that  
5 there were yet other processes for independent audits aside  
6 from waiting for the General Accounting Office, but it's the  
7 concept of the Financial Committee that they would not be an  
8 independent audit other than the General Accounting Office or  
9 the Legislative Audit?

10 MR. GENTRY: At the moment, the normal auditing  
11 procedure established by Congress, adopted by the Federal  
12 Government, and similarly those normal audit procedures, again,  
13 accepted by the Legislature and the Governor, these procedures  
14 allow for independent audit.

15 MR. SANDOR: Mr. Rosier.

16 MR. ROSIER: A question on the audit. Maybe there's a  
17 simple answer to this. What happens in the case of the  
18 contractor, be they a private individual that's, perhaps, doing  
19 work for the Council, who audits that? Is that the  
20 responsibility of the State or the Federal oversight agency or  
21 -- I'm a little skeptical that Legislative and Audit is going  
22 to come in, you know, in case of a State project and do that.  
23 So it seems to me that you would need this outside interest  
24 there at some point.

25 MR. COLE: Mr. Chairman.

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1 MR. SANDOR: Yes, Mr. Cole.

2 MR. COLE: I might shed some light on that. The recent  
3 legislation passed (indiscernible) one time in House Bill 484,  
4 I think, but in the first special session, received another  
5 number, provides that only Federal and State agencies may  
6 receive funds from the Trustee Council except for  
7 administrative expenses of the Trustee Council, for better or  
8 for worse. And, therefore, I don't think the problem which  
9 Commissioner Rosier has mentioned will arise, but I suppose  
10 it's possible if a State agency does contract out some work as  
11 part of one its projects to a private contractor, might have  
12 that situation just there.

13 MR. SANDOR: Mr. Pennoyer.

14 MR. PENNOYER: Mr. Chairman, could we take care of this  
15 by in this paragraph making it clear that the Trustee Council  
16 will assure that independent audits of the program do occur,  
17 and if we decide to do it through the standard process, fine;  
18 if we decide that we're going to have an independent audit,  
19 that's fine, too. I think the implication should be there,  
20 that we're not going to simply depend on agency audits. These  
21 are through a standard process or an extraordinary process that  
22 we (indiscernible). We will assure an independent audit on the  
23 total program.

24 MR. SANDOR: Will that be rewritten to clarify the point  
25 Mr. Pennoyer made?

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1 MR. GENTRY: Yes, Mr. Chairman, it will.

2 MR. SANDOR: Any objection?

3 MR. COLE: Mr. Chairman?

4 MR. SANDOR: Yes, Mr. Cole.

5 MR. COLE: I wonder if we could solicit public comment  
6 on this issue (indiscernible), but that's sort of up to the  
7 other members of the Council, but I wonder whether that might  
8 not be a good idea.

9 MR. SANDOR: Any objection to soliciting public  
10 comments? Yes, Mr. Pennoyer.

11 MR. PENNOYER: Mr. Chairman, does that mean we're going  
12 to delay this through some process? These are not, I guess,  
13 carved in stone, and, in fact, we might find that some  
14 procedure doesn't work, by vote of this body, we can change it,  
15 and I'm not sure where we're going with this package yet. But  
16 if we reach a stage we're willing to have something available  
17 for use with the court or whatever is our initial operating  
18 procedures, I'm not sure I want to delay it for a period of a  
19 month or two to send it out. I'm not sure what's envisioned.

20 MR. COLE: The answer is no.

21 MR. SANDOR: Yeah, the next opportunity, we could,  
22 perhaps, solicit that comment.

23 MR. PENNOYER: That's fine. No objection.

24 MR. SANDOR: Any other comments on Audit or questions?

25 DR. WOLFE: Mr. Chairman.

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1 MR. SANDOR: Yes, Mr. Wolfe, sitting in for Mr. Barton.

2 DR. WOLFE: My comment has to do -- I'm not sure if it's  
3 with Accounting and Reporting or with Audit, but where have we  
4 provided for an annual combined report of accomplishment? And  
5 I would propose that we have or add into the (indiscernible) a  
6 requirement that we have an annual accomplishment report  
7 prepared and made available to the Trustees and the public each  
8 year.

9 MR. SANDOR: Any second to that motion?

10 MR. PENNOYER: I second that.

11 MR. SANDOR: It's been moved and seconded that there be  
12 an annual report written into this process. Any objection to  
13 that by any Trustees?

14 MR. COLE: Well, Mr. Chairman, I think we ought to not  
15 limit it to accomplishments. There might be some failures  
16 along the way.

17 MR. SANDOR: Any other comments? Any objection to the  
18 motion? Motion's approved. May we move on to Ownership of  
19 Equipment.

20 MS. BERGMANN: Mr. Chair.

21 MR. SANDOR: Yes.

22 MS. BERGMANN: Since the Anchorage folks missed that  
23 entire discussion about the Audits, could you, please,  
24 summarize the actions that were taken?

25 MR. SANDOR: The action that was taken with respect to

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1 the Audit inspections -- well, there were several comments, but  
2 the last motion that you did not hear was made by Mike Barton's  
3 representative, which was to produce -- to have this rewritten  
4 to produce an annual report that would show accomplishments and  
5 other significant activities, and that was approved.

6 MS. BERGMANN: So that was the only motion then?

7 MR. SANDOR: Mr. Pennoyer.

8 MR. PENNOYER: Mr. Chairman, since this is relevant to  
9 financial operating procedures, this report is relative to the  
10 expenditure of funds and the accomplishments achieved relative  
11 to that expenditure of funds, as I'm sure of other reporting  
12 requirements built in elsewhere into this process as well.

13 MR. SANDOR: The other action that was taken that  
14 Anchorage may not have heard previously was that the Trustee  
15 Council would provide an independent audit of some form other  
16 than the agency's own audit. Additionally, they agreed, at  
17 some appropriate time, public comment would be solicited on  
18 this, but not to be done at a time to delay the process which  
19 we're talking about.

20 Any other questions on Audit? Moving on to Ownership of  
21 Equipment, and comments or questions?

22 MR. McVEE: Mr. Chairman.

23 MR. SANDOR: Mr. McVee.

24 MR. McVEE: Yes, I have a problem with this section. I  
25 think what we should do with this financial document is just

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1 address the policy concerning ownership of equipment. It seems  
2 to me like there's still a lot of questions that need to be  
3 answered, you know, concerning what we want to do there. What  
4 are the controls, what are the mechanisms that everyone is  
5 using for tracking equipment, for identifying equipment that's  
6 purchased with Oil Spill money. Do we go back to, you know,  
7 prior to the date of the settlement? I guess I would suggest  
8 that we just establish a policy and then look for the Financial  
9 Committee to develop a further statement on procedures on the  
10 issue of equipment.

11 MR. SANDOR: It has been moved that this section on  
12 ownership of equipment be rewritten to simply provide a  
13 statement of policy with regard to the ownership of equipment  
14 in that the procedures be developed at a later time. Is that  
15 the motion, and is there a second?

16 MR. PENNOYER: I'll second it, for purposes of  
17 discussion.

18 MR. SANDOR: Seconded by Mr. Pennoyer, for purposes of  
19 discussion. Any comment?

20 MR. PENNOYER: Mr. Chairman.

21 MR. SANDOR: Mr. Pennoyer.

22 MR. PENNOYER: Mr. McVee, do you have a specific  
23 suggestion such as using paragraph one with some additional  
24 wording, and leaving off paragraph two?

25 MR. McVEE: Mr. Chairman. I think it would be a good

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1 start. I think that the policy, you know, could be very  
2 elemental almost in saying that the equipment purchased with  
3 joint funds would remain as -- would be recognized or be  
4 tracked as available as part of the overall program, something  
5 to that effect, just recognizing that this equipment is  
6 different than other equipment we're purchasing with  
7 appropriated money, and should be tracked differently. It  
8 could have residual value, even after it's utilized and sold,  
9 and so on and that money should maybe come back into the fund,  
10 but there's a whole are of concerns that need to be addressed,  
11 and I just think that a policy statement recognizing the  
12 equipment is under the ownership, the joint fund management of  
13 the Trustee Council, would suffice.

14 MR. SANDOR: Any further suggestions on this motion on  
15 the floor? Yes.

16 MS. BCGLOSKEY: (Indiscernible)

17 MR. SANDOR: Please come forward and identify yourself  
18 and speak on top of the microphone.

19 MS. MCGLOSKEY: My name is Maria McGloskey (ph), and  
20 (indiscernible) counsel for the Department of Agriculture, and  
21 I do have one suggestion. It's on the first paragraph, if you  
22 do use that as your starting paragraph for whatever policy you  
23 determine to come up with, I do have some concern with the  
24 statement that the Counsel has the authority to transfer  
25 equipment purchased with settlement funds by one agency. Once

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1 the equipment is purchased by an agency, it becomes the  
2 property of that agency. Whatever regulations that agency has  
3 on the Federal side there -- federal property management  
4 regulations, you would have to comply with them, and, to the  
5 extent that it's allowed within those federal regulations  
6 dealing with a transfer of property between agencies, that  
7 would be fine. The agencies may have authority to do that  
8 (indiscernible). So, in my view, does not have the authority  
9 to provide for that transfer. So you may want to have someone  
10 work at that sentence and rework it.

11 MR. SANDOR: Any other questions or comments?

12 MR. COLE: Mr. Chairman.

13 MR. SANDOR: Yes, Mr. Cole.

14 MR. COLE: I'm not sure I understood that. Is that an  
15 observation or comment if the federal agency buys personal  
16 property in connection with a project does that property remain  
17 in the ownership of the agency and cannot be recovered by the  
18 Trustee Council?

19 MS. MCGLOSKEY: All I'm suggesting is that an agency  
20 property is just that, agency property, and it's not property  
21 of the Council, and, therefore, whatever authority the agency  
22 itself has to transfer property among other agencies or, for  
23 example, between Federal and State governments, that agency  
24 must comply with that authority.

25 MR. COLE: Well, Mr. Chairman.

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1 MR. SANDOR: Yes, Mr. Cole.

2 MR. COLE: We better take a hard look at that because  
3 how can we justify contributing to the capital base of Federal  
4 agencies or State -- I guess not so much the State agencies,  
5 but Federal agencies on this project?

6 MS. MCGLOSKEY: I'm not suggesting that there cannot be  
7 any property transfers among agencies -- trustee agency. All  
8 I'm suggesting is that the agencies themselves do that within  
9 the authority and that they're granted. So if there's a way of  
10 being able to do that within the Federal property management  
11 regulations, then the agency could be free to do that.

12 MR. PENNOYER: Mr. Chairman. But you're not suggesting  
13 -- it's Steve Pennoyer -- you're not suggesting that by an  
14 agency buying equipment under this budget, it automatically  
15 becomes their property to use it in any way they wish. We can  
16 still restrict the agency's use of that equipment only to  
17 things associated with the Exxon Valdez.

18 MS. MCGLOSKEY: I believe that's correct, but the  
19 authority to transfer that among agencies may be limited by  
20 Federal regulations.

21 MR. COLE: Mr. Chairman.

22 MR. SANDOR: Mr. Cole.

23 MR. COLE: I'm troubled by the statement the authority  
24 to transfer it among or between agencies. I don't think we're  
25 talking about transferring property between Federal agencies.

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1 I think we're saying that once the property has been purchased  
2 by the Federal agency in connection with a project, and it  
3 still has value, once the project has been completed, then the  
4 Federal agency has to divvy it back up to the Trustee Council,  
5 and it is not at liberty to transfer this to another Federal  
6 agency, such as the Department of the Treasury, for example.

7 MR. SANDOR: Perhaps this illustrates the necessity of  
8 rewriting, as Mr. McVee has suggested the policy with  
9 appropriate research. Any further discussion on this question?  
10 Any objection to the motion, which is to rewrite the policy  
11 paragraph considering all the comments made and comments to be  
12 received. Motion is approved.

13 This completes the review, and the Chair would entertain  
14 a motion, I presume, to approve this in a draft form. How  
15 about this, Mr. McVee. Do you have a motion on this?

16 MR. McVEE: Try this. I think we're in a position, and  
17 I would move that we conditionally approve these procedures,  
18 subject to a meeting of the Financial Management Committee, and  
19 a rewrite of those sections that have been identified,  
20 including some editing that I'm sure that various members will  
21 suggest and -- I guess that's my motion.

22 MR. SANDOR: It's been moved, and is there a second?

23 MR. PENNOYER: I'll second that. It needs some  
24 discussion on the (indiscernible).

25 MR. SANDOR: It's been moved and seconded that we

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1 conditionally approve this section, that the Financial  
2 Committee reconvene, rewrite and incorporate these and other  
3 suggestions made. Mr. Pennoyer.

4 MR. PENNOYER: Mr. Chairman. Mr. McVee, what did you  
5 have in mind by the conditional approval of the draft? Is  
6 there something that's going to come back to us on June 29th,  
7 or do you envision something by mail earlier than that or are  
8 we going to sit on this thing for another month and a half or  
9 how are we going to handle that?

10 MR. McVEE: My intent there in the motion is that the  
11 Financial Management Committee would do a rewrite and send it  
12 as a written document to the Council members, and unless there  
13 were some problem with some section that Council members wanted  
14 to flag, then it would be considered as approved.

15 MR. SANDOR: Any further discussion or questions  
16 regarding this motion?

17 MS. BERGMANN: Mr. Chair.

18 MR. SANDOR: Yes.

19 MS. BERGMANN: I'd just like some clarification. Are we  
20 including in this motion all of the appendices or does the  
21 motion only include the main text that you've just reviewed?

22 MR. SANDOR: The motion includes the forms as well, but  
23 the rewrite itself is of the narrative discussions -- the  
24 written discussion that we've covered tonight. Any further  
25 questions or comments? Any objection to the motion? The

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1 motion is approved.

2 We express appreciation to the Financial Committee and  
3 Mr. Gentry. It is now 8:15. Do we want to take a break or do  
4 we want to continue; what's the pleasure? We are continuing to  
5 move to begin a discussion of item four, which is Budget.  
6 Mark Brodersen and Tim Steele. Mark, would you approach the  
7 bench? I should say approach the microphone.

8 (Off record comments)

9 MR. SANDOR: Well, let's just take a three-minute  
10 stretch break. Do not depart from the .....

11 MR. COLE: Mr. Chairman.

12 MR. SANDOR: Yes, Mr. Cole.

13 MR. COLE: Are we going to have a public comment section  
14 tonight?

15 MR. SANDOR: There is not to be a public comment section  
16 unless there's some desperate need, as identified.

17 MR. COLE: Thank you.

18 MR. SANDOR: There's a break -- let's say five minutes.

19 (Off record - 8:09 p.m.)

20 (On record - 8:14 p.m.)

21 MR. SANDOR: We're back to a matter of the funding needs  
22 for the agency and what happens July 1. David Gentry.

23 MR. GENTRY: Thank you, Mr. Chairman. This comment  
24 relates -- is limited to State agencies, but it has a bearing  
25 on the actions of the Trustee Council. Both Federal agencies

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1 and State agencies are currently operating on Trustee Council  
2 projects and Trustee Council work. Both Federal agencies and  
3 State agencies are using unusual pots of money, in those terms.  
4 On the State side, our fall back source of money, which for  
5 those who may recognize it, is for (indiscernible) 70 Fund or  
6 the Oil & Hazardous Substances Release Response Fund.

7 Beginning July 1, that money is no longer available to  
8 support field projects or staff support for the Trustee Council  
9 on the State side. I'd like to make sure that all Trustee  
10 members understand that State agencies must have authority and  
11 cash in hand to operate July 1, or these projects will come to  
12 a halt.

13 Thank you, Mr. Chairman.

14 MR. SANDOR: Any questions or comments on that, what  
15 appears to be an admonition? Okay. Now Mark Brodersen on item  
16 four of the agenda, Budget.

17 MR. BRODERSEN: Well, since the budget is very straight  
18 forward, rather than having me go through it ad nauseam, I'd  
19 just ask for questions and then allow you to approve it all.

20 MR. PENNOYER: Are you going to go -- Mr. Chairman.

21 MR. SANDOR: Yes, Mr. Pennoyer.

22 MR. PENNOYER: Would you, at least, explain the memo you  
23 sent out on the budget difference and their substance so we  
24 know the differences from this very excellent job of detailed  
25 breakdown and what we saw previously?

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1           MR. SANDOR: And before you do that, can you explain to  
2 the folks from the teleconference line if they, in fact, have  
3 this item and what it is we're talking about, if they do not  
4 have it.

5           Mr. Cole, do you have a memorandum dated May 20? You do  
6 not. There is a memo dated May 20 that was distributed, and  
7 we, therefore, must assume that you and others do not have  
8 this.

9           Can you describe this memorandum, Mr. Brodersen?

10          MR. BRODERSEN: Yeah, I faxed this up to Anchorage about  
11 5:00 o'clock. Earlier drafts which were very similar to it  
12 left much earlier in the day. I apologize to Attorney General  
13 Cole. We were unable to get a fax number for him to send it to  
14 him. He does not have it. Does Anchorage have this?

15          MS. BERGMANN: Yes, we do.

16          MR. BRODERSEN: What is here is an attempt to outline  
17 the differences between the April 27th budget and the one you  
18 have before you, plus a few other miscellaneous bookkeeping  
19 items. This budget had been higher than the previous one,  
20 something like about 800,000. The budget -- or the memo  
21 outlines where these increases came from, in general terms.  
22 Changing from one format to another makes it a little bit  
23 tedious to figure out exactly what happened, but we can get  
24 within a million or two for you.

25          The Restoration Planning Work Group, the original

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1 authorizations were \$300,000.00. That was only for a  
2 three-month period, so the primary increase here results from  
3 going from a three-month to a 12-month budget for the work  
4 group, about \$950,000.00 increase. So right there, we've  
5 already exceeded the total increase. We did manage to make  
6 enough cuts to get that down to only 800,000. Other things  
7 included in this is that we went from 10 months to 12 months  
8 for the Restoration Planning Work Group, and that's about  
9 \$150,000.00. The CACI contract is where I suspect we'll end up  
10 spending some time tonight. We have a higher staffing level  
11 than initially approved by the Trustee Council. Justice told  
12 us that we couldn't operate the building with those few people.  
13 They threw in, I believe, \$170,000.00, roughly, to see us  
14 through September 30th, on a non-reimbursable basis. We need  
15 to do a detailed plan for staff needs, and also for building  
16 needs for you to see what level of staffing is actually  
17 appropriate and what level of service is actually appropriate  
18 for the building.

19       We're requesting that you request from the court enough  
20 money to staff level through the period of this budget. But  
21 we're not asking for additional authorization to spend at this  
22 time, we would not until we came back to you with a service  
23 plan. We're trying to maintain flexibility on our options down  
24 the road on this and not have to go back to the court over and  
25 over again for small amounts of money. Throughout the budget,

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1 we've tried to anticipate what would be our costs to get  
2 through this 12-month period, and ask for those from the court,  
3 and that the Trustee Council can give us authorization to spend  
4 those as the Trustee Council feels is appropriate down the  
5 road.

6 Another item of \$100,000.00, it's in this budget that  
7 was not in the last budget, we've included what we think is  
8 going to be the approximate cost of the draft environmental  
9 impact statement for the Restoration Plan. There also is some  
10 increase here because of the 15 and 7% general administration  
11 being applied to the Administrative Records Office and the  
12 working groups, but agencies went through and chopped out a  
13 large number of costs so that there was not just a straight  
14 across the board increase; there was a partial increase, not a  
15 total. Figuring that number proved difficult, we can't give it  
16 to you exactly.

17 I think those are the budget items. The rest of the  
18 memo talks about the need for public comment, and then how a  
19 few of the items, such as printing of documents and public  
20 meeting costs are still shown in the Administrative Records  
21 budget, and were not broken out by work group. And we also  
22 missed on the chief scientist contract. There's only money in  
23 the budget to September 30th. You may want to consider, as we  
24 requested in the CACI Building, putting enough money in there  
25 to carry the contracts through the 12-month period. Again, you

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1 have not authorized to expend it, we're just suggesting you may  
2 want to get it. That would be another \$120,000.00 that you  
3 want to have in your bank -- in your "bank account" on the off-  
4 chance that you decide to keep the chief scientists around  
5 after September 30th, and so we wouldn't have to go back to the  
6 court and get additional funds.

7 And then, let's see, the other question we want to talk  
8 about is when do we get on the Federal fiscal year. We've laid  
9 out a couple options here. That discussion needs to -- I  
10 suspect that discussion needs to be led by someone else other  
11 than myself.

12 MR. SANDOR: May we, first of all, ask Mr. Cole, are you  
13 per chance at a location where a fax can reach you?

14 MR. COLE: No, but you'll recall, Mr. Chairman, that we  
15 discussed these subjects the other day, and Mr. Brodersen gave  
16 me a rather full briefing on the subject.

17 MR. SANDOR: Thank you. And then, for the purposes of  
18 this discussion, I guess, I would ask the advice of the  
19 Trustees to -- first of all, I would propose that we discuss in  
20 general terms some of the key issues that we may have, and, I  
21 guess, I'm going to begin with Mr. McVee and the other Federal  
22 Trustee representatives to address the question of the Federal  
23 fiscal year. Mr. McVee.

24 MR. McVEE: A couple things that I might take a little  
25 freedom with the Chair recognizing me at this time. I guess

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1 I'm concerned that when we go to the court that we will not  
2 have -- these are some things that we will not have  
3 accomplished completely -- will not have finalized that are  
4 required. We will not have a Public Advisory Group that -- I'm  
5 concerned that we'll go to the court without having formal --  
6 when I say public input, we've had 13 million, approximately, I  
7 guess, of the annual -- of the '92 program was out for public  
8 comment. The other -- the difference, the additional 5  
9 million, bringing us up to 19 million has not had public  
10 review. So when we go to the court, it seems like that we're  
11 going to be there, somewhat, with hat in hand saying that sir,  
12 we have not completed all of the requirements. We have it all  
13 in process, here's where we're at, but that we're somewhat  
14 desperate and that we need funds to continue the '92 program  
15 and to proceed with implementation of the organization and  
16 restoration. It seems to me like in that context then, we  
17 don't want to go to the court with funds for a longer period  
18 than we absolutely need, and my thought is that first  
19 identifying what we need to finish out this fiscal year, if we  
20 don't have a '93 program ready by that time, maybe we need  
21 funds for an additional quarter that would carry us through.  
22 But, I guess, I would think that the logic of that approach,  
23 you know, would be sufficient to sway the court to release the  
24 funds. Those are some of the things I'm concerned about and, I  
25 think, we need to address.

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1 MR. SANDOR: Any other general comments that the  
2 Trustees would have us focus on? Mr. Cole, would you want to  
3 react to Mr. McVee's concerns about how the court might react  
4 to our presentation of the budget as it was outlined in the  
5 package versus -- and with whatever qualifications we might  
6 have or how adequate that presentation might be, or how you  
7 might qualify that in that presentation to the court?

8 MR. COLE: I don't think it makes much .....

9 MR. SANDOR: Charlie, you're fading out. You're fading  
10 in and out. How about repeating that?

11 MR. COLE: Well, I don't think it makes much difference,  
12 one way or the other, I think I can't predict (indiscernible)  
13 might do, although, I think, we certainly substantively  
14 complied with everything which we're required to do.

15 MR. SANDOR: If the Chair may observe, it's been  
16 remarkable, from, at least, the perspective of this individual,  
17 how much has been accomplished and how much has been done in  
18 the way of public involvement and participation to this point,  
19 and while we do not actually have a Public Advisory Group, you  
20 know, organized and functioning, we're well on our way, and  
21 there appears to be a good faith case made for our performance.  
22 Any other general comments before we ask for a specific  
23 modification or actions taken by this Council? Mr. Rosier.

24 MR. ROSIER: It seems to me that, you know, the very  
25 first session this issue of public involvement has been there,

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1 and it seems to me that at each meeting that we've, in fact,  
2 made the effort -- a significant effort that's been improving  
3 as we go along to involve the public in the various decisions  
4 that have been made. You may recall we heard from some of the  
5 public that they were ready to start spending money last  
6 January or February to get a program off of the ground, and  
7 that, basically, they were anxious, at least the message that I  
8 heard, that the public has been anxious to see it move ahead  
9 with a restoration project program.

10 Are you accepting general comments as well on the  
11 Federal budget unit this time, Mr. Chairman?

12 MR. SANDOR: Yes, Mr. Rosier.

13 MR. ROSIER: Because that has moved toward the Federal  
14 budget year in this year. It seems to me if we go to the  
15 court, there's a cost that's going to go along with moving to a  
16 Federal budget year this year. Obviously, there's going to be  
17 time and resources that are going to have to go into  
18 restructuring the budgets that have been put together at the  
19 present time by the various agencies. Maybe that's not great a  
20 cost, but, nevertheless, it's going -- there is going to be  
21 that cost there, and it seems to me that with the way we've  
22 been structured at the present time, that moving towards that  
23 Federal budget year in the '93/'94 period was really what we  
24 kind of have been striving for since early '92 when we first  
25 began to meet as a Trustee Council.

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1 MR. SANDOR: I guess, with respect to the question that  
2 Mr. Rosier raises on what it would take in the way of resources  
3 and times to adjust to a Federal budget year, this year with  
4 regard to '92 actions, that may extend beyond September 1.  
5 What would be involved in rewriting or restructuring; is this a  
6 major task? Mr. Brodersen, Mr. Gibbons.

7 MR. BRODERSEN: We put this budget together with the  
8 work of many people in, roughly, two weeks, and we were able to  
9 do that because all of the underlying work had already been  
10 done. I would anticipate about a month to go through and have  
11 everybody calculate out their budgets again and get back with a  
12 new budget. This is partially dependent upon the level of  
13 accuracy that a person wants. If you wanted, we could go  
14 through and take this budget and take 7/12 of it and say it's a  
15 seven months' budget. The problem with doing that is that much  
16 of the first seven months is loaded with field programs, and  
17 the last five months is much more office work, and the cost of  
18 the last five months is probably -- I would anticipate is a  
19 whole lot less than the last five months than it would be in  
20 the first seven months. So if you were satisfied with a seven  
21 months' estimate, it could be done fairly quickly. I can sit  
22 here with my pen and write a new number for a total on it. But  
23 that doesn't do it if we're doing it on the work groups. It  
24 doesn't do us for field projects. We have seven months' budget  
25 estimate now for you for the field projects -- on a total for

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1 the field projects. We don't have those broken out by line  
2 item on these forms. It would take a couple weeks, at least,  
3 to get it onto the forms, if you wanted a seven-month budget  
4 presented to the level of detail of the 12-month budget that  
5 you have before you. So, really, the question comes back, what  
6 level of detail, what level of accuracy do you desire, and at  
7 that point, then the question could be answered a little more  
8 accurately.

9 MR. SANDOR: Mr. Brodersen or Mr. Gibbons, when will the  
10 fiscal year -- the first fiscal year of this budget be  
11 developed -- Federal fiscal year; by the end of August or when?

12 DR. GIBBONS: Mr. Chairman, this is Dave Gibbons  
13 speaking. The proposal from the Restoration Team is to have  
14 the Trustee Council approve the budget in front of you, and  
15 then the Restoration Team would come back to the Trustee  
16 Council in August or September with a fiscal year 1993 budget  
17 that would display five remaining months of the budget in front  
18 of you, and a new seven-month portion, to bring us in line with  
19 the '93 fiscal year.

20 MR. SANDOR: Would that be satisfactory to the Federal  
21 agencies involved?

22 MR. McVEE: This is Curt McVee, Mr. Chairman. I guess it  
23 bothers me because I thought that the Trustee Council, at its  
24 last meeting, gave instructions -- and, I think, it's in the  
25 minutes, to develop a budget on a fiscal year basis. Maybe

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1 it's a misunderstanding (indiscernible) that was to be done.  
2 It was my intention that we, at that time, and I thought that  
3 had been discussed that we were going to set up a seven-month  
4 budget and, you know, then start on a fiscal year basis. I  
5 guess I -- it seems to me like sensitive work groups are  
6 personnel, primarily, you know, barely are talking except maybe  
7 a contract or two, that maybe the 7/12 is what would provide a  
8 pretty accurate reflection of costs -- of what it's going to  
9 cost us. I can see the field budgets are a different matter,  
10 but the '93 field budget contracts are going to have to be left  
11 probably before or in the process, you know, before the end of  
12 September anyways. So, it seems to me like it should be pulled  
13 together in that manner.

14 MR. SANDOR: Mr. McVee, is part of your concern the time  
15 frame requirements that the Office of Management and Budget and  
16 the Congress would require to review a budget proposal in  
17 advance of the actual fiscal year, suggesting, perhaps, that 30  
18 days or 60 days -- or how much time in advance of September 1  
19 fiscal year would the OMB need to have this estimate?

20 MR. McVEE: That's hard for me to predict, you know,  
21 what they have to have. I think it wouldn't be more than 30  
22 days, but you never know. But that was part of my  
23 recommendation, was to allow for an extra in there, the first  
24 quarter of '93, to accommodate that time.

25 MR. SANDOR: Well, what I was trying to get, I guess, on

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1 the table for Trustee Council discussion, is can we do both or  
2 all three things? We have, I guess, before us the 12-month to  
3 February 28, 1993. We'll also have in the mill the process of  
4 having a Federal fiscal year '93 budget by the end of August,  
5 and can we do some projections as early as possible in advance  
6 of the August date by which you're going to develop this  
7 Federal budget so the determination can be presented to the  
8 Office of Management and Budget at the Federal level? Yes, Dr.  
9 Montegue.

10 DR. MONTEGUE: Yes, this is Jerome Montegue, and I'm  
11 speaking as chairman of the 1993 Work Plan Work Group --  
12 Working Group to do this, and we are proposing that something  
13 on the order of this be done, whether it be the end of August  
14 or sometime in early September, we haven't agreed upon, but,  
15 basically, what it will require is the Trustee Council making  
16 tentative agreement on the 1993 Work Plan, and as we know from  
17 this year, that is indeed a difficult process. But we would  
18 need approval by the Council by August on what we would -- what  
19 we need for the year. So, thank you.

20 MS. BERGMANN: Mr. Chair, this is Pamela Bergmann in  
21 Anchorage.

22 MR. SANDOR: Yes, Pamela. Can you speak up, please.

23 MS. BERGMANN: Certainly, not a problem. Just a  
24 comment. I went back through the DOI budget today to see, from  
25 our perspective, how difficult it would be to come up with the

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1 March 1 through the 31 May budget estimate and then the four-  
2 month estimate from June 1 to September 30th, which would give  
3 us the total for the seven-month period. And from our  
4 perspective, at least, and we have involvement in all of the  
5 working groups, it really didn't take that much time to go back  
6 through and figure that out, and I would submit that if each  
7 working group here would provide some consistent assumptions  
8 for all the working group members, i.e., the numbers of  
9 meetings, and give people some general guidance, that, in fact,  
10 it wouldn't take very long to go through and break those costs  
11 out for seven months. I would also like to note that I found  
12 that the first seven-month period did, in fact, take a lot of  
13 the funds that we had allocated for the entire year, in many  
14 cases, so it may not be the best thing to go through and just  
15 take 7/12.

16 Also, just from Interior's perspective, based on the  
17 direction of the Trustee Council at the last meeting, we went  
18 back and provided seven-month budgets broken out by object  
19 class for all of our projects. So, we're prepared to go  
20 forward with whatever the Trustee Council would like us to do.

21 MS. RUTHERFORD: Mr. Chair, this is Marty.

22 MR. SANDOR: Yes, Marty.

23 MS. RUTHERFORD: I just would like to note, too, I don't  
24 think Mark Brodersen had an opportunity to note that in the  
25 memo that was faxed out to all of the Trustee Council and the

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1 Restoration Team, there is a complete listing of all the '92  
2 work projects and their five-month and their seven-month budget  
3 estimates -- excuse me, their seven-month budget estimates,  
4 from 3/1/92 through 9/30/92. That's provided for all projects.

5 MR. SANDOR: Any comments or questions? Any suggestions  
6 from any of the Trustee Council on what we should proceed? And  
7 whether we can move forward with, perhaps, one, considering  
8 approval of the budget package that has been presented for the  
9 time frames presented conceptually or completely; secondly, to  
10 direct the staff to separate out the 7/12 segments that are not  
11 already separated; and, third, to develop the Federal fiscal  
12 year '93 framework budget by August -- or whenever possible.  
13 Any comments on those suggestions? Mr. McVee.

14 MR. PENNOYER: I was going to move that we do that, ask  
15 for a second, and we can amend it as we go along, if you want  
16 to.

17 MR. SANDOR: It's been moved and seconded by whom?

18 MR. PENNOYER: (Indiscernible)

19 MR. SANDOR: It's been moved by Mr. Pennoyer that we do  
20 what the chair had enunciated, I cannot remember, and seconded  
21 by whom?

22 MR. ROSIER: I'll second it.

23 MR. SANDOR: Seconded by Rosier, simply to move one, to  
24 approve the budget package that's before us; two, to separate  
25 out the seven-month period that we're dealing with; and, three,

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1 to develop the fiscal year -- Federal fiscal year '93 budget as  
2 soon as can be realistically done. Any discussion of this  
3 motion? Yes, Mr. Pennoyer.

4 MR. PENNOYER: I guess I wasn't clear on the motion of  
5 our intent, and I wanted to pass it to the budget and go into  
6 the court registry. Would we limit that to only the seven  
7 months or would you go to the court registry with this full  
8 budget and then come back and recast the way we submitted to  
9 OMB and so forth for seven months in the next fiscal year?

10 MR. SANDOR: Probably the latter.

11 MR. PENNOYER: That's okay. Thank you.

12 MR. ROSIER: What was the latter?

13 MR. PENNOYER: The latter was we would go ahead and  
14 request the -- if we approve it, the total budget and the court  
15 registry, and then come back and we would recast the  
16 appropriate fiscal years for purposes of our presentations to  
17 OMB and whoever.

18 MR. SANDOR: Is there any discussion or questions of  
19 this motion?

20 MR. COLE: Mr. Chairman.

21 MR. SANDOR: Mr. Cole.

22 MR. COLE: I think our main concerns about the ownership  
23 of personal property acquired on these projects, and, I think,  
24 there should be in each project an authorization, a provision  
25 that personal property acquired in connection with its

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1 performance of the project shall remain in the ownership of the  
2 Trustee Council and not in the ownership of the various  
3 agencies.

4 MR. SANDOR: Is there a second to that motion? The  
5 Chair seconds that.

6 MS. RUTHERFORD: Mr. Chair, this is Marty. Could you  
7 repeat the motion? We could not hear Attorney General Cole.

8 MR. SANDOR: Mr. Cole has moved that insofar as the  
9 equipment is concerned, that this remain the property of the  
10 ownership of the Trustee Council and not become the property of  
11 the agencies. Is that a fair characterization, Mr. Cole, of  
12 your motion?

13 MR. COLE: Yes, sir.

14 MR. SANDOR: Mr. Pennoyer.

15 MR. PENNOYER: Under the financial operating procedures,  
16 we, basically, I think, stated that was our intent, but because  
17 of certain restrictions on the way we may be able to word that,  
18 ask for Federal elaboration on how to write that up. I guess  
19 what I have in mind is that we heard from legal counsel, there  
20 may be some restrictions on our ability to restrict agency  
21 ownership of equipment purchased, be we may still be able to  
22 restrict agency ability to use that equipment for anything but  
23 Trustee Council business. And with that qualification, I can  
24 certainly go along with that. I think it's our intent that  
25 equipment purchased with Trustee Council approved funds should

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1 not then accrue to other activities other than Trustee Council  
2 activities. There may be some problems with the transfer back  
3 to the Trustee Council or between agencies or so forth, some  
4 legal problems, but I think it's clear that our intent is that  
5 equipment not be used on something other than Trustee Council  
6 business. And if that is incorporated in the motion so we  
7 don't put ourselves at odds of some type of Federal law that I  
8 don't understand, then I think that's appropriate.

9 MR. COLE: Mr. Chairman.

10 MR. SANDOR: Yes, Mr. Cole.

11 MR. COLE: We may not be able to exercise control over  
12 what the agency does if it acquires title, but we can certainly  
13 exercise control over whether the agency gets an appropriation  
14 to buy that property, and I, for one, am not prepared to  
15 approve any appropriations or authorizations to agencies unless  
16 that's a rock solid commitment to do. Now, you know, these  
17 properties might be used on one occasion by a Federal agency,  
18 and maybe the next year by a State agency. Furthermore, there  
19 may be purchases made in the acquisition of property to which  
20 there's no subsequent use by an agency dealing with Trustee  
21 Council matters, and we just have to draw the line, right here  
22 and now.

23 MR. SANDOR: Any further discussion? Mr. McVee.

24 MR. McVEE: Mr. Chairman, I guess the way I see this  
25 operating, since there's numerous properties -- personal

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1 properties/equipment involved in this budget that we're looking  
2 at now, and they will be purchased, I assume, by purchase  
3 order, issued by whichever agency has that project that it's  
4 associated with. The way I see it operating, hopefully, is  
5 that that agency has a mechanism to flag that project, that  
6 equipment under inventory, as being acquired with Oil Spill --  
7 Joint Settlement Funds, and that their reports listing those --  
8 that equipment is made available collectively to Trustee  
9 Council agencies maybe on a continuing basis, annual basis,  
10 quarterly basis, whatever, so that we all know what is  
11 available out there and has been purchased. And a lot of it  
12 will be handled by negotiations between say, for example, Fish  
13 & Wildlife Service and State Fish & Game, concerning a boat or  
14 whatever they purchased, utilizing it on another project -- the  
15 other agency's project. And that could be handled through --  
16 the transfer can be handled through agreement is one mechanism  
17 within the Federal family, itself a different mechanism, but I  
18 think that we need to know -- Trustee Council needs to know  
19 what is acquired so that we can manage or allow all our  
20 agencies to manage and take advantage of that equipment.

21 MR. SANDOR: Any other comments on this property issue?  
22 The motion on the floor is that property purchased from these  
23 Settlement Funds be -- remain in ownership of the Trustee  
24 Council; that they may be assigned to Federal and State  
25 agencies on a periodic basis, maybe transferred to agencies for

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1 various periods of time, that in any case that the property be  
2 identified and remain the property of the Trustee Council, not  
3 of individual agencies. That's the motion on the floor, as I  
4 understand it. Is there any dispute of that of the maker of  
5 the motion or the second?

6 MR. PENNOYER: No.

7 MR. SANDOR: Is there any further comment or question in  
8 this regard? Mr. Pennoyer.

9 MR. PENNOYER: Mr. Chairman, I'm not trying to carry  
10 this on any longer than we have to. I agree with Attorney  
11 General Cole. I think our intent is that this equipment not be  
12 used other than on Trustee Council business. But I'm not sure  
13 the Trustee Council is going to get in the position of  
14 transferring equipment. I think we may be the facilitator;  
15 we're going to monitor where the equipment is and try and  
16 assure ourselves that it is being used adequately, and we don't  
17 want to promote where else this equipment is going to be  
18 sitting where it can't be used. On the other hand, we may have  
19 problems with us transferring equipment or owning equipment,  
20 and I'm not clear, from what our lawyer said -- I think our  
21 intent is clear. Maybe if we do this from the intent  
22 standpoint, we have to try and work out operating agreements or  
23 whatever we can work out to make the intent come to fruition.  
24 I think we clearly don't want this equipment used for things  
25 other than Trustee Council business. We also clearly don't

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1 want warehouses full of equipment sitting somewhere that don't  
2 have use in other projects than the agency that purchased the  
3 equipment in the first place. With that intent being clear,  
4 we're may have to find our way to implement that, from what I'm  
5 hearing.

6 DR. WOLFE: Mr. Chairman.

7 MR. SANDOR: Yes, Mr. Wolfe.

8 DR. WOLFE: Would it be feasible for us to have a  
9 six-party memorandum of agreement to address this issue? I  
10 don't see any other way to get around the objectives at this  
11 point in time, and I would ask that we have our general counsel  
12 in Law look at the opportunities for using the memorandum of  
13 agreement of the six parties to address that issue.

14 MR. SANDOR: The comments by Mr. Wolfe are presenting  
15 Trustee (indiscernible) is that exploration by counsel of a  
16 six-party memorandum of agreement with respect to equipment  
17 purchases be explored. That in no way distracts from the  
18 motion on the floor. I guess it's a point of clarification,  
19 Mr. Wolfe?

20 DR. WOLFE: As to how we could deal with the proposal.

21 MR. SANDOR: Is there any further question or comments  
22 on the motion on the floor? Any objection to the motion on the  
23 floor with the clarifying points of this being referred to  
24 counsel for the possibility of administering this through a  
25 six-party memorandum of agreement? There being no objection,

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1 the motion is adopted.

2 Is there a motion to approve the Budget package that has  
3 been presented, to be followed by approval of the intent to  
4 separate out the seven months and move to develop a fiscal year  
5 -- federal fiscal year '93 budget? Yes.

6 MR. PENNOYER: I believe that motion is no the floor?

7 MR. SANDOR: It's on the floor.

8 MR. PENNOYER: It's been seconded by Mr. Rosier.

9 MR. SANDOR: Is there any objection to that motion?

10 MR. McVEE: A point of clarification, I think. Was  
11 there one part of -- Mr. Chairman .....

12 MR. SANDOR: Yes.

13 MR. McVEE: One part of that motion was subject to a  
14 review in August and maybe we caused some -- the budget to be  
15 recast, based upon our OMB requirements.

16 MR. SANDOR: Right. Any further question or  
17 clarification? Mr. Wolfe.

18 DR. WOLFE: A point of clarification that has to do  
19 with would we still go through a public comment period on the  
20 '92 portion of that budget? It's assumed we would do that  
21 somehow or other.

22 MR. SANDOR: Probably not. For just the '92 portion;  
23 what do you mean? We've already been through -- have we not  
24 already been through the public .....

25 UNIDENTIFIED SPEAKER: For the five million.

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1 MR. ROSIER: Are you talking about the project budgets  
2 that are out now? That's a public review process that's under  
3 way.

4 MR. PENNOYER: It's still due June 29th, I presume.  
5 You're talking about the administrative part? That wasn't  
6 incorporated in the motion. That would have to be an  
7 amendment, I suppose.

8 MR. SANDOR: Is there .....

9 MR. PENNOYER: It's not under public review now. The  
10 administrative part is not. (Indiscernible) options on how to  
11 deal with that, but right now the administrative portion of the  
12 budget, Mr. Chairman, is not out to public review.

13 MR. SANDOR: Well, can we handle the three parts of the  
14 motion that are on the floor and deal with this public  
15 involvement separately. Is there any further discussion on the  
16 three-part motion on the floor? Any opposition to the  
17 three-part motion on the floor? Being none, the motion is  
18 adopted.

19 Can we have a motion with respect to public involvement  
20 on the \$5 million administrative budget that's not been dealt  
21 with?

22 (Indiscernible)

23 MS. BERGMANN: Mr. Chair.

24 MR. SANDOR: Yes.

25 MS. BERGMANN: Juneau is fading out again and we've

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1 really missed and need a recap of what's happening here with  
2 the budget, please.

3 MR. SANDOR: What is happening with respect to the  
4 budget, the motion that was just approved was as follows: Part  
5 one, that the budget package that was developed for review for  
6 the period ending February 28, 1993, is approved. It is also  
7 approved that the Team develop a seven-month budget, separating  
8 out the seven months that remain in this part of fiscal year  
9 '92 -- Federal fiscal year '92. And, thirdly, by the end of  
10 August, or earlier, if possible, the Federal fiscal year '93  
11 budget be passed and developed as early as possible to be able  
12 to be transmitted to the Office of Management and Budget at the  
13 Federal level. That three-part motion was passed.

14 MS. BERGMANN: Okay. I have two questiond, Mr. Chair.

15 MR. SANDOR: Yes, if you will, Pamela.

16 MS. BERGMANN: Yes. On the separating out the budget  
17 for the seven-month period, was there a time frame for that --  
18 is my first question; when does the Trustee Council need the RT  
19 to do that? And the second question is: What level of detail  
20 do you with those budgets to be broken out into? For example,  
21 in the projects, do you want just a total for each project for  
22 the seven-month period or would you like those broken down into  
23 the six classifications?

24 MR. SANDOR: The question on timing would be, I believe,  
25 it's the sense of Trustees, as soon as possible. With respect

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1 to the extent of detail, as to be developed jointly, the  
2 Restoration Team and the Financial Committee representatives to  
3 discuss this unless the Trustee Council would want to give  
4 specific direction in this regard.

5 MS. BERGMANN: Okay, thank you.

6 MR. SANDOR: The question that remains on the floor is  
7 how to deal with the \$5 million that has not been reviewed by  
8 the public. The Green Book essentially includes all appeals  
9 activities for '92, and certainly has had adequate public  
10 review or is undergoing public review process. Mr. Wolfe and  
11 others suggested -- and, I guess, is this the form of a motion?

12 DR. WOLFE: Mr. Wolfe moves that a public process --  
13 public involvement process focus on this \$5 million at some  
14 point in time. Is that seconded by Pennoyer?

15 MR. PENNOYER: Mr. Chairman, I second it. There are  
16 several ways to do this, however, and we really need to give  
17 some instructions to the Team as to which option we wish to  
18 use.

19 MR. SANDOR: Would you address maybe some -- the motion  
20 is on the floor and seconded, how could this be done?

21 MR. PENNOYER: Mr. Chairman, I think Mr. Brodersen is  
22 prepared to address those options, or Dr. Gibbons.

23 MR. BRODERSEN: This is Mark Brodersen. In the memo  
24 before you, we've tried to lay out three possible options.  
25 Ranking from the first option is the least expensive, the last

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1 option allows the most public involvement, so this is a trade-  
2 off here between the more public involvement, the more it costs  
3 you to have it.

4       The first option is that, essentially, these budgets  
5 have been before the public at the last two Trustee Council  
6 meetings. One could just claim that they are out there. The  
7 only difference, really, is the format. We can announce their  
8 availability to the public, and ask for comments. The budget  
9 would then be amended to June 29th and 30th meeting, if  
10 appropriate. That's the cheapest. It may or may not satisfy  
11 your desire for public input.

12       The second option is that we are going to have to do  
13 thoroughly extensive advertising for the June 29th Trustee  
14 Council meeting as it is. We could -- to announce the meeting.  
15 We could increase the size of the announcement to let folks  
16 know that these budgets are available. Summaries would be  
17 available for mailing out, that it's available in OSPIC, it's  
18 available for inner-library loan, would people, please, get a  
19 hold of the document and send in their comments as appropriate.  
20 They would, hopefully, do so. We could take public comment  
21 June 29th Trustee Council meeting and then take whatever  
22 additional action is appropriate on the budget.

23       The last option calls for provisional approval of the  
24 budget, as would the other two. We could put together a  
25 condensed version of the budget, send it out with a habitat

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1 protection supplement that Trustee Council has suggested we  
2 sent out, and that sometime after the June 29th session,  
3 probably the next Council meeting in August, we could then have  
4 final approval of the budget following 30 to 45-day formal  
5 public review of it.

6 So, as I say, you have a sliding option here. The cost  
7 goes up with each option. There's actually, in between, a  
8 continuum of options.

9 MR. SANDOR: Does the motion maker or the second and/or  
10 want to suggest a specific option? Mr. McVee.

11 MR. McVEE: It seems to me like with the level of detail  
12 that we have in the budget documents now that the additional  
13 \$5 million overhead or administrative costs, work groups, and  
14 so on, could be pretty quickly and pretty easily extracted in  
15 summary form. They don't have to constitute all of the pages,  
16 all of the forms that we went through, but in a summary form, a  
17 one page or two-page synopsis of what's involved in that, and  
18 then, in my mind, you know, the quicker that could get out, the  
19 better. You know, if it were possible by -- to extract that by  
20 the end of the week in order to (indiscernible) or, if  
21 possible, to put it with the habitat plan. It seems like the  
22 sooner the better that gets out there.

23 MR. SANDOR: Mr. Pennoyer.

24 MR. PENNOYER: Sir, I'm not anxious, however, to wait  
25 for an additional end of August discussion on approval of this.

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1 If we can do it sooner than that, coupled with the time frame  
2 we're now dealing with, somehow give notice -- I assume we have  
3 had notification of this over a couple of meetings. It's not  
4 like it was a secret. If there's some way to incorporate that  
5 in sending out this abbreviated review that Mr. McVee talked  
6 about so we don't wait until August or something. I just --  
7 I'd like to get the whole thing approved, if we're going to do  
8 it. And the original motion on the budget that we approved  
9 incorporated the fact that it's still pending public review.  
10 We're going to come back and look at it again. I'd like to  
11 look at the whole thing June 29th, not do it piecemeal. So  
12 whatever -- however we send this out, notify people, ask them  
13 for further comments, (indiscernible) has been there before and  
14 now we have more detail prepared. This is a follow-up to our  
15 previous mail-out, and the time frame for comment is the same,  
16 if we can do it. I really don't want to do a June 29th budget  
17 approval or disapproval and then come back and do another July  
18 15th budget approval or disapproval, another one August 1st.  
19 We'll already be through most of this year anyway, by that  
20 time, so .....

21 MR. SANDOR: Is the correct in assuming that the Trustee  
22 Council agrees with Mr. Pennoyer's assessment and desire that  
23 this be developed, one, as soon as possible, as realistically  
24 can be developed? Is there any further questions or comments  
25 on the motion? Yes, Mr. Brodersen.

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1 MR. BRODERSEN: We may want to consider the possibility  
2 of doing advertising that is available as people request it  
3 rather than doing a mail-out. A mail-out will end up costing  
4 us several grand, and I don't know that we, necessarily, want  
5 to spend that kind of money for what may not be very much  
6 comment back. I also want to chat, for just a moment on trying  
7 to condense this down to just one or two pages. One or two  
8 pages would probably result in sticker shock, considering that  
9 there's not much backup as to what's there. I know when I  
10 first looked at the two pages of just the administrative  
11 director and the Restoration Team in summary, wondering how on  
12 Earth could numbers be so high, and then you start delving into  
13 it and suddenly it becomes apparent. With just the two summary  
14 pages, really, it's not enough information, but I suspect the  
15 comments you'll get back, will essentially, all be negative.  
16 People who agree with it wouldn't bother to write in, people  
17 who disagree will let you know vehemently. That either puts  
18 you in the position of having to chop the budget or else going  
19 against the will of the people, neither one of which, to me,  
20 seems very desirable. So we need to be very careful in how we  
21 summarize this.

22 MR. SANDOR: On the other hand, there are Trustees that  
23 would be delighted that .....

24 MR. BRODERSEN: That's why I said, we may  
25 (indiscernible)

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1 MR. PENNOYER: Mr. Chairman.

2 MR. SANDOR: Yes, Mr. ....

3 MR. PENNOYER: On the ....

4 MR. SANDOR: .... Pennoyer.

5 MR. PENNOYER: .... other hand, if we simply send out a  
6 notice of availability, and you do educate the relative  
7 magnitude in that notice, that's even worse than a ....

8 MR. BRODERSEN: I wouldn't do that.

9 MR. PENNOYER: .... (indiscernible) you said it was  
10 available and wouldn't tell anybody how much it was.

11 MR. BRODERSEN: You bet.

12 MR. SANDOR: It's presumed that we would use discretion  
13 and, of course, to have as full a public disclosure as  
14 possible, and, certainly, as much backup material. Is there  
15 any further comments or questions on this motion?

16 MR. COLE: Mr. Chairman.

17 MR. SANDOR: Yes, Mr. Cole.

18 MR. COLE: Could we not send out the details to public  
19 libraries in various communities in which there are people who  
20 may have an interest in this to say that this information is  
21 available there?

22 MR. SANDOR: That would be done, I'm assured by  
23 Dr. Gibbons and staff.

24 MR. COLE: I would like to say one other thing that may  
25 be appropriate at this time. I think we should start

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1 advertising the June 29th meeting early. We've had complaints  
2 from people in communities who only have weekly newspapers that  
3 this information about meetings is not being adequately given  
4 to them. So let's err on the side of full notice and start  
5 publishing notice of the June 29 meeting early in June; give  
6 three weeks' notice. I mean, it just seems to me that it's  
7 good policy.

8 MR. SANDOR: Thank you, Mr. Cole. Any further comments  
9 on the motion? Any objection to the motion? The motion is  
10 adopted. Any objection to the policy that we have public  
11 notices out three weeks in advance or more and specifically for  
12 the June 29 meeting that that be out in early June at the  
13 latest? That is approved.

14 DR. GIBBONS: Mr. Chair.

15 MR. SANDOR: Dr. Gibbons.

16 DR. GIBBONS: Mr. Chair, can you clarify the motion so  
17 I'm .....

18 MR. BRODERSEN: What are we supposed to do?

19 DR. GIBBONS: I was thinking it was option 2.

20 MR. SANDOR: Well, .....

21 MR. BRODERSEN: Do you want a mail-out or just public  
22 notice at the time of notice of the meeting, which Attorney  
23 General Cole has requested we do early on, which was when I was  
24 (indiscernible) Do we do a mail-out or is it just to be a  
25 notice in the newspapers that's sufficient that it's available?

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1 MR. PENNOYER: And other distributional areas that you  
2 might think of as well.

3 MR. BRODERSEN: But don't do a mail-out?

4 MR. SANDOR: In any case, for recapitulation, the  
5 Trustee Council have approved a formal public involvement  
6 process of the budget as outlined in option 1, 2, and 3. My  
7 interpretation was that we would go as far as -- at least as 2,  
8 and consider expanding that to include as much of option 3 as  
9 is realistic.

10 MR. PENNOYER: Mr. Chairman, not a general mail-out but  
11 to any distributional centers you think are appropriate for the  
12 notice of availability.

13 MR. SANDOR: Certainly libraries and .....

14 MR. PENNOYER: In each community, if possible.

15 MR. SANDOR: Each community office, key organizations.  
16 And then with respect to the June 29 meeting, that will get  
17 noticed on that as well, at the same time, and widely  
18 publicized. Any further questions on what action has been  
19 taken?

20 DR. WOLFE: Mr. Chairman, just one comment. There was  
21 notice in the Daily News today, as a matter of fact, of the  
22 meeting on the 29th. It was a reporter's comment that there  
23 was going to be a meeting, so (indiscernible) starts with that  
24 notice.

25 MR. SANDOR: Hallelujah. Let's move on then to item

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1 five on the agenda, the Request of Funds From the Court  
2 Registry. Dr. Gibbons.

3 DR. GIBBONS: This agenda item was last -- to see how  
4 far we got through the budget. The action taken by the Trustee  
5 Council was to approve the yearly budget with a request to, you  
6 know, put it to a seven-month initial budget and then come back  
7 in August or September -- early September, with a fiscal year  
8 '93. And so with that motion, I request the Trustee Council --  
9 there's a summary sheet in the book, under the red tab, Budget.  
10 It has a sign-off for the total budget that's represented in  
11 this book, and it has a signing space for the six Trustee  
12 Council members, and this action on it would be to sign this to  
13 start the initial action to petition the court. And we would  
14 petition the court as quickly as possible.

15 MR. SANDOR: Would we explain to the court, I presume,  
16 the process of limitations and the intention to -- as has been  
17 discussed at this meeting tonight?

18 DR. GIBBONS: That's correct. We would give them the  
19 information, but we wouldn't bog them down with all the  
20 details.

21 MR. PENNOYER: But a package -- Mr. Chairman -- but a  
22 package would come back to the Trustee Council to look at  
23 before it goes off to see that those qualifications and the  
24 procedures and so forth have been dealt with?

25 DR. GIBBONS: That's correct. That would be circulated

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1 through the Trustee Council for review. We don't envision a  
2 meeting is needed.

3 MR. SANDOR: Mr. McVee.

4 MR. McVEE: Yes, Mr. Chairman, I've got serious problems  
5 in that I realize that we all have different delegations of  
6 authority, and I guess that's been one reason why the  
7 Department of Interior's been stressing the need for what we  
8 call the six-way agreement, which was would establish a base  
9 for the authorities of the Trustee Council. And I would -- I  
10 think it's essential that we move forward with that agreement  
11 at this time, because of differing authorities, and the  
12 authority I have on this, I do not have authority to sign a  
13 document at this point in time to go to the court. That's been  
14 retained by the Interior Trustee. And I think that if we could  
15 process -- do, you know, the six-way agreement on that basis,  
16 that there would be some delegation that would be made.

17 MR. SANDOR: The chair then would make reference to the  
18 formal memorandum of agreement which Curt McVee alludes to that  
19 would, in fact, meet the requirement that the Department of  
20 Interior has with respect to being able to delegate this  
21 authority. Is there any objection to the memorandum of  
22 agreement being reviewed by counsel of the State and Federal  
23 Governments, and approve the -- circulate it for signature  
24 after review by the Department of Law of the State of Alaska  
25 and the counsel for the Federal agencies? Yes, Mr. Pennoyer.

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1           MR. PENNOYER: Mr. Chairman, we've got a timing problem  
2 here, I think, in terms of the fact that I don't think we can  
3 agree on this memorandum of agreement yet tonight because it's  
4 still being reviewed, and to ask to sign something that we  
5 can't sign until it's agreed -- so, I guess, my suggestion is  
6 that we take the sign- -- we go to get our package back to go  
7 to the court of registry, and we proceed down the track on  
8 trying to get agreement on this memorandum of agreement, which,  
9 Mr. McVee, I think maybe I have to add, and put off (ph)  
10 signing this until we see the package. Hopefully, this will be  
11 completed before the memorandum of agreement will be completed  
12 before that, pending this court registry formal round, all of  
13 us to sign off on by that time. So if the timing would work  
14 out on that, if we can move the memorandum of agreement to our  
15 various processes and come up with a signature on it, then we  
16 can move on the court registry item and sign it. But we can't  
17 do either of these tonight, I don't think, the way it sounds.

18           MR. SANDOR: It is the sense of the Trustee Council -- I  
19 guess, this is what I'm trying to bring to closure, that, one,  
20 inasmuch as the Department of Interior requires an agreement  
21 that will enable authority to be delegated for at least two  
22 members of the Trustee Council, to find that, one, we move to  
23 develop such an agreement as quickly as possible, and that,  
24 two, it is the intent -- an agreement of the Trustee Council in  
25 its meeting tonight that we would, in fact, sign the request to

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1 the court. Would that .....

2 MR. PENNOYER: Given that proviso, that's my  
3 understanding.

4 MR. SANDOR: Essentially, it would, obviously, have to  
5 have a memorandum of agreement completed for at least two of  
6 the agencies.

7 MR. PENNOYER: One and a half.

8 MR. SANDOR: One and a half agencies, okay.

9 MR. COLE: Mr. Chairman.

10 MR. SANDOR: Yes, Mr. Cole.

11 MR. COLE: Why don't we just have the secretary himself  
12 sign the request to the court, in the interim here while we're  
13 working out this six-way agreement?

14 MR. SANDOR: Is there any objection to that option?  
15 Yes, everybody nods affirmatively, so that option will also be  
16 explored and utilized, if it will facilitate the request to the  
17 court.

18 Any further discussion of this item? In summary then,  
19 we've agreed to, one, approve the part -- petition requesting  
20 the signature of the Secretary of Interior as one option,  
21 proceeding also to the development of a memorandum of agreement  
22 for this and for future purposes, and, thirdly, then have that  
23 sequentially done in the order so that this can be gotten to  
24 the court as soon as possible.

25 Any further items before we set the date, confirm the

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1 location -- can we confirm the location of our meeting on June  
2 29 at Anchorage? At what location in Anchorage? At the  
3 Simpson Building in Anchorage. And what are the hours of the  
4 meeting on June 29? (Indiscernible - simultaneous talking)  
5 9:00 a.m., 8:00 a.m. -- what are our hours?

6 (Indiscernible - simultaneous talking)

7 UNIDENTIFIED SPEAKER: I think there's a good  
8 possibility that if we were to start early, we could get done  
9 in one day. If we start late, we're apt to flop over to a  
10 second day. So if we could get going earlier, it would sure be  
11 nice if we could get done in one day.

12 MR. SANDOR: The 29th is what day of the week? Tuesday,  
13 yes. (Indiscernible - simultaneous talking) Okay, the next  
14 meeting then is Monday, June 29, 1992, and the meeting will  
15 commence at what time? 8:00 a.m. -- on Monday, June 29, 8:00  
16 a.m., at the Simpson Building in Anchorage.

17 Any further items to be brought? And this meeting can  
18 adjourn with great appreciation to the groups who did a fine  
19 job of putting the material together.

20 Good night.

21 (Off record - 9:18 p.m.)

22 (END OF PROCEEDINGS)

23 \* \* \* \* \*

24

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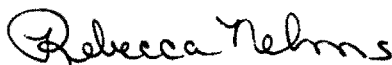
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THAT this Transcript, as heretofore annexed, is a true and correct transcription of the proceedings, taken by Laurel L. Kehler and thereafter transcribed by Laurel L. Kehler.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal this 23rd day of May, 1992.



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