

TRUSTEE COUNCIL MEETING
TRANSCRIPTS, NOV. 2-3 1994

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EXXON VALDEZ OIL SPILL SETTLEMENT TRUSTEE COUNCIL

RESTORATION OFFICE
Simpson Building
645 G Street
Anchorage, Alaska

Trustee Council Meeting

November 2-3, 1994
10:00 a.m.

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EXXON VALDEZ OIL SPILL
TRUSTEE COUNCIL
ADMINISTRATIVE RECORD

TRUSTEE COUNCIL MEMBERS in attendance:

STATE OF ALASKA

MR. CRAIG TILLERY
Trustee Representative for
BRUCE BOTELHO, Attorney
General, Alaska Department of
Law

STATE OF ALASKA DEPARTMENT
OF ENVIRONMENTAL CONSERVATION

MR. JOHN SANDOR, Commissioner,
MR. MARK BRODERSON, Trustee
Representative

UNITED STATES DEPARTMENT
OF THE INTERIOR

MR. GEORGE FRAMPTON, Assistant
Secretary; MS. DEBORAH
WILLIAMS, Trustee
Representative

STATE OF ALASKA DEPARTMENT
OF FISH AND GAME

MR. CARL ROSIER,
Commissioner

UNITED STATES DEPARTMENT OF
AGRICULTURE - FOREST SERVICE

MR. PHIL JANIK,
Regional Forester

UNITED STATES DEPARTMENT OF
COMMERCE - NOAA

MR. STEVE PENNOYER
Director, Alaska Region,
National Marine Fisheries
Service

TRUSTEE COUNCIL STAFF

MR. JIM AYERS Executive Director, Trustees Council
MS. MOLLY MCCAMMON Director of Operations

OTHERS IN ATTENDANCE in person or via teleconference

MS. DONNA FISCHER, Vice Chair, EVOS Trustee Council Public Advisory Group
DR. ROBERT SPIES, Chief Scientist, EVOS Trustee Council
MR. ROBERT STORER, Chief Investment Officer, Alaska Department of Revenue
MR. JIM GRAY
MS. TORIE BAKER, Cordova District Fishermen United
MS. THEA THOMAS (teleconference, Cordova)
MR. CHIP THOMA (teleconference, Juneau)
MR. NORMAN SUTLIFF (teleconference, Kodiak)
MR. RICK SEMRIGLIO (teleconference, Seward)
MR. CHRIS MOSS (teleconference, Homer)
MR. HOWARD FERREN, Prince William Sound Aquaculture Corporation
SEN. ARLIS STURGELEWSKI
MR. JAMES MYKLAND (teleconference, Cordova)
MR. MARK LUTTRELLE (teleconference, Seward)
MR. MICHAEL McNIVEN (teleconference, Homer)
MS. CAROL BOEHNERT, Alaska Center for the Environment
MR. THEO MATTHEWS, UFA and UCIDA
MR. HENRY MAKARKA (teleconference, Cordova)
MR. MARK BUCKLEY
MS. SHANNON RANDALL
MR. TOM DOOLEY
MR. KELLEY WEAVERLING
MR. PAUL ROETMAN, Prince William Sound Economic Development Council (teleconference, Valdez)
MR. CHARLES MCKEE
MR. KARL BECKER
MS. PAMELA BRODIE, Sierra Club
MR. FRANK PETERSON, Ayakulik Corporation
MR. DAVID CLINE, President, Kodiak Brown Bear Trust, and Representative, National Audubon Society
MR. GREG PETRICH
MR. RICHARD HENDRICKS
MR. CRAIG MATKIN
MR. BUFF BOHLEN, U.S. Department of the Interior
MR. GLEN ELISON, U.S. Fish & Wildlife
MR. BARRY ROTH, U.S. Department of the Interior
MR. LARRY LANDRY, Attorney for Ahkiok-Kaguyak, Inc.
MR. ART WIENER, Alaska Department of Natural Resources

DR. JOE SULLIVAN, Alaska Department of Fish & Game
DR. JEROME MONTAGUE, Alaska Department of Fish & Game
MS. RITA MIRAGLIA, Alaska Department of Fish & Game
DR. DAVE GIBBONS, U.S. Forest Service
MR. BOB LOEFFLER, Alaska Department of Environmental Conservation
MS. VERONICA GILBERT
MR. MARK KUWADA, Alaska Department of Fish & Game

P R O C E E D I N G S

(On Record 10:06 a.m.)

MR. PENNOYER: It's ten o'clock and I like to go ahead and get started if we can, if the Trustee Council members could take their places. (Long Pause) Guess we're all here, I'd like to go ahead and get started, and convene this meeting of the Exxon Valdez Oil Spill Settlement Trustee Council. I'd like to announce that present are Phil Janik, Regional Forester for the Alaska Region, U.S. Department of Agriculture; Craig Tillery, Attorney General's office, State of Alaska; John Sandor, Commissioner of the Alaska Department of the Environmental Conservation; Carl Rosier, the Commissioner of the Alaska Department of Fish & Game; Mr. George Frampton, Jr., Assistant Secretary for the Fish & Wildlife and Parks, with the Department of Interior; and myself, Director of the Alaska Region of National Marine Fisheries Service, National Oceanic and Atmospheric Administration. I've been nominated to chair this body today, and hopefully we won't have too many recesses to this meeting. So, we have a very long agenda in front of us. I don't know what our time frame is going to be, but we've set up, potential for using part or all of these two days to get through it. I'd also like to mention Jim Ayers and Molly McCammon, the Executive Director's office for the Trustee Council are here as well. The first item on the agenda is the approval of the agenda. Does anybody, hopefully, not want to add something to this list? Hearing no additions, we'll leave that open as we continue our discussions, but at the moment we won't do it. Order of the day,

1 Jim do you want to lead us through the order of the day?

2 MR. AYERS: Yes, thank you, Mr. Chairman, Trustees.
3 As you said, there are a number of things on the agenda today. I
4 think there are many things on the agenda today that reflect the
5 significant step forward by the Trustee Council. There are a
6 number of documents that will be discussed today, and there are
7 copies of those various documents. The financial report, and we'll
8 be talking about the finances in early report under the Executive
9 Director's -- the Restoration Plan, subject to the ROD, and a
10 discussion of the Restoration Plan and adoption, and also a letter
11 of concurrence. There's investment options that will be discussed
12 this afternoon with regard to the both the restoration reserve and
13 the joint trust fund balance. There will be a discussion about
14 habitat protection, I'll get into those under Executive Director's
15 report. There are a variety of resolutions with regard to habitat
16 protection. There is the research facility and infrastructure
17 improvements in Seward, and that package, and that document, and a
18 specific resolution and letters of acknowledgement and non-
19 objection from the Department of Justice, and we'll be discussing
20 that later this afternoon, and, of course, there's the '95 Work
21 Plan that will be coming up either later this afternoon or probably
22 tomorrow morning, and a number of the projects that are related.
23 These are all documents -- all items that we'll take action, or
24 require some action by the Trustee Council, and there's also a
25 couple of different reports, including the appraisal status report
26 from the Department of Agriculture, United States Forest Service.

1 So, all of those items, Mr. Chairman, will be discussed, but there
2 are also those various documents totaling some ten different
3 documents and action items that will be before you today, so we
4 will be moving a mass of paper as we take our giant step forward.

5 MR. PENNOYER: Thank you, Mr. Ayers, I notice also we've
6 got a public comment period from 11:30 to 12:30. Given the length
7 of the agenda, we'll probably going to limit public testimony to
8 three minutes for individuals if we can. I don't know how many
9 people want to testify, but -- and then you have a lunch period
10 from 12:30 to 1:00, and I assume an executive session is scheduled
11 for that time as well.

12 MR. AYERS: Yes, I'm sorry, Mr. Chairman. We -- we do
13 intend and we do have planned a working lunch as an executive
14 session immediately following the public comment period. I assume
15 that the executive session will take -- and lunch will take
16 probably forty-five minutes to an hour. We'll come back from
17 executive session and begin the action items which will begin with
18 the Restoration Plan. There are copies that have been circulated,
19 but we also have copies for you. We'll then have a presentation
20 and discussion from Bob Storer, Senior Investment Officer, State of
21 Alaska, regarding the investment strategy that is in your packet.
22 Following the investment strategy we'll go into a discussion, and
23 actually we'll -- I don't think we'll need an additional executive
24 session, we'll simply move to habitat acquisition and protection
25 discussion both briefings on negotiations as well as thoughtful
26 actions of the day. The Institute of Marine Science infrastructure

1 improvement would follow that, and then, as I say, depending on
2 where we are in the day, we would begin the '95 Work Plan
3 discussion.

4 MR. PENNOYER: Thank you. Any comments on the general
5 order of the day? All right, then we might as well proceed with
6 it. I think the first item you have on here, or I guess it's an
7 action item, is approval of the October 5th, 1994 meeting notes.

8 (Aside comments about loud construction noise that was
9 interrupting the meeting.)

10 MR. PENNOYER: Mr. Ayers, the action item on the meeting
11 actions, do we need to just approve ...

12 MR. AYERS: There are meeting notes before you for
13 October 5th, and you do need a notion -- a notion? You need a
14 notion and a motion to adopt those meeting notes, Mr. Chairman,
15 subject to any amendments.

16 MR. PENNOYER: I have a notion I'd like a motion.
17 Anybody move these to adopt. (Maker of motion unknown.)

18 MR. FRAMPTON: Second.

19 MR. PENNOYER: Seconded. Any discussion on this item?
20 Did you all have a chance to look at it? Thank you. Is there any
21 objection to the adoption of the meeting minutes. Considered
22 adopted then. The next item on the agenda is the Public Advisory
23 Group report. Donna Fischer, vice chair, Donna.

24 MR. FISCHER: Good morning to all of you, and if I
25 stumble a little bit, please forgive me, I'll try not to do what
26 you did, Jim, but I'm sure I will because Valdez, as you know, with

1 weather conditions at time we can get closed in so we drove most of
2 the night to get here today. I'd like to recognize also some of
3 the PAG members that are in the audience since this will be
4 probably the last time as a group that we were -- of the original
5 people, are here in attendance and I'd like the PAG members to
6 stand up, please. Kim (Benton), she was an alternate, Chuck
7 Totemoff was here, are there any other PAG members that were here?
8 Okay. Oh, Pam Brodie is here. But, we're of the original group of
9 PAG members that have been sitting on this when it first started
10 two years ago, and on this last report given to you from the
11 original PAG members, we had no handbook of how to do -- without
12 instructions, yet seventeen people came together with different
13 principal interests to give advice and direction to you, the
14 Trustees. We represent -- different people that we represent, we
15 did one heck of a good job, we feel. We worked hard with all the
16 different personalities. We had a common goal, and that common
17 goal was restoration. At our last meeting on October 12th and
18 13th, we passed a resolution on the Institute of Marine Science in
19 Seward. Our concerns were included in the four leaps of faith that
20 Director Ayers came up with, him and Molly, had expressed to us
21 that they had looked at, and included in the four leaps of faith
22 used on this project, for one, the cost. We as PAG members felt
23 that was quite high. We felt it is an enormous cost, and one of
24 the leaps of faith was private fundraising that they'll try to use
25 to -- to help offset some of the expenses besides what the State
26 has contributed and what the Trustees. How and who will use the

1 facility was our next question, and if researchers from all over
2 the world -- that was the second leap of faith -- will probably
3 participate and use this institute. Number three, build it and
4 they will come. Well, we did have a lot of concerns with that and
5 expressed that, especially tourist, we questioned if there isn't
6 ample housing, where will they stay, what will be done, what kind
7 of guarantees can Seward give, possibly either for hotels or, you
8 know, whatever, but we need to look at the housing there too,
9 because that is a great concern. And who will run the facility,
10 and ensure some safeguards in place who will be non-partisan. The
11 management board -- that was the fourth leap of faith, the
12 management board -- management of academic credibility to oversee
13 the project of this nature coming from all over the state, which we
14 felt very good about. We felt this was something that really needs
15 to be looked at and we felt it does bring everybody in the state
16 together, so we felt good on that, and with that we did pass a
17 resolution, which I think is before you -- do they have the
18 resolution -- by a majority vote, so we feel very good about the
19 resolution. We asked -- we received a memorandum on restoration
20 reserve fund and joint trust fund. I think that's included in with
21 your reports too. PAG requested to be able to have more
22 involvement and input on the habitat acquisitions. It was a
23 majority feeling that too much was being spent and maybe certain
24 conditions and things needed to be looked at a little bit more, and
25 more input from the PAG group. Project 95266, we had a concern
26 with, with Chenega beaches. We'd like to see possibly Dr. Spies

1 get in there, and he said he was going to try possibly, or get more
2 information on it, and also encourage the Trustees to continue
3 support of getting the miles of beaches clean. There's an awful
4 lot of asphalt still on the beaches there. I think there's been a
5 lot of work done and a lot of success has come out of it and we
6 need to, you know, encourage you to continue on in that direction
7 for the Community of Chenega. There are a number of projects we
8 felt the agency should be doing without restoration funds, as you
9 can see from the voting record. The remarks are on them. On the
10 reserve, we asked for and received a memorandum on restoration
11 reserve and joint trust fund. We recommended twelve million to be
12 put in instead of twenty-four million. I know you've got a busy
13 schedule, and I thank you. Jim, do they have a copy of our report.
14 Okay, so I'm not going to read it because I know you've got a busy
15 schedule and I know you've got a lot of people here to listen to
16 and a lot of things to do today, but we as PAG members wish to
17 express our appreciation to you for service on this committee that
18 we served on. All the work done under the guidance of Jim Ayers
19 and Molly McCammon, and prior restoration teams, we say thank you,
20 and some I think you'll see back next year, when you make your new
21 picks, and we wish all of you good luck too. Thank you.

22 MR. PENNOYER: Thank you very much for a good report, and
23 thank you as well for all your work. It hasn't been easy. Would
24 you wait for second and see if any of the Trustee Council members
25 had a question on the report?

26 MS. FISCHER: (Indiscernible)

1 MR. PENNOYER: As we go through our deliberations, we
2 will have the resolution in front of us and your other actions are
3 on the sheet, so we will be taking those into our account and I
4 presume you'll be here if we have further questions then? Thank
5 you very much. Okay. Next is the Executive Director -- you get
6 two shots at this, Jim, here's the Executive Director's report, you
7 did one report to start with on the order of the day, and now you
8 can deal with the individual items in more detail.

9 MR. AYERS: Mr. Chairman, there are a number of issues
10 as we mention in the overview this morning under the agenda. Let
11 me walk through those so that there's some clear understanding that
12 there are some issues that are controversial issues, there are
13 other issues that are perhaps less controversial, and as Donna
14 pointed out, though there is not, as usual in Alaska, a hundred
15 percent support on some of the major items, there is a general
16 outpouring of support of moving forward with the adoption of the
17 Restoration Plan, and many of those major objectives that are
18 embodied in the Restoration Plan. With that, under administration
19 and public information, there is a financial report in your packet.
20 With the financial report comes a clear understanding that we are
21 carrying a significant balance in our joint trust fund. At your
22 direction, you will hear today -- and in your packet, there is an
23 investment option document and recommendation. There's some
24 modification to the recommendation with regard to the joint trust
25 fund balance. However, when we talk with Bob Storer this
26 afternoon, the investment officer who has been extremely helpful in

1 designing an investment strategy, we'll talk about, in particular
2 the restoration reserve, that, as Donna mentioned, has had pretty
3 broad-based support. The overview of the EIS and Restoration Plan
4 process, I think has been discussed at length, but let me say that
5 a number of times today, I will mention the support of the staff
6 that we've had. This effort has gone on for some five years, and
7 in particular in the last year there have been a number of people
8 who have worked far beyond what generally is expected or found in
9 public service. The EIS is a perfect example of that, as well as
10 completing the Restoration Plan. Amongst numerous discussions with
11 the public, a variety of attorneys, the EIS has been completed, the
12 ROD has been signed, the draft plan was published back in November
13 of 1993, and with the signing of the ROD that process has been
14 completed, and that's been no small task, and we'll talk about the
15 number of staff and the hard work of Rod McKuhn, who is coming
16 through the door now, but that effort is no small effort, and is
17 probably one of the cornerstones which allow us to go forward
18 today. The public outreach effort has been ongoing. The PAG has
19 been insistent and very helpful in moving us forward with both
20 communication, with the communities, and also bringing ideas
21 forward. In addition, there's been a number of public sessions
22 with regard, not only to the EIS and the Restoration Plan, but in
23 discussing the activities of the Council. It -- it's important
24 also, I think, to note that we've implemented a number of the
25 recommendations of the PAG, which includes a newsletter, that now
26 is designed not only to communicate the efforts of the Trustee

1 Council, but also those activities that are going on in the
2 communities and the various community ideas about how to restore
3 the injured ecosystem. On research and monitoring, general
4 restoration, we're going to talk about the '95 Work Plan, but let
5 me say, at your direction the effort to implement an ecosystem
6 approach has begun, and I think that people from the public have
7 recognized that. The number of scientists working with the
8 agencies, as well as our Chief Scientist and the peer review
9 scientists have recognized that we're actually in the forefront of
10 this discussion of how to go forward with ecosystem management, at
11 the same time realizing that it is dependent on the individual
12 agencies, and I think that one of the efforts that you will
13 recognize in the '95 Work Plan is that we have moved forward in
14 many ways, many of the agencies have been instrumental in lowering
15 bureaucratic walls in order to have a more efficient process at
16 restoring the environment, and without that, there would not be a
17 '95 Work Plan that moves us forward in an ecosystem approach. The
18 habitat protection and acquisition effort -- sorry, let me go back
19 for just a minute to say that when we get to the '95 Work Plan, it
20 is certainly my understanding that the Trustee Council, at your
21 direction, we have developed the '95 Work Plan, in an ecosystem
22 approach, and during the '95 Work Plan presentation and discussion
23 with the Chief Scientist and other scientists, we will go through
24 in kind of an ecosystem approach and talk about the projects with
25 regard to the cluster and have an opportunity to have interaction
26 with regard to the status of the injured resources, and what our

1 approach is in restoring those injured resources, which is
2 consistent with the direction, and the cluster of projects, which
3 I think is available, for the public, is -- is available and
4 certainly we welcome the exchange that needs to go on, and the
5 Chief Scientist will be here to discuss not only what the status of
6 those injured resources are, but kind of what we've learned to date
7 and the approach that we're taking in the '95 Work Plan. The
8 habitat protection and acquisition project, which is no small part
9 of our restoration effort, includes a small parcel evaluation
10 report. We have engaged in a small parcel protection program.
11 Those small parcels that have been nominated are being reviewed,
12 and there's a report in your packet, and I think there's some two
13 hundred and forty parcels that have come in, nominated, and the
14 Habitat Working Group has been working to score those in a manner
15 that's consistent with our large parcel effort. The large parcel
16 report will include -- well, does include supplemental evaluations
17 that we've asked for from the Habitat Working Group, and those are
18 in your packet. The large parcel effort will be discussed this
19 afternoon, and again been some discussion that that is, and we all
20 know that is, an integral part of a restoration effort, and it is
21 consistent with the Environmental Impact Statement and the efforts
22 that we have made in public outreach, certainly have identified the
23 support for that particular aspect of restoration, along with the
24 research monitoring and general restoration. The -- in closing,
25 let me say that on March 23rd, we had -- just prior to March 23rd
26 we had had a discussion regarding -- regarding the move that the

1 Trustee Council had made to direct us to develop and complete a
2 Restoration Plan, along with the EIS and move forward, and the
3 Anchorage Times, actually said "today there's encouraging evidence
4 that a balanced investment program is emerging, one that includes
5 a combination of habitat acquisition, restoration and investment in
6 sound science. It takes significant concessions from all sides to
7 reach a compromise like these. That accomplishment alone is worth
8 celebrating on this anniversary." And, in discussion with them
9 after this editorial, I think that their -- their clear indication
10 was that if we were able to proceed with implementing such a
11 comprehensive balanced approach, then they certainly would find
12 that much of the criticism that they had leveled at prior Trustee
13 Councils could actually be put aside, for in fact, a comprehensive
14 balanced Restoration Plan that had been discussed with them was
15 evidence that it is emerging, and they have waited as they said,
16 the actual adoption and forward moving of the Restoration Plan
17 which will occur today. With that said, Mr. Chairman. I conclude
18 my remarks and I will be glad to answer questions about this or to
19 wait until we have the individual projects.

20 (To Ms. McCammon) Do you want to add anything? (Ms. McCammon
21 shakes her head in the negative.)

22 MR. PENNOYER: Mr. Ayers, I assume as we hit these
23 individual projects, we'll get some of this in more detail, so are
24 there questions of the Trustee Council to the Executive Director's
25 report at this time? I find myself at an interesting question
26 here, we're ahead of schedule. The public hearing is scheduled to

1 start at 11:30. Since it was advertised for 11:30, do you suggest
2 we start, or should we break and do the executive session, now, get
3 that done, and then come back and do the public hearing.

4 MR. AYERS: Mr. Chairman, I think that there are any
5 number of choices. I don't know -- I think that -- I think that it
6 might be worth -- there are three options, one is to have -- is to
7 discuss the Restoration Plan, and I think it is possible to discuss
8 the Restoration Plan, if you would feel comfortable. Otherwise,
9 I'm not sure that the restoration -- or the public participation
10 section is prepared to go. There are people in the audience today,
11 that are here, but I think people are scheduled to come forward at
12 11:30. The other option is, as you say, is to do our executive
13 session now, to then provide us the opportunity to move forward.

14 MR. PENNOYER: I suspect that even if we move forward
15 with those here to testify, others would like to hear their
16 testimony as well. So, we probably ought to wait for the public
17 testimony until 11:30 as advertised. Any decision as to which you
18 would like to do, the Restoration Plan, which might be part of the
19 public testimony, or executive session, or other suggestions?
20 Commissioner Sandor.

21 MR. SANDOR: Mr. Chairman, I suggest we begin with the
22 Restoration Plan and hopefully do that ...

23 MR. PENNOYER: And probably proceeding in that manner?
24 Okay, Jim are your prepared to do that?

25 MR. AYERS: Sure.

26 (Pause)

1 MR. PENNOYER: I think it's been pointed out that the
2 intent is not to take actions on items before we've got public
3 testimony, but rather to get background and reports, and in that
4 regard I notice the investment strategy, it's been pointed out to
5 me, is the second item, and we might hear the report on that, as
6 well, before the public testimony, if we have time. So, why don't
7 you proceed with the report on the Restoration Plan.

8 MR. AYERS: Mr. Chairman, can we have a two minute at-
9 ease so I can deal with a couple of things.

10 MR. PENNOYER: I have been requested by some members of
11 this Council take frequent breaks. I'll -- let's take a break for
12 about five minutes.

13 (Off Record 10:31 a.m.)

14 (On Record 10:43 a.m.)

15 MR. PENNOYER: I think the Executive Director is ready,
16 can we go ahead and get started please?

17 MR. AYERS: Mr. Chairman, one of my favorite ecosystem
18 strategists once said that this effort is ninety percent mental and
19 the other half physical, and I think that clearly reflects what
20 it's taken to get to a Restoration Plan that addresses the spill
21 that occurred in 1989 of the Exxon Valdez tanker and the damage
22 that the ecosystem suffered, including the people in the
23 communities that were involved and continue to be involved in that
24 environmental disaster. This Restoration Plan is a -- I guess I
25 would say, a united effort that has included an incredible amount
26 of public involvement, a number of scientific discussions and an

1 inordinate amount of argument and several changes, not the least of
2 which, has just recently occurred, but all with the input of the
3 public, in particular the effort of the PAG who, on occasion, were
4 insistent that a couple of things like the restoration reserve,
5 John mentioned, needed not only to be recognized, but actually
6 acknowledged and embodied in the Restoration Plan. This plan
7 provides the long-term guidance that the Trustee Council and all
8 employees involved in that effort, as well as the public
9 involvement, and that guidance provides a clear mission statement
10 of what the mission of the Trustees is. It now has objectives that
11 some people argue are too specific, while others say are too
12 general. That we know that we've reached a balance with that
13 particular effort. It has strategies, and those strategies
14 identify that which must be, those actions which will be undertaken
15 to reach those objectives, so that we will one day be able to
16 attain our mission of restoring the injured ecosystem. This
17 comprehensive plan has taken an ecosystem approach, and that
18 ecosystem approach means not looking at simply individual, injured
19 species, but rather looking at the ecosystem that supports those
20 species, and what necessarily needs to be done in order to provide
21 for the recovery of those injured resources. The adaptive
22 management process, which has been no small discussion, is now
23 embodied in the Restoration Plan, and that adaptive management
24 cycle is a reflection of you direction, that of the scientists and
25 the public, that we not merely proceed blindly year after year
26 funding projects, but rather we look at the status of the injured

1 resources and the condition of the ecosystem. That the information
2 by synthesized and judgment was made about what direction to go in
3 order to provide for the continued restoration of the ecosystem
4 based on the information that's been gathered, and the synthesis
5 that will go on annually. The resources that have been injured by
6 the Exxon Valdez oil spill have not fully recovered, and they do
7 not look like they're going to recover in the near future. And
8 certainly the scientists have continued to talk about that the
9 recovery may take as long as twenty to thirty, up to fifty years
10 for some of these injured resources. All the more reason that the
11 public annually ought to know what the condition of those resources
12 are, and what direction we're going to go in order to enable those
13 resources to recover. Monitoring research is a major aspect of the
14 Restoration Plan. Monitoring research includes specific objectives
15 and strategies that will be adapted annually based on the
16 information gathered. The habitat protection aspect is also
17 included and identified as not the full force of investment of
18 those funds available, but of that which will provide the balance
19 to ensuring that the injured resources have habitat in which to
20 maximize the possibility of their recovery and return to pre-spill
21 conditions. General restoration efforts, as many have said, are
22 probably behind us, but there are some general restoration efforts
23 that will continue, need to continue, and some of those are
24 included in the '95 Work Plan. The acknowledgements of the
25 Restoration Plan are yet to be added, and certainly we could all
26 get into the list of the number of people included -- those recent

1 Trustees that have left the Trustee Council, like Mike Barton and
2 Charlie Cole, but there are others that need to be recognized for
3 the effort that they put in to putting together the Restoration
4 Plan and working with the public and the scientists to make this
5 plan into the comprehensive balanced approach that it is. That
6 acknowledgement is not in this document, but will be included in
7 the document before we actually go to final publication. There are
8 a number of people who have worked beyond any expectation, and
9 certainly beyond the call of duty, but I think that the Public
10 Advisory Group in particular, and the effort of the staff that --
11 to continue to work with the scientists and the public in putting
12 this document together are certainly at of the forefront of those
13 who need to be recognized for the effort of finally bringing
14 forward a comprehensive balanced Restoration Plan, which is before
15 you today, for your adoption. The recommendation is that the
16 Trustee Council would adopt the Exxon Valdez Oil Spill
17 Comprehensive Restoration Plan that provides the long-term guidance
18 for restoration, and I'll be happy to distribute these, if I can
19 pull them out. That's simply a motion that we put together -- that
20 reflects more succinctly what I just said.

21 MR. PENNOYER: This would be the action item for this
22 afternoon then?

23 MR. AYERS: Yes, Mr. Chairman, that is the proposed
24 action item for this afternoon under the action on it.

25 MR. PENNOYER: Thank you. Is that your report then?

26 MR. AYERS: That concludes my report on the

1 Restoration Plan, however, let me say that I -- I believe that
2 there are people who would like to testify specifically about the
3 Restoration Plan. I know the PAG had comments earlier at our
4 October 5th meeting. I know that they had comments about the
5 Restoration Plan today. I don't know if you want to provide for
6 that opportunity or not, but that concludes my report on the
7 Restoration Plan.

8 MR. PENNOYER: I believe we would provide for that
9 opportunity during the public testimony, I suppose, that people
10 want to testify. Commissioner Sandor, you had a question?

11 MR. SANDOR: Yes, and I don't know whether we wanted to
12 have the questions raised at this point or later, but I had a
13 couple of questions, one of them harlequin ducks and one of marbled
14 murrelets, and I had seen -- saw Dr. Spies earlier, and I'd like to
15 ask a couple of questions about those two species ...

16 MR. PENNOYER: I think that would be okay, to get that
17 done now before this afternoon.

18 MR. SANDOR: Dr. Spies, I was particularly in concern
19 and interested in the progression of what the recovery of the -- of
20 the harlequin ducks from the standpoint of its breeding activities
21 and its population, and similarly on the population of marbled
22 murrelets in the -- I notice on page 45 in the discussion that's
23 summarized here, it indicates with respect to -- respect to
24 harlequin ducks that -- that it's probably the cause of the
25 problem, the feeding from the oiled mussel beds, but has there --
26 we've been dealing with this problem for -- for some time now, is

1 there any indication of any improvement at all. What -- what could
2 you say that would enlighten us?

3 DR. SPIES: We're still in the -- in the process of
4 evaluating. We just got a revised final report to evaluate from
5 the harlequin duck from Fish & Game. Represents a lot of hard work
6 on the part of Fish & Game to put together all the information.
7 The status of the harlequin ducks is we have not seen recovery in
8 the western side of Prince William Sound back to what we think are
9 pre-spill conditions for reproduction -- reproduction of harlequin
10 ducks. One leading hypothesis is still that the oil in the --
11 residual oil in the intertidal zones, specifically in the mussel
12 beds, may be contributing to that. There's some information that
13 still has not come forth to either prove or disprove that
14 hypothesis at the present time, but that's the leading explanation
15 right now. And that we're in the process of looking forward to
16 trying to monitor those populations of harlequin ducks. There's
17 something that you'll have before you in the '95 Work Plan, this
18 afternoon, that proposes continued work on the harlequin ducks in
19 1995. There's a lot of concern about that population, and its
20 state of recovery, and we ought to be monitoring it.

21 MR. SANDOR: But the concentration of the problem seems
22 to be western Prince William Sound.

23 DR. SPIES: That's true.

24 MR. SANDOR: The second question was on page 47, with
25 regard to injuring -- the recovery of the marbled murrelets. The
26 population of marbled murrelets may be stabilizing or even

1 increasing since the spill, and it pointed out earlier that there
2 was some decline before the spill, and any elaboration of what's in
3 here you'd want to offer?

4 DR. SPIES: There was pre-spill data that certainly
5 indicated an ongoing decline of marbled murrelets since the -- at
6 least the early '80s and perhaps previous to that. We don't know
7 all the causes of those things. Certainly, the oil spill
8 exacerbated that -- killed a large number of marbled murrelets,
9 particularly in Prince William Sound. The population assessments
10 are variable from year to year. One year they're up, and the next
11 year they're down, so we don't have a really good handle on the
12 recovery of marbled murrelets at this stage, but there is -- has
13 been quite a bit of work going on sponsored by the Trustee Council
14 to evaluate the habitat of marbled murrelets, look at the nesting
15 habitat, try to identify those places where nesting habitat could
16 possibly protect it. There is -- in the '95 Work Plan there's a
17 particular proposal in front of you today to do some work on
18 reproduction, which would be one of the other possible constraining
19 factors of marbled murrelet populations.

20 MR. SANDOR: Thank you, Dr. Spies, and thank you, Mr.
21 Chairman, that's all the questions I have.

22 MR. PENNOYER: Are there further questions of Dr. Spies,
23 or Mr. Ayers relative to the report? Okay, I guess we'll put aside
24 the action item motion until this afternoon after public testimony.
25 Would we care to move then to the investment strategy report if
26 that could be given to us now, and ask questions about it before

1 public testimony. Mr. Ayers.

2 MR. AYERS: Okay. Traci was just mentioning that Bob
3 Storer too, is somewhat taken a back by our ability to move so
4 rapidly through such a complex agenda, and is in another investment
5 meeting with the State. The -- why don't I do an overview, and Bob
6 will be here this afternoon, so if we get into additional
7 questions, we can take them up. We -- we've met with Bob Storer,
8 the Chief Investment Officer for the State of Alaska. Mr. Storer
9 is responsible for some nine billion dollars worth of investments
10 and various portfolios for the State of Alaska. We asked Mr.
11 Storer and his staff to look at two aspects of the Trustee
12 Council's financial situation. One, is the restoration reserve,
13 and within the restoration reserve fund to look at an investment
14 strategy that would maximize the investment with the understanding
15 that there would be some deposit each year. Certainly the
16 Restoration Plan, it talks about a deposit, subject to the
17 restoration needs at the time, with an anticipated of an average of
18 up to twelve million dollars per year, and that those funds would
19 be invested for some eight years or until the year 2002, and how to
20 maximize those investments. Mr. Storer, Traci Cramer and I talked
21 with the people at the court registry, Chris, Mr. Melby, and also
22 with the -- the Texas Trust Bank (thank you, Traci), the Texas
23 Trust Bank who actually has the contract with the court registry
24 investment system and provides that council to them. Mr. Storer
25 actually went into quite an elaborate discussion with them about
26 the various scenarios that he thought could be managed within their

1 limits that is -- that investments be in United States Treasuries,
2 and that certainly there was a way to get far beyond the three
3 point eight percent that we were currently return. So, on the
4 restoration reserve, the -- there were a variety of alternatives
5 looked at. What Mr. Storer is recommending that we purchase --
6 what he refers to as the strip treasuries, and that those are
7 preferable to what is known zero coupons, but that investing in
8 treasuries, he refers to as the strip treasuries, certainly
9 provides the maximum percentage return, and that those could be
10 laddered, and by laddered, if you look on his page -- on the memo
11 from him to me, on page two, under the restoration reserve, what he
12 is suggesting is that we take the twelve million dollars that was
13 committed previously, and if there is a twelve million dollars
14 committed in the '95 Work Plan, there would be a total of twenty-
15 four million, and that we begin now to invest in what he calls,
16 again, laddered maturities, which means that they are simple -- we
17 use the term stagger or alternated, but that the spread that is
18 shown on page two would allow the Trustee Council, as he described
19 it, to maximize the -- the return while lowering the volatility
20 potential. By that, he means not getting all of the money locked
21 in to such a long-term rate, that the Trustee Council would not be
22 able to make adjustments, if there were interest rate changes. So,
23 we would invest in -- spread the original twenty-four million
24 dollars, and then annually the Trustee Council would make a
25 decision as those strips matured that the value, and as you can see
26 the first four million dollars that would be invested would be in

1 a '96 maturity date strip treasury, the value at that time would be
2 4.5 million. It's anticipated that the Trustee Council at that
3 time would be considering investing an additional amount of money,
4 so you would have this maturity sum plus any additional monies that
5 the Council would then decide in '96 to invest, and those would
6 then be invested in a like manner, in a spread format so that you
7 wouldn't be locked into any one year, but since you would be making
8 an investment each year, each year you would have a strip treasury
9 maturing, as well as any additional investments, therein maximizing
10 the yield. Based on the pricing data as of October 12th, they
11 constructed a portfolio and based on the current yield rate, we
12 would average some 7-1/4 percent. But, as he points out, the
13 duration and the volatility potential due to interest rate changes
14 would be much less. I think it's quite simple to say that Texas
15 Trust, the court registry, and Mr. Storer all agree that we ought
16 to do something different than what we're doing today, particularly
17 if we know that we can put money aside, and we're not going to use
18 that money or don't anticipate using that money for several years,
19 that we can probably more than double the rate of return that we're
20 going to get, or expect, compared to what we're doing today. I'll
21 stop on the restoration reserve and see if you have questions about
22 that, and then I'll talk about the joint trust fund balance.

23 MR. PENNOYER: Any questions on this part of the
24 presentation?

25 MR. FRAMPTON: Mr. Chairman.

26 MR. PENNOYER: Mr. Frampton.

1 MR. FRAMPTON: Mr. Ayers, do I understand that what he is
2 saying on page two, or what you're saying, is that compared to
3 putting it all in treasuries that mature in 2002, we would be --
4 compared to keeping it all in short term, we're doubling our
5 return, roughly? Compared to putting it all in the treasuries that
6 mature in 2002, we're taking a reduction of about 40 basis points,
7 and in exchange for that we're getting a lot of flexibility in
8 maturity days, and a lot less price volatility?

9 MR. AYERS: Mr. Chairman, Mr. Secretary, the -- I
10 think it's safe to say that the day is looking brighter because
11 each time we've gotten to this particular point in a question for
12 me, someone has arrived to save the day, (laughter) and Mr. Storer
13 has arrived now, and I would ask that Mr. Storer join us in this
14 conversation. Hi, Bob.

15 MR. PENNOYER: Morning, Bob.

16 MR. STORER: I hope my glassed don't fog up and I can
17 (indiscernible).

18 MR. AYERS: You missed by Yogi Beara quote, but I'll
19 give it to you later.

20 MR. PENNOYER: We may want to start, not over again, but
21 least to wherever you -- to pick up as you came in.

22 MR. STORER: I did miss the beginning of Mr. Ayers'
23 conversation. I guess for the record, my name Robert Storer, I'm
24 the Chief Investment Officer of the Department of Revenue, and at
25 Jim's request we did do some evaluations of potential portfolio
26 structures that would enhance the return to the Trust fund, and

1 speaking specifically to the restoration reserve trust fund, what
2 we tried to do is create a portfolio that would -- that you hear in
3 every financial presentation, you maximize return; you can limit
4 risk and give you the greatest flexibility, and that's what we
5 think we've done here. What we've done is we've structured -- our
6 recommendation is to structure a portfolio that gives you some
7 annual maturities, that will give you the opportunity to reevaluate
8 the goals for this fund on an ongoing basis, and adjust them
9 accordingly. As you can see in the memo, if you just simply invest
10 out the year 2002, you've got volatility that is -- an extent of
11 volatility that is quite high based on market volatility. Our
12 recommendation would reduce your expected return for this twenty-
13 four million by 40 basis points, that's correct, but it would
14 reduce your volatility by -- considerably, well below market
15 volatility, and -- and would that in fact be conservatively
16 structured. So, we feel very comfortable recommending that this
17 portfolio would enhance your return and give you a maximum amount
18 of flexibility.

19 MR. PENNOYER: Jim, did you have a part two you were ...

20 MR. AYERS: Yeah, we were -- what I did was divide the
21 question into the restoration reserve fund, Bob, as we'd talked
22 about, and then the balance of the joint trust fund. So, you might
23 want to then do an overview of the balance of the joint trust fund,
24 and kind of that mix of the three different alternatives there, and
25 why it would be good to provide a mix.

26 MR. STORER: Well, the balance of the fund, as we

1 understand it, is to meet cash flow needs, but the cash flow needs
2 are, shall we say periodic, and there will be considerable amount
3 of money in the balance on an average, and so our conclusions were
4 that you should maintain a limited amount of money in a very liquid
5 fund to address the need for flexibility, but to adopt one of the -
6 - it's actually Texas Commerce Bank's recommendation or adopt a
7 couple of those recommendations to enhance returns for those, what
8 I'll call cash flow type funds and still provide a fair amount of
9 liquidity, and -- and we saw a number of their -- their portfolios
10 recommended. One was the -- was the one with laddered maturities,
11 we're calling it CRIS 1. Another one is what we call a bullet
12 portfolio and that's simply one security and it matures in August
13 15, 1997, and then CRIS 3 was again laddered maturity, and we felt
14 that the -- one of the portfolios that provided that quarterly
15 liquidity would be appropriate, that would enhance your returns and
16 give you again, maximum flexibility. And, we were recommending a
17 combination 1 and 3.

18 MR. AYERS: And the combination of 1 and 3 was the
19 weekly and the annual thing.

20 MR. STORER: Yes.

21 MR. AYERS: The -- let me say that one of the things
22 that -- we've been working on a motion here on the second part,
23 that we did not talk about -- but cash flow of the Trustee Council,
24 this is -- is certainly some advice that Bob had mentioned earlier
25 -- that we need to establish what our objectives are, and -- both
26 in terms of investment, but also the demand on our cash flow is

1 going to be for the coming year, before we actually make the
2 decision on going with a longer term investment, and I think that
3 that's one of the things that we need to consider, when we look at
4 our financial portfolio. There are a number of things that are
5 coming up over the next 18 months, that will affect our cash flow.
6 I think once we've adopted the Restoration Plan, and we make -- you
7 -- the Trustee Council has made some decisions with regard to the
8 reserve, and with regard to the research investment, including
9 infrastructure improvements, we'll have a better idea of what our
10 cash flow looks like. One of the things I'm suggesting is that we
11 -- and that you will hear me recommend this afternoon under the
12 action item is that we -- we're going to recommend that we proceed
13 and adopt the investment strategy recommended by Mr. Storer and his
14 staff with regard to the restoration reserve, but that we invest
15 the joint trust fund balance in a mix of 1 and 2, which is the
16 weekly and quarterly investment for the next six months, until we
17 get a better handle on what our cash flow program really looks like
18 before we invest that balance into an annual commitment that we
19 might engage in a penalty or something. We need to do a little
20 better analysis, I guess, of our cash flow, which you had
21 recommended earlier.

22 MR. STORER: I'd agree, as long as you've got a good
23 handle on your cash flow then you can -- you can extend your
24 maturities and get an incremental return, but until that time, I
25 agree with some combinations, such as that. The quarterly
26 liquidity should provide a nice incremental return, and I would

1 assume, if I'm allowed to assume, that the (indiscernible) you can
2 see far enough on the horizon to know when funds would be needed to
3 avail yourself of that pool of assets.

4 MR. PENNOYER: Any questions of the report from the
5 Trustee Council?

6 MR. TILLERY: Mr. Chairman.

7 MR. PENNOYER: Yes, Mr. Tillery.

8 MR. TILLERY: The ladder approach provides for, as I
9 understand it, we'd take the twenty-four million, we would split it
10 up into groups and have it mature at different times, and then when
11 it matures, what happens to that money?

12 MR. AYERS: Well, Mr. Chairman, Mr. Tillery, the --
13 what Mr. Storer and I have talked about, and what he is suggesting
14 is that if we know that we're going to be having an annual meeting,
15 like today, is following another investment or payment -- a payment
16 from Exxon, then there would be an annual meeting anyway where
17 you'd be talking about investments. At that time, you would have
18 a maturity, you would schedule this so you would have a maturity
19 coming before you at that time also. Based on the market
20 conditions, you would then make a decision about what to do with
21 that particular fund or those -- those funds that would be maturing
22 at that time would -- would be available for the Council to make a
23 decision at that time to reinvest. You also would be making a
24 decision about additional funds, if you were going to make an
25 annual investment of some amount. You'd be making an investment
26 anyway, so you'd look at what are the market conditions at that

1 time, interest rates, etcetera, and you would have this maturity
2 and any additional funds you make -- you make a decision then about
3 how to invest that -- that particular pot of money.

4 MR. TILLERY: And, the plan would essentially be not to
5 have anything maturing past 2002.

6 MR. AYERS: That would be the plan right now, I guess,
7 annually that would be reviewed as some portion of the funds would
8 be mature each year. The Trustees would make a decision about how
9 does it look in the future, and as Bob points out, you'd be looking
10 on the horizon. But, right now, the point would be that, yes, you
11 would not have funds maturing beyond the year 2002.

12 MR. TILLERY: My assumption is that once we get to 2002,
13 we're going to need to have this income on an annual basis, not
14 long-term coupons, zero coupons. Is the CRIS -- I assume we have
15 to leave this money in the CRIS, are they willing to implement this
16 kind of a plan?

17 MR. AYERS: Mr. Chairman, Mr. Storer and I have talked
18 with them. They brought in, as I mentioned, representatives from
19 Texas Commercial Bank, they feel that they are interested, they
20 think this is prudent, and that they are willing to proceed with
21 it. Bob, I don't know if you want to add to that?

22 MR. STORER: I may. Subsequent to a conference call we
23 made, I did get a call from representatives of Texas Commerce bank
24 and they concurred with our recommendation and informed me that
25 they were going to write a letter to the clerk of the court saying
26 so. So, it's our understanding we have the full understanding that

1 this would be an appropriate method from the bank.

2 MR. TILLERY: Currently we're paying fees set by
3 regulation. Would we be paying the same fees, although I didn't
4 think we were going to make another run at those, at waiving them,
5 but if we continue to pay fees would we be paying them to CRIS or
6 are we going to be moving outside of -- and dealing directly with
7 someone else?

8 MR. AYERS: No, my understanding -- as a matter of
9 fact we got into the conversation about why they picked Texas
10 Commerce Bank, and that other -- that issue in and of itself is
11 another question that the Council may want to talk about at another
12 time, but their interested in hearing if there are other --
13 actually, I think, what they're talking about is going out with and
14 RFP for servicing them, but based on what they were saying to us,
15 our service is through CRIS. They just happen to use Texas
16 Commerce right now, and that may very well be going out for bid.
17 I don't get into that, necessarily, but the fees would continue to
18 be through CRIS, and although we didn't get into a specific
19 discussion of fees, I anticipate that it will continue to be as it
20 is now with CRIS. They charge us -- I don't remember what they
21 were.

22 MR. STORER: Five basis points (indiscernible -
23 simultaneous talking)

24 MR. AYERS: Yeah, I think it was a little over five
25 basis points, but I don't recall, I'll have to check. And that
26 would continue -- what they are not -- we would continue to do

1 business with CRIS through the courts just as we are now. What we
2 are doing is we would request them to set up a different
3 alternative or opportunity to offer to us, and then we would then
4 after they set up that alternative, we would petition through the
5 court to exercise our option to invest in that opportunity.

6 MR. PENNOYER: Further questions? Bob, thank you, I
7 guess we're going to do action item this afternoon, so I'll assume
8 you'll standby for further questions if we have our hand up.

9 MR. AYERS: Thanks a lot, Bob.

10 MR. PENNOYER: We have ten minutes left, we're about to
11 start the public hearing. What's your druthers? One suggestion
12 is that we go to the IMS, I'm not sure we could complete that
13 before ...

14 MR. AYERS: Mr. Chairman, I -- I don't know if there's
15 objection, but it seems to me there are plenty of people who would
16 like to testify. It might be a good investment of the time to
17 allow people to ...

18 MR. PENNOYER: Will we have to take a break to set up the
19 network, anyway?

20 STAFF: No, we're on.

21 MR. PENNOYER: Oh, you're on. Okay. Well, fine, we
22 might as well go ahead and get started, I suppose. Normally we
23 give an Executive Director's report on accomplishments, but there
24 have been not too many of those so far, before we start the public
25 hearing -- at this session -- I mean, you've had lots of
26 accomplishments together, I understand that. (Laughter) Wasn't

1 referring to you hadn't been doing your job. The public hearing
2 period will go from now until about 12:30, and we're going to take
3 a break for lunch and an executive session at 12:30. So, the --
4 for those of you who haven't been on line, this is a meeting of the
5 Exxon Valdez Oil Spill Settlement Trustee Council. All the Trustee
6 Council members are present. I don't have a list yet of which
7 LIO's are on line, I'm just being handed that. I think we'll go
8 ahead and start, and the ground rules will be, we'll try to limit
9 it to three minutes because of the length of this agenda, for
10 testimony. When you get about there, I'll get a signal from staff
11 member, and I'll ask you to please wrap it up. So, if we could go
12 ahead, and I think I'd start here in Anchorage. Who wants to go
13 first? Nobody wants to go first. Please, sir.

14 MR. JIM GRAY: Mr. Chairman, members of the Trustee
15 Council, I'm Jim Gray, I'm a fisherman and a tenderman and resident
16 of Prince William Sound. I'm also a board member of Cordova
17 District Fishermen United, past vice-president of the Prince
18 William Sound Seiners Association. It's been a little over a year
19 since the seiners in Prince William Sound blockaded the Valdez
20 pipeline terminal and I began dealing with this Council in earnest.
21 I must say that this process is beginning to function more
22 effectively -- that Jim Ayers and Molly McCammon and the staff have
23 been an excellent addition to this process. I'd like to continue
24 to voice my support for the SEA plan, and applaud the Trustee
25 Council for its long-term funding commitment to the plan. I'd like
26 to emphasize the importance of the coded-wire tagging and the

1 thermal mass marking program. These programs must be funded for
2 the long-term. They are the cornerstone for evaluation of salmon
3 stock in Prince William Sound. The effective restoration of Prince
4 William Sound wild stocks is absolutely dependent on the
5 information these projects will provide. We cannot let these
6 programs fall through the cracks over whose-funding-what-struggle
7 among agencies. Please make this happen. I'd also like to voice
8 my support for proposals 950 -- 93 A, B, and C submitted by Prince
9 William Sound Aquaculture Association and the Native Village Eyak
10 Tribal Council. I understand that these proposals have been
11 conceptually accepted by the Chief Scientist and Executive
12 Director. These programs have positive implications towards the
13 restoration in Prince William Sound and the involvement of the
14 Native people is long over due. My concern is that the initial
15 dollar amount for planning and permitting may not be correct. We
16 need to make sure that we are able to follow through with the
17 programs once we commit to them, and that this is done in a timely
18 fashion. Last, but not least, I implore Council to continue to
19 negotiate with the Eyak Corporation and to break the ice jam that
20 has stopped this transaction. Reasonable people can come to an
21 agreement on the purchase of these Native lands. Let there be no
22 mistake about the position of the fishermen in Prince William
23 Sound, the residents of Cordova, the Public Advisory Group and the
24 Board of Cordova District Fishermen United. We support this
25 acquisition. As of today, there have been no land acquisition --
26 there has been no land acquisition for habitat protection in Prince

1 William Sound, ground level zero. And, pieces of land that are in
2 imminent danger of logging still have not been acquired. So, I'd
3 like to reiterate one more time that we definitely are in support
4 of continuing in the negotiations and somehow make this happen.
5 Thank you.

6 MR. PENNOYER: Would you mind repeating those three
7 projects again that you were supportive of, the numbers? I missed
8 that.

9 MR. GRAY: I don't have the numbers of all of them,
10 but the PWSAC proposals are 95093 A, B and C. I don't know the
11 number of the coded-wire tagging and thermal mass marketing, I
12 don't have it down here. Definitely -- it's very important.
13 That's a very important one, and the -- also the acquisition.

14 MR. PENNOYER: Thank you.

15 MR. GRAY: Thank you.

16 MR. PENNOYER: Any questions of Mr. Gray? Thank you very
17 much. I should have reiterated that the Trustee Council -- sorry -
18 - yeah, go ahead Carl.

19 MR. ROSIER: Yeah, I started, yeah, Mr. Chairman. Jim,
20 do you -- on 093 you said the 100,000 apparently that is projected
21 here is not adequate. What do you think is adequate?

22 MR. GRAY: Well, I'm not sure what's adequate, and I
23 didn't bring up the hundred thousand up, but I think that is the
24 figure that got thrown out at some point in the start of this
25 process, and it seems to be some discussion about actually where
26 that figure came from. That -- since the Department of Fish & Game

1 would probably be doing the environmental assessment and the EISs,
2 I think it's come to the attention of the people that are
3 supporting this plan that it's probably going to cost more than a
4 \$100,000 once we get into the environmental assessment and the EIS
5 portion of this, and our concern is that the 100,000 is probably
6 plenty for planning aspect and may be more than is needed, however,
7 we'd hate to get to some point here where conceptually this plan
8 has been approved and that we have to stop the plan and wait for
9 another meeting to come up with the money to continue with it,
10 because time is of the essence, and if the plan does make sense, it
11 should be continued.

12 MR. PENNOYER: Thank you. I should have mentioned for
13 those of you who weren't on the network at the start or may not
14 have our -- our agenda, that the action items this afternoon are
15 the Restoration Plan, investment strategy, habitat acquisition,
16 Institute of Marine Science infrastructure and improvements, and
17 the '95 Work Plan. So, just for reference, those are the items
18 we'll be taking action on this afternoon. Torie, you want -- is
19 that a one-two punch, you want to try the second one? Torie Baker,
20 please.

21 MS. TORIE BAKER: Thank you. My name is Torie Baker
22 and I'm a commercial fishermen in Prince William Sound and I'm also
23 a board member of the Cordova District Fishermen United, and today
24 I'm speaking on behalf of CDFU, which is the oldest regional
25 commercial fishing organization in Prince William Sound. First of
26 all, by way of an update to members of the Council, and as noted in

1 Jim's Executive Director findings, indeed there was a slight break
2 in the clouds over the salmon returns to the Sound this year. An
3 exceptional return to the northern district to the Valdez hatchery
4 and to PWSAC Cannery Creek facility provided the first sizeable
5 harvest of pink salmon in the Sound in over three years, for those
6 fishermen who could financially participate. But, elsewhere in the
7 Sound and still of major concern is the continued dangerously
8 depressed conditions of the wild salmon in the southwest and
9 northwestern streams and the low return to the PWSAC AFK facility.
10 As well, on the other hand, with regards to herring, again, we have
11 endured three years ofprecedented and rapid declines and complete
12 elimination of any harvest, commercial or subsistence this last
13 spring. CDFU would like to specifically thank the Council and
14 staff for their speedy and thoughtful support this last spring in
15 aiding managers in pathology and mortality monitoring efforts.
16 It's our understanding that much important information was obtained
17 as a result of this effort. While the official ADF&G 1995 herring
18 predictions are not yet available, the general consensus appears
19 that this multi-million dollar fishery will again be closed in
20 1995, and severely curtailed for the next two to four years.
21 Therefore, I'd like to address the '95 Work Plan from CDFU's point
22 of view, going along basically with the organization that's been
23 presented to you by Jim's -- in the Executive Director's report.
24 As outlined in the recommendations under the pink salmon
25 restoration, the SEA program, 95320, also known as the Prince
26 William Sound investigation, again receives our endorsement. The

1 program has received good technical review and by many measures of
2 a program of this size was highly successful in its first year.
3 The continuation of research on the lingering toxic effects of oil
4 and determination of genetic damage of pink salmon caused by the
5 spill, those contained in 95076 and 95191 A and B, also remain a
6 top priority for us as well. The work being continued in the
7 Coghill area of the Sound in the northwest district, 95259, also
8 receive our support. Probably key, and I'd just like to pick up
9 again on what Jim said, we at CDFU cannot emphasis enough the need
10 for continuation of the coded-wire tag program and the conversion
11 to thermal mass marking techniques in Prince William Sound, 95320
12 B and C -- up for its second try for the Trustee funding, let me
13 just close with that, we feel that there's been substantial effort
14 made by the department, by the aquaculture interests, and by the
15 Trustee Council to develop the long-term implementation, and cost-
16 sharing needed for this particular program. In closing, we would
17 also like to -- with regards to the herring work and the herring
18 proposals, we feel that that's an aggressive and a comprehensive
19 program that's next on your group of projects, and we wholehearted
20 support them, and again on behalf of Cordova District Fishermen
21 United, we would like to reiterate our longstanding support for the
22 Trustee Council and Eyak Corporation habitat acquisitions. We feel
23 that it's imperative and we feel that with the possibility of
24 Chenega purchases, or purchases of Chenega lands on the western
25 side of the Sound, that for the first time in five years we'll
26 actually have something bought in Prince William Sound that has to

1 do with coastal habitat and has been directly affected by the oil
2 spill. Any questions, I'd ...

3 MR. PENNOYER: Thank you, Ms. Baker. Questions from the
4 Trustee Council? Thank you very much. I think we'll go out to the
5 net now and start around the net. Maybe take one person at each
6 location, some rotation. Cordova are you on line, is there anybody
7 there that wishes to testify? Cordova?

8 MS. THEA THOMAS: Good morning, my name is Thea Thomas.
9 I'm a commercial fishermen in Prince William Sound and a member of
10 the Board of Directors of Cordova District Fishermen United.
11 You've heard Jim Gray and Torie Baker, they've expressed very well
12 the concerns of the people in this area. I would just like to
13 speak for a moment concerning the Prince William Sound
14 investigation, also known as SEA, Sound Ecosystem Assessment
15 program. This program has widespread support, it received very
16 high marks from the scientific review committee during the October
17 workshop in Cordova. Many, many people have worked long and hard
18 to get this program going to make sure it is a success. Interim
19 funding for this program was approved over two months ago by the
20 Trustee Council, yet today a substantial portion of this program is
21 in jeopardy of grinding to a halt. The problem appears to be some
22 minor, budgetary dispute between the Department of Fish & Game and
23 the University of Alaska. Uninterrupted continuation of this
24 program is essential. I would just like to see the Trustee Council
25 assure that this dispute is settled and that these programs receive
26 approved funds in a timely manner. Thank you.

1 MR. PENNOYER: Thank you very much. Questions of the
2 Trustee Council? Jim would you elaborate the "dispute" we've been
3 asked to resolve. I'm not ...

4 MR. AYERS: Mr. Chairman, it is my understanding that
5 the dispute, as it's referred to exists within the discussion of
6 language in the RSA. Under the state process, RSA -- Reimbursable
7 Service Agreements -- are made available between two state
8 entities. The university and the Fish & Game in this particular
9 case are two state entities. The State does not have the
10 prerogative to sole source funds to non-profit like the Prince
11 William Sound Science Center without going through an elaborate RFP
12 -- request for proposal bidding process. So, we have chosen, the
13 Council made the decision to fund the 320 effort designed by the
14 scientists, including university scientists, through the Department
15 of Fish & Game, through a Reimbursable Services Agreement with the
16 university, and the university working with the Prince William
17 Sound Science Center. Now, within that chain of management, there
18 are discussions between the Prince William Sound Science Center and
19 the university over a variety of aspects of the contract, including
20 measurables, there are expectations of the university from the
21 Prince William Sound Science Center. They do not see their role
22 simple as pass-through. In addition to that, there is a discussion
23 between the university and the Department of Fish & Game regarding
24 measureables and expectations of fulfilling the contracts as would
25 be expected. I believe that most of those discussions, or problems
26 have been resolved. However, the university is in between

1 Department of Fish & Game and Prince William Sound Science Center,
2 and there are negotiations that need to be resolved over the
3 university's expectation of Prince William Sound Science Center,
4 and how those are being included and dealt with in this RFS between
5 the university and the Department of Fish & Game. Now, I have
6 talked with them at length, and did a conference call with them the
7 night before last. Molly McCammon discussed this whole issue
8 thoroughly again last night, and we have now prepared a memo -- did
9 it go out this morning? (Ms. McCammon nods head) -- and we have
10 sent them a memo saying, look, identify what the issues are, we'll
11 come to Fairbanks, we'll go to Cordova, we'll go to wherever we
12 need to go, we need to get everybody in a room and sit down and
13 resolve the issue. But it is not a simple issue, and there's not
14 just one issue, it is the variety of issues that are involved
15 between the various parties, and we do not have a resolution today,
16 simple another one of those things that falls within the purview I
17 think of managing this effort, and we need -- we need to get the
18 them all in the same room and resolve the issue, and we intend to
19 do so forthwith.

20 MR. PENNOYER: That's fine. So, you'll be coming back to
21 us with some type of progress report at some point.

22 MR. AYERS: We -- immediately.

23 MR. PENNOYER: The party testifying in Cordova, would you
24 spell your last name, please, there was a break up at the start of
25 your testimony.

26 MS. THOMAS: Yes, my name Thea Thomas, T-H-E-A T-H-O-

1 M-A-S.

2 MR. PENNOYER: Thank you very much. Are there other
3 further questions of Ms. Thomas from the Trustee Council? Hearing
4 none, I'll think we'll go on down the net, is Juneau on line? Is
5 anybody in Juneau wish to testify?

6 MR. CHIP THOMA: Yes, Mr. Chairman, do you hear me?

7 MR. PENNOYER: Yes, we can, Chip.

8 MR. THOMA: This is Chip Thoma in Juneau, T-H-O-M-A.
9 This is a preface to my formal comments. Once again there was no
10 public notice of this meeting in Juneau, on our radio, mail or
11 newspaper. Someone is dropping the public involvement ball, and
12 it's come to the point where the public should perhaps be in charge
13 of notification and coordination of testimony. I commend CDFU for
14 staying on top of this. You should be in charge of public notice
15 by contract. Mr. Chairman, I have just a few, brief, caustic
16 comments on what I consider to have been a miserable three years
17 since the Trustee Council was implemented. There was such high
18 hopes for the Council to rectify the physical damage done by the
19 spill through habitat acquisition and necessary science, but the
20 Council has floundered by squandering a substantial portion of the
21 settlement monies, that are doled out by Exxon on administration,
22 double-dipping billings from the agencies, duplicative and
23 unnecessary science that now struggles for a strangle hold on the
24 remainder of the funding. It shall not come to pass, you Ph.D's.
25 I hold two people directly responsible for the tragedy Exxon Valdez
26 spill and the result of the debacle of the Trustee Council. The

1 first is that union busting Frank Iarossi, the former head of Exxon
2 Shipping who computerized the Exxon fleet and then cut the number
3 and the quality of merchant seaman aboard the vessels by half.
4 It's his management that allowed Hazelwood to continue his
5 inebriated indentured service to the company, and place mental
6 defectives, such as Mr. Cagin at the wheel, a sort of monkey tied
7 by a chain to the accordion. Mr. Iarossi and the Exxon Corporation
8 should have been brought to trial. These practices would have
9 ceased to be the norm or acceptable under law, but the state and
10 federal government has dropped the prosecution line in favor of
11 getting this behind us, as the governor would say, to just about
12 everything. The second person I hold responsible is that glad-
13 handing minor-leaguer from Fairbanks, Charlie Cole, the titular
14 father of the Trustee Council. At the behest of the governor, Mr.
15 Cole dropped the charges, let Mr. Rawls and Exxon off the hook and
16 set up the structure the Trustee Council that haunts us today. Mr.
17 Cole's legacy in my view consists of the veto of HB 411, which
18 would have purchased every bit of important habitat that you are
19 now considering for fifty million dollars from willing sellers.
20 Not the present situation of one phony, biased appraisal after
21 another, with timber companies and corporations colluding to raise
22 the price and the stakes time and time again. It was also Mr. Cole
23 who stacked the Public Advisory Council with five more political
24 friends of the governor. We have gleefully ignored the demands of
25 the impacted areas to purchase habitat. Instead we have visitor
26 centers, study areas for U of A Fairbanks folks, and endowments for

1 any other hair-brained study that comes down the U of A pike.
2 That's the legacy and the tragedy. So, watch out you Ph.D's on
3 public welfare; I'm after you big time. I'll be here in Juneau to
4 scrutinize the science budgets for the university system and to
5 submit testimony to budget and audit at every opportunity. You
6 Johnny-Come-Grab-Bags are going to rue the day if you start
7 divvying up the settlement pie. One good thing that Mr. Cole did
8 was insist that the Trustees travel and work on the agency dimes,
9 not Trustee money, but I hear even that has not come to pass. You
10 too are dipping at the Council trough. So, a final word to the
11 state Trustees, adios, good riddance and thanks for nothing. Thank
12 you, Mr. Chairman.

13 MR. PENNOYER: Thank you, Mr. Thoma. Other comments or
14 questions from the Council? Mr. Ayers.

15 MR. AYERS: Yes, Mr. Chairman, I'd just like to point
16 out to Mr. Thoma that on Wednesday, October 26, on page eight of
17 the Juneau Empire is an eight-page ad notifying the public that the
18 Exxon Valdez Trustee Council meeting is to be held at 10:00 a.m.
19 Wednesday, November 2nd, and I'll be happy to make the page
20 available, Mr. Thoma, if he would like to have it.

21 MR. THOMA: I appreciate that, Mr. Ayers.

22 MR. PENNOYER: Further comments or questions? Thank you,
23 Jim. Going around the net further, Seward or Kodiak? Anybody in
24 Kodiak that wishes to testify?

25 MR. NORMAN SUTLIFF: Good morning, Mr. Chairman. My name
26 is Norman Sutliff and it's a bad stormy day over here. I came in -

1 - I've been in Kodiak for 55 years. I went to New York State
2 College of Forestry. I've done Kodiak Fish & Game Board for 20
3 years, last guide work for five years, and I was the first boy
4 scout master in the Territory of Alaska. Private pilot -- I owned
5 and managed a lumber yard for 20 years. My hobby is hunting and
6 fishing. I was active in many, many projects during the time that
7 the federal government transferred the management of the fish and
8 game over to the state. So, today I'm here to testify in favor of
9 the State of Alaska to acquire the lands on the northern end of
10 Afognak Island, which includes Falls Lake drainage. I favor this
11 purchase before it becomes clear-cut. I have no financial interest
12 in any person, organization or business connected with Afognak
13 Island, and I represent no one. This area includes the oldest,
14 purest stand of spruce timber in Alaska, and perhaps in North
15 America. It includes the Falls Lake drainage that has the best
16 sport fishing I have ever known: rainbow trout in the spring, an
17 early run of red salmon and an August run of silvers, surrounded in
18 the most beautiful forest, unspoiled by man. This area is also the
19 home to the healthy, thriving and well-protected and well-managed
20 brown bear population. Hunters have little success here because of
21 the good cover. The deer -- the deer and the elk population is in
22 a stable and good condition. I have fished this drainage at least
23 three times each year for 45 years. I also have checked and
24 maintained the two fish ladders that was put in -- what was
25 installed when we were still a territory. I hope you will be
26 successful at acquiring this great piece of land, it's a great

1 piece of real estate. I am hoping I can make -- take my grandson
2 here some day to enjoy what I have been so lucky to enjoy. Thank
3 you.

4 MR. PENNOYER: Thank you very much, and thank you for
5 your feelings and observations on the north Afognak land. Are
6 there questions of the Trustee Council? Would you repeat your name
7 please, sir, and spell it for the record.

8 MR. SUTLIFF: Norman Sutliff, S-U-T-L-I-F-F.

9 MR. PENNOYER: Thank you very much. Would other people
10 as they come on to testify, please spell their last name for us so
11 we get them for the record. Let's try Seward, is there anybody in
12 Seward that wishes to testify?

13 STAFF: Yes, Mr. Chairman.

14 MR. RICK SMERIGLIO: Hello, my name is Rick Smeriglio,
15 that's spelled S-M-E-R-I-G-L-I-O. I live at Mile 24-1/4 on the
16 Seward Highway, and I'd like to speak in favor of habitat
17 acquisition for Kenai Fiords National Park. I'd like to see all
18 the parcels remain in public ownership regardless of the low,
19 medium or high ranking that they received in the habitat protection
20 process. And I see the necessity for ranking the parcels because
21 the funds are limited, but I'd argue that no parcel in the Kenai
22 Fiords National Park deserves a low ranking for acquisition. They
23 all lie within an integrated whole in terms of management of the
24 park and in terms of their biology, and compared to other parcels
25 at the tip of the Kenai Peninsula, all the parcels in the park are
26 more closely tied to coastal resources, and if any of this gets

1 left out, what will result is a checkerboard pattern of land
2 ownership, which is a well-known management problem that's going to
3 plague the park for years if it happens. As I say, I see the
4 necessity of ranking, but I certainly don't like it. I prefer that
5 all the parcels in Kenai Fiords National Park receive funding for
6 acquisition, and by enforcing a ranking and probably funding only
7 the high ones, the Trustees force the Park Service and the public
8 to make a tough choice. It's like forcing a grandparent in an
9 emergency to choose which of his many grandchildren he wants to
10 save. It's like forcing the City of Seward to choose between a
11 major project like the Sea Life Aquarium or the National Park, but
12 not both, and I think that's an awful choice to have to make. It's
13 one that I don't want to have to make, and it's one that I don't
14 think the public want's to make. The public seems to want both,
15 and if the Trustees don't fund all of the parcels, I think
16 basically Seward won't have a national park. I genuinely fear what
17 will occur on those parcels in the checkerboard that don't remain
18 in public ownership. So, to close I'd like to say again that I
19 favor using EVOS settlement funds to acquire all the private land
20 potentially for sale in Kenai Fiords National Park. Thank you for
21 your time.

22 MR. PENNOYER: Thank you, sir. Are there questions of
23 the Trustee Council? Thank you very much. Let's move on to
24 Soldotna, is there anybody in Soldotna that wishes to testify?
25 Soldotna? I guess not. I have a single name here, Chuck Meecham,
26 Chuck are you on? Okay, we'll come back to Mr. Meecham, if you get

1 on later. Homer, Alaska -- Homer, anybody in Homer that wishes to
2 testify?

3 MR. CHRIS MOSS: Yes, this is Chris Moss, M-O-S-S.
4 I'm representing Cook Inlet Seiners Association. I'd like to
5 testify on the Work Plan. Our group fishes salmon -- or the
6 members of our group fish salmon in an area between Prince William
7 Sound and Kodiak, on the outer Kenai Peninsula. We also fish in
8 all the areas below Anchor Point. At this point, we'd like to urge
9 you to fund project 95139A, Port Dick spawning channel. Port Dick
10 is or was the largest natural contributor to pink salmon production
11 in lower Cook Inlet. It also was the largest -- it has the largest
12 production of chum salmon on the outer coast. In 1994 the salmon
13 harvest was less than a thousand fish there. We're very concerned
14 about the downward trend in this outer area. Please fund this
15 project. This area was heavily impacted by the Exxon Valdez oil
16 spill. This is the first project in lower Cook Inlet to begin the
17 restoration project -- process for salmon in lower Cook Inlet.
18 We've been very concerned about the lack of projects for these --
19 these salmon streams in this area and also the lack of research
20 done in this area, and we're excited to see this project to help
21 restore this to it's natural production and historical level. So,
22 please fund this, we're really hurting down here.

23 MR. PENNOYER: Thank you, Mr. Moss. Are there questions
24 from the Trustee Council of Mr. Moss? Okay, thank you. We'll come
25 back now to Anchorage, and who wants to be next in Anchorage? Yes,
26 sir.

1 MR. HOWARD FERREN: Good morning, Mr. Chairman, the
2 Trustee Council members. My name is Howard Ferren, F-E-R-R-E-N.
3 I'm Special Projects Manager and Planner for Prince William Sound
4 Aquaculture Corporation. I'm here to speak to proposal 95093,
5 restoration of Prince William Sound natural spawning salmon
6 resources and services, and integrated and collaborative approach.
7 This proposal is presented as a suite of three subprojects designed
8 to rehabilitate injured natural spawning stocks, to maintain the
9 bio-diversity of the Prince William Sound ecosystem and restore
10 resources and services to people and communities of the Prince
11 William Sound area. Subproject A addresses pilot scale
12 supplementation activities in three oiled streams. Subproject C is
13 similar to A, however, the activities are to take place in three
14 unoiled streams identified by subsistence users because of their
15 importance to them. Subproject B addresses the version of fishing
16 effort from oil damaged stocks. Project 95093 can be initiated in
17 1995 within constraints of planning and permitting time lines.
18 Valuable time must not be further lost to initiate restoration.
19 The Chief Scientist and Executive Director recommend that
20 significant work still remains to adequately plan -- prepare the
21 project, including complying with national environmental --
22 Environmental Policy Act, and that funding be allocated for the
23 further work on these tasks with additional funding in FY '95 as
24 may be appropriate depending on approval of a revised proposal.
25 The \$100,000 recommended appears to be in an arbitrary figure
26 derived without input from the project proposers. Therefore, it

1 must be clearly stated that, one, planning can be initiated within
2 that allocation, although certain project details can only be
3 completed after initiation of stock surveys and site evaluations.
4 Three hundred thousand dollars is recommended for this. NEPA
5 compliance process must be initiated, must not be delayed, and may
6 require more funding than is recommended within the \$100,000
7 figure. Project 95093 collaborators recommend in order to proceed
8 in good faith with the Executive Director's recommendation, that
9 the Executive Director be given an administrative authority to fund
10 NEPA as required, based on project detail. This action will
11 expedite the NEPA process and emphasize the Trustee Council
12 commitment to proceed with restoration of injured and lost
13 resources and services. The Trustee Council revisit the proposed
14 work no later than April 1995 to consider funding level for
15 proposed project components that are feasible for implementation in
16 1995. It is vital that we proceed in this fashion, recognizing
17 that by May 1995 when our field season can begin, more than six
18 years have elapsed since the Exxon Valdez oil spill, during which
19 time little in the way of active restoration of the Sound's
20 resources -- injured resources -- has been initiated. Thank you.

21 MR. PENNOYER: Questions from the Trustee Council? Thank
22 you very much. It's been pointed out to me, I do have the sign-up
23 sheet in Anchorage, although Mr. Ferren was not on it, so we'll go
24 ahead the list, I think, and try one more from Anchorage. Arlis
25 Sturgulewski. Senator Sturgulewski are you there. Oh, there you
26 are, thank you.

1 MS. ARLIS STURGULEWSKI: Arlis Sturgulewski, S-T-U-R-G-U-
2 L-E-W-S-K-I. I learned that one. I really want to come up and --
3 not to just counter Mr. Thoma, but to really say a heart-felt thank
4 you for a lot of work on the part of a very dedicated staff and
5 previous staff, as well as to the Trustee Council and previous
6 Trustee Council. I came about what ended for me -- really this is
7 kind of a culmination of four years of trying to see a longer term
8 look taken at the -- in the spill area in terms of research and
9 restoration. I was an advisor to the International North Pacific
10 Fisheries Commission, and even though we dealt mainly with the
11 salmon on the high seas, we also got a lot of information of
12 various species, and we hear in the high seas in the Magnusson Act
13 area, there's a lot of information that is simply not available,
14 and even though we talk about conservative management, we really
15 don't know -- there are just too many imponderables, and it seemed
16 to me that this area that's under consideration is a wonderful
17 place for us to really find out a lot of things about how to really
18 look at the whole ecosystem and I have to thank, particularly Jim
19 and Molly and the work that they have done to help focus and bring
20 us toward with the Trustee's approval, that ecosystem approach.
21 So, I'm really here today to say that, thank you, you did not have
22 a road map, you had to build your own road map in a sense because
23 of the magnitude of this and what you've been involved with. I
24 think that you're on a very good course. I appreciate your
25 consideration of maximizing the investment return. I certainly
26 compliment you for having established a beginning, to establish a

1 reserve, and I would hope that you do adopt the restoration plan
2 with the longer view. It's not been easy, but I think you're on
3 the way, and if this can become then, a prototype, maybe we won't
4 keep picking up the paper and reading what's happened off of New
5 England, and off the outer banks and other areas around the world,
6 and, so, I hope you'll put this in the perspective of a much larger
7 picture that you're really doing some fine work, and it hasn't been
8 easy and you have had your critics, but I just want to say thank
9 you.

10 MR. PENNOYER: Thank you for those words, Senator.
11 Questions of Senator Sturgulewski from the Council?

12 MR. TILLERY: Mr. Chairman.

13 MR. PENNOYER: Mr. Tillery, Arlis, we've got one question
14 here.

15 MR. TILLERY: Senator, I was just wondering, you are, I
16 assume, familiar with the current, the way in which the restoration
17 reserve is now envisioned. Is that -- does that comport with your
18 views of how it should be constructed?

19 MS. STURGULEWSKI: You know, I have to say that this has
20 gone through an awful lot of iterations, and as I understand now,
21 there will be some flexibility to that in case -- needs come up,
22 but you're -- you're -- as I understand it, you're looking toward
23 a hundred million, plus and I certainly think that's fine. I had
24 a vision at one time, a foundation, more of a separate approach,
25 but I think the practical thing and the politics that they are,
26 that it's --it's best this way. You have a structure for the

1 public to have input, and rather than creating a dual structure
2 that I am certainly am satisfied. Nothing is every quite the way
3 you want it to be, and we had a lot of views during the process.
4 There's been a lot of people that have spoken for -- for an
5 approach, and differing views, and that's been the process. It's
6 worked to where it is and I say hallelujah and amen, go for it.
7 Okay, thank you.

8 MR. PENNOYER: Further questions? Yes, Mr. Janik.

9 MR. JANIK: No question, just a comment. That was
10 very gracious of you to come here and deliver your statement.
11 Thank you.

12 MS. STURGULEWSKI: Hey, honey, I've been here many
13 times. (Laughter) I thought rather than haunting you, I would
14 come and say thank you. No, I'm serious about that. Thank you.

15 MR. JANIK: Thank you.

16 MR. PENNOYER: Appreciate that, I think we'll go back on
17 the net again. Cordova, anybody in Cordova that still wants to
18 testify?

19 MR. JAMES MYKLAND: Yes, good morning, my name is James
20 Mykland, you spell that M-Y-K-L-A-N-D and I am one of the commer-
21 cial fishermen that still fishes in Prince William Sound. I also
22 reside in the City of Cordova. I thank you for the opportunity to
23 address the Trustee Council today, and the views I express here are
24 my own. It has not been even one year since Jim Ayers became the
25 Executive Director and during that time there has been a big change
26 on how the public interacts with the Trustees. I want to thank Jim

1 Ayers and Molly McCammon and their staff on a good job done during
2 this past year. I also appreciate the Trustee's work and the hard
3 job of weeding through all the proposals that come before their
4 desks. I am both interested in letting the Council know my views
5 today on the very proposals contained in the '95 Work Plan that are
6 of high interest to myself. I congratulate the Council for funding
7 the Sound Ecosystem Assessment program, the SEA plan, in the '94
8 year, and I encourage the Council to continue full funding of this
9 SEA program in '95. Research studies and field work to find out
10 what has happened in Prince William Sound is of the utmost
11 importance to fishermen. As a member of the public the recent SEA
12 peer review and workshop in Cordova that was just recently held was
13 very interesting and gave us some clues in the quest for finding
14 out what is wrong with the Prince William Sound ecosystem. In
15 discussing pink salmon, which in my opinion were the hardest hit
16 species in the whole spill, I support the continuation of coded-
17 wire tag program and the funding and the implementation of the
18 otolith thermal mass marking proposal. We desperately need the
19 funding of these two proposals to continue the work on stock
20 separation in Prince William Sound. This is an integral part of a
21 total restoration of Prince William Sound pink salmon. So, I
22 encourage you to do so. I also support the joint proposal by the
23 Native Village of Eyak, the Prince William Sound Aquaculture
24 Corporation, and the University of Alaska Fairbanks. This proposal
25 number 95093 is the restoration of pink salmon in Prince William
26 Sound. After five and a half years of pink salmon restoration --

1 oh, excuse me, after five and a half years, we are still waiting
2 for pink salmon restoration to begin in the streams of Prince
3 William Sound. Adequate funding for planning and permitting are
4 not enough. If you cannot agree today on full funding of this
5 proposal, then please revisit this proposal in early spring 1995,
6 after the planning and the permitting has been done. Do not let
7 this golden opportunity to begin pink salmon restoration to go by.
8 I was one of the 160 purse seiners that was finally catching pink
9 salmon in the Sound this summer. After three years of no pink
10 salmon, I finally felt like a fishermen again. Only problem was,
11 the majority of the pink salmon production came from the northern
12 streams in Prince William Sound. Oil still impacted areas.
13 Northwestern and southwestern streams still were very weak.
14 Concerning habitat acquisition in Prince William Sound, I -- I
15 support the Council's efforts fully. Watershed protection is the
16 only answer to viable long-term help. I encourage the Council to
17 continue negotiations with the Eyak Corporation concerning their
18 habitat acquisition. It would be a bad day if the timber is cut in
19 Prince William Sound, when the monies are available to purchase
20 timber rights. I implore both the Council and Eyak Corporation to
21 settle their differences and make a deal. We are all getting tired
22 of this long delay. In closing, I wish to applaud the Council and
23 the staff on the hard work this last year, and I appreciate the
24 time and effort extended by all. The restoration of Prince William
25 Sound has finally begun, and now it is up to all of us to keep
26 going what had been started. Good luck in your deliberations

1 today, and thank you once again for letting me speak. Thanks.

2 MR. PENNOYER: Thank you, Mr. Mykland. Any questions for
3 the Trustee Council? Mr. Ayers.

4 MR. AYERS: Mr. Chairman, I do not have a question,
5 but I -- I feel compelled to first of all say thank you, I
6 appreciate the comments. Certainly the Trustee Council has taken
7 major steps forward in developing the comprehensive plan as noted
8 by the last two speakers. However, let me also say that the
9 speaker before Arlis Sturgulewski and then this speaker raised the
10 question of the commitment with regard to pink salmon, and I've
11 been thinking about that a great deal myself, and I just wanted to
12 point out that through 1994 the Council had invested over seven and
13 a half million dollars devoted specifically to pink salmon projects
14 and pink salmon restoration. In the '94 Work Plan, those projects
15 that are directly related to pink salmon are an additional 2.1
16 million dollars, and, in fact, we are working very closely with the
17 SEA program and there is -- I -- as people talked earlier today,
18 we're doing a number of things to try and support that project,
19 which is an additional 4.6 million, the majority of which is
20 devoted towards the ecosystem and better understanding the
21 ecosystem's relationship to the recovery of the pink salmon. I
22 just wanted to point out that that's some 9-1/2+ million dollars in
23 addition to the 4.6 million dollars that we are investing again, or
24 recommending for investment in the SEA plan this year. We're
25 approaching some 15 million dollars in an effort devoted specifi-
26 cally related to pink salmon and the restoration of pink salmon,

1 and I -- I know that there may be discussions about well those
2 weren't the projects that -- that someone else picked, but those
3 were the projects that were identified, and have been funded, and
4 devoted specifically to the restoration of pink salmon, and I
5 understand that there is now an effort and a clear focus, which is
6 a separate issue having to do with the issue of 95093, which is a
7 specific wild stock restoration effort and I -- and we'll deal with
8 that and we'll discuss that and certainly we've talked about that.
9 But, I just wanted to point out that there has been a commitment by
10 prior Trustee Council efforts devoted to the Prince William Sound,
11 and in particular the pink salmon restoration effort, and there
12 will continue to be, and I think -- you know, I know we're very
13 supportive of that and will continue to support that effort.

14 MR. PENNOYER: Thank you for those observations, Jim. I
15 think we'll continue around the net now. Juneau, is there anybody
16 else in Juneau that wishes to testify? Okay, Kodiak, anybody
17 further in Kodiak that wishes to testify?

18 KODIAK LIO MODERATOR: I did have some testimony that
19 was dropped off and they asked me to read it. Would that be
20 possible, or should I fax it to you?

21 MR. PENNOYER: You can go ahead and read it if it's
22 within the time limit.

23 KODIAK LIO MODERATOR: Yes, it is. A letter written by
24 Mark Thissen of Kodiak and it's read by the moderator here in
25 Kodiak, (indiscernible), "Dear Members of the Council: Thank you
26 for the chance to testify. I am a Kodiak commercial fishermen

1 presently employed as a carpenter. I am a supporter of the
2 Council's decision to make certain habitat acquisitions in the
3 spill-affected areas, and see it as a prudent use of the settlement
4 monies over which you as Trustees preside. I supported and
5 appreciated the Council's acquisition of what is now known as
6 Afognak State Park Seal Bay area. Adjacent land to the west known
7 as Pauls and Laura Lakes area are being looked at for potential
8 logging in the near future. I have personally spent time in this
9 high quality wilderness. It is an intact ecosystem featuring the
10 pristine lake, the timber stands, rugged coastline and the species
11 of fish and mammals dependent upon them. Your own studies have
12 given us -- given this high -- given this area the highest
13 biological rating. It would truly be a high quality acquisition.
14 If the Native corporation, the timber company, the Council and
15 whatever parties may be involved can come to a mutual agreement on
16 this acquisition, I would fully support it. Thank you.

17 MR. PENNOYER: Did you get that name? Would you spell
18 the last name, please, on the letter?

19 KODIAK LIO MODERATOR: Yes, that's Martin Thissen, T-H-
20 I-S-S-E-N.

21 MR. PENNOYER: Thank you very much. Let's go to Seward
22 then, anybody further in Seward that wishes to testify?

23 MR. MARK LUTTRELL: Good morning, Chairman Ayers and
24 members of the Council. My name is Mark Luttrell, that's spelled
25 L-U-T-T-R-E-L-L. I've been a resident of Seward for over ten
26 years, and I'm also a member of Friends of Kenai Fiords, and

1 advocacy group for the park. I would like to speak in favor of
2 habitat acquisition for land within Kenai Fiord National Park, and
3 I'd like to do so from an economic point of view. I'm not sure how
4 many people realize the economic impact that the park has on the
5 economy of Seward. Some quick figures here, 204,000 visitors have
6 shown up in Seward, just this year, and that accounts for 559
7 percent increase over the last 10 years. Over half of those
8 visitors come here to see the park, and approximately \$72 is spent
9 per person per day, in Seward. Multiply those two numbers and you
10 come up with \$14,688,000, which to me is a very large chunk of
11 change that I don't want to jeopardize. So, I'm asking that the
12 Trustee Council do what they can to provide money for the purchase
13 of private in-holding within the Kenai Fiords National Parks.
14 These are lands that are owned by Port Graham and English Bay
15 Corporations, and to my knowledge they are willing sellers and we
16 certainly have willing buyers here. I think it's very much like a
17 win-win situation. Most of the community here is in favor of it.
18 It certainly would assist the local economy. We don't believe that
19 tourists coming to Seward would be as likely to come here,
20 actually, if they knew that the park that they would be visiting
21 was checkerboard, or had certain developments, logging perhaps, the
22 restriction of access. If you can see to do the good work you did
23 in Kachemak Bay State Park and Afognak Island, do the same for
24 Kenai Fiords, we certainly would appreciate it here. That's all I
25 have.

26 MR. PENNOYER: Thank you very much, Mr. Luttrell. Any

1 questions of Mr. Luttrell from the Trustee Council? Okay. Let's
2 go around the net one more time. Soldotna, is there anybody at
3 Soldotna that wishes to testify? Nobody in the Soldotna? Is Chuck
4 Meecham back on line? Homer, anybody in Homer that wishes to
5 testify?

6 MR. MICHAEL McNIVEN: Yes, my name is Michael McNiven,
7 M-C-N-I-V-E-N. I'm a fisherman and resident of Homer, and I'd like
8 to speak towards the small parcel land acquisition. I would like
9 to encourage the Council to favorably consider the acquisition of
10 what's called the Overlook Park area in -- just outside of Homer on
11 the shores of lower Cook Inlet. This is a piece of land that at
12 the moment is -- is still maintained in its pristine condition, and
13 although that may not be the case for much longer, this land is
14 surrounded by state lands, and has been considered as a state park
15 in the past. I would encourage the Trustees to -- with their high
16 priority as far as acquisition, this is a unique piece of land, and
17 not only does it harbor large animals, also birds and other
18 wildlife, and it's boarded by a large reef that's support a large
19 variety of intertidal and tidal creatures. Thank you.

20 MR. PENNOYER: Thank you very much, Mr. McNiven.
21 Questions of the Trustee Council? Thank you. We'll come back to
22 Anchorage now, and Carol Boehnert, please.

23 MS. CAROL BOEHNERT: Hi, my name is Carol Boehnert, B-O-E-
24 H-N-E-R-T, and I'm speaking today on behalf of the Alaska Center
25 for the Environment. First, I'd like to thank the Trustees for all
26 their hard work, and especially Jim Ayers and Molly McCammon for

1 what they have been doing. I know everyone has been putting in
2 long hours. Some of the good news is that the people are very
3 involved in the negotiations on habitat acquisition. The banner
4 outside is signed by hundreds of Anchorage residents advocating for
5 Eyak and Afognak deals. In addition, it's my understanding that
6 somewhere in your packet you have many, many letters from people
7 within the spill area, saying what it is that they are worried
8 about. These areas that are getting a lot of worried people
9 writing you are usually Eyak and Afognak. This is partially
10 because these areas are imminently threatened. If you look back in
11 the Trustee Council records of what's happened to the other areas
12 that were on imminently threatened lists, Two Moon Bay is an
13 example, Fish Bay, Delphin (ph) Point, these areas have been clear
14 cut and we feel that it would be naive to assume that Eyak and
15 Afognak lands would not also be clear cut. That's one reason that
16 we are advocating so strongly that negotiations be pursued in
17 whatever creative form that's necessary to get deals. We also
18 strongly support a land deal for Kenai Fiords. This is an area
19 that has a lot of economic need for the community of Seward, and
20 it's a very popular area. In addition, we have real concerns that
21 the areas that are acquired, are acquired in comprehensive large
22 amounts of land. The Forest Service now is dealing with the whole
23 issue of viability and viable populations, and what conservation
24 biology says is that creatures need large areas to roam around in
25 rather than little bits of areas interspersed with large clear-
26 cuts, and we feel that it would not be the same to us if you get

1 tiny acquisitions all over the map. We strongly advocate from a
2 scientific point of view that we need comprehensive acquisitions.
3 One suggestion we might have because we know how difficult and
4 tiring it is to have negotiations go on and on, is that you have a
5 public meeting in Cordova where you discuss the deal that is made
6 to the corporation, and let the corporation and yourselves talk
7 about it so that the citizens can understand what's happening. I
8 thank you for the time and again thanks for all your hard work.

9 MR. PENNOYER: Thank you, Ms. Boehnert. One second, is
10 there any question of the Trustee Council? Yes, Mr. Rosier.

11 MR. ROSIER: It's about -- do I take it then that from
12 your perspective anyway, that you are not supporting any of the
13 small parcel purchases?

14 MS. BOEHNERT: No, it's my understanding that small
15 parcels are going to be considered after large parcels. I'm
16 talking about if we are talking about large parcel acquisitions,
17 let's not just get tiny areas in the Sound, and say, oh, we've
18 acquired areas in the Sound. We really need comprehensive areas.
19 But, I support small parcel acquisition when they come up for
20 consideration. Thanks.

21 MR. ROSIER: Thank you.

22 MR. PENNOYER: Oh okay, let's do one more here, Theo
23 Matthews. Theo, did you want to testify, it doesn't say yes or --
24 I'll put yes down for you.

25 MR. THEO MATTHEWS: I didn't realize you were going to
26 have a comment period, I mean this early. My name is Theo

1 Matthews, that's spelled with two Ts, I reside in Kasiloff, Alaska.
2 I'm going to try and speak with two hats this morning. I hope I
3 have enough time. First, I'd like to speak to you as Vice-
4 President of the United Fishermen of Alaska. UFA is comprised of
5 20 regional commercial fishing associations from Ketchikan,
6 basically up to the Yukon drainage. Out of those twenty groups,
7 approximately seven reside or are based in the oil spill area of
8 Prince William Sound, in lower and upper Cook Inlet and Kodiak. I
9 should also probably say that I was unfortunately UFA president at
10 ground zero when the spill happened. As that, I have lived with
11 this issue since ground zero. UFA has negotiated in the clean-up,
12 we involved with negotiations with Exxon for payment to fishermen,
13 we were involved in the state and federal criminal settlements, we
14 were heavily involved in the passage of OPA 90, we were involved in
15 the recently partially completed civil suit by the fishermen
16 plaintiffs, and last but not least, we consider this process vital
17 for the long-term. The trustee process will go on. The lawsuits
18 will be over, the clean-up is over by in large, but this process is
19 vital to the areas that were affected, in particular commercial
20 fishermen. I'd like to first of state that UFA firmly supports the
21 restoration reserve idea. We have been working with Senator
22 Sturgulewski and others for two, at least two years. All the
23 affected groups met, we had a clear consensus within UFA, not just
24 the affected groups, that this would be vital for a broader
25 understanding of the ecology of these area, you know, which would
26 benefit all users. She spoke to it eloquently, I'll leave it at

1 that. We firmly support continued funding in that. I'd also like
2 to say that habitat acquisition is clearly understood as a vital
3 part of this process. I mean, you have heard from Prince William
4 Sound, that they are waiting. I think what you're going to find
5 from Upper Cook Inlet is probably due to the salmon -- sockeye
6 situation, there will probably be small parcel acquisition
7 proposals coming forward, and clearly you've had some from Kodiak,
8 and you'll have more. But, we do consider that as a vital part of
9 this process, and I would like to conclude with the UFA remarks,
10 just generally state that it took a long time to get commercial
11 species recognized as harmed by this spill. I mean, Kenai River
12 sockeye and Kodiak sockeye, the first year we went to a big policy
13 discussion, they were finally recognized. Finally, Prince William
14 Sound pink salmon and herring, after a collapse, were recognized.
15 But, that's behind us. We clearly would like you to continue
16 funding those projects. I mean, to the extent that they -- they
17 have merit. I mean, we do not propose projects that don't have
18 merit, but they're vital for all areas and I'd like you continue
19 funding them. If I -- could I put on the second hat for thirty
20 seconds. I'm also Administrative Assistant of United Cook Inlet
21 Drift Association. We're commercial salmon fishermen in Cook
22 Inlet. I'd strongly like to urge the continued funding of 95255
23 and 258. They're ongoing projects. We do see an end to them, but
24 we feel it would be premature not to continue funding them now. We
25 also are very interested in 95105, which is pilot study for
26 possibly being able to help the fry over-winter in the Kenai

1 system, and frankly there was another category -- project --
2 category 1 project, 95408, we simply haven't had time to look into
3 the merits of that issue. It was category 1, and I thank you for
4 the time, Mr. Chairman.

5 MR. PENNOYER: Thank you, are there questions of Mr.
6 Matthews? Well, thank you very much for both -- both of your hats,
7 that was very well done, thank you. I think we'll go back on the
8 net again. Cordova, any body further in Cordova that wishes to
9 testify?

10 MR. HENRY MAKARKA: Hello, Trustees. Henry Makarka is my
11 name, last name is spelled M-A-K-A-R-K-A. I am a senior and
12 registered and enrolled to the Chugach Region, enrolled to the Eyak
13 Village Corporation. I would like to make comments to the Trustees
14 and to the fact that I realize that you have had ongoing
15 negotiations with the Eyak Corporation and as far as the
16 acquisition, within our area here. I would hope (indiscernible)
17 because of the fact that it has been going on for so long, that you
18 would come to some reasonable and fair settlement with the
19 corporation for the good of all people and the good of -- and the
20 common good of all people. So, I thank you.

21 MR. PENNOYER: Thank you very much. Any questions from
22 the Trustee Council? If not, thank you. Let's go to Kodiak,
23 anybody further in Kodiak that wishes to testify?

24 KODIAK LIO: No one else in Kodiak, thank you.

25 MR. PENNOYER: Thank you. Seward, anybody further in
26 Seward that wishes to testify.

1 HOMER LIO: Not at this time, Mr. Chairman.

2 MR. PENNOYER: Homer, anybody further in Homer that
3 wishes to testify?

4 LIO: No, no one further down here.

5 MR. PENNOYER: Thank you very much. Okay, we'll come
6 back to Anchorage, then, and finish out our list here. Mark
7 Buckley, please, Buckley Fisheries.

8 MR. MARK BUCKLEY: Yes, good morning. Before I begin my
9 brief remarks, I'd like to say that I've been asked to inform the
10 Chairman there may be some people in the audience who did not see
11 the sign-up sheet.

12 MR. PENNOYER: I intend at the end to have sort of an
13 open hand.

14 MR. BUCKLEY: Okay, all right. Yes, my name is Mark
15 Buckley, that's B-U-C-K-L-E-Y, I'm representing myself, I'm from
16 Kodiak, I'm a commercial fisherman there, and in the past I was a
17 biologist for the Alaska Department of Fish & Game. I was a
18 fisheries biologist and habitat biologist, I hold a degree in
19 wildlife management. I'm here to testify in favor of the habitat
20 acquisition of parcels AJV 03 and AJV 01 on the north end of
21 Afognak Island. As a user of Afognak Island for sport fishing and
22 sport hunting, I can testify to the wonderful species -- diversity
23 up in these parcels and the great habitat value that they possess.
24 I see that AJV 03 is rated as the highest valued parcel that you
25 have on your study here on this comprehensive habitat protection
26 process, these large parcel analysis, and I urge you to seriously

1 consider and to in fact proceed and purchase this parcel. Thank
2 you very much.

3 MR. PENNOYER: Thank you, Mr. Buckley, are there
4 questions? Thank you very much. Can't see if that's a yes or a
5 no, but Shannon Randall, please.

6 MR. SHANNON RANDALL: Good morning, my name is Shannon
7 Randall, I am a 26 year resident of Afognak Island. I have hunted
8 seal with my husband, full time, and trapped, and now for the last
9 21 years we've owned the Afognak Wilderness Lodge in the heart of
10 the acquisition area. First of all, I'd like to thank each of you
11 and the past Trustee Council for acquiring the lands on eastern
12 Afognak which are prized by the whole community of Kodiak, and
13 other people further -- further spread. And, we've had guests over
14 the last twenty years who have traveled the world much further than
15 I ever have, and they all testify and educated us that our
16 preference for this area was valid and that there is no other area
17 in the world that they've seen in their extensive travels that are
18 as prized. In fact, we had one banker from Texas, you were talking
19 about Texas bankers here today, and his wife said, honey, let's buy
20 a place like this, and he said that there isn't another place like
21 this, honey. And, now your own study had confirmed the same. With
22 regard to logging which is the thing that we're trying to avoid,
23 there is an extensive ash debris of volcanic from Katmai at the
24 early turn of the century, and when it fell it was about three foot
25 thick over these islands and now it's compressed down to about
26 three inches, and even though -- when they log, the new growth will

1 start, but it doesn't get very far, and it will look like a fresh
2 new little forest starting, but we have -- we've got trees on our
3 property that are the same height now as they were twenty-six years
4 ago when I first moved there, and they have -- they still look
5 green and healthy, but they have not grown, and there is this three
6 inch layer of ash that they cannot penetrate through, and it's --
7 it's sterile, and it's almost -- it's not as strong as cement, but
8 it's -- every gardener in Kodiak knows you have to get rid of that
9 volcanic ash in order to do any gardening. And, it's in the
10 wilderness condition. The trees -- the new growth cannot penetrate
11 through it, so you'll get trees -- these trees that are on our
12 property are six to seven feet tall, and that's how tall they have
13 remained for the twenty-six years that I've been there, and I don't
14 know how long before that, but they -- they were there. So, it's -
15 - it's -- and I know a lot of reforestation efforts on Afognak have
16 failed, and there is -- in the last decade I heard of reforestation
17 projects for the summer that just, they didn't -- they didn't work,
18 and further, down in the south end of Afognak, forty years ago,
19 fifty years ago, they did extensive logging and it's a stunted
20 forest there now. It's some growth, and it looks promising, but
21 people say it's stunted and it's certainly not the development that
22 should have occurred naturally. So, thank you for your work in the
23 past, and we're looking forward to you acquiring this prized jewel
24 of the Kodiak Island area. Thank you.

25 MR. PENNOYER: Any questions from the Trustee Council?
26 Yes, Mr. Tillery.

1 MR. TILLERY: Ms. Randall, one of the proposals before
2 the Trustee Council in the '95 Work Plan is to put some, I think
3 some of the overburden back on some of the roads on that clear-cut
4 that's down near the oceans, there, do you have any comments on
5 this? I assume you're familiar with the clear-cut area.

6 MS. RANDALL: It's in my back yard. Well, the --
7 apparently in the agreement between the State and the Native
8 corporation, there's a logging outfit, whoever specifically handles
9 that -- handles that, there was no requirement that they had to
10 pull out the slash. There is slash, and it's very ugly. And, it
11 prohibits the -- the game from walking through the forest, and
12 they're forced to go up in the road, where the loggers come by day
13 and night and hunt the roads, and there's been a couple of culverts
14 pulled out, that I'm aware of. And I don't know, I know the -- the
15 Fish & Game biologist, Roger Smith, in Kodiak, has advocated that
16 they block the road so that they can't be used anymore, because
17 there's not going to be anymore logging effort in that area, and
18 still it seems justified that they would block it.

19 MR. TILLERY: In your experience, what seems to happen
20 there, if you don't put the overburden back on the road, if you
21 just leave it there, will things grow up through eventually, or
22 does it just stay there?

23 MS. RANDALL: No, it doesn't, as far as I know.

24 MR. TILLERY: It does not grow up?

25 MS. RANDALL: No, There's, well, I imagine in fifty
26 years or a hundred years it would, like everything else eventually

1 does. It -- it's -- there's not much soil. There's just not much
2 soil on Afognak. We built several log cabins on pilings, and it's
3 just two feet down to bedrock. And, when they cut those roads
4 through, then they're right down at bedrock, and there's not much
5 soil to work with to have an overgrowth start.

6 MR. PENNOYER: Thank you very much.

7 MS. RANDALL: Thank you.

8 MR. PENNOYER: Next is Tom Dooley, please, Mr. Dooley.

9 MR. TOM DOOLEY: Mr. Chairman, members of the board,
10 my name is Tom Dooley, D-O-O-L-E-Y. I'm a thirty-one year resident
11 of Kodiak, commercial fisherman, member of the Fish & Game Advisory
12 Board, and pretty avid hunter and fisherman. I've come to --
13 before the board to plead with you to tie up and buy the north
14 Afognak, the joint venture proposal that was -- I think you all
15 picked out as number one to save. One thing we've got on Afognak
16 and Raspberry Island, and a little bit on Kodiak, I think it's
17 probably the only amount of -- or elk anywhere in the State of
18 Alaska, and the herd has been kind of knocked down a little bit.
19 We had four hard winters in a row, and plus road system in an area
20 that's been logged, has took quite a toll on our elk herds, but
21 they seem to be on a rebound now, and the area that we're talking
22 about on the north end of Afognak, and all the brown areas in the
23 Afognak map over here, the light tan, is -- that's what we're
24 talking about, and if you -- if you do go ahead and acquire this
25 land, what I understand they've been waiting eight years from
26 logging it, and their plan is if they don't sell it they are going

1 to log it, and if they do they're going to virtually take the rest
2 of the old growth timber on Afognak, and open it all up with road
3 systems. And, it's going to hurt our elk herds, it's going to hurt
4 our deer herds, and just from my own account there's ten good
5 spawning streams in the area with -- that's put up right now.
6 They're good producing streams, and they'll be damaged. One thing
7 to, is if you -- if you do acquire the land that's -- that's
8 offered in this purchase, it's going to tie in the northeast, the
9 north and the northwest part of Afognak, and it will also tie
10 directly into the -- the federal lands that's refuge area there.
11 So, it's going to set aside and protect a very large part of
12 Afognak, and when they're done cutting land, cutting trees and
13 tearing up the rest of the island, the one thing is the south part
14 of the island, the southwest part of the island don't have a lot of
15 trees, so hopefully, they won't -- won't log that. But, I think
16 somewhere down the line, be years from now, the State will be able
17 to get the majority of the rest of Afognak to -- but if we can save
18 the north part, and the trees, some of those trees are four and
19 five hundred years old. They're really the -- the old growth
20 trees, the ones that seeded. We get a lot of prevailing northwest
21 winds in the winter time and it'll help with a natural reseeding,
22 I think, to -- there's many, many advantages of saving this old
23 growth timber, the elk herds, deer herds, the fish. Also, I'd like
24 to mention that country got oiled, most of it light to medium, but
25 most of it's -- it's pretty well come back now. I guess that's all
26 I've got to say. Thank you very much.

1 MR. PENNOYER: Questions of Mr. Dooley? Thank you.

2 MR. DOOLEY: Thank you.

3 MR. PENNOYER: Next will be Kelley Weaverling, Kelley.

4 MR. KELLEY WEAVERLING: Mr. Chairman, members of the
5 Trustee Council, Secretary Frampton, thank you for this opportunity
6 to speak. My name is Kelly Weaverling, that's spelled W-E-A-V-E-R-
7 L-I-N-G. I'm the past mayor of Cordova. In the sake of time, I
8 will not make the same comments that's been made before, but I
9 would like to voice my support for the points that were made by
10 members of Cordova District Fishermen United, United Fishermen of
11 Alaska, and Prince William Sound Aquaculture Corporation. I'm here
12 today speaking as a private citizen and I will confine my comments
13 to someone who has some insight into the social fabric of the
14 Cordova Community -- the Community of Cordova with regards to a
15 petition that was recently delivered to you. This petition was
16 circulated in a period of two days, and it contains approximately
17 ten percent of the total population of the Community of Cordova.
18 It probably contains a little in excess of twenty percent of the
19 adult voting population of my community. This fact, in itself, is
20 remarkable, but beyond that an inspection of the names that appear
21 on this petition indicates there is a great broad popular support
22 for a comprehensive plan for habitat acquisition in the Cordova
23 area. This is a remarkable achievement, gentlemen, for my
24 community. We pride ourselves on taking strong stands on one side
25 or the other of an issue and try to divide ourselves as equally as
26 possible. (Laughter) In this case, I'm almost totally

1 flabbergasted by the overwhelming support for this project, and I
2 would encourage you to continue the good work and seek to close a
3 deal on this very important matter to my community. Thank you very
4 much.

5 MR. PENNOYER: Thank you, Mr. Weaverling. Any comments
6 or questions from the Trustee Council? Thank you very much.

7 MR. WEAVERLING: Thank you.

8 MR. PENNOYER: I understand that Valdez is back on the
9 net and there are two people there who wish to testify. Valdez,
10 anybody there who wants to comment at this time?

11 MR. PAUL ROETMAN: Yes, Mr. Chairman, my name is Paul
12 Roetman, I am the -- that's spelled R-O-E-T-M-A-N. I'm the
13 Executive Director for the Prince William Sound Economic
14 Development Council. I'm here this morning, or now this afternoon,
15 to speak to you on behalf of project 95115, that's the Sound waste
16 management plan. We see this project through the culmination of
17 over a year's efforts with a regional group of people made from --
18 or represented from Cordova, Whittier, the two Villages of Chenega
19 and Tatitlek, as well as Valdez. We have come up with this
20 proposal that you have before you. This is a comprehensive plan to
21 identify and remove the major sources of marine pollution and solid
22 waste in Prince William Sound that may be affecting the recovery of
23 resources and services injured by the Exxon Valdez oil spill. The
24 first phase, this is a three phase plan, will identify the major
25 sources of marine pollution and solid waste. It will identify
26 their significance and recommend solutions to reduce the effects

1 that can be implemented by several groups, the municipality, state
2 and federal governments, private industry and yourselves, the
3 Trustee agency. The following phases of the plan will be to
4 implement these solutions. Only the first phase is before you for
5 FY '95, and it will be implemented using funds from yourselves,
6 should it be funded, and also the Department of Commerce and
7 Economic Development, as well as the ongoing efforts of the -- each
8 community, at this time. Other -- some other points that I would
9 like to make, as a project in your own restoration plan that you
10 adopted a year ago and again this morning, on page 16 of reduction
11 of marine pollution, it references reducing marine pollution can
12 remove a source of stress that may delay natural recovery. More
13 specifically, restoration projects whose primary emphasis is to
14 reduce marine pollution, may be considered, and this gets even more
15 clear of whether marine pollution is likely to affect the recovery
16 of a part of the injured marine ecosystem or of injured resources
17 or services. We feel that this regional plan will do this. Also,
18 this will assist injured resources recovering from the spill by
19 removing these stresses, the oil pollution, and as the Trustee
20 Council reviews the '95 Work Plan, certainly there is a lot of
21 dollars going to be spent on upland habitat through acquisition.
22 This is the way to protect directly the marine habitat through the
23 reduction of marine pollution. We're very excited about this
24 proposal. Again, it's a year's efforts of communities that -- in
25 Prince William Sound, like Kelley was just saying, communities that
26 traditionally haven't communicated have combined efforts to come up

1 with the only regional plan that there is. This is it, the Sound
2 waste management plan. I can -- in closing, I just want to mention
3 that I'm very pleased with the support that we've received from the
4 EVOS staff, Mr. Ayers, Molly McCammon, also Commissioner Sandor, I
5 very much appreciate his efforts through Mark Broderon and Bob
6 Loeffler, helping us to formulate or clarify our proposal that you
7 have before you. I just want to thank you for this time. Thank
8 you.

9 MR. PENNOYER: Thank you, Mr. Roetman, any comments from
10 the Trustee Council, or questions? I believe there is somebody
11 else in Valdez who wishes to testify, is there further testimony?

12 MR. ROETMAN: No, there isn't.

13 MR. PENNOYER: Okay, thank you very much. Coming back to
14 Anchorage, Charles McKee, please. Mr. McKee.

15 MR. CHARLES MCKEE: My name is Charles McKee, last name
16 is M-C-K-E-E, and I'm here to give you copies of the article,
17 public notice, in the Alaska Journal of Commerce, dated October 31,
18 1994, and it's in brief, a judgment I had to render against -- in
19 lieu of my copyright and my statements there, and I make reference
20 to United States Code 18506 and indicates that any authorization of
21 any department seal or treasury, agency seals, constitutes a
22 felony, and it indicates it's counterfeit, and the federal reserve
23 not using the current treasury seals and valid. Therefore, the
24 that the Internal Revenue Service is also committing aiding and
25 abating a felony, and I have for those people who wish to review
26 it, at the bottom on the article, the original treasury seal, which

1 in case -- the copyright case, which is TXU 545416, is what I have
2 copyrighted, the copyrighting case, gives me the right to amplify
3 the regional treasury seal. Consequently, above that is the math
4 that indicates that -- that I have achieved the overlap of what,
5 you know, pi times two equals 343-34H, indicating that when you --
6 the H stands for when you burn hydrogen you create helium. We
7 don't need to use hydrocarbons anymore for propulsion or heating of
8 our homes or industry, but, yet, I've been having difficulty in
9 promoting my cause. Not to mention the treasury seal, which is
10 ratified before the Bill of Rights, the Constitution, it's actually
11 what you would call a survey marker. That's my benchmark, and what
12 it indicates. So, you people have -- need to reassess what justice
13 is in relationship to me, as well as you, unless, of course,
14 scientifically considering you people are animals with lodging. Do
15 you want to be reduced to a little area referred to as a digit?
16 Truly. That's where we're heading. Digital information, you'll be
17 places right on it, and it's not very big. I heard a lady comment
18 earlier that animals need a large area to sustain themselves, so
19 what's the point if you don't have a Justice Department working in
20 your behalf that will not look at the -- the case, I've been told
21 by reporter, Daily News, Ron McGee, that the judge couldn't make a
22 decision because the treasury issues out paychecks with the current
23 treasury seal on it, he couldn't make a decision on the case
24 because it would be in violation of his won pay, United States
25 court. So, you people are dealing with the same currency. All I
26 want to do is generate more money, the legal kind, the stuff that's

1 backed by resource extraction, which I indicated in brief out of
2 the Turnagain Arm, the mineral there would back it. It wouldn't be
3 borrowed with interest accrued, which is what's driving our
4 capitalistic society at the time, at this present time.

5 MR. PENNOYER: Mr. McKee, could you wrap it up, please.

6 MR. McKEE: In summary, you need to reassess this
7 because you're not going to receive any justice, if I don't.

8 MR. PENNOYER: Thank you, are there questions of Mr.
9 McKee? Thank you very much. Mr. Karl Becker, please, Mr. Becker.

10 MR. KARL BECKER: Good morning, Mr. Chairman, members
11 of the Trustee Council, for the record my name is Karl Becker, K-A-
12 R-L B-E-C-K-E-R. Just a moment. (Pause) I'm a member of the
13 Board of Directors of the Prince William Sound Aquaculture
14 Corporation, the Prince William Sound Conservation Alliance, I'm a
15 commercial fisherman and an eighteen year resident of Prince
16 William Sound. I'm speaking on my own behalf. I'd like to say
17 that I support the projects in 95093, restoration of Prince William
18 Sound natural spawning salmon resources and services. I would like
19 the Trustee Council to authorize administrative authority for Mr.
20 Ayers to fund the NEPA process as necessary, so that some or all of
21 these critical projects can get into the field in 1995, should they
22 prove feasible. I further support that the projects be funded at
23 the level Mr. Ferren recommended, in order to meet the requirements
24 of the NEPA process. The projects in 95093 will be a first
25 necessary step for answering some of the genetic issues involving
26 both wild and hatchery stocks in Prince William Sound. Answers

1 from this research could in the future facilitate better management
2 or salmon fishery toward reducing impacts on impaired or depleted
3 wild stocks. The collaboration of the Community of Eyak and other
4 residents of Prince William Sound with agency and academic
5 researchers in the Sound is important from an economic standpoint,
6 and also because of the sense of stewardship and empowerment that
7 is fostered within the communities of the Sound is a consequence.
8 Moving on to other projects, I'd like to add my support to the
9 Cordova District Fishermen United's support of the coded-wire tag
10 and thermal otolith marking projects, which are so important for
11 the understanding and sustainability of our salmon fisheries. I'd
12 like to thank the Trustee Council for your support of the SEA
13 Program, the Sound Ecosystem Assessment Program, which is an
14 integrated and collaborative approach to ecosystem research that is
15 working well. I also support the monitoring and research of killer
16 whales in Prince William Sound. These magnificent animals are a
17 significant component of our ecosystem and have unmeasurable value
18 for the tourism and recreational industries in our area. With
19 respect to research, I'd like to comment on the funding of the
20 projects. I urge the Trustee Council to search for mechanisms to
21 forward-fund critical research and to bypass pass-through funding.
22 I feel that some of the last minute paper-chasing and funding
23 uncertainties, for whatever reasons, only create economic
24 inefficiencies and a drain on researchers time and morale.
25 Finally, I congratulate the Trustee Council and Chenega Corporation
26 for the significant progress made on acquiring habitat in the

1 southwest Sound. I urge you to proceed with all diligence to come
2 to a similar agreement with the Eyak Corporation. Thank you very
3 much.

4 MR. PENNOYER: Thank you, are there questions for Mr.
5 Becker? Thank you, Mr. Becker. Pamela Brodie.

6 MR. PAMELA BRODIE: Thank you, Mr. Chairman and members
7 of the Trustee Council, I'm Pamela Brodie, representing the Sierra
8 Club. I'd like to say that I appreciate the work of the Trustee
9 Council and the staff for completing the Restoration Plan and the
10 NEPA process on time, and I think making some significant
11 improvements in the process. I think the 1995 Work Plan is much
12 more understandable for members of the public, and has much more
13 clear goals than previous work plans. I very much hope that today
14 the Trustee Council will be able to complete some habitat
15 acquisition projects, and I want to thank you for your hard work in
16 that -- with that goal. If, in fact, the Trustee Council is able
17 to complete some deals in Kodiak, that would be a tremendous
18 advance for conservation of fish and wildlife, and for the economic
19 advancement of the Native corporations in Kodiak. Kodiak National
20 Wildlife Refuge is truly a unique place in the world. I am,
21 however, disappointed that there is apparently not going to be
22 comprehensive habitat acquisition throughout the oil spill area at
23 this time. I'm particularly disappointed that it appears that none
24 of the areas in Prince William Sound are ready for acquisition.
25 The Hickel administration will soon be leaving, and I had hoped, I
26 still hope, that you will be able to complete more habitat

1 acquisition during the Hickel administration. I'm afraid that with
2 a change of administrations, there will be a lot of momentum and
3 efficiency lost, perhaps worse. I want to say that I do not blame
4 the Hickel administration for the delays, in fact, I would like to
5 thank Governor Hickel for his willingness and ability to do more in
6 that regard. I disagree with some of the things Mr. Chip Thoma in
7 Juneau said, in particular I'm afraid Mr. Thoma is misinformed
8 about House Bill 411, which I strongly supported, but it would by
9 no means have completed comprehensive habitat acquisition
10 throughout the oil spill area, and I'm sure you all know I disagree
11 with him in terms of my opinion about former member Charlie Cole.
12 I -- it seems to me, rather, that the main causes of the delay have
13 been red tape with the federal government. The Seal Bay deal was
14 negotiated before there was an approved appraisal. It happened
15 very quickly, very efficiently, and everybody was very happy about
16 it. I know that the federal attorneys insist that an approved
17 appraisal is necessary before negotiations begin. My own opinion
18 of these appraisals, especially appraisals of non-timbered areas,
19 is they are extremely subjective, they seem to have enormously wide
20 ranges, and they can be worse than useless. I hope that the
21 Trustees will look hard at ways to streamline the process, and if
22 there are cases in which the state can complete the task more
23 efficiently than the federal government, I hope the federal
24 government will consider turning authority over to state agencies
25 to do that. Finally, I'd like to thank you for the opportunity
26 you've given me to serve as a representative of the environmental

1 community on the Public Advisory Group. I hope I will be able to
2 continue to do that. Thank you.

3 MR. PENNOYER: Thank you for your input too, Pam. Are
4 there questions of Ms. Brodie? Thank you very much. We're well
5 past what we would, but obviously made up some time ahead of time,
6 I hope, so it would be my intention, I think, to run through 1:00
7 o'clock on public testimony, if we finish by that time, I hope.
8 It's my understanding there are people here that didn't sign-up on
9 the sign up sheet who wish to testify. Yes, sir.

10 MR. FRANK PETERSON: Good morning, Mr. Chairman, or good
11 afternoon rather. I'm sorry I didn't realize there was a sign-up
12 sheet there, but being from Kodiak, was delayed because of weather,
13 and I'm here now, and I'm glad I'm having this opportunity to speak
14 before you. My name is Frank Peterson, P-E-T-E-R-S-O-N. Past
15 speakers gave long list of what their titles were, I'd like to
16 belay that, I'm currently a President of Ayakulik Incorporated out
17 of Kodiak. We own property interest on the south end of the
18 island, within the Wildlife Refuge, and we own interest in the
19 Afognak Joint Venture. Before I go and make any statements, what
20 I'd like to ask you is, how long is the record going to be open for
21 written testimony? Because -- I'd prefer to submit a written
22 testimony than take up your time.

23 MR. PENNOYER: Well, I suppose the written testimony is
24 open at any time, but to influence actions we have to take this
25 afternoon on action items, we'd have to have it now.

26 MR. PETERSON: On the action items, does that include the

1 acquisition of the Afognak?

2 MR. PENNOYER: Yes, it does. No, not at Afognak, not
3 this afternoon (indiscernible).

4 MR. PETERSON: Not at Afognak. Are we sure there's not
5 going to be any ...

6 MR. PENNOYER: Not this afternoon. (Laughter)

7 MR. PETERSON: Okay, if there's not going to be any
8 acquisition discussions or actions taken regarding the Afognak,
9 Laura Lake, Paul Lake or Shuyak Strait area, I will not verbally
10 testify, but instead would like to submit written testimony.

11 MR. PENNOYER: That would be fine.

12 MR. PETERSON: Okay, just to inform you and the Council,
13 Ayakulik Inc. is one of seven, very small village corporations,
14 okay. Our membership in Ayakulik is only 27 members. We own one
15 section of land within the Wildlife Refuge on the south end of
16 Kodiak. There are six other small village corporations similar to
17 us that have existed since the inception of the Alaska Native
18 Claims Settlement Act. We have not had any great success, or any
19 success at all in any economic development activities, because of
20 our small numbers, okay. Had to go back to school to get three
21 years of college and business management in order to try to digest
22 what the heck this Alaska Native Claims Settlement Act was all
23 about. I still don't understand a lot of it, okay, but I do
24 understand some parts of the business development activities which
25 we are required to do as village corporations. Now, I don't
26 represent the other small corporations, but I want to say that we

1 are in the same dilemma and have been for the past 24 years, and
2 the reason I say I want to submit written testimony regarding the
3 Afognak acquisition proposal is that this looks like one of the
4 greatest opportunities that we have for our corporation
5 shareholders and members for any economic development for our
6 people. So, I will look forward to submitting this testimony, and
7 I thank you for your time.

8 MR. PENNOYER: Thank you very much. Anybody else that
9 wishes to testify. Yes, Dave.

10 MR. DAVID CLINE: Mr. Chairman, members of the Trustee
11 Council, I'm Dave Cline, that's spelled C-L-I-N-E. I'm testifying
12 briefly as Chairman of the Kodiak Brown Bear Trust, and Alaska
13 representative of the National Audubon Society. It's my
14 understanding that good progress is being made to restore the
15 integrity of the Kodiak Island ecosystem to the acquisition of both
16 small parcels and larger tracts of Native owned lands on a willing
17 seller basis. So, I would urge you to proceed. I think this is
18 really a milestone, a history of this Council to proceed and
19 quickly consummating those deals as a first major step toward
20 acquisition of habitats throughout the spill area. I want to
21 compliment particularly the Department of the Interior, and I think
22 one reason we're starting to see this kind of success is that they
23 made a commitment to assign a high level negotiating team to work
24 with what I think has been some outstanding leadership on the part
25 the village and regional corporations on Kodiak. So, my
26 compliments to Interior and to this negotiating team, and I would

1 urge all of you on -- the people that are so concerned about
2 habitat acquisition to see if we can't use these kinds of people
3 and skills to now move on to the acquisition of other high priority
4 habitats throughout the spill area, including Afognak, Kenai Fiords
5 and Prince William Sound. So, thank you very much.

6 MR. PENNOYER: Thank you, David. Any questions of Mr.
7 Cline? Thank you very much. Other testimony, here, yes.

8 MR. GREG PETRICH: Mr. Chairman, my name is Greg
9 Petrich, and I'm representing myself today. I just want to add
10 just a little bit of historical note. Some people had testified
11 today on behalf of the Afognak, north of Afognak acquisition, and
12 just as a historical note, I recently read a book about the history
13 of the Forest Service and Alaska, and it's a fascinating book. Mr.
14 Sandor was a significant contributor to that book. Afognak Island
15 itself was established as the first forest reserve in the country
16 by Benjamin Harrison, President Benjamin Harrison in 1892, and it
17 was established as reserve, as a fisheries research reserve, where
18 they were looking at problems in the Lower Forty-eight as the
19 result of mining operations, sawmills and other pollution
20 activities that affected government salmon enhancement projects.
21 They were looking for a pristine area to study the habitat of
22 salmon and the science of them, and they found it in Afognak
23 Island. President Theodore Roosevelt in 1908, subsequently
24 transferred the area into the Chugach National Forest, under a
25 conservation designation, and it remained as such until the mid-
26 1960's when the Forest Service brought public plans to conduct

1 large scale clear-cut operations on the island. These plans
2 subsequently brought about some pretty stiff opposition from the
3 Kodiak community, the Kodiak Island Borough is on record as being
4 staunchly opposed to those activities, The National Rifle
5 Association, I can go on and on, the center for the -- representing
6 the Kodiak area. I guess, to sum it up, the island itself has had
7 a long rich history of conservation efforts. When it was
8 transferred in -- during ANILCA, I think there's a -- eighty
9 percent of the island went into private hands, and since then
10 extensive operations have resulted, clear-cut logging operations,
11 and extensive road system, and there documents facts on when the
12 main resources on the island, primarily the hunting resources, the
13 elk seasons, have faced significant restrictions and emergency
14 closures, as a result of accessing the key areas. What we're
15 looking at on the north end of the island is very significant
16 winter range areas, and several people have come forward and, you
17 know, voiced their interest in those. I guess, at this point in
18 history, the Trustee Council is about the only entity that can step
19 in and conserve, you know, these valuable habitat areas, and I hope
20 that something significant works out in the next couple months. I
21 know the landowners have been very patient, and I'm appreciative of
22 their efforts to stay in this process as long as they have. I know
23 that they feel somewhat frustrated by delays in certain areas. So,
24 I guess to sum it all up, it's in your hands. I hope that we can
25 do something good in the area, and I appreciate your past work.
26 Seal Bay was excellent. Thank you.

1 MR. PENNOYER: Thank you, Mr. Petrich. Comments or
2 questions? Thank you very much. Further testimony in Anchorage?
3 Yes, sir.

4 MR. ROBERT HENDRICKS: My name is Robert Hendricks, I'm
5 President of the Eyak Tribal Council in the Native Village of Eyak.
6 I'm here today to speak in support of our joint venture with PWSAC
7 and the University of Alaska. I want to get this funded and I want
8 to get it in the field next year. I don't equate study and
9 research with actual restoration. Restoration means you get out
10 and you restore it. Prince William Sound is our home, it's been
11 our home for the last five thousand years. I want the damage that
12 has been done by the oil spill to be restored as we were promised.
13 The SEA plan, fund that; coded-wire tagging fund that; thermal
14 marking, fund that. As far as habitat acquisition is, I'm also on
15 the Board of Directors of Chugach Alaska Corporation, and we own
16 all the subsurface rights of every Native village corporation in
17 Prince William Sound. I don't feel you guys have been honest with
18 the public or any of the village corporations because I've been on
19 that board for a year and a half, and you guys have not come around
20 and talked to us about our subsurface rights. So, I don't think
21 you're serious about buying any village corporation lands. If you
22 guys go behind our back and make a deal without consulting us, I
23 guaranty you there will be hell to pay. You will deal with the
24 Chugach Alaska Corporation on the subsurface rights. Personally,
25 if the only alternative is to sell the title of Native corporation
26 lands, the only alternative is to clear-cut them, I say start the

1 chain saws because I don't think those lands should ever get out of
2 the hands of the Native corporations or the tribes. We fought too
3 hard to get those lands returned to us. We always knew that
4 someone would come for those lands and try to get them back. I
5 didn't think it was going to be the Trustee Council or the
6 environmentalists or the Sierra Club, but I don't care who it is,
7 I don't think the title of those lands should go out of Native
8 hands ever. I have no problem with selling the timber rights or
9 recreation rights. That's all I have, have you guys got any
10 questions?

11 MR. PENNOYER: Thank you very much, Mr. Hendricks.
12 Questions by the Trustee Council? When we get to the habitat
13 acquisition, we'll probably want to talk about subsurface rights.
14 Anybody further? Okay, we'll take one more, and then I think we'd
15 better break and do the -- yes, sir -- do our lunch and executive
16 session.

17 MR. CRAIG MATKIN: My name is Craig Matkin, M-A-T-K-I-N.
18 I've been a commercial fisherman and marine mammal researcher in
19 Prince William Sound for eighteen years, and I would like to echo
20 a little bit of Pam Brodie's comments. I'm real concerned that
21 there's been no substantial habitat acquisition in Prince William
22 Sound, and particularly in the western, southwestern portions of
23 the Sound which were heavily impacted by the oil spill. I see some
24 momentum being generated now toward habitat acquisition, and I'd
25 like to keep that going. I hope that both the Native corporations
26 and the Trustees will bargain in good faith, and I hope to see

1 lands at Chenega, Chugach lands of the western Sound considered in
2 the near future. I appreciate your -- opportunity to let me
3 comment.

4 MR. PENNOYER: Thank you, Mr. Matkin. Comments?
5 Questions? Okay, I think we're going to take a break now. We're
6 going to take a lunch break and then go to executive session. I
7 guess we'll probably take until about 2:00 o'clock, or 2:15 before
8 we're ready to start back in public session. If we say 2:00
9 o'clock, it will probably be 2:15.

10 (Off Record 1:03 p.m.)

11 (On Record 1:06 p.m.)

12 MR. PENNOYER: Craig, we need to reconvene for a minute
13 and take one more piece of action that we didn't do formally. Mr.
14 Tillery.

15 MR. TILLERY: Mr. Chairman, I move that we go into
16 executive session for purposes of discussing negotiations and
17 strategy relating to potential habitat acquisition.

18 MR. PENNOYER: Do I have a second?

19 MR. JANIK: Second.

20 MR. PENNOYER: Is there any objection. Let's do it.

21 (Off Record 1:07 p.m.)

22 (On Record 3:07 p.m.)

23 MR. PENNOYER: Let's get started -- it's now 2:00
24 o'clock, so as we announced, so it's time to get back to it. I
25 think I can also say -- certainly say we're not going to finish
26 this afternoon, we'll probably try and break by 5:30 or so, and

1 take it up again tomorrow morning at 8:30, 8:00 o'clock. 8:30
2 tomorrow morning. I guess, we'll just go ahead and proceed now
3 down through the agenda and to the action items that were listed on
4 the agenda, and the first item, of course, is preparatory to the
5 (indiscernible) actions is the adoption of the Restoration Plan.
6 Before we went to lunch and the executive session, Executive
7 Director Ayers had passed out a resolution that goes to the
8 Restoration Plan, with the appropriate thing at this time be to
9 have Molly, let's see Jim, read the resolution into the record, and
10 then discuss it as necessary, and then decide what we're going to
11 do with it. Could you go ahead and read it into the record then.

12 MS. McCAMMON: (Indiscernible)

13 MR. PENNOYER: Thank you.

14 MS. McCAMMON: Whereas, the Restoration Plan provides for
15 long-term guidance for restoration that will help the Trustee
16 Council achieve its mission to "efficiently restore the environment
17 injured by the Exxon Valdez oil spill to a healthy, productive,
18 world renowned ecosystem, while taking into account the importance
19 of the quality of life and the need for viable opportunities to
20 establish and sustain a reasonable standard of living;" Whereas,
21 having long-term direction for the restoration process will aid
22 restoration and help the recovery of the injured resources and
23 services; Whereas, the Restoration Plan is the culmination of a
24 multi-year process, directed by the Trustee Council, with
25 considerable participation of scientists, the public, and the
26 Public Advisory Group; Whereas, over 2,000 people from inside and

1 outside Alaska participated in developing the Draft Plan, and
2 hundreds more helped by reviewing the Draft Restoration Plan or its
3 accompanying Environmental Impact Statement; Whereas, the plan was
4 the subject of a year-long NEPA process, and the plan reflects the
5 policies chosen in the preferred Alternative of the Environmental
6 Impact Statement and recorded in the Record of Decision signed on
7 October 31; and Whereas the Public Advisory Group helped develop
8 the Draft Restoration Plan, and reviewed and supported it by
9 recommending Alternative 5 of the EIS, which the Plan reflects.
10 Therefore, be it resolved, the Trustee Council hereby adopts the
11 Exxon Valdez Oil Spill Restoration Plan to give long-term guidance
12 to the restoration process.

13 MR. PENNOYER: Do I hear a motion?

14 MR. ROSIER: Move to adopt.

15 MR. PENNOYER: And seconded?

16 Unknown: Second.

17 MR. PENNOYER: Is there a discussion? Is there any
18 objection to the adoption of the plan? I think this is a milestone
19 we've worked for a long time to get to, and with a lot of different
20 restoration plans, I remember documents that thick along the way we
21 plowed through and the staff, unfortunately, have prepared and went
22 back and redid, so it's been a real effort, and Jim we've really
23 appreciated the efforts that you and the staff, and all the
24 agencies, our staff directly, in getting this thing done. So, I
25 think it is a milestone. Thank you. Next item on the agenda is an
26 investment strategy. We had a presentation this morning by Bob

1 Storer and Executive Director Ayers. Jim, do you want to lead us
2 through that, the action part of that agenda item?

3 MR. AYERS: Yes, Mr. Chairman, we are just working on
4 -- pardon me.

5 MR. PENNOYER: Oh, here comes the motion, thank you.

6 MR. AYERS: It's where I was -- am. Further
7 conversation earlier this morning and in conversation with Mr.
8 Storer, our recommendation is that we proceed as you note in the
9 language in the motion, that we invest the restoration reserve fund
10 in strip treasury securities with laddered maturities, as discussed
11 by Mr. Storer, and as included in your packet. But, with regard
12 specifically to the restoration, the joint trust fund balance that
13 we invest at this time, the joint trust fund balance in equal
14 amounts into weekly liquidity option portfolio and the quarterly
15 liquidity option portfolio and that we would revisit these
16 investment decisions in six months.

17 MR. PENNOYER: Do I have a motion?

18 MR. FRAMPTON: So moved.

19 MR. PENNOYER: Second?

20 MR. ROSIER: Second.

21 MR. PENNOYER: Is there a discussion of the
22 recommendation? Is there any objection to adopting this motion?
23 (No objection) So adopted. Thank you. Next item on the agenda is
24 the habitat acquisition option. Mr. Ayers, do you want to lead us
25 through that?

26 MR. AYERS: Yes, Mr. Chairman, but before we do that,

1 I would really like to extend my personal appreciation to Mr.
2 Storer who has been extremely helpful in looking at the Trustee
3 Council finances, our investment strategy, working with the court
4 registry investment system and their parameters, and then working
5 with actually the Texas Commerce Bank, and I appreciate, for the
6 Council, I want you to know that Bob Storer has been extremely
7 helpful in his effort, and is now committed to do so with the
8 understanding that, I think, at some point we would want to make
9 sure that we are offering to provide him, at least necessary
10 expenses for those assistance in the future.

11 MR. PENNOYER: Seconded, I'm sure. Thank you, Bob very
12 much.

13 MR. AYERS: Thanks, Bob.

14 MR. PENNOYER: Okay. Habitat acquisition, do you want to
15 lead us through the discussion, Jim?

16 MR. AYERS: Yes, Mr. Chairman. The -- over the course
17 of several months, we have proceeded with efforts regarding habitat
18 protection and acquisition. The map behind you -- are the map that
19 first -- an overview of the spill area is identified under the
20 court decree, the actual spill area. There's been a comprehensive
21 habitat analysis and over the course of two and a half years staff,
22 and in particular the Habitat Working Group has developed the
23 comprehensive habitat evaluation and ranking. There have been a
24 number of public hearings, there's been a number of public
25 solicitations with regard to comment, and there's been overwhelming
26 support for the issue of habitat protection. The -- as we know,

1 that many of the injured resources are not recovering. There's
2 been both biology -- biological reasons, as well as geographical
3 reasons of why the spill-wide approach, the comprehensive balanced
4 approach to habitat protection is essential with regard to those
5 non-recovering resources, and in particular that habitat protection
6 be not located in any particular one region, but be a comprehensive
7 approach. We do know -- a number of people including members of
8 the public have pointed out that many of the species are migratory
9 and rely on a variety of habitat throughout the spill region. With
10 that said, let me walk through those items which are briefing
11 items, and let's start with Prince William Sound. Don't know how
12 clear this is, but ... (Aside comments) (Using maps for
13 illustration) Prince William Sound area major impacted area as we
14 know. There are major -- there are significant high value habitat
15 throughout the area, and let me also mention that simply because a
16 particular parcel is identified as either moderate or low does not
17 mean it doesn't also include habitat that is of high value to some
18 specific species. Now, we have been in discussions, as many people
19 have talked about today, with the Eyak Corporation regarding the
20 surface land, and in particular those areas that are important to
21 species within the western Sound area, in particular Port Gravina,
22 Sheep Bay and Windy Bay. We're also talking about the Orca
23 Narrows, and what has been referred to as the core parcels around
24 the lake. I think that it's very comfortable in saying that we've
25 had positive efforts on both sides and currently as you know, we
26 have rejected, again rejected the May 24th proposal by Eyak, and

1 proposed -- which was a comprehensive approach of the lands, but
2 the Council found that that particular proposal did not provide
3 adequate protection for the injured resources, and we needed to
4 work in a different direction to ensure that lands or interest
5 acquired did provide adequate protection. We've been working with
6 Eyak to accomplish that. We did send the letter at your direction
7 and are talking with them now, about particularly threatened areas
8 of the core and the Orca Narrow revised, as we call it, which
9 includes down into Simpson Bay. They have -- Eyak has notified us
10 that they are willing to respond subject to conclusion of the small
11 parcel that we acquired within previously. So, subject to that
12 issue being resolved, we'll proceed and I think that we are moving
13 forward with that effort and we will be able to move although it's
14 going to be slow and challenging. With regard to Tatitlek,
15 Tatitlek has brought forward a resolution as of early this morning
16 proposing that we move forward with Tatitlek. I think that at some
17 time, particularly if we're going to look at another meeting the
18 end of November, the first of December, that we ought to review and
19 work with Tatitlek with regard to the proposal that they have, but
20 not take necessary action on that proposal, but take a look at
21 that. See if we can't help develop that a little further and bring
22 it back to the Council for consideration at a later meeting -- as
23 I say at the end of November or the first of December. And, in
24 particular one of the reasons is, is because Chenega has been
25 working diligently, forthright with us, that's in a final appraisal
26 stage, and we hope to have Chenega accomplished in the near future,

1 and actually bring that forward for your consideration. They're
2 both high values in Eshamy and Jackpot areas, as well as -- which
3 are being proposed as fee simple acquisitions, as well as
4 protection for some of the other important drainage areas that are
5 rated either moderate or low, and we're talking about that package
6 which is outlined in a working briefing document that we'll work on
7 later. That is essentially the Prince William Sound area effort at
8 this time, and maybe I'll stop there for just a second. I don't --
9 I saw Walt earlier, and John Harmony, but I don't see them -- then
10 -- Phil did you want to add anything to this particular Prince
11 William Sound effort at this time.

12 MR. JANIK: Maybe just a few more details for both the
13 -- of course, these parcels have complications in time because they
14 have timber on them, and that adds another dimension of complexity
15 with appraisals, but in all cases -- of Chenega, for instance, we
16 are anticipating that that appraisal will be finished by the end of
17 November, so that one will be in the hopper. Shuyak similar, end
18 of November, and as Jim mentioned, we are actively working with and
19 continue to be negotiating with Eyak on finishing up with some of
20 the technical aspects of the appraisal and then hopefully moving on
21 into negotiations. So, that's about all I'd like to add at this
22 point, Jim.

23 MR. PENNOYER: Do you want to add anything else about the
24 Tatitlek questions, that's been sort of hanging out there for quite
25 awhile with the Council, being interested but no -- nothing
26 happening and you mentioned we just got something. I don't -- not

1 talking about detail, but do you want to just elaborate the timing,
2 or is this a fairly -- look like it's going to be something we can
3 conclude?

4 MR. AYERS: I ...

5 MR. JANIK: Mr. Chairman, if I may add just one
6 comment, again before you do that Jim, on appraisals. Tatitlek
7 does have some additional field work with regard to the timber
8 resources. That's one of the reasons there has been somewhat of a
9 delay on that. That field work will commence again as soon as the
10 weather breaks next year, but -- beyond that.

11 MR. PENNOYER: So, Tatitlek might be next year sometime
12 before we get ...

13 MR. JANIK: I'm only speaking in terms of the
14 appraisal. Just finishing up the appraisal.

15 MR. AYERS: And, let me say, my recommendation -- our
16 recommendation would be that we consider perhaps a Seal Bay
17 approach to provide some expedited effort in the Prince William
18 Sound effort -- in area. In particularly with regard to Tatitlek,
19 they have moved forward, made a draft offer proposal to us, that I
20 think we need to take seriously and review, we've just received it.
21 But, I think if we, as I say, our recommendation would be that we
22 consider (indiscernible) where we actually work with the landowner
23 and -- in developing the proposal to actually bring to the Council,
24 and I would hope we hope we'd be able to do, and then, at the next
25 meeting try anticipate the end of November, the first of December.
26 The same with Chenega as -- as Mr. Janik points out, that is in the

1 final stages. Wherever there is timber, we all now know that
2 judging the value of timber, which I had never thought about in the
3 past, hope to one day never think about again, is an extremely
4 complex feat. It is no simple task, and those areas that do have
5 timber involved are much more complicated and time consuming to
6 cross that from the others. I'm going to move to Kenai.

7 MR. PENNOYER: Sure. Questions? Go.

8 MR. AYERS: Kenai, a couple of things have happened
9 and I notice somebody raised their eyebrows -- went just a little -
10 - as I moved towards Kenai. But, let me say that I think that
11 there has been a good faith effort, it's all of these efforts of
12 habitat protection, have their own unique challenges, and in
13 particular, that habitat protection is not all of our restoration,
14 it's simply a part of our restoration effort, and how to protect
15 those high value and other value habitat lands, or doing so fair
16 and reasonably has been a challenge. The effort here has been
17 difficult because of the issue of appraisal again, and in this
18 particular case, a question of appraised value and coming to a
19 final, approved appraisal that could be accepted first officially
20 under federal regulations, but also by the landowner. So, that's
21 been in particular, a challenge here, but I think we're moving
22 forward with that effort, and I hope to have -- I'm hoping that
23 there's actually an effort to come forward in the near future, at
24 least with English Bay, but we're waiting to see. Port Graham and
25 English Bay are the two primary landowners in this area. Both of
26 them have high value lands in their area. The Port Graham, eight

1 I believe, isn't it, Art? -- is the high value land in this
2 particular area, and that's the right drainage isn't it, Art?

3 ART: No.

4 MR. AYERS: I'm sorry, I'm down here in Seldovia, but
5 the -- but I don't see the Port Graham eight on here (aside
6 comments -- pointing to wall maps). This is the high value, isn't
7 it? This Port Graham eight. (Aside comments). There's a better
8 map, I'm not familiar with this one, but the Port Graham eight is
9 a high value. English Bay, in particular has a significant parcel
10 of high value, there's not a major timber appraisal issue on these
11 lands, but there is a significant appraisal value discussion on
12 this land.

13 (Aside comments -- regarding Port Graham 5)

14 MR. AYERS: Putting the (indiscernible). Well, it's
15 English Bay 6 and Port Graham 5. (Aside comments) The results of
16 the discussion of Port Graham seven, and that discussion has also
17 been ongoing, but in particular this area here has been a prime
18 area importance. We're continuing to talk with them, and in
19 particular we're hoping that, again that the log jam could be
20 broken in this particular area, but until the issue of appraisal
21 is, again, is resolved, there's no progress, nor is there much to
22 report, except a geography lesson to be taken by the Executive
23 Director. (Laughter). On Afognak, we can move out to Afognak
24 going west, the Shuyak Island and Shuyak Strait area in northern
25 Afognak, this area is all of significant high value. In
26 particular, in this area, we've been able to make, I think progress

1 with Shuyak Island. The timber appraisal is currently being
2 concluded. It has slipped some, as some would note, recently, but
3 again it's the issue of there's a lot of high, not only high value
4 habitat, but there's also timber in the area. Until the timber
5 value is completed, we will not be able to complete the appraisal,
6 but we hope to do that again before the end of the month to bring
7 that forward for the Council's consideration. On the other side is
8 the AJV parcel, this is high ranking area here. The Seal Bay area
9 is the area that has been -- it was a previous acquisition, but in
10 these areas, the effort has been to utilize existing information,
11 using that existing timber information, again these are timbered
12 areas, but to use the information that's available on the timber
13 values and put together a final appraisal. It's unlikely that
14 we'll complete a -- an appraisal by the end of the month, however,
15 I think it possible to work, hopefully with the landowner and
16 invite a proposal perhaps so we can move forward perhaps with,
17 again the Seal Bay model concept. And Jerome said he was going to
18 be here and said if he was here, he wanted to say something, but I
19 don't see Jerome. Kodiak Island Borough owns these lands of Shuyak
20 Island, some 29 thousand acres, as I recall, and the AJV is a joint
21 venture of shareholders in Koniag is the primary -- either forty
22 percent landowner here, and primary lead in those negotiations for
23 the seller. They -- by the way, let me mention that one of the
24 things that all the landowners have been clear on is that
25 "creaming" or taking only the high value is not something that
26 they're interested in seeing happen. And, in fact, we are

1 interested in some of the other lands of AJV and trying to, again,
2 put together the right package within the reasonable price so as to
3 be consist with commitment that we will not extend all of the money
4 in one area. That's been one of the challenges here, since there's
5 a lot of high -- high value habitat, there's other valuable habitat
6 and there's timber with high economic or finance value, and we
7 don't have the final on it.

8 (Aside comments - about wall map)

9 MR. AYERS: The other issue, of course, out here is
10 also Shuyak Island and this area are anticipated to be a part
11 ultimately and managed consistent with the state park effort.
12 Whereas, we also know that other aspects of Afognak are of value as
13 well some of the area, and I think it's this area of interest
14 because it would be compatible and is contiguous with refuge area,
15 and that -- in a core area -- in of itself creates a couple of
16 issues that need to be resolved if we proceed with those, but
17 again, we would hope to bring something forward that the Council
18 could at least consider at the end of the month, or the first of
19 December.

20 MR. PENNOYER: Jim, you've mentioned that several times.
21 Maybe at an appropriate point to talk about the scheduling question
22 versus what we're doing here and what we might do in that meeting.
23 We haven't actually formally adopted another meeting yet, but you
24 are planning one for the end of November, early December to again
25 consider some of these options, that look like they might be ready,
26 is that correct?

1 MR. AYERS: Yes. I mean, I think that we -- months
2 ago we were all -- well I certainly was more optimistic and had
3 less reality with regard to the complications of appraisals. But,
4 I do think that it's important now that we've got the momentum and
5 that we know of the values and we have a good working relationship
6 going on with willing sellers to proceed, and I think that there
7 are some things that we could get done, and some -- and we do need
8 to have another meeting near the end of the month, or the first of
9 December. I think it is possible, and I would recommend that we
10 begin to think about another meeting within, probably within a
11 month, to look at, in particular those that we know we could bring
12 forward. Those that are on the agenda today for action items, and
13 I'll give a brief overview and then I'd like to turn it over to
14 Buff Bohlen. Buff is with the Department of the Interior, and I'll
15 introduce him in just a second, but we've been working together
16 over the last week or so, habitat working group and others have
17 been working for months in preparing analysis of all of these, but
18 including southern Kodiak, and a number of people, including the
19 people on Kodiak Island have been working for years to work out the
20 opportunity to have lands managed for habitat protection, primarily
21 -- but also -- while allowing economic opportunities. We've been
22 working close with the landowners recently to see if we can't build
23 a strategy that would in fact allow the restoration efforts to go
24 forward, and habitat protection that's needed, while also providing
25 the landowner with economic opportunities, and I think that we've
26 been able to do that. These areas are Old Harbor's lands, which

1 include some thirty plus thousand acres down in this area, and
2 Akhiok-Kaguyak lands which are primarily this area, some 120,000+
3 acres in the southern tip of the island, and then Koniag lands
4 which are in this area up in Uyak and Karluk area, Thorson Bay,
5 Uyak and Karluk area. Buff Bohlen has been working with the
6 Executive Director and other staff people from -- from Interior
7 representatives of the State, Alex Swiderski from the Department of
8 Law -- with the landowners over the last few weeks, and the
9 proposal themselves -- Buff, if you wouldn't mind, I'd like to have
10 you kind of go over kind of what you've kind of constructed with us
11 over the last few weeks. You may have to go Kodiak. (Laughter)

12 MR. PENNOYER: I've been asked to check and make sure
13 that Chuck Meacham is on line.

14 MR. MEACHAM: Chuck Meacham is on line.

15 MR. PENNOYER: Good afternoon, Chuck, thank you. That
16 was just quick.

17 MR. BUFF BOHLEN: Well, Trustees, it's a great
18 privilege for me to be able to present to you on behalf of the
19 joint state-federal negotiating team, a proposal to protect the
20 southern part of Kodiak Island. A proposal that will soon lead to
21 protection of at least three hundred thousand acres, and I believe
22 the three agreements I'm going to propose to you are, as Jim has
23 said, they'll protect habitat while providing economic opportunity
24 for the people that live in these villages, and I believe they will
25 provide maximum value for restoration, while giving a fair price to
26 the Native shareholders. The first one I will discuss is Old

1 Harbor, and under the proposed agreement there, we would protect a
2 total of about a 110,000 acres, and of this 29,000 would be
3 conveyed in fee to the federal government. The village -- or the
4 corporation, I should say -- has claimed additional selections of
5 12,000+ acres in the refuge, of which at least 4,400, they believe
6 are valid selections. They, under this agreement, would waive any
7 further selections so that those 4,400 acres remain as part of the
8 refuge. In addition, they would convey roughly a hundred acres of
9 small islets that they currently own, and they would place
10 easements on 3,000 acres around Barling and Midway Bay here, and
11 those easements would allow them to continue their subsistence use,
12 they would be right around the village, but they would agree to no
13 further development on those 3,000 acres. In addition, they are
14 willing to convey an easement, a conservation easement, on
15 Sitkalitek Island, while retaining the rights to conduct some
16 activities that will produce economy benefit to the shareholders,
17 such as eco-tourism. I would ask that the Trustees consider the
18 offer that you have before you from Old Harbor and would hope that
19 you would agree to this proposal. You want to go through all three
20 first, or do them one at a time?

21 MR. PENNOYER: Well, no, I -- I suppose we could just do
22 one at a time, if we can get the detail on them. Would you just
23 for the record spell out which parcels are in fee and -- of these
24 on our map. Let me see which ones they are.

25 MR. BOHLEN: I'm going to need a different map if I'm
26 going to do that, or I need the agreement. Glen, do you have

1 copies of the agreement?

2 MR. AYERS: Barry's right there, Barry do you have the
3 specific (indiscernible).

4 MR. BOHLEN: Thank you. (Pause) This doesn't have it
5 either.

6 UNKNOWN: Maybe I can speak (indiscernible).

7 MR. AYERS: You're talking about Old Harbor.

8 MR. BOHLEN: Yes.

9 MR. AYERS: It's -- it's Old Harbor 1 and 2. The
10 reservation is in Midway and Barling Bay which is in 3 and 4, and
11 I don't recall the acreage in Barling.

12 MR. GLEN ELISON: The reservation at Barling Bay is
13 approximately 1,000 acres and Midway Bay was a parcel of three, in
14 fact only 2,000 acres. That parcel is parcel 5 at (indiscernible -
15 out of range of microphone)

16 MR. PENNOYER: It's the last parcel that's fee.

17 MR. AYERS: Yes, that's the last parcel that's fee.
18 It's down in Old Harbor five. You might just -- and that is
19 (indiscernible) Bay, that's also were the over-selection of Afognak
20 Island comes into play, but with that over-selection it increases
21 the land area of Old Harbor one, including fee simple, and would
22 improve significantly the habitat value of that particular area.

23 MR. BOHLEN: And -- let me just say that this total
24 package would be at a cost of \$14.5 million.

25 MR. PENNOYER: And, the terms on that?

26 MR. BOHLEN: The terms are fifty percent on closing and

1 fifty percent next September.

2 MR. FRAMPTON: How much of that is being sought from the
3 Trustee Council joint funds?

4 MR. BOHLEN: I obviously didn't bring all my papers
5 with me.

6 MR. AYERS: Four million.

7 MR. PENNOYER: Four and three I think.

8 MR. AYERS: From the civil trust, and the down payment
9 will be four million dollars, and then the subsequent September
10 payment would be \$7.25 million for a total of 11.25 from the civil
11 trust.

12 MR. FRAMPTON: And the remainder from the federal --
13 joint or no, criminal funds.

14 MR. PENNOYER: And, then one last question then, if I
15 might. One of the questions that has been continuously brought up
16 was the purchase of high, moderate and low value, and we've got
17 everything that's -- we wanted to get in this agreement relative to
18 a resource value?

19 MR. BOHLEN: We do, and in one case, an area that had
20 been marked here as moderate, actually on re-evaluation because of
21 the shift of landownership here comes out to be high priority.

22 MR. AYERS: We should keep going. Do Akhiok-Kaguyak.
23 Let's walk through all them (indiscernible)

24 MR. PENNOYER: You want to do all them, okay. Mr.
25 Bohlen, go ahead.

26 MR. BOHLEN: The AKI proposal would protect a total of

1 120,000 acres at total cost of \$46 million. Of that, 76,000 would
2 be in fee, and 43,000, the ownership would be retained by the
3 corporation, but an easement would prevent any further development.
4 Part of this agreement would also consolidate management so that
5 all the lands on this peninsula here and this peninsula would be in
6 refuge ownership, and all the lands in this area right here would
7 be in corporate ownership. This will enable, not only a
8 consolidation, which would make management much easier, but this
9 will be an area that can produce economic benefit for the
10 shareholders. What the outline the ...

11 MR. PENNOYER: The time payments on that. How are the
12 payments set up, what's criminal and what's joint settlement funds.

13 MR. BOHLEN: I'm embarrassed, I left all those papers
14 upstairs, but they are ...

15 MR. AYERS: The down payment, Mr. Chairman ...

16 MR. BOHLEN: Twenty-three million down

17 MR. AYERS: Fifty percent down, which would be \$23
18 million, total acquisition price for those lands including the
19 additional protection is \$46 million. Twenty-three at closing,
20 which includes \$13 million from the joint trust fund and some \$10
21 million from the federal resources, a combination of funds. The
22 payments then would be from the joint trust fund of annual
23 payments, the first being \$8 million, then \$7.5 (million) and a
24 final payment at \$7.5 (million) in '97. Those are -- that is the
25 total.

26 MR. FRAMPTON: The easement, the non-fee conservation

1 easement lands, what is the arrangement about public access.

2 MR. AYERS: Glen would you like to ...

3 MR. ELISON: The easement which covers 43,000 acres is
4 a conservation easement that does provide for public access. It
5 specifically acknowledges the public's interest in fishing and
6 hunting. It does reserve to the grantor, Akhiok, the right to
7 control and collect revenues from commercial activities relating to
8 natural lands, specifically things like guiding for hunting
9 fishing, eco-tourism. As far as public access to the general
10 populace, the easement provides that Akhiok can require in its
11 options, permits and fees. There's a mechanism in the agreement
12 which ensures through working with the Kodiak refuge that issuance
13 of fees is a reasonable and user-friendly, if you will, process for
14 the public and that fees in fact are reasonable. Generally pegs
15 them to fee charged elsewhere for use of public lands by the public
16 where at the same time recognizing the increased costs associated
17 with activities in rural Alaska. The fees are set through a
18 process of interaction between the refuge and the corporation to
19 arrive at a reasonable fee.

20 MR. PENNOYER: Well, perhaps one last question. I've got
21 a map here that we originally had of high value lands, moderate and
22 low and so forth, but I don't have a map exactly of how the --
23 overlay we've got now matches up this. Did we acquire most of the
24 high value lands in this parcel area?

25 MR. BOHLEN: We will wind up, after the land exchange
26 and the purchase, acquiring all the high value except possible 108

1 here -- 08 I guess it is, which would be retained by AKI, but
2 covered by the easement just described.

3 MR. PENNOYER: Any further questions about AKI?

4 MR. BOHLEN: I'll proceed, we just mentioned Koniag.
5 Koniag has not finished its own appraisal yet, on all of its land,
6 and particularly on the Karluk and the Sturgeon Rivers they feel
7 that they cannot proceed to further negotiations until that
8 appraisal is finished. So, the proposal we would put before you
9 today, is to acquire in fee roughly 60,000 acres and that includes
10 everything except the Sturgeon and the Karluk drainages, and that
11 they would grant to the federal government a seven year easement
12 covering all the remaining -- that is covering the Sturgeon and the
13 Karluk, and -- which -- an easement which would prevent any sale or
14 lease of those lands or any development of them for that seven year
15 period. This is a total package of \$28.5 million. Two million of
16 that is considered part of the arrangement with the easement, and
17 that would be refundable -- I shouldn't say refundable -- that will
18 become a credit toward the purchase of the Karluk or Sturgeon lands
19 to the extent it has not been spent over those seven years.

20 MR. PENNOYER: What's the breakdown between joint and
21 federal funds.

22 MR. BOHLEN: The -- three million from the Council and
23 seven million from the feds, the payment is ten million down, five
24 million in September, and 4.5 each of the three years thereafter.

25 MR. FRAMPTON: Mr. Chairman.

26 MR. PENNOYER: Yes.

1 MR. AYERS: That was before he added up the right ...

2 MR. PENNOYER: Yes.

3 MR. FRAMPTON: Could you -- could you give us the total
4 acreage or the price for the entire -- if all three are
5 consummated, then I won't ask another question.

6 MR. BOHLEN: If you disregard the easement, the seven
7 year easement, the total acreage in southern Kodiak, that would be
8 protected is two hundred and ninety thousand for a total cost of
9 \$87 million.

10 MR. FRAMPTON: And, of the \$87 million, we're -- would be
11 ...

12 MR. BOHLEN: The two million is on top of that for the
13 easement, so the total package is \$89 million.

14 MR. FRAMPTON: And, then the \$87 million, the federal
15 criminal funds and other sources would be putting in ...

16 MR. BOHLEN: \$28.2 million.

17 MR. FRAMPTON: So, it's approximately \$67 million being
18 sought from the joint trustee fund.

19 MR. AYERS: The entire package includes, and our
20 recommendation is that we do that eventually, but the total is --
21 yes. My recommendation would be that it would include the total
22 from the civil trust of sum \$67 million.

23 MR. FRAMPTON: My -- my understanding is that what you
24 are seeking, or what Interior -- we are seeking from the Trustee
25 Council is approval of two agreements in the case of Old Harbor and
26 AKI, and to proceed to finalize the contracts and approval to make

1 an offer along the lines which you outlined to Koniag.

2 MR. BOHLEN: Yeah, I forgot one very key part of Koniag
3 agreement. And that is that we would jointly set up with Koniag a
4 process that will lead to a fair negotiated price on the Karluk and
5 the Sturgeon, and we would ask that the Council set aside \$16.5
6 million for that purpose.

7 MR. PENNOYER: That's on top of the \$87 million?

8 MR. BOHLEN: Correct.

9 MR. PENNOYER: Okay.

10 MR. FRAMPTON: Which brings that ...

11 MR. PENNOYER: Sorry.

12 MR. FRAMPTON: Which brings that total on top of the \$67
13 from joint funds brings the total that would be -- if we spent all
14 that money, it would bring the total (indiscernible - simultaneous
15 talking)

16 MR. BOHLEN: Would bring the total to \$105.5 million.

17 MR. FRAMPTON: Of which \$80.45 would be from the joint --
18 from the Trustee Council fund.

19 MR. PENNOYER: How do you wish to proceed then on the
20 question of approval. We have motions or specific documents that
21 you want to introduce, you're asking for approval on?

22 MR. FRAMPTON: I believe we have draft resolutions on the
23 first two because what's being sought is (indiscernible) support
24 this, and then, I guess it would be appropriate then I would move
25 with respect to the Koniag deal that the Council approve the offer
26 being made as described.

1 MR. PENNOYER: Maybe we should take them one at a time
2 then, so we can get them straight what's in front of us, and the
3 first one I believe is the resolution relative to Old Harbor. Is
4 that appropriate to work directly from that resolution, Mr. Ayers?

5 MR. AYERS: Mr. Chairman, I was just arranging this
6 resolution when I thought that Barry had brought that copy of the
7 resolution. I have the original here, and I think Barry now has a
8 copy, that resolution copy. We have -- is that the Old Harbor 1?

9 UNKNOWN: This is Old Harbor.

10 MR. AYERS: Old Harbor is as described. Let me say
11 that the resolution -- the intention of the resolution is to
12 provide detailed of the background of the proposal, and it also
13 authorizes then the lead agency, which in this case is the
14 Interior, to work with the seller to actually put together a
15 purchase agreement, so if it is details of -- of the proposal, and
16 the authorization to have the lead negotiators go forward.

17 MR. PENNOYER: Mr. Ayers, specifically where -- if we
18 adopt this, where does it leave us then in terms of what's going to
19 come back to us, or what do we end up with? Where are we?

20 MR. AYERS: Glen, did you want to say something?

21 MR. ELISON: Well, I just wanted to add to Mr. Bohlen's
22 presentation that, the Fish & Wildlife Services, as lead to the
23 negotiation in Kodiak, did an analysis of the restoration benefits
24 of this acquisition, which we have pulled together relying heavily
25 on products produced by the oil spill office as well as information
26 that we have obtained from the Kodiak refuge as well as the Alaska

1 Department of Fish & Game, and have compiled that, in fact showing
2 that it appears that this is an extremely favorable package for
3 comprehensive restoration throughout this island ecosystem. That
4 was all.

5 MR. AYERS: In the Old Harbor area, the high values
6 include those with bald eagles, pink salmon, Pacific herring,
7 harbor seals, harlequin ducks, intertidal and subtidal resources,
8 archeological resources as well as subsistence resources in all
9 parcels. There are also moderate values, but in some cases range
10 in the higher area for pigeon guillemot, river otters, intertidal,
11 as I said, common murre, and there are some lower value areas, but
12 there are presence of black oystercatchers and common murre.
13 There's details of those restoration benefits in your restoration
14 benefits report with regard to those injured resources.

15 MR. ELISON: That's correct.

16 MR. AYERS: That is and that will be a part of the
17 record, but this particular resolution on Old Harbor which is
18 what's before you.

19 MR. PENNOYER: Subsurface rights, that was ...

20 MR. AYERS: Good question, Mr. Chairman, and, Glen,
21 why don't you just review briefly the subsurface retention rights.

22 MR. ELISON: Mr. Chairman, Trustees, the subsurface
23 rights underneath Old Harbor lands within the Kodiak refuge, as
24 well as Akhiok and Koniag holdings are -- the subsurface is all
25 owned by the United States.

26 MR. PENNOYER: So, it's not a question in this case?

1 MR. ELISON: No, sir.

2 MR. PENNOYER: Jim, so the resolution in front of us
3 reflects the presentation we had, and do you want to take a few
4 minutes and just look through it quickly?

5 MR. FRAMPTON: Mr. Chairman.

6 MR. PENNOYER: Yes.

7 MR. FRAMPTON: The resolution -- the written resolution
8 on Old Harbor references attachment A, I assume that's -- Barry,
9 excuse me, attachment A that's referenced in the resolution?

10 MR. BARRY ROTH: Attachment A is the offer from the
11 sellers.

12 MR. FRAMPTON: This is a letter dated November 1?

13 MR. ROTH: Yes, sir.

14 MR. FRAMPTON: ... to Mr. James Ayers, Executive
15 Director, from C. Walter Ebell, with five pages of attachments,
16 which is the offer.

17 MR. AYERS: This is in your packets, that's correct.

18 MR. FRAMPTON: Thank you.

19 (Pause)

20 MR. AYERS: Glen, while they're doing that, why don't
21 we run through, kind of a discussion, of those restoration benefits
22 that the staff and the Habitat Working Group have identified with
23 regards to the values, including those that now are included in the
24 -- by the lifting of the -- the over-selection. Walk through them,
25 Old Harbor and Akhiok-Kaguyak, let's focus on Old Harbor values
26 first, and -- while we have that resolution in front of us.

1 MR. ELISON: To focus first in your comment about
2 lifting into the selection values, this is perhaps most significant
3 in parcel 05, which is the Three Saints Bay area, included the
4 upper reaches of the bay, where you've indicated there. The
5 lifting of those selections that are bringing them back into the
6 public ownership if you will, greatly increases the value of that
7 parcel by significantly eliminating a threat. It brings into
8 public lands the mouth of a significant anadromous fish stream that
9 includes a silver salmon run. It's an area that's got important
10 archeological values; it was the site of the first Russian
11 occupation in Alaska. More broadly, throughout the Old Harbor
12 lands, several species do show high values on specific parcels.
13 Bald eagles are widely distributed throughout the area. There have
14 been 48 documented nests throughout the area. Three of the
15 parcels, I'm sorry, two of the parcels show high values for pink
16 salmon, up to 250,000 fish worth up to \$140,000, originate in those
17 parcels. Pacific herring are another particularly high value
18 species, spawning occurs along the coastline. The figures I have
19 from 1992 indicate 635 tons of herring roe were harvested at a
20 value of approximately \$600,000. Harbor seals have high value,
21 particularly in parcel 02 which is along the Sitkalitek Strait
22 there to the east, and where there are hauls outs, harlequin ducks
23 also have high values, they're found throughout the coastal area
24 where they molt and feed, and they nest in the free-flowing streams
25 that flow into the marine environment. I move onto Akhiok-Kaguyak
26 lands, they involve a combination of fee and easement. Perhaps the

1 easiest way to describe them is the values that they don't have.
2 Cutthroat trout, one of the nineteen injured species and services
3 are totally absent from Kodiak. The only other specie or service
4 which they are not high values in the Akhiok lands are sea otters.
5 All of the other species and services receive very significant
6 values from this acquisition. Of particular note, I think are the
7 values of the fisheries, the systems flowing into Olga Bay, parcel
8 06, the Akalura parcel and 08, Olga Lakes, have tremendous salmon
9 values, harvest from fish originating from those systems, in the
10 case of pink salmon, up to six hundred twenty-five thousand fish
11 valued up to \$360,000 have been taken. South Olga Lakes represents
12 one of the four most productive sockeye systems on the island,
13 upwards of two million fish, I'm sorry, upwards of 1.1 million
14 sockeye valued at up to \$9.3 million we can harvest from that area.
15 Similarly, the Pacific herring catch is of significance up to 523
16 tons worth up to \$494,000 has been harvested from those waters
17 surrounding the parcels. Putting the fisheries of that area of Old
18 Harbor and Akhiok in the order of \$11 to \$12 million, on an annual
19 basis. There are again significant values for bald eagles, pigeon
20 guillemots, the Alutak Peninsula represents the only parcel in the
21 entire oil spill zone that was ranked high for common murre.
22 There is a net -- parcel 04 on the Alutak Peninsula, the red one,
23 right there, it extends all the way down to the tip, very
24 significant parcel for not just murre, but fisheries as well.
25 Recreation is significant in several of the parcels, particularly
26 the Akalura drainage and Olga Lakes area, were rated for high

1 values, number of guides, outfitters operate in the area, and the
2 general public frequented the area, hunting deer, bear and fishing,
3 several guides operate in the area as well. Both Old Harbor and
4 the Akhiok lands are particular high value to subsistence, primary
5 focus is on hunting deer, marine mammals, salmon fishing and
6 clamming. The Koniag lands, represent essentially all the parcels
7 except the Karluk drainage and the mainstem of the Sturgeon.
8 Brown's Lagoon, parcel 01 is -- got a very significant pink salmon
9 run and up to 50,000 fish annually escape into that system. Uyak
10 Bay is highly significant, it's got high values for sea otters
11 which both parcels 01 and 02 have those high values where pupping,
12 feeding and haul-outs have all been documented. Offshore these
13 areas, in addition to the injured species, and services involved,
14 sea lions have been documented off of several parcels, particularly
15 in the Uyak Bay, Larson Bay area, parcel 05, Halibut Bay and Grants
16 Lagoon, as well as some of the parcels on Akhiok and Old Harbor
17 lands. So, it's a very rich mix of resources scattered throughout
18 these coastal areas. I think it's significant to point out that in
19 addition to greatly helping to restore these injured resources and
20 services that there are significant management and public values
21 that accrue as a result of the proposal. And, one of the most
22 significant, I think is, bringing into public ownership three weir
23 sites along the north shore of Olga Bay. These sites currently on
24 Native land will become into public ownership, and the Fish &
25 Wildlife Service is working closely with the state to develop a
26 lease that will provide an operation of those weirs n perpetuity by

1 the state for the benefit of both the state and the Fish & Wildlife
2 Service as the manager of the Kodiak refuge. And, additionally I
3 think it's very significant to point out that the public will gain
4 access to a broad amount of fee acreage here for fishing and
5 hunting, of which these areas are prime locations. I think that
6 can -- extremely significant at this point. I'll be happy to
7 answer any questions that you may have, or at least try, and I do
8 have the document here that lays out these restoration values again
9 assembled through much of the work done here at the oil spill
10 office. Thank you.

11 MR PENNOYER: Are there further questions, relative to
12 resource studies? I have one question then, you mention under
13 Koniag a resource value, exception of Karluk and Sturgeon. Karluk
14 and Sturgeon are broadly covered under the easement, are they not?

15 MR. ELISON: That's correct, Mr. Chairman, the Karluk
16 and the Sturgeon do fall under the easement, and we would look
17 forward to moving steadily along to develop a process that
18 hopefully leads to successful agreement for acquisition.

19 MR. PENNOYER: Process (indiscernible) long-term easement
20 or fee simple purchase, whatever was ...

21 MR. ELISON: Whatever is doable and agreeable.

22 MR. AYERS: Further goal as understood, Mr. Chairman,
23 that the effort will be protective in perpetuity the Sturgeon as
24 well as Karluk, and that is exactly what is intended. I believe
25 that is the intent that Mr. Bohlen mentioned with regard to some
26 sort of reserve up to \$16.5 million for funds additionally reserved

1 so as to ensure that our good faith effort is represented, and
2 they're -- that we would move forward with -- with a process to
3 protect those areas. (Indiscernible - aside comments)

4 MR. PENNOYER: Yes.

5 MR. FRAMPTON: I move we adopt the resolution on Old
6 Harbor as distributed.

7 MR. ROSIER: Seconded.

8 MR. PENNOYER: Moved and seconded to adopt the Old Harbor
9 resolution as distributed. Is there any further discussion...?

10 MR. TILLERY: Mr. Chairman.

11 MR. PENNOYER: Mr. Tillery.

12 MR. TILLERY: The Old Harbor resolution references a
13 conservation easement that is, I believe an attachment, or would be
14 in on an attachment. The AKI agreement -- resolution, also does
15 that and it notes in it that the terms and conditions of the
16 conservation easement would be subject to Executive Director
17 approval. The Old Harbor does not contain such a statement, at
18 least that I can find. Does that mean that we are adopting the
19 language that's in the attachment to the resolution as being the
20 easement?

21 MR. BOHLEN: My apologies, I was (indiscernible).

22 MR. AYERS: We were -- we were actually trying to find
23 the specific language in the Old Harbor resolution to which you
24 refer. It's (indiscernible - simultaneous talking) these are
25 draft documents. But, the concept that is embodied here, not the
26 language, but the concept that that protection would be developed

1 in the purchase agreement is what's intended, not that these words
2 would be the final words in these -- in the purchase agreement. Is
3 that correct.

4 MR. TILLARY: And that is correct for both Old Harbor
5 and Akhiok-Kaguyak.

6 MR. AYERS: And that is correct for both -- Yes.

7 MR. FRAMPTON: So, even though, Mr. Chairman -- even
8 though in the AKI resolution that we'll be considering a moment,
9 there is specific provision in the resolution that makes the
10 purchase agreement subject to Executive Director approval of the
11 easement, conservation easement, because in that case it's really
12 complicated. The -- the intent of the Old Harbor resolution as
13 well, is to have a satisfactory final agreement of the conservation
14 easement, not in exactly the same words necessarily, as what's in
15 the offer.

16 MR. BOHLEN: As long as the intent does not change,
17 that there was no issue of which we were aware or on controversial
18 in the Old Harbor easement. We're working with the new areas in
19 the AKI one, and we want them to go an extra step further, that's
20 the only difference between the two.

21 MR. PENNOYER: Further discussion of the Old Harbor
22 agreement? Is there any objection to its adoption? You object,
23 Mr. Janik?

24 MR. JANIK: No, I have a comment. Jim Wolfe just
25 discussed with me -- I'm not sure about the technicality of the
26 wording with regard to Executive Director approval. I know we just

1 discussed that generally in terms of the agreement being the final
2 place to bring that home, but it might be more appropriate to have
3 that as a Trustee Council check, if there is going to be any
4 reference. But, I think that's something we can deliberate and
5 talk about in -- in a follow up here and not necessarily contingent
6 on this vote.

7 MR. AYERS: Well, I think that -- Mr. Chairman -- I
8 think that probably reasonable. On the other hand, let me say, one
9 of the things it said, and that was that the Trustee Council wanted
10 to be sure that there was some follow up in the resolution of the
11 conservation easement language. It has not been (indiscernible)
12 you'll recall, it's not been brought to anyone, with regard to the
13 conclusion of that kind of language. If the Council's indication,
14 certainly Mr. Sandor and others have brought that issue in the
15 past with regard to a (indiscernible) point, and I think that --
16 you know, it's certainly the Council's pleasure, it matters not to
17 me. It was simply to reflect what I had been, what had been said
18 by the Council in the past, which it is that once it left
19 resolution stage, that there needed to be a conclusion brought to
20 the language with regard to conservation easements. Where it goes
21 matters not.

22 MR. PENNOYER: Mr. Frampton.

23 MR. FRAMPTON: In the past, I think, that when we have
24 done this with respect to Executive Director's approval, in effect
25 that means that anyone who is concerned on the Council has been
26 consulted by the Executive Director. So, if the problem arises,

1 then that can come back (indiscernible - simultaneous talking).

2 MR. AYERS: And the Executive Director would work with
3 the individual Council member with regard to acceptance or working
4 through that language. It was an extra step, not the reduction of
5 a step. It was an added step to ensure that you would be involved
6 in that final look at that language.

7 MR. PENNOYER: Mr. Janik.

8 MR. JANIK: Thank you Mr. Chairman, I was simply
9 making a protocol check, I have no further concerns.

10 MR. PENNOYER: Mr. Tillery.

11 MR. TILLERY: Appreciate if we could take about a five
12 minute break so that I could (indiscernible - simultaneous
13 talking).

14 MR. PENNOYER: Take a five minute break.

15 (Off Record 4:11 p.m.)

16 (On Record 4:28 p.m.)

17 MR. PENNOYER: Can we get started again, please. We're
18 not going to get finished this afternoon, but I'd like to get
19 through this and maybe IMS before closing time. Commissioner
20 Rosier. Okay, I think we're all present again. We have in front
21 of us a resolution relative to the Old Harbor land purchase
22 agreement. We had a motion, I think it was seconded, did we not on
23 this, so is there any further discussion on this particular
24 resolution?

25 MR. SANDOR: Call for the question?

26 MR. PENNOYER: Is there any objection to the adoption of

1 this resolution? (No Objection) It is adopted, therefore, Mr.
2 Ayers.

3 (Applause)

4 MR. AYERS: Mr. Chairman, let me just say that there
5 are some members of the public who would like to comment, but I
6 would ask them to hold their comments until after we finish the
7 resolution effort here on Kodiak, before we -- if that's acceptable
8 to the group.

9 MR. PENNOYER: I'm sorry, Mr. Ayers, are you proposing
10 another public hearing on this individual item, or what -- are you
11 proposing opening the public hearing on this item?

12 MR. AYERS: No, Mr. Chairman, I am not, but I think
13 that the landowners -- as you complete this effort, those
14 landowners are involved in this particular effort would like a
15 couple of minutes to speak to the Trustee Council.

16 MR. PENNOYER: Okay, we have second resolution that's
17 been put in front of us, Akhiok-Kaguyak. We have had a
18 presentation on both the resource values and the deal, can we take
19 three minutes and just look through it to make sure that you're all
20 comfortable with it.

21 MR. AYERS: You have the resolution in front of you.

22 MR. PENNOYER: It is in front of you. Let's stand at
23 ease for about five minutes and look at it.

24 (Long Pause)

25 MR. PENNOYER: Okay, are we ready to go again. You have
26 in front of you a resolution relative to Akhiok-Kaguyak lands on

1 Kodiak Island, acquisition thereof. The resolution is there, it's
2 as was presented earlier to you -- previously by Mr. Bohlen. Do I
3 have a motion?

4 MR. FRAMPTON: So moved.

5 MR. JANIK: Second.

6 MR. PENNOYER: Second. Is there further discussion on
7 this resolution? Is there any objection to this resolution?
8 Resolution to acquire Akhiok-Kaguyak lands on Kodiak Island is
9 adopted.

10 (Applause)

11 MR. PENNOYER: We've got keep (indiscernible) in a row
12 here. Mr. Janik.

13 MR. JANIK: Could someone just sum up briefly, for
14 clarification I think, many folks would like to know, now that
15 we've done what we did, what other hoops have to take place before
16 we have a so-called done deal?

17 MR. PENNOYER: (Indiscernible - simultaneous talking)
18 asked Mr. Ayers before and I think said the hoops don't involve
19 coming back to us specifically, so Mr. Ayers, would you elaborate?

20 MR. AYERS: Mr. Chairman, with the two actions that
21 you've just taken with regard to resolutions on Old Harbor and
22 Akhiok-Kaguyak, respectively, the next hoop, so to speak, is to
23 begin to work with the willing seller to develop the terms of the
24 purchase agreement that are -- that reflect the concepts that are
25 embodied in your resolution. Those purchase agreements
26 respectfully will be developed with the input of both the state and

1 federal attorneys, and, of course then, the language with regard to
2 easements will also be developed with the understanding that I will
3 stay in touch with both that work effort, developing efforts
4 agreement, and each of the Trustee Council. That purchase
5 agreement, then, will be signed, which will be the next hoop, would
6 be officially signed by the lead agency, and that purchase
7 agreement and the terms need to be taken to the shareholder. Now,
8 subsequent to the shareholders' authorization, the seller's
9 authorization, then the court request would come back for the
10 signature of the Trustee Council members, for the official
11 withdrawal. Now, with that said, so affirmatively and so
12 definitely, let me do some eye contact with the attorneys to make
13 sure that ...

14 (Laughter - Long Pause)

15 Mr. Ayers: Yeah, but that's the process. That the -- what
16 he's suggesting (Mr. Roth) is that the authorization of the
17 purchase agreement can be executed through a court request, but it
18 is already subject to the resolution that you have signed. So, it
19 does not -- that particular aspect does not have to come back
20 before you, but it is subject to shareholder approval, which is
21 something I want -- the other thing that -- I guess there's a
22 difference of opinion, so let me say it this way, it is also clear
23 that giving -- given the fact that the recommendation of the
24 Executive Director for a fair and reasonable price with the seller
25 is different than any of the appraised values, then it is also
26 subject to the approval under whatever the federal process is for

1 approving those. I have -- if we have exercised our general
2 prerogative in authority invested in the Trustee Council to make
3 prudent decisions with regard to fair and reasonable price, and
4 since that price, which you are approving within this resolution,
5 is different than any of those appraisals, certainly within the
6 fair and reasonable price, but -- that those will have to be ...

7 MR. BOHLEN: Subject to congressional review.

8 MR. AYERS: ... subject to congressional review.

9 MR. FRAMPTON: Mr. Chairman, that is, I think,
10 incorporated in the resolution.

11 MR. AYERS: It is.

12 MR. FRAMPTON: Before the -- before the Fish & Wildlife
13 Service or the Secretary of Interior signs a purchase contract, a
14 congressional review will occur.

15 MR. AYERS: Yes, and it something that we did not
16 cover in the overview, that I failed to cover in the overview, but
17 certainly is a matter both to be recognized by the record, and is
18 a matter of course that I think no one would overlook.

19 MR. FRAMPTON: And, that is in the form of a letter to
20 the Appropriations Committee chairs in the House and Senate.

21 MR. AYERS: And a purchase agreement would not be
22 signed until that had occurred.

23 MR. ROTH: There would not be binding purchase
24 agreement until that has occurred.

25 MR. AYERS: There would not be binding purchase
26 agreement until that has occurred. It might get signed, but it

1 won't mean anything. (Laughter).

2 MR. PENNOYER: Mr. Ayers, Mr. Roth, is it all right to
3 leave this now, is it all right to proceed? Okay, thank you. Next
4 item please, was the Koniag deal, and how do you wish to proceed on
5 that?

6 MR. AYERS: Mr. Chairman.

7 MR. PENNOYER: You want to go first, go ahead.

8 MR. ROSIER: Yes, thank you, Mr. Chairman. Mr.
9 Chairman, on this particular subject, I will in fact be conflicting
10 myself out due to the personal relationship I have with the
11 president. Chuck Meacham, who has had access to the information on
12 this subject, will in fact be voting as my designated alternate, on
13 this particular issue.

14 MR. PENNOYER: Just to make it clear since Mr. Meacham
15 isn't here, we'll take a roll call vote on this particular item
16 when we get to it. So, make it clear to you.

17 MR. AYERS: Mr. Meacham, are you on line?

18 MR. MEACHAM: Yes, I am.

19 (Aside comments)

20 MR. AYERS: Mr. Chairman, Chuck, there is a two page
21 proposed Koniag acquisition framework for possible agreement that
22 is before you. It is essentially the terms that have been outlined
23 by Mr. Bohlen. I would recommend that the Council authorize the
24 lead agency and their counterpart on the state to -- to work with
25 the Koniag corporation to develop the terms of a purchase
26 agreement, but in specifically -- and specifically, a resolution

1 that would reflect the concept embodied in this two-page framework,
2 and to bring that back before the Council at the next scheduled
3 meeting, that I anticipate to be the December 2nd.

4 MR. FRAMPTON: Mr. Chairman.

5 MR. PENNOYER: Yes.

6 MR. FRAMPTON: I think the action that's required here,
7 and I guess -- well, I move that the Council authorize the lead
8 agency and the negotiating team to make an offer to Koniag along
9 the lines of this two-page document, which I would ask be put in
10 the record -- as agreed, actually, by the -- both sides of the
11 negotiating team, to move forward to consummate a purchase
12 agreement.

13 UNKNOWN: Second.

14 MR. PENNOYER: Action has been moved and seconded
15 relative to the Koniag agreement. Is there further discussion, or
16 questions on it? Okay, we'll proceed to take a roll call vote
17 then. Mr. Janik?

18 MR. JANIK: Yes.

19 MR. PENNOYER: Mr. Sandor.

20 MR. SANDOR: Yes.

21 MR. PENNOYER: Mr. Frampton.

22 MR. FRAMPTON: Yes.

23 MR. PENNOYER: Mr. Tillery.

24 MR. TILLERY: Yes.

25 MR. PENNOYER: Mr. Meacham.

26 MR. MEACHAM: Yes.

1 MR. PENNOYER: Yes. It's passed unanimously. What's the
2 next item on the agenda?

3 (Applause)

4 MR. PENNOYER: Can't wait until tomorrow. Okay, the
5 Institute of Marine Science is the next ...

6 MR. AYERS: Mr. Chairman, before we ...

7 MR. PENNOYER: Mr. Ayers.

8 MR. AYERS: Thank you, Mr. Chairman, Trustee members.
9 The landowners would like a couple of minutes of the Trustee time.

10 MR. PENNOYER: Oh, that's right, I'm sorry. Fine. Would
11 you please come up then?

12 MR. LARRY LANDRY: Good afternoon. My name is Larry
13 Landry, and I have spoken to your before, and on behalf of Ralph
14 Eluska, President of AKI Corporation, Emil Christiansen, President
15 of Old Harbor Native Corporation, we want to commend you for your
16 leadership, courage and diligence for the actions you've taken
17 today. Not only is this a great habitat protection plan, but it's
18 what the local communities want and the way each individual
19 arrangement was put away, put together and worked out was in
20 concert with local priorities, as well as habitat protection. It
21 allows economic opportunities, subsistence, and habitat protection.
22 So, we just wanted to sincerely thank you, Mr. Ayers, and the
23 negotiating team for all your support and diligence, literally
24 hundreds of hours have occurred since our last discussion. We just
25 want to thank you very much.

26 MR. PENNOYER: Thank you for you comments, appreciate

1 that. Mr. Frampton.

2 MR. FRAMPTON: I think that it's important having made
3 very substantial progress with respect to protecting the entire
4 ecosystem of southern Kodiak, that we make it clear, and I think is
5 certainly implicit, it's not explicit in the report that the
6 Executive Director gave, that simply because we have been able to
7 take formal action today, only on this one set of acquisitions,
8 that we remain committed to a geographically balanced habitat
9 acquisition plan. Just as over the last year we have worked to put
10 together and today approved a balanced Restoration Plan, which
11 includes science, monitoring, direct restoration, a reserve and
12 habitat acquisition, so the habitat acquisition portion of the
13 overall Restoration Plan also must be balanced, and that means this
14 is not going to be a complete restoration habitat acquisition,
15 restoration effort, unless we are able to conclude further deals in
16 Prince William Sound and eastern Prince William Sound and western
17 Prince William Sound, in Shuyak, Afognak and Kenai, assuming that
18 we can reach agreements that have integrity with willing sellers in
19 all those areas, and that our desire to have a meeting in about a
20 month and to push forward as hard as we can over the next month to
21 see if we can consummate some more acquisitions, particularly in
22 Prince William Sound, is evidence of our commitment not to feel as
23 though we can go home and rest, now having done something important
24 on Kodiak, and that we are, you know, determined to make this a
25 balanced plan. And, I think the fact that we have -- we're moving
26 forward on Kodiak with a more or less predetermined some portion of

1 funds, which we hope eventually will be used for acquisition,
2 indicates that just because one, in this case, happen to get to the
3 table thirty days before some others, didn't mean that we in anyway
4 were prejudicing our strategy or ability to make acquisitions in
5 Prince William Sound and elsewhere. I think that's -- I'm
6 certainly -- I'm obviously speaking for myself, but I think I speak
7 for all of us in terms of our intentions and our desires in this
8 matter.

9 MR. PENNOYER: Thank you, Mr. Frampton. I thought that
10 we were going to memorialize that concept somehow, in a document of
11 some kind, and is this -- is not the appropriate time then ...

12 MR. AYERS: Mr. Chairman, indeed it is the appropriate
13 time, and as you -- right before your very eyes, you are seeing the
14 endeavor of what it takes to produce a document that makes everyone
15 feel comfortable. Never is there consensus, but we're about to get
16 informed consent and a copy of the language of that's acceptable to
17 all parties. Now, while we're waiting on that magic to occur, what
18 I would like to bring up on this particular item, Mr. Chairman, is
19 the issue -- is on the agenda, under habitat acquisition, which is
20 the resolution with regard to the Exxon Valdez Oil Spill Trustee
21 Council on Seal Bay. It has been determined that we need the
22 further resolution to provide for the -- the installment that is
23 due, and if we can do that first, then we'll come back to the other
24 general resolution that embodies the concepts and thoughts that Mr.
25 Frampton just presented.

26 MR. PENNOYER: One other thing. We are fairly well

1 committed then, before people leave tonight, the meeting something
2 in the last week of November or early December for this very
3 purpose, and are we all committed to that? Several individuals
4 have said, but I think everybody ought to know that that is our
5 intend. I hear a -- lot of head shaking and no nos, is that
6 generally accepted? I hear no objections, thank you.

7 MR. AYERS: Mr. Chairman, do you have the general
8 resolution, everybody happy. Mr. Chairman, this is a resolution
9 that in fact recognizes the effort that has gone on to prepare for
10 habitat protection. It also embodies in the resolve that, that
11 which Mr. Frampton just described, which is, "designating and
12 authorizing lead negotiators and Executive Director to continue to
13 pursue efforts to negotiate proposals for the acquisition of large
14 parcels in accordance with the 1994 resolution, but in particular
15 to pursue invitations in developing proposals" -- you can tell how
16 many times this language has been changed since I saw it last --
17 "with willing sellers within Prince William Sound, Kenai Fiords,
18 and Afognak Island to develop and submit proposals for the
19 Council's consideration at a December meeting." And I think we're
20 looking at December 2nd. But, this is a -- a definitive expression
21 to those who are concerned to bring proposals back in the immediate
22 future for the Trustee Council's consideration.

23 MR. PENNOYER: Do you want to read some particular parts
24 of it, or should we have a short at-ease and read it ourselves?

25 MR. AYERS: Mr. Chairman, I would appreciate it a
26 short at-ease.

1 MR. PENNOYER: You were reading from the last page, so I
2 was just wondering if you were going to -- we're at ease for five
3 minutes.

4 (Off Record 4:53 p.m.)

5 (On Record 4:55 p.m.)

6 MR. PENNOYER: Can we -- can we get back together again,
7 please. Jim Ayers, slight change in direction here. I've had a
8 strong request to try and finish the IMS part by tonight, and we
9 only have another half hour to work on it. I think it's going to
10 take awhile to get through it, and so what I would suggest, and has
11 been suggested to me, I should say, is that we defer the land
12 acquisition resolution and the rest of it until tomorrow morning
13 first thing. People know we have it and they know we're working on
14 it.

15 MR. AYERS: There seems to be a general and conformed
16 consent over this resolution.

17 MR. PENNOYER: Okay, if you -- all right.

18 MR. SANDOR: Move adoption of motion.

19 MR. FRAMPTON: I second it.

20 MR. PENNOYER: Well, that was quicker than I thought it
21 would be. (Laughter) Is there any further discussion of this
22 resolution? (No objection) Thank you, that's one way to get it
23 done. Jim if you have any further on land acquisition? I know you
24 mentioned something else. Let's hold it until tomorrow morning if
25 that's all right with you.

26 MR. AYERS: Yeah, that's fine.

1 MR. PENNOYER: Go on -- go on to the IMS question. You
2 want to introduce the IMS action item, Mr. Ayers?

3 MR. AYERS: Yes, Mr. Chairman. The next item on the
4 agenda is research infrastructure improvement (aside comment) --
5 research infrastructure improvements affiliated with the School of
6 Fisheries and Ocean Sciences and the Institute of Marine Science in
7 Seward in Alaska. This particular item, Mr. Chairman, has been
8 through a variety of evolution and iteration, and in particular,
9 this facility is developed as needed infrastructure for conducting
10 the long-term research and monitoring program that are unique and
11 specialized capabilities for the studies of marine mammals, marine
12 birds and fish genetics. The Trustee Council specifically
13 recognized that, there were individual biological resources that
14 were injured as a result of the Exxon Valdez spill. They included,
15 I'm sure that we're familiar, but in particular those that relate
16 to this particular project are marine mammals, in particular sea
17 otters and harbor seals, sea bird, common murre, harlequin ducks,
18 marbled murrelets, and pigeon guillemots. There's also a variety
19 of complex -- complexes of intertidal and subtidal organisms that
20 were injured and certainly the capabilities of this improved
21 infrastructure will provide opportunities for research and
22 restoration related to those organisms, and several fishery
23 resources, the least of which is pink salmon and Pacific herring
24 which have been discussed today. The facility improvements play a
25 unique role in addressing restoration needs associated with those
26 resources. The infrastructure does not currently exist in Alaska

1 to provide the necessary laboratory capabilities for the research
2 and monitoring that are associated with these injured marine
3 mammals, and marine birds of the spill area. This facility is
4 proposed to include wet and dry labs, it would be furnished for
5 fish genetics to examine the possible spill-caused heritable,
6 genetic damage in the salmon, and potentially herring, and for the
7 live studies of bioenergetics disease, reproduction, neurobiology
8 associated with fish and invertebrates in the spill area. That --
9 that facility -- that infrastructure does not currently exist in
10 Alaska today, or certainly not available in Alaska for the various
11 projects that have been proposed and the research as anticipated.
12 Anticipated restoration and research has been discussed, in a
13 detailed project description, including an extensive statement of
14 purpose and need for this facility. This facility has been
15 discussed at the previous two Council members -- meetings -- and in
16 detail at the last Council meeting. The resolution that is
17 proposed to be before you today -- is not in my hands -- but is in
18 -- is attached -- but, also has been included in the packet that
19 has been submitted to you. The appropriate location for the needed
20 research was also an issue that has been discussed. And, during
21 the assessment of the purpose and need for the project, and the
22 potential for expansion of existing marine research facilities, and
23 an alternative to the proposed project site, was thoroughly
24 examined. Important factors and review of the site location was
25 necessary, included location of the site to be within the spill
26 area; availability of high quality fresh water and sea water for

1 use in life support systems, which was discussed in detail by
2 experts during the last Trustee Council members, and advisors,
3 science advisors to the project; availability of existing State of
4 Alaska commitment of some \$12.5 million for this specific facility
5 development with the spill area; accessibility of the site to
6 researchers and the public is an essential issue that -- that was
7 involved in the consideration of the site, including quality road
8 access and quality port and airport facility. A couple of those
9 may be debated at another time. Existing -- the existence of an
10 existing marine research program and infrastructure was essential,
11 and in particular the fact that there is science, Institute of
12 Marine Science, present and has been for quite some time at the
13 location. The availability of the immediate land for the
14 development of the project without significant cost was also a
15 factor in the consideration of the site location. The availability
16 of not only high quality but adequate water, sewer and power
17 utilities, and opportunity for the site, in particular, to generate
18 revenue that could in the long term offset the operational costs
19 that make this project a self-supporting research project. The
20 attributes of Seward site include the location, the close
21 proximity, a twenty-one year record -- a demonstrated record of
22 high quality sea water, affiliation with the existing University of
23 Alaska School of Fishery and Ocean Science and the Institute of
24 Marine Science, and their support and commitment, both of staff as
25 well as the endowed chairs that are currently available that was
26 discussed during our last meeting. The accessibility and the

1 opportunity to become a self-supporting research facility in the
2 long term that supports the restoration of those injured resources
3 previously described. The scientific peer review of the proposed
4 facility is also in your packet and has had exceptional support and
5 advice as this structure has been designed and developed, and we
6 will continue to have the Chief Scientist and the core scientific
7 reviewers participate with us in the development of the
8 construction plan for this project. Let me add, that the Trustee
9 Council's Public Advisory Group has reviewed the project in detail
10 and proposal, and formerly expressed its support for the facility
11 at its October 13, 1994, meeting, and the resolution is attached as
12 Attachment C in your packets. The facility ownership and operation
13 of the structure, which was an additional question that was asked
14 by the Trustee Council and directed the Executive Director to
15 review has been addressed. The facility will be owned by the City
16 of Seward and operated by the Seward Association for the
17 Advancement of Marine Science. The Trustee Council's funded
18 activities and restoration research needs will have the highest
19 priority for the use of this facility in particular. The facility
20 director will establish a working relationship with the Trustee
21 Council, and the Executive Director of the Trustee Council, and the
22 Council Scientific Review Program. All of the scientific research
23 programs at the facility will be coordinated by the facility Chief
24 Scientist who also will be a representative of the University of
25 Alaska. The University of Alaska will provide not only quality
26 assurance and scientific leadership, but will also provided

1 direction by serving either on the Board of Directors and/or the
2 Board of Governors. The board will have a direct reporting
3 relationship to the Executive Director -- through the Executive
4 Director to the Trustee Council. In conclusion, Mr. Chairman, I am
5 confident that the project that currently is before the Council for
6 consideration, which is the expansion of the existing
7 infrastructure to provide for the research and the long-term
8 research regarding the injured resources, is embodied in the
9 resolution that is before you today, and with us today is, not only
10 the Chief Scientist, Dr. Spies, who has been reviewing the project,
11 but also Lief Selkregg, and Tyler Jones, Kim, and A.J. Paul to
12 answer detailed questions.

13 MR. PENNOYER: Thank you, Mr. Ayers. Are there -- before
14 we get into the resolution text are there further questions at this
15 point? I know the resolution addresses some of the things that
16 have been brought up and probably will answer some of our
17 questions, but in terms of the facility itself and capabilities and
18 so forth, are there further questions? Would you -- Dr. Spies has
19 been closely related to our development of our research program for
20 all these years, and probably is in a unique position to comment
21 again as to the necessity of this facility to carry out our
22 research and restoration goals. You've mentioned many of those
23 things, but perhaps if Dr. Spies came to the table and just
24 reiterated or elaborated on his conclusions in a letter that he and
25 the peer reviewers have sent us relative to the need for this
26 facility. The unique opportunity it presents, and anything else

1 related to our Work Plan. of you might want to elaborate on them.

2 DR. SPIES: Thank you, Mr. Chairman. I'm pleased to
3 do so. I wrote a letter of support along with the peer reviewers,
4 Dr. Charles Peterson and Dr. Philip Mundy. We believe, first of
5 all that the -- that there is a net loss of goods and services to
6 the ecosystem because of the spill, and that the public has not
7 really been fully compensated for the long period in which the
8 goods and services provided less than normal levels. We think that
9 such compensation could be provided, why investments made by the
10 Trustee Council that will pay dividends in the form of enhancing
11 ecosystem values in the ecosystem, and beyond those that would have
12 occurred in the absence of the spill. Investment in the Seward
13 Marine Science Center, we believe, would represent such an
14 enlightened investment of resources by the Trustee Council,
15 establishing such a facility in the spill area for conducting
16 research on Alaska's marine resources will provide long-term
17 benefits for better management protection enhancement of the
18 biological resources in the spill area. Secondly, there is no
19 adequate marine research facility in the northern Gulf of Alaska
20 region that can carry out the sorts of research, particular support
21 of work with live animals, marine mammals and birds, and given the
22 very extensive coastline in this region, (indiscernible) living
23 marine resources and the large numbers of outstanding marine
24 science and university system in the state and federal agencies as
25 well, and in the private sector there is compelling demand and need
26 for a modern laboratory facility for housing and promoting vital

1 research efforts. Third, as Executive Director Ayers indicated,
2 Seward is an ideal location for such a facility. It has an
3 accessible road to a large number of Alaskans both in the
4 scientific community and general public, and I don't think we need
5 to dwell on that point particularly further. Fourth, the planning
6 conducted for the Institute of Marine Science has been absolutely
7 world class and a lot of thought and review has gone into this by
8 talented and experienced professionals in all sub-specialties to
9 design a state-of-the-art facility. This careful planning includes
10 specialized engineering and architecture, education, scientific
11 research and animal care. The experience of both success and
12 failures of previous projects built around the world has been used
13 to maximize the effect of this and success of planning in the case
14 of this facility. Further, we think that the planning is -- has
15 highlighted some of the most unique, attractive and important
16 components of the ecosystem in the northern Gulf of Alaska, sea
17 birds, marine mammals and fishes. These groups suffered a great
18 deal of damage. Many of them have not recovered to pre-spill
19 levels, and they present the greatest challenges for restoration
20 and management, so the -- so the match to the Trustees mandated it,
21 in our view excellent. Fifth, the use of such a facility by
22 scientist to work on spill studied will fill legitimate research
23 needs for study of non-recovery or slowly recovering species.
24 Also, because the availability of a scientific facility where none
25 existed before does generate new possibilities to address real
26 research needs. It is difficult, we believe to accurately predict

1 the exact future demands for the unique research space that the
2 Marine Science Facility will be, however, we think if you build it,
3 many people will come, it will be highly utilized. There's a lot
4 of work that's going on presently and in the proposed work plan
5 before you in this meeting, that to be carried out, and I think
6 specific examples would include, studies on harbor seals, both
7 health studies and stable isotope studies, to look at nutrition and
8 health of harbor seals, similarly with sea lions. Both of these
9 species are in sharp decline in the norther Gulf of Alaska. This
10 facility will also be useful for assessing health, disease and
11 reproductive biology of both marine mammals and birds, also for
12 fish. Genetic stock identification work on salmon and herring and
13 possibly other species could be done at this facility. The
14 facility will have a lot of flexibility in terms of its design and
15 could be reconfigured to be adapted to any number of projects as
16 the scope of the Trustee Council assign plan changes in that
17 future. This is kind of a minimal list of our reasons for -- our
18 endorsement of the facility, but we believe that it represents a
19 unique opportunity for marine science in the State of Alaska at the
20 present time, and are -- are endorsing it for those reasons.

21 MR. PENNOYER: Any questions? Any questions of Dr.
22 Spies?

23 MR. PENNOYER: I have one, later on in the '95 Work Plan
24 we've got about \$15.5 million dollars worth of research, not
25 counting the reserve and others in this outline. In your view,
26 that a substantial amount of that would be logically done or

1 headquartered out of or some how worked out of this facility?
2 Would it make a contribution of the Work Plan we now have in front
3 of us?

4 DR. SPIES: I think it would, and I think they will be
5 looking at. A definite contribution -- a sizeable contribution
6 this year, and as -- if it was in place right now, I think people
7 would use it and that use would grow as -- as people thought about
8 the kind of work they were going to do, and how that facility could
9 be used to accomplish those goals.

10 MR. PENNOYER: Do you think our work has been largely
11 field work, and lesser in the laboratory (indiscernible -
12 simultaneous talking).

13 DR. SPIES: It has been some laboratory work, of
14 course, that your familiar with at your Auke Bay facility there in
15 -- outside of Juneau, but I -- I think there would be a greater
16 opportunity for field work, and it's been my experience personally
17 in multi-disciplinary studies that you need a combination of field
18 and laboratory work. You can't isolate all the factors that you
19 want to get at just from field work, and that you need some
20 laboratory work to -- to test specific hypotheses and things that
21 can't be done in the field under less controlled conditions.

22 MR. PENNOYER: Further questions of Dr. Spies? Thank
23 you. Other questions of other - A.J., Paul, or anybody, people
24 want to ask? Thank you very much. Mr. Ayers

25 MR. AYERS: One of the things that, at your
26 instruction, that we have also done is, along the lines of the

1 question you just discussed with Dr. Spies, and that is who would
2 use this facility, and it's clear to us that the commitment is
3 currently existing. If we had it today, we know that people would
4 be utilizing it, as Dr. Spies mentioned. In 1997, the projected
5 date for opening, the faculty personnel are expected to be three --
6 at least three university faculty, one endowed chair, and two
7 research faculty as we discussed somewhat at the last meeting, and
8 those are confirmed. There would be essentially six fisheries
9 biologists and three students, six technicians and two
10 administrative personnel. The research personnel will include a
11 mix of university and agency scientists and technicians and
12 students, and in 1997 a part-time research staff are expected to
13 include additional wildlife biologists and we -- we are in the
14 process of discussing that with the Fish & Wildlife Service. We
15 also believe that it would include, and we have -- we know that
16 there's been a couple of veterinarians that have been very close to
17 the project, and a veterinarian and animal care technician and one
18 lab technician would also be there. Well, let me also say that we
19 believe that another additional leap of faith in this would be the
20 interest of that facility from the general public, which continues
21 to be overwhelming. So, it is not, at this time, a dream, so to
22 speak. There are people who would utilize that facility the day
23 that it's open, and there are many people who are interested in
24 visiting the facility as we speak.

25 MR. PENNOYER: Thank you. Further questions of the
26 Executive Director? I know there were many questions raised by the

1 PAG and others on the management of the facility, how the board
2 would operate, what happens if, in fact, the revenue stream is not
3 as anticipated? What happens if you don't collect the anticipated
4 public donations to build the educational facilities and so forth.
5 I think many of those are addressed in your resolution, and perhaps
6 the best way to proceed would be for you to introduce the
7 resolution and discuss some of these other factors under the part
8 of the resolution that instructs the Executive Director to ensure
9 that certain things take place. So, if you care to, and the
10 Trustee Council would like to proceed that way, perhaps you could
11 introduce the resolution and we can continue our discussion based
12 on what is either in it or what not in it.

13 MR. AYERS: The resolution is in your packet, I
14 believe you all have it. We have additional copies here if you
15 need them.

16 MR. PENNOYER: If there a difference, Mr. Ayers, in the
17 drafts, I've got something dated 11/1, something dated 11/2
18 revised, and -- which one should I be looking at?

19 MR. AYERS: 11/2 revised.

20 MR. PENNOYER: Thank you, sir.

21 MR. AYERS: Should be in the upper right hand corner.

22 MR. PENNOYER: Could you take us through that then,
23 briefly, and then we'll read it.

24 MR. AYERS: Mr. Chairman, the Council directed me to
25 prepare a formal recommendation concerning the proposed research
26 infrastructure, which included taking the needed steps to secure

1 the compliance into the National Environmental Protection Policy
2 Act. Let me say that, that task, which we have discussed before,
3 and that ROD, which was just recently signed and concurred in by
4 the State, was a very intricate, involved process that I can take
5 no credit for and absolutely want to commend the people that were
6 involved in that, including the lead, Nancy Swanton, who worked
7 with a number of various staff people and ensuring that that
8 particular effort was completed. It was completed not only in an
9 expeditious manner, but in a very public, considerate manner, and
10 there have been a number of people, even those who do not
11 necessarily support the project, who have talked about the
12 professional and open manner in which that effort was carried out,
13 and the many times that the public has had to participate in the
14 discussion of this facility. I was also directed to consult with
15 appropriate entities including the University of Alaska, the City
16 of Seward, the Seward Association of The Advancement of Marine
17 Science, and Trustee agencies to review the assumptions related to
18 the proposed improvements and capital operating budget. We have
19 done that on numerous occasions, not the least of which was with
20 you at the October 5th meeting where we went through the very
21 details of the issue of the budget. We also talked at length,
22 I've met with the Board of Regents from the university, the
23 president on several occasions, the -- Dr. Alexander from the
24 School of Fisheries and Ocean Sciences, that staff and the Advisory
25 Group of the School of Fisheries and Ocean Sciences, and discussed
26 with them that commitment, and in particular reviewed the budget

1 with them. I am beyond consulting, I think, at this point, and
2 become very involved in discussions with each of those bodies about
3 this project, and have individual commitments in writing and
4 support from each of those. The Board of Regents, and the
5 president himself, Dr. Alexander, the School of Fisheries and Ocean
6 Science, and the Public Advisory Group, which involves not only
7 Alaskan scientists but national scientists on that advisory group,
8 the Advisory Board of the School of Fisheries and Ocean Sciences.
9 Is that the right title for them Doctor?

10 DR. SPIES: Yes.

11 MR. AYERS: I was to develop an integrated funding
12 approach which assures that the use of the trust funds is
13 appropriate and legally permissible under the terms of the
14 Memorandum Agreement and the Consent Decree, which I have done and
15 which is also embodied and recognized, and we have been through
16 that a number of occasions, including a very professional and
17 detailed beyond-the-call-of-duty commitment from the attorneys from
18 the Department of Interior, as well as others within the federal
19 departments and the Department of Justice. We have actually worked
20 with the architects on the project to ensure that the architectural
21 structure of this facility is clearly permissible under the court
22 decree and that the budget that is -- that is associated with those
23 projects are -- with that aspect of the construction, is all that
24 is coming from the civil trust funds. I was also directed to
25 prepare a recommendation of the appropriate level of funding for
26 consideration by the Trustee Council that would be legally

1 permissible and that is embodied within the budget, which is also
2 before you in your packet, which I need. The detailed project
3 description and the supplemental materials that were prepared and
4 put in the September 26th project detailed all of those things
5 including NEPA, but in particular, we have done, in addition to
6 that, we've done a finding regarding the infrastructure
7 improvements, and affiliated with the Institute of Marine Science
8 in Seward. And, let me say that with regard to the findings which
9 is also in your packet, people were working on as recently as this
10 weekend, there has been an overwhelming commitment, and I don't
11 believe that the hoops necessarily, although they were painful,
12 were without reasonable content and questions. Those hoops have
13 been difficult to get through, but they've been very helpful in
14 focusing this project in the research related to the injured
15 resources. The Public Advisory Group has reviewed the project
16 description and also participated in refining the project
17 description to ensure that the aspects include the research towards
18 injured resources, but also include the opportunities for the
19 public to participate, not only in education aspect, but to find
20 out what's actually going on with regard to research related to
21 these injured resources. The budget, which I thought somebody just
22 had, the budget has been discussed several times, we've discussed
23 that not only with the architect, but also the City of Seward and
24 the SAAMS organization. The budget which, per the fourth directive
25 of the Trustee Council, which is being handed to you now, reflects
26 the reality that the research component of this project can be

1 constructed for some \$36 million and that includes the construction
2 costs, the design, the contingency, as well as the EIS planning.
3 This total is for the research and has been reviewed, I guess in
4 excess of ten times that I'm familiar with, to ensure that that
5 aspect -- those aspects of the facility related to the research of
6 the injured resource is the major focus and the total focus of that
7 \$37 million. The additional aspect which is the education
8 component, a portion of which can be -- the expenses could be
9 defrayed under the criminal settlement funds, and the -- an
10 additional amount of money to be raised through private and
11 philanthropic resources. There is a high level of confidence as
12 you heard at the October 5th meeting, that the additional funds for
13 those particular aspects will be raised and can be raised. But, at
14 this point, I am confident that, subject to the conditions or the
15 provisions that are embodied in the resolution, which are that the
16 director approve -- see and approve a detailed construction budget
17 and a detailed operating plan that reflects a realistic cash flow
18 for the successful construction and operation of this facility, and
19 by the way, we certainly would use the resources that are available
20 from the state agencies, since these funds would be passing through
21 the Department of Fish & Game, and ultimately the City of Seward,
22 that would be reviewed and brought to the individual Council
23 members as we progress so that it would be in concert and
24 discussions with you. That there would be approval by the
25 Executive Director of an agreement to be entered into by the State
26 of Alaska Fish & Game and the City of Seward providing this

1 facility will be owned by the city, and that the city will provide
2 for the operation and maintenance of the facility. And, we have
3 been in contact -- in discussions with Tyler Jones, the City
4 Manager, who is here also today, we'll continue to work together as
5 I think what's happening here is that Tyler and I are being handed
6 a responsibility that I suspect will keep us busy for time to come.
7 Approval by the Executive Director of a showing by the City of
8 Seward that future mitigation measures identified for the
9 construction and operation of the facility will be given due
10 consideration and implemented to the extent practicable. Now, I'd
11 like to be able to explain to you in detail what that means, but
12 let me say that it's a condition that I understand to be a
13 requirement that needs to be considered, and, Nancy, I -- it's a
14 recommendation to ensure that as we proceed with this project that
15 we do have a commitment, that anything that might have an impact we
16 would mitigate to the maximum extent practicable. So, we're not
17 saying that we ...

18 MR. PENNOYER: It's a NEPA consideration, I believe, Jim.

19 MR. AYERS: Pardon me.

20 MR. PENNOYER: ...NEPA consideration -- mitigation is in
21 terms of NEPA consideration.

22 MR. NANCY SWANTON: That's correct.

23 MR. AYERS: And -- but what we do not know what those
24 things are, this just says that we anticipate there may be some,
25 and if there are we certainly will do a finding and do whatever we
26 can to maximum extent impossible to mitigate the impacts. Fourth,

1 is the approval by the Executive Director of a detailed governing
2 and management structure for this facility that clearly identifies
3 the role of the University of Alaska in providing a scientific
4 leadership of the facility, and ensures that the facility is
5 managed so that the research activity appropriate serves the
6 Trustee Council restoration mission. That particular provision, I
7 think has progressed significantly over the last sixty days in
8 particular, working closely with the City of Seward and the
9 existing board of directors of the SAAMS organization, and as I
10 mentioned the Board of Regents of the University. We are now in
11 the process of developing a strategy of how to expand the depth and
12 the breadth of that board of directors and will do so in the near
13 future, and that until that's accomplished there will not be funds
14 released. In addition, as with all other conversations, but I want
15 to say that in particular with regard to putting together a strong
16 foundation of a governing and management structure, there's been
17 tremendous progress already and commitments made from -- throughout
18 the scientific communities, but in particular with the university.
19 The fifth is an annual financial report and project status be
20 submitted to the Trustee Council by the City of Seward, and the
21 Executive Director will carefully monitor the construction of the
22 facility and provide regular updates to the Trustee Council
23 regarding the project's progress. Again, it certainly was not that
24 I was asking for an additional activity for my weekends, but that
25 we will work with all of the involved parties, particularly the
26 Department of Fish & Game and the City of Seward and the

1 construction party to ensure that we know what's happening and we
2 are providing updates to the Trustee Council so that you can
3 monitor your investment as it proceeds to evolve into a research
4 facility. And, I guess with that let me say that the final resolve
5 that's embodied in the resolution is an actual resolution by the
6 Council that it is the intent of the Council to provide the funds,
7 but to provide the funds as requested and to petition the United
8 States District Court though with -- with draws on specific dates
9 to begin in September of 1995 and again a withdraw in September of
10 1996. The final resolve has to do with the facility's unique
11 capabilities and that there would be approval of individual
12 laboratory research projects, including the facility at which they
13 will be located that we -- that the Trustee Council, that in the
14 future that in authorizing funding for this project, we would also
15 adopt a policy that we would utilize the facilities in particular
16 recognize its capabilities for marine mammals, sea birds and
17 fishery genetic research, and that the Council would concentrate
18 the research projects and resources at this facility through the
19 maximum extend practicable, and that approval of individual
20 laboratory research projects, including facilities in which they
21 might be located will be based on the resources required for that
22 project and its cost effectiveness, including the cost savings
23 available to the Trustee Council, at this facility as a result of
24 this capital investment, which is consistent with what Dr. Spies
25 said, which is what we will do, is that if we see research projects
26 that are necessary for restoration coming before the Council, we

1 will utilize this facility and would review that research project
2 and the ability of this facility to respond to those needs in
3 making that decision.

4 MR. PENNOYER: Thank you. Questions of the Executive
5 Director regarding the resolution? Before we further discuss it
6 then I assume you want this adopted at this meeting, so is there a
7 motion to adopt.

8 MR. ROSIER: I would.

9 MR. PENNOYER: A second?

10 MR. FRAMPTON: Second.

11 MR. PENNOYER: It's been moved and seconded, okay, are
12 there further discussions? I feel compelled to say a couple words
13 about it. We've started talking about this facility a considerable
14 time ago. I think it's changed its direction and scope, at least
15 the part that the Trustee Council was involved in dramatically over
16 time, and that a lot of good research scientist that I respect
17 worked with the people to develop this are -- do say we've got a
18 world class design here, and a facility that capable of doing many
19 of -- most of the things -- all of the things that have been
20 discussed with us. I know it's been an arduous task and several
21 meetings like the one in Juneau with massive presentation on the
22 design, but I think it's been very worthwhile, and I think we've
23 ended up with a project and a capability that this Council can be
24 proud of having available for its use. And, I really do compliment
25 the people that worked on it. I know it was a tough job by the
26 people from Seward, and University of Alaska folks, many of the

1 agency people, SAAMS and others, and I'm very appreciative of the
2 fact they dug into it that far. I would point out that many of the
3 questions that have been brought were brought up by the Department
4 of Justice, and you had mentioned that we do have a letter from
5 Bill Brighton, in essence saying that many of his concerns have
6 been satisfied regarding the facility. I don't know if we need to
7 do any -- say anything further or comment any further. I -- again
8 commend people for the work that's been done. Does anybody have
9 any further comments on this? Are you ready for the question on
10 it? Is there anybody opposed to this motion? (No objection) No
11 objection then the motion passes, we adopt the resolution as
12 exemplified here, and, Executive Director Ayers, we trust you're
13 going to bring all these back to us, or not back to us but
14 (indiscernible - applause). We're on such a roll, we probably
15 ought to adjourn. (Laughter)

16 MR. AYERS: Before we adjourn until tomorrow, there
17 will be a number of folks as I understand, it that will not be able
18 to be here tomorrow, and there have been a number of people that
19 have talked to me today about a number of things that the Trustee
20 Council has been able to move forward on today, and the amount of
21 progress that you all continue to make. And, let me say that in
22 particular there are an inordinate amount of hours that have gone
23 into this effort by Molly McCammon and Rebecca, and Eric, and Bob
24 Loeffler, and Sandra Shubert (ph), and a number of other people
25 that work in this building day and night, seven days a week, over
26 the course of the last few months, and I -- I know there are

1 additional people who have -- who have assisted and worked hard,
2 like Nancy on the IMS, and Barry Roth has moved into our building
3 to make sure that we continue to move forward in a manner that's
4 acceptable. I sometimes feel like when I start to open my mouth
5 that actually Barry could just -- Barry will just start speaking.
6 But, I want -- I want to say that much of the progress that you've
7 been able to make is because I have seen -- I've never seen such
8 dedication in years that I've worked on the railroad or with the
9 ferry system, or with the Department of Fish & Game, or in the
10 governor's office, it's the most devoted, dedicated, hard-working
11 staff that I've ever been privileged to be associated with. So, I
12 just would like to -- I just like to thank them in particular while
13 we're still here today, and I know we have work to do tomorrow, but
14 I just wanted to mention that.

15 (Applause)

16 MR. PENNOYER: Mr. Frampton..

17 MR. FRAMPTON: Well, I'd just like to add our thanks.
18 You know, I think the fact that we are able to do so much today is
19 in part -- small part a testimony to the fact that the Trustee
20 Council has developed, you know, a personal working relationship,
21 and a, you know, I think a common vision to try to -- that takes
22 time and it takes a lot of effort, but I think we are just really
23 the tip of the iceberg and we couldn't do most of this or any of it
24 without the tremendous amount of work that I'm sure people out
25 there have only a sense of when you see the paper that moves across
26 here, and what you don't see is the things that say, fourteenth

1 draft, or eleventh draft, that had been through, you know, dozens
2 and hundreds of hours of staff work, so that we have the pleasure
3 of skimming it for five or ten minutes, knowing that it's right.
4 So, I think that we appreciate the fact that our ability to be
5 productive on a day like this is on account of you and your staff,
6 and we really appreciate it.

7 MR. PENNOYER: In that spirit of cooperation, I want you
8 all to reflect on it and keep it in your hearts tonight when you
9 get handed the '95 Work Plan tomorrow. (Laughter) Adjourn for the
10 evening then.

11 MR. AYERS: What time is -- like to reconvene in the
12 morning then?

13 MR. PENNOYER: 8:30 in the morning.

14 MR. AYERS: 8:30 in the morning. Thank you, Mr.
15 Chairman.

16 (Off Record 5:37 p.m. November 2, 1994)

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VOL. II

NOV. 3, 1994

**EXXON VALDEZ OIL SPILL SETTLEMENT
TRUSTEE COUNCIL**

RESTORATION OFFICE
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November 2-3, 1994

VOLUME II

November 3, 1994

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P R O C E E D I N G S

(On Record: November 3, 1994, 8:50 a.m.)

(Deborah Williams is seated as Trustee Representative for Mr. George Frampton, Assistant Secretary of the Interior)

MR. PENNOYER: Can we go ahead and get started. It seems as though the Trustee Council members are all here. I notice that George Frampton has left us and Deborah Williams is substituting. Thank you very much for being here. As we adjourned yesterday, there was some uncompleted items, I think on the things we were working on. I'll just -- we did mention yesterday, as we went through and approved the ROD, the Restoration Plan, and so forth, it was mentioned in a work down, I think it probably should be mentioned more specifically than that. Excellent work down in completing the EIS and the ROD and the Restoration Plan in the time available, and a lot of work and effort went into it, and we wanted to mention specifically some of the people that worked on it, but if I omit anybody I apologize, Rod Kuhn from the U.S. Fish & Wildlife Services, leader (corrected by EVOS members) -- Forest Service -- oh, U.S.F.S., all right, all right. It's early, I apologize. Karen Clingy (ph) from the U.S. Forest Service, Jerry Sanger (ph) from the U.S. Fish & Wildlife Service -- got that one right -- Bill Hoser (ph) from ADF&G, Tim Holder from -- you know, Management Service, and Fred Clark from the U.S. Forest Service. So, again, we appreciate your work very much. I know it was a very difficult task and I'm glad we got through it, although I'm sure we've got a lot more planning to do. I think, as we left

1 yesterday, Jim, I thought there was some item left on land that we
2 hadn't finished. We didn't ...

3 MR. AYERS: The item -- the item, Mr. Chairman was the
4 installment payment resolution on Seal Bay. As you recall, we have
5 a Seal Bay payment, and that resolution was handed out, and I
6 believe that resolution has been signed, and I don't know if that's
7 acceptable, or if you want to actually take oral action on that
8 particular resolution.

9 MR. PENNOYER: I'll refer that to our state and federal
10 attorneys on the Trustee Council, but I assume we need to bring it
11 up.

12 MR. TILLERY: ... do it on the record.

13 MR. PENNOYER: I think we need to do it on the record.
14 Jim, would you reintroduce that resolution? Highlight it for us.

15 MR. AYERS: The Seal Bay resolution provides for the
16 total required to meet the first installment of \$2,916,667 plus
17 interest accruing on the unpaid balance at a rate equal to the 52
18 week United States Treasury Bill rate compounded and adjusted,
19 which was \$312,375. This provides, in accordance with financial
20 operating procedure adopted by the Council, that those funds will
21 be requested from the joint trust funds and for those payments to
22 be made. Accordingly, the amount to be withdrawn from the funds
23 would be reduced to some degree because of the last distribution
24 and the unobligated balance. The total withdrawal will be in the
25 sum of \$3,111,204, and it's my understanding that we are going to
26 do an annual resolution for payments in order to accommodate the

1 withdrawal.

2 MR. SWIDERSKI: So that resolution authorizes DOJ and the
3 Department of Law to do all three of the remaining payments.

4 MR. AYERS: Well -- we further request the Attorney
5 General of the State of Alaska and the Assistant Attorney General
6 of the Environmental and Natural Resources Division, the United
7 States Department of Justice, to petition the United States
8 District Court for the District of Alaska for principal plus
9 interest to make the second and third payments in a timely fashion.
10 Since those will be based on the 52 week average, that amount is
11 not included, but this resolution then satisfies the obligation of
12 the Trustee Council to take action, and so subsequent payments will
13 simply be the withdrawal from the court by means of this
14 resolution. Is that correct?

15 MR. TILLERY: Mr. Chairman.

16 MR. PENNOYER: Go ahead.

17 MR. TILLERY: It's not a 52 week average.

18 MR. AYERS: It's a 52 week United States Treasury Bill
19 rate compounded.

20 MR. TILLERY: Right, but it's rate as of the beginning
21 of the period.

22 MR. AYERS: Strike average.

23 MR. TILLERY: Expunged.

24 MR. PENNOYER: Record will reflect that.

25 MR. AYERS: Record is having a hard time with the
26 needle this morning, it's skipping.

1 MR. PENNOYER: Are there any other comment, Mr. Ayers?

2 MR. AYERS: No, Mr. Chairman. We recommend this. Let
3 me also say that in -- in subsequent land acquisition efforts, it
4 certainly seems that this will be the reasonable approach, and
5 particularly once we put together our cash flow program. I think
6 it's important for us to consider this type of approach, so that we
7 actually have a planning mechanism, and then a formal resolution
8 mechanism for ensuring payment without getting encumbered in annual
9 meetings for a variety of payment programs which could bog the
10 system down, and I think that that is what the State Attorney
11 General's office is recommending, and I think that the Department
12 of Justice has been satisfied with that approach. But, we won't
13 want to reconsummate an acquisition package and it has payments
14 included. We would do one resolution, not annual resolutions.

15 MR. PENNOYER: Okay, but for the present we're acting on
16 this particular resolution.

17 MR. AYERS: This particular resolution is, in fact,
18 constructed in that manner for the Seal Bay acquisition that is
19 before you now.

20 MR. PENNOYER: Do I have a motion?

21 MS. WILLIAMS: So moved.

22 MR. SANDOR: Seconded.

23 MR. PENNOYER: It's been moved and seconded to adopt the
24 Seal Bay resolution governing the further payments on a package we
25 already agreed to purchase. Are there any comments or discussion?
26 Is there any objection to the motion? Hearing no objection, the

1 motion is passed. Thank you. Anything further on land? Mr.
2 Tillery do you have small parcel comments of some kind?

3 MR. TILLERY: I believe there was the -- have we done
4 the briefing on small parcels yesterday?

5 MR. PENNOYER: Mr. Ayers.

6 MR. AYERS: Yes.

7 MR. PENNOYER: Question is on the land acquisition, have
8 we done the briefing on small parcels yesterday? Mr. Tillery is
9 concerned.

10 MR. AYERS: No, Mr. Chairman, we did not. We noted
11 only that it was in the packet and we did not discuss it. We
12 discussed it briefly in the overview, but under the habitat -- when
13 we actually got to the action item. There's no action required on
14 that particular item, but we can go back and do the update, and I
15 believe Art Wiener is here, Habitat Working Group, and we could
16 discuss that.

17 MR. PENNOYER: Since there's no action, is that needed
18 for something between now and the December meeting, or do you
19 desire that it be done? Mr. Sandor.

20 MR. SANDOR: I would ask that we have the briefing
21 (indiscernible) several part -- small parcels that come to our
22 attention, the state's attention that might need protecting.

23 MR. PENNOYER: Fine. Mr. Ayers.

24 MR. AYERS: Yeah, Art would you join us please? As
25 noted in your packet, Mr. Chairman, actually I think there is two
26 issues. One, is a status report on the small parcels that have

1 been nominated, and the other issues, I believe that needs to be
2 addressed by the Council, Mr. Chairman, is the issue of parcels
3 that might be noted as important, or considered to be important, or
4 should be reviewed, that have been noted after the closing date of
5 the solicitation. So, perhaps we could talk about what the status
6 is of the nominations thus far, and then discuss what type of
7 process the Council would like to see for habitat -- other small
8 parcels that might come in subsequent to this.

9 MR. PENNOYER: Art.

10 MR. ART WIENER: Good morning, at this point in time
11 the Habitat Work Group has reviewed approximately 244 small parcels
12 that were submitted by landowners throughout the oil spill affected
13 area. The closing date on nominations was July 15 of this year.
14 At the present time, the status that we're at, is that all of these
15 parcels have been reviewed for compliance with threshold criteria.
16 Those that have not met threshold criteria have not undergone
17 further evaluations. Those that have met the five threshold
18 criteria have been evaluated for the most part against the paradigm
19 that we developed that's somewhat similar to the paradigm that we
20 developed for the large parcel process. We, at the current point
21 in time, are now doing a quality control assessment on all of those
22 parcels that we scored and are about to rank. We are checking
23 specific data points with experts to make sure that we're correct
24 in the assessment and evaluation of the parcels. So, we should be
25 able to come to you all sometime in, hopefully late December with
26 our ranking of the small parcels that have made the nomination

1 deadline by July 15th. And, just in short I would say that we have
2 approximately, I would say, about ten to fifteen small parcels that
3 look very good, and we will probably recommend them as high can
4 recommend them for further work in terms of appraisal and
5 negotiation, out of the 244.

6 MR. PENNOYER: And, you are prepared to do that at the
7 November or December meeting?

8 MR. WIENER: Hopefully by the December meeting. If
9 it's December 2nd, I'll pull back on that, but if it's in late
10 December we probably should be able to make that deadline.

11 MR. PENNOYER: I said November or December, you said
12 December 2nd would be okay. Mr. Tillery.

13 MR. TILLERY: Mr. Chairman, you use the phrase of the
14 closing date, which I assume was the date by which we asked people
15 to try to get their stuff in, their nominations in. I guess my own
16 view is that there is no real closing date if a small parcel comes
17 to our attention today, and it's something really good and it
18 achieves restoration goals, then I would certainly be willing to
19 consider it, much as we have done with the large parcels in
20 entities like Tatitlek and so forth. That would be my
21 understanding, but I wondered if there was some other understanding
22 on the Council.

23 MR. AYERS: No -- I -- Mr. Chairman, Mr. Tillery, it
24 seems to me that we need a process, however, to allow us to set
25 some sort of priority and dates for the working group so that what
26 we don't have is just an open-ended multiple entre into -- into

1 nominations, and by that I mean phone ringing, people saying, geez,
2 you know, I just decided maybe I want to sell some parcel, will you
3 score this. I mean, that -- that became the case there for awhile
4 until we set up a formal solicitation process. So, I would
5 recommend that the Council consider having a process that provides
6 that through a Trustee or a respective agency, a parcel that the --
7 that the respective agency could take a look at and simply then
8 submit to the Habitat Working Group, would be a process that would,
9 at least, manage in the in-flow. So, -- that's a little -- that's
10 a little modification of what you're saying, but I think that then
11 could accommodate what you're suggesting.

12 MR. PENNOYER: Deborah.

13 MS. WILLIAMS: I concur with Executive Director's
14 comments as modifying Craig's comments. I think that's a very good
15 compromise, but to the extent there are small parcels that did not
16 go through this process, they should only be brought to the table
17 if there's an agency sponsoring with them.

18 MR. PENNOYER: Is that acceptable to the rest of the
19 Trustee Council? Yes, Mr. Rosier.

20 MR. ROSIER: Yes, thank you, Mr. Chairman. Jim on that
21 is this something that we could implement then right away.

22 MR. AYERS: I'd be ... I'm sorry.

23 MR. ROSIER: Yeah, I mean, we do have people that have
24 complied with the deadline here on this, but certainly, you know,
25 from my perspective I think it would be a good idea if could accept
26 those, or at least begin to run them through a, the agency process

1 here to bring them back. If that's acceptable, and if it will fit
2 with what the working group is, in fact, has been doing here on
3 this thing, I would certainly agree with your suggestion.

4 MR. PENNOYER: Art, do you have any comments?

5 MR. WIENER: Well, my only comment would be in response
6 to Commissioner Rosier, we did notify the public that there was an
7 opening and closing date, and if, in fact, we are changing that
8 direction, I think we should make the public aware that there is
9 essentially a re-opener of the process that the public can get
10 their parcels in. At this point in time, they would not be aware
11 that there's a possibility for additional parcels to be submitted
12 to -- for review. So a newspaper ad -- we used newspaper
13 advertising last time, and we submitted to the respondents of the
14 advertisement a -- essentially a nomination form and a description
15 of the process.

16 MR. PENNOYER: So, you're saying there's really no way to
17 avoid the phone-off-the-hook type of thing that Mr. Ayers was
18 talking about.

19 MR. AYERS: Well, I think that we just need to work
20 with the agencies and figure out the right process, the right way
21 to notify -- you know, a way to accommodate the public's interest
22 and at the same time set up a process that doesn't get -- that's
23 managed and that is manageable. I -- I think we can work it out
24 Mr. Chairman, and I think we -- I think Art is absolutely right.
25 We need to find a way to let the public know that there is a
26 process set up, and I suspect we also need to work with each of the

1 respective agencies, so that -- that there is some sort of process
2 for them nominating a parcel and getting some information about the
3 parcel so that it can move smoothly. But, I think we can work with
4 the agencies to put that together.

5 MR. PENNOYER: Will you come back to us at the -- this
6 early December meeting then, and tell us what the resolution of
7 that is, or ...

8 MR. AYERS: Yes, yeah, I think we can do that, and Art
9 I think what we can do is actually put -- use the form that you
10 used before, but work with the agency -- the respective agencies,
11 make sure they have the form, and if they have nominations or if
12 there is somebody that comes to them with a nomination pertinent to
13 their management, we'd put it together.

14 MR. PENNOYER: Is this still acceptable the Executive
15 Director to bring that back at the early December meeting, we will
16 approve the process. I don't think anybody intended we were
17 closing a gate for all time, even on our research and monitoring,
18 we've made it very clear that we can't define all the resources
19 that might have been harmed because of the spill or what's
20 happening with them, so we have to have some flexibility. Okay,
21 anything else on that item, Mr. Ayers? Mr. Sandor.

22 MR. SANDOR: Mr. Chairman, just a point of
23 clarification, then, any landowner could contact one of the
24 agencies involved and essentially ask that this parcel be
25 nominated, or in fact, the agency itself, or agency could identify
26 a parcel that came to -- that was threatened or was a good

1 candidate and could -- could propose it to the Trustees. Is that
2 true?

3 MR. PENNOYER: I -- I guess that's true in general. The
4 question was whether people would feel disaffected by the fact that
5 they didn't know that they could submit something after the
6 deadline, and there needs to be some type of -- I think Mr. Ayers
7 was trying to work out some type of notification process, whereby
8 through the agencies -- we can control it, but people wouldn't feel
9 that they've been cut off at a deadline, and somebody else just
10 calls somebody and got it done. So, I think that's what Mr. Ayers
11 is going to come back in early December with a process to
12 accomplish both things, allow the flexibility we desire, and at the
13 same time make it clear that the public is not disaffected in their
14 ability to put parcels up through agencies or however.

15 MR. SANDOR: Well, Mr. Chairman, because this is not
16 just a theoretical situation, but there is a parcel that's come to
17 the attention to the State Department of Fish & Game and
18 Environmental Conservation that involves habitat in the wetland,
19 near Homer, where the species involved are in decline. It seems to
20 me that situation has somewhat of a sense of urgency. The process
21 ought to be flexible enough, it seems to me, that if -- if a case
22 such as that or one that requires prompt action, that either an
23 individual through an agency, or the agency itself ought to feel
24 free to be able to come forward, and that's what I understand we
25 can do with what's concluded here.

26 MR. PENNOYER: Deborah.

1 MS. WILLIAMS: That's certainly my understanding of the
2 sentiment of the group.

3 MR. AYERS: Mr. Chairman, Commissioner, let me
4 understand. It's certainly my view that Art and I can sit down and
5 work out a process and then actually have that be available and
6 work with you or Commissioner Rosier, and put -- once we figure out
7 what the process is, we don't have to wait until December 2nd to --
8 to get this information, if that's the pursuit. So, -- but let me
9 be clear on the record then with the Council, it's -- what I'm
10 understanding Commissioner Sandor to say, and it certainly is
11 acceptable to me, that Art and I put together what that process is
12 sooner rather than later, and get it going, and actually get this
13 information of this parcel or another parcel through the agency,
14 and get it into -- into the process, rather than wait until
15 December 2nd, and come back with a formal process, and then have
16 the parcel submitted. Is that the Council's pleasure?

17 MR. PENNOYER: Mr. Rosier.

18 MR. ROSIER: Yes, that would certainly be my -- my
19 pleasure on this. I had a question though. Are there parcels --
20 did we receive applicants after the deadline? Is there anything
21 that's outstanding there beyond the 242 that you apparently
22 evaluated.

23 MR. WIENER: No, sir, we -- we played hardball on the
24 deadline. There may be one or two that slipped in one or two days
25 beyond the deadline, but in general we told folks that if they
26 didn't get it in by the deadline, that they weren't going to make

1 it.

2 MR. ROSIER: Well, was it a matter of receiving items
3 after the deadline, this was the discussion prior to the deadline,
4 and contacts made by those people.

5 MR. WIENER: That's correct. The advertising was spill
6 area wide. We put numerous advertisements in the newspaper. We
7 did our best to notify the public that this process was available
8 and that the closure date was July 15.

9 MR. AYERS: Mr. Chairman.

10 MR. PENNOYER: Yes, Mr. Ayers.

11 MR. AYERS: Do you have a list of those that came in
12 after the deadline?

13 MR. WIENER: No, I don't think we do. I think we just
14 turned them back.

15 MR. AYERS: Turned them back?

16 MR. WIENER: Yeah, I think -- most of those telephone
17 calls primarily, calling up afterwards, and they were just too
18 late. They called in August, we just said that we just didn't have
19 the ability to deal with it.

20 MR. PENNOYER: Mr. Ayers, I -- I guess I'm still a little
21 bit concerned by that fact, that we did play hardball with the
22 deadline, and I think we clearly want the flexibility to,
23 obviously, get anything that's going to help the restoration
24 process, and not be artificially restrained by a deadline we
25 achieved earlier, but, I still think you need a process of some
26 kind to go out and tell people that yes, through agencies or

1 however, we're accepting applications to look at and decide if
2 they're high priority and want to proceed with them. It needs to
3 be done somehow because, if we did turn people back, if they
4 clearly knew that, oh, I guess the deadline is gone, too bad, I
5 missed it so I'm not going to do anything, and then be -- actually
6 have some people advance pieces of property through agencies or
7 through people they know on the Trustee Council, that could create
8 some difficulties. So I still think you need a process. But, I
9 think it's clear the Trustee Council's intent is that we have that
10 flexibility, we'll be able to address restoration opportunities we
11 didn't know existed at the time we set the deadline up. So, I
12 guess what I'm saying is fine, if you've got something, advance it
13 through the process in terms of evaluation, but you probably should
14 come back with a process in December that takes care of this
15 concern. My -- yes, Mr. Ayers.

16 MR. AYERS: Mr. Chairman, seems to me there are three
17 things. One, set up a process to provide for the opportunities for
18 addition small parcels to be considered, and that process needs to
19 include coming through a respective agency. Secondly, that we will
20 let the public know that that process is now available for
21 additional small parcel consideration, and thirdly, that in fact,
22 if there are those that are -- that have come to the attention of
23 one of the respective agencies, that we would proceed with moving
24 them in for -- for scoring and evaluation.

25 MR. PENNOYER: Is that acceptable as a process for the
26 Council? Fine. I don't know if we need a motion or not, but it

1 seems to me that is an acceptable process.

2 MR. AYERS: Thank you. Thanks, Art.

3 MR. PENNOYER: Do we have any other unfinished business
4 before we dive into the '95 Work Plan? I use the word dive
5 advisedly. We did it, I think. All the other action items are
6 completed except the '95 Work Plan, is that correct?

7 MR. AYERS: All other action items on the agenda have
8 been completed except for the '95 Work Plan. We could add
9 something.

10 MR. PENNOYER: And, of course, recess or adjournment and
11 decision for the next meeting. Okay, why don't we proceed then
12 with the '95 Work Plan, and it's a large and complex document
13 covering a very large variety of projects addressing a number of
14 different areas of concern for a significant amount of money. And,
15 I know the Executive Director had organized this into major areas,
16 interest areas. There are some overlaps and there were other
17 ancillary considerations and concerns. I know, there was some
18 legal concerns relative to certain projects as we get to those. It
19 may be wise for the Executive Director to say how those have or
20 have not been addressed. There's questions of NEPA compliance, and
21 if those exist I would expect the Executive Director to point them
22 out. Rather than go through project by project, perhaps the way to
23 do it is to have Executive Director and Dr. Spies introduce how
24 this was done, the work that led up to its formulation, how the
25 decisions were made, and then address these project areas that have
26 been outlined as an area, with a discussion as to the relevance of

1 that area, and why the general mix of things in that -- that
2 particular area are appropriate. For example, the first one is
3 Prince William Sound system investigation, and then maybe
4 individual Council members could raise concerns about individual
5 projects they may have, rather than go through the list one at time
6 through day after tomorrow, probably. So, Mr. Ayers, do you want
7 to lead that off then.

8 MR. AYERS: Mr. Chairman. In your packet there are
9 three items, and I call your attention to the -- under the '95 Work
10 Plan, there's a memo from me that actually gives the overview of
11 what is before you today. In addition to that, there are five
12 attachments that accompany that recommendation, including specific
13 Chief Scientist review memos. Attachment A is the spreadsheet, and
14 as you noted, Mr. Chairman, the project funding recommendation has
15 been developed around what we have called clusters that basically
16 follows the Restoration Plan's overview of an ecosystem approach.
17 For example, the cluster in attachment A, these spreadsheets,
18 provides the -- the first one is the Prince William Sound system
19 investigation effort, which includes a look at Prince William Sound
20 and primarily the focus there is, of course, those features of the
21 ecosystem, the function of the system that may be preventing the
22 recovery of primarily pink salmon and herring. We would follow
23 your recommendations today, Mr. Chairman, and we would like to
24 continue that approach as -- in looking at the budget, and so we
25 will, we would propose to do an overview like that, starting with
26 the Prince William Sound system investigation, and then going

1 through. We'll take all of the pink salmon projects and talk about
2 the specific ecosystem features that may be impacting and causing
3 the injured resource not to recover. And, as you noted, there is
4 some overlap. The other attachment that I call your attention to,
5 Mr. Chairman, and we intend to continue to follow this format, if
6 it meets with the Council's approval, and that is in attachment B,
7 there's actually an Executive Director's findings for the fiscal
8 year '95 Work Plan, and that effort is to provide you with both the
9 background of how we approached the solicitation and review a
10 project. This would follow the synthesis in the adaptive
11 management process, we'll synthesis the information, have the
12 workshop, have the annual review session, and get a status of the
13 various injured resources in the ecosystem, and then proceed with
14 solicitation. In the Executive Director's finding it opens with
15 that kind of background, that there was a solicitation and then a
16 review of projects, and then it walks through the findings and the
17 recommendations. For example, it begins then with a discussion of
18 what's happening with pink salmon. So, that overview then is the -
19 - is a summary of what we have found in our work sessions that is
20 the backup and provides the basis for the budget, the project
21 funding recommendation. The subsequent attachments then are
22 specific Chief Scientist's findings and the core reviewers, which
23 you have asked for and discussed in the past, that provides both
24 you and the public an understanding of what we know today, about
25 the ecosystem, and in particular the injured resources. So, with
26 that said, let me say that that's the basis, it's the foundation

1 that follows the Restoration Plan, there's specific work by the
2 core reviewers, and the other scientists that then build the
3 package, and then this budget is a reflection of what we think
4 needs to happen next with regard to restoring the injured
5 ecosystem.

6 MR. AYERS: As you go -- I think that you've done an
7 excellent job in laying a lot of that out, and we've had a chance,
8 I'm sure all of us to read through it, but for the record and the
9 public, as you get to each of these interest areas, you might say
10 a little bit about the type of workshops you had, or the type of
11 other review because this is not simply projects we've gotten
12 without much description and come in. There has been intensive
13 individual review and work shops and peer reviewers, and so forth.
14 The only other thing I might mention for the Trustee Council's
15 consideration, is as we go through this, we do have an opportunity
16 with this late November, early December meeting, and if there are
17 things that require further information, we could rather than
18 trying to dredge it all out here -- I'm not sure the project
19 leaders are here, or others -- could put those things off until a
20 decision in early December, if there are projects of that nature,
21 and if we get to that, you may want to comment about what that
22 damage may do our getting the project in the field by the next
23 year.

24 MR. AYERS: I think we can do, don't you Dr. Spies.

25 DR. SPIES: I think so.

26 MR. AYERS: Mr. Chairman, I would like to note one

1 other thing that is -- is a reality that I -- people have heard me
2 do this in some of our work sessions, but I'd just like to note and
3 begin today, we talked about it yesterday, and the reality is that
4 there are far more demands on the funds available than we can ever
5 meet, and it is -- it is a reality that that means that we cannot
6 fund everything that comes before us and frequently we've had to
7 make decisions about recommendations to you, and that after this
8 meeting and now that we've accomplished the ROD, we need to put in
9 place, and we need to work through, probably at our December
10 meeting, a discussion of our cash flow plan, at least for the next
11 year, and I'm trying to build a five-year plan with the Chief
12 Scientist and our work groups, but it is the case that it's going
13 to continue to be difficult to -- to meet all of the demands and
14 certainly we will have to set priorities, and we've tried to do
15 that based on what we know is happening in the ecosystem, and what
16 we think is most appropriate and the priorities, and that is what
17 is before you today. That becomes ever more difficult as we
18 proceed because eventually, what I believe that you've said is that
19 we need to make sure that first of all it is the priority for the
20 injured resources, and secondly, if it's long-term research that is
21 sustainable, there are certainly more projects again this year than
22 can be sustained for the indefinite future, and it will be the case
23 that over these next two years, we've got to continue to focus on
24 priorities and bring the budget down, and we have made some major
25 strides this year, but I have to say that I've not been able to
26 reach what I think is a package that we will be able to sustain.

1 So, in some cases, the term "phase out" shows in the Executive
2 Director's recommendation, but I suspect the appropriate term where
3 I say "phase out" ought to be "phase in." That what we need to do
4 is work closely with the management agencies of the State and the
5 United States, and ensure that as we've developed those restoration
6 tools to provide for the recovery and then ultimately the long-term
7 management of those injured resources, that we work with the
8 agencies to make sure that someone is going to pick that up. So,
9 where I say phase out, I probably should have said phase in.

10 MR. PENNOYER: Very possible, thank you. Ms. Williams.

11 MS. WILLIAMS: Mr. Chair, one thing that I would like to
12 say as an introductory matter, and I think as we go through this it
13 will become more apparent is the need on the part of the Trustee
14 Council for a science policy, to help do precisely what Jim is
15 describing, and in the future to help Trustee Councils go through
16 and call balls and strikes on the projects. We have been
17 extraordinarily busy as everyone knows working on everything that
18 was accomplished yesterday, and other things, but I would hope this
19 next year, that we can focus a lot of attention of the Trustee
20 Council on developing a science policy, because I think that will
21 be necessary to help us come up with a sustainable and maximumly
22 appropriate work plan year after year. And, Dr. Spies if there's
23 anything that you would like to comment in that regard as we go
24 through, I'd appreciate it. But, I do look forward to that as one
25 of our objectives and, probably, if enough Council members shake
26 their head up and down as we go through this, we'll probably make

1 that in the form of a motion towards the end of the Work Plan
2 discussion.

3 MR. PENNOYER: Thank you, are there other comments for
4 the Council in the methodology in working through this process?
5 Commissioner Sandor.

6 MR. SANDOR: I think another important to -- point to
7 keep in mind is that we're partners in this effort with the
8 communities, with the various organizations, institutions, that are
9 not represented on the Council, and that they too may have, you
10 know, some very relevant scientific or -- or other observations and
11 opinions that need to woven into the process. So, it's important
12 that this information be displayed to the various public entities
13 long enough in advance to be able to respond to them -- because you
14 have a university, you have science center at Cordova, at Seward,
15 Kodiak, elsewhere, and this should be a very open process, in my
16 opinion. And, so, I think, whatever we do we ought to have this
17 interchange as open as possible and provide as much leave time as
18 possible so that we can benefit by both public and private
19 observations, because there's some private scientists as well who -
20 - who have knowledge that would be beneficial to us. So, I'd make
21 this as open as possible. That's all I have, Mr. Chairman.

22 MR. PENNOYER: Mr. Ayers.

23 MR. AYERS: Molly and I were just talking about, it's
24 a good point that Commissioner Sandor raises and one of the things
25 that we will note in a couple of places throughout this year's work
26 plan is that we intend to follow up with the work sessions that we

1 began this year, and we'll have annual work sessions beginning in
2 January, January 17th through at least the 20th, where we intend to
3 do just as Commissioner Sandor suggests, and that you've noted as
4 we've gone through the structure of how to have the various
5 projects, field scientists and core review come together with the
6 communities, and with representatives of the communities, to talk
7 about what we've learned, the status of the injured resources, and
8 where we need to go from here, so that they are participating in
9 the development of that science plan, and we do intend to do that
10 in January to a full synthesis and work session of where we are
11 with the communities, and as we move in towards an annual meeting,
12 which would be in March at the anniversary.

13 MR. PENNOYER: Thank you. Further comments before we
14 start? Mr. Janik.

15 MR. JANIK: Just some quick comments and endorsement
16 of all that's been said here. I do think we need a science plan.
17 I think it will help us put in context how all these projects are
18 connected, and more importantly improve how we design and fit them
19 together. I think there's also some dove-tailing that will be
20 necessary with the facility we resolved yesterday, in terms of
21 Seward. And, all that initial scoping and preparation with full
22 public involvement would be very healthy and would better tie this
23 all together because, although those efforts have already been made
24 and they're reflected in here, and my compliments to those already
25 involved in that, we still have some improvement that we can
26 accomplish along those lines. And, I do think that we should maybe

1 start thinking about more firmly identifying of what we expect of
2 that science plan, and maybe prepare something like that, perhaps,
3 for our next meeting.

4 MR. AYERS: Mr. Chairman, Mr. Chairman ...

5 MR. PENNOYER: Mr. Ayers you don't have to have a science
6 plan by the next meeting ... calm down. (Laughter)

7 MR. AYERS: A point of clarification, Mr. Janik.

8 MR. PENNOYER: The request, I think, was to reflect to us
9 the parameters that you might need from us, initial policy
10 decisions, relative toward developing a science plan, because
11 that's something that I think is needed, but you know, it's all
12 unclear to me exactly what's going to be in it, as it's unclear to
13 me as to where some of these are going to end up going. So ...

14 DR. SPIES: Need an outline.

15 MR. AYERS: Mr. Chairman, Dr. Spies and I have talked
16 considerably about this, as we did with the core reviewers on a
17 couple of occasions, as far back as the original, the first Prince
18 William ...

19 DR. SPIES: In January.

20 MR. AYERS: Yeah, in January, actually in Cordova, and
21 it is the case that, as somebody pointed out yesterday, and I think
22 it was Senator Sturgulewski, that -- that we're kind of in the
23 forefront here. Each time we move forward based on what the world
24 of science has advised us and the world of lawyers will allow us,
25 we make a step forward, but suddenly we find that then we're in, in
26 kind of unchartered waters, I think was Dr. Spies' term, about

1 ecosystem approaches. Although it's been discussed, and it
2 certainly -- the world of the future as -- as they -- they've said,
3 we need to talk with some other people who are engaged in that same
4 effort, and I think I've mentioned this in the past. Dr. Spies and
5 I have talked about that, and he proposed that in the contract,
6 that we really need to sit down with some people that are engaged
7 in that activity, and I think it will help us bring forward a
8 process, people are facing it in the Everglades, people are facing
9 it in the Great Lakes, people are facing it in Chesapeake Bay, and
10 I know, Mr. Chairman, that you and your agency have been identified
11 as a lead in some of those cases, and I think that we need to take
12 a look at what the alternatives are with regard to a science plan,
13 because it rolls so easily off the tip of -- of my tongue, and yet
14 when I ask Molly and staff, who usually put the stuff together,
15 they say well just what is it that you mean. We'll be glad to get
16 one of those, if you just tell what that is. I just wanted to note
17 for the record that I -- we really are out there, and you know, I
18 think with the help of Dr. Spies and the core reviewers and then
19 some interaction with some other people in the country, that we'll
20 be able to pull that together. I don't think we can do it by the
21 next meeting.

22 MR. PENNOYER: I guess your request Mr. Janik wasn't to
23 do it by the next meeting, it was simply to come back to us with
24 where you are on and some of the parameters that might be
25 considered and let us interact with you at that point on it. Mr.
26 Janik.

1 MR. JANIK: Yeah, my intent was only to describe the
2 commitment to proceed with that and prepare it. We've had other
3 discussions, informal, talking about maybe the need to have
4 something better identified as we prepare the next such list of
5 things for the upcoming fiscal years.

6 MR. PENNOYER: Now, it's taken us an hour to get to the
7 '95 Work Plan. Do we wish to proceed on it? Mr. Ayers.

8 MR. AYERS: I see no alternative, Mr. Chairman. Mr.
9 Chairman, as just described and without further belaboring that
10 point, we have clustered these projects to provide for the
11 beginning of a science policy approach around an ecosystem approach
12 of the Work Plan. The first cluster of projects before you is the
13 Prince William Sound system investigation, and those projects are
14 listed in the beginning there, and Dr. Spies if you -- Dr. Spies,
15 as you recall during our October meeting, Dr. Spies and the core
16 reviewers were in Cordova working with the scientists, working on
17 the Prince William Sound investigation project, and reviewing that,
18 and Dr. Spies, why don't you give us an overview and also walk
19 right into kind of recommendation of where we are -- where we're
20 going with that.

21 DR. SPIES: One way to handle this might be to talk
22 about pink salmon and herring, since they're on the first three
23 pages, and since the SEA program is addressed as pink salmon and
24 herring. We can talk about kind of the overall objectives and
25 where the status of those resources are, and move into the SEA Plan
26 as one approach to dealing with those resources. Before I start,

1 I would, however, like to take a moment to personally thank the
2 Trustee Council for renewal of our contract with Applied Marine
3 Sciences to provide scientific support for the Trustee Council next
4 year, and hopefully years to come. We're very pleased and excited
5 to be associated with this effort, and it's the largest coastal
6 restoration program in the world, and it presents other great
7 challenges. There's other things that we could certainly be
8 involved in, but this is probably the most exciting thing that I've
9 been involved in for most of my professional career, so I'm looking
10 forward to continuing that association. So, let's start off by
11 considering pink salmon which are on the first several pages of
12 Attachment A, under the Prince William Sound investigation, as well
13 as other pink salmon projects on the second page. In 1992 and
14 1993, the hatchery and wild runs of pink salmon in Prince William
15 Sound were extremely poor, and in 1994, however, there was the
16 third highest run on record for pink salmon in Prince William
17 Sound. That was probably due mostly to the great strength of the
18 return to the northern district in the Prince William Sound. There
19 are -- there were, however, escapement goals in -- net -- for the
20 southwestern district of Prince William Sound, and I think that we
21 can look at the -- at this as a success of one of the Trustee
22 Council's programs, and specifically the coded-wire tag that the
23 Trustee Council has -- those programs that they have funded in the
24 past, is because there were coded-wire tags in those returning fish
25 that the managers of the salmon resources in Prince William Sound
26 were able to more finely adjust the harvest during the season and

1 achieve those escapement goals. So, I think that's a solid
2 accomplishment from our past programs. We still have the
3 continuing, apparent problem with high egg mortality in oiled
4 streams in Prince William Sound. There's poor survival of eggs in
5 the oiled streams compared to -- the comparison streams -- is
6 extremely solid finding, high statistical significance, and
7 something that is of a continuing concern because of the damage
8 that it indicates ongoing from the spill. Of course, the goal of
9 this -- our goal with pink salmon is to restore the system so that
10 the wild stocks are again healthy and plentiful as they would be in
11 the pre-spill conditions, and just because we had one year of good
12 returns doesn't necessarily constitute recovery in anybody's mind.
13 I think we're looking at a sustained effort over several years at
14 least. The objectives that we can use to achieve that goal include
15 acquiring an ecosystem level of understanding of what controls pink
16 salmon production in that system, and that is mainly accomplished
17 through the SEA plan. Secondly, we want to use our understanding
18 to more accurately forecast the population responses to natural and
19 human perturbations in the system. Now to -- Director Ayers
20 described the method we went through to solicit proposals for the
21 work plan, and in order to further evaluate these proposals there
22 was a number of different review sessions that were held, in the
23 last several months. Three reviews in particular addressed pink
24 salmon. There was a review in September, and the results of that
25 review were summarized in the finding of a memo to the Executive
26 Director dated October 3rd, that's in appendix D. There was also

1 this aforementioned SEA plan review in October, and those findings
2 are summarized again in another memo of -- to the Executive
3 Director on the 21st of October, also in your package under
4 attachment D, and finally there was a fish genetics review that was
5 held in early October, both for pink salmon, sockeye salmon and
6 herring, and the results of the findings from that are in another
7 memo dated the 21st of October in attachment D. So, those provide
8 a little bit more detail that went on in those -- in those
9 particular reviews and where we were with the state of the
10 resources and what we can look forward to and need to do in the
11 coming years. As you know the SEA plan is a very ambitious
12 cutting-edge program looking at the -- the ecosystem supporting the
13 production of pink salmon and herring and to try to understand the
14 changes in physical oceanography and plankton and climate, and so
15 forth, that are involved in supporting and producing a healthy pink
16 salmon populations in the -- in the system. There's a -- of
17 course, physical oceanography component and trying to understand
18 how the current and climate are interrelated and how that relates
19 again to the planktonic production, the understanding of the annual
20 planktonic bloom, the strength of the bloom, how it's distributed
21 in space and time, understanding the -- when the larval fish come
22 out, what kind of food conditions are available for growth, what
23 sort of predators are there that may start to erop the population,
24 and what the currents are in terms of distributing those larval
25 fish in the early marine phase through the system. There are
26 fourteen projects there that are recommended for a total of \$4.6

1 million. I think that when you approved this group of projects
2 last October -- last April, it was quite clear it was going to have
3 to be some sort of a multi-year commitment to really have full
4 fruition of the -- of this particular program, and -- the review
5 certainly being in early October, only several months after the
6 program, we can't report a lot of specific detailed findings, such
7 as we'll be able to probably by the January work shop, and further
8 on as the -- the data -- the samples are analyzed and the data is
9 reduced, but we can say that the program has been very successful
10 and getting the cruises into the field. The equipment has been
11 deployed, the samples have been taken. The samples are being
12 analyzed. Everything is on track, and the hydracoustic sampling
13 was done, the plankton sampling, there was a lot of physical
14 oceanography done, and so that -- the whole program is pretty much
15 on track, and the reviewers are very impressed. We have a number
16 of specific recommendations as to how to further improve the plan
17 and the interactions of the investigators in the coming year, both
18 from the technical and from the management perspective, and those
19 are included in the memo of October 21st.

20 The next area where we're taking a -- some action and
21 restoration is looking at the possible lingering toxic effects of
22 oil on strain and reproduction. There are two projects under this,
23 project 95076 which would be on the second page there in that
24 group, and project 95191. 95076 is a new project that's being
25 proposed to look at the effects of the incubation of eggs and
26 alevins of pink salmon in oiled gravel, and to look -- to see if

1 that has any effect on the return and the wandering between streams
2 of pink salmon when they do return adult -- as adults. Project
3 95191, the egg and the alevin mortality is a -- is in the third
4 year. It involves both field -- continued field documentation of
5 the problems with egg and alevin mortality in the streams, and also
6 an experimental component being carried out by NOAA, and where the
7 eggs are being oiled and -- and the alevins raised, and the
8 juveniles kept in net pens, and all the way through to the adults
9 to look at the possible genetic effects and see if we can duplicate
10 some of the effects seen in the field. The third approach to these
11 project groups is this -- is those projects directed at better
12 management of wild stocks, and there are two projects that came out
13 of -- highly recommended out of the pink salmon work shop in late
14 September, and those are the 95320C, which is the otolith thermal
15 mass marking that was -- has been discussed for some time, it was
16 considered by you last year. There is tremendous support for a
17 transition to this particular method of marking hatchery fish, in
18 order that the managers can better differentiate between hatchery
19 and wild run fish in mixed stock areas of Prince William Sound, and
20 thermal mass marking will enable us to mark every single fish that
21 comes out of a hatchery, and thereby identify the composition of
22 wild stocks and hatchery fish in those mixed stock fisheries, and
23 that will lead to protection of wild stocks, as it did this year
24 with the coded-wire tags, but this is even a better method of doing
25 that. And, in that connection, we'll have to also fund a year or
26 two of overlap in project 95320B which is the coded-wire tag.

1 You've supported this in the past, and we need a couple of years of
2 overlap, if you decide to go to this thermal mass marking, which we
3 are highly recommending. The transition would be a -- what's being
4 requested is three years of funding to make the transition to
5 otolith thermal mass marking in '95, '96 and '97, and then by '98
6 the projection would be that the Department of Fish & Game and the
7 Prince William Sound Aquaculture Corporation would assume full cost
8 of this program. So here is, I think, an excellent chance for the
9 Trustees to leverage a -- a particular action, provide a better
10 management tool for Fish & Game, and PWSAC to manage the pink
11 salmon returns to the Sound every year.

12 The fourth area in pink salmon where we can look at
13 particular types of restoration action is in replacement
14 enhancement. You have in your package one particular proposal that
15 has already been drawn to your attention in the public testimony
16 yesterday. Project 95093 which is proposal by Prince William Sound
17 Aquaculture Corporation, and other groups in the Cordova area.
18 It's -- was submitted originally, undergone a -- it underwent a
19 review by the peer reviewers, they've raised a couple of concerns.
20 We obviously had a situation where we were going to be involved and
21 -- in a evolving type of proposal. It was -- those concerns were
22 addressed in a subsequent revision by PWSAC, and that again was
23 reviewed, and we are recommending that the -- we think that they've
24 made very good progress in developing this proposal, but we're
25 recommending that another -- that \$100,000 be used for further
26 proposal development and integration along with the other entities,

1 other scientists and peer reviewers so that this becomes then an
2 acceptable approach to direct or replacement enhancement. It has
3 a number of different aspects to it, which we'd go into if you
4 wish. But, that pretty much concludes my remarks on pink salmon,
5 so if we want to stop there and discuss those, we can move then
6 onto the next cluster.

7 MR. PENNOYER: Seems like a good time to break and ask
8 questions. Are there members of the Council that wish to ask
9 questions about this part of the presentation? Mr. Rosier.

10 MR. ROSIER: Yes, Mr. Chairman, thank you. Bob, during
11 the course of the public hearing yesterday, we heard a bit of
12 conversation about the Prince William Sound Aquaculture restoration
13 of pink salmon resources. 95093, and as to whether or not the
14 \$100,00 was in fact an adequate budget on this. What was the --
15 what was the thought process that went into the -- into the
16 \$100,000 figure. Perhaps it should go to Jim Ayers, rather than to
17 you. I apologize for that, but ...

18 DR. SPIES: Well, I think -- I think this -- I think
19 everybody would agree that this is probably a good enough figure
20 for further development of -- of the proposal, but to get into the
21 NEPA process, and I think the concern there is that there be enough
22 money for NEPA, that it'll probably take additional funds, and we
23 envision a two-step process, where the further planning would
24 identify exactly what needs to be done, and then that's the basis
25 for going ahead with the NEPA action.

26 MR. ROSIER: So, at this -- Mr. Chairman, if I may.

1 MR. PENNOYER: Go.

2 MR. ROSIER: So, at this point there's -- there is no
3 real project in sight that -- that might give some hint that --
4 that the NEPA process might be triggered sometime in the near
5 future under this type of project?

6 MR. AYERS: Mr. Chairman, Commissioner Rosier, there
7 have been several work sessions, let me just sit here, on the issue
8 of pink salmon, and the discussion of the wild stocks in
9 particular, and the problems with the wild stocks, and there have
10 been several discussions among the scientists and certainly at work
11 shops in Cordova, and recently this fall with Dr. Spies, core
12 reviewers, and representatives of PWSAC, and other people involved
13 in the fishery. The issue has to do with actually three areas, has
14 to do with the legal questions, which we could get into in a moment
15 with the aspect of -- of NEPA, is it a restoration or restoring the
16 injured resource, and have we clearly laid that out. It quickly
17 raises the questions, the second area, which is the scientific
18 question, and what we have -- what we have said is we want to hear
19 from the core reviewers that they're satisfied that there's a plan
20 and a sound scientific methodology. There have been several
21 concerns that were raised in the original proposals, many of those
22 have been satisfied. Dr. Spies, Dr. Mundy, actually discussed it,
23 they've gone to Cordova and looked at it, they've gone around with
24 the current proposal. But, the scientific -- the second area,
25 scientific -- the methodology and planning needs to be developed.
26 For our view is that there is -- there is sufficient funds within

1 \$100,000 to develop sound methodology to develop a plan, a long-
2 term plan, of what it is they're proposing, and then to come back.
3 Certainly, this body is going to meet in December and January, and
4 March for sure, and probably February. Now, our view is that we
5 need to take this a step at a time, do the planning and
6 methodology, be sure that that's sound, the scientists are
7 supporting it, bring it back, if we need additional funds for
8 permitting, there certainly is not going to be much delay because
9 fortunately or unfortunately, this body will continue to meet
10 monthly practically, for the foreseeable future so they can -- once
11 we have the methodology and the planning, we can come back. Once
12 we have that we'll proceed to the legal question, and under NEPA
13 we'll go forward with an EA, or, if in fact, if we have to, it will
14 be an EIS, which could be expensive, laborious and time-consuming,
15 but that is the next step before we would be able to move forward.
16 Then you will actually get to the policy issues, which -- which
17 would come back to the Council, which is the major investment in
18 the long-term impact this is going to have and are we concentrate -
19 - are we going to be -- is it the priority, and that's -- that's
20 consistent with our earlier conversation. I'm confident, although
21 I know that some people do not believe \$100,000 is enough. I'm
22 confident that \$100,000 is plenty for this first stage of the
23 effort, which is to develop a plan and a methodology.

24 MR. PENNOYER: Mr. Rosier, you going to finish up?

25 MR. AYERS: Yes, I'll finish up. Yeah, I certainly
26 concur with your plan there on this. It seemed to me that in my

1 review of the project that we were kind of -- there was a fair
2 amount of duplication that was involved here, as related to some of
3 the earlier work that had already been done, the inventory work and
4 this type of thing, and that really what we need out of this is a
5 project that kind of builds perhaps on that earlier work on this
6 thing, so I certainly agree with -- with the basis for your
7 \$100,000 decision.

8 MR. PENNOYER: Mr. Tillery.

9 MR. TILLERY: I think I just got a little confused. I
10 understood your recommendation that this \$100,000 was for planning,
11 and then for NEPA to the extent that there was money left, and I
12 thought I just heard you say, this is only now for planning, we --
13 they would have to come back for NEPA.

14 MR. AYERS: Mr. Chairman, Mr. Tillery. What I think
15 I heard yesterday, and what some people have said to me in these
16 discussions are, geez, \$100,000 isn't enough once we get into the
17 EA, we're liable to have an EIS that could cost hundreds of
18 thousand dollars, and I've said, my recommendation to the Council
19 is that we first get the planning methodology and engage in the EA,
20 an environmental assessment. I think we can get that far. If
21 there is additional permitting costs, if in fact we get into
22 additional costs, the Council will be meeting frequently enough
23 that we can add the money then, particularly if we get into the EIS
24 situation. Is that clear, Mr. Tillery?

25 MR. TILLERY: Thank you.

26 MR. PENNOYER: Yeah, I sort of detected yesterday in the

1 public comment that some people thought NEPA was something you
2 started coincidentally with starting planning, and I don't know how
3 you do NEPA until you know what it is you want to do. So, I think
4 your sequence is probably more correct. Any further comments? Ms.
5 Williams.

6 MS. WILLIAMS: I believe I just have one question and a
7 comment. The question I have is on project 95320U, somatic and
8 spawning energetics of herring/polluck, which is at the bottom of
9 the first page, I notice that the PAG voted to reduce the amount
10 and it's my understanding that they believe that this project
11 should be funded of approximately \$50,000, as a pilot project. I
12 would like further discussion of that given the PAG recommendation.

13 DR. SPIES: I think I can clarify that, as the
14 situation happened. On the initial review that was done in June by
15 the core reviewers, we thought perhaps this could be reduced
16 because there was -- it had a lot to do with the assumptions about
17 the structure of the stock of herring in Prince William Sound, and
18 the fact we needed to get a stock structure model in place, and
19 since that time we've received assurances from Fish & Game -- when
20 we get to the herring project, I think you'll see that, that stock
21 structure model will be developed during '95, and so I subsequently
22 changed my recommendation after the PAG meeting, so they were
23 following kind of my lead here and my recommendation. So, that's
24 how that situation developed.

25 MS. WILLIAMS: And, if I could make one observation,
26 again, I may be going back to the science policy thing, but one --

1 one thing that I hope will be reflected in the science policy is
2 that -- the concept that our restoration research and monitoring be
3 comprehensive. There is, of course, a tremendous emphasis on fish,
4 I believe in this package, and there are many reasons for that, but
5 I think we want to make sure that our science plan protects and
6 promotes restoration of the other resources, and that's one thing
7 I'll be looking for.

8 DR. SPIES: Certainly, I think I should have made this
9 comment perhaps earlier in the discussion, but one of the things
10 that will be apparent as we move through this work plan is that
11 there is a number of clusters of ecosystem-type projects, and
12 clearly SEA is leading the charge, they've got an earlier and
13 longer period to plan than some of the others, like the nearshore
14 predators and the forage fish studies which both involve birds and
15 mammals to a larger extent, had a little later start in getting
16 their planning, and there is also, I think, connected to that is
17 the fact that it's a little more challenging to put together these
18 integrated ecosystem studies, than it is to do a single species
19 study, and so that's going to be reflected in the work plan here
20 that the -- this is going to be a little bit more emphasis on fish,
21 and I -- we hope that those other packages, the nearshore predators
22 and forage fish/bird interaction packages will -- will come along
23 in the future and we'll be able to fit those into an overall
24 science plan over the next several years, that will make a lot of
25 sense and give more balance.

26 MS. WILLIAMS: Thank you.

1 MR. PENNOYER: Mr. Rosier.

2 MR. ROSIER: Thank you, Mr. Chair, Bob, I had a
3 questions. I thought you were talking about a four year program,
4 and yet the comments in here say cut-off by fiscal year '98 on
5 this. Was there no funding provided for '98?

6 DR. SPIES: My -- my understanding of that was that
7 there was '95, '96 and '97, I'm not sure that I have the latest
8 figure on that.

9 MR. AYERS: Mr. Chairman, the -- this is -- let me
10 answer the question, first by saying that it was my understanding
11 in the discussions -- I don't see Jeff King is here, but that's who
12 we had the discussion with that day, and -- you know, I'd be happy
13 to sit down and talk with him again. The primary focus here is to
14 establish that we are not recommending a continual, annual,
15 indefinite, or in perpetuity support of that management program,
16 and it was our understanding that we needed to provide for coded-
17 wire tagging -- we're talking about coded-wire tagging and the
18 otolith marking overlap. And, it was our understanding that it
19 would take two years. We will have to begin the otolith marking
20 now by upgrading the facilities, so to speak, and providing for the
21 otolith marking capability, the boilers -- i.e. boilers and there
22 was some other equipment that I don't recall, but ...

23 DR. SULLIVAN: Things to house the them in -- trailers.

24 MR. AYERS: The facilities to house -- and that
25 provides otolith marking. Then there would -- so there is two
26 years of overlap, which I thought was '95 and '96, and then one

1 funding of the year of otolith and marking by the Council, and we
2 continue to recover the coded-wire tags out to that end, which I
3 think was the end of '96, the collection -- whatever that fall is -
4 - and then we would fund that first year, or partial that first
5 year of '97, and that the -- the other management capability which
6 would be private and public would take over in '98 -- State of
7 Alaska and private would take over that management responsibility.
8 So, we're continuing to provide for the management support and the
9 development of the tools to provide for the major focus of the
10 restoration of wild stock by developing the tool for stock
11 separation and management. Jerome was suggesting, as I understand
12 it, that there's '98 involved ...

13 DR. MONTAGUE: That's correct, the marks will be applied
14 in '96, and then the two years you're talking about was two years
15 of overlap between otolith and coded-wire tagging. So, '97 we'll
16 recover both otolith and coded-wire tags, and '98 we'll recover
17 both otoliths and coded-wire tags, and then '99 the Department and
18 the hatcheries would take over funding of a pure otolith program.

19 MR. AYERS: Molly is pointing out that she recalled
20 that Jeff King and I were having this interchange in the work -- in
21 the work session that day, and they were going to develop what the
22 actual plan was. They clearly understood what I was saying. We
23 didn't have the information that we're talking about. Molly is
24 saying that's the reason that it says by '98 -- it was clear to us.
25 I thought that Jeff was going to come back with kind of a program
26 that laid out how the management and private phased in, and I don't

1 know if it's '97 or '98. I think it says by '98. It was my
2 understanding that it was by '98. It seems to be a questions. I
3 think the wording is -- it needs to be worked out. We need to
4 figure out what it was. I don't have -- and I don't have the
5 spreadsheet in front of me, and that's what I really need to do is
6 sit down with Jeff and find out what it was.

7 MR. PENNOYER: Just a follow-up on that one question, I
8 think the pertinent question is not -- is, yes, we do need to know
9 the phase out schedule if one's appropriate, but why -- how do you
10 determine when the phase-out should occur. How many years does the
11 Trustee Council have to fund this methodology, rather than actually
12 fund the continuation of it as a management tool, and if you -- why
13 do you require overlap between coded-wire tags and otolith marking
14 and to what extent, you know are we simply proving up on the two
15 before we decide because the State wants to adopt it, or what is
16 the pertinence of the '98, or any number of years, once you provide
17 the tool, which is an acknowledged tool by providing the
18 wherewithal to start with, the boilers, then beyond that, what is
19 the Trustee Council's responsibility in doing this, to achieve ...

20 DR. SPIES: Mr. Chairman, I might just say that the
21 reviewers felt that the -- and, also I think the salmon biologist
22 in the Fish & Game, also felt that the mass marking of this
23 magnitude had never been carried out -- never been carried out
24 before and we really needed to have some insurance in terms of
25 coded-wire tags to make sure that it would work on that -- on that
26 basis. It is such an important resource that I think we just don't

1 want to take a gamble, but -- maybe Joe Sullivan might magnify on
2 those comments.

3 DR. JOE SULLIVAN: Well, first of all I did -- I agree
4 with what Dr. Spies has said. The other advantage of doing this,
5 of course, is that it is a new tool and that as you go from one
6 very good tool to a -- which I -- to another tool, which I think is
7 a major technological leap forward, and I think a very good tool to
8 be going to. You still need to be able to compare those two tools
9 to see what they mean in relationship to each other. You see. In
10 other words, the coded-wire tagging has -- with coded-wire tagging
11 for example, you're tagging a portion of the population that you
12 can afford and that you have the ability to afford, but otolith
13 marking you're tagging the entire population. And so in one method
14 you're tagging a sub-sample, the other you're tagging the whole
15 thing, and with a marked recaptured techniques, you really need to
16 be able to compare how these two compare to each other. Do you see
17 what I'm saying? Am I clear or not? Did I answer your question?

18 MR. PENNOYER: It seems to me one might be more for
19 validation of the other than the other way around. If you're
20 marking them all, then your sampling problems and so forth, have
21 sort of diminished. You're saying that whether the marks of all
22 them are actually effective is going to be judged by the sampling
23 process you've already devised under coded-wire tagging. You're
24 assuming that coded-wire tags works, and then you're going to
25 compare that to the mass marking results, to accommodate the mass
26 marking results?

1 MR. SULLIVAN: In a manner of speaking, the -- in other
2 words with the marked recaptured techniques, there are downsides to
3 that particular method and you need to know what those are. For
4 example, with coded-wire tagging, the difficulty we have is
5 training people to do that, and a lot of times you kill the fish
6 just marking them, so you have to -- there's a lot of quality
7 assurance that needs to go to make sure that that works. There's
8 placement of the tag. If you miss the right spot, you conceivably
9 can screw up a number of different things. We think that a lot of
10 those things are eliminated though otolith marking, as well as
11 tagging the -- you know, allowing you to tag the entire population.
12 You really need to be able to move from one to the other, and as
13 Dr. Spies said, if you don't do it right, you at least have the
14 coded-wire tagging to fall back on. But, I really do think this is
15 going to be the technology of the future to handle these fish.
16 There are a whole lot of benefits to otolith marking that puts it
17 a leap ahead of coded-wire tagging.

18 MR. PENNOYER: Mr. Sandor, you have a question on this?

19 MR. SANDOR: Different subject ...

20 MR. PENNOYER: Can I finish this one, and then -- before
21 we go on. Would it be my presumption that the cost of this project
22 will go down in the future, since you bought the equipment the
23 first year, or is it offset by the recovery problems?

24 DR. SULLIVAN: Yes, that is true. The -- the -- some of
25 the figures that we have estimated are guesses, I mean they're
26 educated guesses. Our perception is that they will go down in the

1 future, but the -- technically, the right answer we would need to
2 go through the drill, that's what I'm getting at. I mean right
3 now, we're talking about -- what about -- what were we saying about
4 400,000 or ...

5 DR. SPIES: I think the figure is about 650,000 for
6 the first year and then it goes down to, I believe, 350,000 or
7 250,000 in subsequent years, that's being requested from the
8 Trustee Council.

9 MR. PENNOYER: As long as we're on this particular
10 project, just to finish up on that, are you, in terms -- Dr.
11 Spies, when you start out talking about the goals in pink salmon,
12 you talked about the understanding needed that was affecting their
13 status and recovery and ability to forecast, you sort of left the
14 third one out, which is the punch line, is what you do about it,
15 and is the Trustee Council going to be able to restore. Is it your
16 view now after working with coded-wire tags that Department of Fish
17 & Game feels that this technique in terms of managing wild stocks
18 in Prince William Sound is one you would have raised -- improved by
19 mass marking perhaps, and something that would be worthy of long-
20 term funding for restoration and maintenance of those stocks. What
21 you've done so far would enter into your budget process to
22 accommodate this type of management?

23 DR. SPIES: Certainly, I think that they -- as long as
24 we perceive a need to restore those wild stocks and the Trustee
25 Council feels a responsibility to participate in that process, that
26 these are tools that can be used and applied, and I think we saw a

1 success this year with the application of coded-wire tags, and I
2 think with thermal mass marking we can look forward to even better
3 and finer management in the future.

4 MR. PENNOYER: So, this is one of the only, so far,
5 restoration methodology that we've seen that works on -- we are
6 fairly well assured will work on pink salmon stocks, and one worthy
7 of pursuing further.

8 DR. SPIES: Certainly.

9 MR. PENNOYER: Thank you. Commissioner Sandor, sorry.

10 MR. SANDOR: Yeah, the question, Mr. Chairman, I had
11 goes back to really just the process that was discussed with
12 respect to 95093. If, in this instance, is the understanding that
13 for this project at least, whatever the Council may meet, and if it
14 is determined that environmental impact statement would be
15 necessary, whatever additional funding could be added any time
16 through the year. That's somewhat peculiar to this process -- this
17 specific project, I take it, that isn't -- this is not an
18 expectation that all projects are subject to -- to funding
19 adjustments upward, at subsequent meetings in the year. Do you
20 understand my question?

21 MR. AYERS: Mr. Chairman, Commissioner Sandor, if I
22 understand the question, is it that this is a unique feature that
23 this particular project needs to go through certain steps in order
24 to get to the funding of the project. It's consistent with some of
25 our other approaches as you -- my recall, we certainly required
26 that of the original Prince William Sound investigation effort that

1 they elaborate on their brief project descriptions, and that they
2 complete EAs for certain aspects before we started funding the
3 project, and -- and actually it kept it -- it kept it having some
4 prudent management structure around it. So, the answer to your
5 question is, I don't recall if there's any in this work plan, but
6 this is not the first time we've taken this approach, and I think
7 it's -- it's the right approach, particularly when we have our peer
8 reviewers saying you've got some serious biological questions here,
9 it's probably a good -- it's an interesting concept, might be good
10 for restoration, but we need to explore it through methodology.
11 So, the answer to your question is, it's not the first time we've
12 done it. It's the prudent approach for the Council. I don't
13 recall if there's any other like this is this Work Plan, but I
14 think that it's -- it's the approach we might take with some
15 others, particularly with an ecosystem -- when it involved
16 ecosystem.

17 MR SANDOR: Mr. Chairman, I certainly agree that the
18 increase is going to be desirable, particularly if it turns on an
19 environmental impact statement is necessary, but if there are other
20 projects that have the prospects of having additions like that, I
21 think the Council should be apprised of that.

22 MR. AYERS: Mr. Chairman, Commissioner, I think Dr.
23 Spies did mention that the nearshore, which we'll get to in a
24 minute, the nearshore projects are very similar to this. We're
25 saying it needs additional work, it needs to have the methodology
26 really ferreted out, and then we need to take a look at what the

1 NEPA requirements are going to be. The issue of forage fish is a
2 little bit different, but it's the same type of approach. We're
3 saying they need to clearly define a methodology, and they need to
4 find a way to integrate the various projects that have come in that
5 are related to forage fish and nearshore efforts as it relates to
6 understanding the biomass hydroacoustic effort to have a little
7 better integration of those projects. So, there are, that
8 nearshore is very similar, and forage fish to some degree.

9 MR. PENNOYER: Bob, perhaps just backing up a little bit.
10 We've got about \$8 million worth of projects here on fish, for pink
11 salmon and herring, we're going to see programmed, and we talked
12 about some of the individual ones, things like the mass marking are
13 expensive but obviously lead directly to a tool that I think was
14 already proven is a restoration methodology for pink salmon in
15 Prince William Sound, stock separation and applied management.
16 That's fairly clearly a tool, but in the short term and then
17 probably in a longer term is the most viable way that we see now of
18 restoring and maintaining of the stocks of concern. We haven't
19 really gotten to the herring yet, so, but in detail, but the SEA
20 plan relates to it. Generally, the SEA plan at the moment is \$4.6
21 million plus other aspects that relate to it in the other -- other
22 program areas. We have identified the need for an ecosystem
23 approach in the Sound to try and sort out what is affecting the
24 recovery of stocks of fish and birds and marine mammals in the
25 Sound, so we've agreed on that direction. I guess, part of my
26 question is that -- when do we get validation of whether this

1 approach is appropriate and should be continued. I've heard that
2 any type of plan of this nature might take five to ten years to do,
3 that's \$40 or \$50 million, and I recognize that in the first year
4 we haven't had enough time to get results to -- to sort out exactly
5 what's what. But, we need to proceed with the expenditures so we
6 don't have a gap in the data collection, and so forth. When --
7 when in your view will we get our first sort of report back as to
8 whether the direction we're taking and the size of the expenditure
9 is appropriate or it should be more or less?

10 DR. SPIES: I think in probably one or two years, and
11 -- and certainly a clear indication of -- in three years of -- of
12 how this might pay off. Certainly, to get to the question of
13 inter-angle variability, which is one of the key things -- concerns
14 that is woven throughout the planning and the hypothesis of the SEA
15 program. That's probably going to take five to ten years to try to
16 get a great handle on this, but I think that certainly in the next
17 year or two we're going to have a very clear indications of the
18 approach that's being taken is appropriate, and certainly we're
19 suggesting in there, a kind of adaptive management approach, in
20 that -- if you'll read the detail in the memo that, for instance,
21 one example, we're -- we're indicating we really need to pay a
22 little bit more attention to wild stocks eventually. The whole
23 effort right now is focused on a hatchery release fry, and those
24 are a little easier to study. They're in the fall and they're
25 moving down in a group, and you can pick them up with hydracoustic
26 signals, and you can sample these, and like -- you know, the

1 question is then, okay, how does that really apply to the wild
2 stocks, because the wild stocks is the -- the stocks are trying to
3 -- trying to restore here, and those are a little bit more defused,
4 the timing is different, and so forth, and so the project probably,
5 once it gets its teeth cut a little bit on these hatchery releases,
6 probably needs to move into that -- that sort of area. So, those
7 are the kind of -- that's one example of the kind of changes that
8 need to take place, and I think as the data starts to roll in,
9 they'll see if they're on the right track and they may well have
10 to, you know, pull this different hypothesis or change hypothesis,
11 and that's kind of the change of nature of large study like this.
12 Does that address your question?

13 MR. PENNOYER: Yeah, we're going to have to wait and see.

14 MR. AYERS: Mr. Chairman.

15 MR. PENNOYER: Mr. Janik.

16 MR. JANIK: Relating to that in the general sense,
17 even though I share the optimism, Jim that you described earlier in
18 terms of using the word "phase in" instead of "phase out," I think
19 that question really brings to mind the importance of examining
20 this closely as we move along because for those studied and/or
21 projects that we are expecting out year benefits from and
22 investments leading up to that pay off, and the need to continually
23 look at priorities from year-to-year with regard to decisions made
24 here by the Council. The assumption that agencies are going to be
25 picking up in transition then, as we're having to perhaps tighten
26 up that allocation, as we go along, it's going to be critical, and

1 I think we really need to look at that very carefully, especially
2 with some of these higher cost items, and what we may be setting
3 ourselves up for, and granted we can't make all those decisions
4 here in this particular year, but we're going to have to be very
5 careful with that -- very similar to building a facility and
6 worrying about the maintenance costs, so to speak, and where that's
7 going to come from in the long haul.

8 DR. SPIES: Certainly, and I think that we're
9 concerned more -- more than just with the ecosystem of Prince
10 William Sound. We're concerned with the -- the whole spill area,
11 and I think that this is a study that's starting off in Prince
12 William Sound, and we have to think about how we're going to get to
13 that whole spill area concept in the ecosystem approach eventually.

14 MR. PENNOYER: Mr. Ayers.

15 MR. AYERS: Mr. Chairman, not to belabor it, but to
16 clarify, perhaps a summary of what's been said here. There are
17 kind of four areas that we've -- we've engaged in here, as Bob laid
18 them out. There's this ecosystem system approach, but it's
19 primarily closest to Prince William Sound of understanding the
20 system itself. We have a wild stock concern and enhancement
21 approach which includes 093 that we're talking about, but we've
22 also engaged recently, as you recall, in some efforts of actually
23 looking at streams and working with the department and the local
24 communities, and actually looking at how to restore some of the
25 anadromous streams or certainly enhance their ability to support
26 some of the wild stock. And, the third area is toxicity area,

1 which Dr. Spies talked about, and the fourth area was the area of
2 management -- we've called it, I don't recall exactly what Dr.
3 Spies' term was, but it's the area of management. We're actually
4 engaging in developing tools, and we're actually involved now in
5 supporting managements efforts, the Department of Fish & Game
6 primarily, by developing otolith marking tools, funding a broad
7 aspect of the biology that's involved and the biologists that are
8 involved, and you see this approach is actually kind of a thread
9 throughout as it relates to the species, kind of -- those four
10 areas is the general areas that we're now seeing kind of evolve out
11 of this that are categories that you can actually pick up, and as
12 you pointed out, and I think that, as I understood what Mr. Janik
13 was saying and in my opening remarks and the term "phase out," all
14 relates to the aspect we cannot sustain in the long-term, and when
15 Dr. Spies and I talked about this and we say five years. Once you
16 get beyond '99, it certainly is the case, and it has -- we have to
17 -- we cannot sustain it even for the next five years at the level
18 is that are in here on all of these various projects. You're
19 talking actually well over \$10 million just in this -- in this
20 area, once you talk about the nearshore fish projects that are not
21 necessarily funded. And so, Senator Sturgulewski pointed out
22 yesterday and it's followed this very closely, that when you look
23 at the reserve and what's proposed is hopefully to get to a \$100 to
24 \$120 million. We've been working Dr. Storer on how to maximize a
25 long-term sustainable program for the spill area, with regard to
26 these resources, you're talking about a -- you know a sustainable

1 level of maybe \$8 to \$10 million in the long-term. A total effort
2 beyond seven years from now. And so, those kind of things -- those
3 realities, I guess I'm just reemphasizing what's being said here,
4 and you're pushing us to develop a science plan, as well as a long-
5 term cash flow plan. It -- the point is well taken, and well
6 understood, and I think that we need to bring that open -- bring
7 that out in the open and work with the public in understanding that
8 during these next work sessions this year.

9 MR. PENNOYER: Bob, one last question I have is on the
10 SEA plan composition and one of the projects. One of the most
11 expensive projects, the most expensive project is information
12 system and model development. It talks about communication links
13 and a lot of other things. Could you just give us a few minutes on
14 the necessity for that?

15 DR. SPIES: Well, that's kind of the heart of the
16 program. The tremendous amount of data is being gathered, as you
17 might appreciate, particularly the hydracoustic data, massive
18 amounts of data in that particular project, as well as the
19 oceanography data. They're moving into continuous sampling of the
20 environment, and the oceanography studies, and this project really
21 represents a way to integrate very carefully all those data
22 together to get an integrated picture, and they're developing,
23 particularly some visual tools for displaying those data, and
24 there's a -- just like a -- essentially an easy way of thinking
25 this is a three-dimensional GIS system, although that's kind of a
26 simplification. Part of the effort here, and the data is all being

1 displayed. In the review we say some of that happening. In three-
2 dimensions you can see where the aquashuttle did it's cut for
3 plankton all the way through the sound, you can see the different
4 layers and where they were. You can see, hopefully, it will
5 eventually see the currents overlaid on that, where the plankton --
6 where the plankton and where the larval fish are, and where the
7 predators are, and so that a big part of it. Also, the -- the
8 mathematical modeling that goes on, both in terms of the physical
9 and biological processes is -- we give that some pretty close
10 attention that particular project and we have -- and we want to
11 continue to very closely monitor that aspect of the program. It is
12 a key. It's a heart of that program, but it is all as you
13 indicated, very expensive, and we want to make sure that they're
14 doing things that are appropriate, and I think the reviewers feel
15 fairly comfortable with it now, although there are some specific
16 recommendations in that memo with regard to modeling, and making
17 sure that the -- their goals are not too ivory towered and strictly
18 mathematically that are only going to be satisfied five or six
19 years. You kind of need some intermediate products in terms of
20 model development. So, we're on top of that.

21 MR. PENNOYER: Brings up a question. Where you've made
22 recommendations and for the final -- now, my understanding of this
23 process is that the final project plans developed based on this
24 approval, where you've recommendations, are those going to be
25 incorporated in the design of the programs?

26 DR. SPIES: We would assume that those would be --

1 MR. PENNOYER: Further funding is provided.

2 DR. SPIES: Yeah, I think we're going to be
3 instructing the -- the principal investigators that prepare -- in
4 this case we're going to actually go into an integrated detailed
5 project description. Last year we had a series of separate ones,
6 with kind of an umbrella document, and one of the ways we think we
7 can improve the integration within the project itself is to request
8 a single description of how this thing fits together, and they're
9 going to be doing that and taking, I think, we're going to be
10 making sure that the recommendations that came out of the work
11 shop, and it was a very positive interaction, I think, the
12 recommendations, as soon as they were out on the table, people
13 recognized the need for them, that came from reviewers. It was a
14 very positive interaction, and I think that those will be
15 incorporated in the final detailed project description for this
16 project.

17 MR. AYERS: Mr. Chairman, in my opening comments I
18 referenced a memo, in particular my memo which also referenced Dr.
19 Spies's specific memos regarding the work shop and work sessions
20 he's had with the various PI's as he mentioned, and the specific
21 projects, and by reference in the motion -- we're working on the
22 motion -- but by reference, we would like to incorporate Dr.
23 Spies's memos into the motion as conditions of the funding. And,
24 I think that it's important, in particular as we begin to get
25 involved with these projects so deeply that those recommendations
26 by Dr. Spies's, the core scientist, be actual conditions of the

1 motion for the funding.

2 MR. PENNOYER: Is there any problem with the direction in
3 that regard with the Council? You might highlight in case we do
4 that if there are any significant disagreement between your
5 recommendations and the (indiscernible) then let us know.

6 MR. SPIES: In some cases, I think we may have to
7 have, kind of a feedback loop with there with the PI's to make sure
8 that -- that they would agree, and see the -- the quote, unquote,
9 wisdom in the -- the recommendations. Another thing that might --
10 I might bring up at this time, is also the -- we may want to
11 consider what conditions might be put on acceptance, if we're going
12 to go through another peer review step in -- in the review of the
13 detailed project descriptions. Whether we ant to put any similar
14 conditions on those or not, is an issue, but it might make sense to
15 consider that.

16 MR. PENNOYER: As you do this feedback, you can report
17 back to us that there is a serious disagreement.

18 DR. SPIES: Certainly.

19 MR. PENNOYER: Shall we -- Mr. Tillery.

20 MR. TILLERY: At the risk of slowing down this process
21 slightly, I have to make a phone call to my office.

22 MR. PENNOYER: I was ready to approve some money and then
23 take a break. Should we go ahead an take a break now, and then
24 come back?

25 MR. TILLERY: If we're ready to move, let's move.

26 MR. PENNOYER: I thought we'd -- perhaps discuss whether

1 we were ready to approve 320 anyway, and do that -- for \$4.612.8,
2 as recommended by the Executive Director and the Chief Scientist.
3 We could either do the whole thing, but I think maybe if we take a
4 piece we could get it done with. Is there any -- can I have a
5 motion to adopt the 320 recommendations of the Executive Director.

6 MR. TILLERY: So moved.

7 MS. WILLIAMS: I think -- (indiscernible) did we go
8 through, I think we went through pink salmon, so I'd be happy to
9 move all projects that we've -- all projects under Prince William
10 Sound system investigation and other pink salmon projects.

11 MR. AYERS: If that's the motion (indiscernible)

12 MR. PENNOYER: 4612 and 2104.4.

13 MR. SANDOR: Second.

14 MR. PENNOYER: Is there any further discussion?

15 MS. WILLIAMS: I will just add on, if my second will add,
16 "as reflected in the Executive Director's memo and in attachment A,
17 with the conditions and recommendations of specific projects as
18 described by Dr. Spies in his series of memos in attachment B."

19 MR. PENNOYER: And that will apply to every motion from
20 here on.

21 MS. WILLIAMS: Yes, that is correct.

22 MR. PENNOYER: That's understood. Okay, so we're dealing
23 with 320 package, the system investigation, other pink salmon and
24 other pink salmon projects for 4612.8 and 2104.4.

25 MR. AYERS: Mr. Chairman, just a matter of
26 clarification. I believe on your's the totals are at the top, so

1 at the very top of your page where the numbers are, you have
2 approved interim funding of \$1077.4 for the Prince William Sound
3 investigation. The amount ...

4 MR. PENNOYER: I stand correct, \$3535.4 and \$1637.9 for
5 additional fund. Thank you. But, the total still remains ...

6 MR. AYERS: The total that you all approved for the
7 year is that.

8 MR. PENNOYER: Thank you. Do -- any further discussion
9 on this motion? Is there any objection to the motion? We'll take
10 a ten minute break.

11 (Off Record 10:25 a.m.)

12 (On Record 10:43 a.m.)

13 MR. PENNOYER: We have one time constraint here. One of
14 our members has an appointment at 12:15, so we either finish by
15 then, or by noon, or we take a lunch break and come back. And I
16 don't want to in any way diminish the discussion of the projects,
17 but just that we work along, we do have that time constraint. So,
18 we'll have to take a break for lunch if we're still going at that
19 time. The next series of projects, I believe, that we have not
20 gotten to specifically yet, although they're embodied to a degree
21 in the SEA project, the 320 project, but the other herring
22 projects, \$1,379,000 of new funding and \$1,425.3 of total funding
23 for FY '95. Can either Mr. Ayers or Dr. Spies lead us through the
24 herring projects.

25 MR. AYERS: Dr. Spies, why don't you go ahead and talk
26 about the herring, with the understanding there are inter-

1 relationships again with the -- with the 320.

2 MR. PENNOYER: I think it's you, Dr. Spies, for you to go
3 ahead.

4 DR. SPIES: Waiting for my final one ...

5 MR. AYERS: Just trying to remind you that there are
6 relationships back over to the projects that have just, some of the
7 projects that have just been ...

8 DR. SPIES: Right, we will notice as we proceed
9 through here. Very briefly, on the status of the resources. As
10 you all know, there was oil-related injury to eggs and larvae of
11 herring in 1989 and 1990, and in 1992, 1993, especially '93 and
12 '94, runs were below the forecast, and a large number of the
13 returning herring had diseased conditions related possibly to viral
14 hemorrhagic septicemia and also -- of the latest information is
15 that there is a fungus called *ithiathomus* (ph) that's been isolated
16 from them. So, there's a concern about the disease. And, also, of
17 course, the very low runs -- there was essentially no herring
18 fishing in Prince William Sound in 1994. This caused a great deal
19 of distress and economic hardship for the fishermen in the area.
20 The goal, of course, as with the pink salmon is to restore the
21 stocks in Prince William Sound to pre-spill conditions, and the
22 objectives again are to acquire an ecosystem level -- understand
23 what controls herring production, and this of course is related
24 again back to 95320 project. Secondly, to investigate the disease
25 problems that continue to occur in the population over the last two
26 years, and thirdly, to improve the management of herring. It's a

1 harvested resource, of course, and one way we can improve the --
2 affect the restoration of harvest resource is to provide better
3 management tools for the management agencies. I think the same
4 general comments that I made about the SEA plan under pink salmon
5 could -- I won't bother to reiterate those. There -- they
6 certainly apply here. And, I think one of the directions that the
7 SEA plan is going to have to take and will be taking in the next
8 several years is to include herring more in -- as a target species,
9 in addition to the pink salmon work that's currently going on.
10 Second project group that address -- again, this repeats kind of
11 the structure we used in pink salmon, are the toxic effects of oil,
12 and also a consideration to disease, and there are two projects
13 under this grouping, 95320S, which is a two-step process initiated
14 by the Alaska Department of Fish and Game. They had a request for
15 qualifications followed by a request for proposals aimed at the
16 disease problem of hearing. They're in the process of evaluating
17 that. There is \$400,000 requested this year to -- to award -- hold
18 in abeyance to award to a successful contractor there that proposes
19 an appropriate set of studies to address the disease problem in
20 herring in Prince William Sound. The second project under this
21 category is 95074, which is reproductive impairment. This is the
22 second year of a NOAA study. They're investigating by way of
23 laboratory exposure of herring -- early life history stages to oil,
24 the possible reproductive impairment that might result. The third
25 group of studies are those addressed to -- to improving management
26 for the purposes of protecting stocks and affecting restoration.

1 There's two projects here, 95166, which will be looking at
2 mortality in the early life history stages of herring, and will
3 also, and I think this is very important step, will develop
4 information that may lead to an -- a possibility of another
5 management tool, and during the review process, we brought
6 reviewers up from -- from British Columbia, where they are using
7 this tool, and what it is, is a zero-plus juvenile age class
8 strengths survey that's done every year at Tenadeck (ph) Stations
9 in the Strait of Georgia, and the reviewers felt that the -- this
10 was probably one of the better predictors of age class strength,
11 and from the age class strength, one can put together some sort of
12 better forecast, hopefully, of the total run return. So, we had a
13 strong recommendation for the information to develop this, and
14 that would come out of project 166 as well as other aspects of the
15 natal habitat of the herring. And, the other project under this
16 group is the genetic stock identification, project 95165. The
17 object here is to try to see how many stocks of herring we have in
18 Prince William Sound, and -- Alaska Department of Fish & Game will
19 be putting out a contract -- they propose to put out a contract to
20 begin to apply some molecular techniques. We know now that the --
21 that the electrophoretic techniques that are used -- the proteins
22 that are used to kind of do stock separation will only work over
23 very large areas, such as the differences over large parts of the
24 northern Pacific, and the recommendation from the reviewers was to
25 look at a molecular technique that we might be able to see if
26 there's one or two stocks, or more stocks of herring in the Prince

1 William Sound, and so, be an important foundation for the future
2 management of the stocks in Prince William Sound. And, that
3 concludes kind of my introductory comments on herring.

4 MR. PENNOYER: Thank you. Ms. Williams.

5 MS. WILLIAMS: Mr. Chair, we have no questions. I would
6 move that the other herring projects be funded with the
7 supplementary language that staff has given us.

8 MR. ROSIER: Second.

9 MR. PENNOYER: I have a couple of questions. Do other
10 Council members wish to discuss any items in here? I guess, my
11 question, Bob, just again, by the way I applaud the maturity of
12 this Council. Two years ago we had a hard time dealing with a
13 \$150,000 herring project, and now we're dealing with three and a
14 half plus, so we obviously have matured in our outlook on injured
15 resources in the Sound. You outlined a three-step process with
16 pinks -- understand, forecast and then do something. And, how does
17 that apply to herring here, I mean, I don't see any phase out
18 comments or some of this is spawn deposition work which is not
19 unnatural management tool to use in managing herring fisheries
20 anyway, as you pointed out in -- in British Columbia. So, what's
21 your view in timing and how this applies in some type of
22 (indiscernible).

23 DR. SPIES: I think that's an area that certainly
24 deserves, in this case, further consideration. I would -- I would
25 -- when I made comments about the juvenile age class strength
26 survey, I think this is another example of a tool that we could

1 develop and the Fish & Game thought it was appropriate. We
2 certainly have some indications from the herring biologists there
3 that it would be -- that this is something that could be turned
4 over for phase in to Fish & Game regular management, if they judge
5 it to be useful, adjunct to the other tools that they have, such as
6 the spawn deposition surveys. And we are supporting spawn
7 deposition surveys next year, under this package, if you do accept
8 it as proposed, and that we do have to give -- I think you're
9 correct some consideration as to how long we're going to be doing
10 that.

11 MR. PENNOYER: So, as part of Mr. Janik's original
12 discussion, this would apply here as well. What -- what -- in
13 terms of the pay off, the pay off right now is potentially managing
14 stocks separately to -- particularly benefit injured portions of
15 the stock, or something of that nature?

16 DR. SPIES: Yeah, I think the point that the reviewers
17 and fisheries made, and the reviews that we held on herring, were
18 that we -- we needed to find -- one basic question is we needed to
19 find out -- we either needed -- we need to have a stock structure
20 model that reigns right now, then we have to test whether that's in
21 fact the case, and -- and in order to get down the road with
22 management, we have -- we have to figure out if we've got one or
23 more stocks in Prince William Sound, and if we have more than one
24 stock, then we may have more than one stock, and I believe that
25 we're more or less managing by default as a one stock system right
26 now. If we have more than one stock then we should know that, and

1 that will help improve our management. So, that information will
2 come from the genetic stock identification program, as kind of a
3 cornerstone of this thing.

4 MR. PENNOYER: One last question, and in terms of -- for
5 the record, what does disease have to do with the oil spill, and
6 why should we be studying it?

7 DR. SPIES: We don't really know. We think -- there
8 is certainly suspicion that it may be related. It would be
9 relatively unprecedented, as far as I know, for the disease to show
10 up this many years after a spill, but it certainly -- this is a
11 very well studied spill and we don't -- we really don't know all
12 the ends and outs. So, we don't really know the answer to that
13 question to be ...

14 MR. PENNOYER: I notice that the project proposals it's
15 an RFP process. We're not voting on a final, am I wrong, disease
16 impacts from Prince William Sound herring? The cost is an estimate
17 only as to actual scope of the project will be determined through
18 the RFP process, so ...

19 DR. SPIES: That's correct.

20 MR. PENNOYER: Yeah, are you looking at -- is this part
21 of the overall, quote, understanding of what might be affecting a
22 resource so we can separate out cause and effect and manage better
23 for (indiscernible)

24 DR. SPIES: Hopefully, yeah. First the burning
25 question is, are these disease conditions related to the crashes of
26 -- of the herring population in the Sound, and I'm not sure we'll

1 be able to fully answer that question, but certainly make some
2 headway.

3 MR. PENNOYER: Okay, so you do the RFP, I think it will
4 be constructive to get back the proposal so we can better
5 understand how this does fit together. Any further questions on
6 the herring projects?

7 DR. SPIES: I just want to mention that that's one of
8 the, kind of the -- the management issues we have to deal with
9 where we don't have a fully integrated research program when we go
10 to an RFP. I think it's desirable to have these RFPs, and when you
11 vote on the funding for them, we don't really know what we're going
12 to get in terms of response and how that integrates into the
13 program, so that has to be taken into account.

14 MR. PENNOYER: And you would come back to us on that?

15 DR. SPIES: Yeah, we would come back on that.

16 MR. PENNOYER: Okay. Thank you. We're voting on the
17 motion to approve \$1,037,900 of additional funding to the \$1413.1,
18 we've already -- I mean the \$387.4 we've already provided. Any
19 further comments? Is there any objection of the motion. (No
20 objection) The motion therefore passes. Next is sockeye salmon
21 program. \$944 already approved, an additional \$625.6 for a total of
22 \$1569.7 recommended by the Executive Director. One of you?

23 DR. SPIES: Right, I'll continue. I think, Mr.
24 Chairman, it would be appropriate to consider the sockeye salmon
25 under three separate geographic areas: Kodiak Island, the Kenai
26 Peninsula, and Coghill Lake. In Kodiak Island, the two systems

1 that were overescaped in '89 were the -- the two main systems that
2 we're concerned about are Red and Akalura Lake or lake systems. In
3 1994, the runs were below escapement goals in those systems.
4 However, the previous decline in the zooplankton populations in the
5 Red Lake system had been identified as a -- associated with
6 overescapement event are now past us. Red Lake does have a healthy
7 zooplankton population at present. Akalura Lake still has a
8 lingering shadow of this overescapement -- effect on zoo plankton.
9 It looks like the zoo plankton has not recovered from the
10 overescapement events in '89. There is, in addition, an adult to
11 the egg survival problem in Akalura Lake -- it -- and we're not
12 sure if that's particularly related to oil spill or not. Moving
13 onto the Kenai Peninsula. The 1994 run to the Kenai Peninsula, the
14 Kenai mainstem system, excuse me, was fortunately a lot better than
15 had been forecast. The forecasting of that -- of that run is a
16 very difficult process, and as you know, it's hard to hit it right
17 on. There are two -- there are approximately two million fish in
18 the run. and that was quite a bit better than had been forecasted.
19 The escapement goals in the Kenai were met, and we do have, however
20 some -- some continuing -- one can look at the limnological data
21 that has been gathered around the Trustee Council programs for the
22 last four years, and some of that data does point to a density-
23 dependent effect on the system from the overescapement in '89 and
24 also in previous years. Also, the return for spawner ratios are
25 relatively low.

26 Moving onto the Coghill Lake system, the Trustee Council

1 has funded last year the third year of a five year projection
2 program for restoration of the Coghill Lake program, mainly through
3 lake fertilization, that's been the approach of the Trustee Council
4 has taken. There's also some efforts by the Department of Fish &
5 Game, both in terms of some transplant of -- of smolt into that
6 system, as well as some adjustments that have been taken in the
7 intercept fishery and the Ester Island area, in terms of the return
8 of -- of fish to that system. The historical returns in the early
9 '80s were over 100,000 fish, we're now down to the level of about
10 5,000 fish. So, that system continues to have problems. So, the
11 overall goal, of course, is to restore the stocks and Red and
12 Akalura Lake and Coghill, and in the case of the Kenai, is to
13 continue to monitor and possibly take protective action to make
14 sure that the escapement goals are met in that system. We can do
15 this by a number of different -- relying on a number of different
16 objectives. One would be to, of course, monitor the stocks, the
17 second would be to develop better tools for management, and that
18 applies particularly in the case of the Kenai, and particular in
19 the mixed stock fishery, and finally we can -- I think that's the
20 only two points I want to make on the objectives. The approach
21 that we're taking to these particular group of sockeye projects are
22 done in the area of monitoring. Project 95258, which is to monitor
23 fry protection and lake limnology in the Kenai and the southern
24 Kodiak Island. Under management -- improve management to protect
25 the injured Kenai stocks, we have project 95255, which includes
26 both area wide sonar enumeration, which was supported by the

1 Trustee Council last year, and genetic stock identification. This
2 is the fourth of the fifth year of genetic stock work that's been
3 carried out. I might just pause here just for moment to say that
4 this -- both of these programs, and particularly the genetic stock
5 identification work, have produced very, very solid, almost
6 exemplary results in terms of applying science to restoration
7 objectives. We have a great -- really detailed characterization
8 now of the genetic stocks in upper Cook Inlet to the extent that we
9 can allocate from the mixed stock fishery, based on modeling, at
10 least, at over 80 percent of the system -- to the Kenai system, and
11 that -- I think is due to a really tremendous effort over the last
12 year and a half of the Department of Fish & Game and the Seeb's
13 Laboratory. I think that's been a stellar accomplishment of the --
14 of the restoration program of fisheries. And, if I might move on
15 then to the next group of projects, those that address and --
16 enhancement and replacement, and that would be the Coghill Lake
17 restoration project. The lake has responded to fertilization. The
18 zooplankton has returned. There is some concern about how the
19 match-up from the other non-Trustee Council funded activities and
20 Fish & Game in terms of supplementing the stocks, and the methods
21 that are used in this supplementation, and what's effective, you
22 know, trying to get that match going. So, there's continuing --
23 there's quite a bit of discussion in one of our reviews about that
24 particular approach. So, that concludes my introductory remarks on
25 the sockeye return.

26 MR. PENNOYER: Do I have a motion? Motion to approve

1 this funding of the sockeye salmon program.

2 MR. SANDOR: So moved.

3 MR. JANIK: Second.

4 MR. PENNOYER: Other further questions? Ms. Williams.

5 MS. WILLIAMS: I have one question regarding the Kenai
6 River sockeye restoration. If you could just explain a little bit
7 more for the Trustee Council and the public-at-large, what role you
8 see the Kenai River having in overall restoration goals and
9 objectives, and science. I would appreciate that.

10 DR. SPIES: Certainly. Just as -- just as a way of a
11 little bit of introductory background, that system was overescaped
12 in '89, third year of overescapement in that system, and the
13 concern was that the Skilak Lake system would not be able to
14 support the number of fry that are being produced in the system.
15 We have some indications that -- that there are something going on
16 with the limnology, we're not sure of the full ramifications.
17 Certainly there are some density-dependent things going on, and the
18 out migration of the smolts have indicated that there could be a
19 serious problem. There are some questions as to how -- how those
20 smolt traps trap different sizes of smolt coming out. We now know
21 that they're -- that they do trap the smaller smolt a little bit
22 more effectively than the larger smolt, which I think has caused us
23 to revise our opinions about how drastic, at least, in '94 the
24 situation was. We're trying to take a multi-pronged approach to
25 restoration with sockeye in that system. One is to understand on
26 a basic level what's going on with limnology, and a second approach

1 is to develop these tools such as genetic stock identification, and
2 also area-wide sonar enumeration so that the size of the returning
3 stocks in upper Cook Inlet can be identified with the use of sonar.
4 And, those are the main kind of approaches that we're really --
5 we're looking at here.

6 MR. PENNOYER: Ms. Williams.

7 MS. WILLIAMS: Follow-up question, and Mr. Ayers, if you
8 would like to add to this answer to, but just in general do we
9 believe both as a scientific matter and a Council matter that the
10 oil spill may have or did have an impact on the Kenai River and
11 that there are restoration activities that are warranted on the
12 Kenai River as a result of the oil spill?

13 DR. SPIES: Yeah, I think we're still -- the effects
14 are still going to be played out in front of us in the next couple
15 of years as -- as the returns from the '89 and subsequent brood
16 years come in. Certainly, I think it was prudent to take the
17 restoration action that we've taken so far in terms of the value of
18 that fishery, and I think we have to kind of reassess where we are
19 every year on the situation.

20 MR. AYERS: Mr. Chairman, Ms. Williams, I -- we had a
21 long discussion about this issue, and as you can see that the --
22 that the PAG also struggled with the question, and I have a lot of
23 questions -- although I've had the advantage of sitting down with
24 Dr. Spies and Jeff King, and Joe Sullivan, and looking at the
25 issue. There is a -- there is a problem -- there was a problem,
26 primarily with the overescapement as Dr. Spies has described. From

1 a policy perspective, the thing I've struggled with is at what
2 point does the Council's responsibility engage, and then at what
3 point does it disengage. And, I think that Joe Sullivan and Jeff
4 King have been very helpful in explaining two things: one, the
5 Council has done a tremendous job, this Council has provide the
6 State of Alaska with the ability to take a look at sockeye in the
7 Upper Cook Inlet and figure out a way through the investment of the
8 Trustee Council fund, of how to separate stock and then assist the
9 fleet, which is what Theo Matthews was here supporting yesterday,
10 assist the fleet so that the fleet is able to move based on the
11 information from the -- and the action by the Department of Fish &
12 Game, so that the commercial fishery is -- is able to continue
13 commercial fishing activity while protecting these stocks that
14 we're concerned about, in particular the sockeye runs in the Kenai,
15 and the way that they've been able to do that is to distinguish
16 what has -- as Bob describes it, the characteristics of the biomass
17 in that area -- in the Upper Cook Inlet, so you're separating so
18 the fleet can actually go -- move to the Susitna stocks, as I have
19 had described to me, and away from those stocks, they've been able
20 to locate in a separate area, which are the Kenai stocks. But,
21 then even in the Kenai drainages, as a result of the investment of
22 the Trustee Council, they're actually able to separate the stocks
23 in the Kenai, the Skilak Lake run from the Russian run, and then
24 begin -- and there's another run ...

25 MR. SULLIVAN: Hidden Lake, as well.

26 MR. AYERS: Hidden Lake, and then be able to

1 distinguish which of those stocks are actually continuing to have
2 trouble. Now, is that a general perspective? You may want to
3 elaborate on that.

4 MR. SULLIVAN: That's about right. There's also a large
5 component of Kasilof fish that we're -- that we're separating out
6 there as well.

7 MR. AYERS: I guess the answer to your question is,
8 that the consequence of the spill -- there were consequences of the
9 spill that had significant impact on the sockeye in the Upper Cook
10 Inlet, they're an injured resource. The Council's action have in
11 fact made a major difference in providing for the recovery through
12 assisting management developed tools in order -- in order to manage
13 the allocation. It's also been very helpful to commercial
14 fisheries, I might add, to allow them to go (indiscernible -
15 coughing), and that's why you did hear the vice-president of UFA
16 here yesterday saying, you know, he supported and thanked the
17 Council for what they'd done, and in particular wanted to urge them
18 to continue to do this at least for the time being. We've talked -
19 - if this year -- if the methodology now is sound, and they can --
20 and they actually believe they can improve that to some degree this
21 year, then there would be one more year where you would see the
22 returns. If the returns are good, and they're actually able to
23 differentiate each of these different stocks, then the Council will
24 have done two things, helped those stocks recover, but also give
25 the State of Alaska a tremendous management tool, to be used in the
26 future.

1 MR. PENNOYER: Any further questions? Just quickly, I
2 notice that we're continuing the sockeye salmon overescapement
3 studies in the Kenai, and we're also continuing to work on
4 development of the management tool to protect the injured
5 resources, and protect them into the future. Do you have the
6 phase-in/phase-out, whatever, concept here, and I presume we'll get
7 something back on that in the future, but why -- why would we
8 continue the in lake studies at this point?

9 MR. AYERS: Joe might want to answer that.

10 MR. PENNOYER: Dr. Sullivan, as a Trustee Council
11 endeavor, I -- I understand the department might want to from the
12 forecasting standpoint, or something like that, but we've carried
13 through the time that the fish were in the lakes, that might have
14 been directly affected by the event of the spill, and we are
15 looking at the development of a technique to further protect that
16 particular cycle, if it does continue to come back as a poor adult
17 return. Why would we continue the studies in the lake itself?

18 MR. SULLIVAN: Well, because the -- our perception on
19 recovery is when the lake itself has also recovered, and down the
20 road we would like to be able to say, now it looks like the lake
21 recovered, and then several years beyond that you want to say, oh,
22 well, here are the fish coming back that demonstrates that we were
23 right then. But, the lake has not recovered. We had an episode
24 where it appeared that a bloom of -- copepods that they normally
25 don't favor occurred in '93, and therefore helped us with putting
26 out a pretty decent number of smolt this year. That's not

1 necessarily -- that's not what they normally eat. What we really
2 need to know -- in other words, talking about particular year
3 class, the 1989 year class, is not the end of the line because
4 that, as -- as Dr. Spies had pointed out, was three years in
5 coming. It was the impacts on the food base in the system are not
6 something that goes away when those fish are out the door. It's a
7 -- one theory of what has happened is that because of the intense
8 number of juveniles that you had for several years running, you
9 wiped out or at least severely reduced the number of copepods that
10 make a -- that stay at the surface, and copepods that make a
11 diurnal migration were favored and, therefore, site feeding sockeye
12 had more difficulty getting the copepods. Until the limnology of
13 the system returns to a pre-spill condition, then it's really
14 unlikely that the juvenile sockeye will have a sustainable food
15 base on which to build out the numbers of smolt going out each
16 year. Let me see if I'm -- I'm not sure that I'm getting to the
17 point or ...

18 MR. PENNOYER: Yeah, I think you got to the point is, but
19 you still don't know when the system is recovered, and it has not
20 recovered in your view yet, and the cause and effect linkages
21 aren't exact -- proven yet, you can't say that the system has
22 recovered and therefore the resource is -- is recovered, and that
23 judgment is still to be made, and I presume when you do the phase-
24 in/phase-out portion of the analysis, we'll have a better idea of
25 where that all is going to take us. I'm not totally sure you're
26 going to get the punch line, at some point, you're going to say

1 Eureka, this is -- we know that there are other things aren't
2 effecting it. Clearly, you've determined that the system has not
3 totally recovered yet for whatever balance of reasons, and you need
4 -- you want to finish out looking at that.

5 MR. SULLIVAN: Right. Do you want to amplify that, Bob?

6 DR. SPIES: I'd just say that it's complicated by the
7 fact that the Kenai system -- the river and lakes are glacial lakes
8 and our understanding of overescapement effects come mainly from
9 clear water lakes where the expected effect is the reduction of
10 zooplankton. There has not been -- that population, little
11 reduction of zooplankton, and then the Skilak Lake, which are the
12 main one that's been studied by Department of Fish & Game, so it --
13 but there are some density-dependent effects with size fry and
14 lipid contents and so forth, and possible, some theories about
15 diurnal migration that -- we don't quite know how to interpret yet.
16 But, I think it would be fair to say we -- we can't say with a
17 great sure the systems recovered.

18 MR. PENNOYER: Thank you. Are there further questions on
19 the sockeye portion? Do I have -- did I have a motion, I had a
20 motion, I forgot. Is there any objection to the passage of the
21 additional funding of \$625.6 for sockeye? Hearing none, it is
22 concluded. Oh, my favorite subject marine mammals and research,
23 ecosystem and research projects. Mr. Ayers wants to talk about
24 marine mammals.

25 MR. AYERS: Mr. Chairman, just before we talk about
26 marine mammals, I have, we just -- looking at an issue that I -- I

1 thought we had covered in our presentation, the memo and the
2 appendices, but it is not adequately covered in my view. The
3 project that we have just presented to you, and those that you have
4 approved, those dollars include a considerable amount of equipment
5 and gear and charters. Without getting into the issue of whether
6 or not, and in my view, I have not spent enough time in the details
7 of budgets this year, I'm comfortable that we've done a good job of
8 raising the issue, that the budget responsibility lies in the
9 sponsoring agency or entity bringing the project forward, that I
10 think that there's 90 percent credibility with the request. I do
11 believe, however, that the Council needs to take specific action
12 with authorizing us to proceed with requiring as a matter of
13 funding that any participant in the Trustee Council activities --
14 this isn't the one I have, which one do you have?

15 MR. PENNOYER: We've got the second motion.

16 MR. AYERS: No, where's the other motion? (Aside
17 comments)

18 MR. PENNOYER: We'll pass this one based on your previous
19 explanation. (Laughter) Then we get the right one to go with the
20 right motion, we'll pass that too.

21 MR. AYERS: My apology.

22 MR. PENNOYER: Ms. Williams, I think we've got the
23 motion, now that he's discussing it.

24 MS. WILLIAMS: So moved.

25 MR. AYERS: The issue is equipment, and we need a
26 property management system that requires all participants to -- to

1 submit a property list that would be consistent with the uniform
2 system, and let there be no doubt about it. What I'm suggesting is
3 that we have a single software program that everybody will
4 participate in so that everyone submits a consistent program with
5 regard to the property that they have in the format that we
6 require. But, we've got to get a better handle on our property,
7 and that's what this does.

8 MR. PENNOYER: Do I have a second?

9 MR. SANDOR: Second.

10 MR. PENNOYER: Mr. Tillery.

11 MR. TILLERY: Mr. Chairman, this is what we mandated, as
12 I recall with some lengthy discussions during the financial
13 operating procedures debate. I understand this is just a way to
14 implement it, and I would strongly support this.

15 MR. PENNOYER: Question might be when?

16 MR. AYERS: We intend to move forward with this year.
17 We intend to have people require -- particularly give us a property
18 inventory list, give it in a format in which we request it, and
19 then any new property that's acquired, and there's considerable new
20 property in those projects that you just approved.

21 MR. PENNOYER: Ms. Williams.

22 MS. WILLIAMS: This is for the record and for the benefit
23 of the people listening, I should read it, and it says "move that
24 these projects are approved contingent on a review of each
25 project's equipment needs and submission of an Exxon Valdez oil
26 spill property list consistent with the uniform system of managing

1 Trustee Council inventory."

2 MR. PENNOYER: It's been moved and seconded, is there any
3 objection to the motion? Hearing none the motions adopted and will
4 apply to all these projects.

5 MR. AYERS: Thank you, Mr. Chairman.

6 MR. PENNOYER: Okay, we were starting marine mammal
7 ecosystem and research projects.

8 MR. AYERS: Mr. Chairman, as a matter of introduction
9 to this effort, I'd like to say that I think that in many instances
10 the issue of marine mammals is as complex certainly as any of those
11 that we've faced with the fish from my point of view, and in
12 particular, the reality that the problems as you're probably much
13 more familiar than I, but the public is generally concerned about
14 with regard to the help of harbor seals and their continued
15 decline. In addition to that, there is a complexity of the issue
16 of the killer whales and in the killer whale issue there are a
17 multiple of issues that face us. Not the least of which is that
18 there are a number of people that want to participate in the
19 activity and they've taken a variety of approaches to try and
20 participate, including various pressure approaches, some of which
21 are less entertaining to me than others. In addition to that, the
22 killer whale issue raises a question of legal participation, which
23 has been raised, and has been submitted to me, and Dr. Spies and I
24 have talked about the project, outside of the question of -- and
25 outside of all of those complexities, have talked simply based on
26 the resource itself. So, the recommendations that you have before

1 you and that you will hear Dr. Spies discuss do not deal with the
2 issue of legal objections from the Department of Justice.

3 MR. PENNOYER: So, you want to get the discussion of Dr.
4 Spies before we go into the individual projects?

5 MS. WILLIAMS: I think it might be useful to lay out --
6 two questions with respect to killer whales, and I think it makes
7 sense to ask them now and then Dr. Spies -- make sure that he
8 addresses them. And one is on monitoring of killer whales, and the
9 question is, and hopefully you can answer it, how will monitoring
10 lead the Trustees to consider restoration or replacement actions
11 relating to killer whales? I mean, how will knowing how many
12 whales help us to do something about killer whales and restoration
13 activities? And, the second question is with respect to the
14 predation study, and the question there is how will the information
15 be obtained by the study contribute to the making of better
16 restoration decisions for the harbor seals? I mean, what -- if we
17 find out that the killer whales eat lots of harbor seals, how can
18 we use that for restoration actions? And I -- I look forward to
19 hearing responses to those two questions.

20 DR. SPIES: I'll try to address those I move through
21 the package (indiscernible) way of doing so.

22 MS. WILLIAMS: Yes.

23 MR. SANDOR: Mr. Chairman, before proceeding with that,
24 in reference to the Department of Justice's legal opinion. I
25 learned last week that there was a draft opinion on a number of
26 projects, thirty-some projects. I did not -- I guess Craig got a

1 copy of that. I hear there's a final Department of Justice listing
2 of its legal opinions on -- on projects, which I have not had
3 access to, and I guess I'm troubled by the prohibition of all
4 Trustees having that opinion. I don't deny that federal government
5 has the right to issue opinions and have an attorney-client
6 privilege, but I really would ask the Department of Justice and the
7 federal Trustees to reconsider restricting the legal opinions to
8 just the federal Trustees or to lawyers. I do that for several
9 reasons. One, the whole process by which we're involved in here is
10 a partnership effort between the communities impacted by the oil
11 spill, the individuals organizations impacted by the oil spill, and
12 what we're really trying to do is to really restore the injured
13 resources and services. If there are legal questions with respect
14 to that, these really should be publicly displayed and discussed.
15 Because, certainly, communities have their own attorneys, the
16 State, of course, has its attorneys, and I think it would be
17 presumptuous to believe that federal and state attorneys themselves
18 have a final say of this taken by Jim Ayers' reference in the
19 introduction of this with the phrase "what the world of lawyers
20 will allow" and I kind of chuckled at that at the time. I think
21 it's what the "world's lawyers will allow" because you can get
22 different opinions here, different opinions there, but I guess in
23 the interest of a complete disclosure, and I guess in the interest
24 of understanding what really should be authorized, and it is
25 appropriate, and ought to be more openly discussed. I'll -- I
26 guess I would ask that the Department of Justice and federal

1 Trustees reconsider this restriction on the access of that
2 information to the state Trustees. I really believe it ought to be
3 open and be able to be openly challenged. In the absence of that,
4 this Trustee has no alternative but to reserve judgment on whatever
5 opinion has been written because, of course, we have not had the
6 privilege of reading it, and I would submit that what the worlds of
7 lawyers will allow may or may not be what Judge Russell Holland
8 would allow, and perhaps that's the final authority. So, I guess,
9 I would just urge reconsideration of this, and this particularly as
10 we get into perhaps other references to -- to legal opinions, that
11 ought to be done. Finally, I guess, it seems to me what would have
12 been helpful, and this is really a major step forward and what
13 we've done in the past, if in fact there's a legal questions, it
14 would help to have a column saying, you know, DOJ or whoever else
15 in the Department of Justice, State or whatever, but anyway, we
16 really should, I think, Chief Scientist, Public Advisory Group,
17 communities, public-at-large need to be brought into that process.
18 So, I guess for whatever objections that the Department of Justice
19 may have introduced, until such time as -- and all of the state
20 Trustees have had access to that opinions and had the opportunity
21 to collectively discuss and to appeal to Judge Holland or whatever
22 else, we would think that a question needs to be -- remain on the
23 final decision on that point. Thank you, Mr. Chairman for allowing
24 me to (indiscernible).

25 MR. PENNOYER: Any further comments on this particular
26 aspect? I would assume that as we go through these projects, that

1 we're going to discuss reasons why they may be appropriate to
2 funding by the Trustee Council, not simply accept the fact that
3 somebody said they might not be. So, I assume that as Ms. Williams
4 brought up, the possible questions are the applicability of the
5 killer whale project, we would in any case discuss and come to some
6 agreement on whether in fact we believe the project is applicable
7 to our mission. But, with that general cautionary the Commissioner
8 has represented, are there any further comments on this aspect?

9 DR. SPIES: I just might say that Ms. Williams'
10 question and a subsequent discussion embrace a pretty basic concept
11 in restoration and in the adoption of the Restoration Plan. It's
12 been my understanding, and I think that the Trustee actions have
13 been consistent with this and in the past that we have monitored
14 injured resources until they return to full health. And, we've
15 done this consistently with out regard to whether we could actually
16 -- necessarily make a real difference in the rate at which the
17 system recovers naturally. Certainly, with harvested resources we
18 can -- we have a greater opportunity because of the adjustment o
19 the harvest effect, but if we adopt this principle, and we'll only
20 be dealing with fish and a few other resources, so I just make that
21 observation in passing.

22 MR. PENNOYER: Mr. Tillery.

23 MR. TILLERY: Along those lines, I think, and maybe
24 perhaps we differ from the Department of Justice in this view, but
25 in my view, the action of monitoring and determining that a
26 resource, particularly one like killer whales that have a lot of

1 public appeal, has returned to full health, is in itself a
2 restoration action because to a large extent the damage that was
3 done by the spill was not only biological, but it was damage that
4 was done to the perception of the people as to the existence of
5 wild animals and so forth in the Sound, And, in fact, that's where
6 we got the money from. We didn't get the money because we didn't
7 catch any commercial fish, we got it because people believe that
8 the pristine nature of the Sound had been destroyed. To fund a
9 project that would then allow people to say, yes, I understand it
10 is now recovered, and I feel better about it, that is in itself, in
11 my view, a restoration action.

12 MR. PENNOYER: Thank you. I thought to that in the past
13 we've argued about how often you had to monitor resources that have
14 been injured and might be recovering, and the argument centered
15 around the number of years in between the times that you conduct
16 the monitoring, common sense type things, rather than the fact that
17 whether you should actually do it, and on a number resources, we
18 have not had a real pay-off yet. There are things that we might
19 do, but we don't know. So as a prudent measure we've monitored
20 them, but there's been big argument whether you do it every other
21 year, every third year, every fifth year, every tenth year. I
22 think all those are still germane, but I was a little bit surprised
23 at the opinion, that unless you've got a known pay-off -- we don't
24 have the known pay-off on a lot of these yet. That's part of the
25 ecosystem monitoring of Prince William Sound, that's part of even
26 on herring and salmon. There are areas we don't have no pay-offs,

1 but we're still looking at them. And, so I think that was very
2 well -- very well stated. We're getting a little ahead of
3 ourselves. Do you want to go ahead and introduce marine mammals,
4 now that we've already delved into the worst controversial one, you
5 want to introduce the topic briefly and tell us what ...

6 DR. SPIES: Yeah, quite briefly the -- we've got, of
7 course the continued decline of harbor seals throughout the
8 northern Gulf of Alaska, particularly in Prince William Sound, and
9 sea lions in the northern Gulf of Alaska, although those that were
10 not identified as injured species, they're part of an ecosystem,
11 that we are concerned about, and we want to restore to full health
12 if we can as part of that system, or at least see a return of full
13 health. We have, in addition, no certain indications that sea
14 otters in Prince William Sound, where we've done most of the
15 monitoring, although we identified the injuries on a wider bases,
16 have fully recovered from the spill. Killer whales, particular AB
17 pod which sustained tremendous losses during '89 and '90, is
18 recovering. There have been a number of births and there's some
19 new younger killer whales joining the pod, and the numbers are
20 growing, and hopefully we'll see that population if all goes
21 smoothly sometime around the year 2000, perhaps, so that's a wild
22 guess by -- I don't know if Craig Mattkin will agree with that, but
23 I think -- it might get back to a full health of killer whales and
24 full strength of AB pod decreased their levels somewhere around
25 that time. Of course, the goals are -- are healthy pod relations
26 of these marine mammals that we're concerned about, and we can

1 under restoration options, if we can monitor the populations, we
2 can possibly achieve some further understanding of the factors that
3 may be restraining recovery and for those species that haven't
4 recovered. So, the initial focus in our efforts in the package
5 before you are on harbor seals and killer whales. Project 95001
6 looks at the health of harbor seals, 95117 looks at the storage of
7 blubber and lipids and of using lipid compositions as fatty acid
8 ratios as a tracer for diet to understand what harbor seals are
9 eating. This is kind of a pilot project in a way that is promising
10 a new way of looking at (indiscernible) interactions, feeding
11 interactions and marine food webs, and we'd like to give this one
12 some funding to begin to explore that for one of the important
13 species that we're studying. And also 95012 which is the
14 comprehensive killer whale monitoring project, it does have a
15 component as I referenced earlier, it looks at predation of killer
16 whales on harbor seals. So, 95012 has both predation on harbor
17 seals, some monitoring of the Prince William Sound pods,
18 particularly the AB pod, and one other transient pod that may have
19 possibly been injured during the spill. Although there will be a
20 wider net cast, I think, in terms of -- if they're out there with
21 the boats, they certainly would like to be looking at other pods,
22 and then there is a genetic component which is an attempt to
23 identify genetic differences between what have been tentatively
24 identified as transient and resident pods of killer whales in the
25 Sound. So, that -- that's the killer whale, I mean that is the
26 marine mammal package, excuse me.

1 MR. PENNOYER: Do we have a motion to approve \$798.5 of
2 additional funding for a total of \$913.2 for marine mammal
3 ecosystem research projects?

4 MR. SANDOR: So moved.

5 MR. ROSIER: Mr. Chairman

6 MR. SANDOR: Go ahead.

7 MR. ROSIER: Second.

8 MR. PENNOYER: Is there further discussion?

9 MR. SANDOR: Jim, I just so moved.

10 MR. PENNOYER: Okay, Ms. Williams.

11 MS. WILLIAMS: I think you responded -- collective
12 response on monitoring was a very good one. I don't think you
13 addressed quite as directly the question about what are the
14 potential restoration benefits of, you know, determining predation
15 by killer whales. What could the Trustee Council do with that
16 information?

17 DR. SPIES: Well, I think it comes under the objective
18 of understanding the factors that may be restraining recovery.
19 Now, whether we can actually do something about it is certainly a
20 valid question, and one that I, in fact, share, but I think these
21 are important parts of this ecosystem. They've got some problems
22 and I think we that we need to understand interactions as fully as
23 possible for these injured species, so that would be the way I
24 would look at.

25 MR. PENNOYER: Might be somewhat the same as disease on
26 herring, which may or may not have been caused by the spill, but

1 restrict our ability to have recovery occur through other actions
2 or whatever, so. Is there further discussion on this item? Is
3 there any objection to adoption of the \$798.5? Given all the other
4 motions that we've added to it on equipment and other aspects that
5 apply to all these projects. Hearing no objection, continue on
6 then to seabird and forage fish interactions, which is --
7 previously approved interim funding of \$249.9, the request is an
8 additional \$180 for a total of \$429.9.

9 DR. SPIES: Mr. Chairman, as you all realize we've
10 been facing some long-term declines of seabirds in the northern
11 Gulf of Alaska, and particularly in Prince William Sound. It's
12 thought by many of the seabird biologists and other people working
13 in the system that these may be due to some sort of as yet
14 undetermined shift and the availability of forage fish for feeding.
15 In other words, food may be limiting factor in this case, and the -
16 - this is a very viable kind of principal hypothesis that is
17 driving this package that's been put together so far. Included are
18 many of the injured species in the spill, such as pigeon
19 guillemots, to some extent murrelets, and birds -- excuse me, and
20 murre. The -- we've funded a '94 pilot project for \$600,000.
21 They've already conducted one cruise, gathered hydracoustic data,
22 and they are scheduled next, in fact, to go out in a second cruise
23 to gather hydracoustic data again on the abundance of forage fish
24 and doing some net sampling. What has happened here as a result of
25 the workshop that was held last winter is that the principal
26 investigators put together an initial package of proposals in the

1 range of about \$3.2 million. It was reviewed, and the peer
2 reviewers thought that they were addressing a major hypothesis --
3 appropriate -- there a lot of questions about the integration and
4 further evolution of this project that was needed to really put it
5 in the field. There was a second revision, greatly improved. We
6 just got that a few weeks ago. The package consisted of nine
7 separate proposals at a total cost of about \$1.2 million. On
8 further consideration, we feel that they have made great progress
9 but there's still some more steps that need to be gone through in
10 terms of -- particularly the management, and the question of
11 leadership, and how this is -- further integration that needs to
12 take place, and addressing particularly -- the sub-hypotheses have
13 to be laid out, although they're implicit in what's been done, they
14 have to be laid out to a greater extent. So, what we're
15 recommending here is a further \$150,000 for planning under 95163I,
16 and that the rest be deferred and I think that we may see this as
17 a request sometime during the year to come back to the Council,
18 possibly with -- with a full package, if the remaining -- further
19 evolution of this project brings to a point where we can feel can
20 recommend it to go forward.

21 MR. PENNOYER: Bob, you do recommend, I guess funding on
22 a couple of separate projects, don't you, that selective forage
23 fish, fatty acid signatures for \$30,000 and the -- I guess we
24 already -- and the kittiwakes is no additional funding, that was
25 already funded -- wait a second. Pigeon guillemot -- or that's
26 already been funded, okay.

1 MR. SPIES: We're not recommending -- except of the
2 fatty acid signatures that -- which we'd like to -- we'd like to
3 see encourage a little bit of work here to go forward immediately,
4 except for that, we really want to see the whole package move
5 forward as one integrated package here.

6 MR. PENNOYER: Okay. Do I have a motion on approval of
7 the \$180,000 part?

8 MS. WILLIAMS: So moved.

9 MR. PENNOYER: Do I have a second?

10 MR. JANIK: Second.

11 MR. PENNOYER: Further discussion? Thank you. Very
12 lucid explanation. Put it off until later. Okay. Next one I
13 believe is the nearshore ecosystem studies for additional
14 recommendation of \$130,000.

15 DR. SPIES: Yes, Mr. Chairman, this is a somewhat
16 similar situation to the forage fish project in that the projects
17 are in this package are similarly evolving into a higher state of
18 readiness to -- to go out in the field. This package, of course,
19 focuses on a nearshore resources, particularly predators that were
20 injured by the spill and include such species as sea otters and
21 pigeon guillemots. There are eight projects that are in this
22 bundle of proposals. They address the abundance and distribution
23 of prey, particularly sea urchins, clams and mussels, and the
24 interactions of the predators with the prey species and their
25 abundance, and also the toxicity components under one of the
26 projects. It's undergone one cycle of review, and the investigator

1 -- the reviewers feel that further integration and planning is
2 needed, perhaps not quite as far along as the forage fish group,
3 but they are planning a meeting, should the -- they are planning a
4 meeting should the Trustee Council approve this initial
5 recommendation for further planning of \$130,000. They will be
6 meeting next week in Fairbanks to try to bring this particular
7 package along.

8 MR. PENNOYER: Bob, one question on both of these, where
9 it says we're going to do these meetings and all this planning and
10 integration, are we talking about bringing something back to us for
11 going in the field with something in '95, or is this a planning
12 process (indiscernible - simultaneous talking).

13 DR. SPIES: That's a -- I think it's a -- certainly a
14 strong possibility that forage fish and certainly it is possible
15 that the nearshore package too, and so, that has to be taken into
16 consideration here.

17 MR. PENNOYER: Okay, thank you. Do I have a motion for
18 the \$130,000 nearshore planning process?

19 MR. ROSIER: So moved.

20 MS. WILLIAMS: Second.

21 MR. PENNOYER: Is there any further discussion on that?
22 Mr. Ayers, you (indiscernible).

23 MR. AYERS: Mr. Chairman, over the course of the last
24 year we put together the Restoration Plan, which also included the
25 discussion of the management structure, including the proceedings
26 from the workshop that we had last year, which I think you all have

1 a copy of now, but we've just completed this. Within this, you
2 might recall this particular management science planning
3 organizational diagram, which is a structure that we put together
4 to make sure that the people, scientist, communities are in -- as
5 well as the Council, are included in designing our science plan,
6 essentially and carry that out and implementing that. What we are
7 now seeing is that during this transition, where we're going from
8 the masses of project approach to a science and ecosystem approach,
9 we have in some cases an overlap where people are still coming in
10 with individual projects and we're trying to gear them towards two
11 things actually, one is what's the priority in working through an
12 ecosystem approach, and the second is, beginning to realize that
13 we've got to get into this structure because we cannot afford to do
14 all of the things, and that's -- that's in particular the case
15 here. We -- we are about to embark on a course of looking at
16 nearshore, but it's got to be coordinated because most of these
17 projects are proposed to be long-term looks, and we cannot afford
18 to do everything, as I mentioned before, and that's the major
19 effort here is to drive this effort back into this structure, where
20 we actually have a coordinating committee, get together with the
21 peer reviewers in the communities, and actual design, in this case,
22 the nearshore plan, as Dr. Spies discussed, and then take a look at
23 that and see how it fits in our ecosystem approach, then move a
24 recommendation to the Council. And, that's what the \$130,000 is
25 designed to do. I suspect that will not be easy.

26 DR. SPIES: I think that -- just to amplify a bit on

1 Jim's comments, I think that one other thing we have to look at is
2 how many of these packages and how do they fit together. Right
3 now, we're worried more about the internal structure of these
4 particular packages, and I think we have to look at the science
5 plans, look at how these things -- there's obviously connections in
6 terms of even methodology in hydracoustics and so forth, between
7 the SEA program, forage fish program. We're looking at similar and
8 related questions. So, we have to really get a -- as these things
9 move forward, we have to really make sure that they're fully
10 integrated to the point that they should be.

11 MR. PENNOYER: So, the request is for the \$130,000 for
12 planning. Is there any objection to the motion? (No objection)
13 It's approved. Next is intertidal/subtidal community structure.
14 The request is for \$615,700 additional dollars, we've already
15 approved \$48.3 for a total of \$1064.0.

16 DR. SPIES: Yes, Mr. Chairman, there were thirteen
17 projects submitted in this category. As we all know, the upper
18 intertidal zone was -- was tremendously affected, and it has been
19 slow to recover from the spill. There are some preliminary
20 indications of recovery in that system, but it still has not
21 completely recovered, despite the way that the people played fast
22 and lose with the definition of recovery in other quarters. The
23 Trustee Council has spent literally millions of dollars
24 investigating the spill-wide damages and their recovery, as well as
25 the dynamics of intertidal communities in such places, in
26 particular in Herring Bay and Knight Island. These projects are

1 now coming to fruition. We've got the final, got the final damage
2 assessment -- or the near final damage assessment -- on the
3 intertidal projects with us. We've got also the results of the
4 Herring Bay project, at least the first couple of years in final
5 form, and what we're recommending here are two projects, 95106, the
6 subtidal eelgrass monitoring. The last visit of this injured area,
7 that is the eelgrass bed and the fauna associated with the beds was
8 -- in -- several years ago. It's time to look at this -- if this
9 system has recovered. This is not new in the sense that we've done
10 this sort of work before, and we know it will work. And, also the
11 second project if 95086, the Herring Bay work, and I see 95 -- just
12 give me a chance to look at the numbers on the sheet here ...

13 MR. JANIK: That's page 8?

14 DR. SPIES: Right. We're recommending 95086A, coastal
15 habitat intertidal monitoring and verification, but we're
16 recommending a revision of that project to -- that we just reduce
17 the project to visiting the previously located sites within Prince
18 William Sound. 95106 the subtidal monitoring, I just went through
19 that, and finally 95185 which is the close-out, and that you've
20 already funded that particular project. For the Herring Bay study,
21 95086D, we're suggesting a reduction of that project to finish up
22 on the ongoing experiments and write up that and report on the
23 results of that particular project. I might also mention that it
24 is our intention to get a intertidal workshop conducted in this
25 coming winter to see where we are in the intertidal studies, and
26 fully appraise the situation in terms of, now that we have a lot of

1 the final reports in, where we need to go with this particular part
2 of the ecosystem.

3 MR. PENNOYER: By coming winter, you're not referring to
4 what's out here, you're referring to next year?

5 DR. SPIES: The snow's a little bit deeper.

6 MR. PENNOYER: A little bit this winter, all right, thank
7 you. Are there further discussion? Do I have a motion on the
8 \$615.7?

9 MR. JANIK: So moved.

10 MS. WILLIAMS: Second.

11 MR. PENNOYER: Is there further discussion on the
12 intertidal/subtidal community structure? One question, Herring
13 Bay, it seems to me we've spent a lot of money over a long time on
14 that. Are you happy that we're getting something that's going to
15 be useful?

16 DR. SPIES: I think, yeah, that's one of the things
17 that one -- people said the Trustee Council never funded ecosystem
18 research, I always took exception, based particularly on that --
19 that program, because they were looking at dynamic process in the
20 ecosystem and indirect effects of the spill on the intertidal
21 community, and interactions between organisms as a result of the
22 spill. So, I think that -- I'm satisfied that we took a good
23 approach there, and we've had a couple of years of that have been
24 reported in the final report, and we're looking forward to the, you
25 know, the wind up of that particular project. We may have come to
26 getting as much as we can out of that project. I don't want to

1 prejudge the latest results.

2 MR. PENNOYER: Further discussion? Is there any
3 objection to the motion. (Indiscernible) Okay, thank you. Next
4 project is as suite of projects are the subsistence projects. That
5 request is \$1,298,100 additional to add to \$329.5 interim funding
6 we already approved, for a total of \$1,627.6. Subsistence, Mr.
7 Ayers, Dr. Spies.

8 MR. AYERS: Joe do you -- one of you should join Dr.
9 Spies on the subsistence issue. Mr. Chairman, the subsistence
10 projects, as you might recall, was actually a phased effort we
11 provided funding for the Department of Fish & Game, Division of
12 Subsistence, to work with local communities to take a look at what
13 has happened with subsistence with regard to oil spill, and in
14 particular to identify projects that would be related to
15 restoration. Now, through the Department of Fish & Game personnel,
16 we were able to make good community contacts. In addition, the
17 Department of Community and Regional Affairs, you might recall, had
18 state criminal settlement funds that were appropriated by the
19 legislature for the purposes of addressing subsistence issues with
20 regard to the oil spill as well. What we did was work with the
21 State in this particular case, in the outreach effort, through the
22 Department of Fish & Game Division of Subsistence and working with
23 the communities. So, when we reviewed the efforts of the community
24 and the Division of Subsistence, what we tried to do is identify
25 those projects which we thought were consistent with the consent
26 decree for the civil trust, and then -- in some cases you'll see

1 that we recommend that the projects be considered perhaps by the
2 state or some other source of funding, and did not necessarily see
3 those consistent with restoration efforts of the joint civil trust
4 fund. In addition, let me say that one of the things that we'll
5 talk about is that -- I think we need to increase our outreach, our
6 community relation -- spill -- relationship with residents of the
7 local communities and working with them in utilizing local
8 knowledge and energy in the effort of restoration, and that too is
9 included in this recommendation. But, perhaps you want to walk
10 through the -- the projects themselves briefly and see if -- just
11 do the overview and then see if there are questions.

12 DR. SPIES: Why I don't I start here. Rita (Miraglia)
13 knows a lot more about subsistence than I do, but I have a set of
14 notes in front of me anyhow, and she can jump in as needs be.
15 We're taking four approaches to subsistence. The first would be --
16 or four strategies, if you will, the first would be restoration of
17 the natural resources themselves, using subsistence, and I think in
18 a broader sense that we can look at, what we're doing for salmon
19 and herring, as well as harbor seals and sea otters in the '95 Work
20 Plan, as a strategy that's all -- that addresses this in many ways.
21 There is a particular -- one particular project that has been
22 brought forward, has a concern by the communities that it's been
23 addressed, as suggested from one of the reviewers came to actually
24 do this work, and we think it's -- it's a very interesting project
25 that we want to see developed. It's a project to assess abundance
26 of chitons and octopus, 95009D, is being proposed for about

1 \$125,000. The second strategy, if you will, will be the shoreline
2 clean-up. There are continuing questions about the -- the
3 contamination of shoreline around Native villages, in the spill
4 area, in Chenega and also in Kodiak. We have two projects in front
5 of you, 95266 for \$75,000 that would review the available treatment
6 technologies, and do some pilot clean-up on some of the beaches
7 around Chenega, and the second project, 95027 for \$447,000 is the
8 Kodiak shoreline assessment. We have not been out to these areas
9 before. There is a continuing concern about contamination, whether
10 there is contamination, would it be related to spill, perhaps
11 there's some other sources as well, but this is an attempt to go
12 out and reassess the Kodiak shoreline, through the rest of those
13 concerns. The third strategy includes information, planning and
14 safety. There's a number of projects which I won't name by number,
15 but there is one project that is a close-out of a subsistence plan
16 that were to identify community needs and priorities for resources
17 and services, and the others really address community outreach and
18 involvement in one way or another, and there's five projects in
19 this group, for a total of \$602,000. And the fourth strategy is
20 for enhancement for replacement of subsistence resources. Included
21 are two -- a second year of a five year effort to create a run of
22 chinook salmon near Chenega Village by remote releases of smolt.
23 A second effort to do NEPA compliance port proposed salmon, remote
24 release near Tatitlek and Prince William Sound, and a pilot project
25 to raise littleneck claims for replenishing natural stocks, and
26 this has been requested by Nanwalek on Port Graham, and I think

1 there's been, also some participation by Tatitlek. These three
2 projects under the fourth strategy total approximately \$279,000.
3 I don't know if it really has any further comments to make. Jim
4 already covered the possibility that subsistence projects that have
5 been identified by the outreach process that are not fundable by
6 the Trustee Council because of policy and legal concerns could be
7 addressed by an action of the -- as the legislator -- in the case
8 of the criminal settlement.

9 MR. PENNOYER: Dependent on how long this discussion is
10 going to take, we need to adjourn this meeting at about 12:00
11 o'clock, so you've got about five minutes to get as far as you can
12 get with this, and we may have to take it up again at 1:00. Are
13 there any initial questions people want to ask before we break? I
14 don't think we're going to finish this by noon, so ... Mr. Rosier.

15 MR. ROSIER: Thank you, Mr. Chairman. I had one
16 question in regard to 027, I'm not sure I fully understand what's
17 involved with the -- with the request here. We're talking about a
18 final comprehensive assessment of Kodiak Island shoreline in the
19 tune of about a half -- roughly a half a million dollars. In this
20 process, what we know about retained oil and so forth at the
21 present time, is there such a thing as a final comprehensive list
22 and what are we going to accomplish with this particular program?

23 MS. MIRAGLIA: (Indiscernible) like DEC project to go in
24 and assess what oil remains on the beaches in Kodiak. I know that
25 in some of the oil spill meetings the Subsistence Division had down
26 in Kodiak, people talked about residual oil on their beaches, and

1 this is seen as an opportunity to go out and either verify that
2 it's there or find that it's not there.

3 MR. AYERS: Mr. Chairman, Commissioner Rosier, at the
4 request of the Council, one of the things that we had done over the
5 course of the last few months, when we weren't doing some other
6 things is visit some local communities. We did visit Kodiak, and
7 spend some time talking with elected officials, but also local
8 community people about the various aspects related to the Exxon
9 Valdez oil spill. Mark Broderson and I were both out there
10 together at one point, and then Mark revisited and talked with some
11 of the local community people. I did spend some time with Jerome
12 Selby, Mayor of Kodiak, and some of his staff who has actually
13 taken the time and energy and cost to actually go photograph areas
14 where there were -- where the tide was still leaving traces of --
15 and what he described as significant traces, of oil. We looked at
16 the photographs, we spent some time talking with people, DEC did
17 some follow-up work with the local communities and discussions with
18 the local communities. It's not clear that there is a significant
19 amount of subsurface oil, but it's also not clear that there has
20 been since there is such a massive shoreline, it's not clear those
21 locations where communities are concerned, we need to go take a
22 look with the community and see exactly what is there and make a
23 decision. I think there is enough question that's been raised,
24 that it warrants a look at some of those locations, and in
25 particular in this case, you mentioned the amount of money and the
26 effort, certainly you could exhaust far more than this, and that

1 was the original proposal in going out, but we thought we would
2 identify those areas where the communities seem to be most
3 concerned or seems to be some general agreement that those are the
4 areas that ought to be looked at and see actually what's there and
5 do a comprehensive final report. It may lead to something, but --
6 it may lead to some further restoration effort, but the one thing
7 that we -- we know it will do, is it will help us work with the
8 local community to resolve the issue of whether there's oil there
9 or not, and if there's not, then it will satisfy that concern that
10 it's just a working of some light oil. On the other hand, if there
11 is some subsurface oil on some of those sites, then we'll have to
12 make a decision about what is significant amount and take action on
13 it.

14 MR. SANDOR: (Indiscernible)

15 MR. PENNOYER: Okay, Commissioner Sandor.

16 MR. SANDOR: It's clear we're going to break. After
17 lunch Mark Broderson will represent the Department of Environmental
18 Conservation as I have an appointment out at Elmendorf, but I
19 wanted to say how pleased I am with the amount of work that's been
20 done and the process that's been developed, and particularly the
21 actions taken yesterday in the Work Plan package that we have.
22 This has worked so much better than in the past. It's really been
23 remarkable, and what's especially good is to see the products of
24 close coordination between the Chief Scientist and the Executive
25 Director. The other thing, I think we've set some kind of a record
26 on in approving the Restoration Plan, the same day we approved

1 Restoration Plan to actually approve so many items to implement
2 that plan, as opposed to putting a plan on the shelf. So, I know
3 I certainly commend the staff and folks that worked on this
4 proposal and the public input. Finally, with regard to
5 subsistence, Mark will represent what the department is doing.
6 But, please keep in mind that these communities, Tatitlek and the
7 other villages are partners, they were heavily impacted by the
8 spill, and if for any reason you propose to reduce funding for
9 legal or whatever reason, give them a voice. Thank you, Mr.
10 Chairman.

11 MR. PENNOYER: We'll take a break now until 1:00 o'clock
12 this afternoon.

13 (Off Record 12:01 p.m.)

14 (On Record 1:06 p.m.)

15 (Mr. Mark Broderson is seated as alternate for Commissioner
16 John Sandor, Alaska Department of Environmental Conservation)

17 MR. PENNOYER: I think we're all present and accounted
18 for. I know there are less people here than there were this
19 morning, but we announced 1:00 o'clock, so if everybody is ready
20 would you please take your seats and let's proceed down the list.
21 As we -- we still waiting for DEC.

22 (Long Pause)

23 MR. PENNOYER: I think as we left the discussion this
24 morning, we were still on subsistence projects, we'd just asked
25 some questions about the Kodiak shoreline assessment. I'd asked
26 Commissioner Rosier do you have further questions about that

1 project or want further information from Mr. Broderson.

2 MR. ROSIER: Not at this time, Mr. Chairman, thank you.

3 MR. PENNOYER: Okay. I guess, Dr. Spies had generally
4 presented the information, categorized it into two or three
5 separate pieces. Are there further questions about any of the
6 projects? Ms. Williams.

7 MS. WILLIAMS: Mr. Chairman, yes. I would like to, if we
8 could, elaborate a little more about the restoration benefits,
9 particularly of 95138, the elders/youth conference, and also 95052,
10 community interaction/use of traditional knowledge. If you could
11 take one at a time though, and I'm particularly interested in -- in
12 your analysis of the restoration efforts of the elders/youth
13 conference.

14 MR. AYERS: Mr. Chairman, perhaps one of the things
15 that I think would be helpful is to represent that we've been
16 engaged in a number of conversations about these projects, and in
17 particular this project, we've discussed with the division ...

18 MR. PENNOYER: Which is this project ...

19 MR. AYERS: Mr. Chairman, Ms. Williams, were you
20 referring to 95138?

21 MS. WILLIAMS: Yes.

22 MR. PENNOYER: And then 95052..

23 MR. AYERS: Yeah, but then she was -- Mr. Chairman,
24 Ms. Williams, my understanding you wanted to discuss 95138 first.
25 Okay. Mr. Chairman, Ms. Williams, 95138 has been a project where
26 we have on numerous occasions talked about the importance of having

1 local people involved in our restoration efforts, and in
2 particular, there are a number of people, not just in Prince
3 William Sound, but throughout the villages that are within a spill
4 area, that have talked to us about the importance of them -- those
5 people actually living in those villages participating in this
6 effort, and more importantly finding a way to convey the importance
7 of restoration efforts and management to the next generation.
8 That, in fact, their participation in these restoration efforts
9 and, I am convinced that restoration is going to improve if the
10 people that are living in the area, actively interacting with many
11 of the injured resources are more involved. This particular
12 project has had numerous conversations, and in particular,
13 providing the opportunity in an actual -- I don't want to say
14 formal setting, but a structured setting that would allow elders to
15 discuss their common experiences, their concerns and knowledge and
16 information, and allowing them to help others in the community
17 understand the importance of restoration, what's going on with
18 restoration, and how the youth might also understand the recovery
19 of injured resources depends on how they behave and interact with
20 those injured resources. This particular project, however, is one
21 of those that has been objected to by Justice, as I understand it.
22 I have talked with Justice about this project, and, I guess, it's
23 my feeling based on what I heard from Bill Brighton -- and I don't
24 see Jean in the room ...

25 MS. WILLIAMS: I wish she were.

26 MR. AYERS: Yeah, so I don't want to represent Justice

1 in general, I specifically talked to Brighton. Their concern was
2 that this project needed to be more specific along the lines that
3 I'm talking about.

4 MS. WILLIAMS: I mean, what you just said was very
5 compelling.

6 MR. AYERS: And that is exactly what I talked to them
7 about. It is indicated -- that is a reflection of what is intended
8 in part of this project with Justice, as I understand it, saying
9 they accept that part of it, but they think that part ought to be
10 the more elaborate part of this project, rather than just a general
11 subsistence, elders/youth conference. I think we understand that.

12 MR. PENNOYER: You're differentiating this from general
13 education projects, which, I know, a lot were discounted early on.
14 This is not just a general education for the public, this is
15 specific education relative to implementing restoration that
16 (Indiscernible - simultaneous talking) might have to be done
17 through management measures or something of that nature?

18 MR. AYERS: That's exactly right, Mr. Chairman, and
19 one of the perfect examples of that, I think, is our discussion
20 about harbor seals. What is -- what is going on with harbor seals,
21 and how can we interact -- how can we provide information and
22 provide for the opportunities for the local communities to interact
23 with us with regard to the management of harbor seals, and in
24 particular the knowledge about harbor seals needs to be shared with
25 us and it can be very helpful in restoration, and youth need to
26 understand what -- how management works and what is actually going

1 on with that injured resource. And, without that knowledge, that
2 exchange of knowledge, we're going to continue to struggle with, at
3 least with that particular interaction with that injured resource.

4 MR. PENNOYER: Mr. Ayers, why is that different from
5 95052 then, which is an outreach program to get more information
6 about injured resources in communities?

7 MR. AYERS: What is intended, and you'll see a couple
8 of other conferences in here, this -- this 95138 is a specific work
9 session, let's call it, much like the other work sessions that
10 we're talking about. This is a particular work session to allow
11 communities to talk about the injured resources, for the elders to
12 share information with us and to impart that knowledge with the
13 youth about how they can help restoration. The other project 052
14 is an effort for us to extend that commitment throughout the
15 communities and to continue to work with the communities with
16 regard to restoration on an ongoing basis. One is a specific
17 workshop, the other is a general outreach effort to keep the local
18 communities involved in restoration.

19 MR. PENNOYER: Mr. Janik, do you have a comment?

20 MR. JANIK: No.

21 MR. PENNOYER: Is there any further discussions of this?
22 Are there other discussions of the subsistence? Ms. Williams.

23 MS. WILLIAMS: So, Jim, will 95138 be modified to reflect
24 what you said?

25 MR. AYERS: Yes, I think we need -- we've already been
26 talking about that, and I don't -- do you have the -- I don't see

1 the recommendation. The recommendation says discussion of means to
2 assist in the recovery of injured resource, and that -- that is the
3 recommendation, to fund the project as revised and to focus on
4 discussions on means to assist in the recovery of injured
5 resources, and we need to -- probably need to do some further
6 elaboration in the brief project description, but certainly when we
7 do the detailed project description, that's exactly what that would
8 do.

9 MR. PENNOYER: Are there further questions? Do I have a
10 motion on subsistence for \$1,298.1 additional funding?

11 MR. TILLERY: I move to adopt.

12 MS. WILLIAMS: Second.

13 MR. PENNOYER: I have one more question before we vote on
14 it. There is a program that Chenega -- Chinook release program.
15 I know, salmon release programs have raised a lot of questions as
16 to where we going to go with them, and we've got one thing, and
17 we're going to do planning, and this is not -- we only funded that
18 this one year. Can you elaborate on the rationale for this
19 project, a little bit? How it relates to subsistence particularly,
20 how it relates to services that might have been lost.

21 MR. AYERS: My sidekick and loyal companion has now
22 educated me on this particular project.

23 MR. PENNOYER: That was quick. (Laughter)

24 MR. AYERS: Subsistence harvest in -- in most, or
25 actually all Alaska Native villages, Prince William Sound, Lower
26 Cook Inlet and the Kodiak Island, have dropped notably in the year

1 following. But, these particular, the effects of the spill remain
2 in some of these communities, but the two Prince William Sound
3 communities, Chenega Bay and Tatitlek have been the slowest to show
4 signs of recovery of subsistence use patterns. The traditional
5 harvest in these two communities, which are exclusively Prince
6 William Sound, contains the largest number of resource populations,
7 which were injured. In the year after the spill, the harvest in
8 Chenega and Tatitlek fell at least sixty percent, and the range of
9 subsistence resources use dropped by half. Unlike other spill area
10 communities, there has been no increase in harvest levels during
11 the second post year -- post spill year in Chenega Bay and
12 Tatitlek. They remain abnormally low, and the -- I guess the
13 important feature here without going on, but certainly we could go
14 on, is that the diversity of resources used for subsistence remains
15 unusually low in Chenega Bay and, on an average, households in this
16 village used about nineteen kinds of wild foods per year before the
17 spill. In '93, the average was below sixteen, and in particular,
18 these projects are directed at Chenega and Tatitlek. They are
19 designed to provide for subsistence opportunities primarily, to
20 restore subsistence, and in particular to either phase out or
21 become self-sustaining, at least economically self-sustaining
22 efforts. It is not the intention that we would do these annually,
23 indefinitely, but to provide for the subsistence resource recovery
24 -- subsistence -- trying to avoid the word service, so that I don't
25 ...

26 MR. TILLERY: You can use that.

1 MR. PENNOYER: As long as you're using a natural resource
2 to restore that service.

3 MR. AYERS: This is actually -- I guess, as Molly
4 points out, the word that would probably be most acceptable would
5 be the word "replacement," and so, this satisfies -- this
6 satisfies, we think, the concern about that this is a replacement
7 resource for subsistence users and it satisfies what we thought was
8 another concern by, in particular the Department of Justice, that
9 we weren't engaging in a long-term commitment. This will become a
10 self-sustaining project. Eventually, this project will be managed
11 through the return.

12 MR. PENNOYER: The planting has already occurred for one
13 year under previous funding?

14 MR. AYERS: The EA on Chenega has been completed, and
15 I think it was a multiple year EA, which was a question that
16 somebody had raised. There has not been an EA on the Tatitlek
17 release, but it is proposed in that project that we complete a --
18 an environmental assessment prior to proceeding with the project.
19 So, it would be like the previous projects we've discussed. There
20 would be an EA completed, if that was completed satisfactory then
21 we would proceed.

22 MR. PENNOYER: The only other comment I've heard is that
23 we should, whenever possible, try and restore the injured resource
24 rather than just substituting, and I guess in this case, we're
25 saying that this is the best option to provide the service through,
26 or replacement resource, and we haven't yet found out how to

1 restore the injured resources that they were depending on.

2 MR. AYERS: That's exactly right, Mr. Chairman, I
3 think that is the issue. Pink salmon, herring and the harbor seals
4 that are usual subsistence resources are injured resources in this
5 particular case, and that those subsistence users, in fact,
6 deserve, so to speak, a replacement resource, while those other
7 injured resources are recovering. It is not reasonable to assume
8 that they would wait for years while those other resources
9 recovered before -- and then -- before they would actually be able
10 to engage, or continue their subsistence way of life. This is
11 replacement resource and it seems reasonable to me, and that's why
12 we're recommending it.

13 MR. PENNOYER: Mr. Tillery.

14 MR. TILLERY: Mr. Chairman, the proposal for the
15 Tatitlek coho, the lease -- which is listed 127, is just a NEPA
16 compliance, which my suspicion is it could be done fairly quickly
17 in light of the work that's already been done on Chenega. Is the
18 plan to come back to the Council for funding this year before the
19 summer plan?

20 MR. AYERS: Yes.

21 MR. TILLERY: Okay.

22 MR. AYERS: That's in our whole plan, yes. And, as we
23 mentioned earlier, we don't think that -- we don't think finding a
24 meeting time will be a problem.

25 MR. PENNOYER: Perhaps one last question before we finish
26 this. Can you tell me what role octopus plays in subsistence

1 economies in these areas and for \$125,000 worth of survey effort.

2 MR. AYERS: Mr. Chairman, actually, we might put a --
3 Rita and Dr. Spies on the -- on the assignment here, but Rita do
4 you want to just take crack at it -- and I -- Dr. Spies does have
5 some information. In particular, Dr. Peterson has been -- has been
6 pretty emphatic based on his personal view of this all along, but
7 Rita why don't you ...

8 MS. RITA MIRAGLIA: I don't have percentages in front of
9 me in terms of, you know, what percentage octopus has been in the
10 diet, but I do know from spending quite a bit of time out in the
11 Prince William Sound villages, from right -- you know, from 1990
12 on, people have been talking about octopus in the nearshore being
13 gone, not even down, but gone, and that's been a consistent thing
14 that people have reported over the years, and it's something that
15 people are very concerned about. I don't think that octopus, per
16 se, make a very large portion of the diet, it's an important --
17 it's important to people to have that. It's part of the diversity
18 that they really enjoy, and their concerned about what it may mean,
19 the fact that those octopus are no longer there, what it may mean
20 for what's going on in that nearshore environment.

21 MR. PENNOYER: Further questions:

22 MR. JANIK: I have just one comment. Thank you, Mr.
23 Chairman. I guess I feel obligated to make this comment, even
24 though there was earlier discussion on project 95207, the Kodiak
25 shoreline assessment. I think the discussion on purpose and need
26 was very persuasive. A number of questions came up on the level of

1 funding associated with the project that \$447.8, and the answers
2 were provided. Over lunch, as so often happens, though, I was
3 approached by three people questioning that number and I'm just
4 suggesting to both Dr. Spies and the Executive Director that to
5 really look into that as you start getting closer to the actual
6 planning of this and the detailed way, and make sure that all the
7 existing data that already exists with regard to oiled beaches and
8 so on, and some of the inventories that were done be well utilized,
9 and if any cost savings can be realized from that, that obviously
10 is something we should be disciplined and be doing. Just wanted to
11 give that feedback.

12 MR. PENNOYER: Thank you. Mr. Ayers.

13 MR. AYERS: Mr. Chairman, one of the things that I
14 mentioned in my earlier comments and perhaps it was -- I meant to --
15 - some people said you constantly are sending this message about
16 budgets that are not sustainable, and certainly this year exceeds
17 that, and let me say that, I have not and cannot say that I -- I
18 have all of the details of each of these budgets, but I can tell
19 you that we've spent a lot of time on these budgets. Most of these
20 budgets have been reduced. Earlier I -- someone pointed out that
21 I said that I believe most of these budgets have a ninety percent
22 credibility. I suspect that it is the case that most of these
23 budgets fall within the category and -- and the comments by Mr.
24 Janik could apply to almost any of these, that there has been --
25 they probably could be reduced. I don't know what the right amount
26 is, I don't know that perhaps we shouldn't take ten percent out of

1 all budgets. I have a -- at the work of Tracy Cramer and
2 additional staff, you know, we've been trying to go back and go
3 through the details of the massive amounts of -- of bullets and
4 boat charters, and boats, and lab equipment, and computers, now
5 that was the basis of the earlier motion about equipment. In this
6 particular project, it is the case that there's been a lot of
7 research done on the shoreline. We talked to DEC about that, if
8 you went back and looked at this original proposal, it was for some
9 \$800,000. We reduced it to \$400,000. Certainly, there are people
10 that approach me on this project, probably the same people that
11 approach you and said you could do helicopters spotting and do some
12 pilot or some sample work and get the same analysis. I don't know
13 if that would satisfy the public's interest and actually working
14 with some professionals in looking at these beaches. So, let me be
15 crystal clear here. I do not recommend this project based on the
16 fact that I believe that there's a good substantial basis, or
17 scientific basis for saying that beach probably has oil on it. I'm
18 suggesting that there might be oil on that beach, but perhaps just
19 as importantly, the communities want to know that there isn't, and
20 that it is more than just the issue of is there oil there or not,
21 it is the issue of the communities want us to go look, and they
22 want to participate in that looking, and that is why it's boat
23 charters and a lot of travel. It's probably excessive with regard
24 to a comparison to a helicopter spotting of is there oil, but it
25 also is the case that this particular project has a commitment to
26 the local communities to spend the money to involve the communities

1 and go in and looking at those beaches. So, there's two issues.
2 One, is this specific project. This specific project is about
3 having the communities involved and the issue of looking at the
4 beaches. But, there's also the issue of how much did something
5 cost, and that particular principle applies to all of these
6 budgets. And so, I haven't got a recommendation that you reduce
7 all budgets ten percent, but I don't know that it wouldn't be a
8 reasonable thing to do.

9 MR. PENNOYER: You looking for a motion?

10 MR. AYERS: I'm just suggesting that -- I'm just
11 suggesting that Mr. Janik raises two good points. One is
12 specifically about this project, and the other is what is the right
13 amount of funding?

14 MR. PENNOYER: Well, then specifically the follow-on
15 question might be as you get the work plans are you intending to do
16 any further cost savings or is this money, quote, a guaranty.

17 MR. AYERS: We intend to -- and many of -- and
18 actually all these projects are subject to detail project
19 descriptions which is what's in the general memo that you adopted,
20 and we intend to work with -- and that is a lot of the discussion
21 that's going on and around -- going on in the background. Yes, I
22 intend to implement ...

23 MR. PENNOYER: So, we would expect none of them would go
24 up, but some of them might go down?

25 MR. AYERS: I would expect most will go down some, and
26 none will go up.

1 MR. PENNOYER: Thank you. Any further discussion on the
2 subsistence package of proposals? Ms. Williams.

3 MS. WILLIAMS: Jeana with Justice was not in the
4 beginning part of the conversation, and I just wanted to, not to
5 reiterate, but to ask Jeana to meet with Jim. We had an extensive
6 discussion, Jeana, on 95138, in particular, and came up with a
7 modified focus, which you'll want to discuss with Jim, and that is
8 the motion now on the table.

9 MR. PENNOYER: Okay. I forgot, do I have a motion?
10 Okay, I have a motion for \$1298.1, and is there any objection to
11 that motion? (No objection) Fine, thank you, it's passed.
12 Turning two pages, two and a half pages ...

13 MR. AYERS: Mr. Chairman, to close out that previous
14 comment, if I may, one of the things that we were just talking
15 about that probably would be worthwhile, is to let people know that
16 we expect that their brief project descriptions and budgets will
17 come in with a ten percent reduction with -- with some sort of
18 specific identification of what would happen if they were reduced
19 ten percent.

20 MR. PENNOYER: Fine, thank you. Next category is other
21 fish/shell fish projects. We've already authorized interim funding
22 as \$365.9. The request is only \$53.7, under a large list of
23 projects for a total of \$419.6. Do you want to take us through
24 that?

25 MS. WILLIAMS: Mr. Chairman, did (indiscernible) make a
26 motion on what Mr. Ayers just said?

1 MR. PENNOYER: Like what are you saying, this is an
2 accepted procedure we've already adopted?

3 MR. AYERS: Mr. Chairman, I certainly would appreciate
4 the motion.

5 MS. WILLIAMS: I think you need it.

6 MR. PENNOYER: Do I have the motion for ten percent
7 reduction with the impacts noted to each project leader, request
8 that they pass that.

9 MS. WILLIAMS: So moved.

10 MR. PENNOYER: Do I have a second? I didn't say we were
11 going to adopt it. It says each project leader is suppose to come
12 in and tell us what it would do their budget if we reduced it ten
13 percent, and the you make a judgment of that. Correct?

14 MR. AYERS: That's correct.

15 MR. PENNOYER: You haven't asked them to reduce by ten
16 percent. Mr. Tillery, question before you second.

17 MR. TILLERY: What is then ...

18 MR. PENNOYER: I don't have a second.

19 MR. TILLERY: What happens, the Executive Director would
20 then decide whether to cut it ten percent or what? I don't
21 understand -- to make it clear.

22 MR. PENNOYER: Whenever you go through a detailed project
23 -- process anyhow, there is a possibility of projects being altered
24 or reduced or something happening to them. Would you explain how
25 that happens. Do you come back to us if you're going to make a
26 significant change in the project.

1 MR. AYERS: My experience thus far is that, generally
2 speaking, people do not come in and volunteer that there will be a
3 reduction in their budget. However, during -- there have been
4 cases where the detailed project description raises some questions
5 by the peer reviewers about that project. It also has been the
6 case that in a couple of cases, when it came in a detailed project
7 description, issues like boat charters, for example, become a
8 little clearer. It also raises the question about boat charters --
9 where boat charters are purchased but other boat charters are
10 purchased and they purchase food and fuel and some of those things,
11 and when ferreting out we take -- it's removed. In this particular
12 case, I guess what's -- I don't guess -- what you would be doing is
13 exactly as Mr. Tillery suggests, you would be authorizing Dr. Spies
14 and I to look at those detailed project descriptions, and the
15 detailed -- what ten percent would mean, and make a judgment call
16 about whether or that it would -- it would be devastating to the
17 project to have the ten percent removed. I suspect that the
18 Washington Monument approach will come to play here, but I think
19 it's a worthwhile task. The question is, I guess, before the
20 Council is, do you want to delegate ten percent authority to Dr.
21 Spies and I?

22 MR. TILLERY: Second.

23 MR. PENNOYER: You're seconding it? Okay. So, it might
24 be ten percent, it might be less, it depends on what the
25 (indiscernible - simultaneous talking).

26 MR. AYERS: I doubt that anyone would come forward and

1 say they could do their project, but ...

2 MR. PENNOYER: But, that you might choose more than that
3 at some point. If it went beyond ten percent would you bring it
4 back to the Council?

5 MR. AYERS: I would accept that, yes, that seems to be
6 the prudent approach.

7 MR. PENNOYER: I don't know how this works exactly.
8 Well, are there any objections?

9 MR. AYERS: I suspect there's a limit to the six
10 (indiscernible).

11 MR. PENNOYER: Are there any objections to this proposal?

12 MR. ROSIER: I object.

13 MR. PENNOYER: Okay, is there any further discussion or
14 modification of this proposal, or just leave it the way it is, come
15 back with detailed project descriptions to review them and reduce
16 if -- again, I am not sure I'm not sure I got an answer to the
17 first question. They come in with a detailed project description,
18 and you think they could get by with ten percent less money, what
19 happens? Do you just do that, or does it come back to the Trustee
20 Council?

21 MR. AYERS: No -- just far I think that most of the
22 agencies and the contractors have made it clear that they don't
23 think that I have that authority.

24 MR. PENNOYER: So, you would come back the Council, then?

25 MR. AYERS: They -- it is clear that I -- now, let's -
26 - now -- (indiscernible) clear here. I do believe that it is

1 within the authority of the Executive Director to withhold the
2 funds from being releases if they haven't satisfied the conditions
3 of the project that you've approved. It's also the case that some
4 projects have been, at least delayed, if they haven't been able --
5 if they don't submit detailed project descriptions that are
6 satisfactory to the peer reviewers and the Chief Scientist.

7 MR. PENNOYER: So, again, absent this motion, you go
8 through and review the detailed project descriptions, make your own
9 judgment as to whether they get by some less money or not, and then
10 you just hold the money out that you couldn't come to agreement
11 with, and until you came back to us.

12 MR. AYERS: That's -- that's correct.

13 MR. PENNOYER: So, the only difference ...

14 MR. AYERS: We have not been able to do -- we do not
15 have the authority to reduce ...

16 MR. PENNOYER: Okay, so the only real difference then,
17 the motion would require project leaders to actually come and say
18 what would happen to your projects if it was reduced ten percent.
19 Other than that, it's the same, effect. Anybody have a substitute
20 motion, or shall we just pass on from this. Okay, thank you.
21 Other fish and shellfish projects, \$53.7.

22 DR. SPIES: Mr. Chairman. There's two projects that
23 are being recommended here. First, is project 95139, which is wild
24 -- funds to do -- carry out a wildstock supplementation workshop,
25 and the issue that's being addressed here is that we're getting
26 lots of projects for on the ground, hands-on, restoration for --for

1 restoration of wildstock of fish, and such activities include,
2 channel clearance, transplantation, of smolts, stream side egg
3 boxes and so on, and there's a variety of opinions in the
4 biological community about the appropriateness biologically and
5 genetically of some of these things, and there's also an issue of
6 cost effectiveness of these types of approaches. So, we think it
7 would be appropriate to hold a workshop with a small amount of
8 funding here, \$750,000 through the Department of Fish & Game to get
9 together and access the different types of things that are being
10 proposed in this direct restoration of fisheries, and come to some
11 common understanding so we can proceed with the policy for our
12 future work with the Trustee Council, on this issue.

13 MR. PENNOYER: What's the other project?

14 DR. SPIES: The other project is the Montague Riparian
15 rehabilitation project, 95139C1, it's for \$46.2. This is a
16 continuation of work done in the past. There is a situation on
17 Montague Island where there is a march area that's filled in over -
18 - over the period that I think would be considered the replacement
19 action, where we've gone in and removed some of the fill from the
20 stream bed, rehabilitated the stream bed, and removed some of the
21 vegetation, as I understand it, and there's a -- this is to
22 complete the work and to continue monitoring the situation. It
23 also includes a provision for money for the Forest Service to
24 participate in the workshop mentioned above, that's in 95139.

25 MR. PENNOYER: Questions by the Trustee Council? Mr.
26 Tillery.

1 MR. TILLERY: Do I understand that this -- it's going to
2 take \$7500 for Fish & Game to put on and participate in a workshop
3 and it's going to take \$7500 for the Forest Service to be there?
4 Is that the same workshop?

5 DR. SPIES: Excellent question, Mr. Tillery, and I
6 think the only ones that are going to attend it -- there are
7 others, I think, there will be contributions certainly from the
8 peer review side of the ledger here in terms of getting peer
9 reviewers there and so forth. We have a representative from the
10 Forest Service would might be able to answer Mr. Tillery's
11 question.

12 MR. PENNOYER: Dr. Gibbons.

13 DR. GIBBONS: Yeah, Mr. Chair, the -- the recommendation
14 was for a symposium or a workshop of \$15,000 to conduct for this --
15 for a workshop. We felt that we could take that money -- it was
16 suppose to be chaired or headed by the Forest Service and Fish &
17 Game. We said we would include that funding under our existing
18 funding under the project for Montague Island. So, it's -- it's
19 not for our participation, it's for our helping Fish & Game to
20 conduct this workshop.

21 MR. PENNOYER: So, we just sort of moved it from one
22 place to another (indiscernible - simultaneously talking).

23 DR. GIBBONS: Right. Instead of putting \$15,000 in 139
24 and then funding \$46.2 for Montague, we said we could do that both
25 for the \$46.2.

26 MR. SANDOR: You save some \$500, you got a discount.

1 MR. PENNOYER: Bob, can you explain what a wildstock
2 supplementation workshop differs from 093, which is wildstock
3 supplementation in Prince William Sound on the pink salmon?

4 DR. SPIES: Well, I think that the -- the workshop
5 would encompass some of the issues that are being proposed under
6 093, and that the peer reviewers have alerted us to potential --
7 some potential concerns there that we have to -- to work through,
8 so I think this -- this would be an excellent forum to bring those
9 issues forward that have been raised in the review of 093 and deal
10 with it.

11 MR. PENNOYER: Would this be in time to assist in the
12 planning of 093?

13 DR. SPIES: That particular point was brought up to my
14 attention yesterday, and I think that we have not scheduled that
15 workshop yet, and we would want to schedule that as soon as we can
16 if the Trustee Council approves funding, so that can be taken into
17 consideration in our planning.

18 MR. PENNOYER: Seems it would be a shame to plan 093 to
19 hold the workshop and discover it didn't work.

20 DR. SPIES: Exactly.

21 MR. PENNOYER: Further discussion on \$53.7, do I have a
22 motion on it.

23 MS. WILLIAMS: So moved.

24 MR. PENNOYER: No second, oh.

25 MR. JANIK: Second.

26 MR. PENNOYER: Moved and seconded we approve \$53.7 for

1 other fish/shellfish projects as outlined by Dr. Spies. Any
2 objection? (No objection) Thank you. Next item is ...

3 MS. WILLIAMS: Mr. Chairman, I do have a substitute
4 amendment to the previous item. Can I put that on the table now?

5 MR. PENNOYER: Sure, go ahead.

6 MS. WILLIAMS: Because I don't know whether Commissioner
7 -- there were really two issues that were embodied in the first
8 commitment, and that was, I think that we gave the Executive
9 Director the authority to ask everyone to come in with a budget
10 that justified 100 percent as opposed to 90 percent, or what would
11 happen with that ten percent margin. And then, the second aspect
12 of the motion that we give the Executive Director ten percent
13 discretion. That Executive Director working with Dr. Spies and
14 whomever else, has the discretion to cut budgets by as much as ten
15 percent. Now, I -- I think both of those have merit, but the one
16 that I am more interested in is the second aspect of it. Candidly,
17 I think, all of us probably have some concern that in these budgets
18 which we can not be intimately acquainted with, there might be some
19 room for cutting, and I think fiscal prudence would warrant our
20 giving the Executive Director as he and his staff go through and
21 really roll up the sleeves on these budgets, some discretion to
22 trim back, as trimming seemed appropriate. We put a lot of faith
23 into our Executive Director and his staff, and I think that faith
24 is warranted. I have been a past Executive Director in the past,
25 that's the kind of authority that I would like to assure the
26 Trustee Council really that we are being fiscally prudent. That in

1 the press of recommending and endorsing this many projects, we
2 still have one further step to assure that these are very tight
3 projects, and that if any cost savings can be generated with
4 further scrutiny, they will be generated and implemented. So, with
5 that background, I will have a revised motion which would cut out
6 the first part, everyone has come in with revised budget or a
7 justification budget, I can see how that is burdensome. Drop
8 that, but just look at the second half, and that is I would move to
9 give the Executive Director authority to go up to ten percent cuts
10 to implement costs saving measures in the projects that we have
11 heard.

12 MR. PENNOYER: Got a second? I have a mind it would be
13 easier issue to do the first one. (Laughter)

14 MS. WILLIAMS: Well, I'm more interested in the second
15 candidly. The first one, I mean if someone has a replace budget it
16 wouldn't force them to go through that process. The second would
17 give our Executive Director and his staff the authority to trim up
18 to ten percent.

19 MR. PENNOYER: I don't hear a second. Thank you very
20 much.

21 MS. WILLIAMS: You're welcome.

22 MR. PENNOYER: Okay, we're back to other bird projects
23 and the amount that we approved already for the interim was
24 \$132,000. The amount requested here is \$682.8 for a total of
25 \$814.8. Dr. Spies or Mr. Ayers, do you want to take us through
26 other bird projects. There are a lot of them.

1 DR. SPIES: About a half a dozen projects here that
2 address birds that were injured by the spill, one way or another,
3 and their monitoring and restoration activities. 95091 (95021) is
4 a project to look at seasonally use and pelagic habitat use by
5 common murres from the Barren Islands. 95029 is population survey
6 of bald eagles to check the population status. There's a -- the
7 reviewers' comments small chance to a loss of productivity could
8 have been detectible -- at what had occurred in 1989 could be
9 detectible now, and so we want to check and make sure that we've
10 got a stable and possibly growing population of bald eagles, and
11 this would be the recommended final survey for bald eagles after
12 the spill. 95031 would be a -- is a study of reproductive success
13 of murrelets. This is very challenging as originally proposed for
14 about \$400,000. We're suggesting on the basis of a peer review
15 that a pilot study be done to demonstrate that the things that the
16 investigators are attempting to do can be carried out successfully,
17 and that pilot study would be for about \$250,000. 95039 is common
18 murre productivity study, there's interim funding, and it's
19 recommended for \$30K and the idea here would be to try to integrate
20 some of the questions with common murres with the -- with the
21 changing scope of the forage fish, bird group of projects. 95041
22 is a -- is ...

23 MR. AYERS: Bob -- Dr. Spies, Mr. Chairman, I think
24 before we do that -- I apologize. What did you say about the
25 status of marbled murrelets?

26 DR. SPIES: That question was asked by Commissioner

1 Sandor yesterday, and marbled murrelets were definitely injured by
2 the spill. We do not have reliable -- that was not a measurable
3 population. In other words, you go out and survey marbled
4 murrelets, they -- you will not see it show up in the numbers. We
5 know large numbers are killed. They're difficult -- they're a
6 fluctuating population, and they're difficult to count and the --
7 the numbers are fairly variable from survey to survey. Does that
8 answer your question?

9 MR. AYERS: Well, I thought that's what you said
10 yesterday, and somebody asked me just to follow-up, if I might, Mr.
11 Chairman, because we've had that conversation a couple of times and
12 I -- and I guess, I think the public is interested. I mean, there
13 have been conversations about marbled murrelets as well as the
14 common murre and we'll get to harlequin ducks, and I know you're
15 going to talk about harlequin ducks separately, but in particular
16 I think it is important to note that the public knows that there
17 were a number of marbled murrelets, at least carcasses found.
18 There was some injury.

19 DR. SPIES: Yeah, there was probably several thousand
20 marbled murrelets in Prince William Sound alone that were killed by
21 the spill.

22 MR. AYERS: And yet -- we've not been able to
23 ascertain exactly what that injury is and whether they're
24 recovering. Is that correct?

25 DR. SPIES: That's -- that's correct.

26 MR. AYERS: And I just say that for the record.

1 DR. SPIES: But we can -- I think -- to amend my
2 comment just slightly, I think we have very good estimates based on
3 modeling and carcass recovery kind of data, that is actually go out
4 and count birds and see the impact we didn't really detect then.

5 MR. AYERS: So -- and I just was saying that because
6 that is one of the cases where the public has interest, it's gotten
7 some publicity, it's a bird now that people have become familiar
8 with and are interested in knowing what the status is, and I guess
9 what we're saying is, it's a very complicated question. There were
10 hundreds, thousands that actually died. We know that they're an
11 injured resource. The recovery is in questions, and this
12 particular discussion talks about the pilot project and starting to
13 look at whether -- whether or not we can actually -- the
14 effectiveness of that.

15 DR. SPIES: Well, we spent quite a bit of money in the
16 last couple of years looking at habitat of marbled murrelets, and
17 this is an attempt to get at some of the other aspects of its
18 biology, particularly the reproduction success, and it raises
19 questions that are allied to the questions raised during -- by the
20 people that are concerned about the forage fish base and the effect
21 of that forage fish base on other seabirds.

22 MR. AYERS: And the common murre? Did you talk about
23 the common murre, and I ...

24 DR. SPIES: Yeah, the -- we've done a lot of work on
25 common murre. Surveyed over the last four years by the Trustee
26 Council of funding, and my original recommendation was to skip a

1 year in the absence of, you know, stringent scientific evidence
2 that -- that we actually need to go out in 1995 and do it again.
3 The thinking here is that if we're looking at a long recovery
4 period, which most of the reviewers say that we could be ten,
5 fifteen or twenty or even beyond that in terms of recovery. Why
6 are we doing it every year, and that questions has been raised many
7 times in the past. And, based on that I had originally thought we
8 didn't -- wouldn't need to do those particular kinds of surveys,
9 but since this is also a bird that is linked to the forage fish
10 base that I think that bringing that aspect of it into it at this
11 next year would be certainly useful to do, so the small amount of
12 money, the \$30K that you had recommended seemed appropriate to make
13 those links with the forage fish projects.

14 MR. AYERS: Mr. Chairman, if I could -- just go on
15 (indiscernible) for another minute because we also are going to
16 talk about pigeon guillemots at some point, in particular, it's my
17 understanding that actually these seabirds, and there are a number
18 of questions about the recovery, but it is the case that some of
19 the scientists also think that those seabirds are also a reflection
20 of what's happening within the system. Because, and I think it was
21 the satellite time space of a particular common murre that was
22 incredible of the amount of territory, was it common murre?

23 MR. ERIC MYERS: I think it's the telemetry of the
24 common murres.

25 MR. AYERS: Yeah, that showed the incredible area that
26 the murre covers and that there is some discussion of the

1 importance of understanding what's going on with them because they
2 are reflective of what's going on throughout the system, and their
3 health is becoming -- and I'm trying to avoid using the word
4 indicator, Dr. Spies because I think we're not ready to say that,
5 is that correct?

6 DR. SPIES: It's kind of like recovery, different
7 meanings to different people.

8 MR. AYERS: But, I just wanted to note that there are
9 a number of scientists who believe that this effort is important
10 and I guess that's all we -- up to that discussion, which I know
11 there's a lot of questions on the issue of a symposium, but there
12 are a lot of questions regarding the approach to the -- the seabird
13 issue and in particular the common murre and the -- and the marbled
14 murrelet, and there are a lot of questions that we do not have
15 answers for. So, and yet the public continues to ask us numerous
16 questions about those particular species.

17 MR. PENNOYER: Okay.

18 DR. SPIES: The fifth project is 95041, which is the -
19 - continue to work on Shumigan Islands for removal of introduced
20 predators such as foxes, and these are funding to do follow up
21 surveys. 95427 the harlequin duck recovery monitoring. We've --
22 this is to do a spring population composition and a summer birding
23 survey in 1995. The projections here that -- by the Department of
24 Fish & Game biologist is that we may need to do this in '95, '98
25 and possibly the year 2001, so they're trying to project a
26 reasonable schedule for harlequin duck -- the recovery monitoring

1 surveys. And that is the -- that's the package for the birds.

2 MR. PENNOYER: Thank you, further questions on other bird
3 projects?

4 MS. WILLIAMS: Move to adopt.

5 UNKNOWN: Second.

6 MR. PENNOYER: It's been moved and seconded to adopt the
7 other bird projects \$682.8, is there further discussion? Is there
8 any objection? Being no objection the amount of \$682.8 for other
9 bird projects is approved. Next item on the list is River otter
10 monitoring (indiscernible) I notice the recommendation is for
11 zero. Would you -- Dr. Spies you wish to elaborate?

12 DR. SPIES: Well, it was felt that the -- while there
13 certainly is some indications that river otters were injured by the
14 spill, and they are of continued concern, that other projects had
15 perhaps higher priority here, and the -- we haven't brought a
16 closure as well to all the river otter final reports, so we're
17 going to go forward to you with a recommendation that we perhaps
18 consider this some other time.

19 MR. PENNOYER: Do I have a motion? Do I need a motion.
20 I don't need a motion. Is there any objection to going onto the
21 next category? Thank you. Oil toxicity project. We've funded
22 \$252.3, the request is for \$496.8 additional.

23 DR. SPIES: Mr. Chairman, there are three projects
24 here, 95026, which is hydrocarbon monitoring and integration of
25 microbial and chemical sediment data, and this is to take past the
26 data that was gathered, chemical data and microbiological data,

1 which, we think, are very -- very -- key to understanding the
2 actual distribution of oil after the spill. We've got the database
3 -- this is not to gather new data, but to integrate that data
4 that's already available in the NOAA hydrocarbon data base and also
5 the extensive work done at the University of Alaska on the
6 distribution of hydrocarbon degrading microbes. So, this is a
7 project to integrate the hydrocarbon data with the microbial data
8 and complete that picture of contamination.

9 MR. PENNOYER: Sounds like we'd better acquire that piece
10 of habitat quick. (Laughter) Go ahead.

11 DR. SPIES: It's kind of a boring accompaniment, isn't
12 it. 95090, the mussel bed restoration and monitoring in Prince
13 William Sound and Gulf of Alaska. Oiled mussel beds are a
14 continuing concern and there have been some clean-up efforts in the
15 past year or two. After evaluation of the technologies, we think
16 we have some methods that work, and this is to -- to do follow up
17 monitoring and follow up clean up work, in this project, for
18 \$278,000. 95290, hydrocarbon data analysis, interpretation and
19 database maintenance for restoration and NRDA environmental samples
20 associated with the Exxon Valdez oil spill. This is a project that
21 -- is a -- been very helpful to me, and it's a continuing -- it's
22 continuing maintenance of the database, provides continuing
23 detailed interpretation of the hydrocarbon data that's being
24 gathered in this whole process and a highly recommended project.
25 And that's the extent of our recommendations in this category, Mr.
26 Chairman.

1 MR. PENNOYER: Are there further questions on this suite
2 of projects. Do I have a motion on the \$496.8?

3 MR. ROSIER: So moved.

4 MR. JANIK: So moved.

5 MR. PENNOYER: You both moved -- is that clear -- way to
6 move and second, I'll take it as such, okay. It's been moved and
7 seconded that we approve oil toxicity projects in the amount of
8 \$496.8 for FY '95. Is there any objection to the motion? Hearing
9 none, it is approved. Next suite of projects is called reducing
10 marine pollution. We funded \$232.2 of interim funding, the request
11 is for \$284.5, Dr. Spies.

12 DR. SPIES: Yes, the project -- the one project in
13 this category that you'll be addressing is then the Sound waste
14 management plan. This, as we heard in the public testimony
15 yesterday, the goal of this project is to -- is to develop a Sound
16 waste management program so that the -- during the recovery period
17 and the restoration period, that we don't have -- we can minimize
18 the amount of contamination that's going into the marine
19 environment. The total requested here is \$284,000, as you noted.

20 MR. PENNOYER: Dr. Spies, for the record, could you tell
21 me what a Sound waste management plan is?

22 DR. SPIES: This is a -- as I understand that a
23 community -- between community effort to try to identify the
24 sources of contamination and ways of dealing with them, and forming
25 a plan between all the different communities, I think mostly in
26 Prince William Sound.

1 MR. AYERS: Mr. Chairman, the project is like a -- a
2 project that was a pilot project that was conducted actually in the
3 Southeast at one time. It turned out to be a very successful
4 project in removing primarily waste, toxics from the streams. In
5 particular we know that the -- many of the species are still
6 subject to waste effluent that's entering those streams further
7 exacerbating injuries. This project is an integrated community
8 effort. This is to develop a plan, an integrated community effort
9 of how to keep that waste from entering the streams. In fact,
10 developing a -- a stream of those toxics and that waste away from
11 our anadromous streams.

12 MR. PENNOYER: Mr. Ayers then, once the plan is
13 developed, who funds it? Does it have an outcome, or do we just
14 have a -- what is the projected outcome of the development of such
15 a plan?

16 MR. AYERS: We might want Bob Loeffler to join us.
17 He's been working with the communities on this project. It
18 certainly my view that -- that the communities -- our effort is to
19 develop a tool of how to develop a program of how to remove those
20 wastes from the streams and have the communities take over that
21 project. I don't know what the ...

22 MR. BOB LOEFFLER: (From audience) That's correct, the
23 vast majority were being funded through other federal and state and
24 local programs. It is possible, depending on the outcome of the
25 plan that something may come before the Trustee Council in
26 succeeding years at some point, but by -- we're certain that the

1 vast majority would be funded through normal state and federal
2 (indiscernible).

3 MR. PENNOYER: (Excuse me - coughing) Any further
4 questions on this project? Do I have a motion for the \$284.5?

5 MS. WILLIAMS: Move to adopt.

6 MR. PENNOYER: Do I have a second?

7 MR. TILLERY: Second.

8 MR. PENNOYER: Is there any objection of the funding of
9 this project? Hearing no objection, the project is funded to
10 \$284,500. Next suite of projects are archeological projects. Dr.
11 Spies.

12 DR. SPIES: Yes, there's two projects for your
13 consideration, Mr. Chairman, 95007A, archaeological site
14 restoration index monitoring. This project would develop index
15 sites for continual monitoring in the future for vandalism, which
16 is one of the major problems that we're trying to address in the
17 restoration phase with regard to archaeological resources. The
18 second project, 95007B, archaeological site restoration, the
19 funding for a restoration of the last identified site with severe
20 damage, and the amount being requested here is \$83.8.

21 MR. PENNOYER: Questions of Dr. Spies? Bob, what does,
22 the hundred and fifty is to -- a placeholder until you have the
23 session with peer reviewers or is it -- how do you envision what
24 that means?

25 DR. SPIES: I think that's essentially correct. We
26 felt that the -- that the remaining requests in the second column

1 of \$194 was a little bit high, perhaps and that we would look at
2 some reduction of that being developed before the detailed project
3 description is submitted, and we would bring peer review into that
4 process as well.

5 MR. PENNOYER: And this peer session review and project
6 development would occur in time for this next season then,
7 presumably?

8 DR. SPIES: I hope so, but I think it would follow
9 along with the development of the detailed project descriptio in
10 the next several months.

11 MR. PENNOYER: Further discussion of the archaeological
12 projects. Do I have a motion?

13 MR. JANIK: So moved.

14 MR. PENNOYER: Second, somebody second it?

15 MR. TILLERY: Second.

16 MR. PENNOYER: Mr. Tillery, further discussion.

17 MR. TILLERY: My understanding is somewhat different on
18 the index site monitoring. I was under the impression that the
19 \$150,000, there actually was a plan to go -- at this point of how
20 to go forward with that amount of money. Is that incorrect?

21 DR. SPIES: We were suggesting a reduction of this
22 amount that we -- that it would be incorporated in the detailed
23 project description. I hope my previous comments weren't
24 misleading in that respect.

25 MR. TILLERY: But, will you reduce it from 194 to 150?

26 DR. SPIES: That's what we're suggesting, right, my

1 recommendation.

2 MR. TILLERY: I guess my understanding was at this point
3 there was a plan of how to go forward with -- at the 150 level, is
4 that correct? I guess I'm wondering what is this further setting?

5 MR. AYERS: Mr. Chairman, Mr. Tillery. There were a
6 number of things about this project that led us to believe,
7 including the discussion with the peer reviewers, that led us to
8 believe that what needed to happen was the involved agencies, which
9 includes the Forest Service and DNR, needed to sit down and talk
10 about what the long-term plan was for this, and in particular to
11 develop a compilation of the data, and actually, I think there's --
12 is there four participating agencies? There's three or four
13 different agencies that are ...

14 MS. GILBERT: DNR

15 (Indiscernible - simultaneous talking out of range of
16 microphone.)

17 MR. AYERS: Interior, also. But, to come to some --
18 but to develop a plan of how to involve the communities and to try
19 to focus a coordinated effort, or perhaps a better coordinated
20 effort, that would involve the communities in identifying the site,
21 getting that coordinated, and then developing a process would
22 involve the community of some site monitoring, as opposed to what -
23 - what was originally proposed in this, which was a variety, and I
24 want to be careful here because part of it is that we're funding
25 different agencies, archaeologist, depending on the management
26 regime of that particular archaeological site. And then we're

1 funding a variety of some \$13,000 or \$14,000 worth of trips and
2 then different curation efforts. So, what we think is for a
3 \$150,000, that they can devise a site monitoring master program,
4 that would involve the local communities and reduce the long-term
5 budget. This is one thing that apparently is going to go on
6 indefinitely, and it seemed that we ought to have a -- have a
7 master plan, so to speak of managing of archaeological sites with
8 the communities. Is there a \$150,000 plan? I think the answer is
9 -- there isn't one written, but there can be.

10 MR. PENNOYER: Mr. Tillery, did that answer your
11 question?

12 MR. TILLERY: I think so.

13 MR. PENNOYER: That's why I asked you. I wasn't sure.

14 MR. AYERS: Molly's just saying and Katheryn or Dave
15 , if ...

16 DR. GIBBONS: DNR has the lead on this project, Veronica
17 might want ...

18 MR. AYERS: Do you want to join us Veronica?

19 MR. VERONICA GILBERT: May I join you from here.

20 MR. AYERS: Please do, no problem.

21 MS. GILBERT: DNR and the different agencies, DOI as
22 well as the Forest Service, have gotten together subsequent to
23 Jim's proposed recommendation of a reduction from 194 to 150, and
24 they have developed the proposal which is to take the original plan
25 of monitoring eight sites this year, and instead monitor six sites,
26 that would account for the reduction cost. There would be the four

1 index monitoring sites which would give us some discipline over
2 time to keep going back to site periodically, as well as two
3 additional sites, which would be -- be proposed from communities in
4 terms of their areas of local concern. So, the agencies have
5 gotten together, they've figured out how they could do it very
6 efficiently, but still has to be done to implement the
7 recommendation is to work with communities and also to work with
8 the peer reviewer and to have a one-on-one discussion with them,
9 much as has been done for the pink salmon resource as well as
10 herring, and so you can develop a long-term plan. But, we know how
11 to spend \$150,000.

12 MR. PENNOYER: Further discussions?

13 MR. TILLERY: One more.

14 MR. PENNOYER: Mr. Tillery.

15 MR. TILLERY: On the other project it talked about
16 funding for restoration of the last identified site with severe
17 damage. What does that mean, the last identified? Have we taken
18 care of the rest of them? Or, is that just the (indiscernible -
19 simultaneous talking).

20 MR. PENNOYER: Dr. Gibbons.

21 DR. GIBBONS: Mr. Chair. During the process of
22 response, we identified, I believe nineteen sites that were injured
23 by either oil cleaners or oil. In the past the Trustee Council has
24 funded clean-up or rehab of these sites, and I believe eighteen of
25 them are done. This is the last one that needs to be restored in -
26 - in some manner, either recovered and put in a museum, or

1 stabilized and left in place.

2 MR. TILLERY: This will be the last time that we see
3 this.

4 DR. GIBBONS: This is SEW, it's a lamp oil site if you
5 want to know which site it was.

6 MR. PENNOYER: Okay. Mr. Rosier.

7 MR. ROSIER: My question was on 07A, in regard to the
8 sites, are these sites that we're talking about here, are they are
9 private lands, are they on Forest Service lands, whose lands are
10 all of these sites on.

11 DR. GIBBONS: Mr. Chair, during the damage assessment on
12 archaeological resources, we did not do any work on private lands.
13 So, this is all publicly owned sites.

14 MR. PENNOYER: Any further questions on the
15 archaeological projects. Do I have a motion for the \$233.8?

16 MR. JANIK: Yes, so moved.

17 MR. PENNOYER: Second.

18 MR. ROSIER: Second.

19 MR. PENNOYER: Thank you. It's been moved and seconded,
20 is there any further discussion? Are there any objections to the
21 approval of the \$233.8 for archaeological projects. Hearing none,
22 the \$233.8 is approved for FY '95. Next suite of projects is
23 called recreation projects. We have interim funding approved so
24 far is zero, the request is \$851.8. Who would care to talk about
25 this project?

26 MR. AYERS: Mr. Chairman, I'll be happy to lead off.

1 The Fleming Spit recreation area enhancement project to me was a
2 project that seemed to have merit particularly with regard to
3 recreation. This project has been discussed with the Department of
4 Justice. I think that perhaps my comments in my recommendation,
5 which is that Department of Justice objected to the initial
6 response and that our revised proposal is designed to address
7 Justice's objection. I guess -- I would want to say that I don't
8 want that to be misleading. I do not think that there's a way for
9 me to describe this project in a way, at this time, that would be
10 acceptable. I think there's going to have to be further discussion
11 among the attorneys about the question of recreational project or
12 recreational enhancement of this nature, and it certainly is not,
13 at this point, something that I can say I'm able to resolve.

14 MS. WILLIAMS: Mr. Chairman.

15 MR. PENNOYER: Ms. Williams.

16 MS. WILLIAMS: I am extremely pleased that we were able
17 to get through as many projects as we have, and the spending that
18 we have, and one thing some of thought about beforehand is that
19 we'd have a basket B to put projects that really need some
20 additional work before the Trustee Council could vote on them. We
21 have made it all the way to page, wherever we are, without a basket
22 B entry, but I would move that this be a basket B entry. I would
23 ask that staff and the attorneys and the proposers work harder on
24 this and hopefully come to an agreement and bring this back to us
25 in our late November, early December meeting.

26 MR. ROSIER: Second.

1 MR. PENNOYER: It's been moved and seconded, is there
2 further discussion of that proposal? Is there any objection to
3 that proposal. Hearing none, this project is postponed until the
4 December meeting, while people have time to work on it and see if
5 it can be modified to meet various rejections. The next project is
6 habitat protection/acquisition. Did I miss one? I missed
7 miscellaneous research projects, but it says zero. Anybody what to
8 argue about that? Okay, we'll pass. Next one is prehistoric
9 ecological baseline -- how did I ever miss that one. That's the
10 last one of those research projects. I said how did I ever miss
11 it, I'd like to discuss that one. I'd -- I'd like to know what it
12 is -- never mind, you can talk -- I'll talk to you later. Habitat
13 protection acquisition, we funded \$770.2 interim funding, the
14 request for \$786.3. Who wants to talk about that?

15 MR. AYERS: Mr. Chairman, I'll talk about this
16 particular aspect. I don't see anybody from the Habitat Working
17 Group, but somebody might give Mark or Art a call, they won't want
18 to miss this. The -- this is a suite of projects all related to
19 habitat protection and acquisition. In particular, this suite of
20 projects has a variety of issues, but the variety of issues seems
21 to be different depending on which project, so let's take them one
22 at a time. The assistance to private landowners is at the request
23 of a majority of the PAG. This project originated from discussion
24 with some of the PAG members who felt like we ought to provide some
25 sort of assistance to private landowners in particular that are
26 working with the timber industry and harvesting trees on private

1 land. We might be able to assist them in what kind of efforts they
2 might implement that would -- that would enhance the restoration of
3 the injured resources, and this included helping them identify
4 migration corridors of various species nesting areas, actions that
5 could be taken with regard to nesting areas, including perhaps
6 where they ought to build bird boxes for certain species of birds.
7 It also, if we had recommendations about -- how they might better -
8 - I don't want to say restore or reacclimate, but how they might
9 better implement their harvest activities so as to mitigate any
10 harm to anadromous streams, and then to work with them, in fact
11 identifying projects that they might want to bring before the
12 Council. Now, the latter part of that, I'm not necessarily
13 thrilled about, I'm not sure that we ought to be out farming for
14 projects at this time. But, the previous idea that we work with
15 private landowners in helping them identify the injured resource on
16 their property and how they might mitigate any kind of harm to
17 those injured resources is essentially what this projects about.

18 MR. PENNOYER: Mr. Janik.

19 MR. JANIK: Question, maybe a comment, just for
20 concurrence. I've discussed this project with a number of folks.
21 My main interest was the tone of what it is this assistance would
22 amount to, and I've been assured that the tone is to assist willing
23 landowners who come forward saying they want to engage in this kind
24 of effort with no implications whatsoever of the state and/or
25 federal government imposing instructions or expectations of them in
26 that kind of sense, and I think that's a very critical part of the

1 expectations here, as we are assisting private landowners as they
2 come forward voluntarily wanting to engage in that kind of a
3 relationship.

4 MR. PENNOYER: Do we want to treat this one at a time, or
5 do we want to go through the whole list. They're quite different.

6 MR. AYERS: They're quite different, Mr. Chairman.

7 MR. PENNOYER: If that's true, let's treat them one at a
8 time.

9 MR. JANIK: Do I have concurrence on that? Basically,
10 what I have said is that the implication?

11 MR. AYERS: That's my expectation, and I don't know
12 that anyone has anything different. Dave, I don't -- Dave actually
13 has helped us put this project together, and I don't know, Dave, if
14 you want to comment.

15 DR. GIBBONS: Mr. Chairman, yeah, basically that is the
16 correct tone. It's not unwilling landowners at all. It's aimed at
17 -- perhaps a better title might be is helping restore public
18 resources on private land. And, that's -- that's the real key.
19 There's injured public resources that don't see any boundaries
20 between public land and private land, and this is to help the --
21 the private landowner in -- in working with the restoration of some
22 of those resources, that's the intent.

23 MR. PENNOYER: One of the -- I'm sorry, Ms. Williams.

24 MS. WILLIAMS: Go ahead.

25 MR. PENNOYER: One of the questions we've had from legal
26 counsel is the -- whether the Trustee Council is going to get

1 embroiled in disputes between regulatory agencies and the private
2 landowners, since this is occurring on private lands, and how much
3 further liability and contentious issues we'll get into by
4 sponsoring this project and participating. And, I'd ask for a
5 comment on that, and secondarily, exactly what are we buying for
6 this -- people, concrete, whatever -- two questions?

7 MR. AYERS: Mr. Chairman. Let's take them in reverse
8 order because I can answer the second question easier than I can
9 the first. This essentially buys the assistance of three part-time
10 people from the respective agencies that would be involved in the
11 project. You will note that the recommendation is that they would
12 for the purposes of this project report to the Executive Director's
13 office, which I also think is important, and that's another small
14 feature for those who are concerned that the Executive Director is
15 gobbling up either territory or responsibility, either of which I
16 can -- use interested in -- it is the case that my view is that,
17 that is what will occur here. I believe that if people are going
18 to work on this project, they ought to report to this -- on this
19 effort that they ought to be responsible to the Executive
20 Director's office, particularly since the Council's going to fund
21 this activity. It is three part-time people that have the
22 backgrounds from the agencies, from the respective agencies, to
23 review projects or to work with willing landowners, and let me also
24 point out that this project actually was supported by not only some
25 landowners and the PAG, but actually the industry who has contracts
26 with those private landowners as well.

1 DR. GIBBONS: If I may add, yes, we -- it also provides
2 for a workshop with the landowners. On an information transfer on
3 needs for -- of the species for their habitat needs and those types
4 of things, and so its an information transfer built into this also.
5 The people that would be involved -- at least from the Forest
6 Service have -- have not been determined yet, it's as needed. If
7 you need somebody with a timber background, they may go there. If
8 you need somebody with a fisheries biologist background, then they
9 may be involved. It's an assistance.

10 MR. PENNOYER: Somebody answer the first part of the
11 question now, question of liability to the Trustee Council in
12 getting embroiled in disputes between regulatory agencies and
13 private landowners.

14 MR. AYERS: Mr. Chairman, that has been -- that's been
15 the issue since this project was first mentioned. We're all
16 familiar with the difficulty that those who were involved in the
17 timber industry have in both the state and federal level. There is
18 a Forest Service Practices Act of the state, there are numerous
19 federal regulations, and it certainly is not my view that we ought
20 to engage in the activity or even in that particular aspect of it.
21 Those regulations are set. This is simply having to do with
22 injured resources and providing recommendations to the landowners
23 if they solicit information about what they could do different with
24 regard to those injured resources, not getting into the discussion
25 of management plans and some of those other things.

26 DR. GIBBONS: Mr. Chair, it's not the intent to design

1 timber sales or anything else for the landowners. This is
2 (indiscernible - out of microphone range).

3 MS. WILLIAMS: Mr. Chairman.

4 MR. PENNOYER: Ms. Williams.

5 MS. WILLIAMS: My first question, perhaps my only
6 question was partially answered by Jim, but I would like a little
7 more elaboration, and that is the issue of demand for these
8 services. I think some concern that the Department of Justice has
9 expressed is, it's not clear where the demand is, who -- who would
10 use this, what area would effect what injured resources, it might
11 benefit, and so forth. So, if you could elaborate in more detail
12 who has expressed a strong interest in this effort.

13 DR. GIBBONS: Mr. Chair, I know John Sturgeon from
14 Koncor has directly contacted me personally, as well as Kim Benton
15 who represents the forest products industry, the consultant for
16 them here in Anchorage, has also been involved with the project,
17 and if I recall we have a letter from the state Trustees as of
18 March of this year recommending the project also. So, we've got --
19 you know, there's support from the private industry for this.
20 We're not out trying to sell it.

21 MR. PENNOYER: Commissioner Rosier.

22 MR. ROSIER: This project, and now we're talking about
23 structuring it, bothers me a little bit, and no reflection on the
24 Executive Director on this, but it seems to me when you start
25 talking about three bodies that are apparently temporaries, as I
26 understand it ...

1 MR. AYERS: Part-time, we would pay some portion of
2 their ...

3 MR. ROSIER: ... part-time people here on this, I'm not
4 sure where you're going to find the people that can in fact have
5 the expertise without coming back to the agencies and using the
6 divisions and the personnel and the expertise within that. You
7 know, I would much rather -- much prefer to see this thing as a
8 lead agency thing for the coordination either by the Forest Service
9 or whoever here on this, and these people then, you know, are
10 assigned to the agencies and see if the demand is there for their
11 use, and then bring it up to the Executive Director, myself. I --
12 I think that makes a great deal more sense in terms of making all
13 of the -- all of the agency capabilities available to the project,
14 quite frankly.

15 MR. PENNOYER: Mr. Janik.

16 MR. JANIK: Thank you, Mr. Chair, an associated
17 commented on that, I think Dave Gibbons touched on it. I would
18 envision this working, in fact, as a called for a number of
19 disciplines on occasion. He mentioned fish bios, foresters,
20 whomever, and I think what this will do along the lines you're
21 suggesting Mr. Commissioner is, if we did have this in fact
22 coordinated among the agencies, with the assistance of the
23 Executive Director, and again, don't take that personal, but it
24 would fit some of our other cooperative programs we already have in
25 motion, and this would empower us to simply have the resources to
26 provide that additional help to those private landowners. I think

1 that's a good observation, and maybe we should consider that as an
2 expectation.

3 MR. PENNOYER: Jim, do you think with the discussion of
4 the voluntary nature of the assistance and everything, we have
5 overcome the concern of, particularly legal counsel, have very
6 strong recommendation against getting embroiled in some type of
7 potential dispute between private landowners and the regulatory
8 agencies. Do you think we've avoided all of that by the way you
9 structured this?

10 MR. AYERS: Well, I think in answering that question
11 I can answer one of the concerns. I agree with Commissioner Rosier
12 and also Mr. Janik that this is an issue for the agency. Since it
13 was a Council activity, I wanted to be sure that we weren't
14 building expectations out in the world some place and there are
15 several things that have happened to us recently where we got
16 ourselves involved in situations and we built expectations, and
17 what we did was sent somebody out, and what then what happened was
18 we got a big list of projects back, and I didn't want to build
19 different expectations in different places was the reason that I
20 was recommending that it be controlled out of our office. We were
21 clear about what the expectation was. I don't know if you're going
22 to be able to clarify -- we need to clarify what the expectation
23 is. My view is, is that if this is the approach we're taking, then
24 we ought to say that what we're going to do is provide up to
25 \$50,000 for each of the respective agencies, and that for questions
26 with regard to landowner assistance, we would then provide -- we

1 would send them off to -- to DNR or Department of Fish & Game or
2 the Forest Service, and they would make a determination about what
3 they thought was appropriate in that regard to provide that
4 assistance, and we would simply supplement what they are doing, so
5 to speak, as related to injured resources, and some sort of
6 discussion about what their activity is, and if we're going to do
7 it that way, that we simply provide those fundings for those
8 agencies, they manage it, they figure it out, they work together,
9 but with the understanding that that what they are not doing is
10 representing the Council in those activities and building
11 expectations they're suppose to go develop, you know, projects or -
12 - or work plans, nor are they going to represent the Council in
13 getting involved in the Forest Practices Act, or a timber sale by
14 the Chugach National Forest.

15 MR. PENNOYER: Commissioner Rosier.

16 MR. ROSIER: You know, just following on what you're
17 saying and -- it appears to me, you know, that the agencies would
18 actually act in kind of a screening process here really, in terms
19 of whether the project would, in fact, not whether they would come
20 forward, I think that's anybody's prerogative to bring a project
21 forward. But, at least if there's some way of working out
22 something with the landowner on this, at least he has got the
23 opportunity, in fact, bring a project forward, that is, at least,
24 reasonably sound in terms of whatever the issues may be, the
25 expertise, or having the benefit of funding a project from the
26 expertise of the individual agencies. So, I don't think we're out

1 there to build expectations, we have more projects now than we can
2 in fact fund. I think that's -- that's kind of the key.

3 MR.PENNOYER: I'm not -- still not sure where we are on
4 this in terms of avoiding getting ourselves embroiled. Right now,
5 it looks like we're funding advice, but that's all the expectation
6 we're putting forward, but I'm not clear on that. Do we want to
7 develop this further and come back and put this one as well in the
8 early December basket, and have a presentation on it.

9 MS. WILLIAMS: Yes.

10 MR. PENNOYER: Is there a consensus on that?

11 MR. JANIK: Yes, if I made one additional comment, I
12 think we do have to have some type of coordination responsibility
13 with the Executive Director, and I would like us to give that some
14 thought too. Even though I'm in full favor of what Commissioner
15 Rosier has suggested as far as the agencies having lead.

16 MR. PENNOYER: Okay, then I hear consensus that we will
17 take this up again in early December, or whenever the next meeting
18 is to -- and review a more flushed out project along the lines we
19 have discussed. Thank you. The next project on the list is spruce
20 bark beetle infestation impacts on injured Fish & Wildlife Species
21 of the Exxon Valdez oil spill. Who wants to do spruce bark.

22 MR. AYERS: I can do it briefly, Mr. Chairman. There
23 continue to be discussions, there was also a letter sent to the
24 state Trustees to me and to -- and I think that the federal
25 Trustees were copied, continue to be interested in proposals with
26 regard to spruce bark beetle. This project is to satisfy, what I

1 think, what has been an ongoing question about what is out there
2 with regard to spruce bark beetles. It's been represented at a --
3 different things have been represented to the Council at different
4 meetings by different parties, some of which are not -- are lay
5 people, not professionals in the field. We're suggesting that in
6 this particular case, we spend some amount of money, I don't know
7 if it's \$5,000 or \$25,000, and actually do a literature search and
8 compile a report to the Council, if it's appropriate regarding
9 spruce bark beetles. It may be that the U.S. Forest Service or DNR
10 already have a project like that underway, and if so, we may not
11 need to do that, but this was to provide a literature search, and
12 it did, like I say, at one point I know Commissioner Sandor was
13 interested, Mark may want to speak to that particular interest, but
14 that's what this project is designed to do, is to compile all the
15 information in one place, and if it already exists, perhaps we
16 don't need to this. If one of the agencies has it going, that
17 would be fine, or if they don't and the agency, DNR, Forest
18 Service, thinks this is a reasonable thing to do, we put it out for
19 an RFP and have somebody write their thesis on spruce bark beetle.

20 MR. BRODERSON: Mr. Chairman.

21 MR. PENNOYER: Mr. Broderon.

22 MR. BRODERSON: I should talk to this one for just a
23 moment I guess. Basically, I think you can categorize habitat
24 protection activities into three broad categories too, which we've
25 just now sort of dealt with. One of which is buying private land
26 or getting easements on private land, protect it that way. Another

1 one is assisting private landowners to restore the natural
2 resources on their land, and the third one is through change in
3 management practices on existing public lands. Commissioner Sandor
4 has spoken to this several times in the past. That's what this one
5 is primarily aimed at, is that there is an awful lot of public land
6 now that has spruce bark beetle infestation or appears to be
7 subject to it in the near future, and that there really has been
8 quite a bit of discussion in the past about what are the effects of
9 this, and there's been no real resolution of it, and this is an
10 attempt to find out, cheaply, what is known in the literature on
11 this particular insect as to what are it's effects and what can be
12 done about it, and get that compiled and to the agencies that have
13 to do the management of these public lands. It's primarily habitat
14 protection project.

15 MR. PENNOYER: And, it is a reduction from the original
16 \$200,000 request down to a literature search for \$26.8, and any
17 further decision will be based on the results of that literature
18 research, I presume.

19 MR. BRODERSON: Yes.

20 MR. JANIK: Mr. Chairman.

21 MR. PENNOYER: Mr. Janik.

22 MR. JANIK: I certainly want to endorse that point of
23 view of the extensiveness of this problem and its implications are
24 far-reaching, and this would be a small price to pay for additional
25 (indiscernible) and how to address this restoration context.

26 MR. PENNOYER: Do I have a motion on the \$26.8?

1 MR. JANIK: Yes.

2 MR. PENNOYER: Second.

3 MR. ROSIER: Second.

4 MR. PENNOYER: One last question, then -- once literature
5 search is done, who tells us all what it all means? You don't buy
6 that for the \$26.8, I suppose.

7 MR. BRODERSON: Mr. Chairman, I would assume that this
8 would go to the land management agencies that have responsibility
9 in this area, primarily the Forest Service and DNR, and we would
10 then look to them for further guidance on where the Council might
11 want to go with this.

12 MR. PENNOYER: Thank you. Commissioner Rosier.

13 MR. ROSIER: Thank you, Mr. Chair. I would like to
14 offer that my habitat sections is -- I think already has a fairly
15 substantial document in this particular area, and we'd be glad to
16 make it available. I don't know to whoever, for whatever purpose
17 here on this.

18 MR. BRODERSON: Thank you.

19 MR. PENNOYER: Further discussion on the \$26.8. Is there
20 any objection to provision of that amount of money? \$26.8 is
21 therefore provided for a spruce bark beetle infestation literature
22 search. Next ...

23 MR. AYERS: Mr. Chairman, next item that actually is
24 recommended for funding is project 95126. Now, this particular
25 project now includes a variety of support services. We need to --
26 we need to further scrutinize the budget, we need to sit down

1 actually with the agencies, and in particular sit down -- need to
2 sit down with Dr. Gibbons and also the representatives of the
3 Habitat Working Group. This effort now provides support for the
4 habitat acquisition effort. It also -- and that includes
5 continuing to provide support as we continue through the small
6 parcel effort, as well as some of the large parcel effort, for
7 example the Tatitlek effort recently expanded, and it's being
8 scored some of those additional efforts, and there was some
9 amendments that were included to the comprehensive habitat analysis
10 based on that. That kind of work would continue, and I think it's
11 three months for each of the Habitat Working Group -- is that right
12 -- and 126 now, as well as some support with regard to appraisal
13 efforts. So this project is now a mix of the support for the
14 habitat acquisition efforts. We don't know -- I don't know if it's
15 a half a million that we need, or a million, or \$250,000 at this
16 point, but based on all of the information that we have today, it
17 looks as though half a million dollars would be -- would take us
18 through all of the things that we know are currently on the table.

19 (Indiscernible - aside question by Mr. Pennoyer)

20 MR. AYERS: Because the agencies do their project of
21 what they need to carry out the functions that we described and in
22 some cases, I guess they have formula with regard to the personnel
23 costs and then the support service, and then, of course, there's
24 general administration that is an interest ...

25 MR. PENNOYER: That was a semi-facetious question, but
26 all right. Any further question on this item?

1 MR. AYERS: Good question though.

2 DR. GIBBONS: Mr. Chair, if I can clarify a little bit
3 about the appraisals. There's \$80,000 placeholder in here for
4 small parcel appraisals, and it's purely a guess. We don't know
5 how many small parcels are going forward, you know, how many you'll
6 authorize, but there's \$80,000 in here to conduct those small
7 parcel appraisals. So, just clarification.

8 MR. PENNOYER: Mr. Tillery.

9 MR. TILLERY: When does the interim funding leave off in
10 terms of the calendar, and when does this new one pick up?

11 MR. AYERS: The -- what we ask people to do with
12 regard to the interim funding was the first quarter. So, in fact
13 the interim funding in this particular case, I think provided -- I
14 don't have the interim funding budget -- in front -- but in this
15 particular case, for example, it provided some support, and I
16 think, was it three months, Mark, do you recall?

17 MR. MARK KUWADA: Yeah, I think we had three months of
18 interim and I think this funding starts January first.

19 MR. AYERS: So, this would begin -- so the first three
20 months, October, November, December, were in the interim funding,
21 then this would go, January, February, March, as the completion.

22 MR. PENNOYER: But the money didn't go away, I mean, it
23 carries over. If you have interim funding it doesn't get cut off
24 and be zeroed out, it's available to you.

25 MR. AYERS: It's available and that's the other part,
26 and that's what the recommendation notes is that we're -- we don't

1 know -- there's also '94 monies that have not been expended that
2 were associated with 126, we need to go back and look at. So,
3 there's one -- there's '94 monies with regard to 126, you funded
4 interim funding, and now this is -- this is funding for an
5 additional three months as far as personnel is concerned and in
6 support services as Dave indicates for appraisal services.

7 MR. PENNOYER: Mr. Tillery.

8 MR. TILLERY: I certainly understand the need for the
9 appraisals, they were going to continue on into the summer if not
10 the millennium. The -- however, I guess -- I understand the large
11 parcel analysis is over, I don't believe we have anymore, unless
12 something else shows up, but if it does it's going to be on a
13 highly intermittent basis. The small parcel analysis, I thought I
14 heard yesterday, was going to be completed before January first.
15 I guess, what I'm wondering is, why do we have funding for
16 continued parcel analysis in the next quarter.

17 MR. AYERS: I think other than the small parcel and
18 some of those -- with regard to the large parcels, it is the case
19 that some of those -- some issues like the Tatitlek issue have come
20 up. It's also the case that we have asked questions, although they
21 did -- Habitat Working Group didn't do a complete analysis. We
22 asked them to give us their best analysis on a particular proposal,
23 but I think that by enlarge you're correct. The comprehensive
24 habitat analysis evaluation and ranking of large parcels for -- is
25 complete -- is essentially complete and the small parcel, it is
26 anticipated to be complete by January. So, I don't know that

1 there's any reason that we need to fund the additional three
2 months, unless we anticipate having some additional changes in the
3 large parcels that will need to be analyzed. But, it would only be
4 on an intermittent basis. Whether we could solicit that through
5 the agencies, I guess is a question for the agencies.

6 MR. KUWADA: But, we're available for negotiations
7 support, if the negotiators need a specific evaluation, that's what
8 we would do. Less than fee evaluations, boundary adjustments,
9 repackaging different -- different parcels to assist with
10 negotiations, that's really what the function ...

11 MR. TILLERY: Mr. Chairman, Mr. Ayers, do you anticipate
12 that as being sort of a full-time job, or is that something that
13 one would just go and borrow somebody from the agency? I just
14 haven't seen that as being a major event in the past.

15 MR. AYERS: Mr. Chairman, Mr. Tillery. If the small
16 parcels are completed by January, I think that we -- we can
17 significantly reduce this budget, and I see no need except on an
18 on-call basis for the agency services. The question is, is whether
19 or not the agencies have other work, so to speak -- I mean, do they
20 have personnel available for that intermittent effort, but I think
21 that essentially you're correct, that by January we ought to be
22 able to simply have funds set aside for an intermittent request for
23 assistance and ought not to continue the project as it's laid out.

24 MR. PENNOYER: This is, in essence a placeholder, in a
25 way, is it not (indiscernible - simultaneous talking).

26 MR. AYERS: That's right, but the question is -- and

1 the question is, is it too large of a placeholder, and the answer
2 is yes, and that's the reason it says we need to scrutinize the
3 budget and come to some understanding with the agencies about when
4 those personnel need to be brought back into their agencies and
5 reassigned. And then, that we may need their help on occasion.

6 MR. PENNOYER: Mr. Broderson.

7 MR. BRODERSON: I was wondering if perhaps we should put
8 this one off for consideration until December 2nd and request the
9 Executive Director to give us a price on it without further habitat
10 protection protection support -- or further Habitat Work Group
11 supported.

12 MR. PENNOYER: Is that acceptable with everybody. Okay,
13 we'll defer action then on this proposal until the December 2nd ...

14 MR. AYERS: Is that a specific assignment?

15 MR. TILLERY: This isn't -- this wouldn't -- there is
16 still enough money for appraisals, right, and there is enough money
17 go through?

18 MS. WILLIAMS: This is for Juneau (indiscernible)

19 MR. KUWADA: Right, there is plenty of that.

20 MR. AYERS: Yes, we're still in interim funding and
21 there is also a significant amount of money for a placeholder, for
22 appraisals and we still have some money left over from the original
23 appraisal, from the '94.

24 MR. PENNOYER: Mr. Janik.

25 MR. JANIK: If I understood you correctly, Dave, the
26 money you mentioned for appraisals, this particular project does

1 involve large parcel, at all?

2 DR. GIBBONS: That's correct. This has always targeted
3 the small parcel appraisal.

4 MR. PENNOYER: So, we're all right. Mr. Broderon.

5 MR. BRODERSON: Would it be reasonable to request the
6 Executive Director to check with the other agencies to make sure
7 that intermittent services are available, and how ...

8 MR. AYERS: Sure, I'll do that.

9 MR. PENNOYER: Start the process again, and report that
10 back at the December meeting (indiscernible).

11 MR. BRODERSON: We'd also have a better idea of how far
12 along we'd gotten in negotiation process by then and the need.

13 MR. PENNOYER: Okay.

14 MS. WILLIAMS: Perhaps, since we have established that
15 this justifies to small parcel appraisal, one thing we probably
16 will want to do is take a quick look before we all leave at where
17 we are in terms of money for large parcel appraisal -- double check
18 with Forest Service on -- on the status quo.

19 MR. PENNOYER: Before we leave here?

20 MR. WILLIAMS: I just want to get through the Work Plan,
21 I think I would like to have confidence that we have enough money.

22 MR. PENNOYER: Okay, so if agencies get done, they could
23 make a report at the end of the Work Plan on that? Did very good
24 on the next half hour probably, hopefully. Okay, so we've deferred
25 action on 95126 until the December meeting, pending a report from
26 the Executive Director. Next project.

1 MR. AYERS: Mr. Chairman, the next project is a
2 project that raises the issue of precedent with regard to the
3 acquisition of properties and some interim management support to
4 provide for that transition. This particular is the Afognak Island
5 State Park interim work. This is the Seal Bay property, and the
6 proposal is from DNR that the project that's included here, is
7 actually two pieces. One would be to provide funds for park
8 management, develop a management plan, and to transfer that
9 protection during a two year phase to them. The other part, is as
10 noted, is to go in and deal with the -- the issue that was
11 discussed with the woman from Kodiak yesterday, and I can't recall
12 her name, who lives in the area who talked about the fact that
13 there is roads -- that there are roads through the property, and
14 that unless somebody does something, that it will probably be
15 significant -- significant long time before there's any natural
16 overgrowth of that road, and that it continues to be a problem.
17 The Department of Natural Resources has requested that -- that the
18 Trustee Council provide some interim funding to phase in the
19 management of this, and to do so by putting overburden on that
20 road, and doing some efforts to have that area become -- that road
21 are returned to a more natural state and to develop, as I point
22 out, the management plan. We've recommended \$25,000 to develop the
23 management plan. We'd probably recommend another \$25,000 next
24 year, but it is the case, this raises the question of shall we --
25 shall we get in the situation of recommending funds. Do you want
26 to see us look at these lands, determine what's necessary to put

1 them in a restoration character, and should the Council be funding
2 that transition, for management and any activity that would ...

3 MR. PENNOYER: Mr. Ayers, that's two rather separate
4 pieces you're bringing before us that don't necessarily have
5 anything to do with each other.

6 MR. AYERS: I think the first principle involved is --
7 the first principle is, is the Council going to get involved in a
8 transitional nature of the lands acquired.

9 MR. PENNOYER: That's the first question?

10 MR. AYERS: Yea. There are two parts then to that
11 question, one is to develop a management plan for that area by the
12 respective agency, and the second is, general restoration efforts
13 on that property.

14 MR. PENNOYER: Want to take the first question first, the
15 one you recommended \$25,000 for, deal with that to start with.
16 Discussions, questions by the Trustee Council member? Mr. Rosier.

17 MR. ROSIER: Thank you, Mr. Chairman. Well I say for
18 \$25,000 we can designate this as a refuge and we won't have to go
19 through that step.

20 (Laughter)

21 MR. PENNOYER: Well, seriously I thought when we first
22 ...

23 MR. TILLERY: Can I?

24 MR. PENNOYER: Mr. Tillery, go ahead.

25 MR. TILLERY: I guess what I understood this \$25,000 to
26 do was the State Park System has this park, it was created, they've

1 agreed to take it, they've agreed to manage it, but state parks in
2 Alaska have been cut severely over the past few years, to the point
3 where they primarily fund themselves out of revenue producing
4 projects, either through public use cabins or they use a lot of
5 volunteers, and so forth and so on. Having this given to them,
6 they are not at this point, it is not in their budget, it's not in
7 their planning, they don't have anything sewed up. We hope through
8 the criminal -- through some of the criminal funds to be able to do
9 some things like public use cabins. It may provide the kind of
10 revenue and justification for rangers and so forth in there in the
11 future. But, I believe the thought behind this was that in the
12 transitional period, until those can come on line that it would be
13 appropriate to provide some kind of operational support.

14 MR. PENNOYER: Ms. Williams.

15 MS. WILLIAMS: Mr. Chairman, Trustee Council. I believe
16 this is a very difficult precedent, and I don't think I'm prepared
17 to step into this precedent. I think Mr. Tillery did point to, in
18 his discussion, really an alternative logical source of funds, and
19 that is the state criminal monies -- state criminal restitution
20 money.

21 MR. PENNOYER: Mr. Tillery.

22 MR. TILLERY: There is nothing in the state criminal
23 appropriation that could be legally used for this purpose. The
24 state criminal monies could be used for an improvement, such as
25 public use cabin, that would down the road generate funds that
26 could be used for this purpose, but the state criminal monies are

1 themselves not a source for this. Just as a matter of law, an
2 appropriation law.

3 MR. WILLIAMS: But if we change those, with the next
4 legislature. (Laughter)

5 MR. PENNOYER: I guess I'm troubled by what I thought was
6 the agreement when we originally started buying land and assigning
7 it to people who were going to manage it and when they took that
8 obligation, I thought that they took the obligation and the
9 management of that land, too, and I'm not -- unless I'm -- unless
10 I'm mistaken in exactly -- implications that might have gone along
11 with that. I'm -- all of us are suffering budget cut -- I'm not
12 managing land, so why am I saying this. All of us are suffering
13 budget cuts and lost positions, and any new obligation have to be
14 looked at very, very carefully. But, we're getting things from the
15 North Pacific Council all the time that you have to really think
16 twice about whether you're going them on even if they're
17 worthwhile. So, I think this goes against the spirit of that
18 agreement, and I -- I'd have to be convinced it didn't to vote for
19 it. Any further motion on this item? Let's discuss the overburden
20 and that -- as a separate item. But, on the first part, the actual
21 development of management plan and management of the land. Is
22 there any further discussion on that item? Is there any motion?
23 Hearing no motion that part would fail. The discussion of the
24 overburden, and we want to do that, we did hear the public
25 testimony, we've heard briefly part of a presentation. I don't
26 know, Mr. Broderson do you want to elaborate on the presentation as

1 the need for this type of an approach and how we might get to it?

2 MR. BRODERSON: Mr. Chairman, during discussion on
3 purchasing of these lands, there was quite a bit of discussion at
4 the Council level and staff level as to what would be done with
5 logging roads on this parcel. To the best of my knowledge, this is
6 the only parcel that we have purchased or are contemplating
7 purchases that actually has logging roads on it. There's, I
8 believe sixteen miles of road on it, the method on Afognak of
9 building these roads is that they scrape off the overburden down to
10 I believe it's shale or slate, I forget which one, but it basically
11 does not support much in the way of regrowth without putting the
12 overburden back on the roads again. I have to admit a certain lack
13 of knowledge on the dollar amount here. Is it two hundred ...

14 MS. GILBERT: (from audience) \$270,000

15 MR. BRODERSON: \$270,000 to replace the overburden on nine
16 miles worth of the road. I believe the intent is to make trails
17 out of a lot of these and -- but not leave them as roads so that
18 there would still be access into the park, but not access so much
19 that the area would be subject to -- the resources that we're
20 trying to protect would be subject to over use.

21 MR. PENNOYER: Why wasn't the road maker required to
22 restore it to some natural -- semblance of natural habitat.

23 MR. BRODERSON: The logging contractor is required to put
24 the roads to bed, which in large part means preventing erosion,
25 removing culverts, which I believe has been done. But, that does
26 require the contractor to put the overburden back on top of the

1 roads. In Southeast, those of us who lived down there are familiar
2 with this, we'd think that the alder should come in in a couple of
3 years regardless that on Afognak that doesn't seem to be the case
4 from what I'm told. I have not actually gone out and stomped the
5 ground to look for myself, but I'm -- I'm told that roads can be
6 seen years, and years later because the alder does not grow back
7 onto these because of the lack of soil.

8 MR. ROSIER: Mr. Chairman.

9 MR. PENNOYER: Yeah.

10 MR. ROSIER: Is -- thank you, Mr. Chairman. Is all of
11 this on the land that we've purchased, all of the road is on that
12 land?

13 MR. PENNOYER: It is -- the -- we view improvements to
14 the land we bought in a same fashion we view development of
15 management plans and "management." There's two questions, one is,
16 is this project worthwhile, and how do we develop cost estimate,
17 what are you going to do, and the other one is related to the first
18 question we answered, which is, is this part of the obligation of
19 the managing entity, or do we do further program and project -- or
20 if we wanted to go in and put a fish ladder in, for example. That
21 wouldn't seem to me to be the obligation of the agency that agreed
22 to management or the entity that agreed to manage the land. It
23 would be a further improvement to the property. I'm a little hung
24 on this. I don't -- I don't know what the cost is yet, or exactly
25 how you do it. I haven't seen the project description, but do we -
26 - do we feel differently about improvements, even if they're just

1 really re-improving the way it used to be, than we feel about
2 things like general management?

3 MR. TILLERY: I think what you're saying is it's not an
4 improvement; it is restoration, in the pure sense of the word.
5 There are two parts of this. I gather its -- its to put the
6 overburden back, and at the same time, sort of create a trail. The
7 trail part, which really is just not putting the overburden back,
8 so it would be an improvement. By putting the overburden back,
9 it's just really allowing this thing to come back. It's also a way
10 of protecting the resource by preventing use of it by sort of
11 larger vehicles and so forth. They do have access from part of the
12 road system is still connected on (indiscernible - simultaneous
13 talking).

14 MR. PENNOYER: So it's different than the general
15 management consideration.

16 MR. TILLERY: In my view it is different ...

17 MR. PENNOYER: I just wondered ...

18 MR. TILLERY: It is, and I guess I would correct one
19 more thing, I believe. This may not be the only place where this
20 comes up with respect to Tatitlek, if we were able to negotiate
21 some acquisition in the Two Moon Bay area, the Trustee Council may
22 want to -- there have been reports of severe erosion in that area,
23 the Trustee Council may want to consider doing something there that
24 would -- that would help to preserve the land sort of for the very
25 reasons that we're buying it, to support restoration goals.

26 MR. PENNOYER: Would we be interested in seeing a project

1 of this nature developed and brought back to us at this December
2 meeting, with a dollar amount on it and a peer review as to the
3 value of doing it. Mr. Janik.

4 MR. JANIK: Mr. Chairman, there is an existing project
5 that had this portion on it, although I'm sure DNR would be glad to
6 expand upon that.

7 MS. GILBERT: (From audience) May I elaborate from
8 here, Mr. Chairman?

9 MR. PENNOYER: Go ahead.

10 MS. GILBERT: The proposal that was submitted and there
11 is a project description was the 309.5 and that included 20,000 for
12 the interim management which is part of the proposal that was
13 rejected. The remaining part of the project, the description has
14 been developed and the estimate is \$270,000 to contract to have the
15 overburden moved back onto the logging road, and with general
16 administration that would bring the total project cost to
17 approximately \$290,000, and there is a project description, I think
18 available. We have made available.

19 MR. BRODERSON: We have made it available, it's in their
20 brief project description packet.

21 MS. WILLIAMS: And, just because I can't get to it as
22 quickly as you, Jim, and representative from DNR, my -- the
23 analysis I'm reading for Justice talked about the following parts
24 of the project, and maybe all of them fell off, except the
25 restoration of the road, but talked about visitation of the park by
26 seasonal staff, development of a land use and management plan,

1 identification of cabin sites, sensitive to injured resources,
2 monitoring of public use, then development of road to trail
3 conversion plan, and the redistribution of -- they have things
4 beyond it. Did you -- were you -- were those other things still in
5 the two hundred and some odd thousand?

6 MS. GILBERT: The items you mentioned that were
7 objectionable to Department of Justice were in the \$20,000 for
8 management. That's the part you've already rejected. It's the
9 fourth item you mentioned, which is restoration of the roads
10 themselves, restoring habitat -- for habitat of those roads that is
11 part of the project that still seems to be alive and would cost
12 around \$220,000.

13 MR. WILLIAMS: That's all that's in the ...

14 MS. GILBERT: And that would be entirely a contract we
15 have restoration work.

16 MR. PENNOYER: Mr. Janik.

17 MR. JANIK: Mr. Chairman, I think a number of
18 questions have been raised that ring of precedent setting, and I do
19 think we do need a little time to discuss this and look at it and
20 would suggest we add this to the hopper.

21 MR. PENNOYER: Is there an objection to that process? (No
22 objection) Thank you. We would then delay it to decision and
23 discussion at our next meeting and would hope that the project
24 description again gets circulated adequately and perhaps
25 relationship to injured resources that would be benefitted by carry
26 out this project are highlighted. Okay, I think that finishes,

1 certainly you got one more, go ahead.

2 MR. AYERS: Just a point of clarification, about the
3 question that you would like to bring back before you has to do
4 with the overburden issue.

5 MR. PENNOYER: Yes.

6 MR. AYERS: Period.

7 MR. PENNOYER: Period, correct.

8 MR. AYERS: Yes, good.

9 MR. PENNOYER: You have one more project, I believe,
10 under this category that you're recommending for funding?

11 MR. AYERS: The data analysis for stream habitat is a
12 project to improve the existing data base, and it's my
13 understanding that actually this project is a Forest Service
14 project, but the information that's gathered rolls in to the
15 anadromous stream catalog, and this project provides for an aerial
16 identification of the characteristics of stream which provide a
17 basis on judging two things, one, both the productivity -- or the
18 potential productivity of the stream, and also the spawning
19 capability and support capability of that particular steam. I
20 don't know, Dave, if you want to add anything to that or not, or if
21 you think that's ...

22 DR. GIBBONS: (Indiscernible).

23 MR. AYERS: Okay.

24 MR. PENNOYER: Any further questions on the project
25 95505B, for \$17,200, do I have a motion?

26 MS. WILLIAMS: Motion to approve.

1 MR. ROSIER: Second.

2 MR. PENNOYER: Is there any objection? Hearing no
3 objection then this is funded for \$70,000. Next item is
4 administration/science management/public information. Now,
5 previously designated as interim funding is \$3,992,000, an
6 additional request of \$286.9 is before us for a total of \$4,208.9.
7 Jim.

8 MR. AYERS: Yes, Mr. Chairman, and I to assume that
9 the -- was there action taken on the previous item, items one by
10 one, which were ...

11 MR. PENNOYER: Yes they were.

12 MR. AYERS: ... an you have that.

13 MR. PENNOYER: Motions were done one by one or they were
14 deferred.

15 MR. AYERS: ... and you have that. Right. We have
16 that because those will be separated in -- okay. The meeting notes
17 you will want for the December 2nd meeting when you bring the
18 others back. This particular category or cluster, Mr. Chairman,
19 there are two projects, one is the information management system,
20 and that is the project 95089 that we separated and did not ask --
21 and asked you not to fund as a matter of interim project, but it is
22 -- it is the effort to develop an information management plan and
23 then the beginning of the development of an interactive computer
24 program. This is a two part project. One is to develop overall
25 information management system plan, so that we can actually begin
26 to integrate all the various pieces of information that are coming

1 into the system, to provide the public better access to what's
2 occurring, to provide scientists more readily accessible
3 information, and also to provide PI's and others the ability to
4 quickly access the information regarding their projects in the area
5 in which they are working. The inter-active portion of this
6 project is to improve upon our ability to provide the public with
7 information about what's occurring in this ecosystem. We currently
8 do that through the library at a very elaborate, high cost process,
9 and it's our view that we can develop an inter-active computer
10 program system that gives a quick overview, user-friendly overview
11 of the ecosystem, of the resources, and could be updated annually
12 so that the public could actually have a point and click access to
13 what's happening with the Exxon Valdez Oil Spill Trustee Council
14 efforts, and in particular some information about the status of
15 these resources. The other project -- do you want to take these
16 ...

17 MR. PENNOYER: No, go ahead and do it all.

18 MR. AYERS: The other projects, and I don't know if
19 you have the breakout of the \$68.9. I mentioned back on our --
20 during our meeting of October -- or August 23rd that there were
21 some oversights on my part. This particular funding is for \$68.9,
22 and it corrects the oversight. United States Forest Service at
23 \$27.9, and then ADNR, Department of Natural Resources, \$41,000, and
24 as I say, those were oversights on my part when we submitted the
25 August 23rd budget.

26 MR. PENNOYER: Any questions on these projects? Do I

1 have a motion for the \$286.9. Dies for lack of motion.

2 MR. BRODERSON: Motion for approval.

3 MR. JANIK: Seconded.

4 MR. PENNOYER: It's been moved and seconded that we
5 approve \$286.9 for administration, science management and public
6 information, these two projects. Is there any objection to the
7 motion? No objection it is so accomplished. Next item is the
8 Institute of Marine Sciences. We sort of did quite a bit on that
9 yesterday, I think, so that's recommended zero, do I hear any
10 objection to it staying at zero? Thank you.

11 MR. PENNOYER: The last is the restoration reserve for
12 \$12 million. And, who wants to talk about that?

13 MR. AYERS: Mr. Chairman, I'd like to speak to that.

14 MR. PENNOYER: Not proportionately to the rest of it
15 though, please. (Laughter)

16 MR. AYERS: The number of digits does not necessarily
17 require a direct proportional presentation.

18 MR. PENNOYER: Thank you.

19 MR. AYERS: This particular proposal has been
20 discussed. It is identified and discussed in the Restoration Plan.
21 There are two points that I wanted to make about this particular
22 item. Dr. Spies and the peer reviewers, and the PIs and others,
23 have discussed as we've gone through the review and the status of
24 the various injured resources, that recovery in many instances is
25 going to be some twenty to thirty years. In addition to that, the
26 Council has talked about the importance of an ecosystem approach

1 would certainly, is a long term effort. It's important for us to
2 realize, and as Senator Sturgulewski pointed out yesterday, that
3 this -- that this provides, hopefully, at some point, a reserve of
4 some \$100 million to perhaps a \$120 million that would generate an
5 \$8 to 10 million annual research and restoration capability that
6 would be ongoing after the Exxon Valdez payments have ceased. The
7 second point that I want to make is that as the Restoration Plan
8 indicates and as we've discussed as we've gone along and developed
9 this, that the goal -- and as we discussed with the investment
10 officer, the goal is to have a reserve of some \$100 million to \$120
11 million by the time we get to the year 2002, so that we can sustain
12 the long-term research and restoration that's necessary. It is the
13 case as it is discussed in the Restoration Plan that the amount
14 that actually would be deposited, would vary based on the other
15 demands for restoration annually, and I think it's important to
16 note that the goal was to have the 100 and 120, but there very well
17 may be some years we cannot deposit the total \$12 million. This
18 particular year, it is our recommendation because of the cash flow
19 and the cash available, that we fund \$12 million, that the long-
20 term goal is to get to the \$100 to \$120, but I certainly think that
21 that figure may vary, so above \$12 million and below \$12 million
22 over the next five years, depending on what the restoration needs
23 are. I just wanted to be clear on the record that's what the
24 Restoration Plan says, and that's what's indicated here.

25 MR. PENNOYER: Could you refresh my memory as to the
26 reserve purpose there for -- stated purpose was to just give us the

1 flexibility in the future to do whatever type of restoration was
2 required. Is that correct?

3 MR. AYERS: That's correct.

4 MR. PENNOYER: Includes research and monitoring, and land
5 acquisition, whatever it happened to be ...

6 MR. AYERS: Any of those restoration efforts which are
7 consistent with the court decree that these funds would be
8 available to address those issues in the future, and that this
9 reserve could be dealt with by whoever those six Trustees are, and
10 depending on what the need of restoration is at the time, and let -
11 - let me also say that it's also been indicated from members of the
12 public, their view is that they hoped that we would -- we would
13 begin to think about it in terms of a long-term, perhaps even
14 indefinite reserve capability, so that the earnings of those
15 reserved is what would be spent towards restoration efforts, with
16 a focus on the spill area, or the northern gulf. But, it also has
17 been discussed, others have -- certainly propose that it ought to
18 be a declining reserve, which means that you would continue to fund
19 it, perhaps to \$10 million or \$12 million that would be -- that
20 would actually be based on -- above you would spend more than the
21 earnings, which would have it decline for fifteen years. So, that
22 you could have a higher level of spending from 2002 to 2010, but it
23 would exhaust that reserve at the end of the year 2010 or 2015.

24 MR. PENNOYER: But, both the configurations and the
25 utilization of these funds is still left for further decisions from
26 the studies we're doing, from the science plan we're going to do,

1 for all of that. So, we're not in anyway precluding our goal to
2 use these funds.

3 MR. AYERS: That's correct. That there is no decision
4 today to preclude opportunities in the year 2002.

5 MR. PENNOYER: I guess it's open. Mr. Tillery.

6 MR. TILLERY: There has been no, Mr. Ayers, there's been
7 no Council resolution that defines the reserve, has there?

8 MR. AYERS: No, not that -- there's been no resolution
9 that defines the reserve. There's been discussion, and there is
10 certainly language in the Restoration Plan that discusses the
11 reserve. The restoration -- the ROD discusses the reserve, but
12 there is no -- there has been no definitive resolution by the
13 Council to define the long-term purpose of the reserve, but simply
14 to establish the reserve.

15 MR. TILLERY: It is my recollection, Mr. Chairman, that
16 the Public Advisory Group was presented with a draft resolution for
17 the reserve, was that suggested that it was the purpose of the
18 reserve that it be used for research monitoring and associated
19 general restoration activities, but that ultimately, if the Council
20 determined that it was needed for other lawful purposes, that that
21 could occur, and that is as close as I'm aware of anything that to
22 date has defined the reserve.

23 MR. PENNOYER: Ms. Williams.

24 MS. WILLIAMS: Mr. Chairman, I would move that we approve
25 the \$12 million investment into the reserve consist with the
26 language contained in the Restoration Plan and Record of Decision.

1 MR. ROSIER: Second.

2 MR. PENNOYER: It's been moved and seconded that we
3 approve the \$12 million to the restoration reserve, consistent with
4 the -- for use to be consistent with the Restoration Plan.
5 Presumably it would have to be to be used legally because the Plan
6 is subject to the Decree. So, it's been moved and seconded. Is
7 there any further discussion? Is there any objection?

8 MR. TILLERY: I object.

9 MR. PENNOYER: Okay, we don't do the \$12 million. Is
10 there a way to re-do this or are we just going to -- bring it up in
11 December again, does this go in the hip box or is it just dropped?

12 MR. TILLERY: Perhaps ...

13 MR. PENNOYER: There's a lot of public anticipation that
14 we're going to set something aside for future years, research, or
15 whatever, since we don't know what our plan is at this time.

16 MR. TILLERY: It seems to me that maybe it would be
17 useful to come back to this in December and try to come -- at the
18 same time -- I think we tried this last year, actually, to have a
19 resolution that defines the purpose of the reserve and how it's
20 going to be used and the intent of the Council, and so forth.

21 MR. PENNOYER: I guess, the only question I have about
22 doing that is since we're creating a reserve because we don't know
23 what we want to do, how do we specifically preclude legal
24 restoration purposes, in some way or (indiscernible).

25 MR. TILLERY: Not -- you don't -- you cannot preclude
26 legal restoration purposes. It's really a question of just

1 establishing what the Council's intent or purpose is, this
2 Council's intent and purpose. Nothing would ever preclude
3 ultimately any future Council would do.

4 MR. PENNOYER: Well, I don't know if there's any option
5 but to bring it back in December, anyhow. So, is that -- does the
6 group agree to bring it back and revisit it at the December
7 meeting.

8 MR. ROSIER: I would so move.

9 MR. PENNOYER: I guess it could take a motion, do I have
10 a second? (Mr. Janik seconds the motion) Got a second. Is there
11 any objection to reconsidering it with the concept Mr. Tillery
12 brought in, which is attempting to deal with a resolution of the
13 purpose of this reserve fund.

14 MS. WILLIAMS: I would disagree with that, and so I will
15 object to the motion. I am happy to revisit this in December, but
16 I disagree with Mr. Tillery's motion that we attempt to preclude or
17 define in any way how the Trustee Council of 2001 is going to use
18 this money. I am certainly not omniscient enough to know or to
19 suggest to them, or be presumptuous enough to suggest to them, how
20 they should use that fund other than for the legal purposes set
21 forth in the court decree.

22 MR. PENNOYER: It could be what the resolution said, I
23 suppose, but -- okay, so we have an objection to this motion then.

24 MS. WILLIAMS: I move to bring this forward at our
25 December meeting.

26 MR. PENNOYER: Can we simply move to bring the topic back

1 up at the December meeting and see if we can, and resolve it at
2 that time? Is that acceptable?

3 MR. TILLERY: Second.

4 MR. PENNOYER: Do I hear any objections to that
5 procedure. All right, that's what we'll do then. Are there
6 further items on the '95 budget, Mr. Executive Director. The
7 appropriate answer is no.

8 MR. AYERS: No.

9 MR. PENNOYER: We have another topic before us certainly,
10 and we had a couple of other things we might talk about, but one we
11 need to solidify is the time of the next meeting, the fact we're
12 going to have one and anything about the content of that meeting.
13 Mr. Executive Director, are you proposing a date for the next
14 meeting of this Trustee Council?

15 MR. AYERS: Mr. Chairman, we would proposed December
16 the 2nd, depending on the availability of the respective members,
17 and perhaps this is a good time to do so, since we also would like
18 to -- there's a couple more items of business to come before us,
19 but if you have your calendars, that would be helpful.

20 MS. WILLIAMS: Mr. Chairman.

21 MR. PENNOYER: Yes.

22 MS. WILLIAMS: My only concern with that is whether -- we
23 have quite a few things that I think are scheduled to be discussed
24 December 2nd, including the outline of the science policy and so
25 forth -- or the outline of a process to develop a science policy.
26 The question is whether we can anticipate that it will be all done

1 in one day, or whether we ought to schedule a day and a half.

2 MR. PENNOYER: I'd like to anticipate that we'd be done
3 in one day. (Laughter)

4 MS. WILLIAMS: I would like the Executive Director to
5 think about that.

6 MR. AYERS: Well, does that mean that there would be
7 a different day than December 2nd, or that there might be an
8 additional day with December 2nd.

9 MS. WILLIAMS: Additional day.

10 MR. AYERS: So, December 2nd is the day that we're
11 recommending, and we're recommending also that it would be in
12 Juneau, and be in Juneau for a couple of reasons. One that the
13 weather conditions are such that the probability with all due
14 respect, five to one, that the members would be present.

15 MS. WILLIAMS: No two. Four to two.

16 MR. AYERS: That's right -- excuse me -- four to two,
17 I'm sorry. Anyway, we would recommend that it be December 2nd and
18 possibly the 3rd and that it would be in Juneau.

19 MR. PENNOYER: December 2nd is Friday, December 3 is
20 Saturday, and I start a North Pacific Council meeting up here the
21 following week, so ...

22 MR. AYERS: I suspect we can get it all accomplished
23 in one day, Mr. Chairman.

24 MR. PENNOYER: I suspect you could if you started early
25 that one day, but if we wait and do this 10:00 type business, will
26 guaranty you'd be stretch in three days.

1 MR. AYERS: It means that those traveling from the
2 north to the south would have to come in the previous night.

3 MR. PENNOYER: Either direction, we

4 MR. AYERS: Or, depends on whether they're coming from
5 the north or the east or the south.

6 MR. PENNOYER: Either direction we go, east, south, north
7 or west, I suggest we start to get in the previous night and start
8 early the first morning.

9 MR. AYERS: Okay, so do you propose that we start at
10 8:30 a.m. on the morning of December 2nd.

11 MR. PENNOYER: Wonderful.

12 MR. AYERS: So, we'll put an agenda together to
13 include the hopper that's now been developed, this science policy
14 outline, and the other items that were identified yesterday in the
15 resolution, including the potential Koniag resolution, Chenega,
16 Afognak and others that may be before the Council, that were discussed
17 yesterday.

18 MR. PENNOYER: Mr. Ayers.

19 MR. AYERS: Yes, sir.

20 MR. PENNOYER: Please sign these resolutions. Okay, are
21 we done?

22 MR. AYERS: No, Mr. Chairman, as soon as you sign
23 those.

24 MR. PENNOYER: Sign them first before we're done? That
25 I can do quickly.

26 MR. AYERS: Yes.

1 MS. WILLIAMS: Can we -- we were going to, also Mr.
2 Chairman, have a very quick update on funds available for large
3 parcel acquisition. That's the only thing I'm interested in
4 discussing with respect to large -- I mean appraisals, excuse me --
5 that's the only thing I'm interested in discussing with respect to
6 large parcel appraisals, but just an update on funds available.

7 MR. PENNOYER: Okay, you want to do the funds available,
8 first?

9 MR. AYERS: Yes, Dave if you'd help us down here, that
10 would be great. While he's ...

11 MR. PENNOYER: Waiting for us ...

12 MR. AYERS: No, Mr. Chairman, Dr. Gibbons had to get
13 some of his notes to respond to the question asked by Ms. Williams.
14 As a great legislator once said, never pass up the opportunity to
15 sit down and shut up.

16 DR. GIBBONS: Mr. Chairman -- slide this a little closer
17 -- I believe Trustee Council member Janik passed out a status
18 report yesterday or the day before to the Trustee Council, and if
19 you want to follow along with me and turn to attachment G, I'll try
20 to walk through where we are. I might just -- do you want this
21 real short or you want this real long?

22 MS. WILLIAMS: Real short.

23 MR. TILLERY: Mr. Chairman, can I just clarify that all
24 we're asking is whether there's sufficient funds available for
25 appraisals through the December.

26 DR. GIBBONS: There is.

1 UNKNOWN: Semi-yes and no.

2 MR. TILLERY: That was good, that's it, that's okay.

3 (Laughter)

4 MR. AYERS: Who has those resolutions?

5 MR. PENNOYER: Mr. Tillery, we thank you.

6 MR. AYERS: Who has the resolution? Oh, I thought the
7 Chairman was going to read it. Someone should actually recognize
8 them.

9 MR. PENNOYER: What are we doing.

10 UNKNOWN: MR. Chairman, I have the letter I
11 mentioned to you earlier, also.

12 MR. PENNOYER: Do you want to give me the letter?

13 (Long Pause)

14 MR. PENNOYER: I have here three resolutions from the
15 Trustee Council recognizing the excellent work the staff has done
16 in preparing the documents that were before us at this meeting, and
17 particularly the EIS, ROD on the Restoration Plan, and the IMS
18 facility, and the resolutions I will read you. I think I can read
19 you one, and then give you the names, it says: Whereas, Sandy
20 Rabinowitch has served as a representative of the Department of
21 Interior, the National Park Service, in planning restoration of the
22 resources and services injured by Exxon Valdez oil spill since
23 1990; and Whereas, Mr. Rabinowitch has made significant
24 contributions to the development of the comprehensive balanced
25 approach to restoration adopted by the Trustees to the Restoration
26 Plan; and Whereas, Mr. Rabinowitch has been diligent in his efforts

1 to advance meaningful public involvement in the Trustee Council
2 process; and Whereas, Mr. Rabinowitch has given it his time, energy
3 and his talents in the efforts to aid recovery and restoration of
4 the resources and the services in the areas affected by the Exxon
5 Valdez oil spill. Therefore, be it resolved that the Exxon Valdez
6 Oil Spill Trustee Council recommends that Mr. Rabinowitch for the
7 excellence of his performance and extends appreciation for his
8 efforts on behalf of the injured resources. And before we conclude
9 that, the -- similar resolution for Nancy Swanton, difference in
10 the fact that it talks about the process of compliance of NEPA, for
11 the proposed Institute of Marine Science infrastructure
12 improvements in Seward, to filing a notice of intent identifying
13 the scope of issues to be addressed, developing a draft
14 environmental impact statement concerning, conducting public
15 meetings and taking public comment on the document and addressing
16 those comments in preparation of a final EIS and Record of
17 Decision. Whereas, Ms. Swanton served as a focal point for total
18 coordination of the EIS process and accomplished all of these
19 objectives within extremely limited time schedule; and Whereas Ms.
20 Swanton gave of her time, energy and talents in the efforts that
21 aid recovery and restoration of the resources and services in areas
22 affected by the Exxon Valdez oil spill. Therefore, be it resolved
23 that the Exxon Valdez Oil Spill Trustee Council commends Mr.
24 Swanton for the excellence of her performance and extends
25 appreciation for her efforts on behalf of the injured resources.
26 The third resolution is: Whereas, Rod Kuhn has served the Exxon

1 Valdez Trustee Council as a representative of the Department of
2 Agriculture, the U.S. Forest Service, since January 1994; Whereas,
3 Mr. Kuhn managed for the Trustees the process of compliance with
4 NEPA for the Restoration Plan through assembly and multi-agency
5 team, filing a notice of intent, identifying the scope of issues to
6 be address, developing that draft environmental impact statement,
7 conducting public meetings and taking public comment on the
8 document, and addressing those comments in preparation of a final
9 environmental impact statement and Record of Decision; and Whereas
10 Mr. Kuhn has accomplished all of this objectives in an extremely
11 limited time schedule, and within budget, all while maintaining an
12 equitable disposition. (Laughter) That's the tough part. And
13 Whereas, Mr. Kuhn has given it is time, energy and his talents in
14 the efforts to aid recovery and restoration of the resources and
15 services in the areas affected by the Exxon Valdez oil spill.
16 Therefore, be it resolved that the Exxon Valdez Oil Spill Trustee
17 Council commends Mr. Kuhn for the excellence of his performance and
18 extends appreciation for his efforts on behalf of the injured
19 resources. Could the three of you come, if you're all here.

20 (Applause)

21 MR. PENNOYER: Rod, thank you. I know you're getting out
22 of this, but thank you. I really don't want to delay the procedure
23 much longer by a lengthy discussion, but I have here a proposed
24 letter to go to a man I've heard of, the Honorable Dr. James Baker,
25 regarding the OSRI and the possible acquisition of \$23 million to
26 OSRI through the TAPS fund. This is, I think, in my view takes

1 some discussion as to the purposes and the way in which we line
2 this up, and how we decide we need to be connected with OSRI, and
3 I think I would prefer to bring this back to the December meeting,
4 with a report on the ramifications of this and some discussion of
5 how we might relate. Is that acceptable to the maker of the --
6 drafter of the letter who handed it to me.

7 MR. BRODERSON: I didn't draft, but I'm the bearer of it,
8 and it's perfectly acceptable to me.

9 MR. PENNOYER: Okay, fine, we will do that, then. Is
10 there further business for this counsel at this time? Hearing none
11 we will -- do we adjourn?

12 MR. AYERS: You recess.

13 MR. PENNOYER: We recess -- we recess until the next
14 meeting in Juneau.

15 (Off Record 3:25 p.m., November 3, 1994)

16 END OF PROCEEDINGS

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CERTIFICATE

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

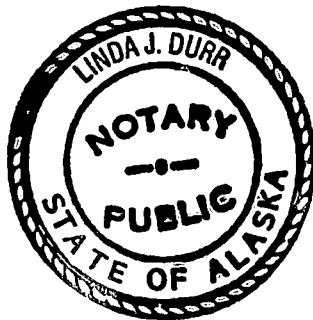
I, Linda J. Durr, a notary public in and for the State of Alaska and a Certified Professional Legal Secretary, do hereby certify:

That the foregoing pages numbered 04 through 339 contain a full, true, and correct transcript of the Exxon Valdez Oil Spill Settlement Trustees Council meeting taken electronically by me on November 2 and 3, 1994, commencing at the hour of 10:00 a.m. on November 2, 1994, at the Restoration Office, 645 G Street, Anchorage, Alaska;

That the transcript is a true and correct transcript requested to be transcribed and thereafter transcribed by Sandra Yates and me to the best of our knowledge and ability from that electronic recording.

That I am not an employee, attorney or party interested in any way in the proceedings.

DATED at Anchorage, Alaska, this 14th day of November, 1994.



Linda J. Durr

Linda J. Durr, Certified PLS
Notary Public for Alaska
My commission expires: 10/19/97

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