

TRUSTEE COUNCIL
MEETING TRANSCRIPTS
MARCH 1, 1995

**EXXON VALDEZ OIL SPILL SETTLEMENT
TRUSTEE COUNCIL**

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RESTORATION OFFICE
Simpson Building
645 G Street
Anchorage, Alaska

**EXXON VALDEZ OIL SPILL Trustee Council Teleconference Meeting
TRUSTEE COUNCIL
ADMINISTRATIVE RECORD**

**Anchorage, Alaska
March 1, 1995
3:00 p.m.**

TRUSTEE COUNCIL MEMBERS in attendance:

In Anchorage

STATE OF ALASKA

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

**UNITED STATES DEPARTMENT
OF THE INTERIOR**

MS. DEBORAH WILLIAMS, Special
Assistant to **MR. GEORGE**
FRAMPTON, Assistant Secretary

In Juneau

**STATE OF ALASKA DEPARTMENT
OF FISH AND GAME**

MR. FRANK RUE,
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;
and **MR. BILL HINES**, Trustee
Representative

**STATE OF ALASKA DEPARTMENT
OF ENVIRONMENTAL CONSERVATION**

MS. MICHELLE BROWN, Deputy
Commissioner and Trustee
Representative for **MR. GENE**
BURDEN, Commissioner

TRUSTEE COUNCIL STAFF

| | |
|--------------------|---|
| MS. MOLLY MCCAMMON | Executive Director, EVOS Trustees Council, present in Anchorage |
| MR. ERIC MYERS | Director of Operations, EVOS Trustees Council, present in Anchorage |
| MS. L.J. EVANS | Information Officer, EVOS Trustees Council, present in Anchorage |

PUBLIC on line who testified:

In Anchorage

| | |
|-----------------------|------------------|
| MR. PAT BARNES | MR. DAVID GRIMES |
| MS. MARYBETH HOLLOMAN | |

In Cordova

| | |
|-------------------|-------------------------|
| MR. JAMES MYKLAND | Teleconference, Cordova |
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P R O C E E D I N G S

(Executive Session 3:00 p.m. - 4:25 p.m.)

(On record at 4:25 p.m.)

STAFF: Anchorage is on line now and we are all here.

MR. RUE: Molly, this is Frank Rue. Are you there?

MS. McCAMMON: Yes, we are. Are you going to be chairing, Frank?

MR. RUE: Yeah, I've been asked to chair, if that's all right? Hearing no objection, I'll chair. I'd like to call the Exxon Valdez Trustee Council into public session. We've been in executive session for days now, I guess, discussing the Eyak proposal, and so I would like to ask Phil Janik if he'd like to bring the Trustee Council up to speed here on where we are.

MS. McCAMMON: Frank, could you please first indicate who all is there for each Trustee member.

MR. RUE: Okay, I'm sorry. Phil Janik is here for the U.S. Forest Service, Michelle Brown for DEC, and Steve Pennoyer for National Marine Fisheries Service.

MR. PENNOYER: And in Anchorage, you've got?

MR. RUE: Who is in Anchorage -- you've got Craig Tillery for Law and Deborah Williams for Interior.

MR. PENNOYER: Mr. Chairman, I'd like to make an observation. I'm going to have to leave; I've got a 4:30 appointment that I can't get out of. So I remind you (indiscernible -- interference on teleconference) consideration.

1 MR. RUE: All right. Bill Hines will be sitting
2 in for Steve Pennoyer. All right, Phil, are you ready?

3 MR. JANIK: Yes, Mr. Chairman. What I'd like to do
4 is just describe maybe a few of the events leading up to today,
5 and that is this Council on December 2nd passed a resolution that
6 provided a comprehensive offer to Eyak with regard to the
7 (indiscernible -- interference) of Eyak lands and arrangements
8 that the Council preferred to enter into. That was responded to
9 by Eyak in what they refer to as the "Eyak concept for change"
10 which pretty much documented rejection of that resolution offer
11 by the Council by Eyak. The Eyak Concept For Change, which was
12 received from them, was examined by the Council, and also was
13 rejected by the Council, and in an attempt then to resolve a
14 problem that was emerging, and that is the moratorium on the Orca
15 Revised Lands per se, with regard to harvesting of timber that
16 had been agreed to between Eyak and the Council in, I believe it
17 was, May of 1994 is about to expire -- in fact the expiration
18 date is today -- and Eyak had intended -- excuse me -- had
19 announced an intent to begin logging in the Orca Revised parcel
20 by March 2nd, meaning tomorrow. In an attempt to respond to that
21 date and see if the Council could come up with strategy that
22 would buy some further time for negotiations, the Council came
23 forward a supplemental type of resolution offer to the December
24 2nd resolution, seeking to purchase a seven year moratorium on
25 commercial timber rights in the Orca Revised parcel for the sum
26 of 4.13 million dollars, seeking as part of that offer no

1 development rights from Eyak, and also as part of that offer were
2 seeking a seven year moratorium as a donation from Eyak on the
3 so-called Other Lands, and there were some expectations there
4 with regard to development rights. That offer, in a meeting in
5 Cordova of last week between several members of the Trustee
6 Council and Eyak board members, that offer was rejected and
7 counter-offered by Eyak indicating that they would not commence
8 timber harvesting if the sum of money was provided to them of
9 \$15,000,000, as compared to the Council's offer of 4.13. They
10 also indicated that commencing on March 2nd a daily price of
11 \$100,000 from the Council would be needed to in fact stop them
12 from logging, commencing March 2nd until a deal was closed. That
13 offer was examined by the Council and rejected, and at that point
14 we apparently were at an impasse and, in an agreement between
15 Eyak and the Council, we entered into a non-binding mediation
16 session that lasted two days. It occurred this past Sunday and
17 Monday. We did have a mediator helping with the negotiations
18 that continued on during those two days, and what has emerged
19 from those negotiations is what we are about here today to
20 discuss and what was discussed during the executive session. And
21 at this point, Mr. Chairman, I would suggest that Mr. Wolfe, Jim
22 Wolfe, go through what has been crafted as a so-called Statement
23 of Intent between the Eyak Corporation and Sherstone Incorporated
24 and the Trustee Council, to basically go over the features of the
25 agreement that we are considering today, and then afterwards we
26 can go on, perhaps, into some discussion on that Statement of

1 Intent.

2 MR. RUE: All right, Mr. Janik, do you want to
3 have Mr. Wolfe do this in the form of -- what form would you like
4 him to do this?

5 MR. JANIK: I would simply ask Mr. Wolfe to go
6 through the features of the Statement of Intent, one by one, to
7 make sure we all understand what is contained in the elements of
8 the agreement that has emerged from the recent negotiations.

9 MR. WOLFE: Okay, we're passing copies of the
10 Statement of Intent around here so that everybody has a copy, and
11 basically I will just go through what is written, and then when
12 we get through if there are questions, we can deal with them at
13 that point. So, let me go ahead and start. I might add that it
14 has been a very intense three or four days of negotiations with a
15 tremendous number of people, and I appreciate everybody's efforts
16 and forbearance in staying with this, pass through this period.
17 We did bring in a mediator, and I believe he has helped us to
18 come a little closer towards meeting both our objectives -- the
19 Trustee Council's objectives -- for protecting the habitat in the
20 Sound for restoration purposes, and at the same time allowing
21 Eyak and Sherstone to proceed with meeting some of their resource
22 development objectives for their lands with the Sound.

23 One of the first items that has been agreed to generally is
24 that -- to redirect timber harvest to reduce impacts to Orca
25 Narrows/Nelson Bay area, and most of you, I believe, are familiar
26 with the area that we're talking about. Sherstone generally

1 proposes to redirect timber harvest plans scheduled to start
2 tomorrow from highly visible areas along Orca Narrows/Nelson Bay
3 area to within the vicinity of Simpson Bay in consideration of
4 the actions of the Trustee Council and the United States Forest
5 Service contemplated by this Statement of Intent.

6 Timber -- the second item of agreement is timber rights
7 exchange -- or component -- is timber rights exchange and/or land
8 conveyance. In order to avoid timber harvest in the highly
9 Visible Areas along Orca Narrows/nelson Bay, the Trustee Council
10 has agreed to support efforts by the Forest Service to
11 immediately determine the value of timbered lands on the south
12 side of Simpson Bay, within the Orca Sub-parcel, for the purpose
13 of making an equal value (timber-rights for timber-rights)
14 exchange with Eyak and Sherstone, for timber rights in the highly
15 visible areas along Orca Narrows/Nelson Bay that would otherwise
16 be harvested.

17 The next component is Eyak, with the active support of the
18 Trustee Council will seek expedited conveyance of lands within
19 the Simpson Bay drainage, Sections 15-16 of Township 14 South,
20 Range 3 West, in order to supplement the volume of timber
21 available for harvest in the Simpson Bay area. And it would help
22 if Eric would point out for those in here the Sections 15 and 16.
23 Okay. Those are isolated parcels currently under National Forest
24 ownership that are within the boundaries of Eyak and Chugach
25 Regional Corporation lands. Concurrent with efforts to expedite
26 conveyance, the Forest Service will explore opportunities to

1 exchange timber rights from those sections with Eyak and
2 Sherstone for timber rights along the Orca Narrows/Nelson Bay
3 viewshed. The Trustee Council, Eyak Corporation and Sherstone
4 Incorporated all regard this approach as the preferred way to
5 supplement timber volume for Sherstone's harvest from Sections
6 15-16 in the Simpson Bay area.

7 Timber rights that may be acquired from Eyak and Sherstone
8 through such an exchange will be applied to those highly visible
9 lands along Orca Narrows/Nelson Bay, starting at the eastern edge
10 of the Orca Sub-parcel and then progressively -- Eric is pointing
11 it out -- then progressively further to the northeast toward the
12 Rude River drainage. It is recognized that as a result of timber
13 right exchanges contemplated by this agreement and the
14 redirection of timber harvest activity, Sherstone would
15 experience an increase in road costs across those lands along
16 Orca Narrows/Nelson Bay being protected that it would otherwise
17 harvest. It is intended that these incremental costs be mutually
18 identified, agreed upon and compensated.

19 For the purposes of the timber exchanges contemplated by
20 this settlement (sic) of Intent, the valuation shall be completed
21 on a basis that establishes a value as if the timber had been cut
22 by Sherstone using existing and applicable log prices and
23 expenses.

24 Another key component of this agreement is the limited
25 conservation easement for Orca Revised parcel. The Trustee
26 Council will authorize funds for the Forest Service to acquire a

1 limited conservation easement on the Orca Revised lands along
2 Orca Narrows/Nelson Bay for \$200,000 consisting of -- \$200,000 --
3 consisting of commercial timber harvest rights for a period of
4 time from March 1, 1995, through and including May 15, 1995. If
5 the timber exchange for the Orca Sub-parcel is completed on or
6 before May 15, 1995, the term of the limited conservation
7 easement shall be extended through July 15, 1995. The Forest
8 Service will work with Sherstone to complete a purchase agreement
9 by March 10, 1995, reflecting the above.

10 The sum of \$200,000 shall be paid to Sherstone for the
11 limited conservation easement if by May 15, 1995, the timber
12 rights on the northwest side of the Orca Sub-parcel have been
13 exchanged with Eyak and Sherstone; and two, by July 15, 1995, the
14 timber rights for Section 16-16 have been exchanged with Eyak and
15 Sherstone, or Section 15-16 have otherwise been conveyed to Eyak,
16 then Sherstone will allow \$200,000 to be offset against any
17 amounts due Sherstone as a result of increased costs described in
18 (2) above or as a credit for acquisition of other additional
19 timber rights.

20 At this point, I'd like to point out that this is -- there
21 is one concern for Eyak Corporation in this area that is not
22 addressed in this agreement at this point in time, and that's
23 that the -- to be able to actively harvest on those lands that we
24 exchanged will require that they obtain timber harvest permits,
25 and there is concern that this might encumber their ability to
26 operate. However, we are assuming that they will be able to

1 actively and prudently obtain their permits to be able to
2 continue harvesting uninterrupted, as long as it is on the
3 offside of the hill from the viewshed.

4 Okay, item (4), access for logging in Simpson Bay -- the
5 Trustee Council recognizes that in order to access planned
6 cutting united in the vicinity of Simpson Bay, road access from
7 the log transfer facility in Orca Narrows/Nelson Bay across a
8 portion of the Orca Sub-parcel will be needed and was provided
9 for in the purchase agreement for the Orca Sub-parcel. This is
10 primarily to alert folks that there will be some road
11 construction within the parcel that -- the timber area that we
12 acquired an easement on earlier.

13 The fifth item, road access along Orca Narrows/Nelson Bay to
14 the Rude River drainage. The Trustee Council recognizes that
15 Sherstone's logging plans include the harvest of lands in the
16 Rude River drainage and that this will require road access along
17 Orca Narrows/Nelson Bay. Sherstone recognizes the need to
18 develop such a road in a manner that reduces or minimizes
19 negative impacts to restoration values to the extent practicable.

20 Item (6), during the process of negotiations on the small
21 parcel, there was some timber that were harvested -- er, felled
22 and bucked -- but never taken from the Orca small parcel, and
23 what this relates to is those timbers, and it's called the downed
24 timber on the Orca Sub-parcel. The Trustee Council and Sherstone
25 recognize that if they can reach a mutual agreed upon value for
26 the presently downed timber on the Orca Sub-parcel, approximately

1 10 acres, the net value of that timber will be applied to offset
2 any payment or other value due Sherstone as a result of
3 implementation of the provisions described in this Statement of
4 Intent.

5 (7) -- further negotiations schedule -- recognizing that
6 there are other important habitats owned by Eyak/Sherstone, the
7 Council -- the Trustee Council, Eyak and Sherstone agree to
8 develop a schedule by April 1 for further negotiations which are
9 intended to address habitat protection on Eyak's and Sherstone's
10 interests in the Other Lands, west of Shepard Point primarily,
11 including Sheep Bay, Port Gravina, and Windy Bay and other areas
12 which have high restoration values of particular interest to the
13 Trustee Council. This will include authorization by Eyak and
14 Sherstone for the Trustee Council to complete the appraisal of
15 the Other Lands. It is also intended that the Trustee Council,
16 Eyak and Sherstone will work to identify those remaining highly
17 visible lands along Orca Narrows/Nelson Bay to the mouth of the
18 Rude River that would not be protected from timber harvest as a
19 result of the timber exchanges contemplated by this Statement of
20 Intent and to negotiate cooperatively to reach an agreement for
21 their protection. Additionally, it is intended that negotiations
22 will continue to proceed on acquisition of the Core Lands, as it
23 is currently going.

24 Use of mediation is the last item. The Trustee Council,
25 Eyak and Sherstone agree that they will work cooperatively as
26 described above and will use mediation, to the extent deemed

1 appropriate by both parties, as a means of furthering these
2 negotiations.

3 No contractual obligation enforceable against any party is
4 created by this Statement of Intent. And basically, this, we
5 believe, represents what has mutually been agreed to. The final
6 version of this has not been totally reviewed by Eyak at this
7 point in time, but in the interests of moving forward we have
8 decided to bring it to everybody's attention at this point.

9 MR. RUE: Thank you very much, Mr. Wolfe. Mr.
10 Janik, do you want to add to that?

11 MR. JANIK: Yes. Just briefly I'd like to point out
12 that those of us, and there were many -- several of the Trustee
13 members as I mentioned earlier, and staff, as well as
14 representatives from Eyak and Sherstone -- worked long and hard
15 to develop these deal arrangements, and we consider them very
16 positive in terms of a number of interests. We believe these
17 deal arrangements are responsive to the Eyak economic interests
18 and logging activities -- that became very obvious during the
19 negotiations that was very important to them in terms of their
20 economic pursuits. It also is responsive, we believe, to the
21 Trustees' interest in the restoration values and services in the
22 portion more finally targeted than previously in terms of all the
23 Orca lands, as far as those areas that coincide also with the
24 interests of the community of Cordova and adjacent locations in
25 terms of the interests and the viewshed there in the Nelson Bay
26 area, and in crafting these deal points, all of those

1 considerations were taken into account, and those of us who were
2 involved in the negotiations feel very positive of the outcome
3 here.

4 MR. RUE: Okay. Thank you very much. What I was
5 thinking might be good now is -- and I'd like other Trustee
6 Council members to give me their thoughts on this -- is perhaps
7 if other members of the Council would like to make comments, that
8 would be fine, but let's let the public, give the public a chance
9 at this point to give us their thoughts. What would other
10 Trustee Councils like to do, does that sound all right to you if
11 we open this up and allow the public to give us their reaction to
12 this proposal? Mr. Janik.

13 MR. JANIK: I think that would be very productive to
14 give the public an opportunity to comment on the features that
15 Mr. Wolfe just described.

16 MR. RUE: Are there other Trustee Council members
17 who would like to make a comment now, or should we ask members of
18 the public who may be in attendance in, I believe, Cordova and
19 Anchorage.

20 MS. McCAMMON: Mr. Chairman, I believe we have Cordova,
21 Anchorage and Valdez.

22 MR. RUE: Valdez, okay. What's the will of the
23 Council on this? Any objection to asking the public if they'd
24 like to give us their thoughts at this time? Okay, hearing no
25 objection -- yeah, I would ask if there is anyone in Cordova who
26 would like to give us their comments on this proposal. I would

1 hope that they could keep it very short. It's late in the day,
2 and we'd like to keep moving on this, but we'd certainly like to
3 hear from anyone in Cordova.

4 MR. JAMES MYKLAND: Yes, I'm here in Cordova. My name
5 is James Mykland, and I am commercial fisherman for the last 20
6 years here. I just want to say I was here at the public hearing
7 when the EVOS Trustees came here last week, and I just want to
8 say that I appreciate the Trustee Council and their diligence and
9 their hard work and their patience concerning this habitat
10 imminently threatened here, and I appreciate their hard work in
11 working out a deal here, and I hope everyone will be happy with
12 their negotiations.

13 MR. RUE: Thank you, Mr. Mykland. Is there anyone
14 in -- why don't we go around to the different sites, and then
15 we'll keep coming back. Anyone in Anchorage?

16 MS. McCAMMON: Mr. Chairman, there is a Mr. Pat Barnes
17 who would like to speak. (Aside instructions)

18 MR. PAT BARNES: Well, I don't represent anybody
19 here except myself. I'm not on the Eyak board or I don't
20 represent any group of any people here, but I would like to make
21 some statements here that I think might help this situation along
22 if you run into a problem here in the negotiations. It is my
23 opinion that the seven year moratorium is too long, as a
24 shareholder of Eyak. It is too long. I'm in favor of selling
25 all the timber to the Trustee Council. I would like to suggest
26 to them that they consider a two year moratorium with a renewable

1 clause for the \$4.13 million, which would automatically stop the
2 logging, which would give them a two year grace period to
3 negotiate and give them a little breathing space. They told me
4 in Cordova that there's a good possibility on that seven year
5 moratorium that that issue might be settled within one year.
6 Now, if you give them two years here, it gives them a little
7 breathing space to sit down and talk to Eyak and to all the
8 people concerned and stop logging, and I would like them to
9 consider that: a two year moratorium with a renewable clause in
10 it for the same amount of money at the end of two years, if you
11 have not reached an agreement. I think it would be to
12 everybody's benefit, Eyak's and the Trustee Council, to do this.
13 I think that they'll work hard to try to get it finalized within
14 the first two year period so it wouldn't cost them any more
15 money, and of course, if it goes past that point, of course it
16 will be beneficial to Eyak, but I don't want to string out for
17 seven years because it's holding up, in my opinion, our right to
18 go out and make a living off of what we have, and the federal
19 government gave us this land to administer to the best of our
20 ability, and I think that the Trustee Council probably realizes
21 that. We got this land from Congress, and I personally don't
22 want to lose any of it. You can have all the trees outside of
23 the core area, but it is my opinion that you should not have any
24 of the land. And if you want to buy all the trees, I will go
25 along with you a hundred percent.

26 MR. RUE: Okay. Thank you, Mr. Barnes. Is there

1 anyone in Valdez who would like to give us their thoughts? And
2 perhaps, before we go to Valdez, we might want to clarify that
3 this -- Mr. Janik.

4 MR. JANIK: If I may. Mr. Barnes, I hope you are
5 still there listening. Just for a point of clarification, the
6 negotiations, the recent ones over the past few days, no longer
7 are Eyak and Trustee Council looking at the kind of moratorium
8 arrangement that we discussed when we visited there in Cordova
9 with you, but rather now are looking at the arrangements that
10 were described by Mr. Wolfe, which involves allowing -- or I
11 shouldn't say allowing -- but Eyak would be simply proceeding
12 with some logging activity, but that would be redirected away
13 from the viewshed, in Nelson Bay, and where the Trustee Council
14 has the most interest in terms of habitat values that coincide
15 with that. So, the moratorium arrangement is no longer being
16 considered with regard to the Orca Revised land. So that is the
17 change that has occurred since we visited there in Cordova with
18 you. And we have agreed to keep negotiating and implementing the
19 arrangements on the other parcels that are under negotiation with
20 Eyak, including the Core Lands as well as the so-called Other
21 Lands.

22 MR. RUE: Okay. Hopefully, that clarifies it. Is
23 there anyone in Valdez who would like to speak to the Trustees at
24 this time?

25 UNIDENTIFIED VOICE AT VALDEZ LIO: No. No comment --
26 just listening here. Thanks.

1 MR. RUE: Okay, back to Cordova. Is there anyone
2 else in Cordova who would like to speak to the Trustees.

3 UNIDENTIFIED VOICE AT CORDOVA LIO: We have observers
4 only.

5 MR. RUE: Okay. Is there anyone else in
6 Anchorage?

7 MS. McCAMMON: Mr. Chairman, there's a Mr. David
8 Grimes.

9 MR. RUE: Okay, Mr. Grimes.

10 MR. DAVID GRIMES: Yeah. I just wanted to -- get a
11 clarification of what the changes might mean then if logging is
12 redirected to Simpson Bay area. Is that what we're being told is
13 the idea here? And so, what would -- would the moratorium then
14 effectively be over tomorrow, or is there some exchange of lands
15 that needs to take place before logging starts, or what's the
16 implementation of this document before us?

17 MR. RUE: Mr. Janik, would you like to answer
18 that?

19 MR. JANIK: Yes. Recognizing that this has not yet
20 been passed by the Trustee Council, we're simply working off the
21 Statement of Intent in discussion, but should this -- should this
22 actually get approved, what you might expect is whenever Eyak
23 would decide to commence logging, that logging would commence as
24 part of this agreement in the Simpson Bay area, as compared to
25 the face of Nelson Bay, a portion of Orca Revised. And then,
26 depending on these other elements successfully being implemented,

1 the intent would be to provide full protection from where the log
2 transfer facility is now located there up to the area where Rude
3 River is located, that being looked upon as of most interest to
4 the Trustees and, again, as we understand it, of most value to
5 the community with regard to viewshed values.

6 MR. GRIMES: Yeah, thank you. Do you folks from Eyak
7 have any clarification on that, or is that as you understand it?

8 UNIDENTIFIED VOICE (one of Eyak's representatives):
9 That's as we understand it, yes.

10 MR. GRIMES: So, would that mean that road building
11 would go ahead and begin tomorrow into the Simpson Bay area or
12 are we having to wait -- I'm still not sure if we're having to
13 wait -- effectively there is an exchange that has to take place
14 before operations start?

15 MR. RUE: Is this question directed at Mr. Janik?
16 Mr. Janik, would you like to answer that?

17 MR. JANIK: I think that perhaps the person that
18 could better answer that is Mr. Wolfe in terms of either he or
19 someone from Eyak as far as the actual road construction
20 necessary to go up into Simpson Bay and whether there would be
21 any additional permits or whatever required before that could
22 commence. My understanding is there are no odd complications
23 with that, but I'd better ask Mr. Wolfe to respond, and maybe
24 someone from Eyak as well.

25 MR. WOLFE: Let me state one thing, and then I think
26 it would be Eyak's response and Sherstone. Right now, we don't

1 have any agreement, and even under the proposed Intent Statement
2 if we were able to reach final agreement on that, the Eyak-
3 Sherstone corporations would be allowed to start road
4 construction at any point. So, they could do it with or without
5 this conservation easement. It's a matter of where they would
6 harvest timber that's addressed by the intent of this statement.

7 MR. JANIK: Yeah. I think one of the reasons I
8 wanted you to respond, Jim, is there might be some question about
9 anything associated with the Sub-parcel negotiation that was
10 finished recently and whether there were any complications with
11 that, but there are none, to my understanding.

12 MR. RUE: At this time, I think the public
13 questions really ought to be directed at the Council. Unless
14 Eyak would like to, you know, answer questions, I'm really
15 interested in having comments directed -- questions directed at
16 the Council at this time.

17 MR. GRIMES: Yeah. No, I appreciate that. It's that
18 people have been on kind of pins and needles for sometime waiting
19 for this process to hopefully come to a positive resolution, and
20 so since the moratorium effectively ends today, we were wondering
21 what we might expect tomorrow -- and I just have a few comments,
22 but since this -- this is a statement of intent that we're
23 discussing today, I'll hold most of what I had to say 'til later.
24 But I just wanted to thank everybody also for pursuing very
25 difficult negotiations and moving into mediation, because I know
26 it's been an emotionally difficult thing for many people, and we

1 all want to do what's best for this area and for the restoration
2 of Prince William Sound. I also do want to say though, that in
3 some ways I still look at this as a complete failure of the
4 Trustee process because, as my understanding is, four years ago
5 the federal Trustees and the Clinton Administration had offered a
6 deal that consisted primarily of just timber rights and all there
7 is outside the core tracts, and in the core tracts either fee
8 simple or some limited conservation easements, and that was for
9 around \$50,000,000, and the Trustee Council has stated over and
10 over again many times that this area that we're discussing today
11 is extremely important to restoration, and Eyak Corporation, to
12 their credit, has offered all of its timber rights on, as I
13 understand it, all of its lands and wanted to keep a few
14 development options open, and I personally agree with that
15 proposal from the Eyak Corporation. I find it hard to understand
16 how the Trustees, in desiring to protect and restore Prince
17 William Sound, and as I understand it protecting the forest is
18 probably the most important alternative there, can look at this
19 current deal as a victory of any kind. There is the opportunity
20 to protect all of the forests in this region, still allow Eyak
21 Corporation to have certain development rights, and protect all
22 the viewsheds. People who live in the Cordova region primarily
23 get out on boats, so if you are protecting the viewshed you
24 effectively protect all of eastern Prince William Sound, and
25 particular in this area Hole-in-the-Wall is one of the most
26 popular places, and I know people who grew up in that area, and

1 cutting in Simpson Bay is not going to make them happy. I do
2 want to thank you for your work, and I would really encourage to
3 look at this draft Statement of Intent as a step towards bringing
4 you even closer together, and I would really want to second Mr.
5 Barnes' statements that you continue to look to see if you can't
6 come to some way to protect all the timber rights in this area
7 and compensate Eyak Corporation fairly and allow them to have
8 future development rights on their lands. So, thank you.

9 MR. RUE: Thank you, Mr. Grimes. Is there anyone
10 else who would like to speak to the Council at this time?

11 MS. McCAMMON: There is one more person, Mr. Chairman.

12 MR. RUE: Thank you. Go ahead. If you'll state
13 your name.

14 (Aside comments)

15 MS. MARYBETH HOLLOMAN: My name is Marybeth Holloman
16 (ph). I'm an Anchorage resident. This is not a logical appeal.
17 I couldn't sleep last night. I kept hearing a tree falling. I
18 kept hearing the cracking thunder of a great trunk breaking and
19 then the thud of it hitting the forest floor. I felt the same
20 sense of doom I did nearly six years ago. I couldn't sleep then
21 either. I kept seeing a sea otter coated in oil, shivering, and
22 then finally sinking like a stone to the ocean floor. What can I
23 say? Forgive them Lord, for they know not what they do. No, we
24 know what we do, and we know that there is no excuse for cutting
25 one more tree in Prince William Sound. So, all I have to say is,
26 refuse to forgive, cherish your anger, remind others.

1 MR. RUE: Okay. Thank you, Ms. Holloman. Anyone
2 else in any of the stations who would like to address the
3 Council? All right.

4 MS. WILLIAMS: Mr. Chair, since Mr. Grimes represented
5 his understanding of the development rights that Eyak was seeking
6 to preserve, I do not believe that was an accurate
7 representation, and I would like to defer to the Forest Service
8 to clarify the record on that. Because it was my understanding
9 that Eyak's offer to us was that they retain all development
10 rights: industrial development rights, commercial development
11 rights, homestead development rights; every conceivable
12 development right except timber harvesting on their land after a
13 certain amount of time in the future, and if that is the case, I
14 think the record ought to be clarified to specify that, because
15 that was the offer that we were dealing with was that they be
16 allowed under their development right proposal to build a LNG
17 facility, if that was in their economic interest, a coal slurry
18 facility, if that was in their economic interest, and so forth;
19 that they were not willing to forego any development rights in
20 the future -- in the distant future.

21 MR. RUE: Thank you, Ms. Williams. Mr. Janik,
22 would you like to clarify the record for that.

23 MR. JANIK: Yes. Ms. Williams is correct in her
24 general references there, and development rights in the Orca
25 Revised negotiations were in fact the most contentious part of
26 those negotiations, and one that the Eyak Corporation and the

1 Trustee Council were not able to come to agreement on. So, let
2 me just briefly explain the last kinds of things that were being
3 considered, and that is, in the form of the offer that went from
4 the Trustee Council to Eyak which dealt with commercial timber
5 rights in perpetuity, that involved also a request for rights
6 that we were trying to define that would give some indication of
7 restriction on the kinds of activities that Ms. Williams
8 described, as well as other features with regard to commercial
9 kinds of operations, and so on. Eyak Corporation did come back
10 with what they referred to as "concept change" that I referred to
11 earlier, indicating that for the first 10 years on 652 acres they
12 would basically look to maintaining development rights on that
13 much land of the total Orca Revised; between 10 years and 35,
14 they would be looking for an additional 652; and then beyond that
15 period, meaning 35 years, all development rights would be
16 returned to them and retained to them. And as part of the
17 overall negotiations that were going on, that was deemed to be
18 unacceptable by the Council with regard to the anticipated price
19 we were considering that would be calculated based on appraised
20 values and so on. But that was a point of contention, and we
21 never came to agreement on that, and that's one of the primary
22 reasons we ended up going into the moratorium offer, and then
23 subsequently and most recently the negotiations on the features
24 we heard today.

25 MR. RUE: Thank you, Mr. Janik.

26 MR. GRIMES: This is Mr. Grimes. If I could just

1 make a comment, since I was brought back into that, and it's very
2 brief, and that is that if the development rights are not for
3 sale, you can't get those, and they're not really relevant to the
4 conversation. But what is relevant is protecting the timber
5 here, and you still have the ability to protect the timber, if
6 you are willing to pay fair market value, and you have listed in
7 your documents that acquisition of any interests in this area is
8 important to restoration of Prince William Sound, and I would
9 still maintain that probably the number one thing that you can do
10 for restoration, if you are going to acquire any interests
11 whatsoever, is to acquire the timber rights. I look at the
12 development in the next 10 years, or 10 to 35 years, of 1,000
13 acres for development as a much preferable option, which you --
14 as opposed to clear-cutting many thousands of acres -- and that
15 seems to have been lost in this process. I think the Trustees
16 can still acquire those timber rights, but as I understand it,
17 the other development rights are not even in the picture anyway -
18 - and, thank you. I just wanted to help clarify that.

19 MR. RUE: Thanks. Thank you very much. Are there
20 other members of the Council who would like to address issues at
21 this point? All right. What is the -- we've heard from the
22 public, we've had the Forest Service describe what they've come
23 to in terms of a Statement of Intent, what is the will of the
24 Council at this time?

25 MR. TILLERY: Mr. Chairman, I have a motion to
26 propose.

1 MR. RUE: All right, Mr. Tillery.

2 MR. TILLERY: Mr. Chairman -- actually, I have two

3 motions, but I first move that the Trustee Council recognize and

4 accept the Statement of Intent, as described by Mr. Wolfe.

5 MR. RUE: Do I hear a second?

6 MS. BROWN: Second.

7 MR. RUE: Seconded by Ms. Brown. All right. Any

8 discussion of the motion? Hearing none, are there any objections

9 to the motion? Hearing none, no objection, the motion passes.

10 Mr. Tillery, you said you had a second?

11 MR. TILLERY: Mr. Chairman, I move that the Trustee

12 Council request the Alaska Department of Law and the Assistant

13 Attorney General of the Environment and Natural Resources

14 Division of the United States Department of Justice to petition

15 the District Court for the withdrawal of the sum of \$200,000 to

16 be paid at closing on the limited conservation easement.

17 MR. RUE: Do I hear a second?

18 MS. BROWN: Second.

19 MR. RUE: Seconded by Ms. Brown. Any discussion?

20 Hearing none, any objection to the motion? Hearing none, the

21 motion passes. Are there any other Trustee Council action? Mr.

22 Janik? Mr. Janik.

23 MR. JANIK: Mr. Tillery, help me out here. We do

24 need to deal with the actual language dealing with the

25 resolution.

26 MR. TILLERY: That's correct, Mr. Janik. I -- I

1 suggest we request the Executive Director to draw us a language -
2 - pass the Statement of Intent around to be signed, and ask the
3 Executive Director to draw up language to reflect the resolutions
4 passed here today, and send them around for signature.

5 MR. RUE: Do we need to do that as motion or can
6 we just direct the Executive Director to do that? Molly, is this
7 . . . ?

8 MR. TILLERY: Molly appears to be so directed.

9 MR. RUE: Okay. Molly, you will do that then,
10 great.

11 MS. McCAMMON: I will.

12 MR. RUE: Okay. Is there any further business
13 that the Trustee Council would like to undertake at this time?
14 Okay. I'd like a motion to adjourn.

15 MR. JANI: So moved.

16 MR. RUE: So moved. Second? Seconded by Ms.
17 Brown, moved by Mr. Janik. Any objection to our Trustee Council
18 adjourning? Hearing no objection, this meeting is now adjourned.
19 Thank you very much.

20 (Off Record 5:10 p.m.)

21 END OF PROCEEDINGS

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23 ///

24 ///

25 ///

CERTIFICATE

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

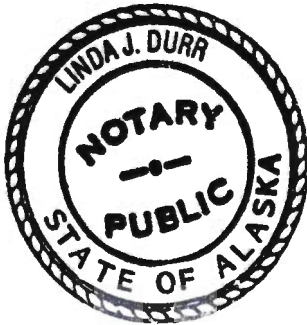
I, Linda J. Durr, a notary public in and for the State of Alaska and a Certified Professional Legal Secretary, do hereby certify:

That the foregoing pages numbered 03 through 26 contain a full, true, and correct transcript of the Exxon Valdez Oil Spill Settlement Trustees Council meeting taken electronically by me on March 1, 1995, commencing at approximately 3:00 p.m. 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 me to the best of my 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 3rd day of March, 1995.



Linda J. Durr

Linda J. Durr, Certified PLS
Notary Public for Alaska
My commission expires: 10/19/97