

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

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EXXON VALDEZ OIL SPILL
TRUSTEE COUNCIL
ADMINISTRATIVE RECORD
TRUSTEE COUNCIL MEETING
Thursday May 2, 1996
10:00 o'clock a.m.

Federal Building
Juneau, Alaska

TRUSTEE COUNCIL MEMBERS PRESENT:

STATE OF ALASKA - DEPARTMENT
OF FISH AND GAME:

MR. FRANK RUE (Chair)
Commissioner

U.S. DEPARTMENT OF THE INTERIOR:

MS. DEBORAH WILLIAMS (Chair)
Special Assistant to the
Assistant Secretary

STATE OF ALASKA -
DEPARTMENT OF LAW:

MR. CRAIG TILLERY
Trustee Representative
for the Attorney General

U.S. DEPARTMENT OF AGRICULTURE -
U.S. FOREST SERVICE:

MR. PHIL JANIK
Regional Forester

U.S. DEPARTMENT OF
COMMERCE - NMFS:

MR. STEVE PENNOYER
Director, Alaska Region

STATE OF ALASKA - DEPARTMENT
OF ENVIRONMENTAL CONSERVATION:

MS. MICHELE BROWN
Commissioner

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TRUSTEE COUNCIL STAFF PRESENT:

MS. MOLLY McCAMMON	Executive Director EVOS Trustee Council
MS. TRACI CRAMER	Director of Administration EVOS Trustee Council
MS. REBECCA WILLIAMS	Executive Secretary EVOS Trustee Council
MS. L. J. EVANS	Public Information Specialist EVOS Trustee Council
MS. GINA BELT	U.S. Department of Justice
MR. JAMES WOLFE	U.S. Forest Service
MR. DAVE GIBBONS	U.S. Forest Service
MS. CATHERINE BERG	U.S. Fish and Wildlife Service
MR. GARY MUEHLENHARDT	U.S. Fish and Wildlife Service

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1 JUNEAU, ALASKA - THURSDAY, MAY 2, 1996

2
3 (Tape No. 1 of 3)

4 (On record at 10:00 a.m.)

5 CHAIRMAN RUE: Good morning, everyone. I'm Frank
6 Rue, Commissioner of Alaska Department of Fish and Game. I
7 guess I have the honor, since you all pulled a parliamentary
8 trick on me and just recessed last time, I continue to chair
9 the meeting.

10 This is the Exxon Valdez Oil Spill Trustee Council
11 meeting. Today is Thursday, May 2nd, 1996. I'd like to point
12 out that we have with us today Craig Tillery representing the
13 Department of Law; Michele Brown representing the Department of
14 Environmental Conservation; Steve Pennoyer, Director of
15 National Marine Fisheries Service; Deborah Williams, Department
16 of the Interior; Phil Janik, U.S Forest Service; and myself,
17 Frank Rue with the Department of Fish and Game.

18 I'd like to call the meeting to order, and I believe
19 we also have Anchorage on line; is that correct, Molly? Molly
20 McCammon.

21 MS. McCAMMON: We have Anchorage on line and Port
22 Lions at this time, and then also Dr. Spies in California.

23 CHAIRMAN RUE: Okay. Before we begin with the
24 agenda, I would like just to announce that we have Lois
25 Schiffer. She's the Assistant Attorney General for the

1 Environmental and Natural Resources Division of the U.S.
2 Department of Justice. She's here to make sure that, I guess,
3 we stay on the straight and narrow, do our job well. Would any
4 other Trustee Council Members like to recognize members of the
5 public here?

6 (No audible response)

7 CHAIRMAN RUE: Okay, hearing none. Molly McCammon,
8 Executive Director, would you like to -- we need to first look
9 at the agenda. Has everyone had a chance to review the agenda?

10 (No audible response)

11 CHAIRMAN RUE: Okay. Any objection to the agenda?
12 Any changes?

13 MR. TILLERY: Mr. Chairman?

14 CHAIRMAN RUE: Yes, Mr. Tillery?

15 MR. TILLERY: I would like to make a motion to add an
16 item to the agenda. I would like to move that we add
17 consideration of the four small parcels that are mentioned
18 under the Small Parcel section of your binder and are nominated
19 as parcels meriting special consideration. I would like to add
20 that to the agenda as a potential action item that the Council
21 takes up.

22 CHAIRMAN RUE: All right. Any discussion on that?
23 Anyone have an objection to adding that?

24 (No audible response)

25 CHAIRMAN RUE: Where would you suggest we put that?

1 MR. TILLERY: I would guess it would be appropriate
2 this afternoon, either before or after the executive session on
3 habitat.

4 CHAIRMAN RUE: Okay. I would suggest we put it
5 before the executive session.

6 MS. WILLIAMS: I would prefer that it be after.

7 CHAIRMAN RUE: You'd like it after. Okay, after
8 that. Okay.

9 MR. TILLERY: Okay.

10 CHAIRMAN RUE: All right. Any other suggested
11 changes to the agenda?

12 (No audible response)

13 MS. WILLIAMS: Mr. Chairman, I move that we approve
14 the agenda as modified.

15 MR. JANIK: Second.

16 CHAIRMAN RUE: Okay. Moved by Ms. Williams and
17 seconded by Mr. Janik. Any objection?

18 (No audible response)

19 CHAIRMAN RUE: Hearing none, agenda is approved.
20 Now, did everyone have a chance to look at the meeting notes
21 from December 11th, January 12th, February 23rd, the 28th,
22 April 15th?

23 MS. WILLIAMS: Yes, Mr. Chairman, I did.

24 CHAIRMAN RUE: Good. Everyone had a chance. Does
25 anyone have any suggestions, comments?

1 (No audible response)

2 MR. PENNOYER: Mr. Chairman, do you require a motion
3 to approve then?

4 MS. BROWN: Second.

5 CHAIRMAN RUE: Okay. It's been moved by Mr.
6 Pennoyer, seconded by Ms. Brown that the meeting notes be
7 approved. Any objection?

8 (No audible response)

9 CHAIRMAN RUE: Hearing none, they're approved. I
10 guess I've just been notified that Seward and Chenega Bay are
11 also on line. Okay. Now, let's see. The next item on our
12 agenda is the Public Advisory Group report. Molly, would you
13 like to introduce that for us?

14 MS. MCCAMMON: Mr. Chairman, we have Vern McCorkle,
15 who is the Chair of the Public Advisory Group, here in person
16 to give an update on the most recent meetings of the Public
17 Advisory Group.

18 CHAIRMAN RUE: Okay.

19 MR. MCCORKLE: Thank you, Molly. Good morning,
20 ladies and gentlemen, and to all of those who are online.
21 Thank you for listening in as well.

22 Most of you have in your packet a copy of a summary
23 of the meeting that we had on March 13th, so it's not important
24 or necessary for me to go into great detail on all of those
25 things. I'd like to perhaps amplify one or two statements and

1 add a couple of other footnotes.

2 By way of footnotes, the Public Advisory Group would
3 like to express its thanks and appreciation for the time that
4 Council Members, the Trustees, can attend some of the PAG
5 meetings. Recently, Deborah and Craig have been at our
6 meetings and it's very helpful. We appreciate that very much.
7 We know you have some things to do, but squeezing us in is much
8 appreciated.

9 The majority of our meeting was given over to
10 receiving reports from others, and so not a great deal of
11 action was taken by the Public Advisory Group. However, we do
12 continue to have continuing interest in a great number of
13 activities in our role as advisors to the Council. We continue
14 to watch with following interest the land acquisition program,
15 and we're particularly interested in the small parcels program.
16 I'm glad to see that that may be part of the agenda for later
17 today.

18 We also note what we perceive to be a declining
19 interest of the public, not only in what the Public Advisory
20 Group does; we used to have a chamber full. And I don't know
21 if that is noted here, but we're concerned about that. And we
22 think perhaps it's because maybe a lot of things are working
23 out well. Maybe people are not as -- either as uninformed as
24 they were two or three years ago or are pleased with things
25 that are happening. We hope that's true.

1 However, we'd like to emphasize that the attempts to
2 provide outreach and public information are things that we
3 think are very, very worthy. Some examples were reported by
4 Executive Director McCammon in our minutes, which include
5 things like the radio program, the Alaska Coastal Currents, and
6 the potential for a GIS database and, of course, the work that
7 the OSPIC continues to do, and the thousands of requests that
8 they have for information seem to indicate that outside of
9 Alaska there's continuing interest here.

10 Molly asked the Public Advisory Group if we thought
11 it was worthy that the newsletter should be continued. And the
12 response was a resounding and unanimous yes. We thought that
13 not only was it well prepared and gave a lot of good
14 information, that is an important tool and can become
15 increasingly important as we try to get more information out to
16 the public.

17 You'll note in the minutes, under the PAG members'
18 individual comments, a number of folks are still proposing
19 endowed chairs as one way to use the restoration reserve. That
20 is not a unanimous approach of the Public Advisory Group, but
21 in keeping with the request from Mr. Tillery that we bring even
22 minority views up for consideration, we put that back on the
23 table for consideration.

24 It was the interest of the Public Advisory Group when
25 it first brought this idea of a reserve fund forward two and a

1 half years ago that it be used in a way that would foster,
2 encourage, and support the original idea of the action and
3 activities of the Trustee Council. And that still is part of
4 the record.

5 We are also quite hopeful that there will be
6 appropriate methods and means taken to recognize the tenth
7 anniversary of the spill. Molly and her staff are working on
8 that, and we think that it's something that if we plan far
9 enough ahead of time that it can come off splendidly.

10 We are awaiting the report of Chief Scientist Spies
11 with great interest with respect to his experience in Wales, in
12 hopes that what has been learned by our experience here will in
13 fact be helpful to other areas in the world that experience
14 spills. So we're hoping that will come true.

15 Also, there was a report at our last meeting that it
16 is difficult to differentiate between the normal agency work
17 done by agencies and the proposed EVOS projects that agencies
18 wish to do. We do not accept that. We think that we need to
19 go back and give it another try because we think that there can
20 be a protocol arrived at to differentiate between what agencies
21 do as their normal work and what they do with the spill funds.

22 Finally, it's important that we again say to you how
23 much we appreciate the work of Molly McCammon and her staff.
24 We wish to note also that work done by Veronica Christman.
25 Veronica can take the most complex subjects and make us

1 understand more particularly what they are. And Doug Mutter,
2 of course, is there to keep me out of trouble. And I guess I
3 should pass out a hand to Ernie Piper, who sometimes is seen as
4 being the enemy but who is, in fact, a very great expert and a
5 person who helps us understand a lot about what his department
6 is doing. So thank you all.

7 That's the end of our remarks, and we'd be glad to
8 respond to any questions if there happen to be any.

9 CHAIRMAN RUE: Thank you, Vern. Any questions?
10 Steve?

11 MR. PENNOYER: Thank you, Mr. Chairman. Vern, you
12 brought up a topic of -- you discussed the policy we were
13 wrestling with about the expenditures, agency versus Exxon
14 Valdez. Did you have specific suggestions there? It wasn't
15 for a lack of wanting to do it that we sort of backed off, but
16 it was a difficulty in trying to define it.

17 MR. McCORKLE: Yeah. We understand, Mr. Pennoyer,
18 that that might not be an easy thing to do. But we've all been
19 in government work for many, many years, and we know we have to
20 do it, and it can be done when it must be done. We think that
21 to preserve and protect the integrity of the Council and to
22 serve public opinion, that where we can in fact say that
23 Agency A does X, Y, and Z, but it has proposed to do N or P,
24 that those two be differentiated from X, Y, and Z. And we
25 think that can be done.

1 Maybe it has to be -- maybe it cannot be done to the
2 absolute ultimate, but it is important, I think, that the
3 public feels that we are simply not salting away dollars in
4 agencies to do the work that they are mandated and funded to do
5 by the state or the federal government. And that those two
6 governmental agencies don't see the Trustee funds as the way to
7 do work they would like to do but couldn't be funded to do from
8 their own funding sources.

9 MR. PENNOYER: Sure. I think we're in agreement with
10 that concept, of course, right from the start, and I think on a
11 case-by-case basis that's what we've tried to do. And the
12 difficulty came with coming up with anything that was either
13 specific enough to do some good or broad enough not to -- not
14 allow things that were important to the Council. So I
15 appreciate your comments.

16 MR. McCORKLE: It is important, I think, to note that
17 in the coming round, that your staff has tried to find a way,
18 as best as possible, to achieve that in the proposals for the
19 new projects. But as difficult as it may be, I still maintain
20 that it can be done and should be done.

21 MR. PENNOYER: Thank you.

22 MR. McCORKLE: Thank you.

23 CHAIRMAN RUE: Are there any other questions?

24 (No audible response)

25 CHAIRMAN RUE: Thank you very much.

1 MR. McCORKLE: Thank you very much. I appreciate the
2 chance to visit with you today.

3 CHAIRMAN RUE: Okay. Thank you. The next item on
4 the agenda is the Executive Director's Report. Molly, would
5 you like to lead us through that?

6 MS. McCAMMON: Yeah, thank you, Mr. Chairman.

7 CHAIRMAN RUE: Thank you.

8 MS. McCAMMON: I'd like to report on a number of
9 items that have been occurring in the past few months. The
10 first one in your packet is the financial report as of
11 March 31, 1996, which indicates the Joint Trust Fund account
12 balance. It also indicates the balance in the Restoration
13 Reserve, which I'm happy to report has been established and
14 funds have been invested in it. If you have any questions at
15 all about any of the balances in the funds, just give me a call
16 at any time.

17 One thing I would like to note, that the section that
18 says, "Less remaining commitments - Note 7," the \$70 million
19 there does include the \$16-1/2 million for a potential Koniag
20 phase two deal that was part of the original Koniag agreement.

21 We've been spending a lot of time in the last couple
22 of months on kind of communication efforts and outreach
23 efforts, experimenting with various ways to get the results of
24 the Council's science program and restoration efforts out to
25 the general public. One of the tools we've used is our annual

1 report, and I believe you've all seen a copy of the most recent
2 annual report. We have lots of extra copies of those. They
3 were very useful tools last year in handing out to the public
4 to give a really good description overall of the Council's
5 restoration efforts.

6 In addition, we have the newsletter which goes out
7 approximately four to six times a year. One of the things we
8 did over the winter was initiate a new program, on an
9 experimental basis, called Alaska Coastal Currents. And this
10 is a radio program that's being heard on public radio stations
11 throughout the spill area. It is currently being heard in
12 Valdez; Cordova; Anchorage, which goes to Kenai, Seward, and
13 Dutch Harbor; Dillingham and Chignik; Kodiak; and Homer. Homer
14 should be, shortly, online.

15 And what I'd like to do real quickly is, if you
16 haven't had the chance to hear one of these, is just play one
17 really quickly. It'll last about two minutes. Basically,
18 they're kind of brief snapshots of the Council's restoration
19 efforts and science program. We're looking at this as one tool
20 of getting some of the results out to the general public.

21 (Audio cassette tape played)

22 "MS. SEITZ: Sometimes what salmon fry can
23 keep them from being eaten. Welcome to Alaska
24 Coastal Currents, a series about research and
25 restoration following the Exxon Valdez oil

1 spill. I'm Jody Seitz.

2 "Each spring during the plankton bloom,
3 nature fills its gas tank for one more year as
4 billions of tiny plants and animals turn light
5 into energy for the entire food web. Hatchery
6 managers have known for years that it's best to
7 release salmon fry into the bloom. When
8 plankton is abundant, the fry grow faster and
9 are less likely to be eaten.

10 "It turns out that abundant plankton can
11 also cut down on predation another way.
12 Predators eat the plankton, says Ted Cooney, of
13 the University of Alaska, Fairbanks.

14 "MR. COONEY: It now looks like at least
15 part of the story, and maybe only in some years,
16 is associated with a kind of refuge, that the
17 little fry find as they go out into the plankton
18 bloom, their predators occupied, at least under
19 conditions of high plankton, mostly be feeding
20 on plankton. So the big pollock that could eat
21 fry, in a year of high zooplankton, would eat
22 zooplankton instead.

23 "MS. SEITZ: The belt the zooplankton
24 cover, hatchery fry releases, can sometimes turn
25 into a feeding frenzy for predators. But in the

1 spring of 1994, pollock weren't just eating fry,
2 they were also gorging on plankton, right around
3 the hatchery.

4 "Most of the zooplankton in fish studies
5 during that season were choice little balls of
6 energy, called neocalanus plimcorse and
7 neocalanus plimingeri. These cocopods are big
8 enough and form dense enough layers to be
9 appealing, even to fish as large as adult
10 pollock. By eating them instead of young fish,
11 the pollock gets a higher energy benefit.

12 "MR. COONEY: Fat enters the food web in a
13 variety of ways. We know that in the case of
14 the herring and pink salmon, that the juveniles
15 that eat these cocopods have their fat reserves.
16 That adult herring and pollock eat the cocopods
17 as well. So it's really quite an important
18 forage resource.

19 "MS. SEITZ: Alaska Coastal Current is
20 funded by the Exxon Valdez Oil Spill Trustee
21 Council. For more information, contact the
22 Trustee's Office in Anchorage."

23 (End of audio cassette tape)

24 MS. McCAMMON: Well, the feedback that we've heard so
25 far has been really positive. And at this point, we're

1 continuing the pilot effort until October, and at that time,
2 we'll reevaluate and see if it's worth continuing on. But this
3 is just one of the ways we're trying to get some of the results
4 out to the general community.

5 MS. WILLIAMS: Mr. Chairman?

6 CHAIRMAN RUE: Yeah.

7 MS. WILLIAMS: Are we paying to place the spots, or
8 is public radio placing them for free?

9 MS. McCAMMON: Public radio is getting funded to do
10 the production and for their costs, their time that's put into
11 the marketing effort, but we are not actually paying to place
12 them.

13 MS. WILLIAMS: Thank you.

14 CHAIRMAN RUE: Okay.

15 MS. McCAMMON: We're also working with various
16 television stations, Alaska Native News with Jeanie Greene and
17 with the public TV stations also, exploring some possibilities
18 with television as another kind of avenue of getting this kind
19 of information out to general public.

20 Another part of our outreach effort this year was a
21 major swing around the Kodiak villages in late March. This was
22 the first time that Council staff had gone out to the Kodiak
23 villages since, I believe, a series of planning meetings in
24 1993. We managed to have spectacular weather, similar to what
25 we have outside the window. We went to six villages in two and

1 half days with probably no delays exceeding more than about ten
2 minutes, which is probably unprecedented on Kodiak Island.

3 The meetings that we had there were very well
4 attended. There's a lot of interest in the communities about
5 the Trustee Council process. As in most other communities,
6 people do not differentiate the Council's civil trust funds and
7 any criminal funds held by either the federal or state side.
8 It's all oil spill money from their perspective; it's all
9 thrown into one pot. So there's a lot of interest in a lot of
10 things that the state has been doing and the federal side has
11 been doing.

12 I think, just to summarize kind of, some of the key
13 points that were made in almost every community, people in
14 Kodiak are very concerned about their ability to respond to
15 future oil spills. There's a lot of concern due to some recent
16 accidents off the coast of Kodiak Island and due to any
17 potential accidents that might occur if there is increased
18 tanker traffic due to the lifting of the oil export ban. That
19 was a big issue with all of the villages there.

20 Another issue that we heard in almost every community
21 was, What can you do about crab? Our crab resources are down.
22 They haven't come back. Please do something about crab.
23 That's something we heard consistently. And I think the third
24 issue that we heard most consistently -- and this is actually
25 very consistent with other communities in the spill area.

1 There is still -- and I can't emphasis this enough.
2 There is still a great deal of concern that the Trustee Council
3 process and the use of the Trustee Council funds does not
4 recognize or acknowledge damages to cultural resources, to the
5 cultural, spiritual aspect of subsistence. The communities
6 basically do not totally buy off on the argument that the way
7 to restore subsistence uses is to restore the resources. They
8 continue to strongly believe that subsistence is broader than
9 just use of the actual resources, that it includes sharing of
10 traditional knowledge and that that has not been recognized
11 through this process.

12 And in your packet, there is a more detailed version
13 of the trip report. And I'd be happy to answer any questions.

14 CHAIRMAN RUE: Are there any questions of Molly? No?

15 MR. PENNOYER: One question.

16 CHAIRMAN RUE: Okay.

17 MR. PENNOYER: Molly, in the last item you brought
18 up, what was your response? I mean, how are we, in terms of
19 taking into account traditional knowledge and about any
20 cultural requirements and so forth? We have subsistence
21 projects; we've built a cultural center and museum in Kodiak at
22 one point. I'm not exactly clear on what you thought was meant
23 that we needed to do more than we're doing.

24 MS. McCAMMON: Mr. Chairman, I think that the kinds
25 of things that -- well basically, what I've explained is that

1 the legal interpretation of the settlement prohibits -- or at
2 least has been -- let me put this a different way. The legal
3 interpretation that we have used for determining what are
4 appropriate uses of the settlement funds has really placed the
5 emphasis on the resources themselves.

6 And we really work with the communities to try to
7 identify what their key issues and key concerns are for those
8 resources, and to see if we could develop projects specifically
9 related to them. And we continue to do so, and we did get a
10 number of excellent ideas in the Kodiak community to follow up
11 on.

12 Regarding the broader issue, what I basically said is
13 that the analysis that we've had is that it's outside the scope
14 of the settlement and there have to be other ways of addressing
15 that. That we try to do it to the extent we can, either
16 through the restoration of archeological resources or
17 restoration of the actual resources themselves. But there
18 definitely are limitations. It's not a very satisfactory
19 response, I must say.

20 MS. WILLIAMS: Mr. Chairman?

21 CHAIRMAN RUE: Yes.

22 MS. WILLIAMS: Just to follow up on that, is there a
23 suggestion that the projects that we have been able to do in
24 the cultural centers and some of these other projects, that
25 they're not the right kind of project? Or were there

1 suggestions made to you what the right kind of project would
2 be?

3 MS. McCAMMON: Mr. Chairman. I think those, the
4 cultural centers, spirit camps, those kinds of things are
5 definitely down the right track or things that people want to
6 see and they want to see more of them. Those tend to be things
7 that are funded more under the state criminal funds than under
8 the civil funds.

9 MS. WILLIAMS: Mm hmm (affirmative).

10 CHAIRMAN RUE: Mr. Pennoyer.

11 MR. PENNOYER: Just can I follow, then, that what
12 we're really talking about are things like clan enhancement and
13 things like that, or problem areas. People seem to still want
14 that type of project.

15 MS. McCAMMON: Correct.

16 MR. PENNOYER: Okay. Thank you.

17 CHAIRMAN RUE: Okay. Any other questions for Molly?

18 (No audible response)

19 MS. McCAMMON: You also have in your packet a report
20 from Dr. Spies' trip to Wales to visit the site of the Sea
21 Empress spill. And if you have any questions on that, Dr.
22 Spies is on line and could provide any further amplification,
23 if you'd like.

24 MR. JANIK: Chairman?

25 CHAIRMAN RUE: Yeah, Phil.

1 MR. JANIK: If Dr. Spies is on line, perhaps he could
2 just give us a little bit of a summary?

3 CHAIRMAN RUE: Yeah. I think that would be
4 interesting. One thing I'm particularly interested in is the
5 issue of dispersants and how that might have changed the
6 impacts we saw there. Dr. Spies, are you on line?

7 DR. SPIES: Yes, I am. Good morning. I'm pleased to
8 be here. It was a very interesting trip, and I think you
9 touched on one of the key issues and perhaps one that may have
10 pointed to quite a bit of difference in the impact, although I
11 think also -- well, let me just back up a minute.

12 In the -- there's a table in there that compares
13 miles of shoreline oil between the Exxon Valdez and the Sea
14 Empress, and they had about 10 percent of the number of miles.
15 They only had a little over a hundred miles of oiled shoreline.
16 And I think that relates to having a wide open Irish sea, kind
17 of, to the west and also to the Bristol Channel to the south.
18 But also it was the aggressive use of dispersants, I think,
19 must have played a role in that.

20 In addition, the -- just based on the carcass count,
21 we only had about 10 perc- -- they only had about 10 percent of
22 the number of carcasses recovered, sea bird carcasses, that we
23 did, which kind of goes along with the shoreline oiling being
24 reduced. And I think the aggressive use of dispersants may
25 have played a role in that as well as the open water situation.

1 They applied dispersants to this slick soon after it
2 had occurred and used them very aggressively within the four
3 major kind of incidents that occurred during the spill of oil
4 leaving the tanker. And in most cases, they were able to put
5 down the dispersants when it was fairly fresh. Although they
6 didn't get the agreement from the Minister of the Fisheries
7 Department there to use them within a mile, but they did get a
8 mile off -- further than a mile offshore, they used dispersants
9 quite aggressively.

10 And I think it remains to be seen if there is any
11 detectable effects of the pretty aggressive use of the
12 dispersants because the oil was dispersed in a water column and
13 probably went to the bottom in greater concentrations than you
14 would have normally seen.

15 So does that answer your question, Frank?

16 CHAIRMAN RUE: Yes, it does.

17 DR. SPIES: Okay.

18 CHAIRMAN RUE: Did any other Council Members have
19 questions of Dr. Spies?

20 MS. WILLIAMS: Mr. Chairman?

21 CHAIRMAN RUE: Yes.

22 MS. WILLIAMS: Dr. Spies, this is Deborah Williams.
23 How are you?

24 (No audible response)

25 MS. WILLIAMS: Dr. Spies, what kind of follow-up

1 research are they intending to do on, for example, the
2 dispersion of the oil, the potential accumulation of either the
3 dispersants or the oil in the food chain? And are we going to
4 be participating in their subsequent research decisions in
5 advance?

6 DR. SPIES: There's quite a large range of studies
7 that are being formulated at the present. At the time that we
8 were visiting there, they were just getting organized, and they
9 had a meeting the week we were there to try to coordinate what
10 was going on in terms of follow-up research. But there's
11 research on the birds that's going on; there's daily -- there's
12 monthly bird counts that the amateur group, the amateur
13 ornithologists in Britain have organized. They've got a very
14 good baseline there.

15 They're going to redo some of the work on the gray
16 seals which were studied about three years before the spill;
17 there was a good census done at that time. There's about a
18 hundred intertidal and subtidal stations within Milford Haven,
19 itself, which is the estuary where the spill occurred in the
20 mountain, that estuary. And those stations are going to be
21 followed up for studies in hydrocarbons and accumulation of
22 hydrocarbons by organisms and the effects on the estuarine
23 communities.

24 So there's a lot of different things going on. And
25 then there's other things going on offshore in terms of --

1 because most of the impact was on shorelines outside where the
2 baseline is not as good. But there's follow-up studies on
3 shoreline impacts in those areas as well.

4 As far as our contributions, I think the most useful
5 thing that we were able to do is, there was quite a bit of
6 interest about what had been found in the Exxon Valdez spill in
7 terms of the impacts. And I made available to Dr. Evans, who's
8 head of the local branch of the Countryside Council for
9 Wales -- it's a conservation organization that's kind of an
10 umbrella for a lot of the impact studies. I made available to
11 him a list of all the reports that are available now through
12 the Roosevelt Lagoon Information Center, and have invited him
13 to indicate which of those they would like to look at and we
14 will ship those over to them.

15 And also I've extended an offer to provide any kind
16 of scientific liaison that's available. So there may be some
17 future contact in terms of involvement.

18 CHAIRMAN RUE: Okay. Great. Phil, you had a
19 question.

20 MR. JANI: Yes. Dr. Spies, in terms of oversight of
21 post-spill activities, has there been any management structure
22 or steering committees or such formed?

23 DR. SPIES: That was a little bit broken up. You're
24 talking about a management structure for the follow-up studies;
25 is that correct?

1 MR. JANIK: Yeah, for all of the follow-up activities
2 to the spill, has there been any steering committee
3 established, any of that kind of protocol?

4 DR. SPIES: Yeah, we were quite interested in that,
5 and they were kind of undergoing a evolution of the management
6 of the -- and I think we were pretty much in the early stages,
7 but there was, at the time of the spill, in the spill
8 headquarters, there was not only a kind of a clean-up table,
9 there was also a natural resources table in which
10 representatives from the Countryside Council of Wales,
11 Administrar of Agriculture and Fisheries and so forth, but all
12 the players were -- in terms of natural resource impact, were
13 at that table, and they were organizing themselves. They had
14 some large meetings, as I said, at the time of our visit. And
15 I've yet to see exactly what form that management will take,
16 will occur under.

17 One of the interesting differences is that the
18 spiller in this case is not liable for anything that is not
19 directly related to decisions made on clean-up of the spill.
20 For instance, in the case of the seals, the gray seals, which
21 were probably impacted to some extent, it hasn't been
22 determined yet how much, but even to go out and look at those
23 seals again this coming season, that was not going to be
24 reimbursed at all from the spiller or the spiller's insurance.
25 That would have to be a normal activity that the particular

1 government agency responsible for those resources would have to
2 undertake on its own budget.

3 There's a huge difference that I saw in what they
4 were doing and what we've been doing.

5 CHAIRMAN RUE: Yeah, Steve. Go ahead.

6 MR. PENNOYER: Mr. Chairman. Bob, good morning. I
7 noticed in your report that you're talking about fisheries
8 closed over a large part of Southwestern Wales. And I was
9 wondering if that was a reaction to biological concerns for
10 population status, contamination, or generally how that
11 occurred and what the background was on that.

12 DR. SPIES: It was shut down almost immediately, and
13 from what I could gather talking to a number of individuals and
14 reading some of the local papers, it was more of a concern with
15 the possible contamination of the fisheries' products and a
16 conception by the public that they might be, you know,
17 ingesting oil-contaminated.....

18 MR. PENNOYER: Thank you.

19 DR. SPIES:seafood products.

20 CHAIRMAN RUE: Okay. Deborah?

21 MS. WILLIAMS: Dr. Spies, I noted also in your report
22 that the spill occurred, really, prior to most of the migratory
23 birds being in the area, which was one explanation which was
24 offered toward the lower than expected mortality rate. What --
25 have the birds now migrated into the area, or have there been

1 any attempts to deter the birds from coming into that area?
2 Are we finding more and more mortality with more birds
3 migrating in area, et cetera?

4 DR. SPIES: At the time we were there, which was the
5 week of March 11th, a lot of the sea birds that roost along the
6 South Devonshire coast and the area that was affected by the
7 spill had not returned in large numbers. There was still the
8 local populations. There was not much oil left on the water,
9 and there was pretty -- a lot of natural clean-up, plus systems
10 by clean-up crews on certain kinds of beach that are amenable
11 to clean-up. There was not a lot of oil around for later
12 migrating birds to get into.

13 And if you look at the mortal- -- or the accumulation
14 of carcasses over the period, it was beginning to reach an
15 astrototic (ph) value. They weren't getting many additional
16 carcasses by about that, about a month after the spill. So I
17 think that they may have been lucky in the same way that we
18 were lucky, in subspecies like the puffins, that they hadn't
19 really gotten in, in large numbers, into the spill area until
20 most of the water -- most of the oil was off the water.

21 CHAIRMAN RUE: I have a feeling that we could pursue
22 this for a long time. And I know we promised the public that
23 we'd have a public hearing portion at 11:30 a.m., and we've got
24 a lot of agenda items. So unless people have pressing
25 questions, should we move on?

1 (No audible response)

2 CHAIRMAN RUE: Okay. Great. Thank you.

3 MS. McCAMMON: Thank you, Mr. Chairman. Also in your
4 packet is a spreadsheet that summarizes the proposals that we
5 received as part of the FY '97 solicitation process,
6 approximately 130 proposals totaling about \$36 million.

7 When we did our projections last year of, if the
8 continuation projects were to go on this year and be funded
9 this year, what would be their approximate cost, and last year
10 we estimated that that cost would be about \$14 million. Our
11 target this year is about \$16 million or so in work plan
12 projects. I kind of thought it would be relatively easy to
13 come up with \$2 million in new projects and that our work would
14 be pretty easy this year.

15 As it turned out, the requests for continuation
16 projects totaled nearly \$17 million instead of \$14 million.
17 And so we basically have two tasks ahead of us. One is to go
18 back to the continuation projects and reevaluate them and their
19 proposed costs and then, secondly, to see what new projects go
20 forward.

21 But I think it's very important that in order to keep
22 this a dynamic process and to respond to issues and concerns
23 that have been identified during the past year, that the
24 Council fund new projects every year and close out on some of
25 the old projects. So rather than an easy job this -- in the

1 next month, it's actually going to be a little bit more
2 difficult than we had imagined.

3 But you do have that in there, and if you have any
4 questions about any of these proposals, I'd be happy to answer
5 them.

6 CHAIRMAN RUE: Yeah, Deborah.

7 MS. WILLIAMS: Molly, just to clarify, the \$17
8 million in requests for continuation projects is included in
9 the total \$37 million?

10 MS. McCAMMON: Yes, it is. Yes.

11 CHAIRMAN RUE: And I would assume that we are all
12 going to look to make our projects as efficient as possible. I
13 know that's quite a charge.

14 MS. McCAMMON: I've actually asked the agencies to go
15 back and take another look at their proposals and their budgets
16 and to come back again.

17 CHAIRMAN RUE: Great. Steve. Yeah.

18 MR. PENNOYER: Mr. Chairman, just briefly. Molly,
19 then the timetable on this? You've presented a general summary
20 here, but in terms of what we accept, as individuals have to
21 do, where does the Trustee Council next come into play on the
22 process of decision-making?

23 MS. McCAMMON: What happens next is that the core
24 reviewers have copies of all of these proposals. They meet in
25 Anchorage in March -- or in May, excuse me, May 16th through

1 the 18th to develop -- to give some advice to the Chief
2 Scientist on these proposals. With that advice in hand, we
3 meet with the restoration work force, the staff from all the
4 agencies, and two members of the Public Advisory Group on May
5 23rd to develop a draft recommendation.

6 That draft recommendation will then be given to each
7 of you by the agency liaison, and we will determine if there
8 are any major issues or problems, at that time, that need to be
9 worked out before it goes out to the public for public review
10 and public comment. And in addition, the Public Advisory Group
11 meets on June 5th before that draft recommendation goes out,
12 too.

13 MR. PENNOYER: Mr. Chairman. So the intention is to
14 put it out to public review on what date? June 24th?

15 MS. McCAMMON: It would go to public review on June
16 24th.

17 MR. PENNOYER: And we would have a meeting before
18 that to do a preliminary review of what's going on?

19 MS. McCAMMON: Mr. Chairman. In the past, the last
20 two years, the Council has not met formally to have a public
21 meeting to review those. It's been done more on an informal
22 basis, working with the agency liaison. However, if there are
23 any significant problems that develop that require a formal
24 Council meeting, we would most certainly do so.

25 MR. PENNOYER: Okay. Thank you.

1 CHAIRMAN RUE: Okay. Any other questions?

2 (No audible response)

3 CHAIRMAN RUE: Okay, great. Thank you, Molly.

4 MS. McCAMMON: Okay. Real briefly on habitat
5 protection, we have two major efforts on large parcels. If you
6 look at page two of the report, the Council has committed
7 \$161.5 million to protection of more than 360,000 acres. The
8 most recent acquisition, the Shuyak Island acquisition with
9 Kodiak Island Borough, has closed.

10 We are currently in negotiation with seven other
11 landowners: Afognak Joint Venture, Chenega, English Bay, Eyak,
12 Koniag, Port Graham, and Tatitlek. Later on, in executive
13 session, we'll be discussing the current status -- or
14 discussing some of the elements of Chenega and Tatitlek.

15 For Afognak Joint Venture, we had hoped that we could
16 get away, this summer, with merely a check cruise of a timber
17 cruise that had been done by the landowner. It turns out we're
18 going to have to do a complete appraisal for that acquisition.

19 The RFP has gone out for that appraisal; we hope to
20 have an appraiser lined up within probably around 45 days from
21 now. And hopefully that appraisal will be completed by the end
22 of the summer and we can go into negotiations in the fall on
23 that one.

24 For small parcels, on page two again, the table
25 indicates the status of the small parcel acquisitions,

1 indicating that a number of offers have been accepted totaling
2 843.9 acres for over \$7 million. Since this report was issued,
3 there has been some questions raised by the River Ranch owners,
4 and they are actually going back and, at this point, have not
5 completely accepted and are looking at some additional
6 information before they do make a final decision. But all of
7 the others are still going forward.

8 The State parcels are -- final approval is currently
9 in a supplemental appropriations bill that we're awaiting final
10 approval by the Legislature. A number of offers are still
11 under review. There are a couple offers that the landowners
12 come back and either definitely reject it or come back with a
13 counteroffer that is significantly above appraised fair market
14 value. I'd be happy to answer any questions if anyone has
15 them.

16 CHAIRMAN RUE: Okay. Are there any questions on
17 either the large or the small parcel negotiations?

18 (No audible response)

19 CHAIRMAN RUE: Okay. I guess not.

20 MS. McCAMMON: Mr. Chairman. There are two other
21 items I wanted to bring up at this time, one regarding the
22 SeaLife Center. The bids for construction for the SeaLife
23 Center were opened last week. Good news is that there were
24 five bidders, and the apparent low bidder -- the contract has
25 not yet been awarded -- is within 4 percent of the engineer's

1 estimate of what it was going to cost to construct the
2 building.

3 In addition, they are 14 percent below the estimated
4 AIDEA projection. So there was a projection made, going
5 through the three separate estimates by the SeaLife Center, by
6 SAAMS. And then AIDEA did a check estimate, and there was a
7 range between those two. And the apparent low bidder is
8 between those two ranges but only within 4 percent of the low,
9 the engineer's estimate. So it's definitely on the low side;
10 it's within the doable portion.

11 At this point, the project is attempting to get
12 bridge financing for the visitation portion of the project.
13 They are meeting with bond sellers at this point, and they hope
14 to have that secured within the next few weeks.

15 CHAIRMAN RUE: Okay. Any questions on SeaLife?
16 Yeah, Steve?

17 MR. PENNOYER: I'm sorry.

18 CHAIRMAN RUE: Just can't help it.

19 MR. PENNOYER: I'd just like one clarification on it.
20 There was an article in the Seward Phoenix Log entitled
21 "SeaLife Center Forges On." And it talked about financing the
22 buildings, but it says that the building will have to be the
23 bank's collateral. They have to be able to acquire it if
24 there's a problem. Can you tell me what that means relative to
25 the research part of the operations work on there?

1 MS. McCAMMON: Under the agreement that the
2 Department of Fish and Game has with SAAMS and the City of
3 Seward, the Department of Fish and Game or the State, on behalf
4 of the Trustee Council, has basically -- under that agreement,
5 has basically the first lien on the building. So what they're
6 actually talking about is kind of who comes next in line.

7 MR. PENNOYER: Okay. Thank you.

8 CHAIRMAN RUE: Okay. Any other questions on that?

9 MR. PENNOYER: No.

10 CHAIRMAN RUE: Okay. Thank you, Molly.

11 MS. McCAMMON: Okay, just one last item that I wanted
12 to bring up, and that is just to notify you of a number of
13 personnel changes within the Restoration Office.

14 I think most of you know that Bob Loeffler, who
15 worked for the Restoration Office for, I don't know, at least
16 three or four years, left a few months ago to go work for the
17 Department of Natural Resources. And I do have a certificate
18 of appreciation here that says the Exxon Valdez Oil Spill
19 Trustee Council Members extend our deep appreciation to Robert
20 M. Loeffler for your contribution to restoration of the
21 resources and services injured by the Exxon Valdez oil spill as
22 Director of Planning for the Trustee Council.

23 CHAIRMAN RUE: You'd like us to sign this?

24 MS. McCAMMON: And in support, I'd like you to sign
25 that.

1 CHAIRMAN RUE: Okay.

2 MS. McCAMMON: To Bob.

3 CHAIRMAN RUE: I think that's easy. I think Bob did
4 a great job in helping put together the restoration plan and,
5 actually, many other of the pieces of this process. So I
6 certainly have an easy time signing this. I think I originally
7 hired Bob years ago on a totally different arena.

8 MR. JANIK: You can't sign it twice.

9 CHAIRMAN RUE: I can't sign it twice? No. Okay.
10 Thank you, Molly.

11 MS. McCAMMON: The next one I have a little bit more
12 of a difficult time with because I'm still in a state of denial
13 on this. And that is to let you know of the resignation of
14 L. J. Evans as Public Information Specialist. L. J. is moving
15 to Fairbanks shortly, like this weekend. And she has been
16 involved with the spill, first with clean-up efforts in Valdez
17 and then eventually being hired by the Department of
18 Environmental Conservation, and then joining the Restoration
19 Office as a Public Information Specialist.

20 She has probably the most longevity with the whole
21 process than almost anyone. I know I'm not the only one who
22 can speak personally about her dedication and commitment to
23 this process, her willingness to spend whatever time it takes
24 to get the job done, her extraordinary patience with the public
25 and with the media in providing information about the

1 restoration process and the spill. And she will be greatly
2 missed.

3 CHAIRMAN RUE: I'll second that.

4 MS. McCAMMON: So I also have a certificate for her.

5 MR. PENNOYER: Mr. Chairman?

6 CHAIRMAN RUE: Yes, Steve.

7 MR. PENNOYER: You know your job is going to be
8 poorly reflected on by not just telling her no.

9 (Laughter, simultaneous speech)

10 CHAIRMAN RUE: Well, we don't have to sign this, you
11 know.

12 MS. McCAMMON: I tried.

13 MR. PENNOYER: We could get down to applause.

14 CHAIRMAN RUE: Under protest; right?

15 MR. PENNOYER: I think she definitely deserves a
16 round of applause by us. I think that's.....

17 MS. McCAMMON: Yes.

18 (Applause)

19 CHAIRMAN RUE: I could see moving to Juneau, but --
20 thank you, Molly.

21 MS. EVANS: My husband and job.

22 CHAIRMAN RUE: Oh, husband and job. Okay, that's our
23 task. Thank you, Molly.

24 MS. McCAMMON: Those are going to be tough shoes to
25 fill. We do have a couple of candidates that have applied, and

1 I've been interviewing them and they've come over to the
2 office. And we hope to have the position filled in the next
3 month.

4 CHAIRMAN RUE: Okay.

5 MS. McCAMMON: And that's the extent of my report
6 today.

7 CHAIRMAN RUE: Great. That's the extent, okay. One
8 quick question for Council Members. It's about 11:00 a.m. We
9 wanted to go to the public session at 11:30 a.m. We have one,
10 two, three reports before that. Do we want to try and take a
11 break any time or just go right through until noon? That's one
12 question I have.

13 And perhaps, Molly, can you give us an estimate of
14 time for how long you think each of the next three reports will
15 take so that we can decide how we want to manage the next half-
16 hour here.

17 MS. McCAMMON: Mr. Chairman, I think the report on
18 residual oiling would take about ten minutes.

19 CHAIRMAN RUE: Mm hmm (affirmative).

20 MS. McCAMMON: The Sound Waste Management plan, ten
21 minutes.

22 (Simultaneous speech)

23 CHAIRMAN RUE: Yeah. Lots of time.

24 MR. WILCOX: We'd planned 30, but whatever.

25 MS. McCAMMON: Fifteen?

1 MR. WILCOX: Fifteen to twenty.

2 MS. McCAMMON: Twenty? Okay.

3 CHAIRMAN RUE: Okay.

4 MS. McCAMMON: Mr. Chairman, what I would suggest is
5 that we -- if it's all right with you if we go to the report on
6 the Residual Oiling Conference and the Sound Waste Management
7 plan first, and then see where we are with the public comment
8 period and then come back to the audit presentation, if that's
9 okay with you.

10 CHAIRMAN RUE: All right. Does that sound all right
11 with other Members of the Council?

12 (No audible response)

13 CHAIRMAN RUE: Okay. That didn't give us a break.

14 MS. McCAMMON: Oh.

15 CHAIRMAN RUE: But that's all right. That's fine
16 with me. Why don't we.....

17 MS. WILLIAMS: Mr. Chairman?

18 CHAIRMAN RUE: Yeah, Deborah.

19 MS. WILLIAMS: I bet we'll get done with the report
20 on Residual Oiling Conference at about, oh, 11:15, 11:20, give
21 us a chance to take a ten-minute break.

22 CHAIRMAN RUE: Okay. Why don't we do that? All
23 right.

24 MS. WILLIAMS: I think that's probably what we can
25 aspire to.

1 CHAIRMAN RUE: Let's shoot for that. We'll shoot for
2 that. All right. The Residual Oiling Conference. Who's going
3 to present?

4 MS. McCAMMON: This will be given by Ernie Piper,
5 with the Department of Environmental Conservation.

6 CHAIRMAN RUE: Okay. Great. Thank you.

7 MR. PIPER: And, Mr. Chairman, feel free to cut me
8 off at any point. I will ask one thing. When I refer to some
9 of these sites, there are maps in your packets, but for the
10 benefit of the people that don't have the packets, if my
11 friend, L. J., who's worked for me and with me for, lo, these
12 many years on the spill, would serve to point out behind us
13 where we're looking at, that would be helpful.

14 The issue of the residual oil in Prince William
15 Sound, especially around Chenega, has been a big issue since
16 1991, even during the clean-up when it was entering its final
17 full season. It was at that point when it was obvious that
18 there was going to be some oil left on the beaches, and
19 therefore, that issue has remained.

20 I think the principal reason is, of course, the
21 proximity of the village of Chenega Bay. And if you put it in
22 the context of what subsistence activities are and just what
23 your neighborhood activities are, that's really been the source
24 of it for the residents as they've expressed to me many, many
25 times over the last five or six years.

1 If you think of subsistence as a multitude of
2 activities as opposed to just an activity, you begin to realize
3 that the area that we're talking about shrinks and expands
4 depending upon the resource and the time of year that it's
5 being used, and that it's not a specific species or a specific
6 area that's of concern to the residents. It's the entire
7 supermarket, so to speak.

8 And I use that supermarket metaphor because Larry
9 Evanoff, a good friend from Chenega Bay, expressed it to the
10 Residual Oiling Conference that way. He said, 'Look. If you
11 went to your grocery store and there was dirt on the floor and
12 things didn't look right in the meat case, even if somebody
13 told you that everything was okay, you still wouldn't want to
14 shop there. And I thought, good for Larry for coming up with
15 that kind of metaphor that really drove it home to non-Native
16 listeners, that it made a lot of sense.

17 Well, as the last surviving members of the state
18 clean-up apparatus, Dianne Munson and I have been the
19 custodians of this issue in terms of a regulatory environment
20 for some time. And we've given technically correct answers
21 about the oil, and we've given correct answers on the
22 regulations related to the residual oil, and I think we've
23 given correct answers about the environmental impacts or lack
24 thereof of the oil. But they're not satisfactory answers, and
25 that is why I think this issue has stayed with us for some

1 time.

2 The Trustees have inherited, and I think you've been
3 responsive to, the concerns raised by the residents by keeping
4 the issue alive and then trying to address it through surveys
5 and some other things. But, further, Bob Loeffler, the
6 departed Mr. Loeffler, and Molly took the initiative to pull
7 together a workshop last fall that we hoped would identify the
8 things that we could do something about, the things we could
9 not do something about, and then some items for the Trustees to
10 consider.

11 As also part of that, I tacked on a second set of
12 objectives concerning future monitoring of residual oiling.
13 Since 1993, the Trustees have funded a small collection of
14 projects that were somewhat connected. There was NOAA's mussel
15 bed monitoring, the National Biological Service, the Alaska
16 Peninsula project, and then shoreline surveys that DEC
17 conducted in 1993 and then again in 1995.

18 I felt that we had reached the point that we should
19 take a hard look at what we were monitoring and why, with an
20 eye towards establishing a more coordinated program. And I
21 also felt that the qualitative common-sense shoreline
22 assessments so far commissioned by the Trustees for DEC should
23 be professionally ground truth.

24 The reason is they work very well for response
25 planning and for answering some basic questions, but I've long

1 felt that the restoration effort is going to be judged, in many
2 ways, by the quality of the science that's done. And I wanted
3 to make sure that what you had funded was worth funding, and
4 that if you were going to do it in the future, that you knew
5 what you were getting yourselves into. The workshop and the
6 report in your packet, I think, bring these issues into proper
7 focus. And I'll summarize the points for those who don't have
8 a packet.

9 As part of the panel of experts that we pulled
10 together, we brought in Ed Owens, who's -- and Jackie Michel,
11 both of whom are the leaders in shoreline geomorphology and oil
12 geomorphology, if not in the world, certainly in North America.
13 Jackie is a partner in Resource Planning, Inc., which is the
14 scientific advisor to NOAA haz-mat. Her partner and husband is
15 Miles Hayes, who's kind of the dean of this discipline in the
16 states.

17 Ed Owens worked for Exxon during the spill but has a
18 long pedigree in spill research. And Jim Gibeaut, who studied
19 with Miles Hayes and worked for me during the spill and then on
20 these projects was our consultant and geologist.

21 What they came up with in looking at what we've done
22 is that it's safe to say that qualitative methods that we've
23 used are fine within their limits. We can tell where the oil
24 is, we can tell what it's like, and we can make some reasonable
25 estimates at its persistence.

1 From the conversations we had with them, what's
2 important to keep in mind are that, first, the oil, at this
3 point, probably won't change much over three- to five-year
4 observation intervals, which tells you something about how
5 frequently you want to do monitoring. Number two. It's hard
6 to compare one individual site to another since each site is
7 what Jackie Michel called a micro-habitat. It's a complex mix
8 of geomorphological, chemical, and physical characteristics.
9 And number three, that further monitoring, whether it's
10 qualitative or quantitative, should have clearly established
11 objectives.

12 And keeping that in mind, for example, at the ten-
13 year anniversary in 1999, I can assure you that members of the
14 public and the media will ask where oil remains, what it's
15 like, whether it's hurting anything, and how long it's going to
16 be there. That's a common-sense short list of questions that I
17 think our monitoring program should address. And given what
18 the intervals are, 1998 would not be a bad time to do that.

19 And again, there was some debate over whether
20 quantitative or qualitative is better or worse and what we
21 should be looking for. Just let me say that it doesn't matter
22 to me whether the future monitoring is one Q or the other Q.
23 My professional recommendation is to stick with whatever
24 reasonably answers the basic questions at the lowest cost.
25 You're really going to have to answer a broad number of

1 questions, and you should look to that.

2 And, finally, as much as I love walking those
3 shorelines, I really think that this is one program that should
4 not be restricted or offered first to Trustee agencies. I
5 think this is one that lends itself to going outside the agency
6 process and looking to some of the people like Ed and Jackie
7 who are doing that work, to design a study as well.

8 The bigger issue at the workshop was residual oil and
9 Chenega and the village. The summary of the workshop report
10 states the conclusions well, but I'll summarize that even
11 further.

12 The most persistent significant oiling in the Sound
13 is in the southwest area around Chenega and the villages down
14 in Evans Island and Crab Bay.

15 Lower. There you go.

16 And primarily, the sites are at Latouche Island, at
17 the north end, by CHE-10 there, at the north end of Evans, at
18 CHE-09, right around there, at Point Helen, over here, and then
19 a few other sites scattered around in that area. Those are the
20 areas of principal concern, and they're near the village.

21 Second conclusion, removing some of the oil is
22 certainly possible, and the environmental side effects of a
23 clean-up would be limited and not significant in the big scheme
24 of things, as long as the project had a very limited scope.
25 One of the big concerns that we had at DEC was the more-harm-

1 than-good issue.

2 If we're going to do some kind of additional clean-
3 up, we don't want to remove that oil at the expense of
4 shorelines that are recovering from the oil spill. And while
5 during the first year or so after the spill, that was less of
6 an issue because of existing disruption, it's much more of an
7 issue now because the shorelines, in some places, have begun to
8 reestablish themselves in terms of the mix that's on there.

9 But the conclusion, which included Allan Merns (ph)
10 from NOAA, who's done a lot of the work on the shoreline
11 disruption, was that if you're talking about a limited number
12 of sites, yes, some of the plants and animals will die or be
13 dislocated, but in the bigger scheme of things, it's not an
14 issue environmentally. And I thought that was significant
15 coming from Dr. Merns (ph).

16 The third issue, third conclusion, was that removing
17 the oil would probably have minimal environmental benefit, and
18 it would certainly not improve the abundance of the subsistence
19 resources such as harbor seals. One of the hardest issues to
20 get at over those years has been the sense that oil was somehow
21 an invidious continuing environmental degrader and that if it
22 were removed, species such as harbor seals would begin to come
23 back. And we went over that one pretty hard, and that was some
24 tough discussions.

25 Kathy Frost, from Fish and Game, who's done a lot of

1 the harbor seal research over the years, made some very good
2 points. That the harbor seal population has been in decline
3 for some time; the decline has continued after the spill.
4 There was mortality during the spill to harbor seals, but
5 removing tar and asphalt from shorelines in Prince William
6 Sound will not have an effect on that population.

7 As I said, that was kind of a tough thing to get at,
8 and that's where Larry Evanoff (ph) came up with his
9 supermarket metaphor. And that helped, I think, to move us off
10 that point and move us back now onto the issue of why people
11 really want it gone.

12 Molly referred in her report to the continuing
13 insistence from villages that, somehow, restoration was not
14 addressing so-called cultural or spiritual aspects of
15 subsistence. And I think we could put this issue somewhat in
16 that box, that people need to feel confident about the area in
17 which they're collecting resources. And they do not feel that
18 confidence in the village of Chenega Bay. And that's
19 something; whether it's a scientific or environmental issue is
20 really irrelevant. It's important to the people who use it.
21 And I think that is part of what Molly heard.

22 The fourth conclusion is Chenega residents and DEC
23 worked out several options for some kind of a clean-up program
24 and targeted some sites, roughly seven to a dozen. And the
25 cost estimate for conducting the work there would be \$2 to 3

1 million. I don't know how you'd exactly quantify what your
2 results would be, although clearly, given the existing methods
3 that we have in the toolbox, you could remove a significant
4 amount of oil from most of those sites, including subsurface
5 oil.

6 The fifth conclusion would be restoration objectives
7 of such a program would be to improve the appearance of public
8 tidelands and the value of public tidelands -- since the oiling
9 is now very persistent and stable, it's unlikely to change much
10 over time -- and to improve public confidence in subsistence
11 and other uses of those shorelines.

12 And so the bottom line here is that a limited clean-
13 up is technically possible, it's not a significant threat to
14 the overall environmental health of the area, and that it would
15 have a link to restoration. However, keep in mind the
16 environmental benefits are probably limited, and the cost of
17 such a program would have to weighed against other work plan
18 priorities.

19 CHAIRMAN RUE: Okay. Great. That's very good,
20 Ernie. You even stayed within your time. That was helpful.
21 Does anyone have questions of Ernie?

22 MS. WILLIAMS: Mr. Chairman?

23 CHAIRMAN RUE: Yeah, Deborah.

24 MS. WILLIAMS: In reviewing the -- very good
25 reporting. Thank you, Ernie. A very good summary of the

1 report. There were the options. And you really -- I would
2 like just a little more explanation about the options, zero
3 through four, that you've set out.

4 MR. PIPER: Okay. Option zero, would be to do
5 nothing, which is pretty standard, you know, from EIS language
6 and so on, and it wouldn't cost anything. I think that the --
7 again, the environmental risk of doing nothing is really very
8 limited. We have primarily tar and asphalt, very stable, very
9 weathered oil, and it's not an environmental threat.

10 Option one, and I don't have it right in front of me,
11 but I believe it was \$1.9 million would be some high-priority
12 sites, and those included particularly ones at the north tip of
13 Evans Island. In the old spill nomenclature, it was EV-37,
14 EV-39. A little bit around the corner, but generally, you're
15 right. And then a cluster of sites in Sleepy Bay, which really
16 got hammered during the spill and really got intense clean-up,
17 but they reached their limit of existing techniques because of
18 the topography and so forth.

19 MS. WILLIAMS: And Ernie, some of us had the
20 opportunity to go to some of the beaches last summer?

21 MR. PIPER: Mm hmm (affirmative).

22 MS. WILLIAMS: What is the correlation between the
23 beaches we visited and the beaches that would be affected by
24 option one?

25 MR. PIPER: You saw the high-priority sites?

1 MS. WILLIAMS: We saw the high-priority sites, yeah.

2 CHAIRMAN RUE: Okay. Good. Any other questions?

3 (No audible response)

4 CHAIRMAN RUE: No? Thank you. Steve?

5 MR. PENNOYER: Yeah, just one other question, Ernie,
6 and you said it and I think I missed it. But when does all
7 this come on our plate in terms of work plans and fundamental
8 competition for funds?

9 MR. PIPER: For monitoring, I would suggest that
10 next -- not in the work plan that you consider in the fall, but
11 for the summer of 1998.

12 MR. PENNOYER: Okay.

13 MR. PIPER: I think there will be a monitoring
14 project on the table. We don't know exactly what that will be,
15 but, you know, I made some recommendations about that. In
16 terms of clean-up, what we've tried to do is -- should a
17 proposal get before you, what we've tried to do is make sure
18 the principal questions, cost, benefits, and options, are dealt
19 with there so that you can put -- if one comes to you, you can
20 put it into context.

21 CHAIRMAN RUE: Great.

22 MS. WILLIAMS: Mr. Chairman, I have some more
23 questions.

24 CHAIRMAN RUE: Yeah, Deborah.

25 MS. WILLIAMS: Ernie, what is your sense, if we,

1 somewhere along the line, funded option number one, what is
2 your sense as to how the people if Chenega will feel? Will
3 they feel as if that was adequate, as if the supermarket were
4 adequately cleaned up, or would there still be a sense of
5 inadequacy under option one?

6 MR. PIPER: I can't -- I don't want to speak for
7 Chenega about that. I mean, I'm not trying to cop out, but I
8 think that, you know, different people have a different point
9 of view about it, and I don't know that we'd address all the
10 issues.

11 CHAIRMAN RUE: Perhaps during the public comment,
12 someone from Chenega will be here.

13 MS. WILLIAMS: Yes. And I invite public comment on
14 that.

15 CHAIRMAN RUE: Yeah, great. Any other questions?
16 Yes, Steve.

17 MR. PENNOYER: Just a last follow-up. The if
18 question comes up. Then is that tentatively part of this work
19 plan we're looking at?

20 CHAIRMAN RUE: Could this summer.....

21 MR. PENNOYER: It might -- is it in this mix of
22 proposals we've got in front of us? I didn't see it.

23 MS. McCAMMON: Not currently, no.

24 MR. PENNOYER: Okay.

25 CHAIRMAN RUE: There was nothing in this.....

1 MS. McCAMMON: It would be.....

2 CHAIRMAN RUE: Okay. Great. Any other questions of
3 Ernie?

4 (No audible response)

5 CHAIRMAN RUE: No. Thank you, Ernie. That was
6 great, very helpful. All right. The next item on our agenda
7 is the Sound Waste Management Plan.

8 MS. McCAMMON: Mr. Chairman. If you'll recall, the
9 Council funded a project more than two years ago to develop a
10 waste management plan for Prince William Sound. And this
11 really has been rather an unprecedented effort at getting the
12 communities within the Sound to really sit down together and
13 work out various proposals for dealing with waste in those
14 communities. And we have a presentation today on the results
15 of that plan. There is a copy of the final report in your
16 packet. And.....

17 MR. WILCOX: Okay. Chairman. Council Members. My
18 name's Bill Wilcox. I'm the Director of Public Works in
19 Valdez. This is George Keeney, the Director of Public Works in
20 Cordova. It's interesting. George and I have become good
21 friends through this process, and in the past, Cordova and
22 Valdez were competitors in everything, and here we are at the
23 table together, actually having learned from each other and
24 having -- well, let me just leave it at that -- having learned
25 from each other.

1 (Laughter)

2 MR. KEENEY: Don't get too deep.

3 MR. WILCOX: Okay. The Sound Waste Management Plan
4 is a cooperative effort. It was originally pushed by DEC. We
5 all had problems the DEC wanted us to address. Some
6 communities had solutions to some of the problems; some
7 communities only had problems. When you funded the Sound Waste
8 Management Plan, we all got together, looked at a large number
9 of issues, and kind of boiled it down to five, which were the
10 landfills, waste oil, household hazardous waste, what --
11 recycling. I missed one, George.

12 MR. KEENEY: Used oil, recycling, solid waste.

13 MR. WILCOX: Household hazardous waste. Anyway. And
14 what we wanted to put together was an action plan, and really
15 we have accomplished that in that many of the problems we had
16 initially, we have worked toward solutions or solved.

17 When we started the plan, what we did was went
18 through, did an inventory of all the problems, then prioritized
19 the problems, looked at which one were solvable, which ones
20 weren't solvable, prioritized them, went in, looked at the
21 costs and solutions. And then, look, can we solve these
22 problems as a community of Prince William Sound, or are we
23 better off going on our own as individuals?

24 The recommendations that came out of the plan was the
25 used oil management system, household hazardous waste,

1 recycling program, the EnVironmental Operations Stations, and a
2 community involvement in solid waste problems.

3 From a Valdez perspective, one of the things we did
4 in the SWAMP was we traveled to each community. I remember one
5 of the first times I went over to Cordova. George -- we had
6 our meeting and we were driving around, and George had some
7 real interesting solutions to his construction waste problems.
8 And I went by, and Dan Long was actually in the truck with us,
9 and I looked at it and said, 'You can't do that. He won't let
10 you.' And what they were doing was taking all their
11 construction debris, letting people pick through it, gathering
12 all the wood in one place, and then burning it.

13 And I was sitting there -- you know, we've been
14 burying this stuff for years. And after that meeting, we went
15 back to Valdez and changed the way we run our construction
16 waste pit, and it's actually reduced the volume going in there
17 by about 90 percent. It was really a successful thing. And it
18 was simply because George and I got together in a pick-up truck
19 and we were driving around.

20 And I know this morning we were talking about common
21 problems, you know, clean-up day next week. You know, geez,
22 you have the exact same problems I do. It's just a different
23 name. And I know I have learned a lot, and I think, actually,
24 the communities have really benefited.

25 One of -- when we started the Sound Waste Management.

1 Plan, Valdez really didn't have a good recycling program. Went
2 over to Cordova, looked at theirs and said, 'We can do that.
3 It won't cost us that much.' And have actually modeled ours
4 after theirs. One of the things that has come out of that is
5 what's now being called "the dumpster deal." Cordova has some
6 dumpsters that are surplus to their needs and have offered them
7 to Valdez, gratis. All we have to do is find a way to get them
8 from Cordova to Valdez.

9 And the cooperation -- and not only between Cordova
10 and Valdez. I guess I'm talking about that because we're
11 sitting here. But also it was very interesting going into
12 Whittier. And Whittier always came to the table, 'Man, we have
13 tremendous scrap metal problems.' And I said, 'Yeah, yeah,
14 yeah. You know, yeah, I believe you have scrap metal
15 problems.' Went over there and said, 'Boy, you guys really
16 have some scrap metal problems.' And one of the things we gave
17 them is, early in this process, George and I got together,
18 approached I.S.T.E.A. and got I.S.T.E.A. funding to solve our
19 junk car and scrap waste problems or scrap metal problem. And
20 that has really worked well.

21 Other things that have happened in Valdez because of
22 SWAMP, we got a permit for our landfill. Hey! I mean, that
23 was a monumental task, and I don't think, without SWAMP, it
24 would have happened. We've reduced the volume going into the
25 construction waste pit. We're now recycling cardboard, copper,

1 aluminum, batteries, wood. We've definitely improved our waste
2 oil handling, our method of handling solid waste.

3 Another -- I'm going to digress just again for a
4 second. One other thing where we got together. Cordova
5 couldn't get rid of their car batteries. We had a method for
6 getting rid of them for free. They ended up putting a couple
7 totes on a fishing vessel, ended up in Valdez, and we handled
8 it from there. And I think these are batteries that, had we
9 not done that, they'd have gone over the side of a boat, and as
10 it turned out, George got rid of them. And we actually packed
11 them with ours, and off they went.

12 And through the cooperation, we've had just
13 tremendous successes. One of the things that has happened very
14 recently is Alyeska has agreed to transport the household
15 hazardous waste, which we're going to collect this fall for all
16 the communities in the Sound, into either Valdez or Whittier
17 and has donated \$3,000 toward the handling of that waste.

18 Before I turn it over to George, I guess I'd like to
19 thank a few people. One, I would like to thank EVOS for
20 funding the SWAMP. It has been a great success; we have
21 changed the way we do business because of it. And I don't
22 believe we would have changed anywhere near that much had we
23 not had it. I'd also like to recognize ADEC. This fall we're
24 going to have the household hazardous waste pick-up, and they
25 are donating time to train our people and the waste mobile to

1 help advertise the hazard waste clean-up. We're also getting
2 free transportation from the Marine Highway System and from
3 Alaska Railroad for the people and the waste mobile.

4 Two more issues and then you can go, George.

5 MR. KEENEY: Thank you.

6 MR. WILCOX: I'm probably talking too long, but
7 that's all right.

8 The EnVironmental Operations Station, which we have a
9 proposal before you, is a piece of the entire program. We're
10 asking EVOS to fund a portion of it. The cities are funding a
11 portion and the ongoing operation of it.

12 The last item I'd like to address is, we're looking
13 at chronic problems, where there's a little pollution all the
14 time rather than the catastrophic, and we're actually, really,
15 addressing the chronic problems.

16 And with that, I'll let you go, George.

17 MR. KEENEY: Bill knows it all. Start talking and
18 keep going, so you'll have to almost shut me off. I'm a
19 planner and Public Works Director in Cordova, and as Bill put
20 it, this program that you've funded has created all kinds of
21 good in the community of Prince William Sound, not just the
22 main communities, but the villages themselves. Chuck Totemoff
23 over there, he was very active. DEC's been very active in this
24 whole process. Without their guidance, we haven't been able to
25 produce quite a bit of what we've done.

1 It is a working document, this thing that we have
2 here is the meats of it. What we've done here is we've created
3 a document that each community can use. It doesn't sit on a
4 shelf; it doesn't get dirty. We use it almost every week. So
5 it's a good document.

6 Same thing with the small one we have, the Executive
7 Summary. It more or less lists out what we have done in this
8 whole process. To get five communities and state agencies
9 together and actually work together to solve problems has been
10 fantastic. Like Bill says, it's been neat to go to different
11 communities and look at their problems and actually see them
12 and see if we can't solve them. It's an ongoing process
13 though.

14 Our recycling alone in Cordova has increased. We
15 showed that it was like 5 percent of our aluminum we were
16 recycling. Now I've got the PTA out there. They baled up
17 seven bales in two weeks of aluminum, you know, and that's
18 going to the kids; it's not going to us, but to the kids. The
19 churches go out and collect aluminum. We've got cardboard
20 we're collecting; we sent out eight vans this last winter down
21 to Seattle to recycle. The recycling has increased just
22 because of this plan, just because we bring it to their
23 attention. The things that we have changed in the whole
24 process have really helped each community throughout Prince
25 William Sound.

1 I could keep going on and on and on. The used oil
2 issue. You know, back in '83, Cordova had a great thing. They
3 put 12,000 gallons of used oil on their roads. Now,
4 environmentally, I go, 'Oh my goodness'. You know, we don't do
5 that anymore. We actually recycle the oil. We have a good set
6 now to where we're trying to recycle as much as we can. But we
7 get more and more each day, though, because we're educating the
8 public.

9 We're actually recycling it, putting it into the
10 buildings, into the Public Works and so forth, to heat it up,
11 to use it in the facilities themselves. It's the education and
12 the work that we've created through here that's helped us to
13 push that forward. It shows reduction in the cost of operation
14 for the community itself.

15 The community itself seems to be 100 percent behind
16 this program. We have the household hazardous waste committee
17 group. We've established resolutions from each community to
18 join together with both Southeast and Prince William Sound to
19 have the house mobile come through there and pick up these
20 household hazardous wastes, and what to do with them correctly.

21 Like Bill says, with the battery issue, yes, we would
22 probably see them quite a bit all over town. But right now,
23 we're starting to see them going to the baler site or going to
24 NAPA for disposal correctly. We don't see this anymore where
25 you're destroying the environment, throwing them out off the

1 boats or off the docks. Some people still don't believe me,
2 but it's getting better. Truthfully.

3 The recycling loan. I bet you we have increased
4 probably 200 percent our recycling process since we started
5 this program and since the information was brought to the
6 public's education. Education is a big thing. The EVOS
7 stations -- which we do call it the EVOS station. It's a neat
8 acronym for it. But the Environmental Operation Station does
9 bring into consideration just a part of what we've come up
10 with, which recycling is one of them. Household hazardous
11 waste and the big thing, used oil. The used oil in each
12 community -- and it's not just Prince William Sound-wide. This
13 is actually a worldwide issue, and it has helped it
14 tremendously.

15 The EVOS station, you thought the \$37 million was
16 nice this year. From this program alone, I've already had
17 communities calling us in the Public Works Association that
18 we're starting up. We've had more and more involvement asking
19 us how we did this and how they can actually get an EVOS
20 station more or less set up. I think it'd be neat if you guys
21 could patent the EVOS stations, if you did build them, and sell
22 them to everybody because it is a worldwide issue.

23 We have found that, through both the Management
24 Association and the Public Works Association, that these issues
25 are not just Prince William Sound-wide; it's worldwide. You

1 heard it today with the oil being on the beach and stuff.

2 Well, this is the same issue. We see it all over the south.

3 I do want to thank the EVOS Trustee Council because I
4 think this money that you have spent on this portion of it has
5 just been tremendous. It has really helped the communities of
6 Prince William Sound. And we have other communities actually
7 looking at this same material to see if they can incorporate it
8 into their recycling or their problems in the environment. So
9 I just really want to appreciate the help that you guys have
10 put toward this.

11 At this time, we'll answer any questions we can.
12 We're trying to cut it as short as we can.

13 CHAIRMAN RUE: I appreciate it. Thank you very much.
14 It's really nice to hear such a positive, enthusiastic result
15 of something we've done. You don't always hear good news, but
16 it's really nice to hear some good news. So are there Trustee
17 Members -- Deborah, yeah.

18 MS. WILLIAMS: I don't know whether our guests or
19 Molly can answer this. What is the status of the funding
20 request to the Council on the used oil facility and the
21 operation of waste management system facilities?

22 MS. McCAMMON: The proposal has been submitted as
23 part of the FY '97 solicitation process, so it's under review
24 right now.

25 MS. WILLIAMS: And those are the two funding

1 requests, then, that arise from this?

2 MR. KEENEY: We actually have the one from -- yes,
3 from the SWAMP committee itself, which is the EVOS station, and
4 then a continuation of what we're doing. Cordova, of course,
5 has presented another one coming out of this program, out of
6 this book itself, which is actually to help provide for our
7 landfill site, permitting and so forth.

8 I know DEC, we have had a great time working with
9 them because we actually have a landfill site that's in a tide
10 flat. And that's kind of an unusual situation, and it's
11 actually a permitted one, and it's been fun trying to close
12 that down, and I've been in the process of that for, here,
13 about two years now. So we're hoping to move our landfill
14 site, and that is one of the proposals brought out of this
15 plan, is to move that site and close her up.

16 MS. WILLIAMS: We did go visit the site at the
17 meeting in Cordova last December.

18 MR. KEENEY: Actually, this next year, hopefully,
19 you'll see one baseball field in one-half of that landfill site
20 if I can close approximately half of it. So that would be
21 nice.

22 CHAIRMAN RUE: That's great. Other questions from
23 Trustee Council Members?

24 (No audible response)

25 CHAIRMAN RUE: No? Well thank you both very much.

1 MR. KEENEY: Thank you.

2 MR. WILCOX: Thank you. We do appreciate it.

3 CHAIRMAN RUE: I really appreciate it. Yeah. All
4 right. Well, we have about two minutes before we're supposed
5 to have public testimony. Would you like to take a quick five-
6 minute.....

7 MS. WILLIAMS: Yes.

8 CHAIRMAN RUE: Let's take a five-minute break. We'll
9 try to get back here at 11:35 a.m. and begin the public comment
10 period. Thank you.

11 (Off record at 11:30 a.m.)

12 (Tape Change - Tape No. 2 of 3)

13 (On record at 11:37 a.m.)

14 CHAIRMAN RUE:Michele and Craig, but everyone
15 else is back. Molly, as I understand it, we have Anchorage on
16 line, Seward, and Chenega Bay, and, I guess, Port Lions. Is
17 Dr. Spies still on?

18 MS. McCAMMON: No, he's not. We can get him on line
19 if need be.

20 CHAIRMAN RUE: I don't know if we need to. This is
21 the public comment period at this point.

22 MS. McCAMMON: Right.

23 CHAIRMAN RUE: So we have Seward, Chenega Bay, and
24 Anchorage on line; is that correct?

25 MS. EVANS: And I understand you have people that

1 want to testify, as far as I know, just checking with the LIOs,
2 in Port Lions, Homer, and Anchorage.

3 CHAIRMAN RUE: Oh, Homer's on the line as well.
4 Okay. And Port Lions is on line? Is there.....

5 MS. EVANS: There was no one there who said they
6 wished to when the LIO operator went around the line, but I
7 always ask.

8 CHAIRMAN RUE: Okay. Why don't we then start outside
9 of Juneau? I assume we have members of the public here in
10 Juneau who may wish to testify. So we've got Anchorage,
11 Juneau, Port Lions, Seward, Chenega, and Homer. Why don't we
12 start with Homer, and then we'll go to Chenega? And then we'll
13 go to Seward and then Port Lions and then Anchorage and then
14 Juneau. All right? Does that sound like a plan?

15 MS. VLASOFF: Excuse me, this is Martha Vlasoff in
16 Anchorage. And we have a man, here, Robert Henrichs, that
17 needs to catch a plane to go to Togiak, and I was wondering if
18 he could testify first.

19 CHAIRMAN RUE: All right. I don't have a problem
20 with that. Why don't -- Robert, why don't you go ahead? And
21 if you could, keep your comments to three minutes or so, five
22 minutes. Thank you. Go ahead.

23 PUBLIC TESTIMONY OF MR. ROBERT HENRICHS

24 Yeah, my name is Robert Henrichs. I'm from Eyak,
25 Cordova, Alaska. I'm here today as an Aleut from Prince

1 William Sound. My mother was born in Nuchek Island. My
2 family's history goes back 10,000 years at Prince William
3 Sound.

4 It's painful for me to see EVOS make deals for
5 Native-owned land in Prince William Sound. For the state and
6 federal government to make a settlement with Exxon and then
7 turn around and start dealing with Native corporations on their
8 land, who are still in court against Exxon, is not only
9 immoral, it is obscene. I don't think any Native land should
10 be purchased. I think they should remain a Native land
11 permanently, and if anything, more land should be returned to
12 the Native.

13 I have doubts as to the Department of Interior's role
14 in the Trustee Council on voting on Native land purchases.
15 They represent National Park Service, but they also represent
16 the Borough of Indian Affairs, which has a trust responsibility
17 to Natives. I don't think they could ethically vote on any
18 Native purchases, and it's probably illegal.

19 And I don't want to see any Native land sold, period.
20 I want to see more of it returned. I would like to see the
21 EVOS money spent to restore the damage in Prince William Sound.
22 That's all I have to say. Thank you.

23 CHAIRMAN RUE: Thank you, Mr. Henrichs, was it?
24 Could you spell your last name? We'd like, actually, each
25 person who testifies to do that so we can keep a good record.

1 MR. HENRICHS: H-e-n-r-i-c-h-s.

2 CHAIRMAN RUE: Great. Thank you very much. I'd now
3 like to go to Homer. Is there anyone in Homer who -- actually,
4 before we do that, does any Trustee Council Member have
5 questions of Mr. Henrichs?

6 (No audible response)

7 CHAIRMAN RUE: No. Okay. Thank you very much. I'd
8 like to now go to Homer. Is there anyone in Homer who'd like
9 to testify? It's not really testify.

10 PUBLIC TESTIMONY OF MR. BOYD SCHADE

11 Boyd Schade, S-c-h-a-d-e. I notice that the Trustee
12 Members are from positions that have responsibility on the
13 situation I am about to talk on. I hope they receive my
14 comment in regard to their jobs and this Council.

15 I and my family have had a long-term lease on
16 property at Jakolof Bay since 1973. This property is located
17 where the state dock and the Seldovia Road meet. The problem
18 is our property is between the dock and the road to Seldovia
19 and Rocky River. The State of Alaska has a 20- to 40-foot
20 easement across our land that allows use of all our beach land
21 for local people and visitors.

22 The Attorney General's Office tried to steal the land
23 from us during the past two years. John Steiner, of the AG's
24 Office, notified people they could use it, and I am told Exxon
25 Valdez money repaired the dock, built signs, and put up a night

1 light on our property. NOAA boats permanently tie up on
2 Jakolof dock. NOAA personnel from the Kasitsna Bay Research
3 Station continually trespass on the property with family and
4 friends.

5 I contacted NOAA's office in Anchorage and was
6 referred to Claudia Erich (ph) in Seattle. I called her and
7 I'm waiting for her response as of this date. I talked with
8 Roger Campbell, the Park Ranger in Homer, about our Jakolof
9 property, and he tells me that they don't want anything to do
10 with Jakolof but are going build 30 miles of new trails with
11 settlement money throughout Kachemak Bay State Park.

12 I cannot understand how the Council would authorize
13 money for trails for visitors and outsiders and leave the local
14 Alaskans stranded. When the state park ferry is out of service
15 in the winter, the local people use the Jakolof dock and our
16 property to come and go for supplies, et cetera, to Homer.
17 When the ferry is running, visitors come to Jakolof, park their
18 vehicles, and play in the area.

19 This property is designated private recreational, yet
20 with the oyster farms in the area, the people are using it
21 commercially against its original purpose. The dock is a
22 perfect place for small fishing boats to shelter from the
23 storms. In fact, some fishing vessels tie up at the dock and
24 make ready for commercial fishing. The land is owned by Mental
25 Health, and I have been talking with Dave Thomas about our

1 problem. He states they are willing to help get it
2 straightened out. This will takes some time, with many local
3 people unhappy, but I believe it can be done.

4 This Council could consider one of two things: Buy
5 the lease and the land so people can use it without abusing
6 private leaseholders and Mental Health, or notify people how it
7 actually is and help us keep people off our land that are not
8 supposed to be there. I thank you for your consideration.

9 CHAIRMAN RUE: Okay. Thank you Mr. Schade. Any
10 questions from Council Members?

11 (No audible response)

12 CHAIRMAN RUE: Okay. There are none. Thank you very
13 much. I'd now like to go to Chenega Bay. Is there anyone from
14 Chenega who would like to testify before the Council today?

15 MODERATOR: In Chenega Bay, we have no one here to
16 testify.

17 CHAIRMAN RUE: Okay. Thank you very much. Seward.
18 Is there anyone in Seward who would like to testify today?

19 MODERATOR: We just have observers here in Seward
20 today.

21 CHAIRMAN RUE: Okay. Great. Thank you. Port Lions.
22 Is there anyone in Port Lions who would like to address the
23 Council?

24 PUBLIC TESTIMONY OF MS. DENISE MAY

25 Yes, my name is Denise May. And I'd like to, first

1 of all, thank you for the beautiful Cultural Center that was
2 put in in Kodiak. I think it's the first step towards
3 recognizing us as a people, being part of the environment. I
4 think it also is something that Kodiak Island people, Native
5 people, would like to see within other communities on their
6 island for gathering places for their people.

7 I think sometimes that has been left out as an issue,
8 that people on this island are part of its environment and need
9 to be recovered also. We do not have a gathering place. We
10 had started one prior to oil spill, but everybody went to work
11 on oil spill and it got left, and there were many problems with
12 trying to get it back together once we were -- once we had
13 started recovering.

14 I'm not sure, I'm a little naive. I'm appreciating
15 listening in on your meeting. It's been interesting for me to
16 hear, not being that involved. And I'm wondering if health
17 issues that the people have been discussing, studies have been
18 done on health issues and how it's affected the people health-
19 wise. And I think that can be easily done through the Indian
20 Health Service. We're concerned about sick people. I was,
21 unfortunately, unable to attend the meetings that they had
22 within Port Lions because I was out of town.

23 And that's all I have to say, and I thank you, like I
24 said, once again, for our Culture Center. It's been well used
25 and appreciated by the whole island. And I just would like you

1 to remember that the people of this island are part of the
2 environment and we're affected also. Thank you.

3 CHAIRMAN RUE: Okay. Thank you, Denise. Could you
4 spell your last name for us, please?

5 MS. MAY: M-a-y.

6 CHAIRMAN RUE: Okay, thank you. Any Council Members
7 have questions of Denise?

8 (No audible response)

9 CHAIRMAN RUE: No. Okay. Thank you very much. Is
10 there anyone else in Anchorage who would like to testify before
11 we come here to Juneau?

12 MODERATOR: Yes, we have one more person.

13 CHAIRMAN RUE: Okay. Why don't you go ahead? Please
14 give us your name and spell your last name, be great.

15 MS. BROWN-SCHWALENBERG: Hi. This is Patty Brown-
16 Schwalenberg with the Chugach Regional Resources Commission.
17 And my name is spelled B-r-o-w-n dash S-c-h-w-a-l-e-n-b-e-r-g.
18 And I guess I just took up one minute of my time right there.

19 (Laughter)

20 CHAIRMAN RUE: Thank you very much. We appreciate
21 you. Go ahead, please. Thank you.

22 PUBLIC TESTIMONY OF MS. PATTY BROWN-SCHWALENBERG

23 Thanks for allowing me to testify today. I just have
24 a couple things that I wanted to update the Council on. As you
25 remember, the Port Graham Village Council has proposed a pink

1 salmon enhancement project last funding cycle which got funded,
2 and we've spent the greater portion of the year trying to
3 figure out a way to get them the funding.

4 Well, the Kenai Peninsula Borough Economic
5 Development District has come forward and they have agreed to
6 run the contract through them via Fish and Game. The
7 cooperative agreement has been signed. So I think we have
8 finally developed a mechanism that is going to work so that the
9 communities can actually get the funds to them so that they can
10 be the one operating the project.

11 We've been able to do this with very limited funds to
12 the Kenai Peninsula Borough, but I think if this is going to
13 continue, they're probably going to be requesting a little bit
14 of the admin money for this service. Right now, they've only
15 charged them a thousand dollars to do it. So heads up on that
16 one, I guess.

17 The clam project is -- the clam enhancement project
18 is going real well. People are going to be going out in June
19 to survey additional beaches that you had approved in FY '96,
20 and we're going to be finding clams. This is the first year
21 that we're going to be finding the clams, and that's in Port
22 Graham and Nanwalek. And then we're going to do some predator
23 control in Tatitlek and Eyak. So everyone is looking forward
24 to see how that project is going to continue on.

25 And last month, we had a meeting with a lot of the

1 villages to discuss protocols on the traditional ecological
2 knowledge as part of the community involvement project. And
3 the meeting went real well, but I think that we need to do some
4 planning. We brought the PIs in on the second day, and it
5 seemed evident that they aren't contacting the communities
6 before the proposals are written.

7 And so I think we need to do a little more work in
8 that regard so that they're involving the local villages if a
9 project has anything with that in their traditional use area,
10 so that they're written into the proposal and into the budget,
11 if need be, in advance. There were some questions saying,
12 well, if they include the community, they're not going to be
13 able to be included until FY '98 or something like that. But I
14 think that should be ongoing right now, and so we're
15 concentrating in that area.

16 And the last thing I wanted to bring up was the
17 restoration reserve. That's been kind of -- the concept has
18 been floating around as to what is going to be done with the
19 funding. And I see in the FY '97 work plan that there's a
20 proposal for an endowment of an engineering research center by
21 UAA. So I'm sure there's a lot of good ideas out there and
22 people are starting to look at long-term funding.

23 And what I would request of the Trustee Council is
24 that you please consider putting together some kind of a
25 planning group to come up with a plan for the funding, but

1 especially, or more importantly, to include the village
2 councils in on that planning process.

3 And that's all I have to say today, so thank you for
4 the time.

5 CHAIRMAN RUE: Okay. Thank you, Patty. Do Trustee
6 Council Members have any questions, comments?

7 (No audible response)

8 CHAIRMAN RUE: No. I think you did bring up some
9 very good points. I think, certainly, I just asked Molly about
10 the idea of project leaders working with the villages, and I
11 think that's something we have been asking them to do, make
12 sure we contact people in the communities as we develop
13 projects. So I think that's a very good suggestion, and I
14 think we're following up on that one.

15 All right. Why don't we try Juneau? Do we have -- I
16 think we have two people here in Juneau who have signed up.
17 Carroll Kompkoff? Would Carroll.....

18 MR. KOMPKOFF: I'm sorry. I forgot who I was.

19 CHAIRMAN RUE: Oh. So do we sometimes.

20 PUBLIC TESTIMONY OF MR. CARROLL KOMPKOFF

21 Good morning, ladies and gentlemen, Members of the
22 Trustee Council. My name is Carroll Kompkoff. I'm the
23 President of Tatitlek Corporation, and I thank you for the
24 opportunity to speak with you today on the fish and wildlife
25 habitat restoration effort on our corporation lands.

1 I would like to read a portion of a recent letter to
2 you on this restoration project for the record of the
3 proceedings. My letter you will find in the briefing book
4 before you:

5 "In general, we believe that the
6 restoration project has great potential to
7 stimulate outdoor recreational tourism as well
8 as other economic investment and activity in
9 Prince William Sound, including private
10 development and service sector opportunities.
11 From the inception of this joint habitat
12 conservation effort, the Tatitlek Corporation
13 has viewed it as being of great mutual benefit
14 for both the public and the corporation. In
15 particular, it appeared to us that it could help
16 to expand economic opportunities for Native and
17 non-Native alike.

18 "Residents of the village of Tatitlek and
19 the shareholders of the corporation have
20 historically looked to the sea for subsistence
21 and for their livelihoods. Increasingly, since
22 the oil spill, they have begun to look for
23 additional ways to support their families. One
24 of those that appears will likely play an
25 important role for the people in the region in

1 the future is outdoor recreation and tourism.

2 "Under private ownership, all of these
3 lands in the habitat restoration package today
4 are closed to public access. If an agreement is
5 reached with the Council, thousands of acres
6 currently closed to such access would be open to
7 outdoor recreational use, including sport
8 hunting, sport fishing, camping, hiking,
9 kayaking, boating, and similar outdoor
10 recreational activities for the general public
11 support by amenities we hope to provide for
12 contract with others.

13 "As a commercial fisherman for 56 years in
14 Prince William Sound, and the President of a
15 Native corporation in Prince William Sound, I
16 can foresee no better economic stimulus to our
17 region than what this fish and wildlife habitat
18 restoration project could bring. It would
19 represent good stewardship and conservation of
20 the land and its fish and wildlife habitat and
21 other resources while helping to create and
22 expand job opportunities. It is also one of the
23 best actions that I know of that the Council
24 could take to protect the long-term viability of
25 the fishing industry on which so many within the

1 Sound, including myself, are dependant.

2 "I hope this letter clarifies for you the
3 general visions and goals of the Tatitlek
4 Corporation regarding this stimulus that the
5 fish and wildlife restoration and acquisition
6 project can be to the economy of Prince William
7 Sound."

8 Also, I would like to read a letter from Gary
9 Kompkoff, Chief of the Village of Tatitlek. Gary is also my
10 son. We have provided to the Council a letter making our offer
11 on the separate land packages, any of which you may want to
12 consider accepting. Our Council will explain each offer, in
13 detail, later this afternoon. Thank you for your consideration
14 of one of the offers and for your work with us over the past
15 year and a half. This concludes my remarks, and I would like
16 to read a letter from Gary. It starts.....

17 CHAIRMAN RUE: Okay. Thank you.

18 PUBLIC TESTIMONY OF MR. GARY KOMPKOFF BY MR. CARROLL KOMPKOFF

19 "Good morning. I appreciate the
20 opportunity to provide to you this testimony
21 today. I hope that you will accept my sincere
22 apologies for not being there to speak to you in
23 person, but prior commitments in Anchorage and
24 Tatitlek have necessitated my presence there.

25 "The issue that will be addressed today at

1 this meeting is of vital importance to the
2 Native Village of Tatitlek. The local governing
3 body of the village, the Tatitlek Village IRA
4 Council, recognizes and appreciates the hard
5 work and insight that all the people involved
6 here have provided. The Tatitlek Council and
7 corporation officers have communicated very
8 openly during this entire process.

9 "While the responsibilities that we have to
10 our people may differ in some aspects, I believe
11 that we all have the same values. This is shown
12 very clearly by the willingness to work closely
13 with us and providing for the protection of the
14 environment and resources that are so vital to a
15 healthier subsistence lifestyle. Many of the
16 most important subsistence harvest areas that we
17 utilize are located on or adjacent to village
18 corporation lands.

19 "We strongly urge your support for
20 conservation of these lands and waters as part
21 of your restoration effort of subsistence as an
22 injured resource. The Tatitlek Village IRA
23 Council has recognized the need for an economic
24 stimulus to our region in the wake of the oil
25 spill. We recognize that the commercial

1 opportunities are uncertain, to say the least.

2 "Because of this, we have worked hard to
3 establish a base infrastructure within our
4 village that will be necessary to provide for
5 economic development opportunities for people in
6 the future. Many of the economic development
7 opportunities that exist in our area are closely
8 related to the natural resources and will only
9 be successful if the long-term protection of
10 those resources is provided.

11 "We believe that we are only keepers of our
12 environment and resources for future generations
13 and the development opportunities. We will
14 consider only those that are environmentally
15 safe. Our village has worked very hard to
16 restore and, when feasible, replace other
17 resources that were damaged by the Exxon Valdez
18 oil spill.

19 "Among the areas that are of vital
20 importance to our efforts is the Bidarka
21 Point/Boulder Bay area. Aside from being a very
22 important subsistence harvest area, we have
23 three very successful restoration projects
24 located there. The coho salmon release project,
25 mariculture farm, and clam restoration project

1 will be seriously jeopardized if habitat
2 protection for this area is not provided and
3 proposed timber harvests are allowed to
4 progress.

5 "Sincerely, Gary Kompkoff."

6 CHAIRMAN RUE: Okay. Thank you very much, Carroll.
7 I know I certainly appreciate the tremendous efforts that the
8 community has put forward in the last year too, however long
9 it's been, to try and come up with an agreement, a way to
10 protect the resources of the area and restore the resources.
11 So I certainly would like to thank you and all the work that
12 the community has done.

13 Are there other members of the Council who would like
14 to -- yeah, Phil.

15 MR. JANIK: I'd also like to express my gratitude for
16 the patience that you and your people have shown through all of
17 these discussions and some of the requirements that we have had
18 to go through leading us up to negotiations. I trust we'll
19 bring this to a deal.

20 MR. KOMPKOFF: And I thank each and every one of you
21 very much on behalf of the Tatitlek Corporation.

22 CHAIRMAN RUE: Thank you very much.

23 MR. KOMPKOFF: Thanks for allowing me to speak.

24 CHAIRMAN RUE: Thank you. Do we have -- why don't I
25 go back through the remote sites, and then we'll come back to

1 Juneau? I know Chuck Totemoff is here from Chenega, so we'll
2 get to him next in Juneau. But why don't we take a quick run
3 through the remote sites on the conference? Is there anyone in
4 Homer who would like to speak to the Council?

5 MODERATOR: No. Just our observers.

6 CHAIRMAN RUE: Okay. Again, Chenega? Still no one
7 who would like to address the Council?

8 MODERATOR: No one at this time, thank you.

9 CHAIRMAN RUE: Okay. And Seward?

10 MODERATOR: No one at this time, thanks.

11 CHAIRMAN RUE: Okay. Port Lions?

12 (No audible response)

13 CHAIRMAN RUE: Okay. Assuming there's no one in Port
14 Lions, anyone else in Anchorage?

15 MODERATOR: No one else in Anchorage.

16 CHAIRMAN RUE: Okay. Great. Then we do have Chuck
17 Totemoff of Chenega Corporation who would like -- here in
18 Juneau.

19 (Pause)

20 CHAIRMAN RUE: Great. Hi, Chuck. Thank you.

21 PUBLIC TESTIMONY OF MR. CHUCK TOTEMOFF

22 Thank you. Good morning. My name is Chuck Totemoff.
23 I'm the President and CEO of Chenega Corporation. I'd like to
24 thank each one of the Trustees for giving me the opportunity to
25 speak with you directly this morning. Before I begin, I'd like

1 to again thank the Trustee Council for their efforts in funding
2 the Sound Waste Management Plan. It's been a very successful
3 project, and I participated in the formation of that, so I know
4 how much work went into it. And we do appreciate it.

5 Just getting an answer back to you about the oiling
6 issues around Chenega and the different options, I can
7 represent that virtually all of the people of Chenega would
8 prefer option one as it was outlined by Ernie Piper.

9 CHAIRMAN RUE: Great. That's good to hear.

10 MR. TILLERY: Chuck, could you speak a little louder?

11 MR. TOTEMOFF: I'm trying to speak as loud as I can.

12 CHAIRMAN RUE: How's that?

13 BY MR. TOTEMOFF (Resuming):

14 What I'm here today to talk to you about is the
15 proposed habitat transaction that we'll be discussing later on
16 today in your executive session with my negotiators. It's been
17 three years since we began discussing this with you, and again,
18 we appreciate the time and effort that each one of you has put
19 into this. We realize that it hasn't been easy for any one of
20 us through this entire process.

21 We think the past is not important at this point.
22 What we think is, what's important is right now and what we can
23 do together to make this project move forward. We have shared
24 confidential pertinent data with your negotiators, and I hope
25 they've had a chance to discuss that information with you. It

1 concerns our financial information from Koncor Forest Products.
2 We believe it will have some impact on the evaluation issues
3 today.

4 We also have a deep commitment to the land. Although
5 Jackpot and Eshamy Bays are very far from our village site and
6 could easily be logged -- and I might add that we already have
7 two proposals to log Chenega lands that we've declined to
8 date -- we know before anybody else showed up on the scene that
9 our lands were first and world-class habitats. And it's our
10 desire to see our lands preserved rather than logged for
11 economic value.

12 Consequently, we would ask you to strike an
13 arrangement today. We have indicated our willingness to strike
14 an arrangement at historical numbers we had discussed. Time
15 will not change where we are from an economic standpoint. I
16 also urge you to understand that any arrangement we make with
17 you must also be solid enough, from a financial standpoint, to
18 receive shareholder approval.

19 Some of the goals that we have with this transaction
20 is, first of all, to protect the land. There will be logging
21 in the foreseeable future on Chenega corporate lands if there
22 is no protection offered today. And also, at the same time,
23 there are substantial amounts of lands within this deal that
24 will open Chenega corporation lands for public access.

25 We also see that there are major developments to be

1 coming in the future, especially in terms of the Whittier
2 access project. That's going to have the effect of opening up
3 Prince William Sound to the general public, and we believe in
4 doing responsible development. That means we have to protect
5 the land, first of all. And what we're interested in doing is
6 some ecotourism projects, something that has the least impact
7 on the land, but also still be able to derive an economic
8 opportunity from that.

9 We also want to provide for our shareholders, and
10 we've done that. We've made some steps towards that already by
11 creating a settlement trust, which was passed in our last
12 annual meeting. It has not been implemented yet, pending some
13 favorable tax rulings, but we expect to get them. But we do
14 have a mechanism already set up to where the proceeds will not
15 be frittered away. You know, these funds will last basically
16 in perpetuity, and that's why we're going to create the
17 settlement trust.

18 In order for all of this to happen, we need to
19 receive fair treatment in the evaluation process. And what
20 that means is that we have to arrive at a fair value today.
21 Again, I appreciate your time. I stand before you with my
22 continued commitment to try to make all this work; however,
23 collectively, we need to make the necessary decision as to what
24 is the best -- what is in the best interest of all parties and
25 move forward as soon as possible.

1 There is no reason why we cannot come to an
2 arrangement today. We urge you to be fair and to look at the
3 numbers from an economic standpoint as well as the special
4 beauty of the land. Thank you.

5 CHAIRMAN RUE: Thank you very much. I would also
6 express my appreciation, as I did to the previous speaker, of
7 your continued willingness to work with us and be patience.
8 And I am hopeful that -- I think the good work and hard effort
9 that you've put into it, I'm hopeful that we can bring it to a
10 resolution. So thank you very much. Are there other Council
11 Members who would like to speak?

12 MR. JANIK: Yes. I'd like to repeat my comment
13 earlier with regard to Tatitlek and personally thank you for
14 the patience, again, that you've shown and that of your people,
15 throughout this process.

16 MS. WILLIAMS: Mr. Chairman?

17 CHAIRMAN RUE: Deborah?

18 MS. WILLIAMS: Mr. Totemoff, I think it would be
19 helpful to the Council Members and maybe to some public members
20 to have you briefly describe what it meant to your people to be
21 at ground zero of the spill and what it meant to your sense of
22 the land and its value to you.

23 MR. TOTEMOFF: Well, myself personally, I was woken
24 up very -- in the early morning hours by a neighbor, and it was
25 just about 6:00 o'clock in the morning, 6:00 or 7:00 o'clock in

1 the morning. I wasn't even awake yet, so I didn't understand
2 the significance of it until I started seeing it on the news.

3 And then we had that three days of high winds. And
4 then when the winds stopped, by that time, there was solid oil
5 all around our village. We had hundreds and then it became
6 thousands of people, you know, on our lands that we've never
7 seen before. So we were from -- overnight, from a subsistence
8 village into the center of a major clean-up operation. It was
9 quite a shock.

10 And we continue to live with that legacy today, and,
11 you know, our resources have still not recovered. Your own
12 scientists will attest to that. You know, we don't have to
13 tell you that anymore. It's going to be a long time before we
14 recover from this. And this habitat protection deal, I think,
15 would fit nicely in that recovery.

16 CHAIRMAN RUE: Other Members of the Council have
17 questions, comments? No?

18 (No audible response)

19 CHAIRMAN RUE: Thank you very much.

20 MR. TOTEMOFF: Thank you.

21 CHAIRMAN RUE: We appreciate it. I believe that
22 that's the last member of the public. And why don't -- are
23 there any other members of the public at any of the communities
24 who would like to speak to the Council?

25 MR. McCORKLE: Mr. Chairman?

1 CHAIRMAN RUE: Yes.

2 MR. McCORKLE: May I have one minute to slip in here?

3 CHAIRMAN RUE: Yeah, Vern, come ahead.

4 MR. McCORKLE: Thank you.

5 PUBLIC TESTIMONY OF MR. VERN McCORKLE

6 Vern McCorkle again. I would like to take note of
7 the legacy of the Council that's going to last on, and the
8 transcriptions of these meetings, while probably may not be
9 cast in stone, may be read a hundred years from today. And
10 people may not understand my salutary remarks for staff
11 members, including Ernie Piper, who isn't here to hear this
12 correction, so I would like to expunge from the record my
13 comment to friendly enemy, and say friendly advocate, which is
14 the word I really meant.

15 But so oftentimes, those of us in the PAG, who really
16 dearly love Ernie and appreciate his contribution, call him our
17 friendly advocate. So I want to make sure that that is not
18 misunderstood in 2074.

19 (Laughter)

20 MR. McCORKLE: Thank you very much. Maybe
21 Commissioner Brown could pass on that remark.

22 CHAIRMAN RUE: I'm sure Ernie will appreciate it.
23 Well, Council Members, I believe that brings the public portion
24 of our meeting to a close, unless I hear if there is anyone
25 else who would like to speak to us today.

1 (No audible response)

2 CHAIRMAN RUE: Okay. We had one more item that we
3 wanted to get to before we go into executive session, and that
4 was the auditor's report.

5 And if it's all right with Ms. Williams, I would to
6 turn over the Chair to Deborah Williams while I -- and we're
7 going to be eating lunch, I assume, while we hear this, Molly?

8 MS. McCAMMON: Probably during the beginning of
9 executive session.

10 CHAIRMAN RUE: Oh, okay. Well, if I could excuse
11 myself for a half-hour here, and Deborah, if you'd be willing
12 to take the Chair, I'd appreciate that. And then you all could
13 hear the auditor's report. All right?

14 MS. WILLIAMS: That's about right.

15 CHAIRMAN RUE: Thank you very much.

16 (Ms. Williams assumed the Chair)

17 CHAIR WILLIAMS: And Commissioner, will someone be
18 sitting in for you during this period?

19 MR. RUE: I can have -- yeah, Joe Sullivan.

20 CHAIR WILLIAMS: Okay. Mr. Sullivan, if you could
21 join us at the table, please.

22 CHAIR WILLIAMS: The next item on the agenda is the
23 presentation on the audit by Elgee, Rehfeld & Funk. Who will
24 be presenting that today?

25 MS. McCAMMON: Max Mertz.

1 CHAIR WILLIAMS: Mr. Smerkz.

2 MS. McCAMMON: Mertz.

3 CHAIR WILLIAMS: Smertz. Excuse me.

4 MR. MERTZ: Mertz, Smertz.

5 CHAIR WILLIAMS: Mr. Mertz, if you could, please give
6 us your presentation on the audit.

7 MR. MERTZ: Thank you, Madam Chairperson. I just
8 wanted to take a few minutes here to talk a little bit about
9 the audit process, what we did, you know, through the audit,
10 and a little bit of -- some of the findings of the audit.

11 We've already released, and you have a copy of, both
12 the Trust Fund financial statements and the notes and the
13 supplementary information to those financial statements, and
14 then also a copy of the management letter. I just want to kind
15 of pick up some of the highlights there. Also, Traci's
16 bringing around to you a list of the people that we had work on
17 the audit for us. Also with me here are George Elgee and some
18 of the members of the audit team.

19 We started work on this audit back around the end of
20 October of '95. We actually finished the audit -- field work
21 portion of the audit, in late January and completed the audit
22 work and got the audit out the door by around at the end of
23 March of '96. So it was about a five-month process and was
24 quite detailed.

25 The other letter that you have in front of you that

1 I'd like to talk about just for a second before we go is a
2 communication to you of what our responsibilities are under
3 generally accepted auditing standards. We're required to
4 communicate certain things to you. Probably the most important
5 thing on there is what our responsibilities are. And that is
6 that we conduct the audit so that the financial statements are
7 presented fairly.

8 These financial statements are not ours, obviously.
9 They're your financial statements, even though they're printed
10 on our letterhead. They represent, you know, the Trustee
11 Council's trust funds and the results of its activities with
12 the Exxon Valdez funds. One other important thing that we'd
13 like to say is that there's -- we had no significant
14 disagreements with the management, either at the Trustee
15 Council level, you know, at the Executive Director's Office, or
16 at the agencies, disagreements that would result in, you know,
17 a question about how we were going to present some financial
18 statements.

19 Just briefly, a little bit about the audit process.
20 Before we start an audit, the most important thing we do is to
21 gain an understanding of the accounting policies that you use
22 and the internal control process. What that means is that we
23 sit down and read all the documents: the MOA, the agreement
24 consent degree, the financial operating procedures, the work
25 plans, you know, any other pertinent laws and regulations, try

1 to get kind of a background as to what the entity is that we're
2 auditing here.

3 The second thing that we did before we started the
4 audit, because of the fact that you are somewhat unusual -- and
5 I've used "you" as, you know, the Trustee Council. But the
6 structure of the trust funds and way that these monies are
7 being spent is very unusual in terms of a normal audit.

8 Generally, you think of an audit as being one of a
9 city or state government in which ownership is maintained by a
10 single entity. And that's not the case here. And of course,
11 there's a flow of funds from the federal government or from the
12 District Court to the federal and the state governments and
13 then out to the agencies. And so it was somewhat challenging
14 in the fact that each of those agencies have somewhat distinct
15 internal control policies.

16 So with Traci Cramer's help, we actually had
17 interviews, total interview hours of about 135 hours, with all
18 of your staff, sitting down with them via teleconference, in
19 person, and saying, 'How do you do things? You know, what's
20 the flow of paperwork? Where does the money go?' Trying to
21 get an understanding of, you know, what's done with the Exxon
22 Valdez money.

23 In addition to that, George Elgee and I, engagement
24 partner, traveled to Washington, D.C., and met with the folks
25 at Manage Nert N.R. (ph) at Interior. And we also traveled,

1 with Molly and Tracy to Houston and met with the Court Registry
2 Investment System folks there. So we feel, through that, that
3 we got a pretty good understanding of how you do things.
4 Obviously, there's a lot of things that you do, and it's done
5 very differently by different agencies, but we feel that we've
6 got that understanding. We've also documented it. There's a
7 memo that we've provided to Traci that's several pages long
8 that kind of documents our understanding of the control
9 process.

10 And again, the purpose of this is to basically
11 identify how and why you do things. Also, two other
12 significant reasons we do that, obviously, are to identify
13 weaknesses. You know, where are the problems? Where are the
14 risk areas? What do we need to address through our audit to
15 make sure that the money is being spent appropriately and
16 accounted for properly? And then, obviously to design our
17 audit process to make sure that we have -- you know, that we
18 addressed those risks through our audit.

19 So after we finished that process, we basically
20 started the audit. And there's two significant components to
21 your audit that are addressed, or that are kind of embodied in
22 your financial statements. The first are the three trust
23 funds, the CRIS trust fund, the Nert N.R. (ph) trust fund, and
24 then the state oil spill trust fund.

25 Those three separate audits that were done as part of

1 this overall audit were to ensure that the balance sheet for
2 each of these and the income statement were fairly presented.
3 In other words, that we have all the captioned investment
4 properly presented, that we have any other receivables that
5 needed to be recorded properly presented, any other payables,
6 and that, obviously, fund balances properly presented.

7 There were challenges, again, because of the fact
8 that there's distinct legal ownership. Each of the trust funds
9 is actually owned, technically, by -- or is controlled by,
10 anyway, separate entities, one being District Court, one being
11 the federal government, the Department of the Interior, and the
12 third being the State of Alaska.

13 The second issue that makes your financial statements
14 a little bit complex and a little but unusual is the fact that
15 the CRIS trust fund and the Nert N.R. (ph) trust fund are on a
16 case basis. In other words, what's shown on the balance sheet
17 and in the income statement for those two funds are, 'What have
18 we received, and what have we paid out? And what are our net
19 assets? What do we actually have today in cash?' And that was
20 what's presented.

21 Because of the accounting structure of the state
22 government, State of Alaska, and the integration of the state
23 fund with the agencies through its accounting system, we
24 actually had to present it on a modified accrual basis, which
25 basically means we also include accounts payable, certain

1 receivables. And so as a result, you ended up with three
2 different balance sheets in the financial statements and three
3 different income statements. But we feel that given these
4 challenges or these issues, that they are fairly presented.

5 The second part of the audit was obviously the audit
6 of the restoration projects. Just briefly on the restoration
7 projects, what we did was select, in a descending dollar value
8 order, those projects based on the '96 or '95 work plan that
9 would give us a coverage of 75 percent of the total agency
10 authorizations on a by-agency basis, Forest Service, NOAA, each
11 of the Interior agencies that receive funds, and the three
12 state agencies that receive funds. From that population of
13 projects, we tested the cash disbursement, both payroll and
14 non-payroll, for each of those projects.

15 So we actually went in and identified a detail of
16 expenditures and looked at everything from the approval
17 process, starting with the original encumbrance of an amount of
18 money for a purchase order or contract or whatever, all the way
19 through the ultimate payment for those funds. In addition for
20 all of those projects identified by agency, we looked at what
21 was on the DPD. What was the intent of the Trustee Council and
22 the approval process? And does it appear that that project was
23 conducted using those funds?

24 Now, obviously, we're not able to assess that from a
25 scientific basis. We were looking for other non-financial

1 information that would help us assess that. You know, were
2 trips taken to where the DPD said it would be taken? You know,
3 those types of things.

4 As a result of all those procedures, both on the
5 trust funds and on the restoration projects, the financial
6 statements that you have and our report on them is a clean
7 opinion. It's an unqualified opinion, which means that we
8 didn't identify anything that would cause us to believe that
9 the information in the financial statements is materially
10 misstated. So we feel that those amounts and the numbers in
11 there are correct.

12 We did, however, obviously, identify findings, areas
13 that we feel could be improved, should be changed in order to
14 either increase accountability, to improve the internal control
15 process, to increase efficiencies, or what have you. And those
16 are, of course, in the second document that you've received,
17 which is our internal control comments.

18 There are three or four ones that I just wanted to
19 briefly touch on that I feel are probably some of the more
20 important comments. The first one has to do with the CRIS
21 fees. I think that that was kind of the thing that struck me
22 the most. Actually, Molly and Traci made us well aware of it
23 going into it, that potentially that would be something we'd
24 want to look at.

25 And based -- when you purely look at the cost, what

1 you're paying for the services that you receive, it's --
2 there's not a match. You're paying more for the services you
3 receive from CRIS. And so we felt that some -- that it would
4 be worthwhile for the Trustee Council to pursue that, and I
5 understand that that's being done currently.

6 Second is the general administrative costs.
7 Financial operating procedures say that each agency will
8 receive -- along with their direct project money, they'll
9 receive 15 percent of that, of the personnel line item for each
10 project and 7 percent of the contract line up to \$250,000, and
11 2 percent over that, a reimbursement for the cost of
12 administering the project.

13 What we found in G&A, there was a couple of things.
14 First of all, there didn't -- at some of the agencies, there
15 wasn't a direct link of the expenditures of the general
16 administrative money in accordance, or as a percentage of, or
17 in relationship to the direct project expenditures, and we felt
18 there should be.

19 Also when project managers are allowed to shift money
20 between projects -- or within a project, I should say -- not
21 between projects -- as they choose, it's their discretion to do
22 that, and we feel that that's fine. However, if a project is
23 budgeted 100 percent to personnel when it gets approved, and
24 then there's a subsequent shift to another line item, which
25 they don't -- shouldn't get G&A reimbursement for, or a lower

1 G&A reimbursement, for example, in the contractual line, there
2 currently is no adjustment to the amount of G&A money that they
3 receive as a result of that shift. We felt that should also be
4 something that you might want to take a look at.

5 All of this G&A comment, though, is taken within the
6 context that this is currently what's in your financial
7 operating procedures. These are -- the financial operating
8 procedures aren't well defined. Or this is what they say
9 currently, and that might be different from what the agencies
10 are doing. We know that you're currently working to revise
11 those FO -- financial operating procedures.

12 And if you do so and you choose to say, 'Here's this
13 money. You don't have to link it to the direct project cost.
14 You can shift it however you want without having to recalculate
15 it,' that's fine. We wouldn't necessarily be opposed to that,
16 but we feel that that needs to be stipulated in the financial
17 operating procedures. Have that go through the public process
18 and have those adopted, if that is what your intent is for
19 those funds.

20 Another important comment, we felt, was separating
21 project management costs. Currently, or '95, project
22 management, there's a little bit of the project managers
23 attached to each project. And so it's very difficult to get a
24 handle on how much you're actually spending on project
25 management at each agency unless you go through, pull out the

1 project managers out of each project, and add those up. And
2 that's not being, currently, aggregated anywhere.

3 Project management is, in our opinion, very, very
4 important because that's primary oversight over the projects,
5 making sure that -- you know, that there's reasonable
6 expenditure of funds. It seems the way you're structured now,
7 the way you're structured currently, that it's integral to the
8 way you do business, the way that you're expending these funds.
9 Having said that, though, it's equally important to ensure that
10 you have good accountability over that process. And the only
11 way to reasonably do that is separate those projects and do a
12 separate project management budget by agency.

13 Two other items just real briefly. One is, you enter
14 into RSAs or -- if you're a state agency, an RSA -- or a
15 contract with University of Alaska, Fairbanks, and other
16 agencies to have them provide certain services for you in
17 relation to restoration projects. You, the Trustee agencies,
18 are tasked, through the financial operating procedures and the
19 MOA, with primary accountability and oversight over the EVOS
20 money. And currently, the agencies do not receive from UAF and
21 others detail as to what their expenditures are. You'll
22 receive a summary: 'Here's how much we've spent on personnel
23 in the period. Here's how much we've spent on contractual,' or
24 what have you.

25 We feel that as part of that oversight and review

1 responsibility, that detail should be provided by UAF to the
2 agencies. And the project managers or whoever is in -- or the
3 PIs or whoever, should be reviewing those monthly reports or
4 quarterly reports or whatever they might be, to ensure that
5 it -- you know, it appears that there's a, you know, proper
6 accounting or that the expenditures are occurring -- that occur
7 appear to be reasonable. Again, we feel that that should be at
8 the Trustee agency level and not simply tasked to UAF.

9 And the last thing is -- and this is probably one of
10 the more popular things in our management letter, and that's
11 the precoding of payroll. Currently, employees are set up in
12 the system at many of the agencies, where, at the beginning of
13 the project year, their system will say based on the budgets --
14 or the fiscal people will say, 'We're going to charge 25
15 percent of this person's salary to this project and 75 percent
16 of this person's time to another project.' And then they will
17 go on throughout the year and charge -- you know, their payroll
18 will just automatically hit those two accounts, or those two
19 projects. That doesn't, however, reflect the work effort of
20 those employees on those very same projects.

21 And currently, when a state agency or a local agency
22 receives money from the federal government, they're required
23 through various OMB circulars, Office of Management and Budget
24 circulars, to directly account for the expenditure of money
25 that is going to be charged against grants. They're required

1 to say, 'If we're spending eight hours of time, or charging
2 eight hours of time, to a project to substantiate, through time
3 sheets or whatever, that that employee in fact worked eight
4 hours of time.'

5 Right now, at many of the agencies, you cannot do
6 that because of the fact that nobody goes back after the fact
7 and looks at how much time you've spent, you know, actually
8 worked on a specific project and compared that to how much is
9 actually being charged to those projects. And we feel that
10 accountability would be improved if payroll is charged directly
11 based on the work efforts of the employees.

12 That pretty much concludes my comments. If you have
13 any questions, I'd be happy to answer any of them.

14 CHAIR WILLIAMS: Thank you, Mr. Mertz. Do any
15 Trustee Council Members have any questions at this time? Mr.
16 Tillery?

17 MR. TILLERY: Every time we worry about a \$50,000
18 project, I get unhappy about those CRIS fees. And I believe
19 that Gina has been looking into that. I wonder if you could
20 give the Council a status report on where we are in getting
21 some resolution.

22 CHAIR WILLIAMS: Ms. Belt, if you wouldn't mind
23 joining us at this microphone.

24 MS. BELT: I've spoken with a couple of people from
25 the financial office of the Administrative Office of U.S.

1 Courts. One of the items that they were going to do was to
2 calculate the fees according to the way they thought they
3 should be calculated to make sure that we had been assessed the
4 fees appropriately. I don't have the results of that yet. I
5 don't believe that has been accomplished.

6 But the other -- I think Craig and I have discussed
7 other options, one of which includes applying to the court for
8 return of the fees, and there's some question about how much we
9 should ask for back. And the third option that we've looked
10 at, and I think is probably appropriate for action very
11 shortly, is to ask the Director of the Administrative Office of
12 the U.S. Courts to alter the fee schedule under which we've
13 currently been paying fees.

14 But I don't know that there are any precedents or
15 criteria that -- other than what has been presented to us in
16 the audit -- that would be the basis for doing that. We don't
17 have any knowledge, currently, about what criteria he would
18 apply to make that determination.

19 CHAIR WILLIAMS: Ms. Belt, in terms of timing on
20 these three options, as you've expressed, option one was to ask
21 them to relook at whether they've charged us appropriate fees.
22 When do we expect a response back on that?

23 MS. BELT: I have it on my calendar to call them
24 tomorrow about that. They did not give me a date by which they
25 expected to have it done. I'm not sure that they knew. But I

1 will ask that question of them tomorrow and report to Molly.

2 CHAIR WILLIAMS: Good. Assuming they say that they
3 corrected them -- that they've calculated them accurately or
4 the correction is de minimis, what do you see as a schedule for
5 pursuing either option two or option three?

6 MS. BELT: Option three, I think, could probably be
7 taken out or acted on very quickly. I think we need to
8 formulate a letter to the Director and determine -- come up
9 with a fee schedule that we think would be appropriate. And
10 maybe that's something that needs some attention by the
11 Trustees.

12 CHAIR WILLIAMS: Mr. Tillery or Ms. McCammon, do you
13 have a recommendation as to a schedule?

14 MS. McCAMMON: Madam Chair, the audit team brought
15 this to our attention; actually, it was brought to our
16 attention when we traveled to Texas in December, and we've been
17 working on it every since. In terms of a schedule, as soon as
18 possible is the best schedule that we can try to achieve, and I
19 think it ought to be done right away.

20 CHAIR WILLIAMS: Do we think we could have it done by
21 the end of the month?

22 MS. McCAMMON: We could certainly have the letter.

23 CHAIR WILLIAMS: The letter.

24 MS. McCAMMON: And a suggested fee schedule put
25 before them.

1 MR. TILLERY: And so you've actually spoken to Judge
2 Holland about this.

3 MS. BELT: Correct. And.....

4 MR. TILLERY: And that's how you ended up with the
5 Administrative Office of the Courts.

6 MS. BELT: Right. That's right.

7 MR. TILLERY: Is that right? Because Judge Holland
8 doesn't feel he can do anything?

9 MS. BELT: He feels that it's not within his
10 bailiwick to undertake these changes himself, either the wire
11 transfer of the fees or the changing of the amount of fees or
12 the percentage of fees that we are assessed. But certainly, he
13 would entertain a motion, I think, to have the fees that have
14 already been assessed returned.

15 MR. TILLERY: One last question I have.

16 CHAIR WILLIAMS: Yes, Mr. Tillery.

17 MR. TILLERY: I believe this was in your report, but
18 what was the amount that we think is probably above what
19 normal -- you'd normally expect to have been assessed? Just in
20 terms of the order.

21 MR. MERTZ: Madam Chairperson. Through the --
22 through September 30, 1995, you'd paid one point -- or
23 \$1,128,000 in court registry fees. And Ms. Belt brought up a
24 good comment, and that is the fact that CRIS is an unusual
25 entity. You can't compare it, readily, to a bank or another

1 investment firm or, you know, to other types of services that
2 are being preformed because of the fact that CRIS is like a
3 middleman between the Trustee Council and Texas Commerce Bank,
4 who's actually doing the investment for you. And Texas
5 Commerce Bank is reimbursed under a separate agreement, and
6 your income comes in net of their fees.

7 So Texas Commerce Bank is reimbursed, and then CRIS
8 steps in and takes a chunk of it, and then you get your -- that
9 investment money. When you look at the number of people that
10 they have devoted to it, which is one full-time staff person
11 for all of CRIS, not only your funds but the whole pool, which
12 is in excess of two or three billion dollars now, you find it
13 hard to imagine that costs in excess of \$50,000 a year would be
14 what they incurred to manage the money.

15 And so you compare that to what you pay today and the
16 three years that you've had money with CRIS, you can see
17 that -- my recommendation was that you go for zero, or as close
18 to it as possible. But you say, you know, we don't feel that
19 we should be charged any fees or a flat rate, you know,
20 anywhere from zero to maybe \$50,000 a year. That would be a
21 matter of -- I don't know if it's a matter of negotiation or
22 how that's done, but, you know, clearly what's being charged
23 now is disproportionate to the services.

24 MR. TILLERY: So it sounds like it's about a million
25 dollars more than you would have normally expected.

1 MR. MERTZ: Yeah. That's correct.

2 CHAIR WILLIAMS: So going back to Ms. Belt and Mr.
3 Tillery, can we ask, then, the two of you work together to
4 prepare a letter by the end of the month? And can we have both
5 of the items in that letter, both the request for reimbursement
6 and also a proposed new fee schedule? Do you think that's
7 advisable to put it in the same letter, or should there be two
8 separate letters?

9 MR. TILLERY: I guess as I understand, they go to
10 different people, don't they? The new fee schedule goes to the
11 Administrative Office for the Courts, and the request for
12 reimbursement would go to Judge Holland.

13 CHAIR WILLIAMS: Okay. Can we have both letters by
14 the end of the month? Is that feasible?

15 MR. TILLERY: I think it's a schedule we should try
16 for.

17 CHAIR WILLIAMS: Good. All right.

18 MR. TILLERY: But we need to do something.

19 CHAIR WILLIAMS: Yes, we need to do something. Are
20 the other Trustee Council Members agreeable to that?

21 MR. JANIK: Yes.

22 CHAIR WILLIAMS: Two letters by the end of the month?

23 MS. BROWN: Yes.

24 CHAIR WILLIAMS: Are there any other questions for
25 Mr. Mertz? Mr. Pennoyer? No, you're clearing your throat.

1 MR. PENNOYER: Just clearing my throat.

2 CHAIR WILLIAMS: Any other questions for Mr. Mertz?

3 (No audible response)

4 CHAIR WILLIAMS: Mr. Mertz, I personally thank you.
5 I certainly know this was a complicated audit. I thank you for
6 your patience in working with the Department of Interior
7 agencies, and I think you have made some extremely helpful
8 recommendations, and I'm very pleased with your services.

9 MR. MERTZ: Thank you. I appreciate it.

10 CHAIR WILLIAMS: Any other questions or comments for
11 Mr. Mertz?

12 (No audible response)

13 CHAIR WILLIAMS: Thank you.

14 MS. McCAMMON: Madam Chair?

15 CHAIR WILLIAMS: Yes.

16 MS. McCAMMON: If I could just point out that one of
17 the main recommendations from the audit team is to revise our
18 financial operating procedures, which are in desperate need of
19 being revised. We do have an internal draft now. It will be
20 circulated for agency review, and I anticipate it will go out
21 to the Public Advisory Group in August and then be before the
22 Council for final adoption in late August.

23 CHAIR WILLIAMS: Thank you.

24 MS. McCAMMON: And the issues that Mr. Mertz
25 identified are ones that we are trying to address in that --

1 those revised procedures.

2 CHAIR WILLIAMS: Excellent. Thank you. Trustee
3 Council Members, I note that the next item on our agenda is
4 miscellaneous technical budget amendments. But what I would
5 propose, given that I think we can put that to after the
6 executive session, is that we go into executive session now and
7 then do the miscellaneous technical budget amendments after
8 executive session. Is that agreeable to everyone? Yes, Mr.
9 Tillery?

10 MR. TILLERY: Commissioner Rue has not returned, has
11 he?

12 CHAIR WILLIAMS: Right, but Mr. Sullivan is here, so
13 I think we can make the motion to go into executive session.
14 Would you prefer to do the other while -- in his absence?

15 MR. TILLERY: Well, I think that Mr. Rue at least
16 indicated to me that he would prefer to be here.....

17 CHAIR WILLIAMS: For the executive session? All
18 right.

19 MR. TILLERY:for the executive session.

20 CHAIR WILLIAMS: All right. Then let us proceed,
21 then, with the miscellaneous technical budget amendments. Ms.
22 McCammon?

23 MS. McCAMMON: Madam Chair. As a result of our
24 quarterly reports, and as a result of the auditor's report, we
25 did go through all of our financial statements, and there are

1 basically a few clean-up items that need to be ratified.

2 And specifically, there is a request to retroactively
3 carry forward \$1.5 million for costs associated with the
4 habitat protection and acquisition support. In addition, to
5 ratify -- get the exact motion here. To recognize the 1995
6 payment of prior year obligations incurred by the Department of
7 the Interior, Fish and Wildlife Service, in the amount of
8 \$102,000 and a subsequent transfer of \$105,000; to ratify a
9 number of transfers that exceed the \$25,000 or 10 percent
10 agency transfer limitation as currently provided in the
11 financial operating procedures.

12 And there is one -- there are two changes to the
13 motion that you have before you: 95-110 close-out, to transfer
14 \$3,683 on 95-126. It's actually a negative transfer of minus
15 \$26,816. And on 95-163B, the actual number is \$8,904.

16 MS. CRAMER: There is a revised motion attached to
17 that.

18 MS. McCAMMON: Okay, with the revised motion. Thank
19 you. 95-163E, a transfer of \$19,709; 95-163F, a transfer of
20 \$13,795; 95-422 close-out, a transfer of \$3,403. These are all
21 basically a transfer of funds that had been authorized, but
22 they were removed from other funds and trans -- one project and
23 transferred into another project.

24 In addition, to authorize the National Oceanic and
25 Atmospheric Administration to transfer authority in excess of

1 the \$25,000/10-percent limitation between these projects, 95-
2 163, a negative transfer of \$43,080; 95-163A, a transfer of
3 \$40,191; and 95-163L, a transfer of \$2,889.

4 In addition, there is a request to approve \$277 to
5 the Alaska Department of Environmental Conservation to pay a
6 very old bill from fiscal year 1992. In addition, there's a
7 request from the Forest Service to approve an increase of
8 \$21,897 for Project 95-259, restoration of Coghill Lake salmon
9 stocks that exceeded its authorized funds by that amount.

10 CHAIR WILLIAMS: I will entertain a motion to accept
11 these technical amendments.

12 MR. PENNOYER: So moved.

13 CHAIR WILLIAMS: It's been moved by Mr. Pennoyer. Do
14 I hear a second?

15 MS. BROWN: Second.

16 CHAIR WILLIAMS: Seconded by Ms. Brown. Is there any
17 discussion?

18 (No audible response)

19 CHAIR WILLIAMS: Ms. McCammon, I know Fish and
20 Wildlife Service contacted me about the need to -- of further
21 expenditures to keep various samples and so forth in storage.
22 Is that incorporated in here?

23 MS. McCAMMON: No.

24 CHAIR WILLIAMS: No.

25 MS. McCAMMON: That's a separate motion.

1 CHAIR WILLIAMS: That's a separate motion. We'll be
2 coming to that?

3 MS. McCAMMON: Yes.

4 CHAIR WILLIAMS: Good. Yes, Mr. Pennoyer?

5 MR. PENNOYER: Thank you, Madam Chairman. Molly, as
6 I understand it, most of these have to do with changes in the
7 way the money was spent, not changes in the project objectives
8 or dropping objectives or doing anything like that; is that
9 correct?

10 MS. McCAMMON: That's correct.

11 MR. PENNOYER: So these were basically the technical
12 amendments as you've described?

13 MS. McCAMMON: Yes. Yes. In some cases, one
14 project, you know, needed some extra money for a boat charter.
15 And in order to get that money, another project maybe didn't
16 use as much money in some aspect of it, but it does not
17 materially affect the purposes of the project.

18 MR. PENNOYER: And these more or less net out, by and
19 large?

20 MS. McCAMMON: With the one exception of Forest
21 Service for the addition for Coghill Lake.

22 MR. PENNOYER: And the rationale for that addition?

23 MR. JANIK: Dave, I think you're prepared to speak to
24 that.

25 MR. GIBBONS: Sure.

1 MR. JANIK: Dave Gibbons, Forest Service.

2 (Pause)

3 CHAIR WILLIAMS: Mr. Gibbons, please.

4 MR. GIBBONS: Madam Chair. In 1994 the Forest
5 Service turned in about \$270,000 in lapsed funds that we had in
6 excess. So I directed our principal investigators, in '95, to
7 be very conservative. If you come in with a number, if you've
8 got range, you better take the low one. I don't want to have
9 that lapsing again. And on Coghill, they came in with a low
10 number. There was a supplementation workshop that had to do
11 with the salmon that -- you know, and there was some funding in
12 that. But there was some more personnel needed to help support
13 that project, and that came out of the Coghill Lake system
14 because it was a sockeye project and dealt with the
15 supplementation issue.

16 And then they also dealt with the Prince William
17 Sound aquaculture. And they had a release site at the mouth of
18 Coghill Lake, and we had to do an analysis of the effect of
19 that release on the Coghill Lake project, so that took some
20 personnel time. So it was a biologist's time in excess of what
21 was projected.

22 MR. PENNOYER: Thank you. Appreciate that.

23 CHAIR WILLIAMS: Mr. Pennoyer. Are there any
24 additional questions about the technical amendments?

25 (No audible response)

1 CHAIR WILLIAMS: Ms. McCammon?

2 MS. McCAMMON: Madam Chair. I guess I should just
3 note that as part of this audit process, we really have been
4 working with the agencies to ensure that all of the books are
5 totally cleaned up and everyone is complying with the financial
6 operating procedures. And one of the things, I think, that has
7 to be noted is that sometimes there's a big difference between
8 what an agency does as part of its regular procedures versus
9 what the Trustee Council is asking them to do.

10 The Trustee Council has been asking for a higher
11 level of accountability in reporting than is normal agency
12 practice. And so there's kind of a line there of ensuring that
13 you do have that high level of accountability, but also that
14 you don't put such an inordinate burden on the agencies to
15 comply with that, that it requires significant additional cost.
16 In the future, you would see these kinds of transfers come to
17 you before they occur rather than after the fact.

18 CHAIR WILLIAMS: Any further questions or comments?
19 Mr. Tillery?

20 MR. TILLERY: Madam Chairman. Am I correct in
21 thinking that this motion currently does not include the
22 storage and archiving of.....

23 MS. McCAMMON: That's correct.

24 MR. TILLERY:hydrocarbon samples? Okay.

25 CHAIR WILLIAMS: Yes.

1 MR. TILLERY: Okay.

2 CHAIR WILLIAMS: But Ms. McCammon promised she was
3 going to bring that to us.

4 MS. McCAMMON: Next.

5 CHAIR WILLIAMS: Any further questions or comments?

6 (No audible response)

7 CHAIR WILLIAMS: It's been moved by Mr. Pennoyer,
8 seconded by Ms. Brown that we accept these technical
9 amendments. Are there any objections?

10 (No audible response)

11 CHAIR WILLIAMS: Hearing none, the motion passes.
12 Ms. McCammon?

13 MS. McCAMMON: The next item, if you go past the pink
14 tab, is the request for \$23,696 for storage and archiving of
15 hydrocarbon samples. Fish and Wildlife Services, Division of
16 Environmental Contaminants Section, has requested funding to
17 pay for the long-term storage of samples that currently reside
18 at Texas A&M.

19 Efforts to date by the Department of Justice to
20 secure approval from Exxon to release these samples have not
21 been successful. Storage costs are \$9,600 a year. They have
22 not been paid for fiscal year '95 or fiscal year '96.

23 The request is to pay those fees and, in addition, to
24 recover the large volume of data that is associated with these
25 samples, which is currently about 70 storage boxes. The

1 requested funding includes funds to pay for the storage as well
2 as funding in the amount of \$4,495 to support retrieving and
3 archiving of the associated data. And there's a memo behind
4 this with a suggested budget.

5 CHAIR WILLIAMS: I will entertain a motion to expend
6 \$23,696 for the storage and archiving of hydrocarbon samples.

7 (Pause)

8 CHAIR WILLIAMS: Is anyone willing or interested in
9 making that motion?

10 (Pause)

11 CHAIR WILLIAMS: They're going to get thrown out on
12 the street if we don't pay this money.

13 MS. BROWN: So moved.

14 CHAIR WILLIAMS: So moved by Ms. Brown. Is there a
15 second?

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

18 CHAIR WILLIAMS: Yes, seconded by Mr. Pennoyer. It's
19 been moved and seconded. Is there a discussion?

20 MR. PENNOYER: Yes.

21 MS. BROWN: Yes.

22 CHAIR WILLIAMS: Yeah.

23 (Laughter)

24 MR. TILLERY: Yes.

25 CHAIR WILLIAMS: Yes. Ms. Brown?

1 MS. BROWN: Just to describe what we are going to do
2 with this material.

3 MR. PENNOYER: Yeah, that's.....

4 CHAIR WILLIAMS: Ms. McCammon?

5 MS. McCAMMON: It is my understanding that the
6 storage boxes would be archived here in Alaska, most likely
7 under the federal system. In terms of the samples? I couldn't
8 answer that question exactly. I would assume that since
9 they're hydrocarbon samples, if the NOAA lab, which has
10 basically been dealing with all of the hydrocarbon samples,
11 wanted them, they could do something with them. Otherwise, I'm
12 not totally sure of that.

13 CHAIR WILLIAMS: Is there anyone in Anchorage, is
14 Catherine Berg currently in Anchorage at the Anchorage site?
15 Or is anyone else who would like to respond to that question?

16 (No audible response)

17 CHAIR WILLIAMS: Anchorage, are you still on?

18 (No audible response)

19 CHAIR WILLIAMS: Do we know if Anchorage is on,
20 Rebecca?

21 MS. REBECCA WILLIAMS: L. J.?

22 MR. THOMPSON: Yes, Deborah, this is Ray Thompson.
23 There's no one else here but myself at the moment. Catherine
24 left about lunchtime.

25 CHAIR WILLIAMS: All right. Very good. Mr.

1 Pennoyer?

2 MR. PENNOYER: I don't think I understood the comment
3 that if NOAA lab wanted them, they could have them, then we'd
4 get out of paying this money.

5 (Laughter)

6 MR. JANIK: Could I respond to that?

7 MR. PENNOYER: Well, I guess I'd be glad to.

8 CHAIR WILLIAMS: Yes, please.

9 MR. JANIK: The question here is to pay Texas A&M to
10 keep storing the samples because DOJ and Exxon can't agree that
11 we can have them back. That's -- your question is, I think,
12 the next step, once we get the court's approval first.

13 MS. McCAMMON: That's correct.

14 CHAIR WILLIAMS: So at this point, we do not have
15 court approval for the return.

16 MS. McCAMMON: That's correct.

17 MR. JANIK: No. That's the nature of the problem.

18 MS. McCAMMON: Of the samples themselves.

19 CHAIR WILLIAMS: And so the samples -- okay. Mr.
20 Tillery?

21 MR. TILLERY: Yeah. I believe that court approval or
22 a motion to the court on that is pretty imminent. And I think,
23 the last I heard, which was a week or so ago, we had an
24 agreement for the destruction of samples that was pretty close,
25 that all parties had agreed to.

1 The State of Alaska is also storing a lot of
2 hydrocarbon samples; our DEC lab has been on us for quite a
3 while because they're taking up valuable lab space, they're
4 expensive to store and so forth. I guess I fail to see why
5 this is any different than the State having stored its own
6 samples at its own expense and certainly isn't asking for any
7 reimbursement.

8 I think there's probably even notice that a federal
9 sample is out there that no one is asking for reimbursement on.
10 I'm not sure why. What is special about these that
11 distinguishes them, and are we opening ourselves up to pay for
12 a lot of back storage?

13 CHAIR WILLIAMS: Yes, Ms. McCammon?

14 MS. McCAMMON: Madam Chair, I don't have an answer to
15 that question.

16 CHAIR WILLIAMS: Let me say what I would to do is
17 defer further discussion on this until Catherine Berg is
18 available. And so if -- Anchorage site, if you could make sure
19 that Catherine Berg will be joining us after we come out of
20 executive session, I think we need her to give us more detail
21 about the samples.

22 Is the Trustee Council agreeable to tabling the
23 discussion until that time?

24 MR. PENNOYER: Fine.

25 MS. McCAMMON: Yes.

1 CHAIR WILLIAMS: Thank you. Ms. McCammon, the Shuyak
2 Island.

3 MS. MCCAMMON: Madam Chair, we have one more item.
4 In the Shuyak Island large parcel resolution, that resolution
5 authorized up to \$1 million for purchase of small parcels
6 acquired by the Kodiak Island Borough as a result of
7 forfeitures for tax delinquency. These parcels would be
8 acquired at appraised values plus closing costs that would be
9 recommended by the Executive Director and approved by the
10 Trustee Council.

11 In April, I was notified by the Fish and Wildlife
12 Service that they had the opportunity to secure the services of
13 some BLM surveyors who were going out to Kodiak Island to do
14 some surveying work and, by taking advantage of their presence
15 there, that they could get 58 parcels surveyed along Uyak Bay
16 for the low price of \$15,200. This request is in line with the
17 policy that was adopted by the Council in terms of when to pay
18 for surveying costs and whether they would be appropriate to
19 enable the Council to actually get to closure on these parcels,
20 and my recommendation is to fund this request.

21 CHAIR WILLIAMS: Thank you. I will entertain a
22 motion to expend \$15,200 for a tax parcel survey, please.

23 MR. PENNOYER: So moved.

24 MR. JANIK: Second.

25 CHAIR WILLIAMS: Moved by Mr. Pennoyer, seconded by

1 Mr. Janik. Is there any further discussion of this motion?

2 (No audible response)

3 CHAIR WILLIAMS: Is there any objection to this
4 motion?

5 (No audible response)

6 CHAIR WILLIAMS: Hearing none, this motion passes.
7 Thank you, Ms. McCammon. Are there any further technical
8 budget amendments?

9 MS. MCCAMMON: No. That's it.

10 CHAIR WILLIAMS: Excellent. What I propose is that
11 we do go into executive session, that we get our food, and that
12 by the time, hopefully, we get our food and so forth, that Mr.
13 Rue will be rejoining us. But I would entertain a motion, at
14 this point, to go into executive session. Mr. Tillery.

15 MR. TILLERY: Madam Chair. I would move that we go
16 into executive session for the purpose of discussing the
17 Tatitlek and Chenega acquisitions or other acquisitions that
18 may come up before the Council.

19 MR. PENNOYER: Second.

20 CHAIR WILLIAMS: Thank you, Mr. Tillery. It's been
21 moved by Mr. Tillery and seconded by Mr. Pennoyer that we go
22 into executive discussion -- into executive session to discuss
23 acquisition of Tatitlek, Chenega, and, as the need arises,
24 other parcels. Is there any objection to going into executive
25 session at this point?

1 (No audible response)

2 CHAIR WILLIAMS: Hearing none, the motion passes and
3 we will go into executive session.

4 (Off record at 12:55 p.m)

5 (Tape Change - Tape No. 3 of 3)

6 (On record at 4:43 p.m.)

7 (Mr. Rue resumed the Chair)

8 CHAIRMAN RUE: Ernie is now standing in for Michele.
9 And the following.....

10 MR. TILLERY: In the closing.

11 CHAIRMAN RUE: Geez, the relief pitchers are in here.
12 All right. Well, we're back on public session. In public
13 session we have a couple of items we wanted to finish today. I
14 will quickly summarize the executive session.

15 We discussed the Tatitlek and Chenega large parcel
16 proposals. At this point, there's no final decision that's
17 been made. The staff of the Council will be discussing the
18 proposals, the offers by Chenega and Tatitlek, over the next
19 few days, and hopefully we'll make progress and bring those to
20 closure.

21 All right. The other, Molly, you were going to
22 summarize. There's a couple of issues that we dealt with that
23 you were going to summarize, the budget.

24 MS. McCAMMON: There was one issue that we tabled
25 earlier today. That one?

1 CHAIRMAN RUE: Yeah. Right.

2 MS. McCAMMON: And it's regarding the storage and
3 archiving of hydrocarbon samples. And these are some samples
4 that have been stored at Texas A&M for the last two years; the
5 storage fees have not been paid for. The request is to spend
6 \$19,200 to pay for storage of these samples during federal
7 fiscal year '95 and '96, and to fund \$4,495 to support
8 retrieval and archiving of the associated documents. So the
9 total request is \$23,695.

10 MS. WILLIAMS: Is she -- oh, good, Catherine is back.

11 CHAIRMAN RUE: Is she able to discuss this?

12 MS. WILLIAMS: Yeah.

13 CHAIRMAN RUE: Okay. Is there any discussion on this
14 issue? Yeah.

15 MS. WILLIAMS: Mr. Chairman.

16 MS. McCAMMON: And there was a motion from.....

17 CHAIRMAN RUE: There was a motion?

18 MS. McCAMMON: Yeah.

19 MS. WILLIAMS: There was a motion; it was seconded.

20 But there was quite a bit of discussion, and we tabled it
21 because we thought it would be appropriate to have Catherine
22 Berg be able to answer some of the questions.

23 CHAIRMAN RUE: Okay.

24 MS. WILLIAMS: The -- let me see. Who -- Michele,
25 did you ask -- or the.....

1 MS. BROWN: Craig did.

2 MS. McCAMMON: It was Craig.

3 MS. WILLIAMS: Craig? It was Craig. Craig is.....

4 (Simultaneous speech)

5 MS. WILLIAMS: Catherine? Several questions were
6 raised about this item, and in particular, several Trustee
7 Council Members were concerned that they, i.e., the State and
8 Forest Service, or at least the State, had stored their samples
9 at no cost. And they were concerned about paying Fish and
10 Wildlife Service, or reimbursing Fish and Wildlife Service, for
11 the storage of Fish and Wildlife Service's samples, and feeling
12 that that would be inequitable for those entities that had
13 stored theirs and not charged the Trustee Council. And I
14 wanted you to have the opportunity to speak to that.

15 MS. BERG: As far as I know, these are not just Fish
16 and Wildlife Service samples. They are samples that were
17 collected on all fronts during the damage assessment. They
18 were collected by Exxon; they were collected by the various
19 agencies; they were collected -- NOAA, I know, has some there;
20 Fish and Wildlife Service; and I thought the State had samples
21 there also. These are all samples that were collected and
22 analyzed by Texas A&M, and they're not just Fish and Wildlife's
23 samples.

24 CHAIRMAN RUE: Okay. So any money we'd authorize
25 would pay for many agencies storing of samples.

1 MS. BROWN: Well, it sounds like it also pays for
2 Exxon, doesn't it?

3 MS. WILLIAMS: It does.

4 MS. McCAMMON: Yes.

5 MS. BROWN: Yes.

6 MS. WILLIAMS: Catherine, are we paying for Exxon's
7 storage of samples with this money in part?

8 MS. BERG: I believe so. I believe that it were
9 (sic) all the samples that were collected during the damage
10 assessment.

11 MS. BROWN: Is it possible to table this until we can
12 have a full analysis of these, as well as the other storage
13 aspects, that are done?

14 MS. McCAMMON: I agree.

15 CHAIRMAN RUE: Okay.

16 MS. McCAMMON: Mr. Chairman, if we're going to meet
17 in another week, week and a half, if we could come back with
18 this and get some additional information? I didn't realize
19 this was going to be so complicated and controversial.

20 CHAIRMAN RUE: Okay.

21 (Simultaneous speech)

22 MS. WILLIAMS: Catherine, is there a pressing
23 deadline for the payment of this that we're facing? Or is this
24 something that you and staff, EVOS staff, could take a look at
25 over the next week or so?

1 MS. BERG: As far as I know, Fish and Wildlife
2 Service in Washington, D.C., cut a purchase order to pay for
3 the storage up until the end of FY '96.

4 MS. McCAMMON: Well, then.

5 MS. WILLIAMS: Oh, good. So we are covered. We're
6 now talking reimbursement?

7 MS. BERG: Right.

8 MS. WILLIAMS: Okay. Excellent.

9 CHAIRMAN RUE: So with no objection, we'll table this
10 issue until our next meeting.

11 MS. WILLIAMS: Yes.

12 CHAIRMAN RUE: And in the meantime, we'll get an
13 analysis of exactly what we'll be paying for? Is that what we
14 want to help us make a decision?

15 MS. BROWN: Mr. Chair?

16 CHAIRMAN RUE: Yeah, Michele.

17 MS. BROWN: What we're paying for, and also I think
18 in comparison to what other samples are stored and by whom?

19 MS. McCAMMON: Right.

20 CHAIRMAN RUE: Okay. So those two things. Exactly
21 what is it we're paying for, and second, what comparable
22 values, cost of other samples being stored. All right?

23 MS. McCAMMON: Mm hmm (affirmative)

24 MS. BROWN: Right. Thank you.

25 CHAIRMAN RUE: Okay.

1 MS. WILLIAMS: And, Mr. Chair?

2 CHAIRMAN RUE: Yes.

3 MS. WILLIAMS: Catherine, just for your information,
4 the Trustee Council did approve the Shuyak tax parcel survey
5 costs.

6 CHAIRMAN RUE: Okay.

7 MS. WILLIAMS: Thank you.

8 CHAIRMAN RUE: Okay. So where are we on our agenda?

9 MS. McCAMMON: Mr. Chairman, I believe the last item
10 on the agenda would be to go back to the tab marked Small
11 Parcels Status Report. And behind that, there's a request from
12 Fish and Game and from Department of Natural Resources to have
13 four small parcels and -- but you have to go back a little bit
14 into the report -- that since the last time the Council took
15 action on small parcels, there have been approximately 12 or so
16 parcels, additional parcels, that were nominated, evaluated,
17 and ranked. And those are in Table 3, which is in page 3 of
18 the Small Parcels Status Report.

19 Of these, Fish and Game and the Department of Natural
20 Resources have requested that four of those parcels that are
21 ranked low be considered parcels meriting special concern and,
22 with that designation, go forward for appraisal. These parcels
23 are Kenai 1039, Kenai 1040, Kenai 1041, and then also.....

24 CHAIRMAN RUE: 1038, I think. The Schilling.

25 MS. McCAMMON: Kenai 1038.

1 CHAIRMAN RUE: Right.

2 MS. McCAMMON: These are all four parcels along the
3 Kenai River.

4 MS. WILLIAMS: Mr. Chairman.

5 CHAIRMAN RUE: Yeah, Deborah.

6 MS. WILLIAMS: For purposes of discussion, I would
7 like to add a few more. And these are additional parcels in
8 Kodiak that we would like to also ask that the Council
9 determine that they're are also parcels meriting special
10 determination. These are all -- Gary, are you in Anchorage?

11 (No audible response)

12 MS. WILLIAMS: Gary Muehlenhardt?

13 MR. MUEHLENHARDT: Yes, I'm here.

14 MS. WILLIAMS: Excellent.

15 CHAIRMAN RUE: Okay.

16 MS. WILLIAMS: Gary can answer specific -- these were
17 all low ranked; is that correct, Gary?

18 MR. MUEHLENHARDT: That's correct.

19 MS. WILLIAMS: Yes.

20 MR. PENNOYER: I'm sorry. Do we have a list?

21 CHAIRMAN RUE: It's coming around.

22 MR. PENNOYER: Oh, okay. Thank you.

23 CHAIRMAN RUE: One thing. Okay. Do you have any
24 written explanations? All of these have equal -- you'd like
25 all of them to go forward to appraisals. They all have

1 equal.....

2 MS. McCAMMON: Mr. Chairman. It's my understanding
3 that these parcels are all the remainder of the small parcels
4 within the Kodiak Refuge that are the high-priority parcels
5 along anadromous fish streams.

6 MS. WILLIAMS: Yes. Gary, that is correct. These
7 are all high priority under Fish and Wildlife Service ranking,
8 in part, because all of these are along anadromous fish
9 streams?

10 MR. MUEHLENHARDT: Correct. They have other
11 attributes also.

12 MS. WILLIAMS: Yes.

13 MS. McCAMMON: They are ranked low under our
14 evaluation process, but they are along high-value fish streams.

15 CHAIRMAN RUE: Yeah. It's interesting how -- I mean,
16 Leo Olbert's parcel, some of the ones on the Kenai river, I've
17 been by them, you know, terrific habitat. And yet they get
18 ranked low based on those criteria that we use.

19 MR. PENNOYER: Sure. I guess I wasn't disputing
20 that, because I know our ranking. And for example, it could be
21 the most important discovery in the world for one species, and
22 because it's one species, it could still get ranked low. But I
23 have no way of telling.....

24 CHAIRMAN RUE: What's going on with these.

25 MR. PENNOYER:which these are or where they're

1 located or why they rank high in your draft and low in ours.
2 So if we say yes, what are we saying? Because I'm certainly
3 not saying who we should take, if you dip below our high and
4 even medium to low on a series of parcels without some further
5 discussion or description or even a map.

6 MS. WILLIAMS: Yes.

7 CHAIRMAN RUE: Okay. Well, yeah, Deborah. I mean
8 what we've got is we've got four parcels that we provided --
9 Fish and Game wrote up a little background paper so we could at
10 least give you some warning that it was coming and laid out a
11 logic. And then we've got, now, ten?

12 MS. WILLIAMS: Mm hmm (affirmative)

13 CHAIRMAN RUE: Without. So I will be neutral on this
14 discussion here for a minute, let you all discuss how many of
15 these we want to deal with.

16 MS. WILLIAMS: Mr. Chairman. I will be very candid
17 in how this came about. When we saw in the package the
18 proposal that four of the State's parcels go forward, four low-
19 ranked parcels go forward, we were going to come to this
20 meeting with a motion to say, 'Look. Let's take -- let's step
21 back, look at all the low-ranked parcels, put a group together,
22 decide which ones should go forward and which ones shouldn't
23 instead of doing piecemeal.'

24 For various reasons the State has urged us not to
25 take that approach. And we feel that these are of, you know,

1 equal value, or at least should be, at this point, appraised in
2 the same kind of time sequence that the State's are appraised
3 so that the Trustee Council, when it asks itself should we
4 purchase or shouldn't we purchase these properties, can compare
5 these properties, which we believe are actually high value.

6 They ranked out low in the HPWG process, but by Fish
7 and Wildlife criteria, these are very high-priority parcels
8 that the Trustee Council should, when it decides what action to
9 take on the State parcels, should also have before it the
10 Kodiak parcels so we can make the most informed decision with
11 the appraised values in front of us.

12 MR. PENNOYER: Mr. Chairman.

13 CHAIRMAN RUE: Yeah, Steve.

14 MR. PENNOYER: What is the cost of doing this?

15 MS. WILLIAMS: The appraisal costs?

16 MR. PENNOYER: I mean if we say, 'Yes, let's do it,'
17 is it going to cost us a lot of money to do these appraisals?

18 MS. WILLIAMS: Gary, what is your estimate of what it
19 will cost to appraise the Kodiak parcels?

20 MR. MUEHLENHARDT: I really don't have an estimate in
21 front of me. Most of these are Native allotments, and so the
22 Bureau of Indian Affairs will be conducting the appraisal. I
23 really don't know what their costs are.

24 CHAIRMAN RUE: So would we pay for the appraisal?

25 No.

1 MS. WILLIAMS: We do not pay for the BIA appraisals;
2 that's correct, Gary?

3 MR. MUEHLENHARDT: Well, in the past we haven't paid
4 for the BIA appraisals or other work that they've done for us.
5 There has been talk, though, that they're in a financial
6 situation where they're going to need something.

7 CHAIRMAN RUE: Okay. Yeah, Mr. Pennoyer. Steve.

8 MR. PENNOYER: Sure, one other question, if I may.
9 If we were going to consider this question of special interest,
10 particularly low-ranking parcels, to be able to compare some,
11 is this all of it? I mean are there -- does Forest Service
12 have a bunch out there they're going to bring at the next
13 meeting? Does NOAA? I mean what do we have?

14 If we do these and then compare them to the four for
15 the State, I can understand that. But what do we end up with?
16 Is that then telling us that that's, quote, "it," or would it
17 establish standards we would use, or where would we end up? It
18 doesn't cost us anything. I have no problem with -- as long as
19 we're not agreeing to purchase the property, or even making an
20 offer, getting an appraisal for no cost doesn't seem like a big
21 deal, but I don't know.

22 Your original suggestion was step back and look at
23 everything and decide what we're going to do. You've taken a
24 separate course of action, and I'm just trying to figure out
25 where it leads us at some point.

1 CHAIRMAN RUE: Go ahead, Craig.

2 MR. TILLERY: I think what we're trying to do here is
3 to be able to move forward because we believe that there's
4 opportunity present here. At least while we're looking at this
5 thing more closely to take a fairly minimal step of getting the
6 appraisals going, that we will come in at a future time and
7 look at all of these things independently and try to figure out
8 whether in fact we want to spend money for them.

9 But let us at least now move forward, get the
10 appraisals, and be in a position to act. And these are sort of
11 opportunities that have just arisen and opportunities that may
12 not last forever. And this is an opportunity for us to
13 preserve them, in a sense, for a fairly minimal investment of
14 an appraisal. It's a lot of aggravation, but the dollars
15 aren't, you know, as expensive for these small parcels.

16 And that's kind of where we're at tonight. I feel
17 very strongly that this is something that we should do. I
18 think these are very important. I think it's a kind of minimal
19 step; I think we should take that on these parcels.

20 CHAIRMAN RUE: You mean the four at least that the
21 State -- and then.

22 MR. TILLERY: The four, and I believe the ones
23 that -- I believe the ones that the Department of Interior has
24 looked at. We have looked at those before, the ones the
25 Department of the Interior has brought up. Now, these do not

1 need to be appraised, or do they?

2 MS. WILLIAMS: They do.

3 MR. TILLERY: They do need to be appraised. Those
4 are ones that we looked at way back when. We kind of set them
5 aside for a while a couple of years ago. I think, again, that
6 getting an appraisal, moving forward on these is also
7 important. I think if we can just kind of, as a group, look at
8 these, it doesn't -- to my way of thinking, that wouldn't delay
9 any other parcel that came forward.

10 If another comes forward and we say, 'Hey, that's
11 important,' we should move on it as it comes, I think. But at
12 least for the moment, I would say those -- these four on the
13 Kenai and these down in Kodiak, we should get the appraisals
14 and hopefully evaluate them for acquisition soon.

15 CHAIRMAN RUE: Mm hmm (affirmative). Yeah, Molly,
16 you had a.....

17 MS. McCAMMON: Mr. Chairman, I just want to clarify,
18 then, that as part of this motion, there would be no request
19 for additional funds from the Council to do the appraisals?
20 From either Department of the Interior.....

21 MR. TILLERY: Well, I guess.....

22 MS. McCAMMON:or the State.

23 MR. TILLERY:Well, the State would not need
24 additional funds to do these appraisals beyond those that have
25 already been allocated.

1 MS. McCAMMON: So just using existing funds.

2 CHAIRMAN RUE: For small parcel projects.

3 MR. WOLFE: What parcel are you.....

4 MR. TILLERY: I don't know what the -- is it 226 or
5 something? I don't.....

6 MS. McCAMMON: Whatever the 96-126 budget is.
7 Existing habitat protection budget.

8 MR. TILLERY: Existing habitat protection appraisal
9 budget.

10 MS. WILLIAMS: Gary, can we do these appraisals
11 within the existing habitat protection budget?

12 MR. MUEHLENHARDT: I believe we could.

13 MS. WILLIAMS: Okay.

14 CHAIRMAN RUE: Okay. I certainly -- since I
15 nominated four of them, I think it's a good idea to go ahead
16 and get an appraisal. So I -- you know, I would just echo what
17 Craig said. Yeah, Jim.

18 MR. WOLFE: But what are we going to do? Is there
19 going to be a comprehensive analysis of the rest of these
20 parcels by the time we get to the next Trustee Council meeting
21 that we can look at then and maybe decide? Because right now I
22 don't know what our objective is on the Kenai River because
23 we're buying lots of parcels down there. Do we want to buy
24 everything?

25 CHAIRMAN RUE: Mm hmm (affirmative).

1 MR. WOLFE: I know that the Fish and Wildlife Service
2 is looking to buy all the parcels that are available in some
3 areas within the refuge. So of us -- get our objectives on the
4 table, analyze it, and just set some goal for ourselves.

5 MS. McCAMMON: Okay.

6 CHAIRMAN RUE: Yeah, I don't have a problem getting
7 that laid out if the staff can do it.

8 MS. McCAMMON: Yeah, we can do that.

9 CHAIRMAN RUE: Kind of give us a picture, as of now,
10 what's on the table, what's low, where do they sit. Does
11 Steve -- do you have -- I shouldn't invite comment this late.

12 MR. PENNOYER: Sure. No, I would agree with -- I
13 don't disagree with what Craig said. I would hope that if
14 we're going to have a small parcel nomination process, though,
15 even if it's just at the appraisal level, that we end up with
16 maps in front of us.

17 MS. McCAMMON: Yes.

18 MR. PENNOYER: And some description and so forth
19 before we make the decision even to spend money and going ahead
20 with the appraisal. So that's my only question. I mean, we
21 had a whole flock of things out there, and I'm not sure why
22 these ten, your four by themselves -- yeah, I know you have a
23 map.

24 MS. WILLIAMS: Where's our gold star we can put right
25 on Frank's forehead?

1 CHAIRMAN RUE: Just put it on my office.

2 MS. McCAMMON: Don't take it personal.

3 MR. PENNOYER: I'll withdraw that last remark. These
4 ten don't have a description. You showed me your map.

5 CHAIRMAN RUE: Yes.

6 MR. WOLFE: I didn't really -- you know, Steve brings
7 up a point, though. And I didn't hear -- and maybe I wasn't
8 listening at the right time -- why it's so critical that we do
9 it today rather than deal with the analysis first. And maybe
10 you said it and I just missed it. But.....

11 MR. TILLERY: Well, again, it is the fact that these
12 have become available, that the availability may be very
13 limited.

14 MR. WOLFE: Okay.

15 MR. TILLERY: That these are parcels that can go --
16 that are on the market and can be sold. And right now,
17 they're -- I mean, this is one instance where you don't --
18 again, you might want maybe a little more analysis before you
19 buy them, but just to get the appraisal, it would seem
20 appropriate to make that investment and now to move forward.
21 Because you know the appraisal process. I mean, it can be.....

22 MR. WOLFE: Okay.

23 MR. TILLERY: It can be aggravating; it can be slow.
24 And I think to move -- start that now is important.

25 CHAIRMAN RUE: And if it doesn't cost anything, I

1 find it a lot easier to -- or any more -- to go ahead and
2 getting it done. I need less analysis and fewer maps if it's
3 not going to be a commitment. So is there -- there's been --
4 is -- have I heard a motion about whether we should move ahead
5 with the.....

6 MR. PENNOYER: I'll move we go ahead and move ahead
7 with the appraisal of these ten. And part of that motion,
8 though, is that when we come back, it would be in the context
9 of some presentation by staff on all of these.

10 MS. McCAMMON: These eleven plus four.

11 MR. TILLERY: Mr. Chairman?

12 CHAIRMAN RUE: Yeah. Craig.

13 MR. TILLERY: I guess what I would suggest is that we
14 amend that motion to move that these be designated parcels
15 meriting special consideration, which would allow us to both
16 move forward with an appraisal, as I recall, and also to enter
17 into sort of do a preliminary title search, enter into sort of
18 preliminary negotiations to get a sense of what the seller is
19 going to be willing to sell them for so that when we do come
20 back to the Council, it's not just -- I mean, there's some meat
21 on the table. There's some, 'Well, and here's what it would
22 cost you.'

23 CHAIRMAN RUE: Well, there was a motion but no
24 second.

25 MR. PENNOYER: I motioned, and we need a second.

1 MS. WILLIAMS: Second.

2 CHAIRMAN RUE: Okay. And then there's a proposed
3 amendment now to the motion.

4 MR. TILLERY: To the motion, to move that the motion
5 be amended to say that we designate these as parcels meriting
6 special consideration.

7 CHAIRMAN RUE: Is that a friendly motion --
8 amendment?

9 MR. TILLERY: I have no idea whether it's a
10 friendly.....

11 (Laughter)

12 MR. PENNOYER: We'll all friendly here, but I'm not
13 clear that it really is because I still have a problem with
14 deciding whether these merit special -- your criteria, then,
15 for special merit is simply that they might become available.
16 And that is criteria we have not adopted yet. It's something
17 that denotes a partial -- that gets special attention clear
18 through the whole process. I'm not.....

19 MR. TILLERY: I think my view of a special
20 consideration is almost -- it's a whole range of things. It
21 can be because the parcel -- part of it can be because
22 something is a fleeting opportunity. Part of it is because
23 there's some attribute of it that makes it quite important.

24 I mean, there can be a lot of things that make it
25 something that merits special consideration that even though it

1 didn't reach this level on the score sheet, we think now is the
2 time to move forward. And, you know, in this case, there is
3 some of -- two of -- several of these certainly, they're
4 clearly very pretty highly ranked even though they're not --
5 they didn't break 18.

6 But, again, the fleeting opportunity combined with
7 the importance of it, would seem to me, makes the parcel a
8 parcel meriting special consideration. That would be my view.

9 CHAIRMAN RUE: If I could.....

10 MR. TILLERY: I don't think -- again, it doesn't
11 commit us to buy them. It doesn't mean we're saying that they
12 are the most important parcels or that we're going to acquire
13 them, because we don't even know the price yet. It just means
14 that we're going to move forward. We're going to try to
15 ascertain the price, and then we're going to make the decision
16 on a later day.

17 CHAIRMAN RUE: I can certainly speak to the values
18 of -- the four parcels I can't.

19 MR. PENNOYER: I didn't ask you about those four.
20 We've already decided on those.

21 CHAIRMAN RUE: Yeah, I know. Do you consider that a
22 friendly amendment, or should we put them -- call a -- go ahead
23 with the motion.

24 MR. PENNOYER: Well, there's no point in voting on
25 them separately because if it's not a friendly amendment, we

1 probably -- we did not pass it anyway. So I don't -- I guess I
2 hear what you're saying, but I haven't heard that description
3 for any one of these. I mean, there isn't a map; there isn't a
4 discussion of why it's urgent at the moment to do this rather
5 than get the map and talk about it a little bit more.

6 I mean, I don't have any -- and I'll accept the fact
7 that we'll probably not have a problem with any of these, but
8 it's just the procedure. I'm not sure we want to adopt a
9 procedure that we've already decided that they are going to
10 carried to a negotiating stage of some kind -- and we didn't
11 define it -- based on just a list.

12 And that is no reflection on you, Deborah, because
13 these are probably all just great, but it's not the procedure I
14 think the Council ought to adopt in the future.

15 I don't have any problem going into the appraisal. I
16 don't have a problem with somebody conducting a free title
17 search. I mean, sort of like Frank Rue, if you can get it for
18 free, it's a lot easier to figure out. But getting into the
19 negotiating process? I don't know about.....

20 CHAIRMAN RUE: Well, I'm not sure where we are
21 procedurally here. Do you have any other discussion on that?

22 MR. PENNOYER: Let me see if I can get it a little
23 clearer then. When you say, "start negotiating on these," say
24 they merit special attention to the point of negotiation, in
25 other words, you'd say anything that comes in front of us we

1 should take right up to the point of deciding on a purchase.

2 MR. TILLERY: No.

3 MR. PENNOYER: And where short of that, are you
4 talking.....

5 MR. TILLERY: No. I think it's preliminary
6 negotiations, I believe, is what we decided, isn't it with the
7 original resolution on special consideration?

8 MS. McCAMMON: Mr. Chairman, that's the original
9 resolution, but it mainly means the title search, the haz-mat
10 survey. Really, once you get the appraisal, it has to come
11 back to the Council to approve.....

12 MR. PENNOYER: Negotiations.

13 CHAIRMAN RUE: Further negotiation.

14 MS. McCAMMON: To approve that you want to purchase
15 it at that offer. There really is no negotiation on small
16 parcels because it's just at appraised value.

17 MR. TILLERY: I think -- well, but I think all you do
18 is you basically alert the landowners, say, 'Here's the price.
19 Is -- do we walk away?' I mean, there was this sense of don't
20 bother the Council.....

21 MS. McCAMMON: Right.

22 MR. TILLERY:if the guy says forget it.

23 MS. McCAMMON: Forget it. No way.

24 MR. TILLERY: And that was -- that's about the extent
25 of negotiation. I don't really mean sit down and negotiate.

1 Because we aren't really negotiating. We're selling (sic)
2 these at fair market value. We're buying these, I mean. We're
3 not going appraised value. So that's all it really means.

4 MR. PENNOYER: If you add the rest of it in there,
5 that we're going to reevaluate this process as these appraisals
6 come back to us the next time around, then I accept that as a
7 friendly amendment.

8 MR. TILLERY: And I would also move that we
9 reevaluate this process the next time these come around.

10 (Laughter)

11 MS. WILLIAMS: Fair enough.

12 CHAIRMAN RUE: Okay. So that was a friendly motion.
13 Is there a second to the amendment?

14 MR. PENNOYER: That's friendly as we get.

15 MS. WILLIAMS: Friendly second.

16 MS. BROWN: Second.

17 CHAIRMAN RUE: Friendly second.

18 MS. WILLIAMS: Friendly second.

19 CHAIRMAN RUE: All right.

20 (Laughter)

21 CHAIRMAN RUE: Who got the -- did anyone get the
22 content of the motion?

23 MS. McCAMMON: The concept.

24 CHAIRMAN RUE: The concept of the motion. Okay.

25 MS. BROWN: Not the content.

1 CHAIRMAN RUE: Is there any objection?

2 (No audible response)

3 CHAIRMAN RUE: Hearing none. Okay. That passes
4 then.

5 MS. WILLIAMS: Mr. Chairman. I have one small
6 additional small parcel matter. And I'm sorry that I'm
7 bringing it to the Trustee Council's attention at this time,
8 but it's just simply an extension of something we did at our
9 last meeting.

10 As the Trustee Council recalls, we had a small list
11 at this last meeting of parcels on which we said there could be
12 a waiver for the commensurate conservation easement or the
13 parallel conservation easement if the lead government
14 negotiator certified that execution of the conservation
15 easement would jeopardize the completion of the acquisition.

16 And I would like to present, for the Council's
17 consideration, a small addition to that list.

18 CHAIRMAN RUE: All Right.

19 MS. WILLIAMS: And the addition is a very small
20 addition.

21 CHAIRMAN RUE: Do you have a map of that?

22 MS. WILLIAMS: Well, no I don't. This isn't even
23 typed. Look this was typed. This isn't even typed. Here we
24 go. This is for KNA Moose River Selective. And we would move
25 to put the KNA Moose River Selective tract on the small list

1 that we have developed. That is a very small parcel; it's only
2 753 acres. And it's selected as opposed to land that has been
3 conveyed, and it's part of, of course, the largish KNA deal
4 that we are seeking to finalize shortly and bring to the
5 Trustee Council in its final form.

6 As you recall, the Trustee Council did authorize the
7 expenditure of up to \$4 million for the purchase of certain KNA
8 tracts. If I could explain this. These lands are selected but
9 not yet conveyed and would be relinquished by KNA after they
10 sold their other lands to us in the package deal that we have
11 already authorized. And the reason that we need to do this is,
12 again, this is just really an extreme technicality because this
13 isn't land to which KNA now has title.

14 We have to do this or else it becomes very
15 complicated from a congressional legislative matter and also
16 complicates the negotiations. And this land they have selected
17 is in refuge status now; it would remain in refuge status. And
18 we would hope that it could be added to this list.

19 CHAIRMAN RUE: Was that a motion?

20 MS. WILLIAMS: Yes. I will move.

21 CHAIRMAN RUE: Okay.

22 MS. WILLIAMS: That we add KNA Moose River Selective,
23 the 753 acres, to the list of parcels for which waiver of the
24 commensurate conservation easement can occur if the lead
25 negotiator certifies that execution of conservation easement

1 would jeopardize completion of the acquisition.

2 CHAIRMAN RUE: Okay. Do I hear a second?

3 MR. PENNOYER: Second for purposes of discussion, but
4 we don't have a quorum.

5 CHAIRMAN RUE: Go ahead.

6 MR. PENNOYER: Just for the purpose of discussion.

7 CHAIRMAN RUE: We can discuss it, I assume, without
8 a quorum. Although I'm not sure.....

9 MR. PENNOYER: What is the effect, then, of doing
10 that? Are we paying some extra money, or is it just.....

11 MS. WILLIAMS: No.

12 MR. PENNOYER: Did this used to be part of this, now
13 we're waiving the.....

14 MS. WILLIAMS: No. This is just -- as you recall,
15 Steve, Frank had the extremely good idea, which I seconded
16 wholeheartedly, sessions ago, on the small parcels, or medium
17 parcels, that we wanted to make sure that we had those
18 commensurate conservation easements that we had on the large
19 parcels so that if the State did something strange or the
20 federal government did something strange that the other
21 government could still protect the land.

22 MR. PENNOYER: Okay. This is between governments.
23 Okay. I remember.

24 MS. WILLIAMS: This is between government
25 conservation easements.

1 MR. PENNOYER: I just remembered.

2 MS. WILLIAMS: And we decided that in a couple
3 instances we needed to waive that because it would impair our
4 negotiations or whatever, and so we have a small list. And I
5 just proposed adding this to the list.

6 CHAIRMAN RUE: Okay. Any further discussion? I
7 guess we may have to take a little at ease here if.....

8 MR. PENNOYER: Well, Craig.....

9 CHAIRMAN RUE: Craig's here.

10 MS. McCAMMON: Here he comes.

11 MR. PENNOYER: We've got an amendment for you, Craig.

12 (Simultaneous speech)

13 MR. WOLFE: I'll go ahead and make my statement now
14 because that's what it is, instead of a question, is that if it
15 is in a refuge such as what we're talking about here, then I
16 have less concern, and there should be less concern for
17 everybody involved in my view.

18 MS. WILLIAMS: That's correct.

19 MR. PENNOYER: Okay. So it's already protected by
20 the refuge status.

21 CHAIRMAN RUE: We have a motion and a second to.....

22 MS. WILLIAMS: And, Craig, Barry's already discussed
23 this KNA selective land issue with you, I understand.

24 MR. TILLERY: Oh, to take it out of conservation
25 easement requirement?

1 CHAIRMAN RUE: Right.

2 MS. WILLIAMS: Right.

3 MR. TILLERY: Absolutely. I agree with that.

4 CHAIRMAN RUE: Okay. We have a motion and a second.
5 Any objection to the motion?

6 (No audible response)

7 CHAIRMAN RUE: Good. Hearing none, the motion
8 passes.

9 MR. PENNOYER: Do you think I could I get away with
10 moving we recess, or do you think I'd.....

11 (Laughter)

12 CHAIRMAN RUE: You've used that ploy once too often.
13 I believe that's all the business we have on the agenda.

14 MR. PENNOYER: I move we adjourn.

15 MS. WILLIAMS: Although, one moment, Molly. What do
16 we anticipate in terms that we may have a short carry-forward
17 meeting.

18 CHAIRMAN RUE: Turn around here. Do we need to
19 recess?

20 MS. McCAMMON: Okay.

21 MR. PENNOYER: I table my motion.

22 MS. McCAMMON: I think we are going to need probably
23 a meeting in about ten days. And in addition, I do have on the
24 list, I wanted to mention June 15th real quickly, too, to those
25 of you. So.....

1 MS. WILLIAMS: Molly, do you recommend that we recess
2 as opposed to adjourn?

3 CHAIRMAN RUE: In case we need to deal with land.

4 MS. McCAMMON: I don't think it really matters, but
5 you still need six people either way.

6 CHAIRMAN RUE: Right. Do we need a different public
7 notice or anything?

8 MS. WILLIAMS: Does it affect public comment, et
9 cetera?

10 MS. McCAMMON: Well, maybe in that case.

11 CHAIRMAN RUE: I don't mind if we recess. That's
12 fine.

13 MS. BROWN: Yeah, we've got the tabled motion and the
14 two negotiations.

15 MS. WILLIAMS: Yes.

16 CHAIRMAN RUE: Yeah.

17 MS. McCAMMON: Okay. Why don't we recess?

18 CHAIRMAN RUE: Okay.

19 MS. WILLIAMS: Recess. I move that -- oh, but Molly
20 wanted to say something about.....

21 MS. McCAMMON: Okay. I had one more thing. And
22 Rebecca will call around, and we'll probably do it by
23 teleconference and -- because I don't think we can get everyone
24 face to face for at least three weeks again.

25 CHAIRMAN RUE: Okay.

1 MS. McCAMMON: So it will probably be by
2 teleconference.

3 CHAIRMAN RUE: Okay.

4 MS. McCAMMON: But I did want to mention June 15th
5 because what I would like to propose to the Council is that on
6 June 15th, the Council have a field trip/public hearing/public
7 meeting in Kodiak. And the schedule that we propose is that on
8 the morning of June 15th, which is a Saturday, that we fly down
9 from Anchorage and fly over the AJV and Shuyak lands. And what
10 we've been talking to Fish and Wildlife Service about is using
11 their goose to fly down with.

12 So spend the morning doing that. There's couple of
13 events happening that day, the ground-breaking of the Fish Tech
14 Center. Senator Stevens is going to be in town; the Borough
15 would like to have a reception at the Alutiig Museum. All
16 these events would occur from approximately noon until 5:00.
17 We could have a public meeting/hearing at something like 5:00
18 to 6:30 that evening and give the community the chance to just
19 speak on anything before the Council.

20 And at this point, I don't think we have any real --
21 have any Kodiak kind of items that are pending, but if there
22 are, that would be a good time to take care of them. But.....

23 CHAIRMAN RUE: Okay. So that's a heads-up. You'll
24 be trying to organize that?

25 MS. McCAMMON: Yeah, if that sounds.....

1 MS. WILLIAMS: Could we come back that evening?

2 MS. McCAMMON: You could come back that evening, yes.
3 I think there's a 10:00 o'clock flight. So you could do the
4 whole thing in a day.

5 MR. PENNOYER: I'll be in Florida, but somebody will
6 go for me.

7 CHAIRMAN RUE: Okay. Great. Is that all you have?

8 MS. McCAMMON: Yes.

9 CHAIRMAN RUE: Thank you very much, Molly. Good job,
10 as usual. Was there -- are we in recess?

11 MR. PENNOYER: I already moved we recess. I got away
12 with it.

13 (Laughter)

14 CHAIRMAN RUE: We'll get you. You'll pay. You'll
15 pay.

16 MS. WILLIAMS: Oh, boy, we're out of here.

17

18 (Whereupon, the proceedings in the above-entitled
19 matter were recessed at 5:16 p.m)

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C E R T I F I C A T I O N

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)
_____)

I, **CINDY S. CARL**, do hereby certify:

(1) That the foregoing pages contain a full, true, and correct transcript of proceedings in the above-entitled matter, transcribed by me, or at my direction and supervision, to the best of my knowledge and ability.

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SIGNED AND CERTIFIED:

BY: Cindy S. Carl
Cindy S. Carl
Certified Court Reporter

DATE: 5/10/96

