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EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

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EXXON VALDEZ OIL SPILL
TRUSTEE COUNCIL
ADMINISTRATIVE RECORD
TRUSTEE COUNCIL MEETING
Friday June 28, 1996
8:30 o'clock a.m.

645 G Street, Suite 401
Anchorage, Alaska

TRUSTEE COUNCIL MEMBERS PRESENT:

U.S. DEPARTMENT OF
COMMERCE - NMFS:

MR. STEVE PENNOYER (Chair)
Director, Alaska Region

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

MR. PHIL JANIK (Co-Chair)
Regional Forester

STATE OF ALASKA - DEPARTMENT
OF FISH AND GAME:

MR. FRANK RUE
Commissioner

U.S. DEPARTMENT OF THE INTERIOR:

MS. DEBORAH WILLIAMS
Special Assistant to the
Assistant Secretary

STATE OF ALASKA -
DEPARTMENT OF LAW:

MR. CRAIG TILLERY
Trustee Representative
for the Attorney General

STATE OF ALASKA - DEPARTMENT
OF ENVIRONMENTAL CONSERVATION:

MS. MICHELE BROWN
Commissioner

1 **TRUSTEE COUNCIL STAFF PRESENT:**

2	MS. MOLLY McCAMMON	Executive Director EVOS Trustee Council
3		
4	MS. REBECCA WILLIAMS	Executive Secretary EVOS Trustee Council
5	MR. ERIC MYERS	Director of Operations EVOS Trustee Council
6		
7	MS. GINA BELT	U.S. Department of Justice
8	MS. CATHERINE BERG	U.S. Fish and Wildlife Service
9	MR. BUD RICE	National Park Service
10	MR. GLENN ELISON	U.S. Fish and Wildlife Service
11	MS. CAROL FRIES	Department of Natural Resources
12	MR. ALEX SWIDERSKI	State of Alaska Department of Law
13	MR. ERNIE PIPER	State of Alaska Department of Environmental Conservation

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ANCHORAGE, ALASKA - FRIDAY, JUNE 28, 1996

(Tape No. 1 of 1)

(On record at 8:40 a.m.)

CHAIRMAN PENNOYER: I'll go ahead and convene this meeting of the Trustee Council. And here presently, Phil Janik, Regional Forester, U.S. Department of Agriculture; Frank Rue, Commissioner of Alaska Department Fish and Game; myself, Steven Pennoyer, and I'll chair the meeting, National Marine Fishery Service; Deborah Williams, from the Fish and Wildlife Service (sic); Craig Tillery from the Attorney General's Office, State of Alaska; and soon to join us Michele Brown, Commissioner of Alaska Department of Environmental Conservation.

We're doing this by teleconference from Juneau and Anchorage. We have Kodiak and Kenai and Valdez that are on line. We will be announcing an executive session a little while into this, but I will go ahead now, Molly, and turn it over to you to take us through the agenda.

MS. MCCAMMON: Thank you, Mr. Chairman. I'd like to just start with the Executive Director's Status Report and do so-- -- do that very briefly. In your packets are copies of the most recent financial statements for both the month and for the quarter as well as the most recent quarterly project status summary. And these are all as of March 31st. So they're a

1 little bit dated. We should be getting the new ones in in a
2 couple of weeks. We will be getting those directly.

3 I did want to report for those of you who were not
4 able to attend about the very successful meeting that we had in
5 Kodiak. The community and the corporations of Akhiok, Old
6 Harbor, and Koniag hosted a luncheon on behalf of the Trustee
7 Council. Deborah Williams and Frank Rue and the Lt. Governor,
8 Fran Ulmer, all spoke at that luncheon. And it was very well
9 attended and it was a very warm welcome.

10 The Council also participated in the ground-breaking
11 for the new Near Island Research facility which is adjacent to
12 the Fish Tech Center in Kodiak.

13 And after that, we -- after a reception at the
14 Aleutiq Museum, we convened a public hearing that was attended
15 probably by 30 or so residents of Kodiak. They testified in
16 support of Council action on Termination Point, in support of
17 action on Afognak Island, brought up the issue of PSP and a
18 concern that a number of communities have about that. And
19 we'll be putting together a report about that public hearing
20 and distributing it to everyone.

21 CHAIRMAN PENNOYER: I'd like to note that Michele
22 Brown has joined us. Michele, we're just starting the
23 Executive Director Reports. She is now doing a status report.

24 MS. BROWN: Thank you. I apologize.

25 CHAIRMAN PENNOYER: Thank you.

1 MS. McCAMMON: Okay. I'd also like to mention that
2 the draft FY '97 Work Plan is now out for public review. We
3 have a public hearing on that scheduled for August 6th. The
4 Public Advisory Group meets again on it on August 7th. And the
5 Council is scheduled to meet on August 29th on it.

6 If you look through the draft work plan, the total of
7 fund, fund contention and deferred projects totals about 17
8 million dollars, which is approximately a million more than
9 kind of our target number of 16 million. So we'll be doing a
10 lot of work on that in the next six weeks.

11 I also wanted to report that following the Council's
12 action on the Chenega acquisition, that the Board of Directors
13 of Chenega Corporation did meet and unanimously approve
14 adoption of the offer that the Council made. They have
15 accepted the one payment offer of 34 million dollars. This
16 offer will now go out to a proxy vote by the shareholders. And
17 that's scheduled for probably late September, early October.

18 I also wanted to let you know that the Federal OMB
19 has requested a briefing about the Trustee Council's
20 activities. And that has been scheduled in Washington D.C.,
21 for July 16th. I'll be working with the three federal agencies
22 to include their participation in that and to prepare briefing
23 materials. So I'll be contacting each of you and your staff
24 getting ready for that briefing session.

25 And that's the extent of my report today. And I'd be

1 happy to entertain any questions.

2 CHAIRMAN PENNOYER: Oh, yeah, I have one question.
3 And that is the shareholder's vote in Chenega. I didn't, I
4 guess, realize it was going to be quite that late.

5 MS. McCAMMON: Under the requirements that they have,
6 once you develop the proxy vote, it requires 60 days notice.
7 And they would like to get the purchase agreement and all of
8 the details of this deal basically ironed out before they write
9 up the proxy and take it out to the shareholders. In the
10 meantime, they are conducting a number of shareholder meetings
11 and doing educational newsletters and things of that nature.

12 CHAIRMAN PENNOYER: Thank you. Are there other
13 Trustee Council members questions on the Executive Director
14 report?

15 MS. WILLIAMS: I have one brief question about the
16 OMB briefing. Molly, did they suggest why they were interested
17 in the briefing?

18 MS. McCAMMON: I think their feel- -- what I had
19 heard was that their feeling was that they hadn't really kept
20 close track of the Council's activities in the past couple of
21 years and just wanted an update of where things were.

22 MS. WILLIAMS: And that will be in Washington, you
23 said?

24 MS. McCAMMON: Yes, July 16th.

25 CHAIRMAN PENNOYER: Is there any other questions on

1 the Executive Director's report?

2 (No audible response)

3 CHAIRMAN PENNOYER: Molly, would you proceed then to
4 lead us through the agenda, please?

5 MS. McCAMMON: We could go back up to the first part
6 of the agenda which is the approval of the agenda and the
7 approval of the May 2nd, 17th and 31 meeting notes.

8 MS. WILLIAMS: I move to approve the agenda with the
9 modification Molly discussed earlier. And that is moving Item
10 4 to the end of the agenda noting that it -- Item 4 will begin
11 with an executive session and then proceed into open public
12 session with whatever action we may take.

13 MR. TILLERY: Second.

14 CHAIRMAN PENNOYER: The proposition to move Item 4 to
15 the end of the agenda and to proceed by an executive session in
16 which we will talk more -- in more detail later. Is there any
17 objection?

18 (No audible response)

19 CHAIRMAN PENNOYER: Motion is adopted. Go ahead,
20 Molly.

21 MS. McCAMMON: The approval of the May 2nd, 17th and
22 31st meeting notes?

23 CHAIRMAN PENNOYER: They're in our folders?

24 MS. McCAMMON: They're in your packet.

25 CHAIRMAN PENNOYER: Is there a discussion of this

1 request?

2 MS. WILLIAMS: I'll move for approval.

3 MR. TILLERY: Second.

4 CHAIRMAN PENNOYER: Moved and seconded that we
5 approve the meeting minutes of the May 2nd, 17th and 31st
6 meetings. Is there any objection to that? Hearing none,
7 they're approved. Molly?

8 MS. McCAMMON: Mr. Chairman, the next item on the
9 agenda is an update on the CRIS fees. If you'll recall as part
10 of the audit that the Council conducted there was concern
11 expressed about the amount of fees that the Council had been
12 paying to the Court Registry Investment System. I believe at
13 one of the most recent Council meetings, the Council requested
14 that Department of Justice make a couple of requests for
15 reimbursement of those fees and attempt to get a lower fee
16 schedule established. And Gina Belt with the Department of
17 Justice is on the line to report on the status of those
18 requests.

19 CHAIRMAN PENNOYER: Thank you. Could we have that
20 report, please?

21 MS. BELT: Madam, Chairman -- or Mr. Chairman. I
22 forwarded to Mr. Tillery last night and I doubt that he's had a
23 chance to take a look at it, of a draft application to the
24 District Court for return of the CRIS fees. And I'm hoping
25 that we can get that filed sometime in the next two weeks.

1 CHAIRMAN PENNOYER: Pardon, could you speak up,
2 please?

3 MS. BELT: Sure. Do I need to say it all over again.

4 CHAIRMAN PENNOYER: Oh, no. Just the last part.

5 MS. BELT: Okay. I said I'm hoping that we can get
6 that application to the Court filed sometime in the next two
7 weeks.

8 CHAIRMAN PENNOYER: Molly, further on that?

9 MS. McCAMMON: Gina, could you report on kind of your
10 thinking in terms of the reimbursement of the fees that have
11 already been paid and then kind of the plan for getting a new
12 fee schedule in place?

13 MS. BELT: I'm a little reluctant to elucidate my
14 thinking on this subject at this time because I -- the
15 Department doesn't have a final position on how we would like
16 to do that. I'm not -- I really don't have the authority to
17 say much more than I have already at this point.

18 CHAIRMAN PENNOYER: Any further questions?

19 MS. BELT: I'm happy to -- when Mr. Tillery and I
20 have come to an agreement on what we think the application to
21 the court should say, I'm happy to pass a draft around to the
22 Trustees if they would like to see it before it's filed.

23 CHAIRMAN PENNOYER: Are there further questions on
24 this matter?

25 (No audible response)

1 CHAIRMAN PENNOYER: Not hearing general. Any further
2 questions from Anchorage?

3 (No audible response)

4 CHAIRMAN PENNOYER: Okay. Molly, would you proceed
5 then?

6 MS. McCAMMON: Mr. Chairman, the next item on the
7 agenda is the Prince William Sound Residual Oil and Cleanup
8 Proposal. At a meeting in May, the Council requested that I
9 work with staff and the village of Chenega to develop a more
10 detailed plan for further cleanup of eight to ten beaches
11 surrounding the village site. We've been working on that in
12 the last few weeks.

13 You have a version of that plan in your packet.
14 However, you should have before you a new version of that. And
15 I guess this is one of those things that the more you look at
16 it -- there have been some additional -- we're still working
17 with the Forest Service in terms of trying to identify the
18 Forest Service involvement in this project.

19 I do have a draft motion. And what I would recommend
20 at this time that the Council authorize funds not to exceed 1.9
21 million for Phases 1 and 2 of the shoreline cleanup project.
22 Phase 1 is the development of the remediation plan. Phase 2 is
23 the cleanup itself with the actual funding contingent on what
24 plan gets developed in Phase 1. However, under no
25 circumstances would the total cost of the project exceed 1.9

1 million. And funding would be subject to final review and
2 approval by the Executive Director of the detail project
3 description and detail budget.

4 It is in the intent -- what we've been working with
5 the community and the Department of Environmental Conservation
6 is to do a sole source contract with the Prince William Sound
7 Economic Development Corporation which is a recognized ardor
8 under State law. It is a pretty simple matter to do a sole
9 source contract with them. They would oversee the actual
10 cleanup project, develop -- in its first phase, develop the
11 actual remediation plan, have an advisory committee that
12 includes federal and state agencies and community
13 participation.

14 Go to each site and work out a detailed plan on how
15 to clean up that site. In some cases it may be use of
16 backhoes, picks and shovels; just kind of manual labor. In
17 other cases it would be a combination of that plus some kind of
18 use of chemicals like PES.

19 We would like to get this started in the next two
20 weeks with the planning portion of it. Get the main contract
21 let for the actual cleanup in November. And start cleanup work
22 probably as early as possible in the spring. The intent is to
23 get the cleanup done by June at the latest, before major fish
24 returns start happening.

25 CHAIRMAN PENNOYER: Molly, you've blended some things

1 in there that I think are the elements of both the motion and
2 an explanation of how it's going to go in the longer term. Are
3 there further discussion from Trustee Council? Are you willing
4 to make a motion and open it to discussion at that point?

5 MR. JANIK: Mr. Chairman?

6 CHAIRMAN PENNOYER: Mr. Janik?

7 MR. JANIK: I do believe that the points that Molly
8 has raised are substantive. I am prepared to present a motion
9 with regard to this project.

10 CHAIRMAN PENNOYER: Would you please do so and then
11 we can.....

12 MR. JANIK: I move that we authorize funds not to
13 exceed 1.9 million for Phases 1 and 2 of the Chenega area
14 shoreline residual oiling reduction project. I believe that is
15 the official name we've chosen. Phase 1 is development of the
16 remediation plan. Phase 2 will be the cleanup itself with
17 funding contingent on completion of the remediation plan in
18 Phase 1.

19 Again, under no circumstances will the total cost of
20 the project exceed 1.9 million. All funding is subject to
21 final review and approval by the Executive Director of the
22 detailed project description and detailed budget. That is the
23 end of my motion.

24 CHAIRMAN PENNOYER: Do I have a second?

25 MR. RUE: Second.

1 CHAIRMAN PENNOYER: Moved by Mr. Janik and seconded
2 by Mr. Rue that we proceed with -- that we have -- proceed with
3 the funding of 1.9 million and the concept for this project.
4 And you've heard the details. Is there discussion on it?

5 MR. JANIK: I would just like to add this is -- this
6 is Phil Janik. I would just like to add that in finalizing the
7 document that I believe we're referring to as the project
8 description and budget document, that we really take a close
9 look at the roles of various agencies; the Chenega Corporation,
10 itself. Things such as NEFA, the compliance factor and items
11 of that kind of substance. And we in the Forest Service are
12 prepared to assist with that effort. And we believe it can be
13 wrapped up in short order.

14 CHAIRMAN PENNOYER: So in effect then the motion is
15 to -- it is as stated. And the other items that are covered in
16 Ms. McCammon's briefing, we would expect the Executive Director
17 to be in contact with the various agencies to get their input
18 to that. So is that sufficient? Is there further discussion
19 or questions?

20 MR. RUE: Mr. Chairman, a quick question.

21 CHAIRMAN PENNOYER: Mr. Rue?

22 MR. RUE: The concerns you've got, though -- do they
23 have budget implications or is this everything? I'm fit under
24 the proposed budget not to exceed 1.9 million, Frank. I think
25 from what I've read here and understand, that is a good

1 reference not to exceed. But I do think that flushing out
2 further analysis of that budget would also be appropriate as
3 related to the various roles of the agencies as well.

4 CHAIRMAN PENNOYER: Are there further questions?

5 (No audible response)

6 CHAIRMAN PENNOYER: Is there any objection to the
7 motion?

8 (No audible response)

9 CHAIRMAN PENNOYER: We will authorize funds not to
10 exceed 1.9 million for Phases 1 and 2 of the Chenega Shoreline
11 Residual Oil Reduction Project are approved. You take it from
12 there. So would you take the next item, please.

13 MS. McCAMMON: Mr. Chairman, the next item on the
14 agenda are some recommended technical budget amendments. This
15 is towards the end of your packet. The Department of the
16 Interior has requested \$23,000 in additional FY 96 funds for
17 three specific purposes.

18 I believe that by the end of this fiscal year the
19 department would be able to -- would be lapsing, probably, that
20 amount. But at this time, they are not able to identify which
21 funds or which projects those monies could come from. And for
22 that reason, I am recommending that new money be approved for
23 these three purposes. These have all been reviewed by Dr.
24 Spies and he is in support of going forward with them.

25 The first is to authorize \$11,400 in personnel cost

1 to the Department of Interior for a new project and that
2 project is 96-326, completion of the NRDA Marine Mammal Study 6
3 for data re-analysis; \$5,300 in contractual costs to the
4 Department of Interior for Project 96-025, Nearshore Bird
5 Predator for additional statistical consultation that was
6 recommended by -- through the peer review process; and \$6,300
7 in equipment costs to the Department of Interior for additional
8 data processing and analysis for Project 96-161, the Harlequin
9 duck project. And again, that was a addition to the project
10 that was recommended by the peer reviewers.

11 MS. WILLIAMS: Mr. Chairman, I move that we authorize
12 this additional expenditure.

13 CHAIRMAN PENNOYER: Is there a second?

14 MS. BROWN: Second.

15 CHAIRMAN PENNOYER: Moved by Ms. Williams and
16 seconded by Ms. Brown to authorize this additional expenditure.
17 Is there further discussion?

18 (No audible response)

19 CHAIRMAN PENNOYER: Well, then basically, we -- it's
20 quite possible that there will be additional funds to cover
21 this but it's not -- this is -- we're actually approving new
22 funding?

23 MS. McCAMMON: That's correct. I believe that given
24 past history that the department would be lapsing at least this
25 amount of money. But at this time they can't identify which

1 projects that would come from.

2 CHAIRMAN PENNOYER: Dr. Spies has reviewed this and
3 found that funding is necessary for the successful completion
4 of these tasks?

5 MS. McCAMMON: That's correct.

6 CHAIRMAN PENNOYER: Is there further discussion?

7 (No audible response)

8 CHAIRMAN PENNOYER: Is there any objection to the
9 motion?

10 (No audible response)

11 CHAIRMAN PENNOYER: Hearing none, the motion for
12 approval of this additional funding, the spending of this
13 additional is approved. Thank you. Molly, the next item?

14 MS. McCAMMON: Mr. Chairman, the next item would be a
15 motion to go into executive session for the purpose of
16 discussing habitat protection and in particular, small parcels.

17 MR. JANIK: Move that we go into executive session
18 for the purpose of discussion of the small parcel acquisition.

19 CHAIRMAN PENNOYER: Is there any objection to that
20 motion?

21 MS. WILLIAMS: Mr. Chairman, I would just like to
22 broaden the motion to talk about habitat protection, both small
23 and large parcel, because I think there may be some large
24 parcel habitat acquisition issues we might discuss.

25 CHAIRMAN PENNOYER: Okay. Is there any objection to

1 that as we're putting an amendment?

2 MS. McCAMMON: Mr. Chairman, could you repeat for us
3 who made the motion and the second?

4 CHAIRMAN PENNOYER: The motion was made by Mr. Janik
5 and seconded by Commissioner Rue.

6 MS. McCAMMON: Thank you.

7 CHAIRMAN PENNOYER: Okay. Then if there is no
8 objection, now to the motion as amended by Ms. Williams.

9 (No audible response)

10 CHAIRMAN PENNOYER: Hearing no objection, it's passed
11 and we will stand in recess for a few minutes and we'll be
12 prepared to go into executive session. And we -- Molly, should
13 we announce about how long we expect to be in executive session
14 for the purpose of the public who might want to rejoin this
15 conference call?

16 MS. McCAMMON: I think that would be a good idea. I
17 would say probably a half an hour to 40 minutes.

18 CHAIRMAN PENNOYER: Okay. Given it's now 9:00, it
19 probably shouldn't be longer than 40 minutes. Okay. Thank
20 you very much. And we'll now stand adjourned -- or in recess
21 for five minutes.

22 MS. McCAMMON: And we'll be calling you back
23 directly.

24 CHAIRMAN PENNOYER: Thank you.

25 COURT REPORTER: Off record.

1 (Off record at 9:00 a.m.)

2 (On record at 9:52 a.m.)

3 CHAIRMAN PENNOYER: Okay. Molly, thank you. Can you
4 tell us who's hooked up back on the com now, please?

5 MS. McCAMMON: We have Kenai on, Anchorage and
6 Juneau. We may get some others as we go along, and they'll
7 announce them.

8 CHAIRMAN PENNOYER: Okay. Fine. Then thank you.
9 And we have completed our executive session to discuss small
10 parcel acquisition. I would like you therefore to take us
11 through the rest of the agenda items we've got to cover this
12 morning.

13 MS. McCAMMON: Mr. Chairman, at the last time we
14 discussed small parcels, the Council requested that I -- before
15 further action occurred on any additional small parcels, that I
16 prepare a status report on the program and develop a
17 recommendation for future action.

18 You have a memo in your packet that summarizes that.
19 Basically, through the process over the last approximately two
20 years, the Council has received about 300 nominations for small
21 parcel acquisition. Of these, the Council has expressed
22 interest in 47 of them. They represent the highest -- those
23 with the highest restoration value as identified by both the
24 public and by the various management agencies. And these are
25 included in Table 1 and Table 2 of the attached report.

1 In addition it includes the contribution to the Kenai
2 Natives Association package and also the one million dollars --
3 up to one million for the Kodiak Island Borough tax parcels.

4 At this time I just wanted to note in this memo that
5 a little bit of a concern that we not make a real active --
6 actively solicit a number of new parcels at this time until we
7 kind of catch up on the ones that are currently under
8 consideration. And also I wanted to put forth a proposal that
9 I think needs further discussion and further review by all the
10 attorneys and the agencies and the Public Advisory Group for
11 the possibility in the future of setting up a habitat reserve
12 account within the restoration reserve.

13 I don't think this precludes at all in any way new
14 parcels coming before the Council if something really
15 compelling for restoration value is identified by either the
16 public or the agencies. But I did want to note that at this
17 point we have quite a bit on the table and it's probably a good
18 time to try to complete as many of these as possible.

19 In addition to that, I do have a recommendation for
20 action on -- there are five parcels that the appraisals have
21 been completed and are ready for Trustee Council consideration.
22 And we could go through those or.....

23 MS. WILLIAMS: Mr. Chairman, I would move that the
24 Trustee Council agree to purchase four of the five small
25 parcels before us today. And that's KAP-99, KAP-115, KAP-135,

1 all in Kodiak. Mr. Elison is here to speak to those parcels in
2 more detail. And then also KEN-1034, the Patson parcel on the
3 Kenai.

4 CHAIRMAN PENNOYER: Molly, can you hear Juneau?

5 MS. McCAMMON: Yes, I can. Can you hear us?

6 CHAIRMAN PENNOYER: We can hear you, but for awhile
7 there we seemed to be missing each other. We now have a motion
8 on the small parcel acquisition. I think we can come back
9 maybe a little further of your first aspect after that. Is
10 there a motion and discussion on the parcel acquisition? Ms.
11 Brown.

12 MS. McCAMMON: Was there a second, Mr. Chairman?

13 CHAIRMAN PENNOYER: Yes. Ms. Brown seconded. Can
14 you hear me?

15 MS. McCAMMON: Thank you.

16 CHAIRMAN PENNOYER: It's been moved and seconded that
17 we acquire four of the five parcels in the list as shown here.

18 MS. WILLIAMS: Mr. Chair, if we could have Mr. Elison
19 speak very briefly to the three Kodiak parcels.

20 CHAIRMAN PENNOYER: Please.

21 MR. ELISON: Mr. Chairman, the three Kodiak parcels
22 are all located within the large parcels acquired by the
23 Trustees; two of them from Old Harbor and one from Koniag.
24 They are all at key access points. Two of them on the south
25 side of Kluta Bay and the other one at Silver Salmon Lake north

1 of the village of Larson Bay. They share a common use for
2 subsistence. They're used extensively for recreation. The two
3 parcels, KAP-99, KAP-135 are located on watersheds in key
4 locations that have pink salmon. The parcel KAP-115 is located
5 on Silver Salmon Lake. It's the sole property -- sole private
6 property within that holding. The lake has dolly varden.
7 There are bald eagle nests in the area. There are also river
8 otters using the area extensively.

9 In the case of the two parcels in Kluta Bay, both
10 parcels have extensive intertidal zones, Pacific herring spawn
11 adjacent to those parcels and they're used by Harlequin ducks.
12 That's a brief summary, Mr. Chairman.

13 MS. McCAMMON: Mr. Chairman, on the Patson parcel,
14 this is 76.3 acre parcel on the Kenai River. It has a quarter
15 mile of frontage on the Kenai River with a natural spring on
16 the property. The land is undeveloped. Public ownership of
17 the parcel would protect habitat for pink salmon, dolly varden
18 and recreation and tourism. It would allow the agencies to
19 better manage stream bank fishing in that area.

20 CHAIRMAN PENNOYER: Thank you. Can you hear us,
21 Molly?

22 MS. McCAMMON: Yes. Can you hear us? We hear you
23 off and on. There's some fuzz on the line, apparently.

24 CHAIRMAN PENNOYER: Yes, that's what's happening.
25 We're hearing everything you're saying so if we cut out, we'll

1 just have to come back in. Any further discussion at this end
2 before we get cut off again?

3 (No audible response)

4 CHAIRMAN PENNOYER: Ready to proceed with the
5 acquisition of these?

6 MR. TILLERY: Mr. Chairman, as I understand it
7 technically what we're doing is authorizing the negotiators to
8 make an offer at the appraised price.

9 CHAIRMAN PENNOYER: Okay.

10 MS. McCAMMON: Mr. Chairman, we apparently have a
11 very bad line. Is -- could you just repeat whether there was
12 any objection on the motion or whether you asked for an actual
13 vote?

14 CHAIRMAN PENNOYER: Yes.

15 MS. McCAMMON: I -- you're cutting out again.
16 Rebecca is checking with the operator right now.

17 CHAIRMAN PENNOYER: Okay. Molly, you can hear us for
18 the moment. Thank you, Mr. Charter (sic) for the correction.
19 There's no objection at this end. Is there any objection at
20 that end of the motion?

21 MS. WILLIAMS: No.

22 MR. TILLERY: No.

23 MS. McCAMMON: The answer was no.

24 CHAIRMAN PENNOYER: Molly, can you hear us?

25 MS. McCAMMON: I can, just when you said, can you

1 hear us.

2 CHAIRMAN PENNOYER: Molly, I guess you can hear us
3 when we're talking and for some reason. So that has been -- a
4 motion was made and seconded. There's no objection. And the
5 motion therefore passes regarding these four parcels. Do I
6 have some discussion?

7 (No audible response)

8 CHAIRMAN PENNOYER: Molly, if you -- can you hear us?
9 If you want to discuss the fifth parcel?

10 MR. TILLERY: Well, Mr. Chairman, what I would like to
11 do is to bring -- well, I can discuss the fifth parcel which
12 was the Schilling parcel. It is six acres located a strategic
13 -- I guess from a commercial's point of view, location down in
14 Soldotna. It is a parcel that would be used for -- as a means
15 of channeling fishing pressure on the Kenai River to a place
16 where the fishing pressure can be accommodated through the use
17 of a boardwalk that is currently being constructed on the
18 parcel. It is adjacent to the Kenai River Visitor's Center.

19 I believe from the perspective of the State of
20 Alaska, it is a very important parcel and we certainly urge --
21 we'll be urging the Council to look very closely at this and
22 try to come up with a way to accomplish this acquisition.

23 CHAIRMAN PENNOYER: Thank you. Is there further
24 comment on the Schilling parcel? Mr. Janik? Did you have any
25 comment?

1 MR. JANIK: I'll just add that the appraised value
2 that we have listed for the Schilling parcel and the acreage
3 associated with that, it just seems to me that parcel needs to
4 get a closer look, because it looks like a very expensive piece
5 of property. And I'm not sure, I, as a Council member would
6 propose that we proceed with that high number.

7 CHAIRMAN PENNOYER: Further discussion of the
8 Schilling parcel?

9 MS. WILLIAMS: Mr. Chairman, I would just like to
10 underscore what Mr. Janik said. The Council, of course, is in
11 the business of purchasing restoration value. And I think we
12 look forward to the State bringing back to the Trustee Council
13 a package that reflects better restoration value for this
14 amount of land.

15 CHAIRMAN PENNOYER: I don't believe there's a motion
16 here. But that's the sense of the Council. Does anybody wish
17 to add anything else or can we leave it at that?

18 (No audible response)

19 CHAIRMAN PENNOYER: Thank you very much. In the
20 first regard, Ms. McCammon brought in the concept before us
21 regarding the small parcel acquisition. And I think it's been
22 generally stated. Mr. Rue, did you wish to add anything to
23 that?

24 MR. RUE: Just very simply I wanted to endorse the
25 way Ms. McCammon put it. I think we will be bringing forth a

1 couple of parcels in the next -- fairly shortly here. I would
2 hope they would at least get a review and that we not have the
3 door absolutely shut on things. Council members are important
4 and acquisitions that happen to be timely. So she did say
5 that. And that's fine. I think -- so you can look forward to
6 maybe one or two nominations about it.

7 CHAIRMAN PENNOYER: So basically, if it becomes a
8 matter of priorities, we agree that our slate is fairly full
9 and we need to plan of where we go from here. But we're going
10 to certainly consider priorities if they are such. So is there
11 any further comment on that policy?

12 MS. WILLIAMS: Mr. Chairman, the only other thing I
13 would like to add is that I do encourage Ms. McCammon to
14 continue determining how we can maximize our return on the
15 money that we have available. I believe we have about 32
16 million dollars now in hand. And so in looking at the medium
17 term and long term option to determine a strategy that
18 maximizes the return on our money.

19 CHAIRMAN PENNOYER: Thank you. Is there further
20 comment on this?

21 (No audible response)

22 CHAIRMAN PENNOYER: Then I think, Ms. McCammon,
23 you've got the sense of the Council and we will just proceed
24 from there in the August and September meetings and see what
25 type of funding we come up with.

1 MS. McCAMMON: Mr. Chairman, I would just like to
2 note that if there are nominations that come from the public,
3 too, we would accept those nominations, still have them go
4 through the evaluation and ranking process and continue to use
5 that process, too.

6 CHAIRMAN PENNOYER: And that was the sense I was
7 getting, although we're certainly not soliciting anything and
8 we need to get a plan together to determine how these all fit
9 into it.

10 MS. McCAMMON: That's correct.

11 CHAIRMAN PENNOYER: Okay. Is there anything else on
12 small parcels? Craig, were you or Alex going to bring
13 something up?

14 MR. TILLERY: Mr. Chairman, we are hoping to close
15 shortly on the Kenai 29 parcel, known as the Tulin property.
16 An issue has come up with respect to the possibility, although,
17 it is considered a very, very unlikely possibility of there
18 being oil and gas and subsurface issues with regard to that
19 parcel. We've talked with the minerals people in the State and
20 they've indicated that there is almost no possibility of -- or
21 there is no cer- -- almost no possibility of oil, very little
22 possibility of any gas involved in that property.

23 A substantial portion of the property has been
24 protected from any surface interference or surface development
25 associated with subsurface rights. We are working diligently

1 to get the final small acreage that doesn't have that
2 protection on it.

3 We would like to move forward with the closure for
4 this piece of property. And to that extent, we'd like to --
5 I'd like to offer an amendment to the Council's resolution of
6 November 20th, 1995 to amend the first -- or the last sentence
7 on page three of that resolution so that it would now read:
8 "As one of the conditions for acquisition of a number of small
9 parcels that a satisfactory title search is completed by the
10 acquiring government and the seller is willing and able to
11 convey fee simple title by warranty deed except that with
12 respect to Parcel KEN-29, the sellers may reserve certain oil
13 and gas rights that will not affect the restoration rights of
14 the property and provided that sellers will make their best
15 efforts to insure that in no event may the surface of the
16 property be used or altered in any way for purposes of oil and
17 gas exploration or production."

18 CHAIRMAN PENNOYER: Okay. That's a motion, I
19 believe. Do I have a second?

20 MR. RUE: I'll second that motion.

21 CHAIRMAN PENNOYER: Motion made by Mr. Tillery, a
22 second -- seconded by Commissioner Rue. Is there further
23 discussion?

24 (No audible response)

25 CHAIRMAN PENNOYER: Any Council member?

1 (No audible response)

2 CHAIRMAN PENNOYER: Okay. Is there any opposition to
3 this motion?

4 (No audible response)

5 CHAIRMAN PENNOYER: Hearing no objection, the motion
6 is passed. Is there anything further to be had before us at
7 this meeting?

8 MS. McCAMMON: Mr. Chairman, there's no further items
9 for action. And there was an official public comment period
10 scheduled here. But I think before we adjourn, it's my
11 understanding there may be one or two people on line who did
12 want to address the Council.

13 CHAIRMAN PENNOYER: Okay. Molly, I'm going to have
14 to leave, I'm afraid, so.....

15 MS. McCAMMON: That's correct. I understand that.
16 Maybe if Mr. Janik or Mr. Rue could just chair until we do this
17 portion?

18 CHAIRMAN PENNOYER: Mr. Janik is going to take the
19 chair and Mr. Hines will sit in my place. So if that's fine,
20 could we -- you go ahead then. And let's open a brief public
21 comment period then. And where is the public comment coming
22 from? Anchorage?

23 MS. McCAMMON: Gail Evanoff, from Chenega Bay wished
24 to address the Council. And we're trying to get her on line
25 right now. And I don't know if there's anyone else in either

1 Kenai, Valdez, or other places that wish to address the
2 Council. Is anyone here?

3 MR. JANIK: This is Phil Janik. I've just taken over
4 the chair for this session. Molly, I missed the name of the
5 individual at Chenega Bay?

6 MS. McCAMMON: Gail Evanoff.

7 MR. JANIK: Gail Evanoff? Are you there? Would you
8 like to present your comments at this time, please?

9 MS. McCAMMON: I don't believe she's on line right at
10 the moment. We're still trying to get her on line. Perhaps
11 you could ask if there's anyone in Kenai or Valdez?

12 MR. JANIK: How about Kenai? Is there anyone there
13 that would like to present comments?

14 (No audible response)

15 MR. JANIK: Valdez?

16 (No audible response)

17 MR. JANIK: In that case, I guess we'll just wait to
18 see if we can get a hold of Ms. Evanoff.

19 MS. McCAMMON: Apparently her line is busy right now.
20 So I've been trying to call her all morning. And I'll get a
21 hold of her after this meeting is over.

22 MR. JANIK: It appears then our business is completed
23 for today. Do I have a motion for adjournment?

24 MS. WILLIAMS: So move.

25 MR. BROWN: Second.

1 MR. JANI: Michele Brown seconded that. Is there
2 any objection to that motion?

3 (No audible response)

4 MR. JANI: We'll be adjourned.

5
6 (Whereupon, the proceedings in the above-entitled
7 matter were adjourned at 10:10 a.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.

(2) That I have been certified for transcript services by the United States Courts.

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SIGNED AND CERTIFIED:

BY: Cindy S. Carl
Cindy S. Carl
Certified Court Reporter

DATE: 7/12/96

