

09.11.02

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

TRUSTEE COUNCIL MEETING
(Teleconference)
Friday, March 20, 1998
12:00 o'clock p.m.

Fourth Floor Conference Room
645 G Street
Anchorage, Alaska

TRUSTEE COUNCIL MEMBERS PRESENT:

STATE OF ALASKA - DEPARTMENT OF LAW: (Chairman)	MR. CRAIG TILLERY Trustee Representative for the Attorney General
U.S. DEPARTMENT OF COMMERCE - NMFS: (Telephonically)	MR. STEVE PENNOYER Director, Alaska Region
STATE OF ALASKA - DEPARTMENT OF FISH AND GAME: (Telephonically)	MR. FRANK RUE Commissioner
U.S. DEPARTMENT OF INTERIOR: (Telephonically)	MS. DEBORAH WILLIAMS Special Assistant to the Assistant Secretary
U.S. DEPARTMENT OF AGRICULTURE - U.S. FOREST SERVICE (Telephonically)	MR. JIM WOLFE for Phil Janik Regional Forester
STATE OF ALASKA - DEPARTMENT OF ENVIRONMENTAL CONSERVATION: (Telephonically)	MS. GINNY FAY for Commissioner Michele Brown

Proceedings electronically recorded then transcribed by:
Computer Matrix, 3520 Knik Ave., Anchorage, AK - 243-0668

1	STAFF PRESENT:	
2	MS. MOLLY McCAMMON	Executive Director
3	(Telephonically)	EVOS Trustee Council
4	MR. ERIC MYERS	Director of Operations
5		EVOS Trustee Council
6	MS. TAMI YOCKEY	EVOS Trustee Council Staff
7	MR. HUGH SHORT	Community Involvement
8		Coordinator, EVOS Staff
9	MR. ALEX SWIDERSKI	State of Alaska
10		Department of Law
11	MR. BARRY ROTH	Attorney-Advisor
12	(Telephonically)	Conservation & Wildlife
13		Division
14	MS. GINA BELT	Department of the Solicitor
15	MR. ROB BOSWORTH	Department of Justice
16		State of Alaska Department
17	MR. GLENN ELISON	of Fish and Game
18		U.S. Fish and Wildlife
19	MR. MIKE WIEDMER	State of Alaska Department
20		of Fish and Game
21		
22		
23		
24		
25		

TABLE OF CONTENTS

1		
2	Opening Comments (Chairman Tillery)	04
3	<u>Public Testimony</u>	
4	Mr. Greg Petrich	05
5	Mr. Tim Mahoney	09
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

2

3
4
5
6
7
8
9
10

11
12
13
14
15

16

17

18

19
20
21

22

23

24

25

1 for a couple of minutes. I know you.....

2 MR. SWIDERSKI: We also have a limited amount
3 of time.

4 CHAIRMAN TILLERY: I note that there is a
5 letter from Greg to Molly McCammon, which I hope everyone has a
6 copy of.

7 MS. D. WILLIAMS: I do not.

8 CHAIRMAN TILLERY: Can we fax.....

9 MR. MYERS: I believe we did try to fax it to
10 you within the last half an hour. I'm not sure what fax number
11 we had for you. Do you have a number that we should try to fax
12 it to, Deborah?

13 MS. McCAMMON: Can you just summarize it for
14 us, Eric?

15 MS. D. WILLIAMS: Some could just.....

16 MR. SWIDERSKI: It's a short letter, you could
17 read it.

18 MS. D. WILLIAMS: Yeah, right.

19 CHAIRMAN TILLERY: Greg, can you just -- do
20 you have any comments that you'd like to make orally in
21 addition to your letter?

22 MR. PETRICH: No. Well, I think that the
23 primary one is that there's this real heightened level of
24 concern on the environmental side that the components of this
25 negotiation can get complex and we're working up against a time

1 deadline with this appraisal expiration, in a lot of people's
2 minds, so that's really of concern. You know, we're trying to
3 think of ways and proposals to accommodate, you know, land
4 owners and retain our best areas but we realize it's a pretty
5 difficult situation. And, you know, we just want to see the
6 best effort that you can put forth here in a short period of
7 time to try and get something palatable to the land owners, you
8 know.

9 And you, of course, have some, I'm sure, executive
10 session ideas that, you know, may be information that we don't
11 have and so may I just say from our standpoint that it's a very
12 critical acquisition to us and as much flexibility as we can
13 show, you know, is appreciated to make it work.

14 CHAIRMAN TILLERY: Okay. Thank you, Greg. Are
15 there any questions from Council members or comments?

16 (No audible responses)

17 CHAIRMAN TILLERY: Okay. I -- excuse me, wait
18 a second.

19 (Whispered conversation)

20 CHAIRMAN TILLERY: We have just received word
21 that Tim Mahoney and Howard Valley would like to be added in.
22 How do we do that?

23 MS. YOCKEY: I'm going to call (indiscernible -
24 away from microphone).....

25 MR. ROTH: Maybe you can call the 1-800 number

1 and have somebody authorize it.

2 CHAIRMAN TILLERY: Yeah, we're going to try to
3 do that. Is it the desire of the Council to perhaps -- the two
4 choices, as I see it, would be go into executive session and
5 have them on at the end or to, I guess, stand down for about
6 five minutes while we try to add them on and see if they wish
7 to make any comments. What's the sense of the Council?

8 MS. D. WILLIAMS: Even though I am time
9 pressed, I would like to hear them before we go into executive
10 session.

11 CHAIRMAN TILLERY: Okay, then let us try to add
12 them on. Just while we're doing that, what is people's time
13 pressures today?

14 MS. D. WILLIAMS: I am supposed to check out of
15 my condo at noon, so that's, you know, 53 minutes.

16 CHAIRMAN TILLERY: Okay. Is there anybody else
17 that's under an immediate time constraint?

18 MR. RUE: This is Frank Rue, I got Rob Bosworth
19 with me, I have to catch an airplane, so I'll be leaving here
20 at the latest at 12:45.

21 CHAIRMAN TILLERY: Okay.

22 MR. RUE: Rob can be here for a little longer.

23 CHAIRMAN TILLERY: Okay, great.

24 MR. RUE: Be listening in.

25 MR. SWIDERSKI: Should we read this letter

1 while we're stopped?

2 CHAIRMAN TILLERY: Yeah, I guess for purposes
3 of those people who do not have a copy of Greg's letter, I will
4 just summarize it for you.

5 Greg thanks the -- it's a letter to Ms. McCammon, he
6 thanks the staff for working with him and taking time to meet
7 and explain the developments. He notes that the Alaska Rain
8 Forest Campaign is a coalition with longstanding interests in
9 protecting high value forests and fish and wildlife habitats.
10 And that safeguarding key northern lands on Afognak Island is
11 AJV-1 and AJV-3 have been and are continuing to be the highest
12 priorities for the campaign. And in their view any habitat
13 proposal should seek to retain the largest possible amount of
14 uncut forests in those two key areas.

15 He goes on to note that proposal have been made to
16 expand the acreage of the overall buyout, they do not wish to
17 dismiss ideas which could lead to a successful conclusion.

18 ATT OPERATOR: ATT operator adding Howard
19 Valley, go ahead, please.

20 CHAIRMAN TILLERY: Okay.

21 MR. VALLEY: Thanks. Somehow I got cut off.

22 CHAIRMAN TILLERY: Okay. And we're still
23 trying to add in Tim Mahoney, I take it?

24 MR. SWIDERSKI: Yeah, I believe so.

25 (Phone ring)

1 CHAIRMAN TILLERY: Is that?

2 MS. D. WILLIAMS: Tim?

3 CHAIRMAN TILLERY: Is Tim Mahoney on?

4 (No audible response)

5 CHAIRMAN TILLERY: Okay. And just, I think, in
6 conclusion in Greg's letter he notes that at least one recent
7 proposal, in their view, lacks sufficient information, AJV-4 to
8 evaluate it from a public interest perspective. He ask that
9 the Council.....

10 ATT OPERATOR: This is the ATT operator again
11 adding Tim Mahoney on line. Go ahead.

12 CHAIRMAN TILLERY: Okay, thank you. And he
13 concludes by asking that the Council make available adequate
14 staff and resources to work on the negotiations.

15 Tim Mahoney and Howard Valley have joined us. This is
16 the meeting of the Exxon Valdez Trustee Council, the only item
17 on the agenda is an executive session on habitat acquisition.
18 Greg Petrich just made a brief, two or three minute, comment
19 with respect to the AJV proposed acquisition and we would like
20 to know if either of you would like to make a comment on that
21 or other habitat acquisition matters?

22 MR. MAHONEY: If either Howard or Tim?

23 CHAIRMAN TILLERY: That's correct.

24 MR. MAHONEY: Well, this is Tim. AJV has a
25 series of proposals before the Trustees. We believe we have

1 dealt with the Trustees fairly and patiently and without
2 posturing. I think there is some belief on the part of AJV
3 that while we think we understand the limitation and priorities
4 that the Trustees operate under, there have been times when the
5 AJV partners think that, perhaps, the Trustees do not
6 understand that AJV differs from perhaps some of the other
7 sellers in having their own crews, data, their own appraisal
8 analysis that they've been working with throughout this decade
9 and when AJV analyzes any kind of a proposal they do so
10 comparing it to their own numbers. And the numbers are --
11 depending on the unit, they are about five to 15 percent higher
12 than the appraised numbers that the Trustees are using.

13 This has led us to think that if the Trustees cannot
14 adjust their timber numbers that the way to make an agreement
15 work is to put land in the -- in combination with timbered
16 land, non-commercial timbered land, in an agreeable package
17 where both sides could agree on a bottom line number, each side
18 might look at the component parts of that differently, but we
19 believe that there is a possibility for a solution there.

20 I think, from AJV's standpoint, we don't think we're
21 getting through very well because of the responses from the
22 Trustees have tended to be very timber heavy, very unmixed,
23 between land and timber. And because the Trustees are
24 unwilling to go above the value numbers that came up in the
25 Cascade appraisal, that leaves AJV short and AJV can't agree to

1 any of those proposals. The last proposal that came from the
2 Trustees would have been for AJV, it would have essentially
3 been meeting its timber needs and throwing in the land for
4 free. And AJV, in that instance, could not agree to sell. But
5 we have put forward more proposals because we think that there
6 must be a way to do this.

7 CHAIRMAN TILLERY: Okay, thank you, Tim.
8 Mr. Valley, did you have any comment that you would like to
9 make?

10 MR. VALLEY: No, not at this time, thank you.

11 CHAIRMAN TILLERY: Okay. Are there Council
12 members that have questions or comments with regard to
13 Mr. Mahoney's comments?

14 MS. D. WILLIAMS: I do, Mr. Chairman.

15 CHAIRMAN TILLERY: Okay, Ms. Williams.

16 MS. D. WILLIAMS: This is for either. In
17 looking at your latest proposal and particularly at Alternative
18 II where the possibility would be to increase about a quarter
19 of the timber from Unit 3(A), have you had the opportunity to
20 discuss that with ADF&G or anyone else to determine what
21 quarter that would be and how it would be configured; has there
22 been any discussions along that line?

23 MR. MAHONEY: No discussions. This is Tim
24 Mahoney. When we configured that in trying to put together a
25 proposal. We looked at the priority listing of subunits that

1 Mike Wiedmer and the other biologists had worked out last fall.
2 They ranked their subunits in order of importance and we worked
3 our way up from least important up, taking away the -- I think
4 there was something like nine subunits that we had been looking
5 at previously. So to take about a quarter of the timber away
6 we took out the lower most five subunits and left in the larger
7 four primary subunits which are all contiguous.

8 MS. D. WILLIAMS: Okay. All right. And then
9 with respect to the trade out for timber of equal value in Seal
10 Bay State Park; can you just describe that a little more?

11 MR. MAHONEY: Well, we've -- as we've said, we
12 need a -- from our standpoint we need a mix of land and timber
13 and without that mix our differences in timber value are too
14 great to make an agreement possible. So the negotiators for
15 the Trustees had indicated that they did not want to include
16 any lands in the Paramanof Peninsula, Unit 4, and they only
17 wanted to look at the other units. That led us to say that
18 that was possible but only if we shrank the amount of timber in
19 the deal.

20 We've always said that we would be open for a timber
21 for timber trade, so when we put this on the table, we took the
22 approximately \$5,000,000 worth of timber out of 3(A) and said
23 we would hold it for a couple of years during which time we
24 would enter into, if you chose, a separate negotiation on the
25 potential trade outs. I think some of that timber, maybe a

1 quarter of it, could be found just along the road corridor that
2 would have to be built to connect up to the logging operation
3 that's tentatively agreed to in Unit 3(A). The rest would have
4 to be located within the Seal Bay Park and because this land
5 was once part of the Afognak Joint Venture, AJV has crews maps
6 and has knowledge of the timber values there, so we know what
7 is possible, but we've not engaged in any serious discussions
8 as to whether it's -- there's a likely timber swap there or
9 not.

10 MS. D. WILLIAMS: Mr. Chairman, that's all the
11 questions I have.

12 CHAIRMAN TILLERY: Okay. Are there other
13 Council members that have any questions or comments?

14 MS. McCAMMON: Mr. Chairman, this is Molly
15 McCammon.

16 CHAIRMAN TILLERY: Ms. McCammon.

17 MS. McCAMMON: Tim, could you explain AJV's
18 perspective and clarify for the Council that this ratio between
19 the timbered lands and the non-timbered lands is not just an
20 economic issue of trying to make up the difference in the
21 timber values, but it's also from the perspective of AJV that
22 they're not willing to sell just high valued timbered lands.
23 Can you reflect that?

24 MR. MAHONEY: Okay. Yes, that would be good,
25 thanks for asking. When AJV began this process, what now, four

1 or five years ago with the Trustees, timber prices were higher,
2 the -- but even so AJV believed that it was not in its
3 interest, economically or as far as the partner corporations
4 felt was in their interests, to sell only the trees and be left
5 with a number of non-timbered acres which had less development
6 potential. Instead, AJV embraced the idea of selling something
7 that was approximately proportional in terms of land -- of
8 non-commercial timbered land and commercial timbered land, and
9 tried to leave its remaining lands in place. AJV, unlike some
10 of the other sellers, is not planning to go out of the timber
11 business, it would remain in the timber business but in perhaps
12 a smaller capacity than before or for fewer years out into the
13 future. So they did not want to high grade. I think overall
14 commercial timber makes up about a quarter of all of the AJV
15 lands. The proportion that is in all of the proposals that AJV
16 puts forward to the Trustees is higher than that but the
17 Trustees proposals to AJV have been overwhelmingly timbered
18 lands.

19 So even when prices were very high and timber would
20 make a great return, AJV was not interested in an unbalanced
21 approach. With timber prices low, AJV would not sell its most
22 valuable assets in kind of an overwhelming manner. We sort of
23 look at it the way you might look at a stock that is currently
24 devalued. The idea is to sell high and buy low. When the
25 stock is devalued you would not sell the preponderance of your

1 assets at that ratio -- at that rate. So the two ideas, the
2 idea that AJV has always had that there needs to be a balance
3 of timber and non-timber and the thought that's very recent
4 that perhaps the non-timbered lands could help balance out our
5 differences in value kind of came together, but only this
6 winter.

7 CHAIRMAN TILLERY: Okay. Ms. McCammon, does
8 that answer.....

9 MS. McCAMMON: Yes, thank you.

10 CHAIRMAN TILLERY: Did you have any other
11 things that you thought the Council should hear from
12 Mr. Mahoney?

13 MS. McCAMMON: No.

14 CHAIRMAN TILLERY: Okay. Are there other
15 Council members with any questions or comments?

16 (No audible responses)

17 CHAIRMAN TILLERY: Okay, is there anyone else
18 on the teleconference or here in Anchorage that would like to
19 make a comment, since we are into public comment apparently?

20 (No audible responses)

21 MS. D. WILLIAMS: Mr. Chairman, I move we go
22 into executive session to discuss habitat acquisition.

23 CHAIRMAN TILLERY: Is there a second?

24 MR. RUE: Second.

25 CHAIRMAN TILLERY: All in favor say aye.

1 IN UNISON: Aye.

2 CHAIRMAN TILLERY: Opposed.

3 (No opposing responses)

4 CHAIRMAN TILLERY: Okay, this meeting will
5 adjourn and go into executive session. Logistically, how is
6 that going to happen.

7 MS. YOCKEY: I'm going to have to call the
8 operator.

9 CHAIRMAN TILLERY: Okay, so does everybody hang
10 up? Is that the way we do this?

11 MS. YOCKEY: Yes.

12 CHAIRMAN TILLERY: Okay, everybody should hang
13 up. In terms of how long the executive session is going to
14 take, I know we had set aside until about another hour.
15 Deborah is going to have to leave. Deborah, do you have a --
16 is Barry on?

17 MR. ROTH: Yes.

18 MS. D. WILLIAMS: Mr. Chairman, I'll ask if --
19 I'll have my husband ask if we can have a late check-out.

20 CHAIRMAN TILLERY: Okay, all right.

21 MS. McCAMMON: Mr. Chairman, could we just have
22 the two (sic) public member maybe just hang up and -- do we all
23 have to.....

24 MS. D. WILLIAMS: That would be a lot easier.

25 MS. McCAMMON: It would be quicker. I trust

1 them that they would do that.

2 MR. MAHONEY: We're happy to accommodate you on
3 this side.

4 MR. PETRICH: No problem.

5 CHAIRMAN TILLERY: There's three public
6 members, just looking to see who's here, -- okay, yeah, so I
7 guess -- I don't know how long this executive session is going
8 to last, but I would suggest anywhere from a half an hour to
9 hour, probably leaning more towards the hour. When we come
10 back, undoubtedly, we will simply go back into public session
11 for purposes of closing it out. I don't anticipate any kind of
12 action. Do the public members wish to come back on the line at
13 that time?

14 MR. PETRICH: I'd be interested in -- yes, if
15 there's additional information.

16 CHAIRMAN TILLERY: Okay. If we're going to
17 come back simply for the purposes of adjourning, do you want to
18 be back on?

19 MR. PETRICH: No, just if there's any
20 significant development.

21 CHAIRMAN TILLERY: Okay. And how about for
22 Mr. Mahoney and Mr. Valley?

23 MR. MAHONEY: No, we don't have -- we will
24 participate as you wish.

25 CHAIRMAN TILLERY: Okay.

1 MR. VALLEY: I guess to know that the meeting
2 was over might be beneficial for us here.

3 CHAIRMAN TILLERY: Okay, what we'll do is, I
4 think, is we'll go into executive session, if we're going to do
5 anything when we come out, other than simply adjourn and report
6 on the fact that we held an executive session, we will call
7 these numbers and try to bring you back in, otherwise we'll
8 simply call you and let you know that the meeting is over.

9 MR. PETRICH: Okay.

10 CHAIRMAN TILLERY: If that's okay for
11 everybody. Okay, so if you three could hang up.

12 MR. PETRICH: Fine and -- this is Greg and I
13 just really appreciate the vacationers touching base here,
14 that's above the call of duty, so thank you.

15 MS. D. WILLIAMS: Aloha, Greg.

16 CHAIRMAN TILLERY: Thank you.

17 (Off record - 12:30 p.m)

18 (EXECUTIVE SESSION)

19 At 1:19 p.m. the Council resumed the open meeting and
20 then it was moved by Deborah Williams, seconded by Steve
21 Pennoyer to recess. At 1:20 p.m. the meeting was recessed.

22 (END OF PROCEEDINGS)

23 * * * * *

24

25


- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

I, Joseph P. Kolasinski, Notary Public in and for the State of Alaska and Owner of Computer Matrix do hereby certify:

of: THAT the Transcript has been prepared at the request

DATED at Anchorage, Alaska this 26th day of March 1998.

SIGNED AND CERTIFIED TO BY:



Joseph P. Kolasinski
Notary Public in and for Alaska
My Commission Expires: 04/17/00