

09.13.07

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

Meeting
Monday, May 22, 2000
10:00 o'clock a.m.

Fourth Floor Conference Room
645 G Street
Anchorage, Alaska

TRUSTEE COUNCIL MEMBERS PRESENT:

U.S. DEPARTMENT OF COMMERCE NOAA/NMFS - (Chairman):	MR. STEVE PENNOYER Director, Alaska Region
STATE OF ALASKA - DEPARTMENT OF LAW:	MR. CRAIG TILLERY Trustee Representative for the Attorney General
STATE OF ALASKA - DEPARTMENT OF FISH AND GAME:	MR. ROB BOSWORTH for Mr. Frank Rue, Commissioner
U.S. DEPARTMENT OF INTERIOR:	MS. MARILYN HEIMAN Special Assistant to the Secretary for Alaska
U.S. DEPARTMENT OF AGRICULTURE U.S. FOREST SERVICE	MR. DAVE GIBBONS Trustee Representative
STATE OF ALASKA - DEPARTMENT OF ENVIRONMENTAL CONSERVATION:	MS. MICHELE BROWN Commissioner

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1	TRUSTEE COUNCIL STAFF PRESENT:	
2	MS. MOLLY McCAMMON	Executive Director
3	MS. TRACI CRAMER	Director of Administration
4	MS. SANDRA SCHUBERT	Director of Restoration
5	MS. PAULA BANKS	EVOS Staff
6	MS. BRENDA HALL	EVOS Staff
7	DR. BOB SPIES	Chief Scientist
8	DR. PHIL MUNDY	Science Coordinator
9	MR. HUGH SHORT	Community Facilitator
10	MR. JOE HUNT	Communications Specialist
11	MS. DEDE BOHN	U.S. Geological Service
12	MR. ALEX SWIDERSKI	State of AK, Dept. of Law
13	MS. GINA BELT	Department of Justice
14	MS. MARIA LISOWSKI	U.S. Forest Service
15	MR. KEN HOLBROOK	U.S. Forest Service
16	MR. BUD RICE	National Park Service
17	MR. STEVE SHUCK	U.S. Fish and Wildlife Svc.
18	MR. GLENN ELISON	U.S. Fish and Wildlife Svc.
19	MS. BRENDA HALL	U.S. Fish and Wildlife Svc.
20	MR. BARRY ROTH	U.S. Department of Interior
21	MR. BILL HINES	NOAA
22	MS. CLAUDIA SLATER	ADF&G
23	MS. MARIANNE SEE	State of AK - DEC
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TABLE OF CONTENTS

Call to Order	04
Approval of Agenda	06
Approval of April 24, 2000 Meeting Notes	06
Public Comment	
Mr. Alvin Squartsoff	07
Ms. Catherine Reft	11
Executive Director's Report	16
Vote on Extending PAG to September 30, 2002	24
Tatitlek Small Parcels	26
Koniag Large Parcels	47
Farewell to Steve Pennoyer and Rebecca Williams	64
Public Comment	
Mr. Frank R. Peterson, Sr.	92
Koniag Discussion	100
Tatitlek Discussion	105
Investments (Adoption of Payout Rule)	114
Adjournment	132

1 CHAIRMAN PENNOYER: Oh, okay at that point.

2 MS. McCAMMON: At that point.

3 CHAIRMAN PENNOYER: We would break then at
4 that time?

5 MS. McCAMMON: Right. The other thing is
6 there's -- I think you should have a proposal on your desk
7 in front of you extending the Public Advisory Group from
8 January 1st, 2002 to October 1, 2002.

9 CHAIRMAN PENNOYER: Is that an additional
10 thing you're.....

11 MS. McCAMMON: That's an additional item,
12 yes.

13 CHAIRMAN PENNOYER: This is the resolution
14 of the EVOS Trustee Council.....

15 MS. McCAMMON: Yes, and.....

16 CHAIRMAN PENNOYER:extending the
17 Public Advisory Group? Okay.

18 MS. McCAMMON:I'll speak to that when
19 I get to it.

20 CHAIRMAN PENNOYER: Okay.

21 MS. McCAMMON: That's a new item.

22 CHAIRMAN PENNOYER: All right, we'll add
23 that then during your report, perhaps?

24 MS. McCAMMON: Yes, we could do it at that
25 time.

1 CHAIRMAN PENNOYER: Okay. Dave, did you
2 have your hand up?

3 MR. GIBBONS: No.

4 CHAIRMAN PENNOYER: Okay. Then the agenda
5 is approved as modified.

6 The second item on the agenda is the approval of
7 the April 24th, 2000 meeting notes, which are in your
8 binder. It was the meeting chaired by Dave Gibbons, I
9 believe, and there were several approved motions listed
10 there. Are there any comments on the meeting notes for
11 that April 24th meeting?

12 (No audible responses)

13 CHAIRMAN PENNOYER: Do I hear a motion to
14 approve them?

15 MS. SEE: Move to approve.

16 MR. TILLERY: Second.

17 CHAIRMAN PENNOYER: Moved and seconded that
18 we approve the April 24th meeting notes. All those in
19 favor, please say aye.

20 IN UNISON: Aye.

21 CHAIRMAN PENNOYER: Oppose?

22 (No opposing responses)

23 CHAIRMAN PENNOYER: Thank you. Okay, then,
24 Molly, next I believe is the public comment period and I
25 don't have any idea who's on the line, I don't have a list.

1 Are there people out in communities on line that would wish
2 to comment?

3 MS. McCAMMON: Who we got in Kodiak, Frank
4 Peterson, Frank Pagano, and I'm not sure, those might be
5 the only ones.

6 CHAIRMAN PENNOYER: Okay. Well, let's go
7 around the net then and ask people if they wish to testify.
8 And I think I'll take Kodiak first since we've identified
9 some people from Kodiak. Kodiak, would you care to -- do
10 you have anybody there that would care to comment?

11 (No audible responses)

12 CHAIRMAN PENNOYER: Maybe Kodiak is the
13 group that rang off.

14 MR. SQUARTSOFF: Yeah, Kodiak or we're here
15 in Larsen Bay also.

16 CHAIRMAN PENNOYER: Well, go ahead with
17 Larsen Bay then while we wait for Kodiak. Anybody in
18 Larsen Bay wish to testify?

19 MR. SQUARTSOFF: Good morning, my name
20 Alvin Squartsoff, I'm a resident of Larsen Bay, I was born
21 and raised on Kodiak. I've been a shareholder with Afognak
22 for 38 years and I've been affiliated with Koniag now since
23 the turn of the century, I guess. That's the last century.
24 My concerns on the river are 59,000 acres that we seem to
25 be trying to work something out with, you know, putting

1 some kind of a program together where it still involved
2 shareholder activity on the river. I guess as a commercial
3 operator running a lodge down here I was just -- I was real
4 unsure of how things were looking for Native shareholders
5 that are operating on that river, not to mention
6 shareholders that go up there for subsistence because it
7 seems like we're just -- there's a lot of questions in
8 people's minds on exactly how this is going to turn over
9 because I know we met with Koniag down here a few weeks
10 back and it seemed the meeting went real well. Dennis
11 seemed real positive about it, along with the other
12 directors, the other board directors that were along with
13 him.

14 But again, like I say, we just don't want to be
15 left out in the cold, especially running clients on that
16 river. I know there's a number of different commercial
17 operators on there that aren't really tied in with the
18 Koniag Corporation, especially being on their own land, I
19 just -- I feel that this is going -- if there's some kind
20 of an agreement that's going to come together, at least
21 keep that link in where shareholders still have access to
22 that river as far as commercial and subsistence goes
23 because -- I mean we don't -- as far as our income is
24 concerned and monies is involved, that's my livelihood and
25 my wife's livelihood and I guess that's how we put our food

1 on the table. I gave up commercial fishing a few years
2 back and I went to sport fishing and now we have so much
3 money invested into this -- for that river to go in another
4 direction would probably crumble our little enterprise
5 along with a couple other lodge owners around here.

6 We need to take a good look at the big picture and
7 hopefully be able to manage this thing in the future
8 together instead of that driving force that seems pushing
9 things away from us.

10 CHAIRMAN PENNOYER: Thank you very much, do
11 you have further comments?

12 MR. SQUARTSOFF: No, I'm fine on that, but
13 I'd like to stay on the line, thank you.

14 CHAIRMAN PENNOYER: You bet, sure.

15 Molly, would you care to comment on the status of
16 things?

17 MS. McCAMMON: We'll be going through that
18 when we actually describe Koniag.

19 CHAIRMAN PENNOYER: Okay, that's fine.
20 That's good.

21 MS. McCAMMON: But I think there are
22 provisions for that.

23 CHAIRMAN PENNOYER: Thank you. Are there
24 other comments from the Trustee Council members or
25 questions?

1 (No audible responses)

2 CHAIRMAN PENNOYER: Thank you very much.

3 Anybody else from Larsen Bay?

4 (No audible responses)

5 CHAIRMAN PENNOYER: Okay, let's try Kodiak

6 then, anybody from Kodiak that wishes to testify?

7 (No audible responses)

8 CHAIRMAN PENNOYER: All right. Are there
9 any other people on the net that wish to testify out in the
10 various oil spill communities?

11 MS. BRODIE: This is Pam Brodie in Homer,
12 I'm just on to listen, thank you.

13 CHAIRMAN PENNOYER: Okay, Pam, thank you.

14 MS. BRODIE: And I can hear Kodiak -- I can
15 hear Larsen Bay really well, but I can't hear the Trustee
16 Council as well, so if there's anything that can be done
17 technically to turn up the volume, I would appreciate that.

18 CHAIRMAN PENNOYER: We'll just try and
19 speak louder, I think.

20 MS. BRODIE: Thank you.

21 CHAIRMAN PENNOYER: You're welcome.

22 Anybody else on the line that wishes to testify?

23 MS. REFT: Yes, the Native village of
24 Karluk is on line also.

25 CHAIRMAN PENNOYER: Okay. Do you have

1 anybody there that wishes to testify?

2 MS. REFT: Yeah, my name is Catherine Reft
3 and I really don't understand what this conservation is
4 about and it's really got the residents of Karluk confused.
5 You know, we may not use that river as much as Larsen Bay
6 does, but we got a lot to lose also. (Pause)

7 CHAIRMAN PENNOYER: I'm sorry, you're
8 fading out. Did we lose them? Are we still on?

9 MS. McCAMMON: Hello, are we still on?
10 Catherine, can you hear us?

11 MS. REFT: Just barely. But Koniag has
12 been going to Larsen Bay and talking with them about this
13 whole situation and all the other villages, they have left
14 Karluk and the residents of Karluk out of it. And so we
15 arrive (telephone distortion) on what's going on with this
16 particular land and with Exxon and what you guys are
17 proposing to do to protect the Natives that live around
18 this land. We're the ones that are going to lose a lot if
19 our rights aren't protected.

20 CHAIRMAN PENNOYER: Thank you. I assume
21 you'll stay on line during the discussion and hear some
22 more about, as Molly said, more about what is being done
23 here as we get into that discussion. I think I'd like to
24 assure you that that's certainly what we're trying to do,
25 we're trying to make sure everybody understands what is

1 happening and has a say in what the ultimate outcome is, so
2 hopefully you can stay on the line and listen to the
3 discussion and you'll hear more about the progress on it.

4 Are there any other questions.....

5 MS. REFT: Would you please.....

6 CHAIRMAN PENNOYER: I'm sorry.

7 MS. REFT: Would you please care to explain
8 why it was that Karluk was not even notified about this
9 meeting and we had to hear it through a reporter?

10 CHAIRMAN PENNOYER: Molly, do you know?

11 MS. McCAMMON: We put out a regular notice
12 through all of the media and we have a regular list. I
13 assumed that Koniag would notify each of the tribes and the
14 villages that they were working with directly on it. I
15 don't think we specifically notified Karluk village,
16 although through our community involve.....

17 MS. REFT: Wait a minute. Are you guys
18 dealing with our land?

19 MS. McCAMMON: through our community
20 involvement project all of the facilitators also were
21 notified and they should be notifying the other villages
22 also. So apparently there was a breakdown there and I
23 apologize for that, Catherine.

24 MS. REFT: Thank you. I'd appreciate it if
25 we're notified in the future of any more meetings that are

1 going to be happening.

2 CHAIRMAN PENNOYER: We'll make sure that
3 happens.

4 MS. McCAMMON: Absolutely.

5 MS. REFT: Thank you.

6 CHAIRMAN PENNOYER: Are there any other
7 questions of Catherine, Trustee Council members? Anybody
8 want to comment?

9 (No audible responses)

10 CHAIRMAN PENNOYER: Okay. Thank you very
11 much. Anybody else out on the net that wishes to testify
12 this morning?

13 (No audible responses)

14 CHAIRMAN PENNOYER: I guess not. Are there
15 people here in Anchorage that wish to testify this morning?

16 (No audible responses)

17 CHAIRMAN PENNOYER: Okay, last chance,
18 anybody else wish to testify in Anchorage or out on the
19 net?

20 (No audible responses)

21 CHAIRMAN PENNOYER: Okay, well, then we'll
22 end the public hearing at this time and go into the next
23 item on the agenda, Molly, which I believe is the Executive
24 Director's report.

25 MS. McCAMMON: Yes, Mr. Chairman, and I'm

1 trying to see.....

2 MS. RUSK: Excuse me, this is Catherine
3 again.

4 CHAIRMAN PENNOYER: Yes.

5 MS. RUSK: Is there a way that Karluk can
6 get a copy of your guys' agenda?

7 MS. McCAMMON: Yes, do you have a fax
8 number there, Catherine?

9 MS. RUSK: Yes, and it's available to use
10 right now, it's 241-2208. And after the meeting we would
11 also like minutes to this meeting.

12 MS. McCAMMON: Absolutely.

13 MS. RUSK: Who's all there? Is Koniag on
14 line, too?

15 MS. McCAMMON: I do not see anybody
16 representing Koniag here at the meeting right now.

17 MS. RUSK: Yeah, this is Karluk again,
18 (indiscernible) that Koniag/Exxon, EVOS Trustee Council
19 hearing, meeting, whatever you want to call it.

20 CHAIRMAN PENNOYER: No, the meeting has
21 several different parts to it, that is one of the topics is
22 the discussion of the Koniag negotiations and what's
23 happening on land acquisition and we're going to go into
24 that.

25 MS. RUSK: I guess an agenda will clear

1 that up for us then, thank you.

2 MR. SQUARTSOFF: Alvin Squartsoff from
3 Larsen Bay again. I guess I'm not clear here on something,
4 you guys are negotiating our lands and our corporate
5 executives aren't even there?

6 CHAIRMAN PENNOYER: Well, the discussions
7 are occurring with them, we're being informed as to how
8 those discussions are going here, this is not the actual
9 negotiation here.

10 MR. SQUARTSOFF: So who's informing you
11 folks? Is that us, the shareholders?

12 MS. McCAMMON: Mr. Chairman, this is Molly
13 McCammon. Glenn, is Bill Timme supposed to be here?

14 MR. ELISON: Bill Timme and Tim Mahoney
15 told me that they would be here about 10:30.

16 MS. McCAMMON: Bill Timme and Tim Mahoney
17 who are representing Koniag are supposed to be here at
18 10:30, I believe they're on their way. We've been dealing
19 directly with them as the formal negotiators for Koniag.

20 CHAIRMAN PENNOYER: Okay. Any further
21 questions from the Trustee Council?

22 (No audible responses)

23 CHAIRMAN PENNOYER: Okay. We'll proceed
24 with the agenda and maybe when we get to the Koniag part if
25 questions haven't been answered you could probably let us

1 know, but I'll close the public hearing at this time and go
2 on to the Executive Director's report.

3 MS. McCAMMON: Thank you, Mr. Chairman.
4 There are a couple of things I wanted to make sure you were
5 aware of, one is the financial report as of April 30th,
6 2000 and that should go into your packet. The other is the
7 quarterly project status report as of March 31st, 2000.

8 The main thing I wanted to bring to your attention
9 today was the GEM schedule and the draft agenda for the
10 National Research Council review of the GEM Program, and
11 those are also in front of you at your desk here, and
12 there's also copies out at the table for the public. The
13 committee make-up for the NRC Review Committee should be
14 announced sometime this week. Its chairman is from the
15 University of Maryland, by the name of Mike Roman. Their
16 first meeting is scheduled for here in Anchorage, June 15th
17 through the 17th. The 17th is actually a closed session.
18 And I have a draft agenda that we've been developing with
19 the NRC staff here and I'd like to make sure that you see
20 it and if you have any comments or questions, suggestions,
21 if any of the Trustees, themselves, would like to address
22 the NRC Committee or if you have others that you would like
23 to address the committee, please let me know and we'll make
24 sure that that's accommodated within the schedule.

25 The main purpose of the first meeting is more an

1 introductory session for the committee members to meet each
2 other, to go over the purpose of the review itself, why
3 have this study. To provide some direction, also, from
4 other members of the public, the Public Advisory Group,
5 some of the village members or the community facilitators,
6 other representatives of various perspectives. And then to
7 give some background of the scientific research that the
8 Council has sponsored over the last 11 years and also to go
9 over the outline of the draft program.

10 So that is scheduled for June 15th and 16th,
11 primarily and, again, as soon as possible if you have any
12 comments on this or would like to address them directly.

13 Then the first item is the GEM schedule and what we
14 have here is the schedule as we currently see it for the
15 GEM review, which also includes all of the National
16 Research Council meetings. It starts with the first draft
17 of what we're calling the GEM Science Program, going to NRC
18 on April 21st, they'll be having their first meeting June
19 15th through 16th. The NRC Committee will be conducting
20 its review at this time, their next meeting on that
21 document will be in September, they have a third meeting in
22 November and we'll be getting a draft report on that in
23 February, an interim report.

24 But concurrently with that, Trustee Council staff
25 will be developing a Draft Monitoring Plan. And it became

1 really clear as we were developing the program, the
2 document over the last year, that what we had there was the
3 framework for a process, procedures, policies, an outline
4 for a program, but it really wasn't a specific monitoring
5 plan. So we will be developing over the next six months a
6 plan. We've talked to the NRC staff about this, they're
7 aware it's happening, the committee will be aware of it, so
8 they will also be giving some iterative guidance as we're
9 developing this plan along the way, too.

10 CHAIRMAN PENNOYER: Will they actually see
11 drafts of this as you go along?

12 MS. McCAMMON: They will be seeing drafts
13 as we go along, yes. But they won't actually get a formal
14 document to review until February or so of next year. And
15 at that time they will have two meetings specifically on
16 that plan, then they will have a conclusion meeting in
17 August of 2001 where they look at the monitoring plan plus
18 the entire program and they make their final
19 recommendations and conclusions, with a final report
20 November 2001. So it's a very ambitious schedule, we'll do
21 everything we can to meet that schedule, but it's going to
22 take a lot of work between now and then.

23 But if you have any comments or questions or
24 concerns about that schedule also, please let me know. But
25 I wanted to make sure that you saw how our planning efforts

1 are kind of dovetailing with the NRC review.

2 CHAIRMAN PENNOYER: Thank you. It's
3 certainly complex and ambitious. Are there comments from
4 Trustee Council members?

5 (No audible responses)

6 CHAIRMAN PENNOYER: I'd like to note that
7 Marilyn Heiman did join us at the start of public hearing,
8 has been here the whole time.

9 Okay. Well, then, I guess we're charged with
10 looking this over and getting back to you. What's your
11 time frame on people getting back to you if they want to
12 have additional comments? You said as soon as possible
13 but.....

14 MS. McCAMMON: As soon as possible, by the
15 1st of June.

16 CHAIRMAN PENNOYER: 1st of June?

17 MS. McCAMMON: Yeah.

18 CHAIRMAN PENNOYER: Okay. Do you have --
19 who actually is addressing the NRC on behalf of the
20 agencies and the groups? You have a number of names listed
21 here, how do they on -- reactions to Draft GEM Science
22 Program? How can this committee -- that's the PAG, I
23 suppose, but also you have other aspects there as well.

24 MS. McCAMMON: Those were names that I put
25 down as suggestions to the committee and I'd welcome any

1 other changes or suggestions or even additions for
2 perspectives, too.

3 CHAIRMAN PENNOYER: Okay.

4 MS. HEIMAN: Do we have a list of the
5 committee members?

6 MS. McCAMMON: We don't have a formal list
7 yet, it has not been announced, we should get it,
8 hopefully, this week.

9 MS. HEIMAN: It's surprising with the
10 meeting coming right up, we still don't even know who's on
11 the committee.

12 MS. McCAMMON: They know all but one
13 member. They didn't want to publicly announce it until
14 they got the last member. They need 20-day public notice
15 on the membership, so they put it on their website and have
16 20 days, so they have to have by this week, I think,
17 otherwise they don't meet their 20-day public notice.

18 MS. HEIMAN: I would even like to see the
19 list without the full list, I haven't even seen that list
20 at all.

21 MS. McCAMMON: I can send it to you.

22 MS. HEIMAN: Thank you. Also I will have
23 comments on people briefing the council, so I'll get those
24 to you.

25 MS. McCAMMON: Okay.

1 CHAIRMAN PENNOYER: Would you send the list
2 around -- Molly, would you make sure there's something next
3 to the person's name as to what they represent, a
4 university or where they're from or some type of.....

5 MS. McCAMMON: Yes.

6 CHAIRMAN PENNOYER: That would be helpful,
7 thank you. Other comments or questions on this part of the
8 Executive Director's report?

9 (No audible responses)

10 CHAIRMAN PENNOYER: Thank you very much.
11 Molly, what's next?

12 MS. McCAMMON: The only other item I wanted
13 to mention on habitat is that, if you recall, several
14 months ago the Council did set June 15th as a deadline for
15 action on all small parcels that are currently in the mix.
16 After that date funds that are not spent that have been
17 earmarked for small parcels in the past would potentially
18 be considered opened and subjected to reappropriation or
19 other use. And we'll be sending a reminder around to all
20 of the agencies on that in the next day or so with what's
21 on the list with kind of the earmarked amounts. And
22 probably talking with various agencies about what they'd
23 like to see come about after that June 15th review. So
24 we're looking for a date to have a meeting after that time
25 and we haven't been able to come up with a date yet, but we

1 will have something scheduled after that time.

2 CHAIRMAN PENNOYER: Thank you. I'd like to
3 note that Michele Brown has joined us, DEC.

4 Further parts of your report then?

5 MS. McCAMMON: The only other item was that
6 one on the Public Advisory Group, and if you'll pull that
7 draft resolution up in front of you. We're going through a
8 process right now with the Public Advisory Group of looking
9 at the current structure and make-up of the group, looking
10 at other models for groups across the country and trying to
11 figure out whether, number 1, there should be a Public
12 Advisory Group in the future under GEM. Number 2, what
13 should the make up and representation of the group be.
14 Should it be structured differently, should it be different
15 designated seats, things of that nature.

16 The current PAG is very actively involved in that
17 and won't have a recommendation or alternatives developed,
18 really, until probably next winter or spring. In the
19 meantime, the current PAG is up for renewal on October 1,
20 2000, but under the original charter the PAG is only
21 chartered through January 1st 2002 and it had been our
22 intent to have this next PAG stay in existence for two
23 years, we go through this process and then perhaps the
24 whole charter for the Public Advisory Group would be
25 restructured and have to be rewritten, so there'll be some

1 major changes at that time.

2 So this resolution would allow for an extension
3 from January 2002 to October 1, 2002, it gives that PAG the
4 full two years to act. And it's just a simple amendment to
5 the charter, but it requires unanimous approval.

6 CHAIRMAN PENNOYER: Would it be appropriate
7 to read this into the record, then, and if you would do so
8 and then we can decide.

9 MS. McCAMMON: Yes, and I can do that.

10 WHEREAS, it is expected that the need for the
11 Public Advisory Group will continue until approximately
12 January 1st, 2002, extension of the group beyond such a
13 date is subject to the unanimous written consent of the
14 designated Trustees and;

15 WHEREAS, the Trustee Council has plans underway to
16 extend the Oil Spill Restoration Program through a long-
17 term research monitoring and general restoration program to
18 October 1, 2002 and;

19 WHEREAS, the Public Advisory Group continues to
20 fill an important role in the Trustee Council's public
21 involvement process and is deemed necessary during the
22 transition period;

23 THEREFORE BE IT RESOLVED, that the Exxon Valdez Oil
24 Spill Trustee Council hereby extends the term of service of
25 the Public Advisory Group to September 30th, 2002.

1 CHAIRMAN PENNOYER: Do I have a motion?

2 MR. TILLERY: Mr. Chairman, I move the
3 resolution as written and as stated by Ms. McCammon.

4 CHAIRMAN PENNOYER: Do I have a second for
5 that?

6 MS. BROWN: Second.

7 CHAIRMAN PENNOYER: It's been moved and
8 seconded that we adopt the resolution as written and read
9 by Ms. McCammon. Is there any objection to the motion?

10 (No audible responses)

11 CHAIRMAN PENNOYER: Consider it unanimous
12 then. Thank you very much. And you urge us to sign this
13 at this meeting then, I presume?

14 MS. McCAMMON: Yes.

15 CHAIRMAN PENNOYER: Do you have a blank
16 copy or.....

17 MS. McCAMMON: Yes, we have one that will
18 be circulated to everyone.

19 CHAIRMAN PENNOYER: Thank you. One other
20 item I noticed in the notebook was the quarterly project
21 status summary.

22 MS. McCAMMON: Yes.

23 CHAIRMAN PENNOYER: Is there anything that
24 you'd care to point out to us? It's a very large part of
25 our.....

1 MS. McCAMMON: No, other than.....

2 CHAIRMAN PENNOYER: It was a good review,
3 it was very helpful, I thought, seeing the projects.....

4 MS. McCAMMON: I think it is very helpful.
5 Sandra Schubert puts this together, she keeps close track
6 on all of the projects and whether they're on track or if
7 any of the various objectives have been delayed and, if so,
8 why. It also keeps track of all of our reports. There are
9 a number of the really old reports that, again, continue to
10 concern us, but we've been working with the agency
11 involved, and that's primarily Fish and Game, to get those
12 completed so that we can take those off the attachment, but
13 most of those we have made arrangements with, and hopefully
14 we'll have them by this fall.

15 CHAIRMAN PENNOYER: Any comments from
16 Trustee Council members on this item?

17 (No audible responses)

18 CHAIRMAN PENNOYER: I thought it might be
19 helpful to put a dollar amount on each project, just how
20 much we're spending on each project.

21 MS. McCAMMON: Okay.

22 CHAIRMAN PENNOYER: So as you get to it,
23 it's -- I think -- it's talked to the content, but it's a
24 little more impression of how major the project is for us.

25 MS. McCAMMON: Okay. Get that, Sandra?

1 CHAIRMAN PENNOYER: Okay. Anything else on
2 that agenda item?

3 MS. McCAMMON: No.

4 CHAIRMAN PENNOYER: I think we'll go to the
5 next item then, which is the Tatitlek small parcels item in
6 your booklet, in your notebook. You want to take us
7 through that?

8 MS. McCAMMON: Yeah, I'll just give you the
9 background and then Ken Holbrook is here. But, if you'll
10 recall, the Council -- the large parcel resolution in
11 December of 1997 for the Tatitlek large parcel acquisition
12 committed Tatitlek Corporation to work with the Council to
13 pursue acquisition of homesite lots in the Two Moon Bay and
14 Snug Corner Cove subdivisions. There are 164 homesites
15 lots, 120 in Two Moon Bay and 40 in Snug Corner Cove. Some
16 are owned by individuals and some by Tatitlek Corporation,
17 roughly half and half. The resolution authorized
18 expenditure of an amount of funds not to exceed the amount
19 previously authorized for Tatitlek large parcel that was no
20 longer needed for that acquisition. It ended up being a
21 total of \$205,600.

22 So an appraisal on all 164 homesites lots has been
23 completed, landowners have been notified of the appraised
24 values and, to date, the following 13 owners have indicated
25 a willingness to sell their lots to the Forest Service.

1 And there are individual -- there's a general map of those
2 and then there's an individual map and restoration benefit
3 report for each of those parcels. The total for the 13
4 parcels is 19.5 acres totaling a request of \$180,000.

5 One of the sections of the resolution also provided
6 that if the government acquires any block of six or more
7 contiguous lots from Tatitlek or individual landowners then
8 the corporation would convey, at no cost, the surface fee
9 estate to the acreage immediately behind the block of
10 homesites.

11 And if you look at the summary map, which is right
12 behind the memo, the homesites are actually right along the
13 shoreline and then there's a block of land behind them that
14 is conservation easement, it was not fee titled, that was
15 acquired by the Forest Service. Behind that conservation
16 easement is the -- that was acquired by the Forest Service.
17 So the idea is that once there was a block of six parcel
18 and the land behind it that's now conservation easement
19 would become fee.

20 And, as I said, Ken Holbrook from the Forest
21 Service is here to provide any additional detail and any
22 extra information.

23 CHAIRMAN PENNOYER: I'm sorry, Molly, so
24 the action here is to approve the funding for these 13
25 owners?

1 MS. McCAMMON: Yes, that is the request.

2 CHAIRMAN PENNOYER: And as far as the
3 acreage behind the parcels goes, did that actually happen
4 here then?

5 MS. McCAMMON: No, it would not happen,
6 there are not six contiguous parcels in any of these.

7 CHAIRMAN PENNOYER: That's what I thought.

8 MS. McCAMMON: They are basically spread
9 out throughout Snug Corner Cove and Two Moon Bay. So under
10 this scenario there would be no fee lands that would be
11 transferred.

12 CHAIRMAN PENNOYER: Ken, were you going to
13 make a presentation and then we'd ask questions or are you
14 just here to ask [sic] questions?

15 MR. HOLBROOK: Answer questions and then
16 also I did bring a better map, it displays the ownership
17 pattern versus what's been nominated. And the green ones
18 belong to Tatitlek Corporation and we haven't started
19 negotiations with them. Without the corporation we can't
20 acquire six in a row.

21 MS. HEIMAN: The red are homesites?

22 MR. HOLBROOK: The red ones are the ones
23 that are on the block this time, the green ones belong to
24 the corporation.

25 MS. HEIMAN: Okay.

1 MR. HOLBROOK: And this nomination is much
2 less, (indiscernible - rustling maps) 30 homeowners have
3 come forward, but the appraisal wasn't done until January
4 of this year and in a short period we only got a couple of
5 people to come forward. More are coming forward. So you
6 see, the majority of these lots are owned by the
7 corporation. And the Forest Service already owns two
8 (indiscernible - rustling maps)

9 MS. HEIMAN: So 13 homesites for 180,000;
10 is that correct?

11 MR. HOLBROOK: Yeah.

12 CHAIRMAN PENNOYER: The question then is
13 there was only 205,000 to start with, we haven't started
14 negotiations with the corporation and that leaves 25,000
15 difference between what we started with if these are
16 acquired, so where does that leave us, are we looking for
17 additional funds? Are we looking for a decision relative
18 to these parcels, as to whether these aren't six contiguous
19 ones or should we talk to the corporation first before we
20 buy these? I'm not getting a picture of where we are in
21 this strategy.

22 MR. TILLERY: Mr. Chairman.

23 CHAIRMAN PENNOYER: Mr. Tillery.

24 MR. TILLERY: That's exactly what bothered
25 me about this is that it's not just six contiguous to be

1 able to then get the back part, but it's, like, more than
2 one contiguous. One and a half acres isolated doesn't seem
3 to me provides that much of a benefit. And it sounds like
4 we really haven't talked to everybody that we need to talk
5 to try to lump things together, which I think was sort of
6 the intent of the Council, that stuff be lumped together.
7 If we spend these we're only going to have, like you say,
8 \$25,000, which looks like it's about two lots, and we'll
9 just end up with these isolated lots. So I guess I would
10 -- unless there's another explanation, I would be kind of
11 reluctant to commit this money until we had exhausted all
12 of our other possibilities for looking at the lots.

13 MR. BOSWORTH: Mr. Chairman.

14 CHAIRMAN PENNOYER: Rob.

15 MR. BOSWORTH: Is it possible to get a
16 briefing on the strategic significance of these parcels? I
17 mean I agree with most of what's been said, but on the
18 other hand would it allow for the possibility that there
19 might be an isolated parcel that was unique and important
20 for some particular activity, boat launch, or something.
21 So is it possible, without going.....

22 MR. HOLBROOK: Individually I don't believe
23 that any of these are unique parcels. These were
24 identified by the Trustee Council as meriting special
25 attention in the resolution, in the purchase agreement.

1 Tatitlek has agreed to, in writing, that they will work
2 with us to acquire these lots in blocks of six. Once we
3 acquire shareholder lots they would work with us.
4 Obviously, the.....

5 MR. BOSWORTH: How does that work? They
6 would work with us to sell us the adjacent parcels once we
7 have.....

8 MR. HOLBROOK: Yes.

9 MR. BOSWORTH: But where would the money
10 come from?

11 MR. HOLBROOK: Well, there was never -- the
12 205,000 was never enough to purchase everything, that was
13 understood from the beginning.

14 MR. GIBBONS: Mr. Chairman.

15 CHAIRMAN PENNOYER: Dave.

16 MR. GIBBONS: Yeah, and if you look at the
17 amount of money that was set aside and you look at the
18 amount of lots that are available, 205,600 was never enough
19 to acquire all of them. So I think the process here is
20 just to look at, you know, acquiring some of the best --
21 well, some of the parcels that are coming up now and then
22 look at further acquisitions in the future using the small
23 parcel set-aside funds or other funds that are available.

24 (Off record comments - music on teleconference)

25 MS. HEIMAN: So maybe you could just go

1 through, with us, the overall strategy of the other
2 parcels. Are you just waiting for those to become
3 available for sale? Right now those are the only ones that
4 there was interest in selling?

5 MR. GIBBONS: Yes, Mr. Chairman, I think
6 once we show that the Trustee Council is fully intent on
7 purchasing these lots, I think more shareholders are going
8 to come forward with lots to sell. And I think that's our
9 strategy is to demonstrate that we are willing to acquire
10 these and we are willing to pay fair market value for these
11 and then acquire the other ones as they become available,
12 but like Ken mentioned, initially we had 30 plus come
13 forward, the delay of the appraisal until January and
14 getting back to the people only allowed for the 13 to come
15 forward now, but I fully expect more will come forward very
16 shortly.

17 CHAIRMAN PENNOYER: But as Mr. Tillery
18 said, isn't then the question here, you got a strategy but
19 there's no funding for it, so we're still in a position of
20 having to decide if there's adequate funding to go ahead
21 beyond this and we've only got whatever it is here, 13 of
22 164, obviously we're way short. So I'm not sure what the
23 strategy means or where we ultimately we're going to end up
24 with and whether we need to actually now consider whether
25 we're dealing with 13 and we're happy with that or we have

1 a strategy that's going to cost another million dollars.
2 This is a million dollar strategy for \$25,000, it's kind of
3 hard to see if we've agreed on where we really want to get
4 to on this. Could you elaborate on that, Dave?

5 MR. GIBBONS: Well, like I say, I think we
6 need to demonstrate to the shareholders of Tatitlek that we
7 are interested in acquiring lots. These are lots on the
8 water, you know, some of them adjacent to Tatitlek
9 homesites, I mean Tatitlek sites that are to be managed
10 differently than these privately owned sites, so there is
11 some value of acquiring the privately owned sites now. The
12 strategy is, like I say, there was never enough money,
13 205,000 was never enough to acquire all of these, but we're
14 trying to demonstrate that we are willing to acquire lots.

15 CHAIRMAN PENNOYER: But wouldn't you need
16 to demonstrate that to the people who might see you doing
17 something and then seeing there's nothing left in the
18 purse? I mean we're not demonstrating to anybody how far
19 we're willing to go with this if we have \$25,000 left.

20 Michele.

21 MS. BROWN: Mr. Chairman, I think the
22 question is partly what you just said and also if the
23 strategy ultimately is not successful and other people do
24 not come forward, do we have enough value through this
25 checkerboard pattern for the money that we will have spent?

1 MR. GIBBONS: Well, I think the lots, if
2 you look at them, they're all on the water. They're all
3 very, very valuable, you know, from that point of view,
4 into access to the land. We purposely, when we designed
5 the Tatitlek acquisition left conservation easement behind
6 because the management of that land behind was going to be
7 difficult, you know, to do and that's why we arranged for
8 the block of six and then fee simple behind, then we could
9 manage an area. To bring fee simple up to the boundary
10 then it was making it difficult management for our part.

11 MR. HOLBROOK: Mr. Chairman.

12 CHAIRMAN PENNOYER: Ken.

13 MR. HOLBROOK: Some additional information.
14 Part of the acquisition from Tatitlek purchased first right
15 of refusal on the Tatitlek lots. And the appraisal shows
16 that with appraised values on the Tatitlek owned lots at
17 being 50 percent of the values of the privately owned lots,
18 which actually reduces the cost here. I think -- the
19 strategy we've looked at is many years and involves money
20 other than just Trustee Council money also, we realized
21 that the Trustees are not going to purchase all of these
22 lots.

23 MS. McCAMMON: Mr. Chairman, I think we did
24 a rough estimate if all the lots were purchased at
25 appraised value, if they were all available and all

1 purchased at appraised value, I think it was 1.5-1.6
2 million total.

3 MR. HOLBROOK: And we do hold -- basically
4 Tatitlek cannot sell their lots to anybody except the
5 Federal government or the State.

6 CHAIRMAN PENNOYER: So you think there is a
7 value in proceeding with this as sort of demonstrating as
8 getting started on the process?

9 MR. GIBBONS: Yes, I do.

10 MR. TILLERY: Mr. Chairman.

11 CHAIRMAN PENNOYER: Mr. Tillery.

12 MR. TILLERY: I guess my view is it
13 doesn't seem to me like.....

14 MR. SQUARTSOFF: Excuse me one second, sir.

15 CHAIRMAN PENNOYER: Hello, yes.

16 MR. SQUARTSOFF:Squartsoff here, if
17 you have the first right of refusal on lands and you don't
18 have the money to purchase them, how does that put you in
19 that category?

20 MS. McCAMMON: They haven't been offered
21 for sale at this point, so it's actually not an issue at
22 this point.

23 MR. SQUARTSOFF: I see. Thank you.

24 MS. McCAMMON: Thank you.

25 CHAIRMAN PENNOYER: Mr. Tillery.

1 MR. TILLERY: It does seem to me that we do
2 need to -- we should be waiting until we have some lots
3 that make a coherent package that even -- just so we're not
4 just sort of betting on an unknown and that if something
5 happens, you know, we're spending our money hoping
6 something will happen in the future, hoping that other
7 people want to sell, hoping that we can find the money
8 somewhere. I guess I would rather -- unless there is, and
9 I think what Mr. Bosworth says is correct, if there's a
10 single lot and somebody can say, hey, this is the only
11 access point to that beach, it's a great spot, it would be
12 a good place for somebody to tie up a boat and put a
13 mooring buoy out there or whatever, that would be a
14 different thing, but if it's just -- and when I looked at
15 these descriptions in here it seemed to be like, yes, very
16 good habitat, but no different than what's around it and in
17 isolation I don't think they would have that big of a
18 benefit, so my inclination would be to wait until we have
19 heard from other people, until they can put together a
20 package that sort of survives on its own.

21 CHAIRMAN PENNOYER: Is there money in the
22 small parcel designation even to consider this total
23 purchase? Do we have enough resources to extend this or --
24 where did the Forest Service think that money was coming
25 from?

1 MR. GIBBONS: Mr. Chairman, there is a
2 \$25,000,000 small habitat parcel acquisition program that's
3 been set aside that kicks in in 2002, I understand, and
4 that would be one source of the funding that we would be
5 looking at.

6 CHAIRMAN PENNOYER: And then these would
7 have to be a priority for that though?

8 MR. GIBBONS: Those would go into the
9 process for acquisition under that program.

10 CHAIRMAN PENNOYER: What's the pleasure of
11 the Council? Is there anyway to not take action now and
12 get some of these things resolved? I don't hear any
13 resolution to one site being so unique that it ought to be
14 taken now, and I don't see any resolution yet to deciding
15 whether the other balance of the sites are important enough
16 to command the total amount they'd take out of the
17 25,000,000. I don't know if that judgment has been made
18 yet.

19 MR. HOLBROOK: Mr. Chairman.

20 CHAIRMAN PENNOYER: Apparently it hasn't
21 been made because we only put \$250,000 towards this
22 activity.

23 Ken.

24 MR. HOLBROOK: There is a great deal of
25 anticipation by the shareholders that this will proceed and

1 they will be very disappointed if we don't get on with it,
2 and they let me know that frequently. And, like I pointed
3 out, none of these lots are individually unique, it's just
4 a coastal habitat in this area, but if we don't proceed
5 we're going to lose people and these lots are starting to
6 sell and one recently sold that we did have appraised.

7 CHAIRMAN PENNOYER: So we're not going to
8 see anything.....

9 MS. HEIMAN: Mr. Chairman.

10 CHAIRMAN PENNOYER:further than we
11 have in front of us at this time, at this point. I know
12 that the coastline in these areas was considered important
13 by us, even though we only put \$250,000 into this activity,
14 knowing it was actually -- could be a lot more, so I can't
15 recall our thought and our statements at the time that we
16 did it. We certainly knew that you weren't going get 170
17 lots, or whatever, for \$250,000, and we never crossed the
18 bridge of whether we should put more money into it or not.

19 MR. TILLERY: Mr. Chairman, I believe the
20 amount was actually based on the amount of money that was
21 left after -- from sort of a previous earmarked.....

22 MS. McCAMMON: The closing for Tatitlek
23 ended up happening later than anticipated and so there
24 wasn't as much interest earned on the amount and so this
25 was kind of the amount there that was left behind.

1 MS. HEIMAN: Left behind from what?

2 MS. McCAMMON: There was a certain amount
3 earmarked, based on certain assumptions, and because the
4 closing.....

5 MS. HEIMAN: Earmarked for Tatitlek
6 overall?

7 MS. McCAMMON: Yeah, for Tatitlek overall,
8 and because -- and that was what the cost of the actual
9 acquisition was supposed to be. Because the actual closing
10 was delayed it ended up not costing quite as much and so
11 that remainder in the resolution was earmarked for in-
12 holdings and it ended up being the \$205,600.

13 CHAIRMAN PENNOYER: Marilyn.

14 MS. HEIMAN: I guess -- I was not around, I
15 don't think, at least I don't remember when we, you know,
16 started the discussions of this project. It sounds like
17 the Forest Service has gone forward and they must have had
18 some reason from the Council that they should go forward
19 with these purchases. So I guess the other thing I'm
20 hearing that we can only purchase these when they're up for
21 sale, I don't want us to be going to people and force --
22 you know, if they want to keep their homesite, you know, I
23 don't really feel comfortable with that either, so I can
24 understand the situation that the Forest Service might be
25 in, in that they're only able to purchase those that have

1 come up to date, but their goal is, and we have similar
2 goals in some other areas, as in like Kodiak, their goal is
3 to try to get that coastline or as much of it as they can
4 to protect the resources. And I assume that they had been
5 ranked as very high or else the Forest Service would not
6 have gone down this road, but I have not heard that and I
7 was not here when that took place. I'd love to get a
8 little bit more background before we decide not to approve
9 this.

10 MR. TILLERY: Mr. Chairman.

11 CHAIRMAN PENNOYER: Go ahead.

12 MR. TILLERY: I think that's right, but
13 there's a fundamental difference though between this and
14 the kinds of Kodiak parcels, which are generally 5-10
15 acres, which typically are parcels that someone has
16 selected because of a particular aspect of that, because it
17 does have a beach access, because it's on a stream or
18 something like that, and they're individually important,
19 plus they're large enough to have some significance in
20 themselves. This is just, you know, piano keys of one and
21 a half acres and to take any single piano key out of there
22 would seem -- doesn't seem to have any benefit and then we
23 would be spending the money that perhaps when we could --
24 did hear back from Tatitlek and maybe we could string four
25 of them together or six of them together or whatever it is

1 we string together and that really could have an impact.
2 And I hate to spend the money now and just have a couple of
3 piano keys.

4 MR. GIBBONS: Mr. Chairman.

5 CHAIRMAN PENNOYER: Dave.

6 MR. GIBBONS: Yeah, maybe we should explain
7 the difference in the types of parcels there. Tatitlek,
8 like we said, you know, first right of refusal goes to the
9 Federal government or the State government, so those are
10 pretty well protected. The privately owned parcels can be
11 sold to anyone and, like Ken mentioned, they are selling
12 those parcels presently, so if we don't move pretty quickly
13 some of those are going to be sold and we're going to be
14 locked out of that process. And so there's two different
15 types of parcels we're talking about here, and I think it's
16 really important that we move forward with some of the
17 privately owned parcels, and like you said, the 205 doesn't
18 cover -- won't buy everything, but we need to show there's
19 good intent here on our part to protect habitat and also
20 follow through with a resolution that was passed on the
21 Tatitlek acquisition that has the language that -- and the
22 amount of funds not to exceed the amount previously
23 authorized and it identifies to move forward with
24 acquisition of these parcels.

25 CHAIRMAN PENNOYER: Marilyn.

1 MS. HEIMAN: Well, I would like to make a
2 motion that we approve these parcels and that it would be
3 contingent on an overall plan brought forth at the next
4 meeting by the Forest Service that would show the other
5 monies that they would have available and an overall plan
6 in which they see to ensure protection of this habitat.

7 CHAIRMAN PENNOYER: Is there a second,
8 first of all, before we discuss it?

9 MS. BROWN: I'll second it.

10 CHAIRMAN PENNOYER: Moved and seconded.
11 Are there questions about the motion, clarification?

12 MR. BOSWORTH: Yeah, I guess -- could you
13 restate it, please, Marilyn?

14 MS. HEIMAN: It would be approval of the
15 parcels that they've identified with, contingent on them
16 coming back at the next meeting with an overall plan on how
17 they would purchase the other piano keys and with what
18 money.

19 MR. BOSWORTH: Does that mean that by
20 passing the motion that these parcels would be purchased or
21 not?

22 MS. HEIMAN: At the time when we come back.
23 I mean if there's a sense of the body.....

24 MR. BOSWORTH: At some future time or.....

25 MS. HEIMAN:the sense of this body

1 that we would approve those contingent on this plan that we
2 would like to see at the next meeting.

3 MR. BOSWORTH: Oh, okay. So we're not
4 authorizing a purchase until there's a plan; is that right?

5 CHAIRMAN PENNOYER: Yeah, that's kind of
6 the basic question on the motion. So if I'm a property
7 owner selling my property, I've got two or three offers and
8 I going to sell it to the Trustee Council for this purpose,
9 do I have a feeling that by June or July or August I'm
10 going to know whether the sale really goes through or not?
11 And I don't know whether -- if you want to buy these pieces
12 of property it seems to me that you're going to go ahead
13 and buy them not -- I don't know how the contingent works,
14 is the contingent on us liking what they bring forward or
15 just the fact they bring a plan back?

16 MS. HEIMAN: I'm up for friendly
17 amendments.

18 CHAIRMAN PENNOYER: Mr. Tillery.

19 MR. TILLERY: Mr. Chairman, I guess I think
20 I know where Marilyn is going, but I thought her motion was
21 a little different. It seemed to me like she was asking we
22 actually approve these so they could go out and consummate
23 the sale. I would be more inclined to defer consideration
24 of these parcels until the next meeting with the direction
25 or the request of the Forest Service that they do try to

1 come up with an overall plan that talks about why these
2 parcels are important, individually, or how they anticipate
3 being able to group some of the together, and a plan for
4 the funding of acquisition of a larger group. I can
5 understand you point that these are parcels that are
6 available now and you grab them if they're available, but I
7 just don't, right now, see how you're going to end up -- I
8 don't see where the money is coming from. If, for
9 example, the Forest Service has funding available to
10 exercise its right of first refusal, then that would
11 certainly make a big difference in my own approach to this.

12 And, actually, if you could answer one more
13 question, which is what percentage of the privately owned
14 parcels are these 13; how many total privately owned
15 parcels?

16 CHAIRMAN PENNOYER: Seventy-seven.

17 MR. HOLBROOK: Sixty-four, 66 are private.

18 CHAIRMAN PENNOYER: It says 77 in the
19 brochure here.

20 MR. GIBBONS: Seventy-seven.

21 MR. HOLBROOK: Okay.

22 CHAIRMAN PENNOYER: Individually 77,
23 Tatitlek Corporation owns 87.

24 MS. McCAMMON: Yeah, 13 out of 77.

25 MR. TILLERY: Okay.

1 MR. BOSWORTH: And, Mr. Chairman, am I
2 right, did you say that of that 67, or whatever, 30
3 individuals had indicated they would be interested in
4 selling?

5 MR. HOLBROOK: That's correct. I have.....

6 MR. BOSWORTH: So there are 19 or 20 that
7 are sort of unaccounted for at this point.

8 MR. HOLBROOK: That's true, yes.

9 MR. BOSWORTH: And what are the prospects
10 of getting information about those potential sales sometime
11 soon?

12 MR. HOLBROOK: Well, Tatitlek has chosen to
13 work through a realtor to represent their shareholders and
14 so the realtor is in contact with the shareholders, and out
15 of the 70 or so privately owned.....

16 MR. SQUARTSOFF: Excuse me one second.

17 CHAIRMAN PENNOYER: I'm sorry.

18 MR. SQUARTSOFF: Sorry to interrupt. We
19 were just wondering here in Larsen Bay, and I'm sure Karluk
20 is wondering the same thing, when the discussions on the
21 easement up there on that Karluk land is going to be.....

22 CHAIRMAN PENNOYER: I think that's the next
23 item on the agenda, so it'll be a few minutes and we'll
24 finish this, probably 10 minutes.

25 MR. SQUARTSOFF: All righty, thank you

1 then.

2 CHAIRMAN PENNOYER: You're welcome.

3 So in a strategy sense, if we don't -- if you come
4 back with a plan at the next meeting, the plan, presumably,
5 would ask for more money for the 30 parcels that is
6 currently is available and we'd actually be voting on the
7 monetary thing as well as the parcels that are up. So how
8 is that going to be influenced by us taking action or not
9 taking action at this meeting on these 13 parcels?

10 MR. HOLBROOK: If I can't go forward, if we
11 can't go forward to these shareholders, I assume from the
12 input I've had that they're going to start falling out and
13 going for other options. Our plan is, as the Trustees
14 basically told us in the purchase agreement, that we would
15 purchase over time, I mean obviously there's not enough
16 money and we plan on putting some money forward for sales
17 from different sources.

18 CHAIRMAN PENNOYER: Ms. Heiman.

19 MS. HEIMAN: May I ask for a brief at-ease?

20 CHAIRMAN PENNOYER: Sure. We'll stand at
21 ease for five minutes.

22 (Off record - 11:02 a.m.)

23 (On record - 11:11 a.m.)

24 CHAIRMAN PENNOYER: All right, we're back
25 and let's move on to the next agenda item. Ms. McCammon.

1 MS. McCAMMON: Mr. Chairman, just for a
2 little background, if you'll recall in 1994 the Trustee
3 Council working with Fish and Wildlife Service did
4 authorize acquisition of about 50-some odd thousand acres
5 of Koniag owned lands. There were an additional 56,000
6 acres or so of lands on the Karluk and Sturgeon Rivers that
7 the Trustee Council could not, at that time, agree on a
8 price with Koniag. What they did agree to was protecting
9 those land through a long-term -- through a seven-year
10 conservation easement and during that time we would
11 continue negotiations and see if a price could be decided
12 on for those lands.

13 So during this period the staff here and Fish and
14 Wildlife Service and the State have been negotiating with
15 Koniag. Over that time it has also become clear that, at
16 this point in time, Koniag is not interested in a permanent
17 sale of those lands, sale of the fee interest in those
18 lands. And so for the last year or so what we have been
19 talking about is extending the current conservation
20 easement. Our discussions have included adding Camp
21 Island, as well as some additional lands surrounding some
22 of the in-holdings that the Council has been acquiring over
23 the last several years. So it's a few additional thousand
24 acres than in the original conservation easement.

25 But the proposal that we've been talking about, at

1 this time, is not a land purchase, it's an extension of the
2 current conservation easement, it's looking at some
3 provisions in the conservation easement, and we'll get into
4 this later, in terms of access and commercial use of the
5 area, limitations on potential development, things of that
6 nature. The scenario that we've been talking about is
7 extending the current easement, at the same time the
8 Council would put into a separate fund an amount of
9 \$29,550,000 into a separate account. That account would be
10 used to fund a fee for that conservation easement and that
11 fee would go directly to Koniag.

12 After 10 years Koniag, at its sole option, could
13 choose to either sell the lands for whatever amount is in
14 that account or they could choose to extend the
15 conservation easement for another 10 years. And it's
16 completely up to them.

17 We have been discussing -- so this would
18 automatically -- their vote, 10 years from now, would
19 automatically trigger a sale if they chose to do that, or
20 their decision at that time. So, basically, it extends the
21 conservation easement for 10-20 years and gives the option
22 for a sale to be decided at some future date. If a sale
23 was not concluded after the maximum 20 years then those
24 funds would revert back to the Trustee Council to be used
25 for the habitat protection program.

1 And we'll go into details later. I know there was
2 some aspects of this that the Trustees wanted to discuss in
3 executive session, but the folks that we've been talking
4 with over the last several years on this wanted to address
5 the Trustee Council before that happened, and that is Bill
6 Timme and Tim Mahoney, they have represented Koniag
7 throughout the negotiations and they're here today to
8 speak.

9 CHAIRMAN PENNOYER: That's fine. Would you
10 gentlemen care to come forward? Just pull another chair up
11 there.

12 MR. TIMME: Thank you, Mr. Chairman. My
13 name is Bill Timme, I've represented Koniag and with me is
14 Tim Mahoney who also represents Koniag in the course of the
15 negotiations.

16 First, I'd like to express the apologies of Dennis
17 Metrokin, President of Koniag, for not being here. Dennis
18 had a prior commitment that when the Trustee meeting was
19 moved from Thursday to today he wasn't able to shift his
20 schedule so as to be available.

21 There are a couple of points that we'd like to make
22 on behalf of Koniag. First, Molly, I'd like to underscore
23 that there's implicit in what you said is a third option,
24 which is that Koniag not only could extend the easement for
25 10 years, could, if the board elected to do so, sell the

1 land, thirdly it could terminate the agreement at that
2 point entirely, and no easement would continue and
3 unincumbered title would revert back to Koniag.

4 It's been very unfortunate, as the Executive
5 Director is aware, that there's been a lot of
6 misinformation that's been disseminated about the course of
7 the negotiations. Over the past couple of months there was
8 a misfortune of having a statement in the local newspaper
9 in Kodiak that the Council and Koniag were negotiating a
10 sale of these lands. Of course, that is not what was
11 happening and the board specifically, several years ago,
12 took the position that Koniag, at this time, was not
13 willing to sell the lands. However, that statement, plus
14 some misstatements that were made in some of the villages
15 by individuals caused a great deal of concern, as well it
16 should, among some of the shareholders that the land was --
17 Koniag was talking about a sale of the lands when, in fact,
18 it wasn't.

19 I want to express our appreciation to the Executive
20 Director because she was very kind enough to talk to the
21 mayor of Larsen Bay, the president of the tribal council
22 and a member of the tribal council in Larsen Bay. She's
23 written letters to the Kodiak newspaper as well as to the
24 tribal council setting the record straight, there is no
25 sale being contemplated in this agreement. Koniag has not

1 agreed to one and has, in fact, indicated, at this point,
2 that it is not looking at a sale. Dennis Metrokin,
3 representatives of Koniag, representatives of Larsen Bay
4 have, in fact, gone to a number of the villages, I believe
5 they were able to make all of the villages in the Kodiak
6 region, with the exception of perhaps Karluk and they
7 weren't able to get in there because of a scheduling
8 difficulty, you know, that's my understanding. But they
9 have met with the people in Larsen Bay, they have discussed
10 with them, at some length, the subject matter of the
11 negotiations and how they progressed. Koniag appreciates
12 the effort the negotiating team has put in on this and we'd
13 like to say that we feel that where we are now, recognizing
14 that there are a number of minor issues that have to be
15 worked out, and Koniag's board has yet to take action on
16 this, of course, that we feel that, in principle, this
17 addresses a number of the concerns that Koniag has had.

18 As we are all aware the Copper River is a very
19 special resource and Koniag just does not have the
20 resources to manage it in a manner necessary to ensure its
21 protection. And this was one of the goals of this
22 agreement, to provide for joint management of the river in
23 a manner that would protect it and ensure its viability in
24 the future.

25 The discussions have also, obviously, focused on

1 the protection of the subsistence rights of the people in
2 the area, as well as an ability to provide some economic
3 opportunities for Karluk and Larsen Bay. Koniag will be
4 retaining the right to grant concessions for commercial
5 guiding on the river, it would continue its cabin rental
6 program, continue the bear viewing operation that it has
7 successfully operated at Camp Island. And there would be
8 even opportunities for other tourist facilities, all within
9 the framework of protecting the environment.

10 We are also very happy that we were able to, in
11 principle, discuss the possibility of an internship program
12 that would give the young people of these communities an
13 opportunity to explore and perhaps have an opportunity to
14 engage in jobs related to resource management of the river
15 and of these lands. Most of these issues were raised by a
16 special panel that Koniag had put together of its people,
17 shareholders, representatives of the villages,
18 representatives of the business community that were relying
19 on the river to address the needs of the river. And these
20 were decisions that were made by this group that in meeting
21 with a negotiating team we were able to incorporate in our
22 discussions.

23 So while I cannot speak for Koniag in terms of
24 saying that this is something that Koniag accepts, it
25 certainly is a good start and we're looking forward to

1 taking it to Koniag's board so that they might consider it.
2 It's our understanding that, at this time, it will be
3 subject to further action by the Council at a later date
4 when the documents are completed. And at that time
5 Koniag's board would also consider it and make a
6 determination of whether it did, in fact, meet Koniag's
7 objectives and goals.

8 Tim, do you have anything?

9 MR. MAHONEY: I wanted to add that Bill and
10 I met with leaders from Larsen Bay here in Anchorage last
11 month, got their detailed concerns about the need to
12 provide for opportunities in the guiding and outfitting
13 business, particularly on the use of the river and the use
14 of the cabins near the river. And we have provided those
15 opportunities and the protection of those economic
16 opportunities for shareholders from the villages in our
17 discussions at this point.

18 CHAIRMAN PENNOYER: Thank you very much.
19 Questions from the Trustee Council?

20 (No audible responses)

21 MR. AKIN: I'd like to just throw in a
22 quick question and this is, I guess, for the Trustee
23 Council. My name is Brad Akin, I'm in Larsen Bay here. I
24 spoke with Bill and Tim on the issue. But this amount,
25 this 29,555,000, is this an amount that has been decided on

1 with the perspective of Ken Biland and the Portage
2 (indiscernible) being held out for possible management from
3 Larsen Bay, Karluk, Afognak Joint Ventures?

4 CHAIRMAN PENNOYER: Molly, you want to try
5 that one?

6 MS. McCAMMON: Do you want to do it?

7 MR. TIMME: I'll be happy.....

8 MS. McCAMMON: Yeah.

9 MR. TIMME: Brad, this is Bill Timme. The
10 29,000,000 is an amount that goes into, basically, a trust
11 account which would be used to fund the annual payments, as
12 well as provide an amount of money, at the end of 10 years
13 that would be available for Koniag to consider selling the
14 land. That amount, based on our negotiations at this
15 point, is still the amount that would go into the trust
16 with Koniag having these concessions or retaining these
17 concession rights during the period of the easement.

18 MR. AKIN: Okay, great. And what is the
19 Trustees feeling on these being left out for concession to
20 the villages for management?

21 MS. McCAMMON: They're still being briefed
22 on it at this point. Hopefully they'll have a better
23 response shortly.

24 CHAIRMAN PENNOYER: Craig.

25 MR. TILLERY: Mr. Chairman, at the end of

1 10 years Koniag has the option to say we want to sell and
2 the Trustee doesn't. The sale would be negotiated now,
3 essentially, the terms of the sale. In other words, we
4 would -- whatever we did now there would be a package of
5 deeds with whatever restrictions they might have in them or
6 provisions, package of conservation easements for the other
7 government, that sort of thing, so it wouldn't be a "we'll
8 get together in 10 years and talk about it." It would be
9 Koniag can say yes or no.

10 CHAIRMAN PENNOYER: Yes or no, right.

11 MS. McCAMMON: Right.

12 CHAIRMAN PENNOYER: Further questions?

13 MS. BROWN: Mr. Chairman.

14 MR. AKIN: Right. I guess my question has
15 not been answered yet, and I guess it sounds like, I
16 believe that was Molly who answered it, that this is still
17 under discussion and there's still questions to be drug
18 back and forth on this management proposal; is that
19 correct?

20 MS. McCAMMON: I think that the answer is
21 that not all of the Trustees have been fully briefed on it
22 yet, so I'm confident that there has been an understanding
23 reached, but I can't speak for the other Trustees since not
24 all of them have been briefed on it. So that should happen
25 shortly.

1 CHAIRMAN PENNOYER: Yeah, that's part of
2 what we're going to get into next, I presume.

3 MS. McCAMMON: Yes.

4 CHAIRMAN PENNOYER: Any other questions?

5 MS. BROWN: Just a brief clarification
6 question, having not been.....

7 MS. REFT: (Indiscernible) here in Karluk,
8 who came up with the 29,000,000? Who came up with price
9 amount?

10 MS. McCAMMON: Mr. Chairman, I can answer
11 that. It's really not a price amount, it's not intended to
12 reflect a value of any particular amount of lands or the
13 deal, it was just the amount of money that the Trustee
14 Council would be willing and has available and would be
15 willing to set aside. So it's not intended to reflect a
16 value.

17 MS. REFT: (Indiscernible) my opinion, for
18 29,000,000 you guys can have a little square up there by
19 the mountains, not by our river.

20 CHAIRMAN PENNOYER: Marilyn.

21 MS. HEIMAN: Molly, just for purposes of
22 people who may not know this, can you explain how this set-
23 aside money will collect interest and how that will all
24 work so that there will be payments to Koniag shareholders
25 over the next 10 years?

1 MS. McCAMMON: Yeah. The money would be
2 set aside in a separate account, accounted for separately,
3 but it would be invested pretty similarly to the other
4 Trustee Council investments, although probably a little
5 more aggressively. But starting -- let's just say there's
6 29,550,000 when it's first set up on October 15th, 2002.
7 After that first year that amount of money invested in a
8 combination of stocks and bonds and things like that is
9 estimated to earn about \$2.7. Out of those earnings would
10 come a fee that the governments would pay to Koniag for the
11 conservation easement, and that fee would grow for the
12 first 12 years, it would be increased every year. But
13 what's not used for that fee then goes back into the fund
14 and is still invested and earns additional earnings. And
15 after 10 years it's estimated that 29,550,000 would end up
16 being a total of over \$61,000,000 in the fund. After 20
17 years it's estimated that amount of money would be almost
18 \$134,000,000. And it could be more because these are
19 fairly conservative projections, so it could be
20 substantially more than that amount. That's the estimate
21 at this time.

22 CHAIRMAN PENNOYER: These are fees being
23 paid for the conservation easement?

24 MS. McCAMMON: Yes.

25 MS. REFT: (Indiscernible) deal can

1 actually take place at anytime, you know, let's say, seven
2 years down the line Koniag turns around and says, okay,
3 we'll sell it.

4 MS. McCAMMON: No, it can't happen until a
5 minimum of 10 years. After that time it could happen if
6 the conservation easement was extended for another 10 years
7 then it could happen, the sale could happen at anytime
8 during that second 10-year period, but for the first 10
9 years they could be no sale.

10 MS. HEIMAN: Can I just clarify, too? Is
11 there interest that is accrued as well as payments over
12 that period of time?

13 MS. McCAMMON: Yes.

14 MS. HEIMAN: What are the payments?

15 MS. McCAMMON: The payments are.....

16 CHAIRMAN PENNOYER: The escrow column.

17 MS. McCAMMON: Start at the escrow column,
18 the escrow payment.

19 MS. HEIMAN: So each year it would grow
20 from 372.....

21 MS. McCAMMON: Thousand, one hundred
22 dollars to year 12 when it would be \$744,200.

23 MS. REFT: (Indiscernible) Exxon Valdez
24 Council to know from Karluk, Koniag has not made an attempt
25 to come down here, they met with all the other villages,

1 but have not attempted to come to Karluk to meet with our
2 people.

3 CHAIRMAN PENNOYER: Thank you.

4 Do you care to respond to that?

5 MR. TIMME: I was aware of the fact that
6 Koniag was trying to meet with Karluk, I know that they
7 were not able to get in there, I think there was a conflict
8 between Karluk's travel schedule and their schedule.

9 MS. REFT: (Indiscernible) to get ahold of
10 the tribal council or people in Karluk to let them know
11 you're going to be coming here, not just show up
12 unexpectedly and not expect anybody to be here or what? I
13 just don't understand that, because I work here in the
14 tribal office and we never received a fax, a phone call,
15 any type of notice that Koniag was interested in coming
16 down here to meet with the people. I found out through
17 other sources that you guys were going to Larsen Bay, last
18 minute.

19 CHAIRMAN PENNOYER: Well, thank you. We'll
20 certainly make sure -- I think Molly has already faxed you
21 the agenda information, we'll make sure the other items are
22 in your hands as well. Certainly anything that's here
23 available to us should be available to you, so we'll make
24 sure you get it. The other thing.....

25 MS. REFT: Well, I'm not too worried about

1 the Exxon Trustees, it's Koniag, and I'm just letting you
2 know.

3 CHAIRMAN PENNOYER: Okay. Well, people are
4 sitting here representing that, so.....

5 MS. REFT: (Indiscernible) but from
6 Anchorage, I mean, come on, you know, it's upsetting, we
7 didn't get nothing. And we didn't receive your agenda as
8 of this minute right -- when I asked for it at the
9 beginning of the meeting.

10 CHAIRMAN PENNOYER: It hasn't been faxed?

11 MS. McCAMMON: Has it been faxed?

12 CHAIRMAN PENNOYER: We're checking on that,
13 it should have been, I don't know why it hasn't gone
14 through and try again.

15 MS. McCAMMON: Did you receive it, yet,
16 Catherine?

17 MS. REFT: No, we haven't.

18 CHAIRMAN PENNOYER: Yeah, she said she had
19 not.

20 MS. McCAMMON: It's been.....

21 CHAIRMAN PENNOYER: Okay, we'll resend it,
22 we have somebody going out to check on that now. The other
23 point of this is the escrow payment part is an annual
24 payment all through the period of time, starting at 372,000
25 for the conservation easement during that period of time,

1 so each year a payment is made of 372,438, escalates up to
2 744,000, that's being made annually.

3 MS. McCAMMON: Yes.

4 MS. HEIMAN: Mr. Chairman.

5 CHAIRMAN PENNOYER: Yes.

6 MS. HEIMAN: Am I correct to assume that
7 Koniag will be going to Karluk and speaking with the people
8 there?

9 MR. TIMME: We certainly will pass that to
10 Dennis and.....

11 MS. HEIMAN: And give them advance notice
12 and all the things.....

13 MR. TIMME: Yes.

14 MS. HEIMAN: I think people are hearing
15 your concerns loud and clear here in the meeting.

16 CHAIRMAN PENNOYER: Okay. Thank you very
17 much. No other questions?

18 (No audible responses)

19 CHAIRMAN PENNOYER: Thank you, gentleman
20 for your statements. And, Molly, would you take us on to
21 the next part of this agenda?

22 MS. McCAMMON: Mr. Chairman, there has been
23 a request for an executive session on this, there are a
24 couple of issues through our discussions that some of the
25 individual Trustees wanted some additional clarification on

1 before we actually had additional discussion on the record.

2 CHAIRMAN PENNOYER: Okay. I'd take a
3 motion to do that. I guess we need a motion to go to
4 executive session. Somebody move to go to executive
5 session and state the purpose.

6 MR. TILLERY: Mr. Chairman, I move that we
7 go into executive session for the purposes of discussing
8 the Koniag acquisition and the Tatitlek small parcels.

9 CHAIRMAN PENNOYER: Okay. It's been moved,
10 do I have a second?

11 MS. BROWN: Second.

12 CHAIRMAN PENNOYER: Moved and second we go
13 into executive session to discuss the Koniag acquisition
14 and Tatitlek small parcels. And, Catherine, for your
15 benefit, we'll do that, but we will be back on the line --
16 we will not be reaching decision, we're just discussing
17 some of the negotiating problems and questions.

18 You want to take us off the line then?

19 MS. McCAMMON: Mr. Chairman, I think.....

20 CHAIRMAN PENNOYER: How long do you think
21 this will take, a half hour?

22 MS. McCAMMON: If we're in executive
23 session until noon, we have some things planned from noon
24 to approximately 1:00-1:30, so we probably wouldn't come
25 back onto the record again until 1:30.

1 CHAIRMAN PENNOYER: 1:30, okay.

2 MS. McCAMMON: 1:00 or 1:30, yeah.

3 CHAIRMAN PENNOYER: 1:30 then, we're going
4 to have the executive session until lunch, then we'll break
5 for lunch and then come back at 1:30.

6 MS. McCAMMON: So you should call this
7 number, the number that you called in to get on this
8 conference call, you should call that number again.

9 MR. PETERSON: Are there going to be any
10 more testimonies accepted?

11 CHAIRMAN PENNOYER: We can discuss that.
12 We closed the public hearing, but certainly I could reopen
13 it for a set period of time at 1:30 if you like?

14 MS. HEIMAN: I think that's a good idea.

15 CHAIRMAN PENNOYER: I think it's a good
16 thing to do, so let's do that. We'll count on reopening
17 the public testimony at 1:30. Is that what you had in mind
18 or did you want to hear some more of the discussion first?

19 MR. PETERSON: No, I'll be ready at 1:30.

20 CHAIRMAN PENNOYER: Okay, 1:30 we'll do it.
21 Thank you.

22 MS. McCAMMON: Thank you very much to
23 everyone on line.

24 (Off record - 11:35 a.m.)

25 (On record - 1:01 p.m.)

1 MS. McCAMMON: We're going to get started
2 now
3 and actually.....

4 (Conference operator getting Frank Rue on line)

5 MS. McCAMMON: Okay, for this portion of
6 the Trustee Council meeting, actually the Chair is going to
7 defer to another chair.

8 CHAIRMAN PENNOYER: Can I do that for the
9 rest of the day?

10 MR. TILLERY: I'm temporary.

11 MS. McCAMMON: But the reason we're here
12 today, I think, is actually to mark the end of an era.
13 When two people are going to be leaving the Trustee Council
14 process who have been with it almost from the beginning,
15 Steve certainly has been with it from the beginning. He's
16 the only Trustee who was a natural resource Trustee right
17 at the time of the spill and then through damage assessment
18 days and, after the settlement, has been a Trustee for
19 National Marine Fisheries Service/NOAA ever since that
20 time, so he has been here since day one.

21 The other person whose last meeting this is, is
22 Rebecca Williams, and Rebecca has served as my executive
23 secretary, administrative manager of the office and has
24 been here since 1990, so she probably has almost the next
25 longevity practically among everyone else here. And I find

1 it hard to believe that I'm letting her do this, but she's
2 actually abandoning me for the warmer climates of Texas.

3 But the reason we're having this is to honor, I
4 think, both Rebecca and Steve and their contributions to
5 the Trustee Council process. When you look back at the
6 time of the spill and a lot of you were involved in various
7 capacities through your agencies or through other
8 activities, if you can remember just the emotion that folks
9 had at that time trying to deal with an incredible, almost
10 like a battle, an emergency situation, a battle of dealing
11 with the effects of the spill. And having folks like Steve
12 having to respond without any real guidance from other
13 kinds of spills throughout the world.

14 And certainly we have Charlie Cole here who was one
15 of the instrumental folks in getting the settlement
16 achieved in 1991 and creating the Trustee Council and
17 through all the early days of trying to figure out how it
18 should be organized, what it should do, what does
19 restoration mean. When you look back at those days and you
20 look at where the Council is today in terms of how many
21 species have recovered, how much habitat has been
22 protected, the fact that the Council has underway a long-
23 term endowment for research and monitoring for the Northern
24 Gulf, it really is an incredible evolution.

25 And Steve Pennoyer and Rebecca have been

1 instrumental in that whole process. So I'd like to call
2 upon the other Trustees, and I know there are folks in the
3 audience to say a few words and help us honor these folks.

4 Frank.

5 MR. RUE: I thought you had a list of
6 people.

7 CHAIRMAN PENNOYER: You're at the top of
8 the list.

9 MR. RUE: All right. I feel like I've been
10 in diapers during most of Steve's tenure at Fish and Game.
11 Steve has been in fisheries issues longer than anyone that
12 I know of in Alaska, probably knows more about both State
13 and Federal fisheries, so he's going to be a huge loss to
14 both the fisheries management program in Alaska, but
15 especially the Trustee Council. And, Steve, I know from
16 the time that I've worked with you I've really appreciated
17 your pragmatism, you know, let's get something done, let's
18 get something good done, your vision and your willingness
19 to see all perspectives. You know, I think that this kind
20 of a process could not have worked if people didn't have
21 that combination of both vision and pragmatism and weren't
22 tied down by their particular agency's agenda or mission,
23 and you weren't. I really appreciate that.

24 I really appreciated your wisdom as a fisheries
25 manager, sort of the new kid on the block, I felt that I

1 could rely on your experience and make sure we weren't
2 doing something foolish. And I guess the other thing I
3 believe you really brought to the process that I
4 appreciated was your sensitivity to the public, you really
5 listened to people. Again, as an agency head, sometimes
6 it's pretty easy to get tied up in our own missions and I
7 believe you really listened to the public and helped the
8 Council listen to the public.

9 So, from my perspective, you've been a great member
10 of the team, I've relied on you a lot in making my
11 decisions. I'll miss that, so thank you very much and I'm
12 jealous.

13 CHAIRMAN PENNOYER: Thank you.

14 MR. BOSWORTH: Molly, I'd like to follow-
15 up, if I may, with a presentation from Fish and Game.

16 Steve, we reached deep into the vaults at the
17 Department of Fish and Game to come up with a suitable item
18 for you to reflect upon in your time not only with the
19 Trustee Council but your time at the Department. So I want
20 to present you with a trophy and I want to you know that
21 this is not -- this is a hat, for those of you on line,
22 Fish and Game hat, this is not the Elmer Fudd style, this
23 is the low rider, the contemporary model, it is enormously
24 popular and valuable, street value I wouldn't even want to
25 calculate.

1 (Laughter)

2 MR. BOSWORTH: So you may also want to put
3 this in a vault.

4 CHAIRMAN PENNOYER: Thank you. It came out
5 of the vault, yeah, it was in there for a while, wasn't it?

6 (Laughter)

7 CHAIRMAN PENNOYER: Thank you very much.
8 I'll wear it fishing.

9 MR. BOSWORTH: Wear it in good health.

10 MR. GIBBONS: If I could say a few words.
11 I've been in the process, I think, just about as long as
12 Steve has and I remember the first Trustee Council meeting
13 I walked into, I walked in and there was Steve there and
14 Mike Barton and I think Don Collingsworth and maybe Walt
15 Stigglitz. And I walked into this damage assessment and I
16 thought what did we get into? The complexity of the
17 situation was really great and I really observed Steve and
18 I echo what Frank says, you know, a real calm demeanor,
19 more worried about the resources than the agency and really
20 it's been a pleasure working with you, Steve, for almost 10
21 years or more than 10 years. And in various capacities, as
22 damage assessment or as an administrative director or as a
23 Trustee Council member, so thank you, Steve.

24 And, Rebecca, I want to say a few words about
25 Rebecca. She probably remembers the early days when we

1 were on this floor, and nothing against you, Charlie or
2 Deborah.....

3 (Laughter)

4 MR. GIBBONS:or you Craig, but we'd
5 have more attorneys in the meeting than real people and
6 they would just be very contentious. Stan's shaking his
7 head, he remembers those days, too, that I'm surprised we
8 got anything done, it was a very contentious time and I
9 just want to thank you for your help in those times when I
10 was sitting in here and thank you.

11 So thank you both for many memories.

12 CHAIRMAN PENNOYER: You're the Chair.

13 MR. TILLERY: I'm reserving my right to
14 comment, however, I want to particularly echo what was said
15 about Rebecca. With all due respect to Molly, we know that
16 Rebecca is the one.....

17 (Laughter)

18 MR. TILLERY:that keeps us
19 functioning. I deal a lot with Rebecca because as the
20 lawyers tend to end up having to execute a lot of the
21 things here, and when you execute things you need to have
22 documents and so forth and so on. And the wonderful thing
23 about Rebecca is not only was she competent in that, when I
24 would say, Rebecca, I need this resolution and I need this
25 meeting notes, or something like that. And she would

1 immediately say, yes, I'll get them, and within a couple of
2 hours they were there. But then the next time you called
3 up you would say, Rebecca, I need, and she would say, yes,
4 I know you need this resolution, you need these meeting
5 notes and they're on their way. I mean it was dealing with
6 a person of Rebecca's calibre has made our life simple.
7 And also dealing with a person with Rebecca's personality
8 and just friendliness and so forth has just been terrific
9 and generally been quite -- it's been a pleasure dealing
10 with this office and Rebecca has been a large, large part
11 of that.

12 And if I knew of a legal way to prevent you from
13 going I would do that. So you need to get out of this
14 jurisdiction and down to Texas before we think of
15 something.

16 (Laughter)

17 MR. TILLERY: I'll get back to you.

18 MR. CHARLIE COLE: I'd like to say a word,
19 if I may. All I can say -- well, maybe not all I can say,
20 but I really want to say what a great guy, what a great
21 friend and what a great Trustee you've been, Steve. When
22 we first negotiated this settlement we struggled with how
23 to divide up the various voting agreements among the
24 various agencies and it seemed impossible as we were
25 negotiating it to figure out how we arrive at a majority

1 vote, because it just seemed like it wouldn't work. And so
2 I said, well, why don't we require a unanimous vote and
3 eventually we were able to make the first draft of the
4 agreement requiring a unanimous vote. And then the
5 Legislature did not approve the settlement and so we went
6 back to renegotiating.

7 And there was, again, great pressure to not have
8 the unanimity requirement for all decisions of the Council,
9 but Barry Hardman and the Department of Justice said, no,
10 we made an agreement with you that we would amend the
11 settlement as little as possible and we had the requirement
12 in the first agreement and we will keep it. And as I
13 reflect back upon that I think, notwithstanding the many
14 objections that we had to the unanimity requirement, it has
15 worked well, at least certainly when I was there. But I
16 say the reason that I think it's worked well during that
17 time is because people, like Steve Pennoyer, who was so
18 well prepared, so congenial, so understanding that we were
19 able to accomplish so many things that we did in the early
20 days. And, you know, I appreciate, probably as much as
21 anything the patience that Steve had with me and my
22 obstreperousness and recalcitrance and the many things that
23 we struggled with over the years.

24 I remember well Steve's concern over that AB Pod.

25 (Laughter)

1 MR. CHARLIE COLE: That went on for about a
2 year or two and I kept exercising my singular objection to
3 it, but Steve, wonderful Trustee that he was, had this
4 unflinching patience with me and said, fine. So eventually I
5 capitulated and I hope they figured out what happened to
6 the AB Pod over the years.

7 But, Steve, I wanted to thank you personally and as
8 a former Trustee for all the great work that you have done,
9 you've made a great contribution to the Exxon Valdez
10 Trustee Council and everyone in the state owes you a great
11 debt.

12 CHAIRMAN PENNOYER: Thank you, Charlie.

13 MS. D. WILLIAMS: It's hard to top
14 Charlie's very brilliant and incisive comment, but I'll add
15 just a few words. I had the pleasure of working with Steve
16 as a co-Federal Trustee for about five years and I would
17 just like to add a few comments reflective of that.

18 First of all, when I first joined the Trustee
19 Council and asked people about the members of the Trustee
20 Council, I'm really quite confident that 100 percent of the
21 people I asked about always made one initial comment and
22 that is, Steve Pennoyer is a wonderful Trustee. And it was
23 borne out in every possible way. I think the first meeting
24 I attended Steve chaired, and I think we all know that
25 Steve is the an absolute consummate chair, I know of few

1 people who can chair a meeting more graciously and
2 effectively as Steve, and I think he served as a model for
3 all of the rest of the Trustees of how to chair a meeting
4 beautifully, and I thank you for that. And I learned a lot
5 from watching you as chair, Steve.

6 Secondly, Steve, as other people have reflected,
7 but I'd just like to underscore, is so calm and there are
8 lots of times when the rest of us weren't, and we would
9 look to Steve for his moderate, calming influence. And
10 because he was calm and reasoned, Steve would oftentime be
11 the ambassador between the State Trustees and the Federal
12 Trustees on those very few occasions when we had
13 differences. And it really was always reassuring to know
14 that, you know, if Federal Trustees agreed to something and
15 Steve agreed to something that if we need it, and
16 oftentimes we needed Steve to talk to the State Trustees to
17 build those bridges, Steve was our big bridge builder.

18 Steve was also the one that many of us on the
19 Federal side looked to, to see where he was. So if Molly
20 would try and put something together, one of the first
21 questions I'd usually ask Molly is what does Steve think?
22 Because Steve inevitably gets to the heart of the matter
23 and would represent the public interest well, Steve has a
24 very good sense of the public interest and, particularly,
25 as science and species recovery and things that apply to

1 the public interest. So I can say as a Federal Trustee I,
2 again and again and again, looked to Steve for his wisdom
3 on a topic, and it was never wrong.

4 I do want to, finally, underscore Charlie's
5 comments, Steve, you have been a phenomenal asset to the
6 process, to the public interest and to the restoration and
7 the spill area. And I confidently say that the restoration
8 process would not have gone as well, would not have as
9 profitable, would not have been as cordial without your
10 leadership, you really were a critical, indispensable
11 leader in this process and we all thank you for it.

12 I would like to say just a few comments about
13 Rebecca because, as so many other people have said, Rebecca
14 has just kept things going so beautifully. And, you know,
15 like many of us, I'd call up and ask for Molly and if Molly
16 was there I'd say, well, is Rebecca there? And if Rebecca
17 was there it was okay. And the thing about Rebecca, it's
18 like what Craig said, everything Rebecca did she did
19 beautifully and we all have had utter confidence in
20 everything you've done. And, you know, when you're a
21 Trustee, when things are tense, when things are very
22 challenging, to know that always whenever Rebecca was
23 involved in something that it would be done beautifully, it
24 would be done, it would be done accurately, it would be
25 done thoughtfully, just meant that we could think about

1 other things. And so, Rebecca, I can't thank you enough.
2 You are really one of those extraordinary people that you
3 have utter confidence in in whatever you do, so thank you.

4 MR. SENNER: A couple of things, without
5 repeating too much. I was in a lot of those meetings that
6 Dave referred to back in damage assessment times and it was
7 evident, to me, that Steve was someone whose first concern
8 was the resource and not agency or government turfs. And
9 in those early days, as you remember, it wasn't just the
10 agencies squabbling, we had the State and Federal
11 government often at loggerheads, and Steve's first
12 allegiance was to the resource and to seeing that the kind
13 of science was done that needed to get done. That's one
14 thing.

15 Wearing my Audubon hat, we all know that bringing
16 an ecological perspective to fisheries management has a
17 long way to go, but I think people around the country look
18 to Alaska and the North Pacific Council and Steve's office
19 with NMFS being leaders in that arena, and a lot of that, I
20 think, is a tribute to Steve's leadership and knowledge
21 over many, many years in Alaska. So to the extent that we
22 have come a long way with ecological management of
23 fisheries, I think Steve has had a lot to do with that.

24 On a personal note, one of the things I've always
25 appreciated is that Steve paid a lot of attention to those

1 of us on the staff as individuals and people, not just as
2 professionals, and Steve never failed, including today, to
3 stop and ask how I'm doing and this and that, and I was
4 always appreciated as a staff person. So you will be
5 sorely missed for all those reasons.

6 And in regard to Rebecca, when I started out in the
7 oil spill program, also in 1990, the Restoration Office was
8 actually in a separate building and Ken Rice and a couple
9 of others remember when we were over there where Deborah's
10 offices are now. And we were sort of roped into the fold,
11 I think to rein us in, maybe, to bring us under the
12 management of everything else. And those of us over there
13 were pretty concerned about that, we thought our
14 independence and everything would be compromised. But it
15 was quickly evident that when we came over here what we
16 discovered is this was such a smoothly operating machine
17 that this was really the place to be. Things worked here,
18 we has enormous administrative support, as well the
19 collegiality of working with good friends and people who
20 became friends, and a lot of that is due to Rebecca and the
21 way she ran things, so thank you, Rebecca.

22 MS. SEE: Yeah, for the Department of
23 Environmental Conservation, where we have not enjoyed the
24 same stability of leadership at the top that your
25 department has had, we've greatly appreciated your

1 continuity, your intensive commitment to the resources and
2 your blend of science and administration of public trust.
3 It's a rare combination to have such breadth and capability
4 in all those different areas and to see them so
5 consistently applied to the EVOS process over the years has
6 been a great benefit, as was mentioned, to the people, of
7 all of the people of the state. And we're very grateful to
8 your years of service in that capacity.

9 And I've known you now for nearly 20 years, having
10 had a history with Fish and Game myself, and I've also
11 admired your commitment to people, to staff, as well as
12 people from all walks of life and expertise and your
13 respect for public involvement, but for people, in general,
14 I think that's been a hallmark of what I used to hear at
15 Fish and Game in your career there and also in this process
16 here. And I know the kind of continuity you've brought to
17 all of this process under EVOS has been enormously
18 important and I, for one, and Michele as well, will greatly
19 miss you here.

20 And a couple of words about Rebecca. One of the
21 great benefits to us has been the continuity of staff and
22 capability of staff at the office here. I think this
23 office has a tremendous, well-deserved, reputation for
24 efficiency and excellence, and I think all the players here
25 deserve credit for that, but Rebecca will be greatly missed

1 with all your history of everything that's gone here and
2 ability to, as Craig pointed out, pull out just exactly
3 what you need when you need, or before sometimes. And I
4 think I don't want to be around Molly the first week you're
5 gone because I think there's this phenomena called "Rebecca
6 Withdrawal" that will set in and maybe everybody should
7 take leave that week or something.

8 (Laughter)

9 MS. SEE: You will be missed.

10 MR. CHARLIE COLE: I'd like to say I'm sort
11 of disappointed the Charles McKee isn't here today.....

12 (Laughter)

13 MR. CHARLIE COLE:I was looking
14 forward to seeing him.

15 CHAIRMAN PENNOYER: Well, you just missed
16 Theresa, we were going to reopen the public hearing just
17 for you.

18 MR. TILLERY: I would, Steve, like to say
19 that I haven't been around this process and viewing you
20 since the time it started, I'm not trying to make you old,
21 but longevity is interesting, I mean it's quite a phenomena
22 in this era of government and changing governments. But
23 longevity in itself isn't a lot if it's not the right
24 person, and quite clearly if I could have picked anybody to
25 have longevity in this process it really would have been

1 you. It has been a pleasure knowing you and it's been --
2 you know don't how hopeful it was to me knowing that the
3 rest of us can do what we do and always knowing that
4 there's not just an adult in the room, but there's an adult
5 that's a scientist and knows what he's talking about.

6 CHAIRMAN PENNOYER: Older person.

7 (Laughter)

8 MR. TILLERY: Somebody with common sense
9 and who always brings us back, somebody with the vision to
10 be looking a couple of steps ahead when we're talking about
11 the reserve and those kinds of things. But somebody with
12 knowledge and that we respect and that, you know, when you
13 start speaking and we're talking about that Work Plan, we
14 all stop and listen and it gives us comfort in knowing that
15 we can rely on the decisions that we've made because we
16 respect your knowledge.

17 The other thing, I think, that I thought most
18 marked some of your tenure here was your interest in this
19 process, it was not a casual interest. It was a real deep
20 interest, at least that's the way it came across to me, if
21 it wasn't you did a great job of disguising it. But it was
22 an interest that said that you really cared about the
23 restoration process and about the resources and the people
24 here, and I just -- it's been great and I'm really pleased
25 to have been able to work with you and in some sense work

1 for you and just to be associated with you in this process
2 and you made the process better and I think you made all of
3 us a little bit better.

4 And Charlie is right about those killer whales. He
5 did, he kept that thing going when nobody else, well, not
6 say nobody else, but the lawyers were skeptical because no
7 injury had been demonstrated. Well, we have a bunch of
8 killer whales that were missing, but there was no known oil
9 on them, we didn't seem to know how it would have gotten --
10 and I was fortunately able to locate a killer whale that
11 actually has a patch of gray weathered oil on it.

12 (Laughter)

13 MR. TILLERY: And you'll notice this guy is
14 very lethargic.

15 CHAIRMAN PENNOYER: Oh, that's great.

16 MR. TILLERY: So I think that we have
17 actually located it for you, vindicated you after all these
18 years.

19 CHAIRMAN PENNOYER: I'll send it to GSA
20 myself, because they still don't believe it.

21 MS. McCAMMON: GAO.

22 (Indiscernible - multiple voices)

23 MR. TILLERY: The Department of Law does
24 not have any fancy hats for you, all we can do for you
25 is.....

1 CHAIRMAN PENNOYER: Any speed ticket
2 exemption?

3 MR. TILLERY: Well, one of the problems is
4 now that you're going there really is no one to speak for
5 the killer whale out there and as part of the Department of
6 Law's retirement gift to you is our pledge that in the
7 future we will speak for the killer whale.

8 (Laughter - Mr. Tillery pulls out a killer whale
9 hand puppet)

10 MR. TILLERY: So you can leave knowing it's
11 in good hands.

12 CHAIRMAN PENNOYER: Okay. I could have
13 used this a while back to talk with Charlie with. It's got
14 teeth, Charlie.

15 (Laughter)

16 MS. HEIMAN: Well, I'm just going to pop in
17 here. Everyone has said everything that could be said and
18 more. And I'm a newcomer to this process, but I sure have
19 appreciated and enjoyed working with you and getting to
20 know you and I really want to thank you from the Department
21 of Interior for what you've done to protect the oceans
22 [sic] of the state and I really think that that has been an
23 incredible contribution and you will be very much missed.
24 So thank you.

25 MR. TILLERY: Mr. Elison.

1 MR. ELISON: Steve, I'm not going to try to
2 add anything to the many laurels that you have richly
3 received and deserve, I'm going to focus on Rebecca.

4 Rebecca, I'm somebody that has been blessed with an
5 exceptionally good executive assistant and I, long ago,
6 recognized your skill, and so I probably more than anyone
7 knows how big a problem Molly has. You will sorely missed,
8 you've done a great job.

9 MS. R. WILLIAMS: Thank you.

10 MS. McCAMMON: I am very grateful that when
11 Jim Ayers asked you to go work for him in Juneau you said
12 no.

13 (Laughter)

14 CHAIRMAN PENNOYER: Oh, at the time he
15 left?

16 MS. McCAMMON: Yes.

17 CHAIRMAN PENNOYER: Oh, yeah, that goes for
18 all of us.

19 MS. McCAMMON: Yes, we're all grateful.
20 Actually, I'd like to introduce Rebecca's family who are
21 here with her today with her, too. Her husband Roger, her
22 granddaughter Haley, her son Preston, and their daughter
23 Shawna Wingrove. And Shawna's visiting from Texas, right?

24 MR. R. WILLIAMS: California.

25 MS. McCAMMON: California, okay. So it's

1 great to have them here. They're here for Preston's
2 graduation this week.

3 MR. P. WILLIAMS: Wednesday, 2:00 o'clock.

4 CHAIRMAN PENNOYER: You're selling tickets,
5 right?

6 (Laughter)

7 MS. McCAMMON: Do you want to say anything,
8 Rebecca?

9 MS. R. WILLIAMS: I have just really
10 enjoyed my time at the Restoration Office, the biggest part
11 that I will miss, of course, are the people. It was a
12 great staff, it's a great group to work with and the agency
13 folks and I will miss you all.

14 MS. McCAMMON: I'll say my farewells later.
15 This really, as I said early, is an end of an era and I
16 think it must be something in the water. On my evaluation,
17 I think the last six years, everybody says, oh, you have
18 such wonderful staff and you keep them and blah, blah,
19 blah. And I keep wondering how am I going to explain the
20 fact next December that I'm losing all of my staff, that
21 they're all moving away. This is Rebecca's last Council
22 meeting, but Hugh Short, and I don't know if Hugh is here,
23 Hugh is leaving for Bethel next month. Joe Hunt is leaving
24 for Hawaii/Minnesota, he hasn't decided yet, one of those
25 two place. Traci Cramer is leaving for Minnesota in July

1 and Rebecca leaving, so there is a huge staff turnover
2 right now and it just all is -- they tell me it's all kind
3 of happenstance, but it's all happening at the same time.

4 But there is a tremendous change going on right and
5 we've got great staff on board here, we have some great new
6 staff, Brenda Hall, this is her first day and she'll be at
7 the front desk and answering phones. But it's going to be
8 a challenge to keep up with this reputation for excellence
9 that we've been able to achieve so far. All of you have
10 really set the mark very high, so it's going to up to all
11 of us to keep making sure that we keep reaching that mark.

12 But, Rebecca, on behalf of the Trustee Council, we
13 do have a certificate of appreciation for you in
14 recognition of your outstanding service on behalf of the
15 people and resources of the Northern Gulf of Alaska, your
16 dedication to the restoration of the injured ecosystem
17 following the Exxon Valdez oil spill has made a difference.
18 Thank you. And we have a little gift for you, too. And it
19 still needs to be signed by Frank.

20 UNIDENTIFIED VOICE: Hello.

21 MS. McCAMMON: We're finishing up right
22 here and we'll be starting the regular part of the meeting
23 shortly.

24 UNIDENTIFIED VOICE: Okay.

25 MS. R. WILLIAMS: Thank you.

1 MS. McCAMMON: Do you want to say a few
2 words here, Steve?

3 CHAIRMAN PENNOYER: Well, I guess I ought
4 to say something, even if I'm embarrassed is all I can
5 really say. You all should know Molly came to a very, very
6 nice retirement dinner they gave me in Juneau last Friday
7 and she presented me with a huge poster signed by all of
8 you. She spent quite a bit of time wondering why there
9 were only five signatures on it.

10 (Laughter)

11 MS. McCAMMON: Yeah, it was like, who's
12 missing.

13 CHAIRMAN PENNOYER: Finally after several
14 hours she figured that out and explained it to us, but I --
15 like Dave said and Molly and others said, I was here when
16 the -- not this Council, but in a different group, also
17 calls itself a Trustee Council before that when the tanker
18 ran aground in Prince William Sound. As a matter of fact,
19 I'd been on this job for two and a half months, I think, at
20 the time it hit, my first knowledge of it was a meeting in
21 Seattle when a reporter called me up 7:00 o'clock at night
22 or sometime, I don't remember when it was, and said, what
23 do you know about that tanker that ran aground in Alaska?
24 And I said, oh, I don't know too much about it. Little did
25 I know and believe and understand all where that was going

1 to go. And that was, obviously, a very traumatic
2 experience for a lot of us, my staff in NMFS at the time,
3 and all of us and the people in the spill area, but really
4 a lot of good things came out of it in the long run, even
5 if they started from a very bad event that impacted a lot
6 of people's lives very negatively. And probably the best
7 part of it was this process.

8 I appreciate everything you said, but frankly I've
9 enjoyed this and it's been a chance to mix with six
10 different agencies, all with generally the same type of
11 background and needs but with somewhat different missions
12 that had to come together and agree and talk to each other
13 and design a program worth an awful lot of money to restore
14 the spill area and conduct the appropriate research. It's
15 been a pleasure to be involved with people like Stan and
16 Bob and other people on the scientific staff that in
17 putting together programs, both shorter and longer term,
18 that will go on, I hope, from the Restoration Reserve, now
19 in the GEM Program for a considerable period of time.

20 And I'm glad Dave said it first when he first came
21 on, he was staff then, and frankly most of us would not be
22 able to do this if it wasn't a very wonderful staff,
23 Rebecca and Stan, a lot of people on the staff that worked
24 on things that supported the mission of this Council and
25 really made it a lot easier. I mean, we didn't dream all

1 these things up by ourselves, somebody dreamed up the
2 project proposals and brought them in and talked to us
3 about them. Somebody designed the Restoration Plan and we
4 worked with them and gave them some help, but basically you
5 came up with the details, so a lot of you made us look
6 good, and I appreciate it.

7 MS. REFT: Excuse me, this is Catherine
8 from Karluk, I'm just letting you guys know we're on line
9 and you're cutting out pretty bad whoever is speaking.

10 CHAIRMAN PENNOYER: Well, you're hearing a
11 talk that you probably don't have to hear, a retirement
12 talk, but that's -- we're going to be back to business in
13 about another five minutes or two minutes or something, so
14 if you'll bear with us for the moment.

15 Anyway, it has been a long go, but this has been an
16 exciting process. This is probably one of the few place in
17 the whole North Pacific arena I know, and maybe worldwide,
18 where a whole lot of different groups got together and had
19 to come up with some common viewpoints and design common
20 programs, where research was done not just as a separate
21 entity but in a design fashion with workshops, PIs asked to
22 talk to each other, a staff that brought all that together
23 and last, but not least, I really -- Jim Ayers, when he
24 first came on as Executive Director, well, Dave actually
25 was doing the ground role when we started, and then we went

1 on with Jim Ayers and later Molly had brought an order to
2 this process that we needed and an organization which most
3 of us read the materials, come and work at the meetings,
4 but you guys do it 24 hours a day and a long time, and
5 you've been very supportive, so I appreciated it all. I
6 appreciate having worked with all of you and this Trustee
7 Council and those of you, both, who have been here a short
8 time and a longer time, this has been a good group to work
9 with.

10 So I'm looking forward to what I'm going to do.
11 And I told Molly actually a year ago in March that I might
12 not be going to the 10th Anniversary because I was thinking
13 of retiring and some marine mammals got in the way
14 somewhere along the line.

15 MS. McCAMMON: Sea lions.

16 CHAIRMAN PENNOYER: Some other small
17 issues. And get Stan to talk to the judge about our
18 ecosystem management, maybe he'll get us off the hook here.

19 MR. SENNER: I tried to be careful the way
20 I stated it.

21 CHAIRMAN PENNOYER: You were careful enough
22 we won't take a declaration and have you subpoenaed in the
23 court. So thank you all, I have appreciated it,
24 thank you, particularly for this, far more than I deserve
25 and I thank you very much. Okay.

1 MS. McCAMMON: Thank you.

2 (Applause)

3 MS. McCAMMON: Well, we also have a
4 certificate of appreciation for you, Steve, and to make
5 sure there's enough lines on here and signatures and all,
6 we had Dr. Baker sign on behalf of NOAA.

7 CHAIRMAN PENNOYER: The guy I represent,
8 right.

9 MS. McCAMMON: And there are a few that
10 still need to be filled in, Frank and Michele still need to
11 sign it.

12 CHAIRMAN PENNOYER: Okay, fine.

13 MS. McCAMMON: But thank you for all your
14 work from the Trustee Council.

15 CHAIRMAN PENNOYER: Thank you very much. I
16 guess I'll get back to you and have them sign it.

17 MS. McCAMMON: Yes, so we can the
18 signatures.

19 And a card for you also. And I think everybody needs to --
20 I think, Rebecca, you need to open up yours, too.

21 CHAIRMAN PENNOYER: I can open it up in a
22 packed room, it's okay?

23 MS. McCAMMON: Yes, yes. And if you have a
24 child in the Anchorage School District, you, too, can have
25 this wrapping paper.

1 (Laughter)

2 CHAIRMAN PENNOYER: This looks like cubic
3 of effect statement on sea lion feeding.

4 (Laughter)

5 MS. McCAMMON: It was great being at
6 Steve's retirement party on Friday night because all of his
7 old cronies from the early days at Fish and Game, a number
8 of them were there with slides from the early days.

9 CHAIRMAN PENNOYER: All good deeds will
10 never go unpunished, I guarantee that.

11 (Laughter)

12 MS. McCAMMON: These were in 1960, sampling
13 on the streams of Alaska.

14 CHAIRMAN PENNOYER: Sampling on the fringe
15 or a fringe sampler maybe.

16 MS. McCAMMON: Yes.

17 CHAIRMAN PENNOYER: Oh, my goodness. "For
18 the Operation of the U.S. Steamer, Nunavak, on the Yukon
19 River Station, Alaska, 1899-1901." This is probably dated
20 about 1902. It's very nice. I collect old books, it's one
21 my hobbies and a lot of people don't know that, but
22 apparently somebody does. Thank you, Molly, very much.
23 1902, this is a wonderful book. I started on the Yukon
24 River in Alaska, actually, that's where I first worked when
25 I got here, I really appreciate that, thank you.

1 MS. McCAMMON: Thank you. I don't know if
2 Frank is on.

3 CHAIRMAN PENNOYER: You got to open yours,
4 too, Rebecca. You probably got a tether because they want
5 you to come back. I got a going away present to read.

6 (Laughter)

7 MS. R. WILLIAMS: Oh, that's lovely.
8 That's great, thank you.

9 MS. McCAMMON: You're welcome. So I join
10 in everybody in applauding both Rebecca and Steve and
11 wishing them well in their new adventures and come back and
12 visit us any time.

13 CHAIRMAN PENNOYER: Can we applaud each
14 other?

15 MS. McCAMMON: Yes, you can applaud each
16 other.

17 (Applause)

18 MR. TILLERY: So back to you.

19 CHAIRMAN PENNOYER: Oh, really. The one
20 thing I was going to point out, somebody here said I was
21 such a wonderful chairman, the reason they knew that is
22 back in the early days of this Trustee Council we recessed
23 for about six meeting in a row, and didn't adjourn, I
24 didn't catch on to until about the fifth meeting.

25 (Laughter)

1 CHAIRMAN PENNOYER: I kept wondering why am
2 I always chairman. They finally explained the procedure to
3 me.

4 Okay. Well, let's go back to the agenda then. And
5 do we want to go back to Koniag or Tatitlek small parcels?
6 Your pleasure.

7 MR. TILLERY: We got people on line for
8 Koniag.

9 CHAIRMAN PENNOYER: We got people for
10 Koniag, it's a good idea, let's go back and do the Koniag
11 discussion.

12 MR. PETERSON: Hello.

13 CHAIRMAN PENNOYER: Yes, hello, we're just
14 coming back on line now and just starting with the Koniag
15 discussion and I think we're going to go back to, as I
16 recall, a public hearing, we're going to reopen the public
17 hearing because we had people who wanted to testify to us
18 on this matter.

19 MR. PETERSON: Yes, sir, I'd like to
20 present my testimony, if I can?

21 CHAIRMAN PENNOYER: Great, go ahead. Give
22 your name, please, and where you live.

23 MR. PETERSON: You betcha. The following
24 is my testimony, a little introduction and then I have a
25 statement, okay?

1 CHAIRMAN PENNOYER: You bet.

2 MR. PETERSON: My name is Frank R.
3 Peterson, Sr., I am an Alaskan Native of Koniag, Sukyuk
4 (ph) decent. I was born in Lazy Bay five miles south of
5 Native village of Akhiok where I was raised. I attended
6 school in Akhiok, Kodiak, Homer, Sheldon Jackson and
7 received my associate's degree in business management from
8 the Flathead Valley Community College in Kalispell, Montana
9 and attended the University of Idaho in pursuit of a
10 bachelor's degree. I am a shareholder and manager of
11 Iakulik, Inc., Native Village Corporation. I'm also a
12 shareholder in Akhiok-Kaguyak, Inc., another village
13 corporation. Finally, I am a shareholder and director in
14 Koniag, Inc., our regional Native corporation. I am the
15 past executive director and president of the Kodiak Area
16 Native Association, founder of the Kodiak Area Community
17 Development Corporation, co-founder of the KANA Housing
18 Authority, which is now called the Kodiak Island Housing
19 Authority. Past assistant director of Rural Alaska
20 Community Action Program, past assistant director of the
21 Alaska Federation of Natives, Health Affairs Division, past
22 president of the Larsen Bay Tribal Council, past manager of
23 the Old Harbor Tribal Council, past consulting manager of
24 the city of Old Harbor and Old Harbor Native Corporation.
25 I'm also a past member of the Kodiak Island Borough

1 Assembly and a fellow with the National Urban Fellows
2 Program, which took me to Yale University for a summer of
3 intensive studies on urban economics and I was sent to work
4 in Congressman Nick Begich's office for a year.

5 The following is my testimony. I wish to state
6 that I am opposed to the negotiated 10-year conservation
7 easement presently being considered by you on the Exxon
8 Trustee Council and Koniag, Inc. I sincerely believe you
9 as a Trustee Council should take every step necessary to
10 inform not only the public in general, but especially the
11 Alaska Native shareholders who are going to be affected and
12 impacted by this conservation easement agreement you're
13 pursuing with Koniag. One important step is to inform our
14 Native shareholders about the 1987 Koniag shareholder vote
15 which authorized the trade of these very lands with the
16 Arctic National Wildlife Refuge. In my recollection there
17 were no shareholder authorizations to sell any of these
18 lands to the Exxon Trustee Council.

19 Another important step for you Trustees is to
20 explain to the Alaska Native shareholder the current
21 conservation easement in which you entered into with Koniag
22 on December 2nd, 1994, which expired [sic] December 2nd,
23 2001. I understand the purpose of this easement is to
24 negotiate the terms of the sale of the remaining 56 or
25 59,000 acres of the former Karluk/Larsen Bay lands between

1 Koniag and the Trustee Council; is this not correct?

2 Please correct me if I am wrong.

3 I realize that your recent discussions with Koniag,
4 Inc. management has been about a new conservation easement,
5 the terms of which have not been fully disclosed to the
6 board of the directors until just recently, nor have the
7 terms been disclosed to the Koniag shareholders. It would
8 seem prudent on your part that our Native leadership would
9 first consult with the board of directors and the
10 shareholders on such a monumental move, such as a sale or a
11 conservation easement of this nature. I am opposed to any
12 more land sales as called for in the current conservation
13 easement. I am opposed to any conservation easement
14 currently being discussed between you on the Trustee
15 Council and Koniag, Inc. because, as I understand it, an
16 easement, as currently written, is paramount to the sale of
17 the Karluk/Larsen Bay, period [sic].

18 Additionally, no other option, such as a lease
19 agreement has been put forth even to the Koniag board of
20 directors for consideration. What I would favor and
21 promote is a long-term lease between Koniag and the Exxon
22 Trustee Council, the very same terms as being considered
23 with the conservation easement could be included with a
24 long-term lease agreement, all the protection that is being
25 discussed could be included in the terms of a long-term

1 lease agreement.

2 A couple of questions along with my testimony are
3 three, as follows: why was the 20-year maximum easement
4 being considered for the amount of money proposed, the
5 29,000,000, when the appraisals for those very lands were
6 145,000,000, 116,000,000 or so, and 104,000,000? Secondly,
7 are the shareholders of Koniag going to have a vote as was
8 promised by President Metrokin before any of these lands
9 are sold or the conservation easement executed? And one
10 last comment is I'm concerned about the lack of the media
11 coverage and shareholder consultation prior to the first
12 sale of that first 56,000 acres.

13 Mr. Chairman, this concludes my testimony, I'll be
14 glad to submit the written testimony as well.

15 CHAIRMAN PENNOYER: I think we'd appreciate
16 that if you want to send it in. Molly, do you have an
17 address?

18 MS. McCAMMON: 645 G Street, Suite 401,
19 Anchorage, 99501.

20 MR. PETERSON: Thank you very much.

21 CHAIRMAN PENNOYER: Questions or comments
22 on the questions that were asked? Anybody?

23 MS. HEIMAN: Are you going to answer those
24 questions?

25 CHAIRMAN PENNOYER: Well, I was asking --

1 yes, if you have a response in particular on them, I think
2 we should go ahead and try. Certainly on -- part of it is
3 covered by the table of the sale agreement that it's not
4 same amount at the end of the 10 years, but sale
5 versus.....

6 MS. McCAMMON: Well, Mr. Chairman, if I
7 could. First of all, the 29,550,000 is not intended to be
8 payment for the 20-year easement. The easements are
9 actually paid for through a fee that comes out of the
10 interest earned on that fund, so there really is no
11 connection between how much is in that fund and the 20-year
12 easement or anything between either a 10-year easement or a
13 20-year easement. It would be strictly up to the Koniag
14 board to look at what's in that fund after 10 years and we
15 have some estimates on it, but it could be greater, it
16 could be less, we hope it's at least that amount, and
17 hopefully more, but it's up to Koniag, at that time, to
18 decide if it's an appropriate amount and if they are or are
19 not interested in sale at that time.

20 CHAIRMAN PENNOYER: Yeah, the easement
21 payments actually escalate from that 400,000 to about
22 650,000 over that period of time.

23 MS. McCAMMON: That's correct and by year
24 12 they go to 740,000 and then from.....

25 CHAIRMAN PENNOYER: Per year.

1 MS. McCAMMON: Per year, and then at that
2 time through year 20. There's also a provision if the
3 Trustee Council and Koniag wanted to extend the easement
4 after 20 years, there's always that option, but it would be
5 up to the Council and Koniag at that time.

6 The question about are shareholders going to vote.
7 Koniag is a corporation that's incorporated under State and
8 Federal laws and the United States and State of Alaska
9 governments have to abide by the laws governing
10 corporations of that nature. And so whether or not there's
11 a shareholder vote is not something the Council can require
12 on a corporation like that. It depends on what the
13 requirements of the laws are. And, in some case, if there
14 is a sale of a significant percentage of the assets then
15 the corporation is required to have a vote, but it's up to
16 the legal advice given to the individual corporation. And
17 so that question is really directed to Koniag in terms of
18 whether they believe a shareholder vote is required or not.

19 There was concerned by Mr. Peterson expressed about
20 the lack of media coverage and public information before
21 the first sale. I really can't speak to that, although I
22 did know that there had been discussion for a long time
23 between Koniag and the other Kodiak corporations, Old
24 Harbor and Akhiok-Kaguyak about some kind of a transaction
25 for a number of years, so it was nothing new at the time,

1 in 1994, when that did happen. And the Trustee Council has
2 certainly made no secret that they have been interested in
3 a long-term protection of the Koniag acreage on the Karluk
4 and Sturgeon. In fact, in every Annual Report the Council
5 has published since that time in our habitat updates that
6 we do on a regular basis, it's been clear that ongoing
7 negotiations for long-term protection of those lands has
8 always been a priority of the Council. We've made frequent
9 mention of this to the media and to the public that this is
10 a top priority of the Council.

11 It's only been recently, in the last, probably,
12 year to two years that Koniag has made it clear they are
13 not interested in an actual sale at this time. And that's
14 when our discussions actually changed and we are doing
15 what, in some ways, almost looks more like a lease than --
16 very similar kind of provision to a lease.

17 CHAIRMAN PENNOYER: Paying by the year,
18 yeah.

19 MS. McCAMMON: Paying by the year, making a
20 payment, basically renting certain rights and provisions
21 from Koniag that hopefully will have mutual benefit to both
22 Koniag and to the Trustee Council in terms of habitat
23 protection. So, in that case, I think it is very similar
24 to a long-term lease.

25 But this gives Koniag the option to leave it, to

1 end it after year 10, extend it or if conditions are there
2 that they choose to do so then to go ahead with the sale.

3 CHAIRMAN PENNOYER: Any Trustee Council
4 members care to add to that description? Or do any Trustee
5 Council members have questions?

6 (No audible responses)

7 CHAIRMAN PENNOYER: Well, we would
8 appreciate it if you would send the material in to the
9 address given you and we're going to try and make sure
10 everybody does have a chance to look things over before
11 this comes to a final conclusion anyway.

12 Okay. Thank you.

13 MR. PETERSON: Okay, I appreciate it very
14 much. Thank you very much.

15 CHAIRMAN PENNOYER: Is there anybody else
16 on the line that wishes to testify on this matter?

17 (No audible responses)

18 CHAIRMAN PENNOYER: Okay, I guess that is.
19 Anybody here now change their mind and want to testify in
20 Anchorage office?

21 (No audible responses)

22 CHAIRMAN PENNOYER: Okay. I think we'll
23 close the public hearing and go back to business then, and
24 the business is discussion of the Koniag land acquisition
25 or conservation easement on the schedule.

1 MS. McCAMMON: Mr. Chairman, in front of
2 you you have a document and there's copies out there. If
3 there's anybody on the line -- we did send this to village
4 of Karluk, we had your fax number. If there is anybody
5 else on line who would like us to fax a copy of the motion
6 to come before the Council. Mr. Peterson, do you have a
7 fax number you'd like it to go to?

8 MR. PETERSON: Yes, please. It's 486-0406.

9 MS. McCAMMON: Okay. Is there anybody else
10 who would like this document faxed to them.

11 UNIDENTIFIED VOICE: This is Gwen
12 (indiscernible) my fax number is 245-6306.

13 MS. McCAMMON: Anyone else on the.....

14 MS. REFT: Can you send another copy here
15 in Karluk, our fax number is 241-2208.

16 MS. McCAMMON: It's on it's way to Karluk.

17 MS. REFT: Okay, thank you.

18 MS. McCAMMON: You're welcome.

19 MR. SQUARTSOFF: Larsen Bay, 847-2212 and
20 we'd like a copy of the minutes also.

21 MS. McCAMMON: Okay, it'll be a couple of
22 days before we get the minutes, but we can get them to you.

23 Anyone else?

24 (No audible responses)

25 MS. McCAMMON: Okay, Paula, I've got the

1 numbers here, too.

2 CHAIRMAN PENNOYER: Okay. You've heard
3 this discussion and we all know, at this time, where the
4 process is at, would you care to enter a motion on where we
5 go from here?

6 MR. SQUARTSOFF: I have one more question,
7 if you don't mind, please.

8 CHAIRMAN PENNOYER: Sure, go ahead.

9 MR. SQUARTSOFF: With all due respect to
10 the panel, this is Larsen Bay, my name is Alvin Squartsoff,
11 my question is how does the Trustee Council feel towards
12 the shareholders as far as having commercial access and
13 subsistence access to the river, as far as concessions are
14 concerned?

15 CHAIRMAN PENNOYER: Well, I think that's
16 part of the discussion that's ongoing and certainly we
17 appreciate your feelings and your view points and those are
18 going to be taken into account in the negotiations. I
19 think the Trustee Council has been pretty insistent in the
20 other land acquisitions on the need to preserve subsistence
21 and the economies of the local corporations, so I think
22 this is certainly part of our feeling. If you have
23 additional things that you want us to consider you can
24 certainly -- free to send them in. I think you won't
25 be.....

1 MR. SQUARTSOFF: Is that a consideration?
2 I was asking a question, just a yes or no answer would be
3 just fine for me.

4 CHAIRMAN PENNOYER: I guess, yes. If we're
5 worried about it? Yes. If I remember the question
6 correctly. And I think when we get done here you'll see
7 that we have been listening to what you're saying and that
8 we are not taking a final vote on an actual agreement here,
9 this is simply a way station and an information to us. So
10 if somebody would care to make a motion on what we need to
11 do next.

12 Ms. Heiman.

13 MS. HEIMAN: Mr. Chairman, I would like to
14 make a motion. And as you just stated, this is just --
15 this is not to approve the deal, this motion is to say --
16 what it would do is to give direction to the negotiators
17 that we feel comfortable with the direction that things are
18 going and that we would urge the negotiators to continue
19 their negotiations. So I'll move and I'll read it so that
20 everyone the line knows. I move that the Council
21 direct the negotiators to proceed with Koniag negotiations
22 as generally described in the proposal framework, the Camp
23 Island operations and facility framework and the attached
24 spreadsheet that reflects the estimated value of the
25 account over time. Once the details of the purchase

1 agreement and proposed conveyance documents have been
2 resolved the negotiators and the Executive Director are to
3 submit them to the Trustee Council for review together with
4 a proposed resolution for approval for funding.

5 CHAIRMAN PENNOYER: Do we have a second?

6 MS. SEE: Second.

7 CHAIRMAN PENNOYER: It's been moved and
8 seconded, the motion as read by Ms. Heiman. Do we have any
9 further comments or questions? And again this is a motion
10 to proceed with the negotiations with the understanding
11 final packages will be coming back to us for approval at a
12 future date.

13 (No audible responses)

14 CHAIRMAN PENNOYER: Okay, all those in
15 favor of the motion as state, please say aye.

16 IN UNISON: Aye.

17 CHAIRMAN PENNOYER: Opposed?

18 (No opposing responses)

19 CHAIRMAN PENNOYER: Motion carries. Do you
20 care to discuss this any further? Do you think the
21 feelings of the Council are clear to you in the
22 negotiations?

23 MR. ELISON: I think I have a good sense of
24 the intent of the Council and look forward to negotiating
25 and achieving those objectives.

1 CHAIRMAN PENNOYER: Okay. We appreciate
2 that. We appreciate everybody on line that contributed to
3 this discussion and please feel free to communicate with us
4 because we do want to hear what you have to say on it.

5 MS. McCAMMON: And the motion and
6 attachments is being faxed to the those who gave me their
7 fax number.

8 CHAIRMAN PENNOYER: Okay. I think that
9 ends our business on Koniag at the moment. Would you care
10 to go on to the Tatitlek land purchases, small parcel
11 purchases, acquisition? And who wants to lead that
12 discussion?

13 MS. HEIMAN: Did we still have my motion on
14 the table?

15 CHAIRMAN PENNOYER: We had a motion on the
16 table which I wasn't sure whether you were through or not,
17 on something on contingency, which I think you probably
18 have to restate because it's two hours now.

19 MS. McCAMMON: There was no second.

20 MS. HEIMAN: No, Michele seconded.

21 MS. McCAMMON: Did Michele second it?

22 MS. HEIMAN: Yes.

23 CHAIRMAN PENNOYER: Yes.

24 MS. McCAMMON: Oh.

25 MS. HEIMAN: However, I'm glad to restate

1 it or we could just -- I'll withdraw if we want to still
2 discuss it, if that's preferable?

3 CHAIRMAN PENNOYER: Maybe it would be
4 easier if you changed your mind to withdraw it and make a
5 separate motion.

6 MS. HEIMAN: Okay. I'll withdraw it, but
7 I'm not sure I have the.....

8 CHAIRMAN PENNOYER: Does the second agree?

9 MS. SEE: The second agrees.

10 CHAIRMAN PENNOYER: Thank you.

11 MS. HEIMAN: I guess my comment would be, I
12 think we had some very good discussions earlier and I
13 believe that -- this is Marilyn Heiman for those you on the
14 line. I believe that the Forest Service has gone out and
15 followed up on what we had, in the past when I was not
16 here, but understand that we had approved them to look at
17 purchasing those homesites along the coast in the areas on
18 the map and I do think that we should honor that. I also
19 believe that it is a good idea to come back with a plan of
20 how we're going to deal with the whole area and what monies
21 will be used to purchase those, so that we can ensure that
22 we'll get as much of that area as we can possibly can get.
23 But I think it wouldn't be a good idea now to turn back
24 after negotiations, good faith negotiations, have moved
25 forward and people are feeling fairly set on these. And I

1 think this will set a precedent so others who live in that
2 area see that there is an interest by the Forest Service in
3 purchasing these lands and that it's something that could
4 be available for others who are interested.

5 CHAIRMAN PENNOYER: Was that a motion?

6 MS. HEIMAN: No, that was just my
7 statement.

8 CHAIRMAN PENNOYER: Oh, okay.

9 MS. HEIMAN: I would like to move that we
10 adopt -- or that we approve the purchases of the Tatitlek
11 homesites for 180,000 for the 13 sites.

12 MS. McCAMMON: There'll be a resolution to
13 follow.

14 MS. HEIMAN: And that at the next meeting
15 that the Forest Service would come forward with a plan to
16 discuss how the overall area will be addressed.

17 CHAIRMAN PENNOYER: Do I have a second?

18 MS. SEE: Second.

19 CHAIRMAN PENNOYER: Moved and seconded to
20 proceed with the purchase of the parcels as indicated in a
21 presentation to us. I guess it's the 13, and that a plan
22 be brought back to us on what it would require to acquire
23 further parcels in this area at the next meeting.

24 Is that about correct?

25 (No audible responses)

1 CHAIRMAN PENNOYER: Okay. All those -- I'm
2 sorry, Mr. Tillery, you had a question.

3 MR. TILLERY: I have a question. Are we
4 being asked, then, to approve the draft resolution that's
5 in the packet?

6 CHAIRMAN PENNOYER: I just asked the
7 Executive Director the same question.

8 MS. McCAMMON: Yes, but.....

9 CHAIRMAN PENNOYER: She said we'd do that
10 later, so I don't.....

11 MS. McCAMMON: Well, I meant we'll do it --
12 yes.

13 (Laughter)

14 CHAIRMAN PENNOYER: Well, we got consistent
15 answers anyway.

16 MS. McCAMMON: I think if you do the motion
17 you approve the purchase of the parcels and there is a
18 resolution to follow with that.

19 MR. HOLBROOK: Here's a corrected one?

20 CHAIRMAN PENNOYER: There's a corrected
21 resolution.

22 MS. McCAMMON: I have a corrected one here.

23 CHAIRMAN PENNOYER: So I think most of what
24 the resolution is, is to detail on having the hazardous
25 material surveys, other things. We do have to get to that.

1 MS. McCAMMON: Yes.

2 CHAIRMAN PENNOYER: I think the concept is
3 what the Trustee Council wants to do, at this time,
4 relative to the purchase of these 13 parcels and then where
5 we want to go from there. So I think the motion gets us
6 there and then maybe we need to deal with the resolution
7 specifically at that point. I was kind of trying to find
8 out if we all agreed with this.....

9 MS. HEIMAN: Concept.

10 CHAIRMAN PENNOYER: Well, proceeding with
11 the concept and then we'll do this detail afterwards.

12 MR. TILLERY: Today, though?

13 CHAIRMAN PENNOYER: Today, right now.

14 MR. TILLERY: Okay.

15 CHAIRMAN PENNOYER: Two seconds from now.
16 Well, 10 seconds. All those in favor of the motion signify
17 by saying aye, please.

18 IN UNISON: Aye.

19 CHAIRMAN PENNOYER: Opposed?

20 (No opposing responses)

21 CHAIRMAN PENNOYER: Motion carries. And
22 then would take us through the resolution, Ms. McCammon?

23 MS. McCAMMON: The resolution is one of the
24 fairly standard resolutions, indicating they are homesites
25 in Two Moon Bay and Snug Corner Cove, appraisals have been

1 done, they have -- these parcels have attributes which
2 will, if acquire, will restore, replace, enhance and
3 rehabilitate injured resources and the services provided by
4 those resources. Existing laws and regulations are
5 intended under normal circumstances to protect resources
6 from activities on the lands. However, restoration
7 replacement and enhancement of resources injured by the
8 EVOS presents a unique situation. Scientists and other
9 resource specialists agree that in their best professional
10 judgment protection of habitat in the spill area to levels
11 above and beyond that provided by existing laws and
12 regulations will have a beneficial effect on recovery of
13 injured resources and lost or diminished services provided
14 by these resources.

15 And I won't read, word-for-word, the entire
16 resolution, but it does go on to say that, therefore we
17 resolve to provide fund for the United States to purchase
18 all of the seller's rights and interests in these small
19 parcels and to provide funds necessary for closing costs
20 recommended by the Executive Director of the Council,
21 pursuant to the following the conditions, and it states the
22 amount of funds totally \$180,000 for the three [sic]
23 parcels, disbursement of the funds, authorization of the
24 funding disbursement of the funds, title search. That no
25 timber harvesting, road development or any other

1 alterations of the land initiated by the owner prior to
2 purchase. Completion of the hazardous materials survey,
3 compliance with NEPA. That a conservation easement on the
4 parcel satisfactory in form and substance to United States
5 and the State of Alaska, Department of Law, shall be
6 conveyed to the State. And that following execution of the
7 purchase agreement that the Alaska Department of Law and
8 the United States Department of Justice shall petition the
9 court for the funds.

10 CHAIRMAN PENNOYER: So you've had the
11 resolution read to you. Do I have a motion to move to
12 adopt and sign it or do we just sign?

13 MS. McCAMMON: Does this have to have the
14 contingency added to it or -- it's not really a contingency
15 it's just.....

16 MR. TILLERY: Mr. Chairman, my
17 understanding is there really isn't a contingency at this
18 point.....

19 MS. McCAMMON: Yeah.

20 MR. TILLERY:but I think that there
21 needs to be -- not necessarily this resolution, but added a
22 condition -- was that part of the original first motion to
23 come back?

24 CHAIRMAN PENNOYER: Motion that it would
25 come back, yes.

1 MS. McCAMMON: Yes.

2 MR. TILLERY: Come with a report?

3 MS. McCAMMON: Yes.

4 CHAIRMAN PENNOYER: Yes.

5 MR. TILLERY: So that's separate.

6 MS. SEE: It's taken care of.

7 MR. TILLERY: That's taken care of.

8 MS. McCAMMON: Okay.

9 CHAIRMAN PENNOYER: This is just, I think,
10 to implement the first part of the.....

11 MS. McCAMMON: The purchase part.

12 CHAIRMAN PENNOYER: The second part would
13 be -- so do we need to adopt this resolution formally or
14 just sign it at the end of the -- this is what we would be
15 signing at the end of meeting?

16 MS. McCAMMON: Yes.

17 CHAIRMAN PENNOYER: It seems to me this
18 does -- unless somebody argues with it, this does express
19 what we were trying to do in the motion.

20 MR. TILLERY: We need to adopt it, vote on
21 it now and then sign it.

22 CHAIRMAN PENNOYER: You want to vote on the
23 resolution, okay.

24 Okay. All those in favor of this resolution, as
25 presented by the Executive Director, signify by saying aye.

1 IN UNISON: Aye.

2 CHAIRMAN PENNOYER: Opposed?

3 (No opposing responses)

4 CHAIRMAN PENNOYER: The resolution carries
5 and we'll presumably sign it before we leave the meeting.

6 That is the last item I have. Oh, no, I have an
7 investment item, sorry.

8 MR. GIBBONS: A point of clarification. I
9 think we need to identify when the next meeting is so we
10 can let the Trustee Council members know when we'll come
11 back with a plan.

12 CHAIRMAN PENNOYER: Well, we have one more
13 item on the agenda.

14 MS. McCAMMON: I don't know when the next
15 meeting is. I don't know when I can get the Trustees
16 together.

17 MR. GIBBONS: You don't, okay.

18 MR. TILLERY: Mr. Chairman, can I say
19 something?

20 CHAIRMAN PENNOYER: You certainly may.
21 Mr. Tillery.

22 MR. TILLERY: I forgot to do this when we
23 first came back on but I need to report for purposes of
24 complying with Alaska Statutes.....

25 CHAIRMAN PENNOYER: Yes, thank you.

1 MR. TILLERY:that during the executive
2 session we did meet and did discuss the Koniag acquisition
3 and the Tatitlek small parcel acquisition as described in
4 the motion.

5 CHAIRMAN PENNOYER: And took no action at
6 that time.

7 MR. TILLERY: And took no action.

8 CHAIRMAN PENNOYER: Thank you, Mr. Tillery,
9 you reminded me I should have done that after we came back,
10 too.

11 MS. SEE: And I'm here for Michele again.

12 CHAIRMAN PENNOYER: Sorry?

13 MS. SEE: And I'm here for Michele again,
14 that needs to get back on the record.

15 CHAIRMAN PENNOYER: Right. Oh, do we need
16 to state that on the record? Okay. Marianne See is here
17 for Michele Brown who was called away. We don't need to go
18 into that.

19 Okay, I think we're on to the last item on the
20 agenda then, which is the investments, and do you want to
21 report on that, Molly or did you have somebody else?

22 MS. McCAMMON: Yes, Mr. Chairman. We have
23 two items regarding investments. And if you look in your
24 packet, the second page, the time line for all of the
25 various actions that the Council has to take regarding

1 investment of the joint trust fund are indicated here. And
2 you can see that the Council is moving right along here.
3 We're on May 22nd with the proposal to adopt a long-term
4 payout methodology and rule, and we'll be reviewing the
5 independent report of the Alaska State Department of
6 Revenue, Division of Treasury, relating to investment
7 custody and safekeeping functions. At this time the
8 Council is also scheduled to discuss custodial options,
9 investment consultants and investment managers.

10 The report that we have in your packet -- and
11 before you you also have a final copy on letterhead, you
12 had a draft version in your packet, but the final copy is
13 also there. This was requested by the Trustee Council to
14 have an independent assessment of the State Department of
15 Revenue's ability to provide various functions for the
16 Trustee Council for investment purposes. We should --
17 earlier we had on the line Bob Storer and Peter Bushre from
18 our Investment Work Group. Are either one of you or both
19 still on the line?

20 MR. STORER: Bob Storer, I'm here.

21 MS. HEIMAN: What a patient man.

22 MS. McCAMMON: Hi, Bob.

23 MS. HEIMAN: Thank you, Bob.

24 MS. McCAMMON: We had great food at lunch,
25 Bob. And I don't know, is Bill Wurts on?

1 MS. CRAMER: No, not at this time.

2 MS. McCAMMON: He's not at this time, but
3 he is available if we need him.

4 MS. CRAMER: I can phone him if you need
5 him.

6 MR. JENKS: This is John Jenks and I'm on
7 as well.

8 MS. McCAMMON: Okay. And John Jenks is
9 from the Division of Treasury. And Bob will be happy to
10 chime here as I go through this, but basically we asked the
11 consultant to review the organizational structure, the
12 equity and fixed income management practices, the asset
13 modeling procedures, the custody and safekeeping functions,
14 as well as the accounting functions of the State of Alaska
15 and report back to you with the consultant's assessment of
16 whether -- of the Department of Revenue's ability to
17 provide these services to the Trustee Council.

18 So what you have here in this report is, first of
19 all, a description of how things are organized within the
20 Division of Treasury. Looking at things that the fixed
21 income investments are managed internally, domestic
22 equities are invested through State Street Global advisors,
23 which is a division of State Street Bank. And the
24 international equities are managed by Lazard Asset
25 Management of New York.

1 On page three in the fixed income investment with
2 internal management of fixed income securities, it's the
3 consultant's opinion that this seems to have a reasonable
4 extensive history within the Division of Treasury. Michael
5 Chung, who is recently departed along with John Jenks, who
6 is his replacement, managed these assets and produced very
7 competitive results in the early '90s. The assessment now
8 is that, although they were very successful during a good
9 part of the '90s, in the past two years the relative
10 results have fallen off quite extensively, although they
11 are still consistent with the overall index. The primary
12 reason for this is that the U.S. Treasury market assumed
13 domination in the investment world, especially in the
14 summer and fall of 1998 when the default on the Russian
15 bonds and concern with the long-term capital situation
16 caused a considerable flight to quality and hence to U.S.
17 Treasuries. Because of their approach the U.S. Treasury
18 and agency part of the portfolio is typically underweighted
19 in the Division of Treasury's portfolio and that caused an
20 under performance during this period in several subsequent
21 quarters.

22 There was some concern expressed by the fact that
23 Michael Chung has left the Department of Revenue earlier
24 this year, he's been replaced by a Mr. Lee Livermore who is
25 just coming to work for the Division of Treasury now.

1 However, given the fact that John Jenks was very closely
2 involved in the fixed income section and will be at the
3 helm of the Division of Treasury it's, I think, safe to
4 assume that they will continue on the same path that they
5 have in the past. The consultant also said that once you
6 take into account the kind of fees that are charged by the
7 Division of Treasury, then the performance results compared
8 to others is very similar.

9 And if you look on -- I don't think these are page
10 numbered so it makes it a little hard to tell you which
11 page to go to.

12 MR. GIBBONS: Upper left-hand corner,
13 Molly.

14 MS. McCAMMON: Oh, okay. There it is,
15 there where my staple was. But you can see on page 4, some
16 of the results for the periods ending on 12/31/99, over one
17 year, three year, five year, eight year and 10 year. So
18 overall for fixed income I think that the assessment is
19 that they've done not quite as well in the last couple of
20 years, but overall it's a solid approach and certainly
21 competitive.

22 Under domestic equity investments, these are
23 invested in two index funds, it's managed by State Street
24 Global advisors which are designed to replicate the Russell
25 3000 Index. In the past what they have done is purchase a

1 certain percentage of equities within the S&P 500 and then
2 with a certain percentage, a smaller amount, of smaller
3 companies in order to replicate the performance of the
4 Russell 3000 Index. They now have a new ability to have an
5 actual Russell 3000 fund, and the assessment is that this
6 will be to the Council's benefit.

7 The fees, again, are extremely competitive,
8 estimated at approximately one basis point. They're
9 calculated at the incremental dollar on top of the funds
10 that are already invested by the State.

11 And on the bottom of page 5 you can see the
12 performance of treasuries, domestic equities compared to
13 the Russell 3000 and then this median ICC equity fund, this
14 is a fund that's used by consultants in order to do some
15 comparison and analysis of how various funds do. So you
16 can see that Division of Treasury has been very competitive
17 in terms of domestic equities.

18 For international equities, this is run by Lazard
19 Asset Management, it's actively managed, it is not a
20 passively managed account and, again, you can see here on
21 page 6, kind of in the middle, how these funds have
22 compared in terms of their rate of return for one year,
23 three year and five year. And again all very competitive
24 over both the short-term and longer term.

25 These returns are on a pre-fee basis and again

1 Division of Treasury for active management here is offering
2 a fee of 15 basis points.

3 Under asset allocation, the assessment, and
4 probably Bob Storer can talk about this a little more. I
5 think it was the general conclusion of the consultant that
6 the asset allocation mix adopted by the Council is a fairly
7 -- relatively conservative one. They also believe that
8 it's based on relatively conservative input
9 characteristics. In other words, when Callan Associates
10 puts together the model and tries to estimate and calculate
11 over time what the rate return is, that they had used
12 fairly conservative numbers in there. But the bottom line
13 is that if they are conservative assumptions then one can
14 only assumed that the Council should be doing better than
15 anticipated. So it's actually to our favor in that sense.

16 On page 8 and 9, this section goes over the fees
17 and you can see on page 8 we have what the Division of
18 Treasury is putting forth as the fees for managing the
19 Trustee Council accounts and the approximate overall fee of
20 about six basis points or for approximately \$100,000,000 in
21 assets about \$61,000. If you were to actively manage all
22 of those accounts and not use some kind of pooling and
23 passive management, on page 9 you would expect to pay 43
24 basis points or about 425,000. So 61,000 for what the
25 Division of Treasury would do and 425,000 or so.

1 If you wanted to compare apples to apples with the
2 mixture that Division of Treasury has of active and passive
3 management, the next section, which describes the fees,
4 kind of typical fees for that kind of management, would be
5 about 23 basis point, 230,000. So to really compare what
6 -- if you were to go on to the open market and try to get
7 what the Division of Treasury would be offering, you would
8 have to pay probably at least 23 basis points to get
9 comparable kinds of investment on that amount of funds.

10 The consultant did meet with the Comptroller with
11 the State of Alaska and the Assistant Comptroller regarding
12 accounting and custodial services and felt that all of
13 those were very sufficient, that reporting could be
14 tailored to the Council's needs, that they adhere to
15 standards, various standards, even when not legally
16 required to. That they had very good reporting abilities
17 and that all and all the Department of Revenue, Division of
18 Treasury would appear to be a relatively safe and extremely
19 cost effective method of investing the Council's assets.

20 While the bond performances suffered somewhat in
21 recent years, the long-term record is reasonably
22 competitive. In addition the State Street Global advisor's
23 Russell 3000 fund for domestic equities and the Lazard
24 International equity performance each appeared to be well
25 above average over the long-term and since this is 58

1 percent of the portfolio it should be the dominant factor
2 in future results of the joint trust fund.

3 Accordingly, we would feel comfortable in
4 recommending the investment management and custodial
5 functions as proposed by the Alaska Department of Revenue,
6 Division of Treasury.

7 And if you have any detail questions, Bob Storer is
8 on the line, we can also get ahold of Bill Wurts, if
9 needed. He was scheduled to be here on the 25th when the
10 meeting was scheduled for the 25th, but had a conflict for
11 today.

12 MR. BUSHRE: Peter Bushre is on line, too.

13 MS. McCAMMON: And Peter Bushre is on line
14 also.

15 MS. HEIMAN: I liked your summary, Molly,
16 it was much shorter than Bill Wurts.

17 (Laughter)

18 CHAIRMAN PENNOYER: Questions by Trustee
19 Council members?

20 (No audible responses)

21 CHAIRMAN PENNOYER: And what is the action
22 required here, Molly?

23 MS. McCAMMON: On this one there is no
24 action required. What we would like to do is -- I think
25 it's pretty obvious that the two major options for the

1 Trustee Council for investment are either through the State
2 Division of Treasury or through the private sector. And,
3 obviously, Division of Treasury offers very, very
4 competitive cost effective fees and for a rate of return
5 that seems to be very competitive with others on kind of
6 the open market.

7 Under our schedule what we would suggest doing is
8 that at the next meeting is that this report be sent out to
9 those members of the private investment sector who have
10 contacted us and who have expressed interest in the process
11 and in possibly bidding or having some participation in
12 this, that they the opportunity to look at this report,
13 provide any written comments that they might have to the
14 Trustee Council, that there be a public hearing on it
15 scheduled for the next meeting and that given what happens
16 after that, I think it's the Investment Work Group's
17 recommendation and my recommendation to go forward and
18 placed the trust funds with the State Treasury.

19 CHAIRMAN PENNOYER: Okay, what does this
20 mean, Trustee Council adopts long-term payout here?

21 MS. McCAMMON: That's second, we haven't
22 come to there yet.

23 CHAIRMAN PENNOYER: We haven't gotten
24 there, okay, second.

25 Any comment by Trustee Council members or

1 discussion of the Executive Director's proposed procedure?

2 (No audible responses)

3 CHAIRMAN PENNOYER: Do I hear any contrary
4 views? This isn't a motion exactly, I guess, but do you
5 understand and agree with what Molly's proposing?

6 (No audible responses)

7 CHAIRMAN PENNOYER: I see a lot of nods
8 around the table and no negative, except Mr. Tillery is
9 wagging his finger at me.

10 MR. TILLERY: Mr. Chairman.

11 CHAIRMAN PENNOYER: Yes.

12 MR. TILLERY: Just that I agree with what
13 is said in here, and as I understand from this is the
14 Treasury does a very competent technical job with this.
15 The Treasury -- in terms of their managerial skills. But
16 also they do a very good job of investing it, roughly in
17 the average with the rest of the country, but where they
18 really excel, for our purposes, is with the fees and the
19 fees make-up, I mean, really will push our net return
20 ahead, and that's certainly consistent with everything that
21 I understand. And I will look forward to seeing if there
22 is anything from the private sector that can compete with
23 this, but it's nice to know that there is, clearly, a very
24 good alternative available.

25 CHAIRMAN PENNOYER: Very succinctly stated.

1 So I don't see anybody objecting to the procedure proposed
2 by Ms. McCammon, and so then, fine, we'll proceed to the
3 next part of the agenda.

4 MS. McCAMMON: Okay. The item that is
5 before you for action today, and this follows the draft
6 report in your packet, and there is a draft motion for your
7 consideration. And, if you recall, this was discussed at
8 the last meeting and it concerns a proposed payout schedule
9 for the next seven years. And what we were trying to do
10 with this is to be able to give the program some idea of
11 what amount of funding would be available over the next
12 five to seven years, provide some stability to the program,
13 but still allow, eventually, for inflation proofing of the
14 fund once it is totally capitalized, to allow for some
15 growth to the fund and to try to have kind of a minimum
16 program of approximately \$6,000,000.

17 So there is a draft motion that the amount to be
18 disbursed for research monitoring and general restoration
19 shall be based on the following schedule: fiscal year 2001,
20 which is the one we're currently preparing for right now,
21 the Annual Work Plan and administrative costs shall not
22 exceed seven and a half million. And that's the scenario
23 we're currently operating under. Fiscal year 2002 the Work
24 Plan and the administrative costs shall not exceed six and
25 a half million dollars; fiscal year 2003 they shall not

1 exceed \$6,000,000; fiscal year 2004 they shall not exceed
2 \$6,000.000.

3 In fiscal year 2005, by that time the account will
4 have had a three year track record of investments, the
5 Annual Work Plan and administrative costs shall not exceed
6 four and a half percent of the average market value over
7 the past three years of the joint trust funds earmarked for
8 long-term research monitoring and general restoration. In
9 fiscal year 2006 it would be four and a half percent of the
10 average over the past four years. And then beginning in
11 fiscal year 2007 and in the subsequent years it would be,
12 not exceed four and a half percent of the average market
13 value over the past five years. So at that point it would
14 it on to a five year rolling average.

15 CHAIRMAN PENNOYER: What does that come out
16 to, about?

17 MS. McCAMMON: Well, if you look a the next
18 page, which is the recommended payout option, this is based
19 on a number of assumptions. It's based on assuming that we
20 follow along with how much money is being allocated for
21 research and monitoring, that certain amounts are lapsed,
22 that the funds start being invested in this new scenario by
23 August and a number of other assumptions. But it -- under
24 this recommendation of four and a half percent payout you
25 can see in 2005 that it actually -- the three-year average

1 estimated is five and a half million, 2006 5.7, 5,986,000
2 and then 2007 5,817,000. This is a little under
3 \$6,000,000, however, based on the report from Bill Wurts
4 who believes that the estimates for the State's asset
5 allocation mix -- he believes that the Council will do
6 quite a bit better than what's estimated under that
7 scenario.

8 I think that this is still a conservative enough
9 proposal, it allows for inflation proofing the fund, it
10 allows for at least a half percent of growth over the fund
11 and, hopefully -- our hope is that it will allow for, at
12 least, a minimum of \$6,000,000 a year program for that
13 period of time.

14 Starting in fiscal year 2008 the fund does begin to
15 grow and it will grow, actually, quite substantially after
16 that. And if all of these assumptions are conservative and
17 it actually does as well as things have been going in the
18 last five years, which is probably too optimistic, but even
19 half as well as they've done in the last five years, there
20 should be substantial growth in the fund over this period
21 of time.

22 But this is tracking with the Council's direction
23 of inflation proofing, allowing for some growth and yet
24 still allowing for a stable program over the short-term and
25 then have it grow over the long-term.

1 CHAIRMAN PENNOYER: So what you're doing is
2 fixing the appetite through 2004, regardless of what
3 happens and then.....

4 MS. McCAMMON: Yes.

5 CHAIRMAN PENNOYER:from there on it
6 fluctuates with the rate the investment recovers with
7 inflation proofing.

8 MS. McCAMMON: Yes, but once you get to a
9 five year average you can have a fairly significant
10 increases and decreases and still have some stability in
11 the program, it kind of evens that out.

12 CHAIRMAN PENNOYER: Okay. And adopting
13 this means -- subject to what's going on, but yeah.

14 MS. McCAMMON: That we would know exactly
15 what to spend for the next seven years.

16 MS. HEIMAN: Mr. Chairman, I think Marianne
17 See had a question.

18 CHAIRMAN PENNOYER: Yes, I'm sorry.

19 MS. SEE: Yeah, I have a question about the
20 -- in the three that you presented here, option A, B and C,
21 I was just curious as to what would be your basis for
22 recommending option A over option C? Option A being four
23 and a half percent and option C being five percent, what
24 would the advantage of going with 4.5?

25 MS. McCAMMON: The advantage is that if, in

1 fact, the estimated rate of return is accurate, going with
2 the four and a half percent allows a half percent for
3 growth in the fund. And just in our discussion at the last
4 meeting there was some indication that the Council would
5 like to see that happen, so it's being a little on the
6 conservative side. There was actually some indication from
7 some of the Trustees that they were pushing for the four
8 percent, so we were being more aggressive with the four and
9 half percent.

10 CHAIRMAN PENNOYER: Further questions?

11 MS. McCAMMON: These numbers can always be
12 changed upon unanimous consent of the Trustee Council, but
13 it does kind of set a policy in motion.

14 CHAIRMAN PENNOYER: Okay, so the motion
15 would be as read by the Executive Director, total amount to
16 be disbursed for research monitoring, general restoration
17 shall be based on the following schedule and so forth. Do
18 I have a motion?

19 MS. HEIMAN: Not from me.

20 CHAIRMAN PENNOYER: Are you one of the four
21 percenters, is that the problem?

22 MS. HEIMAN: I'm one of the five
23 percenters.

24 CHAIRMAN PENNOYER: One of the five
25 percenters. Are you a four percenter? You guys want to

1 compromise right now and somebody make a motion?

2 MR. TILLERY: Mr. Chairman, I would move
3 that we adopt the draft motion. Ms. McCammon, did you read
4 this word by word?

5 CHAIRMAN PENNOYER: She did read it.

6 MS. McCAMMON: Yes, I did.

7 MR. TILLERY: As read by Ms. McCammon
8 earlier and is included in the packet.

9 CHAIRMAN PENNOYER: Including the four and
10 a half percent?

11 MR. TILLERY: Including the four and a half
12 percent.

13 CHAIRMAN PENNOYER: Do I have a second?

14 MR. BOSWORTH: Second.

15 CHAIRMAN PENNOYER: All in favor signify by
16 saying aye.

17 IN UNISON: Aye.

18 CHAIRMAN PENNOYER: All opposed?

19 (No opposing responses)

20 CHAIRMAN PENNOYER: You have some
21 direction.

22 MS. McCAMMON: Yes, thank you very much.

23 CHAIRMAN PENNOYER: And what else do you
24 have on the agenda?

25 MS. McCAMMON: That's it. Scheduled for

1 the next meeting will be a public hearing on the Council's
2 options for the custodian investment and management
3 functions of the trust fund. Also, if it's after June
4 15th, we'll be looking at a status report on all of the
5 small parcels that currently in the hopper and where we are
6 with those and whether there's any monies that need to be
7 reprogrammed. We're having a little bit of difficulty
8 trying to get a date with sufficient number of Trustees
9 available, so it's quite possible that those two things may
10 not happen at the same meeting, we may only be able to get
11 enough people to do the first one, we just haven't figured
12 that out yet.

13 CHAIRMAN PENNOYER: As I recollect the
14 motion on Tatitlek had something about a contingency plan
15 brought to then next.....

16 MS. McCAMMON: Come back, right.

17 CHAIRMAN PENNOYER: Plan brought to the
18 next meeting, would that be possible by June 15th?

19 MR. GIBBONS: Yes.

20 CHAIRMAN PENNOYER: Okay, thank you. Okay.
21 Well, then anybody have any other questions or shall I
22 entertain a motion to adjourn? And don't say not from me.

23 MS. HEIMAN: I so move we adjourn.

24 MS. McCAMMON: To recess.

25 MS. HEIMAN: To recess.

1 MR. TILLERY: If we recess, do you stay?

2 CHAIRMAN PENNOYER: No, we cannot recess.

3 (Laughter)

4 CHAIRMAN PENNOYER: Well, you could then my
5 substitute gets to take the chair. It's been moved and
6 seconded that we adjourn, all those in favor signify by
7 saying aye.

8 IN UNISON: Aye.

9 CHAIRMAN PENNOYER: Thank you very much.

10 MS. HEIMAN: Thank you, Steve.

11 MS. McCAMMON: Thank you, Steve.

12 (Off record)

13 (MEETING ADJOURNED - 2:35 P.M.)

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