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EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

VOLUME I

Public Meeting
Monday, December 4, 2000
1:00 o'clock p.m.

Fourth Floor Conference Room
645 G Street
Anchorage, Alaska

TRUSTEE COUNCIL MEMBERS PRESENT:

STATE OF ALASKA - DEPARTMENT OF LAW: (Chairman)	MR. CRAIG TILLERY Trustee Representative for the Attorney General
U.S. DEPARTMENT OF COMMERCE, NMFS:	MR. JAMES W. BALSIGER Director, Alaska Region
STATE OF ALASKA - DEPARTMENT OF FISH AND GAME:	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. MARIANNE SEE for MS. MICHELE BROWN Commissioner

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1 TRUSTEE COUNCIL STAFF PRESENT:

2 MS. MOLLY McCAMMON Executive Director

3 MS. SANDRA SCHUBERT Director of Restoration

4 MS. PAULA BANKS Administrative Assistant

5 DR. BOB SPIES Chief Scientist

6 DR. PHIL MUNDY Science Coordinator

7 MS. SARAH WARD Community Facilitator

8 MS. DEBORAH HENNIGH Special Staff Assistant

9 MS. VERONICA CHRISTMAN DNR

10 MS. DEDE BOHN U.S. Geological Service

11 MR. KEN HOLBROOK U.S. Forest Service

12 MR. BARRY ROTH U.S. Department of Interior

13 MR. BILL HAUSER ADF&G

14 MS. CLAUDIA SLATER ADF&G

15 MS. CAROL FRIES ADF&G

16 MR. BRUCE WRIGHT NOAA

17 MR. ALEX SWIDERSKI State of AK, Dept. of Law

18 MS. MARIA LISKOWSKI U.S. Forest Service

19 MS. GINA BELT Department of Justice

20 MR. GLENN ELISON U.S. Fish & Wildlife Svc.

21 MR. BUD RICE National Park Service

22 MS. CATHERINE BERG U.S. Fish & Wildlife Svc.

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1 CHAIRMAN TILLERY: It's been moved and
2 seconded. Is there any objection?

3 (No audible responses)

4 CHAIRMAN TILLERY: Hearing none the meeting
5 notes are approved.

6 The initial item on the agenda is a public comment
7 period. I believe that on line we have Chinitna, Seward
8 and Juneau. Is there any community out there, other than
9 those?

10 UNIDENTIFIED VOICE: Anchorage.

11 CHAIRMAN TILLERY: Oh, Anchorage, okay, we
12 got somebody -- and anyone else

13 MS. KATELNIKOFF KAISER: Port Lions.

14 CHAIRMAN TILLERY: Port Lions

15 MR. MEIKELJOHN: Craig, Brad Meikeljohn
16 calling from Washington, D.C.

17 CHAIRMAN TILLERY: Okay. Is there any
18 other community?

19 UNIDENTIFIED VOICE: Larsen Bay.

20 CHAIRMAN TILLERY: Larsen Bay. Okay.
21 Anyone else?

22 (No audible responses)

23 CHAIRMAN TILLERY: Okay, let's start with
24 Port -- and what I'd ask -- we got a lot of people and I
25 think a lot of people want to comment, we have a very, very

1 full agenda for a day and a half and I would like to ask
2 everybody to please try and keep your comments to about
3 three minutes. So with that, if we could start with Port
4 Lions, is there anyone in Port Lions who would like to
5 comment?

6 MS. KATELNIKOFF KAISER: I would like to
7 save my comments. My name is Wanda Katelnikoff Kaiser, I
8 am the great-great-granddaughter of Meleaki (ph) who was
9 the chief of Karluk many years ago, who today is buried
10 under the Karluk church, but I would like to save my
11 comments for later, if possible.

12 CHAIRMAN TILLERY: We will come back
13 around, so we will ask again at the end of the session. Is
14 there anyone else in Port Lions?

15 (No audible responses)

16 CHAIRMAN TILLERY: Okay. Larsen Bay, is
17 there anyone in Larsen Bay who would like to comment?

18 (No audible responses)

19 CHAIRMAN TILLERY: No. Okay. Brad
20 Meikeljohn, did you have a comment?

21 MR. MEIKELJOHN: No, I was just listening
22 in to the meeting on the small parcel account.

23 CHAIRMAN TILLERY: Okay. Is there anyone
24 in Chinitna Bay who would like to comment?

25 MS. HAEG: Yes, there is, this is Mary Haeg

1 and my husband Bob Haeg, we would like to make comment.

2 CHAIRMAN TILLERY: Okay. Could you please
3 -- and this is true for everyone, if you could please spell
4 your name for the court reporter here, then go ahead with
5 your comment.

6 MS. HAEG: It would be Mary and Bob Haeg,
7 the last name is spelled H-A-G-G. We are a 26-year
8 resident of Chinitna Bay, which is on the west side of Cook
9 Inlet, the southern boundary of the Lake Clark National
10 Park. I'm going to put my husband on and I'll be back in a
11 minute.

12 MR. HAEG: Hello.

13 CHAIRMAN TILLERY: Good morning.

14 MR. HAEG: Yeah, this all started, this
15 terrible thing all started in '89 when the oil spilled.
16 Since then everything has gone downhill, but in '89 we
17 caught almost 8,000 chums, around 8,000 chums and four year
18 [sic] later we caught 366, so -- now, it started there, but
19 it could be pollution, too, from Anchorage on the rest of
20 it, but I don't know if we lost our big snails. We have
21 big snails down here, but I have to have a four or five
22 foot minus tide to tell you that, I won't know that until
23 next summer, but the wife -- I'll put the wife on and she
24 can tell you what else has gone.....

25 MR. HAEG: Okay, this is Mary back again.

1 I'd like to go down the things that we see missing. We
2 raised our youngest son here in the Bush so we have gone
3 over this whole area and know a lot about the area. The
4 first one, halibut, we used to catch halibut right out in
5 this bay, many people caught halibut out in this bay. Now
6 we can go out into the bay, we can put down herring on the
7 bottom and, you know, even the sealife won't eat it, we
8 can't catch any halibut at all out here. We did, to get
9 our subsistence, go out with a (indiscernible), they had to
10 go out into 280 feet of water to catch any halibut. When
11 we were fishing for halibut we used to catch soles,
12 flounders and cod, there are none, we don't have any bites
13 on those at all.

14 When we went halibut fishing we used to see many
15 seals around us, beluga whales, we do not see any seals or
16 beluga whales, there's very few seals left in the bay. We
17 used to see needlefish jumping, there are no needlefish
18 jumping. The herring has been closed commercially because
19 there are no herring coming back. We used to have crabs,
20 we used to have dungeness, tanner and king crab. There are
21 no crabs at all left in the bay. We used -- the rangers,
22 the Lake Clark rangers notice that all of our barnacles are
23 dying off. And to the year 2000, this year, we looked out
24 in front of our beach, which was all full of blue mussels,
25 they're all gone, every blue mussel is gone. We have very

1 few pink clam shells, and I think these are what the wild
2 birds eat when they come into the bay.

3 We did set a test net for Fish and Game, we have
4 been to Fish and Game, we have more dogfish in our net than
5 we have salmon. We had 40 dogfish in a small short net.
6 We have airboats in our spawning streams, we have lack of
7 escapement and yet we leave our commercial sport fishermen
8 go up into our spawning streams and catch as many fish as
9 they can catch and release. We just need something done,
10 we need somebody to look into the destruction of a
11 beautiful place that we'd all be proud to come and visit
12 and we have bear viewing down here, we have clam beds down
13 here, it's just God's world down here and somehow there's
14 something that's destroying it, so we do hope that you'll
15 consider looking into this and if we could be of any more
16 help, please call us.

17 And I'm sorry we took so long, but we're very upset
18 with what's happening down here. Thank you very much.

19 CHAIRMAN TILLERY: Thank you. And, again,
20 thank you for keeping your comments within the time. Are
21 there questions or comments from the Trustee Council
22 members?

23 MR. RUE: Where do you begin?

24 CHAIRMAN TILLERY: Commissioner Rue.

25 MR. RUE: Yeah, I'm not sure I can

1 formulate -- this is Frank Rue, Commissioner of Fish and
2 Game. Have you noticed a pattern of use that's changed
3 besides more sport fishing up the rivers for the commercial
4 halibut? What sort of fishing patterns.....

5 MS. HAEG: I cannot hear Mr. Rue.

6 CHAIRMAN TILLERY: Okay. We had a little
7 trouble with the mikes, let's see if this works.

8 MR. RUE: Can you hear me now?

9 MS. HAEG: Yes.

10 MR. RUE: Okay. Have you seen a changed
11 pattern of use down in the bay by either sport fishermen,
12 commercial fishermen?

13 MS. HAEG: I lost you again.

14 MS. McCAMMON: I think they're cutting out.

15 MS. HAEG: To answer that, I heard what you
16 said, a difference in the change. Our commercial fishing
17 has all stopped, most commercial fishing on the west side
18 of Cook Inlet has stopped because there's a loss of fish
19 coming back. But, of course, a beautiful place like this
20 that has made a new way of life for what I call commercial
21 sport fishing lodges, so they go up into our spawning beds
22 and on airboats can go 24 hours a day, seven days a week,
23 unlimited number of clients and unlimited number of tourist
24 lodges, we have no restrictions on them. And I think the
25 first thing we have to do in Alaska is get escapement up

1 our spawning streams before we can let anybody go up those
2 spawning streams.

3 MR. RUE: Thank you very much. I know
4 that's our first priority, too, is to get escapement up
5 there. I didn't realize there was that much traffic on top
6 of spawning beds, so I'll look into that.

7 MS. HAEG: Okay, thank you, Mr. Rue.

8 CHAIRMAN TILLERY: Okay. Thank you.
9 Anyone else on the Council?

10 (No audible responses)

11 CHAIRMAN TILLERY: Okay, thank you very
12 much, Mr. and Mrs. Haeg. Is there anyone else in Chinitna
13 Bay?

14 MS. HAEG: No, and we won't be able to hold
15 on the line because we are on a cell phone.

16 CHAIRMAN TILLERY: Okay.

17 MS. HAEG: But we really appreciate being
18 able to make our feelings known and we will on a five foot
19 minus tide, we will check those snails, we had sand dollars
20 and we had star fish. We also noticed that when the tides,
21 the high tides come in and usually wash shells up on the
22 beach, that we have fewer and fewer shells coming in, so we
23 know something is killing off this whole bay and we hope
24 somebody can give us an answer and help us.

25 CHAIRMAN TILLERY: Okay. And what you can

1 do is when you get your additional information if you can
2 send it to Molly McCammon at the Exxon Valdez Trustee
3 Council she will make sure that it gets to Commissioner Rue
4 and other people who should see it.

5 MS. HAEG: Okay, thank you very much.

6 CHAIRMAN TILLERY: Thank you very much.

7 MS. HAEG: Bye-bye.

8 CHAIRMAN TILLERY: Okay. Next, is there
9 anyone from Seward?

10 (No audible responses)

11 CHAIRMAN TILLERY: Is there anyone from
12 Seward who would like to make a comment?

13 (No audible responses)

14 CHAIRMAN TILLERY: Is there a Jeanne
15 Galvano?

16 MS. McCAMMON: She's going to be on for the
17 archaeology.

18 CHAIRMAN TILLERY: Oh, okay. Juneau, is
19 there anyone from Juneau who would like to comment?

20 MR. MEACHAM: This is Chuck Meacham, I'm on
21 the line, but I don't have any comment to make.

22 CHAIRMAN TILLERY: Okay. Anyone else from
23 Juneau?

24 MR. ANDREWS: Yes, Rupe Andrews, I'm on the
25 line, but I'm only here to give a report.

1 CHAIRMAN TILLERY: Okay. Is there anybody
2 who has joined us that I haven't asked about your location
3 yet? I heard a couple of beeps that sounded like people
4 may have been coming in and out. Are there any other
5 villages or communities?

6 MS. REFT: Yes, this is from Kodiak and we
7 just hooked in and this is Dolly Reft speaking and I have
8 other people here in attendance.

9 CHAIRMAN TILLERY: Okay. Is there anyone
10 there who would like to make a comment?

11 MS. REFT: Can we go around and introduce
12 the people who are here, first, from Kodiak?

13 CHAIRMAN TILLERY: That would be good, and
14 again, since you just joined in, I'd like to reiterate that
15 because we do have a very full agenda for the next day and
16 a half, we asked everybody to limit their individual
17 comments to three minutes, but with that, why don't you go
18 ahead and introduce who you have and then we can take some
19 comments.

20 MS. REFT: All right. Well, first of all,
21 my name is Dolly Reft.

22 MS. PHYA: Constance Phya.

23 MS. KNAZIN: Julie Knazin.

24 MS. DURANT: John Durant.

25 (Indiscernible - away from telephone)

1 CHAIRMAN TILLERY: We're losing you as it
2 goes around the room, you're getting farther away from
3 whatever speaker system, so you might want to be a little
4 closer. About the last two people, you might want to
5 repeat your names.

6 MS. REFT: Okay, can you hear us better
7 now?

8 CHAIRMAN TILLERY: Yes, I can.

9 MS. ZHAROFF: Tonya Zharoff.

10 (Indiscernible)

11 MS. REFT: Hello.

12 CHAIRMAN TILLERY: Hello.

13 MS. REFT: Can you hear us?

14 CHAIRMAN TILLERY: The last one was not
15 audible.

16 MS. REFT: Go ahead, your name again.

17 (Indiscernible): Lori (indiscernible)

18 CHAIRMAN TILLERY: Okay.

19 MS. REFT: Can you relay to us who we're
20 speaking to in the other areas, please?

21 CHAIRMAN TILLERY: Well, the other areas
22 that are on line are Seward, Juneau, Larson Bay,
23 Washington, Anchorage, and Port Lions. Now, is there
24 anyone there who would like to make a comment at this time?

25 MS. REFT: I'd like know who we're talking

1 to in Larsen Bay, if we could, please.

2 MS. PANAMARIOFF: This is.....

3 CHAIRMAN TILLERY: I'm sorry, Larsen Bay,
4 could you identify yourself?

5 MS. PANAMARIOFF: This is Jesse
6 Panamarioff.

7 CHAIRMAN TILLERY: Okay. Is there anyone
8 in -- I assume that you're in Karluk, Ms. Reft?

9 MS. REFT: I don't know, I'm just asking, I
10 can only speak for Kodiak and who we are here. Is there
11 anybody else attendance besides Larsen Bay?

12 CHAIRMAN TILLERY: Okay. Just the ones
13 that I mentioned. Is there anyone there in Kodiak with you
14 that would like to make a comment?

15 MS. REFT: Well, yes, in reference to this
16 meeting, this all current information that we received and
17 we haven't had time to really look over the proposed -- the
18 drafted proposal that I received from Molly. And I'd like
19 to just read a statement quickly and just for the record
20 we're speaking as landowners and we are Karluk shareholders
21 of the lands that are being described concerning the 1,860
22 acres and I'd like to read a statement that I provided and
23 also acknowledge the fact that we've had very little time
24 to review any information because we've not been included
25 in these negotiations.

1 CHAIRMAN TILLERY: Okay, go ahead and read
2 your statement. But, again, please try to keep it within
3 about two more minutes.

4 MS. REFT: All right. I submit this
5 testimony for the record of this meeting with regard to
6 acquisition of our lands for the purpose of permanent
7 habitat protection by the Exxon Valdez Oil Spill Trustee
8 Council. The lands that are currently in negotiations
9 between EVOS Trustee Council and the Karluk Native Village
10 Tribal Council represent 186 original Karluk members. I'm
11 one of these landowners and all of us are indigenous to our
12 village of Karluk. In order for your Council to enter into
13 these negotiations concerning the 1,860 acres within our
14 tribal boundaries, you must first identify the people these
15 lands represent. We've not been informed of these
16 negotiations, therefore, I've not had an opportunity to be
17 involved in the process of acquiring our land.

18 According to the draft recently received by
19 Ms. McCammon, November 29th, 2000, the reference to
20 Attachment B, as an example, receiving title to acquired
21 parcels, defines ownership that we will no longer have once
22 acquisition has been formalized. ADF&G, ADNR, DOI, USFS'
23 optimum goal is to obtain title to our land.

24 Within the short time we've had to review this
25 proposal, I call it short time, the following observations

1 reflecting people indigenous to Karluk and the lands you
2 propose to acquire follow. The governing body of Karluk
3 Village derives its powers from the consent of its members.
4 It's established to protect the collective rights of our
5 tribal members and execute the will of the members. In
6 accordance to our constitution, our people are subject to
7 jurisdiction of our tribe wherever we may reside. The
8 members are to have full and equal protection of law,
9 traditional law, tribal law, natural law, rule of law and
10 the recognized procedures.

11 The proposal submitted for this meeting by EVOS
12 Trustee Council has not met the obligation to ensure the
13 protections of our Native indigenous rights to our village
14 of Karluk and the lands defined by our members.

15 I submit this for the record. The survival of our
16 people and our ownership for lands that secure our
17 inheritance in perpetuity as indigenous Aleuts and Karluk
18 Native Village can only be determined by the Native people
19 themselves. This includes the best interests of all 186
20 Karluk Native landowners as defined by the letter submitted
21 by Koniag, November 15th and Honorable Don Young's letter
22 of November 20th. Unless the owners are identified to that
23 land, any and all negotiations simply reflect the wishes of
24 a few, but fail to represent all the landowners and their
25 rights within their ownership and the trust relationship

1 regarding our government.

2 I'm going to fax this to you so you can preview
3 this, but basically what I'm saying, and I'm not sure whom
4 I'm talking to, so basically what I'm saying to you is that
5 these lands that are being negotiated reflect 186 people
6 and we're very interested in negotiations and we're very
7 concerned about the ownership involved.

8 CHAIRMAN TILLERY: Okay. Thank you. I'm
9 Craig Tillery with the Department of Law, I'm chairing the
10 meeting here.

11 Ms. McCammon, can you give her the fax number?

12 MS. McCAMMON: Dolly, you have the fax
13 number still, don't you?

14 MS. REFT: You could reiterate that for me
15 again, please, for everybody else's reference.

16 MS. McCAMMON: 276-7178.

17 MS. REFT: All right, thank you.

18 CHAIRMAN TILLERY: Okay, thank you. Are
19 there questions or comments from Council members for
20 Ms. Reft?

21 (No audible responses)

22 CHAIRMAN TILLERY: Okay, thank you. Is
23 there anyone else in Kodiak with you that would like to
24 make a comment at this time?

25 MS. KNAZIN: Hello, my name is Julie

1 Knazin, what I'd like to say is that what Dolly Reft said,
2 I think, is supported by all of us in this room and
3 including many others who are not able to attend this
4 meeting.

5 CHAIRMAN TILLERY: Okay, thank you. Could
6 you please spell your last name for the record and perhaps
7 get a little closer to the mike?

8 MS. KNAZIN: K-as in king, N-as in Nancy,
9 A-Z-I-N. I'm not, right now, a Karluk member, but I have
10 two older daughters who are living down south who asked me
11 to represent them up here at meetings.

12 CHAIRMAN TILLERY: Okay, thank you. Are
13 there questions or comments from Council members?

14 (No audible responses)

15 MS. VINBERG: I have a comment. My name is
16 Sandra Vinberg, V-as in Victor, I-N-B-E-R-G. I'm an
17 original Karluk shareholder. I concur with Dolly's brief
18 that she just spoke of, because I believe I have land in
19 Karluk that's being negotiated unbeknownst to me, nothing
20 been shown to me and I'm very concerned about that and I
21 want you people to know.

22 CHAIRMAN TILLERY: Okay. Thank you very
23 much. Are there questions or comments from Council members
24 for Ms. Vinberg?

25 (No audible responses)

1 CHAIRMAN TILLERY: Okay. Thank you. Is
2 there someone else from Kodiak?

3 MS. PHYA: Constance Phya speaking.

4 CHAIRMAN TILLERY: Ms. Phya.

5 MS. PHYA: I am in full support of Dolly's
6 comments. Not only do I have 10 acres over in Karluk, I
7 was born and raised in Karluk. I also have four children
8 who are the original 10-acre shareholders and their names
9 are Paul Phya, Junior, Michelle Ann Holmes, Jerry Lynn
10 Benton and Robin Edward Phya.

11 Thank you.

12 CHAIRMAN TILLERY: Okay, thank you. And,
13 Ms. Phya, could you spell your last name?

14 MS. PHYA: P-H-Y-A.

15 CHAIRMAN TILLERY: Okay, thank you. Are
16 there questions or comments? Is there anyone else there in
17 Kodiak who would like to speak at this time?

18 MS. HOLMES: My name is Marianne Holmes, I
19 am a Karluk original member, shareholder, I support Dolly
20 and her comments that she had to say earlier. I am here on
21 behalf of my daughter, Kimberly Ann Holmes, who is also an
22 original landowner of Karluk and I am very concerned about
23 negotiations concerning our lands. I do not have any
24 knowledge of what's going on with our lands and I would
25 like to know.

1 CHAIRMAN TILLERY: Okay. Thank you. Are
2 there questions or comments from Council members?

3 (No audible responses)

4 CHAIRMAN TILLERY: Okay, thank you very
5 much. Is there anyone else in Kodiak?

6 MR. DURANT: Yeah, this is John Durant, I'm
7 a Karluk shareholder, 10 acres, and I'm confused. I
8 thought the EVOS Council was set up for restoration of
9 land. It seems to me that the EVOS Council is, basically,
10 buying or purchasing land. I don't understand how you guys
11 are working.

12 CHAIRMAN TILLERY: Okay. Are there
13 questions or comments from Council members? Commissioner
14 Rue.

15 MR. RUE: Yeah, this is Frank Rue.

16 CHAIRMAN TILLERY: Excuse me, can you hear
17 him? We're having a little trouble with our mikes, can you
18 hear Commissioner Rue?

19 MS. REFT: Loud and clear.

20 CHAIRMAN TILLERY: Okay.

21 MR. RUE: Okay. I was just going to answer
22 the question that was just posed since I think it is an
23 important part of the Trustee Council's work, and has been
24 an important part for some time, which is that protecting
25 habitat is seen as an important way to restore injured

1 species for the long term. Obviously if the injured
2 species don't have healthy habitat, their ability to
3 restore themselves is, basically, reduced and we felt since
4 the inception of the program, really almost since the
5 spill, I guess. Not since the day of the spill, but for
6 quite a while here, we've worked hard to try and protect
7 key parcels that are important to the species that were
8 injured by the spill.

9 CHAIRMAN TILLERY: Are there other comments
10 by Council members, questions?

11 (No audible responses)

12 CHAIRMAN TILLERY: Okay, thank you very
13 much. Is there anyone else in Kodiak who would like to
14 speak at this time?

15 MS. VINBERG: Well, this is Sandra Vinberg
16 again, that didn't really answer John's question.

17 CHAIRMAN TILLERY: Okay, I'd like to.....

18 MS. VINBERG: You want another whack at
19 that answer?

20 CHAIRMAN TILLERY: Commissioner Rue.

21 MR. RUE: Okay, I'll take another whack at
22 the answer. Yeah, the Council understand that, and I'm
23 sure most people do, that habitat is critical to the health
24 of species, whether it's fish, birds, they need habitat or
25 they're not going to do well. And one way to protect that

1 habitat and ensure the restoration and long-term health of
2 the injured resource since the Exxon Valdez is to purchase
3 or get conservation easements on critical pieces of habitat
4 that will ensure the long-term health of the species that
5 were injured. And so we've looked to try and find willing
6 sellers, either for conservation easements or fee purchase
7 on pieces of land that are important to species injured by
8 the spill. And that's been our job, habitat's critical to
9 protecting those species and restoring them and if the
10 habitat is kept in public ownership or with a conservation
11 easement limiting the development potential, we believe
12 it'll do -- it'll provide great benefits to those injured
13 species.

14 Thank you.

15 CHAIRMAN TILLERY: Okay. Is there anyone
16 who has not yet spoken in Kodiak who would like to comment
17 at this time?

18 MS. REFT: I'm still trying to seek
19 clarification of that and that, from what I understand
20 then, we're talking about the issue of control and that
21 control is being negotiated.

22 CHAIRMAN TILLERY: Okay. This is
23 Ms. Vinberg?

24 MS. REFT: No, this is Dolly Reft.

25 CHAIRMAN TILLERY: Oh, this is back to

1 Dolly, I'm sorry. My apologies. Okay. There's actually
2 some literature the Council has produced on this and
3 Ms. McCammon will send you a copy of that, that talks about
4 the basis for the various Council programs. And hopefully
5 that will explain it better to you.

6 So is there anyone else there in Kodiak who would
7 like to make a comment at this time?

8 MS. REFT: I think there needs to be a lot
9 more discussion before we can just brush this off, this is
10 way too important to limit us to three minutes. We're
11 seeing some strong language here in regards to title and
12 perpetuity and these are strong words of ownership and
13 control and that affects us directly as landowners. So to
14 keep us to within a three-minute window, it's just not
15 fair. I mean, this has been dropped on us at the last
16 minute, you've been negotiating and talking about this for
17 years and we've not been able to penetrate or be involved
18 in that process.

19 CHAIRMAN TILLERY: Okay.

20 MS. REFT: So there has to be some
21 understanding from where we're sitting here.

22 CHAIRMAN TILLERY: Okay. Ms. Reft, there
23 is nothing on the Karluk lands that is going to happen any
24 time soon. There will be plenty of opportunity for
25 discussion, both about the specifics and about the

1 fundamental, philosophical basis for land acquisition. At
2 this time we really don't have an opportunity to get into
3 that, but there is nothing that is going to happen any time
4 soon on that. There will be plenty of opportunity, I can
5 guarantee you that. Okay?

6 MS. REFT: With that guarantee, I don't
7 want to be involving landowners at the last moment, we need
8 to be involved from the beginning, not towards the end.

9 CHAIRMAN TILLERY: I can assure you, you
10 will be involved way before the end.

11 MS. REFT: And that has nothing to do with
12 philosophy in regard to owning the land, that's a fact.

13 CHAIRMAN TILLERY: I concur with that, so
14 you will be involved.

15 MS. REFT: We have an elder that wishes to
16 speak.

17 CHAIRMAN TILLERY: Okay. If they could
18 give us their name and go ahead.

19 MS. KNAZIN: Julie Knazin again. I said I
20 represent two daughters (phone noise) as well as Victoria
21 Engles and both original shareholders of Karluk and what I
22 would like to let you know is that they are original
23 shareholders of the Karluk lands and are owners of Karluk
24 lands under the merger plan. And before anything is sold,
25 those lands do belong to all these original shareholders.

1 And, hopefully, when you even hint at any kind of
2 negotiations that you will contact the land committee,
3 because they represent all of the land owners from Karluk
4 and will speak on behalf of all of them.

5 CHAIRMAN TILLERY: Okay. Now, who should
6 we be contacting on that committee?

7 MS. KNAZIN: Dolly Reft.

8 CHAIRMAN TILLERY: Okay.

9 MS. KNAZIN: Her and her land committee.

10 CHAIRMAN TILLERY: Dolly Reft and her land
11 committee. Okay, we'll do that. Okay. Thank you.

12 MS. KNAZIN: Please do and make sure you
13 have all their names, their addresses, their telephone
14 numbers and make a point to get that information. They
15 will be glad to give it to you at any time.

16 CHAIRMAN TILLERY: Okay. Thank you very
17 much. I'm going to move on to Anchorage for a little bit
18 and we'll come back to Kodiak in case there's anyone else
19 who would like to speak. Is there anyone in Anchorage who
20 would like to speak?

21 MS. REESE: Well, this is Theresa Reese and
22 I agree with my cousin, Dolly Reft. My family is from
23 Karluk and my mother is June Siminario (ph), unfortunately
24 she couldn't be in this meeting today, so I'm sitting in
25 for her, listening on information that's coming in in

1 comments. But I agree with Dolly, we have no information
2 about this land sale and it's got us in an uproar.

3 CHAIRMAN TILLERY: Okay. Thank you very
4 much. Are there questions or comments from Council members
5 to Ms. Reese?

6 (No audible responses)

7 CHAIRMAN TILLERY: Okay, is there anyone
8 else on line in Anchorage who would like to comment?

9 (No audible responses)

10 CHAIRMAN TILLERY: Okay, is there anyone in
11 the room who would like to comment?

12 MS. BURETTA: This is Sheri Buretta, I'm on
13 teleconference.

14 CHAIRMAN TILLERY: Yeah, hi, Sheri.

15 MS. BURETTA: Hi. I'd like to comment if I
16 could.

17 CHAIRMAN TILLERY: Sure.

18 MS. BURETTA: Okay, I'm Sheri Buretta, I'm
19 Chairman of the Board for Chugach Alaska Corporation and
20 I'm also currently on the Public Advisory Group, but this
21 is my last term, it expires at the end of the month, I
22 believe. I'm wanting to comment on the small parcels
23 grants and also to just -- I think it kind of ties into the
24 frustration that I'm hearing with the Karluk group as far
25 as their land sale. I'm opposed to the way that the -- the

1 issue of the habitat acquisition is being handled. There's
2 some inconsistencies to the process that has been
3 previously used by EVOS, you know, I'm wondering why there
4 wasn't an RFP used? Why these particular organizations,
5 environmental organizations, were hand-picked so that there
6 is a potential conflict of interest. Especially hearing
7 the Karluk concern where the public process is so needed.
8 These people have a much closer tie than just the money
9 that is being proposed, there's a real tie to the land and
10 they need an opportunity to voice these concerns. And I
11 think that the Trustees offer that public process.

12 You know, this idea of a large lump-sum grant going
13 to a non-profit. You know, this idea of a large lump-sum
14 grant going to a non-profit is not new, the original idea
15 came from the community facilitators for tribes affected by
16 the oil spill to receive a \$20,000,000 grant.

17 Now, this concept shows up about going for habitat
18 protection. I just feel that the organization has focused
19 on habitat acquisition and using this money as an
20 opportunity to buy Native lands and that, you know, these
21 environmental organizations have created a hysteria about
22 any type of private land ownership and continued Native
23 private land ownership. And, you know, we would cause
24 devastation if we would, God forbid, develop any of our
25 rights. Our rights, which we got through the Federal

1 government, to own that land and develop it. And now we're
2 dealing with roadless initiatives in the Chugach forest,
3 there's talk of creating a national monument, we've got
4 these organizations that are trying to block us from
5 developing our lands to the point of criminal actions.
6 They're just -- and it's created a real frustration and I
7 just believe that that Council has a responsibility to look
8 at not only the conservation issues that Commissioner Rue
9 described, but how it's affecting the Native people with
10 the purchase of their lands and their ties to their lands.

11 And if you allow these organizations that have
12 demonstrated an obvious agenda to securing as much private
13 lands as they can, then it takes that focus off what
14 actually happened, which was a devastating event for the
15 Native people that live within the spill at this region.

16 So that's my comment and I thank you for your time.

17 CHAIRMAN TILLERY: Okay. Thank you. Are
18 there questions or comments from Council members?
19 Commissioner Rue.

20 MR. RUE: Yeah, I appreciate the comment
21 and I think it's really important to emphasize that the
22 Council is only going to deal with willing sellers and not
23 any other way. And I agree, it's important for folks to
24 know what's going on and participate, so I appreciate
25 Ms. Buretta's comments.

1 MS. REESE: This is Theresa Reese in
2 Anchorage again. I'd also like to say that my family lives
3 on subsistence coming out of the Karluk village there is no
4 subsistence coming out of the Karluk village anymore
5 because there's nothing to get out of Karluk anymore.

6 CHAIRMAN TILLERY: Okay. Thank you.
7 Ms. Heiman.

8 MS. HEIMAN: Yes, thank you, Mr. Chairman.
9 I just want to thank the people from Karluk for being on
10 the line and sharing their views with us. And we are
11 hearing what you're saying. And what I would really like
12 to ask is that we do a title or legal review of the titles
13 of the land within Koniag and the whole area that we're
14 looking at negotiating. And as I understand it, it's not
15 for purchase, so I just want people to understand that we
16 are trying to communicate as best we can, we think we are
17 communicating with the landowners, but if we are not, I
18 think it's time that we do a legal analysis to determine
19 exactly who are the landowners.

20 MS. REESE: Please.

21 CHAIRMAN TILLERY: Are there questions or
22 comments?

23 MS. REFT: I have to make a final comment
24 here. Number one, a lot of your meetings are made in peak
25 times of the year when we're subsisting and these areas

1 that you're talking about are right in the areas in which
2 we hunt, fish and gather.

3 CHAIRMAN TILLERY: Okay. Thank you, I.....

4 MS. REFT: I'm not done yet. Please.

5 CHAIRMAN TILLERY: Excuse me now, Ms. Reft.
6 We have a lot of people who are wanting to comment and when
7 people keep repeating and coming back in, it's not
8 appropriate. I will come back through and ask for it, but
9 I would ask that people who have already made comments
10 please wait until I finish going through all these other
11 people here who would like to comment. It may be some
12 comment you have will be answered by someone else. So if
13 you can just hold off additional comments until I've been
14 through everybody once, I would appreciate it very much.
15 Thank you.

16 Now, is there anyone else on the line in Anchorage
17 who would like to comment at this time, who has not already
18 commented?

19 (No audible responses)

20 CHAIRMAN TILLERY: Okay. Hearing none, in
21 Anchorage in the room with us. Sir.

22 MR. REFT: Yes.

23 CHAIRMAN TILLERY: Would you please come
24 up? Okay, what you need to do is basically state your
25 name, spell it and go ahead with your comment. And, again,

1 try to keep it within three minutes.

2 MR. REFT: My name is Chuck Reft, R-E-F-T,
3 I concur with the membership in Kodiak. Because our
4 council in the village refuses to negotiate with the rest
5 of the members on these issues I am formally requesting
6 these negotiations with EVOS and our council be stopped
7 now. This says I'm a member. I'm a member by descendant,
8 also I'm a part of the original 186 members. They have not
9 shown the interest of the membership, these lands were
10 promised to the membership, not to the council. EVOS has
11 got to recognize this. I'm sorry, I'm nervous, I'm upset.
12 This is an ongoing battle we've had for years.

13 And we do not want EVOS to have our lands under
14 habitat or any other program at this point, this is
15 membership land, Native land that is due to them over the
16 many years that I've been involved in fighting this here.
17 Our council does not recognize us because we don't live
18 there full time, but I can assure everybody that I am a
19 member and I always will be a member. This is going under
20 the ANCSA Land Claims Act, I have enrollment, I have
21 documentation showing I am a member of Karluk. And EVOS
22 needs to back off on these negotiations until we can settle
23 ourselves, as members of the village of Karluk, this is our
24 land, nobody else's.

25 I'm done.

1 CHAIRMAN TILLERY: Okay. Thank you,
2 Mr. Reft. If you could just wait for just a second. Your
3 concern, then, is that the EVOS is negotiating or the
4 government agencies are negotiating with people who live in
5 Karluk, but not all of the people who are members of
6 Karluk.

7 MR. REFT: That is correct.

8 CHAIRMAN TILLERY: And you indicated
9 something about settling among yourselves. Is there a
10 process or is there some way that you're trying to settle
11 this now?

12 MR. REFT: We, as a membership, have been
13 getting together and trying to work with the council and
14 they, by their attorney, refuse to talk to any membership.
15 They take it upon themselves to do what they feel is
16 correct or right, and it's not benefiting the membership.
17 We cannot have contact with them, and EVOS and anybody else
18 needs to understand that we, as a committee and a member of
19 Karluk, are trying to resolve these issues and this is up
20 for us to resolve. And these land acquisitions here is
21 totally against the membership. I can't say the overall
22 membership, but a good majority of the membership. We do
23 not want to lose our lands down there, these are our lands,
24 you know, this is a strong opposition that we will continue
25 until we actually win our case if we're going to win it,

1 but understand that we are not going to give up our lands,
2 this is our land.

3 CHAIRMAN TILLERY: Okay. Are there
4 questions or -- Mr. Balsiger.

5 MR. BALSIGER: Is the total membership 186
6 people in.....

7 MR. REFT: That is the original membership,
8 yes.

9 MR. BALSIGER: And it's expanded by?

10 MR. REFT: Well, through inheritance,
11 whether it's deceased or whatever. We don't have the exact
12 membership, but the original membership was 186.

13 MR. BALSIGER: Thank you.

14 MR. REFT: And I am one of them and I
15 understand by this documentation, these are land purchases
16 and I was hearing that these are not purchases. I have
17 documentation here that says "purchases" and you look under
18 this status report here for parcels, we have letters, you
19 know, that Molly is aware of that we are serious about
20 retaining our lands. We have letters from Don Young.....

21 MS. McCAMMON: They've got them.

22 MR. REFT: Okay. Please, rest of the
23 panel, be aware of what we're -- we're serious, we don't
24 want to lose our land.

25 CHAIRMAN TILLERY: Okay. Mr. Reft, I think

1 to clarify that, my understanding is that virtually all of
2 the Karluk proposal had to do with easements as opposed to
3 outright purchase of the lands, is kind of what.....

4 MR. REFT: Well, I'm confused then, because
5 I have this one sheet here where it's showing me land
6 purchases, you know, and it doesn't come out and say the
7 1,860 acres because the way these are put down by EVOS here
8 all I can read you here, apportioned area for purchase of
9 lands along or adjacent to the Karluk or Sturgeon River
10 area. To me this is point blunt, you know, it's purchases.
11 That's the way we understand, these lands to be acquired.

12 MS. McCAMMON: I think that's referring to
13 the Koniag, which is along the Karluk and Sturgeon, the
14 upper Karluk River.

15 CHAIRMAN TILLERY: Upper Karluk.

16 MS. McCAMMON: And maybe I could say a
17 little bit, especially for some of the other Council
18 members. We've been in active negotiations with Koniag for
19 their lands that they own within the Kodiak Wildlife Refuge
20 and that's been an ongoing set of negotiations. What we've
21 been talking about most recently there is extending the
22 conservation easement on the Karluk and Sturgeon Rivers.
23 And we'll be actually talking about that a little bit more
24 tomorrow in executive session.

25 The lower Karluk, Fish and Game, in particular, has

1 been very interested in the lower Karluk because that's
2 where Fish and Game has a weir site and because it's also
3 used extensively by sport fishermen and others and the
4 Karluk has been of great concern. And the Council has
5 expressed interest in having some kind of protection on the
6 lower Karluk River. The Karluk IRA Council, which holds
7 the deed to those lands, has said they haven't been
8 interested in the past. Only recently have they said that
9 they're willing to have those lands appraised and that they
10 might be interested in talking to the Council about a
11 conservation easement on those lands.

12 So the process we're in now is having those lands,
13 the 1,860 acres appraised. Typically, when we go through
14 this process if you get a value and the landowner and the
15 Council agrees to the value, you might make an offer on it
16 and as you go down the process you go through the title
17 search and you figure how exactly are there any problems
18 with who owns the land. This might be one of those cases
19 where it would be better to do it more up front in the
20 process as opposed to later in the process because there is
21 so much concern about it.

22 MR. REFT: So these are not land
23 acquisitions where they are actually turned over to the
24 hands of the government or the State? These 1,800 -- I
25 have the statement here, March 2000, Trustee Council

1 authorized appraisal of approximately 1,850 acres, then to
2 be correct to 1,860 acres of land owned by the Karluk
3 Village IRA Council. Negotiations on protection of these
4 lands will follow completion of appraisal. This is what
5 I'm requesting, that these negotiations be stopped now,
6 because we don't -- the council does not have the consent
7 of the membership. They do not.

8 CHAIRMAN TILLERY: Okay. I think you guys
9 have done a great job of making your point on this one.
10 Are there any other questions or comments?

11 (No audible responses)

12 CHAIRMAN TILLERY: Okay, thank you.

13 MR. REFT: I apologize for my upset and
14 rudeness, but it's been a long fight and.....

15 MS. McCAMMON: You're not rude.

16 CHAIRMAN TILLERY: No, you were not rude
17 and your comments are appropriate and we appreciate them.
18 Is there anyone else -- yes, ma'am. Again, state your name
19 and please spell your last name.

20 MS. LYONS: My name is Carolyn Lyons,
21 C-A-R-O-L-Y-N, Lyons, L-Y-O-N-S. And basically I'd like
22 you to know that I am also a Karluk shareholder. When we
23 merged with Koniag we were promised 10 acres of land in
24 Karluk. My mother, my brother, my sister, myself chose
25 parcels at that time. That was a long time ago. Of

1 course, nothing has happened since then in regards to those
2 lands.

3 And I think I heard two key words from the members
4 here today. Frank Rue, when he said we need willing
5 sellers, so you're looking at a controversy between those
6 that are on the Karluk IRA that are making decisions and
7 those of us, the original 186, that are left out. So we
8 are trying to assert our right to have some say. I
9 personally, of course, am concerned about the habitat and
10 conservation. So I can say that for myself.

11 And I think the second point that Marilyn Heiman
12 made regarding legal status is probably right on, because
13 what we're concerned about right now is we want to
14 participate, we want to have our say and we certainly never
15 got our 10 acres.

16 So that's basically all I have to say.

17 CHAIRMAN TILLERY: Thank you. Are there
18 questions or comments from Council members?

19 (No audible responses)

20 CHAIRMAN TILLERY: Thank you very much.

21 MS. LYONS: Yeah.

22 CHAIRMAN TILLERY: Is there anyone else
23 here in Anchorage? Mr. Landry. Please spell your name for
24 the record.

25 MR. LANDRY: Thank you. My name is Larry

1 Landry, L-A-N-D-R-Y, and I'm here as a citizen today.
2 Several weeks ago I had the opportunity to reflect with
3 Secretary Babbitt on some of his accomplishments and we
4 certainly talked about Alaska. And as several of you know,
5 I've been involved with this group since 1992 and am
6 involved in, at least, seven very major large habitat
7 protection that all were passed with overwhelming willing
8 seller votes.

9 But what I wanted to do is just come today, since I
10 have nothing on this agenda. Let me just say I have no
11 interest in anything here, which is why I can say this
12 today. I just wanted to thank you publicly. Making good
13 public policy is very hard work. As we can see today, none
14 of this is easy. You've all had the willingness and the
15 patience to work with people, to spend the numerous hours
16 it is to try and make a good solution, realizing that
17 everybody involved has fiduciary responsibilities and is
18 trying to do what's best. And sometimes I know you feel
19 like no good deed goes unpunished. But I just want to
20 thank you for the effort and for the attitude and for the
21 willingness that you've all shown during the -- since I've
22 been involved in December '92 and that these are real
23 issues and real people and I just want to applaud you for
24 what you have done, I know that you will do in the future
25 is to try and do what's best for everyone involved. So I

1 just wanted to thank you.

2 Thank you very much.

3 CHAIRMAN TILLERY: Thank you. Are there
4 questions or comments? Commissioner Rue.

5 MR. RUE: I'll just simply say thank you,
6 Larry, since we're handing out thank yous, because I think
7 you've been of great service in putting together some
8 proposals that we've been able to act on, but without your
9 help we never would have been able to do it. I won't go on
10 because I don't have a mike, but thank you.

11 CHAIRMAN TILLERY: Okay. Anyone else?

12 (No audible responses)

13 CHAIRMAN TILLERY: Okay, thank you. Is
14 there anyone else in here in Anchorage? Thank you, Larry.
15 Okay, if you can spell your name.

16 MR. HULL: Yes, thank you. My name is Dan
17 Hull, H-U-L-L and I've provided some written comments
18 previously on the habitat grant program, but today I'd like
19 to speak to the draft of GEM. I'm a resident of Anchorage
20 and have been fishing commercially in Cordova for 15 years.
21 I've served on the Public Advisory Group and would hope to
22 continue to do that. I think a tremendous amount of very
23 good work has gone into the draft of the GEM Program and my
24 comments here pertain specifically to the draft that was
25 reviewed at the October workshop. And I'll provide a copy

1 of this for everybody after I'm done.

2 Some of the main components of GEM that I commend
3 in particular include the mission statement, the program
4 and institutional goals, the focus on key species and
5 processes that builds on the methods of previous EVOS
6 projects, the focus on resources of social, cultural and
7 economic significance to the people of the spill area and
8 the inclusion of citizen monitoring. However, I believe
9 that a lot of very careful and thoughtful work remains to
10 be done and I strongly urge the Trustee Council to take the
11 time necessary to get it right from the start.

12 Over the past few years I've attended the focus
13 groups and the workshops and have read the different drafts
14 of the GEM Program many times over. As the current
15 resource management conflict over the decline in Steller
16 sea lions illustrates, the cost of not doing it right can
17 have a devastating impact on both marine resources and the
18 people and communities who depend on them. The kind of
19 careful and thoughtful work that I believe needs to be done
20 is to ensure that GEM will truly fulfill the mission
21 statement and the program and institutional goals.

22 As it's currently drafted, I believe that GEM will
23 be only partially successful in doing that. And my
24 assessment is based on the many discussions that I've had
25 with various resource managers and scientists as well as

1 review of the GEM document itself. The mission statement,
2 which I've written below, and I've divided it into what I
3 consider three interrelated but different parts. First,
4 it's to sustain a healthy and biologically diverse
5 ecosystem in the northern Gulf of Alaska. And, two, the
6 human use of the resources in that ecosystem through,
7 three, greater understanding of how its productivity is
8 influenced by natural changes and human activities.

9 It's clear to me that GEM can successfully fulfill
10 the third part of the mission statement, to improve our
11 understanding of what's going on out there in the
12 ecosystem. Our knowledge of what factors drive marine
13 resource productivity is so limited and our need for better
14 information is so great that GEM could take any number of
15 approaches to improving our understanding of the marine
16 ecosystem and be successful. In fact, I think you could
17 probably implement the current draft of GEM and
18 satisfactorily achieve the third part of the mission
19 statement. But, in contrast, I think it will be far more
20 challenging to achieve the first and second parts of the
21 mission statement and obviously this is largely because
22 there are so many forces that are totally outside of our
23 control that affect the health and diversity of the marine
24 ecosystem and the human uses of those marine resources.

25 But I'm also skeptical about how successful GEM

1 will be in sustaining the human use of marine resources for
2 another reason, and that is, it's generally difficult to
3 make basic science and applications for management to fit
4 together well. In GEM, with a few exceptions, the links or
5 connections between the proposed research and monitoring
6 program and the actual resource management activities and
7 decisions are often unclear, indirect or implicit. Much of
8 the proposed research and monitoring in GEM says that there
9 are links to resource management, and the authors of GEM
10 intend for them to be there, there's no question about
11 that, but when I talk to managers and, more specifically,
12 these are fisheries resource managers, they either don't
13 fully understand it or they don't believe it or they
14 disagree with it. And this leaves me, as a resource user,
15 in a difficult and uncomfortable position.

16 On the one hand, I trust that Molly, as Executive
17 Director, and Dr. Spies and Dr. Mundy and all the others
18 who are developing GEM have heard the needs of the
19 stakeholders and are working to find ways to meet some of
20 those needs within the constraints of funding and other
21 factors.

22 CHAIRMAN TILLERY: Mr. Hull, can you kind
23 of try to wrap up?

24 MR. HULL: You bet. I just have a couple
25 of more paragraphs.

1 But at the same time it's very difficult for me to
2 adequately assess and support GEM without knowing whether
3 it truly meets the needs of the resource managers as well.
4 And if GEM doesn't meet the needs of resource managers, I
5 don't know how it will successfully sustain the human use
6 of marine resources or achieve some of the program and
7 institutional goals that relates specifically to sustaining
8 human uses.

9 Let me make it clear that I know the Trustee
10 Council staff and scientists and resource managers are
11 fully aware of this issue and that it persists in spite of
12 the best intentions and attempts to resolve it. But I
13 believe that the success of GEM critically depends on
14 integrating and applying research and monitoring with
15 resource management, and I strongly urge the Trustee
16 Council and all the management agencies to work to make
17 those links and connections more clear and direct and
18 explicit. I think there's a need to institutionalize GEM
19 within Federal and State resource management agencies so
20 that the links and interactions between the agency
21 activities and GEM are more seamless, so that GEM and
22 agency work will feed and build on each other. And my
23 assessment and gut feeling, at this point, is that it's not
24 quite happening.

25 So I'll finish my comments there.

1 CHAIRMAN TILLERY: Thank you. Are there
2 questions or comments?

3 (No audible responses)

4 CHAIRMAN TILLERY: Thank you very much.
5 And are you going to be leaving a copy of that with the
6 Council?

7 MR. HULL: Yeah.

8 CHAIRMAN TILLERY: Okay, thank you. Is
9 there anyone else here in Anchorage who would like to make
10 a comment at this time? Sir.

11 MR. TRITT: Yeah, I'd just like to make a
12 quick statement.

13 CHAIRMAN TILLERY: If you could.....

14 MR. TRITT: My name is Aaron Tritt, my last
15 name is T-R-I-T-T.

16 CHAIRMAN TILLERY: Go ahead.

17 MR. TRITT: And I'd like to sympathize with
18 the people that was affected by this oil spill, and what I
19 have to say doesn't really relate to it, but to the
20 ecosystem of our state environmental system itself. We
21 have to be aware that we can't make the same mistake again
22 that's devastating to the ecosystem and the Native
23 lifestyle within the state of Alaska. We don't even know
24 if the pipeline will -- it's not corroded enough to be safe
25 for the next 20 years. If we develop the Arctic Refuge

1 there's so many things that's not being reported to the
2 public and we have an oil spill in that area, it'll be
3 really devastating, it'll be hard to clean it up. We're
4 not ready for it and there's a lot of things that we have
5 to look at. And I don't think the problem is Native
6 against non-Native, in fact, it doesn't have anything to do
7 with it, I think it's -- in our area it's the Gwitch'in
8 people against oil industry, big industries that's out
9 damaging the environment and that's what this whole thing
10 is about. I believe that in this state that we have an
11 opportunity to be able to work together to balance both
12 Native culture and non-Native culture and try to make it
13 work for your future generations, not only the Native
14 generation, but your generation. And I hope that we can
15 come up with an agenda, a resolution or a long
16 comprehensive plan that will be effective and that will
17 make things better for everybody so we can work together
18 beside creating animosity through big industries that's
19 there for the money and for themself.

20 There's so many things that -- I'm even fortunate
21 enough to sit here to testify in front of you because we --
22 somebody like me can't go to Juneau or Washington, D.C. and
23 testify in front of the legislatures or the Congress and
24 try to tell them what's important for me in the future or
25 my generations, five generations down, and these are the

1 kinds of things that are having a major impact on how we
2 deal with people at the higher level, whether it's Fish and
3 Game management or the congressional committees or any kind
4 of high-power committees that's there, a lot of them
5 willing to listen to us and come to a conclusion that will
6 be beneficial for all of us in the future.

7 So thanks.

8 CHAIRMAN TILLERY: Thank you very much,
9 Mr. Tritt. Are there questions or comments from Council
10 members?

11 (No audible responses)

12 CHAIRMAN TILLERY: Thank you very much, I
13 appreciate it. Is there anyone else in Anchorage? Yes,
14 ma'am.

15 MS. NEEDHAM: My name is Darleen F.
16 Needham, N-E-E-D-H-A-M. I hope you can understand me.

17 CHAIRMAN TILLERY: Yes, ma'am.

18 MS. NEEDHAM: I just wanted to go on the
19 record to say I'm one of the Karluk 186 original
20 shareholders and I just wanted this committee to know that
21 we're alive and well and we count. I just want to count,
22 we need to count. And I know that you have been having
23 negotiations with the IRA Council in Karluk, but I want you
24 to know that the rest of us that needs to be considered. I
25 am listed there and so are my two children and that is the

1 land of my father and his family and it's important to me.
2 And the people are important to me. I could say more, that
3 there's more of us and we're not allowed to be known.
4 We've sat back and let things happen for too long, we're
5 not doing that anymore.

6 That's all I have to say.

7 CHAIRMAN TILLERY: Thank you very much.

8 MS. NEEDHAM: I just want to be counted.

9 CHAIRMAN TILLERY: We appreciate that. Are
10 there questions or comments from Council members?

11 (No audible responses)

12 CHAIRMAN TILLERY: Thank you very much. Is
13 there anyone else here in Anchorage who would like to make
14 a comment? Sir.

15 MR. PETERSEN: Mr. Chairman, my name is
16 Frank Petersen.

17 CHAIRMAN TILLERY: Yes, sir, Mr. Petersen,
18 please go ahead.

19 MR. PETERSEN: Okay. Mr. Chairman, I'm the
20 past president of the Kodiak Area Native Association of
21 Kodiak, past president of the Larsen Bay Tribal Council,
22 past manager of the Old Harbor Tribal Council, formerly
23 assistant director for the RuralCAP agency, formerly
24 assistant director of the AFN Health Affairs Division and
25 I'm currently a director with the Koniag Regional

1 Corporation.

2 I just wanted to state that I appreciate this
3 opportunity to present my views to all of you on this
4 Trustee Council. I have previously submitted written
5 testimony concerning the proposed conservation easement of
6 the former Karluk/Larsen Bay lands. I want to state that I
7 am opposed to that still. And, secondly, I'm opposed to
8 the Trustee Council purchasing the Karluk lands that have
9 been previously discussed here.

10 And let me just state one reason as an example to
11 try to justify my opposition to any of these two
12 propositions. These are the prospectus from the U.S. Fish
13 and Wildlife Service for anyone to acquire a permit, a day
14 use permit, or an overnight permit. These regulations
15 essentially preclude any of the Native folks from either
16 Karluk, Larsen Bay, Old Harbor or Akhiok from effectively
17 participating in the sport fishery within the Kodiak
18 National Wildlife Refuge. And I believe that these
19 regulations have been developed without adequate input from
20 any of the tribal governments, as I understand the
21 regulations to require, that before such regulations were
22 developed, as these were, there's supposed to be some
23 tribal consultation meetings with each of the tribes.

24 Now, I know that the U.S. Fish and Wildlife Service
25 has been conducting public meetings in each of the

1 villages, but that does not constitute tribal consultation
2 meetings. Had we been involved in the tribal consultation
3 meeting process, I do not believe that these types of
4 regulations, which essentially preclude any participation
5 by Native people from those four villages or any of the six
6 villages on the island would have resulted in these
7 regulations.

8 Another example I wish to present to the Council is
9 the halibut sport fish IFQs that are being considered right
10 now this week by the North Pacific Fisheries Management
11 Council here in Anchorage. There are a number of options
12 that this will also preclude any participation by any of
13 the Native people from any of those villages on Kodiak
14 Island from participating in the sport halibut fishery if
15 they are implemented. But I did want to bring this type of
16 thing to your attention because you guys are going to be
17 making some important decisions regarding, you know, land
18 purchases, conservation easements without, what I consider,
19 adequate input from those people who are going to be
20 directly involved.

21 I, for one, will be directly impacted, I'm involved
22 with the Ayakulik Village Corporation, who has property
23 within the Kodiak National Wildlife Refuge, but that piece
24 of property is only one section of land and it is excluded
25 from the Kodiak National Wildlife Refuge when the refuge

1 was created. So, therefore, our people and the Village
2 Corporation of Ayakulik would not be required to comply
3 with the ANCSA provision that requires village corporations
4 who have lands within the national wildlife refuge to
5 comply with those regulations. I forget exactly what it's
6 called but because we were excluded, we do not necessarily
7 have to comply with those Federal regulations.

8 I just want to state that I do not represent the
9 majority on the Koniag board, I'm simply expressing a
10 minority view as a director on the Koniag board and I am
11 still, as I stated earlier, opposed to any more land sales,
12 any more conservation easements because a lot of things are
13 being left out. If we were doing our jobs properly on both
14 ends of this whole discussion I don't think any type of
15 these regulations would be created to prevent our
16 participation in this economic development thing.

17 Now, there are a lot of our people on welfare and
18 we're looked down because we are on welfare, but yet these
19 kind of regulations are being developed preventing us from
20 adequately participating in any kind of economic
21 development, so I would request and implore you folks to
22 carefully consider such actions before you make some of
23 those important decisions.

24 Thank you very much.

25 CHAIRMAN TILLERY: Thank you. Are there

1 questions or comments from Council members?

2 (No audible responses)

3 CHAIRMAN TILLERY: Thank you very much.

4 Okay, is there anyone else here in Anchorage who would like
5 to make a comment at this time?

6 (No audible responses)

7 CHAIRMAN TILLERY: I don't see anyone here.
8 Ms. Kaiser, Wanda Kaiser, I believe you wanted to reserve
9 your comments, would you have a comment at this time?

10 MS. KATELNIKOFF KAISER: Yes, I would,
11 thank you. As I stated before, my great-great-grandfather
12 was Meleaki (ph), he was a chief at Karluk a long time ago,
13 and like I said, again, he was buried under the Karluk
14 church and I have a lot of interest in Karluk and I am one
15 of the original 186 shareholders and I do have a lot of
16 interest there. I wanted to know if -- I sent a letter to
17 Ms. McCammon and I'd like to know if she is there and she
18 has received that letter and perhaps shared it with the
19 rest of the Board there?

20 CHAIRMAN TILLERY: Ms. McCammon.

21 MS. McCAMMON: Yes, I have received that
22 letter and it has been distributed to all of the Trustees.

23 MS. KATELNIKOFF KAISER: All right, thank
24 you for that. And I have heard something about protecting
25 the habitat, I'm sure this is a very good thing, but what

1 about human species, how about the human factor in this,
2 you know? I have six children and I would like to leave my
3 10 acres of land to my children. My son was talking about
4 going back to Karluk someday, I don't have any desire to
5 move back to Karluk, my son would like to, perhaps, go back
6 there and build himself a home there, and how is that going
7 to happen if he doesn't have any land to go back to? And
8 my tribal council in Karluk has been unwilling to provide
9 me with information regarding these negotiations about this
10 land and I would request that any negotiations, any
11 information that you could provide me with I would
12 appreciate very much.

13 CHAIRMAN TILLERY: Thank you. Do you have
14 anything else?

15 MS. KATELNIKOFF KAISER: No, I just wanted
16 to thank you for this opportunity, and this is pretty much
17 just an information gathering time for me, like I said, my
18 council has kept me in the dark and I don't really know a
19 lot of what is going on, but thanks be to Dolly Reft and
20 the crew in Kodiak for enlightening me concerning these
21 negotiations, so I would just -- I just know that you guys
22 there, like I said in my letter, are people of integrity
23 and I know that you're going to do the right thing by the
24 people, the original 186 shareholders.

25 So thanks for your time.

1 CHAIRMAN TILLERY: Okay. Thank you. Are
2 there questions or comments from Council members?

3 (No audible responses)

4 CHAIRMAN TILLERY: Okay. Hearing none,
5 what I'd like to do is go back through the villages and see
6 if there's anyone who did not previously speak who would
7 like an opportunity to speak now. So with that, is there
8 anyone else in Chinitna Bay? I believe they signed off.

9 (No audible responses)

10 CHAIRMAN TILLERY: Is there anyone in
11 Juneau who would like to comment at this time?

12 (No audible responses)

13 CHAIRMAN TILLERY: Okay. Is there anyone
14 in Seward?

15 (No audible responses)

16 CHAIRMAN TILLERY: Is there anyone else in
17 Port Lions?

18 (No audible responses)

19 CHAIRMAN TILLERY: Is there anyone in
20 Larsen Bay that would like to comment?

21 (No audible responses)

22 CHAIRMAN TILLERY: How about Washington,
23 D.C.?

24 (No audible responses)

25 CHAIRMAN TILLERY: Is there anyone on the

1 line in Anchorage who would like to comment?

2 (No audible responses)

3 CHAIRMAN TILLERY: Okay. And is there
4 anyone in Kodiak who has not previously commented who would
5 like to comment at this time? Okay.

6 MS. ZHAROFF: Tonya Zharoff.....

7 CHAIRMAN TILLERY: I'm sorry.

8 MS. ZHAROFF:I am a member of the
9 Karluk Village.

10 CHAIRMAN TILLERY: Okay, could you
11 please.....

12 MS. ZHAROFF: I am not a member of the -- I
13 am not one of the 186 original members. The head of my
14 household is Larry Sugak, Jr. He is a descendant of two of
15 the 186 original members. I'd like to let you know that in
16 the village that we have no idea that these negotiations
17 are going on. The people of the village -- the tribal
18 council has not made them aware. And I was actually told
19 that the negotiations going on with EVOS had something to
20 do with the dump, something about cleaning up the dump,
21 okay? So they haven't been -- I guess people are in the
22 dark out there, too. So I'm not sure exactly who the
23 council is representing, excuse me, the Karluk Tribal
24 Council, I'm not sure who they're representing.

25 CHAIRMAN TILLERY: Okay. Thank you. Did

1 you have anything else?

2 MS. ZHAROFF: No.

3 CHAIRMAN TILLERY: Could you please spell
4 your last name for the benefit of the court reporter here?

5 MS. ZHAROFF: Z, as in zebra, H-A-R-O-F-F.

6 CHAIRMAN TILLERY: Okay, thank you very
7 much. Are there questions or comments from Council
8 members? Ms. McCammon, would you explain about the dump?

9 MS. MCCAMMON: Yeah, Mr. Chairman,
10 Ms. Zharoff, I just wanted to clarify, we do have a
11 separate project that we've been working on with the Kodiak
12 Island Borough and also the communities on Kodiak Island
13 and it is for a waste management plan and implementation
14 which includes the dump, so that's separate project we've
15 been working on.

16 MS. ZHAROFF: Okay, yes, ma'am, I had a
17 member of the village who told me she asked one of the
18 tribal council members, Katherine Reft, if there was
19 anything going on with these lands and her answer was, no,
20 nothing is going on with these lands.

21 CHAIRMAN TILLERY: Okay. Thank you for
22 your comments. Is there anyone else in Kodiak who has not
23 previously spoken who would like to speak now?

24 (No audible responses)

25 CHAIRMAN TILLERY: Is that.....

1 MS. REFT: Before the three minutes is up,
2 I received permission from everybody to lastly say that,
3 first of all, thank you for letting us participate. Please
4 understand our shock, our fear and our anxiety. We have a
5 tribal council of a very few people, maybe three or four,
6 that are speaking on behalf of their own needs and wants
7 without reflecting their governmental responsibilities to
8 us as members. And when you mention the oil spill, I
9 remember that, I am quoted in much of the testimony that
10 was given and included in taking studies and testimony from
11 our elders as well as documenting the food we lost and the
12 people we lost. So we were affected dearly and our
13 ecosystem was affected and as a result we as a people were
14 affected. So we were devastated first by the oil spill and
15 now you're offering to take control and authority of the
16 lands to manage them and help them recuperate and, from our
17 perspective, we're being removed from our lands by not
18 being involved in the management or the process of the
19 negotiations. And how does taking our lands or authority
20 thereof help us recover?

21 CHAIRMAN TILLERY: Okay. Thank you.
22 Ms. Reft, was that you?

23 MS. REFT: Yes. And please note for the
24 record, we are a very big family and I apologize deeply for
25 the abusive manner that we have witnessed with our own

1 tribal council because this is not traditional. And I
2 apologize if I may have come off very gruff, but this is
3 very dear to me and I think I projected my personal
4 frustration with these few people, so please understand.
5 And the original 186 of us, most of us elders, most of us
6 are from the old Karluk and with that, I ask that you
7 consider our comments and hold dearly what we tried to
8 define to you.

9 CHAIRMAN TILLERY: Thank you, Ms. Reft.
10 And, no, we do not view it as gruffness, we view it as a
11 passion, belief and we appreciate it. And this the way we
12 get information and we thank you very much for gathering
13 the troops to deliver the message to us and it has been
14 received here.

15 Is there anyone else there that hasn't spoken yet
16 that would like to say anything or does that pretty much
17 wrap it up for Kodiak?

18 MS. REFT: I think that wraps it up, thank
19 you.

20 CHAIRMAN TILLERY: Okay, thank you.

21 MULTIPLE VOICES IN KODIAK: Thank you.

22 CHAIRMAN TILLERY: Okay, thank you very
23 much. And I guess just a point for the people who are
24 interested in this Karluk issue, Ms. McCammon, there is
25 nothing on the agenda that directly relates to the Karluk

1 issue.

2 MS. McCAMMON: No.

3 CHAIRMAN TILLERY: There's no action items,
4 there's no furtherance of discussion or anything?
5 Commissioner Rue.

6 MR. RUE: Yeah, I don't have a microphone,
7 so.....

8 MS. McCAMMON: We'll get you one.

9 CHAIRMAN TILLERY: Okay. Commissioner Rue.

10 MR. RUE: I was just thinking, perhaps it
11 would be helpful if we could get folks any information we
12 have on the purposes that we were looking to when talking
13 to the Karluk IRA Council, you know, what interest we were
14 interested in at least talking about. I think we
15 mentioned, you know, the weir site, a long-term ability to
16 maintain a weir site and, I think, public access were the
17 two issues, as I recall. And maybe having anything we got
18 in writing to at least express to people what the Council's
19 interest was in just even talking about a land negotiation,
20 so that folks can understand the limit of our interest, you
21 know. And so that might help people to at least be aware
22 of what the Council's interest was in the first place. So
23 maybe, Molly, I can't remember what we have in writing that
24 might help that.

25 MS. McCAMMON: We actually have gone back

1 through the record. Dolly requested that. We went back
2 since the Council's inception and anytime it was even
3 spoken of at a meeting or there was some reference to it,
4 and I pulled copies of all those transcripts and have sent
5 them on, and so everything that's been said, Dolly now has
6 in her hands. Anything that's been written or said about
7 it she had in her hands. And there's not a lot, but it's
8 there.

9 MR. RUE: Okay. Maybe that'll help folks
10 at least understand what we're talking about so you can --
11 it may not make you feel any better, but at least it'll let
12 you know what the Council's interest was.

13 CHAIRMAN TILLERY: There definitely needs
14 to be more discussion involving the people who no longer
15 live in Karluk, there's no question about that.

16 MS. REFT: I need to correct that because
17 most of us throughout these meetings -- I hunt seal, as
18 many of these people around here do. We gather. We gather
19 things for medicinal purposes, we're actively out there.
20 And the times that you have your meetings have been very
21 inconvenient in respect to that. And I'm not going to
22 apologize for my lifestyle because that's who many of us
23 are and you need to realize that we're -- we still do that
24 as a people.

25 CHAIRMAN TILLERY: Thank you. We.....

1 MS. REFT: We still subsist and many of our
2 brothers and sisters and membership, although they may not
3 live here in Kodiak, they depend on these foods, they
4 depend on us to send them to them.

5 MR. REFT: My understanding is Fish and
6 Game owns the weir site in Karluk, the five-acre tract, and
7 if not then I read the documentation incorrectly then. But
8 these are actions that happened without the membership
9 knowing, I just wanted relate this.

10 CHAIRMAN TILLERY: Okay.

11 MR. RUE: I think it's a lease, but we can
12 talk about it.

13 MS. McCAMMON: They don't, it's a lease.

14 CHAIRMAN TILLERY: It's a lease.

15 MR. RUE: But that's what we want to work
16 out.

17 CHAIRMAN TILLERY: Okay. Is there anyone
18 else -- is there any community out there that has not had a
19 chance to speak where someone would like to speak?

20 (No audible responses)

21 CHAIRMAN TILLERY: Okay. Is there anyone
22 else here in Anchorage who would like to make a comment who
23 has not already spoken?

24 MS. ZHAROFF: Just a minute, please.

25 Excuse me, this is Tonya Zharoff in Kodiak and I'm

1 fortunate to be in Kodiak. I'm sorry to interrupt you. Is
2 there a reason why the teleconference isn't happening in
3 Karluk for the benefit of the villagers in Karluk?

4 MS. McCAMMON: They didn't request to be
5 included on the teleconference and there wasn't an agenda
6 item on it. There's no action, it's not even on the agenda
7 for discussion.

8 MS. ZHAROFF: Okay. The reason -- I'm
9 sorry to interrupt, but just the reason I ask is people are
10 asking me what's going on with the land and apparently
11 they're not aware of this public meeting that you're having
12 here, so.....

13 CHAIRMAN TILLERY: Okay. Just to, perhaps,
14 clarify that, this is an Exxon Valdez Oil Spill Trustee
15 Council meeting, we are, and as you note, have been dealing
16 with this Karluk issue, but it was not intended to be on
17 the agenda for this meeting. We appreciate you getting to
18 us with your comments, but that is one of the reasons that,
19 you know, we didn't perhaps make a real effort to get
20 people in Karluk involved because it really wasn't an item
21 that's coming up today.

22 MS. REFT: We were invited by Molly to come
23 to this meeting, so that's why we came to inquire.

24 CHAIRMAN TILLERY: And we appreciate your
25 coming, so.....

1 MS. REFT: Okay.

2 CHAIRMAN TILLERY: Okay, thank you, and
3 hearing no one else wanting to make a comment, we will
4 close the public comment period for today.

5 And the next item on the agenda is the Public
6 Advisory Group report from Rupert Andrews. Mr. Andrews,
7 are you still around?

8 MR. ANDREWS: Yes, I'm still here,
9 Mr. Chairman.

10 CHAIRMAN TILLERY: Could you give us your
11 report?

12 MR. ANDREWS: Yes, I have a brief report,
13 Mr. Chairman and members of the Trustees. The Public
14 Advisory Group met via teleconference November 16th to
15 review the draft agenda for today's meeting of the
16 Trustees. There was an update on the GEM Program and the
17 grant habitat program proposal developed by staff to create
18 a permanent habitat protection program to be administered
19 by a private non-profit organization.

20 The long-term funding for habitat protection was
21 perhaps the most important discussion item with the PAG
22 members and certainly, in the minds of many, one of the
23 most important future activities of the Trustees. As the
24 Trustees are aware, interest in land totalling over 600,000
25 acres have been acquired and with the proposal to develop

1 long-term funding to continue opportunities for
2 acquisition, the future of continuing the habitat
3 protection program is unique and exciting. The Trustees
4 have before them the decision to enter into a Memorandum of
5 Understanding between the Nature Conservancy and The
6 Trustee Long-Term Habitat Protection Fund.

7 The establishment of long-term funding to protect
8 wildlife habitat is, in my experience, without precedence,
9 is perhaps the most important for the Trustees. The
10 vehicle that the Trustees choose to move this program
11 forward will require their most thoughtful decisions but
12 the prospect of continuing a permanent habitat protection
13 program into future decades represents to me and other
14 members of the PAG a one-time opportunity. There was no
15 vote by the PAG on this matter as the PAG is unofficial
16 until action by the Trustees later in this meeting to
17 appoint members for the next two years.

18 There was discussion, both pro and con, regarding
19 the proposed contract agreement with a non-profit
20 organization with no final conclusion. I would assume that
21 the first order of business of the next PAG would be review
22 an action on the resolution before the Trustees regarding a
23 long-term approach to habitat protection. At present,
24 nothing before the Trustees could be more precedent setting
25 and with such long-term beneficial impacts to renewable

1 wildlife resources in the affected spill area.

2 PAG member Dan Hull, which you heard previously,
3 has forwarded to you his comments and views on the draft
4 habitat grant. I cannot report for the PAG on Dan's
5 comments as we have yet to meet and review the draft, but I
6 would like to draw your attention to his November 14th memo
7 for your information. I think that Dan has made some
8 constructive points.

9 During the teleconference other PAG members made
10 important points to consider before the draft grant
11 proposal was finalized. These comments ranged from public
12 input (phone cut out) the program to citizen monitoring, to
13 obtain community support, developing a visualization of
14 wildlife uses and concentrations. My suggestion to you
15 Trustees is that the Trustees should meet in a joint
16 session with the PAG to outline and discuss the draft
17 proposal. It is evident that the public interest
18 represented by the PAG need to be fully informed on the
19 draft habitat grant prior to final adoption. Public trust,
20 as Dan Hull stated, is a requirement prior to spending
21 funds that belong to the general public.

22 Mr. Chairman, that completes the report to the
23 Council.

24 CHAIRMAN TILLERY: Okay. Is that it?

25 MR. ANDREWS: That's it, Mr. Chairman.

1 CHAIRMAN TILLERY: Okay, thank you very
2 much. Are there questions or comments from Council members
3 of Mr. Andrews? Commissioner Rue.

4 MR. RUE: Rupe, yeah, I just, again, would
5 like to thank the PAG for the work they put in and I
6 appreciate both Sheri and Dan Hull giving us their comments
7 today on their thoughts on the issues. And I certainly am
8 interested in discussing the idea of getting together with
9 the PAG on the small parcel program, that certainly is an
10 intriguing idea. So, anyway, I appreciate the work of the
11 PAG and look forward to continuing a good working
12 relationship.

13 MR. ANDREWS: Thank you, Commissioner Rue.

14 CHAIRMAN TILLERY: Yeah, I'd like to
15 concur. I don't know, logistically, if it's going to be
16 possible to have a joint Trustee/PAG meeting, but I'd like
17 to be sort of informed of the meeting where you're going to
18 take it up and perhaps even if we don't formally get
19 together, I and some other people would be able to come by
20 and listen, sort of in person, to your comments and your
21 views. And so, Molly, if you could just be sure that we
22 are informed of that next meeting where they will take this
23 issue up.

24 MS. McCAMMON: Well, it does raise a
25 question, Mr. Chairman, in terms of timing, because we have

1 this -- well, there's some recommended changes from the
2 original grant and the grant proposal that the Public
3 Advisory Group actually reviewed in response to their
4 comments. And my recommendation to you today, when we get
5 to this agenda item, is that we have a discussion today and
6 then actually put it on the agenda for your January 16th
7 meeting. The Public Advisory Group, in all likelihood,
8 will not be reconstituted, the new members need to be
9 signed off by Secretary of Interior Babbitt and that, in
10 all likelihood, will not have occurred. It has to happen
11 before January 20th, but they probably won't have a chance
12 to meet before the 16th, so it is a question of timing
13 there, but I think there was some significant concerns
14 raised by the PAG, I think this draft we have is a revised
15 recommendation to reflect some of those concerns. So you
16 might want to think about it.

17 CHAIRMAN TILLERY: Okay. Anything else?

18 (No audible responses)

19 CHAIRMAN TILLERY: Okay. Thank you,
20 Mr. Andrews.

21 MR. ANDREWS: You're welcome.

22 CHAIRMAN TILLERY: The next item on the
23 agenda is the Executive Director's report, Ms. McCammon.

24 MS. MCCAMMON: I'll pass.

25 CHAIRMAN TILLERY: No, you won't.

1 (Laughter)

2 MS. McCAMMON: Actually I was going through
3 and trying to figure out what I was reporting on, and
4 everything we've been working on is on the agenda for the
5 next day and a half, it will be discussed in detail. So at
6 this point all I want to do is refer you to the quarterly
7 project report, which reflects the end of this past fiscal
8 year, which is in there. And just to note that we still
9 continue to have problems with late reports and ask for the
10 Trustees' assistance with your agency in terms of getting
11 those in.

12 And then also just to mention the financial report
13 is as of September 30th, 2000. And we'll actually be going
14 through, tomorrow afternoon, looking at the new reports and
15 some new information that you'll be getting as a result of
16 the change in the investment structure.

17 So I just wanted to note those two items.

18 CHAIRMAN TILLERY: Okay. Does anybody have
19 any questions from the Council for Ms. McCammon?

20 (No audible responses)

21 CHAIRMAN TILLERY: Okay, the next item,
22 then, on the agenda is the small parcel grant issue. You
23 had a memo and.....

24 MS. McCAMMON: Yes, if you look in your
25 packet under habitat memo status report. First of all

1 there's a report of the status of all the small parcel
2 acquisitions that were under consideration on March 1st,
3 1999 for a total of \$6.3 million. About one and a half
4 million dollars of those acquisitions have been completed,
5 about 700,000 has been expended and authorized for support
6 costs. A number of offers have been made, in other cases
7 appraisals and negotiations are underway. Of the funds
8 that have either been spent or committed, there's
9 approximately 1.17 million that would be available for a
10 grant to a non-profit.

11 And following that memo is the detail of where we
12 are on all of the various small parcel acquisitions.
13 There's also a status report on the large parcel program.
14 The only activity that we have currently underway under the
15 large parcel program is the negotiation with Koniag,
16 everything else has been completed or is in kind of the
17 final payment stage.

18 So behind your green tab are letters that we've
19 received from Koniag, from Dolly Reft, from Wanda Kaiser,
20 from Congressman Young and any correspondence that I've
21 received on the lower Karluk. So all of that
22 correspondence is there, plus the additional correspondence
23 you were given today. So I wanted to make sure that you
24 added that.

25 Then we get to the draft grant, habitat grant, and

1 resolution. And, if you'll recall, last March you asked me
2 to work with staff and with the agencies to develop a
3 proposal to create a permanent habitat protection program
4 to be administered by a private non-profit organization.
5 We felt that really in order to evaluate whether going
6 forward with such a grant was possible, number one, and,
7 two, whether it was the best thing to do, would actually
8 entail us actually going through the process of drafting a
9 draft agreement and working out some of the issues. And it
10 has been really helpful for doing that. It's allowed us to
11 present something to the Public Advisory Group at two of
12 their meetings, get some of their input, respond to that.
13 Work with the Nature Conservancy and with the Conservation
14 Fund to address any concerns and issues that they brought
15 up.

16 And what we have before you is a staff
17 recommendation to go forward with a pilot project, going
18 forward with a grant for a million dollars to try this out
19 to see exactly how it would work in the next year, to flesh
20 out some of the details and the concerns and then let the
21 issue of whether to proceed with a second phase, with a
22 larger grant, remain until the first phase is evaluated.
23 So this is a little bit different than what we had
24 originally proposed. The original proposal was a
25 \$1,000,000 pilot proposal that, unless the Trustees

1 unanimously voted to end it, would be followed by a
2 \$25,000,000 second phase.

3 So this splits the two phases completely, it would
4 take a completely unanimous affirmative vote of the Trustee
5 Council to proceed with phase two. In going through this
6 there were a number of issues and concerns, a lot of this
7 was what kinds of procedures the non-profits would be
8 required to do and whether those would have to be
9 duplicated by the acquiring government agency. I think
10 that's probably one of the areas that is still the least
11 clear. And by having a pilot proposal like this we can
12 actually work that out through actual acquisitions.

13 The cost of the program was also a source of
14 concern to us, whether we were going to end up with
15 duplicate costs from the non-profit side and then also from
16 the agency side. One of our earlier thoughts had been that
17 this approach would be more cost effective than the current
18 approach. I'm not convinced that that's necessarily true
19 now, on the other hand I'm not convinced that it wouldn't
20 be. And I think some of the cost issues maybe are more --
21 may not actually be substantive once we actually start
22 implementing something like this.

23 The other issue of great concern to the Public
24 Advisory Group was the issue of public process. And the
25 way we have addressed this is the Trustee Council would

1 consult with the non-profits over what types of properties
2 would be actively pursued and would have to take action on
3 any of those properties before they can actually be
4 acquired. So there would be a public comment period at
5 anytime when the Council met, it would be noticed and there
6 would be lots of opportunity for public input into that
7 process.

8 MR. BALSIGER: So this is an agenda item
9 under number five, the small parcel grant, we'll discuss it
10 later?

11 MS. McCAMMON: It's for discussion only
12 today, we didn't notice it as an action item today.

13 CHAIRMAN TILLERY: As I understand it, this
14 is item number five we're doing now.

15 MS. McCAMMON: Yes.

16 MR. RUE: We're doing it now, we're
17 discussing it, right?

18 MS. McCAMMON: Yes.

19 MR. BALSIGER: So we're not going to come
20 back to it? This is the discussion on five?

21 MR. RUE: Right now.

22 MS. HEIMAN: And no decisions will be made,
23 we're just discussing it.

24 MR. BALSIGER: Well, I have a question
25 about it, I didn't know whether I should delay it until it

1 came up later, but if.....

2 MS. McCAMMON: No, this is.....

3 MR. BALSIGER:this is it.

4 CHAIRMAN TILLERY: I think jump in.

5 MR. BALSIGER: If I might then,
6 Mr. Chairman. So what would the million dollars be spent
7 for? I guess maybe there's information in here I've missed
8 or haven't gotten to, but I understand it's \$25,000,000,
9 the easements and all of that, but the million seems a lot
10 to set up the paperwork, but probably not enough to set
11 aside much lands. So how does the -- what's the thought
12 for the million dollars in this?

13 MS. McCAMMON: Well, the million dollars
14 would be used for a number of small parcels and it could be
15 dozens of them at 10 to \$50,000 or it could be very few if
16 they were 300,000 or \$500,000 in costs.

17 MR. BALSIGER: Okay, I was concerned that
18 it was not going to actually get any parcels involved and
19 it was only for the procedures and paperwork to get
20 established.

21 MS. McCAMMON: No, the actual
22 administrative costs would be fairly small. The non-
23 profits have asked for \$25,000 each per year to implement
24 the program for their -- basically their personnel costs.
25 And then any costs, such as appraisals, title searches,

1 hazardous material surveys, any actual costs like that they
2 would be reimbursed for. The granting agency, which is the
3 Department of the Interior, is the agency we've been
4 working with, has asked for four and a half percent to
5 implement the program as an indirect rate. That actually
6 exceeds the amount the Trustee Council has adopted in its
7 procedures, so the Trustee Council would have to decide
8 whether they were only going to go with the approved rate
9 or wanted to go higher or do a negotiated rate. We have
10 done negotiated rates with agencies, such as the Alaska
11 Department of Fish and Game for the SeaLife Center.

12 MR. BALSIGER: Thank you.

13 CHAIRMAN TILLERY: I think the number,
14 actually the million dollars, is a pretty good pilot number
15 because the 25,000,000 is going to leave us -- that would
16 leave us about a million dollars a year for the program.

17 MS. McCAMMON: That's correct.

18 CHAIRMAN TILLERY: So this is pretty
19 representative of what we'd actually run into.

20 MS. McCAMMON: That's correct.

21 MR. BALSIGER: Thank you very much.

22 MR. RUE: Mr. Chairman.

23 CHAIRMAN TILLERY: Mr. Rue.

24 MR. RUE: Yeah. One thing that would help
25 me is if someone could do a flow chart or -- I don't know

1 what you call them, where it shows where the Trustee
2 Council has to make a decision and then where the granting
3 entity makes the decision. Maybe I'm a chart kind of
4 person, but you know what I mean? You know, when we get an
5 opportunity to say something about their decision. It took
6 a while for me and I'm not sure I'm really clear even now
7 having read it a couple of times.

8 CHAIRMAN TILLERY: I think that's a good
9 point because when I was going -- I think I know what the
10 plan is, but when I was kind of following it through the
11 resolution and the grant agreement I had a problem with
12 that myself, so I can see the point.

13 MR. RUE: Yeah. That would help me. That
14 doesn't mean we shouldn't go ahead with it, I just think it
15 would be -- I'd certainly like to see it. I'm hopeful that
16 this works, I think it's got tremendous potential. I'm a
17 little bit afraid that we may lose some of the benefits if
18 we're not careful, having a private entity or a non-profit
19 do this, which is bring other money to the table, also be
20 more flexible than the State or the Federal government can
21 be in terms of things like wills and other kinds of
22 opportunities folks can have in dealing with the Nature
23 Conservancy and putting together a package for someone who
24 might find it very attractive to deal with their land in
25 this way. So I hope we can retain as much of that

1 flexibility for the non-profits and, you know, their real
2 strength as we try to find a way to get the maximum benefit
3 for our dollars.

4 And so I guess, Molly, do you think we've managed
5 to do that here?

6 MS. McCAMMON: I think so. I guess why I
7 think it would be valuable to proceed with this on a trial
8 basis is that, in the past, the habitat program has been a
9 really significant part of the Council's workload,
10 especially in the last six years. And because it is now
11 kind of shifted to a much smaller program in terms of
12 dollar amount, I think working with the non-profits who are
13 out there in the realm of habitat protection, who already
14 work very closely with the government agencies in terms of
15 identifying parcels for protection and helping to
16 facilitate that, I think it will keep the spotlight on
17 habitat protection and we'll end up with the identification
18 and pursuit of parcels of really high quality habitat
19 value. So I think there's a lot of value to pursuing this
20 and trying to create a partnership with the non-profits in
21 this area. Whether it actually, in the end run, whether
22 the bureaucracy gets the better of us.....

23 MR. RUE: Right.

24 MS. McCAMMON:and sort of succumbs to
25 that.

1 MR. RUE: Right.

2 MS. McCAMMON: We almost got to that point
3 just in our discussions in terms of putting the draft grant
4 together. You kind of look at it, at some point you just
5 get a little bit overwhelmed, but often it's just in the
6 process of discussing things, but in reality when you
7 actually implement something it ends up being a lot more
8 streamlined than when people are first envisioning it.

9 MR. RUE: Mr. Chairman, we're going to vote
10 on this when?

11 CHAIRMAN TILLERY: My understanding is
12 we're going to be voting on this, hopefully, in January,
13 January 16.

14 MR. RUE: Okay. Would it be possible by
15 then to get the flow chart.....

16 MS. McCAMMON: Yes.

17 MR. RUE:where you go action,
18 Trustees say yes, you go forward, Trustees say no, you go
19 backwards, whatever?

20 MS. McCAMMON: Yes.

21 MR. RUE: Great.

22 CHAIRMAN TILLERY: The point of the
23 discussion today, though, I think is to try to give some
24 direction to Ms. McCammon about where to go between now and
25 January. It is a very significant issue just between

1 should we really be pursuing this non-profit path or should
2 we just leave it the way it is? Should we just perhaps
3 say, there's 25,000,000, point the State towards trying to
4 figure out priorities for half of it and point the Feds for
5 figuring out priorities for the other half. There's other
6 ways of dealing with this. The current system has some
7 advantages that I think Dan pointed out, primarily in the
8 areas of public involvement and public notice. We build
9 those into the others.

10 The main advantage of non-profits was efficiency,
11 but the more that we get into the details, the less
12 efficient it begins to seem and the more costly it begins
13 to seem and so I think that's one of the things that Ms.
14 McCammon is going to need guidance on.

15 MR. RUE: Mr. Chairman, I agree that one of
16 our goals was efficiency. I also thought we talked,
17 though, about the ability of the non-profits to not only be
18 more efficient, but also bring other funds to the table,
19 also put together packages for landowners that -- I mean, I
20 haven't thought it through very carefully, but it seems to
21 me you could find a parcel of which, you know, maybe only
22 half of it is really of interest to the Trustee Council for
23 its habitat values or public use values. A non-profit
24 might be able to buy the whole property, sell half of it
25 back to the -- or use EVOS money for one half and then

1 perhaps, you know, make the money from the rest of the
2 parcel that they might sell on the open market for
3 development and that money could then be used for further
4 purchases. So I was hoping there was some things that
5 could be done, maybe I just picked a bad example, but it
6 seemed to me there was the possibilities for stretching our
7 money, coming up with different kinds of packages for
8 different landowners, either with tax benefits and/or, you
9 know, splitting parcels so that we only picked up part of
10 it and another part went to, you know, help purchase other
11 parcels that we just won't be able to do, in addition to
12 the efficiency idea.

13 And, I don't know. I also agree, though, we need
14 to build the public into this somehow without -- and the
15 agencies, obviously, are going to have to be involved at
16 some point, so we don't want to turn it into a giant mud
17 hole that we can't get out of.

18 CHAIRMAN TILLERY: It's true, although what
19 started as a lot of discussion about having matching monies
20 and so forth, as we got farther into it it seemed like that
21 all became kind of a hope or a possibility as opposed to
22 something that's going to be built into it. All of the
23 original optimistic benefits started getting retrenched
24 when it came time to kind of write down grant agreements
25 and so forth. And that's.....

1 MR. RUE: Maybe that's why we go slow.

2 CHAIRMAN TILLERY: Yeah. Well, I think
3 that's perhaps one reason we could go the pilot route is
4 because maybe it will flesh that out whether really that's
5 going to mean there's going to be some partnerships
6 involved and really what are going be the administrative
7 costs of this thing; is it going to be cheaper?

8 MR. RUE: Well, is there a way -- excuse me
9 if I'm dominating here, but is there a way, by January, to
10 have an estimate or a discussion of how we think this will
11 be more efficient or not? Will we be prepared to -- if
12 that's one of our criteria, will the staff be able to tell
13 us, going this way, we think it'll be less costly to get a
14 piece of land purchased under this system or we don't know
15 until we try it or give us an analysis of these criteria to
16 help us make our decision?

17 MS. McCAMMON: I don't think we'll know
18 until we try it actually.

19 MR. RUE: Is there a way to do a comparison
20 chart of what we're setting up versus what we do now? It
21 would help us at least see we have three less steps using
22 non-profits, so that should be cheaper. Or we're just
23 replicating the same steps, we're just using a different
24 entity to take us through the exact same steps to help us
25 judge.

1 MS. McCAMMON: I would say in our
2 discussions with the agencies and with the non-profits that
3 if we were to put -- once again, this is what we did
4 through the grant, we started putting on paper what the
5 non-profit would do, what acquiring government would do and
6 it looks, on paper, like it is excessive duplication and
7 not efficient. I think, and this is more of a gut feeling
8 based on having dealt with the land acquisition program in
9 the last seven years, that the reality is that efficiencies
10 do get created, in all reality, and that I think it will
11 be, ultimately, more efficient, but I can't say that for
12 sure. But that is one of the reasons why I recommended
13 just going to a \$1,000,000 pilot program and separating it
14 completely from any decision on a much larger grant at this
15 stage. Because I do think that in the long run it has
16 value having the program associated with non-profits whose
17 major function is habitat protection and that the program
18 will be strengthened in the long run by having that. And I
19 think that we can respond to the concerns of the public
20 process, we can build that in and have as much, if not
21 more, public process on that than we have now for small
22 parcels.

23 CHAIRMAN TILLERY: Mr. Gibbons.

24 MR. GIBBONS: Mr. Chairman, so really the
25 resolution we're looking at here then will be completely

1 rewritten, like the fourth, be it resolved that we'll take
2 the 25 and give it to them in perpetuity basically. So
3 that won't be in the January.....

4 MS. McCAMMON: What we did is we did change
5 that originally, it was if -- the original language was
6 that the 25,000,000 would be added to it unless the Trustee
7 Council, by unanimous vote, decided not to. So it was
8 changed, but we could be totally silent on it, too, which
9 is fine.

10 MR. GIBBONS: Well, just my thinking
11 here.....

12 MS. McCAMMON: Yeah.

13 MR. GIBBONS:if we go down this route
14 some way, perhaps we should have a five-year review period
15 or a 10-year review period or something, some time frame
16 set aside rather than -- it says, will be added to the
17 grant and the duration of the grant extended for as long as
18 the funds. To me that's.....

19 MS. McCAMMON: And the grant -- the draft
20 language has termination with 30 days' notice by either the
21 Trustee Council or the non-profits.

22 MS. SCHUBERT: Mr. Chairman.

23 CHAIRMAN TILLERY: Questions or comments?

24 MS. McCAMMON: Sandra.....

25 MS. SCHUBERT: I was just going to add to

1 what Molly said.....

2 CHAIRMAN TILLERY: You need to come up to
3 the mike.

4 MS. SCHUBERT: For the record, I'm Sandra
5 Schubert and this is just on the annual or whatever it is
6 review. There's also a provision in the draft for annual
7 reporting by the grant recipients.....

8 MS. McCAMMON: Right.

9 MS. SCHUBERT:where they would do
10 cost accounting as well as describe their other activities
11 and accomplishments for the year, so we were kind of
12 envisioning an annual, at least, informal review and the
13 language to terminate.

14 MR. GIBBONS: Well, I was just looking at
15 it and it just kind of jumped out at me.

16 MS. SCHUBERT: In the resolution.

17 MR. GIBBONS: Yeah, in the resolution.

18 CHAIRMAN TILLERY: Yeah, I note that I have
19 a lot of writing on my draft here, so.....

20 MS. McCAMMON: Good.

21 CHAIRMAN TILLERY: But are there any more,
22 sort of, questions or comments on some of the fundamental
23 assumptions here, the idea of going non-profit versus not,
24 and particularly -- I know the Department of Interior, I
25 think, was originally interested in the whole -- sort of

1 committing the whole 25,000,000 now; is that something that
2 you're still concerned about? Because that's something, if
3 we're going to do that, then means that's something we need
4 to be thinking about between now and January.

5 MS. HEIMAN: We certainly have the
6 economies of scale to do the whole amount now versus we do
7 a million and then do the next step. But, you know, I
8 understand that there's some discomfort by the PAG and
9 other groups and I think it's -- you know, Molly has really
10 tried to accommodate the different concerns that were
11 raised and the idea of doing this \$1,000,000 pilot project,
12 I think, makes a lot of sense. You know, I do think that
13 there's benefit, I do think that the public needs to be
14 fully involved in whatever the process is, whether it's the
15 agencies doing it, if it's the Trustee Council or non-
16 profits doing it. I mean, obviously, we're all going to
17 have a role, no matter what the set up is, but I do think
18 there's a real benefit in having these non-profits, like
19 the Nature Conservancy, who have, you know, just a fabulous
20 record, and also the public -- what is it called, the other
21 group?

22 CHAIRMAN TILLERY: Conservation Fund.

23 MS. McCAMMON: Conservation Fund.

24 MS. HEIMAN: Conservation Fund. They both
25 have excellent records and have done a very good job of

1 coming up with creative, innovative deals and I think that
2 there's a real benefit in that that sometimes government
3 doesn't really think of. No offense, but that's the way it
4 is. And so I really think this is a good creative,
5 innovative approach, I do think we should do everything we
6 can to save monies. And I know that the Fish and Wildlife
7 Service has said that it would cost four and a half
8 percent, is that right, Molly, to administer this? Although
9 I have talked to Glenn and Glenn says that if it were a
10 larger amount of money we certainly would be able to go
11 through the process to get an exemption, because I think
12 that 4.5% is fixed and it's required in our administering
13 grants, but there is a way to get an exemption and if the
14 amount of money is larger, I think that's a possibility to
15 make that a small amount, just as Molly was referring to.

16 But I do think that it's beneficial, I do think
17 that it's beneficial, I think it would be -- it would
18 involve the public, I think the Nature Conservancy and
19 Conservation Fund are very involved with -- you know, they
20 understand the importance of involving the public because
21 they are the public, you know, they represent a certain
22 faction of the public and they understand what it feels
23 like to be on the outside and they, I think, do a good job
24 of hearing people's voices and considering those concerns.

25 So I guess I'll be on the record saying I do think

1 this is a good idea, whether it's the 25,000,000 or a
2 million, but I understand people's concerns and I'm willing
3 to go forward with just the 1,000,000 and try to work out a
4 process to get people's comfort levels up. And if that's
5 not going to work, then we'll try something else.

6 CHAIRMAN TILLERY: Okay. Mr. Balsiger.

7 MR. BALSIGER: Will you remind me whether
8 the Nature Conservancy or the Conservation Fund came to the
9 Council and asked to be involved this way or was it the
10 other way around? Where did the idea generate?

11 MR. RUE: I think we approached them.

12 CHAIRMAN TILLERY: I believe we went to
13 them.

14 MS. McCAMMON: We did, although they had
15 submitted a proposal earlier, also, a couple years ago.
16 And we do have representatives of both groups, one on the
17 phone and one here, if anyone does have question of either
18 of those groups.

19 MR. RUE: Mr. Chairman, I note - and I, for
20 one, have been pushing on this idea, with others on the
21 Council to try it for a while because they've been very
22 helpful in putting together some of the deals we already
23 have, so I think it's been -- my feeling is I've been real
24 interested, certainly, in trying this. I don't feel
25 anyone's been pushing me to try, I think we've been pushing

1 them.

2 MR. BALSIGER: Well, please don't take my
3 comment as an objection to it at all, I just was trying to
4 gather the history.

5 MR. RUE: Yeah.

6 CHAIRMAN TILLERY: Mr. Gibbons.

7 MR. GIBBONS: Yeah, Mr. Chairman, I also
8 like the idea that was mentioned, like a flow chart. I
9 think, you know, just laying out the steps would ease my
10 mind some. And then Molly mentioned there's a duplication,
11 they looked at an analysis of what's existing done by
12 agencies and what -- and that would be interesting to kind
13 of look at, to kind of get a feel for that.

14 CHAIRMAN TILLERY: I think you're correct.
15 I think it was maybe two things we're asking for, one is a
16 flow chart.....

17 MR. GIBBONS: Right.

18 CHAIRMAN TILLERY:and the second is
19 almost a side-by-side.....

20 MR. GIBBONS: Side-by-side, right.

21 CHAIRMAN TILLERY:that maybe tries,
22 to the extent we can, break out the costs and determine
23 which is more economically efficient.

24 MR. GIBBONS: Yeah, that's what I was
25 referencing.

1 CHAIRMAN TILLERY: That should be pretty
2 simple, Ms. McCammon.

3 MS. McCAMMON: Piece of cake.

4 CHAIRMAN TILLERY: Piece of cake, between
5 now and January 16th.

6 (Laughter)

7 CHAIRMAN TILLERY: Is there any more
8 discussion? Ms. See.

9 MS. SEE: I just wanted to note that it's
10 really helpful to have the report from the PAG on this, to
11 get their input. I think it's really excellent that
12 Molly's been able to address that concern in this proposal.
13 I think it seems like a good, conservative way to try
14 something that we've all been interested in doing, but also
15 to recognize the public concerns and really work out the
16 specific things, some of which we're not even going to know
17 until we enter into it, so it seems like really well
18 thought out approach to go with the 1,000,000, even though
19 there is somewhat less efficiency if you look at the total
20 package of money, I think it addresses a lot of other
21 important concerns.

22 CHAIRMAN TILLERY: Ms. McCammon, when does
23 the PAG go out of existence?

24 MS. McCAMMON: They're out of existence.

25 CHAIRMAN TILLERY: They're out, they're

1 gone?

2 MS. McCAMMON: The end of October they were
3 gone. The last meeting we held was with the past PAG
4 members, but it wasn't an official PAG meeting.

5 CHAIRMAN TILLERY: And they weren't held
6 over until the new ones, they don't.....

7 MS. McCAMMON: No. No.

8 MR. RUE: Mr. Chairman.

9 CHAIRMAN TILLERY: Commissioner Rue.

10 MR. RUE: I have one other request, and
11 maybe you can just answer right now, but I was interested
12 originally in finding out if, by being more creative in the
13 land acquisition field, the non-profits could do things
14 like I just suggested, buying a 50-acre parcel, we might
15 only be interested in 10, they could use the proceeds from
16 the other 40, which they might subdivide or whatever, to
17 put into other small parcels as matching funds. Is that
18 even -- is that a legal possibility? If so, I don't need
19 to hear it today, but I'd be interested in knowing if they
20 could use kind of creative methods that we can't. I mean,
21 we can't become real estate holders and brokers and
22 sellers.

23 CHAIRMAN TILLERY: Actually we can, but
24 it's very difficult, we would have to go through best
25 interest determinations and so forth. This came up when we

1 did Kenai River Ranch acquisition.....

2 MR. RUE: That's the one I was thinking of.

3 CHAIRMAN TILLERY:where we would have
4 liked to have sold off that valuable road front stuff and
5 kept the riverfront, but at that time we looked at it and
6 thought, you know, we can actually do that ourselves, but
7 it gets so incredibly cumbersome.

8 MR. RUE: So that would be a question that
9 I would have of folks, if that's possible, because I've
10 seen a number of parcels that have come along and we really
11 probably only want half or a third of it, and then the
12 other half or two-thirds could be available for
13 subdivision. And I think the non-profits could perhaps do
14 a very good job of subdividing as well. So I'd be
15 interested in hearing about that, not necessarily today,
16 but before we make the decision.

17 CHAIRMAN TILLERY: Anything else? Further
18 discussion?

19 (No audible responses)

20 CHAIRMAN TILLERY: Okay, the.....

21 MS. McCAMMON: Mr. Chairman.

22 CHAIRMAN TILLERY: Yes, ma'am.

23 MS. McCAMMON: The main issues that we were
24 concerned about was, first of all, whether to do the grant
25 in two phases or just go -- keep working on a trial

1 \$1,000,000 grant. The other one, and this probably needs
2 to be talked about later, if the decision is made to go
3 forward with the full 25,000,00, about whether to manage it
4 as an endowment or a declining balance type fund. So that
5 decision really doesn't need to be made now.

6 It would be helpful to get some feedback from you
7 all about the process in terms of whether -- even to go
8 forward for -- what we have in the language now is that the
9 Council will be consulted prior to the grantee proceeding
10 with appraisals and negotiations as proposed or whether the
11 Council should formally approve going forward with each
12 specific appraisal. And the way we have the language now
13 is that there would be a consultation process whereby the
14 Council would say these are the kinds of properties we're
15 interested in, for example, on the Kenai River these kinds
16 of habitat, these kinds of properties, in these locations.
17 And there may be some specific parcels, also, that the
18 Council is interested, in some cases it may be just kinds
19 of parcels. Go forward and see if you can find some that
20 meet those criteria, evaluate them, appraise them and bring
21 them back to us for final consideration.

22 Now, the non-profits would be taking -- there would
23 have to be a lot of consultation because if the non-profits
24 went ahead and did the appraisal, assuming they would be
25 reimbursed, they'd want to have some good idea that this

1 was an actual parcel that the Council was interested in
2 protecting. But the way we have it drafted, there's some
3 flexibility there and we have it as consulted rather than a
4 formal vote on each specific appraisal, so it would be
5 helpful to get some feedback from you on that.

6 CHAIRMAN TILLERY: I can give you my
7 feedback, which is in my view, then, there should be
8 consultation before they expend money -- generally expend
9 the kind of money that's involved in an appraisal, but not
10 approval. But simply before they spend that kind of money
11 they should check with the Council members and make sure
12 that they're generally comfortable, depending on price, et
13 cetera, with this parcel, much like we do sort of now a
14 little bit. But before an actual purchase is made there
15 needs to be a formal vote.....

16 MS. McCAMMON: Right.

17 CHAIRMAN TILLERY:and approval.

18 MS. McCAMMON: Right.

19 CHAIRMAN TILLERY: So that's.....

20 MS. McCAMMON: That's how we have it
21 structured now.

22 CHAIRMAN TILLERY: Yeah, that's the way I
23 would see it as going. I don't know if other people have
24 different concepts.

25 MR. RUE: Mr. Chairman, I hate to

1 interrupt. I'm going to have to leave and have Claudia
2 Slater sit in for me for the rest of the afternoon and I'll
3 be back tomorrow.

4 CHAIRMAN TILLERY: Okay, the record will so
5 reflect.

6 MR. RUE: Okay. What time do we start
7 again tomorrow?

8 MS. McCAMMON: 8:30.

9 (Commissioner Rue departs - 3:12 p.m.)

10 CHAIRMAN TILLERY: Ms. Heiman.

11 MS. HEIMAN: I don't really have a strong
12 opinion either way as long as the Council is really
13 involved in any purchase decision.

14 The other thing, Molly, when we come back in
15 January maybe that's something we could discuss a little
16 bit, this declining fund or the endowment; is that what you
17 said?

18 MS. McCAMMON: Well, at this point.....

19 MS. HEIMAN: What did you call those words?

20 MS. McCAMMON: Declining balance or an
21 endowment.

22 MS. HEIMAN: Right. And so what were you
23 going to say?

24 MS. McCAMMON: Well, that mainly applies to
25 the large fund, the \$25,000,000, because the \$1,000,000

1 would be, hopefully, spent.

2 MS. HEIMAN: In other words, that would not
3 be decided in the January meeting, we'll just be deciding
4 the 1,000,000?

5 CHAIRMAN TILLERY: The 1,00,000 we will be
6 treating it as if it was interest earned in a year.

7 MS. HEIMAN: Yes, I got it.

8 CHAIRMAN TILLERY: Okay. Is there any more
9 discussion on that item?

10 (No audible responses)

11 CHAIRMAN TILLERY: Ms. McCammon, is there
12 anything else you needed guidance on?

13 MS. McCAMMON: Sandra?

14 MS. SCHUBERT: (Shakes head in the
15 negative)

16 MS. McCAMMON: No, I guess that's it.

17 CHAIRMAN TILLERY: We are slightly ahead of
18 the agenda, which has us dealing with archaeological
19 repository at 3:30, should we take a break for about 15
20 minutes?

21 MS. HEIMAN: Yeah, definitely.

22 MR. BALSIGER: Sure.

23 CHAIRMAN TILLERY: Okay, we will -- because
24 I know there is interest in that and people may be getting
25 back on the line, so we'll adjourn -- let's take a brief

1 break until 3:30.

2 (Off record - 3:14 p.m.)

3 (On record - 3:32 p.m.)

4 CHAIRMAN TILLERY: Okay, we're back in
5 session here with the December 4th, 2000 Exxon Valdez Oil
6 Spill Trustee Council meeting. The next topic on the
7 agenda is the archaeology repository. Ms. McCammon.

8 MS. McCAMMON: Mr. Chairman, in your
9 packet, under archaeology repository status memo and
10 resolution. What you have in here is a memo that brings
11 you up to date on where we are in this project. If you
12 will recall in January of 1999 the Council authorized \$2.8
13 million for a grant to Chugachmiut to develop an
14 archaeological repository for Prince William Sound and
15 lower Cook Inlet, local display areas in seven communities
16 in those regions and traveling exhibits to display in the
17 local facilities. The resolution allocated \$1,000,000 to a
18 combined archaeological repository and display facility in
19 Seward.

20 Since that time -- Chugach, when it originally
21 proposed that this combined repository/display area be
22 located in two separate facilities in Seward. The
23 repository with a small display facility would be in the
24 Orca Building and the major display facility would be in
25 the railway depot. However, in developing their business

1 plan, they ended up modifying this proposal and eliminating
2 the display area in the railway depot, reducing the
3 allocation to the repository to about \$777,000 and setting
4 aside a certain amount of funds for a separate small
5 display facility in Seward that would be administered
6 through the Qutekcak tribe.

7 They came to this decision for a number of reasons,
8 but the major factor was looking at the expected revenues
9 of the combined facility, that they felt that they weren't
10 sufficient to pay for the costs and to support the use of
11 both buildings. So this revised proposal was submitted to
12 you in April, the Council considered it and asked for some
13 additional information, including revised building plans,
14 and new resolutions of support from the boards of directors
15 of Chugachmiut and Chugach Alaska Corporation, resolutions
16 reflecting their support for the modified proposal. Those
17 resolutions were received in late October.

18 Chugachmiut has included revised building plans and
19 those have been attached to your packet. So we are now
20 prepared to recommend that given this new support, new
21 affirmation of support from Chugachmiut and Chugach Alaska
22 and given a review of the revised building plans that the
23 Trustee Council approve the modification of the proposal.

24 In addition, in terms of the local display
25 facilities, proposals for facilities in Cordova, Port

1 Graham, Seldovia and Nanwalek have been received. Two of
2 them have been approved, for Port Graham and Cordova. The
3 two for Seldovia and Nanwalek have been deferred until some
4 questions about financing the projects are resolved. But
5 the two, Port Graham and Cordova, are moving forward.

6 Under this modified proposal Chugachmiut has
7 suggested that a small local display facility be situated
8 in Seward in addition to the repository. And we did want
9 to note that in the FY2001 Federal Budget, Congress has
10 appropriated nearly \$800,000 for the National Park Service
11 to plan and design a multi-agency center in Seward and
12 they've also appropriated \$1.63 million dollars to purchase
13 an existing building for this purpose. And so, as part of
14 the recommendation, we are suggesting that there be
15 coordination and consultation between these two efforts
16 since the Federal facility will likely have some kind of a
17 display area.

18 In addition, the Council had originally stated its
19 intent regarding reasonable support costs for project
20 management and general administration, but to do so as the
21 project developed over time. So part of this action item
22 is to approve support costs totalling \$25,500. And
23 actually those costs are included on the spreadsheet for
24 deferred projects so you could actually vote on those
25 tomorrow.

1 The main essence of the resolution before you today
2 is to support the reallocation of 223,000 for a local
3 display facility and reduce the allocation of grant funds
4 for the repository, subject to several conditions. That
5 the repository will be developed in accordance with the
6 repository business plan dated March 30th, 2000, as
7 modified by the grantee's letter of June 19th, 2000. That
8 the design of the repository must address concerns raised
9 by Elizabeth Knight, Senior Curator for the National Park
10 Service regarding adherence to 36 CFR, Part 79. That grant
11 funds budgeted for building acquisition for the repository
12 may be used for a prepaid lease of approximately 2,700
13 square feet in the Orca Building. And that the proposal
14 for a local display facility in Seward must be coordinated
15 with the repository as well as with the, to be built,
16 Federal multi-agencies center being planned for Seward.

17 And we do have Gerald Pilot, who is the grant
18 administrator for Chugachmiut here and also on the line we
19 have Jeanne Galvano, who is with the -- who is the Qutekcak
20 tribal administrator from the tribe of Seward, who also had
21 asked to be able to address the Trustee Council. And,
22 Veronica, did you -- was there anything else you wanted to
23 say about that?

24 MS. CHRISTMAN: No.

25 CHAIRMAN TILLERY: Would you like to come

1 forward and -- do you have comments, then, on this or are
2 you just here to respond to questions?

3 MR. PILOT: I would probably just like to
4 respond to questions if there are any.

5 CHAIRMAN TILLERY: Okay, why don't you come
6 on up? And, Ms. Galvano, do you have sort of a statement
7 you want to make or do you also wish to just respond to
8 questions?

9 MS. GALVANO: Well, we have a brief
10 statement we'd like to make. And present in the room with
11 me is our Tribal Council, who is also available for
12 questions.

13 CHAIRMAN TILLERY: Okay. Why don't you go
14 ahead then?

15 MS. GALVANO: Well, my name is Jeanne
16 Galvano, as you said, and present in the room with me is
17 the Tribal Council, Artie Hatch, President; Hector Ronny,
18 Vice President; Davy Blatchford, Secretary/Treasurer; and
19 Council members Eric Clark, Miranda Nelson and Liz Randall.
20 I believe Edgar Blatchford was going to be able to be in
21 the room, but I'm not sure if he's in the room with you
22 right now, our other Council member.

23 MS. McCAMMON: No.

24 CHAIRMAN TILLERY: No, I don't see him.

25 MS. GALVANO: Okay, he was hoping to get

1 over there. Well, we'd like to thank you for the
2 opportunity to share our vision of how we see the local
3 display facility, as well as what the opportunity of a
4 successful application for Qutekcak would mean to our
5 tribal community. Qutekcak has been involved in this
6 project from the onset with discussions of possible plans
7 on our council agenda repeatedly over the past few years.
8 I attended the pre-proposal workshop last spring and the
9 council has submitted a letter of intent to apply, to
10 respond to the RFP and we've maintained contact with Gerry
11 Pilot and we have been waiting for this final word on the
12 approval of the reallocation of funds.

13 Most recently we have been in contact with Veronica
14 Christman, the project coordinator. Additionally we've had
15 several discussions with Anne Castellina, the
16 superintendent of the Kenai Fjords National Park, about our
17 possible involvement in the visitor center. Because of the
18 desire for a Native exhibit we will be involved in this
19 project whether there were a collaboration of the display
20 facility or not. And it's anticipated that a tribal
21 representative will be working with the task group
22 throughout that project. We have also discussed possible
23 cooperative efforts with them, perhaps demonstration
24 projects, such as artisans at work at the visitor center or
25 the repository and the static exhibits at the display

1 facility. This would allow for directing the public from
2 one facility, one project to another.

3 There are many possibilities with the parks program
4 and with Chugachmiut, they're endless. We have been
5 talking. I believe we all intend to work together in some
6 fashion and Qutekcak is very interested in a cooperative
7 role, but not a collaborative role. We read your draft
8 resolution, as well as the 11/16 memo from Molly McCammon
9 and we're sensitive to the concerns about a redundancy of
10 the efforts in the multi-tourism related projects. If our
11 funding plan were also based in competing for tourism
12 dollars we would understand and share the apprehension you
13 must have. However, our plan is not. Our vision for the
14 Seward display facility is as a medium for unifying the
15 Native population. It's envisioned as the first phase in
16 the development of our tribal offices and our Native
17 community center.

18 We have a letter of understanding from the Alaska
19 Vocational and Technical Center to build the display
20 facility if we're awarded the grant. This means a minimal
21 amount of labor costs would be associated with this
22 construction. It's an extraordinary opportunity and it
23 allows us to double the size of the project. We intend to
24 construct a 16 [sic] square foot building which will allow
25 not only for an 800 square foot display area -- 1,600

1 square foot building, which would not only allow for an 800
2 square foot display area, but for us to base our youth and
3 elder's program in the remaining space.

4 Funding sources we now use to support these
5 programs would allow for the extended support of the
6 display area. A community meeting place has been
7 Qutekcak's goal for more than 30 years. We see this as an
8 opportunity. Visitors to the center would not only see the
9 origins of this region's Native population, but where they
10 are now and, with the interaction of the youth and our
11 elders and people, where we are going. We see this as a
12 chance to create more than just a display facility, but a
13 living museum.

14 Thank you.

15 CHAIRMAN TILLERY: Okay, thank you.
16 Council members, are there questions? Mr. Gibbons.

17 MR. GIBBONS: Yes, Mr. Chairman.

18 (Off record comments - moving teleconference mike)

19 CHAIRMAN TILLERY: Okay, go ahead,
20 Mr. Gibbons.

21 MR. GIBBONS: Yeah. Just a couple of
22 points. A point of clarification, the Forest Service and
23 Park Service are jointly working on a building together.

24 MS. GALVANO: Yes.

25 MR. GIBBONS: And the wording that the

1 Forest Service to purchase an existing building, the Forest
2 Service is to purchase the land for the building. So
3 that's just a point of clarification. But we're in
4 partnership with the city of Seward, the Park Service and
5 the Forest Service in this joint facility, so I think the
6 interaction of those three will make this, you know, a real
7 active, good display for the public, so I just wanted to
8 make that point that, you know, it will be a joint agency
9 building and the lands that we are to purchase are right
10 down with the university, right down near the SeaLife
11 Center, so it'll be a real positive location.

12 CHAIRMAN TILLERY: Are there comments?

13 Ms. Heiman.

14 MS. HEIMAN: Oh, I'm just needing to be
15 reminded. This 223,000, as I recall, wasn't this a million
16 dollar project to start with?

17 MS. McCAMMON: It was a million dollar
18 project to start with and that was for both the Orca
19 Building and railway.....

20 MS. HEIMAN: Uh-huh.

21 MS. McCAMMON:depot. The railway
22 depot is now no longer part of the project, so the
23 repository part is now 777,000 total.

24 MS. HEIMAN: Okay.

25 MS. McCAMMON: In the Orca Building alone.

1 That leaves 223,000 for a small local display facility in
2 Seward that potentially could be coordinated with the
3 Federal building or separate. Qutekcak has plans for
4 combining it with a tribal community center.

5 MS. HEIMAN: Okay. And how will this.....

6 MS. McCAMMON: So it's still a million
7 dollars, it's just reallocated.

8 MS. HEIMAN: Okay. And the 777,000, how
9 will that be paid to Chugachmiut, is that over time, is
10 that -- I mean.....

11 MS. McCAMMON: It's for a number of
12 purposes, it's for the administration of the grant, it's
13 for planning, it's for remodeling the existing building
14 that Chugachmiut has purchased. And then approximately
15 550,000 of it would be used as a prepaid lease for the
16 percentage of the building that would be devoted to the
17 repository. And as part of that commitment then
18 Chugachmiut would commit to having that part of the
19 building available for the repository for 20 years minimum.

20 MS. HEIMAN: Okay. And will that 550,000,
21 how will we pay that to Chugachmiut? Is that over time?

22 MS. McCAMMON: No, it would be done in one
23 payment through the grant.

24 MS. HEIMAN: And when would that happen?

25 MR. PILOT: I'm anticipating mid-March.

1 MS. McCAMMON: Spring.

2 MS. HEIMAN: And would this 223,000 also be
3 one-time payment?

4 MS. McCAMMON: Well, that is done
5 separately, that would be done -- it's a competitive
6 RFP.....

7 MS. HEIMAN: Uh-huh.

8 MS. McCAMMON:and so Qutekcak is
9 interested in submitting a grant proposal, I don't know if
10 any others in Seward would also.

11 MS. HEIMAN: Okay.

12 MR. PILOT: Uh-huh, so we're going to open
13 up for the RFP process in about a month and a half and have
14 proposals due between March and April.

15 MS. HEIMAN: Okay. I have one further
16 question. Given that, I think what I just heard, the
17 testimony where number four says the proposal for local
18 display facility in Seward must be coordinated with the
19 repository, as well as with the Federal multi-agency center
20 being planned for Seward, is that language -- I can't
21 remember the name of the person who was testi.....

22 CHAIRMAN TILLERY: Jeanne.

23 MS. HEIMAN: Jeanne. Jeanne, is that
24 language okay with you?

25 MS. GALVANO: Well, I spoke with Veronica

1 to try to get a clarification as to what does "must
2 coordinate" mean, and I was assured that it was not that we
3 would have to -- that we would have to collaborate. In
4 other words, put in for a proposal that means we all build
5 together. We have -- it is understood that we would be
6 talking -- we will be cooperating, we will be working
7 together, we all have to survive. So as long as that is
8 the meaning of "must coordinate" then I don't think we have
9 a problem with that language.

10 MS. HEIMAN: Okay. So you've reviewed this
11 and you feel comfortable with the way this resolution is
12 written.

13 MS. GALVANO: Excuse me, our tribal
14 president would like to say something.

15 MS. HEIMAN: Thank you.

16 MR. HATCH: As long as it -- and I think it
17 is in your resolution, we're satisfied with that.

18 MS. GALVANO: It would be reflected with
19 your minutes that "must coordinate" doesn't mean "must
20 collaborate."

21 CHAIRMAN TILLERY: Other questions.
22 Mr. Balsiger.

23 MR. BALSIGER: Can you tell me where the
24 Orca Building is?

25 MS. MCCAMMON: The Orca Building is

1 above.....

2 MR. PILOT: 4th and -- well, it's right
3 across the street within sight of the SeaLife Center, so
4 it's kind of one block north, so it's right in that
5 downtown location.

6 MS. McCAMMON: It was a book store prior to
7 this.

8 MR. PILOT: Yeah.

9 CHAIRMAN TILLERY: I have a couple of
10 questions.

11 MR. PILOT: Okay.

12 CHAIRMAN TILLERY: It looked to me like
13 there was a possibility of ending up with three display
14 facilities, like, one -- when you do the repository there's
15 going to be 800 square feet associated with it of displays,
16 at least, initially. And then there's going to be a
17 separate building you're going to build, potentially, with
18 half of it being displays. And then there may be some
19 displays in this Federal project.

20 MR. PILOT: A separate.....

21 CHAIRMAN TILLERY: So is it possible you'll
22 end up with.....

23 MS. GALVANO: Well, it wouldn't actually be
24 that there would be more displays. What we might do, like
25 I said, we might have a demonstration project, like an

1 artisan doing something -- displaying his skill, his craft,
2 over at the (cut out) facility. That person would then be
3 urging people to come to the display facility to similar
4 type crafts, similar type exhibits, a static exhibit. So
5 it's not so much that we're going to have a third or
6 another thing there, what we're going to try to do is
7 coordinate this somehow so that we're all moving people
8 through the different aspects of it. What we intend to put
9 together is not just a display facility, not just another
10 museum, so we are going to be somewhat different.

11 CHAIRMAN TILLERY: Okay. And what about
12 the display that's associated with the repository itself,
13 that's different than this one you want to build; is that
14 right?

15 MS. GALVANO: I believe in -- according to
16 the business plan it also has an associated gift shop or
17 something like that, which is probably not what we're going
18 to be looking at, at this point.

19 MR. PILOT: Could I answer that?

20 CHAIRMAN TILLERY: Yeah, could you go
21 ahead.

22 MR. PILOT: Yeah, I'd like to elaborate
23 just a little. First of all, in our original project
24 concept we had a gift shop in there and as we got down the
25 road and developed the business plan it turned out that a

1 lot of emphasis shifted from earned to unearned income, so
2 we're focusing on attracting sources of operating funds
3 from different sources. We have a small gift shop that's
4 attached to the 800 square foot gallery, but it's really an
5 insignificant part of the project. We have -- our display
6 area is going to be more of a computer, interactive,
7 oriented environment where we have possibly a kiosk where
8 you'd be able to pull up pictures of arts and crafts and
9 their theme settings and be able to send pictures
10 throughout, basically, the world. So there's a lot there
11 that needs to be developed and a lot of it is based on not
12 just arts and crafts that focus on the area, the local
13 area, but the whole Chugach region. And the Chugach region
14 it includes a lot of different variety. Basically the
15 Qutekcak Native tribe are focused on the particular area.

16 CHAIRMAN TILLERY: Okay. So then am I kind
17 of correct in thinking that we may end up with three
18 different, sort of, archaeological-related areas, but they
19 would be designed to work together.....

20 MR. PILOT: Together. And there's ways to
21 establish interactive marketing programs, I mean, you know,
22 where you'd be able to buy a ticket to see all three or a
23 portion of.

24 CHAIRMAN TILLERY: Okay. Now, the Federal
25 building and the Orca Building repository are going to be

1 down sort of close to the SeaLife Center. The one that
2 you're thinking about building, the community center kind
3 of, would that be in the same general area?

4 MS. GALVANO: Actually we're looking at a
5 couple of different lots in town. Our offices are
6 presently right across the street from where the center is
7 supposed to go in, but we're looking at a couple of
8 different lots, maybe within a half-mile, quarter-mile of
9 that same area.

10 CHAIRMAN TILLERY: Okay. And let me just
11 ask one more question. The idea of a prepaid lease, it
12 seems to me that one of the advantages of the prepaid lease
13 is that it allows you to retain the interest earned on the
14 money.

15 MR. PILOT: Also -- well, just a point of
16 clarification. It wasn't 550,000, it's actually about 511.
17 And also, you know, we kind of bounce back and forth
18 between doing an outright purchase of that portion and
19 whether it was feasible and if it can be done, technically,
20 or not. And also back to the lease, or establishing a
21 traditional lease and dishing out the proceeds over a
22 number of years. But based on the fact that the monies
23 that we have and the portion of the building that we're
24 going to be use [sic] is approximately 25 percent of the
25 total facility, you know, there needs to be some equality

1 there in terms of what the cost is to us. And we are
2 providing a substantial portion of the building in-kind, we
3 know that. We're committed to the project and our idea
4 with the prepaid lease is basically that we take the money
5 and up front, as a prepaid lease, and we modify or
6 refinance our existing mortgage and we just go from there.

7 But we're still committed to the project. In fact,
8 you can see with our current resolutions that we are
9 committing operating maintenance funds for this project for
10 a minimum of 20 years, in perpetuity, you know, I mean,
11 that's the whole idea behind this project, so.....

12 CHAIRMAN TILLERY: Yeah, and I think
13 actually those resolutions are very helpful. My thought
14 was that -- and I support the concept that once we decide
15 and go forward with this that you get the benefit of the
16 money, however we do it, you get the earnings off of that.
17 But there's another way to do it, which is to simply do it
18 as a yearly lease with each year lease payment being a
19 specified amount plus any interest earned on the principal
20 during that year, which would allow you to get the money.
21 And I guess what I was trying to find out are there reasons
22 because, for example, refinancing or something, that you
23 want a lump sum?

24 MR. PILOT: Well, our proposal is we want a
25 lump sum. I mean, in fact, I got a written statement here,

1 if I may read it.

2 Dear Mrs. McCammon,

3 We would like to reiterate our position, our
4 support of the prepaid lease arrangement as proposed in the
5 revised Chugach Repository and Museum Business Plan. If
6 the changes are approved, the Chugach repository and museum
7 activities will be carried out by a separate non-profitting
8 corporation, CRN, whose only members will be the grant
9 obligors, Chugach Alaska Corp. and Chugachmiut.

10 CRN will manage and operate the repository and
11 museum activities to be carried out in the designated
12 section of the Orca Building in Seward. Because
13 Chugachmiut owns the Orca Building the full amount
14 allocated for the repository and museum's building
15 acquisition of \$511,000 will be paid to Chugachmiut as a
16 lease prepayment for the CRN space.

17 Chugachmiut and CRN will enter a 20-year, legally
18 binding lease. With the lease prepayment Chugachmiut will
19 modify or refinance its existing loan for the building if
20 favorable terms can be negotiated with the lender. This
21 arrangement will provide a more positive return for
22 Chugachmiut based on the cost of the space and the need to
23 provide financial commitment to the project for the
24 extended period. While the prepaid lease funds of \$511,000
25 is less than estimated market value of the space to be

1 leased, it does provide the best arrangement possible,
2 based on the need and funds available.

3 We will be available to address any questions and
4 concerns. Signed, respectfully Dr. Lora Johnson,
5 Chugachmiut.

6 CHAIRMAN TILLERY: Okay. So then the
7 prepaid lease would be for 20 years?

8 MR. PILOT: Prepaid lease -- basically it's
9 a prepaid lease and it's for 20 years, but, you know, the
10 whole intent of the project is for perpetuity as long as,
11 you know, we have.....

12 CHAIRMAN TILLERY: Right, but in terms of
13 this -- or the allocation of this lease, this money would
14 be for a 20-year prepaid?

15 MS. McCAMMON: Yes.

16 CHAIRMAN TILLERY: Okay. That might --
17 want to reflect that in the -- sorry, I had a series of
18 questions.

19 Other questions?

20 MS. GALVANO: Excuse me. In discussion
21 with my council they wonder if it would be possible that
22 the number four, the wording for that be removed? Is there
23 a possibility of that? We are working with the other -- if
24 it were assumed we were the grantee, we would be working.
25 Is that language necessary? There are some concerns on my

1 council.

2 CHAIRMAN TILLERY: Your request is to
3 delete number four?

4 MS. GALVANO: Yes.

5 CHAIRMAN TILLERY: Council members?
6 Mr. Gibbons.

7 MR. GIBBONS: Yes, Mr. Chairman, I'm
8 wondering why that is if we're going to be coordinating
9 anyway, what does this language do that we're not going to
10 be doing? I mean, so why remove it? This just encourages
11 coordination.

12 CHAIRMAN TILLERY: Would it be useful to
13 maybe make that more explicit? Something like proposal for
14 local display facility in Seward must, to the extent
15 possible, be coordinated.

16 MR. GIBBONS: Yeah, because I'm with you,
17 Mr. Chairman, there could be three displays there and if
18 we're not coordinated there could be a lot of duplication
19 and I really think we need to have that coordinated and
20 laid out properly.

21 CHAIRMAN TILLERY: Right. As I understand
22 their concern, they don't want that to mean more than it
23 means.

24 MR. GIBBONS: Right, I understand their
25 concern that they have to work with that building.

1 MS. GALVANO: And we have no problem
2 working with the other agencies, we have for years, you
3 know, been some kind of interaction between all of us. We
4 have no problem with coordinating. Exactly as you just
5 said, we don't want it to mean more than it means.

6 MS. HEIMAN: I have no problem with the
7 language you suggested.

8 CHAIRMAN TILLERY: Would that be okay, if
9 we just added some language "to the extent possible" just
10 to kind of indicate it's not an absolute, but you're
11 supposed to try in that direction?

12 MS. GALVANO: I think that's fine.
13 Council? Thank you, we appreciate that consideration.

14 CHAIRMAN TILLERY: Are there -- do the
15 Council members have any more -- this is an action item as
16 I understand it. Do the Council members have any more
17 questions or comments? Ms. Heiman.

18 MS. HEIMAN: Well, I'd like to move this
19 and then we can make the possible amendment; is that how
20 you want to do it or do you want to move as.....

21 CHAIRMAN TILLERY: You can move it with
22 some amendments already or.....

23 MS. HEIMAN: Okay. Since everyone has seen
24 this, I just want to move the resolution for Project 99154,
25 the archaeological repository, local display facilities and

1 traveling exhibits for Prince William Sound and lower Cook
2 Inlet.

3 Since Molly has already read it, do I need to read
4 it again?

5 CHAIRMAN TILLERY: No, it's the one in the
6 packet. Okay, is there a second?

7 MR. GIBBONS: I'll second.

8 CHAIRMAN TILLERY: Okay, it's been moved
9 and seconded. Is there discussion about the motion?
10 Ms. Heiman, I saw your finger up

11 MS. HEIMAN: Yes, I would like to amend --
12 now that it's on the table, can I make an amendment to
13 what's on the table.

14 CHAIRMAN TILLERY: With your concurrence
15 you can.

16 MS. HEIMAN: With my own concurrence. I
17 would like to change number four so it reads as Craig had
18 referred to before, the proposal for the local display
19 facility in Seward must, to the extent possible, be
20 coordinated with the repository as well as the Federal
21 multi-agency center being planned for Seward.

22 CHAIRMAN TILLERY: Okay. Is there any
23 objection to that amendment? I'm not sure of the
24 procedures on that. Are there other comments?

25 Ms. McCammon.

1 MS. McCAMMON: Mr. Chairman, in number
2 three you wanted to add prepaid 20-year lease, 20 year
3 there.

4 CHAIRMAN TILLERY: That would be my
5 proposal. Ms. Heiman, it's your motion, is that an
6 acceptable.....

7 MS. HEIMAN: Yeah, that's fine.

8 CHAIRMAN TILLERY: It just clarifies the
9 term of the lease.

10 MS. HEIMAN: Yeah, I have no objection to
11 it.

12 CHAIRMAN TILLERY: Are there questions or
13 comments?

14 (No audible responses)

15 CHAIRMAN TILLERY: I would comment that
16 this has been a difficult issue and I think that
17 Chugachmiut and others have done a terrific job in
18 responding to what must seem like an unending stream of
19 concerns that we have raised. And I'm really appreciative
20 of the resolutions that you've passed and of the way that
21 you've worked through it and I think this looks real good
22 and is a very good proposal.

23 MR. PILOT: Yeah. If I might comment just
24 for a second. Yeah, we're looking at starting the second
25 of a four-year project, so -- you know, this first year has

1 been planning and development, but actually we're going to
2 move into design and construction over this next year, so
3 I'd like to build about four of those facilities next
4 summer and the remainder of them the following summer, so
5 we're, you know, we want to get on with this project and we
6 certainly appreciate the coordination and the support here
7 with the Trustee Council.

8 Thank you.

9 CHAIRMAN TILLERY: Okay. Anything else
10 from Council members?

11 (No audible responses)

12 CHAIRMAN TILLERY: Hearing nothing, all in
13 favor of the motion as amended signify by saying aye.

14 IN UNISON: Aye.

15 CHAIRMAN TILLERY: Opposed?

16 (No opposing responses)

17 CHAIRMAN TILLERY: The motion passes.
18 Thank you very much.

19 MS. GALVANO: Thank you.

20 CHAIRMAN TILLERY: Okay. That brings us to
21 small parcels, PWS-05, PWS-06, PWS-1010. I assume you
22 might want to take 05 and 06 first and then do 1010. And
23 who will be presenting those?

24 MS. McCAMMON: Mr. Chairman, if you look in
25 your package under Prince William Sound-05. I don't think

1 Ken is here, is he?

2 MR. GIBBONS: Yeah, he's hiding in the
3 corner.

4 MS. McCAMMON: Oh, way back there. Okay.
5 This is actually -- you know, it's a great day to have the
6 archaeology project going forward and it's a great day to
7 see these three parcels on the agenda.

8 MR. GIBBONS: Can I second that?

9 MS. McCAMMON: This whole suite, Prince
10 William Sound-05 and 06 and the Valdez Duck Flats and Jack
11 Bay have been -- are parcels owned by the University of
12 Alaska and it's been a long road on these. And it's really
13 with a lot of pleasure that we have them before you for
14 your consideration today.

15 The first one, 05, the appraised value is \$125,000,
16 it's approximately 33 acres, this is the current site of
17 the Forest Service visitor center and salmon viewing area.
18 The current lease expires in 2001. This parcel received
19 the highest scoring of any small parcel in Prince William
20 Sound under the original habitat work group in the
21 comprehensive habitat protection process. So it scored
22 very high and it's been on our list forever it seems like.
23 So it's really nice that we have this before you.

24 It includes not only the section where the visitor
25 center is, but also part of the actual Duck Flats which, I

1 think, most of you who have been there know that it's a
2 really unique area of intertidal, mud flats and salt marsh.
3 Salmon fry from a number of streams, the nearby Salmon
4 Gulch Hatchery produces a lot of salmon in the Duck Flats
5 area. It's also a nesting, molting and staging habitat for
6 52 species of marine birds, eight species of waterfowl, 18
7 species of shorebirds, numerous other passerines and
8 raptors. Used by harbor seal and sea otters. It just a
9 very rich area.

10 And, I don't know, Ken, if you wanted to say
11 anything further about it.

12 MR. HOLBROOK: Yes, Mr. Chairman, my name
13 is Ken Holbrook, H-O-L-B-R-O-O-K. We've long been looking
14 at the Duck Flats as a package acquisition. These are two
15 of the parcels coming forward finally, we have another one
16 a resolution has already been passed on, USS-349, which we
17 are in progress with resolving some title problems.

18 But these are very rich and these parcels and
19 acquisition is supported by the community of Valdez. We
20 have long considered that we would acquire these and as
21 such the Trustees commissioned a study to look at the
22 values and to do some community planning, and that is
23 referenced in the resolution, and I have a copy of the
24 final report here if anybody would like to see it, but it
25 has been presented to the Trustees before.

1 CHAIRMAN TILLERY: Are there questions or
2 comments from Council members?

3 MR. HOLBROOK: I would add that the parcels
4 -- or one of the parcels, 05, would be managed by the
5 Forest Service and 06 would be managed by the State.

6 CHAIRMAN TILLERY: Are we, at this point,
7 just on 05 or we looking 06?

8 MS. McCAMMON: Oh, that was just 05 right
9 there.

10 CHAIRMAN TILLERY: 05.

11 MS. McCAMMON: Yeah. And I don't know if
12 you want all the information provided or if you want to
13 address each one individually.

14 CHAIRMAN TILLERY: Shall we just address
15 these individually? There's only three of them. Does
16 somebody want to put this motion for 05 on the table?
17 Mr. Gibbons.

18 MR. GIBBONS: Mr. Chairman, yeah, I'll move
19 that the draft resolution in front of us entitled
20 Concerning the Duck Flat Parcels, PWS-05 be approved.

21 CHAIRMAN TILLERY: Is there a second?

22 MS. HEIMAN: Second.

23 CHAIRMAN TILLERY: Okay, it's been moved
24 and seconded. Is there discussion of the motion?

25 MS. McCAMMON: Mr. Chairman, I'm not sure

1 if all of these resolutions have been reviewed by the State
2 attorneys yet, so there may be.....

3 MR. SWIDERSKI: I have one problem with the
4 one in 06.

5 MS. McCAMMON:so there may be a
6 little tweaking of the detail there.

7 MR. SWIDERSKI: Just in the 06.

8 MS. McCAMMON: 06, right. But 05 is fine.

9 CHAIRMAN TILLERY: Okay. If there's no
10 further discussion, all in favor of the resolution signify
11 by saying aye.

12 IN UNISON: Aye.

13 CHAIRMAN TILLERY: Opposed?

14 (No opposing responses)

15 CHAIRMAN TILLERY: The resolution passes.
16 That brings us to PWS-06.

17 MS. McCAMMON: PWS-06 was appraised at
18 \$100,000, it's approximately 25 acres. This is also on the
19 Duck Flats area. There's a portion of it that has an
20 animal control center and an FAA communication station and
21 those are leased out to those two facilities. And that
22 portion of the parcel would remain with the owner and would
23 be excluded from the sale. Again the value of this is the
24 value of the Duck Flats and continuing some of the
25 Council's earlier efforts, a few years ago, about

1 protecting that really rich area in terms of marine birds,
2 waterfowl, harbor seals and sea otters. This parcel would
3 be managed by the State.

4 MR. HOLBROOK: Mr. Chairman, I have
5 provided a plat of the parcels and on 06 the northern
6 portion where it shows a couple of small in-holdings would
7 be surveyed out at some point prior to acquisition.

8 MS. McCAMMON: It's the FAA site and the
9 animal control facility.

10 CHAIRMAN TILLERY: So these.....

11 MR. HOLBROOK: And that area was not
12 included in the appraisal and has never been on the table
13 for acquisition.

14 CHAIRMAN TILLERY: The FAA site would be
15 kind of a landlocked parcel?

16 MR. HOLBROOK: No, actually it would just
17 -- that whole sliver would be removed.

18 CHAIRMAN TILLERY: And the university would
19 continue to own.....

20 MR. HOLBROOK: Yes.

21 CHAIRMAN TILLERY:that land?

22 MR. HOLBROOK: Yes.

23 CHAIRMAN TILLERY: Okay.

24 MR. HOLBROOK: And continue their two
25 leases to the FAA and the city.

1 CHAIRMAN TILLERY: Mr. Gibbons.

2 MR. GIBBONS: Yes, Mr. Chairman, that's
3 what I was going to point out, this plat also, and how
4 these three parcels connect. That's all I was going to
5 point out, that we previously approved US-349, we're just
6 clearing title on that, and the other two.

7 CHAIRMAN TILLERY: So if you take a line
8 and you go across from the Tract D, is that what you do?
9 And that would altogether constitute the five acres or so
10 that's being taken out of this?

11 MR. HOLBROOK: That's correct,
12 Mr. Chairman.

13 CHAIRMAN TILLERY: Okay. Questions?

14 MS. HEIMAN: Is there some language we need
15 to change?

16 CHAIRMAN TILLERY: Mr. Swiderski, you need
17 to come up and speak closer to that microphone.

18 MR. SWIDERSKI: Mr. Chairman, I understand
19 that right now we have a surveyed tract, only a portion
20 which we would be acquiring. My suggestion would be that
21 there -- we have a draft resolution which has in the
22 conditions -- attached in the therefore clause, a condition
23 G that provides if the parcel is subdivided to the
24 satisfaction of the Trustee Council, a recorded plat is
25 provided. My recommendation would be that you simply take

1 that condition out, the State, and I'm confident the U.S.,
2 will require that a surveyed plat be provided -- a survey
3 plat can only be provided -- a plat can only be surveyed by
4 the owner of record and both governments would require a
5 survey of the parcel we're going to acquire prior to it
6 being -- as a condition of it being acquired. And I think
7 that would be included in paragraph D above, completion of
8 a title search satisfactory to the State and the United
9 States and the seller is willing and able to convey fee
10 simple title by general warrantee deed. So I simply don't
11 think that's necessary.

12 CHAIRMAN TILLERY: Is there a problem with
13 it?

14 MR. SWIDERSKI: No.

15 CHAIRMAN TILLERY: Does it cause a problem,
16 that being in there?

17 MR. SWIDERSKI: It means that the
18 resolution would have to come back to the Council again.

19 CHAIRMAN TILLERY: Okay.

20 MR. SWIDERSKI: I mean, you could do that,
21 I don't see that you need to do that.

22 MS. HEIMAN: What do you think?

23 CHAIRMAN TILLERY: Well, I think he's
24 right, that if we leave it in here then we have to vote on
25 this again as opposed to just letting them go forward with

1 it and it will come out in the normal course of doing the
2 title deal.

3 MS. McCAMMON: Mr. Chairman, isn't the
4 question who pays for the survey?

5 CHAIRMAN TILLERY: Well, that's another
6 question when they get the.....

7 MS. McCAMMON: Whether the -- I mean,
8 whether the owner pays for the survey.

9 MR. SWIDERSKI: I mean, but even that's not
10 addressed in here. And there is language at the end of the
11 resolution that says that no additional amounts or
12 interests are herein authorized to be paid to the sellers
13 from such joint funds. So we clearly can't give them
14 additional money. Only the owner of a piece of property
15 can survey his land and we couldn't do it if we wanted to.

16 CHAIRMAN TILLERY: Is there any question
17 that they're going to be doing -- the landowner is going to
18 be doing a survey?

19 MS. McCAMMON: Yes.

20 CHAIRMAN TILLERY: There is a question?

21 MS. McCAMMON: Yes.

22 CHAIRMAN TILLERY: Ken.

23 MS. McCAMMON: A question who pays for it,
24 let's put it that way.

25 MR. GIBBONS: Yeah.

1 MR. HOLBROOK: Mr. Chairman, the university
2 has always maintained that they're only nominating part of
3 this parcel. And not to be negative, but I have had
4 difficulty keeping things straight with the negotiators, so
5 this was an attempt on my part to make sure that somehow we
6 identified that they were going to pay for it and that you
7 were aware of it. If it doesn't need to be here, that's
8 fine.

9 CHAIRMAN TILLERY: That may be true, but we
10 need to identify a little clearer than this. If they're
11 only going to sell part of the parcel, they're going to
12 have to sell us a surveyed parcel.

13 MR. HOLBROOK: Something we can record.

14 MS. HEIMAN: Uh-huh.

15 CHAIRMAN TILLERY: Right. I don't think
16 anybody.....

17 MS. McCAMMON: That's been our policy in
18 the past.

19 CHAIRMAN TILLERY: Nobody has any
20 disagreement with that concept?

21 MR. GIBBONS: No.

22 CHAIRMAN TILLERY: No.

23 MS. SLATER: I don't disagree with the
24 concept, but I guess I'm concerned that we make sure that
25 the other party is well aware that that's the expectation

1 on the part of the Council, so that doesn't end up nixing
2 the deal.

3 MR. HOLBROOK: That was my concern.

4 MR. SWIDERSKI: I think the record makes it
5 pretty clear at this point.

6 CHAIRMAN TILLERY: Yeah, I think you can go
7 back and say that there is an absolute clear Council sense
8 that they are going to have to pay for the survey.

9 MR. HOLBROOK: Okay. That's fine, it was
10 just my paranoia.

11 CHAIRMAN TILLERY: No, it's good paranoia.

12 MR. HOLBROOK: After six years.

13 MR. BALSIGER: What is an animal control
14 facility?

15 MR. HOLBROOK: It's a dog pound.

16 MR. BALSIGER: Dog pound.

17 MS. McCAMMON: It's a dog pound.

18 MR. BALSIGER: I was hoping it was keeping
19 geese out of the flight path or something.

20 (Laughter)

21 CHAIRMAN TILLERY: Is there a motion?
22 Mr. Gibbons.

23 MR. GIBBONS: Do I understand we're
24 modifying the resolution to take item G out, is that what
25 we just said?

1 CHAIRMAN TILLERY: I think there was a
2 proposal to take G out but have the negotiators say that
3 the intent of the Council is very clear that the landowner
4 has to provide us with a surveyed parcel. Those 20 acres
5 have to be surveyed and that they're paying for it, we're
6 not.

7 MR. GIBBONS: Mr. Chairman, could we add a
8 word or two to D, and I'm just thinking out -- completion
9 of a title search and plat satisfactory -- would that make
10 it very clear to them that -- or is that.....

11 MR. SWIDERSKI: I'm sorry, what did you
12 say?

13 MR. GIBBONS: In D

14 MR. SWIDERSKI: In D.

15 MR. GIBBONS: And surveyed plat.

16 MR. SWIDERSKI: We could insert that.

17 CHAIRMAN TILLERY: I'm not sure that would
18 be the right place, but if you're going to do that, I
19 almost think you should leave G in and simply say, a
20 recordable plat is provided by the owner.

21 MR. HOLBROOK: Mr. Chairman, could we not
22 put this in the purchase agreement?

23 CHAIRMAN TILLERY: I think you could, yes.

24 MR. HOLBROOK: That would probably be a
25 cleaner place to put it, now in hindsight after the

1 discussion.

2 MR. SWIDERSKI: That's normally where it
3 would go.

4 MR. GIBBONS: Purchase agreement?

5 CHAIRMAN TILLERY: Yeah, so maybe just
6 delete all of G.....

7 MR. GIBBONS: That's fine.

8 CHAIRMAN TILLERY: Okay. With that
9 thought, is there a motion?

10 MS. SLATER: I have one other thing.

11 CHAIRMAN TILLERY: Ms. Slater.

12 MS. SLATER: I was wondering on the second
13 page of the resolution, under B, if that should read the
14 authorization for funding, if it's not signed by June 30,
15 2001, I think the appraisal expires in June rather than
16 September, would that be an appropriate revision?

17 MR. HOLBROOK: The appraisal -- and my
18 recommendation, it expires June 21st and that's what -- we
19 should have a purchase agreement by then or else we would
20 have to go back for appraisal, which we've been through
21 three times, I don't think we want to do this again.

22 MS. SLATER: So this should read June 21.

23 MS. McCAMMON: This should read, yeah, June
24 21st, 2001.

25 CHAIRMAN TILLERY: Well, do you want the

1 authorization for funding, though, to terminate.....

2 MS. McCAMMON: They just have to sign a
3 purchase agreement.....

4 CHAIRMAN TILLERY: Purchase agreement.

5 MS. McCAMMON:by June 21st, 2001.

6 And it would be strongly recommended to that. The
7 appraisal expires, if you don't have a purchase agreement
8 by then, we'll have to redo the appraisal.

9 CHAIRMAN TILLERY: Right, that's the
10 purchase agreement, but the authorization could be
11 construed to mean the actual purchase.

12 MS. McCAMMON: If a purchase agreement is
13 not signed by June 21st, 2001.

14 CHAIRMAN TILLERY: Okay. Is there a
15 motion?

16 MR. GIBBONS: Mr. Chairman, I move that we
17 pass the resolution in front of us the 4th day of December,
18 the year 2000, with the following modifications. Under
19 therefore, page two, item B, changing the date from
20 September 30th, 2001 to June 21st, 2001. And with the
21 elimination in the same therefore, page 3, item G,
22 elimination of G, which reads the parcel is subdivided to
23 the satisfaction of the Trustee Council and a recordable
24 plat is provided.

25 MS. SLATER: I second.

1 CHAIRMAN TILLERY: Okay, it's been moved
2 and seconded, is there discussion?

3 (No audible responses)

4 CHAIRMAN TILLERY: Hearing no discussion,
5 all in favor of the motion signify by saying aye.

6 IN UNISON: Aye

7 CHAIRMAN TILLERY: Opposed?

8 (No opposing responses)

9 CHAIRMAN TILLERY: The motion passes. And
10 that brings us to Jack Bay.

11 MS. McCAMMON: I'll let you talk about Jack
12 Bay.

13 MR. HOLBROOK: Okay. Jack Bay, located
14 just outside of Valdez Arm. It's now the site of a --
15 across the bay from this parcel is a State marine park. It
16 has a Forest Service cabin further in the bay, it is a high
17 use recreation area, a subsistence area for people from
18 Valdez. The parcel is 942 acres, forested, most of it
19 within the city limits of Valdez.

20 As detailed in Attachment A, there are many
21 resources documented on this, from anadromous fish,
22 herring, eagles. There's strong public support for
23 acquisition of this parcel. And in review of past
24 acquisitions in the Sound and throughout the area, this is
25 actually a fairly cheap buy in terms of price per acre.

1 MS. McCAMMON: That's his closing comment.

2 CHAIRMAN TILLERY: That's it?

3 (Laughter)

4 MR. HOLBROOK: Well, no, I mean what else
5 would you want? I mean.....

6 CHAIRMAN TILLERY: Well, if you could,
7 perhaps, give us a little bit of a history of the
8 appraisals and the various values that have been ascribed
9 to this?

10 MR. HOLBROOK: Well, I will attempt them.
11 Appraisals have been going back and forth between the
12 university and us for some five or six years. They have
13 ranged anywhere between 300,000, at one point, to 1.9
14 million, depending on who did the appraisals, us or the
15 university. And, over time, they have finally come to a
16 point kind of in the middle, at 1.13. Our last appraisal
17 was 600,000, approved both by our appraiser and the State
18 appraisal [sic]. We have rejected, I think, two appraisals
19 by the university, one at 1.6 and one at 1.9 million, as
20 not having followed standards.

21 The current appraisal done by Hurran was questioned
22 by the State appraiser and finally approved, just a couple
23 of days ago.

24 MR. GIBBONS: If I can interject. It was
25 also approved by the Federal appraiser.

1 MR. HOLBROOK: Right, Federal and State.

2 CHAIRMAN TILLERY: Are there questions?

3 MR. BALSIGER: The Forest Service would
4 manage this property?

5 MR. HOLBROOK: Yeah.

6 MS. McCAMMON: Yes.

7 CHAIRMAN TILLERY: Now, on this map, the
8 parcel is outlined in black done here.

9 MR. HOLBROOK: That's correct.

10 CHAIRMAN TILLERY: It's the parcel right
11 across from the State marine park?

12 MR. HOLBROOK: The State marine park is
13 outlined in a dashed line.

14 CHAIRMAN TILLERY: Questions?

15 MS. HEIMAN: I just don't have that in my
16 packet, unless I'm just unable to see it.

17 MS. McCAMMON: It was handed out to you.

18 MS. HEIMAN: No, I only got two of these, I
19 never got the other thing.

20 MS. McCAMMON: It's right here.

21 MS. HEIMAN: No, no, I got two of these. I
22 wondered, now I know why.

23 CHAIRMAN TILLERY: Ms. McCammon, back when
24 we had a place holder for this, what was that place holder?

25 MS. McCAMMON: It was approximately a

1 million dollars place holder for -- but that's why I say in
2 Jack Bay total, I think, so it was approximately a million
3 dollars and this totals about 101.3 [sic] million or so.
4 In the small parcel status report it does, the beginning of
5 the habitat we did when we updated you in terms of where we
6 were on small parcel acquisitions since March '99, we did
7 include Jack Bay at the full price of the 1.13.

8 MR. GIBBONS: Mr. Chairman.

9 CHAIRMAN TILLERY: Mr. Gibbons.

10 MR. GIBBONS: Part of this -- when the
11 appraisal came in it kind of shocked me, too. We've gone
12 from 300,000 to 1.9, 1.7 to 600 and it's been this back and
13 forth, so I asked Ken to give me a listing of what we paid,
14 you know, for small parcels -- the Trustee Council has
15 paid. And what he came up with in Horseshoe Bay the
16 average cost per acre was about \$1,500 an acre for 315
17 acres. The Alamar subdivision was 19,500 an acre, about
18 that. On the Kenai the average has been 2,800 per acre.
19 On Kodiak it's been about \$1,600 an acre and Jack Bay, the
20 average prices is \$1,200. So it's by far the cheapest of
21 our acquisitions. I can go over those numbers again
22 because I messed them up.

23 You know, Horseshoe is 1,500, Alamar, 19,500.....

24 MS. McCAMMON: Nineteen thousand or 1,900?

25 MR. GIBBONS: Nineteen thousand five.

1 Yeah, there's a handout that he -- Kenai average of about
2 2,800 and Kodiak an average of about 1,600, and this is
3 about 1,200, so it's a -- like Ken said, it's a buy.

4 CHAIRMAN TILLERY: Mr. Balsiger.

5 MR. BALSIGER: What sort of management is
6 proposed by the Forest Service for this?

7 MR. GIBBONS: To be managed to maintain the
8 habitat integrity, no development.

9 MR. BALSIGER: Hunting, fishing,
10 subsistence, that kind of stuff is allowed?

11 MR. GIBBONS: Right, is allowed, but no
12 development, no -- protection of the habitat.

13 MR. BALSIGER: Thank you.

14 CHAIRMAN TILLERY: Mr. Swiderski, have you
15 reviewed this resolution?

16 MR. SWIDERSKI: I have reviewed the
17 resolution and I'm satisfied with it.

18 CHAIRMAN TILLERY: Any questions?

19 MS. HEIMAN: What was the -- is this in the
20 same category of habitat ranking?

21 MS. McCAMMON: I believe it ranked a
22 moderate.

23 MR. HOLBROOK: I don't have that with me.
24 No, I actually believe it ranked low.

25 MS. SCHUBERT: It scored 18.

1 MS. McCAMMON: Eighteen. Just under.

2 MR. HOLBROOK: So just below moderate.

3 CHAIRMAN TILLERY: Yeah, that was a
4 traditional ranking for almost every -- most of the pretty
5 good parcels was 18.

6 MR. ROTH: For small parcels.

7 CHAIRMAN TILLERY: For small parcels. We
8 bought a lot of 18s. Mr. Gibbons.

9 MR. GIBBONS: I make a motion that we move
10 the resolution dated the 4th -- well, the one before us,
11 the 4th day of December of the year 2000 as written.

12 MS. HEIMAN: Well, I'll second it.

13 CHAIRMAN TILLERY: Okay, it's been moved
14 and seconded; is there discussion about the resolution?

15 MS. HEIMAN: Craig, speak up or forever
16 hold your peace.

17 (Laughter)

18 MS. HEIMAN: What's the problem?

19 CHAIRMAN TILLERY: Well, you know, it's
20 just the price keeps going up and I actually think this
21 chart is helpful, I'm glad you put that together. But I
22 certainly had this tagged as a smaller price for this.

23 Mr. Swiderski.

24 MR. SWIDERSKI: Mr. Chairman, I'm sorry,
25 there is a.....

1 CHAIRMAN TILLERY: You need to come up
2 here.

3 MR. SWIDERSKI: Okay. There is one typo.

4 MS. HEIMAN: Oh, so you're not on what
5 we're talking about right now?

6 CHAIRMAN TILLERY: But if you have a typo
7 here, you.....

8 MR. SWIDERSKI: Well, in paragraph C it
9 references disbursement of funds by United States District
10 Court for the District of Alaska. I think we've replaced
11 that in the resolutions with other language.

12 CHAIRMAN TILLERY: Oh, that's true.

13 MR. SWIDERSKI: And, I'm sorry, that was in
14 the 06 resolution as well, I believe. The 05 resolution
15 and it's correct in the 06 one.

16 MR. HOLBROOK: Because all three of these
17 started exactly the same.

18 MS. McCAMMON: So it would need to be
19 changed in all three then?

20 MR. SWIDERSKI: No, 06 is all right.

21 CHAIRMAN TILLERY: Let me just ask you a
22 question. Is there a possibility this is going to come out
23 of.....

24 MS. McCAMMON: You won't sign these until
25 tomorrow, so we'll get them.....

1 CHAIRMAN TILLERY: Okay. The problem here
2 is the manner in which it talks about us getting the money
3 and there's a question as to whether this money will come
4 from money that's already sitting in NRDA-R or money that's
5 in the new investment fund.

6 MS. HEIMAN: Oh, I see.

7 MS. McCAMMON: Actually, there's a third
8 option.

9 CHAIRMAN TILLERY: There's a third option.

10 MS. McCAMMON: I think where the money is
11 going to come from is probably the State cash account that
12 will transfer the money to the NRDA Fund.

13 CHAIRMAN TILLERY: The what?

14 MS. McCAMMON: The State GeFONSI.

15 CHAIRMAN TILLERY: Oh, GeFONSI?

16 MS. McCAMMON: I think so, but -- yeah.

17 CHAIRMAN TILLERY: Okay, but that's kind of
18 the same as this, the NRDA-R, but it's -- I guess the sense
19 of the Council is that by the time we get a motion, a
20 written motion, that needs to reflect the source of the
21 money and it basically just means we can get the money from
22 that source, is that.....

23 MS. McCAMMON: Yeah.

24 CHAIRMAN TILLERY: Okay. And we can make
25 correction at the time that we sign the resolution. But

1 that's a good point. And we need to do that for all three
2 of them, to come up with consistent language.

3 MR. SWIDERSKI: Okay.

4 CHAIRMAN TILLERY: And we will be out from
5 that little thicket pretty shortly, we'll be down to one
6 money source.

7 MS. McCAMMON: Yes.

8 CHAIRMAN TILLERY: And, again, my concern
9 has to do really with the history of appraisals on this
10 parcel. I don't question the value of the parcel, I mean
11 it's -- from the beginning appeared to be and I visited --
12 actually I've been on the ground, but I've been over this
13 and by this piece of land quite a bit and it's close to
14 Valdez, it's a good place for the people of Valdez, it fits
15 in with the marine park there. I think it's a good
16 acquisition, but to some extent tends to kind of break the
17 bank a little bit in the sense that it's above what we sort
18 of earmarked for this land, although we've taken those
19 earmarkings off at this point. It's not greatly above it,
20 but it's about three or 400,000 above it, of the
21 earmarkings, and that means there are other things we have
22 previously earmarked money for that will not be able to be
23 funded at this point.

24 MS. HEIMAN: I'd like to know what that is,
25 I guess, I didn't really realize that.

1 MS. McCAMMON: There really isn't, I mean,
2 when you look at where we are with the other acquisitions
3 and what was going forward and not. I mean, the other big
4 earmark that isn't going forward is Termination Point.

5 MR. GIBBONS: Mr. Chairman.

6 CHAIRMAN TILLERY: Yeah.

7 MR. GIBBONS: Am I not incorrect that
8 earmark is an estimate, too, of the funding needed?

9 CHAIRMAN TILLERY: Yes.

10 MR. GIBBONS: And the way this was bouncing
11 around we had an in between earmark.

12 CHAIRMAN TILLERY: Right, but this is half
13 again as much as we sort of earmarked. And, again, it does
14 mean that there is about three to 400,000 of other things
15 that people have had in their minds, but again are no
16 longer technically earmarked, but that people have had in
17 their minds that won't be funded. On the other hand, this
18 is available, I assume they indicated they will sell it at
19 this price?

20 MR. HOLBROOK: (Nods in the affirmative)

21 CHAIRMAN TILLERY: It's here, it's
22 important land, so.....

23 MS. HEIMAN: We'll just take it out of
24 Forest Service's hide later.

25 CHAIRMAN TILLERY: That works for me.

1 MS. HEIMAN: Okay.

2 CHAIRMAN TILLERY: Mr. Balsiger

3 MR. BALSIGER: Mr. Chairman, this may have
4 been discussed earlier but, again, I noticed that the
5 resolution says they can't harvest any timber until between
6 now and the sale, but there's no reference in the
7 description of the land if there's any timber there. Is
8 there timber on the land.....

9 MR. GIBBONS: Uh-huh, oh, yeah.

10 MR. BALSIGER:or does your management
11 plan allow for timber production from the land?

12 MR. GIBBONS: Mr. Chairman. I don't know
13 what their management plan calls for, but the university
14 has harvested timber off their land for money making. Ours
15 would be no timber harvest and no development.

16 MR. BALSIGER: So yours would be with no
17 timber harvest?

18 MR. GIBBONS: No timber harvest and no
19 development.

20 MR. BALSIGER: Oh, okay, thank you, that
21 was my question.

22 CHAIRMAN TILLERY: And the State would
23 receive a conservation easement on this that would prohibit
24 timber harvest also.

25 MR. BALSIGER: I knew it had a conservation

1 easement, but I didn't know that no timber harvest is
2 always associated with a conservation easement.

3 CHAIRMAN TILLERY: It is in almost all
4 circumstances, I can't.....

5 MR. SWIDERSKI: It is in all of these
6 easements that we take.

7 MR. BALSIGER: Okay, thank you.

8 CHAIRMAN TILLERY: Mr. Holbrook.

9 MR. HOLBROOK: That's correct, there will
10 be no timber harvest and it will be managed for recreation,
11 hunting, sport and subsistence.

12 MS. HEIMAN: I believe we have a motion and
13 it's been seconded.

14 CHAIRMAN TILLERY: Okay, is there any more
15 discussion?

16 (No audible responses)

17 CHAIRMAN TILLERY: Hearing none, all in
18 favor of the motion signify by saying aye.

19 IN UNISON: Aye.

20 CHAIRMAN TILLERY: Opposed?

21 (No opposing responses)

22 CHAIRMAN TILLERY: The motion carries.

23 MR. GIBBONS: Can I go out and celebrate
24 now?

25 CHAIRMAN TILLERY: The next item is lapse

1 date.

2 MS. McCAMMON: Okay, lapse date. Now to
3 the mundane. The revised procedures that were adopted by
4 the Council last August included a provision that for
5 capital projects the unexpended balance shall be carried
6 forward for two subsequent fiscal years, at the end of the
7 three-year period the unexpended, unobligated balance shall
8 lapse. Trustee Council action is required to extend the
9 required lapse date beyond the three-year period.

10 We had a couple of projects in the past that did
11 not -- that had a lapse date of September 30th, 2000 and
12 for various reasons we're requesting that you approve an
13 extension of that lapse date. For Project 97291 an amount
14 of \$15,000 to lapse on September 30th, 2001 in order to
15 complete the final report. Project 98180 to extend the
16 lapse date of \$27,500 to September 30th, 2001 in order to
17 contract with the Youth Restoration Corps this year, per
18 your recommendation last August, to consider reprogramming
19 some unspent capital funds from earlier Kenai River
20 appropriations to this effort.

21 And then, lastly, for Project 99304, the Kodiak
22 Waste Management Plan, and that amount is \$1,857,100 and to
23 extend that lapse date from September 30th, 2001 to
24 September 30th, 2003. And this accommodates the new
25 schedule for project completion. This has been seriously

1 delayed due to, primarily, personnel changes at the Kodiak
2 Island Borough, but we're now satisfied it's on track.

3 CHAIRMAN TILLERY: And under our procedures
4 this requires a motion?

5 MS. McCAMMON: Yes.

6 CHAIRMAN TILLERY: Is there a motion?

7 MR. BALSIGER: I had a clarifying question.
8 So actually the first one is 15,000?

9 MS. McCAMMON: Yes.

10 MR. BALSIGER: And the second is 27.5 and
11 the third one is 1,857,100?

12 MS. McCAMMON: That's correct.

13 (Laughter)

14 MR. BALSIGER: It doesn't say that here,
15 does it? Doesn't it say \$1,857.10?

16 MR. GIBBONS: Yeah, it's different.....

17 MS. McCAMMON: It's different formatting.
18 We can clarify and make sure all the zeros are there
19 and.....

20 MR. BALSIGER: That's okay, as long as I --
21 it surprised me when you said it. I was wondering why it
22 was on here if it was only \$2,000, so now I understand.

23 MS. McCAMMON: Oh, no, it's more than that.

24 CHAIRMAN TILLERY: Is there a motion?

25 MS. HEIMAN: I move we extend the lapse

1 date on these three projects.

2 MR. GIBBONS: I'll second it.

3 CHAIRMAN TILLERY: It's been moved and
4 seconded; is there discussion?

5 (No audible responses)

6 CHAIRMAN TILLERY: Hearing no discussion,
7 all in favor of the motion signify by saying aye.

8 IN UNISON: Aye.

9 CHAIRMAN TILLERY: Opposed?

10 (No opposing responses)

11 CHAIRMAN TILLERY: The lapse dates are
12 extended.

13 Now, that brings us to deferred projects, which is
14 the last thing on the agenda for today. Now, I note that
15 it's also the last thing on the agenda for tomorrow.
16 What's the idea?

17 (Laughter)

18 MS. McCAMMON: The idea is that possibly,
19 maybe, we could start today and finish tomorrow or,
20 depending on -- it was unclear how fast some of these
21 things were going to move.

22 CHAIRMAN TILLERY: Okay.

23 MS. McCAMMON: Tomorrow's agenda we have --
24 because of the two-day meeting there is the potential for
25 additional public comment, although I think we got most of

1 it today, I think. The GEM briefing and discussion, we
2 have that for about an hour and a half, that may take less
3 time, I'm not really sure, but we do have a significant
4 amount of time set aside for that. Tylan Schrock will be
5 here around 10:30 or so to brief the Council on the Alaska
6 SeaLife Center and what's happening there. He is also
7 bringing Sharon Anderson as president of the board and also
8 Christine DeCourtney who is external affairs coordinator.

9 We have a very extensive and growing executive
10 session planned to discuss Public Advisory Group
11 appointments, my evaluation, some legal questions brought
12 up and then habitat protection, primarily on Koniag. And
13 then at 1:00 o'clock we do have scheduled some investment
14 training by Mike O'Leary from Callan Associates and that's
15 at a set time because we're accommodating his schedule, and
16 that's about two hours. And then the Public Advisory Group
17 appointments.

18 But I would anticipate that that executive session
19 is probably going to take a while. We have it scheduled
20 now for an hour and a half.

21 CHAIRMAN TILLERY: Well, how long would the
22 Council like to go today?

23 MS. HEIMAN: I would like -- there's a
24 point I would like to make. I would like Frank Rue to be
25 here when we go through these deferred projects, but as

1 long as he's here when we vote on them, I guess it doesn't
2 matter to me.

3 CHAIRMAN TILLERY: Well, we could, perhaps,
4 get started on them, but I guess the question is shall we
5 go to 5:00 or shall we go to 5:30 or how long do you want
6 to -- I agree Frank really ought to be here.....

7 MS. HEIMAN: Uh-huh.

8 CHAIRMAN TILLERY:for a lot of this.
9 Mr. Gibbons.

10 MR. GIBBONS: I don't have any problem with
11 going to 5:30, but I'm looking here and Pacific herring and
12 SEA and cutthroat are all -- seem like NOAA, the last one
13 under archival tracking is a DOI, we could probably do
14 those fairly efficiently if I'm reading them correctly.

15 CHAIRMAN TILLERY: Well, I guess the
16 problem I see with these deferred projects is there may be
17 some trade-offs.....

18 MR. GIBBONS: Okay.

19 CHAIRMAN TILLERY:in these deferred
20 projects and, I don't know, I kind of think Frank ought to
21 be here for them.

22 MR. GIBBONS: That's fine, I'm willing to
23 work late tomorrow night if we have to. If that's what we
24 have to do.

25 MS. HEIMAN: I hate to break it up. I

1 mean, I like to do it all at once myself.

2 CHAIRMAN TILLERY: Yeah.

3 MS. HEIMAN: But I hate to put off to
4 tomorrow what you can do today.

5 CHAIRMAN TILLERY: Yeah. Is there anything
6 else that we got on the agenda for tomorrow that we
7 can.....

8 MR. BALSIGER: We can do the executive
9 session.

10 (Laughter)

11 MS. McCAMMON: That was the problem.

12 MR. GIBBONS: You can do the additional
13 public comment.

14 (Laughter)

15 CHAIRMAN TILLERY: We can't really do any
16 of this, can we? Shall we do the Public Advisory Group
17 appointments, is that.....

18 MR. BALSIGER: Well Frank's not here.

19 MS. McCAMMON: You can't vote on them, you
20 discuss them in executive session.

21 CHAIRMAN TILLERY: Oh, we do?

22 MS. McCAMMON: Uh-huh.

23 CHAIRMAN TILLERY: That's right.

24 MS. McCAMMON: See, that was the problem I
25 had with the agenda, and I knew Frank was going to be gone

1 for these two hours.

2 CHAIRMAN TILLERY: Well, I kind of think
3 that that deferred project, just because I have this sense
4 that there's going to be a little bit of discussion about
5 priorities in them but, you're right, we shouldn't break
6 them up. Perhaps we should.....

7 MR. BALSIGER: I suggest we work late
8 tomorrow night as required.

9 MS. HEIMAN: Yeah.

10 CHAIRMAN TILLERY: Okay.

11 MS. HEIMAN: Or we could just speed through
12 it tomorrow.

13 CHAIRMAN TILLERY: Right. Okay. Shall
14 we.....

15 MS. HEIMAN: Adjourn or whatever it is.

16 CHAIRMAN TILLERY:adjourn or recess?

17 MS. HEIMAN: Recess.

18 CHAIRMAN TILLERY: Is there a motion?

19 MS. HEIMAN: I move we recess until
20 tomorrow at 8:30.

21 MS. SEE: Second.

22 CHAIRMAN TILLERY: Moved and seconded, does
23 anybody object?

24 (No audible responses)

25 CHAIRMAN TILLERY: Hearing none, we're

1 recessed until 8:30 in the morning.

2 (Off record - 4:40 p.m.)

3 (TO BE CONTINUED)

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C E R T I F I C A T E

UNITED STATES OF AMERICA)
) ss.
STATE OF ALASKA)

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


THAT the foregoing pages numbered 4 through 151 contain a full, true and correct transcript of the Exxon Valdez Oil Spill Trustee Council's Meeting recorded electronically by me on the 4th day of December 2000, commencing at the hour of 1:09 p.m. and thereafter transcribed by me to the best of my knowledge and ability.

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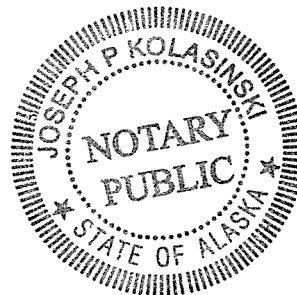
EXXON VALDEZ TRUSTEE COUNCIL, 645 G Street,
Anchorage, Alaska 99501;

DATED at Anchorage, Alaska this 13th day of December 2000.

SIGNED AND CERTIFIED TO BY:



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



9, 13, 10

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

VOLUME II

Public Meeting
Monday, December 5, 2000
8:30 o'clock a.m.

Fourth Floor Conference Room
645 G Street
Anchorage, Alaska

TRUSTEE COUNCIL MEMBERS PRESENT:

STATE OF ALASKA - DEPARTMENT OF LAW: (Chairman)	MR. CRAIG TILLERY Trustee Representative for the Attorney General
U.S. DEPARTMENT OF COMMERCE, NMFS:	MR. JAMES W. BALSIGER Director, AK Region
STATE OF ALASKA - DEPARTMENT OF FISH AND GAME:	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:	MR. DAN EASTON for MS. MICHELE BROWN Commissioner

Proceedings electronically recorded, then transcribed by:
Computer Matrix, 3522 West 27th, Anchorage, AK - 243-0668

1	TRUSTEE COUNCIL STAFF PRESENT:	
2	MS. MOLLY McCAMMON	Executive Director
3	MS. SANDRA SCHUBERT	Director of Restoration
4	MS. PAULA BANKS	Administrative Assistant
5	DR. BOB SPIES	Chief Scientist
6	DR. PHIL MUNDY	Science Coordinator
7	MS. SARAH WARD	Community Facilitator
8	MS. DEBORAH HENNIGH	Special Staff Assistant
9	MS. DEDE BOHN	U.S. Geological Service
10	MR. KEN HOLBROOK	U.S. Forest Service
11	MR. BARRY ROTH	U.S. Department of Interior
12	MR. BILL HAUSER	ADF&G
13	MS. CLAUDIA SLATER	ADF&G
14	MS. CAROL FRIES	ADF&G
15	MR. BRUCE WRIGHT	NOAA
16	MR. ALEX SWIDERSKI	State of AK, Dept. of Law
17	MS. MARIA LISKOWSKI	U.S. Forest Service
18	MS. GINA BELT	Department of Justice
19	MR. GLENN ELISON	U.S. Fish & Wildlife Svc.
20	MR. BUD RICE	National Park Service
21	MS. CATHERINE BERG	U.S. Fish & Wildlife Svc.

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1 MR. FRENCH: Oh, okay. I'll take the other
2 seat, then. Okay, most of you know me. I'm John French.
3 I retired as a professor of the School of Fisheries and
4 Ocean Sciences two years ago. I currently am a resident of
5 Seward, and I guess that's all the information you really
6 need. I did prepare a massive document for you, but I am
7 choosing not to hand it out for reasons I'll discuss very
8 briefly. I have many issues and concerns with regard to
9 the Alaska SeaLife Center. Particularly, the relationship
10 between the continuity of -- mission of the management
11 organization's Seward Association for Advanced Marine
12 Sciences and the SeaLife Center itself. I talked to Tylan
13 Schrock after I told him I intended to testify, and he
14 asked if I could not muddy the waters too much since he's
15 talking later this morning and would rather not have you
16 too confused. So, I will hold back my detailed analysis in
17 abeyance to wait till I see what he says and may send it in
18 later depending on the nature of those comments.

19 I do want to emphasize though that, you
20 know, ever since Project 94-199, which became the Alaska
21 SeaLife Center, was funded, there's been a strong
22 perception of the need and value of that center, and I
23 don't think that has diminished at all. If anything, the
24 advent of GEM and from the GEM workshop where they accepted
25 the necessity to work on developing some of the research

1 tools to do effective monitoring, the SeaLife Center
2 provides an excellent asset facility to do that in. The
3 SeaLife Center provides opportunities that are not
4 otherwise present. I don't want to suggest in any way that
5 I am not very strong in my support for the SeaLife Center.
6 And, also, with the current change in management, the new
7 executive director, Tylan Schrock, has been doing very good
8 things with respect to the internal management of the
9 SeaLife Center and the morale of the employees at the
10 SeaLife Center.

11 I want to emphasize that my concerns
12 primarily relate to the upper level management, the
13 relationship between SAMS, the Seward Association for
14 Advancement of Marine Sciences, its board and the SeaLife
15 Center. If you read the documents carefully with respect
16 to the bylaws of this nonprofit corporation, the perception
17 that many of us have, that it's a membership organization,
18 is somewhat erroneous. It is, but only in the fact that
19 its directors are members. What that does is it creates a
20 situation where there's very little open discussion among
21 the directors and the supporters of the SeaLife Center,
22 whether they be public researchers or other users of the
23 facility. There is very little accountability and, also,
24 this structure is so cloistered it's not very responsive to
25 change. So, I'm very anxious to try to work with any

1 organizations that are interested in trying to facilitate
2 greater activity in those regards.

3 One of my concerns is the absence of public
4 meeting notices and the opportunity for third party input,
5 whether it be member or public input into the process. We
6 have a \$57 million publicly funded facility, \$35 million of
7 it which was funded at the good graces of this Trustee
8 Council. The management exists in the current structure it
9 does because the Department of Fish and Game was designated
10 to provide an operational agreement with the City of Seward
11 which then transferred management and operation to SAMS.
12 That was all well understood in the process. But the only
13 official recourse at this point in the documentation is to
14 withdraw the project from the City of Seward, and I do not
15 advocate that. I would much rather see a more gentle
16 process of trying to prod improvement in the process.

17 I don't think the vehicle is so badly
18 injured right now that it needs to be killed or turned in.
19 We may have some flat tires and some engine problems.
20 Tylan and the board are doing great things with respect to
21 changing the tires. I'm suggesting that we may need to do
22 a little engine work on the Center, also, with respect to
23 making sure that it's more responsive and that it's in the
24 optimum position to be able to respond to the changing
25 times, to respond to a changing North Pacific environment

1 and optimize the return we can get from that asset. That's
2 all I have for now. Thank you.

3 CHAIRMAN TILLERY: Thank you. Are there
4 questions or comments from Council members for Mr. French?
5 Commissioner Rue?

6 MR. RUE: Yeah. What suggestions do you
7 have on tune-up?

8 MR. FRENCH: One of the things that I'm
9 concerned about a lot is the consistency of purpose between
10 SAMS and the SeaLife Center. SAMS evolved originally as
11 being a lobbying organization to attempt to develop new
12 facilities for the University of Alaska and, for that
13 reason, it tends to concentrate more on the SeaLife
14 Center/University of Alaska relationships as opposed to a
15 broader multi-agency, multi-university approach which might
16 optimize both the facilities and support coming in, in
17 terms of research grants, but, also, the distribution of
18 information back out to the various user groups, whether
19 they be other researchers and monitors or whether they be
20 agencies attempting to manage the resources. Myself and
21 several other people have expressed concern that these ties
22 that sort of evolved out of the origins of the Center may
23 not be best for its health, and that changing that might be
24 better.

25 For that reason, I would suggest that there

1 are several alternatives: One, simply to work with the
2 board and try to get better members that represent the
3 needs that we think are needed today. But that doesn't
4 really create a change in the actual structure. Another
5 slightly more aggressive option would be to change the
6 structure of SAMS so it is, indeed, truly a membership
7 organization so it has some level of membership which might
8 be a significant fund-raising effort, also. I mean, it has
9 what's called a founder's membership right now, which is
10 actually -- I'm one of those, and there's two other
11 individuals that are. It's limited at 250. If, at either
12 that amount of money, or a higher level of money, you
13 brought in a specific group of interested individuals that
14 then were able to vote on the board, why that would create
15 some more avenues of input. Either of those solutions, I
16 think it's imperative that the board recognize that it has
17 the obligations that the city has in terms of public input
18 on that facility. That's very clear from the agreement
19 with your department that that is an essential aspect --
20 that the city and, therefore, the management by SAMS is
21 responsible for following all Federal, State, borough and
22 municipal statutes -- all applicable ones, not just in the
23 construction but in the operation.

24 More extreme options would be to go to a
25 fully designated position board with some at large, more

1 like the Public Advisory Group here. I personally don't
2 favor that one. The second option, the membership
3 organization option, would be the one I'd tend to favor.
4 The third one would be taking over management by some
5 agency or group of agencies. That's the one that's
6 allowable within the existing agreement. It's, again, not
7 one that I favor. I would rather think that we could fix
8 it and have it work effectively without it becoming a
9 burden to your department or any other single agency.

10 MR. RUE: Uh-huh. Thank you.

11 CHAIRMAN TILLERY: Mr. Rue?

12 MR. RUE: No, thank you.

13 CHAIRMAN TILLERY: Any other questions or
14 comments for Mr. French?

15 (No audible response)

16 CHAIRMAN TILLERY: Thank you, Mr. French.
17 Your comments are timely, and we appreciate them. Okay, is
18 there anyone else here in Anchorage who would like to
19 comment at this time? I think we've had at least someone
20 join us on line. Who has joined us on line?

21 MS. REFT: Dolly Reft and Sandra Vinberg in
22 Kodiak.

23 CHAIRMAN TILLERY: Okay. And is there any
24 other community besides Kodiak?

25 (No audible response)

1 CHAIRMAN TILLERY: Okay. At this time,
2 we're taking additional public comment from anyone who did
3 not testify yesterday or has not previously made public
4 comment during this meeting. Is there anyone in Kodiak who
5 would like to comment who has not previously commented?

6 (No audible response)

7 CHAIRMAN TILLERY: Okay. Is there anyone
8 else on line that would like to comment?

9 (No audible response)

10 CHAIRMAN TILLERY: Okay. Hearing none, we
11 will close public comment at this time, and the next item
12 on the agenda is the GEM briefing and discussion. Ms.
13 McCammon?

14 MS. REFT: Wait a minute. Was that second
15 request for comment in addition to your first request for
16 additional comment? It's confusing. We're here at the
17 other end of the phone.

18 CHAIRMAN TILLERY: Yeah. At this time, we
19 are taking comment from people who have not previously
20 commented. This is just a continuation of yesterday's
21 meeting, and our policy is that we only allow sort of one
22 round of comment.

23 MS. REFT: So, our three minutes is up. Is
24 that what you're saying?

25 CHAIRMAN TILLERY: Yeah. It was up

1 yesterday. But, if you would like to speak for three
2 minutes, we'll give you that opportunity, if that's
3 important to you -- if you have something that has come up
4 since yesterday.

5 MS. REFT: I do.

6 CHAIRMAN TILLERY: Okay.

7 MS. REFT: Dolly Reft speaking, and I
8 received about 17 calls yesterday from people and, in lieu
9 of the interest, I would like to ask if Molly can send out
10 the information that I received to the membership, to the
11 shareholder list, that included the addresses so people can
12 be informed and understand what's going on.

13 CHAIRMAN TILLERY: Okay. You would like
14 for her to send out the information to your membership list
15 of your organization?

16 MS. REFT: These are the landowners that
17 are being affected regarding these negotiations, and I've
18 supplied Molly with a list of those 186 original members
19 tied to the land that subsist and look to those lands as
20 owners, in addition to their addresses. And I've been
21 asked if she can send them the same information that she
22 had (indiscernible) giving me.

23 CHAIRMAN TILLERY: Ms. McCammon?

24 MS. MCCAMMON: Mr. Chairman. Dolly, the
25 information that I gave you -- I have no problem putting

1 together that information. It would take us quite a while
2 to copy it and send it out because it's a stack of a couple
3 of inches. It seems to me that what would be useful and
4 maybe more illuminating to the membership -- because all it
5 is is copies of little bits and pieces of maybe two
6 sentences that someone from a Trustee Council meeting in
7 1994 referred to Lower Karluk River or the Karluk weir. I
8 mean, you can sift through it all. I'm not sure how much
9 it really tells you. It does kind of indicate the interest
10 that the Council has had in the Lower Karluk for the last
11 six years.

12 It seems that -- I mean, just based on the
13 discussion yesterday and the discussion we have, and just
14 knowing that our office is going to get continued calls and
15 requests for information on this -- it would be helpful to
16 us if the attorneys in this could at least highlight what
17 the issues are, what the question is in terms of the IRA
18 Council and the Kodiak or the Karluk shareholders, and the
19 issue that what happened with the merger and what is being
20 contested here in terms of ownership. As far as I know, we
21 have a quitclaim deed that the land was conveyed from
22 Kodiak to the Karluk IRA Council. Obviously, there are 186
23 or at least a certain representation of that group who
24 disagree with that. And, I don't know, maybe it's
25 something that ends up finally getting decided in a

1 courtroom. But, I think it would be helpful to at least
2 know what the issues are, and maybe that plus just
3 describing what the Council's interest has been and a
4 description of where we are in the process, we could put
5 that together, and that might be the most helpful to the
6 membership or to these 186 people.

7 MS. REFT: I think what would show good
8 faith in allowing the public, especially the people that
9 are involved in these lands that you're negotiating, what
10 would be very helpful would be a copy of the drafted
11 proposal that I received. And, also, on a personal note, I
12 would like a copy of the minutes from yesterday's meeting
13 in its entirety. But I think that would be appropriate for
14 the members to receive and at least have an opportunity to
15 review what the intent of the negotiations are.

16 MS. MCCAMMON: Could you clarify what
17 proposal you're talking about because, at this point, we
18 have no proposal?

19 MS. REFT: Yes, Molly. The 15 pages of
20 information that you sent me I think would be very helpful
21 in getting to the membership. In addition, I would like a
22 copy of the minutes from yesterday in their entirety,
23 please.

24 MS. MCCAMMON: And is that 15 pages that
25 you're referring to, Dolly, the draft potential grant with

1 a nonprofit?

2 MS. REFT: Yes, I am. I think that's
3 important, and I think it's helpful. That's not just my
4 request, but these are the requests that I'm hearing and
5 I'm receiving.

6 CHAIRMAN TILLERY: Okay. We can do that.
7 We will do that in lieu of sending you all of the other
8 sort of materials that we're sending out to everybody else.
9 If you go through those other materials and then you find a
10 few documents here or there that you would like for other
11 people to receive, could you let us know?

12 MS. REFT: Oh, most definitely. And, as
13 far as our history and who we are, we're very familiar with
14 that. We're not as familiar as we'd like to be with EVOS
15 and the negotiations and the planning that has gone into
16 this.

17 CHAIRMAN TILLERY: Okay. Thank you very
18 much, Ms. Reft.

19 MS. MCCAMMON: And it will take some time
20 to put that together.

21 CHAIRMAN TILLERY: It will take a little
22 time, right. Is there --

23 MS. REFT: Thank you.

24 CHAIRMAN TILLERY: Okay, great. Is there
25 anyone else, again, who has not commented who would like to

1 comment at this time?

2 (No audible response)

3 CHAIRMAN TILLERY: Okay, then we will,
4 again, close the public comment. Again, thank you for
5 bringing that to our attention. The next item on the
6 agenda is the GEM project.

7 MS. MCCAMMON: Okay, Mr. Chairman, in your
8 packet under GEM briefing materials. You've also received
9 in November a memo from me updating you on where we are on
10 the GEM planning process, and that described our efforts
11 since we last met in August. It included preparation of a
12 straw dog draft plan that was put into a binder. A lot of
13 folks referred to it as the binder plan. We met with the
14 National Research Council Review Committee in early October
15 to talk about the draft plan and to get some additional
16 input from them, and then we held our annual workshop a
17 couple of months early in order to get additional input.

18 What we've received as a result of these
19 continued discussions with folks is an enormous amount of
20 input. In fact, I think we have like three binders full up
21 in the front office that we refer to on a regular basis.
22 All of the work sessions from the work group were
23 summarized, and we sent them by e-mail to all of the
24 participants. You should have received copies of all of
25 those. We've also received detailed recommendations from

1 our core peer reviewers, from invited guests at the
2 workshop and any and all others. So, we're not short on
3 input in this process. I can assure you on that.

4 In sifting through all this, though, I
5 think it becomes clear on a couple of things. One is what
6 we're doing and trying to accomplish here is very unique.
7 It's something that's being attempted in other parts of the
8 world but, really, there is no real model that we can model
9 ourselves after. We really are creating a unique program
10 here. And, because of that, it's taking time to kind of
11 sort through and try -- it's, in a way, very analogous to
12 the early days of the restoration program -- trying to sort
13 through which path we should take in this process.

14 The summary comments that we've received
15 over the last few months -- there were a number of themes
16 that emerged from that. Start small. Focus on what you
17 can do without leveraging. Don't have the whole program so
18 leveraged that it is totally dependent on other funding.
19 Revise and update the scientific background document,
20 possibly to the level of a publishable manuscript. Develop
21 alternate models for the conceptual foundation, including
22 the human impacts models. For a priority for the early
23 years, focus on retrospective analyses and synthesis.
24 Synthesis should be driven by user-defined needs.

25 The gap analysis needs to be formalized.

1 And the gap analysis is trying to define what others are
2 doing first, identifying the gaps and then seeing where the
3 GEM Program could fill in those gaps. Just on a very broad
4 level, the biggest gaps appear to be the physical and
5 biological oceanography and forage species, although
6 certainly GLOBEC and some other Federally funded programs
7 may meet some of those needs in the early years.

8 On the other hand, the upper tropic levels
9 can't be ignored in the program. It has to be a balance
10 between top down, bottom up. The importance of addressing
11 data needs early on, and the importance of including
12 community and citizen based efforts and traditional
13 ecological knowledge in the monitoring program. Sara Ward,
14 who is the Community Involvement Coordinator, and took over
15 for Hugh Short, did a great job with the community
16 facilitators from throughout the region, and they
17 participated actively in all of the sessions at the
18 workshop. You can see the results of their participation,
19 because community involvement, citizen monitoring,
20 traditional knowledge are really key themes throughout the
21 program. How that actually gets translated into the final
22 end product, we'll be counting on working with people in
23 those communities to develop that.

24 The National Research Council, at their review
25 session in October, felt very strongly, in looking at the

1 preliminary draft, that we were moving too fast -- that it
2 was impossible to meet our original timeline of having a
3 plan for you to take action on today, and that that was
4 overly ambitious. And they strongly urged and, in fact,
5 wrote a formal letter which is included in your packet.
6 And even a formal letter that is two pages long had to be
7 peer reviewed as part of their process. So, the letter
8 actually took six weeks to get through their process.

9 MR. RUE: Sounds like Fish and Game.

10 MS. MCCAMMON: Sounds like Fish and Game?
11 Yeah. But, I think their two comments were primarily to
12 take additional time in putting this plan together because
13 of the importance of what it's trying to achieve here in
14 the planning process. And then, secondly, to take greater
15 advantage of a broader group of scientists in the actual
16 writing of the plan.

17 So, what I'd like to do today is show you
18 where we are in terms of following up the input that we've
19 received over the last couple of months -- kind of our
20 current thinking -- get input from you on that. Phil and I
21 are meeting with the National Research Council Review
22 Committee again over this on Thursday in Washington, D.C.
23 Based on the input from yourselves and from the NRC, we'll
24 be revising this and moving forward.

25 There are a couple of major changes that

1 we're looking at now. I think the biggest change is just
2 taking additional time. Under the original timeline, we
3 were planning on presenting you with a fully developed plan
4 by this week, and we're just not able to do that at this
5 time. It's going to take at least three to five months
6 longer to do that. And even the plan that you'll get three
7 to five months from now will still have major pieces of it
8 that are under development, in progress. And it really is
9 going to be a matter of taking a couple of years to get a
10 fully developed plan. But, I think within the next three
11 to five months, we can get you something that gives you at
12 least a shape of what things will look like in the future.

13 What we did is go back to kind of the
14 beginning, which was back to this document that you
15 approved for review last April and back to the mission and
16 goals of the program -- focusing on the mission and goals,
17 and then accepting the fact that it's impossible to study
18 everything in the Northern Gulf. So, if you can't study
19 everything, what do you focus on? What are the species
20 that people are most concerned about, that tell you the
21 most about the ecosystem or a particular niche in the
22 ecosystem that has the ability to advance our understanding
23 of the physical and the biological bases for production,
24 that are fairly easy to study, that are tractable and that
25 may have existing data sets? Or, at least, there's some

1 sense of understanding. We're not totally starting from
2 zero. And, then, also have an ability to indicate
3 ecosystem disturbance. They may be sensitive to change,
4 whether it's human cause change or natural change.

5 So, the first thing, going from the mission and
6 goals of the program, the next step is: What species are
7 we going to focus on? What we're trying to do through
8 these sets of tables that are in your packet is create a
9 process that is very transparent, that is very logical and
10 transparent. So, as new information comes in, we know
11 where in the process that information needs to fit and
12 where things need to be changed.

13 So, starting with the Table 1, Reference Species
14 for GEM, this is a very first cut at which species would be
15 the primary focus of the program. There are six elements
16 that they were reviewed for, and they were evaluated. This
17 was a subjective evaluation, as any evaluation like this
18 can be. But, I think it's based -- I hope it's not an
19 arbitrary evaluation. And this is an area that I would
20 expect people would come in and either say, well, here's a
21 reason to look at something else or this one shouldn't be
22 on or should be on and, hopefully, we'll have some
23 discussion on this list of species. What we did is put
24 down the ones that we thought might be possibilities, and
25 then we evaluated them and the ones you see in bold are the

1 ones that would be the primary focus of the program.

2 We were a little concerned about starting
3 this way because, when you do an ecosystem program like
4 this, we didn't want to focus on single species, and we
5 don't want to give the indication that the focus of the
6 program -- Bob, why don't you sit up there -- is single
7 species only. So, it was with some trepidation that -- the
8 scientists especially, when we talked about putting
9 together this table. But, in terms of the public and in
10 terms of just explaining this program in its entirety, it
11 became important that it be very clear that these are the
12 species that we're really going to focus on, that we're
13 going to be reporting to the public the status of. GEM may
14 not do much, if any, actual research or monitoring of
15 certain of these species. We may rely entirely on agency
16 efforts or the efforts of others. But, when we're doing a
17 report on the status of the Gulf of Alaska and what's
18 happening with the Gulf, these would be included in that
19 reporting process.

20 The second table -- so you start with the
21 species that are going to be the focus, or the primary --
22 we call them the GEM reference species. And, at one point,
23 we were talking about calling them indicator species. But,
24 Bob Spies has been involved with a number of programs in
25 California -- with CalCoFI and Cal Fed programs -- and

1 indicator species is a loaded term right now and fraught
2 with controversy. And so, at this point, they may develop
3 into indicator species, but we call them something slightly
4 more neutral, reference species. Or maybe it's more
5 ambiguous. I don't know -- neutral, ambiguous.

6 What are factors that are influencing
7 population abundance? What are the things that we know
8 about various resources that is important to their life
9 history and to their total population? And these are
10 things that we've talked about in the conceptual foundation
11 and in a number of the issues in the original document.
12 And I actually took this table -- a version of this table
13 was developed at the first restoration planning workshop at
14 the Methodist Church in April 1994. There was a similar
15 table put together at that time, and it's at a very
16 somewhat crude level of information because it ranks things
17 by high, medium, low. It evaluates them by either "C,"
18 which is based on a conceptual model or foundation or "E,"
19 scientific evidence. And, theoretically, there's something
20 to back up every one of these little cells. But, I think
21 what it does -- and at some point we'll have this color
22 coded, I just kind of did it myself -- it gives you the
23 ability to look at these elements and see where do we think
24 the primary influence on population abundance is. And you
25 can see, I did, in this case, yellow for the highs, green

1 for the mediums, and the others are either lows or
2 unknowns. And I don't think -- I mean, when you look at
3 this, you could just at first glance say well, all you're
4 going to focus on are just the highs. And I don't think
5 that's necessarily the case because, in some cases, you may
6 look at some of the lows and want to establish some
7 baseline data because they're issues that aren't of concern
8 right now but may be 10 or 20 years from now. So it may be
9 something that we keep track of.

10 MR. BALSIGER: Just so I understand it, on
11 Table 2, then, if you look, for example, on the column
12 under pollock.

13 MR. RUE: Why would you want to do that?

14 MR. BALSIGER: Well --

15 MS. MCCAMMON: You may have a difference in
16 opinion on some of these.

17 MR. BALSIGER: I just want to understand
18 the table.....

19 MS. MCCAMMON: Yeah.

20 MR. BALSIGER:and it's a frame of
21 reference I've been thinking about lately. So, if you went
22 down to habitat, it says for pollock you got two H's. So,
23 I guess that suggests that the pollock could -- you're
24 worried about degrading pollock habitat to the point that
25 pollock wouldn't be successful. So, it's important, the H?

1 But, if you go down further, it would look like removal.
2 So, under removals under pollock is low. So, would that
3 suggest that the fishery which removes pollock is not an
4 important factor in the pollock production?

5 MS. MCCAMMON: Well, resource exploitation,
6 which is the harvest -- harvest or bycatch -- is medium.

7 MR. BALSIGER: Okay, I see. So, I was
8 looking at predation, I see. But, that's sort of the way
9 this is intended.

10 MS. MCCAMMON: If you'll see, this is
11 discussion draft only, but yes. So it starts with the
12 three major factors, and Bob and Phil you can jump in if I
13 stray too far from anything that's credible -- are food,
14 habitat and removal. So, this is the basis of our
15 conceptual foundation, also. Food production includes the
16 system that allows for food to be produced at the very
17 bottom of the food chain, so physical oceanography which is
18 currents -- it would be -- jump in here, anytime.

19 DR. MUNDY: Okay. All right. Let me try
20 a.....

21 MS. MCCAMMON: But, let me just do really
22 quickly -- and then habitat and removals. The removals are
23 at the primary focus on -- the human impacts are primarily
24 in habitat and removals, and removals being the human
25 impact scheme -- what, oil spill, impacts, contaminants,

1 pollution, resource exploitation. And then there's non-
2 human impacts, too.

3 CHAIRMAN TILLERY: Commissioner Rue?

4 MR. RUE: Mr. Chairman, I hate to do this.
5 I'm going to have to leave in about five minutes. I know -
6 - I got called by the boss. But, I would like to make
7 maybe a quick comment, because I'm not sure I'll get back
8 in time for the rest of this session and I'll have Claudia
9 sit in. Can I do that?

10 CHAIRMAN TILLERY: Please.

11 MR. RUE: And I think this is actually not
12 a bad time, because you've brought it to a head for me.
13 One of the concerns I've had is the link from GEM and our
14 goals of detecting, et cetera, which I like -- programmatic
15 goals -- to, now, the implementation. And I felt like it
16 missed some steps in between to help someone like myself
17 who isn't steeped in the science planning field to
18 understand how we went from these very generic, general
19 goals of detecting, monitoring, et cetera, down to this
20 chart. And you just helped me understand maybe what would
21 help me better understand, and maybe help the public better
22 understand, why we're going where we're going. And that's
23 this left column.

24 It seems to me we need a step in here that
25 explains better how we went from the general goals into the

1 specific species. And I think it's embodied somehow over
2 in that left column, which is where we talk about what are
3 the key questions, hypotheses -- that if you're going to
4 detect change, well, what are the factors you would look
5 at? Well, you go look at food, habitat, removals, et
6 cetera. That is not, as a deductive thinker, I think. I
7 can't go from A, B, C and get to this chart very easily.
8 You know, it took you walking through it, and I think we
9 need to back up and spend some time so that the plan more
10 clearly walks us from our general GEM document to this
11 chart. And I think the pieces are probably here to do
12 that. And so I guess what I would suggest is after this
13 meeting, if the rest of the Trustees agree, we convene a
14 group of scientists or whatever -- users -- and walk
15 through that and try and build those legs of this document
16 up so that we go from the general GEM document to the plan
17 by talking about what are the questions, frameworks and
18 spell those out, so that people can better, like myself,
19 walk from beginning to end and get to sea lions or whatever
20 the species is and understand how it's helping us meet our
21 broader goals. So, after you just explained it, I actually
22 understand it a little bit better, but it isn't readily
23 apparent on its face.

24 MS. MCCAMMON: I think if you look at just
25 the tables, that's probably true.

1 MR. RUE: There's not much else to look at.

2 MS. MCCAMMON: Well, what we also have is
3 the entire scientific background and conceptual foundation,
4 and we haven't put that in a table form. Because this
5 actually becomes the outline, the draft for a plan, but
6 then turns into a narrative format. And, if you look at
7 the discussion draft outline, which is also in your
8 packet.....

9 MR. RUE: Right.

10 MS. MCCAMMON:which is a two-pager,
11 starting with the mission and goals, describing the process
12 of developing the plan, the context and challenges which
13 are the human uses, activities, issues of concern, and then
14 going into the conceptual foundation plus the alternate
15 models -- the current understanding, or the understanding
16 of what people think is happening in the Gulf -- and then
17 go from there to the reference species, the gap analysis
18 and the draft plan. So, I think there are pieces that
19 aren't in table form that can do that, and we've got drafts
20 of them. They still need to be complete. They're
21 incomplete in some ways, but I think the pieces are there.
22 What would probably be helpful is if you're looking at this
23 as the outline is having a couple of other layers between
24 that summarizes that aspect of it.

25 MR. RUE: Yeah, Chapter Four, basically.

1 MS. MCCAMMON: Right.

2 MR. RUE: I think that's probably what I'm
3 talking about. To feel comfortable with the charts --
4 charts 5, 6, whatever it is -- you need to see Chapter
5 Four.

6 MS. MCCAMMON: Right.

7 MR. RUE: So, it needs some time to do
8 that.

9 MS. MCCAMMON: Right. And one of the
10 things in response to the NRC review, and you'll see it in
11 the revised budget for GEM planning, we're asking for
12 additional funding to do just that.

13 MR. RUE: Uh-huh.

14 MS. MCCAMMON: And actually contracting
15 with a number of people to help expand on that. But you
16 raised a good point about that was the one thing we didn't
17 include in a table form in this process to show, because it
18 does go from the mission and goals to the science to the
19 model to the rest of the program, and we don't have those
20 pieces in a tabular form, or in a.....

21 MR. RUE: Easily accessible. I'm not sure
22 tabular is the only way it can go, but.....

23 MS. MCCAMMON: Well, drawings -- something.

24 MR. RUE:it just isn't accessible.
25 It isn't accessible, particularly. I hate to do this, but

1 I have to, so I'll see you later.

2 CHAIRMAN TILLERY: Okay. Thank you.

3 MR. RUE: Sorry to interrupt your flow.

4 MS. HEIMAN: Excuse me, Mr. Chairman.

5 Commissioner Rue, when do you think you'll be returning?

6 MR. RUE: About half an hour.

7 MS. HEIMAN: Okay. Thank you.

8 MR. RUE: About 45 minutes from now.

9 MS. HEIMAN: I just want to make sure
10 you're here when we go over the projects, which is much
11 later in the day.

12 (Mr. Rue - Departs 9:24)

13 MS. HEIMAN: Well, maybe I could just ask
14 while we're waiting. I did read though -- I can't say I
15 completely understood it, or even partially understood it -
16 - but, the notebook that you used for the last symposium or
17 workshop that you had, and there was a series of questions.
18 You know, it would help me to see what kind of process you
19 all went through with those questions, then to get to some
20 of the things that we have here. Maybe these are just
21 depicting the same thing in a different format.

22 MS. MCCAMMON: It's depicting it in a
23 similar format, although the questions that we had in that
24 draft I think are coming in later in the process now.

25 DR. MUNDY: Mr. Chairman?

1 CHAIRMAN TILLERY: Yes. Mr. Mundy?

2 DR. MUNDY: May I.....

3 MS. MCCAMMON: Well, just a sec.

4 CHAIRMAN TILLERY: Well, I'm not sure
5 what's.....

6 MS. MCCAMMON: Either way you want to do
7 it.

8 CHAIRMAN TILLERY: They must be having a
9 conversation, so why don't we go ahead, Phil. This isn't
10 an action item today.

11 MS. MCCAMMON: No, and what we could do is
12 go through just all of this real briefly and then come back
13 in detail.....

14 MS. HEIMAN: That would be good. That
15 would be great.

16 MS. MCCAMMON:on the pieces, because
17 I think just looking at it in its entirety may, hopefully,
18 help eliminate things and not just confuse things.

19 So, then, Table 2 is based on the
20 conceptual foundation and current scientific evidence in
21 terms of what factors are the most influential on
22 population abundance. And we've had a lot of discussion
23 with various folks about what population abundance means
24 because, in some cases, you can't really tell what
25 population abundance is of some of these species, and it's

1 more status and trends, distribution, things of that
2 nature, too. So that, I think, needs further discussion.
3 But the basic elements -- food, habitat, removals -- are
4 the ones that influence population abundance. And then,
5 following that, we do have draft definitions here of what
6 those pieces are so that there's some common understanding
7 of what is meant by food production, food quality, habitat
8 availability and degradation, and then the series of
9 possible removals.

10 Taking that, then, to the next level of not
11 wanting to duplicate what others are doing but wanting to
12 complement and fill in those gaps, then the next level --
13 certainly, you have to understand what is it that people
14 are currently doing, have done. What is the universe of
15 work being done in the Gulf? And this, again, is a
16 discussion draft starting with some of the species in terms
17 of what various agencies and other folks are doing in terms
18 of monitoring of population abundance, food quality,
19 habitat removals and food production. What we haven't
20 included here -- in our draft budget, we have someone
21 committed to spending the next two months to updating this
22 table and, also, focusing on what retrospective analyses,
23 what modeling, what syntheses, what other kinds of research
24 efforts have been done for these species throughout the
25 Gulf, also.

1 So, this table is still a work in progress.
2 Every time we send it out, this is a challenge -- trying to
3 get Table 3 put together, is what I can say.

4 MR. BALSIGER: You probably said this, and
5 I lost track because I was trying to catch up. The numbers
6 in here, like number 013, those relate to a different
7 document where those project are (indiscernible -
8 simultaneous speech)

9 MS. MCCAMMON: They're a database that we
10 have that's one page on each of these projects that has
11 more detailed information about each of these efforts. So,
12 these are all in a searchable database form.

13 MS. HEIMAN: And are these all studies that
14 have been done in Alaska somewhere, or in (indiscernible)

15 MS. MCCAMMON: What you have on this table
16 are ones that are being done in the Gulf of Alaska. When
17 we started putting together the database, it became kind of
18 a mix of things. It became what's being done in the Gulf?
19 What had been done before? What's being done in the Bering
20 Sea? What's being done elsewhere in the world that isn't
21 being done here, but it's relevant to here? Maybe it
22 should be done here. And it became kind of this real
23 mixture of things all of which, I think, have their
24 potential use. And so, we are in the process of
25 reorganizing the database so that it's searchable for what

1 are the current ongoing projects in the Gulf of Alaska.
2 What are our current ongoing projects in the North Pacific?
3 What are other efforts in the world that might be of
4 relevance of here?

5 MS. HEIMAN: Okay.

6 MS. MCCAMMON: But they'll be searchable.
7 But this one, for the purpose of what we call the gap
8 analysis, is just Gulf of Alaska -- ongoing, current work.
9 And there's a real question in terms of what's ongoing,
10 current work, too, because how long can an agency commit to
11 funding something? Even though they say yes, we plan on
12 doing it, and we've done it for the last three years, does
13 that mean they're going to do it on into the future? So,
14 you have to base it on some assumptions.

15 But, anyway, you take Table 3, which is
16 what we're currently doing, theoretically, and you go to
17 Table 4, which is then going -- Table 2, we know what
18 factors are most important, or a high/medium importance.
19 Table 3, we know what people are doing in those areas.
20 Then, Table 4, where are the big gaps? What are the big
21 areas that are not currently being addressed by ongoing
22 programs, projects, studies? And you can see this is very
23 much a work in progress. And, from that, you go to Tables
24 5A and 5B. And, again, these are for discussion draft
25 only, so these are most illustrative in nature and should

1 be viewed that way. From this you develop the monitoring
2 strategies and the research synthesis strategies. And, for
3 monitoring, you can do it by species and by those factors
4 of food production, food quality, removals, habitat. You
5 can do it by area -- Prince William Sound, Cook Inlet, the
6 Kodiak Archipelago and the larger Gulf. For research --
7 ecosystem process studies, retrospective analysis,
8 modeling, management tools and technology, data management,
9 synthesis and communication.

10 There's a trade-off in presenting
11 information like this, because it's at a fairly crude
12 level. But I think in terms of trying to describe an
13 overall plan, it helps to be able to visualize it. Putting
14 things into a two-dimensional format here in terms of on
15 paper, when there's all different kinds of levels
16 underneath it -- you have the geographic level, you have
17 trophic levels, you have the habitat level from pelagic to
18 a nearshore system -- there are a lot of different levels
19 beneath this, and trying to capture this on paper is
20 difficult to do, but that's what we're trying to do with
21 this. So, those are the steps in the process and I think
22 the binder that we had, I think, went from the mission and
23 goals to some elements in Table 5A and 5B without enough
24 explanation of how we were getting to those tables, to
25 those final recommendations. And what we're trying to do

1 through kind of this suggested revised process is go back
2 and look at it in a very logical, linear fashion in terms
3 of your decision-making and your thinking in terms of
4 starting from the big picture and working down to a
5 proposed plan.

6 The proposed Tables 5A and 5B, when they
7 get done, are going to be a mix of specific items and more
8 general items. Just as an example, they could be a
9 suggested monitoring program for \$1 million or \$2 million
10 to monitor these specific things in these specific areas.
11 But then, it could also be annually seek proposals for a
12 retrospective analyses in these kind of general areas. So,
13 it will be a mix there of specific and general type things.
14 The more general things will probably be more on the
15 research side than on the monitoring side.

16 CHAIRMAN TILLERY: Ms. McCammon, as I
17 understand the concept, you've basically looked and seen
18 what needs to be looked into. You looked out there and
19 seen what other groups are doing at the moment, and then
20 you've identified sort of where nothing is being done,
21 where something needs to be done, which is then the bold
22 that we would propose for funding.

23 MS. MCCAMMON: That's correct.

24 CHAIRMAN TILLERY: Do we run a risk -- I
25 mean, we're theoretically a permanent program, a long-term

1 program. Do we run a risk of being so scattered, not have
2 a real coherent program, if we're just kind of ' picking one
3 here, a gap here, a gap there, a gap there? Is there a
4 problem with not having a sort of coherent whole? These
5 other ones are going to come and go. There's going to be
6 gaps develops, gaps get closed, and are we just always
7 going to be jumping around trying to fill in the cracks?

8 MS. MCCAMMON: No, because I think the core
9 program will end up being a core monitoring program that
10 withstands the test of time. It will be core elements that
11 the GEM Program would commit to funding for a very long
12 period of time. So, I think there's going to be a piece
13 that's solid -- that that is the gap -- because the
14 consistency of long-term datasets throughout the Gulf is a
15 major gap. And so that, I think, will be the core of the
16 program. And then the other part will be leveraging and
17 working with other agencies to fill in and to complement
18 existing work that they're doing. And then I think the
19 other big gap will be in answering some of these questions
20 of what the monitoring is asking and telling you -- trying
21 to figure out what exactly the kind of information that
22 it's giving us, presenting that information on a website or
23 data that's useable to users and whether the users are
24 resource agencies or the public, and then communicating
25 that information. So, I don't think it will be all kind of

1 shotgunned all over. I think it will be very targeted.
2 But there will be pieces of the program, I think, that will
3 be core over the longer term and pieces that will be
4 shorter term, three to five years -- answering questions,
5 focusing on specific things.

6 CHAIRMAN TILLERY: And is part of this
7 program bringing in the information from the other
8 programs.....

9 MS. MCCAMMON: Yes. Yes.

10 CHAIRMAN TILLERY:so that we provide
11 a coherent whole?

12 MS. MCCAMMON: And in some cases -- for
13 example, sea lions, I think is a good case. As we go
14 through the whole sea lion process and these series of
15 sieves down here, it's very possible that the GEM Program
16 does nothing on sea lions other than keeping track of the
17 information and pulling that information into the overall
18 understanding of the Gulf. I'm just saying that because
19 there's so much focus and funding right now on sea lions.
20 That may be the end result of that. And yet, it makes it
21 very clear that the program is not ignoring sea lions, that
22 sea lions are a very important part of the ecosystem and
23 you want to make sure that they're tracked and that
24 information that's developed by others gets integrated into
25 an overall understanding of the Gulf.

1 DR. MUNDY: I'd like to quickly point out
2 that it's not conceivable that the information that's
3 collected by GEM -- this is Phil Mundy speaking, Science
4 Coordinator -- would not contribute to understanding sea
5 lions and sea lion population dynamics. And that is what
6 we've found is that you have lots of agencies that are
7 dealing with the animals. They're dealing with kind of,
8 you know, the symptoms of the ecosystem processes, if you
9 will. And we are looking at developing programs which help
10 deal with the underlying causes, which the agencies are
11 moving more towards now than they were in the past. So,
12 the answer to the question about whether we would be likely
13 to be just too diffuse or scattered, we're trying to
14 organize this so that we look at underlying causes --
15 things that agencies want to know about, and information
16 they desperately need, but just don't have the facilities
17 or the resources to go after. Some of these things are not
18 all that expensive to do. It's just that they haven't been
19 part of the agency missions in the past.

20 CHAIRMAN TILLERY: Ms. Heiman?

21 MS. HEIMAN: I don't remember the name of
22 the study, but about three weeks ago a study came out that
23 showed all of the different research that's been done on
24 contaminants in all of Alaska. It's like the Conservation
25 Circumpolar Union [sic] or something, I think -- CCU -- and

1 it actually depicts a map. But it actually shows all of
2 the studies that have been done, and I don't know if you've
3 seen that and incorporated that into this, or probably not,
4 but it is probably something that should be done. There
5 was a wealth of information. I was surprised at how many
6 studies there had actually been done. So, if you call my
7 office, I can get you that information and what the name of
8 the study is, et cetera.

9 DR. MUNDY: Yes. Thank you. We have a
10 database for those kinds of studies, and we'd like to
11 include that.

12 MS. HEIMAN: Okay. Also, I was just
13 curious. Where we say tissue archival network for
14 contaminants analysis, is that that we will need to do
15 tissue archival analysis, or is that referring to archival
16 analysis that's already being done, or.....

17 DR. MUNDY: There are a number of programs,
18 but the challenge here is to tap into national programs
19 such as the National Institute of Standards has established
20 a laboratory at Charleston, South Carolina, for long-term
21 tissue storage and there will be other locations around the
22 country. The challenge here is to bring those together and
23 to find ways to help people work together. There is quite
24 a bit of money for tissue archival type programs and
25 projects, but these programs are very narrowly focused. We

1 have opportunities for collecting eggs from sea birds, for
2 collecting blubber from marine mammals through programs
3 that are already in place. Analyzing those samples is very
4 expensive and would have to be done deliberately, you know,
5 to answer questions that are posed. Nonetheless, if we had
6 a problem and a deliberate question, and we had the samples
7 in archival storage, we would be able, you know, to address
8 those questions.

9 So, we saw that there are facilities,
10 particularly within the Federal government, that we could
11 take advantage of and we could facilitate them.

12 MS. HEIMAN: Yeah. I agree with what
13 you're saying, because I know that we have thousands of
14 samples in freezers back East. I can't exactly remember
15 where -- I think Maryland or Virginia -- that have come
16 from Alaska that are just sitting in freezers. And so I
17 completely agree with what you're saying. One of the
18 things that we're going to try to do with the contaminants
19 program, I hope, is that we can start to have a real
20 integrated look in analyzing those samples, which is the
21 most expensive part, I think.

22 MS. MCCAMMON: Right.

23 MS. HEIMAN: And it's just so expensive.
24 And then to figure out, okay, what are you looking for?
25 So, I guess I would be interested in, as we move forward,

1 you know, what kind of analysis or what kind of studies
2 we're, you know, directing our efforts toward -- what you
3 would think we would do in the GEM Program -- not just a
4 very general statement. I understand why you put it here,
5 but I am interested in where we would go, what kind of
6 studies you would be interested in doing. Thanks. This
7 looks really -- I think it's very understandable. Maybe to
8 jump from how we got here will be interesting, but I think
9 this is very well done and very understandable, and I
10 appreciate the format and explanation.

11 CHAIRMAN TILLERY: Mr. Balsiger?

12 MR. BALSIGER: Yes, thank you. I agree
13 with Ms. Heiman. I think it is a really good start.
14 There's lots of holes left. For example, the gap analysis
15 goes for four pages, or four species (indiscernible) and so
16 on for the GEM, so there's a lot of work left yet.

17 MS. MCCAMMON: So on and so on.

18 MR. BALSIGER: But, how does that table
19 relate to the next one? That's the gaps, and then in the
20 next one it's sort of an inventory of all monitoring
21 things, so a lot of the gaps will be monitoring that hasn't
22 been done. So, will it show up here? That's not what the
23 bold is, the gaps, is it?

24 MS. MCCAMMON: Well, Table 4 will be the
25 gaps.

1 DR. MUNDY: You talking about Table 5A?

2 MR. BALSIGER: Yes. I'll presume you'll
3 have the gaps but then.....

4 DR. MUNDY: Right.

5 MS. MCCAMMON: Right.

6 MR. BALSIGER: 5A is sort of where
7 we'll pick the research off. And so, how do you relate
8 from the gaps to the next table?

9 DR. MUNDY: Mr. Chairman, if I may?

10 CHAIRMAN TILLERY: Yes. Mr. Mundy?

11 DR. MUNDY: Thank you. The way that we're
12 talking about Table 5A and taking the example of harbor
13 seals for Prince William Sound, for example, the way to
14 read this is to say harbor seal population abundance, we
15 believe, based on the gap analysis to date, which is by no
16 means complete, that the Alaska Department of Fish and Game
17 and National Marine Fisheries Service surveys are going to
18 be tracking population abundance in Prince William Sound.
19 It's not bolded. That means we believe that other agencies
20 are going to be covering this item of information.

21 Move down to food production, which is
22 another item from the gap analysis. The priority there --
23 as a factor in controlling population trends, we believe
24 food production is high for harbor seals. We believe that
25 there are Alaska Department of Fish and Game, National

1 Marine Fisheries Service and U.S. Fish and Wildlife Service
2 compliance monitoring, meaning compliance with Endangered
3 Species Act, Marine Mammal Protection Act and other
4 authorities that are not cited here. And that, again, is
5 not bolded meaning those are responsibilities of non-GEM
6 entities.

7 In the bold, we have coastal observation
8 network, including trawl surveys, community monitoring
9 sites and moorings. In terms of understanding the food
10 production for harbor seals, sea lions and other similar
11 marine mammals, there are gaps that might be filled through
12 the establishment of the coastal observation network that
13 would include Prince William Sound that would support trawl
14 surveys, community monitoring sites and moorings for the
15 purpose of understanding food production. Just not to go
16 through the rest of the items here, that is the way that
17 the table was designed to be read. So, wherever we have a
18 non-bolded item, you should be able to relate that back to
19 Table 3. There should be entries under the species and the
20 categories such as removals or food quality or habitat in
21 Table 3 that substantiate the programs or projects that we
22 have non-bolded here. And then these bold items, you
23 should be able to find those recommendations in Table 4.
24 Table 3 is the anti-gap table. Table 4 is the gap table.

25 MS. MCCAMMON: I think the big challenge

1 there, Mr. Chairman, is going to be in looking at what
2 other agencies are doing, because I think almost all of
3 them can probably make an argument that yes, they may be
4 doing something. But is it sufficient? Are things really
5 being monitored adequately? And that will require a lot of
6 discussion, I think.

7 MR. BALSIGER: I was getting it, I guess.
8 I thought I understood that and, of course, because these
9 other tables aren't quite complete, there will be all kinds
10 of new bold stuff as this gets out. So, as Mr. Tillery
11 said, even though this is a wonderful way to start
12 narrowing or identifying central themes and where research
13 has to be done, it doesn't like narrow it down to things
14 that can be covered that the money that's available here.
15 So, it's still going to be a really big challenge to not
16 pick one from here and one from the other side of the menu
17 and still make meaningful contributions, or the best
18 contribution.

19 MS. MCCAMMON: Right. I've told people
20 that we've gotten lots of input, and we have the making of
21 a great \$100 million a year program. And, it's now getting
22 that down to \$6 million a year. That's the challenge. And
23 I think when you get to the Table 4, it's still going to be
24 getting it from there to there.

25 MR. BALSIGER: Yeah.

1 MS. MCCAMMON: Yeah.

2 DR. SPIES: Mr. Chairman?

3 CHAIRMAN TILLERY: Dr. Spies.

4 DR. SPIES: If I just might comment on that
5 briefly. One of the philosophies that I think has great
6 merit, that has been proposed by quite a few people and
7 attendees at our workshop was advice to start off with a
8 core program that is rather focused and slowly build those
9 interactions between the various agencies that have a
10 responsibility for some of these resources that we can
11 integrate into the program and, over time, we can kind of
12 knit this thing together in a way that we have ongoing
13 partnerships with the participating agencies in a way that
14 makes sense. That would start us off with a program that's
15 affordable and a philosophy for moving forward that kind of
16 slowly zips this thing together and integrates it across
17 all the resource agencies that have responsibility.

18 MS. SLATER: And so, how do we determine
19 then what the priorities are for the core program? Are
20 there ideas on that yet, or is that.....

21 MS. MCCAMMON: I think it will have to be
22 as we go through this sieve process, what ends up coming
23 down to the end, is going to be -- there's going to have to
24 be some judgments made that this is going to be the focus
25 of GEM. And we haven't gotten to that part yet, but that

1 will be a collective focus.

2 MS. SLATER: So we don't know how we're
3 going to focus down?

4 MS. MCCAMMON: It will be a collective
5 looking at it and making some assumptions that, in certain
6 cases, that the agencies will do certain things and commit
7 to doing certain things, and that the GEM Program is only
8 going to focus on other key areas. So, as we get through
9 this, that will be a decision made by the Trustee Council
10 at the very end.

11 MS. SLATER: Is there a way to incorporate,
12 in approaching that, before it gets to the Council, some
13 kind of an interdisciplinary team that involves agency
14 folks, or whatever, to get together and look at that and
15 collectively make recommendations to the Council so that
16 you've got those people at the table in the developmental
17 stages of making those cuts?

18 MS. MCCAMMON: Well, first of all, I want
19 to reiterate that we have had interdisciplinary teams and
20 lots of people looking at this for two years, so we have
21 lots of input right now on what people think we should be
22 focusing on. So, what we're doing now is going back and
23 contracting with some key people to upgrade some of the
24 sections on the current state of knowledge of marine
25 mammals in the Gulf, the current state of knowledge of sea

1 birds, to do a peer review of the gap analysis. And the
2 peer review is going to be a combination of experts plus
3 agency people. It's going to be a broad group. And then
4 when we get to the gap, these folks will do a first cut at
5 the gaps, and then we will bring in as many people as
6 possible in interdisciplinary teams looking at that and
7 trying to craft from that the core program. So, yes, it
8 will be both into it.

9 MS. SLATER: Will there be agency people on
10 the interdisciplinary teams, and.....

11 MS. MCCAMMON: Yes. Agencies' people will
12 have to be key to this whole thing. Yes.

13 MS. REFT: Excuse me?

14 CHAIRMAN TILLERY: Yes, Ms. Reft?

15 MS. REFT: This is real concerning. I'm
16 having a hard time hearing you, and this is a very
17 important discussion that you're having. Is there any way
18 that we can obtain information regarding this? I did send
19 you a fax. You keep breaking up off and on, but it would
20 be good to have some documentation, especially when you're
21 referring to the ecosystem and the food habitat and
22 removal.

23 CHAIRMAN TILLERY: Yes, ma'am, Ms. Reft.
24 We have a slight microphone shortage. We'll be a little
25 better about moving that microphone around to the various

1 people here. In addition, you've asked for a copy of the
2 transcript of this meeting, and we will provide that to you
3 and that will contain everything that's being said, word
4 for word. So, you'll be able to get it from that also.

5 MS. REFT: Right. And what would be awful
6 helpful is if we can also have a documentation on exactly
7 what is defined as the food use and subsistence and how
8 that fits this process, if it's supported. Basically, what
9 you've been discussing now -- because it's hard to follow
10 the conversation without any documentation to refer to.

11 CHAIRMAN TILLERY: We will provide you with
12 a copy of the documentation that has been discussed here.
13 Ms. McCammon?

14 MS. REFT: Thank you.

15 CHAIRMAN TILLERY: Okay. Thank you. So,
16 when you guys talk back and forth, we only got that one
17 mike, so if you could move it around, that would be
18 helpful.

19 MS. REFT: I realize that, and I appreciate
20 your patience. It's difficult for us to attend workshops
21 or meetings that aren't either in the villages or nearby
22 us, because Anchorage is quite expensive to travel to.

23 CHAIRMAN TILLERY: It is, indeed. Okay,
24 then, Ms. McCammon?

25 MS. HEIMAN: So, we're going to fax this

1 document to her right now?

2 MS. MCCAMMON: Yes, yes.

3 MS. HEIMAN: Okay, great.

4 CHAIRMAN TILLERY: Do you have a number?

5 MS. HEIMAN: Uh-huh (indiscernible).

6 CHAIRMAN TILLERY: Okay. Mr. Gibbons?

7 MR. GIBBONS: Mr. Chairman. I was looking
8 at this and I really like the format and all.

9 CHAIRMAN TILLERY: Excuse me. Could we
10 start by getting that mike over there?

11 MR. GIBBONS: Excuse me. And I see
12 habitat. Have you guys been working with talking to the
13 land managers -- I see murrelets, and some of the things
14 that use the uplands -- in any of your monitoring? Just a
15 question. And then, did you also look at black
16 oystercatchers as a possible species?

17 DR. MUNDY: Mr. Chairman?

18 CHAIRMAN TILLERY: Dr. Mundy?

19 DR. MUNDY: Thank you. Yes, Mr. Gibbons.
20 If you would look at the outline document, I could give you
21 probably the best answer of that. That's in front of the
22 tables. It's the last two 8 1/2 by 11 pages that you've
23 got in front of the tables. And I would refer you to
24 Section 4. The document I'm looking at is entitled GEM
25 Monitoring and Research Plan Discussion Draft Outline, that

1 was previously introduced to you by Molly. And then in
2 Section 4 there, we are looking at, under Item A,
3 terrestrial marine linkages and we will fully develop that
4 when we produce the next draft of the GEM Monitoring and
5 Research Plan.

6 We definitely are talking to the land
7 managers. We've been particularly talking to the Forest
8 Service in this area about their long-term monitoring
9 programs. The grid system is a long-term monitoring
10 program that the Forest Service has in place, and some of
11 those sites are coastal programs. There's also a program
12 in place for monitoring campsites adjacent to intertidal
13 and subtidal habitat that appears to be critical, and we're
14 also aware of that and working with those programs.

15 In terms of the black oystercatcher, which
16 is a bird that may be a sensitive species in the intertidal
17 environment, that has been brought to our attention. And,
18 of course, our list of species in Table 1 is not exclusive.
19 If there are proposals for using the black oystercatcher,
20 and it looks like it would be, you know, a good use of the
21 funding for the monitoring program, I'm sure that the
22 approach that we're taking here would allow that to be
23 included.

24 MR. GIBBONS: Pass it back to me. The
25 reason I bring the black oystercatcher up is it's a real

1 sensitive species in our forest plan revision. They tend
2 to nest in fine grain beaches, and that's where the public
3 like to camp. And so, we're going to be monitoring those
4 beaches and try to do closures during critical habitat
5 times, and so that's the reason I brought that up.

6 CHAIRMAN TILLERY: Ms. Heiman?

7 MS. HEIMAN: I was wondering if, at some
8 point, we could go through what didn't make the list or,
9 you know, where we go through marine mammals, sea birds,
10 all these -- what didn't make the list and why? I guess I
11 would like a little more analysis -- I don't know when the
12 appropriate time is -- about which species became bolded
13 and were the top reference species versus ones that aren't
14 bolded versus ones that aren't even on the list that were
15 analyzed. It would be of interest to me.

16 MS. MCCAMMON: Okay.

17 CHAIRMAN TILLERY: Is that available?

18 MS. MCCAMMON: I mean, we could go through
19 this right now and just kind of the thinking, because.....

20 MS. HEIMAN: I don't know. I would ask the
21 other members if that's useful, or else I could learn that
22 on my own.

23 CHAIRMAN TILLERY: I had the same question
24 as we were kind of going through this, over this chart.
25 But, why did something get bold? Why was something not

1 bold?

2 MS. MCCAMMON: Uh-huh.

3 CHAIRMAN TILLERY: Maybe not on a species-
4 by-species basis, but some sense of why you made choices.

5 MS. MCCAMMON: You have to realize that
6 this is somewhat subjective, because it is a decision-
7 making that you're going to focus on some things and not
8 others. And, I mean, all things warrant some focus. So
9 it's just a question of trying to draw some line there.
10 And this is a discussion draft only, and we put this out as
11 a first draft for people to look at, and this is actually
12 the first opportunity we've had to get input from other
13 people, and I would imagine that this draft would change
14 just based on information that people give. But we could
15 go through these and Bob and Phil -- you did the initial
16 analysis. We first went back to this document for the
17 criteria and so these actually come from this document in
18 terms of the six criteria at the top.

19 MR. BALSIGER: Could I ask just one
20 question before you proceed? I presume that a lot of this
21 came through the reviews of that and the workshop.

22 MS. MCCAMMON: Yes.

23 MR. BALSIGER: So it wasn't just Bob and
24 Phil and you that did it.

25 MS. MCCAMMON: Right.

1 MR. BALSIGER: There's been quite a process
2 behind it already.

3 MS. MCCAMMON: Right. Exactly. So, I mean
4 this isn't just five people sitting down. It's the basis
5 of the workshop, focus groups and talking to people through
6 the last two years. So, it's the first cut at trying to
7 synthesize what other people have been saying and
8 suggesting.

9 Looking at marine mammals, and in doing the
10 evaluation on the six criteria -- and I think the big
11 question in marine mammals was on the question of the large
12 whales and whether to include the large whales in that --
13 and I think the initial decision was not to, with some
14 hesitancy, because of their potential importance to the
15 system. But part of that was because they migrate so much,
16 and they're so difficult to monitor and to research. The
17 initial decision was not to include them in the bolded
18 list. But that was one that I know we felt some hesitancy
19 on. I think that was really the only one in marine mammals
20 that we felt -- I don't know. There weren't any others
21 that kind of came up to the top of the list or were of
22 great concern, but the large whales definitely were.

23 MS. HEIMAN: I don't know if it falls in
24 the category. Salmon sharks was not looked at, or they're
25 not marine mammals? I don't even know.

1 MS. MCCAMMON: They're sharks. It's under
2 fish and shellfish.

3 MS. HEIMAN: Sorry. They seem big and sort
4 of marine mammal like. I don't know.

5 MS. MCCAMMON: I don't know. Is there any
6 other?

7 MR. BALSIGER: They do deliver live young,
8 so.....

9 MS. MCCAMMON: I think that's -- what's
10 that?

11 MR. BALSIGER: They deliver live young.

12 MS. MCCAMMON: I guess we didn't include
13 all the seals, either. But, the harbor seal was the one
14 that we've focused on the most that, certainly from
15 subsistence use, is really important. And, in terms of
16 ecological importance, it's really up there at the top.

17 MS. REFT: Excuse me.

18 MS. MCCAMMON: That would be the only other
19 thing, would be a question about other kinds of seals. But
20 the recommendation was to focus on harbor seals.

21 CHAIRMAN TILLERY: Ms. Reft, are you having
22 trouble hearing?

23 MS. REFT: Yes, I am, but we've had a
24 couple of people enter into the room. But, in reference
25 with talking with people over the last two years, can you

1 refer us to those people that you've talked to in regards
2 to the Kodiak region and subsistence and our harvest
3 intake?

4 MS. MCCAMMON: We've talked to Paul
5 Panamarioff, who's the Community Facilitator for the Kodiak
6 villages, from Ouzinkie; and to folks at KANA; and to folks
7 at Fish and Game who monitor the subsistence harvest; to
8 Vicky Vanek, who's been working real closely with the
9 Harbor Seal Commission.

10 MS. REFT: Is Paul Panamarioff the only
11 person that's supposed to be working with the village that
12 you're talking to? Each village is different within their
13 ecosystem, and their reliance on their subsistence foods.
14 I'm just wondering if there's a representation from all
15 these areas and who we would refer to in participating with
16 this process, because no one here knows anything about this
17 process, or having been approached, regarding subsistence
18 and our food gathering.

19 MS. MCCAMMON: I know we've talked to other
20 people in Kodiak, Dolly, and I can get you their names and
21 all. It's been always a challenge to try to get people
22 involved in this and interested in the process and I'm glad
23 to hear that you're interested in it and I'll make sure
24 that you get the information and that you're on our list.

25 MS. REFT: We always have been, and it's

1 difficult because the corporation can't speak on behalf of
2 subsistence or the tribal boundaries. We know that through
3 the SARA Amendment. And, also, I notice the meetings that
4 you've had are at peak times of the year that we're out
5 fishing or gathering or doing our subsistence, so that, in
6 and of itself, poses a challenge.

7 MS. MCCAMMON: Okay.

8 CHAIRMAN TILLERY: Okay. Thank you. Now,
9 were going to (indiscernible) down the list?

10 MS. MCCAMMON: Fish and shellfish -- I
11 think, again, it was the analysis on the six criteria and
12 looking at the largest commercially harvestable species --
13 salmon, herring, pollock, halibut, shrimp and crab. And I
14 don't know if you wanted to add anything further to that.

15 DR. MUNDY: I just comment that, again,
16 these factors one through six that we took out of the April
17 2000 GEM document were not equally weighted. We were
18 trying to select species that would give us a good look at
19 the monitoring and research program. So these species,
20 again, are not meant to be exclusive of the types of
21 species that are included in the GEM Program or that we
22 might study, but they're selected to be a good way of
23 getting a look at what the GEM Program will do for agencies
24 and what the GEM Program will do for members of the public
25 that are interested in resource management. So, factor

1 number 1, for example -- human relevance -- is an issue
2 driven sort of factor.

3 So, the way that the species were selected
4 didn't weight these equally. And, again, we were trying to
5 find a set of species that would give us a good look at the
6 program from a practical perspective.

7 MS. MCCAMMON: I think what's key, though,
8 here is that just because it's in bold doesn't mean that
9 there's not necessarily any work that might be done on some
10 other species that isn't bolded. The work that would be
11 done on those species would have to illuminate some
12 information about these species or the particular niche
13 that they represent in the ecosystem.

14 MR. BALSIGER: Mr. Chairman, I.....

15 CHAIRMAN TILLERY: Mr. Balsiger?

16 MR. BALSIGER: I guess we're talking about
17 individual ideas here. Is that what we're trying to do?
18 One curiosity that I've had is the arrowtooth flounder in
19 the Gulf of Alaska, and I notice you didn't put that in
20 here. To me, that's more interesting than halibut because
21 of the tremendous bio mass. I understand halibut is more
22 important from the human aspect, because they can turn it
23 into dollars easier. But was there a thought why
24 arrowtooth or some of those other flat fishes didn't show
25 up?

1 DR. MUNDY: Mr. Chairman?

2 CHAIRMAN TILLERY: Yes.

3 DR. MUNDY: We are aware of the ecological
4 importance of arrowtooth flounder. This list is not by any
5 means exhaustive. Again, it was more of an issue driven
6 list. So, species that were of more economic importance
7 tended to get first consideration and go on the list.
8 Nonetheless, this is a draft. And, if we get advice about
9 a particular species that might be on this list, we can
10 certainly reconsider that. The arrowtooth flounder I would
11 certainly agree, is an extremely ecological important fish.

12 DR. SPIES: Mr. Chairman, if I might also
13 comment.

14 CHAIRMAN TILLERY: Dr. Spies.

15 DR. SPIES: One could also look at these
16 species much as the pink salmon and herring did for SEA, as
17 portals into the ecosystem. And, so, we learned a lot
18 about the Prince William Sound ecosystem aside from just
19 exactly what herring and pink salmon did, for example.
20 And, so, I would imagine that in trying to understand food
21 availability and production for a lot of these species,
22 that we are going to be, in some form, be continuing some
23 small mesh trawl sampling throughout the area and we will
24 be catching arrowtooth flounder as part of that process.
25 So, we'll have information on those, although they may not

1 be a primary focus here, or a portal, into the system.

2 CHAIRMAN TILLERY: I notice that there's
3 not a criteria here for oil spill injury, injured species
4 or anything like that, nor do I see how it really fits
5 under any of the criteria. Is that brought into this in
6 any way that there would be any emphasis on a species?
7 Like a lot of them that we've talked about over the years -
8 - murrelets, pigeon guillemots, et cetera -- juvenile
9 salmon didn't make the bold list. What's the thought
10 behind that?

11 MS. MCCAMMON: We did look at the injured
12 species list and whether some of those should be included,
13 and I think the major goal was to look at those that had
14 either -- I mean, I think the major importance was
15 ecological importance and human relevance, that those were
16 strongly weighted. And so, what is it that marbled
17 murrelets or some of the other species could tell us, and
18 is there some other species here that could kind of address
19 those issues or that particular niche better? And so it
20 was a balancing there. So, we didn't just say because it's
21 an oil spill injured species that it was on here
22 automatically.

23 CHAIRMAN TILLERY: Automatically. I
24 understand that. But this will be the sum total of our
25 program. And, to the extent that we have some species who

1 have not fully recovered, how are we going to know five or
2 10 years from now what their status is?

3 MS. MCCAMMON: We'll be doing an update on
4 the status of the injured species list in a year, year and
5 a half. And, at that time, my guess is that a lot of the
6 species that were recovering will be -- will have met our
7 recovery objectives by that time, or there will be an
8 understanding we'll never know what the true injury or true
9 recovery is. It'll just be like an unknown, actually,
10 which doesn't mean you don't know what its status is but
11 whether it's actually recovered from the original injury,
12 because the extent of the original injury was unclear to
13 begin with.

14 To what extent you keep monitoring those
15 species or keep reporting on them, I think that's an open
16 question. As long as there is some extent of injury, then
17 it's the responsibility of the Council to keep monitoring
18 them. It does raise a good point in terms of just
19 reporting the status of certain things as long as they're
20 somewhat on that spectrum of injury. So, put something in
21 there on that.

22 DR. SPIES: Mr. Chairman, I also might
23 mention because of the large amount of study that's been
24 devoted to quite a few of the injured species that they're
25 apt to make it on this list here.....

1 MS. MCCAMMON: Right.

2 DR. SPIES:for the criteria of
3 existing datasets, criteria number five. First is harbor
4 seals, sea otters, killer whales, salmon, herring, black-
5 legged kittiwakes, and murre and sea ducks or juvenile
6 herring are all injured species considered during the
7 spill. So, there's a great deal of overlap between.....

8 MS. MCCAMMON: I don't have that. It's
9 probably in here. The major list of species that aren't on
10 here are birds.

11 CHAIRMAN TILLERY: Uh-huh. That's.....

12 MS. MCCAMMON: I mean, that's the biggest
13 area are the birds. And I'd have to look, for example, the
14 three species of cormorants, and I'd have to look back in
15 terms of what our recovery objectives are. My guess is
16 we're getting to the point where achieving recovery
17 objectives is getting more and more difficult just as time
18 away from the spill event.

19 DR. MUNDY: Mr. Chairman, we -- I'm sorry.

20 CHAIRMAN TILLERY: Dr. Mundy?

21 DR. MUNDY: We did specifically consider
22 injured species under criteria three, the ability to
23 indicate ecosystem disturbance. And, as the list of
24 species that Dr. Spies read off indicates, the ones that
25 tended to wind up on here were the ones that are easier to

1 study and the status of which can be determined more
2 readily; the population sensitive to human or natural
3 caused change, and the -- that's number three; and then,
4 number 5, existing datasets are well understood.

5 We put the species that we felt that we had
6 a good chance of understanding the changes of on this list.
7 A lot of the conclusions that were for injured species in
8 the last several years that contributed to the GEM Program
9 was that we did not know enough about the basis ecosystem
10 processes and about the basic food sources and natural
11 disturbances in species to understand human caused change
12 in those injured species. And we felt that by building the
13 information base that we should be able to do under GEM
14 that we would eventually be able to understand those
15 processes and thereby understand those injured species
16 better. So, that was the thought process that went in it.
17 But, criterion three and criterion five, we did
18 specifically examine injured species as candidates.

19 CHAIRMAN TILLERY: Mr. Gibbons? You want
20 to move that mike?

21 MR. REFT: May I cut in? This is Kodiak,
22 John Reft.

23 CHAIRMAN TILLERY: Hi, John. Actually, the
24 time for public comment has sort of passed. If you're
25 having trouble hearing, or whatever, we'd appreciate you

1 letting us know that, but it's not.....

2 MR. REFT: Yes, sir. I understand that,
3 sir. But, yesterday, you gave us a three-minute limit, and
4 that's what I accepted. But, in comparison to the people
5 that were buttering up the ex-EVOS Committee for their
6 great work and stuff, they took seven or eight minutes, or
7 maybe even 10. And I did not get my time in there, and I
8 feel like, you know, my feathers are ruffled because the
9 time I had in comparison to the time that people were there
10 buttering up the EVOS Committee.

11 CHAIRMAN TILLERY: Well, I.....

12 MR. REFT: I did not get a chance yesterday
13 to finish my comment, because I was going by your time
14 limit, and respect.....

15 CHAIRMAN TILLERY: I appreciate -- we
16 appreciate your following the rules, and we tried to make
17 every effort at the end of three minutes to ask people to
18 close and some people follow the rules better than others.
19 We thank you for following them.

20 MR. REFT: I understand that. But
21 yesterday you said that if anybody had not talked, that was
22 your opening, you know? But you did not get for excess
23 comment, you know, that we didn't have time to finish in
24 comparison to the people that you had there, you know, on
25 your Committee that were really praising them. I had one

1 thing to say on this shellfish and everything. If you
2 would just give me a minute to state it, I'd really
3 appreciate it.

4 CHAIRMAN TILLERY: Okay. Why don't you
5 take a minute or two and state your concerns.

6 MR. REFT: Okay. Now, I was in on the oil
7 cleanup in the Sturgeon/Karluk area in 1989. We were
8 brought in there when the oil hit. And when we got in
9 there, there was no contamination in the Sturgeon Lagoon
10 area, and we had three boats that were standing by, and the
11 oil did hit in there seven days or so after we were in
12 there, and the clams that we were digging and eating prior
13 to the infiltration of the oil into the Sturgeon River
14 Lagoon area were good. We ate them. And then all of a
15 sudden, I get up one morning and all the clams in that bed
16 area when the tide was low and out were laying on top of
17 the sand dead.

18 Okay. We worked that thing for three
19 months, and then we were asked to extend our time limit on
20 to December, if possible, to clean up the area. Well, the
21 weather got difficult in August. I mean, really, this is
22 the roughest area in the Kodiak Island, the run from
23 Sturgeon River to deliver to Larson Bay all the
24 contaminated stuff that we were shoveling and delivering in
25 bags. Well, when that happened, the weather got tough and,

1 all of a sudden, they said the area is clean. We're going
2 out of here. We're all done. And we said, no. It is not
3 clean. It's contaminated, still coming in on every tide.
4 And they said, no, it's clean. So, we were removed from
5 that area and came in, got our ships and everything cleaned
6 up and then, after that, we heard nothing about restoration
7 of that area that was contaminated.

8 Well, the point that I'm making, sir, is
9 that eight years after that so-called cleaned area in the
10 Sturgeon River Lagoon, my cousin, Sonny -- actually his
11 name is Gus Reft, Jr. -- ate those clams eight years later
12 and died. That is not restoration.

13 CHAIRMAN TILLERY: Okay. Thank you.....

14 MR. REFT: And it makes me sad.

15 CHAIRMAN TILLERY: Sir.....

16 MR. REFT: You guys could be here on this
17 Committee, and monies for restoration are not being used.
18 People are dying, and you're worried about the damn
19 mammals. We haven't had shellfish in this area for years
20 because of the oil spill. I'm sorry, but that's my point.
21 And I wish that the Committee would get down to the real
22 point of the monies that were given. Restore the lands to
23 the Native people where they're cleaned, and we can utilize
24 our foods that we haven't had for 11 years or so. Thank
25 you.

1 CHAIRMAN TILLERY: Thank you, Mr. Reft.
2 And I think Mr. Reft makes a good point, and I think that
3 he makes the same point that I was getting at a little
4 earlier, which is some of these species may be important
5 and may be the best way to study the ecosystem but, at the
6 same time, we have sort of a basic responsibility to finish
7 up what we started in terms of the species that were
8 injured by the oil spill. And to the extent that there are
9 still unknowns out there and we don't know whether they've
10 recovered, they need to be looked at. And, if they can be
11 looked at in the context of this program, so much the
12 better. If they have to be looked at outside of the
13 program, then I think we have to start thinking about that.
14 Ms. Slater, if you can move the mike over. Thank you very
15 much, Mr. Reft. We appreciate that.

16 MS. SLATER: Yeah. I just had a follow-up
17 question, because I'm a little confused. I thought that in
18 the scientific framework conceptual document that the
19 direction was a program that would focus on the long-term
20 monitoring, but there would be some smaller component
21 potentially available for shorter term, targeted research,
22 whatever you want to call it. And I thought that it was in
23 that component that if it was appropriate to look at
24 lingering injury or things of that nature, that that would
25 fall under that portion of the overall program. Is that

1 incorrect?

2 MS. MCCAMMON: No, that's correct. And, in
3 looking at the list of not recovering, recovering,
4 recovery, recovery unknown, my guess is that within the
5 next year and a half a lot of the recovering species will
6 be declared recovered. The vast majority of them will have
7 been. For the not recovering, of those, I think it's
8 primarily the birds -- loons, cormorants, pigeon guillemot.
9 And the question is, how we report on the status if those
10 have been declared recovered or not? And I think it does
11 raise a good point that, in terms of this, that we probably
12 need to include -- if maybe only a subset -- that
13 monitoring for a certain species. Although, maybe for an
14 overall, a 100-year program, you wouldn't include those as
15 the monitoring program, at least until either recovery has
16 been declared or it's been declared that recovery will
17 never be known and acknowledged, that there will be some
18 acknowledgment in this. And we did do it somewhat by
19 putting on Table 2, on the side, oil spill impacts for some
20 species. But, clearly, not all of them are included, and
21 so we can revise that, too, to make sure that's clear.

22 CHAIRMAN TILLERY: Okay. I think we've got
23 about 20 more minutes under the agenda. How much more do
24 you want to (indiscernible - simultaneous speech)

25 MS. MCCAMMON: I didn't know if you wanted

1 to continue going through this table, or if you want to
2 talk about....

3 CHAIRMAN TILLERY: Ms. Heiman, did you get
4 enough of a sense, or did you want to sort of continue to
5 look through these?

6 MS. MCCAMMON: I mean, our goal -- what I
7 would like, on particularly Table 1 and Table 2, knowing
8 that this is an iterative, ongoing process. You know, as
9 our former mentor, Jim Ayers, said, you can't get into
10 trouble if something's labeled draft. This will be draft
11 for a long time. But, I would like to get input from the
12 Trustee agencies and from others. We've gotten a lot of
13 input already just in developing this table, but further
14 input in the next month, because this will be the basis and
15 will be the focus for the gap analysis and for the further
16 work. I mean, we'll put the greater emphasis on the bolded
17 species than on the non-bolded species.

18 CHAIRMAN TILLERY: Mr. Balsiger?

19 MR. BALSIGER: I think that's a good idea,
20 is to put more emphasis on it and get agency review. But
21 the next month is kind of a tough time to expect much
22 review. I'm not sure how broadly this has been
23 distributed, but I'm thinking here of sending it out and
24 saying get something back on this right after New Year's.
25 How critical is the timing, I guess? Are you looking at

1 the next Trustee Council meeting as when you would want it
2 back?

3 MS. MCCAMMON: January 16th is -- I mean,
4 in an ideal situation, knowing again that it's still a
5 draft, but just kind of the first look through. Is this on
6 target? Is there something that obviously should be on?
7 Is there something obviously that should not be on? The
8 tendency is to add, not take away.

9 CHAIRMAN TILLERY: But timing is sort of a
10 major issue.

11 MS. MCCAMMON: Oh, I know. Timing is a
12 major issue. But if we do have these folks on contract who
13 will be summarizing all of the scientific information on
14 these particular species plus reviewing -- we're having the
15 gap analysis done -- plus peer reviewing that, it is --
16 we'd like to get them going by the middle of January. And
17 so they kind of need to know which things to focus on.
18 And, as we get through this, they may even have some
19 suggestions in reading all the literature about marine
20 mammals and what, in the Gulf, they may come back and say,
21 you're really missing the boat. This one is more important
22 ecologically than this one. I mean, through this whole
23 process I hope we'll get additional information that
24 affects things one way or another.

25 MR. BALSIGER: So, would you be expecting

1 the agency people to fill out the rest of Table 4, the gaps
2 as they see it, then?

3 MS. MCCAMMON: What I think would be an
4 easier job for them is if they had a draft that then they
5 respond to, and say this is wrong, this should be out and
6 this should be out. It's usually easier for people to
7 respond to drafts than it is to create new documents and
8 new things. So, we would have a draft of that that they
9 would respond to, but they wouldn't get that portion until
10 probably late February. So, at this stage, over the next
11 month all we're looking at are Tables 1 and 2.

12 CHAIRMAN TILLERY: Ms. Heiman?

13 MS. HEIMAN: Yeah. I was just curious. I
14 mean, I understand the process maybe a little bit better.
15 I thought that the agencies have been involved in this to
16 date.

17 MS. MCCAMMON: They have been, but when we
18 put the table together, we sent it out to very few people
19 just to look at and say, okay, are we really off on this
20 one? But we just didn't have the time to circulate this in
21 advance of this meeting.

22 MS. HEIMAN: Oh, I see. Okay, yeah. I
23 would concur that we really need to get that review of our
24 agencies on this.

25 MS. MCCAMMON: That was the goal between

1 this and the next.....

2 MS. HEIMAN: Oh, I see. Okay. Then it's
3 helpful to know that. Also, if you're looking for areas
4 that some folks in our agency noticed that weren't
5 highlighted, I think pigeon guillemots -- people are
6 surprised that they did not make the cut. And I think it
7 goes along the line that Mr. Tillery was talking about with
8 the spill effects as well.

9 And, you know, I don't begin to know if
10 more research will tell you more or less or that you've
11 researched these species till you're blue in the face and
12 you've gotten all you can. I don't know that information,
13 but I just want to raise that. And I agreed with the
14 concern about humpback whales, but also understand the
15 difficulty in tracking them and studying them because of
16 the cost. But, you know, they just seem to me a critical
17 species in our ecosystem in the ocean and the Gulf.

18 You know, I would really like to flesh out
19 these sea birds and sea ducks a little bit more, in more
20 detail. And all this will be detailed out more, I'm sure.
21 But that's, you know, an area where you will see -- you
22 know, these species are in the ocean and then they're on
23 land. They're nesting. And they really tell you a lot
24 about the intertidal and the watersheds and the ocean
25 ecosystem, and I think they are really critical species for

1 that. And so I would really like the folks that are
2 working on this to take close look, and I'll ask our people
3 to look at it as well and give us some feedback.

4 MS. REFT: May I speak, please?

5 CHAIRMAN TILLERY: Yes, ma'am, Ms. Reft?

6 MS. REFT: I know we were promised and
7 assured that our system was taken care of and not to worry
8 because we had certain rights, and in looking at this list,
9 there's a lot of foods we've had to substitute because our
10 ecosystem -- parts of it -- are no longer edible, or
11 they're sick, and we know that. So, I don't know the
12 english translation for ojide (ph) badarkies, but the kelps
13 and, I guess, the Chitons -- these types of things that
14 we've substituted knowing that the clam beds have been
15 totally dead, now. These we rely on.

16 There's a human fact, here, not involved.
17 And I don't know what it's going to take to get attention.
18 We need to tell all our people to go to their beaches and
19 dig up clams and eat it. Is that what it's going to take
20 to show you what we're up against within our environment?
21 Fish and Game has warned us not to eat these things, so
22 we've substituted. And the food chain that you promised to
23 protect is not on here.

24 MS. MCCAMMON: Well, Mr. Chairman.....

25 CHAIRMAN TILLERY: Yes, Ms. McCammon.

1 MS. MCCAMMON:it is on here. The
2 intertidal communities and subtidal benethic communities.
3 And this wasn't labeled species specific because there are
4 so many of them in those communities. And to just pick out
5 a few, like clams or chitons, we felt wasn't appropriate,
6 and the way they're studied isn't done in that fashion.
7 This is actually the entire communities and not on a
8 species specific basis. But there is definite recognition
9 of the importance of the intertidal area and the resources
10 in the intertidal area. Certainly, that was where the
11 majority of the oil spill effects were, was in the
12 intertidal area. And this will be a major part of the
13 Program.

14 CHAIRMAN TILLERY: Okay. Thank you for
15 that explanation. Mr. Gibbons?

16 MR. GIBBONS: Yes, Mr. Chairman. I would
17 just like to reiterate what several members of the Trustee
18 Council have said. I don't want to lose the injured
19 species list. I want to be able to track. We have a
20 responsibility, I think, there. We have a responsibility
21 to come to closure on some of those. So, I just want to
22 make the point that we need to be able to track those in
23 regards to this. And, if it's a short-term, great. But I
24 think we need we need to do that.

25 CHAIRMAN TILLERY: Ms. McCammon, is there

1 more?

2 MS. MCCAMMON: Well, this is it. What you
3 see is it right now, but just getting to this point has
4 been a year and a half process. But I think there's a lot
5 of substance behind it, and that, within the next few
6 months, if we can get your input today on the overall
7 approach, on Table 1 in the next month, and then, by mid-
8 January -- at the January 16th meeting -- if there are any
9 major recommended changes, additions, or whatever, we would
10 use this then as the basis for going ahead and drafting the
11 initial plan.

12 But I do need to let you know that there is
13 this kind of dynamic tension and, as your Program Manager,
14 I feel obligated to tell you this in terms of trying to do
15 an effective program with the amount of funding available
16 versus what the mission and goals of the program are and, I
17 think, what all the Trustees would like to do. Certainly,
18 the needs are far greater than the funding available, and
19 there is a tension to try and put together a program that
20 makes sense, that is integrated, that is sustainable, that
21 meets all of your desires and needs, and yet is still
22 within our funding limits. So, I appreciate all of the
23 agencies who have been working with us and all of the
24 scientists. There have been a whole number of scientists
25 who have volunteered and who have given us information and

1 who participated in this Program in developing it. In
2 Alaska, and outside of Alaska, there's just a lot of
3 interest in trying to do something like this, and not just
4 from kind of, you know, this generic sense of trying to
5 understand what's happening in the ecosystem, but actually
6 trying to develop a program that meets the needs of the
7 public users and other resource managers. So I hope you
8 bear with us as we go through this process.

9 (Mr. Rue - Returns 10:20)

10 CHAIRMAN TILLERY: And, in sort of final,
11 in going through this and getting back your comments, will
12 the Community Facilitators be taking this back out to the
13 communities again?

14 MS. MCCAMMON: Yes, they'll be. They
15 received the packet ahead of time. Sara's been in touch
16 with them. They actually are doing their own natural
17 resource management plans for a number of the villages, and
18 how this develops is very key to their developing their own
19 management plans, so, yeah.

20 MS. HEIMAN: I don't know if this is how
21 you're doing it, but we do have a whole subsistence
22 division that has grown rapidly over the last year, and
23 will continue to grow. And I know Fish and Game does as
24 well. And I just hope that -- we have Regional Advisory
25 Councils, and we have liaisons to those Councils who are

1 speaking to each of the regions. And it might be a good
2 way to collect some data and information on this. I mean,
3 I don't want to give them too much work, but I do think
4 talking to those people and finding out who to talk to in
5 the communities would probably be a very useful endeavor.

6 MS. MCCAMMON: And we've had some initial
7 contacts with them, and we'll continue to do that.

8 CHAIRMAN TILLERY: Anything else?

9 (No audible response)

10 CHAIRMAN TILLERY: Have you pretty much
11 wrapped up this portion?

12 (No audible response)

13 CHAIRMAN TILLERY: Is the presentation
14 ready for the next -- pretty much, we're taking a break
15 now. Can we start back at 10:30?

16 MS. MCCAMMON: Tylan, I think Sharon is
17 here? Sharon is here, yes.

18 CHAIRMAN TILLERY: So everybody's here
19 then?

20 MS. MCCAMMON: Yes.

21 CHAIRMAN TILLERY: Okay. Well, why don't
22 we take a break now, and reconvene at about 10:35, say, and
23 start up with the SeaLife Center Portion.

24 (Off record - 10:23 a.m.)

25 (On record - 10:39 a.m.)

1 CHAIRMAN TILLERY: Can we sort of come back
2 together? The next item on the agenda is the Alaska
3 SeaLife Center update. Ms. McCammon?

4 MS. MCCAMMON: Mr. Chairman, at your August
5 meeting you requested a briefing from the Alaska SeaLife
6 Center. There's certainly been lots of activities in the
7 news lately, and the Trustees asked for the opportunity to
8 get a presentation from the SeaLife Center, the new
9 Executive Director, and from the board of directors, just
10 advising them on what the status of the Center was in terms
11 of its research program, and kind of financial program, and
12 how things were going with it, and give the opportunity if
13 there were any questions directly from the Trustees. So,
14 Tylan Schrock, who is the new Executive Director of the
15 SeaLife Center, and Sharon Anderson, who is president of
16 the board, are both here to address you. And there is a
17 packet that's been handed out, also.

18 CHAIRMAN TILLERY: Okay. Thank you.

19 MR. SCHROCK: You bet. Mr. Chairman, thank
20 you for the time on your agenda today. I'm going to go
21 ahead and defer to the president of the board, Sharon
22 Anderson, real quickly. And then we'll move through, I
23 think, what will be a very direct and very thorough
24 presentation of the SeaLife Center where it's at today.
25 And then at the end, of course, we will be available for

1 questions.

2 MS. ANDERSON: Thank you. Tylan, thank
3 you, and Molly and the members of the Trustee Council,
4 thank you for inviting us here today. It's been some time
5 since you had an update on the SeaLife Center, and actually
6 probably a long time since any of the members spoke to you.
7 So, I hope that we're invited back more frequently --
8 quarterly, half yearly, whatever -- to give you an update.

9 Who am I? I'm a longtime supporter, member
10 of the SeaLife Center Board of Directors. I was part of
11 the original dream before the incorporation as an advisor
12 to the University of Alaska at the Institute of Marine
13 Science, part of the original fund-raising, the
14 groundbreaking ceremonies -- I've been part of it since day
15 one it seems like. And, sometimes these last two years, it
16 seems like it's been a long time, let me tell you.

17 The last few years I've had the pleasure of
18 leading our incredible board of directors, of which I would
19 like to publicly thank Dr. Bob Spies for the time and the
20 efforts and all of his advice that he has given to the
21 SeaLife Center and to the board. Bob, thank you. When
22 Tylan called and asked that I join him today in this forum,
23 I had my laptop out and I was all ready to get my
24 Powerpoint presentation going, and my facts and figures and
25 he said, whoa. Today the Trustees want a one-on-one

1 conversation as to the viability, the sustainability, what
2 is happening at the SeaLife Center. Well, for those of you
3 that know me, I'm not exactly known for my fluff. I'm
4 known for tact, and maybe being a little too abrupt at
5 times. So, I'm here to tell you exactly the facts of what
6 is going on at the SeaLife Center.

7 I admit we've been challenged the last five
8 years. It has been financially and operationally
9 challenging, but we are stable. We are viable, and I would
10 like to quit reading in the newspaper of the financially
11 struggling -- yes, it's struggling. When you buy your
12 house, you do not pay it off in two years. We incorporated
13 with a \$17 1/2 million capital debt. Of course, it was
14 going to be difficult to pay off that capital debt, but it
15 is getting accomplished and I'll move on from there. But,
16 please do not continue to believe what's in the newspapers.

17 How many of you have been down to the
18 SeaLife Center to see it firsthand? Great. That's great.
19 Thank you. I invite you back. Come see it again.
20 Introduce yourselves to the staff. See exactly the
21 research projects that are going on down there, the
22 educational facilities and the programs that are going on
23 down there. Go on and do the overnight program with some
24 of the students and see for yourselves the professional and
25 the dedicated and the qualified staff and the leadership

1 that is going down there. We have the support of Seward.
2 We have the support of many people. It shows during the
3 last two invitationals that we have held down there during
4 August. Our reputation is spreading no matter what has
5 been said, with our scientific credibility and support with
6 other collaborations and facilities and museums across the
7 United States and overseas. I'll just start off with that
8 right now.

9 Again, we're in our third year of
10 operations, and we remain as our mission has originally
11 stated. We are a research facility dedicated to
12 maintaining and understanding the North Gulf of Alaska with
13 education for the public, for students and with
14 rehabilitation. And we do remain so. That is our focus.
15 Again, our doors are open. We remain stable.

16 In the last two and a half years, we've had
17 to make many difficult decisions. For one thing, the board
18 has remained strong in its vision of making sure it's a
19 research facility. We've had to cut budgets. We have
20 demanded that. Yes, this is a nonprofit facility, but we
21 are going to act as a profit making facility. We're going
22 to have balanced budgets. We're going to make sure that
23 our expenditures do not overrun our revenues, and that is
24 what is taking place right now.

25 And I'd like to thank you for your support

1 in the projects and the vision that you have seen in
2 supporting from the beginning this facility. Without your
3 assistance, there would be no SeaLife Center, and we are
4 going to continue to need your support of projects. Thank
5 you for your support and your funding of the halibut
6 research. That is on the front page of the papers almost
7 every day.

8 There needs to be continued monitoring of
9 the restoration of Prince William Sound, the Gulf of
10 Alaska, of the Bering Sea. We need to continue the
11 monitoring of the fish, the food chain, the mammals, the
12 birds -- those that live in the water and the surrounding
13 areas of those waters. And these regulations and policies
14 that are being written, they need to be done from
15 scientific, sound research -- from great analyzation [sic]
16 of sound data, from informative data and research that
17 takes place in an unbiased forum. And that is what the
18 SeaLife Center is. We're there for the benefit of making
19 those decisions and assisting and enabling you to help make
20 those decisions -- not from reactions and knee-jerk,
21 emotional ideas.

22 You have information in front of you that
23 Christina DeCourtney, our new External Affairs Coordinator,
24 passed out. I hope you take the time to read those, if
25 you're not going through them now, then later on, and refer

1 to the project and some of the focus and the direction that
2 the SeaLife Center is going to. From a board perspective,
3 our 15-member board has also, perhaps, had a difficult time
4 in actually focusing on what is the SeaLife Center. We
5 have to work on our public credibility. Again, we are a
6 research facility.

7 We've also, in the past few years, had to
8 take more of a role not as a normal board. We've had to
9 step in on the day-to-day operations due to the financial
10 problems. Now, we're going to go back to being a board.
11 We've had to do this because of the financial challenges.
12 And, as you know, we ask many of our contributor to forward
13 fund their pledges. Many of the board members reached into
14 their own pockets to ensure that payrolls were met and that
15 the capital debt payments were made. And, again, we had to
16 make many difficult decisions. We had to reduce payrolls -
17 - we had to reduce wages, excuse me. And this had to be
18 done so we can ensure that the research can continue into
19 this facility.

20 We do have great leadership down there with
21 the help of Dr. Spies. We do have sound scientific
22 research going on there. We are a turnkey facility with
23 great laboratories, wet labs, dry labs. We have scientific
24 leadership there in Dr. Shannon Atkinson, and we're looking
25 forward to working with the industries that are so vital to

1 this state, and in the Pacific Northwest, and
2 internationally-wise, to do that research in our facility.
3 There is no reason why it cannot be the primary cold water
4 research facility in this part of the world.

5 Because of the day-to-day operations that
6 we stepped into, it made the board really not too popular.
7 We had a recent, two-day strategic planning meeting in
8 October, and we have stepped back in joint meetings with
9 the staff, with the leadership department heads, and the
10 board is regrouping and looking at what we should actually
11 focus on to ensure the continued sustainability [sic] and
12 viability of the SeaLife Center. I'm not going to go into
13 details. I'll let Tylan talk to you about the budgets and
14 the rebuilding of some of those programs. But, I do not
15 believe it's rebuilding. It's refocusing.

16 One of the areas that we're building on --
17 we needed to look at the skill sets of the board, of what
18 we could do to enable and support the plans and the
19 programs that Tylan and his staff believes that the SeaLife
20 Center should be focusing on. Right now, in January, we
21 will have four or five empty seats on our five-member
22 board. And what we are looking for --and if you know of
23 anyone in these areas, please see me afterwards -- we want
24 the strengths of those people with science and research
25 background and fund-raising background. We believe those

1 skill sets will greatly enhance the board. We want to
2 elaborate and stretch the Board membership. Right now,
3 membership is mainly Alaskan-based. We want to enhance it
4 to national and internationally-wise. That is for the
5 original vision of the SeaLife Center. We're moving out of
6 the start-up, build-up mode and into the operational mode.
7 It is time that the board starts thinking about method
8 also.

9 Again, we insist that we have balanced
10 budgets. We want sound fiscal policies and procedures in
11 the SeaLife Center. We want to make sure that we are doing
12 whatever research is necessary but remain unbiased to fit
13 the needs of the industries of the state of Alaska. I
14 don't know what more I can say.

15 Now, I want to talk about -- we're now in
16 our fourth Executive Director. I don't want to hear that
17 this is a spirit of disorganization. It was just not a
18 good fit. The SeaLife Center, whatever its mission is,
19 sits in a setting of a very small community 125 miles from
20 Anchorage, the largest city in our state. It's not a good
21 fit for everyone. A few months ago when we started
22 developing ideas from the staff and from the board about
23 what was really lacking in the SeaLife Center, one of the
24 main ideas and thoughts that came from both sides of the
25 board and the staff is leadership. We needed to find

1 someone with strong leadership and business skills that
2 could take the SeaLife Center into the next century and
3 continue to grow with scientific projects, again with sound
4 fiscal planning, with a business background person. We
5 realized that on our board sat someone with very articulate
6 skills, who was a team builder, that had a strong business
7 sense, that could bring all these strong points of the
8 SeaLife Center together and move out into the goals that we
9 envisioned for this century. It was not an easy decision.
10 Once again, in discussions -- but, when I realized that
11 Tylan was eager, his family was supportive, and the board
12 was more supportive of asking Tylan to take the place of
13 the Executive Director, we were very thrilled. In the
14 short one and a half months -- has it been one and a half
15 months?

16 MR. SCHROCK: It's about two.

17 MS. ANDERSON: About two months, that Tylan
18 has taken over, he has gained even more respect and faith
19 and credibility and support from the staff than we ever
20 realized. The city is supporting him. The board, also,
21 shows great support of Tylan. And I would like you to
22 listen to Tylan and he'll show you in the short one and a
23 half months of the goals, the collaborations and the
24 programs that are being joined together, being rebuilt --
25 how he has taken leadership away from the board, and we are

1 now working with him to support Tylan and his ideas. This
2 is a whole new change.

3 Yes, the SeaLife Center is viable. We are
4 sustainable. We need your support. We need projects
5 coming in there for what has been built -- the educational
6 classrooms that are being developed; the support of
7 students all over the United States that have joined on the
8 Web or visited personally; the intern programs that are
9 being built. It is well worth the money that you have put
10 into the SeaLife Center for the next century.

11 That's all I have right now. I look
12 forward to your questions afterwards, but I'd like Tylan to
13 take the next step and really go into specifics of what is
14 occurring at the SeaLife Center. Thank you.

15 MR. SCHROCK: Thank you, Sharon. And I do
16 appreciate the opportunity to be before you this morning.
17 Of course, you'll have to recognize I'm only two months in.
18 It's been a long two months, a challenging two months, but
19 I'm knee-deep in it and I love it. It's a fantastic
20 facility. It's a first-class operation, and I'm actually
21 quite pleased to have the opportunity to come here to one
22 of our larger partnerships and start to rebuild our
23 reputation, start to rebuild our partnership again. And,
24 of course, we're looking already, through Dr. Atkinson, at
25 the GEM Program and already started talking with Molly

1 about how we can start to incorporate ourselves into
2 helping you achieve some of your goals as well. But the
3 only way that's going to work is if you have the trust and
4 confidence in us as an organization that you can continue
5 to invest in us as you have certainly already made quite a
6 large investment. And we're going to make good on it.

7 What I would like to do this morning, and
8 before you, as Sharon mentioned, we gave you a package of
9 information. And, if I could just be very direct, that's
10 more of the fluff. Okay? That's what normally you would
11 get, would be the Powerpoint presentation, and we put it up
12 on the screen, and we talk about all the wonderful things
13 we're working on, our research program, our educational
14 program and all these things. But when I came up to meet
15 with Molly and talk about what it is that you were
16 interested in today, it wasn't the marketing sales piece of
17 the Center. There was a more frank discussion, a more
18 candid discussion about where we're at. And I think you've
19 heard from Sharon that we are very open and honest about
20 that, and I will continue to do the same.

21 So, essentially, what I'm going to give you
22 is kind of a very candid take from where I sit as the
23 Executive Director and just where this organization is at
24 and where we're going. And I'm largely optimistic. One
25 person introduced me to a group in Seward as the bravest

1 man they know for taking over this operation at this time,
2 but I don't think that that is the case. In fact, I think
3 I have the best opportunity, quite frankly, of anybody that
4 I do know in terms of the fact that this Center is poised,
5 it has potential and I know we can make it work. But I'm
6 also getting tired of people talking about our potential,
7 because growing up I figured out real fast that potential
8 doesn't mean anything if you don't develop it. All the
9 potential in the world is nothing at the end of the day if
10 you don't make it happen. So our challenge now is just to
11 make it happen, and we're going to do that. And the way
12 I've kind of framed this for your discussion today, is --
13 and I want to describe this in terms of our rebuilding
14 mode. And Sharon's right. We're refocusing as well, and
15 that's a piece of what I have to do, is the refocusing.
16 But we're in a rebuilding mode, and I'm going to give you
17 five key areas that we're rebuilding in. And I think by
18 the time we get to the end of that, you're going to have a
19 pretty good sense of where I'm going over the next year
20 here. And, of course, the board is right with me there.

21 First of all, we have to rebuild our
22 finances. There is no question about the fact that our
23 original business plan has not panned out as it was
24 expected to do. Hey, this is no major surprise. This is a
25 start-up business. Many of you maybe have had your own

1 businesses or are certainly familiar with others. Starting
2 a business is a very difficult task, and we started a
3 business that is a very expensive one to own and operate
4 and, quite frankly, we had to carry a lot more debt going
5 into it than anyone ever expected when the whole thing
6 started. And so it's been a tough couple of years now
7 trying to deal with the fiscal reality of a start-up
8 business that's very expensive with a very heavy debt load.

9 We also had the problem of not adjusting
10 quickly. You know, by the time the recognition was real as
11 to just how critical some of the financial difficulties
12 were, the Center was already a little bit behind the eight
13 ball, and it's been a real challenge to keep things
14 together long enough for us to be able to get our feet back
15 on the ground, which is what we're doing right now. I also
16 want to remind people of this, too, that as in any new
17 business, or in most new businesses, it does take some time
18 to get your feet down and build your economic base.

19 In this particular industry, we're talking
20 about research or education. And I think Mr. Spies and
21 other scientists in the room here would probably validate
22 the fact that to build a true research program doesn't
23 happen overnight. It takes some time to build your
24 credibility, to build your experience level and get to the
25 point at which you can actually make research be a business

1 line item that is going to cover the expenses as we are
2 going to need it to do. And that takes time. And so I
3 think, in some ways, the expectations were a little high
4 off the get-go, but I think we can see how we can put it
5 together in the next three to five years and, particularly,
6 focusing on the research program as our solid financial
7 base going forward into the future.

8 So, in the short term, our goals
9 financially are to build stability. That's what we're
10 doing right now. We're getting out of the crisis mode, and
11 we're getting a little bit more established now. There's
12 no question, it's in the newspapers, that the Federal
13 funding that we have received is largely filling the gap to
14 date. Okay? No surprise about that. But I look at that
15 very much so as our short-term perspective. What I see it
16 as is that these are investments that we're going to have
17 to use to build ourselves into the long-term
18 sustainability. They won't necessarily always be there,
19 those Federal appropriations that have been so beneficial
20 to us today.

21 As Sharon alluded to, we're a very lean
22 operation at this point. In fact, I might argue from my
23 seat right now that we're just a tad bit too lean, and I
24 have to figure out how to do more with less. But,
25 certainly, from the start-up to today, we have really

1 controlled expenses and kept our operational costs as much
2 as we can under control, and we'll continue to do that.
3 That's just fiscally responsible.

4 The other thing that we're doing is we're
5 learning to maximize grants. We were very optimistic at
6 the beginning and basically trying to actually subsidize
7 bringing things into the Center. That's a very noble thing
8 to do, and I honestly believe that a few years down the
9 road here we might be able to do that. But, in the short
10 run, that's not a luxury that we can afford, so we've had
11 to learn to be much more pragmatic in how we approach
12 granting agencies and funding projects and making sure that
13 we're actually covering our costs. And that's really what
14 we're focusing on. If we can break even, at the minimum,
15 that's what we have to do. And then from there, that's
16 where we start building into the future.

17 And then, quite frankly, we're addressing
18 the debt load. There is no question that this has caused
19 us a large portion of our financial difficulties. But,
20 just like any other business would do, there are
21 alternatives when you have financing out there. You go and
22 you work those things out, and that's exactly what we're
23 going to do. We're going to make sure that what we have to
24 handle is something that we can manage and, as Sharon
25 indicated, we are focusing on trying to retire that debt as

1 rapidly as we can. And we are working on every front that
2 we can find to make that happen. But no small challenge --
3 that's a very large ticket. But we're going to do it.
4 We're a long ways down the road right now, and we are going
5 to make that happen. But, in the short term, I've got to
6 make sure that we've bought ourselves enough time,
7 basically, to get our feet down and be able to handle that
8 debt load going out into the future.

9 So those are the things that we're dealing
10 with in the short term. And then, of course, there's no
11 question about it -- as you saw in the newspaper, the
12 settlement of the Stran-Hunt lawsuit has helped, in the
13 short-term, in giving us some of the stability. But I'll
14 talk about that just a little more later.

15 For the long term, in a financial
16 rebuilding we're looking at sustainability. If we are no
17 longer receiving large Federal appropriations and if some
18 of our other business things don't work out, how are we
19 going to sustain ourselves? We can't continue to operate
20 the business the way we're doing it to date. We'll have to
21 make ourselves able to live off of the research program,
22 off of the education program. The visitor component is a
23 key component, but it's certainly not the answer to all of
24 our problems. There's no question about that.

25 So, in the long term, what we have to do is

1 -- first of all, we have to stop the slide on the visitor
2 numbers. No question about that. We've got to make that a
3 solid piece of our presentation, and there's some things we
4 can do through good marketing and sales to make that
5 happen, and then we also have to focus on our product. We
6 have to make sure that we have the best possible product so
7 that people come there. And I wouldn't argue that you
8 should come back down again to the Center. If you've not
9 been there in some time, it changes so dramatically on a
10 fairly rapid basis. I mean, the different critters we have
11 in there from week to week keep me asking as I'm down
12 there, and I'm in the building all the time. So, it is a
13 product that is dynamic and it continues to change, and
14 people should come back again.

15 One of the areas we're going to focus on
16 this next year, which has been kind of one of our star
17 areas to be quite frank with you, is our educational
18 programs. We have done well above our expectations on the
19 educational side, and we're going to continue to drive our
20 focus into that, because essentially all the research in
21 the world is of no value if it is not actually translated
22 out to people who can understand and use that information.
23 And that's what our education component is. Our job is to
24 take that research and put it on display. When we put it
25 on display, we call it education. That's what we're doing.

1 Now, we're covering the entire gamut for
2 education. We go all the way from the little schoolkids to
3 the elder hostel groups. We have them in there overnight.
4 And I guarantee you the most exciting thing you'll ever do
5 in the Center is to be in there when we have one of the
6 school groups to see those kids absolutely engaged and
7 excited about what's taking place in the Center there. I
8 think, personally, the educational component -- what we're
9 investing particularly in the kids that come through that
10 Center, will pay almost as big a dividend as the research
11 we're doing, because those are people that will come back
12 in the future and might actually be the researcher because
13 they came to the Center and they got a love of the
14 ecosystem from what they saw there. And I really think we
15 have to invest ourselves there, and we're going to do that.

16 The other thing that we're going to do as I
17 indicated is a very aggressive fund-raising effort on our
18 debt. We've got to take care of that. In the long term,
19 that's a key component to our sustainability and we're
20 going to knock that thing out.

21 Then, the next thing we have -- and this is
22 working more with Mr. Spies and others -- is over the next
23 three to five years trying to build a true research
24 program. I don't want to offend anybody in the room. But,
25 if you want my honest critique on the thing, we don't have

1 a true science program per se -- not like what I have
2 envisioned, and I know not like what many of you have
3 envisioned. We have a very good selection of science --
4 credible science, valid science -- taking place in the
5 Center, but it's not the kind of program that we have to
6 build. We're not there yet, and we have a lot to do on
7 this front.

8 I'm very excited to work with Dr. Atkinson,
9 with Mr. Spies and others to put this thing together. And
10 this is a real challenge. And, as I'll share with you a
11 little bit more, I'm not the scientist, okay? So this is
12 one where I'm reaching out to other people to help me build
13 this piece of our business. But it is absolutely central
14 to our mission, and it is the solid, fundamental base that
15 we have to build our sustainability on in the future.
16 There's no question about it. We just have to figure out
17 how to do it. And it can be done. It's being done other
18 places, and we will do it at the Center as well.

19 And then the other thing that we have to do
20 is we have to expand our beneficial partnerships. The
21 Center has some very good partnerships at this point.
22 We're close to a learning center. We're, just recently, as
23 a part of the National Park Service -- the learning center
24 -- we've got a big piece of that project. I'm very excited
25 about it, quite frankly, because the Park Service was given

1 a rather substantial increase in their base budget to make
2 that a legitimate program, and the partnership is the
3 Center and the National Park Service, and there's one that
4 we think we're going to get a lot of value out of. It's
5 absolutely in line with our mission. Our facility is
6 poised for that program, and the partnership has already
7 begun there.

8 Certainly, EVOS is a partnership that, I
9 suspect, we have not been as active in as we should have
10 with some of the difficulties we've had. Certainly not
11 from the perspective of the Executive Director's chair. I
12 know that we've had Bob and others that have kept us in the
13 loop. But, quite frankly, we have not been as strong a
14 partner as we should, but my commitment is to make sure
15 that we do that.

16 Now, we have other opportunities on the
17 horizon. The North Pacific Marine Research Institute,
18 which Senator Stevens has sent in this direction, is
19 certainly going to be a key one with us and Mr. Balsiger as
20 we go forward there. We're kind of waiting to see how that
21 one is going to develop by the legislative process, but
22 that's also going to be a very key institutional alignment
23 that we're going to have there. And we have others, but
24 I'll leave it at that for this point.

25 But, I want to refocus you on the fact

1 that, financially, the doors are staying open. Okay? Even
2 during our reconstruction project that I'll talk about, I'm
3 doing best to keep the doors open even through that. But,
4 financially, we are stable. We will be stable, and we will
5 be sustainable as we go out into the future.

6 The second area that we have to rebuild in
7 is programmatically. This is essentially talking about our
8 product. We need to improve our product. We need to
9 improve our partnership. If you've been through the
10 Center, you will know that we say that we put research on
11 display. But, walking through the facility myself with a
12 critical eye, I would say we have not done the best job of
13 actually taking our research and making it on display.
14 We've got more to do there, and Christine's the one that's
15 going to help me out there. But we have to actually take
16 stuff and get it out onto the floor, and there's a lot that
17 we can do there to improve that.

18 Just to look at the building as you walk
19 into the lobby is a very static environment. How can we
20 turn that around and make it into a better product,
21 something where people are immediately engaged with what's
22 taking place in the Center? We don't have that product to
23 date, but we can do that. That's something that we can
24 fix.

25 We need to expand our educational programs,

1 as I've touched on a little bit. I think we've only
2 started to tap in to what we can do with education. One
3 particular example is in the school programs. There's a
4 very odd case that, in school programs, they will allow
5 children, or kids, to take the bus for athletic activities
6 during the winter time, but you can't take them for
7 educational opportunities. So that means, when it comes to
8 March and April, we are literally just packed to the gills
9 with all of our school programs. But, for the time between
10 October and March, we have next to none. So, it doesn't
11 make any sense at all. It's something that we can go in
12 and actually try to effect some change and make it happen.

13 But we can expand those educational
14 programs. We are seriously limited on what we can do on
15 the nocturne programs with the kids simply because they are
16 trying to jam it all into, basically, a one-month period.
17 We can only handle so many at a time. So we've got work
18 that we can do there.

19 We also were going to look to expand our
20 education programs at the college and graduate and
21 postgraduate level. This is part of me. I get really
22 excited about looking out at the future and the vision of
23 where we can go, but there's no question about the fact
24 that, with the strong tie-in with the university, we can
25 see some top-notch science and scientists being developed

1 in our Center. There's no question that we are poised to
2 do that, and we can.

3 And then, as I've indicated, we have to
4 build a research program -- something more than just pieces
5 of the pie. We actually have to look at a program. We
6 need to start positioning ourselves in this market.

7 Research you know, from my perspective, in a sense is just
8 a market that we need to go and get involved in. Now, the
9 good part is that we come to the market with something to
10 offer. We had a Steller sea lion conference a month ago,
11 and one of the researchers that's been in the facility and
12 has done work there -- after the conference, I pulled him
13 aside and I said, you know, tell me why you came to the
14 Center. He's from Texas. Why is a researcher from Texas
15 at the Alaska SeaLife Center? And he gave me a very
16 interesting analysis of why he is there. And, basically,
17 it's because we have exactly what he needs, and he can't
18 find it anywhere else. We have the animals he needs. We
19 have a mission that actually allows him to accomplish the
20 type of research he needs to do that he can't do at home.
21 And the facility itself is a top-notch facility.

22 Regardless of some of the reconstruction things we have to
23 do, the lab space and those things there are just top-
24 notch, and he was quite impressed. But we need to position
25 ourselves, because we do have a product there.

1 We're expanding. We're in the process now
2 of setting up a Steller program, of course. Steller and,
3 well, actually, the other eiders out in the Western Chain
4 are becoming a very hot issue, and Senator Stevens put an
5 appropriation in there and we're going to begin to build an
6 eider program through the Fish and Wildlife Service. This
7 is brand new, and basically we're starting from ground
8 zero. We contacted them and said, okay, what needs to be
9 done with eiders? And they've sent us their plan, we're
10 starting to work through that plan right now and figure out
11 how we can plug ourselves into that. Another one. The GEM
12 Program, as I've indicated -- I immediately went back from
13 my meeting with Molly with a draft of that and said to
14 Dr. Atkinson, how do we fit ourselves into this? We'll
15 come to you and try to suggest ways in which we can be
16 incorporated into that particular program.

17 And the challenge is for us -- as the
18 challenge is for you as you heard in your testimony here --
19 is not to just be doing science for science's sake. This
20 is not purely an academic exercise here, though that is a
21 piece of good science. We're trying to help solve real
22 problems in a real world, and that's exactly what you're
23 trying to do and you heard it first-hand here this morning
24 in the testimony that you received. But I try to continue
25 to refocus our science program on being in the real world,

1 be dealing with real problems, and helping solve real
2 issues because we have enough of those out there to deal
3 with to date.

4 The third area we need to rebuild is
5 physically. This will go back to the settlement of the
6 Stran-Hunt lawsuit. Quite frankly, the settlement of that
7 lawsuit is one of the best things that's happened to the
8 Center since it opened. It was, of course, a very large
9 albatross hanging around the neck of the Center. It not
10 only constrained us financially but, of course, there was
11 always the ongoing concern of what's going to happen at the
12 end of litigation. Many of you have probably been in
13 litigation, and you know just exactly what I'm talking
14 about.

15 The settlement of that lawsuit was very
16 fortunate in its timing. It was very successful in the
17 sense that we were able to receive a settlement out of that
18 that is enough. It's sufficient to cover the real repairs
19 that we have in the facility. But I want to emphasize
20 this. I've had a number of phone calls, once that hit the
21 newspaper that we had that settlement, of, wow, isn't that
22 fantastic? You can go use that settlement money to pay
23 down your debt. Well, slow down just a little bit there,
24 because we actually have real fixes that we have to make in
25 the building. Clearly, the reason that we settled the

1 lawsuit and settled it so successfully is the fact that the
2 building does have significant repairs that need to be
3 made. And that's going to be a real challenge over the
4 next year or so, here, to basically reconstruct a
5 significant portion of the facility while continuing to
6 remain operational. And I mean operation for research --
7 we can't just put research on hold. If you have a research
8 project ongoing, we have to figure out a way to manage
9 around that. The educational programs need to continue.
10 The visitor component needs to continue. So, we're going
11 to have quite a balancing act here in moving things around.

12 What I will say is that we're not going to
13 mess this one up. We are doing it right. We're taking the
14 time. We're using a very good expert whose sole purpose in
15 life is to reconstruct buildings that have been constructed
16 incorrectly, to fully scope the project to figure out
17 exactly what needs to be done. And, then, his big
18 challenge is trying to figure out how he does the repairs
19 around everything else that we've got taking place. And
20 he's actually been quite good about it. We have very
21 regular meetings with the staff in the different areas in
22 trying to balance this.

23 One of the more humorous ones that we have
24 is that next summer we would like to take care of the ODL,
25 the outdoor laboratory space. And what he would like to do

1 is, if he could just shut the whole ODL down for a very
2 short period of time, they could get in there. They could
3 do the work, and be done with it. Well, the only trick is
4 that when it comes to that particular time of the year, we
5 are separating the Stellers. We take Woody, the male sea
6 lion, and we put him on the ODL, away from our two female
7 sea lions for a very specific reason. Trying to figure out
8 what to do with a 900-pound Steller sea lion in that
9 particular time of his life, without an ODL, in a very
10 confined space in the habitat is a particular challenge.
11 And, so, we found it to be kind of humorous at best, and
12 then, of course, we're going to work around it and make it
13 happen.

14 So the scoping is basically going to take
15 us through January 1, and we're going to get a report
16 delivered to us -- here are the things that need to take
17 place, here's a projected timeline, here's how you can make
18 this whole thing work. And I'll be quite honest with you.
19 We're being as frugal as we can in making sure that we can
20 accomplish not only the repairs that need to take place,
21 but was also have some upgrades -- things that were never
22 done right from the get-go, outside the scope of the
23 lawsuit -- that we hopefully can repair at the same time,
24 so that the facility basically will be complete when we're
25 done with that particular project.

1 The third area that we need to rebuild is
2 our direction, and this is what Sharon spent some time
3 talking about. There's no secret there's been difficult
4 times and, as Sharon has indicated, out of a necessity the
5 board basically had to step in and essentially took a much
6 more operational role than is even healthy for a normal
7 organization. Given where that organization was at, that's
8 the reason it still exists today. And credit should be
9 given there where credit is due. But, a very important
10 thing took place this fall when we basically stepped back,
11 and the board said, look, let's get out of crisis
12 management mode.

13 We started to do this in 1998 when the
14 financial problems hit -- get away, start planning
15 ourselves strategically -- but it never happened because of
16 the financial difficulties. Now's the time to do it. So
17 we did. And what was interesting was that we actually
18 planned a two-day strategic planning session and actually
19 what we found was is that the first day was just dedicated
20 to board development alone. And that was important. A lot
21 of very positive work was done in that meeting. It was a
22 part of saying, okay, recognize the fact that, as a board,
23 you were in start-up mode. Start-up mode is done. It's
24 now time to go to operational mode. It takes a new skill
25 set. It takes broadening the board. It takes a new

1 perspective. It takes reaching out to a different take
2 than what we've had to date to be able to take us to the
3 next level, and the Board actually accepted that challenge
4 very well. And we're off and running.

5 We're trying to figure out how to broaden
6 our skill set and, as Sharon has indicated, first of all,
7 we need a few more scientists on our board. Bob gets a lot
8 of attention, at least when I'm in the meetings, because
9 he's the scientist that we have, and he kind of has to
10 carry that whole load. He needs some balance. He needs
11 somebody else that's there as well representing that side.
12 And then, fund-raising is something that we can certainly
13 use as well. And that's another skill set that, in the
14 short term, we're going to be looking at expanding our
15 board on.

16 A part of that process then, of course, was
17 a strategic plan. Now, strategic plans are a very fun
18 thing. I enjoy them. I like that kind of a process. I
19 love getting around the table. We had our board. We had
20 our key staff players there. And to be able to get in a
21 room and basically brainstorm and figure out how we're
22 going to take this thing to the next level, I love that
23 kind of stuff. Unfortunately, we didn't get to do that.
24 Where the Center was at, basically what we came out with in
25 our strategic plan was here's the next 12 months. Here are

1 the five major areas that we're going to have to solve in
2 the next 12 months to get us to the place at which we can
3 go have a real strategic planning session and start looking
4 two, three and even five years down the road. But that's
5 okay. That's where we're at. It wasn't as far as we
6 wanted to get, but I think it's the most realistic, the
7 most pragmatic thing we could have done, which was to say
8 how do we rebuild the base here? And that's what we're
9 going to do. Then we have five different areas that all of
10 the staff has had input on, and we're going to adopt a plan
11 and we're just going to go nail this thing down in the next
12 12 months.

13 I am very much looking forward to our next
14 strategic planning session next year because it's going to
15 be the fun one. It's going to be the one where we say,
16 okay, now we've got our feet on the ground and we're
17 stable. How do we take it to the next level? And I trust
18 that I'll get an invitation back here to present it to you
19 as well, because it will be much more fun to give you more
20 of that interesting stuff rather than more of how we're
21 going to keep ourselves together and move forward through
22 this next 12 months.

23 The next thing that we need to do is we
24 need to rebuild the organization. And this is my last
25 area, and I want to spend a little bit more time on this

1 because I want to try to give you a sense of what I think
2 is probably one of the most key challenges to the whole
3 Center. And that is, in fact, the mission that the Center
4 has adopted. On the surface, it is a very noble mission --
5 research, rehabilitation and education. And education, as
6 I say, has a visitor component to it. All of those things
7 are very important. All of those things are pieces of
8 missions in other facilities. But I have not yet found
9 another facility that is actually trying to balance them
10 equally the way the Center is trying to balance them. And
11 that has been a particular difficulty in the Center, okay?

12 Essentially, the way I see this, is we have
13 four distinct, different cultures. Even though it's a very
14 large facility, when you shove four cultures into it, it
15 becomes a very small facility. Okay? Now think of this in
16 terms of cultures. You have the science and the research
17 culture, all right? These people are trained in a way
18 different than others. They have different standards of
19 achievement, different expectations, different motivations
20 and different goals than our husbandry staff -- the people
21 who are in the facility taking care of those animals on the
22 long-term basis, which is its own professional field. And
23 it, too, is its own culture in a sense.

24 We also have educators in the building, and
25 they, too, have a different culture that they come from.

1 They have different training, different standards of
2 achievement and all these things. And then, of course, we
3 have the visitor component which is just, you know, it's
4 the money side. It's kind of the negative side as people
5 look at it in some instances, of just getting visitors
6 through the door and how we maximize the visitor dollar.
7 That is a distinctly different culture as well. And we are
8 trying to mash all four of those into one building, into a
9 single mission, and try to remain an absolute balancing act
10 between all of these things. And, trust me, that is not
11 easy.

12 I've tried to reassure the staff that a lot
13 of the difficulties that they've dealt with come from very
14 real challenges that, quite frankly, are almost things that
15 they wouldn't even recognize. If they hadn't stopped to
16 think about why the communication between, say, the
17 research staff and the husbandry staff can be tense at
18 times, it's probably because they haven't thought of this
19 from the cultural standpoint that you have a completely
20 different system here. Now, the benefit of that is I have
21 to have the balance act. I cannot have the research side
22 completely dominating because we are responsible for the
23 long-term care of the animals in the facility as research
24 projects come and go. That's what this facility was intent
25 on doing -- was basically having people come in, they could

1 use the facility for a given amount of time, and then they
2 would be able to move on to somewhere else. If I don't
3 have a balancing act between the long-term perspective and
4 the perspective of that researcher, something is going to
5 go wrong. There's no question about it. And that's really
6 where I come in, and this is the hardest part. Quite
7 frankly, this would be the hardest part of my job.
8 Probably even more difficult that the financial piece of
9 the thing is creating this balancing act in the Center,
10 because I can tell you right now its been skewed in many
11 different directions. And it has actually caused people to
12 polarize inside the organization. And my job is to bring
13 them back and be that balancing act.

14 Okay. So, how am I going to do that? I'm
15 going to do that because, for one, I'm not a scientist.
16 I'm not a keeper. I'm not an educator. I'm none of these
17 things. Quite frankly, I'm an executive. I'm an
18 administrator. What I do is try to basically bring
19 together all the experts into an arrangement where we can
20 do something good. And that's my job. I don't represent
21 any particular challenge to the scientific side. I'm not
22 the science guy. And then, I'm not the husbandry guy
23 either. I'm the guy that can sit in the middle. I
24 absolutely require good debate before I make decisions.
25 And, essentially, what it means is that they all have to

1 explain their different perspectives to me pretty much in
2 layman's terms so that I can understand it before I can
3 make a decision. And I think, even in a short two months,
4 I have seen this work, and it is going to work. Once we
5 get people around the table together, throw an issue out on
6 the table, we take them head-on, everybody has to throw
7 their piece into it and, at the end of the day, we make the
8 best decision. An interesting part is my job so far on
9 these issues has been fairly easy. Once we get the good
10 communication taking place against the different pieces of
11 the operation, all of a sudden the consensus becomes very
12 clear. And this does happen in most cases. It won't
13 happen in all cases, but that's what I'm there for -- to
14 step in at that particular point.

15 As Sharon indicated, not only am I an
16 Alaskan but I'm a Sewardite. That's another big plus for
17 me in the sense that I live in Seward. I love Seward. I'm
18 quite pleased that I was able to take this position and
19 remain in Seward. So I'm there for the long haul. One of
20 the perceptions in the past has been as you bring people
21 in, particularly people who have not lived in the state of
22 Alaska, how long is this person going to make it? Well,
23 I'm going to make it because I actually like it down there,
24 and so I'm there to stay for a while.

25 But, as I've indicated, I don't have a

1 bias. I really don't have a bias other than to get
2 policies through adequate debate that's focused around the
3 mission and vision of the Center. And the other thing is,
4 to be quite frank with you, is that I knew enough coming in
5 of what I was getting into that I come in with no false
6 expectations on what it's going to take over the next nine
7 to 12 months to make the Center survive, to make it
8 sustainable over the long term. I come at it with a
9 different perspective than you would get from most
10 applications because I actually spent time on the board. I
11 was way too involved in the daily operations out of a
12 necessity, and I think what Sharon was trying to indicate
13 was is that I was the one that probably talked too much.
14 So then, all of a sudden, they said well, why don't you go
15 give it a shot? Something along that line.

16 So, in conclusion, I've probably taken more
17 of your time than you wanted. But is the operation doomed?
18 No, absolutely it is not. Is the road ahead easy? No.
19 The next nine to 12 months are going to be challenging. Are
20 we going to be sustainable? Yes, we're going to be
21 sustainable. Are we going to be stable through the next
22 nine to 12 months? Yes, we are. The doors will remain
23 open. We're not going to be worrying about how we make
24 payroll. We're going to do those things. It's going to
25 happen, but it is going to be a challenge. And, like I

1 say, the biggest challenge is not going to be as much the
2 finances as it's going to be the organization challenge and
3 then, of course, balancing our reconstruction projects as
4 well.

5 The challenges ahead are something that we
6 can manage. We take them. We take them face on. And,
7 like I said, I do hope certainly to meet with you before a
8 year from now. But, a year from now, I would love an
9 invitation back so that Sharon and I can basically share
10 with you what we've done over the last 12 months, and I
11 think you are going to see a noted and very positive
12 difference. And, at that point, unless I've missed
13 something that Sharon would like to add, we would be
14 available for questions. Thank you.

15 CHAIRMAN TILLERY: Thank you very much. I
16 imagine there are some questions. Council members? Ms.
17 Heiman?

18 MS. HEIMAN: Thank you very much. It's
19 been enlightening for me. I haven't gotten an update,
20 although I do love the SeaLife Center. I've been there a
21 couple of times, and I just think it's a fabulous place.
22 And I think it does capture people when they go in there,
23 so I'm glad you're going to do more with that. But I
24 really think it's great. And I'm glad there's some new
25 management there that's going to look at administrative and

1 financial building.

2 My question is more around sort of the
3 science side of things. I don't know if you can answer
4 this question, but what -- you talked about the science
5 program not being where you want it to be yet, and that you
6 envision a different science program for the future. And,
7 I guess, if maybe you could take a few minutes to talk
8 about what that would entail and what you want to build it
9 into and maybe how that ties into the Marine Research
10 Institute.

11 MR. SCHROCK: Okay. In fairness, I'm going
12 to have to qualify this because of the fact, as I have
13 indicated, I'm not going to be the one that's actually
14 going to develop the science program. Dr. Atkinson,
15 working with others, is going to be the one to help us
16 build that scientific program, but I can tell you what I
17 envision, at least to a certain extent.

18 At this particular point, we've been
19 looking to just get projects into the facility because
20 that's what we need. That's part of what keeps us
21 sustainable. It's also part of what builds our reputation.
22 But in terms of actually sitting down -- and maybe the
23 eider program would be the best example I could offer to
24 you. When we receive the appropriation for the eider
25 program, sit down with Dr. Atkinson and say, well, what are

1 we going to do with eiders now that we've got money out
2 here? We don't have a scientist on board who deals with
3 those types of birds. Our habitat needs to be modified to
4 be able to house those kinds of birds. And then, of
5 course, we weren't absolutely current on what are the
6 research needs that have already been identified out there
7 for eiders. So, essentially, what we're looking at is,
8 okay, we've got funding that's coming over our shoulder.
9 Our challenge now is to build a program around the eiders.
10 Okay? So, basically what we do is we start a partnership
11 with the agency and basically try to come up to speed with
12 where they're at and what they're looking for -- not at all
13 unlike what your doing with the GEM Program, which is
14 essentially trying to identify where are the gaps. And
15 then, what we want to do is figure out how we can go take a
16 piece, one of those gaps, and then go after it. And we
17 have to kind of build a program around to do that.

18 Now that's going to require not only
19 modifications to the facility, but it's also going to
20 require some staffing up. Right now, the only scientist
21 that we have on staff is Dr. Atkinson. And, clearly, she
22 cannot be doing all of the science that's taking place in
23 the building. And, as the vision was set up, we have
24 scientists that will come and go on different cases. But I
25 kind of envision down the road a balancing act between some

1 scientists actually working in-house, some who just come in
2 and contract the space, and then actually for us to be able
3 to do contracted scientific work. And we've actually just
4 begun in that with the cruise ship industry which is, of
5 course, a very big challenge in the balancing act of
6 remaining credible and neutral and providing good science.
7 But it can be done, and it is done.

8 So, it's kind of looking at building that
9 program in those three different areas, both in-house, the
10 people that come in, and then being able to do contract
11 work. I think that's one that people didn't expect when
12 the Center opened, was that we would be just essentially
13 given money through Federal agencies to do something. And
14 then, basically, we have to go out and figure out how then
15 we're going to bring somebody in to spend that money. And
16 that requires building a program around that. That's what
17 we're trying to do with the Stellers as well.

18 MS. HEIMAN: So, the piece that's missing
19 of what you have right now is that maybe you would have
20 more in-house science and in-house capability versus people
21 coming in and out? I guess I'm not.....

22 MR. SCHROCK: Quite the opposite, actually.
23 We have, right now, primarily scientists coming from other
24 places -- Texas A & M, UAF, you know -- a number of
25 different institutions that come into the facility and

1 essentially rent the space and our facilities, our keepers
2 and those kinds of things to do their work. What we don't
3 have right now is kind of that in-house group of people
4 that's working on the scientific side. And that's one
5 where Dr. Atkinson would like some support essentially --
6 is what she's asking for.

7 MS. HEIMAN: How do you do that given that,
8 you know, jeez. We just look at our list of all the
9 species that we could potentially be doing studies on. You
10 know, how do you build within the scientific capability and
11 need that would begin to handle sort of the versatility of
12 what's needed?

13 MR. SCHROCK: Well, I think it's kind of a
14 two-pronged approach. And I think what we've started to do
15 right now is basically, what we're looking at with the
16 eider program, is that we need a marine ornithologist that
17 can come in and basically be the oversight of a program on
18 eiders. Okay? But, when it comes to actually achieving
19 specific scientific projects, it's very likely then we're
20 going to reach out to this expert, that expert in the
21 field, and then bring them in. But they've got to have an
22 interface in the building that's going to be able to help
23 them in terms of being able to do a more programmatic
24 approach instead of just go find that one specialist in the
25 field to come in and do that one piece of the pie. We're

1 trying to get a little bit broader than that. Does that
2 answer the question?

3 MS. HEIMAN: Yeah. I just have a couple
4 more if that's okay. So, what you're saying is that you
5 might want a marine mammal expert, an ornithology expert --
6 you know, some of the broader areas that you can have in-
7 house.....

8 MR. SCHROCK: Correct.

9 MS. HEIMAN:at the SeaLife Center.
10 So you still would be able to manage that -- someone who
11 can manage those studies, you know, for the various
12 specific studies that are going on.

13 MR. SCHROCK: Correct, as an expert in that
14 particular field. Now, again, I want to qualify this. We
15 are at the beginning stages of starting to talk about how
16 we do this. But, essentially, what happens right now --
17 for example, with the eider program -- is that we all of a
18 sudden have an appropriation in the bill. You know, I
19 turn, as the money is coming to the Alaska SeaLife Center,
20 to Dr. Atkinson and say what are we going to do with eider
21 money?

22 MS. HEIMAN: Uh-huh.

23 MR. SCHROCK: And she says, well, you know,
24 my background is really is in pinnepedes. You know, I do
25 harbor seals and other things, but that's not my field.

1 It's actually very difficult for her even to try to write a
2 proposal towards that money, because that's not her area of
3 expertise. So, what we're trying to do is get a good core
4 of people that we can depend on to help us in those
5 particular areas to reach out to the specific scientists
6 that we'll need.

7 MS. HEIMAN: That's very helpful. Thank
8 you. What was my other question I was going to ask you?
9 Well, maybe, come back to me.

10 CHAIRMAN TILLERY: Okay.

11 MR. BALSIGER: This is a full-time position
12 for you now?

13 MR. SCHROCK: Yes, sir. As a matter of
14 fact, maybe just a little extra over a full-time position,
15 but that's all right. I like it.

16 CHAIRMAN TILLERY: How much are you filling
17 your research capacity? I mean, are labs sitting there
18 empty? To what extent have you filled the space you have?

19 MR. SCHROCK: Good question. I don't --
20 Bob, maybe you can help me out. We're right at the
21 position where we're transitioning out of a number of
22 projects and then starting into a new set of them. So I
23 honestly don't know the number today, percentage-wise. Do
24 you know, Bob?

25 DR. SPIES: It varies seasonally. And,

1 over the last several years, in the summer particularly, we
2 fill the facilities pretty well. And we're in transition
3 now with particularly the EVOS program. A lot of these
4 projects have been out there. We don't have as many this
5 coming year as we have in the past.

6 MR. SCHROCK: Right.

7 DR. SPIES: But there is an attempt to
8 broaden those (indiscernible - away from mike) that we
9 have, some projects from the fishing industry and other
10 projects that are on-line coming in.

11 CHAIRMAN TILLERY: Are we like -- I mean,
12 are you 50 percent full? Are you getting close to reaching
13 capacity?

14 DR. SPIES: I couldn't give you numbers for
15 this -- right now, I think there's quite a bit of space
16 available.....

17 MR. SCHROCK: Yeah.

18 DR. SPIES:but I can't tell you what
19 it looks like for this coming season, summer season.

20 MR. SCHROCK: Well, we have been running, I
21 think, running pretty much around 80 percent. Basically,
22 when all the projects were geared up and we were running
23 them, I'm pretty sure that at least 80 percent or more is
24 where we've been operating. Quite frankly, this is, again,
25 this is part of setting a realistic expectation is that it

1 does take time to build some of these things and, until we
2 get to the point where we're actually cycling well -- where
3 we don't have, okay, we open the door and all your projects
4 start. And what we're seeing, even in particular with the
5 EVOS projects is that we're hitting that cycle point now.
6 But, because we just started up, a lot of projects fall off
7 at one time instead of, as you get down the road into the
8 future, we might have one or two drop out this particular
9 winter instead of seeing a larger drop-off take place. But
10 that's part of building the program.

11 And, quite frankly, when I sit down around
12 the table and start talking about some of the things that
13 we can and should be doing down there, I'm not thinking of
14 how we try to fill the space. I'm trying to figure out how
15 we're going to manage, given the space that we have today.
16 Realistically, I can see us exceeding our capabilities very
17 quickly. The juvenile Steller program that's being worked
18 on right now would take a tremendous amount of our
19 resources and, quite frankly, one of the difficulties with
20 that program -- bringing the juvenile Stellers in there --
21 would be how are we going to manage all the other research
22 projects, because it will have a tremendous impact in the
23 facility.

24 I actually kind of take the analysis the
25 other way. I know I'll fill what we've got today. How am

1 I going to handle it when we're full?

2 CHAIRMAN TILLERY: Well, that was going to
3 be my next question. There has always been a sense that
4 the Exxon Valdez projects -- GEM down the line -- would
5 have something of a priority on space. Is that something
6 that you agree with?

7 MR. SCHROCK: Absolutely. In fact, it's
8 contractually a part of our arrangement. So, if you don't
9 take me at my word, you've got it in writing.

10 CHAIRMAN TILLERY: Okay. Ms. Heiman?

11 MS. HEIMAN: I remembered what my question
12 is, about the Marine Institute.

13 MR. SCHROCK: Yes.

14 MS. HEIMAN: And what portion of that money
15 -- I understand a part of it is for maybe maintenance or
16 funding.....

17 MR. SCHROCK: The Center.

18 MS. HEIMAN:of continuing the actual
19 physical Center.....

20 MR. SCHROCK: Yes.

21 MS. HEIMAN:as well as some for
22 research. Can you just talk a little bit about that?

23 MR. SCHROCK: Yeah, I will. And it's quite
24 unusual that we're still up in the air on this one here.
25 The Research Institute is something that's caught up in the

1 lame duck session right now, so you know where it's at, and
2 that's why I can't be overly definitive on what it is or
3 exactly how it's going to look when we come out. But
4 essentially what we have tried to impress on the Federal
5 delegation is the fact that to be able to do this research,
6 you've got to have the necessary biological and physical
7 infrastructure to do the work. All right? Inside the
8 Center I think we often focus on the physical
9 infrastructure -- the lab space, the wet labs, dry labs,
10 ODL, those kinds of things. But you also have to have the
11 biological infrastructure, if I could use that term, which
12 are those three Steller sea lions, the eight harbor seals,
13 the birds, the fish. That's what makes the facility truly
14 unique.

15 For the researcher from Texas A & M, that's
16 what is truly unique to him is that he can come to our
17 facility, he can work on his project on a Steller sea lion
18 in a forum in which he can actually do the work he needs to
19 do. It's much different than the field work that gets
20 done. It has a whole different approach and take to it and
21 a value to it. So, that's been our argument, is that we
22 actually need to be able to provide that infrastructure.

23 No question about the fact that it's very,
24 very costly. And, in the end, if we're able to get money
25 that's able to offset the costs of providing that

1 infrastructure, what it really means is we can devote that
2 much more to the hard science. Because, right now, when it
3 comes to research grants and things like that, we're having
4 to make sure that we cover our expenses out of that. If
5 we're able to use the Marine Research Institute as a way to
6 help cover some or defray some of those costs, it simply
7 means we can turn around and do more research with the
8 research dollar.

9 And, so, in terms of how it's going to look and
10 what it's going to be like, I honestly can't answer that
11 today. We're going to have a lot of work to do with Mr.
12 Balsiger as soon as the appropriation is done. I've been
13 trying to figure out exactly how the thing is going to be
14 structured. We certainly want to see it housed there at
15 the SeaLife Center, and there's no question about a
16 significant portion of the funding is coming on behalf of
17 the Center to underwrite that facility. But a significant
18 portion of it, of course, is going to go into research as
19 well.

20 MS. ANDERSON: We have not even seen the
21 exact language of the bill yet.

22 MR. SCHROCK: Right.

23 MS. ANDERSON: We're waiting for the
24 outcome of that.

25 MS. HEIMAN: Yeah. I haven't either, and

1 I've, you know, been trying to find out some of that
2 information. And I would really urge you, and I would love
3 to do some follow-up discussions with you outside of this
4 forum, to talk about the Department of Interior and their
5 involvement in that Marine Institute. And I have sent a
6 letter to Senator Stevens, and Secretary Babbitt has talked
7 to Senator Stevens. There is a real interest, and we have
8 a real role in, you know, the marine mammal -- certainly,
9 mammals and the birds and the sea ducks -- and it's very
10 important to us that we are involved in that, because that
11 fits into how a more specific research board, and GEM and
12 all these other research programs are coming together. And
13 it would be really great if we could all sit down and have
14 a conversation, because it seems like there is people
15 having conversations over here, and people having
16 conversations over there and they're not coming together.
17 I mean, I truly, sincerely would love to try to work
18 something out that makes sense for everybody involved.

19 MR. SCHROCK: Okay. I just want to get
20 something in my hand that's black and white, and then we'll
21 go from there.

22 MS. HEIMAN: Well, I think we might have
23 continuing resolutions which may not provide you what you
24 want.

25 MR. SCHROCK: Yes, I know.

1 CHAIRMAN TILLERY: Commissioner Rue?

2 MR. RUE: Two quick questions. One, out of
3 curiosity, have you talked about collaboration with the
4 NERR Program -- National Estuarine and Research Reserve in
5 Kachemak Bay? I know that they were hoping that they could
6 partner with SeaLife Center -- they, being Kachemak Bay --
7 sort of the field laboratory -- with Seward SeaLife Center
8 being more the laboratory. So, I just think that's
9 something you might want to look into. It's another
10 potential partner there in Kachemak Bay, and Glenn Seaman
11 has been working hard to make that program financially
12 successful.

13 CHAIRMAN TILLERY: Commissioner, we've
14 actually had some problems with people on the line picking
15 that up, so you might want to kind of put that a little
16 closer, speak louder.

17 MR. RUE: Okay.

18 MR. SCHROCK: Okay. I was going to say
19 maybe you could just restate it.

20 MR. RUE: Yeah. I don't know if we need to
21 say it again. Anyway, I just think it's a possible
22 opportunity out there as you build your program to take a
23 look at. I know Glenn Seaman is excited about the
24 possibilities there, too, of the collaborative nature of,
25 very close to each other, a field situation and then you've

1 got the SeaLife Center.

2 The other question is, we heard a little
3 bit this morning from John French about the board and the
4 need to reach out to more folks. Is that in your plan to
5 try and broaden the perspective and the various folks you
6 bring into the process of making decisions at the SeaLife
7 Center? I don't know if you heard some of the criticisms.
8 I was curious.

9 MR. SCHROCK: Actually, yes. Mr. French
10 was kind enough -- he's actually presented his criticism,
11 his critique of the Center, to me not long after taking the
12 position, and we had a very good discussion about it. And
13 I would say -- I think we've clearly demonstrated to you
14 today that, in sense of the board, recognizes the fact that
15 it needs to broaden its perspective, its pool, its talent.
16 And that's something that's already ongoing and is going to
17 take place.

18 I wasn't here for Mr. French's comments to
19 you specifically. But in terms of completely revising the
20 way that we do business today, no. I've got enough on my
21 plate in the next 12 months without basically trying to
22 fundamentally change the way that we are governed, if you
23 want to put it at that point, in the short run. But,
24 certainly, the opportunity for people to have more of a
25 voice into what we're doing is something that I'm quite

1 intrigued on.

2 The fact of the matter is, is that I have a
3 municipal government background. I come out of the public
4 sector. I'm very comfortable with this type of a setting,
5 with public input and those kinds of things. And, as
6 people get to know me, and I think even Mr. French would
7 agree that this is true, there is no problem at all with
8 coming in and sitting down with me and giving me a
9 perspective on how we're not doing things correctly or how
10 we could do things better and those kinds of things.

11 So, in the short run, I think I'm going to
12 essentially fill that role. In terms of the board, we need
13 to get through kind of a board development process here and
14 then let the board start working on how best to allow for
15 that type of public input that others would like to have.
16 It's certainly something that, from my background, is of
17 large concern, and that is essentially public input.

18 MR. RUE: I appreciate your presentation.
19 It sounds like you all are really working in the right
20 direction.

21 MR. SCHROCK: Thank you.

22 MR. RUE: Appreciate it.

23 MR. SCHROCK: I would also like to say
24 that, unless Bob knows better, I don't know that we have
25 been working with the Center in Homer yet. But that's

1 exactly the kind of thing that, as Trustee, I want you to
2 be thinking about as well -- essentially, how can you help
3 collaborate, bring people together? How can you bring
4 people into the facility? Look at us as a resource,
5 because that's exactly what we are. How can we be used to
6 fill pieces in what you need to do? And your example is a
7 perfect one of how can we tie a field operation in with a
8 home base. And that's what we can be.

9 And, when I look at the GEM Program, that's
10 one of the things that I see that we can be, is we can be
11 kind of a home base for a lot of this stuff that you're
12 talking about taking place in there. So, a lot of this
13 stuff that you're going to need to set up are things we are
14 already doing. So I would challenge you to think in that
15 perspective, and I appreciate that.

16 MR. RUE: NERR's just barely getting off
17 the ground.....

18 MR. SCHROCK: Yes, they are.

19 MR. RUE:so they're very early in
20 their thought process, too.

21 MR. SCHROCK: Even newer than we.

22 MS. ANDERSON: We understand.

23 MR. SCHROCK: Yep. Certainly.

24 CHAIRMAN TILLERY: Back before we decided
25 to fund the SeaLife Center, there was a presentation by the

1 University of Alaska at which they implied that they would
2 possibly create endowed chairs that would sort of reside at
3 the SeaLife Center. Is that anything that you've had any
4 of the discussions about, or are pursuing, or see on the
5 horizon?

6 MS. ANDERSON: From the board perspective,
7 that has been one of the top priorities since
8 incorporation. Just due to financial challenges, we have
9 not been able to do that. That is one of the main items
10 that we would like to start for fund-raising, not only
11 sustainability for the operations enhancements of some of
12 the bird species habitats, et cetera. We want to have
13 endowed chairs, either through the university name, or any
14 name. Anyone who wishes to come forward, we would like to
15 have research chairs available. We just have not had the
16 staff, and we just have not had the financial ability to do
17 that, but it remains a high priority.

18 CHAIRMAN TILLERY: Questions?

19 (No audible response)

20 CHAIRMAN TILLERY: Okay.

21 MR. SCHROCK: Thanks a lot.

22 CHAIRMAN TILLERY: We very much appreciate
23 your coming today, and the presentation was really good.
24 It's been very helpful. I suspect you will get some
25 follow-up, probably through Ms. McCammon, as other issues

1 come up.

2 MR. SCHROCK: I would appreciate that,
3 actually. Thank you. Appreciate your time.

4 MS. HEIMAN: Thank you very much.

5 MS. ANDERSON: Thank you.

6 CHAIRMAN TILLERY: Thank you very much.

7 The next thing on the agenda is an executive session,
8 (indiscernible) a little late. It's going to be long one,
9 so I'd like to get to that quickly. We have had a request
10 to place one item in the public record. I believe that
11 probably came from the group in Kodiak. Ms. McCammon, if
12 you could just briefly read that into the record, and then
13 we'll move into executive session.

14 MS. MCCAMMON: Okay. The request was to
15 submit this to the record, that the Superfund Amendments
16 and Reauthorization Acts of 1986, the SARA Amendments, PL
17 00-499. The SARA Amendments to the Clean Water Act -
18 recognize the Indian Tribes as co-trustees of the
19 environment and identify broad powers for chronicling and
20 reporting water resource emergencies; furthermore,
21 testimony from Tribes carries the weight of rebuttable
22 presumption when determining losses and restorations. The
23 Amendments define "Indian tribe" as any Indian tribe, band,
24 nation or other organized group or community, including any
25 Alaska Native Village, but not including any Alaskan Native

1 regional or village corporation. So that will be put in
2 the record.

3 CHAIRMAN TILLERY: Okay. Thank you very
4 much. That will be in the record, and we would sort of
5 entertain a motion to go into executive session for the
6 specific purposes listed.

7 MR. RUE: So moved.

8 CHAIRMAN TILLERY: You need to actually
9 state it.

10 MR. RUE: Oh, rats.

11 MR. GIBBONS: Yeah, that's why I was
12 looking.

13 MR. RUE: Okay. I'm looking for the
14 agenda.

15 MS. MCCAMMON: PAG appointments.

16 MR. RUE: Pardon -- PAG appointments?

17 MS. MCCAMMON: PAG appointments.

18 MR. RUE: Okay. I move that we go into
19 executive session to discuss Public Advisory Group
20 appointments, the Executive Director's evaluation, some
21 legal questions and habitat protection.

22 MR. BALSIGER: Second.

23 CHAIRMAN TILLERY: It's been moved and
24 seconded. Anyone opposed?

25 (No audible response)

1 CHAIRMAN TILLERY: Hearing none, we will be
2 in executive session. We will be back in public session at
3 1:00 o'clock, is what we hope.

4 MS. MCCAMMON: We have that briefing by
5 Mike with Callan.

6 CHAIRMAN TILLERY: All right. So we need
7 to be pretty prompt at 1:00.

8 MS. MCCAMMON: Very.

9 CHAIRMAN TILLERY: So, we will sign off of
10 the telephone line, and I guess people will have to call
11 back in at 1:00 if they wish to be a part of this
12 afternoon. Just for your information, if you don't have
13 the agenda this afternoon, between 1:00 and approximately
14 3:00, we'll be involved with EVOS investment issues,
15 including some Trustee fiduciary training. And after 3:00
16 o'clock we'll take up Public Advisory Group appointments
17 and then, around 3:30, 3:45 hopefully get into deferred
18 projects. Thank you very much. We'll be off record.

19 (Off record - 11:47 a.m.)

20 (On record - 1:33 p.m.)

21 CHAIRMAN TILLERY: The December 4th, 2000
22 meeting of the Exxon Valdez Trustee Council is back in
23 session. We just came back from executive session where,
24 as described in the motion going into executive session, we
25 discussed Public Advisory Group appointments, the

1 evaluation of the Executive Director, certain legal
2 questions and habitat protection issues.

3 The next item on the agent is the EVOS
4 Investment Fund. Mr. O'Leary, are you generally ready to
5 proceed?

6 MR. O'LEARY: Yes, sir.

7 CHAIRMAN TILLERY: Okay. Ms. McCammon,
8 could you introduce this part of the agenda?

9 MS. MCCAMMON: Yes, Mr. Chairman. In your
10 packet, under investments, now that the Trustee Council is
11 managing the investment funds which is located in an
12 account in the Alaska Department of Revenue, one of the
13 policies that the Trustee Council adopted is that the
14 Trustees would receive periodic training in terms of their
15 fiduciary responsibility. In October, Debbie Hennigh,
16 myself and Craig Tillery were able to attend the Callan
17 College training in San Francisco and found it extremely
18 beneficial in terms of some of the issues related to
19 Trustee fiduciary responsibility -- simple things on how to
20 read reports, what to look for in an asset allocation -- a
21 lot of the things that our advisors, such as Peter Bushre
22 and Bob Storer, were really key in assisting us with from
23 January through June. But it seems now that the fund has
24 been fully constituted. Now that all of the funds are in
25 there -- we no longer have any funds within the Court

1 Registry Investment System -- this was a good opportunity
2 for the full Trustee Council to get some additional
3 training.

4 We were able to take advantage of the fact
5 that Mike O'Leary with Callan Associates was going to be
6 here in Anchorage for the State Pension Investment Board
7 meeting tomorrow and the next day, so we were able to
8 piggyback onto his work there. And, when we were in San
9 Francisco, almost everyone we talked about -- when we said
10 we were from Alaska, they said, oh, well, you must know
11 Mike. And so, now, this is my first opportunity to meet
12 him, but he has an incredible reputation among all of the
13 folks who run the Permanent Fund and the State Department
14 Retirement Fund and others, and in San Francisco. So, it's
15 really with a lot of pleasure that we were able to have him
16 here today.

17 MR. O'LEARY: Thank you. I'm delighted to
18 be here. I touted this a mini-Callan College session. I
19 have 50 slides, and so I can speak nonstop for the hour and
20 a half or two hours, whatever has been allocated. But
21 that's not going to do you as much good as if you would
22 interrupt me, get me to talk about whatever investment
23 related subjects -- I won't talk about Florida -- but,
24 anything else investment related, I'd be delighted to
25 discuss with you. It's sort of pick the consultant's

1 brain, at no charge, and when he's not selling anything.

2 The Callan College that Molly mentioned is
3 a two-plus day educational program designed to indoctrinate
4 new Trustees or staff members in the whole gamut of
5 investment responsibilities in an institutional context.
6 What I did was I went through about 400 slides and picked
7 out the 50 or so that I thought were most crucial, and I'm
8 going to speed through them. But I want you to interrupt
9 me on a topic that is of particular interest to you.

10 Basically, the approach is starting out
11 with what are fiduciary responsibilities; what is asset
12 allocation; how about manager's structure -- investment
13 manager's structure; manager selection; and, then,
14 performance evaluation. So those are the major components,
15 if you would. Having reviewed your policy statement, I
16 know that you're well along on that front. And, given the
17 background of the people that constitute the Council, I
18 won't preach the law to you. I think that you all have a
19 keen understanding of your responsibilities, but I've just
20 sort of put up highlights -- some of the things that we
21 think are particularly important.

22 Starting out with the definition of the
23 fiduciary -- and this is obviously from ERISA, which
24 doesn't have any direct bearing on the Trust -- but we do
25 think that it is the framework that we always try to put

1 ourselves in, because it is maybe the highest standard for
2 responsibility. And so, obviously, from our perspective,
3 we think that each of you, of course, is a fiduciary.
4 Everybody who renders advice for a fee is a fiduciary, and
5 anybody who has discretionary authority with respect to the
6 assets is a fiduciary.

7 Liability arises when a fiduciary does not
8 define a process, or inconsistently applies the process.
9 That's going to be a recurrent theme in everything that I
10 say. That it is -- you're doing your job if you have a
11 clear, well-articulated, thoughtful process, ideally
12 committed to writing and then you follow the process. And,
13 oh, by the way, if you do that, you're probably going to
14 end up with a good investment program and competitive
15 results. There are some examples that we threw up here of
16 the types of things where we do, from time to time, see
17 people running afoul of what they should be doing. And
18 more frequently than not, it tends to occur in the
19 selection of vendors or in the building of a management
20 structure. And sometimes the two are intertwined. For
21 example, there's no guarantee, even if you hire what you
22 think is the best manager in the world, that the manager is
23 going to do well. And if, after the fact, somebody comes
24 to you and says, how the heck did you hire these guys, what
25 was the process that you used to hire them, and you can't

1 articulate it and document that you did it in a reasonable
2 manner, arguably you've breached your fiduciary
3 responsibility.

4 We have seen an instance where a board was
5 bound by an RFP process -- most of our clients aren't bound
6 by an RFP process, but some of them are -- and, in this
7 particular case, it was a very clear RFP process which
8 required submissions by such and such a time and such and
9 such a date. And, subsequent to that, there was a response
10 received, and that manager ended up being hired. And,
11 obviously, that was a source of great concern. But, as I
12 said, the vast majority of our clients do not use an RFP
13 process.

14 What is your role? To set the policy, to
15 select service providers, to delegate responsibility among
16 the service providers and staff, to monitor the results and
17 to document the process. I don't sense any debate on that.
18 I'm preaching motherhood and apple pie. In your policy
19 statement, which looks remarkably similar to the ASPID
20 investment policy statement, I think each of these things
21 is delineated very clearly. That is, you have a written
22 policy that documents the process used to make the
23 decisions. The intent is to diversity the portfolio, to
24 use professionals. I didn't see much about accounting for
25 expenses, and you have a mechanism for monitoring how

1 you're doing relative to several standards -- inflation, a
2 passive benchmark objective. But it wasn't, as I recall, a
3 specific delineation of a real rate of return target, and
4 I'll come to that in a little bit.

5 One of the things that, in volatile
6 markets, such as we're having throughout this year so far,
7 that I think is particularly difficult for people to do is
8 to re-balance. Now these five steps are, obviously, steps
9 in the process. But I want to spend just a moment on the
10 rebalance. You develop a policy, an asset allocation
11 policy, and things happen. The market goes up or down, and
12 then all of a sudden you're not in balance with your
13 policy. So, it's essential that you have a policy to deal
14 with rebalancing. And it's almost like asking one to
15 commit an unnatural act, if you think about. What happens?
16 The stock market is tanking, your allocation to stocks may
17 well be below your target, and right at that time of the
18 greatest discomfort, your policy is suggesting that you
19 move money from bonds into stocks, or the converse.

20 In March of this year, I can't tell you how
21 many of our clients had stocks as a proportion of the total
22 fund well in excess of their targeted amounts. And, if you
23 look back from that point, over the preceding 12 or 24
24 months, the bond market returns look pretty god-awful. And
25 yet, what people should have been doing was moving money

1 from stocks -- not in the market timing sense, but just in
2 a risk control sense -- back to bonds. You should have
3 some plan for when the actual asset allocation varies
4 significantly from their target allocation. There's a
5 discipline that brings them back toward their target. If
6 you don't do that, you're changing your risk level at the
7 wrong time. You're increasing your risk level after a
8 period of outperformance [sic] of one asset class versus
9 another.

10 Take it a step further. I know that you
11 don't use active managers. But if you used active managers
12 -- and let's say you had a growth-oriented manager and a
13 value-oriented manager, the same sort of rebalancing
14 discipline is necessary. Again, go back to March of this
15 year. Over the preceding one, two, three and five years,
16 value managers have done horrendously relative to growth
17 managers. So, if you have one of each, and you gave each
18 the same amount of money, by the end of March the growth
19 manager might have been twice as much as the value manager.
20 And so your growth exposure was significantly greater than
21 your plan. That's the type of thing that I think having a
22 written policy statement helps you do the right thing at
23 the right time. I will tell you a story with the -- yes?

24 CHAIRMAN TILLERY: In our situation, we had
25 that policy of rebalancing, and it's kind of automatic as I

1 understand it. Revenue sort of does it. It doesn't come
2 back to the Council for a vote or anything. Do the other
3 clients -- does it require an affirmative act, or is that
4 something they've turned over, that written policy, to a
5 manager?

6 MR. O'LEARY: In most cases, it is a staff
7 function because the managers are only responsible for what
8 they have and don't see necessarily the big picture. So,
9 from your perspective, your responsibility is to be sure
10 that Treasury is, in fact, doing that on a reasonable
11 basis. That's (indiscernible - simultaneous speech)

12 CHAIRMAN TILLERY: But it's not bad for us
13 to essentially.....

14 MR. O'LEARY: No.

15 CHAIRMAN TILLERY:make that one
16 decision, put it in writing, and then not.....

17 MR. O'LEARY: Absolutely not. Not a
18 problem. Yes?

19 MS. HEIMAN: Just to be clear about what
20 you're saying, when you're talking about that rebalancing
21 and balancing. You mean that you would stay at your target
22 asset allocation, is that what you're talking about?

23 MR. O'LEARY: Typically, you have a target
24 allocation, and then you have a permitted band around it.

25 MS. HEIMAN: Right, plus or minus, uh-huh.

1 MR. O'LEARY: And so, you want to stay
2 within the band.....

3 MS. HEIMAN: Okay.

4 MR. O'LEARY:and then have them come
5 to you, at a minimum, if you are outside the band, and tell
6 you how they are proposing to correct it.

7 MS. HEIMAN: Okay.

8 MR. O'LEARY: And, one of the things that
9 maybe you should focus on is, are the bands too wide, or
10 are they too narrow? If they are too narrow, they cause a
11 lot of transactions, and all transactions have expenses.
12 And if they're too broad, you may be significantly
13 different from your policy. So, it's a trade-off. It's a
14 tightrope that you have to walk. And the moment that you
15 get outside your band, you don't have to get back in the
16 band, you just have to have a plan to return you to the
17 band.

18 Okay, asset allocation -- I don't want to
19 preach to the converted. You obviously believe in asset
20 allocation, and it's part of your program. What I want to
21 do is highlight and summarize very briefly some of the key
22 underlying concepts to kind of reinforce them, but then,
23 also, throw out some cautions. When anybody does an asset
24 allocation analysis, ultimately they're forecasting three
25 things. They're forecasting an expected rate of return,

1 some measure of variability -- so arranged around the
2 central expected rate of return -- and, maybe, most
3 importantly, they're forecasting some correlation estimate.
4 So, three statistical inputs to any asset allocation model.

5 If somebody says to you, oh, we don't make
6 any forecasts, we're just using historic numbers, I'd
7 submit that they are making a forecast. They are making a
8 forecast that the future is going to be identical to the
9 past. And so it's important for you to understand the
10 sensitivity of the output of the answers to those inputs.
11 And, in my experience, the majority of people don't really
12 understand that sensitivity, because this can get pretty
13 complex and they'll throw their hands up or not have the
14 patience to do it. But since asset allocation is the
15 single most important thing that you do from an investment
16 perspective, I'd submit that it's worth your time to really
17 understand the sensitivity of the outputs to the inputs and
18 the basis for the inputs of the estimates.

19 In these days of surplus data and
20 information, there is no shortage of inputs on things like
21 expected rate of return, risk and correlation. I'd suggest
22 to you that sometimes the availability of data overwhelms
23 the utility of data. Let me use performance reporting as
24 an illustration. Many large funds now have moved to daily
25 performance reporting. Are 90 days of performance data any

1 more valuable than one quarter data? I don't think so. I
2 mean, I think for very sophisticated hands-on investors, to
3 have those 90 data points is useful, and if you can get
4 them at a reasonable cost, why not get them? But the fact
5 that a manager has underperformed for 90 days is really no
6 different than a manager underperforming for one quarter.
7 And one of the risks that we see in the business now is
8 that the more frequently people look at data, the more
9 established the trend becomes in their mind and the more
10 likely they are to act on shorter-term data.

11 Now, why is that significant in an asset
12 allocation sense? You all know that one of the reasons
13 that you have bonds in an investment program is that
14 they're not perfectly correlated with stocks. So sometimes
15 bonds do well when stocks don't do well. But if you look
16 at an average going back 50 years of the stock-bond
17 correlation, you will see a rolling average, rolling three
18 years' data, or something like that. You'll see that it
19 varies. There are a lot of times when bonds are very
20 highly correlated with stocks, and there are other times
21 where bonds have almost an inverse correlation with stocks.
22 And so, if you average those all out, you will get an
23 average correlation number which, for long-term strategic
24 planning, may well be the correct number to use. But don't
25 be misled by that average, because most of the time, there

1 will be a strong positive correlation between stocks and
2 bonds. So understanding that helps you then deal with the
3 fact that, gee, stocks and bonds -- deal with somebody who
4 comes in and says to you, maybe we shouldn't have this much
5 in bonds in the portfolio because they're so highly
6 correlated with stocks and they're producing a lower rate
7 of return. Well, that's not what their role is in the
8 portfolio. Their role is to perform in those periods of
9 stress when bond returns and stock returns are almost
10 inversely correlated, like the last quarter. It's been a
11 great time to have bonds. And the stock market has been
12 going down the tubes.

13 These outlined on the screen are the asset
14 categories that we tried to develop projections for: U.S.
15 stocks; (indiscernible) U.S. bonds; non-U.S. stocks; non-
16 U.S. bonds; real estate; alternative investments -- we're
17 sort of forced by our clients to do that, we really don't
18 like to do it -- we prefer to view alternative investments
19 as a subset of equities; and then cash. You will see
20 others that will suggest to you that well, gee, what's your
21 expected rate of return for emerging market stocks, for
22 Asian stocks, for microcap stocks? They want you to slice
23 the pie in very fine slices. And, for each slice, remember
24 you have to develop expected return, risk and correlation.
25 And if you don't have dependable estimates for each, the

1 output is going to be highly suspect. Now, I'm not saying
2 that you shouldn't try to do it, but in terms of you
3 focusing on policy, I think if you just focus on those,
4 you've captured all that you need to capture. And then you
5 deal with the others on an implementation basis.

6 How frequently should you review your asset
7 allocation? This is how we cheat on this. We had a lot of
8 consultants that couldn't remember the answer, so we gave
9 them weight. When your risk tolerance changes, which
10 generally is when there's some fundamental change -- should
11 be when there's some fundamental change in your financial
12 circumstances. In the case of a pension fund, it might be
13 there's a benefit change, so the nature of the relationship
14 between the assets and liabilities change. Or a lot of
15 time has passed, so the liabilities have gotten to be
16 shorter-term. If your asset class preference has changed -
17 - well, how should your preferences change? Maybe there
18 was no desire to think about something like real estate.
19 That might be an illustration. Or there was a statutory
20 limit on your ability to invest in international stocks and
21 the law got changed. That might be a cause. When your
22 time horizon changes -- it really shouldn't, but sometimes
23 it does. When the expected returns change significantly.
24 If there are no changes, then we still think that you ought
25 to go through the exercise at least once every five years.

1 Most of our clients will do a comprehensive analysis once
2 every three to five years, and they will annually update
3 the analysis, which is very straightforward, just to see if
4 near-term changes in markets and expectations were of
5 sufficient magnitude to warrant some tweaking of the
6 policy.

7 The method that's used is optimization
8 analysis. This slide just shows that every year we develop
9 five-year projections. So, we're getting ready to do that
10 again. And people tend to focus on the expected return
11 number. But, actually, I think the most important number
12 for them to focus on is the standard deviation, because the
13 expected return is simply the middle point in the
14 distribution of things that we think could happen. And if
15 you look at this and you say well, gee, they expect the S &
16 P 500 to have a return of eight point nine percent
17 annually for five years, that's a pretty conservative
18 number. That's lower than the numbers that we've seen over
19 most recent five-year periods.

20 We took a lot of flak for having a number
21 that low. But it's the 15 percent standard deviation
22 that's actually the big number, because what we're really
23 saying is two-thirds of the time we expect the return in a
24 12-month period to be between eight point nine percent,
25 plus or minus 15 percent. And if you wanted to get 95

1 percent of the chances out on the table, we're saying eight
2 point nine percent plus or minus 30 percent for the year.
3 And the typical reaction to that is well, what good is the
4 forecast then? You know, you're telling me that to have
5 two standard deviations, to have a 95 percent range, I
6 might do as bad as negative 21 percent in a year, or as
7 good as positive 38.9 percent. Come on, Mike. That's not
8 really helping me. But that is the range. The long-term
9 standard deviation, the S & P 500, has been 15 percent.

10 But when you graph this out, you can see
11 that obviously T-bills -- these are just those projections
12 that you saw on the preceding page spread out graphically -
13 - T-bills, essentially no variability in return; bonds,
14 significantly less than stocks; and the higher the expected
15 returns the greater the level of expected volatility. This
16 graph takes a while to sort of understand, but it is the
17 graph that underlies the principles of capital market
18 theory. And that is, if you have assets that don't move in
19 lockstep together -- that aren't perfectly, positively
20 correlated -- and you combine those assets, you reduce the
21 volatility so that you're better off. And the way that
22 that gets done in the real world is you cut off some of the
23 tops, and you cut off some of the bottoms.

24 If you had two assets that were perfectly
25 inversely correlated, you would have no volatility.

1 Unfortunately, they don't exist. When we put our inputs
2 into an optimizer -- and for those of you who don't have
3 the hard copy in front of you, I apologize. This is pretty
4 difficult to read. There we go, it's a little bit easier.

5 MS. MCCAMMON: Are these right here the
6 hard copies?

7 MR. O'LEARY: Yeah, why don't we -- I'm
8 sorry, I thought you all had them. The paper here, by the
9 way, demonstrates the importance of considering timber as
10 an investment category.

11 MS. HEIMAN: Hasn't been that good. It
12 doesn't matter how much paper you (indiscernible).

13 MR. O'LEARY: What I've done here is simply
14 used our standard capital market projections estimates, and
15 we created a portion of the efficient frontier. We said to
16 the optimizer we only want to look at mixes that have at
17 least a seven percent expected return, and we're going to
18 stop at a nine percent expected return. And so what
19 combinations of assets do the best job of maximizing return
20 for a level of risk or, alternatively, minimizing risk for
21 a certain level of return.

22 This graph is another way of looking at
23 those numbers presented in the table form where we've said,
24 you know, gee, down at the left-hand end of the scale --
25 the seven percent return portfolio -- is basically 32

1 percent in equities, and the nine percent expected return
2 is 70 percent in equities. What was defined in this
3 illustration as the current mix at a 7.91 with a projected
4 risk level of 10.25 and this client's target allocation --
5 if they were at it, their policy, in essence, was 7.95 and
6 10.34. So, very similar to mix three. And that's how they
7 plot out.

8 This is another way of looking at it,
9 though. This is those same mixes, mixes one through five,
10 and then the target mix, but what we've done is just
11 calculated what's the range of expected return in a one-
12 year period. How good might it be, and how bad might it
13 be. Now, if we did the same graph for three-year periods
14 and five-year periods, what you'd see is, across the entire
15 range of returns, there would be a compression of the
16 expected rates of return. So, we're working with people,
17 and when you're thinking about your policy, you have to
18 say, gee, even though we had a pretty conservative policy
19 here -- that's 38 percent in domestic equities, 16 percent
20 in international equities, 36 percent in total in bonds, 10
21 percent in real estate -- you know, that's not a wild and
22 crazy policy. That's a pretty conservative policy. Even
23 though we have that policy, we have almost -- that's a
24 quartile breakpoint -- we have almost a 25 percent chance
25 of losing money in a year. So, what we try to get people

1 to focus on is how much benefit do they pick up by becoming
2 more aggressive, and what's the pick-up in risk as they
3 become progressively more aggressive? And what does that
4 mean in terms of how bad things can get? Okay?

5 Just a couple of points on the benefits of
6 having a policy statement and keeping it current.
7 Everybody, when they start, prepares a policy statement,
8 and then it gets lodged firmly in some file and is almost
9 never kept current. And so you have to discipline
10 yourself, I think, to keep it current. This third bullet
11 point -- negate second-guessing, Monday-morning-
12 quarterbacking, and the fourth -- ensures continuity when
13 there is committee or board member turnover -- these to me,
14 in the real world, are the prime advantages. I think it
15 also helps you make good decisions. Let me give you a real
16 live illustration.

17 Back during the Asian crisis -- so that was
18 '97, '98 -- the Permanent Fund Board had a special meeting.
19 I will never forget it, because I was sitting in some
20 parking lot in Southern California joined into this board
21 meeting. And the purpose of the meeting, the primary focus
22 of the meeting, was to discuss the significance of the
23 Russian default and all the concerns that were really front
24 and center stage in everybody's minds during that period.
25 The Asian markets had really, really plummeted. The

1 Permanent Fund had actually reduced their equity exposure a
2 little bit, and that conscious action, combined with the
3 decline in stocks, took them below the lower end of their
4 policy band.

5 When the call began, I was very concerned
6 that, oh my god, they may even reduce equities further.
7 And one of the board members said to his colleagues on the
8 board -- asked the rhetorical question of staff and, then,
9 of his colleagues -- what is our policy? What is the band?
10 This is exactly why we developed the band. And so the
11 outcome of the meeting was a decision to move back within
12 the band, which turned out to have been a great decision.

13 Now, it was entirely appropriate because it
14 was such a significant event in the financial markets that
15 they raised the question of, gee, do we want to change our
16 policy? I'm not faulting them for that. But having it,
17 sort of pre-experiencing what can happen in terms of those
18 -- you know, how good or bad might it be -- helped them
19 come to what, with the benefit of hindsight now, was a good
20 decision. And, inevitably, in the public domain there is
21 no shortage of Monday morning quarterbacks. "If only you
22 had" is typically the way the story or the quote begins,
23 and having the basis for what you're doing clearly
24 articulated before the fact provides a lot of comfort and a
25 strong defense.

1 Okay. I've skipped ahead several slides to
2 this. This, to me, is a very important graph. If we did
3 an anonymous survey of each of you, and I said to you that,
4 12 months ago, write down on a piece of paper what you
5 expect stocks to return over the long term, and I asked you
6 to do that same thing today, I'd submit that the answers
7 would be different and today's answer would be lower
8 probably than the answer of 12 months ago.

9 MS. MCCAMMON: What is the long term?

10 MR. O'LEARY: That's a great question,
11 Molly. What is the long term? But, in your case, the long
12 term is truly the long term. It's a perpetuity.
13 Endowments, foundations, really have the longest time frame
14 of any type of investment. And here I'm talking about your
15 long-term money. And here are the long-term numbers. And
16 this includes obviously a depression, but it also includes
17 an extraordinary boom. And, if we were looking at these
18 same long-term numbers five years ago, the average return
19 on large cap stocks would have been down in the 10 percent
20 range. The last five years have been so good, on top of a
21 decade of terrific returns, that they pulled up the long-
22 term averages. But this is the reality. This is all that
23 you can sort of, at best, expect from a program.

24 We typically think of the long-term real
25 returns to stocks as falling within a range to five to

1 seven percent. If inflation is three percent, three and a
2 half percent, we think large cap stocks on average would
3 return somewhere in a range of eight and a half -- so,
4 three and a half percent inflation and 10.5 percent. Be
5 very happy if they do that. It would be a very solid,
6 attractive rate of return. In fact, they've done a little
7 bit better, but we think that's a measurement problem of
8 going to really an extraordinary level as of the end of
9 last year. Small cap stocks are more volatile than large
10 cap stocks. That's clearly reflected in the standard
11 deviation numbers -- these are the historic standard
12 deviation numbers -- and have produced a slightly higher
13 return.

14 Bonds -- when I was in school a long time
15 ago, what the professors would say is, well, you can expect
16 to earn maybe three percent real return on bonds. In fact,
17 they've earned less than that, although in the last 20
18 years they've earned more than that. Part of that low
19 number may be the result of the truly extraordinary
20 environment of the Depression and then the World War II
21 period. So, if you look at those numbers post-World War
22 II, they're more attractive.

23 All of this modeling that I've talked about
24 focuses on the benchmark and the return of a benchmark.
25 And so, then, it focuses on the market-related risk, the

1 systematic risk, and the non-systematic risk the academics
2 will tell you can be diversified away. There is always the
3 risk that Company A will go bankrupt. But, if you own
4 Company A and 100 other companies, there is also the
5 possibility that one of them will be a spectacular success.
6 So you can minimize the specific risk through
7 diversification.

8 There are a whole bunch of other risks
9 which dominate thinking in the short run. One I'd like to
10 take a moment on is what we call boardroom risk, which is
11 really the risk that you're going to change your policy. I
12 have a client, the Denver Employees' Retirement Plan. I
13 worked with them for about 12 years now. And the fellow
14 who's the executive director of that program keeps a
15 newspaper article from "The Denver Post" in 1980, and that
16 newspaper article points out that looking back on the
17 decade of the 70's, the Denver Employees' Retirement Plan
18 was among the poorest, if not the poorest, performing major
19 public pension fund in the country. Now, I said to the
20 fellow who's the executive director, why the heck do you
21 keep this thing around? Why do you show it to people? And
22 he said, Mike, it stops them from doing the things that
23 really will screw them up.

24 What did they do? They were at the cutting
25 edge in the early 70's of moving to a total return concept.

1 So, relative to other public funds in 1970, '71 and '72,
2 they moved aggressively into stocks. 1973 and '74 came
3 along, and they moved away from stocks. They went to 100
4 percent bonds. Now, in the late 70's, remember what
5 happened to interest rates? It just kept going up. They
6 didn't peak until 1982. So they had the worst of both
7 worlds. They invested in stocks in the early 70's thinking
8 that it was an appropriate investment for a pension fund,
9 which it certainly is, but they couldn't stick with their
10 policy through the bear market of 1973, '74. They
11 liquidated the stocks just at the wrong time and
12 concentrated in bonds. And so anytime one of Mike's board
13 members comes to him with some sort of radical idea, he
14 pulls out this article and gives it to them. And it really
15 works for him.

16 In real life, though, this is the risk that
17 comes out at you most frequently, and it's always couched
18 in some sort of very persuasive rationalization. You know,
19 this time it's a little different, or I don't really want
20 to fundamentally change our policy but what about doing
21 this? And so my message is be very comfortable with your
22 policy and require a lot to alter the policy. Yes?

23 CHAIRMAN TILLERY: Do you have sort of
24 examples where there have been some fundamental changes,
25 and people have held on too long when they should have made

1 changes? Or, I mean, can we go back to the 1800's and
2 decide that what we're doing now is always.....

3 MR. O'LEARY: I think the closest thing I
4 can come to it is the difference between growth and value
5 investor returns in recent years where the question was
6 raised by very serious people, very thoughtful people, has
7 the technology revolution really fundamentally altered
8 investment concepts? And the most uncomfortable meetings
9 that I've had probably over the last two or three years
10 have been meetings where a very thoughtful, bright board
11 member will say, gee, you know I've really been looking at
12 this Internet thing and this really is a revolution. This
13 is bigger than the airplane, bigger than the car. It's
14 going to fundamentally alter the economic scene. And so
15 people that don't take that into account may be the buggy
16 whip manufacturers. And there may be some validity to
17 that. But, the excesses of dot-com mania were -- yeah,
18 there really was a bubble. So that's a good illustration.

19 You know, the investment business is
20 dynamic, and the economy is dynamic so you have to be
21 willing to change your mindset, but there have to be some
22 fundamental principles that underlie it. You have to be
23 able to tie your change in thinking to that. Somebody that
24 has mechanical rules -- I'm never going to pay you over 10
25 times earnings for a stock. That, to me, seems to be

1 mindless.

2 A really good illustration -- there were
3 managers, there are managers, who say the only stocks we're
4 going to consider are stocks that have an above average
5 dividend yield. Well, you think about how the tax code has
6 changed, and how corporate governance has changed, and what
7 were those managers really trying to get at when they had
8 that decision rules. They were trying to get at, did the
9 company actually generate cash? Could they pay a dividend?
10 Because there were so many funny things going on in
11 accounting, that there were questions regarding the
12 veracity of the earnings numbers. Well, you can't mess
13 around with cash. Ultimately, cash is king. However,
14 about eight years ago, companies stopped focusing on
15 dividend policies and shifted more toward share buy-back
16 programs. And there are whole big sectors of the market
17 where the leading companies don't pay dividends. So that,
18 to me, would be a good illustration of somebody sort of
19 mindlessly hanging onto something that had worked forever,
20 but the changes in the economy really negated the validity
21 of the approach. However, the premise of the approach --
22 that is, that real cash earnings matter -- may still be
23 very valid.

24 MS. MCCAMMON: So, Mike, just on this whole
25 issue of value and growth -- because I didn't know what

1 value and growth was at first, until I went away to
2 college, and then I'm not even sure I understand it
3 completely now -- but we don't have our assets divided up
4 among value and growth. It's just domestic equities and
5 international equities, and it's balanced within that
6 asset, through the domestic equities, through the passive
7 fund. And so, if we were a larger group or doing more
8 active management, then we would have all this.....

9 MR. O'LEARY: Then you'd have that issue.

10 MS. MCCAMMON:we'd have all these
11 little slices and all.

12 MR. O'LEARY: You could have somebody, the
13 Monday morning quarterback come out -- could have come out
14 a year ago -- and said, gee, why are you indexing to the
15 broad market.....

16 MS. MCCAMMON: And not the NASDAQ.

17 MR. O'LEARY:and not to a growth
18 index. You would have been better off. Well, of course
19 you would have been better off, you know? And you were
20 better off when you weren't indexing to it this year.

21 There is a concept -- this is on several
22 pages, the Sharpe ratio -- there are all sorts of
23 quantitative tools for evaluating how our manager is doing
24 on a risk adjusted basis. All of them were fraught with
25 the potential for abuse. And what I'd encourage you to do

1 is think within an asset category. So, for example, your
2 domestic equity portfolio, you look at the portfolio return
3 minus the risk-free rate -- minus Treasury bills -- divided
4 by volatility. That's the Sharpe ratio. I think that this
5 is probably the single best risk adjusted measure of
6 return. But it's really a deceptive measure if you go from
7 one asset category to another asset category. If you
8 calculate the Sharpe ratio for the stock portfolio and
9 compare it with the Sharpe ratio for your bond portfolio,
10 that's an apples and oranges comparison. But if you had
11 seven or eight stock managers, and were calculating the
12 ratio for all the stock managers and comparing them, then
13 that would be a useful measure.

14 Is John Jenks here? He said he might stop
15 by.

16 MS. MCCAMMON: Yeah. He's not here yet.

17 MR. O'LEARY: He'll probably stone me, so
18 I'll get it done quickly. I cannot in good conscience say
19 to any one client that they should do something in terms of
20 equity structure that, if all our clients did would be
21 illogical.

22 MR. RUE: Say that again.

23 MR. O'LEARY: Illogical. It would be
24 illogical. It's sort of a greater fool theory. The
25 greater fool theory never is a valid basis for investment.

1 MR. RUE: Greater fool theory.

2 MR. O'LEARY: Yeah.

3 MR. RUE: You lost me on that.

4 MR. O'LEARY: All right. Here we go.

5 MR. RUE: Economics 101, it's losing me.

6 MR. O'LEARY: There's a lot of evidence
7 that suggests that it's very difficult for a manager to
8 outperform the market. All right? We're all in agreement
9 on that. It's particularly difficult in large cap U.S.
10 equities and; therefore, it is very common for big funds to
11 say the record suggests that it's very difficult to put
12 together a program of above average managers, and all those
13 managers are going to charge nice, healthy fees. So, on an
14 after fee basis, I'd be better off simply buying the index.
15 All right? And we've seen it in the Vanguard S & P 500
16 Index Fund, the growth of it over the years -- people
17 acting on that. Now, what's the basic premise that
18 underlies that? I'd submit that the basic premise is that
19 there are thousands of people out there working hard,
20 trying to do better than the average. And it's that effort
21 that, indeed, makes the Index Fund, the Index, such tough
22 competition.

23 Now if everybody stops acting on that
24 basis, what's the logical consequence? That it should be
25 easy to do better than the Index. And so we're sort of

1 caught on the horns of a dilemma. We agree with the notion
2 that the Index in the large cap U.S. equity market is
3 exceedingly difficult to beat over the long term, but there
4 are costs associated with it. But the other side of it is,
5 if everybody acts on that presumption, then that's going to
6 create meaningful opportunity for people to do better than
7 the Index. So how do we reconcile that?

8 We encourage our large clients to have
9 meaningful Index exposure in those market segments that
10 seem to be most efficient. So, it's very reasonable for
11 clients to be 20 or 40 percent passively managed. But our
12 clients, in aggregate, have a trillion dollars. And it
13 would be unreasonable for all of them to have all of their
14 equity commitment passively managed. I mean, that's my
15 view. Some of my colleagues don't share that view. I
16 mean, some of the colleagues at the firm. So, we sort of
17 draw the line near 50 percent. We have one or two clients
18 that are even higher than that of their large cap equities.
19 So, when I look at your program, well, that's an unusual
20 feature to be basically committed to passive management.
21 It doesn't mean that it's imprudent or there's anything
22 wrong with it. But, it's just something to stick in the
23 back of your mind. Can everybody do that? And what are
24 the implications if everybody does that?

25 CHAIRMAN TILLERY: I understand that from

1 your perspective of advising everybody. But, from our
2 perspective, as long as the other guys are out there, kind
3 of keeping us going, aren't we just happy as clams doing
4 it?

5 MR. O'LEARY: At some point that -- you
6 know, that is the fundamental -- what is investing? What
7 is the fundamental underpinning of that strategy? If it is
8 because there are a bunch of idiots out there trying to do
9 better, there is an element of greater fool theory in that.
10 And you may be comfortable with it. A reasonable person
11 may be comfortable with it. I'm personally not comfortable
12 with it.

13 MS. MCCAMMON: And John Jenks just walked
14 in. Just so you know, he's behind you.

15 CHAIRMAN TILLERY: And John Jenks, yes. So
16 he can throw things at you. But we have a political
17 element to investing passively, also, I think is a part of
18 that.

19 MR. O'LEARY: Yeah. And the Federal
20 government -- I mean, when I look at the Federal Thrift
21 Fund which is, as I understand it, the options are
22 basically entirely passive, I think....

23 MS. MCCAMMON: Yeah. They don't give you
24 options at all, unlike the State.

25 MR. O'LEARY:you know, it's a real

1 question. There are major funds -- major, very substantial
2 funds -- whose logic is we think a broad market index can
3 reasonably be assumed to generate returns that are
4 reflective of the real growth of the economy. And whether
5 that's better than median, or below median, is irrelevant.
6 It is what we want. And, on that basis, I think it's a
7 very rational decision to be 100 percent passive.

8 CHAIRMAN TILLERY: Just out of curiosity,
9 how has our sort of broad index, our Russell 3000, done
10 vis-a-vis small caps, vis-a-vis large caps?

11 MR. O'LEARY: Small cap has outperformed
12 large cap. We went for a period, and it really was sort of
13 at its peak at the end of 1998, where a capitalization
14 rated index did better than the typical manager. And large
15 cap companies had done better than small cap companies. In
16 1999, and at least through September of this year, the
17 reverse has been true.

18 CHAIRMAN TILLERY: That's small cap and
19 large cap, but how about our broad based.....

20 MS. MCCAMMON: Yes. That's the Russell
21 3000.

22 MR. O'LEARY: Well, the Russell 3000 is
23 dominated by the same companies that dominate the S & P
24 500. It is a capitalization weighted index. And so, you
25 know the key is, is it capitalization weighted or equal

1 weighted? Small cap indices, well, they are also
2 capitalization weighted, because there are so many more
3 companies in them. You don't have the dominance of a small
4 group of companies as you do in the large cap arena. I
5 think it's only like 150 companies with a market cap of
6 over \$10 billion or \$12 billion, so the universe of
7 megasize companies is pretty small. The Russell 2000 has a
8 weighted average market cap of about \$1 billion, and at the
9 time it got reconstituted each year, maybe a \$2 billion
10 company or a billion and a half dollar company is the
11 largest company that's in it.

12 CHAIRMAN TILLERY: Yeah. We're in the
13 Russell 3000.

14 MR. O'LEARY: Three thousand is the
15 weighted average sum of the Russell 1000, large cap, and
16 then the 2000, smalls.

17 CHAIRMAN TILLERY: Right. And so I guess
18 what I'm trying to figure out is has our 3000 over the last
19 year -- has sort of the 3000 done better or worse than
20 either the 1000 or the 2000, individually?

21 MR. O'LEARY: I don't know the answer
22 offhand, but my belief is that the 2000 has done better
23 than the 1000 and, therefore, would have done better than
24 the 3000.

25 MR. BALSIGER: It would be impossible for

1 the 3000 to do better than both of them.

2 CHAIRMAN TILLERY: Well, right. And I
3 guess I'm kind of wondering do we end up in the middle?

4 MR. BALSIGER: You have to be in the
5 middle, don't you? Just by the mathematics.

6 MR. O'LEARY: Yeah. If the large cap
7 stocks are doing better, the 3000 will do worse than the
8 1000 and the converse. If small cap stocks are doing
9 better, the 3000 will do better than the 1000 but worse
10 than the 2000. I'll get those numbers to Molly, and she
11 can distribute them to you. You know, the calendar-period
12 numbers.

13 Small cap stocks tend to outperform in
14 comparatively concentrated periods. They may underperform
15 for three or four years, then outperform by a significant
16 magnitude for a couple of years, and then there will be a
17 couple of years, or several years, where there's no
18 meaningful difference based on capitalization size. Their
19 periods of outperformance, though, tend to be pretty
20 dramatic. What has been unusual in the 90's has been the
21 degree of underperformance of small cap relative to large
22 cap through most of the 90's -- from '94 through '98. The
23 magnitude of the underperformance of small cap versus large
24 cap was truly extraordinary.

25 CHAIRMAN TILLERY: And then so the question

1 for us would be are we better off sticking with a 3000-type
2 index, or should we fine tune it more -- split it up into
3 large caps, small caps and try to start betting, guessing,
4 or whatever.

5 MR. O'LEARY: Well, I would encourage you
6 not to be as between small cap and large cap. I'd have
7 both. So, I think having the 3000 is right on point.
8 That's exactly what you should do. But you might examine
9 the question of would we be better off with active managers
10 for the small cap piece of the domestic equity, because
11 small cap active managers have tended to do a lot better
12 than the passive alternative.

13 It's not unusual for us to see a client
14 have 30, 40, 50 percent of their large cap assets indexed
15 to a large cap index -- the Russell 1000 or the S & P 500 -
16 - and then have none of their small cap assets indexed,
17 have it all actively managed.

18 MR. RUE: And that's because the small cap
19 tend to be more volatile? In other words, come and go, and
20 (indiscernible)

21 MR. O'LEARY: The small cap managers have
22 tended to be able to do better than the Index.

23 MR. RUE: Pick the winners better.

24 MR. O'LEARY: Or, maybe, just avoid the
25 losers.

1 MR. RUE: (Indiscernible - away from mike)

2 MR. O'LEARY: Psychologically, it's a very
3 different way of looking at the world. If you're saying my
4 objective in my investment strategy is to not own the
5 clunkers, and that's how I'm going to be above average.
6 Now some would argue with that say, well, there's a
7 measurement problem. You know, the small cap indices
8 aren't really reflected. But I can tell you that the
9 average small cap manager in our database, over the long-
10 term, has done better than the small cap market indices.

11 CHAIRMAN TILLERY: I mean, we got that same
12 advice with respect to international equities.....

13 MR. O'LEARY: Yes.

14 CHAIRMAN TILLERY:that we should be
15 active management versus passive management, and that's
16 what the State does. But the State's view, as I understand
17 it, is with respect to domestic equities, we generally
18 don't go with the active management.

19 MR. JENKS: Yes. That's correct. And it
20 was an evolution. The State started with just the S & P
21 500, and this gets into this large cap, small cap debate.
22 Originally, the State used an S & P 500 Index to provide
23 equity exposure for the State's endowment funds and any
24 other non-retirement systems funds. And a number of years
25 ago, as this performance dispersion between large cap and

1 small cap kept getting greater and great, we felt it was
2 more and more important to have a broad market exposure.
3 So, we made a shift from the S & P 500, which was less
4 exposure to the small caps, to the Russell 3000 for a
5 number of reasons.

6 In sum, we felt that we were still better
7 off to maintain a passive approach to implementation and
8 investment strategy. Partly it was budgetary constraints.
9 Partly it's the fact that on a dollars basis, the large cap
10 stocks where we believe the case is stronger for asset
11 management are still the bulk of the dollars that, in sum,
12 it still makes sense to implement a broad market strategy
13 on a passive basis.

14 MR. ROTH: Of course, then there's the
15 question, too, of if you're actively managing -- an
16 actively managed portfolio -- with companies being
17 regulated by certainly the Federal government, and somebody
18 said the State government, and then trying to insulate that
19 from the decision-making. I mean, the passive funds, I
20 don't have a problem with a conflict of interest and doing
21 these broad indexes. But if we were in active management -
22 - and then it's even worse if we were really a fiduciary.
23 And that debate we had earlier.

24 Back that -- then, if we had one side of
25 Interior knew that this regulatory activity was going to be

1 depressing the price of the actively managed company or
2 something. I mean, we don't care to look at that, and what
3 we're doing is the minimus and won't have any investment
4 effect. I'm not sure we can say what we're doing won't
5 have any investment effect on an actively managed
6 portfolio.

7 MR. O'LEARY: All good points. I would
8 point out that John was referring to the Treasury's
9 position with regard to endowments, that the retirement
10 system is predominantly actively managed. One of my many
11 claims to fame is I'm not an attorney. But that doesn't
12 stop me from offering opinions. It would seem to me that
13 by delegating to an investment manager, you may have
14 succeeded in removing the conflict. Then, the same
15 position, as a fiduciary, if you know of something that
16 might have an adverse effect on your holding in "x,"
17 whether it's held passively or held in an actively managed
18 portfolio, it might be exceedingly difficult for you all to
19 manage the portfolio, but not to have somebody else manage
20 the portfolio. Needless to say, I'll never have to get in
21 front of the Supreme Court.

22 MR. RUE: In other words, if Jim Balsiger
23 is about to shut down the factory trawlers, and he knows
24 it, he ought to tell us so we can get out of.....

25 MR. BALSIGER: We told you last Thursday.

1 Get out of the seafood.

2 MR. O'LEARY: Just a word -- you can see
3 from the slide that we're not great advocates of passive
4 management in international because the record really there
5 has been very strong for active managers doing better than
6 the passive benchmark, in something like the Equal Index,
7 which is a refined index of non-U.S. exposure. A word of
8 caution, though. In the 1980's there were many people who
9 invested passively internationally, because the index, this
10 same index, was beating the socks off of the typical active
11 manager. At one point, Japan got to be about 65 percent of
12 the index, and the Japanese market was settling at 100 plus
13 times earnings, and active managers generally thought that
14 it was a bubble that was going to burst. And so they had
15 nowhere near 65 percent of their portfolio in Japan.

16 So, what happened? Investors, such as you,
17 looked at the active manager return, looked at the index
18 return and said, ooh, I like this one better than this one,
19 fired the active manager, put the money into the index, 65
20 cents of every dollar got invested in Japan. Investing on
21 that basis is a greater fool theory. I think over the next
22 five or 10 years the index is going to be much tougher for
23 the typical active manager to beat than it has been over
24 the last five or 10 years, because in the last five or 10
25 years what's happened is Japan has gone from 65 percent of

1 the index to about 26 percent of the index. So, it's no
2 longer the dominating factor that it was and, eventually,
3 maybe the Japanese economy and stock market does better.

4 So the case there is a different case in my
5 mind than the case in the small cap area. The small cap
6 area, the story is you have thousands of companies and
7 market inefficiency. In the international area, the reason
8 for most of the outperformance was active managers having
9 less in Japan than the index had in Japan. You'd agree
10 with that, John, right?

11 MR. JENKS: Yes.

12 MR. O'LEARY: So, if somebody felt strongly
13 about managing international portfolios passively -- having
14 some portion of your assets -- we certainly would have a
15 problem. We just have a couple of more minutes. This
16 table is sort of an interesting table. This is not what
17 we're recommending. This is sort of what's typical. The
18 number of managers utilized tends to increase the size of
19 the fund, and the biggest change occurs in domestic
20 equities. The bigger you are, the easier it is to justify
21 the added costs and time associated with more managers.

22 Being mindful of the costs of your program
23 -- critically important for you -- the type of structure
24 that you have is very, very efficient. Your investment
25 management costs are very low. I'm not going to go through

1 this whole section. I'd just ask you at your leisure to
2 turn the pages.

3 Having a process for a evaluating your
4 vendors is critically important. At some point down the
5 road, you should, say, examine -- are we getting reasonable
6 value for the services the way we're getting them? And
7 the answer is probably going to be yes. I mean, I'm very
8 confident it is yes right now. But those things can
9 change, so you have an obligation to look at it. If you go
10 to hire in a new area, I think it's important to go through
11 the process of, you know, define the objective in advance
12 and then have a process. Let me give you an illustration
13 of how I think of it. It has worked well with other
14 clients.

15 These days there are all sorts of
16 consolidations going on in the investment services
17 business. And so, inevitably, a large money manager has
18 multiple products to sell. And maybe a manager has done a
19 great job in a particular product area, and they think that
20 they can do a great job in another product area. And if
21 the client is looking for somebody in that other product
22 area, in the back of their mind they're saying, well, gee,
23 Jim and Sally at XYZ are great. They've done a wonderful
24 job for us. We have a lot of confidence in the
25 organization, and we think that we need to hire a new bond

1 manager and even though Jim and Sally have been managing
2 the stock portfolio for us, we think that they could do a
3 great job in the bond area.

4 Well, maybe they can. But maybe they
5 can't. Maybe there are better alternatives. And that's
6 the sort of decision process that is a challenge to
7 maintain, the let's start from scratch, let's put it down
8 on a piece of paper. It may be advantageous to us to buy
9 that extra service from that single-service provider.
10 Maybe they will give us a fee discount, which will make
11 them worthwhile. But what you have to independently look
12 at is their capability truly competitive there? And we've
13 done a number of searches for ASPID or for the Permanent
14 Fund where sort of our marching order is, if everything
15 else is equal, we'd just as soon deal with our existing
16 service providers, our existing managers, because it's
17 administratively easier and it gets us fee savings. But,
18 you have to look at the whole universe. And if they have
19 something that's competitive, they are even more
20 competitive because of the advantage of the existing
21 relationship. But if it's not competitive, you're better
22 off taking on that new relationship.

23 I just want to mention securities lending
24 very, very briefly. This is sort of a non-sequitur. I
25 also know that it's something that you all may be

1 considering at some point in your not too distant future.
2 Securities lending is a very common program for major
3 institutional pools of money. Are any of you familiar with
4 it?

5 MS. MCCAMMON: Mike, I don't think they're
6 aware, and John just informed me yesterday or the day
7 before that the State is now considering instituting a
8 securities lending program which would, if the Trustee
9 Council wanted to be -- and the intent, I think, is with
10 most of the funds, the securities, to do this, if it does
11 go forward. And so the Council would have to decide
12 whether to opt in or out of that program, so it is a
13 decision that will coming back to the Council.

14 CHAIRMAN TILLERY: Didn't we banish that in
15 our investment plan? I thought we talked about it, and
16 said no.

17 MS. MCCAMMON: I'm not sure we specifically
18 said it.

19 MR. ROTH: It was also in the context that
20 the State wasn't doing it, so that.....

21 MS. MCCAMMON: Yeah.

22 MR. ROTH:(indiscernible -
23 simultaneous speech) as I recall. Why don't you just tell
24 us again?

25 CHAIRMAN TILLERY: Yeah, maybe just talk

1 about it a little bit.

2 MS. MCCAMMON: Yeah, yeah.

3 MR. O'LEARY: Securities lending is a very
4 common, semi-mechanical program that I would venture it
5 being something that the majority of institutional
6 investors participate in. Most of the mutual funds that we
7 all as individuals invest in undertake securities lending.
8 What is involved is you, as the owner of a portfolio, agree
9 with some agent that that agent can lend the securities to
10 somebody else, provided that they get collateral which
11 typically is equal to 102 percent of the value of the value
12 of the security that you're lending, and that it is
13 maintained at some premium to the value of the security
14 that you've lent.

15 MR. RUE: Why would someone want to borrow
16 a security under those terms?

17 MR. O'LEARY: Maybe they don't want to sell
18 the securities that they're going to use as collateral if
19 they're using government instruments. Maybe they have no
20 alternative but to borrow the security. If somebody is
21 selling the stock short, the ultimate buyer of that stock
22 wants the stock, and so the short seller has to borrow the
23 stock from somebody and has received cash in collateral --
24 you know, cash as the proceeds from that sale. There can
25 be complex arbitrages between major brokerage firms and

1 futures arbitrage, selling stock and buying future. That
2 would clearly be a form of short-selling, but it doesn't
3 suggest the same level of risk. If I buy an S & P 500
4 future contract, and -- because I think it's selling at a
5 premium to the underlying stock, and I want to make that a
6 riskless transaction from my perspective, I will
7 simultaneously sell all the stocks that are in the S & P
8 500. I've sold the stocks short, and I've locked in the
9 spread.

10 So, there are a whole host of things, of
11 reasons, that can generate a need to borrow securities.
12 From the lender's perspective, the critical things are,
13 have I gotten sufficient collateral so that whoever I lent
14 the security to, if they go belly up, that I'm whole?

15 Number 2, do I still get my income stream from the security
16 that I lent, and that's a condition of the loan. And then,
17 number 3, what extra do I get from it? So what happens is
18 typically a custodian, like a State Street, also will act
19 as the lending agent. And what they'll do is say, well
20 okay, Client A, you've lent \$100 million of Treasury bonds,
21 and we're giving you \$102 million in cash. And the cash
22 will be invested in a STIF vehicle -- short-term investment
23 fund. So I'll get my interest income on the \$100 million
24 of securities that I've lent, and now I have \$102 million
25 in cash invested in the short term. Now, since the

1 borrower isn't totally stupid, he's going to require that I
2 give him most of the earnings on the short-term investments
3 on the \$102 million, but not all of it. Most of it. And
4 then the lending agent in my illustration, State Street, is
5 going to say, well, Client, look I'm not in this for
6 charity. I want a piece of what's left. So, from our
7 perspective we see most institutional investors -- as I
8 said, the majority -- who can, participating in such
9 programs.

10 There are several risks. There is an
11 operational risk that a security gets lent and the
12 collateral doesn't come in the door simultaneously. So
13 there's a window risk. Most of the major securities
14 lending agents indemnify against that type of risk.

15 Another operational risk is the stock that I lent has gone
16 up in value. So what started out as adequate collateral,
17 102 percent, now is only 95 percent -- not because the
18 collateral went down in value, but because the stock went
19 up in value and then the borrower fails. So, I'm worse off
20 for that. Most securities lending agents indemnify against
21 borrower default. There is another risk which is there is
22 a mismatch of the investment of the collateral and the term
23 of a loan. And so maybe the loan gets negated in a week,
24 but I've invested the collateral for 30 days. And so, if I
25 liquidate the collateral at the end of the week, I've

1 incurred a loss. That typically is not indemnified against
2 and, as I understand it, what is being proposed by State
3 Street for the State would actually provide some
4 indemnification against that risk.

5 MR. JENKS: That is correct.

6 MR. O'LEARY: In terms of expected return,
7 the absolute dollars are large, but as a percent of the
8 assets, it's very small. John, the State's expectation in
9 terms of net lending income is?

10 MR. JENKS: Five (indiscernible - away from
11 mike) approximately.

12 MR. O'LEARY: Just on the assets lent,
13 right?

14 MR. JENKS: No.

15 MR. O'LEARY: On total assets.

16 MR. JENKS: Total assets.

17 MR. O'LEARY: So, some people might say,
18 hey, there's some small risk associated with it and it's a
19 very small incremental return and it's not worth the wait.
20 And then others would look at the same thing and say, hey,
21 it's found money.

22 MR. ROTH: I might have misheard. I
23 thought you said one of the things the borrower gets out of
24 it is the potential for short-term gain on the borrowed
25 stock, but that would mean he only gets gains if he sells

1 the borrowed stock, so I must not have.....

2 MR. O'LEARY: No. The borrower is -- I was
3 trying to respond to the question why is there need -- a
4 market to lend securities. And the answer is that there
5 are all sorts of operational things -- as part of the
6 business -- and related strategies. And the specific
7 example I used was somebody an buying S & P 500 future
8 contract because they think that the futures are
9 undervalued relative to the underlying securities that are
10 in the S & P 500. So, if I thought that, and I had real
11 deep pockets and the ability to leverage myself 50 or 100
12 to one or something, I might buy the future and
13 simultaneously sell short each of the stocks. I would
14 then, as I sold the stock short, have to deliver the stock.
15 So, I'd have to borrow the stock from somebody. And my
16 profit is on that relationship of the futures price and the
17 underlying securities converging. Okay?

18 MR. RUE: So, you didn't have any S & P 500
19 stocks to start with. You had to go borrow them to sell
20 them to get the margin. I get it now.

21 MR. ROTH: The borrower borrows the stocks
22 to sell them, and then their stocks are sold somehow it
23 sounds like. And then he returns the rest of the stocks
24 later. He buys them later.

25 MR. O'LEARY: Yeah, to close out the

1 position. And he simultaneously sells the futures
2 contract.

3 MR. ROTH: And how does that whole thing
4 affect our banding and our asset allocation (indiscernible
5 - simultaneous speech)

6 MR. O'LEARY: It's all transparent to you,
7 because while technically -- if there are 100 million
8 shares of stock outstanding, and we own 50 million of those
9 shares and we lent them, there can't now be 150 million
10 shares outstanding. There's still only 100 million shares
11 outstanding. So, technically, we don't own them but you
12 own the economic advantages of them.

13 MR. ROTH: So we still have them.

14 MR. O'LEARY: You still have the financial
15 interest. The only thing that you can't do is vote the
16 shares.

17 MR. ROTH: That would be where I was
18 thinking of is that whereas our collateral is fixed income,
19 you know, we're not counting it as a fixed income. We're
20 still looking at the underlying investments in stock.....

21 MR. O'LEARY: Exactly.

22 MR. ROTH:and, for allocation
23 purposes, those stocks, even though we may end up with as
24 the result of default would be the fixed income.

25 MR. O'LEARY: And, yes, you can sell them.

1 MR. RUE: Even though you lent them to
2 somebody then you can turn around and sell them? Jeez.

3 MR. O'LEARY: Actually, what happens is
4 that these are all set up basically as demand loans. So,
5 if you decide to sell the stock.....

6 MR. RUE: I see.

7 MR. O'LEARY:you terminate the loan,
8 you get the stock back in time to settle the trade.

9 MR. RUE: You keep the equity, then.

10 MR. O'LEARY: I'm wearing you out. You've
11 had a long day. I just will conclude with comments on how
12 I think you should evaluate performance. Obviously, you
13 should start at the top. Look at total fund performance
14 relative to your objectives. Then you should look at
15 performance by asset class segment, and then by individual
16 manager and, in your case, it's pretty straightforward.

17 There is both an art and a science to
18 performance evaluation. Calculating the numbers is now
19 reasonably straightforward. Interpreting the significance
20 of the numbers is where there's some art. And that's it.

21 And I did have, which you don't have in
22 front of you -- I want to show you.....

23 MS. MCCAMMON: It's a PDO.

24 MR. O'LEARY: What this is, is a graph that
25 shows roaming three-year returns from 1926 to sometime in

1 1999, the end of '99, for the S & P 500. And the red line
2 reflects the average. This graph -- and, Molly, I
3 apologize. I was on the plane when I came across these on
4 my computer and felt that they'd be worthy of some note.
5 Because your question is, you're spending money from a
6 fund. And you have a fund that has an objective to spend
7 money into perpetuity, right? And so, the question is what
8 level of spending is reasonable and consistent with us
9 making the same contribution to future generations? You
10 can spend now, or you can spend later.

11 Your foundations are ultimately governed by
12 the tax code, and they have to spend five percent.
13 Endowments don't have to spend anything. And so we are
14 frequently asked by endowment clients what level of
15 spending is a reasonable level of spending if we want to
16 make the same relative contribution in the future or,
17 ideally, we want to even grow our future spending? And so
18 what we did here is we took a mix of 80 percent stocks, 20
19 percent bonds, and this is a very aggressive policy, and
20 looked at all these rolling three-year periods. There are
21 122 periods where the return was less than zero, net of the
22 spending, out of 287 rolling three-year periods. The
23 average real growth of this portfolio, this theoretical
24 portfolio, was 1.39 percent. With a five percent spending
25 rate, and we presume seven-tenths of a percent in costs --

1 and now I'll go back and show you. From 1972 to present, a
2 mix of 50 percent domestic equity, 15 percent international
3 equity, 35 percent bonds. Same sort of spending -- five
4 percent distribution, seven-tenths of a percent costs, so
5 total distribution of 5.7 percent. Real growth of only
6 1.43, on average. But, very importantly, just a whole very
7 long period where there was a decline in the real value.

8 These are interesting charts. As I said, I
9 will send them to Molly and they can be distributed.

10 Bottom line is I think, regardless of your investment
11 policy, having a distribution rate in excess of five
12 percent, it's very tough to preserve the purchasing power
13 of the corpus if you have a distribution rate in excess of
14 five percent, even with very heavy equity allocations --
15 and totally inconsistent if you don't have the majority of
16 your assets invested in stocks. In other words, those are
17 the messages. If you want to distribute somewhere in the
18 area of five percent, you have to have the majority of your
19 assets in stock, the majority being 60, 65 percent in
20 stocks, and you have to be prepared for the probability of
21 having a number of periods, having a protracted period
22 where it looks like you're having declines in the real
23 purchasing power of the corpus. But if you stick with the
24 policy over the long term, you'll probably end up okay.
25 And you should think about averaging to the extent that --

1 averaging the distribution so that you smooth out the
2 spending pattern and that sort of stuff.

3 MS. MCCAMMON: So, we have four and a half
4 percent of five-year rolling average, so that should
5 be.....

6 MR. O'LEARY: Yeah. That should be good to
7 go.

8 MS. MCCAMMON:very reasonable.

9 MR. O'LEARY: And that's very typical of
10 major university endowments. There's an annual study
11 called the (indiscernible) study, which looks at major
12 university endowments, and it's really interesting. The
13 larger the endowments, the lower the distribution rates,
14 because, I think, those organizations recognize that it's
15 important to have a consistent distribution policy and are
16 employing averaging techniques which, in the short run,
17 make your percentage distribution look like it's low.

18 MS. MCCAMMON: John, did you want to -- or
19 Mike -- pass out this table here to everybody?

20 MR. O'LEARY: Yeah. One of our
21 quantitative guys, Jay Kloepfer, had developed this several
22 years ago, and it was very well-received by clients. We
23 call it a periodic table of investment returns. Jay was
24 looking at major asset categories and just arraying them
25 highest return to lowest return on a calendar-year basis.

1 And what sort of jumps out at you when you look at this is
2 that things change. That if you sort of mechanically
3 bought what was hot last year, that wasn't necessarily the
4 best approach. It wasn't the best approach. I'm trying to
5 see if I have it on my -- I don't have it on my computer.

6 MS. MCCAMMON: Yeah, I thought it was a
7 really good visualization of why diversification is really
8 important.

9 MR. RUE: We're all over the map. In other
10 words, if we used darts we'd do as well.

11 MS. MCCAMMON: John, did you want to say
12 anything, have anything to add or anything?

13 MR. JENKS: I didn't catch the entire
14 thing, so I'm sure that.....

15 MR. O'LEARY: You should've heard what I
16 said about you, though.

17 MR. JENKS: Yeah. So I missed all the good
18 stuff.

19 MS. MCCAMMON: Maybe we could mention while
20 John and while Mike are here, in your packet are the first
21 reports from the new investment fund. And just real
22 quickly I can just go through what's in here. The first
23 page describes the transfer of the EVOS monies from the
24 Court Registry Investment System to the State, so it goes
25 from how much was in CRIS, the deduction of fees, how much

1 was transferred and then how it was invested. The second
2 page is, as of October 26th, the account consists of
3 holdings in the following investment pools, and it has the
4 fund description, the target, asset allocation, the base
5 costs, market value and basically where we are in terms of
6 the asset allocation.

7 The next page talks about how the fees were
8 calculated that were deducted from the final CRIS account,
9 and I should note our total fees that have been charged by
10 the CRIS account over the life of the fund total \$3
11 million.

12 MR. RUE: \$3 million?

13 MS. MCCAMMON: Yes, yes.

14 MR. RUE: Thank you, Frank.

15 MR. ROTH: (Indiscernible) government
16 securities.

17 MS. MCCAMMON: That doesn't include the
18 cost of buying the governmental securities. That was
19 another little fee that was deducted from the original,
20 so.....

21 MR. ROTH: If only Justice (indiscernible -
22 background noise) could convince Judge Holland to waive the
23 fee (indiscernible) like he had authority to do.

24 MS. MCCAMMON: The next section is an
25 executive summary of the investment policies, and that was

1 one of things that Debbie and I brought back from the
2 training, too, was the importance of having a real quick
3 summary of the major highlights of our investment policies
4 that includes objectives, the responsible parties, the
5 asset allocation and the payoff schedule. Then there's
6 another sheet, how to look up the monthly EVOS investment
7 fund on your Internet, and you can bookmark this Web page.
8 It's done on a monthly basis, so you cannot get it on a
9 daily basis. It's only weighed once a month, and it
10 appears, let's see, I think approximately 10 days after the
11 first of the month. So, the new ones for December are not
12 on there.

13 The next page, then, is what you would see
14 on that Web page for the account, and are basically four
15 reports -- three of which we have now, and the fourth one
16 which we'll have this month: a statement of the invested
17 assets which, as of October 31st was \$137 million and
18 change; the next page, the statement of investment income
19 and changes in invested assets -- the current month and
20 then the year to date; the third one is the asset
21 allocation policy with actual investment holdings as of
22 October 31st, 2000 -- and that shows where we are in terms
23 of our asset allocation range. The one that we don't have
24 now, but will have in a few days, is a performance
25 measurement report. And so we'll actually get to see how

1 well the equities and bonds are doing in terms of income
2 earned.

3 CHAIRMAN TILLERY: Okay. The monies were
4 transferred on October 5th to the Department of Revenue.
5 So for at least one, brief shining moment -- from there to
6 October 31st -- we earned two and a half million dollars?

7 MS. MCCAMMON: I think that's correct.

8 MS. HENNIGH: But that had a lot to do
9 because we had a lot of cash invested there for a while,
10 and it won't be as (indiscernible - simultaneous speech)

11 MR. ROTH: It was short-term interest gains
12 is what she's saying, right? That won't be repeated,
13 because it's all invested then.

14 MS. HENNIGH: Is that true, John?

15 MR. JENKS: Actually, that wasn't the real
16 rumor. It was just the markets were up, actually. The
17 money came in, and you acted very quickly to get it
18 invested to your policy. So, in a matter of just a few
19 days, actually, the investment policy was implemented. And
20 the last part of October was a fairly good period of time.
21 The market equities were up somewhat, and the bond
22 portfolio had performed quite well. I would just tip you
23 off that December won't be as encouraging. You had a great
24 day today.

25 MR. RUE: We have a long-term perspective.

1 Don't worry. We can take the down.

2 MS. HEIMAN: Did we lose money from last
3 month?

4 MR. JENKS: No, not today.

5 MS. HEIMAN: I know not today, but over the
6 last month? Do you know if we lost money over the last
7 month?

8 MR. JENKS: Yes.

9 MS. HEIMAN: I'm not the only one, then.

10 MR. ROTH: In the first report, did that
11 include the 2000 payment from Exxon?

12 MS. MCCAMMON: Yes.

13 MR. ROTH: And so we have one cash payment
14 left?

15 MS. MCCAMMON: One cash payment left, yes,
16 and a lot of land payments out next fall.

17 MR. ROTH: And so, what do we need -- I
18 mean, roughly, what do we need -- net of the outlays that
19 are targeted and net of the next payment from Exxon, what
20 do we need to make? What did you say our target was on the
21 March 1 resolution (indiscernible - simultaneous speech)

22 MS. MCCAMMON: Well, you look back in the
23 financial report of September 2000 in your packet here, and
24 it says that the Joint Trust Fund as of September 30th,
25 before the transfer occurred, has approximately \$160

1 million -- and that is less reimbursements, that's less all
2 major land payment contracts. That also includes 16 and a
3 half million set aside for Koniag. So, if you add the 16
4 and a half back in, that would say -- less reimbursements
5 to the State, and less the land payments next fall -- there
6 is approximately \$175 million in the fund as of today.
7 That doesn't include what interest or lapse might occur in
8 the next two years.

9 MR. ROTH: What do we need by October 2002
10 -- \$170 million, minimum?

11 MS. MCCAMMON: Minimum, uh-huh.

12 MR. ROTH: So, we'll be there unless the
13 market really tanks.

14 MS. MCCAMMON: We're on our way.

15 MR. BALSIGER: What happens if we go below
16 that?

17 MR. ROTH: Well, then we have less than --
18 the way the resolution reads, we were guaranteed for
19 habitat, of which we will be setting aside, hopefully, at
20 the next meeting almost 30 million bucks. So, we
21 guaranteed \$55 million for habitat as of October 1, 2002,
22 with the rest to be taken on the science side of the other
23 money, but that, on the other hand, though, we offered to
24 share the risk on the habitat and the answer was no. If
25 you earn more than that, then all of it goes into the

1 science and the other activities being funded out of that.
2 The habitat has no potential for growth beyond 55 million
3 until October 1, 2002, at which point we can earn interest
4 on the habitat money.

5 MS. MCCAMMON: But our estimate is that if
6 the habitat is 55, that the research -- it depends on the
7 rate of return in the next two years, but we're looking at
8 somewhere hopefully, at least, \$125 million.

9 MS. HEIMAN: Oh wow. That's good.

10 MR. BALSIGER: How about the Northern Fund
11 Investment Committee, of which I think it's illegal for us
12 to lose money, so they want to invest in Treasury bonds
13 because they're worried about this kind of thing. So, I
14 was wondering what happens if we fall below that, if
15 there's a legal problem?

16 MS. MCCAMMON: Well, there's not a legal
17 problem. But I think what Mike showed there is that you
18 really do have to look at the long term, and it depends on
19 what your payout is. And if your payout is done on a
20 rolling average and it if it's done fairly conservatively,
21 then you can have these periods of time where you do lose
22 money, and it balances out over the long-term.

23 MR. O'LEARY: Right. And this is really a
24 challenge, I think, for governmental entities, because in
25 the private sector, everybody thinks in terms of total

1 return. And so a dollar of unrealized gain is just as
2 valuable as a dollar of realized gain. In much of the
3 public sector, despite the fact that the accountants have
4 now changed how you have to account for things, there's
5 this difference in a dollar of income or a dollar of
6 realized gain has a different value than a dollar of
7 unrealized gain. And all those that I was talking about
8 were looking on a total return basis. That is clearly how
9 professional investors think about returns today. And
10 government bonds -- 5.4 to 6 percent, in that range of
11 expected rate of return -- that's what you're getting
12 relative to an eight or eight and a half percent for a
13 diversified portfolio. It's a lot of money.

14 CHAIRMAN TILLERY: I think one of the
15 messages is in addition, too, is we need to stay the course
16 on our investments, not jump around, but pick something and
17 try to stick with it. We also need to stay the course on
18 the payoffs. And if we do well, we don't want to declare
19 dividends and do more programs. And if we do bad, we don't
20 want to panic and not do programs. We've made a decision,
21 and we need to stay with that decision.

22 MR. O'LEARY: And, if on average, it's much
23 over five percent, then it's too much.

24 CHAIRMAN TILLERY: Are there any other
25 questions for Mr. O'Leary or Mr. Jenks?

1 (No audible response)

2 CHAIRMAN TILLERY: Mr. O'Leary, thank you
3 very much. That was very informative and very helpful. We
4 appreciate it very much.

5 MS. MCCAMMON: Thank you very much. We
6 appreciate it.

7 MR. O'LEARY: Good luck with it.

8 MS. MCCAMMON: Do you want to a couple-
9 minute break?

10 CHAIRMAN TILLERY: Yeah. Do you want to
11 take a few minutes break, or do you want to do the PAG
12 first, and then take a break before we do the first
13 project. What's the Council's.....

14 MS. HEIMAN: (Indiscernible) PAG very fast.

15 CHAIRMAN TILLERY: Think so? All right.
16 Let's just do the PAG real quick. Molly, could you give
17 about a one-minute background on the need for PAG
18 appointments?

19 MS. MCCAMMON: Yes. The Trustee Council is
20 required to have a Public Advisory Group. Their current
21 terms expired at the end of October. The PAG has been
22 rechartered for the next two years, but all 17 members are
23 up. It's a 17-member group. It's organized under the
24 Federal Advisory Committee Act through the Department of
25 Interior. The 17 seats -- there are 12 designated seats,

1 and five public at-large seats. The Council has talked
2 about reconstituting the makeup of the Public Advisory
3 Group in light of a long-term program, but the decision
4 last summer was made to hold with the current makeup or the
5 current constitution of the group and think a little bit
6 more about how a new group might be structured. And so the
7 plan is to go ahead with the 17 members. And we do have 19
8 applicants. It was advertised extensively through the
9 summer, and through the fall, we also sought additional
10 applicants. We have 19 people who submitted their
11 applications, and those are included in your packet.

12 CHAIRMAN TILLERY: Ms. Heiman?

13 MS. HEIMAN: I move that we appoint for the
14 next two years a PAG that will consist of -- and I'll just
15 go through the names and the category that they fall into:
16 Torie Baker, for the commercial fishing; Chris Beck, public
17 at large; Chris Blackburn, public at large; Dave Cobb,
18 public at large; Gary Fandrei, public at large; Brett
19 Huber, sportfishing; Dan Hull, public at large; James King,
20 conservation; Charles Meacham, science and academic; Pat
21 Norman, Native landowner; Lloyd Perrine, agriculture;
22 Gerald Sanger, commercial tourism; Stan Senner,
23 environmental; Stacy Studebaker, recreation; Charles
24 Totemoff, forest products; and Ed Zeine, local government.

25 MR. RUE: Second.

1 CHAIRMAN TILLERY: Okay. It's been moved
2 and seconded. Is there a discussion of the motion?

3 MR. GIBBONS: Mr. Chairman?

4 CHAIRMAN TILLERY: Mr. Gibbons?

5 MR. GIBBONS: Reading this list here, that
6 means that we're still going to be short one position in
7 subsistence, and will we be looking for a person? Is
8 that.....

9 CHAIRMAN TILLERY: Ms. Heiman?

10 MS. HEIMAN: Yes. As part of the motion, I
11 would like to add that there's one seat open still at this
12 time, and we're going to take the next four days or so to
13 identify a person who can represent the position of
14 subsistence.

15 MR. RUE: I agree to the amendment.

16 CHAIRMAN TILLERY: Is there other
17 discussion?

18 (No audible response)

19 CHAIRMAN TILLERY: Okay. Hearing none, all
20 in favor of the motion signify by saying aye.

21 IN UNISON: Aye.

22 CHAIRMAN TILLERY: Opposed?

23 (No opposing responses)

24 CHAIRMAN TILLERY: The motion carries.
25 We'll have a five-minute recess. Try to make it pretty

1 quick, because deferred projects could take a while.

2 (Off record - 3:32 p.m.)

3 (On record - 3:38 p.m.)

4 CHAIRMAN TILLERY: Okay, if we can come
5 back into session. Is the Department of Interior out
6 there? The next and final item on the agenda is deferred
7 projects. Ms. McCammon, do you want to bring that to us?

8 MS. MCCAMMON: Yes. In your packet under
9 deferred projects -- first of all, there's a memo in there
10 that kind of recaps what we've done so far this year. In
11 August, you approved funding \$4,685,700 worth of projects.
12 At that time, you deferred action on 18 projects totalling
13 more than \$1.8 million. At this time, after reviewing all
14 of these, I'm recommending that 10 of these projects,
15 totalling 1.2 million be funded, and that two additional
16 projects totaling approximately 150,000 be deferred
17 further.

18 If you'll recall, the Council took action
19 in the summer and set a cap for the FY01 Work Plan at \$6
20 million. And you can just see by where the numbers are
21 that, even with the two projects that I'm recommending have
22 continued deferral, that really that they total about \$150
23 million, although basically those are both earmarks and not
24 real numbers, but there's only about \$104,000 remaining
25 underneath the cap. So, this has been a real challenge of

1 kind of meeting our goals of this project.

2 When we were looking at it, we tried to
3 focus on a number of things. One thing we were focusing on
4 was what projects do we need to do to bring closure to a
5 number of the major efforts that the Council has funded
6 over the last nine years. So that was a high priority,
7 concluding a number of those major efforts, whether the
8 APEX Project or whether they're some small, individual
9 projects --but trying to bring those to conclusion. Not
10 all of those projects will conclude in this fiscal year.
11 There will be some that continue on into the next fiscal
12 year.

13 The next major focus was what projects
14 related to the development of GEM are essential in order to
15 have further progress on development of the Gulf Ecosystem
16 Monitoring Program. So that was the second priority.

17 The third priority was what projects are
18 absolutely essential to being done this year, as opposed
19 to, yes, we'd really like to do them, yes, they're great
20 projects, but they don't have to be done this year. They
21 could be done in future years. So we kind of looked at it
22 from that perspective. It was challenging, but I think it
23 was worthwhile to do this, because our cap for next year is
24 even less. So, it's going to be even more difficult next
25 year to do this. It's always hard to tighten the belt.

1 But then, we have two spreadsheets that
2 follow, and we'll work off the numbers spreadsheet. And
3 I'll have Bob and Phil go through these, and I can chime
4 in, if needed. But to go through real briefly and talk
5 about these projects, there are a couple of changes in the
6 spreadsheet. We didn't give you a new spreadsheet, but I
7 just did want to note for the record that under Pacific
8 Herring 468, the recommendation was fund contingent. And
9 that contingency has been met, so it is fund. And under
10 SEA and Related Projects, Project 393-BAA, Food Web
11 Structure and Change, that contingency has also been met.
12 And to reflect the fact that those contingencies have been
13 met, there's some minor language change in the text
14 spreadsheet that basically just says the contingencies have
15 been met.

16 And so what we could do -- there aren't
17 that many projects here. We could go through these pretty
18 quickly, and if there are any question about specific
19 projects, just address them at that time. So, Bob, do you
20 want to.....

21 DR. SPIES: Sure. I can move at whatever
22 speed the Trustee Council wishes. Perhaps, after the long
23 day, that we might move through some of these projects
24 rather quickly. Let's start with the Pacific Herring
25 Cluster if you would. Project 468 is a closeout of the

1 FEATS Project, and this was a project to determine the
2 acoustic target strength of sandlance and Pacific herring.
3 Our reviewers are telling us that we needed these numbers.
4 We did not have them. We needed them to complete the work
5 that's been done in SEA and also APEX, using a rather
6 extensive use of acoustic technology. These are kind of
7 like calibration efforts to understand exactly and convert
8 the backscatter to actual acoustic biomass of those fish
9 that were detected in those projects.

10 The closeout consists of actual revision of
11 a manuscript that was submitted earlier, and a small amount
12 of money -- \$5,800 -- is being requested to finish those
13 manuscripts by the principal investigator. We need those
14 numbers, and we need to have them in the literature, so our
15 recommendation is to fund that project.

16 Project 01602 is the Herring Synthesis
17 Follow-Up. If you'll recall last year, we funded a herring
18 synthesis, and this was conducted by Dr. Brenda Norcross of
19 the University of Alaska Fairbanks. She's completed her
20 synthesis work, and we held a workshop last week to go over
21 some of her findings and present them and, along with some
22 other aspects of marine biology, in order to identify what
23 sorts of things we should proceed to do in the future and,
24 specifically, if there was anything that was needed in the
25 next year since there is no active field work of Pacific

1 herring under this program presently. There are some
2 things that are identified as possible parties, and I think
3 we'll have us some response and some interest, particularly
4 on the part of Alaska Department of Fish and Game, to some
5 of those (indiscernible) as being identified at the
6 workshop. So, our recommendation here is to continue to
7 defer the project funding until we can get a full set of
8 proposals directed at this short-term need and get those
9 evaluated for consideration early next year.

10 The next cluster is SEA and Related
11 Projects. Project 393 Molly just mentioned. There was a
12 contingency on there to look at some of the analysis that
13 have been done on stable isotopes of mussel shells from
14 Middleton Island. The principal investigator has submitted
15 that information and it has been favorably reviewed. So
16 we're recommending going forward with the third year of
17 this three-year project. Hopefully, this will give us
18 somewhat of a retrospective -- look at changes that have
19 occurred in oceanography in the shelf over the last decade
20 since the spill.

21 Project 452, submitted by the Prince
22 William Sound Science Center, is to assess prey,
23 competitors and predators of pink salmon fry. Basically,
24 this is a project to gather hydroacoustic data on juvenile
25 pink salmon and zooplankton as well as the predators of

1 juvenile pink salmon -- namely, the pollock in the water
2 column of Prince William Sound. This project was
3 originally submitted as an independent investigation, and
4 we also had a project that we're hoping to develop a very
5 reliable method of estimating returns of pink salmon.
6 That's the Pristane Project, Project Number 01195. We
7 asked the submitter of this Project 452 to coordinate with
8 the Pristane Project and provide a measurement of offshore
9 predators that would be a useful, additional component to
10 the information being gathered under Project 195. They
11 have submitted that proposal. It's been favorably
12 reviewed, and we're recommending the amount of \$57,000 for
13 this project for this current fiscal year.

14 The next cluster is the cutthroat trout,
15 dolly varden and other fish, and the first project is the
16 Alaska salmon shark assessment. This project had been
17 deferred pending submittal and review of the results from
18 last fiscal year. The investigators have turned in that
19 information, that report. It has been peer reviewed, and
20 we're recommending, based on the review comments, that the
21 project in fiscal year 01 should focus on determining the
22 relative abundance index, such as provided by the long-line
23 surveys, since there is some difficulty with trying to
24 determine the absolute numbers of sharks in Prince William
25 Sound. And it was suggested that sonic tag technology --

1 implanting sonic tags that could be looked at as sharks
2 enter and leave Prince William Sound would be worth
3 investigating to get an idea of the turnover rate of the
4 population. A third objective that was suggested would be
5 estimating diet and consumption rate over the annual cycle.
6 Some efforts have been made already in that direction.
7 And, finally, an estimation of the portion of a population
8 that was caught by any particular survey. This is referred
9 to as "q" or catchability in the fisheries field.

10 We're also recommending that National
11 Marine Fisheries Service funds for Steller sea lion biology
12 provide some matching funds for this project and that the
13 project be managed out of Auke Bay laboratory to take full
14 advantage of the fisheries expertise of the Auke Bay
15 laboratory.

16 MR. BALSIGER: Mr. Chairman, did you want
17 all of these before we discuss them, or if there's
18 something that catches our eye here do you want to talk
19 about it?

20 CHAIRMAN TILLERY: Well, what's the view of
21 the Council? We don't have a whole lot here. There's
22 probably enough that it's probably worthwhile if you want
23 to talk about something you ought to bring it on up. Why
24 don't you go ahead and do it?

25 MR. BALSIGER: Okay. Of course, this is a

1 NOAA group out of Juneau and it involves a part of my life,
2 so I have a little conflict of interest here. But it seems
3 a little strange to me, I guess, that we would suggest that
4 the Fisheries Service use some of its Steller sea lion
5 monies to further this. Further, it seems strange that we
6 suggest that be run out of the Auke Bay lab. It's not
7 quite clear to me why the Trustee Council would make these
8 kinds of recommendations to the Fisheries Service.

9 I'm pretty new here. So maybe we've done
10 that kind of thing routinely -- asking people to look for
11 matching funds from your agency's program for future years,
12 and question the management direction, who's overseeing it.
13 Maybe routinely we ask ADF&G to run it out of their Kodiak
14 lab instead of out of Juneau or something like that if they
15 get projects, but I was looking for some reason why those
16 kinds of things were in here.

17 CHAIRMAN TILLERY: Dr. Spies, or someone?

18 MS. MCCAMMON: I can respond to at least
19 one if not both of them. We commonly ask for agencies to
20 look for matching funds. That's done in a number of
21 projects, so that's really nothing new.

22 MR. RUE: Before you leave that one, this
23 funding isn't contingent on finding matching funds.

24 MS. MCCAMMON: No, no.

25 MR. RUE: You're saying you see an

1 opportunity for.....

2 MS. MCCAMMON: Although, when this came
3 before us a year ago, it was funded at the level of
4 approximately \$85,000 as a one-year project. And the
5 request came back this year for a \$170,000 total.

6 MS. SCHUBERT: I think it was more like
7 135.

8 MS. MCCAMMON: 135. It was higher. So the
9 request is to stay at the \$85,000 and to seek the
10 additional matching funds for the project.

11 MR. BALSIGER: Perhaps I misread it, but I
12 read this as requiring the.....

13 MS. MCCAMMON: No. It's not required.

14 MR. BALSIGER:identification, and it
15 says budget does not exceed 85, and that identifies funds
16 from other sources for continuing in the future years.
17 And, of course, finding money for future years -- if all
18 you have to do is say, well, maybe we could get it from the
19 Steller sea lion money. That's one thing. I doubt that
20 Bruce and Lee will get money from the Steller sea lion
21 thing for future years. But, if it's enough to say I'll
22 try to do that, and then that meets the contingency that
23 would probably be fine. I'm not sure what the.....

24 MS. MCCAMMON: It's a common contingency on
25 a lot of projects the Council has done with either private

1 nonprofits or with agencies, to seek additional funding and
2 to seek another source of funding in future years.

3 MR. RUE: You could restate this and, I
4 mean, you could say there's no commitment you're going to
5 get any more money. Right?

6 CHAIRMAN TILLERY: I don't think it even
7 makes you ask. It just asks that you ask.

8 MR. RUE: Right.

9 MR. BALSIGER: Perhaps I, as I said,
10 misunderstood the nature of the contingency. But if that's
11 all we're doing is looking for finding other funds, I think
12 that's completely fair. But if it was trying to get these
13 people to guarantee that there's going to be funds,
14 obviously that can't work under the way the budgets and the
15 Federal government work.

16 MS. MCCAMMON: It says identifies funds
17 from other sources. And sometimes people have come back
18 and said, we tried and came up with nothing. Other times,
19 quite often, they are able to identify other funds.

20 CHAIRMAN TILLERY: But in any event, this
21 money is not contingent upon finding something, just.....

22 MS. MCCAMMON: Right, right.

23 MR. RUE: There are two messages. One, it
24 isn't contingent on finding something else and, two, it
25 sounds like it's going to be a little harder to get money

1 out of the Council next year. So, here's a heads up. You
2 might want to go find it somewhere else. Is that the
3 message we're trying to send?

4 MS. MCCAMMON: Yeah. Sometimes, it's not
5 difficult.

6 MR. RUE: And then, people don't always
7 hear that message.

8 MS. MCCAMMON: Right.

9 MR. RUE: But, I think that is the subtle,
10 or the not so subtle message. I think. At least, that's
11 how I read it. Don't come back to the trough, unless
12 you.....

13 MR. BALSIGER: Okay. That's sufficient, I
14 think, on that. I also note, of course, whereas the
15 project proposed using satellite tags and archival tags, I
16 believe the recommendation is for sonic tags, although I
17 don't know if that carries over to the Executive Director's
18 recommendation, but was under the Chief Scientist's
19 recommendation. That seems to be a different program. I
20 don't know whether that's been discussed with the proposers
21 of this project or not. Once again, being new here, maybe
22 it's fairly common to make fairly different changes in
23 these proposals -- what you find, as opposed to what they
24 want to do. But I just thought we'd have some discussion
25 on that.

1 MS. MCCAMMON: You want to respond to the
2 sonic tag issue?

3 DR. SPIES: Sure. That was a
4 recommendation made in terms of something to explore by the
5 peer reviewers, and a recommendation was passed along in
6 that spirit. We have not had an opportunity talk to
7 investigators about this particular aspect of it.

8 MR. RUE: Sonic tags. I thought we were
9 putting tags on sharks, but those are the pop-up tags?
10 Same thing?

11 DR. SPIES: Those are satellite pop-up
12 tags. These are sonic tags.

13 MR. BALSIGER: Well, I was supposed to meet
14 with these guys and figure out what was going on here, and
15 because time got too short, I didn't. So, I'm kind of
16 talking like I know what's going on here, and I should have
17 been informed. So, I feel a little bit foolish about that.
18 But I'm concerned that we've gone beyond -- looking at a
19 technology beyond what the sonic tag might do. But, again,
20 I'm not an expert on it. So I was wonder if the funding
21 requires them to use a sonic tag, even though when they
22 wrote it up it made more sense to them to use the archival
23 data tags, I'm not sure what restrictions are placed on
24 receipt of these monies by these recommendation.

25 MS. MCCAMMON: It says that addresses the

1 Chief Scientist's recommendations. And so if, in
2 addressing the recommendation, if there is a view that one
3 of the recommendations is invalid, inaccurate,
4 inappropriate, then the revised DPD would address that, and
5 we'd have it peer reviewed again.

6 MR. RUE: How about too expensive?
7 (Indiscernible) 85,000 if some tags are real expensive. I
8 don't know.

9 DR. SPIES: There certainly could be
10 another step in here, an integrative step of talking to the
11 investigators about these recommendations. But the
12 opportunity has not been available to do that, so that
13 would certainly make sense to us to talk to them about
14 these recommendation with regard to what was implementable
15 and the local applications of that. The reviewer is not
16 local but has great expertise in fisheries.

17 MS. MCCAMMON: Well, we did send the
18 recommendations out ahead of time hoping to get some kind
19 of feedback, and there wasn't any, so.....

20 CHAIRMAN TILLERY: All right. Bruce? Can
21 you say something?

22 MR. WRIGHT: (Indiscernible - away from
23 mike)

24 CHAIRMAN TILLERY: You need to come up
25 there near the mike.

1 MR. RUE: While he's coming up, could we
2 assume that we think the project could be done for \$85,000
3 successfully? I think that's what we're saying.

4 MR. WRIGHT: Sure.

5 MR. RUE: And if NOAA didn't complain,
6 you're assuming that it's okay. I mean that's how I would
7 read it.

8 MR. WRIGHT: This is Bruce Wright. I just
9 wanted to respond to the sonic tag question. We did spend
10 a little time looking at -- what you do, is you tag sharks.
11 You put these sonic tags on sharks, or any fish, and then
12 you have to set up an array of where you think the fish
13 would move through it. The Department of Interior has done
14 this successfully with birds, actually, and NMFS has done
15 this successfully with fish in rivers. And the array,
16 then, of equipment would read the animals as they moved in
17 and out of entrance areas. In the case of Chute Bay, it
18 was a real easy place to define. In the case of Prince
19 William Sound, it would be Hinchinbrook Entrance. And then
20 there's a couple of other entrances we'd have to establish
21 this array. Early estimates are just setting up the array,
22 not buying the tags, would cost about \$150,000.

23 MR. RUE: Okay. 85,000 will not let you
24 use sonic tags. Then, is the project worth doing without
25 the tags?

1 MR. WRIGHT: And all along we've thought
2 the archival pop-up tag was the best way to assure yourself
3 of getting quality data. They're expensive tags, you know
4 -- 3,500 bucks a piece -- but you'll get the distribution
5 data, you'll get the ecological behavioral data that we're
6 interested in. That's why we've leaned towards the
7 archival pop-up tag.

8 MS. MCCAMMON: Did you want to respond to
9 that, Bob?

10 DR. SPIES: Well, the tagging has two
11 different sources -- there's two tags for different
12 purposes. The array that was suggested to be considered by
13 the investigators by the reviewer was to, as Bruce said, to
14 look at the leaving and entering of Prince William Sound,
15 for instance, through the Hinchinbrook Entrance, and using
16 a kind of an interrogating sonic system with the tags.

17 Archival and pop-up tags gather information
18 as the fish moves through the environment and transmits
19 that -- they either are archived from the fish, in the case
20 of archive tags, and retrieved and read, or else they pop
21 up to the surface like a satellite and download the
22 environmental information that tells you the geoposition of
23 the tag, where it came up and also gives you an estimate of
24 the position of the tag and temperature, both external and
25 internal body temperature. So, they really have two

1 different purposes.

2 MR. WRIGHT: And then Frank asked if this
3 project was doable, and the first recommendation is
4 determine relative abundance index. That is certainly -- I
5 think that's a doable thing.

6 MR. RUE: Within the budget.

7 MR. WRIGHT: Within the budget. I think
8 that's a good recommendation for the project.

9 MR. RUE: Yeah. I was just trying to sort
10 through, because there's several objectives here and it
11 looked like you could achieve at least some of them.

12 MR. WRIGHT: The relative abundance index
13 is about the best handle you can get on abundance of sharks
14 out there. We tried lots of different methodologies this
15 year and counting fast moving sharks is pretty difficult.

16 DR. SPIES: You also didn't have much of a
17 -- there was some attempt to use acoustics.....

18 MR. WRIGHT: Yeah.

19 DR. SPIES:to find them. They don't
20 have a swim bladder. The swim bladder is what, in most
21 fish, generates a strong backscatter on the acoustic
22 signal. So, without a swim bladder, it's difficult. You
23 can get some weak signals from fish without swim bladders,
24 but it makes it very difficult.

25 MS. HEIMAN: Without what?

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DR. SPIES: Swim bladders.

MR. RUE: Maybe we could loan them a swim bladder (indiscernible)

MS. HEIMAN: What is a swim bladder?

MR. WRIGHT: It's a pocket of air inside of a fish that they use for maintaining buoyancy in the water depending on their depth, so they don't have to use.....

MS. HEIMAN: And sharks don't have that?

MR. WRIGHT:sharks don't have that. Halibut don't have that.

MS. HEIMAN: Thank you.

MR. GIBBONS: Mr. Chairman?

CHAIRMAN TILLERY: Mr. Gibbons? That mike is way over there, so you need to speak up fairly loud.

MS. MCCAMMON: Is anyone on the phone?

CHAIRMAN TILLERY: Yes. I've heard some people.

MS. MCCAMMON: Okay.

MR. GIBBONS: So, if the Trustee Council funds this at 85,000 what would we get? We'd get, I heard, relative abundance, but would we get any use of the satellite tags? At \$3,500 apiece, you might tag 10 sharks. I don't know how many you would tag for that, but for 85,000 if you're doing a lot of work on a boat, you're not going to get a whole lot of tags put in.

1 MR. WRIGHT: We will deploy at least three
2 tags for this budget -- 3,500 bucks a tag -- and that
3 should include enough funds to handle the data when it's
4 transmitted from the satellites to our computer.

5 MR. GIBBONS: Three tags?

6 MR. WRIGHT: I think that's what we could
7 do with this budget and do the relative abundance index.

8 MR. RUE: And get the diet and consumption?

9 MR. WRIGHT: We will do -- and most of the
10 diet data is coming from Fish and Game dockside surveys,
11 collecting stomachs for us, and sending them some stomachs.
12 And we have other sources as well. We get a frozen bucket
13 every one in a while, and everybody knows who it's going
14 to. So, we're doing the diet analysis. That data's being
15 collected by other people.

16 MR. RUE: Okay. Sounds like you can still
17 get a useful project done.

18 MR. WRIGHT: I think so.

19 CHAIRMAN TILLERY: I guess that's the
20 underlying question, is for \$85,000 -- I mean, are you
21 going to get something useful, or should we use this
22 \$85,000 somewhere else, and have you come back next year
23 and there might be more money available.

24 MR. WRIGHT: I think we can get something
25 useful. We're also trying to work with sleeper sharks in

1 conjunction with this, to try and understand the two
2 species. All those funds would come from, if we're able to
3 get additional funds, from NMFS. Both the species, they
4 think, are having a big impact on the ecosystem.

5 CHAIRMAN TILLERY: Mr. Balsiger, you had an
6 additional questions about the requirement of Auke Bay.

7 MR. BALSIGER: Well, I apologize. I'm kind
8 of a rookie on these things, so if I've gone too much into
9 the details for what we normally do here, that's fine. And
10 I actually think Dr. Spies' suggestion that there be some
11 dialogue between the two to make sure that this gets sorted
12 out is a good one. The other thing I did mention -- and,
13 of course, I read this contingent that the funds wouldn't
14 be there unless A and B were met -- and B was identifying
15 funds, so you've gone over that for me. The other one, A,
16 says that include the management of the project by the Auke
17 Bay lab, and.....

18 MS. MCCAMMON: I can address that one.
19 This project has come before us at least four times and has
20 been peer reviewed four times. It's been rejected by the
21 peer reviewers four times. It was funded last year. The
22 results came in. They have been peer reviewed this fall.
23 There has been concern over the last year that the quality
24 of this project is not up to the par of the quality of the
25 projects that come out of the Auke Bay lab. And in looking

1 at the various peer reviews over the last year, we thought
2 that the project could benefit by having a stronger tie
3 with the folks at the Auke Bay lab and some of the
4 fisheries expertise there.

5 MS. HEIMAN: Where was it done?

6 MR. WRIGHT: At the Auke Bay lab.

7 MS. MCCAMMON: It's not managed through the
8 Auke Bay lab. The project doesn't come through that lab.

9 MR. WRIGHT: It falls under Jeep's job.

10 MS. MCCAMMON: It hasn't come through
11 there.

12 CHAIRMAN TILLERY: Can I clarify? The
13 intent of this recommendation is that the money is only
14 available if it's through the Auke Bay lab or, again, is
15 the intent of the recommendation that look at the idea of
16 doing it through the Auke Bay lab.

17 MS. HEIMAN: It sounds like it's being done
18 in the Auke Bay lab, so what's the difference?

19 CHAIRMAN TILLERY: Something.

20 MS. HEIMAN: There is something. I've not
21 gotten to the bottom of it yet.

22 MS. MCCAMMON: It's my understanding that
23 it's not. And maybe there's a difference there in terms of
24 who has oversight and who has direct management, but....

25 MR. RUE: Are we into NMFS's dirty laundry.

1 MS. MCCAMMON: No, I don't want to do that.
2 I don't want to do that. On the other hand, what we're
3 trying to ensure is that we get the highest quality, the
4 best quality project possible.

5 MR. RUE: I'm with you, but what I'm trying
6 to find out.....

7 MS. MCCAMMON: And if I have been
8 misinformed by people that it does not -- that it does go
9 through the Auke Bay lab, and it has all of the peer review
10 from the lab that all the other NOAA projects has, then I
11 apologize. But that's not my understanding.

12 MR. BALSIGER: I didn't know how to bring
13 this up. I'm sorry I brought it up now, I guess. But I
14 don't think we want the shark manuscripts to be reviewed by
15 the chemists, for example, so that may be some of the
16 problem. But I'm happy to try to discover if there's some
17 different process of managing these that's different in the
18 chemical things from the biology ones. But I'm not sure.
19 I guess my first thought was, how do we demonstrate this
20 such that the contingency doesn't hang up the funds?
21 That's what I was wondering. What does this mean in order
22 for us to get the money through? I didn't really mean to
23 get to this level of detail, which we'll talk about,
24 perhaps, in a smaller group.

25 CHAIRMAN TILLERY: I think the important

1 thing is to understand what the contingency is. And I
2 guess my view would be that it would be a recommendation
3 for them to think about, but the money is not contingent
4 upon satisfying that recommendation. It simply expects you
5 to think about it, but you don't have to necessarily act on
6 it. You have a different -- that's not your
7 recommendation?

8 MS. MCCAMMON: No, no. That's not how it's
9 written.

10 MR. RUE: No. That's not how it's written.
11 I think we'd have to override her recommendation.

12 MS. MCCAMMON: Really. Because it's
13 addressing the recommendations to the Chief Scientist's
14 satisfaction and addressing these. I mean, in some cases
15 if all we want to do is somebody to look at it and think
16 about it, we write it a little bit differently.

17 MR. RUE: Right.

18 MR. BALSIGER: I guess I'd suggest.....

19 MS. MCCAMMON: But, if you would like me to
20 write it and revise it, we could do that, if you would like
21 it to be a little.....

22 MR. BALSIGER: Well, I guess I'd suggest
23 that if this is to meet the two scientists' concerns, that
24 that also be part of the dialogue that goes on here, to
25 make certain which tags we're going use, how we're going to

1 demonstrate that we're looking for funds into the future,
2 and how to make certain that we believe it has the right
3 peer review that's similar to others that come out of the
4 Auke Bay lab, I guess. And if that's where a dialogue can
5 take place to resolve this, I think that's perhaps good
6 enough.

7 CHAIRMAN TILLERY: This is sounding to me
8 like a defer to January category at this point, then. Am I
9 correct?

10 MR. RUE: Then the product gets deferred to
11 January?

12 MR. BALSIGER: I don't know.

13 MS. MCCAMMON: If you give me a couple of
14 minutes while we're going through, I can.....

15 MR. S. RICE: We paid six months. The
16 reason why the project came in at 135,000 is because the
17 project was funded halfway through the year. So, we
18 already paid for half of Hulbert's salary, so if you defer
19 it to January we're going to pay another half anyway. So,
20 yeah, it can wait till January. What do we lose? They
21 have three tags out there.

22 MS. MCCAMMON: I could revise the
23 recommendation here so you could go ahead and act on it. I
24 mean, I can do it enough where.....

25 MR. RUE: Molly, I guess the only concern

1 I've got is.....

2 MS. MCCAMMON: I mean, it's our best
3 (indiscernible - simultaneous speech) in the dialogue.

4 MR. RUE: Right. And I've got a concern.
5 There was a concern about how it was managed and run that
6 needs to be addressed. The Chief Scientist's and your
7 recommendation to us is go through Auke Bay. So I think
8 what I'm hearing folks say is that the dialogue could take
9 care of the management concern, and come back to us in
10 January. Would that sort it through? Or do we just, right
11 now, approve it saying when the project description is
12 written out, it will address adequate management, peer
13 review, et cetera.

14 MS. HEIMAN: We're not approving any one of
15 these yet, right?

16 CHAIRMAN TILLERY: No.

17 MR. RUE: Well, I thought we were going to
18 vote on it.

19 CHAIRMAN TILLERY: We will.

20 MS. HEIMAN: Not individually. At the end,
21 we will.

22 CHAIRMAN TILLERY: Right. We're not doing
23 it as we go through.

24 MR. RUE: Yeah, right. We haven't voted on
25 anything yet, but we're going to. So, I think someone's

1 suggesting that this be rewritten to say to address the
2 Chief Scientist's recommendations, including adequate
3 management of the project or adequate oversight of the
4 project.

5 MR. BALSIGER: Well, I certainly believe
6 that the Chief Scientist of the Council ought to be
7 convinced that it will be properly managed and there's
8 going to be proper research. However we convince everyone
9 involved, that's what we should do. Whether it's a
10 dialogue or whether we come back with a new proposal. I'm
11 not suggesting that we ought to do the research if you
12 think it's not going to be managed right.

13 MR. RUE: We would have to do a project
14 description -- is that correct -- that gets approved by
15 somebody? What's our next hook on this, Molly?

16 MR. WRIGHT: I think we'll have to have a
17 revised DPD.

18 DR. SPIES: Yeah.

19 MR. RUE: A revised DPD.

20 MS. MCCAMMON: I think if we just did fund
21 contingent on submittal and approval of a revised Detailed
22 Project Description that addresses the Chief Scientist's
23 recommendations, including adequate oversight of the
24 project and a budget that does not exceed \$85,000 period.
25 In addition, the agency should seek funding from other

1 sources for continuing the project in FY02 and beyond.

2 MR. RUE: Is that okay, Jim?

3 MS. HEIMAN: I guess I have a question.
4 How much money do we save by not funding it now versus
5 funding it in January?

6 MR. S. RICE: You don't save anything.

7 MS. HEIMAN: Oh, we don't, it's still
8 85,000 no matter.....

9 MR. RUE: Nope, saving none.

10 MR. S. RICE: You're not paying for a full
11 man-year's worth of work at all. You didn't last year.

12 MR. RUE: Does that meet peer concerns?

13 MS. MCCAMMON: Because then that -- the DPD
14 is just addressing those recommendations in the budget.

15 But, then, seeking the other funds isn't tied to -- it's
16 not a contingency. It's just clear that they're strongly
17 encouraged to seek additional funds.

18 MR. RUE: Does that take care of Dr. Spies'
19 concern with the project?

20 DR. SPIES: I think so, yeah.

21 MR. RUE: Okay.

22 CHAIRMAN TILLERY: You were up to king
23 salmon?

24 DR. SPIES: Yes. Project 1404 is archival
25 tags for tracking king salmon at sea: migrations, biology,

1 and oceanographic preferences in Prince William Sound.
2 This project was relatively favorably reviewed by the peer
3 reviewers when they met in the spring and some of the
4 concerns that they had have been addressed, particularly
5 the size at which the tags would be implanted in the smolts
6 have been addressed by the revised proposal. The proposal
7 came in, but since we're dealing with a cap here --
8 although it still is a very good proposal -- we're
9 recommending that this project come back next year in
10 Fiscal Year 02. And we think that it will compete quite
11 well with the other projects for which we have funds
12 available.

13 CHAIRMAN TILLERY: Ms. Heiman.

14 MS. HEIMAN: I guess since we are going to
15 discuss each one of these as we take them up, I might as
16 well bring up some issues we have with the project. You
17 have not recommended to fund it. Mostly, it sounds like it
18 had good support. People thought it was a good project.
19 One of the concerns I have about delaying it is that you
20 really don't get the results for two years. It's sort of a
21 two-year project, and this, like the halibut tagging, would
22 be something that would be nice to have some of this
23 information, obviously, as we move forward on GEM.

24 In addition, this -- I don't know if --
25 Jennifer, are you on the line?

1 MS. NIELSEN: Yeah, I'm here.

2 MS. HEIMAN: Oh, great. This project --
3 Jennifer, I was told that you have some potential grant
4 money that would match or help in paying for this project.
5 I guess I would like to turn it over to Jennifer if she has
6 anything to add, if it's okay with you, Mr. Chairman.

7 CHAIRMAN TILLERY: Sure.

8 MS. NIELSEN: Yeah. There's several.
9 First, of course, is I'm always looking for money, and
10 that's my job, and I saw several sources that can help
11 facilitate this. Just today I found out that USGS-BRD has
12 provided me with an increase in base funding which will be
13 attributable to implementing, at least partially, to
14 implementing this project. So, that will help out. The
15 promotional company in Canada that is making these tags --
16 the tags that I'm discussing using are tags that are only
17 in data test mode at this point. They're not in production
18 mode. They received a substantial grant from the Canadian
19 government which is similar to an NMF grant to help in the
20 development of the tags, which will make the cost of both
21 the tags themselves and the dummy tags that I request a lot
22 cheaper. So, through other vehicles, we're going to get
23 more implementation knowledge into this project.

24 DR. SPIES: Mr. Chairman.....

25 CHAIRMAN TILLERY: Commissioner Rue?

1 DR. SPIES:I also might mention that
2 Dr. Nielsen is on an international panel of experts to
3 evaluate this technology in its application to fisheries,
4 and she's one of more qualified people, not only in North
5 America, but in the world in this area.

6 DR. NIELSEN: And to be honest about that,
7 that particular committee is funded by the Sloane
8 Foundation, and they are very interested in implementing
9 this technology in Alaska because of the potential
10 implications for global climate change and ocean habitat
11 conditions.

12 CHAIRMAN TILLERY: Commissioner Rue?

13 MR. RUE: Yeah, I'm not sure if you can
14 hear me because the mike's way over there, but two
15 questions. Well, one question and a comment. Thank you.
16 The comment is I believe some of the smolt that we'd like
17 to put these in are in hatcheries and they are going to go
18 away. You've got to grow a smolt to a certain -- or, you
19 know, a fry -- to a certain size before you can put the tag
20 in. I'm looking at the stat.

21 DR. NIELSEN: That's correct.

22 MR. RUE: And so you lose your opportunity.
23 It may take a whole other year to get -- I mean, the timing
24 of growing out smolt and having them available and all that
25 stuff in the hatchery is a factor in wanting to move ahead

1 now, because we have them. They're available. It will
2 take a while. And I'd have to ask the hatchery folks.

3 CHAIRMAN TILLERY: Aren't they available
4 every year?

5 MR. RUE: Not necessarily at this size. So
6 we can find out exactly what the details are of that. My
7 understanding is getting the right sized smolt, we may lose
8 significant amounts of time if we don't do it.

9 MS. NIELSEN: Can I address that for a
10 moment?

11 MR. RUE: Sure. Please.

12 MS. NIELSEN: My communications with Alaska
13 Fish and Game is that fish of this size could be
14 implemented in a year. However, we need to get an early
15 start. What we would be doing is adding to the recommended
16 diet -- in other words, feeding (indiscernible) so that we
17 would generate larger fish. That has several implications
18 on this project, both of which I think are very positive.
19 One is, when you accelerate the growth rate of a salmonid
20 (indiscernible), they tend to mature quicker, so our return
21 for whatever species we implement this on would be probably
22 be higher and facilitate more quickly than if they were
23 just growing at their normal rate. And two, it gives us a
24 database. Besides the fact that this is a requested grant
25 to test the technology, it uses the database on the

1 distribution of hatchery fish, which we can then put in
2 relationship to wild fish when we implement it on wild
3 populations.

4 MR. RUE: So, I guess, I might have to
5 chart it out for you, but delaying now for another year
6 then delays because you have to grow the fish to put the
7 tag in, so there's a lag time beyond, you know, the initial
8 commitment. So, it puts you out fairly far into the
9 future.

10 MS. NIELSEN: Yes. That's absolutely true.

11 MR. RUE: Yeah. The question I have, I
12 guess, do these other sources of funds take away the need
13 for the project or reduce the costs, or are they the reason
14 this project is only \$100,000?

15 MS. NIELSEN: The latter. The halibut
16 project -- with the funding that I got for that, that
17 basically has funded about a little over a half of the
18 costs of that project. The rest of that project is being
19 supported by my base funding through USGS-BRD and will
20 continue for the next two years on that funding base. What
21 I would intend to do with the additional funds that I
22 generate to support this project would be an augmentation.
23 I'll be tagging more fish, or facilitating the tagging in a
24 way that would make it faster. So, I'm not developing a
25 funding base to try to diminish what I've requested in that

1 original request.

2 MR. RUE: I guess my final comment is, Mr.
3 Chairman, is I agree with Marilyn Heiman that I think this
4 project would be a good one to get going for a lot of
5 reasons sooner than later, and it may mean trading off some
6 of our other priorities, so I think I'm going to be trying
7 to argue and persuade you all that this is an important
8 project to get going sooner than later.

9 CHAIRMAN TILLERY: I think your last point
10 is important, is that it is going to involve a trade-off
11 because pursuing this project now is going to require
12 busting our cap, which is something that I don't think we
13 should be doing as we sort of start this long-term process.

14 MR. RUE: Discipline, yeah.

15 CHAIRMAN TILLERY: So, we're not voting on
16 it right now, but I think people need to keep that in mind
17 that if we do 100,000 here there's a 100,000 somewhere else
18 that has to go away.

19 MR. RUE: I agree, and that's why I
20 mentioned it.

21 CHAIRMAN TILLERY: Ms. McCammon, am I
22 correct in thinking.....

23 MS. MCCAMMON: I'm looking forward to your
24 recommendations on that.

25 CHAIRMAN TILLERY:is there also

1 another \$150,000 that we're going to be over because of it
2 was deferred further?

3 MR. RUE: We do fuzzy math?

4 CHAIRMAN TILLERY: Well, I'm sorry,
5 145,000.

6 MS. MCCAMMON: \$145,000, yeah.

7 MS. HEIMAN: For which?

8 MS. MCCAMMON: The herring and the PSP. I
9 think those were the two that we deferred. And the reason
10 on the herring, original we had decided -- the problem with
11 herring all along has been there's this kind of whole
12 shotgun scattershot approach to herring. And we've really
13 put a lot of effort in the last couple of year to
14 synthesize our work on herring and really tried to focus on
15 where the priority research should be. We still don't have
16 a clear answer to that question in terms of where that
17 focus should be. And our original recommendation last
18 summer was not to do any additional herring work this year
19 and to wait another year. That was not well-received by
20 the Public Advisory Group and by others who felt that since
21 the herring population of Prince William Sound is still not
22 there -- there's not a commercial fishery planned, again,
23 for this spring -- there was a lot of concern about doing
24 nothing on herring this year.

25 For that reason, we did have this workshop

1 last week and convened a number of folks from the Sound,
2 and from Fish and Game and from others and talked about
3 what little pieces would be helpful to get done this year
4 as opposed to waiting into the future. And there were
5 three or four ideas that were submitted at that time. It
6 was unclear whether some of them would actually pan out
7 once they were put into a proposal form. But the idea was
8 that people would develop those proposals, they would be
9 peer reviewed and they would come back for your
10 consideration on January 16th.

11 In the meantime, we've also had this PSP
12 project which is the number one concern of the Kodiak
13 villages. We've been working with Jellet Biotek on
14 developing some kind of a subsistence test kit that could
15 be used for subsistence users. There was a project that
16 the Council funded to have it tested working with the
17 Kodiak Youth Area Watch this summer. That did not work
18 out. It was not a successful project this summer. We're
19 still awaiting a report from Jellet Biotek. The report was
20 due earlier this fall, then it was delayed to
21 November 30th, and we still haven't received it. So, we
22 don't have anything.

23 There may not be -- at this point, I'm not
24 sure what, exactly, role the Trustee Council should have in
25 that project, other than it is the number one priority of

1 subsistence users in Kodiak. But what the Council should
2 do is really unclear, because the whole concept of this
3 subsistence field test kit seems to be a little more
4 problematic than originally thought. So that is still a
5 deferred. But I'm not really sure something is going to
6 appear with that one.

7 CHAIRMAN TILLERY: Okay. Well, just.....

8 MR. RUE: So does that mean we're 145,000
9 over, or.....

10 CHAIRMAN TILLERY: That's what it -- with
11 this one.

12 MS. MCCAMMON: Well, it's hard to say
13 because the herring projects -- we don't know what the
14 herring projects are, either.

15 CHAIRMAN TILLERY: But in terms of what's
16 proposed to be deferred -- you assume they're going to
17 funded at their full level being asked for, and then you
18 add in this 100,000, you need to find 145,000.

19 MR. RUE: Find 145 somewhere.

20 MS. HEIMAN: If we fund this one, right?
21 King salmon.

22 MR. RUE: And change nothing else. You'd
23 be 145 over, or you'd have to find 145.

24 MS. HEIMAN: I don't want to go too far off
25 track, but I've talked to some of my agency people and they

1 said each year they're giving back EVOS money -- you know,
2 like \$40,000 from USGS last year. If my agencies are doing
3 that, their agencies are as well, because they can't expend
4 the money. So, how do you factor that into the overall
5 cap?

6 MS. MCCAMMON: We don't, because the lapse
7 amount is uncertain, and we do not count that into it. And
8 we don't know what that lapse is until at least a year
9 after the fiscal year ends. And, in fact,.....

10 MS. HEIMAN: Do you have an average that
11 you know, or is it not very typical, or.....

12 MS. MCCAMMON: It used to be pretty high.
13 It used to be when the program was over \$20 million, I'd
14 say it was a good 15 to 20 percent lapse. It's probably
15 closer now to 10 percent, eight percent, something like
16 that. The problem with the lapse, also, at this point, is
17 that in getting to the agreement on March 1st of 1999 and
18 how we get to the 55 and the 125 million, the lapse in the
19 interest all goes and is calculated into achieving that
20 goal.

21 MS. HEIMAN: I knew it was coming down to
22 habitat.

23 MR. RUE: So that means we'd have to be
24 persuaded that there's something else that's less important
25 if we want to go ahead with this.

1 CHAIRMAN TILLERY: I think that's correct.

2 MR. RUE: Okay. Let's go ahead and move
3 forward. I have some ideas. I have some ideas.

4 CHAIRMAN TILLERY: Okay. Should we move
5 forward? Mr. Gibbons?

6 MR. GIBBONS: I've got one more point of
7 clarification, and maybe I didn't follow her. But I
8 thought she said that you're going to have to use elevated
9 temperatures to raise the fish quicker to get them to a
10 size that they put the tag in. And, to me, that means that
11 they'll return quicker, generally, as jacks and then they
12 won't follow the sea migration routes that the adults
13 generally do. They'll turn quicker and come back. So how
14 is this going to be used then to match up with migratory
15 routes?

16 MR. RUE: You might want to use coho.

17 MS. MCCAMMON: Jennifer?

18 MS. NIELSEN: It's not temperature, it's
19 just diet that we're planning to use to accelerate growth.
20 So they won't up the temperature. There will be a
21 proportion of the fish, probably through the accelerated
22 diet, that will mature quicker. I still believe that
23 they'll have spent at least one year of ocean duration.
24 These are hatchery fish anyway. Their behavior is
25 something that we're not really interested in. This is an

1 implementation of a study to try and get these tags up to
2 speed so that we can use them in wild fish, not in hatchery
3 stock. But hatchery stocks provide the advantage of the
4 accelerated growth rate, the ability to get a fish to size,
5 and the ability to test the implementation of these tags
6 and their efficiency in the field.

7 MR. GIBBONS: Well, maybe a follow-up
8 question. Perhaps a coho or silver might be more
9 appropriate -- a two-year freshwater fish that's larger.

10 MS. NIELSEN: Indeed, that's been suggested
11 by Fish and Game, and I'm not opposed to that change. I'm
12 not particularly partial to any species. The only thing
13 that concerns me about the coho, which would be the first
14 choice, I think, for Fish and Game, is that I'm worried if
15 they can get fish up to 150 millimeters of size before
16 smoltification. I'm not sure that's possible with coho.
17 It's obviously possible with chinook.

18 MR. RUE: If I might, Mr. Chairman, I think
19 the point wasn't to get a whole lot of data on fish
20 migration at this point. It's more to test the tags.

21 MS. MCCAMMON: The technology.

22 CHAIRMAN TILLERY: Yeah. That's what I
23 understand.

24 MS. HEIMAN: But then we can get to the
25 next step which is looking at migration, which is going to

1 be so important to all of us in this whole ocean's
2 ecosystem.

3 MS. MCCAMMON: And it's my understanding,
4 Jennifer, that the original proposal, you were looking at a
5 size of 300.

6 MS. NIELSEN: The original tag required a
7 300-millimeter fish, but they've been data tested on
8 Atlantic salmon at Waterloo University in Canada, and they
9 have, I believe, 80 fish now that have been tagged at 150,
10 and they're doing fine.

11 MS. MCCAMMON: So, I think that's pretty
12 new.

13 MR. GIBBONS: Mr. Chairman?

14 CHAIRMAN TILLERY: Mr. Gibbons?

15 MR. GIBBONS: I've got a follow-up
16 question. If we're just testing the tag, and then we're
17 going to test it on a real fish next year or the year
18 after, why don't we use the fish we intend to use, because
19 it sounds like king salmon wouldn't give us a proper
20 utilization of the tag. That's where I'm a little
21 confused. Silvers, I know we can get some coho that size.
22 You know, I've seen it in the wild.

23 MS. NIELSEN: If that's possible, there's
24 no problem with using silvers. I really don't care.
25 That's not the issue at this point. The issue is to make

1 sure that the tags work, the fish behave in a manner that's
2 consistent with what a normal fish would behave like when
3 they hit the ocean, and then to get data back from those
4 fish, from those tags. And that's a two-year process.

5 CHAIRMAN TILLERY: But you are more
6 interested in a hatchery fish at this point rather than a
7 wild fish?

8 MS. NIELSEN: Absolutely. The
9 implementation, I think, has to be done on a hatchery fish,
10 because we have no idea what the mortality rate or what
11 kind of implementation effects we would be having, and it's
12 much better to test that on a hatchery stock.

13 MR. RUE: And as I've said, Mr. Chairman, I
14 think we've suggested coho because they come back quick,
15 too.

16 MR. GIBBONS: Yeah. I just used a wild
17 fish at that size. You can get hatchery fish of that size,
18 too.

19 CHAIRMAN TILLERY: Okay. Should we hunt
20 for other.....

21 MR. RUE: Well, we'll try and make
22 suggestions along the way and see if it works or not.

23 DR. SPIES: Is Council ready for additional
24 targets?

25 MR. RUE: Nope. (Indiscernible) Where are

1 we here?

2 CHAIRMAN TILLERY: We were to marine
3 mammals.

4 DR. SPIES: Marine mammals. The first
5 project under marine mammals is 01064 closeout. This is
6 this long project that has been very successful that the
7 Department of Fish and Game has carried out with Kathy
8 Frost, who is now retired, and this is a request for some
9 additional funds to proceed with the preparation of
10 manuscripts. Progress on the manuscript preparation so far
11 has been satisfactory, and a small amount of money is
12 requested to finish this. This is very important
13 information to get out into the scientific literature and
14 is an important basis and foundation to move forward into
15 the GEM Program. So we're recommending that that project
16 go forward.

17 Project 01441 is also a closeout project.
18 There was actually money funded of \$93,000, but it's an
19 additional \$38,000 that was requested and consideration was
20 deferred until this meeting from the August meeting. The
21 request was for additional money to do further evaluation
22 of harvest seal blubber samples from the experimental work
23 that's being done in the Alaska SeaLife Center to look at
24 the layering of these fatty acids. The investigator has
25 made some argument that we would get more power out of the

1 analysis if additional samples are done. We found somewhat
2 sympathetic to that argument but, given the other sorts of
3 competing proposals, we saw this as somewhat of a lower
4 priority, so our recommendation was not to fund that
5 project.

6 MS. MCCAMMON: You should note that we do
7 have a letter from Dr. Mike Castillini.....

8 DR. SPIES: Yes, right.

9 MS. MCCAMMON:from the University in
10 support of that project. You should have that.

11 MS. HEIMAN: And why did we decide not to
12 fund it?

13 MR. RUE: We're funding the 93, just not
14 the extra.

15 MS. MCCAMMON: Not the extra.

16 MS. HEIMAN: Oh, the extra.

17 DR. SPIES: Yeah. They wanted....

18 MR. RUE: Some more samples.

19 CHAIRMAN TILLERY: But if we don't fund
20 this now, is this something that then it's over, they can't
21 go back and redo this a year from now, right?

22 DR. SPIES: Well, they could if they keep
23 their samples frozen.

24 CHAIRMAN TILLERY: Okeydoke.

25 MR. RUE: Well, I think it's a good

1 project. It's just with the cap, it's again, you're making
2 some trade-offs.

3 DR. SPIES: Right. Exactly. The next
4 cluster is the nearshore ecosystem. Project 01407 is the
5 Harlequin duck population dynamic. This is a request for
6 an additional year of funding to do the population surveys
7 in Alaska Department of Fish and Game. Again, this is a
8 species that has been slow to recover since the spill, and
9 the investigator asked for further funding in order to get
10 a little bit more population survey data. It seems there
11 is a good chance that we'll want to use one of the
12 nearshore duck species -- and probably the Harlequin duck -
13 - in the GEM Program, although that hasn't been totally
14 decided at this point. So, getting a good survey
15 methodology would seem a pretty basic part of the
16 foundation for moving forward and for also tracking what is
17 a species that's on the Trustee Council's injured species
18 list. So the recommendation is to move forward with this
19 project as well.

20 Project 01496 is a project entitled Links
21 Between Persistent Oil in Mussel Beds and Predators. As
22 you are all aware, there is persistent oil below the
23 surface in Prince William Sound, and some of that
24 associated with mussel beds. We've made attempts over the
25 years to both characterize and find methods to clean up

1 those mussel beds. They've been relatively successful
2 efforts. But what we have not been able to do in any
3 immediate mechanistic sense is to rank the remaining oil in
4 those mussel bed with injuries.

5 So this proposal would do a number of
6 different things, among which would be to put a video
7 camera in these areas -- particularly in the winter time --
8 to see if some of the species that we show signs of oil
9 exposure might visit these mussel beds. The data would be
10 relatively qualitative in nature, and we've also had a
11 history of encountering some difficulties in studies and
12 trying to link in any kind of immediate way this oil with
13 exposure to higher level predators.

14 We thought it was a good idea, but it just
15 didn't rise to the level we thought that competed well
16 against the remaining projects. So the recommendation is
17 to not to fund.

18 CHAIRMAN TILLERY: Dr. Spies? Is this the
19 kind of project that you would think for the following year
20 would be well-received, or do you think that, in general,
21 in terms of the projects that we're getting this is not
22 going to really rise to a priority.

23 DR. SPIES: I think it would depend on how
24 much money we would have, and it's always the total cap
25 minus the ongoing project costs and then what's submitted

1 in terms of competing projects. I think it would have a
2 chance to compete, but I think the difficulties are still
3 there unless they were addressed in another way.

4 CHAIRMAN TILLERY: The peer reviewers
5 didn't find fatal flaws in this or great unhappiness then?

6 DR. SPIES: No, just we recognize the
7 difficulty in trying to make those mechanistic links
8 between oil that's remaining in those mussel beds and what
9 it affects. I mean, we have evidence of things like sea
10 otters and ducks and some fish, a few low-level induction
11 of enzymes that indicate exposure of oil. We don't know
12 exactly where that exposure comes from and how it occurs,
13 and it would be a lot better in terms of our overall
14 understanding of injury and recovery to get those more
15 immediate links. So, this is an attempt to try and move
16 that forward, but we all recognize the difficulty in trying
17 to strategically achieve those objectives.

18 Project 01532 is one of two projects that
19 we think shows some promise. We're getting a retrospective
20 look at a long-term environmental record, and this
21 particular one is based on the analysis by isotopic ratios
22 of complements of nearshore marine communities that would
23 be taken from a midden along the Alaska Peninsula in Katmai
24 National Park. There's a 67,000-year history represented
25 in some of these middens, relatively well-preserved for

1 what's normally expected in Alaska conditions. This
2 project proposal was actually whittled down from a much
3 larger project that was a lot more ambitious than this one.
4 Reviewers like this particular part. But, still, under
5 this cap situation, we are recommending that this be
6 considered next year when I'll think that we'll make a
7 bigger effort toward funding retrospective analysis. And
8 this is, I think, a project that could easily be done next
9 year or the year after without loss of information. The
10 middens have been sitting there for 67,000 years. I guess
11 another year or two might not hurt, not to be too flippant.

12 Project 01543, evaluation of oil remaining
13 in the intertidal from the Exxon Valdez Oil Spill, you will
14 recall that this is a two-stage project. The first stage
15 was money to plan what the sampling scheme would be for
16 estimating remaining oil in Prince William Sound. We have
17 now received back a detailed proposal and held a workshop
18 in fact, just recently, for the investigators to present
19 the study design to a wider group of experts and people
20 that have local knowledge. There have been a number of
21 concerns expressed. Those have been mostly addressed in
22 the revised Detailed Project Description. There's some
23 remaining things that might be incorporated, such as
24 looking at the amount of oil in intertidal sediments as
25 well as subtidal sediments. It's a rather large chunk of

1 money involved in executing Phase 2, this \$489,000, but
2 this is major project. It's kind of a bookend on the
3 process. We want to know how much oil is remaining as we
4 close out the restoration program. It's a question we
5 commonly get asked by the public and others that have
6 interest in the spill, so our recommendation is to fund.
7 And we're going to send the existing proposal out for one
8 more round of review. That came out of the workshop and
9 interactions after the workshop, so it's contingent on
10 that. But I think that we would like to see this project
11 go forward.

12 CHAIRMAN TILLERY: Commissioner Rue?

13 MR. RUE: Mr. Chairman, I'm curious why --
14 we did this once, right? We had a Piper and something or
15 another assessment.

16 MS. MCCAMMON: The last time in Prince
17 William Sound is 1993.

18 MR. RUE: '93.

19 MS. MCCAMMON: And since that time, we've
20 done further assessment in Kodiak and then also on the
21 outer Kenai, out of Katmai Coast. So, there hasn't been
22 one since '93.

23 MR. RUE: And what was the cost of doing it
24 in '93? Do you remember?

25 MS. MCCAMMON: It was funded at \$500,000 to

1 do just the visual, above surface survey. They actually
2 ended up spending about 350,000 or so of that. They didn't
3 spend the full amount. So, it was about 350,000 to do the
4 visual. And I know there were a lot of questions about
5 this because of, one, the expense -- it's the largest
6 project out there -- and then, also, because of the design.
7 In the past, the past surveys have been strictly of surface
8 oil.

9 MR. RUE: Right, presence or absence kind.

10 MS. MCCAMMON: Presence or absence of
11 surface oil and how much it's diminished over time. This
12 project goes well beyond that in attempting to estimate or
13 quantify to some level what the extent of subsurface oil
14 is. And most of the information that we have now is that
15 the big problem is with the subsurface oil, that there's
16 still a lot more oil there than originally thought there
17 would be over time, that it's more toxic. It hasn't
18 weathered. And so this is NOAA's attempt to get a baseline
19 now on how much subsurface oil there is. This has not been
20 done.

21 Well, there was a little bit of it done in
22 '93 -- I think what, three samples? Three or four sample
23 sites?

24 MR. S. RICE: There is some fixed sites
25 that were examined.

1 MS. MCCAMMON: A few fixed sites.

2 MR. S. RICE: A little more than a dozen or
3 so.

4 MS. MCCAMMON: Right. But it substantially
5 does go beyond what the past surveys were. And we did have
6 Jim Gibeaut at the workshop when this was discussed and the
7 design was being formulated, so we got the input of Jim at
8 that time.

9 MR. RUE: And it'll answer the question of
10 how much is out there, and we defend that against all
11 comers? That seems incredible. But toxicity it seems to
12 me might be more interesting than how much. It just seems
13 to me that it would be very hard to say, just "x" volume.

14 MR. S. RICE: Well, toxicity doesn't matter
15 if there's just this much out there. It matters if there's
16 more out there. That's the whole point of this is to
17 really quantify both in how much oil is there, but how many
18 miles of beach from the heaviest oiling segments back in
19 '90 through '92 are. So, how many miles of those are -- or
20 kilometers, rather, I should think metric -- how many
21 kilometers are still contaminated?

22 MR. RUE: Can you all dig an 8-inch hole
23 into an armored beach? Because aren't most of the beaches
24 with oil remaining pretty heavily.....

25 MR. S. RICE: The ones that have oil

1 remaining are often pretty well-armored, yeah.

2 MS. HEIMAN: What does that mean, armored?

3 MR. RUE: Big rocks.

4 MR. S. RICE: (Indiscernible) wagon-sized
5 rocks. And that does affect the design and does affect the
6 physicalness [sic] of it, the logistics.

7 MR. RUE: Yeah.

8 MR. S. RICE: And so to get around that, we
9 have a sophisticated adaptive sampling design which I
10 couldn't possibly explain. You wouldn't understand
11 probably. And that's not you, that's just me. But, we're
12 going to dig 8,000 holes, about that. So that's how we get
13 at trying to figure out how much oil is out there.

14 MS. MCCAMMON: They'll also fill in the
15 8,000 holes.

16 MR. RUE: You'll collect all the oil -- you
17 collect all the oil that's mobilized when you dig the
18 holes, I'm sure.

19 MR. S. RICE: Oh, yeah.

20 MR. GIBBONS: It will tell us how much oil
21 is out there, but will it tell us where it is, too?

22 MR. S. RICE: It'll tell within a limited
23 sense. We're going to basically sample about 20 percent of
24 the square footage that was heavily contaminated, heavily
25 oiled through '92 or so. So, we'll be looking at one out

1 of five. And we'll have a very rigid sampling design
2 within the 20 percent. So, yes, when we're sampling this
3 spot, it either has or does not have oil. We'll definitely
4 have a GIS gizmo there, so we'll tell you that. That spot
5 over there where we didn't sample we're not going to say
6 much about.

7 Because of the statistics and sampling
8 design, we can say that if we find "x" amount in this
9 amount of area, then that means there's this amount in the
10 total area. Where it is exactly in that other 80 percent,
11 you know, it's one of the statistical issues rather than
12 the positive of a specific GIS pinpoint issue.

13 MS. MCCAMMON: But there was also some
14 concerns by agencies that there were certain beaches maybe
15 that were of concern to DNR, and to possibly the Forest
16 Service in terms of management perspective, that you would
17 want to know categorically is there still oil on this
18 particular beach or not? And they do have built into the
19 sample the ability to add some specific requests.

20 MR. S. RICE: Certainly the villages who
21 have so much concern about some of their high priority
22 beaches, and so a lot of a certain amount of effort would
23 be directed toward those spots.

24 DR. SPIES: NOAA is also going to have to
25 make their initial site selection for the random site

1 selection process. They are going to send that list to the
2 Forest Service and DNR to see if there are pieces that are
3 missing from that list that they may want to add. And they
4 have some flexibility to add some sites. Is that correct?

5 MR. S. RICE: Right.

6 MS. HEIMAN: Is there some need to do the
7 certain number of holes? I mean, is it something we could
8 do less of and still the statistic information that we
9 need?

10 MR. S. RICE: Let me answer that, because I
11 knew the question was coming. I didn't know from whom.
12 Can it be scaled back? And the answer is certainly and,
13 you know, you can get an estimate and you'll get it with a
14 lower amount. But, this project is going to be -- I don't
15 know if controversial is the right word -- but it is going
16 to be heavily scrutinized. It is going to be heavily
17 scrutinized by those that use the Sound, such as Olsen,
18 (indiscernible), Cordova, and certainly heavily scrutinized
19 by those that work for Exxon. I can guarantee you that it
20 will be (indiscernible) a year from now, or maybe even
21 sooner. And so, for that reason, because I know we're
22 going to have this scrutiny -- both professionally, from
23 Exxon, and publicly, from outside of Exxon -- that we're
24 not very willing to bring the sampling down and put the
25 science at risk.

1 Just where is that line where you're above
2 the risk value you can't say. So, we don't know that. So
3 this is our best professional, educated guess of what it
4 should be.

5 MS. HEIMAN: And this will be done all this
6 summer?

7 MR. S. RICE: Yeah.

8 CHAIRMAN TILLERY: Does the economics of
9 this prevent it from being split up -- half the samples
10 this summer, half the samples next summer?

11 MR. S. RICE: Yeah, it does. In the prior
12 project, a lot of the money was in the chemistries.
13 There's not that much money in chemistries here. It's only
14 25 or 30K or something in that order. There's 95 days of
15 field charter -- 95 field days for a crew of six. And
16 that's where the money is.

17 CHAIRMAN TILLERY: Okay. So you can't --
18 if you tried to split it up over two summers, you would
19 have so much ramp-up costs that it just wouldn't work?

20 MR. S. RICE: Yeah. But, also, how do you
21 do the trend analysis after samples at sites one through 10
22 were done in this year, and sites 11 through 20 were done
23 the next year. It would screw up the science quite a bit,
24 you know?

25 CHAIRMAN TILLERY: Commissioner Rue?

1 MR. RUE: Mr. Chairman, what's the need for
2 doing it this year versus next year? Why is there a rush?

3 MS. MCCAMMON: Because we have more money
4 available this year than next year. It's just going to get
5 worse.

6 MR. RUE: Uh-huh.

7 MS. MCCAMMON: The competition for science
8 is going to get greater.

9 MR. RUE: Okay. So, now, why do we need to
10 know this?

11 MS. MCCAMMON: I think the reason we need
12 to know this is that on the 10th anniversary, that year the
13 biggest question that we got from the public, from the
14 press, from users of Prince William Sound and elsewhere is
15 how much oil is remaining and approximately where is it?
16 And that is what people want to know. And just the fact
17 that we now know so much about the toxicity of the oil that
18 still remains 11 years after the spill. I think there's
19 some responsibility to the public to at least give them
20 some kind of information on that, to the extent they can.

21 MR. RUE: Yeah.

22 MS. MCCAMMON: I would think that for the
23 20th anniversary that this would be repeated at some level.

24 MR. RUE: Right.

25 MS. MCCAMMON: Just as part of telling the

1 entire oil spill story.

2 MR. RUE: I'm just wondering of the benefit
3 of a statistically valid, you can go to court with it
4 estimate that, you know, your scientist beats their
5 scientist, you know, and it's .7 gallons per cubic meter or
6 some very precise number versus "x" number of beaches have
7 oil, and the oil we found was toxic. I mean, the level of
8 rigor is sort of interesting. And we're going to a very
9 high level of rigor, and do we get something.....

10 MS. MCCAMMON: The other rigor would be
11 nothing. It would be just what's on the surface.

12 MR. RUE: Yeah. So for 300,000 or so --
13 200,000, 300,000 -- we could just do the surface. Here's
14 what's left on the surface.

15 CHAIRMAN TILLERY: And I think the
16 suggestion was to do -- what he was talking about being
17 less rigorous -- was that you would just do less sites,
18 still go underneath the surface but do less sites.....

19 MS. MCCAMMON: Oh.

20 CHAIRMAN TILLERY:which make it less
21 defensible. But, on the other hand, it's not something
22 that's going to end up in court. Does it have to be
23 defensible?

24 MS. MCCAMMON: Well, I'm not sure it's even
25 a question of whether it's defensible in court, or

1 whether....

2 MR. RUE: (Indiscernible) describe it?

3 MR. S. RICE: Well, it's got to be
4 defensible scientifically and, you know, at some point
5 you're going to do bad science if you scale it down too
6 much. Where that scale is -- is it the 49 level, which is
7 our best guess Is it at the 400 level, the 350 level, 250
8 level, we can't quite say. I know that we would be nervous
9 if you bring it down significantly and would probably elect
10 not to do it, I would think. I know we would at some point
11 at any rate. You've talked about the reopener clause,
12 privately at any rate. And that window is out there at
13 some point. It seems to me the issue of Harlequin ducks
14 and otters and the pink salmon, et cetera, the biological
15 reasons for why we re-open, there might be a claim but the
16 SCAT Project becomes the physical reason of why you would
17 maybe have a repoener. And as you are well aware, there
18 are two criteria. One is you have to have effects that you
19 didn't anticipate back in '91, and you have to do something
20 with those funds. And, you know, there's a possibility
21 that there would be clean up that would be demanded, or
22 not. And if there isn't, that's the good news, you know?
23 If we find that the levels of oil are really low to
24 insignificant, then the villagers would have a lot more
25 confidence in the area, et cetera. I think the political

1 pressures would be less.

2 MR. RUE: Maybe I could make a suggestion.
3 I'm looking for 100,000 or 90,000 bucks.

4 MS. MCCAMMON: That's too bad.

5 MR. RUE: And I'm wondering if you did
6 89,600 towards our salmon archival tags and give 400,000 to
7 this, would that effect the rigors significantly enough
8 that you wouldn't want to do it, and would we be allowed to
9 do our salmon tags? A thought. I'll just lay it out
10 there.

11 MR. S. RICE: We could defer 25 to 35K of
12 chemical analysis in the next fiscal year, and I don't
13 think that would damage the project.

14 MR. RUE: To the next year? There's a
15 thought.

16 MS. HEIMAN: There's 30K.

17 MR. RUE: I mean, I wonder if 90,000
18 wouldn't work for the archival tag, or 89,600? And then
19 you got, maybe there's a 50,000 -- I don't know that does -
20 - maybe do some mental calculations here as we move ahead.
21 We'll probably move ahead, and we'll maybe come back with
22 a motion, if we think it could work.

23 CHAIRMAN TILLERY: Yeah.

24 MS. HEIMAN: Keep moving now. It's 5:05.

25 CHAIRMAN TILLERY: Dr. Spies?

1 DR. SPIES: The next cluster is
2 Seabird/Forage Fish and Related Projects 01163. This is a
3 closeout that's projected to now move into fiscal year 2002
4 as well, at a small amount. But still, the final synthesis
5 from this project will occur not in this fiscal year but
6 next fiscal year. This is, of course, the wrap-up of the
7 APEX Project, a major project, a very successful project
8 sponsored by the Trustee Council for some six years, I
9 believe, now. So, we're recommending that the project go
10 forward at \$198,000. There have been a large number of
11 manuscripts that were laid out projected to be written as
12 the results of this project. Some of the titles and
13 numbers from these manuscripts have changed over the year,
14 but I'm confident that good progress is being made and
15 we're getting quite a bit out of this project for our
16 value. And this is not the time to not give them money to
17 get that final push and get some results of this project
18 into the literature and, also, provide us in a very real
19 way a foundation for the GEM program and contribute to
20 that. So, we're recommending funding for that project.

21 All right. 01586, the next project, is
22 another project looking at archival materials. And, in
23 this case, it's looking at cores to try to reconstruct a
24 longer history of climate change in relation to forage fish
25 abundance. This is based on a concept that was pioneered

1 in Southern California in the anaerobic basins of the
2 Southern California Bight where, because of the lack of
3 oxygen, the layers on the bottom in the mud are not much
4 disturbed at all, and you get a very fine record of the
5 fish scales being laid down. You'd be able to take those
6 fish scales out and date those layers and actually look at
7 a multiple abundance of scales in those layers and make an
8 estimate of what the forage fish populations have been for
9 thousands of years. So, this is kind of a transference of
10 this up to the Gulf of Alaska.

11 We think it's a very good project. Again,
12 we think this one doesn't necessarily have to be done this
13 year, so we are strongly encouraging to the investigator to
14 resubmit this in fiscal year 02, because we don't believe
15 we have the funds available this year to do the project.

16 I don't know if we should be discussing Project
17 Number 01154, Archaeological Resources, the exhibitory and
18 displays. Is this something we should mention, Molly?

19 MR. RUE: I think we already approved that.

20 MS. MCCAMMON: No. You haven't approved
21 it. This is the support costs to the Department of Natural
22 Resources -- the general administration and project
23 management costs for that project. And what we had said is
24 that those support costs would be included in this
25 spreadsheet, so it's part of the general motion. But it is

1 \$25,500. And these are being -- as the project is being
2 developed.

3 MR. GIBBONS: Are we going to get a total
4 of how much this really costs us in support? I was reading
5 it, and it was \$40,000 in '99, and then 38.....

6 MS. MCCAMMON: I believe the total expected
7 is \$64,300. The total is right at that end, I believe.
8 I'm pretty sure. Let me (indiscernible - away from mike)
9 this year.

10 MR. GIBBONS: Yeah, this year, right.

11 MS. HEIMAN: Well, it says it right --
12 '01-02 is 64.3.

13 MS. MCCAMMON: (Indiscernible)

14 MS. HEIMAN: When we go back through.

15 MR. GIBBONS: Mr. Chairman, I highlighted -
16 - September of '99, 40,400; February 2000, 23,400; August
17 2000, 38,800; and now 25,500. I'm just curious if there's
18 going to be a total of that?

19 MS. MCCAMMON: There is. And I'm not sure
20 if it's in that. I'll check on it and get back to you. I
21 do have a copy of that, though.

22 DR. SPIES: Mr. Chairman, should I continue
23 on now while Molly's looking for those figures?

24 CHAIRMAN TILLERY: I think so. Yes. Why
25 don't you?

1 DR. SPIES: You want to come back to it?

2 MS. MCCAMMON: Yes.

3 DR. SPIES: Okay. The next project Molly
4 mentioned earlier in her introductory comments. This is
5 the biotoxin monitoring program in the Kodiak areas being
6 done by Jeillet Biotek, and I think she presented some of
7 the salient features of this quite well. This is a project
8 that we funded for some time to develop a test kit to test
9 individual subsistence-level consumption of shellfish and
10 to look for paralytic shellfish poisoning, or PSP, in the
11 mussels, and it was being developed for Kodiak Island
12 because of the problems they've had in Kodiak Island. And
13 I think you heard public testimony today about someone
14 whose relative died of paralytic shellfish poisoning in
15 Kodiak.

16 It almost certainly came from PSP and not
17 from anything to do with the oil spill, by the way. So, we
18 have had some problems with getting the samples collected
19 by the Kodiak Youth Area Watch for at least one summer,
20 because we were trying to get the test kit optimized for
21 the shellfish toxins that existed along the Kodiak area.
22 There's a lot of toxins that are in this mixture, and it
23 can change from place to place. So we wanted to make sure
24 that the test kit was optimized for what occurred on Kodiak
25 Island, and so that was why we put so much emphasis on

1 getting samples from Kodiak. The proposal is being
2 suggested that we expand it to testing the water, beyond
3 just testing the mollusks. And we believe this is beyond
4 the purview of the original objectives of the proposal and
5 would recommend against that particular expansion.

6 As Molly mentioned, we have not received a
7 report or had a chance, therefore, to review last year's
8 results yet. So, that is a defer.

9 CHAIRMAN TILLERY: So, this is a continue
10 to defer?

11 MS. MCCAMMON: Yes.

12 MR. RUE: Because it takes us over the cap
13 as well.

14 MS. MCCAMMON: I know. But, we're not sure
15 that we'll get \$100,000 worth of proposals on herring -- we
16 will get \$100,000 worth of proposals.

17 MR. RUE: Approve 100,000.

18 MS. MCCAMMON: I'm not sure there will be
19 enough funds to go forward.

20 MR. GIBBONS: Mr. Chairman?

21 CHAIRMAN TILLERY: Mr. Gibbons?

22 MR. GIBBONS: Just some clarification. The
23 defer to January, are they in that \$1.2 million total that
24 adds up to the over \$6 million?

25 CHAIRMAN TILLERY: No, they're a second

1 level down there. They're the deferred further? The come
2 over.....

3 MS. MCCAMMON: The amount remains within
4 the \$6 million cap -- 104,000.

5 CHAIRMAN TILLERY: That's the 150.

6 MR. GIBBONS: Oh, deferred further. Okay.
7 I see them down there at 150,000.

8 DR. SPIES: Next is the habitat improvement
9 cluster, and the single project in that is the Prince
10 William Sound Human Use and Wildlife Disturbance Model.
11 You recall that we funded this for three years now, and we
12 do have this project complete except for receiving and
13 reviewing the final report. This is a request for
14 additional funds to actually publish this report as a
15 manuscript. We would like to see the project report turned
16 in and reviewed before we want to proceed with this step.
17 So our recommendation at this time would be not to fund
18 this project.

19 MR. GIBBONS: Mr. Chairman? This has been
20 kind of a pet project. The project manager now has
21 transferred to Washington, D.C. But he told me that he
22 would get the report before he walks out the door here in
23 two years.

24 MR. RUE: Which door?

25 MR. GIBBONS: Here.

1 MR. RUE: Okay.

2 MS. MCCAMMON: The door to Alaska.

3 MR. RUE: Aah. (Indiscernible) Washington
4 after you walk out this door.

5 MR. GIBBONS: So, I agree with the
6 recommendation.

7 CHAIRMAN TILLERY: Okay.

8 DR. SPIES: Is he a Democrat or a
9 Republican?

10 MR. GIBBONS: He may be coming back real
11 quick.

12 CHAIRMAN TILLERY: Okay. I think we have
13 one more. Is that.....

14 MS. MCCAMMON: Two more.

15 CHAIRMAN TILLERY: Two more.

16 DR. SPIES: Yes. I guess it's the last
17 cluster, the ecosystem synthesis and GEM transition. There
18 are two projects in that. The first of those is 01455, the
19 Gulf Ecosystem Monitoring and Research Program Data System.
20 In our effort to get the GEM Program underway and to be
21 fully prepared for this program, we'll need some support in
22 the area of designing databases, data management and
23 archiving. Everybody involved in these programs has been
24 telling us to get these components of the program in place
25 before we start, and we're taking that advice quite

1 seriously. And this is money to fund for, I believe, for
2 six months. Is that correct?

3 MS. MCCAMMON: Four months.

4 DR. SPIES: Four months -- someone who
5 could fill that role within this office. And so, the
6 recommendation is to fund based on the needs that GEM has.

7 CHAIRMAN TILLERY: And the final project?

8 DR. SPIES: The final is the 1630, is the
9 GEM planning project money. I don't know if Molly wants to
10 go over that. It's got funds for me -- additional funds
11 for our office -- so I have a bit of a conflict in
12 describing it to you.

13 MS. MCCAMMON: We had put in, in August, a
14 budget proposal for GEM funding of \$136,000. That included
15 about \$60,000 for Bob's time and support, and then one-
16 month time per agency for the six agencies for their
17 assistance in the process. And we had said at the time
18 that it was unclear in terms of our planning process what
19 additional funds would be needed, but we'd be back. And I
20 think we've put in a plug number of \$100,000.

21 In response to the NRC review of incorporating a
22 higher level team of writers, the greatest cost in here is
23 for that. It's over \$70,000 for contracts for those people
24 in the next six to eight months. In addition, this whole
25 project has required more of Bob's time, so it pays for

1 that. It pays for two months of Dede Bohn's time to work
2 on the gap analysis in the next two months, and some
3 additional travel costs. And there is a project
4 description and budget in your packet for that.

5 CHAIRMAN TILLERY: All right. And does
6 that sort of finish us, take us through this?

7 MS. NIELSEN: Can I interrupt for a minute?
8 This is Jennifer, and I was asked to call you folks back to
9 answer some questions. At your convenience, I'm available
10 again.

11 CHAIRMAN TILLERY: Okay.

12 MS. HEIMAN: Great. Thank you.

13 CHAIRMAN TILLERY: Thank you.

14 MR. RUE: Actually, that was one of the
15 questions I had, Mr. Chairman.

16 CHAIRMAN TILLERY: Okay. Mr. Rue?

17 MR. RUE: Yeah, if I could ask Dr. Nielsen,
18 at what point is your project no longer useful? Can you
19 get any useful information with \$75,000 worth of tags? I'm
20 trying to find a way to get all of these projects that we
21 want to be done, but not skimp them so much that it becomes
22 useless.

23 DR. NIELSEN: Yes. I just discussed that
24 with my supervisor. The base funding that I have added to
25 this project or this approach was originally intended for

1 salary. That's the reason we added this base. I want a
2 supervisor to work on this and the halibut project
3 together. However, that hiring process can be delayed. I
4 do have staff on board and my own self to implement the
5 project and, therefore, that \$26,000 that we've added to
6 base could be ancillarily used to support a lesser funding
7 for this year, if we wanted to begin the implementation
8 right away.

9 MR. RUE: So that means if we gave you
10 \$75,000.....

11 DR. NIELSEN: Yeah, I would have the same
12 amount of funding. I could manage it with the same amount
13 of money.

14 MR. RUE: Okay. Well, I propose, you know
15 -- I guess I'm not proposing an amendment.

16 CHAIRMAN TILLERY: We don't have a motion,
17 yet.

18 MR. RUE: No motion yet. Okay.

19 DR. NIELSEN: One of the things that I
20 would like to add as a caveat, though, is that if this is
21 the case, it would be very nice to get some reconciliation
22 on where we would go with this project the following year.
23 Because the same kind of cost expenditures would not be
24 available to me the next year. I would need to dedicate
25 the funds that I have to a staff position as opposed to

1 purchasing for the project.

2 MR. RUE: In other words -- this is Frank,
3 again. We'd have to go in with our eyes open, knowing that
4 the second year would be 200,000.

5 CHAIRMAN TILLERY: 100,000.

6 MR. RUE: 100,000, I'm sorry.

7 DR. NIELSEN: I would require the \$100,000
8 for the second year, yes.

9 MR. RUE: Okay.

10 CHAIRMAN TILLERY: So, one possibility it
11 seems here was if this was reduced to 75,000 -- if you
12 deferred 35,000 on the oil remaining in the intertidal, as
13 I think Steve suggested you could do for chemical analysis.
14 Then if you assume that all of that herring wasn't going to
15 come through -- something from the deferred projects --
16 does that put us under the.....

17 MR. RUE: That, or if Jeep could find
18 another 30, you know, if it's 400,000

19 MS. HEIMAN: Just say yes.

20 DR. MUNDY: I need a third choice.

21 MS. MCCAMMON: What's that? You have a
22 third?

23 MS. HEIMAN: What's that?

24 MR. RUE: We're starting to talk about
25 small enough numbers now that I get a sense that we might

1 be able to get all these things done sufficiently.

2 MS. HEIMAN: Given that we really only
3 committed to \$120 million for that GEM amount, and now
4 we're closer to \$125 million, using leftover funds that
5 came from our agencies.....

6 MR. RUE: I guess I would ask Jeep if we
7 defer -- was it 35 you thought you could defer for the
8 chemical analysis?

9 MR. S. RICE: 35 would get deferred, yeah.

10 MR. RUE: Okay. Now we're talking about
11 small costs savings to allow us to do what we need. What
12 does that get us -- 35 out of 75. So, we need 40,000 bucks
13 somewhere.

14 CHAIRMAN TILLERY: And we would have two
15 deferred projects worth 150,000 and we don't know if all or
16 some of those will go. But my understanding is that there
17 seems to be some likelihood that not all that herring is
18 going to want to go, right?

19 MS. MCCAMMON: It will want to go.

20 MR. RUE: Yeah. Well, the 150 takes us 45
21 over, so I understand.

22 MS. MCCAMMON: Could we have a break for
23 two minutes?

24 MR. RUE: Yeah. Let's do a recess.

25 CHAIRMAN TILLERY: Sure.

1 (Off record - 5:10 p.m.)

2 (On record - 5:15 p.m.)

3 CHAIRMAN TILLERY: Okay. We're back on
4 line. If we do what we suggested we would do, we end up
5 with that 150,000 for the two deferred projects, we could
6 only spend 65,000 of that 150,000 and still stay within the
7 cap.

8 MR. RUE: And the two deferred are the
9 herring and the PSP sampling.

10 CHAIRMAN TILLERY: PSP.

11 MS. MCCAMMON: Mr. Chairman?

12 CHAIRMAN TILLERY: Ms. McCammon.

13 MS. MCCAMMON: I would recommend that we go
14 ahead and do that. We'll know a lot better on the herring
15 proposals what's on the table and how much they cost and
16 what's really viable to do this year. We'll know if
17 there's going to be potentially -- anything potentially on
18 PSP and, in the meantime, we'll look at a couple of other
19 things in here and see if we can shave off 10 or 15,000 in
20 some other places that might be able to do something here
21 in the next month.

22 MS. HEIMAN: (Indiscernible) Molly.

23 MR. RUE: So, what we propose to do is
24 reduce the 1404, which is the archival tags to 75,000, and
25 defer 35K of the beach sampling.....

1 MS. MCCAMMON: You would reduce that and
2 then it would be going to the FY02 recommendation.

3 MR. RUE: Okay.

4 MS. MCCAMMON: So, it would be 95,000 for
5 FY02, and it'd be (indiscernible)

6 MR. GIBBONS: And then, also, your
7 commitment on 1404, it would be 100,000 in fiscal year 02?

8 CHAIRMAN TILLERY: No. I don't think you
9 heard a commitment. You heard a realization that if we
10 want to do it, that's what it's going to be.

11 MS. MCCAMMON: There's no commitment.

12 MR. GIBBONS: If we start it, you know,
13 we're going to want to do the second year of it.

14 MR. RUE: Yeah. But there may be other
15 folks out there who are real interested in funding this
16 kind of work. Who knows?

17 CHAIRMAN TILLERY: Is there a motion?

18 MS. HEIMAN: For the whole project?

19 MS. MCCAMMON: You know, we do have -- I
20 don't know if this gets changed now. Is this still okay?

21 MS. SCHUBERT: This still has
22 (indiscernible) right here as amendable (indiscernible -
23 simultaneous speech) relevant, but you don't really need
24 them.

25 MS. MCCAMMON: All right. It's amended by

1 discussion. Okay, so that is the motion that we're -- the
2 numbers at the bottom are no longer operative.

3 MS. HEIMAN: I'll make the motion. Would
4 you like for me to read it?

5 MR. RUE: Go for it, Marilyn

6 MS. HEIMAN: I move the Trustee Council
7 adopt the recommendations for FY01, Deferred Projects as
8 outlined in Spreadsheet A and B, both dated November 24,
9 2000, as amended by today's discussion with the following
10 condition. One, if a principal investigator has an overdue
11 report or manuscript from a previous year, no funds may be
12 expended on a project involving the PI unless the report is
13 submitted or a schedule for submission is approved by the
14 Executive Director; and, two, a project's lead agency must
15 demonstrate to the Executive Director that the requirements
16 of NEPA are met before any project funds may be expended,
17 with the exception of the funds spent to prepare NEPA
18 documentation. Funds for Project 01154, archaeological
19 repository and display facilities are for capital projects
20 and will lapse September 30, 2002. And so the total --
21 should I read the total?

22 MS. MCCAMMON: No.

23 MS. HEIMAN: No.

24 MS. MCCAMMON: Those are off now.

25 CHAIRMAN TILLERY: Those will have to be

1 adapted.

2 MR. RUE: Second.

3 CHAIRMAN TILLERY: It's been moved and
4 seconded. Is there a discussion?

5 (No audible response)

6 CHAIRMAN TILLERY: Hearing none, all in
7 favor of the motion signify by saying aye.

8 IN UNISON: Aye.

9 CHAIRMAN TILLERY: Opposed?

10 (No opposing response)

11 CHAIRMAN TILLERY: The motion carries. And
12 that brings us to the end of the agenda. There is the
13 possibility, I think, of a teleconference by the end of the
14 week and, as much as I hate to suggest this, we might want
15 to recess until that time.

16 MR. RUE: Mr. Chair, I move that we recess
17 until a time to be determined by the Executive Director.

18 MR. GIBBONS: I second that.

19 CHAIRMAN TILLERY: It's been moved and
20 seconded. Is there a discussion on the motion?

21 MS. MCCAMMON: This is the PAG
22 appointments?

23 CHAIRMAN TILLERY: All in favor signify by
24 saying aye.

25 IN UNISON: Aye.

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CHAIRMAN TILLERY: Opposed?

(No opposing response)

CHAIRMAN TILLERY: We are recessed.

(Off record - 5:20 p.m.)

(TO BE CONTINUED)


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

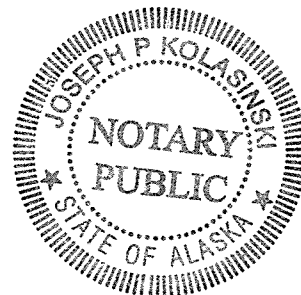
THAT the foregoing pages numbered 156 through 422 contain a full, true and correct transcript of the Exxon Valdez Oil Spill Trustee Council's Meeting recorded electronically by me on the 4th day of December 2000, commencing at the hour of 8:34 a.m. and thereafter transcribed by me to the best of my knowledge and ability.

EXXON VALDEZ TRUSTEE COUNCIL, 645 G Street,
Anchorage, Alaska 99501;

DATED at Anchorage, Alaska this 15th day of
December 2000.



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



9.13.10

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

VOLUME III

Teleconference Meeting
Friday, December 8, 2000
2:00 o'clock p.m.

Restoration Office
645 G Street
Anchorage, Alaska

TRUSTEE COUNCIL MEMBERS PRESENT:

STATE OF ALASKA - DEPARTMENT OF LAW: (Chairman)	MR. CRAIG TILLERY Trustee Representative for the Attorney General
U.S. DEPARTMENT OF COMMERCE, NMFS:	MR. BRUCE WRIGHT for MR. JAMES W. BALSIGER Director, AK Region
STATE OF ALASKA - DEPARTMENT OF FISH AND GAME:	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:	MR. DAN EASTON for MS. MICHELE BROWN Commissioner

Proceedings electronically recorded, then transcribed by:
Computer Matrix, 3522 West 27th, Anchorage, AK - 243-0668

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TRUSTEE COUNCIL STAFF PRESENT:

MS. SANDRA SCHUBERT	Director of Restoration
MS. CHERRI WOMAC	EVOS Staff

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P R O C E E D I N G S

(On record - 2:05 a.m.)

CHAIRMAN TILLERY: Okay, this is a continuation of Exxon Valdez Oil Spill Council meeting of December 4th and 5th. Craig Tillery is the Chair for this continuation, we have Bruce Wright representing NOAA; Dan Easton representing the Department of Environmental Conservation; Marilyn Heiman with Department of the Interior; Dave Gibbons with the Forest Service and Frank Rue with Fish and Game.

Since we're not looking at each other, if we can just do kind of a brief roll call. Bruce.

MR. WRIGHT: Bruce Wright, here.

CHAIRMAN TILLERY: Dan.

MR. EASTON: I'm here.

CHAIRMAN TILLERY: Marilyn.

MS. HEIMAN: Yes.

CHAIRMAN TILLERY: Dave.

MR. GIBBONS: Yes.

CHAIRMAN TILLERY: Frank.

MR. RUE: Yeah.

CHAIRMAN TILLERY: Dave.

MR. GIBBONS: Yes.

CHAIRMAN TILLERY: Okay. Frank.

MR. RUE: I'm back.

1 CHAIRMAN TILLERY: Okay. By the way,
2 anytime you put us on hold we get music and we can't hear.

3 MR. RUE: Sorry.

4 CHAIRMAN TILLERY: Okay. The purpose of
5 this sort of continuation, as I understand it, the only
6 item on the agenda is to fill the last spot on the Public
7 Advisory Group, the subsistence position. Is there any
8 other suggestions for the agenda?

9 MR. RUE: No.

10 MR. GIBBONS: Nope.

11 CHAIRMAN TILLERY: Okay. I think what we
12 need then is a motion to go into executive session for
13 purposes of discussing the Public Advisory Group selection.

14 MS. HEIMAN: I so move.

15 MR. RUE: Second.

16 CHAIRMAN TILLERY: Okay, it's been moved
17 and seconded. Any questions or comments?

18 (No audible responses)

19 CHAIRMAN TILLERY: Is anyone opposed?

20 (No audible responses)

21 CHAIRMAN TILLERY: Okay, we will go into
22 executive session.

23 (Off record - 2:08 p.m.)

24 (On record - 2:15 p.m.)

25 CHAIRMAN TILLERY: We're going to go back

1 on record. This is Craig Tillery with the Exxon Valdez Oil
2 Spill Trustee Council, we've just been in executive session
3 where we discussed the issue of a selection of a member for
4 the Public Advisory Group as described in the motion going
5 to executive session. That's the sole issue in front of
6 the Council, is there a motion?

7 MS. HEIMAN: I would like to move that
8 Martha Vlasoff be added to the Public Advisory Group as the
9 subsistence representative.

10 MR. RUE: Second.

11 CHAIRMAN TILLERY: Whoever seconded needs
12 to identify yourself for the.....

13 MR. RUE: Frank. This is second, Frank
14 Rue.

15 MS. HEIMAN: That was Marilyn who made the
16 motion.

17 CHAIRMAN TILLERY: Marilyn made the motion,
18 right. It's been moved and seconded; is there any
19 discussion?

20 (No audible responses)

21 CHAIRMAN TILLERY: Hearing none, all in
22 favor of the motion, signify by saying aye.

23 IN UNISON: Aye.

24 CHAIRMAN TILLERY: Opposed?

25 (No opposing responses)

1 CHAIRMAN TILLERY: The motion is passed.
2 I believe that's all the business, unless someone
3 has anything else?
4 (No audible responses)
5 MR. RUE: I move that we adjourn the
6 meeting.
7 MS. HEIMAN: Second.
8 MR. RUE: This is Frank.
9 CHAIRMAN TILLERY: And Marilyn Heiman
10 seconded the motion. It's been moved and seconded we
11 adjourn. Any discussion?
12 (No audible responses)
13 CHAIRMAN TILLERY: Hearing none, all in
14 favor signify by saying aye.
15 IN UNISON: Aye.
16 CHAIRMAN TILLERY: We're adjourned.
17 (Off record - 2:16 p.m.)
18 **(END OF PROCEEDINGS - MEETING ADJOURNED)**
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I, Joseph P. Kolasinski, Notary Public in and for the State of Alaska and Owner of Computer Matrix do hereby certify:

THAT the foregoing pages numbered 427 through 430 contain a full, true and correct transcript of the Exxon Valdez Oil Spill Trustee Council's Teleconference Meeting recorded electronically by me on the 8th day of December 2000, commencing at the hour of 2:09 p.m. and thereafter transcribed by me to the best of my knowledge and ability.

THAT the Transcript has been prepared at the request of:

EXXON VALDEZ TRUSTEE COUNCIL, 645 G Street,
Anchorage, Alaska 99501;

DATED at Anchorage, Alaska this 15th day of
December 2000.

SIGNED AND CERTIFIED TO BY:

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

