

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

Public Meeting
Monday, February 25, 2002
9:30 o'clock a.m.

441 West 5th Avenue, Suite 500
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 AGRICULTURE, U.S. FOREST SERVICE	MS. MARIA LISOWSKI for MR. DAVE GIBBONS Trustee Representative
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. DRUE PEARCE Senior Advisor to the Secretary for Alaskan Affairs, U.S. Department of Interior
STATE OF ALASKA - DEPARTMENT OF ENVIRONMENTAL CONSERVATION:	MS. MICHELE BROWN Commissioner

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1	TRUSTEE COUNCIL STAFF PRESENT:	
2	MS. MOLLY McCAMMON	Executive Director
3	MS. SANDRA SCHUBERT	Program Coordinator
4	DR. PHIL MUNDY	Science Coordinator
5	MS. PAULA BANKS	Administrative Assistant
6	MS. DEDE BOHN	U.S. Geological Service
7	MR. KEN HOLBROOK	U.S. Forest Service
8	MR. STEVE SHUCK	U.S. Fish and Wildlife Svc.
9	MR. BILL HAUSER	ADF&G
10	MS. CAROL FRIES	ADNR
11	MR. ALEX SWIDERSKI	Department of Law
12	MR. BUD RICE	National Park Service
13	MR. GEOFF SHESTER	Intern
14	MS. GINA BELT	Department of Justice
15	MR. TONY DeGANGE	U.S. Fish and Wildlife Svc.
16	MR. TOM CHAPPEL	Department of Environmental Conservation
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1 any comments, questions, concerns, to brief them on that.
2 And then the second item was to review the draft Public
3 Advisory Group charter under a new name, Program Advisory
4 Committee. And that ended up in more lengthy discussion.

5 The first one on the STAC process,
6 basically everyone there, and again that was five people,
7 thought the revised version looked very good and addressed
8 all of the issues and concerns that they had had with the
9 original one and felt that it gave a better explanation of
10 how the actual process would work.

11 The second item on the PAG charter, I'll go
12 into a little more detail when I get there, although
13 actually I could do that at any point, but basically what
14 we're looking at is revising the charter for a new
15 reconstituted PAG to coincide with the beginning of the GEM
16 Program next fall. And the changes -- there's one page in
17 your binder, plus in front of you there's a green sheet,
18 and that green sheet actually reflects some of the proposed
19 changes after our discussion with the PAG. The PAG has not
20 taken action on this item and it's not actually before you
21 as an action item today either. The main idea here is to
22 go through this and just kind of let you know what some of
23 the issues are and then have this before you for an action
24 item, probably in either April or June, depending on where
25 we are then.

1 But the main changes are to change the name
2 from Public Advisory Group to Program Advisory Committee,
3 reflecting that it's basically a very broad based look at
4 advising the Trustee Council on the overall programs that
5 it runs. To expand the scope of the advice to include
6 planning, evaluation and conduct of long-term monitoring
7 and research activities. To extend the existence of it
8 from 9/30/02 to, at least, 9/30/06, which coincides with
9 the reopener window. Although the actual charter itself
10 has to be renewed every two years. So even though it would
11 be -- there's language in there that says it would stay in
12 existence at least that time, it still has to be renewed
13 after two years.

14 This would also increase the membership
15 from 17 to 20. And we changed the membership from specific
16 assigned seats to appointments that represent a balanced
17 representation of certain interests. And the main
18 discussion of the PAG last week focused on these interests
19 and how to best describe them. And the main goal of this
20 was not to have designated seats, but to be able to look at
21 candidates that, in some cases, might represent a similar
22 interest or one person might represent two or three
23 different interest and not try to kind of pigeonhole them
24 into one actual seat.

25 However, there was some discussion from our

1 Department of Interior advisor that, in spite of seeing a
2 balanced representation of these interests that often when
3 it is reviewed that people do look to see if there is a
4 person representing each of those interests. But having 20
5 possibilities, rather than the 17, I think there's fewer
6 interests defined in this list. I think we have a lot of
7 opportunity for balance and a lot of different diversity
8 interests.

9 The main changes, then, in the interests
10 are to expand aquaculture to include mariculture, to keep
11 commercial fishing, to combine commercial tourism and
12 recreation, to combine conservation and environmental and
13 to delete forest products, but replace it with a new marine
14 transportation, which could include oil transportation, it
15 could include tug and barge, any kinds of shipping type
16 industry representatives. Delete the local government and,
17 I think, change the Native landowner to tribal government,
18 keep subsistence. The science/academic would be replaced
19 with science/technical, and it could be science/technical
20 academic. And specify the Science and Technical Advisory
21 Committee would nominate one to three of its members to
22 serve on the Program Advisory Committee. So depending on
23 how many of the STAC members actually served on this
24 committee, we still may need to get additional science
25 representatives. Sport hunting and fishing would stay the

1 same and public at large would stay the same, but a number
2 wouldn't be specified. There would also be the addition of
3 someone representing regional monitoring program. And this
4 could be a group like the Prince William Sound RCAC, Cook
5 Inlet RCAC, it could be some other kind of monitoring
6 effort going on.

7 Currently we have two ex-officio members
8 that are two legislators, they aren't specified in the
9 charter, but basically they receive all the materials, they
10 get appointed by the House and Senate, the House Speaker
11 and the Senate President. They've not attended in the
12 last, probably, three to four years. There's been, I
13 think, attendance at one meeting, so there hasn't been a
14 lot of participation there. The recommendation here, we
15 talked a lot about how to get field biologists, managers,
16 more closely involved with the program and one of the ideas
17 was to have two resource agency managers as ex-officio
18 members of the PAC.

19 Since this is a FACA, Federal Advisory
20 Committee Act, approved advisory committee, Federal
21 employees cannot serve on it, so you could have a State
22 biologist on it, but you couldn't have a Federal biologist
23 on it. So in the interest of fairness to the Federal and
24 State we were proposing that they both be made ex-officio.

25 (Mr. Rue arrives - 9:55 a.m.)

1 MS. McCAMMON: So there's still kind of
2 discussion here in terms of the right mix of interests, and
3 I'm not sure this is necessarily the right mix yet either,
4 but it's these kinds of things that we're looking at and
5 where most of the discussion lies.

6 CHAIRMAN TILLERY: Are there questions or
7 comments? The record should reflect that Commissioner Rue
8 has joined us.

9 MR. RUE: You all must think the plane from
10 Juneau gets in earlier. Were you on that plane?

11 MR. BALSIGER: Your cover is blown because
12 we got two other people from the plane from Juneau, they've
13 been here since 9:30.

14 MR. RUE: They were in first class.

15 (Laughter)

16 CHAIRMAN TILLERY: Mr. Balsiger.

17 MR. BALSIGER: Yeah, just for -- this may
18 be out of order, and you can so rule it, but you said this
19 is a FACA committee, so Feds can't serve. Will that same
20 condition apply for the STAC then?

21 MS. McCAMMON: No.

22 MR. BALSIGER: Because?

23 MS. McCAMMON: We're not doing it as a FACA
24 committee.

25 MR. BALSIGER: That's an option that we

1 have, to decide whether it's a FACA committee or not?

2 MS. McCAMMON: Well, it's how the committee
3 is.....

4 MR. BALSIGER: How it operates?

5 MS. McCAMMON:designed and developed
6 and operated, yeah.

7 MR. BALSIGER: Okay, thank you.

8 MS. LISOWSKI: Mr. Chairman.

9 CHAIRMAN TILLERY: Ms. Lisowski.

10 MS. LISOWSKI: Are you looking for comments
11 on this at the moment?

12 CHAIRMAN TILLERY: Yes.

13 MS. LISOWSKI: I'm not totally certain, but
14 I thought that the two legislators, that the reason that
15 they've been included is because that's required by the
16 MOA, the Memorandum of Agreement, between the Federal and
17 State government upon settlement. I think that was
18 mentioned in there.

19 CHAIRMAN TILLERY: I don't believe it was.

20 MS. LISOWSKI: Well, at any rate, that
21 might something to just double check on.....

22 MS. McCAMMON: We'll check.

23 CHAIRMAN TILLERY: Yeah.

24 MS. LISOWSKI:because I think that's
25 probably why they appear there, even though they're not

1 included in the charter.

2 And just one question on the replacement of
3 the science and academic members by members of this new
4 Science and Technical Advisory Committee. I thought part
5 of the whole reason why we created a Public Advisory Group
6 was just another means to get public comment and I'm kind
7 of concerned that if we have someone who is sitting from
8 sort of the program development side, is that really
9 reflective of public advice? So.....

10 MS. McCAMMON: This idea actually came from
11 the public, from the Public Advisory Group, because they
12 want a stronger connection between the science advice and
13 the public advice and more interaction between those two.
14 And that was one of the reasons also for bringing the
15 resource managers. Often there's a disconnect between what
16 scientists are recommending in a program -- or not
17 necessarily a disconnect, but they're talking different
18 language and not -- maybe addressing similar issues, but
19 from different perspectives. And one of the purposes for
20 having some of the STAC members, at least one, on here was
21 to promote that kind of interaction, dialogue and
22 discussion. So that then, when the science group was
23 meeting and reviewing proposal, that they had a better
24 understanding of what the public was thinking in terms of
25 the overall program.

1 MS. LISOWSKI: Well, it just seems to me
2 that there could be a perception of bias there in the sense
3 that these are folks that are working within the program
4 area and, if you're looking for sort of outside review of
5 what's going on in the program area, then it kind of
6 doesn't make sense to have someone from the program area
7 providing that advice through the PAG.

8 MS. McCAMMON: Well, the STAC is still
9 external and independent. I mean, they're not part of the
10 program, they aren't being funded by the Trustee Council,
11 they're not employees of the Trustee Council, it's still
12 pretty separate, so I don't think they're representing "the
13 program".

14 MS. LISOWSKI: Okay. Well, maybe I just
15 need to wait until we get to that discussion. Thank you.

16 CHAIRMAN TILLERY: Yeah. Other questions
17 or comments? Ms. Pearce.

18 MS. PEARCE: Thank you. Whether or not you
19 have two legislators is certainly debatable, and if they're
20 not required -- I don't know how active they've been, I
21 know that I wasn't that active when I was ex-officio, but
22 replacing them with two resource agency managers seems to
23 me that, looking at the group that's sitting here at the
24 table, we're just asking our own people to advise us when
25 it seems that they already do so. So I don't know why we

1 would do that. And we'd probably get in huge disagreements
2 over which two they ought to be. So it seems to me that
3 we'd be better off with public members rather than two more
4 resource agency managers.

5 Now, the other thing is I had a suggestion
6 which I made to you, Molly, that I want to make to the full
7 group. Under marine transportation, for those of you who
8 are not familiar with the new organized marine exchange,
9 that might be a good source of individuals to come in
10 because they represent interests across all of the
11 different sorts of marine transportation both in Cook Inlet
12 and Prince William Sound, throughout the State's waters and
13 Federal waters.

14 And on the Native landowner replacement
15 with tribal government, as I think through, both who the
16 people were that were most affected by the spill itself and
17 the long-term economic effects of the spill, it would seem
18 to me that rather than replacing one with the other, since
19 the Native landowner has, I believe, a different
20 responsibility than the tribal government, that you should
21 have both. And they should both be represented along with
22 subsistence. And in certainly in a 20-member advisory
23 group, I think we have room to do all three.

24 MS. McCAMMON: Uh-huh.

25 CHAIRMAN TILLERY: Commissioner Rue.

1 MR. RUE: I'm sorry I missed this if it
2 came up earlier. Why did we drop local government? What
3 was the logic there?

4 MS. McCAMMON: Well, the logic there was
5 that what we were looking for was representatives of
6 community interests and, in fact, our last two local
7 government people in the midst of their term either lost an
8 election or chose not to run. And then we get into the
9 issue of are they representing the government; are they
10 representing that city council; what kind of interests are
11 they representing? And the benefit of the people who have
12 served in that seat have been mainly people who are active
13 and involved in their communities' activities. And so it's
14 kind of -- you know, it was almost like representative of
15 community interest, but then that's an interest --
16 community interest, so that was one that we talked about
17 and didn't come to any great conclusion on it, other than
18 maybe not having a specific assigned seat, but that was
19 kind of the discussion.

20 MR. RUE: I sort of like having local
21 government on there and I'm not sure why you want to take
22 it off. So I would keep them on.

23 MS. McCAMMON: We had difficulty finding
24 people to fill that seat.

25 MR. RUE: Well, that's a different problem.

1 If no one wants to do it -- I don't know, but if we're --
2 I'll defer to other members, but it seems to me the
3 communities have had a lot of interest in this program,
4 certainly some of them have. I don't know.

5 CHAIRMAN TILLERY: Mr. Balsiger.

6 MR. BALSIGER: There seems there's some
7 similarities between the concerns about the scientists
8 being on there and the Federal agencies or the resource
9 agency managers being on there. I suspect in both cases
10 that the PAC or the PAG probably thought that they were
11 making recommendations in the absence of knowing what the
12 scientists thought or what the resource managers thought
13 and so it's prob -- you know, there might be an alternate
14 way to bring that information to the PAC, not having to be
15 members, you know, we could have some scientific people
16 show up at their meeting or some resource manager show up,
17 but the best way to have them show up is to have them be
18 members of the committee. It's something we need to think
19 about. It's easy to get the managers to show up here or
20 the scientists to show up here, but maybe less easy to get
21 them to show at the PAC if they're not members. I'm not
22 sure.

23 MS. McCAMMON: That was definitely one of
24 the reasons.

25 CHAIRMAN TILLERY: Mr. Rue.

1 MR. RUE: On that issue, were managers
2 invited and didn't show up? Because I never heard of any
3 if they were managers -- I never had anyone call me up and
4 say your biologist isn't interested in coming, we really
5 need them to show up.

6 MR. BALSIGER: Well, I was speaking in
7 terms.....

8 MR. RUE: Because that's the other way to
9 deal with that problem.

10 MR. BALSIGER: I was speaking sort of
11 theoretically and philosophically and I am neither a
12 theorist or a philosophosist [sic], so perhaps I missed the
13 point entirely.

14 (Laughter)

15 MR. RUE: Well, I'm agreeing with you. No,
16 I'm not agreeing with you. I don't think putting them on
17 the committee is necessary. I think if the problem is they
18 aren't showing up, someone ought to call their boss and
19 say, we really need this person to show up. And then we
20 can go from there.

21 MS. McCAMMON: I think part of it is.....

22 MR. RUE: Because I agree if you can get
23 the information -- if what you want is the PAG to have the
24 science and/or the management issues, invite the right
25 person because it could be a very different person

1 depending on the issue, herring, salmon, blah, blah, marine
2 mammals. So you may want any number of agency folks to
3 show up and talk to them. So it seems to me if that's the
4 purpose that you say, here's who we need at this meeting to
5 discuss this topic, can you show up? If there's a problem,
6 either change the meeting and/or try and get their boss
7 make them come. Am I missing the point? Maybe I'm missing
8 the point.

9 MS. McCAMMON: Well, Mr. Chairman, I think
10 part of it -- I mean, we've been kind of grappling with
11 this whole issue of how do you get public interests,
12 resource management interests and external scientific
13 advice and you get those together and you actually have a
14 dialogue so that you actually can develop common
15 priorities, responses to various issues, because often they
16 are done in isolation. And we do this all the time, talk
17 about how do we get resource managers more involved in our
18 process. And, theoretically, you all represent those
19 agencies, but it's the lower, front line, field workers
20 that actually have to respond to the commercial fisherman
21 in his office that day, although you may respond to a few
22 of those, Frank and Jim. But it's those kinds of people
23 that we like to hear from and if they're not on a committee
24 you can invite them, but you don't develop a relationship,
25 you don't have that kind of interaction that you have as

1 being -- if you're part of a committee together with --
2 working to achieve common goals. You're just invited to
3 pop in occasionally and give your two bits and then you're
4 gone. I don't think you have a responsibility to try to
5 work towards resolving different issues. And then it's
6 always up to staff to figure out, okay, we've got this
7 issue, let's get three or four people and see who's there,
8 and no, they can't come. Okay, we'll call Frank and Jim
9 and have them beat on them to get them here. I think it's
10 more effective if they are formally appointed or with a
11 mission that they're supposed to represent these kinds of
12 interests and have this goal to participate in an overall
13 process.

14 I mean, the other thing we looked at, I
15 mean we've all looked at this, we have our science group,
16 we have our public group, well, let's set up a management
17 advisory committee. And then you just start having these
18 different groups whereas really you want people to talk
19 together and so we were actually looking at kind of this
20 revamped PAG to give us the opportunity to have that
21 dialogue and interaction among all of those different
22 sources of advice.

23 MS. PEARCE: One more committee and you'll
24 look like Alyeska.

25 MS. McCAMMON: Yeah, that's bad enough.

1 MR. RUE: The last thing. We don't want to
2 beat a dead horse or whatever it is, but two agency
3 managers and I can imagine, at least from my department,
4 there could be five or six different people you might want
5 to talk to depending on the issue, whether it's marine
6 mammals, salmon, herring, habitat issue, I mean there's
7 four, I didn't get to six. And none of them, necessarily,
8 would feel comfortable speaking for the others unless you
9 have a high enough level person who supervises a bunch of
10 those people to be on your committee. But that's not
11 necessarily your front line manager from Cordova, for
12 example. So, I don't know. And the two agencies, that
13 could be one from Interior and one from NMFS. I'm not
14 necessarily disagreeing with your idea, but I'm not sure
15 your -- who you get.

16 MS. McCAMMON: Well, it doesn't answer the
17 whole problem either, the whole issue.

18 MR. RUE: Yeah.

19 MS. McCAMMON: Yeah, you're correct there.

20 CHAIRMAN TILLERY: Anything?

21 MR. BALSIGER: I was going to agree with
22 Frank that the main thing is to get that advice whether
23 they're a member of the committee or are required to show
24 up by some other circumstance. I think either way could
25 work, but I agree they need to be there and have that

1 interaction.

2 CHAIRMAN TILLERY: Further comments? I
3 would echo -- the two things I had circled were the local
4 government, that I thought had been pretty productive in
5 the past. But I guess it does depend on the individual.
6 And then the Native landowner and the tribal government, it
7 did seem to me that they really should both be on there.

8 Anyway, if there are no further comments
9 what we probably need to do is to go back.

10 MS. McCAMMON: Right.

11 CHAIRMAN TILLERY: Now that we have a full
12 group here and we need to approve the agenda. Is there a
13 motion?

14 MS. PEARCE: Motion to approve the agenda.

15 MS. LISOWSKI: Second.

16 CHAIRMAN TILLERY: It's been moved and
17 seconded. Is there any opposition?

18 (No audible response)

19 CHAIRMAN TILLERY: Hearing none, the
20 motions passes. The second thing is a motion to approve
21 the meeting notes of December 11th.

22 MS. PEARCE: So moved.

23 MS. BROWN: Second.

24 CHAIRMAN TILLERY: It's been moved and
25 seconded by Ms. Brown; is there any opposition to approval

1 of the meeting notes?

2 (No audible response)

3 CHAIRMAN TILLERY: Okay, hearing none, the
4 meeting notes are approved.

5 That brings us to the Executive Director's
6 report, however, I note that we have the investment
7 scheduled for 10:00.....

8 MS. McCAMMON: Right.

9 CHAIRMAN TILLERY:we do have Bob
10 Storer and John Jenks standing by, so I think it would be
11 best if we went straight to that. So, gentleman.

12 MS. McCAMMON: Mr. Chairman, if I could.

13 CHAIRMAN TILLERY: Ms. McCammon.

14 MS. McCAMMON: I'll just do a quick summary
15 of our investment working group. We did meet on February
16 15th to review the reports for December 2000 [sic] and
17 January 2002 and I wish we could have thrown out January's
18 report and kept with December because we were looking
19 really good in December. But at the end of January we were
20 down about two and a half million from the fund's starting
21 point. The good news is, however, that the investment fund
22 is still doing equal to or better than our benchmark funds,
23 which is a very positive accomplishment.

24 We went through, in great detail, the
25 Callan market -- 2002 Callan capital market outlook that

1 was submitted to the Alaska State Pension Investment Board.
2 And John is here and will be going through that in a little
3 bit more detail. And based on that review of that we did
4 discuss the Council's current asset allocation. This was
5 adopted two years ago, it's 41 percent domestic equities,
6 17 percent international equities and 42 percent bonds.
7 And there are established bands, plus and minus, on both
8 sides of those target numbers.

9 And in the memo that I put here, the table
10 there summarizes the projected risk, rate of return and
11 inflation for this allocation for years 2000 to 2002, which
12 is targeting a five percent real rate of return. And you
13 can see the big difference here is that inflation is
14 projected to be lower in this next couple of years, 2.9
15 percent down from the 3.25 percent.

16 So after reviewing the report and having a
17 fairly healthy debate, very healthy debate and discussion
18 of this, we did recommend that we continue with the current
19 asset allocation policy. And, as I mentioned in the memo,
20 the recommendation was not totally unanimous, one of our
21 advisors, Peter Bushre, who's the former chief financial
22 officer with the Permanent Fund, was a dissenter in this
23 recommendation and he, I believe, is on line and is
24 available also to answer any questions. But we do have
25 both John Jenks and Bob Storer here. John is going to walk

1 through the capital market projections and give a
2 description of some of the discussions that they've had
3 with the Pension Board and answer any questions on that.

4 CHAIRMAN TILLERY: John.

5 MR. JENKS: And, Molly, did you want me to
6 touch base at all on December and January's returns?

7 MS. McCAMMON: Only if there are any
8 questions.

9 MR. JENKS: I don't see any questions, but
10 I.....

11 MR. BALSIGER: Are they in the notebook
12 here so we can find it?

13 MS. McCAMMON: Yes.

14 MR. JENKS: And it's a sheet that looks
15 like this without the clever notes on the bottom in blue.
16 And maybe if I could just take one minute and touch on
17 this, because I think there's a couple of points that we'll
18 come back to as we think about the asset allocation. In
19 looking at the December report, again, it was a very strong
20 quarter, so if you look at the column, that's three months
21 return.

22 MS. McCAMMON: We ended up just putting
23 January in the packet because it had been superseded
24 by.....

25 MR. JENKS: You did just put January?

1 MS. McCAMMON: Yeah.....

2 MR. JENKS: Okay.

3 MR. RUE: Okay, thank you.

4 MS. McCAMMON:instead of putting
5 December.

6 MR. JENKS: All right. So I guess I will
7 make the one point that at the end of December it had been
8 a very, very strong quarter and if you think back to the
9 start of that quarter, I'm not sure that you would have
10 necessarily anticipated that. The Council benefited
11 significantly by sticking to its investment program and
12 doing rebalancing in late September to take -- really got
13 to take advantage of the very strong fourth quarter and
14 that was something that was discussed, debated and your
15 policies put you in very good stead there, it was not
16 necessarily emotionally the easy thing to do, but sticking
17 with your program certainly paid off very well for you.

18 January, if you look in the three months,
19 that column, you'll notice that your return and fund index
20 are identical. That's really a construct of the fact that
21 you have bands around your target and we're going to try to
22 stay reasonably close to those. That your equities are
23 passively managed and there aren't really going to be big
24 deviations, so when we talk about asset allocation it
25 really is a very important part of your investment process.

1 And unless there are specific questions about the returns
2 you, in a sense, exactly matched for the short term what
3 your index was and long term is still very strong on a
4 relative basis.

5 CHAIRMAN TILLERY: Any questions?

6 (No audible response)

7 MR. JENKS: Okay. Now, on to asset
8 allocation and your policies require you to review this
9 asset allocation once a year. And the investment group, as
10 Molly alluded to, spent a significant amount of time on
11 this in looking through the assumptions and talking about
12 some issues. And I won't go into as much detail as that
13 group did, unless there are questions, but I want to touch
14 on three things. I want to really review the process and
15 why it's important, review the assumptions, so that you
16 have some level of confidence that what comes out is only
17 as good as what goes in and, finally, to really drive home
18 the point that you need to think about the output of this
19 asset allocation policy in light of your long-term goals.
20 And I think that's a critical thing to tie the whole
21 program back together again.

22 So what is this asset allocation process?
23 It's really a forward-looking five-year process of expected
24 returns and a range of outcomes that will be around those
25 returns. That way you make sure that the policy is

1 efficient, and by efficient what I mean is you're taking no
2 more risk than you have to get your targeted level of
3 return or, correspondingly, for any level of return the
4 risk that you've chosen to take you're getting the maximum
5 amount of return that's available there. And, again, it's
6 a way to align your investment policy to your long-term
7 goals. Any asset allocation will explain, depending on
8 whose study you read, more than 90 percent of your
9 investment allocation over the long period of time.

10 You have in your packet a presentation
11 titled 2002 Capital Market Outlook, Alaska State Pension
12 Investment Board. The original presentation was made by
13 Michael O'Leary of Callan Associates to the Pension Board.
14 These assumptions and this process are used by the
15 Department of Revenue for all its long-term funds, as well
16 as by the retirement systems and by the Permanent Fund as
17 well, so this is a really an institutional process and
18 these are the assumptions that are sort of driving it.

19 And on Page 2 of that presentation these
20 are five year forward looking expectations, so they're not
21 about the next year, they are really five-year projections
22 about what the median return for the various asset classes
23 will be, as well as a distribution around those expressed
24 as a standard deviation that we'll get to. The results
25 are, hopefully, that they're logical, they're defensible

1 stocks that are going to return more than bonds. Bonds are
2 going to return more than cash, so that risky assets return
3 more than non-risky assets. And, finally, these inputs,
4 these capital market assumptions have been checked to make
5 sure they don't result in some kind of nonsensical outcome
6 at the portfolio level. So it's been a very detailed
7 process, really, to come up with reasonable expectations
8 about the environmental facts.

9 Pages 3 through 17 are really a review of
10 the economy and like everything that had an economist
11 associated to it, this was a two-handed economist, and I
12 won't go through all of these items, because they have a
13 little bit on this hand and a little bit on this hand.
14 They're there for your information and if you have any
15 questions. There are a few pages I just want to touch base
16 on real briefly and the first page would be Page 6.

17 And that really just shows the quarterly
18 GDP over the last 10 years, just to reinforce the point
19 that we had had a long period of robust growth and, in
20 fact, we are in a recession, GDP has gone down for the last
21 two quarters as currently estimated by the Federal Reserve.
22 So, again, just to put things in context.

23 MR. BALSIGER: So the last two red bars
24 there, that the last two quarters of 2001 or it is.....

25 MR. JENKS: Yes, they are the last two

1 quarters of 2001.

2 Page 8 brings out the point that the U.S.
3 is in a downturn and it's sort of a global downturn, that
4 if you look around the world there's no really robust part
5 of the world, which means that there's nothing out there to
6 catapult the U.S. economy into a really strong recovery,
7 that it's sort of a collective downturn, implying
8 potentially a more mild recovery than one might otherwise
9 expect.

10 Page 12 puts the current recession in a
11 little bit of a context as far as the length that we've
12 been in this recession, essentially it's been 10 months,
13 real GDP is down, you know, one percent. It sort of puts
14 it in -- this was a relatively mild recession, not
15 particularly long nor short at this point. Kind of
16 implying that, you know, relatively mild recession might
17 lead to relatively mild recovery as well.

18 The next page I would like to call your
19 attention to is Page 12, again, just another thing that
20 identifies why a typical very strong recovery might not be
21 in the offing, but again a mild recovery is the consensus.
22 And that is that the savings rate all throughout the '90s
23 declined and in this recession really didn't build back up
24 a lot, so there's not a huge amount of pent up demand,
25 people didn't quit spending and save for two years to sort

1 of recharge themselves there. The consumers really have
2 spent through this recession, and it was a business
3 inventory recession, and so the consumer doesn't have a lot
4 here to, again, create a really pop of going forward.

5 The next page I call your attention to is
6 Page 16. It just sets forward a very benign inflation
7 environment and drives home the importance of inflation
8 when we think about your asset allocation. It gets
9 described at some points in nominal returns, and inflation
10 is a key component of how to get from nominal to real
11 returns and that the environment looks very constructive
12 for inflation going forward. It's one of the big changes
13 in the capital market assumptions, that we'll get to when
14 we get to the specific assumptions.

15 Page 17, the Federal Reserve through this
16 entire economic downturn has been extremely aggressive in
17 lowering interest rates to re-stimulate or stimulate the
18 economy and right now short-term interest rates are 1.75
19 percent, very low by historic standards. In fact, interest
20 rates, in general, are low by historic standards and that
21 will have a significant effect on the expected return for
22 your bond portfolio going forward.

23 Page 18, just for reference, gives how the
24 various asset classes have returned over the last three
25 years. So you can look back fondly to '99. If you look on

1 the NASDAQ line, those excesses have, you know, been sort
2 of very painfully taken out of the system at this point.
3 Additionally, the second line from the bottom, the Lehman
4 Aggregate is the abbreviations for that, that's the
5 benchmark for the bond market in general and that's had two
6 very strong years as interest rates have come down and
7 that's provided wonderful diversification for not only your
8 portfolio but others as well, where in '99 people were
9 saying why would I even bother with bonds, since stocks are
10 20 percent a year on a bad year? And this has really been
11 a great example of why your carefully diversified program
12 is a sound long-term approach.

13 Page 19 sort of sets out the consensus, you
14 know, the economic underpinning for the capital market
15 assumptions that you have in front of you. They're not
16 critically dependent on this being absolutely accurate, but
17 it's a starting point to put it in context. And,
18 essentially, the consensus economic view when Callan
19 prepared their capital market assumptions was a mild
20 recovery starting in the second half of this year. Now,
21 some people are thinking the recovery might actually start
22 a little earlier, some people are talking about positive
23 first quarter GDP numbers, but it's way too soon at this
24 point to see, but.....

25 MS. McCAMMON: We lost the connection on

1 the teleconference.

2 MR. JENKS: Would you like me to.....

3 CHAIRMAN TILLERY: Yeah, you need to hold
4 up for a second.

5 (Off record comments - accessing phone)

6 CHAIRMAN TILLERY: Okay, Mr. Jenks,
7 continue.

8 MR. JENKS: Pages 20 through 29 of this
9 presentation really touch on various valuation issues and
10 unless there are questions on them, I don't -- I think
11 other than to go to Page 27, because it addresses an asset
12 class that has the biggest change in the specific outlook
13 in the next five years, as opposed to what it was last year
14 at this time. And this talks about the domestic fixed
15 income asset class and it's a big change in its prediction,
16 so you want to get a sense, fairly confident, that that's a
17 reasonable assumption. And the best predictor of how you
18 will do over the next five years is the current yield on
19 the broad market of bonds, because they essentially have an
20 average life of about five years, we're forecasting --
21 we're looking out over a five-year period and the way bonds
22 work with interest coming in at whatever the current yield
23 is effectively and then changes in interest rates, if the
24 interest rates go up, you get to reinvest at a higher level
25 through time, but then you have a small capital market

1 depreciation while the rates are rising. They have a
2 tendency to offset themselves fairly effectively. And so
3 this graph just plots sort of five years shift of the yield
4 and the actual five-year backward looking return of what
5 the bond market had achieved over the previous five years.
6 And you can see that, in fact, is a very good indicator.
7 This is Callan's highest confidence estimate of all their
8 asset classes, they're the most comfortable with this
9 estimate and so it is a big change, but they have a high
10 degree of confidence in this.

11 Page 30 has the new capital market
12 assumptions on it and I'll just take a couple of moments to
13 note the significant changes. And some of the changes are
14 not particularly significant. Broad domestic equity, the
15 top line, for 2002 the view going forward is that there's
16 going to be one-tenth of a percent better returns per year
17 than Callan thought they were going to be last year.
18 That's really more an expression of the environment is a
19 little better for stocks now than the .1 change. It's not
20 as significant as sort of the direction of change, implying
21 some level of confidence. The standard deviation of those
22 returns is expected to be somewhat higher than it has been
23 in the past. We've gone through a period of very low
24 volatility, it's likely to be a little more volatile going
25 forward. It's really the expression there.

1 Again, international equities, again one-
2 tenth of one percent better going forward from this point
3 than the way it was viewed a year ago. Again, not a
4 significant change.

5 The big change is in the domestic fixed
6 income asset class. Last year 6.45 percent was the best
7 estimate of five years going forward, the expected return,
8 now it's 5.75 and it's really a consequence of interest
9 rates having come down substantially in response to the
10 slowing economy and the Federal Reserve's decisions to
11 lower short-term interest rates that translated into higher
12 returns this year, but sort of at the expense of a likely
13 outcome going forward, so 5.75 is the expected return for
14 fixed income going forward.

15 And, finally, a very important item.....

16 MR. BALSIGER: Mr. Jenks, on the standard
17 -- the projected standard deviation, is that the standard
18 deviation of some recent short-term historic numbers? So
19 actual returns over the last five years, you get the
20 standard deviation on that or is it involved in your
21 projection?

22 MR. JENKS: It is a prospective view of the
23 standard deviation, it's not extrapolation of the past. It
24 certainly is based on, historically, which asset classes
25 are more volatile and which are less volatile, but it also

1 incorporates a specific judgment about the market going
2 forward.

3 MR. BALSIGER: Thank you.

4 CHAIRMAN TILLERY: Any other questions?

5 MR. JENKS: Thank you. I would call your
6 attention, again, to the inflation item at the bottom of
7 the page, again, a substantial decline in the expected
8 inflation rate, going forward over the next five years.
9 And that does have an effect on how you think about your
10 investment policy as it's expressed in nominal terms.

11 So it's really the assumptions that go into
12 an optimization process that comes out with an asset
13 allocation. And I don't know if there are any questions
14 about those assumptions, and if not, I can touch base on
15 sort of the optimization process and the recommendation
16 that we had brought forward to the investment working group
17 and Molly has reflected to you.

18 CHAIRMAN TILLERY: Are there any questions
19 at this point?

20 (No audible response)

21 CHAIRMAN TILLERY: Okay, why don't you go
22 ahead?

23 MR. JENKS: Then in your packet you should
24 have a sheet that looks something like this. It's a.....

25 MS. McCAMMON: It's in color.

1 MR. JENKS: Oh, yours is in color, yeah.
2 In a sense this asset allocation is a mathematical
3 optimization to get the best mix of the three asset classes
4 that your policy incorporates to meet your long-term goals.
5 And before getting to the specifics of what these asset
6 classes are, again, the long-term goal that was articulated
7 was a five percent real rate of return over a long period
8 of time because you really are trying to establish
9 something that's going to last effectively into perpetuity
10 here and it's that long-term goal that is sort of central
11 to what recommendations could come forward. And it's
12 thinking about that long-term goal that's very important to
13 -- I think not only to you, but I was in a meeting of state
14 investment officers right after October and it's kind of
15 these raise your hands around the room, who's planning to
16 change their asset allocation? Almost nobody. Who's
17 planning to change their goals? Well, that's why we're not
18 changing our asset allocation because we haven't changed
19 our goals, so this is a process that everybody goes through
20 and it's good to tie it back to what were you trying to
21 accomplish when you established your goal and that five
22 percent real return is a very typical endowment-type goal
23 and it's consistent with the funding programs and other
24 growth goals that you have laid out and the investment
25 working group has reviewed before.

1 So we really started out with, again, what
2 is a five percent real asset allocation going to look like
3 and then what does your own current asset allocation look
4 like with a new view of the world going forward. So mix
5 one here is your current allocation and then mixes two
6 through 10 starting at somewhat more conservative than your
7 return objectives and getting to more aggressive than your
8 return objectives, it gives you an idea what would happen
9 to the asset allocation. Mix six is specifically, if we
10 started right now, what would be exactly a five percent
11 real rate of return investment policy and the thing to note
12 is that mix six is essentially the same as your current
13 mix. I mean, it's sort of a rounding issue of moving one
14 percent from the domestic equity asset to the international
15 equity asset class, but otherwise -- and moving one percent
16 falls into assigning a little more specificity to all this
17 than it deserves. These are estimates and you need to sort
18 of remember that you can't impute more exactness to them
19 than the estimates that gave rise to these formulas, so
20 effectively your current asset allocation is efficient and
21 it meets your long-term goals and it does so at a level of
22 risk that's very comparable to the risk that you've chosen
23 to accept in previous allocation cycles that you've gone
24 through. While slightly higher it's, again, a measurement,
25 estimation that's well within the band of what could be

1 considered an estimation error. So the fact the standard
2 deviation is 10.879 percent now and in 2000 it was 10.59
3 overall, they're essentially equivalent levels of risk.
4 And so based on the fact that your current policy is
5 efficient, meets your long-term goals and is consistent
6 with the risk tolerance that you have exhibited in the past
7 and it was the recommendation that you affirm or, in a
8 sense, don't change your asset allocation at this point.

9 CHAIRMAN TILLERY: Okay. Thank you.

10 Questions? Mr. Balsiger.

11 MR. BALSIGER: I have one dumb question.
12 Only because I sit on some Canadian/U.S. groups, in this
13 term international Canadian funds, Canadian equities would
14 be an international group?

15 MR. JENKS: Yes, they would.

16 MR. BALSIGER: Okay.

17 CHAIRMAN TILLERY: Other questions? Is Bob
18 going to.....

19 MS. McCAMMON: Bob is.....

20 MR. STORER: I thought I was doing fine so
21 far.

22 (Laughter)

23 CHAIRMAN TILLERY: Mr. Storer, did you have
24 something to add?

25 MR. STORER: I'll add a couple of comments,

1 Mr. Chair, members of the Council. I'm going to take us
2 back to when we first started discussing the initial asset
3 allocation mix and there's a balance. What's your return
4 objective and what's your risk tolerance? And to some
5 degree it's kind of circular because you have to find the
6 right balance between the two. And if you go back to when
7 we first started these discussions we were in the throes of
8 what we now know was the late stages of a bull market in
9 the U.S. stock market. And so a lot of the return
10 objectives included higher weighting towards equities, but
11 the Board and then the Council -- the advisory group and
12 the Council determined that the right mix, if you will, of
13 risk and return objective was a five percent real rate of
14 return. And then a 4.5 percent payout and then some
15 additional income to essentially add an incremental return
16 over inflation.

17 The balance then was the objective of that
18 risk tolerance level and to ensure that you had an excess
19 payout schedule that met current goals that you can through
20 inflation proofing, that residual that you leave in the
21 fund, would meet future needs. And that's how it was
22 determined that an asset allocation with a five percent
23 real rate of return was the appropriate objective.

24 Now, the debate tends to go not from well,
25 let's have more equities but, geez, we're in a bear market,

1 let's have fewer equities. I have found that the most
2 successful ones are the funds that define their risk
3 tolerance, define their return objectives and then stay
4 particularly disciplined.

5 One thing that came across my desk late
6 last week that I brought with me that I thought was
7 particularly germane to your discussion and that's an
8 article by gentleman named Keith Ambiture, he runs a
9 Toronto-based consulting firm, primarily for pension funds.
10 And he wrote a list of what do excellent pension funds look
11 like, and some of them are germane to this discussion. I'm
12 only going to highlight a couple. One is the
13 identification of an asset portfolio that looks like your
14 liabilities. And you've defined your liabilities as your
15 payout stream. A prospective risk/return assessment
16 protocol that references the liabilities and that that
17 naive portfolio, your benchmark, is a risk-minimizing
18 benchmark.

19 Another point that I think is key, and you
20 have it in your policy as well, and that's an organization
21 design chart with optimal layering and delegation of
22 characteristics. And you've done that in your investment
23 policies, recognizing the Executive Director's role, the
24 advisors, et cetera. So all of this reinforces, I believe,
25 continuing the existing asset allocation, which is a very

1 disciplined approach, it's consistent with your payout
2 objectives and that's why I agreed with the recommendation
3 that continuing with the existing allocation is the
4 appropriate recommendation.

5 CHAIRMAN TILLERY: Thank you. Are there
6 questions of Mr. Storer?

7 (No audible response)

8 CHAIRMAN TILLERY: Mr. Bushre, are you on
9 line?

10 MR. BUSHRE: Yes, I am.

11 CHAIRMAN TILLERY: Thank you very much. I
12 think you're on the other side of this debate. Would you
13 like to give the Council a quick summary of your views on
14 our perspective asset allocation?

15 MR. BUSHRE: Well, the decision was to
16 stick with the existing asset allocation and I was
17 advocating a stronger allocation to bonds and a lighter
18 allocation to equities. And the reason for that was the
19 Callan 2002 capital market outlook, I really didn't see any
20 evidence in reading through it that conditions or equity
21 prices are going to improve any time soon. And while we're
22 looking at a projected 9.2 and 9.3 percent return over the
23 next five years, we've been looking for that for the past
24 two. And by looking back over my old documents I can see
25 that the projection two years ago was about the same thing.

1 And I think that with the payout requirements of this fund
2 coming up that it really needs a stronger allocation to
3 assets that actually generate cash, such as bonds, rather
4 than an allocation to equities, which rely strictly on
5 appreciation because the dividend payout is so small. And
6 that's a thumbnail sketch of where I'm coming from.

7 CHAIRMAN TILLERY: Okay. Thank you. Are
8 there questions for Mr. Bushre? Mr. Rue.

9 MR. RUE: It was probably in here,
10 Mr. Tillery, but I can't remember what his recommendation
11 was in terms of percentage change.

12 MS. McCAMMON: He didn't have a specific
13 recommendation.

14 CHAIRMAN TILLERY: Peter, do you have one?

15 MR. BUSHRE: It was the allocation asset
16 alternative number four.

17 MR. RUE: So that's about an eight percent
18 change.

19 CHAIRMAN TILLERY: As I understand, that
20 would increase our bonds by 11 percent and reduce equities
21 by, yeah, nine percent, eight percent.

22 Are there other questions?

23 (No audible response)

24 CHAIRMAN TILLERY: Mr. Jenks, Mr. Storer,
25 do you want to respond to that? Or do you have any.....

1 MR. JENKS: Well, I have at least one brief
2 comment, just to make sure that there's no confusion. You
3 are anticipating making some payouts out of this fund, but
4 you don't need to pick individual asset classes or your
5 investment policy to generate that kind of current --
6 they're paying cash as the way you get your return in order
7 to make those cash transactions. That the funding system,
8 because of the pooling that's available through the State
9 system, is independent of the kind of return that is
10 generated. So it makes no difference from the funding
11 perspective if it's capital appreciation, whether that's
12 capital appreciation in a bond portfolio or a stock
13 portfolio or whether it's interest or dividends, there's no
14 distinction that needs to be made. One of the benefits of
15 the pooling is that that liquidity is available there, so
16 you do not need to be concerned about that. At least that
17 particular, you know, issue, that it's, in a sense, taken
18 care of for you and allows you, then, just to focus on your
19 long-term goals.

20 CHAIRMAN TILLERY: Mr. Storer.

21 MR. STORER: I would add -- we can have a
22 fun discussion on the current markets at length, but I
23 believe there's a fundamental issue that you must deal with
24 as fiduciaries and that is you have determined a payout
25 schedule and you must have an asset allocation that's

1 consistent with that objective. And if one was to adopt a
2 mix that was below that, your liability objective, if you
3 will, then you have to consider not only adjusting your
4 asset allocation but you have to -- you really -- you must
5 -- strong words, you must as fiduciaries adjust your payout
6 schedule as well.

7 CHAIRMAN TILLERY: Ms. McCammon.

8 MS. MCCAMMON: Mr. Chairman, I didn't bring
9 this with me, but I also downloaded some articles last
10 week, too. And one of them was a summary, I think it was
11 in the New York Times, about a recent meeting of college
12 endowments and they, like us, are faced with a similar
13 situation because they also have commitments in terms of
14 payout. The average payout by a university foundation is
15 five percent. Our payout policy is 4.5 percent and, even
16 though we are targeting a five percent real rate of return,
17 our payout actually is more conservative than the real rate
18 of return. And there was a discussion that a number of the
19 universities actually have decided to tighten their belts a
20 little bit and reduce their payout and they're reducing it
21 from five percent to an average of 4.8 percent, so still
22 the payout that the Council has adopted, the 4.5 percent,
23 is still conservative when you look at kind of the whole
24 spectrum of universities and other endowments and
25 foundations. And I think they've all faced similar

1 situations of do we change our asset allocation in response
2 to what the market looks like now and, for the most part, I
3 think they might have done some minor tweaking, but
4 basically everyone else is pretty much holding to a very
5 similar pattern that the Trustee Council has here.

6 MR. STORER: If I may.....

7 CHAIRMAN TILLERY: Mr. Storer.

8 MR. STORER:add to that? It's just
9 one endowment fund, but we are -- at the Permanent Fund are
10 close to the treasurer at MIT and what MIT did is not
11 dissimilar to what you did, where they use a payout
12 formula, it's over a moving average, et cetera. But they
13 also paid out a lower rate than their return object,
14 modestly lower, for essentially the same reason, I think,
15 you are, where you're building that cushion in the fund for
16 the days when you fall short. And, again, I emphasize
17 that's just one fund, but it looks very similar to your
18 approach.

19 CHAIRMAN TILLERY: Other questions or
20 comments from the Council? Commissioner Rue.

21 MR. RUE: Just really quickly, I'm trying
22 to read the rate of return that alternate four gives you
23 and I just don't see that anywhere, where is that?

24 MS. McCAMMON: It's down below.

25 MR. RUE: Where?

1 MS. McCAMMON: On the second.....

2 MR. RUE: Oh, okay.

3 MS. McCAMMON: It's 7.5 percent is the
4 return.

5 MR. RUE: Yeah, there you go.

6 CHAIRMAN TILLERY: Are there other
7 questions or comments?

8 (No audible response)

9 CHAIRMAN TILLERY: Mr. Bushre, did you have
10 anything to add before we sort of close this up?

11 MR. BUSHRE: No, I don't, Mr. Chairman.

12 CHAIRMAN TILLERY: Okay. Thank you.

13 Ms. McCammon, this was listed as a tentative action item.

14 MS. McCAMMON: You are required to review
15 the asset allocation policy every year, you're not required
16 to change it. The current policy is good through 2004, so
17 it's only if you choose to change it that you need to take
18 action.

19 MR. RUE: So, Mr. Chair, it would take a
20 motion by one of us to change it.

21 CHAIRMAN TILLERY: That's my understanding.
22 I guess my own sense is that we should stay the course on
23 this, I think we recognize when we went into it that some
24 years we would earn a lot of money and we would have to
25 resist the temptation to expend it, but in other years we

1 would earn less and we should resist the temptation to not
2 expend. It is unfortunate that we started with the latter
3 rather than the former, but it's where we seem to be and my
4 own view is that we should stay the course.

5 Is there anyone who wishes to make a motion
6 to change the allocation?

7 (No audible response)

8 CHAIRMAN TILLERY: Seeing none, it looks
9 like the allocation will remain the same, then. Thank you,
10 gentleman, for coming here and thank you, Peter, for being
11 on the phone, we appreciate it.

12 MR. BUSHRE: You're welcome, Mr. Chairman.

13 CHAIRMAN TILLERY: Okay. That brings us, I
14 guess, back to the Executive Director's report. We got
15 about 15 minutes before public comment. Ms. McCammon.

16 MS. MCCAMMON: Okay, let me go back to it.
17 Actually, if I could go back real briefly, Mr. Chairman, to
18 the PAG charter. I would just like to get some sense from
19 the Trustees and other than the make up of those interests
20 and which ones stay on and which ones go off, if there's a
21 general sense that we're going in the right direction here?
22 And some discussion, also, about legislators versus
23 resource managers as ex-officio, or how do that aspect of
24 it. Because I do want to bring this back for an action
25 item at the next meeting if possible. It takes a while to

1 get this through the process.

2 CHAIRMAN TILLERY: Mr. Rue.

3 MR. RUE: Okay. I guess I would suggest
4 that we not have any ex-officio members. I wouldn't put
5 either one on, if legislators didn't participate and I
6 think agency folks you invite the ones that you think you
7 need. That would be my recommendation and I'll just throw
8 it out there for others. I like the ideas of Native
9 landowners, as well as tribal governments and I like local
10 governments. So I think you're moving in the right
11 direction with those exceptions.

12 CHAIRMAN TILLERY: I guess I'm assuming
13 that part of the question would be about expanding the
14 scope and some of these other questions up top.

15 MS. McCAMMON: Right.

16 CHAIRMAN TILLERY: Expanding the scope is
17 probably the most significant one. Mr. Balsiger.

18 MR. BALSIGER: Thank you, Mr. Chairman. I
19 should remember this more clearly, but we're envisioning a
20 STAC and a PAC and is there a third group that we're
21 anticipating as an advisory group for the Trustees down the
22 road or is it just those two?

23 MS. McCAMMON: Those two.

24 MR. BALSIGER: Okay, thanks.

25 CHAIRMAN TILLERY: Although the STAC seems

1 to have these subsets.

2 MS. McCAMMON: The STAC has layers of
3 subcommittees down below, but those are more working
4 committees than.....

5 MR. RUE: Mr. Chairman.

6 CHAIRMAN TILLERY: Mr. Rue.

7 MR. RUE: Maybe you all did this when I
8 wasn't here. Molly, what do you see as the advantage of
9 adding the scope, changing the scope?

10 MS. McCAMMON: It's just being a little bit
11 more specific, I think it's actually within the existing
12 scope, it's just different language. Let's see, you look
13 at the existing scope, it's on the first page of the draft,
14 planning, evaluation and allocation of available funds.
15 Planning, evaluation and conduct of injury assessments and
16 restoration activities. And then we added planning,
17 evaluation and conduct of long-term monitoring and research
18 activities. You could say that's contained within A and B,
19 it's just a little bit more specifically germane to the GEM
20 Program.

21 MR. RUE: Uh-huh. Mr. Chairman, I guess I
22 had assumed that that was in there anyway, they've never
23 been shy.....

24 MS. McCAMMON: It's not as specific, it's
25 within allocation of available funds, it's within -- we

1 believe the GEM Program is a restoration activity, so it's
2 within that, but it's just a little bit more. I think it's
3 helpful to have that.

4 MR. RUE: I think it is, too, but I don't
5 see it as huge change either.

6 MS. McCAMMON: And it's not, you know,
7 inconsistent, it's certainly within A and B.

8 CHAIRMAN TILLERY: Ms. Lisowski.

9 MS. LISOWSKI: Two questions, I guess.
10 One, and maybe you already did this, but I guess I didn't
11 follow it. Is there a particular reason for changing the
12 name of the entity? And, second, why are we increasing
13 membership? I thought we were having a hard enough time
14 getting people to attend the PAG, at times, and so I'm just
15 wondering why we want to expand the membership even
16 further?

17 MS. McCAMMON: Well, in answer to the first
18 question about changing the title. I think it was -- this,
19 again, came from the members of the current PAG wanting to
20 look at -- to put the emphasis on looking at the overall
21 program and so emphasizing that sense of Program Advisory
22 Committee. And calling it a committee rather than a group
23 basically to reflect parity to the STAC, that there are two
24 committees kinds of things. But there wasn't any, you
25 know, super strong feelings about that. If there's a

1 problem with that I don't think that they would have a
2 problem going back to it, but it was more of a sense that
3 reflected better their view of the new group.

4 In terms of the membership, we had talked
5 several years ago about actually reducing it more to the
6 size of, like, nine to 11 members, but what's happened over
7 the last few years is that we still have a very active
8 outreach program, but when you look at our meetings and the
9 number of people who actually call in and submit public
10 comment it really has tapered significantly over the last
11 few years, unless there's some particular hot issue on the
12 agenda. And, in fact, our biggest source of public advice
13 has been from the Public Advisory Group. And they have
14 been really a great sounding board and very helpful in
15 terms of providing different perspectives on looking at
16 various issues that have come before us. So I actually
17 think it's better to have as large a group as possible to
18 manage because having a formal group, having members,
19 people -- not all are able to attend all of the meetings,
20 but you do get a good cross section who live in the region
21 who have concern for the resources in that region and it's
22 just been very invaluable. So I think that going to the 20
23 is still workable and the more advice here the better.

24 CHAIRMAN TILLERY: Mr. Balsiger.

25 MR. BALSIGER: Yes, I had some -- I'm going

1 to STAC process and recalling all these committees, so I'm
2 concerned about the overall travel and expense with all the
3 number of groups we're setting up. But I can't see out of
4 this green table how we get to 20, so maybe you could help
5 me a little. There's only one aquaculture, one commercial
6 fishing, one now for those two combined commercial and
7 recreational -- commercial tourism, recreational. If you
8 add all those up, how many science and academic people are
9 there?

10 MS. McCAMMON: There could be any number.

11 MR. BALSIGER: I see. So in that case I
12 can see how you.....

13 MS. McCAMMON: Any of these seats could be
14 any number, it's a balance overall, so some of these
15 interests may have two people.

16 MR. BALSIGER: Okay, thank you. I
17 understand now.

18 CHAIRMAN TILLERY: And I guess I would also
19 note that there is a number six down there that would cut
20 the number of meetings in half, so even though you're
21 slightly expanding the group, you are cutting the costs
22 almost in half.

23 MS. McCAMMON: Potentially.

24 CHAIRMAN TILLERY: Mr. Rue.

25 MR. RUE: And, again, I apologize for being

1 late, so I may have missed this. What was the logic behind
2 marine transportation, is this so we can work for folks on
3 platforms of convenience, on research, that kind of thing,
4 what was the idea behind that? And another regional
5 monitoring program, what was that?

6 MS. McCAMMON: Well, the regional
7 monitoring program is something like Prince William Sound
8 RCAC, Cook Inlet RCAC and in terms of long-term monitoring
9 activities we have a lot of things in common now. So,
10 again, it's getting people who have similar goals actually
11 at the table discussing things as their program grows and
12 develops, that's the reason for the regional monitoring
13 program.

14 Marine transportation reflected mainly when
15 you're looking at a focus on the ocean, marine commercial
16 activities between tourism and shipping or some form of
17 transportation, they're the biggest users of the marine
18 waters. And so if we're looking at any kind of monitoring
19 program that includes ocean observations or any activities
20 like that. We've had a lot of discussions lately with
21 various people interested in those aspects and getting them
22 more involved in an actual long-term program, I think,
23 would be very beneficial.

24 CHAIRMAN TILLERY: I would also note
25 that.....

1 MS. McCAMMON: It could be oil industry, it
2 could be, you know, private shipping, it could be any kind
3 of marine transportation.

4 CHAIRMAN TILLERY: It should be noted that
5 through the long and hard efforts of NOAA, the Department
6 of Justice has slowly come around to the position that we
7 can expend more of our funds on oil spill prevention and
8 response and that is, again, another reason to have marine
9 transportation in the future.

10 Mr. Balsiger.

11 MR. RUE: So did you get enough feedback,
12 Mr. Chair? Molly?

13 MS. McCAMMON: I did. We can move on now.

14 MR. BALSIGER: The MOA is between the
15 United States Department of Justice, et cetera, so just the
16 Secretary of the Interior signs it, can you remind me of
17 why that is?

18 MS. McCAMMON: Because each FACA committee
19 has to have one Federal agency that it goes through and,
20 historically, it's been through the Department of Interior.
21 However, I'm sure if.....

22 MR. BALSIGER: No, no, I was just curious.
23 I think that's exactly the right way to do it. I just
24 wanted to be reminded. Thank you.

25 (Laughter)

1 MS. PEARCE: You're welcome to do your
2 process, rather than me doing ours.

3 MR. BALSIGER: Just wanted to be sure who
4 got the reward, you know.

5 (Laughter)

6 CHAIRMAN TILLERY: Okay. Ms. McCammon, are
7 you.....

8 MS. McCAMMON: I've got feedback, thank
9 you. We'll send another draft around and keep working on
10 this.

11 CHAIRMAN TILLERY: We're still on the
12 Executive Director's report?

13 MS. McCAMMON: We're still on the Executive
14 Director's report, so the next item I wanted to -- just in
15 your package is to let you note that there are the
16 quarterly project status report and financial reports. And
17 these are provided to you, usually, one to two months after
18 the quarter ends, and if you ever at any time have
19 questions be sure to give me a call on them. Again with
20 the projects, again it's late reports. And we keep
21 plugging away at them. And I think it's something -- the
22 whole issue of reports and how we work through the process
23 to ensure that revised reports actually get done and
24 submitted back to us. It's something we'll be looking at
25 in terms of our revised operating procedures this spring

1 and summer. Otherwise, I think, if you have any specific
2 questions you can ask me.

3 We have in your binder a proposed 2002
4 Council meeting schedule and you have down here February
5 25th and then we started working through all of the things
6 that needed to be done in the next six to eight months,
7 especially as we go about implementing GEM, and it became
8 clear that this year we'll probably have more meetings than
9 we had last year. And they don't all have to be in person,
10 they can be by teleconference or whatever seems most
11 appropriate. But we started laying things out and trying
12 to put things in a way where you would have a briefing on a
13 major issue at one meeting and then consider as an action
14 item the following meeting.

15 So when you start going through that we
16 have, about April 1st, for an action item would be the STAC
17 appointments. The injured species list actually would be a
18 briefing not an action item around April 1st. And then the
19 PAG charter and membership make up would be an action item
20 for April 1st.

21 About June 4th or early in June would be a
22 briefing on the NRC report on the GEM document, we're
23 expecting that at the end of April, and proposed revisions
24 to the GEM document. A briefing on revised operating and
25 report procedures. And then the injured species list would

1 actually be an action item at that time, in early June.

2 In early July we would have the GEM Program
3 document coming back to you for action. The revised
4 operating and report procedure before you for action and
5 then a briefing on a new data policy.

6 About August 2nd approve phase one
7 projects, adopt a new data policy and look at the current
8 habitat grant, which expires at the end of September, and
9 consider whether to renew or extend it.

10 And then in November approve those phase
11 two projects. And, if you recall, at the last meeting in
12 December we talked about this year's invitation being two
13 phases. And the first one is basically for continuing
14 projects for lingering oil effects, for things that we know
15 will continue on in 2003. And those proposals are in our
16 current schedule, it's kind of how we work things now, the
17 deadline being April 15th, then we do a review, they come
18 before you in early August. But in order to do the second
19 phase, which is mainly GEM proposals, we thought it was
20 important to do that after the NRC report was received,
21 after the GEM document was revised and you adopted it
22 before we put out an invitation for proposals to implement.
23 So we have this under a very tight schedule. Probably the
24 invitation for phase two projects would go out around the
25 1st of August with proposals due in late September and then

1 kind of trying to crunch this whole review process together
2 in the fall.

3 We thought that it would be helpful to have
4 this Trustee Council review and approve those projects.
5 And in order to do that requires the Council taking action
6 in the second or third week in November, because we will
7 have a change in administration, and I believe the new
8 governor comes in December 1st or 2nd, very early December.
9 But there's always a transition time of several months with
10 the new administration and I don't think these will be
11 controversial, it's just getting someone in place and up to
12 speed so we can actually get things done in this next
13 fiscal year.

14 So this is kind of the proposal and there
15 will probably be a little bit of shifting around with the
16 dates and the items, but it's our best estimate right now
17 of what needs to be accomplished in this next year and
18 about what time of year. So you can see about, at least,
19 five more meetings in this next year. So if you have
20 anything else here that you see needs to be added, I'm sure
21 there will be more items, there always is.

22 CHAIRMAN TILLERY: Questions, comments or
23 complaints?

24 MS. McCAMMON: No complaints.

25 CHAIRMAN TILLERY: Mr. Balsiger.

1 MR. BALSIGER: One comment, the June -- the
2 North Pacific Fishery Management Council meets in Dutch
3 Harbor from about the 2nd to the 12th of June. And in
4 April, of course, I think the last day of March is Easter
5 and so the first is the Monday after Easter.

6 MS. McCAMMON: Right.

7 MR. BALSIGER: If we start it late, it's
8 fine, but the Comm Fish in Kodiak is from the 3rd until the
9 6th, so -- you probably know all of those, but.....

10 MS. McCAMMON: Yeah, it's going to be
11 tough. Okay.

12 CHAIRMAN TILLERY: We're running into
13 public comment.

14 MS. McCAMMON: You want to do public
15 comment and then we'll come back.

16 CHAIRMAN TILLERY: It may be very brief.
17 Okay, we will move to public comment at this time. Is
18 there anyone on line who wishes to make a public comment?

19 (No audible response)

20 CHAIRMAN TILLERY: Is there anyone on line?

21 (No audible response)

22 CHAIRMAN TILLERY: Is there anyone here who
23 would like to make a public comment?

24 (No audible response)

25 CHAIRMAN TILLERY: Hearing none, the public

1 comment session is closed. Ms. McCammon.

2 MS. McCAMMON: Okay. Moving on then. In
3 your packet also is a draft, December 4th, of the
4 Memorandum of Agreement among the Exxon Valdez Oil Spill
5 Trustee Council, the North Pacific Research Board and the
6 Northern Fund of the Pacific Salmon Commission and the
7 University of Alaska. And I just wanted to report to you
8 that we have had discussion with all of these groups. I
9 think there is support from all of them. The one group
10 that is maybe a little hesitant, and we aren't quite sure
11 how to do this, is with the Northern Fund. The Canadians
12 were briefed on the MOA and they were a little questioning
13 about why they should be involved in it. So this may be
14 the American side of the Northern Fund to begin with, we'll
15 have to see how that develops. But I did want to just
16 report back to you that I'm continuing to work on this, try
17 to get language that's agreeable to all the parties. There
18 has been some suggestion by some people that it be more
19 expansive, that it include individual agencies, Federal and
20 State agencies and their research program, as well as the
21 programs of the Trustee Council, the North Pacific Research
22 Board, the Northern Fund. I think for a starting point
23 it's better to keep it to these funding groups and not have
24 it collapse by making it too large to begin with.
25 Individual agencies could always add on later, but my

1 recommendation would be to stay with the smaller group.

2 There was also, I think, some discussion,
3 and both Jim and Frank could speak to this, at the North
4 Pacific Research Board that, you know, wondering why there
5 was a need for a formal MOA, that people are supposed to
6 coordinate and collaborate anyway, and won't we all do it
7 anyway, even without an MOA? And I would argue that, yes,
8 we're always supposed to coordinate and collaborate work
9 with others, but I think it would be really beneficial in
10 this case to have a -- to institutionalize that process and
11 to formalize it to a much greater extent. And that the
12 agreement itself does not require people to do anything
13 very onerous, basically sharing resources, agreeing to sit
14 down and talk to each other to try to work out joint
15 priorities, to collaborate to the greatest extent possible.
16 So I don't think they're things that anybody would be
17 opposed to, necessarily, so I think there is benefit in
18 having this formalized arrangement.

19 So I just wanted to check in with you again
20 as we proceed down this path that we are still on the same
21 path.

22 CHAIRMAN TILLERY: Okay. Are there
23 questions or comments? Mr. Rue.

24 MR. RUE: Mr. Chairman, I think it is a
25 good idea. I think it is helpful to put this sort of stuff

1 in writing and have a formal agreement among groups. I
2 agree you could do all this without it, but I think it's
3 better to have a formal agreement and think it through and
4 say, yep, we're committed to do it. One question I have,
5 it may seem like a nitpick, but it raises the question, I
6 think, you raised earlier, and that is in the first
7 paragraph under Purpose, we say, the parties have shared
8 overlapping authority for research, monitoring and
9 management. Now, that begs the question of who are we
10 signing as? Are we signing as members of the Trustee
11 Council or for our agencies? Because I don't think the
12 Trustee Council and NPRB actually manages anything, but if
13 we're signing as Department of Interior, Department of Fish
14 and Game, Department of National Marine Fisheries Service,
15 whatever, then you are signing as the manager and are you
16 committing to coordinate your own internal research
17 priorities with this group or not? So I would get rid of
18 the word management because all we're doing is research
19 coordination of these bodies, not of our agencies. Then
20 that begs the question of who signs? Do all the Trustees
21 sign, do all the members of NPRB sign, or do the Executive
22 Directors all sign? I think we're signing as members of
23 research boards, we're committing to coordinate our
24 research of the bodies and nothing more than that at this
25 point. Although I think there are benefits to doing more

1 than that, but at this point we're biting off a piece of
2 the elephant.

3 And so I think getting rid of the word
4 management helps, it gets rid of some possible confusion.
5 And I think who signs probably stays all the Trustee
6 Council members and NPRB members, but I could go either way
7 there. You could sign as the Executive Director after a
8 motion and, you know, a vote.

9 CHAIRMAN TILLERY: Ms. Lisowski.

10 MS. LISOWSKI: Mr. Chairman, I have similar
11 concerns, only I think I reached a different result. I
12 know in the past we've had some questions that have come up
13 and on legal review as to what authority the Council, as an
14 entity, has to enter into certain kinds of other contracts
15 or agreements or -- and so I guess I would ask that before
16 we go too far down this path that we get legal review of
17 the document from DOJ and DOL and see whether we are
18 actually signing as the Council as an entity and whether we
19 have that authority under the settlement documents to do
20 that. I think on the Federal side we may have more
21 problems with that than maybe the State side does, but I do
22 think that may be a problem. And that may get to your
23 question of do we sign in the capacity as agencies, in
24 which case we do have more leeway to do that, as opposed to
25 the Council as an entity itself.

1 CHAIRMAN TILLERY: Mr. Rue.

2 MR. RUE: I would assume that nothing in
3 this agreement would abrogate our responsibility as
4 Trustees. And maybe we need something explicit there, so
5 that if we ever do run into a specific problem with our
6 Trustee Council role and some project -- or some
7 coordination function, well, Trustee Council role wins if
8 there's a conflict. But I can't imagine there would be a
9 conflict, so I -- that's a hard one for me to worry about.

10 MS. McCAMMON: Agreeing to meet and share
11 information.

12 MR. RUE: Yeah.

13 CHAIRMAN TILLERY: Right.

14 MR. RUE: How does that somehow run
15 contrary to our Trustee responsibility?

16 CHAIRMAN TILLERY: It seems unusual but,
17 you know, the anti-deficiency clause also seems a little
18 superfluous, but you do have them in there so perhaps you
19 can have.....

20 MS. McCAMMON: This has been reviewed by
21 the Department of Law.

22 CHAIRMAN TILLERY: An anti-something law.

23 MS. McCAMMON: Yeah, something.

24 CHAIRMAN TILLERY: Mr. Balsiger.

25 MS. LISOWSKI: I would -- Mr. Chairman,

1 just to follow up on my comment, then, if the Department of
2 Law signed off on this, I would like DOJ to review and sign
3 off on it as well, because I know this has come up in the
4 past in different context. And, you know, we do have more
5 in here than just share information and all try and get
6 along. I mean, there is language in here about jointly
7 developing a comprehensive monitoring plan which I don't
8 know exactly what that means and how that fits in with GEM,
9 I thought that was our comprehensive monitoring plan, so I
10 mean, there are some things in here that perhaps commit us
11 beyond simply data sharing, but I would just like DOJ's
12 view on whether the Council can do that.

13 CHAIRMAN TILLERY: Mr. Balsiger.

14 MR. BALSIGER: I think on the North Pacific
15 Research Board, let's see, we had maybe an executive
16 committee meeting, I can't recall what we called it, at
17 which some questions were raised and we wanted to bring it
18 to a meeting of the full board, which is some 19 people.
19 So there was some comments just on the language. I think
20 the management issue was one. There was a couple of other
21 things, so that will be coming back.

22 And to your notion that perhaps the U.S.
23 part of the Northern Fund could sign, I don't think there
24 is a U.S. side of the Northern Fund, I think the Northern
25 Fund exists, which is three Canadians and three U.S. people

1 and so I'm not sure there would be a capacity to sign on
2 behalf of the Northern Fund for the U.S. side, we could
3 create a separate thing saying, as a member of the Northern
4 Fund I agree, somehow, but I think that would be pretty
5 strange with me as a person on the Northern Fund not having
6 supported the Canadian side, I'm not quite sure how that
7 would work, so I think we need to work to get the Canadians
8 to agree that it's appropriate as opposed to having the
9 U.S. side sign.

10 MR. RUE: Now that they've beaten us in
11 hockey twice they should agree to anything.

12 (Laughter)

13 MR. BALSIGER: I'm sorry, I didn't catch
14 that.

15 MR. RUE: Since they've beaten us in both
16 hockey games I think they would agree to anything.

17 MS. McCAMMON: Men's and women's.

18 MR. BALSIGER: Curling, too.

19 (Laughter)

20 CHAIRMAN TILLERY: Are there other
21 questions or comments?

22 (No audible response)

23 CHAIRMAN TILLERY: Ms. McCammon, do you
24 have sufficient direction?

25 MS. McCAMMON: Yes.

1 CHAIRMAN TILLERY: Okay.

2 MS. McCAMMON: Okay. Then the next item
3 that I wanted to brief you on is the oceans and watershed
4 symposium and there is a draft agenda in your packet dated
5 February 15th. I just wanted to report to you, again, that
6 this project is also going forward. We do have space
7 booked at the Captain Cook Hotel for June 18th and 19th.
8 You have a draft agenda here with names for speakers,
9 invited speakers, and those who have confirmed. And,
10 basically, I just wanted to say it's all coming together,
11 there's been an incredible amount of support. There's also
12 additional funding that's been put forth, so I think we'll
13 be able to meet the budget and provide additional travel
14 funds. We have space for up to 450 for the actual
15 symposium, although I think we're probably looking closer
16 to 200-250. And then there's space for 210 at lunch.

17 And I do appreciate all of the agency
18 people who have been involved in this, they've been really
19 helpful and productive in putting this together. But I
20 just wanted to bring this to your attention so you can put
21 it on your calendar also. And, again, as part of this
22 deadlines usually motivate people to get things done. We
23 did put the signing of the Memorandum of Agreement on the
24 agenda for the symposium just as a target date by which to
25 get reviews and decisions made and to actually, you know,

1 if we say we're going to do it, maybe it'll actually
2 happen. So that's our hope is that in conjunction with
3 this symposium there would be the signing of this
4 agreement.

5 MS. PEARCE: So which of our meetings would
6 you expect to bring the MOA back to this group?

7 MS. McCAMMON: Well, that's a good point
8 there, that needs to then -- going back to our TC meeting
9 schedule, that one about June 4th would have to be before
10 then, so it's probably looking more like May 31st or, you
11 know, sometime around that time. We'll do a polling real
12 quickly and get a date set for that, but.....

13 MS. PEARCE: Just for curiosity sake,
14 because I'm the new kid on the block. When you ask the
15 Department of Justice for a review of something, do you do
16 that one through of our Federal agencies or do you just go
17 straight to DOJ?

18 MS. McCAMMON: I just go straight to DOJ,
19 they have an attorney here, Gina Belt, who's been involved
20 in our process and then she usually works through whoever
21 back in Washington, D.C. she needs to.

22 MS. PEARCE: Okay.

23 CHAIRMAN TILLERY: Mr. Balsiger.

24 MR. BALSIGER: Yes, thank you. Let's see,
25 the last item on this, on the second day, says the first

1 joint meeting of NPRB, Trustees and Northern Fund. I
2 presume Northern Fund -- I was just at a Northern Fund
3 meeting maybe a week ago Friday and this wasn't on our
4 agenda and I don't recall the Northern Fund group talking
5 about participating. I presume they've been invited and
6 maybe there's been a response from them?

7 MS. McCAMMON: I know Kevin Duffy has
8 spoken with the group, maybe it was in the December meeting
9 or early January. He has talked to them about it. And,
10 again, whatever you can do to help further that discussion
11 along would be helpful. I offered to make a presentation
12 on it and kind of elevate the discussion, so if you think
13 that would be helpful.

14 MR. BALSIGER: Thank you.

15 MS. McCAMMON: It is being a little
16 presumptuous putting them on the agenda, I suppose.

17 MR. BALSIGER: Well, I was getting back to
18 Frank's point about who signs, you know, if it's executive
19 directors, we'd have to make sure that the Executive
20 Director of the Northern Fund knew about it and had it on
21 his schedule.

22 MS. McCAMMON: Right.

23 MR. BALSIGER: And if it's the six
24 committee members of the Northern Fund, then I doubt all
25 six would be there, there would have to be some circulating

1 draft.

2 MS. McCAMMON: Yeah.

3 MR. RUE: Mr. Chairman.

4 CHAIRMAN TILLERY: Mr. Rue.

5 MR. RUE: I mean, not to get into the weeds
6 too deep, but the NPRB meeting that's what, 20 people, that
7 is on the executive committee? That could be a large
8 meeting, so we just need to think through all the logistics
9 of how we all move ahead at the same time and then who
10 needs to be here, and then for what. If it's simply
11 signing an MOA that's two minutes. If there's more
12 business to be done -- you know, 1:30 to 4:00, so I haven't
13 thought about that at all. Do you have some initial
14 thoughts on what we might do in those three hours if we
15 have an MOA to sign and we have the first meeting?

16 MS. McCAMMON: My original feeling was that
17 just getting a signing of the document and celebrating it
18 was sufficient reason for the meeting. There was a request
19 by some other members of your NPRB Executive Committee that
20 maybe this would be a good time to have a first meeting and
21 to have some initial discussion.

22 MR. RUE: Oh, I think it could be, but
23 maybe it's how do we move forward, what are some of the
24 implementation steps? If we get to the point of signing
25 something, it would be nice to sign it and then say, okay,

1 what are some of the things we want to do in the next six
2 months? And put together an agenda and briefings and
3 maybe the executive directors could say, here are the kinds
4 of things we see happening in the next six months or a year
5 that will allow us to move ahead with the implementation of
6 this agreement. That might be real helpful, if we can get
7 there.

8 MS. McCAMMON: And there's only three and a
9 half months until that time, so this -- I'm really going to
10 be cranking up activity.....

11 MR. RUE: I know.

12 MS. McCAMMON: on this one to get this
13 done. And we'll really need your help to do that, all of
14 your help.

15 CHAIRMAN TILLERY: Mr. Balsiger.

16 MR. BALSIGER: Mr. Chairman, I suppose this
17 is too detailed as well, but the Northern Fund will meet
18 again on May 14 and 15 and so you need to keep that in
19 mind. And then the week of the 27th of May is a meeting in
20 Sitka for the whole week, so that doesn't leave much
21 time.....

22 MS. McCAMMON: Of the Northern Fund? Or
23 the Council?

24 MR. BALSIGER: No, that's actually of the
25 council chairmen from all the different council and

1 executive directors.

2 MS. McCAMMON: Yeah, right.

3 MR. BALSIGER: But I'll have to be there.

4 CHAIRMAN TILLERY: Drue.

5 MS. PEARCE: Thank you, Mr. Chairman, Cam
6 Toomey and I met with Molly on Friday and just so the whole
7 group is aware, Jim Tate, the Science Advisor for the
8 Department of Interior, who many of you met when he was
9 here for the environmental forum earlier this month, is
10 reshaping the way the Department of Interior looks at
11 science, does science and does research. And we're in the
12 very early stages of that, everything of this sort that the
13 Department is involved in in terms of research, monitoring
14 and science, and the gathering thereof, and the decision-
15 making process using that science is under review. So he
16 has just an initial quick review of the draft, we had some
17 comments we brought back to Molly, we'll be going back to
18 him and getting some further information, but the
19 Department's ability to be -- not so much to be a part of
20 the symposium, because I don't want to make it sound like
21 we won't come, but the way we react to these sorts of
22 meetings and symposiums in the future is going to be
23 directed by he and the Secretary's Science Committee and
24 I'm not yet sure what's that going to look like, quite
25 frankly, nor is anyone else. So you may see the Department

1 have different response capability in the future, I think
2 enhanced, but it will probably look a little different.
3 But I do have to take these sorts of things back to the
4 Secretary's office before we launch.

5 CHAIRMAN TILLERY: Thank you. Ms. Brown.

6 MS. BROWN: I just wanted to commend Molly
7 for pulling this together. This is, I think, incredibly
8 important for these issues in this state. You know, I
9 can't think of any other time when we've had these kinds of
10 resources available, these well-endowed funds that could
11 actually put together a research and monitoring program.
12 And, you know, I agree with what Frank says, let's focus on
13 research and monitoring at this point and not management,
14 because having begged, cajoled, pleaded and failed for the
15 last seven years to try and do that with some of our
16 Federal -- between Federal and State, I think if we can at
17 least focus on research and monitoring to begin with, we
18 can set the stage where the managing agencies might
19 ultimately then come around and join into this. But I
20 think this is a fabulous effort. Thank you.

21 CHAIRMAN TILLERY: I guess I concur. I
22 think the MOA is important, I think the symposium is
23 important. Ms. McCammon, what's the status of actually
24 having the NPRB co-located here?

25 MS. McCAMMON: Well, the executive director

1 has been in the process of moving in for almost two months
2 now, he isn't in yet, so.....

3 CHAIRMAN TILLERY: But they have actually
4 agreed that they will locate here?

5 MS. McCAMMON: It's my understanding,
6 although I've heard that it may not be as long term as I
7 had anticipated, there seems to be some question about
8 that.

9 MR. BALSIGER: I would say there is no
10 agreement that the North Pacific Research Board's staff,
11 executive director and whatever staff will be here.

12 MS. McCAMMON: If there is not, we have
13 space available if any agency needs extra space.

14 CHAIRMAN TILLERY: Okay. Mr. Rue.

15 MR. RUE: I won't touch the last one yet,
16 anymore. But I would be interested if we all think that
17 it's best to commit as Council representatives to the MOA,
18 rather than for our agencies. Is that the general notion
19 that we're all working on? Because, I mean, I don't feel
20 like I'm committing the Fish and Game, what little research
21 we might do, would be brought into the cooperative process.
22 And I'm wondering if, Drue, that addresses your issue in
23 terms of speaking as a Council rep versus an Interior
24 representative? I mean, are we all on the same sheet of
25 music that we think we're just speaking as Trustee Council

1 members and not our agency research programs?

2 MS. PEARCE: Well, in my case, while that
3 may end up being true, frankly, the new administration is
4 still figuring out the EVOS Trustee Council, what it does,
5 where it came from, so I don't have the ability to say that
6 yet.

7 MR. RUE: Okay. All right. That's fine.
8 I haven't heard from the other agencies either, are we all
9 sort of on the same sheet of music? Does silence mean yes?

10 MS. LISOWSKI: Well, I guess, just from
11 Agriculture's standpoint, my concern that I raised is not
12 so much directed at whether this is a positive thing, I
13 think it is, it's just how the document itself is formatted
14 and whether the Council as an entity really has the
15 authority to enter into this as opposed to the agency
16 representatives themselves. So, you know, the Council was
17 created through the MOA and consent decree and it only has
18 what authority is granted to it under that and entering
19 into separate agreements may not be within that authority.
20 I know we have talked in the past about how we don't have
21 contractual authority to enter into those kinds of
22 agreements. That's the angle I'm sort of coming from is
23 whether we, as an entity, have that authority to enter into
24 a Memorandum of Agreement, not that I oppose the concept of
25 going forward with this by any means.

1 CHAIRMAN TILLERY: Other comments?

2 Mr. Balsiger.

3 MR. BALSIGER: Well, those are things that
4 probably affect NOAA or Department of Commerce as well, I
5 don't intend to comment on them, but I think Ms. Brown
6 suggested that sequentially, at least, that these three,
7 the University Northern Fund, the North Pacific Research
8 Board and us could do it, just the councils or whatever. I
9 would think that down the road that it would be good to
10 involve the Federal agencies as well, but still it's --
11 there's commitments here, of course, but no commitments of
12 major funds or towards major programs, it's a commitment
13 towards cooperation and planning and I think that that
14 should bring in the Federal agencies eventually. I think
15 that that's a whole -- and the State agencies probably,
16 that's a whole different level of complexity and so rather
17 than stall the process by making sure all of that's in
18 there as well, I think the best thing is to go forward with
19 the MOA as it's written, just with the entities described,
20 notwithstanding Maria's concerns.

21 CHAIRMAN TILLERY: Any other comments or
22 questions?

23 (No audible response)

24 MS. McCAMMON: Okay. The only other item
25 that I wanted to talk to you about is that we are taking

1 this opportunity because we're going into the GEM Program
2 more extensively to look at the existing procedures that
3 the Council last revised and updated on August 3rd, 2000.
4 And we will be putting together a work group and looking at
5 various aspects of this. I think the big issues that we'll
6 be looking at are things such as whether to continue having
7 an external audit; the general administration formula that
8 was adopted some years back; what are allowable and
9 unallowable costs; how we address title and use and surplus
10 of equipment; the reporting requirements that we currently
11 have; the financial reports; the quarterly status reports;
12 annual reports; and final reports, those kinds of things.
13 We'll be looking at whether we're requiring more
14 accountability than others, whether it should be less
15 reporting, more streamlined. Continue to have high
16 accountability, but less reporting requirements. We'll be
17 looking at all of that and what we'd like to do is come up
18 with a revised draft of this to review in June and then
19 have you adopt it in July. We just think that this is a
20 good opportunity now, at this time, to look at these things
21 with fresh eyes and maybe have some changes there as we
22 embark on the new program.

23 So what I will be asking all of you to do,
24 and we were kind of looking at this and I was talking to
25 Sandra as to what is the best person and the work group

1 that we had on the STAC process was really helpful, it was
2 a good group of people working and we were talking about
3 who would be the best -- what kind of people were we
4 looking for, was it more administrative types or more
5 policy types or what and it's actually going to be a mix of
6 both. And probably what we'll do is maybe we'll just work
7 the agency liaisons for now and do an agenda of the various
8 issues and as we look at different issues we'll be asking
9 for your agency to help find who's the person who knows
10 most about accounting procedures in your agency who can sit
11 in at a work group, at a session just on that particular
12 topic or whatever.

13 So we will be looking for more help. We'll
14 also have some members of the Public Advisory Group going
15 through this process and probably also looking for a couple
16 external agency people, too. It's helpful just to get
17 people who aren't involved with our process who just have a
18 little bit different perspective just to ask more questions
19 about why are you doing that and what does it accomplish
20 and just kind of broadens the discussion. So at this point
21 I won't be asking for names for this work group because I
22 will use your agency liaison, unless you want someone else
23 to be your contact. And I think Interior would be the main
24 question just because you have multiple liaisons here,
25 whether you want to have one point of contact there.

1 MS. PEARCE: Yeah, let me think about it.
2 Right off the top of my head I'd say use Cam and Reclos
3 (ph) as the primary point of contact and then let them work
4 with the.....

5 MS. McCAMMON: With the others.

6 MS. PEARCE:different bureau folks,
7 depending upon what the topic is and how it fits. Probably
8 makes the most sense.

9 MS. McCAMMON: Okay. But we will set up a
10 schedule and try to keep the topics kind of grouped so that
11 we get the expertise we need. You know, have certain
12 issues at one meeting and kind of divide it up that way,
13 but we will be looking at all of these very
14 comprehensively.

15 And that's it.

16 CHAIRMAN TILLERY: Any comments or
17 questions?

18 (No audible response)

19 CHAIRMAN TILLERY: And that's it for the
20 Executive Director's report?

21 MS. McCAMMON: Yes.

22 CHAIRMAN TILLERY: That brings us to 11:30,
23 the next item is the Science.....

24 MS. McCAMMON: Break.

25 CHAIRMAN TILLERY:and Technical

1 Advisory Committee. That was a.....

2 MS. McCAMMON: A break.

3 CHAIRMAN TILLERY: Is it time for a break?

4 MS. McCAMMON: I think it's time for a
5 break.

6 CHAIRMAN TILLERY: Is this a five-minute
7 break or longer?

8 MS. McCAMMON: Even though we don't have --
9 we did order lunch and I'm not sure -- just because we
10 didn't know how long exactly this meeting would go for and
11 I'm not sure if it's here yet or not. It might be here. I
12 think we said 11:30, so it should be here shortly.

13 CHAIRMAN TILLERY: Why don't you check? If
14 it's here we should probably think about -- as I understand
15 it, there's no executive session planned for today.

16 MS. BROWN: I was going to suggest, there's
17 a work item down in the Work Plan adjustments. Tom Chappel
18 is here in case there are questions and he might not be
19 able to stay longer, so I was wondering if we could do that
20 issue at least?

21 CHAIRMAN TILLERY: If that's okay with
22 everyone to take that out of order on the agenda? Mr. Rue,
23 does that work with you?

24 MR. RUE: Sure.

25 CHAIRMAN TILLERY: Can everybody -- is this

1 about.....

2 MS. McCAMMON: You may get a quick yes or
3 no.

4 CHAIRMAN TILLERY: Is this a fairly quick
5 one.....

6 MS. McCAMMON: Yes.

7 CHAIRMAN TILLERY:or do we need a
8 five-minute break?

9 MR. RUE: Yeah, if we get out of here
10 quicker by saying no, let's go.

11 MS. McCAMMON: No, I think it's pretty
12 quick.

13 CHAIRMAN TILLERY: Okay, this is a short
14 item, do we need a break before it or -- anybody urgent?

15 (No audible response)

16 MS. McCAMMON: It's the coral or the salmon
17 colored paper there and, basically, this is a request for
18 some additional funds. This was actually -- the idea was
19 generated through some work done at one of our workshops in
20 January and then as a follow-up discussion with Citizens
21 Water Quality Monitoring Group. And this is a request for
22 some funds from our GEM planning -- to add to the GEM
23 planning project to begin development of a surface water
24 quality monitoring strategy for Alaska. The GEM Program
25 would be involved in this program, we'd certainly not be

1 underwriting the program, but this would be providing some
2 assistance as that program gets developed.

3 The request is a total of \$16,100 to be
4 added to the budget, it allows DEC to contract for
5 assistance in developing background information for some
6 public meetings with stakeholders that are timed in
7 conjunction with the Kachemak Bay NERRS Science Conference
8 in mid-April, so there's also some timing on this. And I
9 don't know, Tom, if you wanted to add anything else there.

10 CHAIRMAN TILLERY: Mr. Chappel.

11 MR. CHAPPEL: Mr. Chair, members of the
12 Council, I think Ms. McCammon made a good summary of what
13 this is about. Just the only thing else I would add is
14 that as we're looking to identify our highest priorities
15 for monitoring the surface waters, I think we're trying to
16 align DEC's work and the State's work as a whole with
17 achieving those highest objectives and that does mean
18 aligning projects, what the State does with GEM, such as an
19 example of baseline monitoring we're funding this year
20 through Federal dollars called an E-Map Coastal Baseline
21 Monitoring. And so this would help us get a more square
22 footing and having a strategy on the highest need, not only
23 in State government, but with the other partnering
24 agencies, such as the Trustee Council.

25 CHAIRMAN TILLERY: Okay. Are there

1 questions or comments of Mr. Chappel?

2 (No audible response)

3 CHAIRMAN TILLERY: I guess my question is
4 are you asking -- this would be new monies as opposed to
5 sort of a reallocation from somewhere?

6 MS. McCAMMON: Yes.

7 CHAIRMAN TILLERY: Mr. Balsiger.

8 MR. BALSIGER: I know that under the yellow
9 sheet here we have sort of a summary of what 2630 has been,
10 but it says that in December we approved an additional
11 quarter of a million dollars, more or less. What's the
12 total of that project on GEM planning, can you tell?

13 MS. McCAMMON: I'd have to pull it out,
14 it's about 290,000, something like that, because I think we
15 did some additional, some 40,000, 50,000 in the fall to
16 have a couple of workshops. But this is the project
17 getting the STAC Committee up and running, it's reviewing
18 and revising the GEM Program document, it'll be the
19 meetings of all the subcommittees. It's also contributing
20 to the PICES meeting, it's contributing to the Oceans
21 Symposium Workshop and I have a detailed budget that I can
22 get for you.

23 MR. BALSIGER: No, that's great, but did
24 this project also fund the National Academies review of
25 the.....

1 MS. McCAMMON: No, that's a separate
2 project.
3 MR. BALSIGER: That was separate.
4 MS. McCAMMON: Yes.
5 MR. BALSIGER: Okay, thank you. That's
6 all.
7 CHAIRMAN TILLERY: Are there any other
8 questions?
9 (No audible response)
10 CHAIRMAN TILLERY: You're taking this as a
11 separate item from the PICES issue?
12 MS. McCAMMON: Right, this would be a
13 motion.
14 CHAIRMAN TILLERY: Is there a motion?
15 MR. RUE: I have a question before we move.
16 CHAIRMAN TILLERY: Mr. Rue.
17 MR. RUE: What was your recommendation on
18 this?
19 MS. McCAMMON: The recommendation is to
20 approve it.
21 MR. RUE: That's what I thought.
22 MS. McCAMMON: Yeah.
23 MR. RUE: I move that we approve the
24 Project 02630 amendment for surface water quality
25 monitoring in the amount of \$16,100.

1 CHAIRMAN TILLERY: Is there a second?

2 MR. BALSIGER: Second.

3 CHAIRMAN TILLERY: It's been moved and
4 seconded. Is there discussion?

5 MS. McCAMMON: Mr. Chairman, I just wanted
6 to note that I think this is the kind of thing that the GEM
7 Program and the Trustee Council can really be of assistance
8 in in the future because it's working with agencies to do
9 things they are required to do, but it's all part of the
10 GEM mission and the EVOS mission of restoring resources in
11 the spill-impacted region, trying to detect change over
12 time and understand whether it's natural change or human
13 activities and helping to facilitate agencies do their work
14 better by providing money to put together a workshop on
15 short notice which is often difficult to have that come
16 together, I think this is a perfect example of where we can
17 really provide a real supportive role to agency work that
18 fits our mission.

19 CHAIRMAN TILLERY: Mr. Balsiger.

20 MR. BALSIGER: So referring to the salmon
21 sheet, it mentions that a key element of the monitoring
22 strategy is to develop linkages to other environmental
23 programs, such as GEM, and the Southeast Sustainable Salmon
24 Fund, I guess.

25 MS. McCAMMON: Right.

1 MR. BALSIGER: So does this \$16,000 do that
2 or is this just sort of background? Is this going to
3 actually feed into the Southeast Sustainable Salmon's
4 recommendation or is this 16,000 just for surface water
5 monitoring that's separate from those other two? That's an
6 awkward questions, but maybe.....

7 CHAIRMAN TILLERY: Mr. Chappel.

8 MR. CHAPPEL: This work would basically set
9 the stage to align those efforts better. This year DEC is
10 working with parties on the Southeast Salmon Fund to look
11 at what baseline monitoring needs are there and having a
12 voice in that conversation. We're trying to make sure that
13 that work is aligned with work in Southcentral, like the
14 GEM Project and the funds that we have at DEC to do the
15 environmental monitoring baseline work. So ultimately what
16 this would do, the strategy would try to identify who's got
17 efforts going and how to prioritize those and how to
18 interface different efforts, so we're not duplicative and
19 that we're hitting our highest needs collectively across
20 the agencies.

21 MR. BALSIGER: Okay. And one last
22 question.

23 CHAIRMAN TILLERY: Mr. Balsiger.

24 MR. BALSIGER: Is like the Southeast Salmon
25 Sustainable Fund participating in funding this particular

1 project that sort of ties them together?

2 MR. CHAPPEL: They aren't a direct funder
3 to this, but we would expect that we would have
4 participants involved in that, so as we develop this
5 strategy the folks that are involved in leading that effort
6 will be involved in the outreach effort here in the
7 workshop trying to set this strategy. So this doesn't
8 execute any field projects. All it's trying to do is
9 collectively organize how we go about the work and what
10 researchers are involved so that we're getting, number one,
11 the most priority -- the highest priority needs
12 accomplished first and getting the most for our buck by
13 interfacing work that's ongoing.

14 CHAIRMAN TILLERY: Ms. McCammon, for the
15 record, could you clarify why this is not normal agency
16 management? Given that we don't know what that term means
17 completely.

18 MR. BALSIGER: You're worried about whether
19 it's a normal agency or.....

20 (Laughter)

21 CHAIRMAN TILLERY: No, we've answered that
22 question. But I guess the concern is simply that there was
23 sort of discussion where it talks about this is what DEC is
24 doing and, I believe, that phrase was used, DEC is sort of
25 doing this and this is where we can help them do their

1 mission, but.....

2 MS. McCAMMON: Well, it's not helping DEC
3 -- it's helping DEC fulfill its mission, which is also the
4 mission of the GEM Program and EVOS Trustee Council of
5 monitoring resources and services within the spill-impacted
6 region. And certainly in order to develop a long-term
7 monitoring strategy, water quality is a key factor in the
8 health and productivity of those resources. So anything we
9 do over the long term has to take into account the water
10 quality monitoring strategy. And so basically we're
11 offering as a partner in a long-term effort, to help
12 facilitate DEC's ability to establish a statewide strategy
13 by providing the funding for these two interim reports to
14 help get that strategy going. Does that answer?

15 CHAIRMAN TILLERY: I think so.
16 Commissioner Rue.

17 MR. RUE: Yeah, I mean, the way I see this
18 is, for instance, Fish and Game has a long-term monitoring
19 program of weirs around the state, but we put those weirs
20 in places that we think are important for whatever, you
21 know, our management perspective. We might do a planning
22 exercise with these research bodies and there may be a
23 particular watershed that a lot of people think is really
24 important for a lot of reasons, there's no salmon
25 monitoring project on that watershed, we might change our

1 priority having then talked to all these other interests
2 out there. Say, okay, we ought to put a long-term salmon
3 monitoring on this watershed because of reasons outside the
4 agency's management priorities. Or it would be a lower
5 priority for us given budgets, et cetera, et cetera. So I
6 see this as something similar, it's coming up with a plan
7 that looks at all the strategies of water quality
8 monitoring and identifies gaps and priorities that you
9 might set as DEC worrying about a city pumping pollution
10 into a creek somewhere.

11 MR. BALSIGER: One last question, if I
12 could?

13 CHAIRMAN TILLERY: Mr. Balsiger.

14 MR. BALSIGER: Why wouldn't this be
15 something that would be appropriately funded by the
16 Southeast Sustainable Salmon money instead of this money?

17 MS. McCAMMON: It could be funded by
18 either/or or both.

19 MR. BALSIGER: That's what I was looking
20 for, this cooperation.

21 MS. McCAMMON: I think we had a meeting and
22 the timing was such that the meeting worked here but, I
23 mean, certainly.....

24 MR. RUE: Mr. Chairman, yeah, you could do
25 a split funding of this and it's just a matter of whether

1 it's worth trying to work it through two processes given
2 the amount of money, but if we wanted.....

3 MS. McCAMMON: But you're right, yeah.

4 MR. RUE: It's about that simple.

5 MR. BALSIGER: I didn't mean to put a
6 negative tone on this, I was trying to establish that it
7 was mutually beneficial to all of these groups and that's
8 why I asked the question that way and so I think it's
9 appropriate for us to fund it here and got to my question
10 kind of awkwardly.

11 CHAIRMAN TILLERY: Okay. Any further
12 discussion?

13 (No audible response)

14 CHAIRMAN TILLERY: All in favor of the
15 motion signify by saying aye.

16 IN UNISON: Aye.

17 CHAIRMAN TILLERY: Opposed?

18 (No opposing responses)

19 CHAIRMAN TILLERY: The motion carries.

20 Thank you, Mr. Chappel. Now, the only question I think we
21 have left is whether we're talking about a five-minute
22 break or a 30-minute break.

23 Ms. Obermeyer, I see you have come here.

24 MS. OBERMEYER: Yes, I apologize, I'm late.

25 CHAIRMAN TILLERY: Yes, ma'am.

1 MS. OBERMEYER: Shall I take a moment or do
2 you have fanny fatigue?

3 CHAIRMAN TILLERY: Council members, is it
4 possible -- Mr. Rue?

5 MR. RUE: Not for me.

6 MS. OBERMEYER: He's got fanny fatigue.

7 CHAIRMAN TILLERY: Is it possible that we
8 can go ahead and take -- perhaps reopen public comment and
9 take some from Ms. Obermeyer.

10 MS. OBERMEYER: Yes, I'd appreciate it.

11 CHAIRMAN TILLERY: If you could try to
12 limit yourself to about three minutes that would be
13 helpful.

14 MS. OBERMEYER: Yes, of course, and I don't
15 -- the reason I'm late, Mr. Tillery, is I always have
16 something to show you. And this one is about your own
17 boss, Bruce. You know, I'm motivated when I see Exxon
18 Valdez, I think of Exxon Valdez and it's all a bunch of
19 double talk. Here is our attorney general, we live in a
20 state that has about 2,200 attorneys and almost 500 of them
21 are like you, sir, they are State of Alaska attorneys. And
22 we have our foremost attorney -- of course, where we live
23 there is no elected attorney. And I assume you've sorted
24 this out. And, of course, three greetings to Senator
25 Pearce.

1 And here is Bruce Botelho and I had already
2 known that he was investing in Exxon, but I saw this one, I
3 mean, why don't you ask him? I have been criticized by
4 Commissioner Perkins for raising -- see, I think these --
5 they don't show you how much money he's really invested,
6 that doesn't give you much information, it gives you the
7 number of shares, but it doesn't tell you how much totally
8 Bruce Botelho has invested in the company that has not even
9 paid the fishermen and the attorneys in the Exxon Valdez.
10 Now, I'm one that really takes exception to this document.
11 Can we help Bruce? You know, I'd like us to. Maybe he
12 thinks that the only role he has in life is to make money.
13 You know, I don't know, I don't -- I like Bruce. I've seen
14 Bruce a lot at Permanent Fund Board meetings.

15 And now, of course, for the people who do
16 not live in Anchorage, I had this other one, and, of
17 course, I don't know whether you remember, as I do, that on
18 December 8th, 1996 there was an ad in the newspaper that
19 Dave Rose had a \$1,010,840,266 company. And yesterday, and
20 I don't know whether you saw this, this was the next ad and
21 it is that Dave Rose now has a company that is
22 \$1,774,117,000. Now, I don't know what you think. And,
23 see, this is what our country is about, we can all have
24 different opinions but, of course, look at the way my
25 family has been treated. And so you're really not allowed

1 to have an opinion. Don't ever believe you're allowed to
2 have an opinion or go to a public meeting where I live.
3 That's not true. It's all tokenism. And I don't have any
4 answer.

5 I mean, I looked through your documents
6 here and you have Michael O'Leary from Callan. I mean,
7 they take their marching orders from Dave Rose. I'm one
8 that's never even met the owner of Callan and Associates, I
9 don't know whether anybody else has. I know I haven't.
10 That Michael O'Leary is an employee, he comes here all the
11 time and, you know, like as a consultant to various groups.
12 Again, it's all tokenism. Although you have made money.
13 Looks like you're making money from the ledger that I saw,
14 you know, from 2001 to 2002.

15 But in the meantime, I don't know whether
16 you saw this, it was on E2 of yesterday's paper, I don't
17 have enough copies of this one. Drue, did you see this
18 one? I mean, I don't know are you all from Anchorage? I
19 don't have enough copies, so I really only -- I don't have
20 any more copies.

21 CHAIRMAN TILLERY: We can have Ms. McCammon
22 make us copies.

23 MS. OBERMEYER: I appreciate it. And then
24 I just, lastly, wanted to say, I don't know whether you
25 know, I actually went down and filed for school board. Did

1 you know?

2 CHAIRMAN TILLERY: I did not know.

3 MS. OBERMEYER: And so that was on February
4 8th. And, of course, I'm running against two licensed
5 attorneys, one of them works with you. I won't tell you
6 his name, though, because that's not really the savvy thing
7 to do when you know politics, you don't give name
8 recognition to your opponents. Let's see how the whole
9 thing goes. I know this, they have money to burn, this bar
10 association has made sure that we have very little money.
11 But life is a great challenge. Would you allow me to just
12 give my little bookmarks? I'm having a lot of fun with
13 those.

14 CHAIRMAN TILLERY: Briefly.

15 MS. OBERMEYER: I thought it was very
16 thematic. And then, of course, let's see how it goes
17 because the election is on April the 2nd. And if you have
18 any question or any the assembled, I would be glad to --
19 oh, here's my campaign slogan. Would you like to read it,
20 Mr. Tillery?

21 CHAIRMAN TILLERY: Thank you, Ms.....

22 MS. OBERMEYER: Do you like it?

23 CHAIRMAN TILLERY: Yes, ma'am.

24 MS. OBERMEYER: I thought it was rather
25 catchy, "Would it be a sin to win?" It's time to win, but

1 then I don't know because I know money is really the
2 mother's milk of political campaign, and I don't have any.
3 So I'm going to spend a few pennies, but maybe some of my
4 friends that are lawyers might give me contributions, I
5 never know. Or maybe they'll wait until after the
6 election. They like to hedge their bet. But if anybody
7 had a question, I'd be glad to field them.

8 CHAIRMAN TILLERY: Okay. Thank you very
9 much. Are there any questions for Ms. Obermeyer?

10 (No audible response)

11 CHAIRMAN TILLERY: Okay. Thank you very
12 much for the public testimony here today.

13 MS. OBERMEYER: And I always like the
14 transcriber to have copies, I don't have any more copies.

15 CHAIRMAN TILLERY: We will make sure that
16 he has one.

17 MS. OBERMEYER: Would you? Then he
18 understands, really, the significance of what I was
19 explaining. And thank you for allowing me to speak. And,
20 again, I would like -- as I was Xeroxing -- thank you. You
21 have a good meeting.

22 CHAIRMAN TILLERY: Yes, ma'am. Thank you
23 very much for coming by.

24 Okay. And the status?

25 MS. McCAMMON: Lunch is here.

1 CHAIRMAN TILLERY: Okay. Why don't we take
2 a 30-minute break? If that.....

3 MS. McCAMMON: Twenty.

4 CHAIRMAN TILLERY: A 20-minute break, we'll
5 come back at about 10 after 12:00. Public testimony is
6 again closed and the meeting is recessed.

7 (Off record - 11:51 a.m.)

8 (On record - 12:19 p.m.)

9 CHAIRMAN TILLERY: Okay, if we can come
10 back into session for the February 25th meeting of the
11 Exxon Valdez Oil Spill Trustee Council. The last item, I
12 believe -- I guess we had just -- I guess we were up to
13 number six, Science and Technical Advisory Committee. Can
14 you tell Ms. Pearce that we're about ready because this is
15 one, I'm sure, she's interested in.

16 Okay, Ms. McCammon, can you tell us where
17 we are on STAC?

18 MS. McCAMMON: Yes. In your binder under
19 STAC process, towards the rear, you'll recall at your
20 December 11th meeting we did present a draft process for
21 developing scientific advice and peer review for the GEM
22 Program. And following that meeting, with your assistance,
23 we established a working group, and there's a list of all
24 the people involved in it from the various agencies, two
25 from the Public Advisory Group and then we had two kind of

1 outside the interagency circle and those were Hal
2 Batchelder, Executive Director of the U.S. Pacific GLOBEC
3 Program and Rich Marasco from NMFS Alaska Science Center.

4 We held two teleconferences and worked
5 through all the major issues, and what you have in here is
6 a proposal that reflects the consensus of that group. I
7 did mention here that the group did not agree on every
8 minor detail. And what I mean by that is that some people
9 thought the term should be three years instead of four
10 years. So it really was the minor details. In that case
11 we took the majority opinion. But on everything really
12 substantive we worked out all the issues of concern and
13 feel really good about the draft that you have before you.

14 We also tried to separate out -- so in the
15 memo itself you see a description of current process that
16 we use for peer review and science advice and then the
17 proposal under GEM and the differences between those two
18 and how -- the current role of various staff and how those
19 would change under the proposed process. And we took that
20 out of the draft, which we see as -- it might need some
21 minor word editing, but basically this will be incorporated
22 into the GEM Program document. And so we tried to keep it
23 more stand-alone and not needing revision once it was
24 adopted.

25 But going through this we divided it into

1 four different sections, one was just a description of the
2 process for scientific advice, the role of staff, the
3 committees, an external review committee. The second was
4 establishing how to establish and maintain the committee
5 structure. The third section was on selecting committee
6 members and the fourth section was on peer review.

7 And I can either do this by just answering
8 questions or going through section by section and kind of
9 highlighting what kind of the main agreements were and kind
10 of where we came down on different things. It's up to
11 your.....

12 CHAIRMAN TILLERY: What are wishes of the
13 Council? Mr. Rue.

14 MR. RUE: Mr. Chairman, I'd suggest
15 questions, I thought it was a good write-up.

16 CHAIRMAN TILLERY: You want a blow-by-blow?
17 (Off record comments - earthquake)

18 MR. RUE: Anyway, I suggest that we just
19 ask questions, I thought it was pretty straightforward and
20 a good write-up.

21 CHAIRMAN TILLERY: Mr. Balsiger, what is
22 your thought?

23 MR. BALSIGER: I think questions are fine,
24 I reviewed the previous draft fairly extensively and I
25 haven't spent much time with this to see how much it's

1 changed, so, Ms. McCammon highlighted some of the changes
2 somewhere up front, but I've sort of only gotten to the
3 peer review part, so maybe a presentation on that if
4 there's nothing ahead of that.

5 MS. McCAMMON: I can go through, quickly,
6 through each section.

7 CHAIRMAN TILLERY: I think there is a
8 suggestion of an action item on this.

9 MS. McCAMMON: Yes.

10 CHAIRMAN TILLERY: So perhaps, Ms.
11 McCammon, briefly go through it and then we'll.....

12 MS. McCAMMON: Yeah. Okay. In Section I,
13 Description of the Process for Scientific Advice, there had
14 been some questions before about the role of staff and how
15 this fit in with the committee structure, so the main thing
16 we try to clarify here is the role of the Executive
17 Director. There was some questions about what happens with
18 our current Chief Scientist, Bob Spies, and how does he fit
19 into the future process. And what we have done here is
20 changing his title to Senior Science Advisor for Oil Spill
21 Effects. Phil Mundy has served as Science Coordinator for
22 the last two years and he would have a new title of Science
23 Director.

24 And I think the key changes here is just
25 explaining what the staff would do. The Senior Science

1 Advisor for Oil Spill Effects would provide advice on
2 direct oil spill related injury and recovery, including
3 peer review of related project proposals and reports and
4 would chair the Oil Effects Subcommittee and report the
5 committee's recommendations to the STAC.

6 The Science Director would assist me by
7 providing scientific leadership for the GEM Program,
8 serving as GEM's primary scientific spokesperson and would
9 also serve as a non-voting permanent co-chair of the STAC,
10 would coordinate the Scientific Committee structure and
11 ensure that the GEM Program is implemented with a high
12 standard of scientific excellence.

13 And then we go into the committee
14 structure, which has the STAC, which is the primary
15 standing committee, a series of standing subcommittees,
16 which are more work-type committees and then ad hoc work
17 groups that were temporarily formed for a specific purpose
18 and with a limited duration. We also have in here an
19 external review committee. Periodically the Council will
20 contract with an external entity, such as the National
21 Research Council, to review the entire program.
22 Originally, I think, we had in here every five years and
23 the group recommended to be a little more flexible that you
24 might want certain aspects of the program to be more up and
25 running and more fully developed and so we put it as

1 periodically every five to 10 years. So gave that a little
2 bit longer duration.

3 The other major item here was the Science
4 Director, in an earlier version we had Phil serving as a
5 voting member of the STAC. There was concern by a number
6 of people wanting the committee to really reflect
7 independent advice. We also heard concerns about ensuring
8 that staff were fully involved in the discussions and the
9 activities of the STAC and so I think one of the group came
10 up with this idea of a non-voting permanent co-chair and it
11 seemed to address everyone's concerns and kind of fit
12 nicely as a solution to that.

13 Then Section II, Establishing and
14 Maintaining the Committee Structure.

15 MR. BALSIGER: Could we do one section at a
16 time so I don't forget my questions?

17 MS. McCAMMON: Yes. So this section,
18 basically, just describes the overall process, we have
19 staff, the committee structure and this periodic external
20 review.

21 CHAIRMAN TILLERY: Mr. Balsiger.

22 MR. BALSIGER: Mr. Chairman, thank you.
23 The Senior Science Advisor for Oil Spill Effects has been a
24 contract as opposed to a staff employee.

25 MS. McCAMMON: Correct.

1 MR. BALSIGER: But there's not implication
2 here that that arrangement has to continue? And I guess
3 the other part is the Science Director is a staff employee
4 and so do we need to be required by this document to keep
5 it that way? I would think not, I guess, but I wanted to
6 see that it was possible to do either contract or by
7 putting them directly on staff.

8 MS. McCAMMON: We could have this either by
9 contract or by staff. And the need for the Oil Spill
10 Effects Subcommittee would be as long as we could see
11 discernible oil spill effects and it made sense to have a
12 separate committee. And I think, originally, we had some
13 language that said something for as long as needed, it was
14 a little weird, so we just eliminated that language and
15 just kind of left that silent, but that would be the
16 intent. So the question is, is this person on staff or a
17 contractor or could it be either/or?

18 MR. BALSIGER: Yes, I would think that you
19 should be able -- the Trustees and you, particularly,
20 should be able to get your Science Director or the Senior
21 Science Advisor either by contract or by putting them on
22 staff as required down the road, and I didn't want this to
23 tie our hands just because historically it's done one by
24 contract and one on staff.

25 MS. McCAMMON: No, could do either way.

1 MR. BALSIGER: Okay, thank you.

2 MR. RUE: Mr. Chairman.

3 CHAIRMAN TILLERY: Mr. Rue.

4 MR. RUE: Actually I had a question on not
5 just the forum -- well, in addition to the forum, why do we
6 need a Senior Science Advisor for Oil Spill Effects, why
7 couldn't the Science Director perform that function? Is
8 the workload too much, expertise?

9 MS. McCAMMON: I think the main reason is
10 the expertise that we have. I mean, we have an incredible
11 -- and it's primarily because of the one person. I think
12 if Bob Spies was not available to do it, then we would
13 consider doing something differently. But because he is
14 available and he is interested in continuing along these
15 lines. We have 12 years invested in him, he is by far the
16 most knowledgeable person that we have related to our
17 program on oil spill effects. There was a lot of concern
18 about losing that body of knowledge. And, in fact, there
19 was some discussion about having him as a member of STAC
20 for the first few years. And that was another option. But
21 because we are entering into this new program, we talked
22 about that a little bit as a group and decided that this
23 was another alternative that kind of fit with the program,
24 too, and still continued to emphasize that it is oil spill
25 injury and that he is the one that has the most knowledge

1 about it.

2 Right now, and the way this would actually
3 work, Bob is under contract now as the Chief Scientist, so
4 his contract would be extended and he would be contracted
5 to be the Senior Science Advisor for Oil Spill Effects. He
6 will continue to do the peer review of reports and
7 proposals and organize that peer review for proposals that
8 come in directly related to lingering oil effects. But
9 those would also go through the STAC program, who would
10 look at things also from the broad perspective of how do
11 those fit into the overall perspective.

12 CHAIRMAN TILLERY: Other questions?

13 (No audible response)

14 MS. McCAMMON: There was some question that
15 I received earlier in Section I, the third paragraph, about
16 the use of the term "rebuttable presumption", which
17 apparently has kind of a legal definition to it, and it was
18 more a conceptual way we were using it and certainly not in
19 a legalistic term. And so I would not want to get into a
20 trap there where people were thinking we were saying
21 something when we weren't. The idea is that in the past
22 whatever the group of scientists, peer reviewers, core
23 reviewers, the STAC have put together as being kind of --
24 we operate from the perspective in staff that that
25 recommendation will go forward, so we use it as the

1 starting point, then we take it to the public, to the
2 Public Advisory Group, to Trustee agency staff and if they
3 bring in additional information that shows why that should
4 be change, then we modify it and that becomes the Executive
5 Director's recommendation. And so we see that process
6 still continuing, that we use the STAC recommendation as
7 our starting point, internally, for -- then taking that to
8 other different groups and saying what do you think of this
9 and should the recommendation be changed. So that was what
10 was meant by "rebuttable presumption", but I would suggest
11 that if that's going to cause some concern we could just
12 revise that to say, in addition to scientific advice
13 provided by the proposed STAC and subcommittees, the
14 Trustee Council also relies on advice from the Program
15 Advisory Committee, other members of the public and other
16 agency staff. The Executive Director is expected to take
17 this broad spectrum of advice into account when resolving
18 conflicting issues and developing recommendations for
19 Trustee Council consideration. So it would just.....

20 MR. RUE: So you're going to strike all of
21 that?

22 MS. McCAMMON: If it causes a problem and
23 is a red flag, I would just as soon strike that because it
24 was more conceptual.

25 MR. RUE: So how would it read now?

1 MS. McCAMMON: In addition to scientific
2 advice provided by the proposed STAC and subcommittees,
3 comma. And then go to the third sentence, the Trustee
4 Council also relies on advice from, dot, dot, dot, Program
5 Advisory Committee and the rest stays the same. So you
6 delete.....

7 MR. RUE: Wait a minute -- okay. Start at
8 scientific advice provided by the proposed STAC?

9 MS. McCAMMON: STAC and subcommittees,
10 comma. And then delete from or to the end of the second
11 sentence. For, there's an f there. Delete there 'til the
12 end of the second sentence.

13 CHAIRMAN TILLERY: I would be more
14 comfortable not having language that we've approved, I
15 mean, obviously it talks about a presumption, and then get
16 into an issue of whether you need an unanimous vote to
17 overturn the presumption.

18 MR. RUE: I agree. I agree. And acting
19 positively, I mean, that means we're going to fund
20 everything? We may have lots of reason why we don't act
21 positively having nothing to do with the merits.

22 MS. McCAMMON: Right.

23 MR. RUE: So, one last time, read the
24 sentence.

25 MS. McCAMMON: In addition to scientific

1 advice provided by the proposed STAC and subcommittees,
2 comma, the Trustee Council also relies on advice from the
3 Program Advisory Committee, other members of the public and
4 on and on and on.

5 MR. RUE: Okay.

6 CHAIRMAN TILLERY: Okay, are there any
7 further sort of questions on Section I?

8 (No audible response)

9 CHAIRMAN TILLERY: Okay, Ms. McCammon, can
10 you.....

11 MS. McCAMMON: Okay, then going to Section
12 II, actually talks about establishing and maintaining the
13 committee structure. And the first one is the STAC and
14 that talks about the responsibilities, and it clarifies
15 that the STAC -- its primary responsibility shall be to
16 meet as often as needed to provide to the Executive
17 Director broad programmatic advice and guidance on the GEM
18 Work Plan with respect to the GEM Program's mission, goals,
19 conceptual foundation and central hypotheses and questions.
20 Shall recommend projects for GEM best suited to meet these
21 and a written record shall be presented of this to the
22 Program Advisory Committee and to the Council. The STAC
23 co-chairs shall brief the PAC and the Council once a year
24 at the request of the Trustee Council, the Executive
25 Director, or the STAC. Provide leadership in identifying

1 and developing testable hypotheses. Use recommendations
2 provided by the subcommittees and other means to identify
3 and recommend syntheses, models, process studies. At least
4 one, but not more than three of the STAC members shall also
5 serve on the Program Advisory Committee. The STAC shall
6 select these members. The STAC selects the subcommittee
7 members following a process approved by the Council. STAC
8 shall assist staff in identifying peer reviewers and may,
9 upon request, conduct peer review on individual responses
10 to the invitation to proposals. And, subject to funding
11 restrictions and in consultation with the Executive
12 Director, convene special review panels or work groups to
13 evaluate and make recommendations on various aspects of the
14 GEM Program or to meet with project investigators and
15 others to explore particular projects or issues. So what
16 we did here was to more clearly identify what the
17 responsibilities, the role of the STAC is.

18 Membership - the STAC shall have seven
19 members, six voting members appointed by the Council with
20 the advice of the independent nominating committee. And
21 the Trustee Council's GEM Science Director is the seventh
22 member who serves as permanent non-voting co-chair. The
23 STAC members shall be drawn from the scientific sectors of
24 academic, government, NGO and private institutions.
25 Together shall possess offshore the various expertise,

1 intertidal and subtidal, watersheds, modeling, resource
2 management, human activities and their potential ecological
3 impacts and community-based science programs. STAC members
4 shall be selected for their expertise, broad perspective,
5 long experience and leadership in areas.

6 This is point four, eliminate that one four
7 there, the second four there. STAC members cannot be
8 principal investigators for presently funded or ongoing GEM
9 projects. That was a key item. STAC members shall serve
10 terms of four years, renewable once. And after serving on
11 the STAC you can be eligible again after two years, unless
12 you were an alternate and then it has a process here for
13 the first couple of years of the program to get some
14 staggering, so you would have half the new members
15 potentially or be up for reappointment every two years.

16 And what we tried to do was get it so that
17 committee members -- you wouldn't have this come before you
18 every year, it would be every two years.

19 And then rules of procedure, the STAC shall
20 elect a co-chair by majority vote at least once every two
21 years. The Science Director serves as the other co-chair.
22 Matters that cannot be resolved by consensus shall be
23 decided by four affirmative votes of the STAC membership.
24 So that is four out of six, it's kind of the super majority
25 there. And the idea.....

1 CHAIRMAN TILLERY: There's no tie breaker.

2 MS. McCAMMON: There's no tie breaker,
3 correct. Correct. And the view was that if it was three
4 to three then it probably shouldn't go forward, it needed
5 more work. Frank.

6 MR. RUE: Can we interrupt? This is the
7 only other issue I had. I tend to be a real fan of
8 consensus because I find if someone on a group has
9 something they really care about, you ought to listen. And
10 if you can't move ahead with it -- these are good
11 scientists and you have to vote, I think we've got a
12 problem, someone isn't listening to somebody, either the
13 two people are out in left field and they need pressure to
14 come back into the fold and it's just too convenient to be
15 able to say, well, I don't need to change my mind, I'll
16 just either win this vote or change vote -- lose this vote.
17 I just think consensus forces people to listen to each
18 other and not be pig headed because if you're pig headed
19 you stop everything. I would say we shouldn't have votes
20 on the science team, we ought to get consensus from the
21 science team, would be my preference.

22 MS. McCAMMON: Then it raises the question,
23 and we avoided this issue, I think, because of the way we
24 structured this of requirements for a quorum. Because you
25 have to have four out of the six, no matter if there's four

1 there or six there. And if you are going to have
2 consensus, then is it consensus of the entire group, are
3 they there or not? Is it consensus of just who happens to
4 show up?

5 MR. RUE: At least -- how about you have to
6 have at least four.

7 MS. McCAMMON: Does it mean what if only
8 three show up? I mean it.....

9 MR. RUE: Well, how about you have to have
10 four, but you have to agreement?

11 MS. McCAMMON: Well, that's four
12 affirmative votes, it's.....

13 MR. RUE: No, no, four of who's present.

14 MS. McCAMMON: I think it's important to
15 have -- if at all possible to have consensus, but I don't
16 think in all cases that's possible. And what this does
17 mean is if there is some disagreement it prevents one
18 person from holding the others hostage also, which I know
19 as Trustees that wouldn't happen here, of course, because
20 you have trust responsibilities, but in more of a
21 scientific advisory committee where you're actually
22 recommending proposals, I don't know, I would be concerned.

23 CHAIRMAN TILLERY: Would it actually hold
24 anything hostage? I mean, wouldn't stuff still come, just
25 without a vote? Or does this prevent stuff from even

1 coming to the Council?

2 MS. McCAMMON: If.....

3 CHAIRMAN TILLERY: If you come up
4 three/three on something, for example, under your
5 structure?

6 MS. McCAMMON: Well, it would come to the
7 Council that there was a recommendation not to fund. I
8 mean, if you had a proposal and you were voting on whether
9 a proposal should be funded, the recommendation, if it was
10 three/three would be do not fund.

11 CHAIRMAN TILLERY: Ms. Pearce, you had.....

12 MS. PEARCE: I was kind of thinking through
13 what the Commissioner had said, and thinking on the devil's
14 advocate side, a couple of things. Whether we want an
15 advisory group to have to have consensus before something
16 can come to us and thinking ahead to wanting the science
17 folks, in some respects, to have the ability to think
18 outside the box and I could see where perhaps one
19 individual could, I don't know whether I'd call it holding
20 hostage, but could become stuck in the old ways of doing
21 things, whatever they are, and not willing to look at new
22 ways of seeing science and research.

23 But I also wonder if we may have times
24 where one of the members is going to be somewhat defensive
25 if the group is looking at a program that might challenge

1 some previously found and held research or more science
2 that was exported. And by saying we have to have
3 consensus, if we're not building in a way that anyone who
4 was -- had, perhaps, previously been a part of something
5 and now would never allow any new -- not so much new
6 challenges, but we might just be disallowing ourselves of
7 looking at some new programs because if it comes to us with
8 a recommendation to not fund, we will tend to follow that.

9 MR. RUE: I'm sorry, we what?

10 MS. PEARCE: We'll tend to follow those
11 recommendations. Just seems to me that the super
12 majority's advice from an advisory committee would be
13 plenty.

14 CHAIRMAN TILLERY: Maria.

15 MS. LISOWSKI: This goes back to something
16 that Jim mentioned real early on in the meeting. I assume
17 part of the reason that this is structured the way that it
18 is is that the Scientific and Technical Advisory Committee
19 actually provides advice to the Executive Director so that
20 you don't end up with a Federal Advisory Committee Act
21 problem. And if that's the case, then in this instance
22 where there's a tie, wouldn't it go to the Executive
23 Director and the Executive Director would make the
24 recommendation to fund or not to fund to the Council?

25 MS. McCAMMON: Correct, yes.

1 MS. LISOWSKI: So, I mean there's that
2 internal step.

3 MS. McCAMMON: Based on -- because the
4 Public Advisory Group came in and said, well, they're
5 split, but we're unanimous, we think it should go forward,
6 then that would be something you take into account as you
7 make your final recommendation, yes.

8 MS. LISOWSKI: And just to follow up. So I
9 assume the reason we set it up this way is because of the
10 FACA committee issue, that you did want to get away from
11 that?

12 CHAIRMAN TILLERY: Other comments?

13 (No audible response)

14 CHAIRMAN TILLERY: I tend to think that the
15 place for consensus is with this body and that having
16 majority/minority or whatever coming up is appropriate,
17 there doesn't need to be consensus down there. I think
18 that's almost what we kind of go into with the ancient,
19 whatever it was, the liaison group we used to have in the
20 beginning where there was sort of horse trading going on.
21 They were sort of then coming up with a complete package
22 and it seems to me that having voting and having two people
23 being able to say, no, I disagree with that is important.
24 And that here is where the consensus occurs.

25 MR. RUE: Fair enough, you win.

1 (Laughter)

2 CHAIRMAN TILLERY: Mr. Balsiger.

3 MR. BALSIGER: Well, Frank already gave up
4 or I was going to support him.

5 (Laughter)

6 MR. RUE: We weren't going to get consensus
7 so it wouldn't work.

8 MR. BALSIGER: But I gather -- Molly wasn't
9 quite through this whole section, but on the
10 responsibilities, number seven, where it says at least one,
11 but not more of the three STAC members shall serve on the
12 PAC. I think the PAC thing we've already dealt with by
13 saying we're going to work on that document some more, and
14 I'm not sure if -- I guess if we approve this that means
15 we've clarified that for purposes of a PAC statement that
16 you're going to continue to work on. But I thought that
17 was one of the issues that we weren't clear on because of
18 what Maria brought up that it may not be appropriate. I'm
19 not sure if we resolved that in the PAC sense, so I'm not
20 sure if we can have this language in here and approve it
21 today in this action item. Maybe I misunderstood what we
22 had agreed to on the PAC page relative to scientists and
23 agencies being members of the PAC.

24 MS. McCAMMON: The different agencies, I'm
25 not sure for scientists, but I would still argue very

1 strongly for at least one of the STAC members serving on
2 the PAC. I think it would be very beneficial and, in fact,
3 a number of people we've talked to have expressed an
4 interest in doing that, too.

5 CHAIRMAN TILLERY: I guess I understood
6 your comment not to be that yes or no on that, but simply
7 it would be premature to agree unanimously to this when we
8 haven't done the underlying action, which is to restructure
9 the PAC.

10 MR. BALSIGER: Yes, sir, you stated it much
11 more clearly than I did. I couldn't recall it and resolved
12 that on the green sheet.

13 MS. McCAMMON: If you have a problem on
14 that you can defer that issue. If you feel uncomfortable,
15 like you can't vote on that until the PAC.....

16 CHAIRMAN TILLERY: It would seem to me it
17 would be appropriate not to have number seven in there
18 until we do deal with the PAG and then at that point amend
19 this to bring it in.

20 MS. McCAMMON: Okay.

21 CHAIRMAN TILLERY: Other people?

22 MR. RUE: That's fine.

23 MS. PEARCE: That's fine.

24 MR. RUE: We'll just have to remember to do
25 that if we.....

1 CHAIRMAN TILLERY: Right.

2 MS. McCAMMON: I'll remind you.

3 (Laughter)

4 MS. McCAMMON: Okay, let's see. So
5 anything more on the STAC?

6 CHAIRMAN TILLERY: Just to make sure I
7 understand this. The STAC is kind of a more general
8 guidance group, but it does occasionally do peer reviews.

9 MS. McCAMMON: It can, yes.

10 CHAIRMAN TILLERY: It can.

11 MS. McCAMMON: Yes.

12 CHAIRMAN TILLERY: But typically the peer
13 reviews -- are they done by the subcommittees or by yet
14 another group called peer reviewers?

15 MS. McCAMMON: Well, both. What we've done
16 in the past is that the way our process currently works is
17 that we have our Chief Scientist and our five core
18 reviewers and they get all of the proposals that are
19 submitted through our invitation, so let's say, they get
20 150 proposals and there are six of them and 150 proposals.
21 Each person is given a copy of all of them and each person
22 is given kind of the lead for, say, 20 proposals that they
23 are the lead reviewer on. If, in those 150 proposals,
24 there are ones in there that actually need -- that there's
25 no expertise in that group of six, then they are sent out

1 for separate peer review. But still, basically, that six
2 group does most of the initial peer review.

3 Under the new proposal what we're proposing
4 is to divide up the peer review, and in all honesty, I'm
5 not quite sure how -- we're doing this a little bit
6 differently and it's a new process and you are going to
7 have to bear with us as we work on this, but the idea is to
8 get -- the downside of the current process is that we
9 always don't -- we don't always get the best technical
10 review of individual proposals because of the number and
11 because of -- depends on the diversity of proposals. Under
12 the new proposal the peer review would be divided into two
13 -- kind of a technical review and then kind of a broad
14 programmatic peer review. So at either a subcommittee or
15 individual peer reviewer, each proposal would get technical
16 review on does this sampling -- do these sampling methods
17 work? Can the PI actually achieve through these methods
18 what the objectives and goals of this project are? And
19 just looking at it from a very technical substantive
20 perspective. The STAC would then take those and, let's
21 say, the proposals are well thought out and make sense,
22 then they look at it from a broad programmatic perspective,
23 does that particular proposal fit into our overall program
24 and where. And achieve our mission goals, does it work
25 towards testing our major hypotheses? So the STAC would

1 look at this from a broader perspective, but they could do
2 also peer review on an individual level, depending on their
3 expertise.

4 So we are actually looking, and this is
5 where -- we're trying to get better peer review, but --
6 and, hopefully, by doing the program where if we can do
7 some funding where things don't have to be peer reviewed
8 every year, we can get the number of proposals a little bit
9 smaller and we can have better peer review of a small
10 subset of proposals every year. But it's also asking -- by
11 asking more there's a timing issue there, we've had paid
12 peer review in the past, we're hoping to get more
13 volunteered peer review, but often that isn't in as timely
14 a fashion. Because we have a public process we want to know
15 that things are going to happen at a certain time and
16 just don't check your website and when we get all the peer
17 reviews in, we'll have a meeting. We actually want things
18 in a fairly scheduled, systematic process.

19 So this could be modified over time, and I
20 just want to put you on notice on that, because at the same
21 time as we're looking for peer reviewers, North Pacific
22 Research Board is out there trying to scour the world for
23 peer review. All your Steller sea lion proposals you're
24 looking for peer review. Everybody is doing peer review
25 now and everybody wants peer reviewed science and, you

1 know, there's only a certain size of a pool and even though
2 we have a lot of contact and there's a lot of people
3 Outside now, when you talk to people about what can be
4 expected from a volunteer reviewer, the most they would say
5 is well, maybe one or two, three proposals a year. Well,
6 that's not a lot if we're getting 150 proposals in and we
7 want three peer reviews of each proposal. You know, I just
8 want to be honest here, we're in a little bit of testing
9 some new ideas here and trying to figure things out, but to
10 get better peer review at a technical level, which should
11 then free up the STAC to look at things from a broader
12 perspective.

13 CHAIRMAN TILLERY: Mr. Balsiger.

14 MR. BALSIGER: Well, I'm a fan of not
15 having a core group of reviewers that is only five or six
16 that reviews all of the proposals every year for a long
17 period of time, so I think that's clearly and the right way
18 to go on this. But I think you're absolutely right that
19 it's going to be more cumbersome, and particularly if they
20 aren't paid, to get timely peer reviews back, it's going to
21 be a lot of work, so I think that's a good warning that we
22 have to be prepared to stub toes a little bit the first
23 time around, but I think it's worth it to get away from the
24 perception of having only five people that have made these
25 decisions all these years with -- I'm not sure it's

1 politically correct to say an old boy's club or whatever,
2 but we want to get away from that, so I think it's the
3 right way to go.

4 MS. McCAMMON: Right.

5 CHAIRMAN TILLERY: It looks like from the
6 way I understand the way this subcommittee is set up, it
7 doesn't suggest they actually do the peer reviews, they
8 organize the peer review, so they'll be hunting for
9 individuals to do the peer reviews.

10 MS. McCAMMON: They will be hunting for
11 individuals, but they also could be doing some of the peer
12 review themselves, as long as they have not submitted a
13 competing proposal.

14 CHAIRMAN TILLERY: Okay. Other questions
15 or comments, I guess, on Section II?

16 (No audible response)

17 CHAIRMAN TILLERY: Okay. Oh, Mr. Balsiger.

18 MR. BALSIGER: One final -- I think the
19 last time we were wondering about the cost of this and it's
20 difficult to tell because we don't know how many meetings
21 there will be, but with the STAC and four subcommittees,
22 each with five to eight people, did you make an estimate or
23 were you going to do that out of the cost of running the
24 process?

25 MS. McCAMMON: No, we did the costs and I

1 have it back in my desk and I'll get that out for you. A
2 lot of it depends -- I think there will probably be more
3 costs in the early one to two years, but really the cost
4 was -- the major difference in the cost was whether you
5 paid honorariums or not. And then the number of meetings,
6 not necessarily the length of meetings. And so you could
7 have two meetings and whether it's three or four days it
8 didn't really matter that much versus if you had five or
9 six meetings during the year. But I would think that it
10 would be -- but the big difference is whether honorarium
11 was paid. But I can get that, I have it on my desk, we did
12 cost it out. It was actually less, in a way, than we had
13 thought.

14 MR. BALSIGER: Yeah, that's probably fine.
15 I was just recalling.

16 *** MS. McCAMMON: And a lot of this work,
17 especially the subcommittee work, would be done by
18 teleconference.

19 MR. BALSIGER: Thank you.

20 MS. McCAMMON: Okay. And then, let's see,
21 C is work groups. And then Section III is selecting the
22 committee members and the big one was on the selection
23 process for the STAC. Public call for nominations would be
24 put out and those nominating would have to submit a one-
25 page synopsis of the nominee's qualifications. I would

1 convene a nominating committee and the committee would
2 review nominations for the STAC. If necessary, if they
3 felt that among the nominations solicited there was a real
4 gap in expertise, they could solicit additional nominations
5 at its discretion. And would provide the Executive
6 Director a list of preferred and alternate nominees for
7 appointment to the STAC.

8 The STAC nominating committee shall be
9 composed of seven members who are familiar with the
10 development and operation of regional monitoring programs
11 similar to GEM. Committee members may not be currently
12 receiving funds from the Council, nor may they be closely
13 associated with or dependent on those who are funded by the
14 Council. For example, may not be funded investigators, nor
15 be the immediate supervisors or supervisees of currently
16 funded investigators or members of their immediate family.
17 At least five committee members shall reside in Alaska.
18 STAC nominees and current STAC members may not serve on the
19 nominating committee. And the nomination committee members
20 shall be selected by the Executive Director in consultation
21 with the Trustee Council.

22 And then there's a description of the rules
23 of procedures of electing a chairperson, establishing a
24 schedule and process for developing and the numbers would
25 depend on -- for right now it would be six members, but

1 every two years it would probably be three members unless
2 there was a need for an alternate.

3 And the subcommittee members, we'd call for
4 nomination, put together the list. The STAC would review
5 the nominees and make the recommendations to the Trustee
6 Council for approval. And on the work group members, the
7 Executive Director shall approve work group members upon
8 the recommendation of the STAC and/or subcommittees.

9 CHAIRMAN TILLERY: Questions, comments?

10 MS. McCAMMON: So that's the selection
11 process.

12 CHAIRMAN TILLERY: Do I understand this
13 correctly that the nominating committee would only forward
14 sort of an exact number of names for the positions
15 available?

16 MS. McCAMMON: Plus alternates. And we did
17 have a lot of discussion about putting a name plus an
18 alternate for every seat and it would depend -- and we
19 tried to keep this generic enough so it didn't have to
20 change depending on each situation. But there would be a
21 list of names of the proposed people, plus a list of
22 alternates. So for the first on there would be six names,
23 this is the preferred list and a group of alternates and my
24 guess, depending on who was nominated, maybe a list of
25 three or four alternates in there. If there was only one

1 seat open then there would probably be one alternate, if
2 there were two seats open there would be one or two
3 alternates, but we didn't want to get tied in to having an
4 alternate for each seat if one wasn't available, too.

5 CHAIRMAN TILLERY: I guess the question I
6 would ask would be whether it would be better if you got
7 six positions and three alternates to simply have nine
8 nominations and have the Trustee Council take the six
9 regulars, was that discussed?

10 MS. McCAMMON: Yeah, we did discuss that
11 actually and the reason is, is that if you're looking at
12 the advisory group to be drawn from this whole perspective,
13 expertise in the habitat, species and environments of the
14 Alaska Coastal Current and offshore, the intertidal and
15 subtidal watersheds, modeling, resource management, all of
16 these, as described on Page 3, number two, what they're
17 going to do is to be looking for a balanced group that
18 reflects that expertise and interest. And the
19 recommendation, and this was after a lot of discussion, was
20 that basically what they would do is put together what they
21 view as the ideal committee, that that's what they would be
22 looking for, this gives the broadest representation, the
23 best expertise, the most experience for the overall
24 program. And in here are alternates if, for whatever
25 reason, you want to change or do that differently. But you

1 are asking for the nominating committee to review the
2 recommendations and look at all of the qualifications and
3 put together a group that has that kind of broad
4 experience. And I think to do that they really have to say
5 this is the group that is kind of the ideal group, the one
6 that possesses the best qualities.

7 Now, under this process they could very
8 well look at this and say, of this group there are five
9 that we think has this and there are three excellent
10 intertidal people and anyone of these three would be just
11 great.

12 CHAIRMAN TILLERY: Questions? Mr. Rue.

13 MR. RUE: Should we have them do consensus?
14 Just kidding, see who's awake here.

15 CHAIRMAN TILLERY: Number IV.

16 MS. McCAMMON: Number IV is the description
17 of peer review and each project proposal, as well as some
18 annual and all final reports will be peer reviewed by
19 appropriate experts who are not competing for funding from
20 the GEM Program in the same competition and, as a rule,
21 also are not conducting projects -- did I miss a word here?
22 I think maybe I did. And, as a rule, are not also
23 conducting projects funded by the Trustee Council. And so
24 it talks about the goals of the peer review process,
25 documenting them in writing. Just saying peer review may

1 be either paid or volunteered or some combination,
2 whichever is most expeditious and appropriate. The STAC or
3 subcommittees may convene work groups from time to time to
4 evaluate and make recommendations about aspects of the
5 program, which could include peer review of various
6 proposals.

7 A framework for peer review shall be
8 developed by Council staff and include the following: a
9 clear statement of the purposes of the peer review; the
10 role of the peer reviewer; and guidelines for achieving and
11 maintaining impartiality. So we'll be developing that over
12 the next few months. The Science Director is responsible
13 to the Executive Director and the Council for maintaining
14 independence and the appropriate level of expertise for
15 each peer review activity, training of peer reviewers and
16 establishing an honorarium or payment process for peer
17 reviewers when necessary to accomplish the need of peer
18 review.

19 I think that one of the key items here is
20 that first sentence, peer review by appropriate experts who
21 are not competing for funding from the GEM Program in the
22 same competition and, as a rule, are not also conducting
23 projects funded by the Council. And what we go into was
24 this discussion of -- at first people didn't want to have
25 any -- we were thinking about having no peer reviewers who

1 are also not currently PIs. If you are PI you couldn't be
2 a peer reviewer but, again, in some cases this might really
3 limit the pool of expertise. In addition, if you are
4 funded to do something, but you don't have a proposal in
5 for this year or this funding cycle because your proposal
6 is already funded, you're not competing, you also might be
7 good for a peer reviewer, but you're working on different
8 things, but you still have expertise in sampling or
9 genetics or, you know, some particular aspect that would be
10 useful to use for a technical peer review. So this was
11 kind of a compromise language that we ended up, that you
12 couldn't be a peer reviewer if you were also competing for
13 funding in the same competition and, as a rule, you
14 couldn't be a PI, but it wasn't so black and white, wasn't
15 prohibited.

16 CHAIRMAN TILLERY: Okay. Questions,
17 comments? Mr. Balsiger.

18 MR. BALSIGER: So I gather as a rule then
19 doesn't mean it's a rule? Because if it was as a rule.....

20 MS. McCAMMON: It.....

21 MS. BROWN: It's an expression.

22 MS. McCAMMON: And as a rule are not
23 conducting projects, unless you want to break that rule.

24 (Laughter)

25 MR. BALSIGER: Yes. I know it's a figure

1 of speech, but I was wondering when you put it in the
2 document as a figure of speech whether to interpret it
3 literally or not.

4 MS. McCAMMON: I can work on that language.
5 In general?

6 MR. BALSIGER: Yes.

7 MS. McCAMMON: And then there are two
8 figures at the back, these were both figures that were in
9 the original GEM documents. The first one Figure 4.2
10 states the same, it just talks about advice and where that
11 fits in. And the second one, GEM Program implementation,
12 this one has gone through numerous iterations and just
13 reflects the document.

14 MR. RUE: Mr. Chairman.

15 CHAIRMAN TILLERY: Mr. Rue.

16 MR. RUE: ACC, what was that?

17 MS. McCAMMON: Alaska Coastal Current.

18 MR. RUE: Oh, okay, works nearshore -- got
19 you. Wasn't North Carolina/Duke. I knew the Chairman had
20 a problem there.

21 MS. PEARCE: Really.

22 CHAIRMAN TILLERY: We're not going to go
23 there this year.

24 MS. McCAMMON: Maybe not next year either.

25 (Laughter)

1 CHAIRMAN TILLERY: Any other questions or
2 comments?

3 (No audible response)

4 CHAIRMAN TILLERY: So this is.....

5 MS. McCAMMON: This is an action item,
6 scheduled as an action item

7 CHAIRMAN TILLERY: Looking back at the
8 schedule, this is an action item, because next meeting you
9 want to get into appointments.

10 MS. McCAMMON: Yes. Because in order to
11 continue on with our process and have this group get
12 together and meet and discuss and help us put together the
13 invitation that we have to have prepared and on the street
14 by August 1st, so that we can have proposals in by last
15 September so you can act on them next fall, yes.

16 CHAIRMAN TILLERY: Is there a motion?

17 MR. RUE: Mr. Chairman, I move that we
18 adopt the STAC structure guidelines, purposes, process as
19 detailed in this draft, with the changes that we discussed
20 during the overview. And that's it.

21 MS. BROWN: Second.

22 CHAIRMAN TILLERY: It's moved and seconded.
23 Is there discussion?

24 MS. PEARCE: Yes, Mr. Chairman. Could we
25 go back to Page 1 and, Ms. McCammon, would you please read

1 that third paragraph as it has been changed again?

2 MS. McCAMMON: Okay. In addition to
3 scientific advice provided by the proposed STAC and
4 subcommittees, comma, the Trustee Council also relies on
5 advice from the Program Advisory Committee, other members
6 of the public and the Trustee agency staff. The Executive
7 Director is expected to take this broad spectrum of advice
8 into account when resolving conflicting issues and
9 developing recommendations for Trustee Council
10 consideration.

11 MS. PEARCE: Okay. Thank you.

12 MR. RUE: Mr. Chairman, I assume that the
13 Executive Director will remove words like proposed STAC?

14 MS. McCAMMON: Yes.

15 CHAIRMAN TILLERY: Okay. Is there other
16 discussion, comments?

17 (No audible response)

18 CHAIRMAN TILLERY: Okay, it's been moved
19 and seconded, all in favor signify by saying aye.

20 IN UNISON: Aye.

21 CHAIRMAN TILLERY: Opposed?

22 (No opposing responses)

23 CHAIRMAN TILLERY: Motion is carried. And
24 that would bring us to Work Plan adjustments.

25 MS. McCAMMON: Okay. We've addressed one

1 of the Work Plan adjustments. If you look behind the
2 goldenrod there is -- at your December meeting you approved
3 funding in the GEM Planning Project 02630. Included in it
4 was \$50,000 with 45,000 for external meeting support for
5 PICES, the Oceans and Watersheds Symposium and other
6 meetings and 5,000 for internal meetings support costs,
7 such as rental space, printing. It was our intention that
8 14,000 of the 45,000 would be given to PICES to help with
9 travel expenses for a North Pacific monitoring meeting in
10 April and with publication of a new state of the oceans
11 report for the North Pacific. We've explored various ways
12 of getting these funds to PICES and it appears that the
13 most expeditious is a "named recipient" contract. PICES is
14 the only international scientific research organization for
15 the North Pacific and, as such, it is appropriate that it
16 be the entity planning a coordinated monitoring effort the
17 North Pacific and a state of the oceans report for the
18 North Pacific. And this is an international organization,
19 so it goes beyond the scope of even the North Pacific
20 Research Board, which includes Japan, Korea, China, Russia.

21 So the proposed action would be the Trustee
22 Council to approve that \$14,000 of Project 02630
23 contractual costs be given to PICES for travel and report
24 expenses. And we need this action in order to go through
25 the State procurement process.

1 CHAIRMAN TILLERY: Ms. Pearce.
2 MS. PEARCE: What does PICES stand for?
3 MS. McCAMMON: It doesn't stand for what it
4 should stand for. Jim.
5 MR. BALSIGER: It's not an acronym, but it
6 stands for a high quality coordination of science in the
7 North Pacific.
8 MS. McCAMMON: Yeah, it's not a acronym.
9 The North Pacific Marine -- International Marine.....
10 DR. MUNDY: It originally stood for Pacific
11 International Council for the Exploration of the Sea and it
12 was a play on the International Council for the Exploration
13 of the Sea, which is just celebrating its hundredth
14 anniversary in the North Atlantic, so they thought to get a
15 Pacific counterpart would be a terrific idea, but somewhere
16 along the line somebody -- sorry, excuse me.
17 CHAIRMAN TILLERY: No.....
18 MS. McCAMMON: Joe can't hear you.
19 CHAIRMAN TILLERY:our reporter is
20 having trouble with this, can you.....
21 DR. MUNDY: I'm sorry, Mr. Chairman, please
22 excuse me.
23 CHAIRMAN TILLERY: This is interesting,
24 so.....
25 DR. MUNDY: For the record, my name is Phil

1 Mundy, I am the Science Coordinator for the Trustee
2 Council. PICES stands for Pacific International Council
3 for the Exploration of the Sea. It was selected to provide
4 a Pacific counterpart for the ICES organization, the
5 International Council for the Exploration of the Sea.
6 Somewhere along the line somebody decided that PICES was a
7 little too cute, meaning it's the scientific term for fish,
8 and they call it the North Pacific Marine Organization,
9 it's PICES the North Pacific Marine.....

10 MR. BALSIGER: Marine Science.

11 DR. MUNDY:Marine Science
12 Organization.

13 CHAIRMAN TILLERY: Thank you.

14 MS. McCAMMON: NPMSO.

15 MR. RUE: Is that confusing enough? And
16 the member nations are -- or the members are? Is the
17 membership includes.....

18 MS. McCAMMON: Russia, Canada, Japan,
19 Korea.....

20 MR. BALSIGER: China.

21 MS. McCAMMON:China, United States,
22 Canada.

23 DR. MUNDY: Right, it's an International
24 Treaty Organization, I think.

25 CHAIRMAN TILLERY: Ms. Pearce.

1 MS. PEARCE: And I'm going to assume, since
2 it sounds highly scientific, that their state of oceans
3 report there were a peer reviewed process to set up how the
4 state of the oceans would be decided and monitoring and
5 reviewing that goes into that?

6 DR. MUNDY: Yes, that will be done in a
7 committee process as I understand it. We will also be able
8 to look at our part of it, which is the Gulf of Alaska.
9 The Executive Director has a letter submitted to the PICES
10 organization to that effect and they've accepted it.

11 MS. PEARCE: So we will actually be the
12 ones doing the review for the Gulf?

13 MS. McCAMMON: They will counting on us to
14 provide most of the information for the Gulf. But this is
15 the first attempt to actually do a state of the huge North
16 Pacific.

17 DR. MUNDY: And we'll be looking for help
18 from our Trustee Council agencies.

19 MS. McCAMMON: Yeah.

20 CHAIRMAN TILLERY: Mr. Balsiger.

21 MR. BALSIGER: I'm sorry, but I missed the
22 start of the question from Ms. Pearce, it was -- because I
23 don't see anything in here about state of the oceans.

24 MS. McCAMMON: Whether it would be peer
25 reviewed.

1 MS. PEARCE: Well, that's what they're
2 doing, state of the oceans report for the North Pacific.

3 MR. BALSIGER: Oh, I'm sorry, I thought
4 this was for a monitoring meeting.

5 MS. McCAMMON: Four thousand of it is for a
6 monitoring meeting and 10,000 is a contribution to the
7 state of the oceans report.

8 MR. BALSIGER: Okay. I'm sorry I stopped
9 reading. Thanks.

10 CHAIRMAN TILLERY: Ms. Brown.

11 MS. BROWN: Time for a motion, is it okay?

12 CHAIRMAN TILLERY: Sure.

13 MS. BROWN: Yeah, I'd like to move the
14 Trustee Council approve the \$14,000 of Project 02630
15 contractual costs be given to PICES, aka North Pacific
16 Marine Science, for travel and report expenses.

17 MR. RUE: Second.

18 CHAIRMAN TILLERY: Okay, it's been moved
19 and seconded. Is there discussion?

20 (No audible response)

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 audible response)

1 CHAIRMAN TILLERY: Okay, the motion
2 carries.

3 MS. McCAMMON: Okay, we've done the water
4 quality planning workshop, so you can go past that, then,
5 to the next goldenrod. In the fiscal year 2000 audit it
6 was noted that Fish and Wildlife Service had presented
7 bonus awards in two projects, \$5,000 in one project and
8 \$2,500 in another project. These awards were done in
9 compliance with Fish and Wildlife Service policy, but they
10 were not in compliance with the Trustee Council approved
11 operating procedures as allowable costs. In the last
12 audit, basically what the audit said is that Fish and
13 Wildlife Service had to come back to the Trustee Council --
14 they either had to pay back those funds or come back to the
15 Trustee Council and basically get them approved as
16 allowable costs.

17 Apparently a letter was sent to us, I never
18 received a copy or we never got it in our office, or
19 whatever, sometime last spring, but action was never taken
20 on that. In the meantime the fiscal year 2001 audit noted
21 that U.S. Geological Survey presented bonus awards to
22 personnel in one project, a total of \$2,796. Again, these
23 awards were in compliance with Federal policies, they're
24 not in compliance with Trustee Council operation
25 procedures. And because of these results it is clear that

1 the Council needs to develop a policy on bonus award
2 payments. We started to do that and to look at whether
3 they should be considered allowable project costs or not,
4 but because we're also in the process of revising all of
5 the operating procedures it seemed like it would be better
6 if it was done in the context of all of the procedures and
7 looking at all project costs and kind of looking at the big
8 picture and not just one issue.

9 So for that reason I am recommending that
10 you approve payment of the 2000 and 2001 bonus awards as
11 allowable project costs. For fiscal year 2002 and beyond,
12 the recommended policy will be developed and included in
13 the comprehensive package of revised operating procedures
14 that would come before you for action in August 2002. So
15 there is a suggested motion at the very end of my memo.

16 CHAIRMAN TILLERY: Questions? Ms. Pearce.

17 MS. PEARCE: Were we not to approve these,
18 then what would happen?

19 MS. McCAMMON: They would basically -- the
20 agencies would have to pay back those funds from,
21 basically, your general fund or, you know, basic agency
22 funds.

23 MS. PEARCE: Okay. Did as part of -- may I
24 go ahead?

25 CHAIRMAN TILLERY: Please.

1 MS. PEARCE: As part of the -- did we know
2 that as part of the policy of either that money from grants
3 could be used for bonuses to employees? Did this come as a
4 surprise to us?

5 MS. McCAMMON: That they were used?

6 MS. PEARCE: Yes.

7 MS. McCAMMON: Well, we've been in
8 existence since '91 and this is the first instance, the
9 first time it's happened. But I don't know how recent the
10 whole bonus situation is within the Federal government.
11 But this was the first time that it had been picked up. I
12 don't know, maybe, Tony, you know. Maybe that's why --
13 maybe that's the first year you could do it, I don't know.

14 MR. DeGANGE: I'm not sure I'm going to
15 give a satisfactory answer because I'm relatively new at
16 this again, but it's very common in the Federal -- at least
17 Fish and Wildlife Service, to give bonus awards,
18 particularly at year-end, for people who have done
19 exemplary work. I can't speak to why in 2000 three awards
20 were given and they had never been given in the past,
21 probably it was people were wrapping up some long-term
22 projects that had been going on for a long time, APEX -- I
23 think one of them was an APEX project, the other ones were
24 the 159, which was the boat survey. Both of those were
25 pretty long projects which were wrapping up. And I believe

1 there probably was an oversight -- I'm not even sure if the
2 project manager knew what the policy was.

3 MS. McCAMMON: I should note that in all of
4 these cases the funds did come out of the personnel line
5 item, it was one of those things they were paid at the end
6 of the year, they were for field projects where people had
7 been working, you know, 24 hours -- or, you know, you're
8 out in the field non-stop. And they were in compliance
9 completely with Federal rules and policies. The question
10 that the auditors had -- it's a tricky thing because
11 they're based on merit, which you determine after the work
12 is done. And, yet, when you put your budget proposal
13 together it's done in advance and the budget proposal,
14 supposedly, is done on actual cost not assuming there's
15 going to be a merit bonus at the end. And from the
16 auditors perspective these were unbudgeted and not
17 allowable costs, but.....

18 CHAIRMAN TILLERY: Could you identify
19 yourself for the.....

20 MR. DeGANGE: Yeah, Tony DeGange, I'm the
21 liaison from the Fish and Wildlife Service. And in the
22 case of these projects, these people were pretty much
23 funded full time out of EVOS projects, they're not funded
24 out of other base funds for doing other things. And so,
25 again, I think the project manager said, okay, we have a

1 standard practice, these projects are culminating, they're
2 wrapping up, they done great work, they've been in the
3 field a lot, we'll give them a bonus and so it happened.

4 MS. McCAMMON: But I think it also is one
5 of those things when people get to the end of the year and
6 do we have any money left and if we do we might give a
7 bonus. If there's no money left you don't get a bonus.

8 CHAIRMAN TILLERY: Ms. Pearce.

9 MS. PEARCE: Under the Federal system is
10 there a bonus pool on the personnel line on each department
11 so it's figured in somehow, some, I assume, small
12 percentage that then can be used?

13 MR. DeGANGE: I think generally people try
14 to account for having some funds available for budgeting.
15 The Fish and Wildlife Service always used to be year-end
16 based on performance and now they're trying to move away
17 from, sort of, an year-end bonus award. They're trying to
18 reward excellence in work during the course of the year
19 when something significant happens, rather than waiting
20 until the end. So we're moving away from sort of a year-
21 end process.

22 MS. McCAMMON: It's makes it difficult when
23 the field season is at the year-end.

24 MR. DeGANGE: True.

25 CHAIRMAN TILLERY: Ms. Pearce.

1 MS. PEARCE: I would just say that if we're
2 going to be reviewing this as part of larger policy review
3 and if the employees in question aren't going to be
4 suddenly told that they owe the government \$2,500 or
5 \$5,000, which I assume is not the case, no matter what we
6 choose to do here, then we should wait, rather than approve
7 two, we should wait until we see what our policy is going
8 to be in the future. I think that there's already an
9 inequity that's easy to point out between State and Federal
10 pay in the state and we don't need to exacerbate it.

11 CHAIRMAN TILLERY: Mr. Balsiger.

12 MR. BALSIGER: Thank you. Of course, I
13 think that's -- you know, the sentence is accurate that in
14 comparing equal Federal and State employees, it should be
15 noted the Federal pay scale is higher. That's, of course,
16 at this time. If you were to look back at 1980 it would
17 have been a whole different story with many of the State
18 people being able to opt for a 20-year retirement and so
19 that puts them in a whole different category of things. So
20 this is something that will be in flux and it's not
21 unlikely in the future that the States will again make more
22 money than the Feds did. Nonetheless, I think that there
23 should be equity here and I agree we ought to address it in
24 the long run. I know that the State has got a lot of
25 people that retired at 20 years because we hired lots of

1 them. And so that was a significant benefit for those
2 people.

3 MS. McCAMMON: And the rest of them are
4 working for Drue.

5 (Laughter)

6 CHAIRMAN TILLERY: Mr. Rue.

7 MR. RUE: A couple of things. One on the
8 chart, there are a couple of things wrong, minor issues,
9 but the State doesn't get overtime unless you're under a
10 Range 14, which is like Fish Biologist I.

11 MS. McCAMMON: Well, these are field techs.

12 MR. RUE: Field techs. Right, but a lot of
13 the PIs wouldn't -- that kind of thing.

14 MS. McCAMMON: Yeah.

15 MR. RUE: Comp time, there is no State
16 system of comp time. There's flex time, but it's not comp
17 time.

18 MS. McCAMMON: Okay, flex time.

19 MR. RUE: And that's only for supervisors
20 anyway. I guess I would suggest that any bonus pay, if we
21 decide to do it, should be approved by the Executive
22 Director or the Science Director at EVOS, not by a
23 supervisor of the employee. So if it's our bonus for this
24 work it ought to be approved by this group somehow,
25 reviewing the work of the project rather than, you know,

1 who knows who approves them in whatever agency. And
2 actually I know the State is looking for the legislation to
3 allow for bonus pay, so the State may, next year, be
4 allowed to give bonus pay. Fat chance.

5 (Laughter)

6 MR. RUE: But you never know. But, anyway,
7 I guess I would suggest that we do not -- that we hold off.
8 I think the suggestion was that we hold off doing this
9 until we decide our final policy on this; is that right?
10 And I guess I had a question, can we do that, or do we just
11 have to say no?

12 MS. McCAMMON: Well, you can. We didn't
13 even realize that we hadn't taken care of the first one
14 until the auditors -- they always go back and look at their
15 recommendations.....

16 MR. RUE: Right.

17 MS. McCAMMON:from the prior year and
18 they said, well, what did you do on that one? Oops.

19 CHAIRMAN TILLERY: Does this potentially
20 create a problem if you get past the fiscal year?

21 MS. McCAMMON: Well, it does, because I
22 think it's more difficult. Then the agency has to look for
23 the money to pay it back within their existing funds and
24 the further down the road you are -- I mean, I'm sure
25 there's some carry-forward money, but it becomes more

1 limited, I would think.

2 CHAIRMAN TILLERY: I have to say it very
3 much concerns me to have stuff that is not approved up
4 front, where you end up, really, with this fat target of
5 money that's going to lapse, it didn't come from your
6 agency or even government to begin with and it just becomes
7 a target for, well, why don't we distribute it in bonus,
8 like a dividend.

9 MS. McCAMMON: Uh-huh.

10 CHAIRMAN TILLERY: It concerns me. Now,
11 there may be a distinction between what we do down the road
12 versus what we're going to do with these particular ones
13 here, but that bothers me. Mr.....

14 MR. BALSIGER: Well, actually Ms. Brown was
15 first.

16 CHAIRMAN TILLERY: Ms. Brown.

17 MS. BROWN: I have similar heartburn over
18 this, I think there's a lot of issues. You know, all
19 projects have field components, and I don't know how, you
20 know, the private universities how they calculate that in
21 terms of the fact that there may have been some overtime
22 involved here that wasn't compensated. We've heard the
23 issue of pay inequities. The issue of the source of
24 funding, I think, that Craig brought up, is very
25 troublesome. You know, it easy to give away somebody

1 else's money, not your own. I mean, I do favor the concept
2 of bonuses, particularly in the government agencies where
3 there is no way, really, to reward people otherwise, but
4 that's the government -- that's the agency's own money and
5 there is too much of a risk of just giving it out at the
6 end because you came in a little under budget.

7 I think there's an issue of the
8 subjectivity of who's making the decision. I mean if it's
9 Exxon Valdez money, it ought to be made by the Trustee
10 Council or at least the Executive Director, rather than the
11 agency who is doing it. And I think we have to grapple
12 before we would allow something like this, we ought to
13 grapple with whether we want -- you know, there are pros
14 and cons to doing bonuses and whether in the limited source
15 of funding we have and the amount of research we want done,
16 do we want to add that possibility to every project? And I
17 think it's very disconcerting to me, in light of many, many
18 years of projects, to all of a sudden retroactively give it
19 to somebody who just went out and did it. And I say that
20 without in any way questioning the merits. I mean, I'm
21 sure that the people did a great job and deserve it and as
22 Drue said, they've been paid, at least so, you know,
23 they're not on the line. But I think, you know, we've got
24 hundreds of people that have done projects and never
25 crossed their mind to do something like this. And it

1 troubles me to give that out because somebody just went
2 ahead and did it.

3 So I would say at least we should -- if we
4 think we want to do this as a policy we ought to come up
5 with policy and then see whether these fit in, as opposed
6 to grandfather these in and then do the policy.

7 MR. BALSIGER: Well, I guess I'm not
8 certain whether we're debating the merits of such a policy
9 for the future, if that's somewhere down the road. I think
10 that these comments that were brought up are very germane.
11 I think there is another side of the story. I'm not
12 necessarily prepared to make it right now, unless we're
13 deciding where we're going with the policy. You know, we
14 have lots of people in the Federal system working in NOAA,
15 working for us guys, either they work on the Exxon funds,
16 on Trustee Council funds or not on funds, they can't be put
17 in a different category relative to whether their
18 performance for the year might get a bonus because I'm
19 doing oil spill stuff, so I'm not going to get the bonus at
20 the end of the year, where someone else is doing sea lion
21 stuff and they're going to get a big bonus just by virtue
22 of the funds they're working on. So we have to consider
23 those issues and I think it's reasonably big debate on this
24 kind of stuff. So I'm not necessarily prepared to make
25 that, but I think I agree with Ms. Pearce that until we

1 look at the policy, if we don't damage the individuals who
2 were paid this money, that we ought to hold off on it.

3 CHAIRMAN TILLERY: Mr. Rue.

4 MR. RUE: I guess there's no motion before
5 us, but I guess I would -- since the numbers are small
6 enough, I would suggest we clean the decks on retro and
7 just say no retro, but we'll do a future policy and the
8 agencies deal with the \$2,000 or whatever. It's just I
9 believe that in the budgets that agencies have that a
10 couple of thousand dollars, what was it, two?

11 MS. PEARCE: Seventy-five hundred total,
12 right?

13 MR. RUE: Total.

14 MR. DeGANGE: I think Fish and Wildlife
15 Service and then another 2,000 something from U.S.G.S.

16 MR. RUE: I would prefer to say that wasn't
17 our policy, it's been brought to our attention, we'll look
18 forward. Otherwise, I think, we may open up the idea of,
19 well, maybe a lot of other people should come in and say,
20 geez, we deserve a bonus. That would be my preference. So
21 if someone makes a motion, I'll.....

22 CHAIRMAN TILLERY: I'm essentially hearing
23 two things, one says, let's defer everything until we get a
24 policy, the other one says, let's make a policy, but let's
25 go ahead and reject these requests. And, Ms. Pearce, do

1 you have a third?

2 MS. PEARCE: No, I like Mr. Rue's, let's
3 reject these out of hand and then decide what our policy is
4 going to be like forward to the future, that way we can
5 have our audits then finalized.

6 MS. McCAMMON: So accept these?

7 CHAIRMAN TILLERY: Reject.

8 MS. PEARCE: No, reject.

9 MS. McCAMMON: Oh, reject these.

10 MS. PEARCE: I mean, that's what I -- I was
11 agreeing with Frank.

12 MS. McCAMMON: Oh, so take action to reject
13 them, so the agency would be responsible for those costs
14 and have to.....

15 MR. RUE: Responsible for, right.

16 MS. McCAMMON: Okay.

17 MR. RUE: And then do a policy in the
18 future.

19 MS. McCAMMON: And then do a policy.

20 MR. RUE: So I would move that we not
21 accept these proposed budget amendments and that we develop
22 a policy for bonuses in the future.

23 CHAIRMAN TILLERY: Is there a second?

24 MS. BROWN: I'll second.

25 CHAIRMAN TILLERY: It's been moved and

1 seconded. Is there discussion? Mr. Balsiger.

2 MR. BALSIGER: Well, let's see. As I
3 recall at the last meeting NOAA had done something wrong
4 and.....

5 MS. McCAMMON: The last two meetings.

6 (Laughter)

7 MR. BALSIGER: The last two meetings.

8 MS. McCAMMON: But we're not counting.

9 MR. BALSIGER: And the Department of
10 Interior Trustee voted to recompensate us after the fact,
11 and I appreciated that. However, this is the DOI's
12 recommendation that we do it, so I intend to support that
13 recommendation.

14 MR. RUE: So he's off the hook for the
15 future.

16 MS. PEARCE: I missed all of that.

17 CHAIRMAN TILLERY: Is there any further
18 discussion?

19 (No audible response)

20 CHAIRMAN TILLERY: All in favor of the
21 motion signify by saying aye.

22 IN UNISON: Aye.

23 CHAIRMAN TILLERY: Opposed?

24 (No opposing responses)

25 CHAIRMAN TILLERY: The motion carries.

1 MS. PEARCE: Having said that,
2 Mr. Chairman, I'm told that Department -- under the EVOS
3 policy it says that agencies will follow their normal
4 agency management in implementing EVOS projects, and the
5 bonuses were part of our normal agency management. I still
6 think that we just made the right decision here today, but
7 we'll have to take that into account as we look at the
8 future.

9 CHAIRMAN TILLERY: Thank you. Yeah, there
10 are obviously -- this is going to be an interesting
11 concept. And I think implicit in the motion, Ms. McCammon,
12 is that you should look into this and report back to the
13 Council.

14 MS. McCAMMON: Okay.

15 CHAIRMAN TILLERY: Okay. That brings us to
16 small parcels.

17 MS. McCAMMON: Small parcels. There are
18 two action items and then just a little bit of briefing on
19 a couple of things. And we should probably do the action
20 items first. So there are two parcels here, one is Icicle
21 Seafoods, Kenai 309. This is a parcel on the Ninilchik
22 River, and you have a draft resolution before you, plus a
23 parcel description and a description of the restoration
24 benefits and a map that is also included. And the map --
25 the parcel is actually a series of lots and it's the gray

1 shaded area on the map, is the parcel under consideration.
2 And you can see that the Ninilchik River runs kind of up
3 against the north end. I'm not sure if that's north or
4 not. At the top end of the parcel and through the sides
5 here. It is at the north end. So the shaded area is the
6 gray part.

7 This was a parcel that was brought to the
8 attention of the Trustee Council by the Department of Fish
9 and Game. It's downstream and immediately adjacent to a
10 large parcel currently owned by the Fish and Game. The
11 series of kind of downtown lots border or are near the
12 Ninilchik River, which is one of Southcentral Alaska's most
13 important sport fishing rivers. These were part of the
14 original Ninilchik townsite subdivision and they had roads
15 and lot platted there and was owned by Icicle Seafoods. In
16 order to capitalize on the fact that it went on to the
17 market, and there was concern about it being snapped up or
18 subdivided even further, The Conservation Fund did go ahead
19 and purchase it, so the purchase that the Trustee Council
20 would be approving would be -- the current owner is The
21 Conservation Fund, so it was purchased with the idea --
22 this is one that the Council had been briefed on earlier,
23 but the idea is that The Conservation Fund would be
24 reimbursed for its costs.

25 The parcel contains approximately 1,600

1 linear feet of shoreline. The lands are characterized by
2 river valley riparian habitat, with willows, scattered
3 spruce and small cottonwoods and other flood plane
4 vegetation. Wildlife species include harlequin ducks,
5 mergansers, mink, otter, black and brown bears and moose.
6 Important winter feeding area for moose. It's used by the
7 public extensively for king salmon fishery each spring and
8 later in the season for Dolly Varden, silver salmon and
9 steelhead angling. Although it is private land, the
10 landowners never posted this land and most anglers are not
11 aware that the land is now publicly owned. They've
12 accessed this parcel primarily on foot following
13 traditional fishing access trails along the riverbanks.
14 There's no development on the land at this time.

15 Should the parcels be sold as individual
16 lots or as a bulk sale to another private property owner,
17 the public could lose forever one of Alaska's premier king
18 salmon sport fishing location. The loss of access to the
19 public would be significant. Such a sale also could mean
20 that a sensitive riparian section of the Ninilchik River
21 would be subject to development pressures. This could
22 result in the deterioration of important riparian fish
23 habitat loss and important winter moose feeding habitat,
24 loss of harlequin duck nesting and rearing habitat.

25 The recommendation is approve the purchase

1 for \$113,000, it's 4.17 acres and a total of 18 lots. And
2 Alex Swiderski is here with the Department of Law if you
3 have any detailed questions on it. And the resolution has
4 been circulated and reviewed and approved by everyone that
5 counts. Everyone who has the lawyers look at things.

6 CHAIRMAN TILLERY: Are there questions?

7 (No audible response)

8 CHAIRMAN TILLERY: I have one question, was
9 this used as a seafood processing location?

10 MS. McCAMMON: No, there's nothing on it.

11 CHAIRMAN TILLERY: So there's not a serious
12 HAZMAT issue on this?

13 MR. SWIDERSKI: I'm Alex Swiderski, the
14 HAZMAT has been done. I'm not sure why Icicle Seafoods
15 owned it, they did own it, but it's never been used for a
16 seafood processing facility.

17 CHAIRMAN TILLERY: And this would go to the
18 Department of Fish and Game?

19 MR. SWIDERSKI: DNR would own it, I believe
20 it would be managed by the Department of Fish and Game.

21 CHAIRMAN TILLERY: The description says
22 it's adjacent to a large parcel owned by Fish and Game.

23 MR. SWIDERSKI: I'm sure the parcels --
24 Fish and Game doesn't have the authority to own land, I'm
25 sure it's owned by DNR -- it's owned by the State, Fish and

1 Game probably has management authority over the parcel
2 pursuant to some interagency management. And my
3 understanding is the expectation is that this parcel will
4 also be managed by the Department of Fish and Game.

5 CHAIRMAN TILLERY: And would this end up as
6 a parking lot?

7 MR. SWIDERSKI: No, it's subject to the
8 conservation.

9 MR. RUE: Only if you want it to be.

10 CHAIRMAN TILLERY: Just clarifying.

11 MR. RUE: No, the intent is not to have it
12 as a parking lot.

13 CHAIRMAN TILLERY: Okay. I think it's a
14 recurring issue of Ninilchik, as I recall, is parking
15 access.

16 MR. RUE: Is access.

17 CHAIRMAN TILLERY: Well, I understand that
18 this will be access, it's parking that I was curious about.
19 That's all I have.

20 MS. PEARCE: Mr. Chairman.

21 CHAIRMAN TILLERY: Ms. Pearce.

22 MS. PEARCE: Public access will be
23 maintained?

24 CHAIRMAN TILLERY: Yes.

25 MR. RUE: Of course, yeah. That's half the

1 purpose, I think, is to make sure that people can still use
2 the river.

3 MR. BALSIGER: I think there's 12 moose on
4 there, how many people are going to go through there
5 anyway?

6 CHAIRMAN TILLERY: They're not there during
7 king season, I think, is the answer. Anything else? Is
8 there a motion?

9 MR. RUE: Mr. Chairman.

10 CHAIRMAN TILLERY: Mr. Rue.

11 MR. RUE: I get to move these things,
12 right? I move that we adopt the resolution as drafted
13 regarding Kenai Peninsula 309.

14 MS. BROWN: Second.

15 CHAIRMAN TILLERY: It's been moved and
16 seconded. Is there further discussion?

17 (No audible response)

18 CHAIRMAN TILLERY: All in favor of the
19 motion signify by saying aye.

20 IN UNISON: Aye.

21 CHAIRMAN TILLERY: Opposed?

22 (No opposing responses)

23 CHAIRMAN TILLERY: The motion carries.

24 MS. McCAMMON: The next parcel.....

25 CHAIRMAN TILLERY: Mr. Shuck.

1 MR. SHUCK: Excuse me for interrupting.
2 I'm Steve Shuck of Fish and Wildlife Service. Would that
3 funding come out of the million dollar small parcel grant
4 that was given through the Fish and Wildlife to.....

5 MS. McCAMMON: No, because it was already
6 under a separate pot of money.

7 MR. SHUCK: Okay, thank you, I didn't know
8 if I was supposed to alert somebody to ask for money or
9 not.

10 MS. McCAMMON: No, no. But you might as
11 well stay up there, too, because the next parcel.....

12 CHAIRMAN TILLERY: Is yours.

13 MS. McCAMMON:Fish and Wildlife
14 Service is yours. So the next on is KAP 285, which is a
15 Native allotment in Hook Bay within the Alaska Peninsula
16 National Wildlife Refuge. And there is also in here a
17 draft resolution and a map that shows where Hook Bay is.
18 And Steve Shuck. Do you want to go forward, Steve?

19 CHAIRMAN TILLERY: Please, go ahead.

20 MR. SHUCK: Thank you for agreeing to
21 listen to this. I think, as Ms. McCammon said, you have
22 the information in the packet that describes this parcel.
23 It is one of two isolated small parcels in a very large
24 piece of Alaska Peninsula National Wildlife Refuge that are
25 privately owned. We have reached an agreement with the

1 owner of the parcel to purchase it at the approved
2 appraised fair market value of \$120,000. We are getting
3 ready to make an offer for the adjoining property or the
4 nearby property that's also privately owned. We were
5 hoping to do that sooner, but we had some appraisal
6 difficulties that we believe have now been ironed out.

7 So we would like to request funding for
8 this parcel to help protect it from any development, it's
9 bare now. Help protect it from development and keep the
10 risk of degradation to a minimum.

11 CHAIRMAN TILLERY: Are there questions of
12 Mr. Shuck? Ms. Pearce.

13 MS. PEARCE: Thank you. On the resolution
14 itself in 1d, as set forth in Attachment A, so on and so
15 forth, the parcel has attributes which will restore,
16 replace, enhance and rehabilitate, including, as I
17 understand it, providing key marine access for subsistence
18 and recreational uses on the surrounding public lands. Is
19 that a statement of the positive that these are the things
20 that we're trying to do as part of acquisition of this
21 parcel?

22 MS. McCAMMON: Yes.

23 MS. PEARCE: Okay. Then, as I understand
24 Attachment A, we are purchasing or we would purchase this
25 specifically to -- we said any development would be

1 incompatible with refuge purposes and that there might be a
2 source of human disturbance in the sheltered bay and that
3 we want to purchase to help ensure that human disturbance
4 is minimized, so it sounds as though we're trying to shut
5 off public access. How would this property be managed?

6 MR. SHUCK: It would be managed simply as
7 another part of the refuge. We are hoping to purchase it
8 to minimize any development. And, yes, it does provide
9 good marine access for subsistence and sport hunting
10 purposes, but that does not include any development
11 purposes, it would just be for accessing the property in
12 the natural state.

13 MS. McCAMMON: Mr. Chairman, so just to
14 clarify that, that means somebody could land their boat
15 there, set up a camp.....

16 MR. SHUCK: Yes.

17 MS. McCAMMON:hike, hunt. What it
18 would prohibit would be building of a cabin or a lodge or
19 something like that.

20 MR. SHUCK: Or a tent platform.

21 MS. McCAMMON: Or a tent platform.

22 CHAIRMAN TILLERY: Mr. Rue.

23 MR. RUE: If it were compatible with the
24 refuge purposes, could you build facilities there? I
25 assume you could. If the refuge purposes allowed for hard

1 facilities.

2 MR. SHUCK: Are you asking if the refuge
3 could or if the public could?

4 MR. RUE: Yes, if the refuge could.....

5 MR. SHUCK: If the refuge could.....

6 MR. RUE:you could put up facilities.

7 MR. SHUCK: With the normal public review
8 that goes through anything that we do on the refuge. We
9 are looking at new comprehensive conservation plan for the
10 Alaska Peninsula Refuge and I don't believe -- I can't say
11 this, I'm not one of the planners, but I don't believe
12 anything has been identified for refuge development out on
13 the refuge at this time.

14 CHAIRMAN TILLERY: Ms. Pearce.

15 MS. PEARCE: Mr. Chairman, the first time
16 that I saw this packet was on Friday and I have say that,
17 at the moment, I'm not in favor of this purchase. I sat
18 through consultation meeting last month here in Anchorage
19 with the tribal entities from throughout the state, but
20 particularly in Southwest Alaska where the folks who live
21 in the area, who I still maintain are the most -- the
22 Native people of Alaska were the most hurt by the Exxon
23 Valdez spill, and opportunities for economic development
24 are crucial, particularly as our commercial fisheries in
25 those area are in decline, and I would hate to take yet

1 another private inholding out of private hands and cut off
2 the opportunity for some economic development in those
3 areas.

4 CHAIRMAN TILLERY: Mr. Balsiger.

5 MR. BALSIGER: Mr. Chairman, on this chart
6 it shows areas under question and also a pink area, there's
7 another Native allotment; is that the same Native -- would
8 this be purchased from the same Native group as the pink
9 one or is it separate?

10 MR. SHUCK: it is a different individual.

11 MR. BALSIGER: It's different individuals,
12 I see.

13 MR. SHUCK: Yes, these were all individual
14 Native allotments and they are not -- even same family
15 members could have adjoining properties, this is not the
16 same family.

17 MR. BALSIGER: I see, thank you.

18 CHAIRMAN TILLERY: Other questions?

19 MR. RUE: Mr. Chairman.

20 CHAIRMAN TILLERY: Mr. Rue.

21 MR. RUE: I guess I have a questions. Has
22 this allottee tried to lease the property, sell the
23 property to a lodge owner or anything? I mean, is
24 there.....

25 MR. SHUCK: I'm not aware that he has, no.

1 I'm not aware that he hasn't either. It's a question we
2 have not asked. I could say that while I don't know the
3 feelings of the people down in Chignik, there is great deal
4 of corporation land down around Chignik Bay for Chignik,
5 Chignik Lagoon and Chignik Lake communities. We have had
6 numerous Native entities in Southwest Alaska ask that Fish
7 and Wildlife Service be able to acquire privately owned
8 lands within the refuge to keep private, especially guided
9 operations, from subdividing. There was one piece, I think
10 it was the Wood-Tikchik State Park that was purchased by a
11 developer and the allotment cut in -- subdivided into 80
12 small parcels, two-acre parcels, and they have asked that
13 we be able to do something to keep the subdivisions from
14 happening, but I cannot say that that is the case on this
15 piece, it's more up in the Togiak Refuge area.

16 MR. BALSIGER: Could you tell me where
17 Chignik is?

18 MR. RUE: It's right around the corner.

19 MR. SHUCK: You're in your new spaces here,
20 I wasn't sure what maps you had, so I did bring one here.
21 Here's Chignik Lagoon, Chignik Lake and Chignik, this is
22 Chignik Bay, this is Hook Bay right here.

23 CHAIRMAN TILLERY: Mr. Rue.

24 MR. RUE: Yeah, I guess -- I respect
25 Ms. Pearce's point that economic development opportunities

1 and, obviously, the agency that you're worried about and
2 the resources, I'm just wondering if there isn't ample
3 opportunity with Chignik Corporation lands to develop
4 economic opportunity there in that region and focus it --
5 this area would be -- I assume Hook Creek is not a huge
6 fish producer, so the draw here would probably be, I'm not
7 sure what, bear hunting, possibly? I'm not sure what
8 guiding.....

9 MR. SHUCK: I'm not sure, exactly.

10 MR. RUE: I just don't know that this has a
11 huge economic opportunity here versus all the corporation
12 lands around the corner there in Chignik Lagoon, Chignik
13 and Chignik Bay, so -- but obviously we need consensus here
14 so.....

15 MS. PEARCE: I'm only going by the
16 description, which says because of the natural anchorage,
17 it's a likely parcel.

18 MR. RUE: Right.

19 MS. PEARCE: But as I say, I didn't see
20 this until Friday, read it over the weekend and we are
21 meeting again in April.

22 MR. RUE: Right.

23 MS. PEARCE: And it seems to me that.....

24 CHAIRMAN TILLERY: I think you made the
25 record. The development opportunity may be little hook,

1 this anchorage that's in here, maybe the most significant
2 thing. And this does seem to me to be something that's
3 clearly the Department of Interior, within their expertise,
4 perhaps it.....

5 MR. RUE: Well, the one thing I would
6 argue, if I could, Mr. Chairman. The one thing as -- and
7 we like public access to the resource and sometimes these
8 little hooks are the only place the public has to get to
9 these places, so for guides, hunters, you know, that kind
10 of stuff, very often -- the allottees, I mean, they were
11 smart, they picked spots where everybody wanted to go. So
12 I guess my question would be, would this block future
13 access to this chunk of public lands for guides, for the
14 public to hunt, fish?

15 MR. SHUCK: Define block, if you would,
16 please. I'm sorry. Do you mean consolidate or do you mean
17 stop it from happening?

18 MR. RUE: Basically stop someone from being
19 able to anchor and walk across. I mean, right now they
20 could probably do it, because no one's there, it's not been
21 developed, but if this is the anchorage. You can also sort
22 of lock up a whole bay by picking the keystone spot that
23 the public needs to get access to the area.

24 MR. SHUCK: And I don't know the answer to
25 the question, I have not been on the property. I apologize

1 for not knowing.

2 MR. RUE: That's all right.

3 CHAIRMAN TILLERY: Mr. Shuck.

4 MR. SHUCK: Yes.

5 CHAIRMAN TILLERY: What would be the
6 downside of delaying this until April?

7 MR. SHUCK: The biggest downside would be
8 further delay in getting the seller the money that he's
9 going to get. We do have a purchase agreement signed, it
10 has not been accepted by the United States because we were
11 waiting for Council action.

12 CHAIRMAN TILLERY: Also, I know we have
13 done this in the past, where we had some problem at a
14 meeting and we've done a telephonic meeting, if there was a
15 need to do something fairly quickly. So there are other
16 options if we don't approve of this today. Mr. Balsiger.

17 MR. BALSIGER: Well, I guess it's a
18 question of the parameters surrounding the objection. If
19 it could be demonstrated that this was -- that actually you
20 likely guarantee more access to the land, because this is a
21 significant, or perhaps the only place to anchor and if it
22 would be preserved, would that be sufficient to answer your
23 concerns about taking it out of the economic opportunities?
24 I guess how deep felt is the resistance?

25 MS. PEARCE: You know, I can't put words in

1 people's mouths, other than to repeat the statements that I
2 have heard made by the woman that I report to, who is the
3 Secretary of the Interior, which is that she hopes to get
4 land into the hands of the states and private ownership,
5 not to bring lands into Federal ownership. I suspect taken
6 to her she would say, why in the world are we buying that?
7 That hasn't happened, obviously, but what I think you're
8 going to find is that there's a departmental leadership
9 bias against more private lands into public ownership. I
10 also am concerned about the lack of economic capabilities
11 throughout our state in the coastal areas and I don't think
12 the government can continue supporting -- to me, sending
13 government money to a village isn't economic development,
14 it's having an opportunity to do so and if it's part of
15 adjusting, I don't want to preclude that. It may be that
16 there's a very excellent case for this, I don't know, but
17 it certainly goes against what has been the stated policy
18 that is still, frankly, being developed, but I've heard it
19 strong and clear.

20 CHAIRMAN TILLERY: Mr. Rue.

21 MR. RUE: Mr. Chairman, maybe if it's
22 acceptable to you, we can look into whether there's other
23 economic opportunity that would be hurt by if this happened
24 to block access. Because one of the things we worry about
25 at Fish and Game is people's use.

1 MS. PEARCE: Sure, I understand that.

2 MR. RUE: And so there's a lot of economic
3 activity that goes on on the refuge for guides. Bear
4 guides, I think, use this area pretty heavily. And if this
5 is an important access point for people, that could be an
6 important economic impact, too, and if it gets put into a
7 -- and I guess that's a tradeoff and I just am interested
8 if you're interested in having us, at least, explore that?
9 I can ask some of my folks down there if this is an
10 important public access opportunity.

11 MS. PEARCE: Well, I'm sure that I'm going
12 to have ample opportunity all week to hear about this.

13 (Laughter)

14 MR. RUE: Well, I -- don't put any effort
15 into it, if you think it's not worth it.

16 MS. PEARCE: The statement here is that any
17 development on landholding would be incompatible with
18 refuge purchases and I yet don't know what the reasoning is
19 for that either, so there's just more questions to be
20 answered than.....

21 MR. RUE: Okay.

22 MS. PEARCE:I'm ready to deal with at
23 this particular moment in time.

24 MR. RUE: That's fine.

25 MS. PEARCE: And I understand your concerns

1 about public access, but just reading these four paragraphs
2 sounds like we don't want public access, because we don't
3 want human disturbance in Hook Bay.

4 MR. RUE: Right.

5 MS. PEARCE: That tells me you don't want
6 people there. I don't know why.

7 MR. RUE: Okay.

8 MR. SHUCK: Actually, I apologize if that's
9 the way it sounds, we do encourage public access, what
10 we're trying to do is keep the public access opened rather
11 than having it being sold to a private party who could stop
12 access of it. So I think it becomes a question of public
13 access versus private access.

14 CHAIRMAN TILLERY: Well, it sounds like
15 we're not going to reach a consensus today and that -- but
16 I do think the Council generally has been willing to make
17 itself available if it becomes urgent, for example, that
18 the deal was going to fall through and we need to make a
19 decision. If something has to happen before April, then I
20 think you should feel free to come back to Ms. McCammon and
21 see what she can arrange.

22 Is there anything else on this issue? Did
23 you want to say something else?

24 MR. DeGANGE: I just wanted to say one
25 thing. Again, Tony DeGange from Fish and Wildlife

1 Services. There's lots of allotments within refuges out in
2 Southwest Alaska, and we're frequently contacted by the
3 owners of the allotments to sell them to us because they
4 want to realize some economic opportunities from the land,
5 there aren't a lot of other options out there, but yet they
6 want to also maintain their abilities for subsistence uses
7 on the land. And that's one of the things that this would
8 guarantee is continued use for both subsistence and for
9 other uses in accordance with the refuge policy, so it's --
10 it happens many times.

11 MR. SHUCK: By many allotments, I think
12 we've got somewhere around 3,000 of them within the refuges
13 system and primarily over in Southwest Alaska and most of
14 them on the Yukon-Delta Refuge.

15 CHAIRMAN TILLERY: All right. Thank you
16 very much.

17 MR. SHUCK: Thank you.

18 CHAIRMAN TILLERY: That brings us to, I
19 think, the final item on the agenda, which is Lesnoi.

20 MS. McCAMMON: Mr. Chairman, this was just
21 a briefing. You do have a packet, I believe, that was
22 distributed to you, it was faxed by Roy Jones. Basically
23 this gives an update on kind of the legal status of the
24 Native Village of Woody Island and Lesnoi's claims to the
25 land. So far they have been upheld through the court

1 process. Alex Swiderski is here, too, if you have any
2 detailed questions, but -- so it is working its way through
3 the process here. We have been working closely with Roy
4 Jones, who has been representing Lesnoi and the Native
5 Village of Woody Island. He's been working closely with
6 the Kodiak Borough Assembly. In December they passed a
7 resolution unanimously directing the borough manager to
8 participate in ongoing negotiations that will result in
9 public acquisition of these parcels.

10 They have been putting together a pretty
11 comprehensive package, which includes Termination Point,
12 Long Island, some lands down at Chiniak. And I think I had
13 a map the last time, in December, that I showed you at that
14 time. They are in the process of actively looking for
15 other financial partners to put together such a package.
16 They, I don't think, have anything confirmed yet, but I did
17 want you to know that discussions were progressing there.

18 There is some concern by some members of
19 the public of Kodiak and by Stacy Studebaker, who's on our
20 Public Advisory Group. In the comprehensive package there
21 is an easement for a future road that goes through the
22 Termination Point parcel. Stacy and the Kodiak Parks
23 Advisory Group were the ones who originally submitted the
24 Termination Point parcel for Trustee Council consideration.
25 And they did it with the intent that the parcel would be

1 kept intact without a road easement. They strongly oppose
2 the road easement and are not in favor of including this.
3 I think they expressed their concerns before the borough
4 assembly, but the borough assembly has supported the
5 package, basically, the way it's being put together right
6 now.

7 So this is kind of in terms of a package
8 and a strategy moving forward. There's no action being
9 proposed for the Trustee Council at this time, but I would
10 anticipate, especially if they can obtain other funding
11 partners that we would be coming back to you some time in
12 the next year or so with a proposal for Trustee Council
13 contribution to achieving this package. So if there are
14 any questions or issues? Alex could probably answer any
15 technical things better than I could, but I wanted to let
16 you know that it's still on the burner, on the stove, kind
17 of working its way through the process.

18 CHAIRMAN TILLERY: Are there questions?

19 (No audible response)

20 CHAIRMAN TILLERY: Okay.

21 MS. McCAMMON: And the only other one I did
22 want to mention, too, that is still underway is potentially
23 an easement on the Karluk River with the Karluk IRA
24 Council. And in that one the attorney who is representing
25 the Village of Karluk, Walt Ebell, is resigning from his

1 private practice and taking another position and so he's
2 trying to wrap up a number of things before he leaves, some
3 time this summer, so he's trying to get that one through.
4 And, as you know, that is the one that's generated a number
5 of questions by the former residents of Karluk and current
6 residents, but I wanted to let you know that that's kind of
7 brewing out there, too, and will probably be coming back
8 before you.

9 MR. RUE: That's the lower river?

10 MS. McCAMMON: Yes.

11 MR. RUE: Okay, yeah. By the weir?

12 MS. McCAMMON: Yes. It includes the weir
13 and right below it, yeah.

14 MR. RUE: Yeah.

15 MS. McCAMMON: And it wouldn't be a fee
16 acquisition, it would be an easement.

17 MR. RUE: It would be an access.

18 MS. McCAMMON: Yes.

19 CHAIRMAN TILLERY: Okay. Is there anything
20 else to come before the Council today?

21 (No audible response)

22 CHAIRMAN TILLERY: I will entertain a
23 motion to adjourn.

24 MR. RUE: I move that we adjourn.

25 MS. LISOWSKI: Second.

1 CHAIRMAN TILLERY: It's been moved and
2 seconded. All in favor say aye.

3 IN UNISON: Aye.

4 CHAIRMAN TILLERY: We're done. Thank you.
5 (Off record - 2:02 p.m.)

6 (END OF PROCEEDINGS)
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I, Joseph P. Kolasinski, Notary Public in and for the state of Alaska and reporter for Computer Matrix Court Reporters, LLC, do hereby certify:

request THAT the Transcript has been prepared at the of:

DATED at Anchorage, Alaska this 8th day of March
2002.

Jon Klasinski