

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

Public Meeting
Tuesday, October 29, 2002
8:00 o'clock a.m.

441 West 5th Avenue, Suite 500
Anchorage, Alaska

TRUSTEE COUNCIL MEMBERS PRESENT:

U.S. DEPARTMENT OF COMMERCE, MR. JAMES W. BALSIGER
National Marine Fisheries Svc: Administrator, AK Region
(Chairman)

STATE OF ALASKA - MR. CRAIG TILLERY
DEPARTMENT OF LAW: Assistant Attorney General
State of Alaska

U.S. DEPARTMENT OF AGRICULTURE, MS. MARIA LISOWSKI
U.S. FOREST SERVICE for MR. DAVE GIBBONS
Forest Supervisor
Forest Service AK Region

STATE OF ALASKA - DEPARTMENT MR. FRANK RUE
OF FISH AND GAME: Commissioner
(Telephonically)

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 MS. MICHELE BROWN
OF ENVIRONMENTAL CONSERVATION: Commissioner

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1	TRUSTEE COUNCIL STAFF PRESENT:	
2	MS. MOLLY McCAMMON	Executive Director
3	MS. PAULA BANKS	Administrative Assistant
4	MS. CHERRI WOMACK	Administrative Assistant
5	MS. DEDE BOHN	U.S. Geological Service
6	MR. KEN HOLBROOK	U.S. Forest Service
7	MS. CAROL FRIES	ADNR
8	MR. ALEX SWIDERSKI	Department of Law
9	MS. GINA BELT	Department of Justice
10	MR. DOUG MUTTER	Department of Interior
11	MR. BILL HAUSER	ADF&G
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P R O C E E D I N G S

(On record - 8:09 a.m.)

CHAIRMAN BALSIGER: Good morning, everybody, I'd like to call to order this October 29th meeting of the Exxon Valdez Oil Spill Trustee Council. This morning we have Maria Lisowski representing Forest Service, Craig Tillery from the State.....

MR. RUE: Law, please.

CHAIRMAN BALSIGER: State Law.

MR. TILLERY: Close enough.

CHAIRMAN BALSIGER: Drue Pearce from Department of Interior, Frank Rue from the State Department of Fish and Game and Michele Brown from DEC, and I'm Jim Balsiger who will chair the meeting from NOAA Fisheries.

The first item is the approval of the agenda. There are 10 items on the agenda; is there any comment?

MS. PEARCE: Move to approve.

MS. BROWN: Second.

MS. McCAMMON: Mr. Chairman, there's one small change to the agenda. Under item number 5, the Scientific and Technical Subcommittee process and appointment, in order to do a stipend to our STAC members, the Scientific and Technical Advisory Committee, we need to have them for designated contractors, so it'll be just a

1 simple motion for five people to be specified so we can do
2 direct contracts with them.

3 CHAIRMAN BALSIGER: Okay, so we'll discuss
4 that when we get there. If there's nothing else, does the
5 motion to approve still stand?

6 MS. PEARCE: So moved.

7 CHAIRMAN BALSIGER: And the second from Ms.
8 Brown, I believe.

9 MS. BROWN: It's me, it still stands.

10 CHAIRMAN BALSIGER: Any objection?

11 (No audible response)

12 CHAIRMAN BALSIGER: If not, the agenda is
13 approved.

14 The second item is the approval of the
15 meeting notes from August 6th, 2002. Any comment on that?
16 Any discussion or comments? That meeting was chaired by
17 Ms. Pearce last -- two months ago.

18 MS. PEARCE: No, Cam sat in for me.

19 CHAIRMAN BALSIGER: You're right, I don't
20 know why I said what I did, it was not chaired by Ms.
21 Pearce.

22 MS. McCAMMON: It was chaired by Mr.
23 Tillery.

24 MR. TILLERY: Move to approve.

25 MR. RUE: Second.

1 CHAIRMAN BALSIGER: Motion to approve and
2 seconded. Is there any objection?

3 (No audible response)

4 CHAIRMAN BALSIGER: If not, then we'll
5 adopt those Council notes from the 6th.

6 The third item is the Executive Director's
7 report. Ms. McCammon.

8 MS. McCAMMON: Mr. Chairman, I just have a
9 short report. Just to let you know that on October 1st the
10 investment fund was divided into two funds at that time,
11 the Research Fund and the Habitat Fund, and then again on
12 October 15th the Habitat Fund was divided again into the
13 Koniag Fund and the Habitat Fund, so 29.8 million was
14 transferred on that date into a separate Koniag Fund and
15 those funds will be accounted for separately. So when you
16 start getting reports you will actually be getting reports
17 on the three subaccounts. And as of those dates interest
18 will be either accrued or deducted, depending on how
19 investments do, from those accounts in proportion to how
20 much was in there to start with. So that has occurred and
21 you should be getting the first reports probably about mid-
22 November on that.

23 MR. RUE: Could you tell me again the
24 split, it was 29 point something in the Koniag?

25 MS. McCAMMON: On October 1 it was 55

1 million went into Habitat Fund and everything else remains
2 in the Research Fund.

3 MR. RUE: Okay. Of the 55, 30.....

4 MS. McCAMMON: And then of the 55, 29.8
5 went into the Koniag Fund and the remainder 25.2 for other
6 habitat.

7 MR. RUE: Thanks.

8 MS. McCAMMON: And I also just want to note
9 there is another meeting scheduled on November 25th, and at
10 that time we primarily have scheduled action on Phase II,
11 partials for the FY03 Work Plan and then maybe a couple of
12 other items. So it is Monday of Thanksgiving week, we will
13 have two Trustees that will be calling in long distance,
14 Drue Pearce and Dave Gibbons will be calling in long
15 distance, so it would be great if the other four could be
16 here at that time.

17 CHAIRMAN BALSIGER: And what day did you
18 say that was?

19 MS. McCAMMON: Monday, November 25th.

20 CHAIRMAN BALSIGER: Is this something we've
21 known about for a long time or is this new?

22 MS. McCAMMON: Yes.

23 CHAIRMAN BALSIGER: Thank you.

24 MR. RUE: You have.

25 MS. McCAMMON: Let's put it this way. It

1 should have been on your calendar for a long time.

2 CHAIRMAN BALSIGER: I didn't bring my
3 calendar, I'm sure it is, I just couldn't remember.

4 MS. McCAMMON: The only other thing I
5 wanted to mention is you all should have gotten an
6 invitation to visit Tatitlek to a Wisdom Keeper Conference
7 on November 6th, 7th, and 8th. And if you haven't
8 responded back to Chugach Regional Resources Commission, if
9 you could as soon as possible, so they can get a head count
10 on who's going to be attending that.

11 And that's it for today.

12 CHAIRMAN BALSIGER: On the agenda, under
13 the Director's report, it says investment report, that was
14 the investment report?

15 MS. McCAMMON: That was the investment
16 report.

17 CHAIRMAN BALSIGER: So are there any
18 questions of the Executive Director?

19 (No audible response)

20 CHAIRMAN BALSIGER: If none, do we have to
21 approve this or do we just say that was a good job?

22 MS. McCAMMON: No.

23 CHAIRMAN BALSIGER: That was a nice report.

24 That brings us to the public comment right
25 at 8:15. Do we have anyone on line who would like to make

1 a public comment?

2 MR. STEINER: Yeah, this is Rick Steiner
3 here if possible.

4 CHAIRMAN BALSIGER: Go ahead, please, Rick.

5 MR. STEINER: Yeah, good morning, folks. I
6 just wanted to reiterate what was faxed over yesterday to
7 the Trustee Council office and apparently it has been
8 copied and distributed to you folks. It's regarding a
9 Prince William Sound herring fishery buyback proposal as an
10 EVOS restoration project. This is conceptual at this
11 state, it's a discussion paper at best, it's a concept I've
12 been circulating for the last month or so, mainly within
13 the commercial herring fishing industry in Prince William
14 Sound. And I should say that all the comments I've
15 received to date have been very positive from gillnetters,
16 pounders, seiners, even the processing sector and, of
17 course, the marine conservation community on the concept.

18 As you know, you've downgraded the recovery
19 status of Pacific herring at your last meeting, the August
20 meeting, and herring are vital, critical prey for many
21 marine mammals, seabirds and fish in the system and the
22 problem with herring is certainly a huge problem for the
23 recovery of the system as a whole.

24 I'm proposing, just for discussion
25 purposes, I guess at this point, that we all take a look at

1 the potential for the Exxon Valdez Trustee process to
2 purchase and retire or buyback, is the jargon of the day,
3 the entire Prince William Sound commercial herring fishery,
4 which includes, as I go through the short document there,
5 about 106 seine permits, 24 gillnet permits, 128 pound
6 permits and then the non-limited entry component of the
7 fishery, which would be sort of a puzzle, I suppose, to
8 sort out in this buyback issue, the wild roe on kelp
9 harvest and the bait seine operators.

10 I think it's clear that this is an
11 extraordinary situation, that the herring collapse in the
12 Sound, it's not a normal herring issue anywhere statewide
13 and it's a very reasonable use, I think, and many other
14 people apparently as well, of Exxon Valdez Oil Spill
15 restoration dollars. I sort of liken it, in a sense like
16 the habitat protection, the tremendous habitat protection
17 program you folks have done and that is if we can pay
18 landowners to preserve the habitat on the land for
19 restoration purposes, we ought to be able to pay the
20 fishing industry to back off of this incredibly
21 ecologically important resource.

22 I go through the discussion of dollars
23 here, these are, of course, conceptual at this point and I
24 just threw them out, basically, as a point of discussion,
25 but my guess, talking with the industry, is somewhere --

1 today's permit values are rock bottom obviously, for
2 obvious reason, and that, to some extent, is the market
3 valuation of what these permits should be worth, what their
4 earning potential is, et cetera. But I think, to be fair,
5 it should be -- a buyback ought to somewhat more than that.
6 Somewhere between the prespill value of the permits and
7 where they are today. And I think this is a natural use of
8 the reopener for unknown injuries damages that you are
9 entitled to at the present time.

10 So my guess, my rough guess, is it's a 20
11 million to 30 million dollar deal, maybe more, maybe less,
12 but there is -- at least at this point, as I say, I've only
13 received positive comments back from the industry and
14 others. And I respectfully request that the Trustee
15 Council take a look at this opportunity and have your
16 scientific staff conduct an ecological modeling exercise to
17 maybe predict how this would -- what sort of response we
18 would see over the coming decade with an unexploited
19 herring stock. Which, of course, from the scientific
20 standpoint, would be unprecedented to have an unexploited
21 herring population virtually anywhere within their range,
22 and so that way that we would have the control to
23 understand other fishery management implications elsewhere.

24 Anyway, I think, you know, I'm available
25 for questions and for other deliberation. I would also

1 encourage that all components of the industry and community
2 be involved in the development of this concept if it is to
3 go forward.

4 CHAIRMAN BALSIGER: Okay, thank you, Rick.

5 MR. STEINER: Sure.

6 CHAIRMAN BALSIGER: Any questions of
7 Mr. Steiner?

8 (No audible response)

9 CHAIRMAN BALSIGER: If not, thank you. Is
10 anyone else on line with a public comment?

11 (No audible response)

12 CHAIRMAN BALSIGER: If not, is there anyone
13 in the audience here that would like to make a comment?

14 (No audible response)

15 CHAIRMAN BALSIGER: If not, we'll close the
16 public comment period.

17 That brings us to the executive session
18 scheduled to last approximately a half an hour.

19 MS. McCAMMON: Probably longer.

20 CHAIRMAN BALSIGER: Probably longer. So
21 how is the best way to deal with the public and the
22 attendees?

23 MS. McCAMMON: What we would do is close
24 the door and have the public -- could stay out the door.

25 CHAIRMAN BALSIGER: So we just alert them

1 it's likely to be 9:00 o'clock for their planning?

2 MS. McCAMMON: Probably.

3 MR. RUE: When are folks here for Afognak?

4 MS. McCAMMON: Yeah. And we need a motion,
5 too.

6 CHAIRMAN BALSIGER: To go into.....

7 MS. McCAMMON: Executive session.

8 CHAIRMAN BALSIGER:executive session.

9 MR. TILLERY: Mr. Chairman.

10 CHAIRMAN BALSIGER: Mr. Tillery.

11 MR. TILLERY: I would move that we go into
12 executive session for purposes of discussing habitat
13 protection, financial issues, other issues, as well as
14 personnel issues.

15 MS. BROWN: Second.

16 CHAIRMAN BALSIGER: Motion is made and
17 seconded to go into executive session; is there any
18 objection?

19 (No audible response)

20 CHAIRMAN BALSIGER: If not, we will go into
21 executive session. I gather we turn the phone off at this
22 time?

23 MS. McCAMMON: Yes.

24 (Off record - 8:20 a.m.)

25 (On record - 10:09 a.m.)

1 CHAIRMAN BALSIGER: Can we come back into
2 public session, please? Let's see, we spent nearly an hour
3 and 20 minutes, I believe, in executive session. We're
4 coming out of that executive session now, in which we had
5 discussed personnel matter and some financial matters
6 related to habitat negotiations. Now we're back on the
7 public record.

8 With the leave of the Trustee Council, we
9 will move to agenda item 6, which is habitat protection and
10 there's four items there, but, again, with leave of the
11 Council members.....

12 MS. OBERMEYER: Sir, are you going to have
13 public comment, belatedly? Theresa Obermeyer. Good
14 morning. Would you have few moments for public comment?

15 CHAIRMAN BALSIGER: Ms. Obermeyer, we had a
16 public comment period at 8:15.

17 MS. OBERMEYER: And I waited all this time.
18 I don't know whether you would.....

19 CHAIRMAN BALSIGER: Could you give us one
20 minute of public comment?

21 MS. OBERMEYER: Oh, sure.

22 CHAIRMAN BALSIGER: Okay, I'm going to time
23 it so it can be done.

24 MS. OBERMEYER: Theresa Obermeyer and good
25 to see all of you. Of course, I have written so much now

1 and I'm getting a little tired. I, sir, am an American and
2 when I get a Bar Rag that's all about our judges
3 entertaining a bunch of foreign Russians and they just got
4 back from a junket to Russia and they don't help their
5 neighbor down the street. This is getting so
6 incomprehensible to me. I don't know whether you people
7 notice all this. I live in a place where our entire
8 congressional delegation -- we have Ted who put Ben, his
9 son, in Drue's seat in the State Senate. We have Frank
10 that is going to appoint Lisa to the U.S. Senate if he
11 becomes governor. And we have Don Young who's son-in-law,
12 Art Nelson, is running against Harry Crawford. I mean, in
13 my life, how could this have been possible? I know I'm not
14 going to let it happen.

15 I'm one human, I have given you our
16 website, I'd really like for our website to be put on
17 yours, so that Exxon can pay up. I think it would happen
18 if all those people that are hitting your website saw our
19 website, I think the whole matter would be resolved. Let's
20 do that now. I understand that -- I just remember that you
21 get 115,000 hits a week and all these people are sitting
22 here waiting for their greenbacks. I've watched this stuff
23 for seven or eight years and I'm really getting a little
24 tired now. I know you said in executive session you're
25 going to pay everybody off.

1 I mean, here's my final joke. They're all
2 on sunny beaches and I haven't even gotten a job yet. But
3 it's not funny. This is our great nation and I'm only one
4 person, all I can do is look at you and let you know that
5 it's time for something fair. It's time for leadership,
6 it's time to not only be worried about our retirement, our
7 second, third and fourth retirement, it's time for
8 leadership. I don't have any answers.

9 And I would be more than happy to field
10 questions if anyone had any. But in the meantime, you've
11 got our website, I'd love it and I ask that you connect it
12 to yours. Let's make Exxon pay up.

13 CHAIRMAN BALSIGER: Thank you, Ms.
14 Obermeyer.

15 MS. OBERMEYER: And thank you for hearing
16 me.

17 CHAIRMAN BALSIGER: Are there any
18 questions?

19 (No audible response)

20 CHAIRMAN BALSIGER: If not, then we will
21 conclude the second public session, thanks. And, again, if
22 we can, let's move to agenda item 6. The fourth
23 subcategory there is the Northern Afognak package, let's
24 start with that. Ms. McCammon.

25 MS. MCCAMMON: Mr. Chairman, about a year

1 ago or over a year ago you were presented with a potential
2 package to complete the protection of the northern half of
3 Afognak Island. At that time you passed a resolution in
4 support of private efforts to raise funds to do that. The
5 private parties have been working with the landowners and
6 with the foundation sector attempting to reach agreements
7 on the purchase price for those lands and also to raise
8 funds to accomplish that. They have now put together a
9 proposal that they would like to present formally to the
10 Trustee Council for your consideration. We've had some
11 legal review of it already, but I think at this time we
12 would like to hear directly from the proposers.

13 CHAIRMAN BALSIGER: Please, who would make
14 that presentation? State your name for the record, please.

15 MR. COLE: Yes, my name is Charles Cole, C-
16 O-L-E. I'm an attorney with law offices in the city of
17 Fairbanks, Alaska. I have been asked by The Conservation
18 Partners of the Kodiak Brown Bear Trust, The American Land
19 Conservancy and the Rocky Mountain Elk Foundation to assist
20 them in the formulation of this proposal, which is now
21 before you. You have, in essence, this proposal list for
22 the acquisition by the Trustee Council to link together the
23 two large tracts of land which have been acquired by the
24 Council in 1992 and 1997. And we have here a map which
25 shows those tracts which are being presented to you for

1 your acquisition.

2 Those were tracts which in 1992 Governor
3 Hickel and the members of the Trustee Council at that time
4 seriously wanted to acquire. And the reason that in 1992
5 the governor and members of the Council wanted to acquire
6 those tracts is because they linked together the parcels
7 which I say they are on the east and the west, actually
8 what I would call to the northwest and southeast on
9 Northern Afognak Island. Those tracts are among the
10 highest, if not the very highest, tracts from the
11 standpoint of natural resources in the area.

12 I'd like this map here, which we'll show
13 and present to you here, which shows the Trustee Council
14 habitat section.

15 CHAIRMAN BALSIGER: Mr. Cole, I think we're
16 losing the record, I don't know if you can take the
17 microphone with you. Thank you.

18 MR. COLE: Well, as you can see there's the
19 Shuyak Islands and then there's this parcel here what I
20 call the northwest, the parcels on the southeast. And
21 these proposed acquisitions would acquire all of these
22 parcels which are in between. They are very high habitat
23 protection program. I'm sure you people know as much, if
24 not more, about it than I do. And the various several
25 tracts which are presented there are contained in the draft

1 resolution, which perhaps you have seen.

2 I personally feel it would be a serious
3 mistake on the part of the Council not to acquire these
4 parcels at this time. So why do I say that? Well, first,
5 A, because of the high habitat protection values which are
6 there, number 1. And number 2 is putting together this
7 proposal has not been easy, there are about six or seven or
8 eight different vendors, sellers, that were involved in
9 this transaction. And I think this is a case where,
10 clearly one of the few examples, so to speak, where the
11 whole is greater than the sum of its parts. I mean it
12 would be, in my view, a tragedy if those lands linking
13 together the two large State tracts were not acquired
14 because eventually the unitary value of those tracts are
15 going to be dissipated, those lands will be cut and we will
16 be without the linkage of those two tracts.

17 I think that it will be impossible ever to
18 acquire these tracts again. I think this is the last time
19 that the Council will have the opportunity to acquire these
20 tracts. And why do I say that? Well, I mean, time moves
21 on, these landowners will decide to harvest those lands,
22 they will perhaps have other uses for those lands, they may
23 be carved up, put out into smaller tracts, and so the
24 opportunity to acquire them will be lost. I think it's
25 very important to acquire the watersheds which lie at the

1 base of each of those two bays which are shown there.
2 Those, obviously, in this area and in this area, you can
3 see them on the maps, the rivers which flow into those
4 bays.

5 So that's all I want to say. If there are
6 any questions, I would be pleased to respond to them. The
7 price is there, you have it. It's not been easy to put
8 together. My sense was that I know the Council has set
9 aside 25 million for the small tract acquisitions, okay.
10 Now, this sort of breaches that resolution or that plan.
11 Is there good cause, as lawyers would say, to do that? I
12 think so for a couple of reasons, A, the value of these
13 collective tracts, number 1. And probably the inability to
14 ever acquire them again. I think a very great benefit to
15 this transaction is that 50 percent of the purchase price
16 is being contributed. That's never happened before, I
17 mean. And I don't think it's going to happen again. I
18 know that there is some question about the language in the
19 proposed resolution, I think that's something that staff
20 should be able to work out and acquire.

21 I want to say a word about appraised value.
22 You know, I've always had in my mind a serious question
23 whether these lands should be acquired simply for appraised
24 value. I was one of the people, along with others, who
25 negotiated the agreement for the settlement of the Exxon

1 Valdez spill and the language of the decree, which forms
2 the basis for this whole Trustee Council. And you will
3 recall that that decree provides that these funds shall be
4 used for the restoration, replacement and enhancement of
5 the damaged resources. This is a classic case for the
6 fulfillment of that basic goal that this whole Trustee
7 Council, this whole process has been put together for. And
8 I think that we should fulfill that premise in this
9 situation.

10 Now, if you simply take the thought that we
11 will buy lands only for their appraised value, I think that
12 misses the boat. I mean, I may be talking sort of wildly
13 here, because I recognize that some of those propositions
14 have, at one time, been considered by the Council and
15 adopted, although it's not been consistently followed in other
16 acquisitions. And if you appraise lands only at their fair
17 market value for a willing buyer and a willing seller, what
18 you really miss is the fact that these lands are not being
19 acquired in a commercial transaction. The lands are being
20 acquired for the fulfillment of the purposes of the Clean
21 Water Act and the decree in the settlement in this case.
22 And so the appraised value does not consider the value of
23 particular tracts of land to the fulfillment of the
24 purposes of restoring and enhancing and replacing the
25 damaged resources. And appraisers are precluded in

1 developing their appraisal from considering that. So when
2 you have a situation like this, if you simply look at the
3 appraised value of those lands which are the subject of
4 this proposal, what you really miss is the value of those
5 lands to the State parks which adjoin on the east, the
6 northwest and the southeast. So it would be, I think --
7 I'm going to be a little careful about the language I use
8 right here, and simply say an error, if I may say so, to
9 ignore that as the Council considers the price for which it
10 should consider paying for these lands. Because I think,
11 as I said, these lands have a much greater value to the
12 fulfillment of the Clean Water Act and the judicial decree
13 than simply their appraised value.

14 So that's all I wish to say at this time.
15 If you have any questions, I'd be pleased to respond to
16 them.

17 CHAIRMAN BALSIGER: Thank you. Are there
18 any questions from the Council? Mr. Tillery.

19 MR. TILLERY: Yeah, I'd like to start.
20 I've been involved in this for a long time. These lands
21 are among the finest lands that the Council has had the
22 opportunity to deal with. This opportunity with the
23 private/government partnership is the finest single
24 opportunity we've had to deal with lands. The question is,
25 of course, how would you make this work? And I have a

1 couple of questions that would help me a little bit on
2 that. One, how long would you anticipate from the time the
3 -- if the Council were to say we would make money
4 available, how long would you anticipate before you would
5 actually need that money?

6 MR. COLE: Well, let me address that in an
7 uninformed fashion as I can. And I think that this --
8 roughly this proposed transaction involves slightly more
9 than 20 million dollars, okay? About 20. Slightly over 10
10 million of that is the Koniag parcels, that's the timber
11 and this tract here. And so you're really dealing with two
12 groups, essentially, 10 million and 10 million, broadly
13 speaking. I think, subject to what Mr. Jones might say, is
14 that the Koniag money, that 10 million, would probably be a
15 year and a half, maybe two years away, maybe a little bit
16 more before that money would be required in order to
17 conclude the transaction. Why? Well, because it just
18 seems to take a long time to get these things done, sort of
19 mechanically. And I think probably the other 10 million
20 would be required -- what would we say in.....

21 MR. JONES: Very soon. I think you could
22 do it over this next six to eight months. You could close
23 on all the rest of them is our best judgement, each.....

24 MR. COLE: This is Roy Jones speaking.

25 MR. JONES:each Native corporation

1 needs to go through their approval process, they need to
2 formally consider it. They've all been informed of what is
3 on the table today. Our impression is that they feel that
4 what we are proposing that they are part of is a
5 responsible price point, they could not go with the
6 appraised value, it would not work for them.

7 MR. COLE: The answer is, in a word, maybe
8 one year for 10 million and maybe two million [sic], plus
9 or minus, for the other 10 million.

10 CHAIRMAN BALSIGER: Two years, plus or
11 minus, you mean?

12 MR. JONES: On 4A, B and C.

13 MR. COLE: Yeah.

14 MR. RUE: 4A, B, C and 5?

15 MR. JONES: We think everything else could
16 be gotten in the first year is our sense.

17 MR. TILLERY: And in the interim there
18 would be no further development or cutting on this land?

19 MR. JONES: That ought to be part of it.
20 The transactions would stop everything.

21 MR. COLE: The answer is yes.

22 MR. TILLERY: If you look at these -- if
23 you go back to this map that I'm sort of holding up, I
24 don't know if that's the same one you got back there.

25 MR. JONES: Let's get the other one there,

1 which I think is.....

2 MR. TILLERY: It's a little different,
3 because on this map, if you look at the blue, that is
4 Afognak Island State Park.

5 MR. COLE: Yes.

6 MR. TILLERY: It's presently cut -- it's
7 got the parcels we purchased are not part of it, the ones
8 over here on Shuyak Strait, the ones along -- I forget
9 which bay that is, Tonki Bay, Tonki Cape. And then these
10 lands. Would you and the other people involved in The
11 Conservation Partners support the extension of Shuyak
12 Island State Park to include all of these lands that the
13 Council has been involved with on Northern Afognak?

14 MR. COLE: The answer, I like to give
15 unequivocal answers, is yes. I learned that in Juneau when
16 dealing with questions from Senator Pearce.

17 (Laughter)

18 CHAIRMAN BALSIGER: That's all, Mr.
19 Tillery?

20 MR. TILLERY: (Nods affirmatively)

21 CHAIRMAN BALSIGER: Any other questions?
22 Mr. Rue.

23 MR. RUE: Mr. Chairman, I agree with Mr.
24 Tillery in terms of the values and the long-term interest
25 and I also really appreciate the effort of the private

1 interests to come forward and bring their cash to the table
2 along with their interest. Just so I'm clear, you're
3 saying it may take two years for parcels 4A,B and C, as we
4 got on our map? And 5A and B; is that what I heard?

5 MR. JONES: No.

6 MR. RUE: No. What would.....

7 MR. JONES: Everything -- 5A, I think,
8 because it's already owned by Koniag, as I understand it.
9 That one, if they accept the purchase prices, and nothing
10 has been approved right there, then it seems everything
11 except for A, B and C could probably go to closing within a
12 year and then 4A and B from a year to a maximum of two
13 years is our guess right now.

14 MR. RUE: Okay, that clarifies that point
15 for me. Thank you. The other question related as to
16 perhaps your sense of the ability of the private parties in
17 this to raise funds to match us, how is that looking out
18 there?

19 MR. COLE: I would say Mr. Williams should
20 respond to that, but I think it's looking good, pleased to
21 say. But here's what I want to add because he may not add
22 what I want to say, but.....

23 (Laughter)

24 MR. COLE: Well, here's the thing, you
25 know, like I say, Ted Turner used to have seven billion

1 dollars, you know, he has a lot of money to throw around
2 and now he's, for lots of reasons, he's down to about a
3 billion, single billion. And so what's happened is this
4 latest dot com, you know, free-for-all has really made
5 their work in getting together these monies much harder.
6 And we've heard from Washington, D.C. that the same is true
7 there, I mean, this budget is going to get tighter and
8 tighter. So it's rather important for that reason, as part
9 of the overall necessity, or thought about getting this
10 done now, is that the money is sort of there now and it may
11 dry up when people, you know, start toting up their losses.

12 So, Mr. Williams, would you like to.....

13 MR. WILLIAMS: My name is Glenn Williams
14 with The American Land Conservancy and fund raising is
15 tough business for sure. And in tough economic times it's
16 even more difficult. The compelling nature of this project
17 being able to connect to magnificent State park units,
18 fulfilling the goals of the Trustee Council going back 10
19 years, it's a very compelling idea and we've had really
20 tremendous success when you consider the circumstance that
21 we're in. We've been out trying to orchestrate funding for
22 this project with no agreement with the landowner, no
23 commitment from the Trustee Council, no purchase
24 established, I mean kind of out in outer space and we're
25 able to still bring close to four million dollars to the

1 table at the front end. Our sense is if we can.....

2 MR. COLE: Is that in your pocket now, so
3 to speak? Committed?

4 MR. WILLIAMS: I mean, not here, but yeah.

5 MR. COLE: Yeah, yeah, okay. It's a done
6 deal to that extent.

7 MR. WILLIAMS: Funding from private
8 foundation sources and, in fact, to give you a sense of the
9 competitive nature of this project as to projects around
10 the country, we might even ask Mike Roy with Fish and
11 Wildlife Service about -- who has seen one of the grant
12 applications that we submitted for this project and how
13 that fares, you know, compared to other national
14 priorities, if that would be helpful.

15 CHAIRMAN BALSIGER: Well, let's see if
16 there is a Trustee that wants to hear that. But I think
17 Mr. Rue's question was how is the private fund raising
18 going and.....

19 MR. RUE: It sounded like I got an answer,
20 which is you're doing pretty well with a very nebulous
21 proposal and now you've got something hard you can go and
22 -- if we acted you'd have an easier time.

23 MR. WILLIAMS: This would enable a funder
24 to, as it were, make the buzzer shot to complete this
25 tremendous project.

1 MR. COLE: I'd like to add that they're
2 doing some very interesting things by way of carbon
3 substitution, you know, and that one of the things that
4 enables them to pursue the carbon substitution track
5 possibilities is because the size of this proposed
6 acquisition, they could not do it if it were just smaller
7 tracts.

8 And I think that one of the great things
9 about this is, look at all the coastline that's being
10 acquired here, you know, because really the essential
11 value, in my view, is the coastline and, of course, the
12 timber rights, but other than the timber and the coastline,
13 I mean, you know, it doesn't have the great attraction it
14 does, but it's the coastline and the preservation of the
15 watersheds that make it totally so highly desirable.
16 Commissioner Rue knows more about that, by far, than I do,
17 but it's just my sense of looking at it.

18 CHAIRMAN BALSIGER: Any more questions or
19 do you want a different witness?

20 MR. RUE: That's all for me. No, that got
21 my.....

22 CHAIRMAN BALSIGER: Any other questions
23 from the Trustees?

24 (No audible response)

25 CHAIRMAN BALSIGER: I have one that was

1 raised by your statement about carbon substitution. I
2 don't know what that means, so I'm afraid that some
3 smokestack in Utah is giving money to this foundation and
4 they're allowed to pollute down there because they're doing
5 something good in Alaska; is that what carbon substitution
6 is?

7 MR. COLE: I'll let.....

8 MR. WILLIAMS: The example that we're
9 working off of is kind of where the Bush administration and
10 the Department of Interior are at on carbon sequestration.
11 The project which you may have seen some press about it in
12 your briefing materials, Entergy, a power company in the
13 Midwest that has been very aggressive in this regard
14 because of their shareholders who want them to be leaning
15 forward and being prepared for any potential regulatory
16 requirements, companies are voluntarily going out and doing
17 offset -- carbon offset project, where they're investing in
18 both development mechanisms within their plant and also
19 going out reforesting areas or protecting areas from
20 deforestation to create carbon credits to bring their own
21 emissions down to typically 10 percent below 1990 levels.
22 Right now in the United States it is a voluntary program,
23 there's now 12 different state programs that are coming on
24 line, so it's unclear whether -- if the protocol comes into
25 force internationally and we are not a part of it, will we

1 develop a national program? We don't know. Will there be
2 state programs? Apparently. But for the time being
3 companies want to get experience in doing these projects,
4 want the good PR in doing these projects and want to get
5 their own emission structure into alignment.

6 CHAIRMAN BALSIGER: Thank you. Any other
7 questions? Mr. Tillery.

8 MR. TILLERY: Just one last one. In terms
9 of the sequencing of acquisitions, my understanding is that
10 you want the ability to make the purchases in different
11 blocks, you talked about different times. Are you
12 comfortable with a requirement that would allow or would
13 require what are the more important parcels for Council,
14 specifically 1 and 4A and the timber tracts, to be coming
15 at any time, but for everything else to have to be sort of
16 part of a unit? I guess, to be a little bit blunt, I'm not
17 sure that we wanted to end up purchasing Delphin Point,
18 which has been heavily logged, and then that's it, and then
19 the money turned back to us. In the meantime we got
20 Delphin Point, which is an isolated piece of logged land in
21 the middle. Is that kind of a requirement that would be
22 put in a resolution workable?

23 MR. COLE: Mr. Jones says yes.

24 (Laughter)

25 MR. COLE: You want another answer?

1 CHAIRMAN BALSIGER: Mr. Rue.

2 MR. RUE: Mr. Chairman, my only question, I
3 guess, are we going to have other presentations or is this
4 our only chance to ask questions? Are others going to come
5 up and give us any further information?

6 MR. COLE: Only if you wish it, sir.

7 MR. RUE: I see.

8 CHAIRMAN BALSIGER: Thank you. So, Mr.
9 Rue, if you have other questions.....

10 MR. RUE: Okay.

11 CHAIRMAN BALSIGER:those that may
12 make them bring up other people.

13 MR. RUE: I'm thinking hard.

14 CHAIRMAN BALSIGER: I thank you very much
15 and we'll.....

16 MR. COLE: I just continue to say I think
17 that this, in a sense, should be conditioned to -- this --
18 all of these tracts be acquired, essentially, because I
19 think piece-mealing this would, you know, be a mistake. I
20 don't know if I'm sort of speaking out of school, but I
21 think that's important to Mr. Williams and his group, is
22 that not so?

23 MR. WILLIAMS: And to the funders.

24 MR. COLE: That's what I'm saying, it's
25 just a hard sell to -- and may not get it done if it's not,

1 you know, that nice neat linkage put together. You know,
2 half a link doesn't really get that chain fixed, you know,
3 you just need the entire link to get it done and I think
4 that's important, I think the Council should seriously --
5 is that -- Mr. Jones, are you on board with that?

6 MR. JONES: Yeah, I would take anything,
7 but I think that's right.

8 MR. COLE: Thank you.

9 CHAIRMAN BALSIGER: Thank you very much.
10 Oh, I'm sorry, one more minute. Mr. Tillery.

11 MR. TILLERY: I'm now confused. Are you
12 saying it would be useful in our resolution if we require
13 this entire package to go before any of the Council's money
14 was spent?

15 MR. JONES: Can I.....

16 MR. COLE: Mr. Jones has a reservation on
17 that. Not maybe all, but the core needs to be done in my
18 view, and I think that's what Mr. Williams is saying,
19 right?

20 MR. WILLIAMS: Right.

21 MR. COLE: Yeah, okay.

22 MR. JONES: I think the waterfall piece,
23 Mr. Tillery, we think, assuming that all of the Native
24 corporations agree with this value, and we talked to each
25 one over this weekend, our sense is that they will be

1 there, but until they take that step we don't know. But my
2 guess is that one could be done in a matter of months,
3 okay? Going through all the working with Alex and Ms.
4 Lisowski and others to put the transaction together.
5 Chugiak and their parcel in Uganik, they have to make their
6 decisions, but our guess is that some or all of that would
7 be ready to go at the same time. Same thing with Ouzinkie,
8 same thing with the two timber parcels is our guess. The
9 only thing that I don't see being able to go at the same
10 time over the next six or eight months, my guess would be
11 is 4A, B and C, and that's something that gets into the
12 whole HAV dissolution and partitioning. It's something you
13 all can't control, we can't control. So if there's one
14 parcel that I would urge not required, not to be in the
15 first wave, if you will, would be that one, simply because
16 nobody can guarantee that that will happen in that time
17 frame. Ultimately, will it come? Mr. Richardson and the
18 ALC team and Rocky Mountain Elk Foundation briefed Koniag
19 yesterday and the preliminary feedback was positive but,
20 again, they have to go through their internal procedures
21 before, you know, they can conclusively make some judgments
22 on it. But our sense is all of these others could go in a
23 relatively short, within this next six or eight months to a
24 year time frame, other than 4A, B and C.

25 Tim, anybody disagree on.....

1 MR. COLE: Well, I want to comment on that.
2 It's not just the first wave, you know, and what gets done
3 in the first wave, but it's the package, in my view. And I
4 don't want to speak out of school with Mr. Jones, but.....

5 MR. JONES: Everything should be included
6 in the.....

7 MR. COLE: Yeah, because -- see what I'm
8 driving at? I mean, that 4A up there, that and the timber
9 over there that's part of the linkage, you know, and to do
10 the transaction without putting the linkage in, you know,
11 the Council should seriously consider that, because that's
12 an integral part of this proposed transaction, I think. It
13 is from the standpoint of Mr. Williams and his group
14 because fund raising without 4A is perilous, would that be
15 a good description of it?

16 MR. WILLIAMS: Yeah.

17 MR. RICHARDSON: If I might add.....

18 CHAIRMAN BALSIGER: Mr. Richardson.

19 MR. RICHARDSON: Tim Richardson with the
20 Kodiak Brown Bear Trust. The connectivity of the entire
21 package is very important to fund raising. The phasing of
22 transaction wouldn't necessarily preclude that if
23 agreements with landowners to not cut or subdivide in the
24 interim were in force and we showed progress.

25 And just to answer one question about

1 Afognak Joint Venture, they are a signed option contract
2 entity in this process, so Koniag and Afognak Joint Venture
3 are both signed to an option contract.

4 CHAIRMAN BALSIGER: Thank you.

5 MR. TILLERY: Mr. Chairman.

6 CHAIRMAN BALSIGER: Mr. Tillery.

7 MR. TILLERY: I guess my position would be
8 that I think the whole deal really should go together.
9 However, I am comfortable with either parcel 1, parcel 4A
10 or parcel 5 going separately because they fit with our
11 existing landholding, the protection we've already done.
12 They sort of complete some of those things. The rest of
13 it, to me, needs to go as part of the deal. Now, I guess,
14 I'm a little confused that I'm sort of hearing that either
15 they won't -- you're better off if we buy into everything
16 -- we require everything to go, maybe or everything but 4A,
17 B and C, I'm not sure.

18 MR. RICHARDSON: A resolution of
19 endorsement of the entire package with an ability to move
20 parcels in sequential order, with your priorities.....

21 MR. TILLERY: With my priorities I just
22 described?

23 MR. RICHARDSON: Yes.

24 MR. TILLERY: Okay.

25 MR. RICHARDSON: Yeah, I would consider 2

1 and 3, but that's for the judgment of the Trustee Council.
2 They're small -- it would complete your waterfall and your
3 west coast on Delphin Bay on the west side.

4 MR. TILLERY: Okay.

5 MR. RICHARDSON: Thank you.

6 CHAIRMAN BALSIGER: Further questions?

7 (No audible response)

8 CHAIRMAN BALSIGER: Okay. I'm going to
9 remind the Council that we have a time-certain schedule at
10 10:30, which is only three or four minutes away. Is there
11 a thought as to how we should proceed? Mr. Rue.

12 MR. RUE: Mr. Chairman, I guess I'm very
13 supportive of trying to move forward and see if we can come
14 up with a package that is acceptable to everyone, but I
15 don't know that we can do it -- we only have another hour
16 and half in today's meeting is my understanding.

17 MS. McCAMMON: Three minutes.

18 MR. RUE: Three minutes in today's meeting,
19 so clearly we're not going to get it done today. I'm not
20 sure, procedurally, what we should do in terms of putting a
21 resolution on the table and have it worked out or whether
22 we should -- I guess my suggestion is that we ask staff to
23 work with the parties and see if they can come up with a
24 resolution, answer some of the questions we discussed here
25 today, come up with a resolution and then schedule a

1 discussion of the Council within a time certain, perhaps
2 next week by teleconference if folks can move quickly, and
3 have paper for us to consider -- have a resolution for us
4 to consider in a week, because I think time is important
5 here. And then schedule it for discussion, pending staff
6 work and a resolution by the parties. And make it clear to
7 people that we are willing to get back together in a week
8 to consider something in the form of a resolution, but not
9 do it today, I don't think we're ready to do that today.

10 CHAIRMAN BALSIGER: Ms. Brown.

11 MS. BROWN: I guess I would speak in
12 support of this, I think this is an extraordinary
13 opportunity for us, extraordinary parcels, extraordinary
14 partnership and time is of the essence for any number of
15 reasons and, you know, there's some contingencies that have
16 to be worked out in the resolution language, but I would
17 urge that, you know, staff do this, that they do this very
18 quickly and that we have this before us by teleconference
19 or whatever as quickly as possible.

20 CHAIRMAN BALSIGER: Thank you. Ms.
21 McCammon, procedurally, how would we do this?

22 MS. MCCAMMON: Mr. Chairman, what I would
23 recommend is that there are two items that you have to act
24 on today, but otherwise recess the meeting until -- and
25 we'll try to schedule it as soon as possible, whether it's

1 Thursday, Friday, Monday, by teleconference, but as soon as
2 we can get the six of you together by teleconference, but
3 to recess the meeting until that time and have this on the
4 agenda.

5 CHAIRMAN BALSIGER: And so.....

6 MR. RUE: Mr. Chairman.

7 CHAIRMAN BALSIGER: Mr. Rue.

8 MR. RUE: Would we do that at the end of
9 this meeting, we actually just recess this meeting rather
10 than adjourn?

11 MS. McCAMMON: Yeah.

12 MR. RUE: Okay. Good.

13 CHAIRMAN BALSIGER: Okay, so for this
14 agenda item we just stop right now and move on to the.....

15 MS. McCAMMON: Right. Right.

16 CHAIRMAN BALSIGER: We're not tabling it or
17 anything like that?

18 MS. McCAMMON: No. No.

19 CHAIRMAN BALSIGER: We're just -- okay.
20 Mr. Rue.

21 MR. RUE: Mr. Chairman, I guess I would
22 just like to give folks my compliments in terms of the work
23 they've done and the effort they've done. It is unique to
24 have the private partnership working with us. I appreciate
25 the landowners' willingness to consider this, because I

1 think it could be a good project for everyone in the long
2 run. So I appreciate and I hope everyone -- it sounds like
3 everyone is committed to working through this and seeing if
4 we can't come up with a good deal for everyone. So my
5 thanks to folks who have worked on it.

6 CHAIRMAN BALSIGER: Thank you. Anything
7 else from the Trustees on that? Otherwise we understand
8 that we will keep this live until whenever we can
9 reconvene. Thank you.

10 That does not quite complete that agenda
11 item, but we have scheduled agenda item number 8, which is
12 a meeting with tribal representatives of the oil spill
13 region, so Ms. Pearce.

14 MS. PEARCE: If you would go to four, I'll
15 make a motion to.....

16 MS. McCAMMON: We could that by
17 teleconference, too.

18 MS. PEARCE: Okay, that's fine.

19 MS. McCAMMON: There are two small items.

20 MS. PEARCE: I thought you wanted to do
21 that today.

22 MS. McCAMMON: No, that can go Monday, too.

23 MS. PEARCE: Okay.

24 MS. McCAMMON: The two items, Mr. Chairman,
25 that need to happen today, Prince William Sound 05, Duck

1 Flats and Prince William Sound 1010, Jack Bay, you need to
2 ratify the motion to extend until October 31st. In talking
3 to The Nature Conservancy, they would actually extend it to
4 December 31st. So it would be a motion to approve
5 extending the offer on those two parcels until December
6 31st.

7 CHAIRMAN BALSIGER: You're suggesting we do
8 that right now?

9 MS. McCAMMON: Yes.

10 MR. RUE: Mr. Chairman, I move that we
11 extend the date for -- or ratify our motion to extend the
12 date for Prince William Sound 1010 and Prince William Sound
13 05 until 12/31/02.

14 MS. BROWN: Second.

15 CHAIRMAN BALSIGER: Motion is made and
16 seconded to extend to the end of this calendar year. Is
17 there any discussion?

18 (No audible response)

19 CHAIRMAN BALSIGER: Is there any objection?

20 (No audible response)

21 CHAIRMAN BALSIGER: Hearing none, that
22 motion is approved. So we extend that deadline.

23 MS. McCAMMON: Okay. And, Mr. Chairman,
24 the second thing that I would appreciate action on today is
25 to approve naming these five people, Warren Wooster, Steve

1 Braund, Brenda Norcross, Charles Miller and Ronald O'Dor,
2 as STAC members for the purposes of named recipient
3 contracts, so we can pay them directly the stipends and
4 travel.

5 You need to say so moved.

6 MS. BROWN: So moved.

7 MR. RUE: So moved. Second.

8 CHAIRMAN BALSIGER: Is there any
9 discussion?

10 (No audible response)

11 CHAIRMAN BALSIGER: Just one point. This
12 is the entire STAC Committee, those five?

13 MS. McCAMMON: No, the other two are.....

14 CHAIRMAN BALSIGER: Are agency.....

15 MS. McCAMMON: Phil Mundy and Bill Sietz
16 and Bill Sietz is agency.

17 CHAIRMAN BALSIGER: Thank you. Any other
18 discussion?

19 (No audible response)

20 CHAIRMAN BALSIGER: Is there any objection
21 to this motion?

22 (No audible response)

23 CHAIRMAN BALSIGER: Hearing none, that
24 motion passes.

25 MS. McCAMMON: And then everything else

1 would carry forward until -- the rest of the agenda
2 until.....

3 CHAIRMAN BALSIGER: So the joint meeting is
4 not part of this meeting, so we -- is the point at which we
5 recess?

6 MS. McCAMMON: You could recess now and
7 then this is more of an informal meeting/discussion.

8 MR. RUE: Mr. Chairman, I move that we
9 recess today's meeting until the Executive Director gets us
10 back together to discuss the pending agenda items that we
11 didn't complete today.

12 MS. BROWN: Second.

13 CHAIRMAN BALSIGER: Thank you. Per record
14 that we have established that's hopefully within a week,
15 maybe less than that.

16 MS. McCAMMON: Right.

17 CHAIRMAN BALSIGER: Is there any objection
18 to that?

19 (No audible response)

20 CHAIRMAN BALSIGER: Hearing none, we stand
21 recessed until the Executive Director gets us out of
22 recess.

23 (Off record - 10:35 a.m.)

24 (Meeting Recessed)

25

