

09.19.03

1 EXXON VALDEZ OIL SPILL  
2 TRUSTEE COUNCIL  
3 Public Meeting  
4 Saturday June 11, 2005  
5 10:05 o'clock a.m.  
6 Cordova, Alaska  
7 TRUSTEE COUNCIL MEMBERS PRESENT:  
8 U.S. DEPARTMENT OF INTERIOR: MS. DRUE PEARCE  
9 (Chair) U.S. Department of Interior  
10 STATE OF ALASKA - DEPARTMENT MS. KURT FREDRIKSSON  
11 OF ENVIRONMENTAL CONSERVATION: Commissioner  
12 U.S. DEPARTMENT OF COMMERCE, MR. JAMES W. BALSIGER  
13 National Marine Fisheries Svc: Administrator, AK Region  
14 STATE OF ALASKA - DEPARTMENT MR. McKIE CAMPBELL  
15 OF FISH AND GAME: Commissioner  
16 STATE OF ALASKA - MR. SCOTT NORDSTRAND  
17 DEPARTMENT OF LAW: Assistant Attorney General  
18 State of Alaska  
19 U.S. DEPARTMENT OF AGRICULTURE, MR. JOE MEADE  
20 U.S. FOREST SERVICE Forest Supervisor  
21 Forest Service AK Region  
22 Proceedings electronically recorded, then transcribed by:  
23 Computer Matrix Court Reporters, LLC, 3522 West 27th,  
24 Anchorage, AK 99517 - 243-0668

1	TRUSTEE COUNCIL STAFF PRESENT:	
2	MS. GAIL PHILLIPS	Executive Director
3	CHERRI WOMAC	Administrative Assistant
4	MS. PAULA BANKS	Administrative Assistant
5	RICHARD DWORSKY	Science Coordinator
6	STEVE ZEMKE	U.S. Forest Service
7	MICHAEL BAFFREY	Department of Interior
8	MR. MIKE SCHLIE	Data Systems Assistant
9	MS. CAROLYN ROSNER	Research Analyst
10	MR. MICHAEL BAFFREY	Department of Interior
11	MR. STEVE ZEMKE	U.S. Forest Service
12	MR. BRETT HUBER	ADF&G
13	DOUG MUTTER	Department of Interior
14	PETE HAGEN	NOAA
15	MS. GINA BELT (Telephonic)	Department of Justice
16	MS. DEDE BOHN (Telephonic)	U.S. Geological Service

1                               P R O C E E D I N G S  
2                               (Cordova, Alaska - June 11, 2005)  
3                               (On record - 10:05 a.m.)  
4                               CHAIRWOMAN PEARCE: We'll call the Exxon  
5 Valdez Oil Spill Trustee Council to order. It's June 11th,  
6 2005. About 10:05 a.m. and we are in Cordova, Alaska and  
7 very pleased to be here. I'll call on the Executive  
8 Director Gail Phillips to take our roll and also to  
9 introduce some special guests.  
10                              MS. PHILLIPS: In our audience with us  
11 today, you might have noticed people here with a camera.  
12 We are graced with the presence today of Stephanie Reese,  
13 the producer of German television program. She and her  
14 photographer are here filming in the area for a couple of  
15 days and they will be on the boat with us going back to  
16 Whittier tomorrow. If you have a chance to talk with them.  
17                              MS. REESE: Thank you for having us.  
18                              MS. PHILLIPS: Thank you. We'll take roll  
19 right now for the Trustee Council. Scott Nordstrand.  
20                              MR. NORDSTRAND: Here.  
21                              MS. PHILLIPS: Kirk Fredriksson.  
22                              MR. FREDRIKSSON: Here.  
23                              MS. PHILLIPS: McKie Campbell.  
24                              MR. CAMPBELL: I'm here.  
25                              MS. PHILLIPS: Jim Balsiger.

1 DR. BALSIGER: Here.

2 MS. PHILLIPS: Drue Pearce.

3 CHAIRWOMAN PEARCE: Here.

4 MS. PHILLIPS: Joe Meade

5 MR. MEADE: Here.

6 MS. PHILLIPS: We do have a quorum.

7 CHAIRPERSON MEADE: Thank you. Mr. Mutter,

8 would you please call the roll of the public advisory

9 committee?

10 MR. MUTTER: Yes. Torie Baker.

11 MS. BAKER: Here.

12 MR. MUTTER: Jason Brune.

13 MR. BRUNE: Here.

14 MR. MUTTER: Larry Evanoff.

15 (No audible response)

16 MR. MUTTER: Gary Fandrei.

17 MR. FANDREI: Here.

18 MR. MUTTER: John Gerster.

19 MR. GERSTER: Here.

20 MR. MUTTER: Randy Hagenstein.

21 (No audible response)

22 MR. MUTTER: Lisa Ka'aihue.

23 MS. KA'AIHUE: Here.

24 MR. MUTTER: RJ Kopchak.

25 MR. KOPCHAK: Here.

1 MR. MUTTER: Pat Lavin.  
2 MR. LAVIN: Here.  
3 MR. MUTTER: Chuck Meachum.  
4 MR. MEACHUM: Here.  
5 MR. MUTTER: Brenda Norcross.  
6 MS. NORCROSS: Here.  
7 MR. MUTTER: Pat Norman.  
8 (No audible response)  
9 MR. MUTTER: Ed Page.  
10 (No audible response)  
11 MR. MUTTER: Robert Patterson.  
12 (No audible response)  
13 MR. MUTTER: Ron Peck.  
14 MR. PECK: Here.  
15 MR. MUTTER: Martin Robards.  
16 MR. ROBARDS: Here.  
17 MR. MUTTER: Stacy Studebaker.  
18 MS. STUDEBAKER: Here.  
19 MR. MUTTER: Mead Treadwell.  
20 MR. TREADWELL: Here.  
21 MR. MUTTER: Andrew Teuber.  
22 (No audible response)  
23 MR. MUTTER: And Ed Zeine.  
24 MR. ZEINE: Here.  
25 MR. MUTTER: We have a quorum.

1 CHAIRWOMAN PEARCE: Thank you very much.  
2 That brings us to the agenda. Is there a motion to approve  
3 the agenda?  
4 MR. NORDSTRAND: So moved.  
5 MR. CAMPBELL: Moved and seconded.  
6 CHAIRWOMAN PEARCE: We have a motion and a  
7 second. All those in favor, say aye.  
8 IN UNISON: Aye.  
9 CHAIRWOMAN PEARCE: Any opposed?  
10 (No audible responses)  
11 CHAIRWOMAN PEARCE: The agenda is approved.  
12  
13 MS. PHILLIPS: Madame Chairman, I have one  
14 small, minor amendment to the agenda.  
15 CHAIRWOMAN PEARCE: Yes, ma'am.  
16 MS. PHILLIPS: Under the Executive  
17 Director's report, the last item, I would like you to add  
18 comments by Cherri Womac, who will give us all the details  
19 for departure on the boat tomorrow.  
20 CHAIRWOMAN PEARCE: Any objection to that  
21 change in the agenda?  
22 (No audible responses)  
23 CHAIRWOMAN PEARCE: Hearing none, we will  
24 add that. Brings us to the Trustee Council meeting notes  
25 from the -- first from the meeting of February 4th, 2005.

1 Is there a motion to adopt the February 4th notes?  
2 DR. BALSIGER: So moved.  
3 CHAIRWOMAN PEARCE: We have a motion by Mr.  
4 Balsiger.  
5 MR. FREDRIKSSON: Second.  
6 CHAIRWOMAN PEARCE: And we have a second.  
7 Is anyone opposed?  
8 (No audible responses)  
9 CHAIRWOMAN PEARCE: Those are approved.  
10 Now the May 3rd notes. Have a motion to approve the May  
11 3rd meeting notes.  
12 MR. FREDRIKSSON: I'll so move  
13 MR. CAMPBELL: Second.  
14 CHAIRWOMAN PEARCE: We have a motion and a  
15 second to approve the May 3rd. Anyone opposed?  
16 (No audible responses)  
17 CHAIRWOMAN PEARCE: Those are approved.  
18 That brings us to public comment. Do we have members of  
19 the public who would like to comment to the Trustee  
20 Council? Okay. Yes, sir. Why don't we take you first.  
21 Yes, sir. Please state your name and your affiliation.  
22 MR. COONEY: Good morning everyone. My  
23 name is Ted Cooney, I'm a retired professor of marine  
24 science at the University of Alaska in Fairbanks. I  
25 presently reside in the little cowboy town of Choteau,

1 Montana. Between 1994 and 1999 I served as the lead  
2 scientist for the Sound Ecosystem Assessment Program here  
3 in Prince William Sound. This huge and expensive endeavor  
4 leveraged one of the most sophisticated understandings of a  
5 juvenile fish ecosystem anywhere in the world. To a person  
6 the nearly 100 individuals working on SEA were justifiably  
7 proud of the contributions they made, specifically to  
8 Prince William Sound and generally to the area of marine  
9 fisheries ecology.

10                   Unfortunately this sense of accomplishment  
11 was not shared by many of the stakeholders of the pink  
12 salmon and herring resources here in the Sound. I can  
13 still remember my initial shock at hearing one of the most  
14 respected fishermen from Cordova declare publicly that SEA  
15 had failed to produce much of anything useful. Reluctantly  
16 I had to admit that from a stakeholder perspective, that  
17 fisherman was right. Since then I've been working with the  
18 Prince William Sound fisheries research applications  
19 program here in Cordova to find ways of bringing elements  
20 of SEA and other studies to bear on local fisheries  
21 issues, and there are plenty of them.

22                   SEA developed a series of numerical models  
23 that were used to explore ecosystem structure and function.  
24 Could these same tools be applied to problems that included  
25 possible wild and hatchery stock interactions and



1 unreliable run forecasting for pinks? Several of us  
2 advising PWSFRAP thought that this might be the case.

3 I speak today to urge that the Council  
4 continue to support the PWSFRAP effort and those like it  
5 that are dedicated to applying the results of previous  
6 research to contemporary research questions. I was  
7 surprised to find that producing a comprehensive  
8 description of how the ecosystem works did not lead  
9 directly to useful applications. In fact, there are few if  
10 any case histories available to inform this process.

11 At the moment, PWSFRAP is facilitating the  
12 revival of a juvenile salmon survival model that holds  
13 promise for vastly improving pink salmon forecasting.  
14 While these sorts of predictions have been aiding those  
15 managing and exploiting most other salmon species, future  
16 run forecasting methods for pink salmon remain elusive.  
17 This lack of information leads to inefficient harvest  
18 decisions, problematic marketing strategies, and as we've  
19 seen from time to time, economic disasters.

20 Trustee Council funding over the years has  
21 produced some remarkable results leading to a vastly  
22 improved understanding of how the local ecosystem supports  
23 critical stocks of fishes, sea birds, and marine mammals.  
24 While as important academically as these results are, much  
25 of their real worth remains to be exploited for practical

1 application. In the continuing process of restoring and  
2 sustaining a healthy ecosystem, the Council could play a  
3 significant role by aiding those attempting to do this.

4 I ask today that you make the search for  
5 usefulness. The search for usefulness. The high priority  
6 for continuing and future support. Don't let this  
7 important growing application capacity slip through your  
8 fingers now. Thank you.

9 CHAIRWOMAN PEARCE: Thank you. Any  
10 questions?

11 (No audible responses)

12 CHAIRWOMAN PEARCE: Continuing in the front  
13 row.

14 MR. MULLINS: Pardon? Oh, thanks. Hello  
15 everybody. Welcome to Cordova. I'm glad you could make it  
16 down here as a community that was pretty severely impacted  
17 by the spill. And we appreciate your presence because a  
18 lot of the citizens of the region are interested in the  
19 process that you all represent.

20 I'm going to take a little different point  
21 of view than Ted did. I'm going to talk about the history  
22 somewhat of our past involvement going back 32-3 years when  
23 the fishermen made strong efforts to keep the pipeline from  
24 terminating in Valdez. We had a lot of concerns at that  
25 time which were later proven to be correct. And I'd like

1 to comment here just reading a press release from the  
2 Anchorage Daily News, Thursday, April 8th, 1971.

3                   A Cordova district fisherman union  
4 representative verbally squared off with oil company  
5 representatives Wednesday about the possible detrimental  
6 effects of Valdez tanker operations. Ross Mullins,  
7 speaking to -- I forgot, that is my name, Ross Mullins, I  
8 live here in Cordova. Ross Mullins, speaking to the  
9 Anchorage Press Club said, the oil industry, with the  
10 blessing of state government, unilaterally determined this  
11 port to be best for their purposes.

12                   No consideration worthy of mention has been  
13 given, other values and resources and potential conflict  
14 with this determination, Mullins said. FG Larmeny, BP area  
15 manager said, the economics is all we're concerned with.  
16 Mullins replied, we're concerned with a little more than  
17 company profit, say the quality of life, for instance. The  
18 issue is, should the biological community of the area be  
19 exposed to change in the interest of corporate profit  
20 without the benefit of a democratic forum and governmental  
21 controls, including the involvement of local residents and  
22 fishermen who are dependent on the aquatic resources for  
23 their livelihood.

24                   He said that Miller, et cetera -- tragedy  
25 for Prince William Sound is one of the nation's richest

1 fisheries and largest shellfish stocks and the scenic  
2 beauty and aesthetic resource will someday be much more  
3 highly valued than they are today. That was 32 years ago.

4

5                   Some things have changed, some things have  
6 improved, but you folks have the opportunity in your grasp  
7 to accomplish something that we were strongly desirous of  
8 in 1970's when we were opposing this operation. We argued  
9 for a slowdown so that baseline studies could be done,  
10 other research could be done, so that in the event of a  
11 major catastrophe, we would be able to measure the damages  
12 that were caused by that tragedy. And as you all know, we  
13 had the tragedy and we didn't have the baseline. We didn't  
14 have any good information that would give us some way to  
15 measure what was lost.

16                   Now we have a -- you know, our herring  
17 population here collapsed. We just received an email from  
18 Gary Marty, one of the folks that's been funded through  
19 your efforts on toxicology of herring, disease of herring.  
20 He points out that things look like they're going to  
21 collapse even further, 40 or 50 percent in the next couple  
22 of years unless the 203 recruitment year survives  
23 appropriately, which it appears not to be.

24                   So we've got serious fishery problems,  
25 commercial problems, that are taking millions of dollars

1 out of the community and have caused many fishermen to go  
2 out of business.

3                   Now my partner, Ken Adams, and I have had  
4 before you in the past proposals and you've been gracious  
5 enough to fund us for a community involvement project, as  
6 it began, to try to engage the stakeholders in a dialogue  
7 to examine the sea resources and invest the 22 million  
8 dollars in in 1994 through '99 and elevate what could be  
9 elevated to practical application that would benefit the  
10 industry and stakeholders.

11                   And we're still pursuing that. Last year  
12 you provided us funds to encourage this planning process.  
13 The language of the '05 invitation stated that you  
14 anticipated a three year implementation of the pink salmon  
15 fry survival model.

16                   Now I understand a lot of you feel, well,  
17 pink salmon are recovered. What has not recovered are the  
18 commercial fisheries services. When you take out nearly  
19 half of the economic value of the overall region's  
20 resources such as the herring, sure the pinks may have  
21 recovered but in order to offset that, you need to do other  
22 things in fisheries that are recovered or recovering that  
23 will give the fishermen a better, consistent, sustained  
24 opportunity. And the program we've been working on is  
25 directed in that -- toward that goal.

1                   Now the modeling that was involved was a  
2 very complex affair that took place in the 90's and came  
3 out with some extremely provocative results. Unfortunately  
4 the funding was curtailed at a point before a lot of this  
5 stuff could have actually been implemented.

6                   So we're just, you know, pleading with you  
7 to continue the long term GEM view of -- long term  
8 monitoring that will allow us here in the oil spill region  
9 to get a good comprehensive grasp of the ecosystem so that  
10 the understanding in the future will be such that in the  
11 event of another catastrophe, which is a very strong  
12 likelihood -- I mean, human error is always the fault --  
13 then we will at least be prepared to be able to measure  
14 what's going on.

15                  And, you know, we're seeing climatic  
16 shifts, various other, you know, large scale changing  
17 events that would be good to have a handle on. And, you  
18 know, I hope the rumors we hear that the state has a desire  
19 to take the restoration fund and put it in the state  
20 treasury and close the whole shebang down is totally  
21 unwarranted. I mean, you believe me, in a small community  
22 like Cordova, you hear these rumors and they take on a life  
23 that is quite independent of any reality.

24                  So, you know, we hope you folks will do the  
25 right thing and continue with a long term program for the

1 oil spill region and the critters and folks that live  
2 around here. Thank you very much.

3 CHAIRWOMAN PEARCE: Thank you. Any  
4 questions?

5 (No audible responses)

6 CHAIRWOMAN PEARCE: Before we go on to the  
7 next person here, could we have those people who are on  
8 line identify themselves, please?

9 MS. BELT: This is Gina Belts in Anchorage.

10 CHAIRWOMAN PEARCE: Thank you.

11 MS. BOHN: Dede Bohn in Anchorage.

12 CHAIRWOMAN PEARCE: Thank you, DeDe. Okay,  
13 we will come -- neither of those people would want to do  
14 public comments. We will come back to the teleconference  
15 line after we've finished hearing the comments from those  
16 who are here.

17 Just to try to have some order, is that  
18 everyone in the first row who wants to testify?

19 (No audible responses)

20 CHAIRWOMAN PEARCE: Second row? I think  
21 there are two of you, is that correct? You also? Okay,  
22 great.

23 MR. ADAMS: Good morning, Madam Chairman.

24 CHAIRWOMAN PEARCE: Good morning.

25 MR. ADAMS: Members of the Trustee Council.

1 Members of the PAC. Gail Phillips, director. My name is  
2 Kenneth Adams and I and the previous speaker, Mr. Ross  
3 Mullins, are collaborators with scientists and resource  
4 managers. We have formed a group called Prince William  
5 Sound Fisheries Research Application and Planning, PWSFRAP.

6

7 I'd like to welcome you to Cordova. And I  
8 don't want to take any thunder from our mayor who may want  
9 to make some remarks. I don't know, I don't want to put  
10 words in his mouth.

But in any case, looking  
11 out over the harbor on a clear day like this, semi-clear  
12 day, it's plainly evident that ours is a community based  
13 upon fishing and it is highly appropriate that you're here  
14 today as we celebrate the importance of marine science to  
15 Prince William Sound.

16 There are a series of meetings over the  
17 next -- or actually beginning yesterday and over the next  
18 couple of days which highlight the importance of marine  
19 science. So it's appropriate that you're here. And  
20 further that you're here and within your domain is concern  
21 for damaged resources and the human services injured by the  
22 Exxon Valdez oil spill.

23 I, like Mr. Mullins, had been affiliated  
24 with the Trustee Council, especially through the developing  
25 GEM program, for several years. And although we've been



1 listed as principal investigators of former projects, a  
2 listing as co-project coordinators is a truer  
3 representation of our activities, of our project  
4 activities.

5                   And some of you already know that we work  
6 cooperatively with a group of science and resource  
7 manager/collaborators, all of whom have particular  
8 expertise with the Prince William Sound marine ecosystem  
9 and fisheries resources. We are extremely grateful for all  
10 of their time, their contributions and dedication to our  
11 collaborative efforts and the Trustee Council for its  
12 support.

13                   We responded to the FY '06 invitation by  
14 way of commercial fishing, which you recognize as a human  
15 service negatively impacted by EVOS. In view of the number  
16 of people involved in all phases of the industry and the  
17 damage sustained by the fisheries' resources upon which we  
18 depend, com fishing in Prince William Sound, especially  
19 here in Cordova, was the most negatively affected human  
20 service period throughout all of the spill impacted area.

21                   Further, since the economy of Cordova is  
22 based upon com fishing, our entire town was negatively  
23 impacted by EVOS. And for years this continues.

24                   And I would like to bring up just a brief  
25 mention that we received a letter of support from the City

1 of Cordova, the mayor, the city council, and a subcommittee  
2 on fisheries, in support of the work that we've undertaken  
3 to realize application of the results for the benefit of  
4 improved management here in Prince William Sound.

5                   And I sent a copy of the letter to Gail, I  
6 don't know if she distributed it to the other.....

7                   MS. PHILLIPS: It is in their packets.

8                   MR. ADAMS: Thank you, Gail. So there is  
9 support for this type of work.

10                  Dr. Cooney mentioned the Sound ecosystem  
11 assessment that you funded from '94 to '99. This provided  
12 the means to investigate how this Prince William Sound  
13 ecosystem functioned with respect to the survival of  
14 juvenile herring and juvenile pink salmon. This was a very  
15 worthy and a valuable contribution to rectifying our  
16 victimization by the oil spill. And I'm talking ours as  
17 the industry. Victimization of the commercial fishing  
18 industry by EVOS.

19                  And this was to help in restoring our  
20 damaged industry and the resource dependent communities  
21 consequently. However, fishermen and communities are not  
22 necessarily academically inclined. We're not dealing with  
23 Princeton, New Jersey here. This is a hands on community  
24 and we seek the utilization and the application of the  
25 science, application of the results.

1                   We can't do much with a journal that's  
2 published and sitting on a shelf. We have to have  
3 application as a damaged resource -- pardon me, as a  
4 damaged service. What good does it do us to have a  
5 published journal sitting on the shelf if we can't go the  
6 extra step and utilize that information for actual  
7 improvement in management?

8                   At the 2003 annual symposium, we made a  
9 presentation that called attention to the unachieved goals  
10 of SEA. That dealt with application of the SEA results for  
11 improved management. Especially to improve salmon return  
12 forecasting. Now there was a decision by staff and EVOS  
13 trustees of the time not to take this step and produce  
14 management tangibles, a benefit to the industry and the  
15 community. And that happened around the time when the  
16 Trustee Council was embarking upon the GEM plan. They  
17 redirected the efforts and left the goal of applying the  
18 results of SEA dangling. They were never achieved.

19                   So this is where we came in it. For  
20 several years we sought to resolve this dilemma. We've  
21 conducted a series of community needs assessment workshops.  
22 We did five workshop assessment -- these assessment in this  
23 community over the course of two years. And improved  
24 salmon forecasting is still a high priority need, still  
25 recognized as a need.

1                   We in PWSFRAP continue our efforts to build  
2 the bridges between the industry and science. We've been  
3 moderately successful and have made progress planning for  
4 the implementation of the pink salmon survival model  
5 developed within the SEA program. The model has utility  
6 for improving pink salmon forecasting and other  
7 applications. We seek application to SEA ecosystem  
8 insights.

9                   Both GEM, your GEM, both the Trustee  
10 Council's GEM and your restoration plan recognize it is  
11 essential to take an ecosystem approach in dealing with the  
12 recovery of damaged resources and human services. We are  
13 doing exactly that for commercial fishing, which you  
14 recognize as a damaged service, by seeking implementation  
15 of the SEA pink salmon survival model, right. This is in  
16 line with what you say is important to you.

17                  However, I want to make it clear that our  
18 focus is not entirely pink salmon, we're concerned about  
19 fisheries. You know, we're not putting ourselves in a box.  
20 It's just the pink salmon survival model happens to be the  
21 issue right now that we're working with and we've made  
22 progress on.

23                  By maintaining our collaborative team, a  
24 very modest office presence in Cordova and the website,  
25 which we've called to your attention, will continue to be

1 the interface between industry, science and the Trustee  
2 Council. This is an example, an excellent example, of  
3 community involvement within your process. We urge your  
4 consideration for support of the proposal which we have  
5 addressed to you in the FY '06 invitation.

6                   We have made progress. You've let us down  
7 once before by not realizing the importance of developing  
8 tangibles for improved management. It remains to be seen  
9 what you're going to do now. This is an important issue to  
10 the community. It's recognized, it's supported by the  
11 community, and a decision is before you. Thank you.

12                   CHAIRWOMAN PEARCE: Thank you. I'm going  
13 to take this opportunity to recognize the representative to  
14 the state legislature for this area, Mr. Bill Thomas. It's  
15 not often, Bill, that legislators come to EVOS meetings and  
16 we are very pleased to have you here. And pleased that  
17 your constituency gets to see you come. Thanks for being  
18 with us.

19                   Second row.

20                   MAYOR JOYCE: Good morning. My name is Tim  
21 Joyce, I'm the mayor in Cordova. And I want to welcome the  
22 members of the Trustee Council and the PAG and all their  
23 support staff to Cordova on behalf of the city and myself.  
24 I hope your stay is enjoyable and that your gathering is  
25 beneficial for all that are here.

1                   I want to start out my remarks with some of  
2 the issues that still linger from the disaster that  
3 occurred in March of 1989, and that was the Exxon Valdez  
4 oil spill. The modern Prince William Sound herring fishery  
5 started in 1978. In its first year, that fishery was worth  
6 in ex-vessel prices about 1.6 million dollars. In 1988 the  
7 herring fishery was worth 12.2 million dollars. The  
8 herring season was closed in 1989 because of the Exxon  
9 Valdez oil spill and then started again in 1990, reaching a  
10 value of 12.3 million dollars in 1992.

11                   In 1993 the herring population collapsed  
12 and that fishery was closed and still remains closed today.  
13 The reasons for this collapse are still being debated but I  
14 think you'll hear some compelling arguments later today  
15 that the Exxon Valdez oil spill played a major role in that  
16 collapse.

17                   This herring fishery was an economic  
18 stimulus to Cordova. It provided employment and income in  
19 the early spring. The majority of the commercial fleet  
20 staged in Cordova prior to going to the fishing grounds. A  
21 lot of money was spent in Cordova by those commercial  
22 fishers. Cordova no longer reaps any benefit from that  
23 once healthy resource and there is no bright light at the  
24 end of the tunnel for this fishery. Cordova's economy has  
25 suffered for over 10 years from that resource failure and

1 continues to suffer today.

2                   The salmon fishery also suffered during  
3 those -- post EVOS period. We are fortunate to some degree  
4 that we have a large salmon hatchery program that has been  
5 able to provide fishing opportunities while many of those  
6 impacted stocks were trying to recover. But even still,  
7 the economic loss to this community from the resource  
8 decline was considerable.

9                   For example, the city received more than a  
10 million dollars annually in raw fish tax prior to 1989.  
11 Since 1989, the 1989 oil spill, that amount has averaged  
12 less than \$500,000 a year.

13                   There has been a 32 percent decline in the  
14 number of active salmon fisher from 1990 to 2004. Since  
15 the year 2000, there has been a 19 percent decline in the  
16 number of business licenses issued by the city. There  
17 remain lingering effects from the Exxon Valdez oil spill  
18 and in economic terms, they are measurable.

19                   The city is trying to diversify our economy  
20 since we have seen how devastating it can be when heavy  
21 reliance is placed on one industry. Commercial fishing  
22 will remain our primary industry for a long time to come  
23 though, we know that. We also want to be prepared for the  
24 future. With those two ideas in mind, I would like to talk  
25 to you about two projects which will address both of them.

1                   As most of you know, the city is in the  
2 process of planning and designing a facility called the  
3 Cordova Center. We are very excited about what this  
4 facility can do for this city and it has a lot of community  
5 support.

6                   This building will house a library and  
7 museum, both of which will have some areas dedicated to the  
8 Exxon Valdez oil spill. The library will provide access to  
9 oil spill research and information. The museum will have  
10 displays of the oil spill, its effects, and the things that  
11 have changed since then to prevent future oil spills.

12                  This building will also have an education  
13 and training rooms for things such as the classroom time  
14 needed for oil spill responders. There will also be a  
15 large meeting room and conference rooms that would allow  
16 groups such as the Exxon Valdez Trustee Council and the PAG  
17 to meet and disseminate the information to the citizens of  
18 Prince William Sound that were most impacted by the Exxon  
19 Valdez oil spill.

20                  Meeting in the Prince William Sound  
21 community should be the norm rather than the exception.  
22 This is where it matters the most and people here are  
23 interested in what has had such a profound effect on their  
24 lives. This building will also contain an emergency  
25 response center that could function as a vital link in any



1 large emergency in Cordova or Prince William Sound.

2 All of these functions will contribute to  
3 stimulating the economy of Cordova. We will build this  
4 facility and we hope that the Exxon Valdez Oil Spill  
5 Trustee Council will be a contributor and a partner in  
6 those portions of this building that relate to research,  
7 monitoring, and restoration of Prince William Sound.

8 I also need to mention that we have  
9 received support from Senator Stevens and Senator  
10 Murkowski, Congressman Young, as well as the governor in  
11 recent years with financial donations. The governor has a  
12 million dollars this year in his capital budget for this  
13 building. We received \$25,000 last year from the state  
14 legislature. We have received two and a half million  
15 dollars from the congressional delegation.

16 Another area where the Exxon Valdez Oil  
17 Spill Trustee Council can make a difference in the  
18 restoration of our resources is in the providing an equal  
19 playing field for our fish processing industry. In 1988  
20 there were 27 major fin fish processors in Prince William  
21 Sound. In 2004 there were 10. We cannot attract  
22 additional processing capacity into our town. Whether it  
23 is from new players or simply by creating secondary  
24 products through value added lines, primary because of the  
25 high cost of electricity. If the cost of processing is

1 reducing through lower electrical costs, some of the  
2 savings might translate into higher ex-vessel prices to the  
3 commercial fleet.

4 I mentioned earlier the reduced amount of  
5 raw fish tax we now receive. Fewer processors, low prices,  
6 and low value products lessen the amount of raw fish tax  
7 collected.

8 Cordova went the extra mile to reduce the  
9 amount of hydrocarbon pollution in our air when we built  
10 and installed the Power Creek hydroelectric facility. We  
11 have reduced the consumption of diesel fuel in this  
12 community by over a million gallons annually.

13 However, the outstanding debt from the  
14 construction of that facility has required high electrical  
15 rates which are crippling the economic expansion of  
16 industry in this community. Fish processors in this city  
17 have such narrow margins that an increase of just a few  
18 pennies a kilowatt hour could make a difference on whether  
19 their doors stay open or closed and certainly affects the  
20 amount of product that the can process.

21 For example, fish processor electrical  
22 rates in Seward are approximately 11 cents per kilowatt  
23 hour. In Valdez, it's about 16 cents per kilowatt hour.  
24 In Whittier, about 17 cents per kilowatt hour. In Cordova,  
25 it's 23 cents per kilowatt hour. If our rates have to

1 increase to pay off our debt and it becomes cheaper to ship  
2 those fish to another location to process, then damage to  
3 Cordova will increase again.

4                   Finally, I would like to bring to your  
5 attention, to S711, which was passed by the 106th Congress,  
6 second session. This act allowed for the investment of  
7 joint federal and state funds from the civil settlement of  
8 damages from the Exxon Valdez oil spill and for other  
9 purposes.

10                   I'm going to read you a section, E2, of  
11 this act. This section says, and I quote, all other funds  
12 remaining on October 1st of 2002 and the associated  
13 earnings shall be used to fund a program consisting of: A,  
14 marine research, including applied fisheries research; B,  
15 monitoring; and C, restoration other than habitat  
16 acquisition which may include community and economic  
17 restoration projects and facilities including projects  
18 proposed by the communities of the EVOS region or the  
19 fishing industry consistent with the consent decree.

20                   Thank you for your time. I hope you have a  
21 productive and informational meeting and please enjoy your  
22 stay while you're here in Cordova.

23                   CHAIRWOMAN PEARCE: Thank you, Mr. Mayor.  
24 Yes, Mr. Balsiger.

25                   DR. BALSIGER: Madam Chair, I wonder if

1 perhaps for all of the topics, but this in particular with  
2 all those data in it, if we could have a copy of that.

3 MAYOR JOYCE: Certainly. I will do that.

4 DR. BALSIGER: Thank you.

5 CHAIRWOMAN PEARCE: And I was going to make  
6 a request actually that we spread -- I know we don't  
7 usually in our minutes spread the public comments but since  
8 we are in Cordova and we have so many people, I'd like to  
9 do that today, if it's all right. If no one objects.

10 DR. BALSIGER: What do you mean spread? I  
11 don't understand.

12 CHAIRWOMAN PEARCE: On the minutes,  
13 actually spread the public comments.

14 MS. PHILLIPS: Include it.

15 CHAIRWOMAN PEARCE: Which we don't usually  
16 do. We usually just say people from Cordova spoke but I'd  
17 like to actually have the minutes include the actual words  
18 that they said.

19 MR. BALSIGER: I just didn't understand  
20 spread.

21 CHAIRWOMAN PEARCE: Spread.

22 DR. BALSIGER: I'm all for spreading.

23 (Laughter)

24 CHAIRWOMAN PEARCE: I'm back in the  
25 legislature for awhile. Anyone else in the second row?

1 (No audible responses)

2 CHAIRWOMAN PEARCE: What about the back  
3 row? Yes, sir. Then we'll come over to this side.

4 MR. KLEIN: My name is Tom Klein, I'm a  
5 research scientist here in Cordova and I was funded quite  
6 well by the Exxon Valdez Oil Spill Trustee Council in  
7 research. I was one of the principal investigators in the  
8 Sound Ecosystem Assessment program and currently I'm an  
9 investigator in the US GLOBEC that's taking place just  
10 outside of Prince William Sound, which to some extent is an  
11 extension of some of the work that we did in the SEA  
12 program.

13 What I'd really like to say is what -- the  
14 stuff that came ahead of me was, I agree with it completely  
15 in terms of the fisheries research questions. And the  
16 impetus for the long term funding program called GEM was a  
17 realization that things taking place in the ocean take  
18 place over long periods of time and that without careful  
19 monitoring of the ocean conditions we'll never be able to  
20 really manage our fisheries resources correctly.

21 For example, one of the projects funded by  
22 the Trustees, by Paul Anderson and company, showed that  
23 there was a major change in the species composition in the  
24 late 1970's. Other research done at the University of  
25 Washington show that there were thermal changes in the

1 entire North Pacific that took place at the same time.  
2 That the ocean went from a cold period to a warm period and  
3 that may account for some of these differences in species  
4 composition.

5                   It's these kind of long term changes that  
6 we need to understand in order to be able to manage  
7 fisheries correctly. Understand why the king crab fishery  
8 collapsed. You know, it was not necessarily induced by  
9 fishing but there was an innnatural [sic] process involved.  
10 And the GEM program is to try to address that issue, to get  
11 the right kind of sampling and monitoring needed to  
12 understand what's going on. Thank you very much.

13                   CHAIRWOMAN PEARCE: On this side, and I see  
14 some hands.

15                   MS. KOHLER: Good morning, ladies and  
16 gentlemen. My name is Meera Kohler and I'm the Chairman of  
17 the Board of the Prince William Sound Science Center. I  
18 was a long time resident of Cordova from 1976 through 1990,  
19 left the year after the oil spill. And my departure  
20 actually was probably fairly typical of the travail and  
21 turmoil that occurred in Cordova after the oil spill. I  
22 think all of us here in Cordova felt the impact of the oil  
23 spill.

24                   Both the science center, the Prince William  
25 Sound

1 Science Center, and the EVOS Trustee Council were born out  
2 of that same disaster and we both serve the same purpose in  
3 life, which is to try and find out what we had before it  
4 was so brutally disrupted by the spill. Unfortunately what  
5 we found was that in 1989 when the spill occurred, very  
6 little was known about Prince William Sound and all the  
7 very complex ecosystems that combine in making the most  
8 spectacular country in the world.

9                   We've come a long way since then. Working  
10 together, I believe that we have forged some steps into  
11 truly what has been the unknown. I would like to recognize  
12 that looking around this room, I see a number of people  
13 that have been part of the science center since its very  
14 beginning and probably part of the EVOS Trustee Council as  
15 well.

16                   If you could just, by a show of hands, show  
17 who the current board members are and previous board  
18 members of the science center, I think we're going to find  
19 that about 15 or 20 people in this room are actually very  
20 intricately involved at the science center and have been  
21 since 1989 when it was first formed. Board members?

22                   UNIDENTIFIED SPEAKER: Previous?

23                   MS. KOHLER: Previous and current. So we  
24 have, as you can see amongst your own public advisory  
25 council, a large number of people that have been directly

1 involved with the science of the Sound for lo these many  
2 years. We have pioneered concepts in this little tiny  
3 research institution that have been ground breaking.

4 I'd like to recognize Dr. Gary Thomas who  
5 led the science center for many years. And the science  
6 that he has fostered over here has established parameters  
7 that are now being tested by other parts of the country and  
8 other parts of the world. So we have done some remarkable  
9 things here.

10 And I think that working with the Trustee  
11 Council has been one of the real major pluses that has also  
12 evolved of the last many years. We were an integral part  
13 of the SEA program. We have pioneered the Nowcast/Forecast  
14 program. We are doing oceanographic studies that are  
15 second to none in the world.

16 So I encourage you to continue to work with  
17 us as we continue to pioneer those paths and hope that our  
18 mark on history will be that should a disaster like the  
19 1989 Exxon Valdez oil spill ever happen again, we will be  
20 prepared. And we will be prepared because of the forward  
21 thinking science that's being developed right here in this  
22 little tiny community that we are very proud of. Thank you  
23 very much.

24 CHAIRWOMAN PEARCE: Walt.

25 MR. PARKER: Thank you, Madam Chairman.



1 Walter Parker. I'm finishing up nine years on the science  
2 center board now. The reason I came on the board in 1996  
3 was I listened to a presentation on the SEA program at the  
4 Alaska Division of the American Association of Science and  
5 that was the best I had heard in a long, long time. I've  
6 been working Alaska fisheries, game problems since I  
7 entered the University of Alaska in 1946.

8                   And the Cordova fishermen, when I worked  
9 with them after statehood on the Board of Fish and Game,  
10 working on the law of the sea for 15 years and other  
11 things, we were always the leaders in coming up with  
12 regional solutions to management.

13                   And that is carried through now that their  
14 grandfathers that I worked with are -- some of the children  
15 are -- that are still carrying that through. But believe  
16 me, what has gone on here financed by EVOS money in the  
17 90's that had been building through SEA and the  
18 continuations is the very -- it's the closest to weighing  
19 the basis for ecosystem based management that I have seen.  
20

21                   And of course ecosystem based management is  
22 the new term that we all throw about, following around the  
23 President's council on the oceans, why we talked a lot  
24 about it but nobody is defining it. What I'm saying is,  
25 that here in Prince William Sound I think we've probably

1 come he closet to defining it because of the work in the  
2 90's of any place. So thank you.

3 CHAIRWOMAN PEARCE: Anyone else? Yes,  
4 please.

5 MR. BACKUS: Good morning. My name is Ed  
6 Backus, I'm the Vice President for fisheries at Ecotrust.  
7 I'm also a first Vice Chair of the board of the Prince  
8 William Sound Science Center and I'm chair of a research  
9 committee at the Science  
10 Center. Ecotrust has a Copper River program, RJ Kopchak is  
11 our program director here in Cordova.

12 And we also have a North Pacific scale  
13 program State of the Salmon. Not to continue the drum beat  
14 around the themes of the Science Center, and I'm glad my  
15 elders have come before me, but I want to talk about  
16 partnerships here and some of the cutting edge work that  
17 the Science Center is doing.

18 Before I do that though I would like to  
19 give a strong endorsement to Ken Adams' group. A lot of us  
20 at the Science Center, on the board, are very acutely aware  
21 of the practical applications issues that have arisen out  
22 of our work and indeed if it wasn't from the Science Center  
23 genesis in the late 80's, coincidentally the same year as  
24 the oil spill, we wouldn't have these opportunities in  
25 front of us to work on these application issues.

1                   But I wanted to point out in particular the  
2 ocean observing system process which is developing and the  
3 Science Center's work on the Nowcast/Forecast program,  
4 which is now characterized as an ocean observing system, is  
5 definitely -- it's the pilot leader project for Alaska and  
6 I dare say that in terms of ecosystem management  
7 approaches, the Prince William Sound work is a leadership  
8 position nationally in the ocean observing system  
9 nationwide.

10                  But in terms of basic research, monitoring,  
11 and applied science, I think we're all looking for  
12 practical applications to our work in commercial resources.  
13 And just yesterday Tom Klein, who gave us a presentation to  
14 -- the Science Center board met yesterday and Tom gave us a  
15 very interesting presentation on some of his recent work  
16 that looks at some of the physical forcings that may be  
17 driving these radical fluctuations in pink salmon  
18 populations.

19                  So Monday and Tuesday of the coming week  
20 there's a biological workshop that's looking at the -- how  
21 to inject the biological component to the ocean observing  
22 system, which is right now in its remote site sensors, a  
23 physical measurement process.

24                  But my point here is that the board is  
25 looking at how this science center is going to build its

1 investments toward future programs in infrastructure  
2 science and who we're going to expand and enrich the  
3 programs of the Science Center. And we very much look  
4 forward to a future partnership with the Trustee Council in  
5 this endeavor and its applications to the communities and  
6 the economies of the Prince William Sound. So thank you.

7 CHAIRWOMAN PEARCE: Thank you. Anyone  
8 else? What about on this side? Yes, ma'am.

9 MS. GIBBONS: Good morning. My name is  
10 Jennifer Gibbons and I'm the Director of the Eyak  
11 Preservation Council. And I'm pleased to, on behalf of our  
12 community, again welcome you all, the Council, to Cordova  
13 and also the Public Advisory Committee.

14 I want to take one moment before I make my  
15 comments to also endorse Ken Adams and his group. I think  
16 they're doing very important work and deserve continued  
17 support.

18 I'm here this morning on behalf of the Eyak  
19 Preservation Council and our founder, Dune Lankard, he's an  
20 Eyak Athabascan person of the Eagle Clan and a commercial  
21 fisherman at Prince William Sound. EPC is dedicated to the  
22 protection of the inherent rights of the Eyak Nation of the  
23 Copper River Delta. And our work focuses on cultural and  
24 environmental conservation. The thread that unites our  
25 work is wild salmon and wild salmon habitat. Our friends

1 and partners include Native people, fishermen, local  
2 business people, and especially the youth of Cordova.

3 I'm here today to express our concern  
4 regarding the reopener clause. And I understand that the  
5 Trustee Council may feel that it is not necessarily your  
6 role or position to pursue the reopener, however, we urge  
7 you to consider your role as stewards of oil spill recovery  
8 in Prince William Sound. Your silence on the issue of the  
9 reopener rings loud in our ears. And we the members of  
10 this community intend to take every available and  
11 appropriate action to pursue the reopener.

12 Restoration is needed in Prince William  
13 Sound and we need at least your public voice in support of  
14 this effort that is so essential to our community. Thank  
15 you.

16 CHAIRWOMAN PEARCE: Anyone else? Yes, sir.

17 MR. PATRICK: Ms. Chairman, I'm Vince  
18 Patrick. It's been a long time since I worked on the SEA  
19 project and lived in Cordova during the early 90's up  
20 through 2000. And during these days, I've been working  
21 with Ken Adams and Ross Mullins in getting the PWSFRAP  
22 operation up and running since its earliest days. And  
23 that's been one of my primary focuses since 2000.

24 Today I want to talk to you about some of  
25 the things that have been talked about but looked at in

1 just a little bit different perspective. We've been  
2 together for 13 years working on oil spill related issues  
3 in the region and frequently we come before you at a time  
4 like this and emphasis one or another issue to bring to  
5 your attention among all the other issues that are on your  
6 plate.

7                   However at this point in our shared  
8 history, more generally in the history of Alaska since  
9 statehood, the question of a local issue may be time to be  
10 set aside at least temporarily.

11                   At this time the top priority, something  
12 that's important to all of us, is not one of our local  
13 issues but it's you the Trustee Council. What you do and  
14 what your sister organizations do, in particular RCAC and  
15 OSRI. This is because we're the threshold of decisions and  
16 choices that will be made. Among these are options with  
17 directions with the likelihood of making all that you have  
18 done and all that your organization stands for literally  
19 irrelevant.

20                   However you hold in your hands some control  
21 over whether that future is one in which not only you the  
22 Council but all that you stood for becomes extinct or  
23 survives and remains relevant to this community. I  
24 mentioned statehood because it is an effective one word  
25 descriptor of the point here, specifically the work of the

1 Trustee Council since '92 and its restoration program has  
2 been about the recovering restoration, something that is  
3 quite a bit more than just the marine ecosystem. It's even  
4 more than just a pristine marine ecosystem. You have  
5 worked these 13 years for restoration and recovery of an  
6 ecosystem as a natural resource as described in the Alaska  
7 Constitution.

8 All the money, policy, and economic and  
9 social aspects of the restoration program that in isolation  
10 just seemed baffling -- nothing seemed to add together --  
11 made perfect sense in the context of Alaska statehood and  
12 the statutes that were passed after statehood. A good  
13 example is restoration services and that's one of the  
14 things that was talked about here.

15 As you well know the constitution of  
16 statehood were a response to external control of internal  
17 affairs in the days of the territory. Of being in effect a  
18 calling. A big gripe was fisheries. My reading history is  
19 that statehood worked well for the problems that were  
20 known. It didn't work so well for problems that were new.  
21 And a good example is one that Ross Mullins mentioned.

22 The ones that were known, the fisheries  
23 problem, we had the initiation of optimal escapement and  
24 then the introduction of salmon enhancement. And the  
25 Alaska fisheries are the envy of the world, they're the

1 only sustaining -- every time everybody says something  
2 about collapsed fisheries they have to say, except in  
3 Alaska. But then they don't say why.

4                   It didn't work so well when things were a  
5 surprise. The pipeline. And I believe it was just in this  
6 building in 1977, the session that Ross was talking about,  
7 there was a conference in which Senator Chancy Croft  
8 presented a incentive legislation for double hull tankers  
9 in Prince William Sound before the tanker trade started.  
10 President Carter's representative Barbara Heller nixed it.  
11 Said we would have federal uniform standards.

12                   The keynote speaker at the end of that  
13 conference was Senator Keith Specking, who in that  
14 conference predicted the Exxon Valdez oil spill. He  
15 described a collision on Bligh Reef in a very colorful way.  
16 Specking was clearly irritated, at least that's my reading  
17 of the text. It didn't work so well for that.

18                   Today we're less than four years away from  
19 the anniversary of statehood and things are looking a  
20 little similar. April 15th, around there, was the  
21 introduction or the release of the Ocean Policy Commission.  
22 While that was celebrated as a refocus on ocean issues, it  
23 came in conjunction with the introduction of legislation  
24 for offshore aquaculture in EEZ and lease sales. That  
25 Ocean Policy Commission has posed a policy framework, an



1 national management regime, an oceanal policy trust fund,  
2 exemptions from the Magnuson-Stevens Act for an investment  
3 and leasing of EEZ. Huh? That seems a little familiar.

4                   We can go through some of the details but  
5 I'll spare you that, you probably know them. That is not  
6 to say that the offshore aquaculture is inconsistent with  
7 some of the things that statehood stands for. Some of the  
8 documents describe the Japanese system of cooperatives and  
9 they're very much in line with what this region did when  
10 they started the regional associations for hatcheries. So  
11 there's some common ground in how one might pursue it.

12                   But what is at question is in the statehood  
13 concept of ecosystems, there's three organizations that  
14 come to my mind in the state that are sustaining the  
15 ecosystems that stand to support and sustain the ecosystems  
16 in the statehood concept. They are the Trustee Council,  
17 RCAC, and OSRI.

18                   Those three, everything they do, all of  
19 their mission statement is geared around the statehood  
20 concept of a commons and common knowledge supporting the  
21 proper exploitation of that commons in a democratic  
22 decision making process, the Board of Fish, RPT's, Alaska's  
23 Department of Fish and Game as set up with statehood.

24                   My request to you today is that as we go  
25 through the celebration of the writing of the Constitution

1 and we approach the celebration of the anniversary of  
2 statehood that the Trustee Council stay the course. That  
3 it be there to continue to support the R&D, to be the R&D  
4 arm, the resource for the communities, for the fisheries,  
5 for ecosystems as a common. To preserve the naturally  
6 evolved ecosystem as an economic asset. Without you  
7 there's -- you are the biggest player of the three.

8                   You can just walk away from it. You can  
9 close the door. I would read that closing of the door as  
10 one of two sides in this issue. There's division that's  
11 present in the Ocean Policy Commission and the offshore  
12 aquaculture legislation for the EEZ. If you walk away from  
13 the communities, it looks to me like that is going to  
14 dominate. But if you stay the course, it gives these  
15 communities a chance to prepare themselves and to gear up  
16 for these changes and to be a player in the markets and in  
17 the world and to preserve their ecosystem in its naturally  
18 evolved state as a working asset and a part of the coastal  
19 community finds. Thanks.

20                   CHAIRWOMAN PEARCE: Thank you. Anyone  
21 else? Public testimony?

22                   (No audible responses)

23                   CHAIRWOMAN PEARCE: Is there anyone -- I'm  
24 sorry.

25                   MS. LANG: Hello. Thank you for coming to

1 Cordova. My name is Sylvia Lang. I'm a lifetime resident  
2 of Cordova and an expert at absolutely nothing except  
3 perhaps living in Cordova. My parents are from the area.  
4 My father was born on an island in Prince William Sound.  
5 My mother in Katella. I was raised fishing in the Sound  
6 and on the flats.

7 I got my first gear license in 1966 and was  
8 issued a limited entry permit in 1971. I had a seine  
9 fishery or seine boat and all female crew at one point  
10 actually in Prince William Sound in the early 80's and much  
11 of the 80's. I'm now a mother of three children that we're  
12 raising here in Cordova.

13 I bring this up because -- and I wanted to  
14 tell you my story not because I like talking about myself  
15 but because I heard this expression talked amongst some  
16 folks about EVOS and Cordova as to how come we haven't  
17 heard from Cordova. And why is it only about science  
18 and/or land acquisition? And why haven't we heard from the  
19 community of Cordova asking for things?

20 And I think as a community we are not used  
21 to asking for things. We're not -- we've been -- we're  
22 pretty used to adversity in this town and we're used to  
23 doing things on our own and for ourselves. Because Cordova  
24 was actually a pretty self contained town prior to the  
25 spill. I was raised in a town that didn't have a lot of

1 money, that is Cordova. And then during the early 80's we  
2 kind of capitalized because the fishery was doing so well.  
3 And then it all sort of dropped out.

4                   But we are completely traumatized by the  
5 oil spill. And we didn't know what to do with that trauma.  
6 And I think we've been in a bit of a fugue state since  
7 then. It's the only way I can explain it. And I'm really  
8 pleased that we have these experts here in science that can  
9 kind of pick up the mantle and do some things for us. But  
10 as a community, we need some other things right now and one  
11 of them is the Cordova Center. And so I thought I should  
12 speak about what that would do for Cordova.

13                   As I said myself, my husband and I, were  
14 impacted personally by the spill because we had sold out  
15 our salmon fishery licenses and everything the year before  
16 to build a larger vessel, which would partake in crab  
17 tendering and herring, all of which were vastly impacted.  
18 Then there were various other things with IFQ's and the  
19 whole salmon downturn that made us have to move out west  
20 with our boat. So we did crab. And we've now sold out of  
21 crab because that has changed also with the  
22 rationalization. And we just bought a local business.

23                   So we also bought a salmon cannery that was  
24 part of the bankruptcy of Chugach Alaska Corporation in  
25 1992, which we thought was the bottom. We thought 1992 was

1 the bottom. Absolutely nobody would touch that cannery and  
2 we didn't want to see it fall into the sea. It was too  
3 important to Cordova. It was a relic of the old -- the  
4 terminus of the Copper River Railroad. It was historically  
5 significant, it was sentimentally significant to me and it  
6 was significant to the community because was another fish  
7 processing plant that was going to close down.

8                   So we purchased that in '92 as part of  
9 Chugach's bankruptcy. And we actually purchased it as a  
10 home and warehouse, a place to live, and then we found out  
11 soon that we had to operate it to make ends meets. So  
12 operated it through that year, thinking that was the  
13 bottom. But honestly, that wasn't the bottom. It  
14 continued to flat line, Cordova's economy flat lined for  
15 years and years.

16                   And I think there's now a new optimism  
17 happening in our town. And the possibility exists of -- I  
18 think we've also gone back to the town that I grew up in,  
19 which is a town that didn't have very much money but  
20 survived quite well. We were subsistence oriented and we  
21 made enough money fishing. And if we didn't, the canneries  
22 kind of pulled you through with some purchase orders  
23 through the winter. But you know the 80's were kind of an  
24 anomaly in that it actually gave us some money.

25                   I think we're stabilizing once again.

1 We've regained our community. We lost our community for  
2 about 10 years or so, where neighbors were no longer  
3 speaking. There was all of this business over the oil  
4 spill and it truly disrupted families, disrupted our  
5 community to the core. And I think we're back again. I  
6 mean I really feel it for the first time, we've re-  
7 established our sense of community and we're starting to  
8 look at projects that will enhance our sense of community,  
9 our ability to make a living, and diversify our economy.

10                   And the Cordova Center is one of those  
11 components and it's a really important component to our  
12 community and I wholeheartedly support it and I hope you  
13 give it every possible consideration that you can. And I  
14 also am happy to answer any questions about Cordova, since  
15 I am the expert. Thank you.

16                   CHAIRWOMAN PEARCE: Are there any others  
17 here in Cordova who want to testify?

18                   (No audible responses)

19                   CHAIRWOMAN PEARCE: Is there anyone on the  
20 teleconference network who wants to do public testimony?

21                   (No audible responses)

22                   CHAIRWOMAN PEARCE: Hearing none, we will  
23 close the public testimony and go to the Executive  
24 Director's report. Madam Executive Director.

25                   MS. PHILLIPS: Thank you, Madam Chairman.

1 The first item I would like to report on is that the EVOS  
2 staff has two new employees. Ruth Bauman is our new  
3 administrative assistant, front desk person. When you call  
4 to talk to anybody in the office, she'll be the first  
5 person that you'll be speaking with and stop by and meet  
6 her whenever you have the opportunity.

7 We also have a new project director and  
8 research analyst. Her name is Carolyn Rosner. Carolyn, I  
9 apologize. Carolyn is recently with us from the University  
10 of Alaska's public relation department in Fairbanks. And  
11 we're very, very pleased to have her online with us. She's  
12 also a graphic artist and you'll see some major  
13 improvements made to our web page and to all the design of  
14 our in-house documents and such. We're extremely pleased  
15 to have Carolyn on board. She will be the person that's  
16 going to be handling all the management of the projects.  
17 So one of her first positions and first jobs is the overdue  
18 project list.

19 So I will ask Carolyn to come forward and  
20 briefly go through -- if you'll turn in your tabs in your  
21 notebook, it's listed as overdue project report list. And  
22 Carolyn will just briefly update you on where we are on  
23 project that need to have -- that are overdue.

24 MS. ROSNER: This is basically the  
25 continuation of a spreadsheet that Bryn Clark started

1 before she left. She spent a lot of time rounding up  
2 things in old folders and just trying to move the herd of  
3 sheep along, is how I like to put it.

4                   And so this list is somewhat chronological.  
5 It goes from a list of reports never submitted in any form,  
6 we've received nothing. And those total 17 right now. The  
7 next stage along the path is where we've gotten a draft  
8 final report submitted and it just needs to be peer  
9 reviewed. And there are 24 of these. So that's the  
10 biggest chunk right there. So they're almost there, they  
11 just need to be reviewed by somebody.

12                   And then next step would be that they've  
13 been reviewed, they've been returned to the PI's for  
14 revision, and then they need to go to ARLIS for format  
15 review. So the PI's have to incorporate some comments of  
16 various types. And there are just five of those. And  
17 the very last stage is just almost on the library shelves,  
18 all revised and approved and needs to I think have copies  
19 made of ARLIS, is kind of the last stage in that process.

20                   So I'm learning my way around the reports  
21 and the projects and getting used to finding things and  
22 trying to figure out some way to just keep everything kind  
23 of shuffling along. And so I may be asking for things that  
24 we already have, so I apologize in advance if I do that to  
25 somebody. And just trying to get everything out there,



1 since it is good data, good work and it would be nice to  
2 just have things finished and wrapped up. And so that's my  
3 role in keeping reports on track.

4 MS. PHILLIPS: Thank you, Carolyn. And  
5 Carolyn works with the liaisons, the liaisons in turn in  
6 the quarterly reports, the annual reports, and final  
7 reports. So she works with the liaisons to make sure the  
8 reports are done and everything is moving forward on the  
9 reports.

10 The next item is, I just want to announce  
11 for everybody that Bob Baldauf, who many of you probably  
12 worked with early, in the early part of the Trustee  
13 Council, is resigning -- or is retiring and the Trustee  
14 Council has sent him a letter and certificate of  
15 appreciation and acknowledged his commitment to EVOS in the  
16 early years. For those of you that did know him.

17 We did have a briefing, day long briefing  
18 for the new state trustees about a month ago and went  
19 through all the job processes for the new trustees. It was  
20 very, very beneficial I believe, not only for the new folks  
21 but for all of us to review the different things, different  
22 responsibilities as Trustee Council.

23 I'd like to report a little bit on the  
24 April 28th Public Advisory Committee teleconference to  
25 approve the herring synthesis project. The PAC approved

1 the project and the minutes and notes are under the tab --  
2 for their approval are in the tab report in the book. So  
3 we're going forward with the herring synthesis project  
4 right now.

5                   And Cherri, I'd like to call on you,  
6 please, to come forward and give the details for departure  
7 tomorrow morning so that we don't have to be trying to find  
8 people in hotel rooms at the last minute. This is the  
9 information for everybody that is going on the boat  
10 tomorrow.

11                   MS. WOMAC: Tomorrow morning we're going to  
12 depart at 8:00 a.m. so everyone can be down at the harbor  
13 below the Alaska Commercial Company and we'll be departing  
14 on the Columbia Spirit. They'll be ready for us to board  
15 at 7:30 so that we can actually get out of the harbor by  
16 8:00 o'clock. I'm asking you guys all to pack lightly but  
17 your luggage will be stowed in the hole, so if you are  
18 going to need anything from it during the trip over, you  
19 need to take it out before it goes down because we won't  
20 have access to it during the trip.

21                   There will be a mid-morning snack on board  
22 and then lunch and then an afternoon snack. So I don't  
23 know if that will determine whether you want to stop for  
24 breakfast before going down to the harbor. Any questions?  
25 The name of the boat is the Columbia Spirit and it's from

1 Stan Stephen's cruises coming from Valdez.

2 MS. PHILLIPS: Any questions? Anybody  
3 needs a ride to go down there, it's not very far, but  
4 because we all have luggage, we can put the luggage in the  
5 van and if anybody needs a ride, just talk to either Cherri  
6 or I and we'll be right out in front there from about 7:00  
7 a.m. on.

8 MR. TREADWELL: Gail?

9 CHAIRWOMAN PEARCE: Mead.

10 MR. TREADWELL: Yeah. Should we bring  
11 rubber boots? Are we doing any tromping on the way over?

12 MS. PHILLIPS: No, we will.....

13 MS. WOMAC: It's a sightseeing boat, so  
14 we're not going to be able to get up to shore and get off.  
15

16 MR. TREADWELL: Okay.

17 MS. WOMAC: And Jeep Rice will be on board  
18 to give us a recap on the lingering oil project surveys  
19 that's been going on.

20 CHAIRWOMAN PEARCE: Are we doing a -- is it  
21 a direct to Whittier or are we actually deviating down into  
22 one of the islands?

23 MS. WOMAC: I'm hoping to go by like the  
24 Smith Islands and down into near the bay so we can see what  
25 the -- the captain knows where I want to go.....

1 CHAIRWOMAN PEARCE: Okay.

2 MS. WOMAC: .....where we want to go but it  
3 will be determined how close we can go in by the weather.  
4 And our departure time.....

5 CHAIRWOMAN PEARCE: And what is the weather  
6 forecast?

7 MS. WOMAC: I really don't know. I've  
8 tried not to get involved in that because it always causes  
9 me too much stress. So anyway, if we could just.....

10 CHAIRWOMAN PEARCE: Mr. Mayor, what's your  
11 weather forecast?

12 MAYOR JOYCE: Good.

13 MS. WOMAC: But I just want to stress if  
14 you'll be at the harbor so we can get on board. Oh, and  
15 then we are expected to get into Whittier -- because I know  
16 a lot of people had that flight back to Juneau -- we're  
17 supposed to be into Whittier before 5:30. And again, a  
18 speedy, you know, getting off of the boat, getting our  
19 stuff. The bus will be there to meet us, get it stowed,  
20 and we're going for that 6:00 o'clock departure out of  
21 Whittier. So the quicker we can move on both ends, the  
22 better it will be for you guys getting back to the airport.  
23 Okay?

24 MS. PHILLIPS: If we miss the 6:00 o'clock  
25 tunnel opening, there's not another on until 7:00, which

1 puts everybody late for that Juneau flight, so we are  
2 aiming for that schedule.

3 The next on our agenda are the action  
4 items. The first action item is a budget amendment or  
5 request.

6 DR. BALSIGER: Madam Chair.

7 CHAIRWOMAN PEARCE: Just a moment. Mr.  
8 Balsiger.

9 DR. BALSIGER: I guess maybe I didn't  
10 follow on these overdue reports. I know that the memo  
11 requested some action. I didn't notice we took any action.

12 CHAIRWOMAN PEARCE: We don't but it's under  
13 the action items.

14 MS. PHILLIPS: It's under action items,  
15 that's the next one.

16 DR. BALSIGER: Thank you.

17 MS. PHILLIPS: Okay. First action item is  
18 a budget amendment request on Project 040707. I'd request  
19 that Brett Huber from Fish and Game come up. There were  
20 requesting \$18,600 additional amendment to fund the project  
21 for fiscal year 2005 and 18,600 for fiscal year 2006.  
22 Brett would you explain the amendment request, please?

23 MR. HUBER: Thank you, Gail. Trustee  
24 Council, for the record, I'm Brett Huber, I'm the program  
25 coordinator for the Alaska Department of Fish and Game,

1 EVOS Restoration Program.

2 First thing I need to do is correct a  
3 little bit of information from the budget that was  
4 provided. You'll see that the budget that was provided  
5 lists the amount requested as 18.2 each year as Gail  
6 pointed out. There was actually an error in the  
7 calculation of the GA amount. There was an old budget form  
8 used that calculated the GA at the old amount of 13.5  
9 percent instead of 9 percent. So GA is reduced from 2.2 to  
10 1.7 -- or 1.5 thousand dollars, which makes the request  
11 17.5 each year for a total of \$35,000 instead of the 36.2.  
12

13 All right. This project is a project  
14 that's being done in cooperation with the University of  
15 Alaska Fairbanks doing sockeye smolt -- or sockeye salmon  
16 MVN work on lakes on the island of Kodiak. Both Karluk and  
17 Spiridon lakes. I won't give you a lot of background on  
18 the project.

19 I'll tell you why the request has come in.  
20 Originally the project was thought to have a technician  
21 funded by another project that would be able to work part  
22 time on this project as well. That other project funding  
23 went away in '04, which has left the project short of  
24 technician support. You'll note there's \$252,000, I  
25 believe, of total funding from EVOS that's provided for

1 this three project, '04, '05, '06. There's 129,000 per  
2 year or \$387,000 of in kind match cost year funding that's  
3 being brought by the Department and the university.

4                   Should this technician time, additional  
5 technician time, not be funded, I think probably the result  
6 is the sample processing would be slowed, which could slow  
7 both the completion and obtainment of the objectives of the  
8 report. And I believe that's all I have unless you have  
9 questions for me on this request.

10                   CHAIRWOMAN PEARCE: Are there questions?

11                   (No audible responses)

12                   CHAIRWOMAN PEARCE: Do we have a motion?

13 Mr. Meade.

14                   MR. MEADE: Question but it perhaps is as  
15 much for the trustees as it is for Brett. As I look at  
16 each of these proposals and I also realize over this past  
17 year we need to place -- focus an emphasis on the issues of  
18 both lingering oil and injured species, I've got to ask  
19 myself with these, when we've asked other proposals to be  
20 curtailed or constrained or forego funding, I think we need  
21 to ask of ourselves that same level or threshold of  
22 responsibility.

23                   And so if I hear in your presentation the  
24 failure of these dollars over the -- for the additional  
25 increase will simple slow the outflow of the accomplishment

1 and it isn't directly related to where we've had to -- if  
2 you won't refocus our efforts as a board of trustees over  
3 this past year and for probably the year ahead, I need to I  
4 guess bring that to our attention as we deliberate each of  
5 these and ask us to weigh that in the balance of our  
6 decisions.

7 MR. CAMPBELL: Madam Chair.

8 CHAIRWOMAN PEARCE: Commissioner.

9 MR. CAMPBELL: I would like to make a  
10 motion to approve this funding but then I would like to  
11 speak to my motion. And I would urge a no vote on my  
12 motion. I think while this project is running I understand  
13 very tight to budget, while the cost increment is small, I  
14 think for some of the exact same reasons that Joe's just  
15 outlined, I think we have to look first to ourselves before  
16 we can expect fiscal responsibility from anyone else.  
17 Within the department we'll certainly look at this and see  
18 what we can do to try to prevent that data and delivery  
19 being slowed. But if someone would give me a second.

20 MR. MEADE: Second.

21 CHAIRWOMAN PEARCE: There is a second. All  
22 those in favor say aye.

23 DR. BALSIGER: Well, Madam Chair.....

24 CHAIRWOMAN PEARCE: Mr. Balsiger.

25 DR. BALSIGER: These politics are slightly



1 different than I'm used to at the North Pacific Fishery  
2 Management Council so I want to be sure I understood that  
3 the maker of the motion urged us to have this motion fail  
4 for the reasons that he said.

5 MR. CAMPBELL: That is correct. And if I'm  
6 remiss on my Robert's, please correct me, but I believe  
7 that's the proper.....

8 CHAIRWOMAN PEARCE: You're not. That is  
9 the proper.

10 MR. CAMPBELL: .....that's the way to do  
11 it.

12 CHAIRWOMAN PEARCE: I would just ask, is it  
13 your intent that within the resources of the department you  
14 will do your best to finish the project?

15 MR. CAMPBELL: With the emphasis on do our  
16 best, yes, Madame Chair, it is.

17 CHAIRWOMAN PEARCE: Any other discussion?  
18 (No audible responses)

19 CHAIRWOMAN PEARCE: All those in favor say  
20 aye.

21 MR. MEADE: Aye.

22 CHAIRWOMAN PEARCE: Anyone opposed?

23 MR. MEADE: Aye.

24 CHAIRWOMAN PEARCE: He said -- Joe.....

25 MR. MEADE: Oh, wait, did I do this wrong?

1 CHAIRWOMAN PEARCE: Yes.

2 MR. MEADE: We have a motion.....

3 CHAIRWOMAN PEARCE: We were asked to vote

4 no.

5 MR. MEADE: .....to not fund.

6 CHAIRWOMAN PEARCE: No, we have a motion to

7 fund.

8 MR. MEADE: Oh.

9 CHAIRWOMAN PEARCE: The motion was -- the

10 motion is in the affirmative, which it has to be.

11 MR. MEADE: My I withdraw my aye?

12 CHAIRWOMAN PEARCE: You may. All those in

13 favor of the motion, please signify by saying aye.

14 (No audible responses)

15 CHAIRWOMAN PEARCE: All those opposed,

16 please signify by saying nay.

17 IN UNISON: Nay.

18 CHAIRWOMAN PEARCE: The motion fails. We

19 have not approved the budget amendment request of 040707.

20 MS. PHILLIPS: Thank you. The next one is

21 a budget amendment request for Project 040708 and 050750.

22 They're requesting supplemental amendment funds,

23 supplemental funds to the amount of \$15,750.50 in FY '05

24 and \$6,104 in Fy '06. And I had asked Dede Bohn to explain

25 these two budget amendment requests. Dede.

1 MS. BOHN: This is Dede Bohn by telephone,  
2 I'm the USGS liaison. Can you guys hear me okay?

3 MS. PHILLIPS: We can hear you.

4 CHAIRWOMAN PEARCE: Yes, we can, Dede.

5 MS. BOHN: Okay. This first project,  
6 040708, is one of your lingering oil projects. It was  
7 delayed a year. It had originally been planned for 04-05.  
8 It was delayed a full year while the PA went under extended  
9 cancer treatment. She is now back and planning to go in  
10 the field and has encountered some problems because of the  
11 year delay. She's encountered that salary costs have gone  
12 up and that her boat chart costs, originally the quotes she  
13 got have now increased fairly significantly.

14 There's also an increase in her project for  
15 a contract rather than a USGS geologist. Let me point out  
16 that she has surveyed these oiled spots in '92, '94, and  
17 '99 and the geomorphologist, the geologist who was on the  
18 project, was Dr. Dan Mann. When she came back and proposed  
19 to do this in 04-05, he was unavailable. But with the year  
20 delay, he is available now and can come back and that would  
21 be a significant addition to the project, because of the  
22 continuity and his previous knowledge and experience. And  
23 he actually set up the design for much of the work.

24 So she's requesting the increases that  
25 you'll see on the memo that should be in your packet to

1 meet those additional costs.

2 CHAIRWOMAN PEARCE: Are there questions?

3 MS. BOHN: Does anybody have any questions?

4 (No audible responses)

5 CHAIRWOMAN PEARCE: Any discussion?

6 (No audible responses)

7 CHAIRWOMAN PEARCE: Is there a motion?

8 MR. CAMPBELL: Move we approve.

9 MR. MEADE: I second.

10 MR. FREDRIKSSON: Second.

11 CHAIRWOMAN PEARCE: Motion to approve and a

12 couple of seconds. Any further discussion?

13 (No audible responses)

14 CHAIRWOMAN PEARCE: All those in favor, say

15 aye.

16 IN UNISON: Aye.

17 CHAIRWOMAN PEARCE: Anyone opposed?

18 (No audible responses)

19 CHAIRWOMAN PEARCE: Motion passes to fund

20 the additional '05 funds for Project 040708, lingering oil.

21 And Madam Chairman [sic] -- Gail.

22 MS. PHILLIPS: And 050750.

23 UNIDENTIFIED SPEAKER: The motions are

24 separate.

25 CHAIRWOMAN PEARCE: They're separate

1 motions.

2 MS. PHILLIPS: Okay.

3 CHAIRWOMAN PEARCE: So we need to do that  
4 one as a separate.

5 MS. PHILLIPS: Dede, anything further on  
6 050750?

7 MS. BOHN: Yeah, I can discuss that one.  
8 That proposal is regarding a data management programmer and  
9 it's part of the nearshore monitoring plan that's being  
10 worked. I'm going to ask Michael Schlie from the EVOS  
11 office to help with the discussion of this because actually  
12 the request came from Rob Bochenek and Michael Schlie.  
13 It's to add a contractor under their guidance and  
14 assistance to help set up a data management framework for  
15 this project work. And the person would be signing and  
16 setting it up during the two years of the project but then  
17 the whole data portion of this monitoring effort would be  
18 taken over by the EVOS staff, Rob and Michael and their  
19 crew. So Michael, would you like to explain this, add  
20 some?

21 MR. SCHLIE: Yes, I'm here, Dede. Thank  
22 you very much. This report is a little amendment request  
23 funding to hire a data programmer/analyst to assist in the  
24 collection and management of nearshore monitoring data.  
25 Specifically this person will be working closely with the

1 principal investigators and the researchers in the field  
2 and elsewhere to create a computerized management system  
3 based on the standard operating procedures of the project  
4 to accurately store and analyze the data being collected.  
5 Accurate collection and storage of this data into a  
6 centralized management system would greatly enhance the  
7 value of that data to the overall project.

8                   Early on in the project it was anticipated  
9 that EVOS data management staff would be responsible for  
10 the development and maintenance of such a system. However,  
11 after conducting an initial analysis of the scientific data  
12 to be collected and the means by which that data would be  
13 collected, we the data management staff, Rob and myself,  
14 determined that it would be necessary to work extensively  
15 with the researchers to fully implement such a system.

16                   Due to the travel an extensive time away  
17 from the office that this would require, we do not feel  
18 that we could take on such a project while still fulfilling  
19 our essential duties to the Trustee Council. The approval  
20 of this amendment would allow for a data analyst to work  
21 closely with the project researchers on a continuing basis.  
22 And the EVOS data management staff will continue to provide  
23 technical assistance as we are able in supported project.

24                   On addition, we plan to make appropriate  
25 technological resources in our office, such as Internet

1 servers, available for use as needed. So I'd be happy to  
2 answer any questions you have regarding data management  
3 specifics on this project. I think general project  
4 questions could be probably better addressed to Dede Bohn.

5 CHAIRWOMAN PEARCE: Questions? Dr.  
6 Balsiger.

7 DR. BALSIGER: Thank you, Madam Chair. At  
8 the outset the idea was to house, maintain, and support the  
9 system in-house by EVOS staff. I understand you can't  
10 develop it, but it will still be housed and supported and  
11 maintained in the out years by the staff?

12 MR. SCHLIE: That's correct, yes. The  
13 person will work closely with us, we'll be working with  
14 them on a continuing basis. And we have definitely the  
15 capacity within our office to house this data.

16 DR. BALSIGER: So the memo says that the  
17 housing, maintaining and support will not be possible but  
18 that's not -- it's just not quite accurately worded, but I  
19 understand. Thank you.

20 CHAIRWOMAN PEARCE: Is there further  
21 questions.

22 MR. MEADE: Drue.

23 CHAIRWOMAN PEARCE: Yes, Mr. Meade.

24 MR. MEADE: I just would like to ask if he  
25 could observe for us what the implications would be to not

1 provide the funding here as requested to accomplish the  
2 analysis in the work.

3 MR. SCHLIE: Well, I think by not providing  
4 this, we'd lose out in a couple of ways. Number 1, if this  
5 data can be collected into a computerized collection  
6 system, database system, the collection of the data is  
7 going to be much more accurate at the time it is collected.  
8 And following that, as far as analyzing, performing  
9 statistical analysis on that data, it's much more efficient  
10 and much easier to do if that data is organized into a  
11 database system.

12 MR. MEADE: Can that work be accomplished  
13 within the Trustee operating office by re-prioritizing our  
14 work and being able to accomplish that, if it is a priority  
15 task?

16 MR. SCHLIE: Are you referring to the  
17 analysis of the data? Yes, I think that can definitely be  
18 done within the office. But that would be something that  
19 would done, I think, in the future, after the data has  
20 already been collected and organized.

21 MR. MEADE: Thank you.

22 CHAIRWOMAN PEARCE: Additional questions?  
23 Dr. Balsiger.

24 DR. BALSIGER: I'm sorry, Madam Chair, but  
25 I had -- since this appears on two pages, I had a question



1 on a different page. So can you tell me what the initial  
2 level of funding was that we're augmenting with this  
3 39,000?

4 MR. SCHLIE: Dede, would you like to.....

5 MS. PHILLIPS: Dede, can you speak to  
6 the.....

7 MR. SCHLIE: .....comment on that?

8 MS. PHILLIPS: .....funding request?

9 MS. BOHN: Well, is your question the  
10 initial level of funding for the entire project?

11 DR. BALSIGER: Yes. What's at jeopardy if  
12 we don't come up with the extra 40,000? What are we  
13 losing, I guess?

14 MS. PHILLIPS: Did you hear the question?  
15 Dede, did you hear the question?

16 MS. BOHN: Oh, no I'm sorry. Go ahead.

17 MS. PHILLIPS: Okay.

18 MS. BOHN: Ask it again, please.

19 MS. PHILLIPS: Okay. The question was,  
20 what is in jeopardy if we do not come up with the  
21 additional funding?

22 DR. BALSIGER: And more specifically, what  
23 was the initial level of funding that -- I should have just  
24 said yes.

25 MS. BOHN: Okay, the initial in '05 for

1 this project was \$227,300.

2 CHAIRWOMAN PEARCE: Additional questions?

3 (No audible responses)

4 CHAIRWOMAN PEARCE: Do we have a motion?

5 MR. MEADE: I would make a motion similar  
6 to earlier that we decline or that we do not provide the  
7 augmented funds for the same reason of keeping our focus  
8 within the operation of our office as we are asking of our  
9 investigative activities during the -- focusing our efforts  
10 towards our principal tasks in the next 18 months.

11 CHAIRWOMAN PEARCE: Okay, so you should  
12 make your motion in the positive.

13 MR. MEADE: My motion in the positive is to  
14 do as the former commissioner did in making a motion --  
15 let's see, a motion in the positive is to.....

16 CHAIRWOMAN PEARCE: To motion to accept.

17 MR. MEADE: To accept the request and I  
18 suggest that we should deny the motion.

19 CHAIRWOMAN PEARCE: Is there a second?

20 MR. CAMPBELL: This is a second and Madam  
21 Chair I'd like to.....

22 CHAIRWOMAN PEARCE: Commissioner.

23 MR. CAMPBELL: .....speak to -- I agree  
24 with the reasoning for the -- while I found the reasons for  
25 the second budget request convincing -- I don't think

1 anyone can argue with that -- the reasons, you know, I urge  
2 a no vote on this for exactly the same reasons as we  
3 discussed in the first. I would just say this is also a  
4 much larger amount. This is roughly more than the other  
5 two put together on a yearly basis.

6 CHAIRWOMAN PEARCE: Is there other  
7 discussion?

8 MR. MEADE: My only other discussion, Madam  
9 Chair, would be to ask of the Executive Director to assist  
10 in staging the priorities for this near quarter million  
11 dollars of work that's being done to be able to find  
12 efficiencies to accomplish the task within budget. If that  
13 can be approved.

14 CHAIRWOMAN PEARCE: Are we ready for the  
15 question? All those in favor, say aye.

16 (No audible responses)

17 CHAIRWOMAN PEARCE: All those opposed, say  
18 nay.

19 IN UNISON: Nay.

20 CHAIRWOMAN PEARCE: Motion fails. Madam  
21 Executive Director.

22 MS. PHILLIPS: The next item on our agenda  
23 for action is to move to -- back to the overdue projects  
24 list. We have -- this report is on extremely overdue final  
25 projects that occurred between the years of 1993 and 2000.

1 Some of the final reports due to EVOS on projects have been  
2 overdue for so long, there appears to be no hope of ever  
3 receiving them. Many of the PI's for these projects have  
4 retired or moved to other jobs and they have made no  
5 attempt to finish their work with us by providing the final  
6 reports.

7                   These projects are: 00530, lessons learned  
8 evaluating the scientific sampling of oil spill effects by  
9 Marianne See; Project 98291, Chenega area shoreline,  
10 Marianne See; Project 00509, long term monitoring of harbor  
11 seal populations, development of an experimental design by  
12 Robert Small; and projects 93065/94217, Prince William  
13 Sound recreation by Steve Hennig.

14                   And I'd like for Carolyn to report on these  
15 projects, bring you up to date on what we do have and the  
16 request then for removing these from the overdue projects  
17 list so that we can get them into a format that they can be  
18 -- the information and data that we have can be published  
19 at ARLIS. Right now we can't do anything with the  
20 information or data because they are still on this list.  
21 Carolyn.

22                   MS. ROSNER: Hi, I'm back with more reports  
23 to report on. So Gail introduced what we're up against  
24 here. And since this memo was written, I've been doing a  
25 lot of digging around in the offices and in the files and

1 asking people. And I've managed to come up with, like she  
2 said, we do have four reports that physically present. We  
3 have hard copies of them and we also have peer reviewer  
4 comments. The only project that we don't have anything for  
5 is effects of harbor seal metabolism, the shell report. We  
6 don't have anything from him and I think he's out of state  
7 now. So the peer review comments are also present  
8 physically, they're largely editorial, a combination of  
9 laudatory comments and requests for minor changes. But  
10 they're there to be read by somebody if they were to go to  
11 the library.

12                   It's been argued that putting investigators  
13 on a black list might be a bit harsh, considering that we  
14 do have reports for four of the five projects. So that  
15 would be up to you to decide what to do. Since there, as  
16 you can see, there's a list of people who have never, ever  
17 submitted anything. So there's that point to consider.  
18 But I was encouraged to find that we did have four of the  
19 five and they're just about ready to go and they just need  
20 a nod to go on with maybe the write up that Carrie Holba  
21 proposed.

22                   And again, this is something that I  
23 inherited when I came on board a month ago and I'm so I'm  
24 just -- this was given to me as here are these really old  
25 projects, let's see if we can't get them finalized.

1 MS. PHILLIPS: And Carrie's  
2 recommendations, in order for us to get them into a format  
3 that they can be included in the ARLIS library and the  
4 information available to the public, her recommendation,  
5 that we include a statement that reads, this report was  
6 prepared as part of the Exxon Valdez Oil Spill Restoration  
7 Program. It has been independently peer reviewed for  
8 scientific content. Peer review comments are included but  
9 have not been addressed within the report. The findings  
10 and conclusions presented in this report are those of an  
11 individual investigator or investigators and author or  
12 authors and do not necessarily reflect the views of the  
13 Exxon Valdez Oil Spill Trustee Council.

14 I think that would cover the fact that we  
15 don't have the final-final from these folks but we have all  
16 the data and all the information and it allows us to get  
17 them published and the data out there, reports out there.

18 CHAIRWOMAN PEARCE: Mr. Commissioner.

19 MR. CAMPBELL: Madam Chair, I think the  
20 proposed solution of putting this explanatory paragraph on  
21 and going in, going to the ARLIS is a good idea. I urge  
22 you to do that. But I would like to make a motion that we  
23 defer action on all of -- formal action on all of these  
24 reports until our August meeting. One, it sounds like  
25 there's a faint possibility some of them actually may be

1 formally completed.

2                   But in the time between now and the August  
3 meeting we ask Ms. Rosner and appropriate EVOS and  
4 appropriate liaisons to review the final approval process  
5 and take a look and make sure they come back to us that you  
6 think that is the most appropriate formal process. It  
7 seems to me that there are a surplus of hoops and that  
8 there may be some ways to sort of simplify this and allow  
9 you to -- basically to make your life a lot easier in  
10 getting some of these approved.

11                   CHAIRWOMAN PEARCE: So your motion is.....

12                   MR. CAMPBELL: To wait till August.

13                   CHAIRWOMAN PEARCE: But you asked that they  
14 go ahead with these five reports and.....

15                   MR. CAMPBELL: If they.....

16                   CHAIRWOMAN PEARCE: Do we need to take  
17 action before they can go over to ARLIS on the five?

18                   MS. PHILLIPS: ARLIS cannot publish  
19 them.....

20                   CHAIRWOMAN PEARCE: Okay.

21                   MS. PHILLIPS: .....cannot put the  
22 information or data out for public consumption until these  
23 are -- we take some kind of final action. And the -- I  
24 have to just report, the work on trying to get these  
25 reports from the PI's has been going on for years.

1 MR. CAMPBELL: I'm aware of that.

2 MS. PHILLIPS: Years and years.

3 MR. CAMPBELL: Is there a second?

4 CHAIRWOMAN PEARCE: I was.....

5 MR. FREDRIKSSON: I'll.....

6 CHAIRWOMAN PEARCE: I'm still just trying

7 to figure out -- you can second after we figure out exactly

8 what the motion is. There are two sets of -- there's the

9 five and then there's the larger set. It's your motion to

10 everything?

11 MR. CAMPBELL: Everything.

12 CHAIRWOMAN PEARCE: Wait until August. Is

13 there a second?

14 MS. PHILLIPS: Could I just clarify on

15 that? The Excel spreadsheet of overdue reports is

16 something that's ongoing with the liaisons and everybody

17 already. That if -- your motion should address just the

18 five.

19 MR. CAMPBELL: No.....

20 MS. PHILLIPS: Because the work on the

21 overdue projects list is something that is continuing and

22 going on constantly with the liaisons and with the PI's and

23 everybody. And there's a formal process for that, for the

24 quarterly reports, annual reports, final reports, and such.

25 MR. CAMPBELL: Madam Chair. I'll re-



1 clarify my motion. My motion is to defer all reports until  
2 August. I certainly do realize that there is -- and if I  
3 may speak to my motion now -- I realize there is ongoing  
4 work and I appreciate the work you are doing and I  
5 appreciate you have brought on additional staff to do that,  
6 I commend you on doing that. What my suggestion is in  
7 looking at the various formal -- the hoops that required  
8 for formal approval of reports, I'm asking your staff and  
9 the liaisons together to collectively look at that and  
10 bring recommendations back to us at our August meeting  
11 whether -- is that the most appropriate method or is there  
12 some manner of streamlining the method that would make your  
13 life and our lives all simpler.

14 MS. ROSNER: It's occurred to me that there  
15 could be things we could do to help facilitate that. It  
16 does seem a little difficult right now but I'm trying to  
17 wait until I'm a little more familiar with how things work.  
18 But the peer review process is something that we've been  
19 looking at a little bit because of course there are 24 on  
20 the ongoing list that need peer review. But that brings up  
21 the question of what do we want people to actually peer  
22 review and what do we not want them to peer review and how  
23 do we do that. So.....

24 CHAIRWOMAN PEARCE: Okay. So on the  
25 request to remove five reports from the overdue list, we

1 have a motion to defer.

2 MR. CAMPBELL: I motion to defer.

3 CHAIRWOMAN PEARCE: Do we have a second?

4 Is there a second?

5 MR. FREDRIKSSON: I'll second.

6 CHAIRWOMAN PEARCE: We have a second. Is  
7 there discussion? Commissioner Fredriksson.

8 MR. FREDRIKSSON: Jim, go ahead.

9 CHAIRWOMAN PEARCE: Dr. Balsiger.

10 DR. BALSIGER: Yes, I guess I -- and I  
11 suppose it's easier for me to say since none of these show  
12 NOAA beside them but I guess I would hope that at the last  
13 shot here that the commissioners would -- council member,  
14 trustees would make one last effort to try to get those  
15 reports rather than just to write them off. And perhaps  
16 there can't be any effort greater than what the liaison has  
17 made already, but if we could just confirm that when we  
18 meet in August, I think that would be an easier way to deal  
19 with these five that we funded and don't seem to have the  
20 response from.

21 CHAIRWOMAN PEARCE: And Commissioner  
22 Fredriksson.

23 MR. FREDRIKSSON: This was a topic that  
24 came up at the last council meeting, Gail, when I think you  
25 shared with us this spreadsheet and at the time I expressed

1 real concern. And I guess I'm just going to echo that  
2 today. And Jim I'm going to bring you into the rest of the  
3 fold because I see -- my concern with this list, it goes  
4 way beyond the five. My concern -- and I believe you cited  
5 17 and I just counted them on the spreadsheet -- 17 reports  
6 have never been submitted. That to me is the problem.

7 I'm much less concerned about reports that  
8 were actually submitted, peer reviewed, maybe the peer  
9 review comments didn't get incorporated. That we can work  
10 on. I'm very concerned that we have those sev -- that's  
11 kind of a black eye I think on the process. And we need to  
12 do something about it in my opinion.

13 So if I might, because I agree that we need  
14 to come back to this in August, and in the interim, I'd  
15 like EVOS staff to work with liaisons to really nail this  
16 down procedurally so that we can have a system that works.  
17 But I'd also like the EVOS staff and the liaisons to work  
18 out whether its -- I'm not real familiar with this black  
19 listing or, you know, public stockades. I don't know what  
20 it is. But those 17 reports, there's the problem. And  
21 there needs to be something to correct that.

22 CHAIRWOMAN PEARCE: Mr. AG.

23 MR. NORDSTRAND: I'm just wondering if we  
24 could also add on as a column here the cost. And I suppose  
25 there's relative concern based upon how expensive the

1 project might have been and how little we've gotten back.  
2 But I think that might be useful for us. And being the new  
3 guy here, I'm curious, do we do anything more substantive  
4 than simply not send them any more work? I mean, in the  
5 past, what has happened with PI's that simply don't turn in  
6 a work product?

7 MS. PHILLIPS: The Council made a decision  
8 that if a PI has overdue reports and submits a new project  
9 for funding that they don't get the funding. We don't have  
10 any other -- as far as black lists -- we don't have any  
11 other mechanism other than spending inordinate amounts of  
12 time, both the liaisons' time and staff time, trying to get  
13 these reports in from the PI's.

14 MR. MEADE: I like Kurt's recommendation of  
15 public stockades. We probably could engage the mayor here  
16 in Cordova.

17 CHAIRWOMAN PEARCE: Commissioner.

18 MR. CAMPBELL: Madame Chair.

19 MR. GERSTER: Madam Chair. Madam Chair.

20 CHAIRWOMAN PEARCE: Just a moment.

21 Commissioner.

22 MR. CAMPBELL: I'd be happy to give.....

23 CHAIRWOMAN PEARCE: Okay. Dr. Gerster.

24 DR. GERSTER: We pretty much solved this on  
25 the board of the Science and Technology Foundation. When

1 we gave out a grant, we gave them 90% and they got their  
2 10% when they gave us the report. And there's nothing like  
3 a financial incentive to get a report in your hands. I may  
4 suggest that.

5 CHAIRWOMAN PEARCE: Thank you. Mr.  
6 Commissioner.

7 UNIDENTIFIED SPEAKER: Can I make a  
8 comment?

9 MR. CAMPBELL: Madam Chair, one I  
10 would.....

11 CHAIRWOMAN PEARCE: Actually we have a  
12 motion so it's not appropriate to take comments from the  
13 floor.

14 MR. CAMPBELL: One, I would sort of endorse  
15 that method for us to think about and I hope that type of  
16 thinking is some among the thinking that you all will come  
17 to us about. For those folks for we have paid money to and  
18 received no product from, I would also like recommendations  
19 back about what we do with that. I come fresh from 10  
20 years from private practice where if I took a lot of money  
21 and didn't deliver somebody a product, they would come  
22 after me.

23 CHAIRWOMAN PEARCE: So the expectation is  
24 that staff will bring back to us as an action item a change  
25 to the process and that we could adopt a new process if

1 it's warranted.

2 MR. CAMPBELL: If it's warranted.

3 MR. MEADE: A performance based approach.

4 CHAIRWOMAN PEARCE: Dr. Balsiger.

5 DR. BALSIGER: Well, I was going to say, I  
6 don't know that our expectation is for a change but it's  
7 certainly to -- a review of the current practice and if  
8 there's some change they would recommend, that's fine. But  
9 science is a cumbersome process, of course. I think peer  
10 review is important and it's not easy to do it efficiently.  
11 So for the sake of efficiency, we can't give up on the  
12 scientific principals that we need to support all of this  
13 work. Nonetheless, I'm anxious to see if they have some  
14 ideas.

15 CHAIRWOMAN PEARCE: Okay. Does everybody  
16 understand the motion?

17 (No audible responses)

18 CHAIRWOMAN PEARCE: We have a motion before  
19 us, all those in favor say aye.

20 IN UNISON: Aye.

21 CHAIRWOMAN PEARCE: Anyone opposed?

22 (No audible responses)

23 CHAIRWOMAN PEARCE: The motion carries and  
24 we will defer action until August and expect a review by  
25 the staff and perhaps some recommendations.

1 MR. CAMPBELL: And welcome aboard.

2 MS. ROSNER: Thank you.

3 CHAIRWOMAN PEARCE: Madam Executive  
4 Director.

5 MS. PHILLIPS: Okay. The next item has --  
6 we'll switch gears here and go to our revised investment  
7 policy and I will ask Paula Banks and Gary Bader to come  
8 forward.

9 MS. BANKS: Good morning. My name is Paula  
10 Banks. I work for the Exxon Valdez Restoration Office.  
11 I'm the admin manager. Today what I'd like to do is  
12 introduce to you Gary Bader, which is our chairperson for  
13 the investment working group. And he's also the chief  
14 investment officer for the Department of Revenue, Division  
15 of Treasury. He's going to give you a 2005 investment  
16 projection. And you have in front of you as well a  
17 resolution to adopt our new asset allocation policy which  
18 is reviewed on an annual basis. Gary.

19 MR. BADER: Thank you. Madam Chair,  
20 members of the Council, members of the advisory group and  
21 Director Phillips, thank you for the opportunity to come  
22 here today and discuss with you the investment asset  
23 allocation for the various funds managed by the Trustee  
24 Council. A study many years ago by Abbotson and Brinson  
25 made the determination that investment returns is 90

1 percent dependent upon the asset allocation that a fund  
2 undertakes and less dependent upon market timing and  
3 security selection.

4               The Council is charged with determining the  
5 asset allocation for the funds under investment. Asset  
6 allocation process includes making capital market  
7 assumptions, projecting what asset classes will do over the  
8 course of time. And after the assumptions are in place,  
9 using an optimizer to figure out what is the best  
10 combination of assets given the amount of risk or the  
11 desired return of the fund. You have in your packets a  
12 partial part of the presentation done by Callan &  
13 Associates for the Alaska Treasury Division. Callan also  
14 does the same work for the Alaska Permanent Fund and the  
15 Alaska State Pension Investment board.

16               So what you have, most of the items that  
17 you have in the presentation are exemplars prepared by  
18 Callan. It is not my intent to read to you the whole  
19 presentation that is in your packet but to have it there  
20 and to go page by page, maybe highlighting an item or two  
21 to show you the depth of thought that goes into the  
22 preparation of capital market assumptions. Page two is  
23 merely attributing the work that you're going to be looking  
24 at primarily to Callan & Associates.

25               Page 3 talks about the process that they



1 undertake. First of all, they evaluate the current market  
2 environment, the economic outlook. They examine recent and  
3 long term trends and asset class performance. They apply  
4 their market insight and then they a projection for  
5 reasonableness. It wouldn't do any good if you made a  
6 projection that you just knew didn't make any sense. For  
7 example, in 2003 small cap stocks had returns somewhere in  
8 the area of 40-some percent. You wouldn't project that  
9 based on a mere statistical projection, you have to look  
10 back over time and see what is reasonable. On page 4, I  
11 would highlight two bullet points.

12                   First, that the projections that Callan  
13 does represent their best thinking for a five year  
14 investment horizon. It is not their guess at what the  
15 market is going to do next year. I would also point out  
16 that in bullet point one it talks that the projections  
17 represent a mid-point in a range rather than a specific  
18 number. We'll talk more about range later on but standard  
19 deviation is the tool that is used to make those  
20 projections. Once again they want to make sure that the  
21 results are defensible both on the individual asset class  
22 and for total portfolios.

23                   On page 5, I would point out to you that it  
24 just represents the returns of various asset classes used  
25 by the Alaska Permanent Fund Pension Investment board and

1 the Exxon Valdez Oil Spill Trust Council. For example,  
2 your investments are in three pools run by the Department  
3 of -- by the Treasury Division. First of all, you're in  
4 the Russell 3000 asset class and you can see that over the  
5 last five years it's had a negative return. You're in what  
6 -- an asset class called EAFE, which is Europe Australia  
7 and Far East. And lastly, you're in the Lehman Brothers  
8 aggregate, which is a collection of fixed income  
9 investments.

10                   Page 6, I would merely point out to you  
11 that they're observing that the leadership in the economy  
12 in terms of what is driving the economy is likely to go  
13 from consumer investments to business. Page 7 demonstrates  
14 that, it just shows the expansion of the US economy for the  
15 last three years.

16                   If there are any questions, I'll be happy  
17 to answer them but if I -- I'm just going to charge on  
18 through unless I see some objection. Page 8 shows their  
19 thoughts about various asset classes. Page 9, this  
20 demonstration that they're looking at, industrial  
21 production, not just what the consumers are doing. Page 10  
22 looks at manufacturing capacity utilization. Page 11 shows  
23 that the corporate profits have been rebounding and had  
24 been continuing to rebound although slightly less in 2004  
25 than what was in 2003. But nevertheless, a good rate of

1 growth.

2                   Page 12 shows that wages as a percent of  
3 GDP have been declining although GDP itself, economic  
4 profits, have been increasing. I was just listening  
5 earlier this morning to a presentation by Chairman  
6 Greenspan. In the Humphrey Hawkins reports and he talked  
7 some about wages in the US and why they do not seem to be  
8 going up for the bulk of the citizens. And they attributed  
9 a lot of that directly to the educational levels in the  
10 country and how we tend to lag our competitors  
11 internationally once our students get beyond fourth grade.

12                   Page 13 attributed a lot of the increase in  
13 the economy to the decline in interest rates, the booming  
14 in the housing industry, people refinancing their homes,  
15 buying new toys, but not a lot of savings. Page 14 shows  
16 how home prices have risen inversely with the decline in  
17 interest rates. Page 15 talks about the affordability  
18 index. The affordability index is related to the amount a  
19 person -- the amount of income a family receives versus the  
20 cost of a mortgage. And of course with mortgage rates  
21 declining, home values have increased and that has driven  
22 the economy.

23                   It talks about inflation. The FED has  
24 raised inflation rates, short term inflation rates,  
25 something like nine times in a row in the past year.

1 Callan believes that inflation will remain under check,  
2 partly because of the FED action and partly because of  
3 other pressures in the economy. However, that is  
4 threatened by the soaring energy costs and the drop in the  
5 dollar.

6                   Page 17 shows that inflation has picked up.  
7 Of course, it was almost negative at one point and for  
8 awhile, even Chairman Greenspan was talking about negative  
9 inflation. Disinflation was the word he used, and they're  
10 no longer talking in that way. Page 18 just shows that the  
11 interest rates have started to increase but Callan expects  
12 them to be gradual. Page 19, not much potential left for  
13 surges in demand for cars or houses. And now see most  
14 recently the downgrade in the credit rating of Ford and GM  
15 which is a significant event.

16                   Page 20, the US dollar is still expected to  
17 decline. Page 21, is now we're starting to summarize how  
18 Callan gets to the capital market assumptions that they  
19 did. And I would point you out to the one, two, three --  
20 fourth bullet point on that page. Callan's outlook in a  
21 nutshell. Expect a low inflation, low interest rate, low  
22 return environment. Low return. We're not going to see  
23 what we saw in the 90's in terms of investment returns. At  
24 least as far as Callan is concerned. 22 is some historical  
25 information, kind of helps one judge the yield rates on

1 bonds versus the performance in equity markets.

2                   Page 23, I think if you look at -- in the  
3 year 2003, you see a big spike in the market. That's small  
4 cap stocks. What a great year, we wish we could all have  
5 2003 back every year. But page 24, bond market faces a  
6 challenging environment. And as we all know, interest  
7 rates have dropped considerably and there doesn't seem to  
8 be much potential for large declines in the future. It's  
9 kind of counter-intuitive but as interest rates decline,  
10 the value of those securities increases.

11                   So if you want something to yield five  
12 percent and you invest a thousand dollars, you'll get a \$50  
13 annual return. Well if now people only require a four  
14 percent, that \$50 will have to be earned on a larger  
15 amount, so prices will have gone up. So this has been kind  
16 of wind at the back of investors in fixed income  
17 securities. As interest rates have declined, fixed income  
18 securities have done well. Now that people are thinking  
19 that interest rates are going to return, that does not have  
20 a good import for fixed income securities until once again  
21 markets stabilize.

22                   So Callan, on page 25, sums up their  
23 thoughts in saying inflation, they continue to expect or  
24 project a 2.6 percent increase in inflation. Bond returns,  
25 somewhere in the neighborhood of 4.75 percent. Equity

1 returns will vary. Real GDP growth, which would mean a  
2 yield of about 5.5 to 6.5 percent. On page 26, these are  
3 the numbers that Callan uses as we put together an asset  
4 allocation. I would draw your attention to the top line  
5 that says broad domestic equity. And if you go over, the  
6 projected annual return is nine percent for stocks in  
7 general over the next five years.

8                   The next column is a standard deviation.  
9 Standard deviation is basically a -- oversimplify it for  
10 the scientists in here -- but they're saying that stock  
11 yields will be 9 percent plus or minus 16.9 percent two-  
12 thirds of the time. So they're saying they expect rate --  
13 you know, they're not saying the market is going to go up  
14 nine percent next year, they're just saying that over time  
15 that would be the expectation. And this is a five year  
16 projection. So every projector leaves some wiggle room and  
17 they leave plenty there.

18                   These are important projections however  
19 remember I said you were in three asset classes. Broad  
20 domestic equity and we, the Department of Revenue, has a  
21 pool that they -- actually have State Street Bank invest  
22 that money in an index, a Russell 3000 index fund. And it  
23 tracks very closely to what the market actually does, what  
24 that index does. So it actually makes maybe a hundredth of  
25 a percentage better than the market because there are ways

1 that they can invest before index changes.

2                   Then you have domestic fixed income down  
3 there and your proxy is a Lehman bond aggregate fund and  
4 the Department of Revenue and the staff that works for me  
5 actually make those investments and there's a pool that  
6 many funds are participant in that pool and that fund has  
7 over-performed in the past year. So that has not hurt  
8 returns.

9                   And then lastly you invest in non-US  
10 equities. And that fund is managed by Lazard Frere, under  
11 contract to the state, you participate in that. Well, you  
12 have three investment vehicles: stocks; international  
13 stocks; and fixed income. The idea under modern portfolio  
14 theory is to combine those investments in such a way that  
15 you will get the highest return for the least amount of  
16 risk. The least amount of variation, where that standard  
17 deviation comes into play. And the capital market  
18 optimizer also looks at something on the next page, which  
19 are correlation coefficients. And correlation coefficient  
20 is nothing more than a measure of how one investment return  
21 over time tends to move in sync with another investment  
22 return.

23                   So if you look at broad domestic equities  
24 and you see 1.0 under broad domestic equity, well broad  
25 domestic equities tend to move the same way as broad

1 domestic equities. So that's 1.0. But if you want to  
2 compare broad domestic equities with let's say treasury  
3 bills, well it turns out that the stock market actually  
4 tends to move in a different direction than treasury bills,  
5 and so you see a negative .12. All that is put together  
6 and there is a optimizer that we have in our office which  
7 takes into account correlation, coefficients, projected  
8 returns, and the standard deviations of the various  
9 investment classes.

10                   We plug that information in and we get an  
11 output that you see on the last page of your handout. And  
12 that output, across the top you'll see investment funds,  
13 the research fund, the habitat fund, Koenig fund. You see  
14 four, five and six? Those are investment scenarios that we  
15 just plugged in to see what they look like. Scenario  
16 seven, which is shaded, is the recommended scenario for  
17 adoption by the Council. Eight and nine are informational  
18 and the far right column is current target, which is what  
19 your current investment allocation is now.

20                   If you look down the page about half way,  
21 you can see projected return and you can go across and see  
22 what the projected returns are given the assumptions that  
23 we just talked about. Projected return, standard  
24 deviation, and correlation. An investment working group  
25 got together and looked at the various possibilities for



1 recommendation to the Council. We had a lot of other  
2 scenarios there. It was the premise that the Council had  
3 an objective of trying to earn a rate of return somewhere  
4 between 4 3/4 and 5 percent in excess of what inflation  
5 would be. Remember, inflation, under the projections that  
6 we looked at earlier, was 2.6 percent.

7                   So if you look at the recommended column  
8 you'll see a projected return of 7.5 percent. A one-year  
9 probability of loss, of experiencing a loss of 25 percent.  
10 And that was the recommendation of the investment working  
11 group to bring to the Council for adoption today. It is  
12 very slightly different from your current target asset  
13 allocation simply because assumptions haven't changed much  
14 in the last three or four years. So the recommendation of  
15 the investment working group is that you adopt the asset  
16 allocation presented in a -- I believe you have a memo to  
17 you as well.

18                   CHAIRWOMAN PEARCE: Madam Executive  
19 Director, could you refresh our memory as to the members of  
20 our investment committee?

21                   MS. PHILLIPS: Yes. All of you have the  
22 list there, Gary.

23                   MR. BADER: I think she kept it with her.  
24 She's got it.

25                   MS. BANKS: Hi. Gary Bader of course,

1 which is our chairperson for the investment working group.  
2 Jim Balsiger and Peter Bushre, Craig Tillery, Bruce  
3 Nestledge, Barry Roth and Michael Burns.

4 CHAIRWOMAN PEARCE: Do we have a motion?

5 MR. CAMPBELL: I'll make a motion we accept  
6 the proposed asset allocation.

7 CHAIRWOMAN PEARCE: Is there a second?

8 DR. BALSIGER: Second.

9 CHAIRWOMAN PEARCE: We have a motion and a  
10 second. Discussion? Any discussion?

11 (No audible responses)

12 CHAIRWOMAN PEARCE: All those in favor,  
13 signify by saying aye.

14 IN UNISON: Aye.

15 CHAIRWOMAN PEARCE: Anyone opposed?

16 (No audible responses)

17 CHAIRWOMAN PEARCE: Motion carries. We  
18 have a new asset allocation.

19 MR. CAMPBELL: Madam Chairman.

20 CHAIRWOMAN PEARCE: Mr. Commissioner.

21 MR. CAMPBELL: I'd like to thank Mr. Bader  
22 for being here with us on a Saturday and traveling to  
23 Cordova. And we appreciate the work you do.

24 MR. BADER: Thank you, Mr. Campbell. Madam  
25 Chair, the next item on the agenda?

1 CHAIRWOMAN PEARCE: Yes. Go ahead, please.

2 MR. BADER: Just a brief explanation for  
3 the Council about how we work with this information. Let's  
4 suppose that the Executive Director has knowledge of a need  
5 to make a distribution of funds from one of the accounts  
6 that we hold for you. And that happened recently. I'm  
7 made aware of that through communication from the director  
8 or her appointee. And I respond to her with a suggestion  
9 about which asset class we might make liquidations from.

10 Generally the approach is to -- when we  
11 make a distribution of funds, is to try and bring one of  
12 the asset classes back into the target that the board has  
13 just passed. That isn't universally true, sometime it may  
14 be just a small amount and we may be able to handle it  
15 internally in our fixed income account. But basically I  
16 think the Executive Director wanted the Council to  
17 understand how we do that. Thank you.

18 CHAIRWOMAN PEARCE: Thank you. Madam  
19 Executive Director, anything else on this?

20 MS. PHILLIPS: That's it.

21 CHAIRWOMAN PEARCE: Okay. Before we go to  
22 the presentations by the Prince William Sound Science  
23 Center, we'll take a short break. It's five after noon,  
24 let's try to back in our seats by a quarter after. We're  
25 at ease.

1 (Off record - 12:05 p.m.)

2 (On record - 12:25 p.m.)

3 CHAIRWOMAN PEARCE: Let's go back on the  
4 record. All trustees are back along with the Executive  
5 Director and I know that members of the advisory committee,  
6 many of them are here and many of them will be coming back  
7 in.

8 We have three presentations from the Prince  
9 William Sound Science Center. We are going to take them  
10 out of the order that you see them on the agenda that we  
11 got approved because we're hoping that Dr. Rice lands in  
12 time to hear Dr. Thorne talk about the Pacific herring. So  
13 the first thing we'll do is the Copper River estuary. And  
14 we've got Dr. Mary Anne Bishop and I know that Nancy asked  
15 you to -- unfortunately since we are behind because we had  
16 so much public testimony -- to make your presentation as  
17 short as possible. On the other hand, we don't want to  
18 give you short shifts. So you have the floor.

19 DR. BISHOP: And I did take out four  
20 slides, so I have shortened it somewhat. I'm Dr. Mary Anne  
21 Bishop, I work at the Prince William Sound Science Center.  
22 Before I begin I wanted to acknowledge my co-principal  
23 investigator -- where is he -- Sean Powers. He's in eating  
24 and when he comes back I'll introduce you to him, he's with  
25 the University of South Alabama, Dauphin Island Sea Lab. I

1 wanted to talk today, since I have just a short time, to  
2 focus on one component of research that we're doing in the  
3 Copper River Estuary and that is -- estuary is a nursery  
4 habitat for juvenile fish and crabs.

5                   I wanted to start first with a map of the  
6 Copper River Watershed. This map is compliments of  
7 Ecotrust's GIS division. The Copper River Watershed is the  
8 sixth largest watershed in the state of Alaska, the first  
9 in the state being Yukon. I wanted to show this because in  
10 addition to all the major tributaries feeding into the  
11 Copper River, I wanted to point out to you that black line,  
12 which is the Trans-Alaska Pipeline. The Trans-Alaska  
13 Pipeline crosses both major and minor tributaries of the  
14 Copper River Delta.

15                   There is concern by both up river and down  
16 river residents that there could be a spill that would come  
17 down into the Copper and down into the Copper River Flats.  
18 The Prince William Sound Regional Citizen's Council is  
19 concerned about this too and they are doing an experiment  
20 this fall, putting pine cones in -- if I understand  
21 correctly -- and to monitor and see what would happen,  
22 actually mimic a spill in fact. But I do want to point out  
23 to you parts of the pipeline -- because there is a lot of  
24 concern about potential -- for a spill both out in the  
25 ocean and coming through the pipeline that could impact the

1 Copper River Delta.

2                   This is a satellite photo that was taken in  
3 August 2003 by a NASA satellite. I think it shows very  
4 well the influence of the Copper River, the fresh water  
5 coming down, influencing both the flats area behind barrier  
6 islands and the influence that it's having on the Alaska  
7 coastal current. Tremendous amount of water coming in.  
8 While we're the sixth largest watershed, we're the second  
9 in the amount of water discharge coming in the state after  
10 the Yukon River.

11                   Our research is focused on the western part  
12 of the Copper River Delta. If you look at a map of the oil  
13 spill impact area, it's always included up to the Copper  
14 River. And so that's where our research focuses on, down  
15 the western portion of the Delta.

16                   Now in addition to the tributaries that  
17 feed into the Copper and the Copper River, there are  
18 several glaciers and their rivers that feeding in and  
19 impacting fresh water in the estuary area from the Delta  
20 proper. As you fly in, I'm sure you've all seen some of  
21 the glaciers, especially like the Sheridan Glacier, is  
22 probably the one that's most notable as you fly in. And  
23 all those glaciers are pumping in a tremendous amount of  
24 fresh water into the Delta's mud flats in the summer.

25                   I want to give you a quick pictorial

1 chronology of the water conditions in the estuary. And if  
2 you keep in mind that blue is fresh down to that kind of  
3 reddish-orange, which is oceanic salt water conditions. In  
4 April, still salty out there and over by Orca Inlet, very  
5 salty with its influence from Prince William Sound.  
6 Getting fresher as the river breaks up beginning in May.  
7 Fresher through June. By July, almost totally fresh across  
8 the estuarine waters of the Delta. And in August fresh.  
9 By September that's relaxing as it returns more to a more  
10 oceanic state. And by October still a lot more salt water  
11 influence in the Delta.

12                   So the goal of our project is to develop  
13 the comprehensive understand necessary to predict how this  
14 nearshore ecosystem of the Delta would respond to an  
15 environmental perturbation be it an oil spill, climate  
16 change, or heaven forbid another earthquake.

17                   Why should we study the Delta? River  
18 discharge affects nearshore oceanography, it is critical  
19 habitat for wildlife and fish, it supports commercial  
20 subsistence and recreational fisheries. You know, I can't  
21 over-emphasize that. The Copper River Delta is the bread  
22 basket for the Cordova economy. The Delta is also  
23 environmentally sensitive and any results that we have for  
24 the Delta are applicable to sub-Arctic ecosystems. These  
25 are ecosystems that are understudied so anything we learn

1 would be applicable.

2                   We have a comprehensive biological and  
3 physical ocean observing system within our area and we have  
4 11 stations, the white squares across the area where we  
5 look at nutrients and we do salinity temperature  
6 measurements there as well as turbidity and fluorescence.  
7 We have seven trawl stat -- I'm sorry, the blue are 11  
8 stations for the CGD's and nutrients. The white are seven  
9 trawl stations where we trawl for the demersal fish. We  
10 sample the benthic invertebrates and then we're also  
11 sampling for nutrients in the fresh water systems, the  
12 major river systems such as the Eyak, Scott, the Sheridan,  
13 Alaganik Slough and the Copper.

14                   Some of the demersal fish and crabs that  
15 we've been finding in our trawls, Pacific halibut, starry  
16 flounder -- an important fish in the Japanese culture, they  
17 will eat starry flounder commercially. Rock sole, English  
18 sole, lingcod, and dungeness crab. Kind of the things that  
19 we've been looking at is the spatial variability of fish  
20 across the west Delta and Hartney Bay is just out here in  
21 Orca Inlet. That's the far west end of the Delta and Pete  
22 Dahl is our area that we sample closest to the Copper  
23 River.

24                   And I want you to look here at that yellow,  
25 that represents the dungeness crabs. And as you can see,



1 they're pretty concentrated over close to the Copper River.  
2 Well, why is that? I mean, we used to have dungeness crabs  
3 over in Orca Inlet. There was a big fishery there until  
4 the late 70's. Well, we think this is the culprit, the sea  
5 otter, which recolonized this area, moved into Orca Inlet  
6 in the late 70's and is in very high numbers. There's over  
7 4,000 of them in Orca Inlet and on the Western Copper River  
8 Delta around like Hartney Bay, Eel Grass, over till about  
9 Seal Bar Area. So we don't get the dungeness crabs, a lot  
10 of the juveniles, until we get over closer to the Copper  
11 River, where in fact there are very few sea otters in that  
12 area.

13                   So what are some of the other important  
14 juvenile commercial fish populations that we're finding?  
15 Pacific herring, hooligan runs -- the Delta has at least  
16 five hooligan runs. The next closest hooligan runs are  
17 west over by the Resurrection River by Seward. So the  
18 Delta is very important for eulachon, coho, sockeye,  
19 Chinook salmon -- lots of high numbers of juvenile salmon  
20 using the Delta -- lingcod, Pacific halibut and rock sole.

21                   So I just want to -- as I had mentioned  
22 earlier before, taken out some of the data slides -- but I  
23 want to just briefly talk about lingcod because I think  
24 it's interesting about what we can learn from our trawls.  
25 Our first year, four; second year, 47 we caught. And then

1 last year, 185. And this in fact mirrors what we are  
2 hearing from the fishermen, that they're finding much more  
3 increased numbers of the adult lingcod out in the Gulf of  
4 Alaska waters and in Prince William Sound. And these are  
5 all juveniles that we are finding on the Delta.

6                   So what are these fish eating? Our benthic  
7 invertebrate community is another aspect we've been  
8 investigating. Probably the most important benthic  
9 invertebrate is the *Macoma balthica* small clam. Most all  
10 the fish are eating that, as are the crabs. But they also  
11 eat other things such as marine worms, amphipods, and some  
12 of the other bivalves. I might add the *Macoma balthica*  
13 occurs in quantities up to 3 to 4,000 in a square meter on  
14 the Delta. Very, very high densities.

15                   The fish in turn are eaten by the top  
16 predators which on the Delta include harbor seals. We have  
17 a very healthy, stable population of harbor seals on the  
18 Delta, and then the sea otters, which as I mentioned  
19 earlier, are feeding primarily -- seem to be feeding on the  
20 dungeness crab, stopping the from some of the areas, and  
21 they're also feeding on a lot of the other clams.

22                   I wanted to talk briefly about the salmon.  
23 Since they are the motivating factor for all of us being  
24 here today in Cordova. We all know that the adults use the  
25 estuary as they're returning to go up river to spawn in

1 their different areas. But one of the most understudied  
2 phase in the life history of salmon is when the juveniles,  
3 that is from less than one year to about three years old,  
4 when they leave the fresh water, go out into the estuary  
5 and then they're making physiological changes which then  
6 enable them to move into the ocean waters.

7                   So we were interested in looking at how  
8 long and where are the juvenile salmon spending on the  
9 Delta. Where are they and for how long. So we're using  
10 some -- a relatively new tool that uses -- looking at  
11 chemical analysis using the inner ear drum or the otolith  
12 of the salmon. And we take the element of strontium which  
13 increases in concentration as she goes from fresh water.  
14 So you take this otolith, which is highly calcified, and  
15 you probably should -- and you look at it under a  
16 microscope and you can actually track the movement of the  
17 fish. So that blue -- if you follow that blue line there,  
18 initially its yolk sac is absorbed, which has some of that  
19 green signature in it. It's in the fresh water and then as  
20 it starts to move up into the estuarine water, the  
21 strontium increases and we can actually calculate that  
22 these juvenile fish, in this particular case, spent 31 days  
23 -- well they had been in the estuary 31 days when we caught  
24 it. So it's a very exciting new tool that we're working  
25 with on that project.

1                   So in summary, the river discharge from the  
2 Copper River is a major factor explaining the spatial  
3 variability in the biological community. The Delta has a  
4 productive benthic community that serves as a principal  
5 source of food for shorebirds and demersal fish and crabs.  
6 If any of you have been here in the first week of May for  
7 the shorebird festival, if you haven't come I urge you to  
8 come because it's quite a spectacular scene. I haven't had  
9 a chance to talk about shorebirds today but the Delta is a  
10 critical stopover in North America for shorebirds.

11                   The estuarine waters of the Delta are  
12 rearing habitat for juvenile coho and sockeye. And in  
13 addition to salmon, the Delta is a nursery habitat for many  
14 economically important fishery species including lingcod,  
15 halibut, eulachon, and the salmon.

16                   So I want to acknowledge our funders.  
17 Since 2000 the Prince William Sound Oil Spill Recovery  
18 Institute has funded us and then beginning in 2003, the  
19 Exxon Valdez Oil Spill Trustee Council, through the GEM  
20 program, has funded our program. And the salmon portion of  
21 our project has been funded by North Pacific Research Board  
22 and then Regional Citizen's Advisory Council provided us a  
23 grant in 2004 to look at isotopic linkages.

24                   So with that, I'll take any questions or I  
25 can -- if you'd like to at this time, introduce Sean Powers

1 from the University of South Alabama, Dauphin Island Sea  
2 Lab. He's the co-principal investigator with myself. So  
3 I'll take questions -- why don't I take questions later and  
4 then Nancy can continue. Well, if there are questions.....

5 CHAIRWOMAN PEARCE: Do we have questions?  
6 Mr. Commissioner.

7 MR. CAMPBELL: Yeah, I have a question. I  
8 appreciate your presentation and I love it. I'm a science  
9 junkie in town, watch the stuff -- love to watch the stuff  
10 all day. But can you speak to anything out of your study  
11 that we as trustees can take away in terms of helping  
12 restore damaged -- specifically restore damaged resources  
13 or benefit the people of the Sound. I mean, what would be  
14 the applications that we can take away from this?

15 DR. BISHOP: I think -- let's see. Take  
16 for example with the harbor seals, which have been damaged.  
17 And they've been damaged in the Sound but there's still a  
18 very healthy population on the Copper River Delta. So I  
19 think our research contributes to the understanding of why  
20 is there that healthy population that still exists on the  
21 Delta. That's one example. The herring population  
22 is now increasing over right off the Delta area but it  
23 isn't in the Sound. The population off of Kayak Island is  
24 increasing and we're catching more and more herring on the  
25 Delta. So, you know, hopefully we can be able to provide

1 some answers to why herring are not doing as well in the  
2 Sound based on what we've seen on its increase in the  
3 Delta.

4 MR. CAMPBELL: So the resources that are  
5 not in the directly impacted area are doing better than the  
6 resources in the impacted area?

7 DR. BISHOP: Yes. Yes. In our sea otter  
8 population, for example. There's 4,000 in Orca Inlet.  
9 That population still appears to be doing well where as out  
10 in the area that was directly hit by the oil, they're not  
11 doing as well. So I think, you know we can learn about --  
12 we didn't know a lot about a lot of these resources before  
13 the spill. And so that has been always -- I think hindered  
14 a lot of the interpretation of what happened out in the  
15 Sound. Whereas on the Delta, it's a relatively pristine  
16 environment still and so it can give us a lot of  
17 information about how these systems work.

18 MR. CAMPBELL: Thank you.

19 CHAIRWOMAN PEARCE: Other questions? Any  
20 of the PAC members have questions? Yes.

21 MR. LAVIN: On the slide with the dungeness  
22 crabs had yes for juveniles and a question mark for.....

23 DR. BISHOP: I'm sorry?

24 MR. LAVIN: It had yes for juveniles and a  
25 question mark for adults, so you're not sure if there's

1 adult dungeness crabs in your study area?

2 DR. BISHOP: We are not -- we catch very  
3 few adult dungeness. We're catching primarily the  
4 juveniles. Now I know that adult dungeness are caught just  
5 a little bit offshore right in front of the barrier  
6 islands, they do catch adults but we don't catch them in  
7 our bottom trawls, we just catch very few.

8 MR. LAVIN: Okay. And is that expected?  
9 I'm trying to harmonize that with the theory that the sea  
10 otter population is keeping the dungeness crab in the Orca  
11 Inlet area either non-existent or very low. Out here you  
12 don't have sea otters but you also don't have adult  
13 dungeness crabs there either.

14 DR. BISHOP: Yeah, the adults are more  
15 offshore because -- yeah I think that just the  
16 (indiscernible - away from microphone) for those juveniles  
17 to survive in because the waters are turbulent enough that  
18 the sea otters don't want to go in there.

19 MR. LAVIN: And is -- I don't know if you  
20 have enough sort of time data but are the crabs increasing,  
21 decreasing or you don't know -- where they do exist.

22 DR. BISHOP: We see variability in the  
23 juveniles for sure. But the adults, Fish and Game does  
24 pots off the barrier islands between -- on the east side of  
25 the Delta (indiscernible - away from microphone)

1 MR. LAVIN: Okay, thank you.

2 MS. BAKER: That's where you would find  
3 that information because Fish and Game does have the adult  
4 surveys that are done annually.

5 CHAIRWOMAN PEARCE: Any other questions?  
6 Yes.

7 MR. BRUNE: One of your slides noted  
8 critical habitat and I was just going to ask, is that  
9 formally designated critical habitat for an ESA species or  
10 was that just a wording used?

11 DR. BISHOP: We are a state critical  
12 habitat area for the state of Alaska among other things and  
13 that includes the whole estuarine waters. And so there are  
14 official designations where they make it a critical habitat  
15 but it also appears to be essential fish habitat for a lot  
16 of those species in that, you know, we're finding all these  
17 juveniles in that area. But there are -- yeah, there are  
18 official designations too. It is a critical habitat. For  
19 -- I mean, I guess I'd give as an example, ANILCA  
20 designated that Copper River Delta be managed solely for  
21 its fish and wildlife values. And yes.....

22 MR. BRUNE: But ESA designated critical  
23 habitat?

24 DR. BISHOP: No. Endangered species, no.  
25 Not -- no.



1 MR. BRUNE: Okay. Thank you.

2 CHAIRWOMAN PEARCE: Thank you. And you're  
3 going to go ahead and do yours, Nancy?

4 MS. BIRD: Yes.

5 CHAIRWOMAN PEARCE: Okay.

6 MS. BIRD: I think I'll go ahead and do  
7 mine just because I'm looking around -- we're sort of  
8 waiting for Jeep Rice to get here so that he can be here to  
9 hear the herring presentation. But I will be very brief.  
10 My name is Nancy Bird. I'm the president  
11 of Prince William Sound Science Center. And what I've done  
12 to try to (indiscernible - passing out materials away from  
13 microphone).

14 CHAIRWOMAN PEARCE: Okay.

15 MS. BIRD: I'm going to try to speed up my  
16 presentation. I've made handouts for you and I'm going to  
17 just zip through a number of the slides very quickly.  
18 First I guess, Commissioner Campbell, if I could offer an  
19 additional answer to your question to Dr. Bishop. I would  
20 say as a non-scientist what comes to mind for me is Copper  
21 River Delta is now the only really big dollar fishery left  
22 for fisheries in this area. So in a sense, anything that  
23 the Exxon Valdez Trustee Council's fund and do to help  
24 ensure that we don't lose that fishery, you will be  
25 offsetting some of the economic problems that this

1 community has experienced and continues to experience from  
2 the Exxon Valdez oil spill. It's a.....

3 MR. CAMPBELL: Was there something out of  
4 that study that you think we can specifically do. I mean,  
5 I'd be interested if we.....

6 MS. BIRD: I guess I'm -- I can't answer  
7 that specifically on the scientific level but I would think  
8 -- you know, that the more you know about the Delta estuary  
9 system and how it is essential for raising fish that you're  
10 going to be able to manage it better and thereby ensure  
11 that -- you know, or if God forbid an oil spill happened  
12 that impacts the Delta area, that we better know what to do  
13 to mitigate what areas are most important and most critical  
14 to mitigate.

15 MR. TREADWELL: Nancy, can I just ask a  
16 quick question? Is the Copper River estuary kind of a  
17 candidate for extension of predictive modeling like was  
18 done in Prince William Sound with SEA and was projected  
19 with GEM?

20 MS. BIRD: Yes. Yeah.

21 MR. TREADWELL: So that's another element  
22 there is. You know, if one of the legacies that the  
23 trustees don't want to see left behind is a predictive  
24 modeling capability. Having a basic hypothesis and the  
25 capability to tweak it with ongoing data is something that

1 helps here and helps in other affected areas.

2 MS. BIRD: Well, what I wanted to talk to  
3 you about today briefly is the Prince William Sound  
4 observing system, or it's also been called Prince William  
5 Sound Ocean Observing System. And the Exxon Valdez Trustee  
6 Council last year through a grant that you received from  
7 NOAA that passed on \$750,000 that we had used to enhance  
8 this observing system. So I'm just going to give you a  
9 real quick overview.

10 You've already seen now the Dauphin/Prince  
11 William Sound, I think are familiarized with that. The  
12 observing system is part of the -- it's a pilot project of  
13 the Alaska Ocean Observing System Program, which is also  
14 part of the national/international program. The NOAA  
15 grants that we have received both through you and directly  
16 to the science center through our own separate  
17 appropriations, we've used primarily to buy capital  
18 equipment to enhance system, i.e. acoustic Doppler current  
19 profilers that run about \$40,000 a piece. And we are  
20 looking to the Oil Spill Recovery Institute and others to  
21 provide the maintenance for that system to continue through  
22 the year 2010 at least.

23 We've developed numerous partnerships. The  
24 reason Prince William Sound was chosen as the pilot project  
25 area for the Ocean Observing System Program in Alaska was

1 largely because of the SEA program that the Trustees funded  
2 and the Oil Spill Recovery Institute's Nowcast/Forecast  
3 program. They began doing seasonal hydrographic surveys  
4 and development of models through both those programs.

5                   As I prepared this, I discovered this slide  
6 from a presentation I made back in January of 2004. And  
7 I'm happy to report that we have been able to do most of  
8 things listed there at this point, they're underway. The  
9 meteorological stations, we now have as we speak, the  
10 stations that we had initially put in a couple of years ago  
11 did not provide data on a consistent enough basis for the  
12 models to use them so we are now in partnership with the  
13 Natural Resources Conservation Service and the Prince  
14 William Sound Regional Citizen's Advisory Council to  
15 reinstall stations that are SNOTEL stations, if any of you  
16 are familiar -- I'll refer you to my handout where I  
17 describe it in more detail. But the ones that are circled  
18 in red are SNOTEL stations that are more at elevation and  
19 the others at sea level. I think the handouts, those  
20 didn't come out very well.                   Another place that the  
21 atmospheric model and circulation models will be getting  
22 data from are the NDBC buoys and C-MAN stations. This  
23 slide shows what we -- our wish list of having an NDBC buoy  
24 in Montague Strait there on the left. The other three  
25 buoys are in place and I explain in the handout that the

1 mid-Sound buoy actually now has an ADCP that we purchased  
2 through one of our NOAA grants in place and it is  
3 reporting. You can go to the website and get that data  
4 real time.

5                   As we speak the research vessel Montague,  
6 ex-ADF&G vessel now chartered by us, is out in Hinchinbrook  
7 entrance I believe today, or Montague Strait, deploying an  
8 array -- two arrays of ADCP moorings. The diagram at the  
9 top shows you the one at Hinchinbrook, sort of a schematic  
10 of what it will look like. There will be a total of five  
11 ADCP's, two upward looking; three downward looking, in each  
12 entrance once we complete this deployment in the next  
13 couple of days. And we intend to put another ADCP on the  
14 Hinchinbrook entrance mooring, NDBC mooring as soon as they  
15 take it out for maintenance work.

16                   Another part of the Ocean Observing System  
17 Program that is run by the University of Alaska at  
18 Fairbanks is the CODAR. This shows you an output of the  
19 CODAR stations that are located at Redhead and Knowles Head  
20 and Johnstone Point. And this is reporting real time. At  
21 this website, they don't always have the real time data up  
22 there but for the drifter buoy experiment that we did last  
23 August, we used the CODAR data extensively and we were  
24 receiving it every hour.

25                   So what is all this data that we want to

1 collect used for? Basically weather forecasts, wave  
2 forecasts, and ocean circulation and atmospheric models.  
3 The RAMS model is Regional Atmospheric Modeling System  
4 that's been developed by the University of Alaska  
5 Anchorage, Peter Olsson. And now we're also working with  
6 Yi Chao from the Jet Propulsion Lab in NASA -- Jet  
7 Propulsion Lab in California. And he's developing ROMS  
8 system for the ocean observing system, ocean circulation  
9 modeling system for the Sound.

10                   So a summary of the products that are being  
11 developed from the modeling include the weather forecast  
12 from the RAMS, the wave forecasts that are being developed  
13 by Texas A&M, SWAN model is being developed for Prince  
14 William Sound, and the ROMS model. The beneficiaries  
15 eventually of the models I think could be quite extensive.  
16 Everything from oil and gas transportation industries,  
17 responders to oil spills, you know, fishery managers,  
18 aviators, educators, the list goes on. And that's the real  
19 point of the ocean observing system program throughout the  
20 nation, is to be applied for users.

21                   We have an extensive workshop happening  
22 here Monday and Tuesday. I left copies of the agenda on  
23 the table over there. I'll hand out more. But we have  
24 user groups coming from all of those industries,  
25 representatives coming from those user groups to help us

1 determine better what kind of output they want to see the  
2 data, if they're a charter pilot, if they're a fish  
3 manager, if they're a hatchery manager, kind of thing. So  
4 -- and then going to the NOAA grant that we received  
5 through the Trustee Council. This is the sort of basic  
6 summary of what the money was spent on. Mostly on  
7 equipment for the current acoustic Doppler current  
8 profilers. And one year of the contract to the NASA Jet  
9 Propulsion Lab for development of the ROMS model as well as  
10 some support for the meteorological stations.

11                   So I was going to end on a slide that shows  
12 you our website that is [pwssc.gen.ak.us](http://pwssc.gen.ak.us) and eventually  
13 you'll be able to have links directly to all the ocean data  
14 coming through the Prince William Sound Ocean Observing  
15 System website. And with that, I will take questions or  
16 you can move on.

17                   CHAIRWOMAN PEARCE: Questions?  
18 Commissioner.

19                   MR. CAMPBELL: Maybe just a -- and maybe  
20 you can help me understand, Nancy, because when I look at  
21 this, particularly the weather -- what I see is an ocean  
22 observing system and I heard earlier explained as a  
23 physical monitoring system, which is primarily weather  
24 monitoring as I see it now, which may ultimately link to  
25 other elements. In fact I think the presentation we had

1 earlier was a biological observing program and ultimately I  
2 would see how these might be linked. But I'm trying to  
3 sort -- particularly in this day of like the Weather  
4 Channel and national -- I hear National Weather Service.  
5 What's your obligation to -- for these stations to serve  
6 into the national weather system, for example?

7 MS. BIRD: Well, the news stations or the  
8 Natural Resources Conservation Service are already --  
9 they've -- weather data that they collect is quality  
10 controlled and put out. You can go to their website and  
11 they've been operating for like 30 years in the western  
12 states. So the Weather Service I'm sure uses that data. I  
13 guess I've never asked a Weather Service person so maybe I  
14 should qualify that statement.

15 But the intent in going into this new  
16 partnership with the NRDC is to ensure that the data that  
17 comes out of these stations will be capable of both being  
18 used for the models and for weather forecasting for a lot  
19 of different purposes. Does that answer your question?

20 MR. CAMPBELL: I think so. To me it's that  
21 public element. Is this something that's directed more for  
22 use by others or is it for use for the public? Like if  
23 you're a fisherman and you want to know what the weather is  
24 going to be in a particular area, can they turn to this  
25 organization as a reliable source of weather forecasting?



1 MS. BIRD: That is what we've always  
2 wanted. The first weather stations that we put out we were  
3 using a radio system for transmitting the data. And we  
4 found ironically the first we tried to put a station out on  
5 the Copper River Delta, at Grass Island, it got taken out  
6 by the weather within a few months. And we put another one  
7 in at Kokinhenik Bar and that one actually was reporting.  
8 They finally got it so that by having two relay stations  
9 out on the Delta it was reporting pretty reliably. And the  
10 air charter operators and fisherman were starting to come  
11 to our website. And since we've taken it down, they've --  
12 I've gotten a number of phone calls. So there was interest  
13 that way.

14 The problem with it for us was research  
15 wise the data was not going to be capable of being used for  
16 the models. So we are now moving into the partnership with  
17 the NRCS so that we can have good data and it's our  
18 intention to get a station back up on the Delta that will  
19 be capable of providing the dual use, both for the public  
20 and for the research purposes that we need.

21 CHAIRWOMAN PEARCE: Mr. Commissioner.

22 MR. CAMPBELL: Thank you. I appreciated  
23 your slide on beneficiaries and models. I thought that was  
24 good. And some of the ways this could benefit some of  
25 these users are immediately obvious. But is there -- and I

1 realize this is just a slide -- but have you all actually  
2 done work on flushing out how this work could potentially  
3 be beneficial to different user groups and explaining --  
4 and in particular exploring what sets of observations or  
5 would be most useful to fisheries managers for instance, or  
6 oil spill response. And then I think that the next step,  
7 based on that, looked at incremental benefit versus cost of  
8 what you're doing and any analysis like that.

9 MS. BIRD: I guess to answer your second  
10 question first, the cost analysis, that probably has not  
11 been done and, you know, it's going to be down the road a  
12 little ways. And we're modeling our efforts partly after  
13 some of the work that's been done in the Gulf of Maine with  
14 the GOMOOS system.

15 MR. CAMPBELL: Right. Great acronym.

16 MS. BIRD: Great acronym, isn't it? Yeah.  
17 Well, I kind of like his PWSOOS, but that's been overruled.  
18 In any case the GOMOOS system, from what I gather, has had  
19 some very good usage by fish managers as well as the  
20 public. It's been able to be used by multiple users very  
21 well. The cost issue is one that I think they're coming up  
22 against and it's -- I think we could probably argue it both  
23 ways, you know, what level is it worth spending to know  
24 these things.

25 You know, so I think it remains to be seen

1 at this point. The system that we're building right now we  
2 feel we can operate for the next five years without having  
3 to go for major grants elsewhere. And I think at the end  
4 of that time we should do a cost analysis and take a look  
5 at who has it benefitted, what has it cost, and how can you  
6 improve on this.

7 CHAIRWOMAN PEARCE: Other questions by  
8 trustees? PAC members? Mr. Treadwell.

9 MR. TREADWELL: I just wanted to make a  
10 comment in response the two commissioners two questions.  
11 I'm particularly aware that within the state of Alaska that  
12 two-thirds or half of the resource cabinet and the ocean  
13 cabinet here. And it's my sincere wish that in seeing this  
14 you can see the value of the state actually participating  
15 the ocean observing systems to a greater degree than the  
16 state is now. There's a tremendous opportunity here.

17 One of the reasons why we pushed for this  
18 physical things and my testimony before the EVOS trustees  
19 to get this initial -- to get this grant a year ago was  
20 because when I first was writing papers on fisheries  
21 management, most salmon management was based on escapement.  
22 You know, what you guys saw in the sonar yesterday,  
23 counting the number of fish that went upstream tells you  
24 how much to turn on or turn off the fishery not only this  
25 year but for your predictions for years to come.

1                   What people like Tom Klein and Dr. Thomas  
2 have found through the SEA program is that survival of  
3 juvenile salmon, the outgoing salmon, is as much a  
4 predictor but for the success of the incoming year classes  
5 as escapement was. And some of the major factors that  
6 relate to the survival of the salmon have to do with the  
7 incoming nutrients from the Gulf. And if we don't have  
8 these current monitors and have the physical oceanography  
9 to know what the currents, to know what we're bringing in,  
10 we can't give you these additional tools as fisheries  
11 managers would have it. Which is one of the reasons why we  
12 pushed and we believe that this is so important to have.

13                   Likewise in the position that Commissioner  
14 of Environmental Conservation has, we're trying to respond  
15 to an oil spill or predict what kind of equipment we need  
16 to have in place for an oil spill. It had been these kind  
17 of devices that showed us in the first place that oil could  
18 come out of Prince William Sound and actually tarnish the  
19 Copper River Delta. That was not expected in the early oil  
20 spill plans that we oversaw when I was working with your  
21 group.

22                   And so the importance of having this  
23 capability in place for state management purposes I think  
24 is -- you know, I think those are two very concrete  
25 examples where McKie, your guys are able now to incorporate

1 some of this data. And likewise, Kurt, your people are.  
2 And, you know, as a member of the PAC, not only do I want  
3 to thank the trustees for supporting this project that got  
4 started here but I'd like to encourage the state officials  
5 to give more support if you can to the ocean observing  
6 system because I think it's such an important addition to  
7 our overall capabilities.

8 CHAIRWOMAN PEARCE: Other PAC members?

9 (No audible responses)

10 CHAIRWOMAN PEARCE: Okay. Nancy.

11 MS. BIRD: Thank you very much. Dr.

12 Thorne, I think, will go forward with the herring. So this  
13 is Dr. Richard Thorne, senior scientist at the Prince  
14 William Sound Science Center.

15 DR. THORNE: Well, I appreciate the  
16 opportunity to be part of your busy schedule today. I'm  
17 going to talk about Pacific herring and its importance to  
18 the Prince William Sound ecosystem, specifically with research  
19 that we've conducted at the Science Center for the past 13  
20 years.

21 There's been considerable concern over the  
22 status of herring in Prince William Sound as it remains in  
23 a non-recovering category. An indication of that interest  
24 was the recent request by the Trustees for proposals on an  
25 expert review of the status. The Science Center has been

1 conducting monitoring on herring for Prince William Sound  
2 since 1993. And if you're not familiar with that program,  
3 it may be because it hasn't been a Trustee program for a  
4 long time. This effort was initiated by the fishermen  
5 themselves and all the ADF&G.

6                   The Trustee Council did contribute to it as  
7 part of the SEA program in the mid-nineties. OSRI funded  
8 the core program between 2000 and 2004. And it's now  
9 funded by a congressional appropriation through 2008. So  
10 the front table can relax, I'm not looking for Trustee  
11 Council money. At least not yet.

12                   (Laughter)

13                   And by way of background, in a 2001 press  
14 release, Exxon Mobil issued the following statement: Based  
15 on studies many scientists have worked extensively in  
16 Prince William Sound. There has been no long term damage  
17 caused by the oil spill. Well, in contrast, Paine, et al.,  
18 1996 when solved that oil effects beyond direct mortality  
19 can be manifest when oil induced alterations in the density  
20 of one species affect another. In other words, if oil  
21 impacts the food chain. And Peterson, et al., in a 2003  
22 article in Journal Science states that most long term  
23 impacts are indirect impacts.

24                   What I will today is I will present  
25 evidence that the oil spill had direct impacts on the

1 herring population. And not only that, but it also  
2 resulted in many highly damaging indirect impacts that  
3 included validating the marine fisheries management tool  
4 that was used to manage the herring. Now there are two  
5 reasons why such a bold statement is possible. One is that  
6 herring is a dominant biomass who we refer to in ecology as  
7 a Wasp-Waist species and such species have major impacts on  
8 the ecosystem. And second, we have a long term database  
9 using highly quantitative assessment methods.

10                   So I'm going to start with a brief overview  
11 of those methods, then I'm going to talk about the status  
12 of the herring in Prince William Sound and how it was  
13 impacted by the oil spill. And then I'll talk about how  
14 the impact from the herring in turn impacted the Prince  
15 William Sound ecosystem.

16                   The Science Center has conducted at least  
17 one survey of herring in Prince William Sound since 1993.  
18 The primary assessment method is acoustics. Acoustic  
19 techniques have been used for over 40 years to study  
20 specific herring populations and become very accurate.  
21 These techniques use very sophisticated depth sonars that  
22 measure reflected energy from herring schools and use that  
23 information to calculate the fish abundance.

24                   As an example, we have this slide that  
25 shows a cross section of a transect across a herring school

1 in Rocky Bay. And a biomassive school like this can be  
2 assessed with an accuracy on the order of plus or minus 25  
3 percent. I use this particular echogram because it also  
4 illustrates another important phenomena of herring behavior  
5 and that's rising to surface at night. It's now well  
6 documented that herring release gas from their swim  
7 bladders at dusk as they move up from the water column.  
8 Since they don't have the capability to produce gas  
9 internally, they must come up to surface to gulp air before  
10 they dive again.

11                   If there is oil at the surface, they will  
12 come into contact wit that. It will coat their gills and  
13 they'll ingest it along with the air. So this is a  
14 mechanism for direct contamination that was not recognized  
15 at the time of oil spill settlement, although we had --  
16 Gary Thomas and I had described it in the paper in 1990.

17                   Information in the Prince William Sound  
18 with primal use purse seine vessels to obtain that  
19 information but we're officially using under water video  
20 cameras to obtain fishes information and also are working  
21 on Drecksiden techniques and this illustrates some of the  
22 types of fishes we get from the video cameras, captured  
23 some stills off some of our videos. And this is an example  
24 of underwater footage from our cameras. This is very  
25 typical of what we see in these larger over-wintering



1 herring schools.

2                   In some cases we also use trawls and I  
3 captured this video off the ADF&G research vessel  
4 Resolution on recent cruise there. And I would note that  
5 in our program we work very closely with ADF&G on our  
6 herring research both here in Cordova and in Kodiak.

7                   Another technology that we use is the  
8 infrared scanners and night sight systems, which is very  
9 similar to the methods used by our military. This allows  
10 us to monitor marine mammal and seabird activity during  
11 hours of darkness. And this methodology was what allowed us  
12 to detect the intense nighttime foraging by Stellar sea  
13 lions and herring that we eventually published in the  
14 Journal of Nature.

15                  And here's actually one of the videos from  
16 that study in 2000. It shows a group of Stellar sea lions  
17 working together at night on that same school of herring  
18 that you saw in the previous echogram of Rocky Bay. You  
19 can also see a whale working on it and numerous birds. And  
20 keep in mind this is all in hours of total darkness.

21                  And this is a example from the newer  
22 technology that white highlights the animals, in this case,  
23 it's Stellar sea lions hauled out near Gull Cape, Kodiak,  
24 as seen from nearly a mile away.

25                  So with that brief background of methods,

1 I'd like to present information on the status of the  
2 herring stock in Prince William Sound. This graph shows my  
3 best estimate of the herring abundance from 1988 to 2004.  
4 In a moment I'll talk about what I mean by the best  
5 estimate but let's begin by looking at some of the  
6 features.

7                   We have pre-spill measurement in 1988. The  
8 oil spill occurred between '88 and '89. I didn't connect  
9 these points because I didn't want infer a linear change in  
10 that year long period when the change was probably  
11 associated to the oil spill itself. But note there was  
12 substantial decline between the '88 and -- the pre-spill  
13 and the post-spill measurement.

14                   Second, notice the population continued a  
15 fairly continuous decline for a six year period. The  
16 population then began recovering between '94 and '97,  
17 unfortunately that recovery was reversed by a premature  
18 resumption of the commercial fishery and recently began  
19 rebounding from a successful 1999 year cross recruitment.  
20 Finally note that 1993 was the first Prince William Sound  
21 Science Center assessment of the herring population. Well,  
22 if we didn't start until 1993, how can we say anything  
23 about the events that happened earlier? The answer is that  
24 after a decade of achromators through acoustic techniques,  
25 we have a look at other sources of information in abundance

1 and found a very good correlation with an aerial survey of  
2 the cumulative miles of herring spawn on beaches as we show  
3 in this graph. ADF&G has collected this information since  
4 1973, although it's only an index, we can use our  
5 correlation to convert it to an absolute population  
6 estimate in hindcast to 1973.

7 Well, this next graph will focus on the  
8 results of the hindcast for the critical years from 1988 to  
9 1994. So here we have the best estimate from the hindcast.  
10 Note again the oil spill followed by six years of  
11 population decline. So let's compare this with the data  
12 that were available to ADF&G during this time period.

13 First we have the estimates from the age  
14 structure model. In contrast to the hindcast, the age  
15 structure model indicated that an increasing population  
16 until a single disastrous one year collapse between '92  
17 and '93. Then we have the estimates from the age structure  
18 -- from the egg deposition measurements, which showed a  
19 surprising increase between '89 and '90 followed again by a  
20 precipitous decline after '92. But there was no estimate  
21 in '93 but we did have the first acoustic estimate that  
22 year.

23 Because of the belief that the population  
24 remained high up to '89, the commercial fishery moved  
25 between 35 and 40 percent of the herring biomass each year

1 in '91 and '92. While I don't know what caused the etherin  
2 error in the egg deposition estimate but there's a lot of  
3 evidence with problems in this approach.

4                   There was one major, very important problem  
5 associated with age structure model, it assumes a constant  
6 natural or non-fishing mortality. If herring were damaged  
7 by the oil spill, it would cause an increased mortality  
8 which would cause age structure model to over-estimate  
9 biomass. It was a very important factor for two reasons.  
10 If age structure failed because of a change in natural  
11 mortality, then one, it's additional evidence of damage  
12 from the oil spill; and two, it means that the culpability  
13 for the subsequent over-fishing lies with Exxon, not ADF&G.

14                   So let's look at the historical performance  
15 of the age structure model relative to hindcast. This  
16 graph shows history back to 1980. Note that our best  
17 estimate in the hindcast go hand in hand through 1980's  
18 until we reach 1989 when we had the oil spill and then the  
19 estimates diverge. So the age structure model appears to  
20 have worked until something happened to change the way the  
21 model performed. And we know that a change in mortality  
22 rate would cause that result.

23                   Floor evidence using highly accurate  
24 assessment technology strongly supports a pattern of  
25 immediate collapse of the oil spill and -- immediate

1 collapse of the herring after the oil spill rather than the  
2 delayed collapse suggested by the age structure model. But  
3 it's important to look at other evidence that might support  
4 a pattern of early decline. One possibility is if we can  
5 demonstrate the other components of the ecosystem most  
6 sensitive to change in the herring biomass, then we'd look  
7 at the timing of their declines.

8                   So I'll start with seabirds because many of  
9 them are also in the non-recovering category and we know  
10 that they similar declines to herring. Further, David  
11 Irons and the co-authors argue in 2000 paper that decline  
12 was affected by lack of forage. In this one we can show  
13 quantitative data that herrings and seabirds are linked.  
14 For example, this graph compares the number of birds  
15 detected on an infrared scanner with observed herring  
16 biomass. So we have good correlation between seabird  
17 numbers and herring numbers on a local scale.

18                   We can also show a linkage between herring  
19 and seabirds with direct observation. For example, many of  
20 you have been at an ocean and perhaps seen this particular  
21 phenomenon, which is called a surface feeding frenzy by  
22 birds. So if you ever wondered what's below it. Well, I  
23 put together a video from some underwater photography taken  
24 by my colleague Matt Foster of ADF&G in Kodiak during our  
25 cruise Uganik Bay earlier this year.

1                   So here you see our underwater camera  
2 approaching -- second side the birds and are approaching  
3 what they're working on. Hold your breath, we're going  
4 underwater and we're going to approach what -- the object  
5 of the bird's interest, which is a small school of adult  
6 herring. This small school, which we often refer to as  
7 bait balls, are probably driven to the surface by the  
8 action of deeper diving birds. And they're very tightly  
9 packed as each herring tries to get in the middle where  
10 it's least subject to predation.

11                   Now watch closely on this next school, if  
12 you look over to the bottom right, you'll see a diving bird  
13 isolate a herring and chase it down and capture it. So  
14 I'll give you a second look at that because it's kind of  
15 worth a second look. So here you have the school again and  
16 there comes a bird after the herring.

17                   Without going into the numbers in detail,  
18 we do now know that the seabird decline paralleled the  
19 pattern of the herring decline that we see in the herring  
20 hindcast data. Does that mean the hindcast is correct age  
21 structure model is incorrect? Possibly, but there's a  
22 confounding situation. We also know that birds were  
23 directly damaged by the oil spill so one could argue that  
24 the initial phase of seabird decline was the result of  
25 direct damage and only the persistence of the decline is a

1 result of lack of forage.

2                   What other possibility can we look at? How  
3 about Stellar sea lions? The official conclusions from the  
4 work that was done after the oil spill recording Hawkins,  
5 et al., 1994, was that EVOS did not have a detectable  
6 impact on Stellar sea lions. We can certainly show that  
7 Stellar sea lions are closely correlated. We have  
8 completed several years of research in Prince William Sound  
9 on herring/Stellar sea lion interactions. Ninety-five  
10 percent of the time we find herring we also find Stellar  
11 sea lions foraging. Further we observe high correlation  
12 between the size of the herring school and the number of  
13 Stellars.

14                   This graph is very typical of the sea. It  
15 shows an increase in the herring population in the St.  
16 Matthews Bay area of Prince William Sound between 2000 and  
17 2002 and the corresponding increase in the number of  
18 Stellar sea lions. The correlation is good, Stellar lion  
19 almost provides the proxy for herring abundance.

20                   If you look at herring and Stellar sea lion  
21 abundance within all of Prince William Sound for the years  
22 after the oil spill, we also see a close correlation. This  
23 graph shows the trans of herring and Stellar sea lions in  
24 Prince William Sound after the oil spill. The herring data  
25 are from Moore research, the socio and abundance is from

1 agency aerial surveys of haul outs within Prince William  
2 Sound.

3                   Those surveys are not taken every year but  
4 we can compare key years. 1989 is closest to the oil  
5 spill, the abundance of both animals declined rapidly after  
6 the oil spill. The decline then leveled out and the  
7 abundance of both has rebounded since 2000. Now it's  
8 important to point out that this is not an example of a  
9 predatory population response, in which you expect the  
10 population of a longer lived animal to be lagged.

11                   There is no true Stellar sea lion  
12 population in Prince William Sound because there's no  
13 rookeries in Prince William Sound. So the Stellar sea  
14 lions in Prince William Sound are on foraging trips. And  
15 what this graph shows is that the number of Stellar sea  
16 lions that come into Prince William Sound are very strongly  
17 influenced by the amount of their critical winter period  
18 foray.

19                   Now if we look closely at the Stellar sea  
20 lion collapse in Prince William Sound we can see that it  
21 closely parallels the pattern of the herring collapse that  
22 was documented by the hindcast. There's agreement with the  
23 pattern described by the age structure model, not only is  
24 correlation different, we see that the numbers, the  
25 Stellar sea numbers actually go up after '92 in contrast



1 with catastrophic decline of herring. In our experience,  
2 that just simply does not happen. And I also note that  
3 there's virtually no agreement with the pattern shown by  
4 the egg deposition estimates.

5                   So the trend in Stellar sea lion and  
6 herring predator/prey foraging interaction supports a  
7 decline that began shortly after the spill. Further,  
8 although we've been looking at a response, catastrophic  
9 local impact can have long term impacts on the predator  
10 population. This graph shows geographic trends associated  
11 with decadal scale change in the Gulf of Alaska Stellar sea  
12 lion population. What you see is a map of the Stellar  
13 seal lion population in the entire Gulf of Alaska, between  
14 '89 and 2000, was a function of distance from Prince  
15 William Sound.

16                   Whatever happened to cause the overall Gulf  
17 of Alaska decline, it's centered in Prince William Sound.  
18 And we know what happened in Prince William Sound, the  
19 catastrophic loss of over-winter forage caused by the oil  
20 spill.

21                   So what have we learned since the  
22 settlement? First, it's well documented that herring  
23 surface for air on a nightly basis and this behavior  
24 provides a direct mechanism for contamination of the oil  
25 spill. And I should note that other fishes, including

1 salmons, may have the same behavior, it simply hasn't been  
2 detected. Second, the preponderance of data indicates the  
3 oil spill had an immediate impact on herring populations.  
4 That same data indicates it had a prolonged impact on  
5 herring population. Evidence indicates that the oil spill  
6 caused an immediate increase in the herring mortality, an  
7 increased mortality and validated the fishing model that it  
8 additionally used on herring in turn leading to additional  
9 damage from lure fishing.

10 Fifth, the herring crash had major impacts  
11 on upper trophic levels in Prince William Sound, including  
12 many seabirds and marine mammals. And that damage included  
13 an endangered western stock of Stellar sea lions.

14 So in conclusion, and here's the take home  
15 message, herring is a keystone or what we call a Wasp-Waist  
16 species in ecosystem, which means one of the few species  
17 that dominate the biomass. It's becoming increasingly  
18 apparent that changes in the status of Wasp-Waist species  
19 have major impacts on the ecosystem. Accurate monitoring  
20 of Wasp-Waist species like herring is critical to  
21 understand an ecosystem function.

22 We've been able to detect and understand  
23 both the direct and indirect causes of this population  
24 crash only because of our capability to accurately monitor  
25 the long term status of herring populations in Prince

1 William Sound. In general research programs have neglected  
2 forage species, have used ineffective techniques for  
3 herring -- for forage fisheries and have short attention  
4 spans. All those trends need to be reversed if we're going  
5 to understand what's happening in our ecosystems, including  
6 the impacts of man-induced changes like oil spills.

7                   So I acknowledge several sources of recent  
8 funding and individuals who have contributed to this  
9 effort. And I'm especially grateful to Senator Stevens for  
10 taking a few minutes out of his very busy schedule to learn  
11 about this research. Any questions?

12                   CHAIRWOMAN PEARCE: Any Trustee Council  
13 member questions? Mr. Commissioner.

14                   MR. CAMPBELL: I appreciate the work you've  
15 done. Based on your work, are there any recommendations  
16 you have for us on anything we could do or fund to help  
17 herring recover? Or to compensate for loss of? The second  
18 question is easier.

19                   DR. THORNE: Oh, you want to do the two in  
20 a row or do you want me to handle the first one first? In  
21 terms of what you can do with herring populations, you  
22 know, I wish I had a golden answer to that, like a herring  
23 hatchery. But unfortunately I don't. I can observe these  
24 impacts and I can see what's causing the impacts, I can see  
25 the impacts of the change in the population on the

1 ecosystem. All I can do after that point as I can tell is  
2 cross my fingers and hope it's going to recover. And  
3 obviously we need to keep going with the techniques that we  
4 have to accurately monitor this population so that we don't  
5 get into a situation like we did in a couple of -- both  
6 immediately after the oil spill and when it started to  
7 recover again and we hammered it again.

8                   And I do think that ADF&G has really  
9 learned a lot. I mean, the people that I'm working with in  
10 ADF&G are very careful with what they're doing. You know  
11 they're trying to make sure that mistake is not going to  
12 happen again. But after that, we're basically up to  
13 ecosystem recover. We've had a good recovery, started in  
14 the '99 year class. Unfortunately it's started to run out  
15 of gas and we need another big recruitment.

16                   And I think the other thing we are  
17 cognizant of is the fact that these Wasp-Waist species are  
18 really critical to the ecosystem and I think we need to  
19 keep that in mind as we -- when we design our monitoring  
20 programs, recognize that we can't just look at the top, we  
21 can't just look at the bottom. What's really going on in  
22 strong ecosystem is what's happening in the middle.

23                   MR. CAMPBELL: Thank you. Just very  
24 quickly. I'm asking something I don't much about. But the  
25 viruses that the herring have had, you didn't mention that

1 or how does that fit into this picture?

2 DR. THORNE: Well, it's difficult to say  
3 unfortunately because we didn't have the baseline  
4 information for the oil spill to see whether the viruses  
5 were common. And we see that there are viruses outbreak.  
6 What really happened was when we see a population crash and  
7 we went in and found viruses. So we said, okay, the  
8 viruses caused the crash. So it takes a little bit more  
9 than that to understand what's happening.

10 CHAIRWOMAN PEARCE: Other questions? Mr.  
11 Commissioner.

12 MR. FREDRIKSSON: Questions about the  
13 fishery closure and openings. You had mentioned I think in  
14 one of your slides, that around '96 or '98, I assume it was  
15 closed and then there was a reopening.

16 DR. THORNE: Yes, it closed in '93 -- well,  
17 it didn't close in '93, in '93 it opened but they didn't  
18 find any fish so they suddenly realized they had a problem.  
19 So I think it closed in '94, '95 and started again in '96,  
20 '97. It started to come up again so they opened fishery  
21 again.

22 MS. BAKER: Last year was '95.

23 DR. THORNE: Was it '95?

24 MR. FREDRIKSSON: And it's been closed  
25 since?

1 DR. THORNE: And it's been closed since.

2 DR. THORNE: And do you have any

3 information on the effects of that closure?

4 MS. BAKER: I think the mayor outlined

5 those.

6 DR. THORNE: Economically, yeah.

7 MR. FREDRIKSSON: Besides on the human

8 element, but what did the closures.....

9 DR. THORNE: It stayed low for a long time

10 and then like I say the '99 year class came along and out

11 the blue -- that's another thing that's a little

12 frustrating while doing herring research with all the

13 monitoring that's going on sometimes we look back at an

14 event and say, gee, what happened here. And it's kind of

15 hard to figure out what happened here, what caused -- well,

16 and Brenda knows that herring recoupment is like playing a

17 roulette wheel.

18 But we had an '89 year class that came out

19 very -- and we detected it earlier with acoustics. We

20 actually saw it, both the large numbers of juveniles and

21 the large number of whales and Stellar seals working on the

22 juveniles even before it appeared. But now it's running

23 like -- over 90 percent of the biomass is one year class.

24 And that's kind of scary from a manager's perspective.

25 MR. MULLINS: Can I read a comment from

1 Gary Marty -- Dr. Gary Marty who's a disease specialist and  
2 who's been working this area. And we got an email from him  
3 dated May 21st. He says: Dear herring disease  
4 collaborators, Prince William Sound Pacific herring disease  
5 highlights for spring 2005. The 1999 year class which Dick  
6 refers to continues to dominate the population in 2005.  
7 Six year-olds in 2005 comprise 90 -- or 59 percent of the  
8 sample for disease assessment. Unfortunately gross  
9 prevalence of *Ichthyophonus hoferi* in this year class is 28  
10 percent, up from 16 percent in 2004. This will probably  
11 lead to 50 percent mortality in the 1999 year class before  
12 spawning in 2006.

13                   Recruitment of the 2002 year class in  
14 spring 2005 was only fair, seven percent of the sample  
15 population. Unless the 2003 year class recruits strongly  
16 in 2006, we can expect Prince William Sound Pacific area  
17 population biomass to decrease by 40 to 50 percent by  
18 spawning 2006. So we're still in a very bad situation  
19 here.

20                   CHAIRWOMAN PEARCE: Okay. Questions?  
21 Brenda.

22                   MS. NORCROSS: I could comment on when you  
23 said what's the fishery effect. Part of the synthesis that  
24 you funded for Jeep Rice and all, who isn't here, Fritz  
25 Funk, who used to be with Fish and Game and who was head of

1 fishery, he's going to look at that and do some reanalysis  
2 of the numbers of what happened by those two years of  
3 opening. If that -- meaning he doesn't have the answer at  
4 the moment but he will.

5 MR. FREDRIKSSON: Okay. Thank you.

6 CHAIRWOMAN PEARCE: Questions? Ron.

7 MR. PECK: And I'd go with businesses are  
8 saying that they are seeing humpbacks longer in the -- the  
9 humpback whales longer. Is there any indication that  
10 that's impacting negatively or amplifying the situation, if  
11 in fact that's true? And I'm not a scientist. I'm just  
12 saying our businesses are seeing quite a few hump.....

13 DR. THORNE: Yeah, humpback whales.....

14 MR. PECK: And if they're here longer then  
15 they're eating.....

16 DR. THORNE: We do see a lot and we  
17 actually are monitoring them as part of the project. And  
18 it's a little scary. A humpback whale, the estimates are  
19 they remove one metric ton of herring per day and we've  
20 seen up to 30 of them. And yeah, they're clearly targeting  
21 in the winter period. There's some really interesting  
22 dynamics, one of these -- there's an interesting dynamic  
23 going on between humpback whales as predator and Stellar  
24 sea lions as a predator. Because humpback whales like the  
25 herring out in the middle and the Stellar sea lions like



1 them near the shore. I think because the Stellar sea lions  
2 don't like the orcas that cruise around and they want to be  
3 close to somewhere they can run to cover.

4                   So we're seeing -- what I'm seeing in my  
5 research is they'll be out in the middle for a couple of  
6 days and the whales will hammer on them and then they'll  
7 run in shore and a couple days later the Stellar sea lions  
8 are hammering on them. And then they run off shore, and a  
9 couple days later the -- I'd hate to be a herring.

10                   (Laughter)

11                   But I mean, you know, that's again one of  
12 the things we need to keep in mind with regard to looking  
13 at herring recovery and looking at a potential herring  
14 fishery, is that there's a lot of demands going on that  
15 herring from the ecosystem itself and from upper trophic  
16 level animals that have an aesthetic value to us.

17                   CHAIRWOMAN PEARCE: Other PAC questions?  
18 Yes.

19                   MS. BAKER: I just wanted to make a  
20 comment, following up with Commissioner Campbell, what  
21 other work that we've done. I mean, herring has always  
22 been kind of a staggered blip even on the funding circuit  
23 for EVOS. And one of the most recent ones that you did  
24 fund was the newer herring stock ID technique project  
25 that's being done by Fish and Game.

1                   But I think I'm really looking forward to  
2 some of the results because again, that is just a -- it's  
3 not a recover technique, it's not a restoration technique,  
4 but it becomes a management tool and something that in the  
5 future, if we can really get more of a sense of  
6 discriminating of the different stock ID's in the Sound and  
7 Seward and the Gulf, that I think is another one. As well  
8 as continue to monitor the virus work that Gary Marty and  
9 whatnot has done. And that's been a real -- it's always  
10 been almost a sad tally every year when Gary Marty sends  
11 out his information. But it is something that  
12 unfortunately we have to face that music. And I think that  
13 that kind of consistent funding -- and Gary I think has  
14 been very good at seeking outside sources to augment and  
15 stagger his funding requests back to EVOS.

16                   So it's not been a direct, you know,  
17 ongoing function of EVOS. But those two things are  
18 additional projects and I think EVOS has done a good job at  
19 trying to continue to tinker with and link up into the  
20 herring mystery.

21                   CHAIRWOMAN PEARCE: Yes.

22                   MR. KOPCHAK: Just another quick  
23 observation on impacts. And science impacts and the  
24 population impacts are I think very, very obvious. But I  
25 think our mayor earlier also referred to the human impacts,

1 the fisheries impacts. So herring was a 13 million dollar  
2 industry. And I'll just say that for myself over the last  
3 seven or eight years, the loss of that fishery has meant  
4 the loss of my portion of that income but plus the  
5 community's portion. But here's the other piece as well.  
6 Just a couple of weeks ago I finished disposing the last of  
7 my herring equipment.

8                   So the real dollar loss here, just for me,  
9 and this is just one fisherman who was not heavily  
10 invested, about \$140,000 in permits. I just gave away a  
11 \$23,000 herring seine that had been in the water three  
12 times to somebody to maybe salvage to make a pink salmon  
13 seine out of it. I just finished selling the floats that  
14 maintained the pounds that I used for the cost of the  
15 storage that was owed on them. And I have a trailer that's  
16 full of the herring web that made the pounds that I'm going  
17 to take out to the city landfill.

18                   This represents just to me, one fisherman  
19 and one family, a quarter of a million dollars of  
20 investment plus the lost revenues. So there's a real cost  
21 as well to that fisheries services sector that we within  
22 the trustees have not really addressed a portion of. But  
23 we've done a great job again with the science, I think, and  
24 some of the habitat issues. But that fisheries services  
25 part, that's a big lingering question and it is a real

1 financial so anyway, that's that other perspective.

2 CHAIRWOMAN PEARCE: And we had one comment  
3 -- yes.

4 MR. THOMAS: One thing that the information  
5 has shown is that the age structure models do pretty well  
6 when their natural mortality doesn't change and things have  
7 been stable for a long time. But it has the same problem  
8 with a lot of correlation models, if something changes in  
9 the environment you really make a mistake. Well one thing  
10 that we do really well in the state of Alaska is in-season  
11 management of salmon. And it would be probably worthwhile  
12 for the fish councils to consider in-season management for  
13 herring. Since we can, you know, action the measurements  
14 that we're making of the herring -- well, of the precision  
15 that you would love to have on the salmon counts going up  
16 the river.

17 And so they're very good measurements and  
18 you could use them in the same way as you use salmon  
19 numbers. And you could actually do in-season management to  
20 the protect an escapement of herring. And so -- but  
21 that's so different from making a prediction and taking it  
22 to the Council. You're all of a sudden getting into a real  
23 proactive type of management that we know works by the way.  
24 And I think it actually could work on pollack too in the  
25 future. But herring would be a real candidate for in-

1 season management.

2 DR. THORNE: Well now all we need is some  
3 herring to manage.

4 CHAIRWOMAN PEARCE: Since we are recording  
5 for the record, I need you to please just identify  
6 yourself.

7 MR. THOMAS: Oh, my name is Gary Thomas.

8 CHAIRWOMAN PEARCE: Thanks.

9 MR. THOMAS: I'm with the University of  
10 Miami.

11 CHAIRWOMAN PEARCE: Other questions. Thank  
12 you very much. Fascinating. Useful for the Board of Fish  
13 to see that and our subsistence board, federal subsistence  
14 board. Interesting. I suggest that the next move is to go  
15 into our dialogue with the Public Advisory Committee and I  
16 think once we get to a table for that, we will blow right  
17 through. So why don't we take five minutes to get our  
18 plates cleaned up, get in line for the bathroom, and we'll  
19 come right back at -- try to be in our seats at a quarter  
20 till.

21 (Off record - 1:35 p.m.)

22 (On record - 1:50 p.m.)

23 CHAIRWOMAN PEARCE: We'll bring the Council  
24 meeting back to order. We recognize that we are one member  
25 of the Trustee Council and a couple of PAC members short

1 but we know they will be with us as soon as possible. The  
2 next item on the agenda is a dialogue between the members  
3 of the Trustee Council and the members who are with us  
4 today of the Public Advisory Committee. And I would like  
5 to ask if we have any absent PAC members who are with us on  
6 the teleconference. Is there anyone on the.....

7 MS. PHILLIPS: Anybody on teleconference,  
8 would you please report?

9 MR. NORMAN: Pat Normal on the phone from  
10 Port Graham.

11 MS. PHILLIPS: Okay. Great, Pat.

12 CHAIRWOMAN PEARCE: Hi Pat. That's good to  
13 know. Thank you. Anyone else?

14 (No audible responses)

15 CHAIRWOMAN PEARCE: Okay. I'm going to  
16 first ask Dr. Gerster to report on the two PAC meetings  
17 from March 18th until April 28th and then let him lead the  
18 dialogue because we were given a -- I know that you the PAC  
19 members submitted some questions of interest and we were  
20 given those. And so we'll let Dr. Gerster decide how he  
21 wants to different PAC members or if he himself wants to  
22 ask those. And we'll enter that dialogue.

23 I would say though that this is a dialogue  
24 between the Trustee Council members and the PAC and it  
25 would not be my intent to recognize other members in the

1 audience unless there's a specific question that we need  
2 some help from the liaisons or some special reason. But it  
3 will be a dialogue amongst the members of our PAC and the  
4 Trustee Council. With that, Dr. Gerster.

5 DR. GERSTER: Thank you, Madam Chair. Our  
6 March 18th meeting did not quite get a quorum, so it was  
7 not an official meeting, so we just discussed things. I  
8 think you all have the actual meeting notes and I'm not  
9 going to brief them. We certainly supported the RPI  
10 proposal and herring RFP and we're very much looking  
11 forward to this dialogue.

12 Our April meeting, we did get a quorum and  
13 again you have the you have the -- I just don't think I'm  
14 going to read it again. I note that Brenda Norcross will  
15 be helping to assist with the science reviews. What I  
16 would like to do is to go right into some questions that  
17 the PAC members have put together.

18 And before I do that I'd just like to tell  
19 one little personal vignette. After dinner last night I  
20 walked down to the small boat harbor and spent a couple of  
21 hours there. And the fishermen were coming back. They  
22 were coming back until 10:00, 11:00 at night. And I just  
23 spent a couple of hours talking to them. And you know,  
24 there wasn't one person that wasn't affected after 1989.  
25 Everyone I talked to was affected in some way. Just

1 something to think about.

2                   Okay. I'd like this to be an open  
3 dialogue. We're not going to do Robert's Rules of Order.  
4 We're not officially in session. And I think it would be  
5 appropriate for people to jump in. We don't have to do  
6 this formally. And the first question I'd like to put  
7 before the Trustees is, where the PAC is both concerned and  
8 confused about the paradigm shift and the future of EVOS.  
9 And I'd like to use this as brainstorming session as to  
10 exactly what is going on in your minds for the future of  
11 EVOS.

12                   And the first question would be, frankly,  
13 how does the Trustee Council view the GEM program and its  
14 future?

15                   DR. BALSIGER: Madam Chair.

16                   CHAIRWOMAN PEARCE: Dr. Balsiger.

17                   DR. BALSIGER: Rather than answer that  
18 question, I'd like to -- Dr. Gerster said that this is not  
19 an official meeting. Well, we started a meeting and we  
20 haven't adjourned it yet so I'm curious as to what we see  
21 the status of this. And I know we're not putting together  
22 points for legal arguments down the line but it may benefit  
23 it just to know what the status of this kind of meeting is  
24 or if anyone has thought about it.

25                   CHAIRWOMAN PEARCE: Well, at the moment, we



1 are still in official session and the PAC, when we're  
2 finished with the dialogue, we will -- the plan was anyway  
3 for us to adjourn and the PAC then will move into their  
4 regular meeting and Trustees are welcome to stay or not  
5 stay as we see fit or as we have other obligations. That  
6 was the directions and what the Executive Director had  
7 thought we should do. If we have some reason to think that  
8 we should do otherwise, we can discuss that.

9 DR. BALSIGER: Madam Chair, I don't, but  
10 just because they said it was not an official meeting, this  
11 actual is an official meeting of the Trustee Council so I  
12 just wanted to say that.

13 CHAIRWOMAN PEARCE: We're in an official  
14 meeting. I would say that we too will relax in terms of  
15 Robert's Rules because it is a dialogue. And we will not  
16 be taking action, so there won't be motions on the table  
17 for discussion. Mr. Commissioner? Anyone else?

18 DR. BALSIGER: Thank you very much.

19 CHAIRWOMAN PEARCE: So you can state your  
20 questions. Do you have somebody else?

21 MR. CAMPBELL: Or we could just throw out  
22 an answer.

23 CHAIRPERSON PEARCE: Or you could just  
24 throw out an answer.

25 MR. MEADE: Perhaps to help frame a start

1 of a dialogue about your question, do we have in our  
2 binders binders the annual report? I think there's a few  
3 paragraphs in there that we all worked towards crafting  
4 that I think starts to directly try to indicate our  
5 collective thoughts towards your query, but I don't have it  
6 to read it.

7 MR. FREDRIKSSON: Joe, I think.....

8 MS. PHILLIPS: I have it.

9 MR. FREDRIKSSON: .....there's copies on  
10 the back table in fact, if I'm not mistaken.

11 MS. PHILLIPS: And I have it right here.

12 MR. FREDRIKSSON: Could you read that? I  
13 think it just would set the right tone for what we  
14 collectively put our energy towards stating and the purpose  
15 of the annual report.

16 MS. PHILLIPS: Council priorities for the  
17 immediate future. The Council recognizes and commends the  
18 tremendous amount of work accomplished in partnership with  
19 many, including communities, the university and agency  
20 researchers over the past 15 years through research,  
21 monitoring and specific restoration activities that address  
22 the restoration and rehabilitation goals identified in the  
23 1994 restoration plan. In recognition of work already  
24 accomplished, the Council will assess and evaluate the work  
25 that is still needed to better understand the effects of

1 lingering oil and to reach closure on the status of injured  
2 species and services.

3                   Over the next 18 months the Council has  
4 determined the need to realign priorities and restorative  
5 activities, placing focus on critical work prior to reach  
6 closure in areas of restoration related to lingering oil  
7 and injured species. Once the outcome of these prioritized  
8 studies is accomplished, the Council will be better  
9 prepared to fully meet the goals outlined in the 1994  
10 restoration plan inclusive of the long term requirements of  
11 the Gulf ecosystem monitoring program.

12                   MR. MEADE: Thank you. For me that says  
13 well the -- I think the area that brought concern  
14 originally by the PAC to the Trustees -- and highly value  
15 the role of the Public Advisory Committee and I highly  
16 value citizen driven government. And so the fact that you  
17 have asked questions I think very much deserve a good  
18 dialogue. The need for us to make an adjustment, an  
19 alignment, over the next 18 months to be sure we've  
20 answered critical research questions, needs, or data  
21 gathering associated to lingering oil and injured species  
22 was acute.

23                   And so making that mid-course adjustment,  
24 moving into that effort, and including to even today  
25 disciplining ourselves to spend the limited resources we

1 now have -- we don't have the resources we had in the 90's  
2 -- to make sure we're going to be aligned to obtain that  
3 data, those data gaps that need. And then fund their -- be  
4 ready to transition into that lasting important  
5 contribution for baseline data. So.....

6 DR. GERSTER: I think the sense of the PAC  
7 though was, we certainly appreciate prioritizing limited  
8 funds but also we wanted to see if you were committed to  
9 the GEM program after a short period of time. There's  
10 concern from researchers that this may not come about and  
11 we may be losing substantial efforts at research. Just  
12 speak up.

13 MR. FREDRIKSSON: Well, okay. It's not  
14 Robert's Rules but McKie had his hand up.

15 MR. CAMPBELL: And I may make things worse  
16 here because I probably will. And I should emphasize here  
17 in this setting, I think we're each only speaking for  
18 ourselves. But when I came on board, I did a fair amount  
19 of looking at how the first amount of money had been spent  
20 and, you know, the realization was very clear that there  
21 was limited time and limited money available. And it  
22 seemed to me that the thrust of what the money was supposed  
23 to be used for was restoration. And there -- different  
24 people have different definitions of what restoration is.

25 But if you look at -- basically if you take

1 out the large parcel purchases and set them to the side,  
2 Kurt and his staff had gone through and -- let's see,  
3 basically we came up with what, 66 percent of the money has  
4 been spent on monitoring and research and 28 percent on  
5 information management and administration. And six percent  
6 on general restoration. And frankly I was appalled at  
7 those figures. And what it maybe is, again with the  
8 limited amount of money, I certainly think there are things  
9 that deserve -- that all of us benefit from long term  
10 monitoring, but I don't view long term monitoring as a goal  
11 in and of itself.

12 I mean, this is not the always employment  
13 for marine scientists act. This is how can we do something  
14 for the damaged resources of the Sound. And being a very  
15 simple person, I put that very simply. I think the damaged  
16 resources of the Sound are fish and wildlife and people.  
17 And so what can we do with that? And so at least what I'm  
18 looking at is how are there ways we can identify what  
19 resources do need to be monitored long term and how much  
20 money does that take to do it. Are there things we can  
21 figure out to do to partially do -- I use a sort of  
22 simplistic language -- do good for the damaged resources.  
23 Because I'm not sure we can restore, but are there things  
24 we can do for fish. Are there things we can do for  
25 wildlife? Are there things we can do for the people?

1                   I'm very hopeful that we can really think  
2 hard how we use our limited time and resources to do those  
3 things. And so, are we committed to GEM? I'd say I'm  
4 committed to a little GEM but not the big GEM that was  
5 probably envisioned.

6                   DR. GERSTER: I take that as a no.

7                   MR. LAVIN: Yeah, I was just going to say,  
8 what does that mean?

9                   MR. CAMPBELL: What does that mean?

10                  MR. LAVIN: You're committed to a little  
11 GEM.....

12                  MR. CAMPBELL: Well.....

13                  MR. LAVIN: .....which makes me think  
14 you're not committed to the GEM we've been talking about.

15                  MR. CAMPBELL: I'm not, no.

16                  MR. LAVIN: Okay.

17                  MR. CAMPBELL: Yeah, I'm.....

18                  MR. LAVIN: Is that the sense of all the  
19 Trustees?

20                  MR. CAMPBELL: I think we all benefit from  
21 plain speaking here. I guess I'd put -- and I understand  
22 why that was adopted and I understand that -- and I think  
23 people made their best judgments on that -- but to me if,  
24 you know, what we do is we take the money, we invest it, we  
25 use a very substantial chunk of it to fund EVOS staff in

1 perpetuity and the other half to fund the -- to sort of  
2 fund the rest of the scientists to keep an eye on the  
3 Sound, I would have a hard time, you know, not being real  
4 embarrassed to be involved with that.

5                   And I don't mean it's not because the work  
6 you're doing -- all that work isn't worthy work but the  
7 question is, is it worthy work that is appropriate for  
8 other funding -- it is. But is restoration? You know, is  
9 it making things better for the damaged resources? We have  
10 a -- you know, our biggest single problem for any reopener  
11 is, it has to be only for restoration. How do we go in and  
12 ask for money for restoration with a straight face unless  
13 we can point to restoration we've done.

14                   MR. LAVIN: That's a good point. Isn't it  
15 a separate question though? For the reopener, I agree.

16                   MR. CAMPBELL: Yeah.

17                   MR. LAVIN: The settlement says that the  
18 funds would have to go toward restoration and as you say,  
19 there's different definitions of that. I could probably  
20 make the case that long term monitoring is a form of  
21 restoration or could be designed to improve the chances of  
22 being able to restore things in the future. And could  
23 potentially even come under the reopener part of it. But  
24 assuming you define restoration more narrowly to -- as  
25 specific actions that might improve populations or

1 something like that, then I agree with you for the reopener  
2 purposes. It would need to be limited to that narrow thing  
3 and somebody could argue that monitoring shouldn't be in  
4 there. But that aside, I think you're also saying that GEM  
5 itself would not be something -- apart from the reopener,  
6 GEM.....

7 MR. CAMPBELL: Let me say I'm speaking  
8 strictly for myself and.....

9 MR. LAVIN: Sure.

10 MR. CAMPBELL: .....I know different  
11 Trustees hold different views. But if what I have am  
12 saying is for myself, I would have a great deal of trouble  
13 supporting a program where GEM is do. That that's what  
14 EVOS becomes and that's what we do, yeah.

15 CHAIRWOMAN PEARCE: Kurt, did you have  
16 comments?

17 MR. FREDRIKSSON: Yeah, maybe just to  
18 follow up on -- and I think John, maybe your comment -- the  
19 suggestion that there has been this -- as you phrased it --  
20 paradigm shift. Because I don't see a paradigm shift.  
21 What I see is a continuation of what was adopted really  
22 back in 1991 with the consent decree. And all of us  
23 sitting around this table, our mission is defined by that  
24 consent decree. The PAC's establishment is defined by that  
25 consent decree. Why I'm sitting here is defined in that



1 consent decree. We are all driven by that. Ultimately we  
2 will be judged by that, satisfying the provisions of the  
3 consent decree. We'll be judged in the court of public  
4 opinion and we may be judged in the court of some judicial  
5 context. It remains to be seen. But that's the driver.  
6 Within that framework we march forward.

7                   People before us, many of you who were  
8 there. And I was there in a different capacity. There's  
9 no Alaskan that wasn't touched by the Exxon Valdez oil  
10 spill. We all were. Cordova was particularly -- it was at  
11 the center of the damage. We recognize that. As we moved  
12 forward, everybody was trying to grapple with the fact that  
13 we did not have, nor -- I would put forward -- will we ever  
14 have all the information we would want to have of a place  
15 that has just been impacted by the nation's worst oil  
16 spill. We have less than what we would have wanted in the  
17 best of times. We had to go forward and try to find how do  
18 we assess this damage, how do we move forward on restoring  
19 those damages.

20                   And we had a governor who was bold enough  
21 to try and get a settlement so that we weren't 15 years  
22 later today still trying to -- still in battle with Exxon.  
23 Because clearly there are others that continue to battle  
24 with Exxon in terms of the settlement from that disaster.

25                   So we marched down that path and one of the

1 most critical documents I believe that this council with  
2 the PAC at that time adopted and which also went through a  
3 NEPA review and record of decision was the 1994 restoration  
4 plan. Read it. I do all the time. I try to refresh my  
5 memory as to what does this document say. It is a good  
6 document in my mind. It lays out a number of different  
7 objectives for restoration and it identifies a number of  
8 tools that will be used for restoration. One of which -- I  
9 think there's 10, maybe a dozen, but at least 10 tools,  
10 methods for moving forward on restoration. One of them is  
11 monitoring.

12               So there's no question in my mind that GEM  
13 monitoring is an appropriate restoration tool. In my mind,  
14 we don't need to debate that. That was embraced in the  
15 1994 restoration plan and until we change that plan, that's  
16 the way it is. But there were a number of other tools in  
17 that plan. Things like habitat acquisition. And we could  
18 go through the list. I wouldn't suggest we need to go  
19 through the list today, but it's a good list.

20               It also laid out very specific goals,  
21 objectives, and end points. There were end points for when  
22 we might conclude that we had actually achieved what we  
23 were trying to achieve collectively with restoration. It's  
24 a real concern to me and it has been over the last couple  
25 of years.

1                   I look at the list, we still have resources  
2 -- we've heard about them today -- herring perhaps the most  
3 important -- it hasn't recovered. What are we going to do  
4 about that? In fact I think there's six species and  
5 related human services. Human services, RJ, we got to deal  
6 with that and it's tied to those resources because in  
7 reality it is. They continue to be damaged. They haven't  
8 recovered. We still have six resources that may be  
9 recovering. We have resources, we don't have any clue.

10                  So what happened? We jumped from the  
11 restoration plan almost as if restoration is over, let's do  
12 GEM. Let's just kind of move from no longer pursuing those  
13 objectives and let's just kind of go into long term  
14 monitoring, maybe that's the answer.

15                  I think that's the wrong course, I don't  
16 support it. I think it abandons the other nine tools that  
17 we still have to use under the restoration plan. We need  
18 to bring closure to some of those. We need to change the  
19 end points that we're trying to achieve. We need to  
20 grapple with human services. So that's kind of where I'm  
21 coming from and it became all the more apparent to me --  
22 and I'll just throw this one last item out -- because it's  
23 called the reopener. We as the Trustee Council don't deal  
24 with the reopener. It's in the settlement agreement.

25                  Now putting that aside, there are issues

1 that have come up in recent years because of our science  
2 that tells us we got lingering oil problems. We know we  
3 have lingering oil. There may be exposure to the resources  
4 that we still don't know if they're damaged, if they're  
5 recovering, or that we know they aren't recovering, okay?

6                   The governments, the state and federal  
7 governments may pursue a reopener based on those claims.  
8 They may not. I don't know what's going to happen. But I  
9 know this council is going to have to deal with the  
10 restoration one way or the other. If there is not  
11 reopener, this council is still going to have to deal with  
12 lingering oil. We're going to have to, on behalf of the  
13 public, on behalf of that damaged resource, we're going to  
14 have to deal with it, even if the reopener doesn't.

15                   So when -- and Joe, I appreciate you  
16 bringing us back because that language -- we worked real  
17 hard to try and come together with some language that the  
18 six of us could agree on in terms of describing where we  
19 were headed over the next 18 months because the focus is on  
20 the restoration plan from where I sit. Over the next 18  
21 months, we've got to take of those six on the unrecovered  
22 and the six yet to be recovered. And we've got to deal  
23 with the lingering oil. We still need to look at the  
24 habitat acquisition plan, particularly the small parcel  
25 program and how that fits into our restoration plan.

1                   That to me is a real important element that  
2 we worked real hard on. I mean it lays out the next 18  
3 months.

4                   CHAIRWOMAN PEARCE: Dr. Balsiger.

5                   DR. BALSIGER: Well, I guess none of the  
6 Trustees here was around at the inception of the GEM model.  
7 That started off before any of us were sitting here at the  
8 table. I happened to be the one that was here the longest  
9 and I was here before it was finalized and when the  
10 National Research Council reviewed it for us and we went  
11 through the several iterations to develop the document that  
12 it is now. And I had seen the GEM program as sort of a  
13 structure within which to fit a lot of different research.  
14 It was a good organizational document.

15                  I think that the GEM model, the GEM  
16 program, could be used to describe the research that's  
17 being done to look at why herring doesn't come back, what  
18 we should do about the fact that human services have been  
19 diminished because of the low herring resource. And I  
20 think it could have fit under the GEM program, but that  
21 isn't the mind set of the Trustees. Most of them want to  
22 make a separation between what the GEM title stands for,  
23 which is ecosystem monitoring, and the other kinds of  
24 research that more directly look at is there something we  
25 can do to restore. Okay, I can do that. I think that's a

1 new separation that comes with the evolutionary membership  
2 of the trustee board but I think it still works.

3                   So when you ask us if we support GEM, I  
4 don't think the support is there any longer at the table  
5 for GEM as the single organizational structure under which  
6 all of the future funded research fits. That support isn't  
7 there any longer. But I don't think that the support has  
8 changed for the need to have one element of the research  
9 that we continue to do to be a monitoring element.

10                   And so we can call that a little GEM if we  
11 want to I guess, or we can call it what remains of the GEM  
12 and clearly identify that other things that lead to  
13 restoration or in the water acts, if someone can figure out  
14 a way to make herring deposit eggs where they'll for sure  
15 survive. I don't know what that is. That doesn't have to  
16 be funded under GEM. That can be something else.

17                   So I think we've changed our mind in how we  
18 -- the structure under which the research has to be done  
19 just -- but I don't think it has changed generally the  
20 kinds of work that we all agree needs to be done. So that  
21 was kind of awkward but I think there's some semantics that  
22 have changed and we struggled with that actually at Trustee  
23 Council meetings, but I think we've gotten past that. But  
24 I don't think there's any change in the support that we  
25 have for the community and the recognition of what went on

1 and the work that has to be done.

2 DR. GERSTER: Other comments? Brenda. You  
3 don't have to raise your hand, just talk.

4 MS. NORCROSS: Jim, I agree with you that  
5 the concepts fit. I don't personally think of what Dick  
6 Thorne was talking about for herring as being separate than  
7 GEM. I think it's a semantics issue. Maybe I just want to  
8 think it's a semantics issue. Because when I look at the  
9 '94 restoration plan, it includes words like long term  
10 monitoring, it includes ecosystem approach. And the reason  
11 I think it's a semantics issue is because GEM really always  
12 has been a whole lot more than long term monitoring. There  
13 were a few things that were long term -- well, were  
14 designed hopefully to be long term monitoring that were  
15 specifically chosen because they -- you know, there's this  
16 1989 regime shift, this 1997 regime shift, and maybe a 1999  
17 regime shift -- but the whole point was those things have  
18 been identified that seemed to have impacted the non-  
19 recovered and the unknown species and services like  
20 herring. They're not things that we can get a handle on.  
21 How do you restore herring if you have no idea what the  
22 natural environment is doing?

23 I think my problem with the semantics that  
24 maybe Kurt or McKie could address is what do you mean by  
25 restoration? Because when I hear you say restoration, I

1 don't get the same thing that I get out of reading the '94  
2 plan. I'm thinking of building little mechanical herring  
3 and putting them out there. And I.....

4 MR. CAMPBELL: If you have a way.

5 MS. NORCROSS: I personally don't think  
6 that would work, so I'm not going to do it, okay.

7 MR. CAMPBELL: I think part of this is  
8 semantics but I think part of it is substantive. I agree  
9 with Jim, I think we all do, that all of us are committed  
10 to appropriate long term monitoring of a variety of sets of  
11 resources that we feel are important. And what that set is  
12 and how much that costs and what that time frame is I think  
13 is all a matter of discussion, which we very much need your  
14 input on. But I guess I am also looking at -- or looking  
15 for -- and admittedly they're hard to find. It's a lot  
16 easier to find ways to watch stuff than it is to find ways  
17 to fix it.

18 But I'm looking for projects that yield  
19 tangible results. You know, some of which yield concrete  
20 results metaphorically and some which maybe yield concrete  
21 results literally. I'm saying what can we do -- again, in  
22 my simplistic formula -- to address the fish, the wildlife,  
23 and the people of Prince William Sound. And I am aware of  
24 the terms of the settlement and I also am aware -- we don't  
25 have Gina here but sometimes when I talk she tends to put



1 her head down on her hands. You know, it kind of helps me  
2 to watch her as I'm talking, oh back up, back up, okay.

3 MS. BELT: Watch out, McKie.

4 MR. CAMPBELL: Was your head down? Was  
5 your head down, Gina? No, she's very useful. I think Gina  
6 it's useful to have me visually here this time. Anyway.  
7 And I'm talking within the context of the settlement. I  
8 understand the restrictions in the context of the  
9 settlement. But I also understand, you know, what was in  
10 the legislation the mayor quoted to us as well. So.....

11 CHAIRWOMAN PEARCE: Gina is our canary in  
12 the coal mine.

13 MR. CAMPBELL: Yes.

14 MR. KOPCHAK: If I might real quick. You  
15 know I joined the PAC somewhat lately but have been trying  
16 to pay attention to both where things were and where things  
17 have been going. And I kind of was in the middle of  
18 watching a change, at least I think in perception and  
19 attitude on the PAC from when I first came into it to where  
20 we kind of had this discontinuity in vision, this  
21 disconnect.

22 And one of the things that I've observed  
23 and felt is that I think there was a real investment in the  
24 GEM program. That it was the result of a long term series  
25 of debates on how we as the PAC were investing our

1 emotional commitment to the next, what we saw as the next  
2 phase of the EVOS response. And I think at the same time,  
3 that the Trustees were going through a different and  
4 separate kind of examination of that. And we did not end  
5 up on track together. I think both of the organizations  
6 would be happy to agree to that.

7                   And one of the things that I'm hoping to  
8 learn more about is a, you guys' commitment to just that,  
9 those things within the restoration plan that we need. A  
10 commitment to long term monitoring because as a fisherman,  
11 I really want that. And it doesn't have to be all-  
12 encompassing for everything, but I want that. And as well,  
13 a real commitment to the lost services component.

14                   And then how do we structure that and get  
15 back into -- we're not going to ever play exactly the same  
16 music at the same time, but how do we get a little bit  
17 closer to that and how do we as a PAC invest our emotional  
18 time then in trying to promote something to you guys that  
19 fits within your vision.

20                   Because I certainly don't want to waste my  
21 time nor do you want me, I think, to waste it, going  
22 through a bunch of emotional commitment to a program only  
23 to find out that it doesn't fit in your current series of  
24 visions and priorities. And I hope that's one of the  
25 things we can work through today. Because I want to join

1 together and move with you guys on some stuff and at the  
2 same time I want to fight, if you're not in agreement, for  
3 the corners that I think are important. And I'm not quite  
4 sure where that ground is yet. That's -- you know.

5 MR. TREADWELL: Drue. Yeah, I wanted to  
6 suggest, just hearing McKie out, a couple of things. First  
7 off, we fought for GEM with some frustration. I will tell  
8 you the we in this case -- I've been on the board of the  
9 Prince William Sound Science Center, I've been in many  
10 meetings in this room, including the -- and trying to get  
11 the rainy weekend started where SEA got started so we have  
12 this initial assessment.

13 I think one of the most tangible things  
14 that you can leave behind is a recognition that whether  
15 it's habitat we've acquired or species that we've restored  
16 by one way or another, whether it's more cleanup or not  
17 fishing or something else like that, that we have a  
18 capability from here on out to do things better. All  
19 right? And that monitoring and that information is so key  
20 to that. You heard Dick Thorne's presentation about how  
21 one of the impacts was that we didn't have the -- we were  
22 using an old herring model when we should have changed the  
23 paradigm. All right? And that's why I think we fought for  
24 it.

25 Now understanding that you've got limited

1 resources and also understand -- I mean, I can give as long  
2 a talk on where did the word enhancement go because I  
3 helped draft that consent decree and helped go down and get  
4 it through two legislative sessions where one it pass and  
5 one it did so that you guys are in business, so that we  
6 could have these things for the Sound. But the point here  
7 is that I sit on another commission that is part of the  
8 NPRB. Okay? At a presentation from Clarence the other  
9 day, most of you guys are involved in it six ways. Okay?

10                   The NPRB, because of GEM, said we're going  
11 to focus most of our resources on the Western Gulf and the  
12 Bering. Okay? They said to themselves, GEM is going to  
13 handle the Northern Gulf and the Sound and they'll go west.  
14 All right? You're going to leave a vacuum here if you  
15 don't adjust and figure that out. That's one vacuum you're  
16 leaving.

17                   The second vacuum that's leaving is that  
18 there's a string and it's -- the list is on the questions  
19 -- on question six -- of marine science institutions that  
20 have, for good or for not, grown to depend on some regular  
21 funding here. And many of us worked on the GEM process to  
22 make sure there was continuity of funding. And again, if  
23 it's your decision that there ain't going to be continuity  
24 of funding and that we were bad people to even think of  
25 that, let's try to solve that vacuum problem too.

1                   And I guess my recommendation is that, you  
2 know, whether it's coming to the accommodation that RJ is  
3 talking about or whatever you've got, we've got better  
4 resources than almost any other place in the country with  
5 the NPRB, with AOOS vehicle, with whatever we decide is  
6 left of EVOS, to leave behind a good structured monitoring  
7 system that gives managers the tools to do things much  
8 better than we've done them before.

9                   And so please don't make your decisions  
10 here, as to the six trustees, in a vacuum. Because already  
11 I feel that you've left a vacuum before. And I'll tell you  
12 this, I had a big difference with the Knowles  
13 administration and the last set of trustees because they  
14 shut down a lot of this stuff to create GEM in the first  
15 place. You know, the funding tap goes on, goes off, goes  
16 off, goes off, and trying to keep a bunch of scientists  
17 employed down the hill here with that kind of activity,  
18 it's not easy.

19                   CHAIRWOMAN PEARCE: Kurt. Your turn.

20                   MR. FREDRIKSSON: Well, and just because  
21 you end it on this mean I have to maybe come back to John.  
22 I don't feel an obligation to keep scientists employed.  
23 That isn't what I feel I was put here to do. Again, I go  
24 back to the consent decree as it was written and signed by  
25 the governments and filed with the court. And it talks

1 about restoration. And then I go to the restoration plan.  
2 Within that restoration plan is a monitoring component.

3                   And back in 1994 when we developed that  
4 monitoring program, I think we had two primary purposes for  
5 it. We wanted to monitor the damaged resource to see if it  
6 was recovering and then we wanted -- we assumed, unlike the  
7 six percent of active restoration that we actually engaged  
8 in, we assumed that we were going to implement restoration  
9 programs and we would use monitoring to evaluate the  
10 success of those restoration interventions. And I would  
11 assume if they weren't working, the monitoring data would  
12 provide us the ability to recalibrate, to try a different  
13 tool. And I don't think we used it for that purpose very  
14 much -- or we didn't use it for more than six percent of  
15 our investment. But that right now is how the restoration  
16 plan has viewed monitoring.

17                   What I've heard today is a strong desire --  
18 and I've heard -- in fact I think it was Nancy who was  
19 talking about the Prince William Sound Ocean Observing  
20 System that we helped fund. And I look at GEM. This is  
21 monitoring that is observing for purposes of assisting  
22 managers. Which we've got the Forrester Service, we've got  
23 the Department of Fish and Game, we've got the Department  
24 of Interior, we've got -- these are the natural resource  
25 managers right here. I'm not a natural resource manager, I

1 just control pollution. But these are the folks that these  
2 systems that are being created are supposed to serve.

3 I don't think EVOS, since it has as its  
4 mission restoration of damaged resources, is necessarily  
5 the best forum or the best group to be engaged in observing  
6 systems that are supposed to benefit fish and game  
7 management or NOAA offshore fishery management. Maybe it  
8 is, but if it is, I think we need to then engage -- we need  
9 to revisit the restoration plan. We need to expand our  
10 monitoring scope in the restoration plan to say the purpose  
11 of this monitoring funded by EVOS is to benefit the Board  
12 of Fish and Game. Is to benefit NOAA. Because then those  
13 groups have -- then there is -- I deal in spill prevention  
14 and responses, you know me, but the regional response team,  
15 that is a group that is specific to spill prevention and  
16 response.

17 If the observing systems like GEM are to  
18 serve the interests of spill prevention and response, then  
19 I think the regional response team needs to have some --  
20 there needs to be some linkage there. They can't be just  
21 out there independent of what we're doing here in terms of  
22 what is best for spill prevention and response. That was  
23 the other -- I made a brief list. You know, future spill  
24 prevention response seems to be an issue that people really  
25 want us to deal with.

1                   Responsible fishery management, we had the  
2 local interest with the Cordova Center, the human use.  
3 Those are issues that I think we need to try and come  
4 together on and see how the restoration plan can either in  
5 its current form or modified to accommodate those  
6 additional objectives.

7                   MR. CAMPBELL: Just quickly following up.  
8 If for the first 750 or 800 million dollars we had achieved  
9 very significant restoration, you know, we had really  
10 gotten things done, and we had also kind of figured out how  
11 to reduce future risks or better ways to deal with future  
12 oil spills, then looking at how to spend the last 100  
13 million, about then watching and then keeping an eye on  
14 things and developing baselines and stuff would seem  
15 entirely appropriate to me.

16                  My problem is, we don't seem to have done  
17 that. I mean, you know, with the latest ship on the rocks  
18 with oil and soy beans all over the -- you know, out on the  
19 coast of the Aleutians, what were we lessons we learned,  
20 that we can do a lot better? There was sort of a startling  
21 lack of lessons learned, you know, that we know that we can  
22 do better.

23                  I just -- you know, I understand what  
24 you're talking about, a vacuum of research. It's not my  
25 intent to say -- and again, I'm not saying we're pulling



1 the plug on science. Nobody's saying that. Though I would  
2 think is, is EVOS the best way for that or would be some  
3 mechanism -- as we, you know, we'd get money to the NPRB  
4 and say expand into the Gulf an appropriate way to do that.  
5 And we figure out the appropriate amount and sort of task  
6 them to do it and then folks deal with them on it.

7                   And then I guess just the last thing, I do  
8 realize, you know, how various scientific institutions have  
9 grown up around us. And I'm not trying to pull the rug out  
10 under anybody but scientists were definitely not an injured  
11 species in the oil spill. And it is those injured  
12 resources that we I think owe our first responsibility to.  
13

14                   DR. GERSTER: Joe's got his hand up.

15                   MR. MEADE: I just -- you had asked earlier  
16 for kind of I think a sense of the Trustees and I felt I  
17 owed you, in addition to asking us to reflect back on the  
18 article that we had put in the annual report, to share with  
19 you my views.

20                   I've been with the Council now for two and  
21 a half years. I was not up here during the incident, of  
22 course. I've just been in Alaska for that period of time.  
23 But I've tried to carry forward with valor the hard work  
24 that Ken Holbrook has put into the operation of EVOS over a  
25 long tenure, I think being with EVOS activity from its

1 inception. And also more lately with SEA, my current  
2 liaison.

3                   And as I take the best I've learned, the  
4 best I've gained, the best I know, and as a manager try to  
5 do through public service what I'm charged to do, there I  
6 come back very much to the consent decree as to what it  
7 frames for us. And I place high priority on addressing the  
8 issues of lingering oil, on injured species, on practical  
9 applications, and on long term baseline monitoring.

10                   So those are the areas that I'm very  
11 committed to. I feel that for me, probably much like Jim  
12 described -- Mr. Balsiger, not the Gulf Ecosystem  
13 Management -- but I feel too committed to GEM. What I  
14 challenge myself to do is look at -- we have -- you know,  
15 practically speaking, we have a little more than a hundred,  
16 maybe close to a 150 million dollars of assets that we have  
17 an opportunity to help shape for a lasting legacy and  
18 benefit to the communities of the Prince William Sound.

19                   What is the most important things with  
20 consent decree that we can do, the most effective ways we  
21 can expend those resources to achieve lasting benefit and  
22 lasting results. So I come back to my priorities. Right  
23 now we do have lingering oil. We've got a direct  
24 responsibility to do as much as we can do to address  
25 lingering oil. We've doubled up that effort as we talked

1 about earlier, particularly because we need to discern what  
2 it is we need to know on each of the government's behalf  
3 associated to the reopener.

4                   As has already been discussed, we don't  
5 have a role in the reopener per say but we certainly will  
6 take the best knowledge, the best science, the best  
7 observations and that will be utilized by each of our  
8 justices to then make those decisions on behalf of our  
9 senior elected officials.

10                   So same thing with injured species. You  
11 know, we know we still have some issues with the injures  
12 species. We need to double our efforts right now, realign  
13 some of our resource priorities, so we have that  
14 information that will be critical for our senior elected  
15 leaders at the state and at the presidential level to be  
16 able to guide their thinking and guide justices'  
17 determinations. So again, a realigning of the priorities  
18 for that purpose.

19                   If I see something that I do think has  
20 fallen short, it is that application side that McKie just  
21 spoke about. When we have an incident today, we ought to  
22 be able to say we learned from Exxon Valdez oil spill that  
23 when we have this kind of a catastrophe, this is what we  
24 can or should do. Have we yarded up, have we gained  
25 relevant application that we can be able to directly

1 contribute to the next incident, such as the soy bean issue  
2 that we as Alaskans most recently needed to deal with.

3                   And that leads into the fourth aspect, and  
4 that's as we transition the role that the Exxon Valdez Oil  
5 Spill Trustee Council has been for the past 15 years and we  
6 look to the future, how can we ensure the maximum amount of  
7 resources remaining go into lasting benefits for  
8 monitoring. Is it by having a us bureaucrats, you know,  
9 embezzling a part of that resource kitty? Maybe it is;  
10 maybe it's not. I would rather suggest it's much better to  
11 get the maximum of remaining revenue to go into essential  
12 baseline monitoring that's going to have lasting benefits  
13 to Prince William Sound communities.

14                   What that transition will look like, I  
15 don't know that we know. We really have only started to  
16 comprehend and discuss that those are aspects that we yet  
17 need to be thinking through. So am I committed to GEM?  
18 Yes, I am, in its relative layer of priority to the work we  
19 still have to get done and the restoration plan and in  
20 charting a path for the future that continues to be sure we  
21 have the critical baseline data we need over time.

22                   CHAIRWOMAN PEARCE: Mr. Attorney General.

23                   MR. NORDSTRAND: Well, I'm brand new, not  
24 in years but in weeks. And so there's a lot of the -- most  
25 of this I'm unfamiliar with and I'm committed to learning.

1 I can tell you what I have learned a little bit about from  
2 a practical point of view is, just an organizational  
3 standpoint, I look around and it's great that two dozen  
4 people here are concerned about rightfully how to spend  
5 five million dollars a year, perhaps a little less.

6 I am also concerned that this  
7 organizational process, aside from the money actually spent  
8 on science or monitoring or restoration, whatever, the non-  
9 organizational -- or the organizational part is costing  
10 almost two million dollars a year out of the five. Now  
11 that is a prescription for disaster ultimately. Or it's a  
12 prescription for an inability to get something meaningfully  
13 done.

14 So I would say just at the outset that we  
15 need to think long and hard about how we administer the  
16 organization. Yes, am I committed to GEM? No. Can I be  
17 convinced that some aspect of it is appropriate? Yes.  
18 I'll learn, I don't know yet. But the reality is, I don't  
19 think this is sustainable. And I -- you know, I don't want  
20 to be facetious but you think of your favorite charity  
21 organization and what would happen if, you know, out of  
22 five million dollars of income a year, they spent two  
23 million on administering themselves. It wouldn't be high  
24 on the list of most wanted charities, I can tell you.

25 And that's not to say we're charity and

1 that's not to say that there aren't -- government doesn't  
2 have to do very important things to monitor itself, but so  
3 does United Way frankly and it seems to me that we're a  
4 little bit out of whack in that regard.

5                   And, you know, then it does trouble -- and  
6 I want to verify all these numbers -- but the six percent  
7 versus 66 percent troubles me in terms of how the money has  
8 been spent. Because as we go forward into the process of  
9 the reopener, we need to talk about not only what we need  
10 to do in the future, what are the undiscovered events or  
11 undiscovered damages that we can participate in the  
12 reopener with, but also what have we done.

13                   I mean, if I was John Q. Public, and I  
14 guess I'm as close as that can be right here, right now in  
15 terms of what I know about this compared to you guys, is I  
16 would say, okay, what have you done with the money? 900  
17 million dollars, what did you do? And a lot of is very  
18 good, no question. But I think the proportionality may be  
19 what's suspect here and, you know, 28 percent to  
20 administration out of that money. That's a lot. So.....

21                   MR. TREADWELL: Can I just respond on one  
22 thing? The way, McKie, you've done your numbers belies, I  
23 guess, the feeling that most people who are involved in the  
24 land acquisition process felt. Most of us felt that.....

25                   MR. CAMPBELL: That's minus the land

1 acquisition. If you take the money.....

2 MR. TREADWELL: Okay.

3 MR. CAMPBELL: .....absent land

4 acquisition.

5 MR. TREADWELL: Okay. I thought you were  
6 just talking about big parcels, what is there. All right,  
7 but.....

8 MR. CAMPBELL: No.

9 MR. TREADWELL: All right.

10 MR. CAMPBELL: All land acquisition money  
11 is out of that. That's just -- everything else besides  
12 buying land, this is how we've spent the money.

13 MR. TREADWELL: Okay. The six percent on  
14 restoration, at the time of the settlement, Exxon was still  
15 boiling rocks. We asked them not to do that anymore. They  
16 were able to deduct some of their last year's of expenses  
17 out of doing that but we decided that much of the natural  
18 -- much of the best way to continue the response was to do  
19 it naturally, number one.

20 I think if -- while you take the big  
21 habitat acquisitions off the table, I think most of us felt  
22 that preserving the habitat was going to give a fair refuge  
23 if it were for many of the disturbed species and it would  
24 be important to know whether or not that's worked. But I  
25 think over the time that has. So I'm not un-proud of those

1 acquisitions.

2                   And the scientific programs here, again I  
3 guess I would make the argument that you can call them peer  
4 science or monitoring, you can call it the full employment  
5 act for scientists -- which is not what I'm plugging for,  
6 believe me. That's not the point. I think it's the  
7 capability to move us a quantum leap forward in  
8 understanding what's out there.

9                   And, you know, if I could just say as a --  
10 because there are other questions, John, on our list, but,  
11 you know, one thing that I hope we can do out of this is  
12 take a look at all the resources available to you guys as  
13 managers as well as trustees on this particular entity and  
14 figure out how we can come up with a good baseline  
15 monitoring program.

16                   And maybe at our end, you know, would be to  
17 review the GEM plan ourselves and say, okay, you know, if  
18 in the end GEM ended up to be a big kitchen sink, okay --  
19 or I mean a big -- everything was thrown in there including  
20 the kitchen sink. And it might be worthwhile for you to  
21 ask us to review GEM one more time and say what are the  
22 most important components that really ought to be there in  
23 that minimum thing and go out there to do that. So that  
24 we're not arguing over, you know, one thing versus the  
25 other by trying to accommodate what's most essential.



1                   CHAIRWOMAN PEARCE: And I think that that  
2 continuing dialogue -- this is perhaps the first one --  
3 definitely the first time that this particular six person  
4 Trustee Council has had an opportunity to have this sort of  
5 a dialogue with the PAC. It's something that I would like  
6 to see us do more often not less often. And those sorts of  
7 questions we've actually discussed amongst ourselves,  
8 bringing questions to the PAC, asking what you see as the  
9 future and visions of GEM and other things.

10                   Well, I don't hear anybody saying that GEM  
11 is going away, it's a question of how large a component  
12 it's going to be of the overall program and what our  
13 program should look like in these times of tight resources.  
14

15                   I think each of our agencies is  
16 experiencing budget cuts, certainly not increases. And to  
17 see the administrative costs of this particular  
18 organization be as high as they are, these are the amount  
19 of dollars we're able to put out, whether it's for research  
20 monitoring, restoration, whatever it's for, some of us feel  
21 that we are very much out of whack. And we should look at  
22 some different model for ourselves to use.

23                   I will say that I suspect part of the  
24 reason that the NPRB decided to look at Western Alaska and  
25 let EVOS do this is because of the exact same thing that

1 happened to them because they used have -- their funding  
2 came from just the federal -- the way that the feds invest  
3 their money, which we've all managed now to understand, is  
4 not conducive to have a great income stream for something  
5 like the NPRB.

6 Suddenly Clarence woke up and realized his  
7 budget was going to drop by about 80 percent in one year  
8 because of what the markets were doing and so some choices  
9 had to be made. And NPRB made that choice and I don't  
10 disrespect the choice but you go back and look at the  
11 language -- the organic language that set up the NPRB and  
12 it sure doesn't say in there that they're just supposed to  
13 look at Western Alaska.

14 So, you know, okay they've made a choice  
15 and is it our fault that that gap that you're talking about  
16 is going to be there? It's not just us, it's kind of the  
17 collective decision making. And in my mind there are too  
18 many entities having to make these collective decisions  
19 because we have allowed them to pop up all over the place  
20 since the spill. The legislature, the federal government,  
21 Congress, everybody is to blame.

22 But, you know, everybody comes in with a  
23 new idea and so we start yet another organization and we  
24 tend not to blend organizations or ever get rid of any of  
25 the old ones, so we have them everyone. And they're all

1 hungry. And we're just I think facing the fact that we're  
2 not going to be able to feed all of these organizations to  
3 the level that they expect. And we can't do everything.  
4 GEM was -- is huge. I mean, even the NRC said favorite  
5 program that you probably can't sustain. And I came on  
6 board just as we were getting that report.

7                   So I think it's definitely time that we all  
8 re-evaluate and that's what we're doing. But it doesn't  
9 mean that we're not committed to monitoring, because we  
10 are. But it has been a real surprise, I will tell you,  
11 from the soy beans along with the fuel on the beaches out  
12 in the maritime wildlife refuge that people called and  
13 said, okay, what do we do? How do we clean these beaches?  
14 There aren't any new techniques. There aren't any new  
15 ideas. And it seems to me, 16 years after the spill.....

16                   MR. ADAMS: Excuse me.

17                   CHAIRWOMAN PEARCE: .....that there ought  
18 to be.

19                   MR. ADAMS: I can't hear you at all. Will  
20 you please speak up?

21                   CHAIRWOMAN PEARCE: That it seems to me 16  
22 years after the spill that there ought to be some new  
23 ideas. Now whether or not that should be our role, I'm not  
24 completely sure. But we've spent a lot of money without  
25 figuring out how to help with the next event, whether or

1 not it's in Prince William Sound.

2 MR. LAVIN: Can I say something now? Just  
3 because it keeps coming up, I don't think you can point to  
4 the Seledang Ayu as evidence of a failure of yourselves or  
5 of the efforts after the oil spill. There's not component  
6 of that, that that was ever the goal to assess other areas  
7 and how you would -- you know, one of the big lessons that  
8 I think was learned is it's real hard to get oil off of  
9 beaches, on rocks on beaches. And that's always going to  
10 be true and you're always going to want to stop that. And  
11 in Prince William Sound that's what you have, is a much  
12 more sophisticated -- and in part, not so much Trustee  
13 Council but efforts after the spill to improve oil spill  
14 prevention and response.

15 And so there's the GRS effort that keeps --  
16 you know, it's all about keeping the oil off the beaches in  
17 the first place. That fact that some other tanker goes and  
18 grounds out in the Aleutians and it makes a mess and we  
19 don't know what to do with it is to me not an indictment of  
20 anything here. Not reason to make any decision about  
21 anything we're talking about.

22 The other one is you seem to be relying on  
23 the six percent figure enough that I want to ask how you  
24 defined restoration for the purpose of that analysis. And  
25 the other one I just want to say is on the administrative

1 costs, I think that's a good point and an issue that at  
2 least me and I think the PAC would be happy to sort of work  
3 with, with how do you keep -- lower that coast or are there  
4 other entities that would more efficiently administer  
5 them.....

6 MR. NORDSTRAND: And I think in defense of  
7 the organization, I mean, I think it's kind of  
8 understandable historically if you're in the business of  
9 dealing with lots and lost of money over time, you have a  
10 larger organization. But as the money dwindles and if you  
11 don't pay attention, you know.....

12 MR. LAVIN: Right.

13 MR. NORDSTRAND: .....your organization has  
14 to dwindle to some degree, or at least refocus. And I  
15 think part of it is it could be -- you know if you're doing  
16 six things, you need an organization that can do six  
17 different things. And if they're large elements, as these  
18 diminish, part of the problem may be too that as you  
19 diminish, you still need all those people to do those  
20 things. And I think Gail was talking about that the other  
21 day, that the responsibilities exist but then you may need  
22 to start thinking about how many things can you do well  
23 with that kind of money.

24 And I mean I know the choice has been --  
25 was made to some degree, the thing we can do well is GEM.

1 That's what it sounds like to me. But, you know, other  
2 voices may be heard here that maybe some refocus needs to  
3 be done, and that's what we're doing.

4 MR. CAMPBELL: Kurt has a quick thing.

5 MR. FREDRIKSSON: Let me just -- in between  
6 council meetings we all take these jobs, our representation  
7 on this council, very seriously. I know I do and in the  
8 interim between council meetings we take like -- input like  
9 we're hearing today and we go back within our own little  
10 spheres of our agencies and our work groups and we start  
11 working on these questions, these issues. I've asked my  
12 staff to work on questions of what has the investment been  
13 to date. And they're still working on it.

14 The numbers that -- this six percent, 68  
15 percent, 28 percent that you've heard referenced is  
16 information that came to me here just recently. It's  
17 information I'm going to present in a report to you, to the  
18 Council, here by the next -- by the August meeting.

19 I want to let you know, we're working on  
20 another thing as well, and that's to take the 18 month  
21 lingering oil update of injured species, the small parcel,  
22 and we're working on that as well. And that's another in  
23 greater detail, so that we can actually put some, if you  
24 will, tasking and expected outcomes to what the next 18  
25 months would bring. And we're hoping to share that with --

1 we're still working with our agency liaisons and with  
2 Gail's office to put that together and then distribute to  
3 you folks and others so that we can have a more meaningful  
4 debate on this when we have something to have been reviewed  
5 and looked at.

6                   So you will be that -- in terms of how the  
7 six percent was calculated and based on what, you'll be  
8 having that before too long.

9                   DR. GERSTER: Brenda, you want to.....

10                  MS. NORCROSS: Yeah, that's what I wanted  
11 to address. Statistically, I probably would take exception  
12 with the way you analyzed your data and what you called  
13 restoration versus what you called monitoring versus what  
14 you called administration. For instance, administration  
15 has an awful lot of public outreach encompassed under  
16 administration. Anytime you have a meeting like this, it's  
17 in the administration budget, it's not in restoration, but  
18 it's a public service. So I think it has a lot to do with  
19 the way you qualified it.

20                  Also you said that in the '94 plan your  
21 envision was that something would be identified of how to  
22 restore it and then the monitoring would continue. So  
23 those things should have gone under your restoration not  
24 your monitoring. So if I were analyzing your report, I  
25 would probably ask you to redo your data.

1 MR. FREDRIKSSON: Well, I suspect you will.  
2 You'll at least be given the opportunity to. Let me  
3 refresh everybody's mind again to the restoration plan.  
4 This was a product of the PAC. It was a product of this  
5 council and it went through a NEPA review. That  
6 restoration plan -- GEM didn't go through a NEPA review.  
7 MR. HAGEN: Yeah, it did.  
8 MR. FREDRIKSSON: GEM went through a NEPA  
9 review.  
10 MR. HAGEN: There was a finding that it was  
11 consistent with an EIS so.....  
12 MR. FREDRIKSSON: So GEM was adopted  
13 because it was embraced by the restoration plan.....  
14 MR. HAGEN: By the restoration plan.  
15 MR. FREDRIKSSON: .....which had an EIS.  
16 So it fell under the restoration plan EIS, which just goes  
17 to reinforce then GEM is part of the restoration plan  
18 through that monitoring component.  
19 MR. CAMPBELL: Let me, if I may. To some  
20 extent for me, whether the restoration percentage is six  
21 percent or one percent or 25 percent, for me the relevant  
22 question is, what are the things that through all of our  
23 collective actions we've fixed. There are a number of  
24 things that have been fixed because nature fixed them,  
25 sometimes in spite of some of the things. But what



1 collectively have we fixed. And that for me -- oh, I get  
2 them from coming from both sides.

3 CHAIRWOMAN PEARCE: Bees are going to fly  
4 near you.

5 MR. CAMPBELL: Yeah. So collectively, what  
6 is that we fixed. And if the answer is we fixed everything  
7 we could figure out a way to fix, maybe that's a legitimate  
8 answer. Okay?

9 But then is there then a next step of, in  
10 that case, do we then step back and just watch? And I  
11 don't mean to just watch -- sound demeaning. I don't mean  
12 to diminish it that way, but do we step back and monitor or  
13 do we say, okay, we fixed everything we can actually fix,  
14 we still have other questions that we're trying to figure  
15 out how to fix. Let's actively try to figure out how to  
16 fix those and then -- and this was allowed under the senate  
17 legislation -- can we go in and somehow deal with some of  
18 the impacts, the other impacts, as we approach that?

19 You know, I guess I'm not trying to say --  
20 well, two things. One is I want to make clear I'm not  
21 trying to diminish the role of peer science. I am a huge  
22 supporter of the role of peer science, I just don't think  
23 that was goal of EVOS. But second, I'm also not trying to  
24 say, oh this is -- you know, we want to put the scientists  
25 out of work here. What I want to do is I want the

1 scientists to focus differently. I want to focus on things  
2 that they can put their hands on that produce some tangible  
3 results that the people of the Sound, the greater  
4 population of the Sound can see the results of.

5 MR. MEACHUM: You mentioned mother nature  
6 having done a lot and I think that's exactly what happened.  
7 And I think that's what's going to continue to happen. You  
8 know, these resource abundances are going to be driven  
9 largely by the dictates of what happens out there  
10 naturally. I think that a benefit we can provide in terms  
11 of helping the people, helping the resources of the oil  
12 impacted area, has to do with better understanding of the  
13 constraints of mother nature, so we can move, you know,  
14 along within those boundaries that we're given.

15 You saw some presentations today on  
16 herring. Clearly, I mean, that's a very valuable thing to  
17 know. The fisheries managers can benefit greatly from  
18 that. We stepped in and prematurely started a harvest.  
19 And, you know, knowing a better way to do business through  
20 hydro-acoustics for example I think will allow us in the  
21 future to not make that same mistake. Plus it can be  
22 applied elsewhere in the state and the world.

23 So there are benefits of that nature. Mary  
24 Anne Bishop's presentation there with some of the elemental  
25 analysis of otoliths, you know, it gives information about

1 the residency period of juvenile fish in the Copper River  
2 estuary. I mean, that's very valuable. It may not seem  
3 like it on the surface but when you start to make forecasts  
4 of fish, know from one year to next whether RJ ought to,  
5 you know, buy a new herring permit or another gill net or a  
6 new fishing boat. I mean, those are the kind of things  
7 that really help once they're understood. And we're in our  
8 very infancy in that regard. In my years in the  
9 Department, you know, it was really fundamental biology.  
10 You count fish and you're pretty much an open and close and  
11 you do the best job you can in terms of forecasting  
12 abundance. And we forecast herring, we forecast salmon.  
13 You're always wrong, the issue was whether, you know, it's  
14 going to be higher or lower than what you're guessing.

15                   And to the extent we are better able to  
16 make those situations known to ourselves, to the industry,  
17 the processors, as well as the fishermen, the better off  
18 we're all going to be. Now you can call that, you know,  
19 monitoring, you can call it restoration, I don't think it  
20 makes any difference. I think the objective is to figure  
21 out the best way in economic terms, in practical terms, the  
22 best way to help the resource and help the people. And I  
23 think there are a number of elements within the GEM program  
24 that can do exactly that. Not everything there  
25 necessarily, probably because we'll never be able to fund

1 it. But nevertheless, there a lot of elements in there  
2 that I think are of great value and I would like to see  
3 this group support those as we move into the future.

4 UNIDENTIFIED SPEAKER: If I might add  
5 because I'm.....

6 MR. NORMAN: Madam Chair.

7 CHAIRWOMAN PEARCE: Yes, Pat.

8 MR. NORMAN: Hi, this is Pat. I have a  
9 question on this 18 month period. Will you be able to  
10 define from those reports, from the studies that have been  
11 done, any indication of how to take the next step of  
12 restoring an injured resource or was that ever a part of  
13 anybody's study plan?

14 MR. FREDRIKSSON: In terms of -- and this  
15 is Kurt Fredriksson, for the caller. In terms of what we  
16 looked, no, that wasn't the purpose of this particular  
17 investigation, if you will, or review. I think some of the  
18 studies that we're hoping to get directed to would provide  
19 that. We feel that it's real important at this point in  
20 time to synthesize the available information we have with  
21 respect to the science and look at what additional things  
22 can be done for restoration purposes. And I'll just refer  
23 to the herring, is one which Gary Thomas raised his hand.  
24 He said, gosh, I think I got a good idea. Let's take what  
25 we're learning and Fish and Game, you might be able to

1 manage the fishery better if it was -- and I don't know how  
2 but he seemed to have some ideas.

3 MR. CAMPBELL: In season management, which  
4 we normally do most places in the state.

5 MR. FREDRIKSSON: And that would seem to be  
6 a reasonable area, at least from where I sit. Those are  
7 the kind of questions I think we need to look at, is -- and  
8 it gets back to can anything be done in terms of proactive  
9 project. And absent that, are we really talking about some  
10 kind of improved sustainable management. Because I think  
11 that's what I also heard today, was that this information  
12 ought to be serving a management, a resource management  
13 purpose.

14 CHAIRWOMAN PEARCE: Joe Meade had a  
15 comment.

16 MR. MEADE: Yeah, I was going to just offer  
17 to contribute, maybe to kind of synthesis what I've heard  
18 for question one, since we have, I think, a 4:00 o'clock  
19 responsibility and a few more questions. But I think what  
20 I heard is that probably about 80 percent, 90 percent, we  
21 all are in solid, maybe even binding agreement. I don't  
22 think anybody here is opposed to long term baseline  
23 monitoring. It's probably more a question of priority  
24 setting, how much and then what will be the future best  
25 model to do that. And I think we've also heard consensus

1 that it would be really good to re-engage the PAC actively  
2 with the Trustee Council to help sort through the  
3 priorities and -- did I hear the big bath tub of, Jim, or  
4 was it the big sink? Which was the term?

5                   And so maybe that's the second observation  
6 to question one that we can synthesis out and take away,  
7 and that's let's get ourselves together and perhaps begin  
8 to look at how we can task highlighting the most essential  
9 priorities in that big bath tub so we can, with the  
10 relatively shrinking set of resources we have, begin to  
11 place priority on those that are of most importance to the  
12 communities that the PAC is helping to represent. So those  
13 would be a couple of take-aways.

14                   The third that I think -- I'll tease into  
15 there but we haven't talked about it too much. I do think  
16 in time, once the reopener is behind us, we need to  
17 collectively with your assistance, think about what should  
18 this transition look like. How should the structure of  
19 EVOS be in the future so that the maximum amount of  
20 resources are getting towards the long term baseline  
21 monitoring goals and objectives. So I don't know if that  
22 kind of draws a wrap to question one but it might give us  
23 time for the other three.

24                   CHAIRWOMAN PEARCE: Mr. Attorney General.

25                   MR. NORDSTRAND: I have just one question

1 for the PAC, as a newcomer not understanding the history of  
2 this. I'm looking at the investment accounts here. We've  
3 got a little spreadsheet and we've got, as of '05, 104  
4 million dollars in the research investment fund and then 31  
5 million in the habitat investment fund, and that's really  
6 the available funds aside from the Koenig money.

7                   My question is, what was the thinking in  
8 terms -- I assume that the 104 million in the research fund  
9 was designed to perpetually fund GEM or some program, some  
10 manifestation of that. I assume that the habitat  
11 investment was to maybe deal with some of the small parcel  
12 acquisitions, some other issues like that.

13                   Was there just no sense that things like,  
14 for example -- and I'm not for it or against it right now  
15 -- but like the Cordova Center or other things like, I  
16 don't know, I was looking through the annual reports and I  
17 saw the facilities that report along the Kenai River, you  
18 know, boardwalks and the floating docks and -- I mean,  
19 where could that even exist in this current financial  
20 model? Or was it decided that was just over?

21                   MR. MEACHUM: I could address that just  
22 briefly. Within the second -- the habitat protection  
23 component, I asked that very same question probably a  
24 couple of years ago. And my question related to, you know,  
25 what qualified. Because my personal opinion is outside a

1 few, and I mean few, small parcels -- you know, the  
2 government owns enough land around here. So I would like  
3 to be able to use that money to protect the habitat through  
4 providing, you know, oil/water separators, oil collection  
5 points in boat harbors. I mean to me that's a much more  
6 effective way of protecting habitat than going out and, you  
7 know, scraping up the last drop of oil that's buried under  
8 the beaches. It just makes more sense. And there are a  
9 variety of other things I think that can be done. And at  
10 the -- I don't remember the full list I read off, it's in  
11 the notes somewhere.

12 MR. NORDSTRAND: Maybe we should get the  
13 list.

14 MR. MEACHUM: My understanding is, and it  
15 was the consensus of those people who were participating at  
16 the time, that that money for habitat protection meant a  
17 lot more than just buying pieces of land.

18 MR. NORDSTRAND: That's the balance. The  
19 balance that the Trustee Council has placed now is GEM's is  
20 going to be 70 percent of the money, everything else is 30  
21 percent. And I don't think what we're doing is much more  
22 complicated than saying we want to rethink that balance.

23 DR. GERSTER: Well, let me ask a couple  
24 more questions here. Are we still committed to the  
25 community involvement program?



1                   MR. MEADE: Well, I'll venture into my  
2 thought there because I've been pretty clear through the  
3 two and a half years I've been a member, a public affairs  
4 practitioner by profession, not a forester and not a marine  
5 biologist either. But I can only underscore how essential  
6 I feel community collaborative problem solving approaches  
7 are. So to me, to figure out regardless of Robert's Rules  
8 and other things, how we can better enjoin insights through  
9 the PAC to be able to help shape our thinking is essential.  
10

11                   To be able to move forward with what the  
12 funding priorities should be, be it 70/30, be it a change.  
13 And as we move forward in discerning those baseline  
14 monitoring needs and the relative priorities, again, should  
15 actively be shaped by the communities that make up the  
16 Prince William Sound. So for me, I am wholly committed to  
17 citizenry government in the process of engaging and working  
18 through our future.

19                   Now I will be the first to tell you that  
20 I'm about the worst at Robert's Rules and this is the only  
21 forum I have ever sat in where I've got to go through such  
22 a complicated, compounded structure just to talk. But  
23 that's what we have so I've just kind of learned to live  
24 with it. I'd rather have a collaborative learning session  
25 and talk about these things. But anyhow. So for my input

1 there, you've got my commitment.

2 MR. CAMPBELL: I think Joe speaks for all  
3 of us on our commitment.

4 CHAIRWOMAN PEARCE: But to me the community  
5 awareness program -- or community involvement program is  
6 larger than just the collaboration and certainly the  
7 communication in that I've always thought we -- that the  
8 Trustee Council, one of the places that we have done the  
9 least perhaps is with the subsistence community and with  
10 the Native community that were directly impacted by the  
11 spill. And the larger communities impacted by the spill.  
12 That's one of the reasons that one of the components now of  
13 each and every one of our projects as we go out to RFP's is  
14 that there will be a local community involvement. And  
15 there will be a traditional knowledge involvement.

16 But beyond that, as we discovered lingering  
17 oil and the -- well, as we were all surprised by the  
18 lingering oil, the amount and the status of that oil, we  
19 frankly set aside a separate community involvement program  
20 which have been kind of moving along as we have focused the  
21 last couple of years on the lingering oil. I think as  
22 we've changed trustees we've gotten even further away from  
23 it because frankly some of the new trustees coming in  
24 didn't realize that we had a separate, kind of in its own  
25 parenthesis, community involvement program. I for one

1 would like to see us reinvolve ourselves in that.

2                   Quite frankly it's justice attorneys who  
3 tell us on the federal side that the Cordova Center does  
4 not fit under the consent decree and so we have to take the  
5 blame for the answer that keeps coming back to the City of  
6 Cordova on that particular project. But that's not to say  
7 that there aren't a lot of ways that we can be involved and  
8 can have programs. So you are going to see us kind of  
9 return to community involvement, talk about what we want to  
10 begin with. But you'll see another program within the  
11 bounds of our resources.

12                   DR. GERSTER: I'd take that as a yes.

13                   MR. FREDRIKSSON: Well, it goes back to  
14 what RJ was talking about and it's one that I've always had  
15 a hard time getting my arms around, especially when you  
16 look at the injured list. Services, human services, seems  
17 to be one of those really tough issues for this council and  
18 this PAC to put some definition to. Yet when I look and I  
19 -- I don't know who sent this to McKie but.....

20                   MR. CAMPBELL: Appreciate whoever passed it  
21 out.

22                   UNIDENTIFIED SPEAKER: Jason.

23                   MR. BRUNE: I did.

24                   MR. CAMPBELL: Oh, thanks.

25                   MR. FREDRIKSSON: Okay. So this is the

1 consent decree and we have restore and restoration. And  
2 when you go through all the different elements, services is  
3 clearly there. Services provided by that damaged resource.  
4 And that we as a council have an obligation to look at how  
5 those services could be restored, replaced, enhanced, and  
6 acquisition of equivalent resources and services.

7                   So even acquisition is in there, which  
8 takes the form in some ways as like parcels of land. We've  
9 acquired land to protect fish. I think we could acquire  
10 other services to protect those resources. Closures come  
11 to mind, the direct killing of fish is what we're  
12 controlling in that case. But that's a whole arena that in  
13 my mind falls under the is community involvement. Because  
14 those services are provided. Those services present  
15 themselves at a community level.

16                   So I would be interested in exploring how  
17 we could look at community involvement, a plan or approach,  
18 elements of that would really survey help from the  
19 communities as to what they view are important services  
20 that need to be restored or that they would like restored.  
21 I appreciate the mayor coming here and at least going  
22 through the list like the city center and the power cost  
23 equalization of some sort. RJ's, you know, plea for what  
24 about down at the personal level.

25                   I think we need -- that to me is one of the

1 bigger issues we need to get around. And the community  
2 involvement program, long story, should be a vehicle to  
3 that.

4 MR. LAVIN: John, I was just going to raise  
5 a question, looking at the time, because we're supposed to  
6 go through all the projects and make our PAC recommendation  
7 today. And that in the past has taken all day to do. The  
8 docket is smaller this year so don't know as we need all  
9 day but it is quarter after 3:00 so I'll just throw that  
10 out there, not wanting to be here too late myself.

11 MR. CAMPBELL: I would say when we've  
12 talked about these questions, what we found is after you've  
13 answered the first several, probably my guess is in the  
14 ensuing discussion answered them all.

15 DR. GERSTER: Okay. There is one more I  
16 would observe on community involvement where I think it  
17 will really be important and I'll take the extra time to  
18 underscore it. It will be real important for us to work  
19 together. I only know a little bit about something called  
20 a reopener and I seeing Gina already frown on the  
21 conference phone. I only know a little bit about the  
22 reopener and I need to get myself learned up much more.  
23 But what I am growing to understand and what public affairs  
24 intuition is telling me, is there a lot of radically  
25 different interpretations of what very little latitude we

1 really have in the reopener.

2                   And so I think it's going to behoove us  
3 collectively to learn together what latitude the reopener  
4 provides, to whom it provides it, and help them  
5 collectively shape public awareness of that knowledge.  
6 Because of the limits I'm increasingly understanding, there  
7 are going to be some very specific almost surgical elements  
8 that it could address if it addresses items at all. And in  
9 that we are only an information source, we won't directly  
10 influence that. But what we can -- and perhaps more  
11 importantly -- is help create an accurate public awareness  
12 of what latitude is or isn't there. I worry there is a lot  
13 of expectation and that expectation likely won't be met  
14 because of the constraints of the consent decree and the  
15 legal elements associated to the reopener.

16                   So the area of community involvement, I  
17 would suggest that's a huge area that we all can really  
18 help ourselves to help our communities have an accurate set  
19 of expectations towards. So.....

20                   DR. GERSTER: Let me ask one more quick  
21 question. Is the Trustee Council still going to support  
22 the established process of peer reviews, the STAC science  
23 director or coordinator, and the PAC? Are you firmly  
24 committed to that or are we thinking of some other radical  
25 departure?

1                   MR. CAMPBELL: I've given you my only  
2 radical departure for the day already.

3                   DR. BALSIGER: I think that the Trustee  
4 Council is intending to follow the same process. And sort  
5 of behind the lines I guess is the question of, if there's  
6 a recommendation by the peer reviewers, by the PAC, by the  
7 STAC, by the science director and perhaps by the Executive  
8 Director, are the Trustees going to necessarily adopt that  
9 exact same package? No.

10                  But certainly we're going to look and look  
11 to those peer reviews and to all those processes the  
12 opinions as we select the projects to be funded. But we  
13 think that we individually have some responsibilities  
14 otherwise we wouldn't even have to show up and meet, we  
15 could just say that's the package and be  
16 done with it.

17                  And through the years of course the funded  
18 package has been variously close or dissimilar to that  
19 recommended by those very groups. The one that departed  
20 most significantly of course was last year in which perhaps  
21 has fueled a lot of this controversy.

22                  And I think we ought -- we probably all in  
23 the room understand now because we took a slightly  
24 different tact trying to prepare, particularly on the  
25 lingering oil aspects, with time towards certain dates

1 running out. And so I think that's why there was a  
2 different -- or perceived at least by the public that it  
3 was a lot process last year.

4 Well, we're going to follow the process,  
5 we're going to look at all of those things. We're going  
6 to, as good as we can individually and as a trustee board,  
7 select that group of projects that should be funded that  
8 gets us down the line where we want to go. We've talked  
9 about where we want to go a lot and there's other questions  
10 down here about where we're going to go and this has come  
11 up over here. I don't really have time to go into that in  
12 more detail but that's my answer to that last, that  
13 particular one.

14 MR. MEADE: A piece that I might share to  
15 that too, Jim, and McKie and I have spoke about this event,  
16 not that I can claim to speak for McKie here at all.

17 MR. CAMPBELL: Please don't.

18 MR. MEADE: Please don't he says. I do  
19 believe I work for an agency that has a very vibrant  
20 research element to it. A very separate and a very  
21 important research arm. But what I also find is I need to  
22 stay in tune with what researchers are researching to be  
23 sure it's bringing to me the management solutions,  
24 equations, or observations I need to have.

25 So I think the Trustees have a



1 responsibility perhaps to redeem a responsibility to help  
2 provide a bit more management structure and guidance to the  
3 science that's being done so that we can be sure we are  
4 getting science where we need it, we're drawing  
5 applications from it that are going to make an important  
6 contribution. So am I committed to the process that's been  
7 in place? Yes. It's a bit burdensome but I think it plays  
8 a very important role.

9                   But I also feel that the Trustees and the  
10 liaisons need to have a redeemed responsibility to be sure  
11 that we're pursuing that in a way that's going to bring  
12 structured benefit back to management observation needs or  
13 implementation.

14                   CHAIRWOMAN PEARCE: McKie.

15                   MR. CAMPBELL: I thought of one caveat that  
16 I guess I should add and Scott may want to expand on this.  
17 But my understanding is the Department of Law is looking at  
18 the issue of whether or not the STAC is subject to open  
19 meeting laws. And that initial reading may be that  
20 actually it is, which may affect how they function.

21                   MR. NORDSTRAND: That's true and we haven't  
22 reached a final conclusion but it's a question that needs  
23 to be asked and we'll come up with an answer. And it's  
24 been suggested that if that impairs somehow the research  
25 process, we could go to the legislature and try to seek an

1 exemption.

2 MR. CAMPBELL: That would be.....

3 MR. NORDSTRAND: That's problematic, I  
4 think. Exceptions from holding meetings are not a real  
5 popular bill but.....

6 (Laughter)

7 MS. STUDEBAKER: Why has this particular  
8 point come up at this time?

9 MR. NORDSTRAND: Okay, it's come up -- I'm  
10 sorry?

11 MS. STUDEBAKER: The point of closed  
12 meetings or open meetings, why.....

13 MR. NORDSTRAND: Well, the reason.....

14 MS. STUDEBAKER: With the STAC.

15 MR. CAMPBELL: .....it came up I think is  
16 because the STAC was meeting and was going to -- and didn't  
17 want others to participate. I think it was.....

18 MR. CAMPBELL: Or even observe.

19 CHAIRWOMAN PEARCE: No, observe.

20 MR. CAMPBELL: Observe, I guess observe.

21 And so the question it raises then is okay, we need to find  
22 out what are the rules. And it seems, you know, at that  
23 point I asked the Department to look at, you know, we're  
24 subject to the open meetings act, we know that. What about  
25 STAC? And we're going to find out the answer. Perhaps

1 it's the case but perhaps not. But that's why it came up,  
2 because someone said these people shouldn't come.

3 MR. CAMPBELL: And I would observe we seem  
4 to be having a fairly open spirited dialogue here in the  
5 full open.

6 DR. GERSTER: And I appreciate that. And  
7 quickly, what is the status of the contract with Integral  
8 Consulting?

9 MR. NORDSTRAND: Oops, skipped one.

10 DR. GERSTER: We'll get back.

11 CHAIRWOMAN PEARCE: I don't know that any  
12 of us.....

13 MS. PHILLIPS: We don't have.....

14 CHAIRWOMAN PEARCE: Gail.

15 MS. PHILLIPS: .....the results yet.

16 MR. NORMAN: Madam Chair.

17 CHAIRWOMAN PEARCE: Just a moment please,  
18 Pat.

19 MS. PHILLIPS: We don't have anything back  
20 for Integral at this point in time.

21 DR. GERSTER: Okay.

22 DR. BALSIGER: Well, it wasn't due back yet  
23 either.

24 MS. PHILLIPS: Right.

25 DR. BALSIGER: So it's not like they've

1 missed a deadline or something.

2 MS. PHILLIPS: Yeah.

3 DR. BALSIGER: We expect stuff at the end  
4 of the summer, I think.

5 MR. MEADE: I was just saying, isn't fall  
6 in.....

7 CHAIRWOMAN PEARCE: August, September.  
8 Sometime in fall. Mr. Norman?

9 MR. NORMAN: I have a question on the  
10 community involvement portion. There was a study done,  
11 this called plan for community involvement in GEM, that  
12 thing accepted or were to change then how the look is at  
13 GEM, will that be something they'll take another look at in  
14 term of community involvement?

15 CHAIRWOMAN PEARCE: We are going to bring  
16 that back. That's what I was talking about, Pat, that got  
17 set aside to a degree because of the discovery of the  
18 lingering oil and the attention we've paid to it over the  
19 past couple of years. And probably, quite honestly, the  
20 ignorance of that project and the plan that was brought to  
21 us by the new trustees -- not because they don't want to  
22 know, just because they weren't here. So we will be  
23 bringing that back to the Council for further discussion.

24 And I believe, my personal belief as a  
25 trustee, that the community involvement piece can fit under

1 GEM or as separate component of the larger program. It was  
2 -- we were trying to kind of force it under GEM, so it  
3 wasn't the most elegant fit anyway. It may rise to the  
4 occasion of being its own piece of the pie, so to speak.  
5 But it will not be forgotten.

6 MR. NORMAN: Okay, thanks.

7 CHAIRWOMAN PEARCE: You're quite welcome.

8 Jeep, you've had your hand up.

9 DR. RICE: Yeah, just a comment maybe about  
10 the six percent and maybe just to put that into a little  
11 bit of perspective. And it really falls into another point  
12 but the point is, you know, Exxon spent about two billion  
13 dollars in direct restoration prior to the consent decree  
14 being accepted in '91. So and then we get this bundle of  
15 money and the last thing we want to do really is do any  
16 more restoration for the next several years because, boy,  
17 we didn't know what was going on as to what did the oil do,  
18 what did the cleanup do, trying to sort this out. Along  
19 then comes a natural variation, natural factors are  
20 factoring. And, you know, so it all was very confusing,  
21 still is so to speak.

22 But the one thing we did is, is we did  
23 solve the easy questions. The easy questions were  
24 answered. You know, how many birds were killed by acute  
25 oil coating, for example, in '89, in that time period. I

1 mean, there's good estimates of those sorts of numbers.  
2 But, you know, now we're 10 years and 16 years past the  
3 spill and what questions are left? Well, the herring are a  
4 good example. They just haven't come back like they should  
5 for whatever reason. So now we're stuck with the long term  
6 questions, the really hard questions. If they were easy,  
7 we'd have answered them already. But now we're stuck with  
8 the really hard ones and the really hard ones kind of  
9 requires two basic things. You've got to have money and  
10 you need to sustain that over time.

11 Well, you're not going to have a lot of  
12 money. I mean, you have three million, four million, five  
13 million. It's not a lot of money to answer these tougher  
14 questions that still remain but the point is you're going  
15 to have to sustain whatever level you have over time.  
16 Whether is seven percent, 50 percent, 30 percent. They're  
17 into these tough questions and whatever value you can come  
18 up with, whatever the choices are that are made, they need  
19 to be sustained over time and get you back to the GEM plan  
20 in some version of it, whether it's the little GEM or the  
21 middle GEM or the big GEM. That was all I had to say.

22 CHAIRWOMAN PEARCE: Dr. Gerster, any final  
23 comments?

24 DR. GERSTER: Quickly, status of small  
25 parcel. Are we still considering that? And in addendum to

1 that question, for our AG's present, I didn't think Chuck's  
2 question was answered. Can acquisition funds be used in a  
3 larger acquisition sense or does it just have to be land?

4 CHAIRWOMAN PEARCE: I don't think it's the  
5 AG that's been probably the limiting factor in how those  
6 dollars can be spent. I think it's the Department of  
7 Justice. And Gina can perhaps take a stab at that if you  
8 want. Or if you want to defer to Gina, we can try to deal  
9 with that at a later time, because it may lead us to a  
10 lengthy discussion. It usually does.

11 MS. BANKS: Certainly my preference would be  
12 do it at a later time.

13 (Laughing)

14 MS. BANKS: I'm having much difficulty  
15 hearing the non-Trustee Council members anyway and.....

16 MR. NORDSTRAND: Gina, maybe if I.....

17 MS. BANKS: .....the Department of Justice  
18 is not prone to giving off the cuff recommendations.

19 MR. NORDSTRAND: I could say this at least  
20 from the Alaska Department of Law's point of view, that,  
21 you know, we're committed to trying to find out where the  
22 line is. I don't think -- we certainly don't want to  
23 violate the spirit of the consent decree. We don't want to  
24 go beyond what's allowed under the statute. But we also  
25 want to know where the line is so that the policy makers,

1 and I guess they got two halves here today, a little bit of  
2 a lawyer and mostly a policy maker. So the policy makers  
3 can say, okay, it's all right to do that. Now the Justice  
4 Department may have a different view than the Department of  
5 Law and I think it would be good for us to sort of talk  
6 carefully and see if we can, you know, reach an agreement  
7 on where the line is.

8                   For example, you know, I come back to the  
9 boardwalks on the Kenai River. You know, that seems a  
10 little bit out of the area. It seems not -- you know, it  
11 doesn't seem to be like you're buying land, it seems like  
12 you're building boardwalks and floating docks. Well, if  
13 you can do that, can you do something else and where is the  
14 line? And I think it's a fair question to find out where  
15 that is.

16                   I personally would like to be able to not  
17 only acquire small parcels but perhaps provide some measure  
18 of improvement that would protect the parcels. I might be  
19 land on a river that could provide recreational access but  
20 you want to create some kind of facility there so that it  
21 can be used in a way that sustained it rather than people,  
22 you know, the Chitna dipnetting situation, you know, or  
23 something like that. I mean, I just think it's important  
24 to do it in a sustainable way and I'd like to see where the  
25 line is.



1 DR. GERSTER: But the wheels are turning.

2 Absolutely.

3 CHAIRWOMAN PEARCE: The new small parcel  
4 program will back on the August Trustee Council agenda.  
5 And there is -- the old program didn't go away, I mean, it  
6 is in place until a new one is adopted. So should someone  
7 bound in the door to us and have at the August meeting a  
8 great parcel, there's nothing that would stop us from  
9 purchasing it other than just whether or not it was  
10 something that we were comfortable with. So we have a  
11 program but we are going to adopt some new guidelines that  
12 were developed by a very hard working group with our  
13 liaisons working on that.

14 DR. GERSTER: McKie, you had your finger  
15 up.

16 MR. CAMPBELL: Well, I think that all of us  
17 feel that targeted small parcel acquisitions are an  
18 appropriate part of the remedy, if you will, that we're  
19 talking about for the remainder of this money.

20 DR. GERSTER: Absolutely. Madam Chair,  
21 point of order. Do we actually have to be out of here by  
22 4:00?

23 MS. PHILLIPS: No.

24 CHAIRWOMAN PEARCE: No. There's a  
25 commitment for some of the Trustees.

1                   MR. KOPCHAK: One more quick -- I'd love to  
2 just make one quick -- we've talked a little bit about  
3 impact and lost -- lost and impacted services. It would be  
4 really an interesting thing, maybe go out and do an  
5 economic impact analysis as it relates to maybe several of  
6 the non-recovered species, of which herring is one. Maybe  
7 not every impacted species but I know that that's one of  
8 the interesting things that I don't think we've ever  
9 approached, and that is what are the economics at this  
10 stage.

11                   Especially as we're looking at the last of  
12 these funds. What are the economic impacts of these lost  
13 services. And in what segment of what communities were  
14 those economic impacts felt or are they still lingering.  
15 Because we're dealing with lingering effects at this  
16 evolution of this program. And so we all know all of the  
17 services were impacted early. But it may be a time to re-  
18 examine where we're at today and what species are non-  
19 recovered. And what services did those non-recovered  
20 species impact and where are those services at today. I  
21 think that might help bring a better perspective to some of  
22 the decisions we're all going to be faced with on  
23 allocation of resources under that category.

24                   DR. GERSTER: And just a point you can see  
25 in front of you, the PAC certainly supports science

1 centers, marine science network, et cetera. I'm just  
2 curious if the Trustee Council, looking at that list in the  
3 statement there, has any other opinions.

4 CHAIRWOMAN PEARCE: Any additional? I  
5 think we got into that discussion with Mead.

6 MR. CAMPBELL: We've talked about it  
7 earlier.

8 DR. GERSTER: Okay. And you really have  
9 not come to a consensus on a plan for 2007 after this 18  
10 months is up?

11 MS. PHILLIPS: That was one of the  
12 recommendations, that the PAC and the Trustee Councils get  
13 together, have a little time in the future to start working  
14 together on that.

15 CHAIRWOMAN PEARCE: And that's one of the  
16 reasons we called for the synthesis because it will help us  
17 see where are the gaps and then make informed decisions  
18 about where to move forward.

19 MR. MEADE: I think that summarizes it  
20 well, and that's knowing where the gaps are. And  
21 unfortunately we won't be able to get a hold of that data  
22 until late here, what into the late fall, even early winter  
23 before we'll probably have those observations. But those  
24 are going to be real important for us to know where we've  
25 got gaps.

1                   MR. FREDRIKSSON: If I could just expand  
2 for a second. Because if you open up the restoration plan  
3 you'll see an interesting diagram, it's a circle. It's  
4 called the adaptive management cycle and it is what the  
5 Council and the PAC has used since the mid-90's to update  
6 the injured resources and to bring that information forward  
7 through the review process to then focus the next set of  
8 studies. And I think the important elements that we have  
9 in process now are lingering oil studies and synthesis  
10 studies, so that we will be prepared in '07 to continue  
11 that cycle. I think that -- at least where I sit, we kind  
12 of -- we were surprised by the lingering oil and we  
13 basically haven't had an updated synthesis of the injured  
14 resources for awhile.

15                  DR. GERSTER: Jim, you had your finger up,  
16 too?

17                  DR. BALSIGER: Well, I was going to  
18 mention, on a previous question which has been answered in  
19 various ways as we went through the discussion, that I  
20 think there is a clear recognition that science doesn't get  
21 done in one summer. And Jeep mentioned that, Dr. Rice,  
22 towards the end that the easy answers you can answer in one  
23 summer are probably answered. And if you really want to  
24 pursue other results, other scientific things, you're in it  
25 for the long run. So that doesn't necessarily mean that

1 we're into supporting a particular science establishment  
2 but I think everyone recognizes you don't solve the things  
3 right away. And that's part of the reason for the out-  
4 looking GEM program and recognition that the programs have  
5 to go on.

6 CHAIRWOMAN PEARCE: It's kind of.....

7 DR. GERSTER: McKie is wiggling again.

8 MR. CAMPBELL: No, go ahead, Drue.

9 CHAIRWOMAN PEARCE: It's almost cause and  
10 effect. We don't feel that it's our responsibility --  
11 direct role or responsibility as EVOS to fund all these  
12 agencies. On the other hand, we understand that the work  
13 that we want to be done will be done by those agencies. So  
14 the effect that funding goes out to them. But weren't put  
15 -- EVOS wasn't put in place to fund the university. That's  
16 not its primary goal nor even a secondary goal.

17 DR. GERSTER: Mead, you.....

18 MR. TREADWELL: Yeah, I would just tie your  
19 thoughts on Section 6 to your thoughts on the community  
20 involvement. And I guess I would say having worked very  
21 closely with all the oiled mayors immediately after the  
22 spill and so forth and what we were looking -- Walt Parker  
23 was here today, was head of the oil spill commissioner and  
24 Drue as senator was probably the leader in the Alaska  
25 legislature in creating most of the laws on the state end.

1 We set up a mechanism to deal with spill technology. The  
2 state later wiped it aside and the federal government later  
3 wiped it aside. That's why I'm very happy that Senator  
4 Stevens has put in a bill to bring back the funding that  
5 may ultimately have that R&D so that McKie won't have the  
6 problem with the next Seledang situation.

7 MR. CAMPBELL: That's Kurt's problem.

8 MR. TREADWELL: You know, it's Kurt's  
9 problem. But each of things on here really are the same  
10 kind of community enhancement that Cordova is also talking  
11 about with the center or that we've talked about with some  
12 of the trails that we put in acquisition areas out of the  
13 criminal funds and things like that. And, you know, I will  
14 be very proud to have been associated with this process for  
15 two decades of my life if we can turn around and say that  
16 we have promoted and established lasting scientific  
17 capabilities in an area where -- if you remember what it  
18 was like. I remember Don Cornet, who was the lead guy from  
19 Exxon, came into a meeting that I was with three days after  
20 the spill, said I got to get in a helicopter, we've got to  
21 do a transect in Resurrection Bay to figure out what birds  
22 are there before the oil hits them.

23 And, you know, the fact is because we  
24 didn't have this baseline stuff, neither they nor we who  
25 lived here had it. And we really have, with all the money

1 that you spent on science, you have established some major  
2 capabilities here. And it would be a huge abrogation of  
3 moral responsibility if not legal responsibility to not pay  
4 attention to those issues. And let's -- because having  
5 these systems in place are so essential to responding to  
6 any problems that can come up or anything down there and I  
7 just, you know, I really hope the Trustee Council and the  
8 PAC can work together with these institutions and others to  
9 make sure that we maintain this kind of capability.

10 All of you who are managers are constantly  
11 facing resource challenges. And one of the things that --  
12 I mean, there's no place in the country that I know of that  
13 was able to spend 20 million dollars on something like the  
14 SEA program. And the SEA program, NOAA used it in a  
15 symposium on ecosystem management as one of the best ones  
16 in the country to -- you know, that had spent this kind of  
17 money. And it was money that came out of this process.  
18 And so just -- when you turn around and look at what are  
19 the results of this thing, just don't forget the fact that  
20 we've brought tremendous scientific capabilities to an area  
21 of Alaska that had virtually none before that.

22 MR. CAMPBELL: McKie.

23 MR. MEADE: I would offer it's that, too.  
24 The Forrest Service, as an example, I think each of our  
25 entities do, we very strongly rely on community based

1 partnerships and business partnership relationships. So  
2 the network of research entities that are here in the  
3 Prince William Sound communities, such as those represented  
4 in the list, are vital linkages. I think the key is going  
5 to be with limited and reducing levels of revenue, who much  
6 to where for what significant baseline data. And that just  
7 comes back again to really helping to work together to  
8 discern what those ingredients need to be.

9 CHAIRWOMAN PEARCE: McKie, do you have a  
10 last comment?

11 MR. CAMPBELL: Two comments or several  
12 comments. First off, I do recognize the tremendous  
13 scientific capability that has grown up here and that's  
14 something to be valued and I appreciate it. I think  
15 science is a good thing. Scientists are generally good  
16 people. But to the extent I feel a moral responsibility, I  
17 feel a moral responsibility to the fish, wildlife and  
18 people of the Sound that were damaged by the spill. As I  
19 said before, scientists were not a damaged resource under  
20 the spill.

21 So I do feel that there are ways that we  
22 can jointly approach doing good for the fish, wildlife, and  
23 people of the Sound in a way that does not do damage to the  
24 scientific institutions. That's certainly not my intent.  
25 But in terms of where and how -- I mean, I guess I just to



1 be plain on where I hope we will head.

2                   Also, we've talked about the long term  
3 need, you know, of ongoing science, which I acknowledge;  
4 and then we've also have a quick reference to the 2000.  
5 And so here again speaking strictly for myself. I want to  
6 throw out for all of you, I hope you will all be thinking  
7 of, you know, we have this limited amount of money left --  
8 if we are going to take a substantially smaller portion for  
9 what we've termed long term monitoring and we're going to  
10 take a good bit of the rest of it and apply it for things  
11 that produce tangible results, you know, talking all this  
12 great science that we've done over all these years, and  
13 then say, okay, what can we do. I would really urge you  
14 all to be thinking about that. And maybe I'm naive or  
15 Philistine or something, but I really urge you to be doing  
16 that.

17                   And then the last thing is, we have all  
18 talked about -- we all agree on wanting to get the most  
19 money to results as possible and ways to potentially reduce  
20 overhead. And I don't know what the best way to do that is  
21 but I have to say, I wonder sometimes, does it make sense  
22 for EVOS to continue in sort of perpetuity or some distant  
23 in the future or would we be better to simply identify  
24 missions and institutions appropriate to carry out those  
25 missions. And, you know, maybe there's a big chunk of

1 money we transfer over to the NPRB with the mission to  
2 contract with the various science centers of the Sound, you  
3 know, that they carry forward some of their missions.

4                   Maybe we do Cordova Center if we can figure  
5 out the law. Or Powerline Creek or, you know -- and we do  
6 a variety of things and we do this and we go out of  
7 business. It doesn't mean that the money doesn't go on  
8 doing good things for a lot of years to come and we'd get  
9 good science. But maybe we can figure out ways where more  
10 of the money is going to the result than is now. I'm  
11 asking, I don't have a solution. But seems to me some  
12 things like that may be possible.

13                   CHAIRWOMAN PEARCE: Other comments by  
14 Trustees before we call for a motion?

15                   DR. BALSIGER: If I could, just to make  
16 sure that not too much is read into that, we haven't made a  
17 decision to disband EVOS and give the money to other groups  
18 and.....

19                   MR. CAMPBELL: I said just me. Just me.

20                   DR. BALSIGER: .....that's maybe an example  
21 of how -- demonstrating how important we think it is to get  
22 most of the money to projects, as much money as you can.  
23 And everyone agrees to that part of it.

24                   MR. CAMPBELL: Yeah.

25                   CHAIRWOMAN PEARCE: Other Trustee comments

1 before we have a motion to adjourn?

2 (No audible responses)

3 CHAIRWOMAN PEARCE: We'd like to thank the  
4 PAC for trekking to Cordova with us. And thank the City of  
5 Cordova again for welcoming us. We also plan to, as I've  
6 said before, make this not a one time -- one time in my  
7 experience occurrence but to have ongoing meetings with the  
8 PAC. But also to probably throw questions to you before  
9 your meetings. Things like as we're thinking out loud --  
10 as you've just heard McKie think out loud.

11 (Laughter)

12 MR. CAMPBELL: Well.....

13 CHAIRWOMAN PEARCE: Throw questions to you  
14 because you represent the public as a FACA group to EVOS,  
15 your responsibility is to tell us what the greater public  
16 thinks. You represent the communities. And so we're  
17 facing a time of looking what EVOS is and deciding are we  
18 comfortable with what it looks like right now. And we've  
19 got a lot of questions coming up. What we do, if there is  
20 or if there isn't a reopener, there are going to be some  
21 turns in our paths depending on what happens and decisions  
22 made by others. So we want you to be a part of that  
23 discussion.

24 And we would like -- well, I would just say  
25 that I expect that you will see, after our August meeting,

1 some questions that we forward to you for you to think on  
2 and then have the next opportunity either to meet together  
3 or reports back on some -- what your thinking is on some of  
4 these topics. So this is just the first of what I expect  
5 to be continued dialogue and a very long entertaining and  
6 exuberant dialogue I suspect.

7 Thank you everyone for coming down and  
8 with.....

9 DR. GERSTER: And Drue, I would like to  
10 really thank the Trustees for being willing to listen. And  
11 it really helps to have direction and a two way discourse.

12 CHAIRWOMAN PEARCE: Sure.

13 DR. GERSTER: And if you have trial  
14 balloons you want to float, send them to us.

15 CHAIRWOMAN PEARCE: He just did.

16 (Laughter)

17 CHAIRWOMAN PEARCE: That's what I said, we  
18 think out loud here.

19 MR. NORDSTRAND: I move we adjourn.

20 CHAIRWOMAN PEARCE: Have a motion to  
21 adjourn, is there.....

22 DR. BALSIGER: Second.

23 CHAIRWOMAN PEARCE: .....a second? We have  
24 a motion and a second. We are adjourned.

25 (Off record - 3:40 p.m.)

1 C E R T I F I C A T E

2 UNITED STATES OF AMERICA )

3 ) ss.

4 STATE OF ALASKA )

5 I, Joseph P. Kolasinski, Notary Public in and for  
6 the state of Alaska and reporter for Computer Matrix Court  
7 Reporters, LLC, do hereby certify:

8 THAT the foregoing pages numbered 3 through 220  
9 contain a full, true and correct transcript of the Exxon  
10 Valdez Oil Spill Trustee Council's Meeting recorded  
11 electronically by me on the 11th day of June 2005,  
12 commencing at the hour of 10:05 a.m. and thereafter  
13 transcribed by me to the best of my knowledge and ability.

14 THAT the Transcript has been prepared at the  
15 request of:

16 EXXON VALDEZ TRUSTEE COUNCIL, 451 W. 5th  
17 Avenue, Suite 500, Anchorage, Alaska 99501;

18 DATED at Anchorage, Alaska this 23rd day of June  
19 2005.

20 SIGNED AND CERTIFIED TO BY:

21

22 \_\_\_\_\_  
Joseph P. Kolasinski

23 Notary Public in and for Alaska

24 My Commission Expires: 03/12/08