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EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL
Public Meeting
Friday, May 14, 2010
9:40 o'clock a.m.
441 West 5th Avenue, Suite 500
Anchorage, Alaska

ORIGINAL

TRUSTEE COUNCIL MEMBERS PRESENT:

U.S. DEPARTMENT OF INTERIOR:	MR. KIM ELTON
STATE OF ALASKA - DEC:	MR. LARRY HARTIG Commissioner
STATE OF ALASKA - DEPARTMENT OF FISH AND GAME:	MR. DENBY LLOYD Commissioner
STATE OF ALASKA - DEPARTMENT OF LAW:	MR. CRAIG TILLERY for MAYOR SULLIVAN
U.S. DEPARTMENT OF COMMERCE, National Marine Fisheries Svc:	MR. CRAIG O'CONNOR MR. JAMES BALSINGER
U.S. DEPARTMENT OF AGRICULTURE,	MR. STEVE ZEMKE
U.S. FOREST SERVICE:	MR. JOE MEADE, Supervisor

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ORIGINAL

STAFF PRESENT:

ELISE HSIEH
CHERRI WOMAC
CATHERINE BOERNER
DOUG MUTTER
STACY STUDEBAKER

Executive Director
Associate Coordinator
Science Coordinator
Dept of Interior
EVOS Public Adv Comm

(TELEPHONICALLY)

DEDE BOHM
BOB MITCHELL
AMANDA BAUER

USGS
Department of Revenue
Public Advisory Committee

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P R O C E E D I N G S
(Anchorage, Alaska - 5/14/2010)

(On record - 9:40 a.m.)

CHAIRMAN ZEMKE: Well, I want to welcome all the Trustee Council members here in person. That's probably the first time in awhile. And I want to welcome all the staff and then all the public that are here today for our meeting here on May 14th. So, since we're running a little behind times, I guess we'll move right along. So, I'll officially call to order the meeting about 9:40. And to start with, I guess we'll call roll to make sure, for the record, that the members are here. We'll start with Denby.

MR. LLOYD: Here.

CHAIRMAN ZEMKE: Denby Lloyd is here.

MR. LLOYD: Do you need -- Denby Lloyd with the Department of Fish and Game of Alaska.

CHAIRMAN ZEMKE: Yeah, that would be good.

MR. O'CONNOR: Craig O'Connor with NOAA.

MR. HARTIG: Larry Hartig, DEC.

MR. TILLERY: Craig Tillery, Department of Law.

MR. ELTON: Kim Elton, Interior.

CHAIRMAN ZEMKE: And this is Steve Zemke, the US Department of Agriculture, Chugach National Forrest. So now moving on, we'll go on to the consent agenda, and first off will be approval of the agenda. And we all have the new draft, the 5/13/10 would be the agenda that we'd be working off this

morning.

MR. O'CONNOR: I move its approval, Mr. Chairman.

MR. LLOYD: Second.

CHAIRMAN ZEMKE: Okay. Hearing no dissent, I will approve the -- I'll move on with it and approve that as the agenda item today. Next will be the approval of the meeting notes from the April 30th, 2010 meeting. We've all got that in the -- on this second tab.

MR. LLOYD: Move to approve.

CHAIRMAN ZEMKE: Okay.

MR. O'CONNOR: Second.

CHAIRMAN ZEMKE: And there's been a motion to approve the meeting notes. Do I hear any dissent?

(No audible responses)

CHAIRMAN ZEMKE: Hearing none, the meeting notes of April 30th, 2010 are formally approved. Next, moving on to public -- tab number 3, Public Advisory Committee comments. I guess Stacy Studebaker is here in person to give those. Thank you, Stacy, for attending our fine meeting.

MS. STUDEBAKER: Do I need to move closer to this thing? Okay. Well, good morning, everybody. I don't have too much because we haven't had any PAC meetings since I last spoke with you; however, on the agenda today is the PAC charter and any changes that may be made, so I do have some comments, specific comments on that item today. I really think that

reducing the membership of the Public Advisory Committee from the present 15 members to eight members is simply too drastic even in this present downsizing mode of the restoration program. And I'm personally afraid that gutting the PAC in the proposed manner will cut the life right out of the public process, which has been such a keystone element of the restoration program legacy. And as chair of the PAC for the last five years and member of the PAC for the last 15 years I have greatly appreciated the very rich, diverse, dynamic opinions and ideas that spring out of our lively meetings, which in turn benefit you, the Trustee Council in your decision making. And it also benefits the overall credibility of the restoration program.

In addition to the eight seats recommended for retention, I would like to retain the regional monitoring and the science seats for a total of 10 rather than eight positions. And I think this is a reasonable compromise. I think these two positions provide vital expertise to our work and are very important links to the spill-affected communities that those individuals represent. I will be here throughout your meeting and during your deliberations, so if you have any questions, I'd be glad to answer them now or then.

CHAIRMAN ZEMKE: Okay. Thank you very much, Stacy. I guess I'm glad you're going to be here for the PAC discussions. It would probably be better to ask questions at that time,

so.....

MS. STUDEBAKER: Okay.

CHAIRMAN ZEMKE:we can have the direct interaction. If that's okay with the rest of the council, then that's what we'll do.

MS. STUDEBAKER: Thank you.

CHAIRMAN ZEMKE: Now, any other questions for Stacy at this time?

(No audible responses)

CHAIRMAN ZEMKE: Thank you.

MR. O'CONNOR: I would just like to make.....

CHAIRMAN ZEMKE: Oh.

MR. O'CONNOR:a comment.

CHAIRMAN ZEMKE: Certainly.

MR. O'CONNOR: Thank you for hosting our gathering in Kodiak the other night. It was enjoyable.

MS. STUDEBAKER: Great.

MR. O'CONNOR: And I think it was quite productive, at least for myself.

MS. STUDEBAKER: Yeah.

MR. O'CONNOR: Thanks a lot.

MS. STUDEBAKER: I thought it was -- went very, very well. Thank you for the sort of relaxed atmosphere, which it's hard for Kodiak people to get up to podiums and speak and testify and microphones, that's kind of intimidating. But the

atmosphere that you guys set up was really good. Really good. People felt really comfortable about speaking their minds. It's always good in Kodiak.

MR. O'CONNOR: Yeah. And they were disappointed when they found out I wasn't actually from Exxon.

MS. STUDEBAKER: Right.

CHAIRMAN ZEMKE: Okay. Thank you again, Stacy, for your comments. I guess we'll move on next to the public comment period. It's actually a little bit early, but maybe one of the things I probably didn't do before but should do now is ask for people to identify themselves who are on the phone so that we can know that. Is there anyone on the phone?

MR. MITCHELL: Bob Mitchell.

CHAIRMAN ZEMKE: Okay. Bob.

MR. MITCHELL: The Alaska Department of Revenue. Yeah.

MS. BOHN: Dede Bohn with USGS.

CHAIRMAN ZEMKE: Okay. Dede.

MS. BAUER: Amanda Bauer from the Public Advisory Committee.

CHAIRMAN ZEMKE: All right. Thank you, Amanda. Anyone else? Okay. Hearing none, then we'll move on to the public comment. Is there anyone -- and I guess I'll start with people here in the room. Is there anyone here in the room that would like to give public comment at this time?

(No audible responses)

CHAIRMAN ZEMKE: I don't see anyone. How about anyone on the phone that would like to give comment?

(No audible responses)

CHAIRMAN ZEMKE: Hearing none, I guess we'll move right along. That was -- all right. So we're now on to tab number 5, the Executive Director's report. Elise, would you like to inform us of these -- at least there's two items or any other items that you have on your.....

MS. HSIEH: No. Just a.....

CHAIRMAN ZEMKE:discussion.

MS. HSIEH: Just very briefly, we -- as everyone here in person can see, we finally embarked on our long-awaited remodel to downsize the office. It came in under budget, so around \$24,000, so that's good news. And we're just pleased, and thanks to Dede Bohn at USGS and everyone at GSA to help with that process. And also with regard, I just wanted to sort of state that we won't be issuing an FY-2011 invitation as part of this latest movement of the Trustee Council we are gearing up to -- with the intent to issue and FY-2012 invitation sometime in the fall, is the current proposal on the table. So I just sort of -- for any of those people who hadn't heard that and were waiting for our invitation to come out a couple of months ago, I just wanted to make that clear. That's all I have.

CHAIRMAN ZEMKE: Okay. Well, that was quick. Not even

five minutes. Are there any questions for Elise at this time, council members? No. Okay. Well, thank you very much, Elise. I appreciate that. I guess we're on -- actually on to tab number 6, the investment group meeting summary, and that was a Bob Mitchell, I guess on the phone. And we'll also take a look at -- it's an action item. So, Bob, I guess -- would you like to introduce anything on that Elise or should we have Bob move right into it?

MS. HSIEH: I think we can move -- have Bob move right into it. He works for the Department of Revenue and has been assisting and educating us on our asset allocations and our investment funds.

CHAIRMAN ZEMKE: Okay. All right. Thank you. Bob, I guess we're ready to go.

MR. MITCHELL: Thank you. And good morning to everyone. I'm referring to the investment presentation which should be in tab 6 of your meeting packet. What I intend to cover today are basically three things to provide the trustee council with an update on the performance of its three investment funds, to present the annual capital market assumptions that have been provided by our consultant, Callan Associates, and then to use that information to update, recommend an updated target asset allocation for the funds. On Page 2 there is a fairly detailed table of return. This is a bit different than what I presented to the investment working

group. I hope it's an improvement in terms of being able to read. One of the additions is the since inception returns for the for the three portfolios and for the underlying investment pools. The inception date for the research fund is November of 2000 and then in November of 2002 assets were taken out of that fund to create the habitat and Koniag funds. They all have the same investment mandate which is to achieve a five percent return over inflation over time and they are all -- they all as a result have the same target asset allocation.

Below that are the returns of the investment pools themselves. Looking at last year the funds did particularly well with returns north of -- well, about 35 percent for the three funds primarily because the equity market snapped back from a very poor performance in 2008. The performance in 2009 was not sufficient to overcome the negative performance of the prior year, so as a result the three year returns are about zero. If you extended that analysis to look at equity returns, for example, you would see that they are slightly negative for a 10 year period, so it's been a very difficult time for equity investments recently. And as a result the longer dated returns are below our expectations.

Moving to Page 3, this is the first of four slides that present information from our consultant Callan Associates. The next -- the first -- Page 3 and Page 4 provide essentially the raw materials for doing an analysis to recommend a target asset

allocation. The three primary ingredients are expected returns for each asset class, the risk or variation of returns in those asset classes and the correlation amongst the asset classes.

In other words, how much do two asset classes tend to move together or not. Page 3 presents the first two of those three and Page 4 presents the correlation information that we utilized.

A couple of comments on the 2010 capital market assumptions. They are very similar to the capital market assumptions of 2008. If you were to go back to 2009 you would find that the equity expectations in general were higher than they are both in 2008 and 2010 primarily reflecting the dramatic sell-off in equities that was experienced in 2008. And this created -- if you recall, this created a dilemma for the board last year because given that there is an expected five percent real return threshold, if you can achieve a higher return in equities, which was the expectation a year ago, you wouldn't need as many of those equities to achieve your target. The board, after some deliberation chose to stick with the existing asset allocation and not reduce its asset allocation. If I recall correctly, the recommendation would have resulted in increasing fixed income by about 10 percent. The -- because the board did not change its asset allocation last year I estimate that the returns for the three portfolios are about five percentage points higher than they otherwise would have

been had the board made that change. And that's primarily because the equity markets snapped back and had very strong returns for the year. In general, looking at the returns, the expectations this year, the returns -- as I mentioned the return expectations for equities primarily are lower. The risk or uncertainty of the range of potential outcomes is a bit higher and the correlations are similar to what they have been in the 2008 and prior.

Skipping to Page 5, provides information on capital -- it's essentially the returns of the capital markets by calendar year. You can see by looking at the top mark, the broad US stock market, that we had 28 percentage point returns in 2009 but that did not offset the 37 percentage point loss that was experienced in 2008. And scrolling to your right, you can see the effect that's had on longer term performance. But one thing I would like to stress on this page is that despite the weak performance that equities have had over the past 10 years, if you look -- if you extend that analysis to 15 years, the eight percentage point returns are more similar to what the expectations are in terms of the Callan capital market assumptions. And that provides me with comfort in using that information to make a recommendation for the Trustee Council.

Page 6 provides information in the -- that shows the performance of segments in the bond market. The blue line represents the highest credit quality corporate bonds known as

investment grade bonds. The red line shows high yield or junk bonds. The trustee -- or excuse me, the three funds -- bond component include a broad mix of bonds including US treasuries, agencies, mortgage backed securities and investment grade corporate bonds. But I provide this information just to show the degree of dislocation that we experience not only in the stock market but also in the bond market. And you can see the mountain that we climb in 2008 as yields in corporate bonds versus similar US treasuries increased dramatically. And not only in absolute terms but relative to history. We have retraced much of that stress in the corporate bond market as we move through 2009 and continue to experience, you know, I'd say less spectacular but decent returns in the corporate bond market in 2010.

Slide 7 provides a -- some of the information that we tabulated when analyzing efficient portfolios that the board could consider. Now by investment policy the board is constrained to seek five percent real return for the three portfolios, so the -- it is basically constrained to the proposed allocation that we have, but I provide the range of expected returns and the result in asset allocations to provide a -- the board with a sense of how the asset allocation would change by changing the expected return that was being targeted. On the far left an asset allocation that would be about 40 percent in fixed income and 60 percent in equities would have

an expected return of about seven and a quarter percent.

Moving all the way to the right, to achieve a one percentage point higher expected return would require liquidating about 25 percent of the fixed income allocation resulting in an allocation that's only 16 percent. The proposed allocation is very similar to the existing allocation which shows, you know, essentially a three percentage point reduction in fixed income and a three corresponding increase in international, the domestic -- or international equities. The domestic equity component is unchanged.

Page 8 provides a summary of the thought process. The investment guidelines for the EVOS Trustee Council are targeting a five percentage point real return. The capital market assumptions provided by Callan incorporate an inflation expectation of 2.75 percent. As a result we targeted a return of 7.75 percent. The proposed target that we are recommending will -- is expected to achieve a 7.75 percent return over a reasonable period of time while minimizing the uncertainty of the range of potential outcomes otherwise known as an efficient allocation. And based on -- you can see the results here. Based on our analysis, as I mentioned on the previous slide, we propose a target of 47 percent domestic equity, 23 percent international equity and 30 percent domestic fixed income. That concludes my presentation. I'd be happy address any questions that anyone may have.

CHAIRMAN ZEMKE: Thank you, Bob, for the presentation. Council members, are there any questions for Bob right now? Yeah, Craig.

MR. O'CONNOR: Bob, this is Craig O'Connor from NOAA. Given what's going on in the European community and obviously its influence on our own domestic markets, do you still feel comfortable that we should be relatively heavily invested in international equities at least for this next year?

MR. MITCHELL: I -- my answer would be yes. And the reason why I would say yes is I think it is difficult to time exit and entry into the markets and to -- you know, studies have shown that if you take out the 10 best performing days in the stock market or 10 worst performing days, that your experience would be dramatically different than if you had just remained in the market. And so that makes it very challenging to having to successfully implement, you know, a tactical asset allocation where you would make a judgment like that. The other comment I have is the markets are largely although not wholly, and it's arguable, efficient and, you know, certainly the news we've seen with Greece and other peripheral European countries has been widely disseminated and you can argue is priced into the market. The -- and so those -- that's why I would answer that way. And just looking at -- the euro has declined fairly dramatically. There, you know, there's prognostications that we can see further declines in the value

of the euro that would hurt the performance of international equities, but it's really hard to time that. And for that reason I would caution against trying to do that.

MR. O'CONNOR: All right. Thanks.

CHAIRMAN ZEMKE: Any followup, Craig?

MR. O'CONNOR: No.

CHAIRMAN ZEMKE: Okay.

MR. O'CONNOR: Thank you.

CHAIRMAN ZEMKE: Any other questions for Bob? Yes.

MR. HARTIG: Yeah. Thanks, Steve. This is Larry Hartig. Thanks, Bob. That's good, clear presentation. I think this is the same thing I asked last year, is as we're looking at going into more of a wind-down mode, although it won't be, you know, extremely quick, you know. The five percent real return I think is a good target, you know, over a long term investment scheme. But if we're looking at winding down, you know, over the next five years or so and spending a lot of that -- the hundred million or whatever we have to spend, other than the money that has to stay in that Koniag account I know for a longer period of time, you know, is that a realistic goal, is it the proper goal and is our asset allocation where it should be, you know, given like you say, on the equity market, you know, if you look at a 15-year period, yeah, we do eight percent or something, we do pretty well, but within that period you can have some pretty extreme gyrations

and if we're looking at kind of winding down in that shorter period, you know, should we be kind of basing our investment strategy on a 10, 15 year horizon?

MR. MITCHELL: Yeah, I think that's a very good question. It's a very central question to the approach that we're taking. Essentially, you know, from my perspective I'm constrained by the investment policy which says achieve a five percent real target. To the extent that that -- the time horizon is I'd say less than 10 years. Some may say five, but I would say 10. You have to start to question whether a five percent real target is appropriate because it requires a large investment in equities, which as we've experienced, can have returns in the short term which are very indifferent than what we might expect. So to the extent that the time horizon of the portfolios is curtailed, I think that that would necess -- I think it would be prudent to evaluate the investment guidelines and I'd certainly be happy to work with staff, with Elise and staff to kind of incorporate what the impact of changing the time horizon might be on what we would feel comfortable in terms of how aggressive it should be in seeking a return target in any given portfolio.

MR. HARTIG: Right.

MR. MITCHELL: But essentially the assumption that is -- this is my read on the investment policy. The assumption that's implicit in a five percent real target is that these are

funds that are being invested for the long term and can withstand, you know, the -- you know, underperforming in the intermediate term.

MR. HARTIG: Yeah, and I think that's something that we should do is look at that investment target in light of, you know, the longevity of some of these accounts. And I don't know who's on that investment committee now, but that would be what I would suggest.

CHAIRMAN ZEMKE: Okay.

MR. TILLERY: Mr. Chairman.

CHAIRMAN ZEMKE: Mr. Tillery.

MR. TILLERY: I think though that the -- this purpose of the investment committee, it's just a function of what is your time horizon and what's the policy, so I don't really think that's for the investment committee. That's more of a.....

MR. HARTIG: For the group?

MR. TILLERY:for the coun -- for the group, yeah, the say.

MR. HARTIG: But that would be good because the other thing -- aspect of that too is, you know, I look at this and I think it would take a fairly detailed discussion because it's not simply -- Bob, correct me if I'm wrong, reallocation between the equities and the bonds, but, you know, what is our total exposure and it's a risk and volatility here. And so I

think we have to dig into it a little bit and maybe make that a separate discussion. I won't go into it too deep now. I'll just.....

MR. TILLERY: Mr. Chairman, it appears to me that our time lines might vary according to parts of it. So you're right, I think it will take some parsing out of plans.

MR. HARTIG: Yeah, we should get through the -- I guess the EIS and some -- EIS process so we know what we're dealing with and then we'd take this up, you know, after that's finished.

MR. TILLERY: I think that's probably right.

CHAIRMAN ZEMKE: So it does sound like we've got two decisions before us, one today is looking at the proposed asset allocation that Bob has presented, and I think we publicly are ready to act on that at least in my mind, but the second part is moving into the future potentially for next year or maybe even before that, taking a look at whether or not we to change our asset allocation to reflect a more conservative approach if indeed we have short time frame horizons of maybe five years or less of and want to maybe experience less risk in investment. But at this time I don't think we're ready to make that decision and certainly probably should wait until the final impact statement and the record of decision kind of charts our more formal way forward rather than make that decision today. I guess one of the questions is what information or what kind

of preparation do we need to have to be able to move into that new decision. Do we need to, like you say, Mr. Tillery, talk about the investment committee, maybe they aren't the proper vehicle to analyze this, but at the same time I think Elise needs to maybe empower -- be empowered to take a look at, you know, what potentials we do have and what the ramifications would be of changing our investments. I know, you know, before where we were in kind of the federal side, the money invested there, you know, we had some fixed in -- or costs there that were pretty high and that's something that we -- if we stray from what our current system then that we may have some other costs that we have to factor in.

MR. HARTIG: Yeah, and I'm not suggesting we make any changes at this point in time. I mean, I agree with what Bob said, you know, that we're not going to time, you know, these events in the market, you know. We have to kind of rely on the market to -- as a whole to continue to function and continue to provide a return over a long term. And it -- but I think that as we look at a wind-down and particularly as we look at we need certain funds available to do certain projects we want to do as part of that wind-down at a particular period of time, we want to make sure we have that liquidity. And so we want to make sure that we're not putting something that is subject to volatility where that we might not have it when we need it and we can't -- we don't have time period to recover from that.

CHAIRMAN ZEMKE: Certainly.

MR. HARTIG: And so I think we have to think about, you know, what are the timing of the obligation, you know, the obligation we're creating are and what we need to assure we have liquidity and not be so concentrated on the five percent real return.

MR. ZEMKE: Thank you, Larry. Actually, Kim had a question and then I'll go over to Elise, she had.....

MR. ELTON: Well, and maybe Bob can weigh in on this. I mean, I -- Bob, this is not language you would probably use, but I mean your recommendation is actually just a tweak of what our existing asset allocation is. My impression is that that tweak makes the present asset allocation a bit more aggressive and less conservative. And I'm wondering how much are -- and maybe this is a question for the group -- how much are we constrained by the five percent target? I mean, I guess I could make an argument that if in fact -- I think Larry's point is a legitimate point and that if in fact we're thinking about being a little bit less aggressive, is there a need to tweak the asset allocation or are we constrained by the five percent to the extent that we need to do this.

MS. HSIEH: Steve, can I.....

MR. TILLERY: Well, can.....

CHAIRMAN ZEMKE: Pardon?

MR. TILLERY: Can -- I'm sorry, can Bob respond to

that?

CHAIRMAN ZEMKE: Okay. Let's have Bob respond to that and then Elise.

MR. TILLERY: I'm not sure that less aggressive is correct.

MR. MITCHELL: Well, I would agree with the fact that it is a small change or tweak. I would agree that, you know, you're on the margin in increasing equity exposure and as a result the portfolios are more aggressive. I think the broader question is, I mean, the allocations are two-thirds equity, roughly, one-third bonds, and, you know, going from 60 to whatever it is, 64 to 67 percent. Equity is -- I think is minor in comparison to the fact that we're talking about portfolios that have two-thirds of the allocations to equities which are very volatile asset classes and can vary dramatically in the short term. So to the extent that, quote/unquote, the long term is inappropriate, portfolios that have a large component in equities will result in short term performance that -- and either, you know, wildly exceed or wildly fall short of the expectation over the short intermediate term.

CHAIRMAN ZEMKE: Okay. Thank you, Bob. Elise you had.....

MS. HSIEH: In the investment.....

CHAIRMAN ZEMKE:a point to make.

MS. HSIEH:work group meeting that we had a

couple of weeks ago, this actually did come up briefly. And we discussed with Bob it's not really a purview of the investment work group to change those percentages, but it was discussed with the new proposals, would that see a dramatic shift in the pattern of our spending and the release of funds. And under the current thinking, which could -- is still in the draft stage, the spending really wouldn't be shifted over the next 20 years, it would look somewhat similar to what it is now. The administration would shift, but there would still be annual -- the Trustee Council would still hold the funds, there would still be an annual release of those funds similar to the pattern of spending that we have had. If you remember, we had this -- the herring survey group, millions of dollars that went out last year, we didn't sort of short time it for that expenditure and other expenditures in the past, we haven't sort of timed it for that as well. And we did have that brief discussion in the investment work group and thus decided to stick to the five percent for now, wait and see how this process goes, and if the trustees anticipate a really large bulk expenditure, which hasn't really been discussed at this point that I've heard, then I think that we would start to consider the investment target and any necessary adjustments.

MR. HARTIG: Yeah, and that makes total sense to me, is finish the SEIS process, figure out, you know, what our obligations are, what funds we need at what point in time, and

is that consistent with the 10 year investment horizon. Or on particular accounts, I think we look at it that we, there's a chance that we'd be called on to funds at a particular time and amount that, you know, we want to make sure it's there and maybe tweak our strategy a little bit, at least as to the particular funds. But that makes sense to me and I don't see a need to vary from the five percent at this time and tweak our asset allocation to kind of stay on that course.

CHAIRMAN ZEMKE: Yes, Craig.

MR. TILLERY: Mr. Chairman, I agree that I don't see reason to deviate from the recommendation. I did have one question. With respect to the Koniag monies, which have -- do have a specific time horizon, it is -- I know that you can essentially get into an investment category that it dated to a retirement date so that it gets progressively more conservative as you get closer to that date. Bob, could those monies be put in something like that where it just kind of automatically changes down to -- I think it's 2022, I'm not sure.

MR. MITCHELL: Well, the -- essentially what we have -- what we can do here is control the allocation, and that's a pretty easy process. The -- I think it might be best to do some analysis and kind of try to define the parameters of what we're trying to achieve, and then based on that introspection and articulation, we can then proceed to coming up with a strategy that, you know, would be something like a target date

fund that does automatically change. And to the extent we get that, we could, you know, say what that -- what the plan is, have the Trustee Council approve that plan, and then proceed. I think that would be relatively -- the execution part would not be problematic, it's getting to that point that might require some time for the Trustee Council to get comfort in that.

MR. TILLERY: Mr. Chair, I.....

MR. MITCHELL: The first part would be -- I was just going to say the first part is, you know, one of the considerations and one of the -- you know, how -- what is the tolerance for risk, you know, or loss, you know, or not achieving that, you know, goal. Which are things we can certainly work with you or the staff to try to articulate if you'd like.

MR. TILLERY: Mr. Chairman, I'd suggest that if we actually do that now.....

CHAIRMAN ZEMKE: Yeah.

MR. TILLERY:I think that we should -- but I do think that perhaps we're going to need to speak with Koniag, actually, and I think we have an obligation to consult with them on it. But we might want to, before next time, consult with them about whether that should be put into a target fund or whether we should continue on a.....

MR. HARTIG: Yeah, I mean, I think that, yeah, there --

right now as I understand, what I hear from people is that there's not a big inflation risk right now. You know, two, three years out there might be. That would be one concern, and then just transaction costs. I mean, you would still have to get -- you couldn't have total safety, you'd have to have some return, you know, in there to protect yourself. But, yeah, I agree that that one has to be separately considered because of the size of the potential obligation and the timing of it and they need to have the funds there at that time potentially.

CHAIRMAN ZEMKE: So it does sound like we have some things to think about before the next time.....

MR. TILLERY: Right.

CHAIRMAN ZEMKE:which I would assume would be about this time of next year. I guess the idea is maybe the investment working group needs to come maybe take a look a little closer at some of the scenarios. Maybe present with some those ideas about what the constraints and sideboards we would like to have for various investment accounts. And having the SEIS into final and in the ROD would probably help set some of those.....

MR. HARTIG: But I don't know in the Koniag it matters. I mean, it's what.....

MR. TILLERY: That's right.

MR. HARTIG:I think Craig's point is, that we can go ahead and be looking at that now and now wait on that one

and.....

CHAIRMAN ZEMKE: It probably would be that case, but at the same time is how much staff time and effort do we need.....

MR. HARTIG: I don't see it.....

CHAIRMAN ZEMKE:to invest in that.

MR. HARTIG:being that.....

CHAIRMAN ZEMKE: Well, some of the questions are, if we do present to Koniag, we need to have information of where we want to go with it. And, you know, like you say, it is a relatively simple account and that's it, but at the same time the idea about, well, you know, how -- what's the actual strategy of -- if we do go with the Craig Tillery idea about a retirement account and saying we're into mostly fixed income by 2022 at the time of payout, then, you know, we need -- I would think we'd want to have some information to present to Koniag at that time of what the implications are changing from the current strategy. But anyway, I guess -- Elise.

MS. HSIEH: Steve or trustees, are you interested then in having Bob and his staff work up a scenario for a horizon and payout of around -- I can check on the date and let Bob know, I can't remember if it was 2021 or 2022 -- and have him create some information about that for us to then meet with Koniag and present to them to get their input.

MR. ELTON: Makes sense to me.

MR. TILLERY: And Mr. Chairman, another factor would be

the annual payments for the conservation easement that you need this to attempt to cover, which may set a floor on -- so there's -- it's a little complicated but I do actually think it would be helpful to try to come up with.....

MS. HSIEH: A strategy.

MR. TILLERY:some thought on it.

CHAIRMAN ZEMKE: Seems like the payout of the conservation easement would be similar to a inflation and that it's a fixed percentage that occurs every year, so -- but yeah, that's probably what we're looking at, maybe asking Bob and his group to be able to do. So I'm not sure if it would cost additional to be able to do that, but.....

MS. HSIEH: You can ask Bob. I think they've provided many services as part of their investment management service and the percentage for that, but I'm not sure if this falls within that. It may for the Koniag account. Bob, can you answer that? Can you speak to that, Bob?

MR. MITCHELL: Well, my -- I guess my reaction would be I don't anticipate that we would be charging for that type of analysis. I don't think, you know, perceivably it would be extremely expensive, but that was my opinion.

MR. TILLERY: Mr. Chairman, I guess the other question though, rather than just the analysis would be would it cost additional to manage this differently than the other funds?

MR. MITCHELL: For the Department of Revenue?

MR. TILLERY: Uh-huh. Right.

MR. MITCHELL: I don't anticipate that that would be the case.

MR. TILLERY: Okay.

MR. MITCHELL: But I can't really speak for the comptroller. I'd prefer to have a quick conversation with her first, but I don't at this point anticipate that that would be, you know, an issue.

MR. TILLERY: Okay.

CHAIRMAN ZEMKE: Okay. Thank you, Bob. I guess we'd ask Elise here to work with Bob to set that up then. Okay. With that discussion, is there any discussion items then on this?

(No audible responses)

CHAIRMAN ZEMKE: So I guess we're ready for a motion on the current proposed allocation of 47 percent equities broad market, 23 percent equities international and 30 percent fixed income domestic.

MR. TILLERY: Mr. Chairman, I would move that the council adopt draft resolution 10-06 that provides for 47 percent broad market equities, 23 percent international equities, 30 percent fixed income domestic with bands of plus or minus 7.5 and 7 percent respectively.

CHAIRMAN ZEMKE: Thank you.

MR. O'CONNOR: I would second.

CHAIRMAN ZEMKE: There's a second. So is there any discussion on the motion?

MR. O'CONNOR: I would just make one comment on the resolution. This may be an accurate statement but in the second line of the paragraph it says outside the Untied State's treasury. I think we're striving for United States, but truly it is untied at this point. With that correction in mind, I think I would.....

CHAIRMAN ZEMKE: With that correction in mind, I guess we're ready for a vote. Say -- all those favor of the motion say aye.

IN UNISON: Aye.

CHAIRMAN ZEMKE: Hearing no opposed, the motion is passed. Okay. Thank you very much, Bob, for the presentation and the discourse. It's always nice to under -- try to understand economic theory and hopefully we had a little better understanding what's going on today and it was very good.

MR. MITCHELL: My pleasure. I'm planning to ring off, but if there are other questions that develop subsequently, I'd be happy to address those.

CHAIRMAN ZEMKE: Okay. Thank you very much, Bob.

MR. MITCHELL: All right.

CHAIRMAN ZEMKE: Appreciate it.

MR. MITCHELL: Goodbye.

CHAIRMAN ZEMKE: Goodbye.

MR. MITCHELL: Bye.

CHAIRMAN ZEMKE: Okay. Let's see, it's currently 10:21. I guess we're ready to move on to the next agenda item, item number 7, the 2010 injured resources and services update and that would be with Catherine Boerner.

(Background noise)

MS. BOERNER: There's construction going on on.....

CHAIRMAN ZEMKE: Oh, construction.

MS. BOERNER:the roof actually.

CHAIRMAN ZEMKE: This is our.....

MS. HSIEH: It's the roof.

MS. BOERNER: It's the roof.

CHAIRMAN ZEMKE: Oh, okay. Well, thank you for the information.

MS. HSIEH: Please speak really loud.

MS. BOERNER: Good morning.

CHAIRMAN ZEMKE: Good morning, Catherine.

MS. BOERNER: Good morning. I'm here today to ask you to adopt the 2010 update to the injured resources and services list as has been presented to you. We began working on this update in 2007 and we've been working very closely with the science panel, agency liaisons, funded PIs. We've taken into account the huge volume of final project reports, peer review public literature, produced this redline document that you have before you today. It has been reviewed by all the pertinent

agencies and in some cases I have left the comments of specific agencies in the document for you because I do think it was important for you to see what some of the concerns were. The majority of it was just improving the language or finding some of the objectives, but there are a few things that I need to bring specifically to your attention that have been recommended. The first of which would be the addition of the very likely recovered recovery status which is on Page 3 of the document. The science panel felt strongly that cutthroat trout, rockfish and some tidal communities should be moved into a very like recovered status based on the fact that other similar resources have either been listed as recovered by us or were not damaged in the oil spill, so they felt comfortable making the leap, saying that while we don't really know and we haven't done specific research on these, the chances that they're recovered are high. I have left comments in there from the Department of Fish and Game and from the US Fish and Wildlife Service, both of whom had some concerns about this particular edition, very likely recovered addition. Would you like -- questions about that specifically or go through all the changes and we can come back? Or I should say the highlighted changes.

CHAIRMAN ZEMKE: I think maybe we'll go all the way through the.....

MS. BOERNER: Sure.

CHAIRMAN ZEMKE:changes and then come back.

MS. BOERNER: I'm happy to do it that way. We did add a discussion titled more effective use of remaining funds on Page 8. This would also help to explain the use of the very likely recovered category, to just explain why in certain cases we haven't pursued certain actions, certain research, or why would recommend that these three specific species be added to very likely recovered.

On Page 10 we have updated the Barrow's goldeneye, which was added to our list in 2008. Current data completed by one of our PIs, Esler, as just recently been published in the past three months, clearly shows that in his 2009 surveys Barrow's goldeneye were no longer being exposed to lingering oil, which is very good news for us.

On Page 13 we did update the recovery objective for clams to be a little more clearer and also to add that they should be a clean and predictable food source for both predators and for subsistence users.

On Page 20, we updated the recovery status for harlequin ducks based on information that we currently have and in conversations with US Fish and Wildlife Service, which has management responsibility. They helped us refine this language alongside the science panel. (Pause) You know, it's a lot.

A big change that we are requesting this year is actually on Page 25 of your document, which is in the killer

whale section. The science panel as well as the agencies and the PIs felt strongly that while we list just killer whales currently that they should be split into the AB pod, which would be listed as recovering, and the AT1 population, which would be listed as not recovering. I'm sure you're aware the AT1 population did receive a lot of press during our 20th anniversary. They are -- it is currently moving toward extinction. While transient pods do frequently break up, members do join other transient pods, but it doesn't appear that that's the case here. There were definitely some mortalities from the original oil spill and other extenuating factors have continued to keep them in decline. So this is the only status change that we are requesting -- or I should say addition to the list that we are requesting at this time, would be the addition of the AT1 population.

CHAIRMAN ZEMKE: Okay.

MS. BOERNER: Again, on Page 24 we updated the Kittilitz's Murrelets recovery objective and text. Again, with Fish and Wildlife Service's assistance you ensure that the most current information was included.

On Page 28 we updated the recovery objective for mussels, again, to make the addition that it become an adequate and uncontaminated food supply for predators and for subsistence users. That sentence was added at the end.

And finally, our last significant change would be on

Page 29 and 30, would be the addition of a recovery objective for Pacific herring. This recovery objective was developed through our extensive meetings and work groups with the integrated herring restoration program which began back in 2006. It was refined again at our Cordova meetings in the summer of 2008 and again was looked at. And we're still comfortable with a very specific recovery objective as you see listed here.

That's the end of the significant changes that we're requesting. The remainder are just updating data, but no significant recovery status change.

CHAIRMAN ZEMKE: Okay. Thank you very much, Catherine. I guess taking a look at it overall, it seems like there are -- there's some fairly significant changes in a few places and then most of the other ones are basically of clerical.....

MS. BOERNER: Yes.

CHAIRMAN ZEMKE:discussions. But probably looking at that, if there's -- we probably should go back and maybe.....

MS. BOERNER: Uh-huh.

CHAIRMAN ZEMKE:back to Page 3 and discuss the recovery status categories. It seems to be, at least in my mind, the most significant change that did occur.....

MS. BOERNER: Yes.

CHAIRMAN ZEMKE:and one with the most controversy

about whether or not that's -- what's in here is applicable.

So looking at this, the science panel was very much in favor of calling them very likely recovered.....

MS. BOERNER: Yes.

CHAIRMAN ZEMKE:for at least those three categories of.....

MS. BOERNER: I will say we.....

CHAIRMAN ZEMKE:cutthroat, rockfish and subtidal communities.

MS. BOERNER: We did go through a number of potential terminology uses and this was the one that they seemed to have some consensus on.

MS. HSIEH: Catherine.....

CHAIRMAN ZEMKE: Elise.

MS. HSIEH:my impression of the science panel discussion, which was almost a year ago, was that as scientists they felt that unknown was a more accurate moniker, although they understood when you read -- if you go into rockfish, for example, and read the narrative that goes along with it, they understood sort of an assumption of no further action by the Trustee Council and the very likely recovered. So there was that tension and I believe the science panel understood the complexities with that versus them sort of wholeheartedly endorsing one moniker or another.

MS. BOERNER: Yeah, I would agree with that. I mean,

scientifically unknown is certainly more palatable; however, you know, they were as a group comfortable with making this recommendation to you.

CHAIRMAN ZEMKE: Okay. So if that's the case, basically we'd be rephrasing the very likely -- if indeed we went -- the Trustee Council decided that unknown was the better terminology for it.....

MS. BOERNER: Uh-huh.

CHAIRMAN ZEMKE:would there be -- need to be significant rewriting of the actual definition of what very likely recovered is to fit those new parameters?

MS. HSIEH: I believe it would be just taken out and you'd just have.....

MS. BOERNER: Yeah.

MS. HSIEH:recovery unknown then.

MS. BOERNER: Yeah, we would just move those three specific items back into the unknown category, which is an existing category.

CHAIRMAN ZEMKE: Okay.

MS. BOERNER: And we would just remove.....

CHAIRMAN ZEMKE: So that.....

MS. BOERNER:from the likely recovered.

CHAIRMAN ZEMKE:would be dropped.

MS. BOERNER: Yes.

CHAIRMAN ZEMKE: I understand now. Is there any other

discussion? I guess we've had the comments from ADF&G and Fish and Wildlife Service and I guess we need -- would like to see what those folks -- Craig, yeah, O'Connor.

MR. O'CONNOR: Question. I'm not quite sure I understand the concern by those who have concerns with this language. Are we dealing with an issue of scientific certainty precision? All of our categories seem to be fairly imprecise. Is there some reason why a lack of precision in this language causes greater concern than in the other languages, like not recovering and recovering and so on? What is going on there? Why are -- I mean, I read the notes. This -- these are, in my mind at least, policy articulations by the council and definitions by counsel and the council in exercising its judgment with regard to what is occurring based upon the scientific information that we're getting and the limitations on our ability to be clairvoyant and omniscient. I have no problems with that language, looking at it in the context of the other judgmental positions that we're taking here. Should I be more concerned than I am? And I want your honest opinion. I understand that you have a -- and you're the one I'm looking to to give me some guidance here. What's going on?

MS. BOERNER: I'll speak for myself. I'm completely comfortable with the very likely recovered category. Knowing what we do know about those three individual items, rockfish, cutthroat trout -- and rockfish is actively commercially

fished. I mean, in Prince William Sound alone they're taking 15 to 20,000 rockfish out a year. Cutthroat trout is being actively monitored by ADF&G. I'm comfortable with the limited data that's coming out right now. Of course, those projects are ongoing. I think that the concern is that we're making, again, a big leap and going from unknown to very likely recovered in some people's mind was making the leap from unknown to recovered. And this -- it's a large leap and it's one that we haven't often taken because we haven't essentially done the groundwork in terms of funding research to look at these various specific species. However, there is information out there. You know, if you look at other similar species that forage in similar environments, they are recovered or didn't make our original list. I just think there's a discomfort with that jump from unknown to very likely recovered. I guess I certainly can't speak for ADF&G or Fish and Wildlife Service but.....

MR. O'CONNOR: Okay.

CHAIRMAN ZEMKE: Denby.

MR. LLOYD: Well, the comments are attributed to ADF&G, I think that's a euphemism for one or two particular staff members of ADF&G.....

MS. BOERNER: That's from your liaisons.....

MR. LLOYD:it doesn't constitute.....

MS. BOERNER:yes.

MR. LLOYD:a position of the agency as a whole.

MS. BOERNER: Yes.

MR. LLOYD: And in fact, in this case, I think similar to some of the tone of Craig's comments, that from a policy and -- well, a policy perspective, our agency will likely support a category saying very likely recovered with the understanding that we don't have strong scientific evidence that leads us to that conclusion, but that we do have biological information that tells us that this isn't an unreasonable conclusion to come to given the comparisons that are laid out in the document. So, let's not get too confused with ADF&G comment, that's a staff member. And I appreciate that comment and we certainly have some gradient of opinions among scientists as we would expect.

I do have a question for you though, Catherine. Was there a distinction drawn in the science panel discussion of very likely recovered versus a more simple likely recovered?

MS. BOERNER: Likely recovered was certainly one of the several topic -- names that they had potentially come up with, but I think they wanted to take a slightly stronger stance from -- or should recommend a slightly stronger with very likely. I think likely recovered was maybe a little too close to unknown, so to really kind of make that division between unknown and very likely recovered.

MR. LLOYD: So the recommendation from the science

panel is that indeed we do have information that leans more towards a conclusion of very likely recovered.

MS. BOERNER: Yes.

MR. LLOYD: And supports, I think, this type of categorization rather than leaving it more nebulous at maybe recovered, likely.....

MS. BOERNER: Possibly.

MR. LLOYD:recovered or simply unknown. I think we are getting pretty guidance.....

MS. BOERNER: Yes.

MR. LLOYD:from the science panel in this regard.

MS. BOERNER: Yes. They felt the evidence was much more compelling at the very likely recovered end of the spectrum than the unknown end of the spectrum.

MR. LLOYD: Thank you.

CHAIRMAN ZEMKE: Mr. -- Kim.

MR. ELTON: Well, I'll say this, that I don't care that much. But, you know, I guess I wonder if there was any discussion -- I mean, what we're doing is we're just -- seems to me we're just slicing and dicing unknown, right? Was there any discussion about a category very likely unrecovered? I mean, how far do we want to go with this? I mean, if it's unknown and we don't know, I -- are we starting a trend here that may grow? And I guess the followup question would be what difference does this make in evaluating future projects?

MS. HSIEH: I.....

CHAIRMAN ZEMKE: Elise.

MS. HSIEH: I think the very likely recovered conversation -- and Catherine, correct me if I'm wrong -- came out of a -- maybe a discussion in the science panel as well of three resources likely being recovered and that discussion of the trustees not really putting money there. And also several trustees voiced their interest in if there are species on the list that are very likely recovered and we're not focusing resources on them, let's be clear about that. And then also you see that discussion a few pages later about what we called the cost benefit cascade, the more effective use of funds. So I think that's where this conversation grew out of, was trustees individually asking, look, we have this list, there's a few species -- or resources on there that we're not allocating funds towards, why is that? Well, they're probably very likely recovered, let's go ahead and flesh out that discussion. And I believe that was the impetus for that.

MS. BOERNER: Uh-huh. And there was definitely a discussion of are these just flat-out recovered. Do we move these three. But I -- there was definitely a discomfort with going that far. This is kind of the compromise.

MR. TILLERY: Mr. Chairman.

CHAIRMAN ZEMKE: Craig.

MR. TILLERY: I mean, I would note, for one thing, in

terms of the money, I think that's important, I believe other species we're expending money on that the council has -- the MOA, the council, has allowed to enhance, which is to go beyond baseline to even expend money on recovered species. And -- but I think what's more important is that we have a duty to let the public know the status of the spill area and having it unknown when we believe is very likely recovered is not as good as being more accurate. And a lot of times, even though it's in the narrative, the public rarely gets beyond the score card. So I think the score card should be as accurate as possible. And insofar as are we opening something up, there are only two more unknowns left, and I'm going to have a question about that. But, so there's really only two more this could be even opened up to and maybe that is something they should consider, whether they should say very likely not recovered or very likely we absolutely, completely don't have a clue.

MR. ELTON: I'm not suggesting a new category, by the way.

CHAIRMAN ZEMKE: Okay. Thank you.

MR. TILLERY: But, Mr. Chairman, I would say that my view is that this is -- I do think that the -- I think the very likely recovered is fine. I think it conveys the concept that there is an unknown quality to it. If other council members were not as comfortable with that and wanted to clarify it by saying something like unknown but very likely recovered I would

be willing to go along with that. But frankly, I prefer the simple very likely recovered nomenclature.

CHAIRMAN ZEMKE: Okay. Thank you. Any other discussion?

MR. O'CONNOR: They rejected clueless in their discussions?

MR. TILLERY: Mr. Chairman, I do have one more question.

MR. LLOYD: They didn't consider you an injured resource.

(Laughter)

CHAIRMAN ZEMKE: Mr. Craig Tillery had a question here.

MR. O'CONNOR: That was great. I loved that one. That's right, cut your funding off.

MR. TILLERY: Mr. Chairman, the.....

CHAIRMAN ZEMKE: Those are comments off the record, but okay.

MR. O'CONNOR: No, I want them on the record.

CHAIRMAN ZEMKE: Okay.

MR. O'CONNOR: I think that was one of the funniest things I've heard in the council meetings.

CHAIRMAN ZEMKE: Mr. Tillery.

MR. TILLERY: The remaining unknowns would be the Kittilitz's Murrelets and Marbled Murrelets.

MS. BOERNER: Yes.

MR. TILLERY: And at least the Marbled Murrelet, the narrative suggests there's simply a lack -- there's conflicting information or a lack -- it would suggest we actually could figure that out if we spent some more money and looked at it.

MS. BOERNER: Yes.

MR. TILLERY: Is that correct?

MS. BOERNER: I believe so, yes.

MR. TILLERY: Okay. The Kittilnitz's I had the impression it was more like you're not going to figure that one out; is that right?

MS. BOERNER: I would agree with that. We didn't even have a recovery objective for Kittilnitz's until this update. This is the first time you're actually seeing a recovery objective. It had no objective can be identified at this time up till now. So that's why it's kind of unknown because we had no measure -- we had no yardstick to measure any kind of recovery against. However, Kittilnitz's are in a serious, serious decline, whether due to the spill, you know, that's unclear. But.....

CHAIRMAN ZEMKE: It certainly seems like they're declining throughout the range, not only.....

MS. BOERNER: Absolutely.

CHAIRMAN ZEMKE:in the oil spill areas.....

MS. BOERNER: Absolutely.

CHAIRMAN ZEMKE:so there's.....

MS. BOERNER: Throughout the range.

CHAIRMAN ZEMKE:much.....

MS. BOERNER: Absolutely.

CHAIRMAN ZEMKE:there's a much bigger confounding concern about whether the oil spill did or did not.....

MS. BOERNER: Yes.

CHAIRMAN ZEMKE: You know, certainly they impacted the specific populations but then what's the overall consensus, so.....

MR. TILLERY: Mr. Chairman, with respect to what is down here now, I'm comfortable with it on these, but I would appreciate it if, without getting too elaborate, at some point in the next month or so, the Executive Director could have someone tell us what it would take with respect to Marbled Murrelets to fill in whatever missing information there is or resolve whatever conflicting information there is.

CHAIRMAN ZEMKE: And what would be the -- would you suggest that we come back and revisit the IRS.....

MR. TILLERY: No, I would suggest.....

CHAIRMAN ZEMKE:for another.....

MR. TILLERY:that if it turns out that it's not a wad of work that maybe that is something that should be dealt with as part of a monitoring plan or something like that so that we could find the answer to that, if apparently the answer may be find-able.

CHAIRMAN ZEMKE: So, again, your suggestion is that to have staff develop or work with appropriate people to develop a monitoring plan specifically for Marbled Murrelets to.....

MR. TILLERY: No.....

CHAIRMAN ZEMKE:come to.....

MR. TILLERY: Well, just to scope it out and find out what it would take to provide more information. And maybe the answer is, on more reflection, it's not -- we're not going to get there. But what I'm hearing and what I'm reading is that if we were to expend the money on this particular species, maybe we could get an answer.

CHAIRMAN ZEMKE: So -- and that's essentially outside of our discuss -- our decisions today.

MR. TILLERY: Right.

CHAIRMAN ZEMKE: So, I guess, would we want to -- Elise, can you have staff scope that out to be able to -- Catherine, can you? And would be able to report back to us within -- Craig was suggesting a couple of months?

MS. BOERNER: It's just in a month.

MR. TILLERY: Or whenever the -- when's the next meeting? I don't know.

CHAIRMAN ZEMKE: It's in June, but that would be.....

MS. HSIEH: June.

CHAIRMAN ZEMKE: Is that too soon, do you think?

MS. HSIEH: We'll work on it as quickly as possible.

MR. TILLERY: Yeah, it's not urgent but.....

CHAIRMAN ZEMKE: Okay.

MR. LLOYD: I'm sorry, did I.....

MS. BOERNER: Don't be sorry, I'm going to be happy to do it.

MR. LLOYD: I don't know if I missed it, but are we talking about holding up this update.....

CHAIRMAN ZEMKE: No, that's.....

MR. LLOYD:in order to get that?

MS. HSIEH: No.

MR. LLOYD: Okay. Thank you.

CHAIRMAN ZEMKE: Okay. That was specifically we were not holding it up.

MS. HSIEH: Thank you.

CHAIRMAN ZEMKE: This was just to kind of take a look -- it may actually provide some additional information for where we are as far as monitoring, long term monitoring of the species and that. But it may not either, so -- but it's probably a useful exercise to do some more. So, any other discussion on -- I guess we still haven't come to a decision on this point about whether or not we want to keep the very likely recovered for those three categories or move them to unknown or change to some other nomenclature. In my mind, I would prefer just keeping them as very likely recovered, especially hearing Denby's articulations about what was going on with at least --

I think for rockfish and cutthroat that -- and subtidal communities, I think we're probably a little bit more in that nebulous area, but at the same time I think the science panel were pretty definitive on all three, and that would sway me to want to keep them as very likely recovered. Any other discussion?

MR. O'CONNOR: What is it that we should be doing, Mr. Chairman? Moving the acceptance of the injured.....

CHAIRMAN ZEMKE: I -- from.....

MR. O'CONNOR:presentation or moving with regard to internal changes that are being suggested.

CHAIRMAN ZEMKE: On all the suggested ones? I think we were just looking at this category right now to make the decision whether we wanted to move those three categories of cutthroat -- or the three categories, the cutthroat, rockfish and subtidal communities. We change those, you know, their recovery status.

MS. HSIEH: You could.....

MR. LLOYD: Yeah, Mr. Chairman that.....

MS. HSIEH: You could accept.....

MS. BOERNER: Just choose to adopt.

MR. LLOYD: That certainly was where our discussion was focused, but nobody has brought up any other discussion items. I'd make a motion just to accept the report, which includes the reclassification.

MR. O'CONNOR: And I would second it.

MS. HSIEH: That will accept all the revisions and this will be the 2010 update.

CHAIRMAN ZEMKE: Yes. And we were just kind of going back, the recovery one was the primary concern it seemed. We hadn't really -- Catherine had gone through the other ones that I was going to bring up. Is there any other further discussion on any other items?

MR. HARTIG: Well, I think you got a motion now and so.....

CHAIRMAN ZEMKE: Okay.

MR. HARTIG:we'll just go ahead and do the discussion and then.....

CHAIRMAN ZEMKE: So, I haven't heard a second on the motion.

MR. LLOYD: Yeah, you did.

MR. O'CONNOR: I seconded it.

CHAIRMAN ZEMKE: Okay.

MR. O'CONNOR: I was clueless but I still got that right.

CHAIRMAN ZEMKE: So the motion is that we accept the 2010 updated injured resources and services as written in the April 27, 2010 revision. So is there any discussion on the motion?

MR. O'CONNOR: I would just ask a question with regard

to herring. It's suggesting in there that, what, six to eight years of biomass in excess of 43,000 metric tons, something like that, which is the -- is that the opening trigger for the herring, for the herring fishery in Prince William Sound? What is the significance of 43 million [sic] -- I mean, I read it but did -- would that be -- if we got above that a fishery would be open? Or if we got to that point we would then maintain it for the next six to eight years, we actually would have had a recovery of herring?

CHAIRMAN ZEMKE: I'm not certain what the relationship of 43,000 tons is to a fishery open.

MS. BOERNER: Right.

CHAIRMAN ZEMKE: Was that part of the discussion you were in?

MS. BOERNER: It was part of the discussion that that was the current regulatory threshold.

CHAIRMAN ZEMKE: Okay.

MS. BOERNER: And it obviously needed to be above that to continue for six to eight years just to insure that we do in fact have, you know, have recovery.

CHAIRMAN ZEMKE: Okay. So does that meet your expectations for an explanation?

MR. O'CONNOR: Well, my next question was, if we reached the opening point, are you going to open the fishery because that would then crop the numbers off. What would be

the regulatory response given that situation?

MR. LLOYD: Well, again, I'm not familiar with all our Prince William Sound fishery regs, but if indeed that is the current regulatory threshold above which we would open a fishery, then I would say yes we would open the fishery. And we have in the past, even during this period of recovery, had at least one or two years of fishing activity. So while some of the surplus production would be cropped off and thus slow down potential recovery, hopefully it wouldn't be -- we wouldn't be allowing a level of harvest that would unduly diminish potential for recovery.

MS. BOERNER: And there is an assumption here that there would potentially be active commercial fishing.

MR. O'CONNOR: So as long as it stayed at 43,000.....

MS. BOERNER: That it was estimated each year to exceed -- to be at that or exceed that.

MR. O'CONNOR: Exceed. Okay. And is this -- I'm assuming that that means every year for six to eight years.

MS. BOERNER: Yes.

MR. O'CONNOR: So if we had a drop below that number, we'd start counting again?

MS. BOERNER: Theoretically, yes.

CHAIRMAN ZEMKE: Okay. All right. Any other discussion?

(No audible responses)

CHAIRMAN ZEMKE: Okay. Hearing no other question or discussion on the motion, I guess the motion is before the council for a vote. So, all those in favor of approving the motion say aye.

IN UNISON: Aye.

CHAIRMAN ZEMKE: Hearing no opposed, the motion is approved. Okay. Thank you very much, Catherine.

MS. BOERNER: Thank you. And I would like to thank all the agency personnel who helped with this. This is a very difficult document for us to produce and they've been really invaluable, so thank you.

CHAIRMAN ZEMKE: Okay. Thank you.

MR. ELTON: Thank you for doing it over a long period of time.

CHAIRMAN ZEMKE: Okay. It's currently 10:50. We've been at it for about an hour and 20 minutes or so. We're probably maybe a little behind on our schedule. Do we want to take a break right now or.....

MR. O'CONNOR: If you expect me to talk for 20 minutes on the next topic, yeah.

CHAIRMAN ZEMKE: Okay. Well, no, we don't expect you to talk.....

MS. HSIEH: No.

CHAIRMAN ZEMKE:20 minutes.

MS. HSIEH: You can shorten that, Craig.

MR. TILLERY: Mr. Chairman, if we don't take a break, he won't talk?

CHAIRMAN ZEMKE: Okay. We're not taking a break so Craig won't talk 20 minutes. So I guess we're moving right along to topic number 8, draft supplemental environmental impact statement and Craig O'Connor is.....

MR. O'CONNOR: What do you -- what am I supposed to be doing here, since I did it at the last meeting?

MS. HSIEH: I.....

MR. O'CONNOR: What do you want from me?

MS. HSIEH: I believe that the draft that the Trustee Council has before it as of last night has -- includes many agency comments and adjustments and revisions, and also includes, for example, on Page 15, a little more clarity with regard to the monitoring of individual species, which is generalized language which came from the science panel discussion last week in Seattle. This draft, I think what might be appropriate is for the Trustee Council, if they're ready to adopt these revisions for this draft, and NOAA may or may not be using to notice it in the federal register in the next process. And in addition I'd like to take this draft home. There's been a lot of agency revisions in the last few days. I'd like to take it home this weekend and read through it slowly and must make any conforming revisions, which would be not substantive, but just cleanup revisions. I've also

updated the investment numbers, which was discussed yesterday, to reflect through March 31st, 2010. And those really, it's -- many of the revisions are fleshing out things, pigeon guillemots had somehow gotten left off, so I added that last night. And adding short term and long term parameters to the environmental consequence discussion. But really the substance I feel that was added was the little paragraph of monitoring individual species that was a little more clarity based on your discussion on the 30th of April. So I guess Craig perhaps would be asking for the Trustee Council's approval of this draft as our process continues and additional revisions are made. There will be another draft before you, I imagine, in June.

CHAIRMAN ZEMKE: You said there would be another draft before.....

MS. HSIEH: I'm guessing.....

CHAIRMAN ZEMKE:us at the June meeting?

MS. HSIEH:that the revisions will continue to trickle in, but -- I mean, I'm assuming that this draft process will continue through July. There will be public comments coming in. We'll get comments from NOAA, so I'm assuming that you'll perhaps be seeing another draft in June.

MR. O'CONNOR: All right. Let me tell you where we are and then -- I think we're having more drafts than herring, to be honest with you. But there is a date certain by which this

document needs to go into the federal register as a draft for public reviewing comment, and that date certain at this point is next week basically. We have -- we submitted this to our headquarters for their review and sign-off almost two weeks ago based upon the decisions by the council at the April 30th meeting. We anticipate hearing back by Monday with regard to the adequacy of this document as reviewed by our headquarters NEPA people. Assuming that they have no meaningful suggestions or there are any significant impediments to moving this forward, it would then be going to the federal register on Friday for publication by EPA. So Friday, the what, 28th -- 26th, whatever that next Friday is.

There seems to have been some concern by folks from the various cooperating agencies, which are the rest of you guys, on whether or not their comments needed to be incorporated, whether or not there was a door closing on the opportunity for ADF&G or Fish and Wildlife, even my own folks, to provide comments on this document. There is no door closing until such time as this -- the council approves the final ROD with regard to the final version of the supplemental environment impact statement. And this is the update to the programmatic EIS. It -- having everyone in the context of the cooperating agency puts everyone in the position of being able to say what they want when they want. And I would expect to hear from folks, but there is not a fuse on that, other than the point of final

decision by the council to approve the final draft, the final EIS.

I have got to stop on receiving comments and making changes. Right now Laurel is trying to reach out to our folks in DC to find out if they had any significant comments that we ought to be aware of for purposes of today's discussion. We haven't heard back from them. We did receive some comments from the Department of Justice, which I don't fully understand, but they seem to be bigger, so I'm going to have to address those. But it's nothing of substance in terms of addressing the decisions that are being articulated in here with regard to the preferred alternative, the five focal points for our activities into the future. I would like to continue the process of getting this ready to go and moved into the federal register on the schedule that we're on right now. And as drafts are updated, that's fine. As long as there's not a change in the substance of what it is we're proposing as our preferred alternative, then we can continue. If there are any comments that actually bear on the rationale for the decision or would suggest that the decision were erroneous and failed to look at something significant, then of course we go back to the drawing board to a certain degree, but right now I haven't seen that to be the case.

There is one aspect of the current draft, the approach that's being taken that I would call the council's attention to

and raise a concern that I have, which is really in the end making a pen and ink change, and that is to drop the numbers, the dollar numbers that we have allocated. The amount of money that's going to be ultimately allocated to the various categories, other than perhaps the lesser dynamic ones, like dealing with some of the harbor issues, maybe the -- that -- the conference that we're proposing to have on lessons learned and the debris removal proposals. The rest of those are fairly dynamic and are going to be informed by information that's going to come in, decisions that the council is going to be making into the future with regard to what the monitoring program might look like, what kind of response we may need to engage with regard to lingering oil. That sort of thing is a moving target and I have concerns with putting numbers in because it, one, raises expectations. Certainly we saw in the context of some of the public hearings a competitive nature being expressed by the public and this -- I think it needs to be made clear that we will be making decisions with regard to how much money is appropriate in each category based upon what it is that we choose to do with regard to that category in the end. And I do not feel comfortable raising expectations or -- which arguably could be translated into ultimate constraints upon the council's future decisions with regard to how to allocate monies.

So I raise that as an issue. If the council says no,

let's leave the money in, then by all means we'll leave the money in, but I want to bring it to your attention for your reaction. Did I miss anything? I don't think I missed -- well, I did miss something. We the undersigned. All right. So those are my comments and I would appreciate any reactions that you guys might have at this point.

CHAIRMAN ZEMKE: Denby.

MR. LLOYD: Mr. Chairman, with regard to the last point that Craig brought up, the idea of identifying amounts of money or not, I think what we were trying to do was to provide a target but not necessarily a precise or a very definite target, but maybe more of an order of magnitude for discussion and some idea to the public how the council was considering the respective categories. But I also would be concerned if by our identification of very precise targets that we were then somehow limiting ourselves in the future to making actual decisions, both in terms of the amount of money that we have available to us, because we're talking about real dollars here, and of course if we just went through our investment portfolio discussion that shows that the total amount of dollars could be pretty volatile in the first place. But also I think in this EIS we're intending to lay out a process, not a final decision of how monies will be dispersed in the future. And so I'd still like a bit of a discussion if people want to engage on how do we identify for the public a ballpark type of figure of

how we're ranking the five major categories without necessarily unduly limiting our future decision making ability within that amount of money. It may take the form of identifying ranges of amounts of money or something similar or percentages, given fluctuations of absolute amounts. But I hesitate to withdraw completely from identifying kind of a ballpark set of figures or ranking of the five categories.

CHAIRMAN ZEMKE: Thank you for your comments. Is there any discussion, particularly on Denby's suggestions?

MR. TILLERY: Mr. Chairman.

CHAIRMAN ZEMKE: Yes, Craig.

MR. TILLERY: I have -- I think that Mr. O'Connor's point is well taken, that if you have a specific number then you set up an expectation that maybe is beyond what is intended here, but I also don't think -- I think that that might be misinformation, but I think the lack of any information would do a disservice to the public and I would tend to go along with what Commissioner Lloyd is saying. And I guess my own preference would be to put some kind of a band of percentages in here exactly because of the volatility of the amount of money that's going to be available. But -- so instead of you might have, if you were to work this out, something might be 20 percent and you might say, you know, between 15 and 25 percent or something like that, to my way of thinking would -- may be the right way to do it.

CHAIRMAN ZEMKE: Okay. Any other discussion on that point or those other points?

MR. TILLERY: I think it would be good to have something in there for the public to react to but not anything precise. So a band would be fine or percentage bands, and then just to clarify, if we need it, I thought the draft was fairly clear on this, but make clear this is just something for the public to react to, it's not a decision document and that it's only intended to be put there as something to draw comment on and not to bind us.

CHAIRMAN ZEMKE: Okay. I guess we're kind of getting down into some specifics, so it might be good to have a motion before the council to see if indeed we do want to change language in the current SEIS draft.

MR. ELTON: Do you -- Mr. Chair, are you asking for a motion on this so that we can then get into an amendment process?

CHAIRMAN ZEMKE: I guess it all depends on how the council feels, whether we feel that there needs to be a change in that, and if so, then we probably need to have that as a motion.

MR. ELTON: Well, Mr. Chair, I don't want to usurp Craig who did all the work on this, but I would then make a motion that we adopt the latest draft, the 9:00 p.m., May 13th draft.

MS. HSIEH: Along with -- I'll probably, in the next couple of days, just because so many changes were made of late, I'll probably just, un-substantive revisions, just cleaning up typos and that sort of thing. Okay.

MR. ELTON: Okay. Mr. Chairman, I would move the latest draft with the proviso that the Executive Director be given the opportunity to make technical changes, non-substantive, technical changes to the draft before us.

CHAIRMAN ZEMKE: All right. It's a motion for -- is there a second to the motion?

MR. TILLERY: Second.

CHAIRMAN ZEMKE: Okay. I guess discussion.

MR. TILLERY: Yeah, can we -- before we get into a specific discussion, I guess have a general one. So the point of this is that if we voted yes we would adopt this draft and then in a week or so this draft would go out into the federal register, except that Elise is going to make some changes and NOAA is going to make some changes and the Department of Justice is going to make some changes. Does that sum it up right?

MR. O'CONNOR: Let me phrase it this way.

MR. TILLERY: Okay.

MR. O'CONNOR: There are entities that are suggesting changes to the document. Some of those changes may be incorporated into the document by the time it goes out at the

end of next week and others may not. And the determining factor in my mind will be whether or not we can continue on the schedule that the council has endorsed as requested and still make those changes. Not being able to do it would mean then that we would start -- we would make changes and then we would start the clock again with regard to the DC level review. And that remains to be, quite frankly, negotiated between myself and our headquarters NEPA group as well as with the Department of Justice and whatever is coming out of this process. What I don't want to do is delay this if I can possibly avoid it. But by the same token, I do not want to ram something through the council or ignore the council's input because this is all about articulating the council's goals and we're just using my agency to do the administrative and ministerial part of that articulation. I'm not going to screw with it if it's going to cause us to slow down if you mind slowing down. If you don't mind slowing down for a couple of weeks then I'm happy to make the changes, run them back through the system, and realize that our October date is now the middle of October or the end of October. It's up to you guys. I'm just trying to maintain the pace based upon what you had hoped for.

CHAIRMAN ZEMKE: Elise, do you have a clarifying point?

MS. HSIEH: I just -- as one who has intimately seen many of the recent drafts, I think that's a good laying out of the issues by Craig, but I also wanted to remark that certainly

it is optimum if the draft that's noticed in the federal register is the latest 9:00 p.m. draft, because it includes all the little this and thats. But for my perspective, having watched this draft shape up, substantively the April 30th draft, which is what DC has, captures the large substantive discussions of this council thus far, and that, you know, potentially is the draft that would be noticed. The revisions in the last week that the agencies have sent in have been very helpful and clarifying but it's not indicated huge shifts or something that I feel that the public, if they didn't have that, wouldn't be able to productively comment on the April 30th draft.

CHAIRMAN ZEMKE: Okay. I think we had two comments over here. One was Kim.

MR. ELTON: Well, I would just like to note that -- I mean, I think -- I mean, I agree with you, but we still have to have the discussion on numbers, range and stuff, and that's a more substantive change. And so during the discussion on that, if in fact there is a motion to amend, I mean, we should include as part of that discussion how strongly we feel about it and whether reverting back to the April 30th document makes anybody uncomfortable.

MR. O'CONNOR: Well, I can tell you the -- and this is obviously exercising peremptory authorities, the draft of this in the end, you guys want this change to be percentages where

we have, you know, 15 to 25 percent as opposed to 20 million dollars. I'm happy to make that as a pen and ink change and just in the drafting exercise. I don't -- you know, I don't consider it to be sufficiently substantive that I would go back to the drawing board or that there would be any reason to recast the document based upon that. I mean, these -- it was made clear that these were relative distribution. I have the concern of locking, potentially locking us in. But if, you know, you want to say 15 to 25 percent of our money is going to be spent on monitoring and that's a waiting factor based upon our judgment today, what we're going to be needing to do, then we can say it that way. That's not going to stop the process.

CHAIRMAN ZEMKE: Mr. Tillery, you had your hand up.

MR. TILLERY: Mr. Chairman, actually, maybe I understand this a little better now. So the way this works now is the document is a NOAA.....

MR. O'CONNOR: That's correct.

MR. TILLERY:decision. NOAA has control of the document.

MR. O'CONNOR: That's correct.

MR. TILLERY: The council and then Elise, whatever she adds as technical changes, is essentially in the same position as the Department of Justice. We're submitting requests to NOAA that they take whatever it is they have now and they make these changes and ultimately NOAA will make a decision. Is

that right?

MR. O'CONNOR: Yeah, pretty much.

MR. TILLERY: Okay.

MR. O'CONNOR: But the decision will be in concert with whatever the council.....

MR. TILLERY: Right.

MR. O'CONNOR:indicates it should be.

MR. TILLERY: In other words, they would strongly look at what we suggest, but ultimately it's -- they have the control of the document at this point.

MR. O'CONNOR: Yeah. Yeah, yeah.

MR. TILLERY: Okay.

MR. O'CONNOR: But I'm willing to make whatever changes you guys want because I'm just doing it on your behalf. And we keep doing this and the bill is going to go up. But be that as it may, no, that's right, I'm not inventing any of this. I'm trying to articulate.....

MR. TILLERY: Yeah, I think my point was it's not like they're going to do something and then it's going to come back to us and somehow we're going to have the final sign-off.

MR. O'CONNOR: On this draft, with this proposed preferred alternative course of action, I hope I don't have to bring it back to you.

MR. TILLERY: Okay.

MR. O'CONNOR: But I really like getting together with

you guys to chat about this.

CHAIRMAN ZEMKE: I guess the question on my mind then is the April 30th draft that we approved is in and if this draft -- say if we approved this draft, it may or may not be the one that would be included in the federal register. It all depends on whether or not NOAA comes -- their NEPA people feel that the April 30th draft is sufficient, then that one would probably be the one that would be in the federal register notice.

MR. O'CONNOR: Well, that's the way I would like to say it, but if we want to add percentages then I'll change it to be percentages and that's not going to stop the process.....

CHAIRMAN ZEMKE: Okay.

MR. O'CONNOR:from going forward.

CHAIRMAN ZEMKE: But these other redline changes and that, those are not that -- you probably couldn't add those as pen and ink changes to be able to be.....

MR. O'CONNOR: My guess is given the volume of comments and the changes, not that they're of substance, but the people who sit down and actually read this, with that number of changes, they're going to say, oh, we got to start this over because we got to reread it.

CHAIRMAN ZEMKE: Looking at it, I think there was some discussion about things like there's no executive summary included in this and what implication does that have for

NOAA/NEPA review to say well you need to finish that before we're ready to go and be able to put it in the federal register, there's probably some other changes. Would there be -- at that time be able to say, oh, by the way, here's some additional changes, though they're fairly numerous, they're not of great substance. Would that -- would you consider that as -- that NEPA -- or NOAA/NEPA folks may have problems with that and say, well, we need to start the clock again and we need another two weeks?

MR. O'CONNOR: I don't know. Dropping in an executive summary, which I think we've indicated to back east we will draft that when we actually know what the final document says and then we will provide an executive summary to put into it. We do -- I mean, I hate to say this, but we have an ideal opportunity here to move stuff through pretty quickly because the volume of NEPA work that's being generated as a result of the Gulf spill is overwhelming the system. That can cut one of two ways. They'll either say go, don't bother us anymore, just publish this thing, or they're going to say we'll get to it in eight years when we're done processing NEPA requests on fishery closures and regulatory actions and so on that are being dictated as a result of the Gulf spill. And that's a very real possibility right now. So we're sort of teetering, and I don't know how it's going to go. I'll do the best I can to get it through in the time with as many of the pen and ink changes

that we can make. And that's the best I can offer. Is my 20 minutes up yet?

CHAIRMAN ZEMKE: Almost. Mr. Elton.

MR. ELTON: Well, it seems to me, I mean, there are two ways this can get stuck, and one of them -- and maybe I was misunderstanding what I was hearing, is the Department of Justice may have some substantive changes that they would want to see. Did I misunders.....

MR. O'CONNOR: They're not -- their comments we can attend to by way of editing. It's not -- you don't have the legal authority to do what you're proposing to do. We don't like some of the language in the document kind of thing, right?

MR. TILLERY: Yeah.

MR. O'CONNOR: That's all.

CHAIRMAN ZEMKE: Well, in my mind that kind of meets what some of this other -- other changes that are here are basically they don't like -- either they don't like the language or suggest that there needs to be additional language but none really changes the policy directions that are -- you're including. Looking at the changes that have come in, certainly I think they would provide a -- maybe a better document to go out to the public so that we wouldn't get the same comments back from the public to have to redo the -- or make edit -- further edits down the line. But at the same time, if it does have a specter of being -- jamming the system

up and we're losing months because -- or even weeks because of that, then I, at least in my mind, I'd be comfortable with publishing the April 30th document as the SEIS and then incorporate these in between the SEIS and the final. That said, you know, certainly, Craig, I -- you'd be -- I understand you'd be working diligently to try to get as many of these in as possible, like particularly maybe the substantive one that we're going to further discuss down the line about the -- whether or not to include the dollar figures or percentages. But I guess we can go two ways. One is I guess we can pass this resolution and maybe with an amendment to resolve the dollar question and then give that back to Craig to say -- try to go forward and get this done, but at the same time realizing that if it doesn't happen that these are the council's suggestions that we think are -- would be good to go between the draft and the final if they can't be included in the original SEIS federal register notice.

So, I guess that said, I guess what we have before us is this motion to approve the current -- I guess it would be the April -- or the May 13th draft, but at the same time I was hearing that there may be an amendment that we want to consider that would include the idea that we would strike the actual dollar figures and put in I heard potentials for either percentage ranges or other factors.

MR. O'CONNOR: Is that the sense of the -- I mean, I

think this would be a fairly easy thing to do, is sit down and say 20 million dollars translates into what percent range of the total amount we've allocated into these columns and add five -- plus or minus five, just like we did on the investment decisions. And we can do that. And nothing will change in terms of the general, the overall distribution. I can make that change.

CHAIRMAN ZEMKE: That's a friendly amendment to Denby's motion or do you want to pass the motion and do another one?

MR. LLOYD: Did I make the motion?

MR. O'CONNOR: Uh-huh.

MR. LLOYD: Okay. Good.

CHAIRMAN ZEMKE: So it would be, as I understand it, adopt the latest version that we got this morning of the draft SEIS with the change that we take out the specific numbers that are in here for proposed expenditures on each category of projects and types of projects and substitute a range.....

MR. ELTON: I think I made the motion, and that's fine with me. Do we need to withdraw the motion and make a new one or do we just need to acknowledge.....

CHAIRMAN ZEMKE: I think we could.....

MR. TILLERY: Friendly amendment.

CHAIRMAN ZEMKE:be a friendly amendment, so -- and who seconded the.....

MR. TILLERY: I think I did.....

CHAIRMAN ZEMKE: You. Okay.

MR. TILLERY:and I accept that too.

CHAIRMAN ZEMKE: Okay. With that friendly amendment to the motion.

MR. O'CONNOR: I got it. Okay.

CHAIRMAN ZEMKE: But you need to get the percentage of -- the range of percentages, is it plus or minus five percent or what did what did we -- Elise?

MR. ELTON: I mean, I trust the judgment of that Craig in this instance, you know, to put in the appropriate -- he's -- the only reason I said that Craig is because he's the one that has to do the work. To -- you know, to do it appropriately and I -- I mean, I'm comfortable with plus or minus five percent. I mean, I might throw in a weasel word, but it would be completely up to Craig, potentially between 15 and 25 percent.

MR. O'CONNOR: It would -- it will be weaseled, yes.

MS. HSIEH: I don't -- I don't think this plus or minus five percent -- I don't think that's.....

CHAIRMAN ZEMKE: Percentages. So if it's.....

MR. O'CONNOR: Yeah.

CHAIRMAN ZEMKE:20 percent, that would be 15 to 25 percent.....

MR. TILLERY: It's more percentage points.

MS. HSIEH: Okay. Percent.

CHAIRMAN ZEMKE:of that, in my understanding.

And particularly since the investment fund has a hundred million dollars, that math is relatively easy, so I guess I trust Craig to be able to handle that.

MR. O'CONNOR: I think that's overstating my capabilities, but I have people who are good at this, adding and subtracting.

MR. LLOYD: Mr. Chairman.

CHAIRMAN ZEMKE: Yes, Mr. Lloyd.

MR. LLOYD: One question. Maybe it's been covered. But on Page 15 of at least a number of the recent drafts there is additional language talking about adding potential indicator species to the long term monitoring section. What I don't remember is whether or not that language is in the April 30th draft.

MS. HSIEH: It's not.

MR. LLOYD: So is that another thing that we would ask the esteemed Craig O'Connor to consider adding? Do we have that in the -- what's back east, the indicator species?

MS. HSIEH: No.

MR. O'CONNOR: Okay. That's -- that we can do. That's not going to be a substantive problem.

MR. LLOYD: Okay.

MR. O'CONNOR: And we intended to do it when we go out to the.....

MR. LLOYD: I don't know if I'm allowed to amend my own

motion but do we need anything clearer than that?

MR. O'CONNOR: I mean, that was the position taken by Kim at the last meeting and it was with that understanding that we're moving forward with this, finalizing it.

MR. ELTON: And not diffuse flame, but I think the specific language is predicated also on the science panel discussion.

MS. HSIEH: Taking your guidance, taking the Trustee Council's guidance from the April 30th meeting I asked them for elaboration.

MR. ELTON: And I appreciate the way this is written, by the way, because again -- and weasel words sound pejorative and I don't mean it in a pejorative way, but I mean, I do appreciate the fact that it says examples may include. I mean, it.....

MS. HSIEH: It's because a lawyer wrote it.

MR. ELTON: Yeah, it -- I think it's good language.

MR. O'CONNOR: And weasels are trust resources, so.....

CHAIRMAN ZEMKE: So the motion would that Craig is also -- we are approving this as a draft and Craig is going to try to incor -- Mr. O'Connor is going to try to incorporate as many of those into the notice in the federal register as NEPA experts back in Washington DC will.....

MS. HSIEH: Tolerate.

CHAIRMAN ZEMKE:tolerate is probably a good word

for it.

MR. O'CONNOR: Okay. I got it.

CHAIRMAN ZEMKE: Including the changes from the dollar figures to the percentages.

MR. O'CONNOR: You got it.

CHAIRMAN ZEMKE: So with that motion, with the amendment, the friendly amendment, is before the council. Is there any other discussion? Okay. Hearing no further discussion, I call for -- is there a question?

MR. HARTIG: Question.

CHAIRMAN ZEMKE: The question has been called. All those in favor of the motion say aye.

IN UNISON: Aye.

CHAIRMAN ZEMKE: Hearing none opposed, the motion's passed. All right. That's our 20 minutes.

MR. O'CONNOR: All right. Well, I have one more thing. Is this the place to put it in?

CHAIRMAN ZEMKE: Well, we thought we should have included that as an agenda amendment.....

MS. HSIEH: Sorry, it's.....

CHAIRMAN ZEMKE:earlier.

MR. O'CONNOR: I move we amend the agenda to add a discussion with regard to putting together a long term monitoring work group.

MR. HARTIG: Second.

CHAIRMAN ZEMKE: There's a second. I think we have kind of a draft resolution that talks to that with the costs on that. Is there any I guess kind of basic discussion on this resolution right now?

MR. O'CONNOR: I will make some comments on it.....

CHAIRMAN ZEMKE: Okay.

MR. O'CONNOR:Mr. Chairman, if that's.....

CHAIRMAN ZEMKE: Would you prefer -- maybe I -- yeah, go ahead and make your comments now before we go on break.

MR. O'CONNOR: One of the things that I was particularly concerned with during our discussions yesterday and in the past were the -- what our monitoring program is going to look like and I think this is in many ways probably the most significant aspect of our future activities. And the discussions that we had earlier had indicated that perhaps we should go out and solicit contributions from various entities in the way of designing a monitoring program for us, or the other would be the top down, we will say what the monitoring program is going to be and then present that to the public for consideration and for various entities if they want to bid on implementing that monitoring program for us. I was particularly concerned that we not get engaged in the process that did not have specific clarity with regard to what it is that this council wants to do with regard to monitoring into the future. And as a result I encourage the council to

consider the ordination of a working group that will be tasked with putting together for council consideration what a -- an appropriate long term monitoring program would look like. And the council then, over the course of the next several periods of time and iterations of that will then put together what we consider to be the monitoring program that the council will then pass on or try to pass on to other entities to implement in our divestiture exercise here.

So with that in mind, the staff prepared this resolution that you have in front of you, Resolution 10-07, authorizing the establishment of a long term monitoring work group and making money available to the Department of Fish and Game to move forward on that, including a proviso that Fish and Game waive project management fees on this and that the task that is going to be bestowed upon this group is to develop a long term monitoring plan for fiscal year 2012 invitation for restoration proposal, review the proposal. With that, I would move the council approve that expenditure and the establishment of this long term monitoring work group.

MS. HSIEH: Craig, I think you also have to authorize the.....

CHAIRMAN ZEMKE: Is there a second to the motion?

MS. HSIEH: I think you have to authorize the Executive Director to name the participants because we don't know who they are yet.

MR. O'CONNOR: Oh, and as a piece of that, the Executive Director will be naming the participants in that subject to our.....

MS. HSIEH: Authority.

MR. O'CONNOR:contribution to those kinds of decisions.

MR. HARTIG: It says that right in here.

MR. O'CONNOR: Did I -- I missed that, yeah.

CHAIRMAN ZEMKE: There's a motion for.....

MR. LLOYD: And I'll second.

CHAIRMAN ZEMKE: It's been seconded. I guess discussion. I guess one of the things I had is what is the time frame that we're looking at on this?

MS. HSIEH: I will be moving as quickly as possible, as I have for the last year and a half. I'm still shooting for that October 1st issue of an invitation, so I will be working on this on Monday.

CHAIRMAN ZEMKE: Okay. And the costs are primarily salary time and travel or.....

MS. HSIEH: Time, travel, review time, yeah.
Contracts.

CHAIRMAN ZEMKE: Any other comments? Questions?

(No audible responses)

CHAIRMAN ZEMKE: Hearing none, is there a call for.....

MR. LLOYD: Call for the question.

CHAIRMAN ZEMKE: Okay. I hear a call for the question.
All those in favor of Resolution 10-07 for establishment of a
long term working group say aye.

IN UNISON: Aye.

CHAIRMAN ZEMKE: Opposed?

(No audible responses)

CHAIRMAN ZEMKE: Hearing none, the motion is approved.

MR. O'CONNOR: Thank you, Mr. Chairman.

CHAIRMAN ZEMKE: Okay.

MR. HARTIG: Can we take a break, Mr. Chairman?

CHAIRMAN ZEMKE: Pardon?

MR. HARTIG: Can we take a break?

CHAIRMAN ZEMKE: Okay. We -- it's not 10:30, we're at
the end of our meeting.

MR. HARTIG: 11.

CHAIRMAN ZEMKE: Or 11:30 actually. So I guess we can
take a break. Is the council in favor of taking a break? Yes.
Okay.

MR. ELTON: Short break.

CHAIRMAN ZEMKE: Okay. Short.

MR. HARTIG: Short.

MS. HSIEH: Short.

CHAIRMAN ZEMKE: Ten minutes or fifteen?

MR. ELTON: Five minutes.

CHAIRMAN ZEMKE: Five?

IN UNISON: Five.

(Off record)

(On record)

CHAIRMAN ZEMKE: I guess we're back in session after a break. Our next agenda item will be the PAC charter and Doug Mutter, the designated federal official for the PAC will be presenting. Thank you, Doug.

MR. MUTTER: You bet. So the charter is up for renewal under the Federal Advisory Committee Act. Every two years there's a sunset clause for FACA committees. So this October is the date that we need to renew the charter and you've got a charter in front of you that has some changes in the number and makeup of the members, and so you need to take action on that today and decide how you want that to be laid out and then approve the charter. After which I will submit a package of explanatory materials along with the draft charter through the process of the Department of the Interior back in Washington DC because as with EIS and NOAA has a role there, the Department of the Interior and actually the Secretary of the Interior will sign the charter for this group as the natural resource trustee.

Also concurrent with this we can go ahead, once you've approved the charter -- and I can work with Elise and Cherri and we can go ahead and run through the process for nominating PAC members for the next two year term and have that done about

the same time, hopefully next October, be ready to go with a new charter and a new group, or the existing group of PAC members. So the action today is what do you want the membership to look like. Any other questions or any.....

CHAIRMAN ZEMKE: Thank you, Doug. Are there any questions for Doug?

MR. O'CONNOR: We discussed this -- excuse me -- two meetings ago, right?

MR. MUTTER: Uh-huh.

CHAIRMAN ZEMKE: So I guess the -- I didn't see an actual resolution or motion but.....

MS. HSIEH: No, we have the PAC charter.....

CHAIRMAN ZEMKE: Charter, which is.....

MS. HSIEH:which you would be approving. If you want a recap, and Doug may be better at doing this, inside your folders this is Stacy Studebaker's recommendations. It lists the seats which I had recommended being retained and adds two more regional monitoring and also science, which we had -- which in my recommendation I had not added because we intend to cover that with the science panel and some other aspects. So that's really what's -- that's Stacy's recommendation and then you have mine. Just minus those two seats, and it's really sort of up to you at this point.

CHAIRMAN ZEMKE: So I would suggest that -- receive a motion to approve the charter as written in the package and we

can discuss and decide if there should be any amendments to that.

MR. O'CONNOR: So moved, Mr. Chairman.

CHAIRMAN ZEMKE: Okay. Is there a second?

MR. ELTON: Second.

CHAIRMAN ZEMKE: Okay. So is there discussion or comment on the charter as written in their tab? I heard Stacy's comments this morning about it's her suggestion that there would be two additional members that would be included. Looking at Page 2 of the charter at the bottom of the page, you have from A to H, lists the members as recommended in this draft. And then looking at past -- I think on our book, we have a green page, at least in mine, there's the two suggestions that -- additional members that Stacy Studebaker had suggested about the regional monitoring program person and a science member.

MR. LLOYD: Mr. Chairman, did we want to bring the chair of the PAC up to have a conversation with us about this?

CHAIRMAN ZEMKE: Certainly. I would -- I think that would be apropos.

MR. LLOYD: Thank you.

CHAIRMAN ZEMKE: Thank you, Mr. Lloyd.

MR. LLOYD: I guess just to put a question, if I may, I'd like to hear the rationale for Stacy's recommendation, but also, since she's chair of the PAC, for adding these two

particular seats back to the original recommendation of eight seats for the PAC. Would that be all right?

CHAIRMAN ZEMKE: Yes, that would be fine.

MS. STUDEBAKER: Sure. Well.....

CHAIRMAN ZEMKE: Thank you, Stacy.

MS. STUDEBAKER:even before the Louisiana disaster I felt that these two.....

MS. HSIEH: I'm sorry, Stacy. Would you speak up? Our recorder is having difficulty hearing you.

MS. STUDEBAKER: Oh, okay.

MS. HSIEH: Thank you.

MS. STUDEBAKER: Even before the Louisiana disaster hit, I was in favor of retaining these two seats on the PAC. The two present people who are in those positions represent Seward and that is a very, very important community to have as part of the PAC because it is definitely a community in the oil spill region. We would lose both the Seward reps from the PAC, which really concerns me. Also, these are -- you know, we don't interact with the science panel, we are a separate entity. You know, so having the science panel, you know, vet all the trustees' work is important, but we need a designated science person because not everybody on our committee is a scientist and having that perspective, of course, is really important for the vigor of our discussions. And also the relationship to the regional monitoring group, the present

representative on the PAC is also on the Prince William Sound RCAC and he's been involved with -- he's lived in Kodiak and he's lived in Seward for a long time and he brings a lot of experience and expertise, you know, with that organization, his experience with the RCAC to the PAC. And I really would hate to lose both those positions.

My paradigm of the Exxon Valdez Trustee Council Restoration Program has really shifted recently due to the Louisiana disaster and my phone has been -- I wouldn't say ringing off the hook, but I've been getting a lot more phone calls from even around the world, getting my input on what's going on in Louisiana. And I think more than ever we really need to show the world that we have a model and very robust public process and meaningful public involvement. And we have maintained that and gutting the program at this point in time, I just -- it just doesn't seem like a good idea. So does that answer your question or do you need more.....

MR. LLOYD: Sort of. You've used the word gutting twice now and I'm wondering if partial evisceration is.....

MS. STUDEBAKER: Okay.

MR. LLOYD:okay, but.....

MS. STUDEBAKER: Well, I'm from Kodiak, you know. We gut a lot of things in Kodiak, so, you know that.

CHAIRMAN ZEMKE: Any other questions or comments particularly for Stacy at this time? Go ahead, Mr. Tillery.

MR. TILLERY: Mr. Chairman, the -- it looks to me like the ones that are being eliminated are largely the ones where there's been disinterest from the group either through lack of attendance or even the inability to get a person for that position. Is that.....

MS. STUDEBAKER: I don't think so.

MR. MUTTER: No.

MS. STUDEBAKER: No. Not for those positions.

MR. MUTTER: The basic eight that you have represent a balanced interest of resources and services affected by the spill. The other positions eliminated, public at large, the local and tribal governments in particular because you can deal on a government to government basis with them. Scientists, which -- and you have a panel of scientists usually involved in your decision making. Regional monitoring, regional transportation seemed like areas that weren't -- services or resources that particularly you needed on a PAC. So that's how that -- it wasn't based on anybody's participation or their locale.

MR. TILLERY: But for example, we haven't had a local government person in a long time.

MR. MUTTER: Right.

MR. TILLERY: Tribal government doesn't really seem to participate.

MR. MUTTER: Those are true statements, but that's not

the reason they were pulled.

CHAIRMAN ZEMKE: Looking at the idea about the science person, and again, that's not a service that was impacted by the spill, though it's of vital importance to know about science in understanding what's going on in the Sound. In some ways it would be almost better if maybe they were an ex officio member that -- because they're not -- that way they're -- you take out bias that, you know, you're trying to make recommendations that benefit one group of scientists versus another, and that way they could be -- seems like in my mind maybe more of a non-effective member or be -- have less bias, but that's one way, maybe, to look at it. I'm not suggesting right now that that's the way it should happen, but I'm not sure in a.....

MR. MUTTER: Well, I think.....

MR. TILLERY:PAC committee you could do that normally, is have ex officio members.

MR. MUTTER: Well, we've had those before. Basically the legislators early on were ex officio members and due to lack of interest we got rid of them. But all of your members are going to come with a bias, that's the reason they're there, is because they're supposed to bring a perspective. So if you think science and technology is a public perspective that you want on there, that would be the way to look at it.

MR. TILLERY: Mr. Chairman.

CHAIRMAN ZEMKE: Yes.

MR. TILLERY: Just say to say that I guess my inclination on this would be to take these eight, add back in science and add back in one public at large, making a total of 10.

CHAIRMAN ZEMKE: Do you have rationale for adding a public at large versus maybe a suggestion of a regional monitoring?

MR. TILLERY: I don't know that I think the regional monitoring -- I mean, the regional monitoring organizations are to me a little bit like governments. They have their own way to speak out on the various issues. I think the public at large gives you the ability to try to get someone who actually doesn't have a very specific interest that they're representing and can be more of a general watchdog -- not watchdog, but just kind of -- can represent kind of a broader interest or a -- isn't beholden to any particular constituency. And having one person with that viewpoint on the group is probably useful. I would certainly agree with we don't need two.

CHAIRMAN ZEMKE: Okay. Thank you. Any other discussion? Mr. Elton.

MR. ELTON: Yeah, just -- I mean, a comment. I mean, I -- this is difficult. I mean, I'm going to support I think Craig's approach, but I mean, I guess I just feel compelled to say that when you go down through the categories, I mean the

categories are less important than the people who serve in my mind. And for example, we got sport hunter/fisher that could also be classified as a recreational user, right? We've got -- I guess I don't -- I think the more important discussion is the size of the PAC rather than almost a specific, you know, category. Because I think it's the people that are serving and you can put a scientist in, you know, who's also a sport hunter, you know, and so I -- I mean, I'm -- we do have to have categories and I recognize that, and so I'm prepared to support Craig's notion just kind of with the caveat that I'm much more interested in the quality of the person, the person that has energy and that's willing to commit to service.

CHAIRMAN ZEMKE: Okay.

MR. HARTIG: Yeah, and I'll support Craig too, his thoughts on this. I think going to 10 is fine with me and I agree whether it's eight, 10 or 15 or 20, it's really the people you got and their participation and that if -- whether it's 10 or eight or whatever, I think we also just need to be thinking about how we can actively try to recruit people and keep them interested and all that. And that's just as important as the numbers, but eight does seem to me kind of a drastic change, from 15 to eight. Maybe it's better to go to 10. I wouldn't call it gutting it, but I'm not from Kodiak, but I think 10 -- I certainly wouldn't call.....

MS. STUDEBAKER: It's not part of your vocabulary.

MR. HARTIG:it gutting at 10, but.....

CHAIRMAN ZEMKE: Okay. So currently we have a motion to approve the -- as -- the draft as written. Mr. Tillery has suggested that he would like to see two additional members added. Is that a formal motion to amend the.....

MR. TILLERY: Unless somebody else has some more comments beforehand, I would move to amend to add in a representative for science and one for at large.

CHAIRMAN ZEMKE: Is there a second to that?

MR. LLOYD: Second.

CHAIRMAN ZEMKE: It's seconded. Discussion on the amended motion? I would say that the idea about cutting the PAC down from 15 to eight was -- is somewhat of a drastic step. Frequently -- realizing the difficulty people have to be able to actually attend meetings at all times and when you only have eight that you wind up with -- you may be able to get a forum but you may not have an adequate representation of views and values, so I think the ten person approach is probably more apropos to what we're dealing with. And the idea about having a science person, somebody with that viewpoint probably helps the PAC and they realize that there's a science committee, but at the same time there needs to be kind of sometimes an interpretation of what's going on, and I think they do provide an essential service on the PAC. I would tend to vote for the amended motion. Any other discussion?

MR. O'CONNOR: What does a public member do? A public representative do?

MR. HARTIG: Public at large?

MR. O'CONNOR: What is -- what would they bring to the table?

MR. HARTIG: I kind of look at it as it also gives you some flexibility to balance things out regionally. You know, and I think to me that's the biggest factor because as Stacy said, you know, right now you have maybe a good science person from Seward, but that may change next year and you still want somebody from Seward, and that gives you a little flexibility to do that. And I think too it gives you a broader spectrum to draw from and you can get somebody that really is interesting in participating. Looks like we've had pretty good participation from that member. You know, and just a bigger field to select from. And somebody that doesn't carry quite as big as bias that can help be a balancing influence on a board that may have some diverse views on it. Sometimes we somebody that's kind of more of a compromise speaker. But I think there's a good value for that, having somebody in that seat.

CHAIRMAN ZEMKE: Any other discussion?

(No audible responses)

CHAIRMAN ZEMKE: Hearing none, do I hear a question?

MR. O'CONNOR: Question.

CHAIRMAN ZEMKE: The question's been called. All those

in favor of the amended motion, say aye.

IN UNISON: Aye.

CHAIRMAN ZEMKE: Hearing none opposed, the amended motion is passed. I guess we're on to the main motion with the amendment. I guess is there a question on that?

MR. O'CONNOR: Question.

CHAIRMAN ZEMKE: The question's been called. All those in favor of the main motion say aye.

IN UNISON: Aye.

CHAIRMAN ZEMKE: Hearing none opposed, the motion has passed. So.....

MR. MUTTER: Okay. We'll get her started next week through the process.

CHAIRMAN ZEMKE: Okay.

MR. MUTTER: It always takes awhile.

CHAIRMAN ZEMKE: Thank you very much, Doug. Thank you, Stacy, again for your time. Okay. The final item or at least information item we have on is item number 10, the Kodiak Island Borough ADF&G building. And I appreciate you coming in and having to sit through our meeting and taking your time and your efforts to get up here and inform us as a council.

MAYOR SELBY: Thank you, Mr. Chairman. We appreciate you taking the time to hear us today and continue the discussion on this building. We've met with you several occasions on this building and so I think most of you know why

we're here and what we want to talk about. The building -- and we just passed around our latest engineering estimates from the architect who's working on the building. We're approximately a 25 million dollar building right now and we're asking you folks for 10,900,000 for a research portion of that facility. And Mr. Gifford is going to give you a little bit of an update of what -- where we are with the building exactly and then I'll talk a little more to the goals and objectives and how this fits in the Trustee Council.

CHAIRMAN ZEMKE: All right. Thank you.

MR. GIFFORD: Thank you for allowing us to be here.

The 8 1/2 by 11 sheet that I put out shows Near Island where we have our campus for our research facilities and this upper building, kind of wide building, is where the university's fish tech center is. And then the lighter brown building is where the Kodiak Fisheries Research Center is, which is actually owned by the borough and leased to -- the biggest share of it's leased to NOAA. And then the Department of Fish and Game has some space in there, the University of Alaska Fairbanks has some space in there. And then the darker brown is where this proposed site would go, and that site is going to sit partially on some borough property that was obtained from the City of Kodiak when they did -- when they built the Kodiak Fisheries Research Center. And then the rest of it is city property that we're going to -- that the city has graciously agree to donate

to the borough for this project. And ECI/Hyer is our architect. They're nearing completion of the design development phase of this design work. We've done our site survey and geotechnical investigation has been completed, and that's been done since -- I believe we sent over the program concept design report that ECI/Hyer did as of June 2009, and they've since -- that's been a year ago, so they've updated the numbers, got into a little bit more detail with the site work that they're going to have to do and they have developed a re-plat that we're going to do for the property so that we can take what -- obtain that property from the City of Kodiak for this transfer. And that's currently pending review by the Kodiak Borough's Planning and Zoning Commission. And at this point the design is scheduled to be completed in September and we should be ready to put the project out to bid this winter and start construction early in 2011.

It truly is a community project with the city and the borough being involved in it. We have to go through a public process for our facility and planning and zoning has to have a public process as it goes through it. And this has been on our legislative priority list, our priority list in working with EVOS and trying to get this proposal to you in a format that was acceptable and tries to give you the information of how this will work and we're done that through the public process. So with that, I'll let Jerome go back to talking about the

project.

MAYOR SELBY: Okay. Let me start by -- let's scroll back to the oil spill, as painful as that is for a lot of us. But at the time the oil spill occurred what became painfully clear right away is that we didn't have the capacity in Alaska to deal with anything near this magnitude in terms of looking at damage to resources, certainly not to people. And so we came out of that, once the Exxon Trustee Council was formed, that one of the things that we should certainly do in the process of what you folks are doing is leave Alaska in a stronger position to do research and take care of our species and our communities than we had in 1989. And that's really one of the main underlying premises of why we're here today.

Now, the first step we took on that was to get the six million dollars from you folks that went into the Kodiak Island Research Center, which is primarily leased, as Rick identified, to NOAA. Because we could see both the federal and the state organizations, neither one of them had the capacity, and we needed -- we wanted to see a major capacity improvement. If nothing else was accomplished from the money coming from the spill, we should accomplish that at least for our coastal communities and for the people of the state of Alaska. That's kind of our underlying premise here and you folks heard us on the NOAA facility put the six million dollars into that facility and we were able to accomplish that facility, and that

is an outstanding resource for continuing to monitor the restoration and our argument is that it actually enhances the injured species, which is one of the things that was in the consent decree, and I'll read that to you in a second.

But, so the other piece though that we knew at that time and which was following was the state piece, because we wanted to ramp up both the capacity in both the state agencies and the federal agencies. We've now got the federal agencies up there in a pretty good spot, that's a pretty good facility for Alaska. The state, if anything we've gone a little bit backwards. No offense, Mr. Commissioner, but the Fish and Game capacity, if anything since 1989, has diminished a little bit because of space cramping. Some of the -- what was used for lab space in 1989 has been converted into office space, so we've actually gone backwards a little bit.

And so on that premise, we're coming and saying that we know we can do more in terms of research in Kodiak if we had a facility that would allow it to be done. And I think the commissioner himself has said that if they had space, they have grants that could be obtained and research that could be done in Kodiak that they don't even apply for. And that's a shame from our perspective. We shouldn't be doing that. We need all the research done that we can do. Kodiak is a community who lives from the sea and we really need to be -- all the help we can get to have the research capacity and the monitoring taking

place that allows us to not over-harvest but to be able to harvest and maximize for our community what can be done there. And that speaks a lot to recovery of injured species and what I mentioned as being enhancement.

So the Fish and Game staff has gone through and I think done a very good job at this point in time of documenting how they see the remaining 16 species and the four services all being touched and impacted positively, going forward for the next 50 years by this project. And so that information is before you. But I do want to talk a little bit about enhancement because you folks, rightfully so, have been primarily focused on restoration up till now. If you go back to the memorandum of agreement and consent decree in 1991 -- let me just read this section. Terms of this memorandum of agreement are in the public interest and will best enable them to fulfill their duties as trustees to assess injuries and to restore, replace, rehabilitate, enhance or acquire the equivalent of the natural resources injured, lost or destroyed as a result of the oil spill. And what we see is an opportunity not only to provide for long term monitoring and restoring of the species but also to enhance that effort with the facility that's described in this document and in this proposal. And we would argue that you've got four outstanding enhancement projects that I think will probably be the primary things that the oil spill trustee council is remembered for

long term. One is the NOAA facility on Kodiak that we -- that I talked about. A second one is the artifact repository also on Kodiak. 1.5 million dollars that you folks put into that, which has made a major difference in Native artifacts and Native awareness and cultural awareness of Natives in not only Kodiak but throughout the state and even down into the Lower 48 and into Washington DC in particular through the Smithsonian Institution. That was a major win. The Seward SeaLife Center, 25 million dollars. That's another one that's not only restoring but enhancing. And then the -- most recently, the Cordova Center that you folks funded a year and a half or so ago.

So this would be a fifth one that fits into that category from our perspective that would be an enhancement not only to the restoration going forward and the continued monitoring of the injured species, but an enhancement too them because of the research that would be done there. Because the research looks not only at species by -- species specific, but it looks at the whole ecosystem. And I think all of us understand at this point that if you really want to impact a species, you've got to look at their ecosystem. If you don't do it, you don't get herring better by just looking at herring. You got to look at what else is going on with herring in their ecosystem. And that's what we're asking in terms of raising the capacity here for the Fish and Game folks.

There's not a current facility, as I've indicated. Fish and Game performs many activities that provide the data and information that's essential for assessing EVOS effects, but their facilities, like I've indicated, just don't allow them to do what could be done on Kodiak. And again, we would argue to do as much of the research and the monitoring at the local level because I can't tell you how much value there is to the researchers to interact with the fishermen who are out there on the water every day seeing things going on and they come and interact informally. That has helped a lot of research projects. Same thing with Native village folks who live in the villages and are seeing what's going on in their areas. They come in and have a chance to interact as well. So that's why having that research capacity locally, it's very different than when you hire somebody from the University of Texas to come up and do a study. They may or not even talk to the people who really know where that particular species mainly hangs out. And so you may have almost a complete miss, which won't happen when you have it done from a local basis.

And so there's no facility in the Gulf of Alaska that provides for research and monitoring and research EVOS effects other than the NOAA facility, and what we're asking is that you bring the same thing, make that possible for Fish and Game. And the other thing about the Kodiak Archipelago is that it provides opportunity for comparative studies in oiled and

non-oiled locations because the south end of the island, Olga Bay and down on the south end, as far as we know, there's no documentation of oil having gotten into that environment. It came down both sides of Kodiak Island but the currents kept it going and it didn't bend back up into those bays. So you have a unique opportunity to look in the same basic environment at oiled versus non-oiled areas right on the Kodiak island.

Our proposed facilities will be located close to the federal and university research programs, as Rick pointed out on the drawing. They're going -- in effect it's a campus there. You have both the University of Alaska, NOAA and Fish and Game that would all be located right there within walking distance of each other to work together. And the other thing I want to reassure you is that there is good collaboration that goes on in Kodiak amongst that scientific community now already. We've been very pleased to see that develop. I couldn't have said that 20 years ago, but at this point in time we have good collaboration going on. We actually convene those folks together in what we call a research board on a quarterly basis now so that we can talk about how -- where the common interests are, how research efforts in one or the other might be enhanced here or there, and so there's some great discussion that takes place at those meetings. So we have great collaboration going on and sharing of resources.

Now, one of the leading proponents for this project,

for Fish and Game is the NOAA staff at the NOAA facility because they see the opportunities where their work can be enhanced and there can be some collaboration and some shared activities going on. And so they're pretty excited about that possibility. So if Bob Foy was here, he'd be telling you that this is a great project.

Community involvement. There's been a lot of public process on this. This -- you're talking about jobs in Kodiak. I've mentioned the local knowledge. I think you folks have copies of a number of letters from the community of support. And those letters come from Koniag, the Native regional corporation and with all of their lands and interests and subsistence concerns that they mention in their letter. The fishing community has sent in letters. The community, just general community folks, business folks, have all written you letters of support on this. So I think that what we're trying to get across to you is how important this project is for the Kodiak community for the long term.

Again, because we're a community that lives from the seas and from a lot of these resources that were impacted. The services, particularly the commercial fishing side, the subsistence side, those are areas where Fish and Game, our life blood depends on having great research done by Fish and Game so that they can regulate those fisheries and the use of those resources to the maximum extent possible but not injure the

species. And that's the balance that has to be struck and it can only be done with high quality research being done on a regular basis. And so that's why we're here, that's what we're asking you folks to do is to participate in helping us get this thing under construction this next summer and get this accomplished, which to me will be a big accomplishment and a part of the outcome of the whole Exxon Valdez oil spill experience. With that, we'd be glad to answer any questions you folks might have.

CHAIRMAN ZEMKE: Thank you very much for your presentation. It's very thorough. Are there any questions for Jerome or Rick? Mr. Tillery.

MR. TILLERY: The -- this document indicates a total construction cost of 20.7 million and this thing actually indicates about 25 million. I'm not sure what the connection is there. It also says there's existing funding of 4.95. Did the legislature appropriate money for this this year?

MAYOR SELBY: They did not appropriate the money. 4.95 is the previous year's appropriations. What they did appropriate was a 20 million dollar bond that folks will vote on in October or November at the general election that would go towards this building if it passes.

MR. TILLERY: So what is the total construction cost? Is it the 24.95 or is it the 20.7?

MAYOR SELBY: The 24.95 is the most recent figure.

MR. TILLERY: Oh, okay.

MAYOR SELBY: Okay. And that's been a moving number as they've gone through the design process, as you can well imagine, but the good news is is that we're getting close to the end of the design process. The architect is telling us that probably the September time frame is when we'll be through with the designs. But I think all of you folks know, because you've all been involved in this, is that the only number that really means anything is when we have a construction bid because that tells us how much it's really going to cost us to build this building, so.....

MR. TILLERY: And so there's going to be a statewide bond for 20 million?

MAYOR SELBY: It's included in that statewide bond package, yes.

CHAIRMAN ZEMKE: Mr. Elton.

MR. ELTON: Kind of a -- thanks, Mayor, for clarifying that. So you're not necessarily coming to us for a specific amount of money because you perhaps won't need it if the bond issue passes.

MAYOR SELBY: Well, here's what we would prefer, is if you folks would approve and agree to participate in this project up to 10.9 million on the con -- if the bond fails we're going to need all 10.9 million. We're here to tell you that. If it doesn't, if it passes, we may only need like a

couple of million and you folks would get -- would not be on the hook for anything beyond what we need. So we're just asking that you help us complete the funding for the building at what -- at the level up to the 10.9 million maximum. So at this point is basically what we're asking.

MR. ELTON: And then maybe this is a question for Denby, but Denby, I mean, your agency would be leasing space, I'm antici -- I mean, what is the cost to you of -- what's the additional cost to you of leasing a brand new facility, and in fact -- I mean, what would be the chances of you recovering those additional costs through the legislative process?

MR. LLOYD: Well, of course it depends on how much would need to be recovered. So for example if a general obligation bond paid for most of this, there wouldn't be much of a lease fee. In fact, that would change the ownership and the state would actually presumably own the building. If EVOS funded the bulk of it and the borough constructed the building and it was a borough building, there might be some lease costs, but our discussions have been that the lease costs need to be basically de minimus. Currently in our building we're not paying direct lease costs, it's a state owned building. We're only paying some maintenance to DOT, that kind of thing. So we don't have precise figures but through the ongoing planning process and depending on how the funding comes down, we'd have to determine what that lease back would be.

MR. ELTON: And then -- one more question and then maybe a request, you know, for some further information from you. I mean, I'm intrigued by the Kodiak Borough leasing of the space, and I'm assuming they -- that would be -- allow you to recover your costs. I mean, do we get to recover our investment through a lease arrangement that would be managed by the borough?

MAYOR SELBY: Well, the only -- the lease arrangement we have would only recover the actual outlay, so if, as Mr. Lloyd said, if the bond comes through then basically the utility -- if we were to be doing the lease at that point in time then all that you'd looking at would be the utility costs, would be pretty much the extent of their expense, which would be similar, we think, to their current utility costs in a smaller but very energy inefficient old building that has some issues. And so that's what -- we've tried to balance those figures out with that idea in mind because the idea is not to make a run on the Fish and Game budget in order to have a lease. And so the lease is going to be varied depending on what the actual costs, the remaining costs are out there. The borough is not looking to make any money off the deal. We aren't making money off of the NOAA facility.

MR. ELTON: Let's -- let me rephrase the question a little bit. I mean, let's assume that the bond issue doesn't pass, that you use potentially 10 point whatever.....

MAYOR SELBY: Right.

MR. ELTON:of the EVOS dollars. And I would assume you would -- the borough would have to kick in some money. I mean, would the lease allow us to recover potential -- it would be something less than 50 percent of the cost of the building, I would imagine, depending on what the final cost is. I mean, would the lease charged to Fish and Game allow us to recover the investment in the same way it might allow you to recover your investment?

MAYOR SELBY: Well, that's not -- that's not how we would normally do it, because what we would do in that scenario is revenue bond the balance, so if we need another 10 million then we would revenue bond that. That would dictate the lease cost to the Department of Fish and Game because the debt service piece of the -- on the revenue bonds plus the utilities then would be their lease cost until the revenue bond was paid off.

MR. ELTON: So the lease would not include recovering our investment?

MAYOR SELBY: That -- not normally, no. And that's a similar thing to what we did with the NOAA facility. We revenue bonded 10 million, 10 or 12 million dollars on that building to go along with the six million dollars from you folks. It was about a 23 million dollar bill total. We revenue bonded 10 million and that -- as soon as that's

recovered that lease will reduce, as soon as the revenue bond is paid off.

MR. ELTON: Okay. And then just kind of a request that would help me. This is not an action item for today, right?

CHAIRMAN ZEMKE: That's my understanding, it's not.

MR. ELTON: It would help me historically -- I mean, Mr. Mayor, I appreciated your comment about kind of the status of our research and responsibilities at the time of the spill, but since then, I mean, there have been significant investments in Kodiak, including the Oscar Dyson NOAA facility. There's been the Seward SeaLife Center. There's been the facilities in Prince William Sound. Outside of the spill affected region a new NOAA facility in Juneau, a new UAF facility in Juneau. It would help me to kind of put this in perspective what those subsequent investments that have been made by others, what kind of capacity that has added so that we can compare what new capacity is coming online, what exists now. It would just help me. Maybe there's something like that already out there, I don't know. But it seems to me fair to ask that we put the request in perspective of what else has happened in the last couple of decades rather than just focus on the one facility that may be in front of us here.

MR. LLOYD: Is that something that we would ask the applicant to do or something we would ask our own staff perhaps to do for our evaluation purposes?

MR. ELTON: Well, that -- yeah, whoever does it, and I think it's a fair request of the applicant. It would help me.....

MAYOR SELBY: Elise, could you do that for us?

MR. LLOYD: There may well be a list out there. And you rattled off probably the major ones anyway.

MS. HSIEH: And I think you'll.....

CHAIRMAN ZEMKE: Denby.

MR. LLOYD: Kim had brought up the idea of a lease back to EVOS to pay some of the investment costs of EVOS and I'm wondering if there's another instance where the trustees have made a grant or other distribution of funds where there is an expectation of return from that grant.

CHAIRMAN ZEMKE: I'll pose that to.....

MR. LLOYD: Do we.....

CHAIRMAN ZEMKE:Mr. Tillery, his.....

MR. TILLERY: Come to think of it, I can't.....

CHAIRMAN ZEMKE:institutional memory.

MR. TILLERY: I can't think of one.

MR. O'CONNOR: No, I don't -- I can't recall any either, no. This has been a losing proposition.

MR. LLOYD: Well, that's kind of.....

MR. O'CONNOR: And that's the whole point.....

CHAIRMAN ZEMKE: Not.....

MR. O'CONNOR:his proposal that.....

CHAIRMAN ZEMKE:this proposal but the program.

MR. LLOYD: Yeah, I'm not sure -- yeah, losing is humorous, but it's also the way EVOS has largely gone, is as a granting agency to expend the money, not necessarily to expect a return on investment of the disbursements. We expect it for our corporates (ph), but I don't know that we've expected it in any other instance from the grant.

MR. O'CONNOR: Well, I think in -- my reaction to Kim's question was are we creating a situation where another entity is going to be deriving income from an operation, they are going to be increasing their cash flow or what have you, and doing it because we invested money free of charge. We -- I don't think we have done that in the past, although in the SeaLife Center we had a very specific focus for our investment in that operation, which was research capabilities and so on. We recognized that they were going to get a return, the whole point was to actually become self-sustaining and so on. But I don't know that we're -- we have ever -- well, maybe the Alutiiq museum if they charge fees and so on to use it, there's an income derived from what we had invested our money. But I can't think of any other, anyplace where we -- the first time we invested in commercial entities and really -- other than the SeaLife Center, I believe. It's just been in governmental operations and that sort of thing.

CHAIRMAN ZEMKE: Any other comments? Discussion?

Questions?

MR. O'CONNOR: I do.

CHAIRMAN ZEMKE: Mr. O'Connor.

MR. O'CONNOR: What I'm particularly concerned with, in answer to the question of what -- and it's not -- I don't think you guys can answer, but what do I need as a Trustee Council with regard to research capabilities into my -- into the future of the council with regard to injured resources and services that are not otherwise available and that I would need to invest in the development of the capacity to have those services provided. And the adjunct to that, of course as well, and where should they be located. Some of the bumps that we have experienced in the Cordova Center, which you may or may not be aware of, is the question of what is it exactly that the council is getting for the money it's invested. What of this building, if we chose to go in this direction, what of this building would be dedicated to the work that the council needs, how long does the council need that capacity because we are looking at certainly a long term monitoring program. But we're also looking at reducing substantially what we're doing overall. So I'm going to -- as a council member I'm going to have to be asking those kinds of questions. What do I need and where do I need to have it.

And there's sort of a question here that I have in the back of my mind that was generated through the course of the

public gatherings that we just recently had, one of which was at your place there. There seems to be a sense among the public that the distribution of funds that the council has expended over time may be inappropriately allocated in terms of geographical area and population sums. And I'll cast in this way. There were challenges to the whole allocational issue. Some entities saying you guys don't need to be buying any more land, you've bought enough of Kodiak Island, you should be spending the money on our research facility in another location. I don't know whether we've spent enough or not enough. I don't think we ever looked at demographic distribution of the monies that we were spending, we looked at need, and we will continue to look at need. But I don't know if this is a legitimate inquiry. Have we spent more than enough on Kodiak as has been articulated by some other ent -- some other -- some of the other public participants in our hearings. And I'm concerned that -- and Craig, as I react to the -- sort of the human use, the human component of our responsibility, the human services component, are we appropriately distributing our efforts to address geographical, the human impact. So I just -- I put those out. I know we're not voting, we don't -- we're not doing anything with this today other than I'm hearing what you guys have to say, but these are some of the questions that have rambled around in my mind since the first time you guys came to talk to us. And I

don't have the answers. I mean, I don't know how much of this building would be dedicated to research facilities specifically for EVOS and that sort of things. And am I getting a fair distribution of that building and that sort of thing. Some of those issues.

MAYOR SELBY: Hopefully the presentation that we have on the project will help answer at least that part of it for you, so hopefully with the work that's been done, primarily by fish and game staff, in terms of what they could do, which the extra time that we've had since the last time we met with you has allowed them to delve into that I think much more in depth than what you had seen in our previous efforts. I think that you might find that very helpful.

MR. O'CONNOR: Yeah, okay.

CHAIRMAN ZEMKE: Mr. Hartig.

MR. HARTIG: Just a quick question. When would this be an action item? Is it up for a vote in June or some -- I guess there's some -- these are pretty deep questions. Our experience on the Cordova, it took awhile to kind of get into these specific issues and if we're planning on having a vote in June then I guess there's a lot of work that needs to be done.

MR. O'CONNOR: But -- and I guess the vote, part of it is going to be contingent upon what comes out of the other end of the bond exercise, right?

MAYOR SELBY: Exactly.

MR. HARTIG:

Well, that's -- yeah, I mean, that would be part of it, is could you have it -- you know, because I -- this range of two million to ten million, I have the same kind of problem that you ended up on, is well, what do we get for that, how does that match the need, and we can figure that out. We did for Cordova. It happened for Seward SeaLife Center, it's just do we need to do that before June or what's the timing?

MS. HSIEH: I mean, I think that depends on who you ask. I think there's -- the council has some different things to consider. Correct me if I'm wrong, but I mean, if you did the vote in June, of course they'd be happy to get the funding and it would affect whether the bond process continued or not. It sounds to me like you're trying to break ground this summer. I don't see how that would happen with a vote in June anyway.

MAYOR SELBY: No, no, next summer.

MS. HSIEH: Oh, next summer. Okay.

MAYOR SELBY: Next summer. Next summer.

MS. HSIEH: Or I suppose theoretically you could wait to see what happens in the bond process and then during -- from this time until that time in the fall get some of your questions answered and then after the bond process completes itself, look at that outcome as well as the information which you've gathered.

CHAIRMAN ZEMKE: Mr. Elton.

MR. ELTON: I mean, I firmly believe that there be no

consideration until after the bond process. I mean, we -- if we take an action committing up to over 10 million dollars to a project, that could affect the vote on the bond. You know, people would say, well, hey, wait a minute, you know, if this fails, you know, we're going to get 10 million dollars potentially free from someplace else. So I mean, I don't think we want either that to happen or, you know, vote, you know, for an account that takes out some kind of unknown amount of money. I think we need to know what the cost of the building is going to be and whether or not the bond issue passes before I'm comfortable making a decision.

MR. LLOYD: Mr. Chairman.

CHAIRMAN ZEMKE: Yes.

MR. LLOYD: The -- just so people know, the bond package is not just this project, and so it won't necessarily be the determining factor of whether or not all state of Alaska residents vote for the bond package. If I remember right, it's a three or four hundred million dollar.....

MAYOR SELBY: 307, I think it was.

MR. LLOYD:package of which this is a component. And the package will go to the voters as a whole. It's not going to be readjusted, so it will be a very, very large package that will go up or down in aggregate. So again, I don't know how strongly knowing that the EVOS Trustee Council may have voted a contingent funding for the remainder of the

cost of the building would affect a statewide vote on the bond.

MR. ELTON: Well, I will point out, having put together bond packages, that bond packages are put together regionally and the primary purpose for that is to make sure there is something in each region for somebody to vote on. And if we take -- I don't know what else is in there for Kodiak, but if you take out the Kodiak project, that can affect the vote in Kodiak.

CHAIRMAN ZEMKE: Okay.

MR. O'CONNOR: You know, and I.....

CHAIRMAN ZEMKE: Yes, I'm sorry, Mr. O'Connor.

MR. O'CONNOR: No, I want to hear what Craig has to say. I always want to hear what he has to say.

MR. TILLERY: Sure. I was going to mention that the important aspect here is the justification for EVOS related activities. In the proposal there's a fairly general description of the total amount of useable square footage. It then talks about length of monitoring activities -- fin fish, shell fish, ground fish, sport fish -- without really getting into much detail on, you know, EVOS versus just normal agency management type of activities. Comes up with 52 percent of total useable space, which I assume is where you got your 10 million or so dollar figure. The -- in contrast of that the -- in the Cordova Center, they went through pretty much every square foot of that building and broke it out, not only by how

much of a particular space like the library it would be used to house EVOS work, but of the kind of general multi-use areas and a time percentage of something that could be used, like computer terminals where some of it would be used -- it's available for use on researching EVOS materials. Well, they went back and figured out, okay, we think 25 percent of the time or 28 percent or something actually were that that would be used. So there was a very -- a lot of detail, I mean pages of tables that tried to parse out the ultimate benefits to the restoration process. And it seemed to me that more detail along that lines would be necessary than at least what I've seen in this one paragraph. And maybe there's more material that I haven't seen, but I think that would be an area that would be useful to have parsed out a little better.

MAYOR SELBY: Yeah, I think you're looking at the architectural document there.

MR. TILLERY: Well, I'm looking at this.....

CHAIRMAN ZEMKE: FY-10.

MR. TILLERY:proposal. FY-10 invitation and response.

MAYOR SELBY: But in the proposal itself, Mr. Tillery, I think that there's more -- there's several pages in here of species specific is why I'm -- and you're saying there's just one paragraph and I.....

MR. TILLERY: Well.....

MAYOR SELBY:there's actual several pages in the proposal itself.

MR. TILLERY: Well, it talks about species, but what I'm looking for is something that connects the species with the square footage and therefore give us an approximate percentage of the building, not only in square footage but on percentage of time that would be devoted to EVOS stuff out of that -- you know, some lab that could be used for EVOS and non-EVOS, what percentage will be used for EVOS, what's that square footage. That's what I'm -- is a link between the species and the square footage. That's.....

MAYOR SELBY: I understand what you're saying, it's just that if you don't know what the funding level for research projects are going to be, I don't know how I can get you the percentage split. So if there's, you know, in a laboratory you're going to be doing all sorts of different fishes, then the funding for looking at herring specific, let's say, you know, the percentage of that lab footage that's dedicated to fish research, I guess -- I'm assuming the percentage would vary based on the funding for herring studies versus sockeye studies or some other species.

MR. TILLERY: Well, sockeye were an injured resource, I think, but a lot of fin fish weren't, and here it seems to be generally fin fish, which not all were injured species. Shell fish, which very few if any were injured.

MAYOR SELBY: But see, I guess from our perspective, is if you look at commercial fishing as being one of the injured services, which is our concern, then whether you're looking at a chum salmon or a king salmon or a silver salmon or sockeye or a herring, all of those are critical to our commercial fishing industry. So my answer would be is that's all EVOS because that's the service that we're concerned about. As a community, that's probably our number one concern actually. So the -- so I'm not sure how we.....

MR. TILLERY: Mr. Chairman, I think the problem is that for just even legally the service isn't commercial fishing, it's commercial fishing of the particular injured resources. So for example, if herring is an injured resource and pollock is not, we would be unlikely and perhaps not even allowed to expend restoration dollars to restore a fishery that was not injured. And so that's why it needs I think to be broken up a little more tightly.

CHAIRMAN ZEMKE: Okay. Any other comments? Mr. O'Connor.

MR. O'CONNOR: This -- if we're looking at spending 10 million dollars on building, I think that's a substantial undertaking and we did not include in our notice of intent or in the draft any monies to be spent on acquisition of buildings. Now I'm assuming that if we're going to argue that this is going to be a research facility on behalf of the

Trustee Council, we would then be saying that 10 million dollars is going to come out of the monitoring program to establish a research facility for the monitoring program to go forward or something. But what I'm reacting to is that we are positing a consideration that -- I don't know if we intentionally or by neglect eliminated from the focus for our future activities, acquisition of facilities is not there. Ten million dollars is a lot of money relative to the amount of the size of the pot. So I just have some concerns here that if we want to be considering that kind of a facility acquisition cost, that maybe we ought to be readdressing the focus of our undertaking here.

MS. HSIEH: Steve. We've been asked this public, both you and I, Craig, and our answers have been consistent that the notice of intent discusses the future actions with percentages of existing funds that are at that point in time unallocated. It does not prohibit the Trustee Council from taking action such as this. Now whether the Trustee Council decides that the focus areas represent its interest in areas, and that does not include facilities, that's up to your discretion. But we have been consistent, both you and I in public, stating that the notice of intent does not foreclose your decision making at this point in time. If you want to make a policy statement or a decision based on that, that would be the plank for it.

CHAIRMAN ZEMKE: Okay. And looking at the facilities

too, it's that certainly this seems like it's a very valuable facility, but at the same time there's other -- potentially other proposals that might be out there, you know, that I don't know about but may come up and, you know, do we need to each -- you know, evaluate each one of those as they come up too. And the other thing, looking at this, I had a little bit of a hard time trying to parse out what's normal agency function and fish -- you kind of -- you look at the kind of the square footage of all the various people, a lot of those people are of all kinds of stripes in there. Obviously they're not probably all doing EVOS related research and there isn't any way to be able to kind of differentiate how, you know, this person, you know, what percentage of their time may be kind of related to EVOS kind of focused activities, and so that probably would need to somehow be parsed out into finer detail before I could make a -- kind of a rational decision on how much I think does fit into the -- kind of the EVOS pot. Larry.

MR. HARTIG: Question, I guess for Craig O'Connor. On this resolution that we passed awhile ago on the 65,000 or 75 thou -- whatever it was for the research plan, would that include looking at capability, including, you know, do we have the labs and space for the researchers?

MR. O'CONNOR: It certainly.....

MR. HARTIG: And would that help answer the question, is there a need for additional facilities?

MR. O'CONNOR: It certainly didn't as far as our discussion.....

MR. HARTIG: No, I just wondered if it could.

MR. O'CONNOR:is concerned. I don't know whether that's.....

MS. HSIEH: I don't think that makes sense considering that we don't know who the proposers are to sort of pre-judge what building they're going to be using.

MR. HARTIG: I don't think -- that's not the question.

MR. O'CONNOR: So what you're saying is could this committee say, all right, this is what the monitoring plan ought to be, and at the same time do an evaluation of what research facilities are available.....

MR. HARTIG: Yeah, is there the capacity out there -- I mean, like -- we do research, you know, on case line research, say like in Alaska, we do fish tissue analysis that Fish and Game does fish and we analyze them. And it takes specialized equipment, and this takes specialized facilities with special and air handling and things so you don't get contaminated, very low concentrations, and it's a pretty high tech facility. And so is the human health and virology labs. And those are special facilities and I'm just wondering if there's some kind of special research need that's out there to finish the research plan in terms of the facilities, equipment, that sort of thing and that would help focus this discussion. It's a

question, I don't know. It's not a suggestion, it's a question.

MR. O'CONNOR: Yeah, I -- well.....

MS. HSIEH: Yeah, I think you could -- Catherine is very familiar with many of the research that has been going on under EVOS. Many of the monitoring things which are already discussed. Maybe she can give a brief -- I guess I hate to have this long term monitoring group now be posited with.....

MR. HARTIG: Yeah, let's stop.....

MS. HSIEH:summarizing all the.....

MR. HARTIG: Yeah.....

MS. HSIEH:facilities.....

MR. HARTIG:if she can look at it. We don't need to answer it now.

MS. HSIEH:in the state.

MR. HARTIG: I'm not asking you to opine on it, I'm just saying is it -- I'm trying to get clarity on is there some kind of need -- and I guess there's a separate need from the agency side, perhaps. You know, kind of the long term management of the injured species and capacity building there. That's separate, I guess, from this other monitoring. But I don't even think -- you know, if we're -- I'm a little bit leery going down the path, trying to figure out how much space, because I agree with the Mayor's comment, is you don't -- it depends on the grants you get and what those people are doing

at that point in time. You know, it's -- the space allocation is a moving target and it would be pretty speculative. But if -- the other question kind of goes back to Kim's inquiry I think initially, is, you know, do we need it or do we already have the capacity to do all the research and monitoring we intend to do. You know, either from the agency perspective or from the EVOS monitoring plan perspective.

MR. O'CONNOR: And I think an adjunct to that question is there a geographical constraint on facilities? Are we only going to use facilities that are located in the state of Alaska or are we going to continue to use facilities that are elsewhere as well to do various research and studies and so on.

CHAIRMAN ZEMKE: Well, that sounds like a topic for future discussion. Certainly the idea about capacity building and having topical research in the community is certainly a very beneficial thing that happens. People develop ownership in the resource rather than having Woods Hole come in and with their research ship. But at the same time, I don't think that's something we're going to answer here today or maybe even near terms.

MR. LLOYD: Well, it could be an important question, and again, it gets away from maybe our mission on the recovery, but when we talk about, you know, oil spill here, you know, what do we do with all these injured species. You know, where do they go and proper care of and recovery and how to

reintroduce them and all that. I mean, I'm sure there's more research that could be done that's Alaska specific, where you need an Alaska facility to do a good job. But I think it's just something you could kind of look at so that as we get back to this question, you know, we can analyze it a little bit better of what benefit we get out of it that would -- in terms of -- that we don't already have.

CHAIRMAN ZEMKE: Okay. Mr. Lloyd.

MR. LLOYD: Well, I hope in our thinking about this that we don't force the proposer or for our own consideration forces him to becoming so precise that we set unrealistic expectations. So for example, the idea of ascribing a certain square footage for a certain projection of years, I think in comparison of our previous discussion of deciding whether we're going to allow a species to remain unknown or very likely recovered, we're setting way too high a standard for the allocation of some of our funding here. In addition, I hope that we'll also recognize that one of the best things we can do for the future recovery of some of these species is to make sure that they're managed responsibly, whether they subject to commercial fishing or other human impact. And while that might not be expressed in a specific study proposal, I don't know that it's out of the realm of the EVOS Trustee Council to recognize that ongoing management, ongoing capability and presumably promotion of research is not a very good reason to

expend some portion of the money we have in front of us on a contingent basis, basically saying that we're making the best (indiscernible - phone interference) facility so that that ongoing good management and good research, whatever it's going to look like in the future, will take place.

CHAIRMAN ZEMKE: Larry -- Mr. Elton.

MR. ELTON: A summary comment from me. I mean, I agree with what Denby said but, you know, quite frankly this decision is the best illustration of why I'm comfortable with the draft EIS that we had in front of us because we're at that point as a trustee council in, you know, we've made a -- we know what our financing is, we've made a decision that we're going to begin to prioritize what we do in the future and how we're going to be doing it, so I think is -- you know, I appreciate the discussion that we've had about this today because this is a good illustration I think of why we need to kind of restructure the way we're going to be working in the future, this is different from the way we've done it in the past so I think the challenge here is on this project and on other projects, whether it's habitat acquisition or whether it's monitoring, it's going to force us, you know, to sit down and, you know, prioritize in a more rigid and robust way than we have in the past.

CHAIRMAN ZEMKE: Any further discussion or comments.

MR. O'CONNOR: Just one question. Assuming everything

went as planned and you got all the money to build the building and so on, when would it be actually operational? You start construction next summer, when would the facilities be available for our utilization?

MAYOR SELBY: I believe it's an 18 month construction schedule, Mr. O'Connor.

MR. O'CONNOR: I didn't see it in here but I wasn't looking either.

MAYOR SELBY: We could get that information.

MR. O'CONNOR: Normal construction period is 18 months to two years so we'd be looking at two summers out.

MAYOR SELBY: Right, yeah.

MR. O'CONNOR: So that would be 2013, or something.....

MR. TILLERY: Fourth quarter, 2012 is what it says here.

MAYOR SELBY: Okay, it is in there then.

MR. O'CONNOR: 2012.

MR. TILLERY: Fourth quarter.

MAYOR SELBY: End of 2012, which is real close to the 2013.

CHAIRMAN ZEMKE: Craig, it's in the project proposal.

MR. O'CONNOR: Oh, in the proposal, okay. Okay, I skipped over that part, so, all right, thanks.

CHAIRMAN ZEMKE: Okay, well, thank you very much for your time, we do appreciate that.

MAYOR SELBY: Thank you very much for hearing and we'll keep you posted as things develop.

CHAIRMAN ZEMKE: Thank you again. That brings us to the end of our agenda, except for, are there any other additional additions to the agenda.

(No response)

CHAIRMAN ZEMKE: Hearing none, I guess we're to whether we need to have an executive session, heard any need expressed so far.

MR. ELTON: Oh, please, no.

(Laughter)

CHAIRMAN ZEMKE: Okay, other than oh, please, no, so obviously we don't need an executive session so I guess do I hear a move to adjourn.

MR. O'CONNOR: Move to adjourn.

MR. HARTIG: Second.

CHAIRMAN ZEMKE: Meeting's adjourned.

(Off record - 12:45)

(END OF PROCEEDINGS)

C E R T I F I C A T E

UNITED STATES OF AMERICA)
) ss.
STATE OF ALASKA)

I, Salena A. Hile, Notary Public in and for the state of Alaska and reporter for Computer Matrix Court Reporters, LLC, do hereby certify:

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DATED at Anchorage, Alaska this 24th day of May 2010.

SIGNED AND CERTIFIED TO BY:



Salena A. Hile
Notary Public, State of Alaska
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