

11.11.02

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# Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



## AGENDA

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL MEETING

**January 31, 2000 @ 10 A.M.**  
645 G STREET, ANCHORAGE

**1/26/00**  
2:08 pm

**DRAFT**

Trustee Council Members:

**DRAFT**

**BRUCE BOTELHO/CRAIG TILLERY**  
Attorney General/Trustee  
State of Alaska/Representative

**MICHELE BROWN**  
Commissioner  
Alaska Department of Environmental  
Conservation

**MARILYN HEIMAN**  
Special Assistant to the Secretary  
for Alaska  
U.S. Department of the Interior

**DAVE GIBBONS**  
Trustee Representative  
U.S. Department of Agriculture  
Forest Service

**STEVE PENNOYER**  
Director, Alaska Region  
National Marine Fisheries Service

**FRANK RUE**  
Commissioner  
Alaska Department of Fish & Game

## Federal Chair

1. Call to Order 10 a.m.
  - Approval of Agenda
  - Approval of December 16, 1999 meeting notes
2. Executive Director's Report - Molly McCammon
3. Public Comment Period 10:15 a.m.
4. Archaeology Status Report - Molly McCammon & Veronica Christman
5. Deferred FY2000 Work Plan Projects\* - Molly McCammon
6. Eyak Proxy Vote Costs\*
7. FY2001 and 2002 Work Plan Funding Targets\*

### Federal Trustees

U.S. Department of the Interior  
U.S. Department of Agriculture  
National Oceanic and Atmospheric Administration

### State Trustees

Alaska Department of Fish and Game  
Alaska Department of Environmental Conservation  
Alaska Department of Law

8. Lunch Provided During Executive Session -- Executive Director Evaluation & Habitat Protection\*
9. Status of Small Parcel Program and Other Habitat Protection Opportunities\* - Molly McCammon
10. Gulf Ecosystem Monitoring program
11. Investments - 3 - 5 p.m.

DRAFT

\* indicates tentative action items

**Adjourn - 5 p.m.**

raw

# Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



## TRUSTEE COUNCIL MEETING ACTIONS

**December 16, 1999 @ 11 a.m.**

By Molly McCammon  
Executive Director

**D R A F T**

### Trustee Council Members Present:

Dave Gibbons, USFS  
Marilyn Heiman, USDO  
Steve Pennoyer, NMFS

Frank Rue, ADF&G  
●Marianne See, ADEC  
\*●Craig Tillery, ADOL

#### \* Chair

In Anchorage: Marilyn Heiman, Marianne See and Craig Tillery.

In Juneau: Dave Gibbons, Steve Pennoyer and Frank Rue.

#### ● Alternates:

Marianne See served as an alternate for Michele Brown for the entire meeting.  
Craig Tillery served as an alternate for Bruce Botelho for the entire meeting.

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Meeting convened at 11:05 a.m.

#### 1. Approval of the Agenda

**APPROVED MOTION:** Approved the Agenda. Motion by Pennoyer, second by Rue.

#### 2. Approval of the Meeting Minutes

**APPROVED MOTION:** Approved October 22 and November 30, 1999 Trustee Council meeting notes. Motion by See, second by Heiman.

**Public comments received from two individuals from Anchorage and Ouzinkie.**

#### 3. Investment Work Group

**APPROVED MOTION:** Approved motion to establish a small working group to explore issues and develop recommendations in developing policies and guidelines to govern investments of the Joint Trust Fund. Motion by Pennoyer, second by See

#### 4. Deferred FY2000 Project Proposals

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**Federal Trustees**  
U.S. Department of the Interior  
U.S. Department of Agriculture  
National Oceanic and Atmospheric Administration

**State Trustees**  
Alaska Department of Fish and Game  
Alaska Department of Environmental Conservation  
Alaska Department of Law

**APPROVED MOTION:** Adopt the Executive Director's recommendation for FY00 deferred projects as outlined in the attached spreadsheets A and B, both dated December 10, 1999, and as amended by spreadsheet C, dated December 16, 1999, with the following conditions: (1) If a Principal Investigator has an overdue report from a previous year, no funds may be expended on a project involving the PI unless the report is submitted or a schedule for submission is approved by the Executive Director, and (2) a project's lead agency must demonstrate to the Executive Director that requirements of NEPA are met before any project funds may be expended (with the exception of funds spent to prepare NEPA documentation). Additionally, three projects are being deferred until further information is brought back to the Council at their January 31, 2000, meeting. These are 00256B, Solf Lake Sockeye Salmon Stocking, 00396, Salmon Sharks, Sleeper Sharks and Spiny Dogfish, and 00478, Testing Satellite Tags. Motion by Pennoyer, second by Heiman.

D R A F T

Meeting adjourned at 12:50 p.m.

**EXECUTIVE DIRECTOR'S RECOMMENDATION ON DEFERRED PROJECTS: FY 00 WORK PLAN**

Proj. No.	Project Title	Lead Agency	New or Cont'd	Approved FY 00	Deferred to Jan.	RECOM-MENDATION	FY 01 Recom.	FY 02 Recom.	Total FY00-02	Exec. Director's Recommendation
00256B	Solf Lake Sockeye Salmon Stocking	USFS	Cont'd	\$0.0	\$159.5	<b>\$159.5</b>	\$40.0	\$40.0	\$239.5	Fund contingent
00396	Salmon Shark, Sleeper Shark, Spiny Dogfish	NOAA	New	\$0.0	\$86.0	<b>\$0.0</b>	\$0.0	\$0.0	\$0.0	Do not fund
00478	Testing Sateellite Tags	DOI	New	\$0.0	\$106.1		\$0.0	\$0.0	\$0.0	Defer
00481	Documentary on Intertidal Resources	ADFG	New	\$0.0	\$8.6	<b>\$8.6</b>	\$111.8	\$111.8	\$120.4	Fund
<b>Total:</b>				\$0.0	\$360.2	<b>\$168.1</b>	\$151.8	\$40.0	\$359.9	

August/December Total: \$8,033.7  
 TOTAL FY 00 WORK PLAN: \$8,201.8

**SPREADSHEET B -- EXECUTIVE DIRECTOR'S RECOMMENDATIONS: DEFERRED PROJECTS / FY 00 WORK PLAN**

Proj.No.	Project Title	Proposer	Lead Agency	New or Cont'd	Funded FY 00	Deferred to Jan.	RECOM-MENDATION	FY01 Recom.	FY02 Recom.	Total FY00-02
00256B	Sockeye Salmon Stocking at Solf Lake	D. Gillikin/USFS, P. Shields/ADFG	USFS	Cont'd 5th yr. 7 yr. project	\$0.0	\$159.5	<b>\$159.5</b>	\$40.0	\$40.0	\$239.5

Project Abstract

This project will benefit subsistence, recreation, and commercial users of western Prince William Sound. There are two phases to the project: Phase 1, which began in FY 96, verified the ability of Solf Lake to support a sustainable population of sockeye salmon. Phase 2 included stocking the lake with approximately 100,000 sockeye salmon fry, then ensuring access to the lake for returning adult salmon. The stocking program began in 1997 along with modification to the two outlets to control water levels. However, further modifications to the eastern channel are still required to ensure adult returns to Solf Lake.

Chief Scientist's Recommendation

This is the proposed continuation of a sockeye supplementation project for Solf Lake. Enhanced production of sockeye salmon in the lake may be of importance to subsistence users, and should provide substantial recreational benefits for the expected increased number of visitors to Prince William Sound in the near future. Funds in FY 00 will be used to complete improvements to the channel providing access to Solf Lake for returning adults, to continue stocking the lake with sockeye fry, and to monitor food resources in the lake for rearing salmon. Project funding should be contingent on provision of detailed engineering drawings for the fish pass prior to construction. Fund.

Executive Director's Recommendation

Fund contingent on (a) receipt of a letter from the state geneticist at the Alaska Department of Fish and Game explaining why the genetic risks of the stocking under this project are considered to be very low and (b) provision of detailed engineering drawings of the fish pass prior to construction. This project is intended to provide sockeye salmon as a replacement for resource lost or reduced due to the oil spill. The Alaska Department of Fish and Game has determined that Solf Lake can support a sustainable run of 10,000 sockeye salmon. Stocking began in FY 98; the first adult sockeye are expected to return in FY 02. Recreational, commercial, and subsistence fishers should all benefit from this project.

**SPREADSHEET B -- EXECUTIVE DIRECTOR'S RECOMMENDATION: DEFERRED PROJECTS / FY 00 WORK PLAN**

Proj.No.	Project Title	Proposer	Lead Agency	New or Cont'd	Funded FY 00	Deferred to Jan.	RECOM-MENDATION	FY01 Recom.	FY02 Recom.	Total FY00-02
00396	Diet, Trophic Interactions, and Historical Trends in Occurrence of Salmon Sharks, Sleeper Sharks, and Spiny Dogfish in Prince William Sound and the Eastern Gulf of Alaska	L. Hulbert/NOAA	NOAA	New 1st yr. 2 yr. project	\$0.0	\$86.0	\$0.0	\$0.0	\$0.0	\$0.0

Project Abstract

The revised proposal will investigate spatial and temporal movements, residency, diet composition, ecology, and trophic impacts of salmon sharks and Pacific sleeper sharks in Prince William Sound and will quantify refinements to shark parameters in the ECOPATH model (Project /330). The project will assess evidence of ecological implications of shark populations on the recovery of oil spill injured species through fatty acids and stable isotope tracer analyses and use of simulations based upon the refined ECOPATH model. Acoustic and satellite-linked telemetry will be utilized to determine shark movements and migrations, critical feeding areas and depths, and behavioral data. The research will address the role of the predominant shark species in the dynamic trophic structures in the Prince William Sound region.

Chief Scientist's Recommendation

This is a well conceived proposal for work on two species of sharks that appear to be of growing ecological importance in Prince William Sound. It is well integrated with other efforts in fisheries research. However, there is little ongoing ecological work to provide a larger context for the study results, rapid improvements in tag technology will make the work more useful at a later time, and more time is needed to determine whether sharks should be a component of GEM (Gulf Ecosystem Monitoring, the Council's long-term research and monitoring program that is currently under development). Do not fund.

Executive Director's Recommendation

Do not fund. This project is intended to fill in data gaps in understanding the ecosystem of Prince William Sound by gathering information on sharks, a top-level predator that seems to be of growing ecological importance in the sound. However, the Chief Scientist has identified several concerns with proceeding with the project at this time.



**SPREADSHEET B -- EXECUTIVE DIRECTOR'S RECOMMENDATION: DEFERRED PROJECTS / FY 00 WORK PLAN**

Proj.No.	Project Title	Proposer	Lead Agency	New or Cont'd	Funded FY 00	Deferred to Jan.	RECOM-MENDATION	FY01 Recom.	FY02 Recom.	Total FY00-02
00478	Testing Satellite Tags as a Tool for Identifying Critical Habitat	J. Nielsen/USGS-BRD	DOI	New 1st yr. 1 yr. project	\$0.0	\$106.1		\$0.0	\$0.0	\$0.0

Project Abstract

The definition of "critical habitat" in the marine environment is essential to the development of reserves or protected areas in relationship to a sustainable commercial or sport fishery. This project will investigate the temporal and spatial distribution of one key fish species, the Pacific halibut. Technology needed to monitor individual fish will be tested and applied. Satellite pop-up and archival satellite tags will be used on live halibut, monitoring their seasonal movements and critical habitats in nearshore and marine environments in the Gulf of Alaska.

Chief Scientist's Recommendation

This is a very good proposal by a highly qualified investigator. Satellite tag technology would contribute greatly to understanding more about important wide-ranging stocks of fish in the Gulf of Alaska and what is needed for their conservation. It is also apparent that tagging technology needs further laboratory-based validation for local application. Defer decision until results of upcoming symposium on tag technology are available.

Executive Director's Recommendation

Defer decision pending upcoming international symposium to be held in February 2000 on "Tagging and Tracking Marine Fish with Electronic Devices." This project, which would test the satellite tag technology for its utility in defining critical habitat, is intended to improve understanding of certain stocks of fish in the Gulf of Alaska. Several developmental issues need to be addressed with the tags, and the symposium should help define what those are. The proposer is the editor of the symposium proceedings, which will include 21 satellite-tracking presentations and six presentations on computer application developments. [NOTE: Amount deferred includes \$31.1 for Alaska SeaLife Center bench fees.]

SPREADSHEET B -- EXECUTIVE DIRECTOR'S RECOMMENDATIONS: DEFERRED PROJECTS / FY 00 WORK PLAN

Proj.No.	Project Title	Proposer	Lead Agency	New or Cont'd	Funded FY 00	Deferred to Jan.	RECOM-MENDATION	FY01 Recom.	FY02 Recom.	Total FY00-02
00481	Documentary Film on the Oil Spill Impacts on Subsistence Use of Intertidal Resources	G. Evanoff/Chenega Bay IRA Council, P. Panamarioff/ Ouzinkie Tribal Council	ADFG	New 1st yr. 1 yr. project	\$0.0	\$8.6	\$8.6	\$111.8	\$0.0	\$120.4

Project Abstract

This project will produce a 27 minute documentary film on the impacts of the oil spill on the subsistence use of intertidal resources, including mussels, clams, chitons, and octopus, by residents of two predominantly Alaska Native communities: Chenega Bay in Prince William Sound and Ouzinkie on Kodiak Island. This project will build on two previous subsistence documentaries (projects 96214 and 98274) and will focus on the use of resources in the intertidal, the area hardest hit by oil, and broaden the discussion by bringing in the perspective of the residents of Chenega Bay, the first community directly in the path of the spilled oil, and Ouzinkie, the first Kodiak-area community to see the oil arrive. The documentary will compare the impact the spill has had on the use of intertidal resources in each community as well as the ongoing EVOS restoration efforts to help residents mitigate these impacts.

Chief Scientist's Recommendation

This project would document impacts of the oil spill on the subsistence use of intertidal resources in the Chenega Bay and Ouzinkie areas. The documentary film would supplement two previous films funded by the Trustee Council on the spill's impacts to harbor seals and Pacific herring/nearshore resources. Fund if funds are available within the Council's target for the work plan.

Executive Director's Recommendation

Fund. This project, which is patterned after two previous video projects funded by the Trustee Council (96214/Harbor Seals and 98274/Herring and Nearshore Resources), is designed to contribute to the restoration of intertidal resources and subsistence uses by transmitting local knowledge about these resources to the scientific community and others. The earlier recommendation on this project was to postpone its consideration until FY 01 because some of the items to be addressed in the video (paralytic shellfish poisoning, residual oil in Prince William Sound) would be more appropriately addressed a year from now. However, providing a small amount of start-up funding in FY 00 will allow preproduction activities to take place so that production itself can get underway at the beginning of FY 01.

# Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



## MEMORANDUM

**TO:** Trustee Council Members  
**FROM:** Molly McCammon  
Executive Director  
**DATE:** January 25, 2000  
**RE:** Eyak Reimbursement

On December 30, 1998, the Trustee Council authorized an amount not to exceed \$100,000 in additional funds as needed for documented expenses incurred by Eyak Corporation for the additional ratification vote required by the purchase agreement and necessary for the closing of the land transaction with the Corporation. On August 8, 1999, Eyak submitted a request of \$158,176 as summarized below:

Documented Expenses associated with Ratification	\$129,854
Questioned Expenses associated with Ratification	8,180
Documented Expenses associated with the Escrow Account	15,510
Documented Expenses associated with Tracking Expenses	2,109
Other Land Acquisition Expenses	2,523

Consistent with prior Trustee Council action, Eyak has received \$96,850 for costs attributed to the additional ratification vote, less compensation received for timber used to construct a replacement dam in the vicinity of Humpback Creek near Cordova.

The purpose of this memorandum is to recommend that the Trustee Council approve an additional \$29,854 for documented expenses incurred by Eyak for the additional ratification vote required by the purchase agreement and necessary for the closing of the land transaction with the Corporation. If approved, the total cost incurred by the Trustee Council for the additional ratification vote would be \$129,854. An additional \$8,180 in expenses have been submitted, but have not been documented to the satisfaction of myself or the Administrative Director.

For internal accounting purposes, these funds would be deducted from the \$126,500 earmarked for habitat acquisition support costs.

If this proposal is acceptable to the Trustee Council, I would recommend that the following motion be adopted.

Authorize the sum of \$29,854 for additional documented expenses incurred by Eyak Corporation for the additional ratification vote required by the purchase agreement and necessary for the closing of the land transaction with the Corporation. These funds, combined with funding previously approved by the Trustee Council will bring the total amount authorized to \$129,854. This payment is to be made by the U.S. Forest Service and is to be considered part of the purchase price.

## Work Plan Funding History

FY 94	\$14.2 million (actual)
FY 95	\$17.0 million (actual)
FY 96	\$17.9 million (actual)
FY 97	\$15.7 million (actual)
FY 98	\$13.5 million (actual)
FY 99	\$11.6 million (authorized)
FY 00	\$8.2 million (authorized)
→ FY 01	\$6.0 million
FY 02	\$ ?
FY 03 +	Restoration Reserve

# Exxon Valdez Oil Spill Trustee Council

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## MEMORANDUM

TO: Trustee Council

FROM: Molly McCammon  
Executive Director

RE: Small Parcel Program  
Expired Offers and Additional Protection Opportunities

DATE: January 25, 2000

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This memo has three parts. Part 1 identifies small parcel offers that have expired as well as earmarked funds that have not yet resulted in offers. Part 2 describes some additional habitat protection possibilities. Part 3 provides a brief status of our work on a habitat program for 2002 and beyond. The final page of the memo recommends action the Council might take at its January 31 meeting. Attached to the memo is the updated Small Parcel Status Report.

### Discussion

Several offers to purchase small parcels have expired in the last two months. A decision needs to be made on whether to extend each offer. For any offers that are not extended, the funds would be available for any other purpose the Council might designate. Funds that are not reallocated by October 2002, and that are above the \$55 million in Restoration Reserve funds designated for habitat protection after 2002, would accrue to the GEM program. This would apply as well to funds currently earmarked, rather than offered, for specific parcels, should the Council choose to take the parcels off the consideration list.

Trustee agencies have identified additional parcels that they would like to protect/acquire in the short term; that is, before October 2002. Although no funds are currently earmarked for this purpose, at its August meeting the Council agreed to consider additional parcels on a case-by-case basis. Therefore, the other question before you is whether to pursue protection of any of these parcels. Funds for their protection could come from reallocating funds from parcels whose offers have expired or from tapping into the \$55 million in Restoration Reserve funds now rather than in October 2002 as originally envisioned.

If protection of additional parcels is pursued at this time, it would be my intent to process the parcels through the current parcel evaluation program. That is, parcels would be nominated through the Restoration Office and evaluated by the Habitat Working Group. The Parcel Meriting Special Consideration process would continue to be used for agency priorities that receive low evaluation scores. Depending on the level of acquisition activity, some acquisition support costs may need to come from the \$55 million in Restoration Reserve funds. Of the \$500,000 that was earmarked for acquisition support, \$373,500 has been budgeted for FY 00, leaving a total of \$126,500 for FY 01 and FY 02.

As you know, we are in the process of evaluating whether changes to the current small parcel process are warranted. Unless you think otherwise, I would intend for any changes to take effect in October 2002 when the long-term habitat protection program is scheduled to begin. The final page of this memo discusses briefly the work currently underway in regard to the future program.

Part 1 - Expired Offers; Earmarked Funds

(1) Expired offers:

Seven Kodiak Tax Parcels (total \$102,000)

Appraisals are also expired. Recommend continue to earmark funds for these parcels through 7/1/00 and renew offers once reappraisals are completed, as requested by DOI.

KAP 2008	12/15/99	\$ 13,000
KAP 2009	12/15/99	\$ 14,000
KAP 2010	12/15/99	\$ 15,000
KAP 2011	12/15/99	\$ 16,000
KAP 2013	12/15/99	\$ 15,000
KAP 2015	12/15/99	\$ 13,000
KAP 2017	12/15/99	\$ 16,000

KAP 2012 / Brown's Lagoon 12/15/99 \$ 12,000

Appraisal is also expired. Recommend continue to earmark funds for this parcel through 7/1/00 and renew offer once reappraisal is completed, as requested by DOI.

KAP 1045 / Termination Point 1/15/00 \$1,865,000

At its August meeting, the Trustee Council extended its offer from 6/15/99 to 1/15/00 to allow for completion of a reappraisal. That appraisal is still in progress with a draft due in late February 2000. Recommend continue to earmark funds for this parcel through 7/1/00 and renew offer once reappraisal is completed, as requested by ADNR.

(2) Scheduled to come off consideration list if agreement not reached:

PWS 05, 06, 1010 / Duck Flats-Jack Bay 1/15/00 \$ 880,000

At its August meeting, the Trustee Council set a deadline of 1/15/00 for USFS to reach an agreement with the University over these parcels. A reappraisal being conducted by the University is due in March 2000. Recommend leave on consideration list until 7/1/00, as requested by USFS.

(3) Earmarked funds which have not yet resulted in offers:

KEN 1086 / Stariski

\$ 500,000

At its August meeting, the Trustee Council directed the Executive Director to identify by December 1999 a date by which this parcel would come off the list of consideration if an agreement was not reached. Recommend 7/1/00, as requested by ADNR. Discussions with landowner are in progress.

Tatitlek Homesites

\$ 205,600

Appraisals, originally expected 10/15/99, received final approval 12/27/99. Landowners are in the process of being notified of the appraised values and willing sellers should be identified by 2/15/00. [NOTE: Appraisals on the shareholder lots (there are 77) range from \$12,000 to \$17,000, which is less than the roughly \$22,000 value earlier identified by the Tatitlek Corporation but consistent with the current selling prices of roughly \$12,000 to \$16,000. Corporation-owned lots (there are 87) range from \$6,000 to \$7,500 -- the value was reduced 50% because, per the Large Parcel agreement, only the USFS or the state has the right to purchase these. At these prices, the available funds could be used for approximately 12-25 lots.]

Kodiak Tax & Larsen Bay Shareholder Parcels

Tax Parcels

Original allocation was \$355,000. Offers totaling \$112,000 have been made on 8 parcels and \$2,300 was spent on the Morris parcel (KEN 1084), leaving a balance of \$238,700. Willing sellers have been identified for an additional 10 parcels with an estimated cost of \$150,000. USFWS has expressed interest in reprogramming the remaining \$88,700 for a 160-acre parcel on Kiliuda Bay (Inga, estimated cost \$210,000) and, should acquisition of that parcel prove not possible, for a parcel on Sturgeon Lagoon (Malutin, 145 acres, estimated cost \$145,000) and one on Kaguyak Bay (Berestoff, 75 acres, estimated cost \$75,000). Benefits reports have not yet been prepared on these parcels, nor have they been evaluated by the Habitat Working Group.

Shareholder Parcels

Original allocation was \$645,000. Offers totaling \$314,000 have been made on 21 parcels, leaving a balance of \$331,000. Willing sellers have been identified for an additional 14 parcels with an estimated cost of \$212,000. USFWS has expressed interest in reprogramming the remaining \$119,000 for a parcel on Kiliuda Bay, as described above.

Part 2 - Additional Protection Possibilities

NOTE: This is not an all inclusive list. It identifies those parcels that have been brought to my attention. Please let me know if there are additional parcels that you would like added to the list or if there are other folks, such as land trusts or conservation groups, that we should contact to inquire about additional parcels.

(4) ADNR has requested (11/1/99) that the following parcel be considered a Parcel Meriting Special Consideration:

KEN 146 / Hopkins (Kachemak Bay)      80 ac.      score 3

NOTE: *Benefits report attached*

- (5) DOI has identified over 2,500 additional acres of inholdings (roughly 35 small parcels) in the Kodiak, Alaska Peninsula, and Alaska Maritime national wildlife refuges which they would like to acquire. Estimated value of these parcels is nearly \$4 million. In addition, DOI continues to be interested in the 9,070-acre Spirit Lake parcel in the Kenai refuge (estimated value \$4.5 million).
- (6) Other parcels that may become available:
- (a) If the state/Old Harbor Native Corporation land exchange is completed, ADNR has indicated interest in acquiring some of the roughly 8-10 remaining inholdings in the Kiliuda Bay area. The following inholdings currently have willing sellers: [NOTE: Appraisal of exchange lands now due 3/1/00]:
- |                                      |         |         |
|--------------------------------------|---------|---------|
| KAP 1087 / Chokwak (Kiliuda Bay)     | 160 ac. | score 3 |
| KAP 1256 / Erickson (Shearwater Bay) | 120 ac. | score 3 |
| KAP 2027 / Capjohn (Kiliuda Bay)     | 160 ac. | score 9 |
- (b) As part of the Old Harbor acquisition, the Old Harbor Native Corporation agreed to preserve 65,000 acres of land on nearby Sitkalidak Island as a private wildlife refuge. The corporation is seeking compensation for providing a stronger conservation easement than originally planned.
- (c) If the Koniag Phase II purchase is completed, DOI has indicated interest in some additional Koniag inholdings in the Kodiak National Wildlife Refuge that would be considered as part of the entire package.
- (d) USFS has indicated that Tatitlek homesite parcels, beyond what the \$205,600 allocated for this purpose will buy, may become available.
- (e) Karluk Village Council has hired Walt Ebell to begin discussions of protection of approximately 1,800 acres of Village Council lands, including the weir site (KAP 150). An additional 650 acres of Village Council lands, all within the Kodiak refuge, around Sturgeon, Grant, and Halibut lagoons might also be considered as part of this package.
- (f) Lesnoi, Inc. has reportedly expressed interest in pursuing development of a package that would include Termination Point, Long Island (KAP 1058), and potentially thousands of acres in the Chiniak area. Termination Point and Long Island are high priorities of ADNR.
- (g) Over the long-term, it is possible that the remainder of Pauls and Laura lakes, Afognak Lake, additional AJV lands, and additional lands along the Kenai, Kasilof and Anchor rivers may become available. Additional inholdings within the national wildlife refuge system and the national parks (Lake Clark and Kenai



Fjords) may also become available, as may other parcels, such as Middleton Island south of Prince William Sound.

Part 3 - Future Habitat Protection Program (2002 and beyond):

As directed by the Trustee Council at its October 1999 meeting, we are beginning to develop three scenarios for Council consideration sometime this spring:

- "hands on"/status quo (Council would maintain current "hands on" role in program administration and governance)
- "hands off" (program administration, governance, and funds would be transferred to a non-profit organization)
- hybrid (some administrative functions would be delegated or contracted to a non-profit organization; Council would continue to manage funds and authorize appraisals and purchases)

The first step was a meeting held January 24 with Restoration Office staff, Trustee agency staff, and representatives from two land conservation non-profits, the Nature Conservancy and the Conservation Fund. At this meeting we explored the opportunities and advantages a non-profit could provide, as well as the hurdles and disadvantages a non-profit would present. Further discussion and analysis will follow. Under discussion is a program that could be applied to parcels both less than and greater than 1,000 acres (the current small parcel threshold). Recommendations for streamlining and reducing the costs of the program will also be developed.

Recommended Action at January 31 Meeting:

- Extend designation of funds for the following parcels to the following dates:

KAP 1045 / Termination Point	7/1/00	\$1,865,000
KAP 2008 / Kodiak Tax	7/1/00	\$ 13,000
KAP 2009 / Kodiak Tax	7/1/00	\$ 14,000
KAP 2010 / Kodiak Tax	7/1/00	\$ 15,000
KAP 2011 / Kodiak Tax	7/1/00	\$ 16,000
KAP 2012 / Brown's Lagoon	7/1/00	\$ 12,000
KAP 2013 / Kodiak Tax	7/1/00	\$ 15,000
KAP 2015 / Kodiak Tax	7/1/00	\$ 13,000
KAP 2017 / Kodiak Tax	7/1/00	\$ 16,000
PWS 05,06,1010 / Duck Flats-Jack Bay	7/1/00	\$ 880,000
KEN 1086 / Stariski	7/1/00	\$ 500,000
- Consider at the next Council meeting the reprogramming of \$207,700 from the Kodiak Tax/Larsen Bay Shareholder allocation to the Inga parcel at Kiliuda Bay (or possibly the Berestoff parcel at Kaguyak Bay and the Malutin parcel at Sturgeon Lagoon). Also consider the Hopkins parcel at the next meeting.

Small Parcel Program  
January 25, 2000  
Page 6

- Continue discussion of additional protection opportunities the Council might actively pursue over the next two years.

Attachments:           Benefits report for Hopkins parcel, KEN 146  
                              Small Parcel Status Report

# Exxon Valdez Oil Spill Trustee Council

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## Habitat Protection Program: Small Parcel Status Report January 25, 2000

The *Exxon Valdez* Oil Spill Trustee Council funds the acquisition of land to protect the habitat of resources and services injured by the spill. Since 1993, the Council has committed \$362.1 million to buy 642,883 acres of land. Most of the land is in large tracts (generally over 1,000 acres) that protect ecosystems and watersheds, but some is in smaller tracts (generally under 1,000 acres) with unique habitat or strategic value. This is a report on the status of the Small Parcel Habitat Protection Program.

	Acres Acquired	Trust Funds Committed
Large Parcels	635,770	\$343.2 million
Small Parcels	<u>7,200</u>	<u>\$19.0 million</u>
Total:	642,970	\$362.2 million

**Small Parcel Acquisitions (Table 1).** The Council has spent \$19 million to purchase 7,240 acres of land in small parcels.

**Small Parcel Offers (Table 2).** The Council has authorized an additional \$3.1 million to purchase an additional 1,446 acres. [NOTE: Some of these offers have expired.]

**Parcels Under Consideration by the Council (Table 3).** The Council is considering acquisition of at least 1,048 more acres. The Council has authorized funding for appraisals, title reports and negotiations, but has not authorized funding to purchase these parcels.

**Kodiak Tax Parcels / Larsen Bay Shareholder Parcels (Table 4).** In 1995, as part of the Shuyak Island large parcel acquisition, the Council authorized up to \$1 million to purchase small waterfront lots forfeited to the Kodiak Island Borough because of tax delinquency. As a result of the 1980 merger of the former Larsen Bay village corporation with Koniag, Inc., the Larsen Bay Tribal Council received about 2,000 acres of land to be distributed among the shareholders of record. About 10 acres in size, these parcels occupy key waterfront locations along Uyak Bay within the boundaries of land purchased from Koniag, Inc. Kodiak Island Borough acquired some of these lots as a result of forfeitures for tax delinquencies; the rest are held by Larsen Bay shareholders. In June 1998, the Council allocated \$355,000 of the earmarked funds for the purchase of forfeited tax parcels and \$645,000 for the purchase of parcels owned by Larsen Bay shareholders. The Council is in the process of purchasing several of these parcels and is considering acquisition of several others.

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#### Federal Trustees

U.S. Department of the Interior  
U.S. Department of Agriculture  
National Oceanic and Atmospheric Administration

#### State Trustees

Alaska Department of Fish and Game  
Alaska Department of Environmental Conservation  
Alaska Department of Law

Table 1. Small Parcel Acquisitions

Parcel ID	Description	Acres	Cost	Comments
<b>Prince William Sound (PWS)</b>		<b>357.9</b>	<b>\$1,280,500</b>	
PWS 11	Horseshoe Bay (Chenega)	315.0	\$475,000	
PWS 17, 17A-D	Ellamar Subdivision (Tatitlek)	33.4	\$655,500	
PWS 52	Hayward (Valdez)	9.5	\$150,000	
<b>Kenai Peninsula (KEN)</b>		<b>5,725.4</b>	<b>\$15,896,100</b>	
KEN 10	Kobylarz Subdivision (Kenai River)	20.0	\$320,000	
KEN 19	Coal Creek Moorage (Kasilof R.)	53.0	\$260,000	
KEN 29	Tulin (Homer)	220.0	\$1,200,000	
KEN 34	Cone (Kenai River)	100.0	\$600,000	
KEN 54	Salamatof (Kenai River)	1,377.0	\$2,540,000	
KEN 55	Overlook Park (Homer)	97.0	\$279,000	
KEN 148	River Ranch (Kenai River)	146.0	\$1,650,000	
KEN 1002/03/04	Stephanka/Moose R. (KNA Pkg.)	3,254.0	\$4,000,000	Plus \$443,000 in federal restitution funds.
KEN 1005	Ninilchik (Ninilchik State Rec Area)	16.0	\$50,000	
KEN 1006	Girves (Kenai River)	110.0	\$1,835,000	
KEN 1014	Grouse Lake (Seward)	64.0	\$211,000	
KEN 1015	Lowell Point (Seward)	19.4	\$531,000	
KEN 1034	Patson (Kenai River)	76.3	\$450,000	
KEN 1038	Roberts (Kenai River)	3.3	\$698,000	
KEN 1049	Mansholt (Kenai River)	1.6	\$55,000	
KEN 1051	Salamatof (Kenai River)	14.5	\$149,500	
KEN 1052	Salamatof (Kenai River)	6.6	\$33,500	
KEN 1060A-D	Mud Bay (Homer Spit)	68.7	\$422,100	
KEN 1061	Beluga Slough (Homer Spit)	38.0	\$574,000	City of Homer added \$41,000.
KEN 1084	Morris (Ninilchik River)	40.0	\$38,000	
<b>Kodiak/Alaska Peninsula (KAP)</b>		<b>1,156.7</b>	<b>\$1,844,500</b>	
KAP 91	Adonga (Sitkalidak Strait)	137.0	\$137,000	Native Allotment
KAP 95	Inga (Three Saints Bay)	80.0	\$84,000	
KAP 98	Pestrikoff (Kiliuda Bay)	80.0	\$128,000	Native Allotment
KAP 99	Shugak (Kiliuda Bay)	160.0	\$155,200	Native Allotment
KAP 101	Haakanson (Sitkalidak Strait)	80.0	\$52,000	Native Allotment
KAP 103	Kahutak (Sitkalidak Strait)	40.0	\$66,000	Native Allotment
KAP 105/142	Pestrikoff/Kelly (Three Saints Bay)	88.0	\$168,000	Native Allotment
KAP 114	J. Johnson (Uyak Bay)	55.0	\$154,000	Native Allotment
KAP 115	J. Johnson (Uyak Bay)	65.0	\$110,500	Native Allotment
KAP 131	Matfay (Kiliuda Bay)	40.0	\$68,000	Native Allotment
KAP 132	Peterson (Sitkalidak Strait)	160.0	\$256,000	Native Allotment
KAP 134	Ignatin (Three Saints Bay)	80.0	\$72,300	Native Allotment
KAP 135	Capjohn (Kiliuda Bay)	70.0	\$73,500	Native Allotment
KAP 220	Mouth of Ayakulik River	5.4	\$80,000	
KAP 226	Kariuk River Lagoon	16.3	\$240,000	
<b>TOTAL:</b>		<b>7,240.0</b>	<b>\$19,021,100</b>	

Table 2. Small Parcel Offers

Parcel ID	Description	Acres	Value	Status
<b>Purchase Agreements Signed</b>		<b>321.8</b>	<b>\$999,800</b>	
PWS 1056	Blondeau (Valdez)	92.0	\$626,800	Certification letter signed 12/27/99.
KAP 126	C. Christiansen (Three Saints Bay)	40.0	\$72,000	Certification letter signed 11/23/99.
KAP 1089	Shareholder Parcel (R. Christensen)	8.1	\$13,000	Appraisal expired; reappraisal underway.
KAP 1090	Shareholder Parcel (D. Naumoff)	7.7	\$16,000	Certification letter signed 11/23/99.
KAP 1091	Shareholder Parcel (D. Easter)	10.4	\$18,000	Pending title opinion from solicitor.
KAP 1092	Shareholder Parcel (Amook Pass)	9.7	\$12,000	Pending title opinion from solicitor.
KAP 1093	Shareholder Parcel (Brown Lagoon)	10.0	\$12,000	Pending title opinion from solicitor.
KAP 1094	Shareholder Parcel (Brown Lagoon)	13.2	\$15,000	Pending title opinion from solicitor.
KAP 1095	Shareholder Parcel (Brown Lagoon)	8.9	\$18,000	Pending title opinion from solicitor.
KAP 1096	Shareholder Parcel (Amook Pass)	10.0	\$11,000	Pending title opinion from solicitor.
KAP 1097	Shareholder Parcel (Amook Pass)	11.0	\$15,000	Pending title opinion from solicitor.
KAP 1098	Shareholder Parcel (Amook Pass)	9.3	\$14,000	Pending title opinion from solicitor.
KAP 1099	Shareholder Parcel (Amook Pass)	9.1	\$15,000	Pending title opinion from solicitor.
KAP 2000	Shareholder Parcel (Amook Pass)	10.7	\$15,000	Pending title opinion from solicitor.
KAP 2001	Shareholder Parcel (S. Uyak Bay)	10.4	\$20,000	Pending title opinion from solicitor.
KAP 2002	Shareholder Parcel (S. Uyak Bay)	8.3	\$15,000	Pending title opinion from solicitor.
KAP 2003	Shareholder Parcel (S. Uyak Bay)	9.7	\$16,000	Pending title opinion from solicitor.
KAP 2004	Shareholder Parcel (S. Uyak Bay)	7.0	\$15,000	Pending title opinion from solicitor.
KAP 2005	Shareholder Parcel (S. Uyak Bay)	6.9	\$18,000	Pending title opinion from solicitor.
KAP 2006	Shareholder Parcel (S. Uyak Bay)	8.5	\$13,000	Pending title opinion from solicitor.
KAP 2007	Shareholder Parcel (S. Uyak Bay)	12.3	\$14,000	Pending title opinion from solicitor.
KAP 2024	Shareholder Parcel (S. Uyak Bay)	8.6	\$16,000	Pending title opinion from solicitor.
<b>Offers Under Review by Landowners</b>		<b>9.0</b>	<b>\$120,000</b>	
PWS 1028	Valdez Duck Flats (USS 349)	9.0	\$120,000	Offer expires 9/1/01.
<b>Offers Expired or Need Revision</b>		<b>1,114.8</b>	<b>\$1,992,000</b>	
KAP 145	Termination Point (Kodiak)	1,028.0	\$1,865,000	Offer expired 1/15/00.
KAP 2008	KIB Tax Parcel (Zachar Bay)	9.8	\$13,000	Offer expired 12/15/99.
KAP 2009	KIB Tax Parcel (Zachar Bay)	9.9	\$14,000	Offer expired 12/15/99.
KAP 2010	KIB Tax Parcel (Zachar Bay)	4.7	\$15,000	Offer expired 12/15/99.
KAP 2011	KIB Tax Parcel (Amook Pass)	13.4	\$16,000	Offer expired 12/15/99.
KAP 2012	KIB Tax Parcel (Browns Lagoon)	10.0	\$12,000	Offer expired 12/15/99.
KAP 2013	KIB Tax Parcel (Amook Pass)	10.0	\$15,000	Offer expired 12/15/99.
KAP 2015	KIB Tax Parcel (Amook Pass)	11.1	\$13,000	Offer expired 12/15/99.
KAP 2017	KIB Tax Parcel (S. Uyak Bay)	7.9	\$16,000	Offer expired 12/15/99.
KAP 2026	Shareholder Parcel (M. Christensen)	10.0	\$13,000	Additional acres available; reappraisal underway.
<b>TOTAL:</b>		<b>1,445.6</b>	<b>\$3,111,800</b>	

Table 3. Small Parcels Under Consideration by the Council

Parcel ID	Description	Acres	Comments
PWS 05	Valdez Duck Flats (USS 448)	33.0	Landowner (University of Alaska) is undertaking a new appraisal.
PWS 06	Valdez Duck Flats (USS 447)	24.7	Landowner (University of Alaska) is undertaking a new appraisal.
PWS 1010	Jack Bay (Valdez)	942.0	Landowner (University of Alaska) is undertaking a new appraisal.
KEN 1086	Stariski Creek (Homer)	48.0	Appraisal in progress.
	Larsen Bay Shareholder Parcels (see Table 4)		Remaining authorization \$331,000.
	Kodiak Island Borough Tax Parcels (see Table 4)		Remaining authorization \$238,700.
	Tatitlek Homesite Lots (Two Moon Bay & Snug Corner Cove)		\$205,600 designated in Tatitlek large parcel acquisition; appraisals in progress.
	<b>TOTAL</b>	<b>1,047.7</b>	

# STATE OF ALASKA

## DEPARTMENT OF NATURAL RESOURCES

### OFFICE OF THE COMMISSIONER

KEN 146

TONY KNOWLES, GOVERNOR

400 WILLOUGHBY AVENUE  
JUNEAU, ALASKA 99801-1796  
PHONE: (907) 465-2400  
FAX: (907) 465-3886

3601 C STREET, SUITE 1210  
ANCHORAGE, ALASKA 99503-5921  
PHONE: (907) 269-8431  
FAX: (907) 269-8918

550 West 7<sup>th</sup> Ave., Suite 1400  
Anchorage, AK 99501  
November 1, 1999

Molly McCammon  
Executive Director  
Exxon Valdez Oil Spill Trustee Council  
645 G Street, Suite 401  
Anchorage, AK 99501

Dear Ms. ~~McCammon,~~

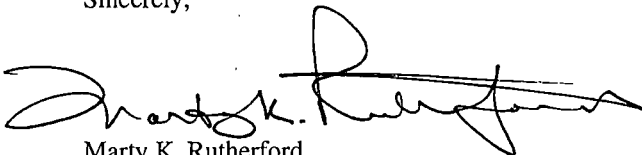
The Department of Natural Resources would like to request that Parcel KEN 146 nominated for consideration by Mr. James Hopkins, be considered by the Trustee Council as a Parcel Meriting Special Consideration. This parcel was evaluated by the Habitat Protection Work Group and scored low.

This parcel is located within Kachemak Bay State Park on the north shore of Kachemak Bay, approximately 14 miles northeast of the base of Homer Spit. The intertidal area of Kachemak Bay adjacent to the property is shallow and extends approximately one mile offshore at low tide. A steep bluff rises approximately 500 feet from the Kachemak Bay shoreline. The parcel provides habitat used by bald eagles and a variety of shorebirds and waterfowl. The parcel could also provide important recreational, interpretive and educational opportunities for the City of Homer. This acquisition is supported by numerous legislators, Dr. George West, Director of the Pratt Museum, and other citizens.

The Department of Natural Resources will manage this parcel consistent with the adjacent sections of Kachemak Bay State Park currently designated as a "Natural Zone" ensuring that the ecological, natural, physical and scenic values of the subject property will be protected in perpetuity for the benefit of fish and wildlife resources and services that were injured in the *Exxon Valdez* oil spill.

DNR would like to move forward with an appraisal of this property. Thank you for your consideration of this parcel.

Sincerely,



Marty K. Rutherford  
Deputy Commissioner

## KEN 146: Hopkins Parcel

**Acreage:** 80      **Rank:** PMSC      **Sponsor:** ADNR      **Appraised Value:** unknown  
**Owner:** James Hopkins  
**Location:** North shore of Kachemak Bay within Kachemak Bay State Park

**Parcel Description.** This parcel is located within Kachemak Bay State Park on the north shore of Kachemak Bay, approximately 14 miles northeast of the base of Homer Spit. The intertidal area of Kachemak Bay adjacent to the property is shallow and extends approximately one mile offshore at low tide. A steep bluff rises approximately 500 feet from the Kachemak Bay shoreline. Sitka or Lutz spruce extend intermittently on the ridges towards the mouth of Eastland Creek and the upper more level portion of the property is partially vegetated with spruce.

**Restoration Benefits.** Public ownership of this parcel would protect habitat for bald eagles, intertidal/subtidal organisms, marbled murrelets, Kittlitz's murrelet, and pigeon guillemots and ensure the continued use of the area for recreation. Habitat values and public use of this parcel are at risk because of potential subdivision of the parcel. Public ownership of the parcel would also allow State Parks to enhance recreational services by providing access to a relatively large contiguous wilderness area near the city of Homer as well as an access point to the shoreline and protect habitat utilized by many species of wildlife.

Key habitat and other attributes of this parcel include the following:

- *Bald eagles* nest on the parcel.
- *Intertidal/subtidal organisms, marbled murrelets, and Kittlitz's murrelets, scoters and other migratory shorebirds.* The productive intertidal area and the adjacent Narrow Strait are important feeding areas for waterfowl, shorebirds, gulls, terns, and seabirds. Gulls commonly seen on park waters include Black-legged kittiwakes, Glaucus-winged gulls, and shearwaters. Shorebirds migrate in great numbers through the area and utilize the bay as an important rest stop during migration. Many of these bird species are dependent on the health, variety and concentration of intertidal life.
- *Recreation/tourism.* The parcel possesses high recreational qualities for the residents of Homer and will help to complete the Eastland Creek section of Kachemak Bay State Park. This will increase the recreational potential of this area for visitors and residents of Homer alike. A trail may connect both sections of Kachemak Bay State Park and could be a welcome recreational asset for this community accessible by the road system.

**Potential Threats.** The owners of this parcel are at a point in time where they will need to liquidate this asset. Sale of the property for residential use is being seriously considered. The owners would prefer that this parcel remain in its natural state and benefit the public and wildlife resources in perpetuity.

**Appraised Value.** The state requests permission to appraise this parcel

**Proposed Management.** The purpose of acquisition is to preserve and protect in perpetuity the ecological, natural, physical and scenic values of the subject property for the benefit of fish and wildlife resources and services that were injured in the *Exxon Valdez* oil spill. ADNR proposes to manage this parcel as part of Kachemak Bay State Park. In the 1995 Management Plan for Kachemak Bay State Park and Kachemak Bay State Wilderness Park, the area of the park adjacent to this parcel is identified as a "Natural Zone" and this management scenario would apply to this parcel as well.






**Public Comment.** Support for acquisition of this parcel has been expressed by George West, Ph.D., Professor of Zoophysiology, Emeritus, University of Alaska Fairbanks, Director of the Pratt Museum, David Cline, Audubon Society, Representative Con Bunde, Representative Gail Phillips, and Senator Steve Rieger. Letters of support are attached. In addition, Dr. West has submitted a detailed letter documenting the use of this parcel by a variety of species including numerous species injured by the oil spill (see attached).

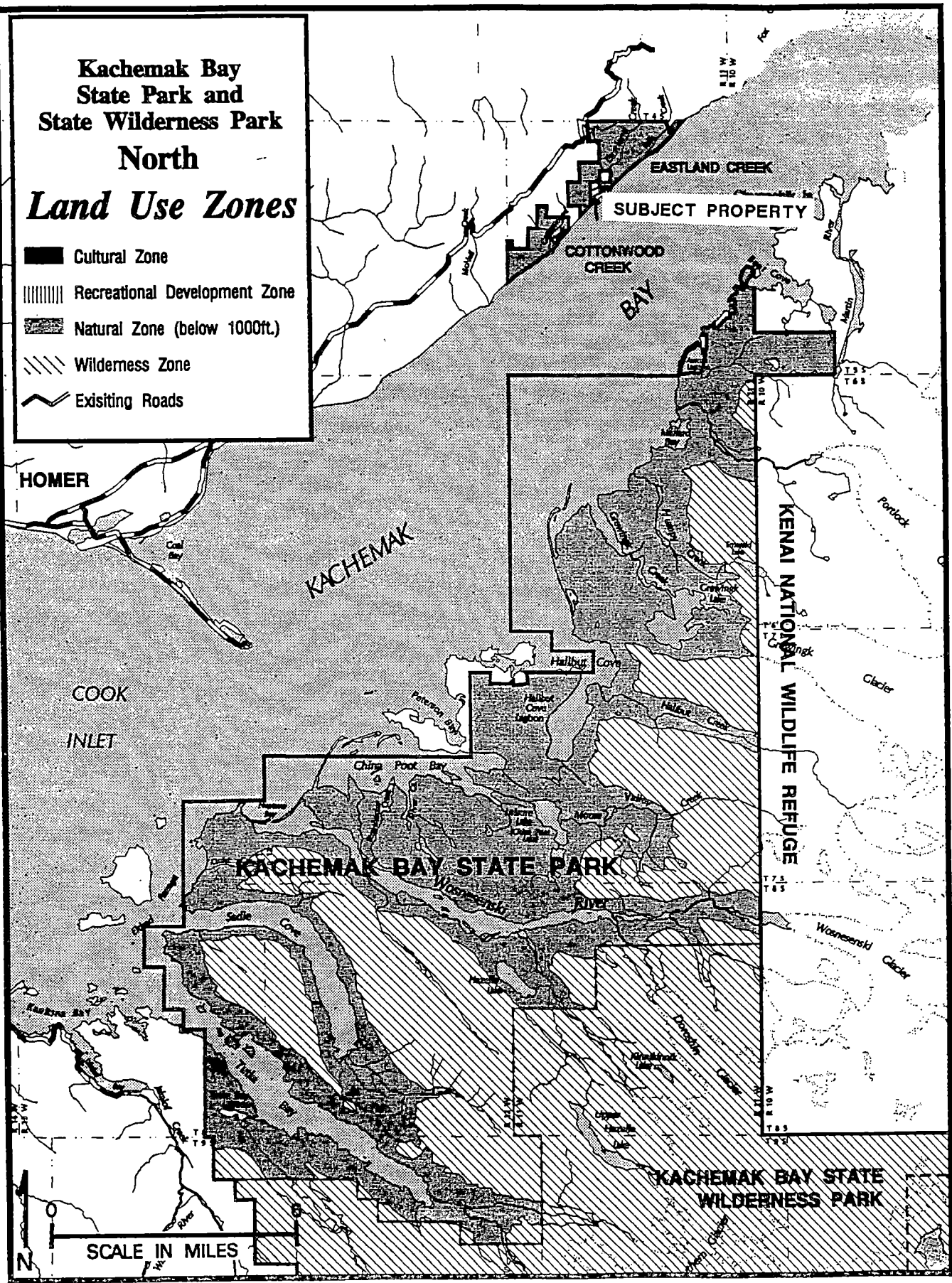


**Kachemak Bay  
State Park and  
State Wilderness Park**

**North**

**Land Use Zones**

-  Cultural Zone
-  Recreational Development Zone
-  Natural Zone (below 1000ft.)
-  Wilderness Zone
-  Existing Roads



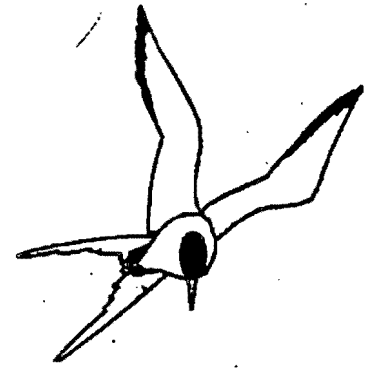
**B. D. B. S. J.**

P. O. Box 841

Homer, Alaska 99603

(907) 235-7095

Fax (907)235-4230



June 30, 1994

Exxon Valdez Oil Spill Trustee Council  
Restoration Office  
645 G Street, Suite 401  
Anchorage, Alaska 99501-3451

Dear Trustees:

This letter is in support of the application of **Mr. James Hopkins** for your acquisition of a parcel of land within the Eastland Creek section of Kachemak Bay State Park, and bordering Kachemak Bay, about 14 miles northeast of the base of the Homer Spit.

The parcel is currently "landlocked" within the boundaries of Kachemak Bay State Park (see map). Purchase of this land would help to complete that part of the park on the north shore of Kachemak Bay, an area yet undeveloped, but in a prime location for recreational enhancements and potential access from the road system east of Homer, Alaska. Over half of the subject property appears to be steep bluffs along Kachemak Bay on the southeast, along tributaries of Eastland Creek on the east, and along an unnamed intermittent stream to the southwest. These bluffs rise to 500 feet above the shore of Kachemak Bay and then the property continues to rise another 100 feet at its northwestern extent.

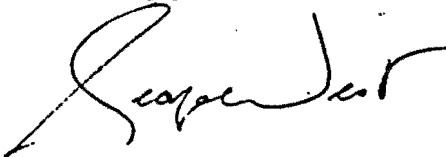
Some of the bluff face is vegetated with alder; there are willows, cottonwoods, and alders in the stream valleys along with herbaceous vegetation. Some Sitka or Lutz spruce extend on ridges towards the mouth of Eastland Creek where there is an active Bald Eagle nest. The upper and more level portion of the property is heavily vegetated with spruce.

The intertidal area of Kachemak Bay adjacent to the subject property is shallow and extends about one mile off shore at low tides. In this shallow intertidal area, silver salmon migrate to the head of the Bay, and many birds and marine mammals feed. We have seen thousands of scoters in this area in early spring and winter. Marbled and Kittlitz's Murrelets feed here with Common Loons, Greater Scaup (in winter), Red-breasted Mergansers, Mew and Glaucous-winged Gulls, Black-legged Kittiwakes, Aleutian and Arctic Terns, Common Murres, Pigeon Guillemots, Sea Otter, Harbor Porpoise, and Harbor Seal. The mud flats at low tide support thousands of spring migrating shorebirds, some of which may use the intertidal areas at the base of the subject property. On the following page is a partial list of bird species that utilize this property.

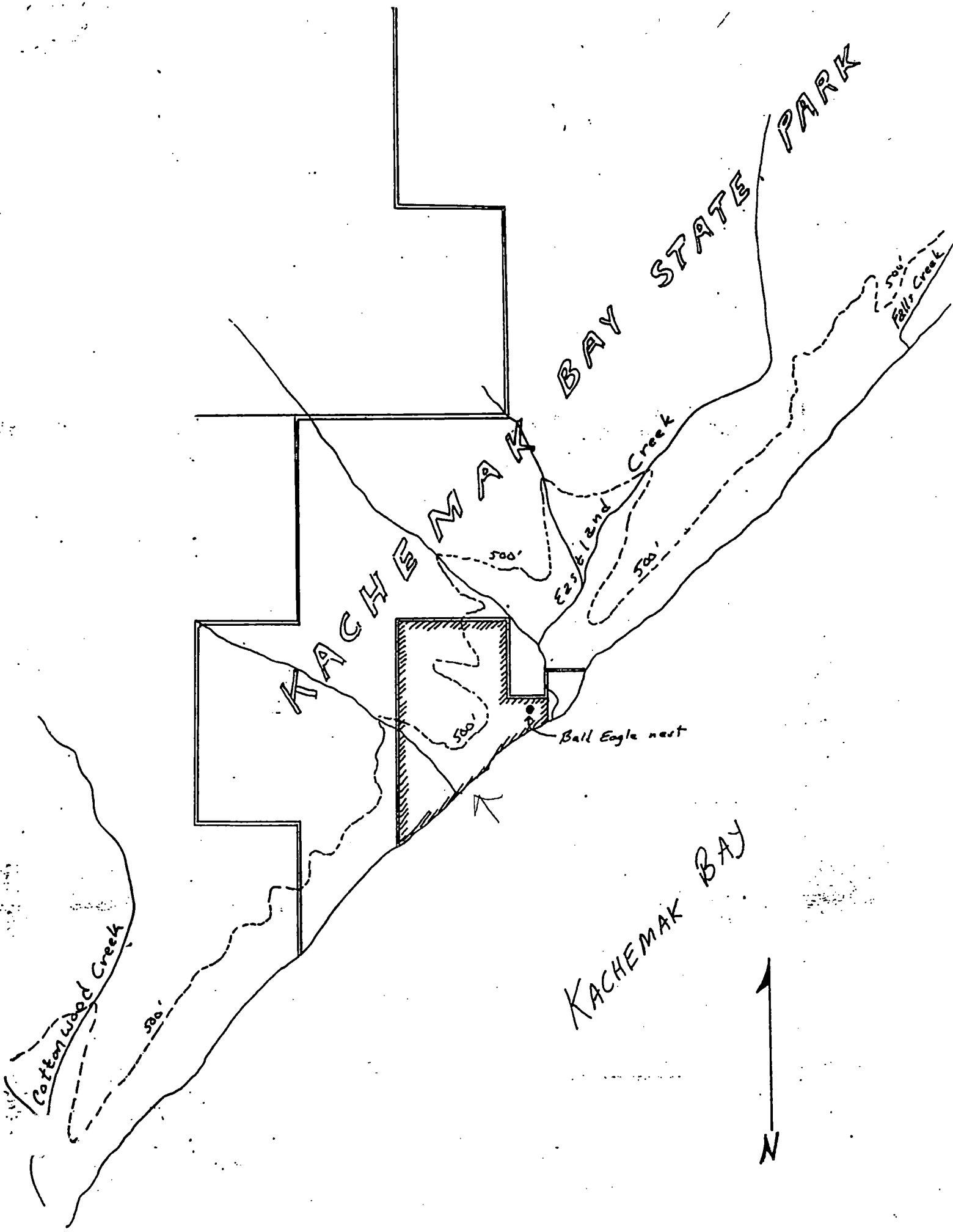
Species	Use	Species	Use
Hald Eagle	nesting	Bank Swallow	probable nesting
Northern Harrier	feeding	Gray Jay	probable nesting
Sharp-shinned Hawk	probable nesting	Steller's Jay	probable nesting
Northern Goshawk	probable nesting	Black-billed Magpie	probable nesting
Western Sandpiper	feeding on intertidal mud	Boreal Chickadee	probable nesting
Dunlin	feeding on intertidal mud	Red-breasted Nuthatch	probable nesting
Short-billed Dowitcher	feeding on intertidal mud	Golden-crowned Kinglet	probable nesting
Mew Gull	feeding on shoreline	Ruby-crowned Kinglet	probable nesting
Glaucous-winged Gull	feeding on shoreline	Hermit Thrush	probable nesting
Black-legged Kittiwake	feeding off shore	Swainson's Thrush	probable nesting
Arctic Tern	feeding off shore	Varied Thrush	probable nesting
Aleutian Tern	feeding off shore	Orange-crowned Warbler	probable nesting
Common Murre	feeding off shore	Yellow-rumped Warbler	probable nesting
Pigeon Guillemot	feeding off shore	Townsend's Warbler	probable nesting
Marbled Murrelet	feeding off shore	Wilson's Warbler	probable nesting
Kittlitz's Murrelet	feeding off shore	Fox Sparrow	probable nesting
Great Horned Owl	probable nesting	Golden-crowned Sparrow	probable nesting
Belted Kingfisher	probable nesting in bluff	White-crowned Sparrow	probable nesting
Three-toed Woodpecker	probable nesting	Dark-eyed Junco	probable nesting
Tree Swallow	feeding	Pine Grosbeak	probable nesting
Violet-green Swallow	feeding	White-winged Crossbill	feeding
		Pine Siskin	probable nesting

I believe that acquiring the subject property to complete the Eastland Creek section of Kachemak Bay State Park will increase the Park's recreational potential for the citizens of Homer and the State of Alaska as well as providing contiguous protected habitat for many species of wild-life.

Sincerely yours,



George C. West, Ph.D.  
 Professor of  
 Zoophysiology, Emeritus  
 University of Alaska Fairbanks



KACHEMAK BAY STATE PARK

Ball Eagle nest

KACHEMAK BAY



Cottonwood Creek

Falls Creek

Kachemak Bay



# National Audubon Society

ALASKA - HAWAII REGIONAL OFFICE

308 G STREET, SUITE 217 • ANCHORAGE, AK 99501 • (907) 276-7034 • FAX (907) 276-5069

June 16, 1995

Molly McCammon  
Executive Director  
Exxon Valdez Oil Spill Trustee Council  
Restoration Office  
645 G Street, #401  
Anchorage, AK 99501

RECEIVED  
JUN 16 1995

EXXON VALDEZ OIL SPILL  
TRUSTEE COUNCIL

Dear Ms. McCammon:

This letter is in support of the application of James Donald Hopkins, a willing seller, for the acquisition of an 80 acre parcel of land that he owns within the Eastland Creek section of Kachemak Bay State Park. The property borders Kachemak Bay and is located about 15 miles from the Homer Spit. The purchase of this parcel would help to round out the north shore portion of the park. The area is yet undeveloped and possesses outstanding park values.

A complete study of the Hopkins parcel was done by Dr. George C. West, a retired zoophysiology professor from UAF and Executive Director of the Pratt Museum in Homer. You should have a copy of Dr. West's report in your possession.

Acquiring the Hopkins land will complete the Eastland Creek section of Kachemak Bay State Park, and increase the park's recreational potential. It will also protect habitat for many species of wildlife affected by the Exxon Valdez oil spill.

Your consideration is greatly appreciated.

Sincerely,

David R. Cline  
Regional Vice President

REPRESENTATIVE CON BUNDE  
CO-CHAIR HEALTH, EDUCATION  
& SOCIAL SERVICES

## Alaska State Legislature



House of Representatives

INTERIM:  
716 WEST 4th AVENUE  
ANCHORAGE, AK 99501-2133  
OFFICE: (907)258-8168

RECEIVED  
AUG 24 1995

August 16, 1995

Molly McCammon  
Executive Director  
Exxon Valdez Oil Spill Trustee Council  
Restoration Office  
645 G Street, #401  
Anchorage, Alaska 99501

EXXON VALDEZ OIL SPILL  
TRUSTEE COUNCIL

Dear Ms. McCammon:

It has come to my attention that James Donald Hopkins owns an 80 acre parcel of land, within the Eastland Creek section of Kachamak Bay State Park, that he is willing to sell. I support the purchase of this parcel to help round out the north shore portion of the park, an area as yet undeveloped and possessing outstanding park values.

Dr. George C. West, a retired zoophysiology professor from UAF and Executive Director of the Pratt Museum in Homer, has done a complete study of the Hopkins parcel. This report of Dr. West's study should be in your possession.

The acquisition of the Hopkins land would be an asset in completing the Eastland Creek section of Kachamak Bay State Park, increasing the recreational potential of the park. An additional benefit will be the protection of habitat for several species of wildlife affected by the Exxon Valdez oil spill.

Your attention and careful consideration to this purchase will be greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to be "Con Bunde", written over a horizontal line.

Representative Con Bunde

# Alaska State Legislature



Official Business  
Fax : (907) 465-3472

Speaker of the House of Representatives

State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-3720  
(907) 465-2689

RECEIVED  
NOV 5 1995

November 3, 1995

EXXON VALDEZ OIL SPILL  
TRUSTEE COUNCIL

Ms. Molly McCammon  
Executive Director  
Exxon Valdez Oil Spill Trustee Council  
Restoration Office  
645 G Street #401  
Anchorage, AK 99501

Dear Ms. McCammon:

*Molly*

It has been brought to my attention that Mr. James Hopkins owns and is willing to sell an 80 acre parcel within the Eastland Creek section of the Kachemak Bay State Park. Dr. George West, a retired zoo-physiology professor and the current Executive Director of the Homer Pratt Museum, has provided your office a copy of his study of the Hopkins parcel.

The location of Mr. Hopkins's parcel would be an ideal acquisition to complete the north shore section of the park. If the money can be made available for such an acquisition, I believe it will probably be a worthwhile investment. The battle for the park and buy-back was very long and arduous. It would be such a nice way to show your support in this effort.

Sincerely,

*Gail*

Gail Phillips  
SPEAKER OF THE HOUSE

GP:brg

# Alaska State Senate

**SENATOR STEVE RIEGER**  
District I



*During Session:*  
State Capitol, Room 516  
Juneau, Alaska 99801  
(907) 465-3879

Senate Finance Committee  
Chair, Senate Transportation Committee

Legislative Budget and Audit Committee  
Administrative Regulation Review Committee  
Legislative Council

716 West 4th Avenue, Suite 530  
Anchorage, Alaska 99501  
(907) 258-8188

October 9, 1995

Molly McCammon  
Executive Director  
Exxon Valdez Oil Spill Trustee Council  
Restoration Office  
645 G Street, #401  
Anchorage, Alaska 99501

RECEIVED  
OCT 10 1995  
EXXON VALDEZ OIL SPILL  
TRUSTEE COUNCIL

Dear Ms. McCammon:

This letter is written in support of James Donald Hopkin's application to sell an 80 acre parcel of land which lies within the Eastland Creek section of Kachemak State Park. The purchase of this parcel would help to round out the north shore portion of the park, as this area is yet undeveloped and would be an excellent addition to the park.

A study of the Hopkins parcel has already been completed by Dr. George C. West, a retired zoophysiology professor from UAF and Executive Director of the Pratt Museum in Homer. The findings of this study should be in your possession.

The acquisition of the Hopkins parcel would greatly enrich the Eastland Creek section of Kachemak State Park by increasing the recreational potential of the park. In addition, it will protect the habitat of many species of wildlife affected by the Exxon Valdez oil spill.

Your attention and consideration of this matter is greatly appreciated.

Sincerely,

Steve Rieger  
Senator

bcc: Jim Hopkins



# Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



## MEMORANDUM

**To:** Trustee Council Members

**From:** Molly McCammon  
Executive Director

**Date:** January 26, 2000

**Re:** GEM Update

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The Trustee Council met on October 22, 1999 and directed me to take the draft GEM program out for public review and comment and further refinement.

Since then, Science Coordinator Phil Mundy and I have made presentations in Anchorage, Cordova, Homer, Valdez, Soldotna, Port Graham, Kodiak, Fairbanks, and Seward. We have met with a variety of groups including the Council's Public Advisory Group and Community Facilitators, the Alaska Board of Fisheries, Prince William Sound Regional Citizens' Advisory Council, Cook Inlet Regional Citizens' Advisory Council, Cook Inlet Keepers, Prince William Sound Science Center, the University of Alaska School of Fisheries and Ocean Sciences faculty, University of Alaska Fairbanks Provosts' Council and Alaska Oceans, Seas and Fisheries Research Foundation.

Meetings with the Kodiak Audubon chapter, the Alaska Oil and Gas Association, Resource Development Council, and Cordova District Fishermen's Union, among others, are all in the planning stages. We have also talked to dozens of concerned individuals. We don't consider this public outreach effort to be finished. However, all the comments received thus far have helped us to sharpen the mission and goals for GEM. We can report almost unanimous enthusiasm for the proposed program. Many people have questions about the ambitious scale of the program and the details of how it would actually work.

Attached to this memo for discussion at the January 31 meeting are two documents: one is a draft executive summary; the other is the next set of proposed revisions to the draft GEM document. These were drafted prior to the Council's recent workshop. Since then, we have received additional comments from the state and others at the workshop, and anticipate additional revisions as we continue developing the next draft.

The National Research Council is now looking to begin their review of the draft in April. They are still putting together the review committee.

Following the Council's discussion on January 31, we will be preparing the next draft of the GEM document and continuing our meetings with various interest groups and stakeholders. I would anticipate bringing the next draft back to you by March 1 or so. Any comments you have on the two attached documents would be most appreciated.

mm/raw

DRAFT EXECUTIVE SUMMARY  
**GULF ECOSYSTEM MONITORING**  
**A SENTINEL PROGRAM**

**to watch over the health of the northern Gulf of Alaska ecosystem**

*January 17, 2000*

Within the northern Gulf of Alaska, including Prince William Sound, Cook Inlet, Kodiak and the Alaska Peninsula, offshore and nearshore marine, estuarine, freshwater and terrestrial environments interact with geologic, climatic, oceanographic, and biologic processes to produce highly valued natural bounty and exceptional beauty. The Gulf of Alaska is a major source of seafood for the entire nation, as well as for Alaska Natives, who rely on it for subsistence and cultural purposes. It is also part of the "lungs" of the planet for recycling of oxygen and carbon to and from the atmosphere; habitat for diverse populations of fish, marine mammals and seabirds; and a source of beauty and inspiration for those who love nature. As a result of both human influences and natural processes, these important attributes are now experiencing significant change.

Fifty-four percent of the state's 621,000 permanent residents live within the geographic area of the northern Gulf of Alaska and the nearby population centers of Anchorage and Wasilla. More than one million tourists visit this each year. The private sector economy of Alaska depends heavily on extraction of natural resources from this region, primarily oil and fish, followed by timber and minerals. Crude oil and fuel tanker traffic, increasing tourism and recreational use, expanded road building, increased commercial and sport fishing pressure are all human activities that could affect the marine resources and ecosystem of the northern Gulf of Alaska. In addition, recent evidence of persistent organic pollutants and heavy metals in fish and wildlife tissues in the gulf indicate that this region is not immune from worldwide concerns about potential effects of contaminants on marine organisms and on human consumers, particularly Alaska Native subsistence users.

Populations of important marine resources in the northern Gulf of Alaska have undergone major changes, especially since the late 1970s. Salmon catches of all species, and especially sockeye, have remained near record levels for two decades, with annual catches significantly greater than those in the three decades ending in 1979. Shrimp and red king crab have fallen to extremely low levels in the gulf since 1980, in sharp contrast to the very high levels in the two prior decades. Kodiak's red king crab fishery, once among the world's richest, has been completely closed since 1984. As shrimp and crab declined, cod, pollock and flatfish such as arrowtooth flounder have rapidly increased. Some marine mammals associated with the gulf, such as sea lions, harbor seals and overwintering fur seals have steadily declined since 1980. Other species such as sea otters and elephant seals have been on the rise for more than a decade. Colonies of seabirds such as kittiwakes, common murre and cormorants have shown declines since about 1980 in some coastal localities such as Prince William Sound and central Cook Inlet, but not in others. Overall, many species and populations associated with nearshore habitats in the Gulf of Alaska have declined since about 1977, whereas species and populations having access to offshore gulf habitats have generally increased.

Understanding the sources of these changes, whether natural or influenced by human activities, requires a solid historical context. This has certainly been the lesson of the 1989 *Exxon Valdez* oil spill, a large-scale ecological disaster, with hundreds of millions of dollars invested in studies and restoration projects in the past decade. Based on the knowledge and experience gained through this program, the *Exxon Valdez* Oil Spill Trustee Council has dedicated approximately \$120 million to complete work on lingering oil-spill injury and to endow long-term monitoring and research in the world-renowned ecosystem of the northern Gulf of Alaska.

For planning purposes, the program is referred to as the Gulf Ecosystem Monitoring – GEM – program. The mission of the program is “to sustain a healthy and biologically diverse marine ecosystem in the northern Gulf of Alaska and the human use of the marine resources in that ecosystem through greater understanding of how its productivity is influenced by natural changes and human activities.” In addition to sponsoring projects to respond to identified needs, a major part of this mission includes providing leadership in identifying monitoring and research gaps and priorities; encouraging efficiency and integration through leveraging of funds, coordination, and partnerships; and involving stakeholders in local stewardship by having them help guide and carry out the program.

GEM has five major programmatic goals. These are to:

DETECT: Serve as a sentinel (early warning) system by detecting annual and long-term changes in the marine ecosystem, from coastal watersheds to the central gulf;

UNDERSTAND: Identify causes of change in the marine ecosystem, including natural variation, human influences, and their interaction;

PREDICT: Develop the capacity to predict the status and trends of natural resources for use by resource managers and consumers;

INFORM: Provide integrated and synthesized information to the public, resource managers, industry and policy makers in order for them to respond to changes in natural resources; and

SOLVE: Develop tools, technologies, and information that can help resource managers and regulators improve management of marine resources and address problems that may arise from human activities.

Recognizing that the gulf ecosystem under consideration is extremely complex, consisting of thousands of species, it will not be possible for GEM to answer all, or even most, of the questions that could be posed about the Gulf of Alaska. GEM instead, will be focused to a large extent, on key species in the system, picked on the basis of perceived ecological importance and human relevance, and on the system behaviors that seem to be most important for understanding the physical and biological processes responsible for biological production. In the end, GEM must be justified on what it can tell us about how people should behave towards the ecosystem to keep it healthy.

By virtue of what, when, and where it samples, every monitoring program is based on some understanding or model of the system it attempts to characterize. The model proposed for use under the GEM program can be summarized as follows:

*In some decades the Gulf of Alaska is warm and windy with lots of precipitation. Under those conditions, offshore grazers, such as salmon, do well, but coastal grazers, such as seabirds and seals, do not thrive. In other decades, the gulf is cooler and less windy with less precipitation. Under those conditions, salmon do not do as well, but inshore seabirds and seals are favored. In addition, there are particularly warm and cold periods every few years (El Niños and La Niñas, respectively) and both the decadal and El Niño-La Niña cycles are superimposed on a long-term warming trend in the north Pacific. Added to these natural environmental changes are the effects of local or even large-scale perturbations caused by a variety of human activities, such as various kinds of pollution and contaminants, habitat loss or degradation, and resource consumption.*

The GEM program will continue to work with resource managers, stakeholders, the scientific community and the public to refine a common set of priorities for research, monitoring and protection in the northern Gulf that fit within this working model. In order to do that, we must share an understanding of which marine resources of the northern Gulf are valued and what stressors, or potential threats, could affect their overall health. The GEM program will then build a matrix of who is monitoring what, where, and when and identify gaps in monitoring these things that are important to us. GEM will fill in the important gaps.

The long-term monitoring element of GEM will be complemented by strategically chosen research projects. These projects will follow up on lingering effects of the *Exxon Valdez* oil spill; explore questions and concerns that arise out of interpretation of the monitoring data; and provide key information and tools for management and conservation purposes.

The Trustee Council believes that encouraging local awareness and participation in research and monitoring enhances long-term stewardship of living marine resources. Traditional and local knowledge can provide important observations and insights about changes in the status and health of marine resources and should be incorporated into the GEM program. Citizen monitoring efforts are already underway in several communities in the GEM region and should be looked to for future collaboration.

Independent peer review of the GEM program is essential for a high caliber scientific program. Participation in research and monitoring is expected to be completely open to competition. All data must be archived, maintained, and readily accessible to other scientific users and the public. In order for GEM to be successful, it will be necessary to integrate, synthesize, and interpret monitoring and research results to form and present a “big picture” of the status of and trends in the northern Gulf of Alaska ecosystem. One approach is through the use of models, as well as periodic “State of the Gulf” and “State of the North Pacific” workshops, reports and a GEM website. The Trustee Council is committed to public input and outreach as vital components of the long-term GEM program.

**DRAFT PROPOSED REVISIONS TO OCTOBER 22  
VERSION OF GEM DOCUMENT  
JANUARY 17, 2000**

ADD EXECUTIVE SUMMARY

I. INTRODUCTION

This section provides the general background and rationale for the proposed Gulf Ecosystem Monitoring (and Research) Program. The following major revisions are proposed:

1. Add general discussion of major goals to first section of introduction. These are to:
  - a. DETECT: Serve as a sentinel (early warning) system by detecting annual and long-term changes in the marine ecosystem from coastal watersheds to the central gulf;
  - b. UNDERSTAND: Identify causes of change in the ecosystem, including natural variation, human influences, and their interaction;
  - c. PREDICT: Develop capacity to predict status and trends of natural resources for use by resource managers and consumers;
  - d. INFORM: Provide integrated and synthesized information to the public, resource managers, industry and policy makers in order for them to respond to changes in natural resources;
  - e. SOLVE: Develop tools, technologies, and information that can help resource managers and regulators improve management of marine resources and address problems that may arise from human activities.
2. Revise C. Human Uses and Activities  
Strengthen identification of potential impacts of human activities throughout the GEM region. Reorganize the section by issues, such as resource consumption, pollution (including contaminants), and habitat loss and degradation. Include discussion of key known or suspected stressors to important ecological resources – contaminants, fishing, oil and gas development, tourism, mining, logging, road construction, urbanization.
3. Add to section E on Fishery and Ecosystem-Based Management – potential effects on productivity of harvests by recreational, charter and commercial fisheries.

4. Add to section F on Marine Habitat Protection – more on the potential causes and effects of habitat alteration and degradation.
5. Revise Section G on Contaminants to cover all sources of marine pollution, including point and non-point sources, as well as POPs, heavy metals, and harmful algal blooms such as PSP and ASP.

## II. VISION

### A. Mission

The original mission of the Trustee Council adopted in 1994 was to “efficiently restore the environment injured by the *Exxon Valdez* oil spill to a healthy productive, world renowned ecosystem, while taking into account the importance of the quality of life and the need for viable opportunities to establish and sustain a reasonable standard of living.

The proposed GEM mission is consistent with this mission and with the ecosystem approach adopted in the 1994 Restoration Plan. The mission has been revised to include the concept of sustainability: “to sustain a healthy and biologically diverse marine ecosystem in the northern Gulf of Alaska and the human use of the marine resources in that ecosystem through greater understanding of how its productivity is influenced by natural changes and human activities.” In sub-text the mission statement continues: “In pursuit of this mission, the GEM program will sustain the necessary institutional infrastructure to provide scientific leadership in identifying research and monitoring gaps and priorities; sponsor monitoring, research, and other projects that respond to these identified needs; encourage efficiency in and integration of monitoring and research activities both within the Gulf of Alaska and throughout the North Pacific through leveraging of funds, interagency coordination and partnerships; and involve stakeholders in local stewardship by guiding and carrying out the program.”

### B. Goals

Revise to show the five programmatic goals described above. Keep the institutional goals separate.

### C. Geographic Scope

Revise to ensure watershed-to-central-gulf concept as it relates to marine ecosystem and marine resources.

### D. Funding potential

Revise to reflect passage of investment language.

## III. STRUCTURE & APPROACH

Consider major revision along these lines:

A. Leadership/Prioritization

1. Work with resource managers, stakeholders, researchers, and the public to develop a consensus on priorities for research and monitoring needs for the northern Gulf, no matter who will end up funding them. What do we need to know for which important species and key ecological processes? What are the key stressors with which we should be concerned?
2. Provide periodic workshops and reports assessing the status of the north Gulf. GEM should provide the synthesis for the big picture in order to guide future GEM funding decisions as well as research efforts in the larger North Pacific.
3. Participate in and help lead larger efforts regarding the health of the entire North Pacific.

B. Coordination

1. Determine who is and will be doing what, where and when.
2. Maintain or support maintenance of database/matrix of who is doing what, where, and when.
3. Encourage leveraging of funds and developing strategic partnerships.

C. Long-term Monitoring

1. Determine the monitoring priorities for GEM based on the key elements and processes in the ecosystem, the current and potential stressors or threats (i.e., contaminants, fishing, climate change), and the assessment of who is doing what, where, and when. Here's where we talk about value of long-term datasets from watershed to central Gulf. Include concept of sampling and monitoring for contaminants as part of long-term monitoring plan.
2. Monitoring plan will include both large scale and more localized effects.

D. Shorter-term focused research – stays pretty much the same.

E. Traditional Knowledge, Community Involvement and Local stewardship – include Youth Area Watch, citizen monitoring, coastal oceanography concepts.

F. Science Management – change to new heading, perhaps Program Administration and Management. Revise to eliminate redundancy. Change some of principles to other sections and tighten up. Better articulate how priorities are developed based on scientific input. Different levels of scientific review and advice are needed. One level relates to independent peer review of individual projects. Another level is scientific advice from a programmatic perspective.

G. Data Management

H. Public Information and involvement



#### IV. SCIENTIFIC CONTEXT

Streamline this. Consider putting some of it in appendix. This emphasizes fact that GEM is a program (an approach and a process), not a research plan.

##### B. Existing agency programs and projects

Need to add programs and projects that are monitoring human use – who, what, where, when. Add DEC – EPA work. Who is monitoring impacts of contaminants, pollution, fishing, oil and gas development, etc?

##### D. Ecological setting -

1. Gulf of Alaska Ecosystem – add watershed concept as related to larger marine ecosystem, estuaries, continental shelf, etc. Start from the headwaters, moving out to open ocean.
2. Conceptual model – Climate appears to be the major factor, but other stressors are or could be additional perturbations affecting fish and wildlife populations and ecosystem functions.

##### E. Scientific Questions

1. Start with fish and fisheries, bird and mammal populations, benthic and intertidal, etc.
2. Beef up contaminants section
3. Add questions concerning other human impacts – consumption of resources, including recreational and commercial fishing; pollution by oil and gas, municipal sewage, non-point sources, and natural toxins such as PSP and ASP; urbanization, including road construction and filling of wetlands; forestry.

##### F. Approach to Long-term Monitoring

1. Start with what are the key resources/functions we wish to monitor. What are the biological attributes that need to be monitored?
2. What are the stressors that need to be monitored in order to determine cause of change?

# Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



## MEMORANDUM

**TO:** Trustee Council  
**FROM:** Molly McCann  
Executive Director  
**SUBJECT:** Investment of the Joint Trust Fund  
**DATE:** January 26, 2000

As directed at the December Trustee Council meeting, a working group has been meeting to develop policies and guidelines to govern investments of the Joint Trust Fund. The working group includes Marilyn Heiman, Craig Tillery, Barry Roth, Robert Baldauf, Traci Cramer and myself. In addition, we have also been fortunate to have Robert Storer, Chief Investment Officer for the State of Alaska, and Peter Bushre, Chief Financial Officer of the Alaska Permanent Fund (recently retired).

During our discussions, it has become clear that a number of milestones must be reached in order to provide prudent and productive investment of the Joint Trust Fund. The attached Draft Investment Policies represents the first milestone. Investment policies provide the investor with a comprehensive set of guidelines for the proper management of its investment decisions. The Draft developed by the working group includes a discussion of the various parties involved and their responsibilities. The Draft also describes the approach that will be used to develop and manage the asset allocation plan, the investment mandate of the Joint Trust Fund, and benchmarks to gauge progress towards achievement of the investment mandate.

The following suggested timeline describes the major milestones to provide for prudent investment and management of the Joint Trust Fund. The dates listed are for illustrative purposes only. No firm meeting dates have been scheduled.

January 31, 2000	Trustee Council discusses the Draft Investment Policies of the Joint Trust Fund.
February 2000	Trustee Council adopts Investment Policies.
March 2000	Trustee Council discusses income-producing obligations and other instruments and securities for purposes of developing an Asset Allocation Plan.

**Federal Trustees**  
U.S. Department of the Interior  
U.S. Department of Agriculture  
National Oceanic and Atmospheric Administration

**State Trustees**  
Alaska Department of Fish and Game  
Alaska Department of Environmental Conservation  
Alaska Department of Law

April 2000	Trustee Council adopts an Asset Allocation Plan and discusses the role of the investment consultant and investment managers.
May 2000	Trustee Council selects an investment consultant.
June 2000	Trustee Council selects investment managers in consultation with the investment consultant.
July 2000	Transfer Joint Trust Funds and implement the Asset Allocation Plan.

I would note that throughout this time period, the working group would continue to meet to address relevant issues and research information needs of the Trustee Council. Given the importance of these investment decisions, I would also note that if at any time a member of the Trustee Council feels that we are moving too rapidly, I would be more than happy to adjust the proposed timeline.

I would also note that we are still investigating whether or not to transfer the joint trust funds into a temporary holding account before taking final action on the Asset Allocation Plan. This could take place in March, but a number of questions need to be answered before a recommendation can be made.

Additionally, the Alaska Department of Law and the U.S. Department of Justice are drafting a proposed court order to actually make the transfer of funds. This is still being reviewed by all the attorneys but will be circulated to you for your review in advance of any proposed action.

# Exxon Valdez Oil Spill Trustee Council Investment Policies

DRAFT

## Introduction

The purpose of these policies is to provide the *Exxon Valdez* Oil Spill Trustee Council (the "Council") with a comprehensive set of guidelines for the proper management of its investment decisions. Pursuant to its responsibilities to administer natural resource damage recoveries from the Exxon Valdez oil spill, the Council must follow a procedurally prudent process when investing the Joint Trust Fund assets. Prudence is based on the conduct of the Council in managing the assets, and is evaluated by the *process* through which risk is managed, assets are allocated, custodians and managers are chosen, and results are supervised and monitored.

Today's standard of prudence places the emphasis on responsibilities related to the investment portfolio and its purpose, rather than on investment performance. The Council has the responsibility for the general management of the Joint Trust Fund's assets. It is responsible for setting and managing the Joint Trust Fund's investment policy. The Council is not an investment manager or investment specialist and is not responsible for the ultimate investment results. Although it is not possible to guarantee investment success, following the process outlined herein will significantly improve the odds of structuring an investment portfolio which will stand up to public scrutiny and benefit the Joint Trust Fund by providing an acceptable long-run return.

## Council Responsibilities In General

Through a 1991 settlement of natural resource damage claims in *State of Alaska v. Exxon Corporation, et al., No. A91-083 CIV*, and *United States of America v. Exxon Corporation, et al., No. A91-082 CIV*, the State of Alaska and the United States, acting through trustees for natural resources injured by the Exxon Valdez oil spill ("Trustees"), are to jointly receive \$900,000,000 in damages payable over a term of years. A substantial portion of these damages are required to be segregated and used by the governments for purposes of restoring, replacing, enhancing, rehabilitating or acquiring the equivalent of natural resources and services lost or injured as a result of the oil spill. These monies, and the interest earned on them, are to be placed in a "Joint Trust Fund" administered by the Trustees. An integral part of this responsibility is to provide prudent and productive investment management of Joint Trust Fund assets and any other receipts as provided either by law or a decision of a Court of law.

A separate Memorandum of Agreement and Consent Decree (the MOA) entered into by the State of Alaska and the United States in *Civil Action No. A91-081*, described the co-management of these natural resource damage recoveries. The MOA specifies that the following officials act on behalf of the public as Trustees:

***State of Alaska Members:***

- Attorney General, State of Alaska;
- Commissioner, Alaska State Department of Environmental Conservation;
- Commissioner, Alaska State Department of Fish and Game;

***U.S. Government Members:***

- United States Secretary of Agriculture;
- United States Secretary of the Department of the Interior; and
- Administrator of the National Oceanic and Atmospheric Administration, United States Department of Commerce.

Subsequently the Council was created by the Trustees to manage the co-trustee relationship required under the MOA. The authority of the Council is governed by a 1992 Memorandum of Understanding ("MOU") between the state and federal Trustees. Under the terms of the MOA and MOU, all matters before the Council which require a vote, make a recommendation, approve or disapprove an item, or otherwise render a decision shall require the unanimous agreement of the six Council members or their designees.

The Council is responsible for the management of the Joint Trust Fund's assets. The Council has broad authority to engage experts and to delegate its investment responsibilities, as it deems appropriate. The Council, when formulating investment policies, has obligated itself to review the recommendations from the Investment Working Group (IWG) and such other advisers as the Council may retain from time to time. The IWG consists of one state and one federal Council member or designee, as determined by the Council, and appropriate state and federal officials and at least two investment experts, who are selected by the Executive Director. At least two members of the IWG must have experience and expertise in financial management and the management of institutional investment portfolios.

The Joint Trust Fund is currently held in the registry of the United States District Court and invested by the Court Registry Investment System. In 1999 Public Law 106-113 was enacted, allowing the Joint Trust Fund to be invested in accounts outside the United States Treasury. Under that legislation, such outside investments are limited to income-producing asset classes, including debt obligations, equity securities, and other instruments or securities that have been determined by unanimous vote of the Council to have a high degree of reliability and security. The Joint Trust Fund is also to be managed and allocated consistent with the Resolution of the Council adopted March 1, 1999 concerning the Restoration Reserve.

## **Mission Statement**

The Council shall establish policy, set direction, and provide oversight and stewardship for the prudent investment and management of the Joint Trust Fund.

## **Investment Objectives in General**

1. Achieve superior administrative and investment performance on a consistent basis when measured against a national universe of public funds.
2. Actual returns will equal or exceed target returns over time while limiting total risk to that which is appropriate to the investment time horizon.
3. Use the best known processes consistent with the Council goals and objectives, specifically but without limitation:
  - Good financial reporting;
  - Good custodian selection and evaluation;
  - Good manager selection and evaluation;
  - Asset allocation; and
  - Awareness of new investment alternatives.
4. Use excellent management practices, as evidenced by:
  - Staff longevity;
  - Independence; and
  - Education and training.
5. Regularly communicate the investment goals, objectives and performance results with the public.

## **Statutes**

Section 311(f) of the Federal Water Pollution Control Act, as amended 33 U.S.C. 1321 (f) establishes liability to the United States and to States for injury, loss, or destruction of natural resources resulting from the discharge of oil or the release of hazardous substances or both and provides for the appointment of State and Federal Trustees.

The Memorandum of Agreement and Consent Decree (MOA) entered into by the State of Alaska and the United States in Civil Action No. A91-081, governs the use of the natural resource damages, paid by Exxon. The State and Federal Governments act as co-trustees in the collection and joint use of all natural resource damage recoveries for

the benefit of natural resources injured, lost or destroyed as a result of the 1989 *Exxon Valdez* oil spill.

The terms of the settlement are contained in the Agreements and Consent Decrees entered into by the State of Alaska and Exxon Corporation Civil Action No. A91-083, and United States of America and Exxon Corporation Civil Action No. A91-082.

The United States Congress in Public Law 102-229 recognized the MOA and Consent Decree. Alaska State Legislature recognized the MOA and Consent Decree in Chapter 1, FSSLA 1992.

Pursuant to Public Law 106-113, Joint Trust Funds may be deposited in the Natural Resource Damage Assessment and Restoration Fund and/or accounts outside the United States Treasury. The law requires that the funds are invested only in income-producing obligations and other instruments or securities that have been determined unanimously by the Council to have a high degree of reliability and security.

Guidance regarding the authorities and responsibilities of agencies that receive Joint Trust Funds is incorporated in the Procedures of the *Exxon Valdez* Oil Spill Trustee Council, adopted August 29, 1996.

## **Administration**

The Executive Director and the Restoration Office manage the day-to-day administrative functions of the Council, and report directly to the Council. The 1993 Agreement between the State of Alaska and the *Exxon Valdez* Oil Spill Trustee Council requires that the State create and assign an exempt position, designated as the Executive Director of the *Exxon Valdez* Oil Spill Trustee Council, to be responsible to the Council. The State is further required to create and assign exempt positions from the State service to be responsible to the Executive Director for such senior positions under the Executive Director as are approved by the Council.

Any person appointed to the position of Executive Director to the Council shall serve at the pleasure of the Council and may be removed from the position only upon the unanimous vote of all members of the Council. Any person appointed to a senior staff position by the Executive Director shall serve at the pleasure of the Executive Director. Removal of any of these individuals, including the Executive Director, need not be based on cause and no property or other interest in continued employment is or may be created. An organization chart of the Restoration Office is shown on Table 1.

The Executive Director of the *Exxon Valdez* Oil Spill Trustee Council shall engage experts and contract for investment services, as the Council deems appropriate. This may involve entering into 'reimbursable services agreements' with State and/or Federal agencies (e.g., the Alaska Department of Revenue and/or the United States

Department of the Interior) for personal services costs and associated contractual costs.

## **General Responsibilities of the Parties**

Without limitation of any fiduciary, administrative, or other responsibilities, implied or expressed herein, the parties shall have the following responsibilities for the proper management and administration of the Joint Trust Fund. The parties shall include:

- Trustee Council
- Executive Director/Restoration Office Staff
- Investment Working Group
- Auditor
- Legal Counsel
- Bank Custodian(s)
- Investment Consultant(s)
- Investment Managers

### ***Trustee Council***

- Adopt prudent investment goals and objectives;
- Adopt an appropriate asset allocation strategy;
- Select one or more consultants, bank custodians, external investment managers, and legal counsel who may include the Alaska Department of Law and the United States Department of Justice;
- Control investment and administrative expenses, and incur only those costs that are reasonable in amount and appropriate to the investment responsibilities of the co-trusteeship;
- Provide for an annual, independent audit of the Joint Trust Fund's financial statements;
- Provide for an independent review of investment performance;
- Develop an annual budget;
- Adopt and implement an investment education policy;
- Report financial and investment policies and performance to the public; and
- Avoid conflicts of interest, and conform to the fundamental fiduciary duties of loyalty and impartiality.

### ***Executive Director/Restoration Office Staff***

- Maintain responsibility for the administration and management of the Restoration Office;
- Facilitate staff, which performs the administrative functions of the Council and ensures compliance with State and Federal law, the Memorandum of Agreement and Consent Decree, and the Memorandum of Understanding;
- Recommend budget strategies and proposals to the Council;
- Coordinate all administrative matters of the Council, including meeting agendas;



- Make recommendations concerning policies, investment strategies, and procedures in consultation with the Investment Working Group;
- Advise the Council regarding the selection of custodians, an investment consultant, and investment managers in consultation with the Investment Working Group;
- Account for and report on the investment activity of all funds under the investment responsibility of the Council;
- Advise the Council on the evaluation of investment policies and performance of the portfolios in consultation with the Investment Working Group;
- Develop, recommend and implement internal control policies and procedures in consultation with the Investment Working Group to ensure all investment assets are safeguarded;
- Monitor investment managers and custodians for compliance with investment policies established by Council; and
- Recommend and maintain the information systems adequate to fulfill the accounting, monitoring, investing, cash management and other information needs of the Council, in consultation with the Investment Working Group.

#### ***Investment Working Group***

- Review investment policies, strategies and procedures;
- Make recommendations to the Executive Director concerning policies, investment strategies and procedures;
- Advise the Executive Director regarding the selection of custodians, an investment consultant, and investment managers;
- Provide other advice as requested by the Executive Director;
- Attend the asset allocation and investment manager performance review meetings of the Council;
- Report to the Council at the Executive Director's request and/or at the request of a member of the Investment Working Group;
- Act as "prudent expert" on behalf of the Executive Director;
- Develop and recommend investment policy and strategy to the Executive Director;
- Develop and recommend internal control systems and procedures to the Executive Director to ensure all investment assets are safeguarded;
- Recommend to the Executive Director information systems adequate to fulfill the accounting, monitoring, investing, cash management and other information needs of the Council; and
- Advise the Executive Director on the evaluation of investment policies and performance of the portfolios.

#### ***Auditor***

- Measure and validate financial statements and management of the Joint Trust Fund;

#### ***Background Note:***

The auditor is selected by the Council. However, the Council does not have a direct say over the work of the auditor because audits are based upon an independent review of financial statements consistent with the standards prescribed by the American Institute of Certified Public Accountants in conformance with generally accepted accounting principles and Government Accounting Standards Board guidelines.

### ***Legal Counsel***

- Provide legal assistance and advice to the Council as required.

### ***Bank Custodian***

- Provide safekeeping and custody of all securities purchased by managers on behalf of the Council;
- Provide for timely settlement of securities transactions;
- Maintain short-term investment vehicles for investment of cash not invested by managers;
- Check all manager accounts daily to make sure that all available cash is invested;
- Collect interest, dividend and principal payments on a timely basis;
- Process corporate actions on a timely basis;
- Price all securities at least on a monthly basis, preferably on a daily basis contingent on asset class and types of securities;
- Lend securities at the direction of the Council;
- Value and monitor derivatives and the trades from which they emanate;
- Provide monthly, quarterly and annual reports;
- The Custodians generally are asked to provide data and reports directly to the Council and service providers on a regular basis; and
- Provide continuing education programs for the Council.

### ***Investment Consultants***

- Recommend strategic procedures and process;
- Identify problems, issues and opportunities and makes recommendations;
- Upon the request of the Council, prepare an asset allocation study together with alternatives;
- Assist with manager structure, selection, monitoring and evaluation;
- Monitor and evaluate the overall performance of the portfolio;
- Carry out special projects at the request of Council; and
- Provide continuing education to the Council and staff, as appropriate.

#### ***Background Notes:***

The Council selects and appoints investment consultants to provide objective, independent third-party advice on specific investment classes, including debt and equity securities, real estate, alternative investments, and other areas where focused attention is needed. Investment consultants do not accept discretionary decision-making authority on behalf of Council. Investment consultants function in a research, evaluation, education and due diligence capacity for Council and are fiduciarily responsible for the quality of the service delivered.

### ***Investment Managers***

- Act as a "prudent expert" on behalf of the Council;
- Develop a portfolio strategy within the specific mandate and asset size determined by the Council;
- Manage, purchase and sell assets for the portfolio; and
- Act as a co-fiduciary for assets under its management.

## Responsibilities of the Council

The statutory responsibility of the Council is to invest Joint Trust Fund monies in income-producing obligations and other instruments or securities that have a high degree of reliability and security. Although it is a matter of debate whether the Joint Trust Fund is a true trust or simply a misnomer for public money restricted to a particular use, the statutory responsibilities of the Council in the management of the Joint Trust Fund are best defined through analogy to the Restatement (Third) of Trusts which indicates that trust property shall be made productive with primary emphasis on the preservation of capital and due consideration for the maximization of income. When investing trust property, the trustee has a duty to conform to the terms of the trust, and to conform to applicable law in the absence of provisions in the trust. In the absence of contrary law or trust provisions it imposes the standard of the "prudent investor" which

*“. . . requires the exercise of reasonable care, skill, and caution, and is to be applied to investments not in isolation but in the context of the trust portfolio and as a part of an overall investment strategy, which should incorporate risk and return objectives reasonably suitable to the trust.”*

Restatement (Third) of Trusts, §277

The standard of the "prudent investor" has been viewed as approving a portfolio theory of investments but does not impose a duty to maximize income. Indeed, the standard gives primary emphasis to preservation of the trust estate, while receiving a *reasonable* (emphasis added) amount of income rather than incur undue risks. Only where all else is equal should the trustee choose the investment that produces the greater return. In addition, the trust must be invested in such a way that the purpose of the trust is not thwarted. It is therefore imperative that investment policies and asset allocation strategies adopted by the Council reflect the underlying purposes and intent of the Joint Trust Fund.

Looking to the Restatement (Third) of Trusts, therefore, the responsibilities of the Council can be summarized as follows:

1. Take all actions for the sole benefit of the Joint Trust Fund.
2. Prepare written investment policies and document the process. In doing so the Council shall:
  - Determine the mission and objectives of the Joint Trust Fund;
  - Choose an appropriate asset allocation strategy;
  - Establish specific investment policies consistent with the Joint Trust Funds' objectives; and

- Select investment managers to implement the investment policy.
3. Diversify assets with regard to specific risk and return objectives appropriate to the intended use of the Joint Trust Fund.
  4. Use “prudent experts” to make investment decisions.
  5. Control investment expenses.
  6. Monitor the activities of all investment managers and investment consultants.
  7. Avoid conflicts of interest.

The Council and staff should regularly undertake continuing education relevant for their duties. Specifically, all Council members and key staff should participate in an educational program, which provides basic instruction on the four primary components of the investment management process:

- Investment responsibility and procedural process;
- Developing investment policy guidelines and designing optimal investment manager structures;
- Implementing investment policy; and
- Monitoring and controlling an investment program.

## **INDEMNIFICATION**

State law, [AS 37.10.071(e)] provides that the State shall indemnify fiduciaries or an officer or employee of the state against liability for breach of a duty in exercising investment, custodial, or depository powers or duties to the extent that the alleged act or omission was performed in good faith and was prudent under the applicable standard of prudence. However, actions which do not fall within the area of good faith and prudent practices are not statutorily entitled to indemnification. Indemnification language consistent with AS 37.10.071(e) as well as the desire of State trustees to hold appointed investment managers and other appointed fiduciaries to high standards are included in contract language with such retained consultants.

Under AS 37.10.280, the State is required to ensure that trust assets and its own services are protected and in that respect the State may purchase insurance or provide for self-insurance retention in amounts approved by the State to cover the acts including fiduciary acts, errors and omissions of its board members and agents. The law requires that insurance must protect its board members and the State from liability to others and from loss of trust assets due to the acts or omissions of the trustees.

As a general matter, the Attorney General has advised members of State boards analogous to that of the Council that it would act in defense of such board member actions consistent with the provisions of AS 37.10.071(e), or would retain counsel to act in that regard. Although it is believed that state and federal trustees are not subject to liability based upon allegations of a breach of duty related to investment of the Joint Trust Fund, it is anticipated that the Attorney General would represent state trustees and other state employees in litigation arising out of the performance of their official duties related to the Joint Trust Fund. The United States and its officers and employees are not entitled to indemnification under AS 37.10.071(e). There are no comparable indemnification provisions under federal law. Federal employees are normally represented by the United States Department of Justice in litigation arising out of their official duties.

A fiduciary under Alaska law relating to the Council would be each person provided by law to manage the investments (AS 37.10.071(f)(3)). In this respect, the consultants retained by State trustees are not fiduciaries per se and as such are not entitled to the cross-indemnification for acts which were taken in good faith or within the scope of prudent behavior under AS 37.10.071. However, such consultants would certainly be held to a standard of care applicable to their standards of professional responsibility, and liability and a requirement to indemnify the Joint Trust Fund may be built into contracts. Auditors and investment consultants are not fiduciaries within the statutory definition of AS 37.10.071(f). However, a custodial bank may have certain fiduciary obligations to the extent that, for example, it is involved in short-term cash management and securities lending functions if such services are utilized.

## **Delegation of Authority**

The Council, through the appropriate state and/or federal agencies, may contract for investment, custodial or depository services on a discretionary or non-discretionary basis to the State and Federal governments and their employees, or to independent investment management firms, banks, financial institutions or trust companies by designation through appointments, contracts or letters of authority.

## **Code of Ethics and Conflicts of Interest**

The State trustees and employees of the Restoration Office are subject to the Alaska Executive Branch Ethics Act (AS 39.52). Federal trustees would be subject to comparable federal laws. In general, the State law provides that high moral and ethical standards are essential for the conduct of free government and that a Code of Ethics for the guidance of public officers will discourage those officers from acting upon personal or financial interests in the performance of their public responsibilities, and will improve standards for public service and promote and strengthen faith and confidence in public officers.

The State Code of Ethics provides that any effort to benefit a personal or financial interest through official action is a violation. The Code details specific prohibitions pertaining to the abuse of official position, acceptance of gifts, improper use of disclosure of information and improper influence. Perhaps the most common potential for a violation of the State Ethics Act arises under the improper gift provision, which has been interpreted in regulation and attorney general's opinion from time to time. AS 39.52.130 provides:

***“Improper gifts.*** (a) *A public officer may not solicit, accept, or receive, directly or indirectly, a gift, whether in the form of money, service, loan, travel, entertainment, hospitality, employment, promise, or in any other form, that is a benefit to the officer’s personal or financial interests, under circumstances in which it could reasonably be inferred that the gift is intended to influence the performance of official duties, actions, or judgment.*

(b) *Notice of the receipt by a public officer of a gift with a value in excess of \$150, including the name of the giver and a description of the gift and its approximate value, must be provided to the designated supervisor within 30 days after the date of its receipt if the public officer may take or withhold official action that affects the giver.*

(c) *In accordance with AS 39.52.240, a designated supervisor may request guidance from the attorney general concerning whether acceptance of a particular gift is prohibited.*

(d) *The restrictions relating to gifts imposed by this section do not apply to a campaign contribution to a candidate for elective office if the contribution complies with laws and regulations governing elections and campaign disclosure.”*

(e) *A public officer who, on behalf of the state, accepts a gift from another government or from an official of another government shall, within 60 days after its receipt, notify the Office of the Governor in writing. The Office of the Governor shall determine the appropriate disposition of the gift. In this subsection, “another government” means a foreign or the government of the United States, another state, a municipality, or another jurisdiction.*

(f) *A public officer who knows or reasonably ought to know that a family member has received a gift because of the family member’s connection with the public office held by the public officer shall report the receipt of the gift by the family member to the public officer’s designated supervisor if the gift would have to be reported under this sections if it had been received by the public officer or if receipt of the gift by the public officer would be prohibited under this section.*

By law, the State trustees are subject to conflict of interest disclosure requirements of AS 39.50 which includes the delivery of annual reports on financial and business interests to the Alaska Public Officers Commission. Federal trustees would be subject to similar provisions in federal law.

## **STRATEGIC ASSET ALLOCATION POLICY IN GENERAL**

The Council recognizes that strategic asset allocation is the single most important policy decision affecting portfolio return and risk. At least annually, the Council will evaluate its current strategic asset allocation policies. The current policies will be compared with potential alternative policies on a consistent basis.

The specific status of the Joint Trust Fund, including funding status, earnings assumptions, liquidity requirements, and expected growth shall be considered. The Council's investment consultant will use a "mean variance" optimization approach to evaluate the current and alternative policies. The specific inputs to the modeling process will be defined and contrasted with actual historic results. The implications for expected return and risk will be considered over multiple time horizons. The development of optimized asset allocations requires estimates of risk (standard deviation of returns for each asset class), the modeled return for each asset class, and the correlations of each asset class with other asset classes. The strategic analysis will include those asset classes for which the Council believes reasonable inputs are available. Asset subsets where meaningful historic data are not available shall not be considered as a part of the strategic asset allocation analysis. Such subsets or categories, however, may be included as part of an appropriate broad asset category.

### ***Manager Structure***

Within each major asset category, the Council will determine an appropriate management structure. The structure analysis will consider the potential benefits, risks and costs associated with utilizing active versus passive investment approaches, varied investment philosophies and approaches and vendor diversification.

For each major asset category, the Council will strive to achieve a structure that assures potential exposure to the entire asset category. Particular emphasis, however, may be placed on those subcategories or approaches where the Council has determined the potential benefits are superior to alternative approaches. For example, with respect to international exposure, the management structure may result in a systematic asset allocation bias in favor of developed markets and a corresponding bias against emerging market. Similarly, with respect to domestic equities, the structure decisions may result in a slight bias in favor or against a particular investment style. All such decisions shall be conscious decisions. Unless explicitly decided to the contrary, assets within each major asset category shall be allocated among managers so as to achieve broad diversification and aggregate return and risk profiles similar to the broad market.

At least annually, the Council shall review its management structure to ascertain that desired diversification is being achieved. The Executive Director, in consultation with the IWG, staff, and investment consultants shall prepare such analysis and recommendations for the Council's consideration.

### ***Manager Selection***

A rigorous, objective due diligence process will be utilized in the selection of all investment managers retained by the Council. The analysis will be conducted by the Council's investment consultant. The managers' roles in the Council program and specific evaluation criteria will be defined prior to the identification of potential candidates. Candidates will be evaluated both quantitatively and qualitatively.

- Quantitative factors will include a comprehensive analysis of historic performance over a variety of market environments. Candidate performance will be evaluated relative to appropriate market indices and peer groups. Candidates will be analyzed to determine whether portfolio construction has adhered to their stated investment styles.
- Qualitative factors such as ownership structure, depth of staff, professional expertise, experience managing comparable portfolios, key employee incentives, stability, and potential conflicts of interest also will be considered.

The consultant will identify a semi-finalist group of candidates. All semi-finalists will be judged by the consultant as capable of meeting the Council's needs. The Council will interview all or a portion of the semi-finalist group and make the final selection. The IWG's recommendations to the Executive Director shall be solicited as an integral part of this process.

### ***Guidelines for Manager Termination***

The performance of the Council's investment managers will be monitored on an ongoing basis. The Council may place a manager on a "Watch List" or terminate a manager at any time. The Council may, by separate resolution, adopt specific criteria to be utilized in identifying developments, which would cause a manager to be placed on a "watch list" and removed from such a list.

### ***Securities Lending***

The Council may enter into a securities lending arrangement with an agent(s) when the Council concludes that such arrangements would be beneficial to the Joint Trust Funds. Securities lending services may be provided by the Council's bank custodian or an independent service provider. Securities lending programs result in the agent undertaking a direct or indirect asset management function. The Council will use the same skill and due diligence in the evaluation and selection of such agent(s) as utilized in the selection of money managers.



### ***Rebalancing Guidelines***

The Council may periodically instruct staff to shift and/or limit staff's authority to shift assets within asset classes and/or among asset classes. Unless restricted by Council action, the Executive Director or an appropriate designee shall have discretion to move assets among investment managers and asset categories provided that such actions are consistent with movement of the actual asset allocation within the variability bands of the Council's strategic asset allocation policy and manager structure targets. Such adjustments to the actual asset allocation may be made without prior Council approval when the actual asset allocation falls outside of the variability target bands at end of a calendar month. The Executive Director shall make the necessary adjustments to the initial target allocation within 30 calendar days. Staff shall report any asset shifts at the next regular Council meeting. Such reports will include a description of the rationale for the shift.

## **INDIVIDUAL ACCOUNT PROGRAM OBJECTIVES**

The Council is responsible for the prudent investment of the Joint Trust Fund within the defined purpose and investment objectives of each program mandated by law and policies of the Council. The Council anticipates that the Joint Trust Fund (Restoration Reserve), along with other unallocated funds and accrued interest, will have a fair market value of approximately \$170 million on or about October 1, 2002. Consistent with the March 1, 1999 resolution funds in the Restoration Reserve and other remaining unobligated settlement funds available October 1, 2002, shall be allocated in the following manner:

- \$55 million of the estimated funds remaining on October 1, 2002 and the associated earnings thereafter will be managed as a long-term funding source, with a significant proportion of these funds to be used for small parcel habitat protection.; and
- The remaining balance of the funds on October 1, 2002 will be managed so that the annual earnings, adjusted for inflation, will be used to fund annual work plans that include a combination of research, monitoring, and general restoration.

Consequently, the Joint Trust Fund has a twofold investment mandate: (1) short-term liquidity for ongoing habitat restoration purposes, including the probable acquisition of lands, and (2) a long-term endowment to generate future income. Future land purchases are subject to ongoing negotiations and the timeline of their corresponding investments cannot be determined until such negotiations are concluded. The investment horizon of these funds would change based upon the probable acquisition date.

Each program mandate shall be evaluated relative to an appropriate market benchmark and also relative to an appropriate peer group of competitive alternatives. The number of investment options and the market benchmarks shall be determined by the Council.

## Statement of Investment Objectives and Policies

### **Introduction**

The Council hereby establishes the following Statement of Investment Objectives and Policies ("the Statement") for the investment of the Joint Trust Fund. The Council assumes full and complete responsibility for establishing, implementing and monitoring adherence to the Council's policies. The Council reserves the right at any time to amend, supplement or rescind this Statement.

### **Investment Objectives**

- Provide adequate liquidity for ongoing restoration purposes.
- Preserve the inflation-adjusted value of invested capital on endowment funds.
- Realize competitive, total rates of return.
- Incur minimum levels of risk that are appropriate to other long-term investment objectives.

### **Time Horizon**

- Establish short and long-term investment objectives
- Evaluate performance over one-, three-, and five-year time periods, with primary emphasis for endowment funds placed on the longer time periods.

### **Benchmarks**

Given the investment objectives and time horizons of the Joint Trust Fund, benchmarks are established to gauge progress towards their achievement. The benchmarks are as follows:

- Variability of total market value. The percentage change in the market value shall be contrasted to that expected from normal investment strategy.
- Competitive rates of return. (Unless specified otherwise, the following benchmarks are based on time-weighted rates of return.)
  1. For liquidity purposes, total annualized returns equal to inflation as measured by the U.S. Consumer Price Index of all Urban Wage Earners.
  2. For endowment purposes, total annualized returns of 4% in excess of inflation as measured by the U. S. Consumer Price Index of all Urban Wage Earners.
  3. Total annualized returns should equal or exceed the return on a *passively* managed (market index based) portfolio with the same asset mix as the normal strategic asset mix.
  4. Total Joint Trust Funds' annualized returns should exceed the median return on an *actively* managed portfolio with the same asset mix as the normal strategic asset mix and comparable risk.
  5. The time-weighted, total rates of return shall be compared to the total rates of return for similar public funds.

- Passively Managed Strategic Benchmark. Performance shall be compared on a quarterly basis to that of a passively managed strategic benchmark. On a biannual basis, performance will be presented to the Council. However, the main purpose of this comparison shall be to contrast the long-term, actively-managed, pre-investment fee performance results versus that of a passively managed portfolio with an asset mix identical to the normal strategic asset mix. The passively managed strategic benchmarks shall be as follows:

<b>Asset Class</b>	<b>Market Indexes</b>
Cash	90-Day U.S. Treasury Bills
Broad Domestic Equity	Russell 3000 Index
Domestic Large Cap	S&P 500 Index
Domestic Small Cap	Russell 2000 Index
International Equity	EAFE Index
Domestic Fixed Income	Lehman Aggregate Index
Intermediate Fixed Income	Lehman Intermediate Gov't Index
International Fixed Income	Salomon Non-Dollar Gov't Bond Index

On a quarterly basis, an independent contractor shall calculate the *passively* managed strategic benchmark by multiplying the respective index total return times the normal strategic asset mix percentage. These statistics will be summed to generate a weighted average total passively managed benchmark return. For periods longer than one quarter, the quarterly returns, in factor form, will be chain-linked. In the case of periods longer than one year, the return shall be annualized.

- Actively Managed Strategic Benchmark. On a quarterly basis, an independent contractor shall calculate the *actively* managed strategic benchmark by multiplying the median actively managed portfolio return for each asset class segment times the normal strategic asset mix percentage. These statistics will be summed to generate a weighted average total actively managed benchmark return. For periods longer than one quarter, median returns for each asset class segment shall be determined for the length of the period and then multiplied times the appropriate normal strategic mix percentage. Those statistics will also be summed to generate a weighted average total actively managed strategic benchmark return.
- Asset Class Segments. To maintain an efficient risk/return profile and for the purpose of setting objectives and policies for the different asset classes, assets shall be structured into domestic equity, international equity, domestic fixed income, and international fixed income segments. Collectively and/or individually, portfolios shall be called Managed Account(s), whether the investments are direct or through units of commingled funds. Managed Account investments shall be made with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent investor acting in a like capacity and familiar with these matters would use in the conduct of Trust Funds of like character and with like aims.

# Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



## MEMORANDUM

**TO:** Trustee Council )  
**THROUGH:** Molly McCammon  
Executive Director  
*Traci Cramer*  
**FROM:** Traci Cramer  
Administrative Officer  
**DATE:** January 28, 2000  
**RE:** Financial Report as of December 31, 1999

Attached is the Statement of Revenue, Disbursements and Fees, and accompanying notes for the *Exxon Valdez* Joint Trust Fund for the settlement period ending September 30, 2002, as of December 31, 1999. The following is a summary of the information incorporated in the notes and contained on the statement.

Liquidity Account Balance	\$60,060,384	
Plus: Other Adjustments (Note 5)	7,084,491	
Less: Restoration Reserve Adjustment (Note 6)	<u>-57,685,993</u>	
Liquidity Fund Balance		\$9,458,882
Restoration Reserve Accrued Value	\$38,949,971	
Plus: Liquidity Fund Adjustment (Note 6)	<u>57,685,993</u>	
Restoration Reserve Balance		\$96,535,964
<b>Joint Trust Fund as of December 31, 1999</b>		<b>\$105,994,846</b>
Plus: Future Exxon Payments (Note 1)	\$140,000,000	
Less: Reimbursements (Note 3)	-7,500,000	
Less: Commitments (Note 7)	<u>-81,378,867</u>	
Uncommitted Balance		\$51,121,133
<b>Joint Trust Fund as of September 30, 2002</b>		<b>\$157,115,979</b>

## Attachments

cc: Agency Liaisons  
Bob Baldauf

NOTES TO THE STATEMENT OF REVENUE, DISBURSEMENTS AND FEES  
FOR THE *EXXON VALDEZ* JOINT TRUST FUND  
FOR THE SETTLEMENT PERIOD ENDING SEPTEMBER 30, 2002  
As of December 31, 1999

1. Contributions - Pursuant to the agreement Exxon is to pay a total of \$900,000,000.

Received to Date	\$760,000,000
Future Payments	\$140,000,000

2. Interest Income - In accordance with the MOA, the funds are deposited in the United States District Court, Court Registry Investment System (CRIS). All deposits with CRIS are maintained in United States government treasury securities with maturities of 100 days or less. Total earned since the last report is \$209,442.
3. Reimbursement of Past Costs - Under the terms of the agreement, the United States and the State are reimbursed for expenses associated with the spill. The remaining reimbursements represent that amount due the State of Alaska.
4. Fees – CRIS charges a fee of 5% of earnings for cash management services. Total paid since the last report is \$10,472.
5. Other Adjustments - Under terms of the Agreement, both interest earned on previous disbursements and prior years unobligated funding or lapse are deducted from future court requests. Unreported interest and estimated lapse is summarized below.

	Interest	Lapse
United States	\$622,943	\$2,663,228
State of Alaska	\$1,949,652	\$1,848,668

6. Restoration Reserve/Liquidity Fund Adjustment – Includes the \$12,000,000 transfer approved for Fiscal Year 1998, plus \$1,375,000 in interest accrued since September 15, 1997, the \$12,000,000 transfer approved for Fiscal Year 1999, plus \$775,000 in interest accrued since September 15, 1998, and \$12,000,000 transfer approved for Fiscal Year 2000, plus \$175,000 in interest accrued since September 15, 1999. The proceeds from the securities that matured on November 15, 1998 and November 15, 1999 were deposited to the Liquidity Fund have also been included. This includes \$18,727,207, plus \$482,730 in interest, less \$33,690 in fees. Also included is \$284,088 for fees that were assessed against the Restoration Reserve prematurely and deposited in the Liquidity Fund.
7. Commitments - Includes \$2,711,000 for the Archaeological Repository, \$709,500 for the Fiscal Year 2000 Work Plan, \$626,800 for PWS 1056 and the following land payments.

<u>Seller</u>	<u>Amount</u>	<u>Due</u>
Afognak Joint Venture	\$23,025,833	October 2000
Eyak	\$18,000,000	September 2000 through 2002
Shuyak	\$8,000,000	October 2000 through 2001
Shuyak	\$11,805,734	October 2002
Koniag, Incorporated	\$16,500,000	September 2002

**STATEMENT OF REVENUE, DISBURSEMENT, AND FEES**  
**EXXON VALDEZ OIL SPILL JOINT TRUST FUND**  
As of December 31, 1999

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>To Date 2000</u>	<u>Cumulative Total</u>
<b>REVENUE:</b>					
Contributions: (Note 1)					
Contributions from Exxon Corporation	70,000,000	70,000,000	70,000,000	0	760,000,000
Less: Credit to Exxon Corporation for Deposit of Maturing Securities			9,095,002	9,532,863	(39,913,688)
<b>Total Contributions</b>	<u>70,000,000</u>	<u>70,000,000</u>	<u>79,095,002</u>	<u>9,532,863</u>	<u>18,627,865</u>
Interest Income: (Note 2)					
Exxon Corporation escrow account					831,233
Joint Trust Fund Account	2,971,070	2,673,585	2,124,921	628,615	23,777,931
<b>Total Interest</b>	<u>2,971,070</u>	<u>2,673,585</u>	<u>2,124,921</u>	<u>628,615</u>	<u>24,609,164</u>
<b>Total Revenue</b>	<u>72,971,070</u>	<u>72,673,585</u>	<u>81,219,923</u>	<u>10,161,478</u>	<u>763,323,341</u>
<b>DISBURSEMENTS:</b>					
Reimbursement of Past Costs: (Note 3)					
State of Alaska	5,000,000	3,750,000	3,750,000	0	99,059,288
United States	0	0	0	0	69,812,045
<b>Total Reimbursements</b>	<u>5,000,000</u>	<u>3,750,000</u>	<u>3,750,000</u>	<u>0</u>	<u>168,871,333</u>
Disbursements from Liquidity Account:					
State of Alaska	17,846,130	15,686,600	62,457,990	0	250,935,918
United States	60,101,802	39,468,461	32,676,850	0	232,749,633
Transfer to the Restoration Reserve	12,449,552				48,445,783
<b>Total Disbursements</b>	<u>90,397,484</u>	<u>55,155,061</u>	<u>95,134,840</u>	<u>0</u>	<u>532,131,334</u>
<b>FEES:</b>					
U.S. Court Fees - Liquidity Account (Note 4)	254,221	199,946	250,528	31,431	2,260,290
<b>Total Disbursements and Fees</b>	<u>95,651,705</u>	<u>59,105,007</u>	<u>99,135,368</u>	<u>31,431</u>	<u>703,262,957</u>
<b>Increase (decrease) in Liquidity Account</b>	<u>(22,680,635)</u>	<u>13,568,578</u>	<u>(17,915,445)</u>	<u>10,130,048</u>	<u>60,060,384</u>
Liquidity Account Balance, beginning balance	76,957,839	54,277,204	67,845,782	49,930,337	
Liquidity Account Balance, end of period	54,277,204	67,845,782	49,930,337	60,060,384	
Other Adjustments: (Note 5)					7,084,491
Restoration Reserve Adjustment: (Note 6)					(57,685,993)
Liquidity Fund Balance					9,458,882
Restoration Reserve Balance					96,535,964
<b>Joint Trust Fund as of June 30, 1999</b>					<u>105,994,846</u>
Future Exxon Payments (Note 1)					140,000,000
Reimbursements (Note 3)					(7,500,000)
Commitments: (Note 7)					(81,378,867)
<b>Joint Trust Fund as of September 30, 2002</b>					<u>157,115,979</u>

January 14, 2000

To: Molly McCammon, Executive Director

From: Robert Spies, Chief Scientist

Re: Deferred project 00396, Spatial and temporal movements, behavior, and ecology of salmon sharks and sleeper sharks in Prince William Sound, Alaska

Here are some considerations and my recommendations for funding this project. I have considered the comments of the Trustees at the August 31<sup>st</sup> and December 16<sup>th</sup> Trustee Council meetings in developing these recommendations. The Principal Investigator for the project and other agency personnel from ADF&G and NOAA/NMFS were particularly helpful in supplying additional information for making this recommendation to you.

In the review process the projects had much to recommend them. There is no doubt that we are witnessing climate change in the Gulf of Alaska (GOA) and that there is a need to define the impact of these changes on the habitat of ecologically important species, particularly large pelagic fish. The food, ecological requirements, movements and behavior of pelagic fish are all very important data relative to management of fisheries by NMFS and ADF&G in both the GOA and the Bering Sea. Project 00396 would add additional information on two large pelagic sharks. The fundamental questions with this project are of timing and species selection.

Is it best to fund this project now? Or should it be considered for funding in FY2001 or later? There are several main considerations here: 1. the scientific context for interpreting the data obtained in FY2000; 2. the rapidly changing technology for satellite tags proposed for use in this project; 3. the need to assess changing conditions in the Gulf of Alaska under GEM; and 4. the opportunities in FY2000 that may not be available later.

First, the timing for project 00396, in my view, is not optimal. We have no large ongoing field efforts that would supply auxiliary ecological information on the environment in which shark observations are being made. If we wait several years until the implementation of the Gulf Ecosystem Monitoring Program (GEM), we will likely have more buoys and biological sampling going on in Prince William Sound that would supply information useful in interpreting shark movement, behavior and ecology. In addition, it is apparent from the comments made at the last council meeting that both NOAA/NMFS and ADF&G have concerns about the management of sharks. Neither agency has a program targeting sharks. Funding these projects in the future, rather than now, would give these agencies time to implement the data gathering they deem necessary to regulate the fishery better.

Second, the fast developing technology promises to have more reliable and better-calibrated tags in the coming years. At the present time the technology for determining geographical positions of the tags in high latitudes is not well developed. For example, tagged sharks that leave PWS and move substantially to the south are much more likely to have better position fixes while the tag is on and after it has surfaced (i.e., in pop-up mode) than sharks that stay in PWS or move to the north. The positioning technology could well improve dramatically in the next two years.

Third, the emergence of sharks in the GOA almost certainly represents the shift of more southerly species northward with the warming of the ocean. This is the larger context for GEM, which will be cognizant of ecological change in the GOA. The implications of such trends in changing distributions are much wider than sharks and of great interest to agencies and stakeholders. For example, the potentially shrinking habitat for sockeye salmon in the GOA due to warming is a very significant concern. GEM needs to address the larger issue of the real implications of climate change, but in a systematic way. Sharks may or may not be the best species to study as a sentinel for habitat and ecological change, but we should rely on a comprehensive process to define the substance of GEM.

Fourth and finally, there may be a missed opportunity in FY2000 if this project is not funded. There appears to be an opportunity to take advantage of the vessel and sharks caught on the ADF&G long-line survey for black cod in PWS this summer. In addition, representatives from the magazine *National Geographic* are interested in accompanying our researchers out into the Sound, and one of the world's authorities on satellite tags is available to help on the project. If we do not fund the project, we may lose a chance for publicity through this national publication and Dr. Block may have other commitments that would preclude her participation in the future. To what extent this coincidence of opportunities will reoccur in future years is not known, although it is expected that ADF&G will continue to do long-line surveys that will catch sharks incidentally. Incidental harvest by commercial and sports harvesters might also be monitored.

It has been suggested that the possibility of a climate regime shift in the GOA makes shark research urgent. First of all, there is not agreement in the scientific community that a regime shift has occurred. If a regime shift has occurred, whether shark population levels would go up or down in response to the regime shift is unknown. In any event, if there is a regime shift and if shark abundances do respond to it, changes in populations of sharks would be inferred from the same sources now used to infer high abundance, the IPHC and other surveys, and bycatch in various fisheries. Should one or more of the sharks be selected as sentinel species in the GEM program, data other than those to be supplied by the proposed tagging program would be relied upon to establish the sharks' response to a regime shift, if it exists. In the development of the GEM program, the selection of sentinel species has yet to occur.

Given the above considerations, it is my judgment that on balance it would be better to reconsider this project in several years rather than funding it now. The tags will be better developed and we will be able to obtain more and better information from them. There



will be more auxiliary information on ecological conditions affecting large pelagic species. This will allow the GEM program time to more fully consider what species should be sentinels and how and where they should be evaluated to best understand ecological and habitat change in the GOA.

**Rebecca Williams**

**From:** Hans Tschersich [hutschersich@hotmail.com]  
**Sent:** Wednesday, January 19, 2000 9:06 AM  
**To:** restoration@oilspill.state.ak.us  
**Subject:** Termination Point

Hans U. Tschersich  
1423 Baranof Street  
Kodiak, Alaska 99615  
Telephone 907-486 5648; FAX 419-8282847  
e-mail [hutschersich@hotmail.com](mailto:hutschersich@hotmail.com)

19 January, 2000  
To the  
EVOS Trustee Council  
Anchorage

Re.: BUY TERMINATION POINT, KODIAK

The small parcel of virgin forest and coastal land at Termination Point near Kodiak is a favorite site for non-motorized recreation for the population of Kodiak and visitors from afar. The forest and the rocky shores and adjacent reefs are habitat for a wide variety of wild animals.

We consider this land to be a prime candidate for preservation and hope that the EVOS Council will continue keeping this parcel on the list for possible land acquisition until the legal issues of ownership can be resolved.

Sincerely,  
Hans U. Tschersich, MD

---

Get Your Private, Free Email at <http://www.hotmail.com>

Kodiak State Parks Citizens Advisory Board  
1400 Abercrombie Drive  
Kodiak AK 99615

January 17, 2000

Exxon Valdez Oil Spill Trustee Council  
645 G Street #401  
Anchorage AK 99501

Dear Council Members:

The Citizens Advisory Board for Kodiak State Parks has been extremely supportive of the purchase of the lands at Termination Point using EVOS funds. It has continually been our hope that eventually the area would become a state park.

The area is highly prized by Kodiak residents and visitors. The amount of support demonstrated over the years for the purchase is a demonstration of the esteem in which the Termination Point area is held. I am certain that you don't need us to repeat the oft-spoken praises for the site.

It has come to our attention that January 15, 2000, was the deadline date you had set for the purchase of that land and that the Council will be discussing the issue at your January 20, 2000 meeting.

We fervently hope that you will not take Termination Point off of your list for potential purchases. The loss of the land would be a major blow to those who recreate in the Kodiak area.

Thank you for your consideration of our request.



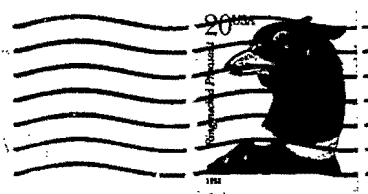
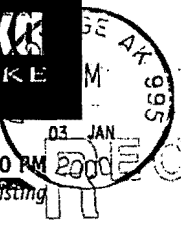
Barbara Rudlo, Chair  
KSP Citizens Advisory Board

# RESTORING Alaska

TEN YEARS IN THE WAKE  
OF EXXON VALDEZ



Thursday, January 13, 2000 • 10:00 PM  
Call your PBS station for local time and listing



Join biologists working with killer whales, sea otters and other wildlife as they investigate why just two of 28 injured species have recovered after 10 years. Learn about the lingering effects of the worst oil spill in U.S. history and efforts to prevent it from happening again.

Produced, Directed and Written by Kevin L. Hartwell  
Photography by Skip Gray and Daniel Zatz  
Narrated by Linda Taylor  
Original Music by Denny Gore

Ms. Molly McCammon  
EVOS Oil Spill Trustee Council  
645 G Street, Suite 401  
Anchorage, AK 99501

For more information, call 907-762-9502  
Video Orders: 1-800-PLAY-PBS

Produced by **Wild North Productions** and **KTOO-TV**



Dear Exxon Valdez, I hope that there  
 will be no more oil spills. I think that we  
 should tell the people with boats to stay in the  
 ocean. Or you could have people die by just because  
 there is an oil spill so they will be there to  
 cleanup.

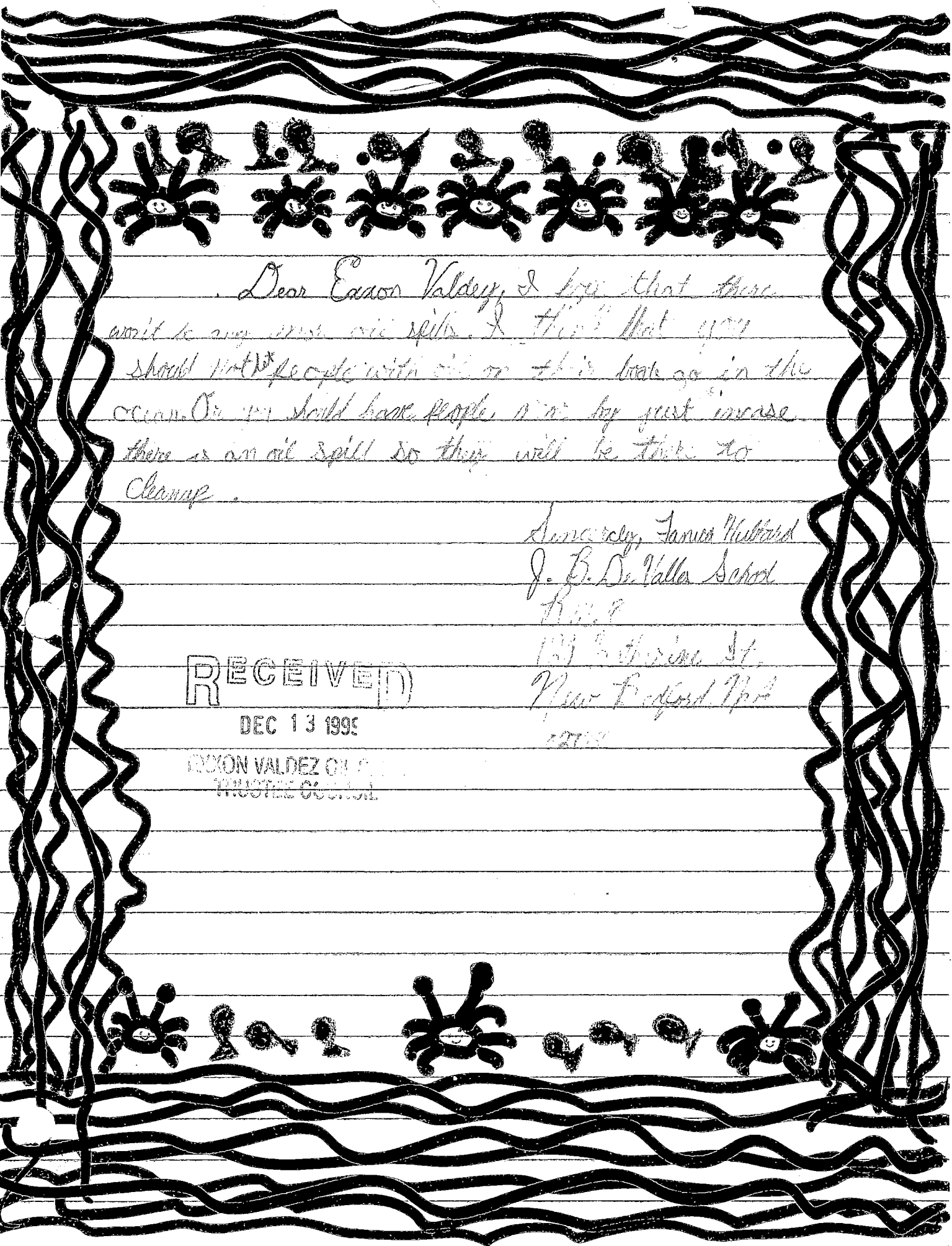
Sincerely, Janice Hubbard  
 J. B. De Valla School  
 157 1/2 Pine St.  
 New Bedford MA  
 02044

RECEIVED

DEC 13 1995

EXXON VALDEZ OIL  
 TRUSTEE GENERAL





Dear Exxon Valdez, I hope that there  
won't be any more oil spills. I think that you  
should help people with oil on their boat go in the  
ocean. Or you should have people swim by just in case  
there is an oil spill so they will be there to  
clean up.

Amarcey, James Hubbard  
J. B. De Valla School  
Rt. 2  
133 Catherine St.  
New Bedford, MA  
01904

RECEIVED

DEC 13 1995

EXXON VALDEZ OIL  
TRUSTEE OFFICE

**Rebecca Williams**

**From:** Marti Rypma [mrypma@zeeland.k12.mi.us]  
**Sent:** Thursday, December 09, 1999 10:49 AM  
**To:** restoration@oilspill.state.ak.us  
**Subject:** Oil Spill Education

My class of fourth graders is studying the world's oceans and naturally the Exxon Oil Spill has been part of our study. We have enjoyed reading about all the information on your web site. Thanks for working hard to educate the rest of the world about this disaster!

Marti Dekker  
Fourth Grade Teacher  
Woodbridge Elementary School  
Zeeland, MI 49464

[mrypma@zeeland.k12.mi.us](mailto:mrypma@zeeland.k12.mi.us)

# Cooling ocean sets up shrimp comeback

By NATALIE PHILLIPS  
Daily News reporter

Move over, salmon and pollock. Shrimp are set for a comeback in the Gulf of Alaska after a 20-year decline, according to two federal biologists.

They have identified a distinct, shifting ocean temperature pattern triggering a change in the composition of fish and wildlife in the Gulf. The change could shake up the commercial fishing industry by throw-

ing salmon and pollock into decline and affect the health and abundance of seabirds and marine mammals.

Biologists have observed some cooling.

"We have already seen declines in the exploitable biomass of pollock, a modest decline in cod and a slight decline in near-shore flatfish, like arrowtooth," said Paul Anderson, a biologist with the National Marine Fisheries Service's Kodiak lab.

They will slowly be replaced by shrimp and capelin, a fatty forage fish that seabirds and marine mammals love, he added.

Anderson and John Piatt, a biologist with the Alaska Biological Research Center in Anchorage, have documented a 20-year trend in water temperatures and fish populations.

The Gulf is cooling. For the past 20 years, the winter water temperature has hovered around 4 to 5 degrees

Celsius, 39 to 41 degrees Fahrenheit. Over the next 20 years, it will drop to 0 to 2 degrees Celsius, 32 to 36 degrees Fahrenheit, before rising again.

Anderson and Piatt published their findings in a November issue of the prestigious international journal *Marine Ecology Progress Series*. Last week, they presented their findings at a conference on

See Back Page, COOLIN



# COOLING: Happy shrimp

Continued from Page A-1

scientific research being conducted since the 1989 Exxon Valdez oil spill.

They have documented a structural ecological change that happens when Gulf waters alternately go through a long cooling period followed by a long warming period. They drew their conclusions in part by examining biomass samples collected yearly in small-mesh trawls and temperatures recorded every March at the end of winter.

The data were collected between 1953 and 1999.

"The change seems to be related to a lot of other complex factors," Anderson said. Temperature is one of them, and although it is poorly understood, it is "an easy thing for us to measure and measure consistently and cheaply."

He said the temperature change is only a couple of degrees but that's enough to change the makeup of sea life.

"Two degrees doesn't sound like a huge increase, but when you are a little cold-blooded animal like a small crustacean larvae, it is very extreme," he said.

"I have seen all of this firsthand, which makes even more vivid in my mind what is going on here," Anderson said. He started work at the lab in 1972 as a shrimp biologist. His office window on Kodiak Island looks out on the Gulf.

In 1971, when the Kodiak lab began collecting water temperatures and trawl data, the water temperature hovered around 0 to 2 degrees Celsius, he said. The shrimp fishing industry was booming.

"We had 100 shrimp peel-

ers here going night and day, seven days a week," he said.

The temperatures stayed that way until 1977, when the waters warmed rapidly then hovered around 4 degrees Celsius. Shrimp populations crashed.

Fishermen had to start catching pollock and other groundfish. "It was a tremendous disruption in the community," Anderson said. State Fish and Game officials were blamed, even hung in effigy.

Ocean temperatures stayed around 4 degrees Celsius through the 1980s and 1990s. The relatively warmer waters meant that salmon, pollock and flatfish flourished. Record salmon harvests were set.

But the temperature is starting to drop now, Anderson said. Why?

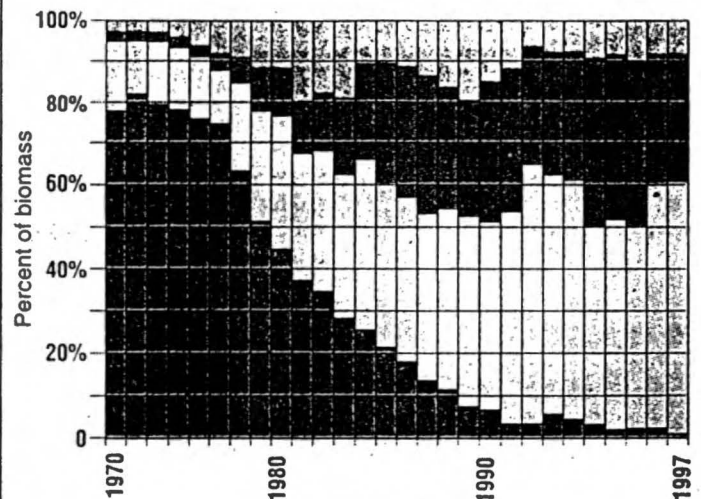
"I think there is a lot of disagreement on that," he said. "But there are some things that are understood. It has a lot to do with the movement of the upper atmosphere and how high-pressure ridges actually deflect storm patterns in the Gulf of Alaska."

In fact, Anderson and Piatt's findings dovetail with what meteorologists call PDO, for Pacific (inter) Decadal Oscillation. PDO describes a weather pattern of alternating 25-year periods of warmer, then 25 years of cooler, weather.

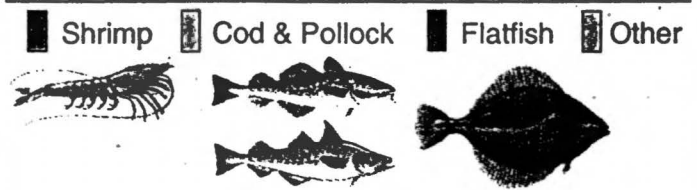
Scientists with the University of Washington's Joint Institute for the Study of Atmosphere and Oceans found the pattern can be traced back roughly three centuries. The pattern is so strong that it is little affected by El Nino and La Nina weather shifts. The benchmark years for the shift

# Warmer Gulf of Alaska benefits cod, flatfish

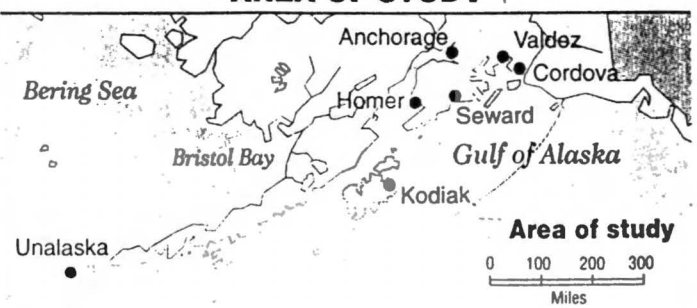
In the 1970s, warming Gulf water helped cod, pollock, salmon and flatfish – while shrimp populations crashed. Now that 20-year temperature trend is reversing, scientists say.



KEY TO SPECIES



AREA OF STUDY



Source: National Marine Fisheries Service

RON ENGSTROM / Anchorage Daily News

are 1925, 1947, 1977 and now.

reached at [nphillips@adn.com](mailto:nphillips@adn.com) or

257-4461.

Reporter Natalie Phillips can be

# Sea otter found on runway catches flight out

By Nancy Erickson

Seward Phoenix LOG

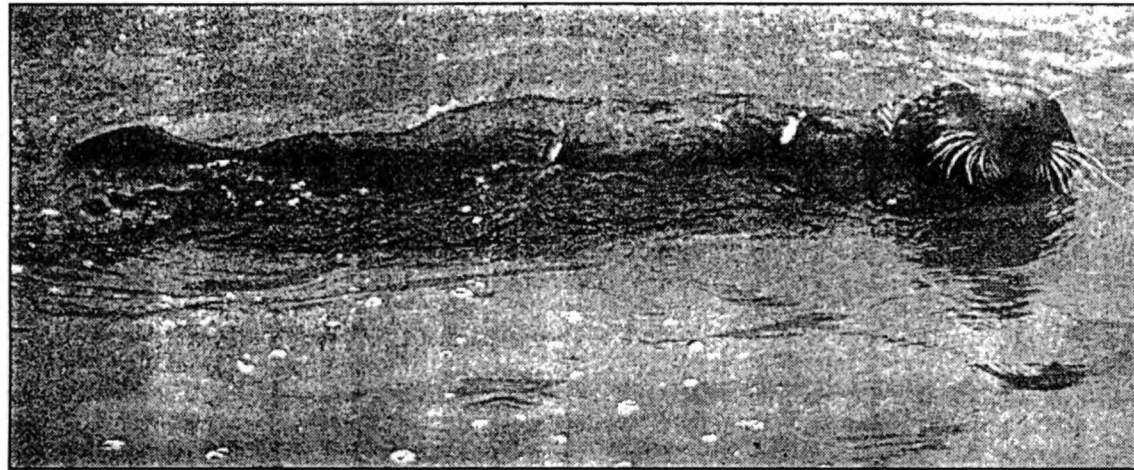
A northern sea otter recently rehabilitated at the Alaska SeaLife Center is now residing in a Newport, Ore., aquarium. Chances are, he won't be lonely.

The Oregon Coast Aquarium is also home to Iallic, a sea otter orphaned in Southeast Alaska and nursed back to health at the research center last year.

But the two won't get to be fast friends yet. Personnel at the Oregon aquarium will let their Jan. 20 arrival get accustomed to his surroundings before the sea otters are acquainted.

The subject of the SeaLife Center's latest rehab project was found Jan. 12 on the airport runway at Port Heiden, a small community on the shores of Bristol Bay.

SeaLife personnel speculate that the 4-month-old sea otter pup, separated from his mother, was stranded by encroaching



THE PHOTOGRAPHER/The Newspaper

**Adaa enjoys a swim and his last meal at the Alaska SeaLife Center Jan. 19, before catching a flight to his new home in an Oregon aquarium. The 4-month-old sea otter was found cold, lost and hungry on the runway at Port Heiden a week earlier.**

sea ice and began his trek across land in search of open water.

There have been reports of sea otters caught in quick-forming ice and traveling 50 miles to open water, said Lynn Aderholt, rehabilitation coordinator at the SeaLife Center.

"Not documented, but

reported," she clarified.

Aderholt said sea otters don't have blubber to keep them warm and don't fare well on the ice edge.

"They need access to open water to forage," she said. The animal found at Port Heiden would have died shortly if not picked up, she said.

Penn Air flew the pup dubbed "Adaa," meaning "move over" in a Native dialect, to King Salmon, where he spent the night at the Alaska Peninsula Becharof National Wildlife Refuge.

Center veterinarian Dr. Pam Tuomi, Aderholt and U.S. Fish

and Wildlife Service personnel were at the Anchorage airport to meet Adaa when he arrived the following day and heard his high-pitched screams even before they saw him.

"Well, at least he's yelling," Tuomi said to Aderholt.

"He looked like a drowned cat," Aderholt said of the slightly emaciated sea otter. "His waterproofing was completely gone."

But the young otter quickly adapted to his new surroundings at the SeaLife Center.

After five days of swimming to regain his waterproofing, and a diet of scallops, crab and squid for fiber, he was looking and acting like a regular little sea otter, Aderholt said.

Returning a rejuvenated Adaa to the wild was not an option because of his young age, Aderholt said.

Sea otter pups stay with their mothers for about six months and would have little chance of surviving alone, she said.

# SeaLife Center cuts back

By Alex DeMarban

Seward Phoenix LOG

Management at the Alaska SeaLife Center is being restructured, as the troubled research facility finds a way to slim down operating costs.

"Quite a few people are being affected," said executive director Mark Lloyd. "There will be at least three to four people affected by layoffs and other people affected by salary reductions, which hopefully will be temporarily. The cuts have started at the top and I voluntarily took a \$20,000 cut myself to make sure we don't affect the people who are really important in day-to-day operations."

The state-of-the-art research facility employs about 75 people during peak operation, but is down to about 55 employees now, Lloyd said. It opened in the spring of 1998 with help from a \$17.5 million loan from the City of Seward and has suffered heavy losses, including a \$2.7 million loss this year.

Officials won approval for a \$5.5 million federal grant in December. But with that funding waiting in the wings, the center sought an emergency \$3 million loan that same month, with the approval of the City of Seward.

The city's financial adviser, Don Grimes, had suggested that the center begin changing its operational structure. That's apparently what the facility did.

Barbie Warren, facilities director, Steve Rollins, an avian curator in the husbandry department, and Annette D'Alessandro, ticketing/reservation manager have been laid off.

"This had nothing to do with them being bad employees," Lloyd said. "They may have been less critical to the operation but they were not fired for inappropriate behavior."

Lloyd added that the "attrition" is twofold. The facility suffers a severe decline in business in the winter months, and generally reduces staff by 30 percent. But the center is also a trying to mature from a "start-up to an established business," he said.

He added that while some employees are being laid off, others are leaving voluntarily for personal reasons. Part of the restructuring includes human resource officer Maya Benavente, who quit because she is having a baby, Kay said. Instead of replacing her position, security chief David Brossow is taking over her duties.

But some of the restructuring comes from resignations. Carol Grabowski, accounting manager for 10 months, resigned Oct. 18. She would not comment on why she left.

Rumors have circulated that many of the changes have stemmed from disputes after director Mark Lloyd arrived from El Paso Oct. 1.

But marketing director Dee Kay said that's not the reason for her resignation. Kay, based in Anchorage, is resigning March 1. Employed by the center for a year, she said is leaving because she feels her position should be Seward-based.

"There's no personnel conflict," she said. "Mark is doing a good job. When he first came on board, he asked me if we could make the marketing position Seward-based. My husband has a good job in Anchorage, and I can't do that."

She added that she is also leaving to spend more time with her children and family.

"I had a fun time at the SeaLife Center," she said. "I don't know where I'll work, but from a tourism standpoint I'll still have the opportunity to spread the word about how wonderful the SeaLife Center is."

Lloyd, calling while headed to the center's annual meeting of the board of governors and board of directors in Anchorage Wednesday morning, said he'll present the center's first long-range plan.

"We've tried to establish a goal of where we want to be five or six years from now," he said.

# Antarctic adventure continues for Castellinni

By Linda Ashley

For the Seward Phoenix LOG

Dr. Mike Castellini's Antarctic adventure now includes a stint as "air traffic controller" in the tower of the research vessel he is on. He got the job by default — a seal rolled over him injuring his hand. He is now at the mid-point of his research trip.

The vessel also is home to other research teams such as an ice-coring team taking samples of the Antarctic ice; a dive team looking for krill under the ice; oceanographers taking water samples and a fish trawling team. The trawlers are having great luck trawling along in shallow (1,800-foot) water. The area has never been trawled before, so every sample brings something new, including a few new species.

Castellini's main research has focused on seals and the Antarctic is home to only four species: crabeater, Ross, Weddell and leopard seals. In 24 hours, Castellini was able to work with all four species — a real treat. He reports that the leopard seal is a very

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## SeaLife Center Update

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large, impressive animal, both beautiful and scary. They are meat eaters — seals and penguins — and when you are in a little Zodiac next to an 800-pound specimen on an ice flow, you begin to feel a little like dinner, he reported.

The crew now is on the way to McMurdo Station, and should arrive there by Feb. 10.

### Permanent home found for sea otter

The young northern sea otter cared for by the Alaska SeaLife Center has been flown to its new home at the Oregon Coast Aquarium in Newport, Ore. The male otter's health continued to improve while at the center, but because it is so young, U.S. Fish and Wildlife personnel agreed to place it at the Oregon aquarium. Another young otter was sent there by the center in 1998.

More than 100 animals have been treated at the ASLC rehabilitation department since May

1998. All support for rehabilitation efforts comes from donations and fund-raising events such as the upcoming Feb. 13 6-kilometer ski race and the July 1 wildlife rescue run.

Call U.S. Fish and Wildlife at 800-362-5148 before disturbing or

approaching marine mammals suspected of being injured or abandoned. Many times healthy animals may appear at risk when in fact their activity may be normal.

### February volunteer information series

Fish/invertebrates husbandry staff will talk about aquariums at the next volunteer training and information meeting, 7-8:30 p.m.

Feb. 8 at the center.

The presentation is from 7-8 p.m. and questions will be answered from 8-8:30 p.m.

The series is open to everyone, not just volunteers. Volunteer dive tenders still needed. Call Val Hodges at 224-6350 for information.

Linda Ashley is the Alaska SeaLife Center membership sales manager.

# Sea otter found on runway catches flight out

By Nancy Erickson

Seward Phoenix LOG

A northern sea otter recently rehabilitated at the Alaska SeaLife Center is now residing in a Newport, Ore., aquarium. Chances are, he won't be lonely.

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THE PHOTOGRAPHER/The Newspaper

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# NEWS

## Mariner Park plan OK'd

A resolution passed by the Homer City Council last week that will serve to preserve the wildlife habitat of Mariner Park at the base of the Homer Spit, will be designed not to attract more birds than already use the area.

An increase in the bird population was a concern of pilots and the Federal Aviation Administration.

In 1998, the city of Homer received funding from the Exxon Valdez Oil Spill Trustees Council for an environmental assessment that could then be used to enhance the intertidal environment of Mariner Park.

At a meeting in April of last year, however, FAA officials raised concerns that enhancement efforts could attract more wildlife into the approach and departure corridors of the airport, creating a hazard to aircraft.

Subsequent meetings in May and July attended by Homer property owners bordering the park, FAA officials and others presented alternatives for the project. Based on FAA concerns, the project focus changed to preserving the intertidal environment and providing a mechanism for the Homer Airport to respond to any wildlife hazard that might develop in future years.

The final agreement allows preservation of the park area used by migrating birds but without attracting additional birds. A permit from the Corps of Engineers will allow the city to maintain adequate flushing of the lagoon by periodically dredging the mouth. It will also encourage environmentally compatible recreational uses of the park.

The resolution also recommends that willing property owners who own land below the bluff overlooking the park put that land into conservation easements.

Mike Morawitz, head of airport maintenance for the state, said he agreed with that approach.

"The major concern is the birds at the airport," he said.

As long as the plan allows the airport to respond if hazards increase, it will work, he said.



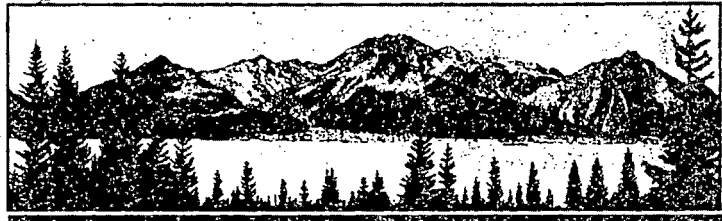
### 10 years ago in the Homer News ...

- A Homer man is frustrated that his attempts to conserve energy have dissolved in a bureaucratic quagmire. Richard Olson says he spent \$17,000 to install a wind generator at his home on Diamond Ridge, but Homer Electric Association won't let him hook it into the grid until he buys insurance.

- Homer residents are lining up to be in a \$1 million series of commercials McDonald's is filming for the Super Bowl, including one driving a dog team up to the drive-up window.

- A state report after the Exxon Valdez oil spill says such major events can be expected, on average, every 13 years unless the state makes sweeping changes in its regulations.

—from the issue of Jan. 18, 1990



## In The LOG 10, 20 Years Ago

### 10 years ago

- The city council approved a new boatlift and passed a resolution asking the Army Corps of Engineers to expand the small boat harbor.
- The Seward Chamber of Commerce hired ex-mayor Harry Gieseler to replace fired Executive Director Cathy Clark. Board member Marilyn Reynolds resigned over the firing, citing improper procedure. Gieseler had reportedly presented some board members with a proposal for the position before Clark's termination, and the hiring was done without a request for other applications. As mayor, Gieseler fought vigorously for a free long-term lease of city property for a new visitor's center.
- Exxon still has about 100 miles of beach to clean after its horrific oil spill last autumn, the Department of Environmental Conservation reports.

— Taken from the Jan. 11, 1990 issue

### 20 years ago

- District 5 Rep. Margaret Branson was guest speaker at the Chamber of Commerce meeting. After a complaint that she had not concentrated on local issues, she replied that she was instrumental in getting the money for 4th of July Creek Road.
- The Borough Assembly will consider a \$50,000 exemption for borough home owners at its upcoming meeting.

— Taken from the Jan. 10, 1980 issue

## Former SeaLife science director in Antarctica

By Linda Ashley

For the Seward Phoenix LOG

Dr. Mike Castellini, former SeaLife Center science director, is in Antarctica doing research on seals. Along the way, the research vessel has made stops for the study. A rare Ross seal was spotted, and scientists were able to obtain blood samples, measure length and girth and pull a blubber core. The seal was a beautiful male, weighing between 200-250 pounds.

The next day, after finding a safe place to land on the often-rotten ice, two minke whales surfaced several times very close to the group.

Now sailing into the Ross Sea and the Antarctic Circle, researchers are looking for emperor penguins.

Weather which had been cooperating with sunshine, some wind and temperatures in the single digits below zero, turned into blizzard conditions last week.

Stay tuned for further updates from the South Pole.

### U.S., Russian scientists meet

Visiting Russian scientist Dr. Vladimir Burkanov — ASLC Steller sea lion research — and marine mammal scientists from the U.S. and Russia met last

month in Petropavlovsk-Kamchatskiy to discuss joint research and plan future cooperative efforts.

Three major issues at the meeting were: the significant decline of sea otters in the central Aleutian Islands, the precarious status of the Caspian seals in the Caspian Sea and the need to continue marine mammal by-catch monitoring in the salmon driftnet fishery in the Russian Far East economic zone.

After making a tremendous recovery from near extinction by 19th century hunting, in recent years the Aleutian otter population has declined by as much as 90 percent in some locations. U.S. and Russian scientists will work together on a survey of the otters along the Aleutian Islands in Alaska, the Kamchatka coast and the Commander and Kuril Islands in Russia.

### Volunteer information

The volunteer information series is held at 7 p.m. the second Tuesday monthly at the center and is open to the public. For information about volunteer opportunities at the Alaska SeaLife Center, call 224-6343.

*Linda Ashley is the Alaska SeaLife Center membership sales manager.*



# The Anchorage Times

Publisher: BILL J. ALLEN

"Believing in Alaskans; putting Alaska first"

Editors: DENNIS FRADLEY; PAUL JENKINS; WILLIAM J. TOBIN

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## Oil spill

**T**HE ALASKA Railroad's assistant vice president for safety and environmental compliance is learning firsthand about the old adage, what goes around, comes around.

Ernie Piper is a railroad spokesman who now is fending off reporters' questions about the massive spill caused when a state train hauling jet fuel from a Fairbanks refinery derailed north of Anchorage, near the Susitna River. More than 100,000 gallons of fuel reportedly leaked from the tank cars and seeped into the ground, threatening the river.

Ten years ago, as many Alaskans will recall, Ernie Piper was regularly appearing before the media to discuss another big spill. Then it was the mishap of the Exxon Valdez, which leaked an estimated 11 million gallons of crude oil into Prince William Sound.

At the time, Piper was the state's oil spill response coordinator. His voice was among the loudest criticizing and faulting the oil company for the accident. Piper helped fuel the public fury that contributed to forcing Exxon to spend billions of dollars to clean up the mess and another \$900 million to fund 10 years worth of habitat acquisition and scientific studies related to the spill.

In addition to forcing the company to pay these tremendous fines, the government took on the role of micromanaging the transportation of oil from Alaska. Numerous federal and state laws were enacted, supposedly to minimize the likelihood of another spill.

But today Piper's tune is noticeably more sanguine. He sees no reason for alarm about the railroad spill. It might pose problems for the environment, he says, but the railroad will address them.

That's what Exxon said 10 years ago. Back then, however, Piper would hear nothing of such assurances. Now he issues them without a bat of the eye.

The size of the railroad's spill is only 1 percent that of the Exxon Valdez disaster, but it's still one of the state's largest. And this new accident certainly demonstrated that the state was no better prepared than it was the last time a fuel train derailed.

Piper's assurances notwithstanding, the railroad only now is drafting a spill response plan and procedures to pre-position clean-up equipment at strategic locations. Piper made no mention, however, of endorsing a citizens' oversight panel to monitor policy decisions of the railroad.

And how about requiring the railroad to compensate the state for the damage the accident caused to the environment, as Exxon was required to do? Perhaps the railroad could be required to make annual payments to a spill trustee council — just as Exxon has been doing.

That surely would be the case were the railroad owned and operated by a private company — as many long have believed it should be.

## French Fishermen Battle Spilled Oil...

# French Seek Help From Valdez

VALDEZ--Commercial fishermen from the French coastal province of Brittany are reaching out to Prince William Sound fishermen for advice in the wake of a major crude oil spill off their shores.

The tanker Erika, en route from Amsterdam to Italy, broke apart in rough seas just before Christmas. Between 3 and 4 million gallons of crude oil spilled and came ashore on Christmas Day.

Another six-mile long slick is threatening to come ashore and imperil shoreside oyster farms.

On Wednesday of this week, French fishermen were to speak to their counterparts in Valdez and Cordova via a telephone conference call.

Valdez mariner Stan Stephens will serve as moderator in Valdez.

John Devens, the executive director of the Regional Citizens' Advisory Council says the conference call from the French fishermen is more evidence that an international citizens group is needed to share oil spill information and support.

Devens was Mayor of Valdez during the 1989 Exxon Valdez oil spill. He played a central role in organizing the Oil Mayors group that sprang up to represent Cordova, Valdez, Seward, Kodiak and other communities impacted by the Exxon Valdez spill.

Wednesday's conference call was arranged by the

Syndicat Mixte, a coalition of Mayors from French coastal communities and the Regional Citizens' Advisory Council of Valdez.

Representatives of the syndicate were in Anchorage and Valdez last summer for the 10th anniversary of the Exxon Valdez spill to participate in a series of "lessons learned" seminars.

The Syndicat Mixte came into being in the wake of the infamous Amoco Cadiz oil spill off the French coast in 1978. The RCAC was a product of the Exxon Valdez spill of 1989. ★

# Alaska SeaLife Center gets new residents

By Linda Ashley

For The Seward Phoenix LOG

A giant wrymouth, *Delolepis gigantea*, was recently added to the deep gulf display.

If you don't recognize the new addition, ask one of the volunteers to point it out.

Two red king crab have been added as well as an Alaska plaice, also known as lemon sole.

Two red Irish lords recently spawned in the harbor bottom display. Both parents are guarding the eggs, which are on the underside of the rocks on the left side of the exhibit.

Please don't attempt to use a flashlight to find them. The parents will abandon the eggs if they become stressed.

## Seal photograph project

Kelly Hastings with the state Department of Fish and Game is involved in a seal photo identification project.

Photographs are taken of seal faces in the area of the head between the eye and the ear hole, down to the chin.

It is believed the patterning in this area remains the same throughout the seal's life, much like a fingerprint.

The project will allow seals to be studied from infancy to adulthood, helping researchers understand the reason for their steady decline in the Gulf of Alaska.

Hastings will continue to work with the same seals at the center for the next three to five years, determining whether the patterning is as unique as researchers believe it is and if it remains unchanged from year to year.

## Global warming and seals

Russian scientist Vladimir Burkanov is working with fellow Russian marine mammal biologist Yura Bukhtiyarov, of the

## SeaLife Center Update

Pacific Research Fishery Institute in Magadan, Russia, and Lloyd Lowry and Kathy Frost of the state Department of Fish and Game, on data to analyze the impact of global warming on the growth and development of some species of seals, particularly the large seal and ribbon seal.

Bukhtiyarov is incorporating into the project his data collected in the Bearing Sea from the early 1970s.

The scientists hope to perform preliminary analyses by the end of December.

## Technical diving forum

Val Hodges, dive safety officer for the center, recently attended the American Academy of Underwater Sciences annual symposium in Santa Cruz, Calif.

Of particular interest were sessions covering the use of mixed gasses and rebreathers in scientific diving.

These techniques overcome some of the limitations of diving on open-circuit air and while the technology is not new, its use in scientific diving is.

Researchers can use these methods to dive deeper than the usual 190-foot depth limitation and explore what is referred to as the "twilight zone" — depths between 190 feet to 400 feet.

Submarine research normally is at least 500-foot deep and therefore this zone is virtually unexplored in many areas of the world.

Using these diving methods, between six and 12 new species were identified in these depths on nearly every dive.

*Linda Ashley is the Alaska SeaLife Center membership sales manager.*

# Sea life center cleans up with research

By NANCY ERICKSON  
The Seward Phoenix LOG

SEWARD — Job descriptions for divers at the Alaska SeaLife Center list one common duty: They will do windows. Aquarium windows, that is.

But diving into an underwater exhibit with scrubbers and a siphon hose is more than mere maintenance.

The 15 divers in the program also are involved in numerous research programs. So cleaning the various tanks can be a valuable out-of-laboratory experience in animal behavior.

Divers observe the center's myriad sea creatures —

like murrens and seals and groundfish — for signs of abnormality: changes in appearance, regurgitated food or unusual-looking fecal material, said Vallorie Hodges, dive safety officer and instructor at the research center.

But just who's doing the observing is debatable at times. During a cleaning session recently, a harbor seal propped itself on the floor of its tank, intently staring while Hodges and her diving partner sat a short distance away exchanging fins.

"Ooh, removable body parts," the seal appeared to be thinking.

"They'll come right up to you," Hodges said. "Some are more engaging than others. They're all different."

Recalling aggressive seal encounters, Hodges said seals have bitten a diver's fins and tried to munch another's leg.

"That animal got pulled out pretty regularly after that," she said.

The only animals the dry-suited intruders can't observe in their twice-weekly submersions are the sea lions. Those hefty pinnipeds are removed from the tank because they once tried to taste-test divers with their caninelike teeth.

In the future, inhabitants

above and below the water may get to know one another a little better. Hodges hopes to expand the diving program she started before the center opened last year.

"As the center continues to evolve and more scientists come, we expect more growth toward diving activities to accommodate research projects," said Hodges, the former West Coast editor of *Rodale's Scuba Diving Magazine*.

The center will submit a bid in January to draw the American Academy of Underwater Sciences to Seward for a 2001 symposium. That event could bring as many as 100 scientists.

# AJV group may disband

By SUE JEFFREY  
Mirror Writer

Afognak Joint Venture, a partnership of Kodiak area Native groups that has logged portions of its holdings on Afognak Island over the past decade, is working toward dissolving the corporation, says Uwe Gross, chief executive officer of Koniag, one of the major partners.

A message on the company's telephone recording said AJV officially closed its offices July. AJV has not logged for the past two years because of poor market conditions in the timber industry, according to Gross.

But AJV shareholders still have

reaped solid profits from their timber holdings in the interim, selling 41,750 acres of forested land on the north end of Afognak Island to the Exxon Valdez Oil Spill Trustee Council for \$70.5 million.

"The EVOS trustees will pay us about \$75 million in payments and interest over three years," Gross said.

The AJV partnership, which includes major shareholders Afognak Native Corp. and Koniag, Inc., as well as Uyak Native Corp., Ayakulik Inc., Anton Larsen Inc., Bell's Flats Natives Inc. and Litnik Inc., formed in 1985 under Alaska National Interest Lands Conservation Act

(ANILCA), entitling the partnership to 150,000 acres on Afognak.

AJV started logging in 1989; 10 years later, they began talking about undoing the group. It is a "pretty intensive process," one that will take months to resolve, according to Gross.

"Everybody who is a member has an undivided interest," he said. "They will want their proportionate percentage of physical assets — land, timber, mountain tops, waterfront."

Valuing the land and the remaining timber stands are part of the business of dissolving the

➤ See FUTURE, Page 3

## Future of Afognak land undecided

Continued from Page 1

partnership as well, but the appraisal process is not an unfamiliar one for AJV. Before the land sale, AJV and the EVOS trustee council spent months negotiating over timber-appraisal figures.

Upon the purchase, EVOS deeded the 41,750-acre parcel of prime wildlife habitat to the Alaska State Parks and the Kodiak National Wildlife Refuge.

The land, which is on Shuyak Strait across from Shuyak Island State Park, borders Afognak Island State Park and the Kodiak National Wildlife Refuge. Under its wildlife habitat protection program, the trustee council also purchased other parcels in the neighborhood, including a 42,000-acre parcel on Seal Bay from a consortium of Old Harbor and Akhiok-Kaguyak Native corporations for

\$40 million and 26,000 acres on Shuyak Island from the Kodiak Island Borough for \$36 million.

Koniag would consider making a similar deal again, Gross said, if the state or federal government was interested in expanding the wildlife refuge or park system on Afognak.

Afognak Native Corporation president Ole Olsen was reluctant to comment on the prospects of AJV dissolving, saying the discus-

sion is premature.

"The owners are looking at it," Olsen said. "It's not a done deal."

Meanwhile, Afognak Native Corp. and Koncor Forest Products continue timber operations on Afognak, he said.

"There was a period of time — over a year — that we stopped logging, but the market is coming around," Olsen said. "It's on the upswing from the bottom."

The Seward Phoenix Log  
Thursday, December 16, 1999

To mark the turn of the century, the Seward Phoenix LOG will feature the top 10 events that shaped the lives of Seward residents in the 19th century. The events will be presented chronologically, starting with the most recent. Look for Nos. 7, 6 and 5 in next week's paper. The Seward Phoenix LOG thanks authors and historians Doug Capra, Bev Dunham, Lee Poleske and Tim Sczawinski for their help in selecting the events.

### **Exxon Valdez Oil spill, 1989**

**By Bev Dunham**

For The Seward Phoenix LOG

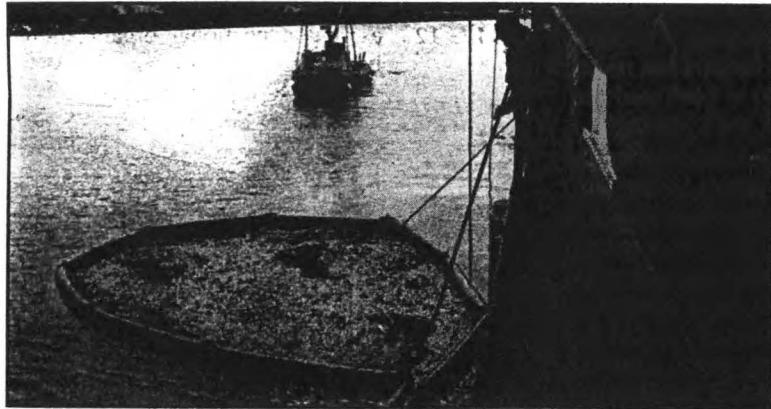
Sewardites, with a lot of practice, have a reputation for acting, not simply sitting and allowing tragedy to overtake them. The events of Good Friday 1989 and its aftermath once again proved the point.

Within hours of the event, city officials began monitoring the progress of the oil spill, making plans should it move this way. Chartered helicopter flights kept watch. When the "front" reached Montague Island, it was obvious the spill would reach Seward.

Exxon was overwhelmed and had no boom to protect the estuaries in Resurrection Bay. The Seward team located boom in Boston, chartered a plane to deliver \$100,000 worth of it along with a deployment expert and insisted Exxon provide a purchase order to pay for it.

National Park officials decided where the boom should be deployed. Commercial fishing boats placed it. A second shipment followed, bringing the total to \$200,000, the only boom then still available in the U.S.

Oil did reach our beaches, but full-blown disaster was averted. Seward's boom also was deployed within Kenai Fjords National Park.



Seward Phoenix LOG file photo

**Local boats helped boom in the mess left after the Exxon Valdez spilled an estimated 11 million barrels of oil in 1989.**

# Loans, federal grants to help keep SeaLife center afloat

By Alex DeMarban

Seward Phoenix LOG

After several fitful starts, the Alaska SeaLife Center finally won the approval it needs to pursue a desperately needed \$3 million loan.

The city council gave its blessing Monday night, two weeks after the marine research facility received critical and long-sought approval for \$5.5 million in federal funding.

The federal grant will help cover operational deficits and repay a \$17.5 million start-up loan that the city provided the facility before its opening in May 1998.

Financial assistance is key to the facility's survival, SeaLife officials said during a frank discussion on the facility's status.

"I won't kid you, the federal funding is important to allow us to go forward," said general manager Darryl Schaefermeyer.

The facility suffers heavily in the long winter months and is expected to lose about \$2.7 million this year. The loss includes a \$750,000 operational shortfall, said Don Grimes, a financial adviser for the city.

The \$3 million loan would be a nonrecourse grant anticipation note, which means it would be worded so that Seward is not indebted. The facility's original \$17.5 million loan was a grant anticipation note.

Because the facility needs money now, and doesn't know when the federal grant will arrive, it's also seeking direct loans from lending institutions.

To do that, the facility sought and received council approval for an exemption to its cooperative agreement with the city. The exemption will allow the facility to pursue the direct loans.

Schaefermeyer hopes the money from the lending institutions will supersede need for the \$3 million loan. He added that the facility is pursuing loans through "a number of different banks."

Direct loans, rather than grant anticipation notes, will allow the center to borrow money on an as-needed basis.

It will also eliminate ancillary costs like attorneys, underwriters and other intermediaries, said Tom Klinkler, attorney for the facility.

If direct loans can't be acquired, the facility will accept the \$3 million loan. If that's the case, and the facility defaults, the consequences could be detrimental for the city.

Although officials say Seward taxpayers will not be obligated to repay the loan, a default could mean a decreased bond rating and therefore, costlier interest rates when the city seeks future loans.

"It could be a significant negative factor," said city attorney Eric Wohlforth.

But Wohlforth, as well as other officials, countered the less-than-glowing possibilities with supporting comments about the center's importance to Seward's economy.

The center has a \$2.2 million annual payroll, is a key tourist destination and provides significant revenue to the city through sales taxes and utilities.

"If we are unable to continue we'd note a significant economic downturn in the community," Schaefermeyer said.

He said the facility is developing a new marketing plan, has increased memberships through reduced rates and is constantly looking for grants and other sources of funding.

"This business will take time to grow and get on its feet," he said. "We're providing the best effort we can. We have good prospects for success, but it'll take hard work and faith and a little bit of risk-taking."

The council approved the requests with no nays, although the facility's security chief, David Brossow, abstained.

By Nancy Erickson

Seward Phoenix LOG

Job descriptions for divers at the Alaska SeaLife Center list one common duty — they will do windows. Aquarium windows, that is.

But diving into an underwater exhibit with scrubbers and a siphon hose is more than mere maintenance.

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dive safety officer and instructor at the research center

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tank: they once had tried to taste-test divers with their canine-like teeth.

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"As the center continues to evolve and more scientists come, we expect more growth toward diving activities to accommodate research projects," said Hodges, the former west coast editor of Rodale's Scuba Diving Magazine.

The SeaLife Center will submit a bid in January to draw the American Academy of Underwater Sciences to Seward for a 2001 symposium. The event could bring as many as 100 scientists.

In addition to aquarium diving, members of the program participate in open water dives in Resurrection Bay and beyond, collecting specimens for research or display at the SeaLife Center.

Chuck Adams, 34, is in charge of fish and king crab exhibits. He's excited about the open water exploring he's done after recently receiving his diver's certificate.

"I've been studying fish behavior for almost 10 years and now I'm hanging out in their environment and get to see the world the way they do," said Adams, who is not bothered by the bay's near-freezing water.

Students begin by earning an open water recreational diver's certificate, which requires 30 hours of academic training, pool time, open water dives and first aid training, said Hodges, a diver for 18 years.

Additional training is needed for certification as a scientific diver at depths ranging from 60 feet to 190 feet, Adams said.

The graduate of the University of British Columbia loves fish and gets particularly excited about ronquils, an elongated hot dog-shaped bottom fish.

The divers' real-water experience helps them as they descend into tanks as large as 118,000 gallons. But diving in a box requires a whole different technique, Hodges said.

"One movement of an elbow could destroy a coral exhibit," she said.

During a cleaning last week, one diver cautiously siphoned debris from the rocks, crevices and floor of the exhibit, careful not to suck up a puzzled inhabitant.

The second diver adhered to the inside of the acrylic window with a hand-held suction cup, and wiped the surface with a "doodle bug" — a white fibrous pad friendly to acrylic.

And tankwork is sometimes just as involved as deep-water diving. Outside observers are stationed above the tank and in front of the underwater display for safety and occasional direction.

The Seward Phoenix LOG

Thursday, December 16, 1999

# Alaska SeaLife Center

## scuba divers enjoy

## microcosm in a box



Alex DeMarban/Seward Phoenix LOG

Alaska SeaLife Center researcher Mel Thompson cleans the windows in the Steller sea lion tank at the Alaska SeaLife Center.



## Supreme Court to hear challenge of tougher tanker-safety law

ANACORTES, Wash. (AP) — When oil tankers cruise into Washington state waters, tanker captains have a long list of safety guidelines they must follow under state rules that are tougher than federal standards.

But a Norway-based organization representing 75 percent of the world's tanker companies says Washington state's rules undermine uniform industry standards that took 20 years to establish.

The organization, Intertanko, is asking the U.S. Supreme Court to overturn Washington's tough law, enacted in response to the 1989 Exxon Valdez disaster in Alaska. The high court was scheduled to hear oral arguments today.

Intertanko's case is backed by the U.S. government, which joined the industry lawsuit because federal shipping officials say the nation must speak with one voice on shipping matters.

Other Intertanko supporters include Canada, Japan, most of the European Union, and national and international trade organizations.

Washington state is supported by California and 29 other states and the Commonwealth of the Northern Mariana Islands.

They back Washington state's argument that tougher state tanker laws are needed to help prevent a catastrophic oil spill in waterways plied each year by hundreds of barges and tankers hauling millions of gallons of petroleum products.

On Sunday, a tug-barge combination ran aground near Anacortes, but the Coast Guard said there was apparently no damage to the 692-foot tanker barge and no oil spilled. The barge, which was empty, dragged its anchor in high winds and was refloated Monday.

Coast Guard Lt. Linda Sturgis said the service has ordered extensive tests on the barge before it will be allowed to carry oil again, and that its owner, Sec-

ond Tug-Barge Co., has hired divers to inspect for damage.

Washington's stiffer regulations are intended to protect Puget Sound from an event like the Valdez disaster that spilled 10 million gallons of oil in Prince William Sound. But spills still occur.

State investigators say one of the most recent spills, a 1,000-gallon oil gush from a tanker into Georgia Strait in June, was caused by management and equipment failure.

"All we can do is reduce risk," Laura Stratton, a retired tanker captain and senior policy analyst for the state Department of Ecology's spill-prevention program, told the Skagit Valley Herald. "It's virtually impossible to reduce it to zero, but we can minimize the possibility an oil spill will occur with training and planning."

State officials say they aren't gunning for responsible shippers. It's the minority, the renegade foreign vessels with multiple registrations that render investors owning the tankers hard to trace. About 126 shipping companies send vessels into Puget Sound.

Tankers, some capable of carrying 35 million gallons of oil, pay almost 700 visits in a year to refineries in Washington. Fuel barges the size of small tankers make thousands of inland water trips.

And the number of barge movements will be higher until Olympic Pipe Line reopens its pipeline following a rupture and

explosion in Bellingham in June that killed three people.

But Dagfinn Lunder, Intertanko's managing director, characterized the state's regulations as posing constitutional challenges to the U.S. government.

And Richard Berkowitz, director of Pacific Coast operations for the Transportation Institute, said uniform shipping regulations are vital.

If Oregon and California develop different rules, it would be confusing for U.S. captains and virtually impossible for foreign vessels, Berkowitz said.

The state's precautions include requiring three licensed officers on the bridge at certain times instead of the two required by the U.S. Coast Guard. The state also established slightly higher standards for equipment, English-language proficiency, and for alcohol and drug testing.

Hotly contested is the state's requirement for tanker operators to file spill-prevention plans, a deviation from federal rules. Those plans are costly and time-consuming, petroleum shippers say.

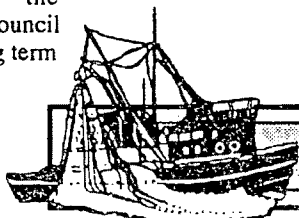
The 9th U.S. Circuit Court of Appeals in San Francisco recently supported the state's right to regulate tanker personnel and operations, but the appellate court drew the line at the state interfering with equipment and technology aboard vessels. Intertanko appealed to the U.S. Supreme Court.

The high court is expected to rule within six months.

# Ecosystem plans to be explained here Monday

**IT IS INCREASINGLY EVIDENT** that weather, not human activity, is responsible for some of the more startling changes in ecosystems, such as declines in king crab and shrimp populations in Kachemak Bay and increases in salmon stocks throughout Alaska the last 20 years. Those insights stem from long-term studies of the environment, which show trends that may not be noticeable in a one- or two-year study. Now the Exxon Valdez Trustee Council has plans for a long, long term study — perhaps a century's worth — that will provide the most accurate look yet at the North Gulf of Alaska. Homer residents can hear the details at a presentation Monday at 4 p.m. at the Kenai Peninsula College's East Campus.

**THE NEW RESEARCH PROGRAM** is called Gulf Ecosystem Monitoring, or GEM. It should have been GERM, said council spokesman Joe Hunt, to include "research" in the name, but the acronym worked better as GEM. Either way, the program would invest the last \$115 million left from the Exxon Valdez settlement and use the earnings — some \$5 million to \$6 million a year — to fund



## SEAWATCH

Joel Gay

research in the spill-affected area, from Prince William Sound to Cook Inlet, Kodiak and the Alaska Peninsula. Research would begin in 2002. That's far more money than is spent now, and would be especially valuable because it would be available for decades, he said. It would be coordinated with other agencies' work. But because other research is typically funded on a yearly basis, he added, "No agency can touch this" in value.

**SIX SPECIFIC GOALS** of the program are to track lingering effects of the spill, detect long-term changes in the marine ecosystem, improve fish and wildlife management through development of new information and technologies, integrate information on various marine populations, monitor contaminants and identify habitat and habitat requirements of various species.

**THE HOMER PRESENTATION** will include a 45-minute overview of the plan by council representatives Phil Mundy and Molly McCammon, and leaves time for questions, answers and comments. The current plan is only a draft, and already scientists, fishermen and others have suggested changes that are likely to be incorporated, Hunt said. "It's well-thought out as it is, but the thing is definitely going to evolve."

**A CLOSER LOOK** at the halibut landings this year shows Homer and Kodiak holding onto their first- and second-place positions in the hierarchy of landings, but showing only minimal growth over last year. In contrast, Seward, Dutch Harbor and Adak showed the biggest gains in terms of percentage of growth. Homer's percentage of the landings rose from 20.14 percent in 1998 to 20.51 percent this year, according to National Marine Fisheries Service, and Kodiak rose by a similar .41 percentage points. Seward's share of the landings, on the other hand, jumped from 10.6 percent in 1998 to 12.1 percent this year. Adak wasn't even open for business in 1998, but it had 2 percent of the landings this season, and Dutch Harbor's share rose from 7.6 percent to 9.2 percent. Juneau also gained ground, while Sitka and Petersburg lost.

**TWO COAST GUARD STATIONS** in Alaska received new ships last week. Kodiak is now the home port of the cutter Alex Haley. The 282-foot former Navy salvage and dive vessel, renovated for use as a cutter, was named after the famous author of "Roots." Haley enlisted in the Coast Guard in 1939 and was its first official journalist, writing stories about the service beginning in 1952, according to a Coast Guard press release. Ketchikan got a new buoy tender, the Anthony Petit. It is the first of 14 Keeper-class tenders that feature two "Z-drive" propulsion systems aft and a bow thruster forward. Z-drive — short for azimuth drive — works like an outdrive that operates in a full circle, according to Lt. Cdr. Ray Massey of the Coast Guard office in Juneau. "It can spin on a dime," he said. And because the drives are linked directly to a GPS system, it can hold the vessel on station with extreme accuracy. Also new on the Keeper-class buoy tenders are enormous chain reels, which work like a gillnet reel, Massey said.

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## SeaLife Center Update

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By Linda Ashley

For the Seward Phoenix LOG

### Angelica

Angelica continues finding her way south and is now off the coast of Newport, Ore. Northern elephant seals usually migrate to California and Mexico during this time of year.

### Eagles rescued

Two injured bald eagles recently have been treated at the SeaLife Center prior to being transported to the Bird Treatment and Learning Center in Anchorage which is permitted to rehabilitate raptors.

One bald eagle with a compound fracture of the right humerus was rescued after it may have lost an argument with a vehicle, and probably involved a salmon carcass.

The eagle's prognosis is good for survival, but not promising for release. Part of the joint in the wing has been damaged, which may prevent the bird from flying. The bird is young and healthy, and if it cannot be released, it probably can be placed in an education or breeding program.

The second eagle appeared to have been in a fight with two other eagles over food at Mile 4.5. The bird stumbled out of the fight and onto the road and was hit by a car, rolling underneath the vehicle.

The vehicle driver and Alaska State Trooper Rick Swanson caught the bird and took it to the SeaLife Center. This eagle is full-grown, about 4 to 5 years old. It has a compound fracture of the ulna bone in the left wing. After treatment and surgery at the Anchorage facility, hopefully it can be released.

This year a record 46 injured bald eagles have been received at the Bird Treatment and Learning Center.

An injured eagle should not be rescued without qualified help. Their talons and beak can be very dangerous. Call the Alaska State Troopers, the police department or the SeaLife Center if you see an eagle you believe to be injured. The U.S. Fish and Wildlife Service has very strict guidelines about the handling and reporting of injured eagles, as well as animals on the endangered species list.

### Holiday party Nov. 26

The annual Seward holiday party at the SeaLife Center is from 5:30-8 p.m. Nov. 26, the day after Thanksgiving. Tree trimming, ornament craft classes for children, videos, music and snacks all will be part of the celebration.

Winners of the "favorite pumpkin recipe" (soup, pie, cookies, cheesecake, etc.), also will be announced at the party and guests can sample the entries after judging takes place.

### Cheaper by the carload

Nov. 26-28, a carload of up to eight people gets admission to the center for \$19.95. Visitors taking advantage of the offer must present a coupon for the special admission price, which can be picked up from local participating merchants.

For information about SeaLife Center membership, call 224-6300.

### Gingerbread House contest

Deadline to enter the contest for the most original, creative gingerbread house is Nov. 27, with judging at noon Dec. 4. Entry fee is \$25 and the contest is limited to the first 20 entries. The winner will take home two round-trip tickets to Hawaii. Entry forms are available at the SeaLife Center or call 224-6312.

### New science director starts in 2000

The University of Alaska Fairbanks and the SAAMS Board of Directors have appointed Dr. Shannon Atkinson to the position of Science Director at ASLC. Atkinson will be moving to Seward in January from Hawaii, where she has been working as associate researcher at the Hawaii Institute of Marine Biology. She has a degree in Veterinary Sciences from Murdoch University in Western Australia and in science from the University of Hawaii at Manoa. Her research specialty is in the field of reproductive biology of marine mammals.

*Linda Ashley is the Alaska SeaLife Center membership sales manager.*

# Exxon settlement to fund Gulf research

By Alberto Cagliano

The Cordova Times

A slice of the funds left over from the Exxon Valdez oil spill settlement has allowed the creation of a program that will focus on long-term research and monitoring in the northern Gulf of Alaska.

Officials appointed by the Exxon Valdez Oil Spill Trustee Council presented a draft of the new program to a group of local researchers and fishermen who convened at Prince William Sound Science Center last Thursday.

Molly McCammon, the executive director of the Gulf Ecosystem Monitoring program, said the current draft is open to comments. The input will be incorporated in an improved version of the draft that will be submitted to the National Research Council in February.

"Comments are welcome. We take also anonymous ones," McCammon said. "You can contact us by e-mail, call or write to us."

Science coordinator Phillip Mundy introduced the program with a series of slides that outlined its general objectives.

Main goals of the projects are the study of long-term changes in the marine ecosystem, providing support to fish and wildlife management, studies of marine habitats and of the effects of contaminants.

The lingering effects of the oil spill will also be investigated, but as the program proceeds, more attention will be paid to changes caused by humans and natural causes.

Mundy stressed the importance of coordinating existing efforts and the attention to efficient collection of data.

"You don't want to give a bunch of money off and see scientists do their studies detached from the human-use factor," he said.

Comments from the audience suggested the projects should look at local issues and agreed that duplication of existing research projects

## Research ...

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should be avoided.

The program's mission is to understand through long-term studies how human activity and natural events affect productivity in the northern Gulf of Alaska. Research will focus on Prince William Sound, Cook Inlet, Kodiak Island and the Alaska Peninsula, but might extend to adjacent areas.

The trustee council created the program in March with \$120 million of the 170 left from the \$900 million settlement that followed the 1989 oil spill.

Fulfilling McCammon's hopes, the U.S. Senate passed legislation Friday that allows the council to invest the money outside the U.S. Registry system.

Alaska senators Frank Murkowski and Ted Stevens, who introduced the legislation, said reduced administrative costs and likely higher earnings should nearly double the fund's interest earnings.

McCammon said investing managed directly by the Trustee Council

is expected to yield about \$5.75 million a year for the program.

Through the end of January, project officials will hold briefings for the public, fish and wildlife managers and stakeholders in the communities affected by the spill.

The National Research Council will then begin a review of the draft that will last about a year, McCammon said. In January 2001, the trustee council plans to begin incorporating the research council's recommendations in the project plan, and a year later should finalize the program. In February 2002, the program is scheduled to issue invitations for research proposals that will be selected and begin in October of the same year.

More than 200 research projects by government, private and university groups are expected to be involved.

The present form of the draft GEM program can be reviewed on the web at: [www.oilspill.state.ak.us](http://www.oilspill.state.ak.us). Comments can be sent by e-mail at: [gem@oilspill.state.ak.us](mailto:gem@oilspill.state.ak.us); by telephone at: 278-8012 or 800-478-7745 (within Alaska) or 800-283-7745 (outside Alaska); by mail: Restoration Office, 645 G Street No. 401, Anchorage, AK 99501.

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## Oil-spill council to fund projects

ANCHORAGE (AP) — The last big chunk of money from the Exxon Valdez oil spill settlement will be folded into a \$115 million endowment to underwrite decades of research into how weather, climate, fish, birds and sea mammals interact in the Gulf of Alaska.

The endowment program will resemble a permanent fund for research. The capital will be invested. The interest — as much as \$6 million a year — will be dedicated to a long-term research and monitoring program.

The goal is to reinforce and link the multitude of studies being done by a number of state, federal and university agencies.

Phillip Mundy, science coordinator for the Exxon Valdez Oil Spill Council, said the results should help scientists and fishermen understand and eventually predict what is happening or may happen to stocks of salmon, pollock and other species in the Gulf.

The council adopted the idea in March. Council officials briefed reporters about the plan Monday.

Mundy and others are traveling around the state soliciting comments about the draft version of the so-called Gulf Ecosystem Monitoring or GEM program.

It will be revised in February and submitted to the National Research Council for a yearlong review. The first of the studies should be funded in October of 2002.

“The thing that’s exciting about this is that I don’t know of any agencies that can commit funds into the future,” said Molly McCammon, the council’s executive director. The continuity of most research depends on annual appropriations by Congress or state legislatures.

“Most people don’t have the ability to say, ‘Let’s commit to do-

ing this for the long run,’ and yet everyone I’ve talked to has pointed to the importance of staying for the long term,” she told the Anchorage Daily News.

The GEM program also will finance continued tracking of the effects of the 1989 Exxon Valdez spill, look for other contaminants in the ecosystem and analyze their effects, and provide baseline information on species of fish, birds and marine mammals that live in the gulf, as well as on climate and ocean conditions.

## Leisnoi legal battle may not be over yet

By SUE JEFFREY  
*Mirror Writer*

There is at least one thing both sides in the Leisnoi decertification case agree on — litigation is not over.

Leisnoi, Inc. and Kodiak rancher Omar Stratman have spent the past 23 years in court arguing about whether Leisnoi is a legitimate Native Village corporation under the Alaska Native Claims Settlement Act.

The case seemed to reach a culmination last month when a U.S. Department of the Interior Board of Land Appeals (IBLA) administrative law judge ruled that Woody Island is not eligible for Native village status. But those at the heart of the legal battle see the case extending into the 21st century.

"The administrative judge ruling doesn't decertify Leisnoi; it recommends IBLA's three-judge panel do so," said Leisnoi CEO Ed Ward.

The panel won't begin to consider the case until after Jan. 31, 2000, the deadline for filing briefs. If one of the judges disagrees, Ward said, a five-judge panel would review the case and rule on it.

From there, either side could appeal IBLA's ruling to the Federal District Court, then to the 9th Circuit Court of Appeals and, ultimately to the U.S. Supreme Court. Stratman attorney Michael

Schneider said the case will likely reach the 9th Circuit Court, but doesn't think the Supreme Court will hear it because "the case has no precedential value and it doesn't affect enough people."

Schneider thinks the case will end in about four years.

"I think you'd have a hard time stringing this out over four years," he said. "I think you could see a resolution within three years."

But Leisnoi's CEO Ward figures much longer, saying it will take at least two years to get through the IBLA panel.

"If it comes down to a battle of attrition, we (Leisnoi shareholders) can't afford to go through it for another three to five years."

Neither side is questioning the Alaska Native ancestry of the more than 250 Leisnoi shareholders. Whether Leisnoi is entitled to ANCSA land and monetary benefits through its ties to a Native village on Woody Island is the issue.

Sounding weary, Ward said, "The Department of the Interior failed to express with absolute clarity what the residency clause meant. The area director said to me — I was in high school at the time of enrollment — because of your Native heritage, you can enroll in several villages. I chose Woody Island, which was one of the biggest Native villages in Alaska."