

UNIVERSITY OF ALASKA FAIRBANKS
**FISHERY INDUSTRIAL
 TECHNOLOGY CENTER**

SCHOOL OF FISHERIES & OCEAN SCIENCE

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FAX MEMORANDUM**To: EVOS-PAG Endowment Subgroup and Ad Hoc Working Group**

Pam Brodie (258-6807)

Ken Adams

Jim Cloud (265-2141)

Chris Blackburn (486-3461)

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Vern McCorkle (279-2900)

Mary McBurney (424-3430)

John McMullen (424-7514)

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Lew Williams (225-1096)

Jerome Komisar (474-6342) ✓

Doug Mutter (271-4102)

Arlis Sturgulewski (561-7683)

Ron Dearborn (474-6285) ✓

From: John French, Chair, EVOS-PAG Endowment Subgroup**Date: November 10, 1993****Re: EVOS-PAG Endowment Subgroup Meeting**

I hope Doug Mutter has contacted all the PAG members that the Endowment subgroup will be meeting at 1:00 Monday, November 22 at the EVOS offices. That is the afternoon before the next PAG meeting. Anyone who can make it to Anchorage is welcome to attend.

The following document is a draft endowment proposal some of us put together. Please feel free to suggest changes as you see fit. I will try and incorporate changes I receive before November 14. Other changes can be discussed at the meeting. I hope we can pass forward a specific recommendation to the whole PAG.

If individual members wish to bring other proposals, I will make sure that they are considered by the subgroup. I expect we may have significant public participation so I will have to restrict any votes to official EVOS-PAG subgroup members or designated alternates. Please have your alternate attend if you are unable to attend the meeting.

Post-It™ brand fax transmittal memo 7671		# of pages > 6
To	Doug Mutter	
Co.	FIRC	
Dept.	Phone 486-1505	
Fax #	Fax 486-1540	

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ENDOWMENT FOR RESTORATION AND MONITORING
OF DAMAGE FROM THE
EXXON VALDEZ OIL SPILL

I. Purpose

Fit with agreement

The Endowment is established for the purposes of restoration of resources damaged by the *Exxon Valdez* oil spill, restoration of services dependent on those resources, and monitoring of the damaged ecosystems to assess the effectiveness of restoration activities. The estimated recovery times for several injured species exceeds the duration of the Exxon payments. In addition the natural variability in the injured ecosystems is large and poorly documented. Specific activities should include long-term restoration activities and those requiring initiation after 2001, monitoring of both specific restoration activities and ecosystem interactions through food webs and the natural dynamics of Prince William Sound and the Gulf of Alaska. Systematic study of the affected ecosystems is needed to assess the natural variability within the system and the degree the natural cycles are affecting the recovery of the injured resources and the services dependent on them.

II. Relationship to Damaged Resources and Services

The environment of the northern Gulf of Alaska and the fish species in it display numerous inter-annual and inter-decadal cycles. A large part of the variation in water temperature can be accounted for by a 18.6 year cycle. The damage, restoration and recovery of damaged resources must be assessed in the context of this changing background. To fully understand the extent of injury and to facilitate recovery it is critical to understand the species in the context of the ecosystem they depend on for survival and recovery.

A. Pink Salmon, Herring and Sockeye Salmon

The pink salmon and herring returns of 1990-1993 are a good example of how poorly fisheries scientists and managers understand the factors controlling the health of these fish populations. Although the initial estimates of recovery times were short (2-3 yrs), current estimates among those who believe there were population level effects are a decade or more. It is highly likely that other factors have played a major role in the catastrophic pink salmon and herring returns to Prince William Sound in 1993 besides damage from the oil spill. It will take a rigorous, systematic plan implemented over several years to untangle this ecosystem puzzle.

B. Birds (Black Oystercatchers, Murres, Harlequin Ducks, Marbled Murrelets, and Pigeon Guillemots)

While nesting habitat may be critical to some injured populations, such as marbled

murrelets, the availability of quality food sources may be a limiting factor for species feeding at sea or in the intertidal. It is necessary to improve understanding of food webs and ecosystem dynamics to enhance prospects of recovery. Predicted recovery times are expected to be long, on the order of decades. Therefore necessary monitoring will extend beyond 2001.

C. Marine Mammals (Harbor Seals, Killer Whales and Sea Otters)

Harbor seals and Stellar sea lions have been experiencing a steady decline since before the oil spill. Numbers of killer whales outside Prince William Sound are not accurately known. Broad ecosystem studies and analysis of food webs are necessary in order to assess the health of these populations and the course of restoration. Although sea otter ecology is better understood, restoration will still be a long process requiring monitoring beyond 2001.

D. Services

1. Commercial, Sports and Subsistence Fishing. Commercial fishing including fishermen, processors and non-profit aquaculture associations, were all injured by the oil spill. Some injury, such as loss of markets due to unpredictable returns, is impossible to accurately assess. Recovery from other injury should accompany recovery of commercial stocks.
2. Recreational Use and Tourism. Passive use of the oil spill affected area is highly dependent on the overall health of ecosystems. Increased understanding of the interdependence of the species in Prince William Sound and the northern Gulf of Alaska should enhance the recovery of use by all passive users.

III. Establishing the Endowment

The Endowment would be established over the course of the next eight years by encumbering \$30,000,000 per year from the civil settlement for immediate and long-range activities. Seven million dollars would be used in each of the eight years, with the remaining \$23,000,000 being placed in a restricted account to form a ~~permanent~~ endowment. After the first eight years, when the Endowment's principal would be approximately \$184,000,000 plus earnings, the program would be supported by earnings from the ~~permanent~~ endowment.

IV. Managing the Endowment Fund

A. Investment: The Endowment funds would be held and invested by the University of Alaska Foundation according to the standards followed in investing the Foundation's other restricted funds. The UA Foundation has an excellent track record in managing investments -- out performing other State investments to a significant degree. Management fees would be limited to the commercially competitive rate.

B. **Expenditures:** Earnings from the fund would be used exclusively to support the purposes of the Endowment, and in accordance with the Endowment Activities Plan and the Administrative rules of the Endowment.

V. Organization and Process

A. **Endowment Trustees.** The EVOS Restoration and Monitoring Endowment will be governed by a Board of Trustees.

1. The Board of Trustees will be the EVOS Trustees or their appointed replacements.
2. The Board of Trustees will:
 - a. Have oversight responsibility to ensure that the endowment is appropriately invested.
 - b. Oversee the development of the Endowment Activities Plan and will accept or reject the Plan developed by the Endowment Activities Planning Committee, and likewise the biennial amendments of the Plan.
 - c. Oversee the Endowment Administrative Office, ensuring that the selection of activities to be funded meet the priority goals of the Endowment Activities Plan; that appropriate fiscal and program management are maintained, and that appropriate review procedures are adopted and followed.

B. **Authorized Funded Activities.** All program expenditures of the Endowment will be in accordance with the Endowment Activities Plan developed by the Endowment Activities Planning Committee and approved by the Board of Trustees.

C. **Endowment Plan.** An Endowment Activities Planning Committee will be appointed by the Board of Trustees within six months after the Endowment has been established. Terms on the Planning Committee shall be for 3 years once a rotation has been established ensuring the appointment of 1/3 of the committee each year.

1. The Planning Committee shall consist of 12 members appointed by the Board of Trustees from a list of nominees supplied by and representing each of the following groups:

USDC-National Marine Fisheries Service
USI-Fish and Wildlife Service or National Parks Service
Alaska Department of Fish and Game
Alaska Department of Environmental Conservation
Prince William Sound Aquaculture and Commercial Fishing Interests
Cook Inlet Aquaculture and Commercial Fishing Interests
Kodiak Aquaculture and Commercial Fishing Interests
The University of Alaska

Subsistence Users of the EVOS affected area
Conservation Interests
Two members from the Public at Large

The Director of the Endowment Administrative Office shall be an ex officio member of the Endowment Activities Planning Committee.

2. The Endowment Activities Planning Committee is responsible for developing a plan that looks forward about five years and is updated every two years. The Plan shall:

- a. Articulate the goals of the endowment investments for the ensuing five years.
- b. Set in perspective how the endowment investments juxtapose with other activities in the area which affect the recovery and restoration of the natural resources of the EVOS affected region.
- c. Take into consideration the needs of the local communities, industries, and the broader citizen interests in the region and its ecosystem.
- d. Reflect sound resource management and scientific principles.
- e. Establish priorities for investments in applied and basic research, activities which will enhance the restoration of the regional ecosystem, and other investments which meet the articulated goals of the Plan.

After appropriate review, the Plan, and subsequently its biennial amendments, should be submitted to the endowment Board of Trustees for approval. The Board of Trustees will then have 60 days in which to accept the plan, or to reject it based on clearly identified deficiencies. Should the plan or its amendments be rejected, the Planning Committee will resubmit a modified plan or amendment for review and approval.

D. Endowment Administrative Office. An Endowment Administrative Office will be established to administer expenditure of the endowment funds in accordance with the established purpose of the endowment and focused on meeting the goals, needs, and priorities stated in the Endowment Plan. An Administrative Office shall be headed by a Director who will report to the Endowment Trustees.

1. Competitive Activity. To meet the goals, needs, and priorities of the Endowment Plan, the Director will administer a proposal process to attract and select from the best ideas submitted. A review process will be established for each type of activity to be funded.

a. Restoration and Monitoring Activity. Proposals for applied and basic research shall be submitted for a two step review process; a review of how well the proposed research targets the priorities of the plan, and a scientific peer review.

- i) Proposals will be submitted to the Planning Committee and to

appropriate user groups, agencies, and other interested parties to gather information about the usefulness of the proposed research should it be successfully completed.

ii) Proposals will be submitted to scientific peers for the purpose of establishing the competence of the investigators for carrying out the research, the originality of the work and the possibility that it duplicates investigations previously completed or now in progress, the merit of the proposed research viewed in the context of the disciplines involved, and the probability of success of the proposed research given the techniques and approaches proposed.

iii) The peer review process will be accomplished by multiple mail reviews, including reviewers outside Alaska, or by panels seated for the review process. In both cases the maximum confidentiality of the review process consistent with state and federal freedom of information acts will be maintained.

b. Solicited activity. The Director will give broad distribution of proposal solicitations which are developed for the purpose of meeting the objectives of the Endowment and of the Plan.

c. Unsolicited proposals.

2. The Endowment Administrative Office shall be established within the University of Alaska Office of Sea Grant which administers the Sea Grant College Program and the Regional Marine Research Program. These two programs are experienced in planning activity involving government, industry, academia, and the people of Alaska. The office administers applied and basic research programs, and maintains a communications program for the purpose of keeping the public informed on research and public education activity. The necessary staff increase to effectively administer this program would be small compared to establishing a separate office for the same activity.

Memorandum

To: Dr. John French
From: Jim Cloud
Subject: Comments on the EVOS Endowment Draft

Date: 11/16/93

Thank you for sending the EVOS/PAG Endowment Subgroup the draft of the Endowment plan. It is obvious that a lot of work has gone into developing this concept and I would like to acknowledge the people who have been a part of this effort.

Sections I through IV summarize the intent, focus and management goals of the endowment. I am concerned, however, with the structure proposed under Section V - Organization and Process.

Briefly, if the EVOS Trustees appoint themselves as the Board of Trustees, would we not just have a continuing of the kind of legal and administrative gridlock and bureaucracy that we now have in the EVOS Trustee Council and restoration team? I am afraid that the federal trustees and state trustees would be advised that they would have to adhere to their different rules and regulations concerning contracts, meetings, conflicts of interest, etc. Not to mention the impact of the political nature of the Trustees themselves. Clearly, it would be more beneficial to the Endowment to appoint non-government citizens with qualifications perhaps similar to those required of U of A Foundation Trustees, for example.

Secondly, the planning committee should consist of scientists and economists, not government agency representatives. With all due respect, the Planning Committee as set out in this document would be run by the four government agency members as the others would not have the time to devote to the planning process. Maybe I'm starting to get skeptical after over a year at this process but I think the project planning would end up as we have seen with the restoration team, leading to projects that may not produce the kind of long term science and research we are seeking. An independent team of scientists coupled with some well regarded economists should be able to craft a plan for activities and studies to be funded by the Endowment.

The initial Board of Trustees should be appointed by the EVOS Trustees. Replacements should be appointed by the remaining Board of Trustees. The Planning Committee members should be appointed by the Board of Trustees. The rules governing the U of A Foundation should govern the Board of Trustees.

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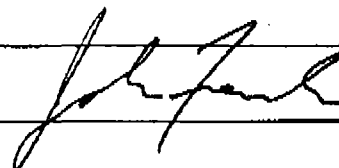
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FAX TRANSMITTAL COVER SHEET

TO: PAG - Endowment Subgroup
FROM: John French
DATE: 10 Nov 93
NUMBER OF PAGES INCLUDING COVER: 5

The following proposal is from Jim King
I have agreed to discuss it at our meeting
on 22 Nov. This does not constitute an
endorsement by me or UoFAK. If you
wish to send me comments I will
assemble them before our meeting



Post-It™ brand fax transmittal memo 7671		# of pages >
To <u>Doug Mutter</u>	From	
Co.	Co.	
Dept.	Phone #	
Fax #	Fax #	

Draft

A PROPOSAL TO USE EXXON VALDEZ SETTLEMENT FUNDS FOR
A WORLD CENTER FOR MARINE RESEARCH AT UNIVERSITY OF ALASKA

James B. King, member, EVOS Public Advisory Group
11/08/93

No one denies the 1989 Exxon Valdez oil spill (EVOS) severely damaged a number of marine resources and adversely effected the quality of human life along the shore of the Gulf of Alaska and beyond. It is now clear that knowledge is inadequate to fully asses the damage, and technology is not available for complete restoration. Life, including human life, is adjusting to the post EVOS environment. The major question now is how to most effectively use the damage settlement funds from Exxon. An endowment fund is proposed using some of the settlement money for continuing, baseline, research to fill the so obvious knowledge gaps. A versatile program is needed that can adapt, grow and develop as time passes. It would be most effective to use the existing prestige and infrastructure of the University of Alaska (U of A) to build a world center of marine research and education in the EVOS area. The rapidly developing "electronic information highway" will preclude the need to have all personnel and facilities in one town. A major university center will not conflict with, but will complement, the lawfully mandated management by state and federal agencies.

GOAL

To use the existing University of Alaska Foundation for establishing endowed chairs, endowed professorships and endowed funds for contracts or grants to fulfill obligations under the EVOS Settlement.

OBJECTIVES

- 1) To develop a program for the required scientific and social research that will enable the various responsible agencies to fulfill requirements of the EVOS Settlement.
- 2) To continue such research in perpetuity so that new knowledge and technology can continue to be applied to old problems, or new ones, particularly under the enhancement clause of the EVOS Settlement.
- 3) To create a world center for marine oriented science and education in coastal Alaska as an aid to resource management and as partial compensation for services and income lost as a result of EVOS.

- 4) To develop a world class faculty of experts to study basic life history, monitor population dynamics and improve our understanding of the ecology of marine species of coastal Alaska thus minimizing the need to import expertise during future oil related or other crisis.
- 5) To use the U of A to train the scientists and technicians in marine resource management, oil technology and coastal sociology that will be needed by agencies, industry and local communities as they adjust to post EVOS conditions.
- 6) To create educational and training opportunities for the youth and residents of the EVOS region in fields related to the resources of their area.
- 7) To benefit the Native communities by learning to understand their past and helping to chart a satisfying course for their future.
- 8) To enhance personal and commercial recreation while protecting other values and resources.
- 9) To benefit Alaskan businesses in marine resources, recreation, tourism, and oil related fields by providing pertinent research and locally trained workers.
- 10) To enhance the environment, the economy, the quality of life and the image of Alaskan communities where these elements were damaged by EVOS.

METHODS

A) In 1994 the EVOS Trustee Council will deposit 30 million dollars in the U of A Foundation to permanently endow 12 academic chairs as follows:

- At Kodiak - Three chairs:
 - Fisheries
 - Anthropology
 - Subsistence, Past-Present-Future
- At Homer - Two chairs:
 - Fisheries
 - Seabirds
- At Seward - Three chairs:
 - Recreation, Planning and Management
 - Marine Invertebrates
 - Marine Mammals
- At Valdez - Two chairs:
 - Socio-economics of coastal communities
 - Marine Chemistry
- At Cordova - Two chairs:
 - Fisheries
 - Marine waterfowl/shorebirds

B) In 1994 the EVOS Trustees Council will invite the U of A President, the three Chancellors and the University Foundation Director to join them in a UA/EVOS Committee that will:

- Write position descriptions for the 12 EVOS chairs.
- Establish a maximum appropriate pay scale.
- Advertise for and hire applicants.
- Provide oversight of the work of the chairs.

C) The 12 EVOS chairs will be guided by the goals and objectives as above and provisions of the EVOS Settlement. They will immediately begin to develop:

- Optimum electronic communication.
- Local advisory contacts.
- Baseline research programs.
- Education programs.
- Graduate student research programs
- Proposals for additional funds.
- Proposals for additional positions.

D) The 12 EVOS chairs will form an EVOS Task Force that will work with the EVOS Restoration Team to develop a master plan for accomplishing provisions of the EVOS Settlement. Additional endowed chairs will be needed.

E) 1995 and beyond:

The EVOS Trustees Council will reserve 30 million dollars each of the next 8 years to build up endowed programs under the U of A Foundation.

The University of Alaska Foundation will manage funds received from the Trustees Council as a separate EVOS fund, protected from inflation with the remaining income used to fund positions, programs, facilities, contracts and so forth under the guidance of the EVOS Trustee/UA Committee (Trustee Council members and U of A officers). It would not be necessary for all the income to be spent every year thus the principle could be allowed to grow or money be saved for large projects.

The Evos Task Force (12 chairs and the Restoration Team) will continue to perfect master planning and proposals for funding.

The Trustee/UA Committee will monitor the whole program, select applicants and evaluate funding proposals.

DISCUSSION

Are the coastal resources of Alaska sufficient to warrant a world center of marine research and education? The vastness of Alaska's marine resources is legendary and one can only

wonder why there is not already a commensurate research facility.

Is it appropriate to use EVOS Settlement money as startup funds for a world research center in Alaska? No other proposal for use of this money could benefit so wide a spectrum of oil spill affected people and resources.

Is it legal to use EVOS money in this way? Maybe, if not and the people want it, the Legislature and/or the Congress can easily make it legal.

Is there enough Settlement money to create an adequately endowed, world research center? Probably not, but there is sufficient to plant the seed and nourish the sprout until it begins to grow and branch on it's own, becoming the mighty oak it should be.

Will Alaska Native communities benefit appropriately from such a center? No other proposal offers so wide an array of possible benefits for future generations of Alaska Natives.

RESULTS

Under this plan a major portion of the issues and responsibilities of the EVOS Settlement will be addressed and fulfilled by U of A research. Nearly 60 percent of the money will still be available to cover responsibilities for finishing cleanup, supporting agencies, purchasing habitat and so forth.

Because of the size and financial attractiveness of the University program a series of beneficial events can be expected. 1) Top quality research professors attract grants and contracts producing jobs for the professionals they train. 2) Private sector businesses catering to the special needs of the research/education community prosper. 3) Industrial and non profit laboratories are attracted because of the available talent and support services. 4) The region can become an exporter of talent and technology. 5) The economy of our coastal communities will be enhanced by a stable payroll and the application of applied research.

CONCLUSION

Using EVOS Settlement funds to help make Alaska the world center of marine research, that it should be, is a most appropriate use of that money.

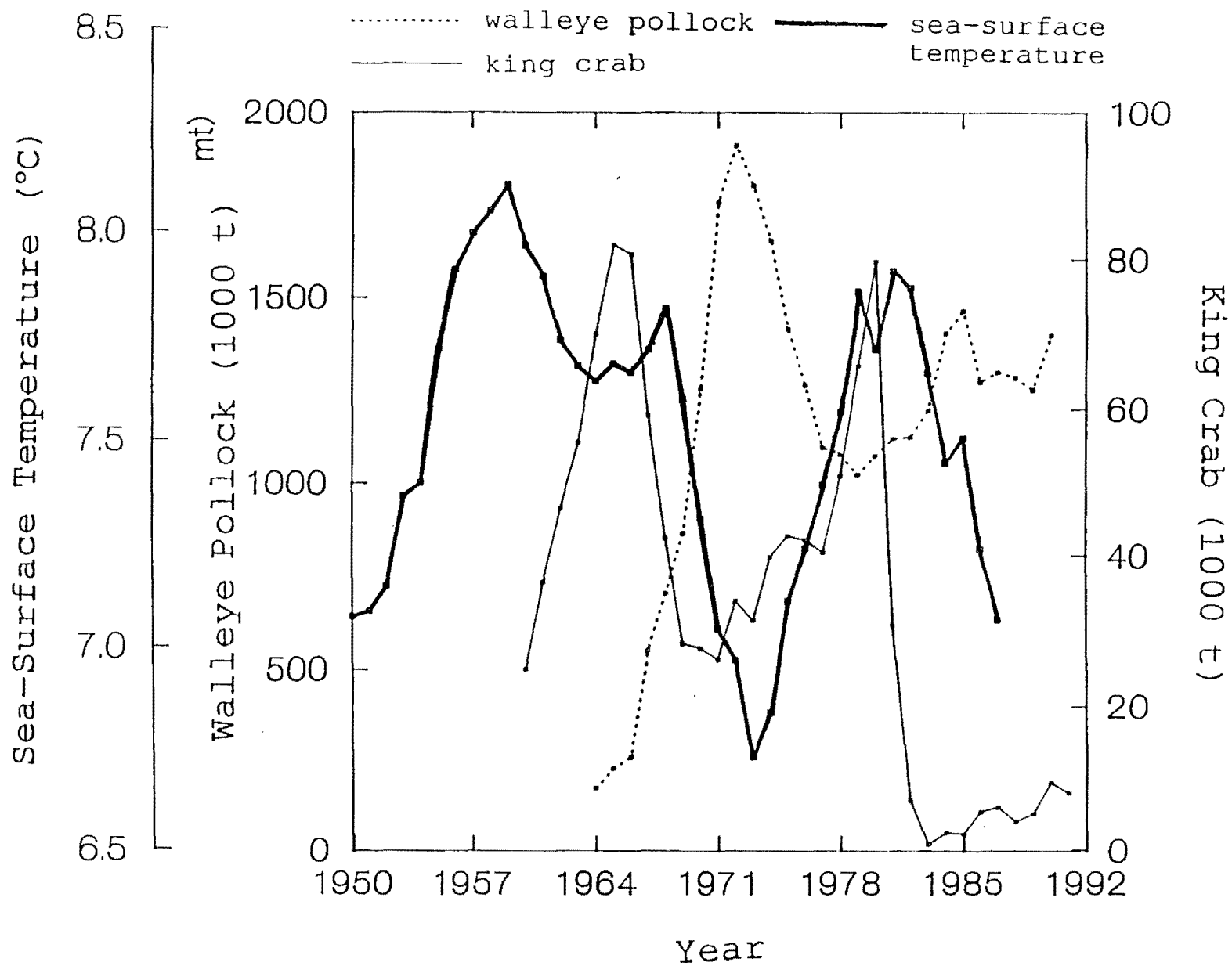


Figure 2b. Pacific halibut recruitment series (year class strength, YCS),
with "best fit" lagged 18.6-yr lunar nodal tidal signal M_N superimposed.

